2024-25 Fall Recommendation from the Staff Salary Committee – Presented as part of the Compensation Committee's Full Recommendation

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Introduction:

This year, the staff compensation committee has put forward three recommendations around living wage, progression and the salary structure. The total cost for these recommendations is estimated at $3.1 million. We acknowledge that this is over the estimated increase to the salary pool for 2025 ($1.5-1.8 million) and have noted alternative solutions for instances where the college may not be able to meet these expenses.

At the end of our report, we have also included a few statements to the community addressing topics that the CC staff have asked us to look into. We encourage staff to continue to bring any issues to us.

Statement on ADEI

This year, as part of our charge from the Campus Budget Committee, we were specifically asked to consider the relationship between compensation and the college's ADEI principles.

Our recommendation around living wage is tied to our compensation philosophy which states, "We pay our benefits-eligible employees a living wage and work to get all others as close as possible." We firmly believe that everyone should be able to live comfortably and securely in the local region. But, beyond that, living wage is deeply tied to antiracism.

The Washington Center for Equitable Growth walks through the historic connection between race and compensation – from Black women's exclusion from minimum wage policies in 1938, to New Deal economic reforms in the 1960 that – while just scratching the surface of economic racial injustice – led to a 20% reduction in the racial wage gap. Ellora Derenoncourt and Claire Montialoux, professors at UC Berkeley and authors for the New York Times, make it clear that a racial wage gap still exists – averaging $0.71 cents for black men and $0.64 cents for black women, a statistic that has not changed since 1980.

Furthermore, the Federal Reserves reports that in addition to wage gap, America also has a wealth gap, with Black and Hispanic/Latino households only owning 15-20% as much wealth compared to White households.

Studies by economics Michael Reich, and Jesse Wursten, as published by Berkeley University, found using five different models that increasing living wage improved racial wage gaps, in some cases by as much as 60%.

Likewise, the New York Times makes the bold claims: "Diversity initiatives have been launched; high-profile companies in several sectors have settled on the advancement of a few people of color in their hierarchies. It's clear that these actions, while positive steps, so far mostly concern an elite stratum. ... findings suggest that raising and expanding the minimum wage could once again reduce the persistent earnings divide between white workers and Black, Hispanic and Native American workers. **Though legislation to raise the wage floor would be a universal program in name and application, in practice it would be a remarkably effective tool for racial justice."**

And how does this apply to CC? We know the following to be true:

- CC's living wage functions as a minimum wage for the institution
- Legal minimum wages do not adequately address racial wage gaps
- Increasing minimum wages is an effective tool for addressing racial wage gaps.

Therefore, we can conclude that our continued commitment to living wage will help address any racial wage gaps at CC. As the New York Times puts it, such a measure will be good for all, but most importantly, a tool for racial justice.

Our recommendations around progression and the salary structure are tied to the compensation philosophy, which states, "We provide compensation (pay plus benefits) that is internally and externally equitable." Maintaining a competitive salary structure, as well as making sure that people progress through their bands to the midpoint in a timely manner, address both internal and external equity issues. Progression, for example, helps address inequalities based on years of service. Maintaining a competitive salary structure and progressing people towards the midpoint ensures external equity – As our HR leadership often puts it, we want to make sure people receive similar pay as they would at similar institutions for similar work.

To further strengthen this point, Employers Council consultant, Lou Lazo states, "If you don't fix pay compression, you'll either lose people and still have to spend the higher going market rate to replace them, or you'll lose productivity by hiring lower quality people," He lays out a number of strategies for addressing compression and inequities – to make sure your annual increases reflect the market, and to prioritize pat compression corrections. Our recommendations for midpoint progression and increasing the salary structure mirror Lazo's recommendations. While this is more a business argument than the fiery appeal to justice laid out in the section on living wage, we nonetheless believe that it is a vital part of addressing pay equity both internally and externally and therefore fits into our ADEI commitment.

Living Wage:

Last year the MIT/Glasmeier living wage metric for a single adult household in Colorado Springs went up by 22% percent. It is unclear what changed in their methodology to account for this large jump. The college had concerns about the future reliability of this metric and asked the compensation committee to reevaluate our living wage metric.

The compensation committee examined a number of different living wage metrics and found that they averaged $22.34 per hour. This is only slightly lower than the current MIT living wage of $23.03. Furthermore, the compensation committee would like to reaffirm some of the reasons we initially selected the MIT metric.

The MIT metric includes medical expenses. There has been some argument that including medical expenses is unnecessary due to our medical insurance. However, the maximum out of pocket for Cigna is $1500, plus there are additional costs of copays, which range from $40-$150, and prescriptions. Beyond this, we recognize that the MIT living wage metric is both one of the most progressive and commonly used metrics in the industry.

Nonetheless, we recognize the college's apprehension with using the MIT living wage metric. To this end, we are recommending that the college averages the MIT and the Economic Policy Institute (EPI)'s metric. We are impressed with the EPI's methodology and transparency and believe it aligns with the reasons we initially selected the MIT metric. It likewise includes medical expenses, and if CC was to ever expand their definition of a household for living wage, both metrics would include childcare expenses.

We believe that averaging the two will maintain our values while also offering greater security and stability for the college. We will continue to monitor both metrics to see how they perform over time and may reevaluate if either metric proves to be unreliable in the long term.

The college first committed to paying a living wage in 2003 under President Celeste and then reaffirmed that commitment in 2022-3. We believe it is vital to continue to uphold this commitment.

To that end, the committee recommends that the college adopts an average of the MIT/Glasmeier living wage index and EPI (Economic Policy Institute) index. For 2024, MIT is currently at $23.03 per hour for a single adult household. EPI is currently at $22.12. That averages $22.57 per hour. We estimate, based on a CPI of 2.4%, that the average living wage for a single adult household will be at $23.11 for 2025.

The total cost for this recommendation is roughly estimated at $765K.

While our first priority is matching the number put forward by the MIT and EPI metrics or getting as close as possible, we also recognize that a $4 increase in living wage may not be fiscally possible. If the college is unable to meet this number we ask the college to take the follow actions:

- To get as close to the living wage as possible
- To justify any shortages through a total rewards perspective (ie cost of benefits) and, if they do so, release a clear statement explaining this justification.

Structure Movement

Last year the college underwent a significant rebanding project, in large part to address the fact that our salary structure had been stagnant for many years. To keep our salary structure competitive and accurate we recommend that it be adjusted on an annual basis. We recommend the entire structure be shifted by 2.4% and that employees be shifted along with the structure to maintain their current position within the band. We expect this to result in a small across the board raise for everyone.

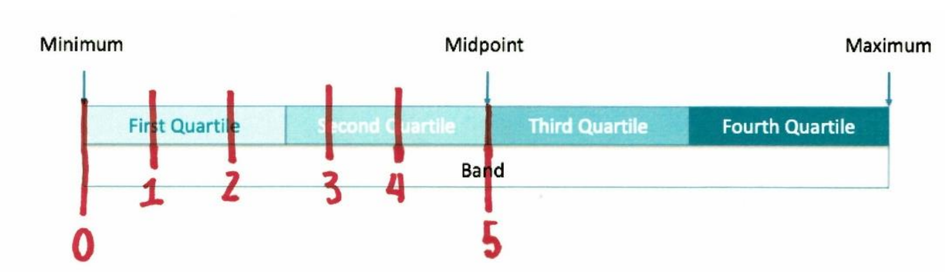
We selected 2.4% for this recommendation as it was in the range HR recommended to us and is in line with the projected 2.93% increase to salary structures described by the Economic Research Institute. It also mirrors CPI and the recommendation made by the faculty. This is estimated to cost $960K

Progression:

For clarification, the college has previously administered raises designed to address progression and compression – referred to by a variety of names including acceleration raises, compression raises, and quartile raises. Moving forward, to be consistent and to mirror the language used by our faculty peers, we will be referring to this as **progression raises.** Progression should be thought of in two categories – **across the board** progression and **midpoint** progression.

Midpoint Progression:

Midpoint progression describes an effort to address compression, career growth, retention, and to ensure that people move toward their midpoint in a timely fashion. It would be applied to all employees below the midpoint. Based on calculations provided by HR, we recommend that $600,000 be allocated towards midpoint progression. These raises would be calculated as a percentage of the midpoint (rather than a percentage of base pay), but the exact percentage needed to successfully implement this varies based on the size of each band. This would move people forward in their bands in such a way that anyone working in a specific role at CC for 5 years would be at or above the midpoint of their band. Similarly, the raise would be prorated for people with less than five years in their role in order to create a long-term structure in which people progress to the midpoint on a regular schedule. We recommend that the college commits to this system long term to assure that employees continue to progress in a regular and predictable manner. See below for approximate placement based on years in role (indicated in red).



Across the Board Progression:

We recommend a 2% across the board progression raise for everyone currently within their band (including those who will also receive the midpoint raise). This is estimated to cost $819K

To protect the integrity of the salary structure, we recommend that those above their bands not receive progression, and only receive the structure movement raise as a lump sum. If the college is unable to match this number, we would recommend, more generally, that any funds remaining after the living wage increase, structure movement and midpoint progression be applied to this raise.

Notes for the community:

<2080 FTE

This year we were asked to look into the issue of staff who are employed full time but that work less than 2080 hours. Members of the academic division brought this to our attention as a major dissatisfier and a cause of turnover and economic instability.

Our research showed two things:

- It would cost about 1 million to bring all 74 FTE < 2080 employees (excluding paraprofs) to 2080 hours.
- While we have heard significant requests for this from the academic division, some employees in other divisions are not interested in moving towards 2080 hours.

Because of the high cost and the variable interest in this change we recommend that those interested get together as individual offices or divisions get together and approach their division leadership to advocate for this change.

As a committee, we are happy to help advise through this process or support as needed. HR is also available to consult on these issues. Please do not hesitate to approach us.

GLP-1 Medications

We were also asked about insurance coverage for weight loss for GLP medications. We received this request just before our fall recommendation deadline and have not yet had time to adequately research this.

Here is what we know so far:

- Cigna currently covers GLP medications for treatment of diabetes – but not for other conditions or for general weight loss.

- Insurance coverage for these medications is costly and many companies who have started providing insurance coverage have had difficulty meeting this expense. If CC covers these medications we will need to be very thoughtful about how to manage costs.

We will continue to investigate this issue in the Spring and the coming year. If you have questions, concerns, or comments please let us know.

Conclusion

Thank you for all your time and consideration. We would also like to thank our faculty committee members and all our ex-officos for their continued support and partnership. A special thanks also goes out to Cameron Martin, Director of Total Rewards, who provided support, data and calculations that were integral to the project. We highly value this collaboration and partnership!

Sincerely, AliciaRose Martinez, Patty O'Halloran, Erica Shafer, Thecla Shubert, Sam Soren, and Mandy Sulfrian