

# Proposition 14

## Stem Cell Research Bond

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### Purpose

Proposition 14 seeks to issue \$5.5 billion in new general obligation bonds for the California Institute for Regenerative Medicine (CIRM), with most of the funds dedicated to grants for organizations pursuing stem cell therapy-related research, training, delivery, or facility development. The initiative also would require the creation of a working group to improve access to treatment and cures, as well as the development of training programs and fellowships for students.<sup>1</sup>

### Background

Stem cells are the body's "raw materials" that generate other cells with specialized functions. Researchers study stem cells to increase understanding of disease, to produce healthy cells to replace diseased cells, and to test drugs.<sup>2</sup>

Despite these benefits, some forms of stem cell research have generated controversy. In 2001, the George W. Bush administration placed restrictions on federal funding for research using stem cells from human embryos, citing ethical concerns about the use of embryos for research purposes. In 2004, California voters responded by approving Proposition 71, a measure designed to bypass those federal restrictions. Prop 71 created a state constitutional right to conduct stem cell research, guaranteed long-term state funding for stem cell research by authorizing \$3 billion in state general obligation bonds, and established the California Institute for Regenerative Medicine to administer research grants. Proposition 71 sought to help California establish and maintain global leadership in stem cell research. Voters approved Prop 71 by a 59-41 percent vote.<sup>3</sup>

Proposition 71's main proponent and funder was real estate developer Robert N. Klein II. Klein was later named the first chairman of the CIRM's governing board.

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<sup>1</sup>Legislative Analyst's Office, "Proposition 14: Analysis of Measure," <https://lao.ca.gov/BallotAnalysis/Proposition?number=14&year=2020>.

<sup>2</sup> Mayo Clinic, "Stem cells: What they are and what they do." <https://www.mayoclinic.org/tests-procedures/bone-marrow-transplant/in-depth/stem-cells/art-20048117>.

<sup>3</sup> California Secretary of State, "Official Voter Information Guide for 2004, General Election (2004)," [https://repository.uchastings.edu/ca\\_ballot\\_props/1237](https://repository.uchastings.edu/ca_ballot_props/1237).

Headquartered in San Francisco, the CIRM is tasked with making grants and loans to stem cell research initiatives focused on developing treatment methods, from research to clinical trials.<sup>4</sup> The CIRM is governed by the Independent Citizen’s Oversight Committee (ICOC), which is comprised of 29 members, many of whom are former researchers or stem-cell advocates. Prop 14 would increase the number of governing officials to 35. Three working groups support the ICOC: the Scientific and Medical Research Funding Working Group, the Scientific and Medical Accountability Standards Working Group, and the Scientific and Medical Research Facilities Working Group. Prop 14 would add a fourth: a group focused on improving access to treatment and care.

Over the past 15 years, the CIRM has provided hundreds of grants to research teams at California-based universities, research hospitals, and commercial enterprises, and has spent down the \$3 billion in Proposition 71 funding.<sup>5</sup> Proposition 14 would sustain the funding stream well into the future by authorizing \$5.5 billion in new state bonds.

Robert N. Klein II is back as the leading proponent and funder of Proposition 14. He filed the new measure in October 2019.<sup>6</sup>

### Proposal

Proposition 14 would continue large-scale state funding for stem cell research in California by authorizing \$5.5 billion in bonds for that purpose. Most of the Prop 14 funds would be dedicated to grants for entities that advance stem cell research and treatments, with \$1.5 billion to be spent researching brain and nervous system diseases, including dementia and Parkinson’s disease. No more than 7.5% of the funds could be spent on the CIRM’s operating expenses. At least 1.5% of the funds would be spent on Community Care Centers of Excellence, which perform human clinical trials, and provide treatment. Additionally, the measure requires that a minimum of 0.5% of the budget must be spent on the Shared Labs Program, which is a public research initiative focused on studying human embryonic stem cells. Prop 14 appropriates money from the general fund to pay the bond debt service.<sup>7</sup>

### Fiscal Impact

The Legislative Analyst’s Office estimates that this measure would increase state costs to repay the bonds (including principal and interest) by about \$260 million per year over the next roughly 30 years – for a total of \$7.8 billion.<sup>8</sup>

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<sup>4</sup> Ballotpedia, “California Proposition 14, Stem Cell Research Institute Bond Initiative (2020),”

[https://ballotpedia.org/California\\_Proposition\\_14,\\_Stem\\_Cell\\_Research\\_Institute\\_Bond\\_Initiative\\_\(2020\)](https://ballotpedia.org/California_Proposition_14,_Stem_Cell_Research_Institute_Bond_Initiative_(2020)).

<sup>5</sup> California Institute for Regenerative Medicine, “All CIRM Grants,” n.d., <https://www.cirm.ca.gov/grants>.

<sup>6</sup> Ballotpedia, “Proposition 14.”

<sup>7</sup> Ibid.

<sup>8</sup> Legislative Analyst’s Office, “Proposition 14.”

## Supporters

Real estate developer and former CIRM board chair Robert N. Klein II is the principal proponent and funder of Prop 14. Californians for Stem Cell Research, Treatments & Cures has been organized as a political action committee to back the measure.<sup>9</sup>

Supporters include:

- University of California Board of Regents
- Medical research centers
- ALS Association
- American Diabetes Association
- Parkinson's Foundation
- National Medical Association<sup>10</sup>

As of September 19, 2020, the political action committee has raised approximately \$9.3 million. Major donors include: Robert N. Klein II, Dagmar Dolby, the Juvenile Diabetes Research Foundation, and the Open Philanthropy Action Fund.<sup>11</sup>

## Arguments of Supporters

Supporters say Prop 14 would:

- Provide funds for researchers to refine and develop stem cell cures and treatments.
- Train the next generation of stem cell researchers.
- Reform CIRM to make it more accessible to patients in need.<sup>12</sup>

## Opponents

Opponents of the initiative include Marcy Darnovsky, executive director of the Center for Genetics and Society, an organization that advocates for ethical practice and application of stem cell research. A political action committee called "No on Proposition 14" has been organized to oppose the measure.<sup>13</sup>

Several editorial boards, including the *Orange County Register* and the *Mercury News* have opposed the measure.

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<sup>9</sup> Ballotpedia, "Proposition 14."

<sup>10</sup> Californians for Stem Cell Research, Treatments, and Cures, "Our Coalition," <https://caforcures.com/coalition/>

<sup>11</sup> California Secretary of State, Cal-Access Resources, "2020 Ballot Measure Contribution Totals: Proposition 14." <https://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2020-ballot-measure-contribution-totals/proposition-14-authorizes-bonds-continue-funding-stem-cell-and-other-medical-research-initiative>.

<sup>12</sup> Legislative Analyst's Office, "Proposition 14."

<sup>13</sup> Ballotpedia, "Proposition 14"; California Secretary of State, Cal-Access, David Jensen, "\$5.5 Billion Stem Cell Rescue Plan Makes November Ballot," *Capitol Weekly*, June 22, 2020. <https://capitolweekly.net/5-5-billion-stem-cell-rescue-plan-makes-november-ballot/>

As of September 24, 2020, the Secretary of State reported that only \$250 had been contributed in opposition to this measure.<sup>14</sup>

### Arguments of Opponents

Opponents say Prop. 14 would:

- Perpetuate a state program that is no longer needed because the federal government has lifted most of its funding restrictions for stem cell research.
- Impose new costs on the state when it has other pressing priorities.
- Fail to reform CIRM, which is overseen by an ICOC of former/current researchers and advocates who have conflicts of interest.<sup>15</sup>

### Conclusion

A YES vote on Prop. 14 would authorize \$5.5 billion in state general obligation bonds for CIRM, much of which would be distributed as grants to pursue stem cell research and to develop therapies for ailments including brain and nervous system diseases. It also would create an additional working group to advise the ICOC.

A NO vote on Prop. 14 would reject this new borrowing for CIRM, and leave its current governance structure in place.

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<sup>14</sup> California Secretary of State, Cal-Access Resources, “2020 Ballot Measure Contribution Totals: Proposition 14”; Jensen, “\$5.5 Billion Stem Cell Rescue Plan.”

<sup>15</sup> Jensen, “\$5.5 Billion Stem Cell Rescue Plan.”