

Preliminary Report of the 2021-2022 Financial Affairs Committee (January 26, 2022)
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Charges from the Senate Agenda Committee to the 2021/22 Financial Affairs Committee (FAC) include:

Considering increases in the cost of living and the special circumstances induced at the end of COVID-19 pandemic, the Committee shall: a. examine the total faculty compensation; b. review match-mate institution data and compare salary raises; c. make recommendations for 2022 merit raises for full time faculty

The Committee will address the additional charges later in the academic year.

The committee's recommendations for this year's merit pool are based on two considerations. First, the University appears to be falling behind its matchmate institutions with respect to faculty compensation. For a second year, data reported to AAUP, related to salaries for FY2021 includes FTNTT faculty. These data indicate that our compensation rank dropped from 113 in 2021 to 117 in 2022. In comparison, Boston University (BU), one of our matchmate institutions, for the same timeframe went from a rank of 44 to 45, respectively. This is particularly notable due to BU's close similarity to Northeastern in its faculty composition (tenured/tenure track, full time non-tenure track) (table 4).

Second, we are now in a period of rapid inflation that is affecting wage and salary negotiations across the US. The Bureau of Labor Statistics (BLS) announced that the December unadjusted annual Consumer Price Index (CPI) was 7.0%. That is a level that has not been reached in almost forty years. This puts significant pressures on our global faculty and the broader institution. A failure to increase salary could lead toward reduced morale and thus a decline in productivity. Providing a merit pool near the level of inflation will at least provide faculty with a near steady level of real wages.

There are significant indirect effects on the university if it does not increase the merit pool in line with the committee's recommendations. While other factors play into the recruitment and retainment of faculty, if raises do not keep pace with inflation, and if the trends continue with our matchmate institutions, the strongest faculty will be more likely to seek changes actively. That could reduce our overall rankings in U.S. News. Furthermore, should matchmate institutions keep pace and Northeastern fail to follow suit, it would directly affect our rankings, as some portion of faculty compensation calculates into that analysis.

While the pandemic led to the freezing of merit increases in the FY2020 at both Northeastern and other institutions of higher education, other institutions have responded to these changes. Schools such as Boston University and MIT approved an off cycle additional salary increases for faculty and staff this academic year. Such compensation adjustments by universities in the Boston area certainly signify upward pressure on pay (based on actual employee's needs) that Northeastern cannot ignore, especially since both increases happened before the announcement of the high December 2021 CPI numbers.

Thus, given the confluence of inflation and our falling compensation rank behind key matchmate institutions, the committee has selected an equity pool number that is in line with BLS's reported December 2021 annualized non-seasonally adjusted CPI number.

Finally, it is important to note that a merit raise simply aligned with current inflation rate is not sufficient since it would implicitly suggest perception by faculty that their performance is average. This would impact faculty morale, already affected by COVID-19 issues. It is therefore important that merit raises exceed inflation.

BE IT RESOLVED That the recommended raise pool for merit for FY 2022 be 8.0%, at a minimum, of continuing salaries starting on July 1, 2022.

Table 1
Net Operating Surplus (Increase in net assets from operating activities)

FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
\$66,315,000	\$107,580,000	\$135,715,000	\$184,572,000	\$116,850,000

Source: Northeastern University Financial Statement

https://finance.northeastern.edu/wp-content/uploads/Northeastern_University_FY21_Financial_Statements.pdf

Table 1: From the university’s annual financial statement lists the *net operating surplus* over the last 5 years. The raise pool for 2020/21 was frozen for logical reasons (i.e., spring 2020 reimbursements, cost incurred for on-campus COVID-19 testing, technological classroom enhancements and concerns for possible decreased tuition revenues). However, the University entered the COVID-19 pandemic in a strong financial position, indicated in Table 1 on “net operating surplus”. Despite all the challenges that the COVID-19 pandemic placed on the University, it would appear that the University is in a positive financial position to begin a more comprehensive financial examination and take appropriate steps to address compensation misalignments.

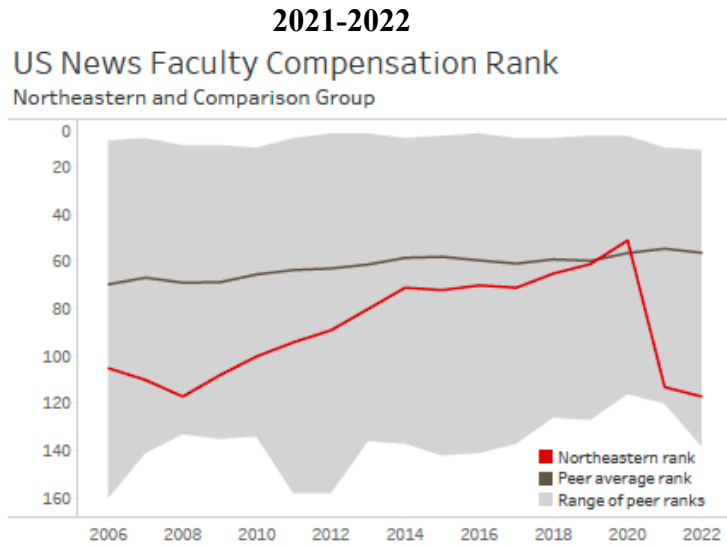
Table 2
US News and World Report Rankings (USNWR)

University	USNWR Ranking* (2022)	USNWR Ranking (2021)	USNWR Ranking (2020)
Boston College	36	35	37
Boston University	42	42	40
Brandeis	42	42	40
Carnegie-Mellon University	25	26	25
George Washington University	63	66	70
Lehigh University	49	49	50
New York University	28	30	29
Northeastern University	49	49	40
Notre Dame University	19	19	15
Rensselaer Polytechnic Institute	55	53	50
Rice University	17	16	17
Southern Methodist University	68	66	64
Syracuse University	59	58	54
Tufts	28	30	29
Tulane University	42	41	40
University of Miami	55	49	57
Wake Forest University	28	28	27

(*Source: <https://www.usnews.com/best-colleges/rankings/national-universities>)

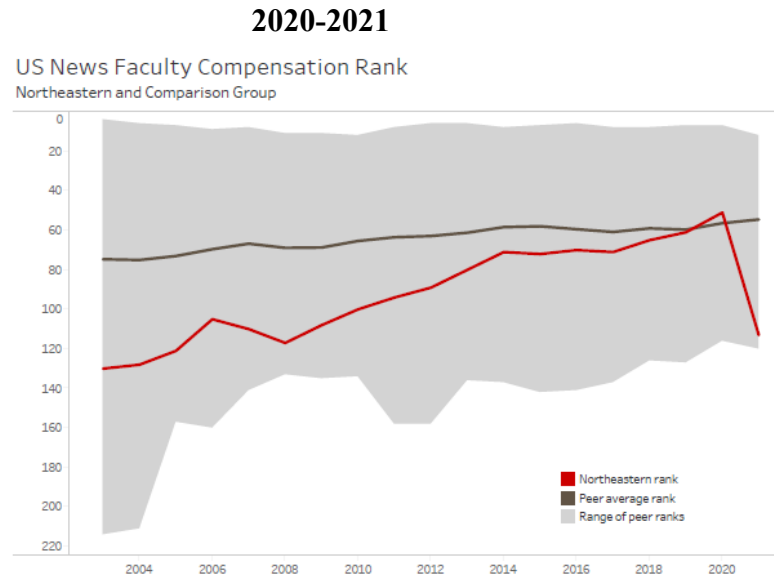
For purposes of comparison, the FAC was provided tables and figures from the University, reported formerly as the “Colonial Group” but now called the “G12”. While not an official match-mate list, the Senate, along with the University, have used this list of “peer group” institutions for the past several years. **Table 2** lists these Universities and their 2022 USNWR rankings. For comparison, rankings from 2021 and 2020 are included. Northeastern’s ranking (49) is unchanged from 2021. However, NU ranking in 2020 was 40.

Table 3



	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22
Northeastern University	105	110	117	108	100	94	89	80	71	72	70	71	65	61	51	113	117
Boston College	79	77	81	77	83	88	89	87	79	82	86	82	77	65	55	61	62
Boston University	146	129	125	121	104	88	72	68	56	50	44	44	48	49	42	44	45
Brandeis University	129	124	125	130	134	158	158	136	137	142	141	137	126	127	116	106	117
Carnegie Mellon Univer...	19	19	18	21	21	22	25	28	31	34	33	40	57	57	25	25	21
George Washington Uni...	160	141	133	135	134	123	120	121	111	114	118	119	111	104	116	81	81
Lehigh University	40	36	47	54	53	44	46	43	46	43	44	44	48	52	51	48	45
New York University	22	24	27	19	16	18	18	18	18	19	21	22	22	24	25	34	33
Rensselaer Polytechnic...	72	65	69	73	76	76	78	62	41	40	42	51	43	41	31	31	30
Rice University	9	8	11	15	12	8	7	8	8	7	6	8	8	7	16	17	17
Southern Methodist Uni...	43	36	40	42	36	33	34	38	37	31	24	24	24	23	31	39	36
Syracuse University	99	106	105	104	104	113	108	105	96	96	99	100	94	102	89	113	110
Tufts University	105	100	109	114	111	116	112	110	111	102	111	110	111	114	109	120	138
Tulane University	66	65	66	65	55	44	57	62	60	55	63	76	65	65	83	46	43
University of Miami	43	43	40	31	31	33	34	38	41	40	37	36	35	41	73	61	66
University of Notre Da...	9	10	11	11	12	8	6	6	9	9	8	9	10	11	7	12	13
Wake Forest University	72	85	95	87	64	44	42	49	53	63	74	71	65	72	33	34	43

- Data reported in the 2021+ editions for Northeastern includes full-time non-tenure track faculty; prior years included tenure track faculty only



	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Northeastern University	130	128	121	105	110	117	108	100	94	89	80	71	72	70	71	65	61	51	113
Boston College	83	82	82	79	77	81	77	83	88	89	87	79	82	86	82	77	65	55	61
Boston University	214	211	157	146	129	125	121	104	88	72	68	56	50	44	44	48	49	42	44
Brandeis University	152	140	137	129	124	125	130	134	158	158	136	137	142	141	137	126	127	116	106
Carnegie Mellon University	16	21	22	19	19	18	21	21	22	25	28	31	34	33	40	57	57	25	25
George Washington University	130	140	151	160	141	133	135	134	123	120	121	111	114	118	119	111	104	116	81
Lehigh University	36	40	41	40	36	47	54	53	44	46	43	46	43	44	44	48	52	51	48
New York University	20	18	19	22	24	27	19	16	18	18	18	18	18	19	21	22	22	24	25
Rensselaer Polytechnic Institute	69	77	89	72	65	69	73	76	76	78	62	41	40	42	51	43	41	31	31
Rice University	4	6	7	9	8	11	15	12	8	7	8	8	7	6	8	8	7	16	17
Southern Methodist University	46	45	47	43	36	40	42	36	33	34	38	37	31	24	24	24	23	31	39
Syracuse University	117	116	110	99	106	105	104	104	113	108	105	96	96	99	100	94	102	89	113
Tufts University	127	128	121	105	100	109	114	111	116	112	110	111	102	111	110	111	114	109	120
Tulane University	46	48	59	66	65	66	65	55	44	57	62	60	55	63	76	65	65	83	46
University of Miami	55	54	52	43	43	40	31	31	33	34	38	41	40	37	36	35	41	73	61
University of Notre Dame	7	8	7	9	10	11	11	12	8	6	6	9	9	9	8	9	10	11	7
Wake Forest University	72	66	67	72	85	95	87	64	44	42	49	53	63	74	71	65	72	33	34

- Data reported in the 2021 edition for Northeastern includes full-time non-tenure track faculty; prior years included tenure track faculty only

Table 3 is the USNWR compensation rankings for the same group. Note that while Northeastern’s overall ranking is “49,” our compensation ranking is “117”. This is a drastic and alarming decline from 2 years ago (“51”). This decline was reported to be attributed to new salary reporting requirements from AAUP that all universities include FTNTT teaching faculty. This interpretation was reasonable due to our large population of FTNTT faculty (46.5%) who may be compensated at a lower rate. However, Boston University, which reports about 52% FTNTT population observed a small decline in their ranking (44 in 2020/21 and 45 2021/22). Using a dilution rationale, at this point, for the NU compensation rank drop would be imprudent.

**Table 4
AAUP Faculty Compensation Survey Summary**

Source: AAUP and NU Administration														
Note: COLI information retrieved on 11/8/2021 from https://advisorsmith.com/data/col/														
Note: USN rankings for 2022 was calculated on 40% on outcomes, 20% faculty resources, 20% expert opinion, 10% financial resources, 7% student excellence, 3% alumni giving, similar to 2020/21; New for the 2022 edition, USN averaged schools' scores from the 2021 and 2020 rankings to mitigate year-to-year volatility.														
+Note: AscVicePrvst-InstRes&DecSupt stated "AAUP made some clarifications in their definition of which types of faculty to include and exclude in their data so for the first time we included FTNTT teaching faculty in the Assistant, Associate, and Full Professor lines."														
Institution (USNWR rank)	COLI (Boston = 1.00) (CNN)	2019/20 Salary+			2020/21 Salary			2020/21 salary adjusted; adjusted by 25% COLI			2020/21 salary adjusted; by 50% of COLI			% of FT who are NTT
		Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst	
Boston C (36)	1	190.9	122.9	114.6	191.7	121.3	115.6	191.7	121.3	115.6	191.7	121.3	115.6	29.5
Boston U (42)	1	197.7	135.1	110.7	197.9	136.2	109.7	197.9	136.2	109.7	197.9	136.2	109.7	51.7
Brandeis (42)	1	161.8	114.8	95.3	158.4	113.2	97.2	158.4	113.2	97.2	158.4	113.2	97.2	32.1
Carnegie Mellon (25)	0.93	171.6	118.3	107.8	171.2	117.4	107.8	168.2	115.3	105.9	165.2	113.3	104.0	26.1
GWU (63)	1.2	187.6	119.0	102.6	186.0	118.1	101.4	195.3	124.0	106.5	204.6	129.9	111.5	32.3
Lehigh (49)	0.99	164.4	112.5	102.8	166.0	114.6	103.6	165.6	114.3	103.3	165.2	114.0	103.1	17.6
Northeastern (49)	1	178.2	111.6	97.0	174.1	112.3	97.5	174.1	112.3	97.5	174.1	112.3	97.5	48.0
Notre Dame (19)	0.87	190.7	125.4	113.1	190.0	122.2	114.0	183.8	118.2	110.3	177.7	114.3	106.6	27.1
NYU (28)	1.28	221.1	131.3	114.0	214.3	125.2	104.4	229.3	134.0	111.7	244.3	142.7	119.0	47.8
Rice (17)	0.96	203.1	129.2	116.8	201.6	127.4	117.8	199.6	126.1	116.6	197.6	124.9	115.4	22.5
RPI (55)	1	164.2	115.3	108.9	160.0	114.7	108.4	160.0	114.7	108.4	160.0	114.7	108.4	30.9
SMU (68)	0.99	173.9	114.7	113.7	175.2	117.2	116.4	174.8	116.9	116.1	174.3	116.6	115.8	36.6
Syracuse (59)	0.95	137.8	102.1	82.6	137.9	101.0	83.1	136.2	99.7	82.1	134.5	98.5	81.0	20.9
Tufts (28)	1	162.2	114.0	97.5	159.0	112.8	95.4	159.0	112.8	95.4	159.0	112.8	95.4	49.6
Tulane (42)	0.92	158.0	98.8	117.3	157.9	99.6	118.8	154.7	97.6	116.4	151.6	95.6	114.0	37.6
U of Miami (55)	1.1	171.8	118.2	101.0	167.1	118.3	98.8	171.3	121.3	101.3	175.5	124.2	103.7	37.3
Wake Forest (28)	0.91	158.3	106.0	85.8	149.2	100.7	80.9	145.8	98.4	79.1	142.5	96.2	77.3	30.2
Average		176.1	117.0	104.8	174.0	116.0	104.2	174.5	116.3	104.3	174.9	116.5	104.4	34.0
NU-Ave. gap (\$)		2.1	-5.4	-7.8	0.1	-3.7	-6.7	-0.4	-4.0	-6.8	-0.8	-4.2	-6.9	
Diff / NU (%)		1%	-5%	-7%	0%	-3%	-6%	0%	-3%	-7%	0%	-4%	-7%	

Table 4 summarizes AAUP faculty compensation survey results by rank of all faculty (tenure/tenure track and FTNTT) along with adjustments for 25% and 50% cost of living factors. The chart shows that Northeastern’s “raw” compensation at all ranks is between 1% and 7% below the average for the match-mate group. The chart shows that at the “25% adjusted” compensation rate, Full Professors fall 5% below while Associate and Assistant Professors are 10-13% below average. If we consider the impact of 50% adjustment of the cost, a figure that seems more realistic, all three ranks fall 10% or more below the average of our peer institutions.