

Short Term Investment Pool Income

Where can I find information about STIP and the Quarterly Rates?

The Controller's Office web page has a section devoted to STIP under General Accounting at this link http://www.acctg.ucsf.edu/general_accounting/stip/index.htm You will find a STIP Overview and Guidelines document and Quarterly STIP rates from 1998/99 by Fiscal Year to current. Please book mark this link as a quick reference.

What is STIP?

All campuses participate in the distribution of Short Term Investment Pool (STIP) income from UCOP. The Treasurer of the Regents maintains a central bank account for the University into which all monies received by the University are deposited. Monies received by the campuses are deposited daily into depository bank accounts that are swept daily by the Regents for investment. Campus disbursement accounts for Vendors and Payroll are replenished as payments are made to maximize the funds available for investment at all times.

The balances remaining in the Regents' central bank accounts after disbursements are invested in short-term securities. Each campus participates in the short-term investment pool based on the "financial" fund balances, assets, and liabilities.

When is STIP posted to the General Ledger?

STIP earnings for the Campus are posted quarterly to the general ledger via a complex three-phase process – a UCOP distribution process, a UCSF distribution process, and a special Medical Center distribution process. The posting schedule in general is two months after the end of the quarter, for example the quarter ending September 30th is posted in November. The only exception is the June month end which is posted during the June Final period of the year end close.

What are the STIP groupings/categories?

On a quarterly basis UCOP distributes STIP to the campuses by fund category using as the basis the three-month average of financial fund balances, assets, and liabilities as reported in each campus general ledger. The STIP income categories are as follows:

- **Group I – University-wide Basis Funds**

- This category of funds does not earn STIP income. The Office of the President retains all earnings and charges for this category. Refer to STIP Overview and Guidelines at http://www.acctg.ucsf.edu/general_accounting/stip/, page 14 for the list of Group I Funds.
- STIP from other funds can not be transferred into Group I funds.

On-Line Journal Tips and Refreshers
STIP
November 2005

- **Group II – Gift, Endowment and Private Grant Funds**
 - Gift, Endowment and Private Grant funds with an average quarterly financial surplus fund balance of \$1,000 or more receive STIP income. Gift, Endowment and Grant funds with an average quarterly balance of less than \$1,000 credit or debit do not receive STIP income or expense. Group II funds with average quarterly financial deficit fund balances of \$1,000 or more are distributed per the four schools instructions. Refer to STIP Overview and Guidelines at http://www.acctg.ucsf.edu/general_accounting/stip/, page 14 for the list of Group II Funds.
 - STIP from other funds can not be transferred into Group II funds.
- **Group III-Medical Compensation Plans and Teaching Hospital Funds**
 - Medical Compensation Plans STIP income is earned or charged on all medical compensation funds (i.e. all professional fee funds) based on the average quarterly financial fund balance, whether surplus or deficit.
 - Teaching Hospital funds-The Office of the President distributes the STIP income earned or charged for hospital funds directly to the Medical Center.
 - Refer to STIP Overview and Guidelines at http://www.acctg.ucsf.edu/general_accounting/stip/, pages 14 and 15 for the list of Group III Funds.
- **Group IV-Federal Funds**
 - Group IV STIP is calculated and transmitted as a lump sum into Group V. In aggregate, federal financial fund balances are generally in a deficit position, the Chancellor absorbs the total deficit.
 - Refer to STIP Overview and Guidelines at http://www.acctg.ucsf.edu/general_accounting/stip/, page 15 for the list of Group IV Funds.
 - STIP from other groups or funds can not be transferred into Group IV funds.
- **Group V-Campus Unrestricted Funds**
 - All campus funds that have not been included in Groups I, II, III, and IV are included in this group. Funds with an average surplus or deficit financial fund balance of \$1,000 or more for the quarter receive STIP interest income or expense.
 - Refer to STIP Overview and Guidelines at http://www.acctg.ucsf.edu/general_accounting/stip/, page 15 for the list of Group V Funds.

What is the appropriate process for clearing STIP balances?

- **Group I-University-wide Funds**
 - STIP is not credited or charged to these funds. No clearing process is required or allowed.
- **Group II-Gift, Endowment and Private Grant Funds**
 - STIP is to remain in the fund. Many agencies require that funds earn STIP and reporting of the earnings.
 - Surplus - It is recommended that if the STIP earnings created a surplus, the department is to charge appropriate expenditures (related to the award or project) to the fund to absorb the surplus.
 - Negative – Is absorbed by the Chancellor and not charged to the fund.

On-Line Journal Tips and Refreshers
STIP
November 2005

▪ **Group III-Medical Compensation and Teaching Hospital Funds**

- Group III funds are unrestricted funds and less restrictive than Group II funds.
- Surplus - It is recommended that if the STIP earnings created a surplus, the department is to charge appropriate expenditures into the fund related to the activity sufficient to absorb the surplus.
- Negative – It is recommended that if the STIP charge created a deficit, the department should transfer expenditures into another unrestricted Sales and Service Fund (Group V) to eliminate the deficit.
- Departments are allowed to move STIP through Unexpended Balance from this category of funds into other Sales and Service (Group V) funds. The process to do this is as follows:

Financial Entry SC 535

- I. Debit 119850-60xx1-X0901 – fund to receive the negative STIP originally charged to 69xx2
- II. Credit 119850-69xx2-X0901 – fund to be cleared

(Note the opposite would be done if the STIP was a surplus)

Budget Adjustment Entry SC 135

- I. Debit 438888-60xx1-4xxxx1
- Credit 119850-60xx1
- II. Debit 119850-69xx2
- Credit 438888-69xx2-4xxxx1

(Note that the Budget Adjustment amount signs are the opposite of the financial)

- It is not appropriate or allowed to move STIP through Unexpended Balance to Group II funds.

▪ **Group IV-Federal Funds**

- STIP is not credited or charged to these funds. No clearing process is required or allowed.
- Departments should make every effort to ensure that funds do not create negative STIP as it affects the overall campus STIP distribution.

▪ **Group V-Campus Unrestricted Funds**

- Same process applies for Group V as Group III above.

What is the process for posting Regents Endowment Income?

On an annual basis, usually in the August ledgers, UCOP distributes investment income earned by the various campus Regents' Endowment Funds. Following the posting of these financial adjustments to the ledgers, the Budget Office, with assistance from the Controller's Office systems staff and Administrative Computing, prepare and submit budget journal uploads to both the general ledger and the permanent budget to update departmental budgets with this most recent investment activity.

On-Line Journal Tips and Refreshers
STIP
November 2005

How do I reconcile STIP in WebLinks?

WebLinks can be used to reconcile the STIP distribution for a particular fund by running a Fund Summary by Fund for each month in the quarterly STIP period. The following are a few things to keep in mind when using WebLinks to determine average quarterly fund balance:

- Always use the **Financial** fund balance in the reconciliation. The Budget and Balance columns are never used for STIP.
- Department access restrictions may affect the financial fund balance displayed by WebLinks. If this is the case, you will not be able to correctly reconcile the STIP distribution. If this is the case, contact Jim Reiter in General Accounting for assistance.
- Remember to use the correct months for the financial fund balances. For example, for the 1st quarter you must use the financial fund balances for July, August and September to get the Average Fund Balance.
- Remember to use only April and May financial fund balances and to divide by 2 rather than 3 to determine the 4th quarter Average Fund Balance.
- You must get the financial fund balance for each month separately.
- Use the correct STIP rate provided by UCOP. STIP rates are located on the Controller's Office website at http://www.acctg.ucsf.edu/general_accounting/stip/index.htm
- For detailed examples of STIP calculations and distribution examples click here http://www.acctg.ucsf.edu/general_accounting/stip/index.htm and refer to pages 6-13.

Where can I find more detailed information on STIP?

Controller's Office web at <http://acct.ucsf.edu/>