

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"), and the California Health Access Model Program of 2012 ("CHAMP").

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		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
30 Children's Hospital Program	3.9	4.0	4.0	\$109,906	\$262,471	\$169,488
40 Health Facilities Grants and Loans	12.2	12.5	12.5	5,590	10,588	9,140
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	16.1	16.5	16.5	\$115,496	\$273,059	\$178,628
FUNDING				2011-12*	2012-13*	2013-14*
0904 California Health Facilities Financing Authority Fund				\$5,590	\$9,088	\$9,140
6046 Children's Hospital Fund				51,489	36,318	31,329
6079 Children's Hospital Bond Act Fund				58,417	226,153	138,159
8073 California Health Access Model Program Account, California Health Facilities Financing Authority Fund				-	1,500	-
TOTALS, EXPENDITURES, ALL FUNDS				\$115,496	\$273,059	\$178,628

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 2012-13 and 2013-14.

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

	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustment	\$-	-\$57	-	\$-	\$12	-
• Retirement Rate Adjustment	-	25	-	-	25	-
• Increase in Proposition 61 (2004) Bond Fund distribution for children's hospital projects that were previously delayed, as well as for existing projects to be completed.	-	21,000	-	-	16,000	-
• Increase in Proposition 3 (2008) Bond Fund distribution for children's hospital projects that were previously delayed, as well as for existing projects to be completed.	-	126,000	-	-	38,000	-
• Demonstration project for CHAMP program	-	-5,000	-	-	-6,500	-
Totals, Other Workload Budget Adjustments	\$-	\$141,968	-	\$-	\$47,537	-

* Dollars in thousands, except in Salary Range.

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	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Totals, Workload Budget Adjustments	\$-	\$141,968	-	\$-	\$47,537	-
Totals, Budget Adjustments	\$-	\$141,968	-	\$-	\$47,537	-

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, 2012, CHFFA has disbursed \$630.1 million in Proposition 61 funds to twelve hospitals and \$275.9 million in Proposition 3 funds to nine 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; and 3) the newly enacted CHAMP 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, 2012, bonds and notes in the amount of \$28.7 billion had been issued and \$11.9 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 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 under served 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 an memorandum of understanding with CHFFA authorizing CHFFA to disburse the funds to clinics. Though all funds have been awarded, funds in the amount of \$274,976 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, 2012, 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 otherwise difficult and costly to obtain 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

* Dollars in thousands, except in Salary Range.

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renovate existing facilities, and purchase equipment or furnishings. Since the program's inception in 1988 and as of June 30, 2012, CHFFA has loaned \$83.7 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 improving 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, CHAMP will launch a second phase 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.

DETAILED EXPENDITURES BY PROGRAM

		2011-12*	2012-13*	2013-14*
PROGRAM REQUIREMENTS				
30	CHILDREN'S HOSPITAL PROGRAM			
State Operations:				
6046	Children's Hospital Fund	\$270	\$318	\$329
6079	Children's Hospital Bond Act Fund	129	153	159
Totals, State Operations		\$399	\$471	\$488
Local Assistance:				
6046	Children's Hospital Fund	\$51,219	\$36,000	\$31,000
6079	Children's Hospital Bond Act Fund	58,288	226,000	138,000
Totals, Local Assistance		\$109,507	\$262,000	\$169,000
PROGRAM REQUIREMENTS				
40	HEALTH FACILITIES GRANTS AND LOANS			
State Operations:				
0904	California Health Facilities Financing Authority Fund	\$2,191	\$2,588	\$2,640
Totals, State Operations		\$2,191	\$2,588	\$2,640
Local Assistance:				
0904	California Health Facilities Financing Authority Fund	\$3,399	\$6,500	\$6,500
8073	California Health Access Model Program Account, California Health Facilities Financing Authority Fund	-	1,500	-
Totals, Local Assistance		\$3,399	\$8,000	\$6,500
TOTALS, EXPENDITURES				
State Operations		2,590	3,059	3,128
Local Assistance		112,906	270,000	175,500
Totals, Expenditures		\$115,496	\$273,059	\$178,628

EXPENDITURES BY CATEGORY

	1 State Operations			Expenditures		
	Positions					
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	16.1	16.5	16.5	\$1,005	\$1,042	\$1,103
Net Totals, Salaries and Wages	16.1	16.5	16.5	\$1,005	\$1,042	\$1,103
Staff Benefits	-	-	-	399	417	436
Totals, Personal Services	16.1	16.5	16.5	\$1,404	\$1,459	\$1,539
OPERATING EXPENSES AND EQUIPMENT				\$1,186	\$1,600	\$1,589

* Dollars in thousands, except in Salary Range.

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1 State Operations	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$2,590	\$3,059	\$3,128

2 Local Assistance	Expenditures		
	2011-12*	2012-13*	2013-14*
Grants and Subventions	\$112,906	\$270,000	\$175,500
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$112,906	\$270,000	\$175,500

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439	\$2,191	\$2,588	\$2,640
TOTALS, EXPENDITURES	\$2,191	\$2,588	\$2,640
6046 Children's Hospital Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$321	\$323	\$329
Allocation for employee compensation	1	1	-
Adjustment per Section 3.60	2	4	-
Adjustment per Section 3.90	-4	-10	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-2	-	-
Totals Available	\$318	\$318	\$329
Unexpended balance, estimated savings	-48	-	-
TOTALS, EXPENDITURES	\$270	\$318	\$329
6079 Children's Hospital Bond Act Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$156	\$156	\$159
Allocation for employee compensation	-	1	-
Adjustment per Section 3.60	1	2	-
Adjustment per Section 3.90	-1	-6	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-1	-	-
Totals Available	\$155	\$153	\$159
Unexpended balance, estimated savings	-26	-	-
TOTALS, EXPENDITURES	\$129	\$153	\$159
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$2,590	\$3,059	\$3,128
2 LOCAL ASSISTANCE	2011-12*	2012-13*	2013-14*
0904 California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Government Code Section 15439 (Health Facilities Grants and Loans)	\$3,399	\$6,500	\$6,500
TOTALS, EXPENDITURES	\$3,399	\$6,500	\$6,500
6046 Children's Hospital Fund			
APPROPRIATIONS			
Health and Safety Code Section 1179.10-1179.43	\$51,219	\$36,000	\$31,000
TOTALS, EXPENDITURES	\$51,219	\$36,000	\$31,000
6079 Children's Hospital Bond Act Fund			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range.

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2 LOCAL ASSISTANCE	2011-12*	2012-13*	2013-14*
Health and Safety Code Section 1179.53	<u>\$58,288</u>	<u>\$226,000</u>	<u>\$138,000</u>
TOTALS, EXPENDITURES	\$58,288	\$226,000	\$138,000
8073 California Health Access Model Program Account, California Health Facilities Financing Authority Fund			
APPROPRIATIONS			
Chapter 23, Statutes of 2012	<u>\$-</u>	<u>\$1,500</u>	<u>\$-</u>
TOTALS, EXPENDITURES	\$-	\$1,500	\$-
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$112,906	\$270,000	\$175,500
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$115,496	\$273,059	\$178,628

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