Economic Impact Report for Solano County Hospitals

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Economic Forensics and Analytics
Economic Impact of Solano County’s Hospitals
Solano County, California

November 28, 2012

Prepared for:

Prepared by:

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Executive Summary

Hospitals are unarguably an important economic engine for any community. They generate support for educational institutions, manufacturers and many other businesses while they provide primary and specialty healthcare services locally. Because of their links to education and their demand for skilled workers and medical professionals across multiple job classifications, hospitals heighten their economic impact by paying good wages and salaries and purchasing supplies. Hospitals spend money on other inputs beyond labor, such as supplies and machinery, further expanding their economic impact. It should be noted that economic leakage can occur when hospitals spend on goods and labor outside the local market. If Solano County can continue to attract, retain and expand businesses that help support the growth of hospital services, the local financial and social impacts of Solano’s hospitals would increase. This report looks at current data on hospitals, specifically expenditures on both providing services and new capital expenditures, and the broader impact on Solano County.

Key Findings:

- The number of workers in Solano County’s hospitals has grown in trend since 2001, and is likely to continue to grow due to planned capital projects and increasing services demand;
- The revenue generated by hospitals represents more than 7 percent of the total revenue generated by Solano County businesses overall; and
- Employment, as of January 2012, is at approximately 4,085 employees, slightly more than 2 percent of the total payroll employment in Solano County, or almost $319 million in wages.

Using an average of their wages paid from 2008 to 2012, Solano County’s hospitals supported and generated:

- More than $1.25 billion in annual business revenues, more than 7,800 jobs (including the 4,085 at hospitals), and more than $64 million in state and local tax revenues; which implies that
  - The hospital industry generates or supports more than 11% of Solano County’s economy, including its own business revenues.

For every $50 million spent annually in Solano County on hospital improvements or new construction:

- There is an additional $24.5 million in business revenue earned beyond the $50 million to fund the capital project;
- Capital spending supports more than 250 jobs while the project is taking place, including construction jobs to support an industry otherwise hurt by the slow economic recovery; and
- Capital spending generated more than $2.27 million in state and local tax revenue.

Once a new or improved facility is operational, subsequent growth of hospital services increases the positive economic impact on Solano County. An important aspect supported by this report’s findings is that hospital services affect Solano County’s economy differently than the hospitals’ capital expenditures. Solano’s hospitals can have a two-pronged impact, through capital expenditures that become a larger volume of services, representing major economic support in Solano County for decades to come.
Economic Impact of Solano County’s Hospitals
Solano County, California

Introduction

Hospitals play an important role in an economy for three major reasons. First, hospitals provide central locations for healthcare services. This is especially true of emergency care. Without local hospitals, the distances traveled to receive these services would badly hamper the quality of the local community’s health care. Second, local hospitals employ workers and pay wages across a large number of job classifications and wage levels. Hospitals are job engines for a local community. Hospital spending on the local community, and the spending contributed by their workers, causes a ripple effect throughout the county. This ripple effect can double or triple the direct economic impact of the hospital’s everyday business on the local economy. Not only is there additional business revenue, but there is additional tax revenue for local governments. Third, hospitals provide an infusion of resources to local businesses through capital expansion. Building additional space generates two positive effects: new construction and additional operating capacity of the newly-constructed commercial space. This expansion of capacity provides more jobs, more wages, more business revenue, and more tax revenue. In short, as summarized below, Solano County’s hospitals generate or support more than 11 percent of the economic activity in Solano County in terms of employment and business revenue.

This report addresses Solano County’s five hospitals and their economic impact on the county economy. The analysis provides data as to how hospital operations and capital expenditures affect businesses, workers and local governments. Economic impact analyses estimate how an industry’s or a company’s operations support other industries in a specific geographic area. These include supported jobs, annual business incomes and annual tax receipts. This report shows the broad reach of financial effects with respect to the hospitals’ current operations and capital expenditures. These data can also be used to estimate the economic effect of future capital projects and hospital services growth on Solano County. This report shows the relative importance of hospitals to the county economy and communities using employment data across all industries from both operations and capital expenditures. Recent capital expansions have supported not only a construction industry that was at the front of a major recession, but also many other industries that would have otherwise seen reductions in demand. In addition, there are connections to the broader, healthcare ecosystem and industry clusters in Solano County. We start with a brief look at the role hospital operations play in Solano County in recent years.
**Hospitals and the Health Care Industry: The Basics**

Hospitals are simply one part of a healthcare continuum that provides a large amount of services in one place. Because the breadth of services is relatively wide, the economic impact from a single hospital can be quite significant for a community. Not only are jobs supported within the facility itself, there are also several, “allied” industries that have local hospitals as clients. They can range from accounting firms to waste management businesses. There also is a relationship among hospitals and other local healthcare industries. For instance, many medical professionals have staff privileges in local hospitals, teach and proctor hospital interns, and have a private practice locally. The healthcare industry comprises a wider continuum of services than just hospitals. For example, residential health care and assisted living are complements to hospital services, as are community clinics and public healthcare facilities.

The economic impacts of services and facilities construction expand the hospitals’ financial dimensions throughout the county economy. As part of a broader health care network and set of services, hospitals can be an explicit part of local economic development process. Hospitals exist to serve the community, and thus support a population that ranges from a healthy workforce to school-age children. They also provide such services locally, rather than allowing adjacent counties to garner these patients or clients and thereby take income away from Solano County. Solano County’s hospitals create jobs to support their ongoing, daily operations. Job creation is further enhanced as construction projects expand hospital services capacity. For these reasons, hospitals play a critical role in Solano’s economic development. In terms of new business revenue, new jobs and wages and a broader ripple effect from those changes, hospitals possess a large economic footprint in Solano County. Furthermore, because of hospital job and business revenue creation, there are also large, public revenue benefits from sales, transit occupancy taxes (TOT) and property taxes.

**Hospital Operations and Solano County’s Economy**

Like other counties in California, Solano has a relatively large amount of its labor force and its productivity coming from the healthcare sector. Data in this section will provide insight about how hospitals are a part of the greater Solano County economy. Hospitals provide employment opportunities across a wide variety of job classifications, and also have direct links to universities and community colleges through training and residency programs. In Solano County, Touro University in Vallejo is focused on the medical industry in its programs. University of California, Davis, also has a

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1 Please see Lewin Group (2011) for more on hospitals and economic development.
robust medical school, from which Solano County draws in terms of medical professionals and specialty procedures.

**Job Classifications and Connections to Local Education**

Hospitals provide a wide breadth of job classifications and connections to local and regional education programs. Medical professionals (physicians, nurses) hold bachelor’s, master’s and terminal degrees in medicine. This supply of workers can come from institutions such as UC Davis, Touro University, Sonoma State University, Sacramento State University, and Solano Community College for registered nurses. Hospitals also hire a large number of clinical staff and aides for medical professionals. These staff members can be trained at Solano Community College. There are also a larger number of administrative workers (administration, their staff, and key subgroups that run the business side of the hospital), as well as maintenance and other facility-specific positions. Figure 1 provides major job categories and the proportion of wages paid by Solano County hospitals to those categories on average between 2008 and 2011.

![Figure 1: Proportion of Wages Paid by Job Categories Average of 2008-12, Solano County Hospitals](chart)

Further, the wide array of jobs and classifications provides demand for goods and services across the county economy. As with any other employer, job creation at Solano’s hospitals provides a base for retail and personal services, as well as many professional services that support medical practices and professionals. Hospitals in Solano County provide more wage and salary income than any
other private industry and are second only to the sum of county and incorporated city employment in terms of wage earnings in the local economy since 2001. Figure 2 shows the ecosystem of health care in Solano County and how hospitals as businesses connect to all parts of the local economy, including education and government.

**Figure 2: The Hospitals and the Solano County Economy**

Note that education and community support generate a two-way benefit. Education provides a skilled workforce, and hospitals provide an extension of teaching and education for medical professions that supplements local colleges and universities. The community is the customer base, and the hospitals provide local options for Solano County’s communities, providing a wide array of medical services and procedures. From those two major inputs, hospitals create additional jobs, business revenue, government revenue, and additional commercial space.

Every economy is made up of labor markets, goods/services markets and financial markets. So it is important to look at the supply chain of hospitals, which provide services for patients and also demand a large amount of labor and supplies from the greater economy. Like other service providers, when a hospital provides services, the transaction ends and thus hospitals can be seen at the end of a healthcare supply chain. What the hospitals are doing is adding value to both skilled labor (medical professionals) and other goods and services (e.g., medical devices, medical beds, plasma). Hospitals, in many ways, are storefronts for health care, and can be seen as places where goods and services come together from various places to be offered to the consumer. Figure 3 shows the proportion of hospital employment to total healthcare employment in 2011.
Note how proportions have changed very little while both industries have grown. Because the economic impact of hospital services affects other healthcare sectors (medical and dental offices specifically), growth of hospital employment will drive employment. The economic ecosystem of Figure 2 shows a positive feedback loop. As employment grows in the community, there also is an increase in hospital services. Hospital services are demanded, like other professional services and retail, by local residents. There is also a connection between capital expenditure and expansion of employment for hospital business operations. When hospitals spend money on expansion, they create more jobs related to construction, infrastructure, maintenance and allied industries to commercial structure construction. Once the new or expanded structures are built, they create more business space for hospital services. As services increase and revenue rises in parallel, the community investment made by the hospitals pays ongoing dividends by directly creating more jobs and positive economic impacts.

Figure 4 compares hospital employment, non-hospital healthcare employment, and total employment in Solano County since 1990. Other freestanding, non-hospital-based, healthcare businesses include medical and dental offices, nursing and residential care facilities, medical labs and other facilities. The growth of hospital employment has been smoothly rising over time. It is important to recognize that hospital growth is in contrast to the loss of jobs in other industries during the recent recession. Health care continues to be a growth sector in Solano County, and its links to local education institutions and other industries through the economic impact shows how hospitals can be an economic development asset.
What is intriguing is the transition of income generation in health care toward hospitals since 2001. In 2001, 39 percent of the revenue generated in the health care industry was from Solano County’s hospitals. By January 2012, that percentage grew to 66 percent. While some of this increase is likely due to rising healthcare costs, the proportion rising in terms of hospitals and other health care suggests that Solano County’s hospitals are seen as key central providers of healthcare services to the community.

Figure 5 shows the growth of hospital revenue as a percentage of gross county product in Solano County, where each represent the value added by hospitals and Solano County businesses overall since 2001. Figure 5 also shows the same number for the state of California. If rising health care costs were a key reason for more revenues for hospitals over time, we should see a similar pattern for the state. We do not see such a pattern. Figure 5 suggests that Solano County’s hospitals are a more important part of the local economy than hospitals are to California overall.

To show the total economic impact of hospital services and their capital spending, and to preserve the anonymity of each hospital’s proprietary information, data were combined. They are part of the economic impact analysis that follows. In terms of total revenues supported, total jobs supported, and the state and local taxes generated by operations, the hospitals’ impacts are shown in detail -- how many employees they have, how much they spend in terms of supplies, and also how much they build. Capital expenditures will be another way in which local hospitals can generate economic
impact for Solano County now and into the future. It can come in three major forms: new business revenues, new or supported jobs, and new tax revenue.

Figure 5: Growth in Percentage of Overall Gross County Product from Hospital Services 2005$, Solano County and California, 2001-11

Capital expenditures have two stages of impact, which make construction efforts very powerful economic machines. The first stage is the construction where there are jobs created, business revenues derived locally, and new tax revenue from both new buildings and related elements. Once commercial construction is completed, the ongoing operations of the businesses that occupy the new space generate more business revenue, more employment and more tax revenue into the future. For hospitals, there are multiple ways they affect the local macro-economy. The details of those effects are shown in the next section.

Economic Impact of Hospitals Operations and Capital Expenditures

The total revenue generated by hospital operations leads to wages paid to workers and funds capital expansion and improvement projects. Using an average of wages paid from 2008 to 2012 as a basis for economic impacts, Solano County’s hospitals supported and generated $1.25 billion in annual revenue, almost 7,830 jobs and $64 million in state and local tax revenues. In short, the hospital industry generates or supports over 11 percent of Solano County’s economy. Hospital services and capital expenditure on hospitals expansion or improvements create broad economic impact. These can be
summarized by business revenue, tax revenue supported or generated by the services or projects, and jobs. Construction projects in Solano County have an effect on many industries locally because of new business revenue, jobs and tax revenue. The IMPLAN® model used here, which stands for IMpact analysis for PLANning, is a model by which municipalities and counties worldwide analyze employment, business revenue and tax effects of economic events (see www.implan.com for more). There are three classifications of effects. The **direct** effects are those that initiate the impact. For example, hiring construction workers to build more hospital space generates an increase in wages paid to more people who are employed in Solano County. This direct benefit from new wages and jobs begins a chain reaction of gains, which affects local employment, taxes and business revenue generated in other industries. Figure 6 shows the ripple from the direct effects of hospital growth on the greater economy conceptually.

**Figure 6: Economic Impact Concept**

![Economic Impact Concept Diagram]

**Indirect** effects come from directly-affected workers and businesses (new construction jobs and revenues for local construction companies) increasing their spending on local businesses. For example, when a construction worker purchases more restaurant meals, groceries and other local goods and services, multiple local businesses gain revenue. As these merchants’ sales increase, they raise their employment levels to meet enhanced demand. These additional jobs and revenues create **induced** effects. These are similar to the indirect effects, but come from the indirectly-affected workers and firms and their spending on the local economy more broadly. The new deli employee, who gets a job due to an increase in demand for the deli’s goods and services, increases her demand of a broad range
of personal services, retail products and other spending. The sum of these is the total or overall economic impacts from the original event.

Hospital Services and Their Economic Impacts

The same logic holds for hospital services. The hospital’s existence supports jobs, business revenue and tax revenue in an ongoing way. When hospital services grow in terms of employment or total business revenue, the Solano County economy expands. However, an important aspect and finding of this report is the differences in how hospital services affect Solano County’s economy versus the hospitals’ capital expenditures. These differences imply that Solano’s hospitals can have a two-pronged impact that represents major economic support and augmentation in Solano County for decades to come by growing capital and services simultaneously. Using recent wage data provided by Solano County’s hospitals, Tables 1 through 3 show the effects on various, other industries throughout Solano County. Note the breadth of industries and services affected by hospital operations. Wages generated imply a total amount of business revenue across the various sectors. Medical and dental offices and residential care facilities are among the most affected industries beyond the hospitals. This shows a positive, financial connection between services provided at local hospitals and those in other healthcare settings.

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<thead>
<tr>
<th>Industry</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>$777,086,900</td>
<td>$20,544,900</td>
<td>$32,179,700</td>
<td>$822,811,500</td>
</tr>
<tr>
<td>Bars And Restaurants</td>
<td>39,322,600</td>
<td>24,677,400</td>
<td>64,000,000</td>
<td>163,000,000</td>
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<tr>
<td>Employment Placement</td>
<td>4,831,200</td>
<td>18,804,900</td>
<td>23,636,100</td>
<td>57,272,200</td>
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<td>Real Estate Agencies</td>
<td>4,374,200</td>
<td>11,764,200</td>
<td>16,138,400</td>
<td>32,276,800</td>
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<td>Retail Stores – Dept. Stores</td>
<td>4,972,700</td>
<td>8,325,000</td>
<td>13,297,700</td>
<td>26,595,400</td>
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<tr>
<td>Medical And Dental Offices</td>
<td>38,000</td>
<td>12,766,000</td>
<td>12,804,000</td>
<td>38,874,000</td>
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<tr>
<td>Retail Stores – Grocery</td>
<td>4,737,400</td>
<td>6,724,000</td>
<td>11,461,400</td>
<td>23,922,800</td>
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<tr>
<td>Check Cashing/Pawn</td>
<td>3,134,400</td>
<td>8,006,500</td>
<td>11,140,900</td>
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<td>Residential Care Facilities</td>
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<td>1,898,600</td>
<td>10,970,700</td>
<td>22,941,400</td>
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<tr>
<td>Building Maintenance Services</td>
<td>6,658,100</td>
<td>4,274,500</td>
<td>10,932,600</td>
<td>22,865,200</td>
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<td>Private Household Operations</td>
<td>2,245,000</td>
<td>7,063,000</td>
<td>9,308,000</td>
<td>18,616,000</td>
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<tr>
<td>All Others</td>
<td>69,989,700</td>
<td>127,247,500</td>
<td>197,237,200</td>
<td>494,474,400</td>
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<tr>
<td>Totals</td>
<td>$777,086,900</td>
<td>$169,920,300</td>
<td>$312,888,300</td>
<td>$1,252,895,500</td>
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Table 2: New Jobs Supported, Industries across Solano County, 2012

<table>
<thead>
<tr>
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<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>4,085</td>
<td>99</td>
<td>177</td>
<td>4,361</td>
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<tr>
<td>Bars And Restaurants</td>
<td>81</td>
<td>314</td>
<td>395</td>
<td></td>
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<tr>
<td>Employment Placement</td>
<td>285</td>
<td>60</td>
<td>345</td>
<td></td>
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<td>Real Estate Agencies</td>
<td>207</td>
<td>130</td>
<td>337</td>
<td></td>
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<tr>
<td>Investment Banking</td>
<td>33</td>
<td>83</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Retail Stores – Dept. Stores</td>
<td>2</td>
<td>111</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>Medical And Dental Offices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Stores - Grocery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Check Cashing/Pawn</td>
<td>36</td>
<td>60</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Residential Care Facilities</td>
<td></td>
<td>85</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Building Maintenance Services</td>
<td>50</td>
<td>25</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Household Cleaning Services</td>
<td>69</td>
<td></td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>All Others</td>
<td>500</td>
<td>1,130</td>
<td>1,630</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>4,085</td>
<td>1,295</td>
<td>2,451</td>
<td>7,831</td>
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TABLE 3: State and Local Taxes Generated due to Hospital Operations

Annual Tax Revenues Supported, 2012$

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<thead>
<tr>
<th>State and Local Taxes</th>
<th>Amount</th>
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<tr>
<td>Employment Taxes</td>
<td>$2,825,000</td>
</tr>
<tr>
<td>Sales and TOT Taxes</td>
<td>$15,696,000</td>
</tr>
<tr>
<td>Property Tax: Commercial</td>
<td>$17,414,000</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>$18,491,000</td>
</tr>
<tr>
<td>Other Taxes And Fees</td>
<td>$9,901,000</td>
</tr>
<tr>
<td><strong>Total State And Local Taxes</strong></td>
<td><strong>$64,327,000</strong></td>
</tr>
</tbody>
</table>

Grocery and department stores, investment banking, employment services, bars and restaurants are all supported by having hospital services locally. Very little of economic life in Solano County goes untouched by hospitals. As a result, tax revenue generated includes many different local and state taxes. The income taxes category includes taxes paid by workers and merchants based on spending by the hospitals throughout the Solano County economy.

Capital Expenditures by Hospitals

The economic impact of capital expenditures by local hospitals expands the breadth of industries affected by decisions made to operate and expand services. While bars and restaurants, investment banking, real estate, property owner income, and banks and credit unions are affected, hospital operations are also directly affected as are design services, gasoline refineries, insurance, and wholesalers. Medical and dental offices are also affected in an “induced” way. As more construction workers are employed, the demand for basic health care would rise, some of which generates augmented hospital services demand. Tables 4 through 6 show how $50 million in spending by a local
hospital to improve or expand commercial space to provide services would affect the Solano County economy. These data do not state the actual expenditures in the past or planned by hospitals, but allow discussion about the economic effects from either a fraction or multiple of $50 million built or planned.

For example, if a project is $100 million, one can approximate the effect on the county economy by multiplying these numbers by 2. However, the reader should bear in mind that these changes are only for the life of the project and assume an annual amount of spending. If $100 million is spent over a two-year life span of the project, Tables 4 through 6 help estimate the effects based on $50 million per year. Once the capital project ends, new economic impacts begin with the expanded hospital services.

There is a similar effect on employment. Note that some job creation is directly related to the construction efforts and it follows the revenue numbers (architectural, engineering and design services), but retail employment is relatively large versus retail revenue. This suggests there are more people working in retail as a result of these capital expenditures, with respect to other industries in Solano County. The increase in construction activity affects retail revenue, but not as much as it affects employment. Revenue is in higher-margin businesses (professional services, apartment and commercial leases, banks and credit unions) versus retail. Bars and restaurants see larger amounts of revenue and employment support. Government also gets a revenue surge, though some of the tax revenue will go to Sacramento. The critical idea here is that a capital expansion impact becomes an operational impact as in Tables 1 through 3, the ongoing impact of new capacity for hospital services.

Table 4: Supported Business Revenue from $50,000,000 in Annual Capital Expenditures by Hospitals in Solano County, 2012$
Table 5: New Jobs Supported (Full-Time Equivalent) from $50,000,000 in Annual Capital Expenditures by Hospitals in Solano County

<table>
<thead>
<tr>
<th>Industry</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
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<tbody>
<tr>
<td>Hospital Construction</td>
<td>155.5</td>
<td></td>
<td></td>
<td>155.5</td>
</tr>
<tr>
<td>Bars And Restaurants</td>
<td>1.6</td>
<td>8.4</td>
<td>10.0</td>
<td></td>
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<tr>
<td>Architectural/Engineering Services</td>
<td>8.7</td>
<td>0.1</td>
<td>8.8</td>
<td></td>
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<tr>
<td>Real Estate Agencies</td>
<td>1.3</td>
<td>3.5</td>
<td>4.8</td>
<td></td>
</tr>
<tr>
<td>Employment Placement</td>
<td>2.2</td>
<td>1.6</td>
<td>3.8</td>
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<tr>
<td>Private Hospitals</td>
<td>0.0</td>
<td>3.4</td>
<td>3.4</td>
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</tr>
<tr>
<td>Retail Stores – Dept. Stores</td>
<td>0.2</td>
<td>3.0</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Medical And Dental Offices</td>
<td></td>
<td>3.0</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Investment Banking</td>
<td>0.7</td>
<td>2.2</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>Retail Stores - Grocery</td>
<td>0.2</td>
<td>2.6</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>Wholesale Trade Businesses</td>
<td>1.3</td>
<td>1.2</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Residential Care Facilities</td>
<td></td>
<td>2.3</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Check Cashing/Pawn</td>
<td>0.6</td>
<td>1.6</td>
<td>2.2</td>
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<tr>
<td>Private Household Operations</td>
<td></td>
<td>1.9</td>
<td>1.9</td>
<td></td>
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<tr>
<td>Retail Stores - Motor Vehicle And Parts</td>
<td>0.2</td>
<td>1.6</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>All Others</td>
<td>12.8</td>
<td>29.7</td>
<td>42.5</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>155.5</strong></td>
<td><strong>29.8</strong></td>
<td><strong>66.1</strong></td>
<td><strong>251.4</strong></td>
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</tbody>
</table>

Table 6: State and Local Taxes Generated from $50,000,000 in Annual Capital Expenditures by Hospitals in Solano County, 2012$

<table>
<thead>
<tr>
<th>State and Local Taxes</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Employment Taxes</td>
<td>$105,000</td>
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<tr>
<td>Sales and TOT Taxes</td>
<td>$522,000</td>
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<tr>
<td>Property Tax: Commercial</td>
<td>$581,000</td>
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<tr>
<td>Income Taxes</td>
<td>$714,000</td>
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<tr>
<td>Other Taxes And Fees</td>
<td>$357,000</td>
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<tr>
<td><strong>Total State And Local Taxes</strong></td>
<td><strong>$2,279,000</strong></td>
</tr>
</tbody>
</table>

Conclusions: Importance of Hospitals and Their Expansions

Hospitals are an economic engine for any community. They generate support for education, jobs, businesses, all the while continuing their critical mission of providing health care services locally. Because of links to education and a need for skilled workers and medical professionals across multiple job classifications, hospitals generate a significant, positive economic impact by paying these workers. This report shows that the ways in which hospitals purchase their supplies, pay their employees, and build new structures to increase service capacity, affect many local businesses beyond health care. The impact also is felt by local governments, at both the city and county levels. Hospitals, seen as businesses, generate or support more than 11 percent of Solano County’s economy. Spending on capital projects provides a positive economic shock to Solano County, which then becomes ongoing
economic benefits once newly constructed facilities are occupied and more services are provided. A major reason Solano’s hospitals have become a large segment of the county economy is due to capital expenditures. Given planned capital expansions, these hospitals will continue to generate more and more positive impact in the years to come.

References


Description of Hospitals in Solano County

Kaiser Permanente Napa-Solano
First established in Vallejo in 1945, Kaiser Permanente Napa-Solano has steadily grown to serve more than 250,000 members, making Kaiser Permanente the largest provider of care in the area. Care is available in four medical office locations – Vallejo, Fairfield, Vacaville and Napa, and full-service hospitals are on the Vallejo and Vacaville campuses. Our hospitals are new facilities featuring the latest technology and a wide array of health services including:

- 24-hour emergency services
- 24-hour pharmacy
- Trauma care (Vacaville Medical Center Level III Trauma Center)
- Surgical Services
- Advanced Diagnostic Imaging
- Maternity Services (Vallejo Medical Center)
- Inpatient Rehabilitation (Vallejo Medical Center)
- KP HealthConnect (Kaiser Permanente’s advanced electronic medical record system)
- Most medical specialties and subspecialties, including neurosurgery

NorthBay Healthcare
NorthBay Healthcare is an independent, locally-managed system with 1,800 employees that operates full-service hospitals in Fairfield and in Vacaville, as well as four primary care centers and a host of outpatient service lines. They include: NorthBay Cancer Center, NorthBay Heart & Vascular Center, NorthBay Trauma Center, an adult Alzheimer’s day center, joint replacement program, wound care center and the Center for Women’s Health.

Sutter Solano Medical Center
For more than 100 years, Sutter Solano Medical Center (SSMC) in Vallejo has been committed to the community by providing emergency care, delivering babies and serving others in time of need. The medical center has 102 licensed beds and is fully accredited by The Joint Commission. Sutter Solano Cancer Center is fully accredited by the Commission on Cancer of the American College of Surgeons—a recognition only one in four cancer centers receive. Comprehensive cancer services include chemotherapy, infusion therapy, laboratory and pathology, genetic testing, pain management and radiation therapy. SSMC is part of Sutter Health, a not-for-profit network of hospitals, doctors, and nurses who share expertise and resources to advance health care quality.