The Committee on Compensation

End-of-Year Report

May 14, 2007

Margie Ainsworth
Peggy Berg
Alan Davis
Patricia Purdue
John Horner
Ellen Rennels
Horst Richardson
Robin Satterwhite
Jenn Sides
Daryll Stevens
Barbara Wilson, ex officio
Chris Melcher, ex officio
Robert Lee, Chair

The Committee on Compensation

End-of-Year Report

I. Recommendations and Decisions

Two reports available in the public folder of the Compensation Committee contain a set of recommendations to the administration. These reports are our “Report on Salaries for 2007-2008" dated December 17, 2006, and our “Report on Medical Insurance,” dated April 23, 2007. Here is a list of our principal recommendations from those reports and what we understand to be administrative disposition of those recommendations:

Faculty salaries: overall increase of 7.25%	Accepted
Staff salaries: 4.09% for COLA plus 1 % merit	4.00% plus .25% for “special merit and market adjustments”
Additional college contribution to TIAA-CREF of .3% (all employees)	Accepted
Medical insurance premiums: increases of 3% for POS plan and 14.3% increase for PPO plan (Projected needs: 1% and 20.3% respectively.)	Accepted
Increases of co-pays on “preferred” and “non-preferred” drugs ordered by mail to 2.5 times retail co-pays. Currently they are set at 2.0 times retail co-pays.	Rejected.

We understand that Emeriti is seeking changes in the IRS code to resolve the problem of access to accumulated funds by 1) domestic partners and 2) heirs in the case there is a balance after the demise of the employee and spouse/partner or eligible dependents. It wants to line up the treatment of Emeriti accumulations with that of retirement funds more generally.

II. Recommendations on Tuition Remission

1. We have already recommended, and that recommendation has been accepted, that any change in policy come no earlier than the fall of 2009. The new ACM TREP plan will then be in full effect. Students entering ACM or TREP schools in the fall of 2007 and 2008 will receive tuition remission for the duration of college careers, whether at CC or other ACM schools according to the rules in effect when they enter college. The contribution of receiving institutions will drop from 100% to 75% this coming fall, to 60% in the fall of 2008, and to 50% in the fall of 2009. Current CC policy is to fully pay the difference for students it sends to other participating ACM schools.

2. We recommend that next year’s Compensation Committee carry forward a plan to provide employees and their children a broader range of choices for higher education. We favor

proposals to bring tuition remission at CC and in the ACM down from 100% to 85% and using the money saved in the benefits budget to provide enhanced tuition assistance for those employees sending children outside the ACM to college.

3. We have looked at four options but settled on two of them as most likely to satisfy the college community. While many faculty and staff are resistant to any change in current policy, a substantial number of employees in both categories want a broader range of options. Until the Compensation Committee chooses a single option and brings it forward for debate, no one can be certain about general reaction of the community. We hope that the new Compensation Committee will take a single proposal to the faculty and to Staff Council next fall. The committee could decide on the basis of these discussions whether to recommend change to the Administration and Trustees.

4. We favor Options Two and Three. Both would bring tuition remission at CC and in the ACM to 85% (in TREP, that means a receiving institution pays 50%; as an exporter CC would pay 35% of the receiving school's tuition; parents and students would be responsible for the remaining 15%. Help for those with financial need would, of course, be available.). See Appendix I for details.

- Option Two: Outside the ACM employees would be eligible for tuition assistance up to 10% of CC tuition. Beyond that, and up to a figure equaling 25% of CC tuition, parents and students would be responsible. Beyond that number employees would be eligible for tuition assistance up to an additional 25% of CC tuition. Tuition assistance would never exceed total tuition charged at the selected school. **Advantages of this plan:** Almost all parents (with the exception of those sending students to Pikes Peak Community College) would end up bearing a part of the tuition burden. Assistance to parents sending students to high-cost institutions would be much greater than the current $1,000 and somewhat greater than assistance under Option Three.

- Option Three. Same arrangements as Option Two for CC and the other participating ACM schools. Outside the participating ACM schools, tuition assistance would be available up to 30% of CC tuition. **Advantages of this plan:** Simpler than Option Two. Would provide full tuition coverage for students attending many instate public institutions, such as the University of Colorado, where financial aid may be particularly difficult to obtain.

5. In public informational meetings held in March and April we encountered opinions of all sorts, about equally distributed between "stay put" and "go for change." One major concern was whether, in the event of change, the college could "grandfather" people employed with the promise of full tuition remission. That would effectively mean a 100% plan with much enhanced tuition assistance for all those currently employed. Such a scenario violates our assumption that change should not increase the cost of this benefit beyond what is necessary to reflect a rising CPI.

6. Phased implementation appears to us the most reasonable solution to the problem of transition. Suppose Option Three becomes the favored alternative. Full implementation might be

achieved in this fashion without the additional budgetary burdens represented by "grandfathering":

Fall 2009	95% tuition remission, CC and ACM: Tuition assistance to 10%.
Fall 2010	90% tuition remission, CC and ACM; tuition assistance to 20%.
Fall 2011	85% tuition assistance, CC and ACM; tuition assistance to 30%.

Such a schedule would give families a chance to plan and adapt to a new policy, if a new policy is adopted. The ACM has used just such a transitional plan in moving from the old to the new TREP arrangements. Of course, such a schedule would be too slow in the eyes of some and too rapid in the eyes of others.

7. We continue to be concerned that current college methods of calculating the costs of tuition remission and tuition assistance are inadequate. We price tuition remission for our own dependents at CC on the assumption they could be replaced by another student paying full tuition. Instead, the college receives less than 70% of the sticker price and provides the rest in financial aid. **We urge that the Business Office analysis undertake further study of these proposals this summer and provide findings to the Compensation Committee at the start of the new school year, so that the committee can go forward in full knowledge of likely consequences for the college budget.**

III. Agenda for next year

1. We recommend that next year's committee, in addition to considering these proposal on tuition remission for dependents, act to improve the program of tuition assistance for employees of the college. We have talked about change for two years without advancing a specific set of recommendations and lobbying for their approval.

2. Robin Satterwhite, who will remain a member of the committee, has volunteered to lead the way in looking at career patterns of staff, current conditions for retirement, and possible utility of a program of incentives for retirement. Barbara Wilson has pledged her cooperation in this endeavor.

3. The president has declared that he will re-open discussion of the mandatory character of the Emeriti program and present findings to the Compensation Committee.

4. We avoided major changes to the health insurance programs this year but are recommending that next year's committee move toward "normalizing" premium structures. It may wish to consider other changes in plan design, adoption of a Health Savings Account option, Long-term care insurance, or other possibilities.

5. The committee should discuss maternity/parental leaves policies for faculty and staff.

6. The committee will, of course, be called upon to look as usual at compensation policy in the light of an AAUP report due in October and reports on market conditions from Human Resources. Staff eligibility for full cost-of-living adjustments should be part of that discussion, as should further increase in the college's contribution to TIAA-CREF, which is being raised from 9.0

to 9.3% next year. The objective set several years ago is 10.0%

Margie Ainsworth
Peggy Berg
Alan Davis
Patricia Purdue
John Horner
Ellen Rennels
Horst Richardson
Robin Satterwhite
Jenn Sides
Daryll Stevens
Barbara Wilson, ex officio
Chris Melcher, ex officio
Robert Lee, Chair