

**Financing & Treasury**

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**Date:** August 10, 2006

**Code:** FT 06-09

**To:** Vice Presidents for Administration/Finance

**From:** Colleen Nickles *Colleen Nickles*  
Senior Director  
Financing and Treasury

**Subject:** 2006/07 Centrally Paid Indirect Costs – for Student Unions Eligible for Decentralization – REVISED PFA DATES

We are transmitting the centrally paid indirect charges for fiscal year 2006/07 to the student union programs that have Systemwide Revenue Bond (SRB) debt outstanding and have no senior student union debt outstanding. Please note that the attached worksheet only identifies indirect charges such as State prorata and Chancellor's Office costs. Any direct charges specific to a student union program – eligible for decentralization - are processed separately as noted in Coded Memo FT 06-08. This change in communication to you is being incorporated this year to better categorize expenditures. **Please note revision:** Per discussion with the Systemwide Financial Operations (SFO) department, the Plan of Financial Adjustment (PFA) timing has been changed as shown on Attachment A.

Starting in 2006/07, the recovery of the State prorata and Chancellor's Office costs is no longer based on student union program revenues for the previous fiscal year. Based on a CABO Task Force's work with the Department of Finance, the CSU was able to obtain significant decreases in State prorata charges for most programs, particularly the student union programs. The task force further developed a recovery methodology that more equitably distributed costs to programs by allocating: (1) 85% of the charges, representing the health benefit costs for retired annuitants, in direct proportion to each fund's percentage share of actual prior year employer paid retirement expenditures; (2) the remaining 15% of non-specific or indirect administrative costs equally to enterprise funds and auxiliary organizations supported by the Chancellor's Office administration.

In a similar manner as noted in (2) above, the Chancellor's Office indirect administrative costs will be charged equally to enterprise funds and auxiliary organizations that have debt, whether that debt is through the Systemwide Revenue Bond program or that debt is specific to the auxiliary. Over time, more auxiliary organizations may be added to the pool receiving indirect costs as these organizations finance projects and incur debt.

**CSU Campuses**  
Bakersfield  
Channel Islands  
Chico  
Dominguez Hills  
East Bay

Fresno  
Fullerton  
Humboldt  
Long Beach  
Los Angeles  
Maritime Academy

Monterey Bay  
Northridge  
Pomona  
Sacramento  
San Bernardino  
San Diego

San Francisco  
San José  
San Luis Obispo  
San Marcos  
Sonoma  
Stanislaus

Please note that centrally paid indirect costs (both State prorata and Chancellor's Office) will be "passed down" to campuses through quarterly **Trust Fund** (State Fund 0948) expenditure transfers as initiated by the Chancellor's Office Financial Operations department via a Plan of Financial Adjustment. An AD-NOAT memo will be issued at the time of the transfer. While the charges will impact the Trust Fund, we request that each campus be responsible to post the indirect cost assessment to the appropriate program, State/CSU fund, and campus accounts. **Please note revision:** The first PFA transfer will be on September 1, 2006. See Attachment A for the other PFA dates.

Please contact me or Rosa Renaud of my staff at (562) 951-4570 should you or your staff have any questions on your program. For questions regarding the accounting process, please contact George Ashkar or Kelly Cox at (562) 951-4610 and regarding the State prorata methodology changes contact Sean Boylan at (562) 951-4619. Thank you for your assistance in the process.

CN:RHR

Attachment

<b>Distribution:</b>	Vice Presidents for Student Affairs	(with attachment)
	Student Union Directors	(with attachment)
	Business Managers	(with attachment)
	Budget Officers	(with attachment)
	Accounting Officers	(with attachment)
	Mr. Dennis Hordyk	(with attachment)
	Mr. Richard West	(with attachment)
	Mr. George Ashkar	(with attachment)
	Mr. Sean Boylan	(with attachment)
	Ms. Kelly Cox	(with attachment)
	Mr. Lam Le	(with attachment)
	Mr. Brian Lee	(with attachment)
	Ms. Kathy Skara	(with attachment)
	Ms. Lily Wang	(with attachment)

**THE CALIFORNIA STATE UNIVERSITY  
STUDENT UNION PROGRAMS (ELIGIBLE FOR DECENTRALIZATION)  
2006/07 Centrally Paid Indirect Costs  
(REVISED)**

	2006/07 State Prorata (Health Benefit Portion)	2006/07 State Prorata (Administrative Portion)	2006/07 Chancellor's Office Charges	ANNUAL PFA AMOUNT	QUARTERLY PFA AMOUNT*
Bakersfield	-	7,639	20,950	28,589	7,147.25
Dominguez Hills	-	7,639	20,950	28,589	7,147.25
East Bay	-	7,639	20,950	28,589	7,147.25
Fresno	-	7,639	20,950	28,589	7,147.25
Humboldt	-	7,639	20,950	28,589	7,147.25
Long Beach	-	7,639	20,950	28,589	7,147.25
Los Angeles	-	7,639	20,950	28,589	7,147.25
Monterey Bay	3,993	-	-	3,993	998.25
Pomona	-	7,639	20,950	28,589	7,147.25
Sacramento	-	7,639	20,950	28,589	7,147.25
San Bernardino	34,742	7,639	20,950	63,331	15,832.75
San Marcos	41,506	7,639	20,950	70,095	17,523.75
Sonoma	-	7,639	20,950	28,589	7,147.25
Stanislaus	-	7,639	20,950	28,589	7,147.25
<b>Total</b>	<b>80,241</b>	<b>99,307</b>	<b>272,350</b>	<b>451,898</b>	<b>112,974.50</b>
<b>Campus Journal Entry Required (FIRMS):</b>					
Sub-Code Debit:	612001	612001	660025		
Acct. Control Credit:	305022	305022	305022		

\***Revised:** Transfers to occur **September 1, November 1, February 1 and May 1.** Refer to coded memo FT 06-08 Attachment A for centrally paid student union program direct costs, which has different PFA dates.