

To: UFC

From: Alex Tanford, Chair of Policy Review Committee

Date: November 30, 2020

Re: Notice of Policy ACA-41, Faculty Role Regarding a University Financial Exigency.

#### **A. Notice**

1. On May 14, 2020, the UFC Executive Committee, with the consent of the President, unanimously enacted a new policy ACA-41, Faculty Role Regarding a University Financial Exigency.
2. The new policy addresses the role of the faculty in the university's determination of whether a university financial exigency exists that may result in the dismissal of faculty.
3. The policy was approved on motion from the UFC Policy Review Committee.
4. Notice was given to the full UFC seven days prior to the action by the Executive Committee
5. Pursuant to Bylaw 11(C), the Executive Committee's act is deemed action by the full UFC unless four members of the Council notify the co-chairs of their objection within seven days.

#### **B. The new policy reads as follows:**

##### **ACA-41. FACULTY ROLE REGARDING A UNIVERSITY FINANCIAL EXIGENCY**

###### **Scope**

This policy defines the role of the faculty in the university's determination of whether a university financial exigency exists that may result in the termination of the appointments of faculty with tenure or academic appointees holding long-term appointments.

###### **Policy Statement**

A. In order to invoke financial exigency as a reason to terminate academic appointments with tenure or prior to the expiration of a long-term appointment, Indiana University must be facing a severe and imminent financial crisis that threatens the survival of the university in its present form, that jeopardizes its academic integrity, and that cannot be resolved by means less drastic than the elimination of such academic appointments ("university financial exigency").

B. A decision by the university to shift resources away from teaching or research, or away from a campus or unit, does not constitute a university financial exigency and does not justify the termination of tenured or long-term appointments.

C. A financial crisis within one unit or on one campus does not constitute a university financial exigency unless its immediate ramifications threaten the survival and academic integrity of the university as a whole.

D. The merger, elimination, or re-organization of an academic unit by itself does not constitute a university financial exigency.

E. The university's determination that a university financial exigency exists must be arrived at transparently, with participation by affected constituencies, and documented through generally accepted financial principles.

F. The ultimate decisions to declare a condition of financial exigency at Indiana University and decide how to resolve it lie with the Board of Trustees and the President. However, because a university financial exigency will directly affect its teaching and research missions and may result in the termination of tenured and long-term academic appointments, the rights and prerogatives of the faculty entitle them to participation in this process.

G. This policy addresses a university-wide financial exigency which may result in the termination of tenured and long-term academic appointments. It is not intended to invalidate campus-specific policies on financial crises at the campus or unit level. Each campus may have its own policies that address financial crises on that campus.

H. A university financial exigency is an immediate crisis driven by external events. As such, a declaration of financial exigency should be limited to a maximum of one year from the time the President first informs the UFC of the crisis, and it does not warrant the termination of tenured and long-term academic appointments after one year, unless the university deems a longer period necessary and the President consults with the UFC Executive Committee about the need for a longer time.

### **Reason for the Policy**

Several university academic policies authorize the termination of tenured or long-term academic appointments in case of financial exigency. Those policies do not define "financial exigency," clarify the faculty's role in declaring a financial exigency, or establish a procedure for faculty participation. This policy fills that gap.

### **Procedures**

A. When the President becomes aware that the university faces a financial crisis so severe that it may require the termination of tenured and long-term academic appointments, the President shall inform the University Faculty Council, the faculty governance organizations of each campus likely to be affected, and the faculty in general.

B. In order that the faculty may evaluate the situation for themselves, the President shall provide the UFC Executive Committee with budgetary, financial and other documentation and supporting evidence that is being used to guide the decision whether a university financial exigency exists. It is expected that such information will be provided at least 30 days prior to any decisions being made that may result in the termination of tenured and long-term academic appointments. The President shall keep the UFC Executive Committee informed of the university's decision-making process, the timetable for any decisions

involving the elimination of units or tenured or long-term academic appointments, and supply additional relevant information on an ongoing basis.

C. The UFC Executive Committee shall form an ad-hoc Financial Exigency Committee to represent faculty interests during the financial crisis.

1. The Committee shall include members of the Executive Committee
2. The Committee shall include other faculty as needed so that the final committee includes:
  - a. At least one member of the University Budgetary Affairs Committee;
  - b. Faculty competent to evaluate any units threatened with elimination;
  - c. Both tenure-track and non-tenure-track appointees; and
  - d. One member of the Creation Reorganization, Elimination and Merger (CREM) Committee or its equivalent from each affected campus.
3. Additional faculty may be added to the Financial Exigency Committee as the financial situation and the university's response to it develops.
4. Members of the Financial Exigency Committee who are not currently on the Executive Committee should be selected from lists proposed by the faculty governance organizations of the affected campuses and units.

D. The Financial Exigency Committee is charged with providing analysis of the academic impact of the financial exigency. It shall assess the contribution to the overall mission of Indiana University of any units or programs threatened with elimination or a reduction of tenured and long-term academic appointments, as well as these units' places in the larger landscape of intellectual and professional endeavors. The Committee will explore alternative cost-saving measures which may partially or fully alleviate the situation. The Committee will report these findings to the President and the Board of Trustees for consideration as part of the decisionmaking process.

E. In the event that the nature of the financial exigency leads to the possibility that an entire campus will be closed, and notwithstanding the fact that tenure is campus-specific, the university should make every reasonable effort to place the affected tenured faculty at other campuses within the university, with the understanding that such placements may not be possible. To support these efforts, the Financial Exigency Committee should consult with units in a position to potentially accept transfer faculty and provide recommendations to the President and Trustees about the feasibility of such transfers.