

0977 California Health Facilities Financing Authority

The mission of the California Health Facilities Financing Authority (CHFFA) is to help eligible and credit worthy nonprofit and public health facilities reduce their cost of capital, and promote important California health access, health care improvement and cost containment objectives by providing cost-effective tax-exempt bond, low-cost loan, and direct grant programs.

CHFFA issues revenue bonds to assist eligible private nonprofit corporations or associations, counties, and hospital districts in financing or refinancing the construction or acquisition cost of health facilities or equipment. CHFFA also administers the Children's Hospital Program established by Proposition 61 of 2004 and Proposition 3 of 2008, the Cedillo-Alarcon Clinic Grant Program of 2000, the Anthem WellPoint Grant Program of 2004, the Health Expansion Loan Program II ("HELP II"), the California Health Access Model Program of 2012 ("CHAMP"), and the Investment in Mental Health Wellness Act of 2013.

CHFFA was established by Chapter 1033, Statutes of 1979, and consists of nine members: the State Treasurer, the Director of the Department 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

	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
30 Children's Hospital Program	4.0	4.0	4.0	\$305,829	\$93,501	\$120,502
40 Health Facilities Grants and Loans	11.9	13.5	13.5	6,644	10,661	14,161
50 Mental Health Wellness Grants	-	-	-	-	57,650	98,950
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	15.9	17.5	17.5	\$312,473	\$161,812	\$233,613
FUNDING				2012-13*	2013-14*	2014-15*
0001 General Fund				\$-	\$50,350	\$92,150
0904 California Health Facilities Financing Authority Fund				6,644	9,161	9,161
0995 Reimbursements				-	2,800	2,800
3085 Mental Health Services Fund				-	4,500	4,000
6046 Children's Hospital Fund				32,199	4,337	337
6079 Children's Hospital Bond Act Fund				273,630	89,164	120,165
8073 California Health Access Model Program Account, California Health Facilities Financing Authority Fund				-	1,500	5,000
TOTALS, EXPENDITURES, ALL FUNDS				\$312,473	\$161,812	\$233,613

The California Health Facilities Financing Authority Fund (0904) and Program 40-Health Facilities Grants and Loans are not subject to Budget Act appropriation. This budget display is for informational purposes only. The informational budget presented here reflects the department's best estimate of the budgets for 2013-14 and 2014-15.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code Sections 15430-15462.5. Health and Safety Code Sections 1179.10-1179.43 and 1179.50-1179.72. Welfare and Institutions Code Section 5892 and 5848.5 et. seq.

DETAILED BUDGET ADJUSTMENTS

	2013-14*			2014-15*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	\$26	-	\$-	\$27	-
• Retirement Rate Adjustment	-	8	-	-	8	-
• To remove one-time funding provided in 2013-14 for Mental Health Wellness Grants Program.	-	-	-	-142,000	-	-
• To shift funding from 2013-14 to 2014-15 for Mental Health Wellness Grants Program to reflect projected expenditures.	-92,000	-	-	92,000	-	-

* Dollars in thousands, except in Salary Range.

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	2013-14*			2014-15*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Decrease in Proposition 61 (2004) Bond Fund children's hospital projects due to program winding down.	-	-27,000	-	-	-31,000	-
• Decrease in Proposition 3 (2008) Bond Fund distribution for children's hospital projects due to delays.	-	-49,000	-	-	-18,000	-
• To adjust funding for California Health Access Model Program (CHAMP) initial project and subsequent project expenditures.	-	1,500	-	-	5,000	-
• To adjust multi-year support appropriation for Mental Health Wellness Grants Program to reflect projected expenditures.	-150	-	-	-350	-	-
• To remove one-time support funding for the Mental Health Mobile Crisis Team.	-	-	-	-	-500	-
Totals, Other Workload Budget Adjustments	-\$92,150	-\$74,466	-	-\$50,350	-\$44,465	-
Totals, Workload Budget Adjustments	-\$92,150	-\$74,466	-	-\$50,350	-\$44,465	-
Totals, Budget Adjustments	-\$92,150	-\$74,466	-	-\$50,350	-\$44,465	-

PROGRAM DESCRIPTIONS

30 - CHILDREN'S HOSPITAL PROGRAM

In 2004, California voters approved Proposition 61, which established the Children's Hospital Program to be administered by CHFFA. Four years later, in 2008, the voters approved a similar proposition (Proposition 3) establishing the second Children's Hospital Program to be administered by CHFFA. The purpose of both programs 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.

Children's Hospital Program grant funding is derived from the issuance of general obligation bonds, up to \$750 million under Proposition 61 and \$980 million under Proposition 3. CHFFA has adopted regulations for each program addressing selection criteria and a process for awarding the grants.

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 amend the regulations to extend the respective programs. As of June 30, 2013, CHFFA has disbursed \$666.5 million in Proposition 61 funds to thirteen hospitals and \$518.5 million in Proposition 3 funds to eleven hospitals.

40 - HEALTH FACILITIES GRANTS AND LOANS

CHFFA serves as a conduit provider of tax-exempt bonds and a direct provider of financial assistance to health institutions via 1) a loan program referred to as HELP II; 2) two clinic grant programs referred to as Cedillo-Alarcon and Anthem WellPoint; 3) the CHAMP program; and 4) the Investment in Mental Health Wellness program. With the exception of the CHAMP program governed by Government Code section 15438.10, to qualify for funding under any of the other mentioned programs, the proposed 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 have since broadened the types of health facilities that may receive financing from CHFFA under these programs.

Tax-Exempt Bond Program

CHFFA may authorize an unlimited amount of revenue bond financing. Prior to September 30, 1998, CHFFA was only authorized to have outstanding at any one point-in-time up to \$5.999 billion in tax-exempt revenue bonds. Chapter 1035, Statutes of 1998 eliminated this cap. As of June 30, 2013, bonds and notes in the amount of \$30 billion had been issued and \$12.5 billion was outstanding.

Bonds issued under this conduit program are not a debt or liability or a pledge of the full 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 for repayment of the bonds. The Federal Tax Reform Act of 1986 does not restrict conduit health facility bonds in terms of the state's "private activity" bond limit.

Clinic Grant Programs

Chapter 99, Statutes of 2000, established the Cedillo-Alarcon Community Clinic Investment Act of 2000 and allocated \$50 million dollars to CHFFA for the purpose of awarding grants to eligible primary care clinics for capital outlay projects. Funds

* Dollars in thousands, except in Salary Range.

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of approximately \$50 million were disbursed. Residual funds remained and so the Legislature amended the Act in 2005 to authorize CHFFA to disburse the remaining funds to eligible clinics.

In 2004, as part of the Anthem-Well Point merger, \$35 million dollars was allocated to CHFFA for the purpose of awarding grants to eligible health care facilities providing service to underserved communities throughout California. Distribution of these funds was to be accomplished through the same process established for the above referenced Cedillo-Alarcon Community Clinic Investment Act of 2000. In 2005, the Insurance Commissioner entered into a memorandum of understanding with CHFFA authorizing CHFFA to disburse the funds to clinics. Though all funds have been awarded, funds in the amount of \$290,538 remain to be disbursed and are contingent upon the clinics providing relevant documentation evidencing completion of their projects.

Between these two clinic grant programs, as of June 30, 2013, CHFFA has disbursed the sum of \$92 million (including the accumulated interest of roughly \$7 million), to 370 clinics throughout the state.

HELP II Loan Program

CHFFA administers the Healthcare Expansion Loan Program II (HELP II) to assist small and rural health facilities in obtaining financing for their capital needs. The HELP II Financing Program provides three percent (3%), fixed interest loans of up to \$1,000,000 to California's nonprofit small and rural health facilities in an efficient, timely, and cost effective manner. HELP II loans may be used to purchase or construct new facilities, remodel or renovate existing facilities, and purchase equipment or furnishings. Since the program's inception in 1988 and as of June 30, 2013, CHFFA has loaned \$89.1 million to small and rural health facilities. In April 2012, the CHFFA board raised the maximum loan amount facilities can receive under HELP II from \$750,000 to \$1,000,000. Applications are accepted on a monthly basis.

California Health Access Model Program

Chapter 23, Statutes of 2012, Government Code section 15438.10 authorized CHAMP, a new grant program, intended to support innovative methods of delivering health care services more effectively, and to improve access and health outcomes for vulnerable populations and communities by bringing service, including preventative services, to individuals where they live or congregate.

CHAMP's initial grant phase will fund one or more demonstration projects, up to a combined total of \$1.5 million from the Authority's fund balance. If the evaluation of the completed demonstration project(s) demonstrates it is warranted, CHFFA will launch a second phase of CHAMP to support additional grants up to a combined total of \$5 million, also from the Authority's fund balance, so other California communities can implement the same improved methods for delivering services.

50 - MENTAL HEALTH WELLNESS GRANTS

Chapter 34, Statutes of 2013, Welfare and Institutions Code section 5892 and 5848.5 et.seq., the Investment in Mental Health Wellness Act of 2013 (the "Act") and related legislation provides \$142.5 million in General Fund and an additional \$6.8 million in Mental Health Services Act and federal funding for CHFFA to provide grants for community based mental health crisis support.

The Act established a new grant program to disburse funds to California counties or to their nonprofit or public agency designates for the purpose of developing mental health crisis support programs. Specifically, funds will "increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams." CHFFA grants will support capital improvement, expansion and limited start-up costs.

CHFFA is currently in the process of developing and adopting emergency regulations for this new grant program which will address selection criteria, maximum grant amounts, and a process for awarding grants.

DETAILED EXPENDITURES BY PROGRAM

	<u>2012-13*</u>	<u>2013-14*</u>	<u>2014-15*</u>
PROGRAM REQUIREMENTS			
30 CHILDREN'S HOSPITAL PROGRAM			
State Operations:			
6046 Children's Hospital Fund	\$318	\$337	\$337
6079 Children's Hospital Bond Act Fund	153	164	165
Totals, State Operations	\$471	\$501	\$502
Local Assistance:			
6046 Children's Hospital Fund	\$31,881	\$4,000	\$-
6079 Children's Hospital Bond Act Fund	273,477	89,000	120,000
Totals, Local Assistance	\$305,358	\$93,000	\$120,000
PROGRAM REQUIREMENTS			
40 HEALTH FACILITIES GRANTS AND LOANS			
State Operations:			

* Dollars in thousands, except in Salary Range.

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		2012-13*	2013-14*	2014-15*
0904	California Health Facilities Financing Authority Fund	\$1,886	\$2,661	\$2,661
	Totals, State Operations	\$1,886	\$2,661	\$2,661
	Local Assistance:			
0904	California Health Facilities Financing Authority Fund	\$4,758	\$6,500	\$6,500
8073	California Health Access Model Program Account, California Health Facilities Financing Authority Fund	-	1,500	5,000
	Totals, Local Assistance	\$4,758	\$8,000	\$11,500
	PROGRAM REQUIREMENTS			
50	MENTAL HEALTH WELLNESS GRANTS			
	State Operations:			
0001	General Fund	\$-	\$350	\$150
	Totals, State Operations	\$-	\$350	\$150
	Local Assistance:			
0001	General Fund	\$-	\$50,000	\$92,000
0995	Reimbursements	-	2,800	2,800
3085	Mental Health Services Fund	-	4,500	4,000
	Totals, Local Assistance	\$-	\$57,300	\$98,800
	TOTALS, EXPENDITURES			
	State Operations	2,357	3,512	3,313
	Local Assistance	310,116	158,300	230,300
	Totals, Expenditures	\$312,473	\$161,812	\$233,613

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	15.9	17.5	17.5	\$1,009	\$1,123	\$1,137
Total Adjustments	-	-	-	-	19	19
Net Totals, Salaries and Wages	15.9	17.5	17.5	\$1,009	\$1,142	\$1,156
Staff Benefits	-	-	-	423	453	459
Totals, Personal Services	15.9	17.5	17.5	\$1,432	\$1,595	\$1,615
OPERATING EXPENSES AND EQUIPMENT				\$925	\$1,917	\$1,698
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$2,357	\$3,512	\$3,313

2 Local Assistance

	Expenditures		
	2012-13*	2013-14*	2014-15*
Grants and Subventions	\$310,116	\$158,300	\$230,300
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$310,116	\$158,300	\$230,300

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2012-13*	2013-14*	2014-15*
0001 General Fund			
APPROPRIATIONS			
Chapter 34, Statutes of 2013	\$-	\$500	\$-
Prior year balances available:			

* Dollars in thousands, except in Salary Range.

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1 STATE OPERATIONS	2012-13*	2013-14*	2014-15*
Chapter 34, Statutes of 2013	-	-	150
Totals Available	\$-	\$500	\$150
Balance available in subsequent years	-	-150	-
TOTALS, EXPENDITURES	\$-	\$350	\$150
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439	\$1,886	\$2,661	\$2,661
TOTALS, EXPENDITURES	\$1,886	\$2,661	\$2,661
6046 Children's Hospital Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$323	\$329	\$337
Allocation for employee compensation	1	7	-
Adjustment per Section 3.60	4	1	-
Adjustment per Section 3.90	-10	-	-
Government Code Section 16724.6	6	-	-
Totals Available	\$324	\$337	\$337
Unexpended balance, estimated savings	-6	-	-
TOTALS, EXPENDITURES	\$318	\$337	\$337
6079 Children's Hospital Bond Act Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$156	\$159	\$165
Allocation for employee compensation	1	4	-
Adjustment per Section 3.60	2	1	-
Adjustment per Section 3.90	-6	-	-
Government Code Section 16724.6	-	-	-
TOTALS, EXPENDITURES	\$153	\$164	\$165
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$2,357	\$3,512	\$3,313
2 LOCAL ASSISTANCE			
0001 General Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$-	\$142,000	\$-
Prior year balances available:			
Item 0977-101-0001, Budget Act of 2013	-	-	92,000
Totals Available	\$-	\$142,000	\$92,000
Balance available in subsequent years	-	-92,000	-
TOTALS, EXPENDITURES	\$-	\$50,000	\$92,000
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439 (Health Facilities Grants and Loans)	\$4,758	\$6,500	\$6,500
TOTALS, EXPENDITURES	\$4,758	\$6,500	\$6,500
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$-	\$2,800	\$2,800
3085 Mental Health Services Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$-	\$4,500	\$4,000
TOTALS, EXPENDITURES	\$-	\$4,500	\$4,000
6046 Children's Hospital Fund			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range.

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2 LOCAL ASSISTANCE	2012-13*	2013-14*	2014-15*
Health and Safety Code sections 1179.10 - 1179.43	<u>\$31,881</u>	<u>\$4,000</u>	<u>\$-</u>
TOTALS, EXPENDITURES	\$31,881	\$4,000	\$-
6079 Children's Hospital Bond Act Fund			
APPROPRIATIONS			
Health and Safety Code section 1179.53	<u>\$273,477</u>	<u>\$89,000</u>	<u>\$120,000</u>
TOTALS, EXPENDITURES	\$273,477	\$89,000	\$120,000
8073 California Health Access Model Program Account, California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code section 15438.10 (b)(1)	\$1,500	\$-	\$-
Government Code section 15438.10 (c)(1)	-	-	5,000
Prior year balances available:			
Government Code section 15438.10 (b)(1)	<u>-</u>	<u>1,500</u>	<u>-</u>
Totals Available	\$1,500	\$1,500	\$5,000
Balance available in subsequent years	<u>-1,500</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$-	\$1,500	\$5,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$310,116	\$158,300	\$230,300
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$312,473	\$161,812	\$233,613

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
Totals, Authorized Positions	15.9	17.5	17.5	\$1,009	\$1,123	\$1,137
Salary Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Total Adjustments	-	-	-	\$-	\$19	\$19
TOTALS, SALARIES AND WAGES	15.9	17.5	17.5	\$1,009	\$1,142	\$1,156

* Dollars in thousands, except in Salary Range.