


AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL

Policy Number: 5:046	Supersedes Policy Number:
Date: November 28, 1988	Dated:
Subject: Financial Exigency	
Initiating Authority: Vice President for Finance and Administration	SBR Policy/Guideline Reference: 5:02:06:00
Approved:  President	

I. Introduction

In the event that Austin Peay State University should experience extreme financial conditions such as to threaten severely the overall health of the University, the following policy provides emergency procedures which are intended to allow the University to successfully weather those conditions. This policy responds to State Board of Regents Policy Number 5:02:06:00 and incorporates said policy as an integral part.

II. Definition of Financial Exigency

"Financial Exigency" is the formal declaration by the State Board of Regents that Austin Peay State University faces an imminent financial crisis, that there is a current or projected absence of sufficient funds (appropriated or non-appropriated) for the campus as a whole to maintain current programs and activities at a level sufficient to fulfill its educational goals and priorities, and that the budget can only be balanced by extraordinary means which include the termination of existing and continuing academic and non-academic appointments.

III. Actions Required Prior to the Declaration of Financial Exigency

Financial exigency results from an imminent fiscal crisis characterizing the entire institution; thus, the condition

of financial exigency may not be declared at a level below that of the entire University (i.e., it may not be declared at the level of an academic or administrative unit such as a college, department, or similar account-level unit). In light of the gravity of consequences resulting from a declaration of financial exigency, the process leading to a recommendation to the State Board of Regents that financial exigency be declared shall be cautious, fair, well informed, and as responsible as possible to the interests of various segments of the institution.

- A. The responsibility for initiating the proposal for declaration of financial exigency resides with the President of the University. Since recommending the declaration of financial exigency is an extreme measure, that responsibility requires the President to provide all appropriate assurances and documentation that available and reasonable procedures to reduce the expenditure levels of the University are exhausted and that no efforts have been spared to enhance revenues.
- B. Prior to proposing the declaration of financial exigency, the President shall share with the entire faculty (through the Faculty Senate) and with representatives of other campus personnel constituencies (including the Support Council and the Student Government Association), all pertinent analysis and documentation that, in his/her opinion, demonstrate an imminent fiscal crisis for the entire University that would warrant a declaration of financial exigency. That analysis and documentation should be shared promptly and with sufficient notice to all personnel constituencies (Faculty Senate, Support Council, and Student Government Association); and opportunities shall be provided for discussions with and advice from those bodies, answers to appropriate questions, and general deliberations befitting an educational institution.
- C. After discussion and review of any advice from various personnel constituencies, the President shall - if he/she remains convinced that conditions warrant a recommendation for declaration of financial exigency - present the recommendation with full documentation to the Chancellor.
- D. If his/her review supports the conclusion that conditions warrant a declaration of financial exigency, the Chancellor shall so recommend to the State Board of Regents.

In addition to providing the State Board of Regents with a recommendation to declare financial exigency,

the Chancellor in consultation with the President shall also submit a statement of findings and conclusions which shall include at least the following:

1. A description of the current fiscal condition of the institution, including the projected amount of deficit that would result from failure to declare financial exigency.
2. A projection of the fiscal condition that would result, in the opinion of the President and the Chancellor, from general types of action anticipated to be taken subsequent to a declaration of financial exigency.
3. An analysis of the reason for the current imminent fiscal crisis characterizing the entire University, specifying with appropriate documentation those identifiable factors contributing to the crisis.
4. A statement of assurance, with supporting evidence, that available and reasonable procedures to reduce expenditure levels of the University are exhausted, that further retrenchment within existing policies is not compatible with the objective of assuring maximum protection for the academic programs of the University and the educational needs of students, and that efforts to enhance revenues have been carried out in a responsible manner.
5. A transmittal of any advice, alternatives, or information in writing by any institutional personnel constituencies (as listed above).

IV. Actions Required Subsequent to the Declaration of Financial Exigency

Should the State Board of Regents formally declare a state of financial exigency at Austin Peay State University, the President shall, in a reasonable time and with appropriate documentation, initiate a proposed plan to allocate necessary funding reductions among the primary budgetary sub-units (e.g., academic affairs, student affairs, fiscal affairs, etc.) within the University. The following procedures shall be followed:

- A. The President shall convene the University's Financial Exigency Committee, the composition of which shall be:

President of the University (who shall serve as
chair or who will designate another member of
the committee to serve as chair)
Vice President for Academic Affairs
Vice President for Finance and Administration
Vice President for Development
Dean of Students
President of the Faculty Senate
Three members of the faculty from different
departments, elected by the Faculty Senate
President of the Student Government Association
Two students elected by the Student Government
Association
Chairperson of the Support Council
Two staff personnel elected by the Support
Council, one from clerical support services and
one from maintenance

- B. The President's proposed plan for allocating necessary funding reductions to primary budgetary sub-units shall be reviewed by the Financial Exigency Committee. The Committee shall review the amounts of proposed reductions, evaluate proposed reductions in the light of institutional priorities, and consider administrative organization and academic priorities. It shall also consider the magnitude of proposed reductions in each primary budgetary sub-unit in the light of factors prescribed by applicable state or federal laws regarding fair employment practices.

The Committee shall submit in writing within thirty days to the President its response to the President's plan, which shall include either an endorsement or a recommendation of alternatives.

The President shall consider any alternatives recommended by the Committee and - within thirty days - shall indicate to the Committee a final decision relative to the internal allocation of necessary funding reductions. This final plan shall be communicated broadly to all personnel constituencies.

- C. Heads of primary budgetary sub-units, with broad and clearly defined faculty and staff consultation, shall recommend to the President plans for effecting their designated budget reductions. Those recommendations from heads of primary budgetary sub-units shall include proposed reductions in programs or personnel, shall achieve the designated reductions, and shall respond to any inquiries the President or the Financial Exigency Committee may direct.

D. As a primary component of his or her review of plans submitted by heads of primary budgetary sub-units, the President shall - prior to accepting them - submit the plans for review by the Financial Exigency Committee. In reviewing plans submitted for each of the primary budgetary sub-units, the President and the Financial Exigency Committee will observe the following general principles:

1. Retrenchment other than reduction-in-force should reflect its major priority, maximum protection for the academic programs of the institution and the educational needs of students.
2. When an academic or administrative unit undergoes reduction-in-force, the principal consideration in determining which persons to retain and which to terminate should be the maintenance of viable academic or support programs within that unit.
3. Personnel of affected academic or administrative units should have clearly defined advisory involvement relative to determining specific persons and minimal personnel needs or areas of specialization essential to a unit's viability.
4. To avoid the possibility of compromising the quality of highly productive programs within the University and to recognize the best interests of continued academic excellence, reduction-in-force cannot normally be accomplished on a strictly across-the-board basis.
5. Affirmative action plans shall be carefully considered in all personnel decisions. It is the intent of the University that minority persons or females not be affected by reductions any more than persons in the majority.
6. Decisions as to the order of personnel terminations shall be made in accordance with the following factors which are presented in rank order. These factors are to be followed unless exception is made in order to maintain a viable academic or support program as noted in 2. above or for reasons of affirmative action as noted in 5. above.

a. Factors which apply to faculty:

- (1) Tenure - non-tenured faculty precede tenured faculty in termination.
- (2) Rank - order of terminations shall

proceed from instructors to assistant professors to associate professors to professors.

- (3) Seniority within rank - order of terminations shall proceed from lowest number of years in rank at Austin Peay State University to the highest number of years in rank.
- (4) Years of service at Austin Peay State University - proceeding from fewest years of service to most years of service.
- (5) Years of service in professorial positions in higher education - proceeding from fewest to most years of service.
- (6) Performance - in the event of equality of all factors above for two or more persons, evaluation of the relative performance of the faculty members shall be the deciding factor. Performance is listed in this position within the rank order of factors because performance evaluations are an inherent part of retention, tenure, and promotion decisions made at Austin Peay State University and such evaluations need not be considered separately unless all other factors are equal.

The Financial Exigency Committee shall submit in writing to the President its responses to the plans for recommended reductions submitted by heads of primary budgetary sub-units. Such responses shall include either endorsement or recommendation of alternatives.

- E. After appropriate review of responses by the Financial Exigency Committee, the President shall indicate his or her acceptance, rejection, or amendments to reduction plans submitted by heads of primary budgetary sub-units.

The President shall communicate his or her composite plan for reducing expenditures to the entire campus community.

- F. The President shall submit for approval by the Chancellor his/her composite plan for effecting budgetary reductions as required by the fiscal condition of the University. That transmittal must

include the written response by the Financial Exigency Committee to both (1) the President's plan for allocating necessary funding reductions to primary budgetary sub-units and (2) plans for the primary budgetary sub-units for effecting their designated budget reductions.

If the Chancellor approves the plan for implementation, he/she shall submit it as information - together with any analysis he or she may deem appropriate - at the next meeting of the State Board of Regents.

V. Procedures for Termination of Personnel Under Conditions of Financial Exigency

Following declaration by the State Board of Regents that a condition of financial exigency exists at Austin Peay State University, the President - having complied with those actions required subsequent to the declaration of financial exigency (Section IV. above) - is authorized to carry out those actions, including reduction-in-force, which are included in the plan approved by the Chancellor. Reduction-in-force under this policy may include any personnel classification, including tenured faculty members or probationary faculty members prior to the end of their terms of appointment.

- A. The procedures for termination described in Section V. of this policy are in force only during a period in which the State Board of Regents has declared that the University is in a condition of financial exigency.
- B. An individual selected for termination shall receive prompt written notification from the President. That notification shall include the following:
 - 1. a statement of the basis on which the individual was selected for termination (Section IV., D, 2, 5, and 6 - if one or more of these are appropriate),
 - 2. an indication of the data or reasons supporting the choice if it is not a clearly defined factor such as rank or tenure status,
 - 3. a statement of the date on which the termination is to become effective,
 - 4. a copy of the declaration of financial exigency adopted by the State Board of Regents, and

5. such other information as the President may deem appropriate.
- C. An individual who receives notice of termination, as described in Section B above, may appeal the decision under the conditions indicated in this section.

The following conditions constitute grounds for appeal by an individual of notice of termination:

1. that established institutional procedures or provisions of Board Policy 5:02:06:00 or this Austin Peay State University policy were not followed.
2. that appropriate criteria were not applied, including but not limited to the allegation that his/her selection constituted a violation of the individual's academic freedom or that unfounded or arbitrary assumptions of fact were made.

Faculty who receive notification of termination may appeal to a Faculty Hearing Committee consisting of nine members, four elected by the Faculty Senate, three appointed by the President, and two elected by the Student Government Association.

Staff members who receive notification of termination may appeal to a Staff Hearing Committee consisting of nine members, four elected by the Support Council, three appointed by the President, and two elected by the Student Government Association.

The Faculty Hearing Committee and the Staff Hearing Committee shall insure prompt hearings that are thorough and fair. Hearings need not be judicial in nature with strict rules of procedure (e.g., confrontation, cross-examination, formal rules of evidence, etc.) but should include appropriate recording of deliberations and conclusions.

The Hearing Committees shall not review the decision concerning the declaration of financial exigency or the President's plan for the amount of reduction to be assumed by each primary budgetary sub-unit.

A recommendation will be sent from the Faculty or Staff Hearing Committee to the President recommending that he/she uphold or reverse the action of termination, and the President will inform the appropriate Hearing Committee and the individual of his/her final decision.

The final decision of the President may be appealed to the Chancellor and, after he/she has made a decision, to the State Board of Regents.

VI. Continuing Rights of Persons Terminated Under Conditions of Financial Exigency

No vacancy caused by a termination under conditions of financial exigency shall be filled for a period of three years from the time of notice of termination without first offering the position to the person terminated (academic or non-academic), provided that the person terminated keeps the University informed of his/her current mailing address. If the person previously terminated is offered the position and accepts, he/she will be returned to service in the same rank and tenure status.

In the event that vacancies exist at Austin Peay State University for which a person may develop appropriate qualifications through additional education or training, the University will support the employee using procedures in Austin Peay State University Policy 5:001, offering preference for such support over other employees not affected by the exigency. The University will assist employees to find suitable positions by notifying the Chancellor and Presidents of other universities and community colleges of the State Board of Regents System of the availability and qualifications of the terminated employees.

VII. Termination of Declaration of Financial Exigency

If the financial health of the University improves sufficiently, the President shall initiate a proposal for the termination of a declared state of financial exigency. The policies and procedures established by this policy shall continue in effect during the period of a state of financial exigency. At the termination of a declared state, that action by the State Board of Regents shall cause all policies, procedures, and bodies created in this policy for the sole purpose of making and implementing exigency decisions to cease to exist.

VIII. Definitions

The following are general definitions of words and terms used in this policy which are not defined above. These words and terms are subject to further qualification and definition in the previous sections of this policy.

- A. Reduction-in-force - the termination of employment of faculty or staff resulting from a budgetary crisis reflected in a declared state of financial exigency.
- B. Entire institution - the whole of Austin Peay State University, one of the institutions of the State Board of Regents System for which funds are separately appropriated by the Tennessee General Assembly.
- C. Academic or administrative unit - an academic department of other similar account-level unit.
- * D. Faculty Senate - the official representative faculty body devoted to governance (as implied in Board Policy 1:03:10:00).
- E. Student Government Association - the official representative student group devoted to student governance.
- * F. Support Council - the official representative staff body devoted to staff governance.
- G. Primary budgetary sub-unit - a major budgetary area of the University (e.g., academic affairs, student affairs, fiscal affairs) headed by an administrator reporting directly to the President.
- * Reference to specific Austin Peay State University Policy will not be included until a policy is written outlining organization and responsibilities of the Faculty Senate and a policy is written outlining same for Support Council.