



How to Calculate Your Hospital's Economic Impact

Hospitals have a direct impact on the local economy by providing jobs and by purchasing goods and services. In addition, hospitals have an indirect impact because the goods and services they buy, as well as the goods and services their employees buy, help to support local businesses and create jobs. This impact can be estimated using the following statewide multipliers from the U.S. Bureau of Economic Analysis. This sheet was updated in March of 2014 using the latest BEA multipliers.

ECONOMIC IMPACT = EXPENDITURES X 1.9917

To estimate the hospital's total impact on the local economy, multiply hospital expenditures by 1.9917. (Expenditures are defined as total expenditures minus bad debt).

TOTAL EMPLOYMENT = EMPLOYEES X 1.9539

To estimate the total number of jobs created in the state as a result of your hospital, multiply the number of full time and part time people you employ by 1.9539. The total will include your employees plus the additional jobs indirectly created by the hospital.

TOTAL LABOR INCOME = PAYROLL X 1.6430

To estimate the total labor income generated by your hospital, multiply your hospital's payroll and benefits by 1.6430. The total will include the income of your employees plus the income of those whose jobs are indirectly created by the hospital.

**These multipliers are part of the Regional Input-Output Modeling System (RIMS II) developed by the Bureau of Economic Analysis, U.S. Department of Commerce. They are statewide multipliers for hospitals. County-specific multipliers, which would give you a more accurate picture of the economic impact on your community, are available for purchase. Therefore, if you decide to use the statewide multipliers included in this document, you should use them only as an estimate for the economic impact. The multipliers come from 2002 – 2010 Census data and were the most current available as of March 2014. More information about the RIMS II is available at www.bea.doc.gov/bea/regional/rims.*