

UC Davis Policy and Procedure Manual

Chapter 330, Financial Management and Services

Section 06, Short-Term Investment Pool Income—Distribution and Uses

Date: 8/19/05, rev. 2/1/07

Supersedes: 9/23/91

Responsible Department: Office of Resource Management and Planning

Source Document: Business and Finance Bulletin A-60, Short-Term Investment Pool (STIP)—Distribution of Income

[Exhibit A, SFGT Table with STIP Distribution Rules](#)

I. Purpose

This section provides the policy for distribution and allowable uses of Short-Term Investment Pool income (STIP).

II. Definitions and Background

- A. See Accounting Glossary at <http://accounting.ucdavis.edu/refs/glossary.cfm> for definitions.
- B. The UC Office of the President (UCOP) invests the UC Davis cash balances not required for disbursement and not invested into long-term investment pools in the Short-Term Investment Pool. The interest income generated from this pool (STIP) is distributed to the campus by UCOP using the OP Fund number.
- C. Specific ranges of OP Fund numbers correspond to specific sub fund group types (SFGTs). Accounting & Financial Services (A&FS) assigns an OP Fund number from a particular SFGT depending on the following identifying characteristics of the funds:
 1. The source of the funds (e.g., state, federal, private donor).
 2. The reason the funds are received by the University (e.g., payment of fees, contract for service, grant).
 3. The type of activity to be supported (e.g., auxiliary, instruction, plant).

III. Policy

STIP distribution and allowable use is determined by UCOP and UC Davis based on the SFGT. Most SFGTs are subject to only one STIP distribution rule, but a few are subject to two or more rules as identified in IV, below, and in Exhibit A. In accord with Business and Finance Bulletin A-60 and/or the applicable campus correspondence (see VII, below), STIP is distributed according to one of the following distribution rules:

- A. STIP is retained by UCOP;
- B. STIP is distributed to the Campus Investment Fund (CIF);
- C. STIP is distributed to the originating fund;
- D. STIP is distributed 75% to the Campus Advancement Finance Pool and 25% to the Dean;
- E. STIP is distributed first 2 percentage points to the Office of Research and balance to the fund

and/or Dean;

F. No STIP is anticipated; STIP deficits are generally borne by the CIF.

IV. Distribution and Allowable Use Rules

A. STIP is retained by UCOP and use is determined by UCOP.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
3	General Fund Income	
D	State Appropriations Excluding Contracts & Grants	
G	General Funds (State Support)	
K	Endowment Principal, Ed Fund and Opportunity Funds	
T	Student Fees	Educational Fee only (see IV.B, C, below, for other fees)

B. STIP is distributed to the CIF and allowable use is determined by central campus.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
1	Agency Accounts	Except ASUCD, LSA, GSA, UC Davis Foundation, and CAAA agency accounts (see IV.C, below)
5	Reserves for Renewal and Replacement	Except Auxiliaries (see IV.C, below)
7	Reserves for Improvements	Except Auxiliaries (see IV.C, below)
8	Balance Sheet/Balancing Accounts	
8P	Balance Sheet/Balancing Accounts—Plant	
10	Retirement of Indebtedness	State funded projects only (see IV.C, below, for other projects)
H	State Appropriations—Contracts & Grants	
J	Private Contracts	
L	Local Government	
M	Self Supporting Activities (Other Sources)	Based on characteristics of the funds, A&FS assigns OP Funds in this SFGT to STIP Distributed to Campus Investment Fund or to STIP Distributed to Originating

		Fund (see IV.C below).
S	State Government	
T	Student Fees	Except Educational Fee, Registration Fee, and fees charged by Auxiliaries or self supporting units

- C. STIP is distributed to the originating fund and allowable use is for purposes of the originating fund.

When any OP Fund has a negative cash balance, it is netted against campus cash balances and thereby reduces the STIP distributed to the CIF. If an OP Fund in this list generates the equivalent of negative STIP because it has an average annual negative cash balance exceeding \$5,000, a penalty equivalent to the average annual lost STIP may be assessed against the fund at the end of the fiscal year. The Office of Resource Management and Planning (ORMP) manages this process.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
1	Agency Accounts	ASUCD (00001, 00009), LSA (00015), GSA (00016), UC Davis Foundation (00018), and CAAA (00019) only.
2	Loan Funds	
4	Sales and Service of Teaching Hospital	
5	Reserves for Renewal and Replacement	Auxiliaries only
6	Service Enterprises	
7	Reserves for Improvement	Auxiliaries only
10	Retirement of Indebtedness	Except state-funded projects
A	Auxiliary	
M	Self Supporting Activities (Other Sources)	Based on characteristics of the money, A&FS assigns OP Funds in the SFGT to STIP Distributed to Campus Investment Fund or the STIP Distributed to Originating Fund.
T	Student Fees	Registration Fee and fees charged by Auxiliaries or self supporting units (such as School of Veterinary Medicine Continuing Education) only.
Y	Sales and Service Educational Activities	
Z	Plant	

- D. STIP is distributed 75% to the Campus Advancement Finance Pool and 25% to the Dean, Vice

Provost, or Vice Chancellor and allowable use is restricted to advancement activities.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
E	Endowment Funds Income	
R	Private Restricted Gifts	
U	Private Unrestricted Gifts	

E. STIP is distributed first 2 percentage points to the Office of Research (OR) and the balance to the fund, unless the Dean, Vice Provost, or Vice Chancellor has been authorized to receive a portion of STIP earned on private grants. Allowable use is as follows:

1. STIP distributed to OR is to be used for grant administration;
2. STIP distributed to the fund is for purposes of the fund;
3. STIP distributed to Dean, Vice Provost, or Vice Chancellor is not restricted.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
P	Private Grants	

F. No STIP is anticipated and therefore there are no allowable uses. STIP deficits are generally borne by CIF but if a particular grantee or department has a pattern of large deficits, the Provost and Executive Vice Chancellor may request the Dean's assistance.

DaFIS SFGT	Sub Fund Group Type Name	Additional Information
B	Federal Appropriations	
C	Federal Contracts	
F	Federal Grants	
N	State Government Federal Flow Through	
V	Local Government Federal Flow Through	
W	Private Grants Federal Flow Through	
X	Private Contracts Federal Flow Through	

G. Exceptions to the STIP Distribution Rules

1. Average fund balance less than \$1,000

If an OP Fund has an average adjusted cash balance less than \$1,000, the STIP is distributed to CIF.

2. Exceptions approved by campus

Based on special circumstances, the Provost and Executive Vice Chancellor has approved STIP distribution rules for some OP Funds that differ from the STIP distribution

rule by SFGT specified above. ORMP advises the Provost and Executive Vice Chancellor regarding exceptions.

V. Mechanism for Distribution of STIP

UCOP retains STIP generated by OP Funds in SFGTs specified in IV.A above. Four times each fiscal year UCOP distributes to UC Davis the STIP generated by OP Funds in all other SFGTs. The STIP is automatically distributed to OP Funds in accord with the STIP distribution rules specified above. A&FS General Accounting Division administers the automated distribution process.

VI. Further Information

For further information contact the Office of Resource Management and Planning, <http://www.ormp.ucdavis.edu>, or Accounting & Financial Services, <http://accounting.ucdavis.edu>.

VII. References

- A. UC Business and Finance Bulletin A-60, Short-Term Investment Pool (STIP)—Distribution of Income, July 1, 1982 (<http://www.ucop.edu/ucophome/policies/bfb/a60.html>).
- B. Executive Vice Chancellor's letter RE: STIP on Private Gifts and Grants, November 26, 1990.
- C. Budget Office letter to Assistant Deans RE: STIP Earnings for Self-Supporting Activities, January 24, 2000.
- D. Chancellor's letter RE: Advancement Finance Plan, August 31, 2004.