



LIVING WAGE NOTES

A Newsletter for the Harvard Community

Issue 2

www.livingwagenow.com

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URGENT: Write to the Committee!

One of the many victories that resulted from our sit-in last spring was the creation of the Harvard Committee on Employment & Contracting Policies (HCECP). This advisory committee has been charged with soliciting input from all members of the Harvard Community, and your letter explaining how Harvard can become a more responsible employer will make an important impact. Because the committee must issue its recommendations to President Summers by December 19th, **they are asking that all public comments be made to hcecp@harvard.edu by mid-November.**

We can't let the committee or the President believe that the coalition we built in our community last spring supporting a living wage was short-lived. We must tell them that our support for Harvard's workers is as strong as ever. If you support a living wage, let the committee know! In writing your letter, we recommend stressing the following points:

- you are writing in response to their request for a broad range of input
- you feel the Committee has the chance to set an important precedent of involving students and workers in decision-making processes at Harvard and responding to their concerns
- in order for Harvard to fulfill its duty as a fair and responsible employer, it must implement the following reforms:
 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, 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, agreeing not to oppose 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.

Please take a few minutes to write your own individual letter. If you don't have the time, we ask that you show your support by signing and sending in our sample letter, which can be found on the web at www.hcs.harvard.edu/~pslm/livingwage/sample-letter.html.

It's coming...



Justice for
Janitors
November 30

Outsourcing: Why a living wage isn't enough

Like many other universities, Harvard currently outsources much of its service work. This means that it hires companies to bring in their own workers to provide services that Harvard requires. These companies are called *subcontractors*. Some of the subcontractors that Harvard currently hires are UNICCO, Acme, and Hurley's of America for janitorial work, and Sodexo-Marriott and Restaurant Associates for food service work. Harvard is the *indirect* or *economic* employer of the workers who work directly for these subcontractors.

Important as it is to implement a university-wide living wage policy, this policy on its own is not enough. If this change is not accompanied by structural changes in service work, we will not see the end of mistreatment and disrespect of the very workforce that makes Harvard run as smoothly as it does. The adverse effects o

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The HCECP report: What does it reveal?

On October 22, the HCECP released initial data on wages in Harvard's service sector. The data confirm everything that we already knew: Harvard's service workers have endured deteriorating conditions for more than a decade, and are today terribly underpaid.

Since 1994, real wages have plummeted throughout Harvard's service sector.

- The median wage of directly-hired janitors fell from \$10.96 to \$9.55, and the mean wage fell from \$11.58 to \$9.92. In 1994, 82% were paid *more* than \$10 per hour. Today, 80% are paid *less* than \$10 per hour.
- The median wage of directly-hired dining hall workers fell from \$12.65 to \$12.35, and the mean wage fell from \$13.17 to \$12.47. In

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outsourcing stem from a significant power imbalance between the subcontractor and its employees, resulting from the fact the economic employer—in this case Harvard—influences the relationship between a subcontractor and its employees.

There are two kinds of adverse effects that outsourcing in the service sector can have. First, outsourcing can erode the structures of collective bargaining that are already in place. Second, outsourcing is likely to worsen working conditions, for both unionized and non-unionized workers.

How outsourcing erodes collective bargaining

- *Threats of switching subcontractors.* Because the university is in a position to threaten the subcontractor with terminating its contract with the university, the subcontractor can in turn threaten the workers that the university may switch subcontractors if they are too demanding. This threat can be effective, even if the university does not actually threaten the subcontractor. Even if there were a university-wide wage floor with benefits, the power of the indirect employer could still be levied to keep the scope of collective bargaining *at the minimum*. This method of weakening the bargaining position of workers would not be possible if all service workers were directly hired.

- *The bargaining unit.* Outsourcing can split up the union into separate bargaining units—as the janitors are currently split up into units that differ according to whether the workers are directly-hired or not—in which case each bargaining unit will be smaller and weaker. Moreover, any differences in the contracts give the economic employer an incentive to shift more of its workforce to the worse-of bargaining unit.

- *Legal limits on influence of outsourced workers.* The legal means of influencing labor negotiations are limited for subcontracted workers. Labor laws prevent outsourced workers from staging a picket directed at their indirect employer, even though the indirect employer is a major party in determining their pay. In addition, outsourced workers are effectively excluded from striking, another important tactic used to influence negotiations. Directly-hired workers who strike over alleged unfair labor practices cannot legally be permanently replaced. Neither can subcontracted workers who strike over unfair labor practices. However, if subcontracted workers strike, the indirect employer can switch subcontractors, which is a way of permanently replacing them after all. These limits on bargaining strength would not be mitigated by having a wage-floor with benefits.

In all of these ways outsourcing not only weakens the bargaining position of unionized outsourced workers, but also makes it harder to unionize in the first place. For example, if non-unionized outsourced workers try to unionize, the indirect employer can terminate the contract, and the subcontractor can threaten the workers with this possibility in order to prevent them from unionizing.

How outsourcing can worsen working conditions

- *Reputation.* Harvard has more reason to correct discrimination and violations of workplace regulations than subcontractors do. The university has a reputation to uphold, whereas subcontracted companies such as Sodexo-Marriott can function fairly profitably even with a bad reputation. Outsourcing allows the university to inherit the shady practices of the subcontractor without bearing responsibility for it

- *Enforcing regulations.* Outsourcing adds a layer of bureaucracy that makes it harder to enforce workplace regulations. A common grievance among outsourced janitors, for instance, is that they do not get overtime pay for overtime work. This is not due to any shortcoming in the contract, but to the difficulty in enforcing it. ■

The HCECP report: what does it reveal

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1994, 17% were paid *less* than \$12 per hour. Today, 33% earn *less* than \$12 per hour.

- The median wage of directly-hired guards fell from \$14.31 to \$9.58, and the mean wage fell from \$12.98 to \$10.14. In 1994, 58% were paid *more* than \$14 per hour. Today, 58% are paid *less* than \$10 per hour and *none* earn more than \$14 per hour.

In every part of the service sector, both the number and percentage of directly-hired workers earning poverty-level wages has increased since 1994.

Today, there are at least 1,003 Harvard workers earning less than \$10.68 per hour, the standard set in the Cambridge living wage ordinance. Hundreds more workers earn less than the \$12 per hour called for by most studies of the local cost of living. The figure 1,003 includes 424 directly-hired workers, up from 170 in 1994. It also includes 579 outsourced workers. In 1994, Harvard outsourced very little of its service work; almost all of these positions were in-house jobs that paid a living wage.

- The number of directly-hired janitors paid under \$10.68 grew from 117 to 290. The percentage paid under \$10.68 grew from 27% to 83%.
- The number of directly-hired dining hall workers paid under \$10.68 grew from 21 to 58. The percentage paid under \$10.68 grew from 5% to 11%.
- The number of directly-hired guards paid under \$10.68 grew from 32 to 53. The percentage paid under \$10.68 grew from 20% to 59%.

Outsourcing has lowered standards across the service sector.

- *Janitors.* In 1988, Harvard did not outsource any of its janitorial work, and directly-hired janitors with four years of service earned roughly \$14 per hour. In 1992 and 1996, the university outsourced janitorial work to firms which paid poverty-level wages, and used contractors' low standards to force extraordinary concessions from its remaining directly-hired janitors. By 1996, Harvard's in-house janitorial workforce had shrunk to 260 workers—down from 980 in 1980—and in-house janitors were earning wages virtually identical to underpaid outsourced workers.

- *Guards.* When Harvard's guards unionized in 1996, the university outsourced most of its jobs to non-union firms that paid less. This is why Harvard's directly-hired security guard force has fallen from 94 members in 1994 to 20 today. Outsourced guards were hired at lower rates, and the university used the threat of outsourcing the remaining guards to extract devastating concessions from them.

Harvard is disproportionately exploiting immigrants and people of color.

Harvard's service workers have reflected the shifting demographics of service workers in the Boston area over the past fifteen years: they are increasingly immigrants and people of color. The university's move to slash wages is thus doubly disturbing, for Harvard is taking advantage of populations that are least able to fight back.

- In 1994, 64% of directly-hired workers paid less than \$10.68 per hour were people of color. Today, 73% of such workers are people of color.
- The proportion of directly-hired janitors of color grew from 78% to 88%. The proportion of directly-hired dining hall workers of color grew from 25% to 43%.
- In 1994, 56% of directly-hired janitors were U.S. citizens. Today, 34% are U.S. citizens.

The committee's report can be found at www.livingwagelow.com.

(All the above figures are real wages, adjusted to 2001 dollars using the Boston area consumer price index.) ■

