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The Economic Impact of Valley Children's Healthcare

BAY AREA COUNCIL ECONOMIC INSTITUTE

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About the Bay Area Council Economic Institute

The Bay Area Council Economic Institute is housed at and supported by the Bay Area Council. Since 1990, the Institute has been a leading think tank focused on the economy of the San Francisco/Silicon Valley Bay Area. A forum for stakeholder engagement and a respected source of information and fact-based analysis, the Institute is a partner and adviser to business leaders, government officials, universities, and overseas partners.

About this Report

This report was developed by the Bay Area Council Economic Institute with data provided directly by Valley Children's Healthcare. The report was authored by Jeff Bellisario, Executive Director, and Estevan Lopez, Research Analyst.

Executive Summary

Valley Children's Healthcare is an economic magnet in the Central Valley, as it attracts physicians, employees, and patients from across a very broad region and beyond. While the high-quality care that Valley Children's provides to the community and its associated health benefits are generally the focus of impact studies, this analysis focuses on the economic impacts – the jobs and overall economic multipliers – that Valley Children's produces in the Central Valley.

To calculate economic impact, Valley Children's Healthcare employment data was analyzed from calendar years 2023 and 2024. Other financial data – pertaining to operating expenses and capital expenses – was analyzed from fiscal years 2023 and 2024 (ending September). The outputs reported below and throughout the document represent annual averages unless otherwise noted.

1) Beyond delivering high quality healthcare, Valley Children's Healthcare is a major economic driver in the greater Central Valley with **3,379 full-time equivalent employees** and affiliated physicians across sites that span the 12-county Central Valley region. The hospital is the largest private sector employer in Madera County.
2) Valley Children's Healthcare expenditures support a total of **6,170 jobs** (full-time equivalent) within the Central Valley. Of these jobs:
    - 3,287 jobs are located within the Valley Children's Healthcare system and held by Central Valley residents;[1]
    - 1,890 jobs are created in local-serving businesses, as employee spending supports retail, education, service providers, and other local industries; and
    - 993 jobs are supported within Valley Children's supply chain.
3) Average annual Valley Children's Healthcare spending on wages, operating expenses, and capital expenditures exceeds $600 million in the 12-county Central Valley.
4) **Valley Children's Healthcare's operations created an annual average of $1,020.9 million** in economic output. This figure comprises all transactions in the 12 counties related to Valley Children's Healthcare's operations and includes direct expenditures that Valley Children's Healthcare makes as well as their indirect and induced multiplier effects.
5) The Central Valley economy benefits from a **1.69x economic multiplier** on Valley Children's Healthcare's total spending – meaning that for every $1 that Valley Children's spends, an additional $0.69 of value is created within the region.
6) Within the local geographies analyzed (the four-county region of Fresno, Madera, Tulare, and King counties), Valley Children's Healthcare activities created **$4.7 million of local taxes annually via property taxes and sales taxes, while $36.3 million in taxes were paid to the state.**

[1] A total of 92 Valley Children's employees live outside of the 12-county region of interest; thus, their employment and spending are excluded from the model.

Introduction

Hospitals are most commonly discussed in terms of the services they provide, the number of patients they care for, or the number of communities they serve. That is the core mission of hospitals. However, the economic benefits of hospitals across a region also play a major role in community vitality. As anchor institutions, healthcare systems are often the largest employers in an area, and they draw in employees and patients from across a broad geography. Though the scale of these impacts is large, they are often not well understood.

This analysis adds better understanding of how Valley Children's Healthcare contributes to the Central Valley economy in the form of jobs supported, economic activity generated, and taxes paid. Reference to Valley Children's Healthcare in this report is inclusive of the hospital and its provider practices: Valley Children's Primary Care and Specialty Care Group.

As background, Valley Children's Healthcare plays the leading role in providing comprehensive pediatric healthcare and improving the health outcomes of children in the Central Valley. At the heart of the system is Valley Children's Hospital. Established in 1952, the hospital has grown into one of the largest pediatric healthcare networks in the nation,[2] providing specialized care to more than 1.3 million children across the Central Valley. The healthcare system serves as a critical safety net for a largely rural and oftentimes underserved population, ensuring top-tier care regardless of a family's financial means. The 358-bed Valley Children's Hospital – with more than 10,000 inpatient admissions and nearly 100,000 emergency room visits in 2024 – offers comprehensive medical and surgical services for patients from birth through young adulthood, including those with complex and rare conditions.

The hospital is renowned for its advanced neonatal and pediatric intensive care units. Its Level IV Neonatal Intensive Care Unit (NICU) is the highest-level referral center between the Bay Area and Los Angeles, equipped to handle the most critical neonatal cases. Additionally, Valley Children's operates the region's only American College of Surgeons (ACS)-verified Level II Pediatric Trauma Center, ensuring specialized care for young patients. Outside of the hospital, Valley Children's broad network of specialty and primary care centers saw more than 280,000 patients in 2024.

Valley Children's Hospital has garnered national acclaim for its commitment to pediatric healthcare excellence. For the ninth consecutive year, U.S. News and World Report recognized the hospital as one the nation's Best Children's Hospitals in its 2024-2025 rankings. In addition to its clinical accolades, Valley Children's Hospital has been awarded the prestigious Magnet designation for nursing excellence by the American Nurses Credentialing Center, achieving this distinction a total of five times.

[2] Valley Children's Hospital is the 19th largest pediatric healthcare system in the U.S. by number of beds, according to an October 2024 study by Becker's Hospital Review.

Methodology: Defining and Measuring Economic Impact

This report analyzes the economic impacts of Valley Children's Healthcare across the Central Valley region. The healthcare system has specialty care centers, primary care providers, and clinical partnerships that stretch across the San Joaquin Valley from Sacramento to Bakersfield and to the Central Coast. To account for the scope of the hospital's service area, this report employs a 12-county economic impact model to better understand Valley Children's broad impact across the entire region.

Economic impact is typically measured through an input-output model that uses national transaction and labor force data and measures relationships among industries, suppliers, and customers. To measure the economic impact of Valley Children's Healthcare within the Central Valley, this analysis uses the industry standard economic input-output modeling tool called IMPLAN. Specifically, IMPLAN utilizes data from the U.S. Bureau of Economic Analysis' Input-Output Benchmarks, which allows for analysis of how investments affect the economy by tracking each dollar spent in a given industry and its ripple of economic effects within a given geography.

To calculate economic impact, Valley Children's Healthcare employment data was analyzed from calendar years 2023 and 2024. Other financial data was analyzed from fiscal years 2023 and 2024. The data is directly provided by Valley Children's Healthcare and includes information pertaining to payroll, operating expenses, and capital expenditures. Outputs are reported as an average of the 2023 and 2024 fiscal years (ending September), unless otherwise noted.

Inputs to the Model

Within each geography studied, three separate models were created pertaining to three different types of economic activity sources generated by Valley Children's Healthcare: Employment and Wages, Operating Expenses, and Capital Expenditures. A detailed description of the components of the analysis is outlined below.

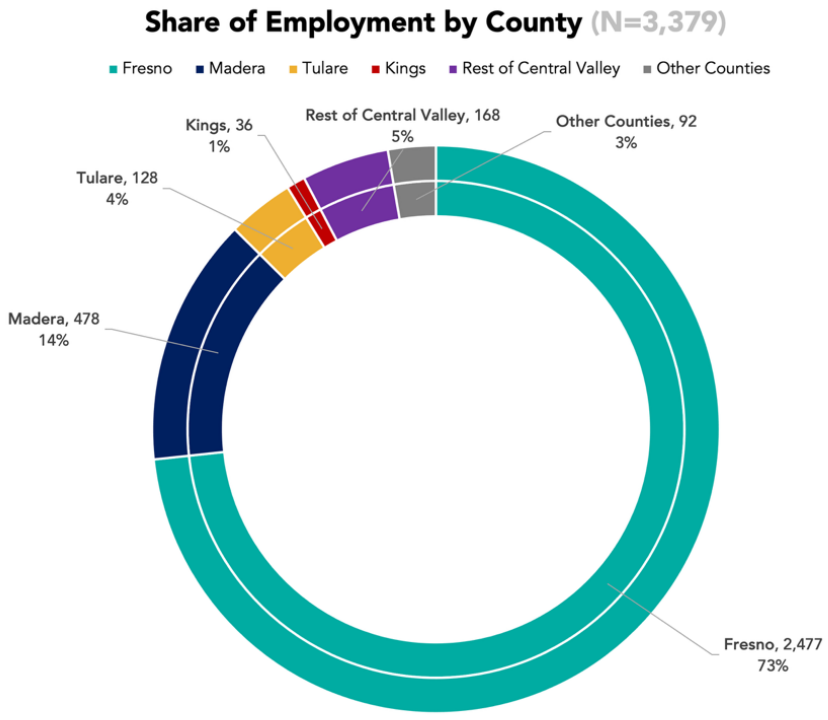
Employment and Wages: For the purposes of analyzing employment in this report, employment is analyzed across the entire system and only gross wages are used in the analysis. Employee benefits, though a significant cost for Valley Children's, create less certain economic benefits. For example, contributions to retirement plans provide no immediate impact, and healthcare benefits may or may not be used in a given year. While some economic models incorporate benefit spending, this analysis employs a more conservative approach by excluding them from the model, as they may never result in spending in the community.

Valley Children's Healthcare employs medical professionals within four different legal entities. Names and descriptions of each entity are listed below:

- *Valley Children's Hospital*: nurses, laboratory/radiology technicians, ancillary outpatient staff, support department staff/management (dietary, finance, IT); others who support the functions at the main hospital
- *Specialty Medical Group*: physicians and advanced practice providers
- *Valley Children's Medical Group*: medical assistants, receptionists, imaging techs, and support staff/management for off-site medical specialty care centers and primary care practices
- *Valley Children's Primary Care*: physicians and nurse practitioners/physician assistants at offsite primary care practices

Employment and Average Wages of Children's Valley Healthcare (2024)

Company	Employment	Average Wage
Valley Children's Hospital	3,005	$103,997
Specialty Medical Group	194	$402,527
Valley Children's Medical Group	127	$59,656
Valley Children's Primary Care	53	$250,740
TOTAL	**3,379**	**$121,772**



Source: Valley Children's Healthcare

As of 2024, Valley Children's Healthcare employed 3,379 full-time equivalent employees – including 247 advanced practice providers within the Specialty Medical Group and Valley Children's Primary Care – with a median wage of approximately $88,000 for those that are full-time. [3,4] This wage level is nearly 50% more than the average annual wage for the Fresno Metropolitan Statistical Area as of 2023 ($60,430).

Using anonymized employee residential zip codes from payroll data from the four different companies operating within the hospital network, we were able to locate each employee's county of residence. Three-quarters of Valley Children's Healthcare employees are residents of Fresno County as shown in the chart on the previous page. Notably, this analysis places Valley's Children Healthcare spending on wages into the county of residence for the employee, rather than the place of work – a method which concentrates significant impacts in Fresno County.

The average annual compensation of all employees in calendar years 2023 and 2024 based on their county of residence was used to generate a Multi-Regional Input Output (MRIO) model in IMPLAN for the hospital industry, which tracks how each dollar of compensation is spent by households on items like food, housing, entertainment, and education. The MRIO model takes into account spending by employees in their county of residence and adjacent counties until the dollars are saved by a person or business or spent outside the boundaries of the specified region.

Operational Expenses: Using data provided by Valley Children's Healthcare for fiscal years 2023 and 2024 (ending September), operational expenses were categorized (e.g., supplies, consultants, utilities, third-party contractors), and this spending was attributed to the facility where the expenditure occurred. These numbers were then analyzed using an industry spending pattern input-output model in IMPLAN.

Capital Expenditures: Capital expenditures (i.e., property insurance allocation, capital spending assets, and capital leases) from fiscal years 2023 and 2024 (ending September) are aggregated into their facility's county to determine their total impact for each geographic model.

Outputs from the Model

The IMPLAN model produces a number of different outputs for the geographies studied. For the purposes of this analysis, we focus on three main outputs that help to tell the story of Valley Children's economic impact within the Central Valley:

(1) **Employment:** This measure is presented in full-time equivalent jobs supported. As an example, two 20-hour per week jobs for an entire year equal one job supported. Valley

[3] In total, an average of 4,094 individuals received a paycheck from Valley Children's Healthcare across 2023 and 2024. A number of these individuals are part-time or seasonal workers; therefore, they count as less than one full-time equivalent employee.
[4] The median wage of $88,000 is significantly lower than the average wage of $122,000, as high-wage employees (both advanced practice providers and those employed within the hospital) move the average above the median.

Children's Healthcare direct employment is included as a model output, as well as all jobs in other industries supported through economic multiplier effects.

(2) **Value Added:** This measure captures the value added of final goods and services delivered as a result of Valley Children's Healthcare expenditures. Value added refers to the difference in value between the products and services at each stage of production, subtracting the initial labor and capital costs. Value added is an equivalent measure to gross domestic product (GDP) in a given period.

(3) **Economic Output:** The measure of total economic activity stimulated by Valley Children's Healthcare expenditures. Economic output reflects the total spending by firms, organizations, and households that is made possible by the initial investment. Different from value-added, economic output captures the total value of all transactions no matter how the dollar is being spent.

Each of these outputs is made up of three component parts, categorized in IMPLAN and within the charts in this analysis as follows:

- **Direct:** Captures the original expenditure connected to service – the most noteworthy example in this category is Valley Children's Healthcare wages paid to providers and employees.

- **Indirect:** Encompasses spending that is outside the organization, such as expenditures to suppliers or vendors.

- **Induced:** Originates from the wages supported by the direct and indirect expenditures, such as spending that occurs via Valley Children's employees and contract labor force.

Results of the 12-County Economic Impact Model

Beyond its core mission of providing high-quality, comprehensive healthcare to children, Valley Children's impact spreads far beyond its brick-and-mortar facilities into the overall economy. The findings below are taken from the 12-county IMPLAN model, which fully captures the economic impact of Valley Children's Healthcare across the entire Central Valley.

Average Annual Impacts in the 12-county Central Valley:

- Of Valley Children's Healthcare's 3,379 full-time equivalent employees and affiliated physicians, 3,287 reside within the 12-county Central Valley.

- **Valley Children's Healthcare expenditures support a total of 6,170 jobs** (full-time equivalent) within the Central Valley. Of these jobs:
  - 3,287 jobs are found within the Valley Children's Healthcare system and held by Central Valley residents;
  - 1,890 jobs are supported in local serving businesses, as employee spending supports retail, education, service providers, real estate and other local industries; and
  - 993 jobs are supported within Valley Children's supply chain.
- Total Valley Children's Healthcare spending on wages, operating expenses, and capital expenditures exceeds $600 million in the 12-county Central Valley.
- **$1,020.9 million** in annual economic impact created. This figure comprises all transactions in the 12 counties related to Valley Children's Healthcare's operations. Included in this total are the direct expenditures that Valley Children's Healthcare makes as well as their indirect and induced multiplier effects.
- The Central Valley economy benefits from a 1.69x economic multiplier on Valley Children's Healthcare's total spending – meaning that for every $1 that Valley Children's spends, an additional $0.69 of value is created within the region.

Total Valley Children's Hospital Economic Impacts in the Central Valley

Impact	FTEs Supported	Value Added	Output
Direct	3,287	$39,770,285	$602,642,261
Indirect	993	$48,585,295	$94,592,566
Induced	1,890	$205,785,812	$323,708,647
TOTAL	**6,170**	**$294,141,392**	**$1,020,943,475**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

Given the significant concentration of Valley Children's employment within a four-county area, approximately 95% of the system's total economic impact is captured within Fresno, Madera, Kings, and Tulare counties, as shown below:

Total Valley Children's Hospital Economic Impacts in the Central Valley, by County

County	FTE Jobs Supported	Value Added	Output
Fresno	4,219	$184,197,867	$663,201,668
Madera	1,130	$65,984,109	$230,248,283
Tulare	338	$19,132,435	$47,897,942
Kings	188	$13,085,513	$27,210,416
Merced	84	$3,070,688	$14,172,647
Kern	77	$2,611,919	$10,898,409
Sacramento	52	$3,037,293	$13,488,628
Stanislaus	47	$1,446,266	$6,085,353
San Luis Obispo	22	$1,246,804	$4,794,174
San Joaquin	7	$200,089	$2,327,842
Mariposa	4	$65,272	$312,759
Tuolomne	2	$63,134	$305,353
TOTAL	**6,170**	**$294,141,392**	**$1,020,943,475**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

A Closer Look at Valley Children's Economic Impacts

To further explain the components of the economic impact modeling, this section highlights impacts in Fresno and Madera counties and shows the local, state, and federal tax impacts of Valley Children's Healthcare operations.

FRESNO COUNTY: Valley Children's Healthcare has a profound impact on Fresno County, with 75% of its total workforce living in the county and earning an annual average of $308.5 million in aggregate wages across 2023 and 2024. The wages earned by employees living in Fresno County generated an additional $231.5 million in economic activity and supported 1,339 additional jobs in the county.

While the majority of the economic impact calculation is derived from the wages that Valley Children's Healthcare pays, operating expenses (e.g., payment to vendors) and capital expenditures (e.g., on equipment and buildings) provide additional impacts. In Fresno County, Valley Children's Healthcare spent an average of $58.6 million on operating expenses in the years studied, supporting an additional 335 jobs in the county. Average capital expenditures of $7.9 million supported another 68 full-time equivalent jobs. Aggregating the impacts from employment, operating expenditures, and capital expenditures yields 4,219 jobs supported and $663.2 million in economic activity generated in the county – stemming from $375.1 million in average annual expenditures made by Valley Children's Healthcare in Fresno County.

Total Impacts from Employment in Fresno County

Impact	FTEs Supported	Value Added	Output
Direct	2,477	$0	$308,518,486
Indirect	0	$0	$0
Induced	1,339	$147,297,386	$231,473,625
TOTAL	**3,816**	**$147,297,386**	**$539,992,111**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

Total Impacts from Operating Expenses in Fresno County

Impact	FTEs Supported	Value Added	Output
Direct	0	$0	$58,641,055
Indirect	276	$22,668,259	$42,169,896
Induced	59	$6,437,750	$10,115,680
TOTAL	**335**	**$29,106,009**	**$110,926,631**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

Total Impacts from Capital Expenditures in Fresno County

Impact	FTEs Supported	Value Added	Output
Direct	0	$5,168,087	$7,927,765
Indirect	51	$867,187	$1,587,432
Induced	17	$1,759,198	$2,767,729
TOTAL	**68**	**$7,794,472**	**$12,282,927**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

Total Economic Impacts in Fresno County

Impact	FTEs Supported	Value Added	Output
Direct	2,477	$5,168,087	$375,087,306
Indirect	327	$23,535,446	$43,757,328
Induced	1,415	$155,494,335	$244,357,035
TOTAL	**4,219**	**$184,197,867**	**$663,201,668**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Hospital

MADERA COUNTY: While the majority of its employees live in Fresno County, Valley Children's Hospital is located across the San Joaquin River in Madera County. Valley Children's Healthcare is the largest private employer in Madera County; and as such, the hospital significantly boosts the economy through job creation and local spending. Its location in Madera County also attracts families from across the Central Valley and beyond who seek advanced treatments and services.

The charts on the following page depict Valley Children's Healthcare's economic impact to Madera County. A large amount ($65.3 million) of the system's total operating expenses are made within the hospital itself; as such, operating expenditures account for the largest portion of the economic impact in the county.

A total of 478 Valley Children's Healthcare employees reside in Madera County, earning aggregate wages of $54.1 million. These wages are then filtered through the county through spending on food, housing, retail, and entertainment. In terms of capital expenditures, $23.8 million in annual average expenditures result in 183 jobs supported in the county. Aggregating the impacts from employment, operating expenditures, and capital expenditures yields 1,130 jobs supported and $230.2 million in economic activity generated in the county – stemming from $143.2 million in average annual expenditures made by Valley Children's Healthcare in Madera County. These numbers are not inclusive of the healthcare spending and charitable care that occurs within the hospital itself.

Total Impacts from Employment in Madera County

Impact	FTEs Supported	Value Added	Output
Direct	478	$0	$54,108,475
Indirect	0	$0	$0
Induced	193	$22,465,798	$35,013,023
TOTAL	**671**	**$22,465,798**	**$89,121,498**

Analysis: Bay Area Council Economic Institute using IMPLAN

Source: Valley Children's Hospital

Total Impacts from Operating Expenses in Madera County

Impact	FTEs Supported	Value Added	Output
Direct	0	$0	$65,333,540
Indirect	238	$18,325,169	$35,733,085
Induced	38	$4,356,542	$6,785,402
TOTAL	**276**	**$22,681,710**	**$107,852,026**

Analysis: Bay Area Council Economic Institute using IMPLAN

Source: Valley Children's Hospital

Total Impacts from Capital Expenditures in Madera County

Impact	FTEs Supported	Value Added	Output
Direct	0	$15,504,260	$23,783,295
Indirect	157	$1,710,142	$3,326,779
Induced	26	$3,622,199	$6,164,684
TOTAL	**183**	**$20,836,601**	**$33,274,759**

Analysis: Bay Area Council Economic Institute using IMPLAN

Source: Valley Children's Hospital

Total Economic Impacts in Madera County

Impact	FTEs Supported	Value Added	Output
Direct	478	$15,504,260	$143,225,309
Indirect	395	$20,035,311	$39,059,864
Induced	257	$30,444,539	$47,963,109
TOTAL	**1,130**	**$65,984,109**	**$230,248,283**

Analysis: Bay Area Council Economic Institute using IMPLAN

Source: Valley Children's Hospital

TAX IMPACTS: All the economic activity generated by Valley Children's also creates fiscal impacts in the form of taxes paid to local, state, and federal entities. Within the local geography analyzed (the four-county region of Fresno, Madera, Tulare, and King counties), Valley Children's Healthcare activities created $4.7 million of local taxes annually, while $36.3 million in taxes were paid to the state. These outputs are generated from the IMPLAN model and include income taxes, property taxes, sales taxes, and other special assessments that are paid by Valley Children's Healthcare, its employees, or the healthcare system's vendors.

Annual Tax Impacts for Valley Children's Healthcare
2023 and 2024 average

Impact	County	State	Federal
Direct	$1,241,840	$17,787,553	$97,793,010
Indirect	$791,671	$4,908,711	$13,866,903
Induced	$2,655,183	$13,652,966	$22,901,368
TOTAL	**$4,688,694**	**$36,349,231**	**$134,561,282**

Analysis: Bay Area Council Economic Institute using IMPLAN
Source: Valley Children's Healthcare

Valley Children's Healthcare Local Tax Impact

Tax Item	Total
Property Tax	$3,114,938
Other Taxes	$844,970
Sales Tax	$520,845
Special Assessments	$130,018
Personal Property Taxes	$77,923
TOTAL	**$4,688,694**

The Community Impact of Valley Children's Healthcare

The previous sections have highlighted Valley Children's Healthcare's quantifiable economic impacts to the Central Valley as they relate to the organization's spending. However, there are a host of other benefits – primarily via better overall public health – that Valley Children's Healthcare also provides to the community. These benefits generally do not influence economic decisions or create spending multiplier effects, and they are therefore not included in the economic modeling. Some of these benefits are explored in this section.

Serving a Critical Demographic and Geography

Valley Children's Healthcare service area extends over 12 counties from Sacramento County in the north to Kern County in the south and serves much of the Central Coast and eastern Sierra as well. Of this service area, seven counties – Fresno, Kern, Kings, Madera, Merced, Stanislaus, and Tulare – collectively account for more than 90% of Valley Children's inpatient and outpatient volume. Children in these seven counties face many challenges when it comes to living healthy, productive lives. For example, as much as 30% of children living in these seven counties live in poverty, approximately one in five is food insecure, and close to 50% of 5th graders are at an unhealthy weight. With respect to Valley Children's patient population, approximately 80% are an ethnicity other than Caucasian and close to 20% live in households with a language preference other than English. Without Valley Children's Hospital in Madera and its extended network of primary and specialty care providers, a large proportion of the Central Valley child population would lose access to nearby, high-quality healthcare.

Providing Significant Community Benefits, Health Professional Education, and Research Advancements

In its fiscal year 2024, Valley Children's Healthcare provided nearly $96 million in quantifiable benefits to the community in the form of charity care, unpaid costs of means-tested programs, education and research, and community health programs (which are explained in more detail below). Beyond providing healthcare, Valley Children's supports the local community through healthcare training programs in collaboration with California State University, Fresno, and UCSF Fresno. Additionally, Valley Children's research program advances the scientific field and provides families and children access to clinical studies. The focus of the program is to participate in studies that are tailored to meet the varied needs of the patient population, with more than 235 studies available to children and their families. Studies include Phase II through Phase IV clinical research, as well as qualitative research.

Investing in the Social Determinants of Health

The vision of the Guilds Center for Community Health is to transform the health and well-being of children where they live, learn, and play. This idea for the Guilds Center for Community Health was presented to the Guilds of Valley Children's in early 2019 for consideration as their next endowment. The Guilds Center is intended to serve as an extension of Valley Children's clinical care. In fiscal year 2024, Valley Children's worked alongside: 12 Guilds with 425 active members, 320 volunteers, and more than 100 community organizations on initiatives related to access to care, chronic disease, maternal and infant health, school health, violence and injury prevention, mental health, and environmental quality. The funds for this work are allocated for "community benefit," along with more than $750,000 from outside grant funding generated during fiscal year 2024. The Guilds Center for Community Health expects to end 2024 with a nearly $6 million endowment total that can sustain its annual investment in impactful community projects.

Potential Opportunities for Future Economic Impact

There are opportunities for Valley Children's to increase its economic impact in the region through the development of part of the hospital campus into a mixed use community that may include a variety of land uses including retail, dining, entertainment, or hotel. This proposed development would also improve Valley Children's financial stability, allowing it to more sustainably provide high-quality services into the future.

Because the project is not fully defined at this point, the analysis that follows will look only at the broad potential impacts of these types of investments. For example, new residents will bring additional spending and sales tax impacts to the area, while new dining, retail, and hotel uses will create jobs and tax benefits. While it is being built, the new development will increase the number of construction jobs in the region, and property values will increase after its completion. The following sections will provide some high-level information on the types and levels of benefits that might be expected from the development using existing research on similar developments.

Retail, Restaurants, and Grocery

A development that expands Madera County's retail footprint will bring a boost to the area's economy in the form of new jobs and new consumer spending. A number of studies have been completed that look to understand the employment density in new types of retail development. High employment densities in retail could produce one new employee per every 400 square feet of new space,[5] while lower employment densities could yield one new employee per every 1,350 square feet of new space.[6]

For Valley Children's prospective development, we assume a mid-point employment density of one new employee per 875 square feet of new space. Thus, if a development were to create 150,000 square feet of new retail, Madera County should expect to increase its retail job numbers by approximately 170 workers. With an average retail salesperson earning nearly $40,000 in 2023, according to the U.S. Bureau of Labor Statistics, this level of new retail development would yield $6.8 million in ongoing additional wages.

A similar calculation can be employed to understand the sales potential of a new retail development. Big box retailers reportedly can generate $300 to $400 in annual revenue per square foot, malls produce $600 in annual revenue per square foot, while luxury brands can achieve retail sales per square foot of more than $1,000.[7] Using the same 150,000-square-foot hypothetical development, this level of retail expansion could generate an additional $75 million in annual retail sales (assuming $500 in annual revenue per square foot).

Hotel

Similar to retail, employment densities can be used to understand the job potential that a hotel development could generate. According to research from Oxford Economics, an average 100-unit property in the U.S. supports 57 direct jobs at the hotel, with $3.0 million of wages, salaries, and other labor income. That same analysis found that hotel guests spend an additional $220 during their trip for every $100 spent on lodging. Under a hotel development scenario in Madera using a 175-room hotel with an average rate of $200 per night and annual occupancy of 60%, we calculate an additional $16.9 million of spending would occur in the Central Valley per year – outside of the hotel costs – from hotel guests. The hotel revenues in this scenario would be approximately $7.7 million, and subject to their own hotel taxes.

Construction Impacts

The previous impacts highlighted represent ongoing economic outputs that will be generated over the life of the project. But before the development even opens, jobs will have been created related to the construction of the buildings themselves. There are a wide range of estimates for the number of jobs that result from every $1 million in spending on non-residential construction.

[5] Taken from Los Angeles City Planning Department: https://planning.lacity.gov/EIR/Corbin_Nordhoff/MEIR/PDF%5C4j_Employment.pdf
[6] Taken from the U.S. Energy Information Administration: https://www.eia.gov/consumption/commercial/data/2012/bc/pdf/b1-b2.pdf
[7] Taken from Shopify: https://www.shopify.com/retail/sales-per-square-foot

That range spans from approximately 13 jobs per year per $1 million in spending,[8] to nearly 17 jobs per year per $1 million on the high end.[9]

Assuming construction spending on the total development buildout of nearly $200 million and the mid-point of 15 jobs per year per $1 million, the Valley Children's development project would yield an additional 3,000 job-years over the construction period – i.e., if construction lasts for three years, 1,000 full-time equivalent jobs in each year would be supported by the direct, indirect, and induced spending. Of these jobs, approximately one-third would be expected in direct construction employment, and the remainder would be due to indirect and induced effects.

Economic Impact Takeaways

Valley Children's is an economic magnet in the Central Valley, as it attracts physicians, employees, and patients from across a very broad region and beyond. Without the network of services and locations that are Valley Children's Healthcare, not only would the region lose a critical provider of healthcare services to children, but it would also lose a major employer, a critical supporter of community health programs, and driver of the region's economic vitality.

In large organizations, like Valley Children's, the economic multipliers of wages, operating expenses, and capital expenditures have wide-ranging effects across many industries – particularly those that serve the local population. **Valley Children's Healthcare's operations create $1.02 billion in economic activity across its 12-county Central Valley service area, and the multiplier effects of its spending support a total of 6,170 full-time equivalent jobs.**

These impacts are derived from the wages it pays employees, its spending on local vendors for services and materials, and its capital expenditures on infrastructure that allow it to deliver care to its patients. These quantifiable gains to the region support jobs both inside and outside of the hospital, provide revenues to small and large businesses, and create meaningful tax revenues for local governments. The gains come in addition to the provision of pediatric care and community health investments that are core to Valley Children's mission. While the economic impacts studied here are clearly secondary to the health of its patients and the advancement of its mission, they also represent a significant component of the value that Valley Children's Healthcare provides to the Central Valley region – even impacting those that may never access care.

[8] Taken from NAIOP: https://www.naiop.org/globalassets/research-and-publications/report/economic-impacts-of-commercial-real-estate-2021-u.s.-edition/researchreporteconomic-impacts-of-cre-2021-us-edition.pdf
[9] Taken from Economic Policy Institute: https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/