



June 5, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capital
Sacramento, California 95814

Re: 2020-21 State Budget – Realignment Revenue Backfill

Dear Governor Newsom:

The Urban Counties of California, comprised of 14 urban counties representing more than 80 percent of the state's population, write in strong support of the Legislature's budget proposal to include \$1 billion in state funding to backfill lost Realignment revenues. This proposal 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. From the urban county perspective, securing a Realignment backfill is our highest priority in the 2020-21 budget.

Realignment revenues are used to fund child welfare services; foster care payments; adoptions assistance; In-Home Supportive Services; Adult Protective Services; county administration of CalWORKs, foster care, and CalFresh; public health; county hospitals; behavioral health services, including Lanterman Petris Short evaluation and services, Specialty Mental Health Services provided under Medi-Cal, Early and Periodic Screening Diagnosis and Treatment (EPSDT), Drug Medi-Cal, drug courts; and public safety services that include significant responsibilities in the adult criminal justice system shifted in 2011 (AB 109), court security, juvenile justice supports and services, and various public safety grants.

In the current year alone, combined 1991 Realignment and 2011 Realignment revenues are expected to 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 decline represents a \$3.3 billion reduction over two years.



When Realignment was designed, no one – not the state, nor counties — ever anticipated such steep declines in revenues for entitlement and other critical programs that counties administer on behalf of the state. Counties anticipate that cuts to these critical services due to revenue declines are inevitable and are currently contemplating furloughs, layoffs, and service reductions that will result in increased wait times for critical health, behavioral health, protective services, and economic supports for vulnerable children, families, and seniors.

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.

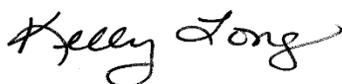
While urban counties appreciate the May Revision proposal to allocate \$1.3 billion from the CARES Act Coronavirus Relief Fund to counties, this short-term, one-time funding will only partially assist counties in meeting urgent COVID-19 related costs. We note that many realigned health and human services programs require federal match and CARES Act funding cannot be used to match other federal funds.

Additionally, as you are aware, counties – in the context of the 2020-21 budget – are being asked to assume responsibility for the entirety of the juvenile justice system beginning next year. Setting aside the considerable challenges associated with designing a juvenile justice realignment proposal in a very narrow window of time, counties are exceptionally concerned about the prospect of layering a new set of complex responsibilities on a foundation shaken by sharp revenue declines. Ensuring that counties’ local public safety systems are stabilized by a backfill of Realignment funding is an essential component in the real-time policy discussions that contemplate expanding local service responsibilities.

We would also note our appreciation for the Legislature’s inclusion of additional resources for local response to homelessness. The \$350 million proposed will assist counties in addressing ongoing needs beyond the end of Project Roomkey. We strongly support continued investment in efforts to address the state’s homelessness crisis, much of which is manifest in our urban communities.

Urban counties understand the difficult budget position that the state faces and are committed to the state/county partnership as we recover from the pandemic. Urban counties remain committed 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, and we urge you to retain the Legislature’s investments in Realignment and homelessness in the 2020-21 state budget.

Respectfully,



Supervisor Kelly Long
Ventura County
Chair, Urban Counties of California



Supervisor Susan Ellenberg
Santa Clara County
Vice-Chair, Urban Counties of California

cc: The Honorable Toni Atkins, President Pro Tempore, California State Senate
The Honorable Anthony Redon, Speaker, California State Assembly
The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
Ana Matosantos, Cabinet Secretary, Office of the Governor
Richard Figueroa, Deputy Cabinet Secretary, Office of the Governor
Tam Ma, Deputy Legislative Secretary, Office of the Governor
Dan Seeman, Deputy Cabinet Secretary, Office of the Governor
Jessica Devencenzi, Deputy Legislative Secretary, Office of the Governor
Mark Ghaly, MD, Secretary, Health and Human Services Agency Secretary
Keely Bosler, Director, Department of Finance