

HARVARD COMMITTEE ON EMPLOYMENT AND CONTRACTING POLICIES

FINAL REPORT:
LOWER-PAID WORKERS AT HARVARD UNIVERSITY

December 19, 2001

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EXECUTIVE SUMMARY

The Harvard Committee on Employment and Contracting Policies (HCECP) was constituted by President Neil Rudenstine in May 2001 to examine issues related to the economic welfare and opportunities of lower-paid employees at Harvard, both those employed directly by the University and those employed by companies that contract to provide on-campus services to the University. The HCECP was specifically charged with considering and making recommendations concerning (1) the principles and policies that should guide the University's employment practices with regard to the lower-paid members of Harvard's workforce, and (2) guidelines for the "outsourcing" or "contracting out" of services performed at the University. This report provides the committee's findings and interpretation of them, describes broad principles that the committee believes ought to guide the University's employment and contracting policies related to lower-paid workers, and provides specific recommendations.

COMPOSITION AND ACTIVITIES OF THE COMMITTEE

The HCECP is composed of a faculty chair, nine additional faculty members, five Harvard staff members (three unionized employees and two senior administrators), and four student members (2 undergraduates and 2 graduate/professional students). The committee worked hard to educate itself about the actual situation of lower-paid employees at Harvard and about the likely consequences of alternative employment and contracting policies. To this end, the committee devoted considerable time to

- Outreach efforts including the establishment of a web site to receive comments and inform the community of HCECP activities, advertisements in many Harvard publications seeking input, a public forum, and participation in a Workers forum.
- Data collection about the employment, wages, benefits, and other conditions of employment of lower-paid workers at Harvard and at comparable employers.

- Testimony from outside experts, concerned members of the Harvard community, and from a wide range of persons affected by or involved in the implementation of the University's employment and contracting policies.
- Deliberations on what is known about the consequences of alternative employment and contracting policies and on the moral and economic factors that should guide the University's policies related to lower-paid workers.

FINDINGS OF FACT ON LOWER-PAID WORKERS AT HARVARD

One of the most important activities of the committee was to get the basic facts straight. In the past, claims and counterclaims have obscured the underlying issues related to lower-paid workers at Harvard. The HCECP collected data on the wages, benefits, employment levels, and demographic characteristics of lower-paid Harvard employees and the on-campus employees of service contractors. All wage data are reported in real (2001) dollars, adjusted for changes over time in the cost of living in the Boston area.

- As of September 2001, Harvard directly employed 392 workers (not including "casual" employees) who earned less than the \$10.68 per hour level adopted as the "living wage" by the City of Cambridge and as a minimum level for a living wage by the Harvard Living Wage Campaign. This figure was up from 170 workers paid less than that figure (adjusted for inflation) in September 1994. Of the 392, currently paid below this level, 290 were custodians, 40 worked in dining services, and 62 served as security/museum guards or parking attendants. All of these lower-paid Harvard (non-casual) employees are represented by unions.
- In custodial and uniformed guard services, there has been a pronounced shift away from Harvard employed workers toward more contractor employees. Between 1980 and 1996, the number of custodial workers employed directly by Harvard fell from 980 to 260 before rising again to 347 as of September 2001. Harvard-employed uniformed guards have dropped from 94 to 20 in recent years.

- As of September 2001, contractors providing services on site employ 579 on-campus workers who are paid below \$10.68 per hour (as of September 2001). Of these employees, 408 are custodians, 117 provide security and parking services, 48 offer dining services and 6 are in landscaping. Unions represent virtually all of the contractor custodians, more than half of the dining service workers, and none of the security/parking and landscaping workers employed by contractors.
- The overall mean hourly real wage of Harvard's in-house service workers (combining custodians, dining service workers, security/parking workers) declined by 7.5 percent from \$12.47 per hour in September 1994 to \$11.54 per hour in September 2001. But separate examinations of the specific service sectors contained in this aggregate show some variation in the data trends and stories. Custodians represent a case of sharp real wage declines (with the median real hourly wage falling by 13 percent from \$10.96 in September 1994 to \$9.55 in September 2001) in the face of substantial competition between an in-house service provider and outside contractors largely employing workers in the same union (SEIU Local 254). The real wages for in-house dining service workers have been more stable since 1994, but a downward revision of the wages of employees in retail operations relative to those in board operations took place in 1992. The uniformed security guards present a different case of a large shift from unionized in-house guards to lower-wage, nonunion contractors and a large decline in real wages.
- A sizable shift in the demographic characteristics of lower-paid service workers employed by Harvard has occurred over the past seven years. Among custodians the fraction who have not completed high school, the fraction Hispanic, and the fraction who are recent immigrants have all risen sharply. Among the guards and parking attendants, the proportion with more than a high school education has fallen sharply, though the racial and ethnic mix has not changed a great deal. As of September 2001, 76% of Harvard's lowest paid workers were non-white and 43% had not completed high school.

In addition to collecting quantitative data related to lower-paid workers at Harvard, the committee heard considerable testimony from workers themselves. We found:

- Discrepancies were reported between the actual experience of workers and the stated Harvard policies under which they work. The reported problems ranged from absent or ineffective communication about benefits eligibility to apparent manipulation of hours worked so as to prevent benefits eligibility.
- Some inconsistent and sometimes counterproductive supervisory practices were reported, attributed in a number of cases to a lack of appropriate supervisory training.
- Reports were made of an absence of a consistent climate of dignity and respect in the workplace for some groups of service workers. The committee heard accounts of lower-paid service workers at Harvard being unaware of their rights on campus, being uncertain how to assert them, or being fearful that asserting them would result in retaliation from management.
- Strong support was expressed for employee educational programs, including the Harvard Bridge to Learning and Literacy program. However, limitations were reported in the effective access of some needy workers to these resources.
- Lower-paid service workers at Harvard reported difficulty in "making ends meet" in terms of their incomes and family needs and indicated problems in balancing work and family life. Some lower-paid workers eligible to participate in Harvard's health insurance plans indicated they chose not to participate because of the lack of afford ability for lower-wage workers of the required employee contributions to the cost of Harvard's health plans.

INTERPETATION OF FINDINGS OF FACT

The HCECP is distressed by the large declines over the past decade in the real wages of lower-paid service employees at Harvard, especially custodians, security

workers, and dining service workers in retail operations. The committee notes that the main categories of lower-paid workers at Harvard (custodians, dining service workers in retail operations, and uniformed security guards) have three common features: (1) all the in-house Harvard employees in these categories are unionized; (2) the in-house Harvard employees and on-campus employees of contractors report concerns about a lack of respect in their treatment by supervisors and in their relationship with Harvard; and (3) the in-house employees in these areas have typically been employed by Harvard service units that operate on a fee-for-service business model and compete with outside contractors for work at Harvard's various schools.

In the view of the committee, outsourcing competition put pressure on Harvard's unions to bring wages down to the rates paid by outside contractors in several service sectors. Given Harvard's fee-for-service business model with competition between in-house service units and outside contractors for work at Harvard's various schools and other units and given that outside contractors were generally paying less to rather "comparable" service workers than Harvard was, University in-house service divisions were at a competitive disadvantage. After Harvard's wages for service workers had fallen to the level paid by outside contractors by the late 1990s, there has been little change in the extent of outsourcing in recent years and even some movement toward a larger share of work being done in-house for custodial services and retail dining operations.

But the story involves more than simply contracting incentives and Harvard's willingness to outsource. Though in some cases (especially for uniformed security guards) outsourcing involved replacing in-house union workers with lower-paid non-union workers, for custodians (the largest group of lower-paid workers at Harvard), the competition came from contractors whose workers were represented by the same union, SEIU Local 254. Prior to 1996, that union had negotiated a higher wage package for its Harvard workers than for unionized custodians with most contractors who were covered in the SEIU Local 254 master agreement for the Boston metropolitan area. In 1996, faced with competitive threats to Harvard's in-house custodial operations from other unionized contractors, SEIU Local 254 and Harvard agreed to lower the pay of Harvard's in-house custodians (excluding some existing Harvard employees

grandfathered in at previous wage rates) to be in line with the wage rates in the area-wide master agreement. Though the wage cut for Harvard-employed custodians is perhaps easy to comprehend in the face of the incentives created by competition of an in-house provider with outside contractors paying lower wages, the committee is troubled by allegations that the previous leadership of SEIU Local 254 failed to adequately represent the interests and preferences of its members both within and outside of Harvard. SEIU Local 254 has since been put into trusteeship by the national union and appears to be much stronger today.

The decline in real wages for lower-paid service workers at Harvard University over the past decade to a large extent represents the effects of wage pressure created by outside contracting in combination with weakness on the part of at least one critical local union (SEIU Local 254). Strikingly for some other lower-paid unionized Harvard employees who were not subject to outsourcing and did not face as significant outside competitive pressures, the lowest paid clerical and technical workers represented by HUCTW and the board food service workers represented by HEREIU Local 26, real wages were much more stable over the same period.

THE FUTURE: PRINCIPLES TO GUIDE EMPLOYMENT AND CONTRACTING POLICIES

The committee set out principles that it believes should guide the employment and contracting policies affecting lower-paid workers at Harvard, including both those directly employed by the University and those on-campus workers employed by service contractors. The principles are described in more detail in the report. These include:

- Harvard has an obligation to be a good employer to fulfill its teaching and research missions. A good employer provides the wages, benefits, and other conditions of employment necessary to attract, retain, and motivate employees. Attaining these personnel-related outcomes requires compensation levels that significantly contribute to ensuring that Harvard's workers and their families enjoy at least a minimally decent standard of living.

- Harvard's on-campus service workers are integral contributors to the University's mission. Harvard's obligation to be a good employer extends to all its employees and all types of on-campus work. A good employer should work to ensure that its lowest-paid and most vulnerable workers share in economic prosperity and do not disproportionately and inappropriately bear the brunt of adjustments to economic and financial hardship.
- Harvard has an obligation to bargain in good faith with its unionized employees. Unions can and should provide an effective vehicle for providing Harvard's service employees with voice at the workplace. The University and its on-campus contractors should respect the right of employees at Harvard to choose whether to be represented by unions in a non-confrontational environment.
- Harvard should not use outsourcing to undermine its obligations to be a good employer and to bargain in good faith with its unionized employees. Outsourcing should not be used to lower wages and weaken the unions representing Harvard's employees.
- All employees on the Harvard campus should be treated with dignity and respect by supervisors, fellow workers, and other members of the Harvard community and enjoy rights to the highest levels of freedom of expression consistent with the University's goal of being a beacon of intellectual inquiry and learning.
- All workers at Harvard should have access to educational and training opportunities to allow them to improve their economic position and to pursue personal growth.

RECOMMENDATIONS REGARDING PAY AND BENEFITS-RAISE PAY IMMEDIATELY, ADOPT THE PRINCIPLE OF PARITY WAGES AND BENEFITS FOR CONTRACTORS BASED ON COLLECTIVE BARGAINING WITH HARVARD EMPLOYEES, AND ESTABLISH AND ENFORCE A STRONGER CODE OF CONDUCT FOR CONTRACTORS

It is the unanimous conclusion of the committee that Harvard's current wage and contracting practices for lower-paid service workers fall short of meeting the University's appropriate goal for being a good employer. Thus we recommend:

- Raise pay immediately - Because of the pressures on wages generated by Harvard's current contracting practices for on-campus service work and because of the past failures in the collective bargaining process, the committee calls on Harvard and its service unions (SEIU Local 254, HUSPGMU, and HEREIU Local 26) to reopen the wage provisions of their existing collective bargaining agreements and negotiate appropriate and sizeable increases in pay for Harvard's lowest-paid service employees: custodians, security and parking workers, and dining service workers paid at retail rates. *Though we are reluctant to set the terms for each negotiation, we expect the parties to agree on wages that do not fall below the range of \$10.83 to \$11.30 per hour-the wages now paid to Harvard's most comparable lowest-paid workers in settings where significant outsourcing pressures under the current contracting system have not been a concern. (This range is above the \$10.68 hourly wage that is called for by some living wage supporters and that is the current living wage applied to certain contractors of the city of Cambridge.)*
- Establish a parity wage and benefits policy governing on-site contractors - The committee rejects calls to ban outsourcing, but we believe the University must ensure that outsourcing is used to increase quality and spark innovation, not to depress the wages of Harvard's own service employees. Thus we call for a Harvard Parity Wage and Benefits Policy requiring service contractors to pay wages and benefits for their on-campus workers that are at least equivalent to those paid to unionized Harvard direct employees in the same service sector. In cases in which no Harvard in-house employees work in the same service sector, the parity wage and benefits would be based on those of the Harvard in-house unionized workers who are most similar to those being employed by the contractor.

- Adopt a strengthened code of conduct for service contractors with ongoing employees working on the Harvard campus.

The committee's rough estimates of the increased wage and benefits costs for Harvard and its service contractors of these recommendations (quickly raising wages for all Harvard service workers at least into the range of \$10.83 to \$11.30 per hour and adopting a Harvard Parity Wage and Benefits policy to cover the on-campus employees of contractors) is in the range of \$2.4 to \$3.7 million per year. If one reasonably assumes that wage increases for security workers, especially following the events of September 11, would be necessary regardless of what the committee proposes, then the overall costs of the committee's wage and benefits proposals are estimated to be in the range from \$1.9 to \$2.9 million per year.

The committee as a whole also has not called for adopting a permanent and specific uniform minimum wage for Harvard based on a living wage concept, though we are sympathetic to the intended goals of such a policy. Many members felt that such a plan addressed the symptoms and not the causes of the problem of declining real pay for service workers at Harvard. Outsourcing has been used to undercut pay set forth in collective bargaining at Harvard. Setting a uniform minimum wage, without other changes in contracting policies, would raise pay up to the level of the specified minimum, but if unions tried to push pay above that level, contractors could still undercut them by paying the minimum Harvard wage. Thus the wage floor could also become a kind of wage ceiling. With a parity wage and benefits policy, unions can negotiate higher pay and benefits and do not have to fear that outside contractors will be able to undercut them simply by paying their employees lower compensation. The committee also struggled with the problems of finding a principled way to set a living wage and with the unintended consequences that such a rigid policy could create. A majority of committee members are convinced that a parity wage and benefits policy will do more to increase pay for workers, to strengthen unions, and to move the University farther toward fulfilling its obligations to be a good employer. The committee believes that had a parity wage and benefits policy been in place throughout the 1990s, the hourly wages of lower-

paid service workers at Harvard today would have been at least as high as the \$10.83 - \$11.30 range cited here.

A minority of the committee argued for both a parity wage policy and a permanent living wage floor to set a "backstop" for future wages. Given that the committee expects short-run wage increases to levels above the \$10.68 minimum level called for by living wage advocates, and given that the parity wage should eliminate the primary cause of downward pressure on union pay (the threat of outsourcing to contractors paying significantly lower wages), the majority of committee members felt that the parties to collective bargaining were in a better position to determine the future course of pay at Harvard, after the initial wage increase called for here, and that the parties could avoid some of the potential problems and unintended consequences that a fixed and permanent uniform minimum wage might create.

RECOMMENDATIONS CONCERNING THE QUALITY OF WORK LIFE

Over the course of its work, the committee heard testimony that Harvard's lowest paid workers are often treated as though they are invisible to the remainder of the community. The University's low-wage workers must not be marginalized, and rather should be treated as an integral and valued part of the community and a vital component of Harvard's teaching and research mission. The committee heard powerful and often troubling testimony from workers - directly and through union and student representatives - about the experienced quality of work life at Harvard. The committee believes that improvements in the qualitative, non-wage aspects of Harvard employment could help to ensure that the University becomes and remains a fair and inclusive employer of choice. The committee is mindful that a number of initiatives that could have beneficial impact on the quality of Harvard work life involve terms and conditions of employment are the proper subject of collective bargaining for Harvard's unionized service workers, and that care must be taken not to supplant or invade the legally mandated and effective collective bargaining process.

The committee makes the following specific recommendations with respect to the non- wage aspects of the quality of work-life at Harvard:

- The President should issue a strong statement about workplace norms and expectations, together with an obligation of accountability for its implementation by responsible deans, vice presidents, and other senior managers.
- A code of workplace conduct should be developed and adopted that includes mandates for treatment with dignity and respect running to all workers on the Harvard campus. Such a code should be incorporated into all contracts with outside contractors and vendors. The code should assure the highest possible freedom of expression to all workers on the Harvard campus whether they are Harvard employees or employees of contractors.
- Serious consideration should be given to mechanisms to ensure comprehensive, mandatory supervisory training about the fair and proper treatment of employees. Supervisors of contracted service workers on the Harvard campus should participate in a values-based Harvard orientation program as a condition of supervising on-campus employees.
- The capacities of the Office of Human Resources (OHR) should be carefully evaluated and, if necessary, augmented, to ensure that they are directed and staffed to ensure easy and appropriate access by lower-paid service workers.
- To gather reliable data on the quality of work life at Harvard, periodic work environment surveys, similar to that administered in the 1999-2000 academic year to employees of the central administration and two schools, should be undertaken university-wide.
- Policies should be promoted to protect the legal rights of the on-campus employees of Harvard's service contractors to union representation and to participate in union organizing activities.

The committee also presents recommendations for the implementation of these I recommendations including an annual public data release on lower-paid workers at Harvard, the development of a short-run implementation plan, the reconvening of the HCECP in the Spring of 2002 to examine progress to date, the establishment of internal auditing procedures to ensure that the Harvard parity wage and benefit policy and the contractor code of conduct are being followed, and the periodic convening by the President of a university-wide committee with broad representation (faculty, students, unionized employees, and administrators) to re-examine issues related to lower-wage workers at Harvard.

On December 14, 2001, at a full meeting of the committee attended by all its members, the committee unanimously adopted this Report.

I. INTRODUCTION: COMMITTEE MEMBERSHIP, CHARGE, AND ACTIVITIES

The Harvard Committee on Employment and Contracting Policies (HCECP) was constituted by President Neil Rudenstine in May 2001 to examine issues related to the economic welfare and opportunities of lower-paid employees at Harvard, both those employed directly by the University and those employed by companies that contract to provide on-campus services to the University. The HCECP was charged with considering and making recommendations concerning (1) the principles and policies that should guide the University's employment practices with regard to the lower-paid members of Harvard's workforce, and (2) guidelines for the "outsourcing" or "contracting out" of services performed at the University. The HCECP was asked to provide a final report and recommendations to President Lawrence Summers by December 19, 2001.

The formation of the HCECP was part of a series of policy steps announced by President Rudenstine on May 8, 2001 following the end of a sit-in at Massachusetts Hall led by the Harvard Living Wage Campaign. The full process announced by President Rudenstine is presented in Appendix A. The other elements of the process include a temporary moratorium of new outsourcing of work performed by Harvard-employed service workers during the deliberations of the HCECP, the re-opening of Harvard's collective bargaining agreement with its custodial workers represented by the Service Employees International Union Local 254 within four weeks of the HCECP final report, and a reconsideration of the question of health insurance co-payment levels for Harvard's lower-paid employees.

The HCECP is composed of a faculty chair, nine additional faculty members, five Harvard staff members (three unionized employees and two senior administrators), and four student members (2 undergraduates and 2 graduate/professional students).

Lawrence Katz, Professor of Economics (FAS), has served as the HCECP chair. The other nine faculty members on the committee are David Ellwood (KSG), Daniel Meltzer (HLS), Martha Minow (HLS), Susan Pharr (FAS), Thomas Scanlon (FAS), Marcelo Suarez-Orozco (GSE), Sidney Verba (FAS), David Wilkins (HLS) and Dyann Wirth (SPH). In addition, Professor Caroline Hoxby (FAS) served on the HCECP from its formation through October 21, 2001. The three unionized employees are Edward

Childs (Hotel Employees and Restaurant Employees Local 26), Alexandra Chisholm (Harvard Union of Clerical and Technical Workers), and Jean Phane (Service Employees International Union, Local 254). The two senior administrators are Bonnie Newman, Executive Dean of the Kennedy School, and Anne Taylor, Vice President and General Counsel.

The student members of the HCECP were nominated by student organizations with two undergraduates nominated by the Undergraduate Council and two graduate/professional students nominated by the Harvard Graduate Council. The two undergraduates on the HCECP are Benjamin McKean '02 and Matthew Milikowsky '02. The two graduate/professional students are Faisal Chaudhry (HLS) and Christopher Wheat (FAS and HBS). A complete listing of the HCECP membership is given in Appendix B and brief biographical sketches of committee members are contained in Appendix C.

In addition John Dunlop, Professor Emeritus (FAS), has served as Senior Advisor to the committee. Jonathan Binks (consultant), Margaret Dale (HMS), and Patrick Gilligan (HMS) served as staff to the HCECP.

A. Committee Charge

The HCECP is specifically charged as follows:

- The committee should discuss, debate, and make recommendations concerning the principles and policies that should guide the University's employment practices in regard to the total compensation and opportunities available to lower-paid members of Harvard's workforce, including full-time, part-time, and temporary employees. In considering such a framework of principles, the committee should take account of wages, benefits, and other terms of employment (including access to education and training) in themselves and in relation to one another. Among other things, the committee will be asked to consider a full range of views and to express its own view regarding the principled basis, desirability, and feasibility of an internal uniform wage floor for workers at Harvard.
- The committee should consider and make recommendations concerning guidelines for the 'outsourcing' or 'contracting out' of services performed at the University. In its deliberations, the committee should consider policies to guide

University decisions on whether or not to outsource certain services performed at Harvard. It should also consider policies to guide units of the University when they do undertake to outsource on-campus services, including the principled basis, desirability, and feasibility of adopting standards for the wages, benefits, or other terms of employment provided to contractors' on-campus employees.

The HCECP is expected to ground its considerations in a thorough examination of factual data - both Harvard-specific and comparative - regarding wages, benefits, and other terms of conditions of employment, as well as existing contracts for the outsourcing of on-campus services. And the committee is expected to conduct broad outreach across the University community, actively soliciting, in person and otherwise, the views of interested faculty, staff (including service workers), and students who wish to contribute their perspectives on these matters. The full charge to the committee is given in Appendix A.

Prior to the activities of the HCECP, an earlier university-wide work group consisting of faculty and administrators, called the Ad Hoc Committee on Employment Practices, presented a report to the President of the University on May 4, 2000. Referred to as the "Mills Report," it contains considerable information on low-wage employees at Harvard, with many important findings and recommendations. President Rudenstine adopted these recommendations and called for their implementation. The HCECP made use of the valuable data in the Mills Report, and sought to provide recommendations above and beyond those suggested by it.

B. Activities of the Committee

The HCECP worked hard to educate itself about the actual situation of lower-paid employees at Harvard and about the likely consequences of alternative employment and contracting policies. To this end, the committee devoted considerable time to

- Outreach efforts including the establishment of a web site to receive comments and inform the community of HCECP activities, advertisements in many Harvard publications seeking input, a public forum, and participation in a Workers' forum;
- Data collection about the employment, wages, benefits, and other conditions of employment of lower-paid workers at Harvard and at comparable employers;

- Testimony from outside experts, concerned members of the Harvard community, and from a wide range of persons affected by or involved in the implementation of the University's employment and contracting policies;
- Deliberations on what is known about the consequences of alternative employment and contracting policies and on the moral and economic factors that should guide the University's policies related to lower-paid workers.

The committee began its work in a full-committee meeting on May 31, 2001 and determined that the summer should be devoted to assembling a wide range of current and historical data on the wages, benefits, demographic composition, and education levels of workers at Harvard including both direct employees of Harvard and the on-campus employees of Harvard's contractors. A Data Subcommittee (consisting of Ellwood, Hoxby, Katz, McKean, Newman, Taylor, and Wheat) was formed and worked with Harvard's Office of Human Resources (OHR) on this data collection strategy during the summer and early fall. The further collection of data on wage rates for service employees at other local colleges and on wage and outsourcing policies at peer national research universities was also initiated over the summer.

The HCECP also began its outreach efforts over the summer. The chair and small groups of HCECP members initially met with several Harvard administrative deans involved in contracting decisions and with representatives of the Harvard Living Wage Campaign, the Harvard Workers' Center, and local unions representing Harvard's service workers. These meetings were used to seek advice on the most appropriate information to collect and all of these parties were invited to submit background materials for distribution the HCECP members. The HCECP created a committee web site (<http://www.hcecD.harvard.edu>) to provide accessible public information on the committee's activities and to make it easier for members of the Harvard community to communicate their views and comments to the committee. The committee web site went on-line on August 24, 2001. The web site served to solicit comments from the Harvard community through a specially created form (directly e-mailed to the committee) and through advertising the direct committee e-mail address. On November 13, 2001 a

HCECP message board was created on its web site to serve as an additional forum to promote community dialogue on the issues facing the committee.

Community input was also solicited through articles, notices, and advertisements in various campus media including the *Harvard Crimson*, the *Harvard Gazette*, and the *Harvard Community Resource*. The committee regularly provided information on its activities and sought comments through its web site, multiple campus media outlets, posters in Harvard Yard and the Houses, and a flyer (translated into five languages and widely distributed to on-campus workers) seeking comments from workers and their participation in the HCECP public forum.

The HCECP received 1,326 written comments and signatures to petitions through December 14, 2001. Some 840 of the responses were signatures to petitions mailed or delivered to the HCECP. All written comments received (via the web site, e-mail, and the mail) and all petitions were distributed to the members of the committee throughout the course of its meetings. Roughly 110 of the 478 written responses exactly or very closely followed the text of a form letter created by the Harvard Living Wage Campaign (see Appendix D). The vast majority of responses supported a uniform minimum wage or living wage for the University and encouraged a ban or further limits on the outsourcing of on-campus service work. The 1,326 written responses and petition signatures came from Harvard students (51 %), Harvard alumni (30%), Harvard faculty (7%), Harvard staff (10%), and those not affiliated with Harvard or with missing affiliation information (2%).

Many of the written comments received by the HCECP were thoughtful and searching. There were a number of common themes. Most spoke of the need to protect the dignity and respect of Harvard service workers including, but not limited to, the need for increased wages and benefits (often with a reference to the City of Cambridge living wage ordinance). Respect for the collective bargaining process was mentioned as was the concern that increasing wages, while essential, might over time displace less-educated and more disadvantaged workers. A number of responses called attention to the moral and normative dimensions of wage and employment issues. Many were very troubled by the effects of outsourcing at Harvard and suggested banning the outsourcing of service employees. The detrimental effects of working multiple part-time positions and not

having a secure and reasonable single source of income were featured. The committee was encouraged to explore means to secure greater full-time opportunities for service workers. And a number of responses spoke eloquently of the need for community and of "one Harvard." There also were responses that challenged the need for a minimum wage floor or the notion of a "living wage" both because other mechanisms were preferable and because such a policy might be too expensive and detract from teaching needs.

Beginning in September, the full committee began meeting regularly (at least once a week) to consider the data, hear testimony from interested parties at Harvard and outside experts, and deliberate on the issues related to the committee's charge. The data collected over the summer; economic research literature on living wage policies and low-wage labor market issues; and background submissions from the Harvard Living Wage Campaign, Harvard Workers' Center, and Harvard administration were distributed to HCECP members in early September. Regular data supplements were distributed as data collection continued in the fall and further submissions from the unions representing Harvard's service workers, other Harvard community groups, and outside experts were provided to committee members as received.

The committee invited a wide variety of persons, with varying interests and perspectives, to provide direct testimony to the committee at its closed meetings. The committee heard direct testimony at its meetings in September, October, and November. HCECP members heard from the administration, the four unions representing Harvard's lower-paid service workers, workers, contractors, the Harvard Living Wage Campaign, the Harvard Workers' Center, economists of varying viewpoints, and experts on the implementation of living wage plans and on measuring family budgets, poverty, and the local cost of living. The committee also deliberated on the moral and economic issues related to wage and outsourcing policies. A full list of meeting topics and of those who provided direct testimony to the committee is provided in Appendix E.

Committee members also attended a Workers Forum, sponsored by the Harvard Workers' Center, on October 4, 2001 where they heard from 20 employees, both Harvard direct employees and on-campus employees of contractors, of their experiences as service workers at Harvard. In addition, the committee heard from the Harvard community at the HCECP sponsored public forum on October 22, 2001 (6:00 p.m.-8:00 p.m.): "Open

Forum on Harvard's Wage and Outsourcing Policies." That afternoon the committee released a preliminary background data report "Background Information on Lower-Paid Employees at Harvard University: Wages and Worker Characteristics" which was distributed at the meeting and made available on the HCECP web site. Several hundred members of the Harvard community attended. The Forum, held at the Kennedy School's ARCO Forum, was simultaneously translated into Haitian Creole, Portuguese, and Spanish. The HCECP chair made introductory remarks summarizing the committee's activities and preliminary data report, eight invited speakers provided their viewpoints, and a large number of members of the audience were heard from in a public comment period. The entire forum was videotaped and posted to the committee's web site. The presentations by invited speakers and comments from audience members at the public forum mentioned similar themes to those emphasized in the written comments received by the HCECP. Furthermore, a number of speakers at both the workers forum and the public forum described experiencing "two Harvards": one visible, characterized by equal respect and dialogue, and one with too many incidents of disrespect and improper treatment of the workers who are less visible.

Several HCECP subcommittees were formed to examine specific issues in depth and report to the full committee. The Data Subcommittee worked on the committee's data collection strategy and provided initial analyses of data on employment, wages, benefits, and worker characteristics at Harvard. The Norms Subcommittee (Chisholm, Katz, McKean, Minow, Suarez-Orozco, and Taylor) considered information on the experiences of lower-paid workers at Harvard, examined Harvard's employment policies, and developed preliminary recommendations related to issues concerning the quality of work life. The Policy Subcommittee (Chisholm, Ellwood, Katz, McKean, Minow, and Verba) provided analyses of wage and outsourcing policy options for discussion at the full committee meetings.

The committee spent much time reflecting upon and analyzing the wide range of quantitative data, qualitative information, comments and testimony it collected and received. From workers, we heard powerful accounts of their working lives at Harvard and also about their struggles to make ends meet. Managers have talked of the specific challenges they face in reconciling the needs of Harvard's multiple stakeholders.

This Report attempts to summarize what we learned and to distill the lessons for Harvard's employment and contracting policies. On December 14, 2001, at a full meeting of the committee attended by all its members, *the committee unanimously adopted this Report*. Concurring statements from several committee members follow the main text of the Report.

II. FINDINGS OF FACT: LOWER-PAID WORKERS AT HARVARD

A. Data Sources

The data on the wages, benefits, and characteristics of lower-paid workers at Harvard University used in this report come from two main sources: Harvard's personnel records and new HCECP surveys of Harvard's service contractors. Harvard's Office of Human Resources (OHR) has provided a great deal of information that has been extremely useful to the committee¹. Harvard's computerized personnel records are only available beginning in September 1994, so this is the starting date for most of the committee's data for Harvard employees. We report most data through September 2001 to ensure that full information is available and verified.

In addition, OHR helped the committee develop and implement surveys to solicit specific information from Harvard's current service contractors concerning the pay, benefits, and characteristics of their on-campus employees. This information was collected in the summer and fall of 2001. The surveys of contractors include all service contractors on the Harvard campus who provide custodial, dining, security, parking, and landscaping services with contracts in excess of \$50,000 annually. Both OHR and the contractors have been extremely forthcoming and responsive to our requests for basic data on wages, employee characteristics, and other employment policies. We have a high degree of confidence in the reliability of the data.

Information on wages at "comparable" employers was provided to the HCECP by OHR from a survey of hourly entry contract wage rates of service workers at other Boston area colleges and universities and from several proprietary market wage surveys. The HCECP also analyzed information on wages and family incomes for workers in the

¹ The committee is extremely grateful to Polly Price, David Jones, Brian Sinclair, and other OHR staff for their assistance

Boston and nationally from reports of the U.S. Bureau of Labor Statistics and from tabulations of the Current Population Survey.

To make realistic comparisons of pay rates in different years, it is necessary to take into account changes in the cost of living in the Boston area (including the recent rapid rise in housing costs). We have therefore adjusted all wage data into 2001 dollars using the official Boston area consumer price index (Boston CPI-U) produced by the U.S. Bureau of Labor Statistics². Thus, when we speak of falling or rising pay, we speak of pay that was falling or rising in *real, inflation-adjusted* dollars. It is important to understand that a period of falling *real* pay may correspond to a period when *nominal* pay (the unadjusted dollar level of pay) was flat or rising, but still not keeping pace with inflation in the Boston area.

The HCECP also considered a wide range of further quantitative and qualitative information from the testimony and other submissions to the committee.

A glossary of terms related to the data presented and to Harvard's employment policies is included at the end of this report.

B. Lower-Paid Workers at Harvard: Overview and Recent Trends

Table 1 shows that as of September 2001 Harvard directly employed 14,506 workers (not including "casual" employees). Of these, 392 or roughly 2.7% earned less than \$10.68 per hour, the level adopted as the "living wage" by the City of Cambridge and as a minimum level for a living wage by the Harvard Living Wage Campaign³. Determining the number of low-wage employees at Harvard, of course, requires a definition of what is a "low wage" and profound difficulties and some level of arbitrariness are associated with any specific cut-off level. For convenience, we use this \$10.68 per hour figure as an initial benchmark for low-wage workers at Harvard. All of these low-paid Harvard employees currently earning \$10.68 per hour or less work in

in data collection and in helping us understand the operation of Harvard's employment practices. Specifically, we adjusted pay using the Consumer Price Index-All Urban Consumers for Boston-Brockton- Nashua, MA-NH-ME-CT. We used March 2001 as our base period. This figure includes 14,244 "regular" employees and 262 "limited regular" employees. Harvard also employs about 1,200 to 1,500 casual workers per week. Casual workers are hired on a short-term basis (for three months or less) or work less than 17-1/2 hours per week. Harvard's core personnel records do not provide information on casual employees. To fill this gap, the Mills Committee conducted a survey of casual employees who worked at Harvard University during the last two weeks of September 1999. The report of the Mills Committee (*Ad Hoc Committee on Employment Policies Report*, 04-May-2000) contains data and a detailed discussion on the characteristics and compensation of Harvard's casual employees.

³ The Cambridge living wage ordinance covers (with certain exceptions and waivers) the employees of the City of Cambridge, employees working on city service contracts and subcontracts of over \$10,000, and the employees of

service and trade occupations and are found in three employment categories: custodians, dining services, and security/museum guards and parking attendants. All (non-casual) direct Harvard employees earning below \$10.68 per hour are represented by unions and have wages and conditions of employment determined through collective bargaining.

Harvard's most recent collective bargaining agreement with the Harvard Union of Clerical and Technical Workers (HUCTW) covering clerical and technical workers (starting July 1, 2001) set a new lowest hourly wage rate of \$10.83. Thus, even the lowest pay grade for Harvard employees in clerical and technical positions is above \$10.68 per hour. The new Harvard agreement with the Hotel Employees and Restaurant Employees International Union (HEREIU), Local 26 covering dining service workers (starting June 20, 2001) includes wage increases setting the minimum wage for dining service workers in board-rate (non-retail) and faculty club operations at \$11.30 per hour. Thus, the Harvard employees (excluding casual employees) with hourly wages below \$10.68 are custodians represented by the Service Employees International Union (SEIU), Local 254, dining service workers in retail operations represented by the HEREIU, and security, museum and parking employees represented by the Harvard University Security, Parking and Museum Guards Union (HUSPMGU).

In addition, Harvard contracts with a range of service companies who employ workers at the Harvard campus on an ongoing basis. Based on the data from the Mills Committee's large-scale survey of Harvard's service contractors of October 1999 and based on data we have collected from contractors, we believe virtually all of the on-campus employees of contractors who are paid less than \$10.68 per hour are employed in the same three service categories (custodial, dining, and security services) where lower-paid Harvard employees are found plus a very small group in landscaping⁴. Thus, we concentrated particular attention on contractors providing custodial, dining, security, and landscaping services; and undertook a survey this summer to collect information on their employment policies and on-campus employees^{5, 6}.

recipients of city business assistance of over \$10,000

⁴ Details on the Mills Committee survey of service contractors can be found in the Ad Hoc Committee on Employment Policies Report, 04-May-2000, Appendices M and N.

⁵ The committee has also reviewed anonymous profiles of the on-campus employment of Harvard's service contractors. These profiles were assembled and provided to the committee by the Harvard Workers' Center of Harvard's low-paid employees with limited education (less than a high school degree) also increased from 14% in 1994 to 43% in September 2001.

⁶ The committee has also reviewed anonymous profiles of the on-campus employment of Harvard's service contractors.

Table 1 shows that contractors in these domains employ another 919 employees, of whom 579 (or 63%) are paid below \$10.68 per hour. Most (58%) of the on-campus employees of service contractors in these areas are unionized: almost all (93 %) of the custodial workers, more than half (56%) of the dining service workers, and none of the security and parking or landscaping workers of contractors are represented by unions.

Overall then, 971 (non-casual) workers employed at Harvard (392 as Harvard direct employees and 579 as the employees of service contractors) earn hourly wages of less than \$10.68 (as of September 2001). The vast majority (80%) of the (non-casual) employees earning hourly wages below \$10.68 at Harvard are unionized, including all of the low-paid Harvard direct employees and two-thirds of the low-paid employees of on-site contractors. In a typical week, Harvard also employs approximately 1200 to 1500 casual workers on a short-term or part-time basis. Estimates from the Mills Report indicate that 327 (approximately 30%) of Harvard's casual employees earned below \$10.68 per hour (in 2001 dollars) as of September 1999.

Table 2 provides an overview of changes in the number and characteristics of Harvard direct employees earning less than \$10.68 per hour (in 2001 dollars) from 1994 to 2001. (We lack similar historical information for Harvard casual employees and for the on-campus employees of contractors.) The number of Harvard (non-casual) employees with real wages below \$10.68 per hour increased from 170 in September 1994 to 424 in March 2001 and then declined to 392 in September 2001 following the wage increases for lower-paid workers contained in the most recent Harvard contracts with HUCTW and HEREIU Local 26. The number (share) of these low-paid employees that are full-time ("regular") employees increased from 44 (26%) to 174 (44%) from September 1994 to September 2001. The demographic composition of Harvard direct employees earning less than \$10.68 per hour has shifted with an increase in the share of Hispanics from 31% in 1994 to 43% by September 2001. The proportion of Harvard's low-paid employees with limited education (less than a high school degree) also increased from 14% in 1994 to 43% in September 2001.

Since nearly all of the on-campus low-paid (non-casual) employees work in custodial services, dining services, and security and parking services, the committee has

These profiles were assembled and provided to the committee by the Harvard Worker's Center.

concentrated its work on understanding the employment situations for each of these specific groups of workers. There are some common themes and some significant differences in the recent evolution of wages, worker characteristics, and outsourcing in these three sectors at Harvard.

The main categories of lower-paid workers at Harvard (custodians, dining service workers in retail operations, and uniformed security guards) have three major common features:

(1) all the in-house Harvard employees in these categories are unionized; (2) the in-house Harvard employees and on-campus employees of contractors report concerns about a lack of respect in their treatment by supervisors and in their relationship with Harvard; and (3) the in-house employees in these areas have typically been employed by Harvard service units that operate on a fee-service business model and compete with outside contractors for work at Harvard's various schools. A substantial fraction of the on-campus work in each of these three service sectors is currently "outsourced" (or "contracted out") to outside contractors and performed by the employees of these contractors. The share of work performed by outsourced employees in these three service sectors has increased since the 1980s.

In contrast, Harvard's clerical and technical workers represented by the HUCTW are directly employed by Harvard's schools and other units and do not face such direct competition from outside contractors. There also has been no outsourcing of employment for dining service workers in the "board operations" (the Houses and freshman dining hall) and the faculty club. It is striking that all of the on-campus workers earning less than \$10.68 per hour (with the exception of museum security guards for whom outsourcing has not taken place) work in sectors with significant outsourcing pressures. Wages for these groups of workers have declined since the early 1990s relative to the lowest-paid workers not facing direct outsourcing pressures in the clerical and trade occupations and the "board operations" of the dining services.

The overall mean hourly real wage of Harvard's in-house service workers (combining custodians, dining service workers, security/parking workers) declined by 7.5 percent from \$12.47 per hour in September 1994 to \$11.54 per hour in September 2001.

But separate examinations of the specific service sectors contained in this aggregate show some differences in the data trends and stories. Custodians represent a case of sharp real wage declines in the face of substantial competition between an in-house service provider and outside contractors largely employing workers in the same union (SEIU Local 254). The real wages for in-house dining service workers have been rather stable since 1994, but a downward revision of the wages of employees in retail operations relative to those in board operations took place in 1992. The uniformed security guards present a different case of a large shift from unionized in-house guards to lower-wage, nonunion contractors.

We next turn to a more detailed presentation of our findings of facts concerning wages, employment, and outsourcing for each of these three service sectors.

C. Custodial Services

Two features of Harvard's structure influence the employment of custodians at Harvard. First, each of the University's major units such as the Faculty of Arts and Sciences, the Law School, or the Medical School has considerable autonomy in setting academic priorities, managing programs, generating and allocating resources, and in making hiring, contracting, and maintenance decisions. This management strategy known as "every tub on its own bottom" (ETOB) has characterized Harvard's operations approximately since the turn of the last century⁷.

Second, custodial services have long been offered by the University to the various Harvard units on a fee-for-service basis, first through the Buildings and Grounds Department (B&G) and, since the mid 1980s, through the Facilities Maintenance Organization (FMO). The vast majority of Harvard's custodial employees work for FMO, though some currently work directly for other campus units. Formally, FMO offers services in the same way that an outside contractor might: FMO bids on work at the various schools, and FMO is ultimately held accountable for the quality of the service it contracts to provide. FMO is responsible for the hiring, supervision, and compensation of its workers. Schools have long been free to seek bids from outside contractors and can decide whether to use FMO or an outside contractor to provide services. Thus, FMO competes with outside contractors for contracts with Harvard's schools.

⁷ However, Harvard does have a central Office of Labor Relations that negotiates collective bargaining agreements covering direct Harvard employees working in the University's various units and schools.

Custodians and Their Union: SEIU Local 254 in Boston and at Harvard

All of the custodial workers employed by Harvard and almost all (over 90%) of the on- campus employees of Harvard's custodial contractors are represented by the same union: the Service Employees International Union (SEIU), Local 254. Most of Harvard's custodial contractors are covered under the SEIU Local 254 Master Agreement for metropolitan Boston. Custodians employed by Harvard (both working for FMO and for other campus units) are covered by a separate collective bargaining agreement negotiated independently by the SEIU with the University⁸. Prior to 1996, the Harvard agreement called for significantly higher pay than did the master agreement.

Figure 1 shows the real hourly pay levels for full-time custodial workers under the SEIU master agreement and Harvard's site-specific agreement from 1988 to 2001. Harvard's site- specific agreements prior to 1996 provided for pay rising with seniority through wage increases occurring after the completion of one year and two years of service at Harvard. Thus, we plot the Harvard contract rates for both a senior employee (one with 4 years of service at Harvard) and for a new employee. The SEIU master agreement provides a standard rate for full-time custodians with no pay progression with seniority⁹. As of 1992, senior custodians at Harvard were paid about 40% more and newly hired Harvard custodians were paid about 20% more than the comparable workers of other Boston employers covered under the SEIU master agreement. In 1996, the Harvard agreement was renegotiated to reduce the wages of new Harvard custodians to the lower pay rates of custodian covered by the master agreement. Since 1997, pay rates have essentially been the same in the two agreements, and the Harvard agreement (like the master agreement) no longer provides for any pay progression with seniority for full-time (Category A) custodians.

SEIU has a high level of market penetration in the Boston area. At a time when unions represent only 10% of U.S. private-sector workers, SEIU claims to represent nearly 90% of custodial workers in downtown Boston (although union density is lower in the rest of metropolitan Boston). Yet during the latter half of the 1990s, when

⁸ SEIU Local 254 has roughly 15 site agreements in the Boston metropolitan area that differ from the master agreement, including a number with local colleges and universities.

⁹ For part-time (Category B) custodians working 20 hours or less per week, the SEIU 254 master agreement and Harvard's current agreement with the SEIU seniority wage premium provided for full-time (Category A) custodians provide a small (15 cents per hours) wage premium for those with 5 or more years of seniority. There is no

unemployment was exceptionally low in Boston, the master agreement included pay increases that failed to keep pace with cost-of-living increases in the Boston area. Therefore, pay in the master agreement fell in real (inflation-adjusted) terms. Figure 1 shows that real hourly wages of full-time custodians in the SEIU master agreement actually declined by 2% from 1995 to 2001 (and by 1% from 1996 to 2000). Over the same period (1996 to 2000), Current Population Survey data indicate that the mean real hourly wage of custodians (janitors) in the New England census division increased by 7% and the national mean hourly wage for janitors increased by 6%.

In the late 1990s, a dissident union group of local SEIU members called *Trabajadores Unidos*, or *Workers United*, alleged that SEIU Local 254 officials negotiated contracts that undercut their wages. The SEIU international union began monitoring Local 254 in 1998 after a hearing on accusations that the Local unfairly represented members¹⁰. Following charges of improprieties, the SEIU international union placed Local 254 into trusteeship on February 22, 2001. The current trustees of Local 254 have been critical, including in testimony to the committee, of the previous leadership. The current trustees indicated they do not believe the previous leadership of Local 254 carried out its collective bargaining responsibility as well as it should have for its Boston-area custodians.

Custodians at Harvard: Recent History of Wage and Employment Changes

Prior to 1980, virtually all of the custodial work done at Harvard was provided through B&G (FMO's predecessor). Administration officials testified to the committee that in the 1980s and 1990s, independent audits showed that FMO (or B&G in earlier years) offered significantly worse service quality than that of outside contractors. Moreover, since the pay of custodians at Harvard was higher than that for contractors covered under the SEIU Local 254 master agreement, FMO prices were higher as well. Schools and divisions within the University report that beginning around 1980 they became increasingly concerned with the service quality and contract costs associated with the use of FMO for custodial services. They increasingly looked to outside contractors, who paid lower wages, as an alternative to FMO. Between 1980 and 1996, the number of custodial workers employed directly by Harvard fell from 980 to 260. Outsourced

¹⁰ *Boston Globe*, 2/4/98 and 9/17/98.

custodial work grew from nearly nothing in 1980 to well over half of the work (measured in the dollar value of custodial service contracts) at Harvard in 1996.

Faced with continuing losses of custodial work, FMO sought to reduce costs and switched to using a larger number of part-time workers who qualified for lower pay and more limited benefits (a practice that FMO reports was common among contractors at the time). Harvard also sought and won a new collective bargaining agreement with its custodians in 1996 that aligned Harvard pay with the lower wages of the SEIU Local 254 master agreement that covered workers in the contracting firms. The dollar (or nominal) pay of existing workers was not actually lowered, but dollar wages were frozen, and, as shown in Figure 1, newly hired workers were paid at the lower rates equivalent to those in the master agreement. FMO also testifies that they have become more aggressive in improving quality. FMO's average building- cleanliness ratings (based on inspections by an independent auditor) available from mid-1998 show a marked increase in service quality over the last several years, and comparison audits of cleanliness show results for FMO and outside contractors that are comparable.

Since the 1996 agreement was signed, Harvard's in-house custodial staff has risen from a low of approximately 250 workers in 1997 to approximately 350 workers today and the outsourcing of on-campus custodial work has been reduced commensurately. In addition, FMO has returned to hiring more "full-time" (20 or more hours per week) workers who receive full benefits, and FMO provides opportunities for Harvard's part-time custodians to move into these full-time positions. According to FMO, preference has been given to internal candidates in filling the new full-time FMO positions and an expanding number of positions for custodial crew chiefs. FMO reports that it has created 80 new full-time custodial positions since January 1997 with 93% filled by internal candidates.

The impact of these developments on the pay and full-time status of workers is illustrated in Table 3. Between September 1994 and September 2001, the fraction of custodial workers earning less than \$10.68 per hour rose from 27% to 84%. The median wage (adjusted for inflation) fell from roughly \$11 per hour in 1994 to just over \$9.50 in 2001, a decline of 13%. It should be emphasized that this does not mean individual workers at Harvard faced actual nominal dollar pay cuts. The 1996 agreement guaranteed

that workers who remained in the same status would not have any actual dollar reductions in pay (though real pay would erode with inflation).

Under the 1996 collective bargaining agreement, Harvard reduced the trend towards part-time custodial work and increased the share of its custodians working "full-time" (greater than 20 hours a week) from under 1/3 (32%) in 1996 to 48% in 2001¹¹. The increase in full-time work for custodians also provides greater access to health insurance provided by Harvard. As of March 2001, 74% of the full-time custodians employed by Harvard (as compared to 9% of the part-time custodians) were enrolled in one of Harvard's health insurance plans.

We do not have historical information on contractor pay, but current information shows that the pay of on-campus custodians employed by contractors is now virtually identical to that of in-house Harvard custodians. Given that Harvard's custodians and those employed by contractors are now covered by essentially the same collective bargaining agreement, this similarity should come as no surprise.

Custodians at Harvard: Worker Demographics

Table 4 documents that the demographic composition of custodial workers at Harvard also changed from 1994 to 2001. The share of custodial workers who are Hispanic rose from 20% in 1994 to 52% in 2001, while the shares of both white and black workers fell. The current employment share of Hispanics (78%) is even larger among the contracting firms. As of September 2001, two-thirds of the custodians employed by Harvard were not U.S. citizens, but legal immigrants. Typically they are permanent residents or recent emigres.

The educational mix of Harvard's custodians has also changed. As recently as 1998, 24% of custodians had less than a high school degree. Today half have not completed high school. The changes in the educational and ethnic mix of Harvard's in-house custodians partly reflect changes in the pool of custodial workers in the region, but the magnitude of the changes at Harvard is more extreme than for the overall Boston area.

¹¹ An increase in the share of full-time custodians from 1996 to 2001 is also apparent for definitions of full-time work using minimum cut offs of 30, 35, or 40 hours per week. For example, the share of directly-employed Harvard custodians with standard scheduled hours per week of 40 or more hours increased from 23% in 1996 to 30% in 2001.

In recent years the median age of custodians has not changed much and the median length of service has fallen. In particular, the fraction of workers with less than 1 year of service at Harvard has risen from 11 % in 1996 to 16% in 2001. In part this trend reflects recent employment gains for FMO as discussed above, which would lead to the influx of new workers, but it may also reflect higher turnover rates.

Comparing the Wages of Harvard Custodians With Wages Paid By Other Colleges

To assess how wages at Harvard compare with other local colleges and universities, the committee asked OHR to compile data on the hourly, entry-level, union contract wage rates for custodians (and other service occupations) at 10 other Boston area colleges and universities and at Harvard for July 2001¹². Because SEIU is such a dominant force in the compensation of janitors in the Boston metropolitan area, a comparison with other major Boston employers is essentially a comparison with either the SEIU Local 254 master agreement or with separate site- specific agreements negotiated by SEIU. Several local colleges and universities rely almost entirely on in-house custodians and have separate site-specific agreements with SEIU providing wages above the level in the master agreement. Overall 6 of the 10 other local colleges surveyed pay hourly entry-level wages for full-time custodians (ranging from \$11.23 to \$15.26) that are significantly above the Harvard entry-level wage of \$9.65. The 4 other local colleges pay wages (for both in-house and outsourced custodians) that are almost equivalent to those at Harvard and in the master agreement; 2 of these schools appear to outsource all of their custodial services¹³. Thus, the 11 local colleges in our survey are approximately evenly divided among those paying at or close to the rates in the SEIU master agreement (5 of the 11 including Harvard) and those that pay more than the SEIU master agreement (6 of the 11).

Custodians at Harvard: Summary

The structure of Harvard's system of custodial service makes Harvard employees subject to market competition over quality and pay. In practice this competition arises

¹² The colleges in our Boston Area College Survey are Harvard, Babson College, Bentley College, Boston College, Boston University, Brandeis, MIT, Northeastern University, Suffolk, Tufts and Wellesley College.

¹³ The entry-level wage for full-time custodians at Tufts University, one of the schools that outsources its custodial work, is scheduled to be increased to \$10.30 per hour on January 1, 2002 and will then be above the SEIU Local 254 master agreement rate. This increase arises from a new collective bargaining agreement between SEIU Local 254 and One Source, the contractor, at Tufts University.

almost entirely from contractors employing workers represented by SEIU Local 254, which also is the same union representing Harvard's directly employed custodians. The effect of this competition since the 1980s seems to be that Harvard moved a substantial part of custodial worker to outside contractors and wages for Harvard's in-house custodians were brought down to the level of the SEIU master agreement. According to FMO and the administrative deans of several Harvard schools, a further consequence is that the quality of custodial services at Harvard has improved as FMO has faced greater effective competition from outside contractors.

Custodians now make up two-thirds of all workers paid less than \$10.68 per hour by Harvard. In recent years, the demographic mix of Harvard's custodial employees has changed. Harvard's current custodial workers are far more likely to be Hispanics, those who have not completed high school, and recent (non-citizen) immigrants than seven years ago.

SEIU Local 254 now has new leadership and continues to have a very large market share in Boston. The current master agreement expires next fall. The new leadership has indicated to the committee that it is intent on using its bargaining power to boost pay in the master agreement. Harvard has committed to renegotiate its collective bargaining agreement with SEIU Local 254 early in 2002 (within four weeks of the issuance of the final report of this committee).

D. Dining Services

Workers directly employed by Harvard in dining service operations include cooks, kitchen helpers, and other food service workers. These workers are responsible for food service in the Houses, the faculty club, the freshman-dining hall, Crimson Catering, and some of the on- campus retail food operations such as the Greenhouse in the Science Center. Harvard's in-house dining service workers are employed and managed by Harvard University Dining Services (HUDS) and the Harvard Faculty Club, and are represented by the Hotel Employees and Restaurant Employees International Union (HEREIU), Local 26. Prior to 1992, Harvard's in- house dining service workers were paid on equivalent wage scales regardless of whether they worked in "board" operations (the Houses), the faculty club, or in cash (or retail) operations. The 1992 collective bargaining agreement between Harvard and HEREIU Local 26 established a lower set of wage rates

for the employees in cash operations that have been maintained in the subsequent collective bargaining agreements¹⁴.

Harvard directly employed 480 dining service workers in September of 2001. In addition there are roughly 218 outsourced dining workers. These latter workers are chiefly employed by two firms: Restaurant Associates with 123 employees that serve the Business School, and Sodexo which employs 45 workers at the Kennedy School and 39 workers at the Law School. The employees of Restaurant Associates are also represented by HEREIU Local 26 and are covered by a collective bargaining agreement that is essentially identical to the contract held by Harvard's in-house dining service employees and pays wages at Harvard's board operations rates. Sodexo's employees at Harvard are not unionized.

At the Kennedy School, Sodexo (and its predecessor company) have held a contract for many years. The contract consists primarily of catering and includes the operation of a small cafeteria. The Law School operation includes catering, a cafeteria, and vending operations.

There has been modest growth in the number of dining service workers employed by Harvard and relatively little change in outsourcing in recent years. The university employed 419 dining service workers in September of 1994, so employment has grown by 61 workers in the past 7 years. Some of the smaller retail operations of Harvard's schools that previously were run by contractors have been brought in-house in recent years. HUDS and some of the smaller contractors report difficulties in "breaking even" in the smaller on-campus retail operations of some of the schools. And the University's agreements with HEREIU since 1992 have reflected this concern by allowing for lower wage rates for Harvard dining service employees in retail operations than for those employed by the faculty club and in places where a board rate is charged. Some Harvard faculties believe that a food service facility helps build community by serving as locations where faculty and students can interact. In some cases (notably the Business School and the Law School), faculties subsidize their retail food operations to maintain prices low enough to attract their community members and to ensure the financial viability of such operations.

¹⁴ Those employees in cash operations hired before June 19, 1992 had their wages grandfathered at their board rates

This spring, HEREIU negotiated a new five-year collective bargaining agreement with Harvard. The agreement ensures that all "board rate" and faculty club employees will now earn at least \$11.30 per hour, but the starting wage rates for Harvard employees in retail (or cash) food service operations currently are as low as \$9.00 per hour.

Dining Service Workers at Harvard

Tables 5 and 6 illustrate that there have been only modest changes in the pay and characteristics of dining service workers at Harvard since 1994. Table 5 shows that median real hourly pay for in-house Harvard dining service workers has been rather stable in recent years and increased slightly from \$12.65 in September 1994 to \$12.80 in September 2001; the mean real hourly wage declined slightly over this same period. Overall, 40 Harvard employees or 8% of dining service workers were paid less than \$10.68 per hour in September 2001. Contractors have a larger share of workers paid below \$10.68 per hour, 22% or 48 workers in all (mainly employed by Sodexho).

According to Table 6, there was a gradual shift in the demographic composition of Harvard's directly employed dining workers, though not nearly as dramatic as for custodial workers. There was a decline in the share of white (non-Hispanic) workers and significant increase in the fraction Hispanic and African-American. There was also a rise in the share of workers who were not U.S. citizens. Relative to Harvard's in-house dining service workers, the contractors have a larger share of workers of color, and they have a slightly larger share of employees with less than a high school degree.

Comparing the Wages of Dining Services Workers With Wages Paid by Others

We compared the hourly entry-level wages of Harvard's directly employed dining service workers (cooks, food service workers, and kitchen helpers) with those at the 10 other local colleges and universities in our Boston area college survey. Harvard, compared with other local colleges and universities, pays relatively high wages in these job categories for its directly employed workers in board operations and at the faculty club. Four of the other colleges entirely outsource their food service operations. Harvard's pay for cooks in board operations is quite comparable to that at other local colleges with in-house dining operations, and Harvard's pay for such food service workers and kitchen helpers is well above average with only one surveyed college paying higher entry-level

wages for these positions. However, the wages of Harvard's directly employed workers in retail food operations and for some of the on-campus food service employees of Sodexo are significantly lower.

Dining Service Workers: Summary

The picture for dining workers at Harvard has been one of relative stability in real wages in recent years, a modest expansion of in-house employment, and little change in the scale of outsourcing. The new HEREIU Local 26 agreement with Harvard has a starting pay of at least \$11.30 per hour for Harvard dining service employees working in "board rate" and faculty club operations. The minimum wage rates for Harvard food-service workers in retail operations remains below \$10.68 per hour, and a significant share of the nonunion employees of Harvard's dining service contractors (primarily those employed by Sodexo at the Kennedy School and the Law School) are paid hourly wages that remain below \$10.68.

E. Uniformed Security Guards, Museum Guards, and Parking Attendants

Harvard direct employees in these three categories are represented by the Harvard University Security, Parking, and Museum Guards Union (HUSPMGU), affiliated with the International Brotherhood of Police Officers, but there is considerable variation among the three groups in how they are managed at Harvard and in what has happened to their numbers. Harvard also utilizes a substantial number of non-union security guards employed by contractors.

The Harvard uniformed guards service was formed under the titular control of the Harvard Police, but, in fact, the guards are managed and supervised separately and have always been represented by a different union than Harvard police officers. Until 1996, the uniformed guards were represented by SEIU Local 254, the same union representing the custodians. Guard services have long been offered to each of the schools on a fee-for-service basis. The uniformed guards unit has always been expected to break even by the University, but according to the University, the guards have run a deficit for every year since 1992. Schools also have the option of contracting with outside security services, but unlike the case of custodians, the outside firms do not have unionized workers.

By 1996 the uniformed guards were dissatisfied with their representation by SEIU Local 254, and they then formed the HUSPMGU and successfully petitioned the

National Labor Relations Board to withdraw from the SEIU. Negotiations for a first contract between the HUSPMGU and Harvard were heated (according to both sides) and lasted several years with no contract approved until July 1999. The agreement froze the nominal wages of existing uniformed security guards and included some reductions in benefits (such as paid time off). A voluntary severance package was offered to the guards, and 27 opted to accept it.

The number of directly-hired, unionized members of the guards service peaked in the late 1980s with 122 full-time equivalent (FTE) staff members, but has fallen to under 20 FTEs today. The University has announced it does not believe it can make the guards a viable financial Unit and plans to eventually end the in-house uniformed guard operation. Although the University has agreed that there would be no immediate shutdown of the in-house security operation, jobs vacated by attrition will not be filled.

Overall, the University describes its shift in security policies over the past decade as an expansion of community policing augmented by contract guards paid at market rates. Security Systems Incorporated (SS1), a non-union contractor, has become the largest provider of guard services on campus. The University reports that Harvard's schools believe this is an improved arrangement and that complaints about guard services have been substantially reduced in recent years. The HUSPGMU disputes the University's claim about increased service quality and views the ending of the in-house uniform guard operation as weakening the collective bargaining rights of on-campus uniformed guards.

The management, supervision, and provision of work by the museum guards and the parking lot attendants are quite different. Museum guards are hired separately by the University Art Museums Department of Safety and Security. Parking attendants are hired by University Operations Services and work at the University's parking lots. Thus, unlike the uniformed guards, there is no fee-for-service component for museum security employees, and direct competition from outside contractors does not appear to be a significant issue at this time. There' is some outsourcing of parking services at Harvard.

In contrast to Harvard's uniformed guards, there has been no reduction in in-house work for these museum and parking workers. The number of museum guards has risen in recent years. And while the number of parking attendants has fallen, the fraction working

full-time has risen sharply, thus fewer full-time workers have replaced a larger group of part-time workers.

Guards and Parking Attendants at Harvard: Wages

Table 7 illustrates the changes experienced by these workers. We present data separately by type of worker (uniformed guards, museum guards, and parking attendants) where there are important differences among the main groups. The table shows that the number of directly hired, uniformed guards fell from 94 to just 20 in the period between September 1994 and September 2001. Meanwhile the number of museum guards rose from 44 to 61 and the parking attendants moved from being 2/3s part-time to being 2/3s full-time. But real wages for all three groups fell. Overall the median real wage fell from \$14.31 to \$9.76. From 1994 to 2001, the share of Harvard's in-house security/parking employees earning above \$14 per hour declined from 58 percent to 0 percent, and the share earning less than \$10 per hour increased from 19 percent to 63 percent. These patterns, however, are somewhat misleading in two respects. First, higher-paid guards were offered a buy-out package in 1999 and the median wage of the guards that remained was lower. Second, as uniform guards have declined as a share of this group, the median worker has shifted from being a guard to being one of the other groups of workers.

Still the wages of Harvard's in-house uniform guards have failed to keep up with the Boston area cost of living since 1994. This is because the nominal pay for existing guards has essentially been frozen since the mid-1990s.

Within the full-time museum and parking employees, median wages, adjusted for inflation, fell significantly over this period. This also was accomplished primarily through what was essentially a nominal wage freeze since 1996. The median pay for full-time museum guards is now \$9.07 per hour and almost all (89%) all of Harvard's museum security workers earn below \$10.68 per hour.

Contractor pay appears to be comparable to the pay received by Harvard's direct employees when one averages across uniform guards, museum guard, and parking attendants. On-campus security guards working for contractors earn more on average than museum guards who are directly employed by Harvard but less than Harvard's directly employed uniform guards. Whereas 63% of Harvard workers in the security and

parking categories are paid below \$10 per hour, only 23% of contract employees are. Furthermore, all of the remaining uniformed security guards employed by Harvard were paid \$11.97 per hour in September 2001 (the same nominal rate they have been paid since 1995). For both Harvard and the contractors, about 60% of this overall group or workers earn less than \$10.68 per hour.

Guards and Parking Attendants at Harvard: Demographics

In contrast to custodial and dining workers, the gender, race, and ethnicity of security and parking workers directly employed by Harvard have hardly changed: these workers remain predominantly white males. Table 8 shows that roughly 75% of these workers are whites, and roughly 80% are males. But the educational mix has shifted significantly. Whereas 40% of workers had schooling beyond high school in 1994, now only 16% do. The change has been greatest among museum guards (not shown separately here) where 61 % had some higher education in 1994 as compared to only 15% today. The length of service has declined for these workers, particularly after the 1999 buy-out of the more highly paid uniformed guards.

Comparing the Wages of Guards and Parking Attendants with the Pay of Others

The committee lacks adequate data to make good comparisons of the pay of Harvard's security and parking employees with similar workers employed at other local colleges. The limited available data from our survey of Boston area colleges indicates that the starting hourly wage rates for security guards ranged from \$9.00 to \$14.00 (with a median of \$11.39) as of July 2001 for the seven schools reporting such positions. Harvard's entry level wage rate for uniformed security guards of \$8.75 per hour is below that of the other Boston area colleges, but no security guard directly employed by Harvard is paid at this rate since Harvard has a freeze on hiring and is phasing out its in-house uniform guard operation. Harvard's starting hourly rate of \$8.75 for museum attendants is far below the \$12.05 starting hourly rate for the one other Boston area college reporting such a position in our survey. And the HUSPGMU reports hourly wages for museum guards at other New England museums that are higher than pay for comparable positions at Harvard. Finally, the starting pay for parking attendants at Harvard of \$8.75 per hour is the second lowest of five reporting Boston area schools who

have starting rates ranging from \$8.00 to \$13.75 per hour. In contrast to Harvard, several other Boston area colleges appear to outsource all of their parking operations.

Guards and Parking Attendants: Summary

Harvard's uniformed guard unit has faced sharp competition from outside firms on the basis of both cost and quality. Over the past decade, Harvard has moved most of its security work from an in-house guards unit to outside contractors. In spite of the refusal of the directly- employed guards to accept the pay cuts embodied in the 1996 SEIU Local agreement with Harvard, they have effectively faced a nominal wage freeze and experienced reductions in pay that were comparable to those of Harvard-employed custodians. The number of uniformed guards, which used to dominate this group, has dwindled to 20 and Harvard seeks to phase out its uniformed guard operation entirely. Museum guards and parking attendants have not faced as intense competition and their work has grown, but they are paid under the same contract as the uniformed guards and have seen their real wages fall in recent years. The reductions in inflation- adjusted pay have been associated with a substantial drop in the fraction of workers with education beyond high school.

F. Wages and Employment of Lower-Paid Workers at Harvard: Summary

Overall the number of Harvard direct employees earning less than \$10.68 per hour rose from 170 in September 1994 to 392 in September 2001. In addition, as of September 2001, 579 on-campus workers employed by service contractors earn below this wage level. For Harvard employees, wages below the \$10.68 per hour level (chosen as a benchmark by some living wage proponents) is mostly an issue of custodians, food service workers in retail operations, security guards employed by contractors, parking attendants, and directly-employed museum guards. The inflation-adjusted pay for Harvard custodians, security workers, and parking attendants fell by 10-15% over this period, moving Harvard wages more in line with the wages paid by contractors. The direct employment of custodians at Harvard has increased substantially since 1997 when Harvard's custodial wage scale became essentially equivalent to wages of the employees of contractors. Dining service workers, except for those working in retail operations for Harvard and for one major contractor, are now generally paid above \$10.68 per hour wage threshold, and their in-house employment has grown.

Lower real pay for custodians, security, and parking workers has also been associated with different types of people working at Harvard. Such service employees are now much more likely to be Hispanics, non-citizens, and to have no schooling beyond high school than in the early 1990s.

As Harvard's in-house service units faced strong competition from potential contractors, the wages of Harvard employees in these units have fallen to be more in line with the outside market rates of contractors and the University reports that service quality has improved. Ironically in the case of custodians, the group who represents the largest share of low-paid workers at Harvard, the competition came almost entirely from firms using workers represented by the very same union, SEIU Local 254. For uniformed guards, the competition came from non-union contractors.

G. Quality of Work Life for Lower-Paid Workers at Harvard

In addition to the quantitative data on wages and worker characteristics presented in this report, the committee has heard or received testimony from a range of workers at Harvard. Their accounts - presented both directly and via union or student representatives, both publicly (in a workers' forum) and privately - paint a complex picture, that must be considered in conjunction with "hard" quantitative data. The committee also received and studied in-depth anonymous worker profiles compiled by the Harvard Workers' Center. The concerns of lower-paid employees at Harvard about the quality of work life involve both direct Harvard employees and the on-campus employees of contractors, and they span issues from access to benefits to treatment by supervisors.

The reports the committee received from some low-wage workers at Harvard and the other limited available evidence we received on the quality of work life for lower-paid service workers at Harvard generally presented several common themes:

- Discrepancies were reported between the actual experience of workers and the stated policies under which they work. The reported problems ranged from absent or ineffective communication about benefits eligibility to apparent manipulation of hours worked so as to prevent benefits eligibility.
- Some inconsistent, counterproductive, and even abusive supervisory practices were reported, attributed in some cases to lack of appropriate supervisory training.

- The absence of a consistent climate of dignity and respect in the workplace. The committee heard accounts of lower-paid service workers at Harvard being unaware of their rights, being uncertain how to assert them, or being fearful that asserting them would result in retaliation from management.
- The unavailability of full-time benefits-eligible work. It is University policy that Harvard employees who work, in the aggregate, more than 17 Y2 hours per week, whether in one or more than one Harvard job, are benefits eligible. Harvard employees who are regularly scheduled to work 16 or more hours per week are eligible to participate in Harvard's health insurance plans. In addition, employees of contractors who work more than 16 hours per week at Harvard must be eligible for employer-provided health benefits. However, the committee received reports that some low-wage staff worked on campus in a Harvard job below the hours needed for benefits, yet worked additional hours on-campus for a contractor. The result was that the aggregate number of hours worked was sufficient for benefits, but the split between University and contracted work deprived the worker of eligibility. Workers also reported that they were not aware of how to effectively search for more hours of Harvard employment needed to qualify for benefits.
- Strong support was expressed for employee educational programs, including the Harvard Bridge to Learning and Literacy program (Bridge program). However, limitations were reported in the effective access of needy workers to these resources. Concerns were stated about the number and location of available places in the Bridge program and about the current limitations in its curriculum. A particularly prevalent complaint was the resistance of supervisors to permitting release time to take advantage of available education and training.
- Lower-paid service workers at Harvard reported difficulty in "making ends meet" in terms of their incomes and family needs and indicated problems in balancing work and family life. Some lower-paid workers eligible to participate in Harvard's health insurance plans indicated they chose not to participate because of the lack of "affordability" of the required employee contributions to these health plans for employees earning below \$45,000 per year.

- Deteriorating real wages over a period of general economic prosperity for other on campus contributed to a sense among Harvard's service workers that they are devalued as members of the Harvard community.

The qualitative data received by the committee show that many lower-paid workers at Harvard feel "invisible" on campus, as though they inhabit another Harvard from the one students, faculty, and administrative and professional employees know. The committee feels the existence of "two Harvards" is detrimental to "both" Harvards, and believes the voices of service-sector workers should be heard more frequently by all members of the Harvard community.

Although we can make no conclusive findings as to the overall extent of the reported workplace problems at Harvard, we do believe that these identified areas of concern by lower- paid workers bear special attention. A 1999 work environment and employee satisfaction survey of Harvard's central administration employees is suggestive of the incidence of work-place problems and indicates inadequate communications between management and staff with respect to Harvard policy and mission was a prime source of employee discontent. This survey also indicates that Harvard's central administration employees report somewhat lower satisfaction with the respect they receive from management and in the fairness of employment relationships at Harvard than the mean satisfaction levels for a national sample of other large organizations participating in the Great Place to Work® survey. Reported employee satisfaction is lower at Harvard in most categories for hourly employees than for administrative, professional, clerical, and technical workers.

The Harvard Office of Human Resources, in a number of instances, confirms that these reports of work-place problems reflect areas of vulnerability in Harvard's employment practices and is supportive of enhanced efforts to address them.

We should also note that, despite these reports of problems, many Harvard service employees report tremendous pride in working for Harvard and feel their work makes important contributions to the University's missions. Nevertheless, some of these same workers report they often feel demoralized by aspects of their treatment as employees on the Harvard campus.

H. Employee Benefits for Lower-Paid Workers at Harvard

The committee also examined the employee benefits available to and utilized by lower- paid workers at Harvard. The benefits packages for Harvard's in-house service employees are determined in collective bargaining. Appendix F presents information on the paid time off and other benefits available to Harvard unionized service employees in comparison with those for clerical and technical workers represented by HUCTW and for its administrative and professional staff. The committee also surveyed Harvard's service contractors about their benefits policies for on-campus workers and about the utilization of these benefits.

Compared to other large employers the University is generally viewed as having more than competitive benefits available to its own employees. Health insurance plan eligibility extends to lower-wage Harvard employees working 16 or more hours per week as opposed to the upwards of 20 hours per week minimum for eligibility of most employers offering health plans. But the committee does note that it heard complaints from workers about the lack of eligibility for any sick days of some part-time custodians and museum guards. Many workers expressed concerns about the affordability of health insurance plan participation for lower-wage employees at Harvard. The committee heard reports of lack of information on benefits eligibility for some workers for whom English is not a first language.

Tables 9 and 10 present information on the health insurance plan participation and eligibility of lower-paid service workers at Harvard. Table 9 covers Harvard's in-house employees as of March 2001. The majority (57 percent) of Harvard's in-house service workers (in custodial services, dining services, and security/parking) are enrolled in one of Harvard's health plans and 95 percent (all those working 16 or more hours per week) are eligible to participate. The health enrollment rate of the regular service employees is almost 80 percent, but only 10 percent of those eligible (and 8 percent overall) of limited regulars are enrolled.

Harvard's contribution to health plans for its service employees earning below \$45,000 per year is 85 percent of the cost of the minimum cost health plan offered. This means lower-wage workers at Harvard must contribute at least 15 percent of the cost of a health plan to participate. Although the committee heard testimony from workers about the

significant role of the costs of employee contribution to health insurance in choices not to enroll, it is unclear the overall extent to which the observed non-enrollment rates (especially for part-time Harvard workers) reflects lack of affordability as opposed to other sources of health insurance coverage (e.g., from another family member).

Table 10 provides information on employer-provided health insurance plan eligibility and enrollment for the on-campus employees of Harvard's service contractors. For custodians the reported health plan enrollment rates are rather similar for Harvard in-house employees and for those working for contractors, possibly reflecting the similarity in union contracts and characteristics of workers for in-house and outsourced employees in this sector. The health plan enrollment rates are significantly lower for the employees of contractors than for Harvard in-house employees in the food service and security/parking sectors.

The committee is also struck by the fact that several contractors reported that none or almost none of their on-campus workers were eligible for employer-provided health insurance even though they also report that most of their on-campus employees work over 16 hours per week. This finding is inconsistent with the recommendation of the Mills Report (adopted by the University) that service contractors must offer health insurance to all on-campus employees working 16 or more hours per week. Our understanding is that the recommendation is being implemented only for contract renewals and for new contracts. We are uncertain of the extent to which the tension between these reports and that recommendation arises from the cycle of contract renewals and to what extent it may indicate a lack of implementation of this recommendation in cases where it should already apply according to the University's policy.

A further employment benefit viewed as quite valuable by lower-wage workers at Harvard is access to education and training programs. Of particular importance, given recent shifts in the demographic characteristics and educational backgrounds of service employees at Harvard is the Harvard Bridge to Learning and Literacy Program (Bridge program). The program was established as a counterpart and complement to Harvard's more established Tuition Assistance Plan (TAP) that permits staff to enroll in Harvard University courses or degree programs for personal enrichment or career advancement. The Bridge program, however, offers courses at a more introductory level providing

English language courses in beginning-level reading, writing, listening and speaking, and computer skills. A course also helps prepare students for the GED test. Thus, one goal of the Bridge program is to design classes that prepare employees, by overcoming language barriers, to "bridge the gap" and perhaps ultimately take advantage of TAP benefits and continuing education at Harvard. Another, and more immediate, objective of the Bridge program is to teach basic reading, writing, listening, and speaking classes to help people work with more ease and more efficiency at their present job and to gain skills for job mobility.

In September 1999 a pilot program, with 38 hourly employees, was established. The Mills Report, encouraged by the success of this pilot, recommended that the program be expanded to reach up to 500 workers (250 Harvard employees and 250 on-campus employees of contractors) each year and that Harvard employees and the on-campus employees of service contractors be provided with paid release time to participate in the program. By September 2000 the Bridge program had expanded to include Harvard dining and custodial services with 153 students taking classes 4 hours per week on paid release time. By June 2001 the Program recognized 220 students for the educational progress they had made that year in the 2nd annual "Academic Achievement Celebration." The program was again expanded (for Fall 2001) to all Harvard employees and to the employees of some of Harvard's major on-site service contractors. Flyers in Chinese, Creole, English, Portuguese, and Spanish advertise the Bridge program and course offerings. The flyers are delivered with employees' weekly paychecks two weeks before orientation and registration.. In the Fall 2001 semester 364 students enrolled in 31 classes. Enrollment for Spring 2002 is expected to increase to approximately 415 students and 36 classes. Courses are offered during the fall and spring for 4 hours per week (two two-hour classes) for 1.6 weeks. A list of courses in the Bridge program is presented in Appendix G.

Committee members were invited to, and many did, attend one or more Bridge classes. Workers reported that paid release time to participate in the program is of substantial importance in facilitating their being able to make use of this opportunity. HCECP members were impressed with the intensity with which Bridge participants devoted themselves to the courses.

III. SUMMARY AND INTERPRETATION OF KEY FINDINGS

The Harvard Committee on Employment and Contracting Policies is distressed by the large declines over the past decade in the real wages of lower-paid service employees at Harvard, especially custodians, security workers, and dining service workers in retail operations. The committee is also disturbed by the reported feelings of powerlessness and lack of dignity and respect expressed by Harvard's lower-paid service workers in the face of what some perceive as continued potential threats of outsourcing to their compensation and job security. In crafting our recommendations, the committee felt it essential to diagnose the causes of these real wage declines, examine whether legitimate rationales justify such developments at Harvard, and make recommendations specifically designed to deal with the actual underlying causes of problematic wages and other working conditions at Harvard.

Why Did Real Pay for Low-Wage Service Workers Fall at Harvard?

During the 1980s and early 1990s, real pay for lower-wage, hourly workers generally fell across the country. But by the mid 1990s, the strengthening economy and increasingly tight labor markets began to generate significant real pay increases for even low-wage service workers both nationally and in the Boston area. Yet at Harvard, real pay fell precipitously for some groups of service workers during the mid to late 1990s. Some of this may have reflected a "catch up" to earlier pay falls for other workers, but we see the story at Harvard as more complicated. The pay of Harvard custodians relative to Boston area custodians overall remained relatively constant from the mid 1980s to the early 1990s, with Harvard's custodians paid comparably to those in other leading local universities and colleges, and above the average for Boston area custodians. Then from the mid to late 1990s, Harvard's real wages for custodians fell significantly, moving approximately to the Boston average, and below the level paid by other leading Boston-area colleges and universities.

In the view of the committee, outsourcing put pressure on Harvard's unions to bring wages down to the market rates paid by outside contractors in several service sectors. For the most part, the lowest paid workers at Harvard operate on a fee-for-service business model with competition between in-house service units and outside contractors for work at Harvard's various schools and other units. Each school or unit within the

University is essentially autonomous (the "every-tub-on-its-own-bottom" system) and is free to contract with University-managed, in-house service divisions for cleaning, food service, and/or uniformed guards, or to purchase the services from outsiders. Such outsourcing was uncommon prior to the 1980s, but grew significantly in the 1980s and 1990s amid the concerns of Harvard's schools with high prices and poor quality from Harvard's in-house service units.

Since outside contractors were generally paying less to rather "comparable" service workers than Harvard was, University in-house service divisions were at a competitive disadvantage. Increased use (or threatened use) of outside contractors was clearly associated with downward pressure on pay for Harvard's service employees. Since Harvard's wages for service workers had fallen to the level paid by outside contractors by the late 1990s, there has been little change in the extent of outsourcing in recent years and even some movement toward a larger share of work being done in-house for custodial services and retail dining operations.

But the story involves more than simply outsourcing and Harvard's willingness to use it. Though in some cases (especially for uniformed security guards) outsourcing involved replacing in-house union workers with lower-paid non-union workers, for custodians (the largest group of lower-paid workers at Harvard), the competition came from contractors whose workers were represented by the same union: SEIU Local 254. Prior to 1996, that union had negotiated a higher wage package for its Harvard workers than for unionized custodians with most contractors who were covered in the SEIU Local 254 master agreement for the Boston metropolitan area. In 1996, faced with competitive threats to Harvard's in-house custodial operations from other unionized contractors, SEIU Local 254 and Harvard agreed to lower the pay of Harvard's in-house custodians (excluding some existing Harvard employees grandfathered in at previous wage rates) to be in line with the wage rates in the master agreement. Though the wage cut at Harvard is perhaps easy to understand in the face of the incentives created by competition of an in-house provider with outside contractors paying lower wages, the committee is troubled by allegations that the previous leadership of SEIU Local 254 failed to adequately represent the interests and preferences of its members both within and outside of Harvard. In recent years, at a time when Boston area unemployment rates approached historic lows

and when real wages of low-wage workers were rising nationally and in Boston, the SEIU Local 254 Boston area master agreement for custodians failed even to keep pace with local inflation.

In the case of security guards, Harvard direct employees used to be represented by SEIU Local 254, the same union representing Harvard's custodians. But their dissatisfaction with their representation with this local led Harvard's security and parking workers to form their own union (HUSPGMU) in 1996 and to begin to bargain separately with Harvard. The union and university failed to reach an agreement until June of 1999. In the interim, wages were frozen and thus fell relative to the cost of living. During the 1990s Harvard increasingly turned to non-unionized contractors for uniformed security guards.

Finally, for Harvard's dining service employees in retail (or cash) operations some outside contracting and perceived competitive pressure from off-campus nonunion restaurants were associated with real wage falls for this group. In 1992 HEREIU Local 26 and Harvard agreed to lower pay rates for Harvard's dining service employees in retail operations than for those (not facing as significant competitive pressures) in board operations and at the faculty club.

Thus the decline in real wages for lower-paid service workers at Harvard University over the past decade to a large extent represents the effects of wage pressure created by outside contracting in combination with weakness on the part of at least one critical local union (SEIU Local 254). Strikingly for some other lower-paid unionized Harvard employees who were not subject to outsourcing and did not face as significant outside competitive pressures, the lowest paid workers in HUCTW and the board food service workers represented by HEREIU Local 26, real wages were much more stable over the same period. In fact, prior to 1992, the lowest pay grade for clerical and technical workers represented by HUCTW was below the lowest wage rate for dining service workers in retail operations. And prior to the mid 1990s, starting full-time Harvard in-house custodians earned hourly wages above the lowest paid HUCTW workers and similar to the lowest paid dining service workers in board operations. Without pressure from outsourcing the lowest pay rates for HUCTW workers and dining service workers in board operation are now \$10.83 and \$11.30 per hour respectively.

Local 254 has now been placed in trusteeship by the national SEIU, and the committee hopes and believes that more effective leadership is now in place. But for the University, the more immediate question is whether recent events raise questions about Harvard as an employer. And this raises the issue for the committee of what principles should govern Harvard's employment and contracting practices.

IV. PRINCIPLES TO GUIDE EMPLOYMENT AND CONTRACTING POLICIES

The members of the HCECP deliberated upon the principles that should guide Harvard's employment and contracting policies affecting lower-paid workers on campus. The committee discussed the proper role of a great nonprofit research university in a community and a market economy. The committee agrees that the University's core missions involve the creation and dissemination of knowledge through its teaching and research activities. Human resources are clearly the most important input into the University's activities related to the creation and dissemination of knowledge. Thus, the committee believes that being a good employer is integral to Harvard's educational and research missions. Harvard's pursuit of excellence in teaching and research requires compensation and other employment practices that attract, retain, and motivate employees to facilitate and undertake these activities.

The committee observes that on-campus interactions among members of the Harvard community contribute to Harvard's educational and research activities, especially given that Harvard is also a residential community for many of its students, faculty, researchers, and other staff. On-campus service workers are important members of this community and make essential contributions to the creation, maintenance, and protection of the physical and social environment upon which Harvard's mission depends. Besides performing paid services vital to the daily operations of the university, many on-campus service workers develop valuable relationships of friendship and support with students, faculty, administrators, and other staff. Harvard's obligations to be a good employer clearly extend to its employment practices related to lower- paid service workers. The committee members conclude that unions can and should provide an effective vehicle to provide Harvard's service workers with voice at the workplace and to help create an environment in which Harvard can operate as a good employer for service workers.

Harvard's contracting practices also impact on its obligations to be a good employer since competition from the actual or potential use of outsourcing ("contracting out") puts pressure on the wages and other conditions of employment for Harvard's own employees and affects Harvard's collective bargaining relations with the unions representing these workers. Furthermore, on-campus employees of service contractors are members of the Harvard community and play a key role in Harvard's mission.

Based on such considerations, the HCECP believes the following principles should guide the employment and contracting policies affecting lower-paid workers at Harvard, including both those directly employed by the University and those on-campus workers employed by service contractors:

(1) Harvard has an obligation to be a good employer to fulfill its teaching and research missions. A good employer provides the wages, benefits, and other conditions of employment necessary to attract, retain, and motivate employees. Attaining these personnel-related outcomes requires compensation levels that significantly contribute to ensuring that Harvard's workers and their families enjoy at least a minimally decent standard of living. Harvard should aspire to be an exemplary employer for all its workers.

(2) Harvard's on-campus service workers are integral contributors to the University's mission. Harvard's obligation to be a good employer extends to all its employees and all types of on-campus work. A good employer should work to ensure that its lowest-paid and most vulnerable workers share in economic prosperity and do not disproportionately and inappropriately bear the brunt of adjustments to economic and financial hardship.

(3) Although the University does not have equivalent direct obligations to the employees of contractors as it does to its own employees, the University's employment and contracting practices should reflect a humane concern for the well-being of all individuals who work at Harvard, regardless of whether they are directly-employed for Harvard or work on campus for a contractor.

(4) Harvard has an obligation to bargain in good faith with its unionized employees. Unions can and should provide an effective vehicle for providing Harvard's service employees with voice at the workplace. A well-functioning collective bargaining relationship is a creative, effective, and flexible process for determining appropriate

wages, benefits, and other conditions of employment for Harvard's service employees. As a good employer, Harvard should work with all unions representing its service workers to build positive sets of collective bargaining relationships. The University and its on-campus contractors should respect the right of employees at Harvard to choose whether to be represented by unions in a non-confrontational environment.

(5) Harvard should not use outsourcing to undermine its obligations to be a good employer and to bargain in good faith with its unionized employees. Outsourcing should not be used to lower wages and weaken the unions representing Harvard's employees. Similarly, the University should not inappropriately use casual employees in a manner inconsistent with its stated policies and to get around its collective bargaining obligations.

(6) All employees on the Harvard campus should be treated with dignity and respect by supervisors, fellow workers, and other members of the Harvard community. A good employer's policies and actual practices contribute to the positive community interactions of students, faculty, staff, and other on-campus workers that are a vital part of Harvard's educational and research missions. No employees at Harvard should be subject to intimidation, retaliation, or abuse by supervisors or others in authority positions relative to the workers.

(7) All workers at Harvard are entitled to the highest levels of freedom of expression consistent with the University's goal of being a beacon of intellectual inquiry and learning.

(8) Harvard's employment and contracting policies should provide similar treatment for workers doing essentially the same work under the same conditions on campus, regardless of whether such workers are Harvard direct employees or the on-campus employees of contractors. Of course, it is legitimate for Harvard to vary compensation for workers doing similar tasks in different work environments to provide the compensating wage differentials needed to recruit, retain, and motivate appropriate employees in the face of different labor market conditions across heterogeneous work environments.

(9) All workers at Harvard should have access to educational and training opportunities to allow them to improve their economic position and to pursue personal growth.

(10) Harvard's employment and contracting policies should be as transparent as possible, and Harvard's administration (at all levels) should be accountable for the implementation of its employment and contracting policies. Such policies should be followed consistently throughout the University.

It is the unanimous conclusion of the committee that Harvard's current wage and contracting practices for lower-paid service workers fall short of meeting the University's obligation of being a good employer. Harvard legitimately should and does use outsourcing to ensure competition over quality, to seek outside expertise, and to create incentives for innovation and cost savings. But Harvard has gone too far in its willingness to hire outsourced workers who were paid far less than the unionized workers at Harvard doing the same work. The incentives in Harvard's current system for choosing service providers appear to lead to the use of outsourcing to put downward pressure on wages and sometimes to weaken the collective bargaining process. These actions are inconsistent with what the committee believes should be one of the principles guiding Harvard's employment and contracting policies: Harvard should not use outsourcing to undermine its obligations to collectively bargain in good faith with its unionized employees. The HCECP believes Harvard's employment and contracting policies need to be structurally changed to eliminate these problems in the future. And the HCECP concludes that significant short-run wage increases are needed for Harvard's lowest-paid service workers to offset the impacts on wages of such past use of outsourcing and to move compensation levels for these workers to levels consistent with Harvard's obligation to be a good employer.

V. RECOMMENDATIONS CONCERNING WAGE, BENEFIT, AND CONTRACTING POLICIES

A. Summary: Raise Wages Immediately, Adopt the Principle of Parity Wages and Benefits based on Collective Bargaining with Harvard Employees, Strengthen and Enforce a Contractor Code of Conduct

Because of the understandable pressures on wages generated by Harvard's current contracting practices for on-campus service work and because of the past failures in the collective bargaining process, the committee calls on Harvard and its service unions

(SEIU Local 254, HUSPGMU, and HEREIU Local 26) as soon as possible to reopen the wage provisions in their existing collective bargaining agreements and negotiate appropriate and sizeable increases in pay for Harvard's lowest-paid service employees: custodians, security and parking workers, and dining service workers paid at retail rates. Though we are reluctant to set the terms for each negotiation, We recommend and expect the parties to agree on wages that do not fall below the range of \$10.83 to \$11.30 per hour-the wages now paid to Harvard's most comparable lowest- paid workers in settings where significant outsourcing pressures under the current contracting system have not been a concern.

This committee rejects calls to ban outsourcing, but we believe the University must ensure that when outsourcing is used, it should be pursued to increase quality and spark innovation, not to depress the wages of Harvard's own service employees. Thus we call for a Harvard Parity Wage and Benefits Policy requiring service contractors to pay wages and benefits for their on-campus workers that are at least equivalent those paid to unionized Harvard direct employees in the same service sector. In cases in which no Harvard in-house employees work in the same service sector, the parity wage and benefits would be based on those of the Harvard in- house unionized workers who are most similar to those being employed by the contractor. In addition the committee calls for the adoption of a strengthened code of conduct for service contractors with ongoing employees working on the Harvard campus.

The committee as a whole also has not called for adopting a permanent and specific uniform minimum wage for Harvard based on a living wage concept, though we are sympathetic to the intended goals of such a policy. Many members felt that such a plan addressed the symptoms and not the causes of the problem of declining real pay for service workers at Harvard. Outsourcing has been used to undercut pay set forth in collective bargaining at Harvard. Setting a uniform minimum wage, without other changes in outsourcing policy, would raise pay up to the level of the specified minimum, but if unions tried to push base pay above that level, contractors could still undercut them by paying the minimum Harvard wage. Thus the wage floor could also become a kind of wage ceiling. With a parity wage and benefits policy, unions can negotiate higher pay and

benefits and not have to fear that outside contractors will be able to undercut them simply by paying their employees substantially lower compensation.

The committee also struggled with the problems of finding a principled way to set a living wage and analyzed the unintended consequences that such a rigid policy could create. We are convinced that a parity wage and benefits policy will do more to increase pay for workers, to strengthen unions, and to move the University farther toward becoming a good employer. The committee believes that had a parity wage and benefits policy been in place throughout the

1990s, the hourly wages of lower-paid service workers at Harvard today would have been at least as high as the \$10.83 - \$11.30 range cited here (well above the \$10.68 minimum called for by living wage supporters) and that many of the problems studied here would have been avoided.

A minority of the committee argued for both a permanent living wage floor to set a "backstop" for wages and a parity wage and benefits policy. They point to past failures in the bargaining process as evidence that such a backstop is needed. But given that the committee is recommending and expecting short-run wage increases to levels above the \$10.68 level adopted as the living wage by the City of Cambridge and by some living wage advocates, and given that the parity wage should eliminate the primary cause of downward pressure on union pay (the threat of outsourcing to contractors paying significantly lower wages), the majority of committee members felt that the parties to collective bargaining were in a better position to determine the future course of pay at Harvard and avoid the potential problems and unintended consequences that a fixed and permanent uniform minimum wage might create.

B. Specific Recommendations: A Harvard Parity Wage and Benefits Policy

- (1) Adopt a Harvard Parity Wage and Benefits Policy.** *The base wage and basic benefits package negotiated between Harvard and the union representing Harvard employees in each service sector would become the parity wages and benefits package covering the on-campus employees of contractors in that sector.*

Thus, in each service sector all contractors must pay their on-campus employees at least the base wage and provide them with a benefits package at least equivalent to those for Harvard's in-house unionized employees in that sector. In other words, the base pay

and basic benefits package Harvard's collective bargaining agreement in each sector with its own service employees become the minimum level of pay and benefits for all on-campus employees working in that sector.

(a) The basic benefits package to be extended to the on-campus employees of contractors in each sector includes access to the equivalent of Harvard's training and education programs (including eligibility for paid release time to participate in Harvard's Bridge program) and, for employees working 16 hours per week or more, access to subsidized health insurance either comparable to Harvard's health plans or at least equivalent to industry-wide union benefits programs. In addition, the basic benefits package includes a pension plan and package of sick days, holidays, personal days comparable to those for similarly situated Harvard unionized employees in the sector, or, if a package matching these specific benefits is not feasible, an alternative package of other employee benefits or higher wages of at least equivalent value should be provided.

(b) For simplicity, especially in the case of unionized contractors, the committee believes it would make sense for Harvard to have outside service contractors sign onto Harvard's site specific collective bargaining agreement in that sector and thereby offer a schedule of wage rates and a benefits package equivalent to those for Harvard's unionized in-house employees in that sector. The extension of a site-specific collective bargaining agreement to contractors is common for capital projects (construction work) at Harvard.

(c) If the on-campus employees of a contractor work in a service sector for which the same type of work is not performed by in-house Harvard employees, the base wages and benefits of unionized Harvard employees in similar occupations should be used to determine the Harvard parity wage and benefits for contractors in that sector. For example, if at a future date Harvard no longer employed any in-house uniformed guards, the parity wage for contract guards should be the collectively bargained base wage of Harvard's in-house museum guards.

(d) Harvard parity wages and benefits should apply to contractors effectively on the same dates that they apply to Harvard's in-house unionized employees as specified in the collective bargaining agreements in each sector.

(e) The Harvard parity wage and benefits policy should cover all the on-campus employees of all service contractors having contracts with the University totaling \$50,000

or more per annum (in 2001 dollars to be indexed by the U.S. Consumer Price Index) and extending for periods of six months or more. Upon adoption of a Harvard parity wage and benefits policy by the University, Harvard parity wages and benefits should immediately be applied to all new service contracts and all new contract renewals for service contracts of \$50,000 or more (in 2001 dollars) and extending for six months or more.

(f) To ensure that a threatened bargaining impasse is not used to lower the real value of the parity wage, in the case of an on-going labor dispute between Harvard and one of its unions representing service employees and the expiration of Harvard's collective bargaining agreement in that service sector, the Harvard parity wage and benefits package from the expired agreement continues to apply to all work (both performed by Harvard in-house employees and by contractors) in that sector. Should the parties fail to reach agreement for more than 12 months, the parity wage will be adjusted upward annually by the rate of increase of the U.S. consumer price index. In the case of a bargaining impasse and contract expiration, the committee encourages the parties to seek mediation services and to consider submitting their proposals to binding arbitration.

A minority of committee members does not agree with recommendation (t). In the ordinary course of collective bargaining, both sides have an obligation to bargain in good faith. All would hope that future impasses in collective bargaining at Harvard will be rare and, in addition, that collective bargaining ordinarily will not result in decreases in real wages. Moreover, the Report elsewhere adopts the principle, with which all Committee members agree, that if the University faces financial hardship, that hardship should not be visited disproportionately upon the lowest-paid workers at the University. But in the view of these committee members, to provide that, if impasse were to be reached in some future collective bargaining negotiation, real wages of low-wage service workers cannot decline (i) would significantly change the bargaining dynamics in a way that is not consistent with the general endorsement of collective bargaining in the Report, and (ii) would not be a sound long-term policy to which the University should unqualifiedly commit--without regard to general economic conditions, possible changes in the structure of a particular service sector, the financial circumstances facing the University, or the substance and reasonableness of the overall bargaining positions taken by both sides.

(g) Harvard parity wages in each service sector should also apply to all Harvard casual employees working in that sector (with the exception of work-study students). But, because of the nature of casual work at Harvard, the committee does not expect full Harvard parity benefits packages to be extended to casual workers. Harvard legitimately uses casual employment to handle short-term special projects, short-term absences of regular employees, and seasonal and cyclical fluctuations in required work. The appropriate use of casual employees in each service sector is a legitimate topic for consideration in collective bargaining by Harvard and each of its unions representing service workers. Nevertheless, effective mechanisms should be in place to monitor the use of casual employees in Harvard's service sectors and make sure casual employment is not misused to get around obligations to pay Harvard parity benefit packages to regular employees or to the on-campus employees of contractors.

(2) Immediately Reopen the Wage Provisions of Existing Union Contracts Covering Harvard's Lowest-Paid Service Employees and Negotiate Sizable Increases in Pay.

Harvard should invite each of its service sector unions representing lower-paid Harvard employees (SEIU Local 254 for custodians, HEREIU Local 26 for dining service workers in retail operations, and HUSPGMU for security, museum security, and parking workers) to re-open the wage provisions of their current collective bargaining agreements with Harvard for the purpose of significantly increasing the lowest wages in each agreement, and, possibly, also to appropriately adjust upward the other wages in each agreement. Such wage increases are needed to respond to past failures of the collective bargaining process in the face of the incentive for outsourcing found in Harvard's existing business model, contracting policies for service workers, and less than stellar union representation.

(a) Collective bargaining is the appropriate process to determine appropriate wage adjustments to respond to the problems highlighted in this report. Collective bargaining allows the participating parties to take into account trade-offs of wages against other forms of compensation and to consider the possible consequences for employment of wage adjustments. It is not for the committee to tell the parties how they should negotiate in collective bargaining. Nevertheless, the committee does have some observations and suggestions to make about issues that should be considered in the re-opening of the wage

provisions of current collective bargaining agreements between Harvard and the unions representing its service workers. It is impossible to know what would be the current wages of Harvard service employees if the employment and contracting principles recommended here had been in place over the past decade and/or if SEIU Local 254 had operated in a more effective manner. But the committee observes that there are some similar lower-paid union workers at Harvard who did not face such severe pressure from outsourcing and who were apparently well-represented by their unions. The lowest-paid clerical and technical workers represented by HUCTW are currently paid \$10.83 per hour. The lowest wage rate for dining service workers in board operations represented by HEREIU Local 26 is currently \$11.30 per hour. Note that prior to the mid-1990s these same groups of workers earned wages similar to or even less than those of other service workers (custodians, dining service workers in retail operations, and security workers) who have seen their real wages decline sharply over the past decade. The wage levels embodied in Harvard's lowest pay grades for HUCTW and for HEREIU board workers presumably reflect Harvard's values, historically cover similar workers to other Harvard employees being paid at lower wage rates in the service sector, and represent the outcome of well-functioning collective bargaining relationships. **The committee urges and expects the parties to collective bargaining to quickly reach new agreements increasing the lowest-wages in each service sector at least into the range of \$10.83 to \$11.30 per hour.**

Furthermore, in the case of security workers, especially after the events of September 11th, even higher pay is likely to be necessary to provide Harvard with appropriate and reliable security services for the current environment. The committee expects Harvard, like many other U.S. institutions, will seriously reconsider the appropriateness of its current compensation, other employment, and contracting practices with respect to security workers.

A minority of committee members, while sharing the hope and expectation that renegotiations, if undertaken, would lead to significant increases in the wages of the low-wage employees in the three service sectors noted above, does not believe that suggesting a particular range as the appropriate minimum outcome of these negotiations is consistent with (i) the Report's preference for leaving compensation to be resolved by collective bargaining and its statement "it is not for the committee to tell the parties how they

should negotiate in collective bargaining," (ii) the Report's statement that "it is impossible to know what would be the current wages of Harvard service employees if the employment and contracting principles recommended here had been in place," and (iii) the Report's rejection of a policy setting a permanent and specific uniform internal minimum wage for the University.

(b) Harvard made a commitment this past May to begin negotiations with SEIU Local 254 for an agreement to succeed its current collective bargaining agreement (covering Harvard in-house custodians) within four weeks of the issuance of this committee report. Any enhancement of initial wage rates under a successor agreement with SEIU Local 254 should be applied retroactively to the midpoint of the current contract as specified in Harvard's Elements of Future Process of May 8, 2001 (see Appendix A). The committee was also asked in Elements of Future Process (but not in the Charge to the Committee) to consider whether a similar retroactivity provision for on-campus contracted custodial workers is consistent with the principles recommended in this Report. Similar retroactive payments for contract custodians working on-campus since the midpoint of the current Harvard contract with SEIU Local 254 would be consistent with this Report's parity wage principle. But the committee is not in a position to fully evaluate the feasibility of such an extension of retroactive payments to contract custodians and hopes the parties to collective bargaining will consider this issue.

The HCECP expects that, following the completion of these negotiations with SEIU Local 254, Harvard will quickly move into negotiations with HEREIU Local 26 and HUSPGMU on side letters to its current agreements with these unions for the purpose of increasing the lowest wages (and making appropriate changes in related wages) in the existing agreements covering Harvard's dining service and security/parking workers. The committee hopes these sets of wage negotiations can be completed by May 2002.

(c) Once new wage levels have been reached in re-opened collective bargaining agreements with Harvard's unions representing service workers, the University's central administration, through its Office of Human Resources and/or Procurement office should, to the extent feasible, rapidly work with Harvard's schools and other units to re-open

existing service contracts in each sector to apply the Harvard parity wage and benefits package in that sector.

(d) The HCECP expects the rapid implementation of the Harvard Parity Wage and Benefits system following the completion of (re-opened) collective bargaining in each service sector. All new service contracts and all contract renewals (for contracts of over \$50,000 in 2001 dollars and of a duration of six months or longer) should include this provision effective immediately. And following the completion of collective bargaining over wages in each sector, we hope, to the extent feasible, that Harvard can work with its contractors to alter its existing service contracts to include these provisions over the course of 2002.

(3) Strengthen the Guidelines and Code of Conduct for On-Campus Service Contractors beyond Mills Report Guidelines and Ensure They Are Implemented and Enforced. Details on these issues are discussed in Section VII of the Report.

(4) Re-Assess the Affordability of Health Insurance for Lower-Paid Employees. Concern has been expressed about whether the amount of the employee contributions required for participation in Harvard's health insurance plans makes that benefit unaffordable to the lowest-paid workers at Harvard. The committee believes that this concern is one of great importance, given the critical need that all workers have to be able to obtain medical care. We do not know all of the reasons underlying decisions by workers not to elect health coverage; cost is very likely a key explanation in many cases, but other explanations (e.g., coverage under a spouse's policy) may exist. Moreover, health benefits are an important part of an overall compensation package, and in many bargaining settings there may be a trade-off between higher wages and improved benefits. In general, we believe the question of the appropriate structure for the provision of health insurance benefits to particular groups of unionized workers as part of their total compensation package is best addressed as part of an overall collective bargaining process. But we believe that the reasons for the low enrollment rates in Harvard's health plans for some groups of lower-paid service employees (especially eligible part-time employees) need further study by the University and that the affordability to lower-paid workers of the employee contributions to Harvard's health insurance plans should be

reconsidered in the light of the findings of such an investigation and in consultation with Harvard's unions representing lower- paid employees (HUCTW, SEIU Local 254, HUSPGMU, HEREIU Local 26).

(5) **Harvard and its service unions should work to ensure that existing part-time workers be given the option of converting to full-time work when additional work becomes available.** Part-time work may be an important and valuable option for some workers, but if part-time workers employed on campus are seeking additional hours, the University should accommodate such requests to the extent possible.

(6) **Harvard should work with its service unions to strengthen the successorship rules whereby existing employees are given the opportunity to work for the new contractor during a move from in-house provision to outsourcing.** Harvard and its service unions should consider similar rules to cover on-campus workers when Harvard changes service contracts from one firm to another firm. Special issues that also need further discussion by the parties include how to preserve seniority rights, make pensions portable, and ensure continuity in other benefits such as paid holidays and sick days.

B. Cost Considerations Related to the Policy Recommendations

The implementation of short-run wage increases in the range suggested in this section and of the Harvard parity wage and benefits policy for contractors, would serve to increase Harvard's compensation costs for in-house service workers and the costs of its service contractors. The HCECP has attempted to make some rough (back-of-the-envelope) estimates of Harvard's likely cost increases for custodial, dining, parking and security services from increases in the lowest wages in each of these sectors into the \$10.83 to \$11.30 per hour range and from the associated increases in employee benefits. We use the information we have available (summarized in Section II) on the number of employees, mean wages, wage distributions, typical hours of work, and fringe benefit cost rates for Harvard in-house employees and the on-campus employees of contractors in each of these sectors as of September 2001. We present first-cut estimates that do not attempt to take into account possible behavioral responses (such as the hiring of more skilled workers, lower turnover, and reduced employment levels) that could offset some of the cost effects of increased wages and benefits. Thus, these represent rough upper-bound estimates of the likely cost effects for Harvard of adopting the wage and

contracting policy recommendations sketched in this section. An important further caveat to these cost estimates is that we lack the complete information on the joint distribution of wages and hours of work needed to provide precise estimates of even the naive first-order effects on wage costs of these policy recommendations.

Table 11 provides a "low" and a "high" estimate of the increases in annual wage and benefits costs for both Harvard in-house workers and the on-campus employees of contractors in each service sector from adopting the HCECP's wage and contracting policy recommendations. In the case of custodians, we assume average wage increases from 10 to 15 percent will be needed to move all on-campus custodians to \$10.83 to \$11.30 per hour (from the wages that will prevail in SEIU Local 254's collective bargaining agreements for on-campus employees as of January 1, 2002) and to maintain existing wage premiums over other custodians earned by Assistant Crew Chiefs and Crew Chiefs. We also assume fringe benefit rates of 25 to 30 percent of wage costs for custodians. These assumptions imply increases in wage and benefits costs for custodial services at Harvard (including in-house and outsourced custodians) from \$1.49 to \$2.33 million per year (in 2001 dollars).

In the case of Harvard in-house dining service workers, we estimate the costs of increasing the wages of Harvard's 57 employees paid at retail rates up to at least the minimum board rate of \$11.30 per hour while maintaining existing wage differentials among these workers. Including a 32 percent fringe benefit rate, we estimate such a policy would increase Harvard's in-house dining service compensation costs by \$0.274 to \$0.343 million per year. The costs of moving all the on-campus employees of dining service contractors up to \$11.30 per hour is in a rough range of \$0.122 to \$0.172 million per year.

We find modest costs associated with increasing the pay of the small number of parking workers currently earning less than \$11 per hour. And our estimates for on-campus security workers include raising the wages of in-house museum guards and of security guards employed by contractors. Overall, the combined costs for security and parking would range from \$0.542 to \$0.898 million per year. Our data on wage and hours distributions for the employees of security contractors is quite crude, so the resulting cost estimates here should be treated with caution. Furthermore, we suspect and expect that a

serious reconsideration of security policies at Harvard will make these estimated security cost increases moot since security costs are likely to increase by an even greater amount even in the absence of the adoption of the HCECP's wage and contracting policy recommendations.

Our estimates of the overall cost increases for Harvard from raising pay immediately and adopting a Harvard parity wage and benefits system range from \$2.43 to \$3.73 million annually. If one reasonably assumes that wage increases for security workers would be necessary regardless of what the committee proposes, then the overall costs of the committee's proposals are estimated to be in the range from \$1.94 to \$2.92 million per year. These cost increases will need to be accommodated through some combination of increases in student fees, increases in prices in retail food operations on campus, increases in other charges, and reductions of expenditures on other University priorities. Further study of the possible disproportionate cost impacts of such policies on Harvard's different schools and the advisability of possible offsetting measures may need to be considered.

VI. ISSUES RELATED TO THE POSSIBLE ADOPTION OF AN INDEXED, UNIFORM MINIMUM WAGE AT HARVARD

The committee was charged with "expressing its own view regarding the principled basis, desirability and feasibility of an internal uniform wage floor for Harvard workers." The appeal of such a proposal is straightforward, and points to a goal shared by all of the committee members. Harvard should care about the well-being of all members of its on-campus community. If wages at Harvard are insufficient to meet the basic needs of workers and their families, then the community may be harmed and Harvard's educational mission could be damaged.

A. Setting a Minimum or Living Wage Level

An obvious first step is to consider is at what level a "principled" living wage should be set. Two elements are necessary to set a living wage based on assuring an adequate standard of living for workers and their families: need standards for families of different types and a set of expectations about what sort of family a Harvard wage should be able to support.

The United States already defines an official federal poverty line, and it serves as an obvious benchmark. There is some appeal to setting a wage standard that ensures that people who work at Harvard are not poor, at least as defined by the federal government's official poverty guidelines. In fact, in recent years, the goal of ensuring that "people who work are not poor" has been an avowed goal of many political leaders, both Democrat and Republican. Recent changes in the federal minimum wage and the Earned Income Tax Credit (EITC) were justified on the basis that they would bring net pay of workers up to the poverty line.

The committee examined the net annual income of workers paid at different wage rates that might be compared to some poverty standard. Since payroll taxes and state and federal income taxes lower the net income available to workers, while the EITC is explicitly designed to supplement the earnings of workers, both factors were considered. A more controversial question is whether other aid, notably food stamps, that is also available to lower income families should also be included.

Table 12 illustrates pay net of taxes and credits for a full-year, full-time workers in a two- parent family with two children in the year 2000, assuming that the worker is the only earner. It is, of course, uncommon now for two-parent families to have just one worker, but the table illustrates the situation such a family would face. Note that if this were a lone parent family with two children, the numbers would look quite similar, though food stamp benefits would be slightly lower and income taxes slightly higher.

As a result of the EITC, a full-time worker at \$6 per hour (which is actually below the current Massachusetts state minimum wage of \$6.75 per hour) will earn \$12,000 in pay, but actually take home over \$15,000. If food stamps are added, the family will have over \$18,000. At a wage of \$10 per hour, earnings net of taxes and credits rise to \$20,835, and if food stamps are counted the total is over \$21,000.

The official poverty standard in the U.S. varies by family size but not by state or locality. Thus to determine a national poverty wage, one needs to select a family size. The U.S. poverty line for a family of four was \$17,463 in 2000 and for a family of three, \$13,874. At \$6 per hour a family of four with one worker is above the poverty line if food stamps are counted. Indeed, in 1993, the EITC was explicitly set in such a way that a full-year, full-time minimum wage worker could keep a family of four out of poverty when

food stamps are counted¹⁵. Ignoring food stamps, \$8 per hour is required to keep a family of four out of poverty.

The poverty line has been criticized as being too low to realistically support a family¹⁶. The committee heard testimony from Jared Bernstein of the Economic Policy Institute who indicated that a basic family budget for working families in Boston using their methodology would be \$51,469 for a family of four in the year 2000. This budget included \$12,000 for childcare expenses, money for transportation, and other elements. Since the median income of all families with children in the United States was less than \$51,000 in that year and since even the most generous European welfare states tend to set poverty lines in the range of 50 percent of national median household income, this figure seems well beyond that feasible for a minimum family budget standard.

There are some easily correctable problems with the U.S. poverty line. It does not vary by geographic area, even though the cost of living clearly does. Housing costs in Boston are higher than in many areas of the country. By several estimates the cost of living in Boston is between 20% and 30% higher than the average for the nation¹⁷. Moreover, the Harvard community might want a living wage that does not require families to receive food stamps to avoid poverty. With this in mind, one can calculate potential "living wage" or "anti-poverty" wage rates. However, the poverty line varies by family type; thus determining such a living wage required to move families over a poverty standard depends on what work and family expectations one has for workers and parents.

Table 13 illustrates what the hourly wage would be to keep different family types in the Boston area out of poverty under different assumptions about work expectations, ignoring food stamps, and adjusting for a 20% or 30% cost of living differential between Boston and the nation. These figures do not include medical insurance since the

¹⁵ See David T. Ellwood, "Welfare Reform as I Knew It," *The American Prospect*, 26 (May-June 1996).

¹⁶ See for example, Jared Bernstein, Chauna Brocht, and Maggie Spade-Aguilar, *How Much Is Enough? Basic Budgets/for Working Families*, Washington, D.C.: Economic Policy Institute, 2000.

¹⁷ There are currently no official ongoing U.S. government intercity comparisons of the costs of living, though there are comparisons of annual changes in the cost of living by city. Until 1981 (and covering years through 1980), the Bureau of Labor Statistics did generate family budgets for low- and middle-income families that could be used to compare price levels across cities. If one adjusts the 1980 figures by the official change in the relative cost of living in Boston since that time, one can estimate that Boston costs for low-income family budgets were 16% higher and for middle-income families, costs were 26% higher in 2000. Similarly, the American Chamber of Commerce Researchers Association (ACCRA) compiles a quarterly index for costs of living in participating metropolitan areas, for "moderately affluent professional and managerial households." This yields a roughly 30% higher cost of living for Boston over the past few years. See <http://www.accra.or.edu/roflubs/colimanual.df>.

committee looked at it separately. Harvard's workers differ in their marital status, in the number and ages of the children and adults they support, in whether or not they have a working spouse, in places they live, and along many other dimensions that affect their standard of living. The committee does not have information on the marital or family size characteristics of its workers, nor on the fraction with a working spouse. One probably would need to select a one worker family of three, or a 1.5 worker family of four, or a one worker family of four as the standard. Unless one chooses the example of a two parent family with two children and a non-working spouse, the figures appropriate for escaping poverty are below \$9 per hour. If the standard is the one worker family of four, figures as high as \$10.25 to \$11.30 per hour can be justified. This last standard would justify the highest wage rate, but it is an increasingly rare group. And for those who have fewer or more dependents per worker than the standard, the wage will push them above or leave them below the standard.

The variation in need by family size motivates the family size variation in the EITC. Families with two children get more federal and state tax credits than families with one, who in turn get more than families with no children. But Harvard does not really have the option of, nor would the committee favor, a wage policy that varies pay by family size even for workers doing the same work under the same conditions. This type of policy would be inconsistent with the principle that Harvard should treat similar workers doing the same work under the same conditions in a similar manner.

Once a need standard is adopted, it should presumably be adjusted over time for changing standards of living. If Boston area costs of living rose unusually quickly or slowly, so too should the standard. Similarly it would seem only logical that if government supports to working families such as the EITC were to rise or fall, so too might a living wage based on a family-need standard. This latter question is not simply hypothetical. When fully phased in, the tax cut signed by President Bush in 2001 (and not accounted for here) will increase refundable tax credits to married couples with two children by over \$2,000¹⁸. This is equivalent to roughly \$1 per hour wage increase for a full-time worker. It would seem that a principled stand on a specific need standard would justify a lower wage at that time, a proposition that troubles some committee members.

¹⁸ 18 See Robert Greenstein, "The Changes the New Tax Law Makes in Refundable Tax Credits for Low-Income Working

Arguing that it is hard to determine a fair and appropriate living wage does not, by itself, justify failing to set one. But this discussion does illustrate the difficulty facing the committee in meeting its charge to find a principled basis for a uniform minimum wage, especially one that is set above the current U.S. poverty standard.

Some members of the committee acknowledged that the factors explained above - variation in family size, food stamp eligibility, and so forth - significantly complicate the calculation of a living wage standard, but did not think that these complications presented insurmountable obstacles to choosing an appropriate living wage floor. The HCECP reviewed methods to set a living wage level provided by Robert Pollin of the University of Massachusetts- Amherst, Jared Bernstein of the Economic Policy Institute, and the Women's Educational and Industrial Union, and a minority of members believe that these standards could provide a basis to for setting a permanent uniform wage floor.

B. Job Loss and Skill Shifting

Critics of living wage ordinances and government minimum wage policies often point to two potential dangers from such policies: job loss and skill shifting (also known as skill substitution or displacement effects). Any time the wages an employer must pay are increased by market forces or an external mandate, there is a danger that employers will choose to hire fewer workers. In Harvard were mandated to pay higher wages than at present, several adjustments might occur. Harvard could choose to directly employ (or contract for) fewer custodians, it could reduce the average hours worked of its custodians, and take steps to try to increase the productivity of its custodial work force. Or higher pay for retail food workers might necessitate a rise in prices in Harvard's on-campus retail food operations that could drive customers elsewhere, such as to other restaurants in Harvard Square, leading to a loss of Harvard jobs.

Skill-shifting effects are somewhat subtler. As wages rise, a different group of workers will be attracted to and apply for the jobs. For example, workers earning \$10 per hour at a non- Harvard job are unlikely to apply for a job paying \$9 per hour. If wages were to reach \$11 per hour they would likely be far more interested. Employers will tend to want to hire the workers that they perceive as most desirable. Education is clearly valued in the marketplace, and when an employer sets a higher wage, they could attract

Families," Washington, D.C: Center on Budget and Policy Priorities, Washington, D.C., June 2001.

more educated workers. Living wage critics argue that such skill shifting would tend to mitigate the benefits of a living wage policy by simply shifting employment to a group of workers who were already being paid nearly the equivalent wage elsewhere. Meanwhile newly applying, more disadvantaged workers might no longer have opportunities to work at Harvard under such a scenario.

The committee examined the existing literature on the topics of the employment and skill shifting effects of living wage ordinances¹⁹. We found the evidence in the research literature attempting to estimate the employment effects of municipal living wage laws to be rather unconvincing. The empirical challenge is to determine what would have happened in the absence of the living wage. One will presumably observe that wages of workers actually hired rise, but it is much more difficult to know whether the number of workers hired or their skill mix changed, since other factors also influence these outcomes. In most cases, municipal living wage ordinances currently only affect perhaps 1 % or even fewer of the low-wage workers in a metropolitan area (typically covering a limited set of the employees of municipal contractors), so using the only available data in which one can only look for the effects of municipal living wage laws on the low-wage workers in an entire metropolitan area is akin to searching for the proverbial needle in a haystack²⁰. Nonetheless, looking at Harvard's experience to date, and at Boston area data, the committee was able to come to some broad conclusions.

As to overall job loss, although we have concerns that individual schools may start to view on-campus retail operations as too costly, when wages rise, committee members hope that schools will evaluate the educational benefits of increased interactions associated with on-campus food services and find ways to maintain those services rather than close them down or significantly reduce staff. As for custodians and security service workers, most committee members are doubtful that pay increases in the range suggested in our policy recommendations will lead to substantial overall job losses in these sectors at Harvard. Custodial services are essential to the maintenance and

¹⁹ 19 See, for example, David Neumark and Scott Adams, "Do Living Wage Ordinances Reduce Urban Poverty," Michigan State University, mimeo, June 2001; Robert Pollin and Mark Brenner, "Economic Analysis of Santa Monica Living Wage Proposal," Political Economy Research Institute, University of Massachusetts, Amherst, 2000

²⁰ See, David Neumark and Scott Adams, "Detecting Effects of Living Wage Laws," Michigan State University, mimeo, August 2001.

appearance of the University, and we have seen no evidence²¹ that as total pay for custodians fell dramatically over the past decades, that the total number of positions and hours of work (Harvard plus contractor) has increased significantly. Of course, when Harvard's custodians were paid more than those of contractors, Harvard's own in-house janitorial work force declined, but those workers were replaced by custodians employed by outside contractors. And in the case of security guards, the events of September 11th motivate a serious reconsideration of compensation, employment, and contracting policies for guards and increase demand for on-campus security services.

The one domain where job loss could potentially be a significant unintended consequence of wage increases involves dining workers in retail operations. As noted above, University administrators have argued these outlets are in competition with other local eating establishments, especially those in Harvard Square. If wages were raised considerably, an associated rise in food prices might reduce demand sufficiently to require layoffs or even the closing of these establishments (in the absence of sufficient subsidies for these operations from Harvard's schools or central administration). This argument is the avowed basis for the lower pay (relative to board operations and the faculty club) now set for Harvard's in-house retail food workers in the existing HEREIU Local 26 contract. Some committee members were skeptical of just how sensitive to wages is overall labor demand for these establishments. But if higher pay for the lowest-paid workers really did threaten the economic viability of these establishments, most members believed that other schools would follow the lead of the Business School in partially subsidizing these food service units because of the benefits of community, educational discussion, and faculty-student interactions that on-site food services so effectively enhance.

Skill shifting is potentially a more serious concern. There is strong evidence of skill shifting in the committee's historical data for Harvard. In Section II we reported that as the real hourly wages of museum guards declined from 1994 to 2001, the fraction of these workers with some education beyond high school fell from 61% to 15%. Among Harvard's in-house custodians, the fraction who had not completed high school grew from 31 % to 50% from 1994 to 2001 in the face of a substantial decline in their real

hourly contract wage rates. The wage declines alone probably did not drive these large demographic changes. There was an increase in less-educated Hispanic workers in the Boston area and some of them moved into janitorial positions. But the demographic and educational composition shifts for Harvard's lower-paid service employees are greater than the overall changes in the Boston area for the same occupations.

Finally, the call for higher pay for airport security screening personnel in the wake of the September 11th tragedies is, at least partially, a call for skill upgrading as well as representing the belief that higher pay will motivate greater training investments and lead to more employee loyalty, lower turnover, and higher morale. Airport security is deemed too important to be performed by workers earning under \$10 per hour (and even close to the federal minimum wage in some locations).

The real danger from skill shifting is that in the long run, rather than benefiting the often disadvantaged workers and recent immigrants who now seek to gain economic opportunities through employment at Harvard, the policy will instead simply lead to the hiring of somewhat more educated or otherwise advantaged workers. Current workers will benefit so long as they remain at Harvard, but when these workers leave, they may be replaced by new workers for whom the new higher wage is little different from what they would have earned elsewhere. Thus the real wage increases from the point of view of those working at Harvard could be gradually eroded by skill shifting, and the workers one is most concerned with trying to help by such a policy could to some extent be crowded out of Harvard employment opportunities.

The problem of skill shifting is likely to be far more serious when a single employer, such as Harvard, sets an above market wage than if a national minimum is imposed. With a binding national (or even state) minimum wage, wages of all lower-paid workers in the affected range are driven up, and the wages of those just above them appeared to be pushed up somewhat as well²². Thus with a national or state minimum wage, employers cannot skill shift as easily, since other employers will be competing for the same workers.

²² See, for example, David Card and Alan B. Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*, Princeton University Press, 1995; David S. Lee, "Wage Inequality in the United States During the 1980s: Rising Dispersion or Falling Minimum Wage?," *Quarterly Journal of Economics* 114 (August 1999), 977-1023.

The committee did not take a firm stand on how serious skill shifting is in the Harvard context, but it was a source of serious concern in the minds of some members. In the short run, it does seem clear that most existing workers would benefit, but the case for significant long run skill shifting seems possible based on the Harvard record of the past. Presumably job loss and skill shifting will be more serious in times of recession and in periods when real wages of comparable workers are falling. During recessions more workers will be seeking jobs at Harvard. When wages of comparable workers fall, more skill shifting is likely to occur as the Harvard wage will look unusually attractive. A majority of members were fearful that a rigid minimum wage would not allow for special circumstances that might justify sector-specific changes in wages. The committee believes a well-functioning collective bargaining relationship is a better mechanism to take into account such considerations than an inflexible uniform minimum wage policy. A commitment to equal employment opportunity policies can also play a role in minimizing possible unintended displacement consequences of the proposed wage increases.

C. Comparison of a Living Wage Policy and a Parity Wage Policy

The committee members were troubled by the substantial real wage declines experienced over the past decade by some groups of lower-paid service workers at Harvard. A living wage policy (with a sufficiently high living wage level) could have arrested some of that decline. But many felt that a pure living wage policy (without other structural changes in outsourcing policies) tackled the symptoms and not the causes of the problem. Harvard workers employed by in-house service units were in direct competition with the contractors who paid lower wages. Had a living wage (or other uniform minimum wage policy) been in place, the lowest wage rates for service workers at Harvard would not have fallen below that minimum living-wage level, but they probably would not have risen above it either. So long as contractors could pay the minimum wage, the wages of Harvard workers could not remain much above that minimum, since Harvard's in-house unionized employees would continue to face strong competition from contractors paying the minimum. Thus, ironically, in such a setting, a living wage might set both a minimum and a maximum wage, so long as outside contracting remains a threat.

The Harvard Living Wage Campaign has recently called for both setting a living wage and banning outsourcing in Harvard's service sectors. But there was very limited support for such a proposal in the committee. The majority of committee members felt that competition over quality, expertise, other aspects of efficiency, and innovation was a legitimate and on net a positive contribution from allowing Harvard's schools the option of choosing outside contractors. What the committee unanimously rejected was the use of competition and outsourcing to drive down pay negotiated in good faith through collective bargaining. A parity wage preserves the benefits of competition without creating such downward pressure on pay.

The potential problems of job loss and skill shifting arise with any form of negotiated or mandated pay rise, whether imposed by an outside agency or by bargaining with a union. But a union is in the best position to weigh the consequences for its own members of pay increases. In times of recession or economic hardship for the University, it may choose to accept less of a pay raise. In better economic times, it will likely push for much more.

It should be emphasized that a parity wage concept only makes sense in cases where a well-functioning collective bargaining process is available. With the resurgence of SEIU Local 254 and an initial significant increase in pay to compensate for past failures in bargaining and the incentives in Harvard's past contracting system, such a parity wage process will be strongly in place at Harvard, especially with the enforcement and information gathering mechanisms recommended in Section VIII of this report.

A minority of the members of the committee called for the combination of both an external living wage "backstop" and parity wage. They pointed to past failures in collective bargaining at Harvard as a reason to create such a dual plan. (Their reasoning is presented in concurring statements following the main text of the Report.) Since the committee has called for sizable pay increases immediately and parity wages for the future, the question is whether to trust the collective bargaining process to set the future direction of pay, or to impose a permanent external backstop. The majority of committee members favored trusting collective bargaining, strongly aided by the parity wage and benefits policy combined with significant immediate wage increases, to represent best the needs of workers in an uncertain future.

VII. RECOMMENDATIONS CONCERNING THE QUALITY OF WORK LIFE

Over the course of its work, the committee heard testimony that Harvard's lowest paid workers are often treated as though they are invisible to the remainder of the community. The University's low-wage workers must not be marginalized, and rather should be treated as an integral and valued part of the community and as a vital component of Harvard's teaching and research mission. The committee heard powerful testimony from workers - directly and through union and student representatives - about the experienced quality of work life at Harvard. Certain of these accounts were troubling. The committee lacks data sufficient to make a well-informed judgment about the overall incidence or prevalence of such problematic employment practices on campus, and recognizes that additional and more comprehensive information would be of great value. Nonetheless, it was the committee's view that improvements in the qualitative, non-wage aspects of Harvard employment were needed to ensure that the University becomes and remains a good employer, and are essential if the University is to become an exemplary employer of choice. In that regard, the committee believes we must be especially mindful of the special needs and concerns of the lowest paid, least well educated, and most vulnerable community members. Further, the committee is of the view that any adoption and enforcement of workplace standards of conduct or other initiatives bearing on the quality of work life should apply without distinction to all who work on the Harvard campus, be they directly hired or contracted employees.

The committee is mindful that a number of initiatives that could have beneficial impact on the quality of Harvard work life involve terms and conditions of employment that are the proper subject of collective bargaining for Harvard's unionized service workers, and that care must be taken not to supplant or invade the legally mandated and effective collective bargaining process. The committee expresses the hope that in contract negotiations for workers in Harvard's service sectors that the parties will think deeply and creatively about a range of non- wage proposals that could mutually enhance the employment relationship and the experience of workers on the Harvard campus.

The committee makes the following specific recommendations with respect to the non-wage aspects of the quality of work-life at Harvard:

(1) **The President should issue a strong statement about workplace norms and expectations, together with an obligation of accountability for its implementation by responsible deans, vice presidents, and other senior managers.**

(2) **A code of workplace conduct should be developed and adopted that includes mandates for treatment with dignity and respect running to all workers on the Harvard campus.** Such a code should be incorporated into all contracts with outside contractors and vendors. The code should assure the highest possible freedom of expression to all workers on the Harvard campus whether they are Harvard employees or employees of contractors. The code should also express the value Harvard places on continuing educational opportunities for all workers on campus. The code of workplace conduct should be translated into foreign languages to make it accessible to all workers at Harvard. Once the code is completed it should be distributed to all on-campus service workers. And a copy of the code should be provided to new on-campus service workers at the time they begin employment at the Harvard campus.

(3) **Serious consideration should be given to mechanisms to ensure comprehensive, mandatory supervisory training.** The committee recommends that the President promptly convene a group comprised of human resource and adult learning experts, vice presidents or their designees, unionized workers and their representatives, and administrative personnel from the schools to develop a plan for supervisory training. The plan should be complete and in hand no later than the end of the current academic year, and should be implemented as soon as is practicable thereafter. Implementation of such a program with full participation of supervisory personnel should be a funding priority for the schools and administrative departments. Supervisors of contracted workers on the Harvard campus should participate in a values-based Harvard orientation program as a condition of supervising on-campus employees.

(4) **The capacities of the Office of Human Resources (OHR) should be carefully evaluated and, if necessary augmented, to ensure that they are directed and staffed to ensure easy and appropriate access by lower-paid service workers.** In the committee's view, this should include designated staff members who could be

identified to low-wage workers as a resource and act as a "clearinghouse" for benefits and other information particularly relevant to this population. These staff members should have ready access to a variety of interpretation services to facilitate communication, should be well versed in Harvard's available education and other services directed to low-wage workers, and should have established relationships with union and contractor leadership relevant to this population in order to facilitate problem solving processes. These individuals could also have responsibility for collecting and disseminating information about Harvard employment possibilities that would enhance the opportunities of either direct hire or contracted service employees at Harvard to increase their University hours and promote their career development at Harvard. OHR should also ensure that it has personnel with appropriate language skills to reach out to Harvard's ethnically diverse low-wage worker population.

(5) **OHR should enhance the mechanisms now in place for communication of Harvard's policies relating to low-wage workers. Including any new code of workplace conduct. to both responsible Harvard managers and the leadership of our contractors.** OHR should also ensure that monitoring mechanisms are in place to assess whether these communications are effective.

(6) **Access to educational and training opportunities on paid release time for lower-paid workers at Harvard should be improved and enlarged.** Tools should be developed by which the effectiveness of the Bridge program could be objectively assessed. If, as we believe likely based on reports by the program's leadership and participants, the program is valuable, it should continue to be expanded to ensure that all eligible and interested employees (both direct Harvard employees and the on-campus employees of service contractors) can be accommodated and provided with paid release time to participate. The Bridge program curriculum should be broadened and additional places should be available to allow more workers to continue beyond a single initial year of education. Funding and paid release time should be made available to allow the participation in approved substitute programs for employees eligible for the Bridge program who are unable to participate in Bridge because of logistical difficulties or classroom capacity constraints. The Academy of Workforce Education, developed by Harvard, HUCTW and other members of the Harvard community, may provide an

appropriate forum for enhanced education and training opportunities for Harvard's service workers.

(7) **To gather reliable data on the Quality of work life at Harvard, periodic work environment surveys, similar to that administered in the 1999-2000 academic year to employees of the central administration and two schools, should be undertaken university-wide.** Special consideration should be given to mechanisms other than written surveys that may better reach the low-wage worker population. And, to the extent possible, attempts should be made to include a representative sample of the on-campus employees of service contractors.

(8) **Improving Collective Bargaining Relations in Harvard's Service Sectors.** Harvard and the unions representing lower-wage workers in its service sectors should work jointly to strengthen their collective bargaining relationships. The parties to each collective bargaining agreement may want to consider, as now included in the HUCTW-Harvard agreement, problem-solving regular sessions at a university-wide level and in separate faculties and specialized units to consider issues of concern to either party, to review performance and compliance with the collective agreements and policies. Formal grievance procedures play an important role in these agreements, but they may not be an adequate substitute for initial cooperation over problems at the work level. The HCECP encourages the local unions representing service employees at Harvard to develop specialized personnel familiar with Harvard workplace issues and problem-solving processes.

(9) **Protecting the Rights of Workers to Union Representation and to Organize.** The members of the HCECP believe that a well-functioning collective bargaining relationship can be an effective vehicle for providing Harvard's service workers with a voice within the greater Harvard community. We believe that Harvard should respect unions as equal partners in the collective bargaining process. As such, Harvard should adopt policies and practices that are in conformance with all labor laws relating to the rights of workers to choose whether or not to be represented by a union. Such rights should extend to the employees of service contractors working on campus and an affirmative obligation to respect these legal rights should be part of any code of conduct for contractors. Harvard also should promote a workplace climate and policies

that do not discourage service workers on the Harvard campus who choose to be represented through collective bargaining from organizing themselves.

We believe that the free, vigorous and robust exchange of ideas is among the highest values of an institution of higher learning such as Harvard. This value of open exchange should be extended not only to students and faculty, but, in the union organizing context, to all workers within the Harvard community. All members of the Harvard community should have an opportunity to freely debate and hear all sides of issues concerning the desirability of union representation.

On-campus workers should not be subject to intimidation, coercion, retaliation, or other unlawful practices, for seeking to assert their rights under the National Labor Relations Act (NLRA) and should have reasonable access to all points of views. Such access means that unions seeking to organize on-campus service workers should have the right to speak to workers as well as the right to distribute written materials in accordance with the NLRA and with the value of freedom of expression at a great university. This access should be limited to times and locations that do not interfere with the normal course of work (e.g. employees at lunch, on breaks, and entering or exiting the workplace). On-campus employees of a service contractor seeking to organize a union should not feel threatened that unionization will lead to termination or non-renewal of the service contract.

A specific concern of the committee is the relationship between the University and its least privileged workers. The committee has found that the demographic profile of workers in its service sectors has changed in recent years. In particular, there has been a marked growth in the numbers of immigrants who are non-U.S. citizens and who are not native-English speakers. We believe that Harvard should be particularly concerned about possible violations of the NLRA that specifically target these workers.

The above recommendations related to the right of workers to union representation reflect concerns expressed by committee members about how fear and acrimony in a union organizing drive can undermine the environment of free and open exchange that is central to Harvard. Additionally, committee members expressed a concern that service contractors might engage in labor practices that would unfairly extend the duration of organizing drives for on-campus workers to the detriment of

workers that might wish to be represented by a union. Card-check and neutrality agreements (which call on employers to remain neutral during an organizing drive and to recognize a union when a majority of workers have signed cards supporting the union) were offered by some committee members as specific mechanisms that could address the environment of fear and acrimony, provide a mechanism to ensure that workers could express their preference for a union in a timely fashion, and provide a context for more successful bargaining and cooperation between workers and management²³. Another group of committee members expressed strong concerns about a card-check process on the grounds that it could also be coercive to workers, and that the principle of the right to make such decisions through a secret ballot election is important to the University and its community. Moreover, they expressed concern that it would be unreasonable for Harvard to bind itself to a strict neutrality agreement covering all on-campus workers since such an action would be inconsistent with the value of the free, vigorous and robust exchange of ideas that is central to Harvard. The committee could not reach a consensus on specific proposals of whether to include card check or other neutrality policies with regard to on-campus workers as part of a code of conduct for service contractors employing workers at Harvard.

VIII. RECOMMENDATIONS CONCERNING ACCOUNTABILITY AND IMPLEMENTATION

The HCECP believes that Harvard should strive for transparency and accountability in its employment and contracting policies. Furthermore, for the recommendations contained in Sections VI and VII of this report to lead to meaningful improvements in Harvard's employment and contracting practices and in the lives of its workers, these recommendations must be effectively implemented. The committee and many members of the Harvard community have concerns about the apparent lack of prompt and effective implementation of the recommendations concerning contracting practices made by the Mills Committee in May 2000 and adopted by the University. Thus, the committee believes that the University should take specific steps to ensure prompt and effective implementation of any recommendations from this report that are

²³ A proposal from HEREIU Local 26 for a University policy of card-check and neutrality agreements for food service

adopted by the University, and, it should provide regular information on the state of lower-paid workers at Harvard on an ongoing basis.

Members of the Harvard community - workers and their unions, students, faculty, alumni, and area residents - have played an important role in bringing to light various factors affecting compensation levels and working conditions of lower-paid service workers on campus. The committee believes its work has been enhanced by its broad membership including faculty, students, unionized workers, and senior administrators.

The committee makes the following specific suggestions relating to the transparency of Harvard's employment practices and the implementation of the recommendations contained in Sections V and VII of this Report:

(1) **Annual Data Release on Lower-Paid Workers at Harvard**. The University should produce and make publicly available (on Harvard's web site) an annual data report on lower-paid workers at Harvard. The annual report should include information on the wages (mean, median, and broad features of the distribution), total compensation, health insurance plan participation, demographic composition, employment counts, and share of full- and part-time workers for lower-paid Harvard employees by employment category (custodial services, dining services, security/parking, and lowest pay grades for clerical and technical workers). Similar information for the on-campus employees of contractors in each service sector should be collected and reported in the annual data release. Comparisons should be made of the wage levels and changes in wages over the previous year for lower-paid workers at Harvard and those at other Boston area universities and colleges as well as with market survey and/or Bureau of Labor Statistics data on the evolution of wages for similar workers in the Boston metropolitan area.

(a) The annual data report should be supplemented periodically with information on the quality of work-life for lower-paid Harvard employees based on periodic work environment surveys administered university-wide.

(b) The Office of Human Resources should maintain a centralized archive of grievance data and report summary statistics on grievance activity in the annual data release.

contractors with on-campus employees is included as Appendix H. 60

(2) Designate an Internal Harvard Unit to Monitor Implementation of Harvard Ongoing Monitoring and Take Advantage of Experts. The Committee recommends that the University charge a specific administrative unit, such as Risk Management and Audit Services (RMAS), the University's in-house auditing unit, with monitoring the University's initial implementation of the recommendations of this Committee and/or related measures the University chooses to adopt with respect to low-paid workers on campus. Thereafter, this unit should monitor the University's performance in this area on an ongoing basis. To facilitate this process, the Committee recommends that the University quickly develop and make publicly available an implementation plan, specifying milestones and a timeline, against which progress can be measured.

(a) *Short-Run Implementation Report.* By the end of May 2002, the University should prepare and make publicly available a report on the implementation of a Harvard Parity Wages and Benefits Policy. Such a report should assess the University's progress with respect to an implementation plan, and it should include information on the outcomes of collective bargaining with Harvard's service unions and the rate of progress in the extension of Harvard parity wages and benefits to contractors in each sector. At the time of the report's release, members of the HCECP would appreciate an invitation to reconvene to meet with University auditors and be briefed on the progress of implementation to allow the HCECP to report back to the President and the community.

(b) *Ongoing Monitoring.* In subsequent years, the University should monitor on an ongoing basis continuing implementation of any adopted recommendations as well as the wage levels, benefits, work-force composition, and quality of work life indicators for service workers on campus, both those who are Harvard employees and those employed by outside contractors.

(c) *Expertise.* For purposes of evaluating initial implementation and establishing an ongoing monitoring system, the University should engage such outside expertise as necessary in the areas of wage and benefits issues, human resources and quality of work life, and labor relations (mediation or arbitration), as well as input from on-campus workers and their representatives.

(3) **Periodic Assessment of State of Lower-Wage Workers at Harvard by a University-Wide Committee with Broad Representation.** The HCECP believes that it would be valuable to periodically convene a university-wide committee with broad community representation (faculty, students, unionized workers, and professional and administrative staff) to re-examine the actual situation of lower-paid workers at Harvard, gather new data, and assess the implications of its findings for the University's employment and contracting practices. Even with an ongoing auditing system and annual quantitative data reports on lower-wage workers at Harvard, the HCECP thinks that possible unintended consequences of Harvard's employment and contracting practices as well as new issues can be illuminated by having a broadly representative group do further study and outreach.

A minority of committee members, while agreeing that implementation mechanisms are of vital importance, believes that the effort in this section of the Report to prescribe so elaborate and specific a set of implementation mechanisms is unduly intrusive and inflexible.

**Concurring Statement by Martha Minow (professor, Harvard Law School),
joined by David Wilkins (Professor, Harvard Law School)**

The data gathered by the committee document the decline of the real wage for Harvard's lower-paid workers. They also show increased use of outside contractors whose employees -- frequently former Harvard employees -- became among the lowest paid workers on the Harvard campus. The option of outside contracting allowed units at Harvard to bypass wages and benefits negotiated with unions through collective bargaining. That option further pressured unions to accept downward movement on real wages for employees who remained directly employed by Harvard. Given these facts, three strategies become central to ensure that Harvard remedy the current situation and, even more importantly, does not again permit the real wages of its lower-paid workers to decline:

- 1) the option of outside contracting for service work must not offer an avenue for bypassing and undercutting wages and benefits negotiated between Harvard and its unions,
- 2) the collective bargaining process between Harvard and its unions, acting as representatives of workers should be recognized as the mechanism for protecting and advancing the interests of those workers, and
- 3) a significant increase in the current wages and benefits for the lower-paid workers on Harvard's campus should be made as soon as possible.

Because the committee report embraces these strategies, I endorse it, and I am confident that the results will be better for the lower paid workers than if the committee had instead restricted its options to the adoption or rejection of a minimum wage. For then the committee either would have failed to reach an affirmative recommendation for a minimum wage—or it would have endorsed one so low as to make no real difference in the lives of the lowest paid workers, now or over time.

Instead, the committee unanimously recommends vital strategies to remedy the current situation and guard against its recurrence. To guide Harvard's employment and contracting policies in the future, the committee articulates as fundamental principles an

obligation to bargain in good faith with unionized employees and an obligation not to use outsourcing to undermine its good-faith bargaining or to weaken the wages or unions representing Harvard employees. Crucially, the committee's principles to guide employment and contracting policies make clear that on-campus service workers are integral contributors to the university's teaching and research missions, that they deserve treatment with dignity and respect by all other members of the university community, and that they should share in economic prosperity and not bear any disproportionate share of adjustments needed in the face of economic down-turns. If the President embraces and implements these principles, lower-paid workers will receive the recognition and appreciation they deserve for enabling all else that happens on campus--from learning in and out of classrooms and knowledge-building in and beyond research settings, to community safety and community feeling. It is now time for Harvard to embrace not only these principles but their spirit, and to commit to refraining from using its own power to intimidate workers or undercut their wages.

I myself would prefer a back-stop minimum wage to accompany the committee's recommendations for parity between union-negotiated wages and benefits and those governing contractors. I also would prefer a more precise statement of the enforcement mechanisms- including an ongoing university oversight committee with representation of students, faculty, workers, and administrators. There are paragraphs here and phrases there in the committee report that I would have written differently. But I heartily endorse the committee report. It represents a monumental and historic expression of the obligations of this great university and its opportunity to teach by example.

**Concurring Statement by Marcelo M. Suarez-Orozco, Victor S. Thomas Professor
of Education and Co-Director, Harvard Immigration Project, Graduate School of
Education**

During the course of the committee's research, fact-finding, and lengthy deliberations we were again and again reminded of how central Harvard's lowest paid workers are to the University's basic research and teaching mandate. Students spoke with empathy and affect of their relationships with workers from throughout the University. In many cases, it was obvious to me that these connections and relationships were critical to the students' experiences and development at the University - isomorphic to their experiences working in a research project with a faculty member or in a small discussion section with an advanced graduate student. The decline of real wages among the most vulnerable members of the Harvard community -largely limited English speaking immigrants of color presented a series of important issues and challenges to the Committee. Beyond the decline in wages, the committee also heard in the voices of workers -- reported to us with courage and hope -- troubling instances of affronts to their dignity and *amour propre* during their daily work at the University. This unhappy combination -- declining wages in an era when the University achieved unprecedented wealth and instances of lack of respect -- presents a picture that is incongruous with the ideals and standards of one of the world's greatest universities. It is wrong and must stop. As someone in the course of *our* deliberations put it, Harvard must aim to become the "Harvard of employers."

I think the committee's recommendations provide a powerful framework for a new day at Harvard. It recommends, *inter alia*, a critically needed increase in the wages of *our* lowest paid workers and an end to the use of outsourcing as a strategy to cut their wages and benefits. The committee also strongly recommends that the University's leadership proactively work towards the articulation of an ethos calling for new and higher standards of respect for the inherent worth of the work of all of the members of the Harvard community. I fully endorse the committee's recommendations.

I also agree with aspects of Professor Minow's concurring statement. I, too, wish the committee had adopted a back-stop wage to further strengthen the vital recommendation for parity between the wages and benefits of Harvard union workers and those working at Harvard for outsourced contractors. Likewise, I feel that an oversight committee with broad representation of faculty members, workers, administrators, and students would be a critical instrument of future enforcement processes. Nevertheless, I endorse the committee's report.

Concurring Statement of Faisal Chaudhry (HLS), Ed Childs (HEREIU Local 26), Benjamin McKean '02, Jean Phane (SEIU Local 254), and Christopher Wheat (FAS and HBS)

In our view, the Final Report on Lower-Paid Workers at Harvard University represents very important progress towards a humane, just, and dignified Harvard workplace, but does not go far enough. While no one should doubt that the immediate adoption and transparent implementation of the HCECP's Final Report would result in significant improvements in the lives of workers at Harvard, we believe that President Summers should do more and adopt a living wage floor that adjusts to the rising cost of living in the Boston area, as well as card-check neutrality protection of the right to organize unions and more transparent and inclusive implementation and enforcement mechanisms.

We do not want to underestimate the progress made here. The HCECP set an important precedent simply by convening faculty and administrators with workers and students, and we strongly believe that the University should continue to include workers and students in University committees. Moreover, though the process was not as open as we desired, it did set a new standard for University committees: by attending a Workers Forum, soliciting input from the broader community through letters, releasing data during the process, and including its meeting schedule as an appendix, the HCECP has set a standard any future University committee *must* meet - and should exceed.

Moreover, the data collected and released by the HCECP legitimates the voices raised in protest over the past years. Wages have fallen even more sharply than the pessimists among us expected: now, no one can doubt that "The inflation-adjusted pay for Harvard custodians, security workers, and parking attendants fell by 10-15%" (p. 24) from already low wages, at a time when the University experienced unprecedented prosperity. We regard it as a breakthrough that Harvard has overcome years of denial to finally recognize that it "used outsourcing to put downward pressure on wages and sometimes to weaken the collective bargaining process" (p.

36), and we can only hope it now swears off this habit. The HCECP's somewhat tentative words ought to inaugurate a sea change here, shifting the burden of proof from those who fight to keep workers in house to those who seek to erect further barriers between community members by outsourcing; ultimately, we hope this tide will ban outsourcing outright. We believe that every managerial mind on campus should take note of the HCECP's important affirmation of the fact that "on-campus employees of service contractors are members of the Harvard community and play a key role in Harvard's mission" (p. 34).

We also believe that the HCECP has made a significant positive contribution to the Harvard community by bringing attention to the quality of work life on campus. To recognize the difference between stated policy and workers' experience, to recognize supervisor abuse, to recognize the general absence of respect, to recognize the manipulation of hours and the refusal to pay legally owed overtime, to recognize problems with release time for education - in short, to recognize the everyday experiences of service-sector workers ought to be commonplace, but at Harvard, this recognition is extraordinary. These experiences, and the fact that recognition of them is exceptional, are especially disheartening because, as the report notes, service-sector workers find tremendous pride associated with working at Harvard; these workers want the absolute best for Harvard and its community, and in return they have been ignored and often abused. Recognition of the experiences of these workers is long overdue, and we regret that the full report does not convey the texture of these workers' lives as they reported it to us: the multiple part-time jobs; the endless commutes from barely affordable housing more than an hour from work; the debilitating effect of an 80 hour work week on the family; the fear and intimidation that suffuses the workplace; the instability of forcing to make ends meet while being unable to afford basic things like medical treatment; the forced daily reminders of invisibility.

In addition to expressing our views about the process and the findings of fact, we would be remiss in our duties to the least well-off among us to not fully endorse the valuable and meaningful measures that our committee today recommends, measures that

seek to improve the circumstances of these low paid service workers without whose commitment and hard work Harvard could not function. The HCECP addressed the concerns of many workers in recommending that Harvard and unions "ensure that existing part-time workers be given the option of converting to full-time work when additional work becomes available" (p. 44), though we would have strongly preferred a firmer mandate and a clear oversight mechanism. And the HCECP has rendered a real and important service to the entire Harvard community by including in its recommendations a range of wages which workers should be brought up to; while we would have preferred for this range to be higher, the specification of a minimum is nonetheless important for the expectation that is set and the clear standards the reopened contracts will be judged by - by workers, by students, by faculty members, and by the community at large. Given the studies that the HCECP reviewed on the cost of living as well as the historical data about wages at Harvard, we believe that a return to the real wages of the early 1990s would have been a reasonable and appropriate recommendation. In real terms, an entry-level, full-time FMO custodian earned roughly \$12 an hour in 1992, while a senior custodian earned roughly \$14 an hour; today, both newly-hired and senior full-time custodians earn \$9.65 an hour. The median real wage for uniformed security guards in 1994 was \$14.31 an hour, while the mean wage for outsourced uniformed security guards today is \$10.82 an hour. In addition, we support the elimination of the two-tier wage system in dining services. In thinking about wages, we found it useful to consider the "Basic Family Budgets" prepared by the Economic Policy Institute for the Boston area, which indicate that two adults working full-time to support one child must each receive \$11.67 an hour, while two adults working full-time to support two children must each \$13.47 an hour to make ends meet. And the National Low-Income Housing Commission estimates that a wage of over \$15 per hour is needed to afford a two-bedroom apartment in the Boston area.

We also recognize and endorse parity as an essential component of these recommendations, though we prefer a ban on outsourcing entirely; we believe that the stated justifications for outsourcing, such as flexibility and improving quality, are rarely the actual reasons, and that when those are the reasons, outsourcing is rarely the

appropriate response. With outsourcing - even when the economic incentive to outsource has been removed or diminished, as with parity - Harvard loses the essential ability to oversee the campus workforce, to ensure compliance with its own regulations, and to guarantee dignified and respectful treatment. But, for all that, we strongly believe that parity represents an enormous improvement from the status quo, and urge its immediate implementation. We strongly endorse the HCECP's recommendation that the University commit itself to a clear successorship policy: workers, whether directly employed or subcontracted, should be assured that they will retain their jobs if Harvard outsources their job or switches contractors; such changes are never the fault of the low-wage workers themselves, but of management, and the workers should not be punished for management's failures. Further, we believe that the HCECP closes an absolutely crucial loophole by recommending that "the parity wage will be adjusted upward annually by the rate of increase of the U.S. consumer price index" (p. 40) in the event of union workers going one year without a collectively bargained contract. This is an absolutely necessary disincentive to union-busting, and to adopt these wage corrections and parity policy recommendations without adopting this would significantly undermine the short-term credibility and long-term tenability of these gains, as well as give the lie to claims about respect for the collective bargaining process.

Ultimately, it is the HCECP's considerable successes that make its failures so important, and so disappointing. Perhaps the starkest example of this is that the HCECP set a new standard for Harvard by accepting the input of the community - and received more than 1,000 responses, suggesting a real thirst to participate - making it all the more disappointing that the HCECP did not heed the very voices it solicited. The report notes, "The vast majority of responses supported a uniform minimum wage or living wage for the University and encouraged a ban or further limits on the outsourcing of on-campus service work" (p. 5); this separate statement would not exist if those responses had been heeded.

We believe that the final report and recommendations of the HCECP falls short of the mark because it fails to fully acknowledge the impetus behind living wage campaigns: some wages and working conditions are simply unacceptable. We do not

prohibit child labor on campus because we believe that "Harvard has an obligation to be a good employer to fulfill its teaching and research missions" (p. 34); it is simply something that we believe would be wrong for Harvard to do - not because of some higher or prior obligation the University has to teaching or to research or to the preservation of its endowment, but wrong of itself. Similarly, we concur that "Harvard's pursuit of excellence in teaching and research requires compensation and other employment practices that attract, retain, and motivate employees to facilitate and undertake these activities" (p. 33), but we also believe that Harvard has an obligation to pay "compensation levels that significantly contribute to ensuring that Harvard's workers and their families enjoy at least a minimally decent standard of living" (p. 34) of itself. The report does not go that far, but it does recognize that wages must be at "levels consistent with Harvard's obligation to be a good employer" (p. 36), and this affirmation that good employers do not pay bad wages is an important step.

It is not only for the sake of moral leadership that Harvard should go beyond this report's recommendations and adopt a wage floor as well as parity. We believe that the combination of parity and a floor is the best guarantee of real wage protection for workers in the long term. These recommendations wisely attempt to eliminate the economic incentive to use outsourcing to depress the real wages of workers, but we have not been convinced that there are no other practices that might be used to that same end. We are concerned, for instance, that new job categories might be created which would lower the real wages of workers, as happened in the food service sector. We worry about wage erosion because it is entirely predictable: given the history the Committee's findings of fact amply document, we believe prudence and honesty require us to remain concerned that the University may, in the future, choose to exact real wage concessions from workers at the bargaining table. Consequently, we remain convinced that the only way to ensure that wages will keep pace with the cost of living is to adopt a living wage policy stating that the University will ensure that they do. Without such an explicit guarantee, it is possible that our community will find itself again mired in poverty wages five or ten years from now. We appreciate the arguments offered that explain why a wage floor without parity would be an inappropriate mechanism to protect low-wage workers at Harvard, but we feel that no serious objections remained against our proposal that parity

be accompanied by a living wage floor as a future backstop. We believe that, with both a living wage floor *and* parity, the concern that the floor might become a "ceiling" lost what force it had when considering a wage floor in a vacuum. Similarly, the concern with selecting an ideal number speaks only to the difficulty, and not to the possibility, of creating a living wage floor, and in this sense we find this criticism to be misplaced. Given the range of thoughtfully-derived numbers, such as those offered by the Economic Policy Institute and the National Low-Income Housing Commission, there was no absence of effective starting points for such a discussion.

The HCECP valorizes the collective bargaining process, and rightly so; but some things we do not bargain over. We do not bargain collectively over human rights such as child labor, and here we recall that the Universal Declaration of Human Rights says, "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family." If a Harvard employee cannot secure this right despite working 60 hours or more each week, something is desperately wrong. In this respect, we find it ironic that the report frequently cites respect for the collective bargaining process, but fails to enshrine the central victory of the American labor movement: a guarantee, through decent wages and working conditions, of something like a 40 hour week, or at least of a weekend. But that is a dream for most of Harvard's low-wage workers. To us, a living wage is an acknowledgment of low-wage workers' rights, capacities, and inherent dignity as full and equal human beings; it is a promise that the University will not try to bargain wages that immiserate workers and, through the daily pressing necessities of poverty, extinguish their dignity and humanity. It is possible - although we do not regard it as probable - that the total implementation of the HCECP report will result in the same substantive compensation-related outcomes as would the adoption of a parity wage with a living wage backstop; the absolutely essential recommendation that wages keep pace with the cost of living in the event of labor dispute goes some way to indicating that. However, we strongly believe that the value of a moral commitment by the University to workers is literally incalculable. Such an exemplary pledge would befit Harvard's role as a global leader, and we urge President Summers to act. Harvard does not try to be anything less than the best in so many areas; why are we content to be inferior with regard to our treatment of the people who work here?

But if we are disappointed by the absence of a living wage from the HCECP's recommendations, we are baffled by the anemic measures recommended to protect the right of workers on campus to organize a union. In spite of voluminous evidence that workers trying to form unions do not receive adequate protection from the law, there is no card-check/neutrality provision in the recommendations; such a provision requires that the employers remain neutral when its employees organize a union, and that the employer recognize the union and begin bargaining collectively when a majority of workers has signed cards saying that they want to unionize (see Appendix H). Well-respected sources - including Human Rights Watch and the "fj" federal commission chaired by senior advisor to the HCECP Prof. John Dunlop under President Clinton - all agree that (1) the balance of power during an organizing effort in United States is extremely one sided towards employers; (2) the right of free association and free speech are routinely violated due to the lengthy NLRB election process; (3) the particular institutions of a pledge to neutrality and card check elections makes the process considerably fairer. The "Dunlop Report" itself says explicitly, "We encourage employers and unions who desire a cooperative relationship to agree to determine the employees' majority preference via a 'card check.' Card check agreements build trust between union and employer and avoid expending public and private resources on unnecessary election campaigns. Such agreements are a classic example of potential or former adversaries creating a win-win situation for themselves²⁴.

Yet there is resistance among a minority in the committee to make any substantive recommendations on this issue. Their resistance is justified in the name of the "robust exchange of ideas." We find this deeply disturbing. We think that it is intimidation, not a "robust exchange of ideas," when supervisors pull aside individual workers and offer veiled threats and bribes related to their participation in the organizing drive. How can the report conclude that "unions can and should provide an effective vehicle to provide Harvard's service workers with voice at the work place" (p. 35) and preserve the "right" of the University to use the same anti-union tactics that forced our clerical workers to spend *seventeen* years fighting for a union²⁵ and "voice at the work

²⁴ See page 20 at http://www.wilr.comell.edu/library/e_archive/gov_reports/dunlop/DunlopFinalReport.pdf

²⁵ See *We Can't Eat Prestige: The Women Who Organized Harvard* by John Hoerr (Temple University Press, 1997).

place" (p. 35)? In what sense are all workers at Harvard "entitled to the highest levels of freedom of expression consistent with the University's goal of being a beacon of intellectual inquiry and learning" (p. 35) if supervisors are not forbidden from forcing workers to attend meetings where they are intimidated and threatened to prevent them from supporting a union? A report that so comprehensively relies on collective bargaining should be equally committed to ensuring the foundational respect for unions necessary for them to become parties to collective bargaining.

Absent a card-check neutrality pledge, Sodexo workers at Kennedy and Law Schools may well be writing off their legal right of free association, since they are working for a contractor who has repeatedly demonstrated a knack for denying workers their right to organize. This was most clearly articulated by the courageous Sodexo employee who actually spoke up during the Workers Forum to tell us how managers deal with employees who speak to students about working conditions - never mind speaking to union organizers. We have not seen any convincing arguments against leveling the playing field for workers to organize themselves and bargain collectively. While the report does say that "On-campus workers should not be subject to intimidation, coercion, retaliation, or other unlawful practices" (p. 58), we hoped that, at the least, the report would specify some of the most egregious practices that we find unacceptable, such as coercive captive audience meetings and the use of anti-union consultants. We cannot think of any reason the University would not enter into a card-check neutrality agreement that explicitly prohibits such practices unless it believes that the coercive anti-union tactics used during the clerical workers organizing are legal and acceptable, and wishes to use them in the future, if our graduate students or others choose to organize.

Three other, equally pressing issues that now confront the President are health insurance, backpay for contracted janitors, and the implementation of these recommendations. In the case of health insurance, the HCECP report has not gone much past the Mills Report in making concrete recommendations for parity and affordability. Parity to Harvard's plan is modified by "industry standards" as a benchmark, with neither concrete guidelines of how one would do the comparison nor any oversight. Affordability

is likewise left completely to the administration's discretion; and right now, that means that workers earning below \$45,000 per year contribute 15% of the cost of the cheapest health plan offered. As it is, many workers at Harvard reported to us an inability to participate in any health plan because of cost, and, as a consequence, they and their families cope without medical treatment. We believe that an appropriate range of co-pay contribution would be 0%-5% for workers under \$30,000, and we urge the President to set such guidelines for collective bargaining. And we still live with the Mills Committee's recommendation that employees must work 16 hours or more a week in order to be eligible for health benefits; this creates a strong managerial incentive to force employees to work fewer than 16 hours a week, despite their stated desire for more hours, in order to avoid paying benefits. This is not an idle worry: janitors at the Graduate School of Education currently work 12 hours a week. Consequently, we recommend that the hours requirement be cut to 5 or 8 hours a week; our desire is not to see benefited workers on campus for just 5 hours a week, but to eliminate the incentive to cut hours.

One victory of the sit-in this past spring was a retroactive wage increase for directly employed custodians to be negotiated this January; President Rudenstine asked the HCECP to consider "whether a similar provision [of retroactivity] for contracted custodial workers would be consistent with its general recommendations concerning policy toward outsourcing." The HCECP notes that extending retroactivity would be "consistent with this Report's parity wage principle," and we believe that both parity and basic fairness require President Summers to extend retroactivity.

Finally, we are encouraged that the report outlines some specific policies for monitoring both the immediate and long-term compliance of Harvard and its contractors to the central recommendations made therein. Given the absence of evidence of implementation of the recommendations of the Mills Committee, we believe that specific implementation recommendations are of the highest priority. However, because of the absence of evidence of implementation of the recommendations of the Mills Committee, and our specific concerns about the monitoring difficulties that arise from the practice of outsourcing, we are very concerned that stronger mechanisms for oversight were not

recommended. We believe that a standing committee with broad representation (like the HCECP) of faculty, students, workers and administrators would offer the broad-based perspective necessary to ensure that the outsourcing practices engaged by the University are consistent with the community standards that we share, and would ensure that the full community is offered an official channel for expression when concerns arise.

Specifically, we would recommend that such a committee make recommendations concerning the principled grounds upon which outsourcing decisions could be made and the appropriateness of specific contractors as partners with the University (based upon, for example, historical and current status with respect to NLRB or OSHA violations), as well as recommending the termination of contracting relationships when violations are found. Such a standing committee should also convene annual or semi-annual worker forums, such as the one to which the HCECP was invited. The insights gained at the Worker Forum made an indelible impression on the committee process, and we would strongly support the use of such events by future committees.

In closing, we do not wish to lose sight of the significant gains that workers would see with the implementation of the HCECP's recommendations; these should not be doubted, and we hope that the President approves these recommendations with all due speed. But we also believe that a living wage and a card-check neutrality agreement, as well as the other recommendations outlined above, would represent a truer reckoning with the structural injustices and power imbalances that exist at Harvard. Such policies would have been a truer reckoning with the vision offered by the community of thousands who have advocated for such measures; such policies would be a deeper expression of commitment to a more humane, just, and dignified Harvard community. We believe that these recommendations represent a very significant and meaningful effort to close the gap between the "two Harvards," one of privilege and prominence and the other of poverty and invisibility. However, we hope that the University will ultimately go farther, and ensure "one Harvard" in which all members of our community are treated as full and equal participants - a Harvard that has eliminated the ever-present possibility that the gulf between the "two Harvards" will grow so wide in the future that another crisis of poverty rocks our community.

Table 1
Number and Occupational Mix of Harvard Employees
and the Employees of Selected On-Site Service Contractors

	All Workers	Workers Earning Below \$10.68 per hour
HARVARD EMPLOYEES (as of September 2001)		
Total employees	14506	392
Faculty & Research	3612	0
Administrative & Professional	5336	0
Clerical & Technical (C&T)	4340	--
Percent Union (C&T)	95%	
Service & Trade (S&T)	1218	392
Percent Union (S&T)	100%	100%
- Custodians	347	290
- Dining Services	480	40
- Security, Museum, and Parking	97	62
- Other Service and Trade	294	0
ON-CAMPUS EMPLOYEES OF SERVICE CONTRACTORS (performing custodial services, dining services, security/parking services and landscaping work on-site at Harvard as of Summer 2001)		
Total Employees	919	579
Percent Union	58%	67%
- Custodians	448	408
- Dining Services	218	48
- Security, Museum, and Parking	196	117
- Landscaping	57	6

Notes: The counts of Harvard employees include regular employees (payroll codes 01-06, 08) and limited regulars (payroll code 07); they do not include casual employees.

Sources: Harvard University, Office of Human Resources, personnel data files for Harvard employees; HCECP Survey of Contractors, July-October 2001, for the on-campus employees of service contractors.

Table 2

Characteristics of Harvard Employees with Hourly Wages of Less than \$10.68 (in 2001 dollars), 1994 to 2001

	<i>September 1994</i>	<i>March 1998</i>	<i>March 2001</i>	<i>September 2001</i>
Number < \$10.68/hour	170	339	424	392
Number by employee type				
Limited	126	216	230	218
Regular	44	123	194	174
Number by occupation grouping (union)				
Custodians (SEIU)	117	235	290	290
Security, Museum, and Parking (HUSPMGU)	32	46	53	62
Dining Services (HEREIU)	21	58	58	40
Clerical & Technical	0	0	23	0
Worker Characteristics				
% White	38.6 years	43.8 years	43.9 years	43.9 years
% African American	2.0 years	5.7 years	4.5 years	4.5 years
% Hispanic				
% Asian/Native American				
% < high school degree				
Average Age				
Average years of service				

Notes: These data cover Harvard regular and limited regular employees. Casual

employees and the employees of Harvard contractors are not included in these tabulations. All wage figures are deflated by the Boston CPI-U and reported in 2001 dollars.

Source: Harvard University, Office of Human Resources.

Table 3
Pay and Part-time Status of Custodial Employees at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	426	288	349	347	448
Percent working less than 20 hours/week	68%	61%	56%	52%	8%
Hourly wage (in 2001 dollars)	0%	0%	0%	0%	3%
< \$8.00	20%	46%	82%	82%	86%
\$8.00 - \$9.99	51%	36%	14%	14%	9%
\$10.00 –	18%	13%	4%	4%	1%
\$11.99	11%	5%	0%	0%	1%
\$12.00 –					
\$13.99	\$10.56	\$10.52	\$9.55	\$9.55	n/a
\$14.00 and over	\$11.58	\$10.56	\$9.92	\$9.92	\$10.04
Median wage	117	235	290	290	408
Mean wage	27%	82%	83%	84%	91%
Number earning less than \$10.68/hour	\$24,078	\$21,968	\$20,632	\$20,637	\$20,883
Percent below \$10.68/hour					
Average annualized pay (in 2001 dollars)					

Notes: All wage figures are adjusted for inflation using the Boston CPI-U and reported in

2001 dollars. n/a stands for "not available." Average annualized pay represents the annual earnings of a full-year, full-time worker (2080 hours or 52 weeks times 40 hours) earning the mean hourly wage.

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover custodians in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July- October 2001, and cover the on-campus employees of service contractors providing custodial services.

Table 4
Characteristics of Custodial Employees at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	426	288	349	347	448
Gender					
Male	61%	65%	56%	54%	67%
Female	39%	35%	44%	46%	33%
Race/Ethnicity					
White	22%	17%	12%	11%	11%
African-American	54%	49%	36%	35%	6%
Hispanic	20%	31%	50%	52%	78%
Asian	4%	3%	2%	2%	4%
Native Am./Other	0%	0%	0%	0%	1%
Percent U.S. Citizen	56%	44%	34%	32%	n/a
Percent Union	100%	100%	100%	100%	93%
Education	31%	24%	47%	50%	41%
Less than High School	52%	66%	46%	42%	55%
High School graduate	9%	5%	4%	4%	3%
Some college or vocational training	6%	5%	3%	4%	0%
Four year college graduate or more	44.6	45.9	45.6	45.4	n/a
Median Age (in years)	10.8% 6.0 years	9.4% 8.0 years	20.6% 3.6 years	15.6% 3.4 years	n/a 3.7 years
Length of Service					
Percent less than one year					
Median (mean for contractors)					

Notes: n/a stands for "not available."

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover custodians in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July- October 2001, and cover the on-campus employees of service contractors providing custodial services

Table 5
Pay and Part-time Status of Dining Service Employees at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	419	442	491	480	218
Percent working less than 20 hours/week	11%	9%	11%	9%	4%
Hourly wage (in 2001 dollars)	0%	0%	0%	0%	0%
< \$8.00	5%	12%	10%	5%	14%
\$8.00 - \$9.99	12%	7%	23%	22%	29%
\$10.00 –	59%	57%	49%	50%	37%
\$11.99	24%	24%	18%	23	20%
\$12.00 –					
\$12.65	\$12.65	\$12.79	\$12.35	\$12.80	n/a
\$13.99	\$13.17	\$12.94	\$12.47	\$12.97	\$12.53
\$14.00 and over	21	58	58	40	48
Median wage	5%	13%	12%	8%	22%
Mean wage					
Number earning less than \$10.68/hour	\$27,384	\$26,909	\$25,932	\$26,985	\$26.062
Percent below \$10.68/hour					
Average annualized pay (in 2001 dollars)					

Notes: All wage figures are adjusted for inflation using the Boston CPI-U and reported in

2001 dollars. n/a stands for "not available." Average annualized pay represents the annual earnings of a full-year, full-time worker (2080 hours or 52 weeks times 40 hours) earning the mean hourly wage.

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover dining service workers in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July-October 2001, and cover the on-campus employees of contractors providing dining services.

Table 6
Characteristics of Dining Service Employees at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	419	442	491	480	218
Gender					
Male	57%	56%	58%	58%	58%
Female	43%	44%	42%	42%	42%
Race/Ethnicity					
White	75%	66%	57%	55%	32%
African-American	16%	17%	21%	21%	21%
Hispanic	4%	11%	16%	17%	32%
Asian	5%	6%	6%	7%	4%
Native Am./Other	0%	0%	0%	0%	11%
Percent U.S. Citizen	80% 100%	72% 100%	67% 100%	67% 100%	n/a 56%
Percent Union					
Education	22%	16%	18%	19%	25%
Less than High School	60% 14%	70% 10%	72% 7%	71% 7%	48% 16%
High School graduate	4%	3%	3%	3%	12%
Some college or vocational training	38.3	39.4	41.8	42.2	n/a
Four year college graduate or more	9.8%	14.7%	20.4%	22.7%	n/a
Median Age (in years)	5.5 years	7.0 years	4.8 years	4.8 years	4.2 years
Length of Service					
Percent less than one year					
Median (mean for contractors)					

Notes: n/a stands for "not available."

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover dining service employees in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July-October 2001, and cover the on-campus employees of service contractors providing dining services.

Table 7
Pay and Part-time Status of Security Guards, Museum Guards and Parking Attendants at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	159	125	90	97	196
Uniformed Guards	94	64	20	20	174
Museum Guards	44	45	55	61	0
Parking Attendants	21	16	15	16	22
Percent working less than 20 hours/week	25%	26%	37%	37%	17%
Uniformed Guards	3%	5%	0%	0%	18%
Museum Guards	52%	49%	51%	51%	n/a
Parking Attendants	62%	50%	30%	31%	9%
Hourly wage (in 2001 dollars)					
< \$8.00	0%	0%	0%	0%	0%
\$8.00 - \$9.99	19%	26%	58%	63%	23%
\$10.00 - \$11.99	11%	12%	30%	24%	73%
\$12.00 - \$13.99	11%	62%	12%	13%	2%
\$14.00 and over	58%	0%	0%	0%	2%
Median wage	\$14.31	\$13.37	\$9.58	\$9.76	n/a
Mean wage	\$12.98	\$12.00	\$10.14	\$10.25	\$10.82
Number earning less than \$10.68/hour	32	46	53	62	117
Percent below \$10.68/hour	20%	37%	59%	62%	60%
Average annualized pay (in 2001 dollars)	\$26,999	\$24,962	\$21,085	\$21,315	\$22,506
Median Wage of Full-Time Workers					
Uniformed Guards	\$14.31	\$13.37	\$11.97	\$11.97	n/a
Museum Guards	\$10.14	\$8.88	\$8.96	\$9.07	n/a
Parking Attendants	\$13.98	\$13.07	\$12.41	\$12.78	n/a

Notes: All wage figures are adjusted for inflation using the Boston CPI-U and reported in 2001 dollars. n/a stands for "not available." Average annualized pay represents the annual earnings of a full-year, full-time worker (2080 hours or 52 weeks times 40 hours) earning the mean hourly wage.

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover security, museum and parking workers in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July-October 2001, and cover the on-campus employees of service contractors providing security and parking services.

Table 8
Characteristics of Security Guards, Museum Guards, and Parking Attendants at Harvard

	HARVARD EMPLOYEES				CONTRACTOR EMPLOYEES
	September 1994	March 1998	March 2001	September 2001	Summer/Fall 2001
Total Number	159	125	90	97	196
Gender					
Male	83%	86%	78%	78%	84%
Female	17%	14%	22%	22%	16%
Race/Ethnicity					
White	80%	79%	79%	75%	37%
African-American	14%	17%	14%	16%	48%
Hispanic	4%	2%	3%	3%	2%
Asian	2%	2%	3%	4%	13%
Native Am./Missing	0%	0%	0%	2%	0%
Percent U.S. Citizen	94%	96%	89%	91%	n/a
Percent Union	100%	100%	100%	100%	0%
Education					
Less than High School	7%	6%	4%	6%	0%
High School graduate	54%	60%	77%	78%	96%
Some college or vocational training	23%	18%	12%	10%	4%
Four year college graduate or more	16%	16%	7%	6%	1%
Median Age (in years)	39.9	45.3	43.2	44.0	n/a
Length of Service					
Percent less than one year	13.8%	12.8%	26.7%	30.9%	n/a
Median (mean for contractors)	5.0 years	8.6 years	3.9 years	2.9 years	4.2 years

Notes: n/a stands for "not available."

Sources: Data on Harvard employees are from Harvard University, Office of Human Resources, personnel data files, and cover security, museum security, and parking workers in payroll classes 07 (limited regulars) and 08 (regular employees). Data on contractor employees are from the HCECP Survey of Contractors, July-October 2001, and cover the on-campus employees of service contractors providing security and parking.

Table 9
Health Insurance Plan Participation of Harvard Service Employees, March 2001

	Custodians	Dining Services	Security/Parking	All 3 Groups
All Employees				
Number	349	490	90	929
Percent	38%	71%	53%	57%
Enrolled	99%	94%	81%	95%
Percent Eligible	38%	75%	66%	60%
Percent Enrolled of Those Eligible				
	155	437	57	649
Regular Employees	74%	78%	84%	78%
Number	100%	100%	100%	100%
Percent	74%	78%	84%	78%
Enrolled				
Percent Eligible				
Percent Enrolled of Those Eligible				
	194	53	33	280
	9%	11%	0%	8%
	99%	51%	49%	84%
Limited Regular Employees	9%	22%	0%	10%
Number				
Percent				
Enrolled				
Percent Eligible				
Percent Enrolled of Those Eligible				

Note: These data cover Harvard regular and limited regular employees in the following service and trade employment categories: custodial services, dining services, and security, museum security, and parking services. Casual employees and the employees of Harvard contractors are not included in these tabulations. Enrollment and eligibility relate to participation in one of Harvard's employer-provided health plans.

Source: Harvard University, Office of Human Resources.

Table 10
Eligibility for and Enrollment in Employer-Provided Health Insurance of the On-Campus
Employees of Selected On-Site Service Contractors at Harvard University, November-
December 2001

	Custodians	Dining Services	Security/Parking	All 3 Groups
Number	462	199	209	870
Percent Enrolled	46%	53%	10%	39%
Percent Eligible	51%	91%	86%	68%
Percent Enrolled of Those Eligible	92%	59%	11%	57%

Source: Data on the eligibility for and participation in employer-provide health insurance plans of the on-campus employees of on-site service contractors at Harvard University are from the HCECP Contractor Survey of Non-Management Employee Benefits, November-December 2001. The survey covers contractors performing custodial services, dining services, and security/parking services on-site at Harvard University. The tabulated responses cover 14 contractors providing custodial services, 2 providing dining services (with one small dining contractor not responding), and 4 providing security/parking services.

Table 11
Rough Estimates of Increased Annual Wage and Benefit Costs Associated with
Significant immediate Wage Increases and Adoption of Harvard Parity Wage and
Benefits Policy (in 2001 Dollars)

	Low Estimate	High Estimate
Custodians		
Harvard Employees	\$650,000	\$1,015,000
Contractors	\$840,000	\$1,310,000
Total for Custodians	\$1,490,000	\$2,323,000
Dining Services		
Harvard Employees	\$274,000	\$343,000
Contractors	\$122,000	\$172,000
Total for Dining Services	\$396,000	\$515,000
Parking		
Harvard Employees	\$26,000	\$39,000
Contractors	\$26,000	\$39,000
Total for Parking	\$52,000	\$78,000
Security		
Harvard Employees	\$230,000	\$260,000
Contractors	\$260,000	\$560,000
Total for Security	\$490,000	\$820,000
Overall Total Costs	\$2,428,000	\$3,738,000
Overall Total Costs w/o Security	\$1,938,000	\$2,918,000

Note: This table reports rough estimates of the additional annual wage and benefits costs for Harvard and its contractors of immediately increasing the lowest wages in each service sector to the range of \$10.83 to \$11.30 per hour, maintaining appropriate historical wage differentials in each sector, and assuming increased benefits costs of 25 to 32 percent of increased wage costs. The estimates are based on wage and employment data for Harvard in-house employees and the on-campus employees of contractors as of September 2001. See the text for details.

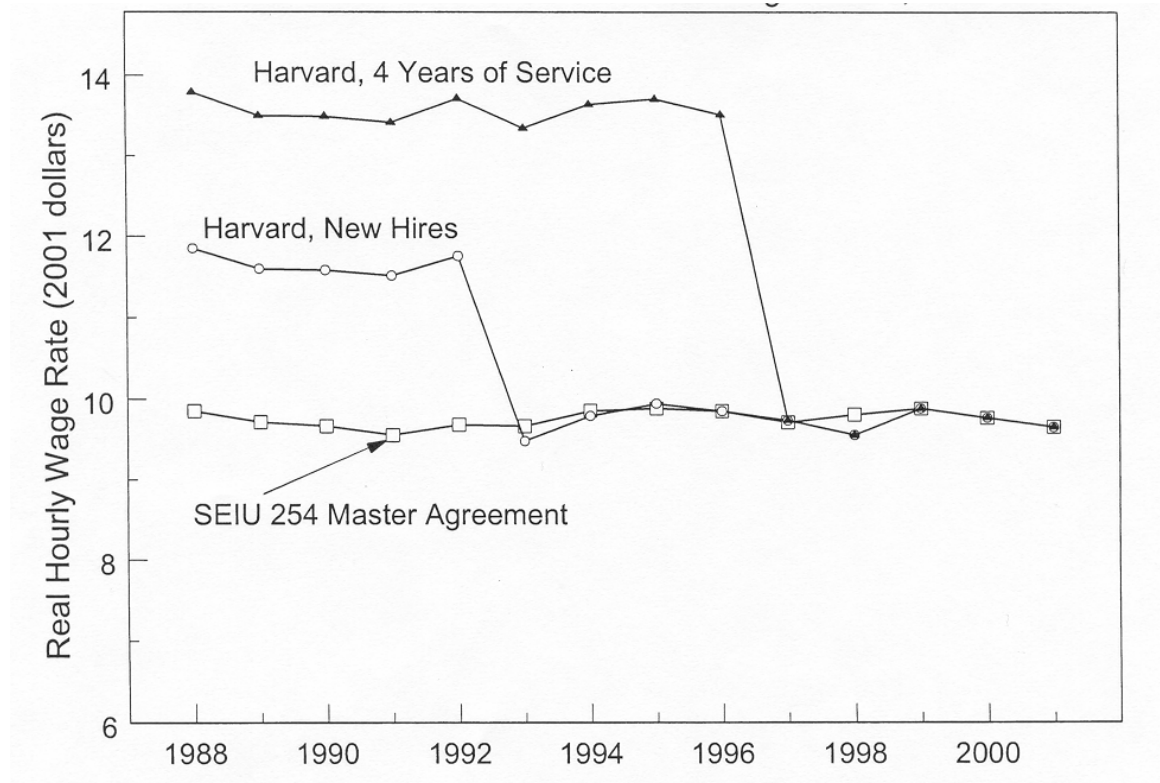
Table 12
Earnings, Taxes, and Food Stamps for a Two Parent Family With Two Children in 2000
With the Equivalent of One Full-Year Full-Time Worker (50 weeks times 40 hours) at
Different Wage Rates

	\$6 per hour	\$8 per hour	\$10 per hour	\$12 per hour	\$14 per hour	\$16 per hour
Total Earnings	\$12,000	\$16,000	\$20,000	\$24,000	\$28,000	\$32,000
Payroll Taxes	-918	-1,224	-1,530	-1,836	-2,142	-2,448
Federal Taxes	0	0	0	0	-417	-1,018
Massachusetts Taxes	0	-4	-221	-437	-653	-869
Earned Income Credit	<u>4,277</u>	<u>3,512</u>	<u>2,586</u>	<u>1,659</u>	<u>732</u>	<u>0</u>
<u>(Fed and State)</u>	\$15,359	\$18,284	\$20,835	\$23,386	\$25,520	\$27,666
Total Earnings Net of Taxes and Credits	2,726	1,766	806	0	0	0
	\$18,085	\$20,040	\$21,641	\$23,386	\$25,520	\$27,666
Food Stamps						
Total Including Food Stamps						

Table 13
Estimates of the Hourly Wage Rates Needed in 2000 For A Full-Time Worker in Various
Family Situations to be Above the U.S. Poverty Standard under Alternative Adjustments
for the Boston Cost of Living *Figures exclude any food stamps, child care, or medical
costs/benefits*

	U.S. Poverty Line Wage Needed For This Level	U.S. Poverty Line Adjusted Upward By 20% Wage Needed For This Level	U.S. Poverty Line Adjusted Upward By 30% Wage Needed For This Level
Lone Individual	\$8,959 \$5.25	\$10,751 \$6.50	\$11,647 \$7.00
Lone Worker With One Dependent	\$11,869 \$5.00	\$14,242 \$6.50	\$15,429 \$7.25
Lone Worker With Two Dependents	\$13,874 \$5.25	\$16,648 \$7.00	\$18,036 \$8.00
Lone Worker With Non-Working Spouse and Two Other Dependents	\$17,463 \$7.50	\$20,955 \$10.25	\$22,701 \$11.50
Worker Plus Spouse Working Half Time (at minimum wage) With Two Dependents	\$17,463 \$5.00	\$20,955 \$7.75	\$22,701 \$9.00
Worker Plus Spouse Working Full Time (at minimum wage) With Two Dependents	\$17,463 \$<5.00	\$20,955 \$5.25	\$22,701 \$6.50

Figure 1: Real Hourly Wage Rates for Full-Time Custodians, Harvard versus SEIU Local 254 Master Agreement, 1988-2001



Notes: The plotted wage rates are for March of year. Wages are deflated by the Boston CPI-U and reported in 2001 dollars. The plotted wages correspond to contract wage rates for full-time, regularly scheduled custodians, working over 29 hours per week (Category A), provided in the SEIU Local 254 Master Agreement for Metropolitan Boston and in SEIU Local 254 site-specific agreement with Harvard University. The reported Harvard wage rates are for day employees in Category A. The rates for night employees were slightly higher (2 to 3 percent higher) prior to 1996. The "Harvard, 4 years of service" rates are for Harvard Category A, day employees with exactly 4 years of service and from 1993 to 1996 reflect the "grandfathering" of higher wage rates for custodians hired before 1993.

APPENDIX A

Harvard University: Elements of Future Process May 8, 2001

University Committee

President Rudenstine is now constituting a committee to be composed of a faculty chair, ten faculty members, five Harvard staff members (three unionized employees and two administrative and professional staff), and four students (two undergraduate and two graduate/professional). Lawrence Katz, Professor of Economics (PAS), will chair the committee. The additional faculty members are David Ellwood (Kennedy School of Government), Caroline Hoxby (FAS), Daniel Meltzer (Law School), Martha Minow (Law School), Susan Pharr (FAS), Thomas Scanlon (FAS), Marcelo Suarez-Orozco (School of Education), Sidney Verba (FAS), David Wilkins (Law School) and Dyann Wirth (School of Public Health). The three unionized employees are Edward Childs (Hotel Employees and Restaurant Employees Local 26), Alexandra Chisholm (HUCTW), and Jean Phane (Service Employees International Union Local 254). The two senior administrators are Bonnie Newman, Executive Dean of the Kennedy School, and Anne Taylor, Vice President and General Counsel. The four students will be nominated by our duly constituted student organizations: two undergraduate students, to be nominated by the Undergraduate Council, and two graduate or professional school students, to be nominated by the Harvard Graduate Council. The committee will be provided appropriate staff. In addition, Professor Emeritus John Dunlop has agreed to serve as senior advisor to the committee.

Charge to the University Committee

The committee will have a broad mandate to consider and to present recommendations about University principles and policies regarding the economic welfare and opportunities of lower- paid workers at Harvard, both those employed directly by the University and those employed by companies that contract to provide on-campus services to the University.

The committee should carry out its work in view of the University's continuing recognition that Harvard's employment practices should reflect a humane concern for the well-being of all individuals who work here. The University, in addition, is an institution with a commitment to careful inquiry and thoughtful deliberation, as well as self-examination in the light of experience. The committee should approach its task in that spirit, mindful of the need to gather accurate information and to listen fully to different points of view. It should think both creatively and realistically about how a university that aspires to the highest standards in education and research can define principles and policies that help it to advance the well-being of people whose often- unheralded efforts do so much to help the institution function from day to day.

The committee is specifically charged as follows:

The committee should discuss, debate, and make recommendations concerning the principles and policies that should guide the University's employment practices in regard to the total compensation and opportunities available to lower-paid members of Harvard's workforce, including full-time, part-time, and temporary employees. In considering such a framework of principles, the committee should take account of wages, benefits, and other terms of employment (including access to education and training) in themselves and in relation to one another. Among other things, the committee will be asked to consider a full range of views and to express its own view regarding the principled basis, desirability, and feasibility of an internal uniform wage floor for workers at Harvard.

The committee should consider and make recommendations concerning guidelines for the "outsourcing" or "contracting out" of services performed at the University. In its deliberations, the committee should consider policies to guide University decisions on whether or not to outsource certain services performed at Harvard. It should also consider policies to guide units of the University when they do undertake to outsource on-campus services, including the principled basis, desirability, and feasibility of adopting standards for the wages, benefits, or other terms of employment provided to contractors' on-campus employees.

The committee is expected to ground its consideration of principles and guidelines in a thorough examination of factual data--both Harvard-specific and comparative--regarding wages, benefits, and other terms and conditions of employment, as well as existing contracts for the outsourcing of on-campus services. Among the information that may be pertinent are data on wages and benefits provided to workers performing comparable functions at other institutions of higher education in the Boston area; on the cost of living in Boston-area communities; on the demographics and length of service of Harvard employees; and on the relative compensation of union and non-union employees, employed directly by Harvard or by service providers. The committee will also be expected to examine existing relevant Harvard policies--both University-wide and unit-specific--as background for its inquiry, and to take account of policies in place at comparable institutions. While regarding the May 2000 report of the Ad Hoc Committee on Employment Policies as a significant point of reference, the present committee should not consider itself limited by the data, observations, or recommendations presented in that prior report.

The committee will be expected to conduct broad outreach across the University community, actively soliciting, both in person and otherwise, the views of interested faculty, staff (including service workers), and students who wish to contribute their perspectives on these matters. The intention is to create a fully inclusive process in which all voices within the University community may be heard and considered.

Throughout its deliberations, the committee should be mindful of the role of collective bargaining as the legally mandated means by which employers and unionized employees, through their representatives, jointly determine the specific terms and conditions of

employment for such employees. The committee's task is concerned, in substantial part, with making recommendations about a framework of principles and policies within which the University should conduct collective bargaining-as distinct from seeking, through the committee process, to engage directly in such bargaining.

The committee will meet for at least one planning session before June 8, 2001. At that meeting, the committee will direct staff to gather needed data over the summer month so that the committee will be in a position to begin informed deliberations at the beginning of the Fall 2001 academic term. The committee's report and recommendations should be presented to the President of the University by December 19, 2001 (or sooner, if feasible). After receiving the committee's report and recommendations, the President will promptly invite comment and consult with the Faculties, the Deans, and others before taking action.

Collective Bargaining with HERE Local 26

Harvard expresses optimism that the contract negotiations with Local 26 of the Hotel Employees and Restaurant Employees Union will, in the near future, produce a contract that will be mutually satisfactory to the union, its membership, and the University.

Collective Bargaining with SEIU Local 254

On a mutually agreeable date within four weeks following issuance of the committee report, Harvard will begin negotiations with SEIU Local 254 for an agreement to succeed its current collective bargaining agreement. It shall be a goal of the parties to develop through these negotiations a newly strengthened and mutually respectful labor management relationship. To that end, the parties will consider conducting these negotiations using interest-based bargaining and other techniques used with success in the recently concluded negotiations with the Harvard Union of Clerical and Technical Workers.

In the event that these negotiations, as informed by the committee report, result in enhanced initial wage rates under a successor agreement, eligible bargaining-unit members will be paid a lump sum representing the differential between the new initial wage rate and the wage rate provided by the current (November 15, 1999-November 15, 2002) contract, retroactive to the midpoint of the current contract. The committee should consider whether a similar provision for contracted custodial workers would be consistent with its general recommendations concerning policy toward outsourcing. To be eligible for an appropriate lump-sum payment following ratification of a successor agreement, an employee must have worked at Harvard as a member of the bargaining unit at some time between the midpoint of the current contract and the effective date of the successor agreement.

Implementation of Earlier Recommendations

Harvard will take prompt action to examine its implementation of the recommendations

of the May 2000 report of the Ad Hoc Committee on Employment Policies, specifically relating to access to English as a Second Language (ESL) training and affordable health insurance benefits. Harvard will accommodate access to ESL training for Local 254 members and appropriate others in need of such training. Harvard also will refer the question of health insurance co-payment levels for all lower-paid workers to the University Benefits Committee for consideration (Harvard is open to continuing discussions with SEIU about specific proposals for some form of short-term assistance relating to health insurance access.)

New Outsourcing Proposals

Until the recommendations of the committee with respect to outsourcing are formulated and acted upon, Harvard will hold in abeyance any proposal further to outsource work currently performed by Harvard-employed custodians, food-service personnel, museum guards, or parking attendants, provided, however, that Harvard Medical School may outsource custodial work during this period if the Medical School and SEIU so agree.

APPENDIX B

Members of the Harvard Committee on Employment and Contracting Policies Faculty

Lawrence F. Katz, Committee Chair, Department of Economics, Faculty of Arts and Sciences

David Ellwood, John F. Kennedy School of Government

Daniel Meltzer, Harvard Law School

Martha Minow, Harvard Law School

Susan Pharr, Department of Government, Faculty of Arts and Sciences

Thomas Scanlon, Department of Philosophy, Faculty of Arts and Sciences

Marcelo Suarez-Orozco, Harvard Graduate School of Education

Sidney Verba, Department of Government, Faculty of Arts and Sciences

David Wilkins, Harvard Law School

Dyann Wirth, Harvard School of Public Health

Union Employees

Edward Childs, Adams House Dining Hall, Hotel Employees and Restaurant Employees International Union, Local 26

Alexandra Chisholm, Harvard Graduate School of Education, Harvard Union of Clerical and Technical Workers

Jean Phane, Harvard Medical School, Service Employees International Union, Local 254

Senior Administrators

Bonnie Newman, Executive Dean, John F. Kennedy School of Government

Anne Taylor, Vice-President and General Counsel

Undergraduate Students

Benjamin McKean, '02, Cabot House

Matthew Milikowsky, '02, Mather House

Graduate/Professional Students

Faisal Chaudhry, ill Candidate, Harvard Law School

Christopher Wheat, Ph.D. Candidate, Organizational Behavior, Harvard Business School and Graduate School of Arts and Sciences

Appendix C

Biographical Sketches of HCECP Committee Members

Faculty

Lawrence F. Katz (Committee Chair) is Professor of Economics at Harvard University and a Research Associate of the National Bureau of Economic Research. His research focuses on issues in the general areas of labor economics and the economics of social problems. His work has examined a wide range of topics including wage and income inequality; unemployment; theories of wage determination; the economics of education; the impact of globalization and technological change on the labor market; and the evaluation of the effectiveness of social and labor market policies. He is the author of numerous articles in scholarly journals on these topics. Katz's research explores the patterns and determinants of recent changes in the U.S. wage structure and rising labor market inequality in an historical and international comparative context. He is currently examining the history of economic inequality in the United States and the roles of technological changes and the pace of educational advance in affecting the wage structure.

Professor Katz has been editor of the *Quarterly Journal of Economics* since 1991 and edited the book *Differences and Changes in Wage Structures* (University of Chicago Press and NBER, 1995). He served as the Chief Economist of the U.S. Department of Labor from January 1993 to August 1994 and was the first Director of the Program on Children at the National Bureau of Economic Research. He was elected a fellow of the Econometric Society in 1993 and of the American Academy of Arts and Sciences in 2001.

David T. Ellwood is Lucius N. Littauer Professor of Political Economy and former academic dean of the John F. Kennedy School of Government. Prof. Ellwood previously served as assistant secretary for Planning and Evaluation, Department of Health and Human Services, and was co-chair of President Clinton's initial efforts on welfare reform and was deeply involved in the administration's efforts to "make work pay" for the working poor. He is a labor economist who specializes in poverty and welfare, family change, and wage inequality and is the author of numerous books and articles. His book, *Poor Support: Poverty in the American Family*, was selected by *The New York Times Book Review* as one of the most notable books of 1988, and by the Policy Studies Organization as the outstanding book of 1988. Ellwood is a recipient of the David Kershaw Award given by the Association of Public Policy Analysis and Management for outstanding contributions by someone under 40. His current work includes an examination of the economic and social forces that have influenced family formation, the implications of the changing demographics and immigration on future wage inequality, and an ongoing examination of policies to deal with low pay, poverty, and inequality.

Daniel J. Meltzer is Story Professor of Law at Harvard Law School. Professor Meltzer's

research and teaching focus on criminal procedure and on the federal courts. He has been particularly interested in research on the provision of remedies for constitutional violations and in constitutional federalism. He is the author, with R. Fallon and D. Shapiro, of *Hart and Wechsler's The Federal Courts and the Federal System* (3d and 4th editions, 1988 and 1996), and of numerous articles in law reviews.

Before teaching, Professor Meltzer served as a law clerk to Judge Carl McGowan and to Justice Potter Stewart, as a Special Assistant to Joseph A. Califano, Jr., Secretary of the Department of Health, Education, and Welfare, and was in private law practice in Washington, D.C. He has served as an Advisor to the Subcommittee on The Relationship of State and Federal Courts, Federal Courts Study Committee, Judicial Conference of the United States; as Associate Counsel, Office of Independent Counsel Lawrence E. Walsh, Iran-Contra Prosecution; and is a member of the Council of the American Law Institute.

Martha Minow is Professor of Law at Harvard Law School. Her teaching and research areas include laws governing schooling, families, war crimes and genocide, and persons with disabilities. She currently works in a partnership with the federal Department of Education to develop a Center for Accessing the General Curriculum, and she also directs a research project on responses to new immigrants in Western democracies. Her publications include: *Civil Procedure: Doctrine, Practice, and Context*, co-edited with Stephen Subrin, Mark Brodin, Thomas and Main (Aspen 2000); *Between Vengeance and Forgiveness: Facing History after Genocide and Mass Violence* (Boston: Beacon Press 1998); *Not Only for Myself Identity, Politics, and Law* (New Press 1997); *Law Stories* (co-edited with Gary Bellow 1992); and *Making All the Difference: Inclusion and Exclusion in American Law* (Cornell University Press 1990). She serves on the Independent International Commission on Kosovo. Her current research examines the privatization, including the use of for-profit and religious entities--in education, welfare, medicine, and law.

Susan J. Pharr is Professor of Government in the Department of Government, Faculty of Arts and Sciences. Her field is comparative politics with a particular focus on Japan. Her work has dealt with a wide variety of problems relating to democracy and to the links between citizens and the state, looking at a broad range of countries. In her research on Japan, she has focused on the problem of marginality in Japanese society as it has affected women, minorities and other disadvantaged groups. She has also studied social conflicts that arise in a variety of settings, including the workplace, and how they get resolved. Other research has dealt with environmental protest and policymaking; the relation between civil society and the state; and how people arrive at political ethics judgments. A recent body of work looked at the problem of declining confidence in government in the industrial countries. She served as chair of the Government Department from 1992 to 1995 and is director of Harvard's Program on U.S.-Japan Relations. Formerly she taught at the University of Wisconsin-Madison. She joined the Harvard faculty in 1987.

T.M. Scanlon is Alford Professor of Natural Religion, Moral Philosophy, and Civil Polity in the Department of Philosophy. Professor Scanlon's dissertation and some of his first papers were in mathematical logic, but the bulk of his teaching and writing has been in moral and political philosophy. He has published papers on freedom of expression, the nature of rights, conceptions of welfare, and theories of justice, as well as on foundational questions in moral theory. His teaching in the department has included courses on theories of justice, equality, and recent ethical theory.

His book, *What We Owe to Each Other*, was published by Harvard University Press in 1998. Other recent publications include "Moral Theory: Understanding and Disagreement," *Philosophy and Phenomenological Research* 55 (1995) pp. 343-356; "The Difficulty of Tolerance," in David Heyd, ed., *Toleration: An Elusive Virtue* (Princeton: Princeton University Press, 1996), pp. 226- 239; and "The Diversity of Objections to Inequality," in Clayton and Williams, eds., *The Ideal of Equality* (New York: St. Martin's Press, 2000.)

Marcelo Suarez-Orozco is the Victor S. Thomas Professor of Education at the Harvard Graduate School of Education and Co-director of the Harvard Immigration Projects. Professor Suarez-Orozco publishes extensively in the areas of cultural psychology and psychological anthropology with special reference to the study of immigration. He is the author of over eighty scholarly essays and ten books and edited volumes, the most recent of which are *Children of Immigration* (with Carola Suarez-Orozco) and *Cultures Under Siege: Collective Violence and Trauma* (with Antonius C.G.M. Robben). His forthcoming books include a seven-volume opus *Interdisciplinary Perspectives on the New Immigration* (with Carola Suarez-Orozco and Desiree Qin-Hilliard) and *Latinos in the 21st Century: The Research Agenda* (with Mariela Paez).

Professor Suarez-Orozco is currently co-directing the largest study ever funded in the history of the National Science Foundation's cultural anthropology division -- a comparative, interdisciplinary, and longitudinal study of Asian, Afro-Caribbean, and Latino immigrant children in American society.

Sidney Verba is Carl H. Pforzheimer University Professor. Professor Verba's current research and teaching interests involve the relationship of political to economic equality, mass and elite political ideologies, and mass political participation. He is the author and co- author of a number of books on American and comparative politics, including *Small Groups and Political Behavior* (1961), *The Civic Culture* (1963), *Caste, Race and Politics* (1969), *Vietnam and the Silent Majority* (1970), *Participation in America* (1972), *The Changing American Voter* (1976), *Injury to Insult* (1979), *Participation and Political Equality* (1979), *Equality in America* (1985), *Elites and the Idea of Equality* (1989), *Designing Social Inquiry* (1994), and *Voice and Equality* (1995); as well as many articles on those subjects.

In 1994, Verba was elected president of the American Political Science Association. He is a member of the National Academy of Sciences and a Fellow of the American Academy of Arts and Sciences, and has been a fellow of the Center for Advanced Study in the Behavioral Sciences and a Guggenheim Fellow. He has chaired the Policy Committee of the Social Science Research Council and the Committee on International Conflict and Cooperation of the National Academy of Sciences. Verba is also Director of the University Library.

David B. Wilkins is Kirkland and Ellis Professor of Law and Director of the Program on the Legal Profession at Harvard Law School. His research focuses on the legal profession's structures, norms, and practices, with a particular emphasis on the experiences of black lawyers. Professor Wilkins is in the process of completing a case book on legal ethics (with Professor Andrew Kaufman) and a book on black lawyers in corporate law practice. He has written numerous law review articles on legal ethics and the legal profession. Professor Wilkins is also a Faculty Associate of the University Center in Ethics and the Professions, where he was a Fellow during the 1989-1990 academic year. Before joining the law school faculty in 1986, Professor Wilkins was a law clerk to Judge Wilfred Feinberg of the Second Circuit Court of Appeals and to Justice Thurgood Marshall of the United States Supreme Court, and a litigation associate in a small Washington D.C. law firm where, among other things, he represented workers in discrimination litigation against their employers.

Dyann F. Wirth is Professor of Tropical Public Health in the Department of Immunology and Infectious Diseases at the Harvard School of Public Health and Director of the Harvard Malaria Initiative. Her bio may be found at <http://www.hsph.harvard.edu/facres/wrth.html>

Union Employees

Edward Childs is the Chief Shop Steward for Local 26 of the Hotel Employees and Restaurant Employees International Union (HEREIU). HEREIU Local 26 represents approximately 500 employees at Harvard University who work in the dining halls, the Faculty Club, and in campus restaurants. He has worked in food services at Harvard University for 26 years and currently is a cook for the Adams House dining hall. He has taken part in numerous Harvard labor negotiations (including the recent five-year HEREIU collective bargaining agreement which became effective in June 2001), has helped teach in a labor history course at the Extension School, and has recently traveled to Ireland and to Iraq to talk to trade unions there.

Alex Chisholm has worked at Harvard for over twelve years, including two years as a 'casual' employee. Having originally come to Harvard as a student (Ed.M., 1989) she is currently a staff assistant in the Graduate School of Education, providing support to

Project Zero and to the Human Development and Psychology area. Alex is local rep for the Harvard Union of Clerical and Technical Workers (HUCTW) and Co-Chair of the Education School's Joint Council; she also sits on HUCTW's Executive Board and was a member of the negotiating team for the Union's latest contract.

Jean Phane is a custodian at Countway Library of Harvard Medical School (HMS). He has worked at Harvard for four years and is Shop Steward of the Medical Area for Service Employees International Union Local 254. He helped to organize the May 2, 2001 Boston rally of HMS custodians. As a full-time employee he currently earns \$9.65 an hour. He also works part-time (15 hours per week) for the United Parcel Service in Somerville. Mr. Phane is studying to complete a program in accounting from Northeastern University. He is fluent in English and in Creole.

Senior Administrators

J. Bonnie Newman is Executive Dean at the John F. Kennedy School of Government. The Executive Dean is the senior administrative officer of the Kennedy School. Prior to joining the Kennedy School, Newman was managing director of The CommerceGroup, LLC, a strategic communications consultancy. Previously, Ms. Newman served as Interim Dean of the Whittemore School of Business and Economics at the University of New Hampshire.

Newman served in both the Reagan and Bush administrations. From 1989 to 1991 she served as Assistant to the President for Management and Administration, where she oversaw all administrative operations for the White House and Executive Office of the President during the transition and administration of George Bush. In 1983, President Ronald Reagan nominated Newman as Assistant Secretary of Commerce for Economic Development. She served as Associate Director of the Office of Presidential Personnel at the White House (1982-1984) and was chief of staff for New Hampshire Congressman Judd Gregg (1981-1982).

Anne Taylor is Vice President and General Counsel. As General Counsel, Taylor oversees the Office of the General Counsel, comprised of 11 attorneys and supporting staff, and the Harvard Police and Security Department. She has been an attorney in the General Counsel's Office since 1983. Before coming to Harvard, Taylor was, among other things, a staff attorney at the National Labor Relations Board and General Counsel of the Massachusetts Commission Against Discrimination. From 1987 to 1988, Taylor was Special Assistant to the Vice President for Finance, responsible for labor relations, and from 1988 to 1989 she served as Associate Vice President for Human Resources. A labor and employment lawyer by training and experience; Taylor has had a lead role in a number of important labor and employment matters in recent years including as co-chair of the Harvard Union of Clerical and Technical Workers (HUCTW) Joint Council, as negotiator of the

settlement of issues related to the casual payroll, and as a negotiator of the 2001 HUCTW collective bargaining agreement. She was instrumental in shaping the agreement that led to the end of the PSLM Massachusetts Hall sit-in.

Students

undergraduates

Benjamin L. McKean is a senior who lives in Cabot House. He is a social studies concentrator with an emphasis on contemporary social theory. As a founding member of the Harvard Living Wage Campaign, he has been deeply involved in campus labor issues since his freshman year, working extensively on issues surrounding the wages and working conditions of workers both on the Harvard campus and in the factories that manufacture Harvard apparel. In addition, he has written for the *Harvard Crimson* and the *Harvard Book Review*.

Matthew Milikowsky is a senior in the college who lives in Mather House. He studies Modern European history with an emphasis on the British Empire. Outside of class he rows crew and runs the Harvard football pre-game show for WHRB. He brings a lifelong interest in economics and public policy to the committee. He was nominated to the committee by the Undergraduate Council and looks forward to representing the large number of Harvard students who remain non-activist, yet deeply interested, in the campus labor situation.

graduate or professional students

Faisal Chaudhry is a second year student at Harvard Law School (HLS) and a member of Harvard's Progressive Student Labor Movement's Living Wage Campaign and the HLS Workers Center. He was also an active member of the Johns Hopkins University Living Wage Campaign.

Christopher Wheat is a Ph.D. candidate in the sociology track of the Organizational Behavior program at the Graduate School of Arts and Sciences. His dissertation research will examine how the perception of social structure can influence interaction in work groups and performance outcomes. His other research interests include gender, race and culture in organizations, social stratification, social network methodology, and the use of computer simulation in the study of organizations. He is a member of the Academy of Management and the American Sociological Association.

APPENDIX D

FORM LETTER FROM THE HARVARD LIVING WAGE CAMPAIGN WEB SITE

To the Harvard Committee on Employment & Contracting Policies:

As a (faculty member/student/alumnus) at/of Harvard, I am writing in response to your request for input to your study of Harvard's employment practices.

First, I want to underscore the importance of your work - as the first committee at Harvard that officially incorporates both workers and students as equal, valuable voices into a decision-making process on employment, the HCECP can and should set a powerful precedent for labor policy at Harvard that not only considers unofficially but actually includes the judgment of workers and students on our campus. It is only in this way that such decisions can be said to be made by an inclusive process.

Especially in light of the data just released by the Committee, the nature of the situation is clear. Hundreds of service workers on our campus attest to the fact that no matter how hard they work, they can not earn enough to get by, a situation that degrades not only their own health and well-being, but is reflected in their sense of alienation from the University community. This not only deprives these workers of the respect they deserve but also brings shame upon our University. The seriousness of this situation demands five major reforms in Harvard's employment policies.

1. An annually adjusted living wage floor for all workers, designed to meet the basic cost of living in metropolitan Boston.
2. Accessible and affordable benefits for all workers including health insurance and education for all, regardless of whether they work for a contractor or how many hours they work.
3. Bringing outsourced service work back in-house, so that workers have job security and so that Harvard can more efficiently ensure their welfare and productivity.
4. Opportunities for full time work when desired, with provisions for seasonal employment (e.g. making other campus jobs available to dining hall workers during the vacation months when dining halls are closed).
5. Card-check neutrality: in short, not interfering with workers' attempts to organize, and bargaining collectively with them when the majority have expressed their desire for a union by signing cards - and requiring contractors to also comply with and respect this right.

I believe that the implementation of these reforms will be an important and necessary step toward making Harvard a fair and just institution that values the contributions and rights of all members of the community.

I thank you for your consideration of my views.

Sincerely,

APPENDIX E

HCECP Meeting Schedule

May 31

First Full Meeting of the HCECP. Introductory remarks by President Neil Rudenstine.
Review of Charge and Summer Research Plan: Data Requirements and Collection

Summer 2001

Regular Meetings of the Data Subcommittee: Compiling and Analyzing Data. Outreach activities.

September 11

First Fall HCECP meeting. Introductory Remarks by President Lawrence Summers.
Review of the work of the Data Subcommittee.

September 21

Labor Relations at Harvard University

Polly Price (Associate VP for Human Resources)
Carol Kolenik (Director, Harvard Bridge to Learning and Literacy Program)
James LaBua (Deputy Director, Labor and Employee Relations)
Thomas Vautin (Associate VP for Facilities and Environmental Services)
Ted Mayer (Executive Director, Harvard Dining Services)

September 25

Making Choices: Outsourcing at Harvard University Sally Zeckhauser (VP for Administration)

Thomas Vautin (Associate VP for Facilities and Environmental Services)
Ted Mayer (Executive Director, Harvard Dining Services)
Mike Lichten (Assistant Dean for Physical Resources, Faculty of Arts and Sciences)
Paul Riccardi (Dean for Administration and Operations, School of Public Health)

October 4

Harvard Workers' Center Forum

HCECP members attended a forum where approximately 20 workers (including Harvard employees and employees of contractors) spoke of their experiences as service workers at

Harvard University.

October 5

Arindrajit Dub6, Minsu Longiaru, Daniel Mejia (Harvard Workers' Center)
Adrienne Landau and Kris Rondeau (Harvard Union of Clerical and Technical Workers)
John Ronches, Rocio Saenz, Aaron Bartley, Robert Sarason, Jairo Lousada Dias (Service Employees International Union, Local 254)
Dan Meagher (Harvard University Security, Parking and Museum Guards Union)

October 9

The Harvard Living Wage Campaign

Alex Horowitz, Molly McOwen, Jack Pan, Roona Ray, Matthew Skomarovsky, and Steve Smith (Harvard Living Wage Campaign), Gareth Evans, Priyadarshi Shukla (Harvard Divinity School)

Views of Contractors

David Silvey (Security Systems Inc.)
Jeff Starr, Arie Ball, Rick Budney, Sharon Spadorcia (Sodexo),

October 19

Union and Worker Perspectives (continued)

Brian Lang, (Hotel Employees and Restaurant Employees International Union, Local 26)

October 22 HCECP Public Forum

HCECP preliminary data report released: "Background Information on Lower-paid Employees at Harvard University: Wages and Worker Characteristics." Presentation of data release by forum moderator and HCECP chair Lawrence Katz. Eight speakers spoke next and this was followed by a 45-minute comments period from audience members.

Invited Speakers (in order of presentation):

Donene Williams (Harvard Union of Clerical and Technical Workers)
Thomas Vautin (Associate VP for Facilities and Environmental Services)
Trevor Cox '01-'02 (president of the Phillips Brooks House Association)
Molly McOwen '02 (Harvard Living Wage Campaign)
R. Graham O'Donoghue '02
Minsu Longiaru '99 (Harvard Law School Student/Harvard Workers' Center)
Richard Freeman (Ascherman Professor of Economics, Harvard University)
Russell Muirhead (Assistant Professor of Government, Harvard University)

October 30

Review of Public Forum and Committee Deliberations

November 2

Overview of Some Moral Issues Relevant for the HCECP

Presentation by Prof. T .M. Scanlon

Introduction to Economic Issues Related to Wage and Outsourcing Policies

Presentation by Prof. David Ellwood

November 9

Economic Issues Related to Wage and Outsourcing Policies

Andrei Shleifer (professor of Economics, Harvard University)

Alan Krueger (Professor of Economics, Princeton University)

November 13

Discussion of reports of subcommittees

November 22

Implementation Issues: Wage Levels, Cost of Living

Edward Glaeser (Professor of Economics, Harvard University)

Robert Pollin (Professor of Economics, University of Massachusetts at Amherst)

Jared Bernstein (Labor Economist, Economic Policy Institute, Washington DC)

November 30

Discussion of Principles to Guide Employment and Contracting Policies and Quality of Work Life Subcommittee Recommendations

December 1

All-day HCECP meeting: Deliberations and preparing for drafting of report

December 11

Discussion of draft report

December 14

Discussion and adoption of final report

APPENDIX F
Paid Time Off and Benefits
Harvard University Employees
To June 20, 2001

Time Off	HEREIU Local 26	SEIU Local 254	HUSPMGU- HUPD	HUCTW	Admin/Prof & Non- Bargaining	
Vacation (days)	1-4 years: 10	1 year: 5	1 year: 5	0-5 years: 15	A/P	S/S
		2-4 years: 10	2-4 years: 10		0-10 yrs: 20	15
	5-9 years 15	5-14 years: 15	≥5 years: 15		5-15 years: 20	11- 15 yrs: 20
	10-24 years: 20	≥15 years: 20		≥15 years: 25	≥15 yrs: 25	25
	≥25 years: 25					
Sick Time						
	>1 yrs: 1 wk	<2 yrs: 5 days ²⁶	6 mo – 1 yr: 7 days ¹		12 days	12 days
	>2 yrs: 2 wks	≥2 yrs: 10 days	≥1 yr: 12 days			
	>3 yrs: 3 wks		100%	75% ²⁷		
			>3 yrs: 12	3 days		
			>4 yrs: 12	8 days		
Holidays	12 Days (incl. 1 floating holiday ²⁸)	11 days	11 days	12 days	11.5 days	
Personal Days	0	0	First 7 days of sick leave can be used as sick/personal days	3 days (pro- rated for new employees)	3 days (pro- rated for new employees)	

²⁶ Available only to category A EEs; ie., regularly scheduled to work > 20 hrs/week.

²⁷ Available only to EEs on staff on 6/30/99 and regularly scheduled to work > 20hrs/week.

²⁸ Available only to EEs regularly scheduled to work ≥ 20 hrs/week.

Short Term Disability	75% of Salary (15% supplemented by Dept.)	60% of Salary ²⁶	75% of Salary (15% supplemented by Dept.) ²⁶	0-7 yrs: 70%	>7 yrs: 100%	0-7 yrs: 70%	>7 yrs: 100%
Health Plans	85% < \$45K ²⁹ 80% \$45K-\$70K 75% > \$70K	85% < \$45K ²⁹ 80% \$45K-\$70K 75% > \$70K	85% < \$45K ²⁹ 80% \$45K-\$70K 75% > \$70K	85% < \$45K 80% \$45K-\$70K 75% > \$70K	85% < \$45K 80% \$45K-\$70K 75% > \$70K	85% < \$45K 80% \$45K-\$70K 75% > \$70K	85% < \$45K 80% \$45K-\$70K 75% > \$70K
Pension Plan	6.5% < 40yrs (age + service) ²⁸ 7.5% 40-49yrs (age + service) 8.5% 50-59yrs (age + service) 10% > 60yrs (age + service)	6.5% < 40yrs (age + service) ¹ 7.5% 40-49yrs (age + service) 8.5% 50-59yrs (age + service) 10% > 60yrs (age + service)	6.5% < 40yrs (age + service) ²⁶ 7.5% 40-49yrs (age + service) 8.5% 50-59yrs (age + service) 10% > 60yrs (age + service)	6.5% < 40yrs (age + service) 7.5% 40-49yrs (age + service) 8.5% 50-59yrs (age + service) 10% > 60yrs (age + service)	5% < 40 yrs old 10% < 40 yrs old & above Soc Sec. wage base ³⁰ 10% ≥ 40 yrs old 15% ≥ 40 yrs old & above Soc Sec. wage base		

²⁹ Available only to EEs regularly scheduled to work ≥16 hrs/week.

³⁰ 2002 Social Security wage base = \$80,400.

Appendix G

The Harvard Bridge to Learning and Literacy Program: Course Descriptions

Literacy

This class is designed to help beginning-level students develop reading and writing skills. Participants in this class already communicate in English on a basic skills level, but need additional practice with listening, speaking, reading, and writing skills in workplace and community-based situations. Phonics, whole-word, and sight words are techniques used to begin the reading process.

ESOL (English to Speakers of Other Languages)

Offered through the Harvard Extension School's Institute for English Language Programs

Workplace Literacy (Survival English)

This course is designed to prepare people who do not yet use English to perform job and life tasks successfully. Classes focus on the students' need to find information, make themselves understood in speech and writing, and learn the structures used in a variety of work and social situations in America.

Integrated Skills

These classes address the integrated development of the four major communicative skills- listening, speaking, reading, and writing- by using designated texts and instruction that prepare students to use English in academic and social contexts. Four levels of courses are offered.

Speaking and Listening for ESOL

This courses concentrates on building students' abilities and confidence when speaking and listening to native English speakers and others who have mastered English. Classes are interactive, with students delivering oral presentations based on class readings and their own writing. Participants in this course already have advanced English reading and writing skills- the goal is to raise their speaking and listening skills to this same level.

GED (General Educational Development) and Academic Prep

This course helps develop critical thinking skills, increase reading comprehension, improve written communication and numeracy skills, develop research and study skills, and prepare students for the OED test and for higher education. Many colleges and employers accept a passing score on the OED as an alternative to a high school diploma. The OED consists of five subject area examinations: writing, social studies, science, interpreting literature and the arts, and mathematics. An important feature of the OED test is the essay, which documents a student's ability to communicate effectively through writing.

Introduction to Computers

This course is designed to help people who have little or no experience using a computer.

Participants will learn basic skills such as keyboarding, introduction to word processing, e-mail, and using the Internet. The course includes open lab time at the computer training rooms.

Appendix H
HEREIU Local 26 Proposal for University Policy for
Card Check/Neutrality Agreements for Food Service Contractors

It is the policy of the University that people who provide services to the University community are treated with respect and dignity, feel secure that they will keep the jobs on which they depend, and are compensated at levels that permit them to have a decent standard of living for themselves and their families and have adequate coverage for healthcare. This policy holds true for food service workers employed by our contractors. The University has observed that food service workers covered by collective bargaining agreements are better compensated and have better healthcare than those who do not engage in collective bargaining. Collective bargaining agreements also provide greater dignity and respect for those covered by them, including the standard provision replacing "at will" employment with the promise that discipline will only be for just cause.

For these reasons, the University wants to protect these workers from arbitrary loss of their jobs when there is a change in food service contractors, and to protect them against being forced to participate in communications with their employers on subjects that are matters of private conscience and not related to their work performance. It also encourages collective bargaining among the workers in its contracted food service operations. The University insists that these workers be entitled to choose with genuine freedom whether to have a union to be their collective bargaining representative. It is intolerable that workers on our campus may be subject to forced indoctrination against collective bargaining and to reprisals for supporting a union, things which are common in the response of many employers to organizing efforts by their employees.

Therefore, each proposer must, at a minimum, commit to the following standards for itself and its subcontractors:

1. It will retain employees who have been employed by the previous food service contractor (and its subcontractors, if any) for 12 months or longer. If at any time it determines that fewer employees are required to perform its service contract than were required by the previous contractor (and subcontractors, if any), it shall retain employees by seniority within job classification. Seniority means length of service with previous contractors. The other employees shall be placed on a preferential hiring list from which it shall hire additional employees when needed. It will not discharge a retained employee without cause during the employee's first 90 days of employment.
2. It will not compel or require its employees to participate in communications with the employer or its representatives concerning religious or political matters or the employees' exercise of rights to self-organization for purposes of collective bargaining or other mutual aid or protection, except with respect to any communications which the employer is required by law to make and then only to the extent of such legal requirement. It shall not use any physical restraint,

employment termination or other employment-related adverse consequences or any overt or implied threat of the same to induce an employee to participate in such communications with the employer.

3. If a Union provides written notice to the Contractor of its intent to organize Food Service Employees in operations covered by this Agreement, the Contractor shall provide access to its premises and to such Employees by the Union. The Union may engage in organizing efforts in the employee cafeteria, employee locker rooms and parking lots during Employees' non-working times (before work, after work, and during meals and breaks) and/or during such other periods as the parties may mutually agree upon.
4. Within ten (10) days following receipt of written notice of intent to organize a unit of a Contractor's Employees, the Contractor shall furnish the Union with a complete list of Employees in the unit, including both full and part-time Employees, showing their place of employment, job classification, departments, and home addresses. Thereafter, the Contractor shall provide updated complete lists monthly.
5. The Contractor will take a neutral approach to the unionization of Employees. The Contractor shall not take any action or make any statement that will directly or indirectly state or imply the Contractor's opposition to or support for the selection by Employees of a collective bargaining representative, or preference for or opposition to any particular union as a bargaining agent.
6. If the Union requests recognition as the exclusive collective bargaining agent for employees in a unit as defined above, the arbitrator identified in paragraph (g), or another person mutually acceptable to the Contractor and the Union, will conduct a review of employees' authorization cards and membership information submitted by the Union in support of its claim to represent a majority of such employees. If that review establishes that a majority of such employees has designated the Union as their exclusive collective bargaining representative or joined the Union, the Contractor will recognize the Union as such representative of such employees. The Contractor will not file a petition with the National Labor Relations Board for any election in connection with any demands for recognition provided for in this agreement, nor will it file any charges with the National Labor Relations Board in connection with any act or omission occurring within the connection with any act or omission occurring within the context of this agreement; arbitration under Paragraph (g) shall be the exclusive remedy.
7. Any disputes between the Contractor and the Union over the interpretation or application of these labor provisions shall, if the Union agrees, be submitted to expedited arbitration, with _____, as the permanent arbitrator and _____, as the permanent alternate arbitrator. The permanent arbitrator shall hear all disputes unless he/she is unavailable to hear the matter within 30 days after it is submitted to arbitration, in which case the alternate arbitrator will hear the

matter if he/she is available to hear it within 30 days of submission. The arbitrator shall have the authority to determine the arbitration procedures to be followed. The arbitrator shall also have the authority to order the non-compliant party to comply these provisions.

It is also very much in the University's interest not to have any strikes, picketing, boycotts and other events that may disrupt food service operations or distract from the academic endeavors of the university community. The University has no contractual relations with the labor organization in the food service industry, the Hotel Employees and Restaurant Employees International Union, through which it might secure promises not to engage in these forms of activity in the course of labor disputes. The University is confident, however, that maintaining the standards set forth above will greatly reduce the chances of labor conflict. Nevertheless, it is preferable that the HERE give a firm an enforceable promise to forego its right to use these measures. Contractors are in a position to get this promise. It is routinely included as a consideration in "right-to-organize" agreements. The University encourages proposers to negotiate agreements like this with the HERE. A proposer which has entered into a "right-to-organize" agreement should include a copy of the signed agreement in its response.

Glossary

Boston CPI-U: Bureau of Labor Statistics CPI-U data for the Boston Metropolitan area including Boston-Brockton-Nashua, MA-NH-ME-CT.

"Casual" Employee: An individual who is hired for three months or less, or who works less than 17-1/2 hours per week and earns less than \$15,000 per year.

Clerical and Technical Staff: Includes all employees represented by HUCTW (with a few exceptions).

Consumer Price Index, All Urban Consumers (CPI-U): a measure of the average change over " time in the prices paid by urban consumers for a 'market basket' of consumer goods and services (food, housing, clothing, transportation, etc.)

HEREIU: Hotel Employees and Restaurant Employees International Union

HUCTW: Harvard Union of Clerical and Technical Workers

HUSPMGU: Harvard University Security, Parking, and Museum Guards Union

Limited Regular Employee: Harvard employee who works, depending on the agreement, less than 20 hours a week and who is represented by a Harvard union.

Low-Paid Employee: An employee earning less than \$10.68 per hour in wages in 2001 dollars.

Regular Employee: An employee who is hired to regularly work 17-1/2 hours or more per week for a period exceeding three months in duration, or who is regularly paid at the rate of at least \$15,000 per year.

Service and Trade Staff: Includes all Harvard employees represented by a union, with the exception of those employees represented by HUCTW.

SEIU: Service Employees International Union