Economic Impact: The Senior Living Effect

National and State Data Show Senior Living as a Major Driver
THE BIGGEST INDUSTRY FEW HAVE EVER HEARD OF

IT’S TIME TO FLEX OUR ECONOMIC POWER

Bigger than auto manufacturing. Bigger than hotels and motels. Almost as big as the pharmaceutical makers.

Those comparisons really struck us when we delved into the economic impact of the senior living industry. But for all our economic might, for all the people we employ, we can feel like the Rodney Dangerfield of industries…how about a little respect?

This dynamic must change. The truth that we as industry insiders know is senior living plays a critical role in every state and region. We provide choice, dignity, joy, and quality care for our seniors. We save money that would otherwise be spent on nursing care. We employ terrific people and provide every opportunity for them to grow in their careers.

This report features a study of senior living by Tripp Umbach, one of the world’s leading research firms on economic impact. As the study demonstrates, we have an outsize reach factoring in not only our own payroll but also our suppliers and the overall economic activity we create.

With this knowledge comes greater power. The state impact figures should be front and center when we visit state legislators and regulators. The multiplier effect of senior living and its employment belongs in op-eds and blog posts. Economic development agencies need to know the latest data.

Even when we take all those steps, it will always be a challenge to raise awareness about senior living, our role as an economic driver, and as an employer of choice.

One big reason: Compared with auto factories or pharmaceutical companies, senior living is more widely dispersed with a smaller profile. Compared with a major hotel chain, we rely more on targeted marketing than giant billboards and neon signs. We tend to blend in.

That’s why it’s especially important that we join together as an industry sector. As individual companies, we come across as one more employer seeking tax abatements, zoning rulings, economic development support, or training programs out of technical schools, colleges, or universities.

But if we seek joint meetings that include representatives across our sector, we magnify our reach and speak for thousands of employees, residents, and families in our states and regions.

Taking a step further, we can partner purposefully with state chambers of commerce and other favorably inclined business groups, and truly build an impactful coalition for change.

There is power in numbers. Let this be the start of the next chapter for the senior living industry—an unsung but rapidly expanding giant in our state and national economies.

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One in every $137 in the nation is either directly or indirectly generated by the operations of the senior living industry.

The spending and operations of the senior living industry have a direct impact on the United States of $97.2 billion annually.

This spending then ripples through the states, causing indirect and induced impacts of an additional $149.7 billion.

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Brent Weil,
Vice President, Workforce Development, Argentum
Argentum partnered with Tripp Umbach, a nationally recognized consulting firm that specializes in economic impact analyses. Their research, through key stakeholder interviews, direct data collection, historical surveys from a proprietary database, and public and government sources, provides the data to quantify the senior living industry’s current economic, employment, government revenue, and social responsibility impacts nationally, as well as in each of the 50 states and the District of Columbia.

**HIGHLIGHTS**

- At nearly a quarter of a trillion dollars in total economic impact, the senior living industry ranks higher than the auto manufacturing industry ($205.8 billion); the air transportation industry ($202.8 billion); and the hotel and motel industry ($167.9 billion).
- Senior living had a significant impact on the restaurant and the real estate industries in all 50 states and the District. Other industries impacted include: hospitals, in 42 states; employment services, in 48 states, construction, in 35 states; and management consulting services, in 10 states.
- Notable industries of comparable impact include hotels and motels, in 40 states; colleges and universities, in 25 states; and wireless communications, in 9 states.
- Selected comparisons:
  - **Arizona**: Senior living impact surpasses housing construction impact, at $4.7 billion and $4.4 billion respectively.
  - **Colorado**: Senior living and petroleum refineries have similar impact, at $3.6 billion.
  - **Idaho**: Gambling and senior living have similar impact, at $3.2 billion.
  - **Montana**: Senior living and grain farming both have $1.1 billion in economic impact.
  - **New Hampshire**: Senior living, at $555.7 million in impact, outranks nuclear power generation, at $440.7.
  - **North Dakota**: Senior living, at 541.9 million, outranks hotels and motels, at $430.3 million.
  - **Oregon**: Senior living and legal services are close, at $7.2 billion and $7.8 billion respectively.
  - **Texas**: Cattle ranching and farming, at $8.9 billion, has an impact close to that of senior living, at $8.8 billion.
  - **Virginia**: With six primary airports, air transportation has $5.6 billion ranking—but senior living is close, with $5.1 billion.

**SENIOR LIVING IMPACT OVER TIME**

Conservative and aggressive view of past and potential future impact, based on population trends.

Presented in static 2018 dollars. Data based on population estimates of U.S. residents 65 and older sourced from the U.S. Census Bureau.
For the purposes of this study, “senior living” is defined as independent living, assisted living, memory care, and continuing care retirement communities. Skilled nursing facilities are not factored into the calculations of this study.

Tripp Umbach used multiple data sources including its own and data sets from IMPLAN, a recognized leader in economic impact study. IMPLAN software as well as proprietary Tripp Umbach software completed the modeling and calculation of multiplier effects.

An industry’s economic impact is found not only in what it spends and its employees, but in spending and workers from other businesses affected by the industry—a ripple effect that generates throughout the economy.

A multiplier is a numeric factor used to describe and calculate this effect. The multipliers used for this study capture the direct, indirect, and induced effects of economic activity.

The study considers only the spending that occurs within the nation, and employee compensation only includes dollars available for spending; deferred compensation was not included in the analysis.

At the time of performing the senior living industry assessment, the most recent IMPLAN data files for the state were for 2014. This difficulty is common for methodologies employing rich data sets for states and entire economies. However, it is unlikely that the fundamental economic structure of the nation’s economic fabric has changed to an extent that would invalidate the analysis.
Source: Argentum engaged Tripp Umbach to measure the economic, employment, government revenue, industry, and social responsibility impacts of senior living communities at the national level and in each state. For the purposes of this study, “senior living” is defined as independent living, assisted living, memory care, and continuing care retirement communities. Skilled nursing facilities are not factored into the calculations of this study. Economic and employment impact measures dollars and jobs generated within the region because of senior living communities. This includes spending on goods and services with a variety of suppliers within the state and their employees, spending of staff and visitors, and business volume and jobs generated by businesses within the region that benefit from senior living’s spending. Data sources included Tripp Umbach internal data, IMPLAN datasets, National Center for Health Statistics, and the U.S. Census Bureau. Impacts were formulated using IMPLAN software and proprietary methods.
CALIFORNIA

SENIOR LIVING ECONOMIC IMPACT
$26.5 BILLION

- Jobs Directly Supported: 100.5K
- Jobs Indirectly Supported: 76.3K
- Government Revenue: $1.5B
- Social Responsibility: $144.2M

TOP INDUSTRIES IMPACTED

- Construction
- Management Consulting Services
- Employment Services
- Real Estate
- Restaurants

IMPACT COMPARISONS

- Restaurants: $29.3 Billion
- Gas Distribution: $22.2 Billion
- Air Transportation: $25.3 Billion
- Auto Manufacturing: $18.9 Billion

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### National Senior Living Impact

#### Employment

- **Total:** 1.7 M
- **Total Economic Impact:** $246.9 B
- **Statewide Government Revenue:** $7.7 B
- **Federal Government Revenue:** $23.4 B
- **Social Responsibility:** $1.1 B

#### Top 15 States for Employment Impact

- **CA:** 176,857
- **FL:** 110,140
- **WI:** 67,833
- **TX:** 66,786
- **NY:** 63,889
- **NC:** 58,176
- **MI:** 58,661
- **OR:** 57,632
- **WA:** 51,041
- **PA:** 44,395
- **IL:** 40,681
- **GA:** 38,644
- **VA:** 37,650
- **OH:** 36,887
- **AZ:** 35,494

#### Top 15 States for Economic Impact

- **CA:** $26.5 Billion
- **FL:** $14.5 Billion
- **NY:** $10.1 Billion
- **TX:** $8.8 Billion
- **WI:** $8.6 Billion
- **MI:** $7.7 Billion
- **NC:** $7.5 Billion
- **WA:** $7.4 Billion
- **OR:** $7.2 Billion
- **PA:** $6.3 Billion
- **MA:** $6.0 Billion
- **IL:** $5.9 Billion
- **VA:** $5.0 Billion
- **GA:** $4.9 Billion
- **OH:** $4.8 Billion

### Economic Impact

- **Total Economic Impact:** $246.9 B

### Social Responsibility

- **Total Social Responsibility Impact:** $1.1 B

#### Top 15 States for Social Responsibility Impact

- **CA:** $144 Million
- **FL:** $137 Million
- **NY:** $57 Million
- **TX:** $55 Million
- **WI:** $53 Million
- **OR:** $50 Million
- **MI:** $49 Million
- **WA:** $47 Million
- **PA:** $46 Million
- **IL:** $45 Million
- **VA:** $44 Million
- **MA:** $35 Million
- **GA:** $33 Million
- **OH:** $32 Million
- **AZ:** $29 Million
- **NH:** $28 Million

### National Total

- **Employment Impact:** 1,683,477
- **Social Responsibility Impact:** $1.1 Billion
- **Economic Impact:** $246.9 Billion