

# IMPLICATIONS FOR ENHANCING ECONOMIC OPPORTUNITIES THROUGH LOCALIZED HOSPITAL SPENDING:

## A COLLABORATIVE EFFORT WITH WEST SIDE UNITED



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# EXECUTIVE SUMMARY

Socioeconomic disparities negatively impact the lives of millions of Americans each year. Disparities often look like having poor or no access to healthcare, having severely limited economic opportunities, and lacking quality nutrition, education, and housing. On Chicago's South and West Sides, inequities are particularly felt in the areas of economic mobility and wellness. Statistics show the prevalence of systemic barriers toward economic stability and access to quality healthcare are directly correlated with higher rates of poverty, crime, and adverse health outcomes in these communities more so than others.

For our Fall 2024 semester Capstone project, we teamed up with local nonprofit organization West Side United to explore potential solutions to these ongoing challenges facing Chicago's West Side communities specifically. West Side United (located in the Homan Square neighborhood on the city's West Side) works to address inequalities in healthcare, education, economic vitality, and the physical environment of the community it serves by partnering with local healthcare facilities, education providers, the faith community, business enterprises, and government entities. WSU has succeeded in helping to secure multiple million-dollar investments from some of its partners. To date, the American Medical Association has infused approximately \$4 million into improvements in housing and access to economic opportunities, healthy food, and educational programs throughout the West Side. United Parcel Service (better known as UPS) has also demonstrated its commitment to the cause of addressing economic disparities in the area. In recent years, the company has gifted WSU a total of \$500,000 in job development grants.

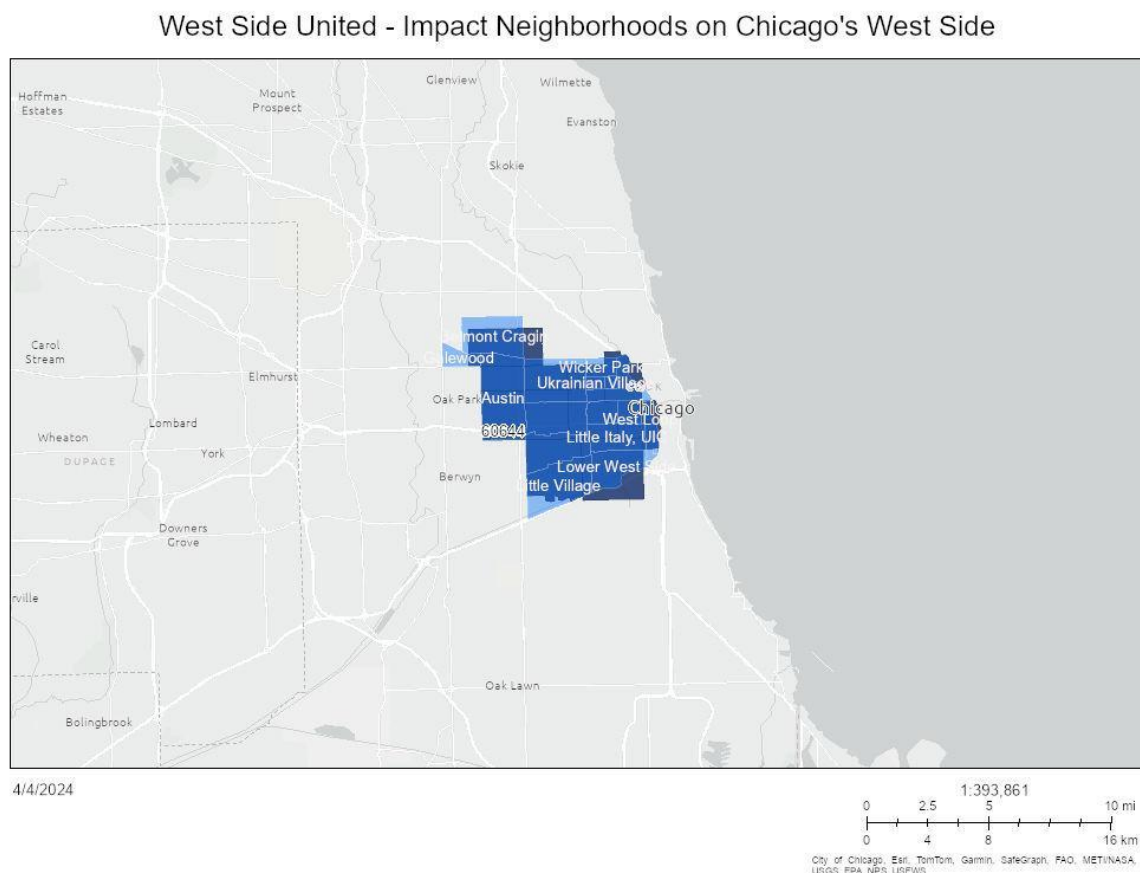
These gestures of economic support have critically aided in the advancement of West Side United's constituency. As is the case with any persistent socioeconomic issue, however, there is a demonstrated need for ongoing economic development in the area. Our goal for this project was to help determine a viable means of sustaining development on the West Side. To do so, we met collaboratively with Professor Christelle Khalaf of UIC-CUPPA, Mariah Van Ermin, WSU's Director of Anchor Mission, and Ricardo Saucedo, a WSU Economic Vitality Fellow, on a biweekly basis to cultivate a richer understanding of what opportunities exist in the area on a feasible scale. Our collaboration with Mariah and Richardo led to exchanges with more influential figures in the execution of WSU's mission. Over the course of several weeks, two of our team members conducted interviews with numerous partners of WSU to gain a sense of what their organizations envision for the continuous advancement of West Side community members.

This report seeks to establish a clear picture of the communities WSU supports and the conditions that drive their mission for service delivery. A second aim of the report is to pinpoint alternatives to WSU's existing strategy for building capacity around economic investment. At present, WSU relies on the ongoing development of partnerships with Community Development Financial Institutions to invest in projects across the city's West Side. Our analysis explores the feasibility of alternatives to relying on CDFI's and the motivations for exploring those options. In the following pages, our methodology, preliminary findings, and initial recommendations regarding WSU's goals for paving new and continuous pathways to sustainable development bring our project to life.

# INTRODUCTION

For our 2024 Capstone project, our team, which includes graduate students in the Department of Public Policy, Management, and Analytics at the University of Illinois Chicago, was paired with West Side United (WSU). For background, WSU is a nonprofit organization based on Chicago's West Side. The organization's long-term goal is to "improve neighborhood health across ten Chicago West Side neighborhoods by addressing inequality in healthcare access, education, economic vitality, and the neighborhood and physical environment."<sup>1</sup> The ten neighborhoods WSU is dedicated to serving include the Austin, East Garfield Park, Humboldt Park, Lower West Side, Near West Side, North Lawndale, South Lawndale, West Garfield Park, and West Town areas. The map below in Figure 1 shows It is important to note that the residents of these neighborhoods are predominantly Black (at 33%) and Latino (at 39%). Given the socioeconomic barriers systemic racism simultaneously creates and exacerbates in communities of color, the racial makeup of Chicago's West Side plays a significant role in the work WSU does.

Figure 1: Map of West Side United Impact Areas



<sup>1</sup> West Side United Impact Investing Strategies to Complement CDFI Partnerships (West Side United RFP for UIC CUPPA Capstone Project-November 2023)



WSU acknowledges that the economic instability and adverse health outcomes that persist in West Side communities are interconnected through structural/systemic racism. A few examples of structural racism that have historically impeded access to healthcare and economic growth for inhabitants of WSU's targeted service area are racially discriminatory lending practices, restrictive housing covenants, and the redlining of neighborhoods<sup>2</sup>. Both separately and collectively, these policy-backed initiatives of the past are essentially what sparked the city's well-known issue of segregation. Segregation is directly correlated with the inability of many Black and Latino Chicagoans to advance out of poverty. WSU connects the lack of jobs and access to quality education we see throughout the West Side today to the problem of segregation that was created in the 1930's. Because the issue of economic inequality is still prevalent in this region, WSU has committed itself to building "sustained individual and community economic vitality" (*West Side United Impact Investing Strategies to Complement CDFI Partnerships*, 2023) and improving health in Chicago's West Side communities "by leveraging hospital and other anchor partners' resources and investments (*West Side United Impact Investing Strategies to Complement CDFI Partnerships*, 2023)."

By 2030, the organization hopes to change the economic landscape of the ten communities it serves by addressing factors such as food insecurity, neighborhood safety, displacement, and unemployment. Improving health outcomes is another intermediate goal. With more resources to invest into this severely disenfranchised area in Chicago, WSU will have a direct part in reducing instances of chronic and life-threatening conditions that disproportionately plague Chicago's Black and Latino residents such as high blood pressure, diabetes, obesity, and heart disease. The organization's long-term goal is to broaden horizons for West Side employment. In its 27 year-plan for the West Side of Chicago (spanning from 2023 to 2050), WSU envisions household and community wealth will be much more robust. Through ongoing and consistent efforts to increase wages, close race, and gender-based gaps in pay, reduce unemployment, and reduce the burden of housing costs, WSU anticipates the community's median income will rise and its poverty level will decline dramatically.

This concludes our introduction to WSU and its Impact Investing Strategies to Complement CDFI Partnerships project. A summary of the project with corresponding figures is also available online in a [published story map](#). In the next section, we will share our initial findings for the secondary research performed. Included in our initial findings are background contextualization of WSU's approach to fostering economic development, existing opportunities, and initial recommendations made based on the information gathered. Our methodological approach to collecting and analyzing relevant data can be found in the next section. The following sections contain a synthesis of preliminary results from our analysis, our conclusion, and supporting evidence.

## INITIAL FINDINGS & RECOMMENDATIONS

WSU requested that our team address three major components. The first included researching collective impact investing models implemented by peer organizations operating at both the national and the local level. The research included sources made publicly available by external entities and through WSU's internal archives. From that data, analysis was conducted on what

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<sup>2</sup> [Robert Wood Johnson Foundation, 2018](#)

possibilities exist for investment funds that could help stimulate economic growth on the West Side. In addition, the analysis highlighted specifically what types and amounts of support there are. The final component identified gaps in investment in accordance with WSU's main indicators for economic vitality and health equity. With the question of "What designated areas of spending for WSU and its partners appear to be utilized least efficiently?" Bearing that in mind, we set to work investigating the specified pieces of information WSU desired to have a sharper understanding of and synthesizing the results we came up with.

In our initial analysis of the data provided by our contacts at WSU, we came across a reference to the Laundry Linen Model. This refers to a WSU-backed initiative to launch an employee-owned vendor of laundry linen with local area hospitals as a targeted customer base<sup>3</sup>. Under the premise of hospitals and laundry vendors partnering to provide a higher quality of clean linens as a component of patient care, this initiative resulted in the creation of new jobs. The initiative's success has led to ongoing discussions around expanding the model of procuring goods and services for hospital operations through local suppliers rather than national and international corporations. As such, we have identified the Laundry Linen Model as a viable framework for creating and expanding West Side area jobs. In terms of specific areas of hospital operations in which the Laundry Linen Model could be successfully applied for increased economic development, our team identified a total of ten. In the top three were IT and Computing Services, Custodial/Janitorial Services, and Grounds Maintenance. Strategic Counseling/DEI, Catering, and Building Security ranked 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> respectively. In the bottom four were Legal Services, HVAC and R Mechanical, Electrical Contracting, and Patient Census Prediction (which is integrated with AI).

## **RECOMMENDED SOLUTIONS FOR CONTINUED ECONOMIC DEVELOPMENT**

Our analysis revealed a vast majority of spending priorities falling under the Service category. A considerable proportion of entry level jobs in the Service area do not require any specific level of education, training, certifications, or expertise. Because data has shown a consistent pattern of West Side residents lacking the education, training, and skills needed to perform jobs in other areas of hospital operations (such as IT, Clinical Services, and administrative services) due to the systemic barriers they are facing, we determined job creation in the spending areas associated with Service would be highly beneficial to WSU's efforts in fostering economic development on the West Side. With consideration for the identified needs of members of the affected community and the results of our spending priority analysis, we propose the following as solutions:

1. Local area hospitals recruit directly for Service jobs w/ an emphasis on hiring from within the community
2. Local area hospitals partner w/ community-based workforce development organizations to recruit for Service jobs (holding career fairs, recruitment events, q & a's, meet and greets, etc.)
3. Local area hospitals increase marketing efforts within the community to raise awareness of available job opportunities (allocating funds to ad space, radio advertising, community bulletins, news appearances etc.)

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<sup>3</sup> [Cleveland Clinic](#)

4. Local area hospitals seek and solidify public-private partnerships with businesses committed to the cause of addressing inequities in marginalized communities

## **EXISTING ECONOMIC RESOURCES AND INVESTMENT STRATEGIES**

Execution of any of the above-recommended solutions requires a collaborative approach between West Side community organizations like WSU, local hospitals and healthcare facilities, and local media sources such as news and radio stations based on the city's West Side. Ongoing communication, planning, and relationship building are all vital steps in the process of ensuring West Side residents have a sustainable pathway toward increased equity. We anticipate this level of ongoing coordination may require a more robust fleet of workforce development staff. The hospitals and healthcare organizations in the area may also want to consider investing in a workforce development consultant who can visualize the most strategic ways in which to address the issue of economic inequity on the West Side while taking into consideration the wishes and concerns of the community. Appointing a team dedicated specifically to recruiting and onboarding Service employees from the area may also be beneficial for local hospital and healthcare organizations signing on to aid in advancing this cause.

To expand their internal workforce, we anticipate West Side hospitals and healthcare facilities will need to expand their recruitment and retention budgets. To do so, these entities can pursue multiple fundraising routes. First, they could obtain state and municipal grants that make provisions for improvements in health equity and quality of care. The Hospital Health Protection Grant<sup>4</sup> Program is one such example. Under the State of Illinois Department of Public Health, hospitals may receive funding for support of the ordinary and contingent expenses to improve access to health equity, improve access to quality care, and reduce health disparities in underserved communities. One major factor of eligibility for the Hospital Health Protection Grant is participation in the Illinois Medicaid managed care program. With consideration for the socioeconomic profiles of the patient populations they serve, we know a significant volume of patients from the West Side are Medicaid recipients. Dependency on state funding raises a unique set of problems. Despite this source of funding being consistent (as it is written into state policy), fluctuations in the state's capacity to fund public programs and initiatives due to continuously changing priorities in spending at both the federal and state levels make the amount of funding received each year uncertain. In Chicagoland, both UIC Hospital and John H. Stroger Hospital are on the state's payroll. By reviewing UIC's four most recent state budget requests, we know that requesting more funding from the state for the purpose of recruiting and onboarding more Service professionals is a feasible avenue for UIC Hospital and John H. Stroger Hospital to hire West Side residents for the purpose of meeting this project's goal.

Another means of expanding West Side hospital and healthcare facilities' budgets for the creation of Service jobs is through public-private partnerships<sup>5</sup>. The International Civil Aviation Organization (an agency housed under the United Nations) defines public-private partnerships as partnerships "between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector (*Public-Private Partnership (PPP)*, n.d.)." In recent years, more public entities have opted for public-private partnerships to

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<sup>4</sup> [Hospital Health Protection Grant Program, Illinois Department of Public Health](#)

<sup>5</sup> [Public Private Partnerships, ICAO](#)

realize visions of improving and upgrading their facilities or operational capacities. This is because privately owned businesses often have greater capacities for spending than public entities who depend on federal, state, and municipal funding. We recognize this option would require West Side health organizations to move away from the Laundry Linen Model. Thus, in keeping with the goal of investing economically on Chicago's West Side, it is recommended that local area hospitals and health organizations work to secure public-private partnerships with private organizations and businesses that publicly demonstrate a commitment to fostering and sustaining economic equity in marginalized communities.

In its efforts to address disparities in economic opportunities and in the quality of healthcare available to many West Side residents, WSU has developed Economic Vitality initiatives focused on strengthening economic development across its ten target communities. The initiative this Capstone Project aims to inform is WSU's *Impact Investing Strategies*. The objective of this initiative is to connect organizations with available investable dollars to Community Development Financial Institutions (CDFI) to fund loans and provide training and technical assistance to borrowers. At their core, CDFIs exist to identify and provide loans to local organizations and businesses so in turn they can continuously meet the needs of the communities they serve. WSU's 2023 strategic plan highlighted an objective of identifying additional approaches to collective, community investment.<sup>6</sup> The organization aims to achieve this by looking into complementary investment strategies in addition to CDFI partnerships.

A few of WSU's CDFI partners have made significant investments in economic development. At the time our Capstone began, United Parcel Service had donated to the organization totaling \$500,000 for the purpose of recruiting, hiring, and training approximately 300 West Side community members for UPS employment. Additionally, The American Medical Association made an impact investment of \$2 million in 2020 toward economic development throughout the West Side with an additional \$3 million donated in 2022.<sup>7</sup> The infusion of critically needed aid from the AMA led to investments in expanding access to affordable housing, healthy food, education, and jobs. This is just a snapshot of the impact WSU is having on the West Side community. Between FY2018 and 2023, the \$25+ million in investments WSU has secured over the last five years has resulted in the creation and maintenance of 901 housing units and 52 supportive housing beds across the city's West Side. It has also brought 772, 404 square feet of non-profit, residential, and commercial real estate space to the community which in turn has supported 505 construction jobs, preserved 566 local jobs, and created 125 community employment opportunities.

As of FY2023, WSU had secured Allies for Community Business, Chicago Community Loan Foundation, Illinois Facilities Fund, and Local Initiatives Support Corporation as CDFI partners. WSU is also partnered with numerous Chicago-based healthcare providers. Partners in healthcare include Ann and Robert H. Lurie Children's Hospital, Ascension, Cook County Health, Rush University Medical Center, Sinai Chicago, and UI Health. As is the case with many entities who set out to enact change, the goal is to keep expanding. WSU has set an immediate goal of increasing West Side investment and capital for West Side organizations through increased

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<sup>6</sup> [West Side United Community Impact Report, 2022](#)

<sup>7</sup> [West Side Nonprofit Awarded Grants for Jobs](#)



investment in ventures related to Social Determinants of Health and improvements in the capacity and performance of borrowing entities by 2025. In their Capstone project description, WSU notes investor partners encounter various challenges that prompt the consideration of complementary impact investing approaches. Such challenges include constraints on available data to assess project-specific and aggregate impact and less ability to inform or prioritize specific community projects as indicated by investor or community partners. In tandem, these possibilities present WSU with limitations for relying solely on CDFI partnerships to carry out its mission. WSU is thus looking to diversify its means of economically supporting West Side communities now and into the future. At present, the road to diversity looks like a combination of continuing the CFI partnership approach and adapting an alternative impact investing model that leverages “national anchor mission peers, other health equity anchor collaboratives, and local community economic development leaders” who have impact investing initiatives that can serve as notable models for WSU to learn from or adapt to the Chicago context.

## METHODOLOGY

This project was broken into phases. First, it was imperative to understand the barriers that exist within the West Side. This required a thorough analysis of the history of the West Side of Chicago. As the project (as well as WSU priorities) relates to bridging the gap in health disparities, looking at the Social Determinants of Health were equally important. Understanding the way a community behaves gives insights as to how a community feels about strategic healthcare plans. The Social Determinants of Health are a series of different factors that contribute to the quality of health for an individual or a community. These factors often include access to and/or quality of education, employment opportunities, transportation, neighborhood amenities (parks and social events), mental health, and financial resources and capabilities.

Both quantitative and qualitative data were collected for the purpose of this project. Quantitative data was provided by West Side United, and additional data was collected through research of different public databases. To best utilize data, actions we took include:

- Using existing consulting data from industries, vendors, and hospital priorities provided by WSU to find where the data points in terms of priorities and impact.<sup>8</sup>
- Reviewing the current vendor list provided by WSU to understand where there were significant member partners vs. where there were opportunities in key procurement areas.
- Looking at external data to understand where there are opportunities for hospital identified priority areas and where this spending can benefit the community.

## RESULTS

West Side United has invested substantial time and effort into establishing a *Local Sourcing Playbook*, identifying spend categories and local vendors, and understanding efforts and approaches to retain spending locally. There are four main approaches WSU has established. These include switching from national to local vendors, encouraging non-local vendors to invest

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<sup>8</sup> [West Side United Impact Areas](#)

locally, engaging Group Purchasing Organizations to focus on procuring through local channels, and building local capacity for vendors. The focus of our research is to accomplish two primary goals. First, we aim to validate the work WSU has already completed and highlight any gaps that we identify. Second, we want to understand what WSU classifies as a Tier II vendor, or a vendor they want to potentially develop relationships within the community to build long-term capabilities.

The work WSU provided around their roadmap for local initiatives included spend categories in relation to their different attributes and impact. They have also provided indicators for how easy or difficult the category is to be sourced locally and if there are already relationships with local vendors for this good or service. Depending on the spend category, hospital, and industry, the categories have varying levels of impact and feasibility. In our own research, we began with data from the Bureau of Economic Analysis that show total inputs by industry required (directly and indirectly) to deliver one dollar of industry output to final users. This provides insights into the economic interconnectedness and dependencies between industries within an economy. This concept is analyzed through input-output tables, which quantify the flow of goods and services between industries. The data represent the total inputs required by each industry, both directly and indirectly, to produce one dollar of industry output that eventually reaches final users. This concept is often referred to as "total requirements coefficients" or "total requirements per dollar of output."

To better interpret these coefficients, we apply them to the average Chicago hospital output. Specifically, we assume that output for a hospital is equal to its spending, or in other words the hospital is either a non-profit or a for-profit operating in a perfectly competitive market. To calculate the average spending per hospital, we rely on information available through the Anchor Economy Initiative<sup>9</sup> where the total operational spend for all hospitals in the Chicago area is \$17B. There are about 210 hospitals in the region - so the average operational spend is estimated at \$80,952,381. Figure 2 below shows the top 20 input categories for the average Chicago hospital.

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<sup>9</sup> [Anchor Economy Initiative](#)

Figure 2: Hospital – Input-Output Industries

## Hospital Spending Industry Areas

	Industry Description	Output Multiplier	Expenses
1	Other real estate	0.116	\$9,394,289.05
2	Administrative and support services	0.086	\$6,977,220.96
3	Miscellaneous professional, scientific, and technical services	0.065	\$5,228,641.43
4	Chemical products	0.051	\$4,149,230.48
5	Wholesale trade	0.045	\$3,655,072.86
6	Insurance carriers and related activities	0.034	\$2,750,170.95
7	Food services and drinking places	0.028	\$2,222,920.00
8	Securities, commodity contracts, and investments	0.026	\$2,119,406.19
9	Miscellaneous manufacturing	0.026	\$2,061,193.33
10	Management of companies and enterprises	0.025	\$2,008,210.00
11	Federal Reserve banks, credit intermediation, and related activities	0.024	\$1,970,753.33
12	Legal services	0.022	\$1,781,041.43
13	Other services, except government	0.018	\$1,430,015.72
14	Data processing, internet publishing, and other information services	0.016	\$1,319,637.14
15	Utilities	0.016	\$1,258,688.10
16	Ambulatory health care services	0.014	\$1,133,001.43
17	Rental and leasing services and lessors of intangible assets	0.012	\$951,781.43
18	Broadcasting and telecommunications	0.011	\$926,224.76
19	Food and beverage and tobacco products	0.011	\$884,218.57
20	Plastics and rubber products	0.011	\$872,464.29

Created with Datawrapper

Hospitals require \$0.086 worth of inputs from Administrative and support services to produce \$1.00 worth of output to final users. Given this multiplier, the implication is that \$6,977,220.95 is spent on Administrative and Support Services by the average hospital annually. This research shows that a large portion of hospital spending is on service industry inputs. Some of the other top categories such as real estate, professional and technical services, chemical products, wholesale trade, insurance, manufacturing, etc. are also top 10 industries for inputs but we did not consider these in our report because these industries require infrastructure or expertise that we cannot provide reliable insight on and do not align with the vendor procurement goals and priorities outlined by WSU. However, one key focus area for WSU has been in services such as information technology, custodial services, HVAC, electrical, grounds services, transportation services, etc. These areas are Tier I vendors for WSU, so they already have vendors established and have identified these as key priorities for hospitals. If we focus on administrative and support services, as highlighted above, we are focusing our efforts in an area with high potential for impact and an area where we can provide valuable knowledge and consideration. From the Bureau of Economic Analysis, this industry group the North American Industry Classification System (NAICS) codes included are summarized below in Figure 3.

Figure 3: 561 NAICS Code Details<sup>10</sup>

## Bureau of Economic Analysis Service Industry Groups

ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES	NAICS Code
Office Administrative Services	NAICS 5611
Facilities Support Services	NAICS 5612
Employment Services	NAICS 5613
Business Support Services	NAICS 5614
Travel Arrangement and Reservation Services	NAICS 5615
Investigation and Security Services	NAICS 5616
Services to Buildings and Dwellings	NAICS 5617
Other Support Services	NAICS 5619

Created with Datawrapper

At this point, we have validated that WSU is considering a wide range of vendors for sourcing locally and further understood that their significant impact can accrue from focusing on services to hospitals. Now we want to understand if these industries exist in the local West Side community. The Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly account of employment and wages reported by employers covering more than 95 percent of U.S. jobs, available at the county, MSA, state and national levels by industry<sup>11</sup>. We

<sup>10</sup> [BEA NAICS Guide](#)

<sup>11</sup> [Quarterly Census of Employment and Wages](#)



can narrow this data to Cook County to get a somewhat localized view of the community through the lens of the location quotient. The location quotient (LQ) for total employment in a specific industry or occupation in each area is calculated as the ratio of the proportion of total employment in that industry or occupation in the area to the proportion of total employment in the same industry or occupation at the national level. To interpret this data, we see a LQ between 0 and 1.

**LQ > 1:** Indicates that the industry or occupation has a higher concentration or specialization in total wages/employment in the local area compared to the national average. A location quotient greater than 1 suggests a comparative advantage or specialization in total wages/employment in that industry or occupation. A relative employment location quotient greater than 1 suggests that, on average, industries or occupations in the area are more concentrated or specialized compared to the national average.

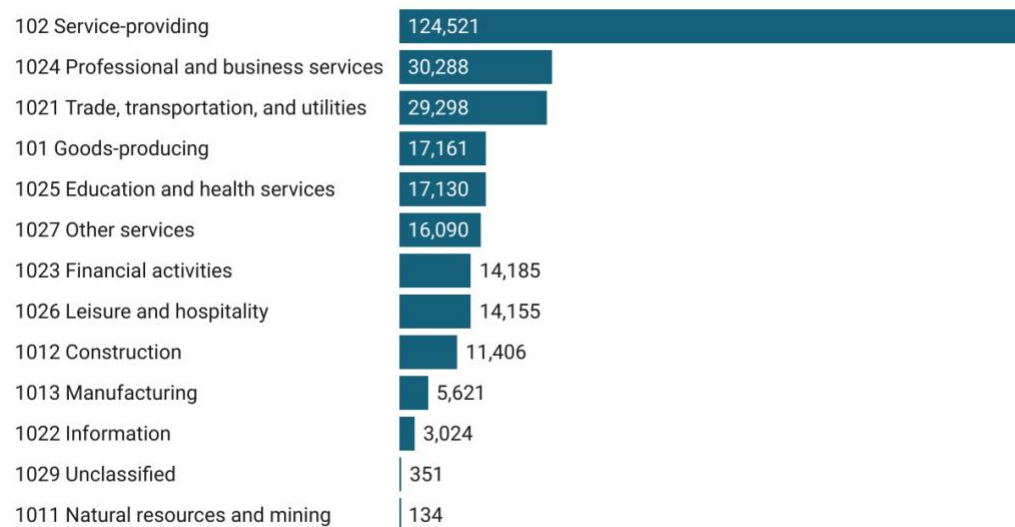
**LQ = 1:** Indicates that the industry or occupation is proportionately represented in total wages/employment in the local area compared to the national average.

**LQ < 1:** Indicates that the industry or occupation has a lower concentration or specialization in total wages/employment in the local area compared to the national average. A location quotient less than 1 suggests a comparative disadvantage or lack of specialization in total wages in that industry or occupation.

Cook county is more specialized in financial activities, professional services, education, health, and service providing, etc. Figure 4 below shows the number of businesses that exist in Cook County within each industry. Figure 5 then shows the Employment Location Quotient for Cook County showing where the area indexes in terms of employment specializations.

Figure 4: Business Count by Industry – Cook County

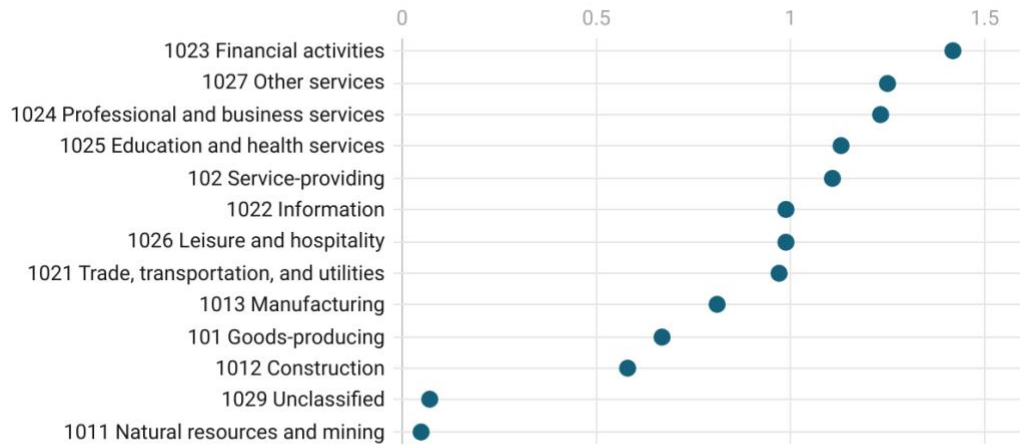
### Businesses in Cook County



Created with Datawrapper

Figure 5: Employment Location Quotient – Cook County

### Industry Employment Location Quotient



Created with Datawrapper

This research continues to validate the potential for success and impact of focusing on service areas of inputs into hospital spending as within the community there is an over index of service industry employment that can support these efforts for WSU spending locally. The industry numbers between the BEA data and the QCEW data are different, Figure 6 below shows how the service providing industry from the location quotient data overlaps within the NAICS codes. This initial research of the industry provides us with a foundation in understanding and validating where and how WSU can create an impact on the local community. This data, in combination with primary research from interviews will allow us to create a detailed recommendation on where WSU should focus their local efforts for the greatest amount of impact.

Figure 6: 102 NAICS Code Details

#### Location Quotient Industry Groupings

Service-Providing Industry	Subsector Group	NAICS Codes
Trade, Transportation, and Utilities	Wholesale Trade	NAICS 42
	Retail Trade	NAICS 44-45
	Transportation and Warehousing	NAICS 48-49
	Utilities	NAICS 22
Information	Information	NAICS 51
Financial Activities	Finance and Insurance	NAICS 52
	Real Estate and Rental and Leasing	NAICS 53
Professional and Business Services	Professional, Scientific, and Technical Services	NAICS 54
	Management of Companies and Enterprises	NAICS 55
	Administrative and Support and Waste Management and Remediation Services	NAICS 56
Education and Health Services	Educational Services	NAICS 61
	Health Care and Social Assistance	NAICS 62
Leisure and Hospitality	Arts, Entertainment, and Recreation	NAICS 71
	Accommodation and Food Services	NAICS 72
Other Services	except Public Administration	NAICS 81
Government		

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When considering implications, we reviewed community benefits from hospitals across the nation. Community benefits are programs or activities that provide treatment and/or promote health and healing as a response to community needs; they are not provided for marketing purposes. The data from the Community Benefit Insight web site provides data to the public on non-profit hospital community benefit spending at a state level. From this tool, we found opportunities for the state of Illinois to improve community benefits based on where the state currently lags vs. National averages. These areas are considered opportunities for IL hospitals as the average annual investments in IL are lower than national averages. These are expenditures by a hospital system in an area to benefit the community.

Opportunities for IL hospital investments where expenditures are lower than national averages:

- Physical Improvements and Housing
- Workforce Development
- Community Health

With this data we can understand that the efforts that WSU is making to focus on procurement and spending in the local community has positive implications on areas of need in the area. Spending locally, and specifically in service industries can directly benefit improvement areas for Illinois like physical appearance of the community, developing the workforce, and improving the overall health and wellness.

When looking to further understand what it means to invest hospital spending locally in service industries. We can review the top 10 industries that benefit from inputs in a service industry. Reviewing this creates connections between all the industry interdependencies. If hospitals invest in service industries, the money spent by service industries invest back into the top 10 industries listed below in Figure 7. Many of these industries overlap with where we see hospital investments as well. This validates the need for Hospitals and their Tier I vendors to invest locally in service areas as this industry then invests back into some of the same industries that have the greatest impact on hospital spending. The overlap in industries shows the continued importance of supporting local procurement in these areas as they will cyclically benefit the same industries and continue to create network support between these industries and the surrounding community.

Figure 7: Administrative and Support Services - Input-Output Data

### Administrative and Support Services

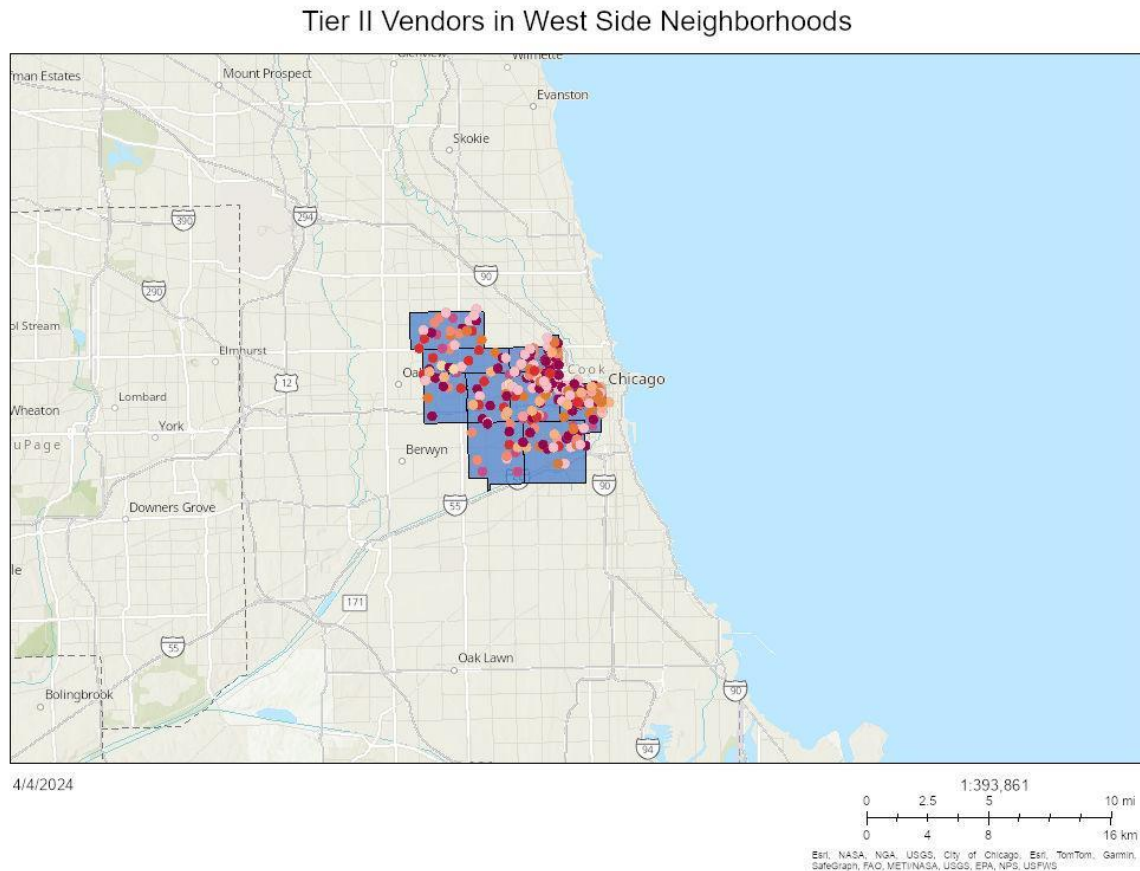
Industry Description
Miscellaneous professional
Other real estate
Data processing
Management of companies and enterprises
Wholesale trade
Chemical products
Insurance carriers and related activities
Broadcasting and telecommunications
Computer systems design and related services
Federal Reserve banks

Created with Datawrapper

Finally, as we continued to support this effort for WSU and explore Tier II vendors in the West Side community, we pulled together industries and NAICS codes and explored businesses within the Zip Codes of the 10 community areas encompassed in the West Side United network to begin a list of vendors where we would encourage establishing relationships. Figure 8 below provides insight into NAICS codes for industries identified by WSU as Tier II industries, the number of business in the West Side zip codes that exist for these industries, the number of these businesses that are minority or women owned, and vendor names or websites for some or all the minority or women owned vendors. When Tier I vendors are looking to find partners, they have a significant number of opportunities within the West Side neighborhoods to find local partners in these Tier II categories. There are a significant number of local businesses in Security Services, Food Distribution, Marketing and Advertising, and Business Consulting. These are Tier II industry categories where Tier I vendors have opportunities to partner locally and even support minority and women owned businesses to procure these goods and services rather than investing nationally.



Figure 8: Tier II Vendors in West Side Neighborhoods



## INTERVIEWS

### Data Analysis

Qualitative data was collected in the form of in-depth interviews lasting 30-45 minutes. Interviews were conducted via Zoom or in-person, with video recording permitted if the participant consented. Aligned with the challenge question, this activity aimed to understand the attitudes prevalent on the West Side and the barriers faced. Additionally, experienced professionals provided insights into hospital vendor procurement. Thus, interviews involved participants who were both community health leaders and professionals with experience in the healthcare sector. The developed questionnaire comprised eleven questions that can be found in the appendix.

The interviews conducted provided WSU with several key benefits:

**Insights into Attitudes and Barriers:** The interviews aimed to understand prevalent attitudes on the West Side and the barriers faced by the community. Through in-depth discussions with

community health leaders and experienced professionals, qualitative data was gathered to shed light on these aspects.

**Understanding Vendor Procurement:** Professionals provided insights into hospital vendor procurement practices, offering valuable perspectives on vendor engagement and economic development within healthcare organizations.

Regarding outreach efforts and interview statistics:

- *People Reached Out To:* A total of 7 individuals were reached out to for interviews.
- *Interviews Conducted:* Interviews were successfully conducted with 6 individuals.
- *Unsuccessful Outreach:* There was one unsuccessful outreach attempt.

Figure 9: Interview Schedule and Details

Interviews

Interviewee	Company/Organization	Title/Position	Format	Date Held	Interviewed By
Participant A	Cook County Health Core Center	Director of Nursing	In-Person	Monday, February 26	Janel Hopson
Participant B	Cook County Health Core Center	Specialty Clinic Coordinator	In-Person	Tuesday, March 5	Janel Hopson
Participant C	Cook County Health Core Center	Community Health Administration	In-Person	Thursday, March 7	Janel Hopson
Participant D	Rush, Office of Community Health Equity and Engagement	System Manager, Anchor Mission, and Community Engagement	Virtual	Wednesday March 26	Daniel Kumapayi
Participant E	Civic Consulting Alliance	Principal	Virtual	Friday, March 8	Daniel Kumapayi
Participant F and G	Healthcare Anchor Network	Project Manager, Initiatives & Advisory Services	Virtual	Friday, March 29	Daniel Kumapayi

Created with Datawrapper

Qualitative Interview Analysis

Key Takeaways and Themes

**Resilience and Community Engagement:** Across all interviews, a recurring theme is the resilience of individuals like Participant A, who overcame personal tragedies and challenges to become leaders in their fields. Their commitment to helping others and their communities underscores the importance of community engagement in driving positive change.

**Healthcare Disparities and Equity:** The interviews shed light on the pervasive issue of healthcare disparities, particularly concerning racial and economic inequalities. From participant D insights into systemic racism in healthcare to Participant A observations on access to nutritious food, the interviews highlight the need for equitable healthcare access and resource allocation.

**Vendor Engagement and Economic Development:** Several interviews delve into the complexities of vendor engagement and procurement practices within healthcare organizations. From participant C's discussion on supporting women and minority-owned businesses to

participant E's advocacy for local vendor involvement, there's a consensus on the importance of promoting supplier diversity and fostering economic development within local communities.

**Community-Centered Approaches:** Throughout the interviews, there's a clear emphasis on community-centered approaches to decision-making and resource allocation. From Rush University Medical Center's engagement with the Westside community to Civic Consulting Alliance's collaborative endeavors with local stakeholders, the interviews underscore the importance of listening to community needs and involving community members in the decision-making process.

**Collaboration and Partnerships:** Collaboration emerges as a key theme, with healthcare organizations like Rush University Medical Center and Civic Consulting Alliance partnering with external stakeholders to address community needs and drive positive change. Whether through partnerships with community organizations or collective action initiatives like West Side United, the interviews highlight the importance of collaboration in achieving shared goals of equitable economic development and healthcare access.

Overall, the interviews provide valuable insights into the multifaceted landscape of healthcare spending, vendor engagement, and community development, underscoring the interconnectedness of these factors and the importance of holistic approaches to addressing healthcare disparities and fostering inclusive economic growth within communities.

## Interview Question Summary

**Can you provide an overview of how you see the hospital's budget allocated across various departments and functions and what kind of requirements people would have to meet for the hospital?**

The interview with participants F and G sheds light on the allocation of hospital budgets across various departments and functions, as well as the requirements for vendors seeking to engage with hospitals. Hospitals allocate their budgets meticulously, considering factors such as rules, regulations, and patient care standards, which influence supply chain processes. For instance, stringent requirements regarding certifications, insurance, and claims are common in sectors like construction due to the sensitive nature of healthcare environments. While hospitals strive to engage local vendors, the process can be intricate, with multiple hurdles to navigate.

Vendor registration processes, while not inherently prohibitive, often entail detailed documentation and adherence to specific criteria, reflecting the complexity of healthcare procurement. Furthermore, hospitals face challenges in balancing immediate needs with long-term contracts, potentially delaying opportunities for local vendor engagement. However, there are avenues for entrepreneurs to explore, particularly in service-oriented sectors like cleaning services, landscaping, and logistics, which typically have lower barriers to entry.

In terms of promoting equity, there's recognition of the need to create not just job opportunities, but high-quality jobs with fair wages and benefits. Hospitals are encouraged to hold larger vendors accountable for their treatment of workers, fostering a culture of inclusivity and fair

labor practices. Additionally, supplier diversity initiatives aim to address income inequality by supporting diverse-owned businesses and encouraging workforce diversity within those enterprises. While sectors like pharmaceuticals present complexities, there's optimism about the potential for joint ventures and collaborative ventures to address gaps in representation and ownership within the healthcare supply chain. Overall, the interview highlights the multifaceted nature of hospital budget allocation and the ongoing efforts to foster equitable and inclusive procurement practices.

**Can you tell me about your role and experience with high impact local purchasing efforts for health care institutions?**

During these interviews, we engaged closely with various stakeholders in high-impact local purchasing efforts for healthcare institutions. Through interviews with organizations like Civic Consulting Alliance, led by Participant E, and West Side United, we gained valuable experience in advocating for and implementing strategies to prioritize local vendors and suppliers. This includes advocating for mentorship programs tailored to assist smaller vendors in scaling up their operations, as highlighted by Participant E, and negotiating agreements with group purchasing organizations to allocate spending to local vendors, as recommended by Participant E. Additionally, we learned firsthand the importance of community input in guiding resource allocation decisions, as emphasized by Participant C and Participant D, ensuring that spending priorities align with the pressing needs and aspirations of the communities served. By fostering meaningful partnerships with community stakeholders and supporting initiatives that promote supplier diversity and economic development, it can create more inclusive and resilient healthcare supply chains that benefit both healthcare institutions and local communities.

**Do you know of any national examples of healthcare institutions localizing or establishing a local industry aligned with core areas of healthcare operational spend?**

Participant E lauded West Side United for their works stating “So, at that time, we conducted a nationwide search to explore other hospitals or cases that were implementing similar initiatives. The concept, typically known as Anchor Mission work, involves hospitals leveraging their spending and hiring practices for the benefit of the communities they serve. While many hospitals across the country were engaged in such efforts individually, what stood out about West Side United was their collaborative approach. We specifically looked at Kaiser Permanente in California, which was actively involved in Anchor Mission work. However, what made West Side United unique was that it brought together six independent hospitals to collectively impact the communities they serve on the West Side. This collaborative effort, comprising Rush, Sinai, Ascension, Cook County Health, Laurie Children's Hospital, and another institution, aimed to collectively invest in and support the West Side communities. This collaborative model was not widely observed nationwide, making West Side United's approach distinctive. It's worth noting that there are national organizations promoting Anchor Mission work, and during our engagement, we even developed a playbook for West Side United to guide their efforts in localizing spending, highlighting various strategies for implementation”

**What industries show promise in relocating or establishing themselves locally, aligning with operational spending and providing substantial employment opportunities?**



Industries aligning with operational spending and promising local employment opportunities, as emphasized by the interviews, include those related to healthcare supply chain management, community development, and vendor engagement. Insights from Participant E underscore the importance of prioritizing local vendors and suppliers in healthcare spending, advocating for mentorship programs and negotiation tactics with group purchasing organizations. Participants F and G highlight the significance of supplier diversity and community involvement, suggesting strategies such as worker-owned cooperatives and streamlined vendor registration processes. Additionally, Participant D discusses Rush University Medical Center's commitment to supporting local hiring and vendor acquisition efforts, contributing to economic vitality within the community. These examples showcase the potential for industries focused on healthcare supply chain management and community development to thrive locally while aligning with operational spending priorities and providing substantial employment opportunities.

**Can you provide examples of healthcare vendors generating substantial local employment and high-quality jobs, as well as innovative methods hospitals have employed to collaborate with vendors and positively impact their local economies?**

Healthcare vendors can significantly contribute to local employment and create high-quality jobs through innovative collaboration with hospitals. For instance, Participant E from Civic Consulting Alliance highlighted the importance of mentorship programs and negotiation tactics with group purchasing organizations, fostering economic growth by channeling procurement dollars back into the local economy. Meanwhile, Rush University Medical Center, as discussed by Participant D, strategically allocates resources to support community needs, thereby creating employment opportunities and contributing to economic vitality. Additionally, participants F and G advocate for streamlining vendor registration processes and promoting supplier diversity, emphasizing the importance of proactive community engagement. These examples illustrate how collaborative efforts between healthcare institutions and vendors positively impact local economies while aligning with operational spending priorities.

**Can you discuss any challenges or obstacles encountered when trying to align spending priorities with the hospital's overall mission and goals, and how does community engagement help address these challenges?**

In the interview with Participant D, the focus is on aligning hospital spending with its mission and goals. They emphasize the need for realistic strategies based on thorough spend analyses to identify viable areas for local spending. Despite challenges like limited vendor options or budget constraints, the approach is to support vendor resilience and foster partnerships with community organizations. Educating category managers about the anchor mission and connecting them with local vendors are key steps. Community engagement plays a crucial role in addressing these challenges by raising awareness and facilitating meaningful connections with local stakeholders. Ultimately, the goal is to integrate local sourcing practices into daily operations to uphold the hospital's commitment to community well-being.

**Are there any examples you can provide where spending priorities shifted in response to changing needs or external factors, and how was community feedback integrated into this decision-making process?**

Drawing from discussions with participants F and G, an example of spending priorities shifting in response to changing needs emerges. Specifically, they have 15 healthcare systems committed to public goals, such as doubling their spend with minority and women-owned businesses by 2025, as highlighted in the interview. This commitment serves as a catalyst for reevaluating supply chain operations and underscores the importance of community engagement in decision-making processes. Additionally, insights from the interview shed light on initiatives like Community Advisory Councils, which provide regular opportunities for community input on vendor selection and bid processes, as discussed by participant F

**How is community input integrated into decision-making?**

In the interview with Participant D, community input plays a vital role in decision-making processes. They highlight several channels through which the community perspective is incorporated. One key avenue is through the creation of the community health improvement plan and community health needs assessment, which involves engaging with focus groups in the communities served to identify their needs. Additionally, partnerships with organizations that have a deeper understanding of community dynamics provide further opportunities to integrate community voices into decision-making. While the frequency of communication with the community is not explicitly mentioned, the emphasis is on ensuring that there are various opportunities for community residents to express their needs and concerns, ultimately informing organizational strategies and priorities.

**Interview #1: Principal at Civil Consulting Alliance**

During the in-depth interview with Participant E, a principal at Civic Consulting Alliance, a wealth of insights was gleaned regarding healthcare spending priorities and the intricate dynamics of collaboration with local vendors. Participant E elucidated the multifaceted role of Civic Consulting Alliance, delineating its mission to provide pro bono consulting services primarily to government entities and civic leaders, with a particular focus on initiatives aimed at bolstering economic vitality within neighborhoods. Drawing from their extensive background in management consulting, Participant E underscored the organization's commitment to advising on strategies that enhance neighborhood vibrancy and attract investments, positioning them as pivotal actors in fostering community development.

A pivotal aspect of the conversation revolved around the delineation between direct medical expenditures and indirect spend within hospitals. Participant E articulated the nuances of procurement processes, emphasizing the intricacies involved in sourcing medical supplies and equipment versus ancillary services. They shed light on the challenges faced by local vendors in navigating the complex landscape of hospital procurement, citing barriers such as stringent registration requirements and logistical hurdles, which often impede their ability to become approved suppliers.

In elucidating community involvement strategies, Participant E advocated for mentorship programs tailored to assist smaller vendors in scaling up their operations to meet hospital demands. They expounded on negotiation tactics with group purchasing organizations (GPOs), advocating for contractual agreements that mandate a percentage of spending be allocated to local vendors. This approach, they posited, not only mitigates the barriers faced by local vendors but also fosters economic growth within the community by channeling procurement dollars back into the local economy.

Of particular significance was Participant E's discussion of the collaborative endeavors spearheaded by West Side United, a coalition comprising six independent hospitals. They lauded their concerted efforts to address community needs and promote local vendor engagement through collective action. By pooling resources and expertise, these hospitals have forged a unified front aimed at driving equitable economic development and fostering partnerships with community stakeholders.

Participant E's insights underscore the complexities inherent in healthcare spending priorities and the pivotal role of collaboration in advancing community-driven economic development initiatives. Their recommendations provide invaluable guidance for hospitals seeking to navigate procurement challenges and cultivate meaningful partnerships with local stakeholders to effect positive change within their communities. As hospitals continue to grapple with the imperatives of equitable economic development, Participant E's expertise serves as a beacon, illuminating pathways toward sustainable and inclusive growth.

## Interview #2: Director of Nursing at Cook County Health Core Center

Participant A's story is all about resilience and helping others. They've been a nurse for more than 30 years, starting when they were in their thirties and raising four kids. They worked in different nursing roles, like helping in high-risk pregnancies and managing surgeries. Their journey wasn't easy, though. One tragic day, after finishing their nursing shift, they got a call that their mom had passed away. This changed everything for them and their kids. They had to find a job that let them take care of their children while still earning a living. Eventually, they became a leader in nursing, using their experiences to guide them.

Growing up, Participant A saw their mom helping people in their community in Pilsen. They learned the importance of standing up for others, especially those who face tough situations. Now, Participant A faces challenges like making sure everyone in their community can get healthcare, even if they can't travel easily to clinics.

Talking about the past, Participant A mentions how sometimes, the food given out at pantries wasn't nutritious, and people didn't always know how to cook it. They describe the West Side community as a mix of different cultures, but it's also a place where many families struggle with money and don't always have access to good education or healthcare.

One big problem Participant A sees in their community is getting enough help, whether it's money or people willing to work for free. They also talk about how some people take more than they need from donations and even sell them instead of sharing with others.

When it comes to changes in the neighborhood, Participant A talks about how gentrification has made things harder for many families. But they also see hope in small businesses that stick around, showing the neighborhood's strength and unity.

In the end, Participant A believes that building trust between the city and the community starts with honesty and really listening to what people need. They warn against plans that focus only on making money and forget about the people who call the neighborhood home.

### Interview #3: Specialty Clinic Coordinator at Cook County Health Core Center

During the interview with participant B, Specialty Clinic Coordinator at Cook County Health Core Center, she made it known that her top mission and priority is health and wellness. She believes everyone deserves high-quality care close to home and a convenient community clinic. Her everyday task includes scheduling and coordinating appointments for patients seeking specialized care. She must manage appointment availability, ensuring timely follow-ups, and optimizing clinic schedules. She must provide comprehensive care, patient-centered approaches, and evidence-based practices. She achieves these goals by conducting thorough assessments, considering physical, mental, and social aspects of health. This helps identify underlying issues and tailor treatment plans accordingly. Often when making referrals she may have to communicate with external clinics, obtaining necessary authorizations, and tracking the referral process. She actively involves patients in decision-making, respecting their preferences, values, and cultural backgrounds. This collaborative approach fosters trust and ensures personalized care. She adheres to rigorous quality standards, including regular audits, performance evaluations, and continuous improvement initiatives. This ensures consistent, high-quality care. Also, educating patients about preventive measures, healthy lifestyle choices, and disease management that empowers them to take control of their well-being. By eliminating these barriers to care, such as language, transportation, and financial constraints it prioritizes equitable access for all patients.

She often works in collaborative teams with doctors, nurses, specialists, and support staff of the clinic that works together to address complex health needs comprehensively. She makes it known that her work doesn't stop in the clinic, but she often engages with the community through health fairs, workshops, and outreach programs promoting awareness and preventive practices. She also mentions once a month in the clinic parking lot they offer fruit, vegetables and other nutrients needed to those in the community free of charge; and counseling to individuals in the Chicagoland communities to prevent the spread of HIV/AIDS and other communicable diseases. One thing she loves about her job is contributing to quality improvement initiatives within the clinic by analyzing data, identifying areas for enhancement, and implementing changes to enhance patient outcomes. Her administrative duties involve maintaining patient records, handling paperwork related to insurance and billing, and ensuring compliance with regulations.

Although she faces challenges like, patient flow management and making sure the clinic is running smoothly during busy hours, timely billing submissions, or handling patient appointments such as cancellations or rescheduling. The joy of being a part of a patients' well-



being, and overall success of the clinic makes it all worth it. Since working at the CORE center as a Specialty Clinic Coordinator at Cook County Health Core Center she has reduced wait times (average patient wait times decreased by 30%), patient satisfaction (surveys indicated higher satisfaction scores), operational efficiency: staff reported smoother workflows, and physician productivity (physicians could focus more on patient care). With her continuous improvement and dedication, she plans to further create positive change for both patients and staff.

#### Interview #4: Community Health Administrator at Cook County Health Core Center

In the interview with participant C, Executive Director of RMR CORE Center, an array of insightful perspectives emerged, shedding light on the hospital's intricate budget allocation strategies, decision-making processes, and the harmonization of spending with its overarching mission and goals. Central to the hospital's ethos is its mission of ensuring universal access to top-tier healthcare services for all residents of Cook County, with an unwavering commitment to prioritizing access to care and delivering exceptional patient experiences. Delving into the intricacies of budget allocation, it became apparent that the hospital's grant budget encompasses a broad spectrum of service categories and disciplines, all aimed at providing comprehensive medical, supportive, preventative, and wrap-around services. Notably, the organization exhibits a strong dedication to supporting women and minority-owned businesses, underscoring its commitment to diversity and inclusion in procurement practices, while strictly adhering to established policies and procedures for procurement, contracts, and bids.

Furthermore, the decision-making process regarding resource allocation within the hospital is heavily informed by community input, reflecting a keen sensitivity to the unique needs and aspirations of the communities served. This community-driven approach extends to the identification and prioritization of critical areas for resource allocation, which is guided by community needs assessments, the development of new service lines, program growth, and ongoing innovation and transformation efforts. Challenges encountered in aligning spending priorities with the hospital's mission and goals, such as the escalating costs of healthcare and the growing number of uninsured patients, are met with a proactive stance, emphasizing patient empowerment and involvement in decision-making processes.

Strategic planning emerges as a cornerstone of the hospital's approach, with three-year initiatives and financial forecasts presented publicly to facilitate community engagement and ensure alignment with evolving community dynamics. Noteworthy is the hospital's responsiveness to shifting needs and external factors, exemplified by the adaptation of spending priorities in response to the influx of immigrants and undocumented new arrivals to the Chicagoland area. Through the creation of inclusive spaces that address the comprehensive health needs of all patients and communities, the hospital remains steadfast in its commitment to adaptability, inclusivity, and community-centered care, thus exemplifying a dynamic and responsive approach to shaping spending priorities in pursuit of their mission.

## Interview #5: System Manager – Community Engagement at Rush

During the interview with participant D, a representative from Rush University Medical Center, Daniel Kumapayi delves into a comprehensive discussion about Rush's multifaceted approach to addressing health disparities and fostering economic development within the West Side community of Chicago, which aligns closely with Kumapayi's capstone project objectives. Participant D elaborates on Rush's extensive initiatives, emphasizing their commitment to supporting the community through local hiring and vendor acquisition efforts, all while maintaining an inclusive organizational structure that values collaboration and community engagement.

A significant portion of the conversation revolves around Rush's strategic allocation of resources, particularly in balancing spending priorities with the pressing needs of the community, especially evident in navigating challenges exacerbated by events like the COVID-19 pandemic. Participant D provides valuable insights into how Rush actively seeks community feedback through various channels, such as community health improvement plans and focus groups, underscoring their commitment to integrating community voices into their decision-making processes, thus ensuring alignment with the community's evolving needs and priorities.

Moreover, Participant D sheds light on the employment landscape within Rush, highlighting the types of roles typically occupied by West Side residents, which not only provide employment opportunities but also contribute to the community's economic vitality. This aspect underscores Rush's role as a catalyst for socio-economic empowerment within the West Side community.

Beyond the organizational realm, the conversation also delves into broader systemic issues within healthcare, particularly concerning racial disparities and the impact of systemic racism on healthcare practices. Participant D shares insights into Rush University's proactive educational initiatives, including the integration of anti-racism curriculum into medical education, aimed at equipping future healthcare professionals with the necessary awareness and skills to provide equitable care.

Furthermore, the interview touches upon the importance of hiring individuals who possess both organizational acumen and a genuine commitment to community engagement, highlighting the complex balancing act between meeting organizational objectives and driving meaningful community impact. Participant D's reflections on their transition from direct service to a more institutional role underscore the importance of understanding the interconnectedness of individual contributions within the larger context of community development.

Overall, the interview with Participant D offers a comprehensive exploration of Rush's multifaceted approach to addressing healthcare disparities, fostering economic development, and promoting community engagement within the West Side community. It underscores Rush's unwavering dedication to collaboration with external partners like West Side United and its commitment to driving positive change through inclusive and community-centered initiatives.

## Interview #6: Project Managers at Healthcare Anchor Network

The interview with participants F and G delves into the multifaceted landscape of healthcare spending, vendor engagement, and community involvement, with a focus on strategies to promote supplier diversity and address the unique needs of local communities. They engage in a comprehensive discussion, exploring the challenges encountered by minority-owned businesses in accessing opportunities within the healthcare sector, including stringent requirements and limited access to resources. Both participants advocate for the adoption of fair and transparent practices in vendor engagement processes, emphasizing the importance of creating pathways for diverse suppliers to participate in healthcare supply chains.

Moreover, the conversation highlights several innovative approaches aimed at fostering economic development and job creation within local communities. One notable example discussed is the establishment of worker-owned cooperatives, such as the Evergreen Cooperative Laundry supported by Cleveland Clinic, which not only provides employment opportunities but also contributes to building a resilient local economy. Additionally, mentorship programs and capacity-building initiatives are identified as effective means to empower local businesses and prepare them for larger contracts within the healthcare sector.

Furthermore, the interview underscores the significance of streamlining vendor registration processes to reduce barriers for participation, with suggestions to simplify forms and consider the perspectives of local vendors. Equity considerations are also emphasized, with proposals to provide financial support for certification fees and create opportunities for diverse suppliers through events like "Meet the buyers."

Throughout the discussion, there is a strong emphasis on the importance of proactive community engagement and collaboration between healthcare systems and local organizations. The interviewees stress the need for healthcare institutions to prioritize public commitments, accountability, and transparency in their supplier diversity initiatives, while also fostering meaningful partnerships with community stakeholders.

In conclusion, the interview highlights the complex interplay between healthcare spending, supplier diversity, and community development, underscoring the value of inclusive practices and collaborative efforts in driving positive change within healthcare supply chain management and local economic ecosystems.

## CONCLUSION

Previously, we introduced West Side United (or WSU) as a local nonprofit organization aiming to improve neighborhood health across ten Chicago West Side neighborhoods by addressing inequality in healthcare access, education, economic vitality, and the neighborhood and physical environment. WSU's mission to address these long-standing issues stems from a growing body of work that points to the economic instability and adverse health outcomes that persist in West Side communities as being stubbornly intertwined through structural/systemic racism. Because the issue of economic inequality is particularly devastating in West Side communities, WSU is seeking to build "sustained individual and community economic vitality" and improve health in

Chicago's West Side communities by leveraging hospital and other anchor partners' resources and investments. To address disparities in economic equity and quality of healthcare on the West Side, WSU has developed initiatives to augment economic vitality. Immediately on the horizon is the organization's aim to increase West Side investment and capital for West Side organizations through increased investment in ventures related to Social Determinants of Health and improvements in the capacity and performance of borrowing entities by 2025. By 2030, the organization envisions a significantly transformed economic landscape across the ten communities it serves made possible through its efforts to address food insecurity, concerns for neighborhood safety, displacement, and unemployment. From now until 2050, the organization will be committed to a long-term goal of creating more opportunities for employment. Ultimately, WSU's plan is to achieve this through ongoing and consistent efforts to increase wages, close race, and gender-based gaps in pay, reduce unemployment, and reduce the burden of housing costs.

WSU's current focus is its Impact Investing Strategies to Complement CDFI Partnership project. The objective of the project is to connect organizations with available investable dollars to Community Development Financial Institutions (CDFI's) to fund loans and provide training and technical assistance to borrowers. Through investments made by its CDFI partners, WSU has managed to funnel over \$25 million in investments into developments throughout the city's West Side. On the flip side, WSU has come to the realization that relying on CDFI partnerships presents some challenges. CDFI partners typically come into a partnership with the community borrower relationships, regulatory compliance capability, and data collection and reporting mechanisms needed to navigate the complexities of impact investing. For smaller organizations like WSU, however, the expectation of continuously identifying new partners and monitoring the activity of loans over time across different CDFI partners puts undue strain on the organization's budget and staff time. Additionally, investor partners can encounter challenges "that prompt the consideration of complementary impact investing approaches." Such challenges include but aren't limited to constraints on available data to assess project-specific and aggregate impact and less ability to inform or prioritize specific community projects as indicated by investor or community partners.

These adverse scenarios have the potential to seriously limit WSU in its ability to carry out its mission. As such, WSU has identified a need to diversify and expand its means of economically supporting West Side communities. To WSU, this looks like utilizing both the CFI partnership approach and adapting an alternative impact investing model from national anchor mission peers, other health equity anchor collaboratives, and local community economic development leaders" with "impact investing initiatives that can serve as notable models for WSU to learn from or adapt to the Chicago context. The call for a diversified approach to securing and sustaining economic investments is being answered through the Impact Investing Strategies to Complement CDFI Partnership project. WSU's primary aim for the project was to conduct research on collective impact investing models implemented by peer organizations operating at both the national and the local level. The data gathered from said research would reveal what possibilities existed for investment funds that could help stimulate economic growth on the West Side. Our role in the project was to first analyze publicly available data alongside WSU produced resources to develop a sharper understanding of and synthesize the results we came up with. Next, we would offer feasible recommendations based on our findings. We posed the question "What

designated areas of spending for WSU and its partners appear to be utilized least efficiently?” We arrived at this question after a baseline analysis of what areas of hospital operations would be most beneficial for WSU and its community partners to invest more resources in to bolster economic growth through employment.

Our project was divided in phases to ensure feasibility in completing the associated tasks. First, we sought to understand what challenge was being centered in WSU’s intermediate and long-term goals and the barriers that existed around it. To do this, we had to analyze the history of social inequity on Chicago’s West Side. As the project (and WSU’s general priorities) focuses on applying economic resources toward the reduction of health disparities in a disenfranchised community, looking at Social Determinants of Health<sup>12</sup> was of considerable importance. In understanding the way a community behaves, we gain vital insights as to how that community regards and stands to benefit from strategic healthcare plans. Social Determinants of Health refer to a series of socioeconomic factors that impact the quality of health for an individual or a community. Some commonly recognized SDOH’s are access to and/or quality of education, employment opportunities, transportation, neighborhood amenities, mental health facilities, and financial resources and capabilities. Both quantitative and qualitative data were reviewed to substantiate our findings. While the bulk of our quantitative data was provided by West Side United, additional data was collected through research of different public databases on our part.

To best utilize data, we reviewed data around industries, vendors, and hospital priorities from WSU to find where the data points in terms of priorities and impact with the vendor list to understand where there were significant member partners vs. where there were opportunities. We also examined external data to understand where there are opportunities for highest impact industries for hospital spending and where this spending can benefit the community. To assist us in our research, we referred to WSU’s Local Sourcing Playbook to identify spend categories and local vendors. The ability to visualize these things helps us better understand efforts and approaches to move spending more locally. Four main approaches WSU has established include switching from national to local vendors, encouraging non-local vendors to invest locally, engaging Group Purchasing Organizations to focus on procuring through local channels, and building local capacity for vendors. The focus of our research for WSU was to solidify our own perspective of this research to validate the work WSU has already completed as well as add to the research with any gaps that we identify. This served us in our quest to understand what WSU classifies as a Tier II vendor. Tier II vendors are community vendors the organization would want to potentially develop a relationship with to build long-term capabilities with moving spending locally.

Depending on the spend category (in this case, hospital, and industry), the categories have varying levels of impact and feasibility. Our research began with data from the Bureau of Economic Analysis - U.S. Department that shows total inputs by industry required (directly and indirectly) to deliver one dollar of industry output to final users. This helps us understand the economic interconnectedness and dependencies between industries within an economy. This concept is analyzed through input-output tables, which understand the flow of goods and services

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<sup>12</sup> Social Determinants of Health, Office of Disease Prevention and Health Promotion  
(US Dept of Health and Human Services)



between industries and sectors. To analyze industry outputs at the state level, we looked at operational spending for the hospital industry in Illinois. The total operational spend for all Illinois hospitals is \$17,000,000,000. Given that there are about 210 hospitals in this average data, the average operational spend is \$80,952,381 per hospital. We used this last figure as a multiplier in understanding the input-output data.

Our research shows some of the most significant impact on hospital outputs comes from service industry inputs. Other top categories include real estate, professional and technical services, chemical products, wholesale trade, insurance, and manufacturing. While these areas do represent top 10 industries for inputs, we did not consider these in our report since these industries require infrastructure or expertise, we cannot provide reliable insight on. They can also be considered misaligned with the vendor procurement goals and priorities outlined by WSU. One key focus area for WSU has been in services. Information technology, custodial services, HVAC, electrical, grounds services, transportation services all fall under this category. These areas are Tier I vendors for WSU, meaning they have pre-established vendors and have identified these as key priorities for hospitals. The results of our analysis found that in focusing on administrative and support services, as highlighted above, we would subsequently focus our efforts in an area with high potential for impact and an area where we could provide valuable knowledge and consideration to our contacts at WSU.

The results from our analysis of industry outputs vs inputs validate that WSU is considering a wide range of vendors for local sourcing and help us understand WSU's biggest impact on the output will be to focus on services to the hospital. Upon reaching this conclusion, we sought to understand whether these industries exist in the local West Side community. We found that the Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly account of employment and wages reported by employers covering more than 95 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. Using the data obtained through the QCEW, we successfully narrowed this dataset to Cook County for a somewhat localized view of the community. When considering implications, we reviewed community benefits-programs or activities that provide treatment and/or promote health and healing as a response to community need-from hospitals nationwide. Our search revealed opportunities for the state of Illinois to improve community benefits based on where the state currently lags vs. national averages. Through this portion of the data, we were able to conclude the efforts WSU is making to focus on procurement and spending in the local community has positive implications that spending locally-specifically in service industries-can directly benefit designated areas of improvement for Illinois. These benefits can be applied to enhance the physical appearance of the community, expand, and enrich workforce development, and improve overall health and wellness for Illinoisans. Through our exploration of Tier II vendors in the West Side community, we pulled together industries and NAICS codes and explored businesses within the Zip Codes of the 10 community areas that encompass the West Side United network. Specifically, we assessed the number of businesses with West Side zip codes that exist for these industries, the number of these businesses that are minority or women-owned, and vendor names or websites for some or all the minority or women-owned vendors to help build a list of vendors we could potentially encourage WSU to establish relationships with.

# APPENDIX

## A. Interview Questions

1. Are there specific metrics or indicators used to assess the effectiveness of resource allocation and spending priorities, and how are these metrics communicated to the community?
2. How does the hierarchy of hospital needs evolve over time, with consideration for community dynamics, and how does this evolution impact spending decisions?

### **Interview questions for national economic development partners:**

1. Can you tell me about your role and experience with high impact local purchasing efforts for health care institutions?
2. Do you know of any national examples of healthcare institutions localizing or establishing a local industry aligned with core areas of healthcare operational spend?
3. What types of industries are the most promising to relocate or establish locally?
4. What types of industries align with operational spend and employ a significant number of people?
5. Do you know of any examples that healthcare vendors have created significant local employment and quality jobs?
6. What other innovative ways have you seen hospitals work with vendors to meaningfully impact their local economy?

### **Interview questions for Chicago-based econ dev & partners, & hospital & healthcare admin:**

3. We know of past analysis highlighting priority spend categories that align with healthcare operational spend - the highest potential areas include [list 5-7 priority spend areas from PWC analysis].
4. Which of these spend areas do you think present the strongest potential to be based on Chicago's West Side?
  - a. Which have the potential to employ many local, West Side residents?
  - b. How do you determine the priority spend areas and industries that are not currently local but have the potential to become based on the West side?
5. Do you know of any national examples of healthcare institutions localizing or establishing a local industry aligned with core areas of healthcare operational spend in other parts of the country outside Chicago?
6. How do you balance short-term financial constraints with long-term strategic goals when making spending decisions, and how does community involvement contribute to this balance?
7. Can you discuss any challenges or obstacles encountered when trying to align spending priorities with the hospital's overall mission and goals, and how does community engagement help address these challenges?
8. How does community input factor into these decisions?
9. How do you involve key stakeholders, including community representatives, department heads, and medical staff, in the decision-making process regarding spending priorities?

10. What factors, including community needs and input, influence decision-making when it comes to prioritizing spending on different aspects of hospital operations?
11. Are there any examples you can provide where spending priorities shifted in response to changing needs or external factors, and how was community feedback integrated into this decision-making process?
12. Can you describe the process of identifying and addressing critical needs within the hospital or healthcare clinic, and how does community feedback play a role in this process?

## B. Tier II Vendors in West Side Neighborhoods

### Business Details

NAICS	Name	Count	Minority or Women Owned	Vendor Examples
5616	security_services	205	3	<a href="https://www.monterreysecurity.com/">https://www.monterreysecurity.com/</a>
				<a href="https://www.digbysecurity.com/">https://www.digbysecurity.com/</a>
				<a href="https://1stamericansecurity.com/">https://1stamericansecurity.com/</a>
922160	fire_services	40	0	
424490	food_distribution	246	1	<a href="https://crockettcookies.com/">https://crockettcookies.com/</a>
5418	advertising_marketing	341	7	Purohit Navigation, Inc.
				<a href="https://elevateservices.net/">https://elevateservices.net/</a>
				<a href="https://vui-inc.com/">https://vui-inc.com/</a>
				<a href="https://www.angelfly.com/">https://www.angelfly.com/</a>
				<a href="http://www.envelopeconnection.com/">http://www.envelopeconnection.com/</a>
				<a href="https://www.birkcreative.com/">https://www.birkcreative.com/</a>
				<a href="https://studiobhq.com/">https://studiobhq.com/</a>
518210	Computing	123	1	<a href="https://www.bluedaring.com/">https://www.bluedaring.com/</a>
541611	business_consulting	794	22	<a href="https://rmchin.com/">https://rmchin.com/</a>
				<a href="https://peritius.com/">https://peritius.com/</a>
				<a href="https://www.trinalinc.com/">https://www.trinalinc.com/</a>
				<a href="https://www.apsandassociates.com/">https://www.apsandassociates.com/</a>
				<a href="https://www.aar-alvarosales.net/">https://www.aar-alvarosales.net/</a>
				<a href="https://www.inthepublicway.com/">https://www.inthepublicway.com/</a>
				JFL ENTERPRISES LLC
33712	furniture	70	0	
541922	photography	118	0	
512110	video_audio visual	169	4	<a href="https://www.rocketchicago.com/">https://www.rocketchicago.com/</a>
				<a href="https://mainstreammediaent.com/">https://mainstreammediaent.com/</a>
				3 Daughters Productions, LLC Daughters Productions, LLC