



## CENTER ON URBAN & METROPOLITAN POLICY

# Eds and Meds: Cities' Hidden Assets

By Ira Harkavy and Harmon Zuckerman<sup>1</sup>

*“Eds and meds are often overlooked fixed assets that, especially during a booming economy, could help turn the tide around for cities.”*

Institutions of higher learning<sup>2</sup> (“eds”) and medical facilities (“meds”) are some of the largest private employers in America’s biggest cities. A survey of the top 10 private employers in the largest 20 U.S. cities found that:

- Nearly 550,000, or 35 percent, of the 1.6 million people who work for the top ten private employers are employed by eds and meds.
- At least half of the employers in five of the cities—Washington, Philadelphia, San Diego, Memphis, and San Jose—are eds and meds.
- Sixty-nine out of the 200 largest private firms, or 35 percent, are eds and meds.
- In four of the cities—Washington, Philadelphia, San Diego, and Baltimore—eds and meds account for more than half of the jobs generated.
- An ed or med is a top employer in every one of these cities despite their differences in age, region, and development pattern.
- Although the District of Columbia’s major employer is the federal government, eds and meds account for 76.7 percent of the jobs generated by the top ten private firms.
- In Baltimore, Detroit, and Philadelphia, the number of eds and meds jobs in the ten largest firms make up over 10 percent of the entire city’s job base. In half of the cities surveyed, these jobs make up over 5 percent of the city’s total employment.

### The Importance of Eds and Meds for Cities

Cities have been struggling over the last three decades because of a shrinking job base, loss of middle-class families, and rising unemployment and crime rates. However, cities have often overlooked fixed assets that, especially during a booming economy, could help them turn the tide around.<sup>3</sup> This study looks at eds

and meds as one of those overlooked fixed assets. In all the competition for new jobs and businesses, eds and meds have largely been ignored, even though they generate a substantial number of jobs and contribute to the local economy. In a time when suburbs are generating jobs considerably faster than central cities, eds and meds, like all employers, are becoming increasingly important for

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cities as they struggle to keep their share of jobs in the metropolitan area.

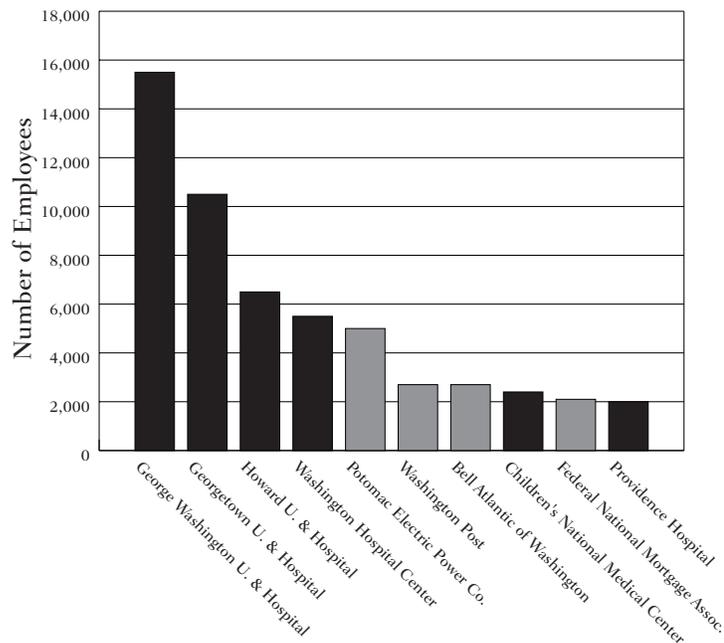
Eds and meds also have unique characteristics that add value above and beyond creating jobs. Eds and academic meds constantly conduct research and impart technical expertise on their students and workers. In an era increasingly dependent on knowledge-based industries, these institutions contribute to a more experienced and educated workforce, a resource desirable in all cities. Furthermore, their economic activities foster an entrepreneurial spirit and attract additional economic growth.

This survey looked at the 20 largest cities in America and focused on the top 10 private firms in each (see Table 1). The findings show that eds and meds employ nearly 550,000, or 35 percent, of the 1.6 million people who work for the top ten private employers in these cities. In fact, out of the 200 top private firms surveyed, 69 are eds or meds. On average, the eds and meds jobs in the top firm employment pool account for approximately 6 percent of a city's employment base (see Table 2).

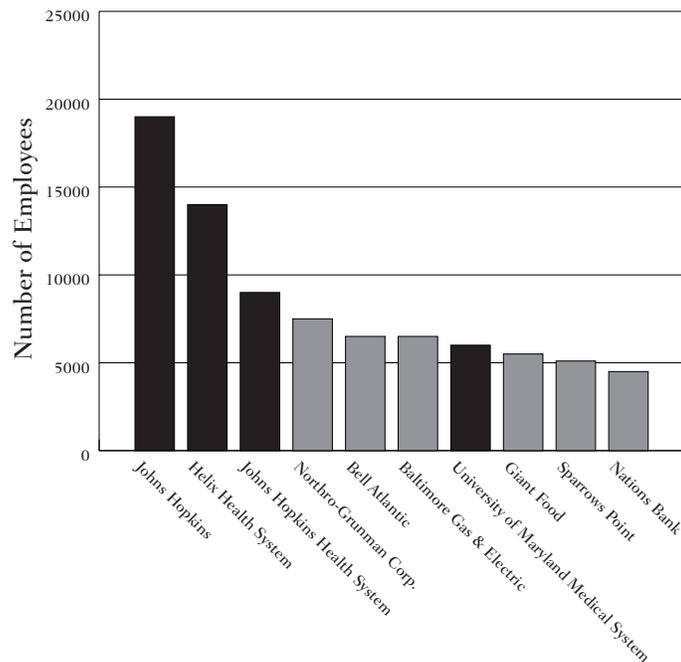
While these cities vary in age, region, and development pattern, they all have at least one ed or med among their top employers. Some cities have particularly large eds and meds representation, such as in Washington where over 76.7 percent of the jobs generated by the top ten private employers are with eds and meds.<sup>4</sup> In fact, the District's top four firms are eds and meds, and they each employ more workers than the Washington Post, Bell Atlantic, and Federal National Mortgage Association (see Figure 1). Just over 8 percent of the city's jobs are generated by eds and meds (see Table 2).

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**Figure 1**  
**Washington DC's Top Private Employers**



**Figure 2**  
**Baltimore's Top Private Employers**



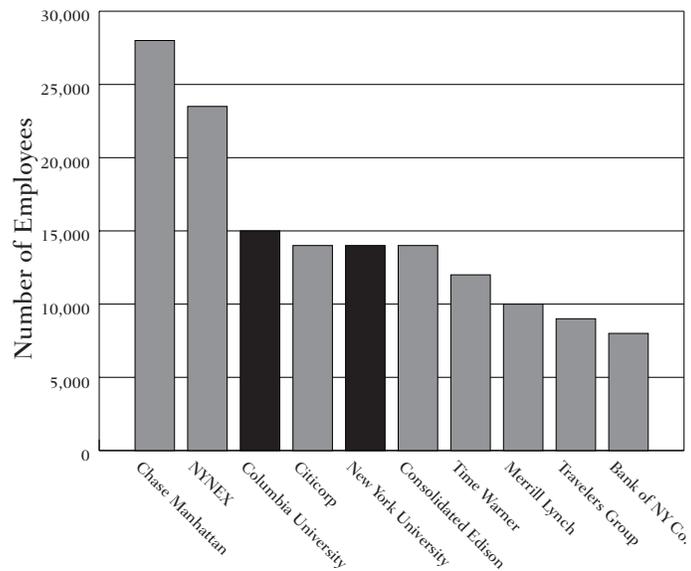
In Philadelphia, San Diego, Memphis, and San Jose as well, over half of the top private employers are eds and meds. In four of the twenty largest cities—Washington, Philadelphia, San Diego, and Baltimore—eds and meds account for more than half of the jobs generated by the top 10 private firms. Baltimore has more people employed at Johns Hopkins and Helix Health System than at Baltimore Gas & Electric, Giant Foods, and Nations Bank (see Figure 2). The eds and meds jobs account for approximately 16.5 percent of the entire city's job base (see Table 2).

While New York is internationally recognized as the center of the finance industry, two of its largest employers are eds and meds, making up nearly 20 percent of the jobs in the top 10 firms. Columbia University and New York University have more workers than some of the most well known financial firms, including Merrill Lynch, Travelers Group and Bank of New York. Columbia also employs more workers than Citicorp (see Figure 3).

### What Are the Implications?

Not only are these firms large job generators that contribute to the general economic health of the city, they are unique in that they are rooted to a specific place. They are essentially immobile institutions and their identity is tied to the city and community. Yale University conducted an economic assessment of its impact on New Haven and found that "Yale's strength and the health of the City, fiscally and socially, are inextricably linked" (Economic Impact: Yale and New Haven, 1993). The study's findings motivated the University to commit over \$41 million to a variety of neighborhood revitalization projects in the city. Because some eds and meds

Figure 3  
New York City's Top Private Employers



recognize that their fate may be tied to the health of the community, they invest in their neighborhoods, generating even more beneficial effects for themselves and for their communities. Below are just a few of eds' and meds' activities and their paybacks.

- **Purchasing Power.** Institutions can establish purchasing agreements for goods and services with local providers, circulating wealth and supporting other jobs within the community. They benefit from having readily available and reliable goods and services. MIT offers a good case study example. For more information, see [web.mit.edu](http://web.mit.edu).
- **Hiring Practices.** Local job training and placement organizations and school-to-work programs can be utilized to hire and train the local labor force, making it easy for universities and hospitals to find workers with the necessary skills.

See the University of Maryland's Medical system at [www.umm.edu](http://www.umm.edu) for good local hiring practices.

- **Research and Teaching.** Universities and colleges in particular can bring community to the classroom through service learning programs in their undergraduate arts and sciences schools, and by putting their professional programs into practice such as with their business schools, urban planning programs, education schools, and others. Polytechnic Institute created a university park called Metrotech to implement this strategy. See [www.poly.edu/brooklyn.html](http://www.poly.edu/brooklyn.html) for more details.
- **Real Estate.** Eds and meds own vast tracts of land, and the value of that land is affected when the local real estate mar-

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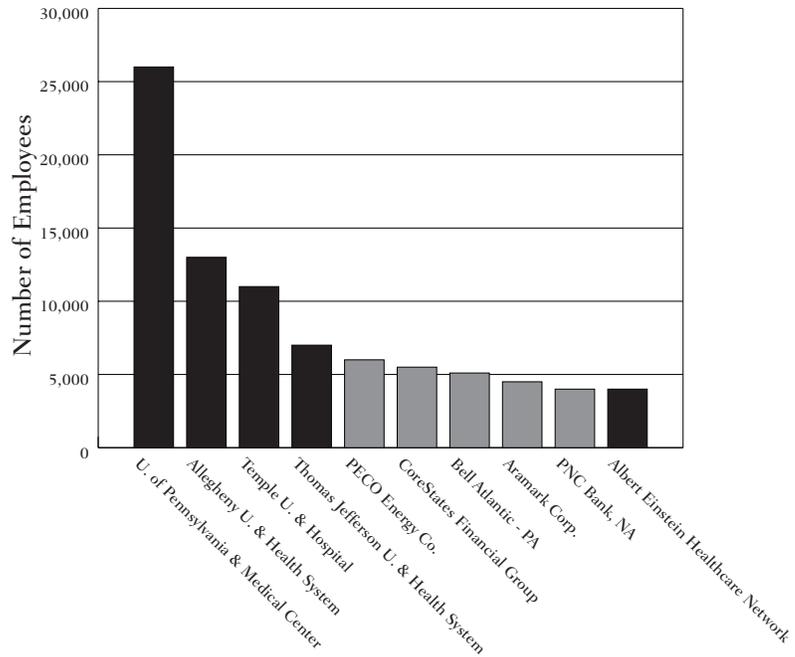
ket fluctuates. When eds and meds invest in their properties, put them to productive use, and support community stability, all stakeholders benefit from increased land values and an improved environment. For examples, see Marquette University's homepage at [www.marquette.edu](http://www.marquette.edu) or Yale University's at [www.yale.edu](http://www.yale.edu).

■ **Tax Base.** Eds and meds that help create economically viable communities and improve the quality of life directly increase the local tax base. This, in turn, allows localities to reinvest in their neighborhoods, and ultimately generate even more economic opportunities. See [www.sunysb.edu](http://www.sunysb.edu) for the University of New York at Stony Brook's efforts on this.

■ **Homeownership.** Eds and meds can help rebuild their surrounding neighborhood by giving their employees affordable homeownership opportunities there. This can be done through the purchase, rehabilitation, and resale of adjacent homes or through subsidies for local home purchases. Homeownership is a proven strategy for improving the neighborhood quality of life. See Trinity College's website at [www.trin-coll.edu](http://www.trin-coll.edu) for more information on such practices.

■ **Good Neighbor.** Helping keep the community clean, safe, and economically viable creates a positive environment for residents, students, patients and workers. Universities and hospitals can support their local neighborhood organizations in their efforts to maintain a good

Figure 4  
Philadelphia's Top Private Employers



environment and support business that provide goods and services for residents and visitors alike. The University of California at Berkeley has been recognized for similar activities. See [www.berkeley.edu](http://www.berkeley.edu).

### Building the Institution and the Community: A Profile of Philadelphia

Approximately 70 percent of the jobs generated by Philadelphia's largest private employers are in the ed and med sectors. The University of Pennsylvania and its medical center, and Drexel University's Graduate Hospital are the two largest private employers in the city. In fact, the first, second, third, fourth and tenth largest employers in Philadelphia are eds or meds (see Figure 4).

**University of Pennsylvania:** In addition to local purchasing contracts and job training programs, the University has a multitude of programs that invest in the school's adjacent neighborhoods. For one, Penn works with local organizations to support programs that promote cleanliness and public safety. For example, the University might contribute public trash receptacles and light posts along neighborhood retail nodes. This is complemented with a homeownership initiative that includes the purchase, rehabilitation, and resale of dilapidated homes. Homeownership incentives are also provided for faculty and staff. In addition to housing, the university has funded mixed-use developments in the neighborhood, including a new hotel and retail. All of these efforts are shored up by a newly established business association that the school helped organize.

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The impact of such investments is substantial. On average, the university spends over \$2 billion a year on purchasing contracts for goods and services. Penn's spending in West Philadelphia quadrupled from \$10 million in 1993 to \$42 million in 1998. More than three-quarters of the university's construction contracts in 1997 went to local businesses that employed city residents. The new retail and commercial activity alone is creating nearly 400 new construction jobs and 4,250 long-term jobs. More information can be found at [www.upenn.edu](http://www.upenn.edu).

**Graduate Hospital:** Over the past three years, Graduate Hospital has been part of two mergers. In 1996, it was made part of the Allegheny University Hospital System and in 1998 it was acquired by Tenet Healthcare corporation. Despite these changes in ownership, the hospital has retained its community redevelopment program and stepped up its partnership with local organizations. Part of its redevelopment program includes the rehabilitation of derelict row-houses in the neighborhood. Between 20 to 50 homes are reconstructed each year and have been for the past

eight years. To help maintain the area's new homes, the hospital provided an annual donation of \$80,000 to a neighborhood association to hire a full-time worker who organizes jobless residents to keep the area clean and safe. In the last few years, Graduate Hospital has expanded its program by including plans to revitalize the South Street commercial corridor, renovate affordable homes and a nearby school, and facilitate homeownership in the area. See [www.graduatehospital.com](http://www.graduatehospital.com) for additional information.

**Table 1: Share of Eds and Meds Employment in Top Ten Firms**

City	Number of Eds and Meds Among Largest 10 Firms	Total Number of Jobs In Largest 10 Firms	Number of Jobs in Higher Eds and Meds	Percent Of Eds and Meds Jobs in Top 10 Firms
Washington, DC	6	55,243	42,395	76.7
Philadelphia	5	86,530	60,549	70.0
San Diego	5	68,639	41,841	61.0
Baltimore	4	84,928	48,532	57.1
Detroit	4	63,780	31,529	49.4
Milwaukee	3	62,288	28,085	45.1
San Francisco	4	57,817	25,101	43.4
Memphis	6	56,799	24,199	42.6
Indianapolis	4	61,760	26,250	42.5
Columbus	3	78,050	30,299	38.8
San Jose	5	29,827	10,595	35.5
San Antonio	4	58,666	18,794	32.0
Dallas	3	89,357	28,008	31.3
El Paso	3	23,462	6,859	29.2
Los Angeles	2	130,711	30,753	23.5
New York City	2	148,391	28,973	19.5
Houston	2	107,385	18,557	17.3
Chicago	2	183,219	31,315	17.1
Jacksonville	1	55,302	7,400	13.4
Phoenix	1	172,570	11,786	13.1
<b>TOTAL</b>	<b>69</b>	<b>1,592,197</b>	<b>551,820</b>	<b>34.7</b>



## Sources and Methodology

There is no national clearing-house where employment data is collected and stored. As a result, obtaining the employment figures for the top 20 cities was difficult and involved multiple sources. In the course of the study, virtually all public and private sources that house or report employment information—chambers of commerce, local and area business journals, economic development agencies, newspapers, websites, municipal and university libraries, individual firms, colleges and universities, mayor's offices, and others—were tapped. As a baseline for comparison, general data from the U.S. Census was also used. This data collection was completed in June of 1998.

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**Table 2: Share of Eds and Meds Employment in Total City Employment**

City	Number of Jobs in city, 1995*	Number of Eds and Meds Jobs in 10 Largest Firms	Percent of 10 Firms' Eds and Meds Jobs in City
Baltimore	294,757	48,532	16.47
Detroit	266,148	31,529	11.85
Philadelphia	593,603	60,549	10.20
Milwaukee	282,587	28,085	9.94
Columbus	354,153	30,299	8.56
San Diego	500,414	41,841	8.36
Washington, DC	524,735	42,395	8.08
Memphis	338,720	24,199	7.14
Indianapolis	475,535	26,250	5.52
San Francisco	484,349	25,101	5.18
San Antonio	429,136	18,794	4.38
El Paso	178,039	6,859	3.85
Dallas	746,846	28,008	3.75
San Jose	290,271	10,595	3.65
Chicago	1,179,610	31,315	2.65
Jacksonville	348,395	7,400	2.12
Los Angeles	1,492,377	30,753	2.06
Phoenix	669,120	11,786	1.76
Houston	1,167,030	18,557	1.59
New York	2,916,660	28,973	0.99
<b>TOTAL</b>	<b>13,532,485</b>	<b>551,820</b>	<b>5.91</b>
			<b>(average)</b>

\*Source: Edward Hill, *Cleveland State University*, forthcoming paper.

## Endnotes

- 1 The University of Pennsylvania Center for Community Partnerships
- 2 Publicly supported institutions are also included in this definition.
- 3 While universities are rooted to place, massive shifts in the health care industry are changing the way health services are being delivered, and in some cases forcing urban hospitals to downsize and relocate. It remains unclear what the impact of these shifts will mean for cities.
- 4 The private sector represents a relatively small portion of Washington's employment base. So, while eds and meds show a high employment rate in the city, the figures are relative to other private sector employers, and only represents a fairly small fraction of the overall employment in the District.

