

CONSIDERATION OF THE 2008-09 CIRM ADMINISTRATIVE OPERATING BUDGET

Recommendation

The President recommends to the Finance Committee approval of the proposed 2008-09 Operating Budget.

Approach

In developing the proposed 2008-09 administrative operating budget, the approved 2007-08 operating budget was used as the baseline. Meetings were held with the head or appropriate designee of each cost center, the contracts manager, chief legal counsel, chief communications officer and chief human resources manager seeking input on funding needs. The data was compiled, reviewed and again discussed with each of the cost centers before finalization. Our goal is to insure that sufficient funding exists to meet the administrative operating needs of the CIRM during fiscal year 2008-09.

The Proposed 2008-09 Budget

(Numeric values reflected in thousands)

Proposed 2008- 09 Operating Budget									
	Science Office	OOA	OOP*	OOC	OOVC/P	Proposed 2008/09 Budget	Updated 2007/08 Budget	Variance	%
Staff - 2008/09	25	12	2	4.5	1	44.5			
Staff - 2007/08	19	6	7	5	-		37		
Salaries and Benefits	3,454	1,824	720	723		6,721	4,838	1,883	39% (1)
Interagency Agreements		318		173		491	393	98	25% (2)
External Contract	682	1,044	100	615	275	2,716	1,808	908	50% (2)
ICOC Meetings	10			267		277	323	-46	-14%
Science Meetings	498	11		15		524	302	222	73% (3)
WG-Grants	560					560	264	297	113% (3)
WG-Standards		162				162	46	116	255% (3)
WG-Facilities		51				51	111	-60	-54%
Other Travel	261	66	72	145	13	558	144	413	287% (4)
Furniture and Equipment		38				38	38		0%
Information Technology		53				53	56	-3	-5%
Other OEE	209	363	213	107		893	599	294	49% (5)
Total 2008-09	5,675	3,930	1,106	2,046	288	13,044	8,922	4,122	46%
Total 2007-08	2,909	2,164	2,334	1,465	50	8,922			
Variance	2,766	1,766	-1,228	581	238	4,122			

Fund Allocations per Proposition 71 – Sec. 125290.70 (a)(2) and 125290.70(a)(1)(C)	Proposed 2008/09 Funding	Updated 2007/08 Funding	Average Allowable Fund Allocation Based on 3% Cap					
General Administration		2,551	1,106	1,352	5,009	4,263	9,000	(A)
Grants Administration	5,675	574			6,249	3,506	9,000	(B)
Direct Research (Legal)		805		694	1,787	1,153		(C)
Total	5,675	3,930	1,106	2,046	288	13,044	8,922	

Listed as follows are abbreviations that have been used in the proposed budget headings:

- OOA – Office of Administration
- OOP – Office of the President
- OOC – Office of the Chair
- OOVC/P – Office of the Vice Chair/President
- WG – Working Group
- OEE – Operating Expense and Equipment

Major Differences

Organizational Changes

The proposed budget reflects the redirection of legal and communication staff and contracts, as appropriate, from the Office of the President to the Office of Administration and the Office of the Chair. It also reflects the creation of the new Office of the Vice-Chair/President which is focused on intellectual property issues.

Other Changes

The other major differences between the 2007-08 updated budget allocation as reviewed at the March 12, 2008 ICOC meeting and the proposed 2008-09 budget are as follows:

- 1) Salaries and Benefits – an increase from 37 to 44.5 positions with the greatest increase occurring in the Science Office as listed on the following table, an allowance for performance; merit and cost of living adjustments in accordance with approved ICOC policies; and, an increase in the number of employees eligible for benefits including retirement contributions and health insurance.

The following proposed new positions were budgeted based on the month of hire.

Proposed New Positions
Science Office
Science Officer II (10 mos)
Science Officer I (6 mos)
Grants Management Specialist II (7mos)
Analyst – Project Reviewer (10 mos)
Analyst – Project Reviewer (9 mos)
Analyst – Project Reviewer (5 mos)
Office of Administration
Science Writer and Multi Media Editor (12 mos)

- 2) Interagency Agreements and External Contracts – increases in accounting and human resources services during transition from State Controller’s office to the Department of General Services, Grantium (Grants Management System); N. Koch and Remcho (Legal Services); and an allocation for contracted communication services in support of the Chief Communications Officer’s responsibilities.
- 3) Scientific and WorkGroup Meetings – increases are due to re-scheduling of the California Scientist meeting to September 2008, the days and number of workgroup meetings, as well as an overall increase in transportation and venue costs.
- 4) Travel – the most significant change is in out of state travel to meet the needs of the Science Office. The increase will allow staff to keep abreast of scientific status and the needs and priorities within each portfolio area(s) of focus to better move the science forward through CIRM’s funding programs. The staff will attend clinical meetings in several specialty areas, engineering meetings as well as biology meetings across stem cell disciplines in order for CIRM to have an integrated picture of state of the art and forward-looking research agendas.
- 5) Other O.E.&E. – increases are primarily due to allowances for professional development in accordance with ICOC policies and increase for membership in order to participate fully in scientific organizations.

Fund Allocation - Prop 71 Requirements

In accordance with Proposition 71, the CIRM is permitted to sell bonds up to \$3 billion in a ten year period.

- A) Section 125290.70(a)(2) states “Not more than 3 percent of the proceeds of the bonds authorized pursuant to Section 125291.30 shall be used for the costs of general administration of the institute.” Using an average allowable fund allocation of \$9M for fiscal year 2008/09, the proposed fund allocation in support of general administration activities is under the 3 percent cap.
- B) Section 125290.70(a)(1)(C) states “Not more than 3 percent of the proceeds of the bonds authorized pursuant to Section 125291.30 may be used by the institute for research and research facilities implementation costs, including the development, administration, and oversight of the grant making process and the operations of the working groups.” Using an average allowable fund allocation of \$9M for fiscal year 2008/09, the proposed fund allocation in support of grant administration activities is under the 3 percent cap.
- C) Additionally, under the provisions of Section 125292.10(u) “Legal costs of the institute incurred in order to negotiate standards with federal and state governments and research institutions; to implement standards or regulations; 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.
Legal costs are reflected as appropriate.

2007/2008 Expenditure Summary

CIRM Budget and Expenditure Report Summary as of May 31, 2008					
Description	Updated 2007/08 Budget Allocation	May 2008 Expenditures	Expenditures Posted July 2007 to May 2008	Available Budget Allocation June 2008	% of Budget Available
Staff - 37					
Salaries	3,766	352	3,202	564	
Benefits	1,072	67	615	457	
Total Personal Services	4,838	419	3,817	1,021	21%
Interagency Agreements	393	20	284	109	
External Contracts	1,808	164	1,231	577	
ICOC Meetings	323	6	143	180	
Science Meetings	302	7	56	247	
WG-Grants	264	97	198	65	
WG-Standards	46	7	18	28	
WG-Facilities	111	16	38	73	
Other Travel	144	10	37	108	
Furniture and Equipment (Non-IT)	38			38	
Information Technology	56	20	39	16	
Other O.E.&E.	599	8	558	41	
Total O.E.&E.	4,083	355	2,602	1,481	36%
Total CIRM Support Expenditures	8,922	773	6,419	2,502	28%
Funding Allocation					
General Administration	4,263	355	3,291	972	
Grants Administration	3,506	401	2,476	1,029	
Direct Research (Legal)	1,153	17	653	501	
Total Funding Allocation	8,922	773	6,419	2,502	

Accomplishments

2007/08

- 1) The CIRM initiated the successful sale of \$250M in general obligation bonds.
- 2) Repaid outstanding General Fund Loans
- 3) Redeemed \$45M in Bond Anticipation Notes
- 4) Secured steady source of funding for CIRM through bond sale and PMIA loan
- 5) Awarded approximately \$62M for various grants programs including Training, SEED and Shared Labs
- 6) Hosted the International Stem Cell Forum
- 7) Awarded \$195.8M in Facilities Grants to 8 California Institutions

Projected Major Accomplishments

2008/09

- 1) Roll out the Grants Management System
- 2) Continual roll-out of grant programs in accordance with the CIRM strategic plan.
- 3) During the upcoming year, anticipated ICOC approved awards of approximately \$132M for various grants programs (i.e. SEED, New Cell Lines, Shared Labs)