

April 16, 2008

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 financial disclosure, Academic Year 2008-2009

Part I. On Matters Pertaining to Faculty Compensation

The Faculty Senators Council is mindful of the many demands that the University faces, for example, expansion of the faculty and enhancement of student services. 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 the merit pool for faculty salary increases has failed to keep pace with cost of living in the New York Metropolitan Area. Last year's increase was helpful but did not wipe out recent past losses in faculty real income. 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 2000-2007, tuition increased at an average rate of 5.62% per year, approximately 74% faster than the average yearly rate of increase of continuing faculty salaries which was 3.22%.

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

To offset the real income declines for continuing faculty, the FSC recommends an increase of 5.35% 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 5.35% increase to the pool is actually conservative and will only restore continuing faculty to their real earnings of year 2000 if received immediately. However, the NYC CPI is likely to have increased significantly by early 2009, which is the midpoint of the 2008-2009 academic year for which the salary increase is supposed to apply. This implies that the increase required to regain real income parity would be significantly higher than the 5.35% recommendation.

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	120.97	119.33	133.70
Dec. 2007	125.71		

Percentage increase in year 2008-9 wage required to restore faculty living standard of year 2000 is $5.35\% = 125.71/119.33 - 1$.

Part II. Budget transparency

This year, as with last year, the NYU administration provided little information on the budget to the FSC Finance and Planning Committee. This year, we received a single column of numbers giving a rough breakdown of expenditures and income in broad, poorly defined categories. Unlike last year, they did not give details of specific categories. They also declined to provide any information on NYU financial planning or projections. This was particularly disappointing because of an understanding between the Executive Committee of the FSC and Administration officials.

For this reason, our only specific budget recommendation this year, as with last year, concerns faculty salary. Even this recommendation is based only on overall New York City economic data rather than specifics of NYU finances. This is troubling, but made unavoidable by a lack of more information.

We feel that, given more information, the faculty could give very useful input into the overall budgeting and financial planning process. We point out, for example, that some of the costs of faculty expansion in the sciences seem not to have been fully anticipated by university budgeters who are not scientists, including the cost of additional supported PhD students.

This situation is troubling because of the particular position of NYU. The administration has asked the faculty to participate in a large-scale change of NYU that involves an aggressive expansion of the faculty and research facilities. In order to do this, faculty must have confidence that these efforts are likely to succeed. But success depends on large financial resources that NYU traditionally has lacked. Indeed, three sources of increased income are unsustainable: (1) rapid

increases in tuition, (2) the Partners plan (due to end in 2011), and (3) expansion of the undergraduate student body. These plain and well-understood facts engender concern among the faculty at large.

We make the following specific recommendations regarding budget transparency:

1. That the administration make a preliminary budget presentation for the University Senate Financial Affairs Committee and the FSC Finance and Planning Committees in the first meetings of those committees in September or October of 2008.
2. That the FSC Finance and Planning committee receive a briefing on financial planning and budget projections for future years early in the Fall semester of 2008.
3. That the administration prepare a list of financial and planning issues currently under study so that the FSC Finance and Planning committee may more fully represent the faculty in these important decisions.
4. That the FSC Finance and Planning committee, or a few representatives of it, be scheduled for working meetings with administrators with detailed knowledge and real time access to NYU budget spreadsheets.
5. That the FSC Finance and Planning committee receive briefings on the finances of NYU beyond the Washington Square campus. This includes in particular the NYU Medical School, the Polytechnic University, and NYUAD. We note that the FSC represents all NYU faculty, not just those at the Square.
6. That the FSC Finance and Planning committee receive audit reports or summaries of audit reports for NYU.