DEFICIT POLICY

Deficits in University departments are not permitted. Departments should be reviewed monthly by sponsors, deans/directors, and vice presidents to ensure that deficits do not occur. If a deficit is projected or indicated, immediate action should be taken to prevent or correct the problem. In all cases, vice presidents are ultimately responsible for the financial management of departments within their area*(s)* of responsibility.

If circumstances occur which require a temporary deficit for a special purpose, an explanation and plan for repayment must be fully documented by the appropriate vice president and submitted to the President or President's designee and appropriate Vice President for Administrative Affairs for review and approval. All deficits are to be thoroughly investigated and resolved in a timely manner; however, corrective action plans are to be submitted only for deficits of $50,000 or more that have an anticipated duration of 180 days or more.

If a deficit is reflected in an educational and general department on the June 30 financial reports, the departmental appropriation for the succeeding fiscal year will be reduced by the amount of the deficit.

No Auxiliary Enterprise or Service Unit is permitted to operate using unauthorized borrowing from other units, including, without limitation, operating in an unauthorized cash deficit position. If a deficit occurs or is anticipated, a short-term working capital loan must be authorized by the Controller's Office.

For purposes of this policy, a department is a distinct budgetary or cash grouping of specific funds. Alpha and/or numeric references are assigned to identify departments within the University's accounting systems. All University fund groups are subject to this policy. Although salaries, wages, and other accounts should be closely monitored, this policy only applies to the total budgetary or cash balance for each department. Departments that have been established by the Controller's Office for the purpose of University clearing or suspense functions are not subject to this policy.