



**CAPITATION GRANTS WILL PROVIDE SCHOOLS OF NURSING
WITH RESOURCES NECESSARY TO INCREASE ENROLLMENTS**

Despite the nationwide nursing shortage, schools of nursing across the U.S. are forced to turn away thousands of qualified students each year due to an insufficient number of faculty, clinical sites, classroom space, clinical preceptors, and budget constraints. In addition, many schools of nursing are literally crumbling since congressional funding for infrastructure ceased in the mid-1970s. Compared to other academic disciplines, the cost of nursing education is relatively high. Schools require sophisticated laboratory equipment, computer software, and simulated hospital units to instruct students properly. Furthermore, nursing education is also faculty-intensive with a high ratio of faculty to students, on average 1:10, as mandated by state registered nurse practice acts.

Capitation Grants: A Proven Solution

Capitation Grants have had a stabilizing effect on past nursing shortages. Notably the Nurse Training Act of 1971 (P.L. 92-158) and the Nurse Training Act of 1975 (P.L. 94-63) facilitated increased enrollments in schools of nursing and resolved nursing workforce shortages. From 1971 to 1978 Congress provided Capitation Grants (formula grants based on the number of students enrolled) funding to schools of nursing in support of nursing education. During the last two years of the program, Congress provided collegiate schools of nursing with \$400 for each full-time baccalaureate student enrolled in the last two years of a nursing program, associate degree schools of nursing with approximately \$275 for each student enrolled, and diploma schools of nursing with \$275 for each student enrolled. For FY 1977 and FY 1978, \$55 million was appropriated. To qualify, schools of nursing had to demonstrate increased enrollments over the previous year. These grants were not prescriptive in their conditions, but allowed schools of nursing the flexibility to direct dollars to areas of greatest need. Schools hired new faculty, equipped learning/audiovisual laboratories, enhanced clinical laboratories, and recruited students with these funds.

Capitation Grants have been recognized as a strategy to resolve the nursing shortage:

- A January 1974 Institute of Medicine cost study endorsed Capitation Grants as an appropriate federal undertaking to provide a stable source of financial support for nursing and other health profession schools.
- The March 2002 Health Resources and Services Administration *Tenth Report to Congress on Health Personnel in the United States* recommended Capitation Grants funding as a strategy to expand the nursing workforce pipeline.

RECOMMENDATION: AACN urges Congress to pass bipartisan Capitation Grants legislation, the Nurse Education, Expansion, and Development Act (H.R. 3569) and the Nurse Faculty Education Act (S. 1575).

Capitation Grants Legislation in the 109th Congress

Just as in the past, today's schools of nursing need additional resources, particularly nurse faculty, to educate the next generation of nurses. Congress is acutely aware of the current nursing shortage that was first noted in 1999. Therefore in July 2005, Reps. Nita Lowey (D-NY), Peter King (R-NY), and Lois Capps (D-CA), introduced the Nurse Education, Expansion, and Development Act and Sens. Jeff Bingaman (D-NM) and John Cornyn (R-TX), introduced the Nurse Faculty Education Act. Once again, Congress has begun the legislative process to increase enrollments in schools of nursing and meet projected nursing workforce demands.

House Efforts: The Nurse Education, Expansion, and Development (NEED) Act (H.R. 3569)

The NEED Act would amend Title VIII of the Public Health Service Act to authorize Capitation Grants for schools of nursing to increase the number of faculty and students. Recipient institutions would receive the following amounts for each full or part-time student enrolled: \$1,800 per year for master's or doctoral students, \$1,405 for bachelor's or entry-level master's students, and \$966 for associate degree students. Administered by the Health Resources and Services Administration (HRSA), grants may be used to hire new and retain current faculty, purchase educational equipment, enhance clinical or audiovisual laboratories, repair and expand infrastructure, or recruit students.

To apply, schools of nursing must be accredited by a Department of Education-approved accrediting agency, have a passage rate of 80% or greater on the National Council Licensure Examination for Registered Nurses (NCLEX), and attain a graduation rate of at least 80%. In addition to increasing enrollments within the first year of receiving a grant, schools must formulate and implement at least two innovations such as creating or expanding accelerated degree programs; integrating additional content on geriatrics, evidence based practice, quality, and patient-centered care into curricula; increasing admission, enrollment, and retention of qualified financially disadvantaged, minority, and diverse student populations; increasing graduate program enrollments by new registered nurses wanting to become faculty; and partnering with economically disadvantaged communities; among others.

Participating schools must comply with several data collection requirements and submit an annual report to the Secretary of the Department of Health and Human Services (HHS). The Secretary then must compile this information and report it to Congress. H.R. 3569 also requests a General Accountability Office (GAO) study examining successful efforts to place new graduates as nurse faculty and compensation disparities throughout the nursing profession as well as between nursing and non-nursing faculty. If enacted, the bill would be authorized at \$75 million in FY 2006, \$85 million in FY 2007, and \$95 million in FY 2008.

Senate Efforts: The Nurse Faculty Education Act (S. 1575)

The Nurse Faculty Education Act would amend Title VIII of the Public Health Service Act to establish a demonstration program to ensure an adequate supply of doctorally prepared nurse faculty. Grants would be awarded to schools of nursing by HRSA to increase enrollment and graduation rates of doctoral students through hiring new faculty, retaining existing faculty, purchasing educational resources, and assisting doctoral graduates in the pursuit of the faculty role. Priority for these grants will be assigned to states with a lower number of employed registered nurses per 100,000 population. Grants of \$100,000 would be awarded each year for up to five years.

Within one year of receiving a grant, schools must formulate and implement at least two innovations, such as partnering with educational institutions to hire doctoral graduates into nurse faculty positions either prior to or after degree completion, collaborating to create nurse faculty internships, creating cooperative programs to share technology and distance learning resources among schools of nursing, providing opportunities for minority and diverse student populations to pursue doctoral education, and increasing outreach activities to attract students into the faculty role, among others.

Recipient schools must comply with several data collection requirements and submit an annual report to the Secretary of HHS. The Secretary then must compile this information and report it to Congress. The bill also requests a GAO study examining several topics including, the capacity of schools of nursing to meet nationwide workforce needs, sustainability options, doctoral programs successful in placing graduates as nurse faculty, and compensation disparities throughout the nursing profession as well as between nursing and non-nursing faculty. If enacted, the bill would be authorized at \$1 million in FY 2006, \$2 million in FY 2007, and \$3 million in each of FYs 2008 through 2010.

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