

PANDEMIC RESPONSE AND FEDERAL ASSISTANCE

California is recovering from the global COVID-19 Pandemic. The state's response, which included issuing a statewide stay-at-home order at the outset of the pandemic and instituting requirements for the use of masks and physical distancing, reduced community transmission and saved the lives of many Californians.

California has delivered over 42 million vaccine doses—including over 9.1 million in the state's hardest-hit communities. More than 62 percent of all Californians have received at least one dose of the COVID-19 vaccine, and three out of four adults in California are now vaccinated with at least one dose. The state allocated 40 percent of vaccine doses for the hardest-hit communities and established an equity metric to increase vaccinations in those communities. The state reopened its economy on June 15, 2021, allowing everyday activities and businesses to open with risk reduction measures, such as encouraging vaccination and still mandating masks in certain circumstances and settings.

ACCELERATED AND EQUITABLE VACCINATION DISTRIBUTION

With input from the state's Community Vaccine Advisory Committee, the state has focused its efforts in the last four months on implementing a rapid, equitable distribution and administration of COVID-19 vaccinations statewide.

In late January, the Government Operations Agency worked in partnership with the Department of Public Health, local health jurisdictions, and a Third-Party Administrator (Blue Shield of California) to organize a statewide vaccine network to optimize allocation and administration of vaccines as well as build a statewide tool, My Turn, to help people know when it is their turn to be vaccinated and schedule an appointment. In addition, the Governor's Office of Emergency Services operated mass vaccination sites in Oakland and Los Angeles, where it administered over 833,000 vaccines.

In March, the state doubled the COVID-19 vaccine supply to communities hardest hit by COVID-19 using ZIP code-level measures of community health. This increase helped narrow the gap in vaccination between those living in the most affluent communities and those who face more challenges accessing vaccinations.

A statewide multi-lingual, multicultural public education, community outreach, and direct appointment assistance campaign continues, utilizing trusted messengers from more than 480 community based organizations statewide and ethnic media. In addition, the state is working to increase access by offering in-home vaccinations; free transportation to vaccination appointments; and mobile sites in partnership with places of worship, employers, and other trusted community locations. The state is also conducting "Get Out the Vaccine" door-knocking and canvassing to assist in arranging vaccinations as well as providing support and coordination with businesses, school districts, and local health departments. As of July 7, vaccine canvassers have knocked on more than 1.5 million doors to answer questions and promote vaccination in communities facing the greatest barriers to getting vaccinated.

The work continues as millions of Californians have yet to be vaccinated. The data and science clearly demonstrate vaccines are highly effective at preventing serious illness and death from COVID-19, including the Delta variant. As of June 30, 2021, the Delta variant represents approximately 35.6 percent of the cases sequenced in June 2021 during routine monitoring of the different strains in California.

As of July 7, 2021, 38.5 percent of 12-15 year-olds have received at least one vaccine dose. Planning continues for administration of the vaccine to children under 12 in partnership with local health departments, schools and pediatricians statewide.

DIRECT EMERGENCY RESPONSE EXPENDITURES

Current estimates of total direct pandemic emergency response costs are approximately \$12.5 billion, which represents costs incurred in fiscal years 2019-20 and 2020-21 as well as estimated costs in 2020-21 and projected costs in 2021-22. These expenditures are estimated to have a net General Fund cost of approximately \$1 billion. This net General Fund cost represents an adjustment to the fund split provided in the May Revision estimate based on updated federal guidance indicating American Rescue Plan Act of 2021 funding cannot be used for expenditures incurred prior to March 3, 2021. Since the 2020 Budget Act, the Department of Finance has regularly updated these estimates on its website. The Administration continues to maximize the use of federal funds and currently estimates the following fund split:

- \$1 billion General Fund
- \$8 billion Federal Emergency Management Agency (FEMA) Public Assistance Program
- \$2.4 billion Coronavirus Relief Fund (CRF)
- \$724.8 million American Rescue Plan Act (ARPA)
- \$347.7 million other federal funds and private funds

The May Revision estimate reflected a total of \$12.3 billion in state direct emergency response costs across multiple fiscal years. Compared to that estimate, total costs are now projected to increase by \$122 million. This increase is attributable to implementation of the state's "Vax for the Win Vaccination Incentive Program." The following chart summarizes current estimates compared to the estimates included in the May Revision. These estimates will continue to be refined as circumstances evolve and the state emerges from the pandemic.

COVID-19 Direct Response Cost Estimates

Cost Category	2021 May Revision Estimate	2021 Enacted Budget	Difference
State Response Operations	\$2,357,239,000	\$2,357,239,000	\$0
State Hospitals	\$153,873,000	\$153,873,000	\$0
Testing	\$47,204,000	\$47,204,000	\$0
Surge Capacity (Norwalk)	\$2,568,000	\$2,568,000	\$0
Other Staffing and Operational Costs	\$104,101,000	\$104,101,000	\$0
National Guard	\$112,780,000	\$112,780,000	\$0
Corrections and Rehabilitations	\$1,592,719,000	\$1,592,719,000	\$0
Community Supervision	\$45,667,000	\$45,667,000	\$0
Temporary Suspension of Prison Intake	\$316,933,000	\$316,933,000	\$0
Reentry Housing	\$15,000,000	\$15,000,000	\$0
Project Hope	\$2,006,000	\$2,006,000	\$0
Personal Protective Equipment	\$51,168,000	\$51,168,000	\$0
Medical Surge/Tents	\$145,157,000	\$145,157,000	\$0
Testing (Employee)	\$412,056,000	\$412,056,000	\$0
Testing (Inmate)	\$218,554,000	\$218,554,000	\$0
Cleaning	\$123,581,000	\$123,581,000	\$0
Other Staffing and Operational Costs	\$262,597,000	\$262,597,000	\$0
Other State Agency Response Operations Costs	\$497,867,000	\$497,867,000	\$0
Procurements	\$2,995,347,000	\$2,995,347,000	\$0
OES Masks Contract (Global Healthcare Product Solutions, LLC)	\$920,600,000	\$920,600,000	\$0
DGS and Other Procurements	\$2,074,747,000	\$2,074,747,000	\$0
Hospital and Medical Surge (to support 5,000 beds)	\$1,285,322,000	\$1,285,322,000	\$0
Staffing Costs	\$1,129,116,000	\$1,129,116,000	\$0
Facilities and Operating Costs	\$156,206,000	\$156,206,000	\$0
Hotels for Health Care Workers/Support Staff	\$277,951,000	\$277,951,000	\$0
Housing for the Harvest	\$24,259,000	\$24,259,000	\$0
Vulnerable Populations and Other Support Services	\$1,738,742,000	\$1,738,742,000	\$0
Project Roomkey	\$212,000,000	\$212,000,000	\$0
Food Banks	\$230,000,000	\$230,000,000	\$0
Immigrant Services	\$453,460,000	\$453,460,000	\$0
Support for Small Businesses	\$562,500,000	\$562,500,000	\$0
Great Plates Delivered	\$19,111,000	\$19,111,000	\$0
Other Program Allocations	\$261,671,000	\$261,671,000	\$0
Statewide Testing	\$1,855,645,000	\$1,855,645,000	\$0
PerkinElmer	\$1,126,297,000	\$1,126,297,000	\$0
Logistics Health, Inc. (Optum)	\$465,145,000	\$465,145,000	\$0
FedEx Specimen Transportation	\$15,838,000	\$15,838,000	\$0
Other Statewide Testing	\$248,365,000	\$248,365,000	\$0
Contact Tracing and Tracking	\$233,142,000	\$233,142,000	\$0
Vaccine Distribution and Administration	\$1,388,274,000	\$1,510,274,000	\$122,000,000
Supporting Vaccine Sites and Management of the Statewide Provider Network	\$1,100,658,000	\$1,222,658,000	\$122,000,000
Administering the Statewide Provider Network	\$202,500,000	\$202,500,000	\$0
Media Campaign	\$85,116,000	\$85,116,000	\$0
Community Engagement	\$193,340,000	\$193,340,000	\$0
Totals	\$12,349,261,000	\$12,471,261,000	\$122,000,000

The process to compile, submit, and receive funding from FEMA is lengthy for most disasters. Given the national scale and scope of the response effort, this process is expected to be even more protracted and FEMA approval is uncertain in some areas. Using the flexibility permitted in federal guidance for the CRF, the state can pursue FEMA reimbursement for claims that are most easily compiled, reviewed, and paid. These modifications are being made to maximize federal funding to defray the costs of the response as summarized in the CRF allocation chart.

Allocation of CRF for COVID-19 Response Costs

Cost Category	Selected Direct Response Costs	Estimated CRF 2021 Budget Act
State Response Operations	\$2,357,239,000	\$1,139,099,000
Procurements	\$2,995,347,000	\$443,605,000
Hospital and Medical Surge	\$1,285,322,000	\$31,033,000
Hotels for Health Care Workers/Support Staff	\$277,951,000	\$25,000,000
Vulnerable Populations/Other Support Services	\$1,738,742,000	\$535,057,000
Statewide Testing	\$1,855,645,000	\$24,200,000
Contact Tracing and Tracking	\$233,142,000	\$162,551,000
Other State Costs ^{1/}	N/A	\$174,347,000
Totals	\$10,743,388,000	\$2,534,892,000

^{1/}Excludes costs for Homekey.

FEDERAL ASSISTANCE

To address the direct and indirect effects of COVID-19, the federal government enacted six federal stimulus bills. Together, these funds are helping pay for emergency response, testing and contact tracing, health care, and vaccinations. These funds are also directly supporting the unemployed and K-12 schools. Families and individuals will also benefit from expansions of the Child Tax Credit, Earned Income Tax credits, and partial tax exemptions on unemployment benefits, as well as expanded financial assistance for health coverage. Combined with direct payments and other assistance 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 over \$600 billion provided through these federal bills as summarized in the chart below.

Summary of Estimated Federal Stimulus Funds

(Dollars in Thousands)

Federal Bill and Description	To/Through State	Direct Stimulus	Total
Preparedness and Response (HR 6074, March 2020): Provided emergency funding for public health and health care.	\$77,432	\$1,539,951	\$1,617,383
Families First (HR 6201, March 2020): Provided food assistance and addressed diagnostic testing costs, expanded paid and family sick leave, and increased the federal match share for some state programs.	12,831,849	4,553,496	17,385,345
Coronavirus Aid, Relief, and Economic Security (HR 748, March 2020): Broadened assistance to include states, local governments, education, child care and families. Provided economic impact payments, unemployment insurance enhancements, and assistance for small businesses, farmers, airports, and transit agencies.	152,141,350	84,550,774	236,692,124
Paycheck Protection/Health Care (HR 266, April 2020): Provided funding to small businesses, hospitals, and health centers to expand testing and contract tracing to support reopening businesses and the economy.	500,105	74,251,808	74,751,913
Coronavirus Response and Relief (HR 133, December 2020): Provided funding for rental and utility assistance, funeral expenses, food assistance, farmers, airports, transit agencies, and state highways. Included additional unemployment benefits and economic impact payments. Additional funding provided for health care providers, testing, and vaccine distribution.	32,980,017	66,227,114	99,207,131
American Rescue Plan Act (HR 1319, March 2021): Provided additional relief to state and local governments, funding for vaccine distribution, behavioral health, education, child care, housing, and transit. Continued enhanced unemployment benefits and provided economic assistance through tax credits as well as relief for small businesses.	90,816,948	100,656,958	191,473,906
Totals	\$289,347,701	\$331,780,101	\$621,127,802

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

California will receive over \$43 billion in combined recovery funds from the American Rescue Plan Act of 2021 to cover costs incurred between March 3, 2021 and December 31, 2024, to mitigate the impacts of the COVID-19 Pandemic, including \$27 billion in state fiscal recovery funds. The Act specifies that funds may be used to respond to the public health emergency or its negative economic impacts, replace lost revenue, and to make necessary investments in water, sewer, or broadband infrastructure. The framework for the \$27 billion Coronavirus State Fiscal Recovery Fund includes the following allocations:

- **Address Public Health Impacts (\$1.8 billion)**—Includes support for state and local emergency response to COVID-19, including vaccine incentives, and residential

care facilities through the Community Care Expansion program. These funds will also help address the emotional and behavioral health impacts exacerbated by the COVID-19 Pandemic on California's adults as well as effects on children and youth stemming from quarantine requirements and distance learning.

- **Address Negative Economic Impacts (\$12.2 billion)**—Includes funds to address various economic and disproportionate impacts of COVID-19 on households, individuals, businesses, and industry. Specifically, the framework:
 - Addresses housing shortages and homelessness exacerbated by the pandemic.
 - Provides funds to water systems, wastewater treatment providers, and energy utilities to help households and businesses that have incurred water and energy utility arrearages.
 - Reduces barriers to accessing higher education by addressing equity gaps among low-income children and families, including homeless youth and children in foster care.
 - Provides grants to small businesses as well as economic support for the tourism industry and ports.
 - Provides emergency financial aid to community college students.
 - Provides grants to cities and counties to expand youth employment and work-study opportunities.
 - Provides education and training grants to workers displaced by the pandemic.
 - Provides legal aid to renters and homeowners facing eviction or foreclosure.
- **Replace Lost Revenue (\$9.2 billion)**—Replaces lost state revenue due to the COVID-19 public health emergency. These funds will support a variety of government services.
- **Broadband Investments (\$3.8 billion)**—Promotes access to and affordability of broadband by funding middle mile and last mile infrastructure projects.

The chart below summarizes these priority investments to help California build back a stronger, more equitable economy and address the disproportionate negative economic impacts of COVID-19 on low-wage sectors.

Allocation of \$27 Billion Coronavirus State Fiscal Recovery Fund
(Dollars in Millions)

Coronavirus State Fiscal Recovery Fund Allocations	Amount
Address Public Health Impacts	\$1,804.8
COVID-19 Direct Response Costs	\$724.8
Behavioral Health Continuum Infrastructure Program	\$530.0
Community Care Expansion	\$450.0
Mental Health Student Services Partnership Grant Program	\$100.0
Address Negative Economic Impacts	\$12,224.8
Address Increased Homelessness and Housing Shortages	\$4,876.0
Relief for Unpaid Water and Energy Utility Bills and Arrearages	\$2,000.0
Child Savings Accounts to Address Equity Gap and Increase Opportunities for Higher Education	\$1,777.9
Small Business Grants	\$1,500.0
Community Economic Resilience	\$600.0
Training and Education Support for Displaced Workers	\$472.5
Economic Support for Ports	\$250.0
Emergency Financial Aid for Community College Students	\$250.0
Youth Workforce Development	\$185.0
Californians for All College Service Program	\$127.5
Revitalize California Tourism	\$95.0
Legal Aid for Renters	\$80.0
Federal Tracking, Accountability, and Cost Recovery	\$10.9
Replace Lost State Revenue	\$9,196.3
Broadband Infrastructure, Access, and Affordability	\$3,772.4
Reserve for Accountability and Oversight	\$18.6
Total	\$27,017.0