REPORT OF THE COMMITTEE ON COMPENSATION

Salaries for 2006-2007

December 15, 2005

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The committee changed its procedures this year. As a result of a need to accelerate the consideration of salary issues, especially on the faculty side, the AAUP produced its annual report a month earlier than usual, and the faculty group on this committee met separately to consider that report in November. Staff employees who are members of this committee met separately in early December with Barbara Wilson, director of Human Resources, to consider her recommendations for 2006-2007. The Compensation Committee as a whole met Thursday, December 15, to consider the findings of the two subcommittees.

Our recommendations are as follows:

1. All employees who are doing satisfactory work should receive a cost-of-living increase of 3.11%. That number comes from our traditional procedure modified slightly this year to accommodate the accelerated schedule. This procedure used the average CPI for June, July and August of 2005 less the average for the same months in 2004 divided by the average for 2004. In previous years the procedure used statistics for July, August and September..

This committee made a similar recommendation a year ago, but that recommendation, accepted for faculty, did not win acceptance for staff. The reason, reiterated in the Segal/Sibson report, was that other institutions (businesses, non-profits, educational institutions) do not guarantee employees cost-of-living adjustments. A portion of last year's raises for staff went toward adjusting brackets upward and another portion went toward "merit." The result was, however, not much different from what it might have been if cost-of-living adjustments had been granted to all staff performing satisfactory work. Barbara Wilson has calculated that 98.21% of exempt staff, and 95.63% of non-exempt staff did in fact receive increases in pay greater than the 2.73% recommended last year.

Because cost-of-living adjustments for faculty have been standard (finances permitting), it is not clear why they ought not to be applied to staff salaries in the same way. The positive effect on staff morale would be significant. The negative impact on finances, at least to judge from last year's experience, would appear insignificant.

Adjusted for inflation, faculty salary brackets would be as follows for 2006-2007 (AAUP report):

	Bottom		**Top**
Instructor	$48,727	-	$52,954
Assistant Professor	$52,964	-	$63,653
Associate Professor	$63,663	-	$77,047
Full Professor	$77,057	-	$124,994

2. We endorse Barbara Wilson's suggestion that differences in the market projects for exempt and non-exempt staff are relatively insignificant. Whether based on local, state, or national markets, the projected increase in executive salaries run .1% to .2% higher than office/clerical pay. We accept her recommendation that the college continue to increase all staff compensation at a single rate, as it has in recent years.

3. We recommend that staff salaries be increased 2% beyond the cost-of-living adjustment to recognize merit and to correct certain imperfections in the salary structure. Detailed comparison of compensation for both exempt and non-exempt positions with comparable positions off-campus reveal some jobs where college compensation is not competitive. On the non-exempt side, our salaries lag in most of the grades behind local employers in trades employed by Facilities Services. Comparison with College and University Professional Association (CUPA) data for exempt staff suggest some disadvantage in Business and Finance and Information Management, and in executive positions more generally. The 2% increase beyond inflation could be used to correct some of these deficiencies. This approach would push us a bit ahead of the

market in keeping with a college philosophy of trying to attract and hold the best talent to both faculty and staff. The total recommendation for staff is 5.11%

4. We recommend closer study of the "compression" problem in staff compensation. To become more competitive, the college has made adjustments to salary brackets, raising minimum salaries for new employees. Veteran employees sometimes find themselves making little more than new hires. Study of such inequities in the exempt staff would probably have to await creation of grades, as recommended in the Segal/Sibson report. Within the non-exempt staff, employee salaries might be graphed within a grade according to years of service to determine the slope of the regression line. (It should not take 10 years to reach the mean salary in a grade, for one whose work is satisfactory.) This is an issue staff tried to raise with Segal/Sibson, but the consultants did not collect new data and did not address this question.

Without sharper delineation of the "compression" problem, it is difficult to suggest an appropriate correction. The committee hopes that the Business Office will in coming months collect such data so that next year's committee can address the question.

5. We intend to examine benefits at our meetings in Blocks 5 and 6 this year. Among the questions we will examine are those raised in the Segal/Sibson Report and reiterated in the AAUP report on faculty salaries. We will look at the health insurance program with some care, but we will also examine the overall distribution of benefits for all employees.

6. We endorse the AAUP recommendation that the college continue its program of increasing its contribution to retirement by .3% a year until the overall percentage reaches 10%. The percentage would increase from 9.0 to 9.3% for 2006. This applies to all employees.

7. We endorse the AAUP recommendation that the faculty salary model of progression through the ranks (6 years in assistant, 8 years in associate, and 21 years in the full bracket) be fully funded again this year. The AAUP report estimates that progression, which is not guaranteed to any faculty member, would require an additional 2.67% increase in the faculty salary pool.

8. We endorse the AAUP's suggestion that the College, in order to continue its efforts to attract and retain excellent faculty, needs to move faculty salaries upward toward the middle of a peer group of top-rated liberal arts colleges. The AAUP again formulated its recommendations in terms of the top 30 schools in the rankings of U. S. News and World Report. The administration and the Trustees have argued that we should focus on a group of twelve schools: Amherst, Carleton, Colby, Grinnell, Hamilton, Kenyon, Macalester, Middlebury, Oberlin, Pomona, Trinity, and Williams.

Gap Adjustment

Rank	Mean of Twelve	CC	Difference	Number	Cost for 2004-05	Cost for 2005-06
Assistant	$58,050	$53,147	$4,903	54	$264,754	$271,982
Associate	$72,630	$65,858	$6,772	43	$291,190	$299,139
Full	$101,977	$94,645	$7,332	68	$498,570	$512,181
All				165	$1,054,514	$1,083,302
Total Salary Pool (2005-06)						$13,213,704
% increase needed						8.20%
% for each of 3 years	(geometric mean)					2.66%
Current Year Implementation Cost =			$351,659			

Note that this data is for 2004-05 and thus does not use the averages calculated in the Cost of Salary data. I.e., one-year lag used.

Using those twelve schools as the basis of comparison, and using the methodology of the AAUP report, we conclude that it will take an additional increase in faculty salaries of 8.2% over three years to bring us up to the mean in each of the three principal brackets: assistant, associate and full. This would mean an additional 2.7% increase in the faculty salary pool for each of the next three years.

9. In recent years, progression monies have only occasionally been used to reward the performance of faculty members. Deans and presidents have rewarded merit from a

Salary Pool for Full-time Faculty					
	2004-05	**2005-06**	**2006-2007**	**2007-2008**	**2008-2009**
Base	$12,482,225	$12,512,225	$13,213,704	$14,329,026	$15,134,762
COLA		2.73%	3.11%	3.00%	3.00%
		$340,765	$410,013	$417,044	$439,362
Adjustment to reach mean of the Twelve			2.66%	2.66%	2.66%
			$350,861	$369,963	$389,761
To merit			-$43,100	-$43,100	-$43,100
Net adjustment			$307,761	$326,863	$346,661
Percentage adjustment			2.33%	2.28%	2.29%
Subtotal	$12,482,225	$13,183,704	$13,901,478	$14,645,385	$15,431,407
Progression			$354,448	$373,177	$392,931
Merit	$30,000	$30,000	$73,100	$116,200	$159,300
% of pool	0.24%	0.23%	0.51%	0.77%	1.00%
Total	$12,512,225	$13,213,704	$14,329,026	$15,134,762	$15,983,638

fund of $30,000 reserved for "exceptional merit." That fund has not grown in several years, perhaps not for a decade. That fund currently constitutes .23% of the salary pool for full-time faculty. For a college that seeks greater distinction in the educational world, that proportion is too small. To attract and hold the best faculty we must reward good work. We suggest adding to this pool by using a part of the catch-up money (paragraph 4). We recommend using $43,100 of the catch-up money for each of three years to bring the fund for exceptional merit to $159,300 or 1 per cent of the projected faculty salary pool. We recommend that the fund be maintained at 1%.

The total cost of these recommendations would appear to be about a 8.44% increase in the faculty salary pool for next year. The calculations, using AAUP methodology (but without AAUP verification), are as follows:

Brackets After Adjustment for Inflation and Gap						
Rank	**Bottom**		**Top**	**Width**	**Years**	**Progress**
Instructor	$49,828	-	$54,150	$4,323	2	$2,161
Asst. Professor	$54,160	-	$65,091	$10,931	6	$1,822
Assoc. Professor	$65,101	-	$78,788	$13,687	8	$1,711
Full Professor	$78,798	-	$127,818	$49,020	21	$2,334

	Average Salary				**Average**
Rank	**05-06**	**Inflation**	**Adjust**	**Progression**	**06-07**
Instructor	$49,738	$1,548	$1,158	$2,161	$54,606
Asst. Professor	$55,183	$1,718	$1,285	$1,822	$60,008
Assoc. Professor	$67,844	$2,112	$1,580	$1,711	$73,247
Full Professor	$99,109	$3,085	$2,308	$2,334	$106,837

	Average Salary		**Number**	**Total Salary**	
Rank	**06-07**	**x**	**in Rank**	**06-07**	
Instructor	$54,606	x	11	$600,667	
Asst. Professor	$60,008	x	54	$3,240,423	
Assoc. Professor	$73,247	x	43	$3,149,619	
Full Professor	$106,837	x	68	$7,264,903	
Exceptional merit				$73,100	
	Total Salary Cost for Year		**06-07**	$14,328,711	
	Total Salary Cost for Year		**05-06**	$13,213,704	
	Total Increase			$1,115,007	8.44%
	TIAA-CREF Contribution Increase of 0.3% =			$42,986	

10. The committee would appreciate knowing what action is taken on these recommendations as soon as possible.

We are all grateful for the atmosphere of collaboration and cooperation between the Business Office and faculty, on the one hand, and the Business Office and staff, on the other, which has marked interactions about compensation and budget this fall. Extensive, effective, and informal communication between employee and employer helps make Colorado College a good place to work.

We thank, in particular, the AAUP committee (John Stinespring, Fred Tinsley, Armin Wishard, and Werner Heim) and Barbara Wilson and the Human Resources office for preparing the data and reports that constitute the foundation of these recommendations. We are also grateful to Patrick Kirby for his help on related matters.