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October 21, 2020

Ms. Keely Martin Bosler, Director
Department of Finance
Room 1145, State Capitol
Sacramento, California 95814

Dear Ms. Bosler:

In a letter dated October 19, 2020, you notified the Joint Legislative Budget Committee (JLBC), pursuant to Control Section 11.90 of the Budget Act of 2020, of your intention to allocate \$200,000,000 from the federal Coronavirus Relief Fund (CRF), part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act to child care providers, food banks and diaper banks.

Specifically, the request will augment state subsidized child care provider contracts by \$110 million for those providers serving essential workers and at-risk populations. Second, \$75 million will be allocated to the Department of Social Services (DSS) to assist food banks in addressing the increased need for food assistance among low-income and food-insecure populations. This allocation is an additional \$75 million that will help combat food insecurity, and does not supplant any other state or federal funds for this purpose. Lastly, \$15 million will be allocated to DSS to distribute diapers to families that are in need of basic necessities.

Control Section 11.90 of the Budget Act allocated a total of \$9.5 billion in federal funds from the CRF. The federal government requires CRF funds to be expended by December 30, 2020, otherwise any remaining funding will revert to the federal government. Of the \$9.5 billion, \$2.7 billion was allocated to offset state emergency response costs and programs that received General Fund. The Administration is proposing to redirect \$200 million from General Fund offsets to programs that will help address some of the economic hardships created by the COVID-19 pandemic.

I greatly appreciate the Administration's response to the funding proposals we put forward and the Governor's continued support of the safety net programs that are serving essential workers and vulnerable families.

All across California, we have seen food insecurity grow significantly since the beginning of the pandemic. During the fall and winter months, the need for food assistance will persist and the allocation of an additional \$75 million to California's food banks and other nonprofits partners will help serve more families that have been impacted by COVID-19.

Child care providers have also faced major challenges in responding to the pandemic. \$110 million will address some of the additional costs providers have incurred and help support a system that is providing a critical service to essential workers and other working parents.

Finally, higher unemployment caused by the COVID-19 pandemic has made it difficult for many families to afford necessities. \$15 million for the distribution of diapers will assist families with the care of toddlers and infants at a time when many are struggling to pay for basic needs.

Acknowledging the importance of these safety net programs and the critical services they provide, I waive the 10-day notification period and concur with the Administration's request to direct \$200 million from the CRF to child care, food banks and diaper distribution. Additionally, I concur with the Section 11.90 letter dated September 28 that directs up to \$200 million for Homekey.

In conclusion, I thank you and the Governor for working with the Legislature in identifying and supporting programs that are in desperate need of additional funding during the COVID-19 pandemic.

Sincerely,

A handwritten signature in black ink that reads "H. Mitchell". The signature is written in a cursive, slightly slanted style.

Holly J. Mitchell
Chair

cc: Members of the Joint Legislative Budget Committee