NO ON 38

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Key Arguments Against Proposition 38.

Prop 38 authorizes a $8.4 billion bond for immunology research. An investigative report by CalMatters found that half the funding is directed to a single institute associated with UCLA.

Here are the key arguments for opposing the measure.

- ## Abuse of the ballot process.

  Prop 38's highly specific criteria appear to leave only one institution qualified to receive half the funds in the bond — over $4 billion. Public research funding should be awarded through open competition based on scientific merit — not predetermined by whomever can afford to put an initiative on the ballot.

  Among other requirements, Proposition 38 requires the recipient institution to:

  - *Have existed by January 1, 2025;*
  - *Have entered into an affiliation agreement with a University of California campus by that date;*
  - *Be affiliated with a UC health system recording more than 35,000 inpatient admissions and 3.5 million outpatient visits annually;*
  - *Control at least 200,000 square feet of research space;*
  - *Have identified at least $250 million in philanthropic support; and*
  - *Have secured two separate $50 million commitments for designated research programs.*

  The drafters of Prop 38 have not disclosed which research institution would meet such specific criteria. However, it appears that only the California Institute for Immunology and Immunotherapy would qualify.

  The billionaire co-founder of the California Institute for Immunology and, Gary K. Michelson, is one of the two ultrawealthy chief backers of Proposition 38. The institute first became a nonprofit in 2022. Michelson has given it at least $120 million since then. Michelson is the board chair of the institute, which is housed at a research center owned by UCLA.

- ## Bonds are a terrible way to fund research.

  Prop 38 would saddle taxpayers with decades of debt — $500 million annually for over 20 years. That's straight out of the state's general fund that's needed for health, higher education, social program — programs that are all facing severe cuts, and when the state is facing a structural budget deficit.

  - **The debt is certain. The "pays for itself" claim is not.** Proponents suggest that royalties and other returns could help cover the cost. But potential discoveries and future revenues are very uncertain and might happen far in the future, if at all. In the meantime, taxpayers remain responsible whether the research produces profitable treatment or not.

- **Lesson from the past:** In 2004, California authorized $3 billion in bonds for stem-cell research—an estimated $6 billion taxpayer cost with interest. Twenty-two years later, the entire stem-cell program has returned only about $16 million in royalties. That's less than three-tenths of 1% of its estimated cost. Proposition 38 may use a different royalty formula, but clearly speculative future revenue should not be presented as a guarantee that an $8.4 billion bond will "pay for itself."

- **Where is the transparency and accountability?**

  Despite promises of accountability, the selected institute would not be treated as a public agency under key California transparency and ethics laws, including the Public Records Act, and open-meeting requirements. *Proposition 38 also exempts its decision-makers from the Political Reform Act. This means they will NOT need to submit a Statement of Economic Interest that discloses personal assets and income for the purposing of avoiding conflicts of interest.*

  And Prop 38 sponsors have yet to disclose to taxpayers why the bond measure's criteria were written for the benefit of a single research institute.

- **Putting too many taxpayer dollars in one scientific basket is too risk**y.

  Immunology and immunotherapy are important and promising fields. But medical breakthroughs are difficult to predict. The most promising approach today may be overtaken by a discovery in another field tomorrow. Prop 38 makes a massive, long-term bet on one scientific strategy. If California invests in biomedical research - it should spread risk, preserve flexibility and fund the strongest emerging science Those decisions should be made through rigorous scientific review, not locked into place by a ballot initiative.

- **Medical research benefits everyone – and should be a national responsibility**.

  Federal cuts are no excuse to put billions in medical research spending on California's credit card. We should fight to restore federal funding—not force California taxpayers to cover Washington's retreat.

About Dr. Robert Kaplan, Co-Chair of the No on Prop 38 campaign.

Dr. Kaplan is currently a senior scholar at the Clinical Excellent Research Center at the Stanford School of Medicine, and a former associate director of the National Institutes of Health - and a retired professor of health policy at UCSD and UCLA.

About David Panush, Co-Chair of the No on Prop 38 campaign.

David served as a senior health policy and budget advisor to five presidents pro tempore in the California state senate. He was the external affairs director for Covered California and is now president of California Health Policy Strategies.