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LETTER FROM EDITORS GOES HERE

The Economic Value of Formula One Drivers

Sahashra Dendi

FORMULA one has become one of the most globally watched and commercially lucrative sports in the world. Viewership, involvement, and the attention surrounding the sport has drastically increased since the release of the Netflix series “Drive to Survive.” A sizable amount of attention is already paid to the engineering aspect of the sport, with teams on the grid revolutionizing the capabilities of their cars year after year, however, it is clear to see that the drivers themselves are the most visible aspect as well as the influential figureheads of the sport. When considered from an economic standpoint, a driver is not only a participant in the race but also a key financial asset that can generate extensive revenue, enhance the value of the Formula One team’s brand, as well as shaping its commercial aspirations and trajectory. Despite the numerous restrictions the Fédération Internationale de l’Automobile (FIA) has imposed on the sport such as the budget cap, the salaries of drivers are excluded from any constraints, which allows teams to invest tens of millions in securing the best talent possible. This leads us to wonder, with the amount that is spent on securing valuable F1 drivers, do they provide a positive return on investment, and if they do, in what economic fashion?

One of the clearest ways to determine the value of an Formula One driver is through their performance on track. With the F1 championship having a points-based system, drivers and teams as a result are rewarded for finishing position, which then extend to team and driver standings, as well as the distribution of prize money. With each point having some form of financial value, a driver who is able to extract more performance from the car will increase the team’s expected return. With a season comprising 24 races, a difference of 30–45 points can meaningfully shift a team’s financial outlook. Formula One teams receive their largest payouts in regards to where they finish in the Constructor’s

Championship at the end of the season, with even small movements in the standings allowing for substantial financial impact. With that, if a driver can consistently score points and move the team’s position upward, they are helping to contribute to increased prize money at the end of the season. For teams on the higher end and lower end of the scale in terms of performance, ability, revenue, etc, the money received can make a huge difference in operations and abilities.

While F1 car engineering and performance plays a dominant role in determining the outcomes of races, the skill of the driver itself plays an extensive role. Whether it be during qualifying sessions, race starts, tire management, defensive driving, overtaking, and consistency across various track conditions. In terms of economic analysis, F1 teams perform an analysis of marginal revenue utility when determining driver performance and corresponding driver value. These teams take the opportunity to ask questions like “How many points is our driver achieving in comparison to their teammate, and the next best alternative?”

These questions are important as it allows for teams to realize how drivers like Max Verstappen, Charles Leclerc, and George Russell justify their expensive salaries by consistently scoring podiums, extracting the maximum performance possible from their cars, and minimizing risk of mistakes. With this, teams complete teammate comparisons knowing that their drivers are operating in the exact same machinery, allowing for acknowledgement of the fact that elite drivers most often outperform their teammates by significant margins in terms of qualifying and race strategy and execution. Take the 2023 Formula One season as an example, where Max Verstappen consistently outscored his teammate Sergio Perez, to the point that there was a 290 point gap between them by the end of the season, despite the fact they were competing in

equal machinery. He justified his 65 million dollar salary while also achieving extensive success and economic value for Oracle Red Bull Racing. This displays that the performance of elite drivers such as Max Verstappen, help contribute to solidifying their economic status within the calculation of marginal revenue utility. The performance of drivers directly contributes to earning extensive prize money and championship bonuses.

However, F1 drivers also need to carry value that will go beyond results. Elite drivers must have the ability to effectively communicate with race engineers and provide accurate feedback, which should help shape the development direction of the team's car and also save as much research and development time and money as possible. Drivers who are able to help their team refine their engineering approach are usually able to improve the long term competitiveness and the possibility of potential future dominance in Formula One. However, the mistakes of drivers can also be costly. Car damage from a crash can affect a team's budget and can also limit development due to the existing cost-cap regulations which limit the amount of spending each team in Formula One is allowed. Take Williams for an example, the team racked up a \$4 million bill in 2024 due to Logan Sargeant's repeated crashes, the biggest one being at the Dutch Grand Prix where damages were estimated to be \$1.7 million. Drivers who are able to stay consistent and have the skill to prevent accidents have to be able to reduce the amount of money going to repair costs, allowing for both the money and resources to be focused on development and improvement of performance rather than fixing extensive damage. A driver's reliability is one of the most important factors that contribute to their economic efficiency.

Another way, and if not one of the clearest ways to determine a driver's value is through their commercial value. With F1's popularity increasingly surging, drivers have become marketing assets. Many of them, such as drivers like Lewis Hamilton, Charles Leclerc, and Lando Norris, have personal brands that rival stars from other sports that have been traditionally more popular. F1 drivers now have global reach with the help of social media,

high profile endorsement deals, and serve as the face of their team and the sport as a whole. Their commercial value often equals, but now may even surpass their contributions on track. Their ability to have marketability, personality, and generate fan engagement allows for revenue to be created in ways that go far beyond race results. Drivers can generate immense amounts of brand exposure for sponsors, with the way they interact through interviews, paddock appearances, and social media, which is one of the biggest forms of engagement, drivers can make themselves worth tens of thousands of dollars in media value. With that, the value of sponsorship packages can drastically increase, which allows for teams to charge more for branding on the actual F1 car, race suit, and even the driver's personal social media. Drivers also have the ability to act as brand ambassadors, as they often sign endorsement deals with major luxury, fashion, and lifestyle companies. These collaborations provide a lot of income and opportunities to the driver, but can also increase the commercial appeal of the Formula One team they drive for as well as the entire F1 ecosystem, bringing more awareness to the sport and attracting more global sponsors. This influence is highly positive, as it can also boost the revenue coming from a team's merchandise department, with fans being incentivized to buy team and driver specific apparel, allowing for even more income to flow into the team and its partners. Even beyond direct revenue and monetization, drivers can impact actual market expansion within the F1 space. Popular drivers that have strong national backing can ignite explosive fan engagement in their home country, causing an increase in ticket sales for races, TV audiences, and general demand for F1 events. Some key examples of this can be shown through Sergio Perez in Mexico, Max Verstappen in the Netherlands, and Oscar Piastri in Australia. Drivers who have massive fan bases will allow for a greater market pull and ability to generate revenue. This kind of market pull allows for F1's negotiating position and opportunities to be strengthened when talking to host cities and broadcasters. Overall, drivers function as major commercial assets by driving sponsorships, attracting global partners, and expanding the sport's economic and cultural footprint across the world.

When measuring a driver's economic value, teams need to use a number of quantitative, qualitative, and strategic metrics to assess the costs and benefits of keeping their driver. When considering performance metrics, teams look at how many points have been scored, qualifying position versus teammate, consistency in the championship battle, crash damage and number of errors on track, adaptability to changing conditions on track, and the contribution to development of the car in current and future seasons. In terms of commercial metrics, the contribution to such is measured through sponsorship revenue that is linked to the driver, media exposure value, social media engagement and reach, merchandise sales associated with the driver, and any market expansion indicators. Teams' must also look at how much a driver is requesting to be paid, and how that salary will impact their finances. In the end, teams have to evaluate the ROI of their

driver, how much value they create in relation to their cost.

Formula One teams have a number of factors to consider when determining the economic value of their driver. In today's rapidly changing world, where Formula One as a sport is expanding its reach across the globe, Formula One drivers are able to fuel the success of their teams through performance, brand power, and influence in the market. High performing drivers are able to bring in great amounts of success, through achieving elevated standings and prize money, while well known drivers are able to bring in sponsors, expand fanbases, and increase the global exposure within the sport. It is the responsibility of teams to evaluate all of these characteristics and more, and decide what kind of driver will continue to provide the competitive edge, charisma, and commercial power that teams so desperately need.

Beefing Up the Bill: The Economics of Rising Meat Prices

Brad Huseby, University of Wisconsin-Madison

Do I really need beef tonight? Since COVID-19, the price of beef has skyrocketed, and it only seems to be shooting higher. Due to critical gaps and departures in the supply chain, beef is as valuable as ever before. But why are these gaps and departures happening? Can we get the beef industry back to its pre-COVID form? And how do our purchasing decisions impact the market?

Economic Factors

The effects of COVID-19 mitigation efforts on the supply chain of beef and retail prices is standard with all products in the food industry: disruptions in the supply chain are extremely damaging for continuity in both the end pricing and availability of the product. Beef has faced a more extreme increase in price than most. Retail beef prices rose 25 percent in June 2020, compared to retail food items in general, which only rose 3.4 percent, which was already twice their usual rate (Vaiknoras, 2022).

The dramatic rise in price stems largely from supply chain disruptions. During the pandemic, employees from all points of the supply chain were ordered to stay at home, quarantine, or they simply did not feel safe to return to work. "As of May 31, 2020, 16233 workers contracted COVID and 86 workers died from the virus across 239 meat (beef, pork, poultry, bison, and lamb) processing plants in 23 states"(Madison, 2025). The lack of help forced a decrease in the supply of beef for a consumer market that was hungrier than ever for steaks. Due to increased time at home, people started cooking much more than before. People ate food at home more than 20 percent more than pre-COVID averages. As for the remainder of 2020, consumers ate food at home close to 10 percent more than pre-COVID averages, indicating a long-term change in consumer behavior (Dong, 2022). Since then, individuals and households have continued to cook more at home leading to a stable increase in steak demand. However, supply has not yet caught up.

Aging Producers and Business Turnover

Aging ranchers are choosing to sell off their herds and cash out in a seller's market. While this may seem simple, where one seller gets paid and the next owner steps in, transitioning ownership is not easy. Throughout history, beef has been something passed down through families. But younger family members, who have grown up seeing the business, are more than ever choosing to abandon the family tradition and work in different sectors. As a result of the pandemic, many of the fixed costs of operation have increased more than anticipated. From higher feed costs (grain, soy, and corn) to the cost of fuel, fertilizer, and transportation for all of these goods, operators are having to pay more than anticipated. This, coupled with inflation and recent poor grazing conditions, has reduced the availability of grazing land, feed availability, and total beef supply, and has discouraged some away from entering the market.

Beef Prices and Correlation to Low Cattle Inventories

How high have beef prices risen? Recently, the U.S. Department of Agriculture's (USDA) Economic Research Service reported "an average ground beef price in July 2025 of \$6.25 a pound. The previous record of \$6.12 a pound was set in the previous month—the first time the average had ever broken \$6" (Weaber, 2022). While this figure can be partially attributed to inflation, national cattle inventories "are at their lowest in decades, due to drought-related herd reductions" (Weaber, 2022). However, there is some light at the end of the tunnel for beef consumers. Agricultural economist Josh Maples has speculated that, while beef prices will likely remain high into 2026, historical patterns point to a climb in cattle production soon, which will eventually lead to prices leveling off. "The number of calves born in the U.S. has been declining for the past seven years, and we are likely near the cyclical low point in cattle production. The next cycle begins when inventories start growing again, Maples said. Cattle cycles typically last about 10-12 years, and we are in year

12 of this one" (Weaber, 2022).

International Beef Demand

Not only has domestic demand risen, but international demand has soared since COVID-19; domestic suppliers have taken advantage of it. The pandemic led to thinner margins within the beef industry in America with many producers turning toward all parts of the globe. In Asia, middle-class incomes have risen which has increased demand for higher-quality foods such as American beef. Around the globe, consumers are paying for the established and trusted USDA grade and reputation of high-quality beef. While domestically, these are seen as standard practices, internationally, countries have varying and much less established rigors of grading and reputation of beef. American producers took advantage of this, and in 2024 exports accounted for nearly 14 percent of total beef production, contributing \$415.08 in value per capita of fed cattle slaughtered—the second-highest mark on record (Beef Board, 2025). In any growing business, new opportunities are bound to come when the business is successful. There's a long term opportunity in Africa, where a growing middle class and urbanization are driving protein demand. "A recent U.S. Meat Export Federation (USMEF) trade mission to Ghana connected 30 U.S. exporters with buyers from 12 African nations, laying the groundwork for future market development" (Beef Board, 2025). Moreover, investment U.S. producers have made over the year has paid off as, "over the last decade, per-head export value has grown by more than \$100" (Beef Board, 2025). International value is domestic value and U.S. producers should continue to sell across the globe to generate the most economic surplus possible.

Discussion

Looking at everything happening in the cattle market right now, it is clear that both ranchers and regular shoppers play a role in what comes next. Producers are trying to decide if they should grow their herds or cash in while prices are unusually high. This is not an easy call with the cycle ending soon. On the other hand, people are already changing how they

buy beef. I know I've noticed myself thinking twice at the store, and I am sure many others are doing the same as prices keep climbing. As this 12-year cattle cycle comes to a close, it is hard to say whether beef prices will drop much. They might ease a bit, but with all the costs and supply issues the industry faces, it would not be surprising if they stay higher

than consumers prefer. What this really shows is how interconnected these markets are. The choices ranchers make and the way consumers react all end up shaping how the market develops. It is something worth paying attention to as the industry heads into its next chapter.

Pursuing Affordable Pharmaceuticals: MFN Price Controls in the United States

Damaris Makuh

WHEN presidential campaigns promise to “lower drug prices,” Americans have learned to expect lofty rhetoric and limited results. In recent months, President Trump has announced two high-profile deals with Pfizer and AstraZeneca to finally bring down prescription drug costs. At the center of the plan is a simple idea: Americans should not pay more than patients in other countries.

According to the White House's official website, these agreements aim to lower drug prices to the Most-Favored-Nation (MFN) price (the lowest price paid in other developed countries). Select prescription drugs will be available at lower prices on TrumpRx, an American government website that claims to help patients access the most affordable prices. The website facilitates pharmaceutical companies to sell prescription medication directly to American patients, and is expected to be up and running in January 2026 (TrumpRx). On the surface, TrumpRx and MFN pricing appear to be major steps toward reining in high pharmaceutical costs. In practice, however, the impact will likely be far more limited.

There are several drawbacks to implementing MFN pricing in the United States, including inefficient cost reduction and reduced production of new medications. The former is arguably the biggest issue with MFN pricing. As of now, the Trump administration has made two deals with pharmaceutical companies to lower prices (Fact

Sheets). These deals only covered a handful of specific medications, out of thousands sold in the U.S. health system. Relying on one-off negotiations with each manufacturer is structurally impractical; it would take years to make meaningful progress across all major drug categories. Additionally, the lower prices are specifically for Medicaid patients, not the entirety of the American population. All of this results in an efficient way of reducing drug prices that only assist a handful of Americans. Secondly, directly reducing prices through MFN results in pharmaceutical companies reducing research efforts in new medications, and even taking current medications off the market (Smith). This means that some necessary pharmaceutical drugs will be less accessible, if they are accessible at all, and drugs currently being researched may not be released either. This directly contradicts the goal of MFN pricing, which is to make needed medications more accessible to the American public.

That said, there are a few benefits to adopting the MFN pricing. There is the obvious, that this price control implementation will make certain pharmaceutical drugs available at a lower cost to Medicaid patients. Additionally, although inefficient and questionable in the extent of assistance, this is a step in the right direction for the United States government in making pharmaceuticals more affordable for Americans. It sets a precedent for future deals with more companies and lower prices for a larger variety of medications. Affordable pharmaceutical access in the United States is

no small goal, but is an incredibly important one to tackle, as Americans have the highest pharmaceutical prices, pay the highest out-of-pocket costs, and have the fastest growing drug prices when compared to other similar countries, and not by an insignificant margin (Kurani, et al.).

There are other ways for the United States government to tackle this issue besides or addition to the current price controls. In France, the federal government directly negotiates with pharmaceutical companies to set prices, and any price increases must be approved by the government. However, the agreements made in France are starkly different from the recent agreements made in the U.S. Namely, France negotiates an agreement between the manufacturer and their Economic Committee for Health Products (CEPS), which is far more

sustainable, efficient, and reliable than the President making individual deals himself. Many countries use a similar variation of price controls to keep prices low for consumers by law, and this makes Trump's hope of pharmaceutical companies raising prices in other nations to cover the lost U.S. revenue highly unlikely (Raimond, et al.).

Ultimately, MFN pricing may be a symbolic step toward addressing the U.S. drug affordability crisis, but symbolism is not enough. Without a comprehensive negotiation framework, broader coverage beyond Medicaid, and safeguards for innovation, MFN pricing will remain a modest, limited correction—not the transformative reform Americans have been promised.

Policy Brief: Cleveland Needs Zoning Reform

Kyan S. Howe, Steven Mendez, & Aanchal Nair

Executive Summary

CLEVELAND'S multiple efforts for economic revitalization since the 1990s have been largely overshadowed and hindered by an outdated and overly complex zoning code. Though large-scale projects, such as the \$330 million Opportunity Corridor, aimed to stimulate investments in underdeveloped neighborhoods, Cleveland continues to fall behind in comparison to other Ohio cities in regard to economic revitalization and housing flexibility (Giordano & Lin 2024). Opportunity Corridor resulted in limited improvements in employment and business activity, with benefits being concentrated towards adjacent neighborhoods near University Circle (Stowell & Rucker 2024). Columbus, however, has curated zoning frameworks that allow higher-density development of mixed-use spaces through the Zone In initiative. These reforms have helped the city recover effectively from economic shocks while simultaneously attracting private investment. Cleveland must reduce the complexity of its zoning code and eliminate outdated restrictions in order to incentivize flexible redevelopment to keep pace with

cities like Columbus. This brief will recommend a comprehensive zoning reform strategy to help simplify land use regulations to not only improve housing affordability and urban competitiveness but also fight against Cleveland's population decline.

Scope of the Problem

As mentioned, Cleveland has one of the most intricate and strict zoning systems in the country based on a 15-by-127 grid. This is no surprise, as Cuyahoga County was one of the pioneers of zoning, as evidenced by the landmark decision in *Village of Euclid v. Ambler Realty Co.* City planners adapted land use to promote the construction of single-family homes and automobile infrastructure. However, as a century since *Village of Euclid* elapsed, Cleveland and surrounding areas' restrictive framework has hindered the city's ability to adapt to modern housing demand as fragmented urban environments face slow redevelopment, constrained supply, and low investment. Though Cleveland has attempted to revitalize its neighborhoods through projects such as the Opportunity Corridor, home values

adjacent to such projects in areas like Kinsman, Fairfax, and Woodland Hills continue to remain far below citywide averages. Unemployment rates follow national trends rather than Corridor-specific growth (Giordano & Lin 2024). This has resulted in Cleveland being ranked as one of the lowest U.S. cities for private investment despite being one of the most affordable. Unless Cleveland modernizes its zoning policies, the city risks falling further behind in economic resilience, housing affordability, and long-term sustainability.

Cleveland's zoning regime can be characterized as a closed, hierarchical system. The Cuyahoga County Planning Commission (CCPC) determines means and ends and even provides a land use hierarchy. As a result, the development of urban form and land use is divorced from consumer preferences (Staley 2004). These sorts of regimes, as Samuel Staley determined, are vulnerable to external shocks, supply-side shifts in real estate, and higher planning costs. The COVID-19 pandemic's effects illustrate how, even 5 years since March 2020, Cleveland's zoning regime has prevented the remediating mechanism of the market. Inflation, heightened consumer credit, and lockdown-induced supply-chain disruptions have disincentivized developers from entering markets where the municipality imposes high barriers to entry. Meanwhile, the two other major cities in Ohio—along with Cleveland-rival Detroit—have accelerated in economic development. The Columbus Zone In initiative has eliminated municipality-imposed costs of rezoning and restrictions on types of new development, enabling supply to meet demand. When a developer compares the case for Columbus or Cleveland, the Columbusite zoning regime offers greater returns on investment since start-up costs are lower, *ceteris paribus*. Despite the affordability of Cleveland real estate, values are artificially suppressed due to the diversion of suppliers from the city. Over the longer run, consumers are incentivized to leave the Cleveland market due to the lack of robust consumer-oriented development. In short, the zoning regime may be responsible for a significant portion of Cleveland's population decline (Ganong & Shoag 2012).

Policy Alternatives

Cleveland's recent history of development shows how large projects can miss their mark. The Opportunity Corridor was supposed to spark renewal across neglected neighborhoods, yet what remains is a faster commute through the same struggling areas. Empty lots and uneven development tell a familiar story: infrastructure alone cannot create community. When policy treats growth as a matter of concrete and traffic, it overlooks the people living along the corridor. A more grounded approach would start from the neighborhood level—direct investment in housing, transit, and small business—so that development builds stability instead of simply passing through it (Stowell & Rucker, 2021).

Shaker Heights took a different route. The Van Aken District shows what happens when zoning rules adapt to modern urban life. By permitting mixed-use buildings—housing, retail, and workspaces in one area—the city turned an aging commercial corridor into a dense, walkable hub connected to transit. This did not require a massive public-works program, just clear rules that welcomed private investment and community activity. Cleveland's zoning code, built on rigid hierarchies and a one-size-fits-all vision of land use, prevents this kind of flexibility. Updating those codes to allow more mixed-use and transit-oriented projects would open the door for similar, self-sustaining growth (Giordano & Lin, 2021; Staley, 2004).

If the Opportunity Corridor was about moving cars, the next phase of Cleveland's growth should be about moving people—closer to their jobs, schools, and shared spaces. A shift toward flexible zoning and neighborhood-level investment would be more consistent with what successful Ohio cities are already doing and would finally align Cleveland's development model with the needs of the communities it serves.

Policy Recommendations

Pointed Summary:

- Significantly reduce the size and complexity of

the Cleveland Zoning Code

- Streamline the approval process by cutting all regulations that hinder flexibility
- Keep land use restrictions required by the Environmental Protection Agency
- Provide a “buy-and-flip” tax credit to individuals who come to Cleveland

We recommend that the city and county adopt resolutions to overhaul the current zoning code. In order to keep pace with Columbus and Cincinnati post-COVID-19, it is incumbent upon public officials to abandon the assumption of complete knowledge by the planning commission. Cleveland’s self-imposed market restrictions have hindered the city’s ability to redevelop. To address the housing shortage, the city of Cleveland ought to enable supply to meet demand without planners determining “socially desirable” ends or means.

The Mayor, in cooperation with the CCPC, should create a select committee tasked with identifying arbitrary and capricious regulations within the zoning code. This committee should aim to reduce the code by at least 75 percent in no more than 180 days. Any significant reduction in the size and complexity of the code will make clear to individuals, communities, and corporations that the city is committed to encouraging growth and development, unleashing the economic potential of Cleveland real estate. Given the city’s environmental issues, restrictions required by the Environmental Protection Agency for the city must remain in place to mitigate the risks of federal interference during the transition period.

Additionally, regulations that impede market dynamism must be cut or, at the very least, revised. Minimum parking requirements, unless otherwise required by the state, ought to be eliminated. The reason is not anti-automobile in any sense but lies with flawed economics because such requirements assume implicitly that the planners know the optimal number of parking spaces to meet consumer demand. City planners have trapped themselves in the Hayekian knowledge problem as the CPCC and 29 cities and townships lack a robust understanding

of the preferences of market participants. When market conditions change, such as reduced consumer spending or corporate failures, thousands of square miles of parking spaces “lay fallow,” operate under-capacity, and become dilapidated. Severance Town Center is just one example. This is a reflection of economic reality: businesses that fail to compete see fewer consumers and thus face a reduced need for parking spaces. The parking spaces would not exist but for the zoning ordinance.

The same fact pattern is true for the plethora of abandoned buildings. Many of which are warehouses that serve a market that has long ago shifted overseas. Rather than allowing these crumbling structures to remain, the city should rezone these areas for unrestricted purposes and thus permitting developers to buy the land and put it to more productive ends. This approach does not shift one end-state vision for another, as in Columbus, since abandoned buildings would not have to be used for explicitly multifamily or mixed-use structures. The removal of any restriction will naturally result in affordable, consumer-oriented, and productive construction.

Our last recommendation is to consider a buy-and-flip tax credit. To further incentivize development and lower the costs of compliance, locals and newcomers to Cleveland who want to renovate homes and beautify urban spaces should have their tax burden reduced. Such an individual and corporate tax credit must be implemented carefully to mitigate the distortion of private incentives. The credit would assume that buy-and-flips are socially desirable, so the requirements for the tax reduction should be open to renovations of any kind. Moreover, the credit may only be applied in the tax year in which a sale is settled.

Final Remarks

Cleveland’s ability to recover and compete depends on how it approaches growth. Development is about more than filling up land; it determines who benefits from change and who gets left behind. Decades of uneven investment and rigid zoning structures have left the city with fragmented

neighborhoods and limited opportunity.. Urban research consistently finds that development tied to housing and job opportunities helps reduce crime by reinforcing stability and social ties (Johnson, 2019). Reinvesting in neighborhoods through flexible zoning and mixed-use projects would do more than reshape the city’s skyline: it would rebuild the private sector institutions concerning safety, mobility, and connection that define a functioning urban community.

Reducing the regulatory burden within Cleveland’s zoning system would also improve the quality of what gets built. When compliance costs fall, developers have greater room to prioritize long-term value—better materials, stronger design, and public spaces that people actually use. Cities that have modernized their zoning codes across the Midwest demonstrate this pattern: the focus shifts from cutting corners to building communities. Allowing for urban-style townhomes and flexible mixed-use projects would appeal to the preferences of residents

who want proximity, mobility, and modern amenities without leaving the city. These developments serve as a visual signal of confidence—proof that Cleveland is once again worth investing in. By removing excessive barriers, the city would not only encourage growth but also redefine the standard of quality for urban living.

Expanding the housing supply is the most direct path toward affordability and economic competitiveness. More construction pushes prices down, broadens access to ownership, and invites capital back into neighborhoods long written off by investors. That structure protects an economy that no longer exists. To keep pace with the rest of the Midwest, Cleveland must treat deregulation not as a political risk but as a practical necessity. The problem is structural, and so must be the solution—comprehensive reform that restores flexibility, encourages private initiative, and aligns the city’s growth with the realities of today’s market.

Policy Brief: MetroHealth Financial Strains

Isabella Lopez & Naomi Moneme

Executive Summary

IN an attempt to mitigate fraud and tighten Medicaid eligibility restrictions, President Donald Trump’s One Big Beautiful Bill Act (OBBBA 2025) yields financial strain for hospitals nationwide. However, this estimated 1 trillion in Medicaid cuts over the next 10 years has left hospitals to resort to layoffs and a reduction in services amidst growing administrative uncertainty (Washington 2025). Cleveland, Ohio’s only safety-net hospital, MetroHealth, is currently incurring over 1 million a day for the cost of care it delivers to the uninsured. With six outpatient centers recently closed and over 125 employees laid off, low-income individuals in the Cleveland community are increasingly dissuaded from receiving care due to rising costs (MetroHealth.org 2025). These financial pressures raise systemic risks of adverse selection, directly affecting Cleveland’s most vulnerable residents.

Since a majority of MetroHealth’s revenue is derived from Medicaid patients and Cuyahoga County taxpayers, we propose to reform the county’s property tax abatements. These are incentives that reduce or eliminate property taxes on some or all of the increased value of a property, typically to encourage development, renovation, or investment in a specific area. By lowering tax abatement rates from 100 percent to 70 percent for Enterprise Zones and Community Reinvestment Areas (CRAs), Cuyahoga County’s Health and Human Services levy will increase. Since the levy is supported directly by county property taxes, an increase in the levy is an increase in MetroHealth’s funding (Tarter 2017). In 2023, Cuyahoga County overspent 5 million of its levy dollars and continues to do so yearly, foreshadowing an unfortunate shrinkage of subsidies for MetroHealth and the other services it supports (Durbin 2023). Voter approval is required to reform Cleveland’s

property tax abatements to increase the HHS levy, so it is important for policymakers to work with community members to work through reforms targeted at easing the hospital system's financial pressures. Increasing the already extensive tax burden is not the most desirable solution, but Cleveland, in particular, has a substantial amount of tax-exempt properties and enterprises that could be adjusted. Lowering the tax abatement rate has the capacity to broaden the tax base and incur a great amount of revenue for state-funded entities—an action that is crucial when funding is in the process of being cut.

Scope of the Problem

Hospitals are the largest employers in the Greater Cleveland area and a major driver of the local economy. As a city whose economy is anchored by its healthcare sector, these financial burdens pressure the labor market. According to the Kaiser Family Foundation (KFF), Ohio is estimated to lose 37 billion in federal funding in 10 years (Schladen 2025). This is amplified by the impending growth of uninsured residents—a result of stricter eligibility laws for Medicaid and Medicare programs. MetroHealth is affected directly by these burdens and is prohibited by law from refusing emergency medical care, ramping up costs for the hospital and Cleveland residents. Policy action is imperative to keep health care accessible to those who need it to avoid adverse selection risks. It is expected that there will be short-term reductions in the supply of labor and a similar effect on consumer spending as Ohio's labor market adjusts to changing conditions. As health declines and health care workers are laid off, the labor market becomes vulnerable. Consumer spending and local economic activity will likely decrease. However, the size of this effect is difficult to estimate. Our proposals seek to mitigate the economic effects of these cuts and ensure that residents are provided adequate, affordable care.

Policy Alternatives

MetroHealth, while combating its loss in support from the federal government, is also dealing with an

increase in patients who cannot pay and are relying on its Charity Care program. This increase in charity care, especially following the COVID-19 pandemic, has doubled the number of uninsured patients to 10 percent, meaning Charity Care program costs have only grown over the past couple of years (Winzer 2025). Combined with the funding cuts, this jeopardizes MetroHealth's role as a safety-net hospital.

MetroHealth is dealing directly with the budget cuts and simultaneous cost increases at the county level by shifting its priorities. The hospital reduced its workforce by laying off roughly 1.25 percent of employees, equating to 125 individuals. MetroHealth has closed its psychiatric emergency department in Cleveland Heights in response to Cuyahoga County considering cutting funding by 4.6 million (Durbin 2025). MetroHealth has also closed six outpatient medical offices. Further, it will reduce its number of middle-income uninsured patients and cut coverage to 70–75 percent for families between 251 and 400 percent of the federal poverty level (Winzer 2025). MetroHealth is also considering making counseling mandatory for discounts to all patients. This will involve financial counseling that encourages patients to sign up for insurance. If they decline, MetroHealth will cover only 65 percent of their bills. Lastly, the hospital has entertained the possibility of recruiting and training community volunteers (Winzer 2025). This volunteer approach could help boost insurance enrollment efforts and ensure that programs are reserved for patients who need them.

Policy Recommendations

MetroHealth gets its funding through the Cuyahoga County Health and Human Services property tax levy, patient payments, federal grants, and private donations. The property tax levy can only be raised with voter approval pursuant to House Bill 920 (HB 920). MetroHealth received 32.4 million from the Cuyahoga County levy, which accounts for approximately 11.6 percent of the levy (Washington 2023). Cuyahoga County residents are paying approximately 2.64 percent in property taxes (McDonnell 2024). About 17 percent (89 billion)

was exempt from taxation (Staver 2025). The majority of that was abatements in Cuyahoga County.

In order to grow the amount of government funding that MetroHealth receives, it is necessary to lower the 100 percent abatements for Enterprise Zones (EZ). These are zones that receive tax incentives to businesses that choose to invest in the area. These neighborhoods can be broken into three tiers. The first group is “market-rate neighborhoods,” which include areas such as Ohio City and University Circle, where there has been significant investment and growth. These neighborhoods have a reduced tax abatement of 85 percent. The second group is “middle-rate neighborhoods” such as Bellaire-Puritas and Cudell, which receive a 90 percent abatement (ProgressiveUrban 2024). The county could reduce these rates by shifting to a 75 percent abatement in market-rate neighborhoods and 80 percent in middle-rate neighborhoods. These reductions would likely have minimal impact on development in high-activity neighborhoods while directing investment toward “opportunity neighborhoods” like Fairfax and Forest Hills.

For MetroHealth, this means more tax revenue entering the Health and Human Services levy. The extra funds could allow them to continue charity care, including maintaining a pre-OBBBA psychiatric health care program. In the future, MetroHealth could expand its care into opportunity neighborhoods, which would create jobs and stimulate local economic activity. Overall, reducing the tax abatement in high-value neighborhoods increases annual Health and Human Services levy revenue, allowing MetroHealth to sustain its community health programs.

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