

Living Wage Policy Update

Recommendations

1. That Administration prepare a Living Wage Policy for City of Edmonton employees and return to City Council through Executive Committee before the end of 2018.
2. That Administration return to Executive Committee with additional information on considerations of expanding a Living Wage Policy to include employees of contracted services.

Executive Summary

This report provides information for Executive Committee's consideration of implementing a *Living Wage Policy* for City of Edmonton employees. On May 26, 2016, City Council approved End Poverty in a Generation: Road Map to Guide our Journey. All 35 actions included within the Road Map are outlined in Attachment 1. Action #14, relates to a living wage policy for all City of Edmonton staff and contracted services. Administration has advanced this report on living wage for employees to coincide with the Social Procurement report at Executive Committee on the same day. While it is anticipated the concept of living wage for employees of contracted services will arise during discussion of the above mentioned report, this report only addresses the potential implications of implementing a living wage for City staff. Administration will return to Executive Committee with additional information on contracted services at a future date in 2019.

Report

Background: What is A Living Wage?

A living wage is defined as the minimum amount that a person must earn to pay for the basic costs of living for oneself and one's family within a specific geographic community. Unlike minimum wage, the living wage is calculated annually, by city. This calculation is intended to reflect the changes in basic cost of living in relation to the economy and changes in support received through public policy such as the availability and subsidization of public transit, public child care and public health care.

Around the world there are a number of living wage movements. In Canada, municipalities that are Living Wage Employers, include New Westminster, Pitt Meadows, Port Coquitlam and Quesnel. The City of Vancouver implemented a living wage policy in 2017, which brought all direct and contract staff up to a living wage. In

the United States, approximately 140 municipalities and counties have Living Wage Policies, including Boston, Detroit, Chicago, Los Angeles and New York City. In the United Kingdom, there are more than 3,000 certified living wage employers, including the City of London.

General Calculation:

$$\text{Annual family expenses} = \text{Income from Employment (Living Wage)} + \text{Income from Government Transfers} - \text{EI \& CPP Premiums, Federal \& Provincial Tax}$$

The Canadian Living Wage methodology is calculated assuming two income earners are supporting a healthy family of four. The calculation is based on the total income a family of four would need to earn to cover basic living expenses, divided by two adults working 35 hours per week to determine the hourly wage each adult would need to earn.

The living wage assumes:

- One child, aged 4, in full-time daycare
- One child, aged 7, in before and after school care
- Each adult (aged 31 to 50) is working full time (35 hours per week)
- One adult is taking evening courses at a local college to improve employment capacity
- Costs of living include transportation, food, rental housing, clothing, childcare, medical expenses and other related costs

The living wage does not include:

- Any significant savings for retirement, children's education, home ownership, etc
- Debt and interest payments
- Costs of looking after ill, disabled, or elderly family member(s)
- Anything beyond minimum savings for emergencies, recreation, entertainment and holiday expenses

The Centre for Policy Alternatives in Ottawa developed a methodology to calculate a living wage within Canada. Actual calculations are conducted by organizations in individual communities. The Living Wage for Edmonton is calculated annually and published by the Edmonton Social Planning Council each June. The chart below outlines the living wage for Edmonton as calculated by the Edmonton Social Planning Council since 2015.

Edmonton Living Wage (hourly rate)	
2015	\$17.36

2016	\$16.69
2017	\$16.31
2018	\$16.48

This chart shows the effect public policy has had on the living wage calculation. The decrease in the living wage in 2016 and 2017 is primarily attributed to changes in public policy; specifically the Canada Child Benefit. The chart also shows the potential volatility that an externally derived, formula driven wage rate could have. In this case, the living wage has generally trended downward; however, it could also increase and have a direct impact on labour cost.

At the May 24, 2016 meeting, City Council approved, “End Poverty In a Generation - A Road Map to Guide Our Journey.” The Roadmap outlined 35 actions (see Attachment 1) including Action #14 entitled, “Draft a living wage policy for all City of Edmonton staff and contracted services to be approved by City Council.”

Implications of a Living Wage Policy for City Employees

The Edmonton Social Planning Council calculated the 2018 double income living wage for Edmonton at \$16.48 per hour. All full time employees at the City of Edmonton are currently paid more than the 2018 living wage calculated by the Edmonton Social Planning Council. A comparison of all current City rates of pay indicates that approximately 195 part-time employees would require an adjustment to \$16.48. The largest group of staff impacted would be 151 program specialists. The program specialist job class is a broad classification that includes employees performing unique positions that vary in skill level. The cost associated with an adjustment to \$16.48 an hour for this group of part-time staff would be approximately \$80,000 for 2019.

An external formula to determine changes in rates of pay does introduce an element of uncertainty in future personnel costs. For example, if the living wage returns to the 2015 level of \$17.36 an hour, the number of employees impacted would increase to approximately 220 staff and the cost would increase by approximately an additional \$75,000.

Some of the part-time positions are represented by a union. Therefore, if a living wage directive was implemented and living wage increases were identified, implementation would be subject to the agreement of the appropriate union. A review of Canadian employer living wage policies highlights the following common elements:

- Employers implement upward adjustments and hold rates for existing staff should a living wage decrease occur;

- Living wage adjustments are typically implemented by the beginning of the next new year to allow for budget adjustments;
- Some policy exclusions may be required such as students seeking educational credits and practicums as well as volunteers; and
- Union and non-union staff wages are reviewed but any increases to union staff are subject to union agreement.

Next Steps

If Executive Committee wishes to advance a *Living Wage Policy* for City of Edmonton employees, Administration will draft a Policy and return to Executive Committee before the end of 2018.

Administration will also continue to work on exploring the implications of expanding the above mentioned Policy to include employees of contracted services and will return to Executive Committee in 2019.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Condition of Success			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton is a living wage employer	City of Edmonton staff wages	98.6% of City of Edmonton staff are earning a living wage or above (2018)	100% of City of Edmonton staff are earning a living wage or above

Others Reviewing this Report

- R. Kits / S. Padbury , Acting Deputy City Managers, Financial and Corporate Services
- R. Smyth, Deputy City Manager, Citizen Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- G. Cebryk, Deputy City Manager, City Operations
- P. Ross, Acting Deputy City Manager, Urban Form and Corporate Strategic Development

Attachment

1. EndPovertyEdmonton Road Map Actions At A Glance (2017-2021)