

CIRM COMPENSATION PROGRAM

Introduction

A compensation program includes a salary structure that reflects the jobs to be performed based on the skills and education needed to perform them. Once the salary structure is in place it must be supplemented with a process for making decisions on raises and promotions. This presentation will focus on the CIRM salary structure.

Background

Health and Safety Code 125290.45 authorizes the Independent Citizens' Oversight Committee (ICOC) to "...set compensation for the chairperson, vice chairperson, and president and other officers, and for the scientific, medical, technical, and administrative staff of the institute within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the University of California system and the nonprofit academic and research institutions described in paragraph (2) of subdivision (a) of Section 125290.20."

In March 2005, the California Institute for Regenerative Medicine (CIRM) entered into a six-month agreement with the University of California, San Francisco to acquire the services of Alexandra Campe Degg to act as CIRM's Human Resources Officer. Recently based on a competitive recruitment, interview and reference check, Ms Degg was hired by CIRM as its permanent Chief Human Resources Officer, effective 11/7/2005.

One of Ms Degg's responsibilities has been to develop a proposal for a compensation plan that could be presented to the Governance Committee and the full ICOC for review and approval. To assist in this effort, CIRM contracted with an outside consultant – Dee DiPietro – to create and implement a salary survey (Attachment A) to solicit data that could be used to develop the proposed compensation structure. The survey compiled data from the following sources:

- The UC medical schools and the nonprofit academic and research institutions - Cedars Sinai Medical Center, Stanford, USC, & California Institute of Technology (HE)
- Private Research Institutes (PRI). The institutes that responded were Beckman Research Institute/City of Hope, The Salk Institute, The Burnham Institute, Buck Institute for Age Research, La Jolla Institute for Molecular Medicine, LA Biomedical Research Institute, J.David Gladstone Institute, La Jolla Institute for Allergy and Immunology, Ernest Gallo Clinic and Research Center, Sidney Kimmel Cancer Center, Northern California Cancer Center and Torrey Pines Institute for Molecular Studies.

The results of all data sources - are provided as Attachment B.

Pay Strategy

The goal of a compensation program is to set salaries at a level to attract and retain the highest qualified staff. In addition, the program should provide opportunities for staff to receive raises based on merit and promotions based on increased duties and responsibilities.

The survey data suggests that CIRM pay practices will target paying competitive salaries within the 25th to 75th percentile of like positions at Medical Schools in the University of California

system and/or California-based nonprofit academic and research institutions, as described in Proposition 71, and based on expertise and background of the individual to achieve our pay strategy.

Proposed Salary Structure

A proposed salary structure is provided in Attachment C. It is based on typical structures for California education and government organizations for non-represented positions. It provides for slotting of multiple positions - by the categories of Scientific, Business and Administrative – within the nine levels. The first level was developed based on the entry level of positions used by CIRM. Each level provides a salary range of 60% reflecting the span of the minimum salary to the maximum salary of a given level. For example, Level 1 has a minimum of \$40,000 and a maximum of \$64,000.

This is considered an open range salary program. Employees are hired into one level based on the type of job they are selected for and at a salary level within that range determined by the skills, knowledge, and abilities they possess. They can then progress through that salary range based on merit. In addition, an individual can move up in the salary levels via the reclassification of their position based on significant additional responsibilities, if applicable, or by a promotion if they apply and competitively interview for an open position.

The data, together with other information gathered from recruitment and hiring taken place over the last several months, suggests that compensation should be set based on the following three job categories that have been, are and will be hired to work in CIRM:

- Scientific: These positions are for persons who will be required to possess a medical or scientific background and/or degree. In addition, IT positions face market related issues and are included in the scientific category.
- Business: These are positions that will focus outside of CIRM to the business community or the public, either formally or informally such as marketing or business development.
- Administrative: These positions will focus inward to CIRM and provide a variety of professional and technical support services that will assist the other positions in achieving their goals. Generally they would include positions in the Office of Administration and Legal Affairs.

In addition, we have determined that the proposed levels for positions will correlate with their place on the CIRM organizational chart. Therefore, direct reports to the President, Chair, and Vice Chair of the ICOC are at the highest levels.

Finally, CIRM management will slot future positions into appropriate salary levels and job categories based on the duties and responsibilities of the position and the reporting relationship within the organization.

How the survey data and other considerations support the Proposal

- Attachment A is the salary survey which was sent to the above noted organizations. It lists the survey position title, corresponding CIRM position title and a short description of the position's duties and responsibilities.

- For those employment categories where there is sufficient data, there appears to be a strong relationship between the salaries paid for certain positions already established and filled or budgeted. For example:
 - The recruitment for a General Counsel is budgeted at \$223,000. This correlates with the 25th to the 75th percentile of average salaries from the Higher Education (HE) survey and the Private Research Institutes (PRI) survey data. (See page 1, Attachment B)
 - The salary offered and accepted by the new Chief, Human Resources Officer - \$120,000 correlates with the 25th to the 75th percentile of average salaries from the HE and PRI survey data. In addition, based on the competitive applicants applying for the position and their salary expectations, it was an appropriate salary for the local labor market. (See page 1, Attachment B)
 - The salary offered and accepted by the Grants Technical Assistant-\$45,000 correlates to the 25th to 75th percentile of average salaries from the HE & PRI survey data. (See page 3, Attachment B)

- In some instances the positions identified in the survey were not a good match with the CIRM position. For example: The duties of the Manager, Marketing Communication correlates with some but not all of the duties assigned to the CIRM position of Deputy Chief of Staff. Therefore, a higher level of compensation is warranted than the survey data suggests.

The above examples and others listed on Attachment C show a correlation between sufficient numbers of positions that allow us to conclude that the overall proposed compensation program is consistent with the intent of H&S Code Section 125290.45 (b) (4). Fifteen of the 23 titles (65%) have direct correlation between the survey data or recruitment data or both.

Recommendation

The ICOC adopt Attachment C as the salary structure for CIRM.

NOTE: The salary compensation for each position already filled is within the salary range for that position. Therefore approval of the salary structure for CIRM will also approve the salaries currently paid. However, no increases will be granted until a process is approved and established for linking raises to an evaluation of performance. A proposal for such a process is being developed and will be presented to the ICOC for approval at the next meeting.

As new positions are established by CIRM, they would be placed into the salary structure based on duties and responsibilities, reporting relationship and equity within the organization. Any proposed hire that would be inconsistent with the salary structure will be presented to the ICOC for prior approval.