

OFFICE OF THE CHANCELLOR
LOUISIANA STATE UNIVERSITY AT ALEXANDRIA

SUBJECT: PROCEDURES FOR DEALING WITH FINANCIAL EXIGENCY

PURPOSE: To describe advisory procedures to be followed in case of a financial shortfall so great that it will directly and deeply affect academic programs

GENERAL POLICY

Financial exigency is an imminent financial crisis which directly threatens the survival of the institution as a whole and cannot be alleviated by less dramatic measures. Nothing in this policy shall be construed as limiting or modifying the duties and responsibilities of any administrative officer, as outlined in the Bylaws and Regulations of the Board of Supervisors.

Before considering any actions affecting academic programs, nonacademic areas will be carefully reviewed for possible cuts. Nonacademic areas are outside the scope of the present document, which assumes that the Chancellor, after obtaining such advice as he/she deems appropriate, has determined that in order for the University to survive within its budget, academic areas must share in meeting the shortfall. In making such decisions, financial considerations should not obscure the fact that instruction constitutes the essential reason for the existence of this institution. Historically, such adjustments have been accomplished by attrition and nonrenewal of appointments in specific departments. The provisions of the present document and the accompanying procedures do not apply to this historical perspective, but to instances of extraordinary financial pressure which may necessitate the reduction and/or reallocation of university resources for academic programs. Under such circumstances, the faculty will play a significant role in keeping with its duties as outlined in the Bylaws and Regulations of the Board of Supervisors. Specifically: "The Faculty or Faculty Council shall establish curricula, fix standards of instruction, determine requirements for degrees, and generally determine educational policy, subject to the authority of the Board."

I. RESPONSES TO FINANCIAL EXIGENCY.

These responses may include a number of measures, among which could be:

- A. Retrenchment. Retrenchment results in the reduction or elimination of one or more academic programs or administrative structures.

- B. Program Change. Program change results in the reduction or elimination of one or more existing academic programs, in order to allocate the garnered funds to other programs deemed essential to the central functions of the University.

II. PROCEDURES

A. Declaration of Financial Exigency

1. If directed by the LSU Board of Supervisors, The Louisiana Board of Regents (or both) to declare financial exigency, the Chancellor will first consult jointly with the Faculty Senate and Planning Council. The Chancellor will provide these groups with the data suggesting the need for such a declaration, including remedies considered, but rejected, and the amount of the shortfall. If after these informal consultations, the Chancellor still believes a declaration of financial exigency is required, the Chancellor will notify the Faculty Senate and the Planning Council, in writing, and provide a complete specification of his or her reasons. In addition, both groups may receive any other data which they consider pertinent to their deliberations.
2. The Faculty Senate and the Planning Council are charged with reviewing the Chancellor's recommended declaration of financial exigency. These two bodies should work closely in coordinating the entire process.
3. Within 30 calendar days after receiving the written notification in A.1. (above), the Faculty Senate and Planning Council will report their findings to the Chancellor, expressing their agreement or disagreement with the Chancellor's proposal. Each body may offer alternatives for the Chancellor's consideration.
4. After considering the responses of the Faculty Senate and Planning Council under the direction of the LSU Board of Supervisors and the Louisiana Board of Regents (or both), the Chancellor may then declare that a condition of financial exigency exists. If the Chancellor's decision to declare financial exigency is made against the advice of either the Faculty Senate or the Planning Council, the Chancellor will provide a written explanation to the Faculty for doing so.
5. If financial exigency is formally declared, the matter will again be referred to the Faculty Senate and the Planning Council, and the procedures outlined in Sections B and C (below) will be followed.
6. The Faculty Senate and the Planning Council in consultation with the Deans and the Provost and Vice Chancellor for Academic and Student Affairs are hereby charged both with recommending how best to make up the shortfall within academic areas and with establishing criteria and guidelines.

B. Procedures in Cases of Declared Financial Exigency

1. The Provost and Vice Chancellor for Academic and Student Affairs will present to the Faculty Senate and the Planning Council the administration's view of how best to meet the shortfall, supplying the administration's detailed reasoning and

- the data on which that reasoning is based, for review in terms of academic impact. Both groups may also request any other information and conduct any studies that they deem necessary.
2. Academic programs will be categorized as follows to determine which should be continued in decreasing order or protection:
 - a. Programs considered essential to LSUA's role, scope and mission.
 - b. Programs that generate total revenues substantially in excess of total expenditures.
 - c. Programs which inter-relate with programs identified for continuation.Before placing programs in these categories, the Faculty Senate and the Planning Council will identify criteria for doing so and distribute these criteria to all program administrators and faculty for their consideration and comments. After receiving these comments, they will proceed with the categorization and distribute their findings to all program administrators for further comment.
 3. Programs not included in categories a-c will be considered for reduction or elimination first. If further cuts are required, categories c, b, and a, will be considered, in that order.
 4. Elimination of programs will be based entirely on the order established above. Reduction of programs will take this ordering into account, but need not be wholly bound by these considerations.
 5. When the Faculty Senate and the Planning Council decide on the best ways of meeting the shortfall, they will consult with the department chairs or directors of the affected programs prior to making a recommendation. Those administrators will be given a reasonable period of time to suggest a mechanism for implementing the proposal(s) of the bodies or for offering alternative proposals.
 6. Simultaneously, the Faculty Senate and the Planning Council will consult with the members of those programs prior to making a final recommendation. The members of the programs will be given 14 days to suggest a mechanism for implementing the proposal(s) of the two bodies or for offering alternative proposals.
 7. While the primary concern will be the present and the future educational needs of LSUA, the Faculty Senate and the Planning Council must recognize the value of tenure as the essential guarantee of academic freedom. Its preservation is one of the most important educational needs of the University. Therefore, even in a situation of financial exigency, the termination of tenured faculty should be recommended only for compelling reasons.
 8. Prior to making their recommendations, the Faculty Senate and the Planning Council must determine that the adjustments under consideration will fulfill the educational goals of the University, while still meeting the needs implicit in the budget. To this end, the two bodies will consult with the Provost and Vice

Chancellor for Academic and Student Affairs, Vice Chancellor for Finance and Administrative Services, and with other appropriate administrators, to provide the opportunity for comment.

9. After the above consultations have been completed, both Committees will draft their full recommendations and submit them to the faculty, in written form. An open meeting will be held to elicit faculty response. If the Faculty Senate and the Planning Council have markedly divergent reports, the Faculty Council shall express its preference between the two reports. After considering the faculty's views, both committees will make their final recommendations to the Chancellor. The recommendations must be submitted within a reasonable period of time after the declaration of financial exigency.
 10. After receiving the recommendations of the Faculty Senate and the Planning Council, the Chancellor will discuss them with the Committee on Courses and Curricula, and whomever else he/she deems appropriate.
 11. The Chancellor will then make a decision and notify the LSU System. The Chancellor will also notify the Planning Council and the Faculty Senate, as well as all parties directly affected. If the Chancellor's decision departs from the recommendations of the Committee, the Chancellor will inform the faculty, both in writing and in an open meeting, of his/her reasons for not accepting the recommendations and will also forward, in their entirety, recommendations of the Faculty Senate and Planning Council to the LSU System.
- C. Safeguards
1. Within the constraints of Louisiana law and retirement provisions, faculty members subject to early retirement or termination resulting from retrenchment or program change will be given appropriate severance pay based upon years of service and other relevant considerations. Nothing in this document will be used as a basis to deny the faculty member any severance pay or other benefit accorded to him or her by law or the regulations of the LSU Board of Supervisors.
 2. If a tenured faculty member or an untenured faculty member whose period of appointment has not expired must be terminated for financial reasons, the University will abide by professionally accepted standards of notification, unless severance pay can be provided in lieu of adequate notice.
 3. If a faculty member's position is to be eliminated, the University will make a good-faith effort to place the individual in another appropriate position.
 4. If a position vacated by a tenured faculty member is reopened within three years after its closure, it will first be offered, at the same rank and at least the same salary, to the person who vacated it. That individual will be given 30 calendar days from receipt of the offer to accept or decline.
 5. An individual receiving notice of termination will be given 21 calendar days to request a hearing on the grounds of prejudice, violations of academic freedom,

or violation of the procedures outlined in this document. A special committee appointed by the Faculty Council or Administrative Committee for this purpose, will forward its report to the Chancellor, and will follow the procedures set out in Policy on Faculty Grievance.

D. Emergency Considerations

If time constraints imposed by the legislative, gubernatorial, or LSU System action are such that the Chancellor is unable both to follow these procedures (including time limits set) and to maintain the fiscal integrity of the University, then the Chancellor will make exceptions to those provisions he/she deems necessary, with the following provisos:

1. The Chancellor shall make every effort to follow as many of these procedures as possible, including, at a minimum, consultation with the Faculty Senate and the Planning Council. In addition, he/she will submit, in writing, a clear statement of the reasons for failing to follow the procedures to the Faculty Council.
2. If these procedures, in the judgment of either the above-named committees, could be followed, a meeting of the Faculty Council will be called to deliberate the matter.
3. If program changes or cuts are to be made in such an emergency situation, the affected program(s) will be consulted and given three days to offer alternative actions.

III. DEFINITIONS

Financial Exigency. As used in this document, "bona fide financial exigency" arises when the university budget contains insufficient funding to accomplish all of the following:

- A. Maintain all existing academic programs and services at acceptable funding levels.
- B. Finance the full compensation of all tenured faculty.
- C. Finance the full compensation of faculty on fixed term appointment, including the period required to give timely notice.
- C. Or when the LSU Board of Supervisors or the Louisiana Board of Regents declares financial exigency.