1.2.1 INSTITUTIONAL FUNDING

A) GENERAL

The Health Sciences Center operates under a variety of budgeting and accounting constraints that ultimately impact every individual operating component that has a budget and is accountable for an expenditure plan. This policy addresses those particular constraints that relate to both restricted and unrestricted accounts. The accounting and expenditure constraints vary based on the type of accounts and the source of funding. This policy provides general guidelines for departments to exercise their authority and responsibility in managing all expenditure activities within their purview.

B) COST CENTERS

1. APPROPRIATION FUNDING

a) Definition

The cost centers are comprised of unrestricted and restricted funds and are a part of the overall expenditure plan for the Institution. The sources of funds are authorized under the annual state appropriations bill.

b) Accounting Constraints

Total expenditures may not exceed the total amount appropriated by the State for restricted and unrestricted means of financing. The means of financing categories are as follows:

- State General Funds (Direct)
- Statutory Dedications
- Self-Generated Funds
- Inter-Agency Transfers
- Federal Appropriation
Any appropriated balances in operating budget accounts remaining at the fiscal year end may not be carried forward into the following fiscal year.

2. OTHER RESTRICTED FUNDING

a) Definition

Revenues generated by these cost centers do not come from State Appropriations, but primarily involve grants, contracts, gifts, departmental self-generated funds, and funding support from the Chancellor/Dean.

b) Accounting Constraints

- **Grants and Contracts**
  Accounting rules are typically dictated by the sponsoring agency. Rules vary from project to project. The sponsoring agency specifies rules regarding re-budgeting and the carry-over of funds from one award year to another. Questions regarding specific grants and/or contracts should be directed to Grants and Contract Administration.

- **Other Institutional and Departmental Restricted Funding**
  This funding is non-sponsored and includes the professional patient care collections and indirect cost recovery revenues. The fiscal year end balances are carried forward from year to year.

C) OVERDRAFTS

1. DEFINITION

An overdraft occurs when the dollar value of expenses (including encumbrances) exceeds the amount that is budgeted. The appropriation funding overdraft occurs when current fiscal year expenditures exceed the current fiscal year budget and/or actual revenues in a departmental cost center or the Institution as a total. The total appropriation funding overdraft must be covered by the end of the fiscal year.

2. DEPARTMENT RESPONSIBILITY

All department heads have the responsibility to manage and control departmental expenditures within the limits of their appropriation and departmental sponsored and non-sponsored funding.
D) REBUDGETING AND/OR EXPENDITURE TRANSFERS

1. DEFINITION

Rebudgeting involves the transfer of funds between accounts within the same cost center or between different cost centers. Expenditure transfers are between different cost centers.

2. DEPARTMENT RESPONSIBILITY

Departments will request the approval of rebudgeting and transfers from the Department of Budgets and Planning and/or Department of Accounting Services to insure the Institution is following applicable policies regarding the various types of funding.