



April 27, 2020

Honorable Holly Mitchell, 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 Request—COVID-19 Medical Supplies and Equipment**

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

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 costs incurred as a result of a proclamation by the Governor of a state emergency.

On March 4, 2020, Governor Newsom proclaimed a state of emergency for an outbreak of a respiratory illness due to a novel coronavirus, a disease now known as COVID-19. On March 11, 2020, the World Health Organization determined that the COVID-19 outbreak is a pandemic. On March 22, 2020, the state secured a Presidential Major Disaster Declaration.

On April 7, 2020, we notified the Joint Legislative Budget Committee that the state was entering into a contract to provide a dependable supply of Personal Protective Equipment, specifically, medical-grade masks. In that letter, we indicated the Governor's Office of Emergency Services will provide an initial payment of \$495 million to secure supply of the masks. That initial payment was made.

Further, we indicated the balance of payments will be made as deliveries are received. The first shipment of medical-grade masks is underway, and the first post-delivery balance payment invoice will be due this week. Invoices are anticipated twice a week as deliveries of these medical-grade masks continue.

Accordingly, an augmentation of \$104.7 million using DREOA is necessary to continue paying the balance of the contract through mid-May as the state will receive nearly daily deliveries. With this augmentation, a total of \$599.7 million has been allocated for

this contract. The remaining unallocated balance will be required for payments after mid-May through late-June, as the state continues to receive deliveries of these medical-grade masks.

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:



VIVEK VISWANATHAN

Chief Deputy Director

cc: Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 5  
Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
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Kirk Feely, Budget Fiscal Director, Senate Republican Fiscal Office  
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Mark Ghilarducci, Director, Office of Emergency Services  
Daniel Kim, Director, Department of General Services  
Julie Lee, Undersecretary, California Government Operations Agency  
Marko Mijic, Deputy Secretary of Program and Fiscal Affairs, California Health and Human Services Agency  
Dr. Sonia Angell, State Public Health Officer, California Department of Public Health