Date: April 26, 2004  
Code: FT 04-04

To: Vice Presidents for Administration/Finance  
Vice Presidents for Student Affairs

From: Richard K. Leffingwell  
Senior Director  
Financing and Treasury

Subject: 2004/05 Centrally Paid Costs - Dormitory Revenue Fund Housing

We are transmitting the housing program centrally paid costs for fiscal year 2004/05. The following attachments contain:

- 2004/05 Centrally Paid Cost (Attachment A) processed by the Chancellor’s Office.
- 2004/05 Centrally Paid Cost – Other Expenses (Attachment B).

In 2004/05, campuses will experience an increase in their total housing annual costs due to an increase in state prorata charges. The state prorata charges consist of administrative expenditures related to various state agencies such as the Department of Finance, the State Controller’s Office, the State Treasurer’s Office, the Bureau of State Audits, the Legislature and others. The CSU, as other agencies, is charged a portion of these expenditures. The methodology employed to distribute these costs involves a future year projection with an adjustment for prior year actuals as it relates to the last fiscal year that such actuals are available. In this case, the 2004/05 budget year is impacted by an adjustment to actuals for fiscal year 2002/03. We have been informed by the Department of Finance that the CSU charges will be increasing by 50 percent in 2004/05 from 2003/04 prorata charges. This increase takes into account the differences related to the 2002/03 actual costs. In this case, an over expenditure roll-forward of $1,896,823 from 2002/03 accounts for approximately 65 percent of the total increase for fiscal year 2004/05. Please be assured that as in the past, we will continue to voice our concerns related to the increases affecting our programs to the Department of Finance. Our goal continues to be to minimize expenditures for both the housing program and other CSU self-supporting programs. In addition, a task force has been formed to look into the current method of allocating state prorata charges for future years.

We are including a summary of quarterly debt service transfers to cover principal and interest payments on November 1st and interest payments on May 1st of the coming fiscal year for campuses with projects that were funded by bonds. As we explained last year, the quarterly amounts include a fifteen percent reserve, which will not affect the calculation of the parking program’s Net Revenue Debt Service Coverage Ratio (DSCR), as long as campuses
appropriately record the transfers for debt service and reserve as “Transfer Out” and not as an operating expense in the FIRMS database (see Attachment B for an example). We anticipate that the interest received from the reserve will be credited to campuses and will be used for future debt service payments.

Please note that this memo is intended for planning purposes only. The Chancellor’s Office Accounting department will issue an AD-NOAT memo with journal entry information to ensure accurate FIRMS data submission and recording.

Please contact Rosa Renaud or Angelique Sutanto in Financing and Treasury at (562) 951-4570, or email at renaud@calstate.edu or asutanto@calstate.edu, if you or your staff have any questions.

RKL:RHR:as

Attachments

Distribution: Presidents (without attachments)
                Business Managers (with attachments)
                Housing Officers (with attachments)
                Budget Officers (with attachments)
                Accounting Officers (with attachments)
                Chancellor’s Office Staff (without attachments)
                Ms. Lily Wang (with attachments)
                Mr. Lam Le (with attachments)