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CHAPTER 10

SUSTAINING LOCAL PUBLIC HEALTH THROUGH SUFFICIENT AND RELIABLE FUNDING

Current funding for local public health is inadequate, unreliable, fragmented, decreasing, and marked by periodic injections of resources for emergency response that subsequently dissipate. Current funding is also heavily directed towards service provision rather than building strong and sustainable organizations, leading to chronic neglect of foundational capabilities which are critically important to improving health.

For years, per capita funding - that is, dollars per person - for local public health has been decreasing at both the state and local levels as the population has increased.[A,1,2] Figure 16 shows that the total inflation-adjusted state-level spending on public health in North Carolina has decreased at the same time the population has increased over the last decade. During times of crisis, federal and state funds are temporarily injected into the system to fight a specific disease or challenge. Yet, the fundamental structures and capacity of local health departments have been neglected, making these funding increases during public health emergencies less effective than they could be. Even large amounts of "crisis funding" cannot mitigate these challenges as there is limited ability to stand up the technology and workforce to effectively handle the crisis.

There is growing momentum around maximizing the potential of local public health to create communities that give everyone an equal opportunity to live a healthy life. As Chief Health Strategist,[B] local public health can do this by engaging in collective impact through partnership development, ensuring community members' needs are understood and respected, and ensuring services and policies work well for everyone. Preventing disease and injury and improving well-being will make our communities more vibrant places where people want to live, work, do business, and raise families. Investments in local public health create a stronger foundation for entrepreneurship and growth and improving the health of our communities ultimately improves the bottom line for the economy and for the state budget.

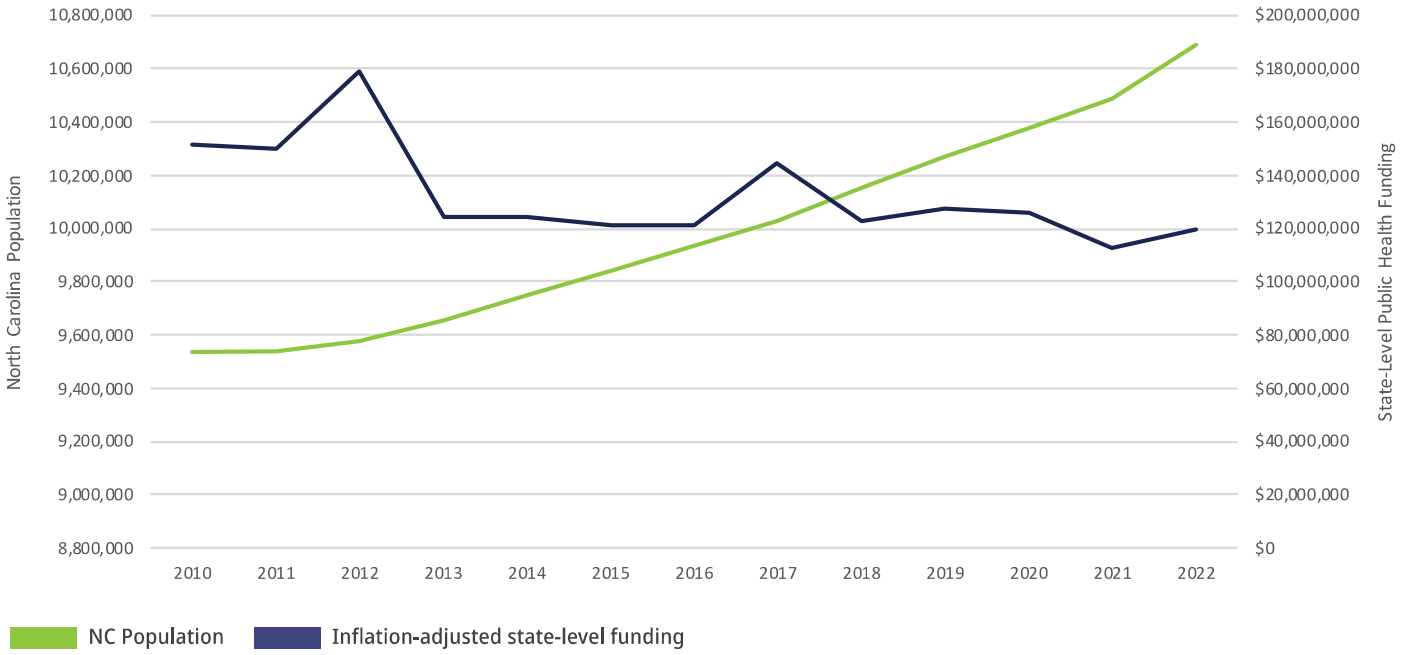
"We are continuing to … go from disaster to disaster without ever talking about the actual infrastructure."

- Brian Castrucci, de Beaumont Foundation Public Health Experts Worry About Boom-Bust Cycle of Support. Kaiser Health News. https://khn.org/news/article/public-health-experts-worry-about-boom-bust-cycle-of-support/

"We are so limited in what we can do and purchase [with grants] and none of it is sustainable. All of the [COVID-19] response money is structured this way and while it helps for maybe a fiscal year or two, there is nothing longer term that can truly help us solve any problems."

- Local Health Director in North Carolina

Figure 16. Comparison of Inflation-Adjusted State-Level Public Health Spending and Population Growth in North Carolina



Source: North Carolina Department of Health and Human Services Division of Public Health analysis of historical state public health spending data.

[A] *Analysis by the News & Observer indicated that, in most counties, the change in public health spending decreased dramatically at the same time the county population increased.*

Health of Communities, the Economy, & Health Care Spending

- Communities with healthier populations are good for business—self-reported good health is associated with creation of businesses and increased labor force participation.[a]
- Over time, areas with high economic activity and poor population health* have lower economic growth compared to areas with good population health.[a]
- CNBC ranks North Carolina as the best state for business and highlights per capita public health spending as a lagging area compared to other states.
- National health expenditures for preventable health conditions in 2016 were $730.4 billion, accounting for 27% of all health care spending.[c]
- In 2021, 10.8% of adults in North Carolina had three or more chronic diseases.[d]
- Chronic diseases cost North Carolina $116.5 billion ($11,336 per capita) in 2016—$34 billion in health care costs and $82.4 billion in indirect costs of work absences, lost wages, and reduced economic productivity.[e]
- The COVID-19 pandemic had severe impacts on many businesses - nearly all North Carolina small businesses surveyed in September 2020 said they had experienced revenue losses since March 2020, with 1 in 5 saying they had lost over 75% of their revenues.[f]

** Population health indicators were general health (self-rated), heart disease, high blood pressure, high cholesterol, obesity, diabetes, smoking, exercise, and mental health.*

[a] https://www.wilder.org/sites/default/files/imports/RobertWoodJohnson_LinkingHealthAndEconomicProsperity_Report_12-19.pdf
[b] https://www.cnbc.com/2022/07/13/north-carolina-is-no-1-in-americas-top-states-for-business.html
[c] https://www.thelancet.com/pdfs/journals/lanpub/PIIS2468-2667(20)30203-6.pdf
[d] https://www.americashealthrankings.org/explore/annual/measure/CHC/state/NC
[e] https://milkeninstitute.org/sites/default/files/reports-pdf/ChronicDiseases-HighRes-FINAL.pdf
[f] https://theinstitutenc.org/wp-content/uploads/2020/10/Impact-of-COVID-19-on-NC-Small-Businesses_3rd-Ed.pdf

To fulfill the task force's urgent and inspiring vision for the future of local public health, the strategies laid out in this report—building on partnerships, modernizing data capabilities, improving public health communications, retaining and building the workforce, and implementing innovative solutions with clear accountability—must be realized through strong leadership backed by sufficient and well-stewarded resources. Public health leaders commit the energy and passion to take these bold actions and work toward healthier communities for everyone; yet this work will take time and a significant increase in financial and human resources. To that end, local public health will require sustained funding and accountability for its vital role in improving the health of North Carolinians.

Current Funding for Local Public Health in North Carolina is Inadequate

In 2021, state and federal funding for all public health in North Carolina was $76 per capita, placing North Carolina 45th in the nation compared to the national average of $116 per capita, and second lowest in the South behind Texas ($74 per capita).[3] Local health departments in the state are funded through a combination of federal, state, and local government appropriations, with the remaining portion of budgets covered through grants and fees for health care services.

The Centers for Disease Control and Prevention (CDC) is the primary source of federal funding to local public health, typically for specific disease-related programming. CDC funds are given to states to distribute to local health departments, along with additional state funds provided through Agreement Addenda and General Aid to Counties. In FY 2019–2020 the North Carolina Division of Public Health oversaw a total of **$143.2 million in funds to local health departments**—$93.3 million in federal funds and $49.9 million from state appropriations, most of which were for specific activities with time limits and strict parameters (e.g., prenatal care, HIV prevention, etc.) as required by the funder.[4] Only **$11.3 million per year in state funds were allocated for General Aid to Counties,** which can be used for local public health operations related to the 10 essential public health services.[C,4]

State Funding Falls Short of Covering Mandated Services

Case Study from Granville Vance Public Health (2020-2021)

COMMUNICABLE DISEASE:
State Annual Funding* = **$4,147**
Actual Annual Cost* = **$378,563**

ENVIRONMENTAL HEALTH:
State Annual Funding = **$15,893**
Actual Annual Cost = **$748,000**

VITAL RECORDS:
State Funding = **$0**
Actual Annual Cost = **$24,017**

**Communicable disease funding presented here is pre-pandemic to indicate non-crisis funding. Communicable disease funding increases during the pandemic were intended for use only on activities related to addressing COVID-19.*

[B] 'Chief Health Strategist' refers to local public health's leadership role in improving community health by engaging with community members and partners as a convener or participant in collective action to address the root causes of health challenges.

[C] "This funding is the only unrestricted funding for local health departments that they may use for locally determined needs or purposes. The General Aid-to-Counties Activity was begun in the early 1970s with a fiscal year allocation of slightly less than $5 million.... The allocation for Fiscal Year 2020 is slightly more than $11.4 million. The funding provided by this Activity is to support delivery of the 10 Essential Public Health Services, the core functions of public health, and the specific health needs or health status indicators selected by each local health department." - As outlined in Agreement Addendum 110 between the North Carolina Department of Health and Human Services Division of Public Health and each health department in North Carolina.

State-level per capita funding for public health dropped by 30% from 2010 to 2022 when adjusted for inflation.[1] Local public health and state Division of Public Health funding account for 3% of the state-funded portion of the North Carolina Department of Health and Human Services 2022 budget, and just 0.7% of total state appropriations.[5]

On average, 22% of North Carolina local health department funding comes from a combination of state and federal funds.[6] Another 50% (average, range for counties was between 7% and 71% in FY 2019) comes from local government.[D,2] County-level spending is an important part of most local health department budgets, yet per capita county spending on public health dropped 22% from 2010 to 2018 when adjusted for inflation. Fees and grants must account for the remaining budget needs.

PUBLIC HEALTH FUNDING BENCHMARKS

National average funding* for state and local public health = **$116 per capita**

(lowest states - $72 per capita, highest state $449 per capita)

North Carolina public health funding = **$76 per capita**

(North Carolina is 45th in the nation for per capita public health funding, second lowest in the South behind Texas ($74 per capita))

An increase of funding to the national average of **$116 per capita** would mean **$1.23 BILLION FOR PUBLIC HEALTH IN NORTH CAROLINA** per year (state and local funding combined) compared to $805.7 million – **a difference of $424.3 million.***

Current State Funding for North Carolina Local Public Health

$143.2 MILLION IN FY 2019–2020

$93.3 MILLION in federal funds

$49.9 MILLION in state appropriations

Most state appropriations for local public health are designated for specific activities with time limits and strict parameters.

Only $11.3 million per year in state funds were allocated for General Aid to Counties to address the 10 essential services and foundational capacities of prevention.

Some states have recently developed estimates of state level funding needs for local public health to effectively carry out its responsibilities, including:

Washington State, where they have undertaken a multi-year process to identify the gap in state funding, with a baseline of **$225 million additional funds needed** on top of the $368 million in estimated current annual spending.[15] Washington's public health funding in 2021 was $121 per capita.

Kentucky, where the Kentucky Health Departments Association worked for several years to develop a cost estimate for mandated public health services and advocate for additional funding. Estimated cost of mandated services was **$116.5 million per year.**[16] Kentucky's public health funding in 2021 was $110 per capita

**Funding from federal and state sources. Estimates and calculations of per capita and total funding based on 2021 data from America's Health Rankings - https://www.americashealthrankings.org/explore/annual/state/NC*

[a] Public Health National Center for Innovations. Foundational Public Health Services (FPHS) and Public Health Modernization Background Report. Published online November 30, 2021.

[b] Oregon Health Authority Public Health Division. Public Health Modernization Manual Foundational Capabilities and Programs for Public Health in Oregon.; 2017.

[c] Staffing Up: Investing in the Public Health Workforce - de Beaumont Foundation. Accessed August 28, 2022. https://debeaumont.org/staffing-up/

[D] Data collected March 2021 by the NC Association of Local Health Directors and shared with the North Carolina Department of Health and Human Services Division of Public Health.

Why has per capita funding for public health decreased?

While per capita funding for public health has been decreasing for years, the reasons are difficult to pinpoint. A steady increase in the state's population, political priorities to avoid tax increases, and numerous budget pressures mean that policymakers face a difficult task in determining funding priorities for government services.

As a prevention-focused field, public health works behind the scenes to ensure that our communities are places where residents can be healthy. Policymakers may place lower priority on activities that are intended to avoid future problems or crises when they are faced with a multitude of immediate challenges, and public health activities often have a return on investment that is most effectively measured in the long term. It is also clear that many outside of the health care and public health fields tend to focus on health care services and health insurance—not prevention strategies of public health—when considering individual health status and outcomes. It can be challenging to prioritize prevention that will benefit unknown individuals in the future – a quality of public health - compared to immediate benefits to groups of people today – a quality of health care.

Yet, when people are reminded that 70% of our health outcomes are tied to social and environmental factors, most agree on where funds should be spent to keep people healthy. In a survey of North Carolina voters, respondents across demographic groups reported that if they oversaw funds to support health, they would spend 67%–74% on services outside of health care (e.g., food banks, affordable housing). The conclusion was that, "while health care may be a politically divisive issue, health can be a unifying one, with voters agreeing on what they need to be healthy."

To help create healthy communities, local public health addresses many of the social and environmental factors that impact our health and can also go farther upstream to identify the policies that may be preventing people from being able to make healthy choices.

As policymakers consider how to effectively prioritize a limited state budget to promote health for the people of North Carolina, turning greater attention—and resources—to the work of local public health could offer an opportunity to improve health and decrease health care spending in the long term.

FrameWorks Institute. Public Health Reaching Across Sectors - Mapping the Gaps between How Public Health Experts and Leaders in Other Sectors View Public Health and Cross-Sector Collaboration. February 2019. https://www.phrases.org/wp-content/uploads/2020/07/Aspen-PHRASES-MTG-Report-2019.pdf
Farley TA. When is it ethical to withhold prevention? NEJM. 2016;3674(14):1303-1306. DOI:10.1056/NEJMp1516534
Lumpkin JR, Perla R, Onie R, Seligson R. What We Need To Be Healthy—And How To Talk About It. Health Affairs. May 3, 2021. https://www.healthaffairs.org/do/10.1377/forefront.20210429.335599/

What is Sufficient Funding for Local Public Health and What are the Costs of Not Providing It?

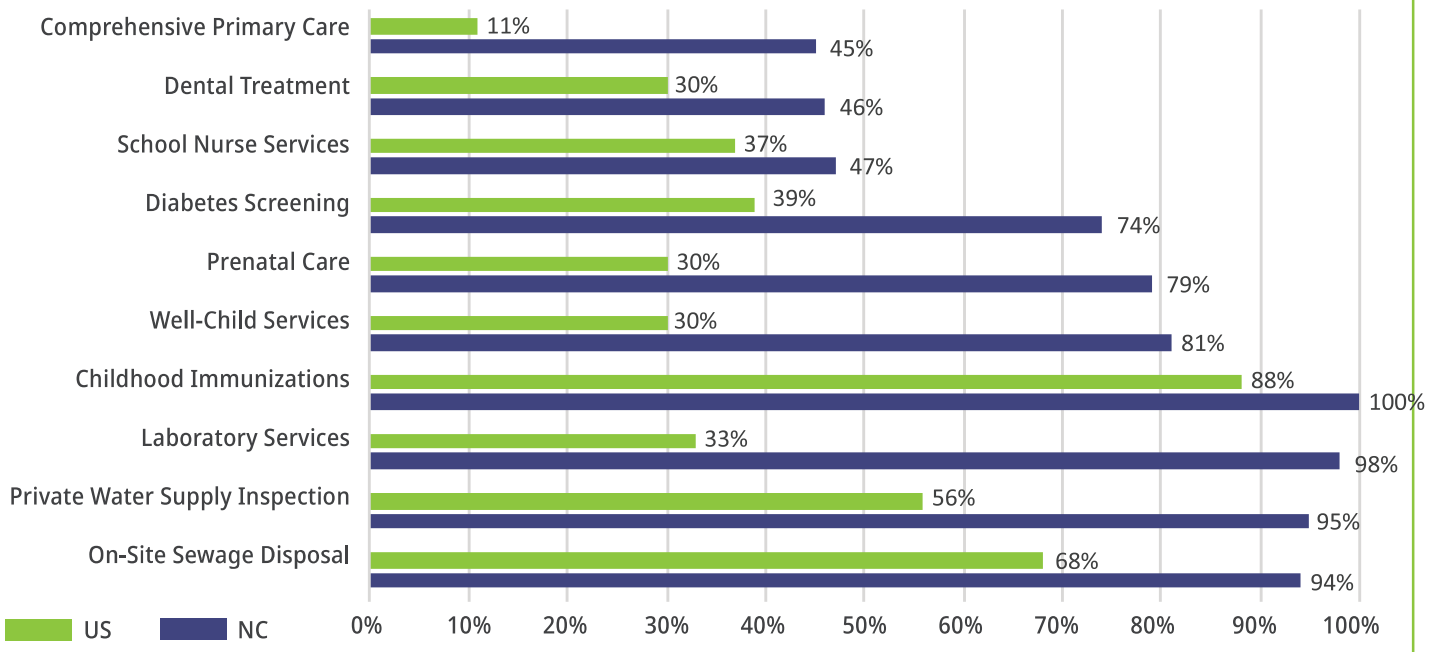
While many would agree that local public health departments are understaffed and underfunded to provide foundational services to support community health, it can be difficult to determine the level of funding needed to support modernized, well-equipped, accountable local health departments with highly qualified employees. However, national benchmarks and examples from other states provide guidelines for the investments necessary to achieve a sustainable future.

Our state's national rank of 45th in per-capita public health funding should also be viewed in context of the variety of structures and operations of health departments across the country. North Carolina's $76 per capita includes funds from ***both*** federal and state government for public health functions at the state (Division of Public Health) and local (local health department) levels. North Carolina's decentralized system has 86 locally governed health departments. Among many differences in roles and responsibilities we have with other states, health departments in North Carolina typically provide more clinical health care services (See Figure 17). Some environmental health services are also more frequently provided in our health departments compared to the national average. While these services have been a vital way to serve the health of our communities, this variance from the national average highlights the challenge many health departments face with spreading financial and staff resources across other public health functions, like communicable disease control and chronic disease and injury prevention.

Kentucky, Oregon, and Washington are a few of the states that have begun to take on the funding needs for modernized public health (See Strategy 7a for more details). Their efforts have involved objectively determining funding needs for local public health by using the framework of the Foundational Public Health Services (FPHS, see Figure 4) to estimate necessary funding needed to conduct these services. FPHS describes the capabilities that local public health departments need to possess in order to carry out the 10 Essential Services, which are also the services required by North Carolina statute. The **foundational capabilities** are:[7]

- **Assessment** (including surveillance, epidemiology, and laboratory capacity)
- **Community partnership development**
- **Equity** (including strategically addressing social and structural determinants of health through policy, programs, and services)
- **Organizational competencies** (including leadership and governance)
- **Policy development and support**
- **Accountability and performance management** (including quality improvement, information technology, human resources, financial management, and law)
- **Emergency preparedness and response**
- **Communications**

Figure 17. Percent of Health Departments Providing Select Clinical and Other Services, US vs. North Carolina, 2017



Source: North Carolina Department of Health and Human Services Division of Public Health, State Center for Health Statistics. Local Health Department Staffing and Services Summary. November 2017. https://schs.dph.ncdhhs.gov/schs/pdf/LHD_2017_FIN_20171120.pdf

The **community-specific services** encompassing these capabilities that are foundational to local public health are:

- **Communicable disease control**
- **Chronic disease and injury prevention**
- **Environmental public health**
- **Maternal, child, and family health**
- **Access to and linkage with clinical care**

Consequences of Limited Investment

The costs of not providing local public health services in a community vary from decreased life expectancy to lower levels of economic activity and business investment. Sick children miss or are delayed in school performance and unwell workers are not on the job. Lack of investment in prevention activities and community infrastructure for health also results in higher health care costs for businesses, hospitals, and government programs. A national study found that every $1 spent on evidence-based disease prevention programs saved an average of $6.20 in health care costs over 10 to 20 years.[8] Another national study found that a $10 per capita increase in local public health expenditures led to a 7% decrease in new infectious disease cases.[9] Other research has shown that self-reported good health is associated with creation of businesses and increased labor force participation, and that, over time, areas with high economic activity and poor population health have lower economic growth compared to areas with good population health.[E,10]

"A national study found that every $1 spent on evidence-based disease prevention programs saved an average of $6.20 in health care costs over 10 to 20 years.[8]"

Moving Toward Sustainability of Local Public Health Funding

The COVID-19 pandemic brought additional funds to local health departments for the necessary work of contact tracing, vaccinations, and other infection-control operations. Yet these funds should not be regarded as a significant improvement to local public health budgets as they are primarily time-limited and specific to pandemic-related activities. Other resources, such as American Rescue Plan Act (ARPA) funds to states, have helped to begin the work of addressing major infrastructure challenges, such as workforce and data needs.

While ARPA funds will be used to take steps toward the future vision for local public health, they are also time-limited and ongoing reliable funding is needed to develop the necessary infrastructure for operational effectiveness.

[E] *Population health indicators were: general health (self-rated), heart disease, high blood pressure, high cholesterol, obesity, diabetes, smoking, exercise, and mental health.*

Many national organizations consistently recommend increasing funding for the work of public health:

- **Bipartisan Policy Center, Public Health Forward: Modernizing the U.S. Public Health System –** "Provide flexible funding and maximize existing assets to support public health services and capabilities, including those needed to address health inequities."[11]
- **Trust for America's Health, The Impact of Chronic Underfunding on America's Public Health System: Trends, Risks, and Recommendations, 2022** – "Substantially Increase Core Funding to Strengthen the Public Health Infrastructure and Workforce"[12]
- **Commonwealth Fund, Meeting America's Public Health Challenge** – "Government funding for core public health functions is grossly insufficient."[7]
- **National Network of Public Health Institutes, The Future of Public Health: A Synthesis Report for the Field** – "Put mechanisms in place to ensure that core funding is available to local health departments in amounts sufficient to ensure local capacity, including investments in data infrastructure modernization and professional development training."[13]

With the desire to achieve the bold vision described throughout this report for the future of local public health, the task force recommends the following:

RECOMMENDATION 7

Ensure governmental local public health is sufficiently and consistently funded to carry out Foundational Public Health Services and meet the unique needs of communities across the state

The Task Force on the Future of Local Public Health recommends four strategies to move to a future of adequate and reliable funding:

Strategy 7a. Structure for Determining Funding Needs The North Carolina General Assembly, North Carolina public health philanthropies, and leaders from relevant sectors most affected by the success of local governmental public health should actively collaborate in the creation of a public-private commission to provide leadership in the development of a per capita and baseline cost to counties and federally recognized Tribes to carry out Foundational Public Health Services and other public health activities required in state statute in North Carolina. In the interim, the General Assembly should raise annual state appropriations for public health funding to a minimum of the national average of $116 per capita.

Strategy 7b. Predictable Funding for Local Public Health The North Carolina General Assembly should ensure predictable and recurring funding at the level recommended by the Commission named in Strategy 7a for local governmental public health to carry out Foundational Public Health Services and any other public health activities required in state statute on a per capita basis with an adequate baseline level for all counties and federally recognized Tribes.

Strategy 7c. Local Funding to Support Community-Specific Needs The North Carolina Association of County Commissioners should identify opportunities for technical assistance to county commissioners in maintaining ongoing funding of local public health beyond what is recommended for state-level funding of Foundational Public Health Services.

Strategy 7d. Collaborative Funding for Innovation North Carolina public health philanthropies—in partnership with state and local health departments, public health nonprofits, academia, health care systems, business leaders, and others—should develop a collaborative process and ensure a consistent statewide strategy that aligns with existing federal, state, Tribal, and local funding strategies and helps local public health test innovative programs, structures, and operations.

Strategy 7a – Structure for Determining Funding Needs

Funding for local public health in North Carolina should be significantly increased to ensure the capacity to achieve effective programs and services that help make our communities healthy places for everyone to live. The North Carolina General Assembly, North Carolina public health philanthropies, and leaders from relevant sectors most affected by the success of local governmental public health should actively collaborate in the creation of a public-private commission to provide leadership in the development of a per capita and baseline cost to counties and federally recognized Tribes to carry out Foundational Public Health Services and other public health activities required in state statute in North Carolina.

i. The North Carolina General Assembly should:
   1. In the interim, raise annual state appropriations for public health funding to a minimum of the national average of $116 per capita,
   2. Identify and appoint key legislative leaders to serve on the commission,
   3. Guide the commission on legislative needs for analysis and information in the creation of budgets and legislation to promote local public health,
   4. Provide financial support, and
   5. Disseminate activities and findings of the commission among General Assembly membership.

ii. North Carolina public health philanthropies should:
   1. Provide financial support for staff and other expenses of the commission, and
   2. Identify leaders from relevant sectors for membership on the commission.

iii. Leaders from relevant sectors (e.g., representatives from local health departments; the North Carolina Department of Health and Human Services, including the Division of Public Health, Division of Child and Family Wellbeing, and Division of Health Benefits; Tribal public health; the North Carolina Association of County Commissioners; community representatives; business leaders; health care systems; and health care payers) should:
   1. Be active participants in the commission, and
   2. Share data and expertise relevant to the commission's work.

iv. Under the direction of an executive committee, the commission should:
   1. Identify and appoint appropriate stakeholders for membership,
   2. Determine metrics for success,
   3. Establish a timeline for reporting findings,
   4. Conduct an evaluation of per capita costs to counties and develop a recommendation for an initial baseline per capita amount that will support the delivery of Foundational Public Health Services,
   5. Develop an implementation strategy to fully fund the recommended baseline per capita spending amount, and
   6. Work with the North Carolina Public Health Association, North Carolina Association of Local Health Directors, and North Carolina Department of Health and Human Services Division of Public Health to monitor progress on task force recommendations.

Desired Result

The commission will develop a clear understanding of the financial needs of local health departments in North Carolina to successfully carry out the Foundational Public Health Services and an associated request for ongoing per capita and baseline funding to be appropriated by the North Carolina General Assembly.

Why does the task force recommend this strategy?

The task force agrees with other state and national entities that funding for local public health is inadequate to cover all the tasks it has undertaken. The North Carolina General Assembly should increase state appropriations for local health departments while a public-private commission considers the appropriate roles and funding levels for local public health. While the task force recommends an initial step of increasing funding to bring North Carolina to the national average—$116 per capita—more information and analysis is needed to understand the full financial needs and methods for local health departments to carry out the Foundational Public Health Services (FPHS, see Page 21 for details). The task force believes that the creation of a public-private commission to study these funding needs, develop an implementation strategy, and gather support from state policymakers will ensure evidence-based actions and accountability for public funds. This commission must consist of a wide range of representatives from entities that are both closely involved in the day-to-day work of local public health and those outside of the public health sector to ensure collective understanding and support for adequate and sustainable funding.

The task force recommends an interim step of increasing funding to bring North Carolina to the national average—$116 per capita – which includes both state and federal funding. More information and analysis is needed to understand the full financial needs of local health departments to carry out the Foundational Public Health Services.

An increase of funding to the national average of $116 per capita would mean $1.23 billion for public health in North Carolina per year (state and local combined) compared to $805.7 million - a difference of $424.3 MILLION.*

**Estimates and calculations of per capita and total funding based on 2020 data from America's Health Rankings - https://www.americashealthrankings.org/explore/annual/state/NC*

Additional Context

Funding local public health has a direct impact on health and the economy. For example, a national study found that a $10 per capita increase in local public health expenditures led to a 7% decrease in new infectious disease cases.[9] A study of local public health funding in California estimated that every $1 invested in public health resulted in $67 to $88 in societal benefits, such as improved general health status and decreased mortality. Another national study looked specifically at health care cost savings and found that 10- to 20-year savings of $6.20 for every $1 spent on proven community-based disease prevention programs.[14] Prior chapters in this report have detailed how enhancements to the structure, capacity, and function of local public health can improve the health of the whole community through programs, partnerships, and policy development.

In recent years, several states have worked with policymakers to determine appropriate levels of funding for FPHS and have seen success in increasing state appropriations. Washington State has undertaken a multi-year process to identify the gap in state funding, with a baseline of $225 million additional funds needed on top of the $368 million in estimated current annual spending.[15] The Washington legislature invested an additional $15 million in the 2018–2019 biennium budget and $28 million in the 2020–2021 biennium.[15] The funding gap analysis, conducted with the aid of multiple health departments in the state, also identified potential areas of support for shared services to achieve efficiencies in funding and capacity. As a result of these initial steps to increase funding, 57% of local public health agencies reported maintaining or increasing staffing, 46% reported improved disease response, and 23% reported improved communications.[15]

The Kentucky Health Departments Association worked for several years to develop a cost estimate for mandated public health services and advocate for additional funding. The association estimated that those mandated services—including population health, enforcement of regulations, emergency preparedness and response, communicable disease control, and organizational infrastructure—cost $116.5 million per year.[16] The multi-year effort resulted in the March 2020 enactment of Kentucky law 211.186, which covers funding for foundational public health programs through the calculation of base funding levels for each public health service provider and the state as a whole. The 2023–2024 biennium budget request for the Kentucky Public Health Departments General Fund totals nearly $144.5 million, although this request has not yet been fulfilled.[16]

Oregon codified the Foundational Public Health Services as the framework for governmental public health in state statute in 2015 and 2017.[8] This was a result of the state's own Task Force on the Future of Public Health Services, which also recommended "significant and sustained state funding be allocated to support implementation of the foundational capabilities and programs."[17] The Oregon legislature approved $60 million in the current biennium budget for investment toward these modernization efforts.[8]

Two activities already in progress can contribute to the work of the commission recommended in this strategy, particularly related to workforce needs. The Public Health Workforce Calculator has been developed through a partnership between the de Beaumont Foundation, the Public Health National Center for Innovations, University of Minnesota School of Public Health Center for Public Health Systems, and the Center for State, Tribal, Local and Territorial Support at the Centers for Disease Control and Prevention. This new tool can help state public health leaders estimate the number and type of staff needed for providing public health services using nationally recognized and validated benchmarks.[18] On the state level, the North Carolina Department of Health and Human Services Division of Public Health is using funds from the American Rescue Plan Act to conduct a gap analysis and a Regional Workforce Development Plan, with results expected in Spring 2023.[19]

How would this impact the health of communities?

Adequate and reliable funding would help local public health to maintain and grow the workforce and technical capabilities needed to enhance partnerships, identify community health assets and needs, act quickly in emergencies, and engage in policy development to improve the health of whole populations.

Who is responsible?

- North Carolina General Assembly
- North Carolina public health philanthropies

Who are the partners?

- Local health departments
- North Carolina Public Health Association
- North Carolina Association of Local Health Directors
- North Carolina Department of Health and Human Services
- Tribal public health
- North Carolina Association of County Commissioners
- Community representatives
- Business leaders
- Health care systems
- Health care payers
- Rural health advocates (e.g., The Rural Center)

Strategy 7b – Predictable Funding for Local Public Health

The North Carolina General Assembly should ensure predictable, flexible, and recurring funding at the level recommended by the Commission named in Strategy 7a for local governmental public health to carry out Foundational Public Health Services and any other public health activities required in state statute on a per capita basis with an adequate baseline level for all counties and federally recognized Tribes.

Desired Result

The North Carolina General Assembly will implement an adequate per capita and baseline funding allocation for North Carolina local health departments to successfully carry out the Foundational Public Health Services.

Why does the task force recommend this strategy?

The task force agrees there is great potential for local public health to play a key role in improving the health and well-being of North Carolinians. Fulfillment of this role will help ensure our state is a place where everyone has an opportunity to live a healthy life, regardless of where they live or what they earn. Local public health requires ongoing additional funds to sustain this work, to counteract deferred operational progress due to per capita funding decreases over the past decade, and to rebuild a workforce whose members have been deeply taxed by their role at the center of a sustained and challenging pandemic response. The task force supports an initial step of increasing funding to bring North Carolina to the national average of $116 per capita for local public health spending. This step would be followed by an evidence-based estimate of funding requirements to carry out the Foundational Public Health Services (FPHS, see Page 21 for details) as recommended in Strategy 7a.

Additional Context

North Carolina currently ranks 45th in the nation for per capita public health spending with $76 per capita compared to the national average of $116 per capita (see Figure 18).[3] Local public health and state Division of Public Health funding account for just 3% of the North Carolina Department of Health and Human Services budget, and just 0.7% of the total state budget.[5]

CNBC ranked North Carolina as the best state for business in 2022, highlighting the ability of policymakers to overcome political differences to boost the economy and business. The state economy (ranked 1st in the nation), technology and innovation (ranked 5th), and workforce (ranked 12th) contributed to this success.[20] However, North Carolina's lowest ranking (28th) was in the factors of life, health, and inclusion. In particular, CNBC called out per capita public health spending and hospital resources as "among the many areas where North Carolina's explosive growth is straining resources."[20]

CNBC ranked North Carolina as the best state for business in 2022 and called out per capita public health spending and hospital resources as "among the many areas where North Carolina's explosive growth is straining resources.[20]

State health rankings reflect these challenges with health-related resources, as well as disparities in health outcomes seen for groups based on race and ethnicity, income, and geographic location, among other factors. For example, North Carolina ranks:[21]

- **40th** in number of babies born at low weight
- **39th** in overall physical health
- **37th** in number of adults with diabetes
- **35th** in number of adults with three or more chronic conditions
- **33rd** in number of adults with heart disease
- **27th** in drug-related deaths

These health outcomes can be attributed to factors that local public health can work to address in communities across North Carolina. These factors include the following areas where North Carolina struggles:[21]

- **7%** of adults engage in risky behaviors for sexually transmitted diseases (ranked 49th)
- **12%** of households are food insecure (ranked 40th)
- **78%** of adults do not get recommended levels of exercise (ranked 34th)
- **17%** of adults smoke (ranked 31st)
- **21%** of adults suffer from depression (ranked 30th)

How would this impact the health of communities?

Adequate and reliable funding would help local public health to maintain and grow the workforce and technical capabilities needed to enhance partnerships, identify community health assets and needs, act quickly in emergencies, and engage in policy development to improve the health of whole populations.

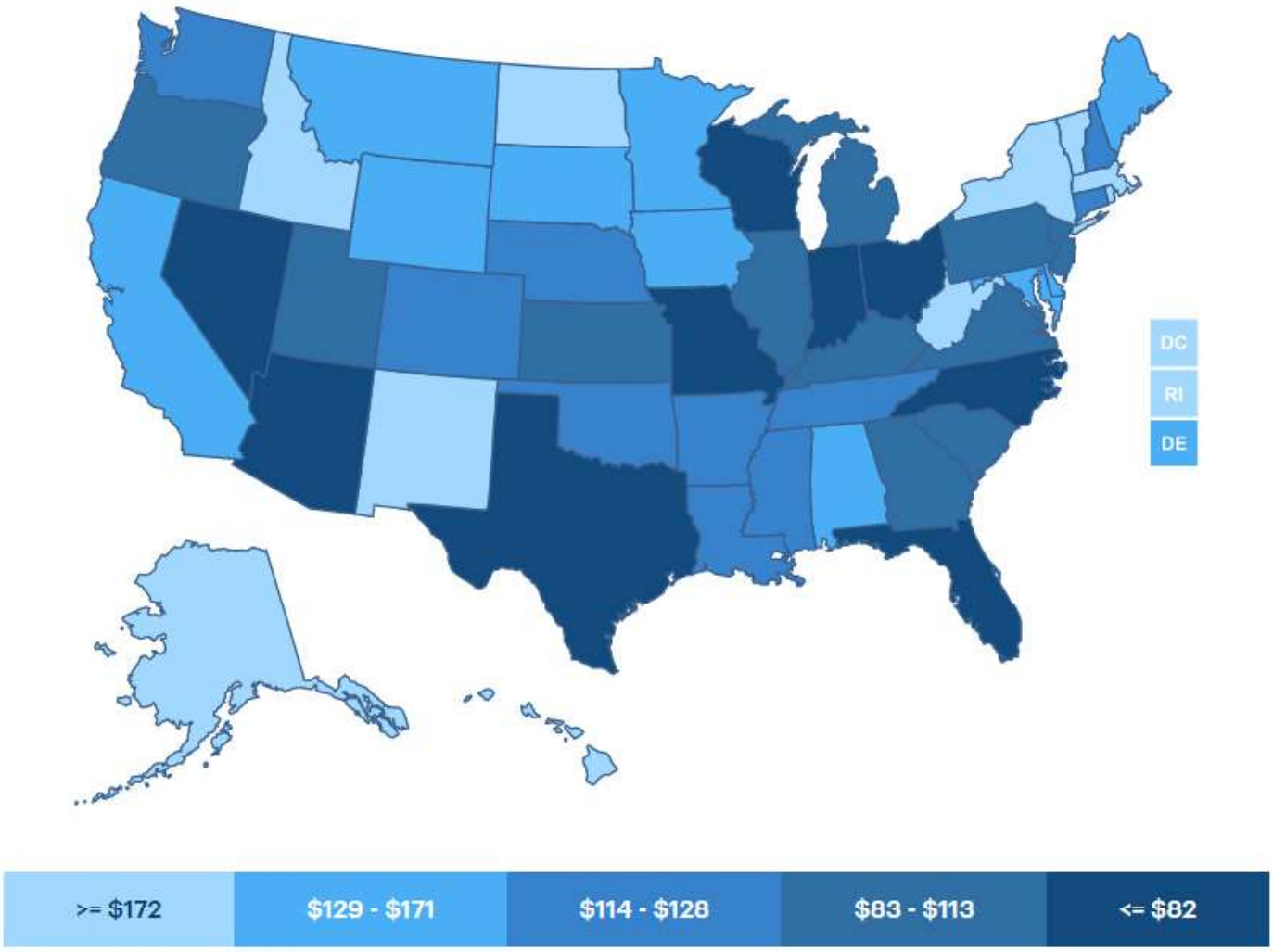
Who is responsible?

- North Carolina General Assembly

Who are the partners?

- Local health departments
- North Carolina Department of Health and Human Services
- Tribal public health
- North Carolina Association of Local Health Directors

Figure 18. Combined State and Federal Funding for Public Health, Per Capita, 2021



Source: CDC, HRSA and Trust for America's Health, accessed via America's Health Rankings. August 15, 2022. https://www.americashealthrankings.org/explore/annual/measure/PH_funding/state/NC?edition-year=2021

Strategy 7c – Local Funding to Support Community Specific Needs

The North Carolina Association of County Commissioners should identify opportunities for technical assistance to county commissioners in maintaining ongoing funding of local public health beyond what is recommended for state-level funding of Foundational Public Health Services.

Desired Result

Local health departments will continue to receive local or county appropriations at rates at or above current funding levels. Local appropriations will not be replaced by any additional funding that may be secured through new state appropriations.

Why does the task force recommend this strategy?

County governments across the state have played a significant role in supporting the work of local public health, funding an average of 50% (range between 7% and 71% in FY 2019) of total budgets. The task force recognizes this support and seeks to ensure that local budgets continue to be supported at current levels, even as additional funds are allocated by state government. In this way, current local appropriations will not be replaced by state sources, but supplemented to enhance local public health capacity and capabilities.

Additional Context

Local property taxes provide the funding to support local public health budgets. This can be a strain in areas of the state with lower incomes and property values, accounting in part for the large variation in the portion of local public health budgets funded by the county—from 7% to 71% in 2019.[F]

In 2012, the North Carolina General Assembly required that "in order to remain eligible for state and federal funding, a county must maintain its appropriation to its local public health agency from ad valorem tax receipts at a level equal to the amount appropriated in fiscal year 2010-2011."[22,23]

This strategy is closely related to Strategy 4b—Value the Public Health Workforce (Chapter 7). Strategy 4b calls for deeper learning about the roles and responsibilities of local public health to better understand the issues affecting burnout, retention, and recruitment for local governmental public health employees. Greater understanding and appreciation of local public health's roles, responsibilities, and contributions to community economic and social well-being can motivate commitment to maintaining or growing local funding.

Provision of the Foundational Public Health Services (see Page 21 for details) will look different across the state based on community needs. It may include offering health services at the health department when there are no other health care providers for lower-income and uninsured populations. It also includes the work of local public health to address the social needs of a community that impact health, such as affordable and safe housing and access to healthy foods.

The North Carolina Association of County Commissioners (NCACC) offers several training opportunities for county commissioners, some in partnership with the University of North Carolina – Chapel Hill School of Government (see Chapter 7). In Addition, NCACC launched a Strategic Member Services program this year to assist counties in planning and use of funds from the federal American Rescue Plan Act, which NCACC says "offer enormous opportunity for county leaders to address challenges unique to their communities and potentially undertake significant capital projects."[24] This new service could also provide an opportunity for learning and planning to bolster county public health operations.

How would this impact the health of communities?

County support of local public health budgets helps to ensure engagement of local government in the health and well-being of the communities served. Oversight and financial support ensure there is local governmental accountability for improving the health of people across the state.

Who is responsible?

- North Carolina Association of County Commissioners

Who are the partners?

- County commissioners
- Local health departments

[F] *Data collected March 2021 by the North Carolina Association of Local Health Directors and shared with the North Carolina Department of Health and Human Services Division of Public Health.*

Strategy 7d – Collaborative Funding for Innovation

North Carolina public health philanthropies - in partnership with state and local health departments, public health nonprofits, academia, health care systems, business leaders, and others - should develop a collaborative process and ensure a consistent statewide strategy that aligns with existing federal, state, Tribal, and local funding strategies and helps local public health test innovative programs, structures, and operations.

Desired Result

Public health philanthropies will support innovative programs, structures, and operational enhancements for local health departments to develop and test promising emerging strategies to improve community health.

Why does the task force recommend this strategy?

Philanthropic and other non-public support is a critically important source of flexible funds that catalyze innovation. Most revenue sources for local public health are categorical funding for existing program activities (such as immunizations and family planning services), with few resources to invest in new initiatives based on unique local needs and assets. There are many philanthropic and other non-public funding and capacity partnerships in North Carolina, and many of these share the goals of promoting health equity, community well-being, and opportunities for economic stability and healthy lives with local public health. The task force sees an opportunity to develop a collaborative process between public health funders and other public health partners to identify shared priorities for pilot projects and initiatives to disseminate promising practices.

Additional Context

North Carolina has a wealth of entities engaged in partnerships with local public health. Key among these partners in terms of financing innovation are public health philanthropies, including The Duke Endowment, the Kate B. Reynolds Charitable Trust, and the Blue Cross Blue Shield Foundation of North Carolina (all of whom work across the state), as well as many county-specific or regional health philanthropies born out of hospital mergers or conversions, such as Dogwood Health Trust. Other organizations from the state's many academic institutions, large health systems, and visionary businesses are important partners in providing capacity to health departments in areas such as data analytics and research.

Federal and state funds are typically allocated for specific disease-related programming. Thus, philanthropic funds serve an important role in supporting the resources necessary for programs and capacity-building that may be unique to local needs.

How would this impact the health of communities?

Economic, demographic, and social change occur steadily across our state, and this brings changes in people's lifestyles, habits, and preferences. To continue to meet public health goals, health departments must develop the capacity to respond to changes in their communities by enhancing the types of services provided and modifying their methods of service provision. Additional funding and capacity help ensure that local public health has the resources to implement best practices and innovative solutions for addressing unique community health needs. A streamlined approach to this funding and capacity-building helps to ensure efficient use of health department staff and resources for local needs.

Who is responsible?

- Health philanthropies and innovation funders

Who are the partners?

- North Carolina Department of Health and Human Services Division of Public Health
- Local health departments
- Public health nonprofits
- Public health academia
- Health care systems
- Business leaders

[6] *The Kate B. Reynolds Charitable Trust is a funder of the NCIOM Task Force on the Future of Local Public Health, along with the North Carolina Department of Health and Human Services.*

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