



How to Calculate a Hospital's Economic Impact

The economic impact of hospitals can be estimated using the following statewide multipliers* from the Bureau of Economic Analysis (BEA). You can also visit www.alabamaeconomyonline.ua.edu to calculate a county-specific impact.

ECONOMIC IMPACT = EXPENDITURES X 1.9810

To estimate a hospital's total impact on the local economy, multiply hospital expenditures by 1.9810.

Expenditures are defined as total expenditures minus bad debt.

TOTAL EMPLOYMENT = EMPLOYEES X 2.0690

To estimate the total number of jobs created in the state as a result of a hospital, multiply the number of full time and part time people employed by 2.0690.

The resulting total includes hospital employees plus the additional jobs indirectly created by the hospital.

TOTAL LABOR INCOME = PAYROLL X 1.7072

To estimate the total labor income generated by a hospital, multiply the hospital's payroll (do not include benefits) by 1.7072.

The resulting total includes the income of direct hospital 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. The multipliers provided are **statewide** multipliers for hospitals. County-specific multipliers, which would provide a more accurate reflection of the economic impact on individual communities, are available through an online calculator at www.alabamaeconomyonline.ua.edu.

If any hospitals use the statewide multipliers included in this document, the resulting totals should be reported as an **estimate** for economic impact.

The multipliers come from 2007 – 2013 Census data. More information about the RIMS II is available at bea.doc.gov/regional/rims/index.cfm.