

## **Policies Related to Designated Funds 20, 21, and 22**

### **Purpose of These Policies**

The Budget Office is introducing new University-wide policies to streamline school and unit budgeting and make it easier to determine and monitor every school's true run rate for its core operating functions. These policies will take effect with the fiscal 2017 budget. Preparing for their implementation should begin now.

### **Policies**

1. All designated fund expenses are to be budgeted and planned directly in those funds. The practice of transferring between undesignated and designated funds will be discontinued, except as noted below:
  - Seed funding for faculty term projects under fund 20 may have the corresponding revenue transfers budgeted under fund 10.
  - Post Doctorate stipends may be funded by budgeted fund 10 revenue transfers.
  - Cost sharing within and outside of schools and units to support interdisciplinary interactions will continue and should be budgeted for accordingly.
  - Internal revenue transfers that support operational needs such as academic, institutional or faculty support must have the corresponding expenses budgeted as well.
  - No transfers will be processed mid-year to balance under-performance of a fund.
  
2. The primary purpose of Fund 20 is to act as a reserve fund. It may also be used to budget term-limited operating initiatives and faculty spending accounts.
  - Reserve funds are for both general purposes and management-designated purposes such as capital projects and financial aid
  - Schools may not use reserves to fund operating deficits in Fund 10 without advanced approval from the Budget Office. Planned use of Fund 20 reserves for Fund 10 deficits requires prior approval from the University's CFO and the Provost.
  - End-of-year Fund 10 budgetary surpluses that are retained by a school will continue to be transferred to the school's Fund 20 reserve account.
  
3. Only fixed-term positions can be budgeted in, and charged to, Fund 20 and Fund 22. Full or partial funding of permanent positions may be budgeted only in Fund 21, and only to the extent forecasted endowment income will support such expense.

4. All new funds require the inclusion of a project purpose description (Funds 20 and 22) or purpose code (Fund 21).
5. A 5-year sunset period will be established for all Fund 20 and 22 funds. Funds may be continued beyond five years with an acceptable rationale. Fund 20 projects that have been established for surplus or capital reserves are exempt from the 5-year sunset rule.

### **Work in Progress**

6. Fund reviews now underway that will continue for the next several months:
  - Fund 20
    - Review funds for possible consolidation
    - Add project purpose description or purpose code to UDW Fund Balance Report dashboard.
  - Fund 22
    - Review funds for possible consolidation
    - Is the fund continuing to receive donor revenue? Does the fund have a fund balance from expendable gift revenue? If the answer to both questions is No, close the fund and move budgets and fund balance to Fund 20
    - Are there unfulfilled donor commitments that justify continuation of the funds whose expenditures exceed gift revenue? If not, close the fund and move budgets and fund balance to Fund 20
  - Fund 21
    - Review funds for possible consolidation
    - Is the budgeted income being spent, or is there consistent under-spending? If under-spending, why?