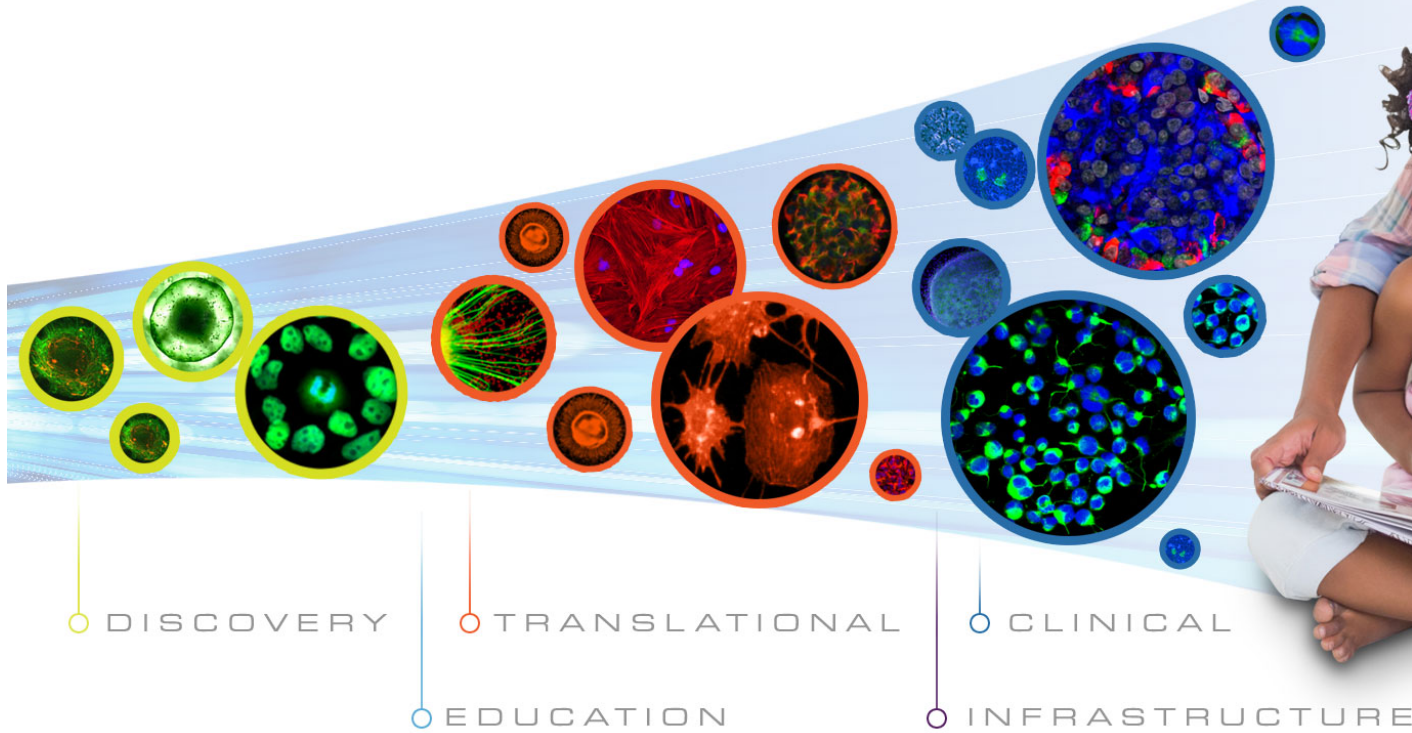


June 7, 2016

# CIRM

CALIFORNIA'S STEM CELL AGENCY



**Proposed Budget for Fiscal Year  
2016/2017**

**Chila Silva-Martin**

Director of Finance

California Institute for Regenerative Medicine

# Agenda

- **2015/16 Budget**
  - Financial Results
  - Major Drivers
- **2016/17 Proposed Budget**
  - Key Goals
  - Major Drivers
  - Risks
- **Appendix**
  - Department Level Budget Detail



# **2015/16 FINANCIAL RESULTS AND DISCUSSION**

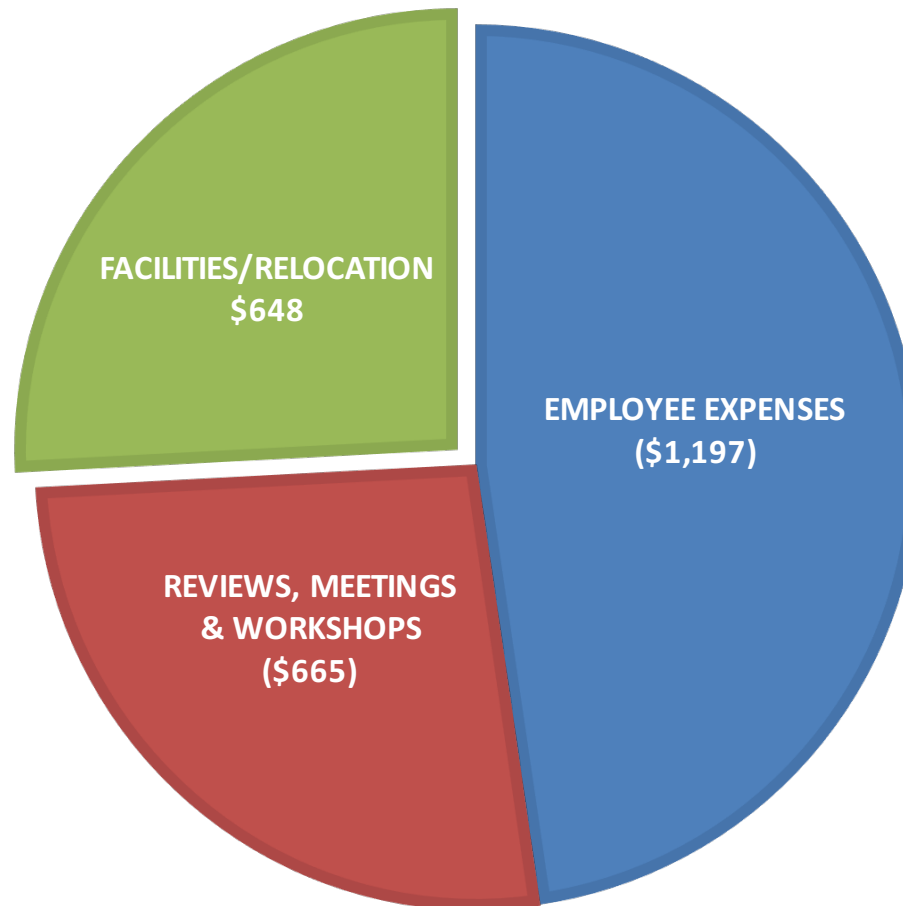
# FY 2015/16 Projected Financial Results

Category	FY 15/16 Budget	FY 15/16 ETF	Variance (%)
Employee Expense	12,660	11,462	-1,197 (-10)
External Services	1,909	1,807	-102 (-5)
Reviews, Meetings and Workshops	2,094	1,429	-665 (-32)
Memberships & Training	199	85	-114 (-57)
Travel	490	371	-119 (-24)
Equipment & Supplies	515	514	-1 (0)
Facilities	851	1,499	648 (76)
<b>Total</b>	<b>18,718</b>	<b>17,167</b>	<b>-1,551 (-8)</b>

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30, 2016.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding

# The Variance is Attributable to Three Major Drivers

Numbers in (000)



# Major Drivers of 2015/16 Budget Variance

## Lower Employee Expense:

During FY 2015/16 CIRM conducted a strategic planning process. While vacancies materialized at the beginning of the fiscal year (July), these positions were unfilled until the process was completed and our personnel needs moving forward were more clearly understood. Now that the strategic plan has been approved and implemented, recruiting for open positions has commenced and are projected to be filled in early FY 2016/17.

The resulting vacant positions produced a savings to the 2015/16 budget.

**Estimated Financial Impact:** Under budget \$1,197,000 (-10%)



# Major Drivers of 2015/16 Budget Variance

## Fewer Meetings/Change in Meeting Structure:

Due to implementation timing for the Discovery and Translational programs, only 3 of 4 budgeted Discovery/Translational reviews were held.

Holding some ICOC Board meetings telephonically instead of in-person also lowered meeting costs.

Finally, restructuring the Clinical Advisory Panel and Alpha Clinic meetings further reduced costs.

**Estimated Financial Impact:** Under budget \$665,000 (-32%)

# Major Drivers of 2015/16 Budget Variance

## One-Time Build-Out Costs:

During the 15/16FY, CIRM's free lease expired. CIRM conducted an extensive search for office space and selected Oakland, CA for its new headquarters.

The space that provided the best options for CIRM was in "shell condition" and required build-out. CIRM elected to pay for the one-time build-out costs up-front to eliminate financing charges that would have increased the overall cost to the State of California. This is a one-time charge.

**Estimated Financial Impact:** Over budget \$648,000 (76%)





# 2016/17 PROPOSED BUDGET

# FY 2016/17 Budget Overview

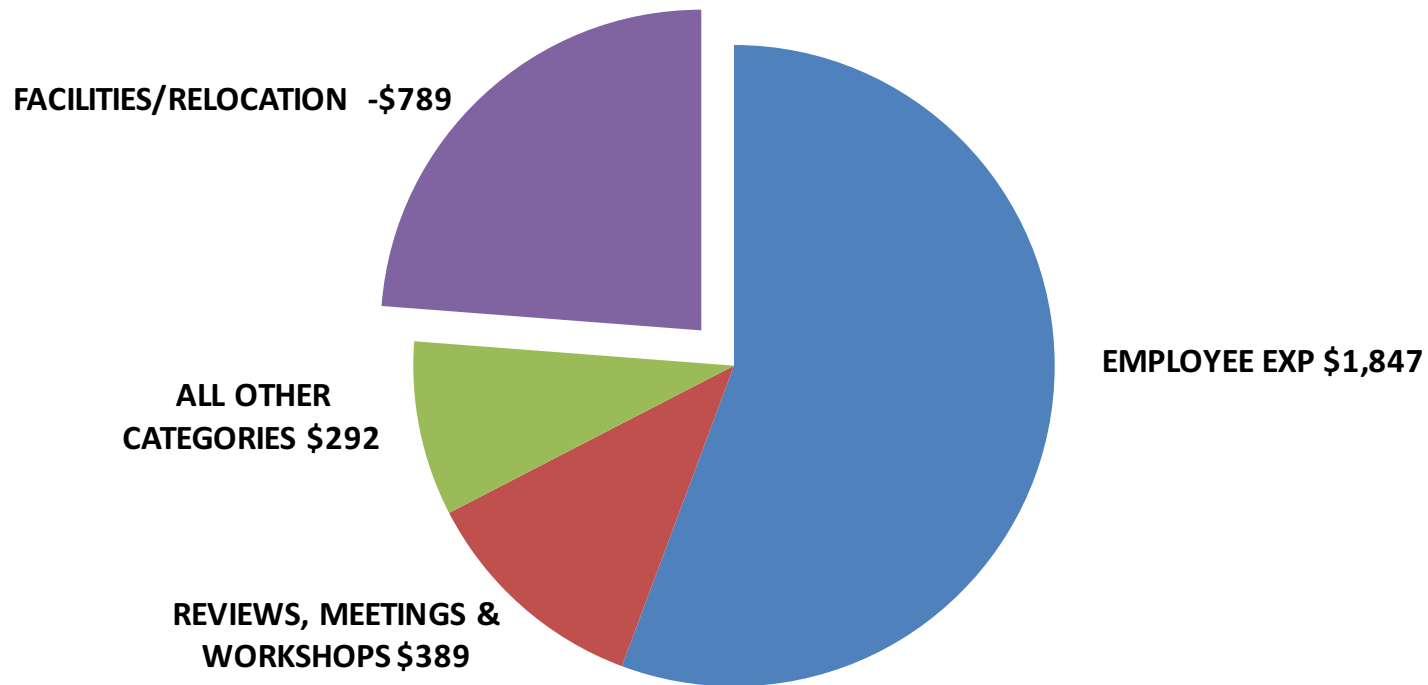
Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	12,660	11,462	13,309
External Services	1,909	1,807	1,815
Reviews, Meetings and Workshops	2,094	1,429	1,818
Memberships & Training	199	85	154
Travel	490	371	494
Equipment & Supplies	515	514	606
Facilities	851	1,499	710
<b>Total</b>	<b>18,718</b>	<b>17,167</b>	<b>18,906</b>

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# The Variance is Attributable to Three Drivers

Drivers of Why CIRM's 16/17 Budget is \$1.7 Million Higher than FY 15/16  
Estimated to Finish (ETF)

Numbers in (000)



# Major Drivers of the 2016/17 Budget

## Increased Employee Expenses:

There are two main reasons behind the increase in employee expenses over FY 15/16 ETF. First, for most of FY 15/16 CIRM had significant vacancies. CIRM anticipates being at or near full staff for the entire fiscal year, eliminating these savings.

Lastly, State mandated employer contributions for retirement, health, and other benefits will increase 7% resulting in additional expenses.

**Estimated Financial Impact:** Increase of \$1.85M over FY 15/16 ETF

# Major Drivers of the 2016/17 Budget

## Significantly Increased Review Activity:

In FY 15/16 CIRM experienced lower than anticipated grant review and grant oversight (CAP) activity. With the implementation of CIRM 2.0 throughout all phases of development (Discovery, Translational, and Clinical), CIRM review and oversight activities will increase resulting in added cost over the prior year.

**Estimated Financial Impact:** Increase of \$389,000 over FY 15/16  
ETF

# Major Drivers of the 2016/17 Budget

## Facilities Cost:

Now that CIRM has relocated to its new office, it has an annual rent obligation of \$710,000. The FY 16/17 rent obligation is \$789,000 lower than the FY15/16 ETF due to the one-time costs associated with the move.

**Estimated Financial Impact:** Decrease of \$789,000 over FY 15/16 ETF



# Risk Factors for the FY2016/17 Financial Results

## Application Volume

We are unable to completely control the number of applications that need to be reviewed for open RFA/PA's. If unusually high numbers of applications are received, the variable costs associated with reviewing those applications could be higher than budgeted.

# Risk Factors for the FY2016/17 Financial Results

## Unfilled Positions

We may be unable to attract qualified candidates to fill open positions or may experience higher than expected turnover. If so, spending on employee related expenses may be under budget.

# Risk Factors for the FY2016/17 Financial Results

## State Imposed Contributions

CIRM is required to contribute an employer share for retirement and health benefits. The rates are established by the State's control agencies, and are not subject to negotiation by State agencies. CIRM has budgeted these costs at the projected 16/17 rate, however, those rates are subject to further adjustment in the fall. If additional increases are implemented, CIRM's budget may be significantly impacted.



# **APPENDIX – DEPARTMENT LEVEL DETAIL**

# FY 2016/17 Budget - Department Level

## President's Office

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	908	912	913
External Services	97	109	90
Reviews, Meetings and Workshops	135	40	125
Memberships & Training	57	43	49
Travel	89	80	90
Equipment & Supplies	3	0	3
<b>Total</b>	<b>1,290</b>	<b>1,184</b>	<b>1,270</b>

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# FY 2016/17 Budget - Department Level

## Chairman's Office

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	1,182	1,197	1,329
External Services	60	23	42
Reviews, Meetings and Workshops	245	154	183
Memberships & Training	19	14	13
Travel	100	94	100
Equipment & Supplies	20	12	16
<b>Total</b>	<b>1,626</b>	<b>1,494</b>	<b>1,683</b>

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# FY 2016/17 Budget - Department Level

## Portfolio Development & Review

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	1,112	1,119	953
External Services	170	65	60
Reviews, Meetings and Workshops	959	761	1,080
Memberships & Training	28	7	8
Travel	32	19	14
Equipment & Supplies	10	8	3
<b>Total</b>	<b>2,311</b>	<b>1,978</b>	<b>2,117</b>

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# FY 2016/17 Budget - Department Level

## Discovery & Translational

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	1,219	1,029	1,198
External Services	2	2	5
Reviews, Meetings and Workshops	171	181	6
Memberships & Training	12	2	8
Travel	38	31	39
Equipment & Supplies	40	40	39
<b>Total</b>	<b>1,482</b>	<b>1,285</b>	<b>1,295</b>

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# FY 2016/17 Budget - Department Level

## Therapeutic Areas

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	3,953	2,516	3,226
External Services	18	18	30
Reviews, Meetings and Workshops	340	127	240
Memberships & Training	40	8	21
Travel	120	75	110
Equipment & Supplies	0	2	0
<b>Total</b>	<b>4,471</b>	<b>2,746</b>	<b>3,627</b>

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# FY 2016/17 Budget - Department Level

## Medical Affairs, Projects, & Centers

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	728	758	1,060
External Services	30	15	50
Reviews, Meetings and Workshops	239	165	180
Memberships & Training	7	3	23
Travel	51	26	63
Equipment & Supplies	0	0	9
<b>Total</b>	<b>1,055</b>	<b>967</b>	<b>1,385</b>

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# FY 2016/17 Budget - Department Level

## General Counsel

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	871	1,283	1,497
External Services	715	763	695
Reviews, Meetings and Workshops	0	0	0
Memberships & Training	9	2	15
Travel	11	11	11
Equipment & Supplies	8	5	8
<b>Total</b>	<b>1,614</b>	<b>2,064</b>	<b>2,226</b>

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# FY 2016/17 Budget - Department Level

## Administration

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	2,135	2,019	2,402
External Services	424	398	410
Reviews, Meetings and Workshops	5	2	4
Memberships & Training	21	5	14
Travel	42	20	57
Equipment & Supplies	332	370	442
Facilities	851	1,499	710
<b>Total</b>	<b>3,810</b>	<b>4,313</b>	<b>4,039</b>

- ETF: Estimated to Finish. Current year-end budget projection for the still ongoing fiscal year ending June 30, 2016.
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# FY 2016/17 Budget - Department Level

## Finance

Category	FY 15/16 Budget	FY 15/16 ETF	FY 16/17 Budget
Employee Expense	551	629	731
External Services	394	414	433
Reviews, Meetings and Workshops	0	0	0
Memberships & Training	5	1	2
Travel	8	16	10
Equipment & Supplies	102	77	87
<b>Total</b>	<b>1,060</b>	<b>1,138</b>	<b>1,264</b>

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