



CWDA
Advancing Human Services
for the Welfare of All Californians



May 18, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol Building, 1st 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)
Total	\$ 5,864.5	\$ 5,102.3	\$ (762.2)	\$ 5,102.3	\$ (762.2)
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)
Total	\$7,640.0	\$ 6,695.6	\$ (944.4)	\$ 6,778.4	\$ (861.6)
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,

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