

**From:** Johnson, Michael <[mdjohnson@jcu.edu](mailto:mdjohnson@jcu.edu)>  
**Sent:** Tuesday, July 21, 2020 1:18 PM  
**To:** Simon Fitzpatrick <[sfitzpatrick@jcu.edu](mailto:sfitzpatrick@jcu.edu)>  
**Cc:** Full Time Faculty <[ft-faculty@jcu.edu](mailto:ft-faculty@jcu.edu)>; Part Time Faculty <[ptfaculty-2020@jcu.edu](mailto:ptfaculty-2020@jcu.edu)>  
**Subject:** Response to Your Letter of July 1, 2020

Dear Dr. Fitzpatrick:

Thank you for your letter dated July 1, 2020 that you sent to me on behalf of the JCU Chapter of the American Association of University Professors (AAUP). I appreciate your efforts to engage in additional dialogue with faculty about the important and immediate actions the University needs to take in relation to our current budget situation. I share your desire to work cooperatively with the faculty as part of the shared governance of the University.

Because you are addressing issues that are pertinent to the faculty as a whole, I do feel it is important to respond to your letter more broadly, and therefore I am copying my response to all JCU faculty members.

I need to state at the outset that I respectfully disagree with a number of assertions and inaccuracies reflected in your letter. In the spirit of the principles of shared governance, I wish to explain why the recent actions by the administration are not contrary to the Faculty Handbook provisions, and are necessary and appropriate measures carried out in the best interest of the University.

Contrary to your assertion, I do not believe that the administration has violated any contractual rights of JCU faculty in relation to recent decisions discussed in my May 29, 2020 communication to all employees.

As outlined in the May 6th, 2020 virtual Community Forum on the budgetary situation that included the opportunity for faculty and staff to pose questions, the situation precipitating these actions includes an ongoing budget deficit previously reviewed with the faculty and staff (approximately \$4 million or FY20), a declining enrollment situation that JCU and higher education generally faces, and the effects of the COVID-19 pandemic on enrollments and revenue now and for an undetermined time.

In terms of faculty involvement in the planning process of the University and the annual report from the Vice President for Finance and Administration (VPFA), under Part Three, Sections II E & G of the Faculty Handbook, please note that faculty are actively involved in the University's planning processes for both ongoing strategic planning and the recent budgetary deficits, including consultation via Faculty Council, meetings with the Provost and the faculty as a whole, regular meetings with the Provost and the Chair of Faculty Council, and faculty representation on the teams formed under the Scenario Planning Task Force. In addition, Lauri Strimkovsky, the Vice President of Finance and Administration (VPFA), provided an annual report to faculty

and staff, and additional financial updates this year via a Spring Community Forum and more recent Zoom meetings with the University Committee on Resource Allocation (UCRA) and the faculty as a whole.

As you confirm, faculty representatives serve on various University planning committees, and the Provost and VPFA have spoken at recent meetings of the Faculty and Faculty Council to provide information on the financial outlook for the University. The VPFA also has provided regular reports to the faculty and the staff on the financial health of the University. In addition to the most recent report presented at the University Committee on Resource Allocation on Wednesday, June 10, 2020, at which several members of the faculty were present as committee members, Lauri Strimkovsky and Steve Herbert have met with the faculty (and staff) remotely on several occasions to address questions or concerns and provide insight into options for addressing the budgetary shortfall. These are examples of the many ways faculty have had a meaningful and important role in planning, consistent with shared governance principles.

The Faculty Handbook provision you reference concerning salary reductions is only related to salary reductions for tenured faculty, and is not applicable to non-tenured faculty. Regardless, in relation to that provision for salary reductions for tenured faculty, it is important to note that the administration has not indicated that financial exigency exists or is “imminent”. Therefore, the administration is not indicating that it is seeking to adopt measures under the financial exigency provisions of the Faculty Handbook, and the requirements of the provision that you cite do not apply. This is evident because “financial exigency” is defined in the Faculty Handbook as “an imminent financial crisis which, in the opinion of the Board of Directors, based upon reliable projections of the University’s financial officers, threatens the survival of the University as a whole and which cannot be alleviated by less drastic means than the termination of contracts of tenured Faculty members.” Financial exigency is a very high standard requiring a determination that the “survival of the University as a whole” is at risk. While the University is addressing budgetary concerns requiring operational and budget changes for Fiscal Year 2021 and beyond, the survival of the University as a whole is not presently threatened by these budgetary concerns. Further, there are multiple options available to address the budgetary concerns. As a result, in this current situation, there has been no group formed to review/recommend whether financial exigency exists or is imminent.

In light of the best case and worst case scenarios for Fiscal Year 2021, based on our most recent Budget Office projections, we have discussed with the faculty and staff the need to reduce \$15 million in costs and adjust expenses so that we are able to create a balanced budget. An assessment of financial exigency under the provisions of the Handbook has not been made. Therefore, the Handbook provision under Part Three, Section II.F, requiring faculty representation on a group to make a recommendation that the President announce a financial exigency, is not applicable.

My May 29, 2020 notice to faculty and staff about necessary budgetary measures was

intended to provide transparent communication about these measures prior to implementation. The faculty and staff salary reduction is consistent with the Faculty Handbook in that it is part of a general reduction of salaries to address the current budgetary shortfall and avoid reaching the point of financial exigency. There is no requirement that financial exigency be declared or that financial exigency be imminent, but only that the reduction be part of a general salary reduction to avoid reaching the point of financial exigency. The expected deficit, exacerbated by the effects of the COVID-19 pandemic, is clearly a basis to enact a general salary reduction to avoid reaching the point of financial exigency and to responsibly and timely address the budget deficit projections.

As is the case at other universities, decisions regarding cost-containment measures, accelerated by the COVID-19 pandemic, needed to be made quickly so that a budget can be presented for approval by the Board of Directors. The decision on necessary cost-cutting measures for faculty and staff personnel costs of \$5M each, and non-personnel costs of \$5M, which was approved by the Board of Directors on May 27, 2020, was necessary in order to address our historical budget deficit and projected declines in enrollment. This was outlined and explained in my May 29 notice and at the recent meetings and forums with faculty outlined earlier in this letter. In addition, to continue to work with faculty to respond to questions about these issues and as we continue to explore cost-saving measures, the Provost and VPFA will be providing additional responses to questions posed by faculty on these cost-reduction measures. The Provost and VPFA are committed to answering faculty members' questions and receiving input, and discussing these issues further with faculty. Some of the information you have requested, such as staff and administrator compensation, is confidential and cannot be provided to the faculty. As set forth above, we will continue to review, discuss and explore with faculty information about proposed revenue-increasing and cost-saving measures. While we are committed to being as transparent as possible in our communications, we are not able to respond to all your requests for detailed explanations for proposed short-term and longer-term solutions to the current financial issues. We are committed to providing the information we can and to campus-wide communications about the necessary cost-savings that must be shared by all areas within the University.

As an additional matter, in light of the University's current budgetary shortfall, I strongly urge the faculty to vote on two important and time-sensitive fringe benefits proposals presented to faculty for review and consideration a month ago, as part of the shared governance process. These benefits changes are an important part of our fiscal response to the budgetary challenges. The retirement contribution changes are being implemented as of August 1 for all staff members, and changes to the medical benefits plan will be in the design process by early fall. I am concerned that the faculty have not yet voted on these critical cost-savings measures, setting them at odds with the staff. Nothing in the Faculty Handbook precludes any vote by the faculty during the summer. In fact, per Part One, VI.D(2) of the Faculty Handbook, I will be requesting, via the Faculty Council Chair, that a special faculty meeting be called for the purpose of voting on these proposals and permitting the faculty to vote on critical matters resulting from these unprecedented times.

I concur, as a member of the JCU faculty and a long-time faculty member, that faculty are key to the excellent education that our students receive. I recognize the important role and dedication of our faculty to our students and fulfillment of our Jesuit institution. Nonetheless, all segments of the University – faculty, staff and non-personnel activities and expenses, many of which affect students – must share in the cost reductions necessary to address the University's current budgetary situation. We want to achieve the support of the faculty in this planning, as is evident from our efforts to inform and respond to faculty concerns. However, we must proceed with necessary and appropriate actions, consistent with the Faculty Handbook and all JCU governing documents, to promptly address the current budgetary shortfall the University faces.

Sincerely,  
Michael D. Johnson

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