

Living Wage and Democracy Campaign Presentation and Draft Report

The accumulation of five months of
Research including interviews with individuals
And meetings with employee groups on campus

Presented to

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Swarthmore College

By

Swarthmore Living Wage and Democracy Committee

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Introduction to the Swarthmore Living Wage Democracy Campaign

All human beings share a sense of moral obligation to social groups or to religious or ethical principles beyond themselves; judge moral conduct on the basis of both intentions and actions; value qualities akin to integrity, fairness, and trust; expect appropriate reciprocity; appreciate generosity, and resent treatment they deem oppressive or unjust.

It is often harder and more transforming to recognize similarity across divides closer to home... than across more distant and thus less threatening divides...

In a world of unprecedented wealth and opportunity, your readiness to recognize human commonality makes clear that those who have not benefited from that wealth and opportunity are not fundamentally different from yourselves or fundamentally less deserving...

And that knowledge prompts you to use your voice and talents to awaken collective responsibility to create conditions that allow everyone the real chance to achieve a better life.

— Swarthmore College President Al Bloom's commencement speech, June 2000

Comments from the Community:

"The staff at Swarthmore take care of my basic needs every day. I think their wages should take care of their basic needs as well." – Swarthmore student

"I love working here; the students, the people are great. But the money... we need better pay." – Staff

"You're not going to ever make a good, living wage here." – Staff

"Why do some students make a higher wage than beginning staff? Student wages are too low already, but I couldn't imagine trying to support a family on less." – Student

"I make more part time at my night job than I make here." – Staff

"I think everyone wants more money; we work 2-3 jobs to survive. Wages could be better." – Staff

"They put a lot of money into the ground here at Swarthmore. I hope I see some of that before they put me into the ground." – Staff

"Our compensation shows a lack of respect." – Staff

"Swarthmore takes better care of their plants than their staff." – Staff

"Swarthmore has very little excuse for not living up to its social and ethical commitments, and the way the institution behaves towards its poorest paid workers says more than all the lectures, readings, and service opportunities about the ultimate values the College projects." – Swarthmore Alumnus

"I'm a single mother trying to live on \$8 an hour. I don't know how I'm going to do it." – Staff

“It’s a totem pole system – we’ve got to beg for the scraps.” – Staff

“It’s a corporation undercover.” – Staff

“You do double work, and you’re still getting single pay.” – Staff

“They’re trying to do away with [Quakerism].” – Staff

“We have to keep pushing ’til they recognize.” – Staff

The Moral Imperative

Since its founding, Swarthmore College has placed great value on each individual’s “Inner Light,” her capacity to transform the society in which she lives. This firm belief in the possibility of a just and equal world has affected and continues to affect generations of Swarthmore students, faculty, and staff.

Yet there is a glaring inconsistency between Swarthmore’s stated mission and its staff compensation policies. Swarthmore wages do not ensure that all staff members live above the poverty line. Nor do they adequately reflect staff members’ length of service. We believe these current realities at Swarthmore are grave failings.

This proposal discusses the ways in which wages, as they currently exist, should be re-examined and consequently changed in light of the Quaker principles to which the College subscribes. While Swarthmore has a stated commitment to the principles of consensus, staff and students are often left out of decision-making processes. The decision-making structure at Swarthmore must be broadened to include input from all who are affected by decisions, including staff, students, professors, and administrators.

We believe that a Swarthmore wage should be a living wage and that annual staff raises should be adjusted to reward length of employment. While arguments against the living wage are often made on the basis of “economic feasibility,” our proposal is wholly feasible. However, it does require a restructuring of our budget priorities.¹ We want Swarthmore to put its principles into action and set an example for colleges nationwide, as it does in so many other ways, with regard to staff compensation and democratic decision-making processes. We are not simply asking Swarthmore to improve itself as a workplace; we are asking the College to become a more equitable and just community.

Swarthmore’s Starting and Current Wages

Many staff members find the systems by which Swarthmore determines employee pay rates and raises confusing, particularly as they are applied to the category of non-exempt hourly wage staff. Swarthmore currently employs 270-300 hourly wage workers. More than half of these workers are in service and maintenance jobs, including about 55 in

Environmental Services and 60 in Dining Services. For many of these employees, starting wages do not meet the level of a living wage. The lowest three pay grades have hiring thresholds of \$5.36, \$6.24, and \$6.99 an hour (**we are told that no current employees of the College actually earn these grade minimums, but have not been granted access to any more specific information by which to analyze the distributions**). Even grade 14, half way up the regular non-exempt scale, has a hiring minimum of just \$9.98.

Non-Exempt Staff Pay Scale, Lowest Five Grades (FY 2000-01)*

Grade	Hiring Minimum	Full Market Rate ²
8	\$5.36	\$7.02
9	\$6.24	\$7.80
10	\$6.99	\$8.74
11	\$7.74	\$9.67
12	\$8.53	\$10.66

* (please see appendices for FY 2001-02 pay scale released in March)

Not only are hiring wages low, but for many positions the target “full market rate,”² to be reached after 3-5 years of service, still falls below the level of a living wage. This is true through grade 12, which has a full market rate of \$10.66 an hour. The majority of Environmental Services staff are grade 12 employees; most Dining Services staff are in grade 12 or below.

The targeting of the wage scale toward full market rates has created another problem: wage compression. When raises given to continuing employees exceed inflation by negligible amounts, situations result where new staff are hired at nearly the same rate as staff who have served the institution for many years. The pattern of wage compression sends the message that workers’ contributions – and workers’ loyalty – are not valued by the college community. Discussions between staff, students, and faculty suggest that **fair pay for seniority is an issue of primary concern for many staff members. While seniority issues remain multi-faceted, we believe that fairly rewarding loyalty will strengthen the fabric of the college community.** Additionally, substantial research suggests one result of living wage policies to be “absorption of labor cost increases through efficiency gains, particularly lower turnover.”³ We also believe it is unfair to effectively penalize veteran staff members over newly hired staff simply because they have worked here for longer periods of time.

While wage compression forces wages together within grades, the gap between grades is growing rapidly. This growing disparity is apparent both in absolute dollar figures and in overall raise percentages. From 1993 to 2000, wages in exempt grade 24 have risen from a hiring minimum of \$40,557 a year to \$69,056, an overall increase of 70% over seven years. In grade eleven over the same time period, the hiring minimum has gone from \$6.10

to \$7.74 (in annual earnings, \$12,688 to \$16,099), an increase of just 27%. Percentage growth in minimums for grade 24 has been more than two and a half times that for grade 11 over these seven years. The magnitude of this ratio is striking evidence of inequity.

General Economic Conditions

While some sectors of the U.S. economy have experienced an extended period of economic boom in recent years, many people have been left behind. The income gap between rich and poor has mushroomed, as real wages for ordinary working people have stagnated or even declined. Average hourly earnings of production and nonsupervisory workers are no higher than they were almost thirty years ago in real terms, at \$12.77 in 1998 versus \$12.75 in 1970.⁴ Real hourly wage cutoffs for the bottom six tenths of the workforce actually fell between 1973 and 1998.⁵

Many Americans are working more hours at more jobs today than they ever have before, and are still finding it difficult to make ends meet and stay at, or just above, the poverty line. From 1989 to 1996 mean real income declined for the lower four fifths of all families in the U.S.⁶ Many families faced these declining incomes despite more hours worked: middle-income, married-couple families with children, with the family headed by someone age 25-54, found themselves working 279 more hours annually than a decade ago, amounting to about seven additional weeks of work per year.⁷ Meanwhile, since 1973, the share of workers employed at poverty wages nationwide has risen from 23.5% to 28.6%.⁸

The minimum wage does not protect many Americans from poverty. As Jim Keady of the Olympic Living Wage Project states: "It is possible to *survive* on certain wages, but it's impossible to truly *live* on them." When the city of Baltimore passed its living wage ordinance in 1994, a new analysis of economic conditions, based on the real situations of working people, began to sweep the country. Many cities, colleges, and universities have since seen the development of living wage movements in which a desire for economic and social justice contends with the narrower economic goal of profit maximization.

As a pre-eminent liberal-arts college, if Swarthmore adopts this living wage proposal it will become a model for other colleges and universities by making a public commitment to create and sustain an equitable workplace and a just community.

What is a Living Wage?

A living wage is a wage that allows a single-income family to provide for its own basic needs – including food, housing, child care, healthcare and transportation – without government assistance. Currently, many Swarthmore employees in grades 12 and below do not earn a living wage, and must work second jobs to survive. A living wage would

grant workers the dignity of self-sufficiency without the burden of having to work multiple jobs.

Neither the federal minimum wage nor the federal poverty guidelines are adequate indicators of a living wage. The federal minimum wage of \$5.15 yields yearly wages below the federal poverty level. Meanwhile, the current federal poverty line also needs reevaluation. Developed in the mid-1960's during the "War on Poverty," the poverty line was based on a simplistic "food times three" model which estimated that the average family spent one third of its budget on food. The poverty line thus reflects an average food budget, meeting minimal nutrition standards, multiplied by three. Even though the proportion of income spent on food has changed in 35 years (and even though the costs of budget necessities can fluctuate independently of one another), the poverty line calculation has remained unchanged, except for inflationary adjustments. In recent years, economists have begun to cast doubt on the reliability of the federal poverty guidelines, questioning the validity of the simplified calculation procedure.

According to *The 1998 Self-Sufficiency Standard for Pennsylvania*, a study by the Women's Association for Women's Alternatives (WAWA) based here in Swarthmore, self-sufficiency needs for families range to levels far above the federal poverty line. Because family sizes and the ages of children vary, a living wage for a Delaware County family ranges from \$9.38 to \$22.47 an hour. The self-sufficiency wage for a single adult supporting a preschool child falls between these two extremes at \$13.15 an hour.⁹ There are two things to bear in mind with these numbers. First, the WAWA figures come from 1998, so they fail to take recent inflation into account. Second, the calculations are based on the cost of bare necessities alone, with no luxury allowances and no allotment for savings.

The financial aid program and faculty salaries at Swarthmore are exemplary. Just as Swarthmore has committed itself to providing 'model' financial aid to students and 'model' remuneration to faculty, so too should it provide its staff with a model compensation program. As the Swarthmore College Handbook states, "A college draws strength from tradition and energy from the necessity of change. Its purposes and policies must respond to new conditions and new demands." The College must, therefore, reevaluate the facts and figures that shape its own decisions, while sustaining the moral vision that guides these decisions.

Swarthmore can not slight the significance our policies have for other colleges. Our status as a role model is vital; by both articulating and acting on a vision of structural democracy and economic justice, we set standards by which administrators, students, and faculty around the country may reshape their own institutions. The comparison data and process we have used in the past to measure institutional economic fairness do not line up with our role as a model institution. As a school that prides itself on a tradition of excellence, we cannot settle for levels of pay that keep our workers in poverty.

With our stated commitment to social justice in mind, Swarthmore should honor its community values above market valuations. That the low-wage labor market is competitive in no way makes paying poverty wages an ethically acceptable practice. By paying all of our employees a living wage, Swarthmore has an opportunity to act as a leader and a model in addressing the wealth disparity in America today. To live up to our commitment to social justice, in deed as well as word, we must take this opportunity.

Transparency and Decision-Making Structures

Historically, Swarthmore has shown a commitment to the ideal of democratic decision-making with the advisory committee structure in which staff, students, and faculty work together to provide input to the administration. However, these committees have often left out the voices of certain segments of the community, particularly **lower pay grade** hourly wage earners. In addition, decisions reached by committee may be **reversed** or ignored. **A number of** participants have found the committee structure a frustrating experience, as their recommendations **have often gone unheeded**.

For example, the Women's Concerns Committee has been working for years to find a means of providing child care for Swarthmore staff, and **action on their recommendations and proposals has been continually postponed**. Although we profess to have an open decision-making process, obtaining information on basic college policies and recent decisions can be extremely difficult, as we have discovered in trying to learn how our current wage structure operates. Our commitment to democratic decision-making and transparency must not be purely symbolic; rather, it must operate to ensure that all people affected by a decision play a role in making that decision.

Adopting Democratic Decision-Making Structures

A democratic decision-making structure gives all members of the Swarthmore community an opportunity to contribute to the decision-making process. No decisions should be made without the input of the people directly affected by those decisions. As the Swarthmore community learned from the recent controversy surrounding the elimination of three varsity sports teams, it is essential that all members of our community have the opportunity to take part in the decision-making process. No part of the community should be excluded from decisions that affect their lives and the future of the College.

Information on all college policies, including wage structures, needs to be **fully communicated** to all members of the community. Decisions reached by committees and by the administration should be made fully accessible. Such transparency will allow all segments of the community to be informed participants in the decision-making process.

Committee recommendations are often rejected or scaled back on grounds of “economic feasibility.” We must remember that initiatives like a living wage or child care for staff members are, in fact, feasible. They are unfeasible only when we forget that our first budgetary priority must be meeting the basic needs of all members of our community, including staff as well as students. Real decision-making power for all segments of the community is the only way to ensure that these priorities are reflected in college policies.

Campaign Goals

Wages

1. A Swarthmore wage should be a living wage. No wage at Swarthmore should be below a living wage.
2. We will decide on a specific wage level to set as a reasonable base living wage. The chosen wage level will be indexed to increase with inflation on an annual basis.
3. In accordance with the establishment of a base living wage, other hourly staff will receive initial raises to prevent wage compression between grades.
4. A specific process for further periodic wage raises based on seniority will be adopted. These raises must be guaranteed. In cases where the annual budget increase formula (inflation plus 1.5%) precludes these raises, the Board of Managers must reexamine this formula.
5. Swarthmore will agree not to increase subcontracting beyond current or past levels, and to require all companies that have subcontracted with the College to pay their employees nothing less than the lowest Swarthmore wage for comparable work.
6. Swarthmore will set an example for other colleges in the COHFE consortium, and encourage them to adopt living wage policies as well.

Decision-Making Structures and Transparency

1. A new college committee, a democratic “Staff/Faculty/Student Wages Committee,” will be established. This committee will be based on the framework of the Faculty/Staff Benefits Committee, but will include students as well.
2. Representation on the College Budget Committee will be changed to a one to one to one ratio of staff (besides senior staff), faculty, and students. Half of the staff members must be hourly wage employees.
3. Hourly wage earners must be paid to attend committee meetings, and attendance at meetings will be considered equivalent to fulfillment of other job duties.

4. The entire wage scale and methods of reasoning for wage raises must be publicly posted in locations easily accessible to all staff members.

Recommendations

1. The final version of this proposal, including changes to both the wage and decision making structures, should be fully implemented in the 2002-2003 Fiscal Year.
2. All planning for this transition should be completed by the end of the 2001-2002 academic year.
3. An ad-hoc committee, composed of a one-to-one-to-one-to-one ratio of exempt staff (including administration), non-exempt staff, faculty, and students should be formed to oversee the creation and implementation of a final plan.
4. This process should be transparent; all discussion and decisions should be fully accessible to the entire college community.

¹ The implementation of this proposal will require a concerted reallocation of funds – but will perhaps not be as costly as one might expect. According to Swarthmore’s Office of Human Resources, for example, the cost of raising the hourly wages of all employees currently earning less than \$10/hour to \$10/hour would be less than \$120,000. While this change represents only the initial step in implementation of the proposal (corresponding to Campaign Goals 1 and 2, but not addressing goal number 3), the figure may still serve as a beginning estimate for further calculations.

² The “full market rate” is at or slightly above the average for comparable jobs in regional and national comparison groups.

³ Weisbrot, Mark and Michelle Sforza. "Baltimore's Living Wage Law: An Analysis of the Fiscal and Economic Costs of Baltimore City Ordinance 442," 1996. Quoted by the Economic Policy Institute.

⁴ Economic Policy Institute (EPI) analysis of US Bureau of Labor Statistics data (all EPI figures are available through the Economic Policy Institute’s online “Datazone”; follow the link from <http://www.epinet.org>)

⁵ EPI analysis of U.S. Bureau of the Census Current Population Survey data.

⁶ EPI analysis of Bureau of Census Current Population Survey data.

⁷ EPI Income Picture – September 26, 2000.

⁸ EPI analysis of Bureau of Census Current Population Survey data (poverty wage defined as \$7.71 an hour or \$16,000 a year, or below).

⁹ Women’s Association for Women’s Alternatives, *The 1998 Self-Sufficiency Standard for Pennsylvania*, p. 36. The basic needs categories that go into the WAWA calculation are the following: Housing, Child Care, Food, Transportation, Health Care, Miscellaneous, and Taxes. No allowances are made for retirement or emergency savings; or for luxury items; the self-sufficiency standard is meant to provide a bare minimum figure quantifying essential basic needs.