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Economic Contribution of North Dakota's Basic Care Facilities to the State's Economy for 1991

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The level of economic contribution of North Dakota's basic care facilities has been analyzed for 1991.[2] In 1991, the state had 37 facilities, located in 30 cities throughout the state, with a combined capacity of 1,148 beds (see the Appendix for a listing of facilities by city and capacity). Estimates of the basic care industry's economic contribution[3] to the state as a whole are presented in this report. Retail trade activity, personal income, total business activity, employment, and tax revenues are the key indicators used in the analysis.

The information for this study was obtained from a survey of the 37 health care providers in North Dakota in 1991. The North Dakota Long-term Care Association, under the direction of Shelly Warner, executive director, administered the survey instrument. Twenty-seven of the 37 facilities returned completed questionnaires.[4] Information about the facilities' expenditures, summarized from the questionnaires, provided the data for this study, which was performed using an input-output model to estimate economic activity.

The North Dakota Input-Output Model (used in this analysis) consists of sets of interdependence coefficients, or multipliers that measure the level of business activity generated in each sector as a result of an additional dollar of expenditures in a given sector. For a complete description of the input-output model, a listing of the coefficients, and how the model can be used to perform an economic contribution analysis, see Coon et al. (1985 and 1989). Levels of business activity generated by the input-output model can be used to estimate such economic indicators as tax revenues and secondary (indirect and induced) employment, based on historic relationships (Coon et al. 1984).

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[2]Basic care facilities do not provide medical care *per se;* they may provide assistance with medication, but their function is primarily residential care. This distinction differentiates basic care facilities from long-term nursing facilities.

[3]Because the facilities primarily serve the state's residents and therefore receive funding primarily from in-state sources, this analysis is termed an *economic contribution* analysis rather than an economic impact analysis (Coon et al. 1989). Patient charges are covered by private pay provisions or by a 50/50 county/state match of funds for qualified individuals who are unable to pay for these services themselves. Medicare and Medicaid funds are not available to basic care residents.

[4]For this analysis, average expenditures by category from the returned questionnaires were substituted for nonrespondent facilities; averages were adjusted based on the size of the facility.

North Dakota basic care facilities made expenditures of $11.4 million of in 1991. Of this amount, $10.6 million (or 93%) was spent within the state for supplies, services, and payrolls. Distribution of these in-state expenditures to sectors of the input-output model is presented in Table 1. Expenditures to the household sector for payrolls accounted for $5.9 million in 1991, or about 56 percent of the total in-state expenditures.

Table 1

Estimated North Dakota Expenditures by Basic Care Facilities for Operations and Capital Improvements, 1991

Sector	Expenditures
	-thousand dollars-
Construction	135
Communications & Public Utilities	709
Retail	1,607
Finance, Insurance, Real Estate	559
Business & Personal Services	1,378
Professional & Social Services	289
Households	5,925
Total *(All Sectors)*	10,602

Business activity generated from the basic care industry's expenditures totaled $30.7 million for 1991 (Table 2). Resulting personal income was estimated to be $12.5 million, and the level of retail trade activity associated with this industry amounted to $8.0 million. Other economic indicators estimated from the input-output analysis include state tax revenues for sales and use ($371 thousand), personal income ($162 thousand), and corporate income ($51 thousand) taxes (Table 3), totalling over one-half million dollars in 1991. Table 4 presents employment associated with basic care facilities in North Dakota. Full-time equivalent (FTE) jobs in this industry were 445 in 1991. In addition, 473 secondary jobs could be attributed to the industry.

This analysis shows that the basic care facilities in the state contribute a substantial amount of business activity. The high percentage of this industry's total expenditures that is made within the state maximizes its economic contribution. Perhaps even more important are the 445 FTE jobs--about 700 full- and part-time positions--it provides for the state's residents. These jobs provide average annual earnings of about $13,300; this is somewhat less than the average annual earnings of $18,132 Job Service reported for 1991 (Job Service 1992). Also, the state receives tax revenues from of the activities of the basic care facilities. Furthermore, the basic care facilities are located throughout the state, generating economic activity and jobs for many areas of the state.

Table 2

Estimated Economic Activity From North Dakota Basic Care Facilities, 1991

Item	Economic Activity
	--million dollars--
Personal Income	12.5
Retail Sales	8.0
Business Activity for All Business Sectors*	16.3
Total Business Activity	30.7

*Includes all sectors except agriculture (livestock and crops), households, and government.

Table 3

Estimated State Tax Revenue Resulting From Activities From North Dakota Basic Care Facilities, 1991

Tax	Amount
	--thousand dollars--
Sales and Use	371.0
Personal Income	161.9
Corporate Income	50.6
Total Taxes	538.5

Table 4

Estimated Direct and Secondary Employment From North Dakota Basic Care Facilities, 1991

Category	Employment
Direct	445
Secondary	473

References

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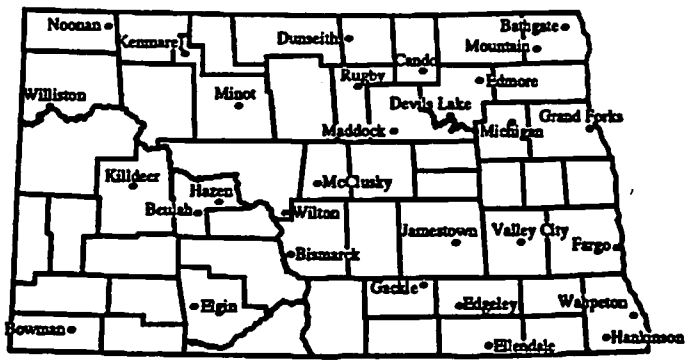
APPENDIX TABLE 1. NUMBER OF BEDS REPORTED IN NORTH DAKOTA BASIC CARE UNITS, 1991

County	City	Beds	Name of Facility
Barnes	Valley City	12	High Soaring Eagle Ranch
Benson	Maddock	25	Maddock Memorial Home
Bowman	Bowman	7	Prairie Home
Burleigh	Bismarck	26	Baptist Home Basic Care Unit
	Bismarck	32	Chateau
	Bismarck	69	The Kensington
Cass	Fargo	18	The Evergreens #1
	Fargo	18	The Evergreens #4
Dickey	Ellendale	14	Golden Rule Rest Home
Divide	Noonan	34	Good Samaritan Center
Dunn	Killdeer	24	Hill Top Home of Comfort
Grand Forks	Grand Forks	33	Parkwood Place Inn
	Grand Forks	56	St. Anne's Guest Home
Grant	Elgin	20	Dakota Hills Housing
LaMoure	Edgeley	40	Manor St. Joseph
Logan	Gackle	41	Gackle Care Center
McLean	Wilton	47	Redwood Village
Mercer	Beulah	18	Beulah Community Nursing Home
Nelson	Michigan	24	Memorial Rest Home
Pembina	Bathgate	50	Pembina Cty. Pioneer Rest Home
	Mountain	43	Borg Pioneer Memorial Home
Pierce	Rugby	80	Harold S. Haaland Home
Ramsey	Devils Lake	12	Good Samaritan Center
	Devils Lake	43	IOOF Home
	Edmore	49	Edmore Memorial Rest Home
Richland	Hankinson	10	St. Gerard's Hosp. & Home
	Wahpeton	61	The Leach Home
Rolette	Dunseith	14	Comm. Nsg. Home (Basic Care)
Sheridan	McClusky	30	Sheridan Memorial Home
Stutsman	Jamestown	29	Bethel Four Acres Home for Aged
	Jamestown	10	Golden Years Living Center
	Jamestown	10	O'Brien's Basic Care
	Jamestown	26	Rock of Ages
	Hazen	34	Pioneer Park Retirement Home
Towner	Cando	10	Towner Cty Mem Hosp Guest Serv
Ward	Kenmare	60	Baptist Home of Kenmare
Williams	Williston	19	Bethel Lutheran Home for Aged
North Dakota		1,148	



Location of Basic Care Units*, 1991

** Basic care facilities provide residential and support services. Residents of basic care facilities are provided with room, board, laundry, and personal assistance (such as help with medication, bathing, etc.).*

Source: North Dakota State Department of Health, Division of Health Facilities. 1991.