



New York University
A private university in the public service

Faculty Senators Council
194 Mercer Street, 4th Floor
New York, NY 10012
Telephone: (212) 998-2230
Facsimile: (212) 995-4575

January 18, 2007

MEMORANDUM

TO: Members of the Senate Financial Affairs Committee

FROM: The University Faculty Senators Council (FSC)

RE:

Recommendations to the Administration On Matters Pertaining to Faculty Compensation and to Faculty Benefits For the Academic Year 2007-2008

Part I. On Matters Pertaining to Faculty Compensation

The Faculty Senators Council is mindful of the many demands that the University faces, for example, the expansion of the faculty. While we applaud the administration's efforts in addressing these needs, we are very concerned about the significant erosion of the faculty's standard of living.

For a number of years in a row the merit pool for faculty salary increases has failed to keep pace with cost of living in the New York Metropolitan Area. The increase last year of 3.0 percent was nearly a percent below the 3.9 percent increase in the New York Metropolitan Area consumer price index. This decline in continuing faculty real income follows an additional 3.7% cumulative decline in the previous two years. Compounding these changes, real salaries for continuing faculty have declined by 4.75% percent since 2002. Additionally, the administration has shifted much more of the burden of health care costs onto its employees, while raising rents on faculty housing. Moreover, in comparison with NYU tuition the relative decline in NYU faculty salaries is much more pronounced. In the period 2000-2006 tuition has increase at an average rate of 5.35% per year, approximately double the average yearly rate of increase of continuing faculty salaries which was 2.73%.

We fear that these circumstances will have a very adverse effect on faculty morale, retention, and recruitment.

To offset these declines, the FSC recommends an increase of 6.9% in this year's faculty salary pool, of which all faculty will receive a minimum corresponding to the amount of the NYC cost-of-living index. The Council notes that the full 6.9% increase to the pool will only restore continuing faculty to their real earnings of year 2000.

Table

	NEW YORK CONSUMER PRICE INDEX	NYU CONTINUING FACULTY WAGE INDEX	NYU TUITION INDEX
2000	100	100	100
2001	102.55	103.50	103.70
2002	105.16	107.12	107.74
2003	108.39	107.12	112.05
2004	112.21	110.34	120.23
2005	116.57	113.65	126.73
2006	121.49		

Percentage increase in year 2007 wage required to restore faculty living standard of year 2000 is $6.9\% = 121.49/113.65 - 1$.

Part II: On Matters Pertaining to Faculty Benefits

- **MEDICAL BENEFITS**

While the provisions and costs of the medical benefit plans offered to faculty are not mentioned among these recommendations, they remain a primary concern of the Faculty Senators Council. We look forward to the formation of a benefits committee with representation from the FSC, so that we may become more knowledgeable about and play a more meaningful role in the on-going review and decision-making about NYU's medical benefits.

The Faculty Senators Council makes the following recommendations for benefits enhancements for 2007-2008:

- **DENTAL BENEFITS FOR RETIREES.**

The Council recommends that NYU retirees be permitted to participate in the Dental Assistance Plan.

Rationale: Dental problems do not end with the conclusion of active employment at the University. In fact, some dental problems become more serious with age and may compromise the health of retired faculty. It does not seem in the spirit of our NYU community that assistance with this aspect of health and well-being should end with retirement nor that faculty members should need to add this factor to those they must consider in their contemplation of retirement.

- **IMPROVED PORTABLE TUITION BENEFIT**

The current annual maximums for portable tuition are: \$1500 for faculty who have been employed at the University for 3-9 years, and \$2000 for faculty who have been at the University for 10 or more years.

The Council recommends that these maximums be increased to \$3000 and \$5000, respectively.

Rationale: The portable tuition benefits of many of our peer institutions tend to be far in excess of NYU's benefit, and most are granted as a percentage of tuition costs, with percentages in the range of 35% to 100%. In order to be competitive in recruiting and retaining faculty, we believe that NYU should increase this important benefit to faculty with children. We also note that as NYU's reputation has increased, due, at least in part, to the quality of the faculty, so has the competition for admission to NYU, making it increasingly likely that faculty children will need to go elsewhere to college.

- **IMPROVED TUITION REMISSION FOR SPOUSES AND REGISTERED DOMESTIC PARTNERS**

Spouses and registered domestic partners of active and retired faculty are currently eligible for tuition remission only for courses leading to an undergraduate or graduate degree.

The Faculty Senators Council recommends that tuition remission benefits for spouses and registered domestic partners of active and retired faculty be expanded to cover other types of courses, commensurate with those available to faculty members, e.g. non-credit courses at the School for Continuing and Professional Studies (SCPS) and certificate programs at SCPS and other schools.

Rationale: The current tuition remission benefit is generous for spouses and domestic partners working toward degrees, but non-existent for those who have completed their degrees. One of the benefits of being the spouse or domestic partner of an NYU faculty member should be the opportunity to avail oneself of the exciting array of courses and certificate programs available at the University, and one of the benefits of being a faculty member should be the opportunity of taking a course with one's spouse or partner with the assistance of tuition remission.

- **ENHANCED INFORMATION AND EDUCATION REGARDING BENEFITS**

The FSC believes that there are opportunities for improving benefits for NYU employees through enhanced education of employees about the benefits we already have. The following recommendations address this issue:

Greater visibility, easier accessibility of benefits-related information. Currently, important benefits information may be embedded in announcements or newsletters that were distributed by email or print, that may then be added to the Benefit Office website. Accessing this information may require prior knowledge that it exists and where it exists, severely limiting its usefulness.

We recommend the creation of an easily accessible, user-friendly, indexed, and up-to-date benefits website that would contain all important benefits information. This website would be

the repository of all current policies, procedures and advisories, and would be continually updated and augmented as policies change and new educational materials are prepared.

Ask the Benefits Office. Currently, employees call their benefits representative to have their questions about benefits answered. At times responses may differ from one representative to another, and, if the answer changes with further discussion, the original questioner is left with out-dated information.

We recommend that a public, interactive method for asking questions or raising issues be added to the communication options. In this way, all may learn from the questions and the responses, the responses will be uniform, and they can be officially and publicly updated if needed. The questions and issues can also point the way to areas where more education or clarification is needed or where policies or procedures may need modification.

Creation of an ombudsman group regarding medical benefits. When NYU first moved to a point-of-service plan for medical benefits, an ombudsman group was formed to address issues that could not be satisfactorily resolved by the POS provider or the Benefits Office. This group was rarely convened and eventually was disbanded.

The Faculty Senators Council recommends the reestablishment of an ombudsman group with representation from the major employee constituent groups. The best and fastest way of learning about potential problems in a system is from the problems and complaints of individuals. The Faculty Senators Council recommends that an ombudsman group be formed to hear the complaints that employees are having with their medical benefits, including dental, mental health, and Caremark. The Benefits Office could report to the committee on the nature of complaints that come to the Benefits Office and their resolution and the Ombudsman Group could identify areas in which further attention and work may be needed.

- **ROTH 403(b) OPTION**

Since January 2006, it has been legal for NYU to offer a Roth 403(b) option to its employees but that option has not been made available.

The Faculty Senators Council recommends that NYU open the Roth 403(b) investment option to employees and that employees be allowed to allocate whatever fraction they choose, if any, of their 403(b) contribution to a Roth 403 (b) account.

Rationale: Although the nominal yearly contributions limits for Traditional and Roth 403 (b) accounts are the same, since the distributions from Roth accounts are not taxed, an employee, in effect, can contribute significantly more to a Roth 403 (b) than to a Traditional 403(b). Furthermore, the timing of distributions from a Roth account is much more flexible, as one is not required to take them early during retirement. These two provisions may allow some employees to retire at an earlier age.

- **ACCESS TO ALL TIAA/CREF AND VANGUARD RETIREMENT FUND OPTIONS**

Some TIAA/CREF and Vanguard retirement funds are currently not available to NYU employees for investment.

The Faculty Senators Council recommends that NYU-imposed restrictions on the funds in which employees may invest be removed.

- **ACCESS TO NYU RETIREMENT FUNDS PRIOR TO RETIREMENT**

Currently, NYU employees are not permitted to access their basic NYU retirement funds prior to retirement.

The Faculty Senators Council recommends that this policy be reconsidered and notes that access to these funds could be particularly beneficial to faculty seeking to purchase retirement housing.