

Concerns about the 2011 Living Wage Resolution

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One of the themes of the current Budget and Planning Committee is to uphold high standards of cost accountability and effectiveness for proposals and existing programs at the University of Tennessee. These standards should apply even to proposals that address what we all agree are pressing problems; ineffective solutions can actually worsen the problems that they hope to solve by diverting attention and resources to the wrong places.

The Living Wage resolution advocates raising the minimum wage paid to UT employees by more than 50% to \$12.02 per hour. The following important questions are not addressed by the resolution.

1. Simply raising the minimum wage by 50% will create serious compression problems and resentment—e.g. by someone making \$12.25 per hour. How will compression be addressed?
2. How much will the proposal cost? Estimates were given in 2001, but these explicitly ignored compression.
3. How will the proposal be paid for? The only likely sources are tuition and state appropriations, and each has its problems. Should we charge students (many of whom are already struggling financially) millions more in tuition for this sort of initiative? Will they accept such a tuition increase? Is there even the most remote possibility that Tennessee legislators would accept such a use of state appropriations?
4. Is seeking such an enormous pay raise an effective strategy? Is there any evidence that UT policy makers have considered past living wage resolutions in making decisions about wages? Living Wage movements at other universities with more modest, attainable goals have engaged institutional presidents and produced change. Is pushing for goals that are politically and fiscally unachievable really the best way to try to help UT's least paid workers?
5. Is there any evidence that a living wage policy that impacts a few hundred workers will have a broader impact on wages in a metropolitan area of over 1 million people? Such broader impacts have been put forth as further justification for the proposed living wage policy.
6. What are the outcomes of living wage movements at other universities that were mentioned in the 2001 living wage FAQ? Were they successful? For those that still have living wage policies, what is the **cost of living adjusted** minimum wage now paid at the university? Does the policy include contractors?
7. Is it appropriate to pay all workers as though they have families of four to support? Is it fair to those who do have families of four to support that wage resources are being used to raise the wages of single people? If not, isn't it better to rely on social policies such as tax credits and other government support to improve the finances of those who need it?