

Annual Report of the Financial Policies Committee- 2003 – 2004

The Financial Policies Committee had a productive year. The committee met biweekly during the year with Carolyn Ainslie, Vice President for Budget and Planning. During the fall semester, the committee studied materials that the Office of Institutional Research and Planning had prepared on time-series information on the age distribution of endowed and contract college faculty and its projections of the number of active faculty members likely to be age 70 and above in the years ahead. From these projections, the committee concluded that no change in our current retirement policies is required, however it urged Vice President Ainslie to prepare similar data for the committee each year and to use updated numbers (based on more recent experiences) in future simulations.

Another major activity of the committee was discussing and then formulating a proposal for contract college undergraduate tuition increases that went to the President, Provost and contract college deans. While the policies ultimately adopted differed in some respects from our proposal, the President thanked the committee for its work and our deliberations clearly informed the policy decision.

During the fall semester, the committee spent much time discussing admission and financial aid decisions. Ultimately, a report from the committee that related to the family income distribution of Cornell undergraduates was presented to the May 2004 faculty meeting. Data obtained by the committee suggested that Cornell is doing much better than most of its private university competitors in enrolling students from the lower two-fifths of the family income distribution and, given policy changes that a number of our competitors are making, the committee suggested the importance of the university reporting back to it each year on how well we are continuing to do in this regard. In discussions with Vice President Ainslie, the committee recommended that the administration track a set of academic indicators as well as financial indicators of the type it was addressing.

The committee also received a briefing from Vice President Ainslie on the progress Cornell is making on achieving the salary targets that were set for faculty in both the endowed and contract colleges. We are close to our peer means in both sectors and this information was reported to the faculty senate at its May meeting by the Provost. Because of concerns that aggregate data by sector (endowed/contract colleges) may mask salary differential that exist between faculty in the same fields in different sectors at Cornell, the committee asked Vice President Ainslie to conduct a comparability study of endowed and contract college salaries in selected fields that occur in both sectors (e.g. economics, sociology, psychology, communications, biology, statistics, engineering). The results of this study, which may be available as early as this June, will help guide the committee's salary discussions next year.

Vice President Ainslie and the committee jointly drew up a list of topics that they want to discuss next year- these include faculty salaries, health insurance and other benefits (including proposals for a mandatory student health insurance program), building

project costs and costs of small projects (painting , renovations), and revisiting financial aid issues. The committee emphasized to Vice President Ainslie that having materials to read prior to the meetings (wherever possible) is of great use because the meetings can then be reserved for discussion rather than presentation

This was a very productive year for the committee- both because of the specific issues that we addressed and because we reestablished good working relations with the new administration. Committee members often remarked how much they appreciated Vice President Ainslie's candor with them and willingness to discuss issues. Vice President Ainslie in turn often remarked to me how much she got out of meeting with the committee. It was a great pleasure for me to chair the committee this year.

Ronald G. Ehrenberg, Chair
Faculty Financial Policies Committee