



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

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Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

At your request, we have compiled information on nursing staff issues at the Wisconsin Veterans Home at King, which is operated by the Department of Veterans Affairs (DVA) and provides direct care to approximately 710 veterans. The Veterans Home includes four main residence halls that are separately licensed nursing homes and are regulated by the Department of Health and Family Services.

DVA spent \$18.1 million in fiscal year (FY) 2002-03 on salaries—including overtime costs—and fringe benefits for nursing staff working at the Veterans Home. Overtime payments totaling \$1.2 million represented only 6.5 percent of nursing staff expenditures. However, we found that most nursing staff at the Veterans Home worked more than 80 hours in a two-week pay period we reviewed. In June 2003, 22 of 31 full-time nurse clinicians, 17 of 31 full-time licensed practical nurses, and 126 of 165 full-time certified nursing assistants worked more than 80 hours. Furthermore, employees in part-time positions, defined as 40 hours in a two-week pay period, worked an average of 77 hours.

DVA staff report that significant vacancy rates have led to the extra time required to meet minimum staffing levels for nursing homes under state law. We note that no citations were issued to the Veterans Home in FY 2002-03 because of insufficient staffing. It also has higher staff retention rates than other Wisconsin nursing homes.

DVA has developed several initiatives designed to retain current nursing staff and to recruit additional staff to fill vacancies. While it is still too early to assess the effectiveness of these initiatives, the vacancy rates fell during the first ten months of 2003, particularly for licensed practical nurses and certified nursing assistants. Nevertheless, a competitive labor market for nursing staff remains an obstacle to filling vacancies, and 25.0 percent of nurse clinician positions at the Veterans Home were vacant in October 2003.

I hope you find this information useful. Please contact me if you have additional questions.

Sincerely,

A handwritten signature in cursive script that reads 'Janice Mueller'.

Janice Mueller
State Auditor

JM/KW/bm

STAFFING ISSUES AT THE WISCONSIN VETERANS HOME AT KING

Since 1945, the Department of Veterans Affairs (DVA) has operated the Wisconsin Veterans Home at King. The Veterans Home includes four main residence halls, each of which is a state-licensed and regulated nursing home, cottages for married couples capable of independent living, and recreational and support facilities. Veterans who wish to live at the Veterans Home must meet criteria for military service and state residency. Together, the four residence halls served 710 residents in 2002. In fiscal year (FY) 2002-03, the total operating expenditures for the Veterans Home were \$43.0 million. Expenditures for nursing staff—those providing direct care for residents—at the Veterans Home totaled \$18.1 million for salary and fringe benefits.

Concerns have been raised by some legislators about the management of nursing staff at the Veterans Home. These concerns are long-standing: they have persisted for at least ten years and relate to the number of nursing staff available to work shifts in the four residence halls. Nursing staff at the Veterans Home include:

- nurse clinicians, who are registered nurses licensed by the State, and who provide health care to residents by carrying out medical orders given by physicians;
- licensed practical nurses, who, like nurse clinicians, are professional staff, but who are qualified to perform fewer health care tasks; and
- certified nursing assistants, who are the majority of nursing staff at the Veterans Home and who support the licensed nursing staff by assisting residents with daily needs that do not require the services of a professional nurse.

Legislators have expressed concern about vacancies, nursing staff levels, and total hours worked by nursing staff. In addition, some believe excessive “extra time” results in turnover that sustains a high nursing staff vacancy rate, making it difficult to reduce the need for additional hours from staff. Under the federal Fair Labor Standards Act, extra time represents overtime and time-and-a-half payments for non-supervisory employees working more than 80 hours in a two-week period. When part-time employees fill an open shift, they are working extra time above the typical two-week schedule of 40 hours but are not paid time-and-a-half until they work more than 80 hours. A 1993 Legislative Audit Bureau letter report on management of the Veterans Home noted that nursing staff were working a significant amount of overtime and cited a poor working relationship between management and staff. Despite DVA’s efforts to reduce extra time and to improve the workplace environment, staff continue to report that the problems have not been resolved.

In August 2003, a group of legislators requested information from DVA regarding nursing staff levels, expenditures, and recruitment and retention efforts intended to reduce the number of vacancies and overtime. At the request of the co-chairs of the Joint Legislative Audit Committee, we analyzed DVA’s response to the legislators’ requests and interviewed its staff, analyzed payroll records for nursing staff at the Veterans Home for 2002 and 2003, and collected performance data on Wisconsin nursing homes from the federal Medicare program and from the Wisconsin Department of Health and Family Services.

Expenditures for Direct Care Nursing Staff

DVA has an authorized position level of 339.5 full-time equivalent employees for the three nursing job categories at the Veterans Home. It employed 398 individuals in these nursing positions in October 2003; all but 7 of these staff provided direct care to veterans. The nursing staff expenditures shown in Table 1 represent salary, overtime, and fringe benefit costs for staff who provided direct care in FY 2002-03. They exclude expenditures related to nursing staff assigned to in-service and training, administrative, research, or transportation units.

Table 1

Nursing Staff Expenditures Staff Providing Direct Care to Veterans FY 2002-03

Expenditure	Amount
Nurse Clinician Salaries	\$ 2,706,900
Licensed Practical Nurses Salaries	1,678,500
Certified Nursing Assistants Salaries	7,680,000
Limited-Term Employees	537,600
Subtotal Salaries	12,603,000
Fringe Benefits	5,255,300
Temporary Agency Staffing Services	222,200
Total	\$18,080,500

Nursing Staff Vacancies

Nursing staff vacancies declined in 2003, but the vacancy rate for nurse clinicians was still 25.0 percent in October of that year. It had been 31.5 percent in January, as shown in Table 2. The vacancy rate for licensed practical nurses fell from 21.4 percent in January 2003 to 8.6 percent in October. In the same period, the vacancy rate for certified nursing assistants fell from 14.4 percent to 7.9 percent.

Table 2

Nursing Position Vacancies
Total Vacancies and Percentage during 2003

Position	January	June	October
Nurse Clinicians			
Vacancies	17	13	13
Percentage	31.5%	25.0%	25.0%
Licensed Practical Nurses			
Vacancies	12	14	5
Percentage	21.4%	24.1%	8.6%
Certified Nursing Assistants			
Vacancies	42	33	23
Percentage	14.4%	11.3%	7.9%
All Nursing Positions			
Vacancies	71	60	41
Percentage	17.7%	14.9%	10.3%

Nursing Staff Extra Time

The Veterans Home cannot operate unless it meets the minimum staffing requirements that are specified in s. HFS 132.62 (3), Wis. Adm. Code, and are based on the severity of residents' health care needs. Because of vacancies in all three job categories, most part-time nursing staff are scheduled to work additional hours, and all nursing staff are required to work extra shifts on a rotating basis.

In FY 2002-03, none of the four licensed residence halls at the Veterans Home were cited by inspectors from the Department of Health and Family Services for violating the required staffing levels, but only 1 of the 229 state citations issued to nursing homes in Wisconsin was for a violation of staffing requirements. In FY 2002-03, there were 408 nursing homes in Wisconsin.

Nursing staff at the Veterans Home report that they often volunteer for extra time, either because they wish to increase their income or because they expect to be scheduled and wish to choose which shift they will work. "Forced" extra time occurs when a nursing supervisor directs an employee to work past a scheduled shift to cover for a fellow employee who is unexpectedly absent. DVA does not monitor the reasons employees work extra time.

Rules established in two local collective bargaining agreements govern how the Veterans Home allocates extra time among nursing staff, who are represented by local chapters of the Wisconsin State Employees Union and United Professionals for Quality Health Care. These rules are designed to distribute extra time evenly by means of a continuous rotation list and to reduce overtime payments by requiring that part-time employees be assigned to fill open shifts before full-time employees. The list is used both to schedule shifts in advance and to determine which nursing staff will be required to work forced extra time. The agreements provide two options for employees who do not wish to work extra shifts:

- they can attempt to find fellow employees who are both qualified and willing to work part or all of the shift; or
- they can use a “pass” or “grace day.” Under the local bargaining agreements, all nursing staff receive two “passes” that may be used during the fiscal year. Three “grace days” are granted by DVA, and nurse clinicians receive one additional pass per quarter under a separate agreement.

Local bargaining agreements appear to be successful in distributing forced extra time among staff and using part-time employees to avoid time-and-a-half overtime payments. Based on FY 2002-03 expenditures, all three categories of nursing staff were paid \$1.2 million in overtime, which represents only 6.5 percent of total staffing-related expenditures. To identify typical work patterns, including extra time worked by part-time employees and overtime worked by both full-time and part-time employees, we compared the number of hours worked by employees in two two-week pay periods during December 2002 and June 2003.

As shown in Table 3, the average hours worked and the number of full-time employees working overtime were slightly lower in June 2003 than six months earlier. Scheduling part-time employees for more hours and increased use of nursing staff from temporary employment agencies may account for some of the decline in hours worked by full-time nursing staff. In FY 2002-03, DVA employed nurse clinicians and licensed practical nurses from seven temporary staffing agencies, at a cost of \$222,200, as was shown in Table 1.

Table 3

Hours Worked by Nursing Staff
Comparison of 80-Hour Pay Periods in December 2002 and June 2003

Position	Number of Staff		Average Hours Worked		Number of Staff with 81+ Hours	
	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003
Nurse Clinicians						
Full-time	32	31	85.7	83.8	28	22
Part-time	6	8	64.0	70.7	1	1
Limited-Term Employee	8	6	35.3	33.7	n.a.	n.a.
Licensed Practical Nurses						
Full-time	31	31	87.1	83.9	23	17
Part-time	11	12	58.7	64.0	1	0
Limited-Term Employee	2	1	42.5	32.0	n.a.	n.a.
Certified Nursing Assistants						
Full-time	176	165	89.0	86.8	149	126
Part-time	65	73	76.2	79.8	36	41
Limited-Term Employee	21	20	32.8	62.8	n.a.	n.a.

When there are fewer staff—such as when vacancy rates are higher—staff are required to work extra time more frequently. As noted, the Veterans Home uses a continuous rotation list to determine which staff are required to work extra shifts, and part-time staff are scheduled to work additional shifts before full-time staff. As shown in Table 3, part-time nursing staff in all three job categories worked more, on average, in June 2003 than in December 2002, while full-time staff worked slightly fewer hours. When considered as a group, part-time employees worked an average of 77 hours during the June 2003 two-week pay period we analyzed, and 41 of 73 part-time certified nursing assistants worked enough to qualify for time-and-a-half overtime payments. As shown in Table 4, just three part-time employees worked 40 hours or less in the period we reviewed.

Table 4

Part-time Nursing Staff
Frequency by Hours Worked During Two-week Period in June 2003

Position	40 Hours or Less	41-80 Hours	81+ Hours	Total Staff
Nurse Clinicians	0	7	1	8
Licensed Practical Nurses	0	12	0	12
Certified Nursing Assistants	3	29	41	73

Agency Response to Nursing Staff Vacancies

While the Veterans Home has been challenged to fill nursing position vacancies, its 2002 staff retention rates were higher than those of other Wisconsin nursing homes, as shown in Table 5. Retention rates are defined as the percentage of staff who remained employed throughout the calendar year.

Table 5

**Retention of Nursing Staff in Nursing Homes
2002**

	Statewide	Veterans Home
Nurse Clinicians		
Full-time	81.0%	91.0%
Part-time	79.0	94.0
Licensed Practical Nurses		
Full-time	81.0	100.0
Part-time	73.0	87.0
Certified Nursing Assistants		
Full-time	72.0	89.0
Part-time	61.0	71.0

Source: Department of Health and Family Services

DVA reports that it has implemented several initiatives to retain current staff, and thereby address the problem of forced extra time and time-and-a-half payments for overtime. These include:

- decreasing the number of weekend shifts for nurse clinicians by substituting licensed professional nurses and certified nursing assistants where possible;
- encouraging part-time employees to volunteer for extra shifts, which allows employees to avoid working shifts that occur on unwanted dates and times;
- providing financial incentives to certified nursing assistants who wish to become licensed practical nurses;
- adopting a cooperative management approach by seeking nursing staff involvement with scheduling issues and by implementing other workplace environment policy changes such as a new tardiness policy designed to provide employees with more latitude, in recognition of the difficulty of working forced extra-time shifts in a 24-hour, 7-day-per-week duty environment; and
- using limited-term employees and temporary employment agency staff to provide relief for permanent staff.

In addition to its efforts to retain nursing staff, DVA has attempted to recruit new staff through several initiatives. It has not measured the effects of each initiative on staffing levels, but taken as a whole they appear to have been somewhat successful in reducing vacancy rates during 2003.

Significant recruitment initiatives begun in FY 2002-03 include:

- increasing the starting wage for licensed practical nurses;
- obtaining permission from the Office of State Employment Relations to implement “hiring above the minimum” recruiting practices that allow DVA to offer nurse clinician candidates up to 23 percent above the normal starting wage of \$19.248 per hour;
- implementing a \$1.00 per hour wage add-on for nurse clinicians providing direct care;
- establishing a one-time \$50 bonus for an employee who identifies a job candidate who is hired, with an additional \$50 bonus if the candidate remains employed through the State’s six-month probation period; and
- adopting accelerated procedures for hiring certified nursing assistants. Individuals who contact DVA about this type of vacant position can immediately obtain an appointment for a job interview without first completing an application.

While DVA is making efforts to improve recruitment, the competitive nursing labor market remains an obstacle to reducing staff vacancies. As shown in Table 6, the Veterans Home received a total of 153 applications for employment during the first eight months of 2003; 121 of these were for vacant certified nursing assistant positions. Only 14 nurse clinician applications were received during this eight-month period; 17 vacancies existed in January.

Table 6

Completed Applications for Employment
January 2003 through August 2003

	Nurse Clinicians	Licensed Practical Nurses	Certified Nursing Assistants	Total
January	0	1	10	11
February	4	1	9	14
March	1	1	19	21
April	1	2	1	4
May	1	0	20	21
June	2	9	10	21
July	4	0	22	26
August	1	4	30	35
Total	14	18	121	153

In addition, some applicants were unqualified and some qualified applicants did not accept offers of employment. For example, of 22 individuals who completed applications for certified nursing assistant positions in July 2003:

- 11 were hired;
- 8 declined or failed to respond to the offer of employment; and
- 3 were not qualified.

DVA staff report that some candidates cited the State's six-month waiting period for employer contributions to health insurance benefit payments as a reason for accepting employment elsewhere.

In addition to reducing vacancies through increased recruitment efforts, DVA has attempted to reduce extra time by cross-training current employees. For example, in FY 2002-03, seven nursing assistants were trained as medication assistants, which provided these employees the opportunity to advance within their job classification while reducing the need for licensed practical nurses and nurse clinicians to distribute medications. Additionally, nine certified nursing assistants received stipends from DVA to complete training programs at Fox Valley Technical College to become licensed practical nurses.

Future Considerations

In June 2003, a new commandant was appointed to the Veterans Home. Together with the deputy commandant, he began meeting regularly with the nursing staff to continue to address staffing issues. While a number of steps have been taken to reduce the vacancy rate and to address the problem of forced extra time, it is too early to assess their effectiveness.

The most direct way to address the problem appears to be to fill vacant nursing staff positions. Because staff are required to work extra shifts based on how frequently their names appear on a rotating list, when more staff are on the list, the frequency with which any one staff person is required to work extra time is reduced. Additionally, DVA staff report some success in using “hiring above the minimum” practices and direct-care wage add-ons to attract new nurse clinicians. However, whether DVA can extend similar incentives to new hires in other nursing job categories depends upon the outcome of the collective bargaining process, as well as on budgetary restrictions.
