



October 28, 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—COVID-19 120-Day Extension

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, a July 1, 2020 notification extended the use of DREOA funding for COVID-19-related emergency operations costs pursuant to the requirements of Government Code section 8690.6.

As of October 26, 2020, California had 901,010 confirmed cases of COVID-19, with 2,991 positive COVID-19 hospital patients. There have also been 17,357 deaths in the state as of that date. By comparison, as of June 29, 2020, confirmed cases were 216,550, and COVID-19-related deaths were 5,936.

California's approach to the pandemic continues to be guided by the *Blueprint for a Safer Economy* –a stringent tier system designed to help mitigate the spread of the virus as the state reopens certain sectors of the economy. Despite the progress made thus far, the state anticipates a potential upward trend in COVID-19 case rates, as well as new hospital and ICU admissions. Moreover, as the winter season approaches, the state is likely to see a seasonal effect that will contribute to a rise in cases, on the basis of what is known about how the virus spreads in colder months.

These considerations underscore the need for continued monitoring and response, including expanded testing to support reopening of schools, vaccination distribution, maintaining a stable supply of necessary personal protective equipment, and

preparing to stand up the infrastructure and resource needs for surge capacity, if needed. For these reasons, additional resources will be required in the coming months and the extended use of DREOA is necessary.

Since March of this year, Finance has provided updates and written notifications to the Legislature on approximately \$4.050 billion in DREOA, Control Section 36.00, and Budget Bill Jr. transfers and appropriations over the 2019-20 and 2020-21 fiscal years. In order to continue the state's efforts, it is estimated additional funding will be necessary; however, Finance continues to work on an updated cost estimate from the August Fiscal Update, and anticipates releasing an interim cost update in early November. It is expected that future transfers to DREOA will be needed in the near term, especially to provide funding for testing services. At that time, Finance will provide an additional notification of such a transfer to DREOA.

Accordingly, pursuant to the requirements 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.

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:

A handwritten signature in blue ink, appearing to read 'RICHARD GILLIHAN', with a long horizontal line extending to the right.

RICHARD GILLIHAN

Chief Operating Officer

cc: On following page

cc: Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 5
Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
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