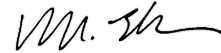


Financial Services
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210
www.calstate.edu

Mary Ek
Assistant Vice Chancellor/Controller
562-951-4540

Coded Memo: FS 2018-01

Date: February 23, 2018
To: Vice Presidents for Administration/Finance
From: Mary Ek, Assistant Vice Chancellor/Controller, Financial Services
Subject: 2018/2019 Centrally Paid Costs



Each year the Chancellor's Office allocates centrally paid costs to the campuses. The indirect costs are comprised of the Department of Finance (DOF) state pro rata charges, CALPERS dental annuitant costs and the Chancellor's Office (CO) overhead expenses. The direct costs are comprised of expenses related to the maintenance of existing bonds.

DOF State Pro Rata represent General Fund recoveries of statewide general administrative costs (i.e., indirect costs incurred by central service agencies) from special funds, per Government Code sections 11010, 11270 through 11275. The Department of Finance (DOF) charges the Chancellor's Office; we in turn pass this expense on to the campuses. All billable funds reporting employer-paid retirement expenditures will be included for the distribution of the State Pro Rata assessment. Each campus' portion of the assessment can be found on the attached Centrally Paid Indirect costs schedules. Additionally, the embedded Excel State Pro Rata workbook can be utilized to walk you through how the campus health portion of the Pro Rata assessment was determined.

CALPERS dental annuitant costs utilize similar methodology as the State Pro Rata in that the campus' employee retirement costs from the previous fiscal year will be used as the cost driver to determine the prorated share of the actual Dental Annuitant costs. All billable Special Revenue funds reporting employer-paid retirement expenditures will be included in the allocation. A deviation from the State Pro Rata method, is that exact costs are not known to the CO; therefore, costs distribution will be done quarterly on an actual basis as expenses are incurred. The embedded Excel workbook can be utilized to determine an estimate of the campus' dental portion of the assessment.

CO overhead allocation has been developed to recover central administrative costs from Enterprise and Auxiliary funds per Executive Order 1000. Current year cost estimates are adjusted for prior year budget-to-actual variance on a two year rolling average. The 18/19 cost estimates include an 8% average salary adjustment based on CBA agreements.

State Pro Rata, CO Overhead expenses and CALPERS dental annuitant costs will be allocated in July, October, January, and April. The Chancellor's Office will collect the semi-annual SRB debt service and direct costs in October and April.

Please ensure that the appropriate fiscal personnel at your campus are provided this information as they will need it to develop and account for next year's budget.

If you have any questions on indirect costs, please contact Kelly Cox at (562) 951-4611 or kcox@calstate.edu.

If you have any questions on direct costs and debt service for your program, please contact Angelique Sutanto at (562) 951-4565 or asutanto@calstate.edu or Rosa Renaud at (562) 951-4566 or rrenaud@calstate.edu.

Thank you for your assistance in this process.

ME:KC:sh

Attachments:

- [2018/19 Dental Annuitant Workbook](#)
- [2018/19 State Pro Rata Health-Only Workbook](#)
- [2018/19 Centrally Paid Costs Schedules](#)

Cc: *Steve Relyea*
Chief Administration and Business Officers (CABO)
Financial Officer's Association (FOA)
Financial Standards Advisory Committee (FSAC)
Financing and Treasury