

COVID-19 PANDEMIC RESPONSE

Since the onset of the COVID-19 Pandemic, California has taken action to save lives by mitigating active community transmission of COVID-19, including issuing a statewide stay-at-home order and instituting the use of masks and physical distancing. Collectively, these actions have mitigated the significant early surges in cases and hospitalizations as seen in other states. The state then prepared further by securing a reliable supply chain of personal protective equipment (PPE), expanding COVID-19 testing capabilities, and building additional health care capacity, including alternate care sites. These actions gave hospitals and health care systems time to plan and better prepare for a surge in hospitalizations and intensive care unit (ICU) admissions. Altogether, these actions have saved the lives of many Californians.

STATEWIDE EMERGENCY RESPONSE

Under the authorities of the Emergency Services Act and other laws governing public health emergencies, jointly led by the Governor's Office of Emergency Services (Cal OES) and the Health and Human Services Agency (CHHS), the state responded swiftly—coordinating actions with local authorities and deploying federal, state, mutual aid, and private sector resources to support communities across the state. Many of the innovative programs established to serve the state are the first of their kind—establishing California as a leader in responding to the pandemic and developing a path for recovery and resiliency.

VACCINE DISTRIBUTION

COVID-19 vaccines are now available and California received its first shipments in mid-December. The state formed a Western States Scientific Safety Review Workgroup with Nevada, Oregon and Washington, comprised of immunization and public health experts to provide an independent review and recommendation for the states to ensure safety and maintain public confidence in vaccine implementation. The state is also planning a public awareness campaign to encourage vaccine adoption across the state's diverse communities.

While supplies of the vaccines are currently limited, they will be made available according to approved state guidelines. Health care workers and residents in long-term care settings have been approved to receive vaccines first, followed by other Californians at high risk of becoming infected or severely ill from COVID-19. The state continues to release guidance for the next phases of individuals prioritized for vaccinations. The state has formed a Drafting Guidelines Workgroup of subject matter experts, ethicists and academics to draft an allocation framework to prioritize each phase of vaccine distribution. A community Vaccine Advisory Committee was also formed to provide feedback to state health officials on the allocation framework. The state is working closely with community partners and stakeholders to help guide the planning process and expedite a fair and equitable distribution of the vaccine.

The Budget includes over \$300 million as an initial estimate for vaccine distribution, including a public awareness campaign to increase vaccine adoption.

SUPPORT FOR THE COVID-19 PANDEMIC RESPONSE

The COVID-19 Pandemic response includes the following core response efforts that have been critical to not only mitigating the spread of COVID-19, but also preparing and expanding the health care system for a surge of cases, as well as providing for the necessary supports to reopen schools.

- **PPE and Other Procurements**—One of the most important tools in the fight against the spread of the virus is the use of PPE. In the initial phase of the pandemic, it was critical that the state secure enough PPE for Californians, and the state responded to that need by implementing a comprehensive procurement and distribution strategy. The state built a dedicated PPE pipeline with manufacturers who produce N95 respirators, surgical masks, ventilators, hand sanitizer, gowns, face shields, and with those performing ventilator repair and refurbishment. As a result, the state has

provided nearly 1 billion units of PPE to various sectors. Most notably, 384 million units of PPE have been allocated to the health sector, 30 million units were supplied to the agriculture sector, and 136 million units were distributed to the education sector to support the safe return to in-person instruction.

- **Laboratory Testing**—Timely, equitable, and cost-effective testing supports California's goal of continuing to flatten the curve while enabling critical sectors of the economy to remain open. Despite efforts to expand the existing public and private laboratory footprint, the state's overall testing capacity remained inadequate, especially as flu season began. The state used its market power to combat global supply chain challenges and high testing costs by building its own laboratory—the Valencia Branch Laboratory—that has the capacity to process up to 150,000 tests per day. In addition, the state is pursuing broad-based testing in K-12 schools, and the May Revision will include estimated costs for Medi-Cal eligible students.
- **California Connected (Contact Tracing)**—Recognizing the need to conduct case investigations and notify those who may have been exposed to the virus of the need to quarantine, the state partnered with UC San Francisco to develop a training program for contact tracers. State departments identified over 3,000 employees as available for redirection to the contact tracing effort, and as of late-December 2020, roughly 1,900 employees were deployed to counties to assist. Through this effort, about 10,000 state and local employees are available to conduct contact tracing investigations statewide. Also in December, the state deployed a mobile exposure notification technology, CA Notify, to help notify Californians of potential exposure.
- **Health Corps**—Established to recruit and deploy health care professionals to facilities across the state to address the healthcare surge and to maintain capacity in the state's health care system, the Health Corps includes physicians, nurses, emergency medical technicians, paramedics, physician assistants, respiratory therapists and behavioral health professionals. They have been utilized in skilled nursing facilities, assisted living facilities, correctional facilities, alternative care sites, and general acute care hospitals. Since April, Health Corps has covered 2,892 direct patient care shifts in 143 facilities, as well as approximately 2,000 standby shifts across the state. Health Corps fills an essential role within emergency staffing. It serves as a critical option for facilities to provide staffing augmentations in non-acute care settings, stabilizing the patient and facility without transfer into a hospital.

- **Hospital Surge Preparation**—To assist with decompression from the hospital system of lower acuity patients, the state is adding COVID-19 hospital surge beds in addition to the surge beds that hospital systems have already added. Currently, the state has 11 alternate care sites that could be activated in 24-96 hours should they be needed. The total number of beds in these alternate care sites is 1,668. In addition to the alternate care sites, the state has 22 California Medical Stations, which are 50-bed field hospitals, that can be rapidly deployed. In total, the state has approximately 3,500 additional medical beds beyond surge capacity within the hospital system. Additionally, the state is helping to decompress hospitals through the use of residential care facilities for the elderly.
- **Hotels for Health Care Workers**—This program provides hotel rooms to health care workers providing critical care to COVID-19 patients or who may come in contact with those infected with the virus to help prevent them from bringing the virus home. The program has provided over 1.5 million free or subsidized hotel room nights for health care workers, first responders, correctional officers, and other workers while they isolate safely apart from their families between work shifts and quarantine when necessary.
- **Community Engagement**—Originally launched in 2019, the state has invested \$50 million in a preparedness campaign to bolster resiliency by connecting vulnerable populations with culturally and linguistically competent community support. Through partnerships formed with community based organizations, volunteer and service teams (including CERT and AmeriCorps), and a dynamic communication campaign, LISTOS was leveraged during the COVID-19 Pandemic to educate millions of Californians about emergency preparedness. The state has expanded the community outreach effort with an additional \$62.5 million General Fund appropriated in 2020 that is leveraging additional philanthropic resources to fund paid media and provide for direct engagement with trusted community organizations.

PROTECTING AT-RISK POPULATIONS

The state has implemented several programs to protect vulnerable populations from contracting COVID-19. In addition, the state continues extraordinary actions within its institutions to protect public health, including the State Hospitals and state prisons.

- **Great Plates Delivered**—This program provides meals to adults age 65 and older and adults age 60-64 who are at high risk, while also supporting local restaurants

and other food providers that have closed or are struggling to remain open. This program is jointly run and managed by Cal OES, CHHS, and California Department of Aging. Over 20.4 million meals have been served under this program.

- **Housing for the Harvest**—This program enables agricultural workers who test positive or are exposed to COVID-19 to safely isolate. The Housing for the Harvest program has provided over 900 hotel room nights for agricultural workers to keep these critical workers safe.
- **Project Roomkey**—This program provides hotel and motel rooms to people experiencing homelessness and who are at-risk of contracting COVID-19. Under this program, the state has made over 15,500 hotel rooms available, providing over 800,000 overnight stays for unhoused Californians.
- **State Hospitals**—To address the impacts of COVID-19 at the State Hospital system, the following activities have been implemented: isolation and testing at state hospitals, outside medical invoicing, surge capacity, increased PPE requirements, and other supports for patients and employees. State Hospitals are also taking a number of preparatory steps to ensure the effective delivery of vaccines for their health care workers and patients.
- **State Prisons**—CDCR has taken proactive measures to reduce the presence and spread of COVID-19 in its institutions, including: restricting inmate movement; activating spaces to create physical distancing; modifying the parole suitability hearing process to take place by video and telephone conference; restricting family visitation and instead providing inmates with free telephone calls and video visitation opportunities; and initiating a staff screening process upon entering facilities. CDCR has also implemented expanded employee testing at all institutions.

DATA-DRIVEN DECISION-MAKING

BLUEPRINT FOR A SAFER ECONOMY

In August 2020, California unveiled the *Blueprint for a Safer Economy*, a framework for managing restrictions on activities based on epidemiological data in counties. California's framework for reopening also uniquely includes a health equity metric. This metric recognizes that a county cannot open more business sectors unless it addresses disease transmission in communities that are disproportionately impacted by economic, social, education, transportation, housing, and environmental factors. The metric requires counties to reduce test positivity rates in the least well-off communities to

match or approach the county average, which gives counties the incentive to test and trace contacts in the communities that have the greatest need.

In November, as case rates and hospitalizations surged in California and across the country, the state implemented a regional stay-at-home order. Absent this action, many hospital ICUs would have reached capacity more quickly. The state continues to use science and data to modify guidance and protective measures, including the updated guidance for school reopening.

DEPLOYMENT OF INNOVATIVE TECHNOLOGY

California has deployed and updated dashboards to collect, develop, and display data for decision-making and for public transparency. The state created a centralized portal to inform the public at covid19.ca.gov. California has utilized technology tools to accelerate the availability of information, including a website to connect businesses with PPE, a website to connect volunteers with opportunities to help, and a teachers' resource portal. Additionally, California has been able to track the impacts of policy decisions by looking at mobility data, venue visits, economic data, and survey data. These approaches have prioritized privacy.

In addition, the state has developed a model (California COVID Assessment Tool (ICAT)) that contains assessments of the spread of COVID-19, short-term forecasts of disease trends, and scenarios of the course of the disease from modeling groups across the country. Together, these tools allow scientists, researchers, technologists and all Californians to better understand the spread of COVID-19. To build on this model, the Budget includes funding for a newly created consortium that will engage public health decision-makers and investigators at the University of California to promote timely, actionable insights into public health problems in California.

DIRECT EMERGENCY RESPONSE EXPENDITURES

Current estimates of total direct COVID-19 Pandemic emergency response costs are approximately \$13 billion, with an estimated net General Fund impact of approximately \$2.5 billion. This represents costs incurred in the prior fiscal year as well as projected costs in fiscal years 2020-21 and 2021-22. Since the 2020 Budget Act, the Department of Finance has regularly updated these estimates on its website.

The 2020 Budget Act reflected a total of \$8.6 billion in state direct emergency response costs across 2019-20 and 2020-21, of which \$5.7 billion was for planned expenditures and an additional \$2.9 billion was for contingency costs. The following chart summarizes

current estimates compared to the estimates included in the 2020 Budget Act. These estimates will be refined as circumstances evolve and the Administration continues to maximize the use of federal funds.

Significant changes since the 2020 Budget Act include increased efforts to mitigate the spread of COVID-19 within state institutions, state laboratory testing, and emergency support for small businesses allocated in December. There are also some downward revisions of estimates reflecting changing conditions and more accurate projections related to additional PPE procurement and hospital surge efforts.

While total costs are projected to increase overall compared to 2020 Budget Act levels, federal funds are expected to offset a greater share of these costs, which has partially offset the net General Fund increase. The chart below reflects categories of the state's direct response efforts and their respective cost estimates. Many of these programs and categories are eligible for FEMA reimbursement. This chart does not include COVID-19 expenditures related to certain health and human services programs. (See the Health and Human Services Chapter for more details.)

COVID-19 Direct Response Cost Estimates: Total Expenditures

Cost Category	2020 Budget Act Estimate	2021 Governor's Budget Estimate	Difference
State Response Operations	\$589,128,000	\$2,529,273,000	\$1,940,145,000
State Hospitals	\$0	\$82,698,000	\$82,698,000
Testing	\$0	\$37,102,000	\$37,102,000
Surge Capacity (Norwalk)	\$0	\$2,568,000	\$2,568,000
Other Staffing and Operational Costs	\$0	\$43,028,000	\$43,028,000
National Guard	\$0	\$32,848,000	\$32,848,000
Corrections and Rehabilitations	\$17,300,000	\$1,418,988,000	\$1,401,688,000
Community Supervision	\$2,971,000	\$45,340,000	\$42,369,000
Temporary Suspension of Prison Intake	\$14,329,000	\$240,895,000	\$226,566,000
Reentry Housing	\$0	\$15,000,000	\$15,000,000
Project Hope	\$0	\$1,929,000	\$1,929,000
Personal Protective Equipment	\$0	\$89,296,000	\$89,296,000
Medical Surge/Tents	\$0	\$240,741,000	\$240,741,000
Testing (Employee)	\$0	\$378,926,000	\$378,926,000
Testing (Inmate)	\$0	\$175,533,000	\$175,533,000
Cleaning	\$0	\$29,180,000	\$29,180,000
Other Staffing and Operational Costs	\$0	\$202,148,000	\$202,148,000
Other State Agency Response Operations Costs	\$571,828,000	\$994,739,000	\$422,911,000
Procurements	\$4,363,764,000	\$3,366,496,000	-\$997,268,000
OES Masks Contract (Global Healthcare Product Solutions, LLC)	\$1,567,500,000	\$920,600,000	-\$646,900,000
DGS and Other Procurements	\$2,796,264,000	\$2,445,896,000	-\$350,368,000
Hospital and Medical Surge (to support 5,000 beds)	\$1,325,023,000	\$1,091,631,000	-\$233,392,000
Staffing Costs	\$854,523,000	\$768,421,000	-\$86,102,000
Facilities and Operating Costs	\$470,500,000	\$323,210,000	-\$147,290,000
Hotels for Health Care Workers/Support Staff	\$507,650,000	\$368,957,000	-\$138,693,000
Housing for the Harvest	\$0	\$9,623,000	\$9,623,000
Vulnerable Populations and Other Support Services	\$638,602,000	\$1,888,547,000	\$1,249,945,000
Project Roomkey	\$100,000,000	\$162,000,000	\$62,000,000
Food Banks	\$70,000,000	\$165,500,000	\$95,500,000
Support for Small Businesses	\$50,000,000	\$562,500,000	\$512,500,000
Great Plates Delivered	\$25,000,000	\$25,000,000	\$0
Other Program Allocations	\$393,602,000	\$973,547,000	\$579,945,000
Statewide Testing	\$527,000,000	\$2,544,045,000	\$2,017,045,000
PerkinElmer	\$0	\$1,365,363,000	\$1,365,363,000
Logistics Health, Inc. (Optum)	\$0	\$726,000,000	\$726,000,000
FedEx Specimen Transportation	\$0	\$19,989,000	\$19,989,000
Other Statewide Testing	\$527,000,000	\$432,693,000	-\$94,307,000
Contact Tracing and Tracking	\$173,750,000	\$646,339,000	\$472,589,000
Vaccine Task Force	\$0	\$372,400,000	\$372,400,000
Other Response Costs	\$470,122,000	\$0	-\$470,122,000
Community Engagement	\$0	\$162,500,000	\$162,500,000
Totals	\$8,595,039,000	\$12,979,811,000	\$4,384,772,000

CORONAVIRUS RELIEF FUNDS (CRF)

The 2020 Budget Act established a process to allocate \$9.5 billion in CRF provided in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the largest of the bills enacted early in the COVID-19 Pandemic. Based on data through September 30, the state had obligated or spent nearly \$8.7 billion of the \$9.5 billion authorized by the CARES Act and included in the 2020 Budget Act. These funds have been instrumental in helping to mitigate learning loss for students (\$4.4 billion), protect vulnerable populations from COVID-19, and support front-line efforts to combat the virus, including nearly \$1.3 billion to counties and \$500 million to cities to support local priorities.

At the state level, funds have supported nearly \$2.5 billion in costs for emergency operations, testing and contact tracing, and various medical and public health expenses. In addition, critical investments were made to provide additional housing for the homeless, and reduce the spread of COVID-19 in congregate shelters and camps. These funds were also used to purchase additional emergency food supplies and diapers to be distributed through California food banks. Finally, CRF was also leveraged to free up other federal funds to extend emergency child care benefits into 2021. The figure below details where funds pay for a portion of the state's direct disaster response costs.

Allocation of CRF for COVID-19 Direct Response Costs

Cost Category	2021 Governor's Budget Estimate	Estimated CRF Share
State Response Operations	\$2,529,273,000	\$574,695,000
Procurements	\$3,366,496,000	\$653,240,000
Hospital and Medical Surge	\$1,091,631,000	\$230,180,000
Hotels for Health Care Workers/Support Staff	\$368,957,000	\$32,544,000
Vulnerable Populations/Other Support Services	\$1,888,547,000	\$618,650,000
Statewide Testing	\$2,544,045,000	\$195,851,000
Contact Tracing and Tracking	\$646,339,000	\$155,977,000
Totals	\$12,435,288,000	\$2,461,137,000

While the deadline to spend to spend CRF was extended through December 31, 2021, the state has been finalizing the allocation and prioritization of the remaining \$800 million in funds to pay for additional emergency response costs, public health expenses, and public safety payroll costs as authorized by the U.S. Treasury. Through these actions, funds will remain in California and no funds will be returned to Washington.

FEDERAL RELIEF

To address the direct and indirect effects of COVID-19, the federal government provided additional funding to help pay for emergency response, testing and contact tracing, health care, and to provide financial relief to individuals, families, and businesses as well as state and local governments, including schools and higher education institutions. As of early December, the estimated funding that the state expects to receive from the four bills passed by Congress in the spring of 2020 totaled approximately \$136 billion. These funds support various state programs, such as unemployment insurance, Medi-Cal, and K-12 schools. Combined with direct payments to individuals and families, hospitals and medical providers, businesses, higher education institutions and college students, local housing authorities, airports, farmers, and local government, California and its economy will benefit from approximately \$298 billion provided through these federal actions.

This federal relief coupled with actions by the Federal Reserve helped stabilize the economy, with transfers mitigating the fall in wages. The stimulus checks, unemployment benefits, and Paycheck Protection Program allowed more people to continue to pay rent and utilities, and more businesses to retain workers and stay in business. As of November, U.S. personal income was 3.8 percent higher than November 2019. However, personal consumption expenditures are down by 1.3 percent, reflecting the disparate impacts on lower-income people and a higher savings rate by higher-income people.

RECENT FEDERAL COVID-19 RELIEF BILL

In late December, as many federal programs were expiring, Congress passed a fifth relief bill, the Coronavirus Response and Relief Supplemental Appropriations Act, totaling about \$900 billion, primarily to extend unemployment insurance and provide direct payments to individuals and families, businesses, and the health care industry, as well as to provide more funding for testing, contact tracing, and vaccine distribution. While California expects approximately \$100 billion, notably excluded from this most recent bill is additional funding for state and local government. However, this bill extends the deadline to spend the Coronavirus Relief Funds through December 31, 2021.

The passage of the federal relief bill will provide much-needed support for people and businesses until March 2021, especially those that remain unemployed due to the

COVID-19 Pandemic. However, additional federal support beyond this bill will be critical to help people and businesses struggling to survive and recover from the pandemic.

Over one-third of the recent relief will provide additional financial assistance to individuals and families facing hardships from the COVID-19 Pandemic. Key provisions to support individuals include the following:

- Unemployment Insurance Benefits—Extended benefits were made available to individuals who have lost their jobs due to COVID-19, including self-employed workers and provide an additional \$300 per week supplement. These benefits will be available for an additional 11 weeks through March 14, 2021.
- Economic Impact Payments—A second economic impact payment was included for individuals and families, including those who receive Social Security retirement, Supplemental Security Income, or disability benefits. The checks will be \$600 for each person in the household using the same income-based criteria in the CARES Act. Individuals in households with mixed immigration status will now be eligible for these payments, which will be retroactive to the CARES Act, providing \$1,200 per adult and \$500 per child.

The following chart reflects the estimates for California based on a preliminary review of the components of the recent federal relief bill.

**Potential Estimates for California
Coronavirus Response and Relief Supplemental Appropriations Act**

(Dollars in Billions)

Cost Areas	Available Nationwide	California Estimate
Individuals and Families	\$326.4	\$42.4
Unemployment Insurance Benefits	\$120.0	\$20.0
Economic Impact Payments (\$600 per person)	\$166.0	\$18.3
Food Assistance	\$13.0	\$1.3
Rental and Utility Assistance	\$25.0	\$2.6
Funeral/Burial Assistance	\$2.4	\$0.2
Test, Trace, Vaccinate	\$54.1	\$2.2
Testing and Contact Tracing	\$19.5	\$1.8
Testing in Rural and Underserved Communities	\$2.8	TBD
Vaccine Development	\$19.7	-
Vaccine Manufacturing and Distribution	\$8.8	\$0.4
Strategic National Stockpile (PPE)	\$3.3	-
Health/Mental Health	\$10.3	\$0.7
Provider Relief	\$3.0	\$0.2
Increase Medicare Provider Payments	\$3.0	TBD
Mental Health and Substance Use Disorders	\$4.3	\$0.5
Business and Transportation Support	\$408.1	\$50.1
Small Business Support/Paycheck Protection (excluding airlines)	\$310.0	\$45.2
Live Venues	\$15.0	TBD
Child Care/Head Start	\$10.3	\$1.0
Agriculture (Farmers, Ranchers)	\$13.0	\$0.6
Loans to Underserved Communities	\$15.0	TBD
Airlines (Paycheck Protection) and Airport Improvements	\$18.0	\$0.4
Transit/Bus/Amtrak	\$17.0	\$2.0
State Highways	\$9.8	\$0.9
Education	\$81.1	\$10.1
Primary and Secondary	\$54.3	\$6.8
Governor's Emergency Education Relief (GEER) Funds	\$1.3	\$0.2
GEER - Private Schools	\$2.8	\$0.2
Higher Education	\$22.7	\$2.9
Broadband/Telehealth	\$7.0	TBD
Totals	\$887.0	\$105.5