Memo from TFSC to SFAC on compensation

April 2022

TFSC proposes that compensation increases in 2022-23 and beyond be composed of two components. The first component should be an automatic salary increase based on the Consumer Price Index. In addition, the second component should be based on good performance of academic duties. For example, if the CPI is 5% and faculty performance is excellent, valued at 3%, the total compensation increase should be 8%. We believe that such a setup is fair, just, and equitable, and will help boost both the morale of the faculty and the faculty retention rate.

In terms of the first component, the CPI increase, TFSC proposes the use of the US Bureau of Labor Statistics index for New York-Newark-Jersey City despite the fact that this CPI underestimates prices in NYC. Currently in April 2022, the value of this index (for up to March 2022) is 6.1% higher than a year ago. Consequently, in terms of the first component of the increase of compensation for 2022-23, we propose a 6.1% increase. We are very much aware that the United States is in the early stages of an inflation spiral and by the time academic year 2022-23 starts it is very likely (almost certain) that inflation would be at a much higher level. So, TFSC is being conservative in asking for the CPI increase of March 2022 rather than of June 2022.

For the second component of the increase, the good performance component, we propose 3%. This is an increase of the usual pool for rewarding merit, which in recent years has been on the order of 1% (as it was in 2021). In addition to helping make up some of the remaining discrepancy between base pay increases and inflation, the rationale for increasing the merit component is that it (1) provides a much-needed morale boost for higher-performing faculty; (2) incentivizes faculty to improve their compensation through high performance rather than by seeking outside offers; and (3) provides an ongoing opportunity for deans and other decision makers to address compensation inequity relating to gender, identity, and salary compression. Especially in regard to the issue of morale, it is worth mentioning that MIT recently announced (https://president.mit.edu/speeches-writing/special-pay-increase-and-endowment-performance) a 3% base pay increase on top of the normal annual salary review increase. Likewise, Dartmouth announced a 3% bonus (https://www.vnews.com/Dartmouth-endowment-grows-by-$2-5-billion-42948060) “in recognition of the challenges employees—full-time and part-time faculty, staff and researchers—faced during nearly two years of the pandemic.” NYU faculty has performed heroically during the covid years and has met similar challenges mentioned by MIT and Dartmouth with exceptional success.

The most recent data from the US Bureau of Labor Statistics (https://www.bls.gov/regions/new-york-new-jersey/news-release/consumerpriceindex_newyorkarea.htm) indicates that between January 2019 and January 2022, the Consumer Price Index (CPI-U) corresponding to New York, Newark, and Jersey City increased by 8.8%: 2.5% between January 2019 and January 2020, 1.2% between January 2020 and January 2021, and 5.1% between January 2021 and January 2022. During that time, the salaries of the tenured faculty (along with those of the continuing contract faculty and administrative staff) increased by a base rate of 4% in total: 2% in FY 2019-2020, 0% in FY 2020-2021 due to NYU's covid mitigation measures, and 2% in FY 2021-2022, with some faculty receiving additional small merit-based increases. This means that the purchasing power of faculty salaries has not kept up with inflation, with a net shortfall of 4.8% since January 2019.

NYU can afford to restore faculty salaries to their January 2019 purchasing power: although tuition is only one part of NYU's revenues (currently around 59%), it is the single largest component, and it is the component that is most directly connected to the value added by the tenured faculty. Tuition per student has increased by roughly 2.9% in each of the past three years, for a net increase over the same period of 8.7%, which is roughly equal to the local CPI increase described above, and roughly twice the net faculty decline in purchasing power. We also note that the number of undergraduate students has not decreased.

In summary, we urge the University to automatically increase tenured faculty salaries (and likewise, the salaries of continuing contract faculty and administrative staff) by an amount equal to the trailing local consumer price increase as described above, with an appropriate additional amount available to distribute for superior performance, both this year and in future years. For the upcoming fiscal year of 2022-23, this would mean a CPI-based increase of at least 6.1% before merit increases. With a performance-based increase of 3%, this makes the total proposed compensation increase for 2022-23 at 9.1%.