

An Activity of the W.E. Upjohn Unemployment Trustee Corporation

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To: Keith Crowell, Oaklawn Hospital
From: George Erickcek, Upjohn Institute
Date: March 11, 2011
Re: Long-term impact of Oaklawn Hospital

The following is a brief economic impact assessment of Oaklawn Hospital adding 507 full and part-time workers at its Marshall facilities during the next 20 years. The assessment assumes that the rate of employment increase at the medical center will be uniform: 25 new employees will be added each year. In addition, the impact assessment does not include the economic impact of any additional expansion of the hospital's physical plant that may be necessary to house these additional workers.

As shown in the table below, the total employment impact of the medical center adding 25 employees each and every year for the next 20 years, reaches a high of 700 in 2030. As shown in the fifth column, the multiplier impact of the new medical center employees decreases over time. In 2011, every 10 new employees at the hospital create 4.3 addition jobs in the Marshall area. In 2031, this falls to 3.8 new jobs. It will simply take fewer workers in all sectors to generate the goods and services requested by the 25 new employees at the hospital in 2030 due to expected productivity gains across all sectors. The generated indirect jobs are forecasted to be created across a wide set of sectors including retail, financial, medical (outside of the hospital) and government.

Population in the greater Marshall area will increase as well and will build over time. Population responds slowly to employment change. New employees may commute from outside the area for several years before moving into the area. During the first year, the Marshall area is expected to gain only 7 new residents. In 2030, the area's population will have more an estimated 660 new residents due to the medical center's expansion.

Finally, personal income in the Marshall area will increase as well due to the expansion. The increase in personal income includes the new earnings generated at the hospital by its new employees, the earnings of all the indirect jobs generated, as well as the earnings of existing workers who are working longer hours due to the hospital expansion. It also includes the earnings of the spouses of new employees at the medical center who have moved into the Marshall area. Personal income is measured in current dollars and is not controlled for the inflation.

Economic Impact on the Greater Marshall Area						
Year	Direct Employment	Indirect Employment	Total Employment	Multiplier Impact	Population	Personal Income (thousands)
2011	25	11	36	1.43	7	\$1,330
2012	51	22	73	1.44	21	\$2,880
2013	76	33	109	1.44	38	\$4,610
2014	101	44	145	1.43	60	\$6,560
2015	127	54	181	1.43	84	\$8,720
2016	152	64	216	1.42	112	\$11,110
2017	177	73	251	1.41	142	\$13,750
2018	203	82	285	1.40	174	\$16,640
2019	228	91	319	1.40	208	\$19,700
2020	254	100	354	1.39	244	\$22,910
2021	279	109	388	1.39	281	\$26,350
2022	304	118	422	1.39	319	\$30,100
2023	330	128	457	1.39	358	\$34,150
2024	355	137	492	1.39	399	\$38,530
2025	380	147	527	1.39	440	\$43,250
2026	406	156	562	1.39	483	\$48,290
2027	431	165	596	1.38	527	\$53,640
2028	456	175	631	1.38	571	\$59,380
2029	482	184	665	1.38	615	\$65,560
2030	507	193	700	1.38	660	\$72,200