

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. 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		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
30 Children's Hospital Program	-	2.0	2.0	\$226,554	\$210,376	\$283,369
40 Health Facilities Grants and Loans	11.5	12.5	12.5	930	913	932
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	11.5	14.5	14.5	\$227,484	\$211,289	\$284,301
FUNDING				2005-06*	2006-07*	2007-08*
0904 California Health Facilities Financing Authority Fund				\$930	\$913	\$932
6046 Children's Hospital Fund				226,554	210,376	283,369
TOTALS, EXPENDITURES, ALL FUNDS				\$227,484	\$211,289	\$284,301

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

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

DETAILED BUDGET ADJUSTMENTS

Baseline Adjustment Descriptions	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Increased estimate of budget year Grants	\$-	\$-	-	\$-	\$73,000	-
• Various Baseline Adjustments	-	-17	-	-	-6	-
Totals, Baseline Adjustments	\$-	-\$17	-	\$-	\$72,994	-
TOTALS, BUDGET ADJUSTMENTS	\$-	-\$17	-	\$-	\$72,994	-

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. 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. Proposition 61 designated the California Health Facilities Financing Authority (CHFFA) as the administering agency and authorized CHFFA to grant \$750 million to eligible children's hospitals. Funding for this program is provided through the issuance of general obligation bonds. CHFFA developed, through regulations, selection criteria and a process for awarding grants. Applications and funding will be available through 2014, or until program funding is exhausted. In the event funding is not exhausted by 2014, CHFFA will amend the regulations to extend the program. As of June 30, 2006, CHFFA has disbursed \$70.5 million to six hospitals.

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, 2006, bonds and notes in the amount of \$18.8 billion have been issued and \$7.4 billion were outstanding.

* Dollars in thousands, except in Salary Range.

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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, 2006, funds have not been disbursed.

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)

		2005-06*	2006-07*	2007-08*
PROGRAM REQUIREMENTS				
30	CHILDREN'S HOSPITAL PROGRAM			
State Operations:				
6046	Children's Hospital Fund	\$214	\$376	\$369
	Totals, State Operations	\$214	\$376	\$369
Local Assistance:				
6046	Children's Hospital Fund	\$226,340	\$210,000	\$283,000
	Totals, Local Assistance	\$226,340	\$210,000	\$283,000
PROGRAM REQUIREMENTS				
40	HEALTH FACILITIES GRANTS AND LOANS			
State Operations:				
0904	California Health Facilities Financing Authority Fund	\$930	\$913	\$932
	Totals, State Operations	\$930	\$913	\$932
TOTALS, EXPENDITURES				
	State Operations	1,144	1,289	1,301
	Local Assistance	226,340	210,000	283,000
	Totals, Expenditures	\$227,484	\$211,289	\$284,301

EXPENDITURES BY CATEGORY (Summary By Object)

	1 State Operations			Expenditures		
	Positions					
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	11.5	14.5	14.5	\$732	\$837	\$850
Total Adjustments	-	-	-	-	6	6
Net Totals, Salaries and Wages	11.5	14.5	14.5	\$732	\$843	\$856
Staff Benefits	-	-	-	214	295	300
Totals, Personal Services	11.5	14.5	14.5	\$946	\$1,138	\$1,156
OPERATING EXPENSES AND EQUIPMENT						
				\$198	\$151	\$145
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$1,144	\$1,289	\$1,301
				2 Local Assistance		
				Expenditures		
				2005-06*	2006-07*	2007-08*
Grants and Subventions				\$226,340	\$210,000	\$283,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$226,340	\$210,000	\$283,000

* Dollars in thousands, except in Salary Range.

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439	<u>\$930</u>	<u>\$913</u>	<u>\$932</u>
TOTALS, EXPENDITURES	\$930	\$913	\$932
6046 Children's Hospital Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$289	\$365	\$369
Allocation for employee compensation	<u>-</u>	<u>11</u>	<u>-</u>
Totals Available	\$289	\$376	\$369
Unexpended balance, estimated savings	<u>-75</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$214	\$376	\$369
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$1,144	\$1,289	\$1,301
2 LOCAL ASSISTANCE			
6046 Children's Hospital Fund			
APPROPRIATIONS			
Health and Safety Code Section 1179.10-1179.43	<u>\$226,340</u>	<u>\$210,000</u>	<u>\$283,000</u>
TOTALS, EXPENDITURES	\$226,340	\$210,000	\$283,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$226,340	\$210,000	\$283,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$227,484	\$211,289	\$284,301

CHANGES IN AUTHORIZED POSITIONS

	<u>Positions</u>			<u>Expenditures</u>		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	11.5	14.5	14.5	\$732	\$837	\$850
Salary Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total Adjustments	-	-	-	\$-	\$6	\$6
TOTALS, SALARIES AND WAGES	11.5	14.5	14.5	\$732	\$843	\$856

* Dollars in thousands, except in Salary Range.