

RESOLUTION PROPOSED TO THE FACULTY SENATE

by the Social Responsibility Committee

Members:

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Proposed Resolutions:

- 1) The Faculty Senate resolves that it is in the collective interest of the Northwestern community – administrators, faculty, staff, and students – to ensure a living wage for all of its workers, including subcontracted workers. A living wage allows workers to afford basic costs of housing, child care, food, transportation, and health care.
- 2) The Faculty Senate calls on the University administration to convene a committee composed of administrators, faculty, staff and students to create and implement a plan to ensure a living wage for all of Northwestern’s workers, including subcontracted workers.

1. Background

- The student Living Wage Campaign began in Fall 2009 when students became aware that many campus workers could not make ends meet on their earnings from their Northwestern jobs. Using research done by the Heartland Alliance, the student organization established \$13.23/hour as the living wage with health care benefits and \$14.67 without.¹ They have already worked to get additional “community benefits” for workers, such as access to the library, tax services, ESL services, shuttles, and tuition reduction.
- According to University Administration and student research, while the vast majority of direct Northwestern employees earn above the living wage standard, the majority of subcontracted workers do not. It is difficult to attain exact numbers of subcontracted workers, but the estimate is that there are roughly 600-700 subcontracted workers on the Evanston campus. Student research shows that approximately 90% of them do *not* earn a living wage.¹ President Schapiro seemed to affirm this number in a conversation with the University Senate in which the minutes state: “Schapiro asked that the [living wage] campaign put a clearer context on its claim, and say that 90% of Northwestern’s *subcontracted* employees do not receive a living wage.”² For example, working with the dining hall workers union, students documented that 38 workers make under \$9/hr; 54 make 9-10/hr; 25 make 10-11/hr; 18 make 11-12/hr; 12 make 12-13/hr; 17 make above 13.23, the current living wage. In other words, 10% of this sample make a living wage.

¹ See assumptions at http://www.nulivingwages.org/?page_id=10

² <http://www.northwestern.edu/gfc/SenateMinutesJune10.html>

- The number of subcontracted workers on the Chicago campus is not currently known. The University does not publicize these numbers, and in some cases seems not to know the exact numbers, and thus students have worked to collect data with the help of the unions and worker organizations.
- The three large private subcontractors on the Evanston campus are Sodexo, LBR, and Aramark. Sodexo and LBR workers (totaling roughly 410 employees) are unionized (UNITE HERE and SEIU). Aramark (100-200) and some other smaller contract workers are not.
- In June 2010, the General Faculty Committee voted 11 to 2 to “express its support for the principle that all of its [Northwestern’s] employees should be paid a living wage.”³
- In February 2010, the Associated Student Government passed a resolution to “support the Living Wage Campaign as it works with NU Administrators to guarantee all Northwestern employees a living wage.”⁴
- The University Administration has not been supportive of requiring a living wage, and has said “Northwestern does not mandate what wages and benefits are paid by the contractors or vendors that provide those services. The individuals who work for these companies are not Northwestern University employees, but employees of those firms.”⁵ President Schapiro, Provost Linzer and VP Sunshine attended a meeting of the University Senate, where they presented similar information.⁶ The University need not mandate wages and benefits paid by contractors/vendors to enact a living wage and may instead, for example, elect to only conduct business with contractors/vendors who provide their employees with a living wage.

2. Why is a Living Wage relevant to and in the interest of the Faculty Senate?

- The array of issues that the Social Responsibility Committee could take up ranges in scale from global to departmental, or even individual. While there might be considerable debate about taking up issues that are global or even national in scale, and on which NU faculty alone may have little direct impact, the faculty has greater leverage on issues that are decidable at the university level. Ensuring a living wage to NU employees and subcontracted workers is fully within the power of the university.
- The quality and consistency of the work performed on campus and the morale and dignity of the workers are both related to the remuneration for such work.

³ http://www.northwestern.edu/gfc/Archives/GFCMinutes/FY_2010/9GFC_June_2_10_mtg_min.pdf

⁴ See *Daily Northwestern* coverage at <http://www.dailynorthwestern.com/asg-unveils-new-student-center-proposal-1.2159172>

⁵ <http://www.northwestern.edu/newscenter/stories/2010/03/wage.html>

⁶ <http://www.northwestern.edu/newscenter/stories/2010/03/wage.html>

- Many faculty members and research institutes (e.g., IPR, C2S, NUCATS, Bluhm Legal Clinic) at Northwestern study and combat the negative impact of poverty and inequality on physical and mental health outcomes, educational achievement and attainment, criminal offending and adverse legal outcomes, family stability, political participation, and countless other outcomes. Several examples: On the negative effects of family and neighborhood poverty on child care and on children’s cognitive outcomes, see the work of SESP Professor Lindsay Chase-Lansdale.⁷ On the positive effects of increased income on health, see the research of Kellogg Professor Craig Garthwaite.⁸ And documenting the growth in income inequality and its partial roots in compensation practices, see the recent review article by WCAS Professors Leslie McCall and Christine Percheski.⁹ In terms of direct intervention, much of the research and practice at the Feinberg School’s Community-Engaged Research Center tries to break this connection between poverty and poor health.¹⁰ The University should be at the forefront of putting in practice policies that respond to the research findings of its faculty.
- Every member of the university community who eats on campus, puts garbage in their office trash bins, or gets a coffee in a campus cafe benefits from the work done by workers currently paid below a living wage. Our productivity is increased by the services provided by these workers.

3. Why is a Living Wage relevant to and in the interest of Northwestern?

- A living wage is in line with Northwestern’s quest for excellence. The previous administration used the phrase The Highest Order of Excellence, and the current administration is in the process of a new strategic plan in which one of the working groups has as its purview to “Identify ways to make Northwestern one of the top places to work for staff, faculty, and students.”¹¹
- A Living Wage Policy is in line with Northwestern’s motto, which is found on the seal of the University and reads: “Quaecumque Sunt Vera,” or “Whatsoever Things Are True.” Along with “whatsoever things are true” the author of the text (Paul in a New Testament letter to the Philippians), also admonishes the readers to “think on” “whatsoever things are just.” The truth of wages that do not allow workers to meet expenses and provide for their families should compel the university to “think on” what would be just.¹²
- Northwestern can be a leader in implementing a living wage policy willingly, without negative press.

⁷ <http://www.northwestern.edu/ipr/people/chase-lansdale.html>

⁸ http://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf

⁹ <http://www.annualreviews.org.turing.library.northwestern.edu/doi/pdf/10.1146/annurev.soc.012809.102541>

¹⁰ <http://www.nucats.northwestern.edu/community-engaged-research/index.html>

¹¹ <http://www.northwestern.edu/strategic-plan/Docs/Univ%20Strat%20Plan%20Framework%201.19.10.pdf>

¹² http://www.library.northwestern.edu/sites/www.library.northwestern.edu/files/pdfs/university_seal.pdf

- Living Wage campaigns have had various degrees of success at many peer universities, including Emory, Harvard, Stanford, Vanderbilt, Loyola and DePaul. Hence, Northwestern should be concerned about its reputation as many universities with much smaller endowments have committed to paying living wages.
- Georgetown's Just Employment Policy provides a model for what can result from clear study of the issue and commitment to providing a living wage to employees. Georgetown established a wage floor of just over \$14 an hour for subcontracted employees and created the Advisory Committee on Business Practices that meets to index wages to inflation/cost of living.¹³
- Attractive wages lead to lower worker turnover (and thus lower training costs), a higher quality labor force, and higher worker morale.¹⁴

4. What would a living wage standard cost the university?

- The University Administration has estimated that ensuring a living wage would cost between \$3.3 and \$4 million.¹⁵
- However, the University has not provided any detailed information on how this number was calculated. There is no publically available information about the structure of the contracts with the private contracting firms, or about the wage structures of subcontracted workers.
- Without transparent budgeting it is impossible to make statements about the true costs of implementing such a policy, or make proposals about where additional monies would come from.
- Using the University's figure of \$4 million, this is .26% of the University's annual expenditures of just over \$1.5 billion; 1.5% of the just over \$271 million budgeted for student and staff salaries (although it's not clear if this category includes subcontracted employees); 0.9% of the over \$432 million budgeted for faculty salaries; and 1.4% of roughly \$280 million the University spends of its over \$6 billion endowment projected in the 2010-11 budget.¹⁶

¹³ See <http://svp.georgetown.edu/committees/businesspractices/justemployment.html>

¹⁴ See Special Issue of Industrial Relations: A Journal of Economy and Society. Vol. 44 Issue 1. January 2005. Also see Jared Bernstein, "The Living Wage Movement. What Is It, Why Is It, and What's Known about Its Impact?," at <http://www.nber.org/chapters/c9951.pdf>. The question of the trade-off between higher wages and possible job loss is likely one of the longest and most unresolved debates in economics. However, this debate assumes raising wages without raising the total dollars available for paying wages, which is not what is being contemplated in this case.

¹⁵ <http://www.northwestern.edu/newscenter/stories/2010/03/wage.html>

¹⁶ <http://www.northwestern.edu/about/northwestern-at-a-glance/administration.html>

- Assuming the costs of raising workers' salaries is non-zero, paying for a living wage policy that will not lead to job losses will require one or more of the following (or other) strategies: generating new revenues (through tuition or fundraising), spending a greater percentage of the endowment, cutting spending on other budget items.

5. What is the proposed role of the Faculty Senate?

- The Faculty Senate should not be charged with developing the full plan for determining and implementing a Living Wage Policy for the University.
- A Faculty Senate resolution can support ongoing student and worker efforts to gain a living wage.
- The Faculty Senate can call on the University administration to proactively state the university's interests and requirements regarding wages for contractors doing business with Northwestern (see Proposed Resolutions).