



June 23, 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 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.

Since March, 2020, Finance has provided updates and written notifications regarding approximately \$8.1 billion in transfers and appropriations in fiscal years 2019-20 and 2020-21 that were authorized through a combination of DREOA and Control Section 36.00 of the 2019 Budget Act. These updates have also included projected costs for the remainder of fiscal years 2020-21 and 2021-22.

In the Administration's COVID-19 Direct Response Expenditures May Revision Update, Finance estimated the state's total direct emergency response-related expenditures at approximately \$12.3 billion across fiscal years 2019-20 through 2021-22. This includes \$10.5 billion for costs incurred in the prior and current fiscal year as well as projected costs through the remainder of 2020-21. Consistent with these expenditure estimates, the Director of Finance is allocating an additional \$1.1 billion from DREOA pursuant to Government Code section 8690.6.

The \$1.1 billion is for remaining 2020-21 costs for the following departments and activities:

- **Department of Corrections and Rehabilitation (CDCR)**—\$543.6 million for costs associated with employee and patient (incarcerated individual) testing, personal protective equipment, medical surge and other related equipment contracts, staff overtime, cleaning, and other response operations. This amount also reflects funding needed to reimburse counties for costs associated with the temporary suspension of prison intake.
- **Department of Public Health (CDPH)**—\$452.7 million for testing and vaccination related costs. The remaining 2020-21 testing expenditures include the supply chain service agreement and lease for the Valencia Branch Laboratory (PerkinElmer), Logistics Health specimen collection contracts, Color Genomics testing kits and sample collection, and specimen delivery.

The remaining 2020-21 vaccination-related expenditures include vaccine administration contracts and vaccine storage supplies and equipment, as well as a new grant program that will provide private practice physicians the means to become vaccination sites. This grant program will be operated by Physicians for a Healthy California, a non-profit organization affiliated with the California Medical Association.

- **Government Operations Agency (Gov Ops)**—\$97.9 million for Gov Ops to continue paying fiscal year 2020-21 invoices related to vaccine administration and distribution, and financial assistance to local health jurisdictions.

This is the final fiscal year 2020-21 DREOA allocation for COVID-19 and future projected costs incurred by state departments will be funded through the appropriations approved by the Legislature in the 2021 Budget Act.

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:



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Chief Deputy Director

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