



Virginia Healthcare Workforce Briefs

Indicators from the Bureau of Economic Analysis

Regional Economic Accounts

Series 3: Income & Compensation

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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.

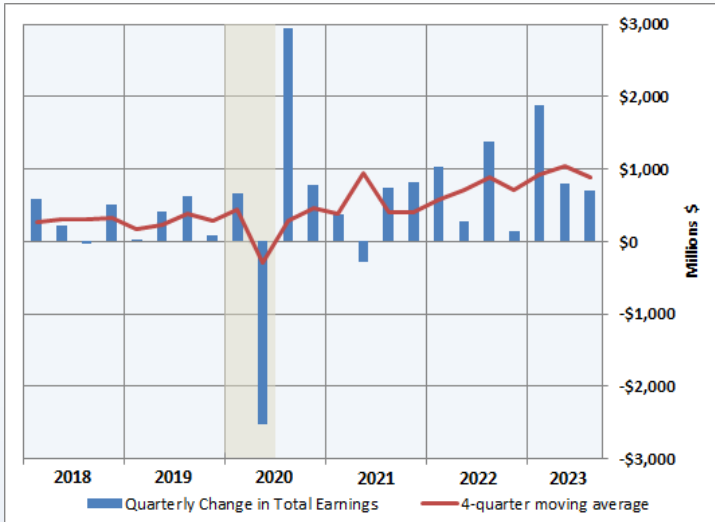
- ◆ In addition to the new income and compensation estimates for Quarter 3 (Q3) 2023 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q1 2023 to Q2 2023.
- ◆ Total earnings in Virginia's Health Care & Social Assistance (HC&SA) sector increased by \$701 million to \$42.0 billion in Q3 2023, which translates into 7.0% annualized growth rate. Over the past year, total statewide HC&SA earnings have grown by an even higher 9.1%.
- ◆ Total employee compensation in Virginia's HC&SA sector increased by \$638 million to \$38.9 billion in Q3 2023. This gain represents a three-month annualized growth rate of 6.8%.
- ◆ Virginia's total HC&SA compensation per employee increased by \$276 in Q3 2023. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$80,974 per year.

Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q3 2022	Q1 2023	Q2 2023	Q3 2023	Annual	6-Month	Quarterly
Earnings (Personal income less rents, interest, dividends and government payments)							
Virginia	\$417,171	\$428,135	\$437,154	\$443,679	6.4%	7.4%	6.1%
National	\$15,391,828	\$15,765,701	\$15,951,422	\$16,176,100	5.1%	5.3%	5.8%
Health Care & Social Assistance Earnings							
Virginia	\$38,536	\$40,549	\$41,347	\$42,048	9.1%	7.5%	7.0%
National	\$1,709,480	\$1,774,457	\$1,810,315	\$1,838,683	7.6%	7.4%	6.4%
Health Care & Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages & benefits)							
Virginia	\$35,618	\$37,487	\$38,216	\$38,854	9.1%	7.4%	6.8%
National	\$1,566,116	\$1,624,020	\$1,656,474	1,681,734	7.4%	7.2%	6.2%
Health Care & Social Assistance Compensation per Employee (HWDC Estimate)							
Virginia	\$77,045	\$80,118	\$80,698	\$80,974	5.1%	2.1%	1.4%
National	\$82,816	\$84,272	\$85,045	\$85,288	3.0%	2.4%	1.2%

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.



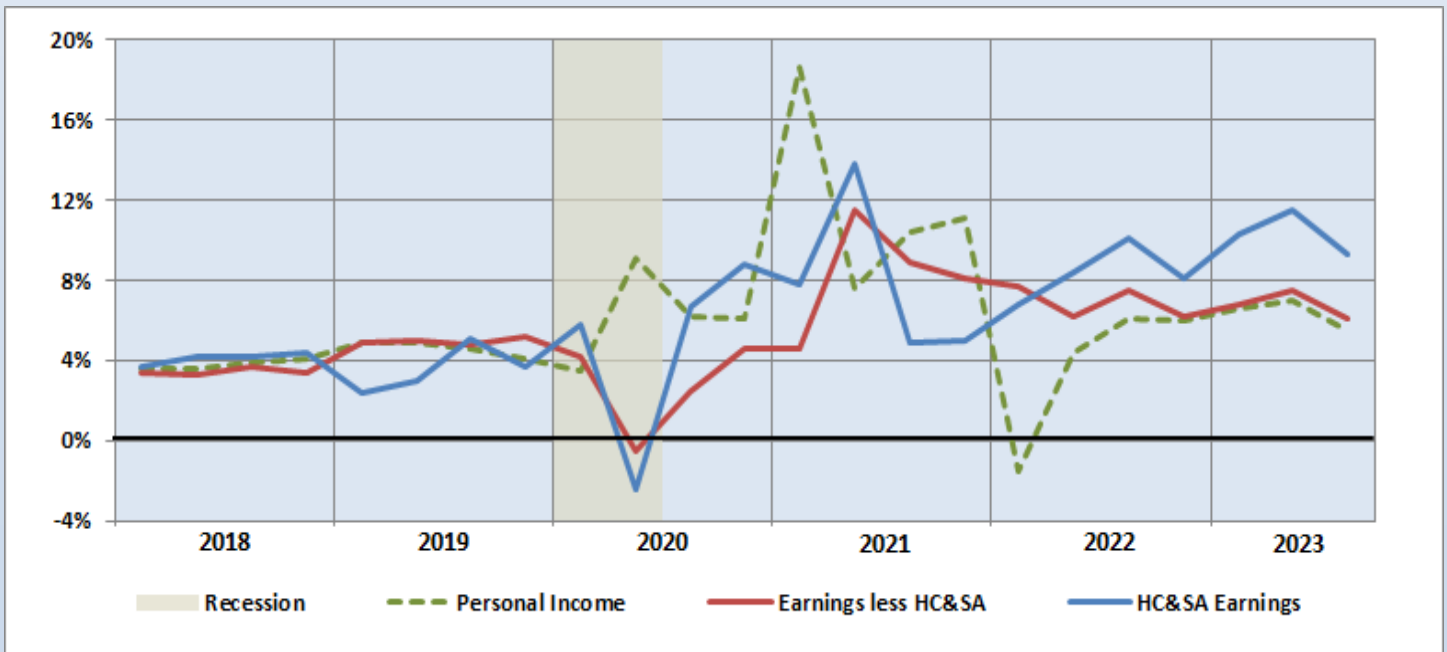
According to the preliminary data released on Friday, December 22, 2023, by the U.S. Bureau of Economic Analysis, total earnings in Virginia’s Health Care & Social Assistance (HC&SA) sector increased by \$701 million to \$42.0 billion in Q3 2023. This increase in Virginia’s total HC&SA earnings represents a three-month annualized growth rate of 7.0%. This quarter’s growth rate exceeds the overall national HC&SA average of 6.4%. Furthermore, this gain also represents the ninth consecutive month in which total earnings in Virginia’s HC&SA sector has increased.

Virginia’s long-term HC&SA earnings growth rate is even more impressive. Over the past four quarters, total earnings in Virginia’s HC&SA sector have increased by \$3.5 billion, a gain that translates into a 9.1% growth rate. This four-quarter earnings growth rate is well above the comparable 7.6% growth rate for the national HC&SA sector as a whole.

Virginia HC&SA Earnings Growth Rate

One quarter after reaching its highest value in two years, the four-quarter growth rate moving average of Virginia’s HC&SA earnings experienced a pullback in Q3 2023 with a decline from 11.51% to 9.34%, thereby falling to its lowest value so far this year. Despite this decline, Virginia’s four-quarter HC&SA earnings growth rate moving average remains well above the comparable moving averages for the state’s non-HC&SA earnings and personal income, both of which also fell during the quarter. The four-quarter growth rate moving average of Virginia’s non-HC&SA earnings declined to its lowest level in two-and-a-half years after falling from 7.51% to 6.09% in Q3 2023. At the same time, the four-quarter growth rate moving average of Virginia’s personal income fell from 6.97% to 5.47% during the quarter. With this decline, the four-quarter growth rate moving average of Virginia’s personal income has fallen to its lowest level since Q2 2022.

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



Virginia HC&SA Earnings Growth Rate by Earnings Type

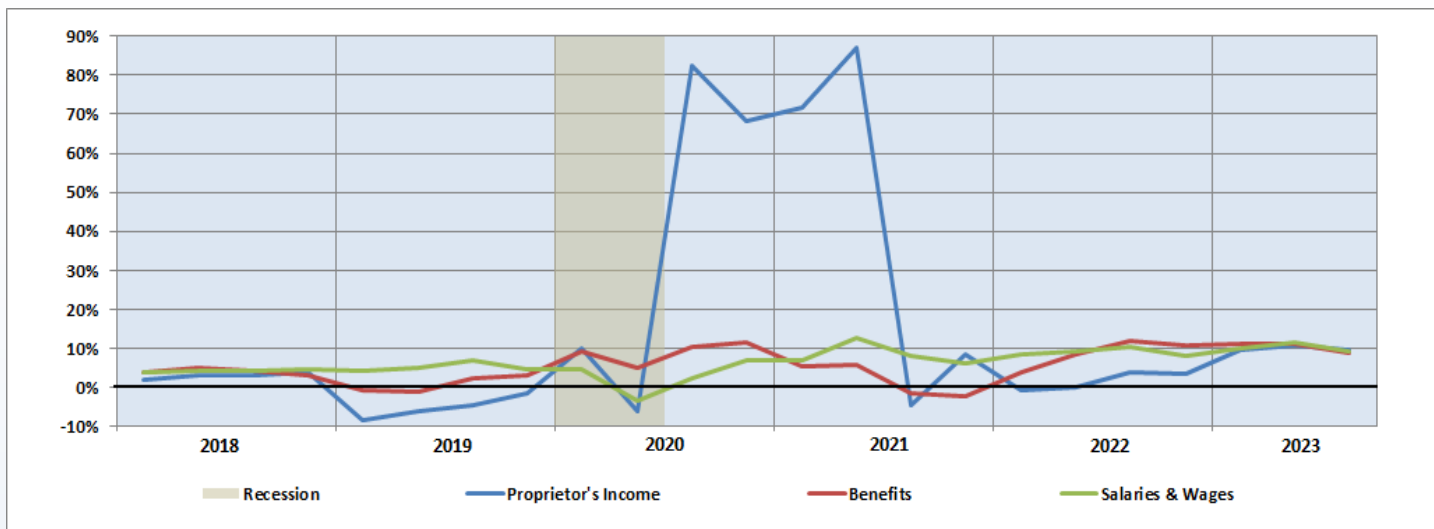


Figure 3: Earnings Growth Rate by Type of Earnings, 4-Quarter Moving Average (Annualized)

In Q3 2023, the four-quarter growth rate moving averages of HC&SA proprietor’s income and both forms of HC&SA employee compensation all fell. However, the decline in the four-quarter growth rate moving average of HC&SA proprietor’s income, which fell from 10.63% to 9.49% in Q3 2023, was relatively modest. Even with this decline, HC&SA proprietor’s income now has a higher four-quarter growth rate moving average than either form of HC&SA employee compensation for the first time in nearly two years. The four-quarter growth rate moving average of HC&SA employee salaries & wages fell from 11.66% to 9.44% in Q3 2023, while the comparable moving average for HC&SA employee benefits declined from 11.28% to 8.85% during the quarter.

Annual Growth by Earnings Type

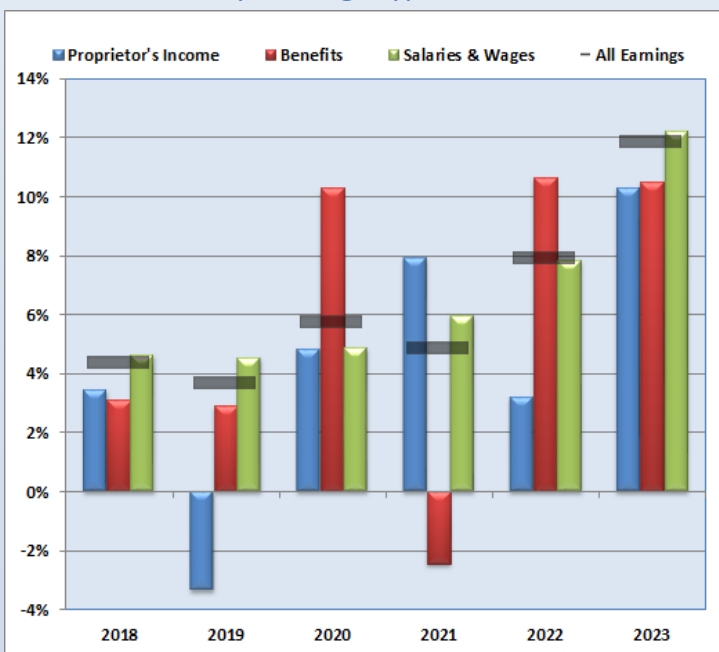


Figure 4: Virginia HC&SA Earnings Growth Rate by Type of Earnings (Annualized)

Virginia’s HC&SA sector continues to enjoy impressive earnings growth in 2023. So far this year, total HC&SA earnings in the state have increased at a 11.8% annualized rate. This year’s growth rate far exceeds the 7.9% growth rate in Virginia’s total HC&SA earnings from 2022, which itself had been the fastest annual earnings growth rate in the state’s HC&SA sector in the previous 15 years. HC&SA employee salaries & wages continue to be the main driver of this growth thanks to its 12.2% annualized growth rate. This currently represents the highest annualized growth rate for Virginia’s HC&SA employee salaries & wages in more than two decades. Meanwhile, HC&SA proprietor’s income is enjoying its fastest annual growth since 2006 thanks to its current 10.3% annualized growth rate. Finally, HC&SA employee benefits have grown at a 10.5% annualized rate in 2023, a growth rate this is comparable to its 10.7% annual growth rate in 2022.

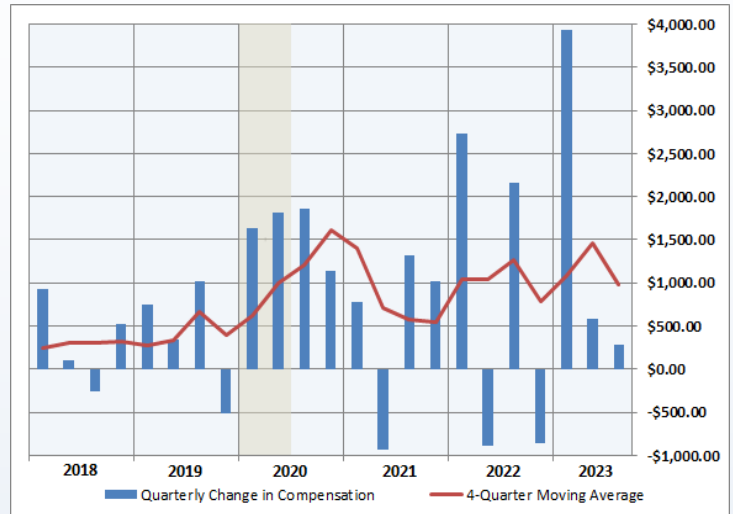
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$3,194	7.6%
Benefits	\$6,343	15.1%
Salaries & Wages	\$32,511	77.3%
Total	\$42,048	100%

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 \$80,974 (annualized) in Q3 2023. 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 \$276 in Q3 2023. This quarterly gain in the state’s total HC&SA compensation per employee represents a three-month annualized growth rate of 1.4%. This growth rate is higher than the comparable growth rate of 1.2% for the national HC&SA sector as a whole. The long-term growth in Virginia’s total HC&SA compensation per employee also exceeds the overall national average. Over the past year, total compensation per employee in Virginia’s HC&SA sector has grown by 5.1%. For the national HC&SA sector, the comparable growth rate is 3.0%.

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

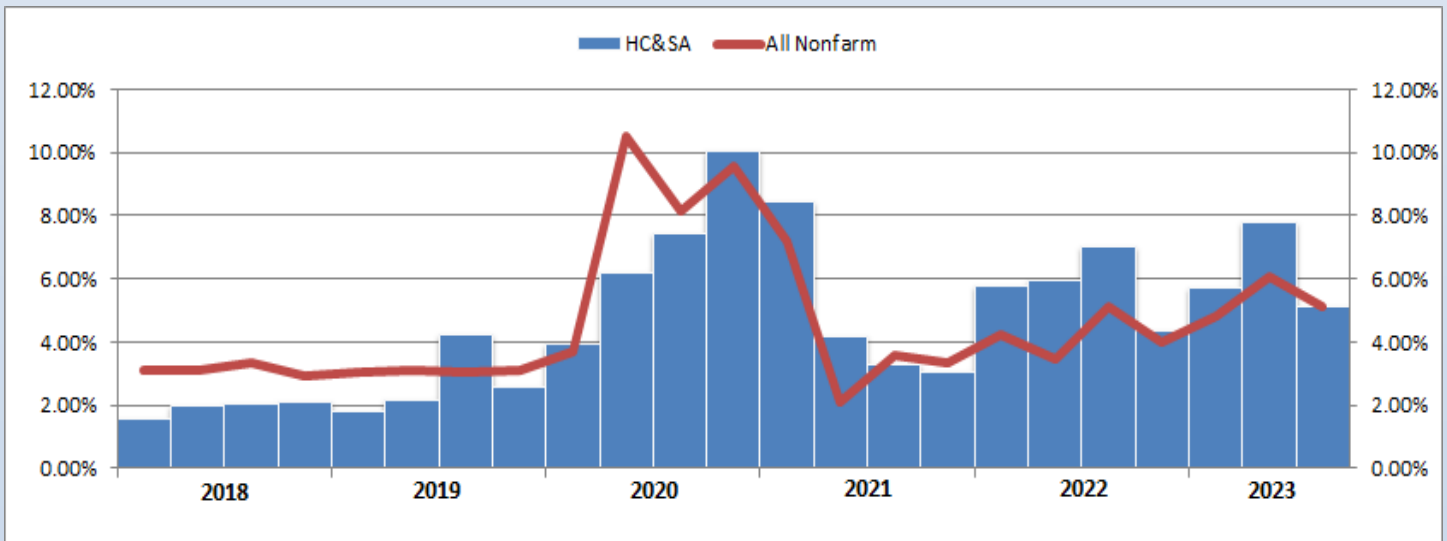


	Q3 2020	Q3 2021	Q3 2022	Q3 2023
Compensation per Employee	\$69,714	\$72,004	\$77,045	\$80,974

Compensation per Employee Growth Rate

The year-over-year growth rate of total compensation per employee in Virginia’s HC&SA sector experienced a significant reversal during the quarter. In Q2 2023, the year-over-year growth rate of the state’s total HC&SA compensation per employee had reached its highest value in more than two years after increasing from 5.74% to 7.77%. However, this growth rate fell back to a year-to-date low of 5.10% in Q3 2023. With this decline, the year-over-year growth rate of total compensation per employee in Virginia’s HC&SA sector has fallen below the comparable growth rate for the state’s overall economy for the first time since Q4 2021. This occurred despite the fact that the year-over-year growth rate of Virginia’s total nonfarm compensation per employee fell as well in Q3 2023 from 6.08% to 5.13%.

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



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.

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 the 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/.

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's Bureau of Economic Analysis.

Virginia Healthcare Workforce Briefs:

Series 1: State & National Employment (Monthly)

Series 2: Virginia Regional & Sectoral Employment (Monthly)

Series 3: Income & Compensation (Quarterly)

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.
