



Rural Economic Development

Introduction

Hospitals are often one of the largest employers in rural areas, thus these institutions are essential to the economic vitality of a rural community. Access to good healthcare is the number two priority for firms when deciding where to relocate or expand (beyond access to a skilled workforce).

Many of the healthcare professionals in rural areas are nearing retirement age. In addition, new requirements for improved technology adoption and quality, and reimbursement policies are changing the landscape of healthcare in rural America. A record rate of hospital closures are occurring resulting in the loss of high quality jobs in addition to a lack of access to emergency department services as well as some outpatient services. This also has a direct impact on the availability of a healthy workforce.

Facts about Rural America¹

- **Population:** 46.2 million people live in nonmetro counties (15% of all U.S. residents). Nonmetro areas lost population for the third straight year. Two-thirds of nonmetro counties have lost population between 2010 and 2013.
- **Employment:** Rural employment is lagging during the recent economic recovery. Employment grew by just 1.1% in rural America compared to 5% in urban areas between 2010 and 2014.
- **Poverty:** While rural poverty rates remain stable over the last several years, over 18% of people are living in poverty in rural America.
- **Education:** The share of working-age adults with at least a 4-year college degree was 14% higher in urban areas (32%) than in rural areas (18%).
- **Technology:** In almost every state, over 90% of the rural population has access to high-speed internet access. However, urban areas are twice as likely as rural areas to have access to copper and cable modem wireline technologies.²

Public Policy Implications

Rural communities are defined by their proximity to urban services, lower population density and a smaller and most often less technologically-advanced economic base. Residents of these communities still need adequate infrastructure and services that allows them an opportunity for a

¹ Rural America At A Glance, 2014, USDA Economic Research Service, <http://www.ers.usda.gov/publications/eb-economic-brief/eb26.aspx>.

² National Broadband Map, Broadband Statistics Report: Broadband Availability in Urban vs. Rural Areas. <http://www.broadbandmap.gov>, July 2014.

higher quality of life. This policy brief suggests that the following four key ideas are essential for addressing the challenges that rural communities face.

1. **Community Development:** Thriving communities embrace change. Local leaders in these communities seek input from residents and create policies that reflect the unique needs and assets of the entire population including new multicultural populations. Stagnant communities reject change and are less likely to welcome new residents and their ideas. Programs that encourage leadership development skill building, conflict resolution training, and asset based community development are essential for rural community sustainability.
2. **Diversified economic development plan:** Rural communities that have witnessed an outmigration of their population are faced with the challenges of having a critical mass of consumers to justify the existence of hospitals, clinics, transportation services, and other health and social services. The first step to reducing the outmigration of the population is to provide quality employment opportunities within the community. Local leaders should create an economic development plan that is diverse, not relying on a single industry or firm, and recognizes the talent of the existing workforce with the knowledge that today's workforce includes multiracial and multicultural populations.
3. **Workforce Development:** Develop a strong workforce through accessible training programs and education. Provide an environment for workers (and their families) to remain safe and healthy by ensuring accessibility to comprehensive preventive and emergency care services. These services should include but are not limited to primary care, mental/behavioral health, dental, and child and adult day care services.
4. **Education:** Design and provide programs that meet the needs of adult learners and children of all ages from preschool through college, including community education and USDA extension services. In addition, these educational programs can be offered face-to-face but in some instances could be offered through distance-based methods.

A blueprint for success in Rural Economic Development

- **The CARE Model**

Many rural communities have relied on attracting industries as their primary economic development strategy. Economic development professionals tout available land and building and promise incentives. In the end, many times the community is not successful in recruiting the business or the business moves to the community and either does not live up to promises or moves on to the next community with the richer incentives. Economic development strategies should rely on four key approaches: Creation, Attraction, Retention, and Expansion. Recruiting industry is one component to the CARE model but

assisting promising entrepreneurs is equally as important. In addition, focusing efforts on those businesses that already exist within the community is not just good customer service, its essential to ensuring that these businesses stay in business and have the opportunity to grow when the timing is right.

- Healthcare as an economic development strategy

Hospitals are often the second largest employer in a rural community in addition to pay relatively high wages to its employees. Focusing on the needs of the hospital as well as the clinics, private offices, medical laboratories, health IT firms is vital to keeping the “healthcare cluster” vibrant. If many residents are traveling out of the community for a type of healthcare service, if it is possible to provide those services locally then money doesn’t leave the local community, this is an economic development strategy called *import-substitution*.

- Access to services

Provide the essential services for all facets of the population recognizing the unique needs of typically marginalized populations including low-income, disability, minority, etc. In addition, provide opportunities to all to create an inclusive community attractive for healthcare professionals and their families.

- Transportation

Identify strategies to assist individuals to get from Point A to Point B so that those individuals who live in rural areas can continue to live there regardless of age, family structure, etc.

Recommendations

1. Education: Continue to fund health workforce programs to not simply recruit individuals to rural areas but to reward those individuals that stay for extended periods of time in these communities.
2. Hospitals: Provide support for small rural hospitals, including CAHs. Hospitals are essential to rural communities, not just for access to emergency care but for the high-quality jobs supported by the hospital. If the hospital closes, these rural communities will likely face higher poverty rates.
3. Rural Health Networks: Expand funding for the creation of rural health networks with the intention of identifying innovative strategies to expand services to all residents through

collaboration across service providers. This ensures the sustainability of the providers as well as access to healthcare for residents.

4. Technology Infrastructure: Provide access to capital through grants and loans for facilities to adopt new technology for EMR and to meet all stages of meaningful use. In addition, provide educational programs to train doctors, nurses and other staff not just how to use the technology but how to interpret the data and how to make recommendations for quality improvement.
5. Research: The federal government should support research that explores the linkages between a strong healthcare system and sustainable local economies in rural communities.

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Author:

Alison F. Davis, PhD
Executive Director, Community and Economic Development Initiative of Kentucky (CEDIK)
Professor and Director of Undergraduate Studies, Department of Agricultural Economics
President, NACDEP
University of Kentucky
Phone: (859) 257-7260
Fax: (859) 323-1913
Alison.Davis@uky.edu