

March 9, 2022

Dear Members of the Financial Exigency Committee,

I wanted to provide an update to you on our process of Reimagining Henderson and to make you aware of important upcoming timelines and events as we begin our work together. This Friday, I plan to update the Arkansas State University System Board of Trustees on our progress and anticipated next steps at the Board's meeting in Newport. The next step is for the Board of Trustees to certify our recommendation of financial exigency, which I anticipate will take place at a special Board meeting called for this purpose on March 28. Before that meeting takes place, I will forward the recommendations of the Faculty Senate, Provost and the academic administrative personnel to the Board of Trustees along with my own recommendations. We will post those communications to the Reimagining Henderson website at <https://www.hsu.edu/futureofhenderson>.

If the Board certifies that a financial exigency exists at that special meeting, we will have 30 days from that date to begin the formal process of restructuring our campus by proposing to the Board that we reduce or eliminate instructional programs as well as terminate and/or reduce employment of faculty. If financial exigency is certified on March 28, I plan to host a campus conversation during that same day to discuss next steps. The Faculty Handbook requires that the Provost and Financial Exigency Committee "oversee the termination of those faculty members whose appointments are to be recommended for termination."

In addition, the Handbook provides that the Financial Exigency Committee does three things:

1. Identify the faculty who are professionally capable of meeting essential program needs, omitting none who are
2. Seek alternatives available to the University to ensure continuation of a strong academic program to minimize losses sustained by affected students and faculty members
3. Determine which faculty appointments are to be recommended for termination

At the end of that process, the Provost and the Financial Exigency Committee will make a series of recommendations to the Chancellor. I, along with the Leadership Team in consultation with the resources provided by the Arkansas State University System, will then make my own evaluations and recommendations to the Board. The Board will consider all of these recommendations at another future meeting, likely sometime in May.

To meet both the timeline and deliverables for this process, I wanted to provide you with the broad themes on how we will base our recommendations to the Board. As Chancellor, I am charged with overseeing the fiscal management practices of our institution and making recommendations to Dr. Chuck Welch and the ASU System Board of Trustees to ensure we incorporate sound and appropriate fiscal management practices. This is the priority that led to the Modified Cash Budget and the fundamental element of a sustainable resource allocation model.

The primary objective we all have is to meet the financial requirements to produce sufficient cost savings for a sustainable model for instruction based on institutional performance metrics based on net costs and student success outcomes. The financial data indicates that we have to make a significant reduction in the annual academic budget by utilizing the exigency process. This estimated amount is being finalized as we

build the academic portfolio and is based on operational, salary and benefits savings from academic restructuring. We will finalize the financial objectives in alignment with the Modified Cash Budget for Fiscal Year 2023 and the foundation of a sustainable model for the future of the University. While the exigency process will result in significant budget cuts, including the loss of employment for some within our community, I want to emphasize that, as this process requires, “Fair and humane treatment of faculty, staff, and students shall be given the utmost consideration.” The University is committed to this principle, and it must guide everything we do as we affect this level of change over a very immediate timeline.

During this process, we also will be aided by academic data and financial models that will show how we are currently doing things and how, with transformational change, things can be done in the future. That data and those models will be prepared in the coming days and weeks through our work on campus as well as data derived from the ASU System Office in partnership with the Huron Consulting Group. This information will be made available to you and the members of the campus community, and I encourage us to validate this academic performance data, utilize the tool for your work, and anticipate its ongoing value to the University as we enhance our administrative efficiencies and academic outcomes.

Finally, I am hopeful that the principles contained in the Academic Performance and Program Viability document will assist in informing your work and aligning the outcomes throughout the next steps in the process. That information, along with all of our communications, are contained on the Reimagining Henderson website. As I mentioned, the Modified Cash Budget demonstrates that the overall academic compression for FY 2023 will be significant and that the average annual credit hour production per faculty member should increase to approximately 500 (over the current 298). While more work is required to be done on the defined financial and productivity outcomes of the process, I wanted to be sure you are mindful of these current estimates and are aware of the website.

During this process, I want you all to know that my door is open for any questions, and I will provide ongoing support and communications throughout the process. I want to thank Catherine Leach for her willingness to chair this important committee and to each of you for the time and effort required to produce these critical outcomes. Please do not hesitate to contact me if I can answer any questions or provide clarification or assistance.

Joining you in service,



Chuck Ambrose
Chancellor