

# **Does the Labor Market Work for Women? Nurses, Wages, and Labor Supply**

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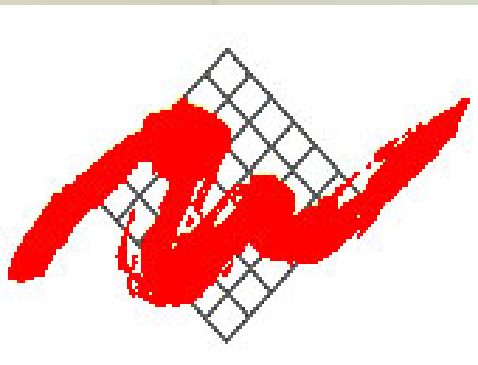
Institute for Women's Policy Research

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# Why nursing is important in the context of this conference

- Nursing is the 6<sup>th</sup>-largest occupation in the U.S.

- It's the biggest STEM occupation

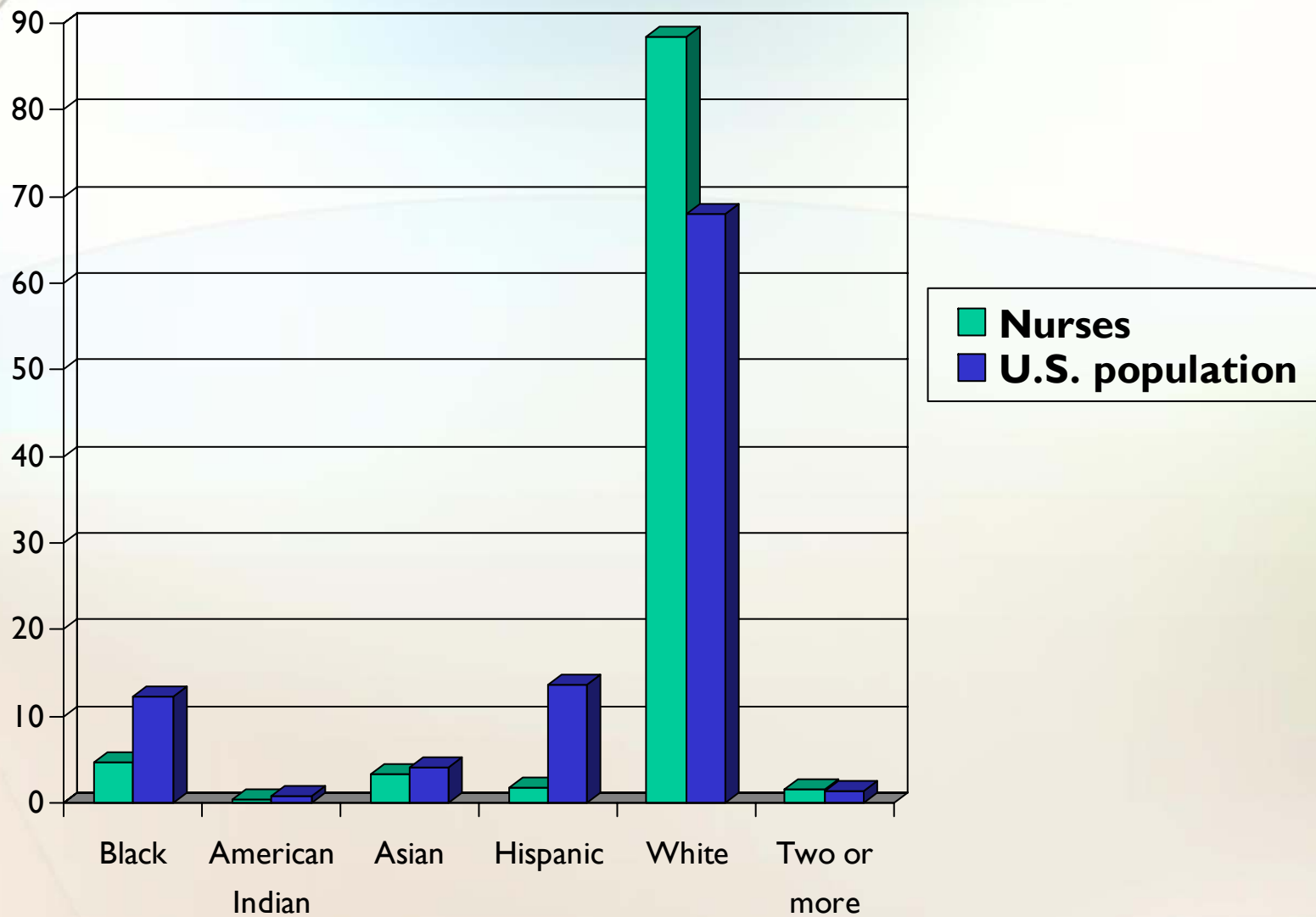
Source: U.S. Bureau of Labor Statistics, *Highlights of Women's Earnings in 2006* (2007).

<u>Occupation</u>	<u>Number of workers</u>	<u>Median weekly earnings</u>
<b>Drivers</b>	<b>2,821,000</b>	<b>\$642</b>
<b>Secretaries</b>	<b>2,683,000</b>	<b>\$583</b>
<b>Primary teachers</b>	<b>2,334,000</b>	<b>\$838</b>
<b>Retail supervisors</b>	<b>2,296,000</b>	<b>\$639</b>
<b>Retail salespersons</b>	<b>2,022,000</b>	<b>\$494</b>
<b>Registered nurses</b>	<b>1,898,000</b>	<b>\$978</b>

## **Nursing exhibits a unique aspect of the gender factor in STEM**

- Not an issue of women breaking into the occupation or achieving employment parity, since it has always been a women's job.  
(90.3 percent of nurses are women)
- Gender affects human resource decisions about nurses, including wage-setting and working conditions.
- Historical reliance on women's labor supply no longer provides secure labor source, as women choose other occupations.

## There are problems opening nursing opportunities to workers of color



Source: DHHS, HRSA, *National Sample Survey of Registered Nurses* (2004).

## The IWPR Study



Solving the Nursing  
Shortage through  
Higher Wages

Institute for Women's Policy Research

# IWPR's study on nurses' wages

## Current Population Survey

- Collected every month by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics
- Dataset compiled monthly surveys from September 1995 to April 2005
- 18,300 hospital nurses (RNs)  
  
(56 percent of nurses work in hospitals; main site of reported shortages, biggest focus of public policy concern re labor supply)
- Study explores factors that can enhance nurse labor supply

Funded by the SEIU.

- Long-term projections for continued very strong labor demand .
- 703,000 new nursing jobs will be created between 2004 and 2014.
- 1,203,000 new nurses will be needed to fill new jobs and replace exiting workers.
- Historical pattern of reported shortages.
- Significant policy attention at federal and state levels to how adequate labor supply can be ensured.

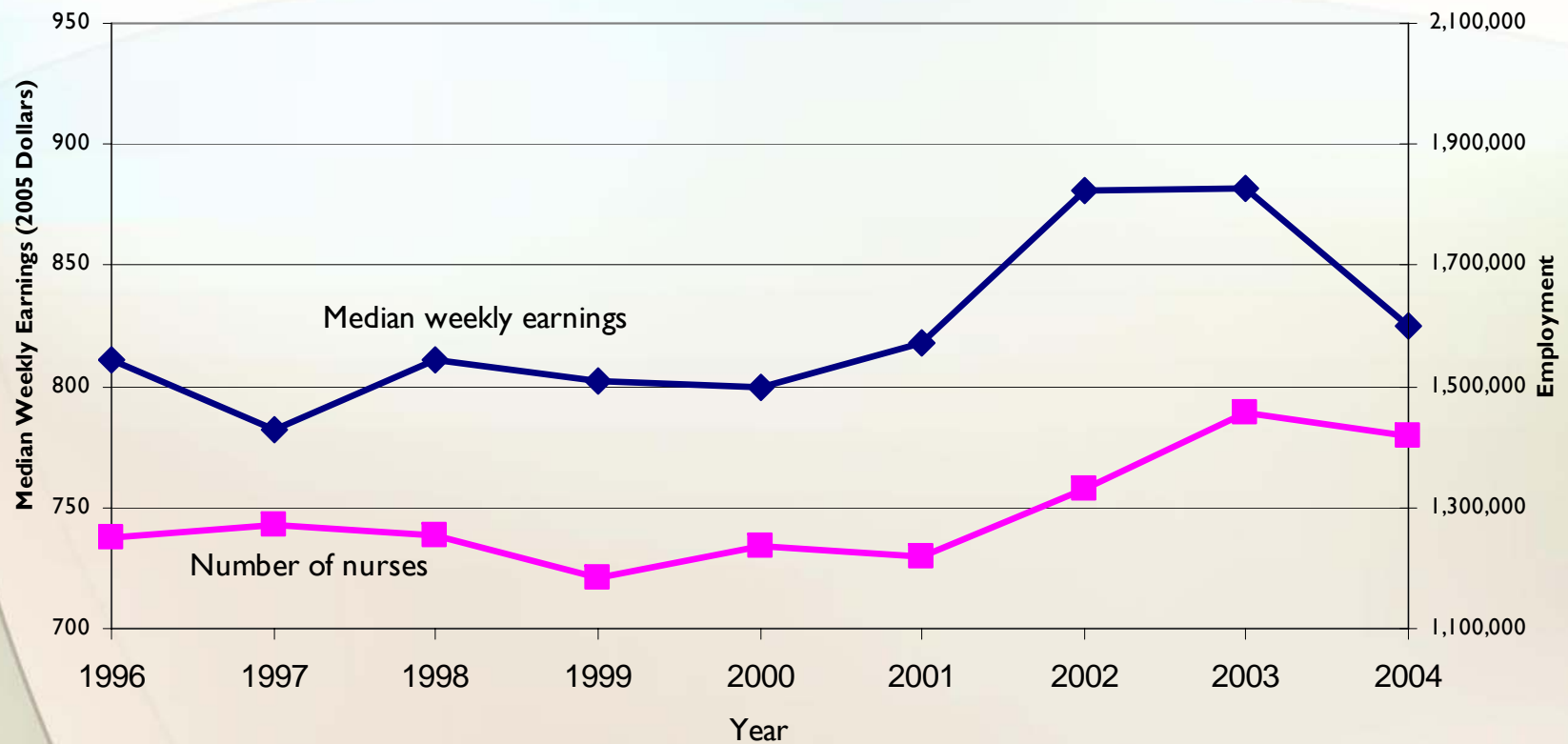
Source: Daniel E. Hecker, "Occupational employment projections to 2014"  
(*Monthly Labor Review* 128(11): 70-101, 2005).

## **Key finding:**

Although some hospital administrators had already begun worrying about a nursing shortage in 1997, nurses' pay did not increase over the late 1990s and through 2000.

# Nurse wages respond slowly to perceived shortage

Hospital Nurses' Inflation-Adjusted Median Weekly Earnings and Employment, 1996-2004



Source: Institute for Women's Policy Research analysis of January 1996 through December 2004 Current Population Survey Outgoing Rotation Group files.

## A large wage increase attracts more nurses

	<b>Annual Change in Median Weekly Earnings (2005 dollars)</b>	<b>Annual Change in Hospital Nurse Employment</b>
1996-97	-\$29	21,264
1997-98	\$28	-17,899
1998-99	-\$8	-69,721
1999-00	-\$3	52,295
2000-01	\$19	-15,801
<b>2001-02</b>	<b>\$62</b>	<b>112,433</b>
<b>2002-03</b>	<b>\$1</b>	<b>125,768</b>
2003-04	-\$57	-41,078

## **Nurse wages disregard:**

### **Education**

Unusual degree of similarity of earnings across different types/lengths of nurse training programs.

### **Experience**

Nurses' earnings after 20 years are only 1 to 3 percent higher than with only 5 years of experience.

## **Rather than raising wages, hospitals manipulate staffing, using:**

- Mandatory overtime
- Contingent workers (temp, agency, per-diem, registry, or floating nurses)
- Understaffing
- One-time hiring bonuses

## **More nurses are seeking jobs outside hospitals**

- 1 in 20 nurses chooses a non-hospital job
- Between 1992 and 2000, the number of nurses employed not in hospitals grew 35 percent
- In 1984, 68 percent of nurses were employed in hospitals; in 2000, only 59 percent were

# **Workforce analyses overlook the importance of fair wages**

Frequently cited reasons for having difficulty filling nurse vacancies:

- Insufficient training capacity
- Job image
- Growing demand

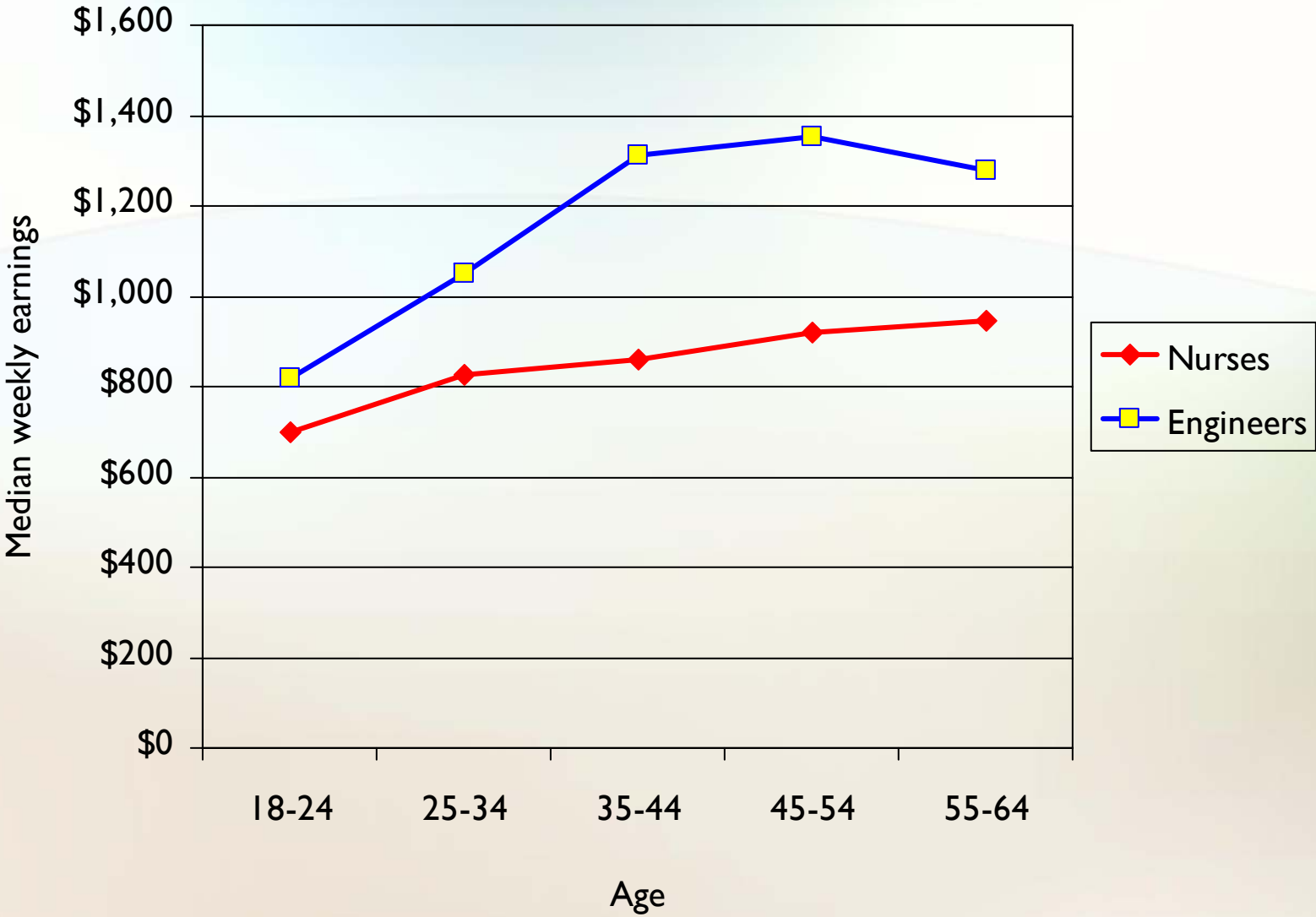
Reasons that are often overlooked:

- Low nurse wages
- Poor working conditions

## **How wages *can* affect labor supply: The example of pharmacy**

- A shortage emerged in 1998
- Salaries rose 20 percent by 2000
- Salaries increased again, 8.5 percent, 2002 to 2004
- Education programs expanded
- Analysts: higher wages increase supply: a natural, healthy process of an unconstrained labor market

# Nurses' wages are flat over their careers as compared with other STEM occupations



# Barriers to increasing the number of nursing students

## Continual upgrading of educational requirements:

- to keep up with new knowledge and skill needs as medicine advances
- to maintain professional status vis-à-vis other health-care occupations, such as physical therapy
- growing demand for occupational specialization pulls from bedside nurse supply

## Inadequate number of faculty

- low pay
- more than 32,000 qualified nurse program applicants denied admission in 2006, largely because of too few faculty

Sources: American Association of Colleges of Nursing, 2006; Martha A. Nelson, "Education for professional nursing practice" (*Online Journal of Nursing* 7(3), 2002).

## Importing labor: Prospects for meeting U.S. labor demand

- 3.5 percent of nurses now practicing in the United States were educated in other countries (100,791).
- Half are from the Philippines; another 20 percent from Canada. (Canada both imports and exports nurses.)
- Some countries have developed, or are considering developing, nurse export industries, to increase remittances that support families in the exporting countries.

Sources: U.S. Department of Health and Human Services, *The Registered Nurse Population: National Sample Survey of Registered Nurses* (2004).

- Licensing and immigration requirements create huge barriers to the importation of foreign-trained nurses.
- The expense of expanding training infrastructure and the emigration of nurse faculty limit countries' ability to send nurses to the U.S.
- Needed increases in educational requirements may make it harder to import qualified nurses.
- New European Commission "blue card" proposal foretells growing competition from other nurse-importing countries.

Linda H. Aiken, James Buchan, Julie Sochalski, Barbara Nichols and Mary Powell, "Trends in International Nurse Migration" (*Health Affairs* 23(3): 69-77, 2004); Nelson 2002; Dan Bilefsky, "Europe Tries to Attract Migrants It Prefers" (*New York Times*, October 24, 2007).

## **Ethical concerns about importing nurse labor**

- Many countries from which nurses emigrate to the U.S. have much lower per-capita nurse staffing levels than the U.S.
- Many also face health crises related to generally poor development of health-care systems and health-care needs related to HIV/AIDS.
- Draining skilled workers from these countries deprives them of much-needed skilled labor.
- But, wages, working conditions, and quality of life in the U.S. are very attractive to individual nurses.

Source: Aiken et al. 2004.

# Developing effective labor supply policies

Ground public policy in empirical understanding of labor supply and demand issues.

Acknowledge the impact of gender in decisions about wage-setting, working conditions, and education in the nursing profession.

Research on relationship between wages and labor supply

- Guide policy development
- Educate employers about the effects of their choices

Change workplace conditions to make nursing more attractive

Expand union representation

- Wages are higher where more nurses join unions, for union members and for non-union nurses
- Union nurses' wages are 13 percent higher than non-union nurses' wages