

Report on the Living Wage Amount for the Regional District of the Central Okanagan (RDCO): 2014

June 26, 2014

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This report presents the result of the calculation of a living wage for a two parent two child family in the Regional District of Central Okanagan in 2014. It follows the methodology used in calculating the living wage amount for Vancouver for 2014.

I. The Result of the Calculation

The amount of the living wage for the RDCO is as follows.

Two Parent Two Child Family: \$18.42 / hour

The Spreadsheet that accompanies the Report contains the data and formulas for the calculation.

II. Comparison of the RDCO Living Wage: 2013 and 2014

Table I presents the living wages for the RDCO for 2011, 2012, 2013 and 2014. It indicates that the living wage for the two parent two child family has increased by \$0.41 from 2013 to 2014, which is an increase of approximately 2.3 percent over this one year period.

Since 2011, the living wage has increased by \$1.44, which is an increase of 8.5 percent. This averages to an increase of 2.8 percent per year.

Table I
Comparison of the RDCO Living Wage: 2011, 2012 and 2013

	2011	2012	2013	2014	Difference 2013 - 14 \$	Difference 2013 - 14 %
Two Parent Family	\$16.98	17.17	18.01	18.42	0.41	2.3

This increase is a result of the increase in family expenses. Over the one year period the family expenses for the two parent two child family increased by \$86.72/month, or 1.7 percent, from \$5,083.67 per month to \$5170.39 per month.

Table II presents a comparison of some of the family expenses between 2011, 2012, 2013 and 2014. The changes in the family expenses have been modest with the exception of increase in the rent expense. Between 2013 and 2014 this expense increased by approximately \$80 per month, or 7.4 percent.

Table II
Comparison of Monthly Family Expenses for the Two Parent Two Child Family
2011, 2012, 2013 and 2014

Expense	2011	2012	2013	2014	Difference 2013 - 14 \$/m	Difference 2013 - 14 %
Food	724.24	710.26	725.65	726.22	0.57	0.1
Rent	975.00	1050.00	1075.00	1155.00	80.00	7.4
Transportation	438.79	471.26	492.46	481.42	- 11.04	- 2.2
Child Care	1106.11	1044.73	1133.39	1132.92	- 0.47	0.0
Education	95.22	110.29	107.87	105.83	- 2.04	- 1.9

III. Comparison of Living Wages for the RDCO and Kamloops

Kamloops has not yet released its living wage for 2014, and therefore it is not possible to provide a comparison between the RDCO and Kamloops living wages at this time.

IV. Comparison of Living Wages for Vancouver and the RDCO

A. The Amount of the Living Wage

At \$18.42, the RDCO Living Wage is \$1.68 less than the Vancouver Living Wage of \$20.10. This is 8.4 percent less. Table III presents the comparison for the two parent two child family.

Table III
Comparison of the Living Wages in Vancouver and the RDCO: 2014

	Living Wages			
	Vancouver \$/hr	RDCO \$/hr	Difference \$/hr	Difference %
Two Parent Family	20.10	18.42	- 1.68	- 8.4

B. Family Expenses

Family expenses in the RDCO are considerably less than in Vancouver. Annual Vancouver expenses are \$66,205.43 while RDCO expenses are \$62,044.67. The difference is \$4,160.76, or 6.3 percent, which equals a difference of \$346.73 per month.

Table IV presents a comparison of the family expenses. The two expenses that account for most of the difference are Shelter and Childcare. Shelter in the Vancouver is \$145.00 per month more than in the Central Okanagan, and Childcare is \$108.75 more per month.

Table IV
Comparison of Family Expenses in Vancouver and the RDCO: 2014

Expense	Vancouver	RDCO	Difference	
			\$	%
Food	774.81	726.22	- 48.59	- 6.3
Clothing and Footwear	194.81	194.81	0.00	0.0
Shelter	1,490.34	1,345.34	- 145.00	- 9.7
Transportation	486.08	481.42	- 4.66	- 1.0
Other	731.09	694.46	- 36.63	- 5.0
Child Care	1,241.67	1,132.92	- 108.75	- 8.8
Non MSP Health Expenses	136.00	136	0.00	0.0
MSP Premiums	138.50	138.5	0.00	0.0
Parent Education	89.32	105.83	16.51	18.5

V. Data

The information used in this calculation is as follows.

- Family expenses for the fall of 2013.
- Government transfers for the CCTB for the July 2013 to June 2014 period.
- Tax formulas for 2013.

VI. Methodology and Assumptions

The living wage is calculated by factoring together the family's income from employment, the family expenses, the income from government transfers including the CCTB and UCCB, and payroll deductions and federal and provincial taxes. The formula is as follows.

$$\boxed{\begin{array}{c} \text{Annual} \\ \text{Family} \\ \text{Expenses} \end{array}} = \boxed{\begin{array}{c} \text{Income from} \\ \text{Employment} \\ \text{(Living Wage)} \end{array}} + \boxed{\begin{array}{c} \text{Income from} \\ \text{Government Transfers} \end{array}} - \boxed{\begin{array}{c} \text{EI \& CPP Premiums} \\ \text{Federal Taxes} \\ \text{Provincial Taxes} \end{array}}$$

The methodology of calculating the living wage adopts the following principles.

1. Whenever possible, family expenses are based on local data.
2. Expenses are based when possible on median expenses. The median expense is the expense for the person who is numerically half way between the person with the lowest expense and the person with the highest expense. The median is usually less than the average, because the average is often pushed upwards by the spending habits of a small number of individuals at the upper end of the income spectrum.

The two parent family: both parents are between 31 and 50 years of age, one child is 4 years old and the other is 7 years old, and both parents are in paid work for 35 hours per week.

For more detailed information on methodology, principles and assumptions of the calculation, consult the following three reports.

1. Working for a Living Wage:
http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/ccpa_bc_living_wage_2008.pdf.
2. Working for a Living Wage: 2014 Update:
https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2014/04/CCPA-BC_Living_Wage_Update_2014_revMay16.pdf