



December 22, 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: California Counties' Current Year Budget Concerns**

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

As the year winds down, we note with regret that, while Congress was able to reach agreement on a much-needed COVID-19 relief package, it does not include any direct state and local fiscal aid, despite the significant advocacy efforts of counties and the state. Even with many of the positive investments included in that legislation, counties are concerned about our ongoing ability to sustain our pandemic response efforts; prepare for and provide vaccines to 40 million Californians, with a particular focus on essential workers, including public health, healthcare and behavioral health workers, older adults, and communities of color; and ensure the availability and stability of existing programs and services at the local level. To that end, we highlight the following specific concerns as we move into 2021:

**CARES Act Funding:** The state and counties were keenly aware of the requirement to spend – not simply obligate – CARES Act Coronavirus Relief Funds (CRF) by December 30, 2020, and were working toward meeting that deadline. As counties serve as the state’s front line COVID-19 responders, these funds have allowed us to invest in public health and safety measures that have improved overall access to testing, strengthened contact tracing, provided our hardest-hit populations and communities of color isolation and quarantine supports, and safely housed homeless individuals who are at heightened COVID risk, among other priority actions. While the new federal relief package will extend this deadline another year, counties have already programmed CRF expenditures to occur within this calendar year. As the pandemic rages on and, without additional resources, some pandemic activities previously funded with federal CARES Act resources simply cannot be sustained into 2021.

**Ongoing Public Health Response:** With ICU capacity diminishing across the state, we are clearly going to be continuing in a pandemic surge, requiring consistent local response, at least through the first half of 2021. To move quickly beyond our current situation, we must be able to assure widespread testing and contact tracing, as well as robust and persistent public education and communication efforts. Local revenues alone are insufficient to provide COVID response activities. Many local jurisdictions stood up local testing sites primarily funded with CARES Act funds, and absent additional funding, this testing capacity may decrease throughout the state.

**Ramping Up Vaccine Distribution:** Local health departments are a key partner in a successful roll-out of COVID-19 vaccines in California. While the federal relief package provides resources to start this process, providing a broad-scale and urgent vaccination program is going to require significant funding. Vaccine infrastructure, of course, is costly, but a lack of workforce capacity poses a considerable additional challenge. Counties seek to work in partnership with the state to maximize federal funding to assist in this critical effort; to secure additional state resources to assist with vaccine infrastructure, adequate storage capacity, public education and outreach; and to ensure an adequate workforce is available to vaccinate as many Californians as possible as quickly as we can.

**Services and Outreach to Vulnerable Populations:** COVID has disproportionately impacted our communities of color and vulnerable populations, exacerbating health disparities and resulting in higher COVID positive rates and mortality among our populations of color. In addition, COVID and mental illness are now proven to have a bidirectional association, with counties seeing an alarming increase in fentanyl related overdoses and rates of youth in mental health crisis now two and three-fold higher. Counties seek to offer targeted public education, outreach, and support for our low-income communities and communities of color to ensure they have information about how to stay safe and access health services, including testing, preventive and follow-up care, and vaccines. In addition, counties support additional supplemental resources for Project Homekey to ensure homeless populations can access transitional housing, short- and long-term housing options, eviction prevention, behavioral health and other supportive services. Finally, the demand on the safety net services that counties provide on behalf of the state, including services to our most vulnerable children and seniors, will continue to grow as certain federal supports end outright or continue in a reduced capacity. Continued uncertainty around Realignment revenues creates challenges for counties in meeting the growing demand for social services, health, and behavioral health services on which vulnerable individuals rely. Higher rates of mental health crisis have compounded with the impacts of COVID on the behavioral health delivery system and are creating a direct and devastating impact on county behavioral health funding.

**Economic Recovery:** It is no secret that local economies have been dramatically impacted by the pandemic and the necessary safeguards enacted for the public's health. Counties that rely on tourism revenues have been hit particularly hard, but all counties have experienced the desperation of local restaurants and small businesses, those who have become unemployed, and those facing eviction. The federal relief package includes some critical investments in this area, and counties support efforts to help shore up our local economies by securing additional financial assistance for those who are unemployed, seeking solutions for commercial and residential tenants and landlords to address the eviction crisis, and investing in strategies and supports that will help struggling small businesses. Finally, increased investment in broadband infrastructure is needed to close the digital divide in rural and underserved communities and meet the demands of teleworking, e-government, and distance learning.

We acknowledge the significant challenges ahead for the Administration and the Legislature, and we offer our sincere commitment to engage in a solution-oriented dialogue that considers the substantial and urgent needs of our diverse communities. To that end, we ask that federal relief funds flow as quickly and equitably as is practical and that you consider additional state resources to counties in the current year to ensure our ability to continue to serve our residents.

2021 is going to be a considerable trial for all counties, regardless of geography, size, or demographic. Getting to the other side of the pandemic, however, is going to require an ongoing and strengthened partnership with the state and federal governments that marshals all our financial, intellectual, and emotional resources to develop meaningful solutions for the significant public health, behavioral health, and social safety net challenges before us. Counties come to the table seeking that partnership and a desire to ensure that our joint efforts reach, in particular, those communities, such as communities of color, most hard hit by this crisis.

Respectfully,

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cc: The Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Committee  
The Honorable Phil Ting, Chair, Assembly Budget Committee  
Keely Bosler, Director, Department of Finance