

# HIGH IDEALS, LOW PAY

## A WAGE ANALYSIS OF UNIVERSITY OF CALIFORNIA SERVICE WORKERS

### Introduction

February 2005

The University of California (UC) is regarded around the globe as a premier public educational institution, producing Nobel Prize Winners, world-class research and the state's top echelon of decision-makers and opinion leaders. UC is also one of the state's largest employers and a major generator of economic growth.

With 160,000 workers – including 7,300 service workers – employed at nine UC campuses and five medical centers, UC's reputation for excellence is generally assumed to extend to the University's employee pay and benefits packages. The University's internal hiring and compensation goals even reflect these high ideals, with reference to “providing competitive terms and conditions of employment,” as well as fostering “individual achievement” and “staff excellence in support of building the world's best university.”<sup>1</sup>

Despite these ideals, a recent study completed by graduate students at UC Berkeley, entitled *Berkeley's Betrayal*, began to cast shadows on the University's reputation for excellence by demonstrating that many UC Berkeley service workers were unable to make ends meet on the wages paid by the University.<sup>2</sup> The primary purpose of this report is to determine, for all nine UC campuses, the extent to which UC pays adequate, family-sustaining wages to the workers who provide basic services to the campus community.

UC service workers are mostly immigrants and people of color who do the

unglamorous but imperative work of keeping UC campuses and medical centers clean and functioning. At the request of AFSCME Local 3299, which represents this group of workers, the National Economic Development and Law Center (NEDLC) analyzed UC service worker wages. The goal of the wage analysis was to assess the degree to which UC's wages 1) are sufficient to provide for the basic needs of employees and their families; 2) are competitive with wages received by employees performing the same work for comparable employers; and 3) are lower than the income eligibility requirements for state and federal public assistance programs.

### KEY FINDINGS

**1. UC service workers' wages are too low to cover the bare-bones costs of raising a family:**

93% of UC service workers earn wages that would not meet basic needs for a single adult with a child, and 46% earn wages that would not meet basic needs for a two wage-earner, two child family (if both adults earned the same amount).

**2. For many service workers, UC wage levels are not sufficient for a single adult without children:**

35% of UC service employees earn wages that would not be adequate to meet basic needs for a single adult.

**3. UC's wage rates are substantially lower than those of employees performing the same work at comparable institutions:**

UC senior custodian wage rates are 15% less than those for employees performing the same work in the California State University system and 26% less than their counterparts at community colleges.

**4. UC food service workers earn wages so low that they are ineligible to qualify for nine major publicly-funded welfare benefit programs.**

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## What is the Self-Sufficiency Standard?

The California Self-Sufficiency Standard was used to measure the cost of basic family needs in the counties that host UC campuses and medical centers. Developed by University of Washington Professor Dr. Diana Pearce and published by NEDLC in conjunction with the University of Washington and Wider Opportunities for Women, the Self-Sufficiency Standard is based on publicly available data from government, scholarly and other sources.

In this analysis, the 2003 California Self-Sufficiency Standard,<sup>3</sup> adjusted to October 2004 dollars, was used to assess the degree to which UC service workers' income is sufficient to meet their families' bare-bones living costs of rent, food, childcare, healthcare, transportation and taxes on a county-by-county basis. The Standard takes into account particular factors affecting cost of living such as family size and the age of the children, since rent is greater for larger families and childcare costs are greater for preschool-age children.

Unlike the Federal Government's poverty threshold, the Standard takes into account cost-of-living variations by county. For the purposes of this report, we looked at the Self-Sufficiency Standard in each of the nine counties that host UC campuses and medical centers.

To use Los Angeles County as an example, Table 1 shows that according to the Standard, adjusted for this study, a single adult in Los Angeles requires an annual income of \$21,375 just to meet his or her basic needs with no additional public or private assistance. The Standard amount increases with family size and varies according to family composition. For example, the minimum income required to support two wage earners with a preschooler and a school-age child is \$42,682 (\$24,341 per adult, if both are working).

Although the Self-Sufficiency Standard is computed for 70 different family compositions of either one or two adults and varying numbers of children at varying ages, three representative categories of family composition are used here to illustrate a range of income levels required to meet family needs.

## Who are UC service workers?

The 6,374 "career" UC service workers included in this analysis encompass a wide range of job classifications, including custodian, food server, cook, bus driver and groundskeeper. The two largest job classification series are the custodial and food service worker series, comprising almost half of all service workers.<sup>5</sup> Within these occupational categories, the two job *titles* with the most workers are senior

Table 1: Self-Sufficiency Standard in Los Angeles County (adjusted for cost of UC worker health benefits and 2004 cost of living increases), 2004. <sup>4</sup>

Monthly Costs, 2003	Adult	Adult + Preschooler	2 Adults + Preschooler, Schoolage
Housing	\$807	\$1,021	\$1,021
Child Care	0	672	1,056
Food	182	276	565
Transportation	242	248	475
Health Care	51	80	151
Miscellaneous	128	230	327
Taxes	287	403	532
Earned Income Tax Credit (-)	0	0	0
Child Care Tax Credit (-)	0	-63	-100
Child Tax Credit (-)	0	-83	-167
Self-Sufficiency Wage			
Monthly Total	\$1,697	\$2,784	\$3,860 (\$1,930 per adult)
Hourly Equivalent	\$9.64	\$15.81	\$10.97 (per adult)
Annual Equivalent	\$20,363	\$33,396	\$23,163 (per adult)
Annual, Oct. 2004 Dollars	\$21,375	\$35,056	\$24,314 (per adult)



custodian and food service worker. As a result, our analysis will highlight the wages of these workers.

UC service worker wage data was provided by AFSCME Local 3299, based on information from UC's corporate payroll department.<sup>6</sup> For more information on methodology, see page 7.

### Are UC workers' wages sufficient to support UC service workers' families?

Table 2 compares the adjusted annual wages for UC service workers at each campus with the county Self-Sufficiency Standard for three different family types. Data in Table 2 indicate that many UC service workers earn wages that are not adequate to meet their basic family needs.

Overall, 35% of all UC service workers earn wages that would not be adequate to meet basic needs for a single adult, with a high of 58% at the UC San Diego campus. Ninety-three percent of these workers earn wages that would not cover basic needs for a single adult with a preschooler, and this percentage nears 100% if there is more than one child in the family. Forty-six percent of UC service workers earn wages that would not cover basic needs for a two wage-earner, two child family (if both adults earned the same amount). This percentage nears 100% if the UC worker were the sole breadwinner of the two-adult family.

Since we do not have access to information about the family composition of individual service workers,

we cannot assess how many workers are actually in each family category. We can only assess how many workers would be below the Self-Sufficiency Standard if all workers were of the specified family composition.

However, the three family types used were chosen on the basis of UC health benefit data. The benefit data suggests that most service workers are in families with children. In 2004, 38% of service workers were enrolled in plans covering the employee, another adult, and at least one child; and 13% were in plans covering the employee and at least one child. Another 33% were in plans covering the employee only.<sup>7</sup> Since at least half (51%) of UC service workers appear to be parents taking care of children, and UC wages are largely insufficient to support one- or two-adult families, it is undeniable that UC's low wages are having a negative effect on the quality of life for many service workers and their children.

Table 3 shows the annual Self-Sufficiency Standard for each county that hosts a UC campus and/or medical center for the three different family types. For comparative purposes, the average annual wage of senior custodians and food service workers per campus are also shown. The average annual pay of neither occupation meets the Self-Sufficiency Standard of a one-parent, one-child family at any of the nine campuses. Furthermore, the average annual pay for food service workers does not meet the Self-Sufficiency Standard for either a single adult or a two-adult, two-child family at any of the nine campuses, even if the second adult is working (at equivalent pay).

Table 2: Percentage of UC "career" service workers earning below Self-Sufficiency Standard per campus assuming three categories of family composition, 2004.

Campus	Number of UC Service Employees	Percentage Earning Below Self-Sufficiency Standard		
		...if all workers were single adults	...if all workers were single adults with a preschooler	...if all workers were in household of 2 adults with a preschooler and schoolage child
Berkeley	728	21%	97%	37%
San Francisco/Med Ctr	505	48%	100%	51%
Davis/Med Ctr	1004	10%	79%	25%
Los Angeles/Med Ctr	1666	43%	98%	57%
Riverside	383	13%	65%	17%
San Diego/Med Ctr	839	58%	99%	61%
Santa Cruz	457	46%	99%	72%
Santa Barbara	341	7%	89%	14%
Irvine/Med Ctr	451	50%	99%	56%
All Campuses	6,374	35%	93%	46%

Table 3: County annual Self-Sufficiency Standards (adjusted for cost of UC worker health benefits and 2004 cost of living increases) and average annual wages for UC senior custodians and food service workers per campus, 2004. <sup>8</sup>

Campus	Self-Sufficiency Standards			UC Average Annual Wages	
	Adult	Adult + Preschooler	2 Adults + Preschooler, Schoolage (per adult)	UC Food Service Worker	UC Senior Custodian
Berkeley	\$23,408	\$42,902	\$26,496	\$16,446	\$25,038
SF/Med Ctr	\$28,266	\$49,084	\$29,792	\$19,479	\$28,974
Davis/Med Ctr	\$20,010	\$31,666	\$21,901	\$16,430	\$24,172
LA/Med Ctr	\$21,375	\$35,056	\$24,314	\$15,609	\$23,107
Riverside	\$17,925	\$25,465	\$19,921	\$16,718	\$22,592
San Diego/Med Ctr	\$23,934	\$36,730	\$24,816	\$10,600	\$21,464
Santa Cruz	\$24,464	\$42,059	\$28,082	\$20,619	\$24,564
Santa Barbara	\$20,972	\$33,903	\$24,036	\$18,085	\$25,066
Irvine/Med Ctr	\$24,629	\$38,499	\$25,804	\$14,693	\$25,687

### How do UC wages measure up to comparable employers in the same market?

UC service workers earn wages that are substantially lower than employees performing the same work at comparable institutions, based on a comparison of senior custodian wage rates. This section is not intended to be a comprehensive wage survey but to show general trends in comparative compensation.

Table 4 and Chart 1 compare hourly wage ranges – minimums and maximums – for UC senior custodians with wage ranges for the comparable position in the California State University (CSU) system, in California community college districts and in Kaiser medical centers. See Appendix on back cover for market comparisons per campus.

Comparable employers were chosen on the basis of organizational structure and purpose, nature and

setting of work, size, geographic locations, and number of similar positions. These employers also have very similar health and retirement benefits to UC.

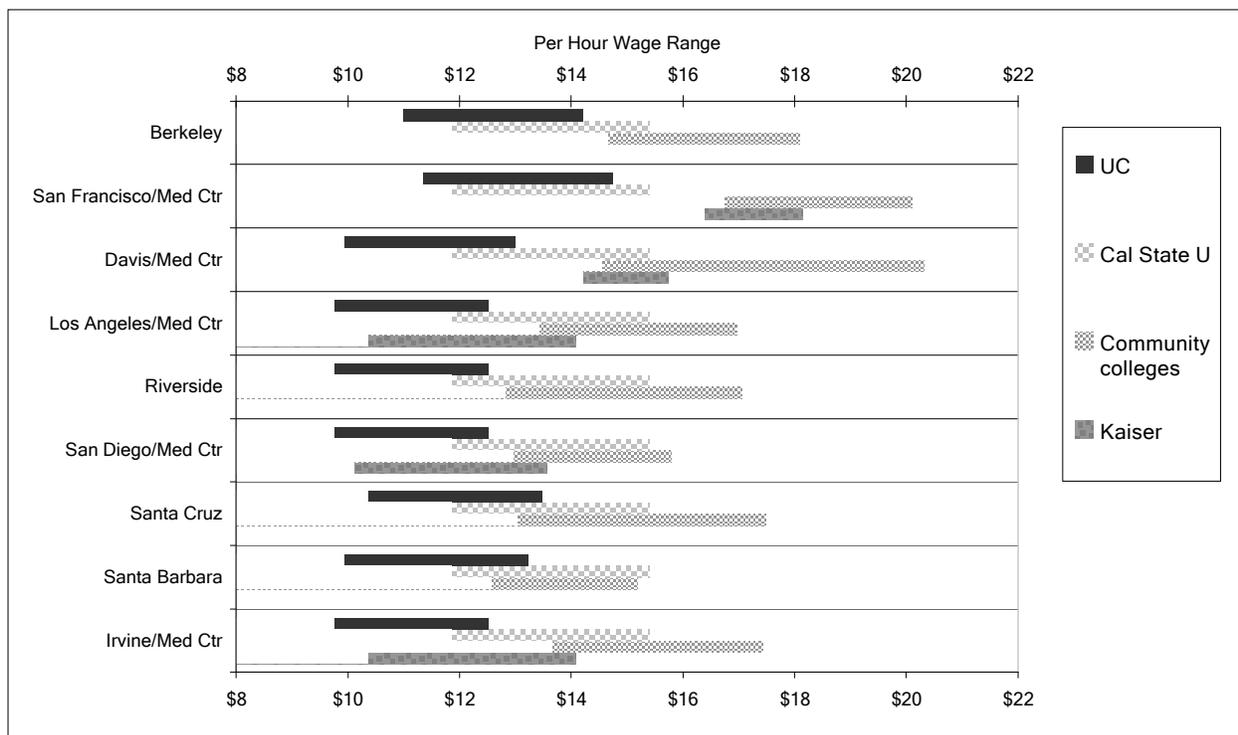
CSU, which like UC is a publicly funded statewide university system, has campuses in most of the same counties as UC. Community college districts also receive public funding, have analogous positions, and are located in the same counties or regions. Kaiser Permanente was included as a market leader that has privately-run health care facilities in each of the counties that host a UC medical center.

Weighted statewide averages of UC's minimum and maximum wage rates for senior custodians were both 15% below rates for custodians at the California State University; the UC minimum was \$1.80 less and the UC maximum was \$2.38 less per hour.<sup>9</sup> A weighted statewide average of UC wage rates for senior custodians lagged a weighted statewide average of community college wage rates by an average of

Table 4: Comparison of senior custodian statewide average wage rates at UC and comparator employers, 2004

Employers	Average Senior Custodian Minimum Wage	Percent UC Lag	Average Senior Custodian Maximum Wage	Percent UC Lag
University of California	\$10.06		\$13.02	
California State University	\$11.86	15%	\$15.40	15%
Community College Districts	\$13.82	27%	\$17.61	26%
Kaiser	\$12.28	18%	\$15.11	14%

Chart 1: Comparison of UC senior custodian hourly wage ranges with California State University, community colleges and Kaiser wage ranges, per campus, 2004.



roughly 26% across the state, from \$3.76 less per hour for the minimum to \$4.59 less per hour for the maximum. In the five regions with medical centers, UC senior custodian minimum wages were an average of \$2.22 less per hour (18%) than Kaiser’s, and UC’s maximum wages were an average of \$2.09 per hour lower (14%).<sup>10</sup>

- Public housing subsidies
- Free/Reduced Price school meals
- Child care subsidies
- Low-Income Home Energy Assistance Program (LIHEAP)
- Women, Infants & Children (WIC) food vouchers

### Are UC wages so low that workers are eligible for public assistance programs?

According to our analysis, UC food service workers earn wages low enough to qualify for up to nine major publicly-funded welfare benefit programs, depending on the worker’s county, family size and age of children. For example, a food service worker who is a single parent with one preschool-age child earns wages low enough to meet income eligibility requirements for the following benefits at all of the nine UC campuses (see Table 5):<sup>11</sup>

- Medi-Cal and/or Healthy Families

A food service worker who is a single parent with *two* young children (one schoolage child and one infant) working at eight of the nine UC campuses (except UC Santa Cruz) would be income-eligible for all the above benefits, plus Food Stamps and a basic low-income telephone subsidy.

Unfortunately, the fact that Californians can have career jobs and fail to earn self-sufficiency wages stretches beyond the UC system. In 2002, the state of California spent \$10.1 billion on benefits supporting low-wage workers across the state.<sup>12</sup> This is a potentially destabilizing trend for the state as low-wage workers rely more and more heavily on “safety net” programs that were meant to be temporary, but are instead becoming a way of life in order to make ends meet.

Table 5: Income eligibility for public benefits for average food service worker wage at each campus; single adult, one preschooler, 2004.

Campus	Food Stamps	Medi-Cal and/or Healthy Families	Housing subsidies	Free/Reduced Lunch	School Child Care subsidies	Low-income telephone subsidy	Low-income Home Energy Assistance
Berkeley		✓	✓	✓	✓	✓	✓
SF/Med Ctr		✓	✓	✓	✓	✓	✓
Davis/Med Ctr		✓	✓	✓	✓	✓	✓
LA/Med Ctr	✓	✓	✓	✓	✓	✓	✓
Riverside		✓	✓	✓	✓	✓	✓
San Diego/Med Ctr	✓	✓	✓	✓	✓	✓	✓
Santa Cruz		✓	✓	✓	✓	✓	✓
Santa Barbara		✓	✓	✓	✓	✓	✓
Irvine/Med Ctr	✓	✓	✓	✓	✓	✓	✓

## Conclusion

The University of California’s low service worker wages represent a departure from the its high ideals of fostering excellence and opportunity, and indicate the low value that UC places on the workers who keep the University functioning.

As one of the largest employers in the state and in the counties where its campuses are located, UC helps shape market wage standards. Instead of lowering these standards, the University’s promotion of excellence should extend to all levels, including a commitment to pay adequate wages and benefits that do not deprive employees’ families of the resources required to pay for basic needs: food, shelter, transportation, child care, and health care.

UC service workers are essential to the University system, yet most are paid wages too low to support a family. When a state-supported institution such as UC does not pay a self-sufficiency wage, it in effect may incur additional taxpayer-funded state and federal

subsidies as workers may seek public assistance to provide services they cannot afford on their wages.

Critics may respond to this analysis with the claim that state budget constraints make raises impossible. It is important to note that only 19% of UC budget is comprised of State appropriations<sup>13</sup> (compared to 72% for CSU). CSU and the community colleges receive a shrinking share of state dollars but are able to pay higher service wages than UC. Additionally, less than one-quarter of service worker salaries are dependent on state funds.<sup>14</sup>

Several universities have addressed inadequate wages for their lowest paid workers by adopting living wage policies. Should the University consider this option, we recommend using the California Self-Sufficiency Standard to determine how much is needed on a campus-by-campus basis to ensure sustainable wages.

## Methodology

Wages: For the purpose of analyzing UC service workers' wages, adjusted annual wages were calculated per employee by multiplying his or her annual pay rate by the appointed percentage of time worked. For example, if a food service worker had an hourly pay rate of \$8.19 and a corresponding annual pay rate of \$17,112, and had a 75% appointment, then his or her adjusted annual wage is \$12,834.

Appointment Types: As of May 2004, UC employed 7,349 service workers. Some 6,374 (88%) were "career" employees who worked between 50% and 100% of full-time hours on an annual basis and received health benefits. Only the self-sufficiency of career employee wages was analyzed in this report. Another 841 employees (11%) not included in this analysis were temporary or part-time employees who did not receive health benefits.<sup>15</sup>

## Endnotes

<sup>1</sup> [http://atyourservice.ucop.edu/employees/policies/policies/other\\_policies/mission.html](http://atyourservice.ucop.edu/employees/policies/policies/other_policies/mission.html).

<sup>2</sup> Purser, Gretchen, Amy Schalet, and Ofer Sharone. 2004. *Berkeley's Betrayal: Wages and Working Conditions at Cal*. University Labor Research Project: Berkeley, CA.

<sup>3</sup> Available at [www.nedlc.org/cfess/cfess\\_registration.htm](http://www.nedlc.org/cfess/cfess_registration.htm).

<sup>4</sup> Adjustments to the Self-Sufficiency Standard for UC's lower health care benefit premiums were calculated by Dr. Diana Pearce.

<sup>5</sup> Job classifications include custodian, sr.custodian, lead custodian, custodian leader, sr. custodian leader, asst custodian supervisor, food service worker (FSW), senior FSW, lead FSW, principal FSW, assistant food service manager, assistant supervisor food service manager, food service manager.

<sup>6</sup> Office of the President, Corporate Payroll Data, May 2004.

<sup>7</sup> Office of the President, 2004 Health Benefits data.

<sup>8</sup> UC Davis and UC Santa Barbara had three and one food service worker, respectively; to respect confidentiality of these four workers, average wages for senior food service workers were used at these two campuses.

<sup>9</sup> For each job title, CSU's wage rates are the same at each campus, while wage rates for the same job title vary at each UC campus, community college district, and Kaiser facility. UC statewide average minimum and maximum rates were weighted by number of workers at each campus. Community college statewide average minimum and maximum rates were weighted by number of workers at each corresponding UC campus.

<sup>10</sup> At CSU and UC, starting workers may be hired above the minimum wage rate for their job title and are never guaranteed to reach the maximum wage. Kaiser and community college districts' wage minimums are actual starting salaries and their wage maximums are the wages that are guaranteed after a specified period of time.

<sup>11</sup> Benefit eligibility was determined using statewide eligibility formulas obtained from public agencies that administer each benefit. Eligibility determinations assume a preschooler is under 5 years old, an infant is under one year old, and do not take into account local programs or other variables such as available assets or additional income outside UC wages.

<sup>12</sup> *The Hidden Public Costs of Low-Wage Jobs in California*, National Economic Development & Law Center and Center for Labor Research and Education, UC Berkeley (May 2004).

<sup>13</sup> UC Annual Financial Report, 2003-2004.

<sup>14</sup> Data provided by AFSCME Local 3299, based on information obtained from UC.

<sup>15</sup> Analysis also excludes 117 service workers employed at Lawrence Berkeley Lab and 17 workers with incomplete data.

## Appendix: Senior Custodian Wage Rates, Market Comparison by UC Campus

<b>Alameda County</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Riverside County</b>	<b>Minimum</b>	<b>Maximum</b>
UC Berkeley Campus	\$10.22	\$14.47	UC Riverside Campus	\$9.75	\$12.51
CSU – Hayward	\$11.86	\$15.40	CA State U - San Bernadino*	\$11.86	\$15.40
Peralta Community College Dist	\$13.33	\$16.19	San Bernadino Community College Dist*	\$12.18	\$14.82
Ohlone Community College Dist	\$14.68	\$18.60	Chaffey Community College Dist*	\$12.89	\$18.16
Chabot-Positas Community College Dist	\$15.97	\$19.48	Copper Mountain Community College	\$12.85	\$18.21
			Victor Valley Community College Dist*	\$13.34	\$17.03
<b>San Francisco City &amp; County</b>	<b>Minimum</b>	<b>Maximum</b>	<b>San Diego County</b>	<b>Minimum</b>	<b>Maximum</b>
UC San Francisco Campus/Medical Ctr	\$11.34	\$14.75	UC San Diego Campus/Medical Ctr	\$9.75	\$12.51
CA State U - San Francisco	\$11.86	\$15.40	CA State U - San Diego	\$11.86	\$15.40
SF City College	\$16.75	\$20.09	Southwestern Community College Dist	\$12.96	\$15.78
Kaiser SF	\$16.38	\$18.13	Kaiser San Diego	\$10.10	\$13.56
<b>Sacramento County</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Santa Cruz County</b>	<b>Minimum</b>	<b>Maximum</b>
UC Davis Campus/Medical Ctr**	\$9.93	\$13.00	UC Santa Cruz Campus	\$10.36	\$13.47
CA State U – Sacramento	\$11.86	\$15.40	CA State U - Monterey Bay*	\$11.86	\$15.40
Los Rios Community College Dist	\$14.56	\$20.31	Cabrillo Community College Dist	\$13.04	\$17.48
Kaiser Sacramento	\$14.20	\$15.72			
<b>Los Angeles County</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Santa Barbara County</b>	<b>Minimum</b>	<b>Maximum</b>
UC Los Angeles Campus/Medical Ctr	\$9.75	\$12.51	UC Santa Barbara Campus	\$9.94	\$13.23
CA State U - Los Angeles	\$11.86	\$15.40	CA State U - Channel Islands*	\$11.86	\$15.40
Los Angeles Community College Dist	\$11.67	\$14.46	Santa Barbara City College	\$12.57	\$15.19
Citrus Community College District	\$12.99	\$15.89			
Glendale Community College Dist	\$12.99	\$15.89	<b>Orange County</b>	<b>Minimum</b>	<b>Maximum</b>
Pasadena Area Community College Dist	\$13.01	\$16.61	UC Irvine Campus & Medical Ctr	\$8.91	\$11.41
Rio Honda Community College Dist	\$13.51	\$17.26	Rancho Santiago Community College Dist	\$13.38	\$17.09
Santa Clarita Comm. College Dist	\$14.68	\$19.94	S. Orange County Community College Dist	\$13.91	\$17.75
Long Beach Community College Dist	\$15.18	\$18.66	Kaiser Anaheim	\$10.36	\$14.07
Kaiser Los Angeles	\$10.36	\$14.07			
* Denotes an employer that is in the same region but not in the same county					
**UC Davis Medical Ctr is in Sacramento County; UC Davis is in Yolo County					

## NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

The National Economic Development and Law Center, established in 1969, is a non-profit public interest organization that specializes in community economic development. NEDLC works in collaboration with community organizations, private foundations, corporations and government agencies to build the human, social, and economic capacities of low-income communities and their residents. NEDLC manages the Californians for Family Economic Self-Sufficiency (CFESS) project, a statewide coalition of organizations focused on helping families move out of poverty.

To join the CFESS listserv, go to: <http://groups.yahoo.com/group/fess-CA>. To obtain a copy of *High Ideals, Low Pay* or the 2003 California Self-Sufficiency Standard, visit [www.nedlc.org](http://www.nedlc.org).

NEDLC would like to thank Dr. Diana Pearce and Meryl Motika for research assistance, and Melanie Lavelle for assistance with public benefit eligibility formulas.

