MINUTES OF THE T-FACULTY SENATORS COUNCIL MEETING OF APRIL 11, 2019

The New York University Tenured/Tenure Track Faculty Senators Council (T-FSC) met at noon on Thursday, April 11, 2019 in the Global Center for Academic & Spiritual Life at 238 Thompson Street, 5th Floor Colloquium Room.

In attendance were Senators Cappell, Das, Economides, Fenton, Figlewski, Frankl, Garabedian, Harvey, Higham, Hoffman, Irving, Kamer, Lapiner, Ling, Logan, Longuenesse, Merritt, Mincer, Romig, Shapley, Taylor, Uleman, Watson, and Zamir; Active Alternates Alter, Nonken, and Regaignon; and Alternate Senators Coslovsky (for Smoke), Geppert (from Weslake), Gillers (for Dreyfuss), Partridge, Schlick (for Tranchina), Tannenbaum, and Zelikoff (for Quinn).

APPROVAL OF THE MINUTES OF THE MEETING HELD FEBRUARY 28, 2019

Upon a motion duly made and seconded, the minutes of the February 28, 2019 meeting were approved unanimously.

REPORT FROM THE CHAIRPERSON: WEN LING

University Retirement Plan Investment Committee

Chairperson Ling announced that Senator Maurizio Porfiri will serve as the T-FSC representative on this Committee. He takes over for Nick Economides, who is stepping down as representative because of his upcoming duties as T-FSC Chairperson.

Senate Executive Committee (SEC) Meeting Agenda Item

Ling noted a resolution being presented at the SEC meeting by the Student Senators Council regarding human rights at NYU. Vice Chairperson Economides clarified this resolution was sent to the Senate Financial Affairs Committee and is a recommendation that NYU enacts a socially responsible investment policy for the university endowment that implements a screen on ethical investments that uphold human rights for all. This resolution will be presented at the upcoming University Senate meeting.

ELECTION OF T-FSC VICE CHAIRPERSON AND SECRETARY 2019-2020

The election of T-FSC Vice Chairperson and Secretary for 2019-20 took place by secret ballot from the slate of candidates presented by the Nominating Committee. The slate for Vice Chairperson included André Fenton of the Faculty of Arts and Science and Darcey Merritt of the Silver School of Social Work. The slate for Secretary included David Irving of the Tisch School of the Arts and Angela Kamer of the College of Dentistry.

Chairperson Ling supervised the counting of the ballots, including absentee ballots, and Ling reported the results of the election: Darcey Merritt will serve as Vice Chairperson and David Irving as Secretary for 2019-20.
PRESENTATION, DISCUSSION, AND VOTE

Racism at NYU Resolution

See attached Document A.

Chairperson Ling stated, following the report of an incident at the Silver School of Social Work, the Inclusion, Equity, and Diversity Committee was charged with drafting a resolution. She noted, in addition, five Senators submitted another resolution, which will be addressed under New Business following the discussion of the Committee’s resolution.

She opened up the discussion and asked Senators to state if they in support, have concerns, or are opposing the resolution before speaking.

Committee Co-Chair Fenton presented the resolution, titled “Education Against Racism at NYU”.

He stated in discussing this resolution it is important to recognize that racism and bias can mean different things or be experienced very differently depending on who is using the term.

He noted the Committee focused on gathering scholarship on experiences with racism and footnoting literature to support each statement made in the resolution.

He also reported the Committee pursued legal guidance by consulting a lawyer on the Committee and also the attorney who ran Microsoft’s International affairs. He confirmed the language does not expose the University to a lawsuit.

He noted the Committee took into account all the feedback they received in revising the resolution.

Senator Uleman presented his document on observations on racism at NYU. See attached Document E. He discussed the different definitions of racism. The first is explicit, which refers to a set of attitudes that a person can explicitly express. The second is implicit racism, which operates without conscious awareness that affects behaviors, attitudes, or actions. The third is institutional racism, which refers to institutional practices and policies that are racially biased.

He then explored the evidence for these three kinds of racism at NYU. In terms of explicit racism, he reviewed the ATB (Attitudes toward Blacks) results of students in Introductory Psychology. These scales includes items such as “It is likely that Black people will bring violence to neighborhoods when they move in,” “Generally, Black people are not as smart as White people” and “Black and White people are inherently equal” (reverse coded). People indicate their agreement, from strongly disagree (1) to strongly agree (7). A recent published paper (Amodio, 2010, p. 2612) with this sample noted that the “mean score was 5.72 (SD = 0.89). It is notable that although the average score was above the midpoint, the midpoint [4.0, neither agree nor disagree] represents a highly negative attitude toward Black people.” Note that NYU’s Intro Psych students are not representative of NYU’s student body, generally rating themselves as more “liberal” than “conservative.” Yet repeated testing of this group shows that this score on the ATB is typical for this group.

In terms of implicit racism, he reviewed the IAT. Based on tens of thousands of respondents, it is known that “White preference is pervasive in American society – almost 75 percent of those who take the Race IAT on the internet or in laboratory studies reveal automatic White preference”.

In terms of institutional racism at NYU, he reviewed the Biennial FAS Equity Report on hiring, salaries and promotion of FAS faculty, with attention to gender and minority categories. He listed the findings from the latest Report that are consistent with institutional racism:

- Since 2012, FAS [20%] has lagged behind NYU as a whole [25%] and VHRA [Very High Research Active] schools [28%] for Minority faculty in the tenure track.
• The proportion of under-represented minority faculty in tenure track positions was steady at 9% from 2001 to 2016.
• The proportion of minority [continuing contract] faculty, still low compared to the numbers from early 2000s, has increased to 21% in 2018. The proportion of faculty in underrepresented minorities had been declining, but has increased to 10% in 2018.
• Minority continuing contract faculty (CF) account for 21%, 26% and 30% of CF at FAS, NYU generally, and comparable VHRA schools, respectively. That is, they are underrepresented at NYU.
• Tests against prior year cross sections have established that there are statistically significant relationships for gender and minority status, (but not underrepresented minority status) with rank, and that all three categories [female, minority, and underrepresented minority] are underrepresented at the full professor rank. These relationships persist in the 2018 cross section.
• The null hypothesis that minority status and rank are independent was again rejected with the chi-square statistic ($\chi^2=20.20$, $p<0.01$). Minority status and rank are associated, for instance, minority faculty are underrepresented in the named professor rank (10 are observed to be named professors compared to the 20 expected under independence).
• Faculty with minority status and underrepresented minority status taught more classes, on average.

A Senator expressed concerns over the resolution and highlighted the projects at her school in support of diversity. She also noted the University’s commitment to diversity through initiatives such as the hiring of Lisa Coleman as Chief Diversity Officer.

Senators questioned why the Council could not discuss both resolutions together. Chairperson Ling noted, in consultation with the Committee, it was decided to first discuss the Committee’s resolution and then the second resolution. This also follows Robert’s Rules since the first resolution is a motion on the table.

Committee Member Nonken noted, out of respect and consideration for the peers who have suffered from bias and discrimination, the Committee felt it important and necessary to name these circumstances. The Committee also felt it important for the University to provide further education throughout the community to recognize and eliminate biased behaviors. The resolution proposes specific actions as a response to nameable and verifiable realities. This is a different approach than the second resolution.

Committee Co-Chair Fenton added the Committee, as charged, drafted a representative resolution taking into account all the feedback offered by the Council.

A Senator commented this revised draft is less problematic than the first version and does not create the same potential legal liabilities of the first resolution. He noted his disagreement with including the long citation of social science articles in the resolution, noting they may be subject to academic controversies. Other Senators expressed concerns over the citation of literature.

A Committee member explained that each citation supports each statement in the resolution. She clarified many of these are quantitative studies and they are not all from the social sciences, but also from health sciences, psychology, and neuroscience.

A Senator stated she is in favor of the resolution, noting it provides supporting evidence to identify this as larger systemic problem. In response to concerns that this will harm NYU, she commented showing that the University recognizes these problems at NYU and throughout society and is willing to take action should encourage potential students, employees, and community members to come to NYU and look toward NYU for leadership on this issue.

A School of Law Senator noted that even with this revised version he thinks it could have legal implications.
A Senator suggested removing the specifics of the incident at Silver, particularly the language in the student's email. She also supported the first, second, and fourth statement, but has concerns on the third because it seems to repeat the second.

A Senator suggested providing specific examples of the progress New York University has made towards a more diverse, equitable, and inclusive community.

A Senator noted he is in favor of the resolution and trusts the Committee to select the best literature to cite.

A Senator expressed support of the action items in the resolution but not on focusing on an incident between two students.

A Senator stated she supports citing the social science research. She expressed her concern that the Council will continue to debate on the wording, rather than moved forward with passing a resolution. She noted the importance of responding to the incident in a timely manner.

A Senator suggested a structural adjustment. He suggested changing the first series of statements into a preamble that provides context and academic validation of the larger issue and its existence, and then focusing the resolution on a call for action.

A Senator stated this document is about recognizing institutional racism. While in the last hundred years, several positive changes have been made to the structure to prevent it from only privileging a small portion of the population, it is important to recognize that the structure still remains. He stated his only suggested amendment would be include education on institutional racism.

Committee Co-Chair Merritt stated her hope was for the Council to have a thoughtful and meaningful discussion with empathy, bravery, and self-awareness to work towards the betterment of the University's school and climate. She noted the Committee invited every person on the Council to participate in crafting this resolution over the course of some weeks. She expressed her support for the resolution and hope that it is passed by this body. She also reported the incident at Silver has gone to the student standing committee, and while she cannot share the outcome, she stated it has gone through the appropriate channels and the facts outlined are true.

A Senator suggested the resolution take into account exclusion and bias more broadly and suggested using the term "structural intolerance" instead of "anti-racism."

A Senator spoke against the resolution in favor of the shorter resolution. She stated the University already has an existing discrimination policy, that states that action will be taken against people that are found to have discriminated at NYU.

A Senator expressed support of the resolution stating it clearly articulates a strong need, is evidence based, and has clear action items.

Committee Co-Chair Fenton responded to the discussion. He stated while there are diversity education programs at NYU, he was informed that few people participate and there is no mechanism to make them mandatory. In terms of the legal question, he reported he consulted an attorney who served as Microsoft's legal director for the worldwide public sector, who approved the resolution from a legal standpoint. He also noted the reason for the many citations was to make statements that were supported by research.

Based on the suggestions, Fenton recommended creating a preamble from the first set of statements, then moving to address the incident at Silver, but removing the specific language of the email. Fenton created a written revised version and sent to the Council via email.
The revised resolution was passed by vote of 23 Senators in favor, 3 opposed, and 1 abstention. The final language of the resolution: Education Against Racism at NYU.

Short Resolution

*See attached Document B.*

A motion to table the resolution was moved and seconded. The motion to table was passed by vote of the Council. The Inclusion, Equity, Diversity Committee will work with the five Senators who drafted the resolution to discuss drafting a revised version.

Revised Report on Shared Governance Survey

*See attached Document C.*

The Committee will present at the May meeting.

**T-FSC COMMITTEE REPORTS**

*See attached Document D.*

There was no discussion or questions on the following submitted reports:

EP & Faculty/Student Relations: David Irving & Robert Lapiner
Finance & Policy Planning: Nicholas Economides & Maurizio Porfiri
Personnel Policies & Tenure Modifications: Phyllis Frankl & Robert Lapiner

**ADJOURNMENT**

The meeting adjourned at 2:00 PM.
EDUCATION AGAINST RACISM AT NYU
RESOLUTION

WHEREAS, in Reckoning with Racism at NYU Silver (Feb. 2019), the Silver School of Social Work Deans report that a Black student “received an email from a peer in his class that expressed racism against a Black student,” stating, “although, certainly it was because I found it easier to lead the discussion without black presence in the room since I do feel somewhat uncomfortable with the (perceived) threat it poses;” and

WHEREAS, the Silver School of Social Work Deans state “this incident took place in a broader context of ongoing institutional racism at Silver, especially in classrooms” and express a commitment to improve the situation in their School; and

WHEREAS, a consortium of groups, in A Call to Action for Social Justice at the NYU Silver School of Social Work (Spring 2018), concur that “the NYU Silver School of Social Work continues to be a hostile environment for many students of color and students of other targeted identities;” and

WHEREAS, data in the Being@NYU Assessment of Climate for Learning, Living, and Working suggest that the situation at the Silver School is not anomalous; and that “a higher percentage of Black/of African Descent respondents (60%, n = 889) and a lower percentage of White respondents (5%, n = 323) who had experienced exclusionary, intimidating, offensive, and/or hostile conduct indicated that the conduct was based on their racial identity when compared to other groups by racial identity;” and

WHEREAS, studies such as The Role of Critical Race Theory in Higher Education (2010) by Hiraldo indicate that systems of higher education based on cultural norms, expert opinion, and tradition can provide racist and oppressive infrastructures, which can challenge acknowledgement of lived experiences of people of color and impede diversity initiatives; and

WHEREAS, essays collected in Our Compelling Interests: The Value of Diversity for Democracy and a Prosperous Society (2017) edited by Lewis and Cantor suggest that racism unaddressed in institutions of higher education contributes to crisis and instability, impacting student enrollment, graduation, career success, and faculty retention; and

WHEREAS, acts of exclusion and microaggression transcend race, as addressed in The Everyday Language of White Racism (2009) by Hill and “Welcome to America? International student perceptions of discrimination” (2007) in Higher Education by Lee and Rice; and as evidenced in the Being@NYU Assessment, members of our community also endure exclusion and bias due to their language, gender, religion, nationality, culture, sexual preference, and physical ability; and

WHEREAS, studies, such as Racism and Health I: Pathways and Scientific Evidence (2014) by Williams and Mohammed indicate that institutional racism creates and sustains a hostile environment and nurtures a culture of silence and fear of retaliation among targets of discrimination; and
WHEREAS no credentialed, matriculated student should be excluded from our academy, explicitly or implicitly; and that no students, faculty, staff, or administrators of color should suffer from racism, bias, or microaggressions; and

WHEREAS, studies such as The Diversity Bonus: How Great Teams Pay Off in the Knowledge Economy (2016) by Page suggest that the eradication of racism, bias, and microaggression in academia has quantifiable benefits; and Culturally Sustaining Pedagogies: Teaching and Learning for Justice in a Changing World (2017) edited by Paris and Alim, suggests that increasing the diversity of students and faculty is insufficient to redress present inequities; and

WHEREAS, discussions of racism can be uncomfortable and the impact of race discrimination easily dismissed by those who have not endured it; and people of color who participate in these discussions often suffer a “racial battle fatigue” identified by studies in Confronting Racism in Higher Education: Problems and Possibilities for Fighting Bigotry and Isolation (2013) edited by Brooks and Arnold; and

WHEREAS, studies, such as Long-term reduction in implicit race bias: A prejudice habit-breaking intervention (2012) by Devine et al., indicates that anti-racism education and training may help to modify overt behaviors relating to unintentional racial bias; and a Faculty silent on these issues undermines the excellence for which New York University strives; and

WHEREAS, the substantial progress New York University has made towards a more diverse, equitable, and inclusive community, especially in recent years, encourages that we increase our anti-racism educational efforts; and

NOW, THEREFORE BE IT RESOLVED
That New York University undertake to provide anti-racism education for its faculty, students, staff, and administrators; and

FURTHER RESOLVED
That New York University designate support and resources to provide assessment, oversight, and anti-racism education in all Schools and departments, and promote actions to empower those students of color, who bear the brunt of discrimination; and

FURTHER RESOLVED
That New York University institute yearly evaluations of anti-racism practices across all Schools, faculty, students, staff, and administrators.
Dear Chair Wen Ling and Senators of the T-FSC,

A number of Senators support the T-FSC intention but are unable to accept all the language in the long resolution which has been sent by email for consideration by the T-FSC. We're hence submitting a short draft resolution below for consideration by the T-FSC at its next meeting as either (preferably) a consensus brief resolution which could (hopefully) be unanimously endorsed by all or, if necessary, as an alternative to the long resolution.

Thanks for your and our colleague’s consideration of this.

Best,
Sylvain Cappell, Nicholas Economides, Anna Harvey, Angela Kramer, Robert Shapley

Short resolution for consideration by the T-FSC:

The T-FSC, acknowledging that structural intolerance is difficult to dislodge, calls upon the entire NYU community - trustees, administration, students, staff and faculties - to renew, review and expand efforts to ensure that members of our community of all races, ethnicities, gender orientations and identities, nationalities and immigration statuses, cultural and religious heritages, ages and disabilities do not suffer discrimination and that they are treated, supported and feel fully valued here with respect, dignity, consideration and inclusion.
8 April 2019

Educational Policies and Faculty/Student Relations Committee

The Educational Policies and Faculty/Student Relations Committee is scheduled to meet following the T-FSC meeting this week to review and approve a draft report on recommended modifications to the online Student Evaluations of Teaching process. This issue has been the central preoccupation of the committee this academic year, and has involved numerous consultations by committee members with colleagues across the University.

Later this week EdPol is hosting an informal conversation with representatives from the Student Senators Academic Affairs Committee.
TFSC Finance Committee Report, 04/11/2019

1. The SFAC met on March 12. The TFSC, CFSC, and AMC presented their respective reports/recommendations on compensation (attached). TFSC asked for a 3.5% “merit increase.” CFSC and AMC asked for a 3% increase.

2. At the SFAC meeting, the administration announced that NYU recently issued tax free and taxable bonds of $836 million in total at an average interest rate of 3.74%. NYU’s credit ratings by S&P and Moody’s (attached) remained the same. Before the additional debt, at the end of 2018, NYU’s total debt (including that of the hospital) was $6.764 billion, up 13% from last year. We do not know the exact total debt after the issuance since some of the money raised by the bonds could pay short-term financing from banks. NYU’s revenue (including that of the hospital) in 2018 was $11.7 billion, up 16%. NYU is expected to keep borrowing at the same or faster pace to complete the 181 Mercer project, plus a variety of other large projects. TFSC will closely monitor this process of increasing debt, especially since NYU does not plan large increases in tuition and has placed special emphasis on affordability.

3. Finally, the administration presented at SFAC an outline of areas where it plans to implement small to moderate budget cuts. This effort is at an early stage.

4. In March, the TFSC Finance Committee conducted a survey among our Senators and Alternates (75 in total) on compensation issues. We believe that the survey results will help identify and fix inefficiencies in the compensation procedures as well as other compensation issues, such as salary inversion and very low “merit increases.” The summary of the responses follows.

Answers received: 51, response rate 68%

Q1. Is the process your School follows to determine the annual increase for faculty clear and readily available to faculty?
Yes: 35%
No: 51%
Partial yes, partial no, or “I do not know”: 14%
N/A: 0%

Q2. Is the annual communication with individual faculty members clear with respect to the basis for that faculty member’s compensation adjustment?
Yes: 35%
No: 51%
Partial yes, partial no, or “I do not know”: 12%
N/A: 2%

In Q1 and Q2 the "No" answers were from Senators from the following Schools
College of Dentistry
College of Global Public Health
Division of Libraries
Faculty of Arts and Science
Gallatin School of Individualized Study
School of Law
School of Medicine
Steinhardt School
Tandon School of Engineering
Wagner Graduate School of Public Service

Q3. Do you feel that there is a salary inversion in your School, so that some faculty in your School who have spent more than 10 years at NYU are compensated less than a starting Assistant Professor in the same field?
Yes: 63%
No: 21%
Partial yes, partial no, or “I do not know”: 14%
N/A: 2%
In Q3, the "Yes" answers were from across all Schools.

Q4. Do you feel that the annual raise is sufficient to catch up with increases in cost of living?
Yes: 12%
No: 74%
Partial yes, partial no, or “I do not know”: 6%
N/A: 8%
In Q4, the "No" answers were from across all Schools.
To: Stephanie Pianka & Members of the Senate Financial Affairs Committee  
From: Finance and Planning Committee of the Tenured and Tenure-Track Faculty Senators Council  
Re: Budget Planning Parameters for 2019-2020

This request builds on efforts of this Committee in recent years that have sought to: i) enhance the degree of transparency of the University’s finances and financial planning to the faculty, toward a, sustainable shared vision of excellence for NYU, and ii) create a more equitable environment for the faculty, which alleviates financial stress that may take away from teaching, research, and service to the University.

We are delighted that these efforts have been recognized by the University, prompting the adoption of a standardized budget template by several Deans across NYU and the creation of a Salary Study Committee with faculty participation. With respect to the first item, we would appreciate if every School of the University adopted the proposed budget template, and we encourage the University to facilitate this transition. With respect to the latter item, we very much look forward to a report by the Salary Study Committee, which we hope will facilitate setting up guidelines for Schools to create a more equitable environment, where raises of a faculty member are disentangled from the availability of external offers and “pay inversion” is mitigated.

With this in mind, we would like to focus once more on salary/AMI/equity. Because tenured and tenure track faculty are the engine of the University through their commitment to research, teaching, and service, we underscore the importance of maintaining levels of compensation that make NYU an attractive employer for talented scholars and teachers. We recognize that the University provides significant non-monetary compensation to faculty that comes from outside the official salary pool, including healthcare benefits, tuition remission benefits, and housing for some of them. But, without discounting the value of such non-monetary compensation, we bring your attention to the following recent trends and historic data:

-This year, the cost of health insurance has increased dramatically, reaching above 30% for some of the faculty plans;
- The cost of NYU housing is now 9.5% higher than last year for any new three-year lease, which corresponds to a 3.1% annual increase.
- Not all faculty live in NYU faculty housing, which is, in fact, not treated as a benefit by the University. These faculty members have experienced rent increases at an annual rate of 3.9% (https://streeteasy.com/blog/nyc-rent-affordability-2017/) over the last several years, and no subsidy is offered to them to cover their rent or potentially attempt to buy a home.
- AMI for last year was not aligned with private industry workers in the New York-Newark, NY-NJ-CT-PA metropolitan area, which increased 3.7 percent for the year ended December 2018 (https://www.bls.gov/regions/new-york-new-jersey/news-release/employmentcostindex_newyorkarea.htm)
- Faculty salary at NYU is not aligned with other major research Universities, which are in considerably less expensive Cities. For example, Chicago, Illinois is 43.7% cheaper than New York, New York (https://www.bestplaces.net/cost-of-living/new-york-ny/chicago-il/115000), but both University of Chicago and Northwestern University offer higher compensation to their faculty (https://data.chronicle.com/category/sector/2/faculty-salaries/).
To support an equitable environment for faculty, we recommend an AMI pool increase of 3.5% and guidelines on how to distribute it based on the number of years of tenure in the School be given to Deans. This should be part of a multi-year endeavor that should seek to retain and reward our faculty.
March 10, 2019

RE: Request for Budget of 2019-2020 Academic Year

From: CFSC Senate and the CFSC Financial and Policy Planning Committee:
Tommy Lee, NYU: Tandon School of Engineering, Chair
Jamie Skye Bianco, NYU Steinhardt
Joseph Carter, NYU Langone School of Medicine
Leila Jahangiri, NYU School of Dentistry
Maria Patterson, Stern School of Business
Larry Slater, NYU Rory Meyers School of Nursing
Susan Stehlik, Stern School of Business, ex-Officio

The Continuing Faculty Senate Council (CFSC) would like to formally acknowledge and thanks the administration for including our representation in the compensation study. We are nominating our Senators, Larry Slater (School of Nursing) and Tommy Lee (NYU: Tandon School of Engineering) to represent our council. A separate letter has been sent to Martin Dorph, as requested.

The Continuing Faculty Senate Council submits the following requests for the Budget of the 2019-2020 Academic Year Budget:

1. **Annual Merit Increase (AMI):**
   a. 3% AMI for the AY 2019-2020.
      i. Standardized statement that defines:
         1. total amount given to each school for AMI increases, separating
            a. minimal percentage for current faculty and staff
            b. percentage given to the Dean as discretionary disbursement for new hires, for compression and/or equity issues
         ii. AMI historical increase for the school, as a reference, included in each faculty and staff letters.

2. **Personal Development Fund (PDF) with broader use definition**
   a. As the Contract Faculty is not traditionally required to have research interests, we require a broader definition sent to each Dean showing that PDF’s can be used for a variety of purposes, not limited to research.

3. **Stress Testing of students based on enrollment by state and country:**
   a. Stress testing of student enrollment – as global recession is looming, we should consider a full stress test on future student enrollment by country (in the United States, by states) for each of the schools/programs to elucidate the effects on future tuition dollars.

Respectfully Submitted,

Chair, CFSC Finance and Policy Planning Committee
Moody’s
INVESTORS SERVICE


06 Feb 2019

New York, February 06, 2019 -- Moody's Investors Service has assigned Aa2 ratings to New York University's proposed $657 million New York University Revenue Bonds, Series 2019A (Tax-Exempt), $125 million New York University Revenue Bonds, Subseries 2019B-1 (Taxable), and $65 million New York University Revenue Bonds, Subseries 2019B-2 (Taxable) (Green Bonds). The bonds will be issued by the Dormitory Authority of the State of New York. The last maturity of the fixed rate bonds will be in 2049. Moody's maintains Aa2 ratings on around $3.76 billion of the university's outstanding debt. The outlook is stable.

RATINGS RATIONALE

New York University's (NYU) Aa2 rating acknowledges its ongoing momentum in strategic revenue growth, global reach and prospects for gains in total wealth aided by donor support. Growth in financial reserves will also be fueled by retained surpluses especially as the pace of capital investment slows. With total cash and investments of $6.4 billion for fiscal year 2018, NYU benefits from strong wealth on an absolute basis, but its wealth is comparatively low relative to its scale of operations including thin operating liquidity at the NYU Langone Health System. The university's credit strength also reflects its increasingly global brand as a comprehensive research university with geographically diversified locations, student market strength, and effective risk management to mitigate its complex business model. Our opinion also incorporates the university's highly valuable and marketable real estate not included in our wealth calculations.

Offsetting considerations include NYU's very high financial leverage and reliance on patient care for over 60% of operating revenue in a very fragmented and competitive health care market.

Our analysis is based on a consolidated view of NYU and its affiliate, NYU Langone Health System, which includes subsidiaries NYU Langone Hospitals (NYULH, formerly known as NYU Hospitals Center) and NYU Winthrop Hospital. Moody's rates the separately secured debt of NYU Hospitals Center A3 stable.

RATING OUTLOOK

The stable outlook reflects our expectations that NYU will continue to see strengthening of clinical and student demand, contributing to strong cash flow and ongoing excellent fundraising. The outlook is also predicated on the assumption that the university's very high leverage will gradually begin to moderate over time.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material growth in spendable cash and investments relative to operating expenses and debt

- Sustained strengthening of student and clinical market strength combined with increased donor support

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Credit deterioration of NYULH, particularly if marked by narrowing cash flow

- Material increase in financial leverage or reduction in unrestricted liquidity given already comparatively high debt and low liquidity levels

LEGAL SECURITY

NYU's rated revenue bonds issued under its May 2008 resolution are unsecured general obligations of the university, which includes its School of Medicine. NYU is not obligated on the debt obligations of NYU Langone Health System or its subsidiaries, and NYU Langone Health System and its subsidiaries are not obligated on the debt of NYU. For bonds issued through DASNY before 2008, repayment is a general obligation of the university, secured by tuition, fees, and other university revenue equal to Maximum Annual Debt Service. The Series 1998A bonds also have a cash funded debt service reserve fund.
The separately secured bonds of NYU Langone Hospitals are jointly secured by a pledge of gross receipts and a mortgage of certain health care facilities of NYU Langone Hospitals.

USE OF PROCEEDS

Proceeds will be used to finance or refinance various capital projects in Manhattan and Brooklyn, including the 181 Mercer Street project, as well as to pay costs of issuance.

PROFILE

NYU is a large, comprehensive, research-intensive university serving over 45,000 full-time equivalent students on its campuses in Manhattan, Brooklyn, Abu Dhabi, and Shanghai. The university’s sizeable enrollment, robust research enterprise, and high acuity academic medical center generated $11.7 billion in revenue in fiscal 2018.

While NYU Langone Health System and its subsidiaries are not part of the university's obligated group, they are incorporated in our credit opinion.

METHODOLOGY

The principal methodology used in these ratings was Higher Education published in December 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody’s legal entity that has issued the rating.

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Dennis Gephardt
Lead Analyst
Higher Education
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Kendra Smith
MANAGING DIRECTOR
Higher Education
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653
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New York University's 2019A, B-1, B-2 Bonds Rated 'AA-'; Outlook Stable

Primary Credit Analyst:
Charlene P Butterfield, New York (1) 212-438-2741; charlene.butterfield@spglobal.com

Secondary Contact:
Stephanie Wang, New York (1) 212-438-3841; stephanie.wang@spglobal.com

NEW YORK (S&P Global Ratings) Feb. 5, 2019—S&P Global Ratings assigned its 'AA-' long-term rating to the Dormitory Authority of the State of New York's (DASNY) series 2019A tax-exempt revenue bonds and series 2019B-1 and 2019B-2 taxable revenue bonds, issued for New York University (NYU or the university). At the same time, we affirmed our 'AA-' issuer credit rating (ICR) on NYU and the long-term rating on the university's existing bonds issued by DASNY and the university's directly issued series 2009, series 2010, and series 2015 bonds. The outlook on all ratings is stable.

"The rating reflects NYU's extremely strong enterprise profile, supported by healthy demand metrics that have improved considerably in fall 2018, a large and diverse student body with increasing international enrollment that provides sound net tuition revenue growth, and a solid management team that is focused on growing and transforming the overall enterprise," said S&P Global Ratings credit analyst Charlene Butterfield. "The rating further reflects the university's strong financial profile, supported by sufficient operating performance and conservative debt structure, offset by very weak available resources that continue to lag peers in the same rating category."

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.
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Primary Credit Analyst: Charlene P Butterfield, New York (1) 212-438-2741; charlene.butterfield@spglobal.com (mailto:charlene.butterfield@spglobal.com)
Secondary Contact: Stephanie Wang, New York (1) 212-438-3841; stephanie.wang@spglobal.com (mailto:stephanie.wang@spglobal.com)
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Dormitory Authority Of The State Of New York
New York University; Private Coll/Univ - General Obligation

Primary Credit Analyst:
Charlene P Butterfield, New York (1) 212-438-2741; charlene.butterfield@spglobal.com

Secondary Contact:
Stephanie Wang, New York (1) 212-438-3841; stephanie.wang@spglobal.com

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Rationale

S&P Global Ratings assigned its 'AA-' long-term rating to the Dormitory Authority of the State of New York's (DASNY) series 2019A tax-exempt revenue bonds and series 2019B-1 and 2019B-2 taxable revenue bonds, issued for New York University (NYU or the university). At the same time, we affirmed our 'AA-' issuer credit rating (ICR) on NYU and the long-term rating on the university's existing bonds issued by DASNY and the university's directly issued series 2009, series 2010, and series 2015 bonds. The outlook on all ratings is stable.

The rating reflects NYU's extremely strong enterprise profile, supported by healthy demand metrics that have improved considerably in fall 2018, a large and diverse student body with increasing international enrollment that provides sound net tuition revenue growth, and a solid management team that is focused on growing and transforming the overall enterprise. The rating further reflects the university's strong financial profile, supported by sufficient operating performance and conservative debt structure, offset by very weak available resources that continue to lag peers in the same rating category. Combined, these lead to an indicative credit rating of ‘aa-’ and long term rating of ‘AA-’.

We understand that the series 2019AB bonds will fund the majority (70%) of several ongoing and future capital projects that management indicates will offer students greater opportunities to collaborate and innovate across the engineering, science, technology, and artistic disciplines. According to management, the capital projects are an integral part of the current strategic plan focused on raising the institution's academic and institutional profile. The university, in our opinion, has recorded impressive application growth, substantially increased selectivity and matriculation rates, as well as student quality through Fall 2018, Management's efforts have produced an extremely strong enterprise profile during the past five years, and we expect that demand metrics will remain robust, if not improve going forward.

Since fiscal 2014, NYU has nearly doubled its debt with four increasingly large issuances: series 2015, 2016, series 2018, and the upcoming series 2019 bonds, the latter of which will add $664 million of additional debt to the already-constrained balance sheet. Within the 'AA-' rating category, NYU has the weakest balance sheet by far of any peer institution, with pro forma available resources ratios equal to a scant 26% of expenses and 38% of pro forma debt.
The fiscal 2018 pro forma resources ratios remained well below NYU's previous peaks of still-low 35% of expenses and 74% of outstanding debt as of Aug. 31, 2014, given the sharp rise in debt to fund its capital plan. Since the series 2019AB bonds accelerated issuances planned for fiscal years 2020 and 2021, we do not expect any additional debt either in form of bonds or line of credit draws before fiscal 2021. Management indicates that it could carve out a portion of the proposed series 2019AB bonds as a private placement to be issued within the next few months, though we have not reviewed documents at this time. Any additional debt issuance occurring before the balance sheet shows marked improvement in available resources ratios likely would result in a lower rating. We believe that available resources ratios will increase over time, but that the rate of growth will continue to be modest given the high debt load and institution's large size. Substantive improvement in balance sheet ratios is likely to occur beyond the next two years, supporting our view of a stable outlook.

The bonds are unsecured general obligations (GO) of the academic component of the university, which includes its School of Medicine but excludes its affiliate, NYU Langone Health System (the Health System). The Health System comprises NYU Langone Hospitals (formerly known as NYU Hospitals Center) and NYU Winthrop Hospital (formerly known as Winthrop-University Hospital Assn.). Our rating and analysis reflect the academic component of the university unless otherwise noted as the consolidated entity.

The ratings reflect our view of the University's:

- Excellent enrollment and demand profile as one of the nation's largest private institutions;
- Adequate financial operations for the academic component, characterized by modest deficit operating performance on a generally accepted accounting principles (GAAP) basis and a diverse revenue stream, which, on a consolidated basis, is about 50% reliant on revenues generated by NYU Langone Hospitals;
- Successful history of fundraising, raising an impressive $716 million in fiscal 2018 despite a modest 11.3% alumni participation rate;
- Unique location in New York City and sizable real estate assets, as well as plans to expand and reallocate campus facilities to increase efficiencies and programs over the next two decades;
- Dynamic leadership team, which we believe has the diverse skills and ability to integrate NYU's multiple initiatives; and
- Average pro-forma maximum annual debt service (MADS) burden of approximately 4% of adjusted operating performance for the academic component, excluding significant operating lease expense of $155 million for the university in fiscal 2018.

Offsetting factors include NYU's:

- Low levels of available resources relative to other 'AA-' category comprehensive institutions, though we expect measurable improvement over time;
- Modest endowment revenue as a portion of operating revenues, slightly offset by good revenue diversity generated by the health system and research program; and
- High pro forma debt of approximately $4.9 billion and additional debt plans beyond the outlook period.
Founded in 1831, NYU is a private comprehensive, not-for-profit university with its principal campus in New York City with approximately 57,800 students (48,865 full-time equivalent [FTE]) in Fall 2018. It is one of the largest private institutions in the nation, enrolling a broad and diverse student population from the U.S. and many other countries, which we believe distinguishes NYU among its peers. NYU provides a comprehensive array of programs through its 19 schools, colleges, institutes and programs. Unlike many of its peer schools and more traditional college campuses, NYU is an urban campus, consisting of buildings primarily in and around Washington Square in the Greenwich Village section of Manhattan. In addition to its main campus, its School of Medicine shares a campus with NYU Langone Hospitals in midtown Manhattan, NYU also has an engineering campus in downtown Brooklyn (the former Polytechnic University of NYU, now known as the Tandon School of Engineering), as well as degree-granting campuses in Abu Dhabi, opened in fall 2010, and Shanghai, opened in Fall 2013.

NYU's various operating units include the university (comprising all academic units in all locations including its School of Medicine), and the Health System (comprising NYU Langone Hospitals, NYU Winthrop Hospital, and their subsidiaries). The bonds outstanding are unsecured general obligations (GO) of only the university's academic component, which is composed of the University and its School of Medicine, but does not include the Health System and its subsidiaries. Effective Jan. 1, 2014, Polytechnic Institute of New York University merged with and into NYU, and was included in our calculations of the financial strength of the obligated group. NYU Langone Hospitals issues its bonds separately from the university, and they are secured by the revenues of only NYU Langone Hospitals and its subsidiaries. The university is not liable for the obligations of the Health System, NYU Langone Hospitals or NYU Winthrop Hospital, and none of the Health System, NYU Langone Hospitals or NYU Winthrop Hospital is liable for the obligations of the university.

As of Aug. 31, 2018, the academic component had approximately $4.3 billion in debt and the consolidated unit had $6.7 billion. The series 2019A and 2019B bonds will provide funding for its ongoing Mercer Street and other capital projects, as well as refinance short-term debt on NYU's lines of credit. NYU's practice is to fund construction or real estate acquisitions using a line of credit and roll them into long-term financing every one to two years. The combined amount of the two series and a potential private placement will be about $890 million. The bonds are unsecured general obligations of the university's academic component and are on parity with existing academic component bonds. The university had about $184 million of debt on its lines of credit during fiscal 2018, which is included in our debt calculations. The university has plans to issue long-term debt in the next several years for the remainder of its capital plan, which we will consider closer to the time of issuance.

**Outlook**

The stable outlook reflects our expectation that over the next two years, NYU's balance sheet metrics will continue to improve incrementally upon healthy fundraising. We expect continued break-even to positive operating performance at the academic component on a cash basis for fiscal years 2019 and 2020. We expect demand will remain robust and enrollment at least stable.
Downside scenario
While not expected during the outlook period given the institution’s track record of incremental improvement, factors that would have negative rating implications include deterioration in available resources relative to expenses and debt from current pro forma levels. Although not expected, we would also view a deficit operating performance on a cash basis or deterioration of enrollment or demand negatively.

Upside scenario
A positive rating action is unlikely during the next two years given the weak available resources ratios and persistent full accrual deficits. We would base any consideration of a positive outlook beyond the next two years on significant growth in balance sheet metrics such that they are consistent with or better than ratios seen in fiscal 2014, or achievement of positive operations on a full accrual basis.

Enterprise Profile

Industry risk
Industry risk addresses the higher education sector’s overall cyclicality and competitive risk and growth by applying various stress scenarios and evaluating barriers to entry, levels and trends of profitability, substitution risk, and growth trends observed in the industry. We believe the higher education sector represents a low credit risk when compared with other industries and sectors.

Economic fundamentals
In our view, the university has good geographic diversity with a significant national and international draw for students at the undergraduate and graduate levels. Only about 33% of undergraduate students based at the NYC campus are New Yorkers. As such, our assessment of NYU’s economic fundamentals is anchored by the U.S. GDP per capita.

Enrollment and demand
In the past several years, NYU has improved its strong market position, with increased applications at all three campuses and continued healthy selectivity and good student quality. In fall 2018, applications, selectivity, and matriculation all increased substantially, surpassing management’s expectations. Total domestic enrollment was 57,772 in fall 2018 or 48,865 FTE, with the majority of students at its Washington Square campus. The campuses in Abu Dhabi and Shanghai also continue to grow and enrolled about 2,740 students combined for fall 2018.
Approximately 46% of students at the New York campus are undergraduates and the rest are graduate, professional or non-degree students. NYU is one of the largest private institutions in the country, and management expects enrollment to grow modestly while demand continues to grow, particularly from international applicants; international students currently make up 24% of the fall 2018 freshman class.

Demand is robust and improving through fall 2018, with its lowest ever acceptance rate of 20% at the New York campus, down from 32% for fall 2016. Prior to fall 2016, selectivity fluctuated between 32% and 35%. We expect selectivity to improve from fall 2018 rates in the next year. The median SAT score was 1430 in fall 2018, consistent with NYU’s continued commitment to quality. The matriculation reached its highest point of the last five years, increasing to 43% at the New York campus, healthier than rating category medians and many of its academic peers. Graduate and professional programs are also highly competitive. Retention increased to 94% in fall 2018, consistent
with institutional goals; we expect further improvement in the next few years.

NYU provides a comprehensive academic program; however, its niche is its size, diversity, and location in New York City. NYU considers Georgetown University, Columbia University, Cornell, University of Southern California, University of Chicago, Boston University, Northwestern University, and University of Pennsylvania among its peers. NYU also has degree-granting campuses in Abu Dhabi and Shanghai. Management states that demand for these programs has been quite strong. NYU has increased its financial aid packages in the past several years to make the university more accessible to students from lower-income families, and has moderated tuition hikes over the last couple of years as well. Management reports it is making progress toward its goal of greater affordability, while also keeping the overall tuition discount rate flat at 27%, which we view favorably. To meet affordability concerns, the university lowered the undergraduate tuition and fees rate of increase beginning in the 2016-2017 academic year to 2.9% and froze room and board costs. NYU is no longer among the highest-priced schools in the nation: undergraduate tuition for fall 2018 totaled about $49,000. Including room and board as well as student fees, the total cost for one academic year is $69,984. We believe that NYU remains a top-choice university for many students and although total cost is high, the university maintains some price elasticity. Management has maintained revenue growth in fiscal 2018, despite the moderated rate of tuition increase, which we view as an indication of NYU's robust demand.

We view NYU's successful fundraising as a credit strength. Although NYU has not had a comprehensive campaign since 2008, it concluded a $1 billion campaign to support financial aid in fiscal 2018, raising nearly $1.2 billion. Most recently, NYU received several large gifts that enabled its medical school to provide tuition-free instruction to its students. In fiscal 2018, the university raised approximately $716 million. It appears on track to maintain its goal of raising at least $600 million each year. Though no formal plans for a larger capital campaign currently exist, management expects fundraising to remain vital and robust during the next few years. In our opinion, while annual fundraising has been impressive and has allowed for solid programmatic growth in the last several years, given NYU's large size and substantial debt, it has produced only incremental growth in available resources ratios.

Management
The university's President, Andrew Hamilton, started in January 2016. Dr. Hamilton was Vice Chancellor at Oxford University in the U.K. prior to joining NYU. Senior management has been stable since the presidential transition, though there has been turnover in the senior vice president of development role, with the previous appointee leaving to pursue other opportunities. In our opinion, the turnover within the development area has hampered the institution's ability to create a comprehensive campaign in the past few years. In December 2018, NYU appointed a new senior vice president of development; we expect the transition will be smooth, and that the university will build upon its track record of healthy fundraising. NYU will continue its plans to expand facilities to meet its needs around Washington Square and Brooklyn, and strengthen its international presence, particularly in Abu Dhabi and Shanghai.

The university has robust strategic planning and a record of execution and monitoring of strategies. The university successfully merged with the Polytechnic Institute of NYU and, opened the Abu Dhabi and Shanghai campuses, as well as moved forward with a robust affordability strategy and the current Mercer Street project. During the last several years, NYU has made significant strides and executed successfully against its stated goals, notably building a significant international reputation with growing campuses in China and the United Arab Emirates. We view NYU's international presence domestically and abroad as an important contributor to its enterprise profile and a principal way
that it stands apart from its industry peers. In addition, the university has a comprehensive enterprise risk management structure, which allows for stress testing in various areas, and also measures macro risk, including economic stability, terrorism, and cybersecurity, among others. We believe that NYU's risk management program is best-in-class.

Financial Profile

Financial policies
Financial management practices are good, in our view. Management does not budget for depreciation, but rather budgets for principal payments and capital renewal and replacement, which we consider a proxy for depreciation expense. Management funds half of its capital replacement needs out of the operating budget instead of with debt, which we view as a favorable fiscal discipline. Since 2015, management has prepared interim statements on a GAAP basis, which we consider a best practice. Management budgets conservatively and assumes many contingencies, including a general operating contingency as well as reserve funds.

The university has formal policies for endowment, investments, and debt. It operates according to a multiyear strategic plan, and has a formal reserve liquidity policy. The university meets standard annual disclosure requirements. The financial policies assessment reflects our opinion that, while there may be some areas of risk, the organization's overall financial policies are not likely to negatively affect its future ability to pay debt service. Our analysis of financial policies includes a review of the organization's financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure and a comparison of these policies with comparable providers.

Financial performance
The university produces consolidated audited financial statements, consisting of several reporting entities for NYU such as the university, its School of Medicine, NYU Langone Health System, which is the sole corporate member of NYU Langone Hospitals and NYU Winthrop Hospital. However, the obligated group for the university's debt is only the academic component, which is composed of the university (including its School of Medicine). Our analysis focuses on the financial performance of only the academic component because none of the Health System, NYU Langone Hospitals or NYU Winthrop Hospital is responsible for obligations of the university.

Historically, GAAP operating performance at the academic component has reflected modest deficits. In fiscal 2018, the academic component had a $114.7 million deficit, or a negative 1.6% margin, compared with an $88.4 million deficit, or a negative 1.4% margin for fiscal 2017. The larger deficit primarily reflects escalating depreciation expense related to the significant ongoing capital spending. Academic component performance is weaker than the consolidated entity, which had an $11.2 million adjusted operating surplus, or a 0.1% margin in fiscal 2018. The consolidated performance was due in part to weaker results at both the health system following the ramp-up and opening of its new patient tower at the Manhattan flagship, and increasing expenses at the academic component, offset by growth following recent consolidation and a system-wide cost reduction program. For fiscal 2019, we expect performance at the academic component to be essentially in line with historical performance, though full-accrual deficits could widen as ongoing capital projects come online and depreciation increases. The consolidated unit performance in fiscal 2019 will be reflective of growth at the Health System related to the Kimmel Pavilion and NYU Langone Hospitals’ affiliation with NYU Winthrop Hospital. NYU Langone Hospitals has announced plans to undertake a statutory merger of NYU
Winthrop Hospital into NYU Langone Hospitals, which management expects to occur in August 2019.

NYU has good revenue diversity at the academic component and the consolidated unit. The academic component has 43% of revenues derived from student-generated sources (tuition and auxiliaries), 14% from grants and contracts, 31% health care revenues, 5% private gifts and endowment income, and 7% other revenues. The breakdown at the consolidated unit is 61% health care revenues, 25% student-generated revenues, 8% grants and contracts, 3% private gifts and endowment income, and 3% other sources. We expect health care revenue will continue to increase as the Health System expands, particularly with the anticipated statutory merger of NYU Winthrop Hospital with NYU Langone Hospitals in 2019.

Available resources
Available resource ratios remained low relative to peers, with expendable resources at the academic component of $1.9 billion, equal to 26% of adjusted operating expenses and 38% of pro forma debt. Cash and investments were stronger at $5.3 billion, equal to 75% of adjusted operating expenses and 108% pro forma debt. Available resource ratios at the consolidated unit were similar, with $3.0 billion in expendable resources equal to 25% of adjusted operating expenses and 39% of pro forma debt. Cash and investments were $6.4 billion, equal to 52% of adjusted operating expenses and 82% of pro forma debt. We expect that NYU will be able to absorb the latest debt issues as well as future debt at the current rating as long as it improves the current level of available resources relative to debt and expenses. Although NYU's available resources are high on an absolute level relative to operating expenses and debt, they are low compared with those of its peer group and for its rating category. In our view, the dilution of NYU's available resources is partly offset by its revenue diversity, size, comprehensive nature, and global reach.

The endowment’s market value was approximately $4.2 billion as of Aug. 31, 2018. As of Aug. 31, 2018, management indicates that the asset allocation remained largely consistent with that of the prior year. The portfolio structure is liquid, as 59% of the portfolio can be liquidated within 30 days (as of Nov. 30, 2018) and 65% within 90 days. This is higher than similarly sized endowments, which we view favorably. Total unfunded capital commitments were a conservative 10% of the endowment market value. The endowment spending policy historically was 5% of a three-year moving average approved annually by the university's board. Starting in fiscal 2014, the university adopted a spending policy based on increasing the fiscal 2014 spending by the change in the New York metro area inflation rates—which is considered a more conservative spending rate, at least in the short term. For fiscal year 2018, the board maintained the same dollar appropriation from endowment as in the prior year on existing endowments, and appropriated spending at the rate of 4.5% on new gifts to endowment; the resulting total appropriation from endowment was equal to 4.5% of the Aug. 31, 2016, market value. We believe that this is a less predictable spending policy, but understand that if current economic conditions change, the board would likely adjust the policy.

Debt and contingent liabilities
As of Aug. 31, 2018, the academic component had approximately $4.3 billion in debt and the consolidated unit had $6.7 billion. The academic component bonds are all fixed rate and are a combination of tax-exempt, taxable, and private loans. We believe that the debt structure is conservative due to its predictable debt service. We expect NYU to continue to issue debt regularly to finance renewal and replacement and new construction on campus. We believe that it could absorb future new-money debt at the current rating only as long as available resource ratios remain at least consistent with current levels and that financial performance stays positive.
The university entered into a private placement loan agreement for the series 2014A bonds in October 2014 for $55 million, which refinanced the series 2004A bonds. The bonds are on parity with other university bonds. The covenants do not include any financial requirements and do not have acceleration provisions. We believe that the private placement does not materially affect the credit risk of the university's debt profile.

The university has four lines of credit totaling $800 million with multiple counterparties. The lines are renewable on a staggered schedule of generally two-year agreements, and we expect the university to continue to renew these lines. NYU uses the lines of credit to fund construction and real estate acquisition and then refinances the short-term debt with longer-term taxable and tax-exempt bond financing.

In addition, NYU has significant operating leases, similar to other urban institutions. In fiscal 2018, the university (excluding the medical school) paid an estimated $155 million in operating lease expense that if added to our calculation of maximum annual debt service, would equal 6.2% of adjusted operating expenses. If future minimum operating lease payments for the academic component were added to outstanding debt, pro forma debt would increase to an estimated $6.6 billion as of Aug. 31, 2018; as of the same date, available resources would equal a scant 28% of pro forma debt.
### New York University - Academic Component, Enterprise And Financial Statistics (cont.)

<table>
<thead>
<tr>
<th></th>
<th>--Fiscal year ended Aug. 31--</th>
<th>Medians for ‘AA’ rated private colleges and universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research dependence (%)</td>
<td>N.A.</td>
<td>13.9</td>
</tr>
<tr>
<td>Endowment and investment income (%)</td>
<td>N.A.</td>
<td>2.6</td>
</tr>
</tbody>
</table>

#### Debt
- Outstanding debt ($000s)  
  | N.A.  | 4,277,993 | 3,774,095 | 3,361,717 | 2,768,574 | 356,370 |
- Proposed debt ($000s)  
  | N.A.  | 846,895   | N.A.      | N.A.      | N.A.      | MNR    |
- Total pro forma debt ($000s)  
  | N.A.  | 4,941,188 | N.A.      | N.A.      | N.A.      | MNR    |
- Pro forma MADS  
  | N.A.  | 285,535   | N.A.      | N.A.      | N.A.      | MNR    |
- Current debt service burden (%)  
  | N.A.  | 3.56      | 3.70      | 2.97      | 3.19      | MNR    |
- Current MADS burden (%)  
  | N.A.  | 3.27      | 2.86      | 3.98      | 3.23      | 4.00   |
- Pro forma MADS burden (%)  
  | N.A.  | 4.03      | N.A.      | N.A.      | N.A.      | MNR    |

#### Financial resource ratios
- Endowment market value ($000s)  
  | N.A.  | 4,218,900 | 4,075,700 | 3,587,100 | 3,475,940 | 1,461,237 |
- Cash and investments ($000s)  
  | N.A.  | 5,330,161 | 5,012,010 | 4,455,580 | 4,427,368 | MNR    |
- Unrestricted net assets ($000s)  
  | N.A.  | 2,663,711 | 2,372,621 | 2,069,943 | 2,017,019 | MNR    |
- Expendable resources ($000s)  
  | N.A.  | 1,861,806 | 1,577,388 | 1,325,641 | 1,352,855 | MNR    |
- Cash and investments to operations (%)  
  | N.A.  | 75.3      | 76.9      | 74.1      | 81.4      | 351.2  |
- Cash and investments to debt (%)  
  | N.A.  | 124.6     | 132.8     | 132.5     | 159.9     | 480.4  |
- Cash and investments to pro forma debt (%)  
  | N.A.  | 107.9     | N.A.      | N.A.      | N.A.      | MNR    |
- Expendable resources to operations (%)  
  | N.A.  | 26.3      | 24.2      | 22.0      | 24.9      | 226.0  |
- Expendable resources to debt (%)  
  | N.A.  | 43.5      | 41.8      | 39.4      | 48.9      | 317.0  |
- Expendable resources to pro forma debt (%)  
  | N.A.  | 37.7      | N.A.      | N.A.      | N.A.      | MNR    |


### Ratings Detail (As Of February 6, 2019)

**New York Univ**

- **Long Term Rating**: AA-/Stable
- **Affirmed**

**New York Univ ICR**

- **Long Term Rating**: AA-/Stable
- **Affirmed**
<table>
<thead>
<tr>
<th>Institution</th>
<th>Long Term Rating</th>
<th>Unenhanced Rating</th>
<th>Affirmation</th>
</tr>
</thead>
<tbody>
<tr>
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<td>AA-/Stable</td>
<td>AA-(SPUR)/Stable</td>
<td>Affirmed</td>
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<tr>
<td>New York State Dormitory Authority (New York Univy)</td>
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<td>New York St Dorm Auth (New York Univ)</td>
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<tr>
<td>Long Term Rating</td>
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</table>

Many issues are enhanced by bond insurance.
New York University, NY

Update to credit analysis

Summary

New York University's (NYU, Aa2 stable) excellent credit quality incorporates its ongoing momentum in strategic revenue growth, global reach and prospects for gains in total wealth aided by donor support. Growth in financial reserves will also be fueled by retained surpluses especially as the pace of capital investment slows. With total cash and investments of $6.4 billion for fiscal year 2018, NYU benefits from strong wealth on an absolute basis, but its wealth is comparatively low relative to its scale of operations including thin operating liquidity at the NYU Langone Health System. While operating liquidity had been higher in prior years, 2018 was a year of investment leading to lower liquidity due to preparation for the opening of Kimmel Pavilion. The university's credit strength also reflects its increasingly global brand as a comprehensive research university with geographically diversified locations, student market strength, and effective risk management to mitigate its complex business model. Our opinion also incorporates the university's highly valuable and marketable real estate not included in our wealth calculations.

Offsetting considerations include NYU's very high financial leverage and reliance on patient care for over 60% of operating revenue in a very fragmented and competitive health care market.

Our analysis is based on a consolidated view of NYU and its affiliate, NYU Langone Health System, which includes subsidiaries NYU Langone Hospitals (NYULH, formerly known as NYU Hospitals Center) and NYU Winthrop Hospital. Moody's rates the separately secured debt of NYU Langone Hospitals A3 stable.

Exhibit 1

NYU's remarkable revenue growth continued in fiscal 2018 and spendable cash and investments reached $4.2 billion

Source: Moody's Investors Service
Credit strengths

» Excellent strategic positioning as globally competitive, research-intensive university, with a presence in more than 40 countries

» Large size and scope of operations with $11.7 billion of operating revenue in fiscal 2018, provides diversity and economies of scale

» Substantial amount of highly marketable real estate holdings in New York City, with book value of $6.4 billion for net property, plant and equipment for the university including its medical school

» Strong clinical demand contributing to sound hospital operating performance

» Sound monitoring and oversight for large and complex organization

Credit challenges

» Very high financial leverage, including operating lease commitments and a modest pension liability

» Exposure to the profitability of clinical care for over 60% of revenue, with hospitals operating in a fragmented and competitive market

» Moderate liquidity for such a large and complex organization, partially mitigated by modest potential calls and committed bank lines

» Complexity of business lines and diverse locations highlight the importance of coordinated oversight and skilled management

Rating outlook

The stable outlook reflects our expectations that NYU will continue to see strengthening of clinical and student demand, contributing to strong cash flow and ongoing excellent fundraising. The outlook is also predicated on the assumption that the university’s very high leverage will gradually begin to moderate over time.

Factors that could lead to an upgrade

» Material growth in spendable cash and investments relative to operating expenses and debt

» Sustained strengthening of student and clinical market strength combined with increased donor support

Factors that could lead to a downgrade

» Credit deterioration of NYULH, particularly if marked by narrowing cash flow

» Material increase in financial leverage or reduction in unrestricted liquidity given already comparatively high debt and low liquidity levels

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.
## Key indicators

### Exhibit 2

**New York University, NY**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE Enrollment</td>
<td>44,576</td>
<td>45,488</td>
<td>44,432</td>
<td>45,258</td>
<td>46,042</td>
<td>3,110</td>
</tr>
<tr>
<td>Operating Revenue ($000)</td>
<td>6,512,284</td>
<td>7,391,541</td>
<td>8,595,895</td>
<td>9,997,184</td>
<td>11,700,424</td>
<td>256,351</td>
</tr>
<tr>
<td>Annual Change in Operating Revenue (%)</td>
<td>7.5</td>
<td>13.5</td>
<td>16.3</td>
<td>16.3</td>
<td>17.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Total Cash &amp; Investments ($000)</td>
<td>5,252,596</td>
<td>5,445,285</td>
<td>5,462,671</td>
<td>6,146,634</td>
<td>6,370,282</td>
<td>1,255,627</td>
</tr>
<tr>
<td>Total Debt ($000)</td>
<td>3,819,176</td>
<td>4,369,247</td>
<td>5,032,932</td>
<td>5,992,813</td>
<td>6,764,055</td>
<td>269,880</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Total Debt (x)</td>
<td>1.0</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Operating Expenses (x)</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Monthly Days Cash on Hand (x)</td>
<td>150</td>
<td>155</td>
<td>147</td>
<td>143</td>
<td>120</td>
<td>458</td>
</tr>
<tr>
<td>Operating Cash Flow Margin (%)</td>
<td>11.5</td>
<td>10.6</td>
<td>11.1</td>
<td>11.3</td>
<td>9.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Total Debt to Cash Flow (x)</td>
<td>5.1</td>
<td>5.6</td>
<td>5.3</td>
<td>5.3</td>
<td>6.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Annual Debt Service Coverage (x)</td>
<td>2.6</td>
<td>2.9</td>
<td>3.3</td>
<td>3.2</td>
<td>2.7</td>
<td>3.1</td>
</tr>
</tbody>
</table>

*Source: Moody’s Investors Service*

## Profile

NYU is a large, comprehensive, research-intensive university serving over 46,000 full-time equivalent students on its campuses in Manhattan, Brooklyn, Abu Dhabi, and Shanghai. The university’s sizeable enrollment, robust research enterprise, and high acuity academic medical center generated $11.7 billion in revenue in fiscal 2018.

While NYU Langone Health System and its subsidiaries are not part of the university’s obligated group, they are incorporated in our credit opinion.

## Detailed credit considerations

### Market profile: global brand with comprehensive programs, diverse locations and large research enterprise

New York University’s relatively rapid transformation to a globally competitive research university reflects the successful alignment of its locations, programs, donor support and branding. Ongoing evaluation of and investments in academic offerings, student services, and facilities contribute to NYU’s excellent strategic positioning. Program demand will continue to support gains in net tuition revenue. In fiscal 2018 net tuition per student climbed 4% to $40,920.

The university has translated its multiple locations into growth in enrollment and student-generated revenue. NYU is one of the nation’s largest private universities with more than 46,000 full-time equivalent students. The geographic diversity of its student body supports the credit strength. For the fall of 2018, 24% of entering freshmen at the New York City campus were international. While this reliance on international students creates some exposure to political and other risks, including a substantial reliance on Chinese nationals, the breadth of the brand strength partially mitigates this exposure.

NYU’s global brand extends beyond its diverse enrollment in New York City to international campuses and centers. At the forefront of international expansion for the sector, NYU established campuses in Abu Dhabi and Shanghai. NYU’s financial liability for these campuses is limited due to its partnership agreements. NYU’s 11 international sites have academic offerings developed by NYU faculty and tailored to take advantage of local academic strengths.

The robust growth of NYU’s research profile also helps solidify its global brand recognition. Research and other sponsored program expenditures were $872 million in fiscal 2018. Management reports ongoing volume gains in new awards including at the School of Medicine.
Operating performance: favorable operating performance with substantial and growing patient care exposure

NYU will continue its track record of favorable operations, reflecting robust performance of its healthcare operations, enhanced monitoring tools, and improved donor support. Operating performance softened in fiscal 2018 as expense growth at NYULH temporarily outpaced revenue growth largely related to major capital investments including the Kimmel Pavilion project. In fiscal 2018, the consolidated organization generated an adequate operating margin of 1.3%. Based on management guidance for fiscal 2019 that should return to the 3% range.

NYU’s size provides it with economies of scale, particularly helpful since it operates in a high cost location with union exposure. With 64% of operating revenue derived from healthcare operations, the profitability of NYULH remains a dominant factor of the consolidated organization’s financial health.

NYU Langone Health System and its subsidiaries have generated sound cash flow from operations in an era of strong revenue growth fueled by acquisitions and affiliations. Management attributes financial momentum to improvement in managed care rates, growth of high acuity patient volume, increased patient flow efficiencies, improved coding and documentation, as well as expense management.

With a focus on affordability and modest enrollment growth, the pace of increased student generated revenue will slow. NYU plans to have lower tuition price increases than many peers and continues to invest in socioeconomic diversity. Funding for financial aid has been bolstered by a $1 billion fundraising initiative. Tuition, fees, and auxiliary revenue represented 20% of NYU’s operating revenue in fiscal 2018.

Wealth and liquidity: growing reserves but limited relative to large expense base

New York University’s substantial real estate holdings, not included in our wealth metrics, help mitigate otherwise modest measures of relative wealth compared to peers. In fiscal 2018, spendable cash and investments provided a moderate 0.4 times cushion to operating expenses. Solid cash flow and improved fundraising will strengthen measures of wealth over time. In fiscal 2018, the university including its School of Medicine had a $6.4 billion book value for property, plant and equipment. While NYU does not have plans to monetize these real estate assets, they introduce significant potential financial flexibility.

Fundraising continues to play an important role in NYU’s strategic plans, bolstering financial aid and addressing capital needs. NYU’s enrollment growth and increasing program breadth help foster increased fundraising potential. In fiscal 2018, NYU had annual gift revenue of $481 million, with the 2018 forecast to be roughly in line.

The university’s investment office includes 12 professionals charged with stewardship of the university’s main endowment. The School of Law externally manages its portion of the NYU endowment which totaled $0.4 billion as of August 31, 2018. While the main endowment is increasing its exposure to non-marketable alternative investments the liquidity profile of the pool remains favorable. As of November 30, 2018 management reports that 59% of the pool would be available within one month. While unfunded commitments to illiquid assets will likely increase over time, we expect these commitments will remain manageable and were a low 10% of the endowment investments as of November 30, 2018.

Liquidity

Unrestricted liquidity of $3.5 billion for fiscal 2018 provides a substantial cushion on an absolute level. While strengthened, the university's liquidity remains moderate relative to its expense base. At the end of fiscal 2018, NYU could operate for 120 days based on unrestricted cash and investments that could be liquidated within one month. In addition to its own liquidity, NYU has $800 million of committed bank facilities from four different banks. The university's history of deftly managing extraordinary circumstances, positive operations, and a lower risk debt structure, mitigate more moderate liquidity.

Leverage: very high financial leverage will moderate over time

With limited future borrowing plans over the next two years and scheduled amortization of existing debt, NYU’s financial leverage, currently very high, should moderate over time. Our calculations of NYU’s leverage includes capitalization of operating leases which have been used extensively by the university. For fiscal 2018, operating lease commitments translated to $1.3 billion of additional comprehensive debt. These commitments have been growing and were up from $798 million for fiscal 2015.

NYU’s spendable cash and investments provide thin coverage of total debt. However, as noted above, leverage does not account for NYU’s substantial real estate value. Management has not identified any specific additional borrowing plans at this time. NYU’s pro
forma debt of burden of roughly $7.3 billion is moderate compared to its operating scale, with pro forma debt to operating revenue of 0.6 times.

**Debt Structure**
An overwhelming majority of NYU's debt is issued in a fixed rate mode and amortizes, providing predictability for budgeting and helping to reduce leverage over time. The university and NYULH have used bank lines to fund capital projects during construction which they later refund with long-term debt at completion. NYU has diversity of counterparties and expiration dates on the lines. The bank lines are variable rate, with current rates significantly lower than what NYU budgets for fixed rate debt.

**Legal Security**
NYU's rated revenue bonds issued under its May 2008 resolution are unsecured general obligations of the university, which includes its School of Medicine. NYU is not obligated on the debt obligations of NYU Langone Health System or its subsidiaries, and NYU Langone Health System and its subsidiaries are not obligated on the debt of NYU. For bonds issued through DASNY before 2008, repayment is a general obligation of the university, secured by tuition, fees, and other university revenue equal to Maximum Annual Debt Service. The Series 1998A bonds also have a cash funded debt service reserve fund.

The separately secured bonds of NYU Langone Hospitals are jointly secured by a pledge of gross receipts and a mortgage of certain health care facilities of NYU Langone Hospitals.

**Debt-related derivatives**
The university does not have any debt-related interest rate swap agreements.

**Pensions and OPEB**
NYU has a modest exposure to pension and other post-employment health benefits. With increased contributions and investment returns aiding asset growth, the net pension liability was $452 million for fiscal 2018. A majority of employees participate in a defined contribution plan. Like many peers, the university made changes to its benefits in the wake of the recession to reduce its future obligations. NYU also participates in multi-employer defined benefit pension plans related to certain union collective bargaining agreements. Of total liabilities, 8% relate to pension and OPEB obligations.

**Governance and management: strong planning and oversight mitigates size and diversity of operations**
Significant investment in enterprise systems and risk management provide management with the tools to oversee a large and complex organization. Over the last six years, management centralized and elevated the role of risk management, created dashboards to track performance, and leveraged data collection to better utilize resources. Recent investments in infrastructure to improve monitoring and oversight should contribute to operating efficiencies and nimbleness to adapt to changing market preferences. While management continues to refine planning and processes, NYU has demonstrated that it can adeptly handle significant events and industry changes.
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Report Number 1160796
For April 11, 2019  T-FSC Council Meeting

Report of Personnel Policies and Tenure Modification Committee

The PPTM Committee has evaluated proposed policy documents for tenured and tenure-track faculty at the Global College of Public Health, and for clinical faculty at NYU Abu Dhabi.

After the last T-FSC meeting, the PPTM Committee met with our senator colleague from NYUAD, to review the proposed policies for clinical faculty appointments, renewal, and promotion. We are sharing our (positive) observations with our counterpart committee of the C-FSC, and expect to be able to determine soon whether to submit a consolidated document for review to our respective Councils, or for each Council to consider its committee’s recommendations separately. In either case, we are committed to have our recommendations before T-FSC well before our next Council meeting.

With regard to the GCPH, earlier in the semester we also met with its T-FSC senator representative and reviewed the school’s proposed policies. We are presently awaiting some supplementary observations, before finalizing the written recommendations in the next few days.

Action Request: In this case, to expedite the process for the benefit of the school, we would like to ask the T-FSC if the committee could be authorized to forward its comments to the Chair, to be sent to the Provost in advance of the final T-FSC meeting of the semester; and if so, we would be happy to share the completed document and provide a window for e-mail questions and feedback from senators before final submission, to protect our responsibility for deliberative consultation.