REPORT OF THE AAUP SALARY AND COMPENSATION TASK FORCE

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COMPENSATION RECOMMENDATIONS
Executive Summary

The Colorado College AAUP recommends the following for the 2006-07 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, 3.11%, resulting in the following brackets: [1]

   Table 1

	Bottom		Top
Instructor	$48,727	-	$52,954
Assistant Professor	$52,964	-	$63,653
Associate Professor	$63,663	-	$77,047
Full Professor	$77,057	-	$124,994

   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 5.7%[2]. (See Appendix I)
2. That, in addition, the College provide the resources necessary to bring Colorado College faculty salaries within each rank to the median of the thirty comparable colleges. The additional increase necessary for the faculty salary pool is $1,384,480 or 10.50%. We recommend achieving this goal over the next 3 years. This will require an additional 3.38% per year for three years. The adjusted brackets are as follows.

   Table 2

	Bottom		Top
Instructor	$50,326	-	$54,692
Assistant Professor	$54,702	-	$65,743
Associate Professor	$65,753	-	$79,577
Full Professor	$79,587	-	$129,097

   For 2005-06, we are asking for an 9.13% (≈ 5.7% + 3.38%) salary pool increase in order to fund both recommendations 1 and 2. (See Appendix II.)
3. That the College continues to raise its contribution to retirement from the current 9.1% to 10% of salary by 0.3% each year for three more years. This will bring us into line with other outstanding liberal arts colleges. The cost in 2006 dollars of the increase for the second year is $41,822. (See p. 17.)

[1] The AAUP along with the Working Group on Faculty Compensation recently decided to calculate the average Consumer Price Index (CPI) using June, July and August measures of the CPI as part of an effort to complete its annual report before November. The CPI average for those three months is 3.11%. Had AAUP calculated the increase on the old basis of July, August and September, the increase would have been a much larger 3.83% due to a recent spike in consumer prices. The price increases indicate that the CPI increase may be larger in the future.

[2] The 5.7% 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.

4. That the College accept the AAUP recommendations on health benefits. (See p. 15-17.)

I. INTRODUCTION

As has become tradition, 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. The AAUP's recommended measures following below will ensure continued stability and high quality of the institution and its faculty in line with President Celeste's road map to the year 2010. Among other proposals, the President stated: "The seven-year plan would also improve the faculty and administration. It would decrease the number of visiting professors from 328 blocks this year to 253 in the year 2010." We strongly recommend continuing efforts toward that end. The AAUP recommendations are designed to help achieve the stated goal of investing in the human capital required in addition to excellent physical plant and academic programs.

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. The recommendations of the President's Task Force on Health Care should continue, based on regular, annual review.

In our traditional annual comparison with 30 peer liberal arts colleges (listed annually in US News and World Report), Colorado College continues to rank near the bottom in all three faculty ranks. Of particular concern is the ground lost in the Assistant Professor bracket as this may directly affect our ability to attract and retain the best possible candidates for new faculty positions. Similarly and despite a small adjustment four years ago, Full Professors continue to lag behind comparable colleges. Deserving faculty in this rank should to be rewarded for their many years of faithful service. Failure to do so may ultimately result in fewer professors accepting early retirement (SSS), 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 thirty colleges, we have slipped even farther behind. We therefore recommend a concerted plan to raise Colorado College toward the median if we are not to fall even farther behind next year. (See our recommendation below and in the appendices). Failure to do so will increase the disparities and make it increasingly difficult to bring us anywhere near the median, remain competitive nationally, and fulfill the goals expressed in President Celeste's road map toward the year 2010.

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 on 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, as outlined by former Dean Tim Fuller in an internal memo,[3] 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 practice, recent deans have rarely withheld pay increases that cover both inflation and progression. The sum available for extraordinary merit has apparently been fixed at $30,000 and AAUP suggests that it be increased each year by inflation. Recent proposals by members of both the AAUP and Colorado College Compensation Committee have included using the "extraordinary merit" to reward extraordinary service to the college. The focus of this report (and the calculations herein) addresses the AAUP recommendation that salary brackets be adjusted to bring CC to the median of comparable colleges by 2009-10.

The inflation adjustment to the salary bracket structure for 2006-07 will be 3.11% of the 2005-06 salaries. The merit-based progression component is the result of increasing each of the salary brackets (bottom and top) by the same factor of 3.11% 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. An outstanding faculty member may receive an additional, small merit increase.

The additional amount of 3.38% (or $446,220) represents the increase for the first year of a three-year program to raise CC to the median of peer colleges. In the 2003-04 academic year, AAUP recommended a 2.3% gap-reduction salary increase as the first of five annual increases to close the gap. The administration did not agree to the gap-reduction program though it did provide a 1.3% salary increase for different reasons the following year. In the 2004-05 academic year, AAUP again recommend an increase for gap-reduction, the required annualized value of which had risen to 2.86%. The gap-reduction program, again, was not implemented. With only three year's left to meet President Celeste's 2010 goal, a salary increase of 3.38% is required for 2006-07. AAUP recommends this gap-reduction salary increase be implemented. This results in the salary brackets outlined on page 2 of this report.

B. Faculty Salary Pool

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

$$\frac{\text{Total of Pay Increases for 2006-07}}{\text{Faculty Salary Pool for 2005-06}} \times 100$$

The faculty salary pool for 2006-07 is the total of all salaries of *full-time teaching faculty* members employed by the College in 2005-06. 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

[3]This memo is available from the Dean of the College.

savings realized by the replacement of retiring full professors with beginning assistant professors, and, thus, over-estimates of the cost of maintaining salaries for full-time, teaching faculty.

We illustrate using *actual salary data* from the past eight 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.[4] 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 4.87% (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 seven years is 4.97%.[5]

Table 3

Year	Salary Pool	Actual % Increase	Mean Actual % Increase	Projected % Increase	Mean Projected % Increase	Assistant	Associate	Full	Total
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 2005-06, the full-time professors grew from 143 to 165 while the number of full professors has shrunk from 76 to 68. This net decrease in the number of full professors is reflected in the difference between the mean actual percentage increase in the pool of 4.87% and the mean projected (by AAUP) percentage increase of 4.97%. In addition, the drastic decrease in full professors by 7 last year (the largest decrease in the eight years shown above) has reduced the actual percentage increase to 5.62% from last year's high of 9.43%.

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 1968-2005. Since 1997, this percentage had been decreasing steadily with the exception of a plateau at approximately 15.4% from 1998 to 2002. Since that time, however, the trend has continued downward ending at 12.9% in 2004-05. AAUP is concerned by this trend and will continue to monitor it closely.

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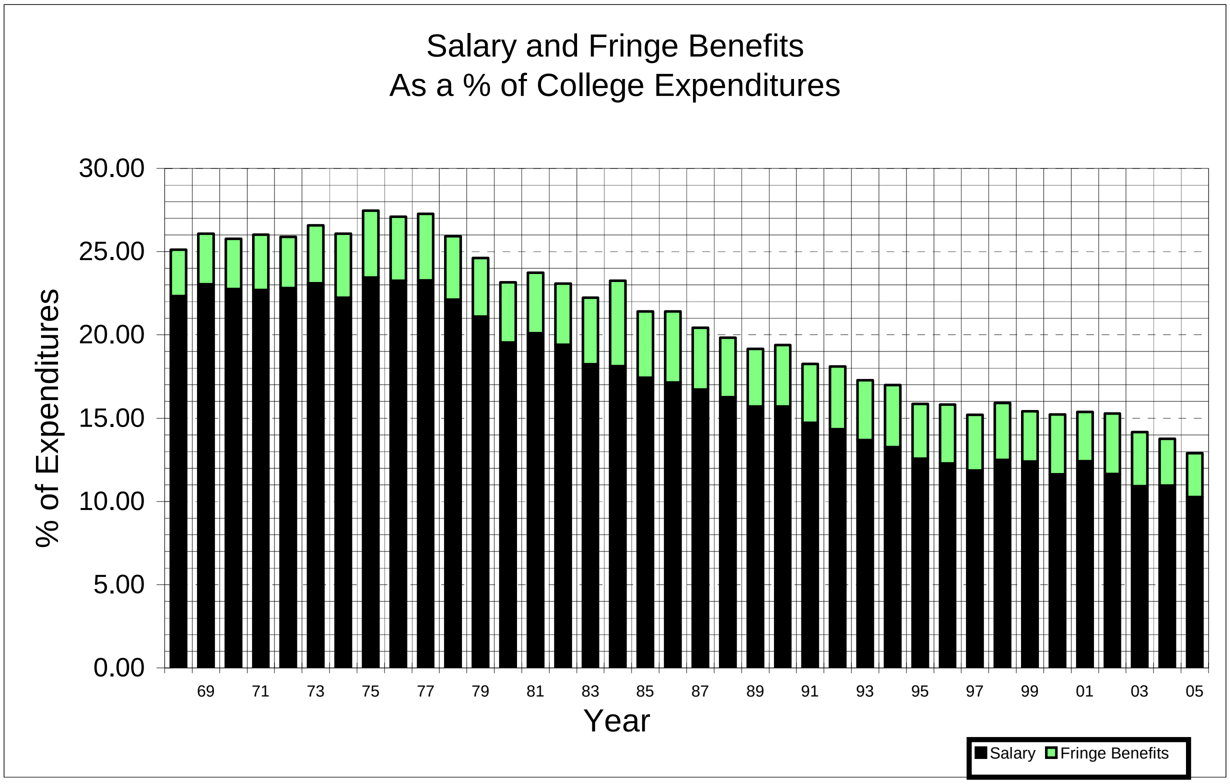
[4] We include all full-time faculty but exclude SSS faculty and certain other anomalies.

[5] Note that both mean values are geometric means and not arithmetic averages. For examples, the mean actual percentage increase of 4.87% represents how much the yearly salary pool grew on average over the eight-year period given a starting value of $9,332,061 and ending value of $13,183,704.



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.

C. Comparative Data: Colorado College and Similar Institutions

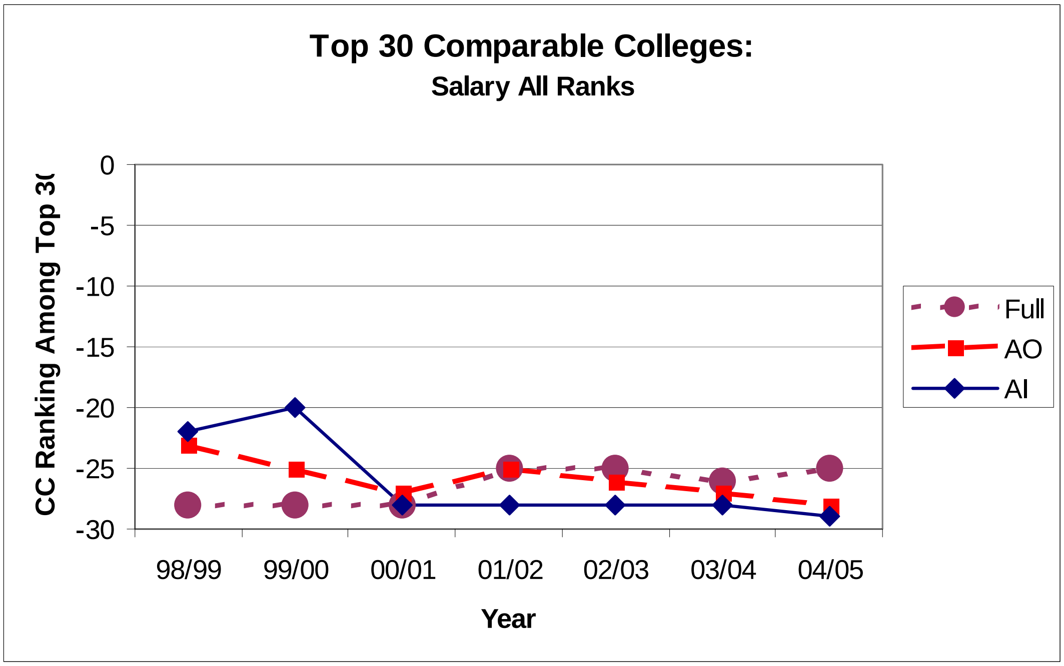
The AAUP Salary and Compensation Task Force regularly observes the progress of Colorado College professors relative to professors at comparable colleges.[6] We include data both for salaries and for total compensation where total compensation is the sum of salary plus fringe benefits.[7] In addition, the list of the "Senior Staff Twelve" colleges – 12 liberal arts colleges that President Celeste designated as "extra comparable" – is included. We include this list in our report in order to allow a comparison with the AAUP's list of the top thirty liberal arts colleges that is published annually in the US News and World Report and perform separate analyses on the members of both groups. We use the same averages published by Academe. One advantage is that we can show graphically the performance of Colorado College versus the individual performances of the other twelve institutions. Regardless of which measure we use, *Colorado College's ranking has not fared well in recent years when compared to other highly ranked liberal arts colleges in the first*

[6] To be included among the comparable colleges, an institution must have appeared among US News and World Report's top tier of national liberal arts colleges within the past five years. This year, 30 institutions comprise the list. Colorado college is ranked 27th. "Faculty resources" account for 20% of a college's ranking, with faculty salaries making up 35% of this 20%, or 7% 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.

[7] Taken from the March-April 2005 edition of Academe.

tier of US News and World Report's annual ranking.[8]

As depicted below, the most disturbing trend is for assistant professors (AI) whose salaries have slipped from 18th place in 1996-97 (not shown below) to 29th in 2004-05. Associate professors (AO) enjoyed an uptick in 2000-01, but thereafter continued a downward trend finding themselves in 28th in 2004-05. Due to a three-year welcome adjustment period in salary, full professors (Full) have benefited from a slight improvement in the last five years, moving up from a ranking of 27th to 25th.



The same general trends are present for total compensation, with assistant and associate professors dropping nearly to the bottom and only slight gains to full professors.

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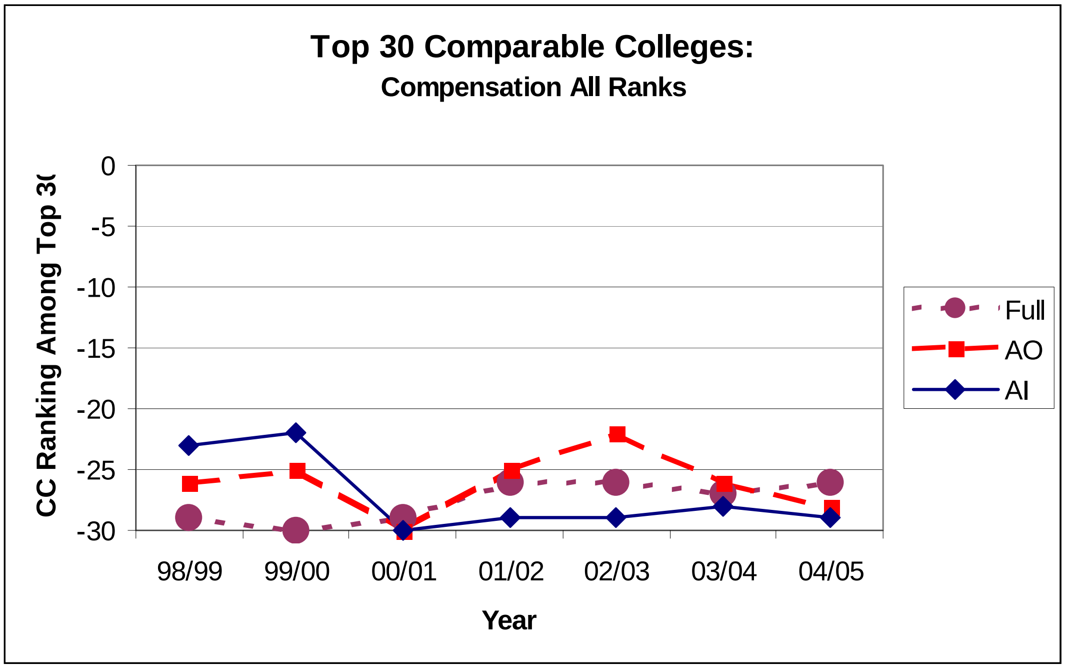
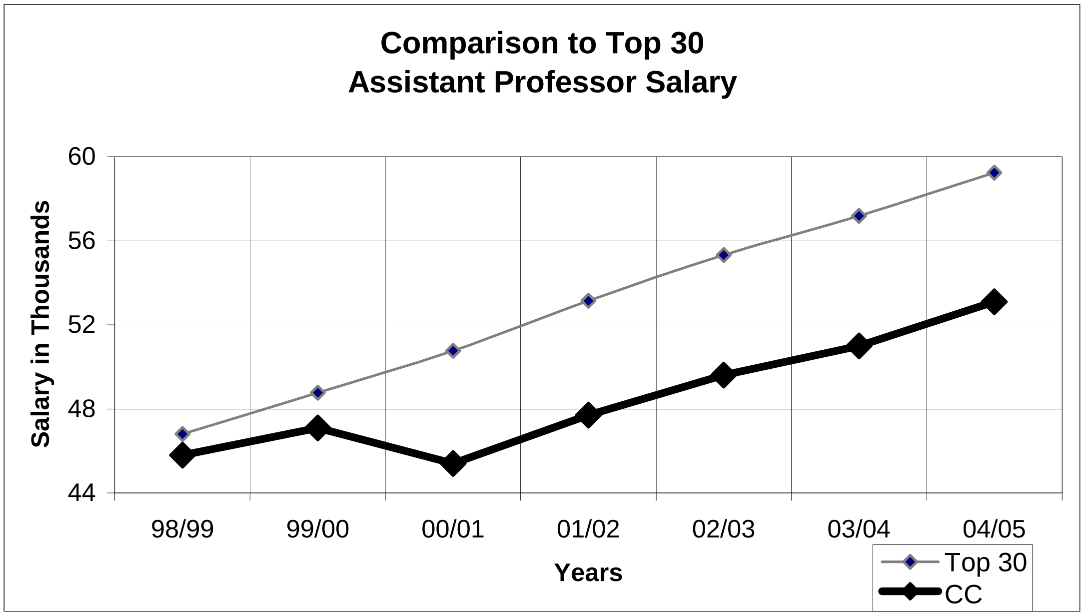
8 In addition to these statistics, Assistant Professor Patricia Purdue has produced an extensive study of faculty salaries. By all measures used, Purdue's study reveals that Colorado College appears to pay less to its faculty than the top 50, top 30 and Senior Staff 12 schools. She finds that CC ". . . pays between 2.4% to 8.6% (depending on professorial rank and measure used) less than the schools with which it competes most strongly for students." Her report, A Study of Faculty Salaries and Potential Correlative Factors, is available in the Compensation Committee Public Folders.

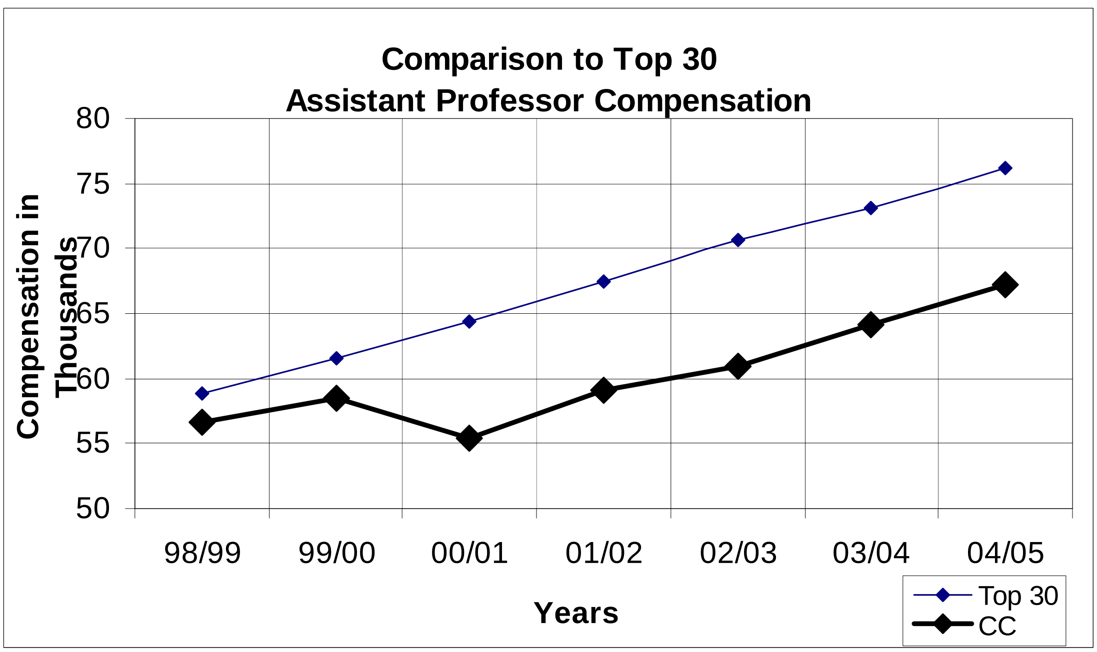


The actual *dollar discrepancies* of average Colorado College faculty contrasted with the averages of the 30 peer schools are also important. For assistant professors this dramatic drop in relative ranking for both salary and total compensation is reflected in the dramatic increase in the gap between the top 30 schools and Colorado College. Notice that most of the change occurred in 2000-01 and 2001-02 with no recovery since.

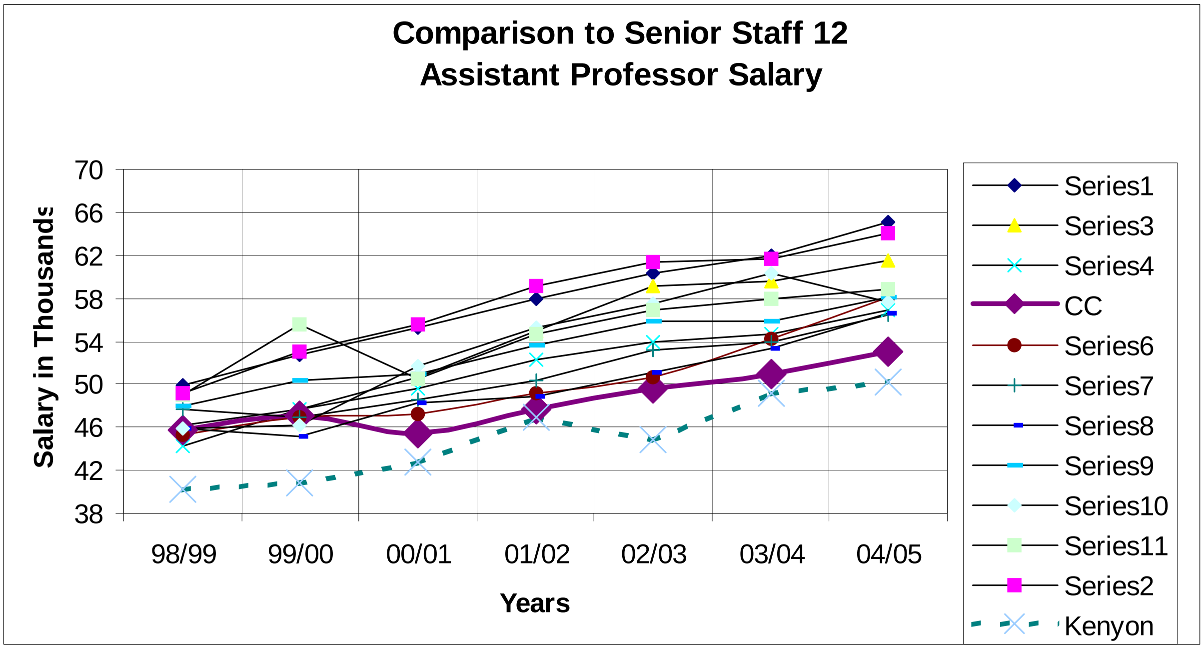
Comparative Data

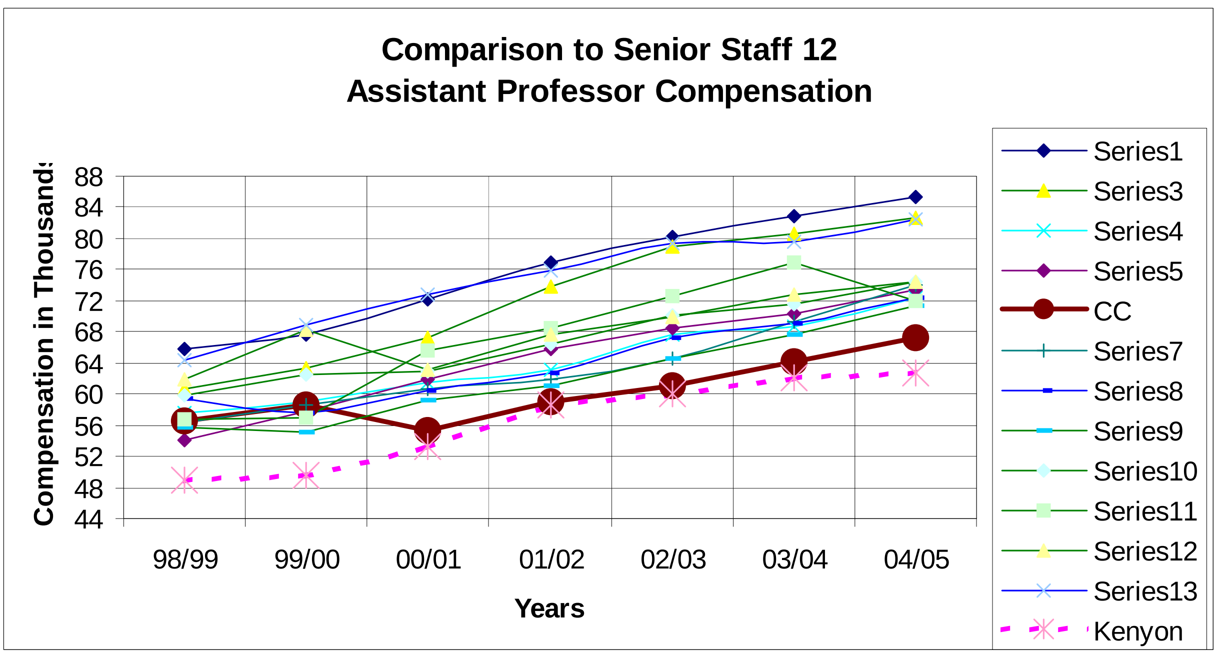
For assistant professors, graphs of the salary and compensation follow. Notice that CC fell behind a few years ago and has not recovered.



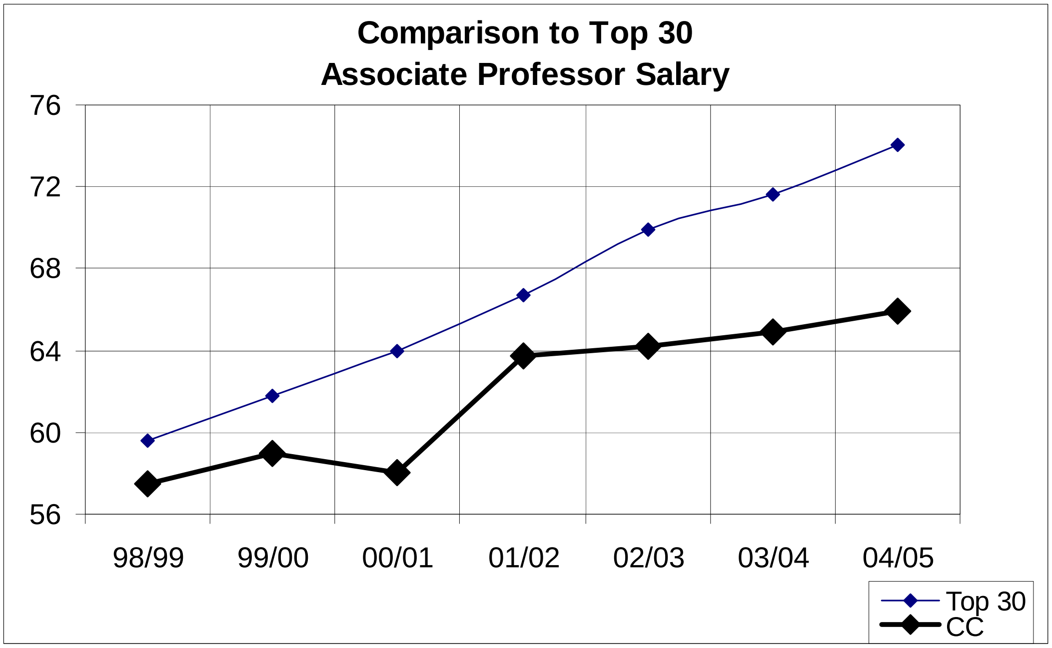


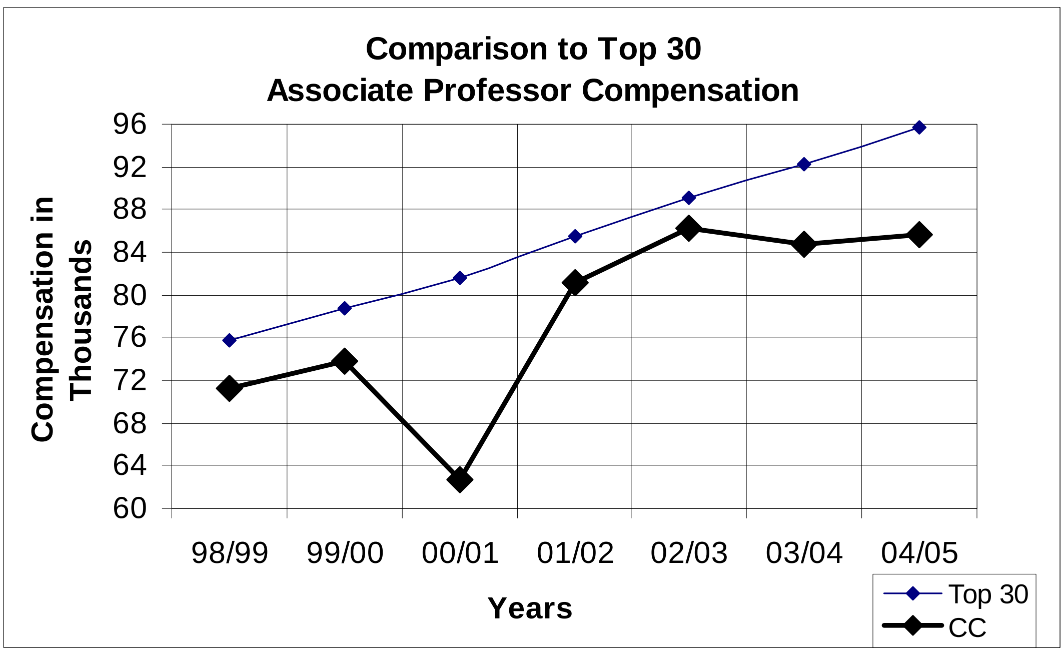
Ten of the twelve colleges in the Senior Staff list also appear on the AAUP's list of thirty. Colorado College is depicted in the graphs by a thick line as indicated in the legend. Not surprisingly, Colorado College ranks near the bottom of those schools shown. We comment briefly on trends within each of the three ranks. The corresponding figures for the Administration's Twelve Comparable follow. Colorado College is represented by the thick line and Kenyon College is represented by a dotted line. The former is highlighted for obvious reasons while Keynon is highlighted because of its status as both the newest member of the Senior Staff 12 (it replaced Trinity College) and is the lowest performer with respect to salaries in all ranks. The other colleges are simply listed as different "Series" in each of the Senior Staff 12 plots.



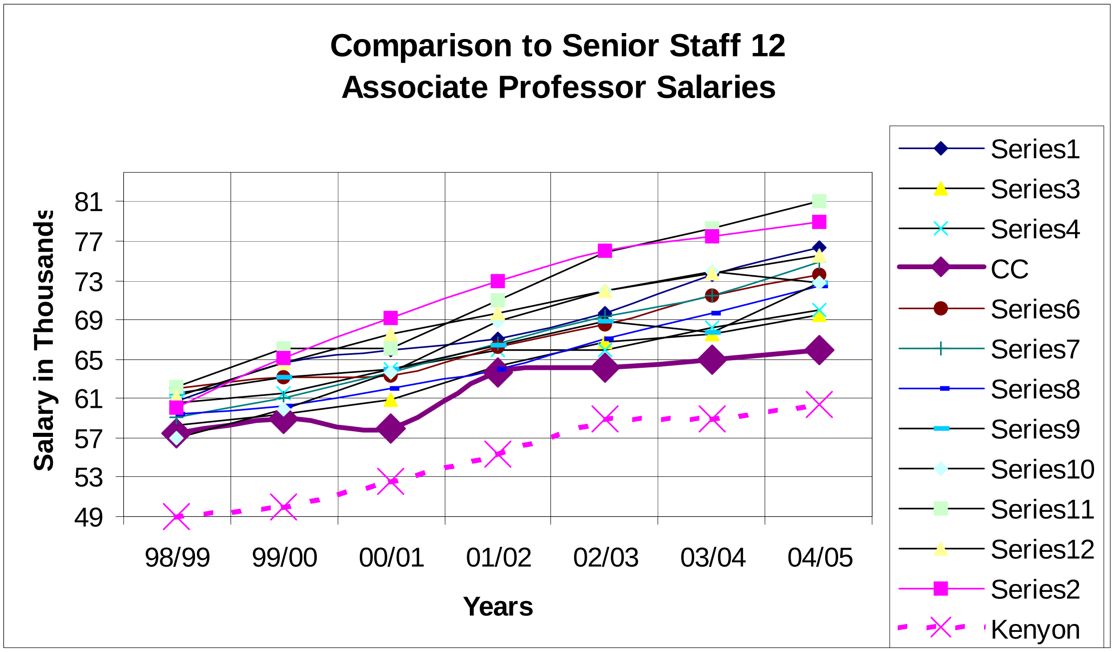


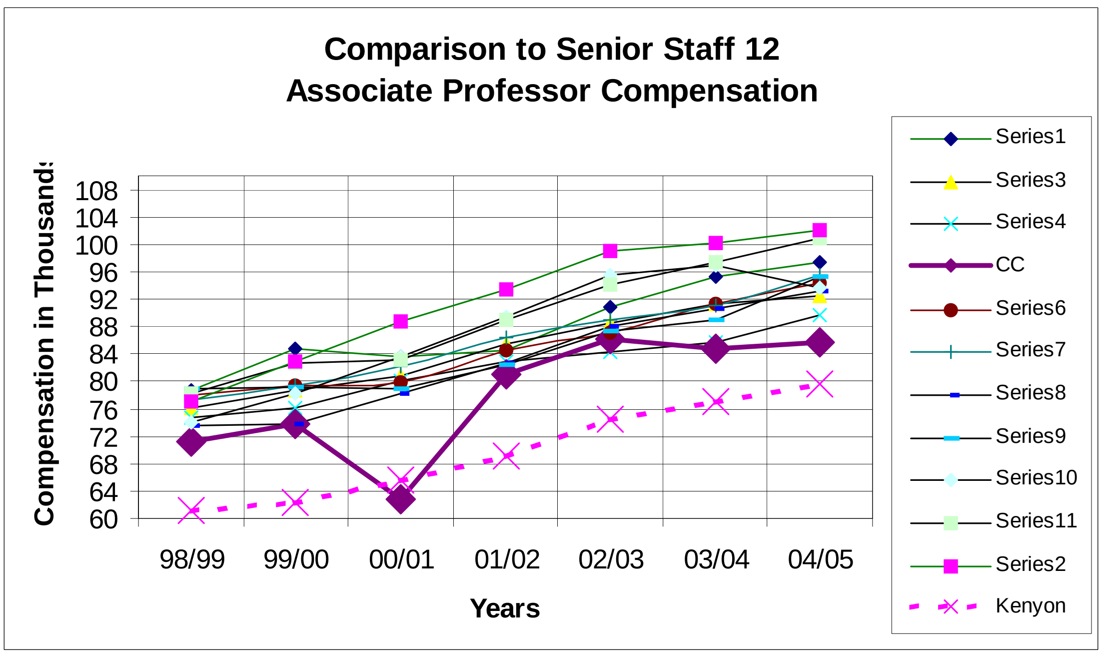
The same data for Associate Professors follows below. First the graphs of CC relative to the top 30 in salary and compensation:



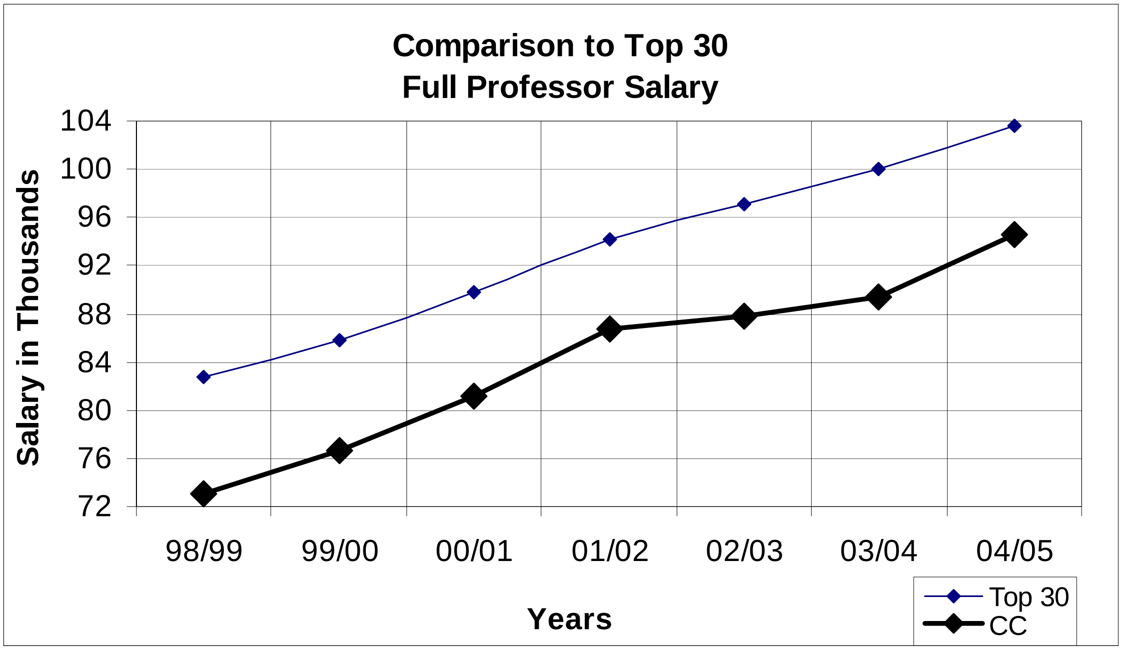


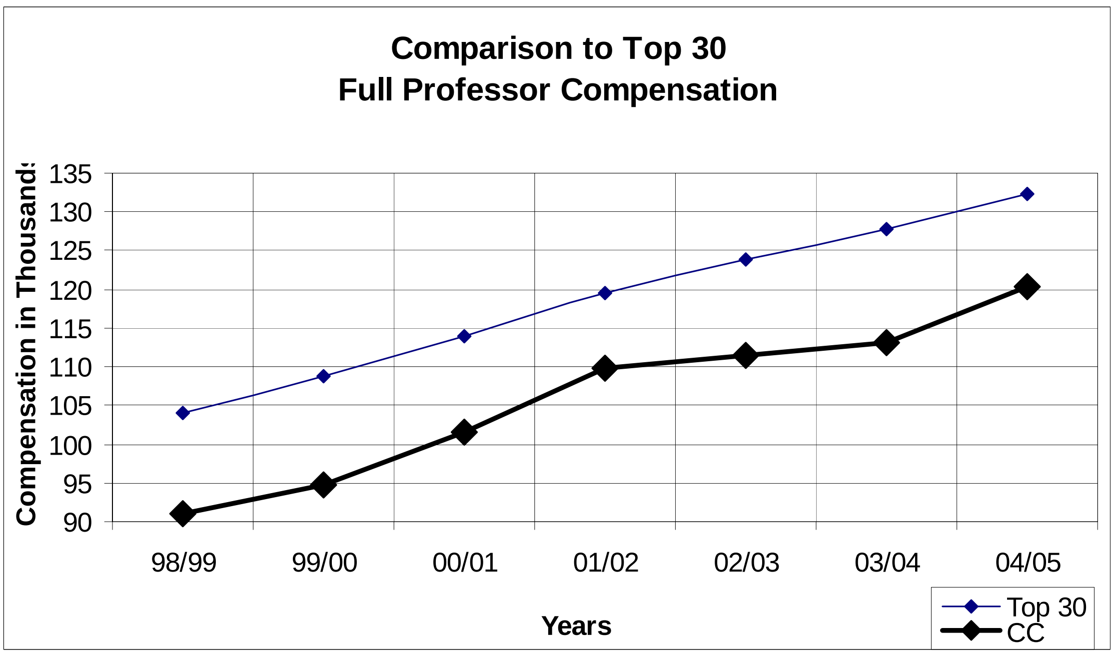
Now the same graphs for the Administration's list of twelve colleges



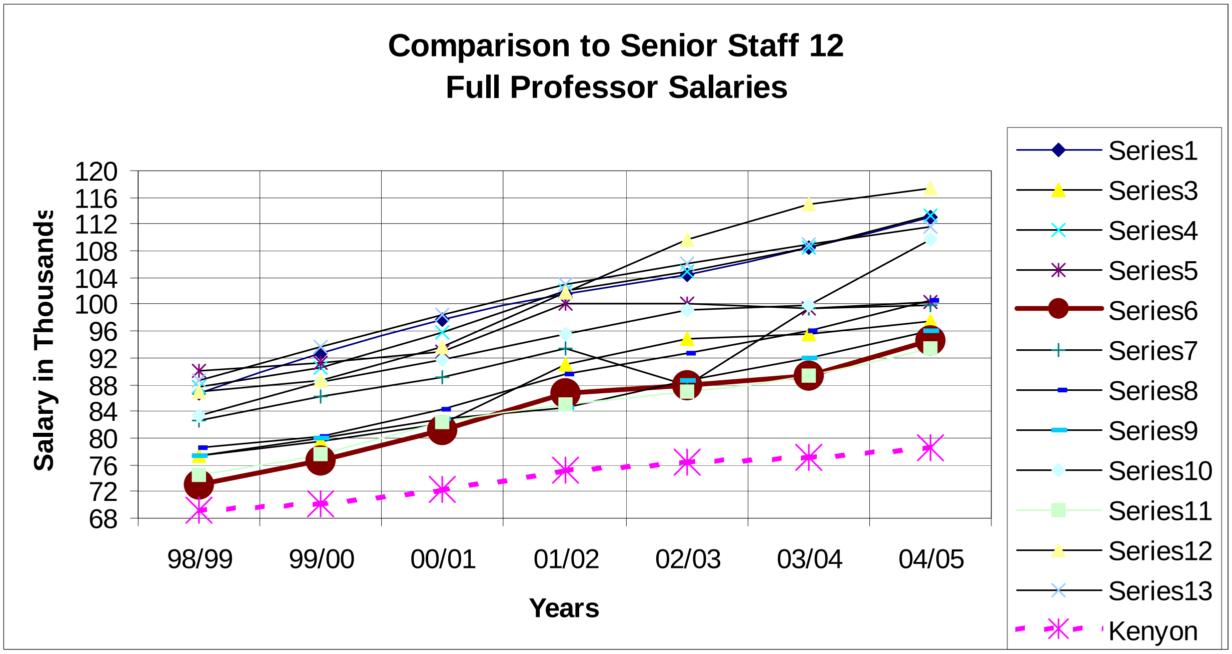


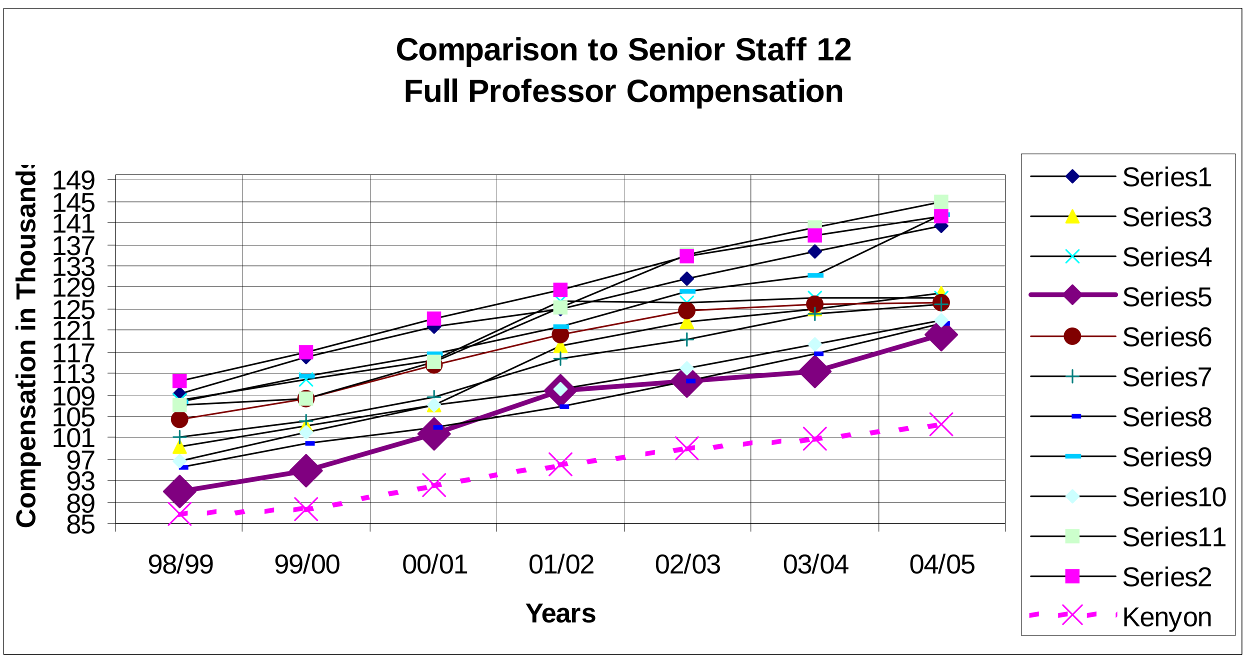
Finally, we look at the full professors. First, the comparison with the top 30:





Next, the Administration's list of twelve colleges:





Despite higher compensation for CC full professors, Colorado College remains in the lower ranks of the group and, in fact, has slipped farther this year. As suggested earlier, a special effort is necessary for the Full Professor and other ranks if we are to maintain our position, let alone improve to bring us to the median of comparable colleges.

We therefore again encourage the Administration and Trustees to commit to raising CC average salaries from the bottom of peer colleges to the median, see Appendix II. The farther CC salaries and total compensation slip behind peer colleges, the more difficult it will be to remain competitive in hiring and retaining an outstanding faculty, especially at a time when the expectations made of faculty continue to increase for the following reasons: a) almost daily advances in technology suitable for classroom use, b) increased interest of students in research projects with faculty, c) administering the various abroad programs at reasonable cost, d) growing demands for creating new and exciting courses for the First Year Experience, e) higher expectations for faculty research from the Administration, f) an apparently greater emphasis on community involvement under President Celeste, g) continued extraordinary demands of teaching and advising under the Block Plan and f) meeting the higher challenges posed by President Celeste's seven-year plan on the faculty from now until the year 2010.

We applaud the President's stated goal of reducing significantly the number of block visitors by 2010. While visitors do add a great deal of variety to the academic program one cannot expect to build a solid, full-time program by excessive reliance on visitors. For example, part-time faculty do not serve as advisors, they do not serve on committees, and they generally do not have the responsibilities of full-time faculty. A reduction in block visitors implies additional full-time faculty positions to ensure the College will reach the President's stated goals by 2010. The salary and compensation schedule proposed here by the AAUP can ensure that Colorado College will be able to attract and retain some of the best talent available today. A deteriorating salary and compensation position as we are currently experiencing will work against the goal of remaining one of the top liberal arts institutions in the country.

In the face of these growing demands and requirements, the College's commitment to better faculty compensation must become steadfast and receive a higher priority. We recognize that improvements in and additions to the College's physical plant will pose additional requirements on the budget; however, anything less than a concerted and immediate effort to move Colorado College to a more reasonable ranking of salary and compensation among peers is shortsighted and will make any attempt to catch up with the median of comparable colleges increasingly difficult.

III. EMPLOYEE HEALTH INSURANCE

A. Overview and Recommendations

The recent move to self insurance through Great West appears to have been sound and moderately successful in holding down costs. However, even with this move employees have had to accept considerable increases in premiums and deductibles which far outstrip the cost of inflation and are sure to be a hardship for employees at the lower end of the wage scale. The recent Segal-Sibson Outside Review of CC benefits and salaries reached conclusions with which we concur, namely, that "in some areas of the medical benefits program there could be improvements, primarily around co-insurance and co-pays paid by employees". (*Executive Summary*, p. 6).

The report makes the following observations which the AAUP also lists as areas of concern and suggested improvement:

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":

Plan Element	Observations
Contributions	a. CC employees with single coverage contribute a higher-than-average amount toward the cost of their healthcare. b. Full premium for the CC plan is higher than average
Co-Pays and Co-Insurance	a. CC employees share a higher-than-average proportion of healthcare costs through higher physician co-pays, deductibles, and per-admission co-pays. b. CC employees pay a lower-than-average co-insurance. However, this advantage is overshadowed by the items listed above. c. The higher-than-average premium rates further compound these findings.

The last year saw a substantial increase in insurance premiums, co-pays and deductibles for CC employees. For example, the PPO deductible increased from $250 to $500 in one year from 2003-04 to 2005-06. Co-pay for PPO moved from $20 to $25, and drug co-pay rose from $35 to $50 for non-generic drugs. POS increases were not as dramatic but still substantial.

The AAUP proposes that the College investigate the reasons for the higher-than- average premiums and deductibles. An addition, we recommend that, at the very least, present insurance coverage be maintained for the next three years with no changes in deductibles. In addition, the College should make every effort to remedy the shortcomings cited in the Segal-Sibson Report regarding co-pays, co-insurance and employee contributions. This should go hand in hand with a comparison of other ACM benefits programs, similar to what the AAUP has done with respect to salaries in the past.

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 problems in the future. Failure to do so will, in the short and long run, affect employee morale, as well as our ability to compete on a national level for the best prospective candidates.

Anecdotal evidence suggests that recent increases in insurance rates, co-pays and deductibles have been especially hard on employees at the lower end of the salary spectrum. We suggest that the College establish an initial emergency fund of $5000 to assist employees who may find themselves in financial difficulty because of high medical bills or who cannot defray the cost of extraordinary but necessary dental work. (Of course, the implementation of such a program would have to be examined in light of IRS guidelines). The CC Compensation Committee or Human Resources could receive applications from needy employees for an emergency grant from this fund (not a loan!). The program would be subject to reevaluation and reconsideration after a year or two to study the continued need for such a fund.

B. Retiree Program

Effective July 1, 2005, retirees covered by Medicare came under a new contract with Aetna Insurance. Initially, Aetna did not seem to have understood the nature of the group it covered, nor the requirements of its contract with EMERITI concerning them. However, many of the difficulties are currently being straightened out and there is hope that, in time, the system will work well. The premiums paid to Aetna are roughly comparable to those previously paid to Hartford; however, there are some additional fees amounting to about $10 per month per family, payable to EMERITI and Fidelity for servicing each account. The former and the current insurance policies differ in many respects but they appear to be of roughly equal value to the average retiree and spouse.

There is, however, one very uneconomical, indeed ridiculous, aspect to the present insurance arrangement for retirees. An actual case will illustrate this. An insured person makes an office visit to a specialist. Medicare allows $52.53 for this visit and pays the usual 80% or $42.02. Aetna then pays its contractual 80% of the unpaid remainder, $8.41, leaving the insured person to pay $2.10. However, the cost to the physician's office to bill this amount and to receive, record and process the payment is several times the $2.10 billed! This arrangement needlessly raises the cost of medical care for all parties involved. We suggest that the contract between EMERITI and Aetna be revised so that Aetna pays 100% of the Medicare allowable amount not paid by Medicare whenever the total allowable amount to any one provider in any one month is less than $400.00.

The activation of the new Medicare drug plan (Medicare D) on January 1, 2006, will require considerable change in insurance arrangements. We understand that Aetna will offer a choice of five plans, two of which will only cover prescription drugs, the other three both drugs and medical services. We urge the College to stay with the present arrangement for pre-1995 retirees whereby the College pays 80% of the cost of Aetna's Plan 1. The cost of doing so should stay approximately even with the present cost for persons entering the system and should decrease by about 8.6% for persons in the oldest age tier. In addition, for each person changing from the present Plan 1 to the new Aetna Plan 3, there will be substantial savings to the College, ranging from approximately 42.9 to approximately 37.8%, depending upon age. We further urge that the payment by the College toward the health insurance premiums for post-1995 retirees by annually increased by an amount equal to the increase in the Medical Care component of the CPI.

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 by 0.3% increments each year. The cost in the 2006-07 year – the third year of the plan – will be $41,822 in 2006 dollars. 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 5.7% to the faculty salary pool. This represents an increase over last year's figure of 5.4%. In addition, the first-year cost of a three-year program to bring Colorado College average salaries to the median of comparable colleges is estimated to be $446,220.04 (See Appendix II). The total percentage increase in the Faculty Salary Model is thus estimated at 10.50% for 2006-07.

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 and elsewhere. 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 (3.11%), adjusting individual salaries by the same rate and providing progression through the ranks is depicted in the following table.

Table 4

Rank	Brackets 2005-06	x	Inflation Adjustment	Brackets 2006-07
Instructor	$47,256	x	1.0311	$48,727
Assistant Professor	$51,365	x	1.0311	$52,964
Associate Professor	$61,741	x	1.0311	$63,663
Full Professor	$74,731	x	1.0311	$77,057
Top of Full Professor	$121,221	x	1.0311	$124,994

The next two charts illustrate how progression is determined and then how the 10.50% increase is calculated to meet the Faculty Salary Model. We first use the 2006-07 brackets to calculate progression pay.

Table 5

	Bottom		Top	Width	Years in Rank	Progression
Instructor	$48,727	-	$52,954	$4,227	2	$2,113
Assistant Professor	$52,964	-	$63,653	$10,689	6	$1,781
Associate Professor	$63,663	-	$77,047	$13,384	8	$1,673
Full Professor	$77,057	-	$124,994	$47,937	21	$2,283

We add the payments for both inflation and progression to the previous year's (2005-06) average salary data for each rank to estimate the average salary for the upcoming year (2006-07). 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 6

Rank	Average Salary 2006-07	x	Number in Rank	Total Salary 2006-07
Instructor	$53,400	x	11	$587,397
Assistant Professor	$58,682	x	54	$3,168,844
Associate Professor	$71,629	x	43	$3,080,046
Full Professor	$104,477	x	68	$7,104,429
Total Salary Cost for Year 2006-07 = $13,940,716				
Total Salary Cost for Year 2005-06 = $13,183,704				**% Increase =** 5.7**%**
Total Increase = $757,012				

The second of a five-year effort to move Colorado College average faculty salaries within each rank to the median of the average salaries of the top 30 colleges (US News and World Report ratings) requires an additional 3.38% increase above inflation. (The next appendix details the effect of the 3.38% increase on the faculty salary pool.) An upward adjustment to the 2005-06 brackets of a total of 6.5% (≈ 3.11% + 3.38%) yields:

Table 7

Rank	**Brackets 2005-06**	**x**	**Adjustment**	**Brackets 2006-07**
Instructor	$47,256	x	1.065	$50,326
Assistant Professor	$51,365	x	1.065	$54,702
Associate Professor	$61,741	x	1.065	$65,753
Full Professor	$74,731	x	1.065	$79,587
Top of Full Professor	$121,221	x	1.065	$129,097

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

Recent years have seen a continuing deterioration of faculty salaries and total compensation with respect to comparable colleges. CC continues to rank close to the bottom of thirty colleges in our comparison group in <u>US News and World Report</u>. There can be no doubt that such a slide has had a deleterious effect on faculty morale and on our ability to attract the best possible teaching and research talent.

The College embarked on improvements in the infrastructure, including major new buildings, both academic and non-academic. While such changes are often necessary and justifiable, they also represent a decision to emphasize the allocation of resources in this area rather than to salaries and other compensation needs. The result has been a continuing slide by Colorado College to the bottom of thirty comparable colleges in average salaries and total compensation. We recommend that the College embark on a similarly vigorous program to raise faculty salaries and provide better and affordable health benefits.

It may be argued that failure to raise Colorado College from its present low position in all ranks will ultimately undermine efforts to improve the College's standing in the <u>US News and World Report</u>, attract and retain the best faculty, and bring to the campus the best possible students. While one may disagree about the true worth of these rankings, there can be no doubt that these are used as an important guide by both prospective students and parents when choosing a college.

We suggested in 2002-03, 2003-04 and 2004-05 that the College begin to address the salary gap right away. We strongly recommend that the College commit to the recommended three-year plan to raise Colorado College average salaries from their present position to the median of comparable colleges. The longer this issue is delayed, the more difficult it will ultimately be to rectify our lopsided position. We urge the administration and trustees to enact a special effort this year and not allow further deterioration in our position. We estimate that the cost for the first year (to be adjusted annually depending on progress made) will be 3.38% or $446,220 for all faculty. This amount is calculated in addition to the projected increase for regular faculty salaries as outlined in this report.

The computations below show how we arrived at the $1,384,480 figure and should be self-explanatory. The first four and last two columns of the following chart are in thousands of dollars.

Table 9

Rank	Median of Top 30	CC	Difference	Number	Cost (2005 $)	Cost (2006 $)
Assistant	$58,800	$53,147	$5,653	54	$305,254	$313,588
Associate	$74,200	$65,858	$8,342	43	$358,700	$368,492
Full	$104,700	$94,645	$10,055	68	$683,734	$702,400
All				165	$1,347,688	$1,384,480
Total Salary Pool for 2005-06 = $13,183,704						
% increase needed = 10.50%						
% for each of 3 years = 3.38%						