

**History of Merit & Mandatory Raises  
Texas A&M University  
FY2001-FY2005**

Employees earning less than \$10.00 per hour received, on average, a raise of \$1.70 per hour over a four-year period covering FY2001-FY2005. These data reflect both merit and mandatory raises. It should be noted that, in FY2001, many of the lower-paid employees received a mandatory raise of \$100.00 per month after one year of service. In FY 2004, all employees earning less than \$30,000 per year received a mandatory raise of \$50 per month. Thus, at \$.86 per hour, mandatory raises accounted for over half of the total raises given to low wage workers during this period. Having accounted for these mandatory raises, then, merit wages given to workers making less than \$10 per hour were just \$.84 per hour **over the four-year period**. These data underscore the position that merit raises have not provided sufficient means for the lowest paid workers to earn a living wage.

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Source: Texas A&M University, Office of Human Resources (2005)  
Adapted by: G. McDonnell (2005)

**History of Health Premiums  
FY2001-FY2005**

A review of health care costs for all full-time A&M employees is reflected in the table below. Please note that the analysis is on Scott & White, only. Data are available on A&M Care I, A&M Care II and FirstCare HMO and will be analyzed upon request.

**Health Plan: Scott & White**

| <b>FY 05</b>  | <b>FY 04</b>  | <b>FY 03</b>  | <b>FY 02</b> | <b>FY 01</b>  |
|---------------|---------------|---------------|--------------|---------------|
| EE Only 10.00 | EE Only 0.00  | EE Only 0.00  | EE Only 0.00 | EE Only 19.96 |
| EE+Sp 154.35  | EE+Sp 121.87  | EE+Sp 72.74   | EE+Sp 36.40  | EE+Sp 70.72   |
| EE+Ch 126.73  | EE+Ch 98.62   | EE+Ch 58.86   | EE+Ch 29.28  | EE+Ch 58.89   |
| EE+Fam 222.34 | EE+Fam 182.27 | EE+Fam 108.80 | EE+Fam 55.11 | EE+Fam 110.89 |

**Additional Information: Scott & White**

Increases in co-payments for full-time employees, from FY01-FY05: \$5.00 - \$25.00.  
Current deductible for medicine for full-time employees is \$100.00 per person.

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### **History of Raises in Pay and Health Premiums: A Hypothetical Case**

It is often difficult to understand the personal impact of the history of health premiums and wage increases at the University. To put these numbers in context, we present the following hypothetical case based upon the real data provided by the Texas A&M University Office of Human Resources.

#### **2001**

Robert, a father of two children, ages four and six, worked as a full-time custodian at Texas A&M University.

- Robert's gross salary was
  - \$7.00 per hour
  - \$14,616 per year (2088 hours/year)
  - \$1,218 per month
- Deductions included
  - Health care premiums (Scott and White Insurance) for Robert's family of \$110.89/month
  - His monthly co-pay (assuming one visit to the doctor for the entire family) was \$5.00/month
- Adjusting *only* for health care costs, Robert's net monthly salary was \$1102.11

#### **2001-2004**

Over the next four years, Robert received merit and mandatory raises totalling \$1.70 – the average raise for employees making less than \$10/hour. As his income increased, he also saw inflation rise and his health care premiums double.

#### **2005**

- Robert's gross salary is
  - \$8.70 per hour
  - \$18,165.60 (2088 hours/year)
  - \$1,513.80
- Deductions include
  - Health care premiums (Scott and White Insurance) for Robert's family of \$222.34/month.
  - His monthly co-pay (assuming one visit to the doctor for the entire family) is \$25.00/month
- Adjusting *only* for health care costs, Robert's net monthly salary is \$1266.46

**Thus, even when Robert receives the average merit raise for an employee at his level, when increases in health care are calculated, Robert only sees an average raise of \$164.35/month. Further, if we adjust for inflation between 2001-2005, we find that Robert's real raise is only \$58.21 per month.<sup>1</sup>**

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<sup>i</sup> To calculate the equivalent monthly salary in 2005, the 2001 salary has been multiplied by the change in the cost of living between 2001 and 2005 based upon the Consumer Price Index. \$1266.46 in 2005 dollars is the equivalent of \$1160.32 in 2001 dollars. Further data available at <http://www.bls.gov/cpi/>