December 8, 2010

To: Vice Presidents, Deans, and RRC Managers
   (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%.
December 8, 2010 - FY11 Temporary Investment Pool (TIP) Allocation Process

The available balance calculation excludes accrual-based accounting entries except for Vouchers Payable; thus the balance approximates a cash balance for the “Z” DeptID.

The Available Balance Deficit Report provides a list of deficits, prior to encumbrances, at the University Z-DeptIDs, as of the date you specify when you run it. The report can be obtained in the Financial Reporting instance and accessed as follows:

- Financial Reporting Log-On
- UM Budgeting
- UM RRC Manager
- UM Reports
- UM Available Balance Deficit Report

To see your deficits as of a period end for FY11, establish a run control ID (the first time), or “find an existing value” if you have run the report before. Once the run control is selected, enter fiscal year (2011), accounting period, the RRC, and specify a single Z-DeptID - or leave blank to get all of the Z-DeptIDs within that RRC. If you check “Suppress Budget Office Exclusions”, the report will not include certain exclusions from TIP currently specified by the Budget Office. Click SAVE, and then RUN.

[Note – currently the report will return deficits less than ($15,000), plant fund deficits, agency fund deficits, and fund 1151 (Specialized Srv Int Rev) deficits – all of which are excluded for TIP purposes, but have not yet been specified for exclusion in the run control as of the date of this memo.]

EXCLUSION FROM CHARGES

A number of requests for exclusion from the charges on deficits have been received and reviewed by the Budget Office. A separate response indicating the Budget Office’s decision as to exemption will be sent to each of those specific units. If you believe there is justification for any additional exclusions, send a written request, with sufficient justification, to c-flec@umn.edu by December 23, 2010, for consideration for exclusion as of December 31, 2010.

In addition, we remind you to request funds monthly from the Foundations to cover existing deficits and not wait until a “TIP Assessment Month” is approaching. The deadline for the Foundation requests for a particular month-end is approximately 6-7 weeks prior. See the Foundation websites for exact dates.

The TIP distribution policy and procedures will be updated to reflect the changes for FY11 outlined in this memo.

Questions can be addressed to your budget officer or to Carole Fleck at c-flec@umn.edu
General Exclusions from TIP Charges

Chartfields automatically excluded from receiving TIP charges

- Z-DeptIDs with deficits < ($15,000)
- IMG Tuition Revenue Target – program UM001
- IMG University Fee Revenue Target – program UM002
- IMG F&A Revenue Target – program UM003
- ISO funds – funds 1150, 1151, and 1153
- Federal Agencies – Non-Loc – fund 1531
- ARRA Stimulus funds – funds 1613 and 1614
- Federal Appropriations – funds 19xx
- LCMR funds - sponsored fund 3015
- Plant funds – funds 7xxx
- Agency funds – funds 9xxx
- Current fund balances invested in the Group Investment Pool (GIP) – program code equals Endowment ID Exxx
- All SUFIN, SYSWD and UDEBT chartstrings

“Central” Activity that is in an RRC other than “Central Administration”

- PSEO – 1000-Z0164
- Federal & State Financial Aid (SEOG, Pell, Workstudy, etc.) – DeptIDs 10644, 10685, 12012, and 12027
- Student Accounts Receivable – DeptIDs 11035 and 12074
- FM Insurance claims – 1026-10295-20398

Accumulated deficits that currently have central administration’s approval of a formal debt repayment plan:

- Enterprise System Projects – 1000-Z0376
- Morris – 1000-10529
- Bolstad Golf Course – 1100-10229
- Real Estate land purchases – 1026-10044
- OGC Outside Legal – 1000-Z0029
- UMore LLC – 1026-11021-20952
- College of Education and Human Development – 1000-11182
- Medical School – 1026-Z0078