

**Presidential Guidelines Governing the UCOP Strategic
Priorities Fund**



Presidential Guidelines Governing the UCOP Strategic Priorities Fund

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TABLE OF CONTENTS

I. GUIDELINES SUMMARY	2
II. DEFINITIONS	2
III. GUIDELINES TEXT	2
IV. RESPONSIBILITIES	6
V. REVISION HISTORY	7

I. GUIDELINES SUMMARY

As part of its standard budgeting practices, University of California Office of the President (UCOP) should maintain a Strategic Priorities Fund to support funding for one-time and limited-term strategic priorities and projects and urgent, emerging issues.

II. DEFINITIONS

Strategic Priorities Fund

An unrestricted fund in the UCOP budget that is used to support one-time and limited-term strategic priorities and projects and urgent, emerging issues.

Unrestricted Funding

Funding received by the Office of the President that is not designated for a specific use.

Restricted Funding

Funding received, generated, or identified by the Office of the President that is restricted for a specific use.

Designated Funding

Funding received, generated, or identified by the Office of the President that is designated for a specific use.

Commitments

Commitments made represent items approved via Decision Memo, Major Projects Initiative, or other similar process by the President and committed to the recipient.

Uncommitted Balances

Uncommitted balances represent funds available to spend as approved in the overall UCOP annual budget.

III. GUIDELINES TEXT

A. General

The purpose of the Strategic Priorities Fund is to provide funding for one-time and limited-term strategic priorities and projects and urgent, emerging issues for UCOP, the campuses, and the UC system and to support initiatives and collaborations that serve the mission of University.

B. Scope

The Strategic Priorities Fund supports the UCOP budget, including approved activities at the campuses, UCOP, and the systemwide level.

C. Funding Target and Sources

- a. Target:** The Strategic Priorities Funds should be budgeted at \$30 million annually. The \$30 million budget may be adjusted based on projected business needs through the annual Regents budget approval process or during the year by approval from the Regents.
- b. Funding:** The Strategic Priorities Fund shall be included in the annual budget. The source of funding shall be unrestricted funds (e.g. variable interest and income, annual scheduled unrestricted endowment payouts, campus assessment funds, and other unrestricted sources) as identified by UCOP Budget and Finance and approved by the President and the Regents as part of the overall UCOP budget. The contributions of each funding source may vary depending on funding availability and will be determined during each annual budget cycle.

D. Allowable Expenditures

- a.** The Strategic Priorities Fund is intended to fund strategic priorities and projects, urgent, emergent issues, and initiatives that benefit the local and global communities the University serves. The fund is operated on behalf of the system, the campuses, and UCOP and commitments are made as recommended by campus and UCOP leadership and approved by the President. Types of expenditures allowed under the Strategic Priorities Fund policy include:
 - i.** Emerging and urgent one-time or limited-term systemwide, campus, or UCOP expenses.
 - ii.** Planned one-time or limited-term funding for system-wide, Presidential, strategic priorities, initiatives, and projects that benefit a single campus, multiple campuses, or the system in general.
 - iii.** Initiatives that support innovation, research, teaching, or service and benefit the local and global communities served by the University.
- b.** The Strategic Priorities Fund is not intended to fund certain types of expenses including on-going operating expenses and funding for budget omissions. Expenses generally disallowed include:
 - i.** On-going operating (salary or non-salary) expenses that belong in the UCOP operating budget.
 - ii.** One-time or limited-term UCOP staffing expenses (staff, contract employees, etc.) not associated with a specific planned and approved project.

- iii. Campus on-going operating or administrative expense.
- iv. Funding for UCOP or campus budget omissions.

E. Approval Requirements

Presidential approval is required for all expenditures from the Strategic Priorities Fund. All requests require documentation via a presidential Decision Memo.

- a. Commitments up to \$5 million:
 - i. Major Projects and Initiatives (MPI) Approval Process: The MPI process is intended to review and recommend requests from UCOP leadership for major projects and initiatives requiring funding of \$100,000 or more. A detailed description of the MPI process and instructions for submitting request through the MPI process can be found [here](#).
 - ii. Other Decision Memos (not MPI): Requests for new funding from UCOP requestors under \$100,000 and requests from the campuses must follow the Decision Memo process. A detailed description of the Decision Memo process and forms for completing a decision memo can be found [here](#).
- b. Commitments over \$5 million:
 - i. Commitments over \$5 million require documented approval of the Chair of the Board of Regents.

F. Payments from Strategic Priorities Fund

- a. Reimbursement basis for items funded at UCOP: All items funded from strategic priorities funds at UCOP will be funded quarterly on a reimbursement of actuals basis as follows:
 - i. An assigned project code is required to track actual expenditures and separate them from on-going operating budget expenditures in the general ledger.
 - ii. Expenses not captured in the assigned project code will not be reimbursed.
- b. Commitments within the UC system: All requests for commitments over \$1 million require a detailed budget specifying how the recipient intends to expend the funds to accompany the decision memo. In addition:
 - i. Prior to funding, a completed Memorandum of Understanding (MOU) regarding the payment terms and funding requirements must be executed and signed by the recipient and the Executive Vice President and Chief Operating Officer (EVP/COO) or designee.

**University of California
Presidential Guidelines Governing the UCOP Strategic Priorities Fund**

- ii. An annual report of project or initiative outcomes and reconciliation of actual expenditures to budget shall be submitted to the President, EVP/COO and UCOP Budget and Finance Office in the form of an Information Memo by September 30 for the previous fiscal year.
 - iii. If recipients do not submit a complete annual report and detailed reconciliation of expenses, further payments will be either partially or fully withheld until the annual report and expense reconciliation are received and reviewed.
 - iv. If expense reconciliations show an underspending of the original budget or include expenses deemed by UCOP to be not in support of the originally stated objectives, UCOP may elect to reduce the future payments or request reimbursement for underspent or disallowed items.
 - v. For multi-year commitments, UCOP will pay amounts in annual installments.
- c. Commitments to recipients outside the UC system: All requests for commitments over \$1 million require a detailed budget attachment detailing how the recipient intends to expend the funds to accompany the decision memo. In addition:
 - i. Prior to funding, a completed Memorandum of Understanding (MOU) regarding the payment terms and funding requirements must be executed and signed by the recipient and the Executive Vice President and Chief Operating Officer (EVP/COO) or designee.
 - ii. An annual report of project or initiative outcomes and reconciliation of actual expenditures to budget shall be submitted to the President, EVP/COO, and UCOP Budget and Finance Office in the form of an Information Memo by September 30 for the previous fiscal year.
 - iii. If recipients do not submit a complete annual report and detailed reconciliation of expenses, further payments will be withheld until the annual report and expense reconciliation are received and reviewed.
 - iv. If expense reconciliations show an underspending of the original budget or include expenses deemed by UCOP to be not in support of the originally stated objectives, UCOP may elect to reduce the future payments or request reimbursement for underspent or disallowed items.
 - v. For multi-year commitments, UCOP will pay amounts in annual installments.

G. Reporting

Reporting requirements are as follows:

- a. Reporting to UCOP leadership: quarterly reports that include balances, detailed commitments, projected expenses over the life of each commitment, and payments against commitments shall be produced within 60 days of the quarter close, except at fiscal year-end when they will be produced within 90 days of year-end close.
- b. Reporting to the Executive Budget Committee: quarterly reports that include balances, detailed commitments, and payments against commitments shall be produced within 60 days of the quarter close, except at fiscal year-end when they will be produced within 90 days of year-end close.
- c. Reporting to the Regents:
 - i. Actual commitments, payments, projected expenses over the life of commitments, and balances as of March 31 and the projected funding requirements for the upcoming fiscal year will be included in the May budget proposal to the Regents for the following fiscal year starting July 1.
 - ii. Actual balances, actual commitments, projected expenses over the life of a commitment, and payments will be included in the UCOP quarterly reporting of budget to actuals according to the Regents reporting schedule.

H. Monitoring the Strategic Priorities Fund Level

The strategic priorities fund balance shall be reviewed quarterly to ensure that appropriate payments and reimbursements have been made and that the fund balance is accurate and up to date.

IV. RESPONSIBILITIES

Function	Responsibilities
President	Approve target funding level and funding mechanism. Approve all expenditures. Consult with Chair of the Board of Regents as required.

University of California
Presidential Guidelines Governing the UCOP Strategic Priorities Fund

Executive Vice President and Chief Operating Officer, or designee	Approve target funding level and funding mechanism(s); review and advise the President on MPI proposals and Decision Memos requesting SPF funds
Executive Director, UCOP Operations	Oversee the monitoring of reserve balances and determination of appropriate funding mechanism(s); review and advise the Executive Vice President and Chief Operating Officer on MPI proposals and Decision Memos requesting SPF funds
Executive Director, UCOP Budget & Finance	Monitor reserve balance and determine appropriate funding mechanism(s)

V. REVISION HISTORY

N/A