

MINUTES OF THE COMPENSATION COMMITTEE MEETING
Block 1, September 19, 2012

The meeting was called to order at 3:00 p.m. by Larry Stimpert. Members present: Ron Hathaway, Dianne Knight, Robert Moore, Carrie Ruiz, Chad Schonewill, Brenda Soto, Larry Stimpert, and Barbara Wilson. Lisa Brommer also attended.

Introductions and Issues of Interest to Be Considered by the Committee

Committee members introduced themselves. Larry noted that the committee would need to focus on staff and faculty compensation issues during the fall semester in order to present recommendations to the Budget Committee, the president, Human Resources, and the Business Office in time for the committee's recommendations to be evaluated by the Budget Committee.

The second semester should provide time for the committee to focus on other issues and topics of interest. Larry noted his own interest in seeing the committee offer suggestions for how the college might appear in *The Chronicle of Higher Education's* annual issue of The Academic Workplace, and he encouraged all members of the committee to begin to think about topics and issues to be addressed during the second semester.

Colorado College Compensation Philosophy Statement

The president asked the committee to finalize its recommendations for the college's Compensation Philosophy Statement. The committee considered a version proposed by the president, comparing this version with earlier drafts considered by the committee. Several points of discussion arose revolving around the challenges of keeping the statement concise and maintaining the college's commitment to key principles while also providing flexibility around compensation issues. Specific points of discussion included:

- The committee discussed the college's commitment to a living wage and the extent to which the language of the statement reinforces this commitment. Ultimately, the committee decided that the proposed document holds this commitment as an ideal while providing the college with the flexibility to meet or exceed wages paid for comparable positions by other employers in the community.
- Some committee members questioned whether a reference to maintaining compliance with legal requirements was needed, since it is assumed that the college will operate in accordance with all applicable laws and regulations. After discussion, we agreed to retain this language in the statement.
- A question also arose about the elimination of an earlier section on promoting internal equity. In her revisions, the president noted the conflict between "internal equity as it is written [in an earlier iteration of the statement] and the notion of market alignment. ... How can we both promise employees market competitive salaries [and] also promise internal equity?" After

discussion, it was decided to table this point until Block 2 when more members of the committee would hopefully be present.

- Much discussion also focused on the college's commitment to employee development and advancement through a career. It was finally agreed that the following italicized phrase should be added to the proposed statement's third bullet point: "Promotes performance excellence *and advancement through a career* by using an approach that rewards achievements and outcomes."

The committee agreed to review the compensation philosophy statement again at its Block 2 meeting with the hopes of approving a version of the statement that would be conveyed to the college community.

Staff Compensation Policy

The committee then turned to the topic of staff compensation. Larry noted that the college is moving toward a policy of merit pay for staff employees. While this decision has already been made, the committee has the opportunity to provide considerable input on both the design of the merit pay policy as well as the processes and procedures that will be used to evaluate staff employees.

He then asked Barbara to provide a brief overview of the college's move to a pay for performance policy for staff compensation. At the conclusion of her remarks, Barbara introduced Lisa Brommer from Human Resources who described the training supervisors are receiving to help employees develop goals against which they would be evaluated. Barbara's and Lisa's presentations were followed by questions and discussion.

The Committee's Recommendation about the Overall Increase in the Staff Salary Pool for the Next Academic Year

Following this introduction to the topic of staff compensation, the committee turned its attention to several related topics. One important topic is the committee's recommendation about the size of the overall increase in the staff salary pool for 2013-2014. Since we are still awaiting data from the survey of Rocky Mountain Employers, it was decided that the committee should table discussion of this point until its Block 2 meeting when we would have more complete data to review and consider.

The Committee's Recommendations on the Allocation of Annual Salary Increases Based on Merit

The committee next focused on the allocation of merit pay among staff employees. Larry emphasized that the distribution of raises based on performance would not only have to be perceived as fair but it would also have to reflect the reality of the workplace as perceived by staff employees if the move to merit pay is going to have strong buy-in and support among staff employees. The floor was opened for discussion about the design of "buckets" or a framework for allocating merit increases. The committee soon came to tentative agreement around the following proposed distribution:

10% of employees ...receive more than two times standard
20% of employees ...receive two times standard
60% of employees ...receive standard increase
9% of employees receive ...receive the increase in cost of basic goods and services
1% of employees ...receive no increase

Additional discussion surrounded the question of whether such a distribution scheme would result in “forced rankings” within departments and programs. It was emphasized that it would not do this. Instead, the distribution scheme would reflect the distribution of raises for staff employees across the college. It would be possible for a department with a uniformly highly talented and high-performing staff to have all of its employees receive either standard or above standard increases, for example.

Staff members of the committee agreed to share this proposed distribution of increases widely with their peers to solicit feedback. They will report back to the full committee at its Block 2 meeting. The committee will seek to approve a final recommendation about the distribution of salary increases at that time.

The Committee’s Recommendations and Advice on Proposed Policies and Procedures for Evaluating Employees and Determining Salary Increases

Members of the committee discussed many questions of policy and procedure that would help enhance staff buy-in of, and enthusiasm for, the college’s new pay for performance policy. It was finally agreed that staff members of the Compensation Committee should consult widely with peers and meet formally with the Staff Council. Staff members of the committee would then prepare a set of recommended policies and procedures to smooth the implementation and employee acceptance of the pay for performance policy. The full committee will review this draft set of recommendations at its Block 2 meeting with the aim of approving this document and forwarding it to Barbara and Robert.

The meeting concluded at approximately 4:50 p.m.