

## **REORGANIZATION PROPOSAL**

### **Allocation of Responsibilities Regarding Finance**

Under Proposition 71, the Chair and the President each have responsibilities relating to CIRM's finances. In general, the Chair is responsible for external finances and the President is responsible for internal finances. Specifically, the Chair is responsible for managing and optimizing "CIRM's bond financing and cash flow plans," optimizing "all financial leverage opportunities" for CIRM, and leading negotiations for intellectual property agreements, policies and contract terms; the President is responsible for serving as the Chief Executive Officer of CIRM, developing CIRM's budget and cost control programs, and managing and executing intellectual property agreements and other contracts.

The purpose of this memorandum is to clarify how these statutory responsibilities apply to CIRM on an operational level.

1. The Chair's Office is responsible for:
  - a. External financial resource management and support (e.g., bond financing, cash flow plans, donor funds, matching funds, and State financial submissions);
  - b. Optimizing leverage opportunities by providing financial analysis and support, in collaboration with the President, for CIRM's collaborations with other countries and states and by working with institutional and private donors who support medical research and medical research facilities;<sup>1</sup>
  - c. Coordinating with the Department of Finance, the State Treasurer's Office and the California Stem Cell Research and Cures Finance Committee regarding CIRM's bond funding;
  - d. Managing public communications on financial issues;
  - e. Developing the financial structure of the loan program and analyzing the financial implications of CIRM's IP policies and programs;

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<sup>1</sup> The President is the scientific leader for international and state collaborations and is responsible for developing and directing such collaborations, while the Chair is responsible for providing financial analysis and international financial support for such collaborations.

- f. Establishing linkages, in collaboration with the President, with the financial and legal advisors to the biomedical sector in support of CIRM's scientific/medical mission;<sup>2</sup> and
- g. Developing the budget for the Office of the Chair and presenting it to the Board.

2. The President's Office is responsible for:

- a. Internal financial resource management and support (e.g., budgeting and cost control programs);
- b. Developing CIRM's internal budget and resource allocations (with the exception of the Office of the Chair)<sup>3</sup>;
- c. Developing CIRM's research budget and resource allocation strategy;
- d. Presenting CIRM's budget (excluding the Office of the Chair's budget) to the Board;
- e. Establishing and coordinating the funding of collaborations with other countries and states, in collaboration with the Chair on the financial matters set forth in footnote 1; and
- f. Developing linkages and partnerships with the biomedical sector to cosponsor and support CIRM projects/programs for delivery of research and clinical opportunities.

The Director of Finance will be jointly appointed by the President and the Chair and will support, and report jointly to, the President and the Chair. The President and the Chair will be jointly responsible for employment and compensation decisions relating to the Director of Finance.

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<sup>2</sup> Whenever possible, the President's Office and the Chair's Office will establish teams to advance CIRM's mission objectives.

<sup>3</sup> As part of the budget process and to ensure parity among the President and the Chair's staff, the Chair and the President will consult with one another on an annual basis before taking action to change salaries for employees for whom they are responsible. If the Chair and the President disagree, they will consult with the Chair of the Governance Subcommittee.

1. The responsibilities of the Director of Finance will include: (a) strategic financial plans and programs; (b) budgeting; (c) cash flow planning and management to support all funding programs, and the implementation of programs.
2. The President and the Chair will jointly establish objectives for the Director of Finance in each of these areas and will meet at least once a quarter to provide direction and feedback to the Director of Finance.
3. The Director of Finance will support the President and the Chair in performing the financial functions assigned to each of them

### **Allocation of Responsibilities Regarding Communications**

The Chair and the President should each have a role in CIRM's communications, with the Chair's focus on public communications and the President's focus on scientific communications. The structure outlined below is intended to implement this division of responsibilities. As with finance, the Chair and the President will collaborate with one another in areas within their jurisdiction to ensure that CIRM speaks with one voice.

#### **Public Communications**

1. The Director of Public Communications will report to the Office of the Chair, jointly supervised by the Chair and the statutory Vice Chair.
2. The Director of Public Communications will provide support for the Communications Subcommittee.
3. The Chair and the President will meet at least monthly to coordinate regarding public communications and scientific and educational communications. The Chair and the President shall, at least semi-annually or more frequently as requested, jointly report to, and discuss communications strategies with, the Communications Subcommittee.

#### **Science Reporting and Education**

Science reporting related to reaching academic and scientific audiences, including scientific education (e.g., management of scientific curriculum for high schools pursuant to legislation and responding to the educational initiatives of the Superintendent of Public Instruction and others), and scientific content for the web will be handled through staff reporting to the President.

### **Office of the Chair Staff**

The Chair is responsible for employment (hiring) and compensation decisions for staff in the Office of the Chair, within the parameters of CIRM's existing employment and compensation policies (see Appendix A) and subject to footnote 3. With the exception of the President's authority to reclassify a position, the Chair shall exercise the discretion accorded to the President in Appendix A solely for the purpose of making compensation decisions for employees in the Office of the Chair. The reclassification of a position within the Office of the Chair is subject to the approval of the President.

## APPENDIX A

### **Compensation Program for CIRM Staff**

Existing compensation and employment policies approved by the ICOC January 17, 2008 and amended June 23, 2010 provide:

#### **Merit Pay Plan**

- A merit funding pool of 0-5% annually for salary levels 1-9 only effective July 1 of each year.
- No employee shall receive more than a 5% merit increase in any one fiscal year.
- A merit increase will be determined through a documented Performance Review by the individual's supervisor.
- An individual whose performance is judged less than satisfactory would not be recommended for a merit increase.
- A merit non-base building lump sum increase may be implemented in lieu of a merit base building increase.
- A completed Performance Review must be on file within the last twelve months to receive a merit increase.
- An employee must be on CIRM payroll at least six months prior to the date of the merit increase or by December 31 of each year unless an exception is made by the President or Chief Operating Officer.
- A merit increase shall not put an employee above the salary range without prior approval by the ICOC.

#### **Cost of Living Adjustment**

- A COLA (Cost of Living Adjustment) based on the Consumer Price Index-California (San Francisco Oakland San Jose) annually for salary levels 1-9 may be offered annually and will be effective as of July 1 of each fiscal year.
- A COLA should be linked to a salary range adjustment but circumstances may exist to do one without the other.

#### **Promotion, Merit, Equity and COLA Adjustments**

- An employee's total salary increase(s) in any fiscal year shall not exceed 15% of base pay unless approved by the President.
- Increases include all base building monetary increases such as merit, COLA, promotional, and equity increases.
- The President may approve compensation changes for employees within the salary ranges for all levels.

- For reclassified employees who are moved from one salary range to another by the President, approval by the Governance Subcommittee is required if their new salary is above 80% of the minimum salary for the new salary range.
- **An employee shall not be paid outside the salary range unless approved by the ICOC.**
- All increases must be approved in writing by the President or Chief Operating/Scientific Officer.