



A guide to becoming a Living Wage Employer

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living wage

for families campaign

livingwageforfamilies.ca

A guide to becoming a Living Wage Employer

“We want to be part of a community that invests in the long-term prosperity of individuals and the economy. Paying a living wage to our employees and service providers will help make families stronger and communities healthier.”

– Tamara Vrooman,
President and CEO,
Vancity Credit Union

Why become a Living Wage Employer?

Living Wage Employers are responsible employers who care about their employees and the community. They recognize that paying a living wage constitutes a critical investment in the long-term prosperity of the economy by fostering a dedicated, skilled and healthy workforce.

The **Living Wage Employer Program** recognizes and celebrates employers that pay their direct and indirect employees a living wage.

Benefits of becoming a Living Wage Employer

- Living Wage Employers receive public recognition for demonstrating a commitment to socially responsible practices, making them more attractive to potential employees and customers.
- Employers paying a living wage experience decreased employee turnover and absenteeism, increased retention and productivity, increased staff morale, and savings on rehiring and retraining.
- Employees who earn a living wage experience increased mental and physical health as well as economic well-being, leading to a more productive and committed workforce.



We determine whether an employee is paid a living wage based on their total compensation package (base wage + non-mandatory benefits).

What is the living wage?

A living wage is the hourly amount a worker needs to earn to cover their family's basic expenses within their community.

It is recalculated on an annual basis to ensure that it accurately reflects changing living expenses. For more details about the calculation, see www.livingwageforfamilies.ca.

Why is it necessary?

More and more families are working for low wages. They are facing impossible choices — feed the children or heat the house, access health care services or pay the rent. The result can be spiralling debt, constant anxiety and long-term health problems. In many cases it means that the adults in the family are working long hours, often at two or three jobs, just to pay for basic necessities.

At 20.3%, BC has one of the highest child poverty rates in the country. The majority of poor children in BC live in families with at least one working adult, demonstrating that having a job is often not enough to keep a family out of poverty.

Current living wage rates

Metro
Vancouver
\$19.50/hr

Greater
Victoria
\$19.39/hr

Fraser
Valley
\$15.54/hr

To view more living wage rates across BC, visit www.livingwageforfamilies.ca/living_wage_rates.

Living Wage Employer certification process

Depending on the employer's size (as described below), employers should submit either an application form or an implementation plan to the Living Wage for Families Campaign. Applications are accepted between May and January every year. No applications are accepted from February to April so the Living Wage for Families Campaign can focus on recalculating the annual living wage rate (which is released annually at the end of April).

Small Employers:

Smaller companies and organizations (with fewer than 20 staff and/or with few service contracts), where a stepped implementation may not be required, should complete the Living Wage Small Employer Application form at www.livingwageforfamilies.ca/become_a_living_wage_employer.

Large Employers:

Large employers (with 20 or more staff and/or with multiple service contracts) should complete an implementation plan rather than an application form. Further information is provided on page 8 of this Guide.

The Living Wage for Families Campaign (the Campaign) offers a stepped implementation process for large employers. We understand that for many employers the process of developing and implementing a living wage takes time and effort. Our stepped implementation process allows for the Living Wage for Families Campaign to recognize this work and celebrate the success of each employer as they move through the process.



Supporter Level I:

- The employer develops and provides to the Campaign an implementation plan and timeline to bring all direct staff and service contractors' wages up to the current living wage, as well as a plan (which may have a longer timeline) for bringing subcontracted labour services to the living wage.
- On acceptance of the implementation plan by the Campaign, an employer has successfully completed Step 1.

Supporter Level II:

- Based on the implementation plan and the timeline the employer completed in Step 1, the employer has since brought all directly employed staff and contractors up to the prevailing living wage rate. The employer will also have implemented a process for an annual increase in wages for these staff and contractors up to the prevailing living wage rates.
- The work ahead is to bring subcontracted labour services up to the living wage rate — this will include providing notice that on contract expiry, new contracts will include a living wage clause.

“Being a Living Wage Employer means that the folks who work here serving our community can afford to live in it. If we want to build strong community, we must lead by example and start from within.”

– Chilliwack Restorative Justice and Youth Advocacy Association

Living Wage Employer:

- The final stage of becoming a Living Wage Employer is reached. All direct staff have previously been brought to the living wage rate and there is a process for annually meeting new living wage rates. Additionally, the employer attests to having brought all subcontracted labour (as agreed by the Campaign) to the prevailing living wage rate, or has signaled intent to recontract at the new living wage rate when the contract renews.

The Living Wage for Families Campaign is a tool to address poverty in our communities. There are other tools to tackle poverty and the Campaign understands that there may be different forms of employment which should be differently considered or exempted from the living wage. More information on these exemptions is provided under ‘Conditions for becoming a Living Wage Employer,’ below.

Reporting

To maintain their Living Wage Employer status, employers must complete a short annual recertification form which confirms their commitment to paying the living wage. The Living Wage for Families Campaign distributes this form to employers once the new living wage rates are calculated each spring, and employers have until October 31st each year to return the form and outline how they are continuing to meet the program requirements. Employers who do not complete and return the recertification form by October 31st each year will lose their Living Wage Employer status.

If possible, employers are advised to leave themselves annual budgetary room of about 1-2% annually in case the living wage increases.

Monitoring

The Living Wage for Families Campaign does not monitor employer compliance with the living wage beyond the above-mentioned annual recertification. If an employer is found to have not fulfilled the criteria, the Campaign will work with the employer to identify whether continued involvement in the program is possible.

Support

The Living Wage or Families Campaign and our network of existing Living Wage Employers can provide advice and support to employers including guidance on best practices, case studies from leading employers, and model procurement frameworks.

PLEASE NOTE: There is no fee for applying to become a Living Wage Employer. All queries are treated with the strictest confidence.

Conditions for becoming a Living Wage Employer

- Employers agree to ensure that all direct employees and contractors are paid the current living wage rate for their area within six months of a successful application.
- If employees and contractors are paid applicable non-mandatory benefits, the living wage hourly rate that must be paid will take account of this. To find the living wage rate in your community, visit our website at www.livingwageforfamilies.ca/living_wage_rates.
- If applicable, employers will create and implement an internal living wage policy. An example is provided in Appendix 2 of this Guide.
- If applicable, employers agree to insert a living wage clause, stipulating that contracted workers and subcontracted workers are to be paid a living wage, in all future contracts where staff who are not direct employees are contracted to provide services to their organization on a regular, ongoing basis.

Exemptions to the Living Wage Employer criteria

As there are different forms of employment for which a living wage may not be possible, the following types of staff can be excluded from an employer's living wage policy if necessary. More information is provided on these categories below.

- Casual employment of fewer than 120 hours of work per year.
- Multiple small contracts.
- Students, interns, practicum placements for summer projects, etc: these categories may make up no more than ten percent of staff members (and the labour must be additional and not core); for small not-for-profit employers with less than five staff, this exemption increases to no more than twenty percent of staff.
- Trainees that are in a probationary period.
- Social purchasing: employers may source up to ten percent of their labour from qualified social enterprises (to be approved by the Living Wage for Families Campaign); qualifications include that the social enterprise must be purpose-built for employing hard-to-employ individuals, be owned by a not-for-profit, and must be pre-existing.

Casual employment and small contracts

Casual or ad-hoc employment of fewer than 120 hours of work per year can be exempted. Common examples include emergency repairs and maintenance work. Similarly, for large employers as applicable, small contracts can be exempted when a contract makes up no more than half of a percentage of the employer's purchasing budget.

Students, interns, practicum placements, and trainees

Employers are allowed to have a small amount of students in practicum placements or interns that are paid below the living wage as long as they don't represent a core part of the total staff makeup (no more than 10% for most employers; in the case of small not-for-profits where the total staff complement is five workers, no more than 20%). Trainees that are in a probationary period can also be exempt, as long as their probationary period has a defined end point at which time they will receive the living wage.

Social purchasing and social enterprises

Employers may have a range of procurement practices to express their commitment to poverty reduction in their communities. Paying the living wage is one tool to address poverty, and social procurement (or purposeful purchasing) from social enterprises that are providing supported employment to individuals with barriers to participation in the labour force is another. The Living Wage for Families Campaign recognizes the role of social enterprises in poverty reduction.

Where employers applying for certification as a Living Wage Employer have social procurement policies, they may still meet the living wage conditions, set out below, upon approval of the Living Wage Employers Committee:

- The applying employer has established procurement policies that state its intent to purchase from social enterprises as part of a corporate responsibility strategy.
- The social enterprises from which the employer is procuring are pre-existing social enterprises set up for the purpose of providing supported employment to individuals who would otherwise not be participating in the labour force (and are likely still receiving income or disability assistance).
- The social enterprises have either a not-for-profit structure themselves or are subsidiaries of not-for-profit organizations.
- The social enterprises are recognized by their peers as purpose-built social enterprises, through participation in Buy Social Canada, the Enterprising Nonprofits Program or another intermediary who can verify the purpose, structure and financial model of the social enterprise.

No more than 10% of the employer's total procurement comes from social enterprises.

Other conditions and guidance

Externally contracted staff and the living wage

Externally contracted staff refers to staff that many employers use to provide services such as janitorial, security, cleaning or catering. *This clause covers external contracts that provide services for your organization on a regular ongoing basis, that is, for at least 120 hours of labour per year.*

Living Wage Employers are encouraged to inform contractors about the Living Wage Employer Program and how it may affect the terms of your agreements. A living wage clause should be included in all future and renegotiated agreements with contractors you hire. You do not need to renegotiate existing contracts before they come up for renewal in order to be compliant. All future agreements, whether new or being renewed, must incorporate the living wage standards. See Appendix 3 of this Guide for a sample clause that can be incorporated into existing contracts and requests for proposals (RFPs). The living wage rate for the purposes of this clause is the rate set at the time of the start of the contract renegotiations. The clause should also ensure that a "living wage premium" is awarded to contracted and subcontracted workers that end up being paid below the living wage rate within six months of its annual recalculation.

Thus employers need to undertake the following:

A. If the staff are directly contracted by your organization. When the contract comes up for renewal you should include a living wage clause as part of your request for proposals. It is expected that, after selecting a suitable contractor, a living wage clause will be inserted in the contract as per the RFP.

B. If the staff are not directly contracted by you, but do provide services - for example, as part of a tenancy agreement.

You should advocate for a living wage clause to be included in the agreement/contract when it comes up for renewal.

Best Effort Clause

If you can clearly show that you made your best efforts to fulfill this clause you will be allowed to apply for/keep your Living Wage Employer status. (For example, if you received no responses to an RFP that included a living wage clause.)

Once certified, employers are not expected to monitor whether their service providers are complying with the living wage criteria beyond the annual recertification requirement of the Campaign, but they can request the right of proof.

Employers operating outside of British Columbia

The Living Wage for Families Campaign will only consider operations within British Columbia for certification. If an employer operates both within and outside of British Columbia:

- If an employer employs **employees**, as defined by the Canada Revenue Agency, elsewhere in Canada or globally, the Living Wage for Families Campaign will consider the employer's operations within British Columbia for certification. The Campaign will encourage the employer to pay the regional living wage and seek certification by other living wage campaigns in the other jurisdictions in which they work.
- If an employer uses **external contractors** elsewhere in Canada or globally, the employer must have a minimum of 75% of their direct staff within British Columbia in order to be eligible for certification.

Self-employed persons and employers with one staff member

Employers must have at least one direct employee, as defined by the Canada Revenue Agency, in order to apply for certification. This means that self-employed persons who work for themselves and do not employ others cannot apply for certification. Self-employed persons who employ at least one direct employee can apply for certification.

Incentive-based pay (tips, gratuities, bonuses)

Employers will be eligible for certification if they pay a living wage to workers before factoring in any tips or incentives that are variable. The living wage must be a reliable amount for workers, and therefore variable amounts cannot be included in an employer's living wage rate.

Collective agreements

It is expected that organizations that have collective agreements in place will inform the relevant union(s) of their intention to apply for living wage status. Collective agreements will be treated as contracts, as per above.

How your benefits package affects the living wage calculation

Non-mandatory benefits include employer contributions that help reduce an expense in the living wage budget, such as extended health/dental care, Medical Services Plan premiums, child care expenses, transport expenses, professional development and education, and enhanced vacation and sick leave. They do not include payments that an employer is mandated by law to provide, such as employment insurance and Canada Pension Plan contributions.

We have developed a software tool, in conjunction with the software company SAP, to help employers calculate how their benefits package affects their living wage rate — see www.livingwageforfamilies.ca.

The living wage for granting agencies

If your work includes distributing grants to non-profit organizations or other community groups, we encourage you to include language in your granting information to applicants that notes your Living Wage Employer status and encourages applicants to include a living wage for their staff in the project budget they submit to you.

Applying to become a Living Wage Employer

As noted above, small employers should complete an application form, which is available on our website.

Large employers should instead prepare and submit a draft *Living Wage Employer Implementation Plan* that should include the following details. An example is provided in Appendix 1 of this Guide.

1. Employer details

- Employer name and addresses of all offices/worksites/premises.
- Living wage rates for all offices/worksites/premises.
- Basic description of employer and nature of the workplace.
- Contact person's details in relation to this application.

2. Direct employees

- Number of direct staff.
- Number of direct staff that will have their wages increased as a result of the living wage.
- Initial timeline for bringing all direct employees to a living wage rate.
- Mechanism that will be used internally to ensure that all staff are maintained at a living wage rate on an annual basis as per conditions.
- For organizations that have collective agreements in place, confirmation of how and when you will inform the relevant union(s) of your intention to apply for living wage status.

3. Contracted service staff

- Brief description of your current service contracting process.
- Estimated number and type of service contracts that will be affected by your certification as a Living Wage Employer.
- Mechanism that will be used internally to ensure that all relevant service contracts will include a relevant living wage clause at time of renewal or initial awarding.

4. Overseeing the plan

- How this plan will be overseen.
- Who has responsibility for overseeing the plan.

Completed plans should be mailed or emailed to:

Living Wage for Families Campaign
322 - 312 Main St, Vancouver BC V6A 2T2
Tel: (604) 975-3347
Email: info@livingwageforfamilies.ca

Living Wage Employer certification

Applications will be reviewed by the Living Wage for Families Campaign's Employers Committee, which is comprised of representatives from certified Living Wage Employers. If the application is deemed by the Employers Committee to fulfill the conditions of the Living Wage Employer Program, the employer is deemed a certified Living Wage Employer.

Under this certification, you will be entitled to:

- A Living Wage Employer plaque noting your commitment to paying the living wage.
- One or more Living Wage Employer window decal(s) for store front or office display.
- A Living Wage Employer electronic logo for use on your website and letterhead.
- Recognition on the Campaign's website and any of our periodic publications.

We encourage new Living Wage Employers to celebrate their certification as a Living Wage Employer with staff and board members, and to announce their status on social media and with local media and partners.



About us

The Living Wage or Families Campaign works to reduce poverty for workers and their families. We are hosted by **First Call: BC Child and Youth Advocacy Coalition** and are guided by an advisory committee of representatives from community organizations and other partners and supporters across British Columbia.

Contact us

Greater Victoria employers contact:

Diana Gibson, Senior Researcher

Community Social Planning Council

216 - 852 Fort Street, Victoria, BC V8W 1H8

Tel: (250) 383-6166 ext. 111

Email: diana@communitycouncil.ca

All other employers contact:

Halena Seiferling, Campaign Organizer

Living Wage for Families Campaign

322 - 312 Main St, Vancouver, BC, V6A 2T2

Tel: (604) 975-3347

Email: halena@livingwageforfamilies.ca

Appendix 1

EXAMPLE OF LIVING WAGE EMPLOYER IMPLEMENTATION PLAN

1. Introduction

Company X is proud of its record as a responsible employer. To date, it has won numerous awards recognizing this commitment. Company X provides a wide range of eye care solutions. It was founded in 1970 and we currently have seven retail outlets in the Lower Mainland. (Details of all our premises are in the appendix to this application.) We currently employ 85 staff, 50 full time and 35 part time. The current living wage rate in our community is \$XX.XX, as noted by the Living Wage for Families Campaign.

2. Direct Employees

Based on an analysis by our human resources manager, we currently have five full-time and 10 part-time staff that are below the current living wage rate. These positions are all retail assistant positions. When we take into account the full MSP and extended health benefits that the five full-time staff receive, we need to increase their base hourly wage by \$0.75/hr to reach the living wage rate. The 10 part-time positions are not paid benefits, so their base hourly wage needs to be increased by \$2.10/hr to reach the living wage rate. This provides us with an equity challenge as it would mean that similar positions would be paid quite different base hourly wage rates. To address this, we have decided to provide benefits to all part-time staff and increase their base hourly wage by \$1.00 to bring them up to a living wage rate.

The company's HR manager will be responsible for making these changes within three months of being awarded Living Wage Employer status. In June of every year, the HR manager undertakes a comprehensive wage review for all staff members and our Living Wage Employer commitments will be included as part of this review.

Our staff is non-unionized so we have no collective agreements.

3. Contracted Service Staff

We currently lease all our premises and security services are provided as part of these leasing arrangements. Our leases vary from one to 10 years. As we don't directly contract security services we can't guarantee that we will be able to ensure a living wage clause, but we will endeavour to follow the criteria set out in the best effort clause set out in the Living Wage Employer conditions.

We have three service contracts that fall under living wage criteria.

- Computer system maintenance and support. This contract is an annual contract that is renewed at the start of every year. We commit to including an appropriate living wage clause when it is next renewed. However, we estimate that no workers will be affected by this.
- Eye equipment maintenance. We have a three-year contract that is due for renewal in October 2019. We commit to including an appropriate living wage clause in the new contract at this date. Again we estimate that no workers will be affected by this as it is highly specialized work.
- Janitorial/cleaning. This contract covers all our premises and is due for renewal in November 2020. We commit to including an appropriate living wage clause in the new contract at this date. We estimate that this will affect 15-20 workers.

4. Implementation

This plan was developed by the HR manager and has been approved by the CEO and the board of directors. The HR manager will be responsible for its implementation. A section on our Living Wage Employer commitments will be included in the annual HR report to the board.

Signed _____

Date_____

Appendix 2

EXAMPLE OF INTERNAL LIVING WAGE POLICY

Purpose

At [Name of Employer], it is important to us to be aware of and maintain corporate social responsibility. We strive to make decisions and take actions that have a positive impact on our community, our staff and the people we serve. As a responsible employer, we believe that our employees need to earn a wage that meets the needs of daily living and provide some discretionary income. We recognize that paying a living wage constitutes a critical investment in the long-term prosperity of our organization by fostering a dedicated, skilled and healthy workforce.

Definition

The living wage is the hourly rate of pay that enables wage earners living in a household to:

- Feed, clothe and provide shelter for their family
- Promote healthy child development
- Participate in activities that are an ordinary element of life in the community
- Avoid the chronic stress of living in poverty

This hourly rate is calculated every year by the Living Wage for Families Campaign, based on the living expenses of a family of four with two children aged 4 and 7, with both parents working full time (35 hours/week). According to the 2016 Census, 81% of children in BC live in a two-parent family and 28% of couples have two or more children. Living expenses are calculated in 10 categories: food, clothing and footwear, shelter, transportation, child care, Medical Services Plan premiums, non-MSP health care, parents' education, contingency fund, and other (such as personal care, furniture, and household supplies). The cost of government deductions (provincial and federal taxes, employment insurance and Canada Pension contributions) and the value of government transfers like the Canada Child Benefit are also factored into the calculation.

Application

The policy applies to all employees employed by [Name of Employer], as well as all employers employed by a contractor or subcontractor who perform services directly or indirectly for [Name of Employer] on a regular ongoing basis.

Direct Staff

- Staff earning only a salary or wage will earn at minimum a living wage. The living wage is recalculated annually at the end of April and takes effect May 1st of each year. Any increases in the living wage will be passed onto staff within six months of this date.
- For staff earning commission, gratuities or other forms of incentive-type pay in addition to, or instead of, a salary or wage, the total wage will be calculated by taking the total earnings and dividing it by the hours worked. This wage must be, at minimum, a living wage.

Contracted Staff

- Where services are contracted, e.g., food service and cleaning, we choose vendors/service

providers that also pay a living wage to their staff, similar to this policy. This clause covers external contracts that provide services for our company on a regular, ongoing basis, that is, for at least 120 hours of labour per year.

- Living wage clauses are included in all agreements and renegotiated agreements with contractors we hire.

Benefits in Consideration

- In instances where non-mandatory benefits are provided to staff, the basic hourly wage due to staff may be adjusted to reflect the positive impact these benefits have on the employee's ability to meet basic needs and have some discretionary income.
- These benefits include health, dental and disability coverage for staff covered by this policy.

Benefits may be provided on a cost-shared basis; however, the premiums paid by the employee cannot reduce the wage to below an acceptable level with respect to a living wage.

Accountability

[Name of Company] maintains its participation in this policy through the Living Wage Employer Program. We are accountable for upholding and keeping current with this policy. [Name of Company] will ensure that a relevant process is in place for employees to raise any issues relating to the living wage policy in a safe and confidential manner.

The Living Wage for Families Campaign is hosted by
First Call: BC Child and Youth Advocacy Coalition; www.firstcallbc.org
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