Effective: 10/15/2026
Issuing Office: Office of the Vice Chancellor – Health Sciences

SCOPE

This document establishes policies for budgeting and financial management for all schools, departments, and organizational units in UC San Diego Health Sciences.

POLICY SUMMARY

These policies define budget and financial principles to support the budget development process, maintain consistent treatment of financial activities, and increase transparency on use and reporting of funds across all Health Sciences schools, departments, and organizational units.

BUDGET

1. General

   The budget should be a performance, financing, and spending plan agreed to by the Office of the Vice Chancellor (VCO) for Health Sciences, the respective schools (School of Medicine, Pharmacy or Public Health), and UC San Diego Health (where applicable). It should contain information and data regarding expected revenues and expenditures. During the fiscal year, actual performance (revenues and expenditures) will be periodically measured against the plan.

2. Fiscal Integrity

   The school, department, or organizational unit will maintain the fiscal integrity of its operating budget.

   At a school/departmental level or financial unit level 4 for select divisions/organizational units, ongoing operational costs will not exceed the amount of ongoing revenue to finance those costs. Loans will not be used as a funding mechanism to address ongoing gaps between revenues and costs. If a new program/operation/service is added on an ongoing basis, an ongoing revenue source will be identified to fund the costs. General carryover balances will only be used to offset one-time costs; project-specific carryover balances should be used based on funding requirements and the respective project intent or scope of work. Programs/operations/services that are not sustainable will be suspended or discontinued.

A department facing financial challenges should consider the following operational tactics to evaluate and plan mitigation approaches:

- Delay recruitments that are not mission critical and/or requiring department investment
- Evaluate trainee program sizing/education expense
- Share infrastructure with other department(s)
- Eliminate, defer, or reduce investments/initiatives/programs/activities deemed not critical
- Freeze/reduce discretionary expenses (e.g. minor equipment, non-essential travel, entertainment, new service contracts, software)
- Leverage unspent gifts or faculty discretionary sources
- Do not fill/backfill vacancies
- Decrease non-mission critical payroll expenses
- Other expense reduction or revenue opportunity measures

At a school/departmental level or financial unit level 4 for select divisions/organizational units, unfavorable budgeted bottom lines in the department portfolio in excess of $250,000 (adjusted for use of existing balances) require an approved financial breakeven plan for the respective year; authorized positions should not officially be filled until the plan is agreed to by the applicable enterprise leadership.

The referenced threshold is consistent with Campus Budget Office guidelines noted in the Deficit Resolution section.

3. Basis & Framework

The following information provides general budgetary and financial guidelines. Schools/departments should review the Office of the Vice Chancellor (VCO) and School of Medicine (SOM) call letters for specific budget year assumptions and the related development process.

General

- A budget is not applicable for the research mission. Schools/departments/units must minimally submit a budget for each active financial unit by mission, portfolio and P&L line item according to the Managerial Reporting Account Hierarchy (MRAH) in the Clinical and Academic Budget System (CABS)..

- Schools/departments/units should use balances to support respective programs and services. Factoring in appropriateness on use of balances, schools/departments/units should prioritize use of restricted funding over less restrictive sources.
- Budgets should include revenues and expenses for approved faculty recruitments that will be filled in the budgeted year. In the SOM, recruits must have formal approval with an ECC position ID number at the time of budget submission.
- Outside of clinical compensation based on approved compensation plans, all faculty salary increases otherwise require ongoing committed funding.
- The budget is a spending plan, not a commitment to pay. Regardless of contingencies or when funding is known/available, departments should budget and align activities consistent with historical practices (e.g. faculty incentive payments and transfers from department to faculty portfolios) for a more accurate budgeted bottom line. Faculty incentive payments should be budgeted in accordance with approved compensation plans and are not guaranteed if resources do not materialize or the department's financial outlook is unfavorable.
- All budget systems do not have a line for use of existing balances, prior year resources, or carryover funds. Schools/departments/units may show budgeted deficits where spending occurs on projects with realized revenue (e.g. gifts, other faculty portfolio activities, etc). Refer to the prior section on fiscal integrity for true deficits.

Clinical

- Compensation from clinical funds should be distributed based on approved clinical compensation and/or clinical incentive plans.
- Department work relative value units (wRVU) and volume projections should be consistent with the Clinical Enterprise growth plan.
- Health System Support (HSS)
    - Contingent expenses are costs that would not be incurred if HSS is not approved and should ***NOT*** be budgeted. Any updates to expenses with approved HSS should be coordinated with SOM Finance after the budget meeting.
    - Non-contingent expenses are costs that would be incurred regardless of HSS request status and should be budgeted.

- Departments should align *assumptions with UC San Diego Health and coordinate with SOM Finance where an adjustment is needed.*

Medical Education

- **ACGME Program Director/Associate Program Director Funding** – The Program Director/Associate Program Director funding model provides funds flow to clinical departments for accredited residency and fellowship Program Directors and Associate Program Directors based on ACGME minimum effort requirements. The model provides funds flow based on ACGME effort requirements and sets a salary benchmark based on a 3-year rolling average of AAMC specialty median for Associate rank, capped at 3-year rolling average of the overall AAMC median Associate rank. Funding distribution is 60% Health System, 5% Dean and 35% Department.

  Program Director funding flows through the Division of Medical Education. Budgeted amounts are reflected in CABS as coordinated by the SOM Dean's Office.

- **ACGME Requirements for Program Coordinators and Core Faculty** – The ACGME defines the dedicated time and support requirements for program coordinators and core faculty in accredited residency and fellowship programs. Citations may be issued to programs that are non-compliant. Departments are responsible for complying with the respective ACGME Program Requirements document on the ACGME website. When budgeting, consult ACGME to ensure financial alignment with program requirements.

- **UME High Intensity Teaching Funding** – The UME high intensity teaching model provides funds flow to departments for teaching roles that have been identified as high intensity based on specified criteria.

  UME High Intensity Teaching funding flows through the Division of Medical Education. Budgeted amounts are reflected in CABS as coordinated by the Division of Medical Education.

Core

- **Recurring** – Recurring funding to departments include, but are not limited to, FTE salaries and benefits, education, and other departmental administrative expenses. While the budget is in CORE CBO Allocation account codes in UCSDPLAN, actuals may be posted in said account codes or the Other Allocations account code (e.g. GSGEI).

Departments may realign their budget in CABS to minimize variances. Recurring funding for joint FTE holders is budgeted and allocated proportionally to the respective appointment units.

- **One-Time** – Reflected in one-time account codes (CBO non-recurring allocation account codes and VC/Dean allocation account codes) are allocations to departments consisting of IDC, chair stipends, and other VC/Dean commitments.

4. Systems/Tools

Health Sciences schools, departments, and organizational units use the following tools and systems for budgeting and reporting (CABS, CATS and FaVR are separate applications in Anaplan):

System Acronym	Full System Name	System Use Expectations
CABS	Clinical and Academic Budget System	VCHS Budget should be built entirely in CABS. Additional source systems below feed into CABS to ensure all resource and expense activity is captured,
FSW	Faculty Salary Worksheet	Faculty salaries budgeting & implementation
CATS	Commitments Allocation Tracking System	Track commitments and execute resource transfers. Expense commitments flow into CABS for budgeting.
FaVR	Forecasting and Variance Reporting	Complete the Quarterly Variance Review (QVR) and submit required comments to the VCHS Controller's Office.
HSS	Health System Support requests	Health System Support requests
VPT	Volume Projection Tool	Volumes

HEALTH SCIENCES FINANCIAL PRACTICES

1. Recharge

Schools, departments, and organizational units providing ongoing products or services including, but not limited to, administrative services, clinical trial support services, or analytical services which provide a research-oriented benefit to other departments or external entities on a fee for service and cost recovery basis must have an institutionally approved charging mechanism (e.g. recharge) to recover the costs of providing those products or services. Review the Health Sciences Recharge Activities site for additional information.

Services offered as a one-off occurrence to an entity outside the university may be facilitated through a service agreement. Contact Health Sciences Business Contracting and refer to the following section for additional information.

Departments and organizational units must engage with the VC Finance Office for guidance, vetting and formal review process and endorsement of a proposed fee for service activity prior to offering products and services to customers.

2. Service Agreements

Health Sciences Business Contracting should be engaged on any of the following agreements prior to execution:

- Clinical service agreements
- Consulting agreements
- Laboratory service agreements
- Other non-clinical service agreements
- Training (formerly affiliation) agreements
- Provider agreements

3. Gifts/Endowments

Schools/departments/units are expected to budget their gift fund usage and projected income on an annual basis. A summary of gift fund expenditures will be required as part of the annual budget process. Units should develop and monitor spending plans for all funds, with special consideration to 2U funds, (endowed funds with expendable balances > 2 years payout, and all funds with no spending activity for 2 or more years) to ensure compliance with Campus policy.

Endowed Chairs

Endowed Chairs are managed jointly across multiple offices within and outside of Health Sciences.

- Appointment: Process varies by Chair type. Refer to Blink for Administrative, Department-Based, and Non-Department-Based Chair procedures. Contact Academic Affairs for appointment questions.
- Annual Reporting: Required for all filled Chairs per PPM 230-191. PIs submit a prior-year use and impact summary and current-year budget via Kuali Build. Reports route for Endowed Chair and SAVC signature. A budget call letter is distributed annually when reporting opens.
- Allocation: Advancement notifies the PI, VC, and SOM Dean of annual payouts. Once annual reporting is approved, allocations are made monthly at 1/12th the annual payout via CATS, visible to departments in their Department Commitment Report.
- Compliance: Departments must monitor spending per PPM 230-191 and keep expendable balances under two years of accumulated payout.
- Reconciliation: The VC/SOM Dean audits Endowed Funds upon Chair relinquishment or new appointment. Unspent balances are returned to central holding projects as directed by the Resource Management team.

4. Deficits

Campus

In accordance with PPM 300-2, deficits over $100,000 may not carry over fiscal years without an approved deficit resolution plan. This deficit threshold is measured at the financial unit-fund level for unrestricted accounts and at the project level for restricted accounts. Core funds may be withheld by CBO for any deficits without an approved deficit resolution plan or are not resolved by fiscal year-end**.**

Health Sciences

Health Sciences policy requires understanding of deficits greater than $25,000 and whether this level of deficit is structural in nature. Structural deficits are defined as those that cannot be resolved by fiscal year-end (or sooner depending on the fund

type). Additionally, these deficits cannot be resolved with internal fund alignment or cost transfers, and no additional funds are available.

Procedures

The following procedures provide guidance for resolving structural deficits internally or centrally.

Restricted Fund Deficits

For funds that are restricted in nature and funding transfers are prohibited (e.g., contract and grants, gifts, recharge), any deficit will require cost transfer(s) to another source of funding to resolve. If the financial unit (L5) cannot cover the deficit through a cost transfer to another source, the financial unit will need to create a new project under an unrestricted fund to process the required cost transfer from the restricted fund, which will then allow the financial unit's deficit to be processed for internal resolution.

Internal Resolution

For financial unit L5 deficits that can be resolved by L4:

- The funding entity (L4) covers deficit with operating surpluses, reserve funds and / or issues a loan to the deficit entity.
- The funding entity (L4) establishes a repayment plan with the deficit entity, if applicable.
- The funding entity (L4) approves, executes, and manages an internal memorandum of understanding (MOU) reflecting the applicable mechanics.

Central Resolution

For financial unit entity (L4) with insufficient funds to resolve the deficit (i.e., doing so would create a L4 deficit):

- The financial unit L4 entity engages their L3 financial unit reporting (School level) or L2 (Vice Chancellor level), depending on their financial structure.
- L2 and L3 deficit resolutions will consist of an executed MOU including an interest loan repayment plan.

- A deficit resolution plan is considered effective only upon final approval from the appropriate L3 or L2 authority (Associate Dean Business Affairs for School of Medicine for L4 and L5 deficits under School of Medicine L3, VC Senior Director of Finance for all other deficits).
- All deficit plans will be shared with the VC Senior Director of Finance and mutually monitored by the VCHS Controller's Office.

Refer to the Controller's Office's Quarterly Deficit Review Policy for additional information.

Deficit Resolution Timeline

- Financial unit L4 level deficit resolution transactions must be reflected in the ledger by the next quarter's report or by fiscal close, whichever is sooner.
- Health Sciences Controller's Office may implement ledger transaction(s) if not resolved by fiscal year close

Guidance on Tracking Internal Deficit Repayment Plans:

- Project(s) can be established on the lender's financial unit-fund where the loan balance would reside, offset by scheduled payments. Deficits would be resolved at the financial unit-fund level, but identifiable at the project level.

5. Quarterly Variance Review (QVR)

Effective FY27, Quarterly Variance Review (QVR) will be conducted through the Forecasting and Variance Reporting (FaVR) application in Anaplan. All schools, departments, and units within VCHS are required to complete this quarterly exercise and provide summary comments at the financial unit and portfolio levels (Department Portfolio, Faculty Portfolio, and Total).

Recommended steps and key information for completing the QVR and submitting the required information to VCHS Controller's Office through the FaVR application in Anaplan:

- Review the variance between Year-to-Date (YTD) Actuals and YTD Forecast.

- Review each applicable line item and update the forecast figures for future quarters accordingly if the projected results deviate from the original budget.
- Forecast updates made during the current quarter will directly affect the variance calculation for future quarters. When a forecast is changed from the original budget, select the appropriate Driver to indicate the reason for the change.
- The QVR process compares Actuals to the current Forecast, rather than the static original budget. The Forecast should be updated each quarter to reflect the department's most current financial projections

The following information is required to be submitted to VCHS Controller's Office through the FaVR application in Anaplan:

- Provide summary comments at the financial unit and portfolio levels (Department, Faculty, and Total), as required.
- For departments with multiple financial units, provide a summarized department-level comment at the Department, Faculty, and Total levels using the financial unit-level comments as a reference.

Please refer to the detailed guidance for the FaVR application in Anaplan and the QVR process, which will be available on the VCHS Controller's Office website by October 2026.

6. Faculty Incentives/Z Payments

Accruals

Schools/departments/units are expected to have a regular Z Payment accrual process. For department portfolio payments only, schools/departments/units are required to submit their annual Z Payment and incentive accrual amounts (broken down by salary and benefits), along with supporting documentation and calculations, as part of the annual close form typically distributed in early August. Accrual amounts should be adjusted during the monthly close process (quarterly at a minimum) as needed. Accrued Z Payments and incentives are not a commitment to pay.

Accruals will contribute to greater accuracy in financial reporting, resulting in a more realistic forecast of the bottom line, and yielding financial results consistent with the school's/department's/unit's historical practices (regardless of when funding is known/available).

Payment Processing

Z payments can be processed directly in Online Z or by request to ARC. To ensure accurate reporting, schools/departments/units are required to designate the Z type (clinical, general, guaranteed, outside professional activities, or special) as well as specify the effective date for the Z payment (using the "EarnBeginDate" and "EarnEndDate" fields in Online Z or the "Earnings Begin" and "Earnings End" columns on the ARC template). Properly designating the Z type and associating Z payments with an earnings period distinct from the accounting period for which payroll is submitted can significantly enhance reporting accuracy and provide a clearer understanding of fair market value. Negotiated/guaranteed Z payments used in place of negotiated Y, where properly categorized as a Health Sciences Z Admin earn code (HZA), will be considered part of total negotiated/pre-incentive salary; while "Admin" may be referenced in reports (e.g. DOPE), the description should otherwise be disregarded.

As the noted fields are mandatory, processing of Z payments will be delayed until the required information is provided.

Allowable Z Payments

Z payments should only be issued for the following allowable activities, as discussed and defined during the salary negotiation process:

- Normal monthly salary (HZA)
- Payments for administrative and/or leadership roles (HZA)
- Payments for additional clinical duties (HZC)
- Defined incentives/bonus payouts (HZC if clinical-related, HSZ if other incentive)
- Payments for outside activities (OPA), consulting / teaching (HSZ)

In general, Z payments should not be processed using gifts, endowed chairs, or FTE funding sources. These salary sources should be discussed during the annual salary negotiation process and prioritized when building/funding salary components.

Further information on Z Payments available here.

7. Quarterly Deficit Resolution

General Project deficits are required to be reviewed and addressed on a quarterly basis at the financial unit and fund combination level.

Departments should take proactive measures to prevent deficits from occurring, including:

- Aligning expenses with available revenue and appropriate funding sources, including timely fund changes and operating fund transfers.
- Recording appropriate and timely accrual entries.
- Reviewing and correcting transactions as needed to ensure expenses are appropriately aligned with available funding.
- Initiating timely fund transfers when additional funding is required.

When a deficit occurs, the preferred methods for resolution are Cost Transfer, Salary Transfer, and/or Operating Fund Transfer. While the collapse process remains an available option, it is less preferred because it reduces visibility into the underlying revenue and expense activity by moving both deficit and surplus balances into a reserve.

Process

After the second closed month of each quarter, a Fund Balance Deficit Report will be generated and distributed to departments based on the most recent closed month.

Departments are required to review the identified deficits and provide a response by selecting the appropriate dropdown option and, where applicable, providing supporting comments.

Departments are required to resolve identified deficits within the current quarter. If a deficit is not expected to be resolved within the quarter, the department must provide an explanation and anticipated resolution plan. For unresolved deficits, the appropriate Dean and VC levels may be engaged for further follow-up with the departments.

8. Project Owning Organization

A project can only be associated with and assigned to a single financial unit. Mismatches between projects and financial units occur when the project or financial unit fields—typically from journal entries—are entered incorrectly and subsequently posted to the general ledger.

These discrepancies can be identified by comparing the financial unit code column (indicating where transactions are posted in the ledger) with the project organization code column (showing the correct financial unit assigned to the project) in the FINMAN Detailed Ad-Hoc Data or Fund Balance Summary reports.

Schools/departments/units should monitor these disparities and coordinate with appropriate central offices to resolve them in a timely manner.

9. Commitments

1. VC/SOM Dean Commitments to Divisions and Departments

To support evaluation of one-time and multi-year funding needs, schools/departments/units receiving a central commitment from the VCO or SOM Dean's Office should establish a unique project to track the commitment separately from other financial activity. For alignment, spending should occur directly in the project where central support is transferred, unless the commitment is intended for subsequent intra-unit allocation such as faculty recruitment startups. New projects should be created using the following Fund Codes dependent on the source of funding:

Funding Source	**Allowable Funds**
VCO/SOM Dean's Office Match	13991 - University Core Fund
VCO Commitments	13991 - University Core Fund
SOM Dean's Office Commitments	13991 - University Core Fund, 15011 - Clinical Operating Fund, 15013 - Academic Operating Fund

VCO/SOM Dean will perform an audit of VC/SOM Dean commitments that ended in the prior fiscal year. VC/SOM Dean Commitment balances will not carry forward beyond their original expiration date without additional VC/SOM Dean approval. The audit will include a review of any carry forward balances and analysis of match commitments to ensure requirements have been satisfied. True-ups may be performed as appropriate.

2. Departmental Commitments

Health Sciences units are required to use CATS for the following financial activity: 1) resource transfers between Financial Units, 2) reallocation of VCHS/SOM Dean support using Parent-Child functionality, and 3) shared resources/matching commitments (i.e. joint recruitments, institutional match support, etc.). Commitment expense data will flow into CABS for each upcoming budget year.

Department Financial Officers are responsible for maintaining required Departmental records in CATS. A full list of required and recommended uses, as well as a user guide and training materials, can be found on the Resource Management Pulse website: https://pulse.ucsd.edu/departments/VCHS/finance/planning-resource/Pages/Commitments.aspx

3. Faculty Commitments

Commitments for Incoming Foreign Recruitments: If a commitment package for a foreign recruitment requires investment from the department (e.g., lab renovations), all work status documents must be approved ***before*** the investment is carried out.

CLINICAL FUNDS FLOW ACCOUNTING PRINCIPLES

1. Clinical Funding Relationship

Health System support encompasses funds flow from the Physicians Group (PG) and Medical Center (MC). The following accounting principles promote financial transparency on use of Health System funds flow.

2. Clinical Benefits

Clinical benefit funding is provided through one of two mechanisms: (1) Clinical Benefits Reimbursement or (2) Health System transfer. Certain departments, divisions, and position groups are funded through a Health System transfer rather than the Clinical Benefits Reimbursement process.

Clinical Benefits Reimbursement includes:

- Faculty, MSP, APP, and APP supervisor benefit expenses recorded on funds 15003, 15007, 15023, 15025, and 15026.
- Associated payroll-related ancillary costs, such as GAEL, NGN, Medical Center Network charges, and the 1% UCOP assessment on salary expenses.

3. Pure Clinical

- Health System transfers are allowed only on pure clinical funds where outlined in this section. Transfers are not permitted in other funds, including but not limited to funds 15013 (Academic Operating Fund), 15015 (HS Coverage Reserve) and 15016 (HS Clinical Reserve).
- Health System funds should meet the intent of the support as transferred.
- Corresponding expenses for Health System support must be accounted for in the respective fund.
- Physician (ccFTE) compensation payments and productivity bonuses must be transferred to or paid from fund 15003 (PG to SOM Clinical Funds) - other funds in the clinical range are not permissible.
- CARE Payments attributed to APPs must be accounted for in fund 15023; other funds in the clinical range are not permissible. On a monthly basis, the Controller's Office distributes CARE Payments, split either by service provider or bill provider, based on data from PG.
- All activities related to East Campus, including taxation, must be implemented in accordance with East Campus MOUs.
- Additional information regarding implementation related to fund 15027 can be found *here*.
- ASC, where abbreviated, indicates an Administrative Service Component fund.

Fund Number	Description	Clinical Benefits Eligible Reimbursement (P&L line item)	Allowable Expenses	Revenues (line items)	Net	HSS Application SubCategory (for Health System transfers)
15003	Main Campus Productivity/ ccFTE-Related Physician Compensation; East Campus CARE Payment and Per Session Fee; [non-APP only]	Yes	• Salaries, incentives related to wRVU/ASA generating activity for faculty and MSP providers (physicians and psychologists, non-APP) • Salaries related to wRVU/ASA generating activity for clinical fellows billing under moonlighting agreements	• CARE/ Guaranteed Payments *(CARE Payment attributed to APPs must be accounted for in fund 15023)* • Health System Support • Health System Professional Services • Health System Transitional Support	• Collapse year-end balances to reserves	• Other (Strategic Support) • Startup • Variable Strategic Support (e.g. Pulmonary PTE) • Other (Purchase Services) (e.g. Hospitalist salary and benefits) • Transitional Support *(e.g. CARE Payment-related salary supplementation, startup, backstop, incentive, salaries, compensation)*

Fund Number	Description	Clinical Benefits Eligible Reimbursement (P&L line item)	Allowable Expenses	Revenues (line items)	Net	HSS Application SubCategory (for Health System transfers)
15007	ASC - Call Coverage	Yes	• Only salaries related to Main Campus call/ coverage supported by supplemental Health System transfers (and not CARE Payments) • East Campus call coverage must be accounted for in fund 15011	• Health System Professional Services • Health System Support • Health System Transitional Support	• Expenses not to exceed revenues	• On Calls/Coverage
15023	ASC - Allied Support	Yes	• 100% of clinical APP salaries	• Health System Professional Services • Health System Support • CARE/Guaranteed Payments *(CARE Payment attributed to APPs must be accounted for in this fund, and not fund 15003)*	• Collapse year-end balances to reserves	• Allied Practitioner • Supplemental Allied Practitioner Support

Fund Number	Description	Clinical Benefits Eligible Reimbursement (P&L line item)	Allowable Expenses	Revenues (line items)	Net	HSS Application SubCategory (for Health System transfers)
15024	ASC - Fellowship Support	No	• Only salaries for fellows supported by Health System transfers • Salaries related to wRVU/ASA generating activity for fellows not allowed	• Health System Professional Services	• Expenses not to exceed revenues • Salaries in excess of support should be on fund 15011 • Fellow salaries related to wRVU/ASA generating activity should be on fund 15029	• Fellow Support
15025	ASC - Medical Directorships	Yes	• For salaries supported by the Health System for chair, medical director, physician administrator, and program leadership roles • Dollars must be paid according to the MOU	• Health System Professional Services • Health System Support	• Expenses not to exceed revenues • For referenced roles, salaries in excess of support should be on fund 15011	• Chair Funding • Medical Director • Physician Administrator • Other (Purchase Services) (e.g. wellness) • Program Leadership

Fund Number	Description	Clinical Benefits Eligible Reimbursement (P&L line item)	Allowable Expenses	Revenues (line items)	Net	HSS Application SubCategory (for Health System transfers)
15026	ASC - Other	Yes	• Other Health System-supported activities (e.g. QMC, clinical effort related to division chiefs, retention, QIR etc)	• Health System Professional Services	• Expenses not to exceed revenues • Activities in excess of support should be on fund 15011	• Quality Medical Staff Committees • Other (Purchase Services)
15027	ASC - GME Program Directors & Associate Program Directors	No	• Salaries and benefits for Program Directors and Associate Program Directors: direct spending or transfer to this fund	• Health System: Health System Professional Services • SOM (flow through Med Ed): VC/Dean Allocations	• Net expenses are departmental responsibility (including non-CBR benefit expenses)	• Residency Director
15029	Housestaff and Resident	No	• Residency and fellowship coordinators and related administrative support salaries	N/A	• Collapse year-end balances to reserves	N/A

4. Other Clinical

Funds listed in this section are not eligible for clinical benefits reimbursement.

Fund Number	Definition	Allowable Expenses	Revenues (line item)	Net	HSS Application SubCategory (for Health System transfers)
15001	Rady's Affiliation Agreement	• Teaching and education • Operational and administrative infrastructure • Academic recruitment and development • Clinical research infrastructure • Physician compensation • Faculty discretionary	Affiliation Agreements	N/A	N/A
15011	Miscellaneous Clinical Operating	• Care payment tax holding • Physician compensation related to ccFTE compensation (e.g. salaries, productivity incentives/bonuses) not allowed • Portion of salaries for medical directors, residency directors, physician administrator, program leadership, fellows not supported by the Health System • East Campus salaries related to call / coverage supported by supplemental Health System revenue (and not CARE Payments) • East Campus activities covered by HSS such as stipend payments without benefits reimbursement, strategic support, start up support	Health System Support Health System Transitional Support Health System Professional Services Transfer After Overhead	• Expenses can exceed support • Clinical tax can be used to cover shortfalls • Collapse year-end balances to reserves	• Variable Strategic Support • Transitional Support • Other (Purchase Services) (e.g. Part A Reimbursement) • Other (Strategic Support) (e.g. discretionary) • Strategic Support • Start-Up

Fund Number	Definition	Allowable Expenses	Revenues (line item)	Net	HSS Application SubCategory (for Health System transfers)
		• East Campus salaries & incentives related to wRVU generating activity under the collection model • Clinical activities not meeting requirements of other clinical funds • Indirect clinical activities not covered by the Health System (e.g. lab coats, pagers, etc) • Health System programmatic support not clinical benefits eligible • Non-wRVU generating activities • Expenses funded by Health System Transitional Support			

CATEGORICAL DEFINITIONS

1. Portfolios

	Department Portfolio	Faculty Portfolio
Definition	Ongoing operational activities that are essential to the department's primary operating functions and contribute to their general reserves	Activities that do NOT contribute to the department's general reserves; activities that department management oversee in order to avoid deficits or misuse but is faculty-generated (revenue) or faculty-authorized (spending) once committed Faculty must be listed as the Project Manager for the project.

Example Activities	• SOFI, IDC, campus allocations (not used for faculty portfolio commitments) • Taxes received by department (e.g. clinical tax; FTE tax; overhead on all service agreements under a faculty/principal investigator, including clinical service agreements, consulting agreements, laboratory service agreements, training agreements, and other non-clinical agreements) • Rady (not used for faculty commitments) • Clinical operating funds (15003, 15007, etc…) • Resident/fellowship activities • Department operating funds/business office operations • Programmatic activities where the bottom line flows to the unit's reserves/operating balances • Unit-level gifts & endowments • Material transfer, tech transfer, intellectual property funds at the department's discretion • Service agreements supporting faculty salaries, where the surplus applies to general reserves • Chair/dean start-up packages reserved for supporting unit operations, strategic initiatives and recruitment commitments	• Dollars committed to faculty by department, VCO, Dean's Office (e.g. VC/Dean Allocations) • Consult/witness • Faculty-held service agreements • Self-supporting activities not supported by the department • Discretionary dollars committed to faculty • Faculty-held gifts & endowments • Faculty start-up packages • Chair/dean funding for recruitment packages should be transferred from the department to faculty portfolio for spending once obligated • Sponsored Awards (Federal and Non-Federal) where a named PI is the recipient of the funding
Example Projects	• Projects in funds 12316, 15003, 15007, 15011, 15013 • Projects receiving Health System Support • Projects where tax revenue is received • Projects related to FTE and IDC in fund 13991 • General reserves	• Projects in funds 15011, 15013 (based on department operations or faculty specific dollars) • Projects not related to FTE/IDC in fund 13991 • Funds in the 20000 range

2. Reserves

The following categories are used and required in the "project class code" element in PADUA. Balances from projects designated as such are reported to leadership on a quarterly basis. The noted categories are permitted on funds in fund ranges 12xxx, 13xxx, 15xxx, and 16xxx. The noted categories are not permitted on gift, endowment, or research funds.

Category	Definition	Portfolio	Direct Spending Allowed?
Faculty Start up	Faculty members' start up funding project.	Faculty	Yes
Faculty Retention	Faculty members' retention funding project as part of salary negotiations.	Faculty	Yes
Faculty Discretionary	Funding mostly generated by faculty where faculty member has discretion over use for academic enrichment purposes. Faculty compensation is not allowed.	Faculty	Yes
Committed Reserves	Funding reserved for specific and documented commitments to an identified organization, individual, or to potential future investments/expenses. Can be used to fund current year operating commitments in CATS	Department - Commitments for department operations pending future transfer to department operating project(s) Faculty - Commitments for faculty such as startup and retention pending future transfer to faculty startup and retention project(s)	No
General Reserves	Uncommitted funding at the discretion of the chair/department.	Department	No

3. Gifts/Donor Intent

Category	Donor Intent	Donor Intent Definitions
Discretionary	Discretionary	Unrestricted to department or chair
Programmatic Support	Department Support	Programmatic support; may be discretionary to division or faculty
Endowed Chair	Endowed Chair	Endowed chairs
Research	Research	Research

Other	• Awards • Capital • Fellowships/scholarships • Lectureships/symposiums	• Awards to faculty • Capital projects (i.e. renovations, buildings, equipment) • Fellowships, scholarships • Lecture, symposiums, events

4. Transfers

	Operating	Non-Operating
Definition	• Impacts current year net revenue/expenses • Movements are measurements of operational success	• Do not impact current year net revenue/expenses • Movements are not measurements of operational success
Examples	• For costs related to current-year activity • Funds flow through (e.g. VC/Dean allocations, Care Payment, PD/UME) • Current year costs transferred from department portfolio to faculty portfolio • Current year funding or transfers between departments or between departments and their divisions/units • Dean's tax on clinical funds flow (excludes service agreements)	• Internal loan activities • Transfers between operating balances and reserves • Transfers covering an operating/budgetary deficit or moving an operating/budgetary surplus • Balance transfers/fund closeout • Correction of prior-year non-sponsored and non-restricted donor transactions

5. Account Hierarchy

Definitions of managerial hierarchy line items can be found by accessing the Health Science Managerial Account Line Item Mapping report.

6. Acronyms

ASC – Administrative Service Component

CABS – Clinical and Academic Budget System

CATS – Commitments Allocation Tracking System

CDO – Central Department Operations (formerly); Department Portfolio (currently)

DO – Department Operations (formerly); Faculty Portfolio (currently)

FaVR – Forecasting and Variance Reporting

GME – Graduate Medical Education

SOM – School of Medicine

VCO – Vice Chancellor's Office

REVISION HISTORY

2024-12-18 New policy published.

2026-10-15 Policy updated