

PROCEDURES FOR PERIODS OF FINANCIAL STRESS

[\(Proposal 16-02\)](#)

[\(Proposal 12-04\)](#)

Senate Procedures 902.1.1

A. Introductory Statement

1. These procedures are prescriptive for circumstances of Financial Stress at the University, from its recognition by the President through its declaration and eventual termination by the Board of Trustees.
2. In approving these procedures, the President and Board of Trustees relinquish none of their constitutional or statutory authority.
3. These procedures are intended for contingencies in which the University is confronted with a financial shortfall due to circumstances largely out of the control of the University, such as an unexpected and sharp decline in enrollments, or an unexpected failure of budgeted support from the State.
4. These procedures are intended for situations requiring planned action within a period of about one year. Contingencies that require decisive action in a matter of weeks are covered in the Procedures for Financial Crisis (*q.v.*).
5. A period of time is required to implement these procedures and for expenditures to be reduced. To enable the University to meet its financial obligations during this period, it is incumbent on the University to plan for periods of financial distress. Financial contingency plans must be prepared for this eventuality.
6. Titles of University administrators may change with time. Hence, where particular administrative titles are used in these procedures, "or equivalent" is always implicit.
7. At a time of a financial stress, any departures from these procedures should be made in good faith and must be reported by the President to the Board of Trustees and the University Senate.

B. Committee Membership

Three committees are involved initially in the declaration and management of financial stress. The function of these committees is described below in Sections C and D.

1. Financial Emergency Committee (FEC): An advisory committee consisting of the Officers of the University Senate (President, Vice President, and Secretary), and those members of the Senate Finance Committee who have been appointed to that committee by the Senate. Chaired by the President of the Senate.

2. Executive Budget Council (EBC): An advisory committee consisting of administrative officers holding these titles: the Provost and Senior Vice President for Academic and Student Affairs, the Vice President for Administration, the Vice President for Governmental Relations, the Senior Vice President for Advancement and Marketing, the Vice President for Research, and the Director of Planning and Budgeting. Chaired by the Provost and Senior Vice President for Academic and Student Affairs.
3. Reconfiguration Committee (RC): A working advisory group consisting of the Executive Budget Council (above), the President of Staff Council, and the Deans of the Colleges and Schools, and three tenured faculty and two professional staff members will be selected by the Senate with regard to familiarity with university finances, gender, race, and unit membership. A representative from Human Resources shall serve without vote. Chaired by the Provost and Senior Vice President for Academic and Student Affairs.

C. Declaration of Financial Stress

1. The decision to initiate a state of Financial Stress rests with the President. The procedures below will be followed when the President determines that a financial emergency exists which may justify declaration of a state of Financial Stress. The emergency will be an extraordinary one threatening the University as a whole so that usual procedures of planning, management, budgeting and cost-reduction are not adequate to meet necessary budget reductions within the time available.
2. Procedures for Declaration of a State of Financial Stress
 - a. The President will call the Financial Emergency Committee into session. The President will inform the Committee of the nature and severity of the Financial Stress and will present a timetable for sending the President's recommendation to the Board of Control.
 - b. The Financial Emergency Committee may confer, and comment or respond immediately to the President. The Committee should provide a written response to the President and the Board of Trustees indicating the Committee's view of the Financial ~~Emergency~~ **Stress**. The response may include supporting documentation, and may include recommending an independent audit of the financial status of the University.
 - c. The Senate President will call a meeting of the University Senate. At that meeting, the President and other administrative officers, and the Financial Emergency Committee, will inform the Senate of the nature of the financial emergency. The Senate will make its recommendation on the financial emergency expeditiously in a proposal communicated by the Senate President to the President and the Board of Trustees.
 - d. A state of Financial Stress will exist upon declaration of the Board of Trustees.

D. Procedures for a State of Financial Stress

The procedures below will be followed when the Board of Trustees has declared a state of Financial Stress.

1. Immediately after the declaration of a state of Financial Stress, the Executive Budget Council and two non-voting liaisons from the Financial Emergency Committee will provide the vice presidents, vice provosts, deans, and directors with guidelines, including deadlines, for preparing plans for reductions of budgets. These guidelines will also be furnished to the Financial Emergency Committee.

Guidelines may include incentives for cutting costs, such as arranging for some portion of the budget given up by a unit to be returned to that area as discretionary funds.

2. Vice presidents, vice provosts, deans, directors, and chairs will generate plans for budget reductions.

These individuals will actively and systematically seek input from appropriate faculty, staff and students; the existence of this input will be documented when the plans are submitted.

Vice Presidents, vice provosts, deans, and directors must review their plans with Human Resources (or equivalent successor division) to ensure that they are consistent with University policy where individual employees are affected.

The proposed plans are expected to consider the possible unequal treatment of units. Vice provosts, deans, and directors may expect that areas will not be treated equally.

The proposed plans will be submitted to the Office of the Provost and Senior Vice President for Academic and Student Affairs. Only those plans meeting the guidelines (D.1. above) will be forwarded to the Reconfiguration Committee. Plans not meeting the guidelines will be returned for revision.

3. The Reconfiguration Committee will review the proposed plans and prepare recommendations for the President following these guidelines:
 - a. verify the adequacy and accuracy of documented employee input into the proposed plans (see D.2. above);
 - b. seek feasible alternatives to any plans that would result in elimination of faculty and staff positions;
 - c. determine that all plans are consistent with existing policies of the University;
 - d. identify, create (if necessary), and evaluate plans avoiding the termination of faculty and staff, including such measures as temporary furlough, reduced time appointments, severance pay for resignation, and incentives for early retirement, to meet the stress in the short term and to allow orderly planning over longer periods.

4. The Reconfiguration Committee will submit its recommendations to the President.

The recommendations may include plans submitted to the committee, unchanged or modified. Recommendations may also be original with the committee.

5. In the event the President determines that resolving the state of Financial Stress requires program reconfiguration involving the removal of faculty and staff, the

President will ask the Reconfiguration Committee for recommendations for reconfiguration.

Such recommendations for reconfiguration will be developed following these principles:

- a. Consistent with the role and mission of the University, recommendations will protect academic programs and educational needs of students.
- b. The recommendations will protect the University's commitment to the principle of tenure. Thus, elimination or reconfiguration of a program or department is the only procedure by which tenured faculty may be removed because of a financial emergency.
- c. The recommendations will protect the University's commitment to equal opportunity.
- d. The recommendations will provide that the budget for salaries and wages of the Administration's first, second, and third echelons as a unit will be reduced equitably with reductions in budgeted salaries and wages across the University.
- e. High financial priority will be given to providing at least a year of notice to tenured faculty, and to providing six months notice to nontenured faculty and to staff.

6. Recommendations for Reconfiguration of Programs and Administrative Units

- a. Definition: Programs are defined as departments, degree programs, majors or options within departments, interdepartmental degree programs, and units.
- b. Definition: Reconfiguration may involve one or a combination of the following, any of which result in a loss of position: absorption of one or more programs into another program; merger or consolidation of two or more programs to form a new program; separation of a program into two or more programs; elimination. Reconfiguration also applies to administrative units.

c. Criteria for Consideration of Proposals for Reconfiguration

- 1) The Reconfiguration Committee will base its consideration of the proposed program reconfiguration on criteria of quality, centrality, need, and cost. A list of more specific considerations is provided below.
- 2) Not all criteria will have equal weight nor should proposals be evaluated on some algebraic formula based on the criteria. The listing is to be considered as a reminder of factors to be included in review of proposals for reconfiguration.
- 3) Criteria may have different implications in different contexts. For example, "accreditation status" of a program might count against a

proposal for merger if the resulting unit could not be accredited; however, it might favor a proposal for elimination of a unit on the verge of losing accreditation.

d. Specific Criteria for Use in Evaluating Proposals for Reconfiguration

1)

Quality

a)

Productivity of a program as indicated by applicants for admission, credit hours generated, degree recipients, scholarly publications, and service internal or external to the University.

b)

Quality of products compared with similar programs at the University and elsewhere.

c)

National or international reputation of a program.

d)

Status of accreditation

e)

Conformation of the proposed reconfiguration with national patterns of organization, to enable recruitment, retention, and recognition of students, faculty, and staff.

2)

Centrality to University mission

a)

Necessity of a program or its products because of external mandate, including University charter, legislative pressure, laws, and governmental regulation.

b)

Effects of reconfiguration on other programs at the University.

c)

Extent of internal support available for the program.

d)

Whether a program is of a class that should be present in every university, or at least in every technological university.

3)

Need - Present and Projected

Demand for the program, including measures such as market demand for graduates, demand by applicants, and demand by other programs at the University.

- 4) Cost
 - a) Cost of operating the program and the size of the program relative to its contribution to the University's mission, compared with equivalent programs in peer institutions.
 - b) Ratio of effective production to University fiscal input to the program.
 - c) Comparison of cost of the program to the revenue generated by the program, including tuition, grants, contracts, gifts, endowments, etc.
 - d) The University's investment in a program's facilities that can not be redirected easily.
 - e) Possible economies available with a merger of programs that are similar in goals, orientation, clientele, etc.
 - f) Possibility of shifting fiscal support of a program, for example to external grants or contracts , or from endowment earnings.
 - g) Effect of the proposed reconfiguration on the University's image and support by the public.

7. Proposals for Reconfiguration of Non-Academic Unit

- a. When the Reconfiguration Committee submits to the President a recommendation for reconfiguration of non-academic units, an appropriate administrator will notify in writing each member of the unit that a recommendation has been made to the President.**
- b. The President of the University Senate will similarly notify and inform the Senate.**
- c. Within 14 calendar days of the notification, any employee of the non-academic unit may present a written petition to the Reconfiguration Committee asking it to reconsider a decision to reconfigure a unit. Such reconsideration must be based on a failure of the committee to follow established procedures, or on new information which was not available to the Reconfiguration Committee. The Reconfiguration Committee will**

consider all appeals expeditiously, and will reply in writing to the petitioner.

8. Review of Proposals for Reconfiguration of Academic Programs: Program Review Committee
 - a. When the Reconfiguration Committee develops a recommendation for reconfiguration of academic programs, it will appoint a Program Review Committee to review each reconfiguration proposal. Each Program Review Committee will be composed of at least four faculty and one undergraduate or graduate student. No faculty or student from the program(s) being reviewed nor member of the Reconfiguration Committee will serve on any Program Review Committee.
 - b. The Reconfiguration Committee will provide the Program Review Committee with written description of the proposed reconfiguration and the rationale for the proposal. This is to be a succinct charge to the Program Review Committee and not a comprehensive document.
 - c. Upon appointment of a Program Review Committee, the dean or director of the program(s), or other appropriate administrator, will notify in writing each faculty and staff member of the program(s) that the review has begun. Students in the program(s) will be given public notice. Such notification will inform the affected persons of their right to present their views to the Program Review Committee.
 - d. The President of the University Senate will similarly notify and inform the Senate.
 - e. Procedure for Program Review Committees
 - 1) The Program Review Committee will base its consideration of the proposed program reconfiguration on the criteria of quality, centrality, need, and cost given in D.6.c and D.6.d above.
 - 2) The Program Review Committee is encouraged to hold open meetings, and to inform affected persons of such meetings and of the progress of the review. A Program Review Committee is expected to keep a written record of its proceedings, and all documents considered in its deliberations.
 - 3) The Program Review Committee is expected to conclude its review within 60 calendar days (excluding the period between spring commencement and fall matriculation).
 - 4) When the Program Review Committee has decided it has sufficient information to make a recommendation to the Reconfiguration Committee, it will hold an open meeting to solicit responses and comments. Before this meeting, the Committee will prepare a synopsis of its procedures, findings, and preliminary conclusions. At least 48 hours

before the meeting, the synopsis will be made available to faculty and staff in the program being reviewed. The synopsis will also be made available to all who attend the open meeting.

- 5) The Program Review Committee will present to the Reconfiguration Committee a detailed report containing a description of its procedures, the information collected, a summary of the comments at the final open meeting, and its findings and recommendations on the proposed reconfiguration.
- 6) Within 30 calendar days after the Program Review Committee submits its report, the Provost and Senior Vice President for Academic and Student Affairs will announce in writing the results of the Reconfiguration Committee's consideration of the report. The announcement will include the reasons for accepting or rejecting the recommendations of the report.
- 7) Within 14 calendar days of the announcement by the Provost and Senior Vice President for Academic and Student Affairs, any faculty, or student within the program may present a written petition to the Reconfiguration Committee asking it to reconsider a decision to eliminate a program. Such reconsideration must be based on a failure of the committees to follow established procedures, or on new information which could not have been available to the Program Review Committee. The Reconfiguration Committee will consider all appeals expeditiously, and will reply in writing to the petitioner.

9. Recommendations from the Reconfiguration Committee will be presented to the University Senate concurrently with their presentation to the President.
10. Hiring of new faculty or staff during a state of Financial Stress will be limited to extraordinary circumstances (for example, replacing a recently deceased employee) where an existing program would be otherwise seriously affected.
11. In the event the President approves reconfiguration of a program, the dean or director of the program will implement the reconfiguration plan and will notify in writing each faculty and staff member of the program immediately. Students in reconfigured academic programs will be given public notice. The President of the University Senate will similarly notify and inform the Senate.
12. These following procedures will apply when approved program reconfiguration involves the loss of faculty or staff positions:
 - a. Prompt and explicit notice to affected personnel.
 - b. The mechanisms in place for separation or laying-off of personnel will be followed. Such mechanisms include, for example, established university procedures or collective bargaining agreements.
 - c. For faculty and/or other non-union employees who are removed, special provision will be made including, but not limited to the following:

- 1) Every effort will be made to provide suitable placement elsewhere in the University.
- 2) Preferential rehiring of removed persons to fill any vacancy for which they are qualified within the University, for a period of three years after their removal.
 - a) Faculty who were tenured and who are rehired as faculty will be rehired with tenure.
 - b) Persons who are rehired will not lose credit for previous years of service, and will have the same fringe benefits as current employees. Sick leave that has accrued prior to the layoff would be reinstated.
- 3) Faculty members removed during a state of Financial Stress will at their request be appointed as adjunct faculty members, and will be entitled to continuation of at least these prerogatives: access to library, parking, computing, access to Career Center facilities and personnel, cultural, and recreational facilities afforded non-removed faculty; status as graduate faculty; use of granting and contract offices. Regular full- and part-time non-union staff who are removed will be afforded similar prerogatives.

4) Regular full- and part-time non-represented staff who are removed will be entitled to continuation of at least these prerogatives: access to library, parking, computing, access to Career Center facilities and personnel, cultural, and recreational facilities.

5) All faculty and non-represented staff removed would be guaranteed a 2-month continuation of health benefits.
- 6) Faculty and staff who are removed are eligible to receive health insurance at rates available to them under COBRA.
- 7) Eligibility for employee education programs and tuition reduction incentive programs will continue for three years after removal.

13. Removal of tenured faculty must be approved by the Board of Trustees.

14. A tenured faculty member who is removed during a state of Financial Stress has a right to a hearing before the University Academic Tenure Committee (or its designated alternate).
 - a. A written request for a hearing must be filed within 30 days from the date of initial notice of removal. A copy of the request must be filed at the same time with the Provost.
 - b. The request for a hearing must include either or both of the following:
 - 1) A citation of the specific Financial Stress procedure(s) which the member thinks have been violated;
 - 2) A summary of information that the member thinks is either new, or was not considered by the Reconfiguration Committee in its deliberations.
 - c. The recommendations of the Academic Tenure Committee (or its designated alternate) shall be made to the President through the Provost within 90 days of receipt of the written appeal. The report shall indicate whether or not the Financial Stress procedures have been violated, or whether in the Committee's opinion the information supplied during the hearing should alter the recommendations of the Reconfiguration Committee.

E. Termination of a State of Financial Stress

1. The President and the Reconfiguration Committee will monitor closely the financial situation of the University during the state of Financial Stress. The President of the University Senate will report the situation regularly to the Senate.
2. If the President determines that the conditions of Financial Stress no longer exist, a recommendation for termination will be submitted to the Board of Trustees.
3. A state of Financial Stress will cease to exist upon declaration of the Board of Trustees.

Proposal 16-02:

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Proposal 12-04:

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