

## LIVING WAGE FACT SHEET

- The Living Wage Coalition has defined a living wage in the Bryan/College station area as 130% of the federal poverty level plus basic benefits. Currently, this equates to \$9.79 per hour, \$20,371 annually.<sup>1</sup> This is a "bare-bones" income that includes little or nothing in the way of amenities such as entertainment, travel or educational enrichment, but it allows a working family to live with dignity.
- Texas A&M's Department of Human Resources reports that at least 800 individuals currently earn less than this living wage. Currently, there are 90 full-time non-exempt employees making less than \$7.00/hour, 381 full-time non-exempt employees making less than \$8.00/hour, 330 full-time non-exempt employees making less than \$9.00/hour, and 379 full-time non-exempt employees making less than \$10.00/hour.<sup>2</sup>
- During the last few years, workers in categories such as food service and custodial staff have seen their real wages fall dramatically as their workload has increased. Consider, for example, the situation facing many A&M custodians. A&M employs 330 custodial workers who are separated into 16 crews. Together, they clean 340 buildings totaling 12.2 million square feet. In the last year, the University has reduced the custodial staff by over 100. As a result each employee is responsible for 32,000 square feet while at other major institutions, custodians average 25,000-26,000 square feet.<sup>3</sup> However, custodial staff at Texas A&M are paid a starting wage which is significantly lower than many comparable Big Twelve universities. For example, A&M custodians starting pay is \$6.57/hour, while the University of Texas custodial staff's starting pay is \$8.51/hour – which equates to a net difference of \$3,744 annually even after cost of living adjustments are made.<sup>4</sup>
- This decrease in relative real wages and increase in workload is by no means unique to Texas A&M University. The real wages of many working people in the United States have declined since 1975, creating a growing gap between the economically well-off on the one hand and wage earners in the industrial and service sectors of the economy on the other.
- Although job cuts are making work much more difficult for many staff at A&M, the number of faculty is being increased. The university's labor policies are creating the impression that improvements in faculty have been funded in part by the University's cuts in non-exempt staff and failure to improve workers' wages and working conditions.
- An analysis of actual wages paid to individual non-exempt employees estimates that the cost of bringing the non-exempt employees now making less than a living wage up to \$9.79 per hour would be approximately \$4.6 million (See Appendix A). This amounts to only .4% of the university's total annual expenditures.<sup>5</sup>

## Appendix A

### 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	<u>6.00%</u>
Soc Sec	<u>6.20%</u>
MediCare	<u>1.45%</u>
Sick Leave	<u>96 hrs/year 4.60%</u>
Annual Lv*	<u>120 hrs/yr 5.75%</u>
12 Holidays	<u>96 hrs/yr 4.60%</u>
<b>Total %</b>	<b><u>28.59%</u></b>

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
<b>Total</b>	<b>\$6,128,271</b>	<b>\$3,205,340</b>	<b>\$4,583,463</b>

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<sup>1</sup> Annual wage calculated based upon a 40-hour per week, year-round worker, United States Department of Health and Human Services. (2004, February, 13). *Annual Update of HHS Federal Poverty Guidelines*. Retrieved October 22, 2004, from <http://aspe.hhs.gov/poverty/04fedreg.htm>

<sup>2</sup> Personal Communication (September 29, 2004). Lallah M. Howard, CPA, Assistant Vice President for Finance, Texas A&M University. [Note: Total income based on 2088 hours/year.]

<sup>3</sup> Sledge, C. (2004, September 15). Custodial staff honored for work [Electronic Version]. The Battalion. Retrieved October 22, 2004 from <http://www.thebatt.com/news/2004/09/15/News/Custodial.Staff.Honored.For.Work-719032.shtml>

<sup>4</sup> McDonald, G. (2003). *Where there is a will: there is a living wage*. Unpublished manuscript. Texas A&M University, College Station, TX.

<sup>5</sup> The total University budget for FY05 is approximately \$984.1M. Personal Communication (November 10, 2004). Dan Parker, ..., Texas A&M University.