Davis Division of the Academic Senate
Request for Consultation

Version 2 Whitepapers:
Carryforward and Reserve Funds

Whitepaper 1: Carryforward Balances – Long Term Strategy

Whitepaper 2: Guidance: Management of Campus Carryforwards and Reserves

UCDAVIS
BUDGET AND
INSTITUTIONAL ANALYSIS

WORKING PAPER – VERSION 2 NOVEMBER 2013

Carryforward Balances – Long Term Strategy
What steps and policies can be used to improve management of carryforward funds at UC Davis?

Note: New or modified information for version 2 is marked with an asterisk.

PURPOSE

The management of funds at UC Davis is decentralized and there is no uniform policy or guideline regarding the accumulation and management of carryforward funds. *A more consistent and transparent approach is proposed to enable the campus to provide better information about its carryforward balances, as part of our accountability and stewardship to students, the citizens of California and others who fund university operations.

The 2012-13 and 2013-14 annual budget meetings included discussion of the rationale and planned uses for the carryforward funds within the schools, colleges, divisions, academic support and administrative units. However, without guidance about best practices, units have taken different approaches to managing these funds. This paper is intended to establish some standard guidance for the management and review of carryforward balances on our campus.

DEFINITIONS

Carryforward balances (or carryforward funds) are unexpended balances at the end of the year. Generally these balances are calculated as: current year budget appropriation and prior year balances less current-year expenditures. For self-supporting, auxiliary and other revenue-generating activities, carryforward balances are calculated against actual revenue generated. *In many cases, there are planned uses of the funds, but these uses are not reflected in this calculation.

Legal encumbrances (also called external encumbrances) are generated by the purchasing system when a purchase order is approved and reflect a contractual obligation by the university to expend funds.

Pre- (formerly departmental) encumbrances reflect a unit-level commitment to expend funds. In some cases, such as approved faculty start-up costs, there is a written document describing the commitment. In other cases, the pre-encumbrance represents a planned expenditure that can be changed or cancelled at the local level.

Reserves are a specific fund category recognized in the accounting system and generally used for self-supporting, auxiliary activities or campus-based student fees. These are funds set aside for a specific and future use and typically fall into one of two categories: reserves for equipment and reserves for improvement. Equipment reserves are established using a standard depreciation schedule, whereas improvement reserves are set aside as part of the budget planning process for that activity and are generally more subjective.

Core, Fee and Other Unrestricted Funds are defined as general funds and tuition, summer session fees, professional degree fees, student services fee, course material fees, campus-based and other student fees, indirect cost recovery revenues, private unrestricted gifts, unrestricted endowment/FFE earnings, University Extension reserves, self-supporting degree fees, application fees and other funds which include primarily short-term investment and patent revenues.

Short Term Investment Pool (STIP) is the interest earned on aggregated cash balances that are managed at UCOP as a single pool to generate interest income. Interest income is distributed to the campus at the end of each quarter based on average monthly balances. The actual allocation of STIP is set by various OP and campus policies. When any fund group has a negative cash balance, it is netted against campus cash balances and thereby reduces the STIP earned and distributed (negative STIP).

BACKGROUND

Existing Policies and Practices

While the campus does not have a uniform policy regarding carryforward balances, there are several policies and practices in place as described below.

- Rate activities (Policy 340-25). The detailed guidelines for rate activities indicate that units should manage operations so that year-end balances are within 8.3% (30-days) of annual revenues. Any amounts that exceed this threshold are to be resolved within three-years and resolution is considered as part of the rate review process.
- Gift and endowment funds. The university has an important stewardship responsibility to its donors to ensure funds provided are used. Periodically, reports about unspent balances are provided to deans and vice chancellors for review and distribution to departments.
- Extramural funds. Guidelines vary based on agreements with sponsors.
- University Student Aid Program (USAP). There is a long-standing systemwide policy that carry-forward of USAP funds not exceed 10% of the annual appropriation.
- Funds and activities with long-term debt obligations. There are some activities that must demonstrate annual operating surpluses consistent with long-term obligations. These policies have shifted over time, but in general, there has been an expectation of debt coverage of 125% (i.e., annual operating revenues exceed annual operating expenses by a factor of 1.25).

The financial system does not impose any system-level controls so adherence to the policies and practices denoted above is generally left to the departments with some periodic oversight by a central office (i.e., BIA, Accounting & Financial Services, or Development).

How are carryforward balances (funds) generated?

Core state and tuition fund (19900) carryforward balances are usually the result of salary savings from unfilled faculty or staff positions. In many schools and colleges and in some administrative units, salary savings are used to meet a structural component of the budget called the "Budgetary Savings Target (BST)". The BST was implemented in the early 1990's to recognize that there is a certain level of vacancy that occurs for all positions. The BST essentially anticipates salary savings so when savings do occur they cannot be used for other purposes. However, if savings from vacancies exceed the BST or if units have permanently implemented cuts to eliminate the BST, salary savings accumulate as carryforward funds.

In the case of a rate or fee-based activity, a carryforward may result from higher-than-anticipated revenues without a corresponding increase in expenses, or balances can also result from salary savings (same as above example) or because the assumptions used to calculate the rate were not correct. Finally, it may be that anticipated expenses did not occur or a more efficient or cost effective option was available.

For other unrestricted funds, particularly during periods of budget uncertainty, most take a very conservative approach to spending, often deferring or cancelling various expenses to ensure that carryforward funds are available to bridge or mitigate budget cuts. Further, many accumulate funds as part of a multi-year financial strategy to fund large, periodic or multi-year expenditures such as start-up packages for new faculty, equipment or multi-year support packages for graduate students.

Rationale for and use of carryforward balances

Accumulation of carryforward balances is considered to be a prudent, fiscally responsible management practice. As noted above, there are many examples of commitments made over a multi-year period (e.g., start-up funds for a faculty position, reserves for equipment/improvement, a new program or graduate student support). As such, there is a strong rationale to accumulate funds to meet the full commitment in advance to avoid any disruption. Carryforward funds also mitigate risk, which is common with various university funding streams such as unrestricted state support or various extramural funds.

*Recent campus consultation has confirmed that carryforward funds are relied on to manage financial risk, including gaps in between federal grants, cost increases and fiscal uncertainty. Any campuswide strategy should recognize the need for organizational flexibility to manage these risks within the specific context of programmatic and operational constraints.

DISCUSSION

Range of Approaches to Consider

Based on an August 2012 report prepared by the Education Advisory Board[1] and additional research into how other universities manage their carryforward balances, it is clear that a

[1] Moore, S., and Salaman, M. "Calculating and Communicating Carry Forward and Reserve Policies." *Education Advisory Board*. Aug. 2012. http://www.eab.com/Research-and-Insights/Business-Affairs-Forum/Custom/2012/08/Calculating-and-Communicating-Carry-Forward-and-Reserve-Policies

variety of methodologies are used. These are categorized into a scale ranging from highly decentralized (A) to progressively greater central campus involvement/specificity (F):

Approach	Methodology	Description
A	Unit Held and Used	Units accumulate and use carryforwards/reserves at their discretion
B	Central Campus Review	Carryforward amounts reviewed centrally and assessed for "reasonableness"; no prescribed limits or further policy set
C	Spend Down	Options seen at other institutions: - full/partial spend down expected in the next year - full/partial spend down prior to asking for additional central funds
D	Levy (tax/holdback) Applied	A central campus levy or holdback e.g., 3%, 15%, 25%, 85% applied on carryforward balances
E	Percentage-Based Limits	Specific %-based limits established (e.g. 0.2%, 2%, 2.5%, 3%, 5%, 10%) and applied on an account, fund type or budget basis by unit
F	Absolute Limits	Pre-determined dollar limits established (e.g. $10k, $25k, $50k, $100k, $150k, $300k) and applied on an account, fund type or budget basis by unit/college. Approaches E and F can also work in combination

How other campuses have approached this issue has likely depended on the size, culture and constraints faced. For example, a small campus with highly centralized financial controls may be more likely to be further down the spectrum. In addition, an important driver often noted is the impact on student tuition and fees related to the amounts of allowable carryforward.

At UC Davis, we have historically taken Approach A, although there have been specific situations where units were requested to spend down carryforward funds as part of the annual budget process or in response to a particular funding request. In considering a longer-term strategy for UC Davis, some key issues to consider are the following:

- current and future campus fiscal situation
- impacts on students and their fees
- central campus and unit needs and flexibility
- the new budget model/process

*Approach B, combined with general guidance about best practices, may better meet the collective needs of the campus. With respect to guidance, a range of 10-15% (roughly 30-60 days cash) is suggested for funds managed through the campus budget model and for all student fees. **For other funds such as indirect costs, patent funds, application fees or other unrestricted funds, it may be reasonable to consider a larger margin such as 90-days cash or about 25%.** These ranges reflect reviews of other university practices, input from various campus constituents, as well as considerations related to risk management and campuswide expectations/culture. As an example, moving to a 25% margin for some funds recognizes that there may be a higher degree of volatility or necessary flexibility in their use. The "right" approach for campus weighs many of these considerations, and we expect to continue to learn and evolve how we manage our carryforward balances over time.

Under this approach, the Provost would receive carryforward data as part of the annual budget process discussions. When a unit's prior year carryforward in core and other unrestricted funds (as defined above) exceeds the guideline based on prior year expenditures, a rationale or spending plan would be required to be included with this data. Conversely, if below 10% of prior year's expenditures, a savings plan would be required. BIA would also conduct a mid-year review of these plans with units, likely in the fall. Units operating within the guideline would not need to submit any rationale or spending plan concerning their carryforward as a part of their annual budget process.

Further, the campus would benefit from information in our financial system to better record future commitments. Specifically, in addition to identifying formal legal encumbrances, it would be a good practice to identify budget commitments that have formal executive level approval (e.g. Dean, Vice-Chancellor, Vice-Provost sign-off). *To better track commitments, definitions were developed and piloted as part of the 2012-13 fiscal close process. A specific object code (COBL) was created to easily record the "committed obligations" or hard commitments that restrict the use of funds for other purposes and may be legally binding. For instance, start-up funds that have been committed to a specific faculty member in a formal, approved offer letter could be coded COBL for the initial term (usually three years). *A separate type of obligation, "known obligations" with corresponding object code (KOBL), was implemented to record potential expenditures such as savings for a future faculty start-up. Any obligations will need to meet these new definitions to be coded as COBL or KOBL, with adequate supporting documentation and approvals in place.

Evaluation of carryforwards would reflect total amounts as well as amounts adjusted for the commitments (COBL and KOBL) to enable a better understanding of the magnitude and expected use of these funds over time.

An important goal of this approach is to provide flexibility at both the central campus and unit levels to report and describe carryforward balances. And, while the guideline provides upper and lower targets for carryforward funds, it does not dictate a more formal or centralized mandate with regards to these funds. It does imply that further discussions and possibly management decisions about these funds will follow with specific units that surpass the ranges.

Including core, fee and other unrestricted fund types in this review recognizes our accountability and stewardship responsibilities, as well as the varying levels of capacity that units have to fund their activities across multiple fund sources. Some units may be highly dependent on state funds and tuition while others may have a greater diversity in funds that support their operations. As state funds and tuition become a smaller share of the university's total revenues, we must move towards an all-funds approach in how we fund all our operations.

Related Carryforward Balance Issues

Consistent with this approach on core, fee and other unrestricted funds, campus is also considering a change to the self-supporting rate development/review process, which would move from the currently allowable carryforward of 8.3% of revenues to the recommended 15% range. This change would make the expectation for self-supporting funds consistent with that for other funds. Note: Adherence to federal regulations and guidelines enables "working capital reserves" of up to 60 days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs and debt principal costs, and will continue to apply as it currently does.

In addition, evaluation of the generation and allocation of STIP (Short-Term Investment Pool) is an important part of the incentive structure for carryforward balances and reserves. Currently, when there are positive balances, STIP interest revenue is generated and accrues back to specified funds (see UC Davis PPM section 330-06). However, interest charges against negative balances (negative STIP) have historically been absorbed by the Chancellor's Investment Fund. The campus will consider changes to assign STIP revenue, whether positive or negative, in a more consistent process to ensure greater alignment and accountability in treatment across all carryforward balances.

RECOMMENDATIONS

Provide the campus with guidance that 10-15% or 25% is a prudent goal for carryforward balances in most major unrestricted fund categories discussed in this paper. The annual budget process will consider carryforward funds as follows:

- *If balances in core, fee and other unrestricted funds exceed 15% of prior year expenditures, deans and vice chancellors will be asked to provide a rationale or spending plan for balances during the annual budget meeting. The coding in the accounting system using COBL and KOBL will highly inform the discussion. In addition, modest balances in individual faculty research accounts would not require a detailed spending plan.
- *If balances in other unrestricted funds such as application fees, indirect costs, patent funds and other funds[2] exceed 25% of prior year expenditures, deans and vice chancellors will be asked to provide a rationale or spending plan for balances during the annual budget meeting. The coding in the accounting system using COBL and KOBL will highly inform the discussion.
- For balances in core general funds that are less than 10%, deans and vice chancellors will be asked to propose a savings plan or revenue generation strategy.

In general, it is assumed that the ideal goal of 10-15% or 25% will be managed as part of a multi-year budget planning process of up to three years. Policy changes will also be made to the self-supporting rate development/review process (moving from 8.3% of allowable revenues to 15% of expenditures).

TECHNICAL IMPLEMENTATION NOTES

BIA will continue to partner with Accounting and Financial Services to establish the carryforward calculation methodology, a standard reporting outline at the Dean/Vice-Chancellor level (organizational level 4 or 5) and sub-fund group type, as well as other implementation steps as needed.

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[2] Other funds include: retirement of indebtedness, loan funds, plant, 68700, 69250-1, 69240, 69763-4, 68800, though is 90% STIP and patent revenue on a campuswide basis.

Likewise, BIA will also work with the Office of Development in reviewing endowments and funds functioning as endowments, and potentially other fund types, to provide more of an "all funds" view of campus finances.

*Guidance based on additional analysis and campus consultation has been developed to address questions and comments raised on version 1 of this white paper, including recognizing both committed and known obligations, incorporating flexibility in relation to the carryforward margins at subordinate organizational levels and balancing workload considerations with campuswide responsibilities for accountability and stewardship. It also outlines procedures and a reporting format to ensure that information and timing expectations are clear.

A section that expands on the potential management decisions that could result based on this information has also been included. While in 2012-13 there was a mid-year budget realignment process that considered carryforward balances, the Guidance document confirms that the procedures developed will provide campus with better information to be able to consider a range of potential outcomes – for example matching/cost-sharing specific activities/programs or advancing high priorities through redirecting use of carryforward funds. Further steps towards a more incentives-based approach will also be considered as the campus improves its fiscal position.

While campus is outlining a more consistent and transparent approach through this strategy, as greater experience is gained, it will be important to review and refine this approach to carryforward balances over time.

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Whitepaper 2: Guidance: Management of Campus Carryforwards and Reserves

UCDAVIS
BUDGET AND INSTITUTIONAL ANALYSIS

WORKING DRAFT – VERSION 2 DECEMBER 2013

Guidance: Management of Campus Carryforwards and Reserves

Note: New or modified information for version 2 is marked with an asterisk. Changes also made to be consistent with "Carryforward Balances – Long Term Strategy" Working Paper – Version 2.

PURPOSE

This document provides guidance to support a consistent and transparent approach to how campus units manage and report on carryforward balances. As outlined in the November 2013 working paper on carryforward balances, generally these funds are used to pay for future obligations and manage financial risk. This guidance implements the direction outlined in the November 2013 paper by establishing a coordinated approach to managing balances across campus. The new processes described in this document will allow the campus to provide better information about the balances and intended uses as part of ongoing accountability and stewardship to our students, the citizens of California and others who fund university operations.

DEFINITIONS

Carryforward balances (or carryforward funds) are unexpended balances at the end of the year. For most units, these balances are calculated as: current year budget appropriation and prior year balances less expenditures. For self-supporting, auxiliary and other revenue-generating activities, carryforward balances also include revenues. Planned uses of funds are not reflected in this calculation.

Committed obligations are planned uses of funds tied to specific commitments for an identified organization or individual, and could be considered legally binding; or are funds designated by the Provost/BIA as committed obligations. Committed obligations have been approved in writing by the appropriate decision-making authority e.g. executive management level (Chancellor, Provost, Dean, Vice Chancellor or equivalent), or as delegated by this level. An object consolidation code, COBL, has been established to record funds being used for these types of obligations in our financial system (see Appendix 1).

Core, Fee and Other Unrestricted Funds are defined as general funds and tuition, summer session fees, professional degree fees, student services fee, course material fees, campus-based and other student fees, indirect cost recovery revenues, private unrestricted gifts, unrestricted endowment/FFE earnings, University Extension reserves, self-supporting degree fees, application fees and other funds which include primarily short-term investment and patent revenues.

Known obligations are tied to planned expenditures for items/purposes, but costs and timing are estimated (for example, start-up funds for a faculty hire without specificity as to the precise position or timeframe for recruitment). These obligations have been approved in writing by the appropriate decision-making authority e.g. executive management level (Chancellor, Provost, Dean, Vice Chancellor or equivalent), or as delegated by this level. An object consolidation code, KOBL, has been established to record funds being used for known obligations in our financial system (see Appendix 1).

Legal encumbrances (also called external encumbrances) are generated by the purchasing system when a purchase order is approved and reflect a contractual obligation by the university to expend funds.

Reserves are a specific fund category recognized in the accounting system and generally used for self-supporting, auxiliary activities or campus-based student fees. These are funds set aside for a specific and future use and typically fall into one of two categories: reserves for equipment and reserves for improvement. Equipment reserves are accumulated following a standard depreciation schedule for equipment being replaced, whereas improvement reserves are set aside as part of the budget planning process for that activity and are generally more subjective.

GUIDANCE FOR MANAGING CARRYFORWARD FUNDS

The campus is providing the following guidance to encourage a more consistent and transparent approach to manage carryforward balances. This guidance strives to increase consistency, but recognizes the need for units to have some flexibility to manage financial risks within the specific context of programmatic and operational constraints.

Carryforward Balances

The campus has established an initial guideline that a prudent level of carryforward will be 10 - 15% or 25% of prior year expenditures. The campus will generally evaluate balances at the level of schools, colleges, divisions, academic support and administrative units (major units). The following fund categories will be reviewed regularly, within the carryforward margins of 10 – 15% or 25% as outlined:

Core, Fees and Other Unrestricted Fund Categories	
State Funds and Tuition: 10-15%	199xx (not 19920, 19933, 19980)
Summer Session Fees (SUMFEE): 10-15%	2029x
Professional Degree Supplemental Tuition-excludes FINA: 10-15%	202240, 20242, 20233, 20223, 20225, 20231, 20226, 20229, 20230
Student Services Fee: 10-15%	20000
Course Materials Fees: 10-15%	MATFEE, VETFEE
Campus-Based and Other Student Fees[1] : 10-15%	20025, 20028, 20031, 20095-97, 20260, 20300 - 20302, 20305 - 20308, 20321 - 20327
Indirect Cost Recovery Funds: 10-25%	07427, 19980, 19920, 19933
Private Unrestricted Gifts: 10-25%	SFGT U
Other Funds[2]: 10-25%	SFGT B,D,H, 00002, 00005, 00010, 00012, 00018-19
Unrestricted Endowment/FFE Earnings: 10-25%	SFGT K (not 07427, 05397)
UNEX Reserve Funds: 10-25%	75090
Self-Supporting Degree Program Fee: 10-25%	20235, 20236, 202323, 20027
Application Fees (APPFEE): 10-25%	20201, 20202

[1] Campus-Based and Other Student Fees category is almost 90% student referendum funds on a campus-wide basis.
[2] Other Funds category is 90% STIP and patent revenue on a campus-wide basis.

These fund type categories are generally provided by the state, students, university operations or other key funding partners and therefore will be subject to central reporting and review. For central campus reporting purposes, the prudent carryforward calculation will be made at the major unit level - with flexibility to consider being below or above this level, provided there is appropriate explanation in keeping with committed obligation (COBL) or known obligation (KOBL) considerations (see Appendix 1).

There may be variances among organizational levels within each of these major units in how this summary-level margin is calculated and reported. Each major unit has the ability to provide additional guidance to subordinate organizational levels to be able to respond to unique circumstances within their units. The summary level calculation should still meet the 10 - 15% or 25% margin.

Reporting Process and Format

The following reporting process and format has been developed to balance workload considerations with the need for appropriate and accurate reporting. *Early feedback from units helped to streamline this reporting, and while new steps are added to the transaction process, campus needs to move beyond "we just know" to being able to provide high level data to identify planned uses for these funds. This approach is also consistent with internal audit recommendations to implement more consistent and robust reporting practices for campus carryforward balances. Key measures adopted include a standard reporting template with data to be preloaded each year by BIA and shared with major units (see Appendix 2), as well as clarity on reporting timelines and expectations.

a) Spring Review (to align with the annual Budget Meeting process)

Budget and Institutional Analysis (BIA) will provide the carryforward data for the last two fiscal years for discussion with major units in preparation for each unit's Spring budget meeting. Units are expected to discuss how the current year's starting carryforward balance will change based on activities/commitments made during the year, including discussion of any major variance with the 10-15% or 25% guideline margins as appropriate.

b) Fall Review (to provide an analysis soon after each fiscal year close)

After each fiscal year, BIA will provide additional data related to the most recent year-end carryforward balance to each major unit. Further discussions with BIA and major units will take place if balances are below or above the 10-15% or 25% margin, or if there are issues/questions that arise about this data. BIA will provide the results of this review to the Provost and Chancellor.

c) Potential Management Decisions

The review and analysis of carryforward balances is primarily focused on improving information and ensuring financial decisions take into account existing balances as one factor. And, in the context of this review and the overall budget process, there is potential to consider a range of management decisions about each unit's carryforward balances and intended uses. Possible outcomes of these discussions might include requests to deploy and invest carryforward funds to: match or cost-share specific activities/programs; or advance high priority needs in lieu of a central funding contribution (full or partial). Leadership might also ask for a plan to invest (spend-down) funds within a specific time period or conversely direct units to slow expenditures to build balances within a specific time period. As fiscal circumstances permit, there will be further discussion of establishing some central mechanisms for investment of one-time funds or establishment of central bridging funds to provide more direct incentives. To recognize that circumstances faced by individual units or campuswide may vary from year to year - different options may be developed or pursued.

It is noteworthy that while the 2012-13 budget realignment process involved an assessment based partially on carryforward balances held by units, this was reflective of the significant shortfall in the overall campus budget. In contrast, the strategy described in this document seeks to build additional tools or mechanisms to ensure carryforward funds are being used in the most efficient manner across our campus. Therefore, the use of assessments on carryforward funds is not viewed as a routine practice.

Procedures for Coding Carryforward Funds in the Financial System

To assist campus implement this carryforward strategy, BIA and Accounting and Financial Services have developed two new object consolidation codes, "Committed Obligations" (COBL) and "Known Obligations" (KOBL), to more easily track and record intended uses of carryforward balances in our financial system.

Committed obligations are planned uses of funds tied to specific commitments for an identified organization or individual, and could be considered legally binding; or are funds designated by the Provost/BIA as committed obligations. Committed obligations have been approved in writing by the appropriate decision-making authority e.g. executive management level (Chancellor, Provost, Dean, Vice Chancellor or equivalent), or as delegated by this level.

Known obligations are tied to planned expenditures for items/purposes, but costs and timing are estimated (for example, start-up funds for a faculty hire without specificity as to the precise position or timeframe for recruitment). These obligations have been approved in writing by the appropriate decision-making authority e.g. executive management level (Chancellor, Provost, Dean, Vice Chancellor or equivalent), or as delegated by this level.

Judgment will need to be exercised in using these definitions to record future expenditures as COBL or KOBL. Individual entries should be of significant enough value to warrant reporting. Some units have suggested a $10,000 (or percentage based) threshold, though this designated amount is likely to vary from unit to unit.

Steps to Record COBL and KOBL

1. Identify funding needs/obligations e.g. start-up package, contract, equipment, renovation etc.
2. Ensure appropriate approvals are in place and availability of funds to meet needs/obligations.
3. Establish a project code beginning with "CF", consistent with the list below.
4. Transfer funds using a budget adjustment from the appropriate account into KOBL with assigned project code *(Note: supporting documentation identifying estimated amounts and timing of expenditure approved by the appropriate decision-making authority is required. As KUALI gains the functionality to upload documents, it will also become a requirement to attach this supporting documentation electronically when entries are made.)*
5. Once firm commitments are made to expend funds, move committed amounts from KOBL to COBL. *(Note: supporting documentation approved by the appropriate decision-making authority is required. As KUALI gains the functionality to upload documents, it will also become a requirement to attach this supporting documentation electronically when entries are made.)*
6. Transfer funds from COBL to other object consolidations to cover expenses made.

Carryforward Project Codes

Obligation Type/Description	Project Codes
Start-up funding for faculty recruitment: use xx to denote unit (1st two digits of organization code) and "####" for position number	CFSUxx"####"
Retention funding for faculty: use "####" for position number as appropriate	CFRETENT"####"
Fellowships: use "####" for position number as appropriate	CFFELLOWSP"####"
Endowed Chairs: use "####" for positon number as appropriate	CFENDOW"####"
Contract employee: use "####" for position number if relevant	CFCONTEMP
Summer session/seminar compensation	CFSSC
Equipment	CFEQUIP
Renovation	CFRENOV
Bridge funding: support between research grants	CFBRIDGE
All Others: designate appropriate abbreviation for "xxxx"	CFOTHER or CF"xxxx"

Transaction example for a typical start-up package:

1. A recruitment request is developed for a new faculty start-up package
2. Recruitment is authorized by the Provost in writing and funds are identified to support the recruitment.
3. Dean's office establishes project code following campus naming conventions.
4. Dean's Office moves start-up funds from provision account to departmental start-up account as a Known Obligation (KOBL).

	Account	Sub acct	Object	Project	Amount	
FROM:	ESSTART		SUB8	START	200,000	
	ES19933		SUB8	START	360,000	
TO:	STUP19900		KOBL	CFSTUP1301	200,000	
	STUP19933		KOBL	CFSTUP1302	360,000	
					560,000	Total Known Obligation

5. Candidate accepts an official offer in writing. Dean's Office moves Known Obligation (KOBL) to Committed Obligation (COBL).

	Account	Sub acct	Object	Project	Amount	
FROM:	STUP19900		KOBL	CFSTUP1301	200,000	
	STUP19933		KOBL	CFSTUP1302	360,000	
TO:	STUP19900		COBL	CFSTUP1301	200,000	
	STUP19933		COBL	CFSTUP1302	360,000	
					560,000	Total Committed Obligation

6. Candidate begins employment at UCD. Department establishes accounts to receive start-up funding. Funds are transferred to department as needed (i.e. for renovations). Department expenditures accounts are balanced periodically to the expense object consolidation level (i.e. SUB3, SUB4) and during fiscal close process.

	Account	Sub acct	Object	Project	Amount
FROM:	SU19900		COBL	CFSTUP1301	100,000
	SU19933		COBL	CFSTUP1302	300,000
TO:	DEPTACCT		COBL	B201301	100,000
	DEPTACCT		COBL	CFSTUP1302	300,000
					400,000

7. College and campus can now easily determine balance of committed start-up funding.

Account	Sub acct	Object	Project	Amount	
SU19900		COBL	CFSTUP1301	100,000	(200,000 - 100,000)
SU19933		COBL	CFSTUP1302	60,000	(360,000 – 300,000)
				160,000	Year-End Committed Obligation

Unit

Campus Carryforward and Reserve Balances
(amounts in $000's)

		2011-12	2012-13	2013-14	2013-14	2013-14
		Carryforward As of July 1, 2011	**Carryforward** As of July 1, 2012	**Carryforward** As of July 1, 2013	**Committed** Obligations COBL	**Known** Obligations KOBL
1	**State Funds/Tuition/Fees**					
2	General Funds and Tuition					
3	Summer Session Fees					
4	Professional Degree Fees					
5	Student Services Fee					
6	Course Material Fees					
7	Campus-Based and Other Student Fees [1]					
8	**Sub-Total, State Funds/Tuition/Fees**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
9						
10	**Indirect Cost Recovery**					
11	**Sub-Total, Indirect Cost Recovery**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
12	**Other Unrestricted Funds**					
13	Private Unrestricted Gifts					
14	Other Funds [2]					
15	Unrestricted Endowment/FFE Earnings					
16	UNEX Reserves					
17	Self-Supporting Degree Fees					
18	Application Fees					
19	**Sub-Total, Other Unrestricted Funds**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
20	**Sub-Total, ICR/Other Unrestricted**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
21						
22	**Restricted and Designated Funds (all remaining funds)**					
23	**All Funds Total**					
24						
25	**Select Fund Types -- State Funds/Tuition/Fees**					
26	Prior Year Expenditures					
27	CF as a % of Expenditures					
28						
29	**Select Fund Types -- ICR/Other Unrestricted**					
30	Prior Year Expenditures					
31	CF as a % of Expenditures					
32						
33	**Restricted and Designated Funds (all remaining funds)**					
34	Prior Year Expenditures					
35	CF as a % of Expenditures					
36						
37	**All Fund Types**					
38	Prior Year Expenditures	$ -	$ -	$ -		
39	CF as a % of Expenditures					
40						
41	**Selected Funds -- University Librarian - Departmental/Other:**					
42	Carryforward held by University Librarian's Office					
43	Carryforward held by Departments/Other					

44 [1] Campus-Based and Other Student Fees category is almost 90% student referendum funds on a campus-wide basis.

45 [2] Other Funds category is 90% STIP and patent revenue on a campus-wide basis.

Comments:

46	**Carryforward - Details on committed and Known Obligations (Fall Review)**			
47	**OBLIGATION TYPE/DESCRIPTION**	**Project Code**	**Committed Obligations COBL**	**Known Obligations KOBL**
48	Contract Employees	CFCONT"####"		
49	Equipment	CFEQUIP		
50	Faculty Start Ups	CFSTUP"####"		
51	Other	CFOTHER or CF"####"		
52	Renovations	CFRENOV		
53	Retention Funding	CFRET"####"		
54	Summer Session/Seminar Comp (KOBL/COBL)	CFSCC		
55	Fellowships	CFFSHP"####"		
56	Bridge Funding: Support Between Research Grants	CFBRIDGE		
57		**Total**	$ -	$ -