

by Nicholas Economides

SFAC Report

The SFAC met on 11/17/20. Vice Provost Tony Jiga made two presentations, attached. The first was on “Pay Equity Analysis” to find out whether there are inequalities in pay for women and minorities. The second was on “faculty salary inversion,” to find out whether higher ranked faculty are paid less than lower ranked faculty.

The first study was done by Charles River Associates (CRA). However, we were not shown the results of the study but rather a “slide deck for faculty” which Mr. Jiga said was the whole study. Moreover, Mr. Jiga explained that the results presented were not the results of the CRA study but rather an evaluation of the results by the law firm Orrick that was hired by NYU to do this evaluation.

The study attempted to evaluate the impact of gender and/or race/ethnicity on salary. It also included variables such as (i) primary job profile; (ii) on-primary job profile, when paid an administrative supplement; (iii) department; (iv) time at NYU; (v) prior experience; and (vi) whether the faculty holds a doctorate degree or terminal degree. It seems that the CRA study created salary predictions based on a gender/race-neutral model and compared them with actual salaries. This was done NYU-wide as well as within each School.

Orrick concluded that the CRA model “did not reveal any systemic disparities based on gender or race/ethnicity.” However, “select Schools were identified for further review for gender based on the initial findings of the model.”

A fundamental issue with this conclusion is that Mr. Jiga was unable to define the term “systemic disparities.” For example, one Senator asked hypothetically whether a 20% difference between the predicted pay and the actual pay for women constitutes a “systemic disparity.” Mr. Jiga said he did not know, and that the term “systemic disparity” is a term that lawyers use, which he was unable to define.

Many in the meeting felt that after a multi-year study, there was not much tangible substance in the report, which was just a summary prepared by lawyers. There were many questions asked of Mr. Jiga in the meeting, and more are being gathered. A key request is to receive the full CRA report, so that it can be evaluated in terms of its scientific merits. A key complaint was that the faculty did not have input in the parameters of the study. Mr. Jiga will return to participate in the February meeting.

The second study was on faculty salary inversion. This study was done internally by the Provost’s office. Despite earlier indications that the study was finished, Mr. Jiga indicated that study is not complete, and promised to complete the study and report on it by February next year. Under “next steps” he indicated that they include (i) “provide department-level data to deans”; and (ii) “establish University-wide parameters for evaluating cases of inversion and determining when compensation adjustments would be appropriate.” The last bullet point indicates that NYU may not make compensation adjustments when inversion is found but only “when appropriate.”

Retirement Committee Report

The retirement committee met twice this semester. The first meeting coincided in time with a TFSC meeting, and was attended by my alternate Senator, Prof. Robert Seamans. I attended the second meeting on 10/28/20. The key news to report from this meeting is that NYU will move forward in the Spring semester with a reduction of the number and re-alignment of the mutual funds that will be available to NYU faculty under the retirement programs of Washington Square, Dental School, and Langone SOM. The new program will be available in the fall 2021. Besides the funds offered within TIAA, there will be a third-party brokerage company where faculty could invest in many mutual funds not available through TIAA. The final terms of the array of funds available through the third party brokerage company as well as its commissions and fees for investments have not yet been determined yet so it is very hard to estimate the importance of that facility.

I asked about our request at the presentation of the retirement committee to TFSC in 2019-20 that information sector mutual funds become available through the TIAA NYU program. As you may recall, we had presented evidence that the standard passive large cap Vanguard fund in information technology (that includes Apple, Google, Facebook, Microsoft, Visa, MasterCard, and others) had an 80% higher return for the last 5 years than the best performing growth fund available at TIAA NYU, and therefore it was an excellent idea to include it in the offerings of TIAA NYU. Unfortunately, the retirement committee decided *not* to include any sectoral funds, thereby excluding information technology mutual funds. In my opinion, this is a major error because the 4th industrial revolution is in information technology and not all sectors of the economy, and therefore, on the average, information sectoral funds will perform better than the rest of the economy as they have performed for a decade. However, because of our observer status in the retirement committee, we could not vote on this issue.

New York University Pay Equity Analyses

Non-Medical School Faculty

Presented: November 17, 2020

CRA Charles River
Associates

Purpose of Analyses

- Proactive pay audit of NYU's U.S. Non-Medical School Faculty conducted under direction of the Orrick law firm
- Analyses are focused on Full Professors, Associate Professors, and Assistant Professors
 - Tenure, Tenure Track, and Continuing Full-time Non-Tenure Track faculty were reviewed
- Analyzed the following protected and comparator groups to assess group differences in pay
 - Female v. Male
 - African American v. White
 - Asian v. White
 - Hispanic v. White
- Focus was on primary base salary plus administrative supplements as of August 31, 2019

About CRA Labor & Employment

Charles River Associates (CRA) is a leading global consulting firm that offers economic, financial, and strategic expertise to major law firms, corporations, accounting firms, governments, and colleges/universities. CRA's Labor & Employment practice is engaged in a variety of employment matters with focus areas in employment discrimination, pay equity, and wage & hour matters.

Wage & Hour	EEO	Other
FLSA/Wage and hour analysis	Pay equity studies	AAP technical support
Liability analysis	Diversity & Inclusion	Litigation support
Damages	OFCCP compliance audits	Data production
Observational studies	EEOC investigations	Policy consulting
Compliance review	Monitoring of settlement agreements and consent decrees	Antitrust issues in labor markets
Expert reports and testimony	Expert reports and testimony	

Dr. David Lamoreaux has a Ph.D. in economics (with an emphasis in labor economics, econometrics, and industrial/organizational economics) and has been a Vice President with CRA's Labor & Employment practice for 13 years (23 years as a labor economist). Taylor Leverette is a Senior Associate with CRA's Labor & Employment practice (having worked at CRA for over 5 years) and has an M.S. in applied economics.

Overview of Process

- Met with faculty representatives on the following dates to define the study parameters
 - April 10, 2019 - Meeting with CRA that included faculty participants
 - May 6, 2019 - Meeting without CRA that included faculty participants
- Worked with NYU and Orrick to obtain requisite data and information
- Validated data with NYU subject matter experts in the Provost's Office
- Prepared analytic database
- Conducted initial School-level risk assessment of pay
- Prepared charts identifying outlier faculty
- Subject matter experts in the Provost's Office reviewed outlier faculty and discussed with the Schools as needed
- Subject matter experts in the Provost's Office provided revised pay for outlier faculty, as appropriate

Populations Excluded from the Models

- Other Full-Time Faculty
 - NYU and CRA agreed to exclude faculty with appointments of limited duration.
- Faculty on unpaid leave
- Faculty with the Rank of Lecturer/Instructor
- Other one-off faculty identified by NYU
 - Some examples of faculty excluded were planned terminations, faculty on uncompensated appointments, etc.

Factors Included in the Model

- Gender or race/ethnicity
- Primary job profile
- Non-primary job profile, when paid an administrative supplement
- Department
- Time at NYU
- Prior experience
- Whether the faculty holds a doctorate degree or terminal degree

Process and Findings

- The statistical model developed was used to predict salary for each faculty member based on a gender/race neutral model.
 - The faculty member's actual salary was then compared with the predicted salary, and those with larger statistical differences were reviewed for factors not included in the analysis.
- Models were run by School using the identified control factors.
- The pay equity review did not reveal any systemic disparities based on gender or race/ethnicity.
 - Select Schools were identified for further review for gender based on the initial findings of the model.
 - There were no Schools identified for further review for race/ethnicity.
- The pay equity review did reveal a small number of individual positive and negative pay differences that were reviewed and addressed, as appropriate.



NEW YORK UNIVERSITY

Office of the Provost
Office of the Executive
Vice President

Faculty Salary Inversion Study – Progress Report

Senate Financial Affairs Committee

November 17, 2020



Introduction

A study of salary inversion among Tenured/Tenure Track Faculty and Continuing Contract Faculty was conducted at the request of representatives of the respective faculty senate councils in the Senate Financial Affairs Committee. Simultaneously, a separate study of salary equity with respect to gender, race and ethnicity was conducted, also at the request of the faculty councils. That study is reported in a separate document. Both studies were of faculty at NYU-NY schools and institutes other than the NYU Langone Grossman School of Medicine. Faculty at NYU Abu Dhabi and NYU Shanghai were not included in the studies.

This presentation provides a report of work-in-progress. A final report will be presented to the SFAC in February 2021.



Tenured/Tenure-track Faculty



Salary Inversion Methodology – Tenured/Tenure-track Faculty

- Salary Inversion: any case of a lower-ranked professor earning more than a higher-ranked professor within the same department
- Data extracted from Workday as of 10/1/20
- Used annual salaries, as reported in Workday
- Used base pay; additional compensation, administrative supplements, and summer pay were not included
- All tenured/tenure-track professors were included in the data sets, including those on leave
- Manually adjusted salaries for known cases of reduced service employment arrangements or dual appointments
 - Example: A professor works 50% for NYU and 50% for an outside entity. The salary recorded in the system is \$60,000. This would be adjusted to \$120,000 to reflect the 100% value.
- Parsed data to identify cases where inversion was caused by only one lower-ranked professor in the department



Contract Faculty



Salary Inversion Methodology – Contract Faculty

- Salary Inversion: any case of a lower-ranked professor earning more than a higher-ranked professor within the same department
- Data extracted from Workday as of 10/1/20
- Used annual salaries, as reported in Workday
- Used base pay; additional compensation, administrative supplements, and summer pay were not included
- Contract faculty have been divided into eight categories: Arts, Clinical, Industry, Language Lecturer, Lecturer, Music, Research, and Teacher.
- Arts, Industry, Music, and Research match the Full/Associate/Assistant Professor structure. Clinical also has these three ranks, but contains a fourth, Instructor, which ranks below the Assistant level. 23 instructors are included in the data set.
- Lecturer, Language Lecturer, and Teacher each contain two ranks. This exercise treats these as equivalent to Professor and Assistant Professor ranks in order to aggregate salary inversion.
- Parsed data to identify cases where inversion was caused by more than one lower-ranked professor in the department



Next Steps

- Provide department-level data to deans
- Establish University-wide parameters for evaluating cases of inversion and determining when compensation adjustments would be appropriate
- Report to the SFAC in February 2021 results of the inversion study on a University-wide basis and a summary of the deans' determinations