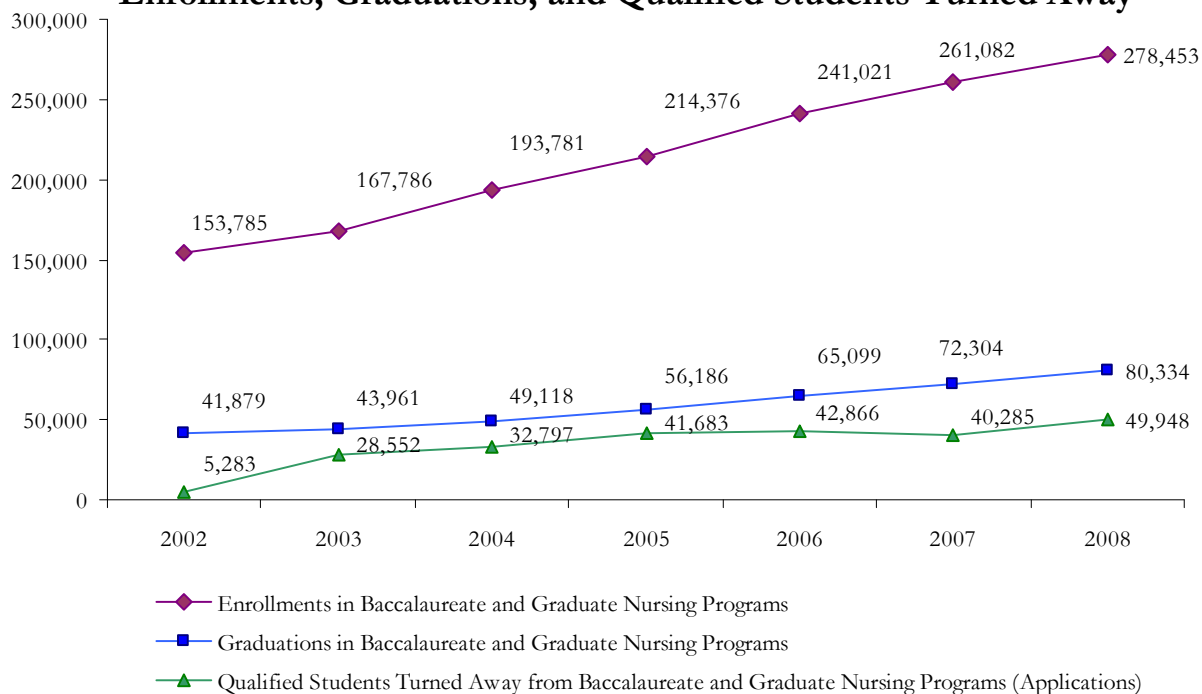


As evidenced by the steady growth in nursing school enrollments, nationwide attention to the nursing shortage has sparked the interest of thousands of men and women across the country looking to become nurses. However, nursing schools are struggling to overcome a variety of barriers that preclude them from further expanding student capacity and increasing the pipeline of Registered Nurses (RNs). Each year, thousands of potential nursing students are shocked to find they have been denied the opportunity to pursue a nursing education given the high demand for RNs.

### Understanding Why Potential Students are Turned Away

According to the American Association of Colleges of Nursing, U.S. nursing schools turned away nearly 50,000 qualified applicants last year due to an insufficient number of faculty, admission seats, clinical sites, classroom space, clinical preceptors, and budget constraints. The number one reason cited for not accepting all qualified applicants was faculty shortages. 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.

### Enrollments, Graduations, and Qualified Students Turned Away



Source: American Association of Colleges of Nursing. (2009). *2008-2009 Enrollments and Graduations in Baccalaureate and Graduate Programs in Nursing*. Washington, DC.

### 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) 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, and approximately \$275 for each student enrolled in an associate degree or diploma program. 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 successful 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's *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 the Nurse Education, Expansion, and Development Act (NEED) Act in the 111<sup>th</sup> Congress**

Just as in the past, today's schools of nursing need additional resources, particularly faculty, to educate the next generation of nurses. Congress is acutely aware of the current nursing shortage and has begun the legislative process to increase enrollments in nursing schools to meet projected workforce demands. In February 2009, Senator Richard Durbin (D-IL) introduced the NEED Act (S. 497). On April 22, 2009, Representative Nita Lowey (D-NY) introduced the companion bill (H.R. 2043) in the House of Representatives.

As written, the NEED Act would amend Title VIII of the Public Health Service Act (42 U.S.C. 296 et seq.) by authorizing 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, capitation grants could be used by schools of nursing to:

- Increase the number of nurse educators by hiring new faculty and retaining current faculty
- Repair and expand infrastructure
- Enhance clinical laboratories
- Purchase educational equipment

The flexibility of capitation grants under the NEED Act would **complement and expand the existing authorities under Title VIII of the Public Health Service Act** by providing nursing schools with the opportunity to improve the structural and programmatic conditions that inhibit student capacity growth.

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 implement at least two innovations such as creating or expanding accelerated degree programs; integrating additional content on geriatrics, evidence-based practice, quality, and/or 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. The Secretary then must compile this information and report it to Congress. The NEED Act also requests a Government Accountability Office 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.

**For information, contact the American Association of Colleges of Nursing, One Dupont Circle, Suite 530, Washington, DC more 20036 Phone: (202) 463-6930 • Fax: (202) 785-8320 • Web Address: [www.aacn.nche.edu](http://www.aacn.nche.edu)**

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