

**Report of the 2023-2024 Financial Affairs Committee**  
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**Charges from the Senate Agenda Committee to the 2023-2024 Financial Affairs Committee**  
**(FAC)**

**Charge 1:** In light of increases in the cost of living, the committee is tasked with the following responsibilities:

- a) Examine the total faculty compensation.
- b) Review comparable institutions and analyze salary raises.
- c) Make recommendations for merit raises for full time faculty in 2024.

The committee’s recommendation for this year’s merit pool is based on four considerations.

First, within charge 1 is a request for the committee to examine total faculty compensation and make recommendations for merit raises “in light of increases in the cost of living.” The committee reminds faculty that the [compensation module](#), within the faculty handbook, reports that salary increases are made on the basis of merit (directly related to employee performance in areas of teaching, scholarship, and service) and/or through equity adjustments. This faculty handbook module does not report that merit is intended to account for cost-of-living increases. However, living expenses have increased dramatically over the last 3 years, and our charge above requires us to consider these increases. The most reputable number we have found to use is the cost-of-living adjustments (COLA) determined by the Federal Government and the Social Security Administration (SSA) to adjust the payments made to retirees in the SSA system. We show the data in Table 1. For 2021, the COLA adjustment is 5.9%, for 2022, it is 8.7%, and for 2023, the adjustment is 3.2%. This amounts to an 18.8% increase over 3 years. Given the merit raises at the university in 2021 and 2022, which were significantly below the COLA amounts for those years, there would need to be a merit increase of more than 10% (approximately) this year to compensate for the losses to real salaries and purchasing power to university faculty members.<sup>1</sup>

As a part of this charge, the FAC has reviewed comparable institutions.<sup>2</sup> Table 2 provides the USNWR (US News and World Report) rankings of these institutions, while their salary information is presented in Tables 3a, with subsets presented in Tables 3b, and 3c.

Part b) of Charge 1 above invites us to look at Table 3a, which reports annually reported salary data about Northeastern and comparable universities from AAUP. Note that most of these institutions are in areas where the cost of living is significantly below the cost of living in Boston. Accordingly, if we make only a 25% adjustment for the higher cost of living in Boston, then, compared to the averages at these comparable universities, faculty at Northeastern were underpaid last year by 13%, 13% and 16% at the ranks of Full, Associate, and Assistant Professor respectively. And, if we make a 50% adjustment for the cost of living, these numbers go to 22%, 23% and 26% deficits for the

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<sup>1</sup> We cannot be more precise than 10% in the absence of historical data on actual merit increases from the university administration.

<sup>2</sup> For the purposes of this exercise, the FAC used a list of “match-mate” institutions provided by the university as our peer group of comparable institutions.

Full, Associate, and Assistant ranks. This means that, if we were to adjust 25% for the cost of living, we would need an increase of 13.9% (on average) to match last year's salaries at our match-mate institutions, and if we were to adjust 50% for the cost of living, we would need an increase of 23.5% (on average) to match last year's salaries. Further, if we were to assume a 3.2% increase at these universities for this year, then we would need an average increase of 17.1%, at the 25% cost-of-living adjustment level, or an average increase of 26.7% at a 50% cost-of-living adjustment.

Next, in addition to a comparison to our match-mates at a national level, we also look at Boston University (BU), as well as a combination of Boston University (BU) and Boston College (BC), as our direct local match-mates. Table 3b compares compensation at Northeastern to that at BU. It shows that the salary deficit for faculty at Northeastern, compared to BU, is 13%, 23%, and 13% for the Full, Associate, and Assistant ranks. This means that, for Northeastern faculty to match BU's last year's salary levels, there would need to be a merit raise of 16.4%, and, assuming a 3.2% increase this year at BU, Northeastern faculty would need a merit raise of 19.6% to come abreast for 2023/2024.

Table 3c shows the same comparison for Northeastern salaries versus the average of salaries at BU and BC. These numbers are similar and would imply an increase of 13.6% for Northeastern faculty to come to 2022/2023 levels of BU+BC, or, assuming a 3.2% increase, Northeastern faculty would need an increase of 16.8% to match BU+BC next year.

The final issue is whether any large increase would put a significant burden on the university, especially given the pandemic and any lingering issues. In Table 4, we can see that the net operating surplus of the university has doubled in the last 6 years, at an annual rate of 12%. Given that the merit raises of faculty over the same period of time have averaged 3.5% approximately<sup>3</sup>, there is significant room for merit increases that would not put a large strain on the university's resources.

Following careful deliberation of the variety of merit pools that could be proposed, the FAC recommends a merit pool of 8.4%, which would partially decrease some of the differences in salaries between Northeastern and comparable universities as well as partially offset the increases in cost of living from inflation.

WHEREAS the annual raises awarded to faculty for the last several years have been well below the cost of living increases due to inflation, and

WHEREAS the faculty salaries at all levels are up to 20% below Boston area match mates based on AAUP salary data,

**BE IT RESOLVED that the recommended raise pool for merit for FY 2025 be 8.4%, at a minimum, of continuing salaries starting on July 1, 2024,**

**AND BE IT FURTHER RESOLVED that the Provost develop a plan to align faculty salaries with Boston area match mates.**

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<sup>3</sup> Again, this is an estimate, given a lack of accurate data from the university administration.

**Charge 2:** Whereas the 2022-2023 FAC report has provided [several resolutions](#) for the University to enhance the oversight of retirement plans, the fund menu, fees, and the quality of reporting to plan participants, the committee shall:

Examine the University's actions and plan to implement these resolutions.

- FAC met with SVP Thomas Nedell and VP Michele Grazulis to discuss the items charged to FAC.
- FAC noted its appreciation of the new improvements to the retirement plan announced recently, including the addition of the Roth 403(b) as an additional retirement savings instrument.
- With regard to the previous resolutions passed in 2022-23, the administration noted that the administrative action on several items was delayed due to active litigation regarding aspects of the retirement plan.

In response to questions posed by the plan sponsor (Mr. Nedell and Ms. Grazulis), FAC is providing the following information on some specific items.

1. **Faculty participation in the Investment Committee:** 2022-23 FAC Resolution #5 resolved that “the investment committee membership should be broadened to include participants with retirement plan expertise.” Here FAC notes that several universities such as MIT, University of Pennsylvania, Yale University, and Duke University have faculty members from departments such as Finance and Economics – as well as other departments – on the Investment Committee.
2. **Participant Committee:** 2022-23 FAC Resolution #7 “recommended a plan participant committee should be established to review the plan annually and suggest improvements to the retirement plan.” The scope of the participant committee (PC) is to provide a voice for plan participants with respect to the plan. The PC members should be elected from all participant groups including faculty, staff, and retirees. The PC would be responsible for regularly surveying all participants and holding occasional town halls for participants to provide feedback about the plan. The PC would then meet regularly with the Investment Committee to share this feedback.
3. **Website:** FAC provided several examples of websites at other Universities where required legal and regulatory information about retirement plans was readily available and presented to employees in a user-friendly interface.

In conclusion, FAC urges future FAC committees to vigilantly examine progress on the 9 resolutions presented in the 2022-23 FAC report.

WHEREAS the 2022-2023 FAC report has provided [several resolutions](#) for the University to enhance the oversight of retirement plans, the fund menu, fees, and the quality of reporting to plan participants, and

WHEREAS University actions on the above-mentioned resolutions are still forthcoming,

**BE IT RESOLVED that that the Provost bring to the attention of the appropriate office the need for demonstrable progress on the resolutions concerning the retirement plan that were approved by the Senate in 2023.**

**Future directions for FAC**

The FAC sought input from the faculty using the fall 2023 Senate Agenda Committee (SAC) survey to inform future financial affairs topics. A summary from the 603 respondents revealed the following:

<b>Faculty type</b>	<b>%</b>
Full time non tenure track	64.2
Full time tenured or tenure track	34.7
Part time faculty	1.2

<b>Faculty rank</b>	<b>%</b>
Assistant level (or equivalent title)	27.4
Associate level (or equivalent title)	36.5
Full level (or equivalent title)	36.2

<b>Top School/College respondents</b>	<b>%</b>
COS	20%
CSSH	13%
CAMD	11.6%
COE	11.6%
DMSB	11.6%

<b>Respondent location</b>	<b>%</b>
Boston campus	86%
Mills	7%

Respondents were invited to rank order a list of 7 topics historically examined by the FAC using a scale of “1” being most important to “7” being least important. Retirement and health benefits were identified as the top 2 most important topics that the FAC should continue to examine. The remaining topics and their rank are visible in the table below.

<b>Most important (1) &gt;&gt; Least Important (7)</b>	<b>Rank order</b>
Retirement	1
Health Benefits	2
Transportation support	3
Financial impact of campuses	4
Childcare	5
House affordability	6
Topics listed not important	7

In addition to the request for a rank order of provided topics, the FAC asked respondents to provide specific details on topics the FAC should explore. A brief summary of the 164 responses are summarized in the table below.

<b>Comments (n=164)</b>	<b>%</b>
Campus related (e.g., office space, faculty/staff retention, financial impact of global campuses, campus gentrification impact, etc.)	27.4
Housing	19.5
Transportation/Commuting	16.5
Parking costs	15.2
Childcare	11.6
Retirement	11.0
Compensation (faculty & staff)	9.1
Health insurance	3.0

The free text responses align with historical topics. However, some interesting areas to consider, include a review of campus related matters, such as the financial impact of each campus on the university's fiscal health and shared office space and any related cost savings, and tuition benefits.

The 2023-2024 FAC have provided as an appendix to this report, the complete list of comments that could be used by the Provost, SAC and FAC to develop charges in the future.

**Table 1**  
**Social Security Administration COLA (Cost of Living Adjustments)**

	2021	2022	2023
COLA	5.9	8.7	3.2

Source: <https://www.ssa.gov/oact/cola/colaseries.html>

**Table 2**  
**US News and World Report Rankings (USNWR)**

University	2024	2023	2022	2021
Boston College	39	36	36	35
Boston University	43	41	42	42
Brandeis	60	44	42	42
George Washington University	67	62	63	66
Lehigh University	47	51	49	49
New York University	35	25	28	30
<b>Northeastern University</b>	<b>53</b>	<b>44</b>	<b>49</b>	<b>49</b>
Notre Dame University	20	18	19	19
Rensselaer Polytechnic Institute	60	51	55	53
Rice University	17	15	17	16
Southern Methodist University	89	72	68	66
Syracuse University	67	62	59	58
Tufts	40	32	28	30
Tulane University	73	44	42	41
University of Miami	67	55	55	49
Wake Forest University	47	29	28	28

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

For the purpose of comparison, the FAC was provided with the above “match-mate” list from the University. While not an official match-mate list, the Senate, along with the University, have used the above list of “peer group” institutions for the past several years. **Table 2** lists these Universities and their USNWR rankings. For comparison, rankings from 2021 through 2024 are included.

**Table 3a**  
**AAUP Faculty Compensation Survey Summary**

Institution	State	US News Rank (2022)	COLI	Adj COLI (Boston = 1.00)	2020/21 Salary			2021/22 Salary			2022/23 Salary			2022/23 salary adjusted; by 25% of COLI			2022/23 salary adjusted; by 50% of COLI		
					Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst
Boston C	MA	39	153.4	1.00	191.7	121.3	115.6	192.0	123.2	120.1	200.0	126.1	123.2	200.0	126.1	123.2	200.0	126.1	123.2
Boston U	MA	43	153.4	1.00	197.9	136.2	109.7	204.1	141.2	115.8	203.3	147.5	120.2	203.3	147.5	120.2	203.3	147.5	120.2
Brandeis	MA	60	153.4	1.00	158.4	113.2	97.2	164.9	116.0	100.9	171.3	119.6	102.2	171.3	119.6	102.2	171.3	119.6	102.2
GWU	DC	62	150.6	0.98	186.0	118.1	101.4	189.7	122.6	104.7	192.3	126.7	107.0	193.2	127.3	107.5	194.1	127.9	108.0
Lehigh	PA	47	95.8	0.65	166.0	114.6	103.6	167.3	114.6	107.2	168.6	115.4	103.9	190.9	130.6	117.6	213.1	145.9	131.3
Notre Dame	IN	20	75	0.49	190.0	122.2	114.0	193.4	124.7	119.5	206.3	133.6	128.1	260.2	168.5	161.6	314.1	203.4	195.1
NYU	NY	35	168.6	1.10	214.3	125.2	104.4	242.5	142.8	127.7	257.6	149.9	132.3	251.8	146.5	129.3	246.0	143.1	126.3
Rice	TX	17	95.5	0.62	201.6	127.4	117.8	206.6	129.2	122.9	217.5	136.9	124.7	250.5	157.7	143.6	283.4	178.4	162.5
RPI	NY	60	93.7	0.60	160.0	114.7	108.4	166.8	114.1	111.7	169.6	121.6	109.4	197.6	141.7	127.5	225.6	161.7	145.5
SMU	TX	89	101	0.66	175.2	117.2	116.4	176.4	119.2	119.4	180.8	122.9	127.8	204.3	138.8	144.4	227.7	154.8	161.0
Syracuse	NY	67	84.1	0.55	137.9	101.0	83.1	141.5	101.8	86.5	145.7	104.6	89.6	175.7	126.1	108.1	205.7	147.7	126.5
Tufts	MA	40	153.4	1.00	159.0	112.8	95.4	162.3	116.1	99.9	168.8	123.0	104.6	168.8	123.0	104.6	168.8	123.0	104.6
Tulane	LA	73	101.6	0.66	157.9	99.6	118.8	156.7	101.8	118.4	161.0	107.6	121.6	181.5	121.3	137.1	202.0	135.0	152.6
U of Miami	FL	67	122.4	0.80	167.1	118.3	98.8	174.7	122.0	99.7	183.8	126.6	107.3	195.4	134.6	114.1	207.1	142.6	120.9
Wake Forest	NC	47	81.3	0.53	149.2	100.7	80.9	152.3	106.4	81.9	153.7	109.8	84.1	187.8	134.1	102.7	221.9	158.5	121.4
<b>Average</b>				<b>0.776</b>	<b>174.1</b>	<b>116.2</b>	<b>104.4</b>	<b>179.4</b>	<b>119.7</b>	<b>109.1</b>	<b>185.4</b>	<b>124.8</b>	<b>112.4</b>	<b>202.1</b>	<b>136.2</b>	<b>122.9</b>	<b>218.9</b>	<b>147.7</b>	<b>133.4</b>
Northeastern	MA	44	153.4	1.00	174.1	112.3	97.5	176.8	116.7	101.5	179.3	120.4	106.2	179.3	120.4	106.2	179.3	120.4	106.2
NU-Ave. gap					(0.0)	(3.9)	(6.9)	(2.6)	(3.0)	(7.6)	(6.1)	(4.4)	(6.2)	(22.8)	(15.8)	(16.7)	(39.6)	(27.3)	(27.2)
Diff / NU (%)					(0%)	(3%)	(7%)	(1%)	(3%)	(7%)	(3%)	(4%)	(6%)	(13%)	(13%)	(16%)	(22%)	(23%)	(26%)

**Table 3a** 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 at the “25% adjusted” compensation rate, Full, Associate, and Assistant Professors are paid 13%, 13%, and 16%, respectively, below the average of our peer institutions. If we consider the impact of 50% adjustment of the cost, Full, Associate, and Assistant salaries fall 22%, 23%, and 26%, respectively, below the average of our peer institutions.

**Table 3b**  
**AAUP Faculty Compensation Survey – Only Boston University**

Institution	State	US News Rank (2022)	COLI	Adj COLI (Boston = 1.00)	2020/21 Salary			2021/22 Salary			2022/23 Salary		
					Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst
Boston U	MA	41	153.4	1.00	197.9	136.2	109.7	204.1	141.2	115.8	203.3	147.5	120.2
Northeastern	MA	44	153.4	1.00	174.1	112.3	97.5	176.8	116.7	101.5	179.3	120.4	106.2
NU-BU gap					(23.8)	(23.9)	(12.2)	(27.3)	(24.5)	(14.3)	(24.0)	(27.1)	(14.0)
Diff / NU (%)					(14%)	(21%)	(13%)	(15%)	(21%)	(14%)	(13%)	(23%)	(13%)

**Table 3b** compares Boston University and Northeastern faculty compensation by rank of all faculty (tenure/tenure track and FTNTT) from the AAUP survey. The chart shows that, at Northeastern, Full, Associate, and Assistant Professors have salaries that are 13%, 23% and 13% below the professors at the same rank at Boston University.



**Table 3c**  
**AAUP Faculty Compensation Survey – Boston College and Boston University**

Institution	State	US News Rank (2022)	COLI	Adj COLI (Boston = 1.00)	2020/21 Salary			2021/22 Salary			2022/23 Salary		
					Prof	Assoc	Asst	Prof	Assoc	Asst	Prof	Assoc	Asst
Boston C	MA	36	153.4	1.00	191.7	121.3	115.6	192.0	123.2	120.1	200.0	126.1	123.2
Boston U	MA	41	153.4	1.00	197.9	136.2	109.7	204.1	141.2	115.8	203.3	147.5	120.2
<b>Average</b>				<b>1.000</b>	<b>194.8</b>	<b>128.8</b>	<b>112.7</b>	<b>198.1</b>	<b>132.2</b>	<b>118.0</b>	<b>201.7</b>	<b>136.8</b>	<b>121.7</b>
Northeastern	MA	44	153.4	1.00	174.1	112.3	97.5	176.8	116.7	101.5	179.3	120.4	106.2
NU-Ave. gap					(20.7)	(16.5)	(15.2)	(21.3)	(15.5)	(16.5)	(22.4)	(16.4)	(15.5)
Diff / NU (%)					(12%)	(15%)	(16%)	(12%)	(13%)	(16%)	(12%)	(14%)	(15%)

**Table 3c** compares Boston College, Boston University, and Northeastern faculty compensation by rank of all faculty (tenure/tenure track and FTNTT) from the AAUP survey. The chart shows that, at Northeastern, Full, Associate, and Assistant Professors have salaries that are 12%, 14% and 15% below the average salaries of professors at the same rank at Boston College and Boston University. The average of all 3 ranks is a 13.6% deficit.

**Table 4**  
**Net Operating Surplus (Increase in net assets from operating activities)**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Net Operating Surplus	\$66,315,000	\$107,580,000	\$135,715,000	\$184,572,000	\$116,850,000	\$151,714,000	\$132,403,000
6y Compounded Return							12%

Source: Northeastern University Financial Statement

<https://finance.northeastern.edu/wp-content/uploads/Northeastern-University-FY23-Financial-Statements.pdf>

**Table 4:** The university’s annual financial statements list the net operating surplus (*Increase in net assets from operating expenses*). We’ve listed them above for the last 6 years. The merit raise pool for 2020/21 was frozen for various given 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 is clear that the University is in a very strong financial position. The net operating surplus has had compounded growth of 12% per year over the last 6 years.