



Nurse Student Loan Repayment Program

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Problem and Overview

Green Hills has a solid reputation in Ames, IA and the surrounding community. However, due to low unemployment and a shortage of nurses, efforts to recruit and retain qualified nurses need to be increased. Currently, Green Hills offers many benefits including educational assistance while an employee is in school, but the benefits package needs to be developed to increase retention after an employee graduates.

“Ames, Iowa claims the lowest unemployment in the United States...”

A Forbes article from February 9, 2016 named Ames, IA the city with the lowest unemployment in the United States. In an area with help wanted signs in most business windows and the nursing shortage in the country, this is very troubling. Green Hills has to come up with more creative ways to recruit and retain our nurses.

Methodology

The Student Loan Repayment Program (SLRP) is an incentive program designed to recruit and retain qualified licensed and registered nurses. SLRP benefits are paid directly to the loan lender, not directly to the nurse.

Program Details

\$3,000 benefit/nurse/year

Minimum loan balance of \$2,500 required to initially qualify; qualifying loans must be in the nurses' name

Nurses can apply after 180 days of employment or after graduating from an accredited nursing program

Nurses can apply at any time and benefits are retroactive to date of application

Must successfully complete performance evaluations

Repayment is based on a 3 year vesting table

Benefits are paid directly to the loan lender quarterly not directly to the employee

Repayment is based on the three year vesting table shown in Table 1. The dollar amount is applied to all hours worked during the last 90 day period (quarterly). Any time an employee has worked at Green Hills in any position prior to becoming a nurse in the Health Care Center counts towards length of service.

Table 1: Vesting Table

Length of Service	Vesting %	\$/Hour
< 1 year	40%	\$0.64
1 year to < 2 years	60%	\$0.96
2 year to < 3 years	80%	\$1.28
3 or more years	100%	\$1.60

Nurses who apply for the SLRP must have:

1. successfully completed first and second tier performance evaluations.
 - a. not received any scores of “unacceptable” in the essential job functions section of their evaluation.
 - b. not received more than two scores of “unacceptable” in all other categories of their evaluation.

Results

The SLRP is in the process of being approved by Green Hills Residents Association on the following timeline:

- February 2016: Presented to Compensation Subcommittee for recommendation to the Finance Committee
- March 2016: Presented to Finance Committee for recommendation to the Board of Directors
- March 2016: Presented to the Board of Directors for approval for budgeting purposes
- May 2016: Finance Committee and Board of Directors to approve final fiscal year 2017 budget
- May 2016: Revise SLRP to meet approved budget
- June 2016: Present SLRP to nursing staff

As this program is implemented Green Hills hopes to measure and see results of:

- Increased inquiries and applications for nursing positions
- At least 90% of qualified nurses employed at Green Hills with students loans apply for the program
- Decreased turnover in nursing positions to less than 20%
- Increased retention of licensed and registered nurses

The “Rule of Thumb” was used in Table 2 to compare Green Hills' cost of turnover to the cost of the program. The rule estimates that the cost of turnover, direct and indirect, is 25% of an employees' annual compensation. Table 3 shows the maximum cost of the SLRP to Green Hills if all nurses received benefits at the maximum vesting amount.

Green Hills will pay SLRP benefits as a net contribution to reduce the tax burden on the employee as the benefit is taxed as income. Table 4 shows what the separate, quarterly pay stub would look like for a nurse receiving benefits. This example will be explained to the nursing staff in June and is based on an employee working 72 hours per pay period at a rate of \$21.50 per hour.

Table 2: Cost of Turnover Per Employee

Position	Hourly Wage	Annual Salary	Rule of Thumb	Cost of Turnover
RN	\$ 26.50	\$ 49,608	25%	\$ 12,402
LPN	\$ 19.25	\$ 36,036	25%	\$ 9,009

Annual Salary based on 36 hours per week

Table 3: Maximum Cost of Student Loan Repayment Program

Number of Nurses	Maximum Benefit per Nurse	Maximum Annual Cost to Green Hills
11	\$3,000	\$33,000

Table 4: Net Contribution Example

Net Contribution	
SLRP Income	691
Deductions	
Medicare	-10
Social Security	-43
Fed Income*	-69
State Income*	-23
Total Deductions	-145
Net Pay	546

**Federal and State Income withholdings based on 0 personal allowances claimed*

Outreach

Currently, open nursing positions are posted on 25 job boards and websites. To increase inquiries and applications for positions, Green Hills will create awareness of the SLRP to nursing programs and students in the area. Collateral will be developed to market the SLRP to these continued and newly developed relationships as shown in Table 5.



Table 5: Number of Students in Local Nursing Programs

Local Nursing Programs	Nursing Students	Locations in the Area
DMACC	400	5
Mercy	267	1
Grand View	202	1
Kaplan	160	4
Total	1029	11

Recommendations

1. Create a short, overview document that describes the program in easy-to-follow language
2. Update and track measurements quarterly, recognize trends in results
3. Share results with Finance Committee, Compensation Subcommittee, and Board of Directors
4. Review and amend the program to reflect trends in measurements
5. Share the Nurse Student Loan Repayment with other Life Care Services communities

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