COMMITTEE ON COMPENSATION
Block 4 Minutes
December 5, 2011

Present: Joan Ericson, Karen Klein, Dianne Knight, Paul Kuerbis, Carrie Ruiz, Chad Schonewill, Patti Spoelman, Diane Westerfield, Barbara Wilson and Dan Johnson (chair)

The meeting started promptly at 3:15pm to permit members with conflicting meetings to join us before discussion got underway.

We started with a review of the status of the same-sex truing-up proposal (renamed as "grossing-up proposal" seemed to have negative connotations). Diane has done a marvelous job posting all of our supporting materials in a libguide format online, with access limited to us. Committee members reflected on the progress they had made during the special meeting on November 28 to finalize the wording of this proposal. It is now ready to be forwarded back to the Budget Committee, HR, VP of Finance and the President, once two small cost-related details have been confirmed and inserted into the proposal.

Next we turned to a discussion of the Emeriti retirement health benefit, where employee contributions have been frozen since 2008-9 and were left to this year's Compensation Committee to review. We received a thorough briefing of the program in our Block 2 meeting, and Dan researched the rise in costs of health care during Block 3 when he circulated that information to the committee via email. Barbara presented specific numbers on current contributions by individuals and by the College, along with a simulation that increases them at a rate of 4% per year. Given the value of the existing program, the small size of proposed increases to current contributions, and the increasing sense that we are falling behind any reasonable goals for personal retirement health savings, the Committee unanimously agreed to recommend an increase of 4% in employee contributions in 2012-13. Further, we recommend that next year's committee visit this program again, and continue to review it on an annual basis, just as we do any other benefits program. Dan will forward that official recommendation to the VP of Finance and Human Resources shortly.

As our third order of business, we turned to the issue of the faculty salary progression model. The continuing challenge is that the model was designed during a time when the mandatory retirement age was 65, and has not been revised since the Supreme Court ruled that age-based retirement requirements were illegal. As a result, since that time, an increasing number of faculty have been staying more than the modeled 35 years. In fact, there are currently 27 serving faculty with more than that model's maximum years of service, representing over 16 percent of all faculty or 36 percent of full professors. This hampers the ability of the salary model in at least three ways: a) it requires more funding to support progression, since faculty may now progress for more than 35 years, in some cases more than 45 years; b) it increases the size of the progressive step at the full professor rank, as the progressive step is still calculated as [highest salary in rank minus lowest salary in rank]/21, even if the highest salary in rank has been reached after many more than 21 years in rank; and c) it delays the College from using the released salaries of retired professors to fund progression for all other faculty, which was the original intent of the model. While we clearly value our most senior faculty, we are concerned that the current system was not intended to work in this manner, and is in some sense financially unsustainable without moving more and more funds away from assistant and associate faculty to fund progression for full professors. This movement concerns us, as we wish to remain competitive in hiring and retaining junior and mid-career faculty as well.

Since at least 2008, there have been proposals to limit progression at the full professor level. Our discussion of different alternatives circled around several options: a cap on the number of years of progression (in total and at the full professor level); a change in the meaning of progression at the full professor level, making it more performance-based, as it truly is not a progression toward the next higher rank (so is less obvious in intent than the progression system for assistants and associates might appear).

At this point, we welcomed Dean Susan Ashley as a visitor to our committee, in her role as chair of the Budget Committee. She answered our questions about the current progression system, the salary system more generally, and the status of the current budget proposal. She stated that she was very glad to have had the Compensation Committee's salary recommendation in October when we shared it with her committee, so that it could inform the Budget Committee's deliberations. She also clarified that associate professors may progress for ten years without promotion, overlapping the full professor rank, but that this provided some precedent for reform, as faculty had voted several years ago to limit progression for that rank. She spoke about the $37,000 to $40,000 in extraordinary merit that is distributed annually to faculty as bonus pay, despite no clear source of funding, and outlined how it has actually been funded in recent years (via the gap year between retirements and replacement hires). She suggested that any new benefits suggested by the Compensation Committee find a champion to forward them as "strategic initiatives" within the proposed budget. We also discussed the financial details of the Child Care Center, which might be considered a benefit to employees even though it is currently funded under "managed properties" rather than as a separate benefits line in the budget. We thanked Susan for her time, and expressed the hope that future Compensation Committee members would be similarly welcomed in Budget Committee discussions.

Given our discussion about the Child Care Center, Dan proposed that we include a new line item in Benefits Statements to employees during the next cycle, a line that enumerates the value of the subsidy that the College provides to affected employees by permitting the Center to run at a deficit. He will follow up with Barbara and Robert Moore with that suggestion.

To obtain closure on the proposal to limit faculty salaries, we agreed that we would have to discuss specific plans, and transition strategies including grandfathering and other issues, at our next meeting in Block 5.

Before then, Dan will also circulate the latest (and perhaps last) draft of the Compensation Philosophy which was written last spring by this committee. It has now received feedback from the President, advice that has been incorporated into the draft. Dan will forward that version to the whole committee, and Barbara and Robert Moore have already indicated a willingness to consider adoption once those changes have been made.

The meeting adjourned at 5:17pm sharp, still keeping to our 2-hour limit, with a 2-minute margin of error.