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CalMatters Investigation Reveals Prop 38, Billionaire's Medical Research Ballot Initiative, Will Steer $4.2 Billion Benefit to Top Donor's Facility

SACRAMENTO – An analysis by the respected nonprofit media outlet CalMatters of Proposition 38, the November ballot measure designed to fund medical research, has revealed that one half of the total amount proposed to be raised by the initiative – $4.2 billion – is designed to be directed exclusively to a single research institute founded by the top donor of the ballot measure.

"*CalMatters* analysis shows that the ballot language criteria were tailored in a way that very likely excludes all but one institute in the entire state: the California Institute for Immunology and Immunotherapy, whose prominent donor and co-founder is the chief backer of the proposition," reads the investigative article. "The billionaire co-founder of the California Institute for Immunology and Immunotherapy, 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."

"As written, Proposition 38 is deceptive. It will funnel billions of dollars to benefit its billionaire donor," notes No on 38 campaign chair Dr. Robert Kaplan, a senior scholar at the Clinical Excellence Research Center at the Stanford School of Medicine and the former associate director of the National Institutes of Health. "Voters should reject a measure that channels half of the state funds to one institution based on arbitrary criteria chosen by the proposition authors. Grants for medical research should be awarded through a competitive process that gives all competitors an equal chance."

Among other requirements, Proposition 38 requires the recipient 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.

CalMatters reports that the California Institute of Immunology & Immunotherapy (CIII) appears to satisfy those requirements. This was corroborated by a UCLA spokesperson who told *CalMatters* that CIII was the only recipient organization which meets those requirements.

CalMatters specifically reported that the eligibility requirements appear tailored to the California Institute of Immunology and Immunotherapy (CIII). A UCLA spokesperson confirmed that CIII was the only UCLA-affiliated organization known to meet them. One seemingly arbitrary criterion requires at least 3.5 million outpatient visits in 2025, excluding UCSF—which reported 3.4 million visits according to a UC audit. Yet UCSF's scientific qualifications are beyond dispute: in 2025, it ranked first among more than 2,500 institutions receiving NIH funding through competitive grants.

The investigation also reported that billionaire physician and inventor Gary Michelson is a co-founder and board chair of CIII, has committed substantial financial support to the institute and is the largest financial backer of the campaign to pass Prop. 38. Meyer Luskin, another major Yes campaign contributor, is also identified as a CIII co-founder.

The selected institute would also receive influence beyond its direct allocation. Under the measure, that institute would be consulted on grant decisions involving funding for the other half of the program, other grant recipients would be required to offer the institute an opportunity to participate substantially in their research, and the institute would play a central role in agreements to commercialize discoveries made with public funding.

At the same time, the initiative specifies that the institute would not be treated as a public agency under several major California transparency and ethics statutes, including the Public Records Act, open-meeting requirements and the Political Reform Act.

“Prop. 38 falsely promises strict transparency while concealing the identity of the institution in line for $4.2 billion,” Kaplan said. “But as this investigative report details, the measure appears designed to benefit an institution founded and supported by the same billionaires who funded the campaign to put it on the ballot.”

The nonpartisan Legislative Analyst estimates that repaying the Prop. 38 bonds would cost California’s General Fund approximately $500 million to $600 million annually for about 20 years. Revenue from successful discoveries could offset some of those costs, but the amount and timing of that revenue are uncertain. Novel scientific research often takes decades before discoveries become treatments. They must go through multiple stages of preclinical and clinical trials and then face a long and complex approval process.

“We strongly support medical research,” Kaplan said. “But worthy science does not justify an insider arrangement written in the shadows. Californians deserve open competition, genuine public accountability and a clear explanation of where their money is going.”

About No on Proposition 38

The No on Proposition 38 committee is a coalition of Californians who support medical innovation but oppose committing taxpayers to $8.4 billion in state bond debt through a measure containing an undisclosed, institution-specific funding arrangement.

Dr. Robert Kaplan is a senior scholar at the Clinical Excellence Research Center at the Stanford School of Medicine. He is also a former associate director of the National Institutes of Health.

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