



A Vital Force in Florida's Economy





Economic Impacts

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

Cleveland Clinic Florida has been providing quality healthcare services since 1988. Our mission is patient care, research and education. We are one of the largest employers in Broward County, a purchaser of local goods and services, and a generator of tax revenues at all levels. Through these and other activities, Cleveland Clinic contributes to the health and prosperity of the communities it serves.

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

- \$1.2 billion – total economic output
- 7,450 – jobs
- \$426 million – labor income
- 5,060 – households supported
- \$315 million – household spending
- \$58 million – state and local taxes
- \$142 million – federal taxes
- \$5 million – visitor spending
- \$51 million – spending on goods and services

Cleveland Clinic Florida continues to grow, adding to the local economy through construction jobs and purchases, as well as the provision of healthcare services, and all the jobs and purchases arising from those activities. Our economic strength allows us to provide a far-reaching community benefit, including charity and other uncompensated care, educating the next generation of healthcare professionals and funding medical research that leads to advanced treatments and cures.

We appreciate your interest in Cleveland Clinic Florida 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



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CEO and President

TOTAL FLORIDA STATE IMPACTS

- \$1.2 Billion in Total Economic Output
- 7,450 Jobs
- \$426 Million of Labor Income
- 5,060 Households Supported
- \$315 Million in Household Spending
- \$58 Million in Total State and Local Taxes
- \$142 Million in Federal Taxes
- \$5 Million in Visitor Spending
- \$51 Million in Spending on Goods and Services





Florida — State Impacts

Cleveland Clinic’s facilities contribute meaningful economic and fiscal value to the State of Florida. In 2016, Cleveland Clinic directly and indirectly contributed more than \$1.2 billion of total economic output in the state. The organization purchased approximately \$51 million of goods and services from businesses throughout the State of Florida.

The activities of Cleveland Clinic supported approximately 7,450 Florida jobs and close to \$426 million of labor income in 2016. Additionally, residential property taxes and indirect business taxes of \$58 million can be attributed to the presence of Cleveland Clinic in the state. Cleveland Clinic permanent and construction activities also generated close to \$142 million of federal taxes and fees in Florida.

More than 5,000 households were directly and indirectly supported by Cleveland Clinic Florida’s activities in 2016. Those households spent more than \$315 million on purchases in the State. Additionally, Cleveland Clinic visitors contributed close to \$5 million to Florida’s economy.

Cleveland Clinic invested approximately \$112 million into real property improvements at its Florida properties from 2014 through 2016. That investment supported 430 average annual construction period jobs and more than \$20 million in direct and indirect earnings for each of the three years. The average fiscal impact of Cleveland Clinic’s construction activity during the three-year period exceeded \$4 million in state and local taxes and \$5 million in federal taxes per year.

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

Total Impacts	State of Florida		
	Direct	Indirect	Total
Total Jobs	3,380	4,070	7,450
Total Earnings	\$288 million	\$138 million	\$426 million
Households Supported	2,340	2,720	5,060
Total Household Level Spending	\$213 million	\$102 million	\$315 million
Property Taxes (Residential)	\$18 million	\$16 million	\$34 million
Indirect Business Taxes		\$24 million	\$24 million
Total State and Local Taxes	\$18 million	\$40 million	\$58 million
Federal Taxes	\$56 million	\$86 million	\$142 million
Total Visitor Spending			\$4.7 million
Total Output	\$581 million	\$666 million	\$1,247 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.

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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

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