

This project set out to learn from local health departments (LHDs) that have implemented a financial strategic planning (FSP) process, or the process a health department uses to develop a plan for the entire agency's financial future. This may include assessing the LHD's current financial state, setting goals, identifying risks, and planning actions to achieve long-term financial success. An interview recruitment survey was distributed to a diverse group of 30 LHDs, with a 46% response rate. Those who indicated both interest and experience with financial planning were invited to participate in follow-up interviews. The information gathered is representative of two suburban LHDs from the Midwest that took part in the interviews. These insights can help shape future resources for LHDs interested in starting their own FSP efforts.

Snapshot of Key Findings

To implement financial planning processes, LHDs can

- **Build strong internal collaboration** by encouraging open, ongoing communication between finance and program staff and ensuring finance staff understand program needs
- **Make evidence-based decisions** by regularly assessing financial position, conducting analyses, calculating burn rates, and running projections to guide decision-making
- **Align finances with strategic goals** by using the agency's strategic plan to prioritize funding needs and guide resource allocation

Resources Needed to Support LHDs

- Best practice FSP frameworks tailored to LHDs
- Fee schedule templates by program area
- Tools to benchmark data and guide improvements

Process Facilitators

- ➔ Leadership support
- ➔ Staff with a background in finance
- ➔ Board of health approval for cash reserves policy
- ➔ Access to resources developed by experts in the field
- ➔ Organizational culture of being good stewards of resources
- ➔ University supporting cost analysis framework development (see quote)
- ➔ Forums at the state/regional level (i.e., by SACCHO) bringing together LHDs doing similar work

“[Our local university is] specifically doing a cost analysis for one of our essential local public health services—immunizations—to help us think about the true cost of providing those services in comparison to the funding that we receive from the state and county.”

Process Barriers

Staff expertise is one of the major barriers to effective FSP processes. Effective programs rely on staff who understand key financial concepts, including budget monitoring, smart resource allocation, and the value of FSP. In addition, staff perceptions that finance is inflexible can be a barrier. With clear communication, collaboration and adaptability are possible.



Supporting Tools



Financial ratio analysis



Budget and salary projections



Strengths, weaknesses, opportunities, and threats analysis



Cash reserve analysis



Billing/fee revenue analysis



Human resources platforms (e.g., Bamboo HR)

Supporting Documents



Organization's strategic plan



Community Health Assessment (CHA)



State budget bill



State health improvement plan

Requested Performance Indicator Tools

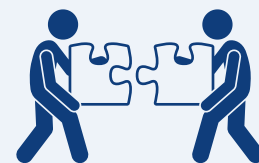
Frameworks and **best practice measures** applicable to LHDs

Data repository for public health financial information

Data to **benchmark and assess performance management** against similar LHDs

Template for fee schedules based on program area

Public Health **Unified Data System** *



*An annual reporting system on the performance and operations of health centers serving vulnerable populations

Recommendations for LHDs to Implement Financial Planning Processes

To build a more effective and sustainable financial strategic planning process, consider the following actions:

- ✓ **Promote cross-departmental understanding:** Ensure the finance team is aware of program activities and needs
- ✓ **Establish open communication:** Create regular, two-way communication between finance and program staff
- ✓ **Assess current financial position:** Understand current revenue and expenditure activity
- ✓ **Conduct financial analysis:** Use current data to evaluate the department's financial status and trends
- ✓ **Calculate burn rates:** Track how quickly funds are spent to guide cash reserve planning
- ✓ **Run projections:** Forecast future financial scenarios to support informed decision-making
- ✓ **Align process with strategic plan:** Use a strategic plan to guide financial priorities and resource allocation
- ✓ **Adapt best practices:** Tailor nonprofit financial strategies to fit departmental needs



One LHD explained the importance of financial strategic planning by stating:

We want to create a dynamic in which [staff] understand how we are evaluating things, why we are making those decisions, how the decisions we make today have financial ramifications 5–10 years from now.

