



Virginia Healthcare Workforce Briefs

Indicators from the Bureau of Economic Analysis

Regional Economic Accounts

Series 3: Income & Compensation

Series 3, Issue 50

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Highlights

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- ◆ In addition to the new income and compensation estimates for Quarter 4 (Q4) 2023 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q1 2023 to Q3 2023.
- ◆ Total earnings in Virginia's Health Care & Social Assistance (HC&SA) sector rose by \$641 million to \$42.9 billion in Q4 2023, which represents a three-month annualized growth rate of 6.2%. In 2023, total HC&SA earnings in the state rose by \$4.2 billion.
- ◆ Total employee compensation in Virginia's HC&SA sector increased by \$556 million to \$39.6 billion in Q4 2023, which translates into a 5.8% annualized growth rate.
- ◆ Virginia's total HC&SA compensation per employee increased by \$303 in Q4 2023. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$80,730 per year.

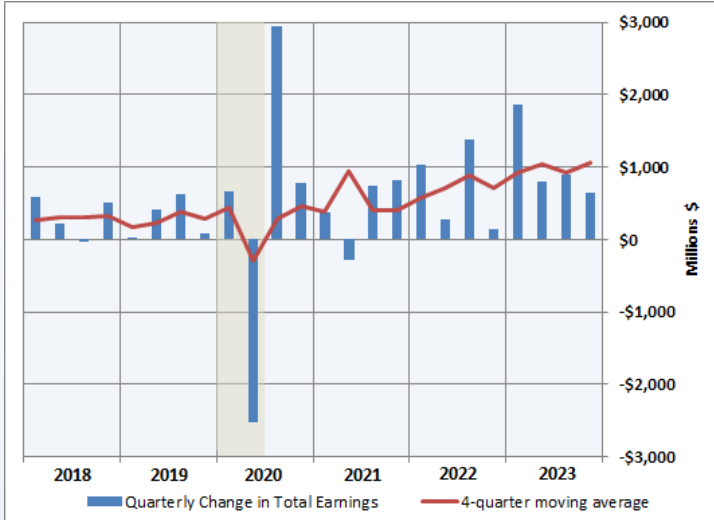
The calendar year is the basis for data in this series. See Page 5 for additional information on this series.

Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q4 2022	Q2 2023	Q3 2023	Q4 2023	Annual	6-Month	Quarterly
Earnings (Personal income less rents, interest, dividends and government payments)							
Virginia	\$420,905	\$437,256	\$442,695	\$448,590	6.6%	5.3%	5.4%
National	\$15,474,726	\$15,951,422	\$16,200,652	\$16,380,490	5.9%	5.5%	4.5%
Health Care & Social Assistance Earnings							
Virginia	\$38,671	\$41,334	\$42,239	\$42,880	10.9%	7.6%	6.2%
National	\$1,726,276	\$1,809,850	\$1,843,196	\$1,872,052	8.4%	7.0%	6.4%
Health Care & Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages & benefits)							
Virginia	\$35,704	\$38,203	\$39,045	\$39,601	10.9%	7.5%	5.8%
National	\$1,580,556	\$1,656,009	\$1,686,247	\$1,710,935	8.2%	6.7%	6.0%
Health Care & Social Assistance Compensation per Employee (HWDC Estimate)							
Virginia	\$76,242	\$79,717	\$80,428	\$80,730	5.9%	2.6%	1.5%
National	\$82,143	\$84,753	\$85,197	\$85,154	3.7%	0.9%	-0.2%

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.



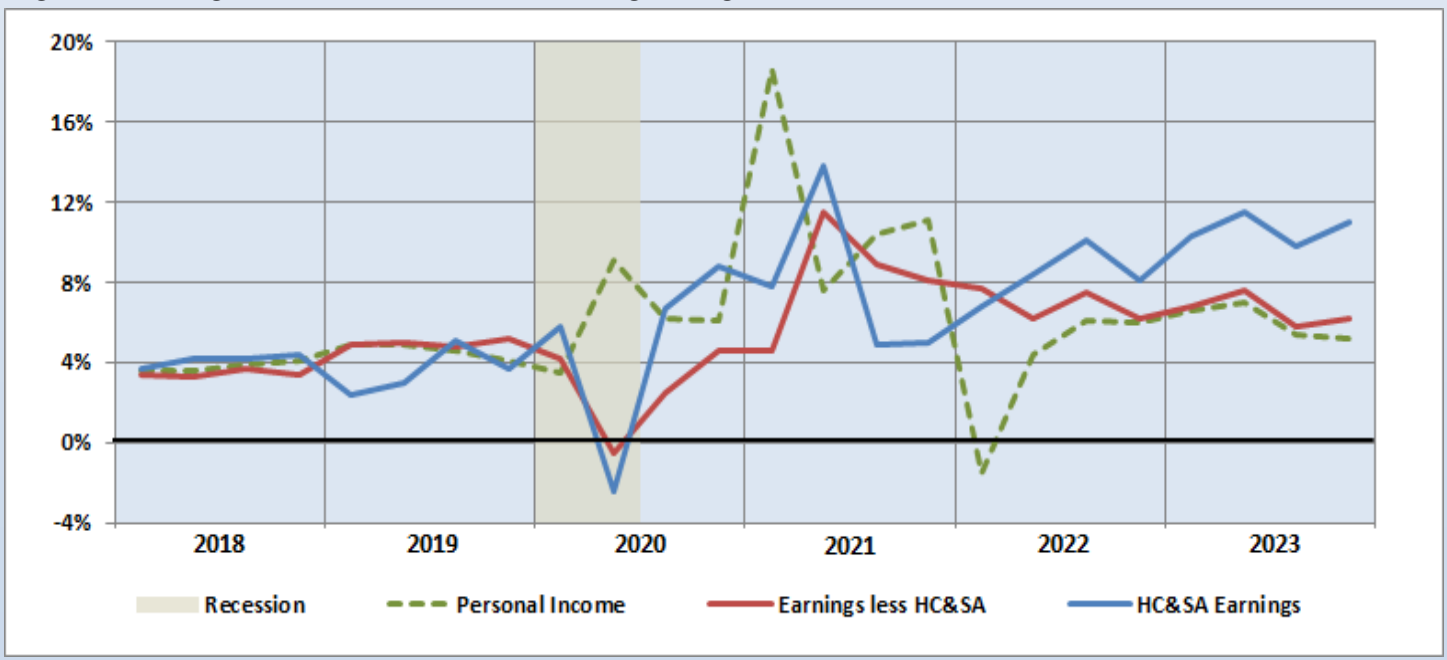
According to the preliminary data released on Friday, March 29, 2024, by the U.S. Bureau of Economic Analysis, total earnings in Virginia’s Health Care & Social Assistance (HC&SA) sector increased by \$641 million to \$42.9 billion in Q4 2023. This increase in Virginia’s total HC&SA earnings represents a three-month annualized growth rate of 6.2%. Furthermore, this gain also represents the tenth consecutive quarter in which total HC&SA earnings in the state have increased.

Although Virginia’s total HC&SA earnings growth was slightly below the overall national average of 6.4% in Q4 2023, its long-term growth has been well above average. In 2023, Virginia’s total HC&SA earnings increased by \$4.2 billion, which translates into a 10.9% growth rate. This growth rate exceeds the 8.4% average for the national HC&SA sector as a whole in 2023.

Virginia HC&SA Earnings Growth Rate

After falling below 10% for the first time in 2023 during the previous quarter, the four-quarter growth rate moving average of Virginia’s total HC&SA earnings rebounded strongly at the end of year, rising from 9.83% to 11.03% in Q4 2023. Thanks to this recovery in Q4 2023, Virginia’s four-quarter HC&SA earnings growth rate moving average has resumed its upward ascent, which has continued with little interruption for most of the past two years. In fact, this moving average has more than doubled since Q4 2021. Meanwhile, the four-quarter growth rate moving average of Virginia’s non-HC&SA earnings also rebounded in Q4 2023 with an increase from 5.78% to 6.15%, thereby matching the same value it had one year ago in Q4 2022. As for Virginia’s personal income, its four-quarter growth rate moving average fell to its lowest value of the year after declining from 5.34% to 5.20% in Q4 2023.

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



Virginia HC&SA Earnings Growth Rate by Earnings Type

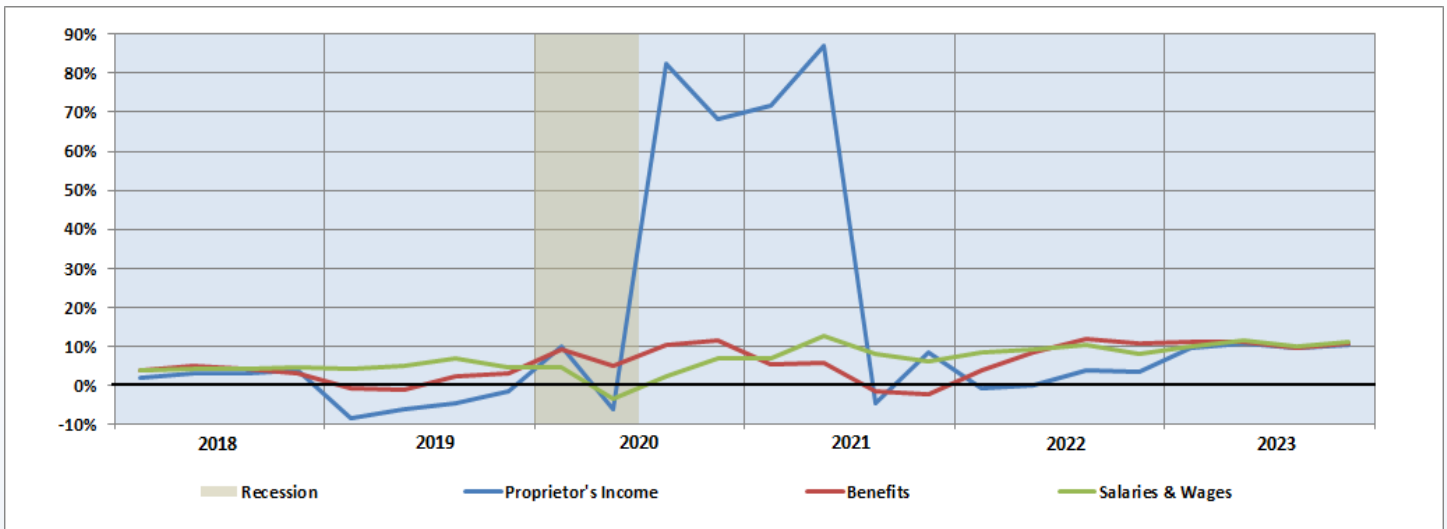


Figure 3: Earnings Growth Rate by Type of Earnings, 4-Quarter Moving Average (Annualized)

For the second time in the past three quarters, HC&SA proprietor’s income and both forms of HC&SA employee compensation all have four-quarter growth rate moving averages that exceed 10%. Among these three types of earnings, HC&SA employee salaries & wages enjoy the highest four-quarter growth rate moving average, a position that it has now maintained for three consecutive quarters. In fact, this moving average rose from 9.89% to 11.10% in Q4 2023. At the same time, the four-quarter growth rate moving average for HC&SA employee benefits increased from 9.76% to 10.97%. Meanwhile, the comparable moving average for HC&SA proprietor’s income grew from 9.49% to 10.53%. Although all three of these moving averages increased in Q4 2023, none of them reached their highest value of the year during this quarter.

Annual Growth by Earnings Type

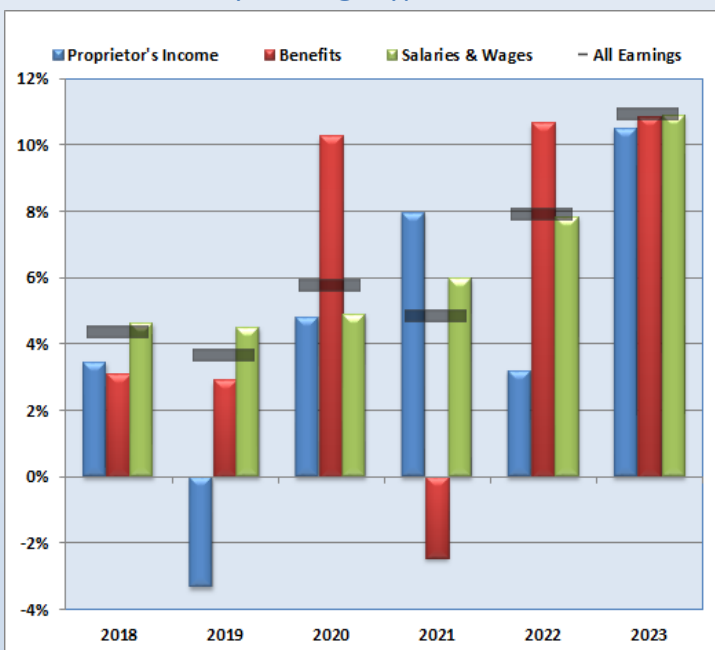


Figure 4: Virginia HC&SA Earnings Growth Rate by Type of Earnings (Annualized)

For the first time in the past two decades, all three types of HC&SA earnings in Virginia enjoyed double-digit annual growth rates. This impressive, broad-based earnings growth was led by HC&SA employee compensation, in particular HC&SA employee salaries & wages, which grew by 10.9% in 2023. In fact, this represents the first time in the past twenty years that HC&SA employee salaries & wages enjoyed an annual growth rate that exceeded 10%. Meanwhile, HC&SA employee benefits enjoyed an annual growth rate that wasn’t far behind that of HC&SA employee salaries & wages. In 2023, HC&SA employee benefits increased by 10.8%, which represents its highest annual growth rate since 2009. Finally, HC&SA proprietor’s income, despite growing at a slower rate than either form of HC&SA employee compensation, still enjoyed 10.5% growth over the past year. This represents the highest annual growth rate of HC&SA proprietor’s income since 2006.

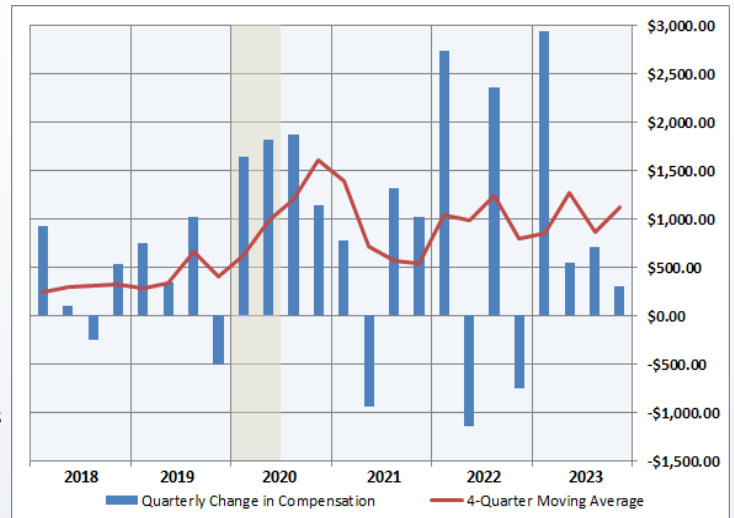
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$3,279	7.6%
Benefits	\$6,523	15.2%
Salaries & Wages	\$33,078	77.1%
Total	\$42,880	100%

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 \$80,730 (annualized) in Q4 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 \$303 in Q4 2023, an increase that represents a three-month annualized growth rate of 1.5%. Although this result does represent the smallest quarterly gain in the state’s total HC&SA compensation per employee in 2023, it is still an impressive result given that the national HC&SA sector saw total compensation per employee fall by 0.2% on an annualized basis in Q4 2023. In 2023, Virginia’s HC&SA sector saw total compensation per employee increase by \$4,489. This increase over the past four quarters translates into a strong 5.9% growth rate.

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

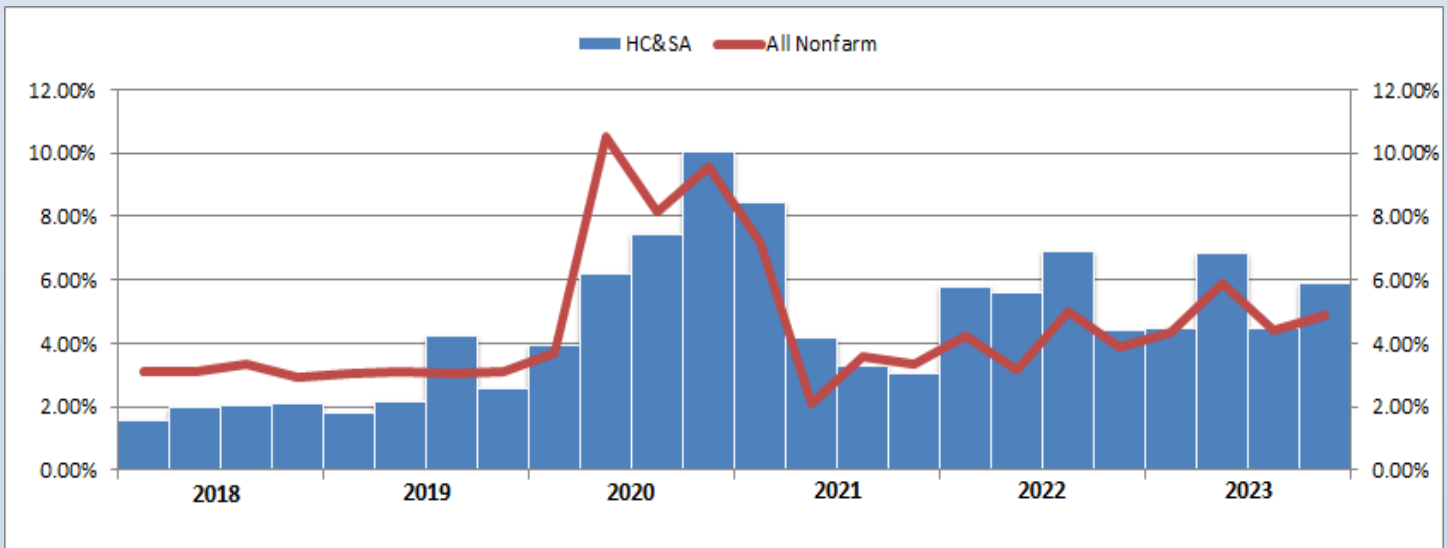


	Q4 2020	Q4 2021	Q4 2022	Q4 2023
Compensation per Employee	\$70,854	\$73,030	\$76,242	\$80,730

Compensation per Employee Growth Rate

The year-over-year growth rate of Virginia’s total HC&SA compensation per employee rebounded in Q4 2023 after having fallen to its lowest value of the year during the previous quarter. In Q4 2023, Virginia’s HC&SA sector saw its year-over-year growth rate of total compensation per employee increase from 4.47% to 5.89%. Although the year-over-year growth rate of Virginia’s total HC&SA compensation per employee was higher at 6.82% back in Q2 2023, it has still increased relative to the year-ago quarter: In Q4 2022, this growth rate stood at 4.40%. Furthermore, the year-over-year growth rate of Virginia’s total HC&SA compensation per employee remains above the comparable growth rate of the state’s total nonfarm payroll compensation per employee, which also rose during the quarter from 4.39% to 4.87%.

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/](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)

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.
