

University of California, Berkeley
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Supersedes: Revision of June 19, 2009



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

Responsible Executive: 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 and expense may be directed to Financial Accounting and 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. When governmental or University regulation requires the campus to distribute STIP income to the fund source, the income will be credited to that fund. STIP income on other funds with positive cash balances will be distributed to an unrestricted campus fund. For certain funds with negative cash balances, a charge will be assessed on these funds – see Charges for Funds with Negative Average Monthly Cash Balances. 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.

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. Campus departments are responsible for monitoring the cash balances in the funds.

Who Administers This Policy

Financial Accounting and Controls

Why We Have This Policy

Money received by UC campuses is transferred daily to the UCOP-controlled bank accounts and invested in STIP, unless it is required for disbursement of accounts payables. The investment income earned by the STIP is distributed to each campus monthly. 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 allocated to the campus.
- Distributes the allocation to the campus following the close of each month.

Financial Accounting and Controls:

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

Procedures

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

STIP investment income on unrestricted funds is distributed monthly to an unrestricted campus fund. STIP investment income on certain restricted funds is distributed monthly to those specific funds in accordance with the terms of the contract or donor agreement.

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 would have been earned by the campus will be assessed on the following categories of funds with negative average monthly cash balances in any month:

Fund Type	Assessment Recorded to
Auxiliary Enterprises Funds	Account 49219 – auxiliary fund - dept ID
Certain Unexpended Plant Funds (Gifts, University Funds and External Financing Funds)	Account 49219 – unexpended plant fund - dept ID
Gifts	Account 49219 – fund 69798 - dept ID
Regents' Endowment Income Funds (excluding UC Berkeley Foundation Endowment Funds)	Account 49219 – fund 69798 - dept ID
All other funds, including recharges	Account 49219 - fund 69799 - dept 00001

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

Glossary

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

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

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

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

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>

Steps for Calculating Monthly STIP

- 1) Compute the average monthly cash balance for a fund, based on the following criteria:

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

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

Fund Value: xxxxx, as applicable

Fiscal year: 20xx

Accounting period: between 1 and 12 (for example, 1 = July, 2 = August, etc.)

Average monthly cash balance for the fund (for example, for September/accounting period 3):
The sum of the month-end cash balance for accounting period 3 and accounting period 2 (the prior month, August), divided by 2.

- 2) The monthly STIP rates can be obtained by emailing Financial Accounting & Controls:
gao@berkeley.edu
- 3) Calculate the STIP income or expense for the fund based on the average monthly cash balance for the fund and the STIP rate for the month:
Average monthly cash balance from 1) above, times the STIP rate, then divided by twelve.