**Effective Date: July 1, 2018**

**Deficit Resolution Policy**

Executive Sponsor: Chancellor, Vice Chancellor of Planning & Administration

Supporting Office: Institutional Planning & Budget

*Note:*

*This policy is in addition to the general* [*University of Washington deficit resolution policy*](https://opb.washington.edu/sites/default/files/opb/Budget/Deficit_Resolution_Policy_4_30_12.pdf)*, to apply the policy framework at UW Bothell, at a departmental, school and/or unit level. The focus of this addition is on state funded operations and self-sustaining operations and does not override existing/prior University of Washington policies.*

**Purpose**

The Bothell campus has been delegated the authority to allocate resources to assist the institution in meeting its missions of research, instruction, and public service. This policy reiterates that the Chancellor has the authority and responsibility to allocate resources to achieve these goals. Likewise, administrative officials have a responsibility to follow University policies and procedures. This includes managing programs in sound fiscal condition. Principal investigators and administrative officials in charge of gift, contract, and grant budgets may have additional terms and conditions with which they must comply.

**Policy at UW Bothell**

The University of Washington has an existing Deficit Resolution Policy applicable to the Bothell campus at an institutional level. To support the spirit of this policy and the critical nature of its implementation, the University of Washington Bothell is instituting a debt resolution practice at the divisional, school and/or unit level. A [deficit resolution form](https://www.uwb.edu/getattachment/administration-planning/planning-budget/budget-recalibration/uw-bothell-budget-forms/Budget-Deficit-Form-UWB-FY19.pdf?lang=en-US) is required to support the debt resolution process and implement its use, and this policy is effective immediately.

A deficit is officially defined as any negative balance in the General Operating and Designated Operating budgets (GOF & DOF). Departmental revenue budgets (fee-based programs, etc.) and self-sustaining budgets (revenue generating activities) are also subject to the deficit resolution policy and will be reviewed if they exhibit a deficit of $50,000 or greater. Budgets will be reviewed quarterly and brought to the attention of departmental/unit/divisional leadership through the quarterly financial review structure. The expectation is for all deficits in University of Washington Bothell budgets to be documented and cleared in a timely way and/or have a deficit resolution approved.

Unit financial managers are responsible for monitoring financial activity and for reporting deficits to the appropriate administrative official. All institutional units are expected to operate within their allocated budgets. Administrative officials are responsible for resolving any deficits in a timely manner. Deficits should be resolved within 90 days or, for deficits arising in the last quarter of the fiscal year, by fiscal year end. Holding budgets (where expenses are absorbed by a budget while associated funding may exist in another budget) need to be reviewed regularly and any existing deficits must be identified and cleared.

Grant and contract budgets have different timeline and rules based on the award stipulation, however deficit of any sort should be avoided. Gift budgets will be monitored and spending should not exceed the available revenue. The procedures available to resolve deficits varies depending on the type of budget involved. A detailed procedure (starting on page 7 of the [deficit resolution policy](https://opb.washington.edu/content/deficit-resolution-policy)) is available for guidance.

For help with deficit resolution plans or advice, please contact the Institutional Planning & Budget office ([uwbipb@uw.edu](mailto:uwbipb@uw.edu)).