



# Virginia Healthcare Workforce Briefs

Indicators from the Bureau of Economic Analysis

Regional Economic Accounts

**Series 3: Income & Compensation**

Series 3, Issue 44

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## Highlights

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*The calendar year is the basis for data in this series. See Page 5 for additional information on this series.*

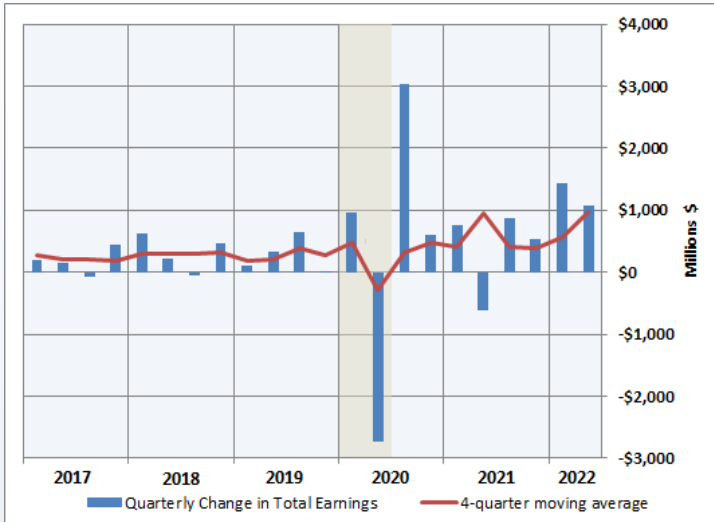
- ◆ In addition to the new income and compensation estimates for Quarter 2 (Q2) 2022 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q1 2017 to Q1 2022.
- ◆ Total earnings in Virginia's Health Care & Social Assistance (HC&SA) sector increased by \$1.1 billion to \$38.2 billion in Q2 2022. This gain translates into a 12.0% annualized growth rate. So far this year, total HC&SA earnings in Virginia have grown at a 14.6% annualized rate.
- ◆ Total employee compensation in Virginia's HC&SA sector also grew by \$1.1 billion to \$35.6 billion in Q2 2022. This quarterly gain represents a 13.2% annualized growth rate.
- ◆ Virginia's total HC&SA compensation per employee increased by \$510 in Q2 2022. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$78,196 per year.

## Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q2 2021	Q4 2021	Q1 2022	Q2 2022	Annual	6-Month	Quarterly
<b>Earnings (Personal income less rents, interest, dividends and government payments)</b>							
<b>Virginia</b>	\$377,193	\$395,161	\$399,014	\$404,581	7.3%	4.8%	5.7%
<b>National</b>	\$14,136,879	\$14,828,550	\$15,067,610	\$15,300,043	8.2%	6.5%	6.3%
<b>Health Care &amp; Social Assistance Earnings</b>							
<b>Virginia</b>	\$34,316	\$35,718	\$37,161	\$38,230	11.4%	14.6%	12.0%
<b>National</b>	\$1,562,898	\$1,631,629	\$1,648,747	\$1,684,944	7.8%	6.6%	9.1%
<b>Health Care &amp; Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages &amp; benefits)</b>							
<b>Virginia</b>	\$31,513	\$32,963	\$34,552	\$35,639	13.1%	16.9%	13.2%
<b>National</b>	\$1,419,194	\$1,489,537	\$1,514,096	\$1,551,256	9.3%	8.5%	10.2%
<b>Health Care &amp; Social Assistance Compensation per Employee (HWDC Estimate)</b>							
<b>Virginia</b>	\$70,858	\$73,892	\$77,686	\$78,196	10.4%	12.0%	2.7%
<b>National</b>	\$77,895	\$80,495	\$81,406	\$82,285	5.6%	4.5%	4.4%

## Health Care & Social Assistance Earnings

**Figure 1: Quarterly Change in Total Earnings from Virginia’s Health Care & Social Assistance Sector. Includes Proprietor’s Income, Salaries and Wages, and Benefits.**



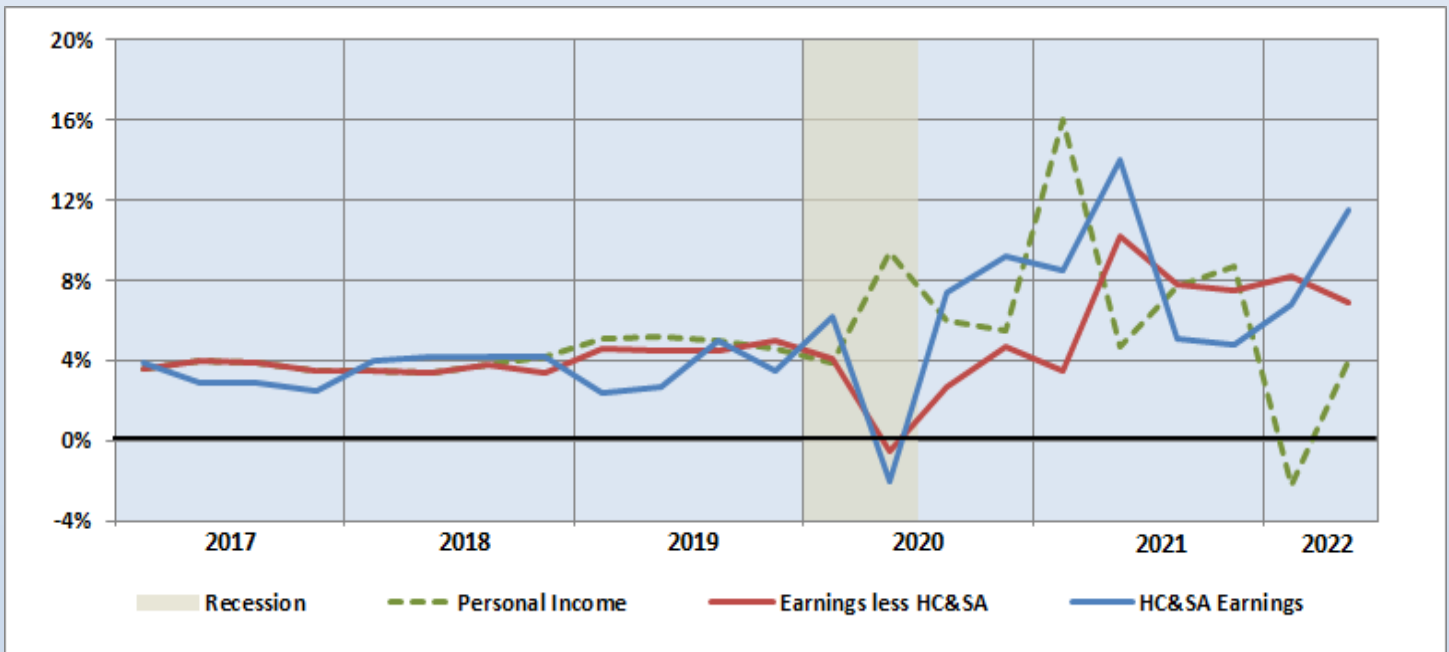
According to the preliminary data released on Friday, September 30, 2022 by the U.S. Bureau of Economic Analysis, Virginia’s Health Care & Social Assistance (HC&SA) sector continued its strong start to the new year with another impressive increase in total HC&SA earnings in Q2 2022. After growing by \$1.4 billion in Q1 2022, total earnings in Virginia’s HC&SA sector increased by an additional \$1.1 billion in Q2 2022. This increase represents a three-month annualized earnings growth rate of 12.0%.

For the first time in well over two decades, Virginia’s HC&SA sector has increased total earnings by more than \$1 billion in consecutive quarters. This \$2.5 billion increase in the state’s total HC&SA earnings over the past two quarters translates into an even more impressive 14.6% annualized growth rate. Furthermore, total HC&SA earnings in the state have now increased in each of the past four quarters.

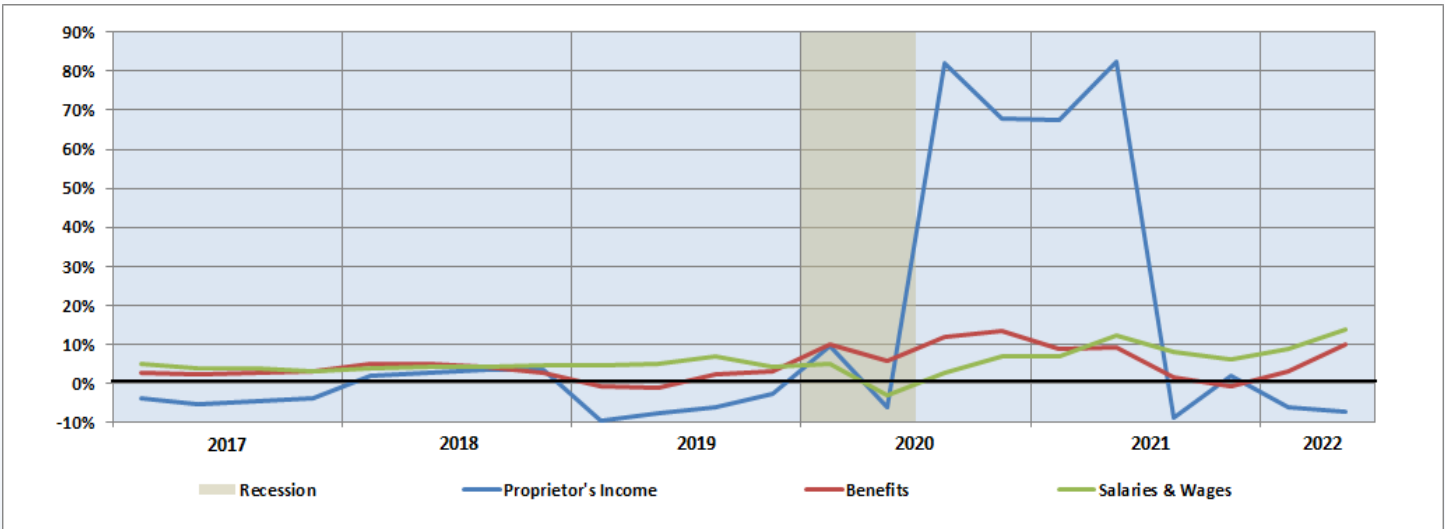
### Virginia HC&SA Earnings Growth Rate

The four-quarter growth rate moving average for Virginia’s total HC&SA earnings nearly doubled from 6.77% to 11.47% in Q2 2022. Thanks to this increase, this moving average is quickly approaching its multiyear high of 14.0%, which was reached back in Q2 2021. In addition, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings has once again overtaken the comparable moving average for the state’s non-HC&SA earnings. The four-quarter growth rate moving average for Virginia’s non-HC&SA earnings fell from 8.20% to 6.90% during the quarter. With this decline, Virginia’s non-HC&SA earnings have seen their four-quarter growth rate moving average fall to its lowest level in more than one year. Finally, Virginia’s personal income experienced a dramatic rebound to its own four-quarter growth rate moving average, which increased -2.24% to 3.96% in Q2 2022.

**Figure 2: Earnings Growth Rate, 4-Quarter Moving Average (Annualized)**



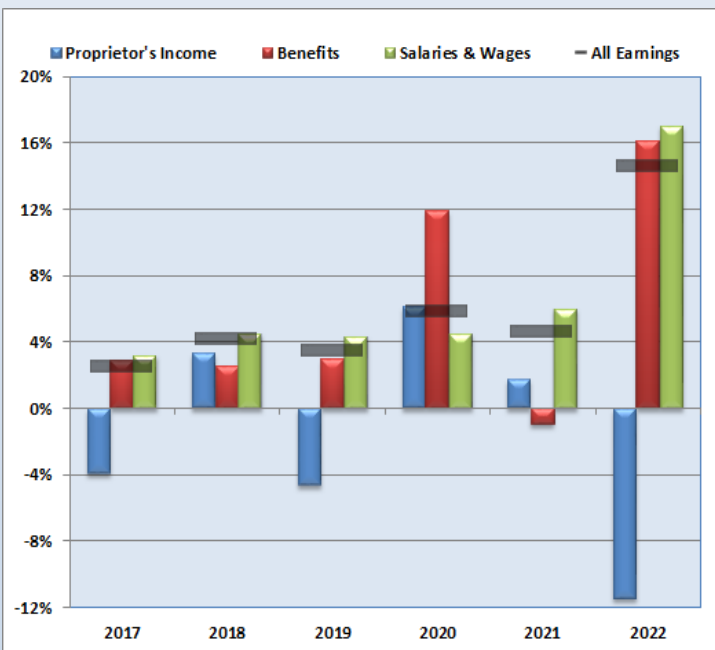
### Virginia HC&SA Earnings Growth Rate by Earnings Type



**Figure 3: Earnings Growth Rate by Type of Earnings, 4-Quarter Moving Average (Annualized)**

Both forms of employee earnings in Virginia’s HC&SA sector experienced significant increases to their four-quarter growth rate moving averages in Q2 2022. The most dramatic increase occurred with HC&SA employee benefits. Its four-quarter growth rate moving average tripled during the quarter from 3.29% to 9.92%. Despite this extraordinary increase, Virginia’s HC&SA employee benefits continue to have a lower four-quarter growth rate moving average than the state’s HC&SA employee salaries & wages. The comparable moving average for Virginia’s HC&SA employee salaries & wages increased from 9.01% to 13.88% in Q2 2022, thereby reaching its highest value in more than two decades. As for Virginia’s HC&SA proprietor’s income, its four-quarter growth rate moving average fell from -5.95% to -7.25% in Q2 2022.

### Annual Growth by Earnings Type



**Figure 4: Virginia HC&SA Earnings Growth Rate by Type of Earnings (Annualized)**

Both forms of HC&SA employee earnings have experienced tremendous growth through the first half of 2022. HC&SA employee salaries & wages have increased at a 17.1% annualized rate during the first six months of 2022. At the same time, HC&SA employee benefits have grown by 16.1% on an annualized basis. If this current trend continues through the latter half of the year, it would represent by far the strongest annual growth rates for both forms of HC&SA employee earnings in well over one decade.

This impressive growth in HC&SA employee earnings has driven overall HC&SA earnings growth in the state. So far this year, overall HC&SA earnings have grown at a 14.6% annualized rate. This overall growth is particularly impressive given the collapse in growth of HC&SA proprietor’s income, which has fallen at a 11.6% annualized rate so far this year.

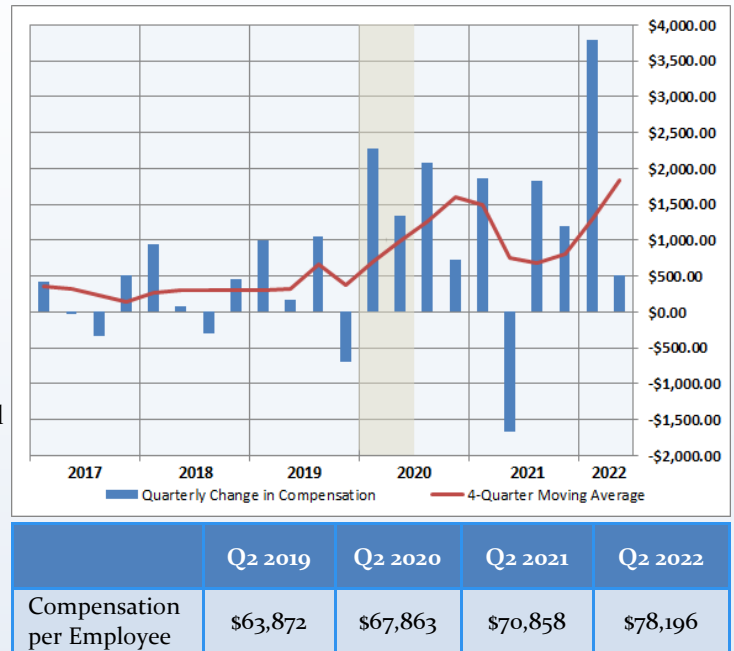
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$2,591	6.8%
Benefits	\$5,894	15.4%
Salaries & Wages	\$29,745	77.8%
<b>Total</b>	<b>\$38,230</b>	<b>100%</b>

### HC&SA Compensation per Employee

According to the Healthcare Workforce Data Center’s estimates (see methodology, next page), employees in Virginia’s HC&SA sector earned an average of \$78,196 (annualized) in Q2 2022. Note that this figure includes salaries & wages plus the cost of benefits for employed persons, only. Practitioners in private practice, which includes a large number of the sector’s highly paid professionals, are not included in this figure.

Total compensation per employee in Virginia’s HC&SA sector increased by \$510 in Q2 2022. This increase in total HC&SA compensation per employee represents a three-month annualized growth rate of 2.7%. Although this quarter’s growth rate was below the 4.4% average for the national HC&SA sector as a whole, total HC&SA compensation per employee in Virginia has still grown at a 12.0% annualized rate during the first half of the year. This six-month annualized growth rate is well above the comparable 4.5% growth rate for national HC&SA compensation per employee.

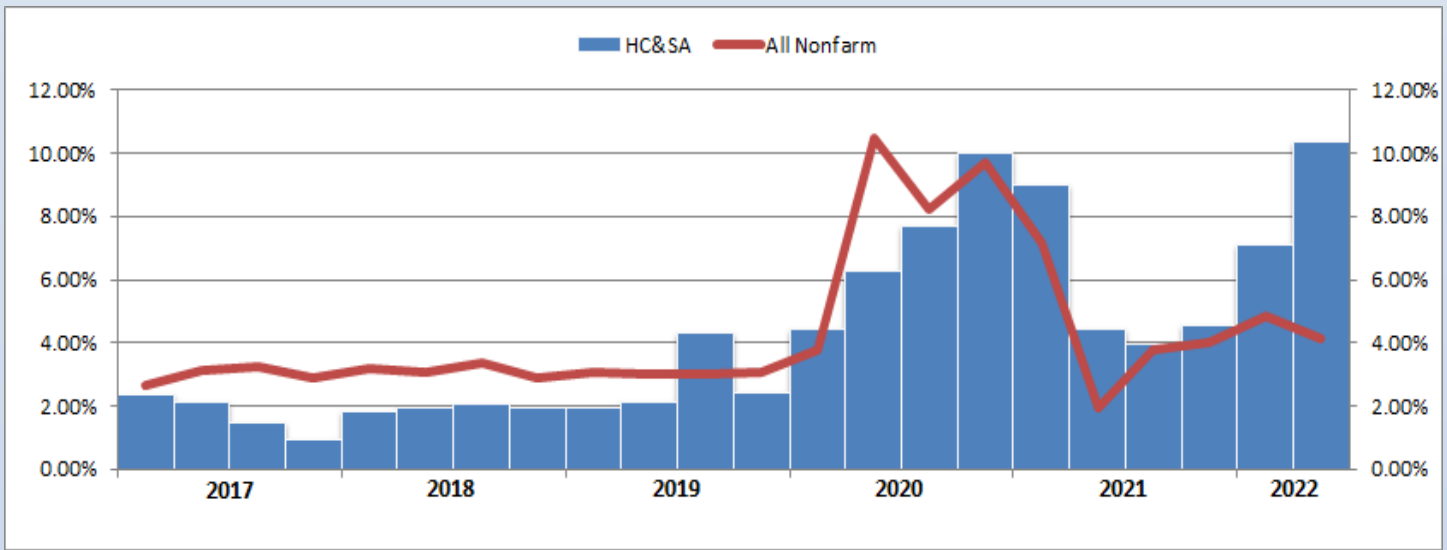
**Figure 5: Quarterly Change in Employee Compensation from Virginia’s Health Care & Social Assistance Sector.**



### Compensation per Employee Growth Rate

Total compensation per employee in Virginia’s HC&SA sector experienced a significant increase to its year-over-year growth rate during the quarter. In Q2 2022, this growth rate jumped from 7.13% to 10.36%. With this increase, the year-over-year growth rate of total HC&SA compensation per employee in the state has reached its highest value in at least twenty years. This has also led to a considerable separation between the year-over-year growth rate of total compensation per employee in Virginia’s HC&SA sector and that of the state’s overall economy. In Q2 2022, the year-over-year growth rate of Virginia’s total nonfarm payroll compensation per employee fell from 4.85% to 4.15%. Despite this decline, this growth rate has still remained above 4% for three consecutive quarters.

**Figure 6: Year-Over-Year Change in Compensation Per Employee.**



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## Definitions

Economic data in this briefing is from the U.S. Bureau of Economic Analysis' Regional Economic Accounts. In particular, we use the Quarterly State Personal Income Accounts. The definitions provided here are written for a lay audience. More technical definitions and in-depth information on the Regional Economic Accounts are available on the BEA's website: <http://www.bea.gov/regional/about.cfm>.

**Personal Income:** Income received from all sources, including salaries & wages, benefits, business profits, rents, government payments or retirement and investment funds. Personal income is based on where recipients live.

**Earnings:** Earned income includes salaries & wages, benefits (aka supplements to wages and salaries) and proprietor's income. Earnings and its components are based on where recipients work.

**Proprietor's Income:** Income from small businesses (sole proprietorships & partnerships), corporate director's fees and tax-exempt cooperatives. It does NOT include dividends or interest received by non-financial businesses or rental income received by non-real estate businesses.

**Compensation:** Salaries & wages and benefits.

**Benefits:** Referred to as "supplements to wages and salaries by the BEA, benefits includes employer contributions to retirement funds, insurance (including health and life) and to government social insurance programs (e.g., unemployment insurance, Social Security, worker's compensation insurance, etc.).

**Salaries & Wages:** Salaries, wages, commissions, bonuses and tips, before deductions, based on when payments are disbursed. The value of stock options are also included at the time the options are exercised.

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## Method of Estimating Compensation per Employee

The HWDC derives estimates of compensation per employee from two sources: 1) U.S. Bureau of Economic Analysis' Regional Economic Accounts (REA), and, 2) the Current Establishment Survey (CES) administered jointly by the U.S. Bureau of Labor Statistics and the U.S. Census Bureau. These sources use different methodologies and different definitions. Although more vigorous estimates of employment are available, the HWDC uses these sources to provide the most timely indication of current trends possible at the state-industry level. The HWDC estimates are early indicators only.

To make the two data sources more comparable, the HWDC makes the following transformations:

**CES:** To obtain quarterly estimates of employment, monthly figures are averaged for the quarter. For nonfarm employment, we remove the latest available estimate of logging employment from the Quarterly Census of Employment and Wages, rounded to the nearest hundred, from nonfarm totals in the CES prior to averaging.

**REA:** From nonfarm compensation (or its components), we remove military earnings, agriculture, fishing and forestry earnings and an estimate of earnings from households. For household earnings estimates, we use the REA's Annual State Personal Income and Employment tables to develop current estimates of the proportion of "Other services, except public administration" compensation from employment in private households. We use the most recent data available for the current quarter. We apply this proportion to the current quarterly estimate of "Other services, except public administration".

Despite these transformations, the figures are not wholly comparable. The BEA makes additional adjustments to BLS data when creating its own, annual estimates of employment. Historical indicators are not adjusted by the HWDC, however adjustments made to REA or CES series are incorporated into historical data. For more information on employment data and the REA, see the BEA's *State Personal Income and Employment Methodology*, pages XI-1 to XI-11 & Table K.

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The Department of Health Professions Healthcare Workforce Data Center works to improve the data collection and measurement of Virginia’s healthcare workforce through regular assessment of workforce supply and demand issues among the 80 professions and 350,000 practitioners licensed in Virginia by DHP.

The HWDC collects data on Virginia’s licensed health professionals through surveys completed during the online license renewal and application process. Survey results and data may be accessed on our website: [www.dhp.virginia.gov/PublicResources/HealthcareWorkforceDataCenter/](http://www.dhp.virginia.gov/PublicResources/HealthcareWorkforceDataCenter/).

The HWDC also provides a series of Virginia Healthcare Workforce Briefs based on data collected by the U.S. Department of Labor’s Bureau of Labor Statistics and the U.S. Department of Commerce’ Bureau of Economic Analysis.

Virginia Healthcare Workforce Briefs:

Series 1: State & National Employment (Monthly)

Series 2: Virginia Regional Employment (Monthly)

Series 3: Income & Compensation (Quarterly)

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## About the Data

Data used in creating this report is from the U.S. Department of Commerce’ Bureau of Economic Analysis’ Regional Economic Accounts. Unless otherwise noted, data is seasonally adjusted and annualized, and quarterly presentations are based on the calendar year. Data from recent quarters is preliminary and subject to revision in future releases from the BEA. Revisions will be reported in future editions of this series.

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