



Federal Funds Expand and Support California's Health Workforce

This explainer provides information on federal health workforce funding in California. This publication is the third in a series exploring state, federal, and philanthropic efforts to expand and diversify the health workforce in California. The first report, [How California Is Strengthening Its Health Workforce](#), explores state investments in the health workforce. The second report, [The Role of State and Federal Funding for Graduate Medical Education in California](#), explains the financing of graduate medical education, also known as physician residency training.

Note: CHCF is monitoring changes in the Federal landscape and will update this brief in early 2026.

For decades, the federal government has been a primary funder of health workforce programs to ensure individuals have access to the care they need to live healthy lives.¹ The size and scope of federal health workforce funding is substantial and has become increasingly essential for state

workforce planning and development needs. This is especially true as state and national workforce shortages have increased due to an aging population, early exits from the workforce, increased behavioral health care needs, COVID-19 pressures, and other demographic and population changes.²

Millions of Californians currently reside in areas of the state with a shortage of health professionals and experience difficulty finding care as a result.³ California leaders have responded by using record-breaking surpluses to invest more than \$4.3 billion over a five-year period (2019–20 to 2023–24) in various health workforce initiatives and programs.⁴ But the ability to make new investments or maintain ongoing funds for these programs depends on the state's fiscal condition, which can vary dramatically from year to year.⁵ This is why ongoing federal support for the health workforce is vital to the health of Californians.⁶

As the Trump administration and a Republican-led Congress determine spending levels for the

next federal fiscal year and beyond, funding for health workforce programs in California is at risk. Spending levels are determined using two budgeting processes: annual budget appropriations, which determine discretionary spending, and budget reconciliation, which can determine mandatory spending levels (see text box). The Trump administration has put forth a budget request that would reduce discretionary funding for programs across the federal government, including some health workforce programs.⁷ If Congress passes an appropriations bill that includes these cuts, it will curtail efforts to sustain and expand the health workforce in California.

In addition, the 2025 Republican reconciliation bill (H.R. 1) included extreme cuts in mandatory spending for programs that help Californians access health care. These spending cuts are made possible by numerous policy changes, such as more restrictive eligibility and work requirements for Californians enrolled in Medi-Cal, the state's Medicaid program, and the expiration of tax credits for those who purchase their health

coverage via Covered California, the state's official health exchange marketplace.⁸ In addition, H.R. 1 included new limits to federal student loan borrowing, which will likely curtail the number of students — particularly those from low-income backgrounds — seeking advanced degrees in health professions and disincentivize physicians from working in lower-paying positions, such as those in primary care or in underserved communities. Taken together, these changes will limit Californians' abilities to access health care in the years ahead.

Not only will these cuts affect health care access and affordability for individuals across the state, these changes will also create new cost pressures that will require California policymakers to make difficult choices in order to balance the state budget.⁹ State leaders will likely be unable to backfill any future losses in discretionary funding with state dollars to maintain current efforts to expand and sustain the health workforce. Further, these funding cuts may mean that new state funding for health workforce programs will be out of reach in the near future.

Ultimately, any disinvestment by federal policymakers in the health workforce will further limit Californians' access to the health care they need to live healthy lives.

The following sections provide an in-depth snapshot of federal health workforce investments in California for the 2022 federal fiscal year, which is the most recent year for which comprehensive data are available.¹⁰ It examines which federal departments distribute funds, which health fields are supported by federal dollars, and which types of programs distribute funds across the state.

The Three Categories of Federal Budget Spending

Spending in the federal budget is divided into three categories: discretionary, mandatory, and net interest.

Discretionary spending: This category refers to all federal spending that must be appropriated by Congress each year as part of annual appropriations legislation. Any program or activity authorized by a law that does not also authorize spending must be funded through appropriations legislation. Examples include defense spending, civilian agency budgets, and certain federal grant programs.

Mandatory spending: This category covers federal spending that is not authorized by annual appropriations legislation. Instead, this spending is written into the laws that authorize programs or activities. Mandatory spending for some programs and activities is in effect

indefinitely, while for others, an end date is set. As examples, mandatory spending is indefinite for Medicare and Social Security, but must be reauthorized periodically for the Supplemental Nutrition Assistance Program (SNAP).

Net interest: This category refers to money spent on interest payments on federal debt.

Because Congress must approve discretionary spending each year, programs and activities funded with discretionary spending may face more scrutiny from lawmakers. Likewise, mandatory spending that must be reauthorized periodically may also receive scrutiny. On the other hand, mandatory spending that is in effect indefinitely is generally considered ongoing until the authorizing law is changed, which can happen during the budget reconciliation process.

Source: "What is Mandatory and Discretionary Spending?" in *The Tax Policy Briefing Book*, Tax Policy Center, last updated January 2024.

Why Does the Federal Government Invest in the Health Workforce?

During the 1950s and early 1960s, interest groups laid the foundation for new federal programs that would expand access to health care for older adults and people with low incomes — programs that would become known as Medicare and Medicaid. During this same period, federal work groups released numerous reports that underscored the need for federal investment to increase the health workforce to meet the nation's needs — especially if access to health care expanded with implementation of new federal programs. In response, Congress passed the Health Professions Educational Assistance Act of 1963, which was the first piece of federal legislation intended to increase the supply of health professionals in the US. This legislation initiated a period of congressional action to expand and support the health workforce that lasted for decades, establishing the federal government as a primary funder of the country's health workforce. To this day, Congress has continued to fund education, training, and retention efforts for health professionals in order to meet the nation's evolving health needs.

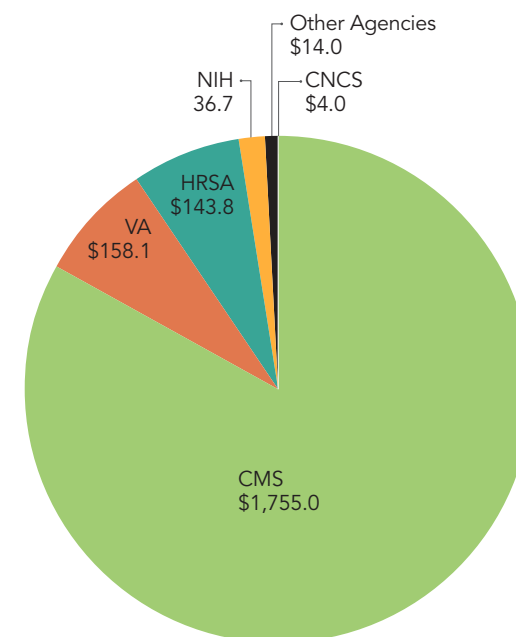
Sources: Catherine Hoffman, "[National Health Insurance – A Brief History of Reform Efforts in the U.S.](#)," KFF, February 28, 2009; "[History of Health Reform Efforts in the United States](#)," KFF, March 25, 2011; [Building America's Health: A Report to the President](#), The President's Commission on the Health Needs of the Nation, December 18, 1952; [Federal support of medical research: Report to the Subcommittee on Departments of](#)

[Labor and Health, Education, and Welfare of the Committee on Appropriations, United States Senate, Eighty-sixth Congress, Second Session](#), Committee of Consultants on Medical Research, 1960; [The Advancement of Medical Research and Education Through the Department of Health, Education, and Welfare: Final Report of the Secretary's Consultants on Medical Research and Education](#), US Department of Health, Education, and Welfare, June 27, 1958; [Physicians for a Growing America: Report of the Surgeon General's Consultant Group on Medical Education](#), US Department of Health, Education, and Welfare, October 1959; [Toward Quality in Nursing Needs and Goals: Report of the Surgeon General's Consultant Group on Nursing](#), US Department of Health, Education, and Welfare, February 1963; Owen MacBride, [An Overview of the Health Professions Educational Assistance Act, 1963-1971](#), Robert Wood Johnson Foundation, June 1973; Eli Ginzberg, Edward Brann, Dale Hiestand, and Miriam Ostow, "The Expanding Physician Supply and Health Policy: The Clouded Outlook," *Millbank Memorial Fund Quarterly* 59, no. 4 (1981): 508-541; Bernice Reyes-Akinbileje, [Title VII Health Professions Education and Training: Issues in Reauthorization](#) (PDF), Congressional Research Service (CRS), February 7, 2008; Arthur Testoff and Remy Aronoff, "The Health Careers Opportunity Program: One Influence on Increasing the Number of Minority Students in Schools of Health Professions," *Public Health Reports* 98, no. 3 (May-June 1983): 284-291; Reynolds, "A Legislative History."

Health Workforce Funding in California by Federal Department and Agency

The federal government provided an estimated \$2.1 billion to educate, train, and retain the health workforce in California during the 2022 federal fiscal year (see Figure 1).¹¹ These funds were distributed by nine federal departments and agencies. More than 8 in 10 federal dollars — nearly \$1.8

Figure 1. Federal Funding for California's Health Workforce by Federal Agency and Department (in Millions), FY 2022



Source: Author's analysis of data from CMS, USASpending, and the VA. Notes: FY refers to the federal fiscal year. CMS is US Centers for Medicare & Medicaid Services; CNCS is Corporation for National and Community Service; HHS is US Department of Health and Human Services; HRSA is Health Resources & Services Administration; NIH is National Institutes of Health; and VA is US Department of Veterans Affairs. Figure does not include federal pandemic relief funds or health workforce funding from the Department of Defense.

billion — came from the US Centers for Medicare and Medicaid Services (CMS), an agency within the US Department of Health and Human Services (HHS). This funding was for Medicare payments to California hospitals to cover a portion of the training costs of graduate medical education (GME) programs, also known as physician residency. This is by far the state's largest single source of federal health workforce funding.¹²

The following HHS agencies distributed an additional \$194.6 million during the 2022 fiscal year:

- ▶ Health Resources & Services Administration (HRSA): \$143.8 million
- ▶ National Institutes of Health (NIH): \$36.7 million
- ▶ US Centers for Disease Control and Prevention (CDC): \$8.4 million
- ▶ Agency for Healthcare Research and Quality: \$2.6 million
- ▶ Substance Abuse and Mental Health Services Administration (SAMHSA): \$1.6 million
- ▶ Indian Health Service: \$1.4 million

The US Department of Veterans Affairs (VA) also provided \$158.1 million to educate and train students and professionals at Veterans Health Administration facilities across the state. Finally,

the freestanding Corporation for National and Community Service provided \$4 million for Public Health AmeriCorps programs in California to support pathways for public health careers.

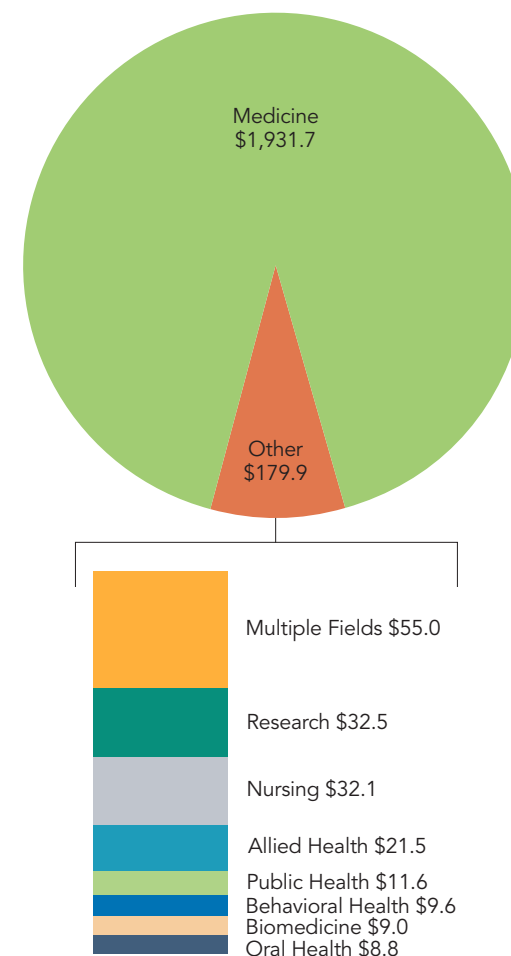
Federal Health Workforce Funds Support Students and Professionals in a Variety of Health Fields

Federal dollars are often distributed across various health fields (see text box on next page). In the 2022 federal fiscal year, 9 in 10 dollars (\$1.9 billion) targeted medical professions, such as physicians and physician assistants (see Figure 2). While this total largely reflects Medicare payments to California hospitals for GME, it also includes HRSA-administered GME grant programs and VA-funded GME.¹³

Of the remaining \$179.9, about \$126 million in federal funds were distributed by federal programs that focus on one field, such as:

- ▶ Health research: \$32.5 million
- ▶ Nursing: \$32.1 million

Figure 2. Federal Funding for California's Health Workforce by Health Field (in Millions), FY 2022



Source: Author's analysis of data from the US Centers for Medicare & Medicaid Services, USA Spending, and the US Department of Veterans Affairs.

Notes: FY refers to the federal fiscal year. Figure does not include federal pandemic relief funds or health workforce funding from the Department of Defense.

- ▶ Allied health: \$21.5 million
- ▶ Public health: \$11.6 million
- ▶ Behavioral health: \$9.6 million
- ▶ Biomedicine: \$9.0 million
- ▶ Oral health: \$8.8 million

The other \$55 million was distributed through programs that support workers and organizations in various health fields. One example is the HRSA-administered National Health Service Loan Repayment Program, which supports professionals in medical, dental, nursing, and behavioral health fields in geographies designated by the federal government as having a shortage of health workers.¹⁴

Health Fields and Health Worker Roles

- ▶ **Medicine:** Clinicians who practice medicine to promote or maintain patient health (e.g., pediatricians, primary care physicians, dermatologists)
- ▶ **Nursing:** Professionals who deliver direct patient care in clinical settings as well as those who provide health education to communities (e.g., registered nurses, nurse midwives, nurse anesthetists)
- ▶ **Health Research:** Workers who study human health and disease, often in clinical settings

(e.g., physician-scientists, medical scientists)

- ▶ **Allied health:** Workers who provide diagnostic, therapeutic, or support services that are distinct from nursing and medicine (e.g., occupational therapists, medical assistants, pharmacists)
- ▶ **Public health:** Workers within public health agencies or community-based organizations who focus on health promotion (e.g., public health nurses, epidemiologists, health educators)
- ▶ **Behavioral health:** Professionals who provide treatment for mental, emotional, or substance use issues (e.g., psychiatrists, psychiatric technicians, social workers)
- ▶ **Biomedicine:** Professionals who apply principles from biology, biochemistry, and physiology to clinical medical practice (e.g., biomedical technologists, biomedical engineers, chemists)
- ▶ **Oral health:** Practitioners who provide care for the mouth, teeth, or facial structures related to the mouth (e.g., dentists, dental hygienists)

Federal Programs Support the Health Workforce Using a Variety of Methods

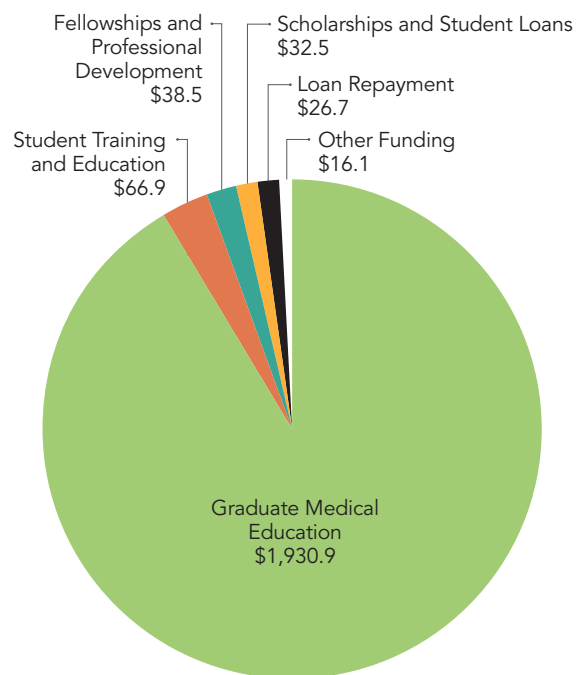
Most federal health workforce dollars supported the training and education of students and medical residents in the 2022 federal fiscal year (see Figure 3, next page). This included \$1.9 billion for GME and \$66.9 million for other student training and education programs at universities and nonprofits across California. An additional \$32.5 million funded low-cost student loans (\$7.7 million) and scholarships (\$24.8 million).

In addition to supporting students and medical residents, federal funds supported health professionals through post-graduate fellowships, other professional development opportunities, and loan repayment programs. Specifically, federal programs provided \$38.5 million for post-graduate fellowships and other professional development, such as advanced clinical training. Health professionals working in specific communities of need or in certain health fields, such as nursing, also received \$26.7 million for loan repayment.

The remaining \$16.1 million in federal health workforce dollars funded a range of activities, such as workforce research centers or research projects,

health workforce systems, and support for health workforce educators, such as nursing faculty.

Figure 3. Federal Health Workforce Funding by Program Type (in Millions), FY 2022



Source: Author's analysis of data from the US Centers for Medicare & Medicaid Services, USASpending, and the US Department of Veterans Affairs.

Notes: FY refers to the federal fiscal year. Figure does not include federal pandemic relief funds or health workforce funding from the Department of Defense.

Conclusion

Federal funds play a critical role in educating, training, and retaining California's health workforce. In the 2022 federal fiscal year, more than \$2 billion supported the workforce in eight distinct health fields and through various programs, such as GME, fellowships, and loan repayment programs. Efforts by the federal government to dramatically cut or eliminate funding for many health workforce programs could undermine ongoing efforts to address California's shortage of health professionals. Defunding health workforce programs will only exacerbate the existing shortage of health professionals, further limiting Californians' access to care.

About the Author

Kristin Schumacher, PhD, MSW, is principal owner at Aster Policy Analytics, a public policy research firm that produces data-driven analyses focused on gender, racial, and economic justice. Prior to launching Aster Policy Analytics, Schumacher worked in various mission-driven organizations working to improve the well-being of women, children, and families. Most recently, she led community-driven budget and policy analyses as research director at Kids Forward, the oldest child advocacy organization in the US.

About the Foundation

The California Health Care Foundation is an independent, nonprofit philanthropy that works to improve the health care system so that all Californians have the care they need. We focus especially on making sure the system works for Californians with low incomes and for communities who have traditionally faced the greatest barriers to care. We partner with leaders across the health care safety net to ensure they have the data and resources to make care more just and to drive improvement in a complex system.

CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system. For more information, visit www.chcf.org.

Endnotes

- 1 P. Preston Reynolds, "[A Legislative History of Federal Assistance for Health Professions Training in Primary Care Medicine and Dentistry in the United States, 1963-2008](#)," *Academic Medicine* 83, no. 11 (Nov. 2008): 1004-1014.
- 2 Kevin Barnett et al., [Meeting the Demand for Health: Final Report of the California Future Health Workforce Commission](#), California Future Health Workforce Commission, February 2019; [Health Care Workforce: Key Issues, Challenges, and the Path Forward](#) (PDF), US Department of Health and Human Services (HHS), October 2024; and Amani Siyam et al., [The Impact of COVID-19 on Health and Care Workers: A Closer Look at Deaths](#), World Health Organization, September 2021.
- 3 [Health Workforce Research Data Center Annual Report to the Legislature](#) (PDF), California Department of Health Care Access and Information, April 2025; and Kristin Schumacher, [How California is Strengthening Its Health Workforce: An Explainer](#), CHCF, May 2024.
- 4 Schumacher, [How California is Strengthening Its Health Workforce](#).
- 5 [CalFacts](#) (PDF), Legislative Analyst's Office, 2024; and Schumacher, [How California is Strengthening Its Health Workforce](#).
- 6 [Health Care Workforce](#), HHS.
- 7 "[Fiscal Year 2026 Discretionary Budget Request](#)" (PDF), Office of Management and Budget, Executive Office of the President, May 2, 2025.
- 8 [One Big Beautiful Bill Act](#), H.R. 1, 119th Cong., (2025).
- 9 "[House Republicans' Extreme Budget Plan Fails California Families, Children, and Communities](#)," Center on Budget & Policy Priorities, accessed July 9, 2025.
- 10 The federal fiscal year begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends. For example, the 2022 federal fiscal year ended on September 30, 2022. See Bill Heniff, Jr., "[Basic Federal Budgeting Terminology](#)," Congressional Research Service (CRS), November 26, 2012.
- 11 See the technical appendix for a detailed description of the methodology used in this analysis.
- 12 Kristin Schumacher, [The Role of State and Federal Funding for Graduate Medical Education in California](#) (PDF), CHCF, October 2024.
- 13 Schumacher, [The Role of State and Federal Funding](#).
- 14 "[NHSC Loan Repayment Program](#)," Health Resources & Services Administration, accessed June 18, 2025.