

# Capitation Grants

## A Solution for Expanding the Nursing Workforce

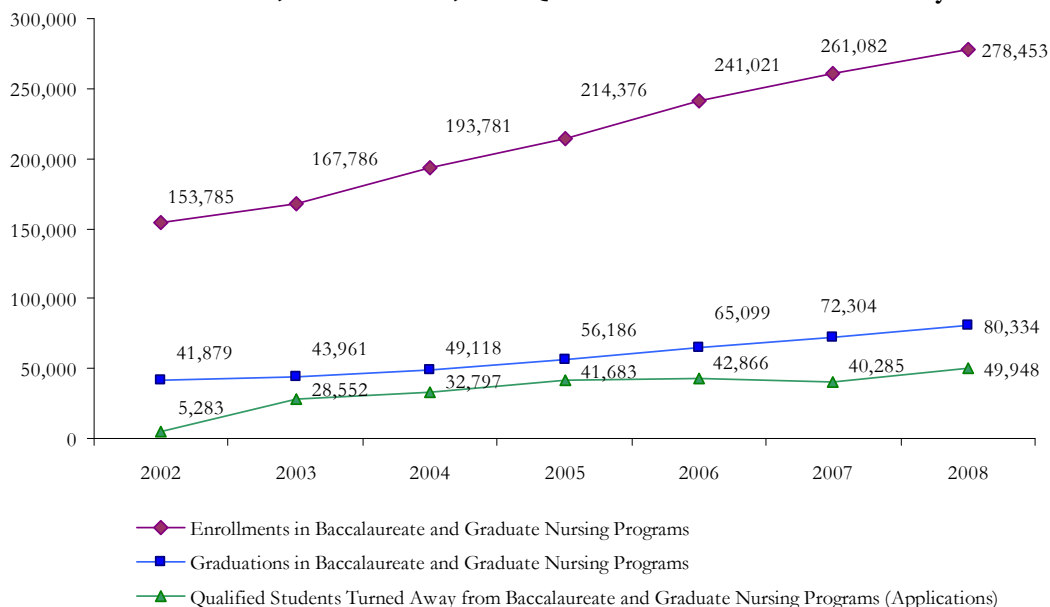


Registered Nurses (RNs) and Advanced Practice Registered Nurses (APRNs) are a central element in healthcare quality and safety. These providers are involved in every aspect of care and will be instrumental in the nation's efforts to reform the healthcare system. Yet, nursing school capacity barriers inhibit workforce growth at a time when the nursing shortage intensifies. If measures are not taken to help alleviate these capacity barriers, access to quality health care will be in jeopardy.

### Nursing School Capacity Barriers

According to the American Association of Colleges of Nursing (AACN), 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 primary reason cited for not accepting all qualified applicants was faculty shortages. 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: AACN. (2009). *2008-2009 Enrollments and Graduations in Baccalaureate and Graduate Programs in Nursing*. Washington, DC.

### A Proven Solution to Nursing School Capacity Barriers: Capitation Grants

Capitation grants (formula grants based on the number of students enrolled) 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. Under these laws, Congress provided capitation grants to schools of nursing in support of nursing education from 1971 to 1978. These grants were not prescriptive, and 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. Today, a similar piece of legislation exists in Congress to address nursing school capacity barriers.

**AACN Request: Support the Nurse Education, Expansion, and Development Act (NEED) Act.**

Just as in the past, today's schools of nursing need additional resources, particularly faculty, to educate the next generation of nurses. Over the decades, the capitation grant program has received significant support from public and federal agencies.

- 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.

### **The NEED Act: Legislative History**

In February 2009, Senator Richard Durbin (D-IL) introduced the NEED Act (S. 497), which is cosponsored by Sens. Kristen Gillibrand (D-NY), Daniel Inouye (D-HI), Edward Kaufman (D-DE), and Jeff Merkley (D-OR). On April 22, 2009, Representative Nita Lowey (D-NY) introduced the companion bill (H.R. 2043) in the House of Representatives.

### **Program Details**

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. 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
- Purchase educational equipment
- Repair and expand infrastructure
- Enhance clinical laboratories

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 pass rate of 80% or greater on the National Council Licensure Examination for Registered Nurses (NCLEX-RN), 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.

### **The NEED Act is supported by the following organizations:**

American Association of Colleges of Nursing	Dermatology Nurses' Association
American Association of Nurse Assessment Coordinators	Infusion Nurses Society
American Association of Nurse Executives	National Association of Neonatal Nurse Practitioners
American Association of Occupational Health Nurses	National Association of Nurse Practitioners in Women's Health
American College of Nurse Practitioners	National Association of Pediatric Nurse Practitioners
American Nurses Association	National League for Nursing
American Organization of Nurse Executives	National Organization of Nurse Practitioner Faculties
American Public Health Association, Public Health Nursing Section	Nurses Organization of Veterans Affairs
American Society of PeriAnesthesia Nurses	Quad Council of Public Health Nursing Organizations
Association of Community Health Nursing Educators	Society of Urologic Nurses and Associates
Association of State & Territorial Directors of Nursing	Wound, Ostomy and Continence Nurses Society
Association of Women's Health, Obstetric & Neonatal Nurses	

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