Background Document: Bonus Chill Resolution

Prepared by the Administrative Professional Council, ESJ Committee, CSU Fort Collins

This document provides factual context for each of the WHEREAS statements to accompany the APC resolution passed unanimously by the Administrative Professional Council on Monday April 13 entitled "Bonus Chill Resolution."

Bonus Chill Resolution

This resolution is grounded in a straightforward principle: during a period of declared budgetary shortfall, finite compensation resources should be directed toward the broadest possible benefit to the workforce rather than concentrated in discretionary one-time payments to the highest-earning employees. The background document that follows provides the factual foundation for the proposal, supporting each WHEREAS clause with data drawn from publicly available sources.

WHEREAS, a majority of AP employees at CSU Fort Collins have not received pay increases meeting or exceeding the rate of inflation in recent fiscal years

Inflation vs. CSU raises:

Year	National CPI[1]	Denver-Aurora-Lakewood CPI	CSU Raise	Gap Relative to National CPI	Gap Relative to Regional CPI
2021-2022	6.5% (2021)	4.7% (2021)	3.0%[2]	-3.5%	-1.7%
2022-2023	6.4% (2022)	8.0% (2022)	3.0%[3]	-3.4%	-5.0%
2023-2024	2.9% (2023)	4.1% (2023)	5.0%[4]	+2.1%	+0.9%
2024-2025	2.9% (2024)	2.9% (2024)	0 - 1.0%[5]	-1.9% to -2.9%	-1.9% to -2.9%
TOTAL 2021-2025	**19.5%**	**20.7%**	**11-12%**	**-7.5 to -8.5%**	**-8.7 to -9.7%**

[1] Note, Bureau of Labor Statistics CPI data is noted for the full calendar year of 2021, 2022, …, 2025 (estimated), and does not precisely align with the CSU fiscal year.
[2] https://csusystem.edu/csu-system-board-of-governors-approves-fy22-budget/
[3] https://csusystem.edu/board-of-governors-approves-csu-campus-budgets-for-fy23/
[4] https://source.colostate.edu/board-of-governors-approves-historic-investment-in-compensation-for-employees/
[5] https://president.colostate.edu/speeches-and-writing/budget-update-4-3-2025/

Year	National CPI[1]	Denver-Aurora-Lakewood CPI	CSU Raise	Gap Relative to National CPI	Gap Relative to Regional CPI
2025-2026	*~2.4% (2025)*	*~2.6% (2025)*	*3.0%*[6]	*+0.6%*	*+0.4%*

In real dollar terms, at a median AP salary of $69,000 that gap represents roughly **$5,200 in lost purchasing power** over four years relative to national inflation, and approximately **$6,000** relative to regional inflation.

WHEREAS, according to publicly available CSU Compensation Report, the median FTE-adjusted salary for non-faculty employees is $69,000 and executive salaries (defined as President, Provost, Sr Vice President, Vice President/Dean, Assoc Vice President or whose FTE-adjusted salary is greater than $500,000) is $596,294, with over sixty percent of employees earning less than $75,000 and nearly one-third earning less than $60,000 making it difficult for many employees to afford to live in Fort Collins;

Using the CSU Compensation Report (December 2025), filtered to all 12-month contract non-faculty staff (n=6,183) with salaries adjusted to a full 1.0 FTE equivalent, the data reveals a significant skew in compensation distribution. Because the compensation report does not distinguish between AP and State Classified staff, some Classified employees may be included in these calculations. Approximately 12% of the filtered dataset includes salaries under $50,000, suggesting some Classified staff are likely present given the 2023-2024 decision to establish a $50,000 salary floor for AP classifications. As a result, the figures below may modestly understate median salaries for the AP population specifically.

The median FTE-adjusted salary for all non-faculty employees is $69,000. For employees in the Executive classification (defined as President, Provost, Sr. Vice President, Vice President/Dean, or Associate Vice President, or any employee whose FTE-adjusted salary exceeds $500,000) the median salary is $596,294 (n = 10), a ratio of approximately 8.6 to 1 relative to the broader workforce median.

The top 10% of earners (n=619) account for $109,521,786 in total compensation or 22.1% of the total payroll, while the bottom 40% of earners (n=2,473) account for $130,729,835, or 26.4% of total payroll. Put differently, nearly a quarter of the total compensation budget flows to just over one in ten employees. At the other end, 60.4% of employees earn less than $75,000, 32.8% earn less than $60,000, and approximately 12% earn less than $50,000.

Additionally, four independent data sources support the claim that many AP employees struggle to afford living in Fort Collins:

CSU REDI Report Evaluating Housing Affordability in Fort Collins[7] (June 2022): This CSU-produced report finds that Fort Collins was once affordable to many, but workers in lower-paid occupations can no longer afford to live where they work, and the problem worsened

[6] Proposed increase
[7] https://csuredi.org/redi_reports/evaluating-housing-affordability-in-fort-collins/

significantly during the 2020-2021 pandemic period. The report further documents that between 2010 and 2020, Fair Market Rent in Fort Collins increased 50% while wages across most occupational groups rose by only $3 to $4 and that median wages for many occupations have not kept pace with fair market rents. Notably, this is a CSU-authored analysis of the community in which AP employees live and work.

HUD Fair Market Rent[8] (FY2025): The fair market rent for a 2-bedroom unit in Larimer County is $1,695/month — 20.4% higher than the Colorado state average. A single employee renting a 1-bedroom pays approximately $1,400/month, or $16,800 annually. It is important to note that HUD Fair Market Rent is set at the 40th percentile of rents paid by recent movers meaning 60% of available rental units in the market are priced above this figure. Actual market rate rents in Fort Collins are therefore likely to be higher than these figures suggest, making this a conservative estimate of housing cost burden.

MIT Living Wage Calculator[9] (updated February 2026): A single adult with no children in Larimer County requires $55,671 annually before taxes to meet basic needs. A single adult supporting one child requires $102,513 annually before taxes.

Ratio of median AP salary to cost of living: At a median AP salary of $69,000:

- Housing alone consumes approximately 24.3% of gross income, if calculated using HUD Fair Market Rent. This indicates that many employees are likely approaching or extending beyond the standard 30% affordability threshold before taxes, utilities, or other expenses are considered if they are paying market rates

- Any AP employee earning a single income and supporting one child falls significantly below the living wage threshold regardless of salary level up to approximately $100,000 gross

Taken together, these figures demonstrate that cost of living pressure in Fort Collins is not anecdotal, it is measurable, documented, and disproportionately felt by lower-earning AP employees.

WHEREAS, one-time bonuses awarded to employees are subject to federal supplemental withholding, meaning a significant portion of those funds are transferred to the federal government — the same federal government that has withheld funding from the State of Colorado — rather than remaining in the local economy where CSU employees live and work;

When an employee receives a bonus, the IRS requires that it be withheld at the federal supplemental rate of 22% for amounts up to $1 million, meaning more than one-fifth of every bonus dollar is transferred to the federal government immediately upon payment. This is distinct from regular wages, which are withheld at the employee's marginal rate. For a senior staff employee earning at or near the executive median of $596,294, the actual marginal federal rate is 37%, meaning the 22% supplemental withholding understates their true federal tax obligation,

[8] https://www.huduser.gov/portal/datasets/fmr.html
[9] https://livingwage.mit.edu/metros/22660

and the difference will be collected at filing. In either case, a substantial portion of every bonus dollar flows directly to the federal government rather than into the local economy, if the money were directed elsewhere during this period of budgetary shortfall.

The State of Colorado Office of Federal Funds and Strategic Initiatives has further documented the loss of nearly one billion dollars of cancelled funds and nearly $500 million at risk for cancellation or loss[10]. The Office of Federal Funds and Strategic Initiatives notes: "When these funds are reduced or withdrawn, the impacts are felt by families, workers, local governments, and businesses statewide." By directing any funds from executive bonuses to other financial needs within the system, a greater proportion of the funds stay within our community and benefit the employees of the Colorado State University System.

WHEREAS, under section 2.2.3.10 of the CSUS Fiscal Rules and section 2.22.6 of the CSU Financial Rules, bonus compensation may only be provided pursuant to a negotiated contract of employment or agreement approved by the Chancellor or President, meaning new bonus agreements remain subject to executive discretion;

Two governing documents establish that bonus compensation at CSU is not automatic or guaranteed, it requires affirmative approval at the executive level:

Section 2.2.3.10 of the CSUS Fiscal Rules (Board of Governors, revised June 2018) states:

"Bonus Compensation may only be provided pursuant to a negotiated contract of employment or agreement approved by the Chancellor."

Section 2.22.6 of the CSU Financial Rules (effective September 2025) states:

"Any employee incentive program must be approved, in advance, by the President or the President's authorized designee and must comply with applicable laws and regulations."

Taken together, these provisions establish that no bonus or incentive payment may proceed without explicit executive approval. During a period of budgetary shortfall, the APC proposes that this discretionary authority be exercised to pause new bonus agreements and distributions to employees in the Executive AP classification or whose salaries exceed $500,000, not as a permanent prohibition, but as a fiscally responsible exercise of existing authority that requires no new policy, no change to existing contracts, and no action beyond a decision not to enter into new bonus agreements during the shortfall period.

WHEREAS, allocating funds to one-time bonuses for senior staff while base compensation obligations to the broader workforce remain unmet represents a misalignment of fiscal priorities.

CSU is currently operating under a declared budgetary shortfall. In this context, every compensation dollar is a finite resource. The APC does not question the value of senior staff or the role that competitive executive compensation plays in institutional success. What we do

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[10] Federal Funding Disruptions website https://federalfunds.colorado.gov/federal-funding-disruptions

assert is that during a period of fiscal constraint, the equitable and fiscally responsible use of limited compensation resources requires prioritizing the employees most affected by cost-of-living pressure over discretionary one-time payments, especially to the highest earners.

The fiscal responsibility argument operates on several levels. First, as documented in the withholding section above, a meaningful portion of every bonus dollar is transferred to the federal government immediately through supplemental withholding, and the one-time nature of bonuses means they do not compound into future raises, retirement contributions, or benefits calculations. Second, the institutional cost of turnover among lower-earning employees — averaging approximately 40% of a departing worker's salary (Washington Center for Equitable Growth, 2020[11]) — means that failing to address compensation adequacy at the lower end of the salary distribution carries real fiscal consequences that accumulate over time and are often invisible in budget discussions. Third, and most directly, CSU is currently facing a projected budget gap of $38 to $48 million and has asked all units to engage in scenario planning for reductions of up to 8.75% (Parsons, A., *Budget Update*, January 12, 2026[12]). The same communication notes that even a 1% raise across campus costs approximately $5 million — underscoring how finite compensation resources are in the current environment. New discretionary bonus agreements for senior staff during the same period would be difficult to reconcile with that posture, directing one-time payments to the highest-earning employees at a moment when the broader workforce and institutional units alike are being asked to absorb reductions.

This is not an argument against competitive executive compensation. It is an argument for fiscal prudence during a declared shortfall, grounded in the principle that finite resources should be directed where they generate the greatest benefit to the institution and the community it serves.

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[11] Washington Center for Equitable Growth (2020), *Improving U.S. Labor Standards and the Quality of Jobs*. https://equitablegrowth.org/wp-content/uploads/2020/12/122120-turnover-costs-ib.pdf

[12] https://president.colostate.edu/speeches-and-writing/budget-update-1-12-2026/