



Work should lift you out of poverty, not keep you there

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# Living Wage for Families Campaign Submission to the BC Fair Wages Commission

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## Introduction:

The Living Wage for Families Campaign advocates for employers to sign on to pay a living wage to all direct and contract service staff as well as does policy advocacy on issues that impact working families. Since 2008, we have partnered with the Canadian Centre for Policy Alternatives to calculate the living wage in Metro Vancouver. Additionally, we support 20 communities across BC in calculating a local living wage.

The living wage is a bare bones calculation that, through a methodology established in consultation with academics, employers and low-wage workers, determines how much a family needs to earn to meet their expenses in a particular region. Living wages across BC vary from 20.62/hr in the lower mainland to \$18.77 in Revelstoke to \$15.90 in the Fraser Valley. There is no community in BC that has a living wage that is lower than \$15/hr.

## Impact of low-wages on individuals:

Low wages impact all of us. This ranges from the well documented health impacts of poverty to the community loss that occurs when workers are working multiple jobs to make ends meet. Importantly for the Fair Wages Commission, many low-wage workers are not able to participate in consultations on issues that will have a direct impact on their life.

Delia Tanza works at Capilano University. She is employed by the cleaning company contracted by the university. Her work schedule is as follows:

“We work for very little salary, just one job is not enough for us... I am a single mom and work 3 jobs. I work in the morning, I work here [Capilano University] at night, and I work Saturday and Sunday...”<sup>1</sup>

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<sup>1</sup> Justice for Janitors . (2017, November 24). *Capilano University student group organize panel to highlight fight for Living Wages and Benefits*. Retrieved from Justice for Janitors: <http://justiceforjanitors.ca/2017/11/24/capilano-university-student-group-organize-panel-to-highlight-fight-for-living-wages-and-benefits/>

There is no time in Delia's schedule to stay up-to-date on community consultations and without organizational or union support she could not afford to miss a day of work and attend the Fair Wage Commission Consultations. Delia's schedule is not uncommon for low-wage workers.

We know that increasing wages changes the story for families. A 2009 Report from the Chief Public Health Officer of Canada indicates that of the 27 factors identified as having an impact on child development, 80% improve as family income increases. We also know this through the stories of workers who have had their wage increase to the living wage. Gary is a Shelver at the Vancouver Public Library, a part-time position that was below the living wage. As a result of the Vancouver Public Library certifying as a Living Wage Employer Gary identifies that he is "paying more than just rent and food".<sup>2</sup> Gary has purchased new shoes and a winter coat with his increased wages. Shoes and winter coats are not luxury items but when earning low wages there is no ability to save for larger seasonal purchases. The ability to purchase goods when needed is seen as a luxury by many low wage earners.

Many groups have provided adequate evidence that the current minimum wage is a poverty wage. Individuals working full-time full-year do not earn enough to lift themselves over the poverty line. This is compounded for lone-parents and two-parent families. Of course, depth of poverty also matters; a family is not significantly better off if they are at the poverty line or slightly over. A \$15/hr minimum wage would allow a two parent family with two children to be \$13,354 above the 2015 Low Income Measure.<sup>3</sup> We need to ensure that families who are earning low wages are at the very least, not living in poverty. We support the Fair Wage Commission to continue to address the issue of working poverty through exploring how we can close the gap between the minimum wage and the living wage.

**Recommendation:**

Implement a \$15/hour minimum wage by January 2019 with the following timeline:  
 September 2018: \$14/hour minimum wage (Increase of \$2.65/hour)  
 January 2019: \$15/hour minimum wage (Increase of \$1/hour)

### Employer Perspective:

The Living Wage for Families Campaign has certified over 100 Living Wage Employers, covering over 18,000 direct staff and countless contracted staff. We work to reach out to employers to learn what the barriers and opportunities are for employers to pay a living wage.

An employer is certified as a Living Wage Employer by the Living Wage for Families Campaign when they confirm that all direct staff are earning a combination of wages and benefits equal to the living wage and establish a process to ensure that contracted workers will also earn a living wage as the contracts are tendered or renegotiated. The Employers Committee, a committee made up of current Living Wage Employers, reviews the applications of each employer requesting certification as well as helps in developing employer policies. This ensures that the Living Wage for Families Campaign is able to balance the aspirational poverty reduction goals with the practical realities of implementation.

<sup>2</sup> Jarvis, G. (2017, December 3). *Twitter*. Retrieved from <https://twitter.com/garyjarvismedia/status/937407016720465920>

<sup>3</sup> First Call: BC Child and Youth Advocacy Coalition. (2017). *2017 BC Child Poverty Report Card*. Vancouver: First Call: BC Child and Youth Advocacy Coalition.

Although there are a few very large Living Wage Employers with over 1,000 staff, 60% of employers certified by the Living Wage for Families Campaign have less than 50 staff. These employers see paying a living wage as a key part of what makes them a successful business. Employers we work with identify decreased turnover and increased employee engagement as benefits of paying a living wage. Decreased turnover has the added benefit of increasing work quality and efficiency. It is much easier to get a full day work out of staff when they aren't still learning the tasks you require them to do. This is true of all work. No matter the level of skill involved there are efficiencies that can be created through increasing staff knowledge and engagement.

Over the past two years the Living Wage for Families Campaign has been asking small employers with under fifteen staff to share their reasons for implementing a living wage.

33 Employers have completed small employer applications to certify as a Living Wage Employer from 2016 - 2017.

Why is it important to pay a living wage? (choose up to 3)	
to increase employee retention	20
to decrease the number of sick days and reduce benefit costs	3
for positive brand association and to be seen as an ethical employer	19
to attract desirable, qualified recruits	20
to increase productivity	5
Feel obligated to do so	2
Other (please explain)	19

Under other where employers can write in their own reasoning five indicated that they became a Living Wage Employer because it is the right thing to do. Twelve small employers indicated that they paid a living wage in order for their staff to have a healthy quality of life and they felt it was important to treat staff with respect. One employer certified as a Living Wage Employer in order to comply with a city contract.

The Living Wage for Families Campaigns recognizes that many employers do understand their role in taking action on working poverty as one that involves paying a wage that ensures that staff are able to make ends meet. This role is one that adds to their brand recognition and allows an employer to articulate their values to consumers. Increasingly, companies are recognizing that there is a concrete benefit to being able to articulate values and ethics internally to staff as well as to external stakeholders.

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*"Paying a living wage not only shows respect for our employees, but shows that the not-for-profit arts are an essential and economically viable industry. It also shows that every business - no matter what their sector - can afford to do this." - David Pay, Artistic Director, Music on Main*

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This shift is also reflected in a consumer understanding of the minimum wage. A recent poll by the BC Federation of Labour indicates that 75% of British Columbians would support a significant and immediate increase to the minimum wage. There is wide consumer support for increasing the minimum wage and that has the potential to bolster small businesses as they adjust their business models to meet the new minimum standard.

Research from the Federal Reserve Bank of Chicago has found that any increase to the minimum wage would increase the spending by minimum wage households. Importantly, they found that the short-

term bump in spending as a result of significant increases to the minimum wage could offset short-term costs that employers would face.<sup>4</sup>

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*“We feel it is important to employ and retain quality staff in order to grow our business and our community.”*  
*Graydon Security - Quesnel*

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It is important to note where low-wage workers are spending their money. They are shopping in the franchises, small businesses, and retail outlets that will be most impacted by any increase to the minimum wage. In our consultations with low-wage workers we have found that they are spending their resources very locally, often within walking or transit distance from their home or workplace.

Although there will be cost increases as a result of any increase in wages it is the experience of over 100 Living Wage Employers that those cost increases can be offset by reduced training and hiring expenses. Businesses can also anticipate the economic benefit of a short-term bump in consumer spending.

### Exemptions to the minimum wage:

We would encourage the removal of all exemptions to the minimum wage. A clean slate approach would allow for a simple employment standards framework for both employers and staff. We see misunderstandings among employers about what exemptions apply. For example should the liquor serving wage apply to all servers even during hours when liquor can't be served? This complexity creates confusion as well as leads to opportunities for abuse.

The convoluted framework of exemptions leads to an uneven floor for employers. Day camps are required to pay a minimum wage while overnight camps are allowed to pay camp leaders a day rate. We are in conversations with a camp that would like to pay a living wage but because of the low wages in the sector they would not be able to pay a living wage and still offer competitive, accessible rates.

The Living Wage for Families Campaign has only certified one restaurant as a Living Wage Employer. This restaurant was only able to certify for one year before the standard within the industry made them non-competitive and they voluntarily decertified. Their business model removed tipping as an option and instead increased prices to compensate for the lack of tips with the income distributed equally among staff. This is a practice that is common in many countries but not standard in North America. As a small business, they were not able to challenge a model that relies on management drawing from tips in order to compensate all staff and underwrite management costs. There was not enough consumer understanding to recognize that the prices, although higher, were in line with competitors once tips were factored into total cost.

The Living Wage for Families works with several retailers who see paying the living wage to all staff as a goal. These retailers are providing higher than standard industry rates while competing with businesses that pay low wages.

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<sup>4</sup> Aaronson, D., & French, E. (2013, August). *How Does a Federal Minimum Wage Hike Affect Aggregate Household Spending?* Retrieved from Federal Reserve Bank of Chicago: <https://www.chicagofed.org/publications/chicago-fed-letter/2013/august-313>

A common wage floor allows employers to address the wage inequity in their workplace while remaining competitive within an industry.

**Recommendation:**

Remove all exemptions to the minimum wage.

**A Path Forward:**

One activity that the Living Wage for Families Campaign engages in when we are invited to present to the community is to facilitate the creation of two lists. On one sheet of paper we invite individuals to brainstorm how employers determine the wages that they pay and on the other sheet we brainstorm what individuals spend their wages on. In many presentations to a wide range of community, students and professionals there has never been a connection between the two lists. Wages have become detached from the cost of living in a community in practice and in our thinking.

There is a need to de-politicize increases to the minimum wage and provide an evidence-based, transparent process for moving forward. Attaching increases to the minimum wage to real costs that individuals face in their communities can begin to reattach the conversation of how employers determine wage rates with the costs that employees face in their communities. This is an important step in narrowing the gap between the minimum wage and the living wage.

We would recommend that the fair wages commission remain as an independent method to setting minimum wage increases. This would be similar to wage commissions established in the UK, Australia and Germany. The commission in the UK also has the ability to investigate particular sectors to ensure that minimum wage regulations are being applied. This would be particularly valuable in sectors that are vulnerable to low pay or abuse.

**Recommendations:**

Establish a permanent Fair Wages Commission.

Attach future increases to the minimum wage to the cost of living.