

TO: Workforce Investment Board

DATE: 11/09/06

FROM: Executive Committee

For Action

For Information

For Discussion

SUBJECT: Licensed Vocational Nurse (LVN) Contract Decision

PROPOSED MOTION(S): Do not renew the LVN Contract. If grant application for LVN funding is awarded, then renew the contract.

DISCUSSION: Since September 1997, Merced County has had a contract with Merced College to provide Licensed Vocational Nurses (LVN) training. Presently the contract provides training to 12 LVN students at a cost not to exceed \$106,914. The contract expires December 31, 2006.

Student nurses are also provided supportive services such as books, uniforms and insurance fees. Total cost of supportive services for the present LVN contract is expected to be \$30,533. Both the cost of the contract and supportive services come from the Adult training budget.

If awarded, the new LVN contract will cover an 18-month period or three (3) semesters. The decision whether to continue LVN training will impact the current Fiscal Year 2006/07, and next Fiscal Year 2007/08. The College's bid for the new contract is for \$100,243. That translates to \$33,414 for 05/06 and \$66,829 for 06/07.

The key to the LVN decision lies both in the current year, and in next year's dollar commitments, both to the LVN and RN programs. WIA allocations from the federal government continue to be reduced. In the current year, we are still awaiting Congress' decision on a current 9-10% rescission in addition to the 15% reduction we have already received in our Adult allocation. Focusing on the FY 2007/08, we estimate that the Adult training budget could likewise be reduced by a similar percentage. That budget must include the RN and LVN trainings, supportive services, on-the-job trainings, and all other trainings provided to adults.

Several assumptions are made with this analysis:

- 1. RN special funding will no longer be available with $\frac{3}{4}$ of the students to complete.**
- 2. WIA funding will be reduced by 10%.**
- 3. Supportive services for LVN and RN will increase by 5% (higher cost of books).**
- 4. RN contract will continue to increase in cost by 5%.**

Training Costs for Nurse Programs for FY 07-08

1. RN Contract		\$188,707
2. RN Supportive Services		<u>76,878</u>
	Total RN Costs	\$265,585
3. LVN Contract		\$66,827
4. LVN Supportive Services		<u>12,029</u>
	Total LVN Costs	\$78,856
	Total Nurse Training Costs	\$344,441
	Estimated Adult Training Budget	<u>296,100</u>
		(\$48,341)

Other pertinent factors:

1. As of January 1, 2007, without a new contract, the WIB will have zero (0) commitments to LVN students.
2. The WIB is presently committed to 24 RN students with 6 graduating each semester, and 6 new students enrolling each semester funded with special grant funds. This contract expires June 30, 2007.
3. Merced College has pursued additional funding for the LVN program. Recently, the Merced College sent letters to local LVN employers, requesting donations of \$10,000 to the program to be used against next year's contract. Ten letters were sent, and \$13,000 was received. It has been applied to the college's bid. Contract cost \$113,242 (-) \$13,000 = \$100,243.
4. Department of Workforce Investment (WI) and Merced College have submitted a grant proposal to the Dept of Labor to engage in a combination of capacity building and training activities for the purpose of training LVNs. The grant was submitted in collaboration with Stanislaus and Madera Counties. Grant application is for \$1,850,443, to be shared over a three-year period. No notification date for award has been issued; grant funding is not guaranteed.
5. Dept of WI is part of a four county grant proposal to the Employment Development Dept for Governor's 15% funding. The grant will provide exactly the amount of funding required for the Merced College LVN contract and supportive services for those students. The grant was submitted by the Stanislaus WIB, and notice is expected in December 06.

Bottom Line:

1. Funding for the LVN program is inadequate.
2. There are ongoing attempts to raise additional funding for the LVN program. The notifications of award will be just before or after anticipated contract start date.

Additional Data: Since 1997, 64 LVN students have been funded through workforce investment contracts. An estimated \$733,000 of JTPA/WIA funds has been expended on the LVN program.

ATTACHMENT(S): N/A