



**POLICY BRIEF: Proposition 3 Children's Hospital Bond Act of 2008**

**Summary:** Proposition 3, the Children's Hospital Bond Act of 2008, would authorize the state to sell \$980 million in general obligation bonds for capital improvement projects at children's hospitals throughout California. Money raised from bond sales can be used for the construction, expansion, remodeling, renovation, furnishing, equipping, financing, or refinancing of children's hospitals in the state. According to the California Children's Hospital Association, the bond money is needed in order to keep up with the state's growing pediatric population, which the State Department of Finance projects to grow over 35% over the next twenty years.

**Financing:** The California Health Facilities Financing Authority (CHFFA) will be responsible for creating and processing grant applications (within 60 days of submission). Nonprofit hospitals will receive 80% of the available funding; the remaining 20% will be set aside for University of California Children's Hospitals.

**Cost:** The Legislative Analyst's Office predicts the total cost to the state's General Fund to be about \$2 billion to pay off both the principal and the interest if the \$980 million in bonds authorized by the measure were sold at an interest rate of 5.5% and repaid over 30 years. The average payment for principal and interest would be about \$67 million per year.

**Hospitals Eligible for Bond Funds in Los Angeles County:** Mattel Children's Hospital at UCLA, Children's Hospital of Los Angeles, Loma Linda University Children's Hospital and Miller's Children's Hospital of Long Beach

**Background:** In November 2004, California voters approved Proposition 61, the Children's Hospital Bond Act, with 58% of the vote. This created a \$750 million bond opportunity for the Children's Hospitals to purchase new medical technologies and to make more room so they can provide care to more children. Thirteen Children's Hospitals, including the five University of California Children's Hospitals, were the beneficiaries of the 2004 authorized bond funds. Eligible hospitals received funding through the CHFFA for project specific grants for construction, improvements and the purchase of new medical technologies at their hospitals. Given the projects underway, Children's Hospitals will have used nearly 70% of the \$750 million available under Prop 61 by spring 2008. Statewide, every Children's Hospital is either under construction or in the planning stage.

**Status:** November 4, 2008 General Election Ballot

**Supporters:** California Children's Hospital Association, Children's Specialty Care Coalition, Children Now, Children's Defense Fund, Children's Partnership, 100% Campaign, California Democratic Party

**Opponents:** None Registered