

## Report of the 2015-16 Financial Affairs Committee (11/30/2015)

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### Charge #1 from the Senate Agenda Committee to the 2015-16 Financial Affairs Committee (FAC)

“Based on current information and any other analyses that it may wish to undertake, the Committee is asked to make recommendations on appropriate merit and market adjustment increases for FY 2017. The Committee should present its recommendations electronically on these matters to the Faculty Senate Agenda Committee by 17 November 2015 for presentation to the Senate on 9 December.”

### Introduction

In addressing our charge, the FAC considered academic trends including salaries paid by match-mate institutions, differential cost-of-living at different locations in the U.S., the manner in which salary increases are distributed among merit, equity and promotions, and the effects of salary increases on the faculty and on the broader university community. More details are provided in the “Rationales” that follow each of the resolutions.

**Resolution #1: BE IT RESOLVED THAT** the funds for the 10% salary increase for promotions be drawn separately from the merit and equity pool in each college/school.

*Rationale:* Faculty members work for many years to achieve promotion in rank. In recognition of their efforts and of the contribution that work provides to the University, it has become the norm that such faculty are rewarded with a 10% salary boost. When promotion raises are drawn from the general raise pool, the decision to promote someone within a department (or the relevant academic unit where departments do not exist) has financial implications for the faculty in that department/unit. Departments/units that are successful in promoting their faculty should not be financially penalized for doing so. We recommend that the 10% salary increase accompanying promotion in rank be funded separately from the merit and equity pool in each college/school.

**Resolution #2a: BE IT RESOLVED THAT** although the percentage of the raise pool devoted to merit may vary among the academic departments (or the relevant academic unit where departments do not exist), it should be clearly defined and communicated to the faculty. It is proposed that merit not be less than 85% of the raise pool in any department/unit with the difference (no greater than 15%) going to equity.

**Resolution #2b: BE IT RESOLVED THAT** the funds for the equity pool be distributed according to the procedures specified in the *Faculty Handbook* (Appointments and Compensation section, pp. 4-6) with *transparency*. The department chair (or the relevant academic unit chair where departments do not exist) will inform the faculty in that department/unit as to the number of faculty given an equity adjustment, the median and average adjustments, and the percentage of the raise pool in that department/unit devoted to equity.

**Resolution #2c: BE IT RESOLVED THAT** the wording “The department chair (or the relevant academic unit chair where departments do not exist) will inform the faculty in that department/unit as to the number of faculty given an equity adjustment, the median and average adjustments, and the percentage of the raise pool in that department/unit devoted to equity.” be added as the second paragraph of C.c.5 (Rights to Information) of the Faculty Handbook Section on Appointments and Compensation (see Appendix A).

**Resolution #2d: BE IT RESOLVED THAT** each department (or the relevant academic unit where departments do not exist), establish detailed procedures for determining equity adjustments that are consistent with the *Faculty Handbook*. Departments/units will send their written procedures to the dean of their respective colleges for approval.

*Rationale:* The *Faculty Handbook* Appointments and Compensation section on Equity Considerations (sec. c1, see Appendix A) gives criteria for faculty equity raises (e.g. an individual's salary places him or her below peers of comparable accomplishment in an individual department/unit) and also specifies the priorities in awarding equity (e.g. provision of raises to reduce salary compression among faculty of different levels of accomplishment in the same discipline). Historically, equity adjustments were made sporadically and constituted a small fraction of the raise pool over time. During the four academic years from 2006-2010 the average raise pool was 3.8% of which 18.3% (0.7%) was devoted to equity. Over each of the last six years, the annual raise pool was 3.0% of which the equity pool has been 33.3% (1.0%). Moreover, there is a perception among many faculty members in various colleges that in recent years this equity raise pool has been used to circumvent the merit review procedures. If both the equity and merit pools are distributed with transparency then these perceptions/misperceptions will diminish.

**Resolution #3: BE IT RESOLVED THAT** the raise pool for merit and equity (with promotion excluded) for FY 2017 be 4.0% of continuing salaries starting on July 1, 2016.

*Rationale:* The summary of match-mate data show that mean salaries for 2014-15 for Northeastern Professors, Associate Professors, and Assistant Professors fall within the distribution of corresponding mean salaries at match-mate schools identified by the Northeastern University administration. In terms of the raw data, for Assistant Professors the mean salaries rank third of the 17 match-mates, for Associate Professors second among the match-mates, while mean salaries for Professors rank fifth among the match-mates. When other universities that have previously been used as match-mates are included, Northeastern salaries for Professors drop to seventh and Assistant Professors to fourth, while Associate Professors remain at second among historical match-mates (Table B2). A more detailed description of our findings is provided in Appendix B.

Identified match-mates schools are peer and aspirant private universities located in cities throughout the US, with the costs associated with living in these cities varying widely, as evidenced by the wide distribution of their cost-of-living indices. When university-specific mean salaries were adjusted by their cost-of-living indices, the cost-of-living adjusted mean salary for all faculty ranks at Northeastern dropped substantially within their corresponding distribution of mean salaries. The mean NU salaries

for Assistant Professors, Associate Professors, and Professors were \$10,000, \$11,400, and \$19,800 respectively less than the average salaries of their cost-of-living adjusted match-mates. When a more conservative COLA adjustment of 50% was applied (by averaging the fully COLA corrected and uncorrected salaries), the COLA-adjusted mean salaries of Northeastern faculty at all ranks remain below the adjusted average salaries of the match-mates.

Mean salaries are just one measure of how faculty salaries at Northeastern are compared to those at their identified match-mates. As shown by the higher mean as compared to median salaries at all ranks, the distribution of salaries at Northeastern for all faculty ranks are skewed, with mean salaries influenced more than median salaries by faculty with substantially higher salaries. Comparisons of Northeastern salaries with match-mates should be performed using median in addition to mean salaries. Given that Northeastern's cost-of-living adjusted mean salaries fall below the average of the corresponding salaries for the identified match-mates, the raise pool should be adjusted upwards to make Northeastern's salaries in line with its match-mates. This upward adjustment will further reflect Northeastern's sharp growth in improving its academic reputation over the last ten to twenty years. Competitive salaries are an important factor in hiring and retention, and in maintaining high faculty morale. The fruits of Northeastern's success should be shared with the faculty, who as a group, have been instrumental in enabling our sustained upward trajectory.

**Resolution #4: BE IT RESOLVED THAT** the University explore the establishment of a health insurance group for the benefit of retired employees. University funding is not requested; only the University's commitment to explore the establishment of such a health insurance group.

*Rationale:* Post retirement insurance plans are very costly. One way that the University could help its retired employees is by establishing a health insurance group, without contributing any funds, that would enable retired employees to benefit from the lower insurance rates offered to group members.

It is noted that part of FAC's charge is to review benefits, which FAC will do during the spring semester. However the exploration/establishment of this plan does require some lead-time. It could affect some faculty plans to retire and is probably non-controversial. Thus FAC is offering this resolution at this early time.

**Appendix A: Relevant portions of the *Faculty Handbook* Section on Appointments and Compensation  
(The complete section is available at: <http://www.northeastern.edu/facultysenate/>)**

**C. Basis of Compensation**

(starting on the bottom of p. 4)

c. Equity

1) Equity Considerations

Faculty should be considered for equity raises when:

- a) an individual's salary places him or her below peers of comparable accomplishment in an individual unit;
- b) merit pools or procedures have failed over time to provide just rewards for faculty performance;
- c) matters beyond the scope of merit procedures (such as long-term trends in the job market) have brought salaries seriously out of line within a unit or in comparison with salaries in similar units in comparable institutions.

Normally, equity raises will not be granted to make up for the salary effects of poor performance.

2) Equity and Merit Policies

Should it be determined by the Provost that the need for equity for a particular individual is the result of policies or procedures adopted by the unit which fail to reward merit adequately, then

- a) the cost of such equity increases may be deducted from the merit pool allocated to the unit or college;
- b) the unit will be directed to reward merit in the future in a manner consistent with the Process for Determining Merit Criteria described above.

If the deduction of equity raises from the merit pool as specified in (a) would cause undue hardship on other faculty in the unit, the Provost has the discretion to phase in such a deduction over a period of up to three years.

3) Priorities in Awarding Equity

Equity may be distributed both to individuals and to groups. Priority in distributing equity funds should go to elimination of wage differentials based on race, ethnic origin, gender, or other forms of discrimination that are illegal under state or federal law or impermissible under University policies.

The following are other areas that should be included in the consideration of distribution of equity funds:

- a) provision of raises to equalize salaries of faculty of comparable accomplishment in the same discipline;
- b) provision of raises to reduce salary compression between faculty of different levels of accomplishment in the same discipline;
- c) elevation of salaries to those of similar units in comparable institutions;
- d) promotion of other strategic planning priorities of the University.

4) Process for Awarding Equity

When equity funds have been allocated, a request for equity adjustment may be made by a Dean, a Department Chair, or a faculty member. Individual faculty members or groups should submit requests for equity in writing through the relevant unit and/or college and should state the grounds for equity

based on the considerations of sections 1, 2, and 3 above. Deans shall forward all equity requests, along with their written recommendations, to the Provost for final disposition.

#### 5) Rights to Information

Faculty members have the right to information that does not reveal individual salaries (such as average salaries within the unit) that will help them decide upon and formulate an equity case. Equity cases can be made based on comparisons of individual or unit salaries to those in matchmate units or institutions. The units and institutions chosen as matchmates should be made by the Provost's Office in consultation with the appropriate faculty, unit head, and Dean.

## Appendix B: Data and Graphs on Match-Mates and Cost-of-Living

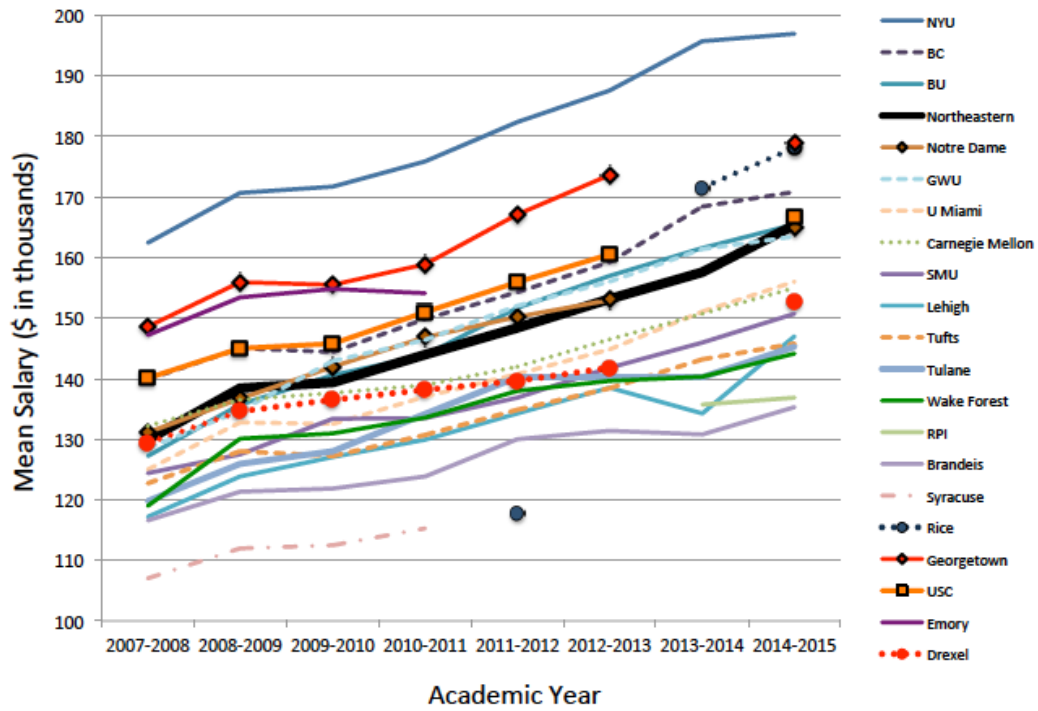
### Comparison of Mean Faculty Salaries for Northeastern and Match-Mates: By Rank

Mean salaries for 2014-2015 for Northeastern Professors, Associate Professors, and Assistant Professors fall within the distributions of corresponding mean salaries at match-mate schools identified by the Northeastern University administration. In terms of the raw data, for Assistant Professors, the mean salaries rank third of the 17 match-mates; for Associate Professors, salaries rank second among the match-mates, while mean salaries for Professors rank fifth among the match-mates (Table B1). Comparisons of Northeastern salaries with those of its match-mates show similar patterns across time (Figures B1a-c).

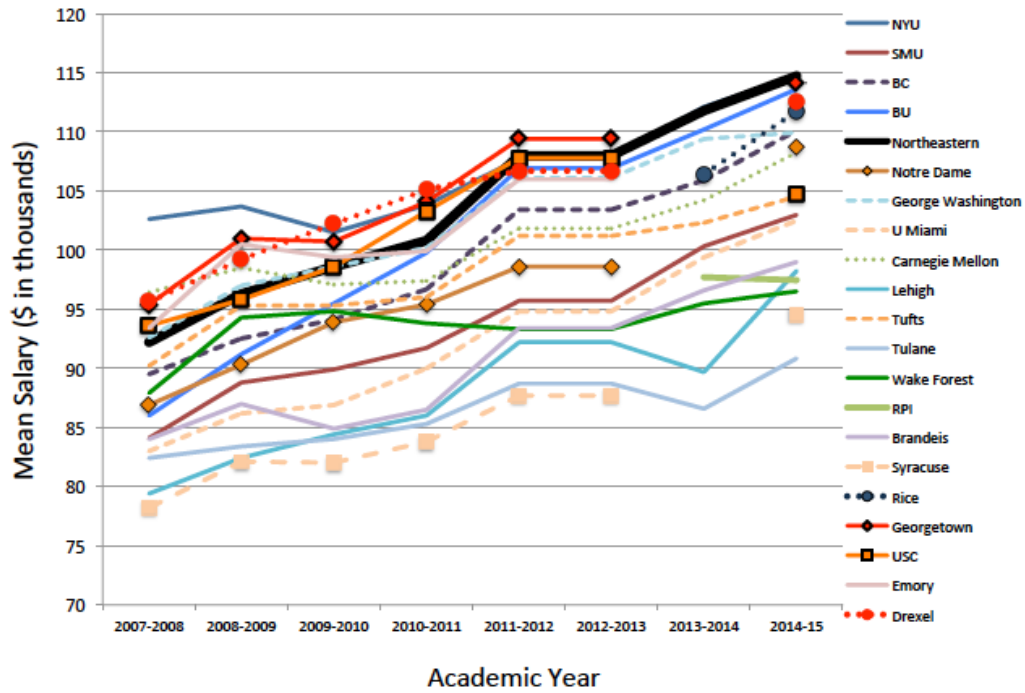
**Table B1. Average Faculty Salary (in Thousands) by Rank: 2014-2015**

Professor	Mean Salary*	Associate	Mean Salary*	Assistant	Mean Salary*
NYU	196.9	NYU	114.7	NYU	111.2
Rice University	178.1	<b>Northeastern</b>	114.7	Carnegie Mellon	106.1
Boston College	170.8	Boston University	113.6	<b>Northeastern</b>	102.2
Boston University	165.5	Rice University	111.7	Southern Methodist	99.0
<b>Northeastern</b>	165.4	Boston College	110.1	Rice	98.5
Notre Dame	164.9	George Washington	109.9	Boston University	96.8
George Washington	163.5	Notre Dame	108.7	Notre Dame	95.7
University of Miami	156.0	Carnegie Mellon	108.3	Lehigh	95.0
Carnegie Mellon	155.0	Tufts University	104.5	RPI	93.5
SMU	150.7	SMU	103.0	Boston College	92.3
Lehigh	147.0	University of Miami	102.5	George Washington	90.1
Tufts	145.8	Brandeis	99.0	University of Miami	86.9
Tulane	145.3	Lehigh	98.2	Tufts	86.5
Wake Forest	144.1	RPI	97.5	Brandeis	85.3
RPI	136.9	Wake Forest	96.5	Tulane	83.2
Brandeis	135.3	Syracuse	94.6	Wake Forest	80.9
Syracuse	127.7	Tulane	90.8	Syracuse	76.5
Average	155.8	Average	104.6	Average	92.9

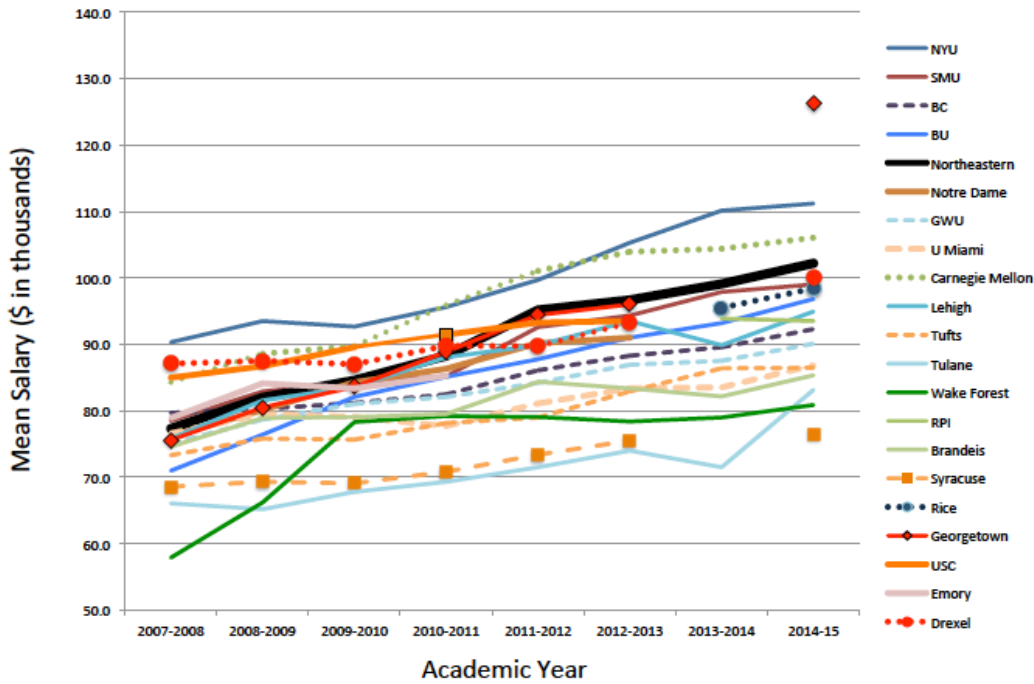
a. Professors



b. Associate Professors



c. Assistant Professors



**Figure B1a-c.** Mean Faculty Salaries at NYU and Match-Mate Universities Over Time. In some years data was not available for some institutions resulting in discontinuities in those lines.

When we expand the current pool to include data for Georgetown, University of Southern California, and Drexel - (other universities that have previously been used by Northeastern as match-mates) in the comparison, the ranking of Northeastern mean faculty salaries for 2014-2015 drops to fourth for Assistant Professors, remains at second for Associate Professors, and drops to seventh for Professors (Table B2; Figures B1a-c).



Table B2. Average Faculty Salary by Rank Including Additional Match-Mates: 2014-2015

Professor	Mean Salary*	Associate	Mean Salary*	Assistant	Mean Salary*
NYU	196.9	NYU	114.7	<i>Georgetown</i>	126.2
<i>Georgetown</i>	178.9	<b>Northeastern</b>	114.7	NYU	111.2
Rice University	178.1	<i>Georgetown</i>	114.2	Carnegie Mellon	106.1
Boston College	170.8	Boston University	113.6	<b>Northeastern</b>	102.2
<i>USC</i>	166.8	<i>Drexel</i>	112.5	<i>Drexel</i>	100.1
Boston University	165.5	Rice University	111.7	Southern Methodist	99.0
<b>Northeastern</b>	165.4	Boston College	110.1	Rice	98.5
Notre Dame	164.9	George Washington	109.9	Boston University	96.8
George Washington	163.5	Notre Dame	108.7	Notre Dame	95.7
University of Miami	156.0	Carnegie Mellon	108.3	Lehigh	95.0
Carnegie Mellon	155.0	<i>USC</i>	104.7	RPI	93.5
<i>Drexel</i>	152.6	Tufts University	104.5	<i>USC</i>	92.9
SMU	150.7	SMU	103.0	Boston College	92.3
Lehigh	147.0	University of Miami	102.5	George Washington	90.1
Tufts	145.8	Brandeis	99.0	University of Miami	86.9
Tulane	145.3	Lehigh	98.2	Tufts	86.5
Wake Forest	144.1	RPI	97.5	Brandeis	85.3
RPI	136.9	Wake Forest	96.5	Tulane	83.2
Brandeis	135.3	Syracuse	94.6	Wake Forest	80.9
Syracuse	127.7	Tulane	90.8	Syracuse	76.5

\* In thousands; additional match-mates in italics

COLA-Adjusted Mean Faculty Salaries: Northeastern and Match-Mates by Rank

Match-mate universities are located in a variety of cities with a varying range of associated living costs, as evidenced by the wide range of the cost-of-living index values relative to Boston, MA (Table B3). In general, Boston was one of the more expensive cities, with all but two match-mates (NYU and George Washington University) located in cities with a lower cost-of-living. When mean faculty salaries were adjusted for cost-of-living, Northeastern mean faculty salaries for 2014-2015 were substantially lower than that for most of its match-mate institutions (Tables B4,B5). For example, the mean COLA-adjusted faculty salary at NU was approximately \$19,800, \$11,400, and \$10,000 lower than the mean COLA-adjusted salary for all match-mates for Professors, Associate Professors, and Assistant Professors, respectively. When a more conservative COLA-adjustment of 50% was applied, COLA-adjusted salaries at Northeastern remained below the average of its match-mate institutions for all faculty ranks.

**Table B3.** Cost-of-Living Index (COLA) By City (2015)

City	COLA	Relevant Match-Mates
Albany	0.766	Rensselaer Polytechnic Institute
Allentown, PA	0.752	Lehigh University
<b>Boston</b>	1.000	NU, BC, BU, Tufts, Brandeis
Dallas	0.696	Southern Methodist University
Houston	0.720	Rice University
Miami	0.809	University of Miami
New Orleans	0.705	Tulane University
Manhattan (1.615), Brooklyn (1.233)	1.424	New York University
Pittsburgh	0.700	Carnegie-Mellon University
Rochester (in place of Syracuse)	0.721	Syracuse University
South Bend, IN	0.655	Notre Dame University
Washington, DC	1.028	George Washington University
Winston-Salem, NC	0.662	Wake Forest

\* From money.CNN.com /calculator/pf/cost-of-living/ (accessed October 2015)

**Table B4.** COLA-Adjusted 2014-2015 Faculty Salaries of NEU and Match-Mates: 100% Adjustment

Professor	Ave. Salary*	Associate	Ave. Salary*	Assistant	Ave. Salary*
Rice University	247.3	Notre Dame	165.9	Carnegie Mellon	151.5
Carnegie Mellon	221.5	Rice	155.2	Notre Dame	146.0
Wake Forest	217.6	Carnegie Mellon	154.7	SMU	142.3
SMU	216.6	SMU	148.0	Rice University	136.7
Notre Dame	215.2	Wake Forest	145.7	Lehigh	126.3
Tulane	206.1	Syracuse	131.2	Wake Forest	122.2

Lehigh	195.5	Lehigh	130.6	RPI	122.1
U Miami	192.9	Tulane	128.8	Tulane	118.0
RPI	178.7	RPI	127.2	U Miami	107.4
Boston College	170.8	U Miami	126.7	Syracuse	106.1
Syracuse	177.0	<b>Northeastern</b>	<b>114.7</b>	<b>Northeastern</b>	<b>102.2</b>
Boston University	165.5	Boston University	113.6	Boston University	96.8
<b>Northeastern</b>	<b>165.4</b>	Boston College	110.1	Boston College	92.3
George Washington	159.0	George Washington	106.9	George Washington	87.6
Tufts	145.8	Tufts	104.5	Tufts	86.5
NYU	138.3	Brandeis	99.0	Brandeis	85.3
Brandeis	135.3	NYU	80.6	NYU	78.1
<b>Average</b>	<b>185.2</b>		<b>126.1</b>		<b>112.2</b>
<b>NU Minus Average</b>	<b>-19.8</b>		<b>-11.4</b>		<b>-10.0</b>

\* In thousands; COLA adjustments were made using cost-of-living indices published by money.CNN.com/calculator/pf/cost-of-living/ (accessed October 2015)

**Table B5.** COLA-Adjusted 2014-2015 Faculty Salaries of NEU and Match-Mates: 50% Adjustment

<b>Professor</b>	<b>Avg. Salary*</b>	<b>Associate</b>	<b>Avg. Salary*</b>	<b>Assistant</b>	<b>Avg. Salary*</b>
Rice	212.7	Notre Dame	137.3	Carnegie Mellon	128.8
Notre Dame	190.1	Rice University	133.5	SMU	120.6
Carnegie Mellon	188.2	Carnegie Mellon	131.5	Notre Dame	120.9
SMU	183.6	SMU	125.5	Rice	117.6
Wake Forest	180.8	Wake Forest	121.1	Lehigh	110.6
U Miami	174.4	<b>Northeastern</b>	114.7	RPI	107.8
Boston College	170.8	Boston University	113.6	<b>Northeastern</b>	102.2
Tulane	175.7	U Miami	114.6	Tulane	100.6
Lehigh	171.2	Lehigh	114.4	Wake Forest	101.5
Boston University	165.5	RPI	112.3	Boston University	96.8
<b>Northeastern</b>	165.4	Boston College	110.1	U Miami	97.1
NYU	167.6	Syracuse	112.9	Boston College	92.3
George Washington	161.3	George Washington	108.4	NYU	94.6
RPI	157.8	Tulane	109.8	Syracuse	91.3
Tufts	145.8	Tufts	104.5	George Washington	88.9
Syracuse	147.2	Brandeis	99.0	Tufts	86.5
Brandeis	135.3	NYU	97.7	Brandeis	85.3
<b>Average</b>	<b>170.5</b>		<b>115.3</b>		<b>102.6</b>
<b>NU Minus Average</b>	<b>-5.1</b>		<b>-0.6</b>		<b>-0.4</b>

\* In thousands; COLA adjustments were made using cost-of-living indices published by money.CNN.com/calculator/pf/cost-of-living/ (accessed October 2015)

Distribution of Northeastern Faculty Salaries: By Rank

Comparisons of Northeastern faculty salaries to those at match-mate institutions were made based on mean salaries, which may be influenced by faculty with substantially higher salaries. Qualitative examination of the distribution of faculty salaries using the median, mean, and 25<sup>th</sup> and 75<sup>th</sup> percentiles show higher mean as compared to median salaries at all ranks, indicating a skewed salary distribution at all ranks. These findings suggest that mean salaries may not reflect the typical faculty salary and favor the use of median salary as the more relevant and appropriate salary comparison measure (Table B6).

**Table B6.** Distribution of NEU Faculty Salaries by Academic Year

Indicator by Rank	Faculty Salaries (\$)		
	2013-2014	2014-2015	2015-2016
<b>Professor</b>			
25th%	128,344	133,706	135,021
Median	148,694	156,674	160,167
Mean	157,600	165,400	169,311
75th%	180,072	186,926	192,808
<b>Associate Professor</b>			
25th%	91,998	93,854	96,289
Median	102,980	106,885	110,213
Mean	111,800	114,700	118,024
75th%	123,864	126,868	129,724
<b>Assistant Professor</b>			
25th%	78,470	79,500	84,260
Median	89,610	91,050	94,339
Mean	99,100	102,200	108,576
75th%	112,450	111,260	118,354