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April 14, 2011

Secretary Diana Dooley
Health & Human Services Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Dear Secretary Dooley:

The recent earthquakes in Japan highlight the necessity for ensuring that California's hospitals comply with the state's seismic safety requirements. In passing the Hospital Quality Assurance Fee Extension and Seismic Safety legislation (SB 90-Steinberg-Hernandez) and AB 113 (Monning), we have established a clear process that balances seismic risk, community needs, and financial capacity. We appreciate the Administration's commitment to make public safety the top priority.

As the Administration begins implementation of this important legislation, we urge you to help unlog the growing backlog of hospital construction projects at the Office of Statewide Health Planning and Development (OSHPD). By fixing this problem, hospital seismic safety projects can be completed more quickly, construction costs can be reduced, and thousands of new construction jobs can be created at a time when California's economy could use a boost.

OSHPD is responsible for reviewing and approving hospital construction building projects, including those needed for seismic compliance. As hospitals prepare to meet pending seismic deadlines, OSHPD's backlog of construction projects has grown from \$14 billion in 2005-06 to \$22.7 billion today. According to information from the Los Angeles Economic Development Corporation, these construction projects will create over 230,000 jobs statewide, paying over \$15 billion in wages. The sooner these projects can be approved, the sooner these jobs can be created.

To meet the challenge, OSHPD has taken a number of progressive steps to streamline the approval process of projects and increase productivity. However, these efforts have been undermined by furloughs, on-again-off again overtime restrictions and the hiring freeze. OSHPD currently has twenty-three unfilled positions, including five senior architects and project managers. In fact, the number of staff at OSHPD to review hospital construction projects has actually *declined* relative to 2005-06.

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Prior to the imposition of furloughs and the hiring freeze, OSHPD was meeting its turnaround goals on more than 90 percent of the projects it had under review. Today, that measure has declined to only 67.6%. Moreover, OSHPD has lost its ability to conduct Phased Project Reviews of larger projects, which can reduce the amount of time it takes to review and approve a project by five months.

Given that FDD's staff is entirely funded by special fund fees paid by hospital and healthcare facilities, these delays are short-sighted and unnecessary. Furloughing staff and restricting overtime and hiring do nothing to help address our general fund budget deficit. They do, unfortunately, slow urgently needed projects, halt job creation and arrest millions of dollars in economic activity related to healthcare construction.

For these reasons, we urge you to consider alternatives that will accelerate the review and approval of hospital construction projects and reduce the backlog. This could include exempting OSHPD from the existing hiring freeze and furloughs.

We thank you for your consideration of this request.

Sincerely,



DARRELL STEINBERG
Senate President Pro Tempore



ED HERNANDEZ, O.D.
Chair, Senate Health Committee

cc: Dr. David M. Carlisle, Director, Office of Statewide Health Planning and Development

DS:dp