COMMITTEE ON COMPENSATION
Block 6 Minutes
February 27, 2012

Present: Joan Ericson, Karen Klein, Dianne Knight, Paul Kuerbis, Bob Loevy, Shaleen Prehm, Carrie Ruiz, Chad Schonewill, Patti Spoelman, Diane Westerfield, Barbara Wilson and Dan Johnson (chair)

The meeting started at 3:15pm to permit members with conflicting meetings to join us before discussion started.

We started with a review of where College community members can find information. All committee materials are now available in three electronic locations: our website, the public folders, and our PROWL site. Chad has been fielding questions about access, so all users should know that they need their username and password to access committee materials (but that those materials are available to all College community members).

Dan gave a summary of the status of all recent committee proposals: same-sex truing-up (awaiting legal counsel's advice), vacation leave (awaiting HR's census of vacation leave for all positions), salary (accepted and implemented by the Budget Committee, presented to trustees last weekend), full professor progression (under further discussion by faculty of this committee), compensation philosophy (now figuring prominently on our website and in our compensation policy), and employee contribution increases for Emeriti (recently shared with FEC and Staff Council, under consideration by the president and VP Finance).

As our first substantive order of business, the Committee discussed the College's commitment to a "living wage" or "self-sufficiency wage" policy. A member of our community expressed concern to the committee, on behalf of other community members, that we have not been increasing the lowest wage at our institution in line with estimated increases in the cost of living as determined by the Colorado Policy Institute. Human Resources brought data to help our discussion, and we confirmed that the current self-sufficiency wage (or SSW hereafter) is officially $9.04 per hour in El Paso County for a single employee without dependents, a level which is very comfortably surpassed by Colorado College's minimum wage of $10.86 (with a commitment to raise that level to $11.06 in the next fiscal year). This is firmly in line with the priorities outlined by the Working Group on Staff Compensation and Classification report in 2010, as part of the effort to restructure staff salaries. We then launched into a discussion about the appropriate definition of SSW. If we commit to a level designed to support a family with two working parents and two dependent children, the El Paso SSW is $13.42 per hour. If we instead choose the SSW rate to support a single adult wage-earner with a preschool child, the SSW is $18.56 for the current year. There are obvious challenges in meeting these higher minimum levels.

- costs would be substantially higher, requiring an increase in tuition, a decrease in services offered to students, and/or a decrease in our ability to attract and retain employees at other wage levels; and
- increasing our lowest wages further would cause compression of wage bands for those who are immediately above SSW, requiring a need to increase their wages as well, to account for experience or job-related skills; and
- imposing significantly higher minimum wages would jeopardize the College's objective of matching each position to its market wage as we would effectively be paying bonuses to certain job categories, compared to what the other employers would pay; and
- a choice of any SSW is somewhat arbitrary, as it involves the College in an element of personal choice (i.e. whether or not the employee chooses to have dependent children). While we wish the College to remain a family-friendly employer, as is stated in our Compensation Philosophy, we offer many family-oriented benefits that other employers do not offer, most notably subsidized child care services, subsidized health insurance programs for dependents, and tuition remission for dependents. Those benefits are extremely generous (i.e. expensive), and as a follow-up to this discussion, Human Resources will share the costs of those benefits with the Committee electronically before the next meeting.

We concluded that the College remains firmly committed to maintaining a self-sufficiency wage. While we wish that we could commit to a more generous definition of SSW, it would clearly come at a cost to other College objectives. Human Resources currently revisits wage levels every year, and promises to compare them annually to the published SSW for El Paso County, to ensure that we continue our commitment to a family-friendly workplace in combined salaries and benefits.

Next, we discussed the staff salary proposal for 2012-13, which will require a separate meeting by the staff members of this Committee in order to recommend a particular specific division of funds for next year. While the salary pool will raise by 2%, this does *not* translate into a 2% raise for each employee, as we have a renewed commitment to adjust salaries to market-based bands and to reflect individual performance in salary increases. We discussed how to facilitate that movement, presumably to be approached in stages that would incorporate some combination of an across-the-board component, (cost-of-living or cost-of-basic-goods-and-services, COBGS) with a position-specific component (for market adjustments) and a person-specific component (to recognize performance). The Budget Committee has earmarked an additional $200,000 to move salaries that currently fall below appropriate market-based bands into their respective bands, and to attend to the resulting compression. We discussed a hybrid proposal that might involve some version of a fixed-dollar increase to all employees based on the rate of inflation as identified by the Compensation Committee in the fall, along with SalaryPlanner (the system that supervisors used before 2009 to allocate raises among employees). We recognize the recurrent concerns about the varying evaluation abilities of supervisors, and whether employees are compared to subjective expectations or against more absolute performance rubrics. The staff subcommittee will reflect on the alternatives and share a proposal with the full committee in the weeks ahead.

Faculty members have their own work to do before the next meeting, and will plan to meet later this week or next to finalize a proposal to change the progression model for full professors. They will share that proposal shortly thereafter, and may make a motion on the floor of the Faculty Meeting.

Another recurrent theme that has been raised to the Committee this Block is the need for clearer personal communication on the reasons and specific values for annual raises. Barbara Wilson shared a sample staff salary document from the 2002-5 period which documented the annual raise in both narrative and financial (quantitative) fashion, which might serve as a good template for both faculty and staff salary letters. We recommend that salary letters revert to this format, for reasons of clarity. We will post a version of that sample letter in this location shortly.

Finally, the Compensation Committee received a question this past Block about the fees that retirees pay to participate in Emeriti. Human Resources clarified that the fee structure is actually divided between active employees and non-active employees rather than having a class for retirees, with non-active status beginning once funds are removed from a participant's Emeriti account for the first time (regardless of their employment status). Management fees by the Emeriti program and by TIAA-CREF are identical for active and non-active employees (at $5 per month and $0.67 per month respectively). However, the company that manages and verifies accredited withdrawals from the plan charges $1 per month for active employees and $6 per month for non-active employees because the administrative burden is trivial for active employees but often quite substantial for non-active employees. This represents a change from our previous administrator, who offered 4 free submissions per year for non-active employees with a cost of $6 per submission thereafter (whereas the current administrator permits unlimited free submissions for a fixed monthly fee). This means that non-active employees pay a fixed annual fee of $140.04 regardless of their plan activity levels, which may be more or less than under the previous administrator depending upon their frequency of activity. Active employees face annual fees of $80.04, which the College subsidizes down to $44.04. Should the College choose to subsidize non-active employees, it would become a Federal Accounting Standards responsibility, so would involve large oversight and accountability requirements to the federal government, costs that the College is reluctant to engage given the large risks involved should a guideline be inadvertently broken. We concluded that the current system seemed appropriate, given the legal constraints that we face.

Details of our health insurance costs for 2012-13 will be presented at the "In The Loop" meeting and Faculty Meeting in Block 7, at which point the Compensation Committee will learn about those details too.

The meeting adjourned at 4:47pm.