

C-FSC Finance & Policy Planning Committee
Report of Meeting Held Oct. 9, 2020
Submitted Oct. 12, 2020

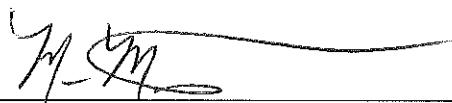
The undersigned chair submits this report of the C-FSC Finance & Policy Planning Committee (FPP) meeting held via Zoom on Oct. 9, 2020, at 8:00 am. Members attending: Chris Dickey, Leila Jahangiri, Noelle Molé Liston, Sylvia Maier, Marlene McCarty, and Jon Ritter.

Following introductions and a discussion of the Committee's mission, new members were informed that the Committee had requested that the budget recommendation for last year (effective FY21), which involved raising minimum salaries to \$70,000 and tiered increases in salaries for longer serving faculty, be carried over to next year (FY22).

Members who also serve on the Senate Financial Affairs Committee (SFAC) reported on the SFAC meeting held on Oct. 8. The most significant items were:

- (1) The results of the salary equity study (performed by an outside consultant) and the salary compression/inversion study (performed internally) are likely to be presented at the SFAC Oct. 27 meeting.
- (2) In order to clarify what information shared with the SFAC is confidential, the relevant University officials will provide a one-page summary of information that can be provided to the Council and its constituencies. (Information regarding the endowment, provided on Oct. 12 and identified as public, is attached to this report. However, it is not a summary of information shared at the SFAC meeting.)
- (3) Two important items that are part of the ongoing COVID mitigation plans are
 - (a) AMI suspension in FY21, and
 - (b) reduction in OTPS (other than personnel services) across all University units.
- (4) the University is planning ahead should additional mitigation be necessary and will continue to report to the SFAC as need and plans develop.

At its meeting next week immediately prior to the Council meeting, the Committee will continue to discuss seeking information on whether continuing contract faculty are employed at global sites as well as at portal sites and how continuing contract faculty budgets are developed in SH and AD. In addition, the Committee will discuss seeking further information on whether program elimination results in a furlough of continuing contract faculty; the Committee wants to understand the financial impact of such decisions.



Maria Patterson, Chair



SUMMARY

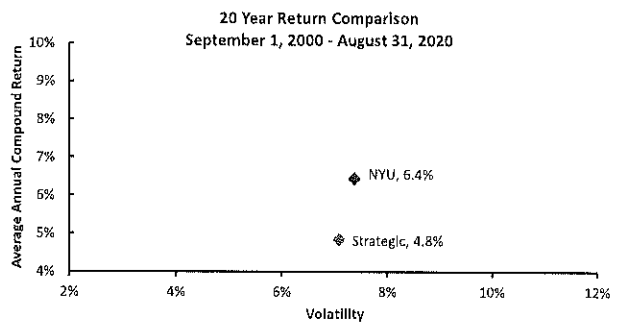
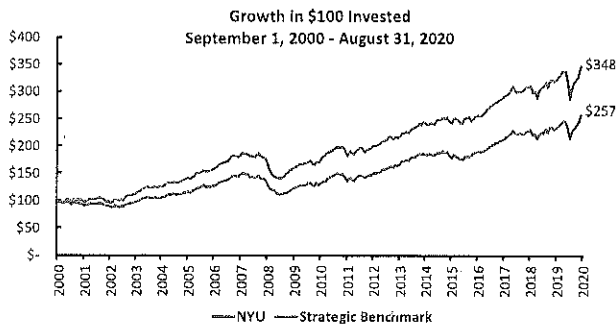
NYU's Endowment Fund provides a permanent source of capital to support the University's mission and programs. The Endowment is managed by a professional investment staff within the NYU Investment Office. It is invested globally across a diverse range of strategies using external managers. As of NYU's fiscal year end, August 31, 2020, the value of NYU's Total Combined Endowment Fund stood at \$4.7 billion.

INVESTMENT PHILOSOPHY

The Endowment's objective is to support NYU students and faculty in the present and in the future, by providing current financial support to the University operating budget while also preserving the Fund's long-term purchasing power. To achieve its goal, the Endowment is actively managed and relies on a globally diversified, equity-oriented approach. Investments are considered on a risk-adjusted basis and liquidity is carefully monitored.

PERFORMANCE

NYU's Endowment has produced strong long-term risk-adjusted returns relative to its benchmark, resulting in more stable support for NYU's programs than would have been provided by the passively-invested alternative. Over the past twenty years (through August 31, 2020), the Main Endowment has returned 6.4% (annualized and net of fees) versus the benchmark's 4.8% return. The benchmark is constructed based on NYU's actual mix of asset classes in order to identify the performance impact of various factors including manager selection decisions. NYU employs an active, long-term investment approach meaning performance could deviate from the benchmark meaningfully in shorter-term periods. Therefore, while the Fund is continuously evaluated, multi-year periods capturing full market cycles are most appropriate for performance evaluation.



GROWTH

Due to the combined strength of capital inflows and performance, the value of NYU's Endowment has increased by approximately 7.6% per year over the past 20 years, net of spending and other distributions. Distributions to the University over that time have totaled nearly \$2.1 billion. Donor contributions are a vital component of the Endowment's long-term growth, bolstering the amount of support available to NYU's programs, as well as creating access to an NYU education through financial aid scholarships.

