

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, Nos. 954 and 1699**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: OCTOBER 3, 2018

**SUMMARY**

**Synopsis:** Enters New Jersey in multistate Nurse Licensure Compact.

**Type of Impact:** Annual State Expenditure Increase and State Revenue Decrease.

**Agencies Affected:** Department of Law and Public Safety (Board of Nursing).

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Annual State Cost</b>	Indeterminate Increase		
<b>Annual State Revenue</b>	Indeterminate Decrease		

- The Office of Legislative Services (OLS) finds that the substitute will cause indeterminate increases and decreases in annual State expenditures and revenues. The OLS cannot quantify the two fiscal effects on the Board of Nursing, given the lack of sufficient information regarding: 1) the increase in board operating expenses from joining the Nurse Licensure Compact (NLC) and regulating additional out-of-state NLC nurses who practice in New Jersey; and 2) the decrease in license fee revenues from an unknown number of nurses practicing in this State who reside in other NLC states who will no longer apply for a New Jersey license.
- Annual Board of Nursing operating expenditures will increase, in part, from the payment of an annual assessment to the Interstate Commission of Nurse Licensure Compact Administrators, which is currently \$6,000 per participating state, and sending a representative to the commission’s annual meetings.
- Compact participation may result in one-time expenditures from any modification that may have to be made to nurse licenses to comply with compact requirements and the production of an evaluative report after New Jersey’s first year of compact participation.

- As the board is statutorily required to pay for its operating expenses out of its fee collections, the OLS notes that the board can be expected to adjust its license fee amounts, if necessary, to account for any significant changes in its finances as a result of joining the NLC.

## **BILL DESCRIPTION**

This Senate Committee Substitute enters New Jersey in the multistate NLC under which member states mutually recognize the licensure privileges they grant to registered professional nurses and licensed practical nurses. Accordingly, nurses would only have to be licensed in their primary state of residence to be able to practice nursing in any NLC member state. Absent the compact, a nurse is required to be licensed separately in each state in which the nurse chooses to practice.

A nurse who practices nursing in a member state under a multistate licensure privilege is subject to the jurisdiction of the licensing board, the courts and the laws of the member state in which the nurse's client is located at the time service is provided.

The NLC establishes the Interstate Commission of Nurse Licensure Compact Administrators as a joint public instrumentality of the party states. Each party state is required to have its compact administrator, which is to be the head of the state licensing board or that individual's designee, participate as a member of the commission. The commission is required to meet at least once a year. Member state licensing boards must also pay an annual assessment to cover the commission's operating expenses.

Furthermore, the NLC establishes a coordinated licensure information system that includes a database on the licensure and disciplinary history of all nurses licensed in the party states. New Jersey would be required to submit related information to the system and to check the system for possible information on each license applicant. The system is to be administered by a nonprofit organization composed of and controlled by state nurse licensing boards.

In addition, the substitute would require that the Attorney General, one year after New Jersey becomes a party to the compact, submit a report to the Governor and the Legislature indicating whether the State's continued participation in the compact is in the best interest of the health, safety, and welfare of its citizens.

The substitute also authorizes the Legislature to withdraw New Jersey from the compact if the report submitted by the Attorney General indicates that a party state has changed its licensure requirements to make them substantially lower than the requirements of this State, or that withdrawal from the compact is in the best interest of the citizens of New Jersey.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS finds that the substitute will cause indeterminate increases in annual State expenditures and indeterminate decreases in annual State revenues. The OLS cannot quantify

the two fiscal effects on the New Jersey Board of Nursing, given the lack of sufficient information regarding: 1) the increase in board operating expenses from joining the NLC and regulating additional out-of-state NLC nurses who practice in New Jersey; and 2) the decrease in nursing license fee revenues to the board from nurses practicing in this State who reside in other NLC states who will no longer apply for a license in New Jersey. As the board is statutorily required to pay for its operating expenses out of its fee collections, the OLS notes that the board can be expected to adjust its license fee amounts, if necessary, to account for any significant changes in its finances as a result of joining the NLC.

Background on NLC: According to the National Council of State Boards of Nursing, the multistate compact went into effect on July 20, 2017, when 26 states had enacted the enhanced Nurse Licensure Compact (eNLC) legislation (Arkansas, Arizona, Delaware, Georgia, Florida, Idaho, Iowa, Kentucky, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming). As of the enactment date, the eNLC commission began to meet, draft rules, policies and set an implementation date. As of January 19, 2018, nurses could practice in eNLC states that have started issuing eNLC multistate licenses.

Although New Jersey entered into a prior version of the multistate NLC through the enactment of P.L.2001, c.340 (N.J.S.A.45:11A-1 et seq.), this law expired on January 1, 2007.

Revenue Decrease: The OLS estimates that the Board of Nursing will experience an indeterminate decrease in annual nursing license fee revenues from nurses practicing in this State who reside in other NLC states who will no longer apply for a license in New Jersey.

Prior to New Jersey's participation in the 2001 NLC agreement, the Division of Consumer Affairs did not anticipate any substantial loss of license revenue to the Board of Nursing as a result of the compact. At the time, 16 percent of all nurses licensed in New Jersey were from out-of-state. Of those out-of-state residents, some 68 percent resided in New York, Pennsylvania, and Florida, which were not members of the compact. Therefore, nurses who resided in these states and practiced in New Jersey were still required to be licensed in New Jersey. Although it is unknown to the OLS where nurses licensed in New Jersey reside currently, New York and Pennsylvania are still not participants in the compact, thereby limiting the reduction in annual license fee collections as a result of New Jersey joining the NLC.

Expenditure Increase: The OLS projects that the Board of Nursing will incur an indeterminate increase in annual operating expenditures as a result of joining the NLC.

In 2001, the Division of Consumer Affairs estimated that \$138,000 would be needed in the first two years of compact membership to update information and complete modifications to its nurse licenses required under the 2001 compact. The division estimated further that \$12,500 would be required annually thereafter for administrative costs associated with the compact. The OLS does not know if the modifications made to the board's nurse licenses in 2001 are sufficient, or if new modifications would need to be made to adhere to the new eNLC.

Further, under the compact, an annual assessment is required to be paid to finance the Interstate Commission of Nurse Licensure Compact Administrators. According to a National Council of the State Boards of Nursing representative, the fee is currently \$6,000 per participating state board of nursing. In addition, the New Jersey Board of Nursing would be required to send a representative to attend the annual meeting of the commission, resulting in additional travel expenses.

Finally, the Office of the Attorney General would be required to prepare a report after the first year of compact participation indicating whether the continued participation is in the best interest of the State. It is unknown to the OLS if due to the analysis requirement the Office of

the Attorney General may incur an indeterminate one-time expenditure increase to meet the additional workload or if the office may absorb it within its existing operating budget.

*Section: Law and Public Safety*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).