



2020 Supplemental Budget Decision Package

Agency: 303 - Department of Health
Decision Package Code-Title: A5 - Support the Public Health Lab
Budget Session: 2020 Supp
Budget Level: Maintenance Level
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Agency Recommendation Summary

The facility and equipment costs to sustain the Washington State Department of Health (DOH) Public Health Laboratories have increased over the years with no corresponding increase in budget resources. DOH requests additional appropriation to cover basic laboratory operational needs. These resources are necessary to secure critical food safety, infectious disease, radiological and shellfish biotoxin testing programs and other public health protections.

Fiscal Summary

Dollars in Thousands

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
Fund 001 - 1	\$0	\$790	\$805	\$821
Total Expenditures	\$0	\$790	\$805	\$821
Biennial Totals		\$790		\$1,626
Staffing	FY 2020	FY 2021	FY 2022	FY 2023
FTEs	0.0	1.8	1.9	1.9
Average Annual		0.9		1.9
Object of Expenditure	FY 2020	FY 2021	FY 2022	FY 2023
Obj. A	\$0	\$98	\$100	\$102
Obj. B	\$0	\$42	\$43	\$44
Obj. E	\$0	\$650	\$662	\$675

Package Description

Background:

The Department of Health's (DOH) Public Health Laboratory (PHL) provides critical laboratory testing support to local, state, national and tribal public health stakeholders providing over 12 million test results a year. The results of the testing are used to inform patient care, inform policy, control the spread of disease and prevent illnesses. A few notable examples include:

- Newborn Screening testing;
- Foodborne disease testing;
- Zika testing;
- Ebola testing;
- Measles and Mumps testing;
- Influenza testing (including pandemic influenza response);
- Bioterrorism/Chemical Terrorism response (white powder analysis);
- Shellfish poisoning monitoring; and
- Radiation monitoring.

Laboratory funding for facility operational costs has remained at the same level as was granted in the 2011-2013 biennium. This has created gaps in general upkeep. In addition, the specialized instrumentation critical for testing have not had service contract costs covered by a reliable funding source in recent years, leading to periods where many instruments have gone un-serviced, putting proper functioning at risk.

Additionally, service demand has grown significantly over the last seven years.

	Test Volume Growth	New or Improved Tests
Newborn Screening	287,000	5
Microbiology	6,418	14
Environmental	4,446	24

As new emerging public health threats are encountered (e.g., Zika, Middle East Respiratory Syndrome Coronavirus/MERS-CoV, Ebola, Caesium-137), the PHL is tasked with bringing on new testing capability to respond. If the lack of funding continues, the laboratories will struggle with daily operations and will have challenges in responding to emergency situations.

Proposed Solution:

This proposal covers the increased PHL facility maintenance costs, critical laboratory instrument service contracts, and other associated administrative costs.

This request ensures the PHL can remain continuously operational and have the ability to respond to emergency situations such as recent measles outbreaks. The users and clients which benefit most from continued and expanded funding of operations include: personnel, patients, agency partners, state and federal partners. The PHL generates approximately 12 million test results for these clients on a yearly basis.

Specifically, this request would be allocated to the following areas and activities:

- Offset the increase in utility costs (electricity, water, sewer and garbage): \$62,000;
- City of Shoreline property taxes increases: \$17,000;
- Contracted services for building maintenance increases: \$17,000;
- Critical instrument service contracts (Environmental & Micro Lab): \$529,000; and
- Associated administration: \$165,000

Adverse Consequences of the Maintaining Status Quo

Without the requested funding, the PHL operations face heightened risks of disruptions. Steady increases in the costs for utilities, taxes and building upkeep is creating a wider funding gap. In addition, the lack of funding for critical lab instrument service contracts will result in some critical instruments to go un-serviced, thus increasing the likelihood the instruments will break down. In such an event, the liability to repair the instruments is on PHL and available funding is often not sufficient to ensure repairs. This not only adversely impacts daily operations but also reduces the lab's ability to respond to emergency situations.

Assumptions and Calculations

Expansion or alteration of a current program or service:

During the 2015-2017 biennium, the total expenses of the PHL Operations Program was \$3,377,870. Total budget during this period was \$3,166,985.

Through fiscal month 23 of the 2017-2019 biennium, the total expenses of the PHL Operations Program was \$3,759,914. Total budget during this period is \$3,765,280.

Detailed assumptions and calculations:

The chart below shows PHL cost increases over time from 2014 to 2018.

PHL Operational Cost Increases

Expense Category	Actual FY 2015	Actual FY 2016	Actual FY 2017	Actual FY 2018	Est. FY 2019	Cost Increase from 2015-2019	% Increase 2015-2018
Electric	\$ 248,084	\$ 253,995	\$ 265,311	\$ 295,762	\$ 301,677	\$ 53,593	22%
Domestic Water	\$ 13,734	\$ 14,236	\$ 14,806	\$ 17,090	\$ 17,432	\$ 3,698	27%
Recycling & Garbage	\$ 12,384	\$ 10,335	\$ 13,402	\$ 16,830	\$ 17,167	\$ 4,783	39%
Property Taxes	\$ 9,376	\$ 9,750	\$ 10,237	\$ 25,193	\$ 25,697	\$ 16,321	174%
Contracted Services	\$ 67,969	\$ 49,458	\$ 52,950	\$ 74,490	\$ 85,400	\$ 17,431	26%
						Increase >> \$ 95,826	
						Agency Indirects >> \$ 21,411	
						Total Need >> \$ 117,237	

The PHL is requesting additional funding for building costs and maintenance of \$117,000 in fiscal year 2021; \$119,000 in fiscal year 2022; \$122,000 in fiscal year 2023; \$125,000 in fiscal year 2024 and \$127,000 in fiscal year 2025 and ongoing. A two percent increase per year is requested to keep up with the costs of inflation.

Instrument Service Contract Costs

Funding is also requested to ensure the PHL can maintain the ongoing costs of service agreements for the lab instruments. Over time, state and federal funding to maintain service agreements has been reduced. The PHL currently does not have adequate funding to ensure all equipment is covered by a service

agreement. Support document, Addendum 2 shows the PHL's Service Agreements Breakdown by Laboratory, Activity, Description of the Instrument, and Service Contract Cost for each piece instrument needing a service contract in the Microbiology Laboratory and the Environmental Laboratory Sciences. A two percent increase per year is requested to keep up with the costs of inflation.

The PHL is requesting \$673,000 in fiscal year 2021; \$686,000 in fiscal year 2022; \$699,000 in fiscal year 2023; \$713,000 in fiscal year 2024 and \$727,000 in fiscal year 2025 and ongoing. A two percent increase per year is being requested in order to keep up with the costs of inflation.

Workforce Assumptions:

See attached financial calculator (FNCAL)

Strategic and Performance Outcomes

Strategic framework:

Strategic framework

This request relates to the Governor's Results Washington by aligning with the Efficient, Effective and Accountable Government Outcomes:

- **Ensuring Access To Quality Healthcare** (Environmental Laboratory Sciences, Microbiology and Newborn Screening services)
- **Keeping the Columbia River Healthy** (Environmental Laboratory Sciences)
- **Supporting an effective K-12 system** (Environmental Laboratory Sciences)
- **Keeping the Puget Sound Ecosystem healthy** (Environmental Laboratory Sciences)

This request relates to the agency's strategic plan in the following ways:

- **Public Safety:** Improving the operational readiness of public health response and working to reduce the impacts on water quality. Surveillance and diagnostic testing performed at the PHL directly impacts the states efforts to control communicable disease threats.
- **Healthiest Next Generation:** Ensure all children have appropriate developmental screenings. Newborn Screening testing ensures all babies born in Washington get a healthy start in life.
- **Healthy Living:** Collect, analyze, use and publicly share data to appropriately address population issues.

Performance outcomes:

The performance outcomes expected from this request are:

- **Ensuring government services are delivered**

Funding facilities operational costs will ensure a critical piece of the governmental public health infrastructure continues to be a functional and safe place to work at which in turn will help ensure all services are rendered. This will mitigate any potential closure of the PHL due to lack of maintenance or other facility issues;

- **Improving reliability of services**

Funding stability for critical instrument service contracts will improve the reliability of services rendered as all instruments will be operational on a daily basis. This will mitigate the potential for instruments to go un-serviced or un-repaired which could impact the PHL testing capacity.

Other Collateral Connections

Intergovernmental:

This proposal ensures laboratory services are of the highest quality and suitable for clinical and regulatory purposes. Since the PHL performs testing in support of local, state, federal and tribal agencies, this activity will benefit all public health stakeholders. DOH does not anticipate any opposition to this proposal.

Stakeholder response:

Clinical Laboratories and Hospitals .

Legal or administrative mandates:

The laboratory is required to be operational in order to continue to provide its core functions.

Changes from current law:

This request does not require any changes to statutes or rules.

State workforce impacts:

This request does not impact existing collective bargaining agreements.

State facilities impacts:

The impact of funding operational increases to PHL involves:

- Covering all utility costs which include electricity, natural gas, steam, water, sewer and garbage;
- Covering City of Shoreline property taxes;
- Covering the service contract for HVAC system, air handlers, chillers and energy consumption reduction system; and
- Ensuring these services do not go unpaid or under paid will ensure the State Laboratory remains operational.

No capital budget impacts due to this request.

Puget Sound recovery:

This request is not related to Puget Sound recovery efforts.

Reference Documents

- Addendum 1 Table of 2015-2018 PHL Cost Increases.xlsx
- Addendum 2 Service Agreements Breakdown.xlsx
- ML A5 Support the Public Health Lab-FNCAL.xlsm

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No