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PROP. 3 CHILDREN'S HOSPITAL BOND - FACT SHEET

Prop. 3 authorizes California to sell \$980 million in general obligation bonds to fund the construction, expansion, remodeling, renovation, furnishing, equipping, financing or refinancing of children's hospitals in the state.

Eight private, nonprofit, California children's hospitals each contributed \$158,000 totaling approximately \$1.3 million to gather signatures to place Prop. 3 on the November ballot. These hospitals will be eligible to receive \$98 million each (80% of the funding) if Prop. 3 passes.

An additional five University of California children's hospitals will be eligible to receive \$39 million each (20% of the funding) if Prop. 3 passes.

The Legislative Analysts Office (LAO) estimates that if \$980 million in bonds are sold at an interest rate of 5%, the bond will accrue \$933 million in interest over thirty years. Repayment of bonds is guaranteed by the state and paid for with revenues from the state General Fund at maturity.



Photograph Courtesy of California State Capitol Museum

Prop. 3 - Bond Financing Facts

- Each year the General Fund would pay approximately \$64 million or \$1.76 per Californian for Prop. 3.
- Bond financing is traditionally used to finance infrastructure thought to benefit the state over many years. Such financing allows the state to spread public infrastructure costs to future beneficiaries of capital improvements.
- California currently has about \$53 billion of debt outstanding in general obligations bonds and an additional \$68 billion in authorized but not yet sold bonds.
- The LAO estimates that the General Fund paid \$4.7 billion for general obligation bond repayment in 2007-08.
- In 2007, California set aside 4.3% of revenues to pay for general obligation bonds currently authorized and sold. The portion of revenues set aside for these bonds is expected to increase to 6.1% by 2011-12.

To get more information about all health-related propositions, visit HealthVote.org.



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