

EVMS an economic powerhouse in region, study finds

"EVMS is going to be one of the major engines for economic growth over the next several years," said local economist James Koch, former president of Old Dominion University. Koch found that EVMS' annual economic impact grew 18 percent from 2007 to 2011 to \$824 million a year.

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NORFOLK

Despite a recession, the financial impact of Eastern Virginia Medical School grew by three times the rate of the overall local economy from 2007 to 2011, according to a study commissioned by the school.

The Norfolk medical school hired local economist James Koch to do the study, which measured spending by the school, its employees, students and alumni, along with gauging the school's research and charitable giving.

Koch, former president of Old Dominion University, found that the school's annual economic impact grew 18 percent during that four-year period to \$824 million a year.

"EVMS is going to be one of the major engines for economic growth over the next several years," Koch said at a news conference held Monday to release the study.

He said Hampton Roads faced fierce economic headwinds during this period, losing 40,000 jobs, but the school emerged as an economic powerhouse.

About 950 graduates of EVMS, both doctors and other health professionals, live in the region, producing an economic impact of \$222 million annually. Twenty-three percent of the region's local doctors are EVMS graduates. The school also was the region's 20th-largest private-sector employer in 2010 and provided \$51 million in uncompensated health services in 2011.

Koch said the defense spending in the area is stagnating, so health-related institutions like EVMS will be important to the region's economy. He said he's done about a half dozen such studies for companies during the past year, and health-related industries appear to be doing better than other types of companies.

Harry Lester, EVMS president, said the school commissioned the \$20,000 study because it depends on government funds, and he wanted proof the investments pay off.

"We think this report says the commonwealth gets a lot of bang for the buck," Lester said. Koch did a similar report for the school in 2007.

EVMS opened in 1973 and is a fairly unusual hybrid created by a community charter in the 1960s. It receives some public support, but it's not owned by the commonwealth. Since becoming president of EVMS in March 2005, Lester has worked to get more state money for the school to put it on more equal funding with the state's public medical schools.

The school received \$59 million from the state as part of a 2008 bond package for capital improvements, which helped build its newest facility, the Education and Research Building. The school agreed to increase its class size by 30 percent to address the medical needs of the state's growing older population.

Gov. Bob McDonnell is proposing the school receive an additional \$3.5 million in state funds annually in his budget for the next two years.

The school currently receives about \$20 million a year from the state for education, indigent care, family practice funding, student aid and medical modeling and simulation.

Koch also analyzed the impact of the Patient Protection and Affordable Care Act on the region during the next few years, and found that the region will have a shortage of doctors, nurses and other health professionals by the end of the decade, because of the added number of insured people brought about by the health overhaul initiatives and an aging population.

Other findings from the economic impact study:

- The school employs 1,379 people, which translates into \$109 million in salaries and wages and \$21 million in benefits.
- The average salary of an EVMS employee was \$78,989 in 2010, compared with the overall average salary in Hampton Roads of \$41,440.
- Doctors and other health professionals who graduated from EVMS were located in each of the region's cities, with the greatest number in Virginia Beach, followed by Norfolk.
- The school provided an estimated \$2.8 million in public services like counseling, vaccinations and preventive care to 100,000 youth and 7,500 parents and teachers in 2011.