

Information

Internal Reallocation and Financial Incentive Strategy

Effective

July 1 1993

Number

BFP 004

Applicability

This policy applies to Deans Vice Presidents and Lead Fiscal Officers

Administrative Authority

Vice President for Finance and Chief Financial Officer

Responsible Unit

Budget and Financial Planning

Grawemeyer Hall, Room LL20

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History

Revision Date(s): August 2004

Reviewed Date(s): July 1, 2016; August 2004

Categories

Statement:

The following policy applies to the treatment of year-end balances for general fund programs only. It is intended to serve as a general guideline and as an incentive for accountability and sound fiscal management by heads of major budgetary units.

Year-end Surplus/Deficits: For those units that end the year with an overall general fund surplus, an amount equal to 100%, except as determined by university leadership, of the surplus will be carried forward to the following year's budget as an allocation of one-time funds. These funds will be allocated to specific holding programs to be administered by either the respective Vice President, in the case of the support units, or Dean in the case of the academic units. The carryover funds must be used for high priority unit purposes, and may include hiring temporary personnel, increases in operating expenses, start-up packages, travel, or the purchase of capital items. None of the funds, however, may be used to hire additional permanent personnel or create continuing annual requirement (CAR) obligations beyond the fiscal year. Deans and Vice Presidents may choose to return a portion of the funds carried forward to the departments or programs generating the savings, consistent with unit strategic priorities. Units are expected not to incur operating budget deficits. Units that overspend their general fund budget and end the year with an overall deficit will be required to cover 100% of the deficit from reductions in the next year's budget. This deficit recovery normally will be accomplished in the first quarter of the new fiscal year.

The Office of the President, assisted by the Office of Budget and Financial Planning staff, shall determine whether the amount of the central general fund surplus is sufficient to meet year-end funding requirements. If not sufficient, appropriate additional annual unit contributions may be required. This can be from unit carry-over or other funds as deemed appropriate by the unit head.

Exclusions: Selected general purpose programs which are university-wide in nature will be excluded in the calculation of the general fund surplus. These are:

- a. University-wide financial aid programs (non-unit specific).
- b. Central university departments, which are university-wide in nature.
- c. Service center programs.

University-wide financial aid programs (non-unit specific).

Central university departments, which are university-wide in nature.

Service center programs.

Reasoning:

This policy allows for all academic and support units of the University, who meet the annual requirements of this initiative, to carryover their general fund surpluses. The

policy also intends to dissuade units from over spending expenditure budgets, thus causing operating deficits. The intent of this policy is to provide additional fiscal flexibility and reward good fiscal management by allocating year-end surpluses to the operating units which generate them.

Definitions:

For purposes of this policy, an academic unit is defined as a college, school, or stand-alone academic division or program. A support services unit is defined as the combined departments, offices, and activities reporting either to the President, Provost, or a Vice President.

For purposes of this policy, year-end balances are the residual funds remaining after fiscal close as calculated by the Office of the Controller.