

**Item 4140-101-0001—  
 OSHPD—Funding for Health Care Workforce Development  
 Item 6440-001-0001—  
 UC—Graduate Medical Education and Base Allocation**



May 2017  
 Page 1

**General Fund Spending on Graduate Medical Education  
 Above Governor's Budget<sup>a</sup>**

*(In Millions)*

	2016-17	2017-18	2018-19	2019-20	Total General Fund Spending
<b>Senate</b>					
OSHPD	—	\$6	\$6	\$6	\$18
UC	—	—	—	—	—
<b>Senate Totals</b>	<b>—</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$18</b>
<b>Assembly</b>					
OSHPD	\$33	\$33	\$33	—	\$100
UC	—	50	50	\$50	150
<b>Assembly Totals</b>	<b>\$33</b>	<b>\$83</b>	<b>\$83</b>	<b>\$50</b>	<b>\$250</b>
<b>LAO Compromise</b>					
OSHPD	—	\$45	\$45	\$45	\$135
UC	—	—	—	—	—
<b>LAO Compromise Totals</b>	<b>—</b>	<b>\$45</b>	<b>\$45</b>	<b>\$45</b>	<b>\$135</b>

<sup>a</sup> The Governor's budget includes Proposition 56 funding for UC of \$50 million in 2017-18 and \$40 million thereafter.  
 OSHPD = Office of Statewide Health Planning and Development.

## LAO Compromise

---

May 2017  
Page 2

- There are two key issues before the Legislature: (1) the overall level of funding to allocate for graduate medical education, and (2) how to allocate that funding between the Song-Brown Program, administered by the Office of Statewide Health Planning and Development (OSHPD), and the University of California (UC).
- Regarding the level of funding, we propose a compromise of \$135 million General Fund over three fiscal years. This amount would strike a rough balance between the two houses.
- Regarding the allocation of that funding, we propose directing OSHPD to administer the funding instead of UC. By directing OSHPD to administer the funding, the Legislature would have more control over how these funds are awarded and used by graduate medical education programs.
- The LAO compromise would meet the intent of the Legislature and of Proposition 56 to increase funding for graduate medical education with the goal of increasing the number of primary care physicians in California.
- Regardless of the action taken by the Legislature, we would recommend the Legislature adopt provisional language directing the administering agencies to report on how the funding is used to maintain or expand residency slots.