

## Nursing Pay in the New Economy

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Lindalee A. Lawrence  
President



Lisa Keary  
Consultant

Lawrence Associates  
Compensation Consultants

## Overview

- Trends – Jobs, Pay, Economic, Bargaining
- Base Rates, Other Pay, Work/Life Flexibility, Certifications
- Analyzing Pay
- Case Discussions

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# What topics are of greatest interest to you?

## Breaking News

- [Dodd-Frank on Nonprofit Healthcare](#)
- ["IRS Audits Harvard, Other Universities in Probe of Exempt Purpose Rules"](#), BNA
- [Feds Investigate Overtime Pay in Health Care Industry](#)
- ["It's Official: Three Unions Merge to Form Nurses 'Super Union'"](#), Lindsay Beyerstein, In These Times, Dec. 8, 2009, MNA joins NNU
- [Congressman: Bill would ensure proper nursing levels at health care facilities](#), TwingsburgBulletin.com, June 24, 2010, Registered Nurse Safe Staffing Act of 2010

## Focus on Compensation Objectives

- Target Talent
- Attract, Retain, Reward
- Compensate Based on Business Needs and Strategic Objectives
- Effective and Efficient Use of Resources and \$\$



## Wage and Salary Design Basics

- Emphasis on Scope of Work – Dodd-Frank
- Widespread Recruitment, Turnover/Retention
- Competitors – Local
  - Structured (Ranges, Internal and External Equity)
  - Many Forms of Pay Over-and-Above Base
  - Collectively Bargained
  - Employee Engagement
  - Performance, Years of Experience, Seniority
  - Work/Life (It's not just about the compensation)

## Economic Trends

- Catch-up increases?
- SHRM Metro Economic Outlooks:
  - Boston – education and healthcare growing, pay holding
- Vacancy and Turnover
- Employment Projections
- Mixed Signals



## Vacancy and Turnover 09-10

- National, Health Care and Social Assistance Industry Data from Job Openings and Labor Turnover Survey, BLS.gov

Month, Year	Hire Rate	Job Openings Rate	Layoffs and Discharges Rate	Other Separations Rate	Quits Rate	Total Separations Rate
Jan., 2010	2.7	3.8	1.1	0.4	1.8	3.3
Jan., 2009	3.1	3.6	1.3	0.6	1.9	3.9
Jan., 2008	3.3	4.4	1.2	0.3	2.4	3.9
Jan., 2007	3.1	4.6	0.9	0.5	2.3	3.8

- Lawrence Associates' survey: vacancy rate for RNs decreased slightly and turnover rates increased in 2010 compared to 2009.

## Vacancy Rates Thru 09

RN Data from Mass Dept. of Workforce Development's Job Vacancy Report

	# of Job Vacancies	Job Vacancy Rate
4th Quarter 2009	2,769	3.50%
4th Quarter 2008	2,537	3.20%
4th Quarter 2007	3,786	4.90%

All Jobs Data



	# of Job Vacancies	Job Vacancy Rate
4th Quarter 2009	61,788	2.20%
4th Quarter 2008	54,606	1.90%
4th Quarter 2007	92,201	3.20%

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## 2008 RN Employment Projections

### Bureau of Labor Statistics

- 2008 RN Employment 2,618,700
- 2018 RN Projected Employment 3,200,200
- 2008 to 2018 change 22%
- Faster than the average for all occupations
- Growth rates for RNs differ by industry
  - Highest – Offices of Physicians, 48%
  - Lowest – Hospitals, public and private, 17%

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# Massachusetts Employment

Industry: Health Care and Social Assistance Data from Current Employment Statistics, Mass.gov

Year	July Employment (In thousands)	Diff
2010	494.6	0.79%
2009	490.7	2.12%
2008	480.3	2.77%
2007	467	3.51%
2006	450.6	2.42%
2005	439.7	1.52%
2004	433	1.64%
2003	425.9	1.67%
2002	418.8	2.27%
2001	409.3	1.17%
2000	404.5	NA

# Budget and Actual Increases by Industry

- Industry increases vary 1.8% - 2.8% for industries with highest survey participation

Salary Budget Increases				
Industry	Actual 2008	Projected 2009	Actual 2009	Projected 2010
Mining	4.80%	4.70%	2.40%	3.50%
Consulting, Professional, Scientific, and Technical Services	4.30%	4.30%	2.80%	3.30%
Finance & Insurance	3.90%	3.90%	2.40%	2.90%
Manufacturing	3.80%	3.80%	1.80%	2.90%
Health Care & Social Assistance	4.20%	4.10%	2.70%	2.80%

\*Data from WorldatWork's 2009-2010 Salary Budget Survey

## Merit Pay Increases

- WorldatWork Survey merit increases 1.9%, lower than planned 3.6%\*

	Actual 2008	Projected 2009	Actual 2009	Projected 2010
Merit Increase (not promotional)	3.60%	3.60%	1.90%	2.70%

\*Data from WorldatWork's 2009-2010 Salary Budget Survey

## Pay Increases

### General Merit Increase Budget Projections

- World at Work (8/10) - 2.9%
- Conference Board (6/10) - 3.0%
- Towers Watson (8/10) - 2.7%
- Mercer (8/10) - 2.8%
- Hay Group (7/10) - 3.0%
- Culpepper (9/10) - 3.14%

### Nursing-specific

- See next slide



## Salary Increases for Nursing Positions (AHHRA)

Position Title	Number of Orgs.	2009 Avg Base	2010 Avg Base	Diff
Administrative Nursing Supervisor	22	\$43.98	\$51.07	16.1%
Nurse Manager - Perioperative	14	\$51.69	\$57.20	10.7%
Nurse Manager - ER	15	\$50.69	\$53.83	6.2%
Infection Control Nurse	27	\$45.51	\$47.88	5.2%
<b>Registered Nurse</b>	<b>42</b>	<b>\$38.68</b>	<b>\$40.63</b>	<b>5.0%</b>
Certified Nursing Assistant	31	\$16.46	\$17.28	5.0%
<b>Nurse Manager - All</b>	<b>34</b>	<b>\$50.19</b>	<b>\$52.48</b>	<b>4.6%</b>
Nurse Practitioner	38	\$50.00	\$52.26	4.5%
Nurse Educator	35	\$46.65	\$48.48	3.9%
Clinical Nurse Specialist	20	\$50.95	\$52.30	2.7%
Recruiter - Nurse	18	\$47.07	\$47.61	1.1%
Care Manager	18	\$45.08	\$45.57	1.1%
Licensed Practical Nurse	39	\$24.67	\$24.78	0.4%
Nurse Anesthetist	13	\$70.11	\$70.05	-0.1%
Assistant Head Nurse (or Assistant Nurse Manager)	24	\$48.12	\$46.31	-3.8%
<b>Average Diff for Nursing Positions:</b>				<b>4.2%</b>

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## Industry Collective Bargaining Trends

Healthcare practitioner and technical occupations (in thousands)\*

Year	Total	Union Members	% of Total	Represented by Union	% of Total
2000	5349	693	13.0%	810	15.1%
2001	5534	695	12.6%	803	14.5%
2002	5825	725	12.4%	822	14.1%
2003	5961	733	12.3%	853	14.3%
2004	6052	762	12.6%	882	14.6%
2005	6175	782	12.7%	892	14.4%
2006	6383	800	12.5%	904	14.2%
2007	6558	883	13.5%	992	15.1%
2008	6813	928	13.6%	1045	15.3%
2009	7067	962	13.6%	1096	15.5%

\*Data from Union affiliation data from the Current Population Survey, BLS.gov

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## Labor Activity

- Pension plans are underfunded due to economic downturn, performance and loss of value.
- Decreased pay adjustments used to fund pension plans.

## Labor Activity in MA

Table 1: Top States – RC Petitions Filed in Health Care Sector

State	2008		2009	
	Number of Petitions Filed	Percentage of Total	Number of Petitions Filed	Percentage of Total
California	32	10.4%	114	31.6%
New York	75	24.4%	49	13.6%
Massachusetts	15	4.9%	25	6.9%
Michigan	20	6.5%	21	5.8%
New Jersey	20	6.5%	18	5.0%
Minnesota	8	2.6%	18	5.0%
Pennsylvania	22	7.2%	17	4.7%

- Massachusetts won 100% (11/11) of Representation Certification (RC) elections in the health care sector in 2008
- Massachusetts won 95% (20/21) of RC elections in the health care sector in 2009

\*Data from ASHHRA's Semi-Annual Labor Activity in Health Care Report, Jan. 1, 2009 – Dec. 31, 2009

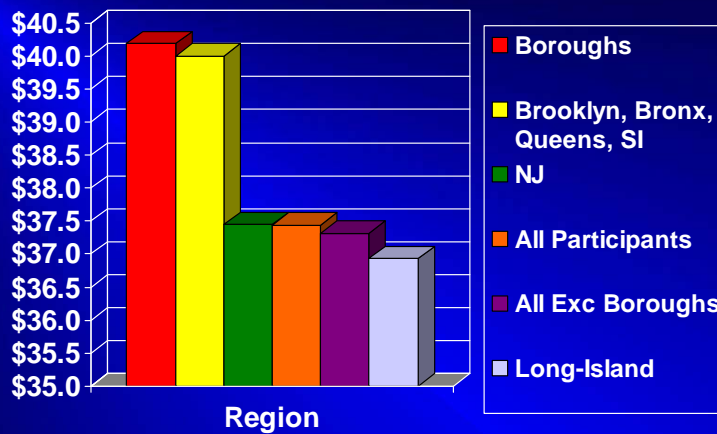
# Wage and Salary Factors

## Factors Affecting Wage and Salaries

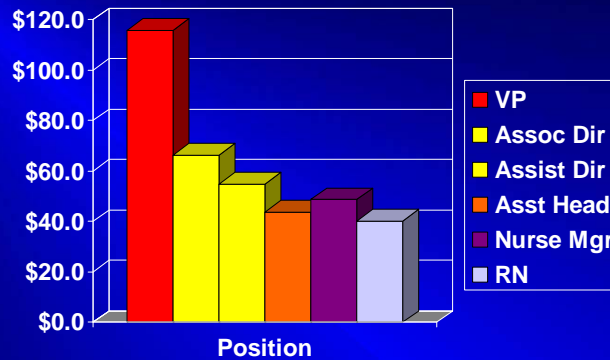
- ➔ Organization Size
- Competitive Market
- ➔ Geographic Region
- Performance
- ➔ Scope of Work
- Years of Experience



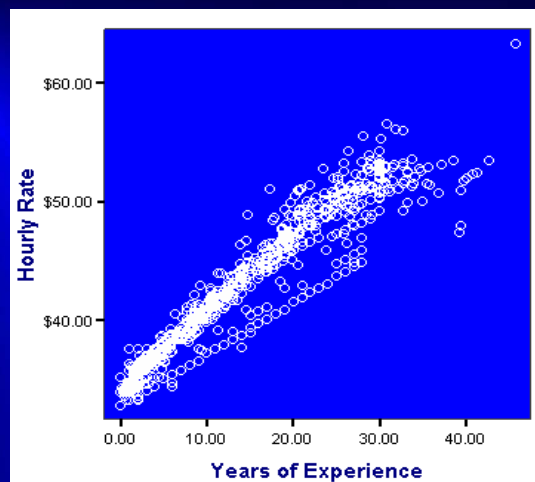
# Geographic Comparison of Market Jobs - RN



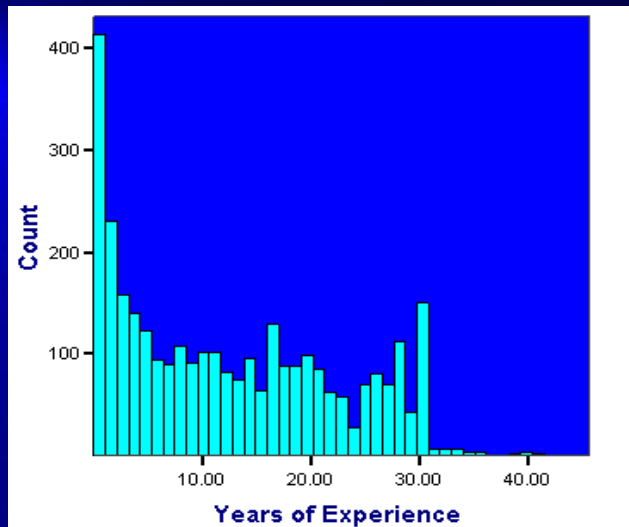
# Internal and External Equity Nursing, Boroughs, Median



# RN Hourly Rates by Years of Experience (Example Only)



## RN Distribution by Years of Experience (Sample Only)



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## Massachusetts Pay

Registered Nurse	Base Salary			Total Compensation		
	1 Yr	7 Yrs	14 Yrs	1 Yr	7 Yrs	14 Yrs
Boston, MA	\$59,936	\$74,874	\$87,978	\$60,691	\$75,858	\$89,150
MA Statewide	\$56,437	\$69,898	\$81,975	\$57,142	\$70,812	\$83,061

Head Nurse	Base Salary			Total Compensation		
	1 Yr	7 Yrs	14 Yrs	1 Yr	7 Yrs	14 Yrs
Boston, MA	\$78,843	\$96,399	\$110,567	\$80,597	\$99,123	\$114,134
MA Statewide	\$73,512	\$89,823	\$102,972	\$75,150	\$92,364	\$106,297

Data from ERI Economic Research Institute, Inc.'s Salary Assessor, Data as of July 1, 2010

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## Massachusetts Pay

Ratio of RN to Head Nurse (7 yrs, Boston, MA)

	Base	Ratio to Head Nurse	Total Comp.	Ratio to Head Nurse
Head Nurse	\$96,399	100%	\$99,123	100%
RN	\$74,874	78%	\$75,858	77%

Data from ERI Economic Research Institute, Inc.'s Salary Assessor, Data as of July 1, 2010

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## Other Pay/Programs

- Merit Pay, Step Increases, Scale Movement
- Shift Differentials
- Bachelor's, Master's – Typically \$.50 - \$1.50
- Preceptor's – Typically \$1.00 - \$1.50
- Charge Pay – Typically \$.75 - \$1.25
- Float Pay – Typically \$3.00 - \$5.00
- Certification Pay – Typically \$1,500 - \$2,500 (lump sum)
- Hiring, Sign-on Bonus
- Tuition Forgiveness
- Compressed Workweek
- Bonus/incentives

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## Forms of Pay

- Which of the following forms of pay do you report under the Hourly Wtd Average?

Response:	Yes		No / No Response	
	# Resp.	% of Total	# Resp.	% of Total
Base or Step Rate (including experience)	48	82.8%	10	17.2%
Competency Increment	5	8.6%	53	91.4%
Degree Pay/ Education	12	20.7%	46	79.3%
Certification Pay	18	31.0%	40	69.0%
Preceptor Pay	7	12.1%	51	87.9%
Charge Pay	6	10.3%	52	89.7%
Float Pay	3	5.2%	55	94.8%
Other	1	1.7%	57	98.3%

## Shift Differentials

- In one survey about half of surveyed hospitals report a minimum number of hours must be worked after the second/ third shift start time to be paid for entire shift
- Majority pay shift differentials as a dollar increment rather than as a percent of pay. Some pay combo rate.
- 2010 AHHRA Shift Differentials

Position and Organization		2ND SHIFT \$	3RD SHIFT \$	WKND SHIFT \$
1. Administrative Nursing Supervisor	# Responses	6	6	0
	Mean	\$2.50	\$3.61	\$.
2. Assistant Head Nurse (or Assistant Nurse Manager)	# Responses	12	11	0
	Mean	\$2.39	\$2.84	\$.
3. Nurse Manager - All	# Responses	7	7	0
	Mean	\$3.23	\$3.99	\$.
6. Registered Nurse	# Responses	28	27	5
	Mean	\$2.57	\$3.21	\$2.54

## Importance of Work Life Issues

- It's not just about the compensation, sometimes it's really about....
  - Schedule (work hours)
  - Relationship with supervisor/coworkers
  - Benefits
  - Training and Development Opportunities



## Work Schedule Flexibility

- Typically, 8 hour shifts with an evening shift at 3PM and the night shift at 11PM
- Also, 12 hour shifts starting at 7AM and 7PM
- Some 12 hour shifts starting at 11AM and 11PM
- Additional shifts depending on the position, department and other circumstances



# How to analyze pay?

## Technical Director for Neuro Diagnostics

Survey	Survey Position	Survey Cut	Average Base Salary	# of Orgs.
Watson Wyatt	Administrative Director of Radiology (Non MD)	All Orgs.	\$112,500	203
Watson Wyatt	Administrative Director of Radiology (Non MD)	Not-For-Profit Orgs., Northeast Region	\$111,500	37
Watson Wyatt	Director of Laboratory Services	All Orgs.	\$106,400	270
Watson Wyatt	Director of Laboratory Services	Not-For-Profit Orgs.,	\$105,300	48
Watson Wyatt	Director of Neurology	Not-For-Profit Orgs.	\$138,000	15
Watson Wyatt	Director of Radiology	All Orgs.	\$109,700	87
Watson Wyatt	Director of Radiology	Northeast Region	\$111,600	9
Lawrence Associates	Director of Radiology (Non-M.D.)	All Orgs. (Greater NY and surrounding areas)	\$142,220	31
Lawrence Associates	Director of Laboratory (Non-M.D.)	All Orgs. (Greater NY and surrounding areas)	\$134,350	29

# Analytic Tools

- Scope of responsibility?
  - Job description, resume
- Quality and replicable survey?
  - Number of responses?
- Geographic differences?
- Current pay?
- Salary range?

Base Range Minimum	Base Range Midpoint	Base Range Maximum	Range Spread
\$109,400	\$142,220	\$175,040	60%

## PayScale Top Results for Certifications

- [Registered Nurse \(RN\)](#)
- [Licensed Practical Nurse \(LPN\)](#)
- [Licensed Vocational Nurse \(LVN\)](#)
- [Certified Critical Care Registered Nurse \(CCRN\)](#)
- [Registered Nurse Certified \(RN-C\)](#)
- [Oncology Certified Nurse \(OCN\)](#)
- [Certified Nurse, Operating Room \(CNOR\)](#)
- [Certified Emergency Nurse \(CEN\)](#)
- [Family Nurse Practitioner \(FNP\)](#)
- [Certified Registered Nurse Anesthetist \(CRNA\)](#)
- [Registered Nurse, Board Certified \(RN-BC\)](#)
- [Certified Hospice and Palliative Nurse \(CHPN\)](#)
- [Advanced Practice Registered Nurse-Board Certified \(APRN-BC\)](#)
- [Certified Nurse Midwife \(CNM\)](#)
- [Advanced Registered Nurse Practitioner \(ARNP\)](#)
- [Certified Pediatric Nurse \(CPN\)](#)
- [Women's Health Care Nurse Practitioner \(WHNP\)](#)
- [Certified Rehabilitation Registered Nurse \(CRRN\)](#)
- [Certified Family Nurse Practitioner \(CFNP\)](#)
- [Adult Nurse Practitioner \(ANP\)](#)

## Wound Ostomy Certification

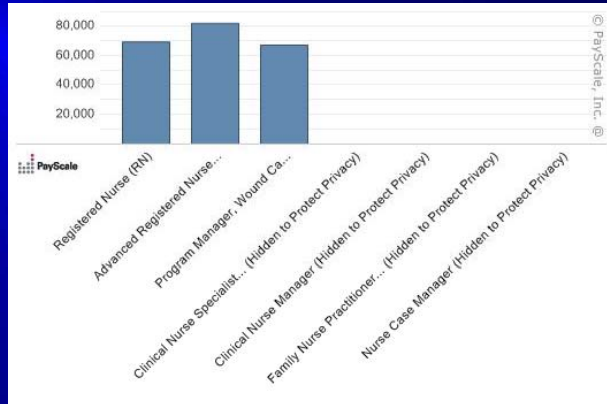
### Incremental Value of WOC:

- WOCN Certification Board study of the value of this certification  
<http://www.wocncb.org/enews/0409/section1.php#1d> . - \$75,000 vs. \$73,000

Category	WOCNCB Certified	Not WOCNCB Certified
Overall Job Satisfaction Rating: "Very Satisfied"	44.9%	38.5%
Precepted a nurse in a WOC program in the last two years	36.3%	5.2%
Median annual salary compensation	\$75,000	\$73,000

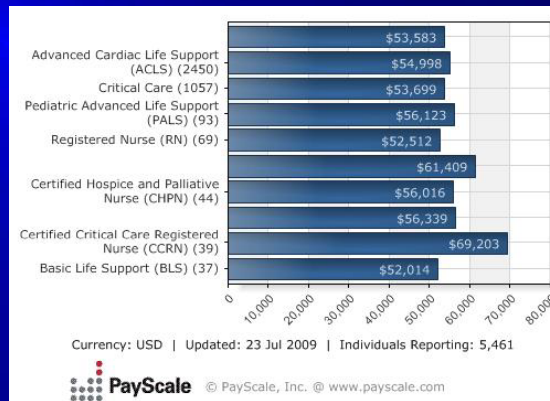
# Wound Ostomy Certification

PayScale, Median Salary by Job – Certification: Certified Wound Ostomy Continence Nurse, United States



# Wound Ostomy Certification

PayScale, Median Salary by Certification – Job: Registered Nurse (RN) , United States



## Case Study: Compensation Analysis

- A staff RN has been working at the hospital since graduation 10 years ago, and is offered a promotion to Nurse Manager.
- She would receive a 15% increase in base pay. She is excited about this opportunity; however, when she takes a closer look at the details, the promotion doesn't seem as appealing.
- As a manager, she will no longer be eligible for overtime or education, experience, shift and clinical ladder differentials, which will make that 15% increase in salary much less.
- She is also concerned because some newly-promoted managers have stepped back to staff RN positions within a year of their promotion.
- She expresses concern to the nurse recruiter. The Nursing Director calls to ask how the management position can be made more appealing to staff RNs.



## Frequently Asked Questions aka, Let's just pay more!!!

1. We are not paying enough. I cannot live without Jane Smith. Without her, the department would crumble. She has been taking on so much more responsibility and she is so busy all the time. I would like to make her a manager and give her a 20% raise. What paperwork do I need to complete?
2. We are not paying enough. We just had 2 (or 3, 4, 5) people leave in the last few months. Let's increase our salaries so people will stay. How soon can we do that?
3. We are not paying enough. We just made an offer to a candidate and she rejected it. We need this person. Why don't we just bring her in at what she wants (even though it's the same as our 20 year stellar employee)?
4. We are not paying enough. We just made an offer to a candidate and he rejected it. Why don't we just bump our incumbents up a little so we can pay the candidate what he wants?
5. We are not paying enough. One of my employees told me his friend at another hospital is making \$10,000 more than him for the exact same position. Can we match that?
6. We are not paying enough. Our most recent candidate who rejected our offer said he got an offer from another hospital for \$5.00 more per hour. Can we match that offer?

# Resources

Lawrence Associates has developed online resources to assure that nonprofits have the most current information on important compensation topics.

These resources can be accessed directly from our [Website](http://www.lawrenceassociates.com) at [www.lawrenceassociates.com](http://www.lawrenceassociates.com)

- ✓ [Video and slides of Lawrence Associates' webinars on executive compensation](#)
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