

Post-Convening RECAP

Milbank Memorial Fund

STATE LEADERSHIP NETWORK

Legislator Briefing on Funding Cuts to State and Local Public Health

April 11, 2025

Introduction

The Milbank State Leadership Network hosted a virtual session for state legislators and legislative staff to hear directly from state and local public health officials on the impact of funding and federal program staffing cuts to core services. The session was held in partnership with the American Public Health Association (APHA) and the

Association of State and Territorial Health Officials (ASTHO).

Federal Fundings Cuts to Public Health

Morgan McDonald, MD

On March 24, 2025, state and local health departments received a notice of termination of federal funding for public health and mental health services implemented through the Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act.

Immediately following this \$11 billion funding cut, health directors had to terminate staff and end hundreds of contracts midway through projects. The funding covered public health infrastructure, labs and testing; mental and substance use disorder (SUD) services; children's immunizations, and much more.

A temporary restraining order was issued in favor of 23 states that filed to restart payments, but its impact is unclear, and the situation continues to evolve. Scheduled services were canceled with little notice, and state and local governments are now financially responsible for contracts that could not be stopped in time.

A few days later, Secretary Kennedy announced the restructuring of the U.S. Department of Health and Human Services and the termination of 10,000 HHS employees. The Centers for Disease Control and Prevention (CDC) lost 18% of its workforce; National Institutes of Health lost 1200 positions, and the Food and Drug Administration lost 19%. Many of these federal workers supported state and local departments in crisis management and day-to-day activity.

Impact on State and Local Public Health

Wisconsin

Kirsten Johnson, MPH, Secretary, Wisconsin Department of Health Services

A major lead poisoning crisis has emerged in Milwaukee Public Schools due to lead paint that could be affecting 106 schools in the district. Any lead exposure can result in developmental delay and poses a significant public health threat. The City of Milwaukee Health Department received support from CDC Epidemic Intelligence Service (EIS) officers and the National Center for Environmental Health (NCEH). The NCEH team was abruptly withdrawn on April 1. A request for additional EIS support was later denied. The state cannot adequately respond without federal assistance, especially as both funding and critical expertise are being lost in a time of crisis.

Tennessee

Michelle Taylor, MD, DrPH, MPA, Director, Memphis-Shelby County Health Department

The Memphis-Shelby County Health Department has lost nearly \$1.5 million in federal funding, resulting in the layoff of 12 staff members. These cuts have had a widespread impact on core public health functions, including infectious disease response, chronic disease prevention, mental health, and substance use disorder services. Infrastructure-building efforts, such as data modernization and system upgrades, are also at risk. The uncertainty surrounding future funding has hindered planning and morale. Meanwhile, the department faces multiple concurrent public health threats including HIV, syphilis, pertussis, and tuberculosis, all of which require significant staff resources for

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investigation and care coordination. With limited general funds to make up for the losses, the department is being forced to reevaluate core operations and navigate service disruptions to the community.

California

Karen Smith, MD, MPH, Interim Health Officer, Sonoma County Department of Health Services

While local health departments vary in their structure and priorities, a shared challenge is reliance on time-limited, disease-specific federal funding that is often passed through state agencies. Local departments typically receive at least 25% of their funding from federal sources. The COVID-19 pandemic brought temporary increases in federal support, which helped improve data systems and workforce capacity. However, as these grants expire, local health departments are losing critical capacity and were not prepared for the early termination of grant payments. The federal funding cuts last week led to a loss of \$500,000 from the Sonoma County Department of Health Services, which has impaired public health preparedness efforts and lab modernization projects. Planned integration between public health labs and hospitals, vital for efficient disease response and testing, is now on hold. The department also faces financial responsibility for Narcan vending machines, for example, which had been

ordered before the funding was cancelled. Without sustained federal investment, infrastructure gains are at risk.

National Laboratory and Infrastructure Impacts

Peter Kyriacopoulos, Chief Policy Officer, Association of Public Health Laboratories

Across 134 state and local public health laboratories, staff reductions due to federal funding cuts in the last two weeks have forced remaining personnel to manage the same workload and take on unsustainable burdens. Some local and state public health labs were mid-construction, with staff working in cramped temporary spaces. Data modernization efforts, aimed at improving the electronic flow of public health information, have also been paused, preventing timely access to data necessary for informed decision-making. Courier systems used to transport samples have been disrupted, compounding operational challenges. Meanwhile, personnel cuts at CDC resulted in the closing of national labs that support states with specialized testing for STDs and hepatitis, creating critical gaps in state and local disease detection and response.

Ongoing uncertainty is exacerbated by the lack of detailed guidance in continuing resolutions from Congress, in contrast to typical omnibus appropriations that clearly direct funding. Furthermore, the Office of Management and Budget (OMB)

is currently determining the budget for fiscal year 2026 and considering cuts that could further compromise laboratory capacity. Authorizing committees are being instructed to reduce spending by as much as \$2 trillion over the next decade, with health and human services likely bearing a large portion of those cuts. Additionally, tariffs on essential lab equipment and materials that are manufactured internationally pose further financial strain, with a potential price increase of 10% for key supplies for public health labs.

Additional Discussion

Georges Benjamin described efforts to support displaced federal health workers through job boards and career webinars and invited state and local departments to share career opportunities. Susan Kansagra of ASTHO stressed that COVID-era funds were designed to bolster the entire public health infrastructure, not just pandemic response, and emphasized the problems inherent in ending programs without transition plans.

Finally, Morgan McDonald urged state lawmakers to engage with state and local health departments, consider these how these cuts could impact services and FY2026 state budget planning, engage with Congressional delegations, and stay attuned to the rapidly shifting federal funding landscape. Building strong relationships across branches and parties is crucial to supporting state and local services.

Resources

- [ASTHO explanation of funding cut impact](#)
- [APHA Job Board](#)
- [Praying for the Dam to Hold](#) (a blog by Morgan McDonald)

Federal Timeline

April 14, 2025	HHS reorganization plans due to OMB
April 29, 2025	Federal agency spend plans due to Congress
May 6, 2025	Authorizing committees report legislation to cut spending to budget committees to be compiled into reconciliation bill
May 2025	President submits budget request