

To: Anthony Jiga & 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 2018-2019

This request builds on efforts of this Committee in recent years that have sought to enhance the degree of transparency of the University's finances and financial planning to the faculty and explore ways in which the University might save costs resulting in funds that could be used to increase faculty salaries. With this in mind, we make these recommendations:

1. **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 again bring to your attention that since 2000, salaries of tenure/tenure-track faculty have not kept up with inflation in NYC. As a result, we are now witnessing an anomalous pay inversion across the University, with newly hired Assistant Professors often earning higher salaries than Associate and even Full Professors in the same departments and areas of specialty. The severity of the pay inversion can even be exacerbated by different non-monetary or monetary compensations for newly hired faculty versus existing ones, such as faculty housing or housing allowances. We believe that an effort at the University level should be undertaken to address these issues and set up guidelines for Schools to create a more equitable environment, where raises of a faculty member are disentangled from the availability of external offers. To support this vision, 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.

2. **Mission of NYU and level of administrative overhead.** We are proud of the several initiatives that our University is undertaking with respect to a number of pressing needs, including Affordability, Diversity, Sustainability, and Safety. However, the creation of new senior administrative positions and related offices creates new costs to the University, which add to very significant increases in administrative staffing and overhead of the last two decades. We believe that it is urgent to re-examine our administrative overhead to carefully assess the existing organizational chart and identify many possibilities for a leaner, less costly administrative structure. The University has for many years operated in an environment that allowed high tuition increases which were not passed on proportionately to faculty. Instead, the major beneficiary of the significant increases in revenue of the last two decades has been the administrative structure of NYU that expanded significantly. At this point in time, when tuition is expected to increase very much slower than in the last decade, we believe that it is important for NYU to reset its priority to teaching and research and to significantly trim other activities. This is especially important as NYU has already embarked in a very ambitious investment program that is expected to absorb all retained earnings for a decade.

3. **Transparency.** The university is a complex and expanding entity. Often it goes to financial markets for major borrowing, and other times it combines with competing and complementary entities. At this committee, we typically hear this information *ex post*. We believe that this committee should hear this information *ex ante*, especially when large amounts of money are involved. In particular, we expect to be informed in advance of major borrowing and major acquisitions/combinations.