PROPOSAL 14-02

BOARD OF CONTROL POLICY FOR FINANCIAL EMERGENCIES

The State of Michigan has given the Board of Control responsibility for managing the finances of the University. Recognizing this, the Board reserves its right to declare the existence of financial emergencies.

Financial emergencies are extraordinary situations of fiscal shortfall due to circumstances largely out of control of the university, such as an unexpected and sharp decline in enrollment, or unexpected delinquency of support from the State. Financial emergencies threaten the whole University so that normal planning, management, and budgeting cannot provide necessary cutbacks within the time available.

The Board directs the President, in cooperation with the Senate, to establish a set of recommended procedures for managing financial emergencies. The procedures shall involve communication and consultation with university groups, and shall describe criteria for necessary budget reductions. The procedures may involve reconfiguration of administrative units. Where layoffs of tenured faculty may be necessary, the procedures shall require reconfiguration of academic programs and specific Board approval.

The Board also directs the President, in cooperation with the Senate, to establish a process for communicating to the Board of Control a recommendation of the need for a declaration of financial emergency. The Board may modify or bypass these processes or procedures as necessary to meet the specifics of financial emergency.

Adopted by Senate: December 13, 2001


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