



Date: May 18, 2020

To: The Honorable Holly Mitchell
Chair, Senate Budget and Fiscal Review Committee

The Honorable Phil Ting
Chair, Assembly Budget Committee

The Honorable Richard Pan
Chair, Senate Budget and Fiscal Review Subcommittee No. 3

The Honorable Anna Caballero
Chair, Senate Budget and Fiscal Review Subcommittee No. 4

The Honorable Joaquin Arambula
Chair, Assembly Budget Subcommittee No. 1

The Honorable Jim Cooper
Chair, Assembly Budget Subcommittee No. 4

From: Michelle Gibbons, Executive Director

Re: CHEAC May Revision Budget Priorities

California's 61 local health departments play a unique and critical role in protecting and promoting the health and well-being of all Californians and have been at the forefront responding to COVID-19 pandemic. The Governor's May Revision reflects the fiscal challenges facing the state and we recognize that reopening communities safely hinges on the ability of local health departments to adequately conduct widescale contact tracing and disease surveillance activities.

The County Health Executives Association of California (CHEAC) details a series of priorities from the Governor's May Revision for your consideration:

Backfill 1991 Health Realignment Revenue. The Governor's May Revision projects a \$1.7 billion drop in total 1991 Realignment revenues in the both the current year and the budget year. Of the overall amount, the health subaccount is slated to receive \$152.9 million less than what we received in 2018-19. In the budget year, Health

Realignment is slated to receive \$121.9 million less than 2018-19.

Health Realignment is one of the only flexible funding sources available to local health departments. This funding often supplements state and federal programs and is commonly used as a match to draw down additional federal funding. In an informal survey of our members, 25 of the 35 jurisdictions that responded reported their 2018-19 staffing levels were lower than they were in 2007-08. As 1991 Health Realignment declines, local health departments may be forced to further reduce health programs and staffing and possibly forfeit federal grant funding. Such action prompted by a decline in 1991 Health Realignment would further cripple our public health response to COVID-19 as surge staff are often pulled from the critical programs mentioned above to support public health emergency response activities.

Specifically, the decrease of 1991 Health Realignment funding will have devastating impacts on our local health department programs and the people we serve, including but not limited to:

- *Infectious disease programs.* Decreasing Health Realignment funding would result in less public health staff working to prevent the spread of infectious disease through public health surveillance, contact tracing, and disease investigation. Infectious disease programs also include staffing and services that provide health education, community vaccination clinics, medical screenings and vaccinations in homeless encampments, and harm reduction syringe exchange programs in communities throughout the state.
- *Public health laboratories.* California's 29 public health laboratories, in many instances, are funded in some part by Health Realignment. In the last five years, six public health laboratories have closed for a total of 11 laboratories since the late 1990s. Existing public health laboratories often serve multiple local health jurisdictions, and the additional loss of Health Realignment dollars may result in additional closures.
- *Chronic disease and health equity.* Local health department staff and programs work to address health inequities in communities throughout the state. Examples include building community health improvement plans reflecting community input and needs, increasing access to safe recreation, and providing access to affordable and healthier foods. COVID-19 demonstrated the devastating impacts that health inequities can have on vulnerable populations and this work should not be minimized or reduced due to the loss of Realignment funding.

- *Early childhood development.* Public health provides maternal, child and adolescent health programs and services, such as the California Home Visiting Program (CHVP), the Black Infant Health (BIH) program, the Perinatal Equity Initiative (PEI), and the Women, Infants, and Children (WIC) program. Many of these programs serve overburdened and disadvantaged families most at risk for adverse childhood experiences (ACEs) and provides parents tools for positive parenting and childhood development. These programs also promote healthy pregnancy and improve the first years of the child's life. Declines in Health Realignment revenue may force local health departments to reevaluate the ability to continue providing these services.
- *Environmental health.* Environmental health, while fee-based, is heavily supplemented by Health Realignment funding. Environmental health regulates food facilities, body art, waste, and water quality, among other areas. One of the most common regulatory roles of local health department environmental health includes inspecting restaurants, food trucks, catering, and home kitchens. Local health jurisdictions, because of the loss of Health Realignment, will very likely be forced to impose a greater fee on establishments during a time when businesses have also been significantly impacted by the COVID-19 pandemic.

Invest \$150 million ongoing General Fund for public health workforce and infrastructure. Even before the estimated decline in 1991 Health Realignment revenues in the Governor's May Revision, jurisdictions already received \$120 million **less** health realignment revenue in 2018-19 than received in 2006-2007. Local health jurisdictions operate with significantly less Health Realignment revenues, as well as less state and federal funding. However, as evidenced by the ongoing COVID-19 pandemic, demands for public health have increased now more than ever.

COVID-19 exposed significant gaps in local health department infrastructure and surge capacity and demonstrated the crippling impacts of unaddressed health inequities. Beyond responding to the immediate threat of COVID-19, local health jurisdictions can utilize this additional investment to support flexible staffing to support health equity work, reduce the rising rates of STDs, and/or reduce chronic diseases in California communities. Increased local health department staff can also play a critical role in supporting emergency preparedness activities and future public health emergency surge efforts when needed.

Adequately fund and inform the wind-down of CHDP case management. The Governor's May Revision proposes to eliminate Child Health and Disability Prevention Program (CHDP) case management activities currently provided by local health departments. We are still assessing the residual responsibilities associated with the elimination of CHDP and believe these activities must be communicated and adequately funded.

Avoid Cuts to Public Health Programs. The Governor's May Revision includes the following proposals:

- *Black Infant Health (BIH).* The 2019 Budget Act provided a \$7.5 million budget augmentation to the BIH program. Of that, \$5.3 million went directly to local health departments to support expansion in their programs. The BIH program works to improve African American infant and maternal health and decrease health and social inequities. We believe there will be a higher demand for these services because of COVID-19 and the impact to our communities and oppose the proposed funding reduction to this program.
- *Tobacco Control and Prevention.* The May Revision continues to propose an e-cigarette tax. While we strongly believe in efforts to decrease tobacco use, we also strongly believe that revenues generated should offset decreases to tobacco control and prevention program revenue funded by Proposition 99 and Proposition 56. The risk of health complications was greater in smokers and funding from earlier propositions are already projected to decline. Providing a backfill will support the continued tobacco prevention work carried out by local health departments.
- *Local Oral Health Program.* Similarly, Proposition 56 also funds the Local Oral Health Program (LOHP), which provides vital oral health prevention, education, and outreach activities to Californians throughout the state. Due to declines in tobacco use and Proposition 56 revenue resulting from a new e-cigarette tax, LOHP funds should be backfilled.

As evidenced, California's 61 local health departments play a unique and critical role in protecting and promoting the health and well-being of California's nearly 40 million residents. We respectfully urge your consideration of the items outlined above and stand ready to partner with the Legislature and Administration to adequately resource California's 61 local health departments.

Should you have any questions, please contact CHEAC Executive Director Michelle Gibbons at mgibbons@cheac.org or 916-327-7540. Thank you.

cc: Honorable Members, Senate Budget and Fiscal Review Committee
Honorable Members, Assembly Budget Committee
Honorable Members, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Members, Assembly Budget Subcommittee No. 1
Honorable Members, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Members, Assembly Budget Subcommittee No. 4
Keely Bosler, Director, California Department of Finance
Mark Ghaly, Secretary, California Health and Human Services Agency
Sonia Angell, Director, California Department of Public Health (CDPH)
Brad Gilbert, Director, California Department of Health Care Services (DHCS)
Richard Figueroa, Office of Governor Gavin Newsom
Tam Ma, Office of Governor Gavin Newsom
Joe Stephenshaw, Senate Budget and Fiscal Review Committee
Christian Griffith, Assembly Budget Committee
Scott Ogus, Senate Budget and Fiscal Review Subcommittee No. 3
Yong Salas, Senate Budget and Fiscal Review Subcommittee No. 4
Andrea Margolis, Assembly Budget Subcommittee No. 1
Genevieve Morelos, Assembly Budget Subcommittee No. 4
Cyndi Hillery, Assembly Republican Caucus
Suzanne Sutton, Assembly Republican Caucus
Anthony Archie, Senate Republican Caucus
Chantele Denny, Senate Republican Caucus
Sonja Petek, Legislative Analyst's Office (LAO)
Farrah McDaid Ting, California State Association of Counties (CSAC)
Kat DeBurgh, Health Officers Association of California (HOAC)