

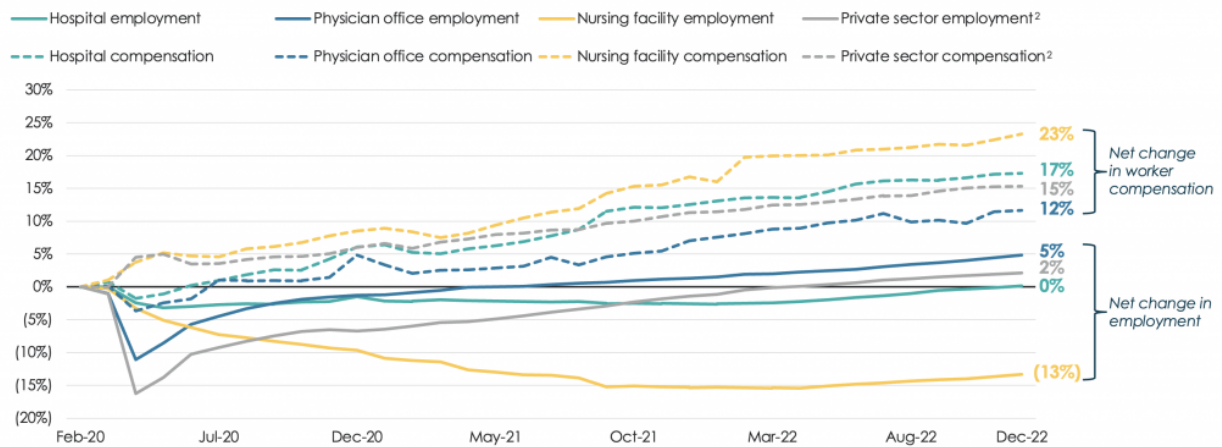
Improved earnings not enough to solve healthcare worker shortage

The healthcare sector has been navigating an intransigent staffing crisis since the widespread layoffs during the first few months of COVID. The graphic below uses Bureau of Labor Statistics [data](#) to illustrate the impact of this labor shock on both total employment and employee compensation. **Across key healthcare settings, workplaces with the slowest recovery of total workers have seen the largest increases in employee earnings. Hospital employment largely tracked with the rest of the private sector;** however, hospitals raised employee compensation by two percent more than the private sector, while recovering two percent fewer jobs. It is important to note that **the relationship between employment levels and employee compensation is not causal**, as evidenced by the ongoing labor shortages in nursing facilities, despite boosting average pay over 20 percent. Rather, **the data suggest that, for as long as the tight labor market persists, pay raises alone are not sufficient to recruit and retain talent.** Plus, while inflation may be abating, it has still [outpaced](#) earnings growth since December 2021. **Given that many healthcare workers saw pay bumps early in the pandemic, some are left still feeling underpaid, even if their compensation over the past three years has more than kept pace with inflation.**

Healthcare Settings With Slowest Employment Recovery See Largest Pay Increases

Hospital Employment Reaches Pre-COVID Levels While Compensation Growth Outpaces Private Sector Average

Cumulative Change in Employment and Average Worker Compensation¹ by Setting, Relative to Feb. 2020



1. Weekly gross earnings, which include incentives, overtime, and other premium pay. Excludes benefits and irregular bonuses.
2. Includes all goods-producing and service-providing workers, except agriculture. Excludes local, state, and federal government employees.

Source: Bureau of Labor Statistics, "Current Employment Statistics," Feb. 2023; Gist Healthcare analysis.