

Measures of RN Compensation

There are many ways of measuring how much registered nurses are paid. Various government agencies, consulting groups, organizations and publications produce figures relating to compensation. Even the Bureau of Labor Statistics (BLS) produces several measures of compensation by occupation, including the National Compensation Survey, the Occupational Employment Survey and the Current Population Survey (CPS). The discussion below focuses on two measures derived from BLS data. The BLS's "Employer Cost for Employee Compensation," or ECEC is unique among compensation measures produced by the federal government, in that it collects data on both wages and benefits. The second measure comes from the CPS. It is useful because it allows us to look at wages going back to the early 1980. It is also possible to compare union and non-union wages among RNs using data from the CPS.

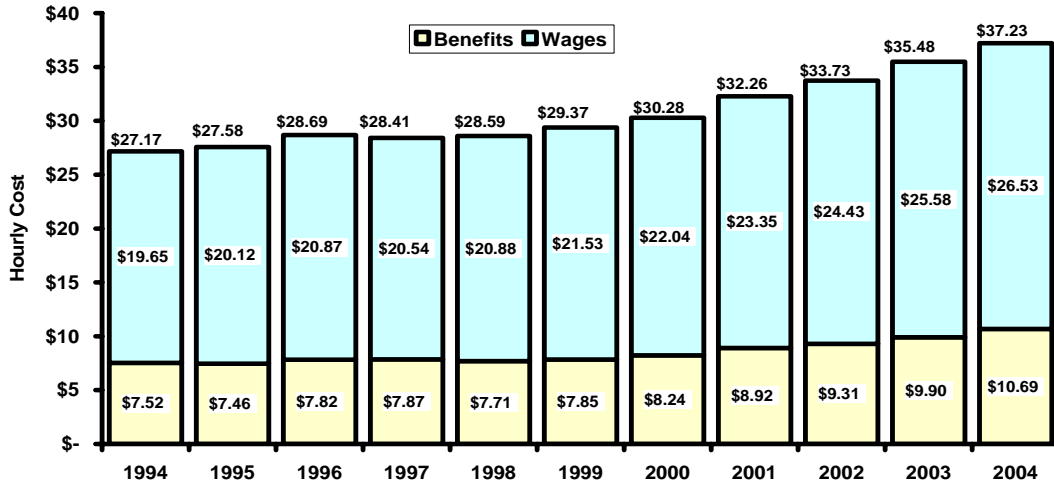
Wages and Benefits

The ECEC measures what employers pay for wages, salaries and benefits. The table below assembles ECEC data for each year going back to 1994 for civilian registered nurses.ⁱ

Hourly Employer Cost for Employee Compensation Civilian Registered Nurses			
Year	Total Compensation	Wages & Salaries	Total Benefits
1994	\$27.17	\$19.65	\$7.52
1995	\$27.58	\$20.12	\$7.46
1996	\$28.69	\$20.87	\$7.82
1997	\$28.41	\$20.54	\$7.87
1998	\$28.59	\$20.88	\$7.71
1999	\$29.37	\$21.53	\$7.85
2000	\$30.28	\$22.04	\$8.24
2001	\$32.26	\$23.35	\$8.92
2002	\$33.73	\$24.43	\$9.31
2003	\$35.48	\$25.58	\$9.90
2004	\$37.23	\$26.53	\$10.69

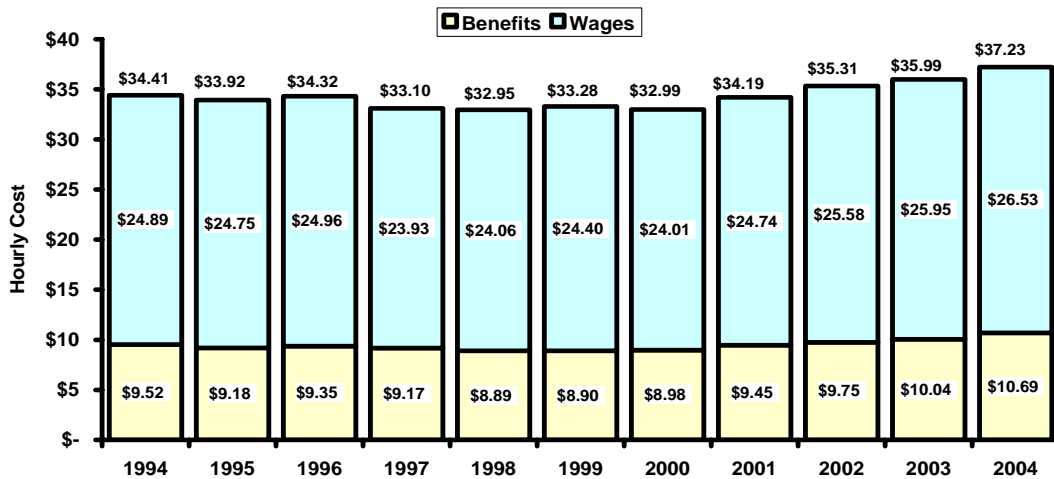
The following chart graphs the same data. Note that benefits make up a substantial portion of total compensation.

Total Compensation Costs for Civilian Registered Nurses



While the graph above shows an upward trend in total compensation since 1994, to get a more accurate picture, we need to adjust the data for inflation. The graph below shows the data in inflation-adjusted 2004 dollarsⁱⁱ.

Total Compensation Costs Civilian Registered Nurses Inflation-Adjusted 2004 Dollars



Some interesting trends emerge in the preceding data. Between 1994 and 2000, total compensation trended down slightly. Measured in today's dollars, employers were paying \$34.41 in total compensation in 1994 and were only paying \$32.99 by 2000. Starting in 2001, compensation began to move upward, hitting \$37.23 in 2004.

Looking at just the wage component alone (still using inflation-adjusted 2004 dollars) reveals that wages fell throughout the late 1990s and were still slightly lower in 2001 than they were in 1994. However, over the last two years wages have increased to the point where the hourly employer wage cost for RNs was \$26.53 in 2004, compared to \$24.89 in 1994.

Surprisingly, benefit costs for nurses also declined during much of the last decade. From 1994 to 1998, inflation-adjusted benefits declined by 6.7 percent from \$9.52 to \$8.89. Since that time benefit costs have begun to increase, reaching \$10.69 in 2004.

Why were nurses' wages and benefits stagnant during much of the 1990s? The most likely reason is the advent of managed care, which put great pressure on the healthcare system to hold down costs. However, with the current widespread staffing crisis, nurse compensation is rising.

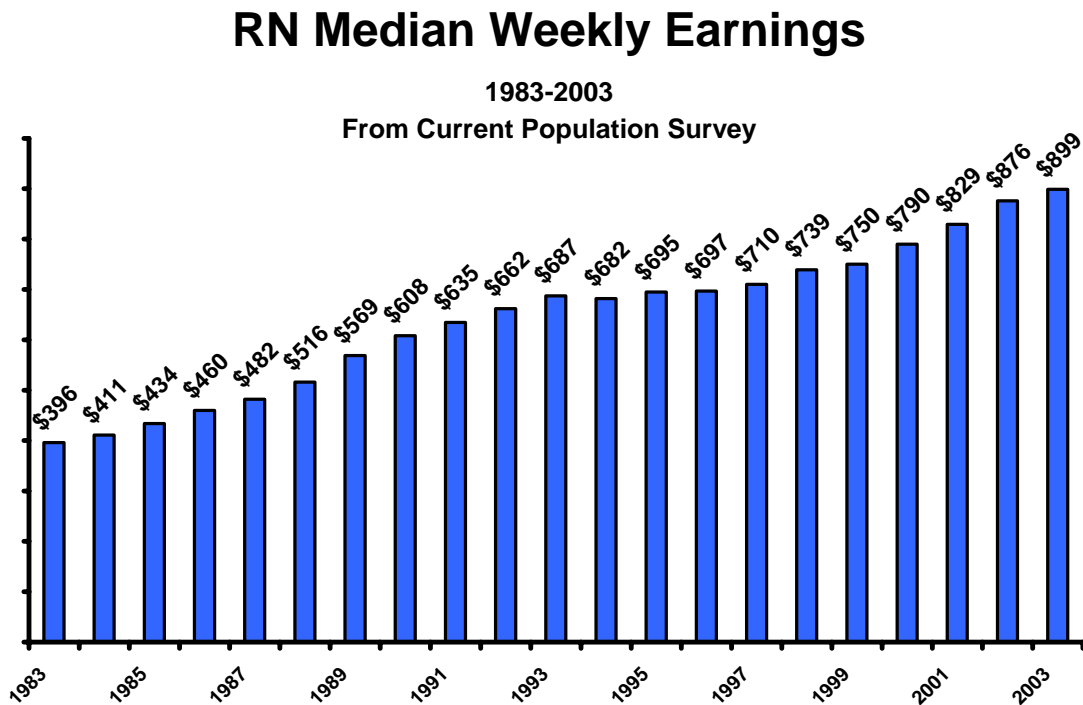
The table below breaks down the various components of benefits. Note that the insurance category is mostly health insurance. Legally required benefits refer to Social Security and other employment taxes.

Hourly Employer Cost for Employee Compensation Civilian Registered Nurses Inflation-Adjusted 2003 Dollars Components of Total Benefits					
Year	Paid Leave	Supplemental Pay	Insurance	Retirement or Savings	Legally Required
1994	\$2.52	\$1.29	\$1.85	\$1.04	\$2.80
1995	\$2.45	\$1.27	\$1.73	\$0.87	\$2.83
1996	\$2.55	\$1.29	\$1.75	\$0.93	\$2.82
1997	\$2.70	\$1.13	\$1.65	\$0.99	\$2.69
1998	\$2.64	\$1.12	\$1.60	\$0.90	\$2.62
1999	\$2.65	\$1.07	\$1.69	\$0.87	\$2.61
2000	\$2.70	\$1.09	\$1.72	\$0.93	\$2.53
2001	\$2.74	\$1.12	\$1.71	\$1.00	\$2.87
2002	\$2.87	\$1.24	\$1.88	\$1.05	\$2.69
2003	\$2.88	\$1.33	\$2.02	\$1.05	\$2.75
2004	\$3.06	\$1.28	\$2.28	\$1.21	\$2.85

The conclusion from the ECEC data is that both RN benefits and wages, when adjusted for inflation, declined during much of the late 1990s. Over the last three years they have finally begun to increase again.

RN Earnings in the Current Population Survey

Every month the Census Bureau conducts interviews with some 60,000 U.S. households in what is called the Current Population Survey. The Bureau of Labor Statistics uses the CPS to construct a large variety of government measures of the economy, including the monthly statistics on unemployment. The survey also asks about union status and earnings. The BLS has provided the UAN with data on RN earnings as measured in the CPS going back to 1983. The graph below illustrates median weekly earnings for RNs from 1983 through 2003. Complete data for 2004 were not available as this was prepared.



The graph shows that RNs' weekly earnings have expanded from \$396 in 1983 to \$899 in 2003. That represents an increase of 127 percent since 1983. Multiplying by 52 to get an annual estimate, RN earnings increased from \$20,592 to \$46,784.

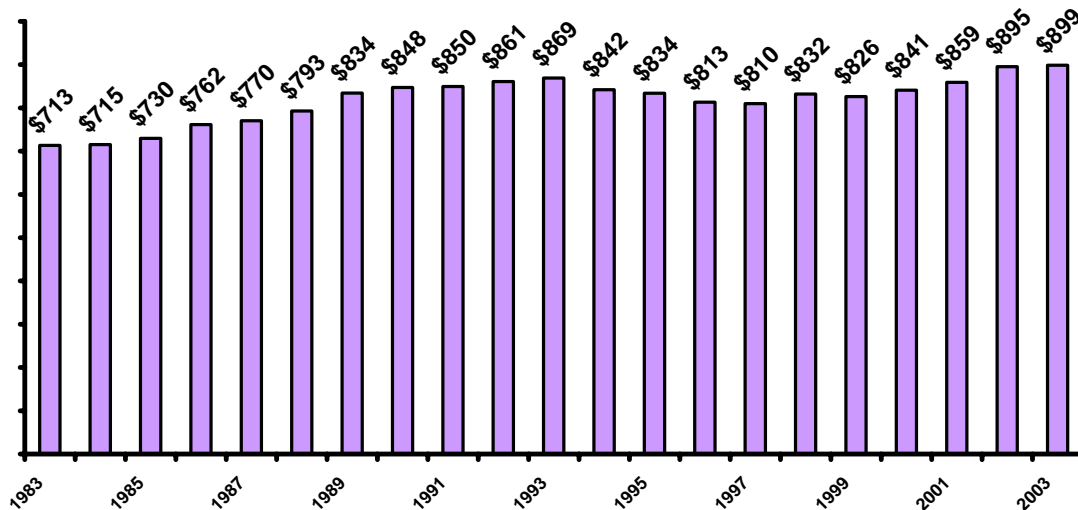
Once again, to get a more accurate picture, we need to adjust the above figures for inflation. The following chart adjusts the figures above so that they measure RN earnings in constant 2003 dollars.ⁱⁱⁱ

RN Median Weekly Earnings

Inflation-Adjusted 2003 Dollars

1983-2003

From the Current Population Survey



In inflation-adjusted terms, measured in 2003 dollars, RN pay has risen from \$713 per week to \$899. That represents a 26 percent increase in real earnings. By comparison, the median real earnings for all occupations increased only about 10 percent.

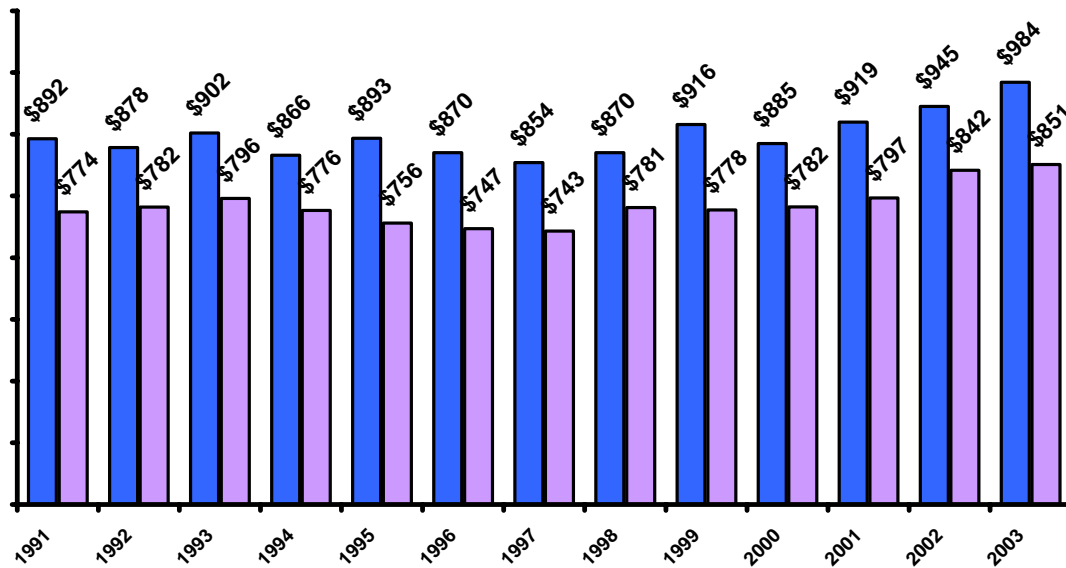
However, the pattern by which this increase occurred was uneven. Weekly earnings increased in a fairly even pattern from 1983 before reaching a peak of \$869 in 1993. Weekly earnings then went into decline until reaching a relative low point of \$810 in 1997. Since the late 1990s inflation-adjusted RN earnings have once again been increasing, but did not surpass their 1993 peak until 2002. This confirms the same pattern that we saw in the data for the Employer Cost for Employee Compensation. Nurses' real wages stagnated during much of the 1990s due to cost-containment pressures from managed care.

Union and Non-Union Earnings

The BLS itself does not report union versus non-union wages for specific occupations. However, an annual publication from the Bureau of National Affairs (BNA)^{iv} publishes estimates of union and non-union wages for specific occupations based on the raw data from the Current Population Survey. The UAN was able to obtain such data going back to 1991. The chart below shows average real weekly earnings (in 2003 dollars) as calculated by the BNA for union and non-union RNs from 1991 to 2003.

Weekly Earnings Union and Non-Union

Measured in Constant 2003 Dollars



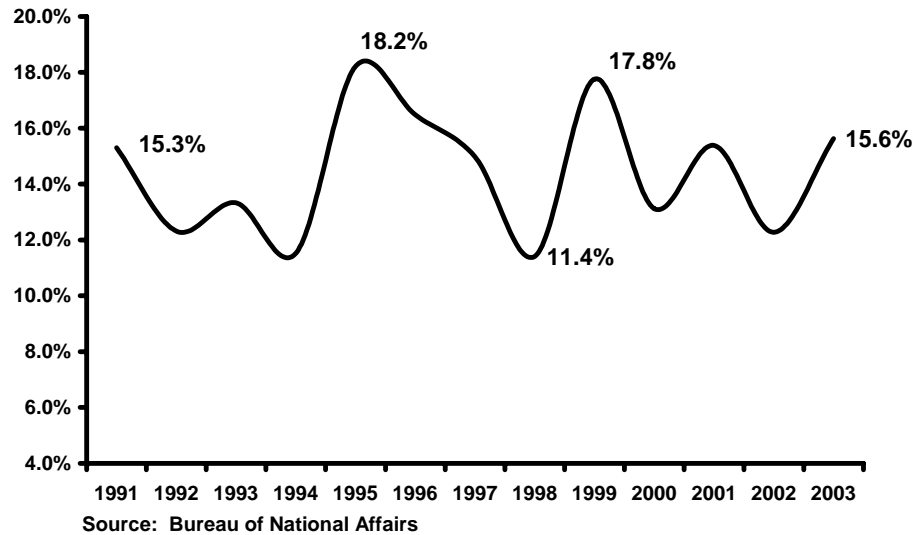
Source: Bureau of National Affairs

Union RNs have consistently earned higher wages than their non-union counterparts have. Last year, union RNs had average weekly earnings of \$984 according to the BNA. Non-union RNs were paid an average of \$851. That amounts to a union premium of \$133 per week, or \$6,916 on an annual basis. Thus, union RNs earned 15.6 percent more than non-union RNs last year.

The following chart shows how the union premium has varied over time. The premium has gone as high as 18.2 percent and as low as 11.4 percent. The average premium for all years for which we have data was 14.4 percent.

It should be noted that almost any measure of the union premium tends to understate the impact of unions on wages. This is because employers will often grant non-union employees pay raises if they feel that they have to in order to avoid union organizing drives. In addition, union pay may set a standard in a market that non-union employers feel compelled to meet in order to attract qualified employees. So, for example, if nurses at a union hospital negotiate a substantial pay increase, RNs in that locality may line up to get jobs with the higher wages, while nearby non-union hospitals may find it difficult to recruit and retain nurses. This causes the non-union hospitals to increase pay also. The spillover effect means that unions help to increase everyone's wages, union and non-union alike. Therefore, any measure of the union wage premium will understate the true positive impact of unions.

Percent by Which Union RN Earnings Exceed Non-Union



Finally, it should be noted that most measures show that the union impact on benefits is even greater than the impact on wages. Union workers are much more likely to be covered by health insurance, retirement plans and the like. In addition, plans in union workplaces tend to provide much more extensive benefits than those in non-union environments. Moreover, anyone who has worked in both union and non-union workplaces will testify that the union workplaces tend to have better working conditions.

RN Earnings in the Occupational Employment Statistics

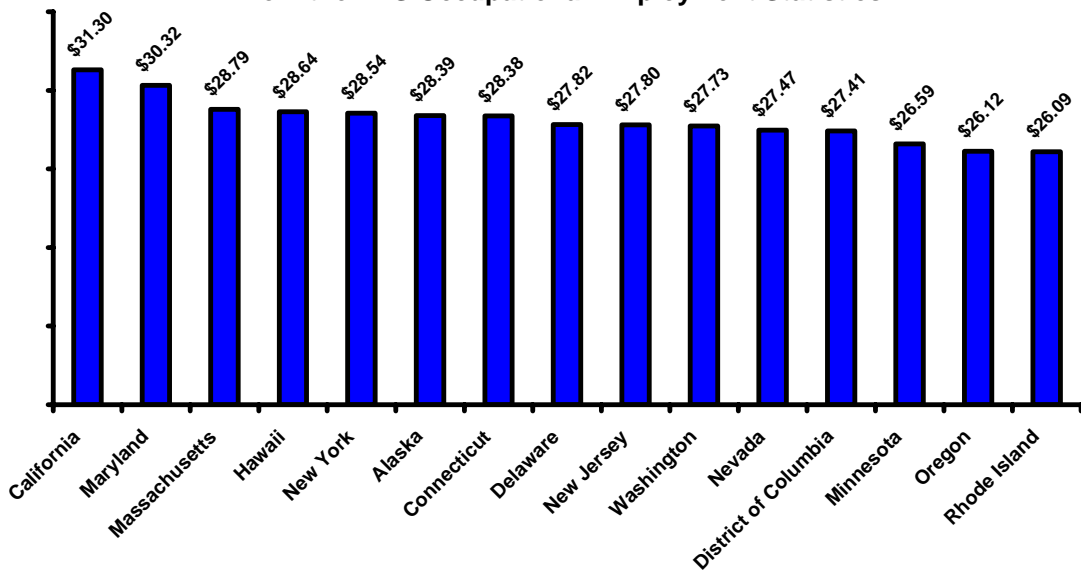
Another source of useful data on RN earnings is from the Bureau of Labor Statistics Occupational Employment Statistics Survey (OES). One advantage of the OES survey is that it provides estimates of RN earnings by state as well as at the national level.

The most recent OES data is for 2003. The table that follows shows some national summary data on RNs. Nationwide the average hourly wage for RNs was \$25.39. The median wage was \$24.53, meaning half of all RNs earned more and half earned less. The OES also provides information on RN earnings at various percentiles. For example, the 10th percentile wage reflects that 10 percent of RNs earn less than \$17.51 per hour. The 90th percentile figure means that an RN earning above \$35.11 is making more than 90 percent of all nurses. The data also provides annual figures, but users of these figures should be cautioned that these are not based on actual annual hours worked by nurses, but are assuming a nurse working 40 hours per week, 52 weeks per year.

2003 U.S. Data on RNs from the Occupational Employment Statistics Survey	
Average Hourly Wage	\$25.39
Median Hourly Wage	\$24.53
Average Annual Pay*	\$52,810
Median Annual Pay*	\$51,020
Pay Distributions by Percentile	
10th Percentile	\$17.51
25th Percentile	\$20.32
50th Percentile	\$24.53
75th Percentile	\$29.41
90th Percentile	\$35.11
Top Employing Industries	
General Med. Surgical Hospitals	1,314,520
Physician's Offices	199,040
Nursing Care Facilities	120,130
Home Healthcare Services	114,960
Employment Services	72,460
*Calculated assuming full-time, 40 hours per week, 52 weeks per year	

Top 15 States Average Hourly Pay for RNs 2003

from the BLS Occupational Employment Statistics



The chart above shows the top 15 states for average RN pay according to the OES data. Below is a table showing the employment, average hourly wage and median wage for each state, Guam, the District of Columbia and the Virgin Islands.

Registered Nurse Employment and Wages 2003 From the Occupational Employment Statistics Survey			
State	Number Employed	Average Hourly Wage	Median Hourly Wage
Alabama	36,970	\$ 21.57	\$ 20.86
Alaska	5,200	\$ 28.39	\$ 28.40
Arizona	33,810	\$ 24.87	\$ 24.36
Arkansas	19,360	\$ 21.54	\$ 20.70
California	213,630	\$ 31.30	\$ 30.84
Colorado	29,400	\$ 25.05	\$ 24.81
Connecticut	32,180	\$ 28.38	\$ 27.62
Delaware	6,550	\$ 27.82	\$ 27.06
District of Columbia	7,660	\$ 27.41	\$ 27.33
Florida	134,530	\$ 23.68	\$ 22.94
Georgia	58,210	\$ 23.44	\$ 23.22
Guam	530	\$ 22.65	\$ 21.09
Hawaii	7,860	\$ 28.64	\$ 28.96
Idaho	9,890	\$ 22.40	\$ 22.04
Illinois	100,390	\$ 23.64	\$ 23.18
Indiana	47,940	\$ 22.23	\$ 21.64
Iowa	28,550	\$ 20.26	\$ 19.94
Kansas	24,960	\$ 21.03	\$ 20.52
Kentucky	36,780	\$ 22.46	\$ 21.63
Louisiana	38,590	\$ 23.15	\$ 22.63
Maine	12,560	\$ 24.06	\$ 23.63
Maryland	47,050	\$ 30.32	\$ 30.68
Massachusetts	75,770	\$ 28.79	\$ 28.18
Michigan	76,740	\$ 25.30	\$ 24.73
Minnesota	51,440	\$ 26.59	\$ 26.36
Mississippi	24,840	\$ 21.92	\$ 20.87
Missouri	53,430	\$ 22.54	\$ 21.86
Montana	7,840	\$ 20.73	\$ 20.39
Nebraska	16,880	\$ 21.99	\$ 21.36
Nevada	14,240	\$ 27.47	\$ 27.72
New Hampshire	11,630	\$ 23.46	\$ 22.80
New Jersey	73,270	\$ 27.80	\$ 27.33
New Mexico	11,330	\$ 24.08	\$ 23.86
New York	163,710	\$ 28.54	\$ 27.74
North Carolina	67,700	\$ 23.50	\$ 22.86
North Dakota	6,350	\$ 21.08	\$ 20.31
Ohio	102,030	\$ 23.68	\$ 23.31
Oklahoma	22,100	\$ 21.25	\$ 20.70
Oregon	26,020	\$ 26.12	\$ 25.96
Pennsylvania	120,230	\$ 24.71	\$ 24.15

Registered Nurse Employment and Wages 2003 From the Occupational Employment Statistics Survey			
State	Number Employed	Average Hourly Wage	Median Hourly Wage
Rhode Island	10,480	\$ 26.09	\$ 25.79
South Carolina	30,720	\$ 23.80	\$ 22.98
South Dakota	8,840	\$ 21.32	\$ 20.32
Tennessee	49,730	\$ 23.07	\$ 22.11
Texas	139,910	\$ 24.54	\$ 23.86
Utah	12,960	\$ 24.06	\$ 23.63
Vermont	5,590	\$ 22.62	\$ 22.15
Virgin Islands	430	\$ 19.32	\$ 18.13
Virginia	52,600	\$ 23.93	\$ 22.86
Washington	44,430	\$ 27.73	\$ 27.41
West Virginia	16,370	\$ 21.37	\$ 20.32
Wisconsin	47,210	\$ 24.44	\$ 24.11
Wyoming	3,710	\$ 21.48	\$ 21.16

Comparing RNs and Hospital CEOs

The table below compares RNs annual paychecks with the cash compensation (salary plus various bonuses) earned by Chief Executive Officers of freestanding (non-system) hospitals. In 2003, CEOs earned \$349,700 compared to \$46,748 for RNs. CEO pay was 6.7 percent higher than the previous year, while RN pay was 2.6 percent higher.

	Annual Pay	
	RN*	CEO**
2002	\$ 45,552	\$ 327,700
2003	\$ 46,748	\$ 349,700
% Change	2.6%	6.7%

*Average pay from BLS Current Population Survey
**Average cash compensation from survey in *Modern Healthcare* magazine.

It should be noted that CEOs of hospital chains make much more money. For example, Alan Miller, the CEO of Universal Health Services, a for-profit acute-care hospital system, made cash compensation of \$9.3 million in 2003, and exercised stock options worth \$6.9 million for a total dollar compensation of \$16.2 million.

Endnotes

ⁱ The BLS collects the data for civilian RNs, which includes both private and state, and local employers, but not the federal government. The earliest year for which nurse compensation is available is 1994.

ⁱⁱ These figures were computed by the UAN using the BLS's Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), with the index rebased so that 2004=100.

ⁱⁱⁱ Again, these figures were computed using the CPI-W rebased so that 2004=100.

^{iv} Bureau of National Affairs, *Union Membership and Earnings Data Book*, various years.