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# On Institutional Problems Resulting from Financial Exigency: Some Operating Guidelines

The guidelines that follow reflect Association policy as set forth in the *Recommended Institutional Regulations on Academic Freedom and Tenure*,<sup>1</sup> *The Role of the Faculty in Budgetary and Salary Matters*,<sup>2</sup> and other policy documents. They were formulated by the Association's staff, in consultation with the Joint Committee on Financial Exigency, Committee A on Academic Freedom and Tenure, and the Committee on College and University Governance. They were first issued in 1971 and reissued in slightly revised form in 1972. The current text includes revisions approved by Committee A in 1978.

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1. There should be early, careful, and meaningful faculty involvement in decisions relating to the reduction of instructional and research programs. The financial conditions that bear on such decisions should not be allowed to obscure the fact that instruction and research constitute the essential reasons for the existence of the university.
  2. Given a decision to reduce the overall academic program, it should then become the primary responsibility of the faculty to determine where within the program reductions should be made. Before any such determination becomes final, those whose life's work stands to be adversely affected should have the right to be heard.
  3. Among the various considerations, difficult and often competing, that have to be taken into account in deciding upon particular reductions, the retention of a viable academic program should necessarily come first. Particular reductions should follow considered advice from the concerned departments, or other units of academic concentration, on the short-term and long-term viability of reduced programs.
  4. As particular reductions are considered, rights under academic tenure should be protected. The services of a tenured professor should not be terminated in favor of retaining someone without tenure who may at a particular moment seem to be more productive. Tenured faculty members should be given every opportunity, in accordance with Regulation 4c of the Association's *Recommended Institutional Regulations on Academic Freedom and Tenure*,<sup>3</sup> to readapt within a department or elsewhere within the institution; institutional resources should be made available for assistance in readaptation.
  5. In some cases, an arrangement for the early retirement of a tenured faculty member, by investing appropriate additional institutional funds into the individual's retirement income (ordinarily feasible only when social-security benefits begin), may prove to be desirable if the faculty member is agreeable to it.
  6. In those cases where there is no realistic choice other than to terminate the services of a tenured faculty member, the granting of at least a year of notice should be given high financial priority.
  7. The granting of adequate notice to nontenured faculty should also be given high financial priority. The nonreappointment of nontenured faculty, when dictated by financial exigency, should be a consideration independent of the procedural standards outlined in Regulation 4c, with one exception: when the need to make reductions has demonstrably emerged after the appropriate date by which notice should be given, financial compensation to the degree of lateness of notice should be awarded when reappointment is not feasible.
  8. A change from full-time to part-time service, on grounds of financial exigency, may occasionally be a feature of an acceptable settlement, but in and of itself such a change

should not be regarded as an alternative to the protections set forth in Regulation 4c or as a substitute for adequate notice.<sup>4</sup>

9. When, in the context of financial exigency, one institution merges with another, or purchases its assets, the negotiations leading to merger or purchase should include every effort to recognize the terms of appointment of all faculty members involved. When a faculty member who has held tenure can be offered only a term appointment following a merger or purchase, the faculty member should have the alternative of resigning and receiving at least a year of severance salary.

10. When financial exigency is so dire as to warrant cessation of operation, the institution should make every effort in settling its affairs to assist those engaged in the academic process so that, with minimal injury, they can continue their work elsewhere.

#### Notes

1. AAUP, *Policy Documents and Reports*, 11th ed. (Baltimore: Johns Hopkins University Press, 2015), 79–90.
2. *Ibid.*, 289–91.
3. *Ibid.*, 81–82.
4. See also note 3 of “Senior Appointments with Reduced Loads,” *ibid.*, 169.