

## Sections M & N

From the Earlham College Faculty Handbook:

### **Section M - Faculty Reduction Due to Financial Exigency**

1. Termination of faculty contracts by the institution before the end of their specified term may only be made for adequate cause (as explained in Handbook Section I on Tenure), financial exigency, or discontinuation or reduction of a program or a department. These circumstances also apply to termination or reduction of employment of a person on part-time appointment or fractional salary.

2. Faculty reduction in times of financial exigency should be consistent with the College's commitments to academic excellence, and Earlham policies relating to equal opportunity employment and affirmative action. Before faculty reductions are made by early termination of contractual obligations, other procedures should be attempted to the extent that they are consistent with the integrity of educational program; these procedures include natural attrition, voluntary early retirement, and voluntary leaves of absence. In the event that Earlham should consider early termination of contractual obligations for reasons of financial exigency, Earlham will use the following determination that a state of financial exigency exists. Earlham does not consider itself bound by other definitions and determinations used by other institutions or academic associations.

The President of Earlham, and the Board of Trustees shall make the determination that a state of financial exigency exists or is imminent. The President shall have consulted with the Budget Committee, for their advice in making that determination. The following criteria, any one of which will be sufficient, will inform that decision.

- a. A decline in total student enrollment totaling 20% or more over a period of three years;
- b. A current operating deficit, as defined by the Budget Committee, in excess of 3% of the College budget for three consecutive years, or 10% in a single year;
- c. A reduction in the market value of the assets available to Earlham to deal with financial difficulty to 25% of the College operating ("Green Book") budget for the current fiscal year. These assets in order of availability are

(1) unrestricted Current Fund balances and any reserves specifically designated by the Board for the support of the College, (2) the Earlham and White River Farms, and (3) College quasi-Endowment, primarily resulting from the reinvestments of cash flow in excess of the 4% spending limitation.

The President is not obligated to declare a state of financial exigency if any or all of these conditions obtain.

3. If the President (having sought advice in consultation with the Budget Committee) and the Board of Trustees, decide that a condition of financial exigency exists or is imminent, public notice shall be given of this. The Curricular Policy Committee and the Faculty Affairs Committee then are responsible for recommending specific discontinuance or reduction of a program or a department, and the Faculty Affairs Committee is responsible for recommending specific personnel decisions. Two weeks before these committees forward their recommendations to the President, the faculty directly involved in the reductions shall be informed and given the opportunity to speak before the appropriate committee. Final action will be taken by the President in consultation with the Academic Dean, and approved by the Board of Trustees.

4. Before terminating a faculty contract for reason of financial exigency earlier than the time of expiration of the contract, the College will make reasonable efforts to place the person in a position for which he/she is qualified. A position so opened will not be filled with a replacement within a period of three years, unless the released faculty member has been offered re-employment with at least his/her previous rank, and has been given at least one month within which to accept or decline.

5. Written notice that employment is to be terminated because of financial exigency shall be as follows:

a. For all untenured faculty, not later than December 31; or if the appointment terminates during the academic year, at least six months in advance of its termination.

b. For tenured faculty at least 15 months. Earlham shall have the option of substituting equivalent severance salary and benefits for the 15 months. The institution will have the right to discontinue severance salary and benefits whenever the faculty member assumes another position of comparable rank and salary.

## 6. Appeal Process

a. A faculty member wishing to appeal a termination or non-voluntary reduction in employment due to financial exigency may make a written request to the President that an Appeal Committee be established. This request must be made within two weeks of the date of the notice to terminate or reduce employment. The Appeal Committee will consist of three teaching faculty acceptable to both the President and the faculty person.

b. All relevant material will be submitted to the Appeal Committee in writing. These must include:

(1) The reasons for termination, with any supporting documents the administration may wish to submit;

(2) The reasons for appeal, with any supporting documents from the faculty member.

c. The only basis for appeal is that the process of decision-making defined in this Handbook has been violated.

d. The Appeal Committee may recommend either of two things:

(1) The appeal is not sustained and no further College action is recommended;

(2) The decision-making process ought to be repeated because of a violation of the decision-making process. A copy of the recommendation, in writing, will be sent to the President and to the faculty member.

e. The official record of the Appeal Committee, to be kept in the President's Office will consist of the following:

(1) All written materials received from the administration, the faculty member, and any other parties seen to be appropriate by the committee;

(2) A copy of the Committee's recommendation;

(3) A log of the Committee's actions, including times of meeting, documents received, and a record of parties with whom the Committee or its members conversed.

**Section N - Discontinuance or Reduction of a Program or Department not Mandated by Financial Exigency**

Termination of a tenured or provisionally tenured appointment, or of a probationary or term appointment, before the end of the specific term, may occur as a result of the discontinuance or reduction of a program or department of instruction. The following standards and procedures will apply:

1. Formal discontinuance or reduction of a program or a department will be based on an overall written plan for the academic program and staffing. This plan will be built upon long range judgments derived from the College's mission and objective of educational service and in consultation with the Faculty Meeting. Curricular Policy Committee and Faculty Affairs Committee are responsible for recommending specific discontinuance or reduction of a program or department, and the Faculty Affairs Committee is responsible for recommending specific personnel decisions. Final action will be taken by the President in consultation with the Academic Dean and approved by the Board of Trustees.
2. Consideration of discontinuance or reduction of a program or a department may include the pattern of enrollments in the department or program's combined course offerings and the enrollments per teaching FTE.
3. Before the administration issues notice to a faculty member of its intention to terminate an appointment because of formal discontinuance or reduction of a program or department of instruction, the College will make reasonable efforts to place the affected faculty member in another suitable position in the College, if such a position is available. If no position is available within the College, the faculty member's appointment then may be terminated, following written notification. The place of the faculty member concerned will not be filled by a replacement within a period of three years, unless the released faculty member has been offered reappointment with at least his/her previous rank, and has been given at least one month within which to accept or decline.
4. The Appeal Process is outlined in Handbook Section M