

## Executive Summary

# The Role of the Faculty in Conditions of Financial Exigency

(JULY 2013)

In recent years, American institutions of higher education have begun closing programs that should be part of any serious educational institution's curricular portfolio and have been implementing policies that further erode the ranks and the discretionary power of the tenured professoriate. Program closures on the scale we have recently witnessed represent a massive transfer of power from the faculty to the administration over curricular matters that affect the educational missions of institutions, for which the faculty should always bear the primary responsibility. In most cases the decisions to close programs are made unilaterally and are driven by criteria that are not essentially educational in nature; they are therefore not only procedurally but also substantively illegitimate. Increasingly, administrators are making budgetary decisions that profoundly affect the curricula and the educational missions of their institutions; rarely are those decisions recognized as decisions about the curriculum, even though the elimination of entire programs of study (ostensibly for financial reasons) has obvious implications for the curricular range and the academic integrity of any university.

This report responds to this state of affairs in two ways: one, by making recommendations intended to strengthen shared governance and faculty consultation with regard to program closures and, two, by addressing the gap between Regulation 4c and Regulation 4d of the AAUP's *Recommended Institutional Regulations on Academic Freedom and Tenure*. Regulation 4c pertains to financial exigency, and

Regulation 4d concerns program discontinuance based on educational considerations.

*First*, as to governance and consultation, this report insists that faculty members must be involved in consultation and deliberation at every stage of the process, beginning with a determination that a state of financial exigency exists. We offer specific recommendations for such faculty involvement:

1. Before any proposals for program discontinuance on financial grounds are made or entertained, the faculty should have the opportunity to render an assessment in writing on the institution's financial condition.
2. Faculty bodies participating in the process may be drawn from the faculty senate or elected as ad hoc committees by the faculty; they should not be appointed by the administration.
3. The faculty should have access to, at minimum, five years of audited financial statements, current and following-year budgets, and detailed cash-flow estimates for future years.
4. In order to make informed proposals about the financial impact of program closures, the faculty needs access to detailed program, department, and administrative-unit budgets.
5. The faculty should determine whether "all feasible alternatives to termination of appointments have been pursued," including expenditure of one-time money or reserves as bridge funding, furloughs, pay cuts, deferred-compensation plans, early-retirement packages, deferral of

nonessential capital expenditures, and cuts to noneducational programs and services, including expenses for administration.

6. Faculty members in a program being considered for discontinuance because of financial exigency should be informed in writing that it is being so considered and given at least thirty days in which to respond. Tenured, tenure-track, and contingent faculty members should be involved.

*Second*, this report proposes a more detailed and specific definition of “financial exigency” that will extend the standard of exigency to situations not covered by our previous definition. As set forth in the introduction, our new definition names a condition that is less dramatic than that in which the very existence of the institution is immediately in jeopardy but is vastly more serious and threatening to the academic integrity of the institution than ordinary (short- and long-term) attrition in operating budgets. Financial exigency can legitimately be declared only when the institution’s academic integrity will be fundamentally compromised by prolonged and drastic reductions in funds available to the institution and only when the determination of the institution’s financial health is guided by generally accepted accounting principles. In proposing this new definition, however, we insist that financial exigency is not a plausible complaint from a campus that has shifted resources from its primary missions of teaching and research toward the employment of increasing numbers of administrators or toward unnecessary capital expenditures.

The AAUP has long acknowledged that a college or university can discontinue a program of instruction, but our standard has been that if the discontinuation is not undertaken for financial reasons, it must be shown to enhance the educational mission of the institution as a whole; we have long acknowledged that programs can be cut in times of financial exigency, but only if an appropriate faculty body is involved in the decision-making process, beginning with the determination of whether an institution is experiencing bona fide financial exigency. But by and large, the program closings of recent years do not meet any of these standards. They represent a violation of the principles on which American higher education should operate and must be contested by a vigorous, principled, and informed faculty. ■