



## Proposition 3



### Background

- Children’s hospitals provide diagnostic, therapeutic, and rehabilitative services to injured, disabled, and sick infants and children.
- Proposition 61, approved by voters in 2004, provided \$750 million for children’s hospitals for the same purposes as Proposition 3.
- As of June 1, 2008, about \$403 million of the funds from Proposition 61 had been awarded to eligible hospitals.



### Overview

- Proposition 3 would provide \$980 million in general obligation bonds for capital improvements at children’s hospitals.

<b>Children’s Hospitals Eligible for Bond Funds</b>
<b>Specifically Identified as Eligible—20 Percent of Total Funds</b>
Mattel Children’s Hospital at University of California, Los Angeles University Children’s Hospital at University of California, Irvine University of California, Davis Children’s Hospital University of California, San Diego Children’s Hospital University of California, San Francisco Children’s Hospital
<b>Likely to Be Eligible Hospitals—80 Percent of Total Funds</b>
Rady Children’s Hospital, San Diego (formerly Children’s Hospital and Health Center, San Diego) Children’s Hospital Los Angeles Children’s Hospital and Research Center at Oakland Children’s Hospital of Orange County Loma Linda University Children’s Hospital Lucile Salter Packard Children’s Hospital at Stanford Miller’s Children’s Hospital, Long Beach Children’s Hospital Central California



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- Money raised by the bond sales could be used for construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing.
- Children's hospitals must apply to the California Health Facilities Financing Authority (an existing state agency) for the funds.
- Grant awards are based on several factors specified in the measure that include whether the grant would contribute toward the expansion or improvement of health care access for children who are eligible for governmental health insurance programs, or who are indigent, underserved, or uninsured; whether the grant would contribute toward the improvement of child health care or pediatric patient outcomes; and whether the applicant hospital would promote pediatric teaching or research programs.



### **Fiscal Effects**

- State cost of about \$2 billion over 30 years to pay off both the principal (\$980 million) and interest (\$933 million) costs of the bonds.
- Payments of about \$64 million per year.
- Administrative costs limited to actual costs or 1 percent of the bond funds, whichever is less. These costs are likely to be minor.

July 9, 2008

# Proposition 3 Children's Hospital Bond Act. Grant Program. Statute.

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LEGISLATIVE ANALYST'S OFFICE

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Senate Health Committee  
Hon. Sheila Kuehl, Chair

