



Legislative Fiscal Bureau

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Joint Committee on Finance

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State Laboratory of Hygiene (UW System)

[LFB Summary of the Governor's Budget Reform Bill: Page 103, #5]

CURRENT LAW

The Wisconsin State Laboratory of Hygiene (WSLH) is a member laboratory of the Laboratory Response Network (LRN), a multilevel network that was established by the national Centers for Disease Control and Prevention (CDC) to help public health laboratories prepare for and respond to acts of terrorism. As such, WSLH provided testing for environmental and clinical samples from around the state that were suspected to be *Bacillus Anthracis*, also known as anthrax, following detection of the pathogen in Florida in the fall of 2001. For 2001-03, WSLH is appropriated \$7,671,300 GPR annually for general program operations, and 134.7 GPR positions are authorized.

GOVERNOR

Provide \$310,000 GPR and 1.0 position in 2002-03, above the current general program operations funding level of \$7,671,300, for the WSLH under the UW System. This would provide an additional microbiologist position as well as funds for related laboratory expenses.

DISCUSSION POINTS

1. WSLH acts as a Level C lab in the Laboratory Response Network (LRN), which indicates that it has advanced capacity for rapid identification of biological agents through advanced and specialized testing. In addition, three other laboratories in Wisconsin (the Zablocki Veteran's Administration Hospital-Milwaukee, Milwaukee City Health Department and Marshfield Clinic) act as Level B laboratories within the LRN. Level B labs perform initial tests for specific agents, such as anthrax, botulism and bubonic plague, and forward specimens to higher level laboratories, in

order to minimize "false positive" test results and protect Level C labs of the LRN from overload. Wisconsin has a total of 125 Level A labs in the state as well, which are public health and hospital laboratories with low-level bio-safety facilities that, as part of the LRN, are responsible for the safe collection, packaging, labeling and shipping of samples that might contain dangerous pathogens. However, only 40 of these labs thus far have received relevant training to perform these tasks.

2. This year the State Lab received a total of \$243,900 FED as part of a bio-terrorism preparedness and response cooperative agreement with the CDC. The funding covered equipment, travel, salary and fringe costs for 1.0 epidemiologist position and 1.0 microbiologist position. This funding was provided for bio-terrorism preparedness, however, and was not related to the anthrax threat.

3. DOA budget staff indicate that the Governor's recommendation included \$48,300 for 1.0 microbiologist position for one full year to handle increased testing workload, \$162,000 for reimbursements to the three Level B labs for an estimated annual total of 360 testing samples each, and \$99,700 for annual travel, training and supplies costs for WSLH.

4. According to information supplied by WSLH, the lab incurred a variety of costs related to testing suspected anthrax samples last fall. Since early October, the lab has tested over 530 samples of materials suspected to be agents of bio-terrorism, all of which tested negative for dangerous pathogens. Around half of those samples were tested by WSLH in the first two to three weeks of the bio-terrorism threat, after which the demand for testing services decreased rapidly. However, the lab is still receiving samples and has staff on call around the clock, in order to minimize turn around time for businesses, government offices or other entities that may be closed pending test results for samples collected on their premises. Approximately 15 laboratory workers were diverted from their routine tasks and worked overtime to test suspicious samples during the height of the bio-terrorist threat.

5. Costs related to this testing incurred to date total \$109,400, less \$7,200 in unbudgeted revenues received for federal post office testing, for net unanticipated costs totaling \$102,200. Another \$130,100 in bio-terrorism related costs are pending, for a total of \$232,300 in unanticipated costs for 2001-02.

6. Based on information provided by staff from WSLH, of the total costs incurred to date, \$22,800 is attributable to supplies and materials costs, including testing kits and hazardous materials containers. An additional \$5,400 is attributable to courier service costs for shipping potentially dangerous samples to the State Lab. WSLH also made expenditures intended to increase building security at the lab at the direction of the Federal Bureau of Investigation, including new security badges, locks and security doors, which totaled \$29,600. Also, WSLH has reimbursed the Milwaukee City Health Department (\$8,200) and the Zablocki Veteran's Administration Hospital-Milwaukee (\$13,500) for the costs those labs incurred for testing in their capacities as Level B labs in the LRN. Another \$17,200 has been spent for extra staffing costs at WSLH, including overtime and on-call expenses for laboratory staff. Finally, WSLH expended \$12,700 for training materials, computer equipment, teleconferencing and travel to Level A and B labs around the state to provide

on-site training in the handling of potentially dangerous pathogen samples, as well as for WSLH staff to attend regional and national public health conferences.

7. In addition to those costs already incurred, WSLH anticipates making bio-terrorism related expenditures totaling \$130,100 throughout the remainder of the fiscal year, as samples continue to be submitted and more training is provided to Level A and B labs. For testing kits and hazardous materials containers for the remainder of 2001-02, WSLH anticipates spending another \$19,000, slightly less than the total amount expended from early October through early January. For courier service costs for shipping testing samples to the lab, WSLH expects to spend another \$5,400, an amount equal to the costs incurred for the period between October 14 and November 30, 2001, for this purpose. WSLH also expects to spend \$21,300 for additional travel and training for Level A and B labs, as well as WSLH staff. WSLH intends to install additional security doors at the lab, at a cost of \$18,900 for labor and materials.

8. Also, WSLH estimates that another \$17,200 will be necessary for overtime and on-call staffing through the end of the fiscal year as testing samples continue to arrive at the lab, an amount equal to these expenditures for the period between October 14 and December 15, 2001. In addition, WSLH would hire 1.0 FTE chemist and 2.0 FTE microbiologists in order to handle increased demand for laboratory testing, data management and coordination with other public health systems partners. While the lab would not necessarily require additional position authority for these positions since it is currently holding several positions vacant, WSLH indicates that additional funding for the positions would be needed. Estimating an annual salary level of \$35,000 each and annual fringe benefits totaling \$13,300 each, and assuming these positions would work only March through June of the current fiscal year, WSLH anticipates costs for these three positions would total \$48,300 during 2001-02.

9. Senate Bill 299 was introduced in October 2001 to provide \$250,000 GPR in 2001-02 for the WSLH general program operations appropriation to cover costs related to bio-terrorism in the current fiscal year. The bill was recommended for passage by the Senate Committee on Universities, Housing and Government Operations on a vote of 4 to 2 and subsequently referred to the Joint Committee on Finance at the end of January, 2002.

10. The Committee could consider reducing the Governor's recommendation of \$310,000 GPR to \$184,000 GPR and moving the funding into 2001-02, in order to cover the costs WSLH expects to incur this year, as well as provide \$48,300 in 2002-03 for 1.0 position. WSLH indicates that the unanticipated costs incurred for 2001-02 cannot be absorbed within its current budget, and therefore the lab will have a budgetary deficit for this fiscal year unless funding is identified. This funding would not cover any costs incurred in 2002-03, which could total as much as an additional \$710,000, according to WSLH estimates.

11. The U.S. Department of Health and Human Services (DHHS) has notified Wisconsin that the state will receive approximately \$19.3 million under the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002. The funding includes: (a) \$16,941,000 to defend against bio-

terrorism-related events and other public health outbreaks, threats and emergencies; and (b) \$2,327,900 for regional hospital planning and preparedness. DHHS has indicated that 20% of the federal funding will be made available to states immediately and the remainder will be released subject to federal approval of a plan submitted by the Governor, coordinated by the state Department of Health and Family Services (DHFS), no later than April 15, 2002. DHHS has indicated that it will review the plan within 30 days of receipt. The supplemental funding appears to be one-time funding, with the budget period for the funding ending August 30, 2003, so the funding will have to be spent or encumbered by that date.

12. DHHS has recently provided guidelines for the expenditure of the federal funds. The guidelines indicate that a portion of the initial funding allotted to the state, which is equal to 20% of the Wisconsin's total award, can be used to cover urgent costs associated with bio-terrorism response efforts that have been incurred as a result of the September 11, 2001, terrorist attacks and in response to the subsequent national anthrax events. The guidelines cite a number of examples, including laboratory capacities and security issues. Thus, it appears that these federal funds could be used to support the one-time testing and increased security costs already incurred by WSLH, totaling \$102,200.

13. The federal guidelines also indicate that one of the eligible uses of the remaining federal funds is to increase laboratory capacity for biological agents. States may use these funds to ensure that core diagnostic capabilities for bio-terrorist agents are available at all state and major city/county public health laboratories and to enable state and major city/county laboratories to develop the capacity to conduct rapid and accurate diagnostic and reference testing for select biologic agents likely to be used in a terrorist attack. Any activities performed by the WSLH that fall into this area, including supporting a microbiologist position to handle increased testing workload as well as other pending costs for 2001-02, totaling \$130,100, may be eligible for federal funding. In addition, it may be possible to secure federal funding for the estimated \$710,000 in costs anticipated by WSLH for 2002-03.

14. Funding for any of these purposes is subject to inclusion in the DHFS plan, approval by the Governor and, finally, approval by DHHS. In addition, it is not known whether these federal funds will be available after August 30, 2003, so any positions funded under this federal grant would be project positions ending on that date. Finally, these federal funds may not be used to replace or supplant current state or local expenditures, and must be used to augment or complement funds supported by other CDC programs.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$310,000 GPR in 2002-03 and 1.0 microbiologist position for the WSLH for unanticipated laboratory workload and costs related to the bio-terrorism threat.

2. Modify the Governor's recommendation to provide \$184,000 GPR in 2001-02 and

delete \$261,700 GPR in 2002-03 for the WSLH for unanticipated laboratory workload and costs related to the bio-terrorism threat. Net funding under this alternative would be \$184,000 in 2001-02 and \$48,300 in 2002-03 with 1.0 position in 2002-03.

Alternative 2	GPR
2001-03 FUNDING	- \$77,700

3. Modify the Governor’s recommendation to delete \$310,000 GPR and 1.0 position from WSLH in 2002-03 and, instead, place \$232,300 GPR in reserve in the Committee’s appropriation for 2001-02. Request DHFS to include all costs incurred and anticipated by WSLH related to bio-terrorism threats in the state plan for use of federal bio-terrorism funds, as applicable under the federal guidelines, pending DHHS approval. If full funding is not approved by DHHS, WSLH could request that the Committee release this GPR funding and create a position, if needed.

Alternative 3	GPR
2001-03 FUNDING	- \$77,700
2002-03 POSITIONS	-1.00

4. Maintain current law and request DHFS to put these spending purposes in their plan.

Alternative 4	GPR
2001-03 FUNDING	- \$310,000
2002-03 POSITIONS	-1.00

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