



Memorandum

To: THE NYU COMMUNITY

Date: Wednesday, April 6, 2011

From: NYU President John Sexton
Provost David McLaughlin
Executive Vice President Michael Alfano

Re: Academic Year 2011-12, and the University Budget

We have many reasons to be proud of our University and the community of talented individuals who give it its character.

The quality of our faculty continues to attract scholars at the top of their disciplines, and our recruitment of students continues to set records (more than 42,000 young men and women applied for freshman admission this year, more than quadruple the number that applied to NYU just 20 years ago). And the combination of our faculty and student talent continues to be recognized with distinguished honors and prizes.

Our efforts to create a new architecture for higher education — a global network university that permits faculty and students to pursue their interests seamlessly at sites across the globe - are succeeding and being emulated by leading universities worldwide. NYU Abu Dhabi's opening has been a great triumph, and everyone who visits the campus is profoundly impressed by what has been created there. And now we have an agreement to create NYU Shanghai, a comprehensive research university with a liberal arts and science college in China's financial capital, the first American university with independent legal status approved by the Chinese Ministry of Education. NYU's leadership in this area now is recognized around the world: most recently, NAFSA: Association of International Educators named NYU a winner of its Paul Simon Award, and Fast Company magazine highlighted our global efforts in citing NYU as a leading innovator in education.

For an overview of the global network university, [click here](#).

Even as we create a unique institutional capacity to mirror and participate in the flow of knowledge around the world, tremendous advances are being made in New York.

A walk around our Washington Square core quickly reveals the impact of the major investments we have made here - a new genomics building that is now complete and open; a center for academic and spiritual life that continues to rise just west of Kimmel; a new facility for legal studies, and the preservation of the Provincetown Playhouse as a state-of-the-art working theatre within its original walls; spectacularly renovated departmental and faculty offices; redesigns of ground floor spaces that animate the streetscape; and a new cogeneration facility that enabled NYU to meet its commitment to City Hall to reduce its carbon footprint by 30% six years ahead of schedule. And we continue through the NYU 2031 strategy to plan for the space necessary to meet NYU's academic needs over the next two decades, empowering our successors to sustain our academic momentum while respecting the concerns

of our neighbors.

We can all take pleasure, as well, in the tentative agreement successfully reached with the UAW on a good and fair contract that properly recognizes our adjuncts and the significant contributions they make to our community.

Still, we operate today in a period in which a tuition-dependent university such as NYU faces growing pressures. Our re-engineering efforts and the annual savings they yield have placed NYU in a better position to confront these circumstances than many universities and colleges. Nonetheless, we know there remain significant challenges with which we will have to grapple. In particular, the University's trustees have identified the ballooning costs of retiree medical benefits as an area of concern and directed the University administration to find a mechanism for containing these costs while ensuring solid health care for our retirees now and in the future. As states, cities, universities, and businesses around the country have learned, if these escalating costs are not addressed now, in later years, it will not be possible to cover these obligations and have the sufficient resources available for core academic needs.

Every budget is a balance of resources and needs, of aspirations and realities, of accomplishing as much as we can with what we have. One of NYU's great triumphs has been to achieve so much and to earn itself such stature without the enormous per student endowment that many of our peer institutions have; our successes are a testament to the resourcefulness, dedication, and perseverance of the NYU community. As we try to build on these achievements, we share with you the broad parameters of the budget for academic year 2011-12, developed based on our consultations with the Faculty Senators Council, the Administrative Management Council, the Student Senators Council, the Senate Financial Affairs Committee, the Deans, and the senior administrative leadership of the University. These parameters represent our expectations regarding the budget, that, of course, ultimately will be approved by the Board of Trustees for 2011-12:

» **Undergraduate tuition, fees, and room and board** — For the 2011-12 year, we have budgeted an increase of 3.8% in tuition and mandatory fees, and 3.1% in room and board; the aggregate increase in the cost of attendance will be 3.6%.

» **Financial Aid** — Having a low per student endowment manifests itself more clearly in the financial aid we can offer than in any other area (though we spend over \$180 million annually in institutional grant aid); for that reason, financial aid is our foremost fundraising priority. For 2011-12, undergraduate financial aid will increase by 3.8% to match the increase in tuition and fees. In addition, fully-funded graduate students will continue to receive full tuition remission; have premiums for their graduate health care plan paid by the University; and their minimum stipend will be increased by 2.5%.

» **Salary actions for faculty and for administrators** — Although, as we noted above, there will be continuing pressures on tuition-dependent universities and there remains uncertainty in the broad economy, we expect the Board of Trustees to approve compensation pools totaling 3.0% for faculty and administrators for academic year 2011-12. For both groups, the AMI pool will be 2.5%. In addition, for full-time faculty, there will be a one-time stipend of \$1,000 (less payroll deductions) that will not be added to the base salary, funded from a pool equal to 0.5% of the faculty salary base. For administrators, as in the past, there will be a pool equal to 0.5% of the salary base for annual and "spot" bonuses for particularly meritorious performance.

In closing, let us emphasize how deeply we appreciate the many contributions that faculty, students, administrators, and staff make on a daily basis to NYU's success and advancement. We know that people of your talent and ambition could be at any of the world's great universities; it speaks volumes about NYU that you are here, and it speaks volumes about you that you do so much to make this University great. We consider it an honor and privilege to be part of the NYU community with you.