

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on January 22, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Steve Morris- excused
Senator Vicki Schmidt- excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Sharon Wenger, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Joan Wagon, Secretary, Kansas Department of Revenue
Michael Kennedy, M. D., Assistant Dean of Rural Health Education, McCann Professor in Rural Health, and Assistant Professor in Family Medicine
Brian Holmes, M.D., President, Kansas Academy of Family Physicians
Dan Morin, Director of Government Affairs, Kansas Medical Society
Barbara Gibson, Director, State Primary Care Office, Kansas Department of Health and Environment Office of Local and Rural Health
Kansas Board of Regents (written testimony)
Diane Lindeman, Director of Student Financial Assistance, Kansas Board of Regents
Mary Blubaugh, MSN, RN, Executive Administrator, Kansas State Board of Nursing
Carolyn Middendorf, MSN, RN, Kansas State Nurses Association
Deborah Stern, RN, JD, Vice President Clinical Services/Legal Counsel, Kansas Hospital Association

Others attending:

See attached list.

Chairman Umbarger announced that the Senate Ways and Means Committee would not meet on Thursday and Friday of the following week (February 1 and 2) so subcommittees can meet.

The Chairman welcomed Joan Wagon, Secretary, Kansas Department of Revenue, back to the Committee for a continued discussion rescheduled from a previous meeting (January 18, 2007) where the Committee had run out of time (Attachment 1). Secretary Wagon addressed streamlined sales tax, new compliance projects that are being developed and strategic directions regarding some large projects that are on the horizon for the Kansas Department of Revenue. The Secretary noted that the agency's focus has been on doing what they are charged to do which is collecting taxes and fees, administering the tax laws, issuing licenses, regulating the sale of various products, mostly alcohol and tobacco. Their focus has been on improving their internal processes, increasing accuracy and reducing costs through the use of technology.

Chairman Umbarger opened the public hearing on:

SB 24--Medical student loan program; monthly stipend, increase; inflation factor

Staff briefed the Committee on the bill.

The Chairman welcomed the following conferees:

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on January 22, 2007, in Room 123-S of the Capitol.

Dr. Michael Kennedy, M.D., Assistant Dean of Rural Health Education, McCann Professor in Rural Health, and Assistant Professor in Family Medicine, spoke in support of **SB 24** (Attachment 2). Dr. Kennedy spoke on behalf of Dr. Glen Cox who was previously scheduled. Dr. Kennedy noted that the Kansas Medical Student Loan Program as known today was crafted in 1992 which was the program's most recent revision. In his written testimony, Dr. Kennedy explained the success of the program. He noted that the program is critical in continuing to provide primary care physicians to the State's rural and urban core under-served areas. Dr. Kennedy also mentioned that there is concern regarding the rising debt for medical students and often students tend to choose specialization because that pays more. In closing, Dr. Kennedy mentioned that the retroactivity of the program is important and is a very good addition to it.

Dr. Brian Holmes, President, Kansas Academy of Family Physicians, who spoke in favor of **SB 24** (Attachment 3). He mentioned that many of the Kansas Medical Student Loan Program recipients are family physicians. Dr. Holmes explained that the bill provides an increase in the stipend to \$2,000 this year and then annual increases in an amount equal to the CPI. He noted that the language in the bill to allow retroactive application to the program by medical students who are in their second, third or even fourth year of medical school was good. In closing, Dr. Holmes mentioned that it is not easy to get physicians to serve in rural areas.

Dan Morin, Director of Governmental Affairs, Kansas Medical Society, spoke as a proponent of **SB 24** (Attachment 4). Mr. Morin explained that with medical student educational debt continuing to increase, programs that will cover the entire cost of school plus give you a stipend are especially appealing to prospective students. He noted that the Kansas Medical Student Loan Program has not been addressed in fourteen years.

Barbara Gibson, Director, State Primary Care Office, Kansas Department of Health and Environment Office of Local and Rural Health, spoke in support of **SB 24** (Attachment 5). Ms. Gibson explained that the bill increases the monthly stipend and strengthens the medical student loan program to improve access to primary medical care for rural and under-served Kansans. In order to more fully benefit the Kansas Medical Student Loan program, their Department supports the increase in the monthly maximum stipend to \$2,000 for medical students and the cost of living increases in the stipends in future years. They support the amendment allowing medical students to retroactively receive awards equaling tuition and stipend for academic years already completed at the University of Kansas School of Medicine in exchange for the service obligation.

Written testimony in support of **SB 24** was submitted by the Kansas Board of Regents (Attachment 6).

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 24**.

The Chairman opened the public hearing on:

SB 25--Nurse educator service scholarship

Staff briefed the Committee on the bill.

The Chairman welcomed the following conferees:

Diane Lindeman, Director of Student Financial Assistance, Kansas Board of Regents, who spoke in support of **SB 25** (Attachment 7). Ms. Lindeman explained that a nursing shortage report conducted by the Kansas Board of Regents in 2006 indicated that a shortage in the availability of qualified nursing faculty has been a key barrier to increasing student capacity in nursing programs in the state. She noted that because the program was enacted through an appropriations proviso that will expire at the end of the current fiscal year, the Board of Regents recommends that this program be enacted through the statutory process.

Additional information was provided by the Kansas Board of Regents regarding:

- Board of Regents Nursing Initiative Approved, 10-Year Plan to Address Nursing Shortage in Kansas (Attachment 8)

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on January 22, 2007, in Room 123-S of the Capitol.

- Board of Regents Awards \$3.4 Million in Nursing Grants, Grants Represent First Year of Ten-Year Initiative to Address State's Nursing Shortage (Attachment 9).

Mary Blubaugh, MSN, RN, Executive Administrator, Kansas State Board of Nursing, testified in favor of **SB 25** (Attachment 10). She noted that current regulation also allows for the Nurse Administrator of a nursing school to request a faculty hire exception if faculty meeting the criteria specified in regulation are not available. She mentioned that it is becoming increasingly hard for nursing schools to hire qualified nursing faculty and she explained that the average age of the nursing faculty is also increasing so it is necessary for those that will be retiring soon.

Carolyn Middendorf, MSN, RN, representing the Kansas State Nurses Association, spoke as a proponent of **SB 25** (Attachment 11). Ms. Middendorf explained that **SB 25** was recommended by the Legislative Education Planning Council (LEPC) through their recognition of the nursing shortage and the need to educate more RN's statewide to meet demand. She noted that current faculty members are rapidly approaching retirement age.

Deborah Stern, RN, JD, Vice President Clinical Services/Legal Counsel, Kansas Hospital Association, spoke in support of **SB 25** (Attachment 12). Ms. Stern mentioned that the Kansas Hospital Association and the Kansas Organization of Nurse Leaders eagerly support **SB 25** as it will positively impact the State's ability to train future nursing faculty members and thus increase the supply of nurses in Kansas. She also explained that the lack of nursing educators has been identified as the number one reason Kansas is unable to produce enough nurses.

The Committee discussed the service commitment areas, that emphasis needs to be on the critically underserved areas in the state and possible consideration to look at incentives.

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 25**.

The meeting adjourned at 12:00 p.m. The next meeting is scheduled for January 23, 2007.

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

Date January 22, 2007

Name	Representing
Brian Holmes MD	Kansas Academy of Family Physicians
Michael Kennedy MD	Univ of Kansas School of Med
Patrick Hurley	Kansas Academy of Family Physicians
Jim Conant	KDOR
Jeff Scott	KDOR
Jean Wagner	KDOR
Mary Bleecker	KSBK
Hazel Mosback	KSNB
Chris Lierig	Parent of Page
Chris Lierig	page
Dorothy Hughes	KU Medical Center
DEBORAH STERN	KS. HOSPITAL ASSN
Chad Austin	KHA
DAN MORIN	KS Medical Society
Barbara Gibson	KOHE
Sheila Johnson	KACCT
Julia Thomas	DOB
C. Dutton	DOB
Doug Penner	KICA
Blake Flanders	KS Board of Regents
MARK D. MARITZ	VIA ARTISTI REGIONAL MED. CTR.
Jessica Bergman	Sen. D. Schmidts Office
HOWARD SMITH	PITTSBURG STATE UNIVERSITY

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

Date January 22, 2007

Name	Representing
MARK Borczyk	CAPITOL STRATEGIES
Jenni Rose	KACCT
Lindsay Douglas	Hein Law Firm
Carolyn Spaldendorf	Ks St No Care
Dini Dohy	KBOA
Dini Undermann	KBOA
Kip Peterson	KBOA
Allyson [unclear] Graduate St 185	
ChaePea Suetee	Graduate Nursing Student
Sandy Adams	Graduate Nursing Student
Brittany Sauer	Page - Nemaha Valley
Kristina Feldkamp	Page - Nemaha Valley
Lacy Ackerman	Page - Nemaha Valley / Taddiken
Waz Ackerman	Ackerman Lock & Key Marysville, KS

January 18, 2007

To: Senate Ways and Means Committee
From: Joan Wagnon, Secretary, Department of Revenue
Re: Briefing on Department of Revenue

The department has been engaged in numerous compliance initiatives which have dramatically increased revenue collections in the past several years. Some of those higher profile initiatives include tax clearances for all state employees, appointees to boards and commissions and licensees holding state licenses; expansion of collection staff and enhanced collections processes; misclassification of workers project. In addition, participation in the Streamlined Sales Tax has caused an increase in the sales tax revenues for both state and local governments.

The following is a report of the progress to date on these initiatives, as well as a discussion of new projects and strategic directions.

1. Tax Clearance produces significant dollars as well as identifies non-filers.

We have requested memberships lists for discovery matching from 20 of the 29 licensing agencies to date. All have provided complete information including SSN's except the Kansas State Board of Technical Professions and their 14,494 licenses. Cooperation has been great. We are exceedingly careful with the security of any dataset we obtain. To date, we have matched 336,567 of the 423,556 licensee's which is 79% of the licensee's in Kansas. Without the SSN, it is difficult to complete the match. A bill is pending in Senate Tax that would require all licensing agencies to obtain SSN's on their licenses and to transmit that information to us on request.

Debts discovered/set up:	\$9,252,658
Refunds:	\$ 947,239
Net Tax:	\$8,305,419
Cash in Bank at this time:	\$5,977,385
Kansas returns filed:	3,444
Non-Kansas returns filed:	444

It is important to note that the department does not have the authority to withhold the license if a delinquency exists. However, we are using current authorization to collect the debt. It is a little slower perhaps than if the license was contingent on being current, but we believe the recovery from this project will continue to increase due to taxpayers continuing to pay on payment plans, pending Petitions for Abatement, etc.

Boards matched to date: Behavioral Sciences Regulatory Board, Board of Accountancy, Board of Emergency Medical Services, Board of Nursing, Board of Optometry Examiners, Department of Health & Environment, Insurance Department, Judicial Branch, Kansas Bureau of Investigation, Kansas Dental Board, Kansas Department of Revenue, Kansas Securities Commission, Kansas State Board of Cosmetology, Kansas State Board of Mortuary Arts, Kansas State Board of Pharmacy, Kansas State Department of Education, Real Estate Appraisal Board, Real Estate Commission, State Bank Commissioner, State Board of Healing Arts

We have recently received all the Kansas Restaurant Licenses from KDHE and will be matching them also for all tax and filing types.

2. Expansion of collection staff and enhanced collections processes have dramatically increased collections, paying for the additional staff many times over.

- Added 18 Field Agents in FY06 from existing funds

FY05 AR Recovery:	\$37,041,872
FY06 AR Recovery:	\$52,704,837

These additional field staff increased AR Recovery by \$15,662,965, a 42.28% increase over FY05

These results continue into this fiscal year as well:

FY06 Recovery:	\$25,570,280
FY07 Recovery:	\$29,423,394

The increase so far in this fiscal year is \$ 3,853,114, or 15.07% increase, but is expected to climb before year-end.

- Field Agent presence has increased 60 percent over the past 3-4 years

FTE in FY01:	25 Revenue Agents
FTE in FY05:	40 Revenue Agents
FTE in FY07:	58 Revenue Agents

- Altered collection processes have improved collections in the last 4 years. These have included an amnesty, shortening the time delinquencies are allowed to accumulate, working more closely with businesses and sooner in the cycle.

AR Recovery/Discovery (Collected):

FY2003:	\$100,069,582 (Amnesty year)
FY2004:	\$ 93,358,378
FY2005:	\$ 84,314,259
FY2006:	\$108,752,730 (increased 18 Field Agent FTE)

Total new debt referred into collections system:

FY03	\$165,060,064
FY04	\$116,886,533
FY05	\$115,545,293
FY06	\$158,334,655
FY07	\$105,875,909 (to date)

Agency AR Balances:

	GROSS	GROSS NET*	NRV **
FY2003:	\$445,669,333	\$291,404,049	
FY2004:	\$427,904,197	\$262,595,876	
FY2005:	\$499,323,413	\$301,532,736	\$151,647,872
FY2006:	\$507,768,649	\$355,702,142	\$136,315,867
FY2007: (12.31.06)	\$516,707,788	\$377,296,164	\$142,929,636

* Gross Net equals Gross AR balances excluding accounts in Bankruptcy or Uncollectible.

** Net Realizable Value (NRV) - after extensive data research, the NRV was applied to the Gross Net values in FY2005. NRV essentially means what is the real balance the department could recover ... realistically. Based on the age, value, and tax type. For instance, and easy one to describe is Drug Tax, which, based on historical recovery data, is assigned a 1% NRV for a \$45 Million dollar AR balance leaving an NRV of \$900k.

3. Misclassification of Workers

Legislation was passed during the 2006 session to allow the departments of Revenue and Labor to cooperate to determine if businesses are misclassifying workers, particularly in the construction industry, and showing them not as employees, but as independent contractors. The first step in the process is for the KDOL to determine if misclassification has occurred. Then KDOR can assess the employers and follow through with its collection efforts. The program is operational, but complete results are premature. However, the Department of Labor, from March 2006 through December, 2006 has received reports on 136 Employers. They have completed their action and reported to KDOR 78 employers with \$1,824,214.45 taxable wages. Payment and collections are pending on an estimated \$80,000. We believe this to be just the tip of the iceberg, but the work is staff intensive. The website is operational and is being used.

4. Streamlined Sales Tax

When tracking Streamlined Sales Tax (SST) revenues we have three different components that are tracked: voluntary remitters, SST Accounts, and non-Kansas border remote retailers' use tax.

Voluntary remitters are those companies that we have been tracking since 2003 who publicly announced they would voluntarily remit the use tax due to our involvement and compliance with SSTP. In fiscal year 2006, these retailers remitted \$2.5 million in state and local retailers' use tax (\$1.9 M State, \$0.6 M Local) . In the first five (5) months of fiscal year 2007 these accounts have already remitted \$1.2 million. In the last 4 years, they have remitted \$12.1 million in state and local retailers' use tax.

SST Accounts are those companies that have registered through the SST registration system and are remitting use tax to Kansas. SST registrations were effective October 1, 2005 and many of the retailers remitted tax for less than half of fiscal year 2006. For fiscal year 2006, Kansas received collections of \$2.2 million in state and local use tax from SST registrants (\$1.5M State, \$0.7 Local). For the first four (4) months of fiscal year 2007, the state has already received \$2.1 million from SST accounts. Since the SST registration became available in October 2005, over 1,300 retailers have registered to collect Kansas sales and use taxes. Many of the early registrants were taking advantage of the SST amnesty period and are not doing business in Kansas. Kansas has received tax collections from 260 SST retailers. A number of the retailers registered late in 2006 and are just starting to submit returns.

Non-Kansas Border Remote Retailers are companies that we have been tracking since 2003. This category consists of companies who are not located in a border state, are not included in the other two categories, and started remitting retailers' use tax after January 1, 2003. The assumption is that 75% of the retailers' use tax remitted by these companies is due to the state's involvement with SST. In fiscal year 2006, these new use tax retailers remitted \$33.5 million in state and local tax of which \$22.2 million the department attributes to the state's involvement with SST (\$16.6M State, \$5.6M Local)

A summary of the revenues for FY 2005 and 2006, with an estimate for FY 2007 is provided below. Continued growth in the SST and Non-Border Remote accounts is expected with SST Registration system, the ability for filing through CSPs (Certified Service Providers), and as more states implement SST.

State and Local Retailer's Use Revenues from SST			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimated
Voluntary Remitters	\$1.9 M	\$2.5 M	\$3.5 M
SST Accounts	n/a	\$1.8 M	\$7.5 M
Non-border Remote	\$14.3M	\$22.2M	\$27.8 M
Total	\$16.2M	\$26.5 M	\$38.8 M
State	\$12.2 M	\$19.9 M	\$29.1 M
Local	\$ 4.0 M	\$ 6.6 M	\$ 9.7 M

Note: FY 2005 revised due to filing of amended returns.

5. New Compliance Projects being developed

- W-2 match

These estimates are based on our Discovery Project average statistics on matching.

If noncompliance of those W2's (nonfilers) is 9% , we could possibly expect to pay \$11.3 million in refunds (avg \$389) and receive \$48.4 million in revenues (\$665 average tax. Of course, this assumes that we have all the W-2s available for matching, which at this point is not true.

- Data Warehouse

The Compliance Enforcement Division of the Kansas Department of Revenue has consolidated data from internal and external resources for the purposes of increasing information efficiency, decreasing reporting time, and non-compliance discovery efforts. For example, use of the Data Warehouse and its matching potential could lead to discovery of non-registered businesses, or finding valid addresses for delinquent taxpayers.

Many different databases from a variety of sources are being added to the Data Warehouse, including the drivers license file, business licenses, etc.

6. Strategic Directions

Several large projects are on the horizon for KDOR. Our focus has been on doing what we are charged to do: collecting taxes and fees, administering the tax laws, issuing licenses, regulating the sale of various products, mostly alcohol and tobacco.

Our focus has been on improving our internal processes, increasing accuracy and reducing costs through use of technology.

E-filing, if we could achieve a 65% compliance rate, would save \$5-6 million annually in salaries and processing costs. We are currently at 56% and are cooperating with tax preparers, as well utilizing an advertising campaign for the third year.

VIPS – the vehicle identification processing system – is dated and almost non-functional. Replacement of VIPS is our highest priority. A feasibility study is underway at the present time, now that the upgrade to the CAMA system is almost complete.

Our technology staff is maxed out with compliance initiatives and continuing to provide changes to the tax processing system. Our fiscal notes will reflect the need for additional help if we are to take on new projects.

Real ID – a federal initiative – is likely to cause a dramatic increase in budget expenditures, depending on how the federal regulations are drafted this Spring.

Senate Ways and Means Committee
Monday, January 22, 2007

SB 24: Changes to the Kansas Medical Student Loan Program
Testimony in Favor Offered by the University of Kansas Medical Center

Conferee:

Michael Kennedy, M.D., Assistant Dean of Rural Health Education, McCann Professor in Rural Health, and Assistant Professor in Family Medicine

Testimony

Good morning, Mr. Chairman and distinguished members of the committee. Our Vice Dean, Dr. Glen Cox, was slated to speak to you, but unfortunately he fell ill over the weekend and is unable to be here. I am here in his place to testify in favor of Senate Bill 24, legislation that would make changes to the Kansas Medical Student Loan Program (KMSLP).

We at the University of Kansas Medical Center (KUMC) know this program is a success. Since the late 1970s, the Legislature has realized a need to provide incentives for physicians to practice in underserved areas. The KMSLP we know today was crafted in 1992, the year of the program's most recent revision. Data I cite today and that is in the appendix focuses on students and graduates from 1992 to the present. The legislation before us gives us an opportunity to revise the program again, make it more current, and hopefully increase the number of medical students who choose primary care specialties and provide health care to Kansans in underserved areas.

Although all medical students are eligible for the KMSLP, we give preference to students from rural Kansas counties who demonstrate financial need. The program currently provides tuition reimbursement and a \$1,500 monthly stipend. In return, the participant must complete his or her medical degree, enter and complete a primary care residency, and practice in an underserved area of Kansas for one year in exchange for each year of program participation. In other words, if a first-year medical student signs up and receives tuition reimbursement and monthly stipends during all four years of medical school, she or he must then serve for four years in an underserved area. When I say "primary care residency," I am referring to general pediatrics, general internal medicine, family medicine, or emergency medicine—the eligible specialties according to statute.

Other than fulfilling their obligation through service in underserved areas, the law gives participants four other ways to complete the service obligation:

- 1) Practicing at a Kansas state medical care facility or institution
- 2) Practicing in a Kansas Veterans' Administration facility
- 3) Becoming a full-time faculty member at the KU School of Medicine in a primary care discipline
- 4) Performing at least 100 hours per month of on-site primary care at a local health department or other non-profit organization that serves the medically indigent

If a participant does not fulfill the obligation through service in an underserved area or one of the other four ways listed above, he or she must repay all funds received from the KMSLP – both tuition and stipend dollars – within 10 years at 15 percent interest. Loan cancellation is done when a participant completes the service obligation, or if he or she dies or is unable to practice medicine due to a permanent physical disability.

Each year, the program makes up to 120 one-year loan contracts available. On average, 30 contracts are allocated to each of the four medical school classes. There are presently 109 students in the graduating classes of 2007-2010 working toward their M.D. degrees, meaning about 11 slots are currently unused. Since the inception of the KMSLP in the 1970s, more than 1,200 medical students have received assistance under the program. Since 1992, 438 students with obligations under the program have graduated.

KUMC and its School of Medicine, through the operations of the Kansas City and Wichita campuses, are committed to the mission of meeting the physician workforce needs of our state. Despite recent trends in residency selection by graduating medical students away from primary care specialties such as Family Medicine, our school continues to enjoy significant success in inspiring students to select primary care as a career. Recently, the American Academy of Family Physicians ranked the KU School of Medicine first in the nation for placing graduates in Family Medicine residencies. KU took first place in three ways: largest number of graduates, with 39 in the class of 2005; largest percentage of its graduates, at 22.8%; and highest three-year average of percentages of graduates – 21.1%. There is no doubt the KMSLP has been one of the factors contributing to our success.

I will briefly share with you some statistics on our retention rates, because I know having a large percentage of graduates entering primary care is not enough; we also want to keep them

in Kansas. Since 1992, we have had 438 KSMLP participants graduate. Of those, 178, or 40.6%, have fulfilled their obligations; 145, or 33.1%, have had their obligations “deferred” usually to allow them to complete their residencies in preparation for practice; 84, or 19.2%, are currently practicing in compliance with the terms of the program but have not yet completed their obligations; and 31, or 7.1%, are practicing out of compliance with the terms of their agreements and are repaying their loans. Funds garnered from repayment of these loans are put into the Kansas Medical Loan Repayment Fund, which is administered by KUMC and used solely to provide partial funding for new contracts.

Recently, KUMC collected data on those 178 physicians who have completed their obligations, so that we could study retention rates better. We were able to get good data on 165 of them. So, of those 165, two-thirds are still in practice in Kansas. About 65%, or 107 participants, fulfilled their obligation through service. This subset of 107 physicians is where the percentages get very impressive. 84% of those 107 physicians have maintained their practices in Kansas – often in or near the communities where they completed their service. To me, that says success. If you take a look at Appendix I, you will see two tables, as well as a map of our state with the counties color-coded to indicate how many KMSLP participants are located in each county.

Based on the success demonstrated so far, we can all agree the KSMLP is a good deal for the state, its medical students, and future physicians. As you consider this program, I would like you to keep in mind that both nationally and locally, medical student debt is rising. KU School of Medicine students now graduate with an average of \$100,000 in debt. At the same time, starting salaries of primary care physicians are lagging. It is a sad reflection on the way we as a society value health care services that some sub-specialists can earn \$250,000 or \$350,000 or more, while the average primary care physician makes \$125,000 to \$150,000.

The changes proposed in this legislation would make the KMSLP more attractive to medical students. As some of you may recall, my colleague Dr. Cox appeared before the Legislative Educational Planning Committee last fall to discuss this program. I am very grateful to that committee, and to you all, for increasing the stipend to \$2,000 and including an automatic increase tied to inflation. I know students will appreciate that. The cost of the initial increase is about \$585,000. The KMSLP is funded by three sources: general fund dollars, funds from the Kansas provider assessment, and reserve funds in the Kansas Medical Loan Repayment Fund.

Even with the additional cost of increasing the stipend, these three sources will be able to fund the program through fiscal year 2009, without requests for additional funds.

Also, the portion of this bill that allows KMSLP loans to be taken out retroactively is a very good addition. Most students do not know in their first – or even second – year what specialty they want to choose. The way the law is currently written, if students in their third year decide on primary care, they can only participate in the KMSLP for two years, and Kansans receive only two years of service from them. Allowing them to receive four years of KMSLP benefits helps the students pay off debts previously incurred and also gives Kansans four years of service from them, instead of two. The way I see it, everybody wins.

This program is critical in continuing to provide primary care physicians to our state's rural and urban core underserved areas. My colleagues and I, as well as our medical students, thank you for taking up SB 24, and we urge you to pass it in its current form.

Thank you again for allowing me to be here today. I would be happy to answer any questions you may have.

Appendix I

Table I: Satisfaction of KMSLP Obligations

Status	Number	Percent
Completed by service (Forgiven)	111*	62.4%
Paid in full	63	35.4%
Deceased	4	2.2%
TOTAL	178	100%

*Includes 2 physicians who met obligation through combined payment and service

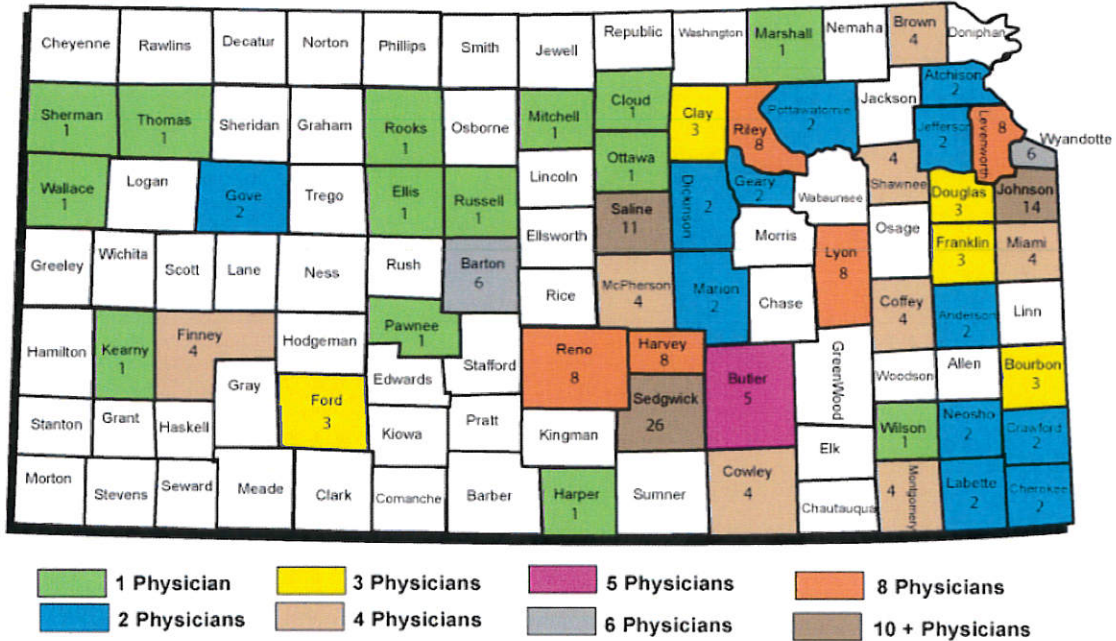
Table II: Summary of Practice Locations

State	Completed by Service	Paid in Full	Total
KS	90	21	111
Not KS	17	37	54
TOTAL	107	58	165

*Total is 165, instead of the 178 in Table I, due to deaths and incomplete data

Distribution of KMSL Program Recipients That Completed their Obligation or are Active and In Compliance (1992-2006)

(Location from KS Board of Healing Arts license database - Sept 2006)



Kansas Academy Of Family Physicians



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Caleb Bowers
Student Representative

Carolyn N. Gaughan, CAE
Executive Director

*The largest medical
specialty group in
Kansas.*

January 22, 2007

To: Senate Ways and Means Committee
From: Brian Holmes, MD, KAFP President
Re: SB 24

Sen. Umbarger and Members of the Senate Ways and Means Committee:

Thank you for this opportunity to testify on Senate Bill 24 on behalf of the Kansas Academy of Family Physicians (KAFP). My name is Brian Holmes and I am a family physician in Abilene. I am honored to serve as president of the KAFP this year. Our organization has over 1,500 members across the state, of which more than 930 are practicing physicians, 118 are resident-physician members, and the others are medical students and retired members.

I am here to urge you to support SB 24, an act related to the Kansas Medical Student Loan Program (MSLP). Many MSLP recipients are family physicians. Our members are distributed across Kansas in much the same way as the population of the state itself. We are the only medical specialty for which this is the case. Family physicians are the backbone of primary care in Kansas, and it is family physicians who provide by far the majority of health care in rural parts of the state.

The last revisions to the stipends in the MSLP were made in 1992. At that time they were tripled from \$500 / month to \$1,500 / month. Much has changed since then, and the \$1,500 stipend incentive is less enticing than in '92. The program has served the state well over the years, providing many physicians for rural Kansas. Recently though, not as many medical students have taken the opportunity and signed up for the program. This is a big concern – the pipeline for training is a long one, and as fewer medical students select the MSLP, we can foresee fewer physicians in rural Kansas. For all these reasons, our organization has been very involved in working with KU to find out the root causes of the decline in student interest and to seek improvements to the program to reverse that trend.

We do not believe that the MSLP is the only answer to the issues we face in recruiting physicians to rural Kansas. But it is an important part of the equation that we must work to revitalize and extend. Many communities in the state are beneficiaries of MSLP recipients, and a high percentage of the recipients have stayed in rural Kansas to practice. Family physician recipients have had the highest retention rate of any specialty for staying in rural practice. So the Academy worked diligently with KU

The mission of the Kansas Academy of Family Physicians is to promote access to and excellence in health care for all Kansans through education and advocacy for family physicians and their patients.

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Kansas Academy Of Family Physicians



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and developed the provisions in SB 24 to restore the program's viability and to encourage full subscription by medical students. The bill before you is the product of several meetings and our collaboration with KU. It is part of a greater, ongoing effort the Academy is undertaking to address issues in rural health and develop a full range of programs to recruit and retain physicians for rural Kansas.

The provisions in SB 24 will positively affect the MSLP and improve recruitment for rural Kansas. The bill provides an increase in the stipend to \$2,000 this year, and then annual increases in an amount equal to the CPI. It also has language to allow retroactive application to the program by medical students who are in their second, third or even fourth year of medical school. We believe there are some students who will take advantage of this opportunity when it is presented.

We urge you to adopt SB 24 and increase the incentives for medical students to consider practice in the non-urban areas of the state.

Thank you for your consideration and for a chance to provide this testimony. I would be happy to answer any questions.

Sincerely,

Brian L. Holmes, MD
President

The mission of the Kansas Academy of Family Physicians is to promote access to and excellence in health care for all Kansans through education and advocacy for family physicians and their patients.



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To: Senate Committee on Ways and Means

From: Dan Morin
Director of Government Affairs

Subject: SB 24 AN ACT concerning the medical student loan act; relating to stipends for tuition and living expenses

Date: January 22, 2007

The Kansas Medical Society appreciates the opportunity to submit the following comments on SB 24, which amends the medical student loan act.

The medical student loan program at the University of Kansas School of Medicine offers student loans and stipends to undergraduate students enrolled in or admitted to the University of Kansas School of Medicine. Priority is given to Kansas residents. The student shall then practice medicine full-time in an appropriate service commitment area. The commitment is one year of service for each year of funding received (e.g. if you receive funding for four years, you will have a four-year service commitment).

The bill provides an increase in the stipend for living expenses to \$2,000 monthly from the current \$1,500. The stipend would be increased annually using the Consumer Price Index. In addition, loans and stipends may be awarded retroactively for any academic year that a student has completed successfully at the University of Kansas Medical School.

We support these changes in law. Besides living expenses many medical students face tens of thousands of dollars in tuition bills. The most common way to pay this is via loans, particularly federal Stafford loans and private alternative loan programs. Grant aid (aid you don't have to repay) is not common. Most schools offer a minimal amount of merit- and/or need-based grant aid. With student loan interest rates rising and medical student educational debt continuing to increase, programs that will cover the entire cost of school plus give you a stipend are especially appealing to prospective students. The more frugal student can emerge from medical school debt-free. Medical education debt is now nearly 5 times higher than in 1984, and the median debt is more than \$120,000. Given the current figures on income and debt burden, a starting primary care doctor could be paying between 8 and 15% of income solely to manage their debt.

According to the National Resident Matching Program the number of graduating U.S. medical school seniors who chose residency programs in family medicine has dropped for the sixth year in a row. Debt burden may be partly responsible for the measurable decline in students entering

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primary care fields in favor of more lucrative specialties. Medical student debt has reached a critical point and also has far-reaching implications in improving access to care, and addressing geographical disparities in care for Kansas residents. Making the medical student loan program more attractive is essential as the Kansas Legislature attempts to make gains in these critical areas.

The Kansas Medical Society is counting on your continued support of the medical student loan program to help ensure a well-educated, well-distributed supply of primary care physicians who deliver care in our most needy communities.



Kathleen Sebelius, Governor
Roderick L. Bremby, Secretary

DEPARTMENT OF HEALTH
AND ENVIRONMENT

www.kdheks.gov

Division of Health

**Testimony on
Senate Bill 24: Changes to Kansas Medical Student Loan Program
Committee on Senate Ways and Means**

**Presented by: Barbara Gibson, Director, State Primary Care Office
KDHE Office of Local and Rural Health
January 22, 2007**

Chairman Umbarger, members of the Committee, I am pleased to appear before you today to support Senate Bill 24 to increase the monthly stipend and strengthen the medical student loan program to improve access to primary medical care for rural and underserved Kansans.

The Office of Local and Rural Health (OLRH) assumes lead responsibility for addressing the complex of issues of availability, effectiveness, and access to integrated local systems of care including primary care, trauma care, public health and preventive services. In order to support the goal of access to medical care for all regions of the state, the Office directs several initiatives to improve the supply and adequate statewide distribution of health professionals, including physicians.

In support of activities to assure an adequate physician workforce, we are responsible for state and federal designation of shortage areas. We manage information and conduct surveys to identify and certify medically underserved areas (MUA), medically underserved populations (MUP) and health professional shortage areas (HPSA). In 2002, KSA 76-375 was amended to charge the Secretary of KDHE with preparing an annual list of medically underserved areas which we publish and distribute.

To aid in rural physician recruitment, the KDHE Office of Rural Health provides partial funding for the Kansas Recruitment Center operated within University of Kansas Medical Center's Rural Health Education and Services program. With centralized information on vacancies and practice opportunities, we are able to refer our inquiring physicians to one source of assistance. Rural Kansas vacancies are also posted on a national website of the Rural Recruitment and Retention Network.

To attract or retain physicians in federally designated shortage areas, we serve as liaison with the National Health Service Corps to facilitate loan repayment assistance to physicians and other health care providers through a federal program established to encourage the practice of primary care medicine in underserved communities. The NHSC also supports loan repayment for dental and mental health professionals in the corresponding Health Professional Service Areas. In addition, KDHE has federal funding for a limited number of awards for loan repayment assistance to health professionals who will serve in not-for-profit or public facilities where the

DIVISION OF HEALTH

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employer is able to supply dollar-for-dollar local matching funds. These programs are only available to licensed health professionals who have completed their professional training and who have outstanding loans for educational expenses.

Neither of these federal programs overlaps nor duplicates the program for Kansas medical school students. In fact, communities and facilities depend upon having an broad array of optional resources including the Osteopathic Medical Service Loan program administered by the Kansas Board of Regents to provide similar support to Kansans enrolled in Osteopathic Medical Schools, and the J-1 visa waiver program for international medical graduates, a program which allows foreign physicians to remain in the US in exchange for a minimum 3 year service obligation. Each of these incentives and service obligations is critical if we are to make progress toward maintaining an adequate supply of primary care physicians to deliver care in underserved areas, state facilities, or to underserved populations, or to fill medical school faculty vacancies.

In order to more fully benefit of Kansas Medical Student Loan program, we support the increase in the monthly maximum stipend to \$2,000 for medical students receiving this benefit during the 2007- 2008 academic year. We also support authorization for cost of living increases to the stipend in future years.

We support the amendment allowing medical students to retroactively receive awards equaling tuition and stipend for academic years already completed at the University of Kansas School of Medicine in exchange for the service obligation. We believe that this incentive should be available to persons who may have been hesitant to apply as newly admitted students based on their initial uncertainty about the choice of specialization or preference for practice location.

We urge ongoing support for this and other important programs providing financial incentives and recruitment assistance. These resources and support services will always be necessary to adequately attract or retain physicians in many areas of rural Kansas.

Thank you for the opportunity to appear before this Committee. I will be happy to respond to any questions you may have.



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January 22, 2007

Senator Dwayne Umbarger
Chairman
Senate Ways & Means Committee
Statehouse, Room 120-S
Topeka, KS 66612

Senator Laura Kelly
Ranking Member
Senate Ways & Means Committee
Statehouse, Room 401-S
Topeka, KS 66612

Dear Chairman Umbarger and Ranking Member Kelly:

On behalf of the Kansas Board of Regents, I write to you in support of Senate Bill 24, legislation pertaining to the Kansas Medical Student Loan Program (KMSLP).

Last Fall, the University of Kansas Medical Center (KUMC) submitted this legislative proposal to the Board of Regents for consideration and the Board subsequently approved KUMC's request.

As the Board learned last Fall, there are currently 260 participants in the KMSLP who have graduated from medical school. Of those, 145 are currently completing their residencies. Of the remaining 115 participants, 84 are repaying through service, and 31 are repaying monetarily. Overall, the program is a success, as 73 percent of participants who have completed all training are primary care physicians (general pediatrics, general internal medicine, family medicine, family practice, or emergency medicine) in under-served areas of Kansas. However, only 96 of the possible 120 KMSLP positions are currently filled.

In order to continue providing primary care physicians to underserved areas, this program must be made attractive to today's medical student. The monthly stipend has not been updated since 1992. Students in the KMSLP increasingly need other sources of financial aid to cover the expenses of fees and the cost of living. In the 1999-2000 academic year, the approximate difference between the stipend provided and expenses was \$1,991 per year, per student. In the 2006-2007 academic year, a medical student needs approximately \$8,000 per year in outside sources of financial aid. This is a 314% increase over the last eight years. Using inflation as a benchmark, KUMC believed increasing the stipend to \$2000 per month was a reasonable request at this time.

According to the American Academy of Family Physicians, a family medicine physician under the age of 36 makes about \$120,000. However, the Association of American Medical Colleges (AAMC) estimates median physician income – averaged across all specialties and ages – at \$187,600 in 2003. Moreover, the AAMC estimates that on average, cardiologists, radiologists,

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and orthopedists all make over \$300,000. With average medical debt having increased from \$22,000 in 1984 to \$100,000 in 2003, it is clear why specialties with higher anticipated incomes can be more attractive. The need for more primary care physicians in Kansas remains, and a stipend increase could very well encourage greater participation in the KMSLP.

In addition, making the program available to upperclassmen allows students more time to choose an area of specialization. Currently, the program requires students to commit to primary care very early in their medical education. Should students choose primary care during their third or fourth year of medical school, they should be afforded the same incentives to practice in underserved areas via the KMSLP.

Thank you for your consideration of Senate Bill 24.

Sincerely,



Reginald L. Robinson
President and CEO



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Senate Ways & Means Committee
January 22, 2007

Testimony in Support of Senate Bill 25

Diane Lindeman
Director of Student Financial Assistance

Good morning Chairman Umbarger and Members of the Committee. My name is Diane Lindeman and I am the Director of Student Financial Assistance for the Kansas Board of Regents. I am here today to testify in support of Senate Bill 25.

A nursing shortage report conducted by the Kansas Board of Regents in 2006 indicated that a shortage in the availability of qualified nursing faculty has been a key barrier to increasing student capacity in nursing programs in the state. Thanks to the Members of this Committee and Senators Barone, Emler, and Umbarger in particular, the Nurse Educator Scholarship Program was created during the 2006 legislative session to address this critical shortage.

The scholarship program provides financial assistance to Kansas residents who are registered nurses and who wish to pursue a master's degree or a doctorate in nursing in order to become nursing faculty. Because this program was enacted through an appropriations proviso that will expire at the end of this current fiscal year, the Board of Regents recommends that this program be enacted through the statutory process in order to insure the continuity of the training of those students who have received assistance this past year and for those who would wish to pursue an advanced degree in the future.

The grant amount available to students is the lowest of either 70% of the cost of attendance or the average cost of attendance at the state universities. In addition, the grant requires that every \$2 appropriated from the Legislature must be matched by \$1 from the university that the student attends. The Revisor's Office is currently drafting a technical amendment to address this provision as it was inadvertently omitted from the original bill draft. Scholarships will be awarded to students for the length of their course of instruction unless otherwise terminated before the expiration of such period of time. Once students have completed their program, they will be obligated to engage in full-time teaching of nursing in a nursing program in the state for a period of not less than one year for each year of scholarship assistance. Scholarship recipients teaching part-time would teach for a period of time that is equivalent to full-time.

During this first year of inception this program has been very successful. Fifty Nurse Educator Scholarships were awarded for the 2006-07 academic year. The Governor has recommended \$200,000 be allocated to this program in FY 2008.

Thank you for the opportunity to appear before you this morning. I would be happy to address any questions that Committee Members may have.

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FOR IMMEDIATE RELEASE
June 1, 2006

BOARD OF REGENTS NURSING INITIATIVE APPROVED

10-Year Plan to Address Nursing Shortage in Kansas

(TOPEKA) – Last week funding was approved for the first year of a ten-year Board of Regents' initiative to address the critical nursing shortage in the state of Kansas. The Legislature had previously appropriated \$3.4 million of the Board's \$4 million first-year funding request as part of its omnibus appropriations bill which the Governor signed into law May 24.

All 22 public nursing programs in Kansas are eligible to participate and will be required to submit applications to the Board to receive the funding associated with the program. Applications were sent to the eligible institutions today.

"I would like to thank members of the Kansas Legislature for their strong support of this serious effort to address the state's nursing shortage," said Reginald L. Robinson, President and CEO of the Board of Regents. "This program powerfully demonstrates how the state's higher education institutions play a vital workforce development role in Kansas. The Board looks forward to addressing this critical issue – an issue that only increases in importance as the state's population continues to age."

The Board's ten-year nursing plan is a three-part \$30 million initiative that ultimately aims to increase nursing capacity in Kansas by 25 percent. Of the \$30 million total cost, \$22 million would come from state appropriations while \$8 million would be committed through matching funds by the participating educational institutions.

"It was important that the Legislature address this critical issue during the 2006 session," said Senator Jim Barone (D-Frontenac), the key sponsor of the nursing initiative during the Legislature's consideration of the omnibus appropriations bill. "This funding moves us closer to ultimately solving an issue that, if unaddressed, will negatively impact every Kansan."

The initiative's three components target the following areas: Nurse Educator Scholarships, Nursing Faculty and Supplies, and Equipment and Facility Upgrades. First year funding, totaling \$3.4 million, is broken down into three parts. \$200,000 for the Nurse Educator Scholarship Program – requiring a \$1.00 match from the institution for each \$2.00 of state funding received. \$1.2 million for a Nursing Faculty and Supplies Program – to be a need-based or competitive grant program requiring a \$1.00 match from the institution for each \$1.00 of state funding received (the Board requested \$1.8 million). And, \$2 million for a Nursing Equipment

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and Facilities Upgrade Program – to be a need-based or competitive grant program requiring a \$1.00 match from the institution for each \$2.00 of state funding received.

The 2005 Legislature, concerned about the shortage of nurses in Kansas, recommended that the Board report to the Governor and the 2006 Legislature regarding the resources required to increase the capacity of the state's higher education system to educate registered nurses by 25 percent. The Legislature also requested that the report include a timeline for building the infrastructure necessary to accommodate up to 250 more nursing student admissions annually.

Among the causes for the nursing shortage in Kansas is an increased utilization of the health care system by an aging population at the same time many existing nurses will be retiring. The Kansas Department of Labor has predicted that 6,890 new Registered Nurse (RN) positions will be needed by 2010 to meet the workforce demand. An additional 4,460 RN replacement positions will be needed due to retirements, for a total projected need of 11,350.

Implementing nationwide strategies and initiatives within the state, Kansas has been successful in attracting individuals to careers in health care. The pressing issue now does not revolve around filling the pipeline with students interested in nursing careers, but rather expanding postsecondary program capacity for those who want to become trained nurses. Virtually every nursing program has an extensive waiting list of qualified applicants. Increasing capacity in nursing programs is a complex process that consists of acquiring additional qualified nursing faculty, securing additional clinical instruction sites, and increasing classroom space and equipment.

The nine-member Kansas Board of Regents is the governing board of the state's six public universities and a supervising and coordinating board for nineteen community colleges, ten technical institutions, and a municipal university.

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For more information contact

Kip Peterson, Director of Government Relations & Communications, at (785) 296-3421.

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Eligible Public Nursing Programs (22):

Program Type: Associate Degree Nursing (ADN) (RN)

Barton County Community College
Butler Community College
Cloud County Community College
Colby Community College
Dodge City Community College
Fort Scott Community College
Garden City Community College
Hutchinson Community College
Johnson County Community College
Kansas City Kansas Community College
Labette Community College
Manhattan Technical College (with Cloud County CC)
Neosho County Community College
North Central Kansas Technical College (Beloit and Hays Campuses)
Pratt Community College
Seward County Community College

Program Type: Baccalaureate Degree Nursing (BSN) (RN)

Emporia State University
Fort Hays State University
Pittsburg State University
University of Kansas Medical Center
Washburn University
Wichita State University

Program Type: Graduate Degree (MSN)

Fort Hays State University
Pittsburg State University
University of Kansas Medical Center
Washburn University
Wichita State University



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FOR IMMEDIATE RELEASE
July 20, 2006

BOARD OF REGENTS AWARDS \$3.4 MILLION IN NURSING GRANTS

Grants Represent First Year of Ten-Year Initiative to Address State's Nursing Shortage

(TOPEKA) – Today the Kansas Board of Regents awarded nearly \$3.4 million in nursing grants to twenty public higher education institutions across the state. Institutions with registered nurse programs were eligible to apply to the Board for these grants which were made available when, in May, the Legislature approved, and the Governor signed into law, the first year of a ten-year Board of Regents' initiative to address the critical nursing shortage in the state of Kansas.

“These grants represent an exciting first step in a ten-year commitment to addressing the critical nursing shortage facing the state of Kansas. The Legislature must be commended for its commitment to and recognition of this important issue,” said Reginald L. Robinson, President and CEO of the Board of Regents. “This program powerfully demonstrates how the state's higher education institutions play a vital workforce development role in Kansas. The Board looks forward to addressing this critical issue – an issue that only increases in importance as the state's population continues to age.”

The Board's ten-year nursing initiative is a three-part \$30 million plan that ultimately aims to increase nursing capacity in Kansas by 25 percent. Of the \$30 million total cost, \$22 million will come from state appropriations while \$8 million will be committed through matching funds by the participating educational institutions.

These grants were separated into three major areas of emphasis for which eligible institutions could apply. These areas of emphasis are: 1) Nursing Equipment and Facility Upgrades; 2) Nursing Faculty Salaries and Supplies; and 3) Nurse Educator Scholarships. Each of these grants requires matching funds from the applying institution or other sources.

A review committee consisting of representatives from the Kansas Hospital Association, the Kansas Organization of Nurse Leaders, the Kansas State Nurses Association, the Kansas Health Care Association, the Kansas Association of Homes and Services for the Aging, and the Kansas Board of Nursing reviewed the Nursing Equipment and Facility Upgrades and the Nursing Faculty Salaries and Supplies grant proposals and made award recommendations. The Nurse Educator Scholarships were provided to state universities offering graduate nursing programs. Graduate nursing students accepting these scholarships will commit, upon graduation, to become employed as a nurse educator in a Kansas nursing program.

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Upon receiving the review committee's final award recommendations, the Board made the following awards:

- **Barton County Community College:** \$75,271 for the enhancement of the simulation laboratory with several new patient simulators and related equipment (Total: \$75,271).
- **Butler Community College:** \$30,844 for two part-time nursing faculty members and additional nursing classroom supplies, and \$45,629 for additional nursing laboratory equipment (Total: \$76,473).
- **Cloud County Community College:** \$17,210 for three additional part-time clinical nursing faculty members, and \$7,950 for ITV equipment that will allow distance education (Total: \$25,160).
- **Colby Community College:** \$29,610 for one full-time and one part-time nursing faculty member, and \$44,762 for a patient simulator and related instructional equipment (Total: \$74,372).
- **Dodge City Community College:** \$9,675 for one part-time nursing faculty member and related instructional supplies (Total: \$9,675).
- **Emporia State University:** \$26,400 for one additional full-time nursing faculty member and \$75,000 for two patient simulators and related equipment to develop a patient simulator lab (Total: \$101,400).
- **Fort Hays State University:** \$100,000 toward facilities renovation to create a new patient simulation center. This institution also received \$35,812 for ten Nurse Educator scholarships (Total: \$135,812).
- **Fort Scott Community College:** \$50,250 for renovation of the nursing program's lecture and laboratory spaces (Total: \$50,250).
- **Garden City Community College:** \$160,211 for the development of an advanced skills simulation laboratory with patient simulators. This laboratory will be part of a collaborative partnership between Garden City, Dodge City, Colby, and Seward County Community Colleges to increase the capacity of their individual programs to train more nurses for western Kansas (Total: \$160,211).
- **Hutchinson Community College:** \$60,000 for patient simulators and related equipment (Total: \$60,000).
- **Johnson County Community College:** \$144,200 for five part-time nursing faculty members, and \$326,245 for patient simulators and related equipment to expand their simulation laboratory (Total: \$470,445).

- **Kansas City Kansas Community College:** \$98,444 for four additional full-time nursing faculty members, and \$172,973 for patient simulators and related equipment (Total: \$271,417).
- **Kansas University Medical Center:** \$92,578 for two additional full-time nursing faculty members. This institution also received \$33,930 for six Nurse Educator scholarships (Total: \$126,508).
- **Manhattan Area Technical College:** \$24,789 for one full-time and one three-quarter-time nursing faculty member, and \$33,554 for a patient simulator and related equipment (Total: \$58,343).
- **Neosho County Community College:** \$96,933 for two full-time and three part-time nursing faculty members, and \$130,976 for two patient simulators, three computers and additional simulation support equipment (Total: \$227,909).
- **North Central Kansas Technical College, Hays Campus:** \$19,128 for one full-time nursing faculty member, and \$199,033 for the construction of an addition to their nursing education facility, as well as several simulation units and related equipment (Total: \$218,161).
- **Pittsburg State University:** \$187,168 for four additional full-time nursing faculty members and two part-time faculty members, and \$302,245 to create a patient simulation and learning resource center for the nursing department. This institution also received \$12,831 for four Nurse Educator scholarships (Total: \$502,244).
- **Pratt Community College:** \$66,240 for four and two-tenths full-time equivalent nursing faculty members, and \$57,070 for two patient simulators and related equipment (Total: \$123,310).
- **Washburn University:** \$103,453 for three and one half additional full-time equivalent nursing faculty members, and several adjunct clinical instructors, and \$62,158 for nursing clinical and classroom supplies, equipment, and patient simulator upgrades. This institution also received \$40,000 for seventeen Nurse Educator scholarships (Total: \$205,611).
- **Wichita State University:** \$176,443 for three additional full-time nursing faculty members and six part-time nursing faculty members, and \$96,673 for remodeling of a nursing laboratory, classroom renovation, and additional computer and patient simulation equipment. This institution also received \$76,681 for fourteen Nurse Educator scholarships (Total: \$349,797).

As a result of this investment by the Legislature, public nursing programs and their students will benefit from additional faculty, equipment, and supplies. With the acquisition of 30 additional sophisticated patient simulators, nursing students will become better prepared as they enter the clinical phase of their training, which will reduce the demand placed on clinical sites.

The Board, as part of its commitment to program quality, will conduct several simulation use and scenario development workshops in the coming year, so that program faculty may become fully versed in the use of this newly acquired technology.

Once the proposals funded by these grants are fully implemented, the state's nursing programs will be able to increase nursing program capacity by over 500 additional nursing students and realize the potential for additional nurse educators, thanks to the scholarship program.

Background:

The 2005 Legislature, concerned about the shortage of nurses in Kansas, recommended that the Board report to the Governor and the 2006 Legislature regarding the resources required to increase the capacity of the state's higher education system to educate registered nurses by 25 percent. The Legislature also requested that the report include a timeline for building the infrastructure necessary to accommodate up to 250 more nursing student admissions annually.

Among the causes for the nursing shortage in Kansas is an increased utilization of the health care system by an aging population at the same time many existing nurses will be retiring. The Kansas Department of Labor has predicted that 6,890 new Registered Nurse (RN) positions will be needed by 2010 to meet the workforce demand. An additional 4,460 RN replacement positions will be needed due to retirements, for a total projected need of 11,350.

Implementing nationwide strategies and initiatives within the state, Kansas has been successful in attracting individuals to careers in health care. The pressing issue now does not revolve around filling the pipeline with students interested in nursing careers, but rather expanding postsecondary program capacity for those who want to become trained nurses. Virtually every nursing program has an extensive waiting list of qualified applicants. Increasing capacity in nursing programs is a complex process that consists of acquiring additional qualified nursing faculty, securing additional clinical instruction sites, and increasing classroom space and equipment.

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KANSAS

KANSAS STATE BOARD OF NURSING
MARY BLUBAUGH MSN, RN, EXECUTIVE ADMINISTRATOR

KATHLEEN SEBELIUS, GOVERNOR

Good Morning Chairman Umbarger and members of the Ways and Means Committee. My name is Mary Blubaugh, Executive Administrator of the Kansas State Board of Nursing. I am providing testimony on behalf of the Board Members in support of SB 25.

Current regulations require that each nursing faculty member responsible of a course shall have a graduate degree in nursing, preferably in the clinical area being taught except for any person whose graduate degree was conferred before July 1, 2001. Each faculty member responsible for clinical instruction shall possess a graduate degree in nursing or provide the Board of Nursing a faculty degree plan that projects completion of a graduate degree, except for any person who graduate degree was conferred before July 1, 2001.

Current regulations also allows for the Nurse Administrator of a nursing school to request a faculty hire exception if faculty meeting the criteria specified in regulation are not available. The number of faculty hire exceptions due to the lack of qualified applicants has been increasing. In school year 2004-2005 there were 10 hire exceptions. In 2005-2006 school year there were 18 and from July 1, 2006 to Jan 18, 2007 we have already received 28 requests for hire exceptions. The numbers clearly reveal that it is becoming increasingly hard for nursing schools to hire qualified nursing faculty.

The Board of Nursing believes that establishing the nurse educator scholarship program in Kansas will help decrease the shortage of qualified nursing educators. With an increase in qualified nursing faculty, nursing schools will be able to maintain or increase the number of nursing students in their program. It is important that Kansas nursing schools maintain or increase the number of graduates to meet the future nursing needs in Kansas.

Thank you and I will stand for questions at this time.



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S.B. 25 Nurse Educator Service Scholarship

January 22, 2007

Senator Umbarger and members of the Senate Ways and Means Committee, my name is Carolyn Middendorf M.S.N., R.N. and I am here today representing the KANSAS STATE NURSES ASSOCIATION, the professional organization for the more than 27,000 RN's in the state. Thank you for this opportunity today.

S.B. 25 provides implementing statutes for a program funded in the FY 2007 Budget through the Board of Regents at the 4 Schools of Nursing in Kansas with graduate programs. This bill was recommended by the Legislative Education Planning Council (LEPC) through their recognition of the nursing shortage and the need to educate more RN's statewide to meet demand. This program will provide scholarships subject to appropriations (to about 18 students annually) that are obtaining their Masters or Ph.D. Degrees in exchange for a 1:1 year service requirement educating nurses in one of the 32 RN programs (19 ADN, 13 BSN). KSNA supports this bill and the provisions regarding service payback in Kansas Schools for nurse educators who take advantage of the scholarship.

KSNA conducted a survey of nurse educators in Kansas Schools/Program of Nursing in spring of 2005 and found that one of the most significant factors in increasing the number of RN students in the state was difficulty in recruiting and retaining qualified faculty, with current faculty members rapidly approaching retirement age. (Report attached)

The Kansas Board of Regents (KBOR) also prepared a report and identified *the nursing faculty pipeline* as a significant barrier. In a KBOR report to the 2006 legislature on strategies for increasing nursing enrollments they recommended funding a Nurse Educator Service Scholarship, which was funded by the 2006 legislature, and this bill represents the implementation of that funding. Continuation funding is also included in the FY 2008 KBOR budget.

Statewide in Kansas we are currently experiencing a 8% vacancy rate (2006) in hospitals which is 663 full-time RN's needed in the 129 hospitals. Enrollment in schools of nursing began increasing slightly in 2006, but projections are that additional RN's will be needed through 2010.

Thank You for your support.

Senate Ways and Means
 1-22-07
 Attachment 11

Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas

This revised article contains corrections to previously reported data in Table 1 (only) as published in the August issue of the Kansas Nurse volume 7, page 3, 2005

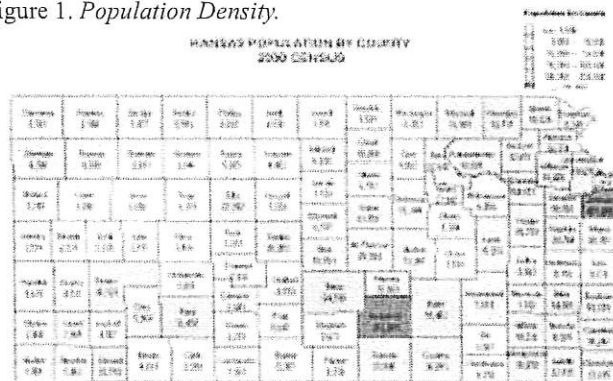
By: Cynthia Hornberger, PhD, MBA, RN; Ann Hess, PhD, RN, MS; Pat Thompson, RN, MSN

The quality of health care in Kansas is linked to the availability of nurses to provide essential services. One aspect of the ongoing nursing shortage in Kansas is the ability of our nursing programs to educate a sufficient number of nurses to meet future demand to replace retiring nurses as well as promote growth of the nursing profession. To assess this demand, the Kansas State Nurses Association's (KSNA) Council on Education recommended a taskforce in September, 2004 to explore innovations in nursing education. Members included the President and Executive Director of KSNA as well as several members of KSNA's Council on Education, the Presidents of the three nursing councils representing baccalaureate degree nurses (BSN), associate degree (ADN) and practical nurses (PN), the Executive Administrator and Education Committee Chairperson of the Kansas State Board of Nursing (KSBN) and a representative from the Kansas Organization of Nurse Leaders. After preliminary discussions, it was decided the primary objective of the Taskforce was to understand specific supply and demand issues of licensed nurses in Kansas for the next ten years. This report describes three major issues identified for examination by the Taskforce. The first was to obtain an accurate description of nursing education programs for both practical and registered nurses in terms of faculty and students. The second was to determine the demand projections for nurses in Kansas through 2010 and the third objective was to make the necessary recommendations based upon these workforce projections.



For purposes of the overall analysis, schools were divided into four categories: (a) baccalaureate (BSN), (b) associate degree (ADN), (c) practical nursing (PN), and (d) Bi-Level. A Bi-Level program is a two year associate degree program with an option for the student to exit after the first year as being eligible for licensure as a practical nurse. However, the majority of these students continue in their second year to complete the associate degree (KSBN, 2004). Therefore, for purposes of supply calculations, BSN, ADN and Bi-Level programs were considered to prepare registered nurses and the PN programs to prepare practical nurses. In this study there were 11 BSN, 7 ADN, 11 Bi-Level, and 9 PN programs. Thirty-one programs are publicly funded schools and seven are funded privately. The programs are distributed throughout the state with 22 programs located in urban or semi-urban counties and 16 located in densely-settled rural (DSR) or rural counties. The population density-based description of the counties is shown in Figure 1.

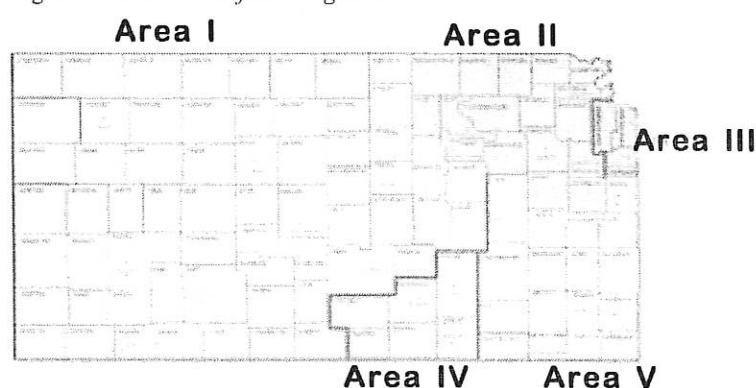
Figure 1. Population Density.



Members included the President and Executive Director of KSNA as well as several members of KSNA's Council on Education, the Presidents of the three nursing councils representing baccalaureate degree nurses (BSN), associate degree (ADN) and practical nurses (PN), the Executive Administrator and Education Committee Chairperson of the Kansas State Board of Nursing (KSBN) and a representative from the Kansas Organization of Nurse Leaders. After preliminary discussions, it was decided the primary objective of the Taskforce was to understand specific supply and demand issues of licensed nurses in Kansas for the next ten years. This report describes three major issues identified for examination by the Taskforce. The first was to obtain an accurate description of nursing education programs for both practical and registered nurses in terms of faculty and students. The second was to determine the demand projections for nurses in Kansas through 2010 and the third objective was to make the necessary recommendations based upon these workforce projections.

To accomplish the desired objectives, the members composed and distributed a two page survey to the Kansas nursing programs preparing student nurses for licensure as either a registered or practical nurse. One registered nursing (RN) program, Tabor College, was excluded because the program does not produce new registered nurses but rather provides an RN-to-BSN articulation program. The survey included questions about number of student applications and admissions from Fall 2004 through Fall 2005 (eighteen months, or three admission cycles), number of faculty by credential, projected faculty retirements, faculty salaries and workload, and faculty educational incentives. Additional information was collected on retention rates of nursing students in the various technical and degree programs and on adjunct faculty pay rates. The survey did not address issues pertaining to post-baccalaureate education.

Another useful way to describe the location of nursing programs in Kansas is by Department of Commerce Workforce Regions (see Figure 2). Fifteen schools are located in central and western Region 1, with five or six schools located in each of the four other regions.



Current Kansas Nursing Education Environment

All 38 Kansas nursing schools completed the Taskforce survey. A nursing administrator for each school was contacted by a Taskforce member to clarify survey responses. Descriptive statistics were calculated on the schools' demographics, number of student applications and actual student admissions for the past eighteen months, administrator salaries and projected retirements, issues related to faculty such as credentials, census, projected retirements, salaries, workload and financial support for advanced nursing education. Each of these components will be discussed separately.

Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas

Student applications and admissions

Annually the Kansas State Board of Nursing publishes statewide admission and graduation data (KSBN, 2004). For the past eighteen months, the majority of nursing programs have reported full admission classes with waiting lists. The Taskforce was interested in quantifying the magnitude of the surplus of applicants. However, the application numbers are inflated due to the fact that students interested in pursuing a nursing degree often apply to more than one school. That said, actual admission data for Fall 2004, Spring 2005 and Fall 2005 provide a very current forecast for graduates one to two years from now (see Table 1). Beginning with the class admitted in Fall 2004, 40.9 percent (549/1,341) of BSN applicants were accepted, 35.6 percent (284/797) of ADN applicants were accepted, 40.8 percent (479/1174) of Bi-Level applicants were accepted, and 27.5 percent (248/903) of PN applicants were accepted into programs. Some programs also admit students in the spring, with Spring 2005 percentages being 41.8 percent for BSN, 28.6 percent for ADN, 30.7 percent for Bi-Level, and 30.5 percent for PN programs. The Fall 2005 percentages were 31.5 percent for BSN, 34.4 percent for ADN, 41.1 percent for Bi-Level, and 39.5 percent for PN.

Table 1. Student Applications and Admissions

	Fall 04 Applicants	Fall 04 Admissions	Spring 05 Applicants	Spring 05 Admissions	Fall 05 Applicants	Fall 05 Admissions
BSN	1341	549	457	191	1327	418
ADN	797	284	175	50	701	241
Bi-Level	1174	479	430	132	1135	466
PN	903	248	627	191	610	241

From Table 1 it should be noted that at the time data were collected, i.e., in April 2005, not all schools had completed the Fall 2005 admission process.

To estimate the graduation rate, the Taskforce applied the average retention rates for each type of program. For associate degree programs (ADN and Bi-Level), the retention rate was estimated at 78.4 percent, based on KSBN data for admissions and graduations from 2000 to 2003. Using the same approach, the retention rate for PN programs was estimated at 72 percent. For baccalaureate nursing programs admitting students in the junior year, the retention rate was calculated to be 91 percent. Applying these rates to the respective programs, it is estimated that nursing schools at current enrollments will potentially produce 1,414 registered nurses and 316 practical nurses annually.

Current faculty credentials and employment

The most striking finding regarding nursing faculty is the low number of doctorally-prepared nurse educators. Statewide, 65 of the 472, i.e., 13.8 percent, of nurse educators who are teaching undergraduate nursing students possess a doctoral degree. Eighty-three percent have full-time appointments and 90.8 percent are teaching in baccalaureate degree programs. Fifty-five percent of nursing educators have completed Masters degrees in Nursing (259/472). The majority (96 percent) of these Masters-prepared educators are teaching in BSN, ADN, and Bi-Level programs. The

remaining educational preparation for nurse educators is the BSN (24.7 percent) and other degrees (6.5 percent). Thirty-six percent of BSN-prepared nurse educators teach in PN programs. Another significant finding is the high percentage of part-time faculty. Currently, 34.7 percent (164/472) of nurse educators teach part-time, including 28 percent of the MSN-prepared faculty and 58 percent of the BSN-prepared faculty.

It is well understood that nursing faculty are an aging workforce (Dracup, Greiner, Haas, Kidd, Liegler, MacIntyre, Williams, Berlin & Penn, 2003). Findings from this survey reflected a significant proportion of current faculty will retire in the next nine years (see Table 2).

Table 2. Projected Faculty Retirements by Educational Preparation

	Full-time PhD	Part-time PhD	Full-time MSN	Part-time MSN	Full-time BSN	Part-time BSN
0-3 years	7	1	17	7	4	1
4-6 years	6	1	30	3	1	0
7-9 years	11	0	33	7	3	0
Total	24	2	80	17	8	1

Table 2 reflects 42 percent of the PhD-prepared faculty, 38 percent of the MSN-prepared faculty and eight percent of BSN-prepared faculty will retire within nine years. Most pressing is the retirement of the 32 MSN- and PhD-prepared level faculty during the next three years. It is also of concern that survey respondents identified 10 administrators planning to retire in the next three years, with an additional eight more planning to retire in four to nine years. These survey results indicate a 47 percent anticipated turnover in nursing program leadership over the next decade.

Salary incentives and workload

To understand potential attractors and detractors for choosing a career in nursing education, the survey examined faculty salaries, workload and financial support for advanced degrees, particularly the doctorate level. Salary data was collected by academic credential and for BSN programs, by academic rank. Tables 3 and 4 display the minimum and maximum for each of the category ranges as well as averages for the minimum and maximum salary ranges.

It is striking that faculty are able to be hired at salaries less than that of staff nurses. MSN-prepared faculty whose nine month salary is pro-rated to twelve months earns within a range of \$44,947 to \$60,001; which is well below the average nurse practitioner salary of \$70,642 in Kansas (American Academy of Nurse Practitioners, 2004). Most faculty do not have the choice of a twelve month contract, therefore some MSN-prepared faculty are paid \$40,000 less per year than their nurse practitioner colleagues (see Table 3).

Nursing program administrators vary significantly in their salaries. Administrators of BSN programs are paid, on average, \$82,445 for a twelve month contract. ADN program administrators are paid, on average, \$62,139; Bi-Level program administrators are paid, on average, \$52,676; and PN program administrators are paid, on average, \$59,240. Only 10 of the 38 administrators exceeded an annual salary of \$70,000. Salary disparities were evident by region with Region 1 (see figure 2) having the lowest mean salaries. For example, ADN program administrators in Region 1 made \$35,000 less, on average, than those located in Region 3.

Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas

Table 3. Salary Ranges by Academic Credential, 9 Month Averaged*, All Programs

	Minimum	Maximum	Minimum Mean	Maximum Mean
PhD	\$25,790	\$77,247	\$40,685	\$52,605
MSN	\$23,620	\$71,269	\$33,710	\$45,001
BSN	\$23,000	\$66,234	\$29,238	\$38,149
Other	\$33,944	\$73,768	\$38,244	\$55,094

*Note: For comparative purposes, some faculty salaries were re-calculated to reflect a nine-month contract period.

Table 4. Salary Ranges by Academic Rank, 9 Month Averaged*, BSN Programs

	Minimum	Maximum	Minimum Mean	Maximum Mean
Instructor	\$27,000	\$51,719	\$36,608	\$43,542
Assistant Professor	\$29,000	\$72,257	\$37,557	\$46,921
Associate Professor	\$31,500	\$73,534	\$44,354	\$51,234
Professor	\$44,529	\$77,247	\$56,467	\$61,967

*Note: For comparative purposes, some faculty salaries were re-calculated to reflect a nine-month contract period.

Faculty workload is difficult to describe, given the various methods of calculating workload in higher education. Survey respondents described a variety of methods of determining work assignments for faculty, to include contact hours with students in didactic, laboratory, and clinical experiences as well as time spent completing service obligations, scholarship, advisement, and course preparation. To provide consistency, this survey focused on the number of contact hours spent with students each week. The school administrators reported faculty contact hours with students ranged from 12 to 30 contact hours per week with an average of 21.2 hours per week. The most common response was 20 hours per week.

The last faculty information item required administrators to describe the institution's policy regarding financial support for pursuing advanced educational preparation. Forty-five percent of the 38 schools provided some support, ranging from payment of one course per semester to reimbursement of up to \$15,000 for degree completion. Eight of the 11 baccalaureate degree programs, nine of the 18 associate degree programs, and none of the practical nursing programs provided tuition support for faculty.

Demand for Licensed Nurses

According to the Kansas Department of Labor (2005), estimated positions for registered nurses are projected to increase by 6,920 positions from 22,120 in 2000 to 29,040 in 2010. This represents a 31.3 percent increase in ten years. An additional 4,470 RN replacements will be needed during the same time period, bringing the total projected need for registered nurses to 11,390, over this ten year period. Licensed practical nurse positions are projected to increase by 1,640 or 24.2 percent between 2000 and 2010. No replacement data for practical nurses was provided in this report.

To determine whether nursing schools are meeting the state's demand for growth and replacement of licensed nurses, several factors need consideration. First and foremost is whether the nursing school enrollments are sufficient to meet demand for nurses

currently and in the near future. For the past five years, 2000 - 2004, nursing schools reported 4,793 registered nurse graduates and 3,000 practical nurse graduates (KSBN, 2004). It appears that new graduate supply did not meet nursing workforce demand as hospitals are currently experiencing a 4.9 percent vacancy rate for registered nurses and an 8.5 percent vacancy rate for practical nurses (Kansas Hospital Association, 2005). These vacancy rates reflect an estimated unmet need in acute care for 740 RNs and 645 LPNs. These numbers do not include current shortages in the other 40 percent of nurse employers such as long-term care and public health.

Using 2004 - 2005 enrollment data, it is estimated that 5,656 (1,414 per year for four years) graduates will be eligible for registered nursing licensure from 2006 to 2009. Using 2003 admission data (KSBN, 2004) it is estimated there will be 992 registered nurse graduates in 2005. Therefore, the total estimate for the second half of the decade (2005 - 2009) is 6,648 (5,656 plus 992), representing a 38.7% increase in enrollments from the first half of the decade. The combined total of registered nurse graduates from 2000 through 2009 will be 11,431. During the second half of the decade, Kansas will continue to experience a nursing shortage until 2009 (see Table 5). During the years between 2005 and 2009, the increased number of graduates will meet growth and replacement needs and provide additional registered nurses to alleviate the existing shortage.

Table 5. Supply and Demand Estimates for 2000 - 2009.

	Projected Need	Cumulative Need	Actual/Projected Graduations	Cumulative Graduations
2000	1,139	1,139	964	964
2001	1,139	2,278	931	1,895
2002	1,139	3,417	931	2,826
2003	1,139	4,556	926	3,752
2004	1,139	5,695	1,041	4,793
2005	1,139	6,834	992	5,782
2006	1,139	7,973	1,414	7,199
2007	1,139	9,112	1,414	8,613
2008	1,139	10,251	1,414	10,027
2009	1,139	11,390	1,414	11,441

For the next five years, approximately 1,580 graduates (316 per year for five years) will be eligible for practical nursing licensure for a total ten year projection of 4,580. This may meet the projected need for growth and replacement (1,640), and the current shortage (645), but does not include the number of vacant positions in long-term care.

To meet the demand for nurses from 2010 to 2019, nursing programs must maintain admission volumes established in the 2004 - 2005 academic year. If nursing positions continue to increase as projected for the 2000 - 2009 decade, current enrollments may be insufficient to meet demand in the decade of 2010 to 2019. With a projected workforce of 29,040 in 2010, a 31.3 percent increase for the next ten years plus the 4,470 replacement positions would require 1,356 newly licensed registered nurses annually. Official state projections through 2019 are not yet available. It is prudent for nurse educators to consider the possible need for expansion of programs. As anticipated nationally, these projected growth and replacement estimates will change with the changing demographics of the nursing workforce and for Kansans requiring nursing care (Buerhaus, Staiger & Auerbach, 2004).

Nursing Shortage: Environmental Assessment of Nursing Education and Faculty in Kansas

Discussion

This study represents a detailed analysis of supply and demand for licensed nurses in Kansas, but several limitations are acknowledged. Variables impacting the number of graduates available to practice as registered and practical nurses include immigration, egression, and NCLEX failures. It is particularly difficult to estimate the number of PN graduates. While this survey documents the number of graduates from the nine practical nursing programs, some of the students in Bi-Level programs are exiting after the first year to practice. The Taskforce recognizes the discrepancy between the survey's estimate (316 per year) and the 614 graduates reported as eligible for PN licensure in 2004 (KSBN, 2004).

Infrastructure Needs

A critical factor in sustaining high enrollments is the enhanced support of the nursing education infrastructure in Kansas. Nursing schools have substantially increased their enrollments with limited additional (if any) financial resources. It is critically important that solutions be formulated to address the need for replacement of retiring faculty and nursing administrators, financial support and development of existing faculty, creation of innovative clinical education, and expansion of physical teaching environments.

An important consideration for maintaining the supply of new nurse graduates is a qualified and stable nurse educator workforce. Thirty-eight percent of PhD and MSN-prepared faculty and 46 percent of program administrators will retire within the next nine years. For the past three years, the four graduate nursing schools in Kansas have granted 18 PhDs in Nursing and 254 Master's in Nursing. Given the current low salary potentials for faculty positions in light of the competitive and lucrative advanced practice options, it is imperative that salaries be increased and strategies be developed to retain and develop nurse educators. Current BSN and MSN-prepared faculty must be supported in their pursuit of advanced education. Strategies are especially needed to address the low number of faculty possessing doctorates and the high number of part-time faculty. Furthermore, nurse educators have experienced significant increases in their work assignments related to large class sizes. New faculty positions are needed to provide teaching relief and support for instruction with larger classes.

Clinical Placements

Future expansion of nursing schools will require creative solutions to provide sufficient clinical experiences for nursing students. Currently nursing schools report challenges in finding pediatric, obstetric, and mental health experiences for students. Solutions to address this constraint include collaborations between service providers and nursing schools to share clinical instructors, use of simulation technology, and the use of precepted and observation clinical experiences within the limitations of KSBN regulations and statutes. Finally, nurse educators are challenged to teach more students in physical environments that are ill-equipped to accommodate larger numbers of students.



Preliminary Recommendations

The Taskforce challenges Kansans to support nursing education. Kansas legislators, the healthcare industry, higher education, healthcare foundations, and private businesses must work together to create a stable and qualified nursing workforce. The Taskforce supports recommendations previously identified by national nursing organizations, including the Nursing Education Task Force (Rosenfeld, Kovner & Valiga, 2003) and the American Association of Colleges of Nursing (Dracup et al., 2003). These

recommendations include:

- ✦ Institutions will provide adequate resources that allow schools of nursing to maintain or increase the number of full-time faculty positions so the school can accomplish its academic and professional goals.
- ✦ Institutions will ensure that nursing faculty salaries are competitive with those they can secure through clinical/practice positions.
- ✦ Institutions will recruit, develop, and retain nursing faculty, to include supporting advanced education.
- ✦ Nursing will address the need for leadership development.
- ✦ Schools of nursing will design strategies that will keep retired faculty engaged in the life of the program. Such strategies might include creating unique part-time positions for retired faculty, reducing their teaching responsibilities, or increasing their advisement responsibilities. Retired faculty also might be involved in writing grants, recruiting new students and faculty, mentoring inexperienced faculty, leading program evaluation processes, or participating in activities that help the school meet its academic and professional goals.
- ✦ Higher education will continue to work collaboratively with constituents invested in healthcare to identify and support innovations in nursing education.
- ✦ Student scholarship funds will be increased to reflect the increasing number of non-traditional and second degree students who are ineligible for federal financial aid.
- ✦ Kansas nursing workforce projections will be determined for the period of 2010 to 2020 to guide future enrollment growth.
- ✦ Nursing will actively promote the nurse educator role as a viable and rewarding career choice.

Future Directions

The Taskforce will work with targeted constituent groups to identify specific strategies to accomplish the aforementioned recommendations. This preliminary report will help guide this process.

References

- American Academy of Nurse Practitioners (2004). *U.S. nurse practitioner workforce 2004*. Retrieved February 19, 2005 from <http://www.aanp.org>
- Buerhaus, P.I., Staiger, D.O., & Auerbach, D.I. (2004). New signs of

Background on the Kansas Nursing Shortage

January 2007

According to the Kansas Department of Labor (2005), estimated positions for RN's are projected to increase by 6,920 positions from 22, 120 in 2000 to 29,040 in 2010. This represents a 31 percent increase in ten years. An additional 4,470 RN replacements will be needed during the same period, bringing the total projected need for RN's to 11,390, over this ten year period.

Kansas is not unique, all states are experiencing a nursing shortage. This shortage was predicted as the aging co-hort of the population increases (the greying of America), the technology and pharmacological tools available in the healthcare community to control chronic illness better and cure/maintain life-threatening illnesses expands, and the pool of traditional and non-traditional students has declined. The working conditions facing RN's has also had a significant impact, these include: increased workloads-caring for more acutely ill patients, salary compression, round-the clock 24-7-365 to deliver services, and the growth of other opportunities that RN's can pursue. For 8 years, until 2004 Kansas experienced a decline in nursing school enrollments and graduations. That decline was about 33% over the 8 years.

RN's have left the workforce burned out and dissatisfied with the care they were daily challenged to provide, and many who have stayed, unfortunately have not been able to encourage young folks to enter the profession due to their own levels of dissatisfaction.

DATA ABOUT THE NURSING SHORTAGE: Reports

Numerous reports have been prepared at the national level, and some at the state level studying/tracking the shortage. There is a report prepared by the Division of Nursing, U.S. Department of Health & Human Services (HHS) entitled "The National Sample Survey of Registered Nurses (March 2004)" every four years. It uses statistically sound methodology, surveying RN's in every state, not relying on Boards of Nursing Licensure data due to its incompleteness and diversity state by state regarding the collection of workforce related data specifically.

The report was released around February of 2005 and it reveals that Kansas has 24,869 RN's employed in nursing (83.2%), and has 16.8% of the RN workforce are not employed. Now from a statistically perspective, the Kansas numbers are in the middle range compared with other states.

Kansas's current vacancy rate in hospitals is 8.0% for RN's, which translates to 663 Full-Time RN's needed in the 129 Kansas hospitals. These numbers are significantly higher than in 2005 with 4.5% vacancy rate for RN's. (KHA)

A KSNA Task Force on Nursing Education in 2005 surveyed all Kansas Nursing Schools and prepared a report about nursing education salaries, faculty distribution, education and admissions and graduation data. Much of this data was used and referenced in the Board of Regents report to the 2006 Legislature. The most striking revelation in the report is the faculty salary disparities that exist in certain parts of the state, in particular the Western part of the state, Kansas Workforce Region 1. (A complete copy of that report is attached.)

In July 2002, another report entitled "Health Workforce Analysis Projected Supply, Demand and Shortages of Registered Nurses: 200-2020" by the Health Resources & Services Administration (A Division HHS) was released that gave predictions through 2020 about the projected demand for RN's in the country. Overall that report indicated that there was a shortage of 110,000 RN's (6%), and that without changes in

the problem, the shortage nationwide would grow to 12% by the year 2010, 20% by 2015, and 29% by 2020. Unfortunately, that HRSA report listed Kansas as one of the 5 states that according to their data was not going to have a nursing shortage, and that the supply of RN's exceeded demand. This report was prepared using faulty data supplied by Kansas to the vendor preparing the report. We constantly repeat this in testimony to insure that Kansas Department of Labor Predictions are used, because of the mis-information about the Kansas nursing shortage associated with this federal HRSA report. (See *HRSA REPORT INACCURACIES* at the end)

Other studies have also been done, and reports prepared:

The Joint Commission of the Accreditation of Health Care Organization, the Robert Wood Johnson Fund, and the American Hospital Association have all also completed reports and surveys in the recent past documenting, detailing and recommending strategies to curtail, and address this trend. Much of the same data is used in these reports, with slight variations on specific themes, and generally three areas emerge about what needs to be done to address the worsening shortage. Those areas are:

- * Creating and maintaining workplace environment that retain nurses,
- * Increasing the nursing education infrastructure (there is a significant aging of the RN educators nationwide and in Kansas, and Master's prepared RN's seeking ARNP positions paying higher salaries than pursuing education positions in our schools of nursing), and
- * Increasing the financial investments for nursing (for salaries and compensation, and to increase staffing levels causing such great concern for the bedside staff nurse.)

STRATEGIES TO ADDRESS THE SHORTAGE AND ACTIONS TO DATE

KSNA convened a "Nursing Shortage Summit" in April 2001 with the stakeholders in the industry invited to participate. From that meeting a "Plan to Address the Kansas Nursing Shortage" was developed and is being implemented. We are working with industry representatives, educators and staff nurses to increase the RN workforce and encourage workplace environments that will retain them.

There have been two nationwide media campaign efforts in various states of implementation.

The large national nursing organizations formed an entity called "Nurses for a Healthier Tomorrow" to focus a recruitment campaign for nursing students and raise the public awareness of the contributions nurses make to communities. That campaign is using resources from foundations, the pharmaceutical industry and other interested parties to promote their message. It has several phases and needs funding to implement and go forward.

The *Johnson and Johnson Company* continues conducting a nationwide media blitz to raise awareness about nursing as a career, and continues to make available very high quality promotional materials for use by organizations. Included in my presentation is a sample of the brochures they make available.

To capitalize on these media efforts KSNA, through our Foundation, the Kansas Nurses Foundation secured grant funding from the Sunflower Foundation to create a "Resource Center" for Recruitment material and create a Kansas specific web-site that promotes nursing at all levels, beginning with nurses aides, through LPN and RN education. This web site is now up at "kansasnursingcareers.com" and links to all nursing programs in the state providing formal education and training, and materials to promote nursing among three audiences: school age children, high-school age career seeking individuals, and the non-traditional student going back to school or making a career adjustment.

Kansas Schools of Nursing have a very high number of "qualified" candidates, and most schools turn away at least 2, sometimes 3 candidates for each student slot they have. The Board of Regents through a program promoted by the U.S. Department of Education are making available to primary and secondary schools curriculums that will support "Health Career Paths Model".

Kansas Nurse Educators in Kansas have also been working towards strategies that ease the transition for LPN's seeking to become RN's and Associate Degree Nurses to seek Bachelor's degrees. They have been successful in improving the articulation plans (required as a result of the 1202 Commission recommendations of 1976 in Kansas) so that credits are more easily recognized and transferred and students seeking further education are spared the challenges that use to accompany transferring education credits and gaining recognition of previously completed course work. This endeavor demonstrates great leadership and commitment by our educators, representing the RN &

LPN programs in the Vo-Technical schools, Community Colleges, Regents Schools, and public and private sector programs. Kansas has been a leader in "articulation" opportunities for nursing, and this work has taken us to a new level of sophistication for potential students.

STATE POLICY ISSUES

Nursing Service Scholarship Program: Started in 1990 from legislation passed under the Hayden Administration, this program provides a public/private partnership for the provision of nursing scholarship money to educate RN's and LPN's. Hospitals, Long Term Care facilities, state institutions, home health agencies and public health now participate by sponsoring a student and enjoying the benefits of a "work" payback arrangement for each year of educational support. For the 2003-2004 academic year there were 110 funded scholarships, with 76 on the waiting list.

Board of Regents: The Appropriations Committee, at KSNA's recommendation in 2005, requested that a report be prepared by the Kansas Board of Regents about the Kansas Nursing Shortage and what resources it would take to increase the capacity at the 22 Board of Regents Schools by 25% or 250. This report was printed in the January, 2006 **Kansas Nurse** and distributed at the beginning of the Legislative Session to the legislature. The Legislature authorized 3.4 M in the Omnibus Bill, for the Board of Regents budget to be used for "add funding for capacity building in nursing programs in FY 2007" in recognition and support of that report.

FEDERAL INITIATIVES

The Nursing Education Loan Repayment Act: which provides repayment of student loans for RN's was increased last year to about 15 Million and KSNA, KHA and the Office of Local and Rural Health at KDHE are working to recruit Kansas applicants for this program. Unfortunately debt load is primary factor in granting awards, and with the "reasonable" cost of nursing education in the state we are finding it difficult to compete with Eastern U.S. applicants whose debt load is greater than 30% of their annual RN salary. *A couple Kansas RN's have received assistance from this program the past two years cycle.*

HRSA REPORT INACCURACIES

When the HRSA report on nursing workforce projections came out in August 2002 we contacted the Office of Local and Rural Health, who serves to liaison for the state with that division about concerns. We have been trying to get the numbers corrected ever since, unfortunately this a small report that used *inaccurate Kansas RN workforce* numbers to prepare a workforce forecast that we believe to be inaccurate. Our efforts to correct this report have been unsuccessful.



Thomas L. Bell
President

TO: Senate Ways and Means Committee

FROM: Deborah Stern, RN, JD
Vice President Clinical Services/ Legal Counsel

RE: Senate Bill 25

DATE: January 22, 2007

The Kansas Hospital Association (KHA) appreciates the opportunity to speak in favor of Senate Bill 25 which would create the nurse educator service scholarship program.

Over the past 6-8 years, Kansas has experienced yet another cycle of high demand and low supply of health care professionals, especially registered nurses. Thanks in part to a huge advertising campaign by the Johnson & Johnson Company which promoted the profession of nursing and highlighted the growing lack of these valued health care workers, applicants flocked to nursing schools. Unfortunately, most Kansas nursing schools have been unable to accommodate this surge in applicants and increase class size due to the lack of nursing faculty.

Waiting lists continue to exist at Kansas nursing schools due to our inability to recruit enough faculty to teach these students. The age of a typical nursing educator hovers in the mid to late fifties. To put it simply, without adequate numbers of faculty, students cannot be taught.

KHA and its allied organization, the Kansas Organization of Nurse Leaders, eagerly support this proposed legislation as it will positively impact our state's ability to train future nursing faculty members and thus increase the supply of nurses in Kansas.

The lack of nursing educators has been identified as the number one reason our state is unable to produce enough nurses. There is no better way to address the shortage of nurses than to finance the education of nursing faculty. We commend this committee for considering this vital legislation.