11/16/2010

Staff Compensation Recommendation - 2010/11

- Mountain States Employers Council (MSEC) has projected an average salary increase in the Southern Colorado region of 2.2%
- CC faculty are proposing a 2.2% increase this year for the faculty salary pool
- Consumer Price Index (CPI) has been calculated at 1.48%

The first paragraph of the CC compensation philosophy states*: Colorado College designs its compensation packages to attract highly qualified faculty and staff, to retain them by linking quality of work to rate of pay and advancement through a career, to enhance employee well-being and satisfaction, and to enable timely, secure retirement.*

The Compensation committee recommends an increase of 2.2% for the staff salary pool this year, commensurate with the faculty salary pool recommendation and projections for the market region for staff.

We developed the following priorities in the spirit of matching actions with words regarding our core values and community emphasis, making sure to take care of the lowest paid staff at Colorado College first, while still leaving room to recognize meritorious performance and address other compensation issues such as market gap. We are also recommending that the CPI amount be split into 2 categories to more truly reflect the purpose of CPI as we interpret it.

- **Cost of Basic Goods and Services (CoBGS)** - flat dollar amount (as opposed to the usual percentage) to truly reflect an increase in the cost of basic goods and services.
- **Across the board increase** (percentage based amount to help maintain relative distance between salaries, and help maintain purchasing power).

The intention behind this split is to create a component of annual raises for staff that truly reflects the phrase "cost of living," by using calculations to determine a reasonable estimate of the flat dollar amount required to maintain purchasing power for basic goods and services (CoBGS). Maintaining purchasing power for lifestyle choices above and beyond basic goods and services is another matter, and can be attended to with a different piece of the compensation pool. We believe that all staff, regardless of their performance, deserve at least this amount as a yearly increase. For more information related to the idea of a flat dollar CoBGS raise, originally proposed by the working group on compensation and classification in December of 2009, see:
http://blog.coloradocollege.edu/compensation/2010/04/14/up-until-now/

As an additional experiment, we'd also like to suggest that any performance raises be given as a one-time "bonus" rather than a base salary increase - we feel this better reflects the purpose of recognizing a really strong year of performance as well as making staff salary increases more sustainable for the college in the future. Accordingly, we would like the pool to be split up and prioritized as follows (all items add up to 2.2% total):

Priority 1 – In fairness to all members of the Colorado College community, the total salary pool increase for faculty and staff should be the same this year (2.2%)

Priority 2 – CPI (1.48%), divided into 2 parts, in priority order:

1. **Cost of Basic Goods and Services (0.75%) – base salary adjustment**
   a. Flat dollar CoBGS adjustment for ***all*** staff of $332.80, pro-rated based on FTE
      i. Calculated by multiplying the CPI with the lowest hourly rate at Colorado College, then multiplying the product by 2080 to represent a full time, 40-hour per week employee or exempt staff person.
      ii. 1.48% x 10.86 = 16 cents per hour. 16 cents x 2080 hours = $332.80
      iii. ***Not*** contingent on satisfactory performance.

2. **Across the board increase (0.73%) – base salary adjustment**
   a. The remainder available after the flat dollar CoBGS, 0.73%, applied to all salaries as an across the board increase.
   b. Contingent on satisfactory performance.

NOTE: This means that:

- *Low range salaries ($22,500 for example) would get approximately a 2.21% CPI increase*
- *Middle range salaries ($50,000 for example) would get approximately a 1.42% CPI increase*
- *High range salaries ($100,000 for example) would get approximately a 1.06% CPI increase.*

NOTE 2: Remember this is CPI only, if additional money is available and allocated below, it would be on top of the CPI raise.

Priority 3 - Performance (0.50%) – one time "bonus" NOT added to base

- 0.50% to be applied at the discretion of departments to recognize strong performance - note that we recommend this value NOT be added to the base salary, but rather be given as a one time "bonus." We recommend this sum be remitted as a separate check at the beginning of the new fiscal year to recognize the previous year's performance.

Priority 4 - Market Gap Adjustment (0.22%) – base salary adjustment

- 0.22% applied by Human Resources to staff positions with a significant market gap
- If market gap is addressed in a different way this year due to the work our HR consultant (Sibson) is doing, we recommend that this extra 0.22% be added to the performance increase above, making it 0.72% for performance.

Since a couple of these recommendations are departures from past practices, we recommend that extra care be taken to communicate transparently to staff (we are happy to help with this), so that everyone understands the components of their raise.

Respectfully submitted by the staff members of the 2010-11 compensation committee

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