

Appendix C

Cost of implementing a Living Wage to Texas A&M

The cost to the University of implementing a living wage depends upon how many employees are currently below the proposed living wage and the total cost per hour, including fringe benefits.

The following data were provided to the The Living Wage Coalition by the University.

Full-Time employees by salary level

| | | # |
|-----------|---------|-----|
| \$5.01 to | \$6.00 | 0 |
| \$6.01 to | \$7.00 | 90 |
| \$7.01 to | \$8.00 | 381 |
| \$8.01 to | \$9.00 | 330 |
| \$9.01 to | \$10.00 | 379 |

Costs per worker include medical benefits, which depend upon family size, and the following items which vary with the wage:

| | |
|----------------|-------------------|
| TRS Ret | 6.00% |
| Soc Sec | 6.20% |
| MediCare | 1.45% |
| Sick Leave | 96 hrs/year 4.60% |
| Annual Lv* | 120 hrs/yr 5.75% |
| 12 Holidays | 96 hrs/yr 4.60% |
| Total % | 28.59% |

Hence, for example, a \$1 increment in the hourly wage of an employee would cost the university \$1.29 per hour.

Without knowledge of the distribution of employees within each wage range above we cannot calculate the exact cost of moving to a living wage. However, we can provide the following range of cost estimates yielding a “best guess” of approximately \$4.6 million.

| Total cost per year by wage category | | | |
|---|--------------------|--------------------|--------------------|
| | Max | Min | Best Guess |
| \$6-7 | 913,441 | 674,207 | 793,824 |
| \$7-8 | 2,843,911 | 1,831,151 | 2,337,531 |
| \$8-9 | 1,577,176 | 699,983 | 1,138,579 |
| \$9-10 | 793,743 | - | 313,529 |
| Total | \$6,128,271 | \$3,205,340 | \$4,583,463 |