

**2009-2012 NURSING AND ALLIED HEALTH  
PROGRAM EXPENDITURE PLAN**

**3.5**

***ACTION***

***Presentation:*** *José Millan, Vice Chancellor  
Economic Development and Workforce Preparation*

**Issue**

This item presents for Board of Governors approval a *2009-2012 Expenditure Plan* for nursing and allied health funds dedicated from the 2009-10, 2010-11 and 2011-12 State Budgets and federal funding programs.

**Background**

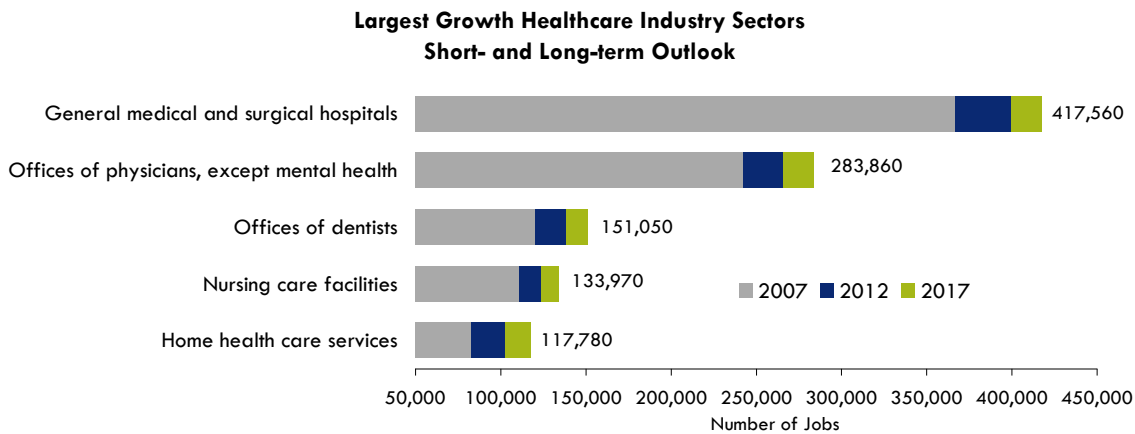
While public policy attention continues to be focused on the nursing shortage across the nation and in California, attention has shifted to the shortage in allied health workers. The downturn in the economy resulted in many nurses who were scheduled to retire, to continue or to return to work to assist with the support of their families, alleviating the shortage of nurses for the short term. Over the last four years, state funds that came to the Chancellor's Office for the expansion of nursing program enrollments and to assist student success, supported from 600 to nearly 3,000 additional student enrollments annually. This year because of the economy and the flood of graduates coming from the Community Colleges, the California State University, and private colleges, new nurses are having difficulty finding jobs. Employers are looking for experienced nurses and are not so willing to take new graduates who need additional support. While this situation is not expected to continue, efforts are being directed toward postgraduate courses to increase skills of new nurses to help them become more experienced and more employable.

The Chancellor's Office continues to provide many responses to this nursing shortage, though at a reduced level of state funds. The 2009-10 State Budget saw a reduction in the \$22.1 million for the Nursing Education Program to \$13.38 million. These funds are intended to address student attrition and retention and to increase the growth and capacity of California Community College Associate Degree Nursing (ADN) programs.

Since the nursing shortage has been temporarily attenuated by the circumstances of the economy, attention has shifted to allied health workers/occupations. By 2012, California's healthcare

industries are projected to grow to almost 1.5 million jobs (a growth of approximately 158,000 health-related jobs) and are expected to add another 113,000 jobs totaling 1.6 million by 2017.

- The largest employment gains are expected in hospitals, doctors’ offices, home healthcare services, dentist offices, and nursing care facilities. Combined, these industries are projected to increase employment by 158,000 jobs through 2012, with an additional 114,000 jobs expected by 2017.



The shift to the shortage in allied health workers has resulted in additional funds coming to the Chancellor’s Office for program expansion and retention. This year the Chancellor’s Office will receive \$8 million for allied health programs—\$6 million of American Recovery and Reinvestment Act Funds (ARRA) and \$2 million in Workforce Investment Act Funds (WIA 15%).

*Appendix A* is a table of the revised funding amounts for 2009-10 and proposed funding amounts for *2010-12 Nursing and Allied Health Program Expenditure Plan*.

**Expansion**

In recognition of the nursing shortage, the 2005-06 State Budget funded a \$10 million Nursing Program Capacity Building Initiative. This initiative placed a priority on increasing the supply of employable nurses. The funds were to provide additional support for nursing program infrastructure and equipment. In subsequent years, these ongoing funds provided direct enrollment support to supplement general apportionment funds paid per full-time equivalent student (FTES) for nursing students. The combination of these funds with the \$4 million originally dedicated for that purpose in 2001 (stats. 2001, ch. 514) increased the capacity of the nursing programs to 2,230 additional enrollment slots through the end of June 2009. Colleges had committed to enroll about 2,500 this fiscal year (2009-10); however, due to the reduction in funds, it is anticipated that some reduction will occur. It is difficult to estimate what will happen this year as some colleges are holding to their commitments. Next year begins a new two-year funding cycle. The reduction in funds will most likely bring a reduction in enrollments.

## **Attrition and Retention**

Senate Bill 1309 (stats. 2006, ch. 837) provided specific criteria to address the reduction of attrition in the community college nursing programs. Last year we reported that community college Associate Degree Nursing programs had an average attrition rate of 27 percent. This year we can report that the attrition rate is about 20 percent (Board of Registered Nursing Annual School Survey, 2007-08, the latest report available). With the Budget Act of 2009 a total of \$4.9 million is available for the ADN programs to implement and maintain assessment/readiness testing for programs with attrition rates greater than 15 percent. In Spring 2007 colleges with existing grants from the Chancellor's Office began to implement the assessment/readiness testing, and to develop remediation course work for students who do not successfully complete the assessment test. These programs were required to implement assessment testing by Spring 2008 for students enrolling in Fall 2008. Though the amount of funds were decreased by nearly 37 percent, it is hoped the colleges will be able to maintain some of the methodologies for improving retention. Next year's report on the retention rate will provide information on the students who displayed readiness on admission to the programs in 2008-09.

## **Analysis**

### **Allocation of Expansion Funds for Nursing Programs (Reduced from \$14 Million to \$8.5 Million in 2009-10)**

Community colleges received \$8.5 million this year to expand nursing program enrollments. The majority of the 2008-09 and all of the 2009-10 expansion funds were awarded in a grant process conducted in Spring 2008. These funds are dedicated to increasing enrollments in the nursing program and associated costs.

Sixty-three of the 75 approved community college ADN programs currently have expansion grants from the Chancellor's Office. Current grants expire in June 2010. As stated earlier, 2,500 additional students were to be enrolled by the end of June 2010. The original intent of the grant to the colleges were for the nursing programs to receive \$5,700 for each additional student enrolled above their baseline enrollments, in addition to the funds they currently receive for each FTES. With the cut in funds, if colleges were to honor the commitment, the amount per student would be about \$3,400.

This spring we will conduct a competitive process to award grants for the next two-year cycle, 2010-11 and 2011-12. The grants will be awarded based on the reduced funding amount of \$8.5 million.

**Allocation of Funds for Nursing Student Retention  
(Reduced from \$8.1 Million to \$4.9 Million)**

With the reduction in funding, colleges that were originally awarded grants for expansion and retention saw a 20 percent reduction to their grant agreement.

In the past several years, community colleges received \$8.1 million for student retention/attrition reduction. As part of the Spring 2008 grant process, \$3.6 million was awarded. Since discussions indicated a possible reduction in budgeted funds, a decision was made not to encumber all of the funds pending the State Budget. Colleges applied for these funds as part of expansion efforts or exclusive of any expansion efforts dependent on student attrition rates. A base amount was made available to all colleges with ADN programs --in addition to an FTES amount calculated based on the total number of students enrolled in the ADN programs that applied for the grant. Normally the FTES amount is provided as an augmentation after the State Budget is finalized. This year there will be no augmentation. Normally the funds are calculated as follows:

Example:

Funds for base amount = 75 programs x \$50,000 (base amount) = \$3,750,000

Funds available = \$4,350,000 (\$8,100,000 - \$3,750,000)

FTES = 13,000 students (estimated total enrollments)

$\$4,350,000/13,000 = \$334$  per FTES

The reduced amount of retention funds will also be part of the competitive grant process to be conducted this next Spring 2010 for the next two-year cycle beginning Fall 2010.

**Allocation for Governor's Workforce Investment Act 15% Funds for Specialty  
Nursing/LVN to RN Grants (\$2.3 Million)**

A competitive process was conducted this past spring to award seven grants for Specialty Nursing and LVN to RN projects. Additional funds will allow a competitive process to be conducted this fall to award funds to ADN programs for specialty courses to expand the skills and knowledge of new nursing graduates or nurses with their licenses. Advanced skills in critical care, obstetrics, pediatrics, etc., may help them obtain employment as more experienced graduates.

**Allocation Governor's Workforce Investment Act 15% Funds for the Nursing Education  
Initiative (\$3 Million)**

In 2005, the Governor awarded \$30 million to community colleges to expand the nursing programs over a period of five years—\$6 million each year, with a requirement for 2-to-1 match. Nineteen colleges received funds and this year is the last year of funding. Through the Labor and Workforce Development Agency and Employment Development Department, the Governor has continued this worthwhile effort for an additional five years, starting this fiscal year. Nine



colleges of the original awardees will continue with their projects with slightly reduced outcomes to match the reduced award amounts.

#### **Allocation for American Recovery and Reinvestment Act Allied Health (\$6 Million)**

At the behest of the State Labor and Workforce Development Agency, a competitive process was held this past summer to award nineteen grants for ARRA funds for allied health program expansion and retention. These projects were awarded for a total of two years.

#### **Allocation for Governor's Workforce Investment Act 15% Funds for Allied Health (\$2 Million)**

Last winter a competitive process was conducted to award 27 grants with WIA 15% funds for allied health program expansion and retention. The projects were awarded for three years. Funds for the program were \$4 million the first year and \$2 million in each subsequent year. This year the grants will be renewed with the \$2 million available.

#### **Recommended Action**

That the Board of Governors approve the revision to the *Nursing and Allied Health Expenditure Plan*, as presented.

Staff: *Barbara Whitney, Interim Dean*  
*Economic Development and Workforce Preparation*

## APPENDIX A

### 2009-2012 Nursing and Allied Health Program Expenditure Plan

Nursing Funds	Past year 2008-09	Current Year Revised 2009-10	Proposed 2010-11	Proposed 2011-12
Enrollment Growth/Expansion	\$14,000,000	\$8,474,963	\$8,474,963	\$8,474,963
Retention/Attrition Reduction	\$8,100,000	\$4,903,037	\$4,903,037	\$4,903,037
WIA* 15% Nurse Education Initiative	\$6,150,000	\$6,150,000	0	0
WIA* 15% Nurse Education Initiative (next five years) Proposed	0	\$3,000,000	\$3,150,000	\$3,150,000
WIA* 15% LVN to RN/Specialty Nurse	250,000	2,300,000	0	0
<b>Annual Subtotal</b>	<b>\$28,500,000.00</b>	<b>\$24,828,000.00</b>	<b>\$16,528,000.00</b>	<b>\$16,528,000.00</b>
Allied Health Funds	Past year 2008-09	Current Year Revised 2009-10	Proposed 2010-11	Proposed 2011-12
WIA* 15% Allied Health Initiative	\$4,000,000	2,000,000	\$2,000,000	0
ARRA**	0	6,000,000	0	0
<b>Annual Subtotal</b>	<b>\$4,000,000.00</b>	<b>8,000,000</b>	<b>\$2,000,000.00</b>	<b>0</b>
<b>Annual Total</b>	<b>\$32,500,000.00</b>	<b>\$32,828,000.00</b>	<b>\$18,528,000.00</b>	<b>\$16,528,000.00</b>

\*WIA = Workforce Investment Act

\*\*ARRA = American Recovery and Reinvestment Act