

TO: Executive Committee

DATE: 6/05/06

FROM: WIB Staff

For Action

For Information

For Discussion

SUBJECT: WIA-Funded Nursing Programs – Impacts on Training Budgets

PROPOSED MOTION (S): Discussion

DISCUSSION: In 2002, the Workforce Investment Board (WIB) chose to expand its participation in the production of Registered Nurses (RNs) from Merced College. Now, each semester 6 RNs graduate and 6 enter the pipeline. It takes 2 years or 4 semesters for an RN to graduate.

The Licensed Vocational Nurse (LVN) program has been similar to the RN program. The WIB first supported 6 LVNs, then 10 and now 12. Schooling takes 3 semesters or 1½ years. Unlike the RNs, only one class of LVNs is supported at a time. The LVN contract will close December 31, 2006. At that time a new contract will need to be accomplished. But, the selection of new WIB-sponsored students will begin in late August to early September. The decision to continue this program will need to be made during or before July 2006.

Producing RNs and LVNs is expensive. Today it costs the WIB \$20,000+ to produce an RN, and \$14,000 for the LVN. That cost does not include the 32% increase in next year's RN contract. Costs have continued to rise while available training dollars are declining. Using the RN program as an example:

- In the last 5 years the cost of the RN contract has increased 63.6%. This increase incorporates next year's 32.2% rise in cost.
- In the last 5 years the dollars allocated to the WIA Adult program have been reduced by 34.6%.
- In PY 05-06, the combined cost of RN training and supportive services represented 33.5% of the total training budget.
- Forecast for PY 06-07, RN cost will increase to 47.9% of the total budget.

Cost is not the only factor to be considered when analyzing the impact of Nursing Programs:

- The RN program produces a job starting at \$50,000 year + benefits.
- Those RN graduates who had monetary assistance from Mercy Hospital stay here in Merced County for at least a year.
- The LVN program produces a job starting at \$31,000 + benefits.
- Most LVN graduates stay and work in Merced County.
- The healthcare industry is a WIB chosen industry cluster.
- Merced has the lowest RN to 100,000 population ratio in California.

- **The WIB has made a commitment to 24 RNs who are somewhere between their first and last semester before graduation. Without the WIB's continued support, many could not continue their education.**
- **If the WIB renews next year's contract, and then chooses to stop new enrollments the next year, they will have 18 RN students to support for the fall 07 semester, 12 for spring 08, and the final 6 for fall 08 (Dec 08 graduation).**

ATTACHMENT (S):

- 1. RN Contract Costs/Adult Program Allocations, 02-06**
- 2. PY 05-06 Training Breakdown**
- 3. PY 06-07 Training Breakdown**
- 4. Other Training Analysis**

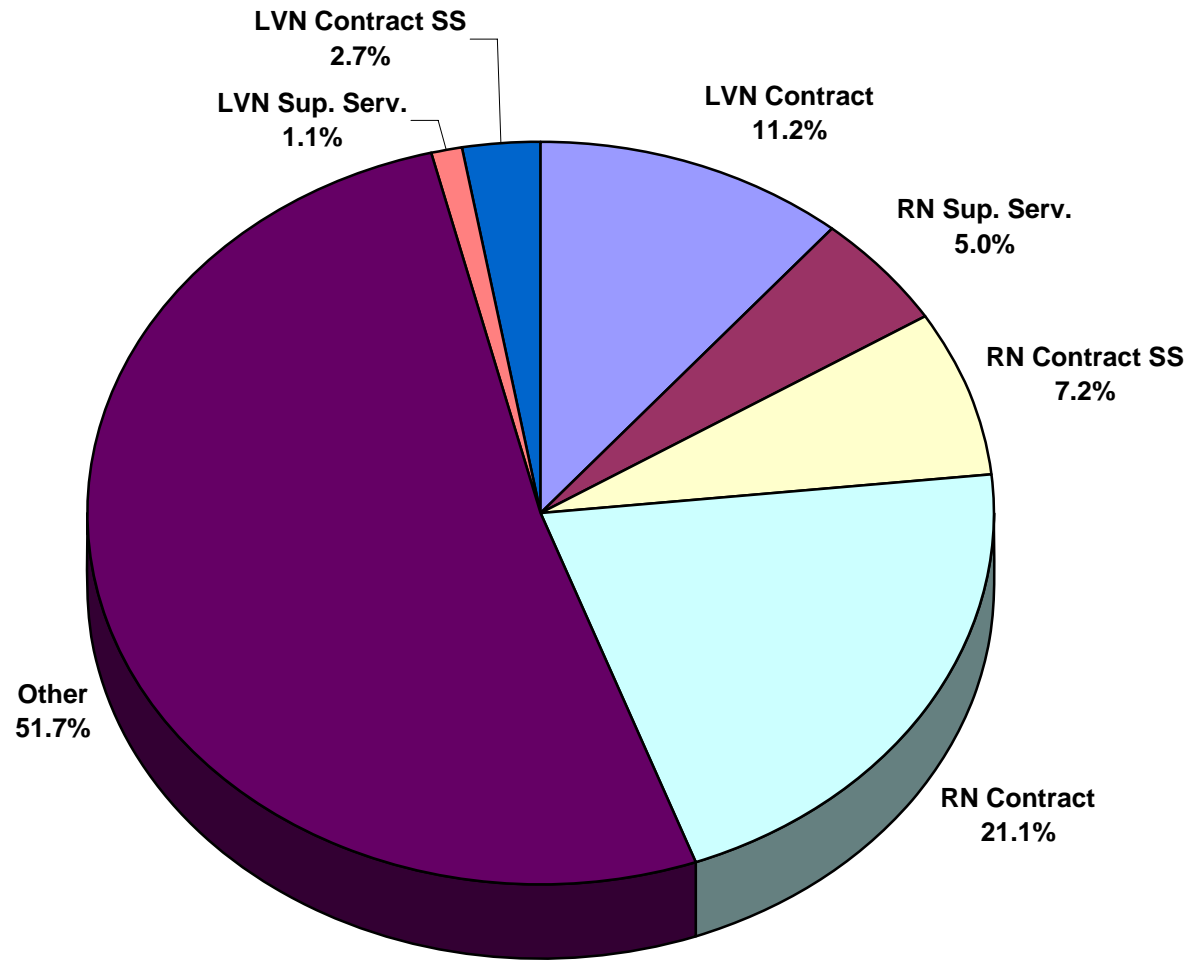
Registered Nurse Contract Costs

Year	Cost	<u>% Increase</u>	Reason
02-03	\$109,872	--	2 Year Contract
03-04	109,872	--	--
04-05	131,376	19.6	Health Insurance Workers Comp
05-06	135,926	3.4	Salary Increases
06-07	179,721	32.2	Benefits Package Salary Increases
<u>Total % Increase 63.6%</u>			

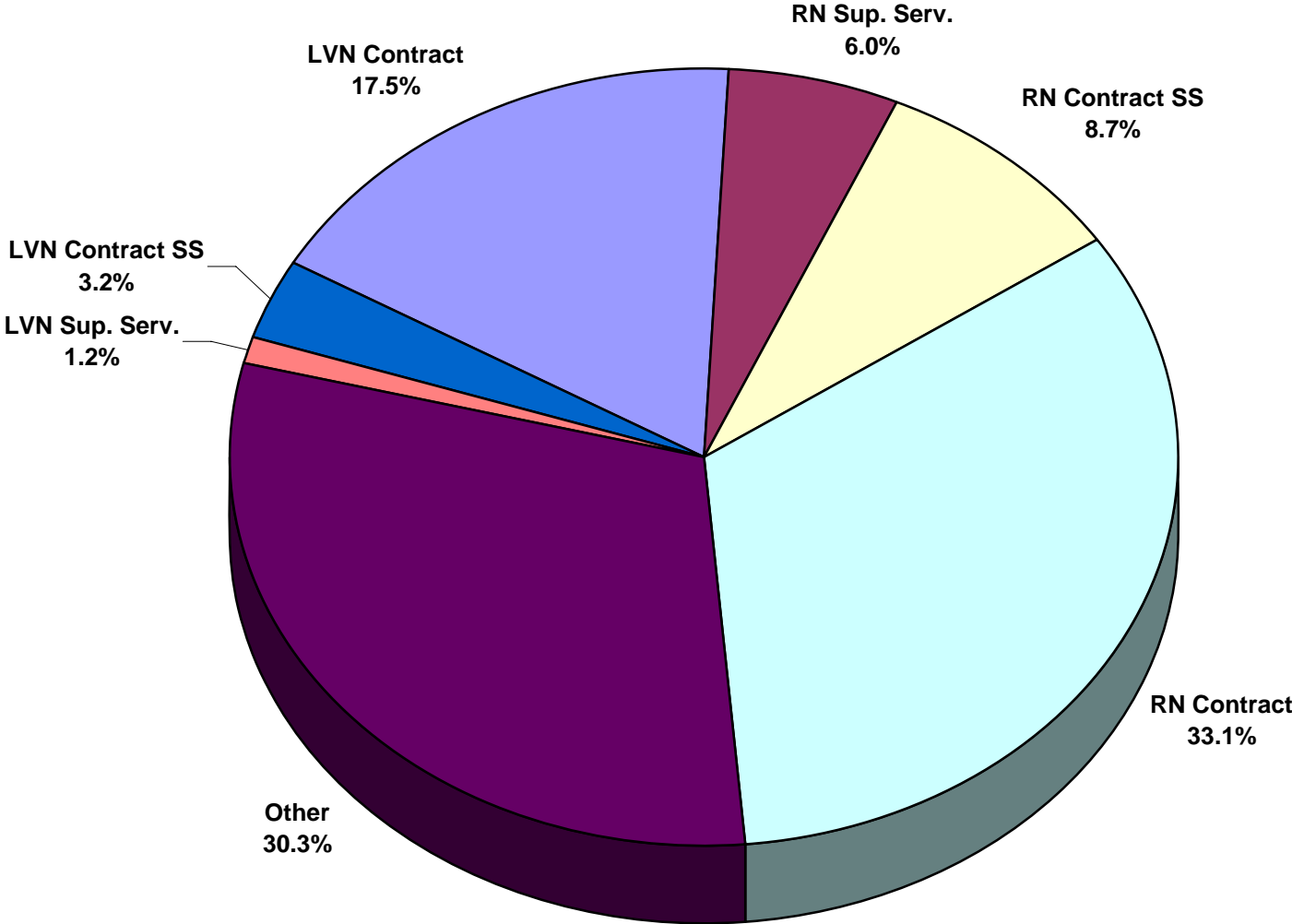
Adult Program Allocations

Year	Allocation	<u>% Decrease</u>
02-03	\$2,285,260	
03-04	1,704,305	25.4
04-05	1,699,292	0.3
05-06	1,661,856	2.3
06-07	(est 1,495,671)	(est 10.0)
<u>Total % Decrease 34.6%</u>		

**2005-06
Training Budget \$638,150**



**2006-07
Training Budget \$542,428**



OTHER TRAINING

Hourly wage at exit is the wage reported in JTA paid to the participant by the employer.

**ITA & OJT HOURLY WAGE AT EXIT
By Occupation**

Occupation	ITA		OJT	
	PY04	PY05	PY04	PY05
Administrative Accounting Clerk	\$ 9.00			
Administrative Assistant				\$ 14.67
Administrative Assistant				\$ 20.68
Advanced Tractor Trailer Operator	\$ 18.00			
Advanced Tractor Trailer Operator	\$ 13.00			
Assistant Administrator			\$ 13.50	
Assistant Administrator				\$ 13.50
Billing Clerk			\$ 8.00	
Cabinet Maker			\$ 10.00	
Cabinet Maker			\$ 9.00	
Cabinet Maker			\$ 8.00	
Cabinet Maker			\$ 8.00	
Cable installer-Repairer			\$ 10.00	
Cable installer-Repairer				\$ 10.00
Cardiology Tech				\$ 20.40
Computer and Office Technology	\$ 22.00			
HVAC Tech.			\$ 11.00	
HVAC Tech.	\$ 19.00			
Insurance Billing Clerk			\$ 7.50	
Loan Clerk			\$ 8.50	
Loan Clerk		\$ 9.50		
Loan Clerk	\$ 9.50			
Medical Assistant			\$ 8.00	
Medical Assistant			\$ 8.00	
Medical Assistant			\$ 8.00	
Medical Assistant			\$ 9.00	
Medical Office Receptionist			\$ 8.42	
Medical Office Receptionist				\$ 8.42
Pharmacy Technician		\$ 12.50		
Pharmacy Technician		\$ 16.42		
Pharmacy Technician	\$ 8.50			
Pharmacy Technician	\$ 12.50			
Pharmacy Technician	\$ 16.42			
Physical Therapy Aide			\$ 8.67	
Receptionist			\$ 8.50	
Retail Store Manager			\$ 11.00	
Retail Store Manager				\$ 11.00
Site Representative			\$ 11.50	
Site Representative			\$ 11.50	
Site Representative			\$ 10.25	
Supervisor			\$ 10.80	
Travel Agent			\$ 7.50	
Truck Driver		\$ 9.00		
Truck Driver		\$ 16.75		
Truck Driver		\$ 14.00		
Truck Driver	\$ 11.00			
Truck Driver	\$ 12.25			
Truck Driver	\$ 16.90			
Truck Driver	\$ 17.00			
Truck Driver Training	\$ 10.50			
Truck Driver Training	\$ 10.50			
Truck Driver Training	\$ 18.00			
Welding & Industrial Maintenance	\$ 9.50			
Welding & Industrial Maintenance	\$ 12.00			

TOP FIVE OCCUPATIONS
Number Employed/Unemployed at Exit

Occupation	Total Trained (ITA/OJT)	Total Exits (ITA/OJT)	Employed		Unemployed	
			ITA	OJT	ITA	OJT
Truck Drivers	46 (46/0)	11 (11/0)	10	0	1	0
HVAC	16 (14/2)	2 (1/1)	1	1	0	0
Pharmacy Techs	15 (15/0)	7 (7/0)	5	0	2	0
Medical Assistants	12 (0/12)	4 (0/4)	0	4	0	0
Insert Bindery Workers	10 (0/10)	0 (0/0)	0	0	0	0