

# Who Will Take Care of Us?

## The Nursing Shortage and What We're Doing About It

By Jim Lott, HASC Executive Vice President

The national nursing shortage is well documented and has been felt acutely throughout our country's hospitals.<sup>1</sup> What is especially troubling is that if nothing is done to remedy the problem, the national supply of registered nurses will remain

virtually unchanged by 2020.<sup>2</sup>

In contrast, the demand for nurses will soar by 2020 (see Table 1): the 6 percent shortfall could grow five-fold to 29 percent.

**Table 1. National Nursing Shortage: 2000 and 2020<sup>3</sup>**

Supply / Demand	2000	2020
No. Nurses Available	1,739,000	2,002,000
No. Nurses Needed	1,850,000	2,810,000
Shortfall	111,000 (6 percent)	808,000 (29 percent)

The shortage is even more severe in California, which ranks 50th out of the 50 states in terms of nurses per 100,000 population.<sup>4</sup> The shortage of California registered

nurses is estimated to be 22,500 full-time equivalents (FTEs) and could grow to 116,000 FTEs by 2020—a 45 percent shortfall.

### How Did We Get Here?

The changing health care delivery system directly impacted the demand and supply of nurses. During the 1970s and 1980s, California moved into the managed care arena; health maintenance organizations began to overtake traditional fee-for-service medicine. Hospital reimbursement fell dramatically, forcing hospitals to make drastic budget cuts. Patients were discharged earlier, and hospitals began to lay off nurses. New nursing graduates found it harder and harder to find hospital jobs.

By the mid 1990s, nursing schools

had responded accordingly. Some decreased the size of nursing programs; others closed programs entirely. For example, the University of California, Los Angeles closed doors on its nursing program in 1995 after 46 years of operation. Fortunately, in 2005, the institution announced plans to reopen the program.<sup>5</sup>

In 2001, the University of Southern California (USC) took the first steps toward closing its undergraduate nursing program.<sup>6</sup> Reputed to provide excellent clinical training, the USC program gradu-

ated more nurses than any other four-year program in the Los Angeles area.<sup>7</sup> The last USC undergraduate class earned their degrees in 2004.

Exacerbating the drop in nursing school capacity is the aging workforce (see Table 2). Half of the nation's nurses will reach retirement age by 2020. In California, the average age of the working registered nurse is one year older than the national average of 47 years. More than 81 percent in the state are 41 or older; nearly 47 percent are 51 years or older.<sup>8</sup> Finally, what may no

**Table 2. Aging Workforce: Nurses Nationwide<sup>9</sup>**

1989	37 percent > 34 years of age
2001	24 percent > 34 years of age
2005	Average age = 47 years old
2020	50 percent > 65 years of age

longer be unique to California is our mandated nurse staffing ratios. When the

legislation became effective in 2004, it was roughly estimated that the hospital demand

for nurses would increase by approximately 20,000 in the state.

## How are the HASC Regions Faring?

In 2006, the California Institute for Nursing & Health Care (CINHC) commissioned a study called the California Registered Nurse Regional Workforce Report Card. The study depicts the nursing shortage through the ratio of

RN jobs per 100,000 population in the state's metropolitan areas compared to the national utilization of RNs.

The California average RN job ratio was 622 (a D on the report card) compared to the national average of 787

(a C). All HASC service areas were significantly below the national average (see Table 3). Only Los Angeles-Long Beach graded as high as C-. Ventura rated an F and the other three regions each scored D.

**Table 3. Nursing Shortage in the HASC Regions<sup>10</sup>**

Metropolitan Area	No. RN Jobs	Population	RN / 100,000	Grade
Los Angeles-Long Beach	65,750	10,179,716	646	C-
Orange	18,605	3,044,819	611	D
Riverside / San Bernardino	18,010	3,776,511	477	D
Santa Barbara / Santa Maria-Lompoc	2,025	416,625	486	D
Ventura	3,490	811,505	430	F

## What Steps Have HASC and Hospitals Taken?

In 2001, HASC launched its nursing workforce initiative and began with two surveys: the Chief Nursing Officer (CNO) Survey and the Deans and Directors Survey. These surveys collected nursing workforce data from hospitals and enrollment data from nursing schools in order to identify ways to increase enrollment in nursing programs.

The data collected provided local insight into the nursing shortage and helped to identify barriers to and opportunities for increasing nursing school enroll-

ment. Survey results were presented to participants and stakeholders. A dialogue began between hospitals and schools, resulting in an increase of more than 1,400 Southern California nursing student slots over five years.

Then in 2003 and 2004, CINHC sponsored these surveys in other California regions. In 2005, CINHC administered the CNO survey throughout the state.<sup>11</sup> Among the most interesting findings is what California hospitals are doing to meet the mandated staffing ratios

while coping with the shortage. The most frequently used tactics are:

- Overtime / Extra Shifts
- Travelers
- Temporary Agencies

For the most part, solutions have been piecemeal and costly; yet providers, desperate to maintain the flow of new nurses, are willing to pay the costs involved (see Table 4). As costly as travelers are, a few eventually do assume permanent, full-time positions.

**Table 4. Costly Expenses for Temporary Solutions<sup>12</sup>**

Category	Percent Hospitals Using	Average 2005 Expense (range)
Contract Labor (including travelers)	52 percent	\$2,899,028 (\$7,000 - \$9,705,514)
Overtime (excluding 12-hour shifts)	51 percent	\$2,326,344 (\$5,000 - \$13,035,432)
Hiring Bonus	36 percent ]	\$172,043 (\$2,000 - \$1,575,000)
Employee Referral Bonus	37 percent	\$55,365 (\$100 - \$500,000)
Incentives Bonus above overtime, for extra shifts	28 percent	\$633,059 (\$5 - \$3,600,000)

Recruitment of new nurse graduates, of course, continues to be a major cost for hospitals. Just the cost for orienting a recent graduate was reported to be from \$15,600 up to \$31,100 for certain

specialty hospital areas.<sup>13</sup> Foreign recruitment is a strategy employed within the last two years by 43 percent of the state's hospitals; of these, 30 percent are actively recruiting from

abroad.<sup>14</sup> The price for recruiting immigrant nurses is steep. The average cost is close to \$20,000 and can go as high as \$80,000.

### What Steps Have Nursing Schools Taken?

Nursing school capacity reached a low in 1999. Beginning in 2002, schools began building up their educational capacity so that by 2005, the state once again enrolled the same number of nursing students as in 1995. According to the California Board of Registered Nursing (CBRN), the last academic year (2004-2005) saw an increase of 749 students (8.7 percent) over the previous year. Capacity is also continuing to grow.<sup>15</sup>

Interest in nursing as a career is booming. Unfortunately, nursing school waiting lists are long. During the last academic year, more than 14,000 nursing school applicants in California were rejected—about six out of every 10 applicants—due to lack of capacity, while more than 7,500 were placed on waiting lists for schools that maintain them.<sup>16</sup> These applicants can be discouraged by the wait time of two to eight years.

Building educational capacity is the state's most urgent nursing workforce need. And to build capacity, it is important to first identify the barriers to expansion. According to the CBRN, the top five barriers most often cited are:<sup>17</sup>

- Faculty salaries not competitive
- Insufficient number of qualified clinical faculty
- Insufficient number of clinical sites
- Insufficient funding for faculty salaries
- Insufficient number of qualified classroom faculty

Clearly, recruiting and retaining faculty is a major obstacle. During the 2004-2005 academic year, while new programs were added and existing ones expanded, nursing faculty grew by only 34 positions. Moreover, retirements are expected to accelerate.

A major challenge is the significant pay disparity between practicing nurses

and nurse faculty. The top 10 percent of full-time nursing faculty in the United States earns \$85,600 (higher in California).<sup>18</sup> An RN with a four-year degree in this state can earn \$90,000 as a staff nurse with differentials, bonuses and overtime. Nurse managers can earn \$90,000 to \$115,000 in a hospital setting. The lowest 10 percent of nursing faculty earns \$42,000, compared to \$49,999 for the lowest 10 percent of practicing nurses. This figure is even less than starting salaries for many secondary school teachers.<sup>19</sup>

Moreover, most community colleges want their faculty to hold master's degrees. Universities require doctorates or enrollment in a doctorate program in order to qualify for tenure-track positions. While tenure used to be an enticement, in the current nursing job market, job security is not an issue.

Faculty pay is part of a larger funding

issue. The average in-state allocation to public colleges to fund nursing programs is only 50 percent of the cost of the program. For example, it costs about \$7,500 a year to educate a nursing student in a community

college, but the college receives a per student capitation fee of about \$3,500.

These funds must also be allocated to new construction, not only for classrooms, but also for pricey simulation laboratories

that can cost upward of \$2 million. Today's nurses need simulation labs to closely reproduce the patient experience with high-tech mannequins that mimic life-like scenarios such as sudden cardiac arrest.

## What Progress Has Been Made?

In April 2005, the Schwarzenegger Administration announced a \$90 million plan to expand nursing education over the next five years. Including grants requiring a 2:1 match from public and private partners, this plan is expected to provide a significant boost for nursing programs throughout the state. Among the expansion grants in the HASC service area are:

- A \$346,137 grant to Cerritos Community College to expand its nursing program.<sup>20</sup>
- A \$446,127 grant to Rio Hondo College in Whittier to expand its ADN nursing program from 84 to 96 slots.<sup>21</sup>
- \$515,000 in grants to the Verdugo Workforce Investment Board in Glendale to work with local community colleges and hospitals to train 124 LVNs to become RNs.<sup>22</sup>

Hospitals and health systems are also contributing large sums of money to nursing education. The CBRN reported that 62 schools received \$19.1 million

from hospitals and health systems during 2004-2005—five times the amount donated by charitable foundations.<sup>23</sup>

Hospital – nursing school joint partnerships also have flourished.

Examples in Southern California include:

- Seven hospitals and five community colleges in the San Fernando Valley have collaborated on a two-year, \$1.8 million pilot project designed to add up to 100 more student nurse slots.<sup>24</sup>
- Riverside Community Hospital has pledged \$4 million to California State University, San Bernardino, to graduate an additional 200 nurses over the next four years.<sup>25</sup>
- Long Beach Memorial Medical Center is providing cash and resources—including classroom space and a clinical simulation laboratory valued at \$10 million—to California State University, Long Beach (CSULB). This joint venture is expected to add 288 new slots to

the baccalaureate nursing program over the next five years.

Additionally, the hospital has provided the equivalent of eight full-time faculty.

- The Veterans Administration Long Beach has also teamed up with CSULB to provide an accelerated BSN program for students who already have a bachelor's degree in another subject.

Innovations in nursing education at the bachelor's level and above reflect a growing recognition of the need to educate future nursing school graduates beyond the associate degree level. The complexity of our health care system requires a better educated workforce. Innovations include “fast-track” baccalaureates in which a student with a BSN in another field can complete the nursing program in 18 months; and a student with a BSN in another field can obtain basic nursing education and a master's in nursing in a condensed program.

## What Resources are Available?

HASC and CHA have many resources to address personnel issues:

- HealthcareHRSource website: [www.healthcarehrsource.org](http://www.healthcarehrsource.org). This site provides access to the Allied for Health survey materials, reports and information on conferences.
- Human Resources News is a monthly newsletter for human resources professionals. Contact: (213) 538-0763.

- HASC Career Center: [www.hasc.org](http://www.hasc.org), click on Human Resources, then Career Center. This innovative job website allows members to post positions that are then advertised through a network of more than 350 other websites.
- Nursing Leadership Council (NLC): [www.nursingleadership-council.org](http://www.nursingleadership-council.org). Formed in 1990, the NLC currently has more than 300

active members. It meets regularly to explore and solve nursing issues.

- Healthcare Human Resources Management Association of California: [www.hhrmac.org](http://www.hhrmac.org). This professional association is designed to advance the profession through unified leadership, professional development and public policy advocacy.

## What's Next?

A near-term salve could be the Tobacco Tax Act of 2006. If passed in November, it would provide an estimated \$93 million per year to expand the number of nurses in California. Expansion of nursing education would be widespread, with funding going to the University of California, California State

University and California Community College systems, along with private educational institutions.

The Nursing Leadership Council in Southern California will study this report and develop strategy recommendations for addressing the shortage. These recommendations will be incorporated into an

expanded White Paper, which will then go to HASC, CHA and CINHC in their continuing efforts to update and implement long-term strategies.

If you are interested in seeing the full White Paper when it is available, please contact Teri Hollingsworth at (213) 538-0763 or [thollingsworth@hasc.org](mailto:thollingsworth@hasc.org).



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