

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 6 ON BUDGET PROCESS, OVERSIGHT, AND PROGRAM EVALUATION

ASSEMBLYMEMBER PHIL TING, CHAIR

MONDAY, APRIL 20, 2020  
10:00 AM – STATE CAPITOL, ROOM 4202

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### Informational Hearing

1. Comment from the Chair
2. Comments from Members
3. California's COVID-19 infection, hospitalization, and mortality projections
  - a. Marko Mijic, Health and Human Services Agency
4. Overview of total incurred and anticipated COVID-19 disaster and public health response state expenditures and federal reimbursements.
  - a. Vivek Viswanathan, Department of Finance
  - b. Teresa Calvert, Department of Finance
  - c. Christina Curry, Office of Emergency Services
  - d. Gabe Petek, Legislative Analyst's Office

All panelists for today's hearing are expected to provide testimony remotely through Webex.

**INSTRUCTIONS FOR PUBLIC PARTICIPATION**

Due to social distancing requirements, today's hearing will include the use of the Webex Presentation video conferencing technology to facilitate panelists and will have a moderated telephone line to assist with public participation at the hearing. The public will be provided a phone number that will allow them to participate in the hearing during the public comment period. The hearing itself can be viewed remotely through the live stream on the Assembly's website.

The Assembly is testing the public interface prior to the hearing and will update these instructions both here on the agenda and on the website with final instructions regarding public comment on Monday April 20<sup>th</sup>.

**BACKGROUND**

While the State of Emergency for COVID-19 was only declared six weeks ago on March 4, 2020, that virus has already resulted in an immense mobilization of state resources for immediate needs to protect public health and stabilize Californians during this uncertain time. This hearing will review what California has already allocated, spent, or is in the process of spending for these immediate needs. The Subcommittee will hold a second hearing on April 27<sup>th</sup> to consider the economic impact that virus has had on the State and what options the state should consider for recovery and economic stimulus after the initial disaster response.

**COVID-19 MODEL**

Governor Newsom has commented that the state modeling of COVID-19 anticipates that the infection rate will peak in May of 2020. This conclusion is later than other models, for example, the widely cited Institute for Health Metrics and Evaluation (IHME) model as of April 16<sup>th</sup> projected that peak resource need would occur on April 17<sup>th</sup>. The assumptions and expectations of this public health modeling underpins decisions the state has made in both guidelines to the public and in procurement decisions.

The Subcommittee has requested more information regarding the model and its assumptions to help shape expectations regarding State expenditures. This information will help inform when the Administration believes the state has addressed critical health care infrastructure needs like addressing a shortage of Personal Protective Equipment (PPE) for health care workers, hospital bed capacity and ventilators. It will also help distinguish what resources are needed for the health care impact of the virus on California as opposed to the resources that support other essential functions and help Californians during this crisis.

**STATE EXPENDITURE FOR EMERGENCY RESPONSE**

According to the COVID-19 Interim Fiscal Update document released by the Department of Finance on April 10, 2020, the Department of Finance estimates that the State plans to spend approximately \$7 billion on COVID-19 response in 2020. That document, attached, also states that it is anticipated that of that amount \$5.25 billion will be reimbursed by the federal government, a 75 percent share of the costs. As a result, the final state costs will be approximately \$1.75 billion.

The Subcommittee has requested more detail regarding the components of this figure. There are three ways these expenditures could be funded:

- SB 89/SB 117: On March 16, 2020 the Legislature passed SB 89, which provided \$500 million for COVID-19 response expenditures, with provisions to expand this amount to a total of \$1 billion. SB 117 provided \$100 Proposition 98 for schools and contained provisional language to codify Executive Order guidance to schools and early care and education providers.
- Disaster Response-Emergency Operations Account (DREOA): Under current statutory provisions, the Director of Finance can transfer funding to the DREOA account to use in any declared emergency. On March 25, 2020 the Department of Finance notified the Legislature that it had transferred the \$1.3 billion entire balance of the Special Fund for Economic Uncertainties (SFEU) for this purpose. Through the Executive Order in which the Governor announced the DREOA transfer, he stipulated that he would utilize these funds and any other legally available state funds to help address the COVID-19 emergency. Making it clear that, if need, he will use emergency powers to spend above the current balance of the DREOA.
- May Revision Deficiency Funding: The Subcommittee anticipates that some of the larger expenditures related to caseloads, like Medi-Cal, will be included in the May Revision projections, which is the usual process for addressing costs of this nature. The annual budget package typically include a Supplemental Augmentation Bill, or a deficiency bill, which adjusts the current year budget for unanticipated costs before the end of the fiscal year in June.

The Department of Finance maintains a tally of expenditures to date related to COVID-19, sorted by funding source, with \$768.9 million of the SB 89/SB 117 funding being expended and \$1.3 billion being expended from DREOA. This list was last updated on April 15, 2020 and includes \$2.1 billion in total costs.

### ALLOCATION SUMMARY FOR COVID-19 (2019-20 FISCAL YEAR)

As of April 15, 2020

(Dollars in Millions)

Department	Description	CS 36.00	DREOA
<b>Approved Funding</b>			
Department of General Services	Personal protective equipment, critical medical supplies, and enhance the surge capacity of hospitals and medical facilities		\$1,000.0
Business, Consumer Services and Housing Agency	COVID-19 prevention and containment among the Homeless Population	\$100.0	
Department of Social Services	Hotel/Motel Beds for People Experiencing Homelessness	\$50.0	
Emergency Medical Services Authority	Public Health Surge Equipment (ventilators) and Medical Transportation Services	\$10.7	
Department of Public Health	Hospital Facilities--Seton and St. Vincent (for three months of operations) and Laboratory Capacity	\$31.4	
Department of Social Services	In-Home Supportive Services: Wellness checks calls and/or visits	\$5.0	
Department of Social Services	Food Banks	\$20.0	
Department of Social Services	Responding to COVID-19 in Residential Care Facilities	\$41.0	
Department of Social Services / Department of Health Care Services	County Administration Supplemental Allocation	\$45.0	
Board of State and Community Corrections	Reimbursement to county probation departments for supervision of offenders released from prison early due to COVID-19	\$3.0	
Corrections and Rehabilitation	Reimbursement to county jails for housing inmates not being accepted for prison due to suspension of intake.	\$5.7	
Governor's Office of Business and Economic Development	Support to Small Businesses Experiencing Hardship	\$50.0	
Office of Emergency Services	Procurement of a dependable supply of medical-grade masks	\$188.2	\$306.8
Department of Education	Face coverings, gloves, and cleaning for child care facilities	\$50.0	
Department of Education	Expanded access to subsidized child care for children of essential workers and at-risk children	\$50.0	
Department of Social Services	CalWORKs Stage One Child Care provider reimbursements, Child Welfare Services	\$42.6	
Department of Social Services	COVID-19 Parity Benefit for Immigrants and Eight Immigrant Opportunity Hubs, Pandemic EBT benefits, and Child Welfare Services	\$76.3	
<b>Subtotal</b>		<b>\$768.9</b>	<b>\$1,306.8</b>

The Subcommittee is aware of additional costs not accounted for in the above list, some of which reflect recent announcements that have not yet been reflected in the Department of Finance tracking sheet. In the April 7<sup>th</sup> letter that notified the Legislature of the \$990 million contract for mask procurement, the Department of Finance identified \$1.4 billion in additional PPE that had been ordered, which had yet to be publically disclosed.