

REPORT OF THE AAUP SALARY  
AND COMPENSATION TASK FORCE

November 14, 2006

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## COMPENSATION RECOMMENDATIONS

### Executive Summary

The Colorado College AAUP recommends the following for the 2007-08 academic year:

1. That the College ensure normal progression through the salary brackets for deserving continuing faculty. We also recommend adjusting the current brackets by the inflation factor, 4.09%, resulting in the following brackets:

**Table 1**

	<b>Bottom</b>	-	<b>Top</b>
<b>Instructor</b>	\$50,720	-	\$55,841
<b>Assistant Professor</b>	\$55,851	-	\$67,223
<b>Associate Professor</b>	\$67,233	-	\$81,079
<b>Full Professor</b>	\$81,089	-	\$131,535

Assuming no retirements or other changes in the permanent faculty base, adjustments in progression plus inflation would increase the salary pool for full-time faculty by approximately 6.7%<sup>1</sup>. (See Appendix I)

2. That, in addition, the College continue to provide the resources necessary to bring Colorado College faculty salaries within each rank to the median of the twelve comparable colleges designated by the administration. Given current projections for salary growth among our peer institutions, the AAUP has determined that last year's commitment from the Board of Trustees to raise the salary pool by 7.25% each year through the 2009-10 academic year promises to achieve this goal. For the 2007-08 academic year, raising the salary pool by 7.25% allows for an additional 0.54% increase in salaries. The AAUP asks that the 0.54% amount be so allocated toward salaries. The adjusted brackets are as follows.

**Table 2**

	<b>Bottom</b>	-	<b>Top</b>
<b>Instructor</b>	\$50,983	-	\$56,130
<b>Assistant Professor</b>	\$56,140	-	\$67,572
<b>Associate Professor</b>	\$67,582	-	\$81,500
<b>Full Professor</b>	\$81,510	-	\$132,218

For 2007-08, we suggest the faculty accept the 7.25% (6.7% + 0.54%) salary pool increase to fund both recommendations 1 and 2. (See Appendix II.)

3. That the College resume its annual increase in contributions to retirement from the current 9.0% to 10% of salary by the academic year 2009-2010. This will bring us into line with other outstanding liberal arts colleges. To achieve this, we recommend a 0.3% increase for 2007-08 which will cost \$44,656. (See p. 19.)
4. That the College accept the AAUP recommendations on health benefits. (See p. 16-19.)

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<sup>1</sup> The 6.7% figure is only an estimate. As has been the case for several years, the estimate is based on salary data from the current pool of full-time faculty, with no attempt made to adjust for promotions and retirements.

## **I. INTRODUCTION**

The AAUP is pleased to see that the majority of its recommendations from the October, 2006 Annual Report were adopted by the Board of Trustees this year. We are encouraged by the support from both the Board and Administration for our goal to become more competitive with our peers at top U.S. liberal arts schools. It is clear from many discussions with our counterparts in the administration, that they deem faculty salary and compensation to be important to achieving this goal. Their ability and willingness to find common ground is greatly appreciated by the AAUP and we look forward to working together again this academic year.

The Administration and Board of Trustees have continued to support a faculty salary policy that provides for both annual inflation and progression through the ranks for deserving faculty. In addition, they have agreed to a four-year salary-gap reduction program designed to raise faculty salaries to the median of peer institutions. In this report, the AAUP analyzes this program and other compensation issues important to Colorado College faculty. We believe the recommendations herein will ensure the continued improvement in the quality of our institution and faculty in accordance with President Celeste's road map to the year 2010.

The AAUP believes that the salary-gap reduction program implemented by the Board and Administration is important to attract and retain the best possible candidates for new faculty positions. In comparison to the Top 25 liberal arts colleges (listed annually in US News and World Report) and the Senior Staff 12 schools (12 comparable liberal arts colleges designated by President Celeste) Colorado College continues to rank near the bottom in all three faculty ranks. Of particular concern are the Assistant and Associate Professor brackets which rank last among the Top 25 and 11<sup>th</sup> among the Senior Staff schools. Full Professors at Colorado College have experienced small upward adjustments but their rankings remain no higher than 10<sup>th</sup> among the Senior Staff 12 and 23<sup>rd</sup> among the Top 25. Deserving faculty in this rank should be rewarded for their many years of faithful service. Failure to do so may ultimately result in fewer professors accepting early retirement, a top-heavy faculty and less new recruitment in the Assistant Professor rank. It has been especially troubling that despite some efforts to bring us closer to the median salaries of the comparable top twenty-five colleges, we have slipped even farther behind. Falling farther behind will increase the disparities and make it increasingly difficult to remain competitive nationally.

Sizeable increases in health care costs and a resultant restructuring of the College's Health Care Plan over the years (premiums, co-pays and deductibles), have disproportionately absorbed any gains in income. Employee premiums along with co-pays and deductibles continue to be a significant burden on many employees, especially those at the lower end of the pay scale. We recommend efforts be made to keep health insurance premiums close to current levels so that CC employees are not forced to absorb additional high costs.

In the past, the AAUP Salary and Compensation Task Force made an estimate of the percentage increase in the entire faculty salary pool necessary to implement the faculty salary policy. What follows are concerns and suggestions about how to address these concerns.

## **II. THE COLORADO COLLEGE FACULTY COMPENSATION MODEL**

### **A. Annual Pay Increases**

The Administration's and Board of Trustees' willingness to adhere to the faculty salary model has helped the College to compensate its faculty equitably over the years. The tri-part policy of: a)

granting pay raises that cover inflation, b) a merit-based progression increase, and c) modest incremental increases for extraordinary merit to especially deserving faculty, is essential in attracting and retaining an excellent faculty and maintaining high faculty morale. In 2006 the Board and Administration supported an expansion of the faculty salary pool in an effort to reduce the salary gap that Colorado College has experienced with its peer institutions. The salary-gap reduction program consists of 7.25% annual increases in the faculty salary pool each year through 2009-10. For the 2006-07 academic year, a portion – specifically, \$33,500 – of the salary pool increase was allocated toward “exception merit” among the faculty. This amount was added to the traditional \$30,000 allocated to rewarding exceptional merit. AAUP suggests that, at a minimum, the exception merit fund be increased each year by inflation.

The inflation adjustment to the salary bracket structure for 2007-08 will be 4.09% of the 2006-07 salaries. The merit-based progression component is the result of increasing each of the salary brackets (bottom and top) by the same factor of 4.09% and then dividing the width of each pay bracket by the average number of years in that bracket. The average faculty member receives a pay increase equal to the sum of these two components – inflation and progression through the ranks. We estimate that funding the inflation and progression components requires an additional 6.7% increase in the faculty salary pool for the 2007-08 year. The Board’s annual 7.25% program leaves approximately 0.54% for closing the salary gap. Outstanding faculty members may receive an additional merit increase from the “exceptional merit” fund.

## **B. Faculty Salary Pool**

Currently, the percentage increase in the faculty salary pool required to fund the faculty salary model is calculated as follows:

$$\frac{\text{Total of Pay Increases for 2007-08}}{\text{Faculty Salary Pool for 2006-07}} \times 100$$

The faculty salary pool for 2007-08 is the total of all salaries of *full-time teaching faculty* members employed by the College in 2006-07. Total pay increases are as computed in the previous paragraph and cover increases made to all full-time teaching faculty. No extraordinary merit increases are included in these computations. The details are given in Appendix I.

The AAUP Salary and Compensation Task Force, the Faculty Executive Committee, and the Administration have all agreed on this approach in the past. It is, however, important to note that this procedure ignores promotions and retirements. In particular, the computation overlooks the savings realized by the replacement of retiring Full Professors with beginning Assistant Professors, and, thus, over-estimates the cost of maintaining salaries for full-time, teaching faculty.

We illustrate using *actual salary data* from the past nine years. The faculty members whose salaries comprise the pool are determined each year by the Chair of the AAUP Salary and Compensation Task Force and the Dean’s Office according to certain established criteria.<sup>2</sup> The fourth and fifth columns contain the key information. Notice that the mean actual percentage increase in the salary pool over the eight-year period is 4.94% (column 4) while the annual projected increase (column 5) taken from AAUP reports all exceed 4.20% and range as high as 6.20%. In fact, the mean *projected* AAUP annual percentage increase over these nine years is

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<sup>2</sup> For example, we include all full-time faculty but exclude SSS faculty.

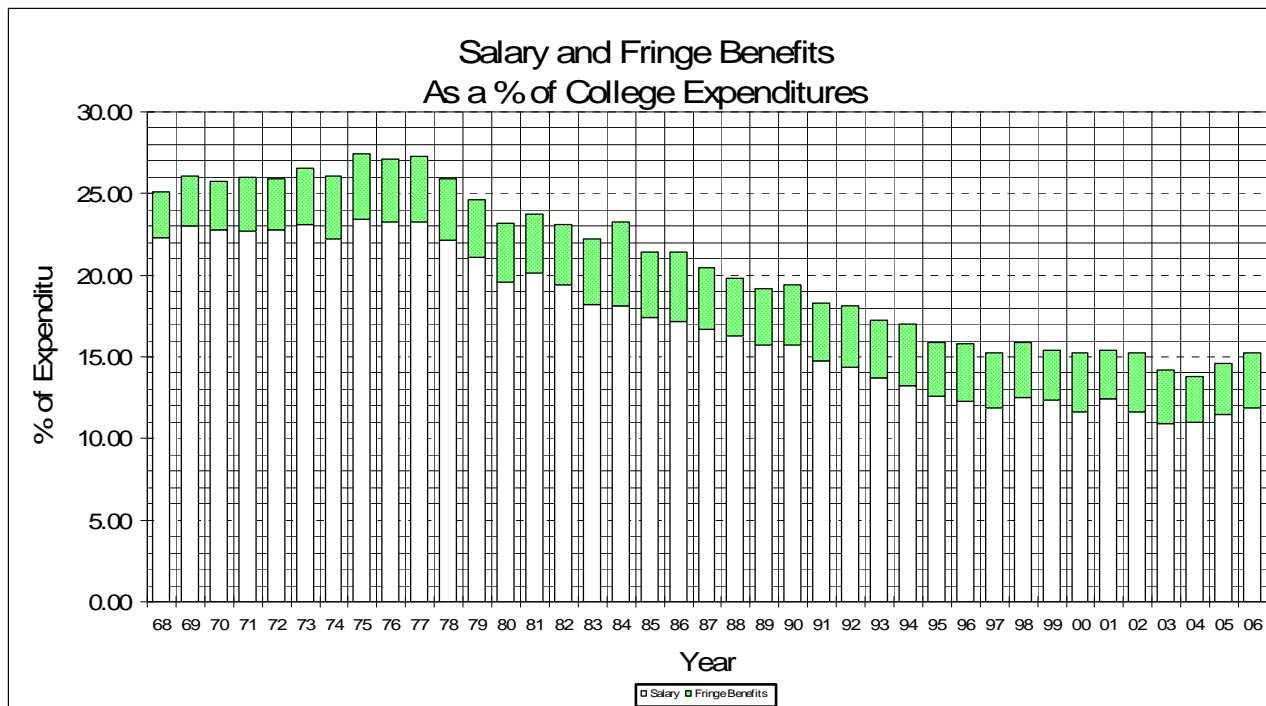
5.05%.<sup>3</sup>**Table 3**

Year	Salary Pool	Actual % Increase	Cumulative Mean Actual Increase %	Projected % Increase	Cumulative Mean Projected % Increase	Assistant	Associate	Full	Total
06/07	\$13,955,412	5.53%	4.94%	5.70%	5.05%	54	41	72	167
05/06	\$13,183,704	5.62%	4.87%	5.40%	4.97%	54	43	68	165
04/05	\$12,482,225	9.43%	4.76%	4.70%	4.91%	54	36	75	165
03/04	\$11,406,132	4.89%	4.00%	4.70%	4.95%	51	30	73	154
02/03	\$10,874,676	6.18%	3.83%	4.20%	5.00%	52	30	69	151
01/02	\$10,241,292	2.75%	3.25%	6.20%	5.20%	48	36	66	150
00/01	\$9,967,408	8.39%	3.42%	5.00%	4.87%	46	33	65	144
99/00	\$9,195,570	-1.46%	1.01%	4.20%	4.80%	34	31	68	133
98/99	\$9,332,061	3.55%	3.55%	5.40%	5.40%	38	29	76	143

The last four columns of the above table show the numbers for professors within each rank for the given year. Between 1998-99 and 2006-07, the full-time professors grew from 143 to 168 while the number of Full Professors has shrunk from 76 to 72. This net decrease in the number of Full Professors is reflected in the difference between the mean actual percentage increase in the pool of 4.94% and the mean projected (by AAUP) percentage increase of 5.05%.

The AAUP Salary and Compensation Task Force has monitored for many years faculty remuneration as a percentage of total college expenditures in order to measure the College's commitment to faculty compensation. The following bar chart shows the percentage of College expenditures going to salary and fringe benefits over the years 1968-2006. (Note that the year provided refers to the latter half of a particular academic year. For example, the year "06" refers to the salary and compensation data for the academic year 2005-2006.) A steady decrease that had begun around 1976-1977 seems to have reached a trough of 13.76% in 2003-2004. Since that time, however, the trend has been upward ending at 15.24% in 2005-06. AAUP will continue to monitor these trends closely.

<sup>3</sup> Note that both mean values are geometric means and not arithmetic averages. For examples, the mean actual percentage increase of 4.94% represents how much the yearly salary pool grew on average over the nine-year period given a starting value of \$9,332,061 and ending value of \$13,955,412.



The AAUP Task Force has never proposed that a specific percentage of the budget be committed to faculty compensation. However, we do advocate a relatively stable percentage, particularly during difficult economic times when non-academic expansion should be curtailed.

The fact that Colorado College has moved up in the US News and World Report rankings, from 27<sup>th</sup> to 26<sup>th</sup> place among liberal arts institutions this year is a laudable accomplishment. It will improve CC's visibility and recognition among prospective students, parents and potential candidates for faculty positions. There are, however, some areas in the US News rankings which are of concern and may require greater effort and improvement by the College. Most noteworthy is CC's performance in the category "Alumni Giving" for which CC is ranked 76. The low score comes from CC's "Average Alumni Giving Rate" of 34% which is well below the 49% average (and median) rate for the Top 25 schools; this means, CC is approximately 31% below the average. "Alumni Giving" accounts for 5% of a college's ranking (recall that faculty salaries account for 7%). Improvement in this area would have a positive bearing on CC's financial position and overall ranking because CC's position is not determined by the faculty's work and efforts alone.

### **C. Comparative Data: Colorado College and Similar Institutions**

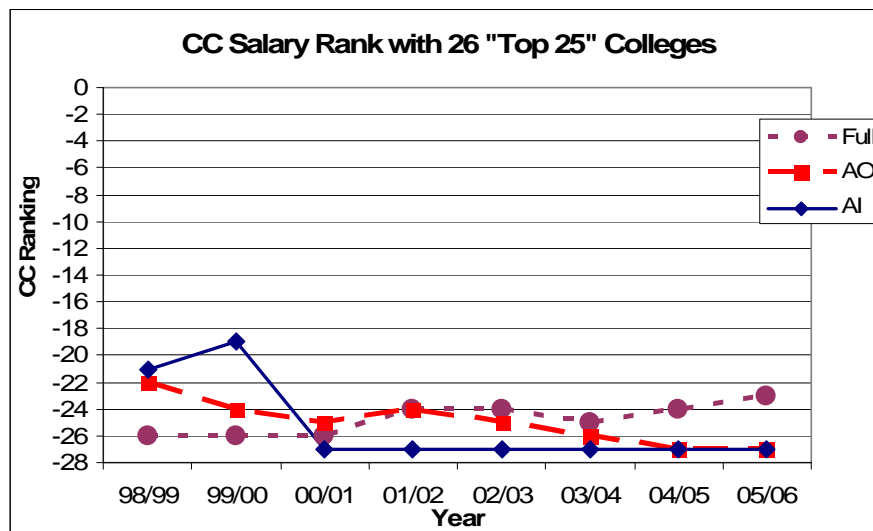
The AAUP Salary and Compensation Task Force regularly observes the progress of Colorado College professors relative to professors at comparable colleges on the basis of salaries and compensation where compensation is the sum of salary plus fringe benefits.<sup>4</sup> As in the past, this year's report uses two comparable college groups: the "Senior Staff 12" colleges and the top 25 liberal arts colleges as reported by US News and World Report.<sup>5</sup> The Senior Staff 12 colleges are

<sup>4</sup> Taken from the March-April 2005 edition of Academe.

<sup>5</sup> "Faculty resources" account for 20% of a college's ranking, with faculty salaries making up 35% of this 20%, or 7%

twelve liberal arts colleges that President Celeste designated as comparable institutions. These twelve colleges are Amherst, Carleton, Colby, Grinnell, Hamilton, Kenyon, Macalester, Middlebury, Oberlin, Pomona, Trinity (CT) and Williams. To be included among the top 25 liberal arts colleges, an institution must have appeared among US News and World Report's top 25 national liberal arts colleges within the past five years. This year, 26 institutions comprise the "Top 25" list. Colorado College is not among these 25 but has moved up in rankings this year from 27<sup>th</sup> to 26<sup>th</sup>. Data on average salaries and compensation for these two groups comes from Academe. Unlike previous reports, this year's report bases its recommendations for reducing the salary gap between CC and similar institutions upon the Senior Staff 12 data rather than the Top 25. The AAUP has made this change to conform to the practice of the Compensation Committee and the administration in recommending salary gap adjustments on data from this group. AAUP will continue to provide both in its Annual report. Regardless of which measure we use (compensation or salary) and to which group we compare ourselves (Top 25 or Senior Staff 12), *Colorado College's ranking has not fared well in recent years*. CC's performance against the averages of the other institutions is illustrated in the graphs that follow.

The most disturbing trend is for Assistant Professors (AI) and Associate Professors (AO) whose salary rankings have fallen consistently over recent years. In terms of the Top 25, CC Assistant Professor salaries have fallen from 19<sup>th</sup> place in 1999-00 to 27<sup>th</sup> (last place) in 2006-07. Over the same time period, CC Associate Professor salaries have fallen from 24<sup>th</sup> place in 1999-00 to 27<sup>th</sup> (last place) in 2006-07. Full Professor (Full) have benefited from a slight improvement in the last five years, moving up from a ranking of 26<sup>th</sup> to 23<sup>rd</sup>, but still remain near the bottom of the comparable group.

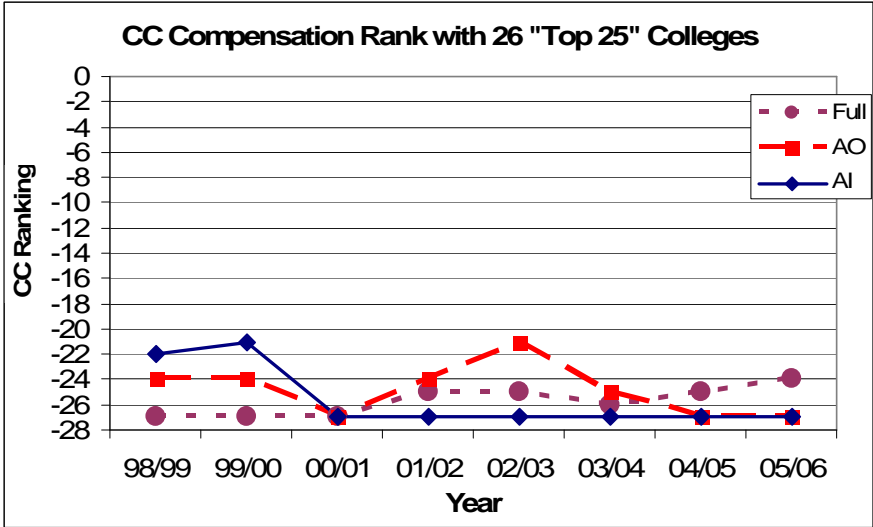


The same general trends are present for compensation, with Assistant and Associate Professors dropping to the bottom over that time period and Full Professors enjoying only slight gains.

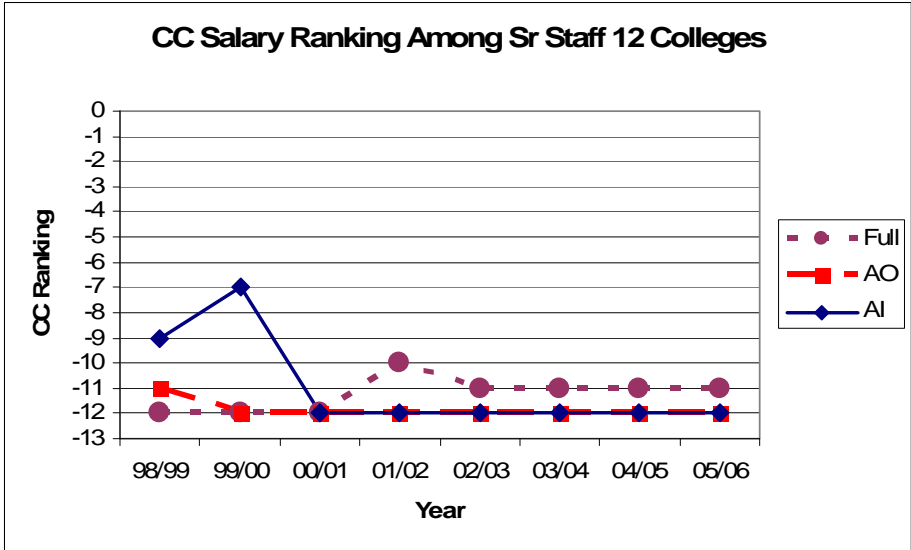
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of the final score. This leads to the conclusion that one way CC could make a substantial improvement in its ranking is to improve faculty salaries.

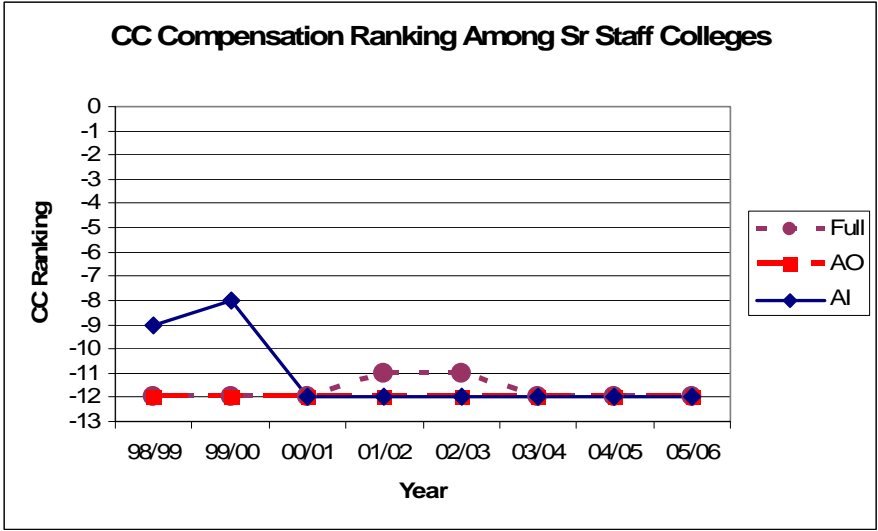




The data from the Senior Staff 12 colleges tell the same story. The graphs of CC salary and compensation within each rank follow. First the salary graph.



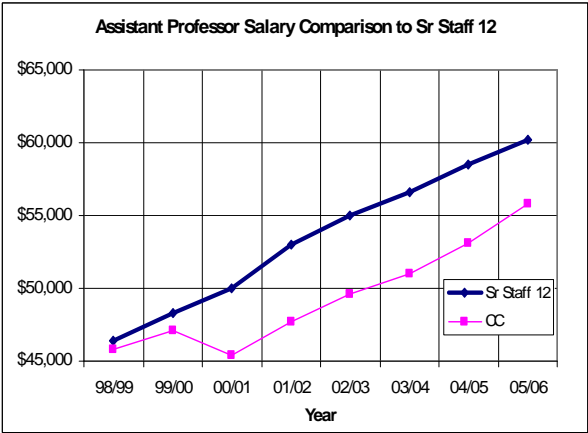
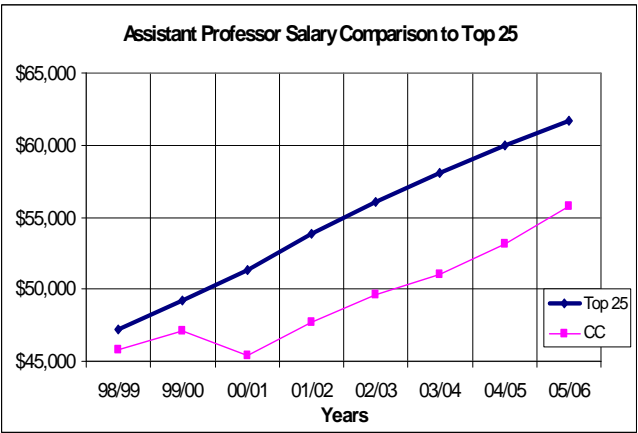
Both Assistant and Associate Professor salaries have remained in 12<sup>th</sup> place for the last four years (only Kenyon College has lower salaries among the comparable group). Full Professor salaries remain stuck at 11<sup>th</sup> place over the same time period. Similar results hold for compensation among the ranks with the exception that Full Professor at CC were also in 12<sup>th</sup> place (again, only Kenyon College prevents each rank from being last).

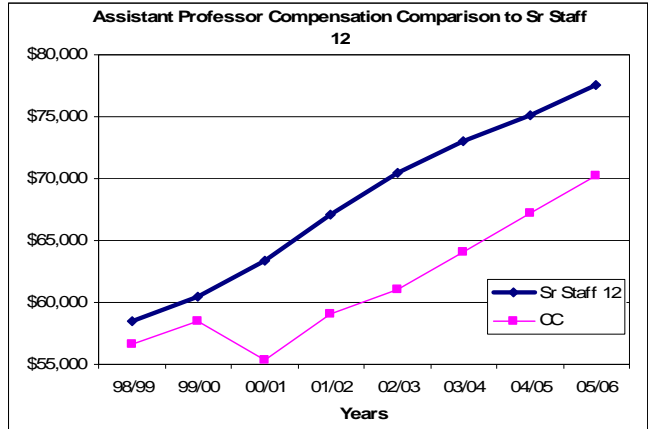
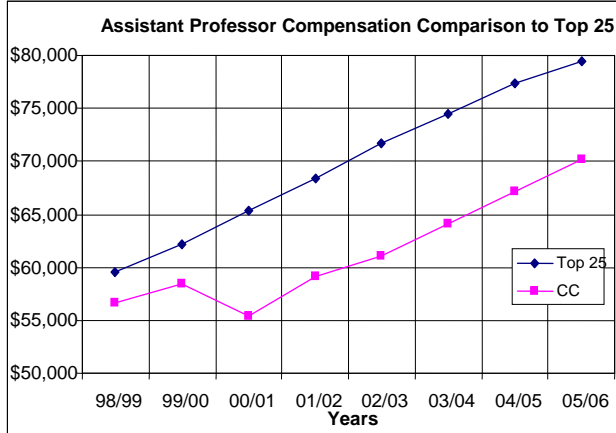


The actual dollar discrepancies of average Colorado College faculty contrasted with the averages of the two comparable groups are also important. For Assistant Professors this dramatic drop in relative ranking for both salary and total compensation is reflected in the dramatic increase in the gap between the top 26 schools and CC. Notice that most of the change occurred in 2000-01 with no recovery since.

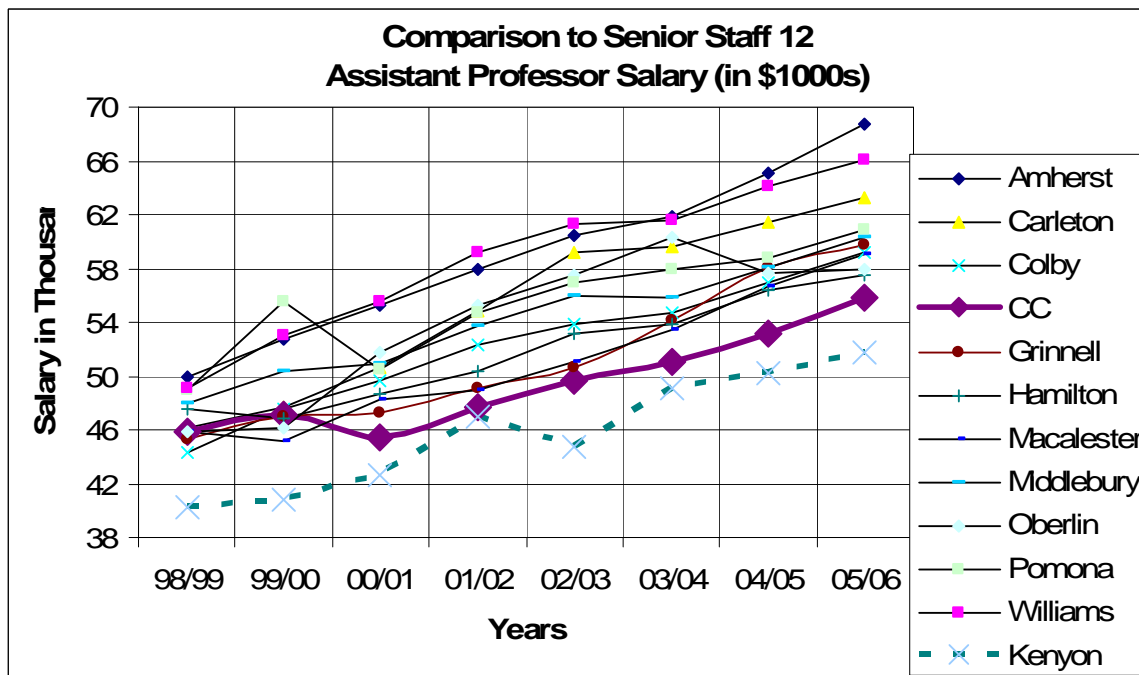
**C.1 Assistant Professor Salary and Compensation Data**

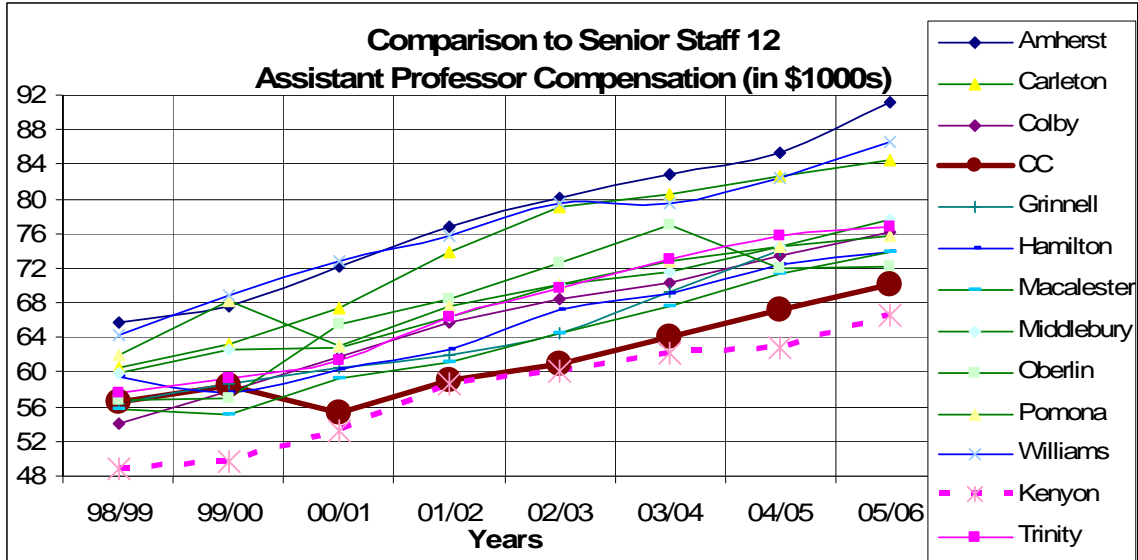
The following graphs compare average salary and compensation for Assistant Professors at CC to the median average salary and compensation of the Top 25 schools and the Senior Staff 12 institutions. In each graph, CC is depicted by the lighter, thinner line as indicated in the legend. All graphs reveal that CC fell behind a few years ago and has not recovered.





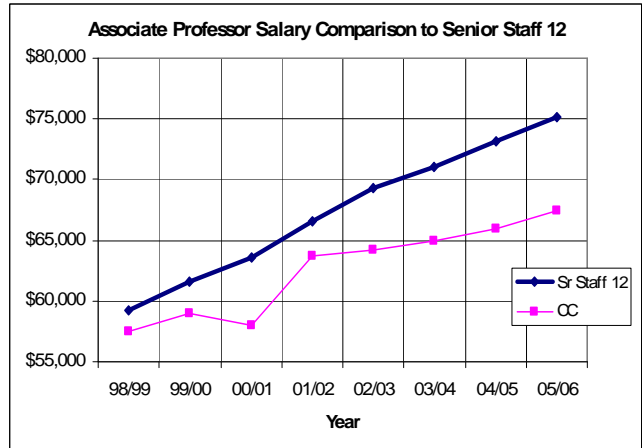
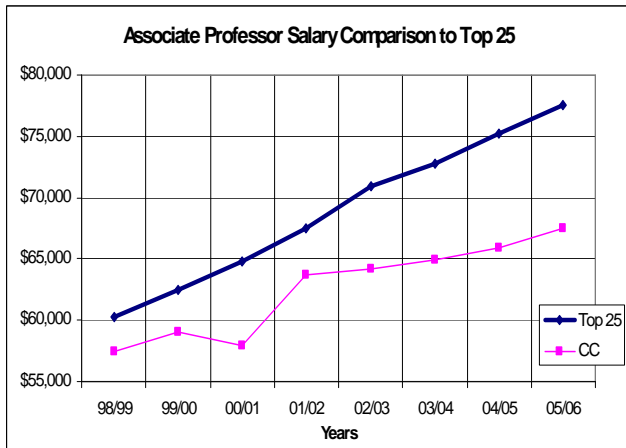
The next graphs show Colorado College’s position among the individual Senior Staff 12 based on salary and compensation for Assistant Professors. CC is depicted in the graphs by a thick line as indicated in the legend. As one would expect from the data on averages, CC ranks near the bottom of those schools shown. Kenyon College is represented by a dotted line and is highlighted because of its status as the lowest performer with respect to salaries and compensation in all ranks.



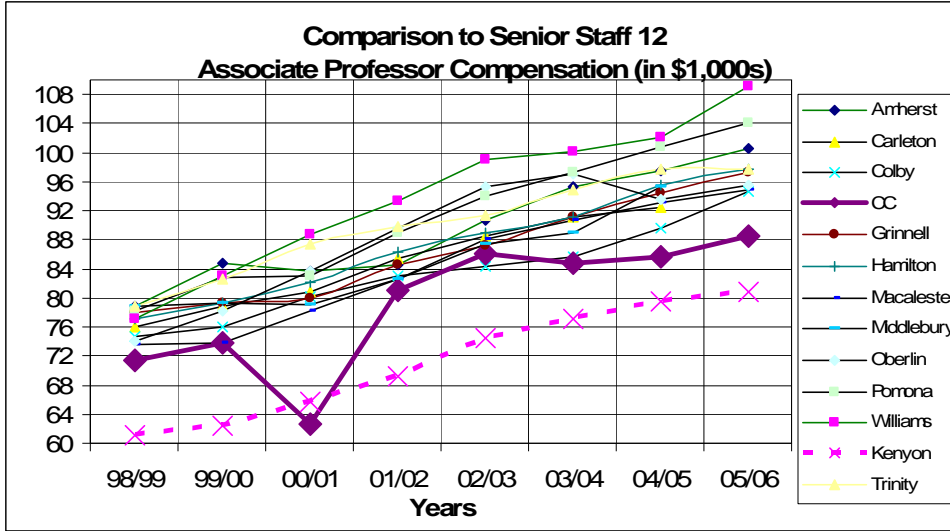


### C.2 Associate Professor Salary and Compensation Data

The following graphs compare average salary and compensation for Associate Professors at CC to the median average salary and compensation of the Top 25 schools and the Senior Staff 12 institutions. In each graph, CC is depicted by the lighter, thinner line as indicated in the legend. All graphs reveal that CC remains behind in salary and compensation in both comparable college groups and the gap has been widening since 2001-02.

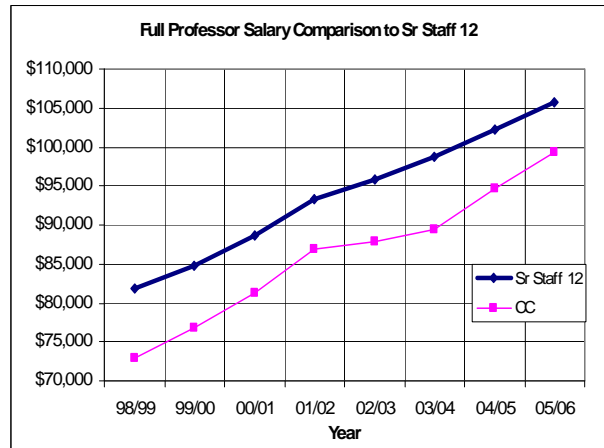
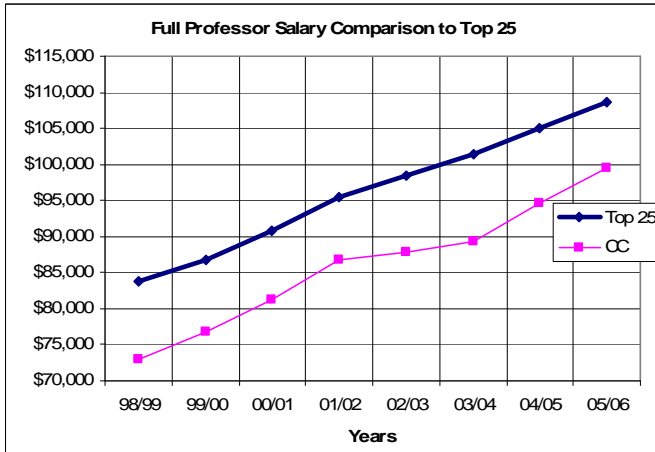


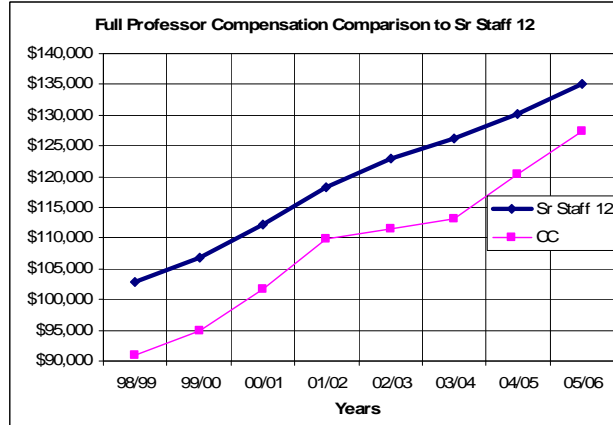
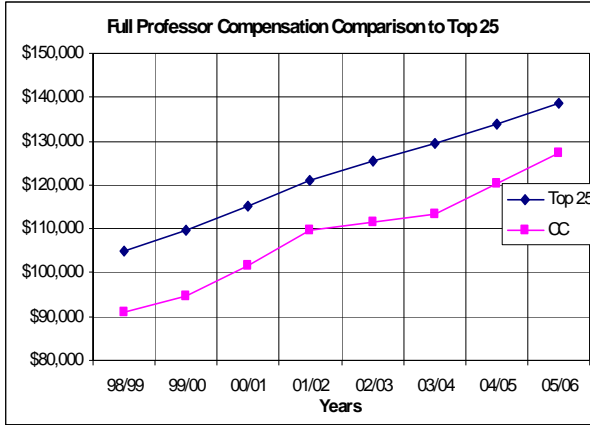




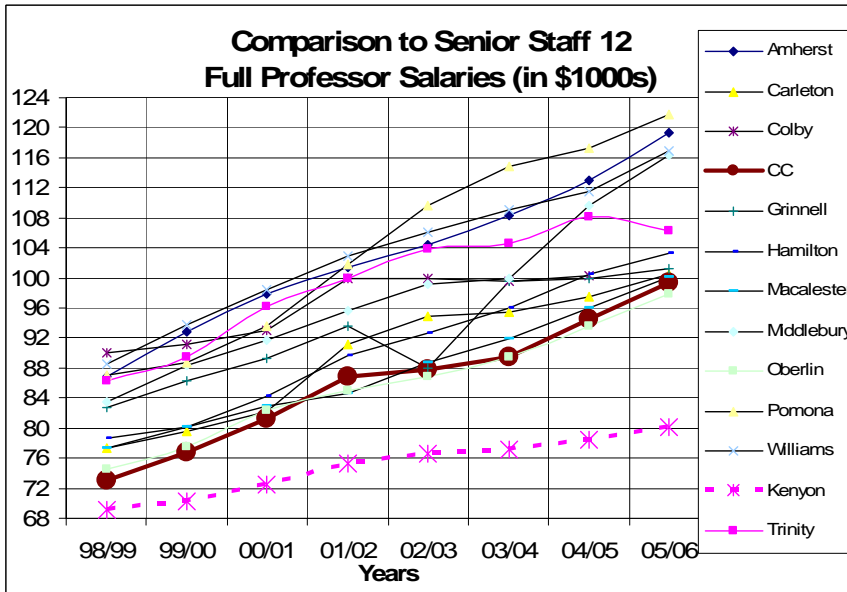
### C.3 Full Professor Salary and Compensation Data

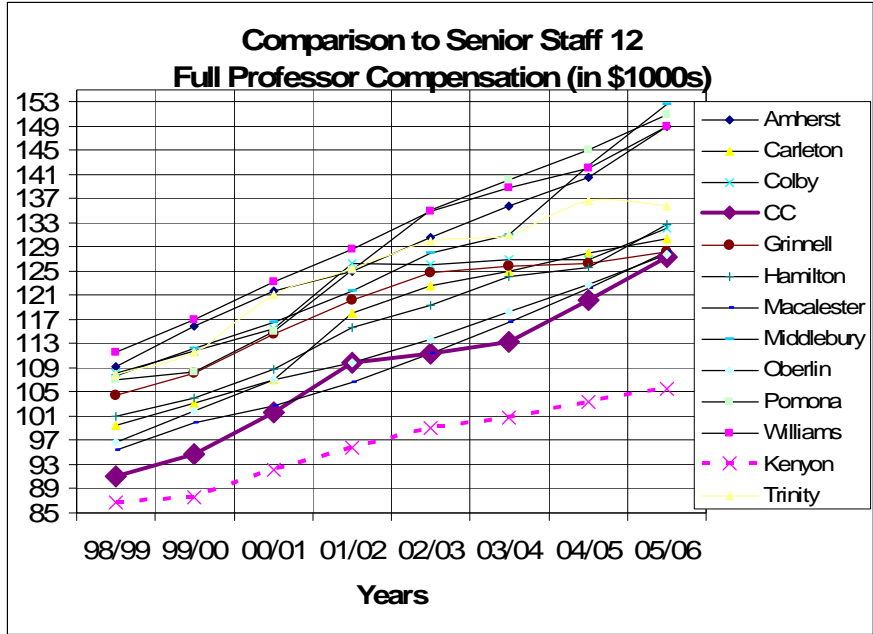
The following graphs compare average salary and compensation among Full Professors at CC to the median average salary and compensation of the Top 25 schools and the Senior Staff 12 institutions. In each graph, CC is depicted by the lighter, thinner line as indicated in the legend. All graphs reveal that CC remains behind in salary and compensation in both comparable college groups but the gap has been narrowing slightly since 2003-04.





The next graphs show Colorado College’s position among the individual Senior Staff 12 based on salary and compensation for Full Professors. CC is depicted in the graphs by a thick line as indicated in the legend. As one would expect from the data on averages, Colorado College ranks near the bottom but shows a positive upward trend since 2003-04. Kenyon College is represented by a dotted line and is highlighted because of its status as the lowest performer with respect to salaries and compensation in all ranks.





**C.4 Closing the Gap**

Overall, it is clear from the data that Colorado College’s performance in salary and compensation among all ranks is far below that of its peer institutions. The farther CC salaries and total compensation slip behind peer colleges, the more difficult it will be to remain competitive in hiring and retaining outstanding faculty. The problem is compounded by the increased expectations made of faculty with respect to their research, teaching, committee work and other CC-related activities. For these reasons, last year’s commitment from the Administration and Trustees to raise CC average salaries over a four-year period from the bottom of its peer colleges to the median is applauded. AAUP is encouraged that our suggestion to close the salary gap is now being acted upon by the Trustees. Whether this increase will lift CC salaries up to the median of our peer institutions depends upon many factors, including, of course, how much our peer institutions raise their faculty salaries. The following table shows the median average annual salary increase by rank among CC, the Senior Staff 12 schools and the Top 25 institutions over the past seven years.

**Table 4**

Average Annual Growth Rates for CC and Its Peer Institutions Over the Previous Seven Years			
	CC	Top 25	Senior Staff 12
Assistant	2.86%	3.70%	3.73%
Associate	2.32%	3.39%	3.19%
Full	4.51%	3.83%	3.23%

Salary growth rates for both Assistant and Associate CC Professors have lagged behind the Top 25 and Senior Staff 12 peer groups over the previous seven years. The data reveal that Associates lag by approximately 1.07% behind the Top 25 and 0.87% behind the Senior Staff 12. Assistants lag



by approximately 0.84% behind the Top 25 and 0.87% behind the Senior Staff 12. In contrast, Full Professors have experienced annual increases of approximately 0.68% above the median of the Top 25 and 1.28% above the Senior Staff 12. Keep in mind that the higher growth rate for CC Full Professors does not mean they are ahead of their peers in salary, but only that they are approaching the median faster than the other two ranks.

Will the 4-year annual 7.25% salary pool increase close the gap between CC and its peer groups? It depends on the future behavior of the peer groups. If salaries for the Senior Staff 12 and Top 25 continue to grow at their past annual rates, median salaries for each rank at CC will have caught up to the median of the Senior Staff 12 by 2010. In fact, median salaries for both Assistant and Full Professors will have reached the median of their peers in the Top 25. Only Associate Professors will have fallen short (by \$683) from the median of the Top 25. The following table shows the median salaries for each rank in both peer groups and CC for the 2009-2010 academic year assuming CC grows at 7.25% and the Senior Staff 12 and Top 25 grow at their previous 7-year annual rate.

**Table 5**

<b>Median Salaries for 2009-2010 Academic Year</b>	<b>CC</b>	<b>Sr Staff 12</b>	<b>Top 25</b>
<b>Assistant</b>	\$71,713	\$68,883	\$69,456
<b>Associate</b>	\$86,281	\$85,087	\$86,965
<b>Full</b>	\$127,814	\$117,819	\$126,054

How sensitive are these results to the assumed growth rates of the peer groups? If the salaries in both peer groups grow by 1% more than projected, only CC Assistant and Full Professor salaries will reach the median of their peer rank in the Senior Staff 12 and no CC rank will reach its median peer group in the Top 25. Appendix II provides these salary estimates and those for alternative growth rates in peer institution salaries. Because of the myriad factors that can affect the median average salary among our peer institutions, AAUP will remain diligent in tracking CC's progress toward the median.

### **III. EMPLOYEE HEALTH INSURANCE AND BENEFITS**

#### **A. Overview**

Health care ranks as the number one concern among CC employees, as it does nationwide. It is safe to say that most are not entirely satisfied the present health care coverage. This must necessarily translate into a morale problem, along with a number of other issues. This, in turn, affects overall employee satisfaction and, ultimately, employee hiring and retention. Employees, especially those at the lower end of the wage scale, worry about increasing expenses and the increasing shift of healthcare costs to individuals. Colorado College must therefore do everything possible to curtail the kind of increases we have witnessed in recent years and become more effective in controlling costs.

The move to self insurance through Great West appears to have been moderately successful in holding down cost increases we had faced with PacifiCare, our old carrier. However, even with this shift employees have had to accept considerable increases in premium and deductibles which have far outstripped cost of living adjustments. The recent Segal-Sibson Outside Review of the CC

Health Care and Benefits Program confirms our view. It concluded that “in some areas of medical benefits program there could be improvements, primarily around co-insurance and co-pays paid by employees”. (Executive Summary, p.6). The report makes observations about areas of special concern with which the AAUP concurs:

- a. Colorado College pays a higher-than-average premium for healthcare benefits.
- b. Colorado College employees with single coverage pay a higher-than-average percentage toward the cost of healthcare.
- c. Benefits covered under the Colorado College medical plan are not as generous as the average plan; Colorado College employees share a higher-than-average proportion of healthcare costs. (Executive Summary, p.9).

In the Segal Company’s opinion, two main areas of medical coverage are listed as “less-than-competitive”:

<u>Plan Element</u>	<u>Observations</u>
Contributions	<ol style="list-style-type: none"> <li>a. CC employees with single coverage contribute a higher-than-average amount toward the cost of their health care.</li> <li>b. Full premiums for the CC plan is higher than average.</li> </ol>
Co-Pays and Co-Insurance	<ol style="list-style-type: none"> <li>a. CC employees share a higher-than-average proportion of healthcare costs through higher physician co-pays, deductibles, and per-admission co-pays.</li> <li>b. CC employees pay a lower-than-average co-insurance. However, this advantage is overshadowed by the items listed above.</li> <li>c. The higher-than-average premium rates further compound these findings.</li> </ol>

Two years ago, employees had to accept a substantial increase in premiums as well as co-pays and deductibles. The PPO deductible increased 100% - from \$250 to \$500, in one year from 2003 to 2004! Other costs, such as co-pays for PPO physician visits and drugs, also rose substantially. In last year’s report, the AAUP recommended that the College do a follow-up to the Segal-Sibson Report and report its findings in detail. We also advised that the College undertake efforts to remedy the shortcomings cited in the report and conduct a comparison of other ACM College benefits programs. Unfortunately, we did not receive a response to our recommendations which raises the question why one would commission an outside review and solicit annual AAUP recommendations if there is no follow-up with a view toward improving the CC health and benefits program. Decisive action to maintain high quality insurance protection and implement meaningful improvements over existing coverage will greatly enhance the confidence of all constituencies in the College’s ability to deal with insurance issues in the future. Failure to do so will, in the short and long run, negatively affect employee morale as well as our ability to compete on a national

level for the best prospective candidates.

## **B. Recommendations**

According to recent correspondence from Tom Nycum, the College anticipates a 7% increase in premiums for the College and employees. He is “fairly” confident that this figure will cover market claims. We hope that this will be the case but make the following specific recommendations concerning CC health insurance coverage:

- a. That the line on last year’s substantial increases in co-pays and deductibles be held for at least three more years from 2006-07.
- b. That the College investigate the possibility of better coverage and/or rates with another carrier. This should be an ongoing study and the results should be shared with the AAUP and Compensation Committee.
- c. That the College again look into the prospects of combining with another organization or institution in the hope that a larger pool of covered employees might allow for negotiating better coverage and cost to employees. The information should again be shared with the AAUP and Compensation Committee.
- d. That the employee share of health insurance premiums for families not be allowed to exceed 25%. The current share is 22.4%. The Compensation Committee last year recommended a maximum of 30%. The AAUP cannot accept such a high limit. Any increases up to 25% should be gradual and spread out over several years to avoid additional hardships.
- e. That the College investigate the possibility of comparative drug prices to reduce costs. For example, Humana has a telephone robot which calls plan members to inform them about cheaper drug alternatives. Perhaps there is a way for the College to encourage Great West to implement such a system.
- f. That physicals be fully covered at 100% as also recommended by the Compensation Committee. Such preventive care is in the interest of the College, the insurance carrier and the individual employee.
- g. That the AAUP be informed whether CC employee claims to Great West come in above or below premiums and what adjustments to premiums must be made.
- h. That the College do a better job of communicating with the AAUP and Compensation Committee. Both groups spend a considerable amount of time preparing their annual reports. At the very least, there should be a subsequent response to the individual recommendations, whether the College will accept the individual recommendations and, if not, why not. For example, the College did not explain its refusal in 2005-06 to grant the 0.3% increase in CC retirement contribution. This increase had been given in previous years in order to catch up to comparable colleges over a five-year period. Instead, we were faced with a *fait accompli* without any explanation. Needless to say, better communication will go a long way toward preventing misunderstanding and friction. There seems little reason to write the annual recommendations unless there is the expectation of a thoughtful and detailed response.

## **C. Other Issues and Recommendations**

The AAUP would like to recommend action on two other matters:

- a. The first concerns a minor issue with the Aetna Company Emeriti Program, a matter we raised last year. The present arrangement is wasteful. For ordinary claims, such as physician visits, Medicare pays 80% of the allowable amount and Aetna pays 80% of the remainder. Consequently, the retiree pays 4% of the allowable amount. If, for example, the physician bills for \$100, Medicare might allow \$80 and pay \$64. Aetna will then pay \$12; the retiree is left with a payment of \$4. However, the cost to the physician's office is likely far more than \$4 to prepare and send out a billing, receive the retiree's check, book it and deposit it. Consequently, the present arrangement actually increases the overhead component of medical care cost. We propose that the College use its best efforts to have the contract between Aetna and EMERITI rewritten so that, on all claims where the Medicare allowable amount is less than \$300, Aetna pays the entire remainder after Medicare's payment. (Hartford Insurance Company, which carried out retirees' insurance prior to Aetna, paid all of the remainder).
- b. The second matter concerns retiree benefits for gay and lesbian faculty. Colorado College membership in the EMERITI Program resulted in an undesirable and perhaps unintended consequence. Under previous coverage, gay and lesbian faculty enjoyed the same benefits as their heterosexual colleagues. Under EMERITI, this is no longer the case. If a heterosexual employee dies, his or her surviving spouse would be entitled to EMERITI benefits; however, if a gay or lesbian employee dies, the surviving domestic partner would receive no benefits. The savings paid into the system by the employee would simply revert back to the College. We are distressed that in moving to the EMERITI Program, Colorado College has in fact failed to honor its commitment to maintain equality for its employees on the basis of sexual orientation.

We recommend that the College work to change this aspect of the EMERITI Program. We realize that this task is not an easy one, largely because of Federal regulations. Until the program treats all employees fairly, regardless of sexual orientation, we urge the College to make the following commitment. In the case of the death of a gay or lesbian employee, Colorado College promises to return all accrued moneys to the surviving domestic partner. In addition, the College will commit to paying all federal and state taxes due as a result of the transfer of said moneys.

Obviously, we hope that EMERITI will change its policies in the near future. The College should, whenever possible, urge that such changes be implemented. In the meantime, our AAUP proposal would at least maintain the College's commitment to fair treatment and equality of all employees.

#### **IV: TIAA-CREF RETIREMENT CONTRIBUTIONS**

In an effort to match comparable institutions, the Colorado College agreed in 2004-05 to increase its contributions toward employees' retirements from 8.5% to 10% over a five-year period. The Board of Trustees had provided an increase for two consecutive years but declined to provide any increase last year. The AAUP asks that the Board resume the program for 2007-08 through 2009-2010 in order to achieve the 10% goal by giving a 0.3% increase in contributions for 2007-08. Given the promised 7.25% faculty salary pool increase for the 2007-08 year, the 0.3% contribution increase will cost \$44,656. This rather modest amount will yield considerable benefits in the hiring

and retention of faculty.

## **V. SUMMARY**

As a nationally recognized liberal arts college, Colorado College compares itself to other colleges with respect to excellence in teaching and scholarship. US News and World Report has consistently ranked Colorado College on its list of first-tier liberal arts colleges. These accomplishments are due in large measure to our excellent faculty who attract the best and brightest students to our campus. The faculty's accomplishments must be recognized with compensation commensurate with other highly ranked liberal arts institutions. Full funding of the Faculty Salary Policy, which, if adjusted, would move the College from its current low position to middle ranking, is essential and should be our primary goal, along with the changes in health insurance coverage outlined above. Failure to take these measures will cause Colorado College faculty members to fall even farther behind and make recovery more difficult. We will also be in danger of slipping even farther behind in national rankings as salaries are a part of the formula US News and World Report employs in determining college rankings.

A comprehensive fringe benefits package, including high quality medical insurance, plays a crucial role in recruiting and retaining an outstanding faculty and staff. The College needs to act promptly and definitively to restore confidence in this program. We trust that the Colorado College Compensation Committee recommendations will adequately address the issues raised by the AAUP in this report. We request that the Committee's final report be made available to the AAUP for discussion, review and comment as soon as it becomes available.

The AAUP estimate for the cost of fully funding the Faculty Salary Model for increases in inflation and progression is an additional 6.7% to the faculty salary pool. This represents an increase over last year's figure of 5.4%. Following the promised 7.25% annual salary increase promised by the Board of Trustees and Administration, this leaves a 0.54% increase to account for reducing the salary gap among our peer institutions. The estimated results of this program on salaries is detailed in Appendix II.

In fact, salary and benefits should represent as high a priority at this time as the expansion of the administration, purchase of additional real estate properties, expansion of the infrastructure or similar ventures. It is the view of the AAUP Salary and Compensation Task Force that the Administration always should discuss such expenditures with the Faculty Executive Committee before implementation. The unprecedented building program of recent years, necessary in some cases and perhaps desirable in others, received major attention by the Administration. We hope that the College will now pursue the recommended solutions to the salary structure and insurance coverage and retirement contribution with similar vigor and determination. Such a policy might include a review of building priorities, avoiding expensive cost overruns and attention to the wide gap between salary and fringe benefits with respect to total College expenditures.

Openness and cooperation among the constituencies of the College during the budget process are essential. Past problems on the Colorado College Compensation Committee, leading to the resignation of valuable committee members and the reluctance of faculty to serve on this committee bear this out. At this time, any unilateral resolution of the health care issues by the Administration would be damaging to efforts to establish a cooperative budget process.

The AAUP Salary and Compensation Task Force urges the Administration and Board of Trustees to enact the recommendations made in this report. Progress made on issues of

compensation and health care will greatly enhance the morale of the faculty, administration, and staff of the College, improve our chances of hiring the best faculty talent and enhance our standing in comparison to comparable colleges.

## **APPENDIX I: COST OF THE SALARY RECOMMENDATIONS**

The policy of increasing brackets by inflation (4.09%), adjusting individual salaries by the same rate and providing progression through the ranks is depicted in the following table.

**Table 6**

<b>Rank</b>	<b>Brackets 2006-07</b>	<b>x</b>	<b>Inflation Adjustment</b>	<b>Brackets 2007-08</b>
<b>Instructor</b>	\$48,727	x	1.0409	\$50,720
<b>Assistant Professor</b>	\$53,656	x	1.0409	\$55,851
<b>Associate Professor</b>	\$64,591	x	1.0409	\$67,233
<b>Full Professor</b>	\$77,903	x	1.0409	\$81,089
<b>Top of Full Professor</b>	\$126,367	x	1.0409	\$131,535

The next two tables illustrate how progression is determined and then how the 7.25% increase is calculated to meet the Faculty Salary Model. We first use the 2007-08 brackets to calculate progression pay.

**Table 7**

	<b>Bottom</b>	<b>Top</b>	<b>Width</b>	<b>Years in Rank</b>	<b>Progression</b>
<b>Instructor</b>	\$50,720	- \$55,841	\$5,121	2	\$2,560
<b>Assistant Professor</b>	\$55,851	- \$67,223	\$11,372	6	\$1,895
<b>Associate Professor</b>	\$67,233	- \$81,079	\$13,846	8	\$1,731
<b>Full Professor</b>	\$81,089	- \$131,535	\$50,446	21	\$2,402

We add the payments for both inflation and progression to the previous year's (2006-07) average salary data for each rank to estimate the average salary for the upcoming year (2007-08). Multiplying the average for each rank by the number in each rank gives total salary for each rank. The total salary cost for the upcoming year is then the sum of each rank's total salary.

**Table 8**

<b>Rank</b>	<b>Average Salary 2007-08</b>	<b>x</b>	<b>Number in Rank</b>	<b>Total Salary 2007-08</b>
<b>Instructor</b>	\$52,380	x	6	\$314,279
<b>Assistant Professor</b>	\$62,428	x	54	\$3,371,105
<b>Associate Professor</b>	\$75,922	x	41	\$3,112,802
<b>Full Professor</b>	\$111,252	x	72	\$8,010,161
<b>Total Salary Cost for Year 2007-08 = \$14,808,347</b>				
<b>Total Salary Cost for Year 2006-07 = \$13,879,060</b>				<b>% Increase = 6.7%</b>
<b>Total Increase = \$929,287</b>				

Using the 7.25% annual salary pool increase promised by the Board of Trustees each year through

the 2009-10 academic year, we calculate a 0.54% salary pool increase remains to fund the 4-year reduction in salary gap program. This program is designed to raise CC salaries to the median of the average salaries of the Senior Staff 12 colleges. (The next appendix details the effect of the 0.54% increase on the faculty salary pool.) An upward adjustment to the 2006-07 brackets of a total of 7.25% ( $\approx 6.7\% + 0.54\%$ ) yields the following brackets for the 2007-08 academic year.

**Table 9**

<b>Rank</b>	<b>Brackets 2006-07</b>	<b>x</b>	<b>Adjustment</b>	<b>Brackets 2007-08</b>
<b>Instructor</b>	\$48,727	x	1.046	\$50,983
<b>Assistant Professor</b>	\$53,656	x	1.046	\$56,140
<b>Associate Professor</b>	\$64,591	x	1.046	\$67,582
<b>Full Professor</b>	\$77,903	x	1.046	\$81,510
<b>Top of Full Professor</b>	\$126,367	x	1.046	\$132,218



**APPENDIX II: PROPOSAL TO IMPROVE COLORADO COLLEGE'S POSITION IN AVERAGE SALARIES AND TOTAL COMPENSATION VIS-À-VIS COMPARABLE COLLEGES**

The following tables compare CC median salaries to its peer group salaries under different salary growth rates assumptions. Recall that the seven-year average annual growth rates for each rank for CC and its peer groups (Table 4) are as follows.

<b>Average Annual Growth Rates for CC and Its Peer Institutions Over the Previous Seven Years</b>			
	<b>CC</b>	<b>Top 25</b>	<b>Senior Staff 12</b>
<b>Assistant</b>	2.86%	3.70%	3.73%
<b>Associate</b>	2.32%	3.39%	3.19%
<b>Full</b>	4.51%	3.83%	3.23%

The following table examines salaries for our peer group institutions assuming that they grow 1% higher than in the above table.

**Table 10**

<b>Median Salaries Over 4-Year Period Assuming Peer Group Growth 1% Higher Than 7-Year Estimate</b>				
<b>Median Sr Staff</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Assistant</b>	\$62,313	\$65,260	\$68,346	\$71,578
<b>Associate</b>	\$78,193	\$81,467	\$84,879	\$88,433
<b>Full</b>	\$108,139	\$112,713	\$117,481	\$122,451
<b>Median CC</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Assistant</b>	\$58,131	\$62,345	\$66,865	\$71,713
<b>Associate</b>	\$69,940	\$75,011	\$80,449	\$86,281
<b>Full</b>	\$103,606	\$111,117	\$119,173	\$127,814
<b>Median Top 25</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>Assistant</b>	\$62,875	\$65,833	\$68,931	\$72,174
<b>Associate</b>	\$79,443	\$82,932	\$86,575	\$90,378
<b>Full</b>	\$113,691	\$119,184	\$124,943	\$130,981

The next table examines salaries for our peer group institutions assuming that they grow 1.5% higher than in the above table.

**Table 11**

<b>Median Salaries Over 4-Year Period Assuming Peer Group Growth 1.5% Higher Than 7-Year Estimate</b>				
<b>Median Sr Staff</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Assistant	\$62,611	\$65,885	\$69,329	\$72,954
Associate	\$78,568	\$82,251	\$86,107	\$90,143
Full	\$108,658	\$113,797	\$119,180	\$124,818
<b>Median CC</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Assistant	\$58,131	\$62,345	\$66,865	\$71,713
Associate	\$69,940	\$75,011	\$80,449	\$86,281
Full	\$103,606	\$111,117	\$119,173	\$127,814
<b>Median Top 25</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
Assistant	\$63,176	\$66,464	\$69,923	\$73,562
Associate	\$79,823	\$83,729	\$87,825	\$92,122
Full	\$114,233	\$120,324	\$126,740	\$133,498