



Community Health Needs Assessment
National Center for Rural Health Works

The Economic Impact of Weems Memorial Hospital on Franklin County, Florida

Prepared for:

Weems Memorial Hospital

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Community Health Needs Assessment Template

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The Economic Impact of Weems Memorial Hospital

In Franklin County, Weems Memorial Hospital provides vital health care services 24 hours a day, seven days a week, 365 days a year. Weems Memorial Hospital occupies an important role in Franklin County and generates significant health care services and contributions to the local residents. However, the role Weems Memorial Hospital plays as a major contributor to the economy is often overlooked. Weems Memorial Hospital employs a large number of people with a large payroll. *The purpose of this study is to specifically measure the economic impact that Weems Memorial Hospital has on Franklin County in the State of Florida.*

The economic impact of Weems Memorial Hospital for 2011 is presented in the table below. The top portion of **Table 1** presents the employment impact of Weems Memorial Hospital resulting from annual operating activities. In 2011, Weems Memorial Hospital has 116 full- and part-time employees. As these employees and the hospital spend money locally, additional jobs are generated in other businesses in Franklin County. These are called secondary jobs and are measured with employment multipliers for Franklin County. The hospital employment multiplier is 1.40 which means that for each job established in the hospital, another 0.40 jobs are generated in other businesses in Franklin County. *In 2011, secondary jobs generated annually from operating activities of Weems Memorial Hospital are 46 jobs and the total employment impact is 162 jobs.*

Table 1
Economic Impact from Operations of Weems Memorial Hospital
on Franklin County, Florida, 2011

<u>Employment Impact</u>				
	Number Employed	Employment Multiplier	Secondary Impact	Total Impact
Weems Memorial Hospital	116	1.40	46	162

<u>Employee Income Impact</u>				
	Direct Income	Income Multiplier	Secondary Impact	Total Impact
Weems Memorial Hospital	\$4,838,320	1.31	\$1,499,879	\$6,338,199

<u>Retail Sales and Sales Tax Impact</u>				
	Local Retail Sales Impact	1% Local Sales Tax Collection Impact	6% State Sales Tax Collection Impact	
Weems Memorial Hospital	\$1,800,049	\$18,000	\$108,003	

Source: Local data for operations employment and income, 2011; Current IMPLAN multipliers, Minnesota IMPLAN Group, Inc.; Local retail sales tax capture ratio based on ratio of retail sales for Franklin County and total personal income for Franklin County, Franklin County retail sales tax collections and retail sales tax base from U. S. Census Bureau, Quickfacts (www.census.gov [October 2011]); Franklin County sales tax rate and State of Florida sales tax rate from Florida Department of Revenue (www.myflorida.com/dor [October 2011]); and Personal income from U. S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis (www.bea.gov [October 2011]).

The employee income impact of Weems Memorial Hospital for 2011 is presented in the center portion of **Table 1**. Employee income (wages, salaries, and benefits) paid to the employees of Weems Memorial Hospital is \$4.8 million in 2011. With the hospital employee income multiplier of 1.31, the secondary employee income impact is \$1.5 million and the total employee income impact is \$6.3 million. *The total employee income impact from Weems*

Memorial Hospital on Franklin County in 2011 from operating activities is estimated to be 6.3 million.

The total employee income impact of Weems Memorial Hospital of \$6.3 million includes retail sales that result in retail sales tax collections in Franklin County. The current local retail sales tax capture ratio is 28.4 percent, based on the ratio of retail sales to personal income for Franklin County. Based on this ratio, the retail sales resulting from the hospital's employee income impact are \$1.8 million; these \$1.8 million in local retail sales are retail sales resulting from the hospital spending, the hospital employees' spending, and the secondary employees' spending (**Table 1**). *The \$1.8 million in retail sales impact will generate sales tax collection impact of \$18,000 from the one percent local sales tax for Franklin County and \$108,003 from the six percent state sales tax for the State of Florida.*

Annual operating activities, including employment impact, employee income impact, and local retail sales and sales tax collection impacts, occur each and every year that Weems Memorial Hospital is in operation and have long-term impacts on the local economy.

Weems Memorial Hospital recently completed construction of an urgent care clinic in Carabelle at construction costs of approximately \$1.3 million. Weems Memorial Hospital has submitted a loan application to USDA for the funding of a \$15.0 million renovation. The USDA has not yet acted on the application so the terms of the loan have not been presented to the Hospital or the county commission. If an affordable loan package was offered and accepted by the Franklin County, these are the employment and employee income impacts the construction would have on Franklin County. The proposed construction is planned over a two-year construction period in 2013 and 2014 to complete a new emergency room and renovate 25

patient rooms. The cost for this two-year construction project is estimated at \$15.0 million, with an estimated \$7.5 million spent during each of the two years of construction (**Table 2**).

Utilizing IMPLAN data and based on the annual construction cost of \$7.5 million, the number of construction workers and the amount of their wages, salaries, and benefits and/or proprietor income (employee income) were estimated. Capital improvement projects result in secondary impacts as the construction firms and their employees spend money locally. Based on the construction amount of \$7.5 million per year, the estimated number of construction workers is 58 employees each year with \$2.1 million in estimated employee income (**Table 2**). The construction employment multiplier is 1.36, resulting in secondary construction employment of an estimated 21 employees and total construction employment impact of an estimated 79 employees each year of construction. The construction employee income multiplier is 1.35, resulting in secondary employee income impact of an estimated \$0.8 million and total employee income impact of an estimated \$2.9 million each year of construction.

The total number of construction workers over the two-year construction period is estimated to be 116 full- and part-time workers with estimated employee income of \$4.3 million. The total secondary construction employment is estimated to be 42 employees and the total construction employment impact is estimated to be 158 employees over the two-year construction period. The total secondary construction employee income impact is estimated to be \$1.5 million with the total construction employee income impact of an estimated \$5.8 million.

These impacts illustrate the importance of the construction to the local economy. Construction impacts only occur during the year of construction and will vary each year by the amount of construction activities.

Table 2
Economic Impact of Future Planned Construction Activities of Weems Memorial Hospital
on Franklin County, Florida, 2013-2014

	Total Construction Cost Estimates	Estimated Number of Employees	Estimated Employee Income
Year 2013 Construction	\$7,500,000	58	\$2,146,527
Year 2014 Construction	<u>\$7,500,000</u>	<u>58</u>	<u>\$2,146,527</u>
Total for Two-Year Project	<u>\$15,000,000</u>	<u>116</u>	<u>\$4,293,054</u>

<u>Employment Impact</u>				
	Number Employed	Employment Multiplier	Secondary Impact	Total Impact
Year 2013 Construction	58	1.36	21	79
Year 2014 Construction	<u>58</u>	1.36	<u>21</u>	<u>79</u>
Total for Two-Year Project	<u>116</u>		<u>42</u>	<u>158</u>

<u>Employee Income Impact</u>				
	Direct Income	Income Multiplier	Secondary Impact	Total Impact
Year 2013 Construction	\$2,146,527	1.35	\$751,284	\$2,897,811
Year 2014 Construction	<u>\$2,146,527</u>	1.35	<u>\$751,284</u>	<u>\$2,897,811</u>
Total for Two-Year Project	<u>\$4,293,054</u>		<u>\$1,502,568</u>	<u>\$5,795,622</u>

<u>Retail Sales and Sales Tax Impact</u>			
	Local Retail Sales Impact	1% Local Sales Tax Collection Impact	6% State Sales Tax Collection Impact
Year 2013 Construction	\$822,978	\$8,230	\$49,379
Year 2014 Construction	<u>\$822,978</u>	<u>\$8,230</u>	<u>\$49,379</u>
Total for Two-Year Project	<u>\$1,645,956</u>	<u>\$16,460</u>	<u>\$98,758</u>

Source: Local data for estimated construction costs for 2013 and 2014; Construction employment and employee income and IMPLAN multipliers, Minnesota IMPLAN Group, Inc.; Local retail sales tax capture ratio based on ratio of retail sales for Franklin County and total personal income for Franklin County, Franklin County retail sales tax collections and retail sales tax base from U. S. Census Bureau, Quickfacts (www.census.gov [October 2011]); Franklin County sales tax rate and State of Florida sales tax rate from Florida Department of Revenue (www.myflorida.com/dor [October 2011]); and Personal income from U. S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis (www.bea.gov [October 2011]).

Construction employee income impact of an estimated \$2.9 million annually will generate retail sales of an estimated \$0.8 million each year of construction (**Table 2**). These retail sales will generate an estimated \$8,230 in a one-cent sales tax for Franklin County and an estimated \$49,379 in a six-cent sales tax for the State of Florida each year of the two-year construction period. *Over the two-year construction period, this construction project will generate an estimated \$1.6 million in retail sales, an estimated \$16,460 in a one-cent sales tax for Franklin County, and an estimated \$98,758 in a six-cent sales tax for the State of Florida.*

In summary, Weems Memorial Hospital not only has an impact on the health and welfare of residents in Franklin County, it also has an impact on the local economy. Hospitals such as Weems Memorial Hospital contribute greatly to the economic development in the geographic areas in which they are located. This occurs because:

- Businesses and industries locate in areas with high quality medical facilities and educational systems;
- Retirees locate in areas with accessible and comprehensive health care services and law enforcement services;
- The health sector is a growing sector and will continue to generate more jobs, and;
- The health sector generally pays above-average salaries and wages.

These points, along with the amount of economic activity generated by Weems Memorial Hospital, demonstrate that local leaders must continue to support Weems Memorial Hospital to ensure development of economic growth and opportunities in Franklin County in the State of Florida.