

NOTICE OF PROPOSED RULEMAKING

The California Health Facilities Financing Authority (Authority) proposes to adopt the regulations described below after considering all comments, objections and recommendations regarding the proposed action.

PUBLIC HEARING

The Authority has not scheduled a public hearing on this proposed action. However, the Authority will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person or his or her authorized representative may submit written comments relevant to the proposed regulatory action to the Authority. Comments may also be submitted by facsimile (FAX) at (1-916) 654-5362 or email at chffa@treasurer.ca.gov. The written comment period closes at 5:00 p.m. on July 30, 2018. The Authority will consider only comments received by the Authority office by that time. Please submit comments to:

Carolyn Aboubechara
Treasury Program Manager II
California Health Facilities Financing Authority
915 Capitol Mall, Room 435
Sacramento, CA 95814

Following the written comment period, CHFFA may thereafter adopt the proposed regulations substantially as described below or may modify the proposed regulations if the modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical or grammatical changes, the full text of any modified proposed regulations will be available for 15 days prior to its adoption to all persons who submit written comments during the public comment period, and all persons who request notification.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at www.treasurer.ca.gov/chffa/hospital.asp. Additionally, all information that the Authority considered as the basis for these proposed regulations is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below:

California Health Facilities Financing Authority
915 Capitol Mall, Room 435
Sacramento, CA 95814
Telephone: (1/916) 653-2799 Facsimile: (1/916) 654-5362
Email: chffa@treasurer.ca.gov

AUTHORITY AND REFERENCE CITATIONS

The Authority adopts these regulations under the authority granted in Sections 1179.55, 1179.57, and 1179.61, Health and Safety Code, and cites the following references: Sections 1179.50, 1179.51, 1179.54, 1179.55, 1179.56, 1179.57, 1179.59, 1179.67, and 1179.68, Health and Safety Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

California voters passed Proposition 3 on November 4, 2008, enabling the State of California to issue \$980 million 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 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. All 13 children's hospitals are eligible to apply for grant funds. 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.

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 funds remaining shall be available for any children's hospital identified in paragraph (1) or (2), as applicable, of Section 1179.51, subdivision (b). 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. These regulations were initially filed as "emergency" in

order to allow 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 Office of Administrative Law approved the emergency regulatory action for these regulations with an effective date of March 29, 2018. The emergency regulations will expire on September 26, 2018. Prior to the expiration date, CHFFA is required to complete the Certificate of Compliance for this regulatory package.

The Application Form, Children's Hospital Program of 2008 Grant Application, Form # CHFFA 6, Rev. 01-2018-3 has been revised for the Second Funding Round. The revision includes Application Submission Instructions and the revision date, 01-2018-3 reflects that this is the most current Application and is to be used when applying for Grant funds.

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

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

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 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. Approximately \$92 million in grant funds remains. These regulations provide the mechanism for additional funding rounds to be held in order to disburse these remaining funds to the designated children's hospitals for the purchase of needed and updated equipment for use in the treatment of these children or to fund other capital projects to either expand bed capacity or update the facility as needed to better serve these children and their families.

AN 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. The proposed regulations are neither inconsistent nor incompatible with existing state regulations. (Below is a description of the other program affecting children's hospitals. While this program is also under the purview of the California Health Facilities Financing Authority, it is a separate and distinct program.)

Proposition 61, the Children’s Hospital Program of 2004, was passed by California voters on November 2, 2004. This Proposition enabled the State of California to issue \$750 million in General Obligation bonds for the purpose of improving 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 (Section 1179.,10-1179.43 of the Health and Safety Code). The Authority is responsible for the administration of this Program as well as the Children’s Hospital Program of 2008. The same thirteen children’s hospitals are eligible for grants through the Children’s Hospital Program of 2004 and the Program of 2008. While some of the requirements are the same, the Programs are governed by different sections of the Health and Safety Code as well as distinct sections of the California Code of Regulations. The regulations governing the Children’s Hospital Program of 2004 is in Title 4, Division 10, Chapter 2 and the regulations governing the Children’s Hospital Program of 2008 are contained in Title 4, Division 10, Chapter 2.5.

COST ESTIMATE

1. Cost or Savings to State Agencies: No impact
2. Cost to Local Agencies or School District Which Must Be Reimbursed in Accordance with Government Code Sections 17500-17630: None
3. Nondiscretionary Costs or Savings to Local Agencies: No impact
4. Federal Funding to State Agencies: No impact

LOCAL MANDATE STATEMENT

These regulations do not impose a mandate upon local agencies or school districts. There are no “state-mandated local costs” in these regulations which require reimbursement under Section 17500 et seq. 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 do 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 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.

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 REPORT

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 thirteen children's hospitals in California as identified in the Children's Hospital Program of 2008 (Health and Safety Code Section 1179.51 (b)(1) and (b)(2)).

ALTERNATIVES INFORMATION

In developing the regulatory action, CHFFA did not consider any alternatives because no reasonable alternative has been 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 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.

CHFFA REPRESENTATIVE REGARDING THE RULEMAKING PROCESS OF THE
PROPOSED REGULATIONS

Contact Person:	Carolyn Aboubechara	(1/916) 653-2799
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