# A LIVING WAGE

## What it takes to make ends meet in Perth and Huron Counties

## $17.44 PER HOUR

### 2018 Huron-Perth Living Wage Rate

**Living Wage:** the hourly wage a worker needs to earn to cover his/her family's basic everyday expenses, such as food, housing, utilities, childcare, and transportation.

**Family Composition:**
- Two 35-year old parents working full-time (35 hours a week each)
- 7-year old child, attends school and before/after school care
- 3-year old child, attends child care full-time, year-round

## Total Monthly Costs

**$1,009**
**Transportation**
Cost of operating and maintaining used vehicle(s) (1 in Stratford and 2 in rural areas), public transit and taxis (Stratford only).

**$233**
**Contingency**
4% of household budget. (e.g. unexpected car repairs, insurance deductibles)

**$149**
**Communications**
Typical communication bundle which includes cell phone and Netflix and Internet services.

**$1,349** *(before subsidies)*
**Childcare**
One child in full-time licensed care and the other in a before and after-school care program as well as summer day camps.

**$737 Food**
Based on the Nutritious Food Basket Survey conducted by the public health units, calculated for the living wage family composition.

**$270**
**Insurance**
Medical, dental, disability and life insurance. Assumes family does not have extended health and dental benefits through work.

**$1,198**
**Housing & Related Costs**
Rent, utilities, tenant insurance and basic household costs.

**$267**
**Clothing & Footwear**
Based on Statistics Canada's Survey of Household Spending for moderate income households.

**$757 Other**
Laundry, personal care, furniture, household supplies, school supplies and fees, parents' continuing education, reading and entertainment supplies, occasional family outings, birthday presents, a modest vacation and some sports and/or art classes for the children, and bank fees.

Social Research & Planning Council
Operated by United Way Perth-Huron

# Canadian Living Wage Framework and the Ontario Living Wage Network

The living wage calculation for Perth and Huron adheres to the principles and methodology developed by the Canadian Living Wage Framework as adapted by the Ontario Living Wage Network. The calculation is based on the living expenses of a family of four with both adults working full-time for 35 hours a week each, once government transfers and deductions have been taken into account.

## Living Wage Formula

Basic household needs

**+**

EI Premiums, CPP Premiums, Federal Taxes, Provincial Taxes

**-**

Income from Government Transfers *(CCTB, etc.)*

**=**

**Total expenses**

**÷**

2 adults working full-time

**=**

**Living Wage rate**

## About the Methodology for the Calculation

The living wage calculation determines the hourly rate at which a household can meet its basic needs, once government transfers (such as the Canadian Child Tax Benefit) and deductions (such as income taxes and Employment Income premiums) have been subtracted.

The Social Research and Planning Council's first living wage calculation was released in 2015 as $16.47 per hour. In 2018, the living wage for Huron-Perth was calculated again. There have been some changes to the methodology since 2015 as a result of efforts by the Ontario Living Wage Network to standardize the approach across the province. This means that the 2018 Huron Perth Living Wage calculation is not directly comparable to the 2015 Huron Perth calculation. The Huron Perth methodology is consistent with all of the communities within the Ontario Living Wage Network.

The major costs are based on the actual costs of living in Huron County, Perth County, the City of Stratford and the Town of St. Marys. In 2018 a number of the other costs were estimated, designated "Other", by taking a certain percentage of the Market Basket Measure, 75.4%, rather than by pricing the individual items locally. This change may lead to slight variations in the values used.

## Changes to the Canadian Child Tax Benefit

Government policy also affects the living wage calculation. In 2017, the federal government increased the Canadian Child Tax Benefit substantially. This is a tax-free benefit. Families with a net income of less than $30,000 now receive maximum benefits of $6,400 per child under the age of six, and $5,400 per child aged 6 through 17. However, families with higher incomes receive progressively less. Our model family with an income of $63,480 now receives a total benefit of $8,417 per year. This compares with a benefit of about $2,500 per year in 2015.

As the Government of Canada put more money in the hands of parents, the amount of income families need to receive from other sources to make ends meet is reduced, effectively lowering the Living Wage. However, this is offset by higher costs of some household expenses and changes to how the Living Wage is calculated. The net effect is that the Living Wage for 2018 is higher than the 2015 calculation.

## Why a Family of Four?

The living wage formula for Ontario is based on the nationally agreed-upon household structure of a couple-family with two young children. The costs associated with this family structure would also support other family types at different stages of the life cycle, for example, young adults who are planning a family, or older workers who are nearing retirement.

Experience from other communities in Ontario (e.g. Hamilton, Guelph-Wellington, Peterborough, etc.) has shown that due to government transfers and deductions the rate is not significantly different for individuals without a spouse or dependents.

## What is *Not* Included in the Living Wage Calculation?

× Credit card, loan or other debt/interest payments;

× Savings for retirement;

× Owning a home;

× Savings for children's future education;

× Pets;

× Social outings with friends *(outside a monthly family dinner out)*;

× Personal lifestyle behaviours *(smoking or alcohol budget)*;

× Costs of caring for a disabled, seriously ill, or elderly family member; and

× Anything other than the smallest cushion for emergencies or hard times.

# THE LIVING WAGE:

Enables working families to have sufficient income to cover reasonable costs.

Supports healthy child development principles.

Ensures that families are not under severe financial stress.

Encourages participation of families in the economic and social life of their community.

Is a vehicle for promoting the benefits of social programs such as childcare.

Is a conservative, reasonable estimate.

# How Does it Differ from Minimum Wage?

## Minimum Wage VS Living Wage

| Minimum Wage | Living Wage |
| --- | --- |
| Statutory | Voluntary |
| Provincially set | Locally derived |
| Does not take into account the basic needs to maintain a healthy, sustainable life | Reflective of the basic necessities of life |
| Adjusted for inflation (Ontario) | Adjusted regularly to take into consideration cost of living increases, and changes in government transfers and deductions |

# Why Pay a Living Wage?

## EMPLOYER BENEFITS

- ✓ Enhances marketing strategy for recruitment
- ✓ Increases employee retention and value proposition
- ✓ Elevates employer profile in the community
- ✓ Decreases turnover rates and re-training costs
- ✓ Increases staff morale and loyalty
- ✓ Improves productivity and service delivery

## WORKER BENEFITS

- ✓ Reduces the need to work multiple jobs to pay bills
- ✓ Improves nutrition and reduces the constant stress of financial pressures, resulting in better health
- ✓ Raises standards of living and quality of life
- ✓ Provides opportunities for skills training to improve their education credentials and employment opportunities

## COMMUNITY BENEFITS

- ✓ Raises consumer spending in local economy
- ✓ Increases civic participation (e.g. coaching a soccer team, volunteering at the public library, attending a forum about the municipal election, serving on the board of a community organization)
- ✓ Lowers child poverty rates
- ✓ Promotes the benefits of social programs like child care and public transportation

# Become a Living Wage Champion

The concept of living wages is bigger than incomes. It's about quality of life. It's about ensuring that our neighbours can afford to pay their rent and buy nutritious food. It's about ensuring that our workers are healthy and able to pay for transportation to get to work every day. It's about ensuring that our children are given sufficient social and educational opportunities so that they can flourish.

## Want to Get Involved?
### *Here are some ways you can help out:*



**Share your story**
How has paying/earning a living wage benefited you?



**Support flexible work arrangements**
that could help improve quality of life (*e.g., staggered hours, compressed workweeks, job sharing, etc.*)



**Advocate for policy changes**
to improve government benefits and social programs (*e.g., housing benefits, affordable child care, etc.*)



**Become certified as a living wage employer**
visit www.ontariolivingwage.ca to start the process



**Join the national living wage movement:**
www.ontariolivingwage.ca
www.livingwagecanada.ca



**Share this report**
with your boss, staff, councillors, friends and neighbours

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### Social Research & Planning Council
*Operated by United Way Perth-Huron*

## About the SRPC

The Social Research and Planning Council (SRPC) — operated by the United Way Perth-Huron — is comprised of community representatives who are dedicated to the collection, analysis, and distribution of information relating to social trends and issues in Perth and Huron Counties.

### The SRPC approaches its work in three ways:

1. Commissioning research into social issues, plus providing reports created by local, regional, national and international agencies.

2. Developing recommendations for community improvement based on local findings, and working collaboratively with community members to implement change.

3. Maintaining the website, myPerthHuron.ca, which provides community numerical data from local agencies and governments that is not readily available in other places.

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## Become a champion for the living wage movement:
help raise community awareness and inspire collective action!

In collaboration with