Compensation Committee
End-of-year Report
May 1, 2006

1. The Committee began the year with a consideration of the Segal-Sibson report on staff compensation. The consultants recommended a few changes in college policy, including the creation of grades for exempt staff and the expansion in the number of grades for non-exempt staff. They worked from a statement of "compensation philosophy," which had been developed by the committee in previous years and recommended some expansion of the statement.

The committee expressed disappointment that the report did not address a number of other issues, such as compression in salaries within the staff. The consultants held some initial meetings with college constituencies but then worked only with data furnished by the college. Their report addressed only issues for which data had been previously collected.

Committee dissatisfaction with the report stemmed in large part from lack of clarity about the goals of the external review. We found fault not with the recommendations but with the questions not posed and therefore not answered. We sent a memorandum to the President and the Vice President for Business about the Segal-Sibson report.

2. We accelerated the consideration of salary issues this year at the recommendation of the Working Group on Faculty Compensation. The AAUP report reached us a month earlier than usual, and we were able to produce a draft report on compensation for consideration by the Faculty Executive Committee before the holiday break.

We followed the recommended cost of living allowances for both faculty and staff of 3.11%. We recommended that staff salaries be increased an additional 2% depending on merit. On the faculty side we recommended an additional 2.33% to cover progression through the ranks according to the traditional model, and we asked the college to undertake a three-year program to bring faculty salaries up to the mean by rank of the Twelve schools we choose to compare ourselves with. We asked an additional .3% contribution to TIAA-CREF for all employees of the college.

The administration decided upon a 4.15% increase in the staff pool. For the faculty it endorsed the notion of moving toward the mean but chose to spread the effort over four years. The result is a 7.25% increase in the pool. Per the recommendation of the committee and the Faculty Executive Committee, a portion of the catchup money, $33,500, will be added to the traditional $30,000 allocated to reward exceptional merit among the faculty. In the light of this additional effort, the administration decided not to increase than college's 9% contribution to TIAA-CREF this year.

3. The Compensation heard a detailed analysis of the medical insurance program by Tina Black of Mercer Health and Benefits, a consultant retained by the college. The report responded to some issues raised in the Segal-Sibson report. It also suggested no need for major change in benefits or deductibles for the coming year. Premiums will go up 10% in the PPO plan but only about 3.3% for the POS plan, in which most employees are enrolled. It would appear that the self-funded approach is helping to bring down the rate of increase in health insurance costs.

We approved college participation in an experimental, web-based Wellness Program in a further effort to bring down the costs of health care. The program, which will be run by SimplyWell (and not Great West, as originally announced), will offer employees a chance to earn rewards up to $200 for participating.

4. In March the committee looked at a projected benefit budget of $12,816,194. The lion's share (75%) goes for medical insurance, retirement benefits, and Social Security, programs over which we exercise little control. Three tuition programs (tuition remission, ACM tuition remission, and tuition assistance both for employees and children attending other schools) account for an additional 10%. The other 15% of the benefits budget goes for Emeriti contributions by the college, workers compensation, dental insurance, basic life insurance, etc. Benefits constitute 30% of the total college compensation budget. We approved a four per cent increase in contributions (both college and employee) to Emeriti next year to permit that program to keep pace with inflation. The increase will cost each employee about 90 cents in each paycheck.

5. In April we began consideration of tuition assistance programs. A revised program of tuition exchange among ACM schools will divide the burdens between sending and receiving schools. Colleges who take students from other schools will pay half the cost after a transitional period beginning in 2007-08. Colleges sending students elsewhere can choose whether to fund the remaining 50% or pass some of the burden to parents. The new program obliges us to make a decision about whether the college will fund outgoing students at the 80%, 90% or 100% level. We are tentatively recommending that the college fund outgoing students at the 100% level for 2007-08. To do otherwise would make it more attractive for students to stay here and qualify for tuition remission. If we continue to provide 100% tuition remission for qualifying employee progeny, doing less in the ACM exchange would probably not be in our interest.

The committee is interested in the idea of spreading the tuition benefit more broadly among the employee children who benefit. The projected costs of the three tuition programs for progeny are as follows:

	Approximate # of students	Projected cost
Tuition Remission at CC	25	850,000
ACM TREF program	13	441,000
Tuition assistance @$1,000	50	50,000

The fifty students receiving $1,000 a year in tuition assistance are, in the main, attending state schools. We have asked the administration to estimate whether the readjustment of the tuition remission program to 80 or 90 per cent coverage, internally and externally, would be sufficient to cover an increase in partial tuition payments to $5,000 (or 90% of tuition costs). Low income families would be able to apply for financial aid to cover the 10 or 20% they might be asked to pay under this proposal, just as they are now able to apply for help with board and room charges.

For the second year in a row we are recommending an increase in the tuition assistance program available to employees. We are recommending that employees be enabled to take as many as four courses a year, rather than the current two. The committee believes it is in the interest of the college to promote employee education, whether or not the program of study is directly related to employment. Rising tuition at schools in the area have made an increase in this budget imperative. We are assured that adjustments in the benefits budget as projected for next year will accommodate more generous funding for this program.

We received a proposal from the Women's Concerns Committee to modify the family leave policy for non-exempt employees. We decided to let next year's committee consider this question.

Josh Bailey, Guyda Marr, Patricia Purdue, Al Johnson, Horst Richardson, Margie Ainsworth, Robin Satterwhite, Elizabeth Pudder, Jenn Sides, David Lord, ex-officio, Barbara Wilson, ex-officio, Laura Horn, ex-officio, and Robert Lee, Chair.