

FINDING OF EMERGENCY

The California Health Facilities Financing Authority (the “Authority” or “CHFFA”) intends to implement these regulations on an emergency basis for the immediate preservation of the public peace, health, safety, or general welfare, within the meaning of Government Code Section 11346.1.

Government Code Section 11346.1(a)(2) requires that at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. To this end, the Authority posted the proposed emergency regulations on its website and simultaneously disseminates notice of the proposed emergency action to all persons who have filed a request for notice

After submission of the proposed emergency regulations to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6. To determine the Office of Administrative Law five day comment period, please check <http://ww.oal.ca.gov/> often.

DESCRIPTION OF SPECIFIC FACTS WHICH CONSTITUTE THE EMERGENCY

Health and Safety Code Section 1179.54 provides:

“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. The program provided for in this part is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the state.”

These regulations will directly benefit 13 children’s hospitals that operate throughout California. These hospitals provide comprehensive pediatric services to a high volume of children eligible for governmental programs and to children with special health care needs eligible for the California Children’s Services program. The regulations provide the mechanism for an additional funding round in order to disburse these remaining funds for the purchase of additional equipment for use in the treatment of these children or to fund other capital projects to either expand bed capacity or upgrade the facility as needed to better serve these children and their families.

Health and Safety Code sections 1179.57, subdivisions (c) and (d), provide that the First Funding Round is to end on June 30, 2018, at which time any funding remaining shall be available for any children’s hospital identified in paragraph (1) or (2), as applicable, of Section 1179.51, subdivision (b). Currently, four of the eligible children’s hospitals have not accessed all of the funds available to them.

The filing of these regulations as “emergency” will allow the regulations to become effective in sufficient time for the children’s hospitals to review the Second Funding Round requirements and submit Applications for the available funds when the Second Funding Round opens on July 1, 2018.

The timeline of the Regular Rulemaking procedures will delay implementation of these proposed amendments past June 30, 2018, the date of the end of the First Funding Round. This will prevent the children’s hospitals from submitting applications for the remaining funds until regulations are filed with the Secretary of State and thus, effective. The projects undertaken by the children’s hospitals involve millions of dollars and take months of preparation for hospital expansion and renovation such as architectural design, permits, surveys, etc. Another use of the funds is for state-of-the-art equipment to serve critically ill children and children with special health care needs. Such a delay in funding can jeopardize the preliminary project work and/or the purchase of equipment needed for the health, treatment and welfare of these vulnerable children and their families.

INFORMATIVE DIGEST

California voters passed Proposition 3 on November 4, 2008, enabling the State of California to issue \$980 in General Obligation Bonds for the Children’s Hospital Program. The purpose of the program as outlined in Health and Safety Code Sections 1179.50-1179.72, 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. The California Health Facilities Financing Authority (the “Authority”) is responsible for administering the Program. Thirteen children’s hospitals are eligible for grants through the Program: eight nonprofit children’s hospitals, and five University of California children’s hospitals.

The Authority administered a First Funding Round that will end on June 30, 2018. Nine of the 13 hospitals have been awarded the maximum grants for which each is eligible (\$98 million for nonprofit hospitals and \$39.2 million for UC hospitals). However, there are four hospitals that have not yet been awarded their maximum grant amounts. Approximately \$92 million is available to be awarded to the four hospitals by June 30, 2018. In order for these grant funds to be awarded after June 30, 2018, the Authority must establish a new funding round. The proposed amendments to the regulations will establish a new timeframe and Application Form for the Second Funding Round and allow the Authority to create a third funding round if needed. The ability to create a third funding round will ensure that all funds are awarded. The balance of grant funds will be awarded consistent with Section 1179.56, subdivisions (a) and (b), of the Health and Safety Code: twenty percent of the total funds to the five University of California children’s hospitals and eighty percent to the eight nonprofit children’s hospitals.

The Second Funding Round, which the proposed regulations provide for, will allow for a competitive round to commence on July 1, 2018 to disburse the remaining grant funds in a competitive funding round on a first-come, first-served basis.

A new Application Form was developed for the Second Funding Round. The name of the Application acknowledges that it is specific to the Second Funding Round, Children's Hospital Program of 2008 Funding Round 2 Grant Application Form #CHFFA 6, Rev. 01-2018-3.

The only entities impacted by these regulations are the children's hospitals as specified in Health and Safety Code Section 1179.51, subdivision (b).

DOCUMENTS INCORPORATED BY REFERENCE

The Children's Hospital Program of 2008 Funding Round 2 Grant Application Form #CHFFA 6, Rev. 01-2018-3.

STATEMENT OF NECESSITY:

Section 7051, Definitions – subdivision (mm). "Third Funding Round" is necessary because should funds remain after the Second Funding Round has been completed and funds awarded provisions are in place for the Third Funding Round.

Section 7054, Maximum Grant, Second Funding Round – subdivisions (a) and (b). It is necessary to delete the language currently in this section and add new language as it has been determined that a Second Funding Round will be held. This section now informs the eligible Children's Hospitals of a Second Funding Round; that the Second Funding Round will be on a first-come, first-served basis and how the Initial Allocations will be disbursed.

Section 7063, Any Remaining Funds – subdivision (b). This subdivision was added to make provisions for a Third Funding Round, should one become necessary.

Section 7071, Audits – subdivisions (a)(1) and (a)(2). This regulation was amended to inform Grantees that documentation and financial data for the Second Funding Round is to be retained for a period of three years after the certification of completion has been submitted or until June 30, 2025, whichever is later.

DESCRIPTION OF THE BENEFITS OF THE PROPOSED ACTION, WHICH INCLUDES NONMONETARY BENEFITS SUCH AS PROTECTION OF THE PUBLIC HEALTH AND SAFETY, WORKER SAFETY, THE ENVIRONMENT, ETC.

These regulations will directly benefit 13 children's hospitals (eight non-profit children's hospitals and five University of California children's hospitals) that operate throughout California. These children's hospitals provide comprehensive pediatric services to a high volume of children eligible for governmental programs and to children with special health care needs eligible for the California Children's Services program. These regulations provide the mechanism for additional funding rounds to be held in order to

disburse remaining funds to the designated children's hospitals as soon as possible to purchase critically needed additional equipment for use in the treatment of these children or to fund other capital projects to either expand bed capacity or update facilities as needed to better serve these children and their families.

EVALUATION OF WHETHER OR NOT THE PROPOSED REGULATIONS ARE INCONSISTENT OR INCOMPATIBLE WITH EXISTING STATE REGULATIONS.

The Authority evaluated whether or not there were any other regulations concerning the awarding of grants to the children's hospitals to implement Proposition 3 (the Children's Hospital Program of 2008) and has found that these are the only regulations in this area. Therefore, the proposed regulatory amendments are neither inconsistent nor incompatible with existing state regulations.

COST ESTIMATE

1. Cost or Savings to State Agencies: No impact. The California voters passed Proposition 3 on November 3, 2008, enabling the State of California to issue \$980 in General Obligation bonds for the Children's Hospital Program.
2. Cost to Local Agencies or School Districts Which Must Be Reimbursed in Accordance with Government Code Sections 17500-17630: None
3. Nondiscretionary Costs or Savings to Local Agencies: No impact.
4. Cost Impact: Cost or Savings in Federal Funding to State Agencies: No impact.

LOCAL MANDATE STATEMENT

These regulations do not impose a mandate upon local agencies. There are no "state mandated local costs" in these regulations which require state reimbursement under Section 17500 of the Government Code.

FISCAL IMPACT

These regulations do not impose any costs to any local agency or school district requiring reimbursement pursuant to section 17500 et seq. of the Government Code, nor do these regulations identify any costs or savings to any state agency, other nondiscretionary costs or savings to be imposed upon local agencies, or costs or savings in federal funding to the state.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS, INCLUDING ABILITY TO COMPETE

The California Health Facilities Financing Authority has not identified any significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

The adoption of these regulations will not have an impact on the creation or elimination of jobs within the state. As a result of the adoption of these regulations, new businesses will not be created and current businesses will not be eliminated within the state. The adoption of these regulations will not provide for the expansion of businesses currently doing business within the state. Additionally, neither benefits nor detriments are expected to worker safety or the state's environment due to the adoption of these regulations.

These regulations will directly impact the health and welfare of California residents, specifically children in need of acute care. The monies awarded to the children's hospitals through this grant program will benefit the quality of children's health care through the purchase of additional needed and updated equipment, and fund other capital projects to either expand bed capacity or update the facility as needed to better serve these children and their families.

AUTHORITY AND REFERENCE CITATIONS

The Authority adopts these regulations under the authority granted in Sections 1179.55, 1179.57, and 1179.61 of the Health and Safety Code, and cites the following references: Sections 1179.55, 1179.56, and 1179.57 of the Health and Safety Code.

COST IMPACTS ON REPRESENTATIVE PERSON OR BUSINESS

The California Health Facilities Financing Authority is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

BUSINESS REPORTS

The proposed regulations do not require any reports to be made by any business or other entity.

SMALL BUSINESS

The proposed regulations will not affect small businesses because these regulations are specific to and affect only the 13 children's hospitals in California as identified in the Children's Hospital Program of 2008 (Health and Safety Code Sections 1179.50 through 1179.72).

ALTERNATIVES INFORMATION

In developing this regulatory action, CHFFA did not consider any alternatives because no reasonable alternatives were presented for review.

CHFFA must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CHFFA would be more effective in carrying out the purpose for which the emergency regulations are proposed or would be as effective as and less burdensome to the affected entities than the proposed action,

or would be more cost-effective to potentially affected private persons and equally effective in implementing the statutory policy or other provision of law.

TECHNICAL, THEORETICAL, AND EMPIRICAL STUDY, REPORT OR SIMILAR DOCUMENTS ON WHICH THE AGENCY RELIES

The development of these regulations is based on the amendments changes necessary to Title 4, Division 10, Chapter 2.5, Children's Hospital Program of 2008 to acknowledge a Second Funding Round beginning after June 30, 2018 and ending before July 1, 2022. Provisions are also included for a Third Funding Round, should one be necessary to award any remaining funds to the 13 eligible children's hospitals.