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COUNTY OF MENDOCINO
BOARD OF SUPERVISORS

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May 27, 2020

The Honorable Mike McGuire
State Capitol
1303 10th Street, Room 5061
Sacramento, CA 95814

The Honorable Jim Wood
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0002

RE: Realignment Funding

Dear Senator McGuire and Assembly Member Wood:

Mendocino County greatly appreciate Governor Newsom and the Legislatures support and partnership with local government in responding to the COVID-19 pandemic. Counties are on the front lines of fighting the COVID-19 public health crisis, working tirelessly to protect the health of our residents. 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 future 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

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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.

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.

Mendocino County is committed to working with the California State Association of Counties, Governor Newsom 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.

Sincerely,



John Haschak, Chair
Mendocino County Board of Supervisors

CC: California State Association of Counties
Rural County Representatives of California
Paul Yodar and Karen Lange, Shaw/Yoder/Antwih/Schmelzer/Lange