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Item # 4

1/26/11 Governance Subcommittee Meeting

MEMORANDUM

To: Members, Governance Subcommittee
Governing Board
California Institute for Regenerative Medicine

From: James C. Harrison

Date: January 14, 2011

Re: CFAOC Request for Posting of Board Members' Form 700s and Travel Expense Claims (Our File No.: 2297-0)

INTRODUCTION

The Citizens' Financial Accountability Oversight Committee (the "CFAOC"), which was established by Proposition 71 to monitor CIRM's financial practices and performance and which is chaired by the Controller, has requested that CIRM post on its website Statements of Economic Interest (FPPC Form 700) and travel expense claims filed by members of CIRM's Governing Board and executive staff.

BACKGROUND

At its meeting on January 26, 2010, the CFAOC adopted a motion to post on the Controller's website Statements of Economic Interests and travel expense claims filed by CFAOC members. The CFAOC has requested that CIRM take the same action for members of the Board and the agency's executive staff. CIRM's management and Board leadership (Chairman Klein and Vice Chairs Torres and Roth) plan to voluntarily post their Statements of Economic Interests on CIRM's website next week. The CFAOC is scheduled to meet on January 28, 2011.

Each year, public officials in California, including members of CIRM's Governing Board, are required to file FPPC Form 700 for the preceding calendar year. Form

700, a copy of which is attached as Exhibit A to this memorandum, requires public officials to disclose, among other things: (1) investments in business entities of \$2,000 or more; (2) investments in real property of \$2,000 or more; (3) sources of income of \$500 or more; and (4) sources of gifts of \$50 or more; and (5) travel payments. Under the Political Reform Act, these forms must be made available to the public upon request. Last year, David Jensen, who publishes the California Stem Cell Report, requested the forms filed by members of the Governing Board and certain CIRM staff members and consultants and posted the forms on his website.

In 2009, the Legislature adopted a pilot program to authorize four counties to post Form 700s for local officials. In 2010, the pilot program was expanded to authorize additional local jurisdictions to participate in the program. The Legislature's intent was to evaluate whether to require all agencies to post the forms filed by agency officials. On March 6, 2009, Governor Schwarzenegger ordered the Governor's Office Senior Staff and Deputies, Agency Secretaries, Agency Undersecretaries and Department Directors to make publicly available on the Governor's website their Statements of Economic Interests, Form 700s, and their travel expense claims. Currently, the Fair Political Practices Commission posts the Form 700s of all state elected officials and members of county Boards of Supervisors. (*See* <http://www.fppc.ca.gov/?id=548>.) Based on these trends, it appears likely that, in the future, the Legislature will require that all public officials post their FPPC Form 700s on their agency's websites.

REQUEST

The CFAOC has requested that the Board take action to post the Statements of Economic Interest (Form 700) and travel expense claims filed by members of the Board and CIRM's executive staff. We therefore request that the Governance Subcommittee consider this request and make a recommendation to the Board.