

RURAL MATTERS

Volume 4, No. 1

January 2003

Rural Economic Development Takes Back Seat to Balancing the Budget

According to a new national survey released by the W.K. Kellogg Foundation, there is a broad consensus among state legislators about the problems facing rural America. However, budget woes and more pressing priorities may push state legislative action on these issues to the back burner.

The survey of 1,030 of the nation's 7,000 state legislators found wide agreement about the economic development needs of rural areas, with 86 percent of respondents agreeing that people in rural areas have fewer opportunities than those who live in cities or the suburbs.

According to the survey, the most serious problems facing rural America are the lack of opportunity for young people (38 percent), the decline of the family farm (31 percent), access to health care (28 percent), low-wage jobs (28 percent), access to quality education (18 percent), over-development and sprawl (14 percent), access to technology (8 percent), access to transportation (8 percent), breakdown of the family structure (6 percent) and environmental concerns (5 percent).

Nevertheless, state budget shortfalls across the country threaten to sink any new rural initiatives at the state level, with fiscal issues cited by 60 percent of those surveyed as their highest priority and half the respondents indicating that balancing the budget would be their highest priority in the next legislative session. At the same time, rural issues ranked far behind urban and suburban concerns, with only 8 percent of respondents saying the problems of rural America warrant a higher priority than suburban or urban issues and half reporting that they deal with rural issues only occasionally, sometimes or never.

Federal Funds in Rural America Less Than Urban Counterparts

The U.S. Department of Agriculture recently reported that rural (non-metro) areas received a total of \$5,481, per capita, in federal receipts in fiscal year 2000.

This was about \$261 less than in urban (metro) areas, representing a 4.5-percent gap. Significantly lower federal procurement contracts and salaries in non-metro than metro areas explain most of the gap.

Non-metro areas received significantly more funding, per capita, from retirement and disability payments. They also benefited disproportionately from other direct payments and grants.

Grant Awards Now Available Online

A complete listing of grants awarded to each state by the federal Office of Rural Health Policy for fiscal year 2002 is available online by clicking on the state of Tennessee at <http://ruralhealth.hrsa.gov/MAP/index.htm>.

Grants listed include: rural health outreach, network development, rural access to emergency devices (RAED), small hospital improvement program, Mississippi Delta rural development initiative, state offices of rural health, and the Medicare rural hospital flexibility program.

\$400 Million Earmarked for Rural HealthCare Telecommunications

The Telecommunications Act of 1996 states that rural healthcare providers should have access to advanced telecommunications services at rates comparable to those paid in urban areas.

Funding is available to rural health clinics, not-for-profit hospitals, state and local health departments, community health centers, consortia of healthcare providers consisting of one or more of the above, and post secondary education institutions offering healthcare instruction.

For more information, visit the Federal Communications Commission's web site at http://ftp.fcc.gov/cgb/consumerfacts/usp_RuralHealthcare.html. For assistance with the application process, contact Michael Frankenberger, Alliance Information Management, 701-235-8600, mfranken@cableone.net, or visit the company's web site at www.aimpros.com.

Grassley Wins More Money for Rural HealthCare Providers

Senators are poised to heed the call of healthcare lobbyists clamoring for higher Medicare payments.

Senate Finance Committee Chairman Charles Grassley (R-Iowa) persuaded his colleagues to tuck into the omnibus spending measure nearly \$1.6 billion in extra money for doctors, rural hospitals and home health agencies. The increases would be offset with an across-the-board 1.6 percent cut in discretionary spending.

The proposed higher payments come as the Medicare Payment Advisory Commission (MedPAC) is proposing that congress cut provider payments to skilled nursing homes, home health agencies and teaching hospitals. Those cuts would be in addition to provider cuts that were mandated by the 1997 Balanced Budget Act, which expired in 2002.

Grassley's draft language contains nearly \$300 million for rural hospitals and \$15 million for rural home healthcare agencies.

Mark Your Calendars

Chief executive officers should mark their calendars and plan to attend the 10th annual THA Small or Rural Hospital Conference, which will be held March 20-21, 2003, at the Hilton Suites Downtown in Nashville.

Hotel reservations may be made by calling 615-620-1000. The deadline to make room reservations is February 18.

Program and registration information will be mailed to hospitals in the near future. For additional information, contact Bill Jolley at THA, 615-256-8240, bjolley@tha.com.

