

0977 California Health Facilities Financing Authority

The California Health Facilities Financing Authority (CHFFA) issues revenue bonds to assist qualified private nonprofit corporations or associations, counties, and hospital districts in financing or refinancing the construction, equipping or acquiring of health facilities. CHFFA also administers the Children's Hospital Program established by Proposition 61 of 2004 and Proposition 3 of 2008. CHFFA was established by Chapter 1033, Statutes of 1979. CHFFA consists of nine members: the State Treasurer, the Director of Finance, the State Controller, two public members appointed by the Senate, two public members appointed by the Assembly, and two public members appointed by the Governor.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
30 Children's Hospital Program	2.2	4.0	4.0	\$103,252	\$121,432	\$81,480
40 Health Facilities Grants and Loans	10.9	12.5	12.5	905	995	1,025
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	13.1	16.5	16.5	\$104,157	\$122,427	\$82,505
FUNDING				2007-08*	2008-09*	2009-10*
0904 California Health Facilities Financing Authority Fund				\$905	\$995	\$1,025
6046 Children's Hospital Fund				103,252	121,381	81,323
6079 Children's Hospital Bond Act Fund				-	51	157
TOTALS, EXPENDITURES, ALL FUNDS				\$104,157	\$122,427	\$82,505

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code Sections 15430-15463. Health and Safety Code Sections 1179.10-1179.43 and 1179.50-1179.72.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Implementation of Proposition 3	\$-	\$51	1.0	\$-	\$93	1.0
Totals, Workload Budget Change Proposals	\$-	\$51	1.0	\$-	\$93	1.0
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	\$-	-	\$-	\$1	-
• Miscellaneous Adjustments	-	-128,994	-	-	-168,959	-
Totals, Other Workload Budget Adjustments	\$-	-\$128,994	-	\$-	-\$168,958	-
Totals, Workload Budget Adjustments	\$-	-\$128,943	1.0	\$-	-\$168,865	1.0
Totals, Budget Adjustments	\$-	-\$128,943	1.0	\$-	-\$168,865	1.0

PROGRAM DESCRIPTIONS (Program Objectives Statement)

30 - CHILDREN'S HOSPITAL PROGRAM

On November 2, 2004, the voters approved Proposition 61, which established the Children's Hospital Program. On November 4, 2008, voters approved Proposition 3, which established the Children's Hospital Program pursuant to the Children's Hospital Bond Act of 2008. The purpose of the Children's Hospital Program is to improve the health and welfare of California's critically ill children by providing a stable and ready source of funds for capital improvement projects for children's hospitals. Both Proposition 61 and Proposition 3 designated the California Health Facilities Financing Authority (CHFFA) as the administering agency.

CHFFA is authorized to grant \$750 million per Proposition 61 and \$980 million per Proposition 3 to eligible children's hospitals. Funding for these programs is provided through the issuance of general obligation bonds. CHFFA developed, through regulations, selection criteria and a process for awarding grants for Proposition 61, and is developing regulations for Proposition 3.

Applications and funding will be available through 2014 for Proposition 61, and through 2018 for Proposition 3, or until program funding is exhausted. In the event funding is not exhausted by the deadlines for each Proposition, CHFFA will

* Dollars in thousands

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amend the regulations to extend the respective programs. As of June 30, 2008, CHFFA has disbursed \$282.8 million in Proposition 61 funds to nine hospitals. Proposition 3 funds will become available upon the adoption of program regulations.

40 - HEALTH FACILITIES GRANTS AND LOANS

CHFFA provides assistance in funding or refinancing by making loans to health institutions, by direct purchase and leaseback of the health facility by CHFFA, or by a health institution acting as an agent for CHFFA. CHFFA can determine the location and character of any proposed project and can solicit state and federal mortgage insurance for any funded project. To qualify for funding, the project must be a health facility, operated by a private nonprofit corporation or association, city, city and county, county or hospital district. Numerous statutes enacted between 1983 and 2002 broadened the types of facilities that may be financed by CHFFA.

Prior to September 30, 1998, CHFFA was authorized to have outstanding at any one point-in-time up to \$5.999 billion in revenue bonds. Pursuant to Chapter 1035, Statutes of 1998, there is no longer a limitation on bonds outstanding. As of June 30, 2008, bonds and notes in the amount of \$21.1 billion have been issued and \$7.7 billion were outstanding.

The Federal Tax Reform Act of 1986 does not restrict health facility bonds in terms of the state's "private activity" bond limit. Bonds issued under this program are not a debt or liability or a pledge of faith and credit of the taxing power of the state or any of its political subdivisions. The full faith and credit of the participating institutions are pledged to the payment of bonds.

Chapter 99, Statutes of 2000 established the Cedillo-Alarcon Community Clinic Investment Act of 2000, which authorized CHFFA to award grants to eligible primary care clinics for capital outlay projects. Funds of approximately \$50 million were disbursed. In 2004, as part of the Anthem-Well Point merger, \$35 million dollars was committed to healthcare facilities that provide service to underserved communities throughout California. Distribution of these funds was to be accomplished through the process that was established by the Cedillo-Alarcon Community Clinic Investment Act of 2000. In 2005, the Insurance Commissioner entered into an MOU with CHFFA authorizing them to dispense the funds to clinics. Also, Chapter 493, Statutes of 2005 amended the Cedillo-Alarcon Community Clinic Act of 2000 which authorized CHFFA to disburse appropriated additional funding to eligible clinics using selection criteria developed through regulations. As of June 30, 2008, CHFFA disbursed \$38.3 million to 127 community clinics.

Chapter 478, Statutes of 2002, extends CHFFA's ability to provide grants for capital projects not only to community clinics, but also to small health facilities currently eligible under CHFFA's statute. The legislation also allows CHFFA to use its fund balance to make such grants.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

	2007-08*	2008-09*	2009-10*
PROGRAM REQUIREMENTS			
30 CHILDREN'S HOSPITAL PROGRAM			
State Operations:			
6046 Children's Hospital Fund	\$325	\$381	\$323
6079 Children's Hospital Bond Act Fund	-	51	157
Totals, State Operations	\$325	\$432	\$480
Local Assistance:			
6046 Children's Hospital Fund	\$102,927	\$121,000	\$81,000
Totals, Local Assistance	\$102,927	\$121,000	\$81,000
PROGRAM REQUIREMENTS			
40 HEALTH FACILITIES GRANTS AND LOANS			
State Operations:			
0904 California Health Facilities Financing Authority Fund	\$905	\$995	\$1,025
Totals, State Operations	\$905	\$995	\$1,025
TOTALS, EXPENDITURES			
State Operations	1,230	1,427	1,505
Local Assistance	102,927	121,000	81,000
Totals, Expenditures	\$104,157	\$122,427	\$82,505

EXPENDITURES BY CATEGORY (Summary By Object)

	1 State Operations			Expenditures		
	Positions			2007-08*	2008-09*	2009-10*
	2007-08	2008-09	2009-10			
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	13.1	15.5	15.5	\$853	\$966	\$983

* Dollars in thousands

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1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
Total Adjustments	-	1.0	1.0	-	22	44
Net Totals, Salaries and Wages	13.1	16.5	16.5	\$853	\$988	\$1,027
Staff Benefits	-	-	-	309	277	303
Totals, Personal Services	13.1	16.5	16.5	\$1,162	\$1,265	\$1,330
OPERATING EXPENSES AND EQUIPMENT				\$68	\$162	\$175
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$1,230	\$1,427	\$1,505
				2 Local Assistance		
				Expenditures		
				2007-08*	2008-09*	2009-10*
Grants and Subventions				\$102,927	\$121,000	\$81,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$102,927	\$121,000	\$81,000

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439	\$905	\$995	\$1,025
TOTALS, EXPENDITURES	\$905	\$995	\$1,025
6046 Children's Hospital Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$369	\$381	\$323
Allocation for employee compensation	9	-	-
Adjustment per Section 3.60	-1	-	-
Totals Available	\$377	\$381	\$323
Unexpended balance, estimated savings	-52	-	-
TOTALS, EXPENDITURES	\$325	\$381	\$323
6079 Children's Hospital Bond Act Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$-	\$157
Allocation for contingencies or emergencies	-	51	-
TOTALS, EXPENDITURES	\$-	\$51	\$157
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$1,230	\$1,427	\$1,505
2 LOCAL ASSISTANCE			
6046 Children's Hospital Fund			
APPROPRIATIONS			
Health and Safety Code Section 1179.10-1179.43	\$102,927	\$121,000	\$81,000
TOTALS, EXPENDITURES	\$102,927	\$121,000	\$81,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$102,927	\$121,000	\$81,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$104,157	\$122,427	\$82,505

* Dollars in thousands