

Preliminary FY12/13 Budget

March 21, 2012
Agenda Item #13

Draft CIRM Goals For FY12/13

*5-year CIRM goals → 1-year CIRM goals →
1-year functional area goals → Annual budget*

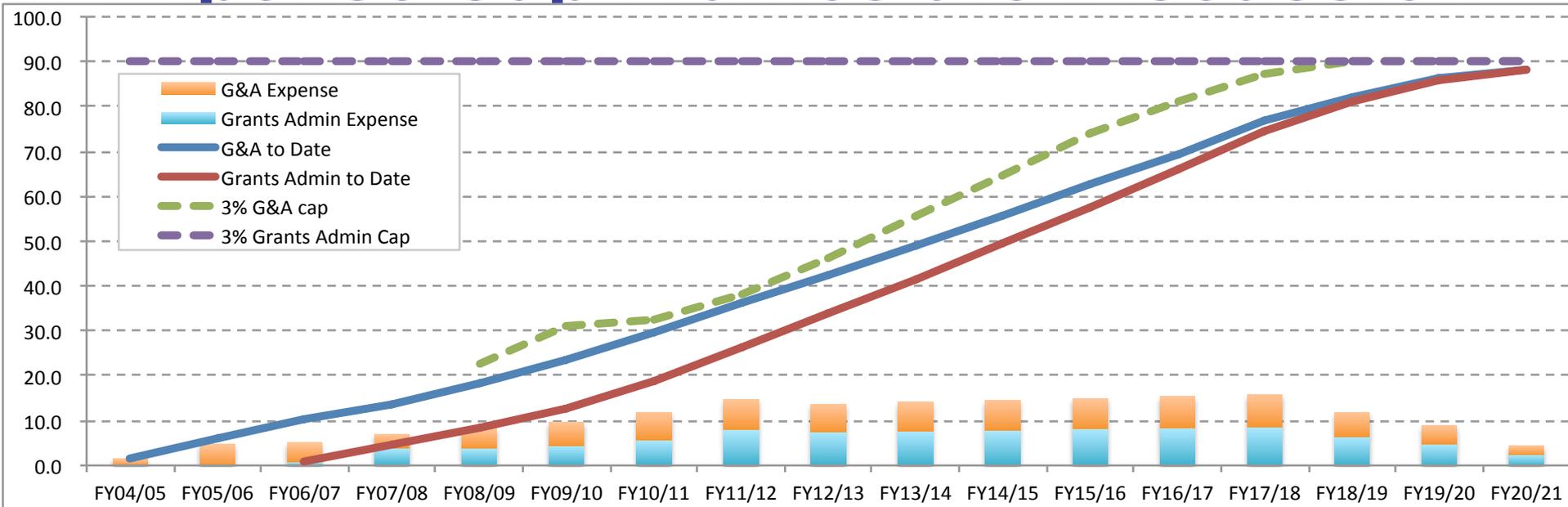
In striving towards our FY12/13 goals, we will continue to be good stewards of public dollars as we seek to achieve the following:

- CIRM's portfolio includes ≥ 2 programs with an open US IND
- \$50 million in new, outside financial commitment for CIRM programs
- Ensure funding of potentially high-impact projects that could result in transformative research by modifying priorities in CIRM's RFAs
- Educate and engage the California community in CIRM's mission
- Optimize CIRM's workforce staffing and processes to meet challenging priorities within the 6% ceiling



Slide from January 2012:

“Expense Cap Frames the Discussion”



Key Assumptions:

- FY11/12 is \$1mm under budget; FY12/13 is \$1mm lower than FY11/12
- Expense growth of 3% p.a. through FY17/18; gradual decline to FY20/21

Considerations:

- Small savings (or expenses) compound 10x over the coming decade
- Historical expense growth has been greater than 3%
- FY12/13 budget focus on “Must Have” expenses



Process to Date

- January: Distributed current year budget, YTD actuals and planning template to group heads
- Early to mid-February: Informal reviews amongst group heads, CFO, President & Chair
- February 22: CFO review with President and Chair
- February 28: CFO review with Finance subcommittee chair & co-chair
- March 21: Initial review with ICOC



Presentation of the Budget

Cost Centers

Functional areas, not reporting

- Chair
- President
- Science, Research
- Science, Development
- Public Communications
- Finance
- IT
- Legal

Expense Categories

Specificity and Clarity

- Salaries & Benefits
- External Services
- Reviews, Meetings & Workshops
- Memberships & Training
- Travel & Out-of-Pocket
- Equipment, Supplies, Software & Telecom

- **Cost centers: Greater transparency**
 - Alignment greatly simplifies accounting process
- **Expenses: Increased clarity, reduced duplication**



Allocations against Expense Cap

No changes from prior years

- Grants Admin (3%)
 - Science, Research & Science, Development
 - Grants Management portion of IT
- G&A (3%)
 - President, Chair, Finance, Comm
 - Remainder of IT
- Legal (remaining 94% – research funding)
 - All legal



Major Drivers and Changes

- Global drivers
 - Based on comparable institutions, increase comp by 4% (3% merit, 1% adjustments)
 - 4 FTEs added
- Science, Research
 - Add one Grants Technical Assistant
 - Significant cuts to meeting budgets
- Science, Development
 - Add one Medical Officer
 - Significant cuts to meeting budgets



Major Drivers and Changes (cont'd)

- IT
 - Fill open IT Director position and hire 1 programmer
 - No contractors by fiscal year-end
 - Includes \$150K for perf. audit enhancements
 - By spring 2013, runrate expense of \$1mm / yr (versus \$1.5mm in FY11/12 budget)
- President
 - Cuts to external contracts and meeting budgets
 - Travel reflects strategic, financial and BD priorities
- Chair
 - Cuts to travel
 - Significant cuts to meeting budgets



Major Drivers and Changes (cont'd)

- Comm
 - Shift many external functions to internal activities
 - Corresponding cuts to external contracts
- Finance
 - Cuts to equipment and other misc. expenses
 - No “Performance Audit”
- Legal
 - Replaced \$190K in external legal services with in-house IP and transactional FTE

Change from version posted 3/11/12:
Replaced external legal services with
in-house FTE



FY 12/13 Budget Rollup

<i>\$ in 000s</i>	Sci-Rsch	Sci-Dev	IT	Pres	Chair	Comm	Finance	Legal	Total
Salary & Benefits	\$ 3,262	\$ 2,272	\$ 379	\$ 931	\$ 1,497	\$ 669	\$ 967	\$ 1,279	\$11,254
External Services	36	50	760	222	439	286	363	1,057	3,213
Reviews, Meetings & Workshops	1,213	485	-	205	255	-	-	10	2,168
Memberships & Training	33	57	3	95	20	7	10	13	237
Travel & Out-of-Pocket	86	75	-	123	108	25	30	80	527
Equipment, Supplies, Software & Telecom	-	-	313	-	-	15	124	-	452
FY12/13 Budget	\$ 4,630	\$ 2,938	\$ 1,455	\$ 1,576	\$ 2,318	\$ 1,001	\$ 1,493	\$ 2,439	\$17,851
FY11/12 Budget	\$ 4,572	\$ 2,659	\$ 1,522	\$ 1,630	\$ 2,578	\$ 1,319	\$ 1,833	\$ 2,390	\$18,502
\$ Change	\$ 58	\$ 279	\$ (68)	\$ (53)	\$ (259)	\$ (318)	\$ (340)	\$ 50	\$ (652)
% Change	1.3%	10.5%	-4.4%	-3.3%	-10.1%	-24.1%	-18.5%	2.1%	-3.5%

FTEs	22.0	11.0	2.0	3.0	6.6	4.0	5.0	6.0	59.6
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Grants Admin:	\$ 8,447
G&A:	6,415
Legal:	2,439
Donations:	550
FY12/13 Budget	<u>\$17,851</u>

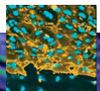
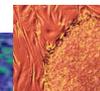
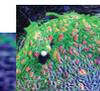
Many small changes from version posted 3/11/12; result is flat overall spending of \$17.85mm.



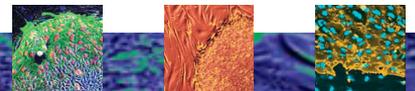
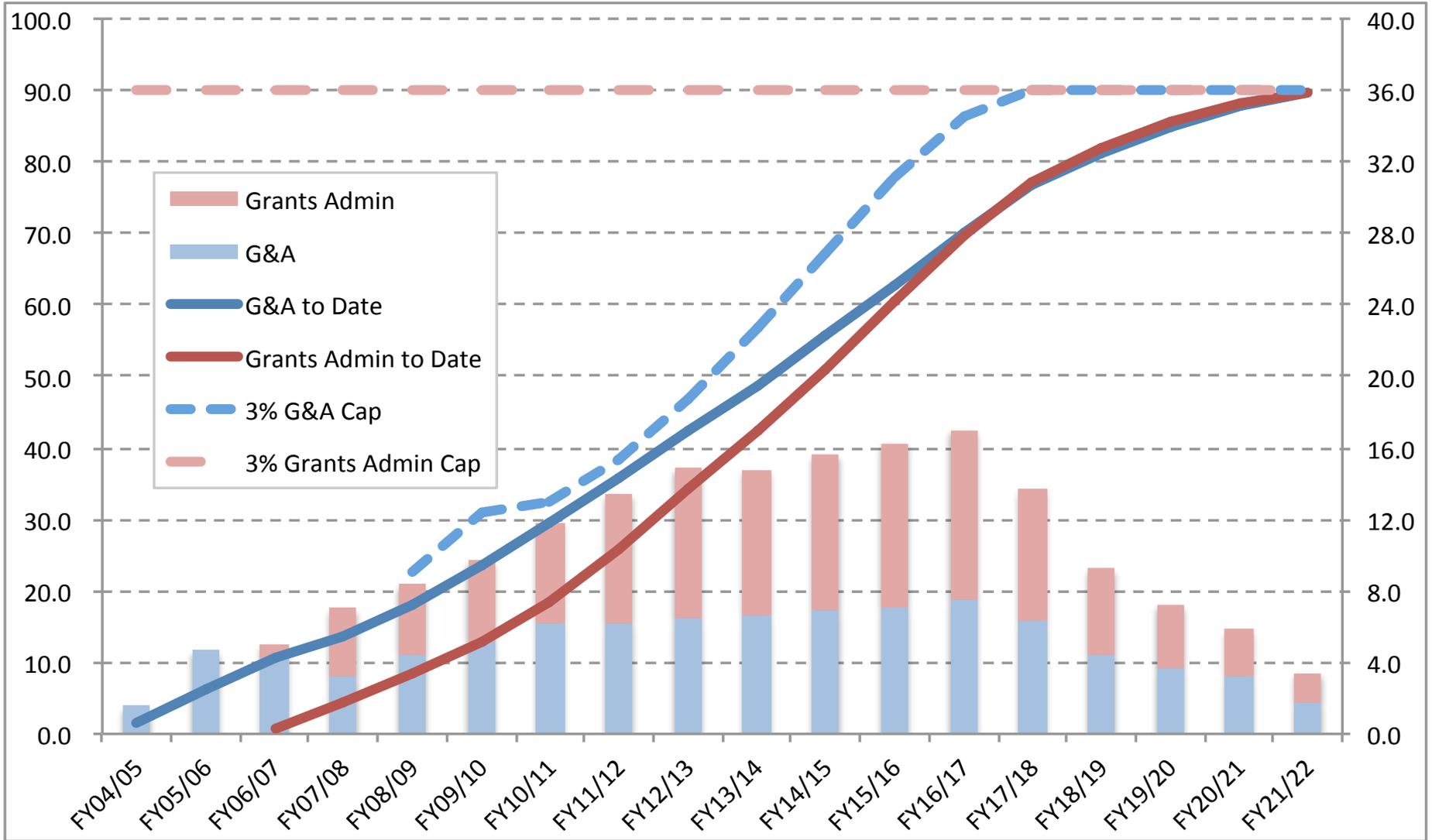
Expense Forecasting

- Modest expense growth through FY16/17
- Thereafter annual decreases to FY21/22
- Adjusted for irregular expenses – examples:
 - IT contracting: \$500K savings post-2013
 - Rent: \$1mm / yr starting Nov. 2015
 - Performance audit: Triannual
 - No new donated funds
- We expect to achieve and have incorporated an additional \$200K in recurring expense savings
 - Breakdown: 50% from grants admin, 50% from G&A
 - Meetings, travel, external resources, consultants, etc.

Changes from version posted 3/11/12 result in target annual expense savings of \$200K (versus \$500K)



Expense Cap Forecast



Upcoming Steps

- Late March: Post documents for April 2 Finance meeting
- April 2: More detailed review with Finance Subcommittee
- April: Further refine budget
- Mid-May: Post documents for May ICOC meeting
- May 22/23: Final ICOC budget review and approval

