

Calgary's Living Wages: An opportunity for reducing poverty

June, 2017

According to Living Wage Canada, there are 54 Living Wage Communities across Canada¹. Calgary was an early adopter of a Living Wage Initiative, convened by Vibrant Communities Calgary (VCC) beginning in 2008. Since then, the initiative has had one very close but failed attempt at advocating for a Living Wage ordinance at the City of Calgary, has introduced a Living Wage Leader Program, and has undergone a major shift in the calculation methodology. However, one thing has stayed the same; that a living wage is recognized as a minimum amount of employment income that prevents a person from living in poverty.

Minimum wage vs. Living Wage

Calgary's Living Wage is not the minimum wage. Minimum wages are legislated by the provincial government, and are set so that no employer may pay below the legal minimum². A Living Wage is a proxy for the cost of living in any given community. It is not an arbitrary number, but is instead determined by calculating average expenses, taxes and government benefits for a given household. A Living Wage considers the basic needs of an average family of four with two working parents and two children, plus additional costs we all incur from time to time, to allow for a family to fully participate, thrive and build their human and financial assets (e.g., education and savings).

Methodology

VCC changed its methodology for calculating the Living Wage in 2014. We are happy to utilize the Living Wage National Framework calculator created by the Canadian Centre for Policy Alternatives³. Adopting this calculator allows for more relevant comparisons with other Living Wage Communities

Calgary's Living Wage, 2017

\$18.15/hr without benefits

with benefits **\$17.00/hr**

¹ For more information visit "Living Wage Communities <http://www.livingwagecanada.ca/index.php/living-wage-communities/living/>

² For Alberta's minimum wage and comparison to other province's legislated minimum wage visit <http://srv116.services.gc.ca/dimt-wid/smw/rpt1.aspx>

³ Living Wage Canada, "About Canadian Living Wage Framework" <http://www.livingwagecanada.ca/index.php/about-living-wage/about-canadian-living-wage-framework/>

and fully takes into account the local cost of living and provincial tax and benefit regimes. Furthermore, the calculator itself acts as an important policy and advocacy tool with which we can demonstrate the positive impacts of social policy changes.

The methodology is based on the expenses, taxes and benefits that an average family of 4 would receive in any given community. This theoretical family has two parents working full-time and two children, aged 3 and 7, one of whom is enrolled in full-time child care. The calculator allows for us to determine what this family of 4 would need to earn on an hourly basis to meet their basic needs (e.g., shelter, food, clothing) with extremely modest considerations for other expenses required to participate in their community and the workforce (e.g., transportation, internet and phone, health benefits, school fees). Additionally, the calculator takes into account unexpected costs, small investments in parent education, and home costs. Interestingly, the Living Wage for 2017 is practically identical to the Living Wage for 2015. For this reason, we thought a comparison between the two years would be valuable.

Table 1: Family Expenses for a family of four, Calgary, 2015 vs. 2017

	Monthly (2015)	Monthly (2017)	Annually (2015)	Annually (2017)
Food	\$901.00	\$963.99	\$10,812.00	\$11,567.88
Clothing and Footwear	\$156.50	\$156.83	\$1,878.00	\$1,881.96
Shelter	\$1,262.00	\$1,258.00	\$15,144.00	\$15,096.00
Transportation	\$471.80	\$474.08	\$5,661.60	\$5,688.96
Utilities	\$101.41	\$99.48	\$1,216.92	\$1,193.76
Bank Fees	\$12.00	\$4.00	\$144.00	\$48.00
Landline/Cellphone/Internet	\$121.70	\$128.13	\$1,460.40	\$1,537.56
Child Care	\$1,393.75	\$1,599.55	\$16,725.00	\$19,194.60
Health Premiums	\$236.00	\$255.70	\$2,832.00	\$3,068.40
School Fees	\$27.08	\$27.08	\$324.96	\$324.96
Parent Education	\$88.33	\$89.83	\$1,059.96	\$1,077.96
Other (Furnishing, Supplies, etc.)	\$276.00	\$295.84	\$3,312.00	\$3,550.08
Contingency Expenses	\$211.75	\$211.52	\$2,541.00	\$2,538.24
TOTAL FAMILY EXPENSES	\$5,259.32	\$5,564.03	\$63,111.84	\$66,768.36

Table 2: Non-Wage Income (Government Transfers) for a family of 4, Calgary, 2015 vs. 2017

	Monthly (2015)	Monthly (2017)	Annually (2015)	Annually (2017)
Canada Child Tax Benefit (CCTB)	\$199.34	\$701.53	\$2,392.10	\$8,418.38
<i>Basic Benefit</i>	\$233.83	\$983.33	\$2,806.00	\$11,800.00
<i>Benefit Reduction</i>	\$34.49	\$281.80	\$413.90	\$3,381.62
<i>National Child Benefit Supplement</i>	\$0.00	n/a	\$0.00	n/a
Universal Child Care Benefit (UCCB)	\$100.00	n/a*	\$1,200.00	n/a
Goods and Services Tax (GST) Credit	\$0.00	\$0.00	\$0.00	\$0.00
<i>Base Credit</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Additional Credits</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Credit Reduction</i>	\$0.00	\$0.00	\$0.00	\$0.00
Child Care Subsidy (CCS)	\$0.00	\$0.00**	\$0.00	\$0.00
Direct to Tenant Rent Supplement (DTRS)	\$0.00	\$0.00	\$0.00	\$0.00
Alberta Family Employment Tax Credit (AFETC)	\$119.92	\$123.00	\$1,439.00	\$1,476.00

First Child	\$62.83	\$64.42	\$754.00	\$773.00
Second Child	\$57.08	\$58.58	\$685.00	\$703.00
TOTAL NON-WAGE INCOME	\$419.26	\$824.53	\$5,031.10	\$9,894.38

*The UCCB has been incorporated into the CCTB, effective 2016

** This rate includes full-time childcare, Before and After School Care and summer care. In 2015, there were regulated child care spaces for only 20 percent of children aged 0 to 5. To access the Child Care Subsidy, a family must use a regulated space, not a private family day home or other arrangement. VCC chose not to give the family the Child Care Subsidy. This can be reconsidered when the number of regulated spaces increase in Calgary, thereby increasing the likelihood of families using them and therefore being eligible to receive the subsidy.

Table 3: Family income less government deductions and taxes plus government transfers

	Parent 1 (2015)	Parent 1 (2017)	Parent 2 (2015)	Parent 2 (2017)	Household (2015)	Household (2017)
Employment Income	\$33,024.26	\$32,999.15	\$33,024.26	\$32,999.15	\$66,049	\$65,998
Taxes	\$3,215.53	\$3,907.20	\$4,752.36	\$5,216.72	\$7,968	\$9,124
After-Tax Income	\$29,808.74	\$29,091.95	\$28,271.91	\$27,782.43	\$58,081	\$56,874
Non-Wage Income	\$2,515.55	\$4,947.19	\$2,515.55	\$4,947.19	\$5,031	\$9,894
Available Income	\$32,324.29	\$34,039.14	\$30,787.46	\$32,729.62	\$63,112	\$66,769
Family Expenses	--	--	--	--	\$63,112	\$66,768

Findings

It is always with anticipation that the calculator is updated and a new Living Wage rate is produced. It was a surprise therefore when the Living Wage rate changed by a mere \$0.02 from 2015 to 2017. As we can see in the tables above, monthly expenses increased by \$304.71, which could have been much higher had we seen increases in the housing rental rates. Rental rates decreased very slightly due to the volume of available units for rent in Calgary, in part as a result of out-migration of people during the downturn. These increases in expenses and a small drop in after-tax income were matched by the near-doubling of Government Transfers, attributable to the new Canada Child Tax Benefit.

Advocacy

VCC's Living Wage Initiative allows for a number of interesting advocacy and policy change issues related to income. Poverty isn't only about income, but it is always about income, therefore, any opportunity to discuss cost of living, adequate compensation, and social policy reform related to income supports and benefits are welcome. For example, the pending increases to minimum wage in Alberta have encouraged wide and diverse conversations amongst the public and policy-makers concerning the appropriate rate for minimum wage, whether it is an effective poverty reduction mechanism, and how increases to minimum wage might compromise the receipt of certain government transfers.

Furthermore, it could be argued that the calculator, updated annually, presents the most accurate measure for the cost of living in Calgary. Most importantly, it reflects a cost of living that assumes certain quality of life, albeit an extremely modest one. It is imperative that we consider the cost of living to thrive in our community, not just to survive. Lastly, our Living Wage Initiative is highly beneficial to our participation in conversations related to Basic Income. The concept of Basic Income or Guaranteed Annual Income is increasingly being discussed as a policy approach to income support that holds great potential. The calculator and the Living Wage methodology could be highly useful in this area of advocacy and other social policy reform.

For community activists, advocates and policy-makers, the Living Wage Calculator can be an invaluable tool to demonstrate the importance of progressive social policies that can have a powerful impact on a community's Living Wage. For example, the theoretical family of four on which the calculator is based pays more in full-time child care than they do on rent. If the government were to introduce a more accessible child care subsidy, or even universal care, the Living Wage could be reduced by several dollars.

An update on Calgary's Living Wage Initiative

It has been our pleasure to release the Living Wage rate for Calgary for so many years. We have also enjoyed administering a small employer-recognition program that promotes Calgary-based businesses who voluntarily pay their staff a Living Wage. They are truly contributing to the betterment of the lives of their staff and their families, and to the communities in which they live and operate.

During the summer of 2016, we embarked on an intensive stakeholder engagement process with the mind to overhaul our Living Wage Initiative, including the Living Wage Leader Program. Employers and stakeholders were interviewed for their perspectives on the value of the Living Wage Initiative, what they liked and what could be improved in our initiative. VCC is dedicated to re-introducing a program that truly generates value for employers, community partners and Calgarians who want to buy their goods and services from employers who want to make a difference. For this reason, the Living Wage Leader Program remains offline for the time-being, as VCC continues to explore the ideal model for funding, communication and product.

For more information, please contact
Ivan Sierralta, Director Strategy & Impact
Vibrant Communities Calgary
ivan@vibrantcalgary.com
403-351-2652