

SENATE THIRD READING
SB 895 (Wiener, et al.)
As Amended August 27, 2026
2/3 vote. Urgency

SUMMARY

Enacts the California Science and Health Research Bond Act, which, *if approved by the voters at the March 7, 2028 statewide primary election*, would authorize the issuance of bonds in the amount of \$7.5 billion pursuant to the State General Obligation Bond Law, to finance grants, loans, *or contracts* to fund research and operate and maintain facilities for research. Establishes the California Foundation for Science and Health Research (Foundation) to award such grants, loans, *and contracts* to public or private research companies, universities, *academic medical centers*, institutes, and organizations in the fields of biomedical, disease prevention, wildfire prevention, climate, weather, ocean, and coastal and marine ecosystems, among others. Creates the California Foundation for Science and Health Research *and Innovation Acceleration* Fund (Fund) and requires the proceeds from the bonds to be deposited into the Fund. Creates the California Foundation for Science and Health Research *and Innovation Acceleration* Benefit Fund (Benefit Fund), to consist solely of private donations and available for the same purposes as the Fund. *Permits the California State University (CSU) and the University of California (UC) to submit proposed projects to the Department of Finance (DOF) for approval for the construction and modernization of science, health care, technology, engineering, and other facilities that support research consistent with the priorities of the Foundation. Permits DOF, upon approval, to allocate funds through the budget for those projects from the Fund, with \$250,000,000 available to the UC, and \$750,000,000 available to the CSU.*

Requires that, prior to the first grant from the Foundation and no later than one year from the date this bill takes effect, the California Foundation for Science and Health Research Council (Council) develop various provisions and requirements to facilitate the Foundation's goals of affordability and equitable access. Requires the Foundation to impose various requirements on the grantees, loan recipients, and contractors, including, among other things, developing strategies to promote equitable access to the subject invention in various specified communities and making the data resulting from the bond-funded research available to the broader scientific community. Establishes the Council and requires the Council to establish and develop the strategic objectives and priorities of the Foundation. Requires the Council to establish regulations and standards requiring that all grants, awards, and contracts be subject to intellectual property agreements that balance the opportunity for the State to benefit from the inventions, technologies, patents, royalties, and licenses that result from research funded by certain public and private grants. Contains an urgency clause to ensure that the provisions of this bill go into immediate effect upon enactment.

Major Provisions

COMMENTS

Science and California's economy. The Public Policy Institute of California reports that California's professional services and information sectors have grown substantially since 1998, due largely to technological innovation. As a result, the state outpaces the nation in technology-driven growth. Technology sectors contribute more than \$620 billion to the state economy, the

largest output of any state. California is also home to the largest life sciences industry in the U.S. According to Biocom California's Life Science Economic Impact Report, California-produced goods account for roughly 10% of annual U.S. pharmaceutical exports and more than 15% of U.S. exports of medical equipment and supplies. In 2024, the state's life sciences industry employed approximately 450,000 workers across 17,220 companies and generated \$395.7 billion in total economic output.

According to the U.S. Bureau of Economic Analysis, California accounts for nearly one-third of research and development (R&D) contributions to national gross domestic product (GDP), with research activities generating over \$226 billion annually within the state—about 6% of the state's GDP—and directly employing approximately 688,000 workers. A large share of R&D investment is directed to California universities: the National Center for Science and Engineering Statistics Higher Education Research and Development Survey found that California led the nation in higher education R&D spending, exceeding \$14 billion in fiscal year 2024. These investments support a robust innovation ecosystem, enabling California to maintain the largest share of U.S. patent applications—nearly 30% each year. California is a hotspot for emerging technology startups like those in the artificial intelligence industry: two-thirds of Forbes's 2025 list of the top 50 artificial intelligence companies are headquartered in California.

Impact of federal science funding cuts to California. Federal investment fuels research and development in California. California leads the nation in funding from agencies like the National Institutes of Health (NIH) and National Science Foundation (NSF). California also captures a large share of funding from the National Aeronautics and Space Administration (NASA) and the Department of Energy (DOE), given the concentration of national laboratories and technology industries in the state. In federal fiscal year 2024, California institutions received \$5.2 billion from the NIH and over \$1 billion from the NSF to support research at the state's universities, hospitals, and companies. A large share of this funding is funneled to the University of California (UC) system, which receives more NIH and NSF grants than any other institution in the nation. Across all federal agencies, the UCs were awarded \$5 billion for nearly 17,000 projects in 2024, accounting for more than half of all UC research awards.

The Trump Administration's fiscal year 2026 budget proposal included 40% to 55% cuts to scientific funding agencies like the NIH, NSF, and NASA. Additionally, some federal agencies announced policies to cap facilities and administrative (F&A) cost reimbursements, used by the grantee's institution to support scientific infrastructure, at 15%, a significant cut for many institutions. Although Congress rejected these budget cuts and incorporated language barring the 15% F&A cap in the 2026 budget, science research is still experiencing a challenging federal environment. According to a January 2026 article in *Nature*, 5,844 NIH grants and 1,996 NSF grants were cancelled or suspended for not aligning with the Trump Administration's priorities, affecting research on topics like vaccine uptake, infectious diseases, and people from underrepresented groups. Federal agencies are also awarding fewer new grants; for example, the NIH awarded 21% fewer new research project grants in fiscal year 2025. In fiscal year 2026, *STAT* has reported that the number of competitive NIH awards issued to date is 74% lower than the average recorded by February over fiscal years 2021–2024, and the total value of those awards is 62% below the average at this point over those same years.

Disruptions to the stability and predictability of federal science funding have already impacted California research groups. According to the grant tracking website Grant Witness, 775 California grants were disrupted from the NIH and 467 from the NSF since January 2025.

Although many have since been restored due to intervention by the courts, the state is experiencing an estimated loss of \$26 million from the NIH, \$46 million from the NSF, \$835 million from the Environmental Protection Agency (EPA), and \$95 million from the Centers for Disease Control and Prevention (CDC). Last July, the federal government froze nearly \$600 million in NIH and NSF funding to UC Los Angeles (UCLA) alone over claims of antisemitism on campus. Although these funds were eventually restored by court order, hundreds of research projects were halted for two months with no guarantee of being restored, disrupting experiments, wasting resources, and placing financial strain on graduate and postdoctoral researchers living paycheck to paycheck on federally funded stipends.

Further federal control of research. National Public Radio (NPR) reports that the Trump administration is pursuing a bureaucratic rule change that could allow for greater political influence over billions of dollars in federal research grants. The new rule would have a broad impact on research fields, including housing and transportation. Health and science funding would be most significantly affected. The new proposed rule, published May 29, 2026, would both codify the administration's strategies to dismantle certain fields of study in the U.S. and lend it new authority to advance the President's policy priorities, according to NPR. Under the new rule, peer review would not be eliminated, but political appointees would be required to review grants before awards are made. In addition to giving the administration increased authority, the proposed rule officially bans research on diversity, equity and inclusion or gender as grant conditions, and places broad prohibition on international scientific collaborations.

California Institute for Regenerative Medicine (CIRM). California has previously used voter-approved bonds to fund scientific research and infrastructure through CIRM. Following the Bush Administration's 2001 Executive Order to ban the use of federal funds for embryonic stem cell research, Proposition 71 was placed on the 2004 ballot through the citizen's initiative process, funded largely by stem-cell research advocate Robert Klein II. Proposition 71 authorized \$3 billion in general obligation bonds to establish CIRM in order to fund stem cell research in California over a ten-year period. Proposition 71 also included language requiring that all grants and loan awards be subject to intellectual property agreements that balance the opportunity of the State to benefit from the patents, royalties, and licenses that result from the funded research, with the need to ensure that essential medical research is not unreasonably hindered by the intellectual property agreements. Proposition 71 required, at a minimum, that CIRM grantees share a fraction of the revenue they receive from licensing or self-commercializing an invention or technology that arises from research funded by CIRM pursuant to a specified formula. The Obama Administration rescinded the ban on federal stem cell research in 2009. In 2020, Robert Klein helped to fund another initiative, known as Proposition 14, to authorize an additional \$5.5 billion in state general obligation bonds to fund research grants. Proposition 14, which passed with 51% of the vote, dedicated \$1.5 billion to research and therapy for Alzheimer's disease, Parkinson's disease, stroke, dementia, epilepsy, brain cancer, schizophrenia, autism, and other diseases and conditions of the brain, and otherwise expanded programs promoting stem cell and other medical research, therapy development and delivery, and student and physician training and fellowships.

According to CIRM's 2025 Annual Report, to date, these bonds have funded over 1,400 projects in 85 different disease areas, 116 clinical trials, and over 4,600 students and fellows. CIRM has also funded science and medical infrastructure like shared resources laboratories, alpha clinics, and a manufacturing network throughout the state to accelerate the delivery of cell and gene therapies. CIRM's investments in biotechnology have advanced over 50 startups with roots in CIRM projects, several of which have attracted high-profile investors to help commercialize

these therapies. For example, Orchard Therapeutics has licensed a gene-modified cell therapy for severe combined immunodeficiency from UCLA and Gilead has acquired an antibody therapy for cancer from Stanford's spin-out company, Forty Seven. In 2015, CIRM shifted its funding model from an NIH-style grant system to a more hands-on, milestone-based award structure that links grantees with resources at each phase of a project and provides a predictable, stable funding schedule.

The California Immunology Research and Cures Initiative. The California Immunology Research and Cures Initiative will appear on the ballot in November 2026. This proposition would authorize the issue and sale of \$8.4 billion dollars of general obligation bonds to fund a UC-affiliated immunology and immunotherapy research institute as well as individual immunology and immunotherapy research groups via grants. This proposition would be limited to immunology-related research, and only California-based public and nonprofit universities and medical research institutions would be eligible for funding. The proposition attempts to recuperate some of the investment for taxpayers by developing a technology licensing program, requiring a 10% cut of all revenues from the sale, licensing, or commercialization of intellectual property rights, and requiring any products developed with these funds be made available to Californians at a price at least 20% below the national average price. The proposition aims to bring state funding to the UCLA-affiliated California Institute of Immunology and Immunotherapy (CIII), established in 2024 by several philanthropists including Dr. Gary K. Michelson, the proposition's sponsor. The state allocated \$500 million to the CIII in the 2022-2023 budget, to be appropriated over the next several years, but the institute only received \$200 million when the remaining \$300 million was canceled in the 2024-25 budget.

According to the Author

This bill will place on the next statewide general election ballot a \$7.5 billion bond to fund health and science research. This bill will additionally establish the Foundation. The author notes that 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. The author argues that 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. The author concludes that 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.

Arguments in Support

The Union of American Physicians and Dentists (UAPD) and United Auto Workers (UAW) 4811 are cosponsors of this bill and states that this funding will safeguard California's role as a global leader in innovation, an investment that will dramatically boost long term tax revenue, drive middle class job growth, and provide hope and healing to millions of Californians confronting deadly and debilitating diseases. UAPD and UAW 4811 argue that scientific research and innovation is the engine of California's economic prosperity and a lifeline to millions of families struggling with health challenges. Recent federal cuts threaten to bulldoze

the nation's top scientific institutions, disrupting innovations critical to California's future. The NIH, the main funder of biomedical research, awarded about \$35 billion in grants to research groups last year, including for the University of California. UAPD and UAW 4811 conclude that federal cuts and suspensions have threatened billions of dollars in scientific research funding, especially targeting California institutions like the UC and the California State University System.

UC is also a cosponsor of this bill and states that it is particularly important at this moment when UC is facing one of the greatest threats in its history. The University currently receives more than \$17 billion annually in federal support – for healthcare, research, and student financial aid. Federal funding for research totals \$5.7 billion each year. UC argues that the sustained loss of this funding would devastate the UC and cause enormous harm to their students and all Californians. It would mean tens of thousands of jobs lost and an exodus of talent as many of the UC's world-renowned researchers would be forced to leave the state to pursue their work. UC contends that it is hard to conceive of a more damaging consequence for California. UC and the State face an extraordinary challenge.

Stanford University supports this bill stating that this investment will strengthen California's position as a global leader in research and innovation, enhance the state's competitiveness, and accelerate scientific discoveries that can improve outcomes for millions of patients. Stanford University says it has been at the forefront of research innovation, making a profound impact not only within California but also across the U.S. and around the world. Stanford's commitment to fostering an environment of interdisciplinary collaboration has led to groundbreaking achievements across numerous fields, including technology, medicine, engineering, and the social sciences. Stanford alumni and faculty have created over 39,900 companies since the 1930s, creating over 5.4 million jobs and generating revenues of \$2.7 trillion annually. Stanford argues that university research, exemplified by the work conducted at Stanford and other California universities, has been integral to the partnership between academia and the U.S. government. Following World War II, the federal government realized the potential of harnessing universities' expertise and curiosity-driven culture, opting to fund university research as a strategic model. This government support has provided the foundation for the country's scientific and innovation ecosystem, fostering advancements across diverse fields. By investing in university research, the government has enabled a continuous flow of discoveries and innovations that fuel economic growth, address societal challenges, and maintain the U.S. leadership in innovation.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) 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), the total principal and interest costs to pay off the bonds would be approximately \$9 billion (\$5 billion in principal and \$4 billion in interest), with average annual debt service payments of around \$300 million (General Fund) when all bonds are sold.

- 2) Administrative costs: GovOps estimates costs between \$7.5 million to \$15 million to implement this measure. GovOps states this bill requires a new function that GovOps has never done. GovOps estimates it would need between 15 and 23 staff of various classifications and significant funding for operating expenses and equipment to begin implementing the provisions of this bill. GovOps staff would need to support the Foundation and the Council, manage grants and loans made pursuant to this measure, issue reports, conduct bond compliance activities, bond accounting activities, develop the Foundation's strategic research and financial plans, and handle complex legal issues regarding intellectual property, patents, etc. GovOps would likely need a General Fund loan to establish the Foundation and the Council, and to hire staff prior to the issuance of bonds. The General Fund could be paid back from bond proceeds in the future.
- 3) Ballot costs: The Secretary of State (SOS) estimates this bill will require approximately 12 to 15 additional pages in the State Voter Information Guide and Text of Proposed Laws. Based on current printing rates of \$123,359 per page, SOS estimates the cost to add the Bond Act to the ballot between \$1.48 million and \$1.85 million in fiscal year (FY) 2026-27 (General Fund).

VOTES

SENATE FLOOR: 29-9-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Dahle, Hurtado

ASM HEALTH: 11-2-3

YES: Bonta, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Elhawary, Patel, Celeste Rodriguez, Sharp-Collins, Stefani

NO: Johnson, Sanchez

ABS, ABST OR NV: Chen, Patterson, Schiavo

ASM APPROPRIATIONS: 12-1-2

YES: Wicks, Hoover, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Tangipa

ABS, ABST OR NV: Dixon, Ta

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