Report of the 2026/2027 Financial Affairs Committee

Professors Deb Copeland (Co-Chair), Ed Wertheim (Co-Chair), Rasika Bhalerao, Deniz Erdogmus, Joseph McNabb, Srinivas Sridhar,

There are three charges for this committee; Charges two and three as well as much of Charge 1 will be addressed later. Because of the budget decision making process of the University, we must address part of the merit part of the charge at this time in order for the Administration, the Trustees' Finance Committee, and ultimately the Trustees to consider and act on the resolution.

WHEREAS, Northeastern full and associate professors earn substantially less than their peers at Boston University and Boston College, with full professors trailing by more than $26,000 (AAUP, 2026-27); and

WHEREAS, Northeastern faculty pay has fallen approximately 13.5% below 2019 levels in real terms, a steeper decline than the national average of approximately 9.5% (AAUP, 2025-26); and

WHEREAS, the University remains financially strong, with an A1 Moody's rating, endowment growth from $1.54 billion to $2.11 billion since FY2021, and estimated operating surpluses of $96 million in FY2026 and $115 million in FY2027 (Northeastern Financial Statements); and

WHEREAS, a 4% merit pool, costing an estimated $34 million above the nominal increase, would only halt further erosion of faculty purchasing power, not reverse it (BLS, Boston-area CPI, October 2026);

THEREFORE, BE IT RESOLVED that the Faculty Senate recommends that the FY2028 University Budget include a 4% faculty merit raise pool.

Analysis

While it is necessary to present this Resolution now, we must base this resolution on limited available data and extrapolation. The FY2026 audited report has not been made available to us, nor has the Senior VP for Finance released a current report to the University Community. The Committee has not yet been able to meet with the Provost or the new SVP for Finance.

Northeastern University remains consistently behind many of our matchmates and fellow Boston Universities, particularly for continuing faculty at the Associate and Full Professor level. (Table 1); this is particularly true for our comparison to Boston University, the school we are historically most compared to.

In addition, while previous Financial Affairs Committees have been told that consideration of faculty raises is not related to COLI, we feel it is necessary to cite last year's report which stated "NU faculty are paid 12% less in real terms than they were paid in 2019. With this year's raise, that figure is now 13.5%. Nationally, real faculty pay is about 9.5% below 2019. Northeastern, at 13.5%, has declined more than the national average. Source: https://www.aaup.org/reports-publications/aaup-policies-reports/topical-reports/annual-report-economic-status-profession-25-26

A 4% merit pool roughly matches the inflation of those communities with Northeastern campuses. It would stop the loss of purchasing power without making up for it. It would also begin to address the gap with Boston University and Boston College at the full-professor rank. Source: https://www.bls.gov/regions/northeast/news-release/2026/consumerpriceindex_boston_20261014.htm

Can the University Afford a raise above the usual nominal raise

The University manages its finances conservatively, appropriate for a large university with a modest endowment. This approach is reflected in the strong ratings by Moody's and Forbes.

- **Trend Over Time:** Northeastern maintained an **A1 rating** (Moody) with a stable outlook over recent years, "supported by strong operating surpluses, growing net tuition revenue, an expanding research enterprise, and global campus investments." (Source: Northeastern Global News)
- The most recent rating available from **Forbes** gave Northeastern a grade of A-, "putting it in the top tier of private colleges." (Forbes)

Every year, even during the COVID challenges, the University ran operating surpluses averaging over $100 M. We understand that these surpluses are critical for funding initiatives and furthering the University's ambitious mission. As faculty, we take pride in playing our role in helping the University successfully face the major challenges of the last few years, while maintaining its strong academic and financial standing.

Given that faculty salaries comprise about 55% of operating expenses, we estimate that each percent of faculty salary increase will cost about $17M in the FY2028 budget. Assuming the nominal increase would already be included in the FY 2028 budget, this resolution would have an estimated $34M impact on the budget.

Given the estimated (based on history) $100M surplus, this investment in faculty salaries seems both manageable and justified.

We have seen purchasing power for continuing faculty fall steadily farther and farther behind the cost of living in the various Northeastern communities. This is most pronounced for our continuing faculty, those who build our programs, who have institutional memory, and those who carry increasingly heavy teaching, mentoring, and

service loads. Our standard of living has diminished but the workload has increased. The gap is widening each year. The 4% recommendation will barely make a dent in the deficit cited above, but will send an important message about the University's commitment to its faculty.

Table 1:2026/7 Salaries at Matchmate Institutions

Institution	Prof (000)	Assoc (000)	Asst (000)	T (%)	TT (%)	NTT (%)	AR (2025)	AR (2026)	% Change
Northeastern U	189.7	135.3	117.3	36.2	15.6	48.3	145.3	148	1.86%
Boston U	221.9	152.5	132	37.1	13.6	49.3	150	150	0.00%
Boston C	216.1	139.7	138.8	50.9	16.4	32.7	163.4	168.8	3.30%
Brandeis	173.7	127.3	109.6	47.1	20.8	32.1	130.9	134.2	2.52%
Tufts	175.4	125.8	111	35.5	12.2	52.3	131.3	135.5	3.20%
GWU	205.9	131.4	105.8	55.3	8.6	36.1	152.4	154.3	1.25%
Lehigh	180.1	126.7	106.5	56.7	22.3	21	136.4	138.1	1.25%
NYU	284.6	166.3	146.3	37.8	12.5	49.7	169.8	174.9	3.00%
Rice	243.9	151	133	54.1	20.7	25.3	166.1	172.1	3.61%
SMU	200.7	138.8	138.6	44.4	12	43.6	134.2	139.2	3.73%
Syracuse	150.8	112.4	96.2	55.2	18.4	26.4	NA	122.4	
Tulane	177.3	123.4	121.8	40.2	16.4	43.4	118.2	120.8	2.20%
U of Miami	214.4	147.8	121.3	48	11.2	40.8	145.6	149.1	2.40%

COLI 2.8%
CPI: 3.55

Source: AAUP Note: Each rank (e.g. Prof) includes both TT and nonTT faculty

AR: The average compensation) for All Ranks (AR) is calculated as a weighted average

Table 2 (000)	revenue	Expenses	Surplus
2027 (est)	3,050,693	2,935,229	115,464
2026 (est)	2,754,296	2,658,229	96,067
2025	2,487,186	2,407,260	79,926
2024	2,317,943	2,256,214	61,729
2023	2,082,149	1,949,746	132,403
2022	1,833,000	1,791,000	151,000

Source (2022-2025): Northeastern University Financial Statements

Table 3: Northeastern Finances

Fiscal year	Net assets	Endowment and similar net assets	Endowment growth
2021	$2.74B	$1.54B	n/a
2022	$3.47B	$1.61B	4.70%
2023	$3.74B	$1.71B	6.30%
2024	$4.11B	$1.91B	11.20%
2025	$4.57B	$2.11B	10.70%

Source: Northeastern's Financial Statements