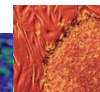


Preliminary 2014/15 FY Budget

Finance Subcommittee
May 12, 2014

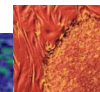
Executive Summary

- 14/15 Budget Request: \$17.866M
- Budget: Year over year budget
 - Up 2.4%
 - \$423,000 Increase
- Biennial/Triennial Costs:
 - \$300,000 Grantee Meeting
 - \$250,000 Performance Audit



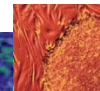
2014/15 One-Year Strategic Goals

1. **CIRM PORTFOLIO TO INCLUDE AT LEAST 5 TO 10 PROGRAMS ACTIVELY ENROLLING PATIENTS ON STEM CELL-BASED CLINICAL TRIALS.**
2. **LAUNCH THE ALPHA STEM CELL CLINIC NETWORK FOR STEM CELL THERAPIES IN CALIFORNIA.**
3. **ENABLE FUNDING OF 5-10 NEW, POTENTIALLY HIGH IMPACT BASIC RESEARCH PROJECTS THAT COULD PRODUCE TRANSFORMATIVE RESULTS AND ENABLE NOVEL THERAPEUTIC APPROACHES.**
4. **INITIATE AT LEAST 3-5 PRECLINICAL DEVELOPMENT PROGRAMS DERIVED FROM CIRM-FUNDED TRANSLATIONAL RESEARCH.**
5. **INITIATE 10-15 NEW PROJECTS THAT PROPOSE NOVEL TOOLS AND TECHNOLOGIES TO ADDRESS TRANSLATIONAL BOTTLENECKS IN STEM CELL REGENERATIVE MEDICINE.**
6. **LEVERAGE OF >\$80 MILLION IN NEW OUTSIDE COMMITMENTS FOR CIRM PROGRAMS AND PURSUE ALTERNATIVE FUNDING TO SUPPORT CIRM ACTIVITIES IN LINE WITH STRATEGIC PLAN.**
7. **DEVELOP SHORT TO LONG-TERM FINANCIAL FORECASTS TO ENABLE CIRM TO MEET ITS STRATEGIC OBJECTIVES WHILE MAINTAINING COSTS WITHIN THE 6% CAP.**
8. **DEVISE MECHANISM(S) TO ENHANCE OVERSIGHT OF REVENUE SHARING COMPLIANCE AND ADMINISTRATION, AND TRACK IP FOR RETURN OF COMMERCIALIZATION FUNDS FOR CALIFORNIA.**
9. **IDENTIFY NEW CIRM PREMISES FOR MOVE IN 2015.**
10. **ENHANCE OUR SOCIAL MEDIA STRATEGY TO INCREASE THE NUMBER OF MONTHLY IMPRESSIONS BY 20 PERCENT FROM THE CURRENT 180,000 TO 215,000 TO FURTHER ENGAGE CALIFORNIANS ABOUT CIRM'S ACHIEVEMENTS.**
11. **INCREASE BY 50% THE NUMBER OF CIRM RECOGNIZED COMPONENTS WITHIN MAJOR SCIENTIFIC CONFERENCES, INDUSTRY WORKSHOPS, AND CRITICAL SCIENCE AND INDUSTRY PUBLICATIONS.**



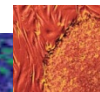
Assumptions

- CURRENT STRATEGIC DIRECTION AND RESEARCH FUNDING PROGRAM SCHEDULE MAINTAINED
 - LAUNCH ALPHA STEM CELL CLINIC NETWORK
 - DISEASE TEAMS/STRATEGIC PARTNERSHIPS REVIEWS/EVALUATIONS
 - CIRM PORTFOLIO TO INCLUDE 5 TO 10 PROGRAMS ACTIVELY ENROLLING PATIENTS IN STEM-CELL BASED CLINICAL TRIALS
 - INITIATE 3 TO 5 PRE-CLINICAL DEVELOPMENT PROGRAMS FROM CIRM'S TRANSLATIONAL RESEARCH
- INCREASED PUBLIC OUTREACH
- ATTRACT INDUSTRY ENGAGEMENT AND INVESTMENT IN CIRM'S PROJECTS
- 3.5% FOR MERIT/SALARY ADJUSTMENTS
- 13/14 PERFORMANCE AUDIT
- GRANTEE MEETING
- ELIMINATION OF 5 POSITIONS AND CONVERSION OF EXTERNAL SERVICES TO POSITION
- NO SIGNIFICANT EMPLOYEE TURNOVER
- BENEFIT INCREASES
 - 2% RETIREMENT
 - 1% HEALTH



Risks

- CHANGE IN PRIORITIES/NEW ACTIVITIES MAY RESULT IN INCREASED COSTS NOT BUDGETED
- CHANGES TO FUTURE FUNDING SCHEDULE, AS A RESULT GWG MAY NOT MATERIALIZE AS BUDGETED OR WILL MATERIALIZE AT HIGHER RATE
- UNKNOWN WHETHER CIRM WILL INCUR COSTS IN 2014/15 FOR NEW FACILITIES
- RETIREMENT/HEALTH BENEFIT RATE CHANGES MAY MATERIALIZE BEYOND BUDGETED AMOUNTS



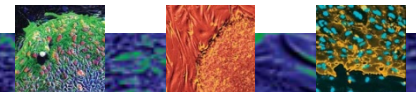
2014/15 FY Budget Rollup

<i>\$ in 000s</i>	SO-Research	SO-Develop	Pres	Chair	Comm	Legal	IT	Finance	Total
Employee Expenses (Salary & Benefits)	\$ 3,236	\$ 2,592	\$ 1,462	\$ 1,485	\$ 744	\$ 996	\$ 622	\$ 980	\$12,118
External Services	\$ 57	\$ 80	\$ 57	\$ 90	\$ 225	\$ 711	\$ 144	\$ 651	\$ 2,015
Reviews, Meetings & Workshops	\$ 1,403	\$ 542	\$ 192	\$ 230	\$ 34	\$ 75	\$ -	\$ -	\$ 2,476
Memberships & Training	\$ 32	\$ 26	\$ 135	\$ 7	\$ 7	\$ 53	\$ 6	\$ 10	\$ 277
Travel & Out-of-Pocket	\$ 88	\$ 78	\$ 92	\$ 122	\$ 21	\$ 41	\$ 4	\$ 29	\$ 474
Equipment, Supplies, Software & Telecom	\$ 3	\$ 38	\$ 3	\$ 20	\$ 10	\$ 7	\$ 298	\$ 127	\$ 506
FY14/15 Budget	\$ 4,820	\$ 3,356	\$ 1,941	\$ 1,954	\$ 1,042	\$ 1,884	\$ 1,074	\$ 1,796	\$17,866
FY13/14 Budget	\$ 4,776	\$ 3,365	\$ 1,719	\$ 2,055	\$ 1,051	\$ 2,058	\$ 994	\$ 1,426	\$17,443
\$ Change	\$ 44	\$ (9)	\$ 222	\$ (101)	\$ (9)	\$ (174)	\$ 80	\$ 370	\$ 423
% Change	0.9%	-0.3%	12.9%	-4.9%	-0.9%	-8.5%	8.1%	25.9%	2.4%



Budget Year Over Year

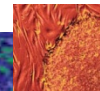
Category	14/15 FY:	13/14 FY:	Change
Employee Expenses: <ul style="list-style-type: none"> ➤ Position Reductions ➤ Merit ➤ Benefits 	\$12,118M	\$12,176M	(-\$58)
External Services: <ul style="list-style-type: none"> ➤ Conversion of IT Services to Position ➤ Public Communications ➤ CDAp ➤ Consulting Services Performance Audit 	\$2,015M	\$2,046M	(-\$31)
Reviews, Meetings & Workshops: <ul style="list-style-type: none"> ➤ Grantee Meeting ➤ CDAp Meetings 	\$2,476M	\$2,014M	(+\$462)
Travel: <ul style="list-style-type: none"> ➤ Overall Reduction 	\$474K	\$532K	(-\$58)



Comparison of 2013/14 Year-end Forecast to 2014/15 Budget



\$ in 000s	13/14 BUDGET	13/14 YEAR-END FORECAST	14/15 BUDGET	VARIANCE FORECAST TO 14/15 BUDGET
EMPLOYEE EXPENSES	\$12,176	\$11,655	\$12,118	\$463
EXTERNAL SERVICES	2,046	2,090	2,015	(75)
REVIEWS, MEETINGS, & WORKSHOPS	2,014	1,578	2,476	898
MEMBERSHIP & TRAINING	222	166	277	111
TRAVEL	532	422	474	52
EQUIPMENT, SUPPLIES, SOFTWARE, AND TELECOM	453	398	506	108
TOTAL	\$ 17,443	\$ 16,309	\$ 17,866	\$ 1,557

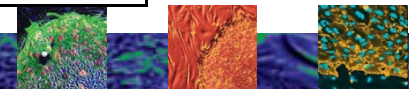


SO-R 14/15 Budget & Cost Center Goals



SCIENCE OFFICE-RESEARCH (P OLSON)	
2014/15 BUDGET	
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$3,235,916
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	57,000
REVIEWS, MEETINGS, & WORKSHOPS	1,403,300
MEMBERSHIPS & TRAINING	32,359
TRAVEL	88,200
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	3,000
TOTAL OE&E	\$1,583,859
TOTAL PROGRAM BUDGET	\$4,819,775

- COST CENTER SPECIFIC OPERATIONAL GOALS:**
- **PREPARE/CONDUCT 8 GRANTS WORKING GROUP REVIEWS (Q1-4) AND ONE PRE-APPLICATION REVIEW (Q2-3); ENABLE ICOC DECISIONS ON 7 RFAS (Q1-4)***
 - **DEVELOP/PRESENT 4 CONCEPTS, RELEASE 5 REQUESTS FOR APPLICATION (RFA) (Q1-4), ENABLE ICOC DECISIONS ON 7 RFAS**
 - **ONGOING PORTFOLIO MANAGEMENT/OVERSIGHT OF ~365 ACTIVE AWARDS TOTALING ~\$1.2B (Q1-4) INCLUDING ±420 PROGRESS REPORTS, ±420 FINANCIAL REPORTS, ±200 PRIOR APPROVAL REQUESTS (Q1-4)^**
 - **ORGANIZE/CONDUCT GRANTEE (Q3), BRIDGES (Q1), AND CREATIVITY (Q1) MEETINGS**
 - **COMPLETE THE TRANSITION FROM GIFTS TO THE GRANTS MANAGEMENT SYSTEM (Q1)**
- * **REVIEW OFFICE, PROGRAM OFFICE**
 ^ **PROGRAM OFFICE, GRANTS MANAGEMENT OFFICE**



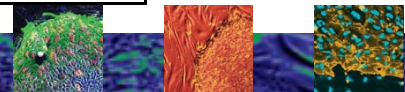
SO-D 14/15 Budget & Cost Center Goals



SCIENCE OFFICE-DEVELOPMENT (E FEIGAL)	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$2,592,048
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	80,000
REVIEWS, MEETINGS, & WORKSHOPS	542,000
MEMBERSHIPS & TRAINING	25,920
TRAVEL	78,000
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	38,000
TOTAL OE&E	\$763,920
TOTAL PROGRAM BUDGET	\$3,355,968

COST CENTER SPECIFIC OPERATIONAL GOALS:

- PREPARE/CONDUCT UP TO 8 CLINICAL DEVELOPMENT ADVISORY PANEL MEETINGS (Q1-4): 2 ACTIVE TEAMS WORKING TOWARD IND FILING, 17 TEAMS THROUGH A CLINICAL TRIAL, ANTICIPATE AT LEAST 5 MORE TO BE FUNDED, AND UP TO 6 UNDER THE ACCELERATED DEVELOPMENT PATHWAY
- ONGOING MANAGEMENT/OVERSIGHT OF CIRM'S ENTIRE PRECLINICAL AND CLINICAL DEVELOPMENT PORTFOLIO (Q1-4)
- ORGANIZE/CONDUCT ALPHA STEM CELL CLINIC NETWORK (Q3)
- CONDUCT DEVELOPMENT TEAM GRANTEE WORKSHOP (Q3)
- CONDUCT PRE-IND, IND FILING AND APPROVAL MEETINGS WITH FDA
- CO-SPONSOR IOM REGENERATIVE MEDICINE FORUM
- DIRECT A CLINICAL WORKSHOP (Q3)



OOP 14/15 Budget & Cost Center Goals



OFFICE OF THE PRESIDENT	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$1,462,248
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	57,000
REVIEWS, MEETINGS & WORKSHOPS	192,000
MEMBERSHIPS & TRAINING	135,351
TRAVEL	92,000
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	2,500
TOTAL OE&E	\$478,851
TOTAL PROGRAM BUDGET	\$1,941,099

COST CENTER SPECIFIC OPERATIONAL GOALS:

THE OFFICE OF THE PRESIDENT PRESIDES OVER CIRM'S DAY-TO-DAY OPERATIONS AND MANAGES CIRM'S PRIORITY PROGRAMS.

- **ADVISE THE ICOC BOARD ON CIRM OPERATIONS, PROVIDING SUFFICIENT INFORMATION TO THE BOARD TO ENABLE INFORMED DECISIONS**
- **LEAD AND OVERSEE IMPLEMENTATION OF CIRM'S SHORT AND LONG-TERM GOALS**
- **DIRECT DEVELOPMENT OF VARIOUS WHITEPAPERS IMPACTING CRITICAL CIRM OPERATIONS**
- **FACILITATE WORKSHOPS/MEETINGS WITH COLLABORATIVE FUNDERS, NATIONAL & INTERNATIONAL COLLEAGUES, TO MAINTAIN CURRENT ON SUBJECTS CRITICAL TO CIRM'S MISSION**
- **CO-FUND THE DUANE ROTH UCSD ENDOWED LECTURESHIP TO HONOR AND RECOGNIZE DUANE ROTH'S CONTRIBUTIONS TO CIRM**
- **MANAGE CIRM'S STRATEGIC PRIORITIES**
- **ENSURE CIRM IS APPROPRIATELY ORGANIZED AND STAFFED TO ACHIEVE ORGANIZATIONAL GOALS**



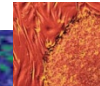
OOO 14/15 Budget & Cost Center Goals



OFFICE OF THE CHAIR	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$1,485,371
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	89,999
REVIEWS, MEETINGS & WORKSHOPS	230,000
MEMBERSHIPS & TRAINING	6,729
TRAVEL	121,600
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	20,000
TOTAL OE&E	\$468,328
TOTAL PROGRAM BUDGET	\$1,953,699

THE OFFICE OF THE CHAIR PROVIDES LEADERSHIP TO THE ICOC GOVERNING BOARD AND SUPPORTS BOARD MEMBERS IN ALL CIRM RELATED ACTIVITIES.

- ESTABLISH THE ANNUAL SCHEDULE OF THE BOARD
- PRESIDE OVER MEETINGS OF THE ICOC BOARD AND SUB-COMMITTEES
- PROVIDE SUPPORT AND ADVISE TO CIRM'S PRESIDENT/CEO
- SERVE AS A MEMBER OF GWG AND SWG MEETINGS/REVIEWS
- COORDINATE BOARD INPUT AND REVIEW OF CIRM'S STRATEGIC PLAN
- OVERSEE REPORTING TO VARIOUS CONTROL AGENCIES, INCLUDING THE CFAOC
- OPTIMIZE CIRM'S FUNDING PLANS AND DEVELOP A PLAN FOR FINANCIAL SUSTAINABILITY
- INTERFACE WITH THE LEGISLATURE, UNITED STATES CONGRESS, CALIFORNIA HEALTH SYSTEM, AND CALIFORNIA PUBLIC ON CIRM RELATED MATTERS



Legal 14/15 Budget & Cost Center Goals

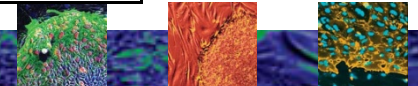
LEGAL OFFICE	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$996,061
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	711,200
REVIEWS, MEETINGS & WORKSHOPS	74,500
MEMBERSHIPS & TRAINING	53,461
TRAVEL	41,150
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	7,230
TOTAL OE&E	\$887,541
TOTAL PROGRAM BUDGET	\$1,883,602

COST CENTER SPECIFIC OPERATIONAL GOALS:

THE LEGAL OFFICE PROVIDES CRITICAL LEGAL ADVICE AND COUNSEL TO ENSURE CIRM OPERATES IN COMPLIANCE WITH THE LAWS, INCLUDING PROPOSITION 71.

- ADVISE AND COUNSEL ON ALL AGENCY MATTERS INCLUDING BUT NOT LIMITED TO REVIEW OF RFAs, CONTRACT NEGOTIATIONS AND DRAFTING, CIRM'S LOAN PROGRAM, HR, CONFLICTS OF INTEREST IN SUPPORT OF AGENCY OPERATIONS AND 2014/15 GOALS (ON-GOING Q1-4)
- FACILITATE WORKSHOPS AND PRESENT WORKSHOP RESULTS TO THE BOARD FOR CONSIDERATION OF FUNDING PROGRAMS THAT INCLUDE CO-FUNDING FOR NEXT GENERATION TECHNOLOGIES FOR MANUFACTURING AND SCALE UP (Q1)
- CONDUCT COMPANY OUTREACH (Q1-4)
- IN COORDINATION WITH THE OFFICE OF THE CHAIR AND CIRM'S COLLABORATIVE FUNDING PROGRAM, SEEK TO RAISE \$80M IN OUTSIDE COMMITMENTS (Q1-4)
- DRAFT INTELLECTUAL PROPERTY REGULATIONS FOR ALPHA CLINIC (Q1)
- EVALUATE REGULATORY AMENDMENTS AND SCHEME TO ENHANCE REVENUE SHARING; DRAFT AMENDMENTS AND IMPLEMENT ACCORDINGLY (Q2)

EMPLOYEE EXPENSES AND EXTERNAL SERVICES CATEGORIES INCLUDE LEGAL COSTS FOR BOARD SUPPORT.

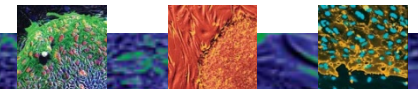


PCO 14/15 Budget & Cost Center Goals

PUBLIC COMMUNICATIONS OFFICE	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$744,294
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	225,000
REVIEWS, MEETINGS & WORKSHOPS	34,000
MEMBERSHIPS & TRAINING	7,443
TRAVEL	20,800
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	10,000
TOTAL OE&E	\$297,243
TOTAL PROGRAM BUDGET	\$1,041,537

COST CENTER SPECIFIC OPERATIONAL GOALS:

- INCREASE COMMUNITY OUTREACH
- PROVIDE MEDIA TRAINING TO GRANTEES AND RESEARCHERS
- MAINTAIN CIRM'S WEBSITE TO SERVE AS A FLEXIBLE AND EFFECTIVE COMMUNICATION TOOL
- IMPLEMENT NEW TECHNOLOGIES/APPROACHES TO INCREASE PUBLIC COMMUNICATION
- PREPARE AN ANNUAL REPORT AS REQUIRED BY PROPOSITION 71



IT 14/15 Budget & Cost Center Goals

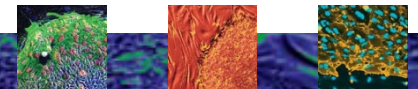


INFORMATION TECHNOLOGY	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$622,129
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	144,000
REVIEWS, MEETINGS & WORKSHOPS	-
MEMBERSHIPS & TRAINING	6,221
TRAVEL	4,000
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	298,000
TOTAL OE&E	\$452,221
TOTAL PROGRAM BUDGET	\$1,074,350

THE INFORMATION TECHNOLOGY OFFICE SUPPORTS THE DAY-TO-DAY OPERATIONS OF THE ENTIRE ORGANIZATION BY PROVIDING APPROPRIATE DESKTOP AND SERVICES INFRASTRUCTURE.

COST CENTER SPECIFIC OPERATIONAL GOALS:

- COMPLETE TRANSITION TO THE GRANTS MANAGEMENT SYSTEM
- MANAGE AND COORDINATE CIRM'S IT SYSTEMS AND DATABASES, AND PROVIDE IT USER SUPPORT



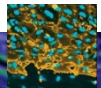
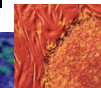
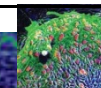
F&O 14/15 Budget & Cost Center Goals



FINANCE & OPERATIONS	
	2014/15 BUDGET
EMPLOYEE EXPENSES	
TOTAL EMPLOYEE EXPENSES	\$979,714
OPERATING EXPENSES AND EQUIPMENT	
EXTERNAL SERVICES	650,500
REVIEWS, MEETINGS & WORKSHOPS	-
MEMBERSHIPS & TRAINING	9,797
TRAVEL	28,500
EQUIPMENT, SUPPLIES, SOFTWARE & TELECOM	127,200
TOTAL OE&E	\$815,997
TOTAL PROGRAM BUDGET	\$1,795,711

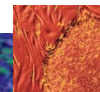
THE FINANCE & OPERATIONS OFFICE SUPPORTS THE DAY-TO-DAY OPERATIONS OF THE ENTIRE ORGANIZATION BY PROVIDING APPROPRIATE FINANCE, HUMAN RESOURCES, PROCUREMENT, AND OFFICE MANAGER SUPPORT. CIRM'S BUSINESS DEVELOPMENT OPERATIONS ARE ALSO MAINTAINED IN THE F&O COST CENTER. COST CENTER SPECIFIC OPERATIONAL GOALS:

- MANAGE CIRM'S FISCAL PROCESSES, ENSURING ALL REQUESTS FOR PAYMENT ARE VALID OBLIGATIONS OF CIRM, AND ARE WITHIN THE AUTHORIZED ANNUAL BUDGET, AND RECORDING TRANSACTIONS IN ACCORDANCE WITH THE STATE'S LEGAL REQUIREMENTS (Q1-4)
- OPTIMIZE CIRM'S WORKFORCE STAFFING AND PROCESSES TO MEET CHANGING PRIORITIES WITHIN THE 6% LIMIT (Q1-4)
- PROVIDE FINANCIAL INFORMATION TO FACILITATE EFFICIENT PLANNING, CONTROL, AND COORDINATION OF CIRM'S FUTURE (Q1-4)
- DEVELOP SHORT AND LONG-TERM FINANCIAL PLANS THAT REFLECT THE ORGANIZATION'S GOALS AND OBJECTIVES, AND MAINTAIN COSTS WITHIN THE 6% LIMIT (Q1-4)
- OVERSEE THE ANNUAL FINANCIAL AUDIT (Q1)
- REPORT ANNUALLY ON CIRM'S FINANCES TO THE CITIZENS FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE (Q3)
- FACILITATE WORKSHOPS AND PRESENT WORKSHOP RESULTS TO THE BOARD FOR CONSIDERATION OF FUNDING PROGRAMS THAT INCLUDE CO-FUNDING FOR NEXT GENERATION TECHNOLOGIES FOR MANUFACTURING AND SCALE UP (Q1)
- CONDUCT COMPANY OUTREACH (Q1-4)



Long-term Forecast Of Operating Expenses

- Slight operating expense growth through 2016/17 FY
- Beginning 2017/18 FY, anticipate annual decreases through 2020/21 FY
- Adjustments:
 - Rent – Approx. \$600,000 per year beginning November 2015
 - SB1064 Performance Audit every 3rd year



Remaining Budget Development Tasks

- May 2014: Further refine budget
- May 2014: Present 2014/15 FY Budget to ICOC Board

