This study examines the legal meaning of “financial exigency” and explores why colleges and universities more often declared a financial exigency during the 1973-1975 recession than during the more severe recession of 2007-2009, perhaps signaling an end to the use of this tactic to reduce campus workforces. The study traces judicial interpretations of “financial exigency” to understand the legal requirements for laying off tenured faculty. With these legal requirements in mind, this study identifies several reasons why colleges and universities generally did not declare financial exigency during the 2007-2009 recession. Institutions with steady enrollments throughout their programs preserved their faculty ranks, keeping declarations of financial exigency from being bona fide. If particular programs lost enrollment, institutions sometimes closed them and laid off faculty, but usually without declaring a financial exigency. Beyond financial exigency, institutions exercised other economic options, including implementing furloughs and using federal stimulus funds to plug budget holes. Other factors dissuading declarations of financial exigency included concerns over institutional bond ratings, a decline in faculty union membership, and the replacement of tenured faculty by contingent faculty.