



# CALCULATING A LIVING WAGE

FOR WINDSOR AND ESSEX COUNTY  
2018

WINDSOR-ESSEX COUNTY  
HEALTH UNIT



## Background

A living wage is the minimum amount a person must earn to afford to live in a specific community. It is not the same as the minimum wage, which is the lowest rate an employer can legally pay for work performed. The living wage takes into consideration basic level of economic security and quality of life for most two-parent families (but it is designed to support most other types of households as well) within a given community context, meaning it is different for each community. Receiving a living wage affords families increased opportunity to live with dignity and participate as active citizens in our society.

## Calculating the Living Wage for Windsor-Essex County

### How is the Living Wage Calculated?

The living wage is based on the [Canadian Living Wage Framework](#) and the Canadian Centre for Policy Alternatives Ontario Family Expense Workbook, which makes the living wage calculation consistent across Canada, but also allows some flexibility to meet the community's needs. To determine the living wage of Windsor and Essex County, the following reference household scenario is used:

#### A healthy family of four:

- Two adults, both age 35 and both working full time (37.5 hours per week).
- One child age 3; requires 260 days of full-day childcare.
- One child age 7; requires 65 days of full-day childcare in the summer and 195 days of before-and-after-school care.

The living wage is calculated based on how much a family spends on necessities (annual family expenses), plus how much they pay towards taxes and premiums (employment insurance and pension plan), minus eligible government payments (child benefits and other subsidies). The living wage is traditionally calculated every year.

$$\text{Living Wage} = \text{Annual Family Expenses} + \text{Premiums and Taxes} - \text{Income from Government Transfers}$$

## What does the Living Wage Calculation include and what it doesn't

LIVING WAGE INCLUDES:	LIVING WAGE DOES NOT INCLUDE:
<ul style="list-style-type: none"> <li>▪ Healthy food</li> <li>▪ Shelter and utilities</li> <li>▪ Household furnishings</li> <li>▪ Transportation (one car and operating costs, and bus pass)</li> <li>▪ Basic telephone and internet</li> <li>▪ Private health insurance including life and disability insurance</li> <li>▪ Childcare (before subsidy)</li> <li>▪ Vacations and family outings</li> <li>▪ Clothing, laundry, personal care, recreation, reading</li> <li>▪ Miscellaneous (memberships, bank fees, tenant insurance)</li> <li>▪ Continuing parental education</li> <li>▪ Contingency for emergencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Debt/student loan repayments</li> <li>▪ Home ownership</li> <li>▪ Special dietary requirements</li> <li>▪ Costs related to disability</li> <li>▪ Professional development</li> <li>▪ Savings for retirement or children's future education</li> <li>▪ Professional services (e.g., lawyer or accountant)</li> <li>▪ Personal lifestyle behaviours (e.g., tobacco and alcohol)</li> <li>▪ Cable television</li> <li>▪ Pets</li> <li>▪ Take-out food</li> <li>▪ Luxury items</li> </ul>

The data used in the calculation comes from a variety of local, provincial, and national sources. Where feasible, the living wage calculation prioritizes the use of local data to determine the cost of living within our community. The data sources used for this calculation include:

- Government of Canada
- Government of Ontario
- Canada Mortgage and Housing Corporation (CMHC)
- Market Basket Measure
- Statistics Canada's Survey of Household Spending (SHS)
- Windsor-Essex Nutritious Food Basket
- Local quotes of goods and service providers

### Summary of the 2018 Windsor-Essex Living Wage Calculation

The following tables provide a break-down of the estimates and explanations of annual family expenses, premiums and taxes, and government transfers. Older costing data were adjusted for inflation according to the Consumer Price Index.

**Table 1.** Family expenses for a reference household in Windsor-Essex County

Annual Family Expenses	Annual Cost (\$)	Monthly Cost (\$)	Explanation/Assumptions
<b>Food</b>	10,199	850	Cost for a family of four to eat healthy according to the Nutritious Food Basket costing tool for Windsor-Essex County.
<b>Rent</b>	12,816	1,068	Local cost to rent a 3 bedroom and 1 bathroom apartment according to the CMHC.
<b>Shelter utilities</b>	2,136	178	Local cost of utilities: <ul style="list-style-type: none"> <li>▪ Municipal water (22 cubic metres used per month).</li> <li>▪ Electricity (414 kWh at tiered pricing).</li> <li>▪ Natural gas (2,200 cubic metres of gas consumed per year using M1 rates).</li> </ul>
<b>Tenant insurance</b>	272	23	Average cost (3 local quotes) for insurance on 3-bedroom, 1-bathroom apartment: \$35,000 property value; \$1,000 deductible; \$100,000 personal liability.
<b>Household operations</b>	879	73	Household operation costs according to Statistics Canada’s Survey of Household Spending (SHS) for Ontario households in the second income quintile. Includes cleaning supplies, papers, plastics, foils, household furnishings and outdoor supplies.
<b>Communications</b>	1,718	143	Average cost (3 local quotes) for basic services: <ul style="list-style-type: none"> <li>▪ Two smartphone plans (new basic phone, unlimited texting, no data, 2-year plan).</li> <li>▪ Basic internet plan (6-15 mbps download, 70-150 GB bandwidth) and cost of modem.</li> </ul>
<b>Extended health plan</b>	2,641	220	Average cost (3 local quotes) for an extended health plan that includes basic coverage of dental, prescription drugs, optometry, hospital services, and life and disability.

Annual Family Expenses	Annual Cost (\$)	Monthly Cost (\$)	Explanation/Assumptions
<b>Transportation</b>	7,141	595	<p>Assume a Hyundai Elantra (2013) has an estimated purchase price of \$11,075 (Canadian Black Book)</p> <ul style="list-style-type: none"> <li>▪ Average cost of auto insurance through Kanetix.</li> <li>▪ Cost of regular gas for 18,000 kilometers of driving and fuel consumption estimate for 100kms driven for the Hyundai Elantra.</li> <li>▪ 3 local quotes for oil change.</li> <li>▪ Cost of a registration license sticker.</li> <li>▪ Cost of repairs for the vehicle (SHS, 2015).</li> <li>▪ Cost of an annual bus pass for an adult.</li> </ul>
<b>Childcare (before subsidy)</b>	14,408	1,201	<p>Average licensed child care costs (3 quotes) for:</p> <ul style="list-style-type: none"> <li>▪ 3-year-old attending 260 full days.</li> <li>▪ 7-year-old attending 65 full days and 195 days of before-and-after-school care.</li> </ul>
<b>Vacation</b>	1,047	87	<p>Cost of going on two family vacations:</p> <ul style="list-style-type: none"> <li>▪ 7-day camping trip at an Ontario Provincial Park (includes camping site fees and supplies).</li> <li>▪ 7-day staycation where time is spent visiting 4-5 local attractions for a week which includes all related costs and parking.</li> </ul>
<b>Monthly family outing</b>	1,738	145	Average cost of 12 restaurant meals for family of four using the SHS (2015) adjusted.
<b>Clothing and footwear</b>	2,718	227	Cost based on the SHS (2015) adjusted for 2017.
<b>Personal care and Laundry</b>	2,593	216	Personal care costs from Statistics Canada's SHS (2015) for Ontario households in the second income quintile. Laundry cost based on 3 local quotes from laundromats for 6 loads per week at \$4.67 per load including cost of detergent and drying sheets.

Annual Family Expenses	Annual Cost (\$)	Monthly Cost (\$)	Explanation/Assumptions
Recreation and reading	1,907	159	<ul style="list-style-type: none"> <li>▪ Recreation costs are obtained from the SHS (2015) adjusted for 2017.</li> <li>▪ Cost of reading materials sourced from the SHS (2015) adjusted which includes books, magazines and newspaper.</li> </ul>
School Supplies and School Fees	47	4	School supplies costs and costs of school related activities are recognized and sourced from the SHS (2015) adjusted.
Continuing adult education	700	58	Obtained from St. Clair College, includes costs of textbooks and other fees. Cost of each course is \$300.
Bank fees	182	15	Based on the SHS (2015) for costs associated with maintaining most bank accounts and performing financial services.
Miscellaneous expenditures	679	57	Cost from Statistics Canada's 2014 Survey of Household Spending for Ontario households in the second income quintile.
Contingency	2,553	213	+4.0% of total expenses (excluding savings).
<b>TOTAL</b>	<b>66,374</b>	<b>5,532</b>	<b>Sum of annual/monthly family expenses</b>

**Note:** Values were rounded to the nearest whole dollar.

**Table 2.** Premiums and taxes for a reference household in Windsor-Essex County

Premiums and Taxes	Annual Cost (\$)	Explanation/Assumptions
Federal tax after credits	2,664	Determined through income tax form.
Provincial tax after credits	744	Determined through income tax form.
CPP and EI Contributions	3,454	Determined based on income, CPP, and EI rate for current year.
<b>TOTAL</b>	<b>6,862</b>	<b>Sum of premiums and taxes</b>

**Note:** Values were rounded to the nearest whole dollar.

**Table 3.** Eligible government transfers for a reference household in Windsor-Essex County

Government Transfers	Annual Gains (\$)	Explanation/Assumptions
<b>Canada Child Benefit</b>	8,400	The new Canada Child Benefit (CCB) replaced the Universal Child Care Benefit in 2016. The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age. Benefit payments are recalculated every year based on information from your income tax and benefit return from the previous year.
<b>Ontario Child Benefit</b>	0	The Ontario Child Benefit (OCB) is provided to eligible Ontario families to provide financial assistance in raising their children. A family with 2 children must have a net income of \$30,000 or less to qualify for this benefit.
<b>Windsor-Essex Childcare Subsidy</b>	7,082	A subsidy is offered to qualifying families in Windsor-Essex to cover the cost of licensed child care for children up to the age of 12. Determined using child care subsidy benefits calculator.
<b>TOTAL</b>	<b>15,482</b>	<b>Sum of government transfers</b>

**Note:** Values rounded to the nearest whole dollar.

## Results

The calculation for the 2018 living wage is summarized below. The 2018 living wage for Windsor and Essex County is:

2018 LIVING WAGE	VALUE (\$)
Annual Family Expenses	66,374
Premiums and Taxes	6,862
Government Transfers	15,482
<b>Annual household income</b>	<b>57,753</b>
<b>Annual salary per earner</b>	<b>28,876</b>
<b>Hourly wage per earner – job does not include health benefits</b>	<b>14.81</b>
<b>Hourly wage per earner – job includes health benefits</b>	<b>13.58</b>

- \$14.81 per hour for workers whose employers do not provide health benefits.
- \$13.58 per hour for workers whose employers do provide health benefits.

In the 2018 living wage calculation, total household expenses increased to \$66,374 from \$54,630 in 2014. This can be largely attributed to an increase in childcare expenses (before subsidies) for a reference family which increased to \$14,408 per year from \$8,291.

Additionally, there was an increase in shelter and utilities costs: \$14,952 for 2018 versus \$12,687 in 2014, representing a net increase of \$2,265 per year.

This results in an increase in the living wage for 2018 to \$14.81 per hour, from \$14.15 per hour in 2015, for workers whose employers do not provide health benefits.



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