A Vital Force in Ohio’s Economy
Dear Friends:

Cleveland Clinic has evolved as an economic driving force in Northeast Ohio, contributing substantially to growth in the region’s innovation and employee base in our community. We are proud to be a part of the region’s prominence as a national center of biomedical technology, research and quality patient care. With more than 41,000 employees, Cleveland Clinic is the largest employer in Northeast Ohio and the second largest employer in the state. We continue to invest in our communities by building, hiring and expanding our services.

In 2010, Cleveland Clinic commissioned an outside firm to measure our economic impact on the region – our first economic study since 2006. This document is a summary of the findings that includes major statistics, key analyses, and the following essential numbers we want to share:

- **$10.5 billion** – The estimated economic impact of Cleveland Clinic on our state and regional economies (up from $8.9 billion in 2006)

- **81,000** – The number of jobs Cleveland Clinic directly or indirectly supported (up from 71,000 in 2006)

- **$4.0 billion** – The amount of wages generated by the 81,350 direct and indirect jobs (up from $3.2 billion in 2006)

- **$663 million** – The state and local taxes generated by these jobs (an increase of $106 million since 2006)

- **58,000** – Ohio households supported by Cleveland Clinic jobs (3,290 more households than in 2006)

- **$2.3 billion** – Cleveland Clinic-supported household-level spending on Ohio goods and services (an increase of $580 million since 2006)

As a major part of the region’s growing healthcare industry, we are pleased to play a central role in the strengthening of Ohio’s economy. We have served as an essential member of Northeast Ohio for the past 90 years, sustaining and growing a strong workforce. Our employees are an integral part of our community and our most important asset in fulfilling our mission of patient care, research and education.

In just the past decade, we spent $2.6 billion building 10 million square feet of new facilities – the equivalent of 176 football fields. We are committed to supporting local companies and purchase supplies from more than 400 minority- and women-owned companies; buy food from local farmers; and collaborate with foundations and environmental organizations on recycling and sustainability projects.

Our economic strength allows us to provide medically necessary care to all patients, regardless of their ability to pay. We’re one of Ohio’s largest providers of Medicaid services, and have one of the area’s most generous charity care policies. Our community benefit totaled nearly $498 million in clinical care, research, education and outreach in 2009.

We are proud to share this report with you and are grateful to be a part of this community for the long-term. We’re committed to sustaining the economic vitality of Northeast Ohio and privileged to care for our patients.

Sincerely,

Delos M. Cosgrove, MD
CEO and President
TOTAL STATE LEVEL IMPACTS

- 81,350 Jobs
- $4.0 Billion of Labor Income
- 58,190 Households Supported
- $2.3 Billion in Household Spending
- $663 Million in Total State and Local Taxes
- $10.5 Billion in Total Economic Output
- $1.1 Billion in Spending on Goods and Services

TOTAL REGIONAL LEVEL IMPACTS

- 81,010 Jobs
- $3.9 Billion of Labor Income
- 56,250 Households Supported
- $2.2 Billion in Household Spending
- $648 Million in Total State and Local Taxes
- $10.4 Billion in Total Economic Output
- $818 Million in Spending on Goods and Services
Key Highlights

- Cleveland Clinic directly and indirectly supported more than 81,000 jobs in Ohio in 2009 – more than the entire population of Youngstown, Ohio.
- The wages and earnings supported by Cleveland Clinic in Ohio were approximately $4.0 billion in 2009.
- Cleveland Clinic is the largest employer in Northeast Ohio and the second largest in the state, with more than 41,000 employees in 2009. Those jobs represent approximately 42,000 permanent, full-time equivalent positions. These supported more than 37,000 additional permanent jobs in the state.
- Cleveland Clinic’s construction activity in 2009 generated approximately 3,600 direct and indirect jobs in Northeast Ohio, and more than $169 million of payroll.
- Cleveland Clinic’s ongoing operations and construction activity in the state generated total state and local taxes in excess of $660 million.
- Cleveland Clinic spurred nearly $10.5 billion of total economic activity in the state and in Northeast Ohio in 2009, as much as the entire American film industry earned in the best year in its history (2010).
- Cleveland Clinic spent approximately $1.1 billion on goods and services from Ohio in 2009.
- Through the direct and indirect earnings it created, Cleveland Clinic supported more than 58,000 households in Northeast Ohio. Those households paid enough property taxes to cover the cost of educating almost 24,000 kindergarten through 12th grade students in the region.
- The households supported by Cleveland Clinic represent $2.3 billion of spending on retail goods and services in the region.
- In 2009, Cleveland Clinic welcomed patients and visitors from every county in Ohio, every state in the nation, and more than 100 countries around the world. They spent $174 million in the region, as much as all Japanese tourists spent on all the Hawaiian Islands in 2005.
- Cleveland Clinic’s world-renowned researchers conducted more than $272 million in projects in 2009, advancing patient care and attracting more than $90 million in funding from NIH.
- Clinic-supported households generated almost $226 million in residential property taxes in 2009, and more than $70 million in local income taxes.
- Cleveland Clinic and its community hospitals help support the private practices of nearly 1,400 non-Cleveland Clinic staff physicians.

### Cleveland Clinic Economic and Fiscal Impact Study - Summary Table (Based on 2009 Data)

<table>
<thead>
<tr>
<th>Total Impacts</th>
<th>Northeast Ohio Region</th>
<th>State of Ohio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>Total Jobs</td>
<td>43,960</td>
<td>37,050</td>
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<tr>
<td>Total earnings</td>
<td>$2.5 billion</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>Households Supported</td>
<td>30,520</td>
<td>25,730</td>
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<tr>
<td>Total Household Level Spending</td>
<td>$1.4 billion</td>
<td>$842 million</td>
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<tr>
<td>State Income Taxes</td>
<td>$78 million</td>
<td>$41 million</td>
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<tr>
<td>Local Income Taxes</td>
<td>$42 million</td>
<td>$28 million</td>
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<tr>
<td>Property Taxes (Residential)</td>
<td>$122 million</td>
<td>$103 million</td>
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<tr>
<td>Indirect Business Taxes</td>
<td>$233 million</td>
<td>$233 million</td>
</tr>
<tr>
<td>Total State and Local Taxes</td>
<td>$242 million</td>
<td>$406 million</td>
</tr>
<tr>
<td>Total Visitor Spending</td>
<td>$174 million</td>
<td>$174 million</td>
</tr>
<tr>
<td>Total Output</td>
<td>$5.8 billion</td>
<td>$4.6 billion</td>
</tr>
</tbody>
</table>
Direct Jobs – Those jobs being analyzed for purposes of the study. In this report, direct jobs comprise Cleveland Clinic physicians and employees, on-campus hotel jobs, on-campus parking jobs, and jobs existing at spin-off companies.

Direct Earnings – The payroll associated with the direct jobs.

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.

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

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 Business Taxes – Excise taxes, property taxes, fees, licenses and sales taxes paid by businesses. 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. This is often referred to as Gross State Product or Gross Regional Product. For this study, we used the IMPLAN model, which provides information for more than 400 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. 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 way to develop regional 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)
Cleveland Clinic

Every life deserves world class care.

9500 Euclid Avenue, Cleveland, OH 44195

Cleveland Clinic is a top-ranked nonprofit academic medical center founded in 1921. With more than 1,300 staffed beds, as well as research and education institutes, the organization is dedicated to providing expert inpatient and hospital care through innovation, quality, teamwork and service.

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