

SAVING LIVES AND EMERGENCY RESPONSE

The COVID-19 pandemic is a global crisis. As of May 12, 2020, COVID-19 has resulted in over 291,300 deaths worldwide, including over 82,100 in the United States. In response to the COVID-19 pandemic, the Administration took immediate action to reduce the spread of the virus in the state. California was the first state in the nation to respond on a statewide basis by requiring residents to stay home to mitigate the spread of COVID-19. These proactive measures have been successful, limiting the number of cases and deaths. The Administration continues to put public health at the forefront as the state begins its phased approach to reopening the economy.

RESPONDING TO COVID-19

On March 4, 2020, the Governor proclaimed a state of emergency for the novel coronavirus outbreak, which causes a disease known as COVID-19. Within two weeks, the Administration issued a statewide stay-at-home order for residents to mitigate the spread of the virus. Even prior to these actions, the State Operations Center had been activated, informed by the state's public health officers, to prepare for an expected surge of patients infected with the virus. Based on data from medical models, projections indicated that hospitals would be inundated with patients, outstripping medical resources both in terms of available beds as well as the staffing and supplies needed to care for them. Necessary actions to address the immediate needs for various vulnerable populations were identified and taken, and local governments were provided state assistance for testing, housing, and sheltering activities. In addition, food banks were supported and staffed as the demand for these services began to increase.

Since that time, not only has assistance continued for vulnerable populations, but health care workers and others in the medical system have also been supported, in recognition of the stressful situations in which they are working, and in some cases the risks these conditions may pose to their families.

Pursuant to a Presidential Disaster declaration, funds from the Federal Emergency Management Agency (FEMA) became available to help pay for the substantial fiscal burden of the state's response efforts.

The May Revision reflects \$1.8 billion net General Fund expenditures for the state's direct emergency response efforts for the COVID-19 pandemic. A significant portion of this funding will provide the 25-percent cost share required to leverage FEMA funding. So far, the state has supported the following activities:

- **Personal Protective Equipment and Other Critical Medical Supplies**—Since the worldwide COVID-19 pandemic broke out, procuring personal protective equipment has been a major challenge as a result of supply shortages resulting from increased global demand. The state has been able to secure a dependable supply of medical-grade masks in a quantity that will meet the state's needs. The state has also procured other critical supplies, such as medical equipment, gloves, and gowns.
- **Hospital Surge Preparation**—To assist the state's medical system with an anticipated surge in COVID-19 patients needing hospitalization, the state has established over 3,000 beds and will be ready to support an additional 2,000 new beds in the fall, in addition to the beds that the hospital system has added.
- **Hotels for Healthcare Workers and Support Staff**—Staff who care for or come into contact with COVID-19 patients in the medical system and who cannot self-isolate at home have been provided free or low-cost hotel accommodations.
- **Supporting the State's Vulnerable Populations**—Recognizing the needs of the state's vulnerable populations, including the homeless, foster youth, and seniors, the state has provided support for housing, food, and other assistance.
- **State Response Operations and Other Support Services**—The state has provided resources for child care workers, small businesses, local probation and sheriffs, and other support services to assist with challenges related to the pandemic. This includes a Department of Public Health call center for the general public, response activities at the State Operation Center, and various allocations from the SB 89 appropriation.

- Reopening the State—To support the decision to safely reopen the state, there are six indicators that have been identified. Funding will support statewide testing and contact tracing and tracking, which will provide information for decision making.

The May Revision also includes \$716 million net General Fund as a set-aside contingency for additional response activities in the budget year. This represents a 25-percent cost share and the remainder is anticipated to be funded by additional FEMA funding, should there be a surge of new cases in the budget year.

COVID-19 FEDERAL ASSISTANCE

The federal government has provided temporary federal funding to support the state's response to the COVID-19 pandemic as well as financial support to mitigate the effects of the broader stay-at-home orders. This funding was made available through four federal bills designed to help pay for emergency response, testing and contact tracing, health care, and financial relief to individuals, families, and businesses as well as state and local government including schools and higher education institutions. The following summarizes the four bills passed by Congress since March 2020:

- Coronavirus Preparedness and Response Supplemental Appropriations Act (HR 6074)—Provided emergency funding for public health and health care.
- Families First Coronavirus Response Act (HR 6201)—Provided some early assistance to families and temporarily increased the federal match for some state programs including Medi-Cal and In-Home Supportive Services.
- Coronavirus Aid, Relief, and Economic Security (CARES) Act (HR 748)—Broadened the assistance available including funding for states, local governments, education, child care, individuals and families. Funding also expanded, extended, and supplemented unemployment insurance benefits. Finally, this measure provided assistance to businesses, including the health care sector, small businesses, farmers, airports, and transit agencies.
- Paycheck Protection Program and Health Care Enhancement Act (HR 266)—Expanded funding for small businesses, hospitals, community and rural health centers, and substantially expanded funding for testing and contact tracing to support reopening businesses and the economy while continuing to be vigilant about protecting the public.

As of May 9, 2020 the estimated funding that California expects to receive, including direct benefits to individuals, families, small businesses, higher education institutions, and the health care industry totals over \$186 billion and is detailed in the chart below:

Summary of Federal Stimulus Funds

(Dollars in Thousands)

Federal Vehicle	To/Thru State	Direct Stimulus	Total
Preparedness and Response (HR 6074)	\$63,333	\$1,535,765	\$1,599,098
Families First (HR 6201)	11,496,346	2,090,559	13,586,905
CARES Act (HR 748)	59,151,934	75,660,544	134,812,478
Payroll Protection/Health Care (HR 266)	465,000	35,864,291	36,329,291
Total	\$71,176,613	\$115,151,159	\$186,327,772

The federal funding identified above will not be sufficient to address the state's fiscal crisis or the enormous hardship for families, businesses and governments in California caused by the unprecedented COVID-19 pandemic.

STATE PROGRAMS

Over \$71 billion in federal funds is estimated to support state programs or to provide safety net services to individuals and families in the following areas:

- Coronavirus Relief Funds (\$9.5 billion), discussed below.
- Unemployment insurance benefits (over \$50 billion) to millions of individuals.
- Enhanced federal share of costs (\$5.3 billion), primarily Medi-Cal.
- K-12 Schools (\$2 billion).
- State and local public health (over \$600 million), excluding funding provided directly to Los Angeles County from the Centers for Disease Control and Prevention.
- Food and nutrition programs (nearly \$1 billion), including child nutrition programs typically available through schools.

DIRECT ASSISTANCE

In addition to the federal funds that are allocated through the state budget, over \$115 billion has been distributed or identified to support individuals and families, small businesses, hospitals and providers, including rural and community clinics, schools, higher education institutions and college students, local housing authorities, airports,

and local government. A breakdown of these funds as well as the funds that flow through the state is detailed in the following chart.

Summary of Federal Stimulus Funds

(Dollars in Thousands)

Beneficiary	To/Thru State	Direct Stimulus	Total
Various from Coronavirus Relief Fund (CRF)	\$9,525,547	\$5,795,738	\$15,321,285
State	5,804,702	-	5,804,702
Individual	51,727,142	22,465,995	74,193,137
Business	-	1,888,981	1,888,981
Small Business	-	71,237,166	71,237,166
Local Government	525,686	3,769,009	4,294,695
Housing Authority/Local Government	63,902	468,117	532,019
Schools	2,002,533	-	2,002,533
Colleges ^{1/}	-	1,789,981	1,789,981
Community Based Organizations (CBOs)	391,612	299,149	690,761
CBO/Individual Food Assistance	964,794	2,090,559	3,055,353
Hospitals	4,216	5,339,753	5,343,969
Multiple Beneficiaries	166,479	6,711	173,190
Total	\$71,176,613	\$115,151,159	\$186,327,772

1/ The CARES Act requires that 50 percent of the funding from the Higher Education Emergency Relief Fund be allocated for emergency grants to students for food, housing, course materials, technology, healthcare, and child care.

The following summarizes direct funds that are targeted to response efforts.

- Coronavirus Relief Funds—\$5.8 billion was allocated directly to 21 units of local government (15 counties, city and county of San Francisco, and 5 cities) with populations over 500,000.
- Economic Impact Payments—\$22.5 billion has been allocated, as of May 8, 2020, to more than 13.5 million California families who have filed a federal tax return in 2018 or 2019. Additional payments are expected over the coming weeks or months and are likely to total about \$29 billion.
- Small Business Grants and Loans—Over 300,000 California small businesses have received a combination of grants and loans totaling over \$70 billion primarily to support continued payment of employees and to help overcome the temporary loss of revenue they are experiencing. While these amounts are significant, the awards to date only benefit about 7.5 percent of California's 4 million small businesses.

SAVING LIVES AND EMERGENCY RESPONSE

- Hospitals, Providers, and Rural and Community Clinics—\$5.3 billion has been allocated to date through various formula allocations. Initial allocations were based on the number of Medicare fee-for-service payments. More recent payments have been made according to: (1) Medicare and Medicaid disproportionate share and uncompensated care payments and (2) hospitals that provided inpatient care for 100 or more COVID-19 patients. A total of 369 rural hospitals, including acute care general hospitals, rural health clinics, and community health centers in rural areas recently received \$311.6 million. These funds are intended to help address COVID-19 hospitalizations and offset the loss of revenues as a result of the stay-at-home orders to prevent the spread of COVID-19.
- Higher Education—Colleges and universities in California received over \$1.7 billion to help support the transition to distance learning and offset lost revenues. Colleges are required to allocate at least half of the funds to provide direct emergency aid to students, such as grants to students for food, housing, course materials, technology, healthcare, and child care.
- Public Transit Agencies—\$3.6 billion was allocated to offset lost fares and revenue from sudden loss of ridership.
- Food Assistance—In addition to funds provided through state programs, several programs also provide assistance to families, such as the Pandemic EBT Program. Support is also provided through the Commodity Assistance Program which purchases food for allocation to food banks and community-based organizations who then provide food to families. While detailed data is not available for all the available allocations, at least \$2 billion has been identified for California to date.
- Housing—Various public housing agencies are expected to receive at least \$500 million to maintain normal operations of low-income housing units as well as provide rental assistance and support for homeless individuals and families.
- Airport Improvements and Airline Relief—Airports in California will receive \$1.1 billion to support airport improvement projects. These totals do not reflect any assistance provided through the Payroll Support to Air Carriers Program that may be allocated to airlines to avoid layoffs and furloughs of employees based in California.

CORONAVIRUS RELIEF FUND

The CARES Act allocated Coronavirus Relief Funds (CRF) to state and local governments for expenditures incurred between March 1 and December 30, 2020 in response to COVID-19, not previously accounted for in the most recent state and local

budgets. These funds cannot be used to backfill lost revenues or to serve as the state match for drawing down other federal funds (such as FEMA reimbursements).

Based on the state's population, California received a total of \$15.3 billion with \$9.5 billion paid to the state. Cities and counties with populations over 500,000 received \$5.8 billion directly from the U.S. Treasury. The funding allocated to five large cities was deducted from the county share. The figure below shows the amount by county and for these five cities, including the city and county of San Francisco.

The May Revision allocates a portion of the state's \$9.5 billion CARES Act funding to local governments to further support their COVID-19 efforts—\$450 million to cities for homelessness and public safety and \$1.3 billion to counties for public health, behavioral health, and other health and human services as detailed in the following chart.

**Coronavirus Relief Fund Allocations
Total by County and Selected Cities**

(Dollars in Thousands)

Cities and Counties	Direct Allocations ^{1/}	State Allocations ^{1/}	Total Allocations	Cities and Counties	Direct Allocations ^{1/}	State Allocations ^{1/}	Total Allocations
Alameda County	\$291,634	\$38,577	\$330,211	Placer County	-	\$40,768	\$40,768
Alpine County	-	116	116	Plumas County	-	1,925	1,925
Amador County	-	4,069	4,069	Riverside County	431,091	57,024	488,115
Butte County	-	22,433	22,433	Sacramento County	181,199	25,210	206,409
Calaveras County	-	4,698	4,698	City of Sacramento	89,623	-	89,623
Colusa County	-	2,205	2,205	San Benito County	-	6,428	6,428
Contra Costa County	201,281	26,625	227,906	San Bernardino County	380,408	50,320	430,728
Del Norte County	-	2,847	2,847	San Diego County	334,062	54,224	388,286
El Dorado County	-	19,737	19,737	City of San Diego	248,451	-	248,451
Fresno County	81,580	16,228	97,808	City/County San Francisco	153,824	20,347	174,171
City of Fresno	92,756	-	92,756	San Joaquin County	132,989	17,592	150,581
Glenn County	-	2,906	2,906	San Luis Obispo County	-	28,976	28,976
Humboldt County	-	13,874	13,874	San Mateo County	133,761	17,694	151,455
Imperial County	-	18,547	18,547	Santa Barbara County	-	45,698	45,698
Inyo County	-	1,846	1,846	Santa Clara County	158,100	31,314	189,414
Kern County	157,078	20,778	177,856	City of San Jose	178,295	-	178,295
Kings County	-	15,653	15,653	Santa Cruz County	-	27,963	27,963
Lake County	-	6,590	6,590	Shasta County	-	18,431	18,431
Lassen County	-	3,129	3,129	Sierra County	-	308	308
Los Angeles County	1,057,341	163,064	1,220,405	Siskiyou County	-	4,456	4,456
City of Los Angeles	694,405	-	694,405	Solano County	-	45,815	45,815
Madera County	-	16,102	16,102	Sonoma County	-	50,594	50,594
Marin County	-	26,490	26,490	Stanislaus County	96,086	12,710	108,796
Mariposa County	-	1,761	1,761	Sutter County	-	9,925	9,925
Mendocino County	-	8,879	8,879	Tehama County	-	6,661	6,661
Merced County	-	28,420	28,420	Trinity County	-	1,257	1,257
Modoc County	-	905	905	Tulare County	-	47,714	47,714
Mono County	-	1,478	1,478	Tuolumne County	-	5,576	5,576
Monterey County	-	44,425	44,425	Ventura County	147,622	19,527	167,149
Napa County	-	14,098	14,098	Yolo County	-	22,568	22,568
Nevada County	-	10,210	10,210	Yuba County	-	8,052	8,052
Orange County	554,134	73,300	627,434	Total	\$5,795,720	\$1,289,065	\$7,084,785

^{1/} Numbers may not tie due to rounding.

The May Revision proposes to allocate the remaining state CRF (\$8.2 billion) for costs related to mitigating the significant impacts of the COVID-19 pandemic as summarized in the following chart.

Coronavirus Relief Fund Allocations

(Dollars in Thousands)

State Directed Coronavirus Relief Fund Allocations	Amount
State Offsets: Vulnerable Populations and Public Health and Safety	\$3,786,500
K-12 Learning Loss Mitigation	4,000,000
County Public Health, Behavioral Health, and Health and Human Services	1,289,065
City Homelessness and Public Safety Funding	450,000
Total	\$9,525,565

In total, the CRF allocations are estimated to offset nearly \$3.8 billion in state General Fund costs. This total includes current year costs funded pursuant to the provisions of Section 36.00, Chapter 2, Statutes of 2020, needed to meet immediate needs of various vulnerable populations. These savings will be achieved through a proposed control section that provides needed flexibility to offset General Fund costs between March 1 and December 30, 2020.

In addition, the May Revision allocates \$4 billion state CRF to mitigate learning loss related to COVID-19 school closures, including summer learning opportunities, additional instructional time, and other academic services and supports.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health has been at the forefront of the state's response to the COVID-19 pandemic—extensively planning, preparing, and responding to the pandemic since mid-January. The Department's efforts include issuing a stay-at-home order to save lives, increasing testing capacity, increasing hospital surge capacity, and issuing statewide public health guidance.

The May Revision maintains and increases the Department's disease surveillance and identification workforce. Specifically, the May Revision proposes \$5.9 million General Fund for 2020-21 and \$4.8 million General Fund ongoing, to support laboratory staff to increase the laboratories' testing capacity, and to purchase equipment and laboratory supplies that are specifically utilized for COVID-19 testing as well as other diseases. In addition, the May Revision maintains critical funding for infectious disease prevention and control, including \$5 million General Fund each for STD, HIV, and hepatitis C virus prevention and control.

ENHANCING EMERGENCY RESPONSE AND PREPAREDNESS

This year, in response to the global COVID-19 pandemic, the state has been faced with implementing an unprecedented emergency response effort necessary to protect the health of Californians. However, the state is also at risk from other types of emergencies. The May Revision continues the Administration's prioritization of enhancing emergency response and preparedness.

OFFICE OF EMERGENCY SERVICES

Although the state is experiencing significant economic impacts from the COVID-19 pandemic and a decrease in state revenues, the May Revision reflects \$127 million for Office of Emergency Services (Cal OES) to enhance the state's emergency preparedness and response capabilities.

- **Community Power Resiliency**—Maintain \$50 million one-time General Fund to support additional preparedness measures that bolster community resiliency. Building on the state's 2019-20 power resiliency investments, these measures will support critical services still vulnerable to power outage events, including schools, county election offices, and food storage reserves. This proposal will support a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.
- **California Disaster Assistance Act (CDAA)**—A total of \$38.2 million one-time General Fund (maintaining \$16.7 million included in the Governor's Budget and an additional \$21.5 million) to increase the amount of funding available through the CDAA, which is used to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a state of emergency proclaimed by the Governor. This augmentation increases total CDAA funding available in the Budget to \$100.8 million.
- **California Earthquake Early Warning Program**—Maintain \$17.3 million to operate this new innovative program that uses science, monitoring, and technology to alert people, businesses, and transit agencies via devices before the anticipated strongest seismic activity arrives. The May Revision proposes to switch the fund source for the loan from the General Fund to the School Land Bank Fund.
- **California Cybersecurity Integration Center**—Maintain \$7.6 million General Fund and 12 positions for Cal OES (a total of \$11.1 million General Fund and 22 positions across

various agencies) to enhance the state's critical cybersecurity infrastructure. This investment will provide a full-time Joint Incident Response Team to bolster the state's capabilities in preventing, mitigating, and responding to cyberattacks.

- Disaster Planning, Preparedness, and Response—Maintain \$9.4 million (\$9.2 million General Fund) and 50 positions to enhance Cal OES's ability to prepare for, respond to, and assist the state in recovering from disasters while maximizing eligible federal reimbursements.
- Seismic Safety Commission Transfer—Maintain \$2.5 million (\$503,000 General Fund) to transfer the Seismic Safety Commission to Cal OES. These resources will be critical to supporting the effective integration of the Seismic Safety Commission into Cal OES, resulting in increased coordination, earthquake preparedness and seismic safety benefits. The May Revision reduces this proposal by \$446,000 General Fund.
- Wildfire Forecast and Threat Intelligence Integration Center—Maintain \$2 million General Fund to enhance the state's emergency response capabilities through improved forecasts for tracking and predicting critical fire weather systems, which improves situational awareness of fire threat conditions in real-time, consistent with Chapter 405, Statutes of 2019 (SB 209). The May Revision proposes to reduce this proposal by \$6.8 million General Fund across various departments.

GENERAL FUND SOLUTIONS

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. Therefore, the May Revision proposes to withdraw \$101.8 million (\$26.8 million General Fund) for Cal OES and Department of Forestry and Fire Protection (CAL FIRE) for implementation of the home hardening pilot grant program authorized by Chapter 391, Statutes of 2019 (AB 38). Infrastructure investments to improve the resiliency of vulnerable communities will be considered as part an overall infrastructure plan. The May Revision maintains \$8.3 million Greenhouse Gas Reduction Fund for CAL FIRE to meet defensible space-related and other requirements pursuant to AB 38.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

Over the past several years, the state has experienced unprecedented increases in wildfire activity driven by climate change. Furthermore, recent forecasts indicate that 2020 is likely to be an active fire year given lower than average precipitation, snowpack, and fuel moisture levels.

Despite the significant budget shortfall, the May Revision reflects an additional \$90 million General Fund (\$142.7 million ongoing) to further enhance CAL FIRE's fire protection capabilities for the 2020 fire season and beyond.

- CAL FIRE Relief Staffing and Early Ramp-Up of 2020 Fire Season Surge Capacity—Maintain \$85.6 million General Fund (\$135.1 million ongoing) for permanent firefighting positions to provide CAL FIRE with operational flexibility throughout the peak fire season and beyond as fire conditions dictate. These resources will be leveraged to provide relief for frontline firefighting staff, which will directly benefit employee health and wellness. Additionally, these resources will serve as an immediate resource pool to be deployed strategically, based on fire risk, to build CAL FIRE's surge capacity by staffing additional engines during the late fall, winter, and early spring, and adding a fourth firefighter on a portion of engines. Given the urgent needs associated with preparing for the upcoming 2020 peak fire season, CAL FIRE will utilize seasonal firefighters and other surge capacity resources, and begin phasing in permanent firefighting staff later in the year.
- Innovation Procurement Sprint—An increase of \$4.4 million General Fund (\$7.6 million ongoing) to enable CAL FIRE to implement the new pioneering wildfire prediction and modeling technology that was procured through the Innovation Procurement Sprint process initiated through Executive Order N-04-19. The recently-executed contract will enable CAL FIRE to access a wildfire predictive software program that can perform hundreds of millions of simulations daily, over large geographic areas, and generate predictions and wildfire forecasts based on simulated or reported ignition points throughout the state. The data from this software program will be used to inform fire pre-positioning and suppression tactical operations, with the intent to more readily control and contain wildfires, and to protect people and assets at risk.

GENERAL FUND SOLUTIONS

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- Direct Mission Support—\$34.3 million General Fund.
- Wildland Firefighting Research Grant Program—\$5 million General Fund.