

Wage Gap Between Highest and Lowest Paid Greater at UC

Introduction

It comes as no surprise that top executives at the University of California (UC) earn more than top executives at the California State University System (CSU) and the California Community College Districts. After all, UC is a prestigious research institution that enjoys a variety of funding sources and compares itself with other top rated public universities and even private colleges.

While UC has many advantages over CSU and the community colleges, those advantages often do not benefit the entire UC workforce. An analysis of custodian wage rates reveals that

Key Findings:

UC service and other employees earn less – and UC top executives earn more – than their counterparts at CSU and California community colleges, creating a greater wage gap between the lowest and highest paid UC employees.

- UC President Dynes and other top UC executives earn up to 94% more than executives at CSU and community colleges.
- UC executives receive many more costly perks than executives at CSU and community colleges.
- Wage rates for UC custodians are about 25% less than for workers with the same jobs at CSU and community colleges.
- CSU and many community colleges pay low-wage workers better than UC and provide the same level of benefits as UC.
- The wage gap between the highest and lowest paid employees at UC is likely to grow with UC's new plan to increase executive salaries.

UC's lowest paid earn significantly less than their counterparts at CSU and community colleges, even as UC's highest paid earn significantly more than their peers, resulting in greater wage disparity at UC.

All three publicly funded California higher education systems have multiple campuses (10 at UC, 23 at CSU and 109 Community College Districts) and large student bodies (208,000 students at UC, 405,000 at CSU and 2.5 million at Community Colleges).

However, UC executives – who have granted themselves secret payments and perks in the last few years, while raising student fees, cutting student services, and freezing wages – pay their workers less than what is paid by their less generously rewarded counterparts at CSU and the community colleges.

Executive Salaries Compared

Chart 1 on page 4 compares executive salaries at UC, CSU and the community colleges.

UC President Robert Dynes earned \$423,666 in 2004-2005, 19% more than the CSU System Chancellor Charles Reed (\$355,692) and 73% more than Mark Drummond, the Chancellor of the California Community Colleges (\$245,484).

Similarly, the next top five UC executives earned an average of \$396,773, 73% more than the average of their CSU counterparts (\$229,702).

Finally, UC Chancellors – the top campus executives – earned an average of \$366,037, 61% more than the average of CSU campus presidents (\$227,871) and 94% more than the average of community college district chancellors of multi-campus districts (\$188,900 – base salary only). The comparisons are based on cash compensation such as base salary, car allowances, and deferred compensation, and do not include additional perks. Cash compensation for UC, CSU and community college executives is compared in Table 1.

A Closer Look at Executive Perks

Many perks received by UC executives are not received by executives at CSU and community colleges, including generous severance pay and low-interest mortgage loans. Table 2 summarizes the perks received by executives at UC, CSU and the community colleges. UC's practice of granting perks to top executives without full public disclosure and Regental approval is the subject of upcoming legislative hearings. Until UC's total compensation packages, including perks, are rigorously compared with other public universities, it will remain unclear whether UC executives are underpaid, as UC claims.

UC Custodians Earn Less

A February 2005 study by the National Economic Development and Law Center, "High Ideals; Low Pay," found that many UC service workers earned wages too low to pay for basic necessities such as food, rent, health care and child care. It also found that UC workers were income eligible for public assistance programs and that UC workers earned less than comparable employees at CSU and California community colleges. That study can be found at www.nedlc.org.

This study uses the same methodology to compare wage rates for one of UC's largest service job titles – senior custodian – to rates at CSU and selected community colleges in Chart 2 on page 4. UC wage rates are as much as 26% lower than wage rates for the same job at CSU and the community colleges. Average wage rates for UC senior custodians are a minimum of \$10.47 and a maximum of \$13.54.

UC's minimum wage rate is 14% lower than at CSU (\$12.23) and 25% lower than \$14.00, the average minimum from nine selected community colleges (one from each region where a UC campus is located). The UC maximum wage rate is 26% lower than at CSU (\$18.34) and 23% lower than the average maximum at selected community colleges (\$17.59). A similar disparity in wage rates can be found for many service, clerical and other jobs at UC.

Because wage rates are different at each UC campus, a weighted average was used for the minimum and maximum UC rates. Table 3 is a comparison of wage rates at each UC campus, as well as wage rates for each community college and CSU campus included in the analysis. Table 4 compares the average wage rates for UC, CSU and the selected community colleges.

Same Benefit Levels

CSU and most California community colleges offer higher wages than UC and the same level of benefits as UC. Table 5 is a comparison of fringe benefits at UC Davis, Sacramento State and Los Rios Community College District, which are all in the Sacramento area (because benefits vary at each community college district, a single market was chosen for this comparison).

Wage Disparity Is Growing

UC regents have already approved a plan to give UC President Dynes more authority to raise executive wages and to slot UC executives into new salary ranges. Regents have also reviewed a proposal to move President Dynes himself into a new salary range – the second highest – spanning \$442,000 to \$707,000.

Dynes' current base pay is \$405,000. The fact that Dynes' base pay is below the minimum pay of the range into which he is slotted suggests that additional pay increases are in the works. Bringing Dynes up to the minimum or the midpoint of the range would be a 9% or 42% increase in base pay.

A base pay increase of 75% would bring Dynes to the top of his salary range. According to a comparison of salaries of public university presidents published by the Chronicle of Higher Education in November 2005, such a move would put President Dynes in the top 1% highest paid public university presidents in the country. Under UC's plan, many other UC executives will receive generous raises.

Conclusion

While all employees deserve to be fairly compensated for their work, UC executives who are underpaid are not likely to struggle to put food on the table for their families. The same cannot be said of the lowest paid UC workers.

Wage rates for UC's custodians are as much as 26% lower than at CSU and the community colleges, while UC's top salaries far exceed those at the other schools, creating a greater wage gap at the institution with the most resources. UC's plan to raise executive salaries will only increase the wage disparity between the highest and lowest paid at UC.

Closing this gap by bringing up the wages for those at the bottom would help UC workers earn enough to pay for basic family necessities. Any public investigation of UC's pay practices should focus on this wage inequity.

American Federation of State, County, and Municipal Employees (AFSCME) Local 3299 represents 18,000 UC employees, including food service, custodial, and patient care workers.

Chart 1: Comparison of Executive Compensation at UC, CSU & California Community Colleges, 2004/05

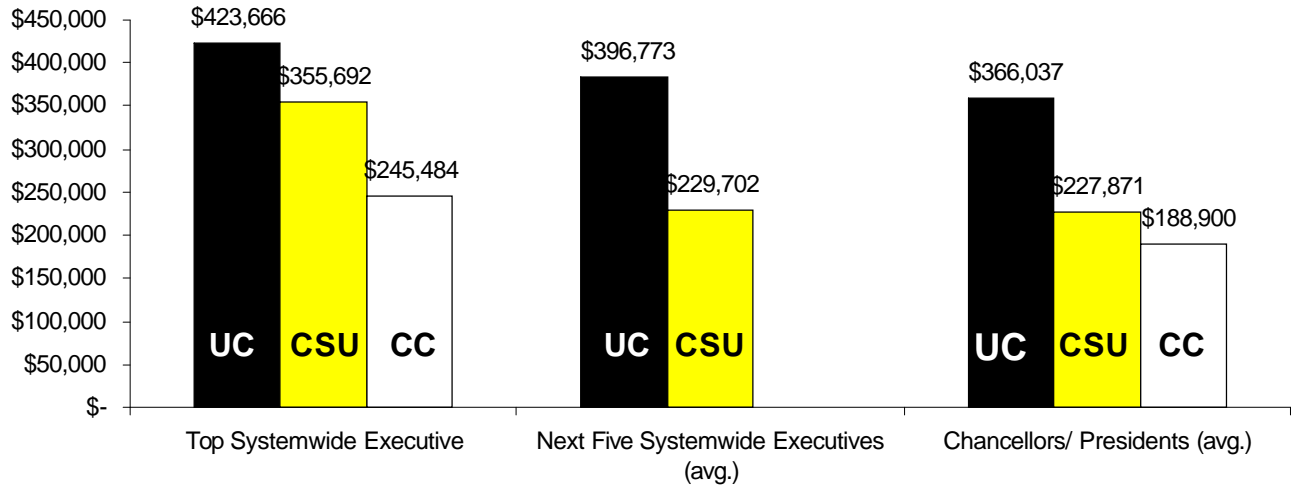


Chart 2: Comparison of Senior Custodian Wage Rates at UC, CSU & California Community Colleges, 2005/06

