

Memorandum of Administrative Policy Financial Exigency Policy

Area: Academic Affairs

Section: Faculty Leaves, Retirement, and Dismissal

Number: 04.A.03 AP

Definition of Financial Exigency

For the purposes of this policy, a financial exigency is a bona fide imminent financial crisis that threatens the continuation of the academic programs in their present form and that cannot be alleviated by other means. This refers to extremely serious financial problems, not minor or temporary budget difficulties. These financial problems may be due to a budget shortfall, low enrollment, or increased overhead expenses. The definition also includes its primary consequence: the authority to dismiss tenured and tenure-track faculty, potentially due to the cancellation of a program. This step should only be taken after all reasonable alternatives have been exhausted. A declaration of exigency requires that the dismissal of tenured and tenure-track faculty is likely, even if not imminent.

Consultation Prior to Declaration of Exigency

When the University of Houston–Clear Lake President believes that a bona fide financial exigency exists, he or she shall meet with the Faculty Senate at least thirty days before a Board of Regents meeting. The purpose includes examining the root causes of the exigency. The request for the meeting must include written documentation and detailed financial data. The Faculty Senate will then provide advice and consultation to the President. Any disagreements should be noted, and the Faculty Senate President will present the Senate’s position to the

UHCL President.

Declaration of Financial Exigency

Only the Board of Regents may declare a financial exigency. Before doing so, the Board must meet in open session to consider the positions of the UHCL President and the Faculty Senate President. A declaration requires an affirmative vote of the Board under its bylaws.

Consultation During Exigency

After an exigency is declared, major steps for addressing the financial crisis will be reviewed jointly by the UHCL President and the Faculty Senate. Proposals to terminate or significantly alter academic programs must be submitted by the President to the Faculty Senate for consideration.

Consideration of Less Drastic Alternatives Prior to Termination of Faculty

Before issuing notices of dismissal to tenured or tenure-track faculty or canceling academic programs, the UHCL President must thoroughly explore reasonable alternatives, including:

- a. Reducing budgets
- b. An early retirement program
- c. Voluntary leaves of absence, voluntary salary reductions, or reassignment to part-time roles
- d. Temporary workload adjustments, including reduced summer course offerings
- e. Transfer of faculty to other qualified positions at UHCL, including teaching in other programs

- f. Reduction or postponement of nonacademic expenses
- g. Sale of assets or other revenue-generating measures
- h. Increased charges such as facility rental fees
- i. Elimination of administrative or staff positions
- j. Reduction in administrative, faculty, or staff salaries

Plan for Retrenchment

A retrenchment plan must be approved by the Board of Regents before actions are taken based on a declaration of financial exigency. Before approval, the Board must meet in open session to consider the positions of the UHCL President and the Faculty Senate. Terminations of faculty or major changes in academic programs must follow the principles of the plan and this policy. Only under extraordinary circumstances may tenured faculty in one program be terminated while untenured faculty are retained in another program where tenured faculty are qualified to teach. Academic considerations, determined in consultation with the Faculty Senate, must guide decisions. No area of the university is exempt from potential effects of an impending financial crisis. Issues related to recovery must be incorporated into the plan.

Order of Termination

Except in extraordinary cases where academic programs would be distorted, non-tenure track faculty must be terminated before tenure-track faculty, and untenured tenure-track faculty must be terminated before tenured faculty. Where possible, preference should be given to tenured faculty of higher rank and more senior faculty within rank. All relevant federal and state laws, including nondiscrimination laws, must be followed.

Termination Notice and Procedure

Termination of tenured faculty and tenure-track faculty with at least eighteen months of probationary service requires at least twelve months' notice. Tenure-track faculty in their first probationary year must receive notice at least three months before the end of the academic year; in the second year, notice must be given at least six months in advance.

Recommendations for dismissal are initiated by the President with consultation from the Faculty Senate. The final decision is made by the Chancellor with concurrence of the Board of Regents. The administration must ensure compliance with all applicable state and federal laws. After receiving notice and before termination, eligible faculty may choose retirement.

Procedures for Review of Personnel Actions Based on Financial Exigency

Any faculty member given notice of termination or impacted by an action permissible only under an exigency is entitled to a hearing before a designated faculty body consisting of at least five faculty members from the Council of Professors. One member is selected by the affected faculty member; one is selected by the UHCL President. Within ten working days, these two must select the remaining members. If they fail, the Faculty Senate President will select the remaining members within ten additional working days. Issues to be reviewed include:

- a. Disagreements regarding the existence or extent of a bona fide financial exigency
- b. Adherence to the retrenchment plan
- c. Compliance with procedural requirements
- d. Improper motives such as discrimination or violations of academic freedom

The university bears the burden of proof. The findings of the Faculty Senate on the existence of

a financial exigency may be used. The review committee will send its recommendation to the UHCL President and the faculty member.

Policies Related to Financial Exigency

The following apply to tenured and tenure-track faculty dismissed due to financial exigency:

- a. Job placement services will be provided at no cost.
- b. Eligibility for state premium sharing and university-sponsored group insurance continues through the notice period. Up to eighteen additional months of coverage are available through COBRA without premium sharing; the individual pays full cost.
- c. From notice until final termination of duties, faculty may enroll in courses for credit without payment of tuition or fees, provided they meet job obligations and admission requirements.
- d. If positions eliminated due to exigency are reinstated within two years of termination or within two years of the end of the exigency, whichever is longer, the university must first offer those positions to qualified tenured faculty terminated under the exigency. The offer is for a tenured position at the previously held rank and must be made only once. No new academic, staff, or administrative appointments may be made while an exigency is in effect unless needed to prevent disruption of academic programs.

Revision Log

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