

STATE CAPITOL
P.O. BOX 942849
ROOM 8120
SACRAMENTO, CA 94249
(916) 319-2056
FAX (916) 319-2156

RIVERSIDE COUNTY DISTRICT OFFICE
48220 JACKSON STREET, #A3
COACHELLA, CA 92236
(760) 347-2360
FAX (760) 347-5704

IMPERIAL COUNTY DISTRICT OFFICE
1101 AIRPORT ROAD, SUITE D
IMPERIAL, CA 92251
(760) 355-8656
FAX (760) 355-8856

Assembly California Legislature



STANDING COMMITTEES

CHAIR: UTILITIES AND ENGERY
APPROPRIATIONS
COMMUNICATIONS AND CONVEYANCE
GOVERNMENTAL ORGANIZATION

May 19, 2022

The Honorable Phil Ting
Chair, Assembly Budget Committee
1021 O Street, Room 8230
Sacramento, 95814

The Honorable Nancy Skinner
Chair, Senate Budget Committee
1021 O Street, Room 8630
Sacramento, 95814

RE: District Hospital Seismic Infrastructure Funding

Dear Assemblymember Ting and Senator Skinner:

In light of the \$97.5 billion budget surplus, the undersigned members of the California State Assembly and Senate respectfully request the inclusion of \$1 billion for Public District Hospitals, for the purpose of meeting the 2030 Seismic Mandate. This request seeks a one-time expenditure of \$1 billion, in Fiscal Year (FY) 2022-23, for the 32 District Hospitals to fund new or ongoing infrastructure seismic compliance projects. Without this funding, these public hospitals will struggle to meet the deadline and face closures.

District Hospitals are public entities that services California's most vulnerable populations, including high volumes of Medi-Cal enrollees. These hospitals serve rural and remote areas of the state, provider shortage areas, and urban underserved areas. In many communities they are to sole provider of health care, or the sole provider of care to the uninsured or underinsured. Of the 76 healthcare districts throughout the state, 32 have hospitals, 17 of which are critical access. District hospitals are funded nominally by their communities through taxes but primarily through reimbursement for services, this means they face significant financial challenges in generating funding for capital outlay—especially of this magnitude. The Administration has signaled that infrastructure is critically important and, in that thread, we believe funding should be extended to preserve hospital care for the state's most vulnerable.

While it is hard to quantify with certainty the total cost for all districts to meet the 2030 mandate, it is approximately \$3 billion, with small hospital projects estimated at \$45 million and larger projects in the hundreds of millions. For District Hospitals they must go to their voters to approve a bond or tax to fund these projects or to leverage government financing. These initiatives often fail and given the current economy are likely to remain unsuccessful. With no additional revenue or support, District Hospitals struggle to even secure financing to begin these projects. Additionally, as public entities they must already pay prevailing wage which significantly increases the costs of these projects.

The COVID-19 pandemic impacted all health care providers, but especially public providers like, healthcare districts creating another financial setback. With only eight years remaining until 2030, hospitals must begin construction now. Without state funding, public District Hospitals will face closures or consolidation regardless of any mandate modifications. This investment is appropriately timed as California has a significant budget surplus that is too volatile for significant ongoing spending. Additionally, this proposal counts against the State Appropriations Limit.

We are seeking this budget investment to ensure these public hospitals remain open to provide essential life saving services to their communities. This one-time funding will serve as a way for District Hospitals to finance their 2030 retrofit and rebuild projects to meet the mandate. Hospitals of all kinds have proven to be some of the most critical infrastructure that our constituents rely on and as we invest in health, technology, business and rebuilding California we believe this appropriation should be included.

The \$1 billion state budget appropriation will keep these public hospitals open to serve all Californians for years to come. Thank you very much for the consideration of this request. If you have any questions do not hesitate to reach out to Rexford Scott in my office at Rexford.Scott@asm.ca.gov or 916.319.2056.

Sincerely,



Assemblymember Eduardo Garcia
56th Assembly District



Senator Anna Caballero
12th Senate District



Assemblymember Thurston Smith
33rd Assembly District



Assemblymember Devon Mathis
26th Assembly District



Assemblymember Megan Dahle
1st Assembly District



Assemblymember Robert Rivas
30th Assembly District

STATE CAPITOL
P.O. BOX 942849
ROOM 8120
SACRAMENTO, CA 94249
(916) 319-2056
FAX (916) 319-2156

RIVERSIDE COUNTY DISTRICT OFFICE
48220 JACKSON STREET, #A3
COACHELLA, CA 92236
(760) 347-2360
FAX (760) 347-5704

IMPERIAL COUNTY DISTRICT OFFICE
1101 AIRPORT ROAD, SUITE D
IMPERIAL, CA 92251
(760) 355-8656
FAX (760) 355-8856

Assembly California Legislature



EDUARDO GARCIA
ASSEMBLYMEMBER, FIFTY-SIXTH DISTRICT

STANDING COMMITTEES

CHAIR: UTILITIES AND ENGERY
APPROPRIATIONS
COMMUNICATIONS AND CONVEYANCE
GOVERNMENTAL ORGANIZATION

Handwritten signature of Assemblymember Mayes in blue ink.

Assemblymember Mayes
42nd Assembly District

Handwritten signature of Assemblymember Lackey in black ink.

Assemblymember Lackey
36th Assembly District

Handwritten signature of Senator Shannon Grove in blue ink.

Senator Shannon Grove
16th Senate District

Handwritten signature of Senator Ben Hueso in blue ink.

Senator Ben Hueso
40th Senate District

Handwritten signature of Assemblywoman Suzette Valladares in black ink.

Assemblywoman Suzette Valladares
38th Assembly District

Handwritten signature of Assemblymember Al Muratsuchi in black ink.

Assemblymember Al Muratsuchi
66th Assembly District

Handwritten signature of Senator Scott Wilk in black ink.

Senator Scott Wilk
21st Senate District

Handwritten signature of Assemblymember Marc Berman in blue ink.

Assemblymember Marc Berman
24th Assembly District

Handwritten signature of Assemblymember Frank Bigelow in black ink.

Assemblymember Frank Bigelow
5th Assembly District

Handwritten signature of Senator Brian Dahle in blue ink.

Senator Brian Dahle
1st Senate District



Senator Ben Allen
26th Senate District



Senator Melissa Melendez
28th Senate District



Senator Melissa Hurtado
14th Senate District



Senator Josh Becker
13th Senate District