

University of California, Berkeley
Policy Issued: January 2004
Effective Date: July 1, 2003
Last Updated: March 23, 2012
Supersedes: Revision of June 19, 2009



Distribution of Income from UC Regents' Short Term Investment Pool (STIP)

Responsible Executive: Rosemarie Rae
Vice Chancellor of Finance and Chief Financial Officer

Responsible Office: Office of the Controller
<https://controller.berkeley.edu/>

Contact: Questions about this policy and distributions of income & expense may be directed to Financial Accounting & Controls at gao@berkeley.edu

Policy Statement

The Office of the President distributes interest income from The Regents' Short Term Investment Pool (STIP) to the Berkeley campus on a monthly basis. In general, the Chancellor will retain the interest income received for funds with positive cash balances. When governmental or University regulation require the campus to distribute STIP income to the fund source, the income will be credited to the fund.

For funds with negative cash balances, a charge will be assessed on certain fund types.

In keeping with legal obligations under charitable trust laws, donors will be informed of this policy in a variety of ways, including but not limited to donor receipting, campus publications, and fundraising materials.

UNIVERSITY OF CALIFORNIA, BERKELEY
Policy on Distribution of Short Term Investment Pool (STIP) Income

Who Is Affected by This Policy

- Departments that have funds with cash balances that are eligible to earn STIP income or be assessed a STIP charge

Who Administers This Policy

- Financial Accounting & Controls

Why We Have This Policy

Money received by UC campuses is transferred daily to the University's central bank account and invested unless it is required for disbursements such as payroll and vendor payments. At the end of each month, the investment income earned by this short term investment pool (STIP) is distributed to each campus. Each campus sets its own policy for distributing STIP income and charges. This policy outlines how the Berkeley campus reallocates interest income for funds with positive cash balances and charges interest expense for funds with negative cash balances.

Responsibilities

Office of the President:

- Determines the amount of STIP income it will allocate to the campus.
- Distributes the allocation to the campus following the close of each month.

Financial Accounting & Controls/General Accounting:

- Redistributes STIP income and charges in accordance with this policy.
- Responds to questions from campus units regarding the distribution of STIP income and charges.

UNIVERSITY OF CALIFORNIA, BERKELEY
Procedures for Distribution of Short Term Investment Pool (STIP) Income

Procedures

DISTRIBUTION OF STIP INCOME FOR FUNDS WITH POSITIVE AVERAGE MONTHLY CASH BALANCES

Effective July 1, 2008, STIP investment income on *unrestricted* STIP distribution funds will be distributed monthly to an unrestricted fund administered by the Chancellor. STIP investment income on *restricted* STIP distribution funds will be distributed monthly to those restricted funds.

CHARGES FOR FUNDS WITH NEGATIVE AVERAGE MONTHLY CASH BALANCES

To compensate the campus for lost interest, a charge equal to the monthly STIP interest that should have been earned by the campus will be assessed on the following categories of funds with negative average monthly cash balances in any month:

- Current: gift, endowment income, and auxiliary funds
- Unexpended Plant: gifts, university funds and external financing funds

Charges on auxiliary and certain unexpended plant funds will be recorded in the specific funds. Charges on gifts and endowment income funds will be charged to an unrestricted fund of the responsible vice chancellor or dean. Charges on any other funds with negative average monthly cash balances in any month will be charged to a Chancellor's unrestricted fund.

Distribution of STIP income and charges will occur monthly in arrears, following the close of each month. For example, STIP for July will be calculated and posted in August.

UNIVERSITY OF CALIFORNIA, BERKELEY
Procedures for Distribution of Short Term Investment Pool (STIP) Income

Summary of STIP Charge by Fund Type		
	Lost Interest Charge	
Fund Type	Lost Interest Charge Location	Lost Interest Charge Frequency
Auxiliary Enterprise Funds	Fund	Monthly
Unexpended Plant Funds (Gifts, University Funds and External Financing Funds)	Fund	Monthly
Gifts (including UC Berkeley Foundation Endowment funds)	Vice Chancellor/Dean	Monthly
Regents' Endowment Income Funds	Vice Chancellor/Dean	Monthly
All other funds, including recharges	Chancellor	Monthly

UNIVERSITY OF CALIFORNIA, BERKELEY
Procedures for Distribution of Short Term Investment Pool (STIP) Income

Glossary

External Financing Funds: Funds the University obtains from external borrowings or debts, such as from various bond issuances, capital leases, commercial paper, and bank loans.

Governmental Regulation: Federal, state, or local government contract, grant order, or restriction.

Restricted STIP Distribution Fund: a fund for which the STIP distribution is restricted by governmental or University regulation.

Short-Term Investment Pool (STIP): A cash fund administered by the Treasurer of the Regents and invested daily in short-term securities.

University Regulation: Regental or Office of the President bylaw, standing order, or policy.

Unrestricted STIP Distribution Fund: a fund for which the STIP distribution is not restricted by governmental or University regulation.

Related Documents

- University of California Business & Finance Bulletin A-60, Short-Term Investment Pool (STIP)--Distribution of Income, 7/1/82_
<https://policy.ucop.edu/doc/3420331/BFB-A-60>
- Navigating UC Berkeley's Business Environment: A Guide to Administrative Responsibilities
<https://ethicscompliance.berkeley.edu/ResponsibilitiesGuide/>

UNIVERSITY OF CALIFORNIA, BERKELEY
Procedures for Distribution of Short Term Investment Pool (STIP) Income

Appendix

Steps for Calculating Average Monthly STIP

1) Determine average monthly cash balance for a fund based on appropriate chart string and period criteria:

Business Unit: 10000-UC Berkeley or J0000-Office of the President, as applicable

Cash Account Ranges: 10xxx (Cash) and 235xx (Financial Control, which is considered Cash)

Fund Value: xxxxx, as applicable

Fiscal year: 201x (for instance "2012"), as applicable

Accounting period: between 1 and 12 (in which the number corresponds to the month period in the fiscal year, such as 1=July, 2=August, etc.)

Calculate the average monthly cash balance for the fund for a month:

For a particular month (for instance "September"), the average monthly cash balance = the sum of two month-end cash balances, the month (September) and the prior month (August), divided by 2.

2) STIP rates can be obtained by emailing Financial Accounting & Controls:
gao@berkeley.edu

3) Calculate the fund STIP income/expense based on the average monthly cash balance for the fund and the STIP distribution rate for the month: Average monthly cash balance from 1) above times STIP distribution rate for the month and then divided by twelve.

4) Distribution of the fund STIP income/expense: See the Procedures section of this policy.