

Allowable Project Costs

FREQUENTLY ASKED QUESTIONS

Summary:

Allowable Project Costs are those costs covered by CIRM funding as well as the applicant's co-funding (when required). Applicants should first determine what qualifies as Allowable Project Costs and then apply the co-funding percentage to determine the minimum amount of co-funding required.

General:

[1.] How does CIRM determine whether an organization is “California-based”?

When determining whether an organization is California-based, we first count the total number of employees, whether part-time or full-time, who are paid by the employer organization in any fashion (wage, salary, commission, equity, etc.). Then, of those employees, we determine how many are paid in California, i.e. are required to file California state income taxes. If California employees represent more than 50% of the total paid employees, then the organization will be considered “California-based”.

[2.] We are a Non-California-based Organization at the time of our application, but will become a California-based Organization at a later date. What should we do?

CIRM determines whether an applicant organization is “California-based” immediately after application submission, then again if the application is approved before executing an award contract, and finally at each Operational Milestone achievement point.

For Clinical Stage programs, if a Non-California-based applicant organization believes that it will become a California-based organization by the time it would need to execute an award contract (in as little as 130 days), then the organization may budget for allowable project costs available to California-based organizations. If the organization is not California-based by the time the contract is executed, CIRM will reduce the budget before executing the award contract.

Similarly, if a California-based organization becomes a Non-California-based organization after an award is executed, CIRM will reduce the award amount effective at the time of the organization's change in status.

Finally, if a non-California-based organization becomes a California-based organization after Board approval and its budget did not include allowable costs for a California-based organization, CIRM cannot increase funding for the project.

[3.] Why are Non-California-based organizations ineligible to apply for Discovery and Translational stage programs?

We determined that there is a sufficient supply of high quality applications from California-based organizations to meet our goals.

[4.] Given I have an active, ongoing project at the time I apply for CIRM funding, when can I “start the clock” for budgeting and start incurring allowable project costs that can be recovered by the CIRM-funded project?

For an ongoing project, you may only include costs incurred after the estimated date of the CIRM Board’s approval of your application. Check the Program Announcements which specify when you can estimate receiving Board approval. For Clinical Stage applications, approval can happen in as early as 3 months after application submission though it may take longer due to resubmissions which could require rebudgeting before CIRM executes a contract.

If you have costs for manufacturing or other contracts that you pre-paid before the date of CIRM Board approval, you may include the portion of those pre-paid costs that will be incurred or expended for the CIRM-funded project.

[5.] The policy states costs for activities performed by a separate out-of-state organization that retains IP or independent publication rights arising out of the CIRM-funded project are not allowable. What does that mean?

CIRM funds cannot be used for “research” being conducted outside of California. In order to define what constitutes “research”, our policy identifies the most common characteristics of what constitute a 3rd party subcontract for research activities: one in which the 3rd party retains IP or independent publications rights arising out of their portion of the CIRM-funded project. If a 3rd party retains such rights, their work would not be considered an allowable cost. If the 3rd party waives both its IP and independent publication rights, then CIRM can fund such work.

[6.] Can a wholly-owned subsidiary qualify as a California-based organization if it meets the requirements?

If the wholly-owned subsidiary holds or plans to hold the IND and has exclusive rights to the intellectual property unencumbered by the parent organization, then the subsidiary may qualify as a California-based organization if CIRM determines that it has met the definition.

[7.] Is this the totality of CIRM’s policy on allowable costs?

No. In addition, interested parties should read p.31-34 of the [Grants Administration Policy for Clinical Stage Projects](#) for a list of allowable and unallowable direct project costs, facilities and indirect costs as well as pre-award and post-award allowable project costs.