

Surgical Technology

Evaluation Summary & Recommendation – November 2016

Proposal and Recommendation

Establish a Surgical Technology program to be offered on ground on the Temecula and Rancho Cordova campuses, planning for a late Summer 2017 launch.

Background

The institution currently offers a Commission on Accreditation of Allied Health Education Programs (CAAHEP) accredited Surgical Technology program at two locations: Fresno and Bakersfield. The Rancho Cordova and Temecula campuses have demonstrated success in their Reparatory Therapy program which shares operational and regulatory similarities to a Surgical Technology program, including admissions requirements, census cap based on the number of clinical sites secured, and program rigor.

Strategic Evaluation

The Growth and Development team considered the proposed Surgical Technology program migration to the Rancho Cordova and Temecula campus through the lens of SJVC's strategic objectives.

Enroll Capable Applicants

A competitive analysis was conducted in each market to make our best attempt to find all potential competitors within a 60-mile radius of each campus. Rancho Cordova has two competitors. The average completers for the Rancho Cordova market is 13. Of the two competitors in Rancho Cordova, one is not eligible for Title IV funding. The Temecula campus currently has seven competitors, and the market averages 33 graduates a year. (Appendix A: ST Competitive Analysis)

Google estimates the number of searches for surgical technology in Rancho Cordova and Temecula to be equal to each other, and higher than those estimates for Fresno and Bakersfield. Over the last 10 years, interest in surgical technology has been stable in California. (Appendix B: Demand Assessment)

The marketing team also launched a test marketing campaign in each market to measure consumer demand in Rancho Cordova and Temecula compared to what we already know exist in Fresno and Bakersfield. Response data support a higher search volume for surgical technology in Rancho Cordova and Temecula than in our existing markets. Rancho Cordova had the highest number of clicks on our advertisement and Temecula's click rate was nearly the same as Fresno for the second highest. (Appendix C: ST Test Marketing Campaign Results)

Our prospective start budget anticipates 64 starts for each campus in the first 24 months of operation (Appendix D: Start & Marketing Budget). The number of enrollments acceptable for each cohort in this proposed program will be determined by the number of clinical sites and slots we are able to secure.

Achieve Student Learning Outcomes

The Surgical Technology program will prepare graduates to sit for the Certified Surgical Technologist (CST) exam. Graduates of a CAAHEP accredited program are qualified to sit for the CST exam. If we are not able to secure programmatic accreditation until after our first cohort of students graduate, the first cohort will be eligible to sit for the CST exam once the proposed program is awarded programmatic accreditation.

To measure employer demand, surveys were conducted with available employers in each market to determine their need and interest in hosting surgical technology students for clinical rotations. Rancho Cordova secured verbal agreements from eight of the 23 potential hospitals in their market for a total of 15 possible slots. Temecula secured nine verbal agreements of the 20 potential hospitals for a total of 11 possible slots. With a combination of hiring a

program director who is well-connected to the community, launching the program, and opening an application with ARC/STSA to secure programmatic accreditation, it is expected we will have success in securing enough clinical agreements to support a cohort of 16 students.

Develop and Secure Employers

Feedback received from local employers in each market was generally positive in response to our inquiry to host students for clinical sites.

Achieve Student Academic Success

The 2015 institutional graduation rate for the Surgical Technology program was 64%, compared to our 70% target. Approved programs are required to submit annual outcome assessment reports to Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC/STSA). ARC/STSA's retention standard states 60% of students that are admitted to the program should graduate.

The ARC/STSA requires 100% participation in the CST exam and a 70% pass rate. Programs seeking CAAHEP Initial Accreditation are required to administer the CST practice exam to all students until the award of CAAHEP Initial Accreditation. This year, Bakersfield and Fresno reported 100% participation in the CST exam. The annual pass rates reported to the ARC/STSA in May 2016 for Bakersfield were 88% and 75% for Fresno. We expect similar outcomes for participation and certification pass rates in the proposed markets.

Achieve Graduate Professional Success

The institutional placement rate included one graduating class for Surgical Technology in 2015 and was 83%. CAAHEP requires 80% of graduates seeking employment to be employed in-field. The annual placement rates reported to the ARC/STSA in May 2016 for Bakersfield and Fresno were 68% and 92%, respectively.

The State Employment Development Department (EDD) for the Rancho Cordova market includes job openings for the Sacramento-Roseville-Arden-Arcade MSA and its adjacent Alameda and Contra Costa MSA. Between the two MSAs there are 48 jobs projected per year (which include both new job growth and replacements for turn-over). Annual job openings for Riverside-San Bernardino-Ontario MSA are predicted to be at approximately 26 jobs (Appendix E: Projected Employment Statistics). A credible web based job search tool (www.indeed.com) was also used to measure projected employment in each market. In the last 30 days, the Sacramento market had 25 jobs posted for Surgical Technology and Temecula had 30.

The most recent three-year cohort default rate for the College is 18%. Our existing Surgical Technology program has a three-year cohort default rate of 11%. The draft annual and discretionary debt to earnings rates published in October 2016 are both passing and are well below the required threshold.

Increase SJVC Presence

The institutional student census is expected to increase to about 48 students when the proposed programs reach maturity. Each campus will improve their census by approximately 22 students and expand the number of medical programs offered.

Ensure Financial Stability

The total start-up costs per campus is approximately \$137K (Appendix F: ST Start-up Costs by Campus). The financial performance in 2015 for our Bakersfield campus (the nearest comparable value for the proposed programs) was \$656K in revenue with a gross profit margin of 55%.

Operational Considerations

The ARC/STSA mandates all approved programs appoint a full-time program director. Until we are able to secure a program director, we can use an interim program director to assist with the application process for programmatic approval. Fresno's program director is qualified to serve as an interim program director.

Recruitment research was conducted through LinkedIn to evaluate the potential number of candidates to recruit for a program director, clinical coordinator, and instructor in the Rancho Cordova and Temecula area. The research yielded the following results:

Rancho Cordova (Sacramento area): 289

Temecula: 16 (within a 75 miles of our campus zip code) and 1,366 (greater Los Angeles area).

Academic Structure, Curriculum and Instruction

The Surgical Technology program is a linear program and is taught over four terms. Each term is a prerequisite of the next. Students complete clinical rotations in their third and fourth term. The total length of the Associate's Degree program is 64 weeks.

The program director, clinical coordinator, and instructor are required to possess a credential in the field of surgical technology. Candidates for each position must also meet the minimum requirement of experience: program director (5 years), clinical coordinator (three years), and instructor (two years). It's possible each campus will only need a program director and one full-time clinical coordinator to manage and teach in the program until a second cohort is begins. At that point, we may want to consider onboarding an additional instructor. The student to instructor ratio for laboratory instruction should be no more than 10:1.

Accreditation and Approvals

Our existing Surgical Technology programs are independently recognized and approved by CAAHEP. ARC/STSA serves and the administrative manager for CAAHEP. Programmatic accreditation requires the submission of an accreditation packet, a completed self-study, and an on-site evaluation. Upon the completion of a successful on-site visit, ARC/STSA will review our application at their bi-annual board meeting and make a recommendation to CAAHEP to review and approve our proposed program at their bi-annual board meeting. Since we are an accredited institution, we can order an accreditation packet and begin the Initial Accreditation process with ARC/STSA immediately, however, the on-site evaluation cannot occur until the first cohort has completed at least 50% of their clinical requirements.

Facilities and Equipment

The Surgical Technology program requires one designated space for lab. The lab should be approximately 700 square feet and in an ideal situation be placed near water flow. Rancho Cordova's existing facility does not have space available to absorb. The College does have additional space on or near our existing campus available for lease. For Temecula, space is limited, however, this will likely change with the roll-out of gainful employment. Another alternative to secure space would be to reevaluate current classroom availability and scheduling and determine our ability to move classes around and free up the needed space for a lab.

The equipment and consumables necessary to launch the proposed program on each campus is expected to cost about \$68,000 per campus. This total is included in the total start-up costs per campus.

Appendices: Surgical Technology Rancho Cordova and Temecula

Appendix A: ST Competitive Analysis.....	1
Appendix B: Demand Assessment.....	2
Appendix C: ST Test Marketing Campaign Results.....	33
Appendix D: Start & Marketing Budget.....	44
Appendix E: Projected Employment Statistics.....	6
Appendix F: ST Start-up Costs per Campus.....	8

Appendix A: ST Competitive Analysis

SJVC Market	Competitor	City	Miles from campus	Tuition	Credential	Grads
Rancho Cordova	Contra Costa Medical Career College	Antioch	50	\$ 15,709	Cert	15
	Carrington College	Citrus Heights	7	\$ 45,140	Deg	(blank)
				\$ 46,798	Cert	11
Temecula	American College of Healthcare (Institutional with Surgical Technology)	Riverside	39	\$ 32,095	Cert	62
	American Career College	Ontario	51	\$ 38,715	Deg	58
	Career Networks Institute College	Orange	60	\$ 29,448	Cert	51
	Career Networks Institute College	San Bernardino	49	\$ 26,886	Cert	18
	Concorde	San Diego	59	\$ 31,627	Deg	16
	Southwestern College	Chula Vista	58	\$ 1,744	Cert	10
	MiraCosta College	Oceanside	31	\$ 4,302	(blank)	8
	North-West College	Riverside	43	\$ 31,900	Cert	7
				(blank)	(blank)	4

Appendix B- Demand Assessment

Search Volume

Moderate

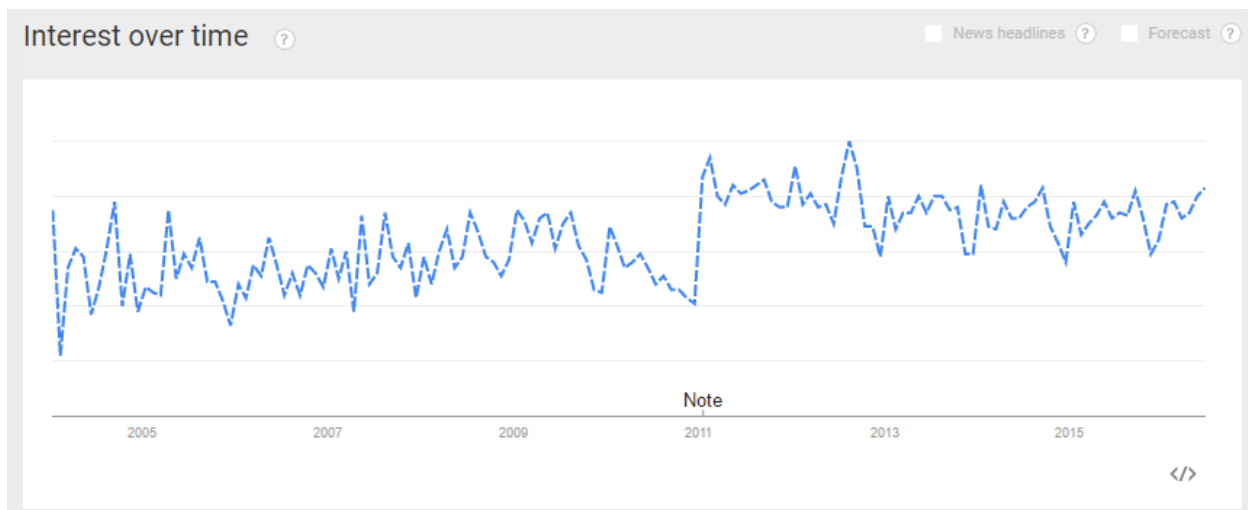
The analysis compares all keywords currently being used for our Surgical Technology advertising.¹

Campus	Estimate – Searches (Monthly Avg.)	Actual – Searches (Last 30 Days)
Temecula	4400	N/A
Modesto	1370	N/A
Hesperia	396	N/A
Rancho Cordova	4400	N/A
Bakersfield	410	680
Fresno	2200	1691

Interest over Time

Stable

Stable search demand from 2004 to present day.² (Note: Increase in 2011 is likely attributed to changes in data collection methods.)



¹ **Source:** Google Keyword Planner;

² **Source:** Google Trends; **Region:** California; **Search Topic:** Surgical technologist (Occupation)

Appendix C: ST Test Marketing Campaign Results

Campus	Impressions	Clicks
Rancho Cordova (Test)	730	44
Fresno	318	22
Temecula (Test)	778	18
Bakersfield	118	8

Timeframe: From Oct 26 – Nov 1

Appendix D: Start & Marketing Budget

Select first start date:						
	8/28/17	Start Date				
Campus	Program	28-Aug-17	23-Apr-18	17-Dec-18	26-Aug-19	Total
COR	ST	16	16	16	16	64
TEM	ST	16	16	16	16	64

Campus	Program	May-2017	Jun-2017	Jul-2017	Aug-2017	Mar-2018	Apr-2018	TOTAL
TEM	ST	\$ 5,800	\$ 5,800	\$ 10,800	\$ 8,800	\$ 5,800	\$ 5,800	42,800
COR	ST	\$ 7,000	\$ 7,000	\$ 12,800	\$ 10,800	\$ 7,000	\$ 7,000	51,600
	TOTAL						\$	94,400

Appendix E: Projected Employment Statistics

Employment Development Department Labor Market Information Division Published: December 2014														
2012-2022 Occupational Employment Projections Sacramento–Roseville–Arden-Arcade Metropolitan Statistical Area (El Dorado, Placer, Sacramento, and Yolo Counties Counties)														
SOC Code*	Occupational Title	Estimated Employment 2012**	Projected Employment 2022	Numeric Change 2012-2022 [1]	Percent Change 2012-2022	Annual Average Percent Change	Average Annual Job Openings			2014 First Quarter Wages [5]		Education and Training Levels [7]		
							New Jobs [2]	Replacement Needs [3]	Total Jobs [4]	Median Hourly	Median Annual	Entry Level Education	Work Experience	On-the-Job Training
29-2055	Surgical Technologists	560	730	170	30.4%	3.0%	17	6	23	\$29.44	\$61,249	5	None	None

Employment Development Department Labor Market Information Division Published: January 2015														
2012-2022 Occupational Employment Projections Oakland-Hayward-Berkeley Metropolitan Division (Alameda and Contra Costa Counties)														
SOC Code*	Occupational Title	Estimated Employment 2012**	Projected Employment 2022	Numeric Change 2012-2022 [1]	Percent Change 2012-2022	Annual Average Percent Change	Average Annual			2014 First		Education and Training		
							New Jobs [2]	Replacement Needs [3]	Total Jobs [4]	Median Hourly	Median Annual	Entry Level Education	Work Experience	On-the-Job Training
29-2055	Surgical Technologists	700	870	170	24.3%	2.4%	18	7	25	\$34.93	\$72,672	5	None	None

Employment Development Department Labor Market Information Division Published: December 2014														
2012-2022 Occupational Employment Projections Riverside-San Bernardino-Ontario Metropolitan Statistical Area (Riverside and San Bernardino Counties)														
SOC Code*	Occupational Title	Estimated Employment 2012**	Projected Employment 2022	Numeric Change 2012-2022 [1]	Percent Change 2012-2022	Annual Average Percent Change	Average Annual			2014 First		Education and Training		
							New Jobs [2]	Replacement Needs [3]	Total Jobs [4]	Median Hourly	Median Annual	Entry Level Education	Work Experience	On-the-Job Training
29-2055	Surgical Technologists	690	880	190	27.5%	2.8%	19	7	26	\$24.29	\$50,535	5	None	None

* The Standard Occupational Classification (SOC) system is used by government agencies to classify workers into occupational categories for the purpose of collecting, calculating, or
 ** Data sources: U.S. Bureau of Labor Statistics' Current Employment Statistics (CES) March 2013 benchmark, Quarterly Census of Employment and Wages (QCEW) industry employment, Occupational employment projections include self-employed, unpaid family workers, private household workers, farm, and nonfarm employment.
 N/A - Information is not available.
 Occupations with employment below 100 in 2012 are excluded.
 Occupation subtotals may not add to the totals due to rounding and the suppression of data.
 The use of occupational employment projections as a time series is not encouraged due to changes in the occupational, industrial, and geographical classification systems; changes in the

- [1] Numerical employment change is the net difference between the base and projected year employment and reflects job growth or decline. The base and projected year employment are
- [2] New jobs are only openings due to growth and do not include job declines. If an occupation's employment change is negative, there is no job growth and new jobs are set to zero. New
- [3] Replacement needs estimate the number of job openings created when workers retire or permanently leave an occupation and need to be replaced.
- [4] Total jobs are the sum of new jobs and replacement needs.
- [5] Median hourly and annual wages are the estimated 50th percentile of the distribution of wages; 50 percent of workers in an occupation earn wages below, and 50 percent earn wages above the median wage. The wages are from 2014 first quarter and do not include self-employed or unpaid family workers.
- [6] In occupations where workers do not work full-time all year-round, it is not possible to calculate an hourly wage.
- [7] The Bureau of Labor Statistics develops and assigns education and training categories to each occupation. For more information on these categories, please see http://www.bls.gov/emp/ep_education_training_system.htm

Entry Level Education
1- Doctoral or professional degree
2- Master's degree
3- Bachelor's degree
4- Associate's degree
5- Postsecondary non-degree award
6- Some college, no degree
7- High school diploma or equivalent
8- Less than high school

Work Experience Codes	
≥5 years	5 years or more experience in a related occupation or field is common.
<5 years	Less than 5 years experience in a related occupation or field is common.
None	No work experience is typically required.

On-the-Job Training	
I/R	Internship/Residency
APP	Apprenticeship
LT OJT	Long-term on-the-job training
MT OJT	Moderate-term on-the-job training
ST OJT	Short-term on-the-job training
None	None

Appendix F: ST Start-up Costs per Campus

Start-up Costs	
Equipment & Consumables	\$68,000
Capital/Facilities	\$30,000
Faculty Salary	\$21,000
Avg. Advertising	\$12,000
ARC ST/SA Application Fee	\$2,500
Total	\$133,500