

NUMBER: 1461

TITLE: **Declaration of a State of Bona Fide Financial Exigency or Severe Financial Difficulty**

APPROVED: **November 15, 1990**

A. **Purpose**

The fiscal integrity of the university is the ultimate responsibility of the Board of Visitors. To that end, the administration, represented by the president, has the obligation to ensure that the scope of the mission of the university is adjusted to fit within its financial ability.

B. **Definitions:**

Bona fide financial exigency means one or more circumstances which, if left unattended, could result in the financial insolvency of the university.

Severe Financial difficulty means one or more circumstances which, if left unattended, could result in a budget shortfall of serious proportion, but less than the financial insolvency of the university.

C. **Recommendation of Financial Assessment:**

Upon the recommendation of the president that one or more circumstances exist which if left unattended could threaten the financial integrity of the university, the Board of Visitors shall assess the financial condition of the university.

D. **Financial Assessment:**

The Board of Visitors shall assess the financial condition of the university, by a manner and means of its choice, to determine whether there exists a condition of bona fide financial exigency, severe financial difficulty, or neither. The Board's findings shall be concluded by an appropriate resolution.

E. **Board Direction and Action:**

In the event the Board determines that neither a bona fide financial exigency nor a condition of severe financial difficulty exists, it shall refer the matter back to the president for reconsideration and further recommendation.

In the event the Board determines that either a Bona Fide Financial Exigency or a condition of Severe Financial Difficulty exists, it shall direct the president to prepare an institutional plan

to rectify the financial condition of the institution. The president shall prepare an institutional plan as expeditiously as circumstances allow, consistent with Board and university policy.

Upon completion of the planning process, the president shall present the plan to the rector, who shall promptly present the plan to the Board of Visitors either at its next regularly scheduled meeting or at a special meeting, as he/she shall deem appropriate under the circumstances.

The Board of Visitors shall either accept, modify, or reject the president's plan as it, in the exercise of its authority, deems to be in the best interests of the university.