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**Mary Ek**  
Assistant Vice Chancellor/Controller  
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**Coded Memo: FS 2019-01**

Date: March 1, 2019

To: Chief Administration and Business Officers (CABO)

From: Mary Ek, Assistant Vice Chancellor/Controller, Financial Services 

Subject: 2019/2020 Centrally Paid Costs

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Each year the Chancellor's Office allocates centrally paid costs to the campuses. This includes indirect and direct costs and debt service amounts. The accompanying schedules were created to assist the appropriate fiscal personnel at your campus in developing next year's budget.

The largest cost passed down to the campuses is health and dental benefits for retired annuitants related to special funds. This represents a 9% decrease in cost over prior year, or \$18 million.

The Chancellor's Office overhead represents recoveries of the Business and Finance Division for providing services to Auxiliary Enterprises and Auxiliary Organizations per Executive Order 1000. There has been no increase over prior years.

**Senate Bill 84 of 2017 authorized the state to borrow \$6 billion from a state cash account and make a one-time supplemental pension payment to CalPERS in 2017-18 to reduce the unfunded liability. SB 84 requires all state agencies that participate in CalPERS to repay a proportionate share of the loan. By our calculations, the CSU's Auxiliary Enterprise's portion of the loan repayment is between \$6 -7 million per year. Campus' amounts by program will be communicated separately as more information becomes available.**

Thank you for your assistance in this process.

ME:KC:sh

Attachment:

- 2019/20 Dental Annuitant Workbook
- 2019/20 State Pro Rata Health-Only Workbook
- 2019/20 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*