Universities and a Living Wage

Much More than a Minimum Wage

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Introduction

In Spring 2006, 17 students at the University of Virginia took part in a sit-in in the lobby of the university’s president’s office (Bartlett). After four days they were charged with trespassing and were arrested. Similar protests occurred at universities across the nation throughout the late 1990s and the first decade of the millennium. Harvard, Vanderbilt, Georgetown and Stanford are just a few of the universities that experienced students, faculty members and low-wage workers rally together in a combined effort to push universities to pay workers a living wage.

This paper will examine these living wage campaigns and consider how universities, along with government can provide a living wage for all university workers. The first section of this paper will define a living wage and discuss some resources that constitute a living wage. The second section will consider how three universities – Harvard University, University of Virginia and University of Miami – have dealt with the issue of a living wage. Finally, the third section will provide some recommendations for how universities and government can provide a living wage for workers.

I. The Living Wage

What is a Living Wage?

A living wage provides workers wage and non-wage supports that allow them to work one full-time job, support themselves and their families according to the general standard of living
of society and effectively participate and contribute to civic life and engagement. By this definition, a living wage is much more than a wage that is above the minimum wage. A living wage provides the means for several cost of living expenses and needs: health care, child care, housing, transportation and food. A living wage that includes these non-wage supports and non-cash benefits addresses the wide array of needs of workers.

*The Inadequacy of the Federal Poverty Line*

To define a living wage, we must face the issue of the adequacy of the federal poverty line. Currently, the official U.S. poverty measure is an annual cash income-based, absolute poverty measure that is based on the Department of Agriculture’s Economy Food Plan – a budget of the “prices of specified amounts of different foods deemed necessary for low-income families to meet their temporary nutritional needs” – and differentiated “according to household size and composition” (Meyer and Wallace 36; Haveman 388). A family is only identified as poor if its annual pre-tax cash income falls short of the poverty threshold – a certain level of income – for a family of its size and composition. The poverty line is set at 28 percent of median income ("How to Improve Poverty Measurement in the United States" 235). Since it is an absolute poverty measure, the definition of needs is fixed. The poverty line does not change along with economic growth or the general standard of living of society and it is adjusted annually only for changes in prices using the Consumer Price Index (CPI) (Haveman 389; "How to Improve Poverty Measurement in the United States" 235). The official poverty measure assumes that money income “can buy those things the absence of which makes people feel deprived” and is
a sufficient proxy for and indicator of welfare and utility (Haveman 389). Unfortunately, the current poverty thresholds are not high enough to accommodate expenses associated with gaining resources, such as food and housing, which allow for several needs to be met. Current poverty thresholds also fail to subtract from income nondiscretionary expenses, such as taxes, work expenses and out-of-pocket medical costs, which cannot be used to acquire needed resources and buy good and services (Haveman 391). Work expenses include transportation costs as well as child care expenses ("How to Improve Poverty Measurement in the United States" 238). Since the federal poverty line does not include these expenses in its measurement of poverty, it is not adequate for determining whether employers pay their employees a living wage. A higher poverty threshold in needed to accommodate nondiscretionary expenses, such as taxes, and expenses associated with gaining resources. The living wage proposed in this paper takes into account that workers have expenses associated with gaining resources and will put workers and their families above the poverty line.

What about a Single Wage?

It would be impossible to provide a single wage that constitutes a living wage for all workers and their families. First, a single wage cannot address the wide array of family and non-family settings and broadly varying needs of all workers. The basic needs budget approach illustrates this point. Basic needs budgets set the threshold of meeting basic categories of needs, which is “calculated as the amount of income earned that would provide after-tax funds” equal to the total costs of meeting these needs (food, housing, transportation, clothing, health care, child
care) (Weldon and Targ 84). Depending on how the categories of need are defined and on the 
“family types and regions for which they are calculated,” basic needs budgets can “produce 
widely varying estimates of living wages” (Weldon and Targ 84). As a result, basic needs budget 
estimates of a living wage generate figures that well exceed the poverty line, “more closely 
approximating 200 percent of the poverty line” (Weldon and Targ 84). In 2002, a living wage for 
a single-parent family with two children would require about $16 per hour and a living wage for 
a two-parent family would require about $10 per hour (Weldon and Targ 84).

As the basic needs budget approach shows the income needs of different family types are 
simply too diverse to be addressed by a single wage. For example, some workers have no 
children, elderly family members or other dependents and can therefore, meet their needs with 
a lower wage than those workers who do have dependents. Setting the living wage high enough 
to support all families would thus, allow some workers to receive a wage that far exceeds their 
basic needs (Weldon and Targ 87). Similarly, if the living wage is set to allow two full-time 
workers to support a family of two above the federal poverty line, many families, such as single-
parent families and families with special needs children or adults, are still left “without enough 
earned income to meet their basic needs” (Weldon and Targ 89).

Second, as the basic needs budget approach also demonstrates, the wages required to 
ensure a living wage for workers and their families is simply too high for governments to 
feasibly mandate. The Department of Housing and Urban Development (HUD), defines “low 
income” as 80 percent of the median family income, and “very low income” as 50 percent of 
the median income (subject to adjustments for geographic variations in cost and family size)
(Weldon and Targ 83). The wages that workers would have to be paid in order to meet these thresholds are steep. In 2002, one full-time worker would need to earn $16 per hour, and two workers would need to earn $8 an hour, in order to reach the 50 percent threshold of the median income for a family of four. Two workers would need to earn $13 per hour each in order to reach the 80 percent threshold (Weldon and Targ 83). Providing a living wage through a single wage in the near future would require doubling or even tripling wages in a short period of time. An exponential increase in wages would probably be too overwhelming and burdensome for companies and universities to immediately handle and many of them would not be able to fulfill such a mandate for wage increases.

Third, a living wage that allows workers to adequately meet their needs through work alone based on need or family type is infeasible because it would allow workers to receive different wages “for doing the same work because of their home situation” (Weldon and Targ 87). Such a policy is dangerously reminiscent of past policies that justified paying women lower wages than males. The logic behind these policies was that the role of a woman was to stay at home and care for the members of her family while the role of the man was to be economically independent and earn enough money to “support his family without needing to depend on a wage-earning wife” (Weldon and Targ 87). A policy that sets the living wage based on a worker’s family situation could open the door for discrimination and undermines the principle of equal pay for equal work that women and minorities have fought hard to establish. Furthermore, this kind of policy would be rather invasive because it would give employers
access to information about employees’ personal family lives that they may prefer to keep private.

Because a single wage fails to address the diverse array of family settings and needs of workers and their families and paying workers wages based on their family situation is invasive and potentially discriminatory, a single minimum wage is inadequate and may not be the most effective way to provide a living wage. A living wage would better provide for the needs of workers and their families if it included non-cash supports, such as childcare subsidies, public health insurance, housing and transportation, paid vacation and personal or family emergency days, and cash supports, such as Earned Income Tax Credit (EITC). While several factors contribute to providing a living wage, the focus of this paper will be limited to the importance of child care, health care and income supplements.

Since the needs of workers are many and varied, employers cannot bear the responsibility of providing for these needs alone. Providing a living wage that will address the needs of all workers – despite the differences in need and family setting – will require a partnership between employers and government. The next section of this paper will focus on how employers and government can provide a living wage for low-wage workers through child care, health care and income supplements.

Child Care
Child care is one major family expense that can be subsidized by the government and businesses. Because of the minimal public funding available to compensate child care costs, “the minimal role of employers, and the heavy reliance on the private market,” child care constitutes a significant portion of low-income families’ income (Waldfogel 249). In fact, these factors cause low-income families to pay more for child care as a share of their income than do more affluent families (Waldfogel 249). Additionally, the care that the children in low-income families receive is usually of lower quality than the child care children in more affluent families receive (Waldfogel 249).

A Spring 2005/Summer 2006 U.S. Census Bureau Survey of Income and Program Population (SIPP) shows that families that live below the poverty line with children under 15 years old and employed mothers spend 32.4 percent of the family monthly income on child care expenditures (Laughlin). For families that are between 100 and 199 percent of the poverty line, child care expenditures comprise 14.6 percent of the family monthly income and for families with incomes at 200 percent or more above the poverty line, child care expenditures comprise 6.3 percent of the family monthly income (Laughlin). The cost of child care can be even more burdensome for families with young children. Child care for young children is expensive and there is a dearth of child care facilities, particularly in low-income communities (Cancian and Danzinger 25). A Spring 2005/Summer 2006 U.S. Census Bureau Household Economics Study shows that the average weekly child care payment for families with mothers present and children under 5 years old was $127.40 and constituted 9.3 percent of family income per month. The average weekly child care payment for families with custodial mothers and children
between 5 and 14 years old was $78.90 and constituted 4.2 percent of family income per month (Laughlin).

The difficulty of finding quality child care is compounded for parents who work during non-traditional hours (before 9 am and after 5 pm) or have irregular or nonstandard work schedules. Low-educated or low-skilled workers as well as parents in “married-couple families, in families with young children (under age six), and in single-mother families” are more likely than other individuals to work nonstandard or irregular hours (Waldfogel 244). The limited availability and steep cost of quality child care makes it hard for working parents, especially single parents, to balance their work and home life. An assessment of the 16 localities that adopted living wage ordinances in 2002 shows that eliminating the cost of child care for workers decreased the disparity between the “wage needs of two-parent and single-parent families with two children by nearly 30%” (Weldon and Targ 91-92). Unfortunately, only about 15 percent of employers provide any assistance for child care (Waldfogel 249).

Several universities, including MIT, the University of California at Berkeley, Duke University and Stanford University, provide on-campus child care centers for employees (Wilson). However, these centers are usually intended to benefit only faculty members. Low-wage workers typically do not benefit from these facilities. These centers are built to ease professors’ struggle to teach full-time and raise young children at the same time. Many of them offer care during irregular hours to suit professors’ flexible schedules and “emergency backup care for professors whose regular form of child care...falls through” (Wilson). The centers not only provide a reliable and consistent source of child care but also help to build a support network
among professors who use the centers (Wilson). Unfortunately, universities fail to recognize that many low-wage workers are also working parents and face the same work-family issues that professors face. They too must struggle to strike a balance between meeting work demands and meeting the demands of family life. And, they also need a convenient center that provides reliable and consistent good-quality child care.

Because child care is a necessary cost of living expense for working parents, giving low-wage workers access to these centers is critical to universities providing them a living wage. However, universities must also provide subsidies so that all workers can afford to send their children to these centers. While some universities, like MIT and Georgia Tech, provide subsidies based on income to university employees, others do not offer subsidies and still charge steep prices. For example, George Washington University’s child care center charges as much as $1,321 a month for toddlers (Wilson). Still, even the universities that provide subsidies should ensure that the subsidies they offer are substantial and not unreasonably limited. Though MIT and Georgia Tech offer subsidies to employees, MIT only provides subsidies for about 40 children each year and Georgia Tech only provides a total of $5,000 in subsidies per year (Wilson). If universities do not have child care centers, they should offer subsidies to help workers pay for child-care expenses. Without a sufficient provision of substantial subsidies, low-wage workers will not be able to take advantage of university child care centers or afford other child care services.

Government can also play an important role in alleviating the burden of child care by making the federal child and dependent care tax credit refundable, offering supplemental state child care tax credits and expanding funding for Head Start (Waldfogel 248-249). Child care tax
credits provide substantial funding for child care. At present, the maximum child care tax credit is $1,000 for each child under the age of seventeen (Magnuson and Votruba-Drzal 170). But, child care subsidies only reach about “15 percent of eligible families” and Head Start only reaches about “half of eligible three-and four-year-olds” (Waldfogel 248-49). Families with incomes at or below the poverty line do not receive the credit because they “do not have positive federal income tax obligations” (Scholz, Moffitt and Cowan 237). These tax credits and the expansion of funding for Head Start will make child care support more available to low-income families.

The government can also mandate that businesses allow flexibility in scheduling of work hours and provide paid maternity and parental leave and personal or family emergency days. Maternity and parental leave are important for the improvement of maternal health and child health and development (Waldfogel 245). Personal and family emergency days allow workers, especially those with children or other dependents, to responsibly fulfill their familial obligations without having to suffer the effects of lost wages. These work benefits should be mandated by government and current programs must be improved. The nation’s existing policy, the federal Family and Medical Leave Act (FMLA) of 1993 is limited, covering only “those who have worked at least 1,250 hours in the prior year and who work in firms with 50 or more employees” and providing only unpaid leave for a maximum of 12 weeks (Waldfogel 244-45; Weldon and Targ 96). Currently, half of workers who have incomes below the federal poverty line “have no paid leave time at all” (Waldfogel 246-47). In order for low-wage workers to afford taking time off work to care for their children, policies must provide wider coverage to
more workers and parental leave must be paid. By providing these benefits, universities help workers to more easily “deal with the unexpected demands of child-rearing” and manage their responsibilities as an employee and a parent (Cancian and Danzinger 25). Paid leave can be funded through social insurance programs (like unemployment insurance), to which both employees and employers contribute. This is the case in most Organization for Economic Cooperation and Development (OECD) countries (Waldfogel 246).

*Health Care*

Health care is a major family expense that can be effectively subsidized by universities or the government. Health care is an important factor in providing workers with a living wage because it is a nondiscretionary expense and it is directly linked to a worker’s ability to effectively participate and contribute to society. The assessment of the localities that adopted living wage ordinances in 2002 shows that health care costs make up between 6 and 11 percent of “wage needs for single-parent and married-couple families with children” (Weldon and Targ 92). With high health care costs and meager wages, workers simply cannot afford regular health care. As a result, they often forgo preventative care and suffer avertable illnesses and diseases that have very costly effects. Treatment of these sicknesses leads to absenteeism and a lack of productivity and motivation. Providing health care for workers will not only benefit individual workers but also society. With access to affordable health care, workers can receive quality care, take steps to improve their health and be more active and productive employees and members of society. If health care costs, along with child care costs, are eliminated from
workers’ budgets, mandated living wages would come much closer to meeting the needs of workers and their families (Weldon and Targ 92). The disparity between the wage needs of two-parent and single-parent families would be reduced by 35 percent and the wage needs of families with children would be more comparable to those without children (Weldon and Targ 93).

Most universities provide health insurance. However, the percentage of the premium that is covered by universities widely varies. In order to provide an adequate living wage, employers should be required to subsidize health insurance premiums for low-income families so that they do not have to pay more than ten percent of their family income. Low-wage employees who work at the university and are employed by outside contractors can receive health care coverage for themselves and their families through Medicaid, Medicare and State Children’s Health Insurance Program (SCHIP) and the provisions of the Affordable Care Act. States are required to provide Medicaid coverage to families with incomes up to 133 percent of the poverty level and allowed to expand coverage to families with incomes up to 185 percent of the poverty level (Scholz, Moffitt and Cowan 209). Because most low-wage workers fall within this range, employees of outside contractors will be able to receive health insurance once the Affordable Care Act goes into effect.

Income Supplements
Earned Income Tax Credit (EITC) is the country’s largest antipoverty program (Scholz, Moffitt and Cowan 212). EITC is a refundable tax credit that provides supplemental income (cash transfers) to low-income workers to offset their low wages (Pollin 106). EITC adds a considerable amount of money to the discretionary income of low-income families. In 2008, low-income working families with one child received a credit of 34 percent on income up to $8,580, for a maximum credit of $2,917 (Scholz, Moffitt and Cowan 237). Likewise, low-income working families with two or more children received a credit of 10 percent of total income up to $12,060, for a maximum credit of $4,824 (Scholz, Moffitt and Cowan 237).

Because it supplements low wages, EITC plays a crucial role in providing a living wage and lifting people out of poverty. An assessment of the effectiveness of antipoverty transfer programs in reducing the aggregate poverty gap, which is defined as “the sum of the differences between market income and the poverty line for all families with incomes below the poverty line,” found that 58 percent of EITC reduced the poverty gap, filling the poverty gap by 4.5 percent (Scholz, Moffitt and Cowan 221). It is estimated that EITC moves more than four million people out of poverty each year (Waldfogel 251).

Since the minimum wage is non-inflation-indexed, EITC can also help offset potential declines in the value of the minimum wage and raise earnings (“Economic Change and the Structure of Opportunity for Less-Skilled Workers” 78). But, as discussed earlier, the federal poverty line, as it is now, is arbitrary and does not accurately reflect a family’s ability to meet its needs. Thus, to be effective in alleviating poverty, EITC should give more income to families
without children and should be expanded to rise with earnings up to about 180% of the poverty line.

If health care costs and child care expenses are eliminated from workers’ budgets and EITC is expanded, EITC can play a much more significant role in helping workers cover housing, transportation and other cost of living expenses that are not fully covered through government programs and the minimum wage will come much closer to meeting the needs of workers and their families.

II. The Universities

The importance of universities providing a living wage for its employees hinges on its role in society. Institutions of higher education play a vital role in passing on knowledge. However, the cost of providing an education for students should not come at the price of some employees living in poverty. Since universities are places where people are instilled with cultural and moral values, universities should not take part in social injustice by refraining from paying their employees a living wage and thereby perpetuating economic disparities and social inequalities. Now, that the role of universities and government in providing a living wage for workers has been addressed, this paper will consider living wage campaigns at three universities – Harvard University, University of Virginia and University of Miami.

*Harvard University*
The fight for a living wage for service workers at Harvard University began in 1999 with the Harvard Living Wage Campaign. The Harvard Living Wage Campaign was a campus group composed of students, professors and service workers, that rallied together in an effort to convince Harvard University to pay its service employees, particularly janitors and custodians, at least $10.25 per hour (plus medical benefits) – a figure based on “a proposed living-wage ordinance for the city of Cambridge” ("Demonstrators Urge Harvard to Increase Wages for Service Workers"). At the time, the group claimed that some service workers were making “as little as $6 an hour” and were living below the federal poverty level ("Demonstrators Urge Harvard to Increase Wages for Service Workers"). The Living Wage Campaign, the university’s Progressive Student Labor Movement (PSLM) and other students who supported a living wage for workers gained more momentum and support when Hollywood A-list actors Ben Affleck and Matt Damon, who attended Harvard, spoke at a rally to urge the university to raise the wages of its service employees ("What Universities Pay Their Service Workers").

A university committee released a report in May 2000 urging the university to provide health insurance to all regular employees, to phase out contracts with service companies that do not provide employees health insurance and to enhance the employee benefit package with options, such as “free museum passes, access to Harvard’s libraries, and subsidized parking” ("Harvard Report Rejects Living-Wage Activists' Pay Recommendations"). The committee also recommended improving employee skills through a workplace education program. The proposed $1.5 million program would include literacy and language programs and computer training. The committee argued that a program that enhances the skills of employees is more
valuable and has more long-term benefits than creating a base wage of $10 for all of its employees, a proposition it rejected. In addition, increasing entry-level pay would only impede the collective bargaining process ("Harvard Report Rejects Living-Wage Activists' Pay Recommendations."). Many students involved with the Living Wage campaign felt the committee report was insulting to service workers and ineffective in addressing the issue and they received support from several Massachusetts Congressmen, including the late Senator Edward Kennedy and John Kerry ("Harvard Report Rejects Living-Wage Activists' Pay Recommendations"; "Protest for Living Wage Continues at Harvard"). One study that was cited by students was a National Low-Income Housing Commission study that showed that a wage of at least $15 an hour is necessary for a family to afford a two-bedroom apartment in the Boston area ("Harvard Report Rejects Living-Wage Activists' Pay Recommendations").

In the spring of 2001, Harvard students ended a 20-day sit-in outside the president's office after the university promised to form a committee “that will study wages and benefits of university employees” ("Harvard Panel Recommends Wage Parity"). The 19-member Harvard Committee on Employment and Contracting Policies (HCECP) – comprised of 10 faculty members, 3 unionized Harvard employees, 2 administrators, and 4 students – released a report in December recommending the university to give “immediate raises to the university’s lowest-paid workers” ("Harvard Panel Recommends Wage Parity"). The committee found that the university had almost 1,000 employees who earn less than $10.68 an hour, the living wage set by the city of Cambridge ("Harvard Study Urges Pay Hike For Poorest Workers"). Two-thirds of the university's low-paid employees were custodians (Williams). The committee, popularly
dubbed the Katz Committee after its chairman, professor of economics Lawrence F. Katz, suggested compiling and releasing data annually on low-paid workers and “designating a department at Harvard to make sure the committee's suggestions are carried out” (Williams). The committee also prompted the university to use a parity wage system, which would “guarantee subcontracted employees the same minimum wage as union members,” preserve the benefits of competition and rely on collective bargaining with the unions of service employees “to arrive at equal wages and benefits for university-paid workers and those under contract” ("Harvard Study Urges Pay Hike For Poorest Workers"). Finally, the committee advised the university to establish a strictly enforced code of conduct for contractors to improve the quality of working conditions ("Harvard Study Urges Pay Hike For Poorest Workers"). The committee believed that the collective-bargaining process, “where those most knowledgeable about the job and its demands meet face to face,” was the best way to discuss issues of pay and working conditions (Van der Werf). Harvard University President Lawrence H. Summers announced in January 2002 that the university would adopt the committee’s recommendations. Harvard would negotiate wage increases with unions and raise the pay and benefits of “custodial, retail-dining, and security-services workers to between $10.83 and $11.30 an hour,” which would cost the university about $3 million (Borrego). It would reserve its right to outsource services; however, it would not outsource to contractors who pay lower wages than those paid by Harvard (Borrego). (Of the 971 low-paid employees at Harvard, 392 work for Harvard and the other 579 are employees of service contractors at the university ("Harvard Panel Recommends Wage Parity").
Still, eight members of the committee thought the university should establish a living wage through a wage floor, which would permanently attach Harvard wages to the cost of living in Cambridge (“Harvard Study Urges Pay Hike For Poorest Workers”). Students protesting the low wage levels believed that for a university that has a $19-billion endowment, the largest of any college, Harvard could do more. As Madeleine Elfenbein, a member of the Harvard Living Wage Campaign said, "Without a living wage, the committee's proposal of a `parity wage' is still a poverty wage’" ("Harvard Study Urges Pay Hike For Poorest Workers").

University of Virginia

In 1998, the Labor Action Group, a coalition of students, faculty, staff and community members, began the Living Wage Campaign at the University of Virginia, located in Charlottesville (Amirhadji). The University Virginia Student Council unanimously passed a resolution in support of a living wage for all full-time, direct and contracted workers in 2003 (Amirhadji). Then, in 2006, UVa President John T. Casteen III announced that the university would increase its minimum hiring rate from $8.88 an hour to $9.37 an hour (Valenzi). The new wage, which, at the time, was only a penny less than the city of Charlottesville’s living wage rate, was based on a recent market analysis of local wages and did not include any benefits, such as health care (Valenzi). The university claimed that when all benefits, including the employer-paid health benefit and pension, are added to the UVa wage package, the value of the minimum wage is $12.66 an hour (Valenzi). A few weeks later, there were several protests and sit-ins by students, professors and community members to raise minimum wage to $10.72 per hour, before benefits, for all employees at UVa (Hawkins; Kates). Protestors claimed that
$10.72 per hour was the minimum hourly wage necessary for an employee to afford basic monthly necessities, like housing, food and health care, in Charlottesville and argued that the wage should be adjusted “at least annually to inflation and the cost of living in Charlottesville” (Valenzi). One sit-in resulted in the arrest of seventeen students, who were charged with trespassing (Bartlett). As of March 2010, the university’s minimum hiring rate is $10.14 an hour, according to UVa’s spokeswoman Carol Wood (Kates). After George Mason University, UVa has the highest minimum hiring rate of a university in the state of Virginia. Employees of contractors are not entitled to this minimum salary under the university.

UVa argues that current law inhibits it from making provisions for a living wage for the employees of private contractors who provide services to the university; however, local governments, such as the city of Charlottesville and the city of Alexandria, have been able to achieve this goal (Richards). In November 2001, the Charlottesville City Council enacted a contract ordinance requiring “a living wage for all employees working for private contractors who do business with the city” (Richards). Charlottesville City Council’s decision followed a similar decree made in 2000 by the city of Alexandria – the first Virginia municipality to require a living wage for employees of private business contractors.

Local governments are able to legally establish living wage requirements for contractors under existing Virginia law by using a concept of state law called “best value” (Richards). This state law provision gives public institutions authority under the Virginia Public Procurement Act to “specify, as a condition for awarding contracts to private businesses, standards for achieving the highest quality or ‘best value’ of the services being solicited” (Richards). So, when a public
institution, such as the University of Virginia or the city of Charlottesville, is seeking bids for services, like housekeeping, landscaping, dining services or trash collection, it can specify that it will only consider bids from contractors who meet certain “best value” standards, like the standard that the contractor must pay its employees a living wage.

U. Va. asserts that it is “an agent of the state and not an independent municipality,” like the city of Charlottesville, and as a result, it has a different policy and interpretation of the “best value” clause of the Virginia Public Procurement Act (Garrison). The university referred to a letter from the state’s attorney general that expressed that the university had “no legal authority to require that private contractors pay a living wage — either as a condition of receiving a procurement contract under the terms of the Public Procurement Act or as the result of the Board of Visitors’ general regulatory authority” (Valenzi). Leonard W. Sandridge, University executive vice president and chief operating officer, stated during a student council meeting about providing a living wage that the university’s status as “an agent of the state” meant that the university had “no reasonable opportunity to take a position” (Garrison).

University of Miami

In 2001, the University of Miami (UM) faculty senate committee read a report in the Chronicle of Higher Education that disclosed that employees of UNICCO Services Company – a Boston-based company contracted by the university to provide maintenance – who worked at UM earned less than the federal poverty level for the 1999-2000 academic year (“Proposal May
Change Wage Rates for U. Miami Employees”). According to the report, in 2000 the federal poverty level for a family of three was $14,150. The average UNICCO worker at UM earned $6.30 per hour, or $13,120 per year – $1,030 below the poverty threshold for a family of three ("Faculty: Workers Deserve Higher Pay"; "Proposal May Change Wage Rates for U. Miami Employees"). The report also stated that UM was the second-lowest paying university in the country for 2000, trailing after Tennessee State University, where the average custodial worker earned $13,000 a year ("Proposal May Change Wage Rates for U. Miami Employees"). Based on the report, the faculty senate committee formed a committee, called the ad hoc Committee for the Status of UNICCO Employees, of seven UM faculty members to investigate and review the salary ranges of employees of UNICCO and Chartwells, a company contracted by the university to dining services. The UM faculty senate committee also sent a set of recommendations to UM President Donna Shalala, proposing that a committee of students, faculty members and administrators be established to consider the adoption of a living wage policy. The committee also asked the administration to promptly renegotiate the university’s contracts with UNICCO and Chartwells in order to raise the salaries of their employees by $1.25. The raise would help employees to be able to afford the optional health care plans that UNICCO and Chartwells offer ("Proposal May Change Wage Rates for U. Miami Employees"). In addition to the recommendations, the UM faculty senate committee also drafted a proposal to develop a policy that would require the university and contractors hired by the university to pay their employees a living wage – a living wage that would be the same as that of Miami-Dade County, FL ("Proposal May Change Wage Rates for U. Miami Employees"). The policy would affect more than 1,000 employees – mostly contracted workers ("Faculty: Workers Deserve Higher Pay").
UM faculty, graduate student employees and federal work-study students were not included in the proposed policy. While about a dozen companies provide various services to the university, most contracted employees work for UNICCO and Chartwells.

UNICCO's vice president of employee relations, James Canavan said UNICCO would have no objection to the university imposing a living wage standard and “would change its pay policies if UM demanded it” (Bierman). Canavan said UNICCO relied on the market and would simply increase its charges to the university. At the time, UM Vice President David Lieberman told the *Chronicle of Higher Education* that UM was paying “the market rate” and would allow UNICCO “to pay whatever they want to pay as long as they can recruit and retain workers, and still make a buck at the end of the day” (Bierman). The faculty senate committee’s recommendations were never implemented.

Like UM faculty members, many UM students were very active in the fight for a living wage.

A group of UM students formed the Coalition for a Living Wage at UM and began to pressure the administration to adopt a living wage policy ("Proposal May Change Wage Rates for U. Miami Employees"). Over a few weeks, the students collected about 800 signatures in support of adopting a living wage policy and gave the petitions to President Shalala ("Faculty: Workers Deserve Higher Pay"). UM student Shelly Stromoski and three of her friends spent the 2001-02 school year interviewing 30 to 50 workers at UM. In an effort to bring awareness to the issue of a living wage, the students pasted 70 hearts that stated "Having a heart for a living wage" around President Shalala's office building on Valentine's Day 2002 (Bierman). In spring of 2002, right before the students graduated, President Shalala promised that the workers would
receive “more educational opportunities for workers, two paid sick days and access to a university nurse” (Bierman). President Shalala offered workers a health referral service, which sends workers to clinics, and English and computer classes (Menendez 1B). Another student group called STAND, Students Toward a New Democracy, maintained a frequently visited website that advocates for living wage for workers and holds speak-outs and food giveaways (Bierman). It also partnered with the Service Employees International Union (SEIU) to spread awareness and hold rallies (Bierman).

Janitors, along with UM students, began to hold rallies for a living wage in November 2005. In February 2006, the janitors who worked for UNICCO went on strike to protest UNICCO’s unfair labor practices. SEIU wanted the janitors to sign pledge cards (the card check method) to show that they wanted the union to represent them as their collective bargaining agent. SEIU asserted that this process would protect workers from “manipulation and retaliation from the company” (Mytelka). UNICCO preferred that the janitors have a secret-ballot election, which it claimed would prevent SEIU from pressuring the workers (Mytelka). While UNICCO claimed that the average janitor it employs at UM made $7.53, SEIU claimed that janitors were being paid Florida’s minimum wage of $6.40 an hour, only a 10 cent increase from their 2002 hourly wage, and did not have health insurance (“Janitors Walk Out at U. of Miami, Drawing Support From Some Professors and Students”). UNICCO workers went on a hunger strike for several days and even appealed to New York Yankees baseball player Alex Rodriguez, who sits on the Board of Trustees at UM, to “immediately tell their contractor UNICCO services to stop threatening, firing, and intimidating workers who want to form a union” with SEIU (“University of Miami
Janitors to A-Rod: Stop the Abuse on Campus”). The union also enlisted the support of local religious leaders and some prominent Democrats – John Edwards, former Clinton chief of staff Harold Ickes and former Democratic House whip David E. Bonior (Goodnough).

As the SEIU continued to help UNICCO employees to organize, the university asserted that it would maintain a neutral position. President Shalala said it would be wrong for UM to “take a position against an election” or force UNICCO to agree to card check recognition and stated that the university should not “dictate to [its] contractor that they have to take one legal way versus another” (Goodnough). President Shalala, an avid advocate of universal healthcare coverage when she was secretary of Health and Human Services in the Clinton administration, said that she was still committed to universal healthcare but still believes that “government needs to help because costs have grown too high for the private sector” (Bierman).

In March 2006, the Student Government (SG) Senate reported that the provision for improving workers’ pay could only come from “money raised by the Momentum campaign” if the funds were designated by the donor or donors for that purpose (Mazzei). If donors do not give toward the cause then the money to fund a living wage for service workers would have to be raised by increasing student tuition, which was $29,000 a year in 2005 (Bierman). To provide service workers with a living wage with health care, each undergraduate student would have to pay an extra $193.26 per year. The estimated cost per undergraduate per year to provide a living wage without health care benefits would be $221.31. The cost of providing a living wage without health care is higher because “wages would need compensate for the lack of benefits” (Mazzei). The estimated figures for providing a living wage are based on a Miami-Dade County,
Florida, ordinance that specifies that the current living wage with health care is $9.81 per hour and $11.23 without health care (Mazzei). The ordinance also includes a 7.65 percent Federal Insurance Contributions Act (FICA) payment that covers Social Security and Medicare (Mazzei). The expected costs for providing a living wage for the university’s service workers are also based on the assumption that each employee works “full-time, five days a week, for every week of the year” (Mazzei).

The Senate also assessed how an increase in workers’ wages would affect “other government benefits employees may receive” (Mazzei). The Senate found that some employees who live in households of “two to three people might lose eligibility for food stamps” but increased pay would probably not affect employees’ eligibility for Medicaid, the Earned Income Tax Credit, and Temporary Assistance to Needy Families (Mazzei). The Senate used government documents and formulas to calculate costs and used the expertise of Professor Bruce Nissen at Florida International University, who helped draft the living wage ordinance for Miami-Dade County, to write its eight-page, independent report (Mazzei).

In the same month, President Shalala formed a committee to study wages and insurance benefits of contracted employees. Based on the committee’s findings that some service contractors were paying hourly wages below the local market and did not offer low-cost health insurance, the university immediately implemented a new policy that set minimum standards for outside service contractors. The university set the minimum hourly wage for all employees at $8.00 an hour and promised to “review wage rates annually and update the minimum standards of the policy consistent with changes in market conditions” (Shalala). The university
also gave workers access to a health plan for $13 a month and gave contractors a month to offer health insurance with low monthly premiums to all of their employees (Rabin; Shalala). (Student tuition did not increase for the next academic year to cover the new policy (Shalala).)

But, janitors and students continued to protest. SEIU claimed the university’s raises were largely “a tactic to defuse the unionization drive” (Goodnough).

In May 2006, UNICCO janitors and UNICCO resolved the strike when the two parties agreed to have the American Arbitration Association help them determine whether the majority of workers wished to form a union (Mytelka). The next month, the American Arbitration Association verified that more than 60 percent of UNICCO’s 425 UM workers signed pledge cards in favor of union representation by SEIU (“Janitors at U. of Miami Vote for Union Representation”). UNICCO recognized the union and the company and its employees began the collective bargaining process.

III. Discussion and Recommendations

These university case studies raise important issues about the difficulty of providing a living wage when contractors and unions are involved and provide important lessons about how universities can provide a living wage.

At Harvard, the living wage campaign resulted in the university using a parity wage system – a system that will match the wages of contracted workers and university-paid workers – the establishment of a strict code of conduct for contractors and an annual report of data on
low-paid workers. Harvard negotiated wage increases with unions and asserted that it would not outsource to contractors who pay lower wages than those paid by Harvard. While these measures are worthwhile and beneficial, they fall short of providing the benefits that the first university committee on a living wage proposed in May 2000.

It is not clear whether the university actually implemented the first committee’s recommendations. This first committee addressed the important issue of health care. It advised the university to provide health insurance to all regular employees and to phase out contracts with service companies that do not provide employees health insurance. As discussed earlier, health care is a crucial component of providing a living wage. Without adequate health care coverage, employees are more likely to incur high out-of-pocket medical costs that take up a significant portion of their already small budget. Without adequate coverage, workers are also at risk of suffering from more illnesses, which will lead to higher rates of absenteeism and less productivity. The first committee also recommended that instead of creating a base wage of $10 for all Harvard employees, Harvard should enhance the skills of workers by improving the employee benefit package to include options such as, free museum passes and access to Harvard’s libraries, and by implementing a workplace education program that would provide literacy and language programs and computer training to employees. As the committee correctly noted, such benefits will produce long-term effects. But, these additional supports are nearly useless if workers cannot meet their basic needs. Though it is not the only component of a living wage, increased wages would go a long way in helping workers and their families meet their needs. Thus, a better policy recommendation would have been a combination of
programs and benefits to improve employee skills, health insurance, a minimum wage that is indexed to account for inflation and changes in cost-of-living, a policy against contracting services to companies that do not provide health insurance and/or pay wages lower than those paid by Harvard and an annual report of data on low-paid workers. All universities should make sure that their minimum wage matches the living wage rates of the municipality in which they are located.

Because of its association to the state of Virginia, UVa is a unique and interesting case. UVa was able to provide a living wage (Charlottesville’s living wage rate) and health-care benefits for its own employees, but it was not able to mandate wage increases for contracted employees. UVa claimed that as an agent of the state it was obliged to follow the directives of the governor and the state’s attorney general. By the state’s attorney general expressed legal opinion, the university had “no legal authority to require that private contractors pay a living wage” under the “best value” standard of the Virginia Public Procurement Act (Valenzi). Opposition from state government may be an issue that state-funded public universities may face when trying to provide a living wage for contracted employees. Because they are not independent entities, state-funded universities are much more subject to the directives of bureaucratic powers. In cases like this, universities should still strive to provide a living wage for the workers they directly employ. Wages should be set to the living wage rate of the municipality in which the university is located and benefit packages should include health insurance and child care subsidies. In addition, though public universities may not be able to mandate minimum wage rates for outside contractors, it can still provide a few small benefits to these employees that
can help enhance their skills and lessen small work-related expenses. These benefits would include access to UVA’s libraries and subsidized parking.

The University of Miami resolved the issue of a living wage by increasing the minimum hourly wage to $8.00 per hour for all employees and promising to adjust it along with changes in market conditions. UM also offered employees a health plan for $13 a month, educational opportunities and two paid sick days. Interestingly, UM was the only school that discussed the issue of paid leave. But, like the other two universities, it did not address providing workers with child care subsidies – a necessary component of a living wage for low-income working parents. If available, universities should seriously consider providing subsidies to campus-based child care centers and/or have employees pay part of their child care expenses on a sliding scale. Finally, UM’s living wage battle was unique because it raises important questions about the role of unions in providing workers with a living wage. In the past, unions have played a significant role in attaining decent wages for less-skilled workers. In the 1980s, 20 percent of the wage decline among less-skilled workers was attributable to the “rapid decline in unions over this period” (“Economic Change and the Structure of Opportunity for Less-Skilled Workers” 77). Unions typically help to “raise wages at the bottom of the distribution” and protect less-skilled jobs through collective bargaining efforts (“Economic Change and the Structure of Opportunity for Less-Skilled Workers” 77-78).

A salary survey of 195 colleges and universities in the United States conducted by the Association of Higher Education Facilities Officers for the 1999-2000 academic year, showed that the top 10 institutions that pay their custodial workers, who have an average annual salary
of $20,637, the highest salary, all have custodial workers represented by unions (Van der Werf). Overall, 41 percent of institutions that participated in the survey have unionized custodial workers (Van der Werf).

A similar study conducted in 2003 showed that unionized workers tend to receive higher wages than nonunionized workers. The study looked at 163 colleges and universities to estimate the effect of collective bargaining on the salaries and wages of staff members at institutions of higher education (Ehrenberg and Klaff 102). The study shows that staff workers covered by union contracts earn considerably more than those who are not, varying between 17% and 42% depending on the institution (Ehrenberg and Klaff 94). Like the Association of Higher Education Facilities Officers survey, the study found that custodial workers are paid the lowest salary (Ehrenberg and Klaff 95).

As these studies show, unions can play an integral role in providing contract employees with wages that are closer to a living wage level. College students pushing for a living wage for workers might find that helping workers unionize furthers their efforts in achieving a living wage for workers.

**Conclusion**

These case studies adequately show the need for universities and government to work together to provide a living wage for workers. Three key resources needed to achieve a living wage are child care subsidies, health care coverage and EITC.
Providing child care to low wage workers is probably one of the easiest yet most effective steps that universities can take to provide a living wage. Several universities have child care facilities that provide quality child care to university employees. All Low-wage employees should be given access to these child care services and granted sufficient subsidies so that they can afford the services. Like child care, paid leave and flexible work hours are two other benefits that are often overlooked in considerations of a living wage. Government should mandate that businesses provide paid leave and should expand current federal tax credits to help cover child care expenses.

Though most universities currently provide health care insurance to employees, further consideration should go to assessing the quality of the coverage universities provide. To help provide a living wage, universities should subsidize health insurance premiums for low-income families so that they do not have to pay more than ten percent of their family income.

Additionally, universities should have strict policies against outsourcing services to companies that do not provide health insurance and a living wage to employees.

Finally, government can play the biggest role in providing a living wage by expanding EITC. Because it supplements low wages, EITC can play a critical role in making up where universities and contractors fall short. If businesses, universities and government work together to cover child care and health care expenses, EITC can help offset potential declines in the value of a minimum wage and continue to raise the earnings of low-income families so that they can afford to pay for cost-of-living expenses, such as housing and transportation.
Taken together, these supports can significantly raise the living standards of low-income workers and their families and provide a living wage that goes beyond a single minimum wage and enables individuals to use their full capabilities to effectively participate and contribute to civic life and engagement.
Bibliography


