COVID ACADEMY
PRACTICE TO POLICY

NGA Public Health Leaders Call: Exploring Funding of America's Public Health System was the third session in a series facilitated by COVID Academy's **Margaret Bourdeaux, MD, MPH** and hosted by the NGA's **Brittney Roy, MPA**. These sessions aim to help state leaders craft public health system reforms by sharing lessons learned and emergent model practices so state public health systems can prevent and mitigate future public health crises.

Sustainably funding the U.S. governmental public health system across federal, state, territorial, tribal, and local agencies is a perennial and multifaceted challenge. The COVID-19 pandemic affords leaders across all levels of government and sectors of society the opportunity to collectively decide a path forward to avoid the "boom and bust" cycles of recent decades, and to collaboratively explore causes and potential solutions.

Considerations for Governors

Governors can play a catalytic role by:

1. **Recognizing** the catastrophic and often hidden costs of "boom and bust" cycles of public health funding and the imperative need for sustained state investment.
2. **Leveraging** the influx of federal COVID-19 funds in service of long-term sustainability in public health
3. **Convening** stakeholders within and across jurisdictions to explore opportunities for cooperation

The **Considerations** and **Issues** outlined in this brief are based in part on the presentations of **Dara Lieberman, MPP,** Director of Government Relations at Trust for America's Health and **Patricia (Pattie) Simone, MD**, Director of the Division of Scientific Education and Professional Development at the Centers for Disease Control and Prevention.

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Issues

The challenge of funding public health

The COVID-19 pandemic has made clear both the necessity and vulnerability of governmental public health systems in the United States. Over the past decade, state and local public health departments have lost 15% of essential staff, limiting their ability to plan for and respond to emergencies and meet community needs. According to the 2021 de Beaumont Foundation report Staffing Up: Determining Public Health Workforce Needs to Serve the Nation, a minimum of 80,000 more full time employees need to be hired in state and local public health departments – an increase of 80% - to provide adequate infrastructure and minimum public health services to the nation.

Instead of investing in public health – in workforce, data systems, programs, etc. – in the lead-up to the COVID-19 pandemic funding for public health and emergency preparedness was in decline. The Prevention and Public Health Fund, for example, was established under the Affordable Care Act to support "an expanded and sustained national investment in prevention and public health programs". Instead, it has been diverted to other priorities. Trust for America's Health (TFAH) 2021 report, The Impact of Chronic Underfunding on America's Public Health System found that the fund "is on pace to lose $11.9 billion – about a third – of its originally allocated $33 billion for public health authorities from FY 2010-2027."

Since 2003, Congress has cut the Centers for Disease Control and Prevention's (CDC) funding for Public Health Emergency Preparedness (PHEP) Cooperative Agreements by over one-quarter – about half after accounting for inflation, according to TFAH. PHEP Cooperative Agreements provide critical funding for state, local, and territorial public health departments. These losses are emblematic of the "boom and bust" cycle too often seen in public health funding, where resources are poured into governmental public health after an emergency, only for sustained financial support to be withdrawn with time as the other priorities rise in salience. Public health is asked to do ever more with fewer resources and maintenance is de-prioritized until the next emergency, when once again the vital roles of public health services are recognized and flooded with resources.

The challenge of funding public health is not solely an issue of funding levels. The U.S. federalist system has given rise to a fragmented governance landscape that demands collaboration yet defies easy articulation of authorities, and makes comparing public health funding across states tremendously challenging. Per-capita funding for public health varies widely between the states, ranging from $7 per capita in Missouri to $363 per capita in the District of Columbia, according to the State Health Access Data Assistance Center's 2020 analysis of the TFAH report. At the local level, the Public Health Activities and Services Tracking (PHAST) Uniform Chart of Accounts (UCOA) initiative maps standard program categories and activities for public health revenues and expenditures facilitating cross-department analyses. At the state level, however, public health funding procedures, accounting, and reporting requirements vary widely. The lack of comparability across states masks the impact of institutional siloes, inflexible categorical budgets, budget cuts, inadequate investment in workforce, and outdated infrastructure – challenges only made more visible over the past three years. (For a concise overview, see the 2021 National Academies of Medicine Discussion Paper, Public Health COVID-19 Impact Assessment: Lessons Learned and Compelling Needs.)

In recent years, public health funding has been heavily weighted toward categorical and disease-specific grants. Categorical funds present two challenges seen during the COVID-19 response. First, categorical, and disease-specific grants cultivate siloes which hinder nimble state and local response. Authorities are unable to reallocate funds to adapt to the dynamic environment of the public health emergency. Second, categorical grants are often tied to a narrow programmatic remit that does not provide support for ongoing infrastructure maintenance or development or for cross-cutting capabilities such as health equity, communications, and data modernization. The competitive grant environment has unintentionally contributed to the fragmented tapestry of public health across the country, as jurisdictions who know how to apply – and have the workforce to do so – may outcompete jurisdictions where needs may be greatest, but resources are lacking. These observations argue in favor of developing novel funding mechanisms that encourage a broad range of applicants to address today's pressing public health challenges, with special attention to sustainable funding for foundational capabilities.

The opportunity for states in public health finance innovation

From its deadly and unequal toll to its exhausting duration, from the economic upheaval it catalyzed to the politically polarizing environment it has fueled, the COVID-19 pandemic has created a national awareness of public health unprecedented in our lifetimes. This awareness provides an opportunity for state leaders to articulate and advocate for sustained funding to build resilient and equitable public health capabilities across the nation.

Committing to public health requires a place-based, multi-sector approach, which Governors are uniquely positioned to foster. While the influx of federal pandemic relief funds is necessary, sustainable public health finance will require shared responsibility and shared investment between federal, state, and local

government. The pandemic highlighted the tremendous fragmentation and inequitable disparities in access to public health services across the country, and the federal government should see resilient states, territories, tribes, and localities able to provide baseline foundational public health services as paramount to the nation's security – and invest accordingly. Likewise, states, which receive ~50% of funds for public health from the federal government, can capitalize on the spotlight on public health by: assessing state public health finances, existing capacities and needs; exploring opportunities for cross-jurisdictional sharing; considering utility/impact of regionalization; and encouraging community participation in needs assessment and capacity building. Because many jurisdictions depend equally on state and local funds, the sustainability of public health is integrally linked to the sustainability of the state economy. Sustainable public health funding necessitates a "big tent" solution that does not depend solely on federal funds and facilitates work across disease- or category-specific siloes.

Federal investment in public health during COVID-19

Over the course of the COVID-19 pandemic, the public health system has received an unprecedented investment through supplemental federal funds. Perhaps the two most consequential congressional acts from the standpoint of public health funding include the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and American Rescue Plan Act (ARPA) of 2021.

The CARES Act, funded with discretionary appropriations, included (for example) funds to HHS for CDC data modernization, epidemiology and laboratory capacity, and vaccine preparedness.

The ARPA, considered through the budget reconciliation process and classified as mandatory rather than discretionary spending, included important provisions for public health (See: Congressional Research Service Report American Rescue Plan Act of 2021 (P.L. 117-2): Public Health, Medical Supply Chain, Health Services, and Related Provisions) including:

- $500 million to CDC for the Data Modernization Initiative (Section 2404)
- $7.66 billion to HHS to establish, expand, and sustain the public health workforce (Section 2501)(Partially represented in the CDC NOFO mentioned below)
- $800 million to HHS for the National Health Service Corps (NHSC) scholarship and loan repayment programs (Section 2602)
- $6.094 billion to HHS for select Indian Health Services (IHS) health services and public health activities
- $362 billion in general federal payments to state, local, tribal, and territorial governments, (Section 9901) including,
  - $220 billion directed to the Coronavirus State Fiscal Recovery Fund (CSFRF)
  - $130 billion directed to the Coronavirus Local Fiscal Recovery Fund (CLFRF)

Proposed legislation with important potential ramifications for public health finance include the Public Health Infrastructure Saves Lives Act introduced in 2021 and the PREVENT Pandemics Act introduced in 2022. While federal investments in public health are needed and laudable, careful analysis with respect to state balanced budget requirements and "fiscal cliff" implications is warranted.

At the state level, the problem of boom-and-bust public health financing results in an inability to invest in long term, cross-sector capacity-building. The public health workforce represents one key area of historic underinvestment, the impact of which is felt across the public health data modernization- and laboratory capacity initiatives. CDC's $3 billion, 5-year, non-categorical OE22-2203: Strengthening U.S. Public Heath Infrastructure, Workforce, and Data Systems grant will provide cross-cutting and longer-term support

needed. The grant format – as opposed to traditional cooperative agreement – coupled with the longer time frame intentionally builds in flexibility that states and localities have articulated are needed to identify and address systemic barriers, encourage successful implementation, reduce administrative burden, and plan for long-term sustainability.

Considerations for Governors

Governors can play a catalytic role in securing sustainable funding for state public health capacities by:

1. **Recognizing** the catastrophic and often hidden costs of "boom and bust" cycles of public health funding and the imperative need for sustained state investment.

The complexity and fragmentation of state public health funding confounds easy comparison across state lines. Challenges to assessing public health funding streams – as well as ensuring their sustainability – are often idiosyncratic and unique to jurisdictions. Governors are leveraging the opportunity presented by COVID to better understand the multifaceted challenges facing public health in their state – barriers to interoperability in data systems, how best to cultivate a competitive and competent public health workforce, ensure effective governance, and ascertain sustainable funding.

2. **Leveraging** the influx of federal COVID-19 funds in service of long-term sustainability in public health

Governors can encourage stakeholders – within and beyond traditional public health actors – to leverage the influx of federal funds catalyzed by the COVID-19 pandemic. Funding opportunities such as CDC-RFA-OE22-2203 Strengthening U.S. Public Health Infrastructure, Workforce, and Data Systems can provide non-categorical, flexible funding to encourage timely ascertainment of needs and the opportunity to build much-needed capacity. Governors can mobilize COVID-19 funds while also assessing capacities and needs to ensure a sustainable state public health system going forward.

3. **Convening** stakeholders within and across jurisdictions to explore opportunities for cooperation

Governors can utilize their convening powers to assess the challenges to achieving sustainable funding for public health through the lens of impacted stakeholders, recognizing that the next public health emergency will (like COVID-19) likely not respect geographic or jurisdictional boundaries and demand cooperation. States have begun convening task forces to assess and respond to the challenges highlighted by the COVID-19 pandemic. Cross-sector input will be required, for example, to address issues like how to train, recruit, and retain informatics talent. Distal policy actions – such as civil service reform – may be required to attract talent to fill important public health roles in capacities such as epidemiology, informatics, and genomics. Restrictive civil service requirements may unnecessarily constrain hiring and hamper efforts to recruit and retain a diverse public health workforce. Non-competitive pay structures, FTE caps, and blanket hiring freezes may present similar challenges to recruitment as well as prevent internal promotions and career advancement. Finally, the COVID-19 pandemic has highlighted the importance of being able to mobilize funding expeditiously across jurisdictions – a practice in administrative preparedness that may also benefit from cross-sector collaboration catalyzed by Governors.