

MEMORANDUM

TO: Members of the Senate Financial Affairs Committee

FROM: The Faculty Senators Council

RE: Recommendation to the administration on matters pertaining to faculty compensation for the academic year 2013-2014

DATE: February 14, 2013

While the Faculty Senators Council is cognizant of the financial pressures on the University and the uncertainty created by the rapid expansion of the Global Network University as well as the added demands that may result from the recent disaster at the NYU Langone Medical Center, we nevertheless note that the merit pool for faculty salary increases has failed to keep pace with the increased cost of living in the New York metropolitan area over the last decade. The average compounded rate of increase in faculty salaries averaged 2.55% yearly over the last ten years, while over the same period inflation averaged 2.77%.¹ By comparison, NYU tuition increases averaged 4.96%. See Table 1.

Additionally, benefits continue to decline in value. There has been a significant shift of the burden of health care costs onto the employees as well as substantial increases in the rent on faculty housing. Tuition remission benefits have been decreased and younger faculty will receive less in retiree health care benefits.

Taken together, the failure of faculty salaries to keep up with inflation combined with the decrease in value of benefits have the potential to adversely affect faculty morale, retention and recruitment.

¹ This may seem like a small difference, but compounding it over a decade has created a significant deficiency in the current real income of faculty compared to 2002.

To offset the decline in real income for continuing faculty, the Faculty Senators Council recommends an increase of 5.3% 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.

TABLE 1

ACADEMIC YEAR	NEW YORK CONSUMER PRICE INDEX²	NYU CONTINUING FACULTY SALARY INDEX	FACULTY MERIT SALARY INCREASE (%)	NYU TUITION INDEX	NYU TUITION INCREASE (%)
2002-3	100	100		100	
2003-4	103.11	100	0	106.90	6.90
2004-5	106.53	103	3.00	112.89	5.60
2005-6	110.88	106.09	3.00	118.87	5.30
2006-7	116.05	109.27	3.00	125.29	5.40
2007-8	118.24	114.74	5.00	132.18	5.50
2008-9	124.57	118.75	3.50	139.98	5.90
2009-10	123.40	118.75	0	145.37	3.85
2010-11	125.10	120.53	1.50	150.45	3.50
2011-12	129.50	123.54	2.50	156.17	3.80
2012-13	131.27	127.24	3.00	162.11	3.80
2013-14 ³	133.92	<i>(133.92)</i>	<i>(5.25)</i>		

² We use the New York-Northern New Jersey-Long Island NY-NJ-CT-PA Consumer Price Index (CUUSA101SA0) as reported by the US Bureau of Labor Statistics. As the USBLS notes, “The New York-Northern New Jersey-Long Island, NY-NJ-CT-PA consolidated area comprises the five boroughs of New York City, Nassau, Suffolk, Westchester, Rockland, Putnam, Dutchess, and Orange Counties in New York State; Bergen, Essex, Hudson, Hunterdon, Mercer, Monmouth, Middlesex, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey; Fairfield County and parts of Litchfield, New Haven, and Middlesex Counties in Connecticut; and Pike County in Pennsylvania.” The CPI is calculated September to August to correspond to NYU budget years.

³The predicted inflation rate for 2013-14 is the average of the inflation rates for the last 3 years.