



Faculty Senate  
MURRAY STATE UNIVERSITY

# Faculty Senate Handbook Revision FSH 25-26-7

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## Dismissal for Bona Fide Financial Reasons

1<sup>st</sup> Reading Draft Proposal Date: 4/7/2026

Final Proposal Date:

**Handbook section number and title:** 2.8.5 Financial Exigency and Reductions in Force

**Subsection number and title:** 2.8.5.1 Financial Exigency, 2.8.5.2 Reduction in Force, and 2.8.5.3 Appeal Procedure

**Handbook Revisions:** Update items in red and delete items in red and strike-through.

### Official Use Only

Faculty Senate voting results: Yes: \_\_\_\_\_ No \_\_\_\_\_ Abstain: \_\_\_\_\_  
Signature, Secretary of the Senate

Signature, President of the Faculty Senate  
Passed \_\_\_\_\_ Failed \_\_\_\_\_ Date \_\_\_\_\_

Signature, Vice President for Academic Affairs  
Approved \_\_\_\_\_ Not Approved \_\_\_\_\_ Needs Study \_\_\_\_\_

Signature, President of University  
Approved \_\_\_\_\_ Not Approved \_\_\_\_\_ Needs Study \_\_\_\_\_

Board of Regents: Approved \_\_\_\_\_ Rejected \_\_\_\_\_  
Date of BOR meeting \_\_\_\_\_

Received by University President's Office: \_\_\_\_\_ Date: \_\_\_\_\_  
Returned to Faculty Senate Office: \_\_\_\_\_ Date: \_\_\_\_\_

**Rationale:**

Whereas, the Faculty Senate has the responsibility of initiating any policies relating to the rights and responsibilities of faculty members incident to their employment by the University;

Whereas, [House Bill 490](#), passed during the 2026 Regular Session of the Kentucky General Assembly, amends KRS 164.360 to allow faculty dismissals for bona fide financial reasons, including “financial exigency, low enrollment in a particular program or major, or misalignment of revenue and costs in a particular college, department, program, or major”;

Whereas, House Bill 490 additionally requires that “the process by which removal . . . shall be proposed, evaluated, and decided shall be established by each board and provided to all faculty members, with an effective date no later than October 1, 2026”;

Whereas, current University policy (Faculty Handbook Section 2.8.5) addresses faculty dismissals in the context of financial exigency and reductions in force, but revisions are necessary to ensure alignment with House Bill 490; and

Whereas, development of such handbook revisions requires an open, transparent, and inclusive process consistent with the principles of shared governance; now, therefore, be it resolved

**SECTION 2.8.5 OF THE FACULTY HANDBOOK IS AMENDED TO READ AS FOLLOWS:****2.8.5 Dismissal for Bona Fide Financial Reasons Financial Exigency and Reductions in Force**

Sometimes it may become necessary to reduce the number of faculty members carried on the university payroll due to an extreme financial shortfall, program elimination, or other reorganization.

Dismissal proceedings may be instituted on the basis of the grounds as set forth in Kentucky Revised Statutes 164.360(6), which states:

“(6) (a) In addition to removal for cause as provided in subsections (4) and (5) of this section, a faculty member may be removed by the board for bona fide financial reasons, including but not limited to:

1. Financial exigency;
2. Low enrollment in a particular program or major; or
3. Misalignment of revenue and costs in a particular college, department, program, or major.”

Bona fide financial reasons shall not be used as a substitute for established procedures for dismissal for cause, and any dismissal based on faculty performance or conduct shall only proceed pursuant to Section 2.8.6

Any reduction of faculty positions for bona fide financial reasons under this section shall be supported by documented multi-year financial analysis conducted within the broader institutional context. Such analysis shall consider institutional revenues and expenses in relation to the broader academic context and mission and shall not rely on any single metric or single-year period. When such action involves a

tenured faculty member, the analysis shall further demonstrate a material change in institutional circumstances sufficient to justify departure from the §2.7.4.2 (Needs of the University) determination made at the time of tenure that the faculty member's continued service aligned with the University's sustained long-term academic needs.

The analysis and supporting financial data shall be shared with the Faculty Senate and the Faculty Regent, subject to applicable confidentiality protections, and shall include consultation through established shared governance processes prior to submission of a recommendation to the Board.

Faculty separated for bona fide financial reasons shall ordinarily receive notice consistent with their appointment status and applicable contractual provisions, subject to the minimum requirements set forth below. No reduction of faculty positions for bona fide financial reasons shall occur until after at least thirty (30) days' notice in writing, stating the reason for removal, and after an opportunity has been given to the faculty member to respond before the board by counsel or otherwise and to introduce testimony which shall be heard and determined by the board, as required by KRS 164.360(6)(b).

A tenured faculty member shall receive written notice of separation at least twelve (12) months prior to the effective date of separation, which shall ordinarily occur at the conclusion of the faculty member's appointment year. Departure from this requirement shall occur only pursuant to a formally declared institutional financial exigency and shall be supported by written documentation articulating the financial circumstances necessitating such deviation. Such documentation shall be provided to the affected faculty member with a general rationale provided to the Faculty Senate.

In implementing separations for bona fide financial reasons, the University shall give primary consideration to tenure status and shall also consider seniority. A tenured faculty member shall not be separated while a non-tenured faculty member is retained in a substantially comparable appointment within the same academic department or unit, unless retention of the non-tenured faculty member is demonstrably necessary to preserve essential programmatic integrity. Any deviations from seniority shall be supported by documented consideration of programmatic needs. Any such determinations shall be made by the Provost based on the documented analysis supporting the proposed action. A tenured faculty member separated for bona fide financial reasons shall retain priority of review in the hiring process for a period of two (2) years following the effective date of separation. During that period, no new appointment shall ordinarily be made in an academic field, program, or position for which the faculty member is qualified unless the faculty member has been offered priority consideration in the hiring process.

#### **2.8.5.1 Financial Exigency**

A declaration of financial exigency shall be made only in accordance with and subject to the standards set forth in Section 2.8.5. In the event of a budget crisis, the university will always make good faith efforts to protect faculty members from the full effects of the shortfall. However, if the Board of Regents decides that after taking other reasonable steps, it is necessary to reduce the faculty payroll, it may vote to declare a state of financial exigency. Although priority will be given to protecting the appointments of senior and tenured faculty, all faculty positions may be considered for ~~are available for~~ elimination once a state of financial exigency has been declared by the Board.

If such a declaration should be made, the Provost and Vice President for Academic Affairs will meet together with the Deans, the Faculty Regent, the President of the Faculty Senate, and the Chair of the Faculty Handbook and Personnel Committee to receive advice on establishing a rational means of carrying out the reduction goals established by the Board. The Provost and Vice President for Academic Affairs will then recommend a reduction plan to the President who, in turn, shall seek final approval of the plan by the Board of Regents.

### **2.8.5.2 Reduction in Force**

A reduction in force shall be implemented only in accordance with and subject to the standards of Section 2.8.5. If the Board of Regents should vote to eliminate an academic program or to combine academic programs resulting in a reduction of faculty positions, all faculty positions in that/those program(s) ~~become available~~ may be considered for elimination. However, the university must make a good faith effort to protect tenured faculty members from loss of position in the event of a reduction in force. As long as a vacant position exists somewhere in the university which the tenured faculty member might reasonably fill, as determined through a documented review conducted by the Provost in consultation with appropriate administrators of the ~~effected~~ affected units, such position should be offered to the faculty member, at a salary and benefit level reasonably consistent with the faculty member's rank and status, unless otherwise agreed by the faculty member. ~~although not necessarily at the same salary or benefit level he/she was receiving in his/her previous position~~

### **2.8.5.3 Due Process Review Prior to Board Action ~~Appeal Procedure~~**

~~Any faculty member who is separated from the university as a result of financial exigency or other reduction in force has a right to a due process hearing. In consultation with the Faculty Senate the President shall name a hearing body. The hearing body shall establish appropriate due process procedures to guide the hearing process. The hearing board shall make its recommendation to the President. The President has the right to consult with appropriate individuals while considering the recommendation and prior to making a final decision. The faculty member shall have the right to request a hearing before the Board of Regents. Such request shall be made in writing no later than thirty (30) days after receiving the written decision of the President.~~

Prior to consideration by the Board of Regents, any proposed dismissal of a faculty member for bona fide financial reasons shall be subject to review by an ad hoc committee constituted in accordance with this section. The committee's review is advisory and shall not extend to the evaluation of broader institutional financial strategy. The committee shall review compliance with §2.8.5, including whether the asserted bona fide financial reasons are supported by the financial analysis provided; whether the selection of the faculty member proposed for dismissal within an academic department or unit is supported by the documentation and consistent with the criteria and procedures established in this section; and, in the case of a tenured faculty member, whether that analysis demonstrates a material change in institutional circumstances.

The committee shall consist of seven faculty members, including three appointed by the Faculty Senate, three appointed by the President, and a chair jointly designated by the Faculty Senate President and the Provost. In constituting the committee, administrative faculty may be considered, and efforts shall be made to achieve a balance of perspectives, including representation across colleges and a majority of

tenured faculty. No member of the committee shall have participated directly in the preparation of the financial analysis or in the decision to recommend the proposed dismissal(s) under review.

Upon issuance of written notice under KRS 164.360(6)(b), the President shall provide the committee and the affected faculty member the documentation relied upon in proposing dismissal, subject to applicable confidentiality protections. The affected faculty member shall have the right to submit a written response and supporting documentation and to appear before the committee for a hearing limited to the scope of review. The committee may conduct joint review and hearings where multiple dismissals arise from the same financial determination, while preserving each affected faculty member's opportunity to present individually. The committee may request clarification from the administration and shall issue written findings addressing each of the elements described above and a recommendation to the President, with a copy provided to the affected faculty member, in a timely manner. The President shall transmit the committee's written findings and recommendation, along with any written response, to the Board in advance of the Board's consideration of the dismissal.

Nothing in this section alters the authority of the Board of Regents under KRS 164.360(6) to make the final determination regarding dismissal or the faculty member's right to respond before the Board.

#### **SECTION 2.2.3 OF THE FACULTY HANDBOOK IS AMENDED TO READ AS FOLLOWS:**

##### **2.2.3 Contracts for Tenured Faculty**

A tenured faculty member normally is entitled to annual contract renewal unless the faculty member is dismissed for cause pursuant to the provisions of Section 2.8.6 of the Faculty Handbook or separated due to ~~financial exigency or other reduction in force~~ bona fide financial reasons pursuant to the provisions of Section 2.8.5 of the Faculty Handbook.

#### **SECTION 2.7.1 OF THE FACULTY HANDBOOK IS AMENDED TO READ AS FOLLOWS:**

##### **2.7.1 Purpose of Tenure**

Academic tenure may be granted only by formal action of the Board of Regents following the completion of the process described in this policy. The granting of academic tenure is an action with legal, societal and ethical implications. Therefore, the recommendation for tenure will be a deliberate and thoroughly considered act. Academic tenure is granted to a member of the faculty for three reasons:

1. To maintain an atmosphere favorable to academic freedom.
2. To provide the faculty member a reasonable expectation of security so that the university may attract and retain quality professional men and women.
3. To promote institutional stability by creating a faculty with a strong, long-term commitment to Murray State University.

Once tenure has been granted, the faculty member will receive an annual contract renewal (described in Section 2.2.3) unless the faculty member is dismissed for cause pursuant to the provisions of Section 2.8.6 or separated due to ~~financial exigency or other reduction in force~~ bona fide financial reasons pursuant to the provisions of Section 2.8.5 of the Faculty Handbook.