

Appendix D

Financial Exigency Policies and Procedures

1. **Rationale.** Financial exigency is defined as a state of financial crisis which affects the University as a whole, to the extent that it may become necessary to terminate tenured appointments or other appointments prior to their normal expiration, and a state in which the survival of programs deemed essential to the mission of the University is in doubt. In the event of financial exigency, it will be necessary for the University to examine its mission closely in order to determine those programs which are considered essential for maintaining a viable University. Considerations for retaining programs shall include compliance with affirmative action requirements, maintenance of academic excellence, and adherence to administrative due process and compensation and benefit program policies.

In the state of financial exigency, programs may be discontinued or allocated reduced resources. Comprehensive study will be used to determine how required reductions are to be accomplished, including termination of appointments of faculty members, administrative and professional personnel, classified staff, and others as well as maintenance and operations funding.

Because the faculty shares responsibility for educational programs and curriculum, appropriate faculty committees shall be established to provide timely advice on educational planning, budgeting, and allocation of resources.

The termination of tenured appointments or other appointments before the end of their terms is a painful and difficult matter. It affects not only those whose appointments are to be terminated, but everyone in the University. Any termination of faculty services must be done fairly and humanely and in accordance with the administrative due process defined in this policy statement. In a state of financial exigency, when reductions have to be made across the University, every equitable effort shall be made to reorient and reassign tenured faculty within the University so that as few as possible will be adversely affected. This does not imply any duty to artificially create employment for the displaced faculty. Special efforts also shall be made to assist nontenured faculty.

By granting tenure, the University has given recognition to the current and potential contributions of a faculty member to Oklahoma State University. In most cases, a tenured faculty member will have given numerous years of productive and faithful service to the University. Giving preferred status to tenured faculty during a state of financial exigency, therefore, is not merely providing protection of an individual's rights under academic tenure, it is practicing humaneness and responsible action within the University by those charged with its administration.

2. **Adjusting to the Condition of Financial Exigency.** The Faculty Council Budget Committee is the appropriate group to be informed and to be involved with the President and appropriate administrative counsel in monitoring the financial

condition of the University. In the event of imminent financial exigency as determined by the University administration with the advice and counsel of the Faculty Council Budget Committee and verified by the Faculty Council as a whole, the President of Oklahoma State University will announce to all University personnel that a state of financial exigency exists.

- 2.1 Faculty Participation.** The faculty, through its elected representative body--the Faculty Council--will be involved in reviewing and recommending adjustments to financial exigency.

Such involvement shall include participation in the decision-making process by both tenured and nontenured faculty as well as administrative and professional personnel and classified staff at the department, school, college, and institutional levels as provided for by the task force and committees described in the following sections.

- 2.1.1 University Task Force on Financial Exigency.** After announcing that a state of financial exigency exists at Oklahoma State University, the President will activate a University task force on financial exigency which will serve as an advisory body to the President. This task force will consist of the officers of the Faculty Council (chairperson, vice-chairperson, and secretary), chairpersons of the Faculty Council's budget, faculty, and academic standards committees, chairperson of the Staff Advisory Council, Vice President for Administration and Finance, two college deans selected by the President, two unit administrators selected by the President, the president of the Student Government Association, and the president of the Graduate and Professional Student Association with the VPAA serving as chairperson of the task force. Within a time limit specified by the President of the University, members of the task force will give priority above all other assignments to making recommendations to the President for adjustments to overcome the crisis situation. In the event that the task force is not prompt in meeting the assigned time limit, the President may develop an alternate plan of action to adopt and employ.

The University Task Force on Financial Exigency will be actively involved in determining the extent of the crisis and in the planning of response relative to reorientation, reorganization, and realignments necessary for returning the University to a stable financial state.

- 2.1.2 Academic Committees on Financial Exigency.** Each college and the library shall establish its own committee on financial exigency.

The library committee and each college committee on financial exigency should be composed primarily of faculty and staff representatives elected by their colleagues, and shall include its representative to the Faculty Council. The responsibilities of these committees shall include assessing the financial situation within their respective colleges and the library for alternative solutions to the problem within their respective units. The deans of the colleges (or librarian) shall chair these

committees. The dean or librarian shall forward the college report to the University task force within a time limit specified by the President of the University.

- 2.1.3 Non-Academic Committees on Financial Exigency.** As directed by the President, the non-academic divisions of the University (athletics, physical plant, student services, central administrative services) shall also establish their own committees on financial exigency. The responsibility of these committees shall include assessing the financial situation within their respective areas for alternative solutions to problems associated with financial exigency. The President shall designate a chair for each committee who shall report to the University task force within a time limit specified by the President.
- 2.2 Guidelines for Adjustments.** The University Task Force on Financial Exigency shall review studies of the University's financial obligations and its existing and potential financial resources. This information will be for the use of the President to determine the extent of financial stress within the University and will provide a basis for recommending actions required to overcome the crisis condition. An effort shall be made to elicit ideas and suggestions from the general faculty relative to the action to be taken.
- 2.2.1 Reductions of Administrative and Other Support Services.** Curtailment and/or consolidation of administrative and other supportive services shall receive serious consideration and, generally, should precede dismissal of tenured faculty actively engaged in teaching, research, or extension.
- 2.2.2 Reduction in Instruction, Research, and Extension.** The University task force will review pertinent studies of the University's programs and activities in the areas of instruction, research, and extension. The Academic Program Review documents prepared in consonance with OSU Policy and Procedures 2-0215 may be used as a source of information. Each program's achievements, centrality to the University's mission, affirmative action goals, and income-generating ability will be considered. A recommendation will be made regarding programs in which decreased effort and financial support for instruction, research, or extension should be seriously considered. This may, in some cases, necessitate the retention of programs with low enrollments and services and activities which are not cost efficient but which are central to the concept of a university and to the mission of Oklahoma State University.
- 2.2.3 Termination of Programs and Services.** The task force shall make prompt recommendations to the University administration relative to programs and/or services which should be curtailed or discontinued, or positions which should be terminated. The following procedure shall be followed:
- (a) Each college and library committee and the non-academic committees on financial exigency will review and provide prompt advice to the task force on which programs and/or services should be curtailed or discontinued within their respective areas or which positions should be terminated.

- (b) The apparent and/or expected effect of the recommended curtailment, discontinuances, or terminations on the institution as a University shall be examined and documented.
- (c) Hearings will be held inviting statements from persons in programs and/or services directly affected by the recommendations made by the committees.

2.2.4 Report of the Task Force. On the basis of pertinent information, advice, and other considerations, the University task force will submit to the President a prompt report specifying recommendations for overcoming the crisis situation.

2.3 Administrative Due Process Concerning Faculty Affected by Financial Exigency. Recommendations to eliminate positions or programs or to curtail programs and services shall not include termination of the appointment of a tenured faculty member in favor of retaining one without tenure in the same department, except in extraordinary circumstances.

In some cases, an arrangement for early retirement of a tenured faculty member by adding appropriate institutional funds to the individual's retirement income may be worked out with the consent of the faculty member. In other cases, a change from full-time to part-time service may be a feature, though not a complete solution, of an acceptable settlement.

In those cases where there is no realistic choice other than terminating the services of a tenured faculty member, appropriate notice or severance compensation must be given. Provisions for terminal notice or salary are stated in Section 1.14.4 of this policy statement.

In all cases of termination of appointment because of financial exigency, the position of the faculty member concerned shall not be filled by a permanent replacement within a period of three years, unless the released faculty member has been offered reinstatement and a reasonable time in which to accept or decline it.

For every individual whose appointment is proposed to be terminated on the grounds of financial exigency the VPAA shall give that individual notice thereof and an explanation of the criteria used in developing the proposed action. If the affected faculty member makes a written request to the VPAA, he/she shall be entitled to a hearing by the committee described below. At the request of the faculty member involved, hearings on similar cases may be combined although every case shall be examined on its individual merits.

The committee shall consist of five members: three faculty members designated by the chairperson of the Faculty Council, with the advice and consent of the Faculty Council executive committee, and two members from the administration

designated by the President. The President will name the chair. The verified report from the University administration substantiating that a state of financial exigency exists shall be introduced and deemed conclusive as to the existence of financial exigency.

The committee shall hear statements from the affected faculty member(s), study evidence, and call witnesses to determine:

- (a) the reasonableness of the educational and administrative judgments exercised in determining reduction/termination of programs and criteria used to identify which appointments are to be terminated; and
- (b) whether criteria are being reasonably applied in the individual case.

The committee shall make a written report with advisory recommendations to the President. The President shall review the report and, if termination is deemed appropriate, make final recommendations on personnel actions to the governing Board of Regents for its consideration and decision.

- 2.4 Emergence from Financial Exigency.** The University Task Force on Financial Exigency shall be active during the entire period in which the state of financial exigency exists and during the University's emergence therefrom.

The University task force shall continually review the financial state of the University and be actively involved in determining when the state of financial exigency no longer exists.

During the state of financial exigency and the University's emergence therefrom, the University task force shall be directly involved in decisions relative to the establishment of any new programs and positions, the reactivation or recognition of programs, and the reinstatement rights, if any, of individual faculty members whose appointments were terminated on the grounds of financial exigency.

When it has been determined that financial exigency no longer exists, the University shall decide which programs to reactivate and reorganize and endeavor to expeditiously honor the applicable reinstatement rights of faculty members released under financial exigency by offering them a position with a reasonable time to accept or decline it. The University Task Force on Financial Exigency will then be dismissed by the President of the University.