

School of Operations Research  
and Industrial Engineering

June 8, 2005

Professor Charles Walcott  
Dean of the University Faculty  
Day Hall

Dear Charlie:

I provide below a summary of the activities of the Financial Policies Committee during the 2004-05 academic year. An indication is also given of those activities which carry over into the coming year, including a brief discussion of potential new issues for the committee's consideration. Our committee met monthly throughout the year, considering a variety of issues ranging from uniform graduate tuition to faculty salaries.

Thank you for asking me to serve as Chair of the Financial Policies Committee over the past year. This has been a rewarding experience, a unique opportunity to interact with University administration through Vice President Carolyn Ainslie of the Office of Planning and Budget and with a select group of highly dedicated faculty who represent the breadth of Cornell's intellectual expertise.

Issues considered 2004-05

- Uniform graduate tuition – Professor Alison Power, Dean of the Graduate School, presented to the committee a proposal to implement uniform graduate tuition for M.S./Ph.D. students across the University. Various aspects of the proposal were discussed, including the motivation for adopting such a plan and an implementation timeline. The committee raised questions concerning the impact of proposed changes on graduate student funding for academic units and individual research programs, as well as on the ultimate financial consequences of these changes for the University.
- Age distribution of the faculty – The committee devoted much discussion in the Fall to this issue; it is a subject which returns from the previous year (and earlier). The main question here concerns the extent to which the faculty flow model in current use for university planning accurately predicts the evolution of the faculty's age distribution. In particular, observation of historical data confirms that the significant increase of faculty aged 40-49 over the decade beginning in 1984 was propagated to the 50-59 age group during the following decade (1994 - 2004), yet the flow model predictions do not exhibit a corresponding increase in the 60-69 age group for the coming decade. The committee offered a simple predictive model which suggests that the fraction of the faculty at age 60 or greater could approach 1/3 by the end of the coming decade. The committee is preparing a memo to President Lehman and Provost Martin which will point out this discrepancy and suggest that its implications be further investigated.
- Student fees – Andy Novakovic and Paul Streeter of the University ad hoc Student Fees Committee presented both an interim report and a detailed final report for discussion with our committee this Spring. Various aspects of the student fees issue were

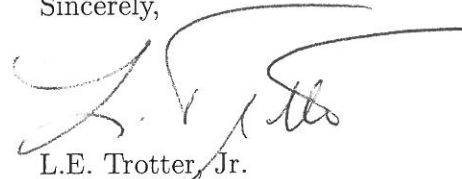
discussed. In particular, the general question of *equity* of fee assessments was considered from several viewpoints: among fees (Are fees for bus service and fitness center usage commensurate with those for academic copying or Cornell i.d. replacement?); among students (Do course-related fees restrict course enrollments, particularly among price-sensitive students?).

- Faculty salaries – The University is currently in the fourth year of a five-year salary improvement initiative. Vice President Ainslie summarized for the committee comparative data indicating that the program goal of achieving the average salary figure for selected peers was met (in fact, exceeded by 2.2%) this year for the contract colleges, while for endowed colleges the deviation from peer average remained small, slipping from -0.9% after 3 successive years of significant improvement to -1.6% at the end of the present academic year.

#### Continuing issues 2005-06

- Graduate student tuition/support – The question of uniform graduate tuition is currently under review by the Graduate School; the latest assessment is that this issue is likely to remain on hold for some time, perhaps throughout the coming academic year. It has been suggested, however, that the committee give consideration next year to the related broader issue of support for graduate students across Cornell.
- Faculty salaries – The coming year will be the fifth year of the University's faculty salary improvement initiative. The Financial Policies Committee has had the responsibility to monitor the progress of this initiative over the past four years, and it should continue to do so during its upcoming final year.
- Disciplinary salary comparisons within Cornell – The committee had hoped to begin study this past year of potential salary discrepancies among faculty within those disciplines distributed across several academic units at Cornell, e.g., Economics or Statistics. This project remains at an early stage, however, and progress will most likely necessitate that the committee work closely with the administration during the coming year in order to clarify (i) refined definitions of the fields and corresponding *markets* to be considered and (ii) appropriate mechanisms via which salary comparisons are to be made.
- Financial reports to faculty – Interest has been expressed on the committee for development of a formal mechanism via which university financial information could be presented to the faculty in summary form on an annual basis.

Sincerely,



L.E. Trotter, Jr.  
Professor