

Living Wage Fact Sheet

APRIL 2007

LOW WAGE FACTS:

In July-Dec 2006:

1. 94,400 (17%) of employed Calgarians over the age of 15 earn less than \$12 an hour
2. Women are disproportionately represented among these low wage earners, with 57,900 earning less than \$12.00 an hour
3. Not all low wage earners are teenagers; 49,600 Calgarians over the age of 25 are trying to support themselves on less than \$12.00 per hour
4. 34,000 of these adult workers over age 25 are women

Source: Statistics Canada, 2006

What is a Living Wage?

A Living Wage is the amount of income an individual or family needs to:

- meet **basic needs**,
- maintain a **safe, decent standard of living** in their community, and
- save for **future needs and goals**.

The Living Wage Action Team has determined that an individual working full time (35 hours per week, 52 weeks a year) needs to make a minimum of **\$12** per hour to earn a **Living Wage** (or \$13.25 an hour in lieu of benefits). This figure is based on the Statistics Canada 2001 before-tax **Low Income Cut-Off (LICO)** amount for an individual with no dependants, adjusted for Calgary's inflation.

- In 2001, Calgary's inflation rate began surpassing the national average at a rapid pace.
- Calgary's accumulated inflation rate from 2001 to 2006 was 16.5%.
- In 2006, Calgary's annual inflation rate was the highest in Canada at 5.7%; this was 1.9% greater than Edmonton, the 2nd highest in the country and 3.1% greater than Vancouver, with the 3rd highest rate in Canada.

The Road to a Living Wage

Vibrant Communities Calgary believes:

- people who work full time should not live in poverty
- hard work should be rewarded with adequate pay and benefits
- employers educated about the link between low wages, poverty and issues that impact their business or organization, will begin to see themselves as part of the solution
- paying a **Living Wage** is one important way to reduce poverty and combat related issues like homelessness
- providing **health benefits** and other **progressive workplace practices** (e.g. pensions, flexible hours, childcare etc.) are important ways to reduce poverty in our community
- **Now is the time for Living Wage in Calgary!**



A Brief History of Living Wage

Municipalities that introduce Living Wage policies support the idea that governments should not contract with or subsidize employers who pay poverty-level wages.

- In the 1990s, Living Wage campaigns were launched by collaborative community initiatives in the United States as a means of addressing increasing poverty faced by workers and their families.
- U.S. Living Wage initiatives have typically involved working with municipalities to create, implement and sustain municipal Living Wage policies or ordinances that guarantee a minimum hourly wage for employees at a rate that exceeds the legal minimum wage.
- To date, Living Wage initiatives have been successful in over 130 U.S. cities.
- In January 2007, The City of Calgary approved a Sustainable Environmental and Ethical Procurement Policy (SEPP) for pilot implementation. The City further endorsed research into the feasibility of including a Living Wage provision within this policy and the City's Supplier Code of Conduct.
- Living Wage initiatives are also taking place in the private sector. Canadian initiatives, such as the ones presently underway in Waterloo and Victoria seek to engage business owners to voluntarily increase low wages, with the understanding that this is one way to improve the lives of employees and their families, with resulting economic benefits to the business and the community as a whole.
- Studies of U.S. cities that have implemented Living Wage initiatives have shown that for each affected worker, government subsidies decreased between 20% to 40%, and tax revenues increased by approximately the same amount (Pollin & Luce, *The Living Wage: Building a Fair Economy*, 1998).

Poverty, resulting in part from low wages, is a contributing factor to crime, homelessness and other social ills that tax Calgarians and our social assistance systems. Implementing a Living Wage is one way of combating the social and economic ills of poverty.

Poverty and Homelessness

- In Calgary's 2006 Citizen Satisfaction Survey, social issues like homelessness, affordable housing, unemployment and welfare were listed in the top six issues of concern to Calgarians. The Survey further reflects that 51% of Calgarians believe their quality of life has worsened over the past year, despite overall increases in economic prosperity.
- According to a 2007 City of Calgary Research Brief on Affordable Housing and Homelessness, 34% of all renters and 10% of all home owners are at a high risk of homelessness.
- Using data from The CMHC, The Canadian Housing and Renewal Association calculated a "Minimum Housing Wage" which is the full-time, full-year minimum wage required in order to rent housing without spending more than 30% of gross income. Calgary's 2006 "Minimum Housing Wage" for a bachelor apartment was \$11.87 per hour; for a one-bedroom apartment the minimum wage was \$15.00 per hour.

Everybody Wins with Living Wage!

Employers win:

- ✓ greater corporate social responsibility
- ✓ higher employee loyalty and productivity
- ✓ lower absenteeism
- ✓ improved customer satisfaction
- ✓ decreased employee turnover
- ✓ cost savings for staff hiring and training

Employees win:

- ✓ increased wages
- ✓ access to benefits and workplace supports
- ✓ increased savings, credit and investment in assets
- ✓ reduced stress
- ✓ improved health
- ✓ greater economic self sufficiency
- ✓ reduced reliance on social programs

Community wins:

- ✓ increased social participation
- ✓ increased taxpayer base
- ✓ increased consumer purchasing power
- ✓ reduced costs to health care and social services
- ✓ increased local investment



Q & A on Living Wage

Q: Will Living Wage lead to increased contract costs for municipalities?

A: Research conducted on U.S. initiatives has shown that contract costs for municipal governments have increased by less than 0.1% and that contractors bidding on contracts have absorbed most of the additional labour costs without demanding increased funds from the city.¹

Q: Will Living Wage hurt employers due to increased payroll costs?

A: Research has shown that for most employers, wage and benefit increases resulting from Living Wage will be less than 1% of the total amount spent on producing services or goods.²

Q: Will Living Wage end up hurting workers through a loss of jobs?

A: Research has shown that although employers may cut costs by making small reductions in the number of employees, the impact of this is small. For example, in implementing the Living Wage Initiative in Los Angeles, employers cut about 1% of jobs affected by the Living Wage policy.³

Q: Will Living Wage deter local business investment?

A: Rather than deterring new investment or causing existing businesses to relocate, many economic development authorities believe that the real deterrent to urban investment is not high costs but high levels of poverty.⁴ By addressing the issue of poverty through initiatives like Living Wage, communities may increase new business investment.

Poverty is a real deterrent to urban investment. By addressing the issue of poverty, cities may increase new business investment.

1. Elmore, A.J. (2003) *Living Wage Laws and Communities: Smarter Economic Development, Lower Costs*.

2. Y & S Consulting (2003) *Understanding Living Wage*.

3. Fairris, D. et. al. (2005) *Examining the Evidence: The Impact of the Los Angeles Living Wage Ordinance on Workers and Businesses*.

4. Kraut et al. (2000) *Choosing the High Road: Businesses That Pay a Living Wage and Prosper*.



Vibrant
COMMUNITIES Calgary

**Living Wage is an initiative of
Vibrant Communities Calgary**

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Vibrant Communities Calgary (VCC) exists to ignite community action to create and implement bold solutions that reduce and prevent poverty through collaboration and education. VCC is part of a national network where diverse community leaders from across Canada share ideas, practices and policies that strengthen their community-based poverty reduction initiatives.

VCC develops and supports creative and innovative poverty reduction strategies in Calgary, knowing that our combined diversity of experience and expertise will achieve results none of us could achieve individually.

Show Your Support:

- Create and endorse a **Living Wage Policy** for your employees
- Be a **Champion** for Living Wage by raising public awareness of the benefits of Living Wage
- **Volunteer** your time and expertise by joining Vibrant Communities Calgary's Living Wage Action Team
- Support the work of Vibrant Communities Calgary by **making a donation**

Living Wage Resources:

Business for Social Responsibility: <http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=50678>

Let Justice Roll: <http://www.letjusticeroll.org/business-support-minimum-wage.html>

Living Wage Resource Centre: <http://livingwagecampaign.org/>

Responsible Wealth: http://www.responsiblewealth.org/living_wage/

Vibrant Communities: <http://tamarackcommunity.ca/g2s323.html>

Living Wage Action Team Partners

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Lynn Cox, *Community Representative*
John Currie, *Community Representative*
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Lori Willocks, *Calgary Immigrant Aid Society*
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Joy Zerke, *City of Calgary*

A Living Wage for all Calgarians



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