A Study of the Wage Structure and Labor Policies Of the University of Tennessee, Knoxville 1975 – 2005

Submitted to
The University of Tennessee at Knoxville Faculty Senate

By the
Faculty Senate Wage Study Task Force

November 2005

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Executive Summary

This report is the work of a Task Force appointed in January 2005 by Candace White, then president of the University of Tennessee at Knoxville (UTK) Faculty Senate. Our charge was to update and extend an earlier study that was carried out in 2000/2001 in conjunction with a living wage campaign then being waged on the UTK campus. In March 2001 the Faculty Senate passed a resolution in support of a living wage, so in a sense our charge was also to discover what had come of that proposal in terms of administrative action and improvement in compensation for low-wage workers at the University. With help from UTK Human Resources and from the Office of Institutional Research we have prepared the attached Report. Our major findings and recommendations are summarized below.

A. Summary Findings

1. **A standard of $10.73 per hour plus benefits is the most serviceable living-wage standard for workers employed on the UTK campus in 2005.**

   Given various methods that have now been developed for calculating a living wage, and given the kinds of assumptions that must be built into the construction of that wage, a range of standards could reasonably be endorsed by the Faculty Senate, all of which could be supported by relevant research and justified by reference to relevant principles. The Task Force found that a figure based on a simple cost-of-living adjustment applied to the 2000/2001 living wage standard ($9.50 per hour plus benefits) was the most appropriate and reasonable measure for a UTK living wage. That figure is $10.73 per hour plus benefits, for an annual rate of pay of $22,318.

2. **Using the standard of $10.73, it appears that 1,468 individuals work on the UTK campus for less than a living wage. There appears to have been improvement in both absolute and relative terms since the previous study, but an unacceptable number of employees directly employed by the University still work for less than a living wage.**

   2005 figures represent an improvement over the situation that existed at the time of the last wage study in 2000/2001. The number of people who work in job classifications where the average wage is is less than the living wage has shrunk from 68% who worked for less than the standard in 2000/2001 to 42% of all non-exempt workers who earn less than $10.73 plus benefits in 2005. Nevertheless, there are still too many individuals, and too high a percentage, who are working full time on campus yet earning less than a living wage.

3. **Meanwhile, among building maintenance and food services workers – the two largest groups of workers who regularly labor on our campus for employers other than the University – the overwhelming majority work for far less than a living wage. From the incomplete information presently available to the Task Force, contract workers on campus also appear to have lost ground in relation to University employees who perform comparable services since the time these jobs were privatized.**

   At the time of the last study, the Faculty Senate rightly expressed special concern about the status of privatized workers on campus. The Task Force has two pieces of good news on this score. First is that no additional major segments of the UTK work force have been privatized since the time of the 2000/2001 Study. There are doubtless a number of factors that explain the lack of additional contracting out, but the 2001 Faculty Senate resolution may have played a role, and we think the Senate should take some pride in that probability.

   A second positive development is that we succeeded in getting campus-specific information from Aramark for this study. We were very pleased to get cooperation from Aramark on the information exchange. Unfortunately, the content of what we learned was not always encouraging. Aramark's lower-skilled workers begin at $6.25 an hour, and family coverage under their health insurance policy can cost 25% of a worker's gross annual income.

   Attempts to obtain similar data from Service Solutions were unavailing, despite multiple contacts with the company. We were therefore left with anecdotal information gathered directly from workers. That information suggests that Service Solutions workers typically start at $6.00 per hour, and advance only slowly, if at all, thereafter. Turnover appears to be high. It is our clear impression that the overwhelming majority of Service Solutions workers earn less than a living wage.

4. **Real wages have improved for almost all University employees, faculty and staff, since five years ago. However, non-exempt workers in all grades are still earning less than they did in 1975, and the gains of the past five years have been distributed unevenly. For instance, faculty at all academic ranks have regained and now surpassed what they earned in 1975. Most disturbing, non-exempt workers in the very lowest pay grade appear to have continued to lose ground since 2000/2001.**

   In real dollars, the average pay of non-exempt workers on campus has still lost ground since 1975, but the trend has improved since the time of the last study. Today, the losses since 1975 range from 4.8% for clerk typists to a 13.3% loss for police officers and principle secretaries (Table II). These numbers reflect the fact that most non-exempt workers saw their real wages improve since 2000/2001, when some had seen their wages decline since 1975 at levels like 19.9% and 18.2%. For instance, between 2000 and 2005, bookkeepers saw their wages rise by 2.7% while executive secretaries saw theirs go up by 11%. Some of these increases are too modest to be much cause for celebration, of course, but the upward trend is nonetheless welcome – and a sign that discussion of these matters, and increased pressure from the Faculty Senate, the union, and others can make a difference to low-wage pay on this campus.

On the other hand, at the very bottom of the pay scale, the news is worse. Workers in pay grade 30 – people like custodians, housekeepers and sales clerks – continued to lose ground even between 2000 and 2005. Since 1975 they have lost 12.7% of their real pay; 5.4% of this since the time of the last study. Among the potential explanations for this result, discussed by the Task Force and UTK Human Resources, is that this outcome reflects a consistently high turnover rate of new employees at the very bottom of this lowest pay grade, such that average wages in this grade remain very low. Given UTK Administration's targeted efforts in recent years to improve wages in the lowest pay grades, this finding is of particular concern and indicates the need for further analysis.

B. Summary Recommendations

Here in summary form are the recommendations of the Wage Study Task Force for Faculty Senate action on the living wage.

1. Reaffirm our earlier support for a living wage for UTK and contracted campus employees.

Call for a living wage of $10.73 per hour ($9.50 adjusted for increases in cost of living)
Call for the University to develop a multi-year plan to achieve this goal
Call for parity in wages and benefits for contracted workers on campus

2. Work through the Faculty Senate Budget and Planning Committee and the administration to develop a multi-year plan to achieve a living wage.

Suggested approaches include:

Institute equal-dollar raises instead of equal-percent raises across the board
Require all merit-raise pools to be matched with raise pools targeted toward living wage
Allocate a portion of future tuition hikes, in light of median family income of students

3. Institute an annual snapshot of the University's pay structure that would:

Update Table I-a on staff and administration pay scales, from top to bottom
Update Table I-b on the number of individuals, if any, making less than a living wage
Update Table I-c on faculty pay scales
Update and enhance Table II on staff and administrative pay in current dollars since 1975
Update Table III on faculty pay in current dollars since 1975
Create graphs using the data from Tables II and III to visualize this history
Obtain data on how University pay is distributed by race, ethnicity and gender

4. Carry out a comprehensive study every five years.

Do more extensive analysis at five-year intervals
Assess progress and findings, and develop recommendations.

5. Urge requirement of wage and benefit information from campus contractors.

Encourage continued helpful cooperation by Aramark
Build appropriate information -sharing into bidding and contract administration

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I. Introduction and Overview

In January 2005 Candace White, then President of the Faculty Senate, convened a Wage Study Task Force, asking its members to update an earlier study of wages and salaries at the University of Tennessee that had led to a 2001 Faculty Senate resolution in support of a living wage. The 2005 Wage Study Task Force, with important help from the UTK Department of Human Resources and others, has investigated the current compensation structure on the UTK campus and how it has changed since the previous study. (1) This Report shares the results of our investigations and discussions on those important matters.

A. Background

The 2000/2001 Study was carried out by faculty and student members of a broad-based coalition that was then engaged in two campaigns for a living wage – one focused on the City of Knoxville and the other on UTK. That study examined the compensation structure for non-exempt University workers, and some data on faculty compensation. It also assessed UTK wages in light of a living wage standard of $9.50 per hour (or $19,760 annual income) plus benefits.

At the time of the study, the concept of a living wage for University workers, and the $9.50-plus-benefits standard, won the support of student government, the *Daily Beacon*, and a number of other campus and community organizations. The Faculty Senate considered the living wage and related issues and, on March 1, 2001, passed a resolution urging that:

> 1. The University of Tennessee uses the first 1.5 million dollars of discretionary, recurring funds annually for three years to increase the minimum wage for all non-exempt employees with the University of Tennessee while minimizing wage compression.
>
> 2. The University of Tennessee makes a long-term commitment to improving the wages of its lowest paid workers to provide a living wage for UTK employees.
>
> 3. As part of its long-term commitment to improving the wages of its lowest-paid workers, in any future contracts negotiated by the University of Tennessee, the University will require a contractor whose employees perform their jobs on the UTK campus to pay $9.50 per hour plus

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1. Co-chairs of the 2005 Wage Study Task Force are Professor Fran Ansley (Law), Dr. David Linge (Religious Studies, emeritus), and Dr. Mary Rogge (Social Work). Dr. Candace White (Communications) and Beauvais Lyons (Art), past presidents of the Faculty Senate, Elizabeth Gentry from United Campus Workers, and Dr. Cynthia Rocha (Social Work), as well as Social Work graduate students Courtney Cronley and Brenda Snow, made important contributions to this work. We have received indispensable help from Alan Chesney, Mike Herbstritt, and Marty Gleason at UTK Human Resources throughout the process, as well as valuable information from Denise Barlow, Vice-Chancellor for Budget and Finance, and Jeff Gerkin of the Office of Financial Aid and Scholarships.

benefits or wages no less than those provided by the University to its own employees at comparable job levels. (2)

In the Fall of 2001, the Faculty Senate Budget Committee continued to explore ways of addressing living wage issues. One measure it discussed was the idea of using equal dollar amounts for across-the-board (ATB) pay raises rather than equal percentage rates keyed to an employee's base pay. In this way, for instance, a secretary in Computer Science would receive the same (dollar amount) ATB raise as a professor in Computer Science.

Since the time of the earlier study and the Faculty Senate actions described above, a number of changes have occurred. For instance:

- The cost of living has continued to rise in Knoxville, as elsewhere.
- Nationwide living-wage advocacy in community and university settings, together with research and policy analysis prompted by debate over welfare reform, have generated additional theories and methods for calculating standards for a living wage and for family self-sufficiency.
- No focused living wage effort is presently underway on this campus, but a union representing UTK employees -- United Campus Workers-Communications Workers of America Local 3865 -- emerged from the earlier campaign. The Local is engaged in continued advocacy, both on campus and in the state legislature, to improve wages for most UTK employees, especially for those in the lower reaches of the University wage structure. (3)
- Although the campus administration has not yet been willing to commit itself to the goal of achieving a living wage for all campus employees, in the wake of the 2000/2001 campaign and under continued pressure from the Faculty Senate and the union, the administration has taken several welcome steps that reflect an increased awareness of the particularly acute need for wage relief in the lower pay grades. (4)
- Meanwhile, significant changes have occurred in the way employees are categorized by the University, how pay grades are grouped and designated, and how electronic data are stored and managed. As a result, an update of the previous study has required more than a linear forward projection of the old data. New data systems thus presented the Task Force with some difficulties, but we believe that with cooperation from the administration, they could also translate into new

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2. For the full text of the Resolution, see Appendix A.

3. For instance, at the time this 2005 Task Force began its work, United Campus Workers was actively seeking a straight, across-the-board raise of $1200 a year, rather than the normal percentage raise that gives the most to those at the top of the salary structure and the least to those at the bottom.

4. Examples of these welcome measures include several raises in the years immediately following the campus living wage campaign in which employees toward the bottom of the compensation structure received a higher percentage raise than others. In January 2003, July 2004, and July 2005, UTK employees received either a 3% raise or a $750 flat raise for the year, whichever was greater. While most across-the- board raises at UTK have been distributed as a percentage of an employee’s base pay, this development reflected awareness by the University that across-the-board (percentage) raises are most unfair to the lowest paid workers. For a chronology of University raises given to employees from July 2000 through October 2005, see Appendix B.

opportunities for seeing and assessing compensation patterns on our campus and for tracking changes over time.

The Task Force has tried to keep in mind the central concerns and focus of the previous study, while also accounting changes that have occurred in the interim. Further, we have tried to look forward as well as backward, to imagine a process through which the Faculty Senate, if it so desires, could continue to capture similar but somewhat expanded information about the University's wage structure at periodic intervals in the future. (5)

B. Parameters

The Task Force had to make a number of decisions about the scope of the 2005 Study and about the nature of the information that we would seek from the administration and from private contractors on campus. We often had to remind ourselves that time for this update was finite, and that future investigators could redefine parameters if that made sense in light of future goals. UTK Human Resources provided helpful guidance at several junctures about what made sense for attempting a reasonably manageable 2005 update. For this Report, sometimes by choice and sometimes by necessity, we gathered information along the following lines.

We sought relevant data about compensation paid to people who "do their work on the UTK campus," by which we meant both workers employed directly by UTK and those employed by two major on-campus contractors, Aramark and Service Solutions. (6) As to those employed directly by the University, the Report includes data about employees who are staff, faculty or administrators at any level (7), and who are employed full-time (8) whether on a "regular" or "term" basis (9). We excluded student employees (10).

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5. For a statement of the working goals of the Task Force developed in spring 2005, see Appendix C. For our Interim Report, submitted in Summer 2005, see Appendix D.

6. "On campus" was defined to include all who work on the Agriculture campus and in UTK-based units that serve the wider UT system, such as the UT Institute of Agriculture, Institute for Public Service, University Support and University Wide Administrators. For practical reasons, we did not gather information about all contracted workers on campus, but focused on those employed by Aramark and Service Solutions. All those we consulted at UTK agreed that these two contractors employ the lion's share of low-wage contracted workers on campus. Future studies might widen the inquiry. For instance, more than one observer remarked on the number of Latino construction workers evident these days on building and repair jobs around campus, and more than one wondered aloud to members of the Task Force whether those workers were being paid a living wage or protected by other labor standards that are supposed to apply on Tennessee construction sites.

7. In this aspect, this Report goes beyond the parameters of the 2000/2001 Study, which examined only hourly employees and faculty. A fuller picture of the over-all compensation structure, including salaried administrators at all levels, seems relevant to assessing the well-being of workers toward the bottom of UTK's pay scale. Future Faculty Senate studies might want to track the absolute and relative status of all pay-grades over time.

For food services and building maintenance workers employed respectively by Aramark and Service Solutions, we sought information about those who work regularly and significantly at UTK, even though some of these workers are on a seasonal schedule or have “mealtime” jobs that do not carry a full forty hours a week. We thought this was appropriate, given that these jobs include many of the lowest-paid workers on our campus. Even so, the resulting cohort of contracted workers we attempted to study did not match precisely the cohort of the University employees we studied, which, as explained above, was restricted to full timers.

Some issues taken up in the 2000/2001 Study have not been addressed in the present update. For instance, the 2000/2001 Study included some discussion of wages paid to other state employees, and found them to be significantly higher than those paid to UTK workers. Given our time constraints, the 2005 Task Force did not take up that matter.

On the other hand, the Task Force had access to new information not considered in the prior effort. For instance, we asked for information about all pay grades from bottom to top, not just those for non-exempt workers. (See Table I and our recommendations for the future of Table II.) Another new feature is that our data now include average years of longevity in different pay grades. (See the right-most column in Table I.) Thanks to the Tennessee lottery, we were able to include a brief glance at our students’ family incomes. (See Section II.C.) Although we have not carried out any analysis pertaining to these figures, we were interested in learning more about term employees, so we asked for and were given information that would allow us to compare average annual pay of regular versus term employees in different grade levels (See Appendix E).

Finally, we should point out that in addition to these ground level, boundary-marking decisions about who would be in or out of the scope of the study, there are important “macro” questions that bear heavily on the matters we considered. For instance, the entire funding picture -- for higher education in general and for public universities in particular – is undergoing rapid change. For public universities like ours, decreased support from state legislatures and from Congress, coupled with increased reliance on private funds and tuition as sources of revenue for virtually all University functions, is a mark of the times. The effect on compensation policy, as on many other aspects of University life, has yet to be assessed adequately. These issues were often in our minds as we thought about the meaning of this study and what compensation-related matters most warrant faculty attention. We have deemed them beyond the scope of this update,

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8. Part-time workers were not omitted because of a lack of interest in their fate. Rather, conversations with UTK Human Resources indicated that part-timers are a special, polyglot population that requires special analysis before useful patterns can be discerned in aggregate data, and more time than was available to the Task Force.

9. “Regular” employees are those working for an indefinite period into the future, while “term” employees have a fixed expected end-point to their employment. Just as the Task Force would support further investigation of part-time employees on campus, we think further inquiry about the status of term employees might well be merited. We requested data on this point from UTK Human Resources, but have not analyzed the information (see Appendix E).

10. This study does not include graduate teaching or research associates/assistants, or other UTK student employees.

but we recognize their importance to the University and we encourage that they not be bracketed out automatically in future studies.

II. The University and the Living Wage

A. The Living Wage Standard

The fundamental idea behind a living wage is that an employee who works full time and year round should earn a wage sufficient to pay for the basic, bare-bones needs of a family living in today's America, without having to resort to needs-tested public benefits, crime, or private charity. Living wage standards are developed first by specifying basic necessities for different family types, pricing those needs in actual local markets, and compiling the costs into a range of family budgets. The next steps are to choose a family type deemed a reasonable standard around which to construct a common measure for the locality or institution in question, and then to figure the hourly or annual compensation that would be required to support the necessities budget of that family type in that place. As explained by the Economic Policy Institute:

> The ability of families to meet their most basic needs is an important measure of economic stability and well-being. While poverty thresholds are used to evaluate the extent of serious economic deprivation in our society, family budgets -- that is, the income a family needs to secure safe and decent-yet-modest living standards in the community in which it resides -- offer a broader measure of economic welfare.
>
> Basic family budget measurements are adjustable by family type because expenses vary considerably depending on the number of children in a family and whether or not a single parent or a married couple heads a family.
>
> It is important to note that a basic family budget is indeed "basic." It comprises only the amounts a family needs to spend to feed, shelter, and clothe itself, get to work and school, and subsist in 21st century America. Hence, it includes no savings, no restaurant meals, no funds for emergencies—not even renters' insurance to protect against fire, flood or theft. (11)

To determine an updated living wage standard for 2005, the Task Force considered several alternative methods of calculation. These alternatives are described more fully and referenced in Appendix G. The living wage standard we decided to recommend for UTK in 2005, and the one we have adopted as a benchmark for this study, is $10.73 per hour ($22,318 annual income) plus benefits (12). As shown in Appendix G, this figure was derived directly by

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11. Economic Policy Institute Family Wage Calculator (2005) at http://www.epi.org/content.cfm/datazone_fambud_budget.

12. The standard yearly fulltime equivalency (FTE) of 2080 hours/year is used to calculate annual from hourly wages and vice versa. For example, an annual income of $19,350 / 2080 = $9.30 /hour.

applying the U.S. Social Security Administration's cost-of-living adjustment (COLA) to the 2000/2001 hourly living wage figure of $9.50. It is the most directly comparable measure to the 2000/2001 living wage rate, and we have concluded it is the most serviceable living wage figure for other reasons as well.

B. Applying the Living Wage Standard to the UTK Wage Structure

This section of the Report provides information about current earnings of UTK employees. It discusses how those earnings stack up against the standard of a living wage and makes some comparisons with the findings of five years ago. Note that this picture of the UTK wage structure uses a wider lens than did the earlier study. Although our primary focus of concern remains on low-wage hourly workers, this report presents a snapshot larger than that cohort alone. We provide pay information for all regular and term employees working full-time on campus, including those on nine-month faculty appointments.

Of course, the employees who are at risk for earning less than the living wage are concentrated among the lower ranks of hourly non-exempt employees. Nevertheless, our view is that their condition and its implications can be understood properly only in a larger context that considers higher-wage and higher-salaried employees of the University as well as the low-wage contract workers now employed by Aramark and Service Solutions.

1. Exempt and Non-exempt Staff and Administrators

Table I below, provided to the Task Force by UTK Human Resources, shows the compensation paid to non-faculty who work directly for the University on the UTK campus. Included are "exempt" and "non-exempt" employees (13), including staff and administration at all levels. (14)

This Table shows only minimums and averages for each pay grade. From the table we therefore cannot tell what individual workers actually earn. For instance, we can see that the minimum hourly pay for a worker in pay grade 36 is $10.55 per hour, while the average hourly rate for that pay grade is $13.45. We cannot tell from the chart how many individual workers, if any at all in pay grade 36, earn less than the living wage of $10.73. Nor can we tell how many

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13. "Exempt" and "non-exempt" refer to whether or not the worker in question is exempt from the Fair Labor Standards Act, which is the U.S. basic wage and hour law. Non-exempt workers are covered by the Act.

14. Some explanations about high-level administrative positions are in order here. Category 75 in the Pay Grades column is not technically a pay grade, which is why the average hourly, monthly and annual minimums in that row show up as zero. It appears as a pay grade because the computer program IRIS requires a pay grade designation for each individual in the system. Some high-level officials, such as athletic coaches, receive significant compensation in forms other than salary, compensation that does not appear in this Table.

individual workers covered by this table earn less than what would be required to keep a family at or above the federal poverty threshold.

Several items stand out in Table I-a. First, there has been some measurable improvement since the 2000/2001 Study. The 2000/2001 Study reported that there were 1,453 employees (or 68% of a total of 2,124 non-exempt employees then on the main campus) who worked in pay grades where the average hourly pay was less than the living wage of that year. In 2005, the Task Force worked with a larger data set, including information about employees on the main campus, but also employees at the Institute for Agriculture, the Institute for Public Service, University Support, and University-Wide Administration. Using this universe of employees, the number of employees working in pay grades where the average hourly pay is less than the adjusted living wage benchmark has dropped to 1,333, constituting 42% of the total group of 3,150 non-exempt employees considered in this year's study, a decrease of 26%.

The preceding sentence highlights a stubborn problem. Despite the welcome improvement, among all non-exempt UTK employees an unacceptably large number, and close to half of the total, still work in pay grades whose average rate of pay falls below the 2005 living wage of $10.73. Meanwhile, 2,687 workers (or 85% of today's 3,150 non-exempt UTK employees) are now in pay grades where the *minimum* hourly pay is below that benchmark.

In any event, the foregoing head count excludes the 300 or so workers who do their jobs on campus but are employed by Aramark at sub-living-wage pay as well as the unknown number who work on campus for Service Solutions. (15) If those workers were included, the picture would look worse.

15. For more information on Aramark and Service Solutions, see Section IV on privatization. In October 2005 Aramark reported 478 employees, of whom 178 were students. Because the Task Force excluded student workers from the data examined for University employees, we do not include them in the Aramark figure mentioned above.

Table I-a
UTK Exempt/Non-Exempt Wage Rates and Longevity by Pay Grade

Pay Grade	Number of Employees	Pay Grade Hourly Minimum	Pay Grade Monthly Minimum	Pay Grade Annual Minimum	Average Hourly Rate	Average Monthly Rate	Average Annual Rate	Average Years of Longevity
30	280	$7.00	$1,213.33	$14,560.00	$7.71	$1,336.38	$16,036.50	7
31	218	$7.41	$1,284.40	$15,412.80	$8.78	$1,521.91	$18,262.92	10
32	377	$7.82	$1,355.47	$16,265.60	$9.56	$1,657.32	$19,887.81	11
33	458	$8.43	$1,461.20	$17,534.40	$10.20	$1,768.70	$21,224.37	9
34	563	$9.08	$1,573.87	$18,886.40	$11.19	$1,939.08	$23,268.99	11
35	412	$9.79	$1,696.93	$20,363.20	$12.78	$2,214.88	$26,578.51	12
36	379	$10.55	$1,828.67	$21,944.00	$13.45	$2,331.79	$27,981.47	12
37 NE	254	$11.36	$1,969.07	$23,628.80	$15.12	$2,621.31	$31,455.75	12
37E	12	$11.36	$1,969.07	$23,628.80	$14.50	$2,512.79	$30,153.42	4
38NE	146	$12.24	$2,121.60	$25,459.20	$15.86	$2,749.71	$32,996.54	12
38E	84	$12.24	$2,121.60	$25,459.20	$16.00	$2,773.39	$33,280.66	7
39NE	60	$13.19	$2,286.27	$27,435.20	$18.84	$3,266.26	$39,195.16	13
39E	297	$13.19	$2,286.27	$27,435.20	$17.43	$3,020.97	$36,251.68	7
40NE	3	$14.21	$2,463.07	$29,556.80	$18.28	$3,168.22	$38,018.67	18
40E	299	$14.21	$2,463.07	$29,556.80	$19.15	$3,319.34	$39,832.02	9
41	342	$15.31	$2,653.73	$31,844.80	$20.62	$3,573.67	$42,884.02	9
42	221	$16.49	$2,858.27	$34,299.20	$25.50	$4,419.41	$53,032.94	10
43	372	$17.78	$3,081.87	$36,982.40	$24.92	$4,319.74	$51,836.89	15
44	150	$19.15	$3,319.33	$39,832.00	$30.99	$5,371.98	$64,463.71	15
45	111	$20.64	$3,577.60	$42,931.20	$35.80	$6,205.77	$74,469.23	12
46	81	$22.24	$3,854.93	$46,259.20	$36.71	$6,363.60	$76,363.17	15
47	50	$23.96	$4,153.07	$49,836.80	$44.09	$7,642.34	$91,708.10	17
48	16	$25.82	$4,475.47	$53,705.60	$50.80	$8,804.95	$105,659.44	18
49	7	$27.82	$4,822.13	$57,865.60	$45.96	$7,967.17	$95,606.00	21
50	5	$29.97	$5,194.80	$62,337.60	$53.19	$9,220.07	$110,640.80	21
52	15	$34.80	$6,032.00	$72,384.00	$76.11	$13,192.52	$158,310.27	14
53	2	$37.50	$6,500.00	$78,000.00	$99.53	$17,252.50	$207,030.00	19
75	41	$0.00	$0.00	$0.00	$64.88	$11,245.95	$134,951.37	18

- As of 3/23/05
- UTK Human Resources created table I-a in response to a request from the Task Force.
- Includes Full Time Regular and Term Staff Employees at Knoxville Campus, UT Institute of Agriculture, Institute for Public Service, University Support, and University Wide Administration. Faculty and student employees are NOT included.
- Grade 30 and 31 have average hourly wages at or below 2005 Federal Poverty Guidelines of $9.30 (see Appendix G)
- Shaded rows include employees at or below the 2005 UTK Living Wage Rate of $10.73

Even using the federal poverty line as the standard ($19,350 annual income for a family of four), we can see from this table that workers up through pay grade 34 may be earning less than poverty wages, because the minimums for those pay grades are below $9.30, which is the wage now required for an earner to lift a family of four to that benchmark (see Appendix G). Almost 500 workers are in pay grades 30 and 31 where even the *average* wage is less than this poverty threshold.

Now that the IRIS computer system for handling personnel and payroll information is in place, more individualized data are available than in 2000/2001. Accordingly, UTK Human Resources provided data that specified not only how many people work in pay grades where the minimum or average wage falls below the living wage standard, but the number of individuals who earn less than that. As Table I-b shows, the number of such workers in July 2005 was 1,468, or 46.6% of the total 3,150 non-exempt employees. Comparable individual-earner data were not provided in the 2000/2001 Study. The number is higher, however, than the 1,333 people who work in pay grades where the average wage is lower than the living wage, at least as of March 2005, when the information for Table I-a was produced. (16)

Table I-b
Number of University Employees
Earning Less than the 2005 Living Wage Rate of $10.73

Pay Grade	Number of Employees	Number of Employees Below Living Wage
30	276	270
31	221	202
32	377	270
33	455	329
34	565	315
35	412	68
36	379	14
TOTAL	2685	1468

16. The two sets of data were provided at different times so some of the difference could be attributed to more low-wage workers being on campus in July than in March. Of course, some workers who earn less than a living wage are in pay grades where the *average* wage for their grade is higher than the living wage, but the minimum is lower.

Table I-b was adapted from Table V-b

2. Faculty Members

University databases treat faculty separately because of the difficult problems comparing those on 12-month and 9-month appointments. The 2000/2001 Study provided some data on faculty salaries in the context of an effort to examine what had happened to campus wages between 1975 and 2000. The present study continues the effort to track long-term trends in real wages for both faculty and staff, as will appear in a later section. Data presented in this section, however, are different. They are here as the second component of the overall snapshot of UTK's pay structure, a snapshot taken for all sectors in March 2005.

Table I-c
2005 Average Annual Salary for UTK Faculty by Academic Rank

Academic Rank	Number of Faculty	Average Annual Salary
Professor	524	92,331.86
Associate Professor	333	70,094.60
Assistant Professor	314	58,324.82
Instructor	21	48,552.76
Lecturer	201	35,926.71
Research Professor	10	83,656.60
Research Associate Professor	15	73,415.07
Research Assistant Professor	61	57,214.49
Clinical Professor	0	
Clinical Associate Professor	0	
Clinical Assistant Professor	16	61,409.31
Clinical Instructor	14	36,952.50

- Includes full time regular and term faculty for Knoxville Campus, UT Institute of Agriculture, Institute for Public Service, University Support, and University Wide Administration
- UTK Human Resources created Table I-c in response to a request from the Task Force.

None of the salaries displayed in Table I-c is below the $10.73 hourly ($22,318 annual income) 2005 living wage standard. On the other hand, there is cause for special note about the 2004/2005 salaries of Lecturers and Clinical Instructors. In the summer of 2005, the University considered students from families with annual household income of 200% of the federal poverty line to be eligible for need-based scholarships. If this standard applies in fall 2005, the relevant family household income for student need would be $38,700 for a family of four (that is, twice the 2005 federal poverty line of $19,350; see Appendix G). Table I-c shows that this income level exceeds lecturer and clinical instructor salaries in 2005.

The Task Force recommends future monitoring of patterns as reflected above. That pattern shows a strong divergence between the top and the bottom of the UTK pay scale, coupled with a low-end salary scale that is not that far from the "red-flag" levels of need that originally spurred the Faculty Senate's concerns about a living wage for hourly employees on campus.

Another approach to evaluating staff and faculty salaries, albeit it one that addresses wage structures more encompassing than the living wage alone, is to compare salaries to those of other institutions. The Faculty Senate's annual study of faculty salaries does such a comparison and is a useful tool for assessing faculty salaries at UTK with those at peer institutions in the 30-member Southern University Group, at our 10 Tennessee Higher Education Commission peer institutions, and at the "top 25" public universities. Because many of the recommendations in this Report concern future Faculty Senate monitoring of UTK compensation practices, we have considered ways that an annual examination of the University's overall wage structure could be coordinated with an annual review of comparative data for faculty salaries.

C. Additional Context: Students

At the time of the 2000/2001 Study, little comprehensive information was available on the incomes of students enrolled at the University. In 2005, that picture has changed. As part of Tennessee lottery scholarship eligibility, all in-state 2004-2005 members of the freshman class at UTK were required to complete the Free Application for Federal Student Aid (http://www.fafsa.ed.gov/) financial statement documenting household income. These data offered the University a chance to obtain a more accurate picture of the average household adjusted gross income of students.

Especially given the declining support from state budgets for higher education, and the increasing reliance on tuition as a source of necessary revenue, it seemed to the Task Force that student incomes should be included as one more relevant piece of context when thinking about questions related to the living wage, its costs and benefits, and how one might practically and ethically fund a living wage standard.

UTK reported the following data about the household incomes of the 2004-2005 undergraduate entering class:

- 3,287 in-state matriculated freshmen at UTK received lottery scholarships in 2004-2005.
- The mean adjusted gross household income for all students in this pool is $97,624.
- The median adjusted gross household income for all students in this pool is $79,700.
- The bottom 20% (657 students) adjusted gross household income is $35,911 or less.
- The top 20% (657 students) adjusted gross household income is $130,563 or higher.
- The mean adjusted gross income for student households above $36,001 (which is 200% of the poverty level) is $117,000. In fall 2004 students from households making less than $36,001 were eligible for other forms of need-based scholarships. (17)

This information shows that a good portion of the UTK freshman class still qualifies for need-based scholarships. The Faculty Senate does and should care about the effect of tuition increase on students of modest means and about the availability of financial aid. On the other hand, the financial standing of the freshman class as a whole calls into question whether the state is subsidizing college education at UTK for children whose families have relatively high income levels while many of its lowest paid workers are compensated with less than a living wage.

III. Long-Term Trends in Campus Pay

The 2000/2001 Study reported the dismal news that the previous quarter century had seen living standards decline for many workers, including both staff and faculty at UTK. (18) The Study pointed out that shrinking pay checks are burdensome to those who depend upon them, and that they also create serious institutional problems related to recruitment and retention of qualified workers. It recognized that the pattern was not isolated to the University of Tennessee, but it nevertheless called on the institution to put its weight behind slowing or reversing these troubling trends.

A. Exempt and Non-exempt Staff and Administrators

Table II demonstrates that the standard of living of UTK's non-exempt employees is still lower than it was in 1975. Although that deficit has not been overcome, it has been somewhat mitigated. In the 2000/2001 Study, the real wages of some non-exempt workers on our campus had fallen since 1975 by as much as 20 percent. Now, in 2005, the pay grade with the greatest decline is still 13.3 percent lower than the relative income in 1975. Further, all but the lowest pay

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17. Jeff Gerkin, Assistant Dean & Director, Office of Financial Aid & Scholarships (GERKIJG@gw.utk.edu) provided the Task Force with this data.
18. See 2000/2001 Table II, Appendix K.

grade have made measurable gains in the five years since the prior study, ranging from a low of 2.7 percent gained since 2000/2001 by those in pay grade 31, to a high of 11% gained in that time by those in pay grade 35. Nevertheless, these gains were not sufficient to make up for intervening losses. Non-exempt workers at UTK now earn between 4.8 and 13.3 percent less than they earned in 1975 for doing the same work.

Perhaps most relevant for this study, given its special concern for workers at the bottom of the pay scale, our calculations indicate that the very bottom pay grade at the University is the only pay grade that has lost ground -- not only since 1975, but since 2000/2001. Those in pay grade 30 appear to have lost 5.4% of their buying power since the 2000/2001 Study. Of the 276 employees in this pay grade, only six earn more than a living wage (see Table I-b).

That slippage in pay for employees in pay grade 30 occurred despite steps the UTK Administration took to address the special economic need at the lower pay grades. For instance, in 2003, 2004, and 2005, across-the-board raises were given to most employees on a percent-of-pay basis. A minimum dollar amount, however, was set at a level that benefited low-wage workers and resulted in their getting a higher percentage raise (see Appendix B). Among the potential alternative explanations for this result discussed by the Task Force and UTK Human Resources, is that this outcome reflects a consistently high turnover rate of new employees at the very bottom of this lowest pay grade, such that average wages in this grade remain very low. Given UTK Administration's targeted efforts in recent years to improve wages in the lowest pay grades, this finding that employees in pay grade 30 have lost ground since the 2000/2001 Study is of particular concern and should be analyzed more in depth.

Table II
Amount and Percent of Change in Real Wages
(1975, 1998, 2005)

GRADE*	Number of Employees and Examples of Jobs	1975	1998		2005		
		Average Wage	**Average Wage**	**1975-2000 Change**	**Average Wage****	**2000–2005 Change**	**1975– 2005 Change**
30(1)	Custodian	$8.11 hr. $16,869 yr.	$8.15 hr. $16,952 yr.	+ $0.04 + $86 + .5%	$7.71 hr. $16,037 yr.	- $0.44 hr. - $915 yr. - 5.4%%	- $0.40 hr. - $832 yr. - 4.9%
30(2)	Housekeeper Sales Clerk	$8.83 hr. $18,366 yr.	$8.15 hr. $16,952 yr.	- $.68 hr. - $1,418 yr. - 7.7%			- $1.12 hr. - $2,329 yr. - 12.7%
31(3)	Clerk Typist	$9.22 hr. $19,178 yr.	$8.55 hr. $17,784 yr.	- $.67 hr. - $1,394 yr. - 7.3%	$8.78 hr. $18,263 yr.	+ $.23 hr. + $479 yr. + 2.7%	- $0.44 hr. - $915 yr. - 4.8%
31(4)	Bookkeeper Secretary	$10.01 hr. $20,821 yr.	$8.55 hr. $17,784 yr.	- $1.46 hr. - $3,037 yr. -14.6%			- $1.23 hr. - $2,558 yr. - 12.3%
32(5)	Senior Acct Sr. Bkkeeper	$10.80 hr. $22,464 yr.	$9.22 hr. $19,178 yr.	- $1.58 hr. - $3,287 yr. - 14.6%	$9.56 hr. $19,888 yr.	+ $0.34 hr. + $710 yr. + 3.7%	- $1.24 hr. - $2,576 yr. - 11.5%
33(6)	Police Officer Principle Sec.	$11.77 hr. $24,482 yr.	$9.91 hr. $20,613 yr.	- $1.86 hr. - $3,869 yr. - 15.8%	$10.20 hr. $21,224 yr.	+ $0.29 hr. + $611 yr. + 2.9%	- $1.57 hr. - $3,258 yr. -13.3%
34(7)	Ad. Secretary Carpenter	$12.78 hr. $26,582yr.	$10.68 hr. $22,214 yr.	- $2.10 - $4,368 - 16.4%	$11.19 hr. $23,269 yr.	+ $.51 hr. + $1,055 yr. + 4.7%	- $1.59 hr. - $3,313 yr. - 12.4%
35(8)	Exec. Secrt. Hkeep. Sup.	$13.96 hr. $29,037 yr.	$11.51 hr. $23,941 yr.	- $2.45 hr. - $5,096 yr. - 17.6%	$12.78 hr. $26,579 yr.	+ $1.27 hr. + $2,638 yr. + 11.0%	- $1.18 hr. - $2,458 yr. - 8.5%
36***					$13.45		
*******							
75***					$64.88		

- Numbers in parentheses are pay-grade equivalents of 2005 grades that were used in 1975 and 2000. Previous grades 1&2 are combined into 2005 grade 30 and previous 3&4 are combined into 2005 grade 31.
- See Table I-a for 2005 data. 1975 and 1998 data are from Table II 2000/2001 Study (see Appendixes J and K).
- 1975 and 1998 data were translated to 2005 dollars using the American Institute for Economic Research Cost-of-Living Calculator (http://www.aier.org/colcalc.html), July, 2005.
- The last three rows represent the recommendation that, in future updates of this data, all pay grades be included.

B. Faculty Members

Trends since 1975 look significantly better for UTK faculty as a result of improvements since the 2000/2001 Study. At that time, faculty salaries calculated in then-present dollars had declined since 1975, although they had begun to climb back from an even lower point in 1985. Today, faculty salaries at all grades have shown improvement in real pay since 1975, with faculty members at the Instructor level gaining most. Associate Professors appear to be enjoying the least improvement.

Overall, this is good news for UTK faculty. It also indicates that, in 2005, even more than in 2000/2001, faculty members considering the question of a living wage should be mindful that their own compensation – not only in terms of absolute dollars, but also with regard to long-term trends -- is better than that of non-exempt workers who have still not climbed their way back to 1975 levels. In 2005 as in 2000/2001, the data could convey "the impression among many workers that improvements in faculty income have been funded in part by the University's failure to improve workers' wages."

Table III
Amount and Percent of Change in Real Faculty Salaries (1975, 1998, 2004)

	1975		1998			2004		
Academic Rank	1975 Dollars	2004* Dollars	1998 Dollars	2004* Dollars	1975-1998 Change	2004	1998-2004 Change	1975-2004 Change
Professor	$23,400	$82,117	$70,553	$81,720	- $397 < .05%	$91,206	+ $9,486 + 11.6%	+ $9,089 + 11%
Associate Professor	$18,700	$65,624	$53,863	$63,389	- $2,235 - 3.4%	$65,836	+ $2,447 + 3.9%	+ $212 + .3%
Assistant Professor	$15,500	$54,394	$43,901	$50,850	- $3,544 - 6.5%	$57,389	+ $6,539 + 12.9%	+ $2,995 + 5.5%
Instructor	$10,800	$37,900	$29,932	$34,670	- $3,230 - 8.5%	$43,010	+ $8,340 + 24%	+ $5,110 + 13.5%

- Data used here were provided by UTK to the American Association of University Professors.
- 2004 was the most recent year for which this data were available. Data are presented in 2004 dollars using the American Institute for Economic Research Cost-of-Living Calculator http://www.aier.org/colcalc.html, October, 2005.

IV. Wages, Benefits and Privatization

As the 2001 study explained, understanding privatization at UTK involves distinguishing between two very different types of privatization that have occurred on campus during the past thirty years. The first type, largely completed by the mid-eighties, was the closing of a number of specialized shops, such as the paint, sheet metal, and garbage bag disposal operations. UTK administrators decided that the volume of work in these operations did not justify the expense of maintaining specialized facilities and regular, full-time employees. Hence, UTK began to hire private contractors to do this specialized work on a bid-by-bid basis. The number of workers affected by these changes was relatively small, and they were made without layoffs or terminations of employment. In this type of privatization, workers brought on campus by private contractors are here only long enough to complete a particular job. Only a small portion of their annual working hours is devoted to campus-related work.

The second type of privatization began in the early 1990s. It differed from the first type in that it involved the phasing out of two major campus operations: janitorial services and food services. In contrast to the first type of privatization, this type involved hundreds of employees and it affected them in far-reaching ways. Regular, full-time UTK employees were replaced by employees of private contractors, with the new workers doing essentially the same work the UTK employees had been doing. The 2001 study detailed the loss of important benefits and, in most cases, reductions in wages that workers suffered as the private contractors took over. Another important difference from the relatively small-scale type of privatization is that the janitorial and food services operations passed into the hands of very large corporations–SSC Service Solutions Corporation, one of the nation's largest providers of cleaning services, and Aramark Corporation, a multi-national corporation based in Philadelphia.

Undoubtedly, the most important general observation that can be made regarding additional privatization at UTK during the last five years is that virtually none has taken place. This is mainly because there are no more large-scale operations, like janitorial and food services, which constitute the primary targets of corporate privatizing interests. Hence updating the wage study of 2001 will focus mostly on the performance of the two large, private contractors, SSC Service Solutions and Aramark, both of which arrived on campus before 2000 and continue to manage major campus operations today.

A. SSC Service Solutions

The 2000/2001 Study was unable to include specific information regarding Service Solutions' job classifications, wage scale, or benefits, because the company refused to provide any information. Consequently the study relied on anecdotal evidence in the form of conversations with employees. The company's continuing refusal to cooperate leaves this update similarly dependent on the informal testimony of Service Solutions employees. 19 What emerges from their testimonies is the same dismal picture disclosed in 2000/2001. Work for Service Solutions appears to be mostly part-time. The starting rate is $6.00 per hour, and workers report that after several years on the job they continue to earn that amount. There are no benefits. (20)

Service Solutions represents all of the most serious drawbacks of privatization. It pays its workforce poverty wages. Before custodial responsibilities were handed over to Service Solutions, the University endeavored to provide its custodians with full time jobs. Today, comparable UTK employees, in job classification 30, earn a starting wage of $7.00 per hour and have full benefits. Service Solutions' labor practices result in high employee turnover rates and unreliability–one focus of complaints about this private contractor (21). By contrast, UTK's labor practices do more to encourage employee retention. The average time in service for UTK employees in job classification 30 is seven years. Years in service as a UTK employee result in higher wages (wages in UTK job classification 30 average $7.71 per hour) rather than the wage stagnation reported by Service Solutions employees.

The University has clearly saved money by contracting out janitorial services, but those savings derive primarily from the degraded wages and marginal, if any, benefits with which Service Solutions has replaced direct employment by the University. Because Service Solutions does not provide health insurance, many of their workers were – until recent state cutbacks – eligible for Tenn Care. Therefore, while UTK saved money by outsourcing custodial services to Service Solutions, health care expenses incurred by under- and un- insured workers whose employer did not otherwise offer insurance, cost the public sector through Tenn Care or expenses to health care providers. It is difficult not to conclude that the continuing presence of SSC

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19. In mid-June 2005, David Linge, a member of the Task Force, contacted SSC Service Solutions by phone and spoke with Mr. John Donovan. Mr. Donovan explained that "typically" Service Solutions does not release the kind of information the Task Force was requesting, but that he would see what he could do and would call back. When he did not call back, Dr. Linge contacted him by phone once again and received the same answer. When once again Mr. Donovan did not get back in touch, Dr. Linge asked Faculty Senate President Candace White to pursue the matter with appropriate UTK administrators. On July 12 Dr. White contacted Jeff Maples, UTK Vice-Chancellor for Operations, who asked Mike Sherrell, Executive Director of Facilities Services, to call Service Solutions and encourage them to cooperate. Mr. Sherrell did so, but Service Solutions has never provided the requested information.

20. Worker responses were not consistent. Some said no medical insurance was offered; others reported that it is offered, but employees must pay the entire premium, which is impossibly high. Reports were unanimous, however, that SSC Service Solutions provides no paid vacations and no paid holidays.

21. Dissatisfaction with SSC Service Solutions performance goes back to the beginning of its operation at UTK, as the 2000/2001-wage study indicated. More recently, Vice-President of Operations Phil Sheurer remarked on several occasions that, in his judgment, the privatization of cleaning services at UTK was a mistake. He indicated that, while it yielded short-term gains at the time of the budget crisis of the early 1990s, it had led to a general deterioration of campus facilities. At the 2005-2006 budget hearings, Sheurer identified custodial services as the top priority for increased allocation of funds. In this context, the question was raised as to whether 2005-2006 would be a good time to estimate the cost of returning custodial services from private contract to performance by UTK employees.

Service Solutions on campus is the worst feature of the overall employment situation at UTK in 2005, just as it was in 2000/2001.

B. Aramark Corporation

Employment in Aramark's food services operation at UTK presents a somewhat different picture from Service Solutions, though here too, passing from UTK employment to employment by a private contractor has disadvantaged workers. In 2000/2001 Aramark refused to release any information regarding its employment practices. Consequently, the original wage study had to rely on indirect evidence in the form of the job classifications and wage scale Aramark was using in its food services operation at the Citadel in Charleston, South Carolina. For the present study, however, Aramark has cooperated and provided information. It is very helpful that Aramark officials were willing to have their workforce included in the effort to assess the well-being of workers on the UTK campus. Along with relevant data for 2005, Aramark officials proved the actual average wages paid to their campus workers in 2000. Thus, we replaced the wage scale information from the Citadel with the proper data for our own campus.

Aramark employs approximately 250 regular, full-time, non-exempt workers and between 50 and 75 regular part-time workers in its UTK operation. The size of the workforce fluctuates seasonally. When student employees are included, the number increases further. Early in October 2005, Aramark reported that its workforce on campus totaled 478, a number that included 178 student workers. (22)

1. Aramark's Wages

During the past five years, Aramark has improved the wages it pays its non-exempt workforce. As shown in Table IV-a, adjusted for inflation, the improvements in real wages range from the 11.3% ($0.94 per hour) increase that went to its semi-skilled workers, to the 4% ($0.35 per hour) increase received by its storekeepers and managers. Because more than three-quarters of Aramark's total workforce is classified as unskilled, it is primarily to those on the lowest rung of its wage ladder–its "service" workers–that we must look to assess the overall wage improvements of the last five years. Calculating the improvement in 2005 dollars, Aramark is now paying its unskilled workforce 7.1% ($0.45 per hour) more than it did in 2000. During the same period, comparable employees at UTK (in job class 30) *lost* 1% ($0.07 per hour) of their 2000 wages (see Table IV-a). However, because its average hourly wage for "service workers" in 2000 was a dismal $5.63 ($6.36 in 2005 dollars), even with a 7.1% increase, *Aramark wages for unskilled workers have barely reached the hourly wage UTK was paying comparable workers in 2000.*

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22. The other 13 workers in this job classification are 'grandparented" in to the conditions of their original UTK employment.

As Table IV-a shows, the wages Aramark is paying to its semi-skilled and skilled workers are fully competitive with UTK. In fact, in two of its three job classifications for these workers, Aramark's average wages are higher than UTK's. Nevertheless, with the great majority of its total workforce in the unskilled job classification, there will be little or no overall improvement in the well-being of its workers until Aramark addresses the issue of the relatively poor wages it pays its "service" workers.

Neither Aramark nor UTK provides automatic pay increases after satisfactory completion of set periods of employment. Both evaluate their employees periodically and reward some of them with "merit" increases. In the case of Aramark, merit pay alone seems to account for the difference between starting and average wages in each job classification. At UTK, at least some portion of pay increases mandated by the state has to be distributed across the board and, arguably, represents at least some concern for cushioning all workers from the effects of inflation.

Furthermore, at UTK, longevity pay functions as a kind of automatic "step" increase and reward for seniority. After three years of employment each UTK worker receives an annual "bonus" of $100 for each completed year of service, up to a maximum of $2,000 per annum. UTK Human Resources calculates that longevity pay adds $0.55 per hour to the wages of its unskilled workers, $0.60 per hour to the wages of semi-skilled workers, and $0.45 to the hourly pay of skilled workers. When longevity pay is added to UTK's hourly wage rates, its wages exceed Aramark's in every job category. Most significantly, the addition of longevity pay to the hourly wage rate of unskilled workers at UTK makes their pay 21% higher than "service" workers at Aramark. Yet another factor that has improved UTK wages, but has no parallel at Aramark, is UTK's awarding, on three occasions during the last five years, of across-the-board base pay increases of at least $750 for each employee (see Appendix B).

In 2000 all non-exempt workers at Aramark worked in job classifications where average wages fell below the 2000 poverty threshold of $17,050 for a family of four. Today in 2005, 90% of the non-exempt workforce still labor in pay grades whose average wages fall below the poverty threshold, now set at $19,350 for a family of four. (At UTK 57% of employees in the three comparable job classifications are in pay grades whose average wage falls below the poverty threshold.)

Thus, some Aramark employees probably qualify for such public subsidies as food stamps, as well as utility and rent subsidies. Some may have qualified financially for TennCare before its demise, had not Aramark otherwise offered health insurance. Finally, it is worth observing that *all non-exempt employees at Aramark work in job classifications where average wages are less than a living wage of $10.73 per hour plus benefits.*

TABLE IV-a
Aramark & UTK Average Wages by Pay Grade (2000 and 2005)

<table>
<tr><th></th><th colspan="4">Aramark</th><th colspan="4">UTK</th></tr>
<tr><th>Pay Grade/ Job Class</th><th>2000 Average Wage</th><th>2000 in 2005 Dollars</th><th>2005 Average Wage</th><th>2000 –2005 Change</th><th>2000 Average Wage</th><th>2000 in 2005 Dollars</th><th>2005 Average Wage</th><th>2000 – 2005 Change</th></tr>
<tr><td>30 (1 & 2)
Utility</td><td>$5.63 hr.
$11,710 yr.</td><td>$6.36 hr.
$13,229 yr.</td><td>$6.81 hr.
$14,165 yr.</td><td>+ $ .45 hr.
+ $936 yr.
+ 7.1%</td><td>$6.89 hr.
$14,331 yr.</td><td>$7.78 hr.
$16,182 yr.</td><td>$7.71 hr.
$16,037 yr.</td><td>- $ .07 hr.
- $145 yr.
- .01%</td></tr>
<tr><td>31 (3 & 4)
Semi-skilled</td><td>$7.39 hr.
$14,872 yr.</td><td>$8.34 hr.
$17,347 yr.</td><td>$9.28 hr.
$19,302 yr.</td><td>+ $ .94 hr.
+ $1,955 yr.
+ 11.3%</td><td>$7.49 hr.
$15,579yr.</td><td>$8.46 hr.
$17,597 yr.</td><td>$8.78 hr.
$18,263 yr.</td><td>+ $ .32 hr.
+ $666 yr.
+ 3.8%</td></tr>
<tr><td>32 (5)
Store Keeper
/Supervisor</td><td>$7.70 hr.
$16,016 yr.</td><td>$8.69 hr.
$18,075 yr.</td><td>$9.04 hr.
$18,803 yr.</td><td>+ $ .35 hr.
+ $728 yr.
+ 4.0%</td><td rowspan="2">$8.21 hr.
$17,077 yr.</td><td rowspan="2">$9.27 hr.
$19,282 yr.</td><td rowspan="2">$9.56 hr.
$19,888 yr.</td><td rowspan="2">+ $ .29 hr.
+ $606 yr.
+ 3.1%</td></tr>
<tr><td>32 (5)
Skilled /
Managers</td><td>$8.10 hr.
$16,848 yr.</td><td>$9.14 hr.
$19,011 yr.</td><td>$9.66 hr.
$20,092 yr.</td><td>+ $ .52 hr.
+ $1,081 yr.
+ 5.7%</td></tr>
</table>

- All data in this table were supplied by Aramark and UTK Human Resources or extrapolated from data they provided. All averages except UTK's for 2000 are real averages calculated from databases.
- Job titles are Aramark's; the number is the equivalent UTK job classification; the numbers in parentheses in the leftmost column refer to the system of job classifications in use at UTK in 2000.
- 2000 data were translated to 2005 dollars using the American Institute for Economic Research Cost-of-Living Calculator (**http://www.aier.org/colcalc.html**; October, 2005; conversion factor 1.12892; % change 12.89%).
- Actual average wages for UTK pay grades for 2000 were not available. In the 2000/2001 Study, following UTK Human Resources' advice, averages were *estimated* by adding 10% to starting wages. Because all the other data from UTK and Aramark now show *actual* averages to be more than 10% above starting wages, UTK averages for 2000 were re-estimated, for this 2005 Study, to be halfway between 10% and the actual percent above starting wages in 2005. This method is intended to avoid either grossly under- or over-representing UTK's actual averages for 2000. It is also important to note that, because of this re-estimation, the translated data in this Table does not correspond with the 1998 to 2005 translated data in Table II of this study.

2. Aramark's Benefits Package

When we consider the package of benefits that Aramark provides for its employees, we find once again that improvements have been made since 2000. But here the gap between employment at Aramark and at the University is much greater than in the case of wages. As the 2001 wage study pointed out, it was UTK's superior benefits package that led virtually all 125 UTK food service workers to retain their UTK employment status rather than transfer their employment directly to Aramark when food services was privatized in 1997. And it is largely because of those superior benefits that almost one-sixth of Aramark's present regular full-time workforce–about 41 workers–are still “grandparented in” to the terms of their original UTK employment and continue to enjoy the superior benefits provided by the University.

Both Aramark and UTK offer their employees optional major medical insurance plans. Aramark had a major medical plan in 2000, but employees had to pay 100% of its cost. We are happy to report that now Aramark pays 66.6% of the premium. On the other hand, UTK pays 80% of its employees' premiums. Aramark's major medical insurance is a Point of Service (POS) plan. UTK also offers its employees a POS plan, as well as a Health Maintenance Organization (HMO) plan less expensive than the POS plan, and a more expensive Preferred Provider Organization (PPO) plan. This analysis is limited to a comparison of the two POS major medical insurance plans (see Tables IV-b and IV-c).

TABLE IV-b
Premium Schedule for Aramark’s Major Medical Plan 2005

Job Class (salary base)	Single Coverage	Percent of gross annual income	Employee and one dependent	Percent of gross annual income	Family Coverage	Percent of gross annual income
Utility $14,310	$25.15 wk. $1,308 yr.	9.14%	$42.85 wk. $2,228 yr.	15.56%	$68.55 wk. $3,565 yr.	24.91%
Cashier	same	8.79%	same	14.98%	Same	23.91%
Semi-skilled	same	7.62%	same	12.98%	Same	20.77%
Skilled	same	7.14%	same	12.17%	Same	19.47%

Aramark's plan involves a sliding scale deductible and co-payment feature that is missing in UTK's plan, but UTK's plan tags its premiums to the employee’s base income. The slight advantage here may go to Aramark's plan, for the difference in premiums between job classes 30 and 32 in the UTK plan is only $11 per annum for single and $12 per annum for family coverage. The difference in premiums does not measure up, however, to the difference in pay between these job classes. But the glaring difference between the two plans is the annual premiums employees must pay for Aramark coverage. In some categories, Aramark's plan takes twice as large a percent of the employee's gross annual income as does UTK's major medical plan.

If Aramark's employees were given the option of choosing UTK's major medical plan instead of Aramark's, there could be little doubt that most of them would do so. Table IV-c lists UTK’s medical insurance premiums. While still out of the reach of most low-income workers and their families, they are more of a possibility than Aramark's.

TABLE IV-c
Premium Schedule for UTK Major Medical Plan 2005

Job class (Salary base)	Single coverage premium	Percent of gross annual income	Family coverage premium	Percent of gross annual income
Job class 30 $16,037	$63.47 mo. $762 yr.	4.75%	$157.92 mo. $1,895 yr.	11.81%
Job class 31 $18,263	$64.40 mo. $773 yr.	4.23%	$158.91 mo. $1,907 yr.	10.44%
Job class 32 $19,888	$64.40 mo. $773 yr.	3.88%	$158.91 mo. $1,907 yr.	9.58%

Comparing the major medical insurance plans of these two employers compels one to ask if Aramark could not do a better job of negotiating a group plan that would reduce premiums, even if the benefits were to be somewhat reduced. A senior official at Aramark's UTK food services operation proudly characterized his company's medical insurance as a "Cadillac plan." The analogy is perhaps more apt than he realized for, just as Aramark's insurance appears to be out of reach for many, few if any of its low-income workers can afford to buy Cadillacs. What is needed is a “Saturn plan” or a “Volkswagen plan.”. Aramark reports that only 10% of eligible workers opt for its major medical coverage. Aramark officials think that, with the collapse of TennCare, more workers may sign up. But as much as all employees on campus may want medical insurance coverage for their families, it is difficult, if not impossible, to allocate one of every four or five dollars one earns to purchase it.

Aramark offers its employees retirement support after their first year of employment in the form of a 401 K plan. It matches employees' contributions of up to 6% of their wages at the rate of $0.50 for each $1.00 the employee invests. Employee contributions are vested at 100%; company contributions are gradually vested and reach 100% in seven years. This plan does not compare very favorably with UTK retirement benefits. In effect, Aramark will contribute the equivalent of 3% of the employee's annual wages. UTK contributes 10% of the employee's annual wages, regardless of whether the employee elects to make any additional contribution. (For example, in the case of their lowest paid workers, Aramark will contribute a maximum of $429 to the employee's 401 K if the employee contributes $859. The University contributes $1,603 annually to their lowest-paid employee's retirement fund.)

Finally, as with its major medical plan and its retirement benefits, UTK's other benefits--paid holidays, paid vacations, and annual sick/emergency leave--are all superior to Aramark's (see Table IV-d).

TABLE IV-d
Aramark & UTK Other Benefits Compared

Benefit	Aramark	UTK
Paid Holidays (per year)	4	8
Paid Vacation	After 1 yr. = 5 work days After 2 yrs. = 10 work days After 10 yrs. = 15 work days	1-5 yrs. = 12 work days 6-10 yrs. = 18 work days 11-20 yrs. = 24 work days
Paid Sick / Emergency Leave	6 days per year maximum 30 days accumulation	12 days per year no limit on accumulation

- Because the University is closed on all eight of the paid holidays enjoyed by UTK employees, Aramark workers lose their income for the four holidays they do not get.

We conclude this analysis of Aramark's campus operation by observing that, while Aramark lags behind the University in most facets of the employment situation, its employees on campus are doing better than they were five years ago. Further, some of the remaining problems, especially the difficulty of providing affordable medical insurance for low-income employees, are national problems rather than simply the result of Aramark's policies. Aramark officials report that, in setting the wage scale and designing benefits for Aramark's UTK operation, they regularly monitor changes in comparable features being offered by UTK to its employees. After all, Aramark and UTK are in more or less direct competition for employees. This study has already documented the University's effort to improve the wages of those at the bottom of its wage scale. It is fair to say that UTK's effort in this regard has influenced Aramark's decisions and thus benefited Aramark employees working within the UTK community.

While the working conditions of many people employed on campus for the two private contractors of SSS Service Solutions and Aramark have improved somewhat in the last five years, they still lag substantially behind the wages and benefits of UTK employees. Until that gap is closed entirely, we believe that the continuing presence, particularly of the large-scale private contractors in the University community, is a negative rather than a positive factor.

In adopting the 2000/2001 wage study, the Faculty Senate challenged the University to do better by its non-exempt, hourly employees than it was doing. In its 2001 Resolution (see Appendix A), the Faculty Senate also recommended that the University require contractors to pay a living wage, or at least no less than the wages provided by UTK to its own employees at comparable job levels. The Task Force believes that we should challenge Aramark and SSC Service Solutions to match UTK in the wages and benefits they provide for their campus workers.

In the absence of this kind of parity, we believe that the advantages of privatization, so highly touted by privatizing corporations, are illusory. The savings they claim disappear as real costs are shifted from the employers to workers and taxpayers. What the cost shifting brought on by privatization means to workers becomes more concrete when we consider that each regular, full-time employee working for Aramark's "service worker" wages, rather than for UTK average wages, earns $1,872 less each year–even when benefits are considered. (See Table IV: Aramark "utility" workers' average wage per annum is $14,165 while similar workers at UTK (in class 30) average $16,037.) This "saving" to the University comes directly from the pockets of low-income workers – the "working poor"--who can least afford to subsidize higher education. The complicity of UTK administrators in this cost shifting certainly diminishes whatever praise they may have earned by their efforts to improve the conditions of their own worst-paid employees.

C. The Future of Privatization at UTK

We may now be at the end of the privatization era at UTK. The lack of any further lucrative targets for privatizing corporations means that the current ratio between private and public employees in our campus community is likely to remain the same. However, there is one possible exception to this prediction of stability that should be mentioned here, particularly because it impinges more directly on the responsibilities of the faculty than did the privatization of cleaning and food services. The most likely remaining, sizable target of privatization is the UTK Bookstore.

With seventy regular, full-time employees, sixty-four of whom are non-exempt workers, the UTK Bookstore is a relatively large operation on campus. It is widely considered to be a model of a successful campus bookstore. Many of its services to students and faculty are related integrally to the educational mission of the University. The UTK Bookstore is also a profitable enterprise. As a publicly owned and operated facility, however, its profits are returned directly to the campus community. This year, $814,271 in UTK Bookstore profits went to support student affairs activities and for maintenance and improvements to non-academic buildings such as the University Center. Another $300,000 in Bookstore profits was committed to the support of UTK's academic programs through the Chancellor's reallocation initiative[23]. Bookstore profits have provided similar amounts for these purposes in each of the last five years[24]**.**

In the hands of a private contractor, a significant portion of this regular support to the University "commons" would surely be diverted to corporate stockholders. Advocates of privatization argue that the greater efficiency of private enterprise means that profits would increase and that support for the "commons" would also increase, even after the stockholders' share is siphoned off. But we suspect the increased profits of this "greater efficiency" would result from decreasing wages and diminished benefits for bookstore employees.

In recent years, many campus bookstores across the nation have passed into the hands of private corporations. In the sphere of public higher education, privatizing interests exert regular pressure on campus administrations and state governments to transfer bookstores from public,

23 Source 2006 UTK budget hearings; Denise Barlow, vice Chancellor for Budget and Finance, supplied the information.
24 Telephone interview with Jeff Maples, Vice President for Operations.

non-profit management to management by private contractors. Efforts to privatize campus bookstores are spearheaded by two large corporations, the Follett Corporation and Barnes & Noble. The former manages some 400 and the latter more than 300 campus bookstores. (25) Corporations desiring to privatize the UTK Bookstore have already been in touch with University administrators and with state government officials. University administrators stress that they are not considering privatizing the bookstore, and that they are committed to maintaining the UTK Bookstore as a University-managed operation. (26)

Because the UTK Bookstore plays an important role in fulfilling the educational mission of the University, we believe the UTK Faculty Senate needs to understand the implications of campus bookstore privatization. (27) The Faculty Senate might benefit from contacting faculty governing bodies at universities where campus bookstore privatization has already occurred in order to share their assessment of how well private management of their bookstores has worked. It behooves the Faculty Senate to be proactive in this matter, for once privatization has taken place, it is exceedingly difficult for the University to recover the management skills necessary to return the facility to the public sphere. (28)

V. Estimated Costs of Implementing a Living Wage

As the 2000/2001 Study indicated, there are different ways of estimating the cost to the University of implementing a living wage for its non-exempt employees. All estimation methods require multiple assumptions as well as crucial value judgments and difficult trade-offs about how and why a measure such as the living wage should be implemented. The Task Force did not undertake in this Report to examine all reasonably available alternatives, but we present some estimates, discuss some methodological approaches and their limitations, and review some parameters of the range of costs that may be associated with different approaches to implementation. Further, we have not attempted to estimate or factor in the considerable tangible and intangible benefits to UTK that may well follow from a living wage.

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25. For an informative discussion of campus bookstore privatization by an organization very much in favor of privatization, see "Privatization by the Book: Competition for Campus Bookstores," a publication of the Mackinac Center for Public Policy (http://www.mackinac.org/article.aspx?ID=2725)

26. It is more difficult to say what state officials are thinking. As state governments change and political ideologies shift, UTK could easily and suddenly find itself receiving a directive from Nashville to privatize the UTK Bookstore. This is, in fact, what happened to the UTK food services operation in 1997, when then Governor Sundquist ordered a reluctant UTK administration to privatize campus dining facilities.

27. An introduction to some of the issues is in Sharon Oster's essay, "Privatizing University Services," available at http://educause.edu/ir/library/pdf/ffp9801s.pdf. Oster is the Wolfe Professor of Economics and Entrepreneurship at the Yale School of Management.

28 The task of returning the bookstore to direct UTK management after privatization would be considerably more formidable than recovering cleaning services, because the bookstore's inventory would have to be purchased in the process. Bookstore Director Mike Roos reports that in 2005 the UTK Bookstore's inventory is worth $4.2 million.

A first step in our consideration of possible costs was to replicate as closely as we could the assessment carried out in 2000/2001. (29) In that study, the cost of implementation was calculated by instituting a living wage for employees in pay grades where minimum pay fell below that standard, then raising all higher non-exempt pay grades to a similar degree. In other words, the calculation assumed an upward ripple effect through these pay grades, which preserved much of the 2000/2001 wage structure among non-exempt employees. The funds necessary to achieve this upward move were calculated on the assumption that all employees earned the minimum wage in their pay grade. The Task Force repeated the 2000/2001 methodology, using 2005 data, as shown in Table V-a. (30)

Table V-a
Estimated Costs of an Adjusted (De-Compressed) Non-Exempt Pay Scale Starting at $10.73

Pay Grade	Number of Employees	Current Pay Grade Hourly Minimum	Living Wage Pay Grade Minimum	The Hourly Difference	Annual Amount required in addition to Current Pay Grade Minimum	Total Amount Needed	Plus 28% to Cover Increased Costs
30	280	$7.00	$10.73	$3.73	$7,758.40	$2,172,352.00	$2,780,610.56
31	218	$7.41	$11.57	$4.16	$8,652.80	$1,886,310.40	$2,414,477.31
32	377	$7.82	$12.47	$4.65	$9,672.00	$3,646,344.00	$4,667,320.32
33	458	$8.43	$13.44	$5.01	$10,420.80	$4,772,726.40	$6,109,089.79
34	563	$9.08	$14.48	$5.40	$11,232.00	$6,323,616.00	$8,094,228.48
35	412	$9.79	$15.60	$5.81	$12,084.80	$4,978,937.60	$6,373,040.13
36	379	$10.55	$16.81	$6.26	$13,020.80	$4,934,883.20	$6,316,650.50
37 NE	254	$11.36	$18.11	$6.75	$14,040.00	$3,566,160.00	$4,564,684.80
38NE	146	$12.24	$19.51	$7.27	$15,121.60	$2,207,753.60	$2,825,924.61
39NE	60	$13.19	$21.03	$7.84	$16,307.20	$978,432.00	$1,252,392.96
40NE	3	$14.21	$22.66	$8.45	$17,576.00	$52,728.00	$67,491.84
					Non-Exempt Cost	$35,520,243.20	$45,465,911.30

- Assumes uniform, decompressed pay differential of 7.75% between all grades
- UTK Human Resources compiled this data at the request of the Task Force.
- See also the table in Appendix I, from which Table IV-a is derived, which shows a uniform pay raise across all UTK pay grades, non-exempt and exempt, from 30 to 53.

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29. Cost estimates produced for the 2000-2001 study are in Table V, Appendix I.

30. Exact replication was not possible. For instance, the Agriculture/West Campus was added in the 2005 data but not in the 2000/2001 Study. Accordingly, the overall costs are not completely comparable between the two time periods. Cost was calculated per person in each study year to control for the 2005 addition. Another methodological dissimilarity is the differential percentage that UTK Human Resources set as a target for post-implementation step-ups between pay grades. The differential assumed in 2000 was 7% between grades, while in 2005 it was 7.75%.

There are important problems with this methodology, however. The assumption that all workers earn only the minimum in their pay grade is false. This assumption imports an inflationary element into the final cost estimates. Some but not all workers labor at the bottom of their pay grade. In all pay grades shown in Table I-a, for instance, there are distinctive differences between the minimum wage and the average wage earned by employees within a given pay grade.

A more difficult problem is the assumption that no wage compression should be allowed in the post-implementation wage structure one assumes for purposes of cost estimates. The statistical assumption made in the 2000/2001 Study was that the living wage should leave all pay grades differentiated by a 7% step-up between the hourly minimums of adjacent grades. This assumption was based on the University's goals for salary progression between grades. As Table V-a shows, in 2005, the target step-up differential between pay grades used by UTK Human Resources was increased to 7.75%. In fact, neither assumption reflected actual UTK practice. In 2000/2001, for instance, pay grade differentials ranged from 4.9% to 7.8%, with the smallest differences occurring between the lowest two pay-grade categories. In 2005, pay-grade differentials range from 5.5% to 7.8%, with the lowest differentials still in the two lowest pay-grade categories.

The Task Force recognizes that there can be good reason for maintaining some degree of progression through the pay grades. Wage and salary compression can be a problem from the perspective of wage administrators and employees alike, and decisions about how to address compression can be truly difficult. However, we also know that avoiding wage compression is not the only value that the University must and does take into account. Past and present UTK practices, as shown by the range of actual pay grade differentials, demonstrate that the University tolerates some flexibility on wage compression, especially when there is a need for emergency wage relief at the bottom, but resources are limited for funding similar increases directed toward those in higher pay grades.

The flexibility is appropriate. After all, the very purpose of a living wage is to create a floor – a minimum standard of economic decency beneath which no employee should be expected to labor. Although many are convinced that instituting a living wage is likely to produce beneficial spillover effects for everyone, its central purpose is to provide a protective minimum standard for those in the lowest pay grades.

Many employees above those in the lowest ranks on this campus could use and deserve better pay. And, in general, it is a good idea to have compensation ladders that provide meaningful increases in pay for meaningful increases in the skill and responsibility required for different jobs. Non-compression is not, however, an unlimited good. Excessive wage *disparities* between the top and bottom of the wage structure pose problems too.

The Task Force is of the view that a living wage at UTK should be implemented soon and in a way that reflects the central rationale for a living wage – concern for those whose compensation is inadequate to support basic necessities. Estimates of living wage costs should be built on formulas that are practical, if difficult, to implement. For instance, implementing an across-the-board 7.75% increase for all pay grades may be impractical, yet, over a given span of time, implementing such a plan for the lowest pay grade employees may be carried out. In any event, estimates of the cost of a living wage should not be built on formulas that contradict the purpose and rationale of a living wage. Nor should living wage estimates be constructed in a manner inconsistent with UTK's own practice in pursuing and reconciling its sometimes competing goals and priorities.

The 2001 (see Appendix N) and 2005 versions of Table V-a reveal another point worth noting. The hourly difference needed to reach the living wage in each category per person has increased substantially in five years. After controlling for inflation, we found that each pay grade would require more constant 2005 dollars to reach a living wage in 2005 than in 2000/2001. For example, in 2000 the additional hourly pay needed to bring an individual employee making the lowest wage offered in the lowest pay grade up to the living wage level was $3.25 per hour, or $3.65 in 2005 dollars. In 2005, however, $3.73 more per hour would be needed to bring that lowest-paid individual employee up to the living wage. This means that, in real dollars, workers lost ground at the minimum pay grade level between 2000 and 2005, and it will now take a greater amount of money to offset these losses. This finding is consistent with findings in Table II, which reflects a decline in real wages for average incomes in the lowest pay grade.

To add perspective to these cost estimates, the Task Force asked UTK Human Resources to calculate the costs of implementing a basic living wage. That is, we asked them to determine what it would cost the University to bring every employee now making less than $10.73 an hour up to that minimum level. Such an estimate makes no provision for preserving or increasing the differential between pay grades. It does assure, however, that the central purpose of the living wage for University employees is satisfied. The resulting estimate, as shown in Table V-b, establishes the low end of a continuum of potential costs that would accompany different approaches to implementation.

Tables V-a and V-b omit an important point. Neither reflects living wage costs associated with privatized workers. If UTK does implement a policy requiring parity between UTK and contracted employees, as the Faculty Senate has called upon it to do, associated costs will follow. (31) Both Aramark and Service Solutions will likely seek greater compensation from UTK if required to pay a living wage.

31. Other universities have considered and adopted policies related to parity among university and contracted employees. Stanford, for instance, has a policy that contracted workers should receive "equal pay for equal work." See Barbara Palmer. (2004). "More Information Needed on Campus Workers, Committee Says." Stanford Report, August 4, 2004, http://news-service.stanford.edu/news/2004/august4/workplace-84.htm

Table V-b
Estimated Implementation Costs of a $10.73 Wage

Pay Grade	Number of Employees	Number of Employees Affected	Total Amount Needed	Plus 28% to Cover Increased Benefit Costs
30	276	270	1,794,783	2,297,322
31	221	202	901,831	1,154,344
32	377	270	976,901	1,250,433
33	455	329	943,017	1,207,062
34	565	315	469,283	600,682
35	412	68	64,309	82,316
36	379	14	5,236	6,702
TOTAL	2685	1468	5,155,360	6,598,861

- Assumes no adjustment to preserve or increase present pay-grade progression
- UTK Human Resources compiled this data at the request of the Task Force.
- Slight differences in Tables V-a and V-b between numbers of employees in some pay grades are the result of the data having been provided in different months.

Decisions regarding a living wage at UTK are no different from other decisions about how best to use scarce resources. Such decisions will require choosing among competing priorities in regard to economic and mission-linked assumptions, values, and practicalities. With recognition of the range of competing interests inherent in academic institutions in general, and in the unique confluence of factors facing UTK, the Task Force recommends that the University embrace the principle of a living wage. Building on its efforts in recent years to address wage inequities for low-wage workers on campus, it should act intentionally and rapidly to achieve steady, meaningful progress toward that goal.

VI. Recommendations

The 2005 Wage Study Task Force recommends that the UTK Faculty Senate take the following action with regard to the living wage and to monitoring future progress toward that goal.

1. Reaffirm our earlier support for a living wage for UTK and contracted campus employees.

The Faculty Senate should adopt a resolution that renews and updates its earlier call for a living wage for UTK employees and its concern for the well being of privatized employees working on our campus.

2. Develop a multi-year plan to achieve a living wage.

The Faculty Senate Budget and Planning Committee should work with the UTK administration in developing a phased, multi-year plan to achieve a living wage for all full-time employees, including privatized employees who work substantially and regularly on the UTK campus. We realize that achieving a living wage will require a significant investment. At the same time, the size of the needed investment is also a precise measure of the workers' need and the University's shortfall.

We believe that working together, the Faculty Senate Budget and Planning Committee and the administration, in consultation with affected staff and their representatives, can develop an incremental, multi-year plan to achieve this important goal. Elements of such a plan could reasonably include steps such as the following: (a) implementing all "across-the-board" raises as equal-dollar rather than equal-percent raises, (b) creating a system in which any plan for merit raises must be linked to other raises targeted at achieving the living wage standard; (c) If tuition is raised again, allocating a portion of those increases toward the living wage goal (given, for example, that the top 20% of 2005 entering class were from families with household income of $130,000 or higher), (d) developing a phased process whereby custodial services are brought back into the University's fold, and e) assessing the cost of implementing a living wage in the context of, and in comparison with, other aspects of UTK's fiscal resources and conditions.

3. Institute an annual snapshot of the University's pay structure.

The Faculty Senate Budget and Planning Committee should request information on an annual basis from the Office of Institutional Research, to be based on October payroll data for UTK (including the UT Institute of Agriculture, Institute for Public Service, University Support and University Wide Administration). The Committee should post the results on the Faculty Senate website. We recommend that the annual snapshot include an update of Tables I-a, I-b, I-c, II, III, and V-b that Table II be enhanced with additional information, and that some of the information in the snapshot be produced as graphs in addition to the tables. Further, we recommend that in future years the Faculty Senate should take whatever steps are necessary to obtain information about how pay is distributed by race, ethnicity and gender.

(More details on the annual snapshot that we recommend are at the end of this section.)

4. Carry out a comprehensive study every five years.

The Faculty Senate should initiate a comprehensive Wage Study every five years. A priority goal of each five-year study should be the examination of a range of methods and formulas for calculating a living wage and the selection of a living wage figure that is most relevant to economic conditions in Knoxville at the time in question. The next study in 2010 should consider many of the issues raised in this study, including an examination of salaries for University staff in relation to salaries of other state employees in comparable job grades, as well as wage and benefit information from peer institutions.

5. Require information about pay and benefits paid to contracted employees on campus

The University should require wage-related data commensurate with Tables 1-a and 1-b, as a routine part of major contracts with private companies (like Service Solutions and Aramark) whose employees work substantially and regularly on the UTK campus.

Further Detail on Recommendation 3 for an Annual Snapshot:

Based on this study in 2005, the Task Force recommends that future wage study task forces, working with appropriate members of the University administration and others, should undertake, on an annual basis, at least the following steps:

a. **Update Table I-a**
   Table I-a shows by pay grades the number of exempt and non-exempt staff and administrative employees; their hourly, monthly, and annual *minimum* pay; their hourly, monthly, and annual *average* pay; and their average years of longevity.

b. **Update Table I-b**
   Table I-b shows by pay grade the number of individual University employees who are making less than the living wage. A living wage could be calculated by adjusting $10.73 per hour for increases in the cost of living from March 2005 to the time of the next study. Or a different method could be recommended at that time, if those conducting the study decide another method would be more appropriate in light of subsequent research and experience. (We recommend that the Table be produced each year for monitoring purposes, but it is to be hoped that in many years it will show no employees who fall below the living wage.)

c. **Update Table I-c**
   Table I-c shows annual average salaries for UTK faculty by academic rank. This Table will supplement the annual study of faculty salaries conducted by the Faculty Senate Budget and

Planning Committee. The annual study uses data from the prior year (data produced by the University for the AAUP), whereas the information in Table I-c would be drawn on the same date as the information in Table I-a, thereby allowing a same-moment snapshot of the overall compensation structure. Presenting this information alongside the annual study of faculty salaries will thus provide a better data-set for future wage studies such as this one, as well as assisting the Faculty Senate in tracking and assessing staff compensation.

d. Update and enhance Table II

Table II in the current study shows the amount and percent of change in real wages of non-exempt employees by pay grade, from 1975 to the present, expressed in current dollars. It includes data for one interim point as well, for 1998. We recommend that Table II be enhanced for future years in the following ways.

First, at least from 2005, Table II should be built upon to track these changes not only for non-exempt workers, but also for all non-exempt and exempt pay grades of staff and administrators, from lowest to highest.

Second, rather than dropping prior interim points as we did this year when we dropped out the figures for 1985 that were included in Table II in the 2000/2001 Study, future updates of Table II should be cumulative, retaining all interim points established in past years.

Third, to the extent possible, an enhanced Table II should retrieve relevant information on past compensation (that is for 1975 and selected interim points prior to 2005) for the exempt pay grades we added to Table II this year. We understand that information for past years will not be as easily accessible as current data because it pre-dates IRIS. We note, however, that 1985 were somehow ascertained for inclusion in the 2000/2001 Study, so we are hopeful that pre-IRIS information can be ascertained for exempt pay grades as well. Once the data are pulled the first time, future iterations of Table II will simply mean adding a column for the current year and translating all past wage levels into most recent dollars.

e. Use the data from Table II to produce an annual graph

Data from Table II should be used to produce an accompanying graph that plots average annual compensation by pay grade against the years in question. Such a graph should help visualize our relative and absolute progress.

f. Update Table III

Table III shows the amount and percent of change in faculty salaries at UTK by academic rank, from 1975 to 2004, expressed in 2004 dollars. It includes pay data for one interim point, the year 1998. In the future, Table III should be produced from the data provided in Table I-c rather than from the year-old data used to generate Table III in the 2000/2001 and 2005 studies. This step should be relatively easy, given the capabilities of the IRIS system, and it will make Table II and Table III more nearly parallel.

g. Use the data from Table III to produce an annual graph.

Data from Table III should be used to produce an accompanying graph that plots average annual compensation by faculty rank against the years in question.

h. Obtain data on how University pay is distributed by race, ethnicity and gender

The Faculty Senate Budget and Planning Committee should ask the UTK Department of Human Resources to make available data regarding the distribution of pay by race, ethnicity, and gender for all faculty and staff. The Task Force attempted to obtain such data this year, but was told that this information has not been extracted from the University's databases, and that it would not be pulled until the administration thought there was a proper process for interpreting the data and providing appropriate context. The Task Force understands that the administration may be concerned about this data. But such concerns are not a reason to avoid assembling the information and studying it rigorously. The Faculty Senate should work with the administration to achieve this important goal and integrate it into the annual snapshot.

APPENDIX A

2001 Faculty Senate Resolution for a Living Wage

(Passed March 1, 2001)

Whereas the University of Tennessee, Knoxville Council for a Living Wage has defined a living wage in the Knoxville area as $9.50 per hour plus basic benefits, and

Whereas, of the 2,124 hourly non-exempt (hourly) workers employed at UTK, 68 percent 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, and

Whereas, the UTK Department of Human Resources estimates that 725 workers (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, and

Whereas the University of Tennessee currently has a minimum wage of only $6.25 per hour for all non-exempt (hourly) employees, and

Whereas, every employee at the University of Tennessee is vital to the fulfillment of our teaching, research and service mission, and

Whereas, the Faculty Senate is urging the University to make a long-term commitment to improving the wages of its lowest-paid workers so as to provide a living wage for UTK employees, and

Whereas, the intent of the Faculty Senate is that this commitment should be carried out with integrity and consistency, and

Whereas, such a commitment means at a minimum that the University should refrain from balancing its budget by lowering the wages and benefits paid to workers who make less than a living wage, and

Whereas, over the past decade the University has in several instances moved to realize savings by privatizing and contracting out substantial portions of the lowest-paid jobs on campus, and

Whereas, the Faculty Senate has repeatedly tried to obtain information about wages now being paid to employees of private contractors who perform on-campus jobs as custodians and food services workers, but has thus far been rebuffed in these attempts, therefore,

Be it resolved that,

1. The University of Tennessee uses the first 1.5 million dollars of discretionary, recurring funds annually for three years to increase the minimum wage for all non-exempt employees with the University of Tennessee while minimizing wage compression.

2. The University of Tennessee makes a long-term commitment to improving the wages of its lowest paid workers to provide a living wage for UTK employees.

3. As part of its long-term commitment to improving the wages of its lowest-paid workers, in any future contracts negotiated by the University of Tennessee, the University will require a contractor whose employees perform their jobs on the UTK campus to pay $9.50 per hour plus benefits or wages no less than those provided by the University to its own employees at comparable job levels.

APPENDIX B

Pay Raises at UTK from July 2000 –October 2005

July 2000

- 3.5% across the board (ATB) for all employees (state funded)

August 2000

- 3% merit pool for faculty and exempt staff, 1.5% ATB for non-exempt (UTK Funded)

January 2002

- 2.5% ATB for all employees (state funded);
- 1.5% ATB for nonexempt (minimum of $375 for $25K or less salary),
- 1.5% merit for exempt, and 3.5% merit for faculty (UTK funded).

January 2003

- 2% ATB for all employees with a
- $750 minimum for employees earning less than $37,500.
- (68% state funded, 32% funded by UTK) additional 3% merit pool (funded by UTK)

July 2004

- 3% ATB with a minimum of $750 for employees earning less than $25,000, including regular and graduate assistants. (67% funded by UTK from tuition, 33% funded by the state)

October 2004

- One-time bonus of $70/year of service up to 25 years.
- Minimum bonus of $210 (state-funded)

July 2005

- 3% raise or a $750 flat raise for the year, whichever was greater.

APPENDIX C

Working Goals of the UTK Faculty Senate Wage Study Task Force
Spring 2005

We have been broadly charged with updating an earlier study of wages at UTK. Having come to the conclusion that the job requires more than a linear extension of the 2000 study, we articulate the following goals as guideposts for our assignment.

1. Bring the statistical information in the original wage study up to date. Expand the scope of the original study to include relevant data regarding the UTK work force that have become available through the UTK Department of Human Resources since the original wage study was completed.

2. Take cost of living and other inflationary factors into account in evaluating changes in UTK pay scales. Revise the amount of the living wage in light of increases in the cost of living and in light of new methodologies being developed by scholars and policy analysts.

3. Provide an update of information regarding the privatization of the workforce that is performing its work on the UTK campus. This information should include at least the following:

   •Data on the wages and benefits paid by UTK contractors to employees working on the UTK campus,

   •Changes in the number and percentage of campus workers now employed by private contractors rather than directly by the University, as compared to the period covered in the original wage study;

   •In addition to analyzing the wages and benefits paid by the University to its own employees, provide a further analysis that integrates comparable information regarding privatized workers so as to give a comprehensive picture of the well-being of the UTK workforce when compared to the situation at the time of the original wage study.

4. Provide information regarding ways (if any) in which the University administration has responded to the Faculty Senate's recommendations regarding private contractors that were made in 2001. Include information regarding how the UTK administration has distributed funds provided by the legislature for pay increases.

5. Develop a set of statistical categories that can form the basis of an annual evaluation (a kind of "snapshot") of the compensation being paid to those who work full-time on the UTK campus.

APPENDIX D

UTK Faculty Senate Wage Study Task Force Interim Progress Report July 2005

The Wage Study Task Force was convened by Faculty Senate President Candace White during academic year 2004-2005. We were charged with updating an earlier campus wage study produced in 2000-2001, a time when there were active living wage campaigns both in the City of Knoxville and at UTK. During that period the Faculty Senate passed a resolution in support of a living wage for campus workers. (A number of documents related to the previous wage study and the living wage resolution are still available on the Faculty Senate web site. They are listed at the end of this Report for those interested in tracing some of the history of this issue at UTK.)

Co-chairs of the present Wage Study Task Force are Professor Fran Ansley (Law), Dr. David Linge (Religious Studies, emeritus), and Dr. Mary Rogge (Social Work). The Task Force met regularly during spring 2005 and has now continued into the summer. Dr. Candace White and Beauvais Lyons from the Faculty Senate, Elizabeth Gentry from United Campus Workers, and Dr. Cynthia Rocha from Social Work, as well as two Social Work graduate students, Courtney Cronley and Brenda Snow, made important contributions to our work. We have received indispensable help from Alan Chesney, Mike Herbstritt, and Marty Gleason at UTK Human Resources throughout the process.

Our original goal was to produce an updated report by May 2005. However, as we assessed and reviewed the data we were beginning to gather, we realized that more time would be needed to complete our charge. We so reported at the May meeting of the Faculty Senate, and we are presently scheduled to return with a final report at the October meeting this fall. This Interim Progress Report is intended to provide a brief narrative about our activities and our plans, together with some documents that should give interested parties an idea of our work and some of the issues we have encountered thus far.

Since the last study, a number of changes have taken place. They have complicated our task, but they also present new opportunities and capacities. Those changes include:

- reconfiguration of UTK pay grades– with some previous grades being collapsed into each other, and all grades re-numbered;
- the advent of the IRIS system (which puts a great deal more information at our command, but in a form not entirely analogous to that available at the time of the earlier study);
- increases in the cost of living since 2000-2001;

- the emergence of several national projects that calculate figures for “living wages” and “self-sufficiency standards” for different geographical locations, using methods and arriving at numbers that should be considered as possible alternatives to the living wage calculated back in 2000-2001.

In light of these changes, the members of the Task Force decided that we should produce more than a linear update of the older study. We do plan to provide current figures that are keyed to the prior study, at least to the extent existing records will reasonably allow. But we also decided to take on what we believe will be the more useful and forward-looking effort of producing a report that would move beyond the prior one in several ways.

First, we hope to develop data sets that take better advantage of present informational resources and are consciously designed to be replicable at chosen intervals in the future without undue expenditure of time and effort. Replicability would put future Faculty Senates in a position to track changes and trends in campus compensation patterns over time.

Second, we hope to widen the lens used by the previous study. For instance, the earlier report focused in the main on “non-exempt” employees (that is, hourly employees, those who are not exempt from the overtime provisions of the Fair Labor Standards Act). Of course information focused on hourly employees is especially important when one is focusing on an issue like the living wage those special concern is for those toward the bottom of the income ladder. Such information remains important for this update. But we conclude that on-going faculty assessment of compensation patterns at the University, even when guided primarily by a concern for those toward the bottom, would be better served by a fuller picture.

Accordingly, we have worked with UTK Human Resources to enlarge the data sets from the prior study to include all those who are employed full-time by the University and who work here on campus. The fuller “snapshot” we are developing shows hourly and salaried employees, including staff, faculty and all levels of administration.

Of course, as the 2001 study also recognized, no picture of campus incomes can be complete without information about what contracted employees are paid. Getting access to this information presents different problems, but the Task Force is working to resolve them. We are happy to report that this summer for the first time, we have received answers from Aramark to questions we put to them about their workforce and their pay scales. We continue to seek similar information from Service Solutions.

The Task Force will likely recommend additional data that we believe should be included in a snapshot of the University’s compensation structures to be taken annually or at some other periodic interval requested by the Faculty Senate. For instance, we believe the University should regularly assess how its employees are distributed across income levels by categories such as gender and race. IRIS should make it easy for this information to be provided as part of a periodic report.

The compensation of part-time employees is also an important matter not included in the past study and unlikely to be addressed in ours. The extreme diversity of this group at UTK makes analysis difficult, but in our view this cohort should be studied in the future and then included in future snapshots.

Those interested in more information about the Task Force and its work may wish to consult the links set out below. You are also welcome to contact any of the co-chairs of the Task Force, Professor Fran Ansley at ansley@utk.edu, Dr. David Linge at dlinge@utk.edu, and Dr. Mary Rogge at mrogge@utk.edu.

Selected documents related to the work of the 2004-2005 Task Force:

Sample minutes, February 17 meeting
Sample minutes, March 17 meeting
Sample interim data provided to Task Force by UTK Human Resources

Selected documents related to the prior study and the Senate resolution of 2001:

2000 UTK Study of Wages for Hourly Workers (March 2000)
http://web.utk.edu/~senate/WageStudy.pdf

Living Wage Fact Sheet (October 2000)
http://web.utk.edu/~senate/LivingWageFactSheet.html

Faculty Senate Resolution on a Living Wage (March 5, 2001)
http://web.utk.edu/~senate/ResLivingWage.html

Report of 2000-2001 Senate Budget Committee (April 2001)
http://web.utk.edu/~senate/BudgetRpt4-01.html

Estimated cost of wage improvements (April 2001)
http://web.utk.edu/~senate/LivingWageEstimates.html

Living Wage Campaign: Frequently Asked and Important Questions (2000/2001)
http://web.utk.edu/~senate/LivingWageFAQ.html

APPENDIX E

Table VI
UTK Regular and Term Employees' Average Annual Salary by Pay Grade

		Regular Employees		Term Employees	
Pay Grade	Total Number of Employees	Number of Regular Employees	Average Annual Salary for Regular Employees	Number of Term Employees	Average Annual Salary for Term Employees
30	276	162	$16,405.00	114	$15,127.00
31	221	203	$18,562.00	18	$16,687.00
32	377	337	$21,229.00	40	$16,957.00
33	455	415	$21,381.00	40	$19,320.00
34	565	538	$23,250.00	27	$23,384.00
35	412	390	$26,740.00	22	$24,605.00
36	379	365	$28,153.00	14	$23,315.00
37	265	257	$31,546.00	8	$27,755.00
38	231	222	$33,343.00	9	$30,992.00
39	350	343	$36,908.00	7	$37,454.00
40	302	296	$39,978.00	6	$29,706.00
41	343	337	$43,887.00	6	$38,205.00
42	218	216	$53,436.00	2	$38,300.00
43	374	371	$54,473.00	3	$60,947.00
44	149	149	$64,464.00	0	$0.00
45	114	113	$68,727.00	1	$60,000.00
46	81	81	$76,363.00	0	$0.00
47	50	50	$91,708.00	0	$0.00
48	16	15	$84,667.00	1	$100,000.00
49	7	7	$95,606.00	0	$0.00
50	5	5	$110,641.00	0	$0.00
51	0	0	$0.00	0	$0.00
52	15	15	$158,310.00	0	$0.00
53	2	2	$207,030.00	0	$0.00
75	41	41	$134,951.00	0	$0.00

- Fulltime Regular and Term Staff Employees at the Knoxville Campus, UT Institute of Agriculture, Institute for Public Service, University Support, and University Wide Administration

APPENDIX F

Excerpts from the 2000/2001 Study Regarding the Living Wage Definition

This passage is a slightly edited excerpt from the 2000-2001 Study. It explains how the Knoxville Living Wage Campaign, beginning in the late 1990s, arrived at a figure of $9.50 per hour plus benefits as the figure they endorsed as an acceptable living wage for the Knoxville area.

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 [whether to assume] two income providers in the household rather than one. However, [if two income providers had been assumed] 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. 32

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32. *Note from 2005 The Task Force*: We consulted the author of the study referenced above, Mr. Mike Knapp, who explained that the method he used in the study was designed to complement the more grassroots approach that the campaign developed in its community meetings. At that time, Knapp used census and other data sources recommended by a community-organizing group called ACORN (the Association of Community Organizations for Reform Now). He pointed out that ACORN is still involved in living wage campaigns, and that excerpts from an ACORN living wage resource manual are currently available on-line from the Wayne State University Labor Studies Center <http://www.livingwagecampaign.org/index.php?id=1961>. However, for contemporary calculations, he pointed us toward the family budget calculator now available from the Economic Policy Institute and discussed elsewhere in this Report. Knapp also suggested we might want to consult a living wage analysis for the City of Memphis that was published around the time of the Knoxville campaign. David Ciscel, What Is a Living Wage for Memphis? (Center for Research on Women, University of Memphis, 1999). available at <http://cas.memphis.edu/isc/crow/crowlivingwage.pdf>.

> (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 guideline, the upper income eligibility limit for federal food stamps). The Knoxville campaigns have set [an] amount of a local living wage at [a level that corresponds to] 115% of the poverty guideline. (33)

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

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We also interviewed Bob Becker about how the figure of $9.50 came to be adopted by the Knoxville Living Wage campaign in the late nineties. Becker is now a member of the Knoxville City Council, but at the time, he was a community organizer with the Knoxville living wage campaign. He pointed out that the figure of $9.50 per hour was actually lower than the figure identified by community members in workshops and local forums as the figure genuinely needed for a bare-bones budget for a family of four. He said the figure of $9.50 represented a compromise that advocates felt would be necessary if they wanted a real chance of victory in the Knoxville City Council. In that sense Becker echoes the view expressed in ACORN's manual that "Ultimately, the question of the Living Wage amount is a question of politics and organizing strength rather than a technical one."

33. *Note from the 2005 Task Force*: We checked these calculations and found that they were not precisely accurate. Our math indicates that 115% of the 2000 poverty guideline for a family of four would have been $9.43 per hour, not $9.50. The error was a difference without a difference in the context of the campaign, but once we found it, we thought we should note the discrepancy.

APPENDIX G

Defining Knoxville's Living Wage: 2000/2001 and 2005

In 2000, three collaborating groups -- the UTK Council for a Living Wage and Worker Justice, the Knoxville Living Wage Campaign, and the Tennessee Industrial Renewal Network -- all defined a living wage in the Knoxville area as $9.50 per hour, plus basic benefits. 34 Assuming a worker who was employed full-time and year-round, this wage would produce an annual income of $19,760.

A. Cost-of-Living Adjusted 2000 Hourly Rate

For the present study, the Task Force has chosen to update the 2000/2001 Study hourly rate by adjusting it for inflation, using U.S. Social Security Administration cost-of-living adjustments, or "COLAs." Like each of the alternatives, the COLA-adjusted rate has limitations. But it provides the most direct comparison to the previous living wage level, and therefore better allows the tracking of certain changes since the 2000/2001 Study. As calculated through application of the annual COLAs (Table VII), the 2005 UTK living wage rate selected for this 2005 Study is $10.73 per hour for a family of four, or $22,318 per year, plus benefits.

Table VII
UTK Living Wage Rate
Yearly Cost of Living Adjustments (COLAs)

Year	COLA	Living Wage
2000		$9.50
2001	3.50%	$9.83
2002	2.60%	$10.09
2003	1.40%	$10.23
2004	2.10%	$10.44
2005	2.70%	$10.73

U.S. Social Security Administration's cost of living adjustment (COLA) www.ssa.gov/cola. (March 2005)

B. Alternative Living Wage Rates

The Committee reviewed a number of approaches used nationally and in other communities and universities to calculate living wage rates. Most living wage standards are based to one degree or another on actual costs to families of basic needs, using prices from a

34. See Appendix E for details on how the Campaign arrived at this figure.

particular locality to compile costs into family budgets. Several approaches and tools are now available.

1. Standards Based on Local Costs of Selected Necessities

In some locations, scholars or community-based organizations construct a living wage for the particular place where they live or work. Community-based organizations may use a participatory methodology in which local groups or individuals are asked to help identify and price family necessities for different family types. In other instances, a local researcher or scholar may volunteer or be commissioned to do a study based on empirical research or on government data. The Knoxville living wage campaign used a combination of these methods, holding a series of community meetings and also commissioning a study. In Memphis, Dr. David Ciscel of the University of Memphis carried out a study to determine a living wage for that city. His study was eventually published by the University's Center for Research on Women. (35)

2. Economic Policy Institute Family Budget Calculator

The Economic Policy Institute in Washington, D.C., has developed a tool that allows visitors to its website to determine the income needed "to make ends meet" for selected family types living in one of 400 U.S. locations. (36) Items included in EPI's basic family budgets are: housing, food, childcare, transportation, health care, other necessities, and taxes.

The Task Force considered using EPI's family budget calculator as an alternative basis for arriving at a living wage standard for Knoxville. EPI data have the advantage that it is based on actual local expenses, rather than generalized and non-local national data such as are proffered by national cost-of-living adjustments (COLAs).

On the other hand, the family budgets calculated by EPI do not include a family type precisely comparable to the family type assumed by the 2000-2001 UTK Wage Study. Other variables may also confound the comparability of EPI figures to those of the last wage study and those of UTK's campus living wage campaign. After adjusting the EPI calculations in a way that we thought would bring their assumptions better into line with the assumptions of the 2000-2001 wage study, we arrived at an EPI-derived standard of $10.95 per hour plus benefits, or an annual pay rate of $22,776**.** Eventually, we concluded that the adjustments we were attempting to make were overly complex and uncertain. We settled on simplicity and comparability as the better

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35. The Memphis study is available at http://cas.memphis.edu/isc/crow/crowlivingwage.pdf. See Appendix E for more on the Knoxville campaign's calculations.

36. The website for the calculator features background documents that explain the Economic Policy Institute's methodology and data sources in detail at www.epi.org/content.cfm/datazone_fambud_budget.

approach and returned to the original standard adopted for the last study, adjusted only by the COLA. (37)

3. Family Economic Self-Sufficiency Standard

The Self-Sufficiency Standard was created by an organization in Washington, D.C. called Wider Opportunities for Women (WOW) and by Dr. Diana Pearce, founder of the Women and Poverty Project at WOW, and a professor at the University of Washington School of Social Work. The Self-Sufficiency Standard is a type of living wage, but it is designed to require some additional assumptions, such as the age of children in the family. It has been used often in the context of assessing welfare reform efforts. As its designers explain:

> The Self-Sufficiency Standard calculates how much money working adults need to meet their basic needs without subsidies of any kind. Unlike the federal poverty standard, the Self-Sufficiency Standard accounts for the costs of living and working as they vary by family size and composition and by geographic location.
>
> The Standard defines the amount of income necessary to meet basic needs (including paying taxes) in the regular "marketplace" without public subsidies—such as public housing, food stamps, Medicaid or child care—or private/informal subsidies—such as free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing. The Standard, therefore, estimates the level of income necessary for a given family type—whether working now or making the transition to work—to be independent of welfare and/or other public and private subsidies.
>
> The Standard provides important guidance for policymakers and program providers regarding how to target their education, job training, workforce development, and welfare-to-work resources. It helps individuals choose among occupations for work experience and educational training. It also shows policymakers how subsidizing child care, transportation or health care impacts the wages necessary for working families to make ends meet. (38)

The Family Economic Self-Sufficiency Project has carried out studies that calculate self-sufficiency budgets for a number of different states, including Tennessee. (39) The report for Tennessee describes self-sufficiency wages for the major population centers, including Knox County. The self-sufficiency hourly wage (calculated by dividing the monthly wage by 176 hours, or 8 hours per day times 22 days per month) for a family of two adults, one preschool age

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37. For more detail about the adjustments we made and why, see Appendix F.

38. See the organization's website at www.wowonline.org/content.cfm?link=national .

39. Diana Pearce and J. Brooks (2002). *The Self-Sufficiency Standard for Tennessee*. Wider Opportunities for Women/ State Organizing Project for Family Economic Self-Sufficiency. www.tennesseeallianceforprogress.org/TNbody.pdf.

child, and one school-age child living in Knox County in 2002 was $8.45 per adult per hour (on the assumption that both parents would be working) or $35,685 in annual family income. (Note that, in 2002 dollars, $35,685 per year for the 2-earner family would require a combined hourly wage of $17.16.)

As in the case of the EPI budget calculator, the family types assumed by the Family Self-Sufficiency Standard did not match the family type assumed in the previous UTK study. In addition, the most recent data used to generate standards in the Tennessee state Self-Sufficiency study were 2002 figures. These issues persuaded the Task Force not to recommend the Self-Sufficiency Standard for purposes of this year's report. (40)

4. Standards Based on Federal Poverty Guidelines

A few living wage efforts around the country have pegged their demands in some fashion to the federal poverty level or, more frequently, to some multiple thereof. For instance, although the 2000-2001 campaign rejected the federal poverty line as its measure, it did point out that the wage standard it recommended was 115% of the federal poverty line, a level that it said would leave recipients of that wage still eligible for food stamps. Other programs use other percentages, such as 125% or 185% of the poverty guidelines, to determine eligibility for needs-tested benefits including Headstart, the National School Lunch Program, the Low-Income Home Energy Assistance Program, and the Children's Health Insurance Program.41 Legal Aid of East Tennessee informed a member of our Task Force that it will represent clients otherwise eligible for its services who make up to 150% of the federal poverty threshold.

Federal poverty guidelines are built by pricing food -- a necessary commodity. So in that sense they have some kinship with the living wage concept. But the poverty guidelines are calculated through a methodology that is flawed in at least two important ways. First, the guidelines produce a single national figure that is presumed to apply to all localities, although it is obvious that some costs – especially housing – vary radically from one location to another. Second, the guidelines extrapolate from an estimated food cost to a general family budget based on badly dated assumptions about what percentage of a family's budget goes to buy food. In fact, the relative share of a family's budget that is devoted to food has been steadily falling ever since the poverty guideline was invented. Below are some typical, critical remarks about the poverty guidelines:

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40. Self-Sufficiency Standard has much to recommend it. For a look at one institution that considered the Standard when discussing wage policy for campus workers, see information provided by faculty at the University of Kentucky in Appendix G.

41. U.S. Department of Health & Human Services. (2005). The 2005 HHS Poverty Guidelines. Retrieved April 16, 2005 from http://aspe.hhs.gov/poverty/05poverty.shtml.

> Poverty thresholds are absolute income levels used to measure the number and percentage of those who are the most impoverished and economically deprived in our society. Conceptually, the poverty measure is an important one, and one that is fundamentally different than family budgets. Family budgets are a relative measure of the funds families need to live modestly in the communities where they reside.
>
> It is also the case that the poverty measure is woefully outdated and little has been done officially to remedy the situation. For instance, the current methodology for poverty thresholds was designed over four decades ago in 1963 and has only been updated using the Consumer Price Index. Academics, policy analysts, and social scientists—most of who overwhelming agree that the Census poverty measure is seriously outdated—have been engaged in dialogue and debate about alternative measures for some time.
>
> Most analysis of alternative poverty measures find that an updated poverty measure would increase the percentage of those classified as poor. Hence, one barrier to redefining poverty thresholds is political, with most presidents reluctant to have official poverty numbers revised upward during their administrations. The basic family budgets presented here go beyond measures of severe deprivation to encompass a broader spectrum of economic hardship. (Citations omitted.) (42)

The Task Force rejected the use of federal poverty thresholds as a benchmark for the living wage, but we did do a few calculations to see how some “poverty-plus multiples” might come out. In 2005, the federal poverty guideline for a family of four is $19,350 annual income, or an hourly wage for a sole earner of $9.30. A budget set at 130% of the poverty threshold, is $25, 255 annually, an income that would require an hourly rate of $12.09 for a single-earner household. At 115% of the guideline, the annual income would be $22,252.25 and the hourly rate $10.70. We note that this 2005 115% rate of $10.70 is quite close to the COLA-adjusted 2005 rate of $10.73 used in this Report.

C. A Larger Context for Assessing Wage Rates

TableVIII illustrates a number of pay rates and annual incomes that we examined and discussed above, including rates that are clearly below and clearly above a living wage. Our review of alternative methods highlighted the difficulty of getting data that represent the same cross-section, or point in time, as well as getting data that use a common set of factors to formulate comparable living wage rates.

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42. Allegretto, Sylvia. (September 1, 2005). *Basic Family Budgets*. Economic Policy Institute Briefing Paper #165, Retrieved October 2005 from www.epi.org/content.cfm/bp165.

Table VIII
Living Wage and Related Comparative Rates

	Year		Hourly Rate	Annual Rate
U.S. Dept. of Labor Minimum Wage	2005		$5.15	$10,712
U.S. Health and Human Services Poverty Guidelines	2005	100%	$9.30	$19,350
		115%	$10.70	$22,252
		130%	$12.09	$25,155
		150%	$13.95	$29,025
		200%	$18.6	$38,700
UTK Living Wage	2005	---	$10.73	$22,318
Economic Policy Institute Family Budget (Knoxville)	2005	---	$17.34	$36,060
Self Sufficiency Standard (Knoxville)	2002 (in 2005 dollars	---	$18.54	$38,561
U.S. Census Bureau, Tennessee Median Family Income	2004 (in 2005 dollars	**---**	$27.68	$57,565

- All data represent a family of four (2 adults, 2 children), except for federal minimum wage, but there are important and different assumptions about whether both parents work, whether they receive health care benefits, and whether they have childcare expenses.
- Economic Policy Institute and Self Sufficiency Standard data are specific to the Knoxville Metropolitan Statistical Area.
- SSS and TN median family income are presented in $2005 dollars. The actual 2002 Self Sufficiency Standard figures of $17.16 and $35,685 were translated to 2005 dollars (COLA conversion factor of 1.0806/8.06%). The 2004 TN median family income figures of $26.88 and $55,907 (the latest available data) were translated to 2005 dollars (COLA conversion factor of 1.02966/2.97%) using the American Institute for Economic Research Cost-of-Living Calculator (http://www.aier.org/colcalc.html October, 2005.
- U.S. Census Bureau (2005). American Community Survey, 2004: State Median Family Income http://www.census.gov/hhes/www/income/statemedfaminc.html

For additional context on the continuum of wage rates that we consider, we note in Table VIII that, in 2005, the federally mandated *minimum* wage remains at $5.15 an hour, which is an annual rate of $10,712 (U.S. Department of Labor, 2005). The state of Tennessee has no state minimum wage law. On the high end of the continuum, the U.S. Census Bureau calculated the 2004 median annual income in Tennessee (presented here in 2005 dollars), for a family of four, at $57,565, which requires a single or combined hourly rate of $27.68.

NOTE: For those who are interested, here is more information about our analysis and adjustments of the EPI Family Budget Calculator figures for Tennessee family budgets. After this exploration, we concluded that the adjustments complicated the picture sufficiently and that little would be gained by choosing an alternative other than the 2000/2001 living wage measure.

The 2000/2001 Knoxville living wage standard of $9.50 per hour plus benefits assumed that the family contained two parents and two children and that only one of the parents worked. These assumptions tend to require a higher pay rate than for an assumed family in which both parents work. On the other hand, the assumptions tend to require a lower pay rate, because all childcare expenses could be stricken from the budget.

The EPI family budget calculator does offer a choice of a 2-parent, 2-child family. The budget it generates for this assumed family type is $36,060, a yearly income that would require a parent who is the family's single wage earner to make an hourly wage of $17.34. But upon closer examination, it is clear that the EPI budget assumes both parents are working, because it includes significant child-care expenses. Therefore, to derive a living wage for Knoxville based on EPI data, but also on assumptions parallel to those used by the Faculty Senate in 2001, the Task Force subtracted child care expenses from the EPI basic family budget for a 2-parent, 2-child family living in Knoxville, and thereby derived an annual family budget of $26,676, requiring an hourly wage of $12.83.

We saw in this exploration that there was another imperfect fit between the basic EPI budget figures and the task we faced at UTK. We were unsure how to compare the applicability of the health care costs built into EPI budgets. Workers on our campus generally do have access to some kind of health benefits, so the Task Force suspected that it would be inaccurate to include the full $325 per month health care costs that EPI figured into its family budget for a 2-parent, 2-child Knoxville family. On the other hand, we were uncomfortable subtracting all such expenses from the family budget. Even workers with coverage must pay monthly premiums and some do incur additional health care expenses.

In any case, the question of utilization rates of UTK health insurance among the lowest pay grades must be critically examined. University workers in these pay grades on campus have reported in the past that they cannot afford their share of the monthly premiums and so must go uninsured. In some cases, such workers have been eligible for TennCare. TennCare availability must have been a factor in EPI's 2004 calculations for Tennessee. (We presume the dubious efficacy of that now-tattered safety net for underpaid University employees needs no comment here.) Meanwhile, the health benefits on offer are even less adequate for contracted low-wage workers on campus, such as those employed by Service Solutions and Aramark.

If half of the monthly $325 budget item for health care were subtracted from the EPI family budget of $26,676 (that is, the EPI budget minus child care expenses), the annual basic budget for our assumed 2-parent, 2-child Knoxville family would be $24,726, requiring an hourly wage of $11.89 for a full-time, year-round worker. If two-thirds of EPI's level of health care costs were subtracted, the annual basic budget would be $26,076, requiring an hourly wage of $11.57. If all health care expenses were subtracted, the annual budget would be $22,776, requiring an hourly wage of $10.95.

APPENDIX H

Excerpts from University of Kentucky Staff Senate Summary Report by Salary Ad Hoc Committee, Including Living Wage Campaign Information from Other Universities December 2004

Professor Ann Livingstone, Chair of the University of Kentucky (UK) Salary Ad Hoc Committee, provided the information in this Appendix to the Task Force. She reported that, at UK, the administration rather than the faculty took the lead by making a serious commitment to a living wage. We include the information here, not for specific figures or outcomes, but to show the kinds of concerns being voiced, examined, and addressed at a neighboring institution.

A major study of the needed wage for a basic living standard has been done. The standard used by states and cities to determine the Living Wage for their area/city is based on the Self-Sufficiency Standard. Professor Diana Pearce of the University of Washington (a UK benchmark institution) developed this standard.

Self-Sufficiency is a bare-bones figure and allows for only basic cost of rent, food (based on the US Department of Agriculture Low Cost Food Plan -- not even a single pizza per year, no take-out or fast food), plus minimal transport costs (no allowance for car repairs).

The average self-sufficiency requirements for the Lexington area (Fayette County and the six adjacent counties) are shown below. The initial study was conducted in 2001; the values for 2004 were found by adjusting the 2001 figures for inflation, using the Consumer Price Index published by the Federal Bureau of Labor Statistics for the South Urban region. No attempt has been made to account for changes in individual components of the standard (such as transportation, health care, tax or tax credits).

2004	**One Adult**	**One Adult, one infant**	**One adult, one school age, one teenager**	**Two adults, one infant, one preschooler**
Average Annual Salary for self-sufficiency in Fayette and 6 surrounding counties	$16,228 per annum	$30,882 per annum	$27, 779 per annum	$47,114 per annum in total, or $23,577 per annum per adult

In 2004, the Living Wage for Fayette County alone, determined by the Wider Opportunities for Women national organization, is $10.42 per hour, or $21,677 per annum, plus health benefits for one person. This is not enough to support an adult and any dependent at the self-sufficiency level, but is enough for a single adult.

The 2004 UK Salary review reveals:

Of 10,651 staff members,
9% (937) earn salaries below the Federal Poverty Guideline;
17% (1,825) earn salaries below the Lexington Living Wage of $21,677 per annum

Of 6,978 women at UK, (from all races),
8% (590) earn salaries below the Federal Poverty Guideline
17% (1,158) earn salaries below the Lexington Living Wage

Of 1,583 minority staff,
21% (331) earn salaries below the Federal Poverty Guideline
33% (527) earn salaries below the Lexington Living Wage;

The average length of service of these 1,825 people is 4.93 years, 8 have done over 30 years, 38 have done 20 or over, and 285 over 10 years. Only 335 are in their first year.

In the last year, 2004, eleven staff retired from UK still earning below the Living Wage.

Federal Assistance Programs

Community Action Council for Lexington, who run federal assistance programs such as referrals for Food Stamps and help with utility bills, advise that they have served UK staff households 315 times in the last four years.

Living Wage Campaigns

There are a number of Living Wage campaigns in the US at this time, and 9 of our 20 benchmarks have either had, or are in the process of, dealing with Living Wage campaigns.

They are:

– Ohio State University
– Purdue University
– University of Iowa
– University of Michigan
– University of Wisconsin at Madison – University of North Carolina – Chapel Hill
– University of Virginia
– University of Illinois – Urbana-Champaign
– University of Minnesota

Other universities that have had Living Wage campaigns include Harvard, Duke, Washington University at St. Louis, and the University of Tennessee.

Post Script from Professor Livingston, Chair of the University of Kentucky Salary Ad Hoc Committee

When the Task Force asked Professor Livingstone for this report, she appended the following supplement in her reply:

On contacting our benchmarks in particular, the following information was given on how the institutions came to have the Living Wage Campaign on their campus and how they handled the question of implementing the Living Wage:

Ohio State

- In 2000 the staff unions began new contract negotiations and the first stage was a massive dollar based increase for the lower paid.
- Second stage gave lowest 1/3rd a bigger percentage increase than the next two salary groups.
- 2003 they instituted a further 50 cents per hour increase after 2 years service.
- Turnover has dropped from over 40% per annum to 30% or less over this period

Ohio State continues to use the Living Wage as a baseline and is checking those very few jobs not covered by union contracts and still doing the staging increases for them.

University of Virginia

The Living Wage was awarded several years ago, and in the process a staff union was born for future negotiations.

University of Iowa

At Iowa University administrators are aware of the Living Wage and they ensure their pay scales are generally better than the surrounding universities and made a massive change to the pay scales in 2002. At that time all the blue collar workers received increases of between 3% and 17% which was a base increase of 10-15%. Turnover has dropped since.

University of Minnesota

The unions negotiate here, and they faced opposition to the Living Wage, but did get a good increase the first year of negotiations after Living Wages became a matter of public interest. When their Administration attempted to do an “It’s About Staff” the following year, the University staff went on strike to prevent the changes. Another round of contract negotiations is due this Spring, 2005.

Appendix I

Table IX
2005 Estimated Cost of Living Wage
with Corresponding Increases at Every Non-Faculty Level

Pay Grade	Number of Employees	Current Pay Grade Hourly Minimum	Living Wage Pay Grade Minimum	The Hourly Difference	Annual Amount required in addition to Current Pay Grade Minimum	Total Amount Needed	Plus 28% to Cover Increased Costs
30	280	$7.00	$10.73	$3.73	$7,758.40	$2,172,352.00	$2,780,610.56
31	218	$7.41	$11.57	$4.16	$8,652.80	$1,886,310.40	$2,414,477.31
32	377	$7.82	$12.47	$4.65	$9,672.00	$3,646,344.00	$4,667,320.32
33	458	$8.43	$13.44	$5.01	$10,420.80	$4,772,726.40	$6,109,089.79
34	563	$9.08	$14.48	$5.40	$11,232.00	$6,323,616.00	$8,094,228.48
35	412	$9.79	$15.60	$5.81	$12,084.80	$4,978,937.60	$6,373,040.13
36	379	$10.55	$16.81	$6.26	$13,020.80	$4,934,883.20	$6,316,650.50
37 NE	254	$11.36	$18.11	$6.75	$14,040.00	$3,566,160.00	$4,564,684.80
38NE	146	$12.24	$19.51	$7.27	$15,121.60	$2,207,753.60	$2,825,924.61
39NE	60	$13.19	$21.03	$7.84	$16,307.20	$978,432.00	$1,252,392.96
40NE	3	$14.21	$22.66	$8.45	$17,576.00	$52,728.00	$67,491.84
					Non-Exempt Cost	**$35,520,243.20**	**$45,465,911.30**
37E	12	$11.36	$18.11	$6.75	$14,040.00	$168,480.00	$215,654.40
38E	84	$12.24	$19.51	$7.27	$15,121.60	$1,270,214.40	$1,625,874.43
39E	297	$13.19	$21.03	$7.84	$16,307.20	$4,843,238.40	$6,199,345.15
40E	299	$14.21	$22.66	$8.45	$17,576.00	$5,255,224.00	$6,726,686.72

(Table continued on next page)

Table IX (Continued)
2005 Estimated Cost of Living Wage
with Corresponding Increases at Every Non-Faculty Level

Pay Grade	Number of Employees	Current Pay Grade Hourly Minimum	Living Wage Pay Grade Minimum	The Hourly Difference	Annual Amount required in addition to Current Pay Grade Minimum	Total Amount Needed	Plus 28% to Cover Increased Costs
41	342	$15.31	$24.41	$9.10	$18,928.00	$6,473,376.00	$8,285,921.28
42	221	$16.49	$26.31	$9.82	$20,425.60	$4,514,057.60	$5,777,993.73
43	372	$17.78	$28.34	$10.56	$21,964.80	$8,170,905.60	$10,458,759.17
44	150	$19.15	$30.54	$11.39	$23,691.20	$3,553,680.00	$4,548,710.40
45	111	$20.64	$32.91	$12.27	$25,521.60	$2,832,897.60	$3,626,108.93
46	81	$22.24	$35.46	$13.22	$27,497.60	$2,227,305.60	$2,850,951.17
47	50	$23.96	$38.21	$14.25	$29,640.00	$1,482,000.00	$1,896,960.00
48	16	$25.82	$41.17	$15.35	$31,928.00	$510,848.00	$653,885.44
49	7	$27.82	$44.36	$16.54	$34,403.20	$240,822.40	$308,252.67
50	5	$29.97	$47.79	$17.82	$37,065.60	$185,328.00	$237,219.84
51	0	$32.30	$51.50	$19.20	$39,936.00	$0.00	$0.00
52	15	$34.80	$55.49	$20.69	$43,035.20	$645,528.00	$826,275.84
53	2	$37.50	$59.79	$22.29	$46,363.20	$92,726.40	$118,689.79
• Fulltime Regular and Term Staff Employees at Knoxville Campus, UT Institute of Agriculture, Institute for Public Service, University Support, and University Wide Administration • Assumes a uniform, decompressed pay differential of 7.75% between all grades					**Exempt Cost**	**$42,466,632.00**	**$54,357,288.96**
					TOTAL	**$77,986,875.20**	**$99,823,200.26**

APPENDIX J

2000/2001 STUDY
TABLE I
EARNINGS BY GRADE LEVEL

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.

NOTE: The 2000/2001 Study used the most recent data available at the time, which was 1998 data.

APPENDIX K

2000/2001 STUDY -- Table II
DECLINE IN REAL WAGES
OF NON-EXEMPT EMPLOYEES BETWEEN 1975 AND 1998
(Calculated in 1998 Dollars)

GRADE	Current Number of Employees and Examples of Jobs	1975	1985		1998*	
		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%

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: www.dol.gov/esa/public/minwage/chart2.htm

*NOTE: This column in the 2000/2001 Study was mislabeled as 2000. As the Table sub-title and our research indicates, the data is actually 1998, which was the most recent information available at the time of the 2000/2001 Study.

APPENDIX L

2000/2001 STUDY
TABLE III
FACULTY SALARIES AT UTK
BETWEEN 1975AND 1998

	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

APPENDIX M

2000/2001 STUDY
TABLE IV
ARAMARK WAGE SCALE FOR ITS DINING SERVICES EMPLOYEES AT THE CITADEL, CHARLESTON, SOUTH CAROLINA

	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

APPENDIX N

2000/2001 STUDY
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

APPENDIX O

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APPENDIX P

Table X

THE UNIVERSITY OF TENNESSEE

ANALYSIS OF THE COST OF BENEFITS ADDED TO MINIMUM SALARY

Pay Grade	Minimum Salary[1]	Annual Leave[2]	Holidays[3]	Retire-ment[4]	Health Insurance[5]	Longevity[6]	Social Security[7]	401K Match[8]	Total Benefits[9]	% of Min. (Benefits)[10]	Total Salary[11]
30	7.00	0.32	0.35	0.43	4.59^x	0.55	0.55	0.12	6.91	99	13.91
30	7.00	0.32	0.35	0.43	1.86^y	0.55	0.55	0.12	4.18	60	11.18
30	7.00	0.32	0.35	0.43	2.77^z	0.55	0.55	0.12	5.09	73	12.09
31	7.41	0.34	0.37	0.46	4.59^x	0.60	0.58	0.12	7.06	95	14.47
31	7.41	0.34	0.37	0.46	1.86^y	0.60	0.58	0.12	4.33	58	11.74
31	7.41	0.34	0.37	0.46	2.77^z	0.60	0.58	0.12	5.24	71	12.65
32	7.82	0.36	0.39	0.49	4.59^x	0.45	0.61	0.12	7.01	89	14.83
32	7.82	0.36	0.39	0.49	1.86^y	0.45	0.61	0.12	4.28	54	12.10
32	7.82	0.36	0.39	0.49	2.77^z	0.45	0.61	0.12	5.19	71	13.01
33	8.43	0.39	0.42	0.52	4.59^x	0.50	0.66	0.12	7.20	85	15.63
33	8.43	0.39	0.42	0.52	1.86^y	0.50	0.66	0.12	4.47	53	12.90
33	8.43	0.39	0.42	0.52	2.77^z	0.50	0.66	0.12	5.38	63	13.81
34	9.08	0.42	0.45	0.56	4.59^x	0.55	0.71	0.12	7.40	82	16.48
34	9.08	0.42	0.45	0.56	1.86^y	0.55	0.71	0.12	4.67	51	13.75
34	9.08	0.42	0.45	0.56	2.77^z	0.55	0.71	0.12	5.58	61	14.66
35	9.79	0.45	0.49	0.61	4.59^x	0.65	0.76	0.12	7.67	78	17.46
35	9.79	0.45	0.49	0.61	1.86^y	0.65	0.76	0.12	4.94	50	14.73
35	9.79	0.45	0.49	0.61	2.77^z	0.65	0.76	0.12	5.85	59	15.64
36	10.55	0.49	0.53	0.65	4.59^x	0.55	0.82	0.12	7.75	74	18.30
36	10.55	0.49	0.53	0.65	1.86^y	0.55	0.82	0.12	5.02	47	15.57
36	10.55	0.49	0.53	0.65	2.77^z	0.55	0.82	0.12	5.93	56	16.48

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37	11.36	0.52	0.57	0.70	4.59[X]	0.65	0.89	0.12	8.04	71	19.40
37	11.36	0.52	0.57	0.70	1.86[Y]	0.65	0.89	0.12	5.31	46	16.67
37	11.36	0.52	0.57	0.70	2.77[Z]	0.65	0.89	0.12	6.22	54	17.58
38	12.24	0.56	0.61	0.76	4.59[X]	0.55	0.96	0.12	8.15	67	20.39
38	12.24	0.56	0.61	0.76	1.86[Y]	0.55	0.96	0.12	5.42	44	17.66
38	12.24	0.56	0.61	0.76	2.77[Z]	0.55	0.96	0.12	6.33	51	18.57
39	13.19	0.61	0.66	0.82	4.59[X]	0.45	1.03	0.12	8.28	63	21.47
39	13.19	0.61	0.66	0.82	1.86[Y]	0.45	1.03	0.12	5.55	42	18.74
39	13.19	0.61	0.66	0.82	2.77[Z]	0.45	1.03	0.12	6.46	49	19.65
40	14.21	0.65	0.71	0.88	4.59[X]	0.90	1.11	0.12	8.96	63	23.17
40	14.21	0.65	0.71	0.88	1.86[Y]	0.90	1.11	0.12	6.23	43	20.44
40	14.21	0.65	0.71	0.88	2.77[Z]	0.90	1.11	0.12	7.14	50	21.35

[1] Current minimum salary for grade level.
[2] 12 days/year - cost is minimum salary x 0.046.
[3] 13 days/year - cost is minimum salary x 0.050 (includes declared administrative closing days and personal day)
[4] Cost is minimum salary x 0.062.
[5] Health insurance cost (PPO): [X] Cost for family coverage = $4.59/hr; [Y] Cost for single coverage = $1.86/hr; [Z] Cost for split coverage = $2.77/hr.
[6] Cost is $0.05/hr/$100 (calculate on average longevity for each grade)
[7] Cost is minimum salary x 0.078.
[8] Cost is $0.12/hr.(based on $20 match/month)
[9] Total benefits = sum of individual benefits.
[10] % of benefits cost is total benefits divided by minimum salary.
[11] Total salary = minimum salary + total benefits

(Public/Compensation/Wage&SalaryInfo/BenefitCosts)