

To: Martin Dorph

Cc: Anthony Jiga, Members of the Senate Financial Affairs Committee

From: Maurizio Porfiri and David Zagzag for the Finance and Planning Committee of the Tenured and Tenure-Track Faculty Senators Council

Re: Budget Planning Parameters for Fiscal 2015

Date: April 14, 2016

This document was drafted by the TFSC Finance Committee after a meeting on April 11, 2016 and was amended and officially endorsed by the TFSC on April 14, 2016. We see it as a discussion document, intended to convey some of the issues we would like to see the budget process address.

This request builds on efforts of this Committee during the last two years, which have sought to go beyond the traditional call for a higher salary pool and suggest that we “explore ways in which the University can save money that might go toward higher salaries for faculty.” We would like to continue along the same path and have some concrete proposals for moving forward.

With this in mind, we make these recommendations:

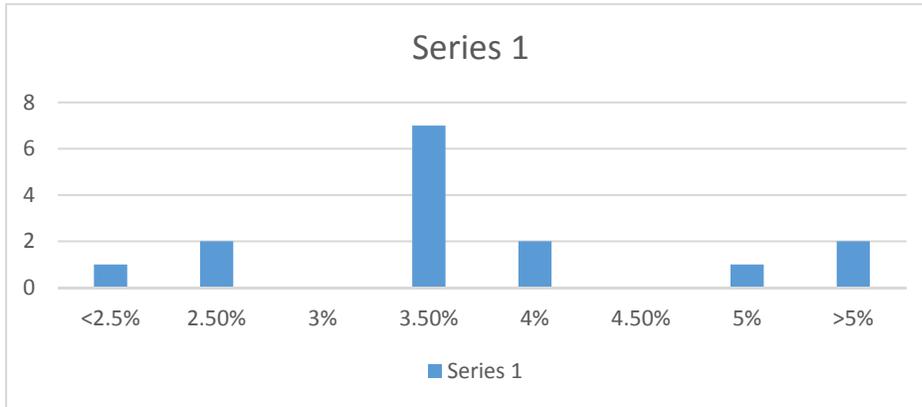
- 1. Salary/AMI.** Because faculty are the engine of the University through their commitment to research, teaching, and service, we underscore the importance of maintaining levels of compensation that make NYU an attractive employer for talented scholars and teachers. We recognize that the University provides significant nonmonetary 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 nonmonetary compensation, we again bring to your attention that since 2000, salaries of tenure/tenure-track faculty have not kept up with inflation. In line with the recent AAUP’s Annual Report on the Economic Status of the Profession regarding continuing full-time faculty, and as a way to begin to offset the loss in our faculty’s earning power over the past fifteen years, we recommend an AMI pool increase of 3.5% for tenure/tenure-track.
- 2. Budget framework.** We applaud the creation of the affordability initiative, which has sparked an outpouring of compelling ideas for budget savings and increased revenue. We hope the University takes these ideas seriously and supports the implementation of as many of them as feasible. Faculty have also expressed concerns about disproportionately high salary increases of the upper administration versus other members of the University community and encourages the University to examine this issue within the context of the affordability effort.
- 3. Supporting data.** The efforts envisioned in numbered paragraph 2 will work best in an environment of equity and transparency, if faculty groups have access to University (Central Administration), school, and department budgets along with related information about resource allocation. Toward that end, this Committee with endorsement from the TFSC has prepared a budget template that we would like the University to recommend so that such data can become available and shared by faculty within each school.

T-FSC 2015 Salary Poll Results

Summary of a poll of T-FSC members conducted by the T-FSC Finance Committee

April 2016

What salary pool increase (AMI) would you recommend?



What "best practices" might the Council suggest to offset the cost of a higher AMI and/or to fund other strategic initiatives?

15 responses

Answers include:

- We need greater budget transparency at the school and department levels to be able to make sensible recommendations.
- Reduce administration, especially highly-paid administrators (many mentioned this).
- Evaluate areas of savings in the benefits.
- Stop spending on refurbishing/renovations.
- Examine global sites closely.
- Closely examine the purchasing system and existing mechanisms for purchases by individual faculty and departments.

Complete answers to peruse through

- Since the university is tightening its belt to keep tuition down, higher AMI is not likely to be realized. Many ideas to save money on expenditures are needed.
- NYU has a bloated bureaucracy that seems to exist for its own sake. NYU administration needs to get back to first principles. The purpose and mission of a university is related to academics (teaching, research, and service). All administrative and bureaucratic functions must be in support of academic mission (instead of self serving needs of administration and bureaucracy). The university MUST find ways to reduce administrative and bureaucratic expenses, waste, etc.

Similarly, even as this question is seeking best practices to offset the cost of AMI, one never hears any plans or objections to run-away costs for construction, renovation, various contractors, excessively high costs for negotiated purchasing services—office supplies, computing, etc. While the academic departments are forced to economize by hiring non-ladder full-time faculty or adjunct faculty, no such effort is ever made to cut waste in the administration and bureaucracy. Why is there this question about finding savings to offset the cost of AMI? Recently every school got burdened by new costs resulting from unionization of graduate students and adjunct faculty. How and where did NYU administration find money for these? Hire Efficiency Experts. Perhaps IBM can clean up the administrative mess like they did with DHS? We should encourage administration to closely examine the purchasing system and existing mechanisms for purchases by individual faculty and departments.

- Look for ways to reduce costs or increase revenue generated by faculty.
- #1 Prioritize capital projects #2 Examine the cost (financial and human) to run global programs and identify a more cost-effective way to run global programs (cut expenses)
- 1.The Univ. should take seriously faculty proposals to help reduce costs
- "1. The Univ. should take seriously the proposals of faculty on cost savings.
- 2. The Central administration should radically cut the amount of tax it imposes on schools."
- Reduce top administrator salary growth.
- Reduce the number of administrators. It seems that the first thing that every new administrator does is high a half-dozen assistants. I think we are very management heavy and some redundancies that exist across schools could be merged for better fiscal responsibility
- invest in current faculty
- Development of lab sciences at NYU will require our new president, with his distinguished lab science background, to undertake major fund-raising for this.
- Reduce meetings so faculty have more time to write/ apply for grants
- See above. But it's hard to be specific because the budget is so opaque! More transparency in budgeting.
- Cut administrative salaries.
- Make clear requirements for AMI; perhaps use with more discretion.
- Evaluating other areas of savings such as health care (definitely not by providing less quality health care)

What strategic initiatives do you believe the University might pursue in support of faculty productivity and retention?

15 responses

Answers include:

- Address salary compression.
- Improve faculty housing.
- Enhance teaching support.
- Establish programs to support academic excellence.

Complete answers to peruse through

- assure teaching of classes of sufficient size that the tuition income accounts for that fraction of the faculty member's FTE
- #1 Maintain academic excellence of core programs and pursue other education programs with a for-profit partner. #2 Increase fundraising activities (increase revenue)
- Full professor faculty should be paid at least as much as assistant and associate professors in the same department.
- Full professors should be paid at least as much as associate and assistant professors in the same department.
- Shrinking global.
- Institute incremental salary for academic ranks to incentivize achievements that lead to promotion and tenure
- greater support for teaching
- NYU Tandon average salaries are low, there is a need for well over to 50% correction to base salaries for faculty that are not new hires (existing, pre-merger, legacy faculty). New hires receive competitive compensation but existing faculty get short changed. Since existing faculty also do not get any housing at NYU, they need to be compensated with a housing allowance to address the prevailing discriminatory policy that values new faculty differently versus existing faculty. Engineering faculty engage in extensive grant writing and significant fund raising to run their labs, support students, pay overhead and tuition, etc. While everyone ought to be brought to some minimal floor (for various faculty ranks), highly productive faculty need to be well compensated. For highly productive faculty a special raise pool needs to be created for pre-emptive raises. More affordable faculty housing. Simplify administrative systems. We are wasting AT LEAST \$500M in extra salaries for paper pushers. Create compelling fellowship programs for recruiting top Ph.D. students.
- More master's degree programs, perhaps in some combination of online and traditional settings, with more benefit to the sponsoring departments.
- Computing clusters, professional programmers in lieu of RAs under Big Data
- "cut costs, esp. administrative bloat and freezing salaries above \$250K.
- plan on zero growth for the future, building quality rather than quantity.
- encourage more faculty involvement in exploring initiatives that deans typically advance, to prevent pursuing fads of mere dollars."
- More intensive development work to get funding to the faculty.
- More travel across GNU
- Housing support as identified by the Housing Committee

Budget Template

School or Department Name

Line item	Sign
Revenue	
1 Tuition/Fees (undergraduate)	<positive>
2 Financial aid (undergraduate)	<negative>
3 Tuition/Fees (graduate)	<positive>
4 Financial aid (graduate)	<negative>
5 Gifts (unrestricted/undesignated)	<positive>
6 Sponsored research (indirect cost recovery)	<positive>
7 Endowment income	<positive>
8 Other revenue (from those listed in items 1--7, such as space rental)	<positive>
9 <i>Total Revenue</i>	<positive>
Direct Expenses	
10 Faculty salaries (full-time faculty)	<positive>
11 Faculty benefits (full-time faculty)	<positive>
12 Adjunct salaries and benefits (full-time faculty)	<positive>
13 Staff salaries (non-administrative)	<positive>
14 Staff benefits (non-administrative)	<positive>
15 Administrators' salaries (faculty and non-faculty leadership)	<positive>
16 Administrators' benefits (faculty and non-faculty leadership)	<positive>
17 OTPS, controllable	<positive>
18 OTPS, uncontrollable	<positive>
19 Graduate student support/stipend	<positive>
20 Debt service	<positive>
21 Other expenses	<positive>
22 <i>Subtotal</i>	<positive>
Indirect Expenses	
23 Allocated expenses	<positive>
24 University initiatives	<positive>
25 <i>Subtotal</i>	<positive>
26 <i>Total Expenses</i>	<positive>
Transfers	
27 Transfer in	<positive>
28 Transfers out	<negative>
29 Subsidy from/(Contribution to) University Common Fund	<either>
30 <i>Total Transfers</i>	<either>
31 <i>Net Income After Total Expenses and Net Transfers</i>	<either>
Supplemental Data	
32 Tenured/tenure-track faculty FTE headcount	
33 Continuing faculty FTE headcount	
34 Adjunct faculty FTE headcount	
35 Staff FTE headcount	
36 Undergraduate student headcount	
37 Graduate student headcount	
38 Research expenditure (only sponsored research)	



NYU Budget Template

Glossary



Primer

1. Budgets are prepared on the accrual basis of accounting

- a. Revenues are resources expected to be earned - though not necessarily collected in cash - in the coming fiscal year
- b. Expenses are resources expected to be used in the coming fiscal year

2. Direct costs are:

- a. Incurred within a school or department, or
- b. Costs of resources that are directly used for research, teaching, and student services

3. Indirect costs are:

- a. Assigned to a school or department from “central”, or
- b. Costs of resources not directly used for research, teaching, and student services

Tuition/fees

1. Two line items - “Tuition/fees” and “Financial aid”
2. Financial aid is applied directly to tuition = a direct reduction in “sticker price”
3. When applicable, tuition/fees and financial aid may be broken down by program (graduate versus and undergraduate programs)

Other revenue

1. Can include anything - gifts, space rental, etc.
2. Gifts should have their own line
3. If on an operating budget, gifts should be unrestricted/undesignated - an operating budget connotes that they can be used for any purpose
4. Sponsored research = recovery of indirect costs associated with research
5. Endowment income = returns on a school's or department's endowment investments, if applicable

Direct expenses

1. Administrator's salaries/benefits should have their own lines; faculty serving as full time administrators should be counted as administrators
2. Staff should be separated from administrators, who should only include the leadership of the school
3. Salaries/benefits of adjunct faculty should be separated from full time faculty (T/TT and continuing)

Direct expenses

1. OTPS = “other than personal services” = everything that isn’t faculty or staff salaries/benefits (classroom fees, rent, travel, utilities, etc.)
2. Schools or departments may choose to characterize some of OTPS as “controllable” and some as “uncontrollable” depending on whether they have discretion over it
3. Graduate student support/stipend should include teaching assistants and research fellows supported on the operating budget and not from extramural sources
4. Debt service = interest on debt

Indirect expenses

1. Allocated expenses = indirect costs allocated to schools and departments for “central” functions - central administration, the library, IT, payroll, etc.
2. University initiatives = indirect costs allocated to schools and departments for university-wide initiatives; this may take the form of a percentage of gross tuition

Transfers

1. Transfers in and Transfers out may be vis-a-vis elsewhere in the school or department (e.g., a school's own capital fund) or vis-a-vis central. For example, this may include costs related to money transfers for faculty services across schools, or capital costs incurred by a school toward central
2. Subsidy from/(Contribution to) University Common Fund = "subvention" or "tax"