



Cornell University ILR School

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2011-2012 Annual Report of the Faculty Financial Policy Committee (FPC)

Committee Membership

1. Joe Burns (Engineering)
2. John Cawley (Human Ecology)
3. Tom DiCiccio (Industrial and Labor Relations)
4. Ronald Ehrenberg (Industrial and Labor Relations)
5. Michael Fontaine (Arts and Sciences)
6. Kifle Gebremedhin (Engineering)
7. Amy McCune (CALs)
8. Stephen Pope (Engineering)
9. Tony Simons (Hotel)
10. Shawkat Toorawa (Arts and Sciences)
11. Mildred Warner (AAP)
12. Peter Wolczanski (Arts and Sciences)

Committee Activities

The committee met on roughly a monthly schedule with Vice President Elmira Mangum and, as needed, other administrative leaders including Vice Provosts Laura Brown and Barbara Knuth. During several meetings throughout the year, we were briefed on the evolving new budget model and discussed issues relating to the distribution of undergraduate and graduate tuition revenues and indirect cost recoveries, the creation of an undergraduate support pool, and the return to a cost allocation model. The Provost presented a full discussion of this model to the Faculty Senate in May 2012.

In the fall the Provost briefed the committee on the financial model in the proposal being developed for the proposed NYC Tech campus and committee members expressed some concerns to the Provost about a number of issues. Several committee members met with the two faculty trustees to make sure they were aware of these concerns before the board of trustees approved the proposal. Later in the academic year, after the proposal was submitted to NYC, the Provost shared the financial details in the final proposal with the FPC and reiterated to us that the same rule governing construction of buildings that now hold on the Ithaca campus would hold for the NYC Tech Campus (money must be in hand before construction can begin and no borrowing for construction) and that the program would be “elastic”, in the sense that if revenues did not materialize, expenditures would be reduced accordingly.

In the spring, Vice President Mangum discussed with us how the university was progressing in eliminating the “structural deficit” in its budget and solicited our views on possible undergraduate tuition increases. It was instructive for committee members to learn how large our “tuition discount” rate has become and the growing share of students that now receive Cornell grant aid. Committee members expressed concern that our expenditures on financial aid were crowding out lots of other things that the university needed to do to maintain or improve its academic quality (e.g. faculty hiring).

Vice Provost and Dean of the Graduate School Barbara Knuth shared the report that a committee of administrators had developed on possible changes in our undergraduate financial aid policies. The FPC had a lively discussion with her on her committee's possible recommendations. After our meeting, I drafted a letter for the committee to President Skorton that summarized the views of FPC members present at the discussion. Vice Provost Knuth later visited with us to summarize what her committee had decided to recommend to the President.

The FPC historically was directly involved in discussions with the administration on the size of the faculty salary increase pools. The FPC and the administration agreed on a set of major research universities that we compete with for faculty and each year data on how our salaries compared at each rank to those competitors' salaries were documented and discussed with the committee. Recommendations for annual salary pool increases were then discussed with the committee and based at least partially on how our relative standing at each rank had changed. The data used in these comparisons were from the annual salary survey conducted by the American Association of University Professors (AAUP) that is typically published in the March/April issue of *Academe*. Historically, these comparisons showed that our salaries were more competitive at the assistant and associate professor levels than at the full professor level.

Over time, as decision making at Cornell has become more administratively driven, the FPC has progressively played a smaller and smaller role in discussions relating to faculty salaries (and more generally faculty compensation). Discussion and input into the decision gave way to the FPC being informed in advance about what the average salary pool increase would be in the budget that the trustees would adopt, and in turn gave way this year to our not being privy at all to the setting of the salary pool increases.

Because I have some expertise on faculty salary issues, I prepared a long memo for committee members on why I believe our role has diminished (including problems with the AAUP data which is not broken down by field, differences in who our competitors are across colleges and fields, and the availability of more detailed salary comparison data by field that the administration cannot, or has chosen not to, share with faculty) and then provided the types of comparative data that would in previous years be provided to the FPC to my colleagues. These data suggest we are losing ground relative to our higher paid private university competitors but gaining ground relative to our lower paid public competitors, and that Cornell was much more competitive in delivering continuing faculty salary increases at the assistant professor level for academic year 2011-2012 than it was at the associate and full professor levels.

While colleagues on the FPC appreciated the memo that I prepared for them, a large number reacted angrily to the fact that the administration had not discussed the issue of the appropriate size of the faculty salary increase pool with us. As one member said, and I paraphrase, the administration needs to

articulate to us what its goal is in the setting of faculty salaries and then to set a standard of comparison so we can judge if the university is making progress towards that goal.

I have long argued that faculty committees should not have perpetual chairs and I agreed to chair the committee this past year as a way of thanking Dean Fry for all of his efforts on behalf of the faculty in his role as Dean. While I will remain a committee member next year, it will be up to the new Dean of the Faculty and the new FPC committee chair to see if they can convince the Provost to return to a decision making model in which there is more faculty involvement in the development of policies.