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Revenue Reporting by Illinois Local Health Departments: Observations and Recommendations

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**ABSTRACT**

**Background:** The lack of a stable and adequate funding system for local health departments in the U.S. has been well documented. The lack of a comprehensive financial reporting system in public health, including a uniform chart of accounts, hampers the ability of local health departments to make a case to legislators and administrators for increased funding from local and state sources.

**Purpose:** This study examined potential sources of revenue reporting by local health departments in Illinois to identify an accurate picture of total revenues and sources of revenues being invested.

**Methods:** A literature review identified four sources of revenue reporting: the 2013 National Association of County and City Health Officials (NACCHO) Profile of Local Health Departments; the Public Health Uniform National Data System (PHUND$) sponsored by NACCHO; a 2015 survey by the Illinois Association of Public Health Administrators; and individual reports published by local health departments in Illinois. Researchers evaluated each source for level of participation, timeliness of reports, comparability of account categories, and access to information. Individual reports by local health departments in Illinois were compared for consistency.

**Results:** None of the examined sources provided a complete total of revenues for all Illinois local health departments. None had total participation. The chart of accounts was different in each source. Access to information was limited. There was significant variation in categorization of revenues in the Illinois local annual financial reports.

**Implications:** State and local health departments should work toward a uniform chart of accounts and comprehensive, timely, transparent financial reporting system consistent with national efforts.

**Keywords**

finances, funding, local health department, economics

**Cover Page Footnote**

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BACKGROUND

The lack of a stable and adequate funding system for local health departments (LHDs) in the U.S. has been well documented. The lack of a uniform chart of accounts hampers the ability of LHDs to make a case to legislators and administrators for increased funding from local and state sources. While various financial data reporting systems exist, there is no one complete, comprehensive, standardized system that provides a total for revenues reported by all LHDs in Illinois or the nation as a whole. Typical sources of revenue in LHDs are taxes, grants, and fees including Medicaid and Medicare. The lack of uniform reporting standards; incomplete participation in periodic, anonymous or confidential, voluntary surveys; and lack of enforcement in mandated reporting results in significant variation in how much money is actually reported as available for local public health activities.

Recent reductions in funding to LHDs created renewed interest in improving financial data collection methods. The 2008 recession prompted several studies of LHD funding. The 2015 budget crisis in Illinois prompted the Illinois Public Health Association to focus on the potential effects of severely reduced funding to LHDs. While the stories of real life experiences of cuts in public health services are abundant, the financial data to assist legislators in making difficult allocation decisions are lacking.

PURPOSE

The purpose of this study was to explore current financial data reporting sources and make recommendations for a robust reporting system that will allow for planning, benchmarking, and strengthening the public health system in Illinois.

METHODS

Researchers completed a literature review of articles to understand current and past efforts to identify sources of revenues for LHDs. The search was limited to years 2004 to 2015. Databases included PubMed, Web of Science, Cochrane Reviews, Ovid Database, and Google Scholar. Search terms included: essential services, public health finance, public health funding, quality improvement, local/state/federal health departments/agencies, funding allocation, public health fiscal year, per-capita estimates in public health departments, budget cuts, LHDs, public health services. The search yielded 21 references. The analysis was conducted in 2015.

Researchers identified the following sources containing reports on local public health revenue amounts and sources that might include data for the 97 certified LHDs in Illinois:

1. National Association of County and City Health Officials (NACCHO) Profile of Local Health Departments 2013
2. Public Health Uniform National Data System (PHUNDS), NACCHO
4. Mandated annual reports on Illinois LHD websites and/or sent to Illinois Department of Public Health (IDPH)

Researchers evaluated each source for level of participation by Illinois LHDs (all departments reporting), timeliness of reports (annual reporting), comparability of categories (uniform chart of accounts), and access to information (all departments identified). A more detailed analysis was
performed on the collection of annual reports published by individual LHDs in Illinois to provide a baseline of current practice in reporting.

RESULTS

Results indicated strengths and limitations within each of the revenue reporting sources (Table 1). Each source included four basic categories of revenue sources; local funding, state and federal grant funding, fees for services, and Medicare/Medicaid. Examples of other sources were environmental fines, private grants, and TB district contracts. These categories were found in different configurations, making comparisons difficult. Some LHDs reported revenues in up to 30 different categories and used different combinations of funding sources in major categories, e.g., reporting Medicare in a category that also included federal grant funds. Illinois LHD annual reports varied considerably in number and title of categories. In terms of timeliness, Illinois mandated reports were the only annual source, although not all departments complied. Participation in reporting systems also varied. The highest level of LHD participation was found in the NACCHO Profile, but is confidential. The PHUND$ system allowed for the most comparable and detailed reporting, but had low participation, which was voluntary and anonymous. The IAPHA survey was current, but not designed to be repeated over time, and had limited participation. The individual annual reports also had limited participation, but provided a baseline for understanding current practices in reporting.

Analysis of the 55 available Illinois LHD annual reports (56% of all Illinois LHDs) was very time-consuming (Table 2). Most LHDs used basic categories including total revenues, state/federal revenues, local revenues, and fees. However, many LHDs grouped different categories or separated different categories so comparisons or totals in categories were not possible. Additionally, LHDs used many categories unique to each health department, such as local contracts or grants.

IMPLICATIONS

Funding for LHD programs and services in the United States is generally considered to be inadequate. This inadequacy has reached a critical point in Illinois as lawmakers’ inability to pass a state budget has resulted in cuts to local public health essential services. In times of crisis or routine conditions, it is difficult for policy makers to advocate for additional funding without knowing what is currently being invested and the return on that investment. Quantifying funding to LHDs in Illinois and other states and territories, and the nation as a whole is problematic due to a lack of uniform chart of accounts; lack of required participation in reporting; and lack of an efficient reporting system. This situation can be remedied. The variation and lack of resources in public health may contribute to financial reporting problems, however, other enterprises such as hospitals, medical groups, and higher education institutions have been able to establish financial reporting systems. These enterprises have succeeded by employing best practices such as a commitment to transparency, standardizing a chart of accounts, developing electronic reporting systems, providing guidance on cross walking between categories, and incorporating financial competency in the workforce. Public Health did have a national financial reporting system in the past through the Association of State and Territorial Officials. Some states currently do require LHD to report through uniform electronic financial reporting systems. NACCHO is currently evaluating the PHUND$ system as a web-based financial reporting and analysis system accessible to all LHDs.
Table 1: Comparison and evaluation of identified sources of revenue data from Illinois Local Public Health Departments

<table>
<thead>
<tr>
<th>Source</th>
<th># of IL LHDs reporting (n=97)</th>
<th>Number of Revenue Categories</th>
<th>Total Revenue Reported: IL ($)</th>
<th>Year of Latest Report</th>
<th>Schedule of Reports</th>
<th>Level of Participation</th>
<th>Comparability of Categories</th>
<th>Timeliness of Reports</th>
<th>Access to Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACCHO Profile</td>
<td>74</td>
<td>6</td>
<td>430,839,675</td>
<td>2013</td>
<td>Every 2–3 years</td>
<td>+</td>
<td>+</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td>PHUNDS$</td>
<td>anonymous</td>
<td>5 (short form) 47 (long form)</td>
<td>Not reported by state</td>
<td>2015</td>
<td>Annual</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>_</td>
</tr>
<tr>
<td>IL LHD Annual Reports</td>
<td>55</td>
<td>Range 3–30 Mode = 5</td>
<td>327,038,541</td>
<td>2014</td>
<td>Annual</td>
<td>+</td>
<td>_</td>
<td>+</td>
<td>_</td>
</tr>
<tr>
<td>IAPHA Financial Status Survey</td>
<td>30</td>
<td>4</td>
<td>165,209,029</td>
<td>2015</td>
<td>Ad hoc</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
</tr>
</tbody>
</table>

Strength denoted by +  
Weakness denoted by –

Table 2: Analysis of Illinois Local Health Department Annual Reports (2014)

<table>
<thead>
<tr>
<th>2014 Annual Report available on website</th>
<th>2014 Annual Report available on website or through IDPH</th>
<th># pages in Annual Report, range (average)</th>
<th># revenue categories reported, range (average)</th>
<th>% revenue in Category: “Federal and State Grants”</th>
<th>% revenue in Category: “Local Taxes”</th>
<th>% revenue in Category: “Fees for Service”</th>
<th>% revenue in Remaining 83 discrete or overlapping Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>55</td>
<td>1–55 (12)</td>
<td>3–30 (7)</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>40</td>
</tr>
</tbody>
</table>
RECOMMENDATIONS

Illinois can develop a regular, consistent financial reporting system with input from LHDs that includes a uniform chart of accounts with categories that are actionable and fewest in number to be useful; and consistent with national financial reporting and surveys such as PHUND$. The Illinois state health department can employ a collaborative approach with local and national entities to developing a streamlined financial reporting system that will strengthen the resources that support essential public health programs and services.

SUMMARY BOX

What is already known about this topic? The public health system does not have a uniform financial reporting system to support its advocacy, service, and management functions.

What is added by this report? This study provides additional and specific evidence to support the need for a uniform financial reporting system for public health. It highlights the current financial reporting practices in Illinois and examines national reporting sources.

What are the implications for public health practice, policy, and research? The study serves as a catalyst for further action to develop a financial reporting system for individual states and the nation. Practitioners can use accurate and complete financial data to advocate for additional funds and improve financial management.

REFERENCES


