



A Vital Force in Nevada's Economy





Economic Impacts

Welcome to the first Cleveland Clinic Economic Impact Report for Nevada. This document details Cleveland Clinic's contribution to our state economy.

Since 2009, Cleveland Clinic has been providing quality healthcare services in the Clark County region, through the Lou Ruvo Center for Brain Health. We generate economic activity as an employer, a purchaser of local goods and services and a generator of tax revenues at all levels.

Here are some of the highlights of the 2016 economic study:

- \$47 million – total economic output
- 320 – jobs
- \$21 million – labor income
- 200 – households supported
- \$12 million – household spending
- \$1.8 million – state and local taxes
- \$6.7 million – federal taxes
- \$1 million – visitor spending
- \$7.6 million – spending on goods and services

Our financial strength allows us to support a robust community benefit, including charity care, the education of tomorrow's healthcare professionals and research to discover advanced treatments.

We appreciate your interest in Cleveland Clinic in Nevada and its total economic impact. More information on our organization, finances and community benefit can be found at clevelandclinic.org.

Sincerely,

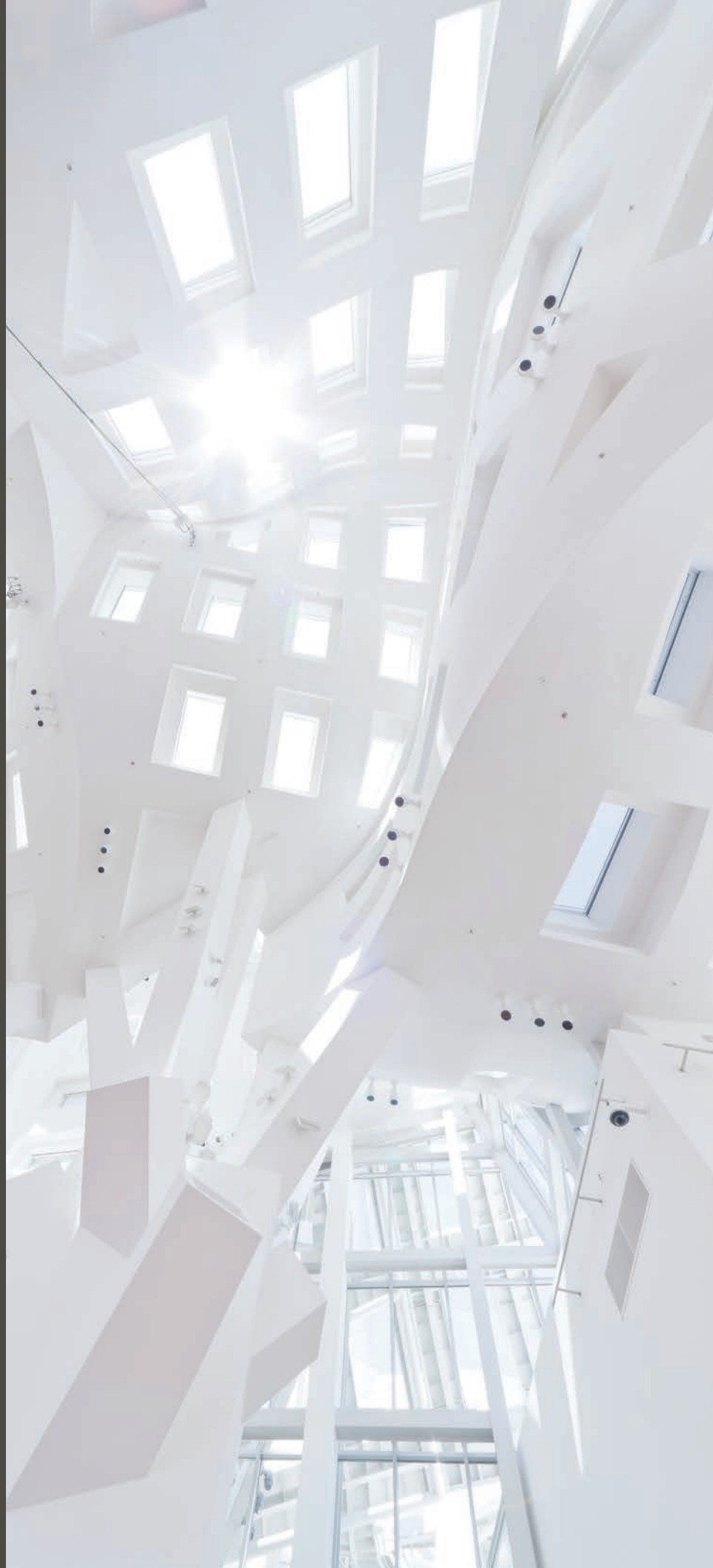
Tomislav Mihaljevic, MD
CEO and President, Cleveland Clinic

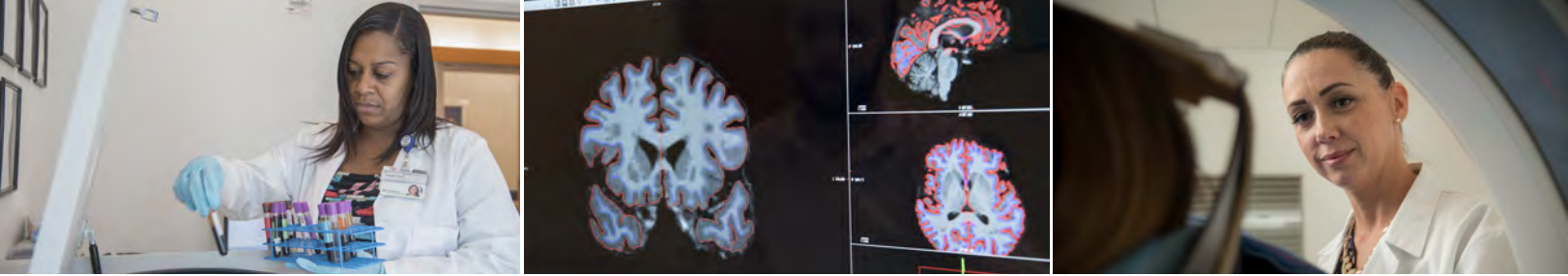


Tomislav Mihaljevic, MD
CEO and President

TOTAL NEVADA STATE IMPACTS

- \$47 Million in Total Economic Output
- 320 Jobs
- \$21 Million of Labor Income
- 200 Households Supported
- \$12 Million in Household Spending
- \$1.8 Million in Total State and Local Taxes
- \$6.7 Million in Federal Taxes
- \$1 Million in Visitor Spending
- \$7.6 Million in Spending on Goods and Services





Nevada — State Impacts

Cleveland Clinic's Nevada operations contribute significantly to the economy of the state. Cleveland Clinic directly and indirectly supported approximately \$47 million of total economic activity in Nevada in 2016.

In 2016, approximately 320 jobs and close to \$21 million of earnings were attributable to Cleveland Clinic construction and ongoing activities in Nevada. Cleveland Clinic operations supported around 200 households, which spent over \$12 million on goods and services in the state.

State and local taxes generated by the organization's permanent and construction activities in the state were approximately \$1.8 million. Federal

taxes generated by permanent and construction activities were close to \$6.7 million. Although Cleveland Clinic activities were concentrated in Clark County, the organization purchased goods and services worth \$7.6 million from businesses in several Nevada counties. Visitors to Cleveland Clinic's Nevada facilities spent more than \$1 million on hotels, food and other expenses.

Cleveland Clinic invested approximately \$1.6 million into real property improvements at its Nevada properties from 2014 through 2016.

Cleveland Clinic Economic and Fiscal Impact Study — Summary Table (Based on 2016 Data)

Total Impacts	State of Nevada		
	Direct	Indirect	Total
Total Jobs	160	160	320
Total Earnings	\$14.2 million	\$6.5 million	\$20.7 million
Households Supported	100	100	200
Total Household Level Spending	\$8.1 million	\$4.1 million	\$12.2 million
Property Taxes (Residential)	\$289,000	\$231,000	\$520,000
Indirect Business Taxes		\$1,277,000	\$1,277,000
Total State and Local Taxes	\$289,000	\$1,508,000	\$1,797,000
Federal Taxes	\$2.5 million	\$4.1 million	\$6.6 million
Total Visitor Spending			\$1.0 million
Total Output	\$17.6 million	\$29.4 million	\$47.0 million

Glossary

Direct Jobs Those jobs being analyzed for purposes of the study. In this report, direct jobs comprise Cleveland Clinic physicians and employees, joint venture employees, on-campus hotel jobs, on-campus parking jobs and jobs existing at spin-off companies.

Direct Earnings/Labor Income The wages and benefits associated with the direct jobs.

Household Level Spending Encompasses all of the purchases made by individuals and families for items such as food, clothing, durable and non-durable goods and other retail of any kind. It also includes spending on personal services such as home repair, dry cleaning, restaurants, automotive repair, etc.

Indirect Jobs Jobs supported by industries purchasing from industries. For example, Cleveland Clinic purchases supplies from vendors within the region. Those vendors employ workers to meet the demand of Cleveland Clinic (and other customers). This cycle may have many iterations between different industry sectors, and the coefficients associated with each industry are calculated within the IMPLAN model. (See right column for more information about IMPLAN.)

Indirect Earnings/Labor Income The earnings associated with the indirect jobs. This amount can include both wages and benefits paid to workers as well as income earned by business owners. Indirect earnings are calculated using the IMPLAN model.

Induced Jobs Whereas indirect jobs are those positions that are created by industries purchasing from industries, induced jobs are those positions supported by household level purchasing, or the spending on goods and services by individuals within the study area. In this report, induced jobs are calculated using the IMPLAN model and are included with indirect jobs.

Induced Earnings/Wages/Labor Income The earnings associated with the induced jobs. This amount can include both wages and benefits paid to workers as well as income earned by business owners. In this report, induced earnings are calculated using the IMPLAN model and are included with indirect earnings.

Indirect Business Taxes Excise taxes, property taxes, fees, licenses and sales taxes paid to government entities. These taxes occur during the normal operation of businesses and are determined primarily within the IMPLAN model.

Industry Output Represents the total value of all goods and services produced by all of the industries within the study region. For this study, we used the IMPLAN model, which provides information for more than 500 distinct industry sectors. By aggregating the changes in each sector associated with the direct activity of Cleveland Clinic, we are able to calculate the total impact on the economy.

Spending on Goods and Services Included in this value are total payments made to various vendors and individuals for goods and/or services provided to Cleveland Clinic. In this report, this information is specifically limited to actual purchases made by Cleveland Clinic and should not be confused with the definition of Industry Output above. This data was provided by Cleveland Clinic.

Analysis Methodology

Portions of this analysis were completed using the IMPLAN economic impact model. The IMPLAN model is used by more than 1,000 universities and government agencies to estimate the economic and fiscal impacts of investments and/or changes in industry, to forecast tax revenue and employment generation, and to conduct economic comparison studies of two or more geographic locations.

IMPLAN is an input-output model. Input-output accounting describes commodity flows from producers to intermediate and final consumers. The total industry purchases of commodities, services, employment compensation, value added and imports are equal to the value of the commodities produced.

An IMPLAN impact analysis involves specifying a series of expenditures or other changes and applying them to the region's economic multipliers. The expenditures are identified in terms of the sectoring scheme for the model, in producer prices and in historical dollars with the current year used as a base year. Only the dollars spent within the region are applied to the model.

The notion of a multiplier rests upon the difference between the initial effect of a change in final demand and the total effects of that change. Total effects can be calculated either as direct and indirect effects, or as direct, indirect and induced effects. Direct effects are production changes associated with the immediate effects or final demand changes. Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries (for example, additional purchases to produce additional output). Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects.

Purchases for final use (final demand) drive the model. Industries producing goods and services for final demand purchase goods and services from other producers. These other producers, in turn, purchase goods and services. This buying of goods and services (indirect purchases) continues until leakage from the region (imports and value added) stops the cycle.

These indirect and induced effects (the effects of household spending) can be mathematically derived. The resulting sets of multipliers describe the change of output for each and every regional industry caused by a one-dollar change in final demand for any given industry.

Creating a regional input-output model requires a tremendous amount of data. The costs of surveying industries within each region to derive a list of commodity purchases (production functions) are prohibitive. IMPLAN was developed as a cost-effective means to develop regional input-output models. The IMPLAN accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations.

(Source for much of this description: Olson, Doug and Scott Lindall, "IMPLAN Professional Software, Analysis, and Data Guide"; Minnesota IMPLAN Group, Inc., 1725 Tower Drive West, Suite 140, Stillwater, MN 55082)



Prepared by:



Every life deserves world class care.

9500 Euclid Ave., Cleveland, OH 44195

Cleveland Clinic is a nonprofit, multispecialty academic medical center integrating clinical and hospital care with research and education for better patient care. More than 3,500 staff physicians and researchers in 140 medical specialties provide services through 27 clinical and special expertise institutes. Cleveland Clinic comprises a main campus, ten regional hospitals and more than 150 outpatient locations, with 18 family health centers and three health and wellness centers in northern Ohio, as well as medical facilities in Florida, Nevada, Toronto and Abu Dhabi. Cleveland Clinic is currently ranked as the No. 2 hospital in the country by *U.S. News & World Report*.
clevelandclinic.org

©2018 The Cleveland Clinic Foundation

