



MARSHALL ECONOMIC IMPACT

Executive Summary

ABSTRACT

Marshall, an independent, nonprofit healthcare provider in El Dorado County, contributes significantly to not only the health of the community, but the economic vibrancy. This report highlights key findings for community stakeholders.

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EXECUTIVE OVERVIEW

Over the summer of 2024 Marshall contracted with Varshney and Associates to assess Marshall's impact on the local and regional economy. This document serves to summarize those findings but should not be considered a substitute for the full report which includes sources and rationale.

Marshall is an independent, nonprofit community healthcare provider located in the Sierra Foothills between Sacramento and South Lake Tahoe. Marshall includes Marshall Hospital, a fully accredited acute care facility with 111 beds located in Placerville; several outpatient facilities in Cameron Park, Placerville, El Dorado Hills and Georgetown; primary and specialty care physicians including internal and family medicine and specialty care; and many community health and education programs. Marshall has over 190 affiliated physicians and a team of more than 1,500 employees providing quality healthcare services to residents of El Dorado County, 170,000 of whom reside on the county's western slope, within Marshall's direct impact area.

METHODOLOGY

The approach used in the study relies on economic input-output modeling, specifically employing the econometric input-output model known as IMPLAN. This model serves as the primary analytical tool for calculating the effects of expenditures on various economic factors, such as overall economic activity, job creation, non-income tax generation, and more. By utilizing data and specialized tools, IMPLAN enables the assessment of economic impacts at different levels, including the state, county, and even micro-level (such as zip-code level).

The multiplier effects resulting in direct, indirect, and induced benefits can be represented in five different dimensions: output, employment, labor income, value added, and taxes on production and imports.

Four types of multiplier effect are usually analyzed in the output-input models like IMPLAN: direct, indirect, induced, and total.

- The direct effect represents the initial influence of an economic activity on the local economy of a region. If an industry is present in the region, for every dollar spent in that industry, there is a corresponding one-dollar direct impact on the local economy.
- The indirect effect refers to the generation of additional economic activity that stems from interconnected businesses, suppliers of goods and services, and the provision of operational inputs. This includes the purchases made by Marshall, such as food, detergents, blankets, and other products, as well as contracted services.
- The induced effect measures consumption expenditures of direct and indirect sector employees. While the indirect effect considers business-to-business transactions only, the induced effect includes the sum of household purchases per dollar spent, based on the respective labor income payments. Examples of induced benefits include employees' expenditures on items such as retail purchases, housing, banking, medical services, and insurance.
- The total effect encompasses the combined impact of the direct, indirect, and induced effects.

The study conducted an economic impact analysis for two specific regions: the Greater Sacramento Area and El Dorado County. For the purposes of this study, the Greater Sacramento Area (GSA) was defined to encompass several counties, including Sacramento, Placer, Yolo, El Dorado, Yuba, Nevada, and Sutter. It corresponds to the definition of the Greater Sacramento area, or officially Sacramento–Roseville, CA Combined Statistical Area as a combined statistical area consisting of several metropolitan statistical areas and seven counties listed above.

FINDINGS

The study revealed that during this period Marshall Capital Expenditures and operations (healthcare and education) will add to the economic output of the Greater Sacramento and El Dorado County, act as a catalyst for new economic activity, create new jobs, add to the labor income, produce net new taxes, and in general add to the gross state product of the region.

Specifically, the total economic impact to the GSA (to include direct, indirect, and induced effects) will:

- Produce more than \$5.4 billion of economic output.
- Create 27,475 new jobs (2,748 jobs per year).
- Result in nearly \$2.4 billion of new Labor Income.
- Yield more than \$3.2 billion of new Value Added.

This study reveals that the presence of Marshall will further serve as a catalyst, leading to increased growth and economic activity in El Dorado County area from 2024 to 2034. As a result, a significant additional economic impact is anticipated. The total incremental economic impact to El Dorado County area (to include direct, indirect, and induced effects) will:

- Produce more than \$2.0 billion of economic output.
- Create 10,488 jobs (1,049 jobs per year).
- Result in more than \$0.9 billion of new labor income.
- Yield more than \$1.2 billion of new value added.

The increased Taxes on Production and Imports (TOPI) due to the direct, indirect, and induced impact would amount to an average of over \$3.45 million per year. These incremental TOPI figures would be a 0.87% addition to the El Dorado County General Fund revenues.

For detailed analysis, please see the full report “The Socio-Economic Impact of Marshall” by Varshney and Associates, July, 2024. For more information, or to obtain a copy of the report, please contact:

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