

THIRD READING

Bill No: SB 895
Author: Wiener (D), Pérez (D) and Wahab (D), et al.
Amended: 4/6/26
Vote: 27

SENATE HEALTH COMMITTEE: 9-2, 3/25/26

AYES: Weber Pierson, Caballero, Durazo, Gonzalez, Menjivar, Padilla, Pérez, Rubio, Smallwood-Cuevas

NOES: Valladares, Grove

SENATE NATURAL RES. & WATER COMMITTEE: 5-2, 4/14/26

AYES: Becker, Allen, Cabaldon, Cortese, Stern

NOES: Seyarto, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SUBJECT: California Science and Health Research Bond Act

SOURCE: United Auto Workers Region 6 (co-source)

Union of American Physicians and Dentists (co-source)

University of California (co-source)

DIGEST: This bill creates the California Foundation for Science and Health Research (CFSHR), housed in the Government Operations Agency, to award grants and loans to public or private research companies, universities, institutes, and organizations for scientific research. Establishes the CFSHR Council to determine which projects will be awarded grants and loans. Funds CFSHR through the issuance and sale of \$12 billion in bonds, pending voter approval on the 2026 ballot. Establishes the CFSHR Finance Committee to authorize the issuance and sale of bonds.

ANALYSIS:

Existing law:

- 1) Establishes the Government Operations Agency (GovOps), which includes the Department of Technology, the Department of General Services, and the Office of Data and Innovation, among other departments, offices, and boards.
[Government Code (GOV) §12803.2]
- 2) Establishes the California Taxpayer Access to Publicly Funded Research Act, which requires a grantee that receives funding, in whole or in part, in the form of a research grant from a state agency to provide for free public access to any publication of a peer-reviewed manuscript describing state-agency-funded knowledge, a state-agency-funded invention, or state-agency-funded technology. [GOV §13989, et seq.]
- 3) Establishes, within the California Constitution, the California Institute for Regenerative Medicine (CIRM) to make grants and loans for stem cell research, for research facilities, and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the cure for, and/or substantial mitigation of, major diseases, injuries, and orphan diseases. [California Constitution, Article XXXV, §2]

This bill:

CFSHR

- 1) Establishes CFSHR in GovOps, and states that its role is to facilitate scientific research by awarding grants and making loans to public or private research companies, universities, institutes, and organizations for scientific research and development and to construct facilities for research and development in various fields, including, but not limited to:
 - a) Biomedical, including finding cures for high mortality diseases, including, but not limited to, cancer, Alzheimer's disease, Parkinson's disease, amyotrophic lateral sclerosis (ALS), heart disease, strokes, child and adult leukemia, infectious diseases, HIV/AIDS, and genetic and chronic diseases affecting children and infants;
 - b) Public health, including, but not limited to, detecting and responding to new and emerging health threats;
 - c) Disease prevention, including, but not limited to, cancer, Alzheimer's disease, Parkinson's disease, heart disease, strokes, child and adult leukemia, infectious diseases, and HIV/AIDS;
 - d) Promoting healthy and safe behaviors, communities, and environment;

- e) Wildfire prevention;
- f) Behavioral health, including, but not limited to, addiction and substance use disorders;
- g) Climate, including climate change and its impact on human health and weather;
- h) Ocean, and coastal and marine ecosystems and resources;
- i) Agriculture and water;
- j) Emerging technologies; and,
- k) Safety, efficacy, and security of drugs, biological products, medical devices, our nation's food supply, and cosmetics.

CFSHR Fund

- 2) Establishes the CFSHR Fund in the State Treasury, and requires proceeds of bonds issued/sold pursuant to this bill to funds to be deposited. Establishes the CFSHR Benefit Fund in the State Treasury, consisting solely of donations. Requires CFSHR Fund and CFSHR Benefit Fund moneys to be used to award public and private grants and make loans to public or private research companies, universities, institutes, and organizations for scientific research and development, as specified.
- 3) Requires research and development funded to be conducted under established standards of open scientific exchange, peer review, and public oversight, including, but not limited to the California Taxpayer Access to Publicly Funded Research Act.
- 4) Requires grants or loans to be awarded or made available to researchers or projects located within this state. Permits funding for research collaboratives between California and out-of-state researchers. Requires grants or loans to be awarded based on:
 - a) Consistency with the research priorities established for CFSHR by the CFSHR Council established under this bill; and,
 - b) The scientific merit of the proposed research, as determined by an open, competitive, scientific peer review process that ensures objectivity, consistency, and high quality, as specified.
- 5) Requires CFSHR to prioritize funding research that replaces funding cuts by the federal government. Requires research projects, to be eligible for funding, to be reviewed and approved by an institutional review board that meets the requirements of applicable laws and regulations, including, but not limited to,

the California Taxpayer Access to Publicly Funded Research Act and the Protection of Human Subjects in Medical Experimentation Act.

CFSHR administration

- 6) Requires the GovOps Secretary to oversee the process of appointing the CFSHR director and to set the level of salaries, bonuses, and benefits. Permits hiring and determining the salaries, bonuses, and benefits of additional personnel to be delegated by the GovOps Secretary to the director, subject to approval and oversight by the GovOps Secretary. Requires the CFSHR director and personnel to be responsible for implementing the strategic objectives of the CFSHR Council, administering the grants and loans awarded by the CFSHR Council, and all other duties as deemed necessary.
- 7) Prohibits more than 3% of CFSHR Fund moneys from being used for administrative costs, as specified.
- 8) Requires all intellectual property assets developed using funds authorized for, or made available to, CFSHR be treated pursuant to state and federal law.
- 9) Requires CFSHR to recommend to the CFSHR Council, and requires the Council to adopt, standards to ensure that if a grantee or loan recipient purchases goods or services using CFSHR funds, they are from California suppliers to the extent reasonably possible, in a good faith effort to achieve a goal of more than 50% of purchases from California suppliers.

CFSHR Council

- 10) Establishes the CFSHR Council to:
 - a) Develop the strategic objectives and research priorities;
 - b) Actively participate in the overall management of CFSHR; and,
 - c) Determine which research projects will be funded based on the established research priorities and the technical merits of the proposals, as determined by scientific peer review panels.
- 11) Requires the CFSHR Council to consist of 11 to 13 members as follows:
 - a) Seven members, appointed by the GovOps Secretary, five of whom are scientists, including at least one graduate-level researcher and at least one postdoctoral scholar, with current or past research experience in specified fields, one of whom holds a background in economics, and one of whom is a patient advocate;

- b) One member who is a health care provider appointed by the Senate Rules Committee;
 - c) One member who is a climate or environmental advocate appointed by the Speaker of the Assembly;
 - d) One member shall be the CEO of the California Council on Science and Technology or their designee;
 - e) One member designated by the President of the University of California (UC) and one member designated by the Chancellor of the California State University (CSU), if the president and/or chancellor chooses to designate a representative, both of whom are required to be scientists or hold a background in science or research; and,
 - f) One member designated by the President of the Association of Independent California Colleges and Universities, or the president's designee, who is required to be a scientist or hold a background in science or research.
- 12) Permits individuals and organizations to submit nominations for membership to the GovOps Secretary and permits the Secretary to solicit nominations from relevant organizations and individuals. Prohibits appointees from being subject to Senate confirmation.
- 13) Requires CFSHR Council members to serve four-year terms, not to exceed two terms. Stipulates exceptions for graduate-level researchers and postdoctoral scholars.
- 14) Requires the GovOps Secretary, if a vacancy occurs within a term, to appoint a replacement member within 45 days to serve the remainder of the term. Requires the GovOps Secretary, when a term expires, to appoint a member within 30 days. Requires members to serve until their replacement is appointed.
- 15) Requires CFSHR Council members to serve without compensation, but permits reimbursement for travel and necessary expenses actually incurred in the performance of duties.
- 16) Specifies that a majority of the membership of the CFSHR Council (excluding recused or vacant seats) specifies a quorum for the transaction of any business, performance of any duty, or exercise of any power of the board. Requires a vote of a majority of the CFSHR Council members for the approval of funding of any research project or proposal presented for funding. Prohibits a

grant or a loan from being approved if there are more than six vacancies on the CFSHR Council.

- 17) Permits the CFSHR Council to establish one or more scientific peer review panels consisting of experts in specified fields for the purposes of reviewing and prioritizing proposals on the basis of the scientific merit of the proposal, potential benefits to the health and well-being of the population, natural resources, environment of the state, and the demonstrated background, training, and expertise, as appropriate for their career stage, of the researchers and investigators to conduct the proposed work.
- 18) Prohibits an expert on a scientific review panel from having a collaborative or commercial relationship with any applicant of a proposal for funding that the expert is reviewing and prioritizing.
- 19) Authorizes a Council member to participate in decisions regarding research into a disease from which the member or their immediate family suffers. Provides that employment or service with specified institutions or organizations is not inimical to the Council member's duties and provides that the Political Reform Act of 1974 does not apply to the council member if they recuse themselves from the decision to award or approve the grant or loan.
- 20) Applies the Bagley-Keene Open Meeting Act to all meetings of the CFSHR Council and any scientific peer review panels, except when discussing specified matters in closed sessions, including matters involving information relating to medical or scientific research subjects, confidential intellectual property, unpublished research products, personnel issues, and information believed to pose a security risk.

CFSHR annual reporting

- 21) Requires CFSHR to issue an annual report that sets forth its activities, grants awarded, grants in progress, research accomplishments, and future program directions. Requires the report to be published on the CFSHR website.
- 22) Requires CFSHR to annually commission an independent financial audit of its activities from a certified public accounting firm, and provide that audit to the State Controller, who is required to review it annually and issue a public report. Requires the Controller to hold a public meeting with appropriate notice and a formal public comment period. Requires the Controller to evaluate public comments and include appropriate summaries in the annual report.

CFSHR bonds

- 23) Permits \$12 billion in bonds to be issued and sold, not including the amount of any refunding bonds issued, as specified. Requires the bonds to be a valid and binding obligation of the State of California, and the full faith and credit of the State of California is pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.
- 24) Requires authorized bonds to be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, and all of the provisions of that law apply to the bonds and to this bill, as specified.
- 25) Requires the proceeds of bonds issued and sold to be deposited into the CFSHR Fund. Makes all moneys in the CFSHR Fund continuously appropriated without respect to fiscal years for the purposes of this bill. Requires the Fund to be available for:
- a) Grants and loans to fund research and operate and maintain facilities for research under this bill; and,
 - b) Paying general administrative costs of CFSHR, not to exceed 3% of the CFSHR Fund amount;
- 26) Requires repayment of principal and interest on any loans made by CFHSR to be deposited into the CFSHR Fund and used to make additional grants and loans or for paying continuing costs of the annual administration of outstanding bonds.
- 27) Requires proceeds of interim debt and bonds to be deposited into the State Treasury to the credit of the CFSHR Fund, except to the extent that proceeds of the issuance of bonds are used directly to repay interim debt.

CFSHR Finance Committee

- 28) Creates the CFSHR Finance Committee (Finance Committee) solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds and interim debt authorized by this bill. Requires the Finance Committee to consist of: the Treasurer; the Controller; the Director of Finance; the CFSHR Director; and, two members of the CFSHR Council, chosen by the GovOps Secretary or their designated representatives. Requires the Treasurer to serve as chairperson of the Finance Committee.

- 29) Requires the Finance Committee, by resolution, to determine whether or not it is necessary or desirable to issue and sell bonds in order to carry out the actions specified in this bill and, if so, the amount of bonds to be issued and sold. Permits successive issues of bonds to be authorized and sold to carry out those actions progressively, and specifies that it is not necessary that all of the bonds authorized to be issued be sold at any one time. Requires the Treasurer to issue and sell bonds in the amount determined by the Finance Committee to be necessary or desirable. Requires the bonds to be issued and sold upon the terms and conditions specified in a resolution adopted by the Finance Committee, as specified.

Revenue and principal/interest payments

- 30) Requires a sum to be collected each year in an amount required to pay the principal of, and interest on, the bonds becoming due each year, and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state. Makes it the duty of all officers charged by law with any duty in regard to the collection of the revenue to perform each and every act that is necessary to collect that additional sum.
- 31) Requires the continuous appropriation from the GF, for the purposes of this bill and without regard to fiscal years, the sum annually necessary to pay the principal of, and interest on, bonds issued and sold, as the principal and interest become due and payable.
- 32) Permits the Director of Finance to authorize the withdrawal from the GF of an amount, not to exceed the amount of the unsold bonds that have been authorized by the Finance Committee, to be sold for the purpose of carrying out this bill, excluding any refunding bonds authorized and any amount withdrawn from the GF pursuant to this section and not yet returned. Requires any amount withdrawn to be deposited into the CFSHR Fund. Requires moneys made available to be returned to the GF, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds.
- 33) Requires moneys in the CFSHR Fund that are derived from premium and accrued interest on bonds sold to be reserved and be available for transfer to the GF as a credit to expenditures for bond interest. Permits those amounts derived from premium to be reserved and used to pay the cost of bond issuance before any transfer to the GF.

Miscellaneous

- 34) Permits bonds issued and sold to be refunded in accordance with the State General Obligation Bond Law. States that approval by the voters of the state for the issuance of the bonds includes the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds. Permits any bond refunded with the proceeds of refunding bonds to be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.
- 35) Permits the Treasurer, if they sell bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, under designated conditions, or is otherwise entitled to any federal tax advantage, to maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. Permits the Treasurer to use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds or earnings required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.
- 36) Requires this bill to be submitted to the voters at the next statewide election in accordance with existing law governing the submission of a statewide measure to the voters. Requires this bill to take effect upon the approval by the voters of the CFSHR Act.
- 37) Makes the provisions of this bill severable
- 38) Makes a legislative finding and declaration that this bill imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution in order to protect the privacy rights and the intellectual property interests of individuals and the security of the public..

Comments

According to the author of this bill:

This bill will place on the November 2026 ballot a \$12 billion bond to fund health and science research. The bill will additionally establish CFSHR. Over the past year we have seen an incredible politicization of what was once considered bipartisan and vital research. With the federal government cutting billions of dollars to scientific research, California is placed in a dire situation. As the state that receives the most federal research dollars and a global leader in research and technology, the cuts risk California's health and economic wellbeing. Scientific research and innovation have driven California's economic success for decades. The breakthroughs produced by universities and scientific researchers have sparked new industries and powered the success of the state's biotech, medical, agricultural, and software industries from startups to global companies. For every dollar invested in National Institutes of Health (NIH) research there is a return of approximately \$2.50 in economic activity. Without this investment from the state, Californians and the world will lose out on critical, life-saving discoveries that will treat diseases, uplift public health, and address climate change. For a healthy, prosperous future for all Californians, this bill is a critical step.

Background: Please see the Senate Health Committee analysis for background information.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Bond costs: The total principal and interest costs to pay off the bonds would be approximately \$21.5 billion (\$12 billion in principal and \$9.5 billion in interest), with average annual debt service payments of \$715 million (GF), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 4.25% (the rate secured by the State Treasurer for a new bond at a recent sale). If interest rates increase to 5% in the near future, annual debt service would be approximately \$781 million (GF) and total principal and interest costs over the repayment period would be approximately \$23.4 billion.
- Administrative costs: Unknown costs for the GovOps, ranging from \$10 million to \$20 million, to establish and implement the program. State resources would be needed to support the foundation and the CFSHR Council in a variety of capacities, manage grants and loans, issue reports, conduct bond compliance activities and bond accounting activities, develop the foundation's strategic

research and financial plans, and handle complex legal issues regarding intellectual property, patents, etc.

This measure would permit moneys from the proceeds of bonds to be used to pay for administrative costs of the foundation. GovOps notes that the agency would likely need a GFloan to start up the foundation and the council, and to hire staff prior to the issuance of bonds. The GF loan would be paid back from bond proceeds in the future.

- Ballot costs: One-time GF costs to the Secretary of State (SOS) in the range of \$738,000 to \$984,000, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot

SUPPORT: (Verified 5/14/2026)

United Auto Workers Region 6 (co-source)
Union of American Physicians and Dentists (co-source)
University of California (co-source)
350 Bay Area Action
Access Reproductive Justice
ALS Association
ALS Network
American Academy of Neurology
American College of Physicians - California Chapter
American Federation of State, County, and Municipal Employees
Association of Independent California Colleges & Universities
Berkeley Faculty Association
Blood Cancer United
California Academy of Sciences
California Association of Professional Scientists, UAW Local 1115
California Chronic Care Coalition
California Consortium of Addiction Programs and Professionals
California Environmental Voters
California Faculty Association
California Institute of Technology
California Nurses Association
California Physicians Alliance
California Psychological Association
California State University
Chamber San Mateo County

City of Eureka
CleanEarth4Kids.org
Council of University of California Faculty Associations
Courage California
Culver City Democratic Club
Equality California
Greater Fresno Parkinson's Support Group
Humane World for Animals
Indivisible CA: StateStrong
International Union, United Automobile, Aerospace, and Agricultural Implement
Workers of America
Lieutenant Governor Eleni Kounalakis
Loma Linda University Adventist Health Sciences Center
Michael J. Fox Foundation for Parkinson's Research
Natera, Inc.
Northeastern University
Palo Alto Chamber of Commerce
Parkinson Network of Mt. Diablo
Parkinson's Association of Northern California
Parkinson's Association of San Diego
Parkinson's Community Los Angeles
Point Blue Conservation Science
Public Health Institute
San Diego Faculty Association
San Diego Natural History Museum
San Francisco Chamber of Commerce
San Mateo County Economic Development Association
Santa Monica Democratic Club
Silicon Valley Leadership Group
Solano County Democratic Central Committee
Stanford University
Teamsters California
The Children's Partnership
U.S. Pain Foundation
The Climate Center
United Auto Workers Local 230
United Auto Workers Local 509
United Auto Workers Local 872
United Auto Workers Local 1115
United Auto Workers Local 4123

United Auto Workers Local 4811
University of California Irvine Faculty Association
University of California Los Angeles Faculty Association
University of California Los Angeles Graduate Students Association
University of California Riverside Faculty Association
University of California San Francisco Faculty Association
University of California Student Association
Western Center on Law & Poverty
Three individuals

OPPOSITION: (Verified 5/14/2026)

None received

ARGUMENTS IN SUPPORT: The United Auto Workers (UAW) Region 6, UAW Local 4811, and the Union of American Physicians and Dentists, co-sponsors of the bill, call for action to counteract federal cuts and suspensions to NIH grants, and state that the CFSHR will safeguard California’s role as a global leader in innovation, boost tax revenue, drive middle class job growth, and provide hope and healing to millions of Californians facing deadly and debilitating diseases. The University of California, another co-sponsor, asserts that they currently receive \$5.7 billion annually in federal support for research, and that a sustained loss in federal funding would cause enormous harm to the institution and their students, causing tens of thousands of jobs lost and an exodus of research talent from the state. Other supporters, including groups representing business, labor, patients, physicians, and academics echo that this bill preserves and strengthens California’s global leadership position in science, innovation, and public health, creates hundreds of thousands of high-wage jobs, and ensures that lifesaving and economically vital scientific research continues in the state, even if the federal government cuts or withholds federal funds. University student associations highlight the role of graduate students in driving academic research and the importance of this bill for the scientific and healthcare workforce pipeline in an uncertain federal funding environment. These groups emphasize that reliable funding is important for timely degree completion, access to laboratory resources, and the hands-on experience required for careers in science, medicine, and engineering.

Support if amended. The Association for Frontotemporal Degeneration writes that amending all references of Alzheimer’s disease to “Alzheimer’s and other dementias” would better reflect the full scope of dementias affecting Californians,

strengthening the bill's public health impact by addressing an often-overshadowed need.

Prepared by: Melanie Moreno / HEALTH / (916) 651-4111
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****** END ******