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Stem Cell Decision Worries Some Scientists

By [ANDREW POLLACK](#)

LOS ANGELES — While praised by scientists, [President Obama](#)'s decision to lift restrictions on federal financing of embryonic [stem cell](#) research could cause state governments and philanthropists to pull back on billions of dollars they have pledged for such work.

A number of states and philanthropies rushed in to fill the gap after President [George W. Bush](#) imposed the restrictions in 2001. California voters alone approved spending \$3 billion over 10 years, making the state's taxpayers the nation's largest financial backers of the research.

But Mr. Obama's decision, announced Monday, has removed the original *raison d'être* for the California program and others like it. And with most states facing severe budget pressures, it may prove difficult to justify spending the money.

"If the federal government starts meeting its responsibilities, then there's really less reason for the state governments to step in," said Dr. John A. Kessler, director of the stem cell institute at [Northwestern University](#).

Fiscal headaches have already caused New Jersey to reduce planned spending on stem cell research, and Massachusetts has trimmed overall life-sciences spending. And California's program may run out of money by the end of the year because the state, hurt by turmoil in the financial markets and its own budget crisis, cannot issue bonds at a reasonable rate.

Further, portfolios of wealthy individuals and philanthropies are suffering from the pounding taken by the stock market, a development that could mean a decline in donations from those sources as well.

"Hopefully that won't happen, but we have to be ever vigilant, especially at this time where there are fewer and fewer dollars," said Susan L. Solomon, chief executive of the New York Stem Cell Foundation. Because it takes time to win a federal grant, scientists who have access to donated money often achieve research results more quickly, Ms. Solomon said.

Many scientists and state officials say state financing is still vital, since Mr. Obama's order allows scientists to use federal money only to work with hundreds of new embryonic stem cell lines, not to create such lines.

Moreover, they say, the lifting of the restrictions does not necessarily mean that a lot of federal money will be available for the research. And researchers who receive state money to advance their work will be in a strong position to compete for whatever federal money does become available.

"As New York institutions compete for federal dollars, I think many of them will have a leg up," said Joseph Baker, Gov. [David A. Paterson](#)'s deputy secretary for health and human services. New York plans to spend

\$600 million over 11 years on stem cell research, a sum that, Mr. Baker said, the state does not foresee paring.

A variety of issues are playing out in California, whose \$3 billion program exceeds that of the other states combined. California's stem cell agency, the California Institute for Regenerative Medicine, or CIRM (pronounced *serm*), has already awarded nearly \$700 million in grants for research, training and construction of laboratories, more than half of which has actually been distributed.

But the state's fiscal affairs are such that its lawmakers in February had to plug a projected \$41 billion budget shortfall over the next 16 months with a combination of tax increases, spending cuts and new borrowing. This at the same time that scientists are turning toward adult skin cells as alternatives to embryonic cells.

Jesse Reynolds, a policy analyst at the Center for [Genetics](#) and Society, an organization based in Oakland that advocates oversight of new technologies, said: "The key question is whether the continued existence of CIRM is justified. Increasingly, signs are pointing to no, it's not."

Others disagree. "I think we're creating an industry that's the future of medicine," said Jeff Sheehy, a patient advocate on CIRM's board, who said he thought support for the program remained strong.

"I don't have people calling me up saying stop," Mr. Sheehy said, "and frankly I think it would be insane."

Still, in part because it assumes that federal financing will go largely to basic research, CIRM is shifting its focus toward beginning within four years the human testing of therapies derived from embryonic stem cells. So while the agency has previously given grants mainly to academic scientists, it is now planning also to start lending money to biotechnology companies.

The shift has its critics, who say that the science is not yet advanced enough to justify testing therapies in people and that the cost of clinical trials should be paid by companies that will eventually sell the resulting treatments.

"To use taxpayer money essentially as venture capital money is beyond the pale," Linda Iverson, a neuroscientist at the City of Hope medical center in Duarte, Calif., said at a public meeting there on Thursday to discuss CIRM's strategic plan.

Alan Trounson, CIRM's president, responded by saying Californians had approved the \$3 billion effort to develop therapies, "not just to get the work in scientific journals."

In any event, without new financing CIRM will run out of money by December, its chairman, Robert N. Klein, said in an interview. Mr. Klein said the agency would now take on the task itself of trying to find buyers for about \$400 million worth of bonds to be issued over the next two years.

The agency will try to avoid siphoning away buyers who might purchase California bonds needed for schools, [hospitals](#), roads and other projects that taxpayers could view as more urgent. Mr. Klein said he was confident that foundations would find CIRM's bonds attractive investments that would also help fulfill their charitable missions.

Researchers are waiting to see if the agency's grants will be cut. With its latest grants, awarded in January, CIRM allocated \$58 million for training but said it would delay actually giving out the money until a clearer picture of its financial situation emerged.

In the meantime, “a lot of people are running on fumes in their labs,” said Jeanne F. Loring, director of the Center for Regenerative Medicine at the Scripps Research Institute in San Diego.

Even with the federal financing restrictions lifted, Dr. Loring said, “we need CIRM.”

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