

Living Wage, Three Years Later:

An Updated Report from
the Swarthmore Living Wage
& Democracy Campaign

January 21, 2004

{ For myself only, probably [it would be enough
to get by]. But for a family, with children...
[shakes her head]."

(Environmental Services employee)

}



<http://www.swatlivingwage.org>

Introduction

In February of 2001, the Swarthmore Living Wage and Democracy Campaign (SLWDC) presented a report to President Al Bloom and his senior staff, calling for increased wages and democratic decision-making involvement for low-wage Swarthmore staff members. The report was based on five months of on-campus research, during which students met with staff members on a one-on-one basis and in group meetings to discuss their concerns about their jobs at the College. From these discussions emerged two primary areas of concern: wages and respect. Thus, the report called for the implementation of a living wage and recommended methods of improving democracy, representation, and transparency in College decision-making.

It has now been three years since that report was issued and the work of the SLWDC began, but many Swarthmore staff members still do not earn a living wage for the critical work they do. While the College has taken steps in the right direction, its wage and decision-making processes often remain at sharp odds with the tenets of social justice to which it professes adherence. This report is intended to update the College community about recent developments in the living wage movement at Swarthmore, the ongoing necessity of a living wage here, the specific goals of the SLWDC, and the SLWDC's position on the ongoing decision-making process on a living wage.

Brief chronology of the SLWDC

Fall 2000: Five months of on-campus research begin, during which students in the campus group Conscious Consumers meet with staff members on a one-on-one basis and in small group meetings to discuss their concerns about their jobs at the College. From these discussions emerge two primary areas of concern: wages and respect.

February 2001: The Swarthmore Living Wage and Democracy Campaign issues a draft report to College President Al Bloom and his senior staff, calling for increased wages and democratic decision-making involvement for low-wage Swarthmore staff members.

Spring 2002: The Staff Compensation Review Committee, while explicitly stating that its intention was not to implement or consider a living wage, recommend that the Swarthmore minimum wage be raised from \$6.66 to \$9 an hour. This increase, considered by the SLWDC an important first step toward a living wage, is effective July 1, 2003.

April 4, 2002: The SLWDC holds the "Keep on Movin' Forward" rally on the National Student-Labor Day of Action. The campaign applauds the College's first step toward a more just compensation system. But since many Swarthmore staff members still do not earn a living wage, the College must "Keep on Movin' Forward."

"I'm working class. Borderline...I raised my kids by myself...I can't get [federal benefits like] Section Eight [housing]. But I don't have enough."

May 2002: After a faculty straw vote in support of the goals of the SLWDC, President Bloom charges the Ad Hoc Committee on the Living Wage with determining what a Swarthmore living wage is.

Fall 2002: The Ad Hoc Committee begins meeting.

December 2003: As the Ad Hoc Committee prepares to issue its preliminary report on living wage at Swarthmore, the Board of Managers plans to form a subcommittee to explore the potential moral and budgetary implications of a living wage implementation. The Board also decides to vote on the final living wage proposal in the Fall of 2004.

"You're not going to ever make a good, living wage here."
(Swarthmore College)

February 2004: The Ad Hoc Committee on the Living Wage plans to release its preliminary report on what constitutes a living wage at Swarthmore, on either February 6 or 9. Beginning February 13, the Committee will engage in several weeks of intensive input-gathering from all constituencies at the College, and then issue a final report.

Later this spring: President Bloom and senior staff are expected to issue a recommendation to the Board concerning the final living wage proposal.

Fall 2004: The Board plans to arrive at a decision on the revised living wage proposal.

What is a living wage?

"It is possible to survive on certain wages, but it's impossible to truly live on them."

(Jim Keady, Educating for Justice)

In brief, a living wage is a wage that allows wage earners to fully support themselves and their families on what they earn at one full-time job, without government assistance. At minimum, a living wage covers basic needs, such as housing, food, childcare, health care, and transportation.

The living wage movement is widely considered to have begun in 1994 in Baltimore, when the work of activists there led to the implementation of a living wage for many city employees. Since then, according to the Association of Communities Organized for Reform Now (ACORN), living wage victories have been achieved in 116 municipalities nationwide. The living wage movement is also taking place on college and university campuses, as student-labor coalitions have won living wages at Harvard, Stanford, and Wesleyan universities (see appendices).

In large part, the living wage movement has arisen in an economic climate where poverty is rising, real wages are stagnating or declining, and the minimum wage has lost its meaning. According to the Economic Policy Institute (EPI), the percentage of Americans living in poverty rose from 11.7 percent to 12.1 percent in 2002; in the period between 2000 and 2002, household incomes declined by 3.3 percent, accounting for inflation. These economic losses, which affected African-American and Hispanic households more than White households, occurred despite economic growth in 2002.¹ Though the federal minimum wage was implemented in 1938 to counteract poverty, and at 25 cents an hour was indeed a living wage at the time, it has lost its power as its real value has declined. Now at \$5.15, the

¹ http://www.epinet.org/content.cfm/webfeatures_econindicators_income

last increase of the minimum wage took place in 1996 and 1997. In 2001, the EPI reported that the real value of this wage represented a 30 percent decrease in the minimum wage's real value from its 1968 peak.² Living wage measures have been aimed at improving the economic status of multitudinous working Americans by restoring meaning and value to wage levels.

While living wage campaigns are occurring nationwide, specific living wage levels are quite a local matter, as they are based upon the cost of living in a particular area. The Swarthmore-based organization Women's Association for Women's Alternatives (WAWA), recently renamed PathWaysPA, issues reports on self-

I'm invisible. But when [the students] need something like they forgot they key, they ask for help. Then I become un-invisible. That's the only time I

sufficiency wages in localities in Pennsylvania, on which the SLWDC's living

wage

recommendations have been based. In Delaware County, where Swarthmore is located and where

large numbers of its staff members live, a self-sufficiency wage for a single adult was \$9.19 an hour as of September 2001, the most recent year for which data are available. A self-sufficiency wage for a single adult and a schoolage child is \$14.48 an hour. See appendices for the full report from WAWA about self-sufficiency wages in Delaware County. The SLWDC recognizes that, in theory, a living wage depends upon the family size of a wage earner, but also recognizes that linking wages and family size is both impractical and illegal. The calculation of a living wage must thus be somewhat of an approximation; for this reason the campaign has historically advocated for a wage that would meet the expenses of a single wage earner and a child. This would account for the many Swarthmore staff members who do have children, and also afford staff members broader choices about their family size. The SLWDC recommended a living wage of \$13 in the Fall 2001 semester, based upon the wage data published by WAWA in that year.

While many living wages are targeted at strict self-sufficiency levels, the SLWDC has, in more recent semesters, advocated for a meaningful living wage that accounts not simply for the bare

² <http://www.epinet.org/content.cfm/issueb>

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

minimum needed to live, but also for the ability to save money, plan for future expenses, and pay for unexpected or planned necessities. That is, a true living wage should be a wage that allows for more than mere subsistence; it should, for instance, allow for savings toward education and the purchase of durable goods such as vehicles and washing machines, for the costs of medical emergencies, and for life responsibilities such as taking care of aging relatives. See appendices for a Spring 2003 presentation to the Ad Hoc Committee on the Living Wage about ensuring that a Swarthmore living wage is a meaningful living wage. While recognizing that all improvements in Swarthmore's wages are beneficial and are excellent steps toward building a more just College community, the SLWDC fervently hopes that the Board of Managers and President Bloom's senior staff will approve the recommendation of the Ad Hoc Committee that is most in line with these longstanding principles of the campaign.

We recognize, too, that an adequate living wage proposal must also account for "wage compression"—in other words, the wages of those already earning more than a living wage must be raised by some marginal rate to account for the increased base wage.

Rationale for a Living Wage: Moral and Economic

In its 2001 report, the SLWDC described the Quaker social justice values Swarthmore adheres to in its educational and social mission—those that underlie the "ethical intelligence" to which College President Al Bloom has often referred as the principled foundation of a Swarthmore education. Indeed, the College has long asserted the capacity of all members of its community to transform the world in which they live, in order to make it more just and equitable. As the 2003-2004 College Catalog states, "Swarthmore seeks to help its students realize their fullest intellectual and personal potential combined with a deep sense of ethical and social concern."

Yet Swarthmore's wage practices and decision-making structures have historically conflicted with these fundamental principles, and have continued to do so despite broad community support for rectifying these grave discrepancies. For many staff members, who perform work that not only keeps the College running but maintains its status as an excellent institution, the wages they earn at Swarthmore are not enough to support themselves and their families. Interviews with Swarthmore staff members testify

to this problem: "The children—they got to eat—sometimes you got to give up something for you so they can have food," said one. Other staff members have explained that their Swarthmore wages don't cover the bills they have to pay each month, even if they live alone and have no dependents.

At the same time, many staff and students have historically been excluded from decision-making processes that affect their experience and participation in the affairs of the College.

Whereas Swarthmore has committed itself to the principles of consensus and democratic decision-making, its practices in this realm have not met this commitment. While recognizing that making Swarthmore College an increasingly democratic and equitable community will necessarily be a long and complex process, the SLWDC continues to call and agitate for movement toward broadened and more transparent decision-making structures

that include staff, students, faculty, and administration.

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

As the SLWDC has affirmed many times in the three years since its inception, a Swarthmore wage must be a living wage. Swarthmore College cannot, in good faith, continue to profess principles of social justice and ignore the economic injustice taking place on its own campus. Certainly, implementing a living wage will have budgetary impacts; it will likely require a necessary examination and restructuring of Swarthmore's budget priorities. Yet we believe a living wage can feasibly be implemented after an examination of College priorities, and indeed *must* be implemented for the College's social justice principles to retain meaning and coherence. Swarthmore often acts and is seen as as a leader on educational and social issues, and must seize the opportunity to put its principles into action in the realm of workplace justice. What the SLWDC wrote in 2001 still holds true: *We are not simply asking Swarthmore to improve itself as a workplace; we are asking the College to become a more equitable and just community.*

The economic status of many working people, as described above, meshes with the moral rationale behind a living wage to act as a strong justification for living wage implementations. Yet the economic rationale is strong as well; in fact, research has indicated that many common objections to, or fears about unintended consequences of, a living wage do not hold.

A common argument against the living wage is that, due to the laws of supply and demand, higher wages will result in less employment. However, research bears out the fact that increases in wage floors do not result in increased unemployment. Pollin and Luce write that "if anything, the unemployment rate goes up when the minimum wage goes down—a result opposite to the view that a rising minimum wage will bring more unemployment." ³ Indeed, the SLWDC insists that no Swarthmore employees should lose their jobs because of the implementation of a living wage; implementing a living wage and maintaining a full staff are entirely feasible and compatible goals.

Pollin and Luce also point out that, in the municipal living wages that they have studied, any cost increases that result from the living wage implementation have been absorbed by cost savings due to efficiency gains. These gains, they write, can result from lower employee turnover and less absenteeism⁴, as well as increased worker productivity due to increased morale.⁵ Furthermore, the communities in which workers who earn living wages live also benefit from living wage implementations, in what Pollin and Luce term "community spillover benefits." These benefits to what are often low-income communities include boosts to local businesses and housing markets, as workers who earn living wages become more able to spend money and purchase property in their own neighborhoods.⁶

{ "I've seen many people come and go at this college, with bright hopes, some dismayed. I came to this job humbly, honest, legal, and I thought I knew what all these words meant when I came. Swarthmore taught me they can mean whatever they want them to mean, be, do, or say."

**Swarthmore's current wage system:
Time to Keep on Movin' Forward**

In the years since the SLWDC began, Swarthmore staff have seen some improvements in compensation. Most significantly, in the spring of 2002, the Staff Compensation Review Committee recommended that the Swarthmore minimum wage be raised from

³ Pollin, Robert and Stephanie Luce. *The Living Wage: Building a Fair Economy*. New York: The New Press, 1998; 34.

⁴ Ibid., 51.

⁵ Ibid., 151.

⁶ Ibid., 161.

\$6.66 to \$9 an hour, an increase which was implemented July 1, 2003. President Al Bloom cited the SLWDC as a strong force in the process leading to the decision to raise the wage floor to \$9.

The SLWDC applauds the College's steps toward an improved compensation system, as these steps forward are important to the formation of an increasingly just compensation system. But since many Swarthmore staff members still do not earn a living wage, the College must do what the SLWDC said at its April 4, 2002 Student-Labor Day of Action Rally: "Keep on Movin' Forward."

Current status of the movement for a living wage

**{ "I love working
here; the
students, the
people are great.
But the money... we
----- "**

At the beginning of the Spring 2004 semester, the Ad Hoc Committee on the Living Wage is poised to release its preliminary report on what constitutes a living wage at Swarthmore. Following the release of this report, the Committee will engage in several weeks of intensive input-gathering from all constituencies at the College. The SLWDC understands that President Al Bloom and his staff

will then issue a recommendation on the Ad Hoc Committee's report to the Board of Managers, which will work with the administration to arrive at a final decision on living wage at Swarthmore.

As the on-campus process continues, a subcommittee of the Board of Managers will investigate the moral and budgetary implications of the potential living wage implementation at the College. This subcommittee, composed of members of the Finance and Trusts and Social Responsibility committees of the Board, will act to investigate and answer questions that members of the Board have raised about a living wage. The Board decided at its December 2003 meeting to arrive at a decision on living wage during the Fall 2004 semester.

The SLWDC is committed, however, to a decision on a living wage at Swarthmore within this academic year. In a December 2003 letter to the Board, we outlined our stance that a decision be made by the time of the Board's May meeting. We believe that with appropriate commitment to this serious issue, one of such importance to so many members of the Swarthmore community, such a timeline is both possible and necessary. Moreover, as the

driving force behind the formation of the Ad Hoc Committee and the administration and Board's consideration of the living wage issue, it is only right that members of the SLWDC must be at the table when crucial decisions on decision-making and decision-making timelines are made. The SLWDC affirms that we will devote all necessary resources to a speedy, affirmative decision on a living wage at the College.

Appendices

The following are some of those documents that the SLWDC has found helpful in our research surrounding the living wage issue.

In preparation of the Board of Managers' approaching deliberations, we anticipate that these may be useful in self-education towards reaching a more well-rounded and informed decision.

Appendix A: Self-Sufficiency Data for Delaware County, PA

These figures are a *summary* of those prepared by the Women's Association for Women's Alternatives/PathWaysPA in September 2001. Additionally, the full set of tables may be found online, at <http://www.womensassoc.org/countyttables/T23Delaware.pdf>.

Appendix B: Beyond a Subsistence Wage to a Truly Living Wage

This non-confidential document was produced for the Ad Hoc Committee on a Living Wage by Committee member Alexandra Bradbury. The document was written to advocate certain revisions to the Committee's working figures as of March 2003. It represents neither the starting point nor the conclusion of the Committee's work on defining a living wage, but the snapshot allows a glimpse of some of the issues involved in setting a living wage figure, and the final page of the document provides one articulation of the Swarthmore Living Wage and Democracy Campaign's conception of a living wage.

Appendix C: Wesleyan University Employment Code for Service Contractors

While Swarthmore does not use service contractors for the bulk of its operations, this September 2000 code from Wesleyan is useful as an example of living wage implementation and monitoring at a small college.

Available online at
<http://www.wesleyan.edu/uslac/June13code.htm>.

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

Appendix A: Self-Sufficiency Data for Delaware County, PA

Summary September 2001

Monthly Costs	Adult	Adult + Infant	Adult + Preschooler	Adult + Infant + Preschooler	Adult + Schoolage + Teenager	Adult + Infant + Preschooler + Schoolage	2 Adults + Infant + Preschooler	2 Adults + Preschooler + Schoolage
Housing	657	812	812	812	812	1,016	812	812
Child Care	0	546	572	1,118	328	1,446	1,118	900
Food	168	246	255	330	437	444	475	521
Transportation	255	293	293	293	293	293	566	566
Health Care	79	201	179	222	227	243	278	256
Miscellaneous	116	210	211	278	210	344	325	306
Taxes	341	606	611	801	542	1,036	926	849
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-42	-42	-83	-83	-125	-83	-83
Self-Sufficiency Wage:								

Hourly	\$9.19	\$16.09	\$16.21	\$20.97	\$15.49	\$26.24	\$12.32 (per adult)	\$11.50 (per adult)
Monthly	\$1,617	\$2,832	\$2,852	\$3,691	\$2,726	\$4,618	\$4,336	\$4,046
Annually	\$19,400	\$33,979	\$34,227	\$44,289	\$32,717	\$55,420	\$52,030	\$48,557

Appendix B:

Beyond a Subsistence Wage to a Truly Living Wage

FOOD

Background: The United States Department of Agriculture publishes a series of food plans that are supposed to meet basic nutritional needs. The cheapest one is the Thrifty Food Plan; the next cheapest is the Low-Cost Food Plan. Most sources of basic needs budget information (including both WAWA and the Economic Policy Institute) use the Low-Cost Food Plan, since a number of studies have shown families spending at the Thrifty Food Plan level often do not meet their nutritional needs. The USDA publishes a single list of the average national costs of the food plans for people of particular ages.

(Source: Bernstein, Jared et al. *How Much is Enough?: Basic Family Budgets for Working Families*. (Economic Policy Institute: Washington D.C., 2000), <http://www.epinet.org>.)

Issues:

- The same USDA Food Plan cost list is used around the nation, but in fact food costs different amounts in different regions. For instance, in the Philadelphia area, groceries cost about 105.1% of the national average. (Source: Haney, Elissa. "Living Large: The cost of living in U.S. cities is on the rise." May 2000, <http://www.infoplease.com/spot/citycost1.html>, from ACCRA Cost of Living Index, ACCRA, www.costofliving.org.)
- Additionally, considerations like the type of store available can affect the price tag of the Low-Cost Food Plan. As noted in a study from the *Journal of Nutrition Education*, food from small grocery stores often costs more than food from supermarkets. (Source: "Comparing the cost of a Thrifty Food Plan market basket in three areas of New York state." *Journal of Nutrition Education*, Jan-Feb 1992, v 24, n1 p71S (Infotrac).) Unfortunately, as noted in the recent *Philadelphia Inquirer* article excerpted below, the lack of supermarkets is a serious problem in many poor communities, and the problem is particularly severe in our region.

"The lack of supermarkets is a problem that affects Philadelphians as well as those in other older cities and towns throughout our region, from Coatesville to Camden. The fact is, many low-income communities in Pennsylvania, New Jersey and Delaware no longer have enough supermarkets to meet the needs of their residents.

"The problem is especially severe here. A special report this year by the Food Trust, called 'Food for Every Child,' disclosed that low-income communities in this region have significantly fewer supermarkets per capita than similar communities in other major metropolitan areas."

(Source: Perry, Duane. "Phila. needs more supermarkets."

Philadelphia Inquirer. Nov. 28, 2002,

<http://www.philly.com/mld/inquirer/news/opinion/local2/region/4621845.htm>.)

Solution: A generous solution would increase the food budget line to account for both the Philadelphia region's grocery rates (105.1% of the national average) and the necessity of shopping at grocery stores in areas where no supermarket is available. Lacking clear data on exactly how much to compensate for the second problem, we can take the conservative approach of addressing the first problem only. We should therefore take WAWA's food figures—which are taken directly from the national prices published by the USDA—and multiply them by 105.1% to make them Philadelphia-region-specific.

	1 adult	1 adult, 1 child	1 adult, 2 children
Expenditure			

	Sept 2001	Sept 2001 adjusted	Sept 2001	Sept 2001 adjusted	Sept 2001	Sept 2001 adjusted
Food	168	177	255	268	339	356

OTHER/MISCELLANEOUS

Issue: WAWA and the Economic Policy Institute use very different methods for estimating the cost of basic necessities not covered in the other categories.

Source of WAWA's number: In the WAWA study, the cost of miscellaneous necessities is estimated to be 10% of the sum of all other costs. This number is somewhat arbitrary, and the WAWA report acknowledges that it is conservative with respect to other studies' estimates.

Source of the Economic Policy Institute's number: The EPI breaks this category down into subcategories: Telephone, Clothing & Personal Care, Household Supplies (does not include furniture or major appliances), and Entertainment (includes television, music, and toys, but not pets, video rentals, movies, or sporting-related expenses). They then use a Federal Communications Commission study and the Bureau of Labor Statistics' Consumer Expenditures Survey to estimate the percentage of the combined housing and food budget that these items actually make up for the lowest quintile of consumers. Following this method they arrive at 28.5% of the sum of the housing and food budgets.

Solution: The EPI method seems to make more sense, as it is grounded in a real enumeration of the items in the Other category and an assessment of their actual costs. To follow the EPI method we add together our housing and food numbers, then take 28.5% of the sum.

Expenditure	1 adult		1 adult, 1 child		1 adult, 2 children	
	Sept 2001	Sept 2001 adjusted	Sept 2001	Sept 2001 adjusted	Sept 2001	Sept 2001 adjusted
Housing	650-780	650-780	720-970	720-970	810-970	810-970
Food	168	177	255	268	339	356
→Other/miscellaneous	101-126	236-273	190-222	282-353	255-287	332-378

INFLATION, 2001-2003

Issue: The WAWA figures that we are using come from a report completed in September of 2001. It is now March of 2003 and one would expect inflation to have increased those numbers somewhat. WAWA is scheduled to revise and publish a newer version of their Self-

Sufficiency Standard in fall of 2003, but in the mean time we intend to publish our own report, so we must find a method of estimating the increase in the Self-Sufficiency data.

Measures: The standard method of estimating the effects of inflation is through the Consumer Price Index, published by the Bureau of Labor Statistics. There are two forms of the CPI. The CPI for All Urban Consumers (CPI-U) includes "groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force" as well as wage earners and clerical worker households. The CPI for Urban Wage Earners and Clerical Workers seems more precisely appropriate for our use, as Swarthmore's low-wage workers would be included in the category of wage earners. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics, <http://ftp.bls.gov/pub/news.release/History/cpi.03212003.news.>)

In fact, between the May 1999 and the September 2001 WAWA reports, the Self-Sufficiency Standard in both Delaware County and Philadelphia grew much faster than the CPI-W for the Philadelphia-Wilmington-Atlantic City region.

	WAWA: Philly, adult	WAWA: Philly, adult + preschooler	WAWA: Philly, adult + preschooler + infant	CPI-W: All items
May 1999	\$15,000	\$26,820	\$35,076	170.6
Sept 2001	\$17,580	\$31,949	\$41,700	182.2
Percent increase	17%	19%	19%	6.8%

	WAWA: Delaware Co., adult	WAWA: Delaware Co., adult + preschooler	WAWA: Delaware Co., adult + preschooler + infant	CPI-W: All items
May 1999	\$15,480	\$27,768	\$36,924	170.6
Sept 2001	\$19,320	\$39,924	\$53,772	182.2
Percent increase	25%	44%	46%	6.8%

CPI-W data from this time period are available bimonthly, and are specific to the Philadelphia-Wilmington-Atlantic City area (PA-NJ-DE-MD). Data are not available for September 2001 and May 1999, so I used the two previous months, August 2001 and April 1999, when the data were likely collected. Source: U.S. Dept. of Labor, Bureau of Labor Statistics, <http://data.bls.gov/labjava/outside.jsp?survey=cw.>)

During the 2.3-year period between the 1999 and 2001 reports, the CPI-W increased by 7% while the average Self-Sufficiency Standard for Philadelphia increased by about 2.5 times that percent; at the same time the average Self-Sufficiency Standard for Delaware County

increased more than 5 times the percent that the CPI-W did. This large discrepancy likely has to do with different categories of expenditure in the Self-Sufficiency Standard increasing at different rates in different places. (For instance, transportation costs might increase faster in one area, while housing costs increase faster in another area.) It is unfortunate that until the WAWA numbers come out, we have no more precise way of measuring—much less predicting—the changes in price levels due to inflation. However, having no other tools at our disposal, the CPI-W seems a conservative and reasonable means of calculating at least the increase due to inflation. The CPI is a very widely accepted measure.

Solution: The Bureau of Labor Statistics publishes not only a single overall CPI-W figure, but also figures for subcategories of expenditures. The four lines shown in the table below, again specific to the Philadelphia-Wilmington-Atlantic City region, show the change in prices of four categories corresponding to categories in our basic needs budget.

Expenditure	Sept 2001 CPI-W	Feb 2003 CPI-W	Change in CPI-W
Rent of primary residence	199.1	207.9	+4.4%
Food and beverages	168.3*	177.3	+5.3%
Private transportation	160.3*	160.4	+0.0%
Other goods & services	293.7*	321.0	+9.3%

* Aug 2001 used where Sept 2001 numbers not available.

By increasing our categories by the corresponding percentages, we can update our numbers from September 2001 to February 2003, the most recent date that CPI numbers were published. In the updated table below, I indicate with the sign → the categories to which the inflation percentages are applied.

Expenditure	1 adult		1 adult, 1 child		1 adult, 2 children	
	Sept 2001 adjusted	Feb 2003 final	Sept 2001 adjusted	Feb 2003 final	Sept 2001 adjusted	Feb 2003 final
→Housing	650-780	679-814	720-970	752-1013	810-970	846-1013
→Food	177	186	268	282	356	375
Child Care	0	0	546-572	546-572	1091-1144	1091-1144
→Transportation	106-255	106-255	106-293	106-293	106-293	106-293

Health Care	-	0	-	14	-	53
Co-Payments & Prescriptions	-	8	-	14	-	20
Taxes	341-384	341-384	529-573	529-573	643-676	643-676
→Other/miscellaneous	236-273	258-298	282-353	308-386	332-378	363-413
TOTAL WAGES		\$1578-\$1945		\$2551-\$3147		\$3347-\$3987
Hourly wage		\$9.47-\$11.67		\$15.31-\$18.88		\$20.08-\$23.92

INFLATION, 2003-2005

Issue: So far our budget is updated to approximately the present. However, since the annual budget for the 2003-2004 school year has already been approved, the earliest our proposal could be put into effect would be for the 2004-2005 school year. Presumably they will be somehow revised on a yearly basis, so we would expect them to be revised in the summer of 2005. Roughly, then, we would like to propose a number that will be a living wage two years from now, in February of 2005. (February is convenient because it is a whole number of years from our latest available data.)

Data: Since we have no good way of guessing how the costs of different categories will change relative to one another in the future, it makes sense to estimate the change in the total figure. We have data for the change in overall CPI-W in our region over the past ten years.

Date	CPI-W	% increase from previous year
February 2003	185.9	2.5%
February 2002	181.4	1.8%
February 2001	178.2	2.1%
February 2000	174.6	4.1%
February 1999	167.8	1.0%
February 1998	166.1	0.7%
February 1997	164.9	2.7%
February 1996	160.5	1.9%
February 1995	157.5	3.5%
February 1994	152.2	2.4%
		average increase: 2.3%

(Again, data shown represent **CPI Index for Urban Wage Earners and Clerical Workers (CPI-W)** for Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD, all items.)

It seems reasonable to estimate that the total Self-Sufficiency Standard will increase by roughly 2.3% per year, or 4.7% over two years. This would raise the wage levels as shown below.

Subsistence wage	1 adult		1 adult, 1 child		1 adult, 2 children	
	Feb 2003 final	Feb 2005 projected	Feb 2003 final	Feb 2005 projected	Feb 2003 final	Feb 2005 projected
TOTAL WAGES	\$1578-\$1945	\$1651-\$2036	\$2551-\$3147	\$2671-\$3295	\$3347-\$3987	\$3504-\$4174
Hourly wage	\$9.47-\$11.67	\$9.91-\$12.22	\$15.31-\$18.88	\$16.03-\$19.77	\$20.08-\$23.92	\$21.02-\$25.04

WHAT IS A LIVING WAGE?

All of the above has led us to a fairer estimate of a subsistence wage. On this wage one could hope to meet the basic expected costs of living each month, as long as it was an ordinary, uneventful month. What do the figures above *not* cover?

- * SAVING FOR UNEXPECTED COSTS—like when your car breaks down and need repairs.
- * SAVING FOR BIG PURCHASES—like furniture, major appliances, a car, a vacation, or a child's education.
- * SAVING FOR EMERGENCIES—like taking care of a family member who becomes ill, or coping with job loss.
- * SAVING FOR IMPORTANT LIFE GOALS—like being able to take care of one's aging parents.

A living wage is not just a subsistence wage. As the organization Labour Behind the Label eloquently expresses it, *"A living wage enables workers to meet their needs for nutritious food and clean water, shelter, clothes, education, health care and transport, as well as allowing for a discretionary income. It should be enough to provide for the basic needs of workers and their families, to allow them to participate fully in society and live with dignity. It should take into account the cost of living, social security benefits and the relative standards of other groups."*

A real living wage means workers are paid enough that they have the autonomy to plan financially to cover the kinds of costs discussed above. In 1998, at the U.S. Living Wage Summit 16, participants agreed that the formula for a living wage should include enough money to cover the basic needs of a family, plus 10% of one's income for savings.

(Source: "Wearing Thin: The State of Pay in the Fashion Industry." Labour Behind the Label.

http://www.labourbehindthelabel.org/publications/wearingthin/wearing_thin4.htm)

<i>Living wage</i>	1 adult		1 adult, 1 child		1 adult, 2 children	
	Feb 2003 final	Feb 2005 projected	Feb 2003 final	Feb 2005 projected	Feb 2003 final	Feb 2005 projected
TOTAL WAGES	\$1753-\$2161	\$1834-\$2262	\$2834-\$3496	\$2968-\$3661	\$3719-\$4430	\$3893-\$4638
Hourly wage	\$10.52-\$12.97	\$11.04-\$15.08	\$17.00-\$20.98	\$17.81-\$21.97	\$22.31-\$26.58	\$23.36-\$27.83

Appendix C: Wesleyan University Employment Code for Service Contractors

WESLEYAN UNIVERSITY

EMPLOYMENT CODE FOR SERVICE CONTRACTORS

Effective September 1, 2000

1. TOTAL COMPENSATION

Wesleyan University, (the “University”), requires that service contractors provide competitive total compensation (wages and benefits). The current hourly wage standard is \$8.15 per hour, which is in excess of the weighted average poverty threshold for a family of four as established by the U.S. Census Bureau, and the current total compensation standard is \$10.20 per hour.

The University will change the minima each fall by the percentage that the weighted average poverty threshold changes.

The division of total compensation and the provision of specific benefits will be determined through discussions between the service contractor and its employees, subject to the following:

Employees who are regularly scheduled to work 30 or more hours per week are eligible to participate as full-time employees in a health insurance plan(s) offered by the service contractor with reasonable cost-sharing between the service contractor and its employees. Employees who are regularly scheduled to work less than 30 hours per week also are eligible to participate in a health insurance plan(s), subject to the eligibility guidelines of the service contractor’s health insurance carrier, and the service contractor will pay a pro rata portion of the premium that it pays for full-time employees. For example, if the monthly cost of a health plan is \$100 and the service contractor pays 80% of the \$100 (\$80), then an employee who works half-time (20 hours per week) would be entitled to a \$40 monthly contribution, which is one-half of the \$80 contribution for an employee who is regularly scheduled to work 30 or more hours per week. In the event that the insurance carrier for a contractor does not offer health coverage for part-time employees, the affected employees will receive additional compensation in an amount equal to the pro-rata share of the employer's contribution for health benefits.

Full-time employees of the service contractor will be eligible for five days of paid vacation after one year of continuous employment with the service contractor. Part-time employees will also be eligible for paid vacation after one year of continuous service (pro-rated based upon their part-time schedules). Thereafter, both full and part-time employees will receive reasonable increases in accrued paid vacation as the employee’s length of service increases.

This section applies to all covered service contractors, (as defined in Section 7 below), except those who are parties to a collective bargaining agreement.

The total compensation guideline includes wages plus “voluntary benefits”, such as payments made for health, welfare, pension, life, and disability plans, plus paid time off. “Involuntary benefit” payments for social security, unemployment insurance, and worker’s compensation are not included in the calculation of the guidelines.

Employees of service contractors will be permitted to participate in English as a second language classes scheduled at the University and to enroll their children in the Neighborhood Preschool, subject to the preschool's policies and procedures.

2. UNIONIZATION AND FREEDOM OF ASSOCIATION

The University recognizes, supports, and respects the right of individual employees to express their own personal freedom of choice regarding union organization and membership in an environment free of harassment and intimidation.

For all contracts covered by this code, the University recognizes, supports, and respects the right of individual employees to express their own personal freedom of choice regarding union organization and membership.

Employees who work for a labor union will have access to Wesleyan facilities and will have the ability to meet with the employees of a service contractor under the same terms as all other non-Wesleyan entities and in full compliance with National Labor Relations Board rules.

3. WORKPLACE SAFETY

All service contractors shall provide a safe working environment and comply with all applicable local, state, and federal laws pertaining to workplace safety.

4. NON-DISCRIMINATION

All service contractors shall provide a working environment that is free from discrimination and harassment and comply with all applicable local, state, and federal employment and labor laws.

5. PROTECTION OF WORKERS WHEN UNIVERSITY CHANGES CONTRACTORS

When the University changes service contractors, qualified employees of the previous service contractor will be automatically offered positions with the new service contractor, except when the new service contractor does not have sufficient openings to absorb all the qualified employees, in which case employees will be retained on the basis of seniority. If the new service contractor has new job openings within the first 90 days of the new contract, the service contractor will notify qualified employees from the previous contract of those openings and give first consideration to any such qualified employees who apply for the new openings. The new service contractor will provide total compensation to covered employees that is consistent with this code and that is not less than the total compensation that was provided by the former service contractor.

Upon being hired by the new service contractor, employees must be retained for a period of 90 days, except the employee can be terminated for just cause.

6. NOTIFICATION, ENFORCEMENT AND MONITORING

Each service contractor will be required to provide this code to its employees, including providing it in languages other than English. The University will assist with a translation if needed.

The service contractor will report annually to the University that it is in compliance with the above guidelines. There shall be a Code Compliance Board consisting of two students and one faculty member, which shall be advisory to the University. The students will be members of USLAC and will appoint their successors for one-year terms. In the event student representatives are not appointed, the administration will notify the Wesleyan Student Assembly, which will then make appointments under its established procedures. Every two years, the Code Compliance Board will propose a list of five nominees for the faculty seat from which the administration will choose one.

The Code Compliance Board will publicize its availability and may attend meetings scheduled by the administration with new service contractors for the purpose of informing those contractors of the code and related procedures. The Code Compliance Board will hear complaints concerning the infringement of this code by a service contractor provided, however, that the Code Compliance Board will not hear complaints that can be addressed through (1) a grievance procedure set forth in a collective bargaining agreement or (2) a government agency charged with investigating alleged violations of state or federal law. If the Code Compliance Board finds infringement of this code by a service contractor, it will so advise the University. If the University finds reasonable cause to believe there has been an infringement of the code by the service contractor, the University will notify the service contractor in writing. The service contractor will have 30 days to remedy the situation or challenge the finding of reasonable cause and the University will report the service contractor's response to the Code Compliance Board. If the service contractor's challenge is overruled by the University and if corrective action is not taken within 30 days, the University will notify the service contractor that its contract will be terminated. The University will consider the cumulative nature of a service contractor's record when considering infractions and terminations. Termination will be expeditious, but in no case more than a year after the decision to terminate is made, and must take account of the University's obligations to its students and faculty.

7. COVERAGE

This code is applicable to service contractors who bill the University a minimum of \$50,000 per year and whose employees regularly are assigned to work at the University for a period that is

expected to last for at least six months. The requirements of this code do not apply to employees of a service contractor who also are Wesleyan students.

8. FUTURE CODE REVIEW

The code is an administrative document and may be changed by the University administration after consultation with the Code Compliance Board and notification to the campus. Such notification will occur during the academic year, and to the extent practicable, code changes will take effect during the academic year. In addition, the administration and the Code Compliance Board will conduct a biennial review of the code. Specific changes in the code will be explained during the review if either party wishes to do so.

This code is effective September 1, 2000. The first regularly scheduled biennial review will occur in the spring of 2003 and every two years thereafter.

6/13/00