

The Economic and Fiscal Impacts of the Baylor Regional Medical Center at Grapevine

Prepared for Baylor Regional Medical Center at Grapevine

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Executive Summary

- Baylor Medical Center at Grapevine is the largest hospital complex in northeast Tarrant County. Its primary service area includes the cities of Grapevine, Southlake, Keller, Colleyville, Euless, Roanoke and Flower Mound.

- In its most recent capital improvement projects, Baylor-Grapevine has spent more than \$50 million upgrading and expanding local facilities. This spending has increased regional economic activity by \$89 million and supported 843 person-years of employment paying more than \$33 million in wages over the length of construction activity.

- On-going procurement activities at Baylor-Grapevine total over \$112 million per year. This procurement activity has generated \$173 million in total area economic activity and created 1,885 jobs paying more than \$76 million in wages.

- Baylor-Grapevine directly employs over 1,000 people, equating to an FTE of over 793. These full- and part-time positions pay over \$35 million annually in direct income and generate \$43 million in total area economic impacts. Combined direct, indirect, and induced employment from Baylor-Grapevine's activities totals 1,263, and total annual income generation exceeds \$54 million.

- Employment at ancillary facilities, which equates to an FTE of 88, contributes \$4 million in direct income earnings and generates \$5.8 million in total area economic impacts. These ancillary facilities support 139 jobs and generate \$6.2 million of direct and indirect income.

- Patient visitors spend over \$2.7 million in the local economy. This spending generates \$4.7 million in economic activity and supports 70 direct, indirect, and induced jobs paying about \$2 million in annual earnings.

- Summing the impacts of procurement, employee compensation, ancillary facility operations, and patient visitor spending, Baylor-Grapevine operations boost economic activity in the DFW Metroplex by \$227 million each year and support over 3,300 direct and indirect jobs paying \$138.6 million in annual wages and salaries (see Table ES1).

- Recent construction activities have generated indirect sales tax revenues of at least \$684,000 while recurring spending by the hospital, its employees, and vendors produces about \$223,000 in direct sales tax revenue and at least \$912,000 in indirect and induced sales tax revenue.

- Baylor-Grapevine pays over \$455,000 in property taxes each year and ancillary facilities contribute an additional \$143,000 in property taxes to area localities.

Table ES1
Annual Recurring Economic Impacts at Baylor Regional Medical Center at Grapevine & Ancillary Facilities* on the Dallas-Fort Worth Metroplex

Description	Impact
Total economic activity	\$ 227,319,833
Total income	\$ 138,623,366
Total jobs	3,358

** Includes impacts of procurement spending, employee compensation, ancillary facility operations, and patient visitor spending.*

I. Background and Overview

Baylor Regional Medical Center at Grapevine has been providing services to the area since 1953 when it began as the Grapevine Clinic and Hospital. Over time, the hospital became Grapevine Memorial Hospital, and in 1981 it joined the Baylor Health Care System. Recently, Baylor Medical Center at Grapevine has undergone a large expansion of services and has been renamed Baylor Regional Medical Center at Grapevine (Baylor-Grapevine) to reflect this change and expansion.

Traditionally, Baylor-Grapevine has served patients located in Northeast Tarrant, Southern Denton, and Northwest Dallas Counties, though patients do travel from outside of the region to take advantage of special services. During fiscal year 2003, Baylor-Grapevine cared for nearly 80,000 patients and delivered over 2,500 babies.

Beyond the medical care Baylor-Grapevine provides to the community, it serves as an important economic engine for the region, employing more than 1,000 people and purchasing over \$112 million in goods and services annually. Additionally, Baylor-Grapevine has developed ancillary facilities, such as the satellite operations in Southlake, Flower Mound, Colleyville, and Grapevine, which provide additional employment and economic opportunities for the region.

The following analysis outlines the regional economic and fiscal impacts from Baylor-Grapevine's construction spending and ongoing operations. Estimates of the economic impacts are calculated using the D/FW model of the IMPLAN impact modeling system developed by the Minnesota IMPLAN Group. This model, which is well-regarded by academic and professional researchers, provides reasonable and conservative estimates of direct, indirect, and induced impacts.

Direct impacts represent spending for goods and services by Baylor-Grapevine and by the contractors involved in construction projects. Indirect impacts occur when Baylor-Grapevine's vendors spend money in the local economy to support their business operations. Finally, induced impacts are those that result from employees spending a portion of their earnings in the area for groceries, household goods, and other durable and non-durable goods.

In addition to examining the impacts from construction and operations at Baylor-Grapevine, we also discuss the impacts of visitor spending and charitable contributions of Baylor-Grapevine and its employees.

II. Economic Impacts of Construction Activities

The \$50 million in construction projects recently completed by Baylor-Grapevine has had significant regional economic and fiscal impacts. Construction activity has generated \$89 million in total area economic activity and supported 843 person-years¹ of employment paying more than \$33 million in wages over the length of construction activity (see Table 1). Additionally, the construction activities undertaken by Baylor-Grapevine have increased sales tax collections in local jurisdictions by at least \$684,000 as a result of spending by contractors and their employees.

¹ Person-years of employment refers to the number of full-time equivalent positions in one year. If the construction projects being evaluated took three years, the employment impact could also be presented as an average of 281 FTE jobs (843 person-years divided by 3 years) that will be supported during construction activity.

Table 1
Economic and Fiscal Impacts of Construction Activities at
Baylor Regional Medical Center at Grapevine

Description	Impact
Construction Impacts	
Total construction Spending	\$ 50,000,000
Total economic activity	\$ 89,563,348
Total Income	\$ 33,569,719
Total Jobs (person-years)	843
Local sales tax collections	\$ 643,000

III. Recurring Economic Impacts

Procurement Impacts

Like any other business, Baylor-Grapevine is a large consumer of goods and services. While conducting its primary mission of providing health care to the region, it also purchases utility services, consumables, durable goods, and many other products from area businesses. This additional spending has much the same affect as construction activities in that new jobs and tax revenue are generated, except that these impacts are on-going. Baylor-Grapevine estimates its procurement spending totals over \$112 million annually, generating \$173 million in total area economic activity and supporting 1,885 jobs paying more than \$76 million in annual salaries and wages (see Table 2). In addition, procurement spending provides over \$1.1 million in annual direct and indirect state and local sales tax revenues.

Table 2
Economic Impacts of Procurement Activities at
the Baylor Regional Medical Center at Grapevine

Description	Impact
Procurement Impacts	
Total procurement spending	\$ 112,779,700
Total economic activity	\$ 173,395,032
Total income	\$ 76,156,390
Total jobs (person-years)	1,885
State and local sales taxes	\$ 1,135,000

Employment Impacts

Baylor-Grapevine’s employees are drawn from across the Dallas/Fort Worth region, though the largest concentration lives in communities surrounding the hospital (Appendix A). In 2003, direct employment at Baylor-Grapevine exceeded 1,000, equating to an FTE staff of about 793.² These full- and part-time positions pay over \$35 million in direct earnings and generate \$43 million in total area economic activity. When indirect and induced impacts are included, Baylor-Grapevine operations create 1,263 jobs in the community producing income in excess of \$54 million.

Employment at ancillary facilities, which equates to an FTE of 88, contributes \$2.4 million to physicians’ incomes and \$1.6 million in earnings for other staff. Adding the indirect and induced impacts, Baylor-Grapevine’s ancillary activities support 139 jobs and produce about \$6.2 million in annual income (see Table 3).

² As of June 2004, FTE employment at Baylor-Grapevine had reached 850.

Table 3
Annual Economic Impacts of Employment at
Baylor Regional Medical Center at Grapevine & Ancillary Facilities

Description	Impact
Employment Impacts – Baylor	
Total direct income	\$ 35,956,573
Total economic activity	\$ 43,338,839
Total income impacts	\$ 54,213,127
Total jobs	1,263
Employment Impacts – Ancillary	
Total direct income	\$ 4,133,709
Total economic activity	\$ 5,864,887
Total income impacts	\$ 6,232,554
Total jobs	139

Other Tangible Impacts

Baylor Grapevine also contributes to the local economy through visitor spending. During FY2002, more than 63,000 outpatients and 10,000 inpatients received care at Baylor-Grapevine. While the majority of those patients were from the Dallas/Fort Worth area, approximately four percent of outpatients and 34 percent of inpatients came from other parts of Texas or other states. We estimate that visitors accompanying these patients spend \$1.5 million for lodging, \$630,000 at eating and drinking establishments, \$394,000 on miscellaneous retail goods, and \$197,000 on transportation each year. In total, patient visitors will spend over \$2.7 million dollars in the local economy. This spending creates \$4.7 million in economic activity across the Metroplex and supports 71 direct and indirect jobs paying over \$2 million in annual earnings (see Table 4).

In addition, Baylor-Grapevine contributes to the community through charitable donations, which totaled \$43,650 in FY2003 and are expected to exceed \$63,900 in FY 2004.

Table 4
Economic Impacts of Visitor Spending at
the Baylor Regional Medical Center at Grapevine

Description	Impact
Total estimated visitor spending	\$ 2,745,971
Total economic activity	\$ 4,721,075
Total income	\$ 2,021,295
Total jobs	71

Perhaps most important for the area, Baylor-Grapevine is a stable source of employment for area residents with a wide range of skills and educational attainment. In general, hospitals provide excellent opportunities for low-wage workers or those with modest technical skills to improve themselves and have a real chance of moving up the economic ladder. At the same time, those with advanced technical skills that command very good to exceptional salaries and wages are drawn to the hospital's employment opportunities and through their spending contribute greatly to local economic growth.

Total recurring economic impacts from Baylor-Grapevine

Total recurring impacts of procurement spending at Baylor-Grapevine, employment at Baylor-Grapevine and its ancillary facilities, and visitor spending generate more than \$227 million in economic activity for the Dallas/Fort Worth Metroplex. This activity supports about 3,300 total jobs paying over \$138 million in annual earnings (see Table 5).

Table 5
Total Recurring Economic Impacts at
Baylor Regional Medical Center at Grapevine & Ancillary Facilities

Description	Impact
Total economic activity	\$ 227,319,833
Total income	\$ 138,623,366
Total jobs	3,358

Other Fiscal impacts

Though many of the Baylor-Grapevine facilities are exempt from real and personal property taxes, some buildings are subject to taxation. In total, Baylor-Grapevine pays about \$455,000 in property taxes each year. What's more, the ancillary and satellite facilities contribute an additional \$143,000 in property taxes annually to local jurisdictions and school districts.

IV. Conclusion

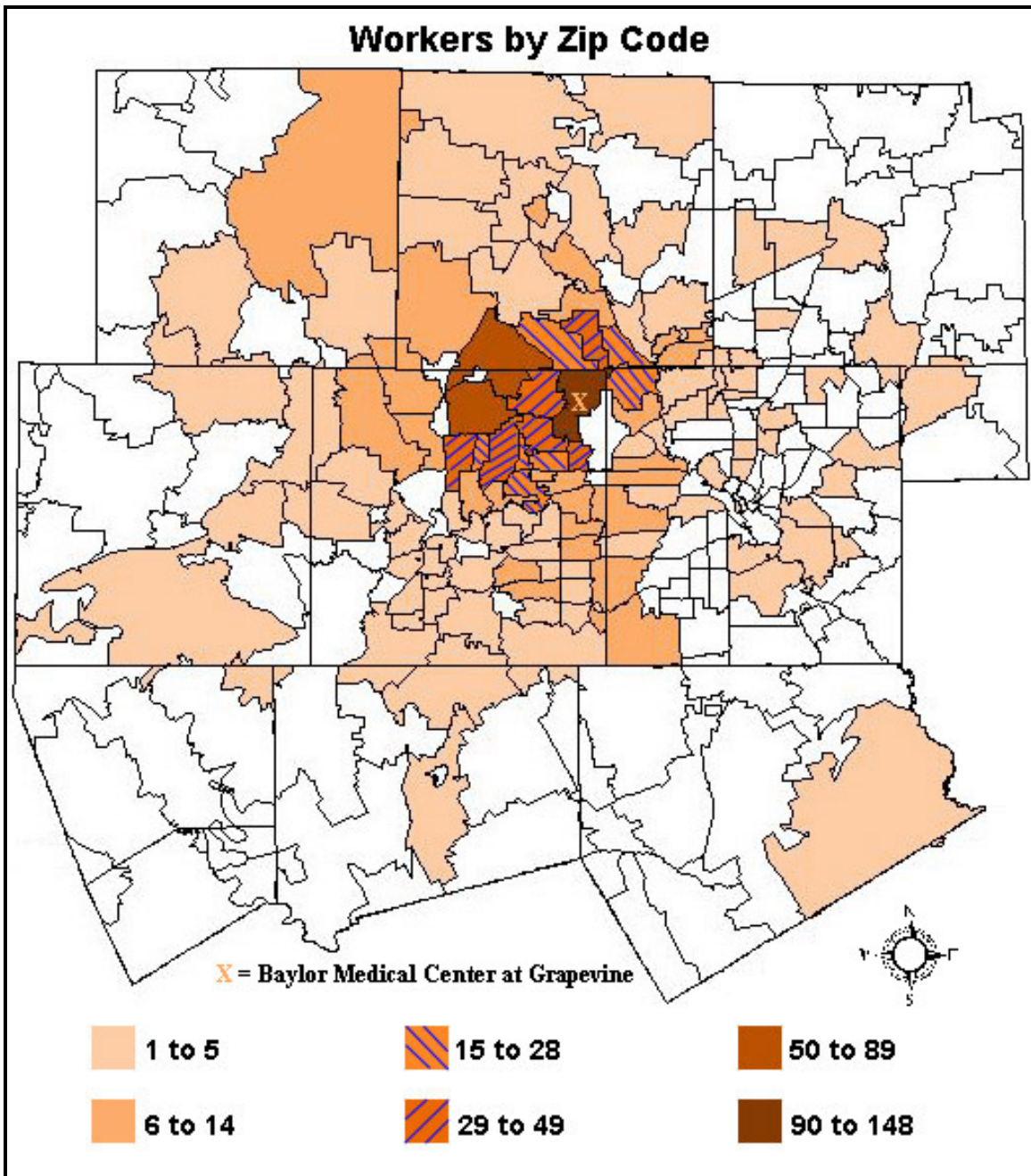
Baylor-Grapevine, located in northeast Tarrant County, serves as an invaluable economic engine for Grapevine and the entire Dallas/Fort Worth Metroplex. Along with DFW International Airport and the new Gaylord Texan Resort, the Medical Center is one of the top three businesses in Grapevine in terms of economic impact.

Through its recent construction activities, Baylor-Grapevine has generated over \$89 million in total area economic activity and supported 843 jobs across the region. Recurring economic impacts of Baylor-Grapevine, and its ancillary facilities in Southlake, Grapevine, Colleyville, and Flower Mound, add \$227 million in total economic activity and support over 3,300 jobs. Additionally, spending by patient visitors supports local employment and produces revenues for local governments. Baylor-Grapevine also contributes to the local community through its charitable donations.

Northeast Tarrant County is projected to be one of the fastest-growing sub-markets in the Dallas/Fort Worth Metroplex for the foreseeable future. As the Baylor

Regional Medical Center at Grapevine expands in tandem with the region, its economic importance to Grapevine and surrounding communities will only increase.

Appendix A



Source: Baylor-Grapevine Medical Center, North Central Texas Council of Governments, ArcView 3.2