

Report of the 2019-2020 Financial Affairs Committee (December 15, 2019)
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Charges from the Senate Agenda Committee to the 2019/20 Financial Affairs Committee (FAC) include:

1. The FAC shall examine the total faculty compensation, given the yearly increases in the cost of benefits (especially health insurance), in comparison to salary raises.
2. Based upon the findings in the previous charge and a review of match-mate institutions, the FAC is requested to make recommendations for merit raises for full time faculty at the University.

The Committee will address additional charges later in the Academic Year.

While overall faculty compensation looks relatively strong compared to the matchmate institutions, when cost of living is taken into account, our US News and World Report (USNWR) faculty compensation ranking (51), continues to remain below our overall USNWR ranking (40), suggesting compensation continues to be a drag on our rankings. Boston's high cost of living and housing situation continues to create major challenges in hiring and retaining faculty. The strong financial condition of the University suggests that Northeastern is in a position to more aggressively address this problem.

Please note that while we would have preferred including full-time non-tenure-track faculty in this analysis, meaningful comparisons do not yet exist. A subset of the Colonial Group (including Northeastern) is aggressively working on this situation and expects to have some comparative data later in the Spring 2020.

BE IT RESOLVED That the recommended raise pool for merit and equity for FY 2021 be 4.0% of continuing salaries starting on July 1, 2020.

DISCUSSION

For purposes of comparison, the FAC used the same "Colonial Group plus" schools that the University uses. While not an official matchmate list, the Senate, along with the University, has used this same list for the past few years. Table 1 lists the Universities and their USNWR rankings. The "average" rankings of the group is virtually the same (40) as Northeastern's rankings, suggesting this group is more of a peer group than an aspirational group. As noted above, all analyses that follow only cover tenure and tenure track faculty.

Table 2 presents the USNWR compensation rankings for the same group. Note that while Northeastern's overall ranking was "40," our ranking on the compensation component of the overall ranking was "51." This is a substantial improvement from a year ago ("61") and "100" ten years ago. The Compensation component (weighted by cost of living) accounts for 7% of the rankings.(USNWR, 2019) The lower ranking on compensation suggests that adjusted compensation continues to be a drag on our overall ranking.

Table 3 breaks down compensation by rank of tenured and tenure-track faculty along with adjustments for cost of living factors. The chart shows that Northeastern's "raw" compensation at all ranks is above the average for the matchmate group. The Northeastern administration analyses use 25% of the cost of living differential in calculating adjusted compensation. We have included this information. The chart shows that at the "25% adjusted" compensation rate, Full Professors fall slightly "below average," while Associate and Assistant Professors are slightly above average. If we consider the impact of 50% adjustment of the cost, a figure that seems more realistic, all three ranks fall below the average of our peer insitutions.

The raise pool for 2019/20 was 3.1% (2.6% for merit and equity and .5% to support promotions). It appears this was slightly above the national average and helped raise our rankings. The University is in a very strong financial position as the chart below on "net operating surplus" indicates. The University would appear to be in a strong position to take a larger step to bring our compensation in alignment with our higher academic ranking.

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

| | | | |
|--------------|--------------|---------------|---------------|
| FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| \$70,737,000 | \$66,315,000 | \$107,580,000 | \$135,715,000 |

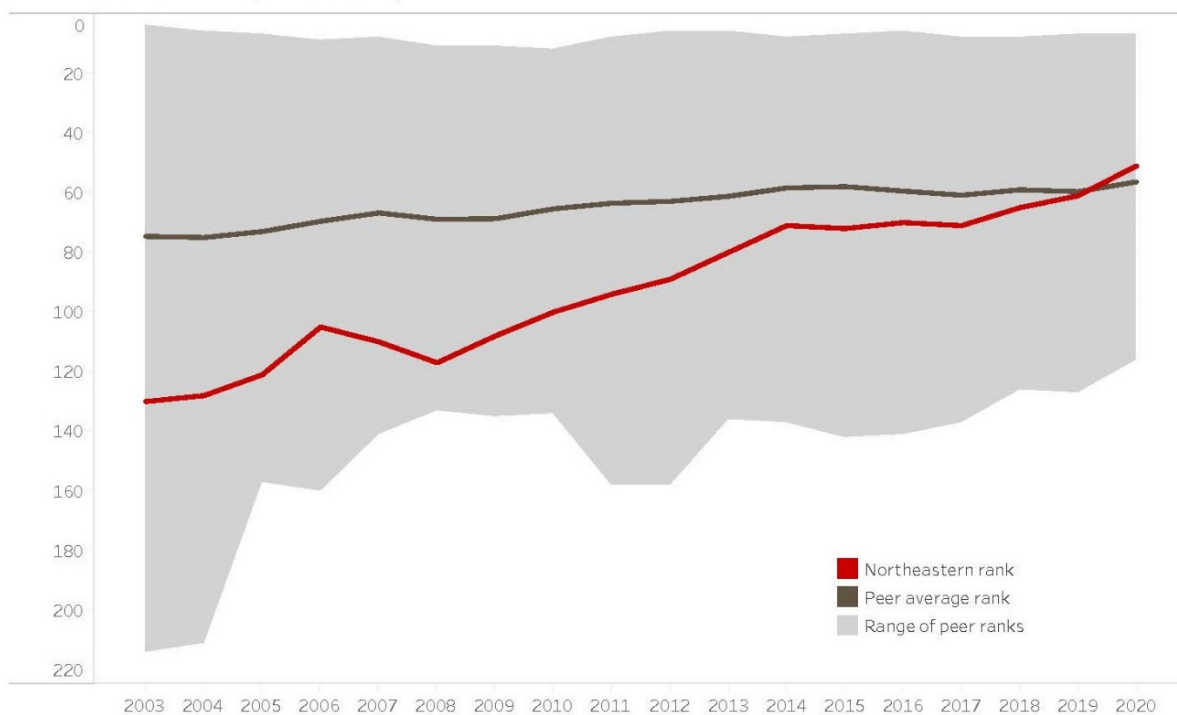
Source: Northeastern University Financial Statements (<https://finance.northeastern.edu/financial-statements/>)

Table 1

| University | USNWR Ranking (2019) | Carnegie Classification | |
|----------------------------------|-----------------------------|----------------------------------|----------|
| Boston College | 37 | Highest Research Activity | 5 |
| Boston University | 40 | Highest Research Activity | 5 |
| Brandeis | 40 | Highest Research Activity | 5 |
| Carnegie-Mellon University | 25 | Highest Research Activity | 5 |
| George Washington University | 70 | Highest Research Activity | 5 |
| Lehigh University | 50 | Higher Research Activity | 4 |
| New York University | 29 | Highest Research Activity | 5 |
| Northeastern University | 40 | Highest Research Activity | 5 |
| Notre Dame University | 15 | Highest Research Activity | 5 |
| Rensselaer Polytechnic Institute | 50 | Higher Research Activity | 4 |
| Rice University | 17 | Highest Research Activity | 5 |
| Southern Methodist University | 64 | Higher Research Activity | 4 |
| Syracuse University | 54 | Highest Research Activity | 5 |
| Tufts | 29 | Highest Research Activity | 5 |
| Tulane University | 40 | Highest Research Activity | 5 |
| University of Miami | 57 | Highest Research Activity | 5 |
| Wake Forest University | 27 | Higher Research Activity | 4 |
| Average Ranking | 40.24 | | |

Table 2

US News Faculty Compensation Rank
Northeastern and Comparison Group



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

Table 3

Raw Data on Total Faculty Compensation (Salary and Benefits) for 2018-19 (Source: AAUP)

| University (2019 USNWR Ranking) | COLI (Boston=1.00) | 25% COLI Adj factor | 50% COLI Adj factor | Full Professor | | | Associate Professor | | | Assistant Professor | | |
|--|-----------------------|------------------------------|------------------------------|----------------|---------------|---------------|---------------------|--------------|---------------|---------------------|---------------|---------------|
| | | | | Full Comp | Adj. 25% | Adj. 50% | Assoc. Comp. | Adj. 25% | Adj. 50% | Asst. Comp. | Adj. (25%) | Adj. (50%) |
| Notre Dame (15) | 1.54 | 1.14 | 1.27 | 236.9 | 268.9 | 300.9 | 164.7 | 186.9 | 209.2 | 142.7 | 162.0 | 181.2 |
| Rice (17) | 1.56 | 1.14 | 1.28 | 246.3 | 280.8 | 315.3 | 156.7 | 178.6 | 200.6 | 142.0 | 161.9 | 181.8 |
| Carnegie Mellon (25) | 1.51 | 1.13 | 1.26 | 206.5 | 232.8 | 259.2 | 144.1 | 162.5 | 180.8 | 133.0 | 150.0 | 166.9 |
| Wake Forest (27) | 1.62 | 1.16 | 1.31 | 189.7 | 219.1 | 248.5 | 133.9 | 154.7 | 175.4 | 103.8 | 119.9 | 136.0 |
| NYU (29) | 0.60 | 0.90 | 0.80 | 290.7 | 261.6 | 232.6 | 170.4 | 153.4 | 136.3 | 151.0 | 135.9 | 120.8 |
| Tufts (29) | 1.00 | 1.00 | 1.00 | 209.3 | 209.3 | 209.3 | 148.6 | 148.6 | 148.6 | 124.9 | 124.9 | 124.9 |
| Boston C (37) | 1.00 | 1.00 | 1.00 | 237.3 | 237.3 | 237.3 | 158.5 | 158.5 | 158.5 | 143.1 | 143.1 | 143.1 |
| NU (40) | 1.00 | 1.00 | 1.00 | 229.5 | 229.5 | 229.5 | 159.2 | 159.2 | 159.2 | 143.3 | 143.3 | 143.3 |
| Boston U (40) | 1.00 | 1.00 | 1.00 | 240.6 | 240.6 | 240.6 | 151.7 | 151.7 | 151.7 | 139.2 | 139.2 | 139.2 |
| Brandeis (40) | 1.00 | 1.00 | 1.00 | 195.7 | 195.7 | 195.7 | 142.9 | 142.9 | 142.9 | 114.0 | 114.0 | 114.0 |
| Tulane (40) | 1.49 | 1.12 | 1.25 | 188.6 | 211.7 | 234.8 | 119.7 | 134.4 | 149.0 | 128.8 | 144.6 | 160.4 |
| Lehigh (50) | 1.42 | 1.11 | 1.21 | 208.0 | 229.8 | 251.7 | 142.1 | 157.0 | 171.9 | 127.8 | 141.2 | 154.6 |
| RPI (50) | 1.37 | 1.09 | 1.19 | 206.6 | 225.7 | 244.8 | 145.3 | 158.7 | 172.2 | 135.4 | 147.9 | 160.4 |
| Syracuse (54) | 1.53 | 1.13 | 1.27 | 177.8 | 201.4 | 224.9 | 147.4 | 166.9 | 186.5 | 114.5 | 129.7 | 144.8 |
| U of Miami (57) | 1.29 | 1.07 | 1.15 | 194.4 | 208.5 | 222.6 | 133.8 | 143.5 | 153.2 | 115.7 | 124.1 | 132.5 |
| SMU (64) | 1.56 | 1.14 | 1.28 | 219.0 | 249.7 | 280.3 | 146.7 | 167.2 | 187.8 | 137.6 | 156.9 | 176.1 |
| GWU (70) | 1.62 | 1.16 | 1.31 | 223.8 | 258.5 | 293.2 | 148.3 | 171.3 | 194.3 | 124.3 | 143.6 | 162.8 |
| Average (000) | | | | 217.7 | 233.0 | 248.3 | 147.9 | 158.6 | 169.3 | 130.7 | 140.1 | 149.6 |
| NU-Ave. gap (000) | | | | 11.8 | -3.49 | -18.80 | 11.3 | 0.6 | -10.1 | 12.6 | 3.2 | -6.3 |
| Diff / NU | | | | 5.15% | -1.52% | -8.19% | 7.11% | 0.38% | -6.34% | 8.83% | 2.22% | -4.38% |