

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 15, 2010  
POSITION: Oppose

BILL NUMBER: AB 2385  
AUTHOR: J. Perez

**BILL SUMMARY: Innovative Nursing and Health Care Professions**

This bill would create the Innovative Nursing and Allied Health Care Profession Education Pilot Program (Program) at participating California Community Colleges (CCCs) to facilitate the graduation of community college nursing and allied health students. The Program would be administered by the California Community College Chancellor’s Office (CCCCO), who would select up to five CCCs that meet specified requirements to participate in the Program. The bill would also require that the pilot Programs: 1) test innovative program delivery models to expand the capacity of CCCs to offer health care training in high demand areas, 2) test health care education models that use tools such as technology and flexible scheduling, and 3) coordinate services and financial assistance in order to facilitate a student’s successful completion. The bill would also require the CCCCCO to contract for an evaluation of the Program, which is to be provided to the Legislature before January 1, 2017.

The bill also specifies that the Program is to be funded with a combination of state apportionment funding, employer-based partnerships, federal grants, and private sources. Furthermore, the bill specifies that Program implementation would be contingent upon the CCCCCO determining that sufficient resources are available to administer the Program.

**FISCAL SUMMARY**

This bill could cost \$2.5 million annually assuming the average cost of \$20,000 per student and 25 students in each of the five Programs. In the event that the Program was expanded system-wide, the bill could result in costs exceeding \$100 million.

The CCCCCO has stated that the costs of administering Program would require 0.5 position and approximately \$75,000 General Fund; however, the costs would be absorbable within existing resources.

Additionally, the program evaluation required by this bill would create one-time costs estimated at \$85,000 General Fund to contract with an independent evaluator. While the bill requires the CCCCCO to secure funding, it would not specifically restrict the use of state funds for these purposes.

**COMMENTS**

The Department of Finance opposes this bill for the following reasons:

- The Board of Governors of the California Community Colleges (BOG) is the statutorily established, standalone, governing body of the CCC and should not be directed by the Legislature to take specified actions. If the Legislature believes that additional effort is needed to facilitate the graduation of community college nursing and allied health students, it can notify the BOG of its concern without creating a pilot program.
- The bill is unnecessary because the CCCs already operate a variety of nursing and allied health programs. Furthermore, the bill lacks detail on how the Program would differ from current

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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

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practices and how it would increase student participation and facilitate timely graduation rates in nursing and allied health programs. Several CCCs have already developed innovative nursing programs with a proven success that increase the educational capacity in the nursing programs. If there is a concern that current CCC efforts are not utilizing existing funding effectively, it may be more appropriate to focus limited resources on determining how existing funding can be used more effectively rather than creating a new pilot program.

- The bill does not specifically identify how the Program would be funded, only that the CCCCCO should pursue a variety of funding sources, including state funding, to help implement and support the Program. In the event that non-state resources do not materialize, the bill could result in Proposition 98 General Fund cost pressure if there is significant effort to implement the Program. Given the state's current fiscal condition and long-term revenue projections, it would not be prudent fiscal policy to establish a new program that lacks a definitive funding source and could ultimately generate Proposition 98 General Fund cost pressure.
- The bill could create General Fund cost pressure for the CCCCCO to implement the requirements of this bill. The CCCCCO has recently expressed concern with completing existing workload within current funding levels; therefore, we are concerned that this program could divert resources from other vital duties performed by the CCCCCO.

## **ANALYSIS**

### A. Programmatic Analysis

The California Nurse Education Initiative (NEI) was established in 2005 in response to the shortage of Registered Nurses in California. The NEI has expanded nursing education programs and has resulted in a growth of over 78 percent in new nursing student enrollments in the past five academic years. Graduation rates for nursing students have also increased significantly over the past five academic years. The NEI has focused on expanding educational capacity in nursing programs, recruiting and retaining nursing faculty, developing public-private partnerships in the health care field, and developing new avenues to nursing careers.

The Governor's NEI has provided the CCCs \$30 million federal funds for the period 2005-06 through 2009-10. Additionally the Governor has committed to providing the CCCs an additional \$15 million federal fund for phase II of the Governor's NEI for the period 2009-10 through 2013-14. The Governor has also provided the CCCs approximately \$18 million federal funds for various Allied Health programs for the period 2008-09 through 2010-11. Additionally, the annual budget act provides approximately \$13 million Proposition 98 General Fund specifically to support additional nursing enrollment, equipment needs, and support services to reduce student attrition in nursing programs.

According to the author's office, the bill is in response to reports from health care industry experts projecting a growing demand for a qualified workforce due to population growth and impending retirements that place additional strain on a system struggling to meet current demands.

However, it appears that the state has made significant progress in addressing the recent nursing shortage since newly graduated nurses with Associate degrees are finding it increasingly difficult to find jobs according to the Faculty Association of California Community Colleges (FACCC) and the California Nurses Association (CAN). The FACCC states that employers are mainly hiring nurses with Baccalaureate degrees rather than those with Associate degrees, and therefore, is now concentrating efforts to facilitate the transfer of CCC nursing students to CSU and UC.

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Currently, several CCCs have successfully increased the capacity of nursing and allied health programs through the implementation of weekend and summer coursework. However, due to the recent budget cuts and financial constraint, the CCCs have had to reduce course offerings and eliminate the summer programs due to the high costs. Given these challenges, it may be more appropriate to focus limited resources on determining how existing funding can be used more effectively to support the expansion of capacity and graduation timelines for nursing and allied health students rather than creating a new pilot program.

Additionally, the CNA has stated that while the bill would not likely create any significant concerns, the bill is not necessary since the CCCs are currently given wide latitude to develop programs using alternate methods of delivery. Also expressed, was a concern that programs may attempt to accelerate programs which would result in compromising the rigorous curriculum and ultimately patient safety; and promoting the use of distance learning and simulation which do not provide the same skill building and experience as current practices. Furthermore, the CNA states the bill does not address the issues that have contributed to the backlog of approximately 18,000 students on wait lists for nursing and health care programs, such as the shortage of clinical sites, and qualified faculty and mentors

In addition to creating the pilot Program to facilitate the graduation of community college nursing and allied health students, the bill would require the CCCCCO to:

- Establish a pilot program at up to five campuses throughout the state, commencing on or after the 2011-12 academic year in high demand allied health or nursing programs.
- Collaborate with representatives from education, labor, and licensing and credentialing entities, as well as other stakeholders in the development of the request for application.
- Specify the amount of baseline funding provided for each pilot program.
- Collect data for the purpose of evaluating the effectiveness of the pilot program.
- Contract with an external evaluator to conduct an independent evaluation and report findings and recommendations on the Program to the Legislature on or before January 1, 2017.
- Implement the Program only to the extent that sufficient resources are identified and available to administer the Program.

The CCCCCO would be required to select Programs that would:

- Provide students with an industry-recognized certificate or degree in high demand health care fields demonstrating a shortage of workers in the labor market.
- Demonstrate a capacity to train specified health care workers or the ability to sustain or expand current innovative health care programs.
- Provide evidence of sufficient sites for offering the Program.
- Include high-quality curriculum delivery models.
- Provide flexibility in the delivery of coursework, including, but not limited to, intensive weekend, evening, and summer courses.
- Offer student support services including tutoring and financial aid.
- Demonstrate clear, nonduplicative, articulated pathways with local higher education entities.
- Identify resources to support the Program, including funds from the CCCCCO, local workforce investment funds, and locally provided employer or philanthropic resources.

The bill also cites a variety of Legislative findings and declarations regarding nursing and allied health and specifies that the Program would sunset on January 1, 2018.

#### B. Fiscal Analysis

This bill could cost \$2.5 million annually assuming the average cost of \$20,000 per student and 25 students in each of the five Programs. In the event that the Program was expanded system wide to all 72 districts, the bill could result in costs exceeding \$100 million.

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The CCCCCO has stated that the costs of managing the pilot program would require 0.5 position and approximately \$75,000 General Fund per year over the 5 years; however, the costs would be absorbable within existing resources.

Additionally, the program evaluation required by this bill would create one-time costs estimated at \$85,000 General Fund to contract with an independent evaluator. While the bill requires the CCCCCO to secure funding, it would not specifically restrict the use of state funds for these purposes.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO RV	PROP 98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
6870/Comm College	SO	No	-----	See Fiscal Summary	-----				0001
6870/Comm College	LA	Yes	-----	See Fiscal Summary	-----				0001