

**To:** Cathie Nadeau & Members of the Senate Financial Affairs Committee  
**From:** Finance & Planning Committee, Tenured and Tenure-Track Faculty Senators Council  
**Re:** Budget Planning Parameters for 2020-2021

This memo builds on efforts of this Committee in recent years that have sought to create a more equitable financial environment for the faculty. The main goals are to promote fairness in faculty compensation and to alleviate financial stress that may detract from faculty teaching, research, and service to the University. Given the COVID-19 situation, we understand that there are challenges and uncertainties that NYU must deal with. At the same time, the duties of tenured faculty have expanded, and we believe it is important that their annual merit increase stays on track.

TFSC has been raising concerns about equity in faculty compensation for the past few years and have asked for the data to help document the current situation on this front. The University has hired consultants to conduct a salary equity review related to gender or race/ethnicity for full-time faculty (both T/TT Faculty and CC Faculty) whose home school is in the NYU NY campus. The University is also undertaking an internal review of faculty salary inversion, a reportedly common condition around NYU in which junior faculty are hired at salaries greater than those of senior faculty who have served for many years.

Our hope is that these studies will facilitate the development of guidelines for NYU Schools to create a more equitable compensation environment. Unfortunately, the time frame for both of these reviews is unclear, and it may of course be affected by the COVID-19 crisis. Nevertheless, we still request that relevant data be shared with us, albeit in a form that does not explicitly highlight comparative performance of individual schools or departments.

Another core aspect of equity is the annual merit increase (AMI) allocated for faculty salaries. T/TT faculty are the engine of NYU's standing as a global research university through their achievements not just in teaching and service but in research, interdisciplinary invention, and creative production and their primary roles in mentoring future generations of scholars. We therefore underscore the importance of maintaining levels of compensation that make NYU an attractive employer for talented scholars and educators. We recognize that the University provides significant non-monetary compensation to faculty beyond the official salary pool, including tuition remission and housing for some. Without discounting the value of such non-monetary compensation, we bring your attention to the following recent trends and historic data regarding faculty expenses:

- This year, the cost to faculty of health insurance plans has increased around 6%.
- The cost of NYU housing under the current three-year lease reflects a 3.1% annual increase.
- Faculty members who do not live in NYU faculty housing have experienced rent increases at an annual rate of 3.9% ([Street Easy NYC Rent Affordability](#)) in recent years. They receive no subsidy to cover their rent or support in purchasing a home.

- The NYU AMI last year was not aligned with the increase for private industry workers in the NYC Metropolitan Area. Total and wage compensation respectively increased 3.8 and 4.0 percent in 2019 ([NY BLS Compensation Cost 2019](#)).

The University has in the past used the NYC Metropolitan Area Consumer Price Index (the 12-month CPI increase reported in February 2020 is 2.5%) to justify the AMI that has been set. The NYC Metro Area, however, covers an area well beyond NYC, including several counties north of NYC and on Long Island as well as parts of New Jersey and Pennsylvania. The information provided above suggests that the NYC Metro CPI understates the cost of living in NYC. The University also uses national average increases in full-time faculty salaries as a benchmark in setting the AMI, but it is hard to accept these as appropriate for NYC.

More generally, New York City is one of the most expensive cities in the world ([The Economist COL Survey](#)) and it is the most expensive city in the United States ([C2ER COL 2019](#)). Our investigations also suggest that faculty salaries at NYU are not aligned with some other major research Universities located in less expensive cities. For example, the cost of living in Chicago is 42.9% lower than New York ([2020 Cost of Living Calculator: New York and Chicago](#)), yet both University of Chicago and Northwestern University offer higher average compensation to their faculty than NYU ([Chronicle of Higher Education Faculty Salaries](#)).

Given the above considerations and to support an equitable compensation environment for NYU faculty, we recommend an AMI pool increase for 2020-21 of 3.0% and the issuance to Deans of guidelines on how to distribute these funds. Deans must of course retain some discretion, but guidelines could improve awareness and fairness across the University. Additional funds to assist Deans to deal with the equity issues in the treatment of long-serving faculty outlined above would also be warranted, and there is a precedent for this in the early years of the Sexton administration. Such an approach can be part of a multi-year endeavor that should seek to retain and reward our faculty.