



Scott S. Cowen
President of the University

April 17, 2006

B. Robert Kreiser
Associate Secretary
American Association of University Professors
1012 Fourteenth Street, N.W., Suite 500
Washington, DC 20005-3465

Dear Dr. Kreiser:

This letter responds to your correspondence of March 14. We continue to be interested in the concerns of all Tulane faculty, and regularly meet with faculty groups to discuss issues of interest. We certainly understand that some faculty members are unhappy with decisions made in the wake of Hurricane Katrina. At the same time, we have been encouraged by the support expressed by many faculty and others in the Tulane community for the actions we have taken to secure Tulane's future.

Your most recent letter, while perhaps well intentioned, seems to us to once again reflect a lack of appreciation and understanding for the magnitude of the Katrina disaster and the circumstances in which Tulane found itself. Likewise, you seem to underestimate the continuing challenge facing the future of our city and the people who live and work in it. In the face of severe damage and uncertainty about whether our 172-year-old university would survive, necessary steps were taken to ensure Tulane's future. We could not afford to wait until the faculty returned to reduce expenses and stop the financial losses we were suffering. In addition, we needed to present a comprehensive plan for addressing the emergency before faculty and students made the decision whether to return to New Orleans. These and related issues were addressed in our last letter and will not be repeated again in this correspondence.

Throughout the period since Katrina struck, we have focused on adherence to our Faculty Handbook. The Handbook, approved by Tulane's faculty, has guided our actions during this unprecedented chapter of our history. To the extent AAUP guidelines are incorporated in the Handbook, they have been followed. Otherwise, we have used our best judgment given the facts and extraordinary circumstances we face as a result of Hurricane Katrina. For us to deviate from our Handbook would be to undermine the very document approved by Tulane faculty. We are not aware of any instance of substantial noncompliance with the Handbook, or any serious allegation of noncompliance. Indeed, your letter cites no deviation from the Handbook. In many respects, Tulane has gone well beyond what the Handbook requires – for example, in matters of

severance pay and notice of termination, continuing the incentive salary component for clinical faculty, and additional benefits provided to those returning to New Orleans.

We note your observations that "faculty members have asserted that the University's current and projected financial condition may not be so parlous" and, while allowing that the University "was seen last fall" to have suffered a "massive blow," that faculty members question whether it "remains so severe." The Board of Tulane University, which is the body with ultimate fiduciary responsibility for the institution, declared financial exigency in December with the concurrence of the administration and President's Faculty Advisory Committee (PFAC), a University Senate-elected body. The declaration was warranted in December based on the information available to us and no significant changes have occurred since then to call into question the wisdom of that decision. We reiterate that the University will sustain property damage and operating losses in excess of \$300 million in this fiscal year alone. The extent to which insurance will cover the losses remains very much in doubt. Despite the claim in your letter, we have received no FEMA funds, and the referenced donation from the Clinton-Bush Fund in the amount of \$750,000, while appreciated, equals less than one-quarter of one percent of our projected losses this year. You are misinformed about our financial situation and continue to make unsubstantiated claims about it. More fundamentally, it would be a grave mistake to assume that the cost reductions set in motion last December can now be rescinded.

During the University's time of closure, we worked in close consultation with the President's Faculty Advisory Committee. President Cowen spent many hours meeting with PFAC, on several occasions. (The FTFR report you cite states that the PFAC was consulted for 12 hours.) Although you characterize the PFAC statement regarding financial exigency, that document in fact states in full:

As a result of Hurricane Katrina, Tulane University has experienced significant financial losses.

Based upon the facts and circumstances known on December 3, 2005, which were presented by the President and the senior administration to the President's Faculty Advisory Committee (PFAC), the members of the PFAC concur with the administration that the University faces an imminent financial crisis which threatens the survival of the institution as a whole, and

THEREFORE, the members of the PFAC concur with the administration that the University is in a state of financial exigency.

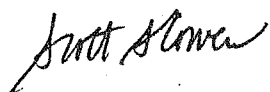
The PFAC members were briefed extensively and were in a position to observe first-hand the conditions in New Orleans, and to review the local situation from a range of sources, including the daily newspaper. They were aware of grave predictions on the future of our city, including projections of profound and unprecedented population loss. Unfortunately, our projections of December have not dramatically changed for this year and are only improved for next year as a result of our Renewal Plan.

Notwithstanding the extremely difficult circumstances in which we found ourselves after Katrina and the unique and uncertain nature of the challenges we continue to face, we have followed our Faculty Handbook throughout and will continue to do so. The Handbook calls, for example, for a review of the issues for separated faculty members who request one. Medical faculty have this opportunity, as do faculty in the other affected divisions. The economic reality we faced in December and continue to face would not allow the University to retain the entire pre-Katrina medical faculty on the payroll until they exhausted the grievance process. It bears noting that Tulane paid clinical faculty members full salary (including base and incentive components) for five months after Katrina struck although clinical revenue had virtually ceased and many of them were not teaching. Any suggestion that Tulane has afforded less than fair treatment to any faculty member who received notice of termination as the result of the declaration of financial exigency is inaccurate. In fact, as a result of following our Handbook, we have been more generous to departing faculty in comparison to others separated by other universities in the region.

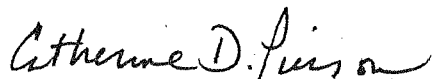
Finally, one of the many unsubstantiated allegations you make in your letter is that the administration included items in the Renewal Plan that had previously been "advocated by the administration but consistently opposed by the faculty". We know of no such example of this occurring during Dr. Cowen's tenure as President and feel that this statement, as are others in your letter, is not accurate.

The Board and administration are extraordinarily proud of our faculty, staff and students for their commitment to the university during this very difficult time. Hurricane Katrina has had a dramatic impact on their personal and professional lives and we are doing everything in our power to stabilize the university so it can fully recover as quickly as possible for the thousands of people who depend on us. This is an arduous challenge never before faced by a major research university. We are optimistic in our ability to make this a stronger institution despite the hardships we have faced and we are totally committed to this goal. Any suggestion to the contrary does not square with the realities of what has happened to us and the challenges we still face.

Sincerely,



Scott S. Cowen
President



Catherine D. Pierson
Chair, Board of Administrators
of the Tulane Educational Fund