



# 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.*

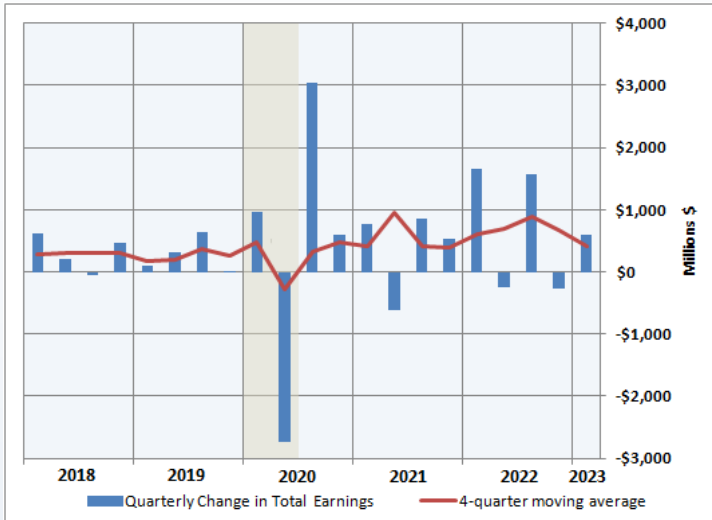
- ◆ In addition to the new income and compensation estimates for Quarter 1 (Q1) 2023 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q1 2022 to Q4 2022.
- ◆ Total earnings in Virginia's Health Care & Social Assistance (HC&SA) sector increased by \$604 million to \$39.0 billion in Q1 2023. This increase in total statewide HC&SA earnings represents a three-month annualized growth rate of 6.4%.
- ◆ Total employee compensation in Virginia's HC&SA sector increased by \$516 million to \$36.3 billion in Q1 2023. This increase in total HC&SA employee compensation translates into a 5.9% annualized growth rate.
- ◆ Virginia's total HC&SA compensation per employee increased by \$1,217 in Q1 2023. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$77,544 per year.

## Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q1 2022	Q3 2022	Q4 2022	Q1 2023	Annual	6-Month	Quarterly
<b>Earnings (Personal income less rents, interest, dividends and government payments)</b>							
<b>Virginia</b>	\$399,429	\$417,561	\$421,912	\$426,554	6.8%	4.4%	4.5%
<b>National</b>	\$15,067,610	\$15,612,303	\$15,702,899	\$15,887,165	5.4%	3.6%	4.8%
<b>Health Care &amp; Social Assistance Earnings</b>							
<b>Virginia</b>	\$37,368	\$38,703	\$38,440	\$39,044	4.5%	1.8%	6.4%
<b>National</b>	\$1,648,687	\$1,721,184	\$1,737,767	\$1,770,017	7.4%	5.8%	7.6%
<b>Health Care &amp; Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages &amp; benefits)</b>							
<b>Virginia</b>	\$34,759	\$36,062	\$35,767	\$36,283	4.4%	1.2%	5.9%
<b>National</b>	\$1,514,036	\$1,584,901	\$1,599,831	\$1,627,549	7.5%	5.5%	7.1%
<b>Health Care &amp; Social Assistance Compensation per Employee (HWDC Estimate)</b>							
<b>Virginia</b>	\$77,288	\$78,006	\$76,327	\$77,544	0.3%	-1.2%	6.5%
<b>National</b>	\$81,628	\$83,383	\$82,888	\$84,061	3.0%	1.6%	5.8%

## 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.**



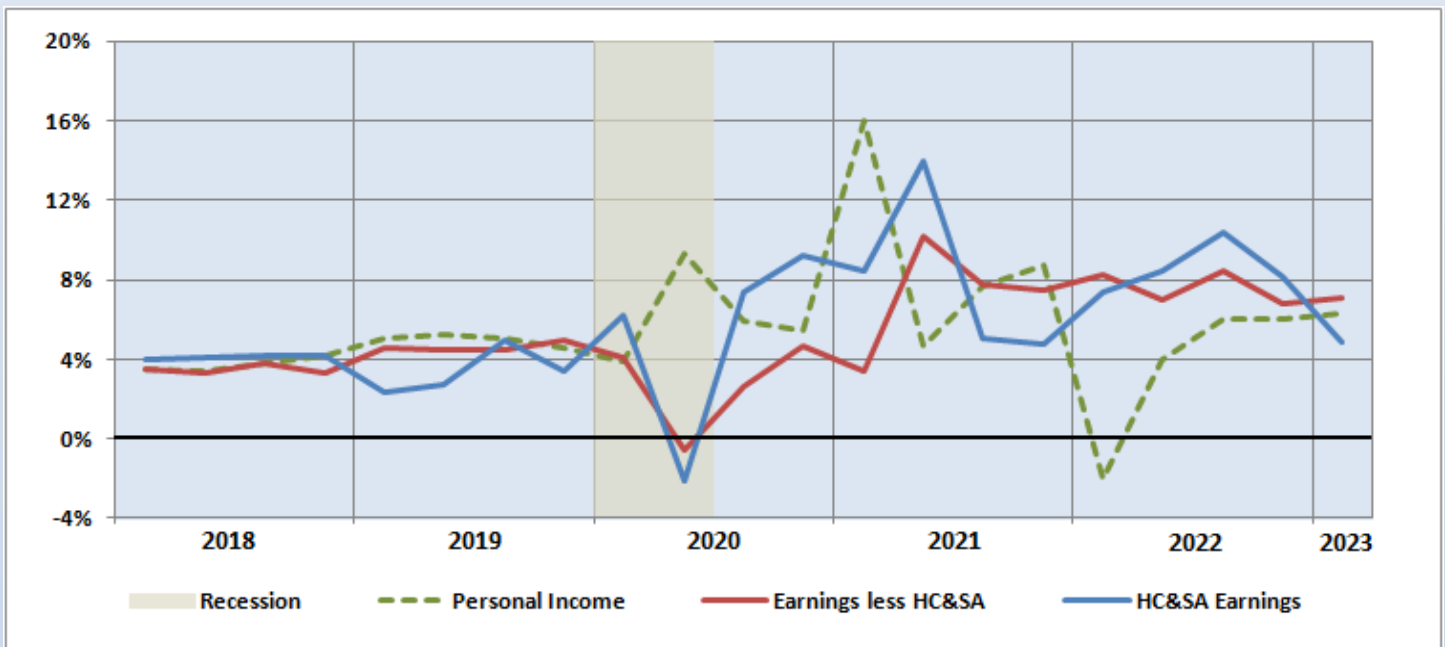
According to the preliminary data released on Friday, June 30, 2023, by the U.S. Bureau of Economic Analysis, Virginia’s Health Care & Social Assistance (HC&SA) sector enjoyed strong earnings growth at the beginning of the new year. In Q1 2023, total earnings in Virginia’s HC&SA sector increased by \$604 million, thereby recovering the entirety of the \$263 million loss in total statewide HC&SA earnings that occurred in Q4 2022. This quarter’s increase in Virginia’s total HC&SA earnings represents a three-month annualized growth rate of 6.4%.

Although total HC&SA earnings in Virginia did grow rapidly in Q1 2023, this quarter’s growth rate was slightly below the overall national average. In Q1 2023, the national HC&SA sector increased total earnings by 7.6%. Likewise, Virginia’s 12-month HC&SA earnings growth rate of 4.5% is below the overall national average of 7.4%.

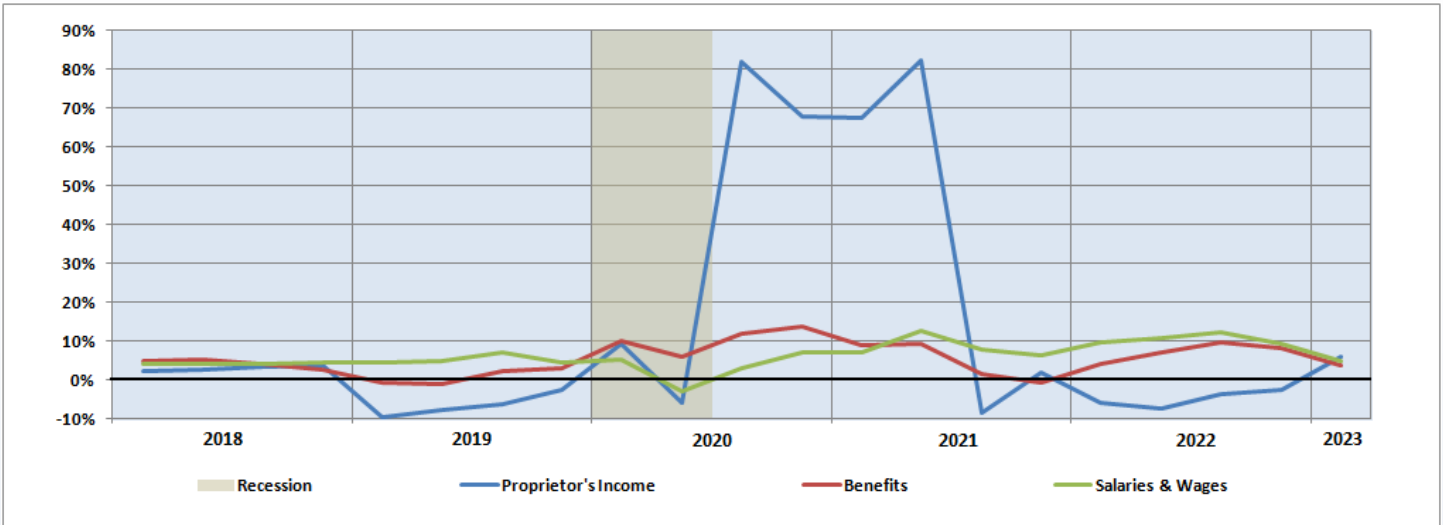
### Virginia HC&SA Earnings Growth Rate

Since Q3 2022, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings has fallen by more than half. After having fallen from 10.41% to 8.16% in Q4 2022, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings fell even further in Q1 2023 to 4.82%. With this decline, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings has fallen below the comparable moving average of the state’s non-HC&SA earnings for the first time in one year. As a matter of fact, the four-quarter growth rate moving average of Virginia’s non-HC&SA earnings rose slightly in Q1 2023 from 6.77% to 7.10%. At the same time, the four-quarter growth rate moving average of Virginia’s personal income also increased in Q1 2023 from 6.01% to 6.33%. Thanks to this increase, Virginia’s personal income saw its four-quarter growth rate moving average rise to its highest level since Q4 2021.

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



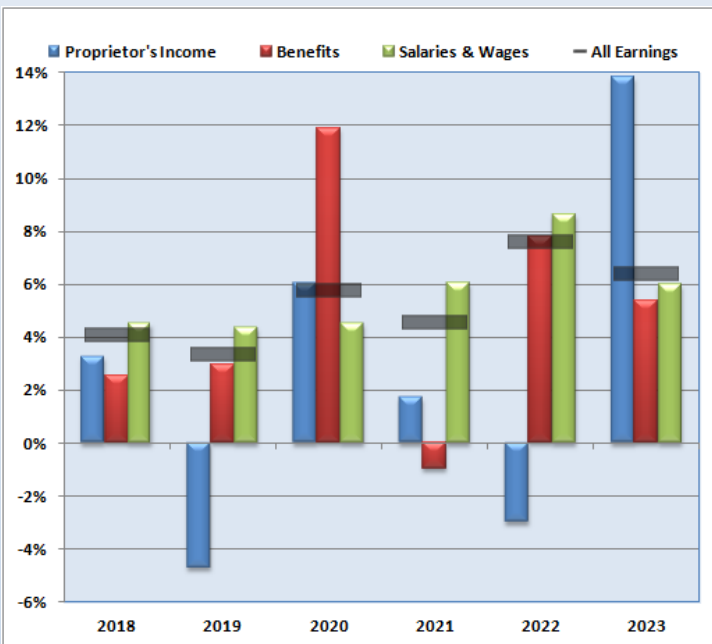
### Virginia HC&SA Earnings Growth Rate by Earnings Type



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

Throughout the entirety of 2022, HC&SA proprietor’s income had a negative four-quarter growth rate moving average that was well below the comparable moving averages for both forms of HC&SA employee compensation. However, this trend came to an end in Q1 2023 as HC&SA proprietor’s income experienced a dramatic increase to its four-quarter growth rate moving average from -2.36% to 6.00%, thereby reaching its highest value in nearly two years. On the other hand, both forms of HC&SA employee compensation saw their own moving averages fall considerably during the quarter. The four-quarter growth rate moving average of HC&SA employee salaries & wages fell from 9.35% to 4.92% in Q1 2023, while the comparable moving average for HC&SA employee benefits declined from 8.38% to 3.89%.

### Annual Growth by Earnings Type



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

In Q1 2023, total HC&SA earnings in Virginia grew at a 6.4% annualized rate, and HC&SA proprietor’s income was the main driver of this growth. In 2022, Virginia’s HC&SA proprietor’s income fell by 3.0% during a year in which overall statewide HC&SA earnings grew at its fastest rate in 15 years. However, HC&SA proprietor’s income in the state experienced very strong growth during the quarter. In particular, Virginia’s HC&SA proprietor’s income grew at a 13.8% annualized rate in Q1 2023. If this present trend were to continue throughout the rest of the year, it would represent the fastest annual growth rate in statewide HC&SA proprietor’s income since 2006. Meanwhile, both forms of HC&SA employee compensation also enjoyed strong growth in Q1 2023. In particular, HC&SA employee salaries & wages grew at a 6.0% annualized rate in Q1 2023, while HC&SA employee benefits increased by 5.4% on an annualized basis during the quarter.

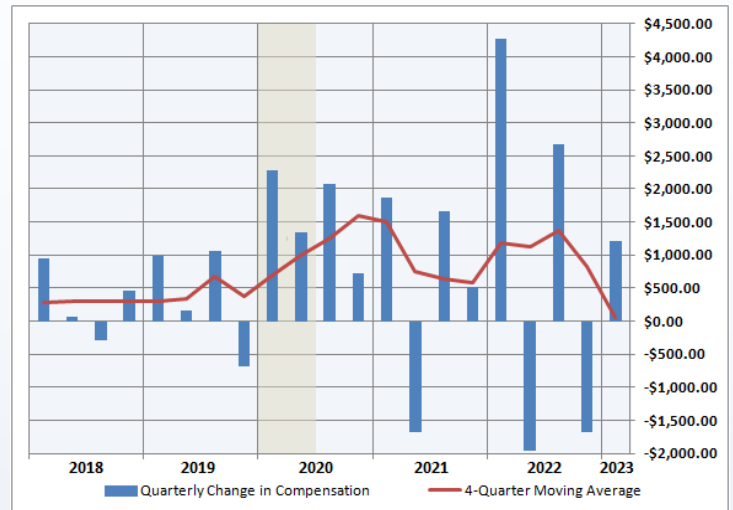
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$2,761	7.1%
Benefits	\$5,974	15.3%
Salaries & Wages	\$30,309	77.6%
<b>Total</b>	<b>\$39,044</b>	<b>100%</b>

### 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 \$77,544 (annualized) in Q1 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.

In Q1 2023, Virginia’s total HC&SA compensation per employee grew at a faster rate than total compensation per employee in the national HC&SA sector. Whereas total compensation per employee in the national HC&SA sector increased at a 5.8% annualized rate in Q1 2023, Virginia’s total HC&SA compensation per employee grew by 6.5% on an annualized basis during the quarter. Despite this quarter’s impressive gain, Virginia’s HC&SA sector has not seen much long-term growth in total compensation per employee. In fact, Virginia’s total HC&SA compensation per employee has grown by only 0.3% over the past 12 months.

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

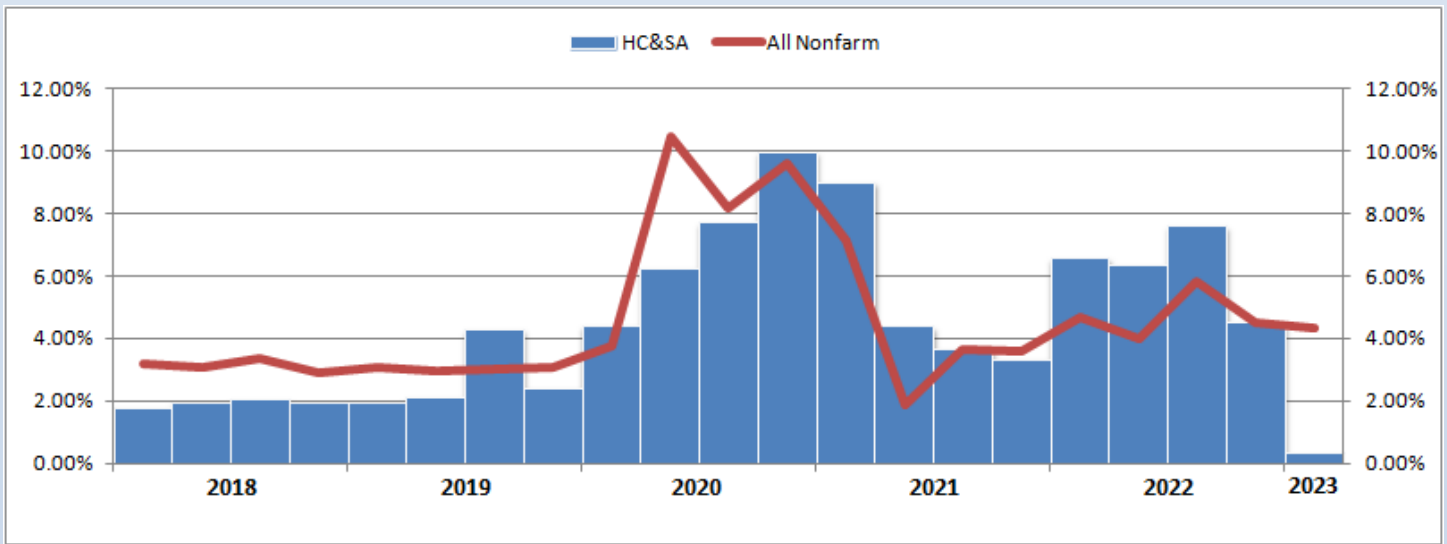


	Q1 2020	Q1 2021	Q1 2022	Q1 2023
Compensation per Employee	\$66,520	\$72,518	\$77,288	\$77,544

### Compensation per Employee Growth Rate

The minimal long-term growth in Virginia’s total HC&SA compensation per employee is a recent phenomenon as shown by the significant decline to its year-over-year growth rate in Q1 2023. In 2022, total HC&SA compensation per employee in Virginia enjoyed year-over-year growth that reached as high as 7.60%. Even in Q4 2022, total compensation per employee in Virginia’s HC&SA sector still had a year-over-year growth rate of 4.53%. However, this growth rate fell precipitously in Q1 2023 to 0.33%. With this decline, the year-over-year growth rate of Virginia’s total HC&SA compensation per employee fell to its lowest level since Q2 2014. It also fell below the comparable growth rate for Virginia’s total nonfarm payroll compensation per employee, which experienced a slight decline of its own in Q1 2023 from 4.52% to 4.32%.

**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 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/](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'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)

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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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