



February 24, 2021

Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Disaster Response-Emergency Operations Account—COVID-19 120-Day Extension and Direct Response Operations Allocation

Pursuant to the provisions of Government Code section 8690.6, the following report is respectfully submitted.

On March 4, 2020, Governor Newsom proclaimed a state of emergency for an outbreak of a respiratory illness due to a novel coronavirus. Government Code section 8690.6 makes Disaster Response-Emergency Operations Account (DREOA) funds available, upon allocation by the Director of Finance, to state agencies for disaster response operation activities occurring within 120 days of a proclamation by the Governor of a state emergency. This statute also authorizes the use of DREOA for activities that occur beyond the initial 120 days of an emergency proclamation, subject to specified conditions and notification by the Director of Finance to the Joint Legislative Budget Committee. Most recently, an October 28, 2020 notification extended the use of DREOA funding for COVID-19-related emergency operations costs pursuant to Government Code section 8690.6.

As of February 23, 2021, California had 3,450,058 confirmed cases of COVID-19, with 6,908 confirmed and suspected COVID-19 hospital patients, and 49,563 COVID-19 deaths.

In recent months, the state has built capacity to help address a surge in COVID-19 case rates and associated hospital and ICU admissions. While the emergency continues, the availability of vaccines provides an opportunity to help build resilience to COVID-19, beginning with essential workers and vulnerable populations. Alongside a Third-Party Administrator, California is building a network capable of swift and equitable delivery of vaccines. Under the new statewide network, California will have a clearer understanding of where vaccine supplies are, who is receiving them, where adjustments may be needed, and how to allocate vaccines across the state for optimal equity and speed.

For these reasons, additional resources will be required in the coming months and the extended use of DREOA is necessary. Accordingly, pursuant to the provisions of Government Code section 8690.6 (c), the use of DREOA funding for COVID-19-related emergency operations costs is hereby extended for an additional 120 days.

In January 2021, the Governor's Budget reflected approximately \$13 billion in estimated direct COVID-19 emergency response costs. Since March 2020, Finance has provided updates and written notifications to the Legislature regarding approximately \$6.1 billion in transfers and appropriations in the 2019-20 and 2020-21 fiscal years that were authorized through a combination of DREOA, Control Section 36.00 of the 2019 Budget Act, and the 2020 Budget Act. To continue these COVID-19 response efforts, including accelerated vaccine distribution activities, hospital and medical surge capacity, and other emergency response activities, the Director of Finance is allocating \$2 billion from DREOA pursuant to Government Code section 8690.6. Finance will provide the Administration's next update of estimated state direct emergency response costs and net General Fund impact in March.

Although the state is required to pay for many of these costs up front, it is anticipated the majority of these estimated expenditures will ultimately be reimbursed or paid through federal or private funds. The state continues to work to maximize federal cost sharing and private reimbursement for appropriate and eligible costs.

If you have any questions or need additional information regarding this matter, please call Stephen Benson, Principal Program Budget Analyst, at (916) 324-0043.

KEELY MARTIN BOSLER



Director

By:

ERIKA LI

Chief Deputy Director

cc: On following page

cc: Honorable Cristina Garcia, Chair, Assembly Budget Subcommittee No. 5
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review
Subcommittee No. 5
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst (3)
Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office (2)
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and
Budget
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Alex Khan, Chief Consultant, Assembly Republican Leader's Office
Jason Sisney, Assembly Speaker's Office (2)
Mark McKenzie, Staff Director, Senate Appropriations Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Mark Ghilarducci, Director, Governor's Office of Emergency Services
Christina Curry, Chief Deputy Director, Governor's Office of Emergency Services
Lisa Mangat, Chief Deputy Director, Governor's Office of Emergency Services
Mark Ghilarducci, Office of Emergency Services
Tabitha Stout, Deputy Director of Finance and Administration, Governor's Office of
Emergency Services
Heather Carlson, Assistant Director, Administrative Services, Governor's Office of
Emergency Services