



POLICY STATEMENT

In general, a restricted fund may not operate with a deficit balance. The fund financial manager or Principal Investigator (“PI”) must contact his or her Research and Sponsored Programs Accounting (“RSPA”) Accountant to correct deficits in a timely manner. Incurring additional expenses on a fund which is in a deficit position will not be allowed until it has been fully funded.. The only exception to this rule pertains to “temporary” deficits. These are generally funded within thirty to ninety days after the deficit occurs. Temporary deficit positions must be approved in advance by the Controller and/or the Vice President of Finance.

1. Grant Funds

- a. In general, federal reports are due within 90 days of a project’s end date. These reports cannot be filed when a budget deficit exists or the award contains outstanding encumbrances.
- b. If grant expenses are in excess of budget, the excess must be funded by voluntary cost-share. Excess expenditures will be moved to a cost-share fund which will be funded by a combination of:
 - i. A PI’s discretionary fund
 - ii. Other restricted funds, assuming the expenses are allowable under the fund’s restrictions
 - iii. Departmental or College funds if approved by the appropriate individual(s)
 - iv. Vice President incentive funds
- c. Revenue cannot be transferred to a grant fund to cover a deficit.
- d. Cost overruns *cannot* be covered by other grant funds under any circumstance.

2. Other Restricted Funds

- a. If a fund’s expenses exceed its revenue the deficit may be covered by:
 - i. A financial manager’s discretionary fund(s)
 - ii. Other restricted funds, assuming the expenses are allowable under the fund’s restrictions
 - iii. Departmental or College funds if approved by the appropriate individual(s)
 - iv. Vice President incentive funds
- b. Revenue may be transferred to a restricted fund to cover the deficit, or expenses may be moved out of the fund.
- c. Deficits *cannot* be covered by other grant funds under any circumstance.

RSPA will facilitate corrective action on a fund in a deficit position through distribution of the quarterly deficit report. Departments and Financial Managers/PIs must have a plan for corrective action, and notify RSPA of the plan, within 30 days of a first notice. Departments and PIs must implement corrective action within 70 days of a first notice or RSPA will transfer the deficit to an appropriate Departmental or Financial Manager/PI managed fund.