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INDEPENDENT ANALYSIS SHOWS OHSU CONTRIBUTES NEARLY \$4 BILLION AND 35,000 JOBS ANNUALLY TO OREGON'S ECONOMY

OHSU's impact has grown due to increased patients, grants, private donations and public investment in OHSU research

PORTLAND, Ore. – Oregon Health & Science University's economic impact on Portland and Oregon has grown to \$4 billion a year, according to an analysis commissioned by OHSU and completed recently by ECONorthwest. The analysis also shows that OHSU's presence provides almost 35,000 jobs annually and creates \$2 billion in personal income. This study demonstrates OHSU's status as a nationally recognized institution creates significant economic impact in Oregon and Greater Portland.

The study analyzed OHSU spending, payroll, student spending and other data to trace a comprehensive picture of the economic impact caused by OHSU. Much of the economic activity is fueled by dollars that come from out of state, in the form of research grants, charitable donations and spending by healthcare students and non-Oregonians seeking OHSU's unique healthcare services.

"OHSU's goal is to improve Oregonians' health and well-being. But by doing so, we also energize Oregon's economy," said OHSU President Joe Robertson, M.D., M.B.A. "This report is based on data for 2007. Our impact today is even larger than this report indicates."

OHSU's budget more than doubled in the last 10 years from \$882 million per year to \$1.8 billion today. The growth is due to several factors:

- Oregonians' public and private-donor investment in research through the program known as the Oregon Opportunity. This effort led to a 56 percent rise in the annual value of research grants received by OHSU (from \$168 million in 2000 to \$300 million in 2009). Most of the research money comes from out of state. It is used to hire research team members – many from the local community – and to buy supplies and services, mostly from local sources. A recent audit by the Secretary of State's Office concluded that OHSU "met or exceeded" all of the measurable goals of the Oregon Opportunity. The state's \$200 million investment in the Oregon Opportunity was more than matched by \$368 million from nearly 80,000 private contributors. Of those, 70 percent were giving for the first time to OHSU, a sign of deep public support for expanding OHSU's research.
- OHSU's hospitals and clinics (including the School of Dentistry) are handling more than 750,000 patient visits a year. This reflects OHSU's growing regional

and national prominence in providing leading-edge care, from primary care to the most advanced procedures.

- Increasing generous philanthropic support to the OHSU and Doernbecher foundations. The number of large private gifts has been growing. Most recent notable gifts have been \$40 million from an anonymous donor to increase School of Medicine capacity and \$100 million from Phil and Penny Knight for cancer research and treatment.

“OHSU provides Portland and the metro area with the money, jobs and ideas that flow from a major research institution,” said Sandra McDonough, CEO and president of the 1,400-member Portland Business Alliance. “Health care is a growing industry and OHSU makes a good case for the business value of investing in higher education in these key fields.”

“The importance of OHSU cannot be overstated,” said Ryan Deckert, president of the 330-member Oregon Business Association. “It’s easy to forget that a research institution *is* a traded sector – OHSU brings money in from out of state, just as Nike and Columbia Sportswear do, and then those resources are multiplied in our community.”

The ECONorthwest analysis is based on figures from FY07 (July 1, 2006-June 30, 2007). That was the most recent year for which all of the necessary data was available when the analysts began their work in the fall of 2008. The report was put on hold for several months during the economic downturn, but was completed recently.

The analysis concludes that the total impact from OHSU’s operations in 2007 was \$3.9 billion annually. Of that, \$1.8 billion was taxable personal income that includes wages received by OHSU faculty and staff, and income earned by others whose businesses help serve OHSU’s needs. Personal income generated by OHSU brings approximately \$180 million in state tax revenue each year. **For each state General Fund dollar spent on OHSU, the state receives \$100 of economic impact.**

OHSU’s own workforce, which despite recession-driven reductions in some of its departments, has risen from its 2007 levels to 12,900 today. The total combines with jobs that OHSU creates in the community to result in more than 34,600 jobs per year.

Net economic benefits – economic activity that would disappear if OHSU wasn’t here

The analysis provides additional insight into OHSU’s economic impact by calculating OHSU’s net impact – in other words, the economic activity that would go away if OHSU didn’t exist. The study calculates the amount of healthcare that would be sought from other Oregon health systems, out-of-state providers or simply forgone by patients if OHSU were not here. The study adds in research grants – as well as the charitable donations -- that would either not come to Oregon or would leave Oregon in OHSU’s absence. The study points out that OHSU operates the state’s only School of Medicine for MDs, the only School of Dentistry, the only School of Nursing that focuses on upper-level graduate education, the only School of Pharmacy (operated in partnership with Oregon State University), and one of only two physician assistant programs. Nearly all of the spending associated with students would go away if OHSU didn’t exist.

If OHSU weren't here, Portland and Oregon would lose \$2.4 billion of economic activity, \$1.1 billion of personal income and 20,625 jobs that are the result of the unique services OHSU provides.

“OHSU is one of the handful of institutions that have this large an impact on Oregon’s economy,” said Deckert, of the Oregon Business Association. “Given that OHSU receives less than 3 percent of its budget from General Fund tax dollars, OHSU provides a huge benefit to Oregon’s economy.”

Research and spin-off companies make an impact

OHSU researchers bring in about \$300 million of grants per year, primarily from out of state. The spin-off companies that are the result of OHSU research generate more than \$370 million in economic activity, 2,101 jobs and \$119 million in personal income a year. The impact from spinoff companies is understated because not all spinoff companies in Oregon were able to be surveyed within the confines of the study. In addition, the money OHSU received in 2009 as part of federal stimulus spending was not included in the study. The \$67 million in funding was competitively awarded based on quality, and would not have come to Oregon if not for OHSU.

OHSU’s students support local businesses

Students who come to Oregon for medical, dental, nursing, pharmacy, physician assistant and graduate science programs also stimulate the state’s economy. Economic activity associated with OHSU’s 2,583 students is nearly \$45 million spent on local businesses and services.

OHSU Healthcare brings patients to Portland

Experts at OHSU frequently serve as consultants to non-OHSU providers on complex cases, helping patients stay in their own communities for treatment. However, OHSU’s specialty services frequently draw patients from outside of the Portland metro area and from other states. More than 40 percent of OHSU’s adult patients come from outside the metro area, compared to only 13 percent at other metro-area hospitals. For children’s care, 45 percent of OHSU Doernbecher Children’s Hospital patients come from outside the metro area, compared to 22 percent at Emanuel Children’s Hospital and 9 percent at all other hospitals.

Capital spending creates construction, other jobs

OHSU’s capital spending in 2007 was \$144 million. The net impacts associated with that spending in Portland were \$184 million in output, \$78 million in personal income and 1,563 jobs. In 2006, OHSU opened 1 million feet of new space, including the Center for Health & Healing in South Waterfront, and the Kohler Pavilion and Biomedical Research Building on Marquam Hill. OHSU policy emphasizes local purchasing and hiring local contractors when appropriate. OHSU also has been a leader in designing its new buildings to be models of green building development.

Visit www.ohsu.edu/impact to read *The Economic Impacts of Oregon Health & Science University report and other associated material.*