

# STUDENT WAGE TRENDS IN OHIO'S INSTITUTIONS OF HIGHER EDUCATION

by *Annette Kormanik Sturdevant*

In mid-November, 1977, the Ohio Association of Student Financial Administrators (OASFAA) conducted a survey of its institutional affiliates to secure information about their policies and procedures for paying student employees.

Of particular significance in this survey was the confusing issue of federal minimum wage provisions as applied to institutions of higher education.

The "Fair Labor Standards Amendments of 1977,"<sup>1</sup> which became law on November 1, 1977, state that the minimum wage will be

(1) not less than \$2.65 an hour during the year beginning January 1, 1978, not less than \$2.90 an hour during the year beginning January 1, 1979, not less than \$3.10 an hour during the year beginning January 1, 1980, and not less than \$3.35 an hour after December 31, 1980, except as otherwise provided in this section.<sup>2</sup>

In the 1976 *National League of Cities vs. Usery* decision, the Supreme Court ruled that the extension of minimum wage and overtime coverage was unconstitutional when applied to state and local government employees engaged in "the conduct of integral government functions," including "those governmental services which the States and their political subdivisions have traditionally afforded their citizens."<sup>3</sup>



Annette Kormanik Sturdevant is the Director of College Work-Study and Student Employment at Ohio University. She presented a Title IX workshop at the 1976 National Convention on Work and the College Student and has been an active member of OASFAA's Common Form Committee and Training Committee.

<sup>1</sup> U. S. Congress, House, *Fair Labor Standards Amendments of 1977*, 95th Cong., to amend the Fair Labor Standards Act of 1938 . . . , November 1, 1977 (Washington: Government Printing Office, 1977), pp. 1245-1253.

<sup>2</sup> *Ibid.*, p. 1245.

<sup>3</sup> *National League of Cities v. Usery* (1976), 96 S. Ct. 2465.

After this 1976 Supreme Court ruling in *League of Cities vs. Usery*, state and local governments were exempted from certain provisions of the Fair Labor Standards Act. Therefore, public state institutions of higher education are exempt from the minimum wage provisions of the Fair Labor Standards Act. The Department of Labor no longer issues certificates of exemption to public schools because of this case.

On the other hand, private institutions are still bound by the Fair Labor Standards Act. The provisions of the Act are clearly articulated for private institutions in "Institutions of Higher Education Under the Fair Labor Standards Act,"<sup>4</sup> which is available through the Wage and Hour Division of the U.S. Department of Labor.

Pursuant to Section 14 of the Fair Labor Standards Act of 1938, as amended, effective May 1, 1974, institutions of higher education are permitted under a special certificate of exemption to employ full-time students at a subminimum wage equal to not less than 85% of the current minimum wage.<sup>5</sup> Private schools holding such certificates of exemption could, by law, pay their students at the subminimum wage of no less than \$2.25 effective January 1, 1978.

State institutions are covered by state minimum wage laws and all public schools participating in the College Work-Study Program are also governed by Federal College Work-Study Program regulations. Since Work-Study regulations do not take precedent over statutes, private schools must continue to heed the Fair Labor Standards Amendments which cover minimum wage. State minimum wage in Ohio was \$2.10 as of January 1, 1977 and went to \$2.30 on January 1, 1978.<sup>6</sup> Current Work-Study regulations (the latest regulations were issued in the September 28, 1977 *Federal Register*) set minimum wage at \$2.30, which was the current minimum wage at the time that the regulations were published.

According to Hubert Shaw, then Chief Program Officer for Work-Study at the Office of Education in Washington, updated regulations will likely be issued effective July 1, 1978 to bring the Work-Study regulations into conformity with the new Federal Minimum Wage Law. It has been speculated that the minimum on-campus wage will be \$2.65 through Fiscal Year 1979, providing a six-month lag period to conform to the Federal Minimum Wage Law.

In the meantime, the \$2.30 minimum wage will prevail for Work-Study students at public schools unless an institution has a certificate of exemption. When new regulations are issued, institutions which hire Work-Study and regular student employees may be faced with a critical dilemma. In essence, the two different types of student employees at public institutions could fall under two different minimum wage regulations. This could create a substantial pay inequity.

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<sup>4</sup> U. S. Department of Labor, *Institutions of Higher Education Under the Fair Labor Standards Act* (Washington: Government Printing Office, 1972).

<sup>5</sup> U. S. Department of Labor, *Employment of Full-Time Students at Subminimum Wages*, pursuant to Section 14 of the Fair Labor Standards Act of 1938, as amended (Washington: Government Printing Office, 1974).

<sup>6</sup> State of Ohio, "Minimum Wage" (a poster) (Columbus: Department of Industrial Relations, 1975).

The staff of the Office of Education, may, under the College Work-Study Program regulations, approve a rate of compensation for Work-Study students that is lower than the minimum wage set by the regulations for public institutions. It may grant the exemption if exceptional circumstances at an institution warrant a lower rate and the approval of a lower rate is not precluded by any other applicable law. Such a request, according to the regulations, must be consistent with and promotive of the purposes of the College Work-Study Program.

In the midst of this confusing state of multiple regulations, Ohio institutions of higher education are continuing their attempt to provide jobs for their students effectively at on and off-campus work locations.

Surveys were sent to and returned by 82 administrators who represented 76 (48.1%) of the Ohio Association of Student Financial Administrators' affiliate schools.

Below is a listing of the types of institutions responding to the survey:

Type	Number	Percent
Private	39	51.3
Public	19	25.0
Technical (Private & Public)	8	10.5
Proprietary	10	13.2

Sixty-nine (90.8%) of the schools were participating in the College Work-Study Program at the time the survey was completed and 63 (82.9%) of these institutions had a regular on-campus student employment (non-Work-Study) program for their students. At 69 (90.8%) of the schools in the survey, someone is specifically responsible for coordinating each institution's student employment program.

When asked if their institutions were paying federal minimum wage, 48 (63.2%) of the respondents said yes and 25 (32.9%) said no. The question was not applicable to three institutions (3.9%) which had no type of on-campus student employment at their schools.

To the question "Do Work-Study and regular student employees generally make the same wage for the same type and level of work?", 66 (86.8%) responded affirmatively. The question was not applicable to the ten proprietary schools (13.2% of the respondents) which have no on-campus Work-Study Programs. Only 34 (44.7%) of the institutions indicated that they have a classified job system for students who work for their institutions. Thirty (39.5%) of the respondents have some type of graduated pay scales for students at their schools. Twenty-eight (36.84%) of the schools reported how such rates are determined. The chart below illustrates how these Ohio institutions determine pay rates for individual students:

FACTORS IN DETERMINING PAY RATES	NO. OF SCHOOLS USING FACTOR	% OF SCHOOLS USING FACTOR
Seniority, hours accumulated, length of service	10	13.2
Duties, responsibilities, type of work	16	21.1
Experience, expertise, skill, merit, quality of work	12	15.8

Of the ten schools which use seniority, hours accumulated, or length of service to determine pay rates, 60% of the schools are private, 30% are public, and 10% are technical. Of the 16 schools which listed duties, responsibilities, and

type of work as determining factors, 30% were private, 50% were public, 6% were technical, and 13% were proprietary. Of the 12 schools which use experience, expertise, skills, merit and quality of work in determining students' wages, 34% are private and 66% are public.-

When asked "On January 1, 1978, when the Federal minimum wage goes to \$2.65 an hour, what does your institution plan to do?", the following rates of response were given:

Response	Number of Ohio Institutions Giving Response	Percent of Ohio Institutions Giving Response
Pay the \$2.65 federal minimum wage	28	36.8
Pay subminimum wage	15	19.7
Pay state minimum wage	10	13.2
Our institution has not yet decided what we're going to do	15	19.7
1 [respondent] don't know	2	2.6

Two (2.6%) of the institutions stated they planned to pay all students above the \$2.65 rate. Many proprietary institutions stated that the off-campus agencies, where students are placed, play the key role in determining what wages their Work-Study students receive.

Respondents who stated that their institutions would pay below the federal minimum wage in January plan to pay varying wages as shown below:

Wage	Number of Institutions in Survey Paying That Wage	Percent of Institutions in Survey Paying That Wage
\$2.12	1	1.3
\$2.25	10	13.2
\$2.30	15	19.7
\$2.50	2	2.6
TOTALS	28	36.8

Of the 59 institutions that clearly knew, as of Nov. 20, 1977, how they would pay their students workers on January 1, 28 (47.46%) planned to pay them at wages less than the federal minimum wage-effective January 1, 1978.

Eleven (18.6%) of the institutions planned to pay wages which would fall below the state minimum wage of \$2.30 (effective January 1, 1978). Thirty institutions (39.47% of the respondents) were planning to pay at least the new federal minimum wage in January.

OASFAA was interested in the extent to which institutions made decisions about student wages based on actions and decisions of other higher education institutions in the State while complying with federal and state laws. Were the decisions made primarily on the basis of an institution's administrative policy and fiscal management (internally), or were they influenced by the decisions and actions of "sister institutions" (externally)?

Fifty-nine (77.6%) of those surveyed said the decision is made internally. No institution makes its decisions about student wages exclusively on the basis of what other institutions plan to do. Seven (9.2%) of the institutions decided on the basis of both internal and external influences and factors. Six institutions

listed other specific bases for how the decision of what wages they pay their students is made. These included joint consultation with outside agencies and decisions based exclusively on federal and state laws and regulations.

An analysis of the cross-tabulation between institutional type and what they were planning to pay student employees on January 1, 1978 showed that most proprietary and technical school students would be paid \$2.65 or more, and about 50% of the public and private schools would pay at least \$2.65 per hour. Public institutions appear to be more decisive than private schools in that 28.2% of the private schools had not yet made a decision about this issue while only 15.8% of the public schools had not yet decided at the time the survey was completed. Most private institutions which were then paying federal minimum wage either intended to go to the new minimum or had not yet decided what they would do. Two private schools which were not then paying the federal minimum wage intended to pay the new minimum on January 1, 1978.

Public institutions which were, at the time of the survey, paying the federal minimum (78.95% of the public school respondents) were split on going to \$2.65, with 53.3% intending to pay \$2.65 or more on January 1, 1978. No public school in the survey that was not paying the federal minimum wage intended to do so in January. All technical school respondents were paying their student employees at least \$2.30 per hour in November, 1977. Seventy-five percent were planning to go to \$2.65 on January 1; the other 25% had not yet decided. Most proprietary schools which responded planned to continue paying their students at least minimum wage.

Decisions about how institutions will pay their students is generally a function of internal institutional policy. Public and private schools in the survey indicated that they consulted more with other institutions about wage rates than did technical or proprietary institutions. While the trend in Ohio is clearly toward internal decision-making when it comes to determining how student employees will be paid, the lines are not so clear when it comes to determining what the rate of pay will be as the following comments by respondents show:

"Our internal auditor feels we are exempt from minimum wage requirements because of a Supreme Court decision. Time will tell."

"We have been unable to get a clear-cut determination if we fall under Federal Minimum Wage Laws. A clear determination on this would have an effect on what we do."

"Paying students at least the federal minimum wage is highly justifiable. It underlines and helps to show that student workers are vital, essential, and appreciated at our university. It's a moral question as much as it is a fiscal one. Unfortunately finances tend to rule morality these days."

All institutions are feeling the pinch of inflation, and, judging from the survey comments, many believe that paying students at rates below the federal minimum wage is one way of helping to control that inflation. Although state-supported institutions are not bound by the federal minimum wage laws, they will likely feel the effects when new Work-Study regulations are promulgated for the next fiscal year.

Issues of pay equity, student retention, recognition of merit, external intervention, wage competition with business and industry, and sound fiscal management are all at stake when we are faced with the task of determining how institutions of higher education pay their student employees. All institutions are bound by some type of laws and reason which regulate their student employment programs. Many institutions in the survey said they were developing or planned to develop a wage scale and classification system in the next two years. The new Job Location and Development Program, which was established under the 1976 Higher Education Amendments, has the potential of opening new vistas in our student employment programs and should be thoroughly explored by the financial aids community. The Program can do much to expand off-campus job opportunities for all students, regardless of their financial need, who are enrolled in eligible institutions and desire to work to help support their college education. An institution may use up to 10% or \$15,000, whichever is less, of its College Work-Study Program allocation each fiscal year, effective FY 1978, to establish and operate work opportunities through the Job Location and Development Program. For more information about this new Program, see Subpart B of the proposed rules for the College Work-Study Program which were published in the Federal Register on September 28, 1977.

The Ohio Association of Student Financial Aid Administrators is in an excellent position to provide a neutral clearinghouse on ideas and answers for its member institutions. In doing so, Ohio could be in a leadership position for helping to develop, implement, and evaluate more effective student programs in the United States.