

A Living Wage for Regina



By Paul Gingrich, Simon Enoch and Brian Banks



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES



**COMMUNITY
RESEARCH UNIT**

A Living Wage for Regina

By Paul Gingrich, Simon Enoch and Brian Banks

January 2014

About the Authors

Paul Gingrich is the author of the 2009 Canadian Centre for Policy Alternatives – Saskatchewan report *“Boom and Bust: The Growing Income Gap in Saskatchewan.”* He was a faculty member in the Department of Sociology and Social Studies, University of Regina from 1972 to 2007. He is retired and lives in Regina.

Brian Banks is a former director of CCPA Saskatchewan Office and board member, and is also a member of the board of Adult Educators Association of Saskatchewan. His career in education included K-12, adult education, post secondary and training and development.

Simon Enoch is the Director of the Saskatchewan Office of the Canadian Centre for Policy Alternatives. He holds a PhD in Communication and Culture from Ryerson University in Toronto. Active in both the labour movement and media reform efforts, Simon has published in a variety of academic journals and other news media.

Acknowledgements

This project has benefitted from the advice and support of numerous individuals and organizations. First, our sincere thanks to Seth Klein and Iglia Ivanova of the B.C. Office of the Canadian Centre for Policy Alternatives for their advice and support throughout this project. To Yolanda Hansen of the Community Research Unit at the University of Regina for believing in the project from the beginning. The Regina Anti-Poverty Ministry for their invaluable assistance with our Living Wage focus groups and to all the participants in our focus group session. The Saskatchewan Federation of Labour for allowing us the first opportunity to share our research at their 2013 Annual Convention. Also thanks to David Rosenbluth for his advice and direction and to the individuals in Regina day cares, Blue Cross Saskatchewan, Canadian Mortgage and Housing Corporation, Saskatchewan Finance, Saskatchewan Social services and Statistics Canada for their assistance in providing data and information on government programs.

About the Community Research Unit

The Community Research Unit (CRU), based in the Faculty of Arts at the University of Regina, builds relationships between our community and faculty by facilitating community-based participatory research and administering the Community Research and Action Fund.

Contents

Introduction	4
Executive Summary	5
Understanding the Living Wage	7
Principles of the Living Wage	8
Benefits of the Living Wage.	9
Responding to Critics	11
Calculating the Living Wage	13
Conclusion: It's Time for a Living Wage.	16
Next Steps	17
Bibliography	18

This publication is available under limited copyright protection. You may download, distribute, photocopy, cite or excerpt this document provided it is properly and fully credited and not used for commercial purposes. The permission of the CCPA is required for all other uses.

Printed copies: \$10.00. Download free from the CCPA website.

ISBN 978-1-77125-100-6

Please make a donation ... Help us continue to offer our publications free online. We make most of our publications available free on our website. Making a donation or taking out a membership will help us continue to provide people with access to our ideas and research free of charge. You can make a donation or become a member on-line at www.policyalternatives.ca. Or you can contact the Saskatchewan Office for more information at Suite G, 2835 13th Avenue, Regina, SK S4T 1N6; phone 306-924-3372.

Introduction

Since the Great Recession of 2008 the Canadian economy has been sluggish and unemployment has remained at high levels. The growth in Saskatchewan's resource industries and the continuation of very low interest rates have insulated us from the worst effects of the recession. Those who measure the inflation rate have consistently reported that it has been two percent annually or less. Many families based on their lived experience suggest that real inflation is much higher than this. Apartment and condo rental rates, home purchases, the cost of water, some food products, gasoline and other energy sources have risen more than two percent. This has led us to question what is the real cost of living in Regina for the average family. What annual income does a family require to maintain a decent standard of living? What is the Living Wage in Regina?

The main purpose of this report is to describe the concept of the Living Wage and calculate what is the actual base income level of a family of four in Regina. The methodology for calculation

of the Living Wage and the cost of living data developed for this report will contribute to a wider discussion of what is a fair wage for families in today's economy.

The top quintile of earners have benefited substantially more from economic growth in the past 30 years than the bottom three quintiles. Child poverty rates are still too high. Today the CEO — to-average worker pay ratio is multiples higher than what it was thirty years ago. Thus we argue that it is time to adopt the concept of the Living Wage as an important step in improving the life chances and well being of at least 20 percent of Regina's families.

The benefits of the Living Wage to workers, families, businesses, the local economy and communities are also explained and criticisms of the Living Wage are addressed.

The report concludes with a description of successful Living Wage campaigns and a call for action for the creation of a Regina Living Wage campaign.

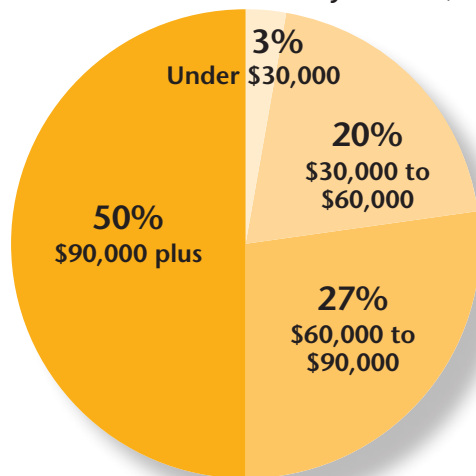
Executive Summary

A Living Wage for Regina

The Living Wage for a Regina family with two working parents and two children, ages four and seven, is \$16.46 per hour. This wage amounts to a family income of \$58,245 annually. To earn this amount both parents work full-time to meet the family's basic needs and avoid falling below the poverty line. A Living Wage permits families to have decent housing, transportation and nutrition while also allowing them to actively participate in community life and plan for the future.

Fully 27 percent of workers in Regina earned less than the Living Wage in 2012. That's at least 30,000 employees struggling every day to make ends meet (Statistics Canada, 2013c). In 2011, 23 percent of families with two or more persons in Regina earned incomes less than what a Living Wage provides. Increasing wages to the Living Wage level would improve the lot of these 13,000 families currently in poverty or with low incomes. In a low wage economy this cohort of families is constantly challenged to stay above the poverty line.

Distribution of After-tax Family Income, Regina



Source: Statistics Canada, 2013a

What is the Living Wage?

The Living Wage differs from both the minimum wage and the average wage. At minimum wage, both parents working full-time would have an income just a few dollars above the poverty line. Social Assistance benefits for a similar family would be much less. The annual income for a family with each parent earning the Living Wage is midway between the average family income and poverty level.

A Living Wage is the hourly wage rate at which a household can meet its basic needs, once government transfers have been added to the family's employment income and tax deductions have been subtracted. The Living Wage is different from the minimum wage, which is the legislated minimum set by the provincial government.

The Living Wage calls on employers to meet a higher standard for both their direct staff and major contractors — it reflects what people need to support their families based on the actual costs of living in a specific community. It provides an income to meet necessary expenditures and ensures that a family does not slip into poverty. Parents and children would have adequate income to participate in work, life, recreational, and community activities. But it is not a lavish wage — it doesn't allow families to save for retirement, post-secondary education for children, home ownership or service existing debt. There is only a minimal income cushion in the case of a family emergency.

Calculating the Living Wage

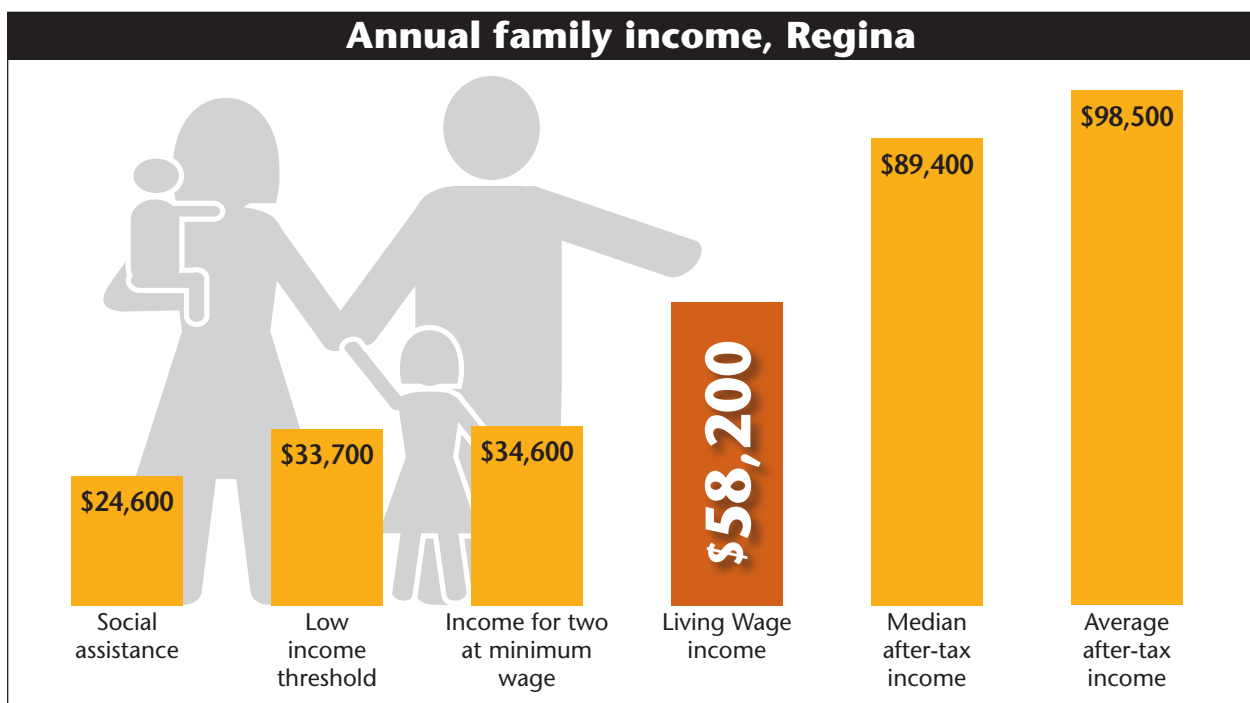
We estimated the expenses a family of four would have for necessities. Our model family has two parents, each working 35 hours per week for a full year, a male child aged seven, and a female child aged four. The family rents a three bedroom apartment and for transportation owns a used car and one Regina Transit pass. The four year old attends a licensed day care full-time and the seven year old a before and after school program at a licensed day care. Each parent takes one post-secondary course per year to upgrade their skills, credentials, and future career options. An additional two weeks pay is included as a contingency for unexpected expenses. In 2012, each parent in a Regina family like this would need to be paid \$16.46 per hour to balance their family budget.

As shown in the graph below, a family of four receiving social assistance would receive approximately \$24,600 (Tweddle et al., 2013, p. 32), well below the low income threshold of \$33,700 (Statistics Canada, 2013b). The same family, with each parent working full-time and earning the minimum wage (currently \$10 per

hour in Saskatchewan), would have an income of \$34,600, barely above the low income threshold. Receiving the Living Wage, the family would have an income of \$58,200. For families of two or more persons in 2011, the median after-tax income was \$89,400 and the average income was \$98,500 (Statistics Canada, 2013a). The Living Wage produces an income midway between the low income threshold and the median income.

The Living Wage Campaign

Our calculations are based on the Living Wage methodology pioneered by the British Columbia Office of the Canadian Centre for Policy Alternatives in 2008. Since the advent of the B.C. campaign for a Living Wage, municipalities like New Westminster and Esquimalt, private employers such as VanCity Credit Union, SAP Software and Now Communications, along with non-profits like the United Way and the Canadian Cancer Society have all committed to becoming Living Wage employers. It is our sincere hope that this report can act as the initial impetus to launch successful Living Wage campaigns similar to the B.C. experience throughout Saskatchewan.



Understanding the Living Wage

A Living Wage is different from the minimum wage, which is the legal minimum employers can pay to workers in a certain jurisdiction. The Living Wage sets a higher standard — it reflects what earners in a family need to bring home, based on the actual costs of living in a specific community, such as the City of Regina. Therefore, Living Wage campaigns do not seek to make the Living Wage the new legal minimum, but rather, seek to convince both for-profit and non-profit employers to adopt the Living Wage for their own employees and to apply the same standard to their major contractors. For example, in the United States, municipalities that have adopted Living Wage ordinances not only commit to paying their own employees a Living Wage, but also require all companies working on service contracts with the city and city agencies to pay the employees working under these contracts a Living Wage.

Our Living Wage calculation invites employers to consider the issue of compensation, not through the traditional lens of what is the norm in a given labour market (or the least one can pay while still attracting and retaining employees), but rather, through the lens of what it actually costs to live and raise children in Regina. Through this, employers can adopt a compensation strategy that increases wages of employees earning less than the Living Wage.

So, the Living Wage campaign is primarily a call to both private and public sector employers to sustain families. This can be achieved either directly through higher wages or a combination

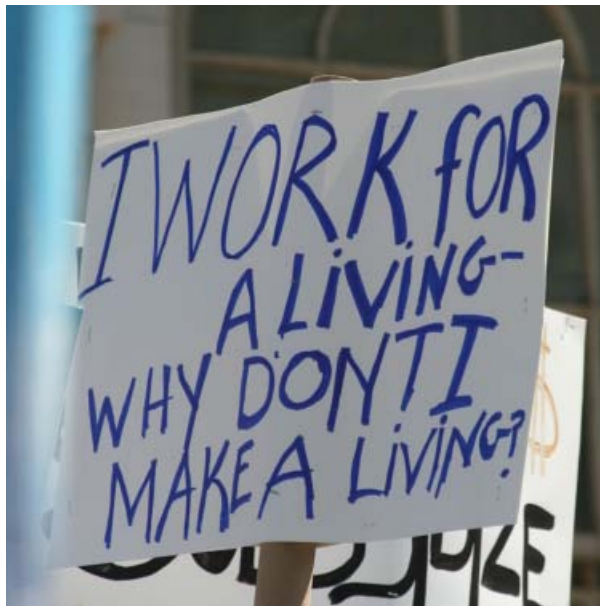
of wages and benefits (such as health benefits, employer-provided day care, transit passes, etc.). The Living Wage can be achieved with a combination of cash and benefits. For example, if Saskatchewan adopted a subsidized childcare program similar to Quebec, our Living Wage calculation would reduce childcare fees by over \$500 per month.¹ The Living Wage presented in our report assumes that the only benefits provided by the employer are the legal requirements for paid vacation, statutory holidays and sick leave mandated by employment standards. Thus, a key way employers can reduce the payroll costs of the Living Wage is to advocate for policy changes to increase government benefits to low-income earners and enhance public services that improve our quality of life.

While the Living Wage is high enough that families can withstand a temporary crisis without falling into poverty, it is certainly not a lavish wage. Despite being higher than the legal minimum, the Living Wage for Regina does not include saving for retirement, debt servicing (e.g. interest on loans or credit cards), a disability plan or home ownership. There is only very limited provision for family members to participate in further education and skill upgrades, or to take vacations, and pay for entertainment or recreational activities. It is a bare bones budget. As readers move through the specifics of our calculation, we believe they will be hard pressed to identify an expenditure that seems “too generous” or unreasonable.

¹ The average full-time monthly childcare fees for a two-year old in Quebec is \$154 per month, the lowest for any province or territory (CBC News, 2013).

Principles of the Living Wage

Fundamentally, the idea of the Living Wage is about fairness and dignity. Our society puts a tremendous emphasis on the value of work. Politicians of all stripes constantly praise the ethic of hard work and “playing by the rules.” However, what does it say about our current economic system if those that do work hard and do play by the rules are consigned to a meagre existence that is plagued by economic insecurity, financial anxiety, social exclusion and rigid immobility? The Living Wage is based on the principles of dignity and fairness of work laid



out by legal scholar Harry Arthurs. “No matter how limited the bargaining power of a worker,” Arthurs writes, “they should not be expected to work under conditions that Canadians would not regard as ‘decent.’ This includes, but is not limited to, the fact “that no worker and by implication their (sic) family should receive a wage that is insufficient to live on...or be required to work so many hours that he or she is effectively denied a personal or civil life.” In other words, living wages provide the financial means for everyone — adults, youth and children — to live with dignity and to participate fully in their communities (CCPA Manitoba, 2009, 8). Ultimately, this is what the Living Wage is all about, ensuring that families who are working hard get what they deserve — “a fair shake, and a life that’s much more than a constant struggle to get by” (Ibid, 3).

The Living Wage is one means by which we can achieve greater fairness and dignity in our society. We do not presume that labour market wages alone can solve all problems of poverty and social exclusion. Indeed, the Living Wage is an essentially conservative estimate that pushes low-income workers into what our colleagues at CCPA Manitoba call “a zone of greater security,” allowing them to better care for themselves and their families (Ibid, 9).

Benefits of the Living Wage

Benefits of the Living Wage for Workers

Paying a Living Wage first and foremost benefits the workers receiving the Living Wage. The current minimum wage of \$10 per hour in Saskatchewan just barely lifts a family above the poverty line. A Living Wage not only allows families to escape poverty and severe financial stress but also ensures better health and child development outcomes. Researchers have become increasingly aware of the damaging effects that both poverty and low-income can have on the mental and physical health of individuals and families. As Benzeval, Judge and Whitehead observe:

Income provides the prerequisites for health, such as shelter, food, warmth, and the ability to participate in society; living in poverty can cause stress and anxiety which can damage people's health; and low income limits peoples' choices and militates against desirable changes in behaviour (Cited in Raphael, 2002, 2).

In Canada, low-income earners are less likely to have a family doctor or receive early treatment for health problems. The poorer health of low-income workers takes a toll on the economy through lost productivity, and adds costs to an already overburdened health-care system. Globe and Mail public health reporter Andre Picard points to one study which estimates that if those in the bottom 20 percent of income earned as much as those one step higher on the income ladder, the savings to the health system would be \$7.6 billion a year (Picard, 2013). So the implementation of a Living Wage can have tremendous health benefits, as well as helping families escape economic insecurity.



Benefits for Families

A study by the San Francisco Department of Health on the health impacts of the Living Wage on local airport workers predicted lower mortality, reduced sick leave and improved mental health among employees receiving the Living Wage. Even the children of workers earning the Living Wage were predicted to have improved health outcomes due to the increase in family income (Bhatia and Katz, 2001). Indeed, Canadian researchers have reported that family income plays a significant role in influencing child development. Of 27 factors identified as having an impact on child development, up to 80 percent were seen to improve as family income increases (Chief Public Health Officer, 2009, 30). So the Living Wage is not only of immediate benefit to individual workers, but to the health and well-being of their families as well.

Benefits for Business

While the most obvious beneficiaries of a Living Wage would be workers and their families earning the wage, the implementation of a Living Wage has numerous “knock-on” effects that can positively impact participating business and the wider community. For business, adopting the Living Wage can result in a variety of positive outcomes. The impact of the Living Wage on employee absenteeism and turnover has been widely documented. In the United Kingdom, the adoption of the Living Wage by Barclay’s Bank resulted in turnover falling from 30 percent to a mere four percent while both performance and customer satisfaction levels improved. After KPMG London adopted the Living Wage, Head of Corporate Services Guy Stallard remarked that “absenteeism is very low. We get the benefit of reduced training costs and increased staff continuity. It is a much more motivated workforce” (Cited in Wayland, 2011, 2). In the United States, Costco Wholesale Corp. has long recognized the value of paying its employees a higher wage. Costco CEO Craig Jelinek remarks that “paying employees good wages makes good sense for business. ... Instead of minimizing wages, we know it’s a lot more profitable in the long term to minimize employee turnover and maximize employee productivity, commitment and loyalty” (Grant, 2013). Furthermore, employers that pay a Living Wage can greatly enhance their brand recognition, inspire superior consumer loyalty and gain access to a privileged market of other Living Wage providers.

Benefits for the Local Economy

Perhaps the most important benefit of the Living Wage is the impact it can have on communities and local economies. The adoption of Living Wage ordinances injects much-needed income into the hands of low-paid working people. More than any other group, low-income earners spend their money in their communities. For example, they are far less likely to make foreign investments or to travel abroad (Hubich and Weir, 2012). A 2009 Goldman Sachs report confirms that increasing the income of people with lower wages has a proportionately larger stimulating effect on the economy than increasing the income of those on high incomes. “Low-earners tend to spend more of their increased income than those on much higher incomes, because those on low-incomes have more essential spending needs to be met by any income increases” (Cited in Wayland, 2011, 3).

Adopting the Living Wage obviously has widespread benefits, not only for individual workers, but also for families, business and the wider community. However, despite the wealth of evidence of the positive impact of the Living Wage, critics do still exist. We refute some of the more common criticisms directed at the Living Wage in the section below.

Responding to Critics

Even though the Living Wage is fundamentally conservative, insofar as it excludes the ability of families to save for retirement, home ownership, their children's post-secondary education or service debt, some critics still maintain that the Living Wage is too costly and will have negative impacts on the economy and certain businesses. We address some of the more common arguments against the Living Wage below.

A Living Wage will increase unemployment.

This is perhaps the most common argument deployed against not only the Living Wage, but increases to the minimum wage as well. The argument is based on the premise that a Living Wage will increase labour costs and force businesses to down-size their workforce. While this argument has been a mainstay of minimum wage debates for decades, recent evidence within the field of economics are increasingly calling it into question (Dube, Lester and Reich, 2010). New studies show that businesses are able to absorb Living Wage costs through some combination of price and productivity increases, reduced turnover and associated training costs and redistribution within the firm (Pollin, Brenner, Wicks-Lim and Luce, 2008). Moreover, because the Living Wage is not a legislated universal wage that affects every worker, but only applies to those employers that choose to pay the Living Wage — either due to a sense of social responsibility or a desire to bid on Living Wage-mandated municipal contracts — it will initially impact only a small segment of the workforce.

A Living Wage will negatively affect the local economy.

Part and parcel to the argument above is that paying a Living Wage will have an adverse effect

on local economies due to increasing labour costs and contributing to inflation. However, adopting a Living Wage will also increase demand, since household spending drives the economy by accounting for 54 percent of the gross domestic product in our country (Yalnizyan, 2013). It has been demonstrated that lower-wage earners overwhelmingly spend their money locally “on public transit and at local grocery stores, gas stations, and other small and independent businesses” (Anglican Church of Canada, 2012, 4). This means that any additional money spent by local businesses on their employees ends up back in their own pockets. Conversely, we know that there are real economic costs attached to the low-wage economy. When low wages leave workers unable to afford the necessities of life, taxpayers pick up the tab. Taxpayer-funded public benefit and assistance programs make up the difference between low wages and the costs of subsistence. The University of California Berkeley estimates that the cost of public assistance to families of workers in the U.S. fast-food industry alone is nearly \$7 billion per year (Allegretto et al, 2013). In effect, whether we admit it or not, we as taxpayers subsidize the low-wage economy every day through the provision of government programs like low-income tax credits and other forms of assistance.

Municipalities cannot afford to adopt the Living Wage without greater contractor costs that will lead to increased taxes.

Municipalities that have adopted Living Wage by-laws for their employees and their contractors experience only very small increases in contracting costs, with some municipalities actually recording a decrease in their costs due to increased contract competition. Living Wage

by-laws can reduce the ability of some bidders to undercut their competition by lowering wage and benefit levels. Thus, a Living Wage law has the effect of “levelling the playing field,” forcing contractors to compete with one another along other dimensions such as increased productivity, efficiency and service quality (Brenner and Luce, 2005).

Low wages only affect students and youth.

The idea that low-wage work is exclusively experienced by youth and students is seriously flawed and outdated. While Regina-based workers aged 15 to 24 constitute a large portion of employees earning less than the Living Wage (41 percent), they are by no means alone. Indeed 59 percent of workers in Regina earning less than the Living Wage are aged 25 or older. Even at the level of the minimum wage of \$10.00 per hour, 39 percent of workers earning this wage in Regina are 25 years or older (Statistics Canada, 2013). The realities of the current labour market show that the conventional picture of low-wage work as the primary domain of students and youth needs to be radically revised. According to CIBC senior economist Benjamin Tal, “There’s clearly a movement from high-paying professional, public sector and construction jobs to lower-paying and retail jobs. Even within manufacturing, there’s a movement from high-paying manufacturing jobs to lower paying” (Cited in Fernandez, 2013). Indeed, as our data show, low-wage work can no longer be seen as primarily the domain of students and youth, adults with families and children constitute a large portion of the low-wage workforce in Regina.

Low-wage work is temporary, workers should educate themselves out of low-wage occupations.

Businesses will always need entry-level services such as cleaners, labourers, retail clerks, clerical and other support staff. However, persons in these entry-level occupations should not be

locked into these jobs for the life of their career. The reality is that it is nearly impossible for workers in these low-wage occupations to afford education or training to upgrade their skills and credentials. If we truly want workers to pursue skills upgrades we must make it possible for them to afford it. For some employees, these types of jobs will not be temporary, but may constitute their main occupation for their working life. Language barriers, physical and mental disabilities create difficult impediments that can also prevent upward mobility in the labour market.

A Living Wage will hurt small business.

To reiterate, because the adoption of the Living Wage is primarily voluntary, those businesses that believe they cannot afford it, do not have to pay it. We argue, however, that the gradual adoption of a Living Wage can actually grow a small business, allowing enhanced employee recruitment and greater retention, reduced training costs, greater employee and customer loyalty and providing access to a privileged market of other Living Wage employers.

Cities that adopt the Living Wage will force companies to re-locate.

There are few reasons to believe that the adoption of a Living Wage will create substantial incentives for firms to move out of their current geographic area. First the magnitude of costs are quite modest for most firms covered by Living Wage legislation — averaging between one and two percent of total operating costs or sales — making relocation not feasible on a purely cost basis. Secondly, the majority of municipal services such as snow removal or garbage collection must be delivered within the local community and cannot be physically relocated. Moreover, most Living Wage by-laws regulating city service contracting apply their wage mandates to firms regardless of their location, so firms are unable to avoid compliance by relocating out of a given locality (Brenner, 2004).

Calculating the Living Wage

The method of calculating the Regina Living Wage parallels that employed for the Living Wage in British Columbia (Ivanova, 2013) and other Canadian centres, using Regina and Saskatchewan data on expenses, taxes, and benefits.

Living Wage Family. Our model Regina Living Wage family has two parents between the ages of 25 to 50, a boy age seven, and a girl aged four. Both parents are employed full-time, 35 hours per week, for a full year. Each child attends a licensed child care — preschool for the four year old girl and school age for the seven year old boy. The family rents an apartment, has a used car and one public transit pass, and purchases extended health insurance. Each parent takes one post-secondary class per year to upgrade skills and credentials. As a minimal cushion against temporary loss of employment or rental accommodation or other unforeseen family emergencies, expenses include two weeks pay as contingency.

Balancing expenditures and income. We first estimated the model family's expenses for the year 2012. Then an hourly wage that would balance employment income with expenses was estimated using the following equation:

$$\begin{aligned} \text{Total expenses} = \\ \text{Employment income} + \text{government transfers} \\ - \text{income and payroll taxes} \end{aligned}$$

Employment income is from two parents each working full year at 35 hours per week; transfers and taxes were calculated using information from the federal and provincial governments.

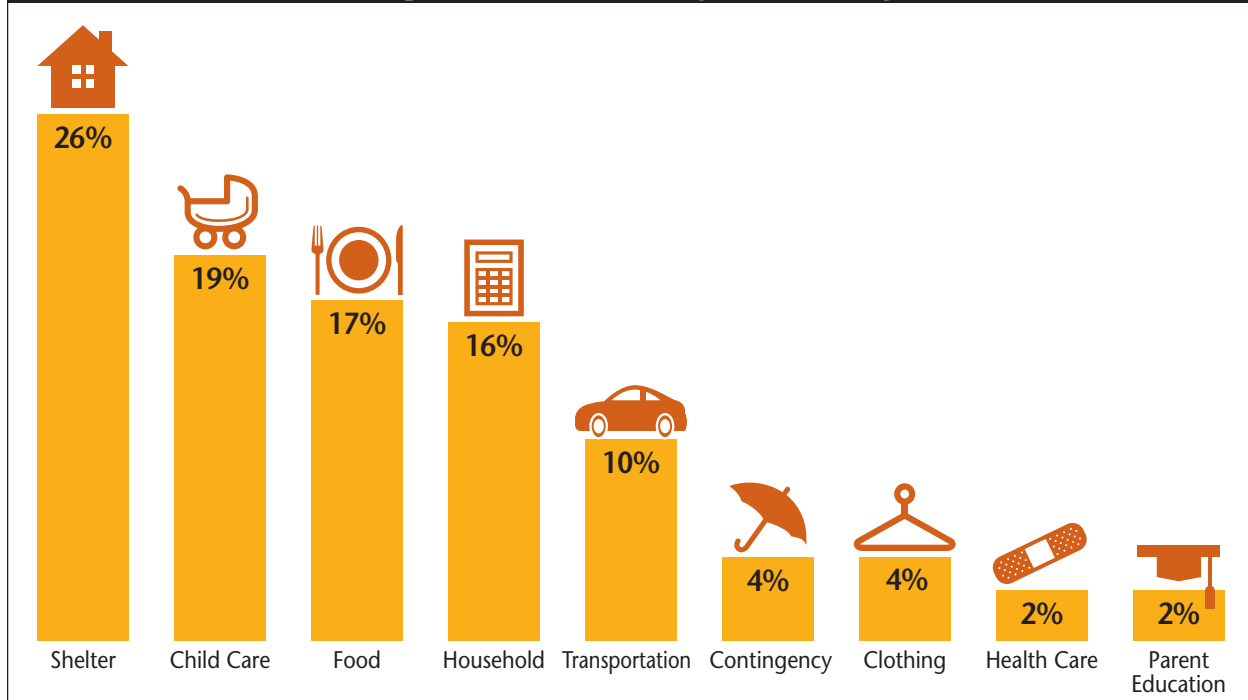
Expenses. Each expense item was estimated for the model family by modifying the Market Basket

Measure (MBM). Statistics Canada constructs the MBM as an estimate of the cost of a basket of goods and services representing a modest, basic standard of living. For the Living Wage, MBM estimates were modified to represent expenses for the model Regina family; all expense items were updated to 2012 using the appropriate Saskatchewan Consumer Price Index (CPI) category.

The distribution of family expenses is as shown in the bar chart "Annual expenses for a Regina family of four" — a short description of the method used to calculate the expenses for each item, as well as annual expenses for the item in 2012, follows. For a more detailed description and references concerning data sources see *A Living Wage for Regina: Methodology* (Gingrich, 2014).

- **Food (\$9,793 for 2012).** The cost of food items in Canada's 2008 National Nutritious Food Basket was estimated for the province by Public Health Nutritionists of Saskatchewan in 2009. Regina food expenses are those for a family in Southern Saskatchewan.
- **Clothing (\$2,148 for 2012).** Expenses derived from the clothing component of the 2011 MBM.
- **Shelter (\$15,113 for 2012).** The median rental cost of a three bedroom apartment in Regina in 2012 was \$1,150 per month. Yearly electricity costs of \$1091 per year and rental insurance of \$222 were added to this.
- **Transportation (\$5,758 for 2012).** In addition to a used car cost of \$4,904 annually, the cost of one adult Regina Transit pass of \$62 per month was added.

Annual expenses for a Regina family of four



- Household and other (\$9,090 for 2012).** This includes a variety of household expense items such as telephone and internet services; household supplies; furniture, furnishings, and electric appliances; personal care products; home entertainment (including cable television), sports, and recreation for parents and children; reading materials and supplies; postal and bank service charges; and charitable contributions. The other component of MBM was used to estimate these expenses.
 - Child care (\$11,400 for 2012).** A telephone and internet survey of twelve licensed child care centres gave averages of \$535 per month fees for preschool and two summer months for school age, along with \$391 per month fees for ten months for school age, producing a total expense of \$11,400 for child care fees in 2012.
 - Health care (\$1,425 for 2012).** The 2012 cost for extended health benefits for a family of four was used.
 - Parents' education (\$1,200 for 2012).** An estimated amount of \$500 tuition and \$100 for books and supplies for each of two post-secondary classes was included in expenses.
 - Contingency (\$2,304 for 2012).** An amount equal to two weeks' pay for each parent was included.
- Not included in the living wage are debt servicing or credit card expenses, savings to purchase a house or for retirement, expenses for elderly parents or other extended family members, or provision for disability or extended illness.
- Transfers.** In addition to employment income, the Regina Living Wage family is estimated to receive \$4,343 in federal and provincial government benefits for the year 2012. These are as follows.
- Universal Child Tax Benefit (UCCB).** This federal government benefit for families with children under age six provides \$1,200 in 2012.

Shelter	\$1259
Child Care	\$950
Food	\$816
Household	\$758
Transportation	\$480
Contingency	\$192
Clothing	\$179
Health Care	\$119
Parents' Education	\$100

- **Canada Child Tax Benefit (CCTB).** This federal government benefit totals \$2,549 for 2012.
- **GST Credit.** The Living Wage family receives a small GST credit of \$26 for 2012.
- **Saskatchewan Low Income Tax Credit (SLITC).** The family receives \$268 SLITC in 2012.
- **Active Families Benefit (AFB).** This provincial tax benefit provides \$300 to the family in 2012 for expenses incurred in enrolling in children's cultural, recreational, and sports activities.
- **Other benefits.** Given its income and employment, the Living Wage family does not receive any benefits from the National Child Benefit Supplement, the Saskatchewan Child Care Subsidy, Saskatchewan Employment Supplement, the Saskatchewan Rental Housing Supplement, the Provincial Training Allowance, or the Saskatchewan Assistance Plan.

Taxes. Federal and provincial income and payroll taxes in 2012 for the Regina Living Wage family are as follows.

- **EI and CPP.** These payroll taxes totalled \$1,869 for each parent in 2012.
- **Federal income tax.** Federal income taxes are \$514 for one parent and \$1,702 for the other parent in 2012.
- **Saskatchewan income taxes.** One parent pays no provincial income tax and the other pays \$388.

Summary of income, taxes, and transfers. The family's overall income situation is summarized below. Employment income (\$30,122 for each parent) is reduced by taxes but increased by federal and provincial transfers. Expenses total \$58,245 for 2012 and, with each parent working full year at 35 hours per week, a living wage of \$16.46 balances income with expenditures.

	Monthly	Annual
Employment income	\$5,020	\$60,244
less EI, CPP income taxes	\$528	\$6,342
plus UCCB, CCTB, GST, SLITC, AFB	\$352	\$4,343
Total family disposable income	\$4,854	\$58,245
Expenses	\$4,853	\$58,232
Living Wage	\$16.46 per hour	

Regina's Living Wage is \$16.46 per hour. The Living Wage of \$16.46 per hour earned by working full-time and full-year provides an annual employment income of \$30,122 for each parent or \$60,244 for the family. After adjusting for transfers and taxes, family income is \$58,232, just matching annual expenses.

Conclusion: It's Time for a Living Wage

From the above discussion, there are plenty of good reasons – backed by concrete evidence — to adopt the Living Wage. First and foremost, the Living Wage is a powerful tool to address family poverty and the myriad negative consequences that result from the daily struggles of trying to survive on an inadequate income.

While Saskatchewan's economy has outperformed the rest of the country for the past few years, many underserved groups have not benefitted from the province's economic expansion. The adoption of the Living Wage by Saskatchewan municipalities and employers would offer a chance to more equally share the benefits of a booming economy. Vulnerable population groups — those often left behind during periods of economic prosperity — such as children, Aboriginal peoples, single-mothers, disabled persons and recent immigrants could all benefit from the adoption of the Living Wage. As we have seen, the income security derived from the Living Wage benefits not only workers, but their families as well, improving health and

child development outcomes over the long-term that benefit us all. Moreover, rather than a harm to business, Living Wage adoption can be a boon to local business, drastically reducing absenteeism and employee turnover, enhancing brand reputation and customer loyalty and providing privileged access to a new market of Living Wage employers. Lastly, the Living Wage can improve the health of our local economies by injecting much-needed income into the hands of low-income earners who will immediately turn around and purchase local goods and services.

We know that the costs to adopt the Living Wage are negligible and are far outweighed by the positive impacts on our families, business and communities. Finally, the Living Wage is one way we can restore a measure of fairness and dignity to our economic system. The frustration of working harder only to fall further behind is one that many Regina residents can relate to. If we as a society truly believe in the value and reward of work, then we should ensure that work will lift families out of poverty, not keep them there.

Next Steps

We hope that this initial report on the Living Wage for the City of Regina can spark a successful Living Wage movement throughout Saskatchewan. To do this will require a concerted and determined effort on behalf of groups committed to working for economic and social justice throughout the province. Given the diverse costs of living that exist in different regions of the province, it is vital as a first step that we determine what the Living Wage will be for other municipalities in Saskatchewan. This sort of careful data collection, tailored to the unique needs of a particular region, gives the Living Wage credibility in each respective community.

The Saskatchewan Office of the Canadian Centre for Policy Alternatives is committed to providing

the research support necessary for groups in other Saskatchewan towns and cities to follow our example and determine what the needs of their own communities are and what level of wage would provide a decent and dignified standard of living within their respective municipalities. To this end, we will make our full methodology on the Living Wage calculation available to all and any groups or organizations interested in calculating the Living Wage for their own community. Moreover, the Saskatchewan Office will attempt to assist those groups without sufficient research capacity in data collection and analysis as might be required. Through these efforts, we hope to establish a vibrant Living Wage movement across Saskatchewan.

Bibliography

- Allegretto, Sylvia, Marc Doussard, Dave Graham-Squire, Ken Jacobs, Dan Thompson and Jeremy Thompson (2013). *Fast Food, Poverty Wages: The Public cost of low-wage Jobs in the fast-food industry*. Berkeley: UC Berkeley Labor Center. Available at: http://laborcenter.berkeley.edu/publiccosts/fast_food_poverty_wages.pdf
- Anglican Church of Canada (2012). *We Can't Afford Poverty: Brief to the Ontario Government's Pre-Budget Consultations*. Toronto: Diocese of Toronto. Available at: www.toronto.anglican.ca/uploads.php?id=4f47fb1469040
- Bhatia R, Katz M (2001). "Estimation of health benefits from a local living wage ordinance." *American Journal of Public Health*. Vol. 91, No. 9.
- Brenner, Mark (2004). *The Economic Impact of Living Wage Ordinances*. Political Economy Research Institute, University of Massachusetts, Amherst.
- Brenner, Mark and Stephanie Luce. (2005) *Living Wage Laws in Practice*. Political Economy Research Institute, University of Massachusetts, Amherst.
- CBC News (2013). "Childcare by the Numbers: Safe and affordable daycare remains elusive." *CBC News*. July 23. Available at: <http://www.cbc.ca/news/canada/child-care-by-the-numbers-1.1327893>
- CCPA Manitoba (2009). *The View From Here: How a Living Wage Can Reduce Poverty in Manitoba*. Winnipeg: CCPA Manitoba. Available at: <http://www.policyalternatives.ca/publications/reports/view-here-0>
- Chief Public Health Officer (2009). *Report on the State of Public Health in Canada: Growing Up Well – Priorities for a Healthy Future*. Ottawa: Public Health Agency of Canada. Available at: <http://www.phac-aspc.gc.ca/cphorsphc-respcacsp/2009/fr-rc/pdf/cphorsphc-respcacsp-eng.pdf>
- Dube, Arindrajit, William Lester and Michael Reich. (2010) "Minimum Wage Effects Across State Borders." *The Review of Economics and Statistics*. Vol. 92, No. 4.
- Fernandez, Lynne (2013). "Work Life: The Living Wage: An idea whose time has come." Canadian Centre for Policy Alternatives – Manitoba Office. November 27. Available at: <http://www.policyalternatives.ca/publications/commentary/work-life-living-wage>
- Gingrich, Paul (2014). *A Living Wage for Regina: Methodology*. Regina: CCPA Saskatchewan.
- Grant, Tavia (2013). "How one company levels the pay slope of executives and workers." *The Globe and Mail*. November 16. Available at: <http://www.theglobeandmail.com/news/national/time-to-lead/how-one-company-levels-the-pay-slope-of-executives-and-workers/article15472738/>
- Hubich, Larry and Erin Weir (2012). "Minimum Wage Hike Can Benefit Sask. Economy." *Saskatoon Star-Phoenix*. August 31. Available at: <http://www2.canada.com/saskatoonstarphoenix/news/forum/story.html?id=a80c38c2-8eee-40e2-9eb7-9440f5009658>

- Ivanova, Iglia (2013). *Working for a Living Wage: Calculation Guide*. Vancouver: CCPA BC. Available at: http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/05/CCPA-BC_Living_Wage_Guide_2013.pdf
- Picard, Andre (2013). "Wealth Begets Health: Why Universal Medicare Only Goes So Far." *The Globe and Mail*. November 12. Available at: <http://www.theglobeandmail.com/news/national/time-to-lead/wealth-begets-health-why-universal-medical-care-only-goes-so-far/article15385519/>
- Pollin, Robert, Mark D. Brenner, Jeannette Wicks-Lim and Stephanie Luce (2008). *A Measure of Fairness: The Economics of Living Wages and Minimum Wages in the United States*. Political Economy Research Institute, University of Massachusetts, Amherst.
- Raphael, Dennis (2002). *Poverty, Income Inequality and Health in Canada*. Toronto: CSJ Foundation for Research and Education.
- Statistics Canada (2013a). Table 202-0601 – Distribution of after-tax income, by economic family type, 2011 constant dollars, annual, CANSIM (database). Ottawa: Statistics Canada. Available at <http://www5.statcan.gc.ca/cansim/a03?lang=eng&pattern=202-0601..202-0606&p2=31>. January 13, 2014.
- Statistics Canada (2013b). Table 202-0809 – Market Basket Measure Thresholds (2011 base) for reference family, by Market Basket Measure region and component, 2011 constant dollars, annual, CANSIM (database). Ottawa: Statistics Canada. Available at: <http://www5.statcan.gc.ca/cansim/a03?lang=eng&pattern=202-0801..202-0809&p2=31>. September 9, 2013.
- Statistics Canada (2013c). *Employed employees by gender, age groups and hourly earnings distribution for Saskatchewan and its Economic Regions and Census Metropolitan Areas. 2012 annual averages, in thousands*. Labour Force Survey, custom tabulation V1013_10.ivt
- Tweddle, Anne, Ken Battle and Sherri Torjman, *Welfare in Canada 2012*. Ottawa: Caledon Institute of Social Policy. Available at <http://www.caledoninst.org/Publications/PDF/1031ENG.pdf>. January 13, 2014.
- Wayland, Sarah (2011). *The Impact on Business of Adopting Living Wage Policies*. Prepared for the Hamilton Roundtable for Poverty Reduction Living Wage Working Group: November, 2011. Available at: http://livingwagehamilton.ca/wp/wp-content/uploads/2011/12/Living-Wage-Brief_28Nov2011-2.pdf
- Yalnizyan, Armine (2013). "Boosting minimum wage would also boost economy, from bottom up." *Globe and Mail Report on Business*. February 27. Available at: <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/boosting-minimum-wage-would-also-boost-economy-from-bottom-up/article9082977/>

The Canadian Centre for Policy Alternatives – Saskatchewan Office hopes to provide a resource to maintain the calculation of the Living Wage in future years and extend it to other provincial centres.

We encourage all interested persons and organizations to assist in this endeavour. Please contact the Saskatchewan Office for more information.

ccpasask@sasktel.net

policyalternatives.ca/offices/saskatchewan



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES

Saskatchewan Office
Suite G – 2835 13th Avenue
Regina, SK S4T 1N6

www.policyalternatives.ca