

Estimating Economic Impact of HRSA Programs Leveraging Resources: A Tool to Succeed

Rural Health Information Technology Network
Development Grantee Meeting

Office of Rural Health Policy

Health Resources and Services Administration

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Objectives:

Overview

- Methodology
- Data you need to collect

Sustainability

- How to use the figures at the end of the 3 year project period.
- Leverage Additional Support



Overview - What is the Economic Impact Analysis Tool?

- Economic impact analysis tracks the reach of program dollars in the community.
- Translates project- specific impacts into community-wide effects, for example:
 - Jobs created
 - Wages and benefits paid to local workers
 - Spending that supports local businesses
 - Tax revenues that support schools, infrastructure and public works.



Economic Impact Analysis

Methodology

- Regional Input-Output Modeling System (RIMS II)
 - Inputs purchased and outputs sold per industry
 - Adjusted to reflect regional patterns
- RIMS multipliers obtained by
 - Identifying geographic area served by the grantee
 - Matching grantee spending to industry represented best by the activities

Economic Impact Basic Formula:

$$\text{Economic Impact (\$)} = [\text{Grantee spending}] * [\% \text{ spent locally}] * [\text{Industry and location-specific multiplier}]$$



Economic Impact Analysis

Data required to use the tool

- **Funding received**

- Calculate HRSA + supplemental support

- **Spending**

- Personnel
- Equipment
- Contract Spending
- Other operational

- **Industry**

- Administrative activities, healthcare, education, legal services, retail, etc.

- **Determine if spending was local vs. non-local**

- **Service Area**

- Three models based on if the grantee serves the entire state or a portion of the state



How the Economic Impact Analysis Can Be Used

- **Sustainability**– demonstrate the value of the grantee program to the community *above and beyond* the health care services and programs the grantees provide.
- **Strategic planning** - Grantee actions affect the impact on local economy
 - Local purchases and hires
 - Expansions in service areas
- **Versatile** –
 - can be used to demonstrate the value of other grant or institutional support;
 - applied to parent and affiliate organizations
 - Document community impact of infrastructure and building programs



Sustainability

Every dollar invested by HRSA creates more than a dollar's worth of value in the community.

Initial cohort showed 1.41 to 1 ratio of economic impact to program dollars spent

HRSA ORHP Grantee Economic Impact Analysis Formula Model

Economic Impact Analysis Formula Tool

Input Scenario

View Summary

View Results

The Health Resources and Services Administration (HRSA) Office of Rural Health Policy (ORHP) makes the Economic Impact Analysis Formula Tool (The Tool) available for ORHP grantees to estimate the economic impact of ORHP programmatic investments to local economies. The Tool or any modifications or adaptations are not allowed to be reproduced, sold, or used for commercial purposes without the specific permission of ORHP.

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Results from Economic Impact Model

Total program spending	\$ 100,000.00
Total economic impact	\$ 140,949.63
Ratio: Economic impact v. total program funding	1.41
Ratio: Impact v. personnel spending	1.41
Ratio: Impact v. equipment/supplies spending	
Ratio: Impact v. contract personnel spending	
Ratio: Impact v. other operational personnel spending	
Ratio: Economic impact v. HRSA program funding	1.41



Economic Impact Analysis

Current web-based tool

• Available on Rural Assistance Center website:

www.raconline.org/econtool

The screenshot shows the Rural Assistance Center (RAC) website's Economic Impact Analysis Tool. The header includes the RAC logo and navigation links: Funding, Information Guides, News & Events, Experts & Organizations, Publications & Maps, Success Stories, and State Resources. A search bar and a 'Print Page' link are also visible. The main content area is titled 'Example Scenario 1: ABCD Organization' and provides a detailed analysis of the economic impact for that organization. It lists various spending categories and their respective impacts, along with a summary of the overall economic return.

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Example Scenario 1: ABCD Organization

After all inputs are entered for ABCD Organization, the tool provides an analysis for:

- Total program spending
- Total economic impact
- A breakdown of economic impact by category:
 - Impact vs. personnel spending
 - Impact vs. equipment/supplies spending
 - Impact vs. contract spending
 - Impact vs. other operational spending
- A ratio of the economic impact based on HRSA program funding

Overall, this particular example shows a low return on total program spending. For every dollar of total funding received, the program created \$1.04 in community benefits. These results are due to relatively large out-of-area spending. Only 25% of consultant services and 50% of equipment were purchased inside the grantee's service region.

However, if we consider economic return on HRSA funding alone, the return is much higher. For every dollar HRSA granted, the program created \$1.45 in community benefits.

Economic Impact Report

Total Economic Impact	\$726,500
Ratio of Economic Impact to total spending	1.04
Ratio of Economic Impact to HRSA funding	1.45

Project Information

Organization	ABCD Organization
State	Minnesota
Area Served	Part of the state, using standard estimates based on population served.
Population Served	200,000
Year	2010
Grant Type	Outreach
Funding	\$700,000 <ul style="list-style-type: none">- HRSA: \$500,000- Other Sources: \$200,000



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