UNIVERSITY OF MINNESOTA

Office of Vice President and Chief Financial Officer Treasurer

Office of the President

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To: Vice Presidents, Deans, and RRC Mangers
(Please share this memo with departmental personnel, where appropriate)

From: University Budget and Finance

Re: FY11 Temporary Investment Pool (TIP) Allocation Process

The University invests its financial resources in an effort to maximize interest earnings. The University Budget & Finance Office oversees the process for distributing earnings on certain positive balances, and charging units with negative cash balances. The Temporary Investment Pool (TIP) allocation process provides an incentive for units to establish and maintain good budgeting practices, proper accounting and strong fiscal management. Maintaining positive balances helps contribute to the amount of investment income the University earns overall. Those units that are maintaining deficits and thus "borrowing" from the temporary investment pool will be assessed charges on those deficits.

EARNINGS ALLOCATION

Current Fund Balances – there will be no earnings distribution on current fund balances.

Sponsored Chartstrings – earnings will be distributed on sponsored chartstrings where there is such a requirement as stated in the grant/contract. The participants will be determined by SPA with approval by the Budget Office. Distributions will be based on balances provided by SFR as of October 31, February 28, and June 30 each year at an annual rate of 2.0%.

Equipment and Building Replacement Reserves – earnings will be distributed on balances in plant funds 7200, 7300, 7401, and 7700 as of October 31, February 28, and June 30 each year at an annual rate of 2.0%.

Applicable Loan Fund Balances – earnings will be distributed quarterly by Accounting Services on Perkins and DHHS federal loan funds at an annual rate of 2.0%.

ASSESSMENT OF CHARGES

Current Fund Deficits – charges will be assessed on deficits that appear in the available deficit report at the **Fund - "Z" DeptID** as of **December 31** and **June 30**. The charge rate will be based on the average TIP earnings rate for the most recent fiscal year plus 2% - therefore the **charge rate** for June 30, 2010 and December 31, 2010 will be **5.6%.**