



**New York University**  
*A private university in the public service*

Faculty Senators Council

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## MEMORANDUM

TO: Members of the Senate Financial Affairs Committee

FROM: The University Faculty Senators Council (FSC)

RE: Memo in Lieu of Faculty Merit Pool Recommendation

The Faculty Senators Council is mindful of the economic challenges, old and new, that NYU faces. While we appreciate the University leadership's efforts in addressing these, we are concerned about the significant and ongoing erosion of the faculty's standard of living. Plans for a flourishing university will require maintaining real faculty compensation.

For a number of years the merit pool for faculty salary increases has failed to keep pace with cost of living in the New York Metropolitan Area. While last year's increase was helpful, it did not make up for recent past losses in faculty real income. Additionally, the administration has shifted more of the burden of health care costs onto 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 2000-2008, tuition increased at an average rate of 5.94% per year, approximately 77% faster than the average yearly rate of increase of continuing faculty salaries which was 3.36%.) We are concerned that these circumstances will cumulatively have long-term adverse effects on faculty morale, retention, and recruitment.

This year, in lieu of a recommendation for the faculty merit pool, the FSC notes that to offset the real income declines for continuing faculty would have required an increase of 4.62% in this year's faculty salary pool. Indeed, this would only have restored continuing faculty to their real earnings of year 2000.<sup>1,2</sup>

*Please see the supporting table of data.*

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<sup>1</sup> Despite talk about deflation, the New York-Northern New Jersey-Long Island Consumer Price Index as reported by the US Bureau of Labor Statistics *increased* at a rate of 3.9% in 2008.

<sup>2</sup> Although the year 2000 has some significance as the start of the new millennium, the results are very similar if the starting year is different.

**Table**

	<b>NEW YORK CONSUMER PRICE INDEX</b>	<b>NYU CONTINUING FACULTY WAGE INDEX</b>	<b>NYU TUITION INDEX</b>
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	120.97	119.33	133.70
2007	124.36	123.51	141.58
2008	129.21		

Percentage increase in year 2009-10 wage that would be required to restore faculty living standard of year 2000 is hence  $4.62\% = 129.21/123.51 - 1$ .