What is the living wage? Who sets the wage?
Living-wage laws set up wage standards for city or county employees and businesses that receive contracts or subsidies from local governments. These laws raise the minimum wage closer to a level that allows lower-income workers to meet their basic needs. About 120 cities and counties across the U.S. have these types of laws.

In April 1999, a City of Madison ordinance stated that people directly employed by the city or employed as part of a city contract be paid an hourly wage that is higher than the federal minimum wage of $7.25 per hour. Since 2001, the city wage has been calculated as 110% of the poverty level for a family of four divided by 2,080 (the number of working hours in a year).

The City of Madison living wage on January 1, 2015, will be $12.62 per hour.

Why UW–Madison follows City of Madison Living Wage
University employees are not employees of the city, but UW–Madison has followed a policy that supports the City of Madison living wage for Limited Term Employees since October 2006. In some cases, however, the university has not been able to pay all employees that living wage because it has not had control over its pay programs and policies. The starting wage for custodians, for example, is currently set by the Office of State Employment Relations.

As part of HR Design and the new personnel system, UW–Madison will develop new pay programs and policies. The university wants to bring all current Classified/University staff up to at least the City of Madison living wage starting July 1, 2015. This change is consistent with university policy on Limited Term Employees and reflects the university’s commitment to providing quality jobs for local residents.

Will UW–Madison’s living wage continue to rise as Madison’s living wage rises?
Yes.
Will there be any exceptions to the living-wage policy?
Currently, there are three exceptions to the UW–Madison’s limited-wage policy of providing the City of Madison living wage to Limited Term Employees. The university’s new pay programs and policies will eliminate one of those situations. The policy will continue to allow the other two exceptions as of July 1, 2015.

These are the only exceptions to the policy that will be allowed:

*Special Employment* – Employees participating in special employment programs (for example, Goodwill Industries, Yahara House, and others).

*Retired Individuals* – Employees who indicate a higher rate of pay will adversely affect their retirement benefits.

If we raise the pay of employees at the bottom of the pay scale, what about employees who are above it? How will we handle “wage compression?”
Changing the minimum wage will bring the pay of some university employees at the bottom of the pay scale closer to that of employees with longer years of service. We are looking at ways to adjust wages for this situation (sometimes called “compression”). The amount of the adjustment will partly depend on available money. Fully addressing all the needed pay adjustments may take place over a few years.

How much will the change cost and how will it be funded?
The wage increases will affect around 1,000 employees and cost the university between $750,000 and $1 million per year. This is a large amount of money, but now that we have the flexibility, we feel it is important to make this change. Funds to cover the additional costs will come from both general purpose revenue and program revenue. Colleges, schools, and divisions will work with the university budget office to identify funds to cover any required costs.

Will students get the living wage?
The recommendation to increase all salaries to the living-wage minimum does not apply to students. Students have a primarily academic, not employment, relationship with the university. We will, however, analyze student pay as part of the job classification and compensation analysis. While the HR Design plan does not commit to the City of Madison living wage for student employees, we will consider a living-wage concept that is relevant for students.
Will contract employees get the living wage?
During campus forums, some people asked whether the university will extend the living-wage requirement to employees who work for outside companies that provide services to UW–Madison. We are studying what types of work are provided through contracts, how many hours of labor are contracted, and how this would impact the university. Because of state purchasing requirements, some work is provided through Department of Administration contracts. The university does not have control over these contracts, so we are trying to find out how this limits any changes we can make.

For more information visit hrdesign.wisc.edu