

PROP 38: THE IMMUNOLOGY AND IMMUNOTHERAPY RESEARCH BOND

Quick Facts

- **Official ballot title:** “Authorizes Bonds for Immunology Research. Initiative Statute.” (Attorney general title and summary, January 2, 2026)¹
- **Measure’s own name:** California Immunology Research and Cures Initiative (AG No. 25-0026A1)²
- **Type:** Initiated state statute (general obligation bond act)
- **A vote YES means:** The state may sell \$8.4 billion in general obligation bonds for immunology and immunotherapy research, repaid from the general fund, split evenly between a University of California-affiliated nonprofit institute and a grant program for California public and nonprofit institutions.³
- **A vote NO means:** The state does not borrow this money, and there is no new dedicated state funding stream for immunology and immunotherapy research.
- **Sponsor/proponent:** Dr. Gary K. Michelson, the retired spinal surgeon and philanthropist who filed and financed the initiative. Legal filings handled by Olson Remcho, LLP.⁴
- **On the ballot because:** Citizen initiative. Entered circulation January 2, 2026, needed 546,651 valid signatures (5 percent of the 2022 gubernatorial vote), and qualified for the November 3, 2026, ballot in July 2026.⁵
- **Full legal text:** [Initiative 25-0026A1 \(Immunology\), Office of the Attorney General \(pdf\)](#)⁶
- **LAO analysis:** [Immunology and Immunotherapy, Initiative 25-0026, Legislative Analyst’s Office](#)⁷

CALIFORNIA DECIDES

1. WHAT WOULD IT DO?

Proposition 38 would let the state borrow \$8.4 billion by selling general obligation bonds and spend it on immunology and immunotherapy research, the fields that use the body's own immune system to fight disease.⁸ Half of the money would fund a single nonprofit medical research institute affiliated with the University of California, chosen by the California Department of Public Health under criteria written into the measure. The other half would pay for competitive grants to California-based public and nonprofit universities and research institutions.⁹

The measure directs where much of the money must go. It requires that over \$4 billion be dedicated to research on cancer, heart disease, and Alzheimer's disease [1, Sec. 3(d)]. It bars any award to for-profit companies or drug manufacturers [1, Sec. 3(b)]. It caps state administrative spending at 2 percent and requires that 98 percent of funds go to research and development of cures [1, Sec. 3(j)].

Two provisions are meant to give taxpayers something back. Any recipient that licenses a resulting drug or technology must make it available to California patients at a price at least 20 percent below the national average [1, Sec. 3(i)]. And 10 percent of the proceeds from immunotherapies developed with the money must be paid to the state to offset the cost of the bonds, which the measure frames as a loan program rather than a grant program [1, Sec. 3(h)].

This is the same model California used for stem-cell research, first with Proposition 71 in 2004 (\$3 billion) and again with Proposition 14 in 2020 (\$5.5 billion).¹⁰

2. THE LEGAL LANGUAGE

- **Full text:** [Initiative 25-0026A1, "California Immunology Research and Cures Initiative," California Office of the Attorney General](#)¹¹
- **Key language:**

"Require that any recipient licensing a technology or drug developed with funds from this act make the technology or drug available to California patients at a price that is at least 20 percent below the national average." [1, Sec. 3(i)]

"Require that 10 percent of all proceeds from the immunotherapies developed as a result of this act go to the state to offset the costs of this act, making this effectively a loan program and ensuring that the taxpayers will fully recoup their investment in this vital research." [1, Sec. 3(h)]
- **What it amends:** Adds Division 110.5 (commencing with Section 130350) to the Health and Safety Code, the "California Immunology and Immunotherapy Medical Research Act" [1, Sec. 4]. Because it is a statute rather than a constitutional amendment, the legislature could later amend it, though the measure limits amendments to those that further its purposes.

3. WHO, WHAT, WHERE, WHEN, WHY?

- **Who proposed it?** Filed and bankrolled by Dr. Gary K. Michelson, a retired surgeon and philanthropist, through Olson Remcho, LLP.¹² Administration would run through the California Department of Public Health, which selects the UC-affiliated institute [1, Sec. 130351©, (e)]. An Advisory and Accountability Research Council, made up of the seven UC campus chancellors with medical or research programs plus ten to fifteen additional members, would oversee grant selection [1, Sec. 130355].¹³ A Citizens' Financial Accountability Oversight Committee would handle fiscal oversight [1, Sec. 130351(a)].

CALIFORNIA DECIDES

- **What would it accomplish?** A total of \$8.4 billion in general obligation bonds, split evenly between one UC-affiliated nonprofit institute and a statewide grant program, with over \$4 billion reserved for cancer, heart disease, and Alzheimer's research.¹⁴
- **Where would it take effect?** Statewide. Grants are limited to California-based public and nonprofit institutions, and licensed products must be sold to California patients at a 20 percent discount [1, Sec. 3(b), (i)].
- **When is it decided?** On the November 3, 2026, ballot. Bonds would be issued over time as the program spends the money, with repayment stretching across roughly twenty-five years.¹⁵
- **Why are supporters promoting it and why do opponents oppose it?** The proponent argues immunology and immunotherapy are on the brink of transformative breakthroughs against cancer and other chronic diseases, and that a dedicated, reliable funding stream would keep California at the front of that science [1, Sec. 2]. Opponents question whether the state should borrow at this scale for research that federal agencies, universities, and private capital already fund.

4. TRADE-OFFS

The core trade-off is cost against uncertain return. The \$8.4 billion is borrowed money. The Legislative Analyst estimates repayment of about \$500 million a year for roughly twenty-five years, which comes to roughly \$12.5 billion in total payments and, in the Legislative Analyst's inflation-adjusted terms, about 10 percent more than the amount borrowed.¹⁶ That money is paid out of the general fund, the same account that funds schools, healthcare, and public safety.¹⁷ The measure's headline promise that this is "effectively a loan program" rests on the 10 percent revenue-return provision, but the LAO is blunt that any such revenue is uncertain and could take decades to materialize, if it arrives at all.¹⁸

The stem-cell precedent is the guide here because Proposition 38 copies its structure. California has poured billions into the California Institute for Regenerative Medicine since 2004. By most accounts, the science produced real value in training, facilities, and early-stage discovery. But the direct financial return to the state has been minimal. Under Proposition 71's revenue-sharing rule, the state had received on the order of only a few hundred thousand dollars from funded inventions by the early 2020s, against \$3 billion borrowed.¹⁹ The stem-cell agency also drew years of litigation and criticism over governance and conflicts of interest, given a board dominated by the same institutions eligible for its grants.²⁰ Proposition 38 places the seven UC chancellors at the center of the council that steers the money, which invites the same question about whether the grant-makers and the grant-seekers are too close.

The argument on the other side is that basic biomedical research is a classic public good that private markets underfund because the payoff is distant, uncertain, and hard to capture. The measure's supporters can point to the fact that the overwhelming majority of drugs approved by the FDA trace back to publicly funded research [1, Sec. 2(g)]. If even one major therapy for cancer or Alzheimer's emerges, the human and fiscal value could dwarf the bond cost. The 20 percent California price discount and the 2 percent administrative cap are genuine attempts to answer the criticisms that dogged the stem-cell program. Whether those provisions work in practice, and whether the state should take on this much debt to find out, is what voters are deciding.

In addition, California voters have approved numerous general obligation bonds totaling over \$50 billion in the last decade alone.²¹ One other measure on the ballot this year, Proposition 1, would authorize an \$11.25 billion general obligation bond. The state is repaying about \$80 billion in general obligation bonds right now. Local borrowing runs larger still. School and community college districts alone won voter approval for \$138 billion in general obligation authority over the same period, repaid through property taxes rather than the general fund.²²

5. POTENTIAL RISKS AND BENEFITS

Potential benefits

- Creates a large, dedicated, multiyear funding stream for immunology and immunotherapy, fields with real momentum against cancers such as melanoma and certain leukemias and lymphomas [1, Sec. 2©].
- Reserves over \$4 billion specifically for cancer, heart disease, and Alzheimer's research [1, Sec. 3(d)].
- Requires licensed drugs and technologies to be sold to California patients at least 20 percent below the national average price [1, Sec. 3(i)].
- Builds in accountability language absent from earlier bond programs, including a 2 percent administrative cap, a 98 percent research-spending floor, conflict-of-interest rules, public disclosure, and independent audits [1, Sec. 3(j)].
- Could expand California's biotechnology sector and, if research succeeds, lower future healthcare costs and generate licensing revenue [1, Sec. 2(k)].

Potential risks

- The state borrows \$8.4 billion and repays about \$500 million a year for roughly twenty-five years from the general fund, roughly \$12.5 billion in total payments.²³
- The promised taxpayer payback depends on a 10 percent revenue-return provision that the Legislative Analyst calls uncertain and potentially decades away.²⁴
- The stem-cell precedent shows direct financial returns to the state can be very small relative to the money borrowed.²⁵
- Concentrating both the institute selection and the grant council within the University of California raises conflict-of-interest and self-dealing concerns similar to those that dogged the stem-cell agency.²⁶
- Bond debt service competes with schools, healthcare, and other general fund priorities every year for twenty-five years regardless of whether the research succeeds.²⁷

6. OPEN QUESTIONS

- Which institute would the Department of Public Health select, and how closely do the written criteria track an existing UC program such that the choice is effectively pre-decided?²⁸
- How enforceable is the 20 percent California price discount once a drug is licensed, manufactured, and sold through national distribution channels [1, Sec. 3(i)]?
- What is a realistic estimate of the revenue the 10 percent return provision would actually send back to the state, given the stem-cell experience?²⁹
- Do the conflict-of-interest rules meaningfully separate the grant-makers from the grant-seekers when the same UC campuses sit on the council and compete for the money [1, Sec. 130355]?
- With federal and private funding already large in this field, how much of this research would happen anyway without \$8.4 billion in state borrowing?

7. THE QUESTIONS TO ASK BEFORE YOU VOTE

California has run this experiment before with stem-cell research. It borrowed billions, funded real science, and got back only a trickle of direct revenue. Before you vote, ask whether Proposition 38's accountability provisions are strong enough to produce a different result, or whether you are being asked to repeat the same bet at nearly twice the size.

This is \$8.4 billion in borrowed money repaid from the same fund that pays for schools and healthcare. Do you believe the state should take on that debt to accelerate research the market underfunds, or that this is a role for the federal government, universities, and private capital rather than California's general fund?

ENDNOTES

- ¹ Office of the Attorney General title and summary, Initiative 25-0026A1, "Authorizes Bonds for Immunology Research. Initiative Statute." (January 2, 2026): <https://oag.ca.gov/system/files/initiatives/pdfs/Title%20and%20Summary%20%2825-0026A1%29.pdf>.
- ² Full text, Initiative 25-0026A1, "California Immunology Research and Cures Initiative," California Office of the Attorney General: [https://oag.ca.gov/system/files/initiatives/pdfs/25-0026A1%20\(Immunology\).pdf](https://oag.ca.gov/system/files/initiatives/pdfs/25-0026A1%20(Immunology).pdf).
- ³ Full text, Initiative 25-0026A1; Attorney General title and summary, Initiative 25-0026A1.
- ⁴ California Secretary of State, "Proposed Initiative Enters Circulation: Authorizes Bonds for Immunology Research. Initiative Statute," press release, January 2, 2026: <https://www.sos.ca.gov/administration/news-releases-and-advisories/2026-news-releases-and-advisories/proposed-initiative-enters-circulation-authorizes-bonds-immunology-research-initiative-statute>.
- ⁵ Secretary of State, "Proposed Initiative Enters Circulation"; "California Proposition 38, Immunology and Immunotherapy Research Funding Initiative (2026)," Ballotpedia: [https://ballotpedia.org/California_Proposition_38_Immunology_and_Immunotherapy_Research_Funding_Initiative_\(2026\)](https://ballotpedia.org/California_Proposition_38_Immunology_and_Immunotherapy_Research_Funding_Initiative_(2026)).
- ⁶ Full text, Initiative 25-0026A1.
- ⁷ Legislative Analyst's Office, ballot analysis of Initiative 25-0026 (immunology and immunotherapy): <https://lao.ca.gov/BallotAnalysis/Initiative/2025-026>.
- ⁸ Full text, Initiative 25-0026A1; Attorney General title and summary, Initiative 25-0026A1.
- ⁹ Full text, Initiative 25-0026A1; Attorney General title and summary, Initiative 25-0026A1.
- ¹⁰ LAO, ballot analysis of Initiative 25-0026; David Jensen, "Kudos, Criticism Mark California Stem Cell Agency as It Turns 20," *Capitol Weekly*, December 5, 2024: <https://capitolweekly.net/kudos-criticism-mark-california-stem-cell-agency-as-it-turns-20/>.
- ¹¹ Full text, Initiative 25-0026A1.
- ¹² Secretary of State, "Proposed Initiative Enters Circulation."
- ¹³ LAO, ballot analysis of Initiative 25-0026.
- ¹⁴ Full text, Initiative 25-0026A1; Attorney General title and summary, Initiative 25-0026A1.
- ¹⁵ LAO, ballot analysis of Initiative 25-0026.
- ¹⁶ LAO, ballot analysis of Initiative 25-0026.
- ¹⁷ LAO, ballot analysis of Initiative 25-0026; Jensen, "Kudos, Criticism."
- ¹⁸ LAO, ballot analysis of Initiative 25-0026.
- ¹⁹ Jensen, "Kudos, Criticism."
- ²⁰ Jensen, "Kudos, Criticism."
- ²¹ LAO, Summary of General Obligation (Excel Spreadsheet): https://lao.ca.gov/ballot/hist_ballot_data/GO_Bonds_Election_Results.xls.
- ²² California Debt and Investment Advisory Commission, "K-14 Voter Approved General Obligation Bonds: Authorized, But Unissued—2019 Update," 2019: <https://website-qa.treasurer.ca.gov/sites/default/files/2025-10/K-14-2019-19-04.pdf>.
- ²³ LAO, ballot analysis of Initiative 25-0026.
- ²⁴ LAO, ballot analysis of Initiative 25-0026.
- ²⁵ Jensen, "Kudos, Criticism."
- ²⁶ Jensen, "Kudos, Criticism."
- ²⁷ LAO, ballot analysis of Initiative 25-0026; Jensen, "Kudos, Criticism."
- ²⁸ LAO, ballot analysis of Initiative 25-0026.
- ²⁹ LAO, ballot analysis of Initiative 25-0026; Jensen, "Kudos, Criticism."