



Proposed FYE 2014 Budget

(October 1, 2013 – September 30, 2014)

Regina Yan, COO

PCORI Board of Governors Meeting

Atlanta, GA

November 2013

Patient-Centered Outcomes Research Institute

Strategic Direction

Does the proposed budget reflect appropriate resource allocation per organizational priorities in the Strategic Plan?

Strategic Plan and
Organizational
Priorities



Resource
Allocation

Background

- PCORI's fiscal budget requires approval by the Board of Governors
- In September 2013, the Board approved the change of PCORI's fiscal year from a calendar year to a fiscal year ending September 30
- Fiscal Year End (FYE) 2014 started on October 1, 2013
- PCORI is operating under the budget previously approved by the Board for October-December 2013 until the new FYE 2014 budget is approved

Rationale

Implementation of the FYE 2014 priority activities that are outlined in the Strategic Plan form the underlying foundation for the FYE 2014 operating plan and budget.

The key drivers for the budget include:

- The projected research funding commitment for FYE 2014 and FYE 2015
- The growing number of research contracts in our portfolio in FYE 2014
- The number of awards made to date is approximately 200
- High level of service to applicants, reviewers, and awardees
- Solidifying our infrastructure (including personnel and systems) to ensure PCORI's program needs are met

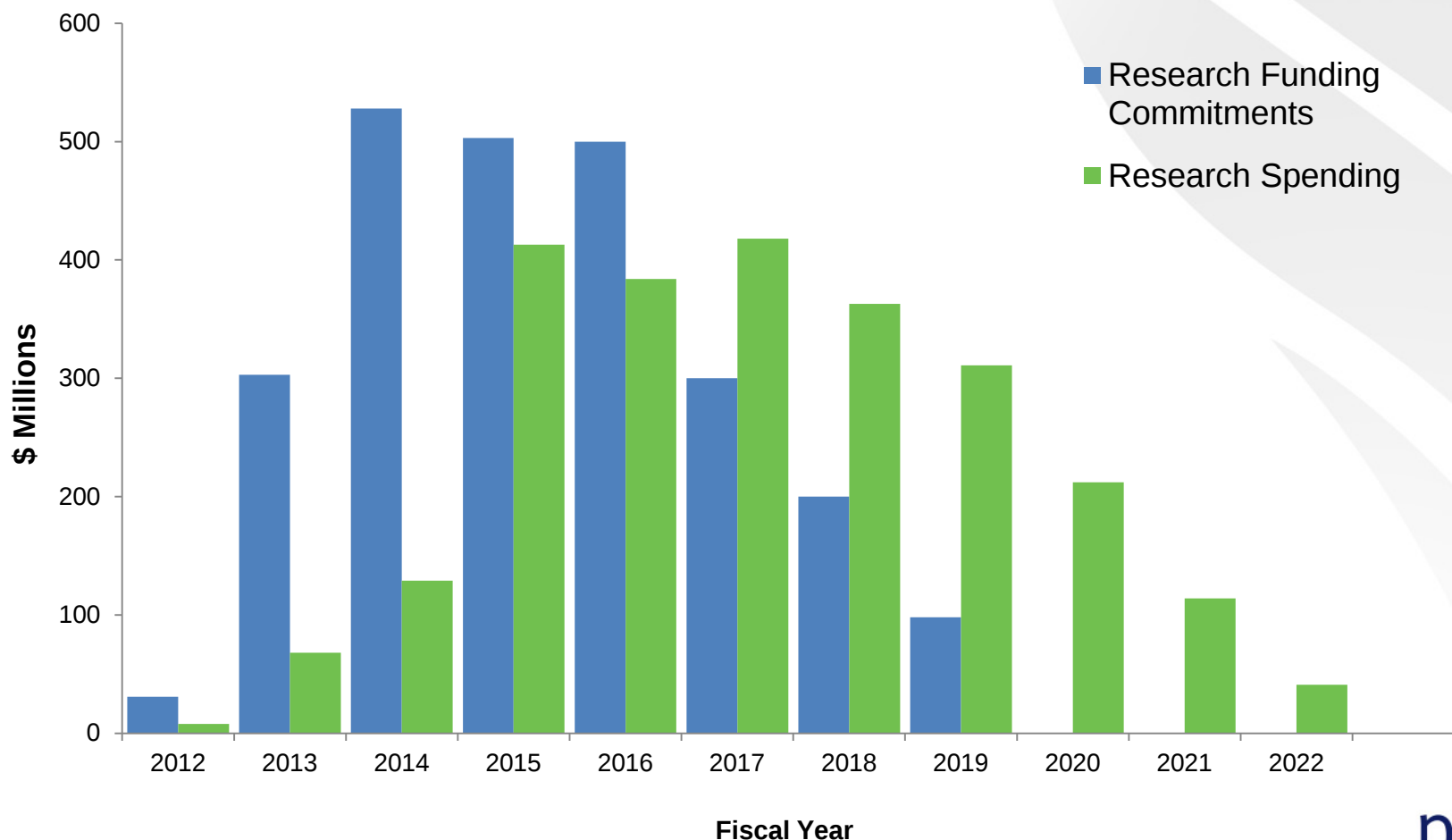
FYE 2014 Budget – Revenue and Commitments

- The projected operating revenue for FYE 2014 is \$412 million
- The projected Research Funding Commitment is \$528 million and the Engagement Award Commitment is \$15.5 million
- PCORI's funding commitment exceeds the projected revenue for the year because the projects are multi-year and payments are made over the life of the funded projects

FYE 2014–2019 Research Funding Commitments

(Research funding at somewhat higher level in 2014-2016, then reduce toward 2019)

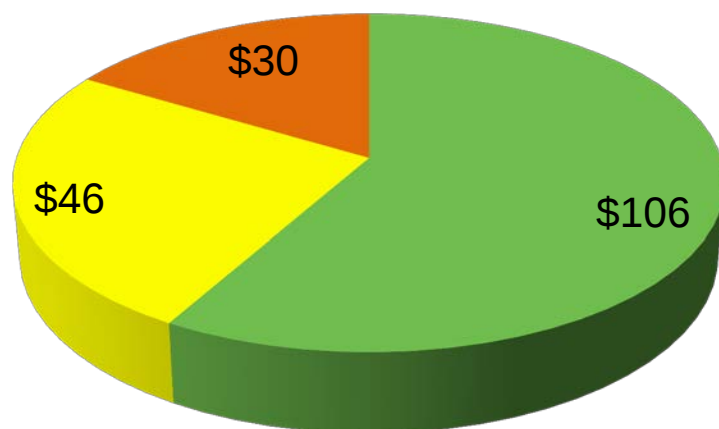
Our anticipated research funding commitment for FYE 2014 is \$528 million.



Proposed FYE 2014 Budget – \$182 million

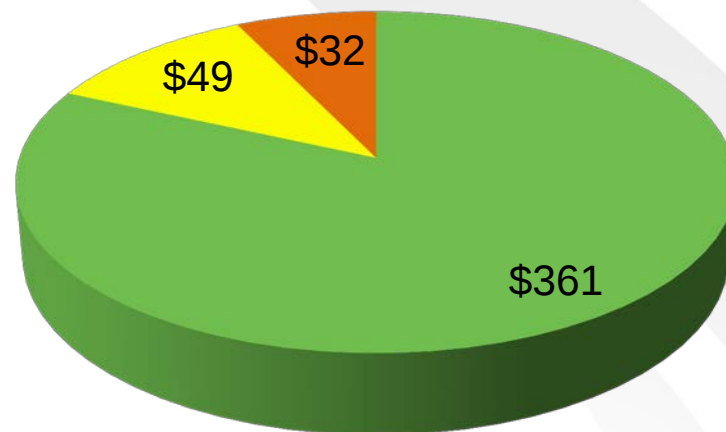
Projected FYE 2015 – \$442 million

**FYE 2014 Budget
(\$ in Millions)**



- Research & Engagement Awards (58%)
- Program Support (26%)
- Administrative (16%)

**FYE 2015 Projected
(\$ In Millions)**



- Research & Engagement Awards (82%)
- Program Support (11%)
- Administrative (7%)

FYE 2014 Expenditure – by Broad Category

Budget Item	Proposed FYE 2014 Allocation	% of Total Budget
PROGRAM EXPENSE – RESEARCH & ENGAGEMENT AWARDS		
Research Expense	101,550,000	56%
Engagement Awards Expense	4,656,944	3%
SUBTOTAL RESEARCH AND ENGAGEMENT AWARDS	106,206,944	58%
PROGRAM SUPPORT		
Science/Program Development & Evaluation	23,259,838	13%
Methodology Committee	2,745,000	2%
Engagement	7,634,436	4%
Contracts Management	12,594,812	7%
SUBTOTAL PROGRAM SUPPORT	46,234,086	26%
TOTAL PROGRAM EXPENSE (Research and Engagement Awards + Program Support)	152,441,030	84%
ADMINISTRATIVE EXPENSE	30,100,587	16%
TOTAL OPERATING EXPENSE (Program Expense + Administrative Expense)	182,541,617	100%

FYE 2014 Staffing Plan

Department	Actual Staffing as of 11/6/2013	Proposed Staffing by 9/30/2014
Science/Program Development and Evaluation	35	70
Engagement/Communications	22	29
Contracts Management	10	16
Executive/Operations	21	49
TOTAL	88	164

PCORI expects to meet or exceed the CYE 2013 staffing goal by the end of CYE 2013.

Staff and Contractor Mix

Long-term and on-going operations will be staffed with employees. Contractors will be used only for discrete projects and overflows.

Daily Operations	Staff	Contractor	Total
2012 FTE (actual)	29	50	72
2012 Monthly Spend	\$ 322,875	\$1,106,283	\$1,429,158
2013 FTE (actual)	83	50	133
2013 Monthly Spend	\$ 895,276	\$1,079,360	\$1,974,636
2014 FTE (proposed)	164	13	177
2014 Monthly Spend	\$1,718,918	\$ 356,667	\$2,075,585

Note: This table is intended to show ratio of staff to contractors on a per year basis only. PCORI has been rapidly expanding its program and support operations. Therefore, the work volume for 2014 and beyond is significantly greater than the start up years of 2011-2013.

Recommendation

PCORI requests that the Board approve the FYE 2014 Budget. The proposed budget aligns the strategic forethought with the business demands and serves as a road map to fulfilling PCORI's organizational goals.

Board Vote: FYE 2014 Budget

Call for a Motion
to:

- **Approve** the FYE 2014 Budget

Call for the Motion
to Be Seconded:

- **Second** the Motion
 - If further discussion, may propose an **Amendment** to the Motion or an **Alternative** Motion

Vote:

- Vote to **Approve** the **Final** Motion
 - Ask for votes in favor
 - Ask for votes opposed
 - Ask for abstentions