



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

**Executive Summary**

**Submitted to  
The University of Tennessee at Knoxville Faculty Senate**

**By the  
Faculty Senate Wage Study Task Force**

**November 2005**

# **A Study of the Wage Structure and Labor Policies of the University of Tennessee, Knoxville 1975 – 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 show 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 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 needs 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.