

An Economic Development Primer

“How can we develop our community economically to better attract health care providers and support improved health care services?”

A frustration often expressed by thoughtful community leaders echoes this conundrum: “We need more healthcare providers and/or improved health services infrastructure to enhance our economy, but we first need to improve our economy before we can attract and retain more health care professionals and services.”

Though the need for overall economic development planning is obvious to most Texas communities, regardless of their size or degree of rurality, it is not often that municipalities or counties pinpoint in dollars and cents just how vital local health care is to their economies.

The National Health Expenditure Accounts (NHEA) are the official estimates of total health care spending in the United States. Dating back to 1960, the NHEA measures annual U.S. expenditures for health care goods and services, public health activities, government administration, the net cost of health insurance, and research and other investment related to health care. The data are presented by type of service, sources of funding, and by sponsors.

U.S. health care spending growth decelerated in 2009, increasing 4.0 percent compared to 4.7 percent in 2008. Total health expenditures reached \$2.5 trillion, which translates to \$8,086 per person or 17.6 percent of the nation's Gross Domestic Product, up from 16.6 percent in 2008. Source: [CMS National Health Expenditure Data](#)

This figure can then be compared to the

percentage of county tax revenues being spent in support of local health care services such as hospitals, ambulance services, home health care, etc. versus how each health care dollar can actually affect a local economy. The National Rural Health Resource Center (RHRC) estimates that every health care dollar “rolls over” about 1.5 times in a rural community. And, every five jobs in health care can generate up to four other jobs in the local economy. <http://www.ruralcenter.org>

Unfortunately, an average of 50 percent of those health care dollars goes straight out of town to a “big city” or urban area, especially when rural communities are faced with the closing, downsizing or conversion to other levels of care of their local hospitals—a growing concern in communities throughout Texas.

To gain a quick overview of the effects of local hospital transitions on rural economic development, examine the case studies conducted by the Maine Rural Health Research Center as part of a national research initiative from 1997-2000. Printable files can be found online at <http://www.rural-health.org/hospital.htm>

Key questions for any community interested in the interplay between health care and economics are: “How many health care dollars are spent in our local community?; “How much health care spending is actually retained in our local community?;” and “What can we do to help keep these dollars at home?”

To begin answering these questions

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demands only a basic grasp of statistical data applicable to local health care concerns and a firm commitment by community leadership to research, plan and initiate strategies for growth and change, on both a local and regional basis.

Resources

- ***A Bright Future for Real Communities: A Guide to Economic Development*** – A guide for rural Texans who want to draw on the strengths and natural advantages of their rural communities to create an environment that is attractive for business creation and expansion, wealth generation and expanded employment opportunities. Available without charge from local agricultural extension agents, or: Texas Department of Agriculture, PO Box 12847, Austin, TX 78711. (512) 463-7476, Fax (888) 223-8861. <http://www.agr.state.tx.us> Or, call toll-free 1-800-835-5832 for information.
- ***Texas Rural Partners, Inc.*** (formerly Texas Rural Development Council) – Provides resources on its website related to economic development such as: Resource Team Committee, Rural Resource Guide Committee, and the Rural Issues and Policy Development Council to name a few. Links a multitude of state agencies together, and provides as a service, “economic development Resource Teams” which conduct community assessment site visits. Texas Rural Partners, Inc. – http://www.rurdev.usda.gov/nrdp/state/state_profile/tx.html Acting Executive Director: Cheryl A. Hinckley, E-mail: <mailto:cahinck@earthlink.net>. 14049 Indian Bluff Road, Temple, TX 76502, Phone: 254-986-2486, Fax: 254-913-7100
- ***Nature Tourism*** – A book by the Texas Department of Agriculture that outlines nature tourism and gives links to other sites to develop areas for expanded farm and ranch income. Available free from: Texas Department of Agriculture – <http://www.agr.state.tx.us> - PO Box 12847, Austin, TX 78711. (512) 463-7476, Fax (512) 463-1104.
- ***North Texas Small Business Development Center Network***– The center offers targeted training and counseling programs, participates in networking events and creates alliances with public, private, state, federal and community partners. The North Texas Region has offices in Corsicana, Tyler, Longview, Denison, Gainesville, Mt. Pleasant, Paris and Athens and can provide information on other SBDCs in Texas. North Texas Small Development Center Network (headquartered at the Bill J. Priest Institute for Economic Development, Dallas Community College District) <http://www.elcentrocollege.edu/bjp/>
- ***Rural Business-Cooperative Service*** – A service of the United States Department of Agriculture, this website features information about rural development programs and locations of USDA Service Centers (field offices) through a click-on map. The USDA Service Centers consolidate Rural Development, Farm Service Agency and Natural Resources Conservation Service field offices. Website: <http://www.rurdev.usda.gov/fl/rbs.htm>
- ***U.S. Small Business Administration*** – Provides a spectrum of guidance on business initiatives and development, franchises, marketing, etc., as well as information on the SBA’s HUBZone Empowerment Contracting Program, a federally-assisted community-based enterprise empower-

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ment program. Website: <http://www.sba.gov/financing/>

- **Fortune Small Business** – Fortune Magazine’s payroll/accounting/e-commerce website which offers topics by departments, breaking business news and a free newsletter by E-mail. A favorite feature: the Ultimate Resource Guide for finding business funding. Website: <http://www.fsb.com/fortunesb/>
- **Community Economics** - a special service section of the Department of Agricultural Economics, Texas Cooperative Extension at Texas A & M University. Offers, for a fee, a quick-reference manual, “Dynamics of the People and Economy of Your County, a summary of demographics, employment, retail sales, income, etc. Also offers Trade Area Analysis and the SAFE fiscal impact model (fee-based). For more information: Community Economics, Dept. of Agricultural Economics, 340 Blocker Bldg., TAMU 2124; Texas A&M University, College Station, TX 77843-2124; (979) 845-4445; Fax (979) 862-8679; Website (under construction): <http://communityeconomics.tamu.edu>
- **InterLink**: -an example of a regional business-education alliance which targets specific occupations for recruitment and long-term growth, this one located in North Central Texas. North Central Texas InterLink, P.O. Box 610246, DFW Airport, TX 75261-0246; (972) 621-0400; Fax (972) 929-0916; Website: <http://www.interlink-ntx.org>
- **Texas Department of Economic Development** – This State agency markets Texas and assists disseminates information on the impact of tourism, trade and business development on the Texas economy. Includes separate listing for the Texas Economic Development Clearing-

house, the Texas Marketplace and the Texas Business and Industry Data Center. Texas Economic Development Council <http://www.governor.state.tx.us/ecodev/> - PO Box 12728, Austin, TX 78711. Toll-free information center (800) 888-0511, or (512) 462-9191, Fax (512) 936-0089.

- **Finance** – This Texas Department of Economic Development (TDED) brochure highlights financial partnerships between the State of Texas and Texas communities, businesses and lenders, including enterprise zone programs, the Capital Access Fund, the Linked Deposit Program and more. TDED can provide presentations, technical assistance and information. Texas Dept. of Economic Development Finance Programs, 1700 N. Congress, P.O. Box 12728, Austin, TX 78711-2728; website <http://www.governor.state.tx.us/ecodev/>

Other Resources

- **The Texas Agricultural Extension Service**: an all-around resource for Texas-specific programs and services that focus on education, agriculture and economics. “Value-Added Opportunities to Enhance Rural Economics” is one of the Extension Service’s initiatives. The Ag Extension Service is a member of the agricultural program of the Texas A&M University system. Check for county or district offices through local phone listings, or go to the Website at: <http://agrilifeextension.tamu.edu/>
- **Creating Jobs for Your Community: 100 Do’s and Don’ts for Economic Developers** – A book that outlines 100 practical strategies for economic development. It is not a book on sales, rather a down-to-earth and easy-to-read guide to help any community create conditions favorable for

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developers. For information on ordering, contact the author, John M. Lovorn, Jr., C.I.D. 353 N. Gloster Street, Tupelo, MS 38801. (662) 842-1818.

- **Building an Agribusiness or Small Business Plan** – This guide has been developed to assist agricultural and other businesses in developing a sound and useful business plan. Also available from the Texas Agricultural Finance Authority are several loan guarantee and purchase programs to encourage economic development. Contact the Texas Department of Agriculture – <http://www.agr.state.tx.us> -

PO Box 12847, Austin, TX 78711. (512) 323-6515, Fax (512) 463-1104.

- **Agricultural Finance Authority** (512) 475-1614.
- **Targeting Your Labor Market** – A book to assist anyone new to labor market analysis, career counseling or regional planning with the basic language and concepts in the labor market. Targeting Your Labor Market – William D. Witter, PhD, Texas Employment Commission, Austin TX. <http://www.twc.state.tx.us>



Texas AHEC East links the resources of academic health partners and others to improve the health of our communities and serves 111 counties through 9 regional operations in the eastern half of Texas. Texas AHEC East is based at the University of Texas Medical Branch at Galveston.