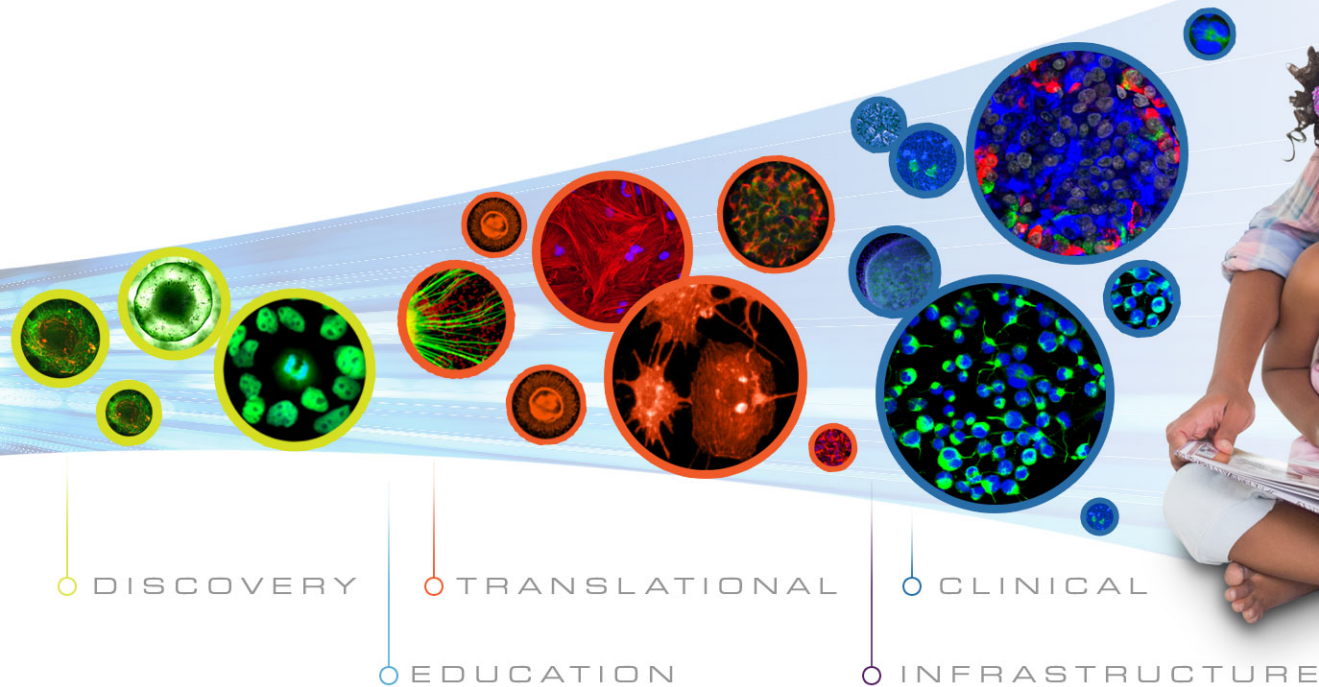


June 7, 2017

# CIRM

CALIFORNIA'S STEM CELL AGENCY



## Proposed Budget for Fiscal Year 2017/2018

**Chila Silva-Martin**

Vice President, Finance  
California Institute for Regenerative Medicine

# Agenda

- **2016/17 Budget**
  - Financial Results
  - Major Drivers
- **2017/18 Proposed Budget**
  - Major Drivers
  - Risks
- **Appendix**
  - Department Level Budget Detail



# **2016/17 FINANCIAL RESULTS AND DISCUSSION**

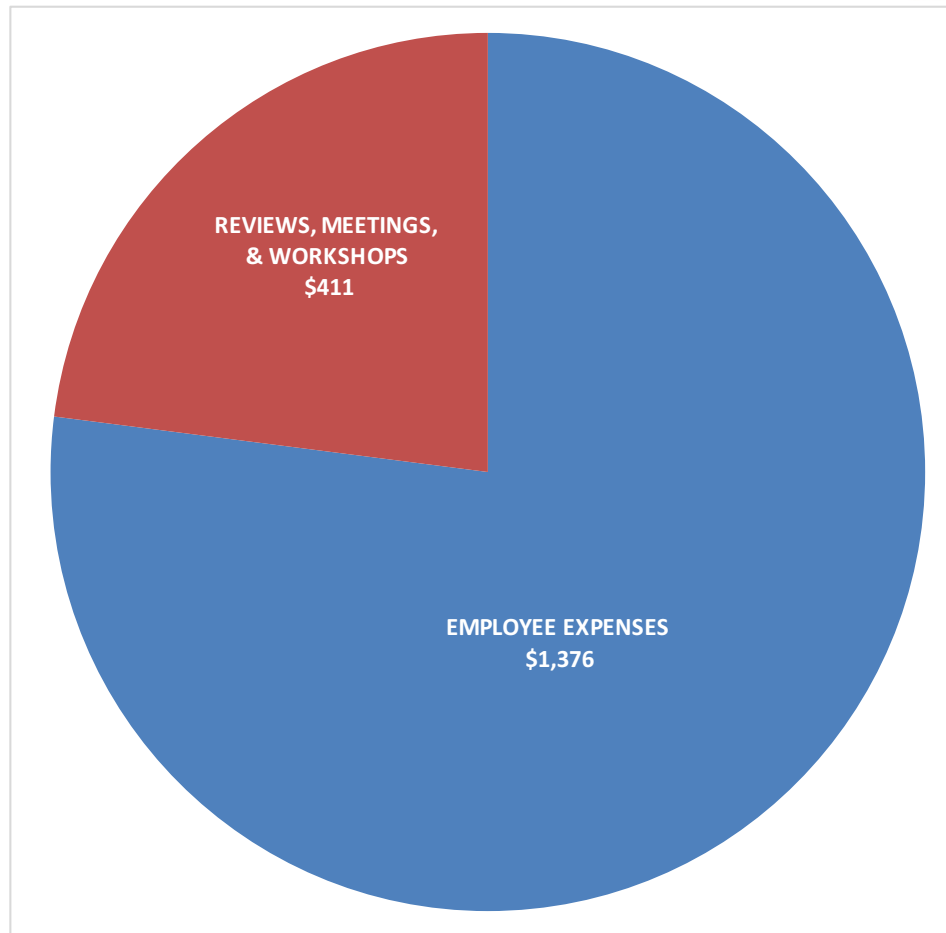
# FY 2016/17 Projected Financial Results

Category	FY 16/17 Budget	FY 16/17 ETF	Variance (%)
Employee Expense	13,259	11,884	-1,376 (-10)
External Services	1,965	1,968	3 (0)
Reviews, Meetings and Workshops	1,718	1,307	-411 (-24)
Memberships & Training	154	117	-37 (-24)
Travel	494	341	-154 (-31)
Equipment & Supplies	606	584	-22 (-4)
Facilities	710	736	26 (4)
<b>Total</b>	<b>18,906</b>	<b>16,936</b>	<b>-1,970 (-10)</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# The Variance is Attributable to Two Major Drivers

Numbers in (000)



# Major Drivers of 2016/17 Budget Variance

## Lower Employee Expense:

- 16/17 budget included 57 positions to support the approved Strategic Plan.
- Of the 57 positions, 5 vacancies existed in Therapeutics and 1 in CIRM's Strategic Infrastructure (CSI).
- Dr. Maria Millan was appointed to lead the Therapeutics team in July and delayed filling the vacancies.
- Neil Littman was appointed to Dr. Millan's old position and we did not backfill his position.
- For the 17/18 FY, three of the positions are retained to meet increased workload.

**Estimated Financial Impact:** Under budget \$1,376,000 (-10%)

# Major Drivers of 2016/17 Budget Variance

## Fewer Meetings/Implemented Additional Process Improvements:

- Held ICOC Board meetings at CIRM headquarters to reduce costs.
- Combined Alpha Clinic oversight with Therapeutic responsibilities to increase efficiencies and reduce costs.
- Combined reviews resulted in lower costs.
- ATP3 review did not materialize.

**Estimated Financial Impact:** Under budget \$411,000 (-24%)





# 2017/18 PROPOSED BUDGET



# FY 2017/18 Budget Overview

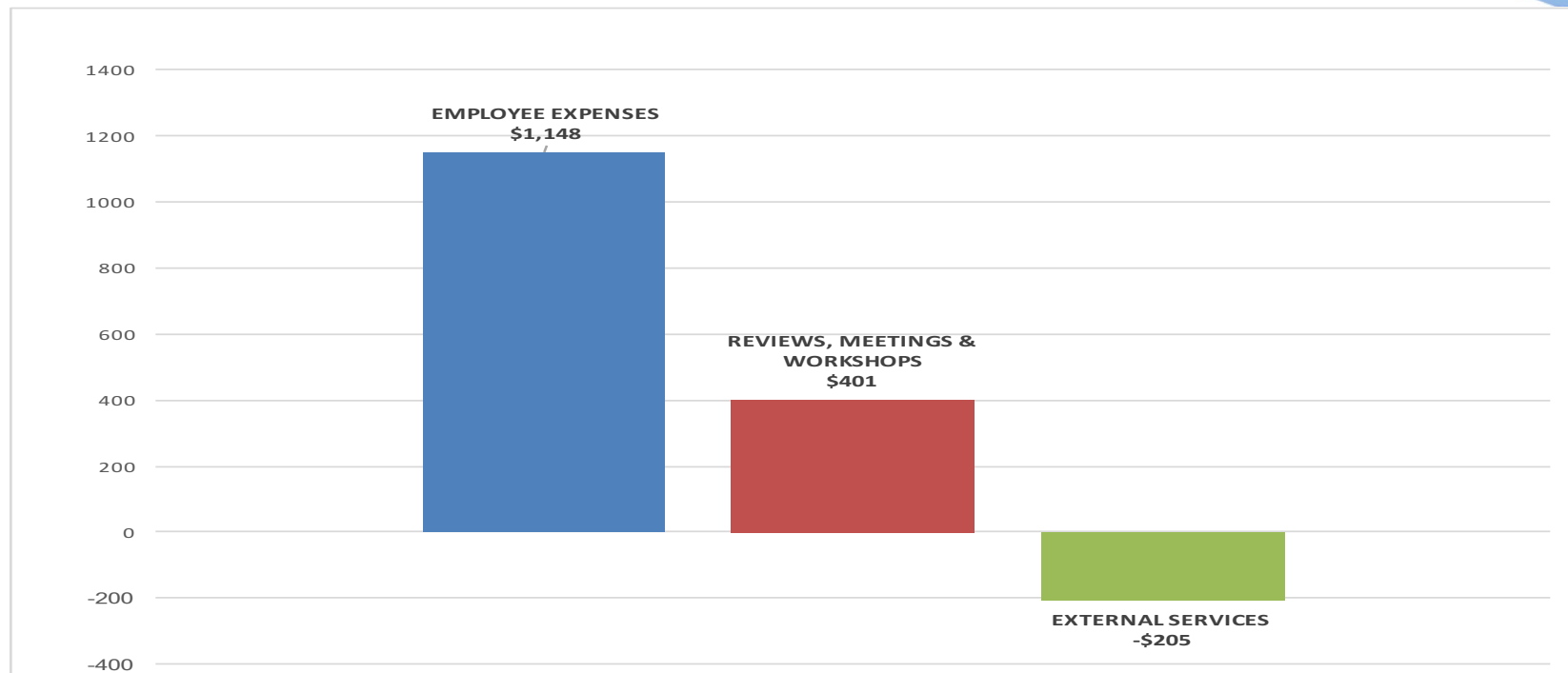
Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	13,259	11,884	13,032
External Services	1,965	1,968	1,763
Reviews, Meetings and Workshops	1,718	1,307	1,708
708 Memberships & Training	154	117	173
Travel	494	341	404
Equipment & Supplies	606	584	696
Facilities	710	736	805
<b>Total</b>	<b>18,906</b>	<b>16,936</b>	<b>18,581</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# The Variance is Attributable to Three Drivers

Drivers of Why CIRM's 17/18 Budget is \$1.9 Million Higher than FY 16/17 Estimated to Finish (ETF)

Numbers in (000)



# Major Drivers of the 2017/18 Budget

## Increased Employee Expenses:

- General Counsel functions converting from external services to employee expenses; adding a legal position to support this effort.
- Currently recruiting to fill 3 positions to support additional clinical activity.
- State mandated employer contributions for retirement, health, and other benefits will increase 9% resulting in additional expenses.

**Estimated Financial Impact:** Increase of \$1,148,000 over FY 16/17  
ETF

# Major Drivers of the 2017/18 Budget

## Increased Meeting Activity:

- Clinical Advisory Panel (CAP) Activity (\$245K)
  - Under CIRM 2.0, CAP activity has increased dramatically and we expect continued increases
    - 2016 Activity - 9 CAPs
    - 2017 Forecast - 27 CAPs

**Estimated Financial Impact:** Increase of \$401,000 over FY 16/17 ETF

# Major Drivers of the 2017/18 Budget

## Decreased External Services:

- Major decreases include:
  - Conversion of General Counsel functions from consulting services to employee expenses (\$325K)
  - Lower web development and programmer costs (\$235K)
- Budget decreases are partially offset by:
  - Tri-annual legislatively mandated performance audit (\$300K)
  - Increased Department of General Services costs (\$82K)

**Estimated Financial Impact:** Decrease of \$205,000 over FY 16/17 ETF

# Risk Factors for the FY 2017/18 Financial Results

**Over the last 3 years, CIRM has shown that we are actively managing our costs, but some things are difficult to control:**

- Application Volume
- Employee Turnover
- Benefit Costs



# APPENDIX – DEPARTMENT LEVEL DETAIL



# FY 2017/18 Budget - Department Level

## President's Office

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	913	1,055	943
External Services	90	90	80
Reviews, Meetings, & Workshops	35	25	117
Memberships & Training	49	35	49
Travel	100	75	94
Equipment & Supplies	3	15	10
<b>Total</b>	<b>1,190</b>	<b>1,295</b>	<b>1,293</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## Chairman's Office

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	1,329	1,148	1,178
External Services	42	46	42
Reviews, Meetings, & Workshops	183	138	113
Memberships & Training	13	11	12
Travel	100	68	68
Equipment & Supplies	16	4	10
Facilities	0	11	12
<b>Total</b>	<b>1,683</b>	<b>1,426</b>	<b>1,435</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## Portfolio Development & Review

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	953	994	1,250
External Services	60	65	36
Reviews, Meetings, & Workshops	1,080	948	962
Memberships & Training	8	4	13
Travel	13	13	11
Equipment & Supplies	3	2	3
<b>Total</b>	<b>2,117</b>	<b>2,026</b>	<b>2,275</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## Discovery & Translation

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	1,198	1,196	1,258
External Services	5	0	5
Reviews, Meetings, & Workshops	6	0	3
Memberships & Training	8	8	13
Travel	40	28	44
Equipment & Supplies	38	36	38
<b>Total</b>	<b>1,295</b>	<b>1,268</b>	<b>1,361</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## Therapeutic Areas

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	3,176	2,154	2,733
External Services	30	30	30
Reviews, Meetings, & Workshops	240	128	373
Memberships & Training	21	15	27
Travel	99	80	88
Equipment & Supplies	0	1	0
<b>Total</b>	<b>3,566</b>	<b>2,408</b>	<b>3,251</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## CIRM Strategic Infrastructure

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	971	744	744
External Services	50	50	50
Reviews, Meetings, & Workshops	170	66	112
Memberships & Training	23	7	10
Travel	61	19	26
Equipment & Supplies	8	2	20
<b>Total</b>	<b>1,283</b>	<b>888</b>	<b>962</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## General Counsel

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	1,498	1,491	1,872
External Services	745	752	465
Reviews, Meetings, & Workshops	0	0	0
Memberships & Training	15	8	19
Travel	10	12	22
Equipment & Supplies	7	2	8
<b>Total</b>	<b>2,275</b>	<b>2,265</b>	<b>2,386</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.



# FY 2017/18 Budget - Department Level

## Administration

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	2,402	2,283	2,240
External Services	410	402	543
Reviews, Meetings, & Workshops	4	3	27
Memberships & Training	14	28	22
Travel	60	24	44
Equipment & Supplies	442	441	496
Facilities	710	724	793
<b>Total</b>	<b>4,042</b>	<b>3,905</b>	<b>4,165</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.

# FY 2017/18 Budget - Department Level

## Finance

Category	FY 16/17 Budget	FY 16/17 ETF	FY 17/18 Budget
Employee Expense	820	820	813
External Services	533	533	513
Reviews, Meetings, & Workshops	0	0	0
Memberships & Training	2	0	8
Travel	13	22	8
Equipment & Supplies	87	80	111
<b>Total</b>	<b>1,455</b>	<b>1,455</b>	<b>1,453</b>

- ETF: Estimated to Finish. Current year-end budget projection for the ongoing fiscal year ending June 30, 2017.
- Numbers are in thousands of dollars (\$000).
- Minor variances due to rounding.