

The Economic Footprint of Indiana's Community Health Centers

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Beyond providing accessible, high-quality health care, Indiana's Community Health Centers (CHCs) also have a significant economic presence at both the state and county level.

There are roughly eighty-five CHC facilities that operate primarily in 40 counties across the state. CHCs provide primary health care services by state-licensed professionals to community members.

This article highlights findings from a recent study commissioned by the Indiana State Department of Health and the Indiana Primary Health Care Association and conducted by the Indiana Business Research Center (IBRC).¹ The study utilized a web-based survey of CHC administrators. Seventy out of the state's eighty-one sites in operation during this period responded for a response rate of 86 percent.²

Methodology

The expenditure data was analyzed using IMPLAN, an input-output modeling software that tracked the economic linkages associated with CHC expenditures.³ In a manner of speaking, this approach tracks the money that re-circulates in a local or regional economy. For example, as money moves from the nurse at a CHC to the auto mechanic, to the proprietor of the local bait and tackle shop—the money circulating through the economy. This approach measures the effect of the direct spending of a typical CHC as well as its ripple effects. Direct effects have to do with the change in dollars or employment associated with the direct spending of a CHC.⁴

In addition to estimating the economic ripple effects of CHCs, the estimated value of gifts-in-kind

TABLE 1: Statewide Economic Footprint of Indiana's Community Health Centers

	Direct Effects	Ripple Effects	Total
Purchases	\$36,478,880	\$28,838,205	\$65,317,084
Construction	\$7,179,714	\$5,593,336	\$12,773,050
Payroll	\$82,422,866	\$34,074,000	\$116,496,865
All	\$126,081,460	\$68,505,541	\$194,586,999

Source: IBRC, using 2007 IMPLAN model results from data obtained through the Community Health Center Survey

TABLE 2: Statewide Employment Effects and State and Local Tax Effects of Indiana's Community Health Centers

	Direct Effects	Ripple Effects	Total	State and Local Tax Effects
Purchases	256	247	502	\$2,418,597
Construction	73	49	122	\$492,445
Payroll	532	290	822	\$6,100,294
All	861	586	1,446	\$9,011,336

Source: IBRC, using 2007 IMPLAN model results from data obtained through the Community Health Center Survey

donated by private companies and nonprofit organizations was developed. Gifts-in-kind, such as patient medications, medical devices and non-medical supplies comprise a significant form of support for a community clinic. In a sense, state appropriation and private foundation funding leverage additional support in the form of gifts-in-kind.

CHCs also leverage resources in the form of volunteers—volunteers who would command a significant level of compensation if they were on the payroll. To estimate the value of each type of volunteer service, an equivalent occupation and compensation based on data from the U.S. Bureau of Labor Statistics was assigned.⁵

Statewide Economic Footprint

Indiana's Community Health Centers had an estimated economic footprint of \$195 million. The majority of this sum, \$126 million, is the result of direct spending of CHCs (see **Table 1**). The economic ripple effects total

\$68 million. For every dollar spent directly by the average CHC, there is an additional 54 cents of economic activity within the state.

CHCs also generate an estimated 1,446 jobs across the state, including 861 jobs directly and an additional 586 jobs through economic ripple effects (see **Table 2**).

Spending by CHCs and the economic ripple effects of that spending also produce a wide range of tax revenues for state and local governments. **Table 2** shows that these taxes total more than \$9 million.

County-Level Economic Footprint

At the county level, the economic footprint of CHCs vary according to the relative number, size and spending of operations within each county. **Table 3** shows that CHCs within Marion County had an economic footprint of \$35 million, accounting for 233 jobs and \$1.6 million in state and local taxes.

Typically, counties with larger economies will also have larger

multipliers. In the same way, the state as a whole has a larger multiplier than any one county. As one would expect, **Figure 1** shows that Marion County (with twenty-two CHCs) and St. Joseph County (with six primary CHCs) are among the ten counties where each dollar of CHC spending generates an additional 30 cents or more of spending in the local economy.

However, even though Allen County has only one CHC, it is also among this group of counties with

a greater multiplier. This suggests that a relatively high proportion of this CHC's purchases are sourced in Allen County and that a relatively high proportion of its staff live in the county.

Gifts-in-Kind

CHCs reported an estimated \$9 million in donations from local (within county) sources. For the centers reporting gifts-in-kind, these non-monetary forms of support are equal to about half of the \$18 million

they receive from private payments within the county and three times as much as they receive from local governments (see **Figure 2**).

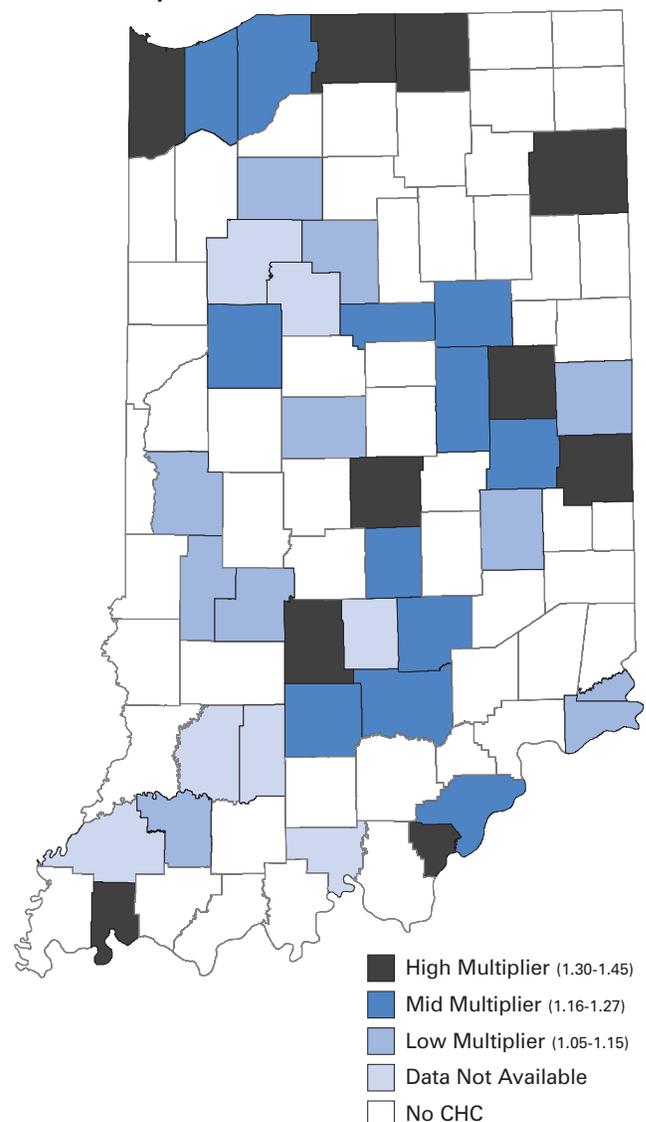
Considering income from all geographic sources, the reported value of gifts-in-kind is more than \$14 million, higher than 10 percent of the value of all monetary income sources (\$125 million). **Figure 3** illustrates that the value of gifts-in-kind contributions is slightly higher than state funding (\$13 million) reported by centers that completed the survey.

TABLE 3: County-Level Economic Footprints of Indiana's Community Health Centers, 2007

County	Economic Impact	Employment	State and Local Tax
Marion*	\$35,663,313	233	\$1,624,799
Lake	\$5,846,518	45	\$254,830
Porter	\$5,661,423	38	\$240,627
St. Joseph*	\$5,160,293	39	\$224,067
Allen	\$4,553,994	34	\$199,866
Delaware	\$3,367,334	27	\$149,457
Vanderburgh	\$3,303,562	25	\$138,317
Elkhart	\$3,219,154	24	\$124,690
Tippecanoe*	\$2,765,262	19	\$113,105
Wayne	\$1,885,083	16	\$75,458
Howard	\$1,800,782	12	\$67,549
Johnson	\$1,573,998	11	\$72,431
Randolph	\$1,538,291	9	\$52,022
Madison	\$1,389,042	11	\$58,770
Floyd	\$1,343,329	12	\$46,550
Clark	\$1,037,310	8	\$44,086
Jackson	\$1,021,707	7	\$40,110
Grant	\$832,566	7	\$32,347
Cass	\$745,795	5	\$26,213
Rush	\$613,397	3	\$20,625
LaPorte	\$562,261	4	\$25,647
Parke	\$378,402	2	\$12,044
Ohio	\$377,524	4	\$12,415
Monroe	\$363,289	3	\$14,864
Clay	\$347,691	2	\$11,434
Lawrence	\$309,389	2	\$12,431
Pike	\$255,914	1	\$7,182
Boone	\$138,714	1	\$5,608
Switzerland	\$125,929	1	\$3,327
Henry	\$124,573	1	\$4,828
Pulaski	\$91,885	1	\$3,076
Owen	\$83,628	1	\$2,343
Bartholomew	\$65,459	1	\$2,549

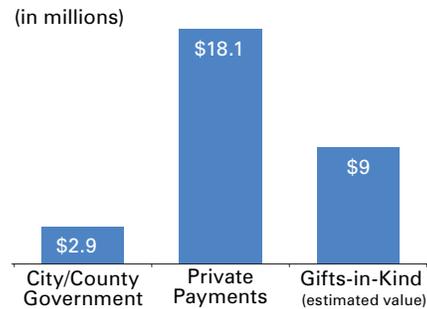
*The figures for Marion, St. Joseph, and Tippecanoe counties do not include estimates for a few centers that did not complete the Community Health Center Survey. Note: Community Health Centers in Brown, Carroll, Crawford, Daviess, Gibson, Martin, and White counties did not complete the survey. Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey

FIGURE 1: Comparison of Economic Multipliers by County for Community Health Centers Active in 2007



Note: The figures for Marion, St. Joseph, and Tippecanoe counties do not include estimates for a few centers that did not complete the Community Health Center Survey. Additionally, community health centers in Brown, Carroll, Crawford, Daviess, Gibson, Martin, and White counties did not complete the survey. Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey

FIGURE 2: County-Level Revenue Sources for Indiana Community Health Centers, 2007



Note: These figures reflect only the totals reported by centers that completed the survey.
Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey

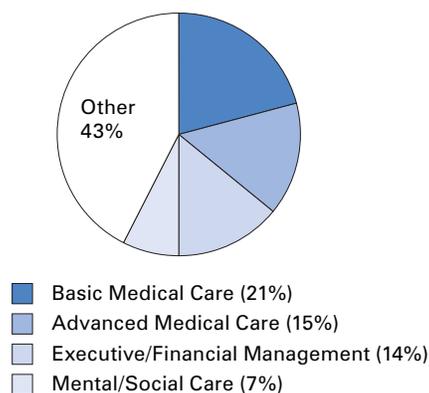
This suggests that every dollar appropriated by the state is matched by \$1.07 in non-monetary support.

Volunteering

Volunteers further augment CHC support by way of unpaid hours of service. **Figure 4** shows that the most popular volunteer activities reported were basic medical care (21 percent of all volunteer hours) and advanced medical care (15 percent). Together these medical activities amounted to over 25,000 hours of annual volunteer service. Another 10,000 volunteer hours were devoted to advisory boards or financial services.

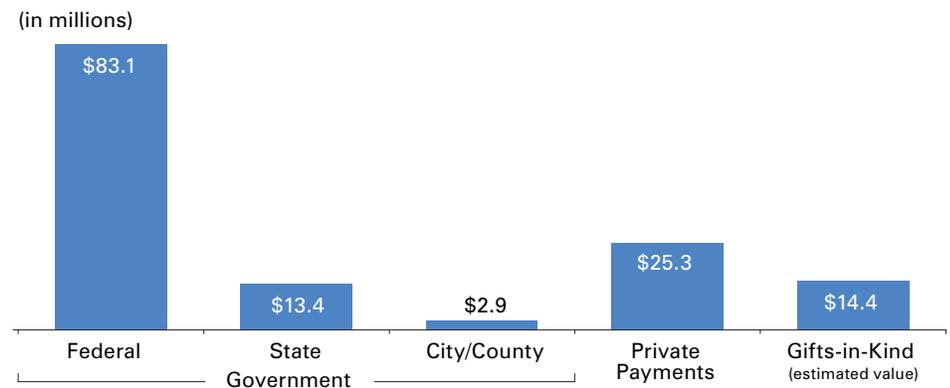
Table 4 summarizes the estimated value of CHC volunteer-related activities for those centers that reported volunteer activity. The conservative estimate of these 71,000 hours of service is \$945,000.

FIGURE 4: Volunteer Activity for Indiana CHC Staff, 2007



Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey

FIGURE 3: All Income Sources for Indiana Community Health Centers, 2007



Note: These figures reflect only the totals reported by centers that completed the survey.
Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey

Conclusion

Statewide, the economic footprint of Indiana's Community Health Centers is nearly \$200 million. Every dollar of direct spending by CHCs generates another \$0.54 in economic ripple effects in the state. Gifts-in-kind totaled an additional \$14 million and volunteering activities at CHCs an equivalent value of approximately \$945,000.

CHCs not only play a crucial role in providing accessible health care but also have a significant economic footprint at both the state and county level. Given that state appropriations are able to leverage additional resources—gifts-in-kind and volunteer service—that equal if not exceed those appropriations, there is no exaggeration in saying

that community health centers are an excellent value. ■

Notes

1. The full report is available at www.ibrc.indiana.edu/studies/Community_Health_Centers_2009.pdf.
2. A few centers have opened and others have closed during the past year. More information is available from the Indiana State Department of Health, Primary Care Office document: "Mapping Indiana Community Health Centers, Fiscal Year 2008," www.in.gov/isdh/files/CHC_and_maps_GIS_08.pdf. IBRC analysts estimated expenditures of missing centers for statewide calculations.
3. More IMPLAN information is available at http://implan.com/index.php?option=com_content&task=blogcategory&id=83&Itemid=28.
4. Please see the full report for complete methodological details.
5. Total compensation (wages and legally-required benefits) is further discounted at 73 percent using a factor of proportionality. Scholarly support for such an approach comes from: Eleanor Brown, "Assessing the Value of Volunteer Activity," *Nonprofit and Voluntary Sector Quarterly*, 1999, 28(3): 3-17.

TABLE 4: Estimated Economic Impact for Volunteering Activities of Indiana Community Health Center Staff, 2007

Volunteer Role	Total Annual Hours	Equivalent Hourly Compensation	Total Equivalent Compensation/Year
Advanced Medical Care	10,655	\$39.25	\$418,234
Basic Medical Care	14,831	\$14.29	\$211,925
Mental/Social Care	5,208	\$19.48	\$101,445
Executive/Financial Management	10,287	\$24.26	\$249,563
Other	30,402	\$10.32	\$313,833
Total	71,383		\$1,295,001
Overall Economic Impact of Volunteering (using 73% price-to-client value ratio)			\$945,351

Note: These figures only include data for the 56 centers that submitted volunteer information in the survey. Equivalent hourly compensation is based on wages and benefits of similar occupations. The overall economic impact assumes a 0.73 market price-to-client value ratio as discussed in the full report.
Source: IBRC, using IMPLAN model results from data obtained through the Community Health Center Survey