Official Progress Report from the Ad Hoc Committee
February 4, 2003

We are writing to give you an update on our progress. As most of you know, the Committee was formed in response to a vote in the faculty meeting of May 20, 2002, and is charged with "exploring approaches to building further on the progress made in increasing the minimum level of staff compensation at the College."

Five subcommittees have worked on different aspects of the task. A brief description of each of the subcommittees follows:

Costs: Gather estimates of the basic costs of necessities, such as housing, food, transportation, and health care. Use these estimates to arrive at a target range for a living wage.

Government Entitlement Programs: Determine what government programs are available to assist lower-income staff, estimate the amounts of benefits that can be derived from these programs, and understand the effects of increases in wages on eligibility for these programs.

Wage Increase Alternatives: Determine possible ways to create targeted benefits for lower-income staff, such as childcare and health care subsidies, that might be alternatives to simple increases in hourly wages.

Wage Compression: Consider the effects on the staff wage scale of increasing the wages of the lowest-paid staff. Put these effects into historical context at the College, and make recommendations to the Committee about what, if anything, to do about wage compression.

Current Employee Data: Provide data to the other subcommittees and to the Committee.

The Committee’s plan is to first develop recommendations about ideal changes in the compensation of low-paid employees, then determine what it would cost to implement those recommendations, and then develop suggestions about how the College might find the funds to do so. We will write a draft of a report with recommendations that we can share with the Staff Compensation Review Committee and the Finance Committee of the Board by March 1, 2003. We hope that a final report with recommendations will be presented to the President and the college community by April 15, 2003.

The subcommittees have made substantial progress. The costs subcommittee, in trying to determine a target range for a living wage, has found, not surprisingly, that the target depends greatly on family circumstances, including number of wage earners, number of children, and household location. The Committee has discussed whether the College should tie the amounts of (continued on next page)
(continued from previous page) various benefits being given to an individual to the family circumstances and the income level of that individual. The point of distributing some benefits in this way is that those people who need the benefit are helped, and those who don’t are not hurt. In addition, if for example, a greater health care benefit is given to lower-income than to higher-income workers, it helps achieve a living wage without as much wage compression, and once again, it doesn’t hurt the higher-income workers. This is a question that might engender some thoughts from members of the College community.

The government entitlements subcommittee carried out calculations that suggest that for every dollar per hour in wage increase at the lower end of the wage scale, the net increase to a worker’s compensation is less than one dollar. There are two reasons for this. First, federal, state, and social security taxes must be paid on each additional dollar of income. Second, there is a reduction in the amount of benefits, in the form of various types of transfer payments, for which the worker is eligible. The fact that a wage increase means that the College is offsetting government payments is not unexpected, nor should it be used as a reason not to raise wages. It may be a major impetus, however, to emphasize non-wage ways of improving low wage earners’ real compensation; moving in this direction might allow us to get closer to achieving a living wage for our workers than could be done by simply increasing wages. In any proposal for the implementation of a living wage, a mix of wage increases and targeted benefits will certainly be recommended.

The wage increase alternatives subcommittee has reiterated to the Committee that one step the College could take as part of implementing a living wage is to educate lower-income workers in what benefits are available to them, with the goal of increasing the percentage of eligible workers who actually take advantage of the benefits. Since these benefits are mostly government sponsored, they cost the College nothing, yet they have the effect of increasing the average compensation of the lower-paid staff. It is not known how many workers do not currently take advantage of government benefits for which they are eligible; it is also not known whether this information can be obtained. Among the ideas being discussed is the creation of a position in Human Resources that would counsel individuals among the staff about which benefits are available to them, and would help them apply for these benefits.

The wage compression subcommittee has a report before the Committee, but there was insufficient time at the last meeting to discuss this report, so we will not summarize it here.

SLW&DC announces publication of staff testimonials!
The Campaign plans to release a collection of stories, thoughts and reflections of what it means to be employed by the College. If you’re a staff member interested in being interviewed for this collection, or a student interested in helping to interview, contact Mariah at mmontgo1. This is a great way to get involved!

We invite you to write to us with thoughts concerning the matters described above or any other items that you think are relevant to our deliberations. If you wish to write to us, please write to us at the email address swarthmore.edu, or to either of the co-chairs, Barry Schwartz (bschwarl) and Melanie Young (myoungl).