



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

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June 8, 2023

Joint Committee on Finance

Paper #816

### **State Laboratory of Hygiene Structural Deficit: Newborn Screening, Forensic Toxicology, and Rent (UW System)**

[LFB 2023-25 Budget Summary: Page 669, #17, Page 670, #18, and Page 670, #19]

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#### **CURRENT LAW**

Attached to the University of Wisconsin-Madison's School of Medicine and Public Health, the State Laboratory of Hygiene (SLH) is Wisconsin's public, environmental, and occupational health laboratory. The SLH provides laboratory testing and related services to individual, private, and public entities, including the Department of Health Services (DHS) and the Department of Natural Resources (DNR) in the areas of water quality, air quality, public health, and contagious diseases. The lab is under the supervision and direction of the SLH Board, which meets quarterly to approve the laboratory budget, set fees, establish priorities, and approve use of laboratory resources. The Board is composed of the following, appointed for three-year terms: the Chancellor of UW-Madison; the Secretary or their designee of the Departments of Health Services, Natural Resources, and Agriculture, Trade and Consumer Protection; a representative of local health departments; one physician representing clinical laboratories; one member representing private environmental testing laboratories; one member representing occupational health laboratories; three additional members including one who is a medical examiner or coroner; and the director of the laboratory as a nonvoting member.

#### **DISCUSSION POINTS**

1. Approximately 80% of SLH operations are funded through program revenues including contracts (including federal contracts), grants, and fee-for-service billing. A portion of newborn screening card fees is provided to SLH to support the newborn screening program (generating approximately \$4.4 million in fiscal year 2021-22), and a portion of driver impairment fee surcharge revenues is provided to the lab to support alcohol and drug testing related to intoxicated vehicle

operation (\$1.6 million annually). The remainder of operations are funded through a general purpose revenue (GPR) appropriation with adjusted base funding of \$12,332,600. The SLH currently has 350.40 FTEs, including 132.25 supported by GPR, 183.46 supported by PR, 16.00 supported by driver surcharge revenues and the remainder funded through other sources (primarily federal).

2. Clinical testing services provided by the SLH include: communicable disease testing, newborn screening, cytogenetics, biochemical genetics, cytology, cytotechnology, and testing for clinical metals. The communicable disease division coordinates a network of clinical laboratories throughout Wisconsin for emergency and public health response. For example, the SLH helped bring over 130 labs in Wisconsin online for COVID-19 testing and continues to perform COVID-19 testing using funding from DHS, including antibody testing and statewide wastewater surveillance testing. As a Centers for Disease Control (CDC)-designated Laboratory Response Network (LRN) testing lab, the SLH has also recently worked with DHS on responding to the May, 2022, monkeypox outbreak by performing polymerase chain reaction (PCR) testing of Wisconsin residents as well as providing monkeypox testing for several national commercial labs. Clinical testing also includes work by the UW Cytogenetic and Molecular Genetic Services Lab, which uses conventional and modern genetic testing approaches to diagnose a variety of inherited and acquired conditions. The Biochemical Genetics Lab specializes in the diagnosis and monitoring of metabolic disorders such as phenylketonuria (PKU), a condition in which the body cannot break down the amino acid phenylalanine. This laboratory works closely with the newborn screening program and the UW School of Medicine and Public Health. Another unit of the lab, the cytology unit, conducts cellular testing, including gynecological analysis such as pap tests, human papilloma virus (HPV) tests, and cervical sample biopsies, as well as non-gynecological cell analysis to identify various types of premalignant, malignant, inflammatory, and infectious changes. In addition, the UW cytotechnology program trains medical laboratory professionals who specialize in finding and diagnosing cancer cells under the microscope. The Chemical Emergency Response (CER) section of the SLH provides testing for toxic elements in biological samples including lead and mercury for physicians, clinics, and public health agencies.

3. SLH also generates revenue through environmental testing conducted by the SLH Environmental Health Division for DNR and other agencies, including water, wastewater, groundwater, air, sediment, solid wastes, and tissue testing for pesticides, nutrients, metals, radionuclides, industrial chemicals, air pollutants and pathogenic microbes; laboratory proficiency testing which enables other laboratories to evaluate their performance by analyzing reference samples and inputting results to SLH, which generates evaluation reports and provides peer laboratory statistics for comparison; and the SLH Occupational Health Laboratory, which provides industrial hygiene chemical analysis and occupational health analytical services for public agencies and private sector clients including international clients. The SLH serves as the central laboratory for 46 states participating in the Occupational Safety and Health Administration (OSHA) on-site consultation program. Through a federal grant from the U.S. Department of Labor, the SLH also offers free on-site workplace safety consultation services to assist Wisconsin employers in meeting their obligations and responsibilities under the federal Occupational Safety and Health Act.

4. The SLH also receives federal funding from the U.S. Department of Agriculture National Institute of Food and Agriculture to support the National Atmospheric Deposition Program

(NADP), and also has fee-for-service customers such as universities and non-profit organizations who pay the SLH to maintain a collection unit on their site. In March, 2018, NADP moved their program office from the University of Illinois Urbana-Champaign to the SLH. The NADP is a cooperative effort between federal, state, tribal, and local governmental agencies, educational institutions, private companies, and non-governmental agencies to monitor precipitation chemistry. Sites in the NADP precipitation chemistry network began in 1978 to provide data on the amounts, trends, and geographic distributions of acids, nutrients, and base cations (potassium, calcium and magnesium) in precipitation. The network currently has 260 sites.

5. Table 1 shows SLH revenues and expenditures for fiscal year 2021-22 and 2022-23, and estimated revenues and expenditures for 2023-24 and 2024-25.

**TABLE 1**  
**State Laboratory of Hygiene Revenues and Expenditures**

	2021-22 <u>Actual</u>	2022-23 <u>Budgeted</u>	<u>Current Law</u>	
			2023-24 <u>Estimate</u>	2024-25 <u>Estimate</u>
<b>Revenue</b>				
Clinical	\$18,904,200	\$18,737,400	\$18,800,000	\$18,800,000
Environmental	6,380,300	7,570,600	7,300,000	7,300,000
Newborn Screening	4,397,000	4,150,000	4,000,000	3,900,000
Lab Proficiency	3,467,600	4,155,100	3,900,000	3,750,000
Occupational Health	1,893,000	2,156,600	2,000,000	2,000,000
National Atmospheric Deposition Program	1,632,200	1,657,300	1,600,000	1,600,000
Driver Improvement Surcharge	<u>1,619,200</u>	<u>1,619,200</u>	<u>1,619,200</u>	<u>1,619,200</u>
Laboratory Services subtotal	\$38,293,500	\$40,046,200	\$39,219,200	\$38,969,200
GPR	\$12,030,200	\$12,142,000	\$12,332,600	\$12,332,600
Sponsored Projects*	6,224,100	5,567,500	6,000,000	6,000,000
Federal Indirect	789,100	852,000	850,000	850,000
DHS Contracts	893,700	862,800	900,000	900,000
Other Revenue	<u>4,600</u>	<u>6,000</u>	<u>5,000</u>	<u>5,000</u>
Total Revenue	\$58,235,200	\$59,476,500	\$59,306,800	\$59,056,800
<b>Expenditures</b>				
Salaries	\$23,405,900	\$23,744,200	\$24,220,000	\$24,750,000
Fringe Benefits	8,601,300	8,888,600	9,160,000	9,360,500
Supplies and Services	20,937,100	21,544,600	21,550,000	21,550,000
Facilities Rent	3,321,200	3,207,000	3,300,000	3,300,000
Transfer Overhead to UW	965,000	921,100	950,000	950,000
Depreciation	2,442,400	2,551,600	2,500,000	2,500,000
Other Expenses	<u>1,000</u>	<u>7,200</u>	<u>5,000</u>	<u>5,000</u>
Total Expenditures	\$59,673,900	\$60,864,300	\$61,685,000	\$62,415,500
Revenues - Expenditures	-\$1,438,700	-\$1,387,800	-\$2,378,200	-\$3,358,700

\*Primarily Federal grants

6. As shown in Table 1, in fiscal year 2021-22, expenditures exceeded revenues by \$1.4 million. Expenditures are expected to again exceed available revenues by a similar amount in fiscal year 2022-23. The SLH utilized their unrestricted cash reserves to cover the shortfall in fiscal year 2021-22 and will utilize reserves again in fiscal year 2022-23. However, these reserves are expected to be below \$500,000 at the close of fiscal year 2022-23, and without additional funding, operating at current levels would create an even larger structural deficit. Therefore, the lab indicates they would significantly curtail activities in order to avoid such a deficit. According to the SLH chief financial officer, the two primary drivers of this structural deficit are the newborn screening and forensic toxicology programs where expenditures exceed revenues from the newborn screening cards and driver improvement surcharge.

7. Based on the revenues and expenditures shown in Table 1, it is estimated that an additional \$2.4 million in 2023-24 and \$3.4 million in 2024-25 would be needed to resolve SLH's structural deficit. That amount could be generated through increased fees or through GPR. [Alternative 1] A larger amount could be provided, such as \$4 million in each year, which would allow SLH to maintain a positive net balance and restore the cash reserve that has been used to cover the laboratory's revenue shortfall in recent years. [Alternative 2] The amount requested by SLH in the UW System's agency budget request, and the amount provided in Assembly Bill 43/Senate Bill 70, totals \$4,471,200 GPR in 2023-24 and \$4,571,200 GPR in 2024-25. [Alternative 3]

#### **A. Newborn Screening**

8. Currently, section 253.13 of the statutes requires newborn screening of all infants born in Wisconsin for 48 disorders, such as cystic fibrosis and sickle cell disease, which if left untreated could lead to severe health problems. The screening also includes a hearing test and a pulse measurement to screen for critical congenital heart disease. DHS is responsible for monitoring the screening program and providing necessary diagnostic services, special dietary treatment, periodic evaluation, and counseling to affected patients with a congenital disorder identified by the screenings and their families. Current law requires DHS to contract with the SLH to perform any necessary laboratory tests for the newborn screenings. The SLH is also responsible for furnishing materials for use in the laboratory tests and ensuring a referral to the appropriate specialist occurs when there is a positive panel test result. DHS is required to impose a fee, by administrative rule, for the newborn screening tests, which is sufficient to pay for the services provided under the contract with SLH and any necessary diagnostic services, dietary treatment, evaluation, and counseling services required as well as the costs of administering infant hearing screening required under section 253.115 of the statutes, and administrative costs of the screenings.

9. Since 2010, the cost of the newborn screening card fee has been \$109. Hospitals and midwives or other medical professionals attending a birth outside of a hospital purchase the cards. Newborn screening is one of the first tests a newborn receives after birth. A tiny prick of the baby's heel provides a few drops of blood which are placed on the newborn screening card. The cards are then transported to the SLH by a courier. According to the federal Health Resources and Services Administration, initial newborn screening specimens should be collected no later than 48 hours after birth, and specimens should be received at the laboratory as soon as possible, ideally within 24 hours of collection, as early detection is critical. According to the SLH, approximately 125 to 140 babies

born in Wisconsin each year are found to have one of the 48 disorders, out of 62,000 newborn screening laboratory tests conducted annually.

10. According to the SLH, the estimated cost of the newborn screening program is currently expected to be approximately \$94.05 per test as of fiscal year 2023-24, including courier costs, lab personnel and equipment costs. The SLH receives \$60.50 per newborn screening card, including an agreed upon \$2.00 for cystic fibrosis screening, while DHS receives the remaining \$48.50 per fee. Since the fee was last raised in 2010, SLH indicates that newborn screening lab operation costs have increased by 46% due to several factors including testing expansion (including the addition of second tier tests to reduce false positive rates and new disorders added to the panel of disorders tested), inflation, and increased courier service costs.

11. Recent courier service costs have increased significantly. For the most recent contract, UW-Madison issued a request for proposals for courier services on October 15, 2021. Purple Mountain Solutions, Inc., formerly Gold Cross Courier, was the only contractor that responded to the RFP. The contract period is April 1, 2022 through March 31, 2025, with automatic renewal extensions to March 31, 2027, unless amended, cancelled, or rebid. Under the contract, Purple Mountain Solutions picks up newborn screening specimens Sunday through Friday and delivers them to the SLH for testing Monday through Saturday. All orders placed before noon are picked up on the same day, and those placed after noon are picked up the following day. An amendment to the contract includes increased fees as of April 16, 2023, of \$42.10 (increased from \$39) per newborn screening envelope pickup stop in a specified section of Wisconsin generally south of Highway 29 and \$70.20 (increased from \$65) per stop north of Highway 29. The amendment also specifies delivery rates of \$22.40 for Monday through Friday, \$39.20 for Saturday and Sunday, and \$33.60 plus \$1.40 per mile for state holiday services, and a daily linehaul charge of \$1,400. According to SLH, courier costs totaled \$341,000 in fiscal year 2021-22. Through March 2023, fiscal year 2022-23 courier fees totaled \$512,000 and are expected to cost approximately \$800,000 in total for fiscal year 2022-23. The projected costs for fiscal years 2023-24 and 2024-25 are approximately \$846,000 annually, an increase of approximately \$505,000 annually compared to 2022-23.

12. Assembly Bill 43/Senate Bill 70 would provide \$2.2 million GPR for newborn screening operations, including \$1,119,800 annually for staff salaries and fringe and \$1,080,200 for supplies (including courier service costs). This additional funding is intended to address the difference between the current amount of revenue SLH receives for each test and the costs of providing the tests.

13. The statutes require DHS to impose a fee sufficient to cover the costs of the newborn screening services. The fee was last increased in 2010; at that time, the fee was set to create an initial revenue surplus. Given the declining birth rate and the increased costs of transporting and analyzing each test, revenues have declined and are expected to continue to do so. In 2017, DHS asked SLH to provide newborn screening program cost data and a five-year projection of anticipated program costs to begin the administrative rule process in anticipation of the next increase in the card fee. However, no such rule has been put forward to date.

14. The revenue shortfall for the newborn screening program could be addressed by providing state GPR, as under the bill, or by establishing a minimum statutory fee for the program. The current law language allowing DHS to establish the fee could be maintained, which would allow

DHS to increase the fee in the future by administrative rule. Each \$25 increase in the fee would be expected to generate approximately \$1,337,500 million annually in revenue. Table 2 below shows examples of the amount that could be generated through an increase in the fee. (As shown in the table, the amount of GPR provided in the bill could be generated by raising the fee by approximately \$40.)

**TABLE 2**

**Examples of Additional Revenue Generated By Increase in Newborn Screening Card Fee**

<u>Total Cost of card</u>	<u>Increase Per Card</u>	<u>Additional Revenue</u>
\$109	\$0	\$0
134	25	1,337,500
149	40	2,140,000
159	50	2,675,000
184	75	4,012,500
209	100	5,350,000

15. In addition to the funding for the SLH discussed in this paper, AB 43/SB 70 would provide \$3,556,300 GPR in 2023-24 and \$1,669,600 GPR in 2024-25 in a new DHS appropriation to supplement the fee revenue used by DHS for treatment and follow-up services. Similar to the SLH program, declining screening card fee revenue and increasing costs have created a structural deficit in the DHS program. This program, including alternatives to further increase the screening card fee to provide additional revenue to DHS, will be addressed in a future Legislative Fiscal Bureau paper when the Committee addresses other Division of Public Health items. The alternatives presented in this paper address only the SLH deficit and would provide additional fee revenue or GPR funding only to SLH.

**B. Forensic Toxicology Testing**

16. The forensic toxicology section of the SLH serves the state's police departments, prosecutors' offices, and coroner/medical examiner (C/ME) facilities. The laboratory conducts blood alcohol and drug testing for OWI enforcement and motor vehicle deaths in Wisconsin as well as drug and alcohol testing for C/ME. Testing for law enforcement agencies is limited to traffic safety and motor vehicle matters (including boats, all-terrain vehicles, and snowmobiles); samples from non-traffic felony cases must be sent to the state crime laboratory. Scientists at the SLH conduct sample analysis and provide expert testimony regarding the samples analyzed. SLH staff make about 300 court appearances annually in response to subpoenas in OWI cases. DHS also utilizes program data for drug abuse surveillance.

17. In recent years, SLH indicates that it has analyzed approximately 20,000 alcohol samples per year, and approximately 10,700 of those samples were also analyzed for drugs of abuse. The SLH indicates OWI drug testing cases have increased by 260% from 2014 to 2021. As these tests are more

complicated than forensic alcohol testing, requiring multiple analysts and instruments, SLH indicates they require additional program resources. The SLH has implemented new testing using an instrument which has enabled the laboratory to expand the scope and capability of the total number of drugs tested and detect synthetic drugs, such as fentanyl analogs and synthetic cannabinoids. According to DHS data, the number of fentanyl overdose deaths in Wisconsin grew by 97 percent from 2019 (651) to 2021 (1,280).

18. Any person convicted of an OWI offense is required to pay a \$435 driver improvement surcharge, in addition to the fine or forfeiture and other general surcharges. The state and counties each receive a percentage of this surcharge to fund OWI-related services. Failure to pay the surcharge may result in a license suspension of up to two years, or until the surcharge is paid. Of the amount of driver improvement surcharge revenues collected by the courts, 50.3% is retained by the county in which the conviction occurred and 49.7% is forwarded to the state. When the driver improvement surcharge was last increased, by 2013 Act 20, from \$365 to \$435, the percentage allocated to counties was adjusted so that counties continued to receive \$218.80 per offense. The county share is allocated to county human service departments to offset a portion of the costs of alcohol assessments and driver safety plan services. The state share supports a variety of OWI enforcement and prevention programs, and is allocated to these programs by the Department of Administration. In fiscal year 2021-22, the state share totaled \$4.4 million, of which \$1,619,200 was allocated to the SLH.

19. SLH estimates current costs of OWI testing, including drug testing, are approximately \$3,240,000 per year, which exceeds the current \$1.6 million of driver improvement surcharge revenues allocated to the SLH for OWI testing, contributing to the current structural deficit. Assembly Bill 34/Senate Bill 70 would provide \$2 million GPR annually for forensic toxicology testing.

20. Table 3 shows examples of the amount that could be generated through an increase in the fee. The table assumes that approximately \$437,500 in additional revenue would be generated in the second year of the biennium from each \$25 increase in the fee, based on estimates of the number of OWI convictions in Wisconsin (18,999 convictions in 2021) and the number of convicted individuals who pay the fee. It is estimated that the revenue generated in the first year of the biennium would be approximately half that amount due to a lag between the imposition of the new fee amount and the collection of test fees. To ensure that the additional revenue goes to SLH, the Committee could adjust the percentage of the fee that is retained by the counties, and require that DOA provide a minimum amount to the SLH.

**TABLE 3**

**Examples of Additional Revenue Generated by Increase in Driver Surcharge Fee**

Total Cost of Fee	Increase From Current Law	Counties		State		Total SLH Revenue		SLH Revenue Change from Current Law	
		Amount	% of	Amount	% of	2023-24	2024-25	2023-24	2024-25
		Per Fee	Total	Per Fee	Total				
\$365	\$0	\$218.80	50.3%	\$146.20	49.7%	\$1,619,200	\$1,619,200	\$0	\$0
460	25	218.80	47.6	241.20	52.4	1,838,000	2,056,700	218,800	437,500
485	50	218.80	45.1	266.67	54.9	2,056,700	2,494,200	437,500	875,000
510	75	218.80	42.9	291.20	57.1	2,275,500	2,931,700	656,300	1,312,500
535	100	218.80	40.9	316.20	59.1	2,494,200	3,369,200	875,000	1,750,000

21. As noted above, in addition to the OWI casework testing, SLH provides no-fee testing for coroner/medical examiners (C/ME). The SLH began performing this testing more than 25 years ago when test volume was relatively low. However, test volume has grown significantly due to the increase in opioid use in recent years. The number of samples increased by 355% from 2014 to 2021. Currently, SLH indicates that of the 20,000 samples tested per year, approximately 10% of the tests for alcohol and 17% of the drug tests are for C/ME. In 2010, SLH reports the cost of the C/ME testing program was only about 5% of the cost of the OWI testing, but has risen significantly, to 11% of OWI costs, or approximately \$360,000 annually. Currently, the SLH indicates that the average turnaround time for alcohol and drug testing is 50 and 270 days, respectively. In 2015, the average turnaround time for alcohol testing was three days and drug testing was 48 days. SLH indicates increased ongoing funding would be utilized to increase staff support to reduce turnaround time. As the testing program is provided at no-fee, SLH indicates that if no state funding is provided to support the program, SLH would approach the SLH Board and DHS to discuss making cuts to the C/ME program. However, SLH notes the data are utilized not only by coroners and medical examiners but also by law enforcement in cases associated with the manufacturing and distribution of controlled substances resulting in death. In addition, the data are used by DHS in monitoring overdose deaths and opioid and illicit drug overdose surveillance programs. The data are also utilized by the State Council on Alcohol and Other Drugs of Abuse (SCADOA) to analyze drug trends and inform intervention policies and practices for treatment providers working to avoid fatal overdoses.

### **C. Rent**

22. Another contributor to increased expenditures over the last several years was facility rental costs. SLH currently operates in four facilities including: (1) a facility at 465 Henry Mall on the UW-Madison campus where SLH conducts newborn screening, cytology testing, cytogenetics testing, other non-clinical activity including the NADP, and SLH administration - SLH pays rent to UW-Madison for this facility; (2) a facility at 2810 Walton Commons Lane where SLH conducts occupational health and safety consultation and which also houses the SLH information technology department - SLH pays rent to SSM Health for use of this facility; (3) the UW Soil and Forage Lab facility at 4702 University Avenue - SLH pays rent to DOA for this facility; and (4) the main facility at 2601 Agriculture Drive which houses the communicable disease, environmental, occupational, and forensic toxicology laboratories, as well as proficiency testing - SLH pays rent to DOA for this facility as well.

23. In 1999, two divisions of the SLH moved into the facility located at 2601 Agriculture Drive and the Legislature authorized a GPR increase to cover 50% of the cost of the SLH's rent. In 2013, and again in 2021, this facility was expanded to provide increased space for the SLH. Rent increases have since resulted in the current GPR funding level falling below the 50% level. The Governor's 2021-23 budget proposal included a request to provide \$228,600 GPR annually for rental costs to bring funding to 50% of rental costs but no increase was included in the 2021-23 budget act. Assembly Bill 43/Senate Bill 70 would provide \$271,300 GPR in 2023-24 and \$371,100 GPR annually beginning in 2024-25 for rental costs to bring GPR funding to 50% of rental costs.

24. In the UW System budget request, SLH requested \$199,900 annually for rental costs. According to DOA, the increase in proposed GPR as compared to the agency request is due to a plan



to move SLH staff out of the SSM Health facility at 2810 Walton Commons Lane and into the Department of Agriculture and Consumer Protection building at 2811 Agriculture Drive on approximately January 1, 2024. The plan may also include moving some administrative staff out of the Henry Mall facility to free up additional lab space at that facility. As the DATCP facility would be a state-owned facility, DOA included 50% of estimated annual rental costs for the new 13,047 square feet of space beginning in fiscal year 2024-25, and 50% of five months of rental costs for fiscal year 2023-24. Annual rental costs of the new space are estimated at \$342,400.

**ALTERNATIVES**

1. Provide an additional \$2.4 million in 2023-24 and \$3.4 million in 2024-25 to resolve SLH's structural deficit. The additional revenue could be generated through a combination of increased fees or GPR:

a. **Increase the fee for the newborn screening cards and provide GPR.** Specify that the newborn screening card fee imposed by DHS under s. 253.13 of the statutes must be no less than \$134 per card (an increase of \$25 per card) beginning in 2023-24, and specify that no less than \$85.50 from each newborn screening card sold be provided to the State Laboratory of Hygiene. This would generate an additional \$1,337,500 in revenue each year. Additionally, provide \$1,062,500 GPR in 2023-24 and \$2,062,500 GPR in 2024-25 for the forensic toxicology program and for rent.

ALT 1a	Change to Base
GPR	\$3,125,000
PR	<u>2,675,000</u>
Total	\$5,800,000

b. **Increase the fee for the driver improvement surcharge and provide GPR.** Increase the driver improvement surcharge by \$75 (to \$510) beginning in 2023-24, which is estimated to generate an additional \$656,300 in 2023-24 and \$1,312,500 in 2024-25. Direct DOA to provide \$2,275,500 in 2023-24 and \$2,931,700 in 2024-25 from the surcharge to the State Laboratory of Hygiene. Specify that beginning on the first day of the sixth month after the effective date of the bill, the percentage of the driver improvement surcharge paid by the county treasurer to the Secretary of Administration is 57.1%. Additionally, provide \$1,743,700 GPR in 2023-24 and \$2,087,500 GPR in 2024-25 for the newborn screening program and for rent.

ALT 1b	Change to Base
GPR	\$3,831,200
PR	<u>1,968,800</u>
Total	\$5,800,000

c. **Increase the fee for the newborn screening cards and the fee for the driver improvement surcharge.** Specify that the newborn screening card fee imposed by DHS under s. 253.13 of the statutes must be no less than \$137.50 per card (an increase of \$28.50 per card) in

2023-24 and \$140 (an increase of \$31 per card) in 2024-25, and specify that no less than \$89 from each newborn screening card sold in 2023-24 and no less than \$91.50 from each card sold beginning in 2024-25 be provided to the State Laboratory of Hygiene. This would generate an additional \$1,525,000 in revenue in 2023-24 and \$1,658,500 in 2024-25.

Increase the driver improvement surcharge by \$100 (to \$535) beginning in 2023-24, which is estimated to generate an additional \$875,000 in 2023-24 and \$1,750,000 in 2024-25. Direct DOA to provide \$2,494,200 in 2023-24 and \$3,369,200 in 2024-25 from the surcharge to the State Laboratory of Hygiene. Specify that beginning on the first day of the sixth month after the effective date of the bill, the percentage of the driver improvement surcharge paid by the county treasurer to the Secretary of Administration is 59.1%.

ALT 1c	Change to Base
PR	\$5,808,500

2. Provide an additional \$4 million in each year, which would allow SLH to maintain a positive net balance and restore the cash reserve that has been used to cover the laboratory's revenue shortfall in recent years, through a combination of increased fees or GPR:

a. **Increase the fee for the newborn screening cards and provide GPR.** Specify that the newborn screening card fee imposed by DHS under s. 253.13 of the statutes must be no less than \$159 per card (an increase of \$50 per card) beginning in 2023-24, and specify that no less than \$110.50 from each newborn screening card sold be provided to the State Laboratory of Hygiene. This would generate an additional \$2,675,000 in revenue each year. Additionally, provide \$1,325,000 GPR annually for the forensic toxicology program and for rent.

ALT 2a	Change to Base
GPR	\$2,650,000
PR	<u>5,350,000</u>
Total	\$8,000,000

b. **Increase the fee for the driver improvement surcharge and provide GPR.** Increase the driver improvement surcharge by \$100 (to \$435) beginning in 2023-24, which is estimated to generate an additional \$875,000 in 2023-24 and \$1,750,000 in 2024-25. Direct DOA to provide \$2,494,200 in 2023-24 and \$3,369,200 in 2024-25 from the surcharge to the State Laboratory of Hygiene. Specify that beginning on the first day of the sixth month after the effective date of the bill, the percentage of the driver improvement surcharge paid by the county treasurer to the Secretary of Administration is 59.1%. Additionally, provide \$3,125,000 GPR in 2023-24 and \$2,250,000 GPR in 2024-25 for the newborn screening program and for rent.

ALT 2b	Change to Base
GPR	\$5,375,000
PR	<u>2,625,000</u>
Total	\$8,000,000

c. **Increase the fee for the newborn screening cards and the fee for the driver improvement surcharge.** Specify that the newborn screening card fee imposed by DHS under s. 253.13 of the statutes must be no less than \$159.25 per card (an increase of \$50.25 per card) beginning in 2023-24, and specify that no less than \$110.75 from each newborn screening card sold be provided to the State Laboratory of Hygiene. This would generate an additional \$2,688,400 in revenue annually.

Increase the driver improvement surcharge by \$100 (to \$435) beginning in 2023-24, which is estimated to generate an additional \$875,000 in 2023-24 and \$1,750,000 in 2024-25. Direct DOA to provide \$2,494,200 in 2023-24 and \$3,369,200 in 2024-25 from the surcharge to the State Laboratory of Hygiene. Specify that beginning on the first day of the sixth month after the effective date of the bill, the percentage of the driver improvement surcharge paid by the county treasurer to the Secretary of Administration is 59.1%.

ALT 2c	Change to Base
PR	\$8,001,800

3. Provide an additional \$4,471,200 GPR in 2023-24 and \$4,571,200 GPR in 2024-25, the amount provided in Assembly Bill 43/Senate Bill 70, including the following: (a) \$2,200,000 annually for newborn screening laboratory testing operations; (b) \$2,000,000 annually for forensic toxicology testing; and (c) \$271,200 in 2023-24 and \$371,100 in 2024-25 for rent.

ALT 3	Change to Base
GPR	\$9,042,300

4. Provide an additional \$4,399,900 GPR annually, the amount requested by SLH in the UW System's agency budget request, including the following: (a) \$2,200,000 annually for newborn screening laboratory testing operations; (b) \$2,000,000 annually for forensic toxicology testing; and (c) \$199,900 annually for rent.

ALT 4	Change to Base
GPR	\$8,799,800

5. Take no action.

Prepared by: Erin Probst

