SUTTER HEALTH *presents*
Capitol-to-Capitol
SACRAMENTO, CA *to* WASHINGTON D.C.
APRIL 9–13, 2016

WORKFORCE AND EDUCATION TEAM

Team Leaders: **Michael Marion, Drexel University, (916) 325-4600 michael.marion@drexel.edu**

Gary King, SMUD, (916) 732-6207, gary.king@smud.org

Brian Bedford, Next-Ed, (916) 952-7889, bbedford@next-ed.org

Issue Contact: **Kathy Kossick, SETA, (916) 263-3810, kathy@delpaso.seta.net**

Anette Smith-Dohring, Sutter Health Sacramento Sierra Region (916) 733-8800, smitha2@sutterhealth.org

J P Sherry, Los Rios Community College District, (916) 568-3042, sherryj@losrios.edu

CALIFORNIA'S CAPITAL REGION: WORKFORCE DEVELOPMENT

Career Technical Education Drives Economic Prosperity

REQUESTED ACTION:

In a highly competitive global economy, California's economic future, the prosperity of its citizens and successful growth of its employers increasingly depends on the education and skills of the workforce[i].

The Capital Region of California asks that you collaborate with us to align federal funding initiatives to advance a set of strategic, evidence-based educational and economic objectives. To that end, we respectfully request your support on the reauthorization of the **Carl D. Perkins Act**, support a high-demand industry strategy in the **Workforce Innovation and Opportunity Act** rulemaking and appropriate workforce development funding in support of **healthcare workforce development**.

BACKGROUND:

Education is an iterative process that begins in early childhood and continues throughout a person's life; federal policy should support this life-long learning strategy. Education happens not only in traditional classrooms but also through on-the-job

training, apprenticeships and other work-based learning experiences. As a result, education requires the engagement of a host of institutions – universities and community colleges, employers, labor unions, community intermediaries and government.

Career technical education (CTE) is essential to the preparation of California's workforce. It offers an important pathway to postsecondary education, stackable credentials and apprenticeships resulting in careers in high-growth, high-wage and high-demand industries.

CARL D. PERKINS ACT

The Carl D. Perkins Career and Technical Education Act is the largest federal discretionary funding source of direct, institutional support for community colleges and is vital to meeting the demands of an increasingly technical workforce. There are three community college districts in the greater Sacramento area that rely heavily on Perkins funds to support Career and Technical Education (CTE) programs to meet regional industry workforce demands.

The Capital Region believes **Perkins V** should reflect the economic demand for postsecondary education and training, and create strong pathways for students of all types to attain not only fundamental educational skills but also a postsecondary degree or industry-recognized credential.

The region's community colleges strongly favor the legislation establishing consistent definitions and metrics to provide a clearer picture of career and technical education performance at the national and state levels.

Community colleges are concerned with proposals that would move significant funding toward competitive grants. While we could potentially support a proposal to invest additional funding into innovative CTE programs and stronger collaboration, a wholesale shift away from current formula funding would be detrimental for numerous Perkins-funded CTE programs.

The Capital Region requests reauthorization of Carl D. Perkins (**Perkins V**) with an understanding the legislation should reflect the economic demand for post-secondary career and technical education training, emphasize work-based learning experiences to prepare students for employment, and establish clear metrics for measuring success.

WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

Thank you for passing WIOA legislation reflective of the need for better coordination across education, training, and supportive services programs to address employers need for a skilled workforce. WIOA calls for states to develop and implement state workforce plans that incorporate a broad range of federal and state investments and establishes common performance measures across programs to facilitate greater alignment across systems.

While the legislation goes far in aligning systems, the key to success is in its implementation. Business, education, and civic leaders in California's Capital Region encourage the federal government to develop rules that support local elected officials and their appointed boards, who retain fiscal responsibility over the federal WIOA funds, to make decisions that are best for their local areas, with a regional, sector-based approach. Rules should help build capacity for data-informed decision-making, employer engagement, and sector-based service delivery working toward sustainability and system alignment.

HEALTHCARE WORKFORCE DEVELOPMENT

With health expenditures totaling $2.8 trillion and accounting for 17% of the US economy, issues of cost containment and quality improvement are a high priority[ii]. With more patients entering the healthcare system, providers are constrained by a workforce shortage to meet an overwhelming demand for services.

A goal of recent healthcare legislation is to transform our "sick care" system into one that focuses on prevention and health promotion. While the legislation provides access to insurance, it does not guarantee access to care, a problem compounded by a shortage of qualified healthcare providers in many communities. To ensure success of this transformation, hospitals and other healthcare providers require a sufficiently sized, adequately trained workforce to promote and protect the nation's health.

Recent estimates predict a shortage of 130,000 physicians and 260,000 registered nurses by 2025[iii]. In the US, we have geographic maldistribution of an outdated underfunded physician graduate medical education program funded primarily through Centers for Medicare and Medicaid Services (CMS). This woefully inadequate funding, especially in California, results in a **$1.1B** annual gap between CMS training resident reimbursement and the true cost of training. Teaching hospitals have been subject to

a cap on the number of residents for which CMS will pay that dates back to 1997. Since that time, teaching hospitals train well above the cap, resulting in the aforementioned gap covered by the hospitals and commercial insurance payers. Although hospitals are training in numbers that go well above allotted funding, training cannot keep pace with the need for physicians now and into the future. The lack of a strong talent pipeline is rapidly realized in the inability of Americans to obtain routine medical care where and when they need it to prevent overuse of emergency resources.

The federal government has implemented some healthcare workforce provisions through the Health Resources and Services Administration and the Department of Labor loan repayment and other programs at four-year colleges and universities. However, the majority of California allied health care providers are graduates of our esteemed community college system. The community college students often come from very diverse backgrounds with a decreased time to degree and licensure – critical aspects as we attempt to care for very diverse patients more effectively.

The US continues to have an insufficient supply of healthcare providers where citizens need them. The hospital and healthcare leaders in the California's Capital Region request discretionary funding delivered through the Workforce Development system to increase the number of middle-skill healthcare providers.

---

[i] World Economic Forum. 2013. The Human Capital Report. Prepared in collaboration with Mercer. (http://www3. weforum.org/docs/WEF_HumanCapitalReport_2013.pdf). (Page 3.)
[ii] Martin, A, Hartman, M, Whittle, L, Catlin, A. National Health Spending in 2012: Rate of Health Spending Growth Remained Low for the Fourth Consecutive Year. Health Affairs. January 2014; 33:1: 67-77.
[iii] Physician Shortages to Worsen Without Increases in Residency Training. Association of American Medical Colleges; September 2010; Buerhaus PI, Auerbach DI, Staiger DO. The recent surge in nurse employment: causes and implications. Health affairs. Jul-Aug 2009;28(4):w657-668.