

# Preliminary FY12/13 Budget

*April 2, 2012*  
*Agenda Item #4*

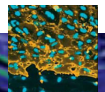


# Draft CIRM Goals For FY12/13

*5-year CIRM goals → 1-year CIRM goals →  
1-year functional area goals → Annual budget*

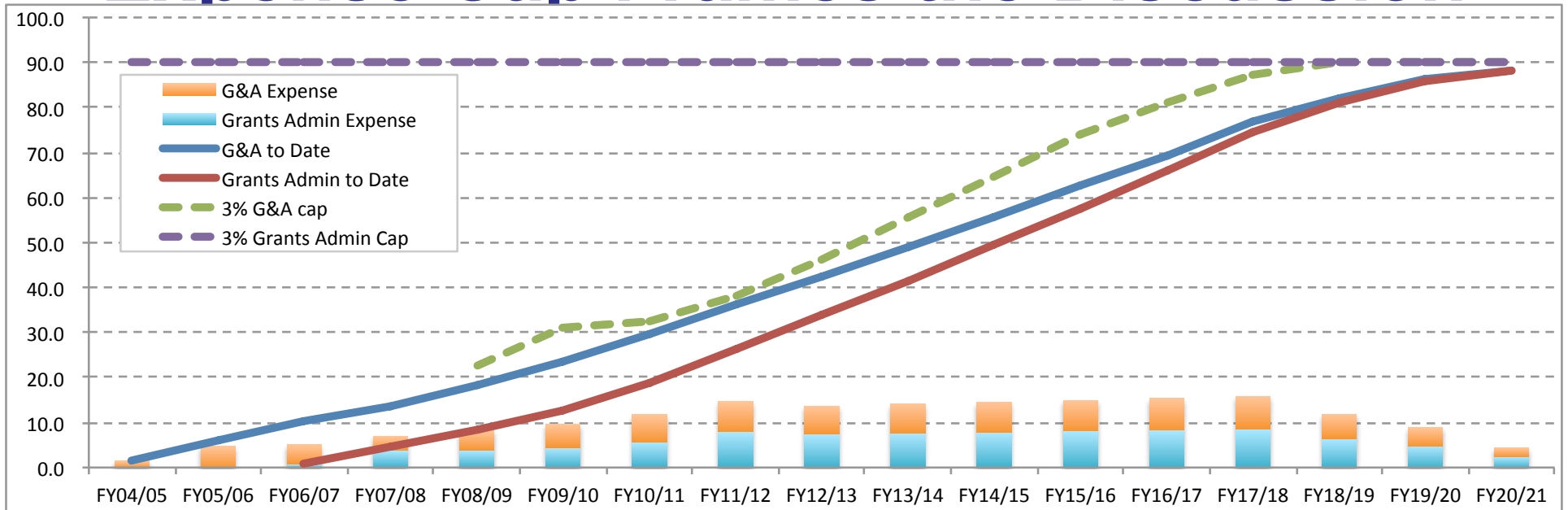
*In striving towards our FY12/13 goals, we will continue to be good stewards of public dollars as we seek to achieve the following:*

- CIRM's portfolio includes  $\geq 2$  programs with an open US IND
- \$50 million in new, outside financial commitment for CIRM programs
- Ensure funding of potentially high-impact projects that could result in transformative research by modifying priorities in CIRM's RFAs
- Educate and engage the California community in CIRM's mission
- Optimize CIRM's workforce staffing and processes to meet challenging priorities within the 6% ceiling



# Slide from January 2012:

## “Expense Cap Frames the Discussion”



### Key Assumptions:

- FY11/12 is \$1mm under budget; FY12/13 is \$1mm lower than FY11/12
- Expense growth of 3% p.a. through FY17/18; gradual decline to FY20/21

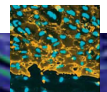
### Considerations:

- Small savings (or expenses) compound 10x over the coming decade
- Historical expense growth has been greater than 3%
- FY12/13 budget focus on “Must Have” expenses



## Process to Date

- January: Distributed current year budget, YTD actuals and planning template to group heads
- Early to mid-February: Informal reviews amongst group heads, CFO, President & Chair
- February 22: CFO review with President and Chair
- February 28: CFO review with Finance subcommittee chair & co-chair
- March 21: Initial review with ICOC



# Presentation of the Budget

## Cost Centers

*Functional areas, not reporting*

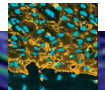
- Chair
- President
- Science, Research
- Science, Development
- Public Communications
- Finance
- IT
- Legal

## Expense Categories

*Specificity and Clarity*

- Salaries & Benefits
- External Services
- Reviews, Meetings & Workshops
- Memberships & Training
- Travel & Out-of-Pocket
- Equipment, Supplies, Software & Telecom

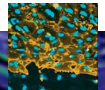
- **Cost centers: Greater transparency**
  - Alignment greatly simplifies accounting process
- **Expenses: Increased clarity, reduced duplication**



# Allocations against Expense Cap

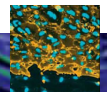
*No changes from prior years*

- Grants Admin (3%)
  - Science, Research & Science, Development
  - Grants Management portion of IT
- G&A (3%)
  - President, Chair, Finance, Comm
  - Remainder of IT
- Legal (remaining 94% – research funding)
  - All legal



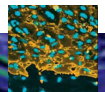
# Major Drivers and Changes

- Global drivers
  - Based on comparable institutions, increase comp by 4% (3% merit, 1% adjustments)
  - 4 FTEs added
- Science, Research
  - Add one Grants Technical Assistant
  - Significant cuts to meeting budgets
- Science, Development
  - Add one Medical Officer
  - Significant cuts to meeting budgets



# Major Drivers and Changes (cont'd)

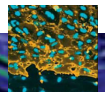
- IT
  - Fill open IT Director position and hire 1 programmer
  - No contractors by fiscal year-end
  - Includes \$150K for perf. audit enhancements
  - By spring 2013, runrate expense of \$1mm / yr (versus \$1.5mm in FY11/12 budget)
- President
  - Cuts to external contracts and meeting budgets
  - Travel reflects strategic, financial and BD priorities
- Chair
  - Cuts to travel
  - Significant cuts to meeting budgets





# Major Drivers and Changes (cont'd)

- Comm
  - Shift many external functions to internal activities
  - Corresponding cuts to external contracts
- Finance
  - Cuts to equipment and other misc. expenses
  - No “Performance Audit”
- Legal
  - Replaced \$190K in external legal services with in-house IP and transactional FTE



# FY 12/13 Budget Rollup

<i>\$ in 000s</i>	Sci-Rsch	Sci-Dev	IT	Pres	Chair	Comm	Finance	Legal	Total
Salary & Benefits	\$ 3,262	\$ 2,272	\$ 379	\$ 931	\$ 1,497	\$ 669	\$ 967	\$ 1,279	\$11,254
External Services	36	50	760	222	439	286	363	1,057	3,213
Reviews, Meetings & Workshops	1,213	485	-	205	255	-	-	10	2,168
Memberships & Training	33	57	3	95	20	7	10	13	237
Travel & Out-of-Pocket	86	75	-	123	108	25	30	80	527
Equipment, Supplies, Software & Telecom	-	-	313	-	-	15	124	-	452
<b>FY12/13 Budget</b>	<b>\$ 4,630</b>	<b>\$ 2,938</b>	<b>\$ 1,455</b>	<b>\$ 1,576</b>	<b>\$ 2,318</b>	<b>\$ 1,001</b>	<b>\$ 1,493</b>	<b>\$ 2,439</b>	<b>\$17,851</b>
<b>FY11/12 Budget</b>	<b>\$ 4,572</b>	<b>\$ 2,659</b>	<b>\$ 1,522</b>	<b>\$ 1,630</b>	<b>\$ 2,578</b>	<b>\$ 1,319</b>	<b>\$ 1,833</b>	<b>\$ 2,390</b>	<b>\$18,502</b>
<b>\$ Change</b>	<b>\$ 58</b>	<b>\$ 279</b>	<b>\$ (68)</b>	<b>\$ (53)</b>	<b>\$ (259)</b>	<b>\$ (318)</b>	<b>\$ (340)</b>	<b>\$ 50</b>	<b>\$ (652)</b>
<b>% Change</b>	<b>1.3%</b>	<b>10.5%</b>	<b>-4.4%</b>	<b>-3.3%</b>	<b>-10.1%</b>	<b>-24.1%</b>	<b>-18.5%</b>	<b>2.1%</b>	<b>-3.5%</b>

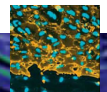
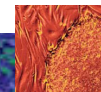
<b>FTEs</b>	<b>22.0</b>	<b>11.0</b>	<b>2.0</b>	<b>3.0</b>	<b>6.6</b>	<b>4.0</b>	<b>5.0</b>	<b>6.0</b>	<b>59.6</b>
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Grants Admin:	\$ 8,447
G&A:	6,415
Legal:	2,439
Donations:	550
<b>FY12/13 Budget</b>	<b>\$17,851</b>

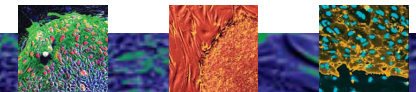
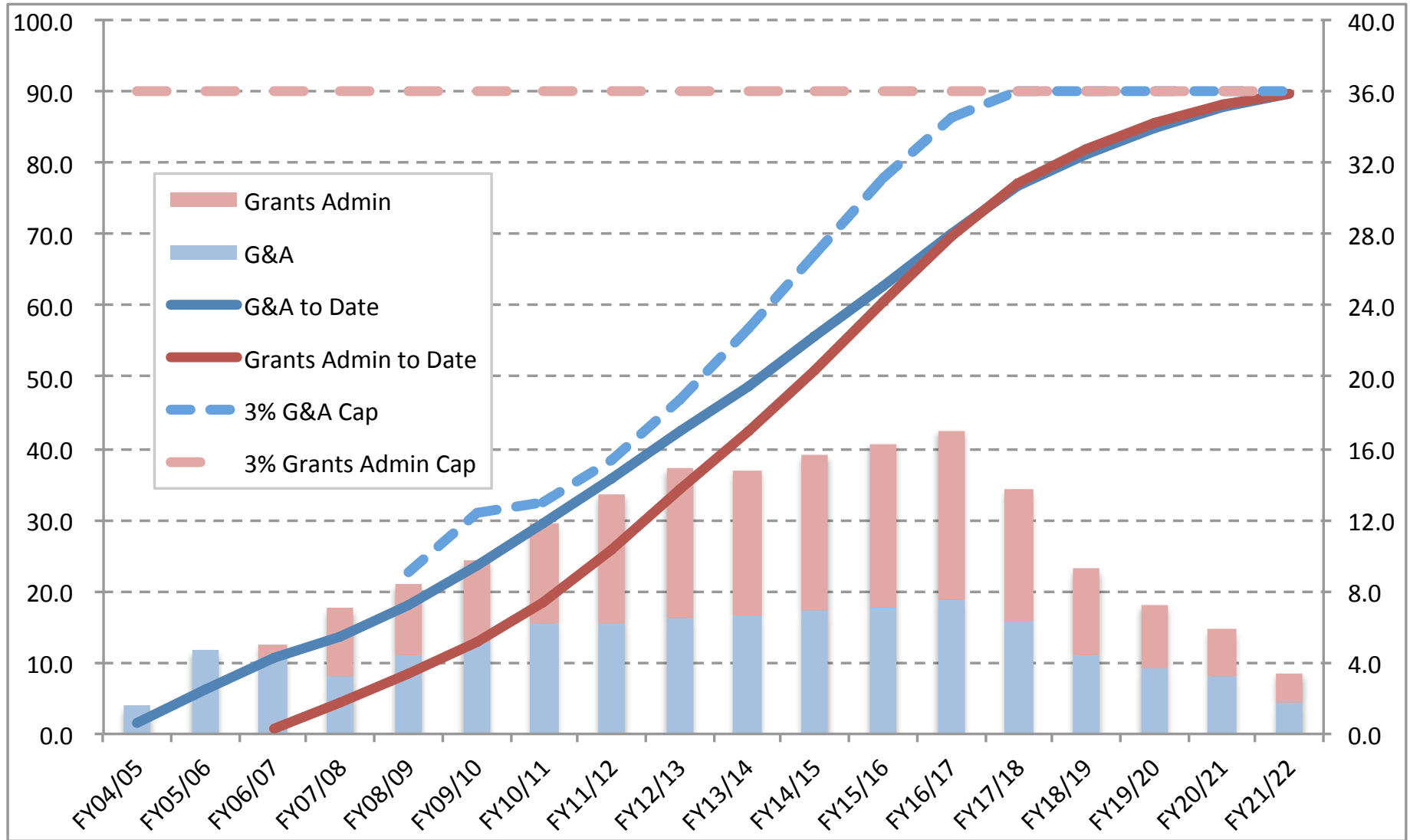


# Expense Forecasting

- Modest expense growth through FY16/17
- Thereafter annual decreases to FY21/22
- Adjusted for irregular expenses – examples:
  - IT contracting: \$500K savings post-2013
  - Rent: \$1mm / yr starting Nov. 2015
  - Performance audit: Triannual
  - No new donated funds
- We expect to achieve and have incorporated an additional \$200K in recurring expense savings
  - Breakdown: 50% from grants admin, 50% from G&A
  - Meetings, travel, external resources, consultants, etc.



# Expense Cap Forecast



# Upcoming Steps

- April: Further refine budget
- Mid-May: Post documents for May ICOC meeting
- May 22/23: Final ICOC budget review and approval

