

COLORADO COLLEGE

MEMORANDUM

October 24, 2012

To: Members of the Budget Committee

From: Larry Stimpert, on behalf of the Compensation Committee

Re: Recommended increase in the staff salary pool

The meetings of the Compensation Committee have so far focused primarily on a several staff compensation issues, including discussion of a recommended increase in the staff salary pool. After reviewing available data, the committee, by consensus, agreed to recommend a three percent increase in the staff salary pool for the 2013-2014 academic year.

The data reviewed by committee members before making this recommendation included the annual (September 2011 to August 2012) increase in the national Consumer Price Index (CPI) of 2.58 percent, and a detailed report from the Mountain States Employers Council. This report shows an average projected salary increase of 2.2 percent for Colorado Springs and a 2.4 percent increase for all of Colorado. At the same time, the report also shows that the mode, or most common response, for all employers in this group's sample is a projected salary increase of 3.0 percent.

While our recommendation for a three percent increase in the staff salary pool is consistent with the most common employer response in the Mountain States sample, it is higher than either the national CPI or the average projected salary increases for Colorado Springs or all of Colorado. After a good deal of discussion and consideration, the committee decided to recommend the three percent increase because the college still remains behind median salary levels for some job categories. A three percent increase in the staff salary pool will allow average staff salary levels to keep pace with inflation, and it will also allow the college to move closer toward the median wage and salary levels in all job categories.

Using a formula previously agreed to by the Compensation Committee two years ago, the committee also determined that the amount of the annual increase in the cost of basic goods and services would be \$594. This amount is "calculated by multiplying the CPI with the lowest hourly rate at Colorado College [\$11.06], then multiplying the product by 2,080 to represent a full-time 40-hour per week employee or exempt staff person" (i.e., $2.58\% * \$11.06 * 2,080 = \594). This amount (\$594) will actually be slightly higher once the lowest hourly rate (currently \$11.06) is increased to reflect the new minimum hourly rate in next year's staff salary structure.