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# Nurse Recruitment & Retention:

FOR LOVE OR MONEY?

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# Executive Summary

In the fall of 2016, Jennifer Breedlove, RN, saw a job opening for an emergency room (ER) nurse at an Atlanta hospital. It seemed like the ideal fit. The city was one of the places where she wanted to relocate and most of her nursing experience was in the ER. Plus, the hospital was offering a \$10,000 signing bonus.

Breedlove applied, was hired, and received the first installment of her bonus—\$2,500—after six months. A month and a half later, she resigned.

The working conditions had become increasing unbearable for Breedlove. “I was working 12 ½-hour shifts without a lunch break or any other kind of break,” she explains. “Management begged us to pick up overtime, making you feel guilty about your coworkers being short staffed—not caring that you had already worked 50 hours in four days on shifts that were short staffed too.”

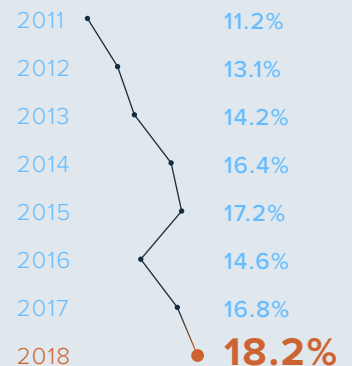
For Breedlove, the tipping point came during a particularly acute night shift. “The emergency room can be an abusive environment,” she says. “Very rarely is there enough security to protect the staff from aggressive patients.” What she hadn’t expected was that the safety issues would carry over to her patients’ care. There were three codes in the ER and no IV supplies because the hospital had not paid the vendor for them.

That’s when she decided to quit her job, well aware she would have to pay back the signing bonus amount she had already received. Ultimately, the money wasn’t enough of an incentive for her to stay in a workplace that prevented her from having a healthy work-life balance, did little to promote job satisfaction, and made it difficult for her to be successful in her role there. Today, she works in a prison system where she says she feels safe and supported.

## 53.3%

of RNs exited a job within two years of service.

### RN TURNOVER %



### RN TURNOVER BY SPECIALTY

## 20.2% Emergency

19.9% Step Down

18.8% Med/Surg

16.8% Telemetry

16.4% Critical Care

14.79% Behavioral Health

[SOURCE](#)



Stories like Breedlove's highlight the challenges that exist in nurse recruitment and retention in the U.S. Amid a looming shortage of experienced RNs, hospital systems are spending billions on myriad incentives to attract and keep qualified staff. At the same time, the nursing industry has one of the highest turnover rates—especially among new hires.

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In the face of these market conditions, it's not surprising numerous facilities are resorting to creative strategies to recruit staff.

However, when the allure of the five-figure signing bonuses, subsidized housing, tuition reimbursement, and other incentives gives way to the realities of the workplace, many nurses may end up leaving their jobs. Therein lies the focus of this white paper: **Are the trending financial rewards and other incentives the best investment for hospitals looking to hire the right long-term fit or are they merely plugging holes for a costly, short-term fix?**

## THE NURSING GAP: JUST CAUSE FOR CONCERN

While there is debate about whether the nursing field will experience a national shortfall or surplus in the next decade, there is little dispute about a dearth of nurses in certain states. There is also well-founded concern about the impending experience deficit.

In its report on the future of the nursing workforce, the U.S. Health Resources and Services Administration (HRSA) found that the nurse shortage or surplus tends to reflect local conditions, such as the number of new graduates from nursing



schools and the fact that nurses tend to practice in the states where they have been trained.

Across the board, nursing programs are turning away prospective students because of limited space. The constraints are largely due to two factors:

**1**

A shortage of qualified faculty—nurse educators who are choosing to stay in the field where they can earn more money or are nearing retirement age

**2**

Fewer slots available for hands-on clinical training for students

The National League for Nursing (NLN) predicts that 34,200 new nursing instructors will be needed by 2022.

In California, one of the states predicted to have the greatest scarcity of RNs by 2030, students who have been accepted to nursing programs may wind up waiting to start their studies for years. At Napa Valley College, waitlists have peaked at 300 students for a 40-person program, leaving some students in limbo for up to five years.

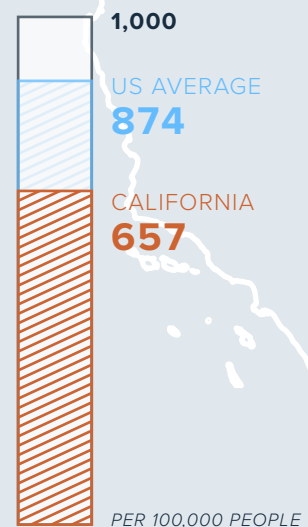
“There just aren’t enough faculty, and the only reason students, potential applicants, are turned away is the lack of faculty and lack of clinical placement,” says Beverly Malone, chief executive officer of the National League for Nursing. “When you come in, there’s not enough space in hospitals or community health clinics to get experience. So you have to clamp down on the number coming in.”<sup>1</sup>

While nursing programs struggle to meet applicant demand, hospitals are feeling the squeeze on the other end with a resulting lack of qualified candidates. Adding more pressure, many of the most tenured nurses will likely retire in the coming decade.

#### STATE RANKINGS OF NURSES PER CAPITA <sup>2</sup>

46. Utah  
47. Georgia  
**48. California**  
49. Nevada

#### NURSES PER CAPITA

**3.6%**

Freshman nursing applicant admission rate at University of California, Irvine due to space limitations

<sup>1</sup> Ashley A. Smith, “Wanted: Nursing Instructors,” *Inside Higher Ed*, January 27, 2016. Source: <https://www.insidehighered.com/news/2016/01/27/colleges-contend-few-nursing-instructors-and-wait-list>

<sup>2</sup> “Solving the Nursing Shortage,” UCI, January 2017. Source: [https://news.uci.edu/wp-content/uploads/2017/01/UCI17\\_Nursing\\_Infographic.pdf](https://news.uci.edu/wp-content/uploads/2017/01/UCI17_Nursing_Infographic.pdf)





According to a study by the [Journal of Nursing Regulation](#), one million RNs will retire between now and 2030, creating an enormous experience gap. The authors explain, “The departure of such a large cohort of experienced RNs means that patient care settings and other organizations that depend on RNs will face a significant loss of nursing knowledge and expertise that will be felt for many years to come.” The report equates the loss of tenured nurses through retirement in 2017 to nearly two million experience-years.

In Missouri, the nursing shortage reached a high in 2017. Nearly 16 percent of the state’s nursing jobs were vacant, double the number in 2016. The numbers are expected to climb, as thirty-four percent of Missouri registered nurses are 55 or older and nearing retirement age. “Our biggest challenge is getting the pipeline of experienced nurses,” says Peter Callan, director of talent acquisition and development at the University of Missouri Health Care in Columbia. “There are fewer and fewer as people retire.”<sup>3</sup>

## ENTICING NURSES WITH GENEROUS INCENTIVES

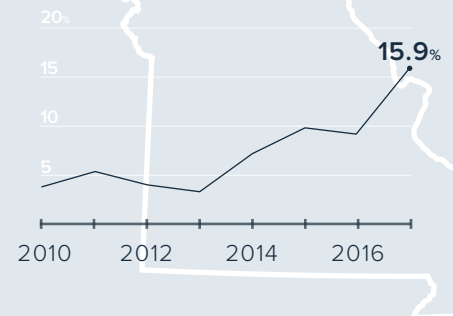
The practice of offering five-figure signing bonuses to recruit and retain nurses is standard in all parts of the country, as healthcare systems reportedly spend billions of dollars collectively on incentives.

Daily job postings for nurses across all specialties dangle financial carrots for applicants, many of which are required to make two-year commitments in exchange for signing bonuses.

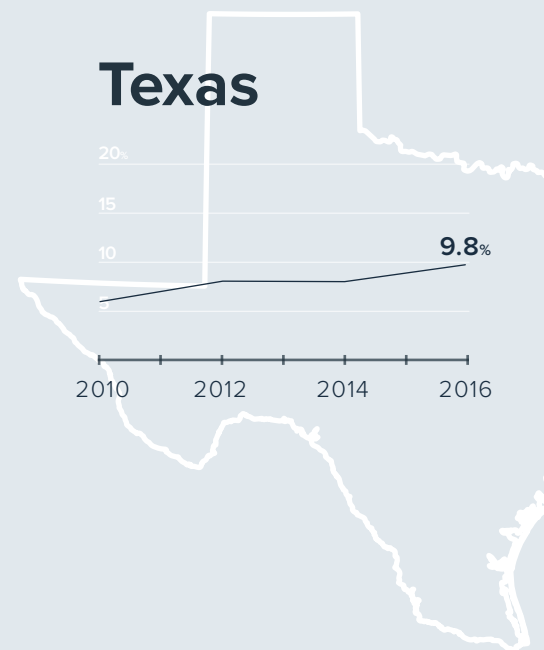
In Washington, D.C., Inova Health System offers candidates who have at least two years of critical care experience and live more than 50 miles from one of its hospitals a \$20,000 signing bonus and up to \$20,000 in reimbursable relocation costs.<sup>4</sup> In “geographically challenged” areas of California that don’t hold the allure of urban centers such as San Diego, Tenet Healthcare hands out signing bonuses of up to \$25,000.<sup>5</sup>

### REGISTERED NURSE VACANCY RATES <sup>3</sup>

## Missouri



## Texas



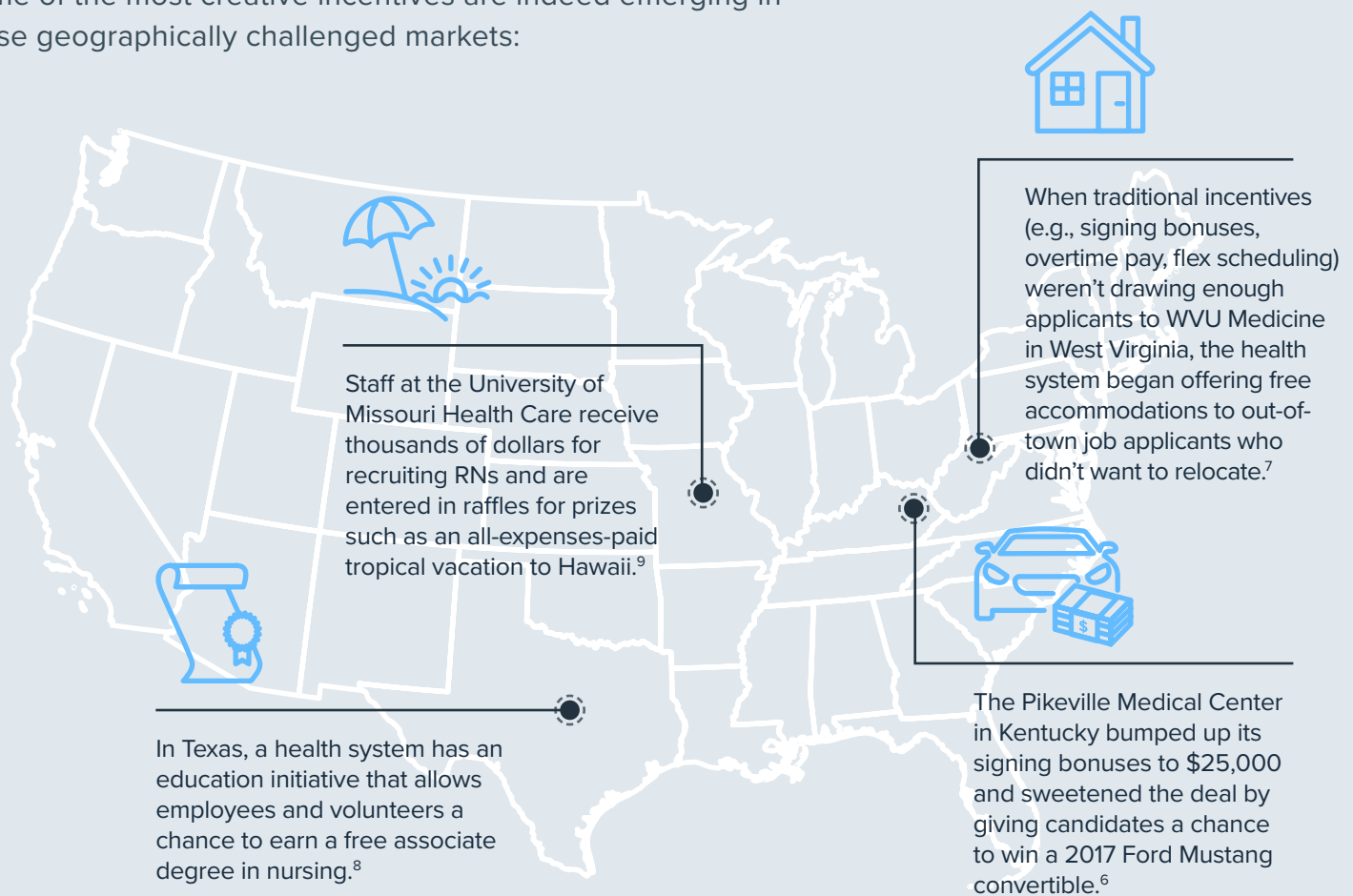
<sup>3</sup> Jilian Mincer, “Short on staff: Nursing crisis strains U.S. hospitals,” Reuters, October 19 2017. Source: <https://www.reuters.com/article/us-usa-healthcare-nursing/short-on-staff-nursing-crisis-strains-u-s-hospitals-idUSKBNICPOBD>

<sup>4</sup> Parija Kavilanz, “Hospitals offer big bonuses, free housing, and tuition to recruit nurses,” CNN Money, March 8, 2018. Source: <http://money.cnn.com/2018/03/08/news/economy/nurse-hiring-bonuses/index.html>

<sup>5</sup> Megan Knowles, “Tenet offers nurses up to \$25k sign-on bonuses to solve shortage,” Becker’s Hospital Review, April 18, 2018. Source: <https://www.beckershospitalreview.com/compensation-issues/tenet-offers-nurses-up-to-15k-sign-on-bonuses-to-solve-shortage.html>



Some of the most creative incentives are indeed emerging in these geographically challenged markets:



In some rural areas, foreign workers are filling the nursing gaps. In Cut Bank, Montana, one-third of the RNs at Northern Rockies Medical Center (NRMC) are college graduates from the Philippines who found employment at NMRC through a staffing agency. “It could save a hospital hundreds of thousands of dollars compared to having to use traveling [registered nurse] companies,” says Cherie Taylor, the hospital’s CEO. “The quality of our care has increased since we have started to use foreign nurses. It enables us to not be short staffed.”<sup>10</sup>

<sup>6</sup> “No-cost housing—and a free Ford Mustang? How hospitals are trying to attract nurses,” Advisory Board, September 15, 2017.

Source: <https://www.advisory.com/daily-briefing/2017/09/15/nurse-incentives>

<sup>7</sup> Max Blau, “Whatever it takes: Hospitals get creative in hiring nurses amid a national shortage,” STAT, September 13, 2017.

Source: <https://www.statnews.com/2017/09/13/nurses-shortage-hiring-incentives/>

<sup>8</sup> Ibid.

<sup>9</sup> “To recruit nurses, some hospitals dangle a Hawaiian vacation—but there are easier tactics, too,” Advisory Board, June 27, 2016.

Source: <https://www.advisory.com/daily-briefing/2016/06/27/rn-recruitment>

<sup>10</sup> LeeAnne Kavanagh, “Rural areas short on workers turn to overseas professionals,” High Country News, January 17, 2018.

Source: <https://www.hcn.org/articles/the-montana-gap-rural-areas-short-on-workers-turn-to-professionals-from-overseas>



## ARE THE PERKS WORTH IT?

Labor accounts for approximately 60 percent of a hospital's non capital costs and is the largest driver of operating expenses.<sup>11</sup> In 2017, these costs increased by 7.6 percent nationally, a notable spike after years of 5 percent gains.<sup>12</sup> According to a report by Moody's Investor Service, labor costs are growing faster than revenue gains, and incentives to recruit and retain nurses are making matters worse. "The lack of qualified nurses will compound these expense pressures and negatively affect hospital margins," says Moody's analyst Safat Hannan.<sup>13</sup>

The University of Missouri Health Care spends \$750,000 a year on incentives to attract and retain nurses, including annual \$2,000 bonuses to registered nurses who remain in hard-to-fill units and up to five years of student loan repayment assistance.<sup>14</sup>

The amount of money that healthcare systems spend to recruit nurses seems at odds with the financial strain they're feeling from rising labor costs. For some organizations though, the monetary investment in recruiting pales in comparison to what they say they would spend on overtime or travel nurses—or, ultimately, from being understaffed and suffering the consequences of adverse patient outcomes.



**Labor is 60% of a hospital's non capital cost.**



**Reducing a nurse's patient load from 6 to 4 saves**

# 7 Lives

**in 100 patients<sup>15</sup>**

<sup>11</sup> Leslie Korenda, "No sick days, no collars: How tech might help hospitals shrink labor costs," Deloitte, February 8, 2018. Source: <http://blogs.deloitte.com/centerforhealthsolutions/no-sick-days-no-collars-how-tech-might-help-hospitals-shrink-labor-costs/>

<sup>12</sup> Jillian Mincer, "Short on staff: Nursing crisis strains U.S. hospitals," Reuters, October 19, 2017. Source: <https://www.reuters.com/article/us-usa-healthcare-nursing/short-on-staff-nursing-crisis-strains-u-s-hospitals-idUSKBNICP0BD>

<sup>13</sup> Ayla Ellison, "Moody's: Nursing shortage will pressure hospital margins for years," Becker's Hospital CFO Report, March 8, 2018. Source: <https://www.beckershospitalreview.com/finance/moody-s-nursing-shortage-will-pressure-hospital-margins-for-years.html>

<sup>14</sup> Jillian Mincer, "Short on staff: Nursing crisis strains U.S. hospitals," Reuters, October 19, 2017. Source: <https://www.reuters.com/article/us-usa-healthcare-nursing/short-on-staff-nursing-crisis-strains-u-s-hospitals-idUSKBNICP0BD>

<sup>15</sup> "To Save Costs, Hire More Nurses," ADU Online, August 1, 2015. Source: <https://aduonline.edu/save-costs-hire-nurses/>



Nationally, hospitals are spending more on travel nurses, because they're using them more to fill staffing gaps. According to Staffing Industry Analysts, a global advisor on workforce issues, the amount spent on travelers nearly doubled over three years to \$4.8 billion in 2017. For example, Charleston Medical says it had no need for travel nurses ten years ago, while last year the hospital spent \$12 million on them to keep all their beds open.<sup>16</sup>

Whether signing bonuses and other financial incentives are more cost-effective than filling vacancies with traveler nurses, the question of retention remains. According to research from NSI Nursing Solutions, Inc, nearly 20 percent of all new RNs leave within a year. The average expense of turnover for a bedside registered nurse can cost a hospital \$37,700 to \$58,400, which can result in average losses of \$5.2 million to \$8.1 million annually.<sup>17</sup>



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**The average expense of  
turnover for a bedside nurse**

**\$5.2 - 8.1  
Million**

**Turnover loss per year**

For Jennifer Breedlove, the generous signing bonus wasn't enough to keep her in the workplace. Because of her negative experience, she says she would be leery of any opportunity that offered a signing bonus now.

Rachel Howell, LPN, is currently studying to become an RN and echoes Breedlove's suspicion. Having had a poor experience working for an assisted living facility that offered her a signing

<sup>16</sup> Jillian Mincer, "Short on staff: Nursing crisis strains U.S. hospitals," Reuters, October 19 2017. Source: <https://www.reuters.com/article/us-usa-healthcare-nursing/short-on-staff-nursing-crisis-strains-u-s-hospitals-idUSKBNICPOBD>  
<sup>17</sup> "2018 National Health Care Retention & RN Staffing Report," NSI Nursing Solutions, Inc., March 2018. Source: <http://www.nsinursingsolutions.com/Files/assets/library/retention-institute/NationalHealthcareRNRetentionReport2018.pdf>





bonus, she says, “If I see a facility has a high sign-on bonus, I cock an eyebrow, wondering what the job entails for them to offer such a high incentive.”

## RECRUITING FOR RETENTION

Creating a workplace that nurses are drawn to and one where they will want to stay is a better strategy than recruiting employees with financial incentives, says Natalie Jones, MSN, RN, and executive director of talent acquisition at WellStar Health System. “We pride ourselves on being a world-class healthcare organization that provides world-class care,” explains Jones. “Part of that is about being a career destination. Being able to grow here as part of our nursing excellence journey is more of a selling point than it is to just give someone a signing bonus and have them leave.”

Jones says WellStar focuses on being an Employer of Choice in many ways, including offering tuition reimbursement and programs that promote work-life balance. The organization has three childcare centers available to employees and a backup concierge service that staff can use for anything from having a nanny care for a sick child at home to enlisting help with wrapping birthday presents—things a working parent needs assistance with or can’t always find time for. WellStar has been recognized as one of the [\*\*FORTUNE 100 Best Companies to Work For®\*\*](#), and has received Top 10 honors on Working Mother’s 100 Best Companies list and accolades from other organizations for being a desirable workplace.

When [\*\*surveyed by Scrubs Magazine\*\*](#), nurses around the country cite workplace culture, benefits, supportive management, and peer camaraderie as some of the key factors in creating workplaces they love.

These factors parallel some of the findings from one of [\*\*NurseGrid’s earlier white papers\*\*](#), which explored ways that healthcare systems can empower nurses and leadership

### TOP BENEFITS NURSES LOVE

Tuition  
Reimbursement



Competitive Pay

Comprehensive  
Benefits



Low Patient-to-  
Nurse Ratio

### CREATIVE BENEFITS

Free Massages  
& Yoga



On-Campus  
Childcare



Flexible Scheduling





through education, mentorship, professional development, open communication, and opportunities to contribute to innovation.

Scripps Health, for example, develops existing staff through education and transition programs, resulting in a trained resource pool they can tap to cover short- and long-term temporary needs. “The time it takes for the employees to be fully productive on the unit is much shorter than if we brought in resources from outside our system,” says Jack Blake, senior director of talent acquisition.<sup>18</sup>

Corey Furin, site finance director at St. Luke’s Health System, says his organization is addressing retention by working toward being a high-reliability organization (HRO). “The way you take care of patients and staff and the way you evaluate, monitor and understand root causes are not just quality or patient outcome measurements; they’re an employee engagement issue as well,” says Furin. “It’s vital to have the tools to identify who your high, medium, and low performers are and then have strategies to manage them all accordingly.”

Workplace culture matters, and so does work-life balance and scheduling. Eighty-five percent of nurses who responded to a [NurseGrid survey](#) said that if their department used the NurseGrid Mobile calendar app, it would make it a more appealing place to work. And 89 percent of nurses in departments already using NurseGrid Manager scheduling software said its implementation has made them more satisfied.

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Improving retention also comes from getting the right candidates in the door. WellStar helps managers make the right hiring decisions partly by focusing on employee referrals. According to Jones, “Good employees refer good employees.”

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<sup>18</sup> Kelly Gooch, “How 5 health systems are recruiting, retaining nurses during an RN shortage,” *Becker’s Hospital Review*, January 21, 2016. Source: <https://www.beckershospitalreview.com/human-capital-and-risk/how-5-health-systems-are-recruiting-retaining-nurses-during-an-rn-shortage.html>



## GLITTER OR GOLD?

It's no surprise that all that glitters may not be gold. In the case of the lavish incentives tied to nurse recruitment and retention, they may indeed ring hollow when the work environment doesn't live up to expectations.

Seun Ross, director of nursing practice and work environment for the American Nurses Association (ANA) says hospitals need to improve the nursing experience by bringing in cutting-edge equipment and fostering an inclusive work culture. "If you invest in nurses with signing bonuses, you might keep them a few years, but they're going to leave if the work environment sucks," she says. "If you invest in nurses already there, they're going to bring their friends."<sup>19</sup>

**If you invest in nurses already there, they're going to bring their friends.**

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Furin has no issue with employing financial incentives to attract nurses. "The issue is when we do offer these things and people still leave, or we don't have mechanisms in place to really understand the turnover issue," he says.

Both Jennifer Breedlove and Rachel Howell say they're much happier where they are now, having found satisfaction in workplaces that are supportive, collaborative, safe, and conducive to work-life balance—even without the signing bonuses.

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<sup>19</sup> Max Blau, "Whatever it takes": Hospitals get creative in hiring nurses amid a national shortage," STAT, September 13, 2017. Source: <https://www.statnews.com/2017/09/13/nurses-shortage-hiring-incentives>



NurseGrid is a healthcare technology company founded by a team of nurses and healthcare professionals, dedicated to providing modern solutions to existing inefficiencies within hospitals and healthcare systems. The company has launched one of the most successfully adopted mobile apps for nurses on the market, with more than 500,000 downloads and a 5-star App store rating. NurseGrid also has a web platform for nurse managers, which is used in use in facilities across the country.

For more information

Visit [www.NurseGrid.com](http://www.NurseGrid.com)