

Item for Information
2007-08 Administrative Budget Update

This item is presented for information only. The Governance Subcommittee approved the 2007-08 Administrative Budget at its May 2007 meeting; and the ICOC reviewed the 2007-08 Administrative Budget at its June 2007 meeting and again during the August 2007 meeting (see attached). This budget was presented to the Board as an interim measure until such time as a permanent President was hired.

Since the August 2007 meeting, the Interim President has approved additional expenditures, consistent with Presidential Authority, with one exception. The RFP for the Public Information firm was released on October 23, 2007. Upon final selection of the firm, the President will request approval for award by the appropriate governing body based on the current delegation of authority. The following table details the additional expenditures for 2007-08.

Additional Expenses not included in 2007-08 Budget					
	Science Office	Administration	President	Chair's Office	Total
Interim and New President (originally budgeted \$494,500)*			\$ 109,804		\$ 109,804
CIRM Public Information RFP (partial year-4 months)			\$ 100,000		\$ 100,000
Independent Consultants (3 separate contracts)			\$ 30,000		\$ 30,000
Wireless LAN		\$ 5,000			\$ 5,000
WestLaw Contract <i>Amendment</i>			\$ 2,000		\$ 2,000
Feinstein Kean Healthcare <i>Amendment</i>			\$ 4,000		\$ 4,000
Aethion <i>Amendment</i>		\$ 16,100			\$ 16,100
Clark Creative Group (originally budgeted \$17,800)				\$ 30,639	\$ 30,639
CSO Recruitment	\$ 15,075				\$ 15,075
COO Recruitment		\$ 20,676			\$ 20,676
Travel Expense for Candidates			\$ 30,000		\$ 30,000
Contract: Communications Officer, 3 months			\$ 38,500		\$ 38,500
Interagency Agreement: Legislative Director, 2 months				\$ 34,668	\$ 34,668
Economic Impact Analysis				\$ 49,900	\$ 49,900
TOTAL	\$ 15,075	\$ 41,776	\$ 314,304	\$ 115,207	\$ 486,362

* Budget for President assumed the top of the range	\$ 412,500
plus benefits	\$ 81,900
total budgeted	\$ 494,400
minus Richard Murphy's contract	\$ 300,000
minus Alan Trounson's salary and benefits for 6 months	\$ 304,204
	<u>\$ (109,804)</u>

With the exception of the unplanned expenses detailed in the table above, CIRM is on budget for the 2007-08 fiscal year. As of October 31, 2007, the State Controller's Office records indicate expenditures of 27% of the budget for salary and benefits in 2007-08. CIRM anticipated and budgeted for 6 additional staff members to be hired on July 1st and 4 additional staff members to be hired by October 1st. Three of these positions have been filled and the recruitment for the remaining positions is active. CIRM continues to reorganize its staff duties and responsibilities. CIRM has permanently eliminated the Technology Officer position and outsourced many of these tasks.

CONSIDERATION OF THE 2007-08 CIRM ADMINISTRATIVE OPERATING BUDGET

Recommendation

The Acting President and the Governance Subcommittee recommend approval of the proposed 2007-2008 Administrative Operating Budget to the ICOC.

Description

The major differences between the 2006-07 approved budget and the proposed 2007-08 budget are as follows:

1. staggered increase over 12 months from 24 staff to 41 staff, or an increase of \$2,700,000 for a total of \$5,484,255;
2. similar increase in the number of employees which CIRM makes an employer retirement contribution ;
3. decrease in interagency agreements and external contracts;
4. decrease in major equipment and IT costs due in part to savings from implementation of our terminal services; and
5. the budget will be revisited after discussions with a new President.

Most legal costs have been subtracted from the total as provided for in Proposition 71, Health & Safety Code section 125292.10(u) "Legal costs of the institute incurred in order to negotiate standards with federal and state governments and research institution; to implement standards or regulation; to resolve disputes; and/or to carry out all other actions necessary to defend and/or advance the institute's mission shall be considered direct research funding costs."

This item requests approval of the 2007-08 Administrative Operating Budget. For reference, please note the following abbreviations have been in the budget headings:

- OOA – Office of Administration
- OOP – Office of the President
- OOC – Office of the Chair
- WG – Working Groups
- OEE – Operating Expense and Equipment

The Proposed 2007-08 budget is as follows:

Proposed 2007- 08 Operating Budget					
	Science Office	OOA	OOP	OOC	Proposed Budget
Staff	21	10	7	3	41
Salaries and Benefits	\$2,286,052	\$1,400,238	\$1,457,625	<i>\$ 340,340</i>	\$5,484,255
Interagency Agreements		\$161,000	\$50,000		\$211,000
External Contract	\$522,280	\$151,478	\$696,700	\$21,200	\$1,391,658
ICOC Meetings				\$323,231	\$323,231
Science Meetings	\$264,500		\$37,920		\$302,420
WG-Grants	\$263,500				\$263,500
WG-Standards			\$45,600		\$45,600
WG-Facilities		\$110,792			\$110,792
Other Travel	\$37,000	\$19,000	\$23,250	\$65,000	\$144,250
Furniture and Equipment		\$38,000			\$38,000
Information Technology		\$95,762			\$95,762
Other OEE		\$210,000	\$22,350	\$4,000	\$236,350
Subtotal	\$3,373,332	\$2,186,270	\$2,333,445	\$753,771	\$8,646,817
Legal Costs			\$ (550,000)		\$ (550,000)
TOTAL			\$1,783,445		\$8,096,817

** Salaries and Benefits figure in italics, under the OOC, will be revisited at a later date.

During the discussion of the Governance Subcommittee, more detailed information was requested. The subcommittee wanted specifics on the development of the budget for new positions and the proposed hiring dates. We budgeted for each new employee based on the month of hire projected to the nearest quarter of the year.

Proposed New Positions
Science Office
Grants Management Specialist (12 mos)
Scientific Analyst (12 mos)
Scientific Officer I (12 mos.)
Grants Management Specialist (9 mos)
Grants Technical Assistant (9 mos.)
Scientific Officer I (9 mos)
Scientific Officer (6 mos.)
For-Profit Director (6 mos)
Grants Management Specialist (3 mos.)
Scientific Officer (3 mos)
Office of Administration
Admin Coordinator (12 mos)
Sr. Medical Facility Planner (12 mos)
Capital Asset Manager (9 mos)
Office of the President
President (12 mos)
Paralegal (12 mos)

The Governance Subcommittee requested the details for interagency agreements and external contracts. The following table provides the information by line item.

Details of 2007-08 Interagency and External Contract Budgets	
Interagency Agreements	\$ 211,000
External Contracts	\$ 1,391,658
Total	\$ 1,602,658
Details:	
Grant Management System	\$ 500,000
Copiers	\$ 25,510
WebService (DTS)	\$ 20,000
Operations Support (SCO)	\$ 141,000
Financial Audit (MGO)	\$ 50,000
Office Signage	\$ 11,000
Staffing Services	\$ 22,000
Salary Survey	\$ 50,000
Legal Support	
Remcho, Johansen and Purcell	\$ 300,000
DOJ	\$ 50,000
Licencing Issues	\$ 200,000
Information	
Clipping Service	\$ 43,200
Publications (Lexis Nexis, Westlaw, Scientific Publications)	\$ 6,000
Advocacy/Education (Merksamer)	\$ 49,000
Memberships (OOC)	\$ 10,000
Patient Spotlights	\$ 7,200
Subtotal	\$ 1,484,910
Contingency	8% \$ 117,748
Total	\$ 1,602,658

We will present to the Governance Subcommittee and the ICOC a close-out report from the 2006-07 for our 2006-07 budget vs actuals at the October 2007 meetings. As of the end of April 2007, we have expended 75% of our budget for salaries and benefits and an average of 59% for all other budgeted line items. As approved at the December 2006 Governance Subcommittee and ICOC meeting, the 2006-07 CIRM Administrative Operating Budget is included for reference only:

2006-07 Operating Budget					
	Science Office	OOA	OOP	OOC	Proposed Budget
Number of Staff based on accepted offers as of 12/06	8	5	7	4	24
Salaries and Benefits	\$938,062	\$789,542	\$1,368,094	\$726,022	\$3,821,720
Interagency Agreements		\$240,759	\$608,800		\$849,559
External Contract	\$809,011	\$79,332	\$919,500	\$65,000	\$1,872,843
ICOC Meetings				\$404,631	\$404,631
Science Meetings	\$353,352		\$33,860		\$387,212
WG-Grants	\$216,080				\$216,080
WG-Standards			\$94,068		\$94,068
WG-Facilities		\$91,828			\$91,828
Other Travel	\$31,500	\$11,000	\$21,700	\$45,000	\$109,200
Furniture and Equipment		\$135,000			\$135,000
Information Technology			\$53,425		\$53,425
Other OEE		\$297,600	\$1,250	\$7,500	\$306,350
Subtotal			3,100,697		\$8,341,916
Legal Costs -- direct Research funding cost 125292.10 (u)			(\$1,008,800)		(\$1,008,800)
Total	\$2,348,005	\$1,645,061	\$2,091,897	\$1,248,153	\$7,333,116