



**Health and Humans Services Policy Committee Meeting  
Via Conference Call  
1-800-867-2581 Participant Code: 7500559  
Wednesday, May 27, 2020 2:00 pm – 3:00 pm**

**Supervisor Jeff Griffiths, Inyo County, Chair  
Supervisor Doug Chaffee, Orange County, Vice Chair  
Supervisor Janice Rutherford, San Bernardino County, Vice Chair**

**Agenda**

- |                |             |   |
|----------------|-------------|---|
| <b>2:00 pm</b> | <b>I.</b>   | <b>Welcome and Introductions</b><br>Supervisor Jeff Griffiths, Inyo County, Chair<br>Supervisor Doug Chaffee, Orange County, Vice Chair<br>Supervisor Janice Rutherford, San Bernardino County, Vice Chair  |
| <b>2:10 pm</b> | <b>II.</b>  | <b>COVID-19: Health and Human Services Response and Recovery</b><br>Marko Mijic, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency  |
| <b>2:30 pm</b> | <b>III.</b> | <b>COVID-19 Federal Advocacy Efforts</b><br>Tom Joseph, CSAC Representative, Paragon Government Relations Vice President  |
| <b>2:40 pm</b> | <b>IV.</b>  | <b>May Revision Review</b><br>Farrah McDaid Ting, CSAC Health and Behavioral Health Legislative Representative<br>Justin Garrett, CSAC Human Services Legislative Representative<br>Roshena Duree, CSAC Health and Human Services Legislative Analyst |
| <b>2:55 pm</b> | <b>V.</b>   | <b>Closing Comments and Adjournment</b>   |

## ATTACHMENTS

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### **COVID-19: State Health and Human Services Response and Recovery**

Attachment One ..... CSAC Memo: COVID-19 Health and Human Services  
Response and Recovery

### **COVID-19 Federal Advocacy Efforts**

Attachment Two ..... CSAC Memo: COVID-19 Federal Advocacy Efforts

Attachment Three ..... Joint Request for Section 1115 and 1915(b) Medicaid  
Waiver Extensions Letter

Attachment Four ..... CSAC COVID-19 Response & Recovery Letter

Attachment Five ..... CSAC Supports HEROES Act – HR 6800 Letter

### **The Governor’s May Revision: Health and Human Services Review**

Attachment Six ..... CSAC Memo: The Governor’s May Revision: Health and  
Human Services Review

Attachment Seven ..... CSAC May Revision Health and Behavioral Health  
Response Letter

Attachment Eight ..... CSAC May Revision Human Services Response Letter

Attachment Nine ..... CSAC Joint Realignment Letter

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**Attachment One**

**CSAC Memo: COVID-19 Health and Human Services Response and Recovery**



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**EXECUTIVE DIRECTOR**

Graham Knaus

May 27, 2020

To: Health and Human Services Policy Committee

From: Farrah McDaid Ting, CSAC Health and Behavioral Health Legislative Representative  
Justin Garrett, CSAC Human Services Legislative Representative  
Roshena Duree, CSAC Health and Human Services Legislative Analyst

**RE: COVID-19: State Health and Human Services Response and Recovery**

**Introduction.** The COVID-19 pandemic has highlighted the massive responsibility within the California Health and Human Services Agency (CHHS). The agency manages departments and offices that cover all health services, including public and behavioral health and the delivery of public social services.

In recent months, CHHS has overseen key new programs and administrative changes necessary to respond to COVID-19. Programs such as Great Plates Delivered and Project Roomkey have provided additional support to vulnerable Californians. In addition to the creation of new programs, CHHS has overseen numerous federal waiver requests crucial to serving the current and short-term needs of individuals and families throughout the state. CHHS has also led the implementation of health and safety guidance such as social distancing and the state’s Resilience Roadmap to reopening, and will continue to play a vital role in tracking COVID-19 as guidelines are relaxed.

We have invited the CHHS Deputy Secretary for Program and Fiscal Affairs, **Marko Mijic**, to the policy committee to share insights on the work CHHS is doing to transition from response to recovery and the importance of the state-county partnership.

**Speaker Background.** Marko Mijic serves as Deputy Secretary for Program and Fiscal Affairs at the CHHS. In this role, Marko leads the policy and budget development for 12 departments and five offices, which includes over 30,000 employees and a total annual budget of approximately \$160 billion. Prior to serving as the Deputy Secretary, Marko served as an Assistant Secretary with responsibility for the human services portfolio, which included the California Department of Aging, the California Department of Community Services and Development, the California Department of Child Support Services, and the California Department of Social Services. He also served on the statewide Alzheimer’s Advisory Committee and staffed the Child Welfare Council. Prior to joining the CHHS, Marko worked at the American Heart Association and the U.S. Department of Health and Human Services in Washington, DC.

Marko earned his Bachelor of Science degree from the University of Utah and his Master of Public Policy degree from the American University School of Public Affairs.

Please join the CSAC HHS Team in welcoming Mr. Mijic to the CSAC HHS Policy Committee.

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**Attachment Two**

**CSAC Memo: COVID-19 Federal Advocacy Efforts**



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May 27, 2020

To: Health and Human Services Policy Committee

From: Farrah McDaid Ting, CSAC Health and Behavioral Health Legislative Representative  
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Roshena Duree, CSAC Health and Human Services Legislative Analyst

**RE: COVID-19 Federal Advocacy Efforts**

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**Introduction.** The federal government has provided an unprecedented amount of relief in response to the COVID-19 pandemic, both in direct funding for state and local governments and relief payments to those who are unemployed. The financial support and extensions have been greatly appreciated by California’s counties, which are on the frontlines of providing much needed services to communities on behalf of the state. As states and local governments see the costs associated with protecting the health and safety of their residents increase while revenues decline, additional and ongoing federal support is still necessary. As President Trump, the Republican-led Senate, and the Democratic-led House grapple with the next relief package, it is certain that any progress on issues will require compromise by all parties. In this federal landscape, California’s counties continue to advocate for a number of pressing priorities.

**Direct Federal Funding for Counties.** CSAC expressed gratitude to Congress for creating the \$150 billion Coronavirus Relief Fund (CRF) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) for localities with populations of over 500,000. CSAC also encouraged Congress and the U.S. Department of Treasury to explore the unparalleled demands for essential public services in all 58 counties regardless of population. The CRF left out well over two-thirds of counties in California. This spike in demand comes at a time when numerous local revenue streams are being significantly eroded by the severe economic downturn.

To help alleviate the county pressures of burgeoning COVID-19 expenses and lost revenues, CSAC is strongly advocating for any subsequent coronavirus response bill to include the following:

- Direct federal fiscal relief funds to all 58 California counties
- Funding must be available to mitigate direct and indirect COVID-19 costs, revenue losses, and temporary expansion of benefits
- Three-year expenditure authority on all fiscal relief funding, and maximum flexibility on the use of CRF funds under the CARES Act

The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act includes a \$375 billion “Coronavirus Local Fiscal Relief Fund,” which would be split evenly between counties and cities and could be used to cover costs or replace foregone revenues stemming from the COVID-19 public health emergency or its negative economic impacts. CSAC has

publicly expressed support for this provision in the HEROES Act. CSAC also supports provisions of the legislation that would amend the CARES Act to allow entities that received CRF payments to use the dollars to cover lost, delayed, or decreased revenue.

**Increased Funding for Public Health.** CSAC applauded the public health investments in the Coronavirus Preparedness and Response Supplemental Appropriations Act, the CARES Act, and the Paycheck Protection Program and Health Care Enhancement Act. Given the ongoing demands on our local public health systems and the uncertainty of the pandemic's trajectory, CSAC is advocating for the additional Centers for Disease Control and Prevention (CDC) funding to enable local public health departments to continue to conduct essential activities, including surveillance, epidemiology, infection control, mitigation, communications, and other public health preparedness and response measures.

The HEROES Act builds upon those previous congressional investments in public health programs. CSAC strongly supports the additional \$2.1 billion in Centers for Disease Control and Prevention (CDC) funding, which will enable public health departments to continue to conduct essential activities.

**Extension of the Section 1115 and 1915(b) Medicaid Waivers and Delay/Prohibit the Medicaid Fiscal Accountability Regulation (MFAR).** California's Section 1115 waiver and the Medi-Cal Specialty Mental Health Services waiver (1915(b)) have provided the opportunity to use federal Medicaid funds in innovative ways geared toward the needs of millions of Californians. The investments have been used for efforts to address social determinates of health and care coordination for our most vulnerable individuals. California has distinctive county initiatives such as the Whole Person Care Pilots, which coordinate primary care, behavioral health and social services delivering a wide range of wraparound services for California's Medi-Cal recipients; Public Hospital Redesign and Incentives in Medi-Cal (PRIME); and the Drug Medi-Cal Organized Delivery System (DMC-ODS). Medicaid demonstration waivers have permitted states and local governments to build infrastructure and extend coverage and benefits to individuals most in need, including those living without a home. CSAC urges the California Congressional Delegation to assist in requesting an extension to the state's current Section 1115 and 1915(b) waivers.

CSAC has additionally advocated for delaying or prohibiting the implementation of the draft Medicaid Fiscal Accountability Rule (MFAR). As proposed, MFAR would provide significant new authority to the Centers for Medicare and Medicaid Services (CMS) to restrict, approve and monitor the structure of a number of state and local financing mechanisms, including intergovernmental transfers (IGTs), certified public expenditures (CPEs) and provider taxes. If finalized, MFAR could destabilize the financial underpinnings of California's Medi-Cal program at exactly the time when our systems are responding to the health impacts of the COVID-19 pandemic.

The HEROES Act includes provisions that would extend California's 1115 Medicaid waiver through December 31, 2021, as well as language that would bar the U.S. Department of Health and Human Services from implementing the Medicaid Fiscal Accountability Rule. CSAC will continue to express our support for these provisions with Congress.

**Increase Federal Match for Medicaid & Foster Care.** The Families First Coronavirus Response Act included a 6.2 percentage point increase in the federal match for Medicaid/Medi-Cal and the Title IV-E foster care program. As unemployment increases and further stress is placed on county health and human services systems and families lose their health insurance coverage, more will become eligible for Medicaid. These financial stresses will also increase demands on our child welfare and foster care system, which are

designed to protect children and support families in crisis. To help alleviate this pressure, CSAC supported an increase to the temporary Medicaid and Title IV-E match to 12 percentage points, as recommended by the National Governors Association. CSAC is in support of the current provisions in the HEROES Act that would provide a temporary 14 percentage point increase in the federal financial match for Medicaid/Medi-Cal and Title IV-E foster care (up from the 6.2 percentage point increase).

**Elimination of Non-Federal Cost Share for FEMA Public Assistance.** CSAC strongly supports provisions of the HEROES Act that would provide a 100 percent Federal cost share for assistance provided under any Stafford Act declaration for the COVID-19 pandemic. Given the unprecedented nature of the public health emergency, state and local governments are not able to shoulder the 25 percent cost share required under FEMA's Public Assistance program.

**Increase in SNAP Benefits by 15 percent.** The nutrition investments included in the CARES Act provided much-needed support particularly to older adults and children. At the same time, CSAC advocated for more to be done to meet the increasing nutritional needs at the state and local level. Specifically, CSAC supported a 15 percent increase in the maximum Supplemental Nutrition Assistance Program (SNAP)/CalFresh benefit. Increasing SNAP not only would provide additional support to families, it results in a multiplier effect in the local economy. The USDA estimates that for every one SNAP dollar spent, \$1.70 is generated in local economic activity.

CSAC supports the nutrition investments in the HEROES Act, including the temporary 15 percent increase in SNAP benefit. We also support provisions of the legislation that would increase the minimum SNAP benefit from \$16 to \$30 per month. Similarly, California's counties support the bill's increased investments in the Special Supplemental Nutrition Program for Women Infants and Children (WIC), the Emergency Food Assistance Program (TEFAP), emergency financial relief for school meal providers, and USDA's Child and Adult Care Food Program.

**Increase Investments in TANF.** Due to the economic fallout of the COVID-19 pandemic, counties will see an increase in Temporary Assistance for Needy Families (TANF)/CalWORKs caseloads. Accordingly, CSAC supports establishing an emergency contingency fund for the TANF program, with funding tied to proportionate TANF caseload growth and the current state and county investment in the program. A similar investment was provided under the 2009 American Recovery and Reinvestment Act (ARRA).

We support provisions of the HEROES Act that would provide administrative flexibility and waivers of performance penalties for the Temporary Assistance for Needy Families (TANF) program and child support programs through January 2021.

**Increase Child Welfare Funding and Flexibility.** CSAC supports increases in Title IV-B and Child Abuse Prevention and Treatment Act (CAPTA) funding. These funds would ensure that the county child protection system can adapt and respond quickly to reports of child abuse and address barriers to ordinary service delivery during the pandemic. While the reports of mistreatment have decreased, counties know from experience that it is likely due to the lack of a child's interaction with school staff, neighbors, and others who are often the first to notify agencies of possible maltreatment. Increased funding also would ensure that the child protection workforce has the necessary technological and protective resources to continue to serve children and their families.



The HEROES Act has language that would increase Child Abuse Prevention and Treatment Act (CAPTA) grants, and community-based child abuse prevention grants to help counties respond to increased demand for these safety-net services. We also support provisions that provide administrative flexibility and waivers of performance penalties for child welfare, through January 31, 2021 and the flexibility in determining how daily child welfare activities would be conducted, including language that would allow electronic visits for foster youth over the age of 18 if a caseworker makes an in-person visit not less than once every six months.

The HEROES Act also includes investments in a number of important health and human services programs, including significantly increased funding for the Social Services Block Grant (SSBG) funding to provide states and counties with additional, flexible sources of federal support to address locally identified needs. SSBG funds are often used to bolster adult protective services and child welfare programs, both of which provide support for individuals who are especially vulnerable during a crisis. Additional investments in child care, the Low-Income Home Energy Assistance Program (LIHEAP), family violence prevention services will all assist counties in our efforts to respond to increased demand for these safety-net services.

**Attachments:**

- [Joint Request for Section 1115 and 1915\(b\) Medicaid Waiver Extensions](#) (April 17, 2020)
- [CSAC COVID-19 Response & Recovery Letter](#) (April 30, 2020)
- [CSAC Supports HEROES Act – HR 6800](#) (May 14, 2020)

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Roshena Duree, CSAC Health and Human Services Legislative Analyst: [rduree@counties.org](mailto:rduree@counties.org), (916) 650-8184

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**Attachment Three**

**Joint Request for Section 1115 and 1915(b) Medicaid Waiver Extensions Letter**



**CWDA**  
Advancing Human Services  
for the Welfare of All Californians



April 17, 2020

**RE: Request for Section 1115 and 1915(b) Medicaid Waiver Extensions**

Dear Members of the California Congressional Delegation,

On behalf of the California State Association of Counties (CSAC), the County Welfare Directors Association of California (CWDA), the County Health Executives Association of California (CHEAC), the County Behavioral Health Directors Association of California (CBHDA), and the California Association of Public Hospitals and Health Systems (CAPH), we are writing today to signal a strong need for Congressional support in our request for an extension of the Section 1115 and 1915(b) Medicaid waivers and, set to expire this year.

Our members are diverting nearly all resources to meet the challenge of the COVID-19 pandemic. As this crisis grows in scale, our associations recognize the extreme impact on our members' ability to continue to engage and respond to ongoing federal, state and local discussions about system redesign after the current waivers end in an insightful and meaningful way. While our current focus must remain on the health and safety of our communities during this global pandemic, we urge you to require that CMS extend expiring Section 1115 and 1915(b) Medicaid waivers for states that request it.

California's Section 1115 waiver and the Medi-Cal Specialty Mental Health Services waiver (1915(b)) have provided the opportunity to use federal Medicaid funds in innovative ways geared toward the needs of millions of Californians. In recent years, the Medicaid waivers have been the foundation for innovation in California's health care delivery system. The investments have been used for efforts to address social determinates of health and care coordination for our most vulnerable individuals. California has distinctive county initiatives such as the Whole Person Care Pilots, which coordinate primary care, behavioral health and social services delivering a wide range of wraparound services for California's Medi-Cal recipients; Public Hospital Redesign and Incentives in Medi-Cal (PRIME); and the Drug Medi-Cal Organized Delivery System (DMC-ODS). Medicaid demonstration waivers have permitted states and local governments to build infrastructure and extend coverage and benefits to individuals most in need, including those living without a home.

In 2018 Centers for Medicare & Medicaid Services issued new guidance that required California to rethink how we have typically utilized Medicaid waivers. Our organizations have been working closely with the State in preparation to transition a number of key components that expire in 2020 and create new approaches to care. Now it is clear that the coronavirus emergency will disrupt much of this process, while at the same time, the future of our upcoming 2020-21 state budget, where many of these policies would have made their way through a stakeholder process. This transition requires consistent engagement and consultation between our intergovernmental partners, engagement that is now focused on responding to the current public health emergency.

April 17, 2020

Our members face massive challenges as a result of this global COVID-19 pandemic, and we applaud the thoughtful response Congressional leaders have provided thus far. The quick action by Congress will undoubtedly assist with the frontline response our members are providing. In addition to the financial investments, we urge action that allows states and local governments to focus on addressing immediate COVID-19 concerns, ensuring any additional policy recommendations receive the proper considerations they require. We respectfully ask Congress to step in during these dire circumstances to give States an opportunity to extend expiring Section 1115 and 1915(b) Medicaid waivers for at least one-year.

Respectfully,



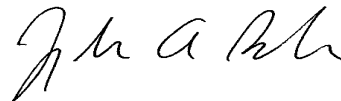
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**Attachment Four**

**CSAC COVID-19 Response & Recovery Letter**



**OFFICERS**

**President**

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Orange County

**1st Vice President**

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Sonoma County

**2nd Vice President**

Ed Valenzuela  
Siskiyou County

**Past President**

Virginia Bass  
Humboldt County



**EXECUTIVE DIRECTOR**

Graham Knaus

April 30, 2020

**RE: COVID-19 Response & Recovery**

Dear Members of the California Congressional Delegation:

On behalf of the California State Association of Counties (CSAC), I'm writing to once again express our deep gratitude to you for delivering desperately needed federal resources to California's counties amid the COVID-19 pandemic and growing economic crisis. The federal assistance approved, to date, is essential to the frontline work of county governments as we continue to respond to the public health crisis and provide other critical safety net services to the citizens of California.

Despite the recent investments, counties cannot continue to meet the unprecedented demands in public health, emergency response, and other vital services without additional, immediate federal support. Coupled with rapidly declining local revenues, the increasing demands on county-delivered safety net services makes our situation untenable and puts the health and security of the public at risk. As you and your colleagues discuss the next phase of coronavirus relief, we urge you to make the following request a top priority for inclusion in the forthcoming legislative package:

**Direct Federal Fiscal Relief for Counties**

CSAC is grateful to Congress for creating the \$150 billion Coronavirus Relief Fund (CRF) as part of the *CARES Act*. While localities with a population of over 500,000 are receiving direct CRF awards from the Department of the Treasury, well over two-thirds of counties in California are not receiving *any* fiscal support despite the fact that all 58 counties are facing unparalleled demands for essential public services. This spike in demand comes at a time when numerous local revenue streams are being significantly eroded by the severe economic downturn.

To help alleviate the twin pressures of burgeoning COVID-19 expenses and lost revenues, CSAC strongly urges that the next coronavirus response bill include the following:

- \$5 billion in federal fiscal relief funds to California's counties
- Funding must be available to mitigate direct and indirect COVID-19 costs, revenue losses, and temporary expansion of benefits
- Three-year expenditure authority on all fiscal relief funding
- Maximum flexibility on the use of CRF funds under the *CARES Act*

Without this desperately needed federal aid, the local response to the public health crisis will be gravely compromised and the prospect of reopening California and initiating an economic recovery will be significantly hindered.

***While direct federal fiscal relief for counties is CSAC's top priority for the next COVID-19 response bill, there are a number of other critically important items that we believe should be addressed in the upcoming legislative package, including:***

### **Increased Funding for Public Health**

CSAC applauds the public health investments in the *Coronavirus Preparedness and Response Supplemental Appropriations Act* (PL 116-123), the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act; PL 116-136), and the *Paycheck Protection Program and Health Care Enhancement Act* (PL 116-139). Given ongoing demands on our public health system and the uncertainty of the pandemic's trajectory, additional Centers for Disease Control and Prevention (CDC) funding will be necessary to enable public health departments to continue to conduct essential activities, including surveillance, epidemiology, infection control, mitigation, communications, and other preparedness and response measures.

### **Extend Payroll Tax Credits to Public Agencies for Paid Sick Leave & Family Medical Leave**

The *Families First Coronavirus Response Act* (PL 116-127) expands paid sick leave and family medical leave requirements for all state and local public agency employers, as well as many private sector businesses. However, while private sector employers are allowed to receive a tax credit to offset the cost of complying with these mandates, public sector employers are explicitly prohibited from receiving the benefit. We urge you to work to ensure that the next coronavirus response bill allows states and local governments to access these important tax credits.

### **Increase the SNAP Benefit by 15 Percent**

CSAC welcomed the nutrition investments included in PL 116-123 and PL 116-127. At the same time, we believe more needs to be done to meet the nutritional demands at the state and local level. Specifically, CSAC supports a 15 percent increase in the maximum Supplemental Nutrition Assistance Program (SNAP)/CalFresh benefit. Increasing SNAP not only provides additional support to families, it results in a multiplier effect in the economy. The USDA estimates that for every one SNAP dollar spent, \$1.70 is generated in economic activity.

### **Health and Human Services**

#### **Increase the Federal Match for Medicaid & Foster Care by 12 Percentage Points**

PL 116-127 included a 6.2 percentage point increase in the federal match for Medicaid/Medi-Cal and the Title IV-E foster care program. As unemployment increases, however, further stress will be placed on our health and human services systems. Similarly, as families lose their health insurance coverage, more will become eligible for Medicaid. These financial stresses also will increase demands on our child welfare and foster care system, which are designed to protect children and support families in crisis. To help alleviate this pressure, we support increasing the temporary Medicaid and Title IV-E match to 12 percentage points, as recommended by the National Governors Association.

#### **Increase Funding for TANF and SSBG**

Due to the economic fallout of the COVID-19 pandemic, counties will likely see an increase in Temporary Assistance for Needy Families (TANF)/CalWORKs caseloads. Accordingly, we support establishing an emergency contingency fund for the TANF program, with funding tied to

proportionate TANF caseload growth and the current state and county investment in the program. A similar investment was provided under the 2009 *American Recovery and Reinvestment Act* (ARRA).

Congress also should approve \$4.1 billion in supplemental Social Services Block Grant (SSBG) funding to provide states and counties with additional, flexible sources of federal support to address locally-identified needs. SSBG funds are often used to bolster adult protective services and child welfare programs, both of which provide support for individuals who are especially vulnerable during a crisis.

#### *Increase Child Welfare Funding*

CSAC supports increases in Title IV-B and *Child Abuse Prevention and Treatment Act* (CAPTA) funding. These funds would ensure that the county child protection system can adapt and respond quickly to reports of child abuse and address barriers to ordinary service delivery during the pandemic. While the reports of mistreatment have decreased, counties know from experience that it is likely due to the lack of a child's interaction with school staff, neighbors, and others who are often the first to notify agencies of possible maltreatment. Increased funding also would ensure that the child protection workforce has the necessary technological and protective resources to continue to serve children and their families.

#### *Extend California's Medicaid Waivers*

CSAC supports extending for at least one year California's Section 1115 Medicaid waivers, which are set to expire on December 31, 2020 as provided by the *Take Responsibility for Workers and Families Act* (HR 6379, Section 70114: "Extension of Existing Section 1115 Demonstration Projects"). Counties and the State are diverting nearly all resources to meet the challenge of the COVID-19 pandemic and therefore do not have the capacity to engage in substantive discussions to develop a new waiver.

#### *Delay/Prohibit Implementation of the Medicaid Fiscal Accountability Regulation (MFAR)*

CSAC supports delaying or prohibiting the implementation of a final rule on MFAR, which would make significant changes to the methods states and counties use to finance the non-federal share of Medicaid. If finalized, MFAR could destabilize the financial underpinnings of states' Medicaid programs at exactly the time when our systems are responding to the COVID-19 pandemic.

### **Housing and Homelessness**

#### *Provide Funding to States and Localities to Mitigate Housing Insecurity*

CSAC supports the creation of an emergency assistance fund (EAF) – like the EAF outlined in the Eviction Crisis Act (S 3030) – to help prevent evictions or tax foreclosures by providing short-term financial assistance and housing stabilization services.

#### *Increase Community Development Block Grant (CDBG) Funding*

CSAC supported the \$5 billion in CDBG funding approved in PL 116-136 to enable counties and cities to address the economic and housing impacts caused by the coronavirus pandemic. Additional investments are necessary, however. The CDBG program provides an extremely flexible and readily available resource for a wide range of activities to prevent and respond to COVID-19.

#### *Increase Homeless Assistance Grants*

CSAC applauds the \$4 billion in Emergency Solutions Grant (ESG) funding in PL 116-136 to help address the homelessness crisis, which has been exacerbated by the pandemic. California's counties



support additional increases in funding for HUD’s Homeless Assistance Grants, which fund core homelessness programs, including the Continuum of Care (CoC) program and the ESG program.

### **Promote Economic Recovery Through Investment in Infrastructure**

Including an infrastructure package as part of the next coronavirus relief bill would help alleviate some of the fiscal damage caused by the coronavirus while spurring long-term economic recovery. An ideal way to stimulate local economies and create jobs is for Congress to provide *direct* federal funding to local governments as part of a broader transportation stimulus package. Such an investment will facilitate the delivery of key road, bridge and public transportation projects, including much needed dollars for maintenance and preservation of the current transportation system.

As driving and fuel consumption decrease while residents observe “safer at home” orders, local governments in California are projecting losses of hundreds of millions of dollars in fuel tax revenues. These revenues were already dedicated to local road maintenance projects, safety improvements, bicycle and pedestrian projects, and local match for federally-funded projects—and the vast majority of all of these projects will be built by private contractors. In addition to preventing delays or cancellations of hundreds of already-planned projects, local agencies in California could use federal stimulus funding to advertise for construction of an additional \$110 million in local bridge projects today, and another \$374 million within six months. Similarly, we estimate that local agencies could quickly deliver an additional \$200 million in local Highway Safety Improvement Program projects.

Finally, we urge you to work toward inclusion of a multi-year surface transportation reauthorization bill with a long-term fix for the Highway Trust Fund.

### **Rural Development and Support**

#### *Approve Long-term Reauthorizations of PILT and SRS*

CSAC urges Congress to approve long-term reauthorizations of the Payments-in-Lieu-of-Taxes (PILT) program and the Secure Rural Schools (SRS) program. California’s rural counties need predictable revenue streams now more than ever, and renewing PILT and SRS will provide increased fiscal certainty and stability for our communities. PILT funding allows counties to provide an array public services on tax-exempt lands, including solid waste disposal, law enforcement, search and rescue operations, environmental compliance, and firefighting. Counties use SRS funding to maintain local roads and other public infrastructure, operate search and rescue missions, and provide other essential local services.

#### *Increase Funding for Broadband*

As much of the country has been forced to transition to remote work and distance learning platforms during the pandemic, the limits of our broadband infrastructure continues to be tested. Moreover, access to E-government and telehealth services have become more crucial than ever. Nevertheless, there are those who continue to lack access to high-speed broadband. Federal investment should be made to deploy secure and resilient broadband and expand access for communities nationwide, particularly for unserved and underserved rural areas. Such an investment would help create stronger small businesses and more jobs in communities that have been left behind.

Thank you again for all your tireless work during this incredibly challenging time. We stand ready to continue working with you to ensure that all levels of government are providing a coordinated response to this public health and economic crisis.

Respectfully,

A handwritten signature in blue ink, appearing to read 'GKnaus', is positioned above the printed name.

Graham Knaus  
Executive Director

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**Attachment Five**

**CSAC Supports HEROES Act – HR 6800 Letter**



OFFICERS

**President**

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**EXECUTIVE DIRECTOR**

Graham Knaus

May 14, 2020

**RE: HEROES Act – HR 6800**

Dear Members of the California Congressional Delegation:

On behalf of the California State Association of Counties (CSAC), I'm writing to you regarding the *Health and Economic Recovery Omnibus Emergency Solutions Act* (HEROES Act). As the House prepares to consider the bill (HR 6800), I strongly urge you to vote in favor of this important piece of COVID-19 response legislation.

Despite the investment of considerable resources at the local level aimed at combatting the coronavirus pandemic, counties cannot continue to meet the unprecedented demands for public health, emergency response, and other vital public services without additional federal support. Coupled with rapidly declining local revenues, the increasing needs for county-delivered safety net services makes our situation untenable and puts the health and security of the public at risk.

The *HEROES Act* would provide desperately needed federal assistance to California's counties at a time when support is needed the most. Consistent with CSAC's objectives for the next coronavirus relief bill, HR 6800 includes funding for a number of critically important programs, as well as added administrative flexibility and helpful reforms to existing programs. To follow are key provisions that would assist California's counties in their frontline response to the COVID-19 pandemic.

**Coronavirus Local Fiscal Relief Fund**

The *HEROES Act* includes a \$375 billion "Coronavirus Local Fiscal Relief Fund." Under the bill, the federal dollars would be split evenly between counties and cities and could be used to cover costs or replace foregone revenues stemming from the COVID-19 public health emergency or its negative economic impacts. Funds would be available until expended.

As you're well aware, the previously enacted *CARES Act* (PL 116-136) only provided direct fiscal relief to localities with populations above 500,000. HR 6800 addresses this disparity. Pursuant to the bill, federal aid would be provided to **all** counties and cities, with funding to county governments allocated based on relative population.

CSAC also supports provisions of the legislation that would amend the *CARES Act* to allow entities that received Coronavirus Relief Fund (CRF) payments to use the dollars to cover lost, delayed, or decreased revenue stemming from the pandemic. As passed by Congress, the *CARES Act* only permits states and local governments to spend CRF dollars to cover a limited number of COVID-19-related expenditures. This added flexibility is an important and much needed modification to PL 116-136.

Inclusion of robust, flexible, and direct federal aid to all counties has been and remains CSAC's top priority for the next COVID-19 response bill. Without this essential federal support, the local response to the public health crisis will be gravely compromised and the prospect of reopening California and initiating an economic recovery will be significantly hindered.

### **Increased Funding for Public Health**

The *HEROES Act* builds upon previous congressional investments in public health programs. CSAC strongly supports the additional \$2.1 billion in Centers for Disease Control and Prevention (CDC) funding, which will enable public health departments to continue to conduct essential activities, including surveillance, epidemiology, infection control, mitigation, communications, and other preparedness and response measures.

### **Investments in Health and Human Services**

CSAC supports provisions of the *HEROES Act* that would provide a temporary 14 percentage point increase in the federal financial match for Medicaid/Medi-Cal and Title IV-E foster care (up from the 6.2 percentage point increase in the *CARES Act*). As unemployment increases and as families continue to lose their health insurance coverage during the pandemic, more individuals will become eligible for Medicaid and foster care services. The temporary increase in federal matching funds will help alleviate pressure on these local systems.

HR 6800 also includes investments in a number of important health and human services programs, including significantly increased funding for the Social Services Block Grant (SSBG). Additional investments in child care, the Low-Income Home Energy Assistance Program (LIHEAP), family violence prevention services, *Child Abuse Prevention and Treatment Act* (CAPTA) grants, and community-based child abuse prevention grants all will help counties in efforts to respond to increased demand for these safety-net services.

CSAC also supports provisions of the *HEROES Act* that would extend California's 1115 Medicaid waiver through December 31, 2021, as well as language that would bar the U.S. Department of Health and Human Services from implementing the Medicaid Fiscal Accountability Rule.

Finally, we support provisions of HR 6800 that would provide administrative flexibility and waivers of performance penalties for child welfare, the Temporary Assistance for Needy Families (TANF) program, and child support through January 31, 2021. Likewise, our association supports language of the bill that would provide states with flexibility in determining how daily child welfare activities would be conducted, including language that would allow electronic visits for foster youth over the age of 18 if a caseworker makes an in-person visit not less than once every six months.

### **Elimination of Non-Federal Cost Share for FEMA Public Assistance**

CSAC strongly supports provisions of the *HEROES Act* that would provide a 100 percent Federal cost share for assistance provided under any *Stafford Act* declaration for the COVID-19 pandemic. Given the unprecedented nature of the public health emergency, state and local governments are not able to shoulder the 25 percent cost share required under FEMA's Public Assistance program.

### **Payroll Tax Credits for Paid Sick Leave & Family Medical Leave**

CSAC supports language included in HR 6800 that would ensure that local governments and other public agencies have access to tax credits to help offset the costs of complying with new mandates of the *Families First Coronavirus Response Act* (PL 116-127). Under PL 116-127, all employers are required to provide expanded paid sick leave and family medical leave; however, the law specifies that only private sector employers are eligible to receive tax credits to help mitigate the increased costs of the mandate. The *HEROES Act* addresses this disparity.

### **Increased Nutrition Assistance**

CSAC supports the nutrition investments in the *HEROES Act*, including the temporary 15 percent increase in the Supplemental Nutrition Assistance Program (SNAP/CalFresh) benefit. We also support provisions of the legislation that would increase the minimum SNAP benefit from \$16 to \$30 per month. Similarly, California's counties support the bill's increased investments in the Special Supplemental Nutrition Program for Women Infants and Children (WIC), the Emergency Food Assistance Program (TEFAP), the emergency financial relief to school meal providers, and USDA's Child and Adult Care Food Program.

### **Housing and Homelessness Programs**

HR 6800 includes additional support for a number of important housing and homelessness programs, including: \$4 billion for tenant-based rental assistance programs; \$5 billion for the Community Development Block Grant (CDBG) program; \$11.5 billion for HUD's Emergency Solutions Grants to help combat homelessness; \$100 billion in emergency rental assistance; and, \$75 billion in homeowner assistance funds to help prevent homeowner mortgage defaults, foreclosures, and displacements of individuals and families experiencing financial hardship. These investments would go a long way toward assisting California's counties in efforts to provide housing security to those impacted by COVID-19, as well as local efforts to address the homelessness crisis.

### **Support for Surface Transportation**

The *HEROES Act* would provide nearly \$15 billion in General Fund assistance to State departments of transportation and large urban areas to mitigate the effects of the COVID-19 pandemic. Funds would be available for various infrastructure needs and could be used to cover staff salaries and other administrative expenses. CSAC urges Congress to ensure that funds could be passed through to local governments of all sizes.

The bill also would ensure that remaining fiscal year 2020 *FAST Act* highway formula funds would be provided at a 100 percent Federal share and would allow funds to be used to cover operational, maintenance, and administrative expenses, including payroll.

With regard to public transit, CSAC supports the additional federal support for transit agencies for operating assistance.

### **Justice, Public Safety, and Emergency Management**

CSAC supports additional investments for key justice, public safety, and emergency management programs, including funding for Byrne Justice Assistance Grants, the Community Oriented Policing

Services (COPS) program, *Violence Against Women Act* (VAWA), and key FEMA grant programs. California’s counties also support provisions of the bill that would waive local match requirements for these programs.

**Broadband**

HR 6800 includes \$1.5 billion to “close the homework gap” by providing funding for Wi-Fi hotspots and connected devices for students and library patrons, as well as \$4 billion for emergency home connectivity needs. CSAC supports these investments. Congress also should provide funds for the deployment of broadband infrastructure, particularly for unserved and underserved rural areas. Such an investment would help create stronger small businesses and more jobs in communities that have been left behind.

**SAFE Banking**

HR 6800 includes language clarifying that state-legal cannabis operations would have improved access to traditional banking services. The language is consistent with the House-approved *SAFE Banking Act* (HR 1595), which has been endorsed by CSAC.

**State and Local Tax Deduction**

The *Tax Cuts and Jobs Act of 2017* (PL 115-97) limited the state and local tax (SALT) deduction to \$10,000 through 2028. The *HEROES Act* would fully restore the SALT deduction for the 2020 and 2021 tax years. Our association is in favor of this modification.

In closing, CSAC is incredibly appreciative of your ongoing work during this unprecedented challenge. We stand ready to continue working with you to ensure that all levels of government are providing a coordinated response to this public health and economic crisis.

Respectfully,



Graham Knaus  
Executive Director

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**Attachment Six**

**CSAC Memo: The Governor's May Revision: Health and Human Services Review**





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Orange County

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Siskiyou County

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Virginia Bass  
Humboldt County



**EXECUTIVE DIRECTOR**

Graham Knaus

May 27, 2020

To: Health and Human Services Policy Committee

From: Farrah McDaid Ting, CSAC Health and Behavioral Health Legislative Representative  
Justin Garrett, CSAC Human Services Legislative Representative  
Roshena Duree, CSAC Health and Human Services Legislative Analyst

**RE: The Governor’s May Revision: Health and Human Services Review**

**Introduction.** In January, the stable financial outlook of California was reflected in proposals to create new programs and expand others. Since the Governor’s January Budget was released California’s financial forecast has drastically changed. On May 14, Governor Gavin Newsom released his revised budget proposal for 2020-21, containing several provisions of key importance to counties. We have posted our [CSAC Budget Action Bulletin](#) which contains a full summary breakdown of the May Revision impacts on all CSAC policy areas.

Below we share the specific Health and Human Services policy area items. CSAC has also submitted letters to the Legislature and Administration outlining our top budget priorities in these areas. At the time of this writing, most budget subcommittees have met but the outlook for many of the Governor’s May Revision proposals is unclear. Please feel free to reach out to Farrah at [fmcting@counties.org](mailto:fmcting@counties.org), Justin at [jgarrett@counties.org](mailto:jgarrett@counties.org), or Roshena at [rduree@counties.org](mailto:rduree@counties.org) if you have any questions.

**REALIGNMENT**

The Governor’s May Revision updates revenue assumptions for 1991 Realignment and 2011 Realignment. Due to the impacts of COVID-19, Sales and Use Tax revenue is expected to sharply decline and reduce Realignment funding.

For Social Services, the total of the 1991 Realignment Social Services sales tax and VLF subaccounts is estimated to only total \$2.23 billion (\$317 million short of base funding). For 2011 Realignment, the Protective Services Subaccount is estimated to only total \$2.02 billion (\$375 million short of base funding). Consequently, there is also no growth estimated for 2019-20 that would cover 1991 caseload growth or provide 2011 growth revenues.

For the Health Subaccount in 1991 Realignment, the base will decline from \$911 million in 2019-20 to \$886 million in 2020-21. There is no estimated growth from 2019-20 anticipated. Additional budget year impacts related to the Department of Finance’s estimates for diverting Health Realignment under AB 85 (Chapter 24, Statutes of 2013) are unknown at the time of this writing.

For Mental Health in 1991 Realignment, the residual subaccount funding of \$129 million drops to zero in 2020-21. Please note that 2011 Realignment “backfills” 1991 Mental Health revenues

with \$1.12 billion. In 2011 Realignment, Behavioral Health current year revenues dip by \$170 million from 2018-19, are estimated at \$1.25 billion in 2019-20 and receive a slight increase to total \$1.28 billion in 2020-21.

The precipitous drop in overall Realignment revenues and eradication of growth funding has significant implications for social services provided by counties, especially for child welfare, adult protective services, and extended foster care, as counties will need to continue to meet entitlements and MOEs. In the Health and Public Health realm, these decreases could not come at a worse time as county Public Health Departments grapple with the extreme demands of the COVID-19 pandemic. For Behavioral Health, the preservation of 1991 Realignment funding is helpful, and the effects in the budget year are not as steep as for other subaccounts, but the increase in demand for behavioral health services and costs related to shifting to telehealth and alternative modes of treatment greatly exceed the estimated Realignment revenues.

## **HUMAN SERVICES**

### **In-Home Supportive Services**

The In-Home Supportive Services (IHSS) program provides assistance and services to eligible older or disabled individuals to help them remain safely in their homes. The Governor's May Revision contains no changes to the structure of the new county In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) that was included in last year's budget trailer bill SB 80 (Chapter 27, Statutes of 2019) and went into effect July 1, 2019. For 2020-21, the Governor's May Revision includes \$14.7 billion for IHSS, of which \$4.3 billion is from the General Fund. The May Revision estimates that average monthly caseload will be 0.4 percent lower than the estimate from the Governor's January Budget for a total of 581,901 recipients in 2020-21.

#### *IHSS Administration*

The May Revision proposes to maintain county administration and public authority administration funding at 2019-20 funding levels, resulting in savings of \$12.2 million General Fund in 2020-21. This freeze on county administration and public authority administration funding will not occur if the federal government provides sufficient funding.

#### *IHSS Hours Restoration*

The May Revision includes a seven percent reduction in IHSS service hours that would go into effect on January 1, 2021, resulting in a General Fund savings of \$205 million in 2020-21. This differs from the January budget proposal that would have restored the seven percent cut in IHSS service hours until July 1, 2023. This seven percent reduction in hours will not occur if the federal government provides sufficient funding.

### **Child Welfare and Foster Care**

Child welfare services and foster care provides a range of services for children who are at risk of or have been victims of abuse and neglect. The May Revision includes \$506.1 million General Fund for these programs, which is a reduction of \$90.5 million General Fund from the January budget proposal.

#### *Continuum of Care Reform*

The Continuum of Care Reform (CCR) enacted significant changes in the child welfare program that are intended to reduce the use of group homes, increase the availability of trauma-informed services and

improve outcomes for foster youth. Current law requires a CCR true-up and a methodology has been developed to determine the appropriate amount of funding owed to counties for increased workload for CCR implementation. The May Revision provides \$2.6 million for Child and Family Teams, but no CCR true-up funding for the Resource Family Approval process.

#### *Family Urgent Response System*

The May Revision proposes to eliminate the Family Urgent Response System (FURS), which was recently enacted. FURS was sponsored by the County Welfare Directors Association (CWDA) and County Behavioral Health Directors Association (CBHDA), and supported by CSAC, and would provide foster youth and their caregivers with the immediate support and services they need during times of emotional crisis. The elimination of FURS would save \$30 million General Fund in 2020-21.

#### *Rate Increases*

The May Revision reduces the CCR short-term residential treatment program provider rates by 5 percent and suspends certain additional level of care rates. This would save \$28.8 million General Fund. The CCR rate reduction and suspension would not occur if the federal government provides sufficient funding.

#### **CalWORKs**

The California Work Opportunity and Responsibility to Kids program is California's version of the federal Temporary Assistance for Needy Families (TANF) program, which provides temporary cash assistance to low-income families with children to meet basic needs as well as welfare-to-work services to help families become self-sufficient. The Governor's May Revision indicates that CalWORKs caseload is anticipated to increase by 102 percent from the estimate in the January budget proposal. The May Revision proposes to utilize funds from the Safety Net Reserve including \$450 million in 2020-21 and \$450 million in 2021-22, and will maintain grant levels for CalWORKs families and individuals.

#### *County Administration*

The May Revision includes an increase of \$82.3 million for CalWORKs County Administration for increased enrollment in the program and services. In addition, the May Revision assumes savings of \$665 million from a reduction in utilization of the CalWORKs employment services and child care. CSAC continues to gather additional details on these items, but overall there appears to be a slight increase in the CalWORKs Single Allocation that reflects the increased caseload and the reduced use of employment services and child care.

#### *CalWORKs Expanded Subsidized Employment*

The Governor's May Revision proposes a decrease to the base funding for CalWORKs Subsidized Employment, resulting in a FY 2020-21 savings of \$134.1 million General Fund. This reduction will not occur if sufficient federal funding is received.

#### *CalWORKs Home Visiting*

The Governor's May Revision will reduce CalWORKs Home Visiting funds, resulting in a savings of \$30 million General Fund for FY 2020-21. This reduction will not occur if additional federal funding is received.

#### *CalWORKs Outcomes and Accountability Review (CalOAR)*

Absent additional federal funding, the May Revision will eliminate funding for the CalOAR program. The program provided funds for counties to conduct continuous quality improvement activities. Counties have

the option to continue with the program. The estimated savings to the state will be \$21 million General Fund for FY 2020-21. This elimination will not occur if additional federal funding is received.

### **CalFresh**

The CalFresh program is California's version of the federal Supplemental Nutrition Assistance Program (SNAP), which provides food benefits to low-income individuals and families.

#### *County Administration Funding*

The Governor's May Revision provides an additional \$80.1 million General Fund for CalFresh county administration funding in recognition of the significant caseload increased caused by the pandemic.

### **Child Support Programs**

The Governor's May Revision proposes to reduce funding for local child support agencies (LCSAs) to the 2018 funding levels, pulling back on increases that resulted from a new budget methodology. This results in a savings of \$38.2 million General Fund in 2020-21. This reduction will not occur if the federal government provides sufficient funding. In addition, the May Revision withdraws the January budget proposal that would have increased the amount of child support payments that pass through to CalWORKs families.

## **HEALTH**

### **Medi-Cal**

#### *California Advancing and Innovation Medi-Cal (CalAIM)*

The Governor proposes delaying the California Advancing and Innovating Medi-Cal (CalAIM) initiative indefinitely, including nearly \$40 million in direct funding for counties under the proposed Behavioral Health Quality Improvement Program. This will save the state \$740 million in 2020-21, but also closes the door for achieving efficiencies within county-run Mental Health Plans and Drug-Medi-Cal.

#### *Optional Benefits*

Just last year the state had bolstered the provision of optional benefits in the Medi-Cal program, but is now pulling those back unless additional federal funding is provided. First, the state will reduce the adult dental benefit back to 2014 levels, which means only basic emergency dental care will be covered by Medi-Cal. The Governor also proposes to eliminate audiology, incontinence creams and washes, speech therapy, optician/optical lab, podiatry, acupuncture, optometry, nurse anesthetists services, occupational and physical therapy, pharmacist services, screening, brief intervention and referral to treatments for opioids and other illicit drugs in Medi-Cal, and diabetes prevention program services. These eliminations will save the General Fund \$54.7 million in 2020-21.

#### *Managed Care Rates*

The Governor proposes \$91.6 million in cost savings in 2020-21 by implanting various efficiency and cost containment adjustments. Further, the Governor proposes a 1.5 percent capitated rate reduction through December 31 for savings of \$182 million in 2020-21.

However, the state is realizing \$1.7 billion in revenue for Medi-Cal in 2020-21 from the recently approved Managed Care Organization (MCO) Tax.

### *Medi-Cal Expansion Elimination*

Governor Newsom announced in January that he wanted to increase health care coverage for full-scope Medi-Cal to all individuals 65 years and older, regardless of immigration status. The Governor's May Revision withdraws this proposal for I for an estimated savings of \$112.7 million (\$87 million General Fund) in 2020-21. However, the recently implemented expansion of full-scope Medi-Cal to undocumented youth up to age 26 remains in place. The May Revision also proposes to eliminate implementation to the expansion of Medi-Cal to aged, blind, and disabled individuals with incomes between 123 percent and 138 percent of the federal poverty level, resulting in a savings of \$135.5 million (\$67.7 million General Fund). Additionally, the Governor proposes not to implement the Aged, Blind and Disabled Medicare Part B disregard.

### *Supplemental Payments for 340B Clinics*

The Governor's May Revision will withdraw the January's proposed investment of \$52.5 million (26.3 million General Fund) to create a supplemental payment pool for the pharmacy services for non-hospital 340B clinics. The withdrawal will save \$52.5 million for FY 2020-21 and \$105 million (52.5 million General Fund) in 2021-22.

### *Proposition 56 Adjustments*

The Governor's May Revision proposed adjustments to the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56). Absent any additional federal funds the Governor's May Revision proposes to shift \$1.2 billion in Proposition 56 supplemental payments for several services, developmental screening, and non-emergency medical transportation, value based payments, and loan repayments. The May Revision does maintain approximately \$67 million in Proposition 56 funding.

### *Managed Care Organization (MCO) Tax*

The Governor's May Revision reflects a decrease of \$1.7 billion General Fund costs for 2020-21, due to the April Federal approval of the Managed Care Organization (MCO) provider tax.

### **Elimination of CBAS and MSSP**

Absent additional federal funding, the Governor's May Revision will eliminate the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP) to assist with the state's budget shortfall. CBAS will be eliminated effective January 1, 2021 for an estimated savings of \$106.8 million GF for 2020-21 and \$255.8 million ongoing. MSSP will be eliminated no sooner than July 1, 2020 for an estimated savings of \$22.2 million General Fund in FY 2020-21 and \$21.8 million ongoing.

### **E-Cigarette Tax**

The Governor's May Revision continues the Governor's proposal for a new e-cigarette tax on top of existing tobacco taxes, but adjusts the estimated revenue downward to \$10 million in 2020-21 and \$33 million in 2021-22 as certain revenues from the proposed tax would be instead used for the state's Medi-Cal costs. CSAC, along with the local First 5 Commissions, is working to understand the proposed structure and advocate for a local share of any new revenue.

### **Public Health**

The Governor's May Revision focuses primarily on bolstering state public health activities at the expense of local public health departments. For instance, the May Revision earmarks \$5.9 million General Fund for

2020-21 and \$4.8 million General Fund ongoing for the state’s public health lab, but allocates nothing to support the remaining local public health labs during the pandemic.

The May Revision does retain \$5 million General Fund for each of three new infectious disease programs administered at the local level: Sexually Transmitted Diseases (STD), human immunodeficiency virus (HIV), and hepatitis C virus prevention and control. But the May Revision also eliminates proposed increases to the Department of Public Health Home Visiting and Black Infant Health programs to save \$4.5 million General Fund.

The Governor also proposes eliminating the life-changing physician and psychiatrist loan repayment program called the Song-Brown Healthcare Workforce Training Program, which provided educational loan repayment in exchange for service to Medi-Cal enrollees. The savings is \$33 million General Fund.

**Mental Health Services Act (Proposition 63)**

The May Revision defers the Governor’s plan to explore reforms to the Mental Health Services Act (Proposition 63). Noted above is also the elimination of the Behavioral Health Quality Improvement Program, which would have provided nearly \$40 million for county Specialty Mental Health Plans in 2020-21 and 2021-22.

**Resources:**

- [Full May Revision Summary](#)

**Attachments:**

- [CSAC May Revision Health and Behavioral Health Response Letter](#) (May 19, 2020)
- [CSAC May Revision Human Services Response Letter](#) (May 18, 2020)
- [CSAC Joint Realignment Letter](#) (May 18, 2020)

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**Attachment Seven**

**CSAC May Revision Health and Behavioral Health Response Letter**



May 18, 2020

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Orange County

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Siskiyou County

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Virginia Bass  
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**EXECUTIVE DIRECTOR**

Graham Knaus

The Honorable Richard Pan, M.D.  
Chair, Senate Budget Subcommittee #3  
State Capitol, Room 5114  
Sacramento, CA 95814

The Honorable Joaquin Arambula, M.D.  
Chair, Assembly Budget Subcommittee #1  
State Capitol, Room 5155  
Sacramento, CA 95814

**Re: County May Revision Health and Behavioral Health Priorities**

Dear Senator Pan and Assembly Member Arambula:

On behalf of the California State Association of Counties (CSAC), I am writing to share health and behavioral health priorities for counties following the release of the Governor’s May Revision Budget.

California’s counties are on the very front lines of fighting the COVID-19 public health crisis, providing essential public health functions and behavioral health services as well as administering the state’s safety net programs. The state’s safety net system is almost entirely delivered by counties and is facing immense strain as demand for services increases while the revenues that support those same services steeply decline. CSAC appreciates that the Governor’s May Revision prioritizes some people-centered services and short-term, limited CARES Act funding for county-run programs impacted by COVID-19. However, counties are deeply concerned about the exponential impacts of both a pandemic and recession on county public health and behavioral health services – and the people we all serve.

Realignment Revenues

The updated revenue projections in the May Revision were stark, indicating significant declines in 1991 Realignment and 2011 Realignment revenue in the current year and out years. In the current year alone, combined 1991 Realignment and 2011 Realignment revenues will fall \$1.7 billion short of achieving the base funding level. This means that county public health and behavioral health programs must operate on less revenue during the pandemic and recession than before either were a fact of daily life. Over two years (2019-20 and 2020-21), counties will suffer a \$3.3 billion reduction, crippling our ability to provide required services before we even account for increased costs and caseloads due to the pandemic. Counties are also unable to maintain compliance with federal and state regulations and requirements across all programs with this scale of funding reduction.



CSAC has outlined a Realignment funding request in a separate letter that details the need to stabilize this core funding in order to avoid extreme cuts to safety net programs at the time they are needed most. Below we outline the specific public health and behavioral health needs for counties, as well as issues related to the Governor's May Revision Budget.

#### County Public Health Costs and Impacts

County public health departments and local health officers serve in the epicenter of the COVID-19 quake, providing surveillance, testing, contact tracing, disease investigation, isolation support, and critical real-time data to our communities as we respond to the pandemic.

In addition to these urgently needed services, county public health systems also provide a wide array of programs intended to protect and improve the health of all Californians, including Infectious disease control programs, public health labs, public hospitals and clinics, chronic disease efforts, health equity and population health management, environmental health and safety, and health care surge capacity.

As mentioned above, the drop in 1991 Realignment revenue will severely impact local public health system response to COVID-19 as well as daily public health programs. For the Health Subaccount in 1991 Realignment, the base will decline from \$911 million in 2019-20 to at least \$886 million in 2020-21. And additional budget year impacts related to the Department of Finance's estimates for diverting Health Realignment under AB 85 (Chapter 24, Statutes of 2013) are unknown, but could reduce the amount of 1991 health realignment funding available at the local level even further. Lastly, it is important to note that county public health never truly recovered from the effects of the Great Recession and received \$120 million less in 1991 Realignment revenue in 2018-19 than in 2008-09.

The Governor's May Revision fails to address these issues, including the urgent and costly response to COVID-19. This pandemic will strain local public health resources for years to come in the absence of realignment and other assistance from the state. Further, counties are seeking funding to keep local health department infrastructure in operation, including local public health labs, whose numbers have dropped by roughly one per year, resulting in only 29 operating today. Counties also request a needs assessment for adequate public health services, assistance with workforce recruitment and retention, and a reduction in annual fees for vital public health nurses.

#### Behavioral Health Costs and Impacts

County behavioral health was under incredible strain before the COVID-19 pandemic and recession, and the lack of any proposed assistance for this critical set of services in these unprecedented times is alarming. Counties administer important federal entitlement programs such as Medi-Cal Specialty Mental Health Services, Drug Medi-Cal, and the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program for children. Additionally, counties also provide a range of Mental Health Services Act-funded community services and support for special and at-risk populations.

As mentioned in the Realignment section above, the specific impacts for county behavioral health include an ongoing structural loss of approximately 10 percent in 1991 Realignment and a 13-14% reduction to 2011 realignment across this year and next. Further, Mental Health Services Act (MHSA) revenues are forecast to drop by at least \$300 million in the current year alone.

Also, a drop in patient visits and shifts to telehealth due to the pandemic has reduced specialty mental health billing – and the intake of federal funding as well as the ability of community providers to stay afloat – by 30 percent so far.

County behavioral health systems have scrambled to provide critical person-centered services and supports via technology and other adaptations with no additional funding for alternative care sites, technology investments, and increased outreach. Outreach has been particularly important for thousands of new clients being redirected to the local level due to state-level decisions regarding State Hospitals, prison inmates, and zero bail policies.

These stark fiscal realities are compounded by an anticipated increase in demand for certain behavioral health services, such as EPSDT mental health services to children, who are significantly impacted by the pandemic. Counties are also seeing increases in requests for help with stress, depression, anxiety, family relationships, psychiatric crises, substance use disorders, and suicide intervention and prevention.

We implore the Legislature to invest funding to save California's safety net behavioral health system. Further, counties are requesting temporary emergency flexibility in expending MHSA funding, deferral of costly regulatory and administrative requirements, forgiveness of the 2018 federal Office of Inspector General audit repayment, and other administrative relief to help weather this storm. The compound effects of each of the challenges above – coupled with probable local county budget cuts – threaten to deconstruct a safety net system that serves millions of youth and adults every year and could lead to even greater costs – in both dollars and human lives – in the long run.

#### County Medical Services Program Diversion

CSAC is concerned about the Governor's May Revision proposal to divert \$50 million each year for four years from the County Medical Services Program's (CMSP) reserves. The CMSP Board offers safety-net indigent health care to residents and undocumented adults in 35 rural counties, and has provided millions in grant funding and bridge loans to counties and health care providers to help them stay afloat and provide necessary services and supplies during the COVID-19 public health emergency. We are analyzing the Governor's proposal and look forward to continued discussion with the Administration and Legislature on a solution that preserves this essential and innovative program for residents in our most hard-to-reach counties.

#### Vaping Tax

From a public health perspective, CSAC supports additional taxation of tobacco products to discourage use among both youth and adults. However, the current tobacco taxes on cigarettes, cigars, loose tobacco, and e-cigarettes also help fund county First 5 Commissions, which provide important services to children age 5 and under and their families. Local First 5 programs focus on nutrition, early literacy and language development, and smoking cessation. Currently, local First 5 Commissions are also providing special resources for parents during the pandemic, including parenting and online learning resources.

The Governor proposes a new "vaping" tax on e-cigarette products and the creation of a new special fund to support state Medi-Cal costs. Again, counties are supportive of ensuring the Medi-Cal program is stable and solvent, but are concerned about the potential interplay between the existing e-cigarette tax and the new proposed tax.

First, we are attempting to determine whether local First 5 Commissions would be eligible for any of the new funding, and more alarmingly, whether the existing e-cigarette revenue would be shifted from First 5 for the new special account. More analysis and discussion is needed, but we wanted to ensure the Legislature was aware of these concerns and the need for additional clarity.

Family Urgent Response System

CSAC opposes the May Revision proposal to eliminate the Family Urgent Response System (FURS), which was enacted in the 2019-20 budget. The purpose of this response system is to provide foster youth and their caregivers with the immediate support they need during times of emotional crisis, and link youth and families to needed supports and services to help stabilize the situation. The COVID-19 pandemic and stay-at-home orders may create greater strain on foster children and caregivers. Continuing funding for this program and prioritizing implementation can help better serve children and caregivers during this uniquely stressful and disruptive time.

CalAIM

The Governor proposes delaying the California Advancing and Innovating Medi-Cal (CalAIM) initiative indefinitely, including nearly \$40 million in direct funding for counties under the associated Behavioral Health Quality Improvement Program. Counties understand the need for the suspension of this innovative effort in these current times, but also note that we will also forgo achieving some efficiencies for both counties and clients within county-run Mental Health Plans and Drug-Medi-Cal. However, CSAC has joined the Department of Health Care Services in requesting extensions of both the Medicaid Section 1115 and 1915(b) waivers through December 31, 2021 to preserve critical health care, public hospital, and behavioral health funding and the Whole Person Care pilot program. These extensions are a critical component of any 2020-21 budget.

Should you have any questions about any of these priorities, please do not hesitate to contact me at (916) 595-7360 or fmcting@counties.org. Thank you for your consideration.

Sincerely,



Farrah McDaid Ting  
Legislative Representative

cc: Honorable Members, Senate Budget and Fiscal Review Subcommittee #3  
Honorable Members, Assembly Budget Subcommittee #1  
The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee  
The Honorable Phil Ting, Chair, Assembly Budget Committee  
Marjorie Swartz, Office of the Senate President pro Tempore  
Agnes Lee, Office of the Assembly Speaker  
Scott Ogus, Senate Budget and Fiscal Review Committee  
Andrea Margolis, Assembly Budget Committee  
Cyndi Hillery, Assembly Republican Fiscal Office  
Tam Ma, Office of Governor Newsom  
Adam Dorsey, Department of Finance  
Marko Mijic, Health and Human Services Agency  
Jacey Cooper, Department of Health Care Services  
Ginni Bella Navarre, Legislative Analyst's Office

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**Attachment Eight**

**CSAC May Revision Human Services Response Letter**



**OFFICERS**

**President**

Lisa A. Bartlett  
Orange County

**1st Vice President**

James Gore  
Sonoma County

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Humboldt County



**EXECUTIVE DIRECTOR**

Graham Knaus

May 18, 2020

The Honorable Richard Pan, M.D.  
Chair, Senate Budget Subcommittee #3  
State Capitol, Room 5114  
Sacramento, CA 95814

The Honorable Joaquin Arambula, M.D.  
Chair, Assembly Budget Subcommittee #1  
State Capitol, Room 5155  
Sacramento, CA 95814

**Re: May Revision Human Services Priorities**

Dear Senator Pan and Assembly Member Arambula:

On behalf of the California State Association of Counties (CSAC), I am writing to share specific priorities related to human services programs following the release of the May Revision. California counties are on the front lines of fighting the COVID-19 public health crisis and providing services to those most in need. The California safety net system is almost entirely delivered by counties and is under immense strain as an increased demand on services is coupled with a steep decline in revenues for the programs that counties administer on behalf of the state. CSAC appreciates that the May Revision prioritizes maintaining investments for certain services that are critical during this time, such as CalFresh and CalWORKs, and looks forward to budget discussions on the below priorities as counties continue to partner closely with the Administration and the Legislature on next steps in the pandemic response and recovery.

**Realignment Revenues**

The updated revenue projections in the May Revision were stark, indicating significant declines in 1991 Realignment and 2011 Realignment revenue in the current year and out years. The nearly \$700 million combined 1991 Realignment and 2011 Realignment social services base shortfall will have devastating impacts on these safety net services including programs for vulnerable older adults, non-minor dependents, and children who have experienced trauma. Child welfare services, a federally mandated program that imbues the state and counties with a unique obligation and legal responsibility for the state’s most vulnerable children, will have to be cut due to entitlements and maintenance of effort (MOE) obligations in other programs. Counties will be unable to maintain compliance with federal and state regulations and requirements across all programs with this scale of funding reduction.

A central premise of both Realignments is while revenues may go up or down in a given year, these dedicated funds are sufficient for counties to administer these programs over time on behalf of the state. Like the state and nation, California’s counties are reeling from the unprecedented speed and severity of this economic decline, an event

that was not anticipated when both Realignment structures were constructed. CSAC has outlined a Realignment funding request in a separate letter that details the need to stabilize this funding in order to avoid extreme cuts to safety net programs at the time they are needed most.

#### In-Home Supportive Services Inflation Factor

CSAC and counties have worked closely with the Administration to implement the new County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) that was enacted by SB 80 (Chapter 27, Statutes of 2019). Counties have also made significant strides to increase wages and health benefits for IHSS providers, investing an estimated \$42 million for wage increases that go into effect in 2019-20. The devastating decline in Realignment revenues will create fiscal challenges across all programs that counties administer within 1991 Realignment, including IHSS, and will significantly delay the number of years until counties will receive caseload growth that corresponds to increased IHSS costs from locally negotiated wage and health benefit increases.

The new IHSS MOE includes an annual inflation factor of 4 percent that is set to be applied on July 1, 2020. In the two prior MOEs, there was specific language that would reduce the inflation factor to zero in years where Realignment revenues decline from the previous year. This is a critical recession protection to help counties be able to meet the MOE cost obligations in a year of reduced available revenues. CSAC requests the inclusion of similar language for the current MOE, which would reduce the MOE inflation factor from four percent to zero percent for 2020-21 and would save counties an estimated \$64.2 million in IHSS costs. This provision would be consistent with prior MOEs and help counties be able to achieve the MOE requirement in a year when 1991 Realignment revenues are falling short of the Social Services subaccount base by more than \$300 million.

#### County Administration Funding

Counties are appreciative of the increased funding through COVID-19 emergency funds and May Revision proposals that recognize the increased county administrative costs to respond to a surge in applications for CalFresh and CalWORKs. However, the May Revision also proposes to freeze certain county administration funding levels for IHSS and Medi-Cal. There will continue to be significant demands on county workload moving forward related to the increases in applications and the catch-up work that will be required for the various requirements that were delayed during the pandemic in order to facilitate counties being able to quickly enroll new individuals and maintain benefits for existing program participants.

Given the overall fiscal crisis, it is important to ensure expectations are adjusted to reflect the realities for county administration funding. CSAC looks forward to partnering with the County Welfare Directors Association in working with the Administration and the Legislature to establish policy simplifications, performance expectations, and indemnification from certain requirements reflective of the administrative funding levels. CSAC also supports the request for a waiver of the county match requirement for the additional \$80 million administrative funding for CalFresh. With reduced revenues, counties will have difficulty providing the required 30 percent match, and waiving this requirement can help ensure that all of the State General Fund and \$80 million federal match can be utilized to help families needing food assistance.

#### Family Urgent Response System

CSAC opposes the May Revision proposal to eliminate the Family Urgent Response System (FURS), which was enacted in the 2019-20 budget. The purpose of this response system is to provide foster youth and their caregivers with the immediate support they need during times of

emotional crisis, and link youth and families to needed supports and services to help stabilize the situation. The COVID-19 pandemic and stay-at-home orders may create greater strain on foster children and caregivers. Continuing funding for this program and prioritizing implementation can help better serve children and caregivers during this uniquely stressful and disruptive time.

#### CalWORKs Subsidized Employment

The May Revision proposes to eliminate funding for CalWORKs expanded subsidized employment. CSAC opposes this funding reduction as this program will be critically needed during the recovery from the pandemic. Subsidized employment can help small businesses hire recently unemployed individuals by helping cover labor costs and was valuable during the great recession. It will be needed again to help support the significant amount of newly unemployed individuals now turning to CalWORKs, as well as the businesses that need to rebuild and rehire.

#### Continuum of Care Reform True-Up

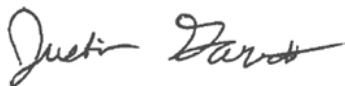
The Continuum of Care Reform (CCR) enacted significant changes in the child welfare program that are intended to reduce the use of group homes, increase the availability of trauma-informed services and improve outcomes for foster youth. Proposition 30 requires the state to fund the costs of new child welfare requirements enacted after 2011 Realignment and current law requires a CCR true-up. The May Revision proposes to fund increased costs associated with Child and Family Teams (CFT), but failed to provide funding for increased costs associated with Resource Family Approval (RFA). The RFA process was established as a statewide requirement after 2011 Realignment and counties have incurred costs for this new requirement over the past several years. CSAC requests that in addition to the CCR true-up costs for CFT, that funding also be provided for the increased RFA costs that are reflected in the agreed upon CCR true-up budget methodology.

#### Child Support Funding

The child support program provides essential services to families by helping them obtain child support payments, which are used for food, shelter, clothing, and other basic living expenses. A new budgeting methodology went into effect in 2019-20 that provided critical funding for local child support agencies (LCSAs) to help them best meet the needs of families and children. CSAC opposes the May Revision proposal to reduce funding levels for LCSAs back to 2018 funding levels. These child support services are critically needed by families during this time of increased unemployment and economic uncertainty.

Should you have any questions about any of these priorities, please do not hesitate to contact me at (916) 650-8117 or [jgarrett@counties.org](mailto:jgarrett@counties.org). Thank you for your consideration.

Sincerely,



Justin Garrett  
Legislative Representative

cc: Honorable Members, Senate Budget and Fiscal Review Subcommittee #3  
Honorable Members, Assembly Budget Subcommittee #1

The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee  
The Honorable Phil Ting, Chair, Assembly Budget Committee  
Mareva Brown, Office of the Senate President pro Tempore  
Gail Gronert, Office of the Assembly Speaker  
Renita Polk, Senate Budget and Fiscal Review Committee  
Nicole Vazquez, Assembly Budget Committee  
Rebecca Hamilton, Senate Republican Fiscal Office  
Cyndi Hillery, Assembly Republican Fiscal Office  
Kim Johnson, Director, Department of Social Services  
Jen Troia, Department of Social Services  
David Kilgore, Director, Department of Child Support Services  
Tam Ma, Office of Governor Newsom  
Adam Dorsey, Department of Finance  
Marko Mijic, Health and Human Services Agency  
Ginni Bella Navarre, Legislative Analyst's Office



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**Attachment Nine**

**CSAC Joint Realignment Letter**



**CWDA**  
Advancing Human Services  
for the Welfare of All Californians



May 18, 2020

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol Building, 1<sup>st</sup> Floor  
Sacramento, CA 95814

The Honorable Toni Atkins  
Senate President pro Tempore  
State Capitol Building, Room 205  
Sacramento, CA 95814

The Honorable Anthony Rendon  
Assembly Speaker  
State Capitol Building, Room 219  
Sacramento, CA 95814

**RE: Counties | Realignment**

Dear Governor Newsom, Pro Tem Atkins, and Speaker Rendon:

Counties greatly appreciate the partnership with the Administration and the Legislature that has been strengthened as we work together to respond to the COVID-19 pandemic. California’s counties are on the front lines of fighting the COVID-19 public health crisis, working tirelessly to protect the health of all Californians. Counties are also leading the way in providing services to those most in need during this crisis by administering critical human services, behavioral health, health and public safety programs on behalf of the state. However, the state’s safety net system as delivered by counties is under immense strain and, coupled with the public health crisis and steep economic recession, we are compelled to notify you that realigned services, including public health, public safety, social services, and behavioral health services are at extreme risk.

In order to avoid extreme cuts to these programs at the time they are needed the most, we are asking the Legislature and the Governor to stabilize Realignment funding by backfilling for lost base revenue in both the current and budget years. This request will help save the state’s core safety net programs and local public safety services, as well as help Californians recover medically, mentally, and economically in these uncertain times. The updated revenue projections in the May Revision were stark, indicating significant declines in 1991 Realignment and 2011 Realignment revenue in the current year and out years.

In the current year alone, combined 1991 Realignment and 2011 Realignment revenues will fall \$1.7 billion short of achieving the base funding level. While the Department of Finance projections indicate that Realignment revenues may stabilize in 2020-21, the current year loss of revenue means that Realignment funding in 2020-21 will again drop \$1.7 billion lower than revenues in 2018-19. Taken together, this represents a \$3.3 billion reduction over two years. When Realignment was designed, no one – not the state, nor the counties – ever anticipated such steep declines in revenues for entitlement and other critical programs that counties administer on behalf of the state.

We have provided an outline of these figures using the revenues actually received by counties in 2018-19 below. **Please note that they do not yet encompass the possible impacts of the state sales tax “layaway” program, but alone show that the vital revenues counties are required to rely on to provide essential services on the state’s behalf have been decimated.**

1991 Realignment (dollars in millions)					
	2019-20 Base	2019-20 at May Revision	2019-20 Cut	2020-21 at May Revision	2020-21 Cut
CalWORKSs MOE	\$ 1,120.6	\$ 994.8	\$ (125.8)	\$ 994.8	\$ (125.8)
Health/Family Support	\$ 1,667.3	\$ 1,514.4	\$ (152.9)	\$ 1,514.4	\$ (152.9)
Social Services	\$ 2,548.5	\$ 2,230.8	\$ (317.7)	\$ 2,230.8	\$ (317.7)
Mental Health	\$ 129.5	\$ -	\$ (129.5)	\$ -	\$ (129.5)
Child Poverty	\$ 398.7	\$ 362.3	\$ (36.4)	\$ 362.3	\$ (36.4)
<b>Total</b>	<b>\$ 5,864.5</b>	<b>\$ 5,102.3</b>	<b>\$ (762.2)</b>	<b>\$ 5,102.3</b>	<b>\$ (762.2)</b>
Note: Figures combine Sales Tax and VLF.					

2011 Realignment (dollars in millions)					
	2019-20 Base	2019-20 at May Revision	2019-20 Cut	2020-21 at May Revision	2020-21 Cut
Law Enforcement Services	\$2,633.8	\$ 2,297.9	\$ (335.9)	\$ 2,327.0	\$ (306.8)
Mental Health	\$1,120.6	\$ 1,120.6	\$ -	\$ 1,120.6	\$ -
Protective Services and Behavioral Health	\$3,885.6	\$ 3,277.1	\$ (608.5)	\$ 3,330.8	\$ (554.8)
<b>Total</b>	<b>\$7,640.0</b>	<b>\$ 6,695.6</b>	<b>\$ (944.4)</b>	<b>\$ 6,778.4</b>	<b>\$ (861.6)</b>
Note: Figures combine Sales Tax and VLF.					

While counties are grateful for the May Revision directive to allocate \$1.3 billion from the CARES Act Coronavirus Relief Fund to all 58 counties, this short-term, one-time funding will only partially assist counties in meeting urgent COVID-19 related costs, including local coordination and response, medical and protective supplies, new options for protecting homeless individuals, and a small portion of additional staff costs related to the pandemic response. Also, federal law for CARES Act funding requires the dollars to be used only for new expenses incurred as a direct result of the pandemic, and prohibits the usage of the funds to replace lost revenues or cover any expenditure that was included in the most recently approved budget. This means that CARES Act funding, while immediately helpful and appreciated, is intended and needed to address COVID-19 specific extraordinary costs. CARES Act funds will not fully cover county COVID-19 costs and cannot be used to sustain basic safety net services funded by Realignment. Hence our request to assist with backfilling Realignment revenues to avoid the impending decimation of safety net services in our communities.

A central premise of 1991 and 2011 Realignment is while revenues may go up or down in a given year, these dedicated funds are sufficient for counties to administer these programs over time on behalf of the state. Like the state and nation, California’s counties are reeling from the unprecedented speed and severity of this economic decline, an event that was not anticipated when both Realignment structures

were constructed. And while counties are fully engaged in strongly advocating for more federal assistance during this pandemic, additional funding for state programs administered by counties is unequivocally necessary.

It is also important to note that even before the pandemic, both 1991 and 2011 Realignments were failing to keep up with federal requirements for entitlement programs, increasing demand for behavioral health services and serving vulnerable populations such as those living without shelter, vulnerable older adults, non-minor dependents, and children who have experienced trauma. For county public health, 1991 Realignment revenues in 2018-19 were still \$100 million below the 2009 funding levels. Further reductions in public health funding will risk forfeiture of grant funding and loss of critical staff across public health programs who support surge efforts in response to this pandemic and other public health threats. For behavioral health, concurrent declines in Mental Health Services Act revenue exacerbate the realignment shortfalls. Child welfare services, a federally mandated program that imbues the state and counties with a unique obligation and legal responsibility for the state's most vulnerable children, will have to be cut due to entitlements and maintenance of effort (MOE) obligations in other programs. Finally, counties will be unable to maintain compliance with federal and state regulations and requirements across all programs with this scale of funding reduction –leaving the state and counties vulnerable to legal actions.

We applaud Governor Newsom for centering the May Revision Budget Proposal on assisting Californians most hurt by the pandemic. We know lawmakers also recognize the critical importance of counties and the programs we administer on your behalf, and we thank both houses of the Legislature for their ongoing support. We must continue to work together to preserve 1991 and 2011 Realignment-funded programs and avoid massive cuts or service disruptions to the very services our residents need the most during this statewide public health emergency and economic downturn.

Counties and our organizations are committed to working with your Administration and the Legislature to achieve meaningful solutions to save the safety net and public safety programs on which Californians depend in their time of need. We are hopeful that the state, the overall tax base, and, most importantly, our resilient residents will recover from these unprecedented times by 2021-22. In the meantime, counties commit to working with you on solutions to provide stability for our public health, human services, behavioral health, and public safety programs and the children, families, and seniors who rely on them.

Respectfully,

Graham Knaus  
Executive Director  
California State Association of Counties  
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cc: The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee  
The Honorable Phil Ting, Chair, Assembly Budget Committee  
Keely Bosler, Director, Department of Finance  
Mark Ghaly, Secretary, California Health and Human Services Agency  
Ralph Diaz, Secretary, California Department of Corrections and Rehabilitation  
Vivek Viswanathan, Chief Deputy Director for Budget, Department of Finance  
Anthony Williams, Legislative Affairs Secretary, Office of Governor Newsom  
Honorable Members, Senate Budget and Fiscal Review Committee  
Honorable Members, Assembly Budget Committee  
Chris Woods, Office of the Senate President pro Tempore  
Jason Sisney, Office of the Assembly Speaker  
Joe Stephenshaw, Senate Budget and Fiscal Review Committee  
Christian Griffith, Assembly Budget Committee  
Gabriel Petek, Legislative Analyst's Office