



Proposition 61: Children's Hospital Projects. Grant Program. Bond Act. Initiative Statute.

OCTax position: OPPOSE

Proposition 61 would authorize \$750,000,000 in general obligation bonds, to be repaid from the state's General Fund, to fund grants to eligible children's hospitals for the construction, expansion, remodeling, renovation, furnishing and equipping of children's hospitals. 20% of the money would go to certain University of California general acute care hospitals; 80% would go to other general acute care hospitals that focus on children.

Fiscal impact: assuming 30-year bonds at 5.5% interest, the cost would be \$1.5 billion over 30 years to pay off principal (\$750 million) and interest (\$800 million), for a total of \$50 million per year plus minor administrative costs to the California Health Facilities Financing Authority.

OCTax analysis

As much as OCTax sympathizes with any effort to upgrade children's health care, this is exactly the wrong time for voters to force the state's taxpayers to assume additional debt.

The most profligate state legislature in memory already has saddled taxpayers with a compounding annual budget deficit of \$15 billion. In the past five years, population growth plus inflation increased 21%, state revenue increased 25%, but our spendthrift legislature and Governor Davis increased spending (notably on public employee unions) 40%.

Neither the governor nor the legislature have tried to fix the deficit or reign in the spending orgy.

- After promising to reduce the cost of government, Governor Schwarzenegger has signed a budget of \$104 billion, \$5 billion more than Governor Davis's last budget.
- The legislature recently re-approved lavish "public safety" benefits (originally intended for police and firefighters, who are sworn to put their lives at risk for us) for non-sworn state employees such as billboard inspectors and milk testers. If such largesse to public employee unions were spent instead on behalf of taxpayers, there would be ample money for programs such as children's hospitals.

Proposition 61 would allow the governor, legislature, and public employee unions to "get away with it" by shifting the onus of their irresponsibility to taxpayers. Adding \$1.5 billion to taxpayers' already-unmanageable debt would reward the miscreants for their greed, and encourage more of it.

OCTax: fighting to make taxes fair, understandable, cost-effective, and good for business!