

Financial Services Accounting
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210

www.calstate.edu

Date: September 22, 2010

Code: ADNOAT 10-089

To: Financial Managers
Accounting Officers
Budget Officers

From: Kelly Cox
Sr. Accounting Manager
Systemwide Financial Operations

Subject: *General Fund Payroll Funding for September 2010*

Transfer Request: 109022

Legal Posting: FY 2010-11

GAAP Posting: FY 2010-11

(When GAAP year =Legal Year, no GAAP entry is needed)

The Systemwide Accounting Office has executed a Plan of Financial Adjustment (PFA) as noted on the attachment detail. This PFA is to fund September payroll in the amount of 1/12th of the CSU's annual 10/11 appropriation, per special session legislations (ABX8_5). Individual campus PFA amounts are based upon the campus' share of total FY 2009-10 salaries and benefits reported in FIRMS for the CSU Operating Fund. For additional information on the funding process, please see the attached 'CENTRAL TRANSFERS TO STATE FUND 0948 ACCOUNTS' document.

Questions or comments regarding this ADNOAT or the FIRMS Object Code should be directed to June Cacho at (562)951-4654 or via e-mail at jcacho@calstate.edu.

KC:JC:td

ADNOAT 10-089
Attachment A
Attachment B

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

CENTRAL TRANSFERS TO STATE FUND 0948 ACCOUNTS

The cash management operations (CMO) unit conducts a daily review of campus balances on deposit in State fund 0948 at the State Controller's Office. State fund 0948 is a continuously appropriated CSU agency fund that is used to record various State-side expense transfers including payroll, inter-agency chargebacks, and other inter-fund transfers. The total cash balance in this fund earns interest at the SMIF rate. Campuses receive a quarterly distribution of interest based upon their share of the fund's average daily balance (ADB). As needed, CMO initiates "**transfers**" of cash from the campus' SWIFT account (101100) to a campus' State fund 0948 account (305022) to fund expenditures and maintain minimum daily balances. *These transfers DO NOT represent an expense to your campus.*

In addition to providing a cash balance available to support CSU State-side operations, State fund 0948 is included in a group of funds indentified by the State Controller's Office as "internal borrowable resources". This means that the cash in these internal funds is available to be "borrowed" by the State to meet its short-term cash requirements in lieu of selling Revenue Anticipation Notes (RANs) on the open market. During FY 2010-11, the State will be "borrowing" between \$18 and \$25 Billion from these internal resource funds. **This activity has no effect upon campus balances nor interest earnings.**

Cash Planning During FY 2010-11

On March 1, 2010, the Governor signed special session legislation (ABX8_5) establishing a State cash management plan that includes provisions pertaining to the CSU during FY 2010-11. The legislation limits State support funding at 1/12th of the CSU appropriation per month until April, 2011, at which point the remaining balance of the appropriation becomes available. In addition, the plan provides flexibility to the Department of Finance (DOF) to "defer" State general fund support to the CSU up to \$250M during the first two months of FY 2010-11. In subsequent discussions with DOF, the CSU was offered the option to maintain a minimum balance in State fund 0948 in lieu of the \$250M State support deferral. The amount of the minimum monthly balance requirement would be determined by DOF "expectations" of monthly balance in State fund 0948 from prior year data. After consideration of the alternatives, the CSU agreed to the "minimum balance" concept beginning with the month of July, 2010. This agreement will be revisited each month by DOF as part of the State's on-going cash planning review. Had the CSU chosen the "deferral" option, CSU campuses would have been required to fund the full July payroll from student fee revenues.

Determining Monthly Campus PFA Transfer Amount to State Fund 0948

As agreed, DOF authorized a PFA transfer of \$221M from the State general fund to support CSU payroll for the month of July, 2010. (For purposes of the 1/12th calculation, in the absence of an enacted FY 2010-11 budget, DOF used the May-Revise Governor's Budget proposal) The amount authorized for each subsequent month is expected to be \$221M until a final budget is in place when the 1/12th value will be applied. Since the PFA provides for State-supported payroll only, individual campus PFA amounts are based upon the campus' share of total FY 2009-10 Salaries and Benefits reported in FIRMS for the CSU Operating Fund. To fulfill the CSU's

minimum balance requirement for July, CMO transferred a total of \$380M from campus SWIFT accounts to campus State fund 0948 accounts. (\$300M plus \$80M to fund the non-State supported balance of the July payroll.)

Determining Monthly Cash Transfer To State Fund 0948

For the months of August, 2010, through March, 2011, the DOF minimum balance requirement will fluctuate between \$400M and \$500M. During August, there will be two transfers: \$25M on August 23rd and \$160M on August 26. In future months, CMO will initiate periodic transfers from campus SWIFT accounts to State fund 0948 as needed to sustain the minimum balance requirement as well as fund monthly non-State payroll.

The campus transfer amount is determined based upon a combination of factors:

- Campus' historic gross monthly payroll expenditure (using non-furlough values)
- Campus' target month end balance as a share of the total "minimum balance" requirement
- Campus' current balance in State fund 0948 as of the 20th of each month
- Amount of State support provided in the monthly general fund PFA

Campus State fund 0948 balances will be monitored daily for variances to CMO planning assumptions.

It is important to remember that there is no loss or cost to your campus for these balances on deposit in State fund 0948. These monies earn SMIF interest and are only one component of a campus' total available resources for university operations.

If you have further questions or need additional information, please feel free to call me at (562) 951 4619.

Sean P. Boylan
Director/CMO
Resource Management Office
CSU, Office of the Chancellor
Office Phone: (562) 951 4619
Cell Phone: (562) 897 0315

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Systemwide Financial Operations Plan of Financial Adjustment/Transfer Request

PFA/TR# 109022
ADNOAT 10-089
Attachment B

CAMPUS	AGENCY #	PAYROLL ESTIMATE SEPTEMBER 2010
Systemwide	6610	-
Chancellor's Office	6620	4,928,000.00
Bakersfield	6650	4,136,000.00
San Bernardino	6660	8,374,000.00
Stanislaus	6670	4,662,000.00
Chico	6680	9,071,000.00
Dominguez Hills	6690	5,582,000.00
Fresno	6700	11,013,000.00
Fullerton	6710	14,493,000.00
East Bay	6720	7,922,000.00
Humboldt	6730	5,146,000.00
Long Beach	6740	17,199,000.00
Los Angeles	6750	10,139,000.00
Maritime Academy	6752	1,213,000.00
Monterey Bay	6756	3,443,000.00
Northridge	6760	15,683,000.00
Pomona	6770	10,883,000.00
Sacramento	6780	12,985,000.00
San Diego	6790	18,025,000.00
San Francisco	6800	14,693,000.00
San Jose	6810	14,621,000.00
San Luis Obispo	6820	12,860,000.00

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San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

CAMPUS	AGENCY #	PAYROLL ESTIMATE SEPTEMBER 2010
Sonoma	6830	5,745,000.00
San Marcos	6840	5,022,000.00
Channel Islands	6850	3,162,000.00
TOTAL	-	\$221,000,000.00

CO/Campus entries required - using FIRMS object code:

GENERAL FUND	305022	CR
GENERAL FUND	690003	DR

TRUST FUND	305022	DR
TRUST FUND	690003	CR