

Municipal Living Wage 101

Social & Economic Policy Update

A NEW TOOL FOR REDUCING POVERTY IN CANADIAN COMMUNITIES

Municipal living wage bylaws ensure that city workers, as well as contracted staff will be paid enough to meet basic, locally calculated, family living expenses. A living wage is not the same as the provincially legislated minimum wage. Instead, the living wage is calculated based on the amount a family requires to meet basic expenses, such as housing, child care, food and transportation. The calculation also incorporates government taxes, credits, deductions and subsidies.

Canada's first municipal living wage bylaw was passed in April 2010 by New Westminster City Council. Esquimalt passed a second bylaw in early 2011, and interest is growing in a number of other BC municipalities. While living wage policies are new to Canada, they are already well established in other countries. At least 130 US cities have successfully implemented a living wage, including New York, Chicago, Boston, Detroit, Cleveland, Los Angeles, San Francisco, Oakland, San Jose and Miami. Almost half of the urban population in the US lives in a city covered by a legislated municipal living wage. A number of UK municipalities, including the Greater London Authority, have also legislated a living wage.[1]

FAIRNESS AND COMMUNITY VALUES

Implementing a municipal living wage policy is a way local governments can directly improve residents' lives and put widely held community values into practice. Most people agree that hard work should be rewarded with adequate pay and benefits, and that people working full time should not be stuck living in poverty. But almost 20% of workers in Canada are paid less than \$10 hour, and one third of children in low income families have at least one parent working full time.[2] [3] Childhood development is heavily influenced by family income. "Of 27 factors identified as having an impact on child development, up to 80% were seen to improve as family income increases." [4]

The living wage is also an important equity issue, as the majority of Canada's 'working poor' are women. Recent immigrants are also overrepresented at the bottom of the wage scale in this country. [2] A municipal living wage policy can help ensure that community values about fair employment practices are reflected in city contracts, and that public initiatives aren't being subsidized by poverty wages.



MUNICIPALITIES IN BC THAT HAVE CALCULATED THEIR 2011 LIVING WAGE

New Westminster - City Council - CCPA - \$18.81

Esquimalt - City Council - \$17.31

COMMUNITY ORGANIZATIONS THAT HAVE CALCULATED THEIR LOCAL LIVING WAGE

Cranbrook - Interior Health - \$14.16

Abbotsford - Vibrant Abbotsford - \$16.42

Williams Lake - Williams Lake Social Planning Council - \$15.77

Victoria - Quality of Life Challenge - \$18.03

COMMUNITY ORGANIZATIONS IN THE PROCESS OF CALCULATING THEIR LOCAL LIVING WAGE

Qualicum/Oceanside – School Board Resolution - Oceanside Coalition for Strong Communities

Cowichan - Social Planning Cowichan

Nelson - Interior Health

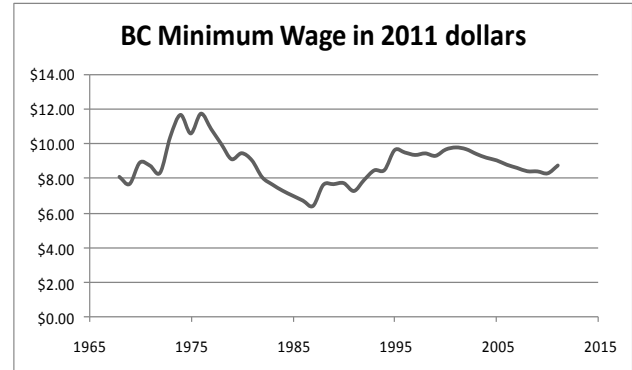
Kelowna - Interior Health[5]

LEADING BY EXAMPLE

Living wage bylaws apply only to city employees and contractors, but they set an important local benchmark that other employers can follow. One of the best examples of this is from the UK, where the Greater London Authority has established a living wage unit to promote the adoption of living wage policies in the private sector. A growing number of UK companies are following the lead of London's municipal government to become living wage employers.

Closer to home, a 2011 Conference Board of Canada report recommends that “governments can provide assistance by calculating and setting appropriate living wage levels; aligning government benefits and income supplements with the appropriate living wage arrangements; and emphasizing the business case for a living wage to other employers. As employers, governments can pay their own employees a living wage and thereby address a socio-economic

determinant of their employees' health while serving as a role model for other employers”. [6]



Source: Ministry of Human Resources. Real minimum wages created using CPI data from Statistics Canada

“Failure to tackle the poverty and exclusion facing millions of families and their children is not only socially reprehensible, but will also weigh heavily on countries’ capacity to sustain economic growth in years to come.” - Organisation for Economic Co-operation and Development

LOW COST TO IMPLEMENT

Impact studies in cities across the US have shown that living wage policies lead to very minimal increases in overall municipal spending. A study of 20 US cities found that “contract costs increased by less than 0.1 percent of the overall local budget in the years after a Living Wage law was adopted.” Some municipalities have even seen slight decreases in the real costs of city contracts since implementing living wage policies.[1]

Comparison of the Minimum and Living Wage

The Minimum Wage	The Living Wage
Is the wage for an individual (not responsive to family circumstances)	Is calculated based on the expenses of a family of four with two young children and is responsive to family circumstances
Is not necessarily responsive to actual costs of living in a given community	Reflects actual costs of living in a given community
Is a provincial/federal statutory minimum	Is determined through community consultation, negotiations, contracting conditions, municipal policy/bylaws, etc.
Is not affected by employer-provided benefits or government tax or transfer programs	Is affected by benefits provided by employers and government taxation policies and programs that support low-income individuals and families

Source: Canadian Centre for Policy Alternatives, 2008 [7]

Estimated Cost of Poverty in BC, 2008		
	Costs to society at large	Costs to government
Health care costs		\$1.15 billion
Crime costs	\$614 million	\$130 million
Lost productivity	\$5.31 to \$6.26 billion	\$543 to \$644 million
Adjustments for government transfers replaced by market income		\$395 million
Totals	\$5.92 to \$6.87 billion	\$2.22 to \$2.32 billion
Total costs of poverty to society and government	\$8.14 to \$9.19 billion, or 4.1% to 4.7% of BC's GDP	

Source: Canadian Centre for Policy Alternatives, 2011 [8]

HEALTHIER, HAPPIER COMMUNITIES

Poverty is a major contributor to many of the problems that affect the overall quality of life in our communities and put strain on public resources. Providing livable incomes and benefits not only leads to better lives for employees and their families, but also reduces the strain on emergency medical care, policing, food banks, housing programs, drug and alcohol programs and other public services.

A study in one US jurisdiction estimated that a widely implemented living wage policy could save families between \$3,000-\$4,000 per year in federal, state and municipal taxes.[9] Recent research in BC found that poverty in this province represents a direct cost to government of \$2.2 to \$2.3 billion annually, or close to 6% of the provincial budget. The overall social cost is considerably higher — at least \$8.1 to \$9.2 billion per year, or between 4.1% and 4.7% of BC's GDP. A comprehensive poverty reduction plan in BC would cost less than half that amount. [8]

This new BC research reaffirms the OECD's warning that "failure to tackle the poverty and exclusion facing millions of families and their children is not only socially reprehensible, but will also weigh heavily on countries' capacity to sustain economic growth in years to come." [10]

STRENGTHENING LOCAL ECONOMIES

Paying a living wage is good for local economies. Because lower-income earners have more unmet essential needs, increasing their earnings leads to higher rates of spending in the local economy than do increased income for wealthier residents. A study in San Francisco estimated that at least 40 cents of each additional dollar of pay gained through living wage measures would be spent directly in the local economy, leading to \$20.8 million in local economic growth every year. [9]

In addition, researchers have found that paying a living wage tends to reduce staff turnover, improve workplace morale and increase productivity. Research also shows that living wage policies do not generally result in layoffs, and because they set a 'level playing field', do not put any municipal contractors at a competitive disadvantage.

CENTRE FOR CIVIC GOVERNANCE

The Centre for Civic Governance works to support community leadership meeting today's social and environmental challenges: global warming, Canada's increasing equity gap, the impact of technology and changing social trends.

At the Centre for Civic Governance, our goal is to strengthen Canadian communities through sharing best practices, providing tools for locally elected leaders, and progressive policy analysis. We strive to provide knowledge and information to make real and positive social change.

The Centre for Civic Governance is an initiative of the Columbia Institute, a charitable organization established to activate and motivate working people to build strong, progressive communities throughout Canada.

POLICY RESOURCES

Designing, passing, and examples of a living wage policy

· Developing a campaign to get a Municipal Living Wage Policy passed: <http://firstcallbc.org/pdfs/LW/planning%20a%20campaign.pdf>

· Municipal briefing notes for a Living Wage Campaign: <http://firstcallbc.org/pdfs/LW/Municipal%20briefing%20notes.pdf>

· New Westminster's Living Wage policy and the declaration included with all competitive city bids: http://www.newwestcity.ca/database/rte/files/POLICY_Living_Wage.pdf
http://www.newwestcity.ca/database/rte/files/2011_Living_Wage_Declaration_Final.pdf

· The motion passed by New Westminster City Council can be found on page 8 of the Council Minutes: http://www.newwestcity.ca/council_minutes/0426_10/Regular_2010_Apr_26_Minutes.pdf

An interview with Councillor Jaimie McEvoy about New Westminster's experience passing Canada's first municipal living wage policy can be found in the Centre for Civic Governance publication *Unlimited Vision: Ideas for Building Inclusive, Sustainable Communities*: http://www.civiggovernance.ca/sites/default/files/publications/Unlimited_Vision_book_web_o.pdf

Research, Reports and Case Studies

· BC Living Wage for Families Campaign fact sheets and other resources: [livingwageforfamilies.ca/](http://www.livingwageforfamilies.ca/)

· New Westminster City Council Staff's Report on the Living Wage: http://www.newwestcity.ca/council_minutes/0426_10/CW%20Living%20Wage.PDF

· Research overview prepared by City of Calgary planning staff: http://www.calgary.ca/docgallery/bu/cns/living_wage/lwp_literature_review.pdf

· The Canadian Centre for Policy Alternatives has a range of research and resources available:

<http://www.policyalternatives.ca/livingwage2011>

Organizations

· BC's Living Wage for Families Campaign
The Living Wage for Families campaign brings together community organizations and other partners in efforts to promote the adoption of living wage policies by governments and businesses: <http://www.livingwageforfamilies.ca>

· ACORN Canada
ACORN Canada is an independent national organization for low and moderate income families, with nearly 30,000 members across Canada. ACORN has been campaigning for living wage bylaws in several Canadian cities, including Ottawa, and New Westminster: <http://www.livingwages.ca/>

Calculating the Living Wage in BC

For communities

The Living Wage for Families Campaign has partnered with the CCPA to develop a downloadable spreadsheet and guide that BC municipalities can use to calculate the living wage for families in their community

· BC Living wage calculator & guide: <http://www.policyalternatives.ca/livingwage2011>

· The CCPA may also be able to carry out detailed living wage calculations for your community. A fee is charged for this service. For more information, contact CCPA economist Iglia Ivanova at 604-801-5121 (ext. 232), or by email iglika@policyalternatives.ca

For specific employers

The Living Wage for Families Campaign has developed an online calculator to help BC Lower Mainland employers calculate wage and benefit packages that meet living wage standards

· Living wage calculator for Lower Mainland employers: [livingwageforfamilies.ca/calculator/](http://www.livingwageforfamilies.ca/calculator/)

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