

Compensation Committee
Block 1, 2013 Meeting Minutes
Wednesday September 4

1. Introductions

Present: Tass Kelso, Susan Ashley, Sam Williams, Chad Schonewill, Nathan Raugutt, Kathy Butler, Kelley Mathers, Robert Moore, Barbara Wilson, Kristine Lang (chair)

2. Committee reviewed its charge and philosophy statement

The committee makes recommendations regarding allocation of salary funds for staff and faculty. Overall increase in the salary pools will be decided by the budget committee. The committee also makes recommendations regarding benefits.

3. Overview of this year's agenda

Fall will be dedicated to discussion of allocation of salary pools. The budget committee suggests that a 3% increase in salary pools is a reasonable estimate. This number is also consistent with long term projections for the college put forth by Robert Moore. In his five year model of the college budget, he has projected a 3% increase in the salary pool every year. The increase in salary pool includes increases in all benefits except healthcare which is a separate budget line item. Aside from health care, the largest contributor to benefit cost is TIAA CREF (retirement plan) contributions.

Previous compensation committees have considered raising the college's contribution to TIAA CREF retirement and incremental increases occurred. Robert Moore suggests that our current contribution (9.3%) is below the norm for comparable colleges (~10%). We will consider retirement increase simultaneously with salary allocation since these are a direct trade off.

There was discussion of the schedule for these decisions. By the end of block 3 the budget committee will make its recommendations to the President in time for block 4 trustees meeting. So we need our recommendations to the budget committee before their meeting in block 3. So the plan is: today we will get an overview of staff salaries. At our next regular meeting we will get an overview of faculty salaries. Later in block 2 both the staff and faculty salary committees will meet separately to write their proposals. We will finalize our recommendations at our block 3 meeting and give them to budget whose meeting is later in block 3 than our meeting. In the past the chair of compensation has presented to the budget committee.

Fall will also include short exploratory discussions of topics we might consider in more depth in the spring. These topics include

1. Evaluation of the new staff merit review system
2. Consideration of credentialed pay differentials within bands for staff
3. Consideration of start-up funds and differential starting salaries by field for faculty
4. Consideration of sick leave accrual and use policy for staff together with long term disability insurance

5. Consideration of childcare center being classified as a benefit
6. Other issues raised by committee

The goal of the exploratory discussions is for everyone to be more informed about the topics so in late fall we can make a prioritized list of topics we want to consider in more depth in the spring. This will give time to request more information on chosen topics so we can have a more informed discussion in the spring.

4. Summary of last year's compensation philosophy and outcomes for staff by Robert Moore and Barbara Wilson

Robert Moore handed out the following document.

Compensation Committee Meeting

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Overview of Staff Salary Changes for 2013-14

Total full and part-time staff - 427

Merit Salary Increases

Exceptional Performers – 5% Base Salary Increase unless salary above maximum for the band – earned by 110 staff (27.3%)

Strong Performers – 2.5% Base Salary Increase or \$1000 Base Salary increase, whichever is higher unless salary is above maximum for the band – earned by 196 staff (69.0%)

Needs Improvements – Cost of Basic Goods and Services - \$624 – 15 staff (3.7%)

New Hires – 24 individuals - \$624

Newest Hires – 20 individuals – not eligible

Compression Adjustments – occurred only in bands 1-7 – ranged from 1% to 5% increases depending upon length of service at the College - cost of \$203,000

Number of non-exempt staff receiving adjustments – 123

Number of exempt staff receiving adjustments – 67

Market Adjustments – cost of \$137,000

Number of non-exempt staff receiving adjustments – 29

Number of exempt staff receiving adjustments – 26

Bonuses were given to staff who earned merit increases, but who had a salary above the maximum of the band and to staff who had documents unprecedented performances

Summary

Staff who received salary increases above 5.0% - 167 – 39.1%

Staff who received salary increases between 2.5% and 5.0% - 196 – 45.9%

Staff who received salary increases below 2.5% - 64 – 15%

5. Discussion regarding staff compensation

Merit salary increases were given based solely upon the overall performance rating given by the employee's supervisor. No adjustments were made to these ratings by anyone else. The remainder of questions on the employee evaluation form was diagnostic and used by employee and supervisor as such. There were some appeals of the evaluation, some decided in the employee's favor and some not.

There was a short discussion of how many performance rating categories were useful and what they should be called. Perhaps we want a category between exception and strong? There was also discussion about whether we want to continue to recommend the basic cost of goods and services as a minimum increase.

There were suggestions about considering another type of increase- a tiered structure for employees to get raises based on credentials and job responsibilities still within the current band and position. An example was: an IT person who learns a new computer language or a staff assistant who assumes more responsibility for budget. This may have to wait given the roll out of the overall merit based pay system for staff.

HR recently announced an opportunity for the campus to provide feedback on the staff performance evaluation form and process on the HR website through September 16. A summary of the feedback will be provided to the committee. Discussion and input is also occurring with staff council.

6. Exploratory discussion of sick leave accrual and long term disability insurance

Currently the college does not pay the premiums for long term disability (LTD) insurance for its employees; it is paid 100% by the employee. It is fairly standard for employers to pay the cost. However, one advantage of having employees pay is if the LTD benefit is used, it will be tax exempt. Our current LTD plan provides up to 60% of one's salary and the waiting period to apply for LTD is six months unable to work. An alternative to the current plan is for the college to pay for a basic LTD plan that will be lower than the 60% benefit and allow the employee to buy up for an increase in the benefit coverage. The benefit will also not be tax exempt if paid by the college.

In a related issue, non-exempt (hourly) full- and part-time employees accrue sick leave whereas exempt (salaried) full- and part-time employees do not. Non-exempt full- and part-time employees may use 3

days of sick time per year as personal time. These employees can accrue up to 2 years of sick and vacation time. Robert suggests we consider having all staff accrue sick leave at the same rate.

If an employee becomes very ill for an extended period of time, this is the type of leaves that will be taken :

Non-exempt full- and part-time staff: First use accrued sick and vacation hours. Subsequently, supplemental sick leave may be available followed by leave without pay. At the six month mark the employee may qualify for LTD. If LTD is approved, the employee's employment will end when the LTD benefit begins.

Exempt full- and part-time staff: Paid sick leave may be granted (depending on date of hire) or include portions of leave without pay during the six month waiting period. At the six month mark the employee may qualify for LTD. If LTD is approved, the employee's employment will end when the the LTD benefit begins.

Faculty: Paid medical leave may be granted (depending on date of hire) or include portions of leave without pay during the six month waiting period. If LTD is approved, tenured faculty are placed in a leave without pay status and notice is given to the faculty member that tenured status will end if s/he is unable to return to work within one year from the LTD approval date. Untenured faculty will terminate when the LTD benefit begins.

Suggestion is that this is a very complicated topic and that separating this into several topics and having a five year plan for implementing changes might be a good idea. The LTD policy will be reviewed when the topic is discussed again.

7. Exploratory discussion of childcare center as a benefit

The childcare center is a benefit to the college and its employees. It allows us to recruit and retain talent at the college. It allows employees to be at work and do their jobs well knowing their children are well cared for. Importantly, it also creates a close knit community of otherwise disparate employees from across the college.

The childcare center runs at a deficit every year of varying amount. With its current cost structure the center could not meet costs even if it was 100% full all the time. The deficit is currently paid out of the general fund. One suggestion is to classify the childcare center as a benefit and have its budget come from the benefits budget in the future. This would mean increasing the benefits budget to accommodate the transfer of this additional expense.

A related discussion is how to make the childcare center affordable to all CC employees. A suggestion is to charge rates comparable to the local average child care costs. Currently the center's rates are on the high side of average. We could consider having the college pay a subsidy to the center for each CC employee's child at the center. The value of the subsidy could be income dependent.

Concerns were expressed that the childcare center, like tuition remission, is a benefit that only aids those with children. Others pointed out that all benefits are differentially used. Some people use more health benefits than others, for example.

There was a suggestion that solicitations could be made to get an endowment for the center. It was also suggested that we could look into how our 17 comparable schools manage their childcare centers.

Meeting was adjourned at 5 PM precisely.

Respectfully submitted by

Kristine Lang

Chair of the Compensation Committee