Introduction

This study examines the wage structure of the University of Tennessee for the 2,124 hourly workers directly employed on its Knoxville campus.[1] The study looks at the wages paid by the University over the past 25 years and at the University's use of departmental privatization as a means of cutting labor costs. The worker data used include all full-time staff members on the Knoxville campus who are in the jobs that have not been privatized.[2]

The term "non-exempt" employees refers to workers who are paid hourly wages and are covered by the federal Fair Labor Standards Act. The University classifies its non-exempt employees in 13 grade levels. Each grade level has a published starting hourly wage. Readers of this study will find much of the statistical data presented in terms of both the *starting* and the *average* hourly wages earned by employees in each grade level. If we had worked solely with *starting* wages, the situation of non-exempt employees at the University of Tennessee, Knoxville (UTK) would have appeared somewhat worse than it does, since some workers earn more than the starting wage for their grade level. This is the case even though UT has no mechanism, such as a step increase, which would automatically increase an employee's hourly rate after completion of a specified length of service.[3] Because we had no access to individual employee records and thus could not ascertain the extent to which *actual* employee income exceeds *starting* wages, we found it necessary to estimate the *average* wages paid to employees in each grade level. There is some question as to how much average wages actually differ from starting wagesBif indeed they differ at all. The UT Department of Human Resources Management recommended adding 10 percent to starting wages as a way of approximating what UT workers actually earn. We followed the procedure they recommended in calculating average wages. However, it is important to consider *starting* wages too, for each time an employee with longevity leaves UT he or she is replaced by a new employee who makes the starting wage. The relatively low wages paid by UT lead to a rapid turnover of employees. So while the UT Department of Human Resources Management estimates that some 816 workers earn less than what will be discussed below as a *living* wage, it is important to know that 1,676 *positions* in the UTK workforce are vulnerable to sinking below that level as new employees replace those leaving university employment.

The University and the Living Wage

This study focuses on employees whose wages fall below the level known to many as a *living* wage. In contrast to the federally mandated *minimum* wage, the living wage is calculated to provide the minimum level of income required to secure the most basic needs basic of a family of four (e.g. shelter and utilities, food, transportation, clothing, toiletries, and health care) independent of government subsidies targeted for low-income people. The UTK Council for a Living Wage and Worker Justice has defined a living wage in the Knoxville area as $9.50 per hour plus basic benefits.[4] A living wage provides a family of four with an annual income of $19,760. This is a "bare-bones" income that includes little or nothing in the way of amenities such as entertainment, travel or educational enrichment, but it allows a working family to live with dignity, free of dependence on public subsidies such as TennCare, food stamps and public housing.

TABLE I
EARNINGS BY GRADE LEVEL[5]

Grade Level	Number of Employees	Starting Hourly Wage	Monthly and Annual Pay at Starting Wage	Average Hourly Wage	Monthly and Annual Pay at Average Wage
1 & 2	221	$6.25 hr.	$1,192 mo. $14,300 yr.	$6.88 hr.	$1,193 mo. $14,310 yr.
3 & 4	202	$6.56 hr.	$1,137 mo. $13,645 yr.	$7.22 hr.	$1,251 mo. $15,010 yr.
5	302	$7.07 hr.	$1,225 mo. $14,706 yr.	$7.78 hr.	$1,349 mo. $16,177
6	331	$7.60 hr.	$1,317 mo. $15,808 yr.	$8.36 hr.	$1,449 mo. $17,389 yr.

7	397	$8.19 hr.	$1,420 mo. $17,035 yr.	$9.01 hr.	$1,562 mo. $18,739 yr.
8	223	$8.83 hr.	$1,531 mo. $18,366 yr.	$9.71 hr.	$1,684 mo. $20,197 yr.
9	75	$9.51 hr.	$1,648 mo. $19,781 yr.	$10.46 hr.	$1,813 mo. $21,759 yr.
10	25	$10.23 hr.	$1,773 mo. $21,278 yr.	$11.25 hr.	$1,950 mo. $23,406 yr.
11	28	$11.01 hr.	$1,908 mo $22,901 yr.	$12.11 hr.	$2,099 mo. $25,190 yr.
12	1	$11.85 hr.	$2,054 mo. $24,648 yr.	$13.04 hr.	$2,259 mo. $27,113 yr.
13	3	$12.74 hr.	$2,208 mo. $26,499 yr.	$14.01 hr.	$2,429 mo. $29,149 yr.

Of the 2,124 non-exempt, full-time workers directly employed by the University on its Knoxville campus, 1,453 (68 percent of the total) work in job classifications (grade levels 1-7) in which the average wage is less than a living wage of $9.50 per hour plus benefits. 725 non-exempt employees (34 percent of the total) work in job classifications (grade levels 1-5) where the average wage paid falls below the current federal poverty guideline of $17,050 for a family of four.[6] Thus the University pays approximately one in every three of its hourly employees so poorly that they qualify for various forms of public assistance targeted for the poor. In February, 2000, UT's Department of Human Resources Management estimated that about 2/3 of the employees making poverty wages are women. Minority workers in UT's non-exempt labor force are also concentrated in job categories that are paid poverty wages.

Twenty-Five Years of Shrinking Wages at UT

For UTK's non-exempt employees, the last quarter century has been the story of a declining living standard. Many workers have seen their real wages fall during that time period by as much as 20 percent. We do not mean to imply that this situation is unique to UT. The real wages of most working people in the United States have declined since 1975, creating a growing gap between the economically well-off on the one hand and wage earners in the industrial and service sectors of the economy on the other. However, the fact that our institution is reproducing these disturbing economic trends is hardly grounds for complacency. In our view it should serve instead to alert us to the pressing need to interrupt this destructive movement of our society toward ever-greater income disparities.

Table II below demonstrates the declining standard of living of UT's non-exempt employees since 1975. Almost 1,500 employees in the middle grade levels (levels 4-8) are today taking home little more than $4.00 for every $5.00 they earned in 1975 for doing the same work. Skilled workers, including secretaries, accountants, police officers, carpenters and other tradespersons, research technicians, and data processors--persons without whose skills the University could not continue to function--face increasing difficulties in supporting their families. Meanwhile the shrinking wages offered by UT have led to increasing problems in attracting and

Table II

DECLINE IN REAL WAGES
OF NON-EXEMPT EMPLOYEES BETWEEN 1975 AND 1998
(Calculated in 1998 Dollars)[7]

GRADE	Current Number of Employees and Examples of Jobs	1975	1985		2000	
		Average Wage	Average Wage	Amount of Change	Average Wage	Amount of Change
1	52 Custodian Admin. Aide	$6.84 hr. $14,227 yr.	$5.92 hr. $12,314 yr.	- $ 0.91 hr. - $1,893 yr. - $13.5%	$6.88 hr. $14,300 yr.	+ $0.04 + $3.00 0%
2	169 Housekeeper Sales Clerk	$7.45 hr. $15,496 yr.	$6.42 hr. $13,353 yr.	- $1.03 hr. - $2,143 yr. - 13.8%	$6.88 hr. $14,300 yr.	- $0.57 hr. - $1,166 yr. - 7.7%

3	63 Clerk Typist	$7.78 hr. $16,182 yr.	$6.94 hr. $14,435 yr.	- $0.84 hr. - $1,747 yr. -10.8%	$7.22 hr. $15,009 yr.	- $0.56 hr. - $1,173 yr. - 7.2%
4	139 Bookkeeper Secretary	$8.45 hr. $17,567 yr.	$7.50 hr. $15,600 yr.	- $0.95 yr. - $1,976 yr. -11.2%	$7.22 hr. $15,009 yr.	- $1.23 hr. - $2,558 yr. -14.6%
5	302 Senior Acc't Sr. Bookkeeper	$9.11 hr. $18,949 yr.	$8.14 hr. $16,931 yr.	- $0.97 hr. - $2,018 yr. -10.6%	$7.78 hr. $16,176 yr.	- $1.56 hr. - $3,245 yr. -17.1%
6	331 Police Officer Principle Sec.	$9.93 hr. $20, 654 yr.	$8.82 hr. $18,346 yr	- $1.11 hr. - $2.308 yr. -11.2%	$8.36 hr. $17,389 yr.	- $1.81 - $3,764 -18.23%
7	397 Ad. Secretary Carpenter	$10.78 hr. $22,422 yr.	$9.55 hr. $19,864 yr.	- $1.23 hr. - $2,558 yr. -11.4%	$9.01 hr. $18,739 yr.	- $2.03 hr. - $4,222 yr. -18.83%
8	223 Exec. Secretary Housekeep. Sup.	$11.78 hr. $24,502 yr.	$10.35 hr. $21,528 yr.	- $1.43 hr. - $2,974 yr. -12.13%	$9.71 hr. $20,203yr.	- $2.35 hr. - $4,888 yr. -19.9%

retaining qualified workers. It can come as no surprise that the declining wages of so many workers at UT--Knoxville's largest employer--have translated into major losses to the Knoxville economy during the last quarter century, and have contributed to the very strains on the state budget that plague efforts to increase public support for higher education in Tennessee.

There are other disturbing indications of the University's neglect of its hourly employees. Each year UT's Department of Human Resources Management conducts a detailed job survey in order to compare UT's wages to those offered by other employers in the area. The results are reported to UT administrators and to the University Board of Trustees, but otherwise the studies are “in house” documents rather than published reports--in part, perhaps, because they clearly reveal just how poorly the University is paying its hourly employees. One fact these annual surveys disclose is that UT employees receive on the average 10 percent less than other state employees for doing the same work.[8] Tennessee state employees are not among the best-paid state government employees in the nation, so it is a matter of concern that the UT

Administration has allowed the wages of non-exempt workers on campus to fall below those of their fellow state workers. When one adds to this that most other state employees work 22 hours less per week than their UT colleagues to earn their higher wages, we have an injustice that is in serious need of redress.

Although faculty salaries have also faced downward pressure during this time period, those pressures have triggered a different response from the UT Administration. Faculty compensation is still not where it should be in comparison with "peer" institutions in our region. Nevertheless, faculty salaries emerged from this period in a very different way from hourly wages on campus. During this same time period, 1975-2000, after experiencing a drop in income in the middle 1980's, UT faculty salaries at the top ranks have come close to holding their own. Even at the level of non-tenure-track instructors, salary losses have been less than 10 percent, though there is a disturbing inequity even within aggregated faculty ranks, in that the lower in the ranks one looks, the greater has been the erosion in real income.

Still, the hit experienced by faculty as compared to most hourly workers has been appreciably smaller.Table III tracks a quarter century of stagnant faculty salaries, but not the precipitous declines in income that UTK's non-exempt employees have experienced.

TABLE III
FACULTY SALARIES AT UTK
BETWEEN 1975 AND 1998[9]

	1975		1985			1998	
Academic Rank	1975 Dollars	1998 Dollars	1985 Dollars	1998 Dollars	Percent Change		Percent Change
Professor	$23,400	$71,751	$38,900	$58,865	-18%	$70,553	-1.67%
Associate Professor	$18,700	$56,614	$29,700	$44,963	-20.3%	$53,863	-4.86%
Assistant Professor	$15,500	$46,926	$25,800	$39,035	-16.8%	$43,901	-6.45%
Instructor	$10,800	$32,697	$17,700	$26,780	-18.9%	$29,932	-8.46

While much remains to be done to strengthen faculty salaries at UT, the University's labor policies are creating the impression among many workers that improvements in faculty income have been funded in part by the University's failure to improve workers' wages. It is now time for the University to address these years of neglect of its non-exempt employees by putting the improvement of their wages at the top of its funding priorities.

In addition to non-exempt workers and faculty, a third group of UT employees must be mentioned--the non-academic “administrative staff.” Presently about 800 in number and not covered by the federal Fair Labor Standards Act, this group comprises the professional support staff of the University. It includes the UT president and vice-presidents and other top administrators, but its ranks have been swelled in recent years by the academic and financial aid counselors, assistant deans of student affairs, purchasing agents, and the many other highly trained staff members whose services are required by the increasingly complex business of the University. For the most part, the University must compete for these employees in a national rather than local labor market. Unlike non-exempt employees, they are not organized into grade levels, so it is difficult to generalize about their income and economic condition as UT employeesBother than to say that, like other UT employees, they are relatively poorly paid.

It is clearly impossible to consider the much-needed improvement of the wages of non-exempt employees without discussing issues of equity for this group as well. We believe that the University community would benefit from open and serious discussions regarding the economic well-being of *all* its members. As a contribution to that dialogue, we hope this study makes it clear that determining what equity means cannot be decided solely or simply by the operation of “market forces” (whether external or internal), or by seemingly neutral “across the board” salary improvements such as the 3.5 percent raise granted by the state legislature last year.[10] The annual income of the administrative staff ranges from about $25,000 to $250,000. Present compensation of the administrative staff (and faculty) is not competitive with peer universities and may therefore be termed inadequate, but the word "inadequate" has a very different meaning in that case from the meaning it has when we are considering the poverty wages many UT hourly employees take home and the resulting deprivations suffered by their families. Paying poverty wages to hardworking members of our university community is a matter of *injustice*. Elimination of this injustice must be the highest priority as funds become available for any income improvements at UT.

Worker Benefits and Privatization

One of the few bright spots found in this study is the package of benefits that comes with employment at UT. These benefits include such things as a retirement plan, a medical insurance plan for which the University pays 80 percent of the premium, and a 50 percent tuition reduction for employees and their families when they enroll at UT or other in-state, public institutions of higher education. Unfortunately, many workers have lost their benefits and have seen their wages decrease as a result of privatization. In the 1970's and 1980's UTK began to phase out some jobs and to contract with private companies to provide services previously performed by UT employees. For instance, the University closed its paint shop, roofing shop, sheet metal shop, and its garbage bag disposal operation and "contracted out" for this work to be done by private firms.

A new phase of privatization began in the late 1980's as chronic shortfalls in state revenues increased the University's cost cutting efforts. In the late 1980's UTK contracted with Service Solutions Corp., an Atlanta-based, for-profit company (then operating under the name of Southeast Cleaning Services), to provide janitorial services for 500,000 sq. ft. of building space on the agriculture campus. UT janitors who had been working on the agriculture campus were transferred to the main campus to fill the depleted ranks of UT janitors still responsible for cleaning the buildings there. In July 1990, UTK contracted with Service Solutions to begin providing janitorial services on the main campus as well as the agriculture campus. As the number of janitors directly employed by UT decreased by attrition, Service Solutions expanded its operation to include more buildings on the main campus. Thus it appears that before 1991 no UT janitors lost their jobs as a direct result of Service Solution's expanding responsibilities on campus. But in the budgetary crisis of 1991 the UTK administration decided cut its labor costs by terminating some 63 of the janitorial positions still held by UT employees and turning over the work to Service Solutions. The University assisted most of the 63 employees whose jobs had been eliminated in finding new jobs outside the University. Of course Service Solutions offered them preference for its 63 new, minimum wage jobs it was adding to its campus workforce. What is more, the Service Solution jobs were devoid of the benefits package that had been an important part of the UT positions that had just been eliminated. Service Solutions Corp. still holds the contract for cleaning UT buildings, and the pay it offers its workers continues to be low. Exactly how low the wages are could not be determined, since the company refuses to release information regarding its pay scale to the public.

Approximately 50 janitorial positions at UTK were not privatized even at the time of the 1991 termination of UT janitorial jobs. These janitors continue to be employed directly by the University as a part of a "special team" of janitors who are responsible for special work, such as refinishing and polishing floors, shampooing carpets, etc. In addition, janitors in the student residence halls (called "housekeepers" in Department of Human Resources Management nomenclature) continue as University employees, as do janitors in the University Center. (After 35 years as a janitor at UTK, the senior custodian at the University Center made $7.50 per hour at the time of his retirement in 2000. The position from which he retired was advertised at $6.73 per hour.) It is difficult to say just how much money UT administrators saved by privatizing janitorial services on campus. What *is* clear is that, however much that savings might be, it has come directly out of the pockets of the hourly workers performing this work for the reduced wages and non-existent benefits offered by UTK's private contractors.

In July, 1997, UTK continued its privatization efforts by handing over all campus food services facilities to the Philadelphia-based Aramark Corporation. At that time there were 125 full- time UTK employees working in campus dining services. When Aramark assumed control of campus dining facilities, UT dining service employees were given a choice of continuing to be employed directly by the University or transferring to Aramark employment. Virtually all elected to stay with the University because of the benefits package they enjoyed as UTK employees. Since that time all new employees have been employed directly by Aramark for wages and benefits that Aramark alone determines.

As is the case with Service Solutions, Aramark refuses to release information to the public regarding its pay scale or benefits. Relevant information is available, however, regarding the wages and benefits paid by Aramark at the privatized food service facilities it operates on other university campuses in the southeastern region of the U.S. Table IV presents Aramark's job classifications and the wages it pays to its food service workers at The Citadel in Charleston, S. C.

TABLE IV
ARAMARK WAGE SCALE FOR ITS DINING SERVICES EMPLOYEES AT THE CITADEL, CHARLESTON, SOUTH CAROLINA[11]

	Hire Rate	1st Year	2nd year	3rd Year
Baker	$7.00	$7.25	$7.75	$8.00
Cook	$6.25	$6.50	$7.00	$7.35
Salad Prep.	$6.50	$6.75	$7.25	$7.50
Catering	$6.00	$6.50	$6.75	$7.00
Cashier	$6.00	$6.25	$6.75	$7.00
Server	$5.15	$5.50	$6.00	$6.25
Utility	$5.15	$5.50	$6.00	$6.25

Aramark's entire hourly workforce at The Citadel receives poverty wages. The highest hourly rate paid to workers in the top job classification still falls below the federal poverty guideline for a family of four. In addition to its poverty wages, Aramark contributes nothing to worker medical insurance or retirement programs. If workers wish to join the company's medical insurance plan they must pay 100 percent of the monthly premiumBan almost impossible burden, given the dismal monthly income Aramark's wage scale offers. Other than a small life insurance policy which Aramark provides for each employee, the only benefit it provides its workers is a paid ten-day annual vacation (increasing to 14 days after three years of continuous service). There is no reason to think that Aramark workers at UTK are doing much better than this.

There is no question that when university administrators privatize their workforce and invite corporations like Aramark into the university, it is the workers who suffer. Taxpayers suffer too, for Aramark's low wages drive their employees to seek various forms of public assistance. Ironically, at the very time when UT administrators bemoan state support for higher education being drained off into welfare programs like TennCare, their own labor policies rely heavily on these very programs to supplement the poverty wages paid by their private contractors.

A recent twist on the University's contracting out practices occurred in June of 1999, when UT signed an agreement with the Kentucky-Tennessee Growers Association. The contract allows UT to employ 20 “guest workers” from Mexico. These employees work in tobacco, hay and straw operations on UT's Agricultural Experiment sites in Greenville, Springfield, and Spring Hill. According to the contract, the workers must be able to “work in hot, humid weather, bending or stooping to reach ground level crops and able to stand on [their] feet for long periods of time.” The pay is advertised at $6.28-$7.00 per hour.[12]

Privatization represents an established labor policy at the University of Tennessee. It is a policy that has led to declining wages and disappearing benefits for many of the workers who provide essential services upon which the entire university community depends. The privatized workers are no longer legal employees of the University. Hence the UT Administration can pretend that the overall income of its non-exempt employees is improving modestly since the number making poverty wages seems to be smaller. In fact, however, the income of privatized workers who continue to perform their work on campus has actually declined as a result of the poorer wages and the skimpier or non-existent benefits provided by for-profit private contractors. Had we been able to obtain wage information from the corporations which are contracting with the University, we are certain that the scandalous downward trend shown so clearly in Table II would be revealed as inadequate to describe the damage.[13] The decline in the quality of service provided by private contractors has been the focus of articles in the campus newspaper, *The Daily Beacon*, and of a number of public meetings held on campus.[14] No one can expect decent service when employees are being paid poverty wages.

The policy of privatization at UTK has resulted in part from the relentless pressure of private corporations upon both the state government and the campus Administration. The claim of these corporations has been that they can provide the same services more cheaply and efficiently than public institutions. Unfortunately, it appears that costs are not being reduced; rather, they are being shifted to customers, students, taxpayers, and most of all to the lowest-paid workers, whose falling wages and evaporating benefits have been the starkest measure of the money saved. If UT administrators had considered the well-being of hourly employees and their families by requiring private contractors to match the wages and benefits that workers enjoy when they are directly employed by the University, privatization would be revealed to be considerably less of a bargain than private contractors represent it to be. In fact, the University's efforts to privatize its labor force have contributed to the growing income gap between the economic “haves” and “have-nots” in our community. Instead of striving to provide everyone who works in the university community with a living wage, UT's policy of privatization has moved us in precisely the opposite direction.

Estimated Costs of Living Wage Implementation

There are different ways of estimating the cost to the University of implementing a living wage for its non-exempt employees. Table V calculates the cost in a way that introduces no new assumptions other than instituting a living wage of $9.50 per hour plus benefits as the starting wage for grade levels 1 and 2. In all other respects the table attempts to replicate the structure of the present wage scale. It maintains the present scale's 7 percent differential between the grade

TABLE V
ESTIMATED COST OF A LIVING WAGE FOR
UNIVERSITY OF TENNESSEE NON-EXEMPT EMPLOYEES

Grade	Number of Employees	Starting Wage	Amount required in addition to present starting wage	Total amount needed	Plus 28% to cover increased benefit costs
1 & 2	221	$9.50	$3.25 hr ($6,760 yr.)	$1,493,960	$1,912,269
3 & 4	202	$10.16	$3.60 hr ($7,488 yr.)	$1,512,576	$1,936,097
5	302	$10.87	$3.80 hr ($7,904 yr.)	$2,387,008	$3,055,370
6	331	$11.63	$4.03 hr. ($8,382 yr.)	$2,774, 442	$3,551.286
7	397	$12.44	$4.25 hr. ($8,840 yr.)	$3,509,480	$4,492,134
8	223	$13.31	$4.48 hr. ($9,318 yr.)	$2,077,914	$2,659,730
9	75	$14.24	$4.73 hr. ($9,838 yr.)	$ 737,850	$ 944,448
10	25	$15.24	$5.01 hr. ($10,421 yr.)	$ 260,525	$ 333,472

11	28	$16.31	$5.30 hr. ($11,024 yr.)	$ 308,672	$ 395,100
12	1	$17.45	$5.60 hr. ($11,648 yr.)	$ 11,648	$ 14,909
13	3	$18.67	$5.93 hr. ($12,334 yr.)	$ 37,002	47,363
				$ 15,111,104	$ 19,342,179

levels. That differential allows the benefits of the living wage to ripple up through the 13 grade levels, thus avoiding the compression of grade levels 1 through 8 into a single grade level. It also avoids concentrating all the wage improvements in the lower grade levels. In effect, the 7 percent differential quite properly recognizes that it is not only those workers at the bare bones level below a living wage who need and deserve relief from the income erosion of recent years. The last column in Table V adds 28 percent to the increased wage costsBa relatively standard figure which employers add to their labor costs to cover the cost of benefits. These calculations result in an estimated cost of just under $19.5 million. This amount is approximately 5.9 percent of UTK's annual operating budget of $368.4 million for the 2000 fiscal year.

In the midst of budget difficulties in the state of Tennessee, at a time when legislators are pulling funding from higher education instead of increasing it, a great concern is the source of funding for living wage implementation. We are of course aware that the University faces serious budgetary problems. We know there are multiple needs facing the institution and many demands upon currently available resources in addition to those highlighted in this study. Under these circumstances, it would be all too easy for the Administration to reply to calls for a living wage by arguing to students and to better-paid employees within the University community that if a living wage is adopted, it will come at their expense or at the expense of their own cherished programs. We urge the Administration to resist the temptation to respond in that way.

First, such a response from the Administration would be factually short-sighted. Adoption of a living wage is not a zero sum game. It is a policy that would eventually benefit everyone at UTK and in the broader community as well. It decreases employee turnover, improves employee morale, and supports improved safety and quality of service. Further, a raise targeted at those close to poverty helps take pressure off poverty programs and rapidly translates into consumer spending on goods and services in the local economy. The resulting multiplier effect benefits everyone, especially an institution as heavily dependent on sales tax financing as our own.

Second, such a response from the Administration would fail to appreciate the important moral dimension of this issue. The demand for a living wage is different from a demand for competitive salaries or an enhanced library budget or updated lab equipment. As important as those latter proposals may be, they are qualitatively different from a call for a living wage. The fact that we have hourly workers on this campus (disproportionately women and minorities, many with decades of seniority) laboring for the rest of us at or near poverty wages poses a moral question for the community as a whole. It is a matter of justice.

Ultimately what the University decides to do or not do about the living wage will boil down to a question of priorities. Like the other goals adopted and championed by this Administration, a living wage would require energy, leadership and vision to achieve. Like them, it would require new resources. Like them, it could not be accomplished at one stroke.

The University has an opportunity at this juncture to provide a model of fairness and civic responsibility to our neighbors in Knoxville, to students (who, of course, watch what administrators and faculty do more sharply than what they say), and to other academic institutions striving to reach high levels of excellence. We call on the Administration to provide the leadership that allows UTK to take full advantage of that opportunity. They can do so by adopting the principle of a living wage and a concrete, near-term plan for achieving it.

NOTES

1. This study was written by Kristi Disney, a 2000 graduate of the UT School of Social Work and now a staff member of the Tennessee Industrial Renewal Network (TIRN), and David Linge, Professor of Religious Studies at UTK.

2. The authors gratefully acknowledge the generous assistance of Alan Chesney, Michael Herbstritt, and the staff of the UT Department of Human Resources Management in making data available us.

3. Some workers are hired at more than the stated starting rates when shortages in a particular job classification dictate, or when the status or privelege of those doing the hiring dictates. (UT=s wage scale has become so uncompetitive that one must imagine this is not an infrequent occurrence.) University regulations permit department heads to hire non-exempt staff at up to 8 percent more than the published beginning wage, though such cases are reviewed by the Department of Human Resources Management. Another way that employees= hourly rate comes to exceed the starting rate is that not all funds made available for pay increases are passed along to employees as across-the-board raises. UT withholds a portion of funds to be used as merit raises or as larger increases concentrated in areas of critical need. These seem to be the main ways in which UT non-exempt employees= wages can rise above the starting rate.

4. The amount of a living wage is determined by each local living wage campaign, taking the local cost of living into account. At present there are several hundred local living wage campaigns underway in the United States. Two living wage campaigns are being conducted in Knoxville. Since 1998 the Knoxville Living Wage Campaign has advocated a starting wage of $9.50 per hour

plus benefits for City of Knoxville employees. The UTK Council for a Living Wage and Worker Justice was formed in 1999 and also defines a living wage as $9.50 per hour plus benefits. The local campaigns used a combination of two methods in determining that amount. (1) More than 40 open meetings were held in which workers and other members of the Knoxville community participated. They constructed and discussed monthly budgets in an effort to reach consensus on the *minimum* income necessary to support a family of four in Knoxville. These meetings set $9.50 per hour plus benefits as that minimum amount. Many variables were considered in their deliberations, such as assuming two income providers in the household rather than one. However, child care costs and other factors would have necessitated a substantially higher living wage. Participants also expressed concern about the destructive consequences for quality of family life when wages are so low that both parents must work (often at more than one job) to provide a living income. In connection with the local meetings the Tennessee Industrial Renewal Network (TIRN) conducted a detailed cost of living study for the Knoxville area in 1998, "The Cost of Living Report for Knoxville." Copies of the report are available from TIRN, 1515 E. Magnolia Ave. (637-1576). (2) A second method widely used in setting the amount of a living wage is to relate it to the federal poverty guideline for a family of four. Amounts have ranged from $8.20 per hour plus benefits, which yields the poverty guideline of $17,050 per year, to $10.66 per hour plus benefits (i.e., 130% of the poverty guidelineBthe upper income eligibility limit for federal food stamps). The Knoxville campaigns have set the amount of a local living wage at 115% of the poverty guideline. Anyone who takes a few minutes to construct a minimum feasible budget for a family of four will quickly see that $9.50 per hour (=$19,760 per year) is far from an extravagant amount. For a more detailed discussion of how the local living wage campaigns arrived at a figure of $9.50 plus benefits, see the recent publication of the UT Council for a Living Wage and Worker Justice, *The UT Living Wage Campaign: Frequently Asked and Important Questions*. See also, J. Bernstein, C. Brocht, and M. Spadl-Aguilar, *How Much Is Enough: Basic Family Budgets for Working Families* (Washington, D. C.: Economic Policy Institute, 2000); and "Setting a Living Wage Level," *Acorn Living Wage Resource Center*, **http://www.livingwagecampaign.org.** For data relevant to determining a living wage in Tennessee, see the detailed study published by the National Priorities Project, *Working Harder, Earning Less: The Study of Job Growth in America*, available on line at http://www.natprior.org/grassrootsfactbook/jobgrowth/pdf/tn.pdf.

5. This table extrapolates from data supplied by the UT Department of Human Resources Management in January, 2001. See http://www.uthr.admin.utk.edu/emplcomp/default.html

6. See the U. S. Department of Health and Human Services poverty guideline for the forty-eight contiguous states and D.C. at http://www.aspe.hhs.gov/poverty/00poverty.html

7. In order to translate 1975 and 1985 wages into1998 Dollars, the following formula was used: 1975 wages were multiplied by 3.0275; 1985 wages were multiplied by 1.513. Source: http://www.dol.gov/esa/public/minwage/chart2.htm

8. This information, from the latest job survey, was made available to us upon inquiry in the fall of 2000 by the UT Dept. of Human Resources Management. UT Administrators have sometimes tried to justify the 10 percent gap by arguing that it is cheaper to live in Knoxville than in Nashville or Memphis, where many state employees live and work. But the facts do not support that contention. Virtually every comparative study of the cost of living in American cities has found the cost of living here to be at or near the national average, though lower than unusually expensive cities such as New York or Los Angeles. The ReliaStar Financial Corporation=s 2000 survey of 125 U. S. cities found Knoxville=s cost of living to be 94 percent of the national cost of living. This was identical with Nashville; Chattanooga=s cost of living was 99 percent of the national average, and Memphis was identified as having the lowest cost of living (90 percent) of any of the 125 cities surveyed. See their most recent national survey on the worldwide web at **http://www.ing-usa.com/best-places-2001/info-2001-index.html.** Their findings are in substantial agreement with other recent studies. The fact of the matter seems to be that the 10 percent gap between UT wages and the wages of other state employees is the result of UT Administration=s persistent neglect of its hourly employees. It built up gradually as administrators directed the funds that would have kept UT workers abreast of other state employees towards goals it considered more important. For more detailed information about the cost of living in Knoxville, see "The UT Living Wage Campaign: Frequently Asked and Important Questions," pp. 5-6.

9. All figures are average salaries. Source: *Academe: Journal of the American Association of University Professors*. For multipliers used in the calculations, see note 7 above.

10. While they may be welcome, across-the-board raises are patently regressive and simply reinforce whatever inequities already exist in the system of compensation. A 3.5 percent increase in faculty or administrative staff salaries consumes most of the moneys available without addressing the underlying issues of fairness and neglect that this report seeks to raise. The recent 3.5 percent across the board raise netted President Gilley around $8,750. A full professor enjoyed a raise of approximately $2,450. But a principal secretary received about $609, and a houskeeper=s annual income increased by only about $484.

11. See *Agreement by and between International Union of Operating Engineers, Local 465 AFL-CIO and Aramark Educational Services, Inc., for the Dining Services Employees at The Citadel, Charleston, S. C.*, effective date March 1, 2000, p. 18.

12. See U. S. Department of Labor, *Contract for Alien Employment Certification between the University of Tennessee and the Kentucky/Tennessee Growers Association*, 1999.

13. On two separate occasions members of the UT Council for a Living Wage and Worker Justice requested the help of UT administrators, in obtaining wage scale information from Aramark and Service Solutions. Each time they refused to cooperate, indicating that they had neither the need

for nor the responsibility to acquire such information. Administrators clearly prefer to avert their eyes from the consequences of their own actions and policies.

14. See the articles in *The UT Daily Beacon*, Sept. 8, Sept. 22, and Oct. 6, 1997.