

## SWARTHMORE LIVING WAGE & DEMOCRACY CAMPAIGN

### Frequently Asked Questions: Part III

#### *how do we propose...?*

**Q: Where would the money for staff salary increases come from?**

**A:** Probably the biggest opposition to the campaign comes from people who fear that their interests (be it faculty salaries, student financial aid, athletics or parties) will be jeopardized by any increase to the staff salary pool. There's a general assumption that the money for staff salaries will have to be wrestled out of an already-tight budget.

Here's the bottom line: what we're asking the school to do is radically reevaluate the way they treat and compensate staff. This would mean deciding that staff are a high enough priority that they have to come up with the money. Historically, when the administration decides something is important-be it large-scale events, specific financial aid packages or a new building-they *FIND* the money to make it happen. And they find it outside of the school's general operating budget.

While we have not submitted a detailed proposal about where the money is to come from to finance staff raises, the whole language of the campaign and the unofficial suggestions we've made ask that the college look outside the current budget for staff salary money. What we are proposing is not that the current budget pie be divided into even smaller pieces, but that the size of the pie increase.

We have a few suggestions for how to increase the pie:

**1. We take another fraction of a percent out of the endowment.**

Endowment spending is admittedly a complex issue. It is not, however, an exact science. There is no one single accepted formula or rule for what level of endowment spending is appropriate at all times. The guideline Swarthmore tries to go by is to keep endowment spending between 3.75% and 4.75% per year. Currently, we are at the extreme bottom end of that range. While some would argue that we need to be at the low end now because the endowment is overvalued (with the rest of the stock market) and may be headed for a downturn, it seems there must still be some "wiggle room" there. With the endowment currently valued at about \$1 billion, 1% of the endowment translates to \$10 million. So, we could obtain a sum of, say, \$1 million by increasing endowment spending a mere 0.1% -- and still remain on the low end of the scale. The argument is often made that the endowment is for the future, so we must protect it at all costs. It's important to talk about protecting the endowment, but while we have a responsibility to ensure that present spending does not jeopardize the future, we also have a comparable responsibility to ensure that present commitments and potentials not be unnecessarily compromised in the name of the future. This is a question of finding the right balance; the numbers suggest there may well be room for an increase.

**2. We hold a capital campaign to raise the money.**

Swarthmore often holds capital campaigns for things like new buildings and programs. We would love to see the administration commit to a "Justice Campaign" for staff salaries.