



# Economic and Fiscal Impacts of Children's Medical Center



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## **Executive Summary**

Children's Medical Center is a nationally and internationally known provider of high quality pediatric care and medical research. In addition to playing an important role in Dallas' medical care infrastructure, Children's is a significant contributor to regional economic activity, employing more than 4,000 workers as well as having hundreds of affiliated physicians. What's more, Children's currently spends upwards of \$130 million on goods and services to support hospital operations.

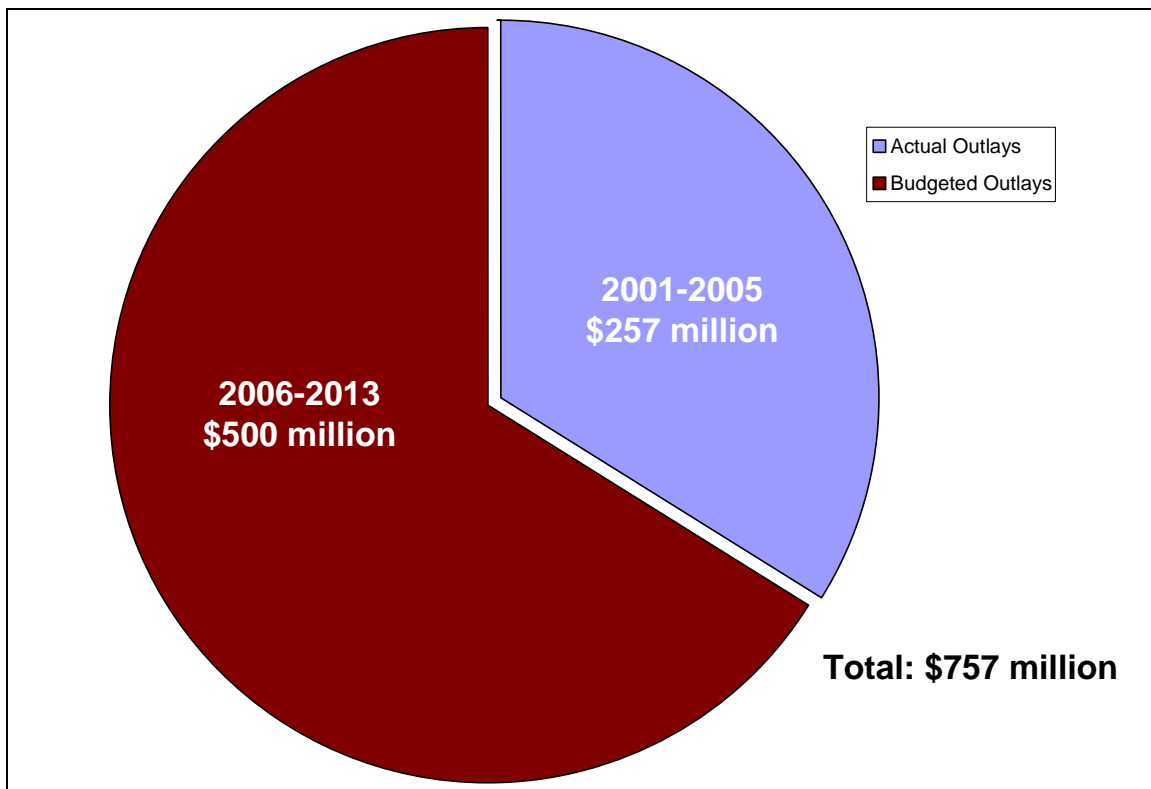
In what follows, we calculate how outlays by Children's for construction and ongoing operations, as well as spending by in-patient visitors, affect employment, income, and tax receipts in the Dallas region.

### **How Construction Spending by Children's Affects the Local Economy**

Between 2001 and 2005, more than \$250 million was spent on new construction and facilities expansion. Capital spending for the period 2006 through 2013 is projected to exceed another \$500 million. This spending will boost local economic activity by almost \$1.25 billion and—directly and indirectly—support 10,275 person-years of employment (see Figure ES1 and Table ES1).

**Figure ES1**

**Construction Outlays by Children's Medical Center:  
2001-2013**

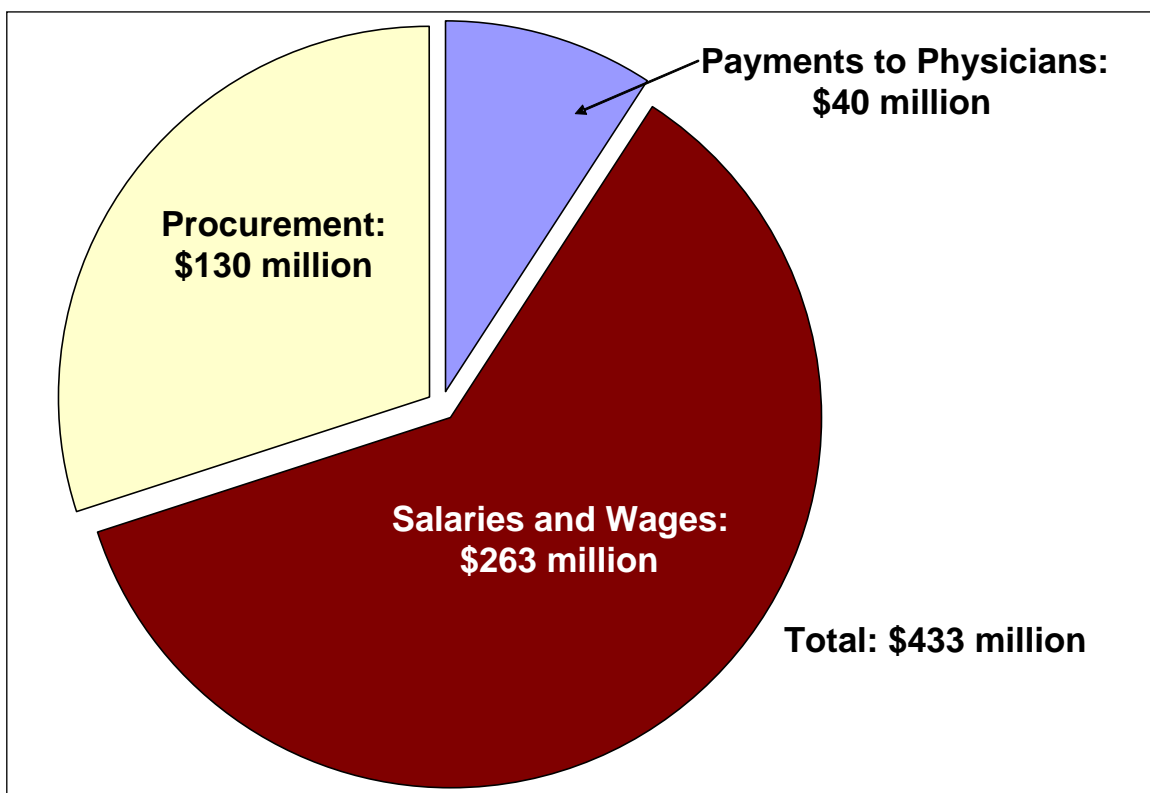


### **How Annual Spending by Children's Affects the Local Economy**

Each year, Children's spends millions on hospital operations. In 2006, this spending totaled \$433 million including salaries to staff, payments to affiliated physicians, and procurement of goods and services (see Figure ES2). But because of the multiplier effect, Children's operations spending in 2006 boosted the local economy by more than \$567 million and supported 7,547 jobs across the region (see Table ES2).

**Figure ES2**

#### **Expenditures for Operations of Children's Medical Center: 2006**

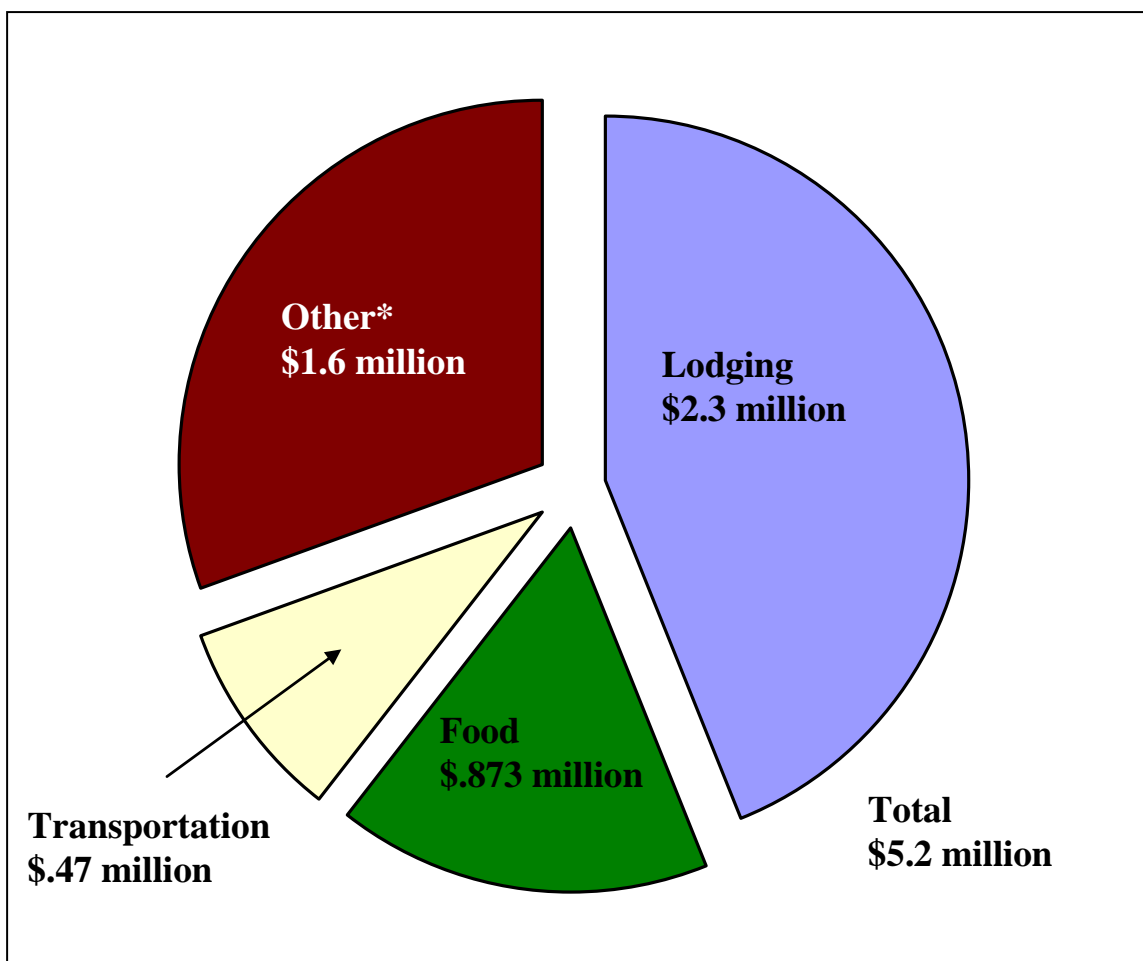


### **How Spending by Patient Visitors at Children's Affects the Local Economy**

Patients admitted to Children's from outside the Dallas area are typically accompanied by two or more relatives or friends. Spending by these visitors for food, lodging, and other items was \$5.2 million in 2006, boosting regional economic activity by \$7 million and supporting 68 jobs (see Figure ES 3 and Table ES2).

**Figure ES3**

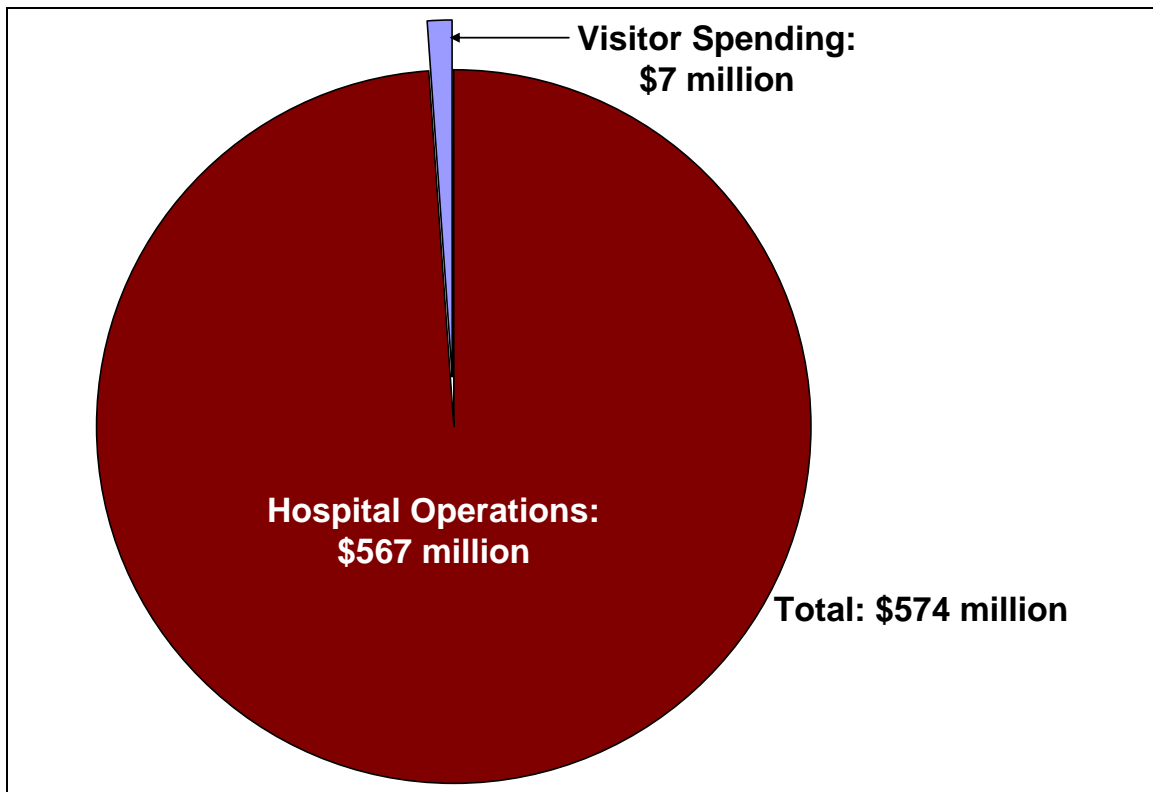
**Spending by Patient Visitors at Children's Medical Center: 2006**



\* Includes retail, entertainment, and miscellaneous spending

**Total Recurring Economic Impacts from Hospital Operations and Visitor Spending**

In total, the recurring annual economic impact from hospital operations and visitor spending is about \$584 million. Hospital and visitor spending supports more than 7,000 jobs in the region that pay salaries and wages in excess of \$427 million (see Figure ES4 and Table ES2).

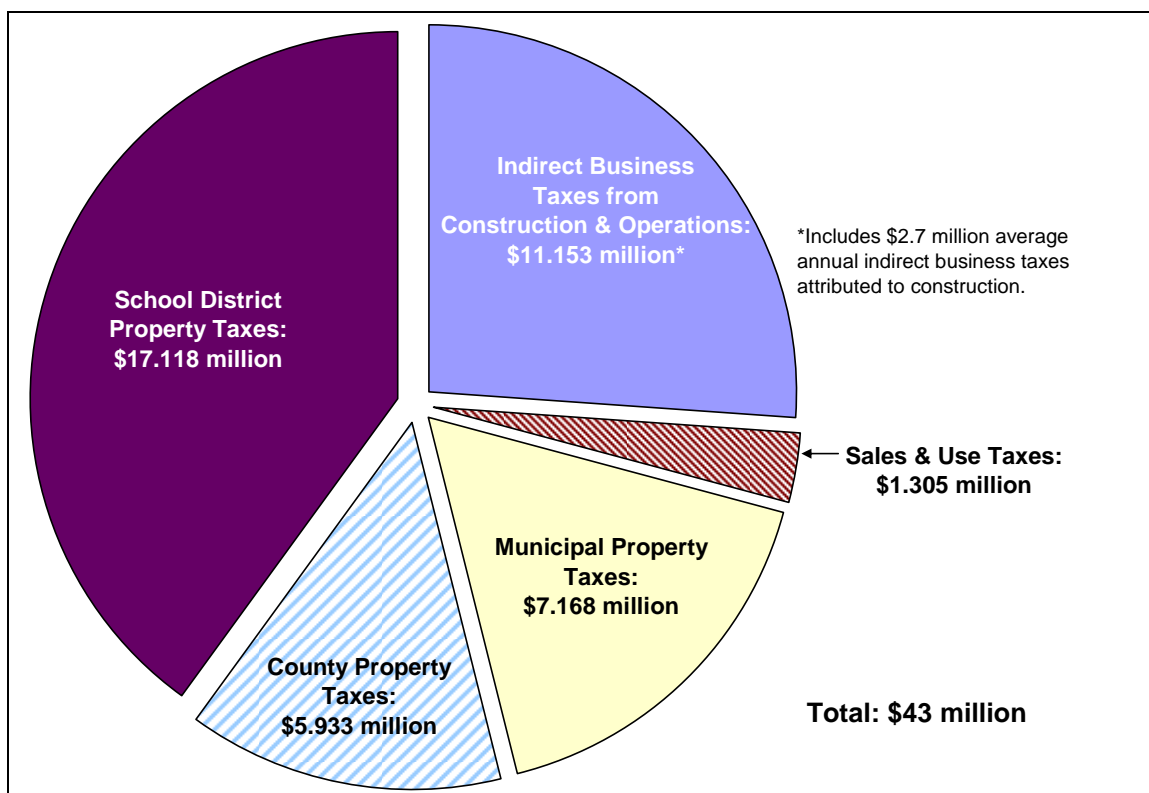
**Figure ES4****Economic Impacts from Children's Medical Center  
Hospital Operations and Visitor Spending: 2006**

### **State and local taxes generated by Children's construction and operations**

Children's is a non-profit entity and is therefore exempt from paying direct property and sales taxes. But much of the economic activity generated by Children's construction and operations, as well as visitor spending, is subject to local taxation. Moreover, the salaries and wages paid to hospital employees support taxable purchases and local property tax payments. In total, about \$43 million of local taxes could be attributed to Children's activities in 2006 (see Figure ES5 and Tables ES1 and ES3).

**Figure ES5**

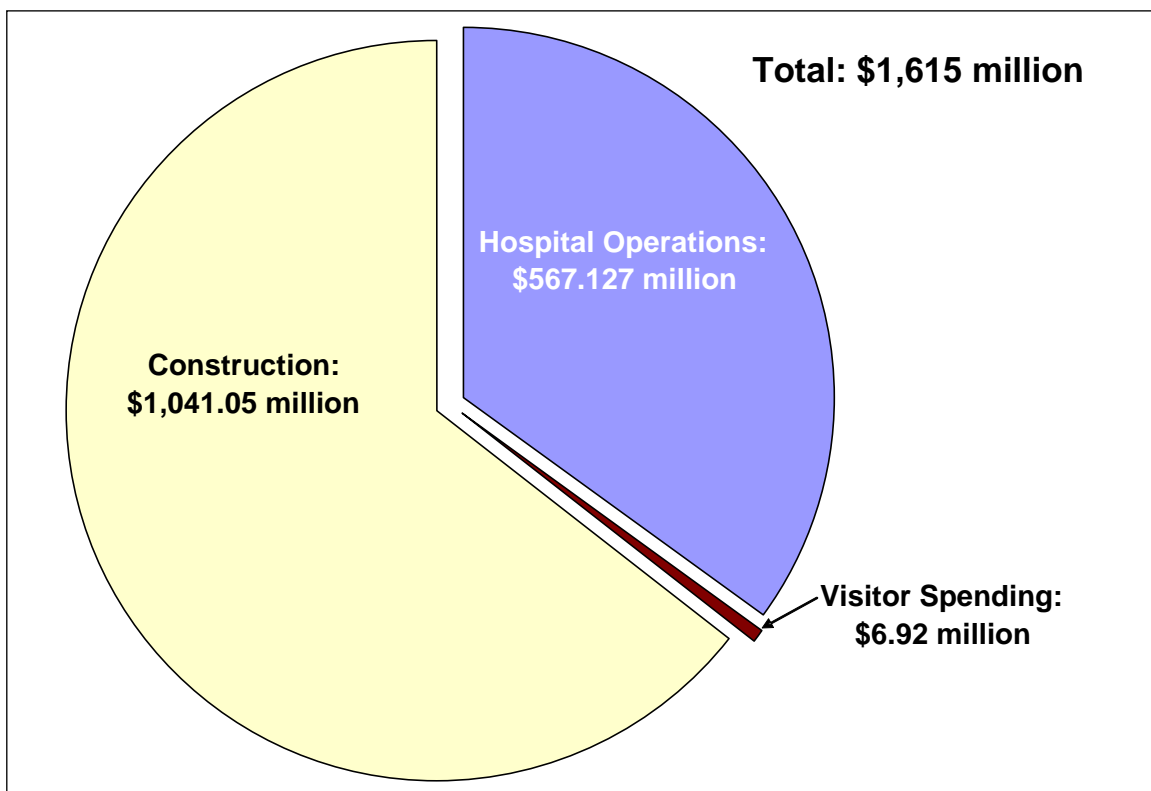
#### **Local Taxes Generated by Children's Medical Center Activities 2006**





**Total Impact of Children's in 2006 on the Dallas Economy**

Children's will spend more than \$757 million on facility expansion between 2001 and 2013. If we assume an average annual construction outlay of \$63 million, combine this amount with operations and visitor spending, and then subject these outlays to the appropriate multipliers, we can estimate *total economic impact of Children's in 2006 at \$1.615 billion (see Figure ES6).*

**Figure ES6****Total Economic Impact from Children's Medical Center  
Construction, Operations, and Visitor Spending  
2006**

**Table ES1**

**Economic and Fiscal Impacts from Construction Activities at  
Children's Medical Center  
(\$2006)**

<b>Description</b>		<b>Impact</b>
<b>Years 2001 – 2005</b>		
Total Construction Expenditures		\$ 257,437,000
Economic Activity		\$ 430,600,000
Labor Income		\$ 160,357,000
Employment (person years)		3,563
Other Property Income*		\$ 47,484,000
Indirect Business Taxes^		\$ 11,205,000
<b>Years 2006-2013</b>		
Total Construction Expenditures		\$ 500,000,000
Economic Activity		\$ 818,659,000
Labor Income		\$ 304,872,000
Employment (person years)		6,775
Other Property Income*		\$ 90,277,000
Indirect Business Taxes^		\$ 21,303,000
<b>Total 2001-2013</b>		
Total Construction Costs		\$ 757,437,000
Economic Activity		\$ 1,249,260,000
Labor Income		\$ 465,229,000
Employment (person years)		10,338
Other Property Income*		\$ 137,761,000
Indirect Business Taxes^		\$ 32,508,000

\* Includes royalties, rents, dividends, and corporate profits. ^ Includes sales and use taxes, property taxes, license and permit fees. Source: Children's Medical Center, authors' estimates

**Table ES2****Recurring Annual Economic Impacts of Children's Medical Center**

Description	Impact
<b>Hospital Operations</b>	
Total Spending <sup>+</sup>	\$ 433,416,000
Economic Activity	\$ 567,127,000
Labor Income	\$ 422,504,000
Employment (number of jobs)	7,615
Other Property Income*	\$ 84,251,000
<b>Visitor Spending</b>	
Total Spending	\$ 5,239,700
Economic Activity	\$ 6,919,900
Labor Income	\$ 2,220,000
Employment (number of jobs)	68
Other Property Income*	\$ 1,077,400
<b>Total Economic Impacts</b>	
Economic Activity	\$ 574,046,900
Labor Income	\$ 424,724,000
Employment (number of jobs)	7,683
Other Property Income*	\$ 85,328,400

All figures in (\$2006) + Does not include write-offs, depreciation, and other accounting charges.

\* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center, authors' estimates

**Table ES3****Recurring Fiscal Impacts of Children's Medical Center**

Description	Impact
Indirect Business Taxes*	\$ 8,453,000
Sales and Use Taxes on Induced Activities	\$ 1,305,000
Property Taxes	
Municipal Property Tax Revenues	\$ 7,168,000
County and County Entity Property Tax Revenues	\$ 5,933,000
School Districts	\$ 17,118,000
<b>Total Local Tax Revenues</b>	<b>\$ 39,977,000</b>

All figures in (\$2006) \* Includes local sales and use taxes, property taxes, license and permit fees.

Source: IMPLAN, authors' estimates

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# **Economic and Fiscal Impacts of Children's Medical Center**

## **Introduction**

Children's Medical Center has gained a well-deserved national reputation for high quality pediatric care and medical research. In addition to filling a critical niche in the Dallas Metropolitan Area medical care industrial cluster, Children's Medical Center is a significant contributor to the region's economy. This report presents the findings of our analysis of the economic and fiscal impacts associated with Children's Medical Center. Our analysis includes assessments of the economic and fiscal impacts associated with recent and planned facilities construction, on-going hospital operations, and local spending by parents and others accompanying Children's patients from outside the Dallas region.

We begin with a description of the methodology employed in our analysis followed by the presentation of our findings.

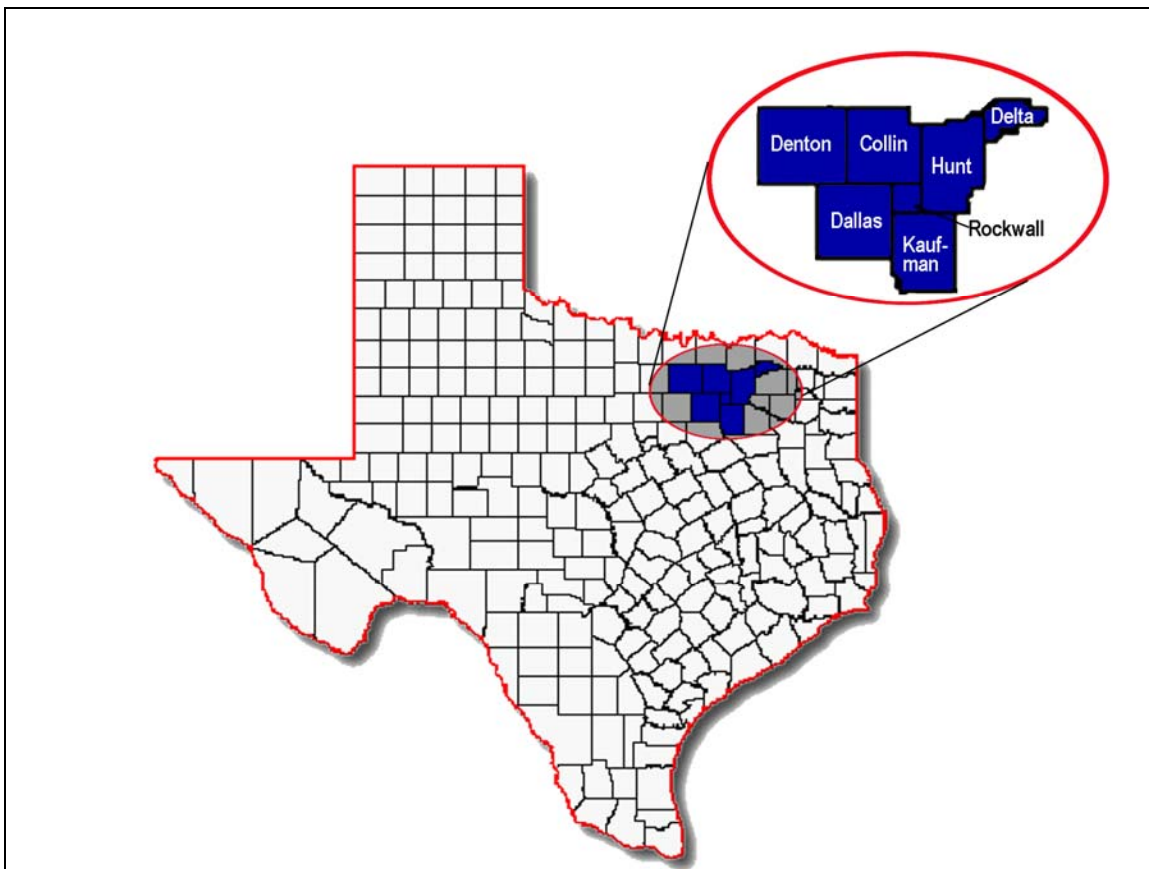
## **Methodology**

Our study focuses on the economic and fiscal impacts that occur in the Dallas Metropolitan Area. This region, formally known as the Dallas Metropolitan Statistical Division, includes Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall counties (see Figure 1). We separate our estimates into temporary and recurring impacts. Temporary impacts are generally those associated with facilities construction spending. The impacts can be large, but they end once construction is completed. Temporary impacts are expressed as total impacts over the entire construction period, which is often

several years. Recurring impacts measure the on-going effects of hospital operations and patient/visitor spending. These impacts are reported as annual impacts.

**Figure 1**

**Map of Dallas Metropolitan Statistical Division**



We draw data for our analysis from several sources including Children's, the Dallas Convention and Visitor's Bureau, the Texas Department of Economic Development and Tourism, local property appraisal districts, and previous analyses prepared by the authors. Children's Medical Center provided detailed operating budget data as well as recent expenditures for facilities expansions and upgrades. In addition, the hospital provided estimates of future construction activity based on projected capital campaigns. Visitor spending data are sourced through the Dallas Convention and

Visitors' Bureau as well as the Texas Department of Economic Development and Tourism.

Children's Medical Center spending represents the direct economic activity associated with hospital construction and operations. This spending circulates through the region creating economic opportunity across a wide range of industries and business activities. We base our estimates of total economic activity on the IMPLAN economic input/output model developed by the Minnesota IMPLAN Group. Input-output models track how spending flows through a regional economy. The estimates include direct, indirect, and induced impacts.

Direct impacts are the result of a firm or agency procuring goods and services in the local community, such as the hospital purchasing medical supplies from local vendors. These vendors, in turn, purchase goods and services to support their local operations, thereby creating indirect effects. For example, a firm that manufactures syringes hires employees, purchases office supplies, buys raw materials, and hires professional service providers such as accountants. The induced impacts track the economic and fiscal effects of employees of the hospital and its vendors spending a portion of their earnings in the local economy for goods and services. Each of these impacts is adjusted to count only local purchases. For example, the hollow wire used for syringe needles may not be made in the regional economy; therefore, the purchase of that particular good does not generate much secondary economic activity in the region. When added together, the sum of all of the activity from direct, indirect, and induced impacts is greater than the local proportion of hospital spending, which is the "multiplier effect."

The model estimates the total level of economic activity (transactions) supported by the base spending and resulting job and income impacts. Income impacts are categorized as labor income, which includes salaries, wages, benefits, and proprietors' income as well as other property income. Other property income includes rents, royalties, corporate profits, dividends, and other income derived from direct, indirect, or induced spending. For example, a Children's employee rents a house in the region. The owner of the house realizes a portion of that rent as income that can be spent in the local economy.

There is one major variation in the way hospitals operate versus other service providers. Physicians treating patients at Children's are not employees of Children's Medical Center. The physicians are certified to practice at Children's, but their billing and employment status are separate. Our estimates account for this unique feature of hospital operations.

Estimates of regional fiscal impacts are based on the IMPLAN model and the authors' calculations of local sales and use taxes, lodging taxes, property taxes, and other sources of local government revenue. The IMPLAN model offers estimates of indirect business taxes, which include sales and use taxes, property taxes, permit and license fees, and other business taxes paid to state and local entities. We have adjusted these estimates to reflect only municipal and county taxes and fees.

### **Economic and Fiscal Impacts of Facility Construction Activities**

Anyone who has driven along I-35E just north of downtown Dallas during the past several years has seen the dramatic growth of Children's. From 2001 through 2005, Children's spent more than one-quarter of a billion dollars on new and expanded



facilities. This spending generated over \$430 million in regional economic activity and supported more than 3,500 person years of employment (see Table 1).<sup>1</sup> Total gains in labor earnings as a result of hospital construction expenditures were more than \$160 million with an additional \$47.5 million gain in property income. Indirect business taxes for permits, fees, property, and sales and use taxes paid to state and local governments exceeded \$11.2 million in the 2001 through 2005 period. But this is not the end of construction activity at Children's Medical Center.

**Table 1**

**Economic and Fiscal Impacts from Construction and Related Spending  
Children's Medical Center  
2001-2005**

<b>Description</b>	<b>Impact</b>
Total Expenditures	\$ 262,992,000
Economic Activity	\$ 430,661,000
Labor Income	\$ 160,357,000
Employment*	3,563
Other Property Income**	\$ 47,484,000
Indirect Business Taxes***	\$ 11,205,000

All figures in (\$2004) \* Person years of employment. Actual employment levels will vary from year to year. \*\* Includes royalties, rents, dividends, and corporate profits. \*\*\* Includes state and local sales and use taxes, property taxes, license and permit fees. Source: Children's Medical Center, authors' estimates

Projected expansion at Children's includes a new heart center, a cancer center, new surgical facilities, and a major expansion at the Children's Legacy (Plano) location. In total, if the hospital's fund raising goals are met, \$500 million will be spent through 2013 on new and expanded facilities at Children's locations. This projected spending will create more than \$818 million in economic activity over the construction period supporting in excess of 6,700 person years of employment that will pay over \$300

<sup>1</sup> The level of activity varies from year to year based on the specific phase of construction and funding availability.

million in wages, salaries, benefits, and proprietor's income (see Table 2). In addition, regional property income will rise by \$90 million, and state and local governments will enjoy a \$21 million boost from indirect business taxes.

**Table 2**

**Economic and Fiscal Impacts from Projected Construction and Related Spending  
Children's Medical Center  
2006-2013**

Description	Impact
Total Expenditures	\$ 500,000,000
Economic Activity	\$ 818,659,000
Labor Income	\$ 304,872,000
Employment*	6,775
Other Property Income**	\$ 90,277,000
Indirect Business Taxes***	\$ 21,303,000

Impact estimates in (\$2004) \* Person years of employment. Actual employment levels will vary from year to year. \*\* Includes royalties, rents, dividends, and corporate profits. \*\*\* Includes state and local sales and use taxes, property taxes, license and permit fees. Source: Children's Medical Center, authors' estimates

In total, from 2001 through 2013, Children's expects to spend more than three-quarters of a billion dollars on new facilities with an estimated total economic impact of more than \$1.2 billion (see Table 3). The economic activity supported by these expenditures will result in over 10,000 person years of employment paying \$465 million in labor income, with an additional \$137 million gain in property income. Total state and local tax revenues associated with indirect business taxes created by these construction expenditures will exceed \$32 million over the 13-year period.

**Table 3**  
**Economic and Fiscal Impacts from Construction and Related Spending**  
**Children's Medical Center**  
**2001-2013**

Description	Impact
Total Expenditures	\$ 762,992,000
Economic Activity	\$ 1,249,260,000
Labor Income	\$ 465,229,000
Employment*	10,338
Other Property Income**	\$ 137,761,000
Indirect Business Taxes***	\$ 32,508,000

Impact estimates in (\$2004) \* Person years of employment. Actual employment levels will vary from year to year. \*\* Includes royalties, rents, dividends, and corporate profits. \*\*\* Includes state and local sales and use taxes, property taxes, license and permit fees. Source: Children's Medical Center, authors' estimates

### **Recurring Economic Impacts of Hospital Operations and Visitor Spending**

#### ***Hospital Operations***

Children's Medical Center is a local *institution* on par with Neiman Marcus, UT-Southwestern, and other Dallas area icons. In addition to being one of the top providers of children's healthcare in the U.S., Children's is a major business enterprise employing over 4,000 workers with a broad range of skills. This does not include the hundreds of physicians affiliated with Children's. In assessing the impacts of Children's operations, we have separated spending for goods and services, direct salaries paid to hospital employees, and payments to physicians.

In Fiscal Year 2006, Children's spent almost \$130 million for goods and services to support hospital operations.<sup>2</sup> This spending included everything from medical supplies, IT services, medicines, and laboratory equipment to laundry services,

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<sup>2</sup> We have not included depreciation charges, write-offs for bad debt, or other accounting expenses in our analysis.

landscaping materials, and uniforms. Direct spending by Children's boosts Dallas area economic activity by \$193 million each year, supporting over 1,100 indirect and induced jobs paying in excess of \$52 million in labor earnings (see Table 4). In addition, other property income increases by \$24.7 million as a result of hospital spending.

**Table 4**

**Economic Impacts of Non-Salary Expenditures for Goods and Services  
Children's Medical Center  
FY 2006**

Description	Impact
Non-Salary Expenditures for Goods & Services <sup>+</sup>	\$ 129,942,000
Economic Activity	\$ 193,072,000
Labor Income	\$ 52,326,000
Employment (number of jobs)	1,144
Other Property Income*	\$ 24,674,000

All figures in (\$2006) + Does not include write-offs, depreciation, and other accounting charges.

\* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center, authors' estimates

Salaries, wages, and benefits paid to Children's employees approached \$263 million in FY 2006. To estimate the local impact of household spending supported by these earnings, we estimated the total value of salaries, wages, and benefits paid to Children's by household income separated into income ranges.<sup>3</sup> This approach takes into account differing purchasing behavior across households in different income brackets. For example, the IMPLAN model assumes that high income households spend a smaller portion of their earnings (allowing for savings, non-local travel, and such) and that the percentage of income spent on certain items also varies by total income. Household spending supported by earnings at Children's boosts local economic activity by \$309 million per year, creates over 1,900 jobs, and generates over \$80 million in additional

<sup>3</sup> Modeled household income ranges include \$10K-\$15K, \$15K-\$25K, \$25K-\$35K, \$35K-\$50K, \$50K-\$75K, \$75K-\$100K, \$100K-\$150K, and \$150+K.

labor earnings. Other property income rises by \$51 million as a result of household earnings by Children's employees.

**Table 5**

**Economic Impacts of Salaries, Wages, and Benefits Paid to Employees of  
Children's Medical Center  
FY 2006**

<b>Description</b>	<b>Impact</b>
Direct Salaries, Wages, Benefits	\$ 262,879,000
Economic Activity	\$ 308,893,000
Labor Income	\$ 80,254,000
Employment (number of jobs)	1,973
Other Property Income*	\$ 51,494,000

All figures in (\$2006) \* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center of Dallas, authors' estimates

Children's sponsors start up support for key physician specialists recruited to practice at the hospital, bringing new medical expertise to the region. In addition, the hospital retains the services of physicians and medical specialists when required to meet patient needs. Payments to the offices of physicians and medical specialists for start up support and services totaled \$40.6 million in FY 2006, generating \$65 million in regional economic activity each year boosting local employment by 431 jobs and supporting \$27 million in new labor earnings plus an additional \$8 million in other property income (see Table 6).

**Table 6**

**Economic Impacts of Payments to the Offices of Physicians and  
Medical Specialists for Start Up Support and Services Delivered at  
Children's Medical Center\*  
FY 2006**

<b>Description</b>	<b>Impact</b>
Payments to Physicians passed through Children's	\$ 40,595,000
Economic Activity	\$ 65,162,000
Labor Income	\$ 27,045,000
Employment (number of jobs)	431
Other Property Income*	\$ 8,083,000

All figures in (\$2006) \* These physicians and specialists are not employees of the hospital. \*\* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center, authors' estimates

In total, Children's Medical Center spends over \$433 million per year for on-going operations. This spending generates more than \$650 million in regional economic activity, creates over 7,600 direct, indirect, and induced jobs, supports over \$422 million in labor earnings, and sparks an additional gain in property income of \$84 million (see Table 7).

**Table 7**

**Economic Impacts of Operations Spending by  
Children's Medical Center  
FY 2006**

<b>Description</b>	<b>Impact</b>
Total Spending <sup>+</sup>	\$ 433,416,000
Economic Activity	\$ 567,127,000
Labor Income	\$ 422,504,000
Employment (number of jobs)	7,615
Other Property Income*	\$ 84,251,000

All figures in (\$2006) + Does not include write-offs, depreciation, and other accounting charges.

\* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center, authors' estimates

### *Visitor Spending Impacts*

In addition to impacts from hospital spending, the operations at Children's contribute to local economic activity through spending by families and others who are in town to support patients. Based on hospital records, Children's provides care for more than 6,900 in-patients each year who do not reside in Dallas County. These patients spend an average of 4.83 days in hospital per admission for a total of more than 33,000 patient days each year. We have assumed that each patient is accompanied by two visitors, though anecdotal evidence suggests this figure is likely higher. Moreover, we have not included visitors to local patients who come from out of town, such as grandparents and other relatives from out of the area. Even taking this very conservative approach, Children's generates more than 66,000 visitor days each year.

Visitors and parents of out-of-area in-patients will spend money in the local economy for a variety of goods and services, such as food, lodging, transportation, shopping, entertainment, and other spending. We begin our assessment of the impacts of this spending by examining average per-person expenditures for visitors to the Dallas area provided by the Dallas Convention and Visitors Bureau and the Texas Department of Economics Development and Tourism. However, we have made several adjustments to these data to reflect the unique circumstance of a hospital patient visitor.

For example, we have greatly reduced estimates of travel expenses under the assumption that most accompanying parents will have driven to the region, and that once they are here, they will not travel much within the region. Secondly, we have adjusted food expenditures to account for meals purchased at the hospital, which is included in hospital operating impacts. Finally, we have reduced estimates of shopping and

entertainment spending since visitors of hospitalized children will spend comparatively little time engaged in these activities.

Even with substantial adjustments to estimated spending, visitors of Children's patients from outside the region bring \$5.2 million in annual spending to the local economy. This spending generates almost \$7 million in regional economic activity and supports 68 jobs paying \$2.2 million in labor income (see Table 8). Local property income is boosted by more than \$1 million.

**Table 8**

**Economic Impacts of Visitor Spending  
Children's Medical Center  
FY 2006**

<b>Description</b>	<b>Impact</b>
Total Spending	\$ 5,239,700
Economic Activity	\$ 6,919,900
Labor Income	\$ 2,220,000
Employment (number of jobs)	68
Other Property Income*	\$ 1,077,400

All figures in (\$2006) \* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center of Dallas, authors' estimates

***Total Recurring Impacts of Children's Medical Center***

Adding the impacts from hospital operations and visitor spending provides estimates of total recurring economic activity generated by Children's Medical Center. In total, Children's boosts local economic activity by \$574 million, supporting almost 7,700 jobs paying \$421 million in salaries, wages, benefits, and proprietors' income (see Table 9). This economic activity also creates about \$85 million in annual property income in the form of rents, royalties, dividends, and corporate profits.



**Table 9**

**Total Recurring Economic Impacts of  
Children's Medical Center  
FY 2006**

<b>Description</b>	<b>Impact</b>
Economic Activity	\$ 574,046,900
Labor Income	\$ 424,724,000
Employment (number of jobs)	7,683
Other Property Income*	\$ 85,328,400

All figures in (\$2006) \* Includes royalties, rents, dividends, and corporate profits. Source: Children's Medical Center, authors' estimates

**Recurring Fiscal Impacts of Hospital Operations and Visitor Spending**

The economic activity described in the previous section also has associated impacts on state and local tax revenues. In this section, we describe the fiscal impacts of Children's Medical Center on local taxing jurisdictions. The revenues include indirect business taxes estimated by the IMPLAN model, sales and use taxes from induced business activity, and induced property taxes. The local taxing jurisdictions include cities, counties and county entities, Dallas Area Rapid Transit, and school districts. We do not include tax revenues paid to special taxing jurisdictions such as flood control districts, municipal utility districts, and other similar entities.

The IMPLAN model estimates indirect business taxes paid for sales and use taxes, property taxes, and fees for permits and licenses paid to state and local jurisdictions. We estimate that indirect business taxes generated by hospital spending boost local tax coffers by \$8.4 million per year. Similarly, the previously described induced spending (spending associated with the jobs created) results in taxable transactions. Using an average local sales tax rate of 1.8 percent, which includes DART

or other entities supported by sales and use taxes, we estimate that induced economic activities in the Dallas region from Children's operations generates \$1.3 million per year for local jurisdictions (see Table 10).

Part of the income paid to Children's employees goes for housing, both rental and owner-occupied housing. Based on total labor income of almost \$428 million, we estimate that the taxable value of housing associated with Children's is a little over \$1 billion. Property taxes associated with this housing are estimated at \$17.1 million for area school districts, \$5.9 million for counties and county entities, and \$7.2 million for municipalities. In total, local taxing jurisdictions gain about \$40 million per year in revenues associated with the presence of Children's Medical Center.

**Table 10**

**Recurring Fiscal Impacts of  
Children's Medical Center  
FY 2006**

<b>Description</b>	<b>Impact</b>
Indirect Business Taxes*	\$ 8,453,000
Sales and Use Taxes on Induced Activities	\$ 1,305,000
Property Taxes	
Municipal Property Tax Revenues	\$ 7,168,000
County and County Entity Property Tax Revenues	\$ 5,933,000
School Districts	\$ 17,118,000
<b>Total Local Tax Revenues</b>	<b>\$ 39,977,000</b>

All figures in (\$2006) \* Includes local sales and use taxes, property taxes, license and permit fees.  
Source: IMPLAN, authors' estimates

## **Conclusions**

Children's Medical Center is first and foremost an entity dedicated to the care and well-being of children, regardless of parents' ability to pay. But, Children's is also a very large enterprise contributing substantially to the region's economy. With more than 4,000 employees and an annual payroll approaching \$263 million, Children's is a consistent generator of economic opportunity. Moreover, Children's continues to expand through new and upgraded facilities.

From 2001 through 2005, Children's Medical Center spent almost \$263 million in constant 2004 dollars on construction-related activities creating over \$430 million in regional economic activity and supporting more than 3,500 person-years of employment. Current capital campaign projections call for the pace of construction to accelerate over the next six years, with \$500 million in new construction by the end of 2013. This proposed spending will further boost economic activity in the Dallas area by over \$800 million and support thousands of new, albeit temporary, jobs. In total, actual and planned construction activities at Children's Medical Center locations between 2001 and 2013 will increase economic activity in the region by more than \$1.2 billion, support over 10,000 person-years of employment, and generate over \$32 million in state and local tax revenues.

On-going operations at Children's also provide a substantial lift to the local economy. When adding the impacts of hospital procurement of goods and services, direct employment of hospital staff, and payments to affiliated physicians, Children's Medical Center operations support \$567 million in annual economic activity. An additional gain of almost \$7 million in economic activity is realized through spending by

visitors and accompanying parents of Children's patients from outside the Dallas region. In total, recurring annual impacts of Children's Medical Center operations are \$574 million per year, supporting almost 7,700 permanent jobs that pay in excess of \$420 million in labor income. In addition, Children's operations boost regional property income from rents, royalties, dividends, and corporate profits by \$85 million per year.

Children's Medical Center is a non-profit entity and is therefore exempt from paying direct property and sales taxes. However, much of the economic activity generated by Children's operations is subject to local sales and property taxes. The salaries and wages paid to hospital employees, along with spin-off benefits to overall regional income, support taxable purchases and local property tax payments on owner-occupied and rental housing. When all of these sources of local tax revenue are summed, this tax-exempt entity is responsible for an estimated \$40 million in revenues for municipalities and related entities, county government and related entities, the transit district, and school districts in the Dallas Metropolitan Area.