



**To:** Finance and Policy Planning Committee of the Tenured/Tenure Track Faculty Senators Council: Nick Economides, Chris Barker, Andrew Battista, Anindya Ghose, Ryan Hartman

**From:** Provost Katherine Fleming and Executive Vice President Martin Dorph

**Subject:** Tenured/Tenure Track Faculty Senators Council Budget Recommendations for Fiscal 2022

**Copy:** Darcey Merritt, Chair, T-FSC; Ethan Youngerman, Chair, C-FSC; Michael McCaw, Chair, AMC; Stephanie Pianka, CFO; Cathie Nadeau, Vice President Budget, FP&A; Sabrina Ellis, Vice President, Human Resources; Kristen Day, Vice Provost; Anthony Jiga, Vice Provost, Resource Planning; Charlton McIlwain, Vice Provost, Faculty Engagement & Development

**Date:** May 12, 2021

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This memo responds to the FY 2022 budget recommendations of the Tenured/Tenure Track Faculty Senators Committee presented at the March 21, 2021 Senate Financial Affairs Committee meeting (attached).

#### **AMI**

The T-FSC recommends “an average AMI of 4%, which would provide an appropriately modest increase, which would also reward to a small extent faculty for their increased efforts during the pandemic.”

#### *University Response*

Within the funding available through the University’s financial plan, the Annual Merit Increase pool for fulltime faculty for increases effective September 1, 2021 will be 3.0% and will have two components:

- 2.0% FY 2021 Covid-19 Salary Adjustment for all full-time faculty who are AMI eligible.
- 1.0% merit increase pool to be fully distributed based on individual merit, i.e., some faculty may receive less than 1.0% while others may receive more.

The AMI parameters described above are in response to the special circumstances resulting from the COVID-19 pandemic. The “2021 Covid-19 Salary Adjustment” is a means of covering a prior academic year that did not include AMI. The policy this year does not change the purpose or approach of the AMI as a merit-based increase. The AMI parameters above do not establish precedent for future years’ AMI.

Individual salary adjustments for equity, promotion and tenure will be in addition to the AMI. This includes salary adjustments that will be made because of the findings of the Faculty Pay Equity Study and Faculty Salary Inversion Study. Schools are advised that funds may not be “held back” from the 1% pool to cover salary adjustments such as promotion, tenure, retention, etc.

#### **Faculty Salary Study**

The T-FSC expresses a general concern that “...24% of full professors and 19% of associate professors have a salary that is lower than that of at least one colleague at a lower rank in the same department.

This reflects widespread salary inversion and compression. We hope that NYU will address these inequities and imbalances quickly and aggressively.”

*NYU Response*

As reported when the Faculty Salary Inversion Study was presented on February 24, the focus of the study was to identify instances where two or more faculty of a lower rank within the same department had a higher base salary than a professor with a more senior rank. The study reported that 14% of tenured full professors and 10% of tenured associate professors have a salary that is lower than that of at least one colleague at a lower rank in the same department.

We do not believe that it is feasible, nor appropriate, to ensure that all instances of inversion are to be eliminated. New faculty will continue to be hired at competitive salaries that at times may be higher than the salaries of faculty of a more senior rank in the same department. Also, as was noted during the presentation of the Salary Inversion study, even within the same department, there can be different academic or professional specializations that have different compensation scales in the marketplace. Nonetheless, the Inversion Study, as well as the Faculty Equity Study, identified individual instances where salary adjustments are appropriate and will be made, effective September 1, 2021. The University is committed to repeating the studies every three years, and looks forward to the faculty’s early engagement in the design of the next round of studies.

## T-FSC Recommendations to the Administration On Matters Pertaining to Faculty Compensation For the Academic Year 2021-22

Along with the rest of the university, the tenured faculty did not receive an AMI salary increase during 2020. Thanks to this and other timely and prudent mitigation measures, in FY2021 NYU saved an amount equal to the loss of revenue plus the extra costs due to the pandemic. As a result, the current financial outlook for FY2022 is similar to pre-covid years. With the pandemic still very much present, this is no time to spend without caution; but neither would it be wise to continue to erode the compensation of the faculty and staff that underwrite the mission of the University. Given NYU's solid and encouraging financial picture, we hope that this year's AMI will not only resume the usual pace of salary increases, but also make up some of the ground lost to the mitigation efforts.

How much would that take? The Bureau of Labor Statistics estimates that consumer prices overall in the New York/ New Jersey area have increased an annualized average of 1.2% during CY2020, and a comparable amount during the second half of CY2019.

([https://www.bls.gov/regions/new-york-new-jersey/news-release/consumerpriceindex\\_newyorkarea.htm](https://www.bls.gov/regions/new-york-new-jersey/news-release/consumerpriceindex_newyorkarea.htm)). This means an increase of more than 2% would be required merely to maintain purchasing power equal to the level immediately after the last AMI took effect. Alarming, prices in the New York-Newark-Jersey City area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), rose 0.4 percent in January 2021, following a 0.4-percent increase in December 2020, implying a much higher increase going forward. See also <https://www.areavibes.com/new+york-ny/greenwich+village/cost-of-living/>. So, the AMI should be at least 3% merely to make up lost ground. An additional piece of evidence is that a 3.6% increase would be required just to keep up with the average increase in wages and salaries in the New York/New Jersey area. Therefore, we recommend an average AMI of 4%, which would provide an appropriately modest increase, which would also reward to a small extent faculty for their increased efforts during the pandemic.

Separately from the AMI, the recent university-wide studies on equity in compensation and on salary inversion provide compelling justification for urgent salary adjustments. Although the study found that in many situations, the compensation of protected groups was not statistically different from comparison groups, there were pockets where some targeted adjustments are clearly justified and appropriate. Of more general concern, 24% of full professors and 19% of associate professors have a salary that is lower than that of at least one colleague at a lower rank in the same department. This reflects widespread salary inversion and compression. We hope that NYU will address these inequities and imbalances quickly and aggressively. And although the AMI process should certainly be made as fair and equitable as possible, it is not the right mechanism for addressing dramatic imbalances. We recommend that NYU puts forward additional moneys that will be used exclusively by the Schools for the issues of salary inversion and non-discrimination.