

# Introducing a Set of Public Health Financial Indicators

1

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**PEGGY A. HONORE, DHA  
HHS, USM**

**CHERYLL D. LESNESKI, DRPH, MA  
SPH, UNC-CHAPEL HILL**

**WILLIAM N. ZELMAN, PHD  
SPH, UNC-CHAPEL HILL**

# Financial Indicators

2

- **Quantify changes in key factors related to financial status**
  - Analyze trends
  - Compare financials to other local public health agencies
- **Initial set**
  - 46 data points collected
  - 39 financial indicators
    - ✦ Calculated from agency data
    - ✦ Ratio – (numerator / denominator )
    - ✦ Expressed as a number or a percent

# Outline for Indicators' Intro

3

- **Categories of indicators**
- **Subset of indicators for each category**
  - Definition
  - Ratio
  - Warning Trend
  - Collecting Data
  - Reporting
  - Analysis

# Categories of Financial Indicators

4

- **Classified according to the information they provide:**

- ✦ **Revenue**

- Growth

- Diversity

- Flexibility

- Dependability

- ✦ **Expenditures**

- Growth

- Productivity

- Priorities

- Effectiveness

- ✦ **Mission**

- Community needs

- Financial Alignment w/Mission

- ✦ **Community**

- Population

- Growth

- Poverty Levels

- Age

# Revenue Indicators

5

- Revenues per Capita
- Restricted Revenues
- Sources of Revenues

Federal	Medicare
State	Medicaid
County	Fees
Other	

- Additional Revenue Breakouts

One-time Revenues	Venture Generated Revenues
County Special Tax	Home Health
Grants	

# More Revenue Indicators

6

- **Total Margin**

- $(\text{Total Revenue} - \text{Total Expenditures}) / \text{Total Revenue}$
- Amount each dollar of revenue generated in surplus (deficit) operating dollars
- Warning Trend – Negative values

- **Operating Surplus**

- $(\text{Total Revenues} / \text{Total Expenses})$
- Measures excess of revenues over expenses
- Warning Trend – Ratio values  $< 100\%$

# Financial Indicators: \$\$\$\$ Revenues per Capita

7

- **Changes in revenues relative to population size**
- **Ratio**
  - Total Revenues / Total County Population
- **Warning Trend**
  - Decreasing revenues per capita
    - ✦ Revenues are decreasing
    - ✦ Population is increasing

# Data for Revenues per Capita

8

	Year End 2007	Year End 2006	Year End 2005	2006-2007	2005-2006
<b>Demographic</b>					
1 Total Population (Estimates)	1,087,172	1,050,939	1,047,939	3.4%	0.3%
2 Median Population age	33.3	33.3	33.3	0.0%	
3 % of Population below poverty	12.1%	12.1%	12.1%	0.0%	
4 # of residential building permits	160,000	150,000	140,000	6.7%	
<b>Revenues and Budget</b>					
5 Total Revenues	\$ 34,069,850	\$ 32,000,000	\$ 30,980,000	6.5%	3.3%
6 Total Restricted Revenues	\$ 23,167,049	\$ 19,800,100	\$ 19,800,100	17.0%	
7 Total Annual Operating Budget	\$ 36,489,462	\$ 32,100,000	\$ 29,840,000	13.7%	
<b>Ratios</b>					
NO DATA NEEDED IN THIS SECTION					
<b>Revenue Ratios</b>		<b>Year End 2007</b>	<b>Year End 2006</b>	<b>Year End 2005</b>	
1 Revenues per capita (Total Revenues/Population)		31.3	30.4	29.6	2.9% 3.0%



## Reporting & Analysis:

Revenues per Capita are increasing

- Population change is small
- Result of increases in total revenue

Which source?

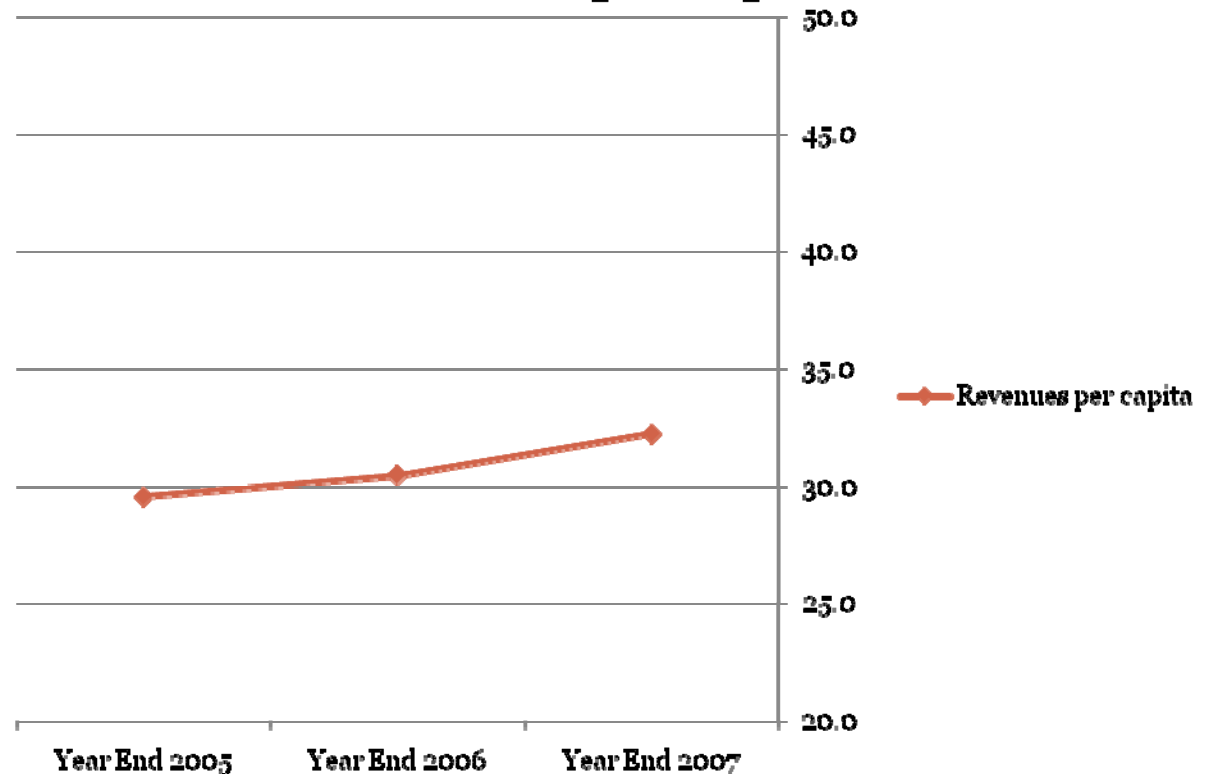
Temporary or long-term?

Are increasing revenues sustainable?

Number of services increased?

Costs increased?

## Revenues per capita



## Reporting

# Financial Indicators: Sources of Revenue

10

- **Revenues from**
  - Federal, state, and local government
  - Medicaid
  - Medicare
  - Fees from customers
  - Vital Statistics
  - Private insurance
  - Other
- **Ratios:**
  - Revenues by Source of Revenue / Total Revenues
  - Examples:
    - ✦ Total Federal Revenues / Total Revenues
    - ✦ Total State Revenues / Total Revenues
    - ✦ Total County Revenues / Total Revenues
- **WARNING TREND: Decreasing trends signal potential erosion of funding source**

# Data for Sources of Revenue

		Year End 2007	Year End 2006	2006-2007
<b>Revenues and Budget</b>				
5	<b>Total Revenues</b>	\$34,069,850	\$32,000,000	6.5%
<b>SOURCES OF REVENUE</b>				
9	Federal Revenues (Exclude Medicaid/Medicare Reimbursements)	\$16,723,658	\$15,954,666	4.8%
10	State Revenues	\$5,730,575	\$4,332,666	32.3%
11	County Government Revenues	\$1,359,985	\$1,192,000	14.1%
12	Medicaid Revenues	\$4,751,566	\$5,770,000	-17.7%
13	Medicare Revenues	\$83,244	\$186,000	-55.2%
14	Total Fees from Clinical & Immunization Services	\$1,052,022	\$941,500	11.7%
15	Total Fees from Environmental Health Services	\$1,323,120	\$1,240,000	6.7%
16	Total Fees from Vital Stats	\$98,000	\$78,000	25.6%
17	Total Fees, Other	\$86,000	\$8,500	911.8%
18	Total Other Revenues	\$2,861,680	\$2,296,668	24.6%
<b>TOTAL OF REVENUES FROM ALL SOURCES</b>		\$34,069,850	\$32,000,000	6.5%
<b>Ratios</b>				
<b>NO DATA NEEDED IN THIS SECTION</b>				
<b>Revenue Ratios</b>		<b>Year End 2007</b>	<b>Year End 2006</b>	
2	Federal Revenues as % of Total Revenues (Federal Revenues/Total Revenues)	49.1%	49.9%	-1.5%
3	State Revenues as % of Total Revenues (State Revenues/Total Revenues)	16.8%	13.5%	24.2%
4	County Revenues as % of Total Revenues (County Revenues/Total Revenues)	4.0%	3.7%	7.2%
5	Medicaid Revenues as % of Total Revenues (Medicaid Revenues/Total Revenues)	14%	18%	-22.7%
6	Medicare Revenues as % of Total Revenues (Medicare Revenues/Total Revenues)	0.2%	0.6%	-58.0%
8	Total Fees as a % of Total Revenues (Total Fees/Total Revenues)	7.5%	7.1%	6.0%
11	Other Revenue as % of Total Revenues (Other Revenue/Total Revenues)	8.4%	7.2%	17.0%
15	One Time Revenues as a % of Total Revenues (One Time Revenues/Total Revenues)	0.0%	0.0%	#DIV/0!

# Reporting & Analysis

Warning: Decreasing trends

- Total revenues increase while revenue source is stable or decreases
- Revenue sources decreasing

In the example which revenue sources are changing in relation to Total Revenue?

Federal

Medicaid

Medicare



State

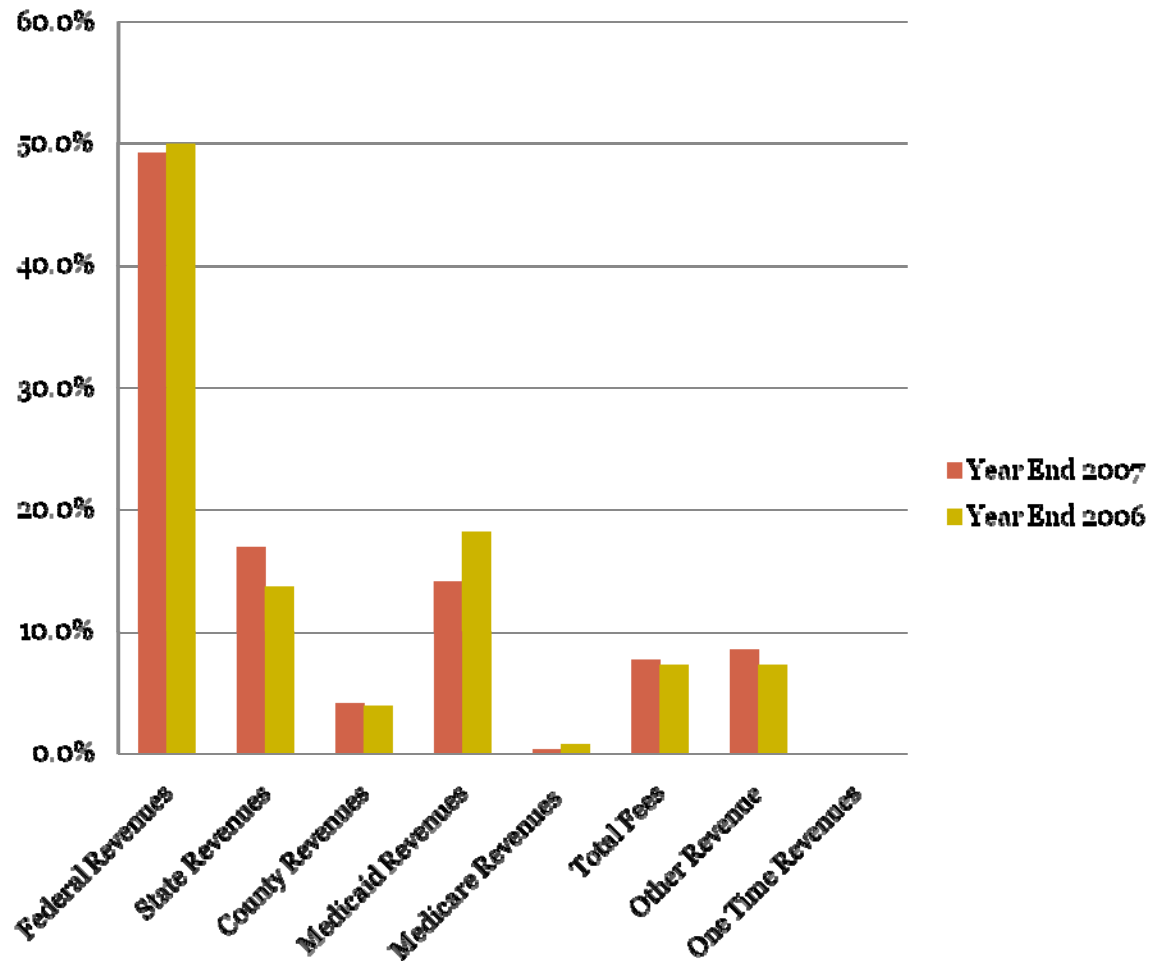
County

Fees

Other



## Sources of Revenue as % of Total Revenues



# Financial Indicators: Other Revenue Breakouts

13

## Revenue Breakouts as % of Total Revenues

One-time Revenues	<u>Ratio:</u> One-time Revenues/Total Revenues <u>Warning Trend:</u> Increasing One-time Revenues
Home Health	<u>Ratio:</u> Home Health Revenues/Total Revenues <u>Warning Trend:</u> Increasing Home Health Revenues (Not aligned w/PH Mission)
Grant Revenues	<u>Ratio:</u> Total Grant Revenues/Total Revenues <u>Warning Trend:</u> Decreasing Grant Revenues
County Special Tax	<u>Ratio:</u> County Special Tax Revenues/Total Revenues <u>Warning Trend:</u> Decreasing County Special Tax Revenues
Agency Venture-Generated	<u>Ratio:</u> Agency Venture-Generated Revenues/Total Revenues <u>Warning Trend:</u> Decreasing Agency Venture-Generated Revenues

# Data for Other Revenue Breakouts

		Year End 2007	Year End 2006	2006-2007
<b>Revenues and Budget</b>				
5	Total Revenues	\$34,069,850	\$32,000,000	6.5%
<b>ADDITIONAL REVENUE BREAKOUTS</b>				
20	One-Time Revenues	\$850,000	\$630,000	34.9%
21	County Special Tax Revenue (Provide Millage Rate in column G)	\$300,000	\$0	#DIV/0!
22	Other Agency Venture Generated Revenues (Provide Description in Column G. Ex. Wellness programs, mini course grant writing, trainings, etc)	\$25,000	\$25,000	0.00%
23	Total Revenues from Home Health	\$0	\$0	#DIV/0!
24	Grant Revenues	\$8,585,041	\$6,890,000	24.6%
<b>Ratios</b>				
<b>NO DATA NEEDED IN THIS SECTION</b>				
<b>Ratio Formulas</b>				
<b>Revenue Ratios</b>				
		<b>Year End 2007</b>	<b>Year End 2006</b>	
7	Total Grant Revenue as a % of Total Revenues (Total Grant Revenues/Total Revenues)	25%	22%	17.0%
9	Total Home Health Revenue as % of Total Revenues (Total Home Health Revenue/Total Revenues)	0.0%	0.0%	#DIV/0!
15	One Time Revenues as a % of Total Revenues (One Time Revenues/Total Revenues)	2.5%	2.0%	26.7%
<b>Mission Critical Ratios</b>				
31	County Special Tax Revenue as % of Total Revenues (County Special Tax Revenues/Total Revenues)	0.9%	0.0%	#DIV/0!
32	LPHA Venture Generated Revenues as % of Total Revenues (LPHA Venture Generated Revenues/Total Revenues)	0.07%	0.08%	-6.1%

## Reporting & Analysis

### Warning:

Decreasing trends for Grant, Special Tax, and LPHA Venture Revenues

Increasing trends for Home Health & One Time Revenues

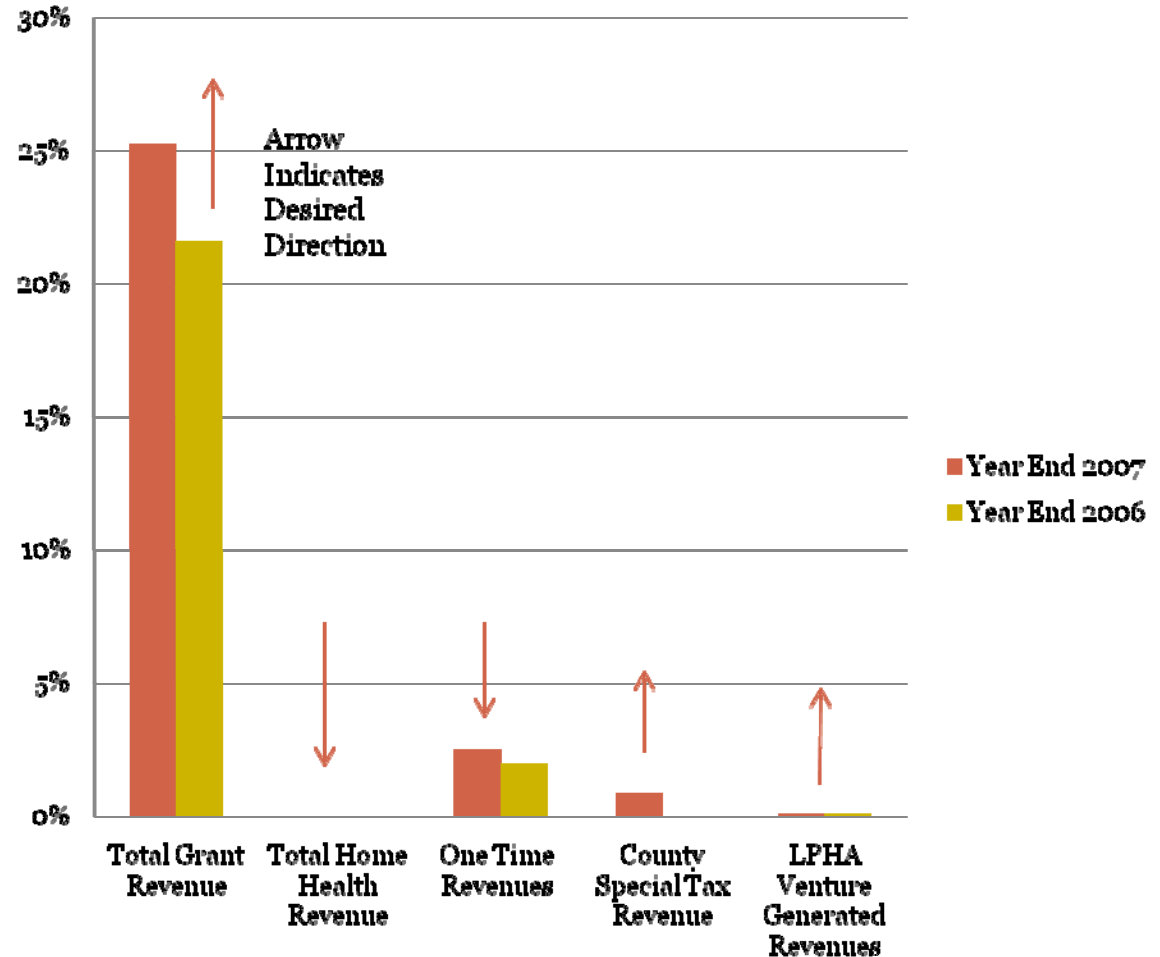
In this example,

- Increasing trends due to increases in revenue type while total revenues are stable.
- Decreasing trends due to decreasing revenue type while total revenues are stable

### Questions?

- Is increase sustainable?
- Is increase or decrease in the right direction?

## Types of Revenue as % of Total Revenues



# Financial Indicators: Expenditures

16

- Expenditures per capita
- Employees per 1,000 county population
- Fringe benefits as % of total salaries and wages
- Salaries & wages as % of total expenditures
- Administrative expenditures as % of total expenditures
- Chronic disease program expenditures as % of total expenditures
- Public health preparedness expenditures as % of total expenditures



# Financial Indicators: Expenditures Per Capita

17

- **Changes in expenditures relative to changes in county's population size**
- **Ratio:**
  - Total Expenditures / County's Population
- **Warning Trend:**
  - Increasing expenditures per capita

# Data for Expenditure Indicators

<b>Demographic</b>				
1	Total Population	1,087,172	1,050,939	3.4%
<b>Expenditures</b>				
26	Total Expenditures (ex.. programs, admin, etc.)	\$33,755,854	\$32,180,000	4.9%
27	Total Program Expenditures	\$28,017,359	\$27,353,000	2.4%
28	Total Fringe Benefits Expenditures	\$6,375,988	\$6,077,899	4.9%
29	Total Salary and Wages Expenditures	\$26,826,543	\$25,490,890	5.2%
30	Total Administrative Expenditures (Defined in Column G)	\$5,738,495	\$4,827,000	18.9%
34	Total Public Health Preparedness Expenditures	\$6,751,170	\$8,045,000	-16.1%
35	Total Chronic Diseases Expenditures	\$675,118	\$321,800	109.8%
<b>Ratios</b>			<b>Ratio Formulas</b>	
<b>NO DATA NEEDED IN THIS SECTION</b>				
<b>Expenditure Ratios</b>				
19	Expenditures per Capita (Total Expenditures/Population)	31.05	30.62	1.4%
20	Employees per 1,000 Population (Number of Full Time Employees/(Population/1000) )	0.49	0.49	0.4%
21	Fringe Benefits as a % of Salary and Wages (Total Fringe Benefits / (Total Salary + Wages) )	23.8%	23.8%	-0.3%
22	% Salaries & Wages (includes fringe benefits) (Total Salaries + Wages) / Total Expenditures)	79.5%	79.2%	0.3%
23	Administrative Expenditures as % of Total Expenditures (Administrative Expenditures/Total Expenditures)	17%	15%	13.3%
26	Public Health Preparedness Expenditures as % of Total Expenditures (Public Health Preparedness Expenditures/Total Expenditures)	20.0%	25.0%	-20.0%
27	Chronic Diseases Expenditures as % of Total Expenditures (Chronic Disease Expenditures/Total Expenditures)	2.0%	1.0%	100.0%

## Reporting & Analysis

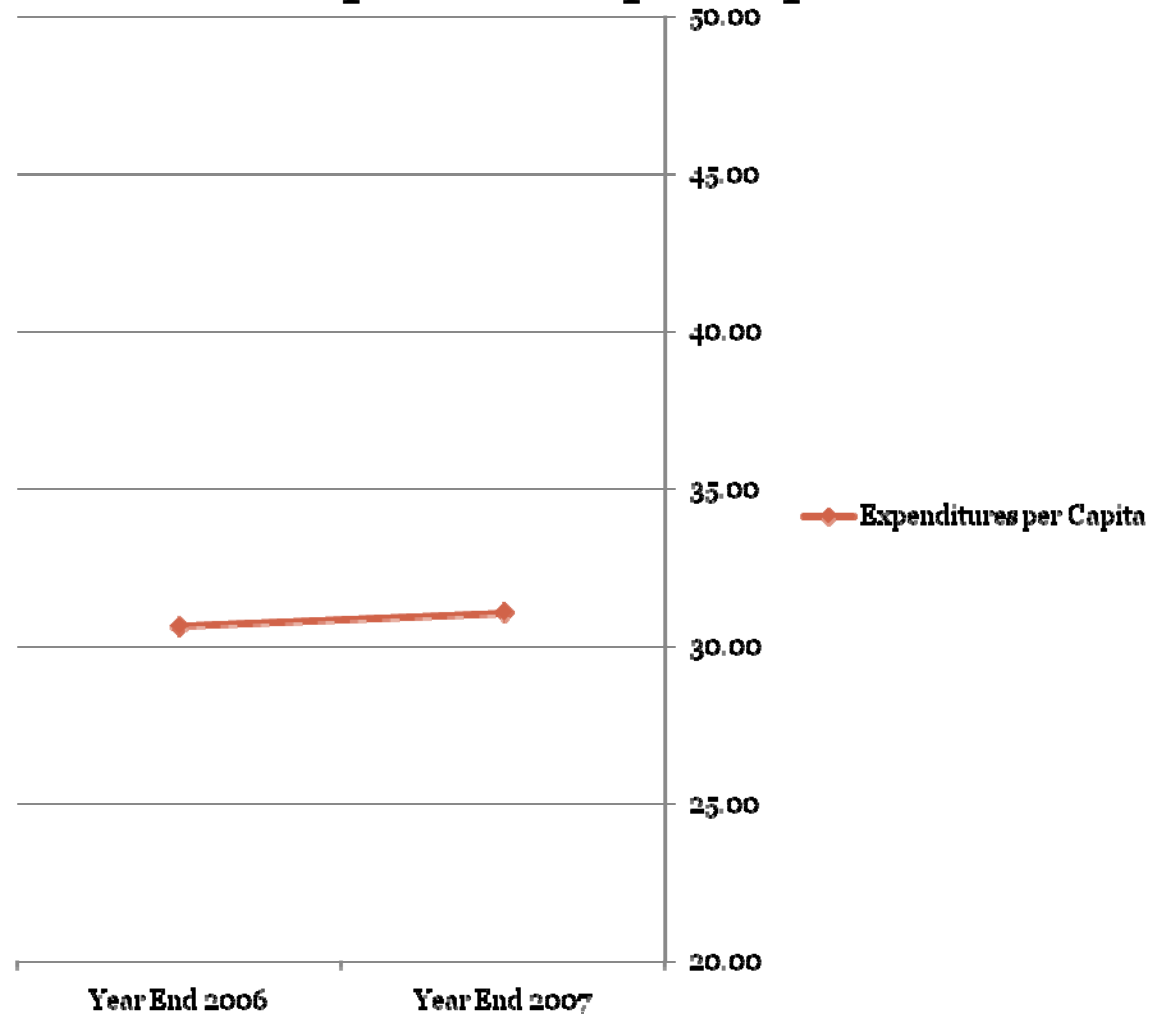
Warning: Increasing expenditures per capita

- Population decrease
- Expenditures increase

### Questions

- Sufficient revenue to cover increases in expenditures?
- Increase due to more services or increased cost of services?

## Expenditures per Capita



## Reporting & Analysis

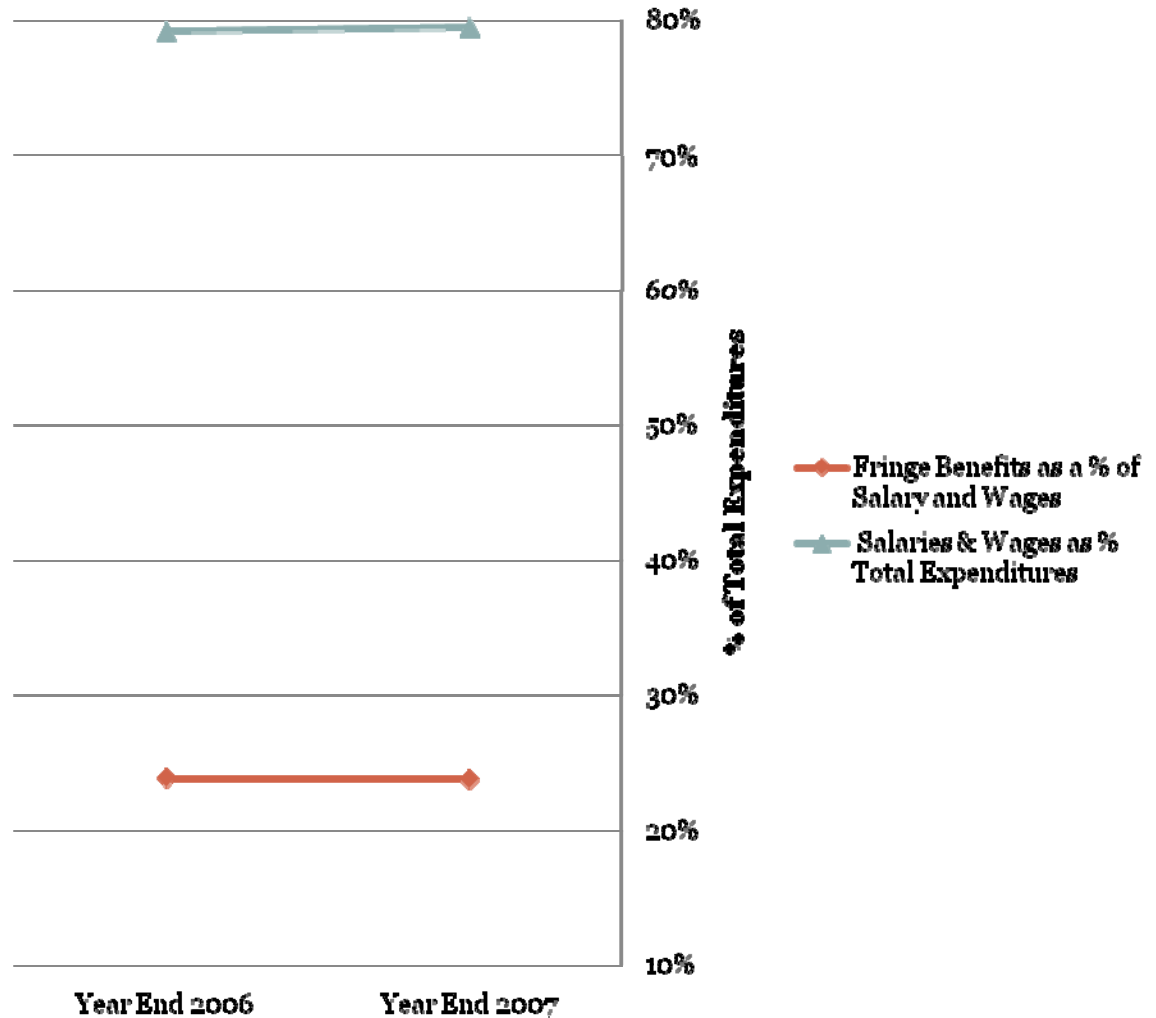
Warning: Salaries & wages increasing as % of total expenditures

- Result of decreasing expenditures while salaries and wages are stable or increase OR
- Wages and salaries increase more than total expenditures

Warning: Fringe benefits increasing as % of salaries & wages

- Salaries & wages decrease while benefits are stable or increase
- Benefits increase more than salaries & wages

## Salaries, Wages, & Fringe Benefits



## Reporting & Analysis

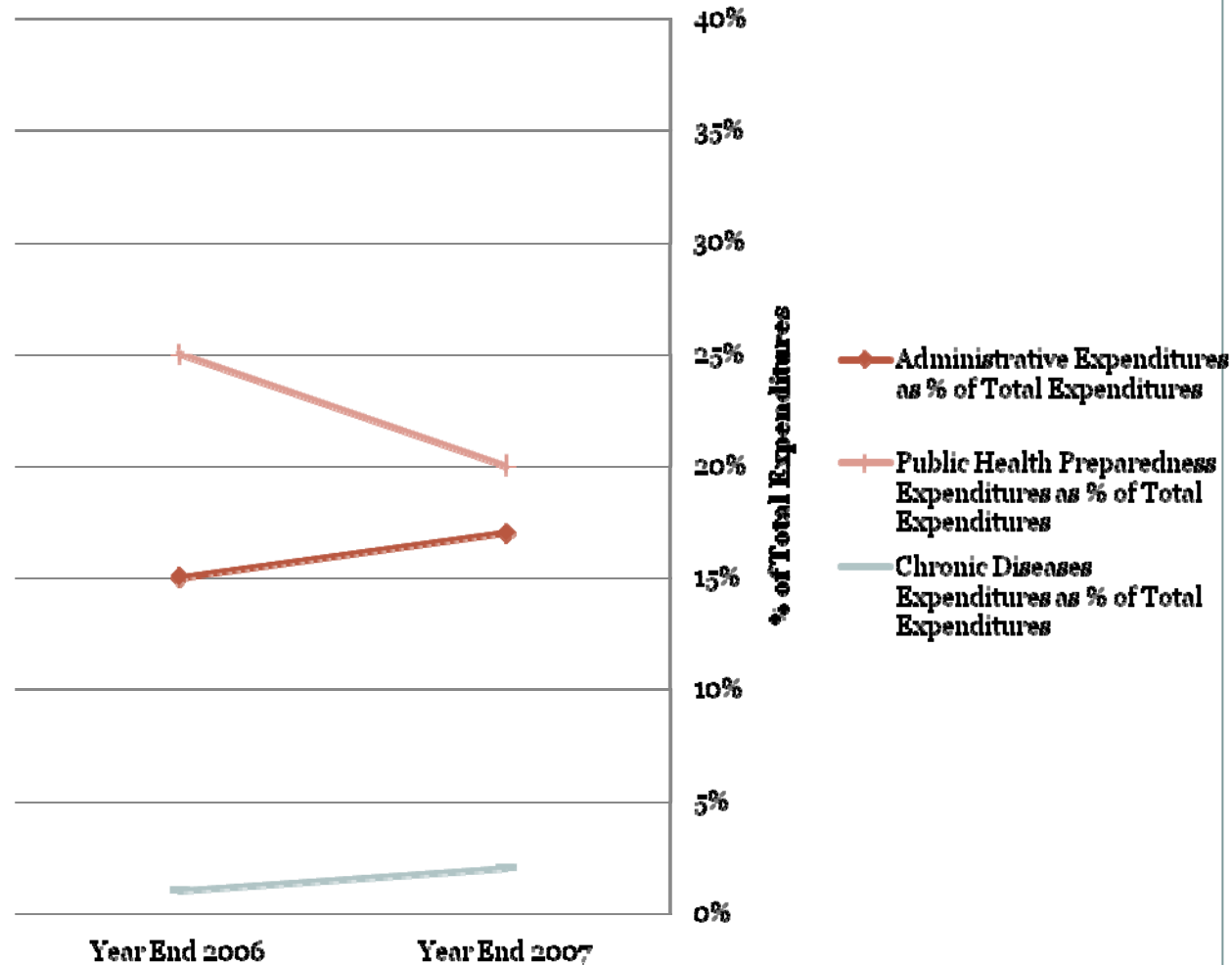
Warning : Increasing administrative or program expenditures as % of total expenditures

- Admin costs increase compared to total expenditures

### Questions:

- Result of new or increased levels of services?
- Are there sufficient revenues to offset increases?
- Is personnel productivity declining?

### Admin. Expenditures as % of Total Expenditures Program Expenditures as % of Total Expenditures



## **Other Financial & Related Indicators: Mission Critical**

22

- **% of Improved Community Health Outcomes**
- **% of Community Priority PH Issues in Annual Operating Budget**
- **% of Financial Management Employees with Discipline Specific Training/Education**
- **% of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues**

# Data for Other Financial & Related Indicators: Mission Critical

<b>Expenditures</b>		Year End 2007	Year End 2006	
31	# of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues	7	11	-36.4%
<b>Mission Critical</b>				
41	# of Priority Programs* in Annual Operating Budget (*Identified through Strategic Planning or Community Health Assessment Process)	5	3	66.7%
42	# of Priority Programs Identified in Strategic Plan or Community Health Assessment	8	8	0.0%
43	# of Community Health Outcomes Showing Improvement During a 3 Year Period	7	7	0.0%
44	# of Community Health Outcomes Monitored Yearly	16	16	0.0%
46	Total Number of Agency Programs	57	55	3.6%
<b>Ratios</b>			<b>Ratio Formulas</b>	
<b>Mission Critical Ratios</b>		<b>Year End 2007</b>	<b>Year End 2006</b>	
29	% of Monitored Community Health Outcomes w/Improvement During 3 YR Period	44%	44%	0.0%
30	% of Community Priority PH Issues in the Annual Op Budget	63%	38%	66.7%
33	% of Financial Management Employees with Discipline Specific Training/Education	36%	17%	114.3%
34	% of Programs with Expenditures that Exceed Dedicated plus Self Generated Revenues	12%	20%	-38.6%

## Reporting & Analysis

### Warnings:

#### Decreasing trend for

- ▣ Monitored community health outcomes w/improvement
- ▣ % of community PH issues in AOB
- ▣ % of financial employees w/discipline specific training

#### Increasing trend for

- ▣ % of programs w/expenditures exceeding dedicated + self generated revenue

### Questions:

#### Have changes occurred?

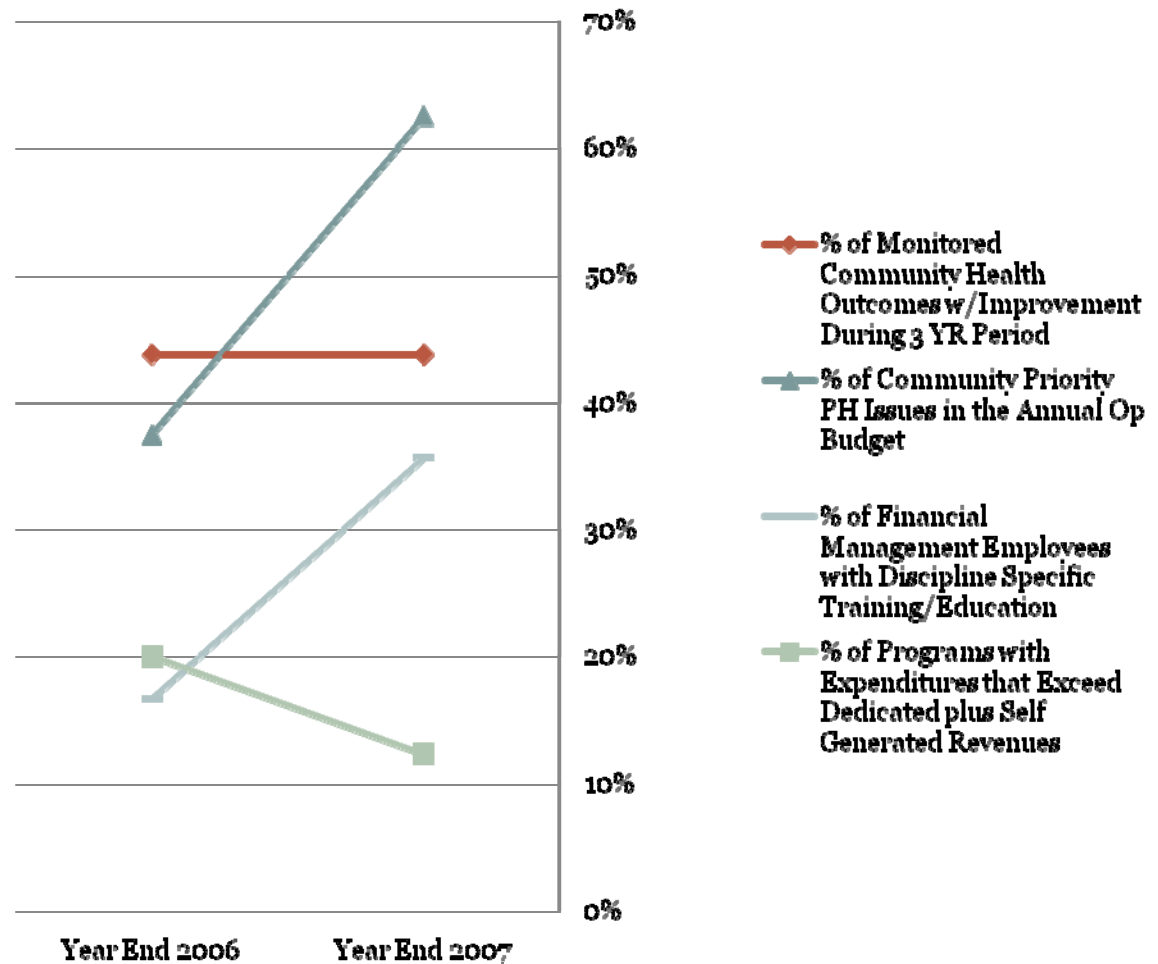
- # of monitored community outcomes
- # of priority programs
- # of employees
- # of agency programs

Do funding levels and budgeted amounts match program goals?

Are priority programs funded?

Do monitored outcomes match the priority programs and goals?

## Other Financial & Related Indicators: Mission Critical





# Other Financial & Related Indicators: Community

25

- **County Population - (Yearly estimates usually available from state government)**
- **Median Population Age**
- **% Population Below Poverty**
  - (Population x % Below Poverty from US Census)
- **Residential Permits/1,000 Population**
  - (# of Residential Permits / (Population/1000) )

# Financial Indicators & Condition

26

- Enough cash to pay bills for 30-60 days (cash solvency)
- Enough revenue to meet expenditures and not incur deficits during budgetary period or fiscal year (budgetary solvency)
- Enough revenue to pay all costs of doing business in the long run (long run solvency)
- Enough revenue to provide services at level and quality needed to promote and protect the public's health (service solvency).

# Use of Standard Financial Indicators

27

- **Maintain existing service levels**
- **Withstand economic disruption**
- **Meet demands of growth and decline**
- **Transparency**
- **Accountability**
- **Improvement**
- **Research**

# The Word - Transparency

28

- Is your local public health system/agency in good financial condition?
- How do you know?
- We must be able to measure financial condition and compare revenues, expenditures, services, and outcomes across local public health systems and within our own systems over time to answer this question.

# Thank you! Lesneski@email.unc.edu

29

- **Emails most welcomed!**