CIRM 2.0
CALIFORNIA'S STEM CELL AGENCY

MEMORANDUM

TO:	ICOC Science Subcommittee
FROM:	Gil Sambrano, Director of Portfolio Development and Review
RE:	Proposed Updates to Clinical Program Announcements
DATE:	7-10-15

Background

On December 31, 2014, we launched CIRM 2.0 with three new program announcements to offer funding opportunities for stem cell projects in the late preclinical to clinical trial stages. Despite our best effort to put forth a flawless concept, we understood that in practice there would be much to learn and that adjustments would be necessary to ensure the program is effective and efficient. The clinical program has been in place for six months and overall implementation has been a success. However, there are adjustments to the concept that we believe would improve the program. This memo summarizes five key changes (described below) for which we seek your approval.

In addition, we request an allocation of $100M to issue new awards under the clinical program during fiscal year 2015-2016.

Proposed Changes

1. Change the required 40% co-funding amount for supplemental accelerating activities (PA 15-03) to match the required co-funding amount that would pertain to the parent award under the CIRM 2.0 clinical program as shown in the table below. Since proposed activities may supplement awards that span the spectrum of preclinical to Phase 3 clinical projects, we want to maintain consistency of co-funding for the applicant and efficiency in administration of the award.

Minimum Percentage of the Total Allowable Project Costs the Applicant Must Provide

Applicant Type	Preclinical	Phase 1	Phase 2	Phase 3
Non-profit	None	None	40%	50%
For-profit	20%	30%	40%	50%

2. Require that supplemental accelerating activities proposed in an application under PA 15-03 be directly related to a single project objective. To allow reviewers to appropriately assess the merit of an application, the applicant must focus the proposal on a single objective. This objective may include multiple sub activities that are related and necessary to achieve the proposed objective. For example, a proposal to escalate the dose of a therapeutic in a trial might involve manufacturing activities to produce additional material and clinical trial activities to administer the new dose. Activities unrelated to the dose escalation objective would not be allowable within the same application.

3. Include Investigational Device Exemptions (IDE) as an allowable regulatory approval for a proposed clinical trial. Clinical trials testing a device, rather than a drug or biologic, undergo regulatory approval via an IDE path rather than an Investigational New Drug (IND) path. At the onset we considered an IDE to be equivalent to an IND but this was not explicitly stated in the program announcements. We want to state this explicitly to allow proposals following an IDE path to be eligible to apply.

4. Increase the percent effort requirement for project managers to at least 75%. Currently, the CIRM 2.0 clinical programs require that applicants appoint a project manager to the proposed project for at least 50% effort. Due to the complexity and demand of late stage preclinical and clinical trial projects, it is not reasonable that a single individual could manage more than one such project at a time and experience shows that project managers typically devote full time to a project at this stage. To allow flexibility in the appointment of a project manager, we propose that the required effort be at least 75%.

5. Eliminate the indirect cost allowance for for-profit institutions. Unlike universities and nonprofit research institutions, which rely upon indirect costs to fund their administrative overhead costs, companies fund their administration out of their corporate funds. In addition, some companies decline to accept funding to cover their indirect costs, even when it is available. Therefore, funding for indirect costs does not appear to be necessary to encourage companies to apply for CIRM funding. Therefore, consistent with CIRM's desire

to use as much of its funds as possible for direct research costs for therapy development, we propose to eliminate indirect costs for for-profit awardees.