

Information

Removal of Faculty for Bona Fide Financial Reasons

Effective

October 1, 2026

Applicability

This policy applies to all faculty of the University of Louisville (University). This policy governs the removal of a faculty member for bona fide financial reasons under The Redbook and as set forth in KRS 164.830 (1)(b)5. It does not govern removal for cause (including failure to meet University performance and productivity requirements), non-renewal of a probationary appointment, or the non-renewal of a term appointment at the end of its specified term. The Redbook addresses each of those elsewhere.

Administrative Authority

Executive Vice President and University Provost; Executive Vice President for Finance and Administration/Chief Financial Officer

Responsible Unit

Executive Vice President and University Provost

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provost@louisville.edu

History

This policy was approved by the Board of Trustees on September 17, 2026 effective October 1, 2026.

Categories

Reason for Policy:

House Bill 490 (2026 Regular Session) amended KRS 164.830 to permit the University Board of Trustees (Board) to remove a faculty member for bona fide financial reasons, including but not limited to financial exigency, low enrollment in a particular program or major, or misalignment of revenue and costs in a particular college, department, program, or major.

The statute directs the Board to establish the process by which such a removal is proposed, evaluated, and decided, to provide that process to all faculty members, and to make it effective no later than October 1, 2026. The Redbook states the ground for removal and the authority to decide it; this policy outlines the process for implementation.

Statement:

The University affirms that both faculty and responsible stewardship of public resources are essential to fulfill and sustain the academic mission of the University. Furthermore, our institutional values, as expressed in our Cardinal Principles, represent the University's commitment to its faculty and their contributions to the mission of the University. The removal of a faculty member is an extreme measure and removal pursuant to this policy should only occur consistently with Redbook Section 4.5.6.

The University may remove a faculty member under this policy only for a bona fide financial reason. Low enrollment or misalignment of revenue and costs illustrate potential circumstances upon which a bona fide financial reason may rest. In such circumstances, the record must demonstrate that the low enrollment or misalignment of revenue and costs is the underlying cause of the financial condition upon which the University relies.

Related Information:

No action under this policy may be taken on a faculty member's academic freedom related to teaching, research, creative activity, service, protected speech, participation in shared governance, or exercise of any right under The Redbook or under law.

This policy states minimum requirements and does not limit any right of a faculty member afforded by The Redbook, by an individual contract of employment, or by law. Amendments to this policy do not apply to any proceeding pending on the date of amendment.

Definitions:

Bona fide: Genuine, documented, and advanced in good faith for the financial reason stated.

Financial exigency. A financial crisis that imminently affects the fiscal stability or sustainability of the University and its ability to carry out its core mission for education and research in the Commonwealth of Kentucky. Financial exigency must be declared by the University Board of Trustees.

Low enrollment. Enrollment in a program or major that, averaged over the most recent academic years, has fallen and remained below the level necessary for program or major revenues to cover program or major costs as evaluated in the context of the University's strategic mission, priorities, and values.

Misalignment of revenue and costs. A condition in which the total direct cost of sustaining a college, department, program, or major significantly exceeds the total generated revenue, based on current and multi-year financial data. Direct costs include salary, fringe, and operating expenses associated with the administration, instruction, and operation of the respective college, department, program, or major as reported in university financial reports. Revenue attributed to a college, department, program, or major includes allocated tuition and fee revenues per the university's budget model, other allocated general fund support, salary recovery from its sponsored programs, miscellaneous general and non-fund revenues, plus endowment and gift dollars designated to it.

Program or major. A course of academic study leading to a degree or credential as listed for the University in the Kentucky Academic Program Inventory maintained by

the Council on Postsecondary Education.

Retrenchment. Measures undertaken in the evaluation of an appointment for termination, including but not limited to consideration of the range of course offerings of the institution, the importance of the program to the academic objectives of the unit, faculty status, and the prospects for future funding from all possible sources.

Procedures:

A. General Procedures for Removal of Faculty for Declaration of Financial Exigency

1. The President presents to the University Board the financial record supporting a declaration of financial exigency.
2. The Board will review the financial record and determine if a declaration of financial exigency is appropriate. The declaration should include the condition, the evidence supporting it, and an estimated duration.
3. The President recommends, and the Board approves, the scope of any reduction.
4. The University should provide the faculty member notice in writing one-hundred twenty (120) days, when practicable, but in no event upon less than thirty (30) days notice, of its recommendation to remove a faculty member under this policy. In no case shall a faculty member be removed with less notice than required by KRS 164.830. Such notice shall be in writing (1) stating the reason for removal, (2) citing the data, measures, and criteria principally relied upon when making the decision, and (3) providing for an opportunity for the faculty member to respond before the University Board by counsel or otherwise.
5. The Board removes the declaration of financial exigency when the condition no longer exists. Terminations recommended but not yet effective when the declaration is removed do not proceed.
6. Unless otherwise expressly stated in this Section A, the procedures of Section B do not apply in the case of financial exigency.

B. General Procedures for Removal of Faculty for Other Bona Fide Financial Reasons

1. **Criteria for selecting appointments.** The University shall develop specific and measurable criteria by which individual appointments are selected for removal. Criteria are provided to the impacted faculty prior to the University making a final recommendation for termination. The University shall not remove a faculty member holding tenure in order to retain a faculty member without tenure.
2. **Placement and retraining.** Before recommending removal of a faculty member, the University should make a good faith effort, to place impacted faculty in another suitable position for which they are eligible, and consistent with other applicable University policies.
3. **Offer of alternative separation options.** The University may make a good faith effort to provide the affected faculty member alternative separation options including but not limited to phased retirement, early retirement incentives, and voluntary separation.
4. **Notice.** The University should provide the faculty member notice in writing one-hundred twenty (120) days, when practicable, but in no event upon less than thirty (30) days notice, of its recommendation to remove a faculty member under this policy. In no case shall a faculty member be removed with less notice than required by KRS 164.830(1)(d). Such notice shall be in writing (1) stating the reason for removal, (2) citing the data, measures, and criteria principally relied upon when making the decision, and (3) providing for an opportunity for the faculty member to respond before the University Board by counsel or otherwise.
5. **Retrenchment Efforts.** Before any recommendation to the Board the University documents the implementation and outcome of retrenchment efforts.
6. **Right to Review of Written Record.** A decision made under this policy is not subject to the grievance procedures provided in the Redbook. The faculty member may, however, elect to have the written record of the notice of termination reviewed by the University's designated review committee prior to a hearing before the Board. The scope of review is limited exclusively to whether the procedures outlined in this Section B were followed, and the review committee shall not substitute its judgment on the merit of the determination of low enrollment or misalignment. If the faculty member elects this review, the faculty member shall submit a written request to the review committee's chair within three (3) business days of receipt of the notice. The review committee shall have ten (10) business days from receipt of the request to review the

written record submitted by the faculty member, and any other appropriate records. The review committee shall prepare a written summary of its review and provide a copy to the faculty member and to the Board within the review period.

7. **Right to Hearing Before Board.** The faculty member, by counsel or otherwise, may introduce testimony which shall be heard and determined by the Board regarding the termination recommendation before the termination becomes effective.
8. **Non-replacement.** Where an appointment is removed under this policy, the University shall not fill that position for a period of three (3) years without first offering reappointment, at the rank as of the date of removal, to the removed faculty member and allowing a reasonable period to accept or decline.

C. Specific Procedures for Termination of Faculty on the Basis of Low Enrollment in a Particular Program or Major

1. The decision for termination in the case of low enrollment should align with the University's established academic program review process.
2. This review will include consideration of the range of course offerings of the institution, the importance of the program to the academic objectives of the unit, faculty status, and the prospects for future funding from all possible sources.
3. The program review states the goals the unit must achieve and establishes a timeline for achieving them, agreed upon by the University administration, the Dean, and the program director.
4. The University applies the requirements of Section B before any removal takes effect.

D. Specific Procedures for Termination of Faculty on the Basis of Misalignment of Revenue and Costs in a Particular College, Department, Program or Major

1. Financial misalignment in a college, department, program, or major may occur, if over a rolling multi-year review period, the unit's attributable revenues are insufficient to cover its direct costs by an established institutional threshold. The condition must be persistent rather than temporary, and no documented strategic rationale exists for continued institutional subsidy or support.
2. This review will include consideration of the range of course offerings of the institution, the importance of the program to the academic objectives of the unit, faculty status, and the prospects for future funding from all possible

sources.

3. The program review states the goals the unit must achieve and establishes a timeline for achieving them, agreed upon by the University administration, the Dean, and the program director.
4. Where the University determines that removal of faculty is necessary under this section, the President recommends removal to the University Board based on the financial record created pursuant to this policy.
5. The University applies the requirements of Section B before any removal takes effect.