



Increasing Access to Nursing Education

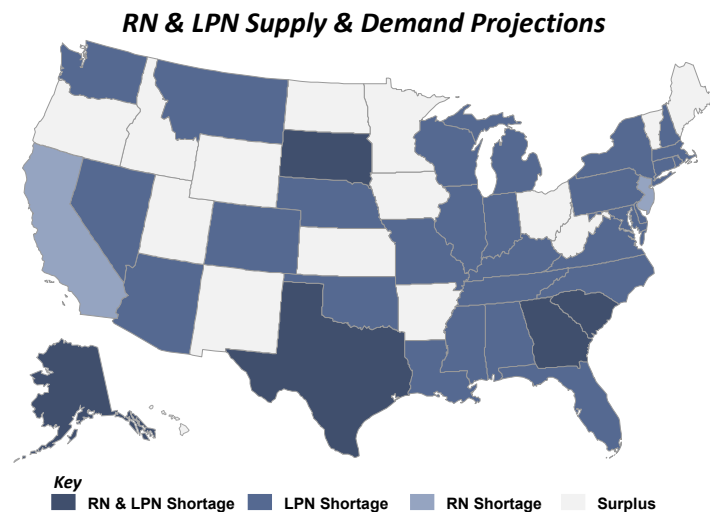
*Student-Centered
Income Share Agreements
as a Potential Solution*

Nursing is critical to our health system. In the context of an aging population and growing physician shortages, the future of nursing is key to the future of health care in America.

The COVID-19 crisis only reinforces how vital nurses are. As the pandemic further exposes the glaring need for more support, nurses are unretiring, nursing students are clamoring to help, and calls are growing to expedite the immigration process for foreign nurses.

“The future of nursing is key to the future of health care in America.”

But things are askew in the world of nurse education. Though need is increasing, education opportunities are not keeping pace. By 2030, the Department of Health and Human Services projects a shortage of over 150,000 licensed practical nurses (LPNs) nationwide. Though the registered nurse (RN) supply looks better, there will be a shortage in seven states, four of which — California, Texas, New Jersey, and South Carolina — will face deficits of greater than 10,000 nurses.¹



Today, private and government loans represent the primary financing source for education, but the scale of tuition reimbursement, loan forgiveness, and scholarships is vastly insufficient relative to the need. Data from the National Student Nurses Association indicates an average undergraduate nursing debt of \$30,000.²

Others are locked out altogether. In low-income and underserved communities, participation rates are especially low. High education costs, inequitable financing options, and minimal wraparound supports close out opportunities for upskilling and good, socially impactful jobs.

¹ U.S. Department of Health and Human Service, [“Supply and Demand Projections of Nursing Workforce: 2014-2030,”](#) 2018.

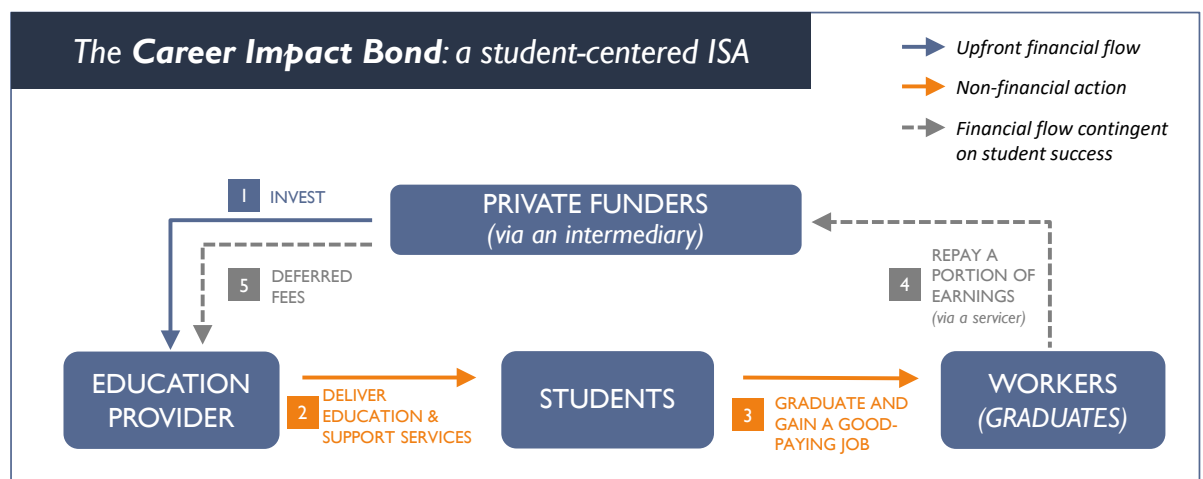
² Nursing Economics, [“Nursing Student Loan Debt: A Secondary Analysis of the National Student Nurses’ Association Annual Survey of New Graduates,”](#) 2014.

The Potential of the ISA

When a nursing student takes out a loan, they assume real risk — with no guarantee of employment or a living wage. Income share agreements (ISAs) are different; they're innovative financing mechanisms in which students pay only if they're successful at getting good jobs.

An ISA redistributes risk between students, education and training providers, and capital providers. Private funders and education and training providers cover the upfront cost of tuition, and students repay the cost of their tuition as a percentage of their future income — only if they earn above a certain income level. Unlike loans, ISAs offer meaningful downside protection for students: Students don't pay unless they find good-paying jobs.

Everyone is aligned on helping students make it through their education program and find high-wage jobs. In service of those goals, student-friendly ISAs also offer wraparound services such as coaching, emergency funds, and transportation subsidies to support students.



When an ISA is impact-focused in this way, giving students access to solid wraparound support services to help them persist and graduate, offering favorable terms with student safeguards, and ensuring education providers have clear skin in the game, we call it a [Career Impact Bond](#) (CIB).

ISAs to Support Nursing Education

Across the country, ISAs have expanded access to coding bootcamps, vocational training programs, and even public universities like Purdue and the University of Utah. In 2019, Johnson & Johnson, the Aspen Institute, and Social Finance partnered to assess if ISAs could similarly increase access to nurse education, particularly for LPN and accelerated RN programs.

We found common three barriers limiting talent from entering the nursing workforce:

- **High cost.** Becoming a nurse is expensive and time-intensive. It takes at least nine months for an LPN and up to four years for an RN, with costs ranging from tens of thousands to hundreds of thousands of dollars.
- **Limited, unequitable financing options.** Loans serve as the first and last financing option for most nursing students. High interest rates and credit requirements lock out many from a nursing education. And for those who do access loans, student debts may hinder further education to advance up the nursing career ladder.
- **Capacity constraints.** Many U.S. nursing schools are constrained in their ability to scale education programs due to limited clinical placement opportunities, physical resources, and nurse educators.

From our analysis of the nursing workforce and conversations with national experts, we believe the country is facing an inflection point in the future of nursing. A real opportunity exists to address systemic nursing shortages and growing health disparities by dramatically scaling the number of nurses we educate each year. ISAs could help accelerate the growth of nursing programs and unlock opportunities for a new generation of nurses.

Realizing the potential of the ISA mechanism means scaling up great education and training providers. To that end, Social Finance is deploying \$40-\$50 million of catalytic capital out of its impact investment fund, the UP Fund, to support 8 to 12 student-centered CIBs in nursing and other high-demand, high-growth sectors. With the right financial support and wraparound service capacity, education providers can help more students find meaningful employment as nurses.

We are now looking for high-quality nursing programs to partner with us to launch the first-ever nursing CIB.

The right partners have:

- **A track record of student success.** We work with programs with strong outcomes data, including high rates of program completion, job placement, and strong starting salaries.
- **Robust employer and community relationships.** Students can access clinical placements while in school and have clear pathways to full-time employment.
- **Great value.** The cost and duration of education matches the expected earning potential of graduates.
- **Capacity to scale.** We see ISAs as accelerators for programs to access new talent. Providers fit for ISAs have deep student recruitment and outreach capabilities, the physical resources and infrastructure to accommodate more students, and the ability to attract and retain high-quality faculty.

If you want to learn more about student-centered ISAs, contact us today.

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About Social Finance

Social Finance is a 501(c)(3) nonprofit organization dedicated to mobilizing capital to drive social progress. We bring uncommon partners together around a common purpose: to measurably improve the lives of those in need.

Learn more at socialfinance.org.

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