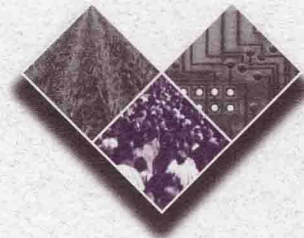
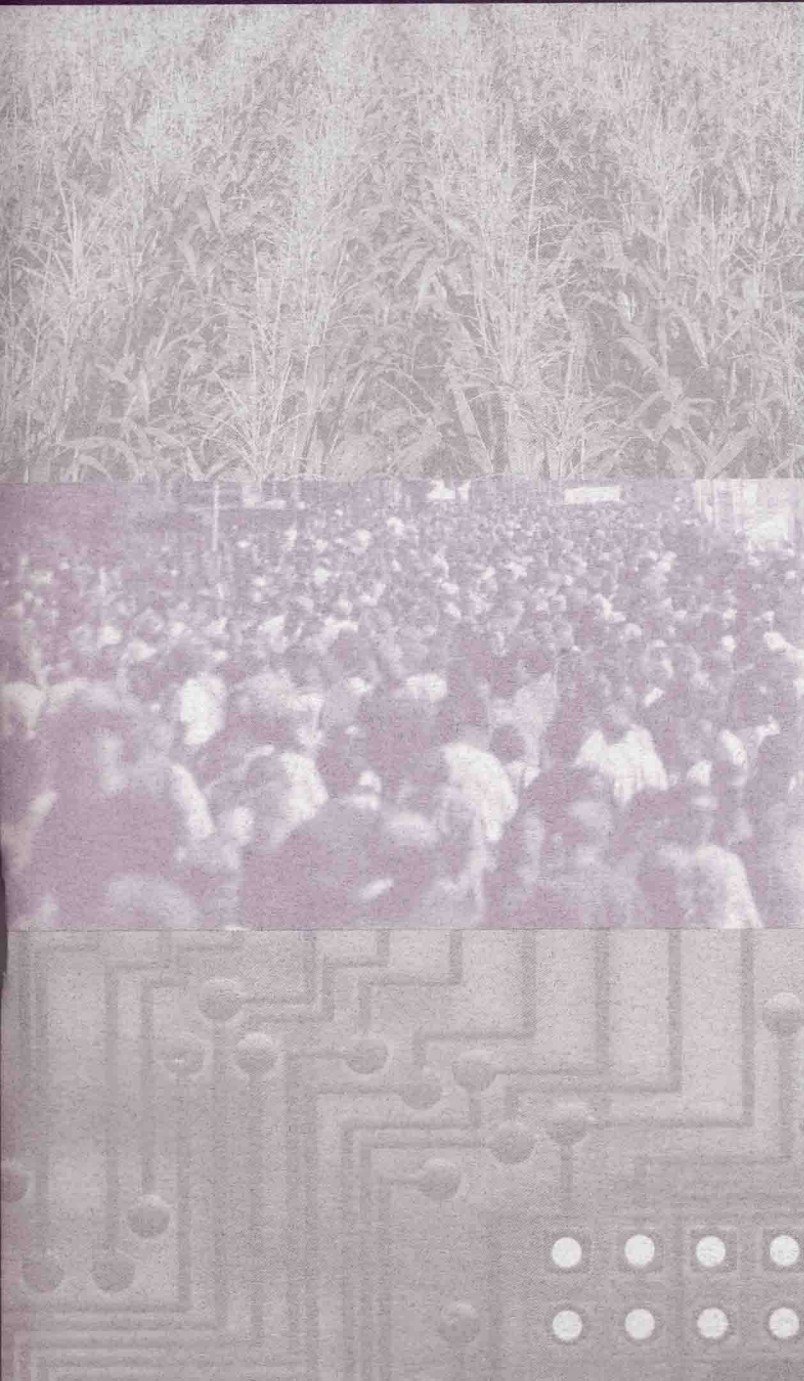


GOOD MEDICINE

DECEMBER 2003

Making Health Services an Economic Priority for the San Joaquin Valley



NEW VALLEY
CONNEXIONS
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PREPARED FOR
NEW VALLEY CONNEXIONS
A PROGRAM OF THE GREAT VALLEY CENTER
*Supported by a grant from the Governor's
Workforce Investment Act
Discretionary Funds*

About This Report

This report is one of a three-part series developed as part of a New Valley Connexions project funded by a grant from the Governor's Discretionary Funds through the Workforce Investment Act. The focus of the project was to identify, examine and disseminate information about workforce training and development opportunities for the San Joaquin Valley. Within the context of Capacity Building, Job Creation, and Policy Development, the following initiatives were developed:

- Capacity Building: 1) Making Health Services an Economic Priority
- Job Creation: 2) Telework/Telecommuting
3) New Technology in New Home Construction
4) Geographic Information Systems and Homeland Security
- Policy Development: 5) Public Policy Roadmap for Advanced Communications Services

Each initiative involved a series of public workshops hosted in communities from Bakersfield to Modesto between May 2003 and October 2003. Consultants in the fields of economics, land use, and telecommunications, were hired to develop the workshops, provide expert speakers, conduct research, and create informational materials.

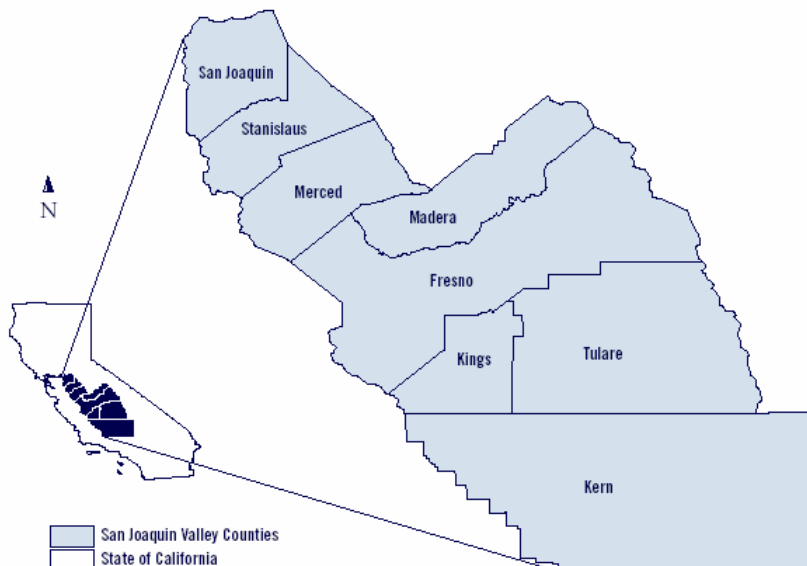
About New Valley Connexions

New Valley Connexions is a program of the Great Valley Center, which works to support the Central Valley's communities as they solve the region's social, economic and environmental challenges. Through seminars, research and initiatives, New Valley Connexions aims to help craft an innovative and diverse economy that provides high paying jobs and is globally competitive.

The Project Area: The San Joaquin Valley

- Eight Counties
- 27,280 square miles; 17% of the land area of California
- 3.45 million people; 10% of California's total population
- 1,319,460 employed people
- 12.5% unemployed
- \$18,931 per capita income

Source: California Department of Finance, California County Profiles Updated March 2001



The report was authored by Collaborative Economics, with data and analytical support from The Milken Institute. Collaborative Economics and The Milken Institute looked at the overall economic situation in San Joaquin Valley and determined Health Services to be an economic growth opportunity area. Based on this finding, research and interviews with healthcare executives in the Valley were conducted, as well as a series of five workshops held across the Valley from June 2003 through October 2003 with healthcare providers, education and training institutions, and workforce investment boards, and others in the workforce development system.

Executive Summary

The San Joaquin Valley has an enormous opportunity to create much-needed prosperity and jobs—but only if the region can work together as never before.

In the future, Health Services could be one of the largest sources of economic growth in the San Joaquin Valley, providing new career opportunities for the people and new prosperity for the communities of the region. It is already one of the Valley’s leading employers and a major job creator, and generates other significant economic benefits for the region. Nationally, the sector will grow substantially in the future as healthcare needs expand and diversify with a growing and aging population. For many reasons, the Valley has emerged as a desirable location for health services—and could be a major beneficiary of this sector’s future growth.

However, unless the Valley can prepare more of its homegrown population for these jobs, the health services sector will have to either rely on imported talent or grow elsewhere. There are already growing workforce shortages and constrained educational institutions unable to keep pace with student demand. Good jobs with career potential go unfilled, while unemployment rates remain unacceptably high and waiting lists for educational programs continue to grow.

- *People are needed at all levels*—from entry-level jobs such as home health aides to mid-level occupations such as medical technicians to high-skill, high-pay positions such as registered nurses. There are opportunities along many career pathways in clinical, administrative, and technical fields.
- *People are needed in all segments of the industry*—from hospitals to doctors’ offices to residential and home healthcare settings.
- *Employers are already forced to recruit talent from other regions*—even though this practice often leads to higher turnover than with homegrown workers.

While there have been local efforts to address the problem, there has not yet been a strong regional response. Why? As in many regions, Health Services is viewed more as an essential part of the region’s community infrastructure and quality of life than a significant contributor to the economic well-being of the people and communities. Thus, Health Services have been seen more as a social need than an economic priority for the region. While healthcare access and cost are clearly important issues, so too are workforce shortages and economic impacts. And, unlike many industries, Health Services offers an opportunity for significant job creation and economic prosperity. However, to realize this opportunity, Health Services must become both a social and an economic priority for the Valley.

Now, more than ever, there is a strong rationale for a regional approach to expand the homegrown Health Services workforce.

The opportunity is too big to be just a local concern. With a strong presence in every San Joaquin Valley county, Health Services is truly a regional industry that can provide what every community in the Valley wants—good jobs with career potential for its homegrown workforce. Additionally, a thriving Health Services sector creates multiple benefits across the region by stimulating local economies, increasing public revenues, and creating employment opportunities, as well as providing healthcare to the people of the region.

The problem is too big for local solutions alone. Individual Health Services employers are pursuing a number of creative strategies to find and develop a skilled workforce. However, these employers must operate as any business, using limited resources to survive in a very competitive marketplace. Likewise, educational institutions that would like to expand health programs are often constrained by funding decisions made in Sacramento or by competing priorities within the institution or community. Some innovative local partnerships have been formed among employers and institutions, but thus far have remained relatively small in scale and impact.

While local initiatives are critical, they could have greater impact with regional resources and connections. Top-level leadership from local Health Services employers and educational institutions is essential—but so too is strong support from other business, government, and community leaders. A broader leadership commitment could make growing the Health Services workforce a higher regional priority and could draw on a bigger pool of expertise and resources to address the problem. Given its fiscal constraints, state government is not in a position to invest significant new resources to address the problem. So, the region will have to chart its own course, creatively combining ideas and resources to grow its Health Services workforce and sector, providing jobs for its people and prosperity for its communities.

Charting a new regional course might involve the following steps, which are described in more detail at the end of this report:

- Make the Regional Case
- Sign on Health Service Employers to Explore the Possibility of a Regional Approach
- Build a Regional Team
- Evaluate the Prospects of Adapting or Scaling up Existing Innovative Models
- Pioneer a New Regional Approach

The document that follows is divided into three parts:

- I. *Defining the Opportunity***—making the case for diversified health services a major source of economic opportunity for the San Joaquin Valley
- II. *Missing the Opportunity***—identifying how and why the response from employers, institutions, and the broader region has been unable to meet the workforce demand in Health Services
- III. *Capitalizing on the Opportunity***—suggesting a regional approach and possible path forward for leaders in the Valley

I. Defining the Opportunity

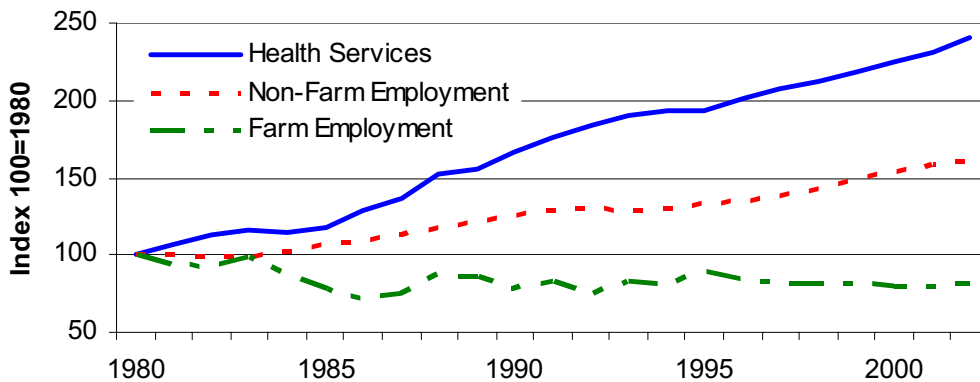
The case for making diversified Health Services an economic priority in the San Joaquin Valley is a strong one. The combination of hospitals, doctors' offices, residential and home healthcare, and other sectors comprise one of the region's largest-and certainly its fastest growing industries. The case for Health Services is strong on several counts:

- Has a *proven record* as a leading sector and one that is a strong job creator across the Valley
- Offers *promising prospects* for further growth based on national and regional trends
- Provides *jobs with career potential* at all levels
- Produces *positive social and economic impacts* for communities

The Health Services industry already plays a major role in the San Joaquin Valley economy as the third largest employer (see chart below). Currently, over 84,000 people are employed within Health Services in the San Joaquin Valley. Employment in Health Services has grown almost twice as fast as non-farm employment and four times as fast as farm employment from 1980 to 2002 (see chart below).

Employment in Health Services has grown almost twice as fast as non-farm employment and four times as fast as farm employment from 1980 to 2002

Health Services vs. Farm/Non-Farm Employment
Growth Since 1980, San Joaquin Valley

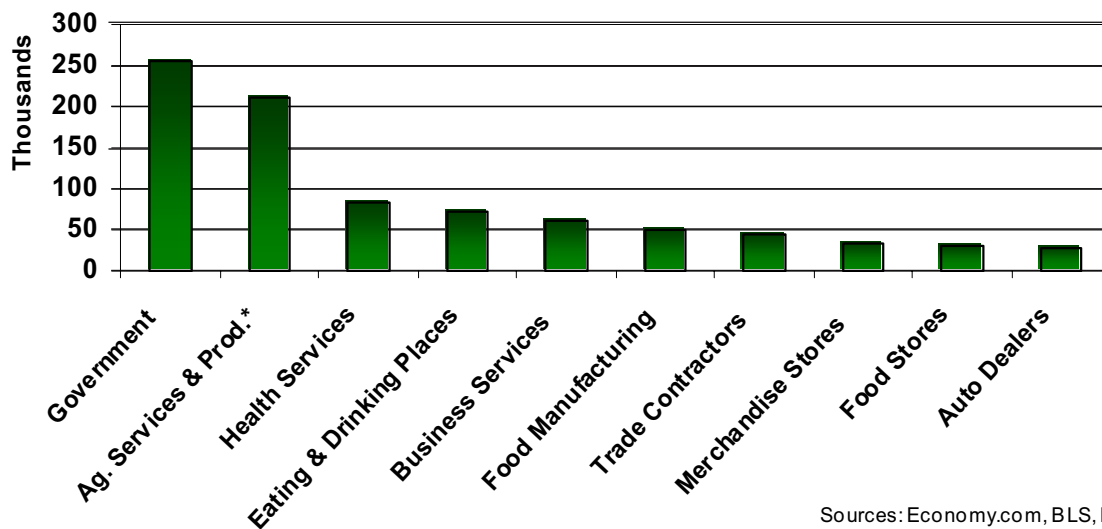


Sources: Economy.com, BLS, Milken Institute.

In the last decade, employment in the different Health Service sectors (e.g., doctor’s offices, residential care, hospitals, and nursing & personal care facilities) has grown anywhere from 10% to 160%. Three of the top ten growth sectors in the Valley are within health, and two of the top five highest-paying sectors are also health-related.

San Joaquin Valley's Key Industries

Top Ten Industries by Employment, 2002



Sources: Economy.com, BLS, Milken In
 *Note: Agricultural Data based on 2000 E

Health Services in the San Joaquin Valley is also a widely diversified industry.

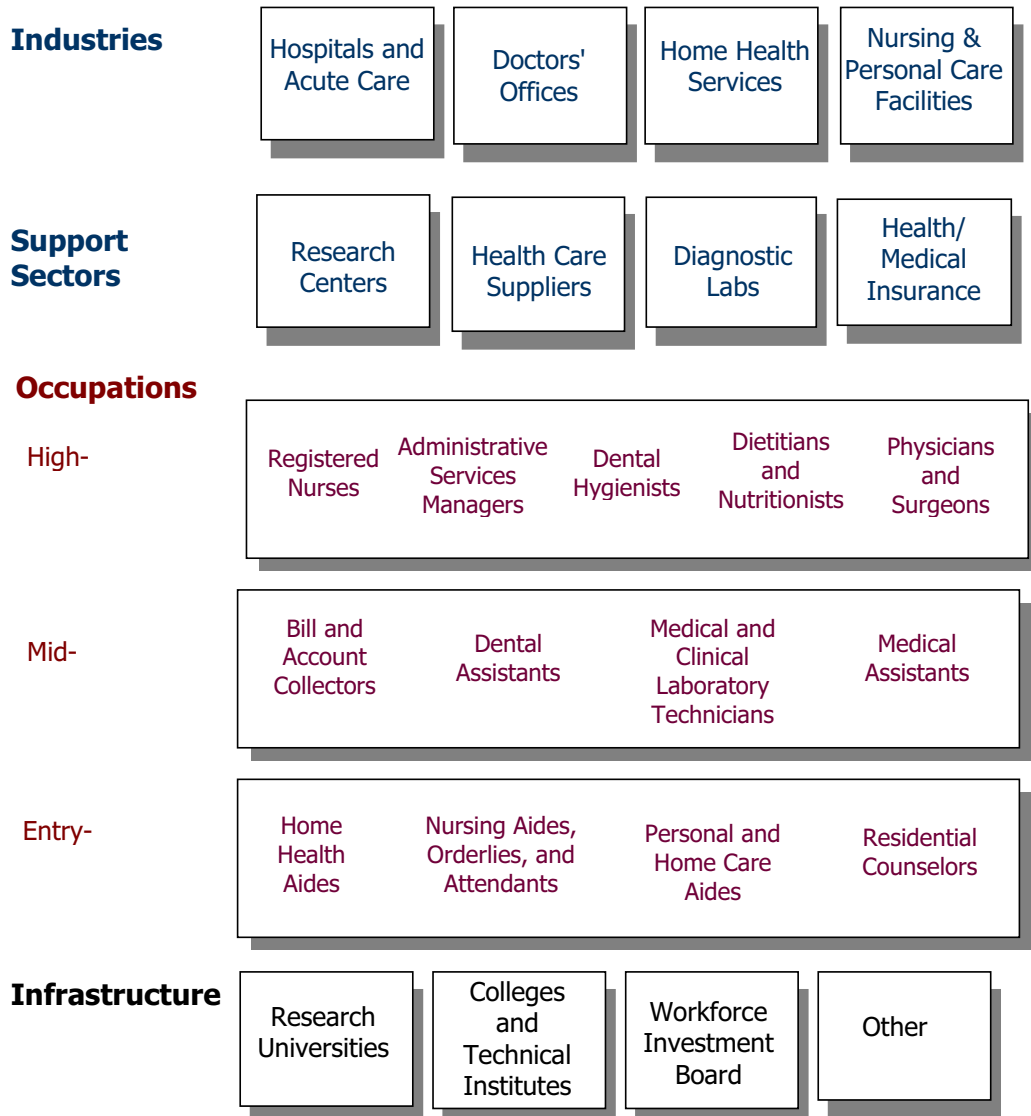
It includes many sectors, offering many options for healthcare delivery for different populations. Healthcare is currently available in home care, doctors’ offices, clinics, dental offices, hospitals, nursing facilities, and other locations. New technologies transform the availability and timing of services—especially for residents of rural communities. All this diversity means growth can and does come from many places, and even as one method of health delivery may recede, another may grow to take its place.

The chart on the following page shows the major industry (and employment) sectors within Health Services—hospitals and acute care, offices of medical doctors, nursing and personal care facilities, residential care and home healthcare services. These major sectors also rely on support sectors, including research centers, healthcare suppliers, diagnostic labs, health/medical insurance, and others.

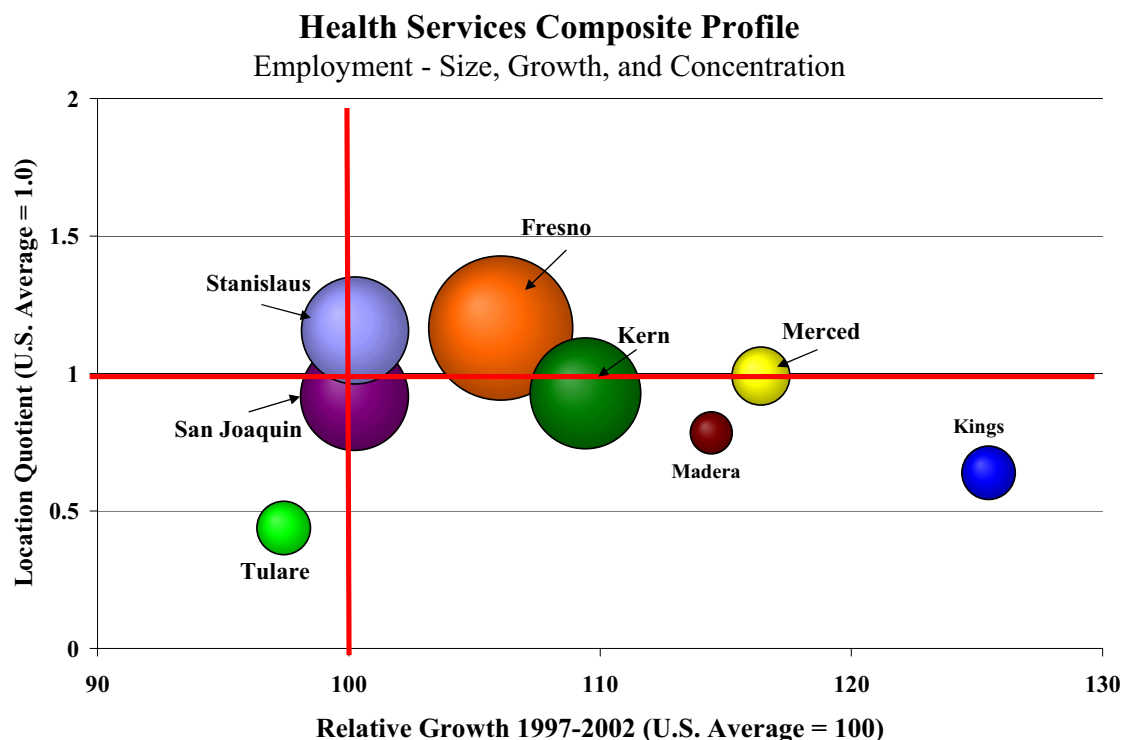
Both the major industry and support sectors offer occupational opportunities at the entry-, mid-, and high-levels, with potential for advancement within Health Services with some additional training—either on the job, or through local training programs. In fact, there is an essential regional infrastructure helping to prepare people for jobs and careers in Health Services, that includes research universities, community colleges, technical institutes, workforce investment boards, and other organizations that help recruit and support workers as they enter or make transitions within and among sectors of the Health Services industry.

Together, the major sectors, support sectors, and workforce development infrastructure comprise a Health Services employment enterprise that is large, and has been growing and diversifying over time, generating jobs and career opportunities in multiple sectors, at many levels, and across every county of the San Joaquin Valley.

Diversified Health Services



Health Services is an important source of employment growth for every county in the Valley. For example, as the chart below shows, the rate of employment growth in Health Services from 1997-2002 exceeds the national average in virtually every county. The concentration of Health Services employment (as measured by the Location Quotient¹) describes the degree to which Health Services are more concentrated in a given region compared to the nation as a whole. The national average rate of employment is 100% and the national average concentration of Health Services employment has a location quotient of 1.0. Although most counties overall are less concentrated in Health Services than the nation, every county is more concentrated than the nation in specific sectors. The section below describes the various strengths of each county.



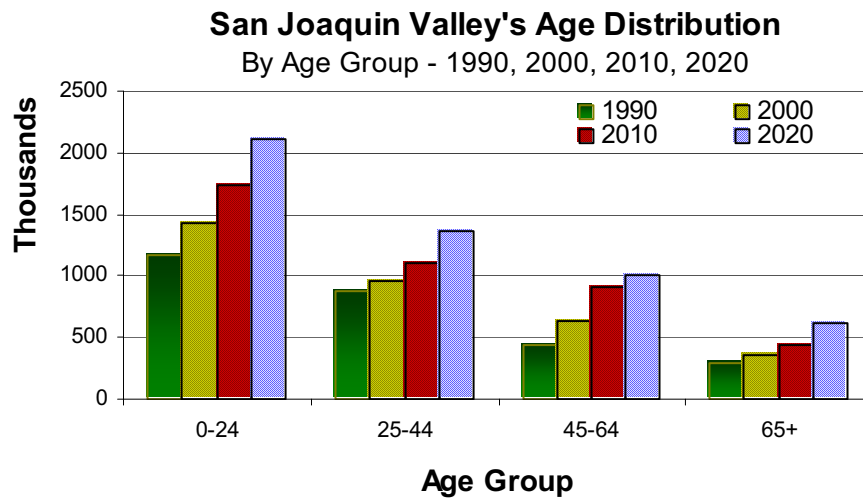
¹ Industry employment concentrations (or Location Quotients) are an indicator of a region’s competitive advantage in that industry. The greater percentage of a region’s total employment relative to the nation, the more specialized, and therefore more competitive, that region is likely to be relative to other regions. Location Quotient is derived by dividing the percentage of regional employment in an industry by the national percentage of regional employment in an industry. Employment concentrations (or Location Quotients) greater than 1.0, signify a greater concentration of employment regionally than nationally.

Each county has a competitive strength in at least one or more sectors of the Health Services industry. For example, residential care in all eight counties is more concentrated than the U.S. average. In six counties, employment in offices of medical doctors is more concentrated and is growing faster than the U.S. average.

- Fresno has a high concentration of Health Services in general. One of the most promising sectors in this county is employment in offices of medical doctors, for which the location quotient is twice that of the United States and growth is a quarter higher than the U.S. average. Another strong sector of Health Services in Fresno is that of residential care, which has a location quotient significantly above one and is growing at the same rate as the U.S. average.
- Kern's greatest strength in terms of employment size, concentration, and growth is residential care. In that sector Kern is growing more than 40% faster than the U.S. average, and has a location quotient around 1.75. Employment in offices of medical doctors is a third more concentrated in Kern than the rest of the U.S., and is growing 25% faster than the U.S. average. Hospital employment is also growing at an above average rate in Kern County.
- Kings County has had phenomenal growth in residential care in recent years. From 1997 to 2002 residential care in Kings grew 14 times as fast as the U.S. average; in other words, Kings had relative growth of 1400%. Plus, the location quotient was more than twice that of the U.S. average. Kings is also making headway in growth of employment at doctors' offices (almost 60% above the U.S. average), and employment by hospitals (approximately 140% of the U.S. average).
- Madera is growing some in residential care (with a location quotient above 1.6, relative growth almost 120%), with very impressive employment trends in doctors' offices and nursing and personal care facilities. Madera has had growth in nursing and personal care facilities 15% above the U.S. average in the last five years, and their location quotient is the highest in the area at almost 1.5. Concentration in employment in doctors' offices is slightly lower, but still high at 1.4, with growth above 120% of the U.S. average.

- Merced shows the most growth in residential care with growth more than 20% above the U.S. average, and a location quotient of 1.3. Compared to other San Joaquin Valley counties, Merced has an advantage in employment at hospitals with growth that is above the U.S. average and one of the highest regional location quotients—just slightly below 0.9. Overall Merced outgrew the U.S. average Health Services growth by 15% between 1997 and 2002.
- San Joaquin has the greatest strength in nursing and personal care facilities with growth that was ten percentage points above the U.S. average, and a location quotient of 1.33. It is one of only three counties in the region with both location quotient and relative growth higher than the U.S. averages for nursing and personal care facilities. Residential care is also healthy with a location quotient of 1.66, and growth 5 percentage points above the U.S. average.
- Stanislaus is the third county with strength in nursing and personal care facilities, with a concentration 140% that of the U.S. and growth above the U.S. average. Stanislaus also shows significant opportunity in residential care with a location quotient around 1.4, and growth 10% above the U.S. average (from 1997 to 2002).
- Tulare’s assets in Health Services are its hospital and residential care sectors. Hospital employment in Tulare grew by more than 130% of the U.S. average in the last five years, but its location quotient—as it is for hospital employment in all counties in the San Joaquin Valley—is below the U.S. average, at 0.85. In residential care, Tulare is more concentrated than the U.S. average, but residential care is not growing as quickly in Tulare as in the U.S. on average.

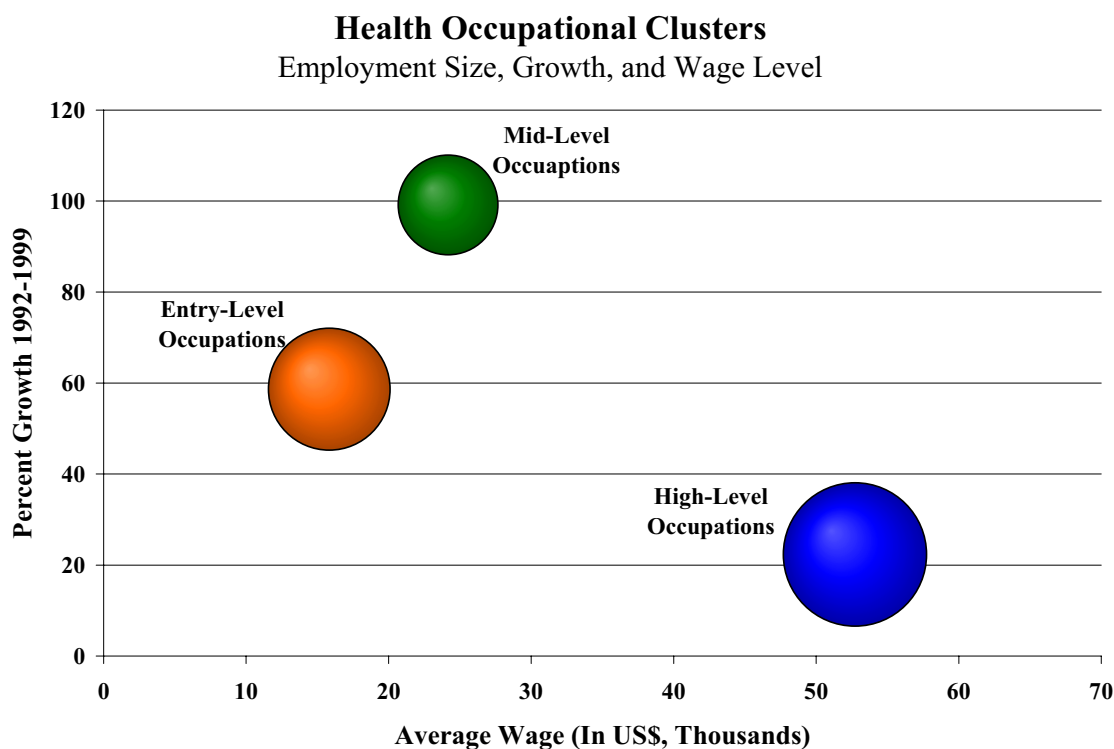
Prospects for further growth in Health Services are promising. The California population is growing faster than the rest of the nation, and the Valley is growing even faster. Before 2020 the segment of population over 65 as well as the segment below the age of 24—two groups that generally consume more Health Services than the rest of the population—are expected to double. That increase is more than twice the rate of growth projected for the nation.



Many organizations and employers have projected major increases in the need for health service workers in the years ahead. For example, The California Endowment reports the number of registered nurses in California will need to increase between 30 and 60% over the next two decades to meet the needs of the State's growing and aging population. According to California Employment Development Department projections, in the next five years, demand for Health Services workers is expected to grow by 14.5%, with opportunities along career paths that span from entry-level to high-level positions.

The jobs created in health services provide a host of career growth opportunities. As the chart below shows, entry-level, mid-level, and high-level occupational clusters within Health Services have all grown within the last five years. The number of jobs in the mid-level cluster has doubled, offering quality jobs. Salaries for employees of doctors’ offices, part of the Health Services industry, are among the highest offered in the region. At each level, there are specific occupational categories that have grown significantly in recent years. For example, over the 1992-99 period (a span for which occupational data is available):

- At the higher level, registered nursing jobs grew 10%, while physicians rose 11%.
- At the mid-level, health professionals and technicians jumped 218%, while medical assistants rose 100%.
- At the lower level, nursing aides increased 32%, while receptionists also grew 37%.



There are numerous opportunities along clinical, administrative, and technical pathways from entry-level, through high-level positions. In addition, many people shift from pathway to pathway while progressing in their careers. See “Top Occupations in Health Services in the San Joaquin Valley” below for examples of positions within the occupational clusters.

Top Occupations in Health Services in the San Joaquin Valley

Occupational Clusters Based on Wage and Education/Experience Level

Higher-Level Occupations

Registered Nurses
Administrative Services Managers
Dental Hygienists
Dietitians and Nutritionists
Physical Therapists
Physicians and Surgeons
Radiologic Technologists

Mid-Level Occupations

Bill and Account Collectors
Dental Assistants
Health Professionals, Paraprofessionals, and Technicians
Medical and Clinical Laboratory Technicians
Medical Assistants
Medical Records Technicians

Entry-Level Occupations

Home Health Aides
Maids and Housekeeping Cleaners
Nursing Aides, Orderlies, and Attendants
Personal and Home Care Aides
Residential Counselors

Health Services offers positive social and economic benefits to communities. Health Services is an industry often viewed primarily in terms of its social impacts. In general, communities can benefit from improved health with access to more healthcare services. Increasing the supply of healthcare services is positive for everyone in the community, from workers needing fewer sick-days because they do not have to wait as long for an appointment with their doctor, to families getting accurate and speedy care. Filling open positions allows the Health Services Industry to grow and expand access. It also creates jobs for local residents, which in turn makes it more likely they will be self-sufficient rather than dependent on public services. Health Services even offers communities comparatively less harmful environmental impacts than some industry sectors.

At the same time, the economic benefits of Health Services are often understated. Health Service provides direct jobs, which has positive economic impacts on communities as employees spend their wages on local products and services, and pay their taxes to support public services. Health Services employment also generates additional or “indirect” jobs throughout the economy. Based on national estimates, at least one job is created in other parts of the economy for every two jobs in the health industry.

A conservative estimate for the economic impact of the direct and indirect jobs created by Health Services can be calculated by multiplying the average wage of direct jobs in Health Services by the total number of jobs, then adding that figure to the total of indirect jobs multiplied by the average wage of those jobs. Using this formula, in 2002, the economic impact of Health Services in the San Joaquin Valley was approximately \$4.7 billion. Adding in other economic impacts such as local purchasing by healthcare providers, property and other employer taxes and fees, the Health Services Regional Product could approach \$5 billion.

Added to this figure would be the lost economic impact of health services due to unfilled positions across all segments of the industry. While there is no comprehensive measure of this potential economic impact, there is no question filling vacant positions would create added economic value for the region. Future research could provide a basis for an estimate of this lost impact.

$$\begin{array}{|c|} \hline \text{(Health Services} \\ \text{Employment) } \times \\ \text{(Average Salary for} \\ \text{Health Services)} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{(Jobs Created Indirectly} \\ \text{by Health Services) } \times \\ \text{(Average Salary for} \\ \text{Health Services)} \\ \hline \end{array}
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 =
 \begin{array}{|c|} \hline \text{Health Services} \\ \text{Regional Product} \\ \text{> } \mathbf{\$4.7 \text{ Billion}} \\ \hline \end{array}$$

II. Missing the Opportunity

In the future, Health Services could be one of the biggest sources of economic growth in the San Joaquin Valley, providing new career opportunities for the people and new prosperity for the communities of the region. However, unless the Valley can prepare more of its homegrown population for these jobs, the Health Services sector will probably have to survive on imported talent or grow elsewhere. Today, the Valley is missing the opportunity of Health Services because of an insufficient response from employers, education and training institutions, and the broader region.

Insufficient Response from Employers

There are already growing workforce shortages in Health Services. Good jobs with career potential are going unfilled in a region with unemployment rates that remain unacceptably high. There is also widespread agreement among healthcare executives that their individual and collaborative responses to these shortages have thus far been insufficient. If anything, these shortages have grown even as the employer response to the problem has increased.

Severe shortages exist, not only in selected occupations, but also across the occupational and industry spectrum. People are needed at all levels—from entry-level jobs such as home health aides to mid-level occupations such as medical technicians to high-skill, high-pay positions such as registered nurses. There are opportunities along many career pathways—in clinical, administrative, and technical fields. The situation is not that of isolated mismatches, but rather a systematic shortfall of skilled people in the healthcare field.

Employers have been actively pursuing a number of strategies to address this crisis. They have stepped up their local and regional recruiting, luring employees from one another. While this approach has proven to be a short-term fix in some cases, most healthcare executives agree it does not offer a long-term solution. As one healthcare executive interviewed for this paper said: “We are our own worst enemies. We steal from each other, bid up the price, and end up in the same place—still far short of having the people we need.”

Employers have also tried to recruit talent from other regions with sporadic success. The shortage of key Health Services personnel, such as nurses, is a national problem, so the competition is fierce for a limited pool of skilled workers. Even when external recruiting is initially successful, employers are finding problems develop later. Many report significantly higher turnover among workers recruited from outside the region than homegrown workers with family and other ties to the region.

Employers have tried to grow the pool of workers locally, investing in local colleges, universities, and other education and training programs. This commitment has expanded programs over time, but not nearly enough. The production of graduates in most healthcare fields in the Valley is a fraction of what is needed. Some employers have been quite innovative: offering scholarships, flexible work-education arrangements, and other incentives. Some have tried to increase awareness of health careers early in the K-12 educational system: providing information to students, teachers, and counselors. Although these steps are positive, these individual strategies have had only an incremental impact on workforce shortages.

Employers are also widely dispersed, strongly competitive, and often financially strapped, which discourages collaboration in addressing workforce shortages. To date, there have been some collaborative projects to address key shortages, yet no comprehensive commitment to a regional strategy has been made.

Some employers have formed consortiums to design and implement pilot programs. One example is the Paradigm Project, focused on the progression of licensed vocational nurses to registered nurses. The project is a partnership of five hospitals and Fresno City College, teamed with state government grant funding. This innovative effort helped people who had been waiting 2-3 years to gain access to nursing programs. At the same time, programs like this have been limited in scope and experimental in nature. They have only slightly increased the number of graduates. Nevertheless, they do offer an indication of what might be possible. As one hospital executive involved in the effort said, “The Paradigm Project shows the value of collaboration. Now, the business sector needs to come together to evaluate what needs to be done and set a plan for a decade of collaboration.”

Insufficient Response from Education and Training Institutions

While workforce shortages are growing, student demand for healthcare careers is also expanding. Several institutions have made new commitments in recent years, creatively assembling resources to pay for critical, but expensive, programs. In fact, many healthcare executives give generally good marks to the institutions for doing what they can under difficult constraints. But, education and training programs in Health Services are not expanding as quickly as student demand, resulting in waiting lists and lotteries to ration access to some programs. For both external and internal reasons, institutions have not responded adequately to the problem.

Externally, institutions are under severe constraints regarding their overall budgets, especially with recent state-level deficits and cutbacks. They simply cannot significantly increase programs of any kind without additional resources. Health employers have provided some additional resources so institutions could expand beyond what they would otherwise be able to do with public funds alone, but the long-term ability of employers to provide this funding is uncertain.

In addition to constraints on overall budgets, the prevailing state funding formula based on a total enrollment cap discourages expansion of comparatively more expensive programs, such as many of those in Health Services. Although not always the case, today public institutions are funded per full-time equivalent student (FTE) up to a capped total amount. Thus, the cost of individual programs per FTE is a critical factor. Programs with more expensive laboratories, equipment needs, instructor costs, and low faculty-student ratio requirements compete with programs that can accommodate more students at lower costs. This structural disincentive constrains growth of higher-cost programs, even in the face of enormous employer needs and student career opportunities in a field such as Health Services. Added to these externally-imposed constraints is the relative shortage of instructors in key health fields and clinical sites for student training.

Despite these external constraints, institutions also make internal choices that limit the expansion of Health Services programs. Institutions can (but often do not) significantly reallocate resources to grow more expensive programs that serve clear local needs, even if it means serving fewer students overall. With external funding constraints and many competing interests among the faculty, administrative staff, and elected boards, internal reallocation of resources means one program will expand at the expense of another—a politically unpalatable choice in many cases. Without strong leadership from within the institution, and a strong rationale for educating people for good careers in the region, there is little chance significant reallocations will occur.

Insufficient Response from the Region

Beyond the parties directly involved in trying to address workforce shortages in Health Services—the employers, the education and training institutions, and the wider workforce development system—the broader community has not generally made Health Services an economic priority. Many elected officials, community leaders, and others have made access and affordability to healthcare a priority. However, few have championed growing Health Services as a source of economic opportunity, good jobs with career potential, and increases in much-needed public revenues. Many business leaders in the region have made economic growth a priority, but few outside of healthcare are working aggressively to promote health services as a promising opportunity.

Why has there not yet been a strong regional response? As in many regions, Health Services is viewed more as an essential part of the region's community infrastructure and quality of life than a significant contributor to the economic well-being of the people and communities of the San Joaquin Valley. Thus, Health Services has been seen more as a social need than an economic priority for the region. While healthcare access and cost are clearly important issues, so too are workforce shortages and economic impacts. And, unlike many regions, Health Services offers an opportunity for significant job creation and economic prosperity. To realize this opportunity, Health Services must become both a social and an economic priority for the Valley.

Now, more than ever, there is a strong rationale for a regional approach to expand the homegrown Health Services workforce. The opportunity is too big to be just a local concern. Every community in the Valley wants good jobs with career potential for its homegrown workforce—the kind Health Services can provide. Health Services is not just a local concern, but truly a regional industry, with a strong presence in every San Joaquin Valley county. And, a thriving Health Services sector creates multiple benefits across the region—stimulating local economies, increasing public revenues, and creating employment opportunities, as well as providing health care to the people of the region.

The problem is also too big for local solutions alone. Individual Health Services employers are pursuing a number of creative strategies to find and develop a skilled workforce, but have the resources to do only so much while also trying to survive in a very competitive marketplace. Likewise, individual educational institutions have built solid programs that they are trying to expand, but are often constrained by funding decisions made in Sacramento or by competing priorities within the institution or community. Innovative local partnerships have also been formed among employers and institutions, but thus far have remained relatively small in scale and impact.

Realistically, there are only two ways to resolve these workforce shortages. One way to resolve the shortage is to decrease demand. This would mean existing Health Services employers would stop growing or decrease in size, few new Health Services employers would locate in the region, and regional residents would have to go outside the Valley for healthcare. Although virtually no one would support this choice, it is likely to be the outcome if the status quo prevails.

The other way to resolve the shortage is to increase supply. To do so will require much more than is currently being done. It will require extraordinary collaboration and leadership among Health Services employers, education and training institutions, the broader workforce development system, and the broader community—including business leaders in other sectors, elected officials at the local level, and those representing the region at state level.

III. Capitalizing on the Opportunity

While local initiatives are critical, they could have greater impact with the support of regional resources and connections. Top-level leadership from local Health Services employers and educational institutions is essential—but can only do so much without strong support from other business, government, and community leaders. A broader leadership commitment could make growing the Health Services workforce a higher regional priority and expand the pool of expertise and resources. Given its fiscal constraints, state government is not in a position to invest significant new resources to address the problem. The region will have to chart its own course, creatively combining ideas and resources to grow its Health Services workforce and sector, providing jobs for its people and prosperity for its communities.

The Seeds of a New Regional Approach

While the current approach is not working, some of the seeds of success may be found in innovative, collaborative efforts at the local level. Some may also be found in effective models from other regions. And, some new ideas may need to be added to the mix. Taken together, there may be a way to assemble the strategy and build the coalition necessary at the regional level to make a difference. In fact, if the San Joaquin Valley can coalesce around this opportunity, it could set a national example of regional innovation, even in the face of state-level constraints and nationwide shortages.

There are both existing and emerging collaborations in parts of the region that could serve as an example to be expanded or adapted. For example:

- *The Paradigm Project*—Established with sponsorship from several healthcare employers and Fresno City College, along with financial support from the State Workforce Investment Board, the Paradigm Project has worked on increasing the number of licensed vocational nurses (LVN) and registered nurses (RN), and the flow of people from LVN to RN in a career progression.
- *Central Valley Nursing Workforce Diversity Initiative*—Sponsored by the California Endowment, this initiative is funding scholarships, faculty fellowships, program expansions, policy advocacy, and communications and marketing to promote nursing as a career to diverse youth audiences.

- *The Fresno Jobs Initiative’s proposed Valley Training and Education Consortium for Healthcare (VTECH)*—With the support of local elected officials and other business and community leaders, the proposal is to establish a major training facility, initial preparation for jobs at all levels, as well as continuing education for current healthcare workers to maintain their skills or add a specialty. One option under consideration is a public-private partnership with Fresno City College to focus a planned new campus in Southwest Fresno as a healthcare and related fields training facility. The land acquisition costs for the facility are already funded through a recent ballot initiative (Measure E). Currently, there is a group of healthcare executives and other leaders actively moving forward on this proposal.

There are also collaborative models outside the Valley that could offer the seeds of a new regional effort in the Valley. For example:

- *Hospital Consortium Education Network*—Sponsored by more than 35 hospitals and health systems, this Northern California network provides continuing health education at training facilities in Burlingame and Pleasanton. The Network pools training resources of sponsors, offering a wide range of programs for health workers at all levels, from EMT training to nursing programs to refresher courses, taught by hospital-based educators, college faculty, and other specialists.
- *Iroquois Healthcare Alliance*—In Upstate New York, this alliance, representing hospitals, health systems, and other providers, became a regional resource and leader, including establishing the Upstate Health Workforce Center. The Center coordinates training and educational opportunities to meet the urgent needs of employers, offers career assistance and an interactive career center for individuals, coordinates regional recruitment of candidates from outside Upstate New York, maintains an online job bank, and offers online education through a partnership with HealthStream, a private vendor of online health education.
- *Partnership for Education and Clinical Excellence (PEACE)*—In Columbia, South Carolina, this initiative brings together regional education providers with area hospitals in an effort to increase the number of nursing students and faculty, attempting to move beyond the competitiveness among employers to find a “pre-competitive” space for collaboration to improve the overall pipeline of healthcare talent in the region.

- *San Antonio Uniformed Services Health Education Consortium*—The U.S. Army and Air Force centralizes its medical training in a single facility in San Antonio, Texas. An overall approach is determined using staffing forecasts, patient projections, required training, and partnerships to deliver needed training. The effort has served to integrate programs of the two services for better impact, combining the resources into a fully integrated graduate medical education entity.

In addition, some regions are creating dedicated campuses for allied health (e.g., Miami/Dade Community College).

There are also ideas, voiced by healthcare executives interviewed for this paper that could be part of the solution:

- *Establish a special exemption from statewide caps*—Work to pass state legislation to exempt health careers from existing enrollment caps. While difficult to do on a comprehensive, permanent statewide basis, perhaps a temporary exemption for a limited number of institutions in one region could be put in place and evaluated for its impacts. The Valley could step forward to drive this “experiment.”
- *Establish a regional pool of matching funds to increase institutional capacity and commitment to health services education and training*—Existing institutions could reallocate resources to gain access to a pool of matching funds from a consortium of healthcare employers. Employers could pool and focus their resources, rewarding institutions that make Health Services education and training a top priority and ensure effective articulation with other institutions.
- *Create a new regional, employer-driven health education and training consortium model*—Set up a privately-funded, privately-based, shared entity among employers to produce full programs or continuing education, building on the experience of models from other regions and the emerging efforts of the Fresno Jobs Initiative.
- *Focus on the early stage of the pipeline*—Employers could work together on filling the “pipeline” earlier, through targeted efforts at middle and high schools students (e.g., charter schools focused on health, efforts to help students get community college program prerequisites completed earlier so they take less time to get through the system, better leveraging the existing institutional capacities).

Charting a New Regional Course

Charting a new regional course to meet the severe workforce shortages in Health Services and capitalize on the opportunity for good jobs and economic prosperity for the region might involve the following steps:

- *Make the Regional Case*—Publish a document that briefly, but forcefully lays out the logic for why Health Services needs to become an economic priority in the San Joaquin Valley. Use the report and supporting data to raise awareness and interest within and outside the Health Services sector, including other business, government, and community leaders.
- *Sign On Health Service Employers to Explore the Possibility of a Regional Approach*—Secure the commitment of key Health Services employers to explore a regional approach to building a homegrown workforce. A number of hospitals are already working together on local projects (e.g., the Paradigm Project, the Fresno Jobs Initiative), which could serve as a foundation for a broader regional coalition. Based on this project, the Hospital Council of Northern and Central California is creating a working group to explore a regional approach.
- *Build a Regional Team*—Health Services employers must work with other business, government, and community leaders to better leverage existing regional assets. Elected officials, economic development professionals, business leaders from other sectors, and others could help with the political advocacy at the state level, the institutional advocacy at the local level, funding (e.g., bond issues and other means), support in recruiting new workers, and in a host of other ways. In addition, the region should work with federal agencies to coordinate efforts to address the health services opportunity.
- *Evaluate the Prospects of Adapting or Scaling Up Existing Innovative Models*—There are numerous small-scale programs in the region that have shown great promise, as well as creative approaches from other regions that could provide the basis for a breakthrough initiative for the San Joaquin Valley. A consortium could evaluate the best attributes of these efforts, matching them to the situation facing the region, and assembling the best overall approach based on these proven innovations.
- *Pioneer a New Regional Approach*—Based on best practices, design and implement a breakthrough initiative that sets the national standard for how a region can most effectively leverage its resources to prepare a homegrown workforce in Health Services. Incremental improvements will not be enough. A significant scale-up of healthcare education and training through multiple means, using creative methods and focusing on “pre-competitive,” shared interests is necessary.

Whatever course of action is taken, the San Joaquin Valley has an enormous opportunity to create much-needed prosperity and jobs—but only if the region can work together, pooling its resources to meet the significant challenges and opportunities within the Health Services arena.