

## 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		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
0880 Children's Hospital Program	3.0	4.0	4.0	\$51,336	\$120,518	\$100,519
0885 Health Facilities Grants and Loans	10.7	13.5	13.5	7,997	14,212	9,359
0890 Mental Health Wellness Grants	3.2	-	-	75,676	78,098	6,800
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>16.9</b>	<b>17.5</b>	<b>17.5</b>	<b>\$135,009</b>	<b>\$212,828</b>	<b>\$116,678</b>

FUNDING				2013-14*	2014-15*	2015-16*
0001	General Fund			\$71,202	\$71,298	\$-
0904	California Health Facilities Financing Authority Fund			7,997	9,212	9,359
0995	Reimbursements			-	2,800	2,800
3085	Mental Health Services Fund			4,474	4,000	4,000
6046	Childrens Hospital Fund			4,421	346	347
6079	Childrens Hospital Bond Act Fund			46,915	120,172	100,172
8073	California Health Access Model Program Account, California Health Facilities Financing Authority Fund			-	5,000	-
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$135,009</b>	<b>\$212,828</b>	<b>\$116,678</b>

### 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

	2014-15*			2015-16*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Other Workload Budget Adjustments</b>						
• Pro Rata	\$-	\$-	-	\$-	\$144	-
• Retirement Rate Adjustments	-	35	-	-	35	-
• Salary Adjustments	-	23	-	-	23	-
• Benefit Adjustments	-	9	-	-	11	-
• Carryover/Reappropriation	-20,852	-	-	-	-	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>-\$20,852</b>	<b>\$67</b>	<b>-</b>	<b>\$-</b>	<b>\$213</b>	<b>-</b>
<b>Totals, Workload Budget Adjustments</b>	<b>-\$20,852</b>	<b>\$67</b>	<b>-</b>	<b>\$-</b>	<b>\$213</b>	<b>-</b>
<b>Totals, Budget Adjustments</b>	<b>-\$20,852</b>	<b>\$67</b>	<b>-</b>	<b>\$-</b>	<b>\$213</b>	<b>-</b>

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## 0977 California Health Facilities Financing Authority - Continued

### PROGRAM DESCRIPTIONS

#### 0880 - 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 2018 for both Proposition 61 and Proposition 3, or until a program's funding is exhausted. In the event a program's funding is not exhausted by the deadline, CHFFA will amend the regulations to extend the deadline(s) for the program(s). As of June 30, 2014, CHFFA has disbursed \$670.7 million in Proposition 61 funds to thirteen hospitals, and \$575.5 million in Proposition 3 funds to eleven hospitals.

#### 0885 - 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, 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, 2014, bonds and notes in the amount of \$31.3 billion had been issued and \$13.2 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 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, 2014, 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, 2014, CHFFA has loaned \$94.4 million to small and rural health facilities. 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

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## 0977 California Health Facilities Financing Authority - Continued

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 was launched February 7, 2013 and a total amount of \$1,426,089 was awarded to the nominated grantee, San Francisco Health Plan, for the implementation of the Community Care demonstration project. No disbursement was made, as of June 30, 2014.

If the evaluation of the completed demonstration project indicates that it is warranted, CHFFA will launch a second phase of CHAMP to support additional replication grants, up to a combined total of \$5 million, from the Authority's fund balance, so other California communities can implement the same improved methods for delivering services.

### 0890 - 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 ("MHSA") 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 has adopted emergency regulations for this new grant program which addresses selection criteria, maximum grant amounts, and a process for awarding grants.

The CHFFA board approved 21 applications in the first funding round to potentially serve 28 counties totaling approximately \$71.53 million of the General Fund money allocated to this program and \$3.97 million in MHSA funding. The approved applications will add 809 crisis residential and crisis stabilization beds, 43 mobile crisis vehicles and approximately 58 mobile crisis staff statewide.

### DETAILED EXPENDITURES BY PROGRAM

		2013-14*	2014-15*	2015-16*
	<b>PROGRAM REQUIREMENTS</b>			
<b>0880</b>	<b>CHILDREN'S HOSPITAL PROGRAM</b>			
	<b>State Operations:</b>			
6046	Childrens Hospital Fund	\$263	\$346	\$347
6079	Childrens Hospital Bond Act Fund	120	172	172
	<b>Totals, State Operations</b>	<b>\$383</b>	<b>\$518</b>	<b>\$519</b>
	<b>Local Assistance:</b>			
6046	Childrens Hospital Fund	\$4,158	\$-	\$-
6079	Childrens Hospital Bond Act Fund	46,795	120,000	100,000
	<b>Totals, Local Assistance</b>	<b>\$50,953</b>	<b>\$120,000</b>	<b>\$100,000</b>
	<b>PROGRAM REQUIREMENTS</b>			
<b>0885</b>	<b>HEALTH FACILITIES GRANTS AND LOANS</b>			
	<b>State Operations:</b>			
0904	California Health Facilities Financing Authority Fund	\$1,509	\$2,712	\$2,859
	<b>Totals, State Operations</b>	<b>\$1,509</b>	<b>\$2,712</b>	<b>\$2,859</b>
	<b>Local Assistance:</b>			
0904	California Health Facilities Financing Authority Fund	\$6,488	\$6,500	\$6,500
8073	California Health Access Model Program Account, California Health Facilities Financing Authority Fund	-	5,000	-
	<b>Totals, Local Assistance</b>	<b>\$6,488</b>	<b>\$11,500</b>	<b>\$6,500</b>
	<b>PROGRAM REQUIREMENTS</b>			
<b>0890</b>	<b>MENTAL HEALTH WELLNESS GRANTS</b>			
	<b>State Operations:</b>			
0001	General Fund	\$371	\$129	\$-

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## 0977 California Health Facilities Financing Authority - Continued

		2013-14*	2014-15*	2015-16*
<b>Totals, State Operations</b>		<b>\$371</b>	<b>\$129</b>	<b>\$-</b>
<b>Local Assistance:</b>				
0001	General Fund	\$70,831	\$71,169	\$-
0995	Reimbursements	-	2,800	2,800
3085	Mental Health Services Fund	4,474	4,000	4,000
<b>Totals, Local Assistance</b>		<b>\$75,305</b>	<b>\$77,969</b>	<b>\$6,800</b>
<b>TOTALS, EXPENDITURES</b>				
State Operations		2,263	3,359	3,378
Local Assistance		132,746	209,469	113,300
<b>Totals, Expenditures</b>		<b>\$135,009</b>	<b>\$212,828</b>	<b>\$116,678</b>

### EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	16.9	17.5	17.5	\$1,135	\$1,155	\$1,155
Total Adjustments	-	-	-	-	22	23
<b>Net Totals, Salaries and Wages</b>	<b>16.9</b>	<b>17.5</b>	<b>17.5</b>	<b>\$1,135</b>	<b>\$1,177</b>	<b>\$1,178</b>
Staff Benefits	-	-	-	461	502	505
<b>Totals, Personal Services</b>	<b>16.9</b>	<b>17.5</b>	<b>17.5</b>	<b>\$1,596</b>	<b>\$1,679</b>	<b>\$1,683</b>
OPERATING EXPENSES AND EQUIPMENT				\$667	\$1,680	\$1,695
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$2,263</b>	<b>\$3,359</b>	<b>\$3,378</b>

2 Local Assistance	Expenditures		
	2013-14*	2014-15*	2015-16*
Grants and Subventions - Governmental	\$126,258	\$202,969	\$106,800
Grants and Subventions - Non-Governmental	80	-	-
Loans, Transfers and Other Disbursements	6,408	6,500	6,500
<b>TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)</b>	<b>\$132,746</b>	<b>\$209,469</b>	<b>\$113,300</b>

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2013-14*†	2014-15*	2015-16*
<b>0001 General Fund</b>			
APPROPRIATIONS			
Chapter 34, Statutes of 2013	\$500	-	-
Prior Year Balances Available:			
Chapter 34, Statutes of 2013	-	150	-
Carryover adjustment	-	-21	-
<b>Totals Available</b>	<b>\$500</b>	<b>\$129</b>	<b>\$-</b>
Balance available in subsequent years	-129	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$371</b>	<b>\$129</b>	<b>\$-</b>
<b>0904 California Health Facilities Financing Authority Fund</b>			
APPROPRIATIONS			
Government Code Section 15439	\$1,509	\$2,662	\$2,859

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**0977 California Health Facilities Financing Authority - Continued**

<b>1 STATE OPERATIONS</b>	<b>2013-14*†</b>	<b>2014-15*</b>	<b>2015-16*</b>
Allocation for employee compensation	-	17	-
Allocation for staff benefits	-	7	-
Section 3.60 pension contribution	-	26	-
<b>TOTALS, EXPENDITURES</b>	<b>\$1,509</b>	<b>\$2,712</b>	<b>\$2,859</b>
<b>6046 Childrens Hospital Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$337	\$337	\$347
Allocation for employee compensation	-	3	-
Allocation for staff benefits	-	1	-
Section 3.60 pension contribution	-	5	-
<b>Totals Available</b>	<b>\$337</b>	<b>\$346</b>	<b>\$347</b>
Unexpended balance, estimated savings	-74	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$263</b>	<b>\$346</b>	<b>\$347</b>
<b>6079 Childrens Hospital Bond Act Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$165	\$166	\$172
Allocation for employee compensation	-	2	-
Allocation for staff benefits	-	1	-
Section 3.60 pension contribution	-	3	-
<b>Totals Available</b>	<b>\$165</b>	<b>\$172</b>	<b>\$172</b>
Unexpended balance, estimated savings	-45	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$120</b>	<b>\$172</b>	<b>\$172</b>
<b>Total Expenditures, All Funds, (State Operations)</b>	<b>\$2,263</b>	<b>\$3,359</b>	<b>\$3,378</b>
<b>2 LOCAL ASSISTANCE</b>			
<b>0001 General Fund</b>			
APPROPRIATIONS			
101 Budget Act appropriation	\$142,000	-	-
Prior Year Balances Available:			
Item 0977-101-0001, Budget Act of 2013	-	92,000	-
Carryover adjustment	-	-20,831	-
<b>Totals Available</b>	<b>\$142,000</b>	<b>\$71,169</b>	<b>\$-</b>
Balance available in subsequent years	-71,169	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$70,831</b>	<b>\$71,169</b>	<b>\$-</b>
<b>0904 California Health Facilities Financing Authority Fund</b>			
APPROPRIATIONS			
Government Code Section 15438.6 (Grants to Primary Care Clinics)	\$80	-	-
Government Code Section 15439	-	6,500	6,500
Government Code Section 15439 (Health Facilities Grants and Loans)	6,408	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$6,488</b>	<b>\$6,500</b>	<b>\$6,500</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	-	\$2,800	\$2,800
<b>TOTALS, EXPENDITURES</b>	<b>\$-</b>	<b>\$2,800</b>	<b>\$2,800</b>
<b>3085 Mental Health Services Fund</b>			
APPROPRIATIONS			
101 Budget Act appropriation	\$4,500	\$4,000	\$4,000
<b>Totals Available</b>	<b>\$4,500</b>	<b>\$4,000</b>	<b>\$4,000</b>

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## 0977 California Health Facilities Financing Authority - Continued

2 LOCAL ASSISTANCE	2013-14*†	2014-15*	2015-16*
Unexpended balance, estimated savings	-26	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$4,474</b>	<b>\$4,000</b>	<b>\$4,000</b>
<b>6046 Childrens Hospital Fund</b>			
APPROPRIATIONS			
Health and Safety Code sections 1179.10 - 1179.43	\$4,158	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$4,158</b>	<b>\$-</b>	<b>\$-</b>
<b>6079 Childrens Hospital Bond Act Fund</b>			
APPROPRIATIONS			
Health and Safety Code section 1179.53	\$46,795	\$120,000	\$100,000
<b>TOTALS, EXPENDITURES</b>	<b>\$46,795</b>	<b>\$120,000</b>	<b>\$100,000</b>
<b>8073 California Health Access Model Program Account, California Health Facilities Financing Authority Fund</b>			
APPROPRIATIONS			
Government Code section 15438.10 (c)(1)	-	\$5,000	-
Prior Year Balances Available:			
Government Code section 15438.10 (b)(1)	1,500	-	-
<b>Totals Available</b>	<b>\$1,500</b>	<b>\$5,000</b>	<b>\$-</b>
Balance available in subsequent years	-1,500	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$-</b>	<b>\$5,000</b>	<b>\$-</b>
<b>Total Expenditures, All Funds, (Local Assistance)</b>	<b>\$132,746</b>	<b>\$209,469</b>	<b>\$113,300</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)</b>	<b>\$135,009</b>	<b>\$212,828</b>	<b>\$116,678</b>

### CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
<b>Totals, Authorized Positions</b>	16.9	17.5	17.5	\$1,135	\$1,155	\$1,155
<b>Salary and Other Adjustments</b>	-	-	-	-	22	23
<b>Totals, Adjustments</b>	-	-	-	<b>\$-</b>	<b>\$22</b>	<b>\$23</b>
<b>TOTALS, SALARIES AND WAGES</b>	<b>16.9</b>	<b>17.5</b>	<b>17.5</b>	<b>\$1,135</b>	<b>\$1,177</b>	<b>\$1,178</b>

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