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Making a Living in an Age of Inflation

The 2022 Living Wage for Regina and Saskatoon

CCPA Saskatchewan Office

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Introduction

This year's living wage calculation for Regina and Saskatoon demonstrates the profound impact that inflation has had on working people throughout the province. In 2022, Saskatchewan experienced an overall inflation rate of six percent, but necessities like food and transportation were closer to ten percent.¹ The effect of inflation on the expenses of our living wage family has increased our living wage estimate for Regina to \$17.80 per hour. Saskatoon witnessed an even greater increase, to \$18.95 per hour, due not only to inflation, but also to claw backs to some income-tested supports. As the wage required to cover their overall expenses went higher, both our Regina and Saskatoon living wage families received less in government transfers, requiring them to earn more employment income to meet their expenses. As in previous years, the 2022 living wage calculation again demonstrates the inadequacy of the Saskatchewan government's current minimum wage of \$13 per hour and its target of \$15 per hour by 2024. Inflation has eaten into any gains the province's previous minimum wage rate hikes may have made, and as the living wage rate makes clear, the government's target minimum wage rate of \$15 per hour by 2024 was *already inadequate* in 2021, and even less so after almost a year and a half of punishing inflation.

¹ Statistics Canada, Consumer Price Index, Table: 18-10-0004-01

Why a Living Wage?

With the third-worst child poverty rate of all the provinces and territories, the living wage is a powerful tool to address the state of poverty in Saskatchewan.² It allows us to get serious about reducing child poverty and ensures that families that are working hard get what they deserve — a fair shake and a life that’s about more than a constant struggle to get by. The living wage is a call to private and public-sector employers to pay wages that meet the real needs of families in the places they live and work.

Living wages benefit families, communities and employers now and into the future. Living wages reflect what a family needs based on the actual costs in their community. A living wage is not the same as the minimum wage, which is the legal minimum all employers must pay and often does not reflect the true costs families face in the communities within which they live. As Ivanova, Knowles and French write, “a growing body of evidence tells us that growing up in an engaged, supportive environment is a powerful lifelong determinant of a person’s health and general well-being. Children from low-income families are less likely to do well at school, have lower literacy levels and are more likely as adults to suffer from job insecurity, underemployment and poor health.”³ Indeed, Canadian researchers have reported that family income plays a significant role in influencing child development. Of 27 factors identified as having an impact on child development, up to 80 percent were seen to improve as family income increases.⁴ Paying a living wage can also benefit business. Living wage employers routinely report less absenteeism, lower turnover, decreased training costs and higher customer satisfaction. Moreover, living wages can stimulate demand in the local economy, injecting income into the hands of lower-income earners who more than any other group spend their money almost exclusively on goods and services in their local communities.⁵

2 Miguel Sanchez (2021). *Child and Family Poverty in Saskatchewan: 2019*. Regina: Social Policy Research Centre, University of Regina. Available at: <https://campaign2000.ca/wp-content/uploads/2021/11/Saskatchewan-Report-Card-English-CPR-2021.pdf>

3 Iglia Ivanova, Tanyss Knowles and Anastasia French (2021). *Working for a Living Wage: Making paid work meet basic family needs in Metro Vancouver*. Canadian Centre for Policy Alternative BC Office. Available at: <https://policyalternatives.ca/livingwage2021>

4 Chief Public Health Officer (2009). *Report on the State of Public Health in Canada: Growing Up Well – Priorities for a Healthy Future*. Ottawa: Public Health Agency of Canada.

5 Paul Gingrich, Simon Enoch and Brian Banks (2014). *A Living Wage for Regina*. Canadian Centre for Policy Alternatives: Saskatchewan Office. Available at: <https://policyalternatives.ca/publications/reports/living-wageregina>

What's in a Living Wage?

The living wage is calculated as the hourly rate at which a family of four, with two parents working full-time, can meet its basic needs once government transfers have been added to the family's income (such as federal and provincial child benefits) and deductions have been subtracted (such as income taxes and Employment Insurance premiums).⁶

While the living wage calculation is based on the needs of two-parent families with young children, it would also support a family throughout life so that young adults are not discouraged from having children and older workers have some extra income as they age. While the Living Wage is high enough that families can withstand a temporary crisis without falling into poverty, it is certainly not a lavish wage.⁷ The living wage gets families out of severe financial stress by lifting them out of poverty and providing a basic level of economic security. But it is also a conservative, bare-bones budget without the extras many of us take for granted. Below we outline the expenses that make up the bare bones budget for our Regina and Saskatoon living wage families.

Bare Bones Budget

Food

Food costs are based on the Saskatchewan Food Costing Group's Cost of Healthy Eating in Saskatchewan 2018 report for a family of four adjusted for inflation.

Clothing and Footwear

These costs are determined via the clothing component for the 2022 Market Basket Measure for Regina and Saskatoon adjusted for inflation.

Shelter

Shelter costs for the Living Wage family are based on the average rental rates for a three-bedroom apartment in Regina or Saskatoon, in addition to electricity costs and basic tenant's insurance. Water, sewer and heat are assumed to be included in the rental rate.

Transportation

Includes the amortized cost of owning and operating a used car as well as a single adult transit pass. Both Regina and Saskatoon families would qualify for a reduced-cost student pass for 4 months of the year.

⁶ For details on the living wage calculation, See Gingrich, Enoch & Banks, 2014, 13-15.

⁷ See the Family Income Comparison table at the end of this report to see how the income from the living wage compares to other income measures in Saskatchewan.

Child Care Fees

Based on the fees for a four-year-old in full-time licensed group care and a seven year-old in before- and after-school care, full-time care for three weeks of winter and spring breaks and six weeks of full-time summer care. Fees are an average based on a survey of fee schedules in both Regina and Saskatoon.

Healthcare

The cost of a basic extended family health plan that covers core benefits, prescription drugs and dental.

Parent's Education

Each parent in the Living Wage family takes the equivalent of one post-secondary course per year to upgrade skills and credentials. 2022 tuition and fees from the University of Regina, University of Saskatchewan and Saskatchewan Polytechnic are used to determine the costs for the Regina and Saskatoon living wage family.

Contingency Fund

Two weeks' wages for each parent, which provides some cushion for unexpected events like the serious illness of a family member or the transition time between jobs.

Household Expenses

This category includes costs for internet and cell phone plans, as well as toiletries and personal care, over-the-counter medication and expenses not fully covered by private health insurance, furniture, appliances, household supplies, laundry, school supplies and fees, bank fees, some reading materials, minimal recreation and entertainment, family outings, birthday presents, modest family vacation and some sports and arts classes for the children.

This living wage calculation does not cover:

- Credit card, loan or other debt/interest payments.
- Savings for retirement.
- Owning a home.
- Savings for children's future education.
- Anything beyond minimal recreation, entertainment or holiday costs.
- Costs of caring for a disabled, seriously ill or elderly family member.
- Much of a cushion for emergencies or extended tough times.

Regina Living Wage Family, 2022 in dollars.

EXPENSES	MONTHLY	ANNUAL
Food	1,034	12,415
Clothing and Footwear	188	2,262
Shelter	1,480	17,769
Transportation	561	6,742
Household	1,095	13,145
Childcare	1,155	13,860
Healthcare	206	2,483
Parent Education	175	2,110
Emergency Fund	207	2,492
TOTAL EXPENSES	6,106	73,281

FAMILY INCOME	
Total Income from Employment	64,970
Federal and Provincial Taxes	(4,986)
Family Take-home Pay	59,983
Federal and Provincial Transfers	13,389
Total Disposable Family Income	73,372
LIVING WAGE RATE	\$17.80



Saskatoon Living Wage Family, 2022 in dollars.

EXPENSES	MONTHLY	ANNUAL
Food	1,034	12,415
Clothing and Footwear	188	2,262
Shelter	1,513	18,165
Transportation	551	6,617
Household	1,095	13,145
Childcare	1,260	15,120
Healthcare	206	2,483
Parent Education	187	2,253
Emergency Fund	221	2,653
TOTAL EXPENSES	6,280	75,115
FAMILY INCOME		
Total Income from Employment		69,167
Federal and Provincial Taxes		(6,904)
Family Take-home Pay		62,263
Federal and Provincial Transfers		12,895
Total Disposable Family Income		75,158
LIVING WAGE RATE		18.95



Explaining the 2022 Calculation

Astute readers will note that the 2022 living wage for both Regina and Saskatoon has increased significantly. For Regina, the living wage increased from \$16.23 in 2021 to \$17.80 in 2022. For Saskatoon, the living wage increased from \$16.89 in 2021 to \$18.95 in 2022. Part of the reason for this increase has been the unprecedented cost of inflation to our living wage family's budgets. While we always expect some inflation year-to-year, as you can see below, inflation significantly increased the costs of meeting these necessary expenses. For our Regina Living Wage family, it amounts to an extra \$4,029 for 2022, while our Saskatoon Living Wage family faced increased total expenses of \$4,775. The living wage is determined by a combination of employment income and government transfers. As our living wage family's earned income grew to meet the challenge of increased expenses, they received less in government transfers. This was particularly true of our Saskatoon Living Wage family, which received much less from low-income support programs like the Canada Worker Benefit, witnessing an overall decrease of \$2,797 in total transfers from last year. Moreover, both living wage families were required to pay more in federal and provincial income taxes as their employment income grew. For example, our Saskatoon Living Wage family paid an extra \$2,643 in taxes in 2022 versus 2021. All of this conspired to see both our Regina and Saskatoon living wage rise significantly, both to combat inflation, but also to make up for increased taxes and lower transfers.

Regina Expense Comparison 2021 to 2022

EXPENSES	ANNUAL 2021	ANNUAL 2022	DIFFERENCE +/-
Food	11,464	12,415	+951
Clothing and Footwear	2,275	2,262	-13
Shelter	17,464	17,769	+305
Transportation	5,946	6,742	+1,101
Household	11,746	13,145	+1,399
Childcare	13,730	13,800	+70
Healthcare	2,484	2,483	-1
Parent Education	1,810	2,110	+300
Emergency Fund	2,272	2,492	+220
TOTAL EXPENSES	69,192	73,221	+4,029

Saskatoon Expense Comparison 2021 to 2022

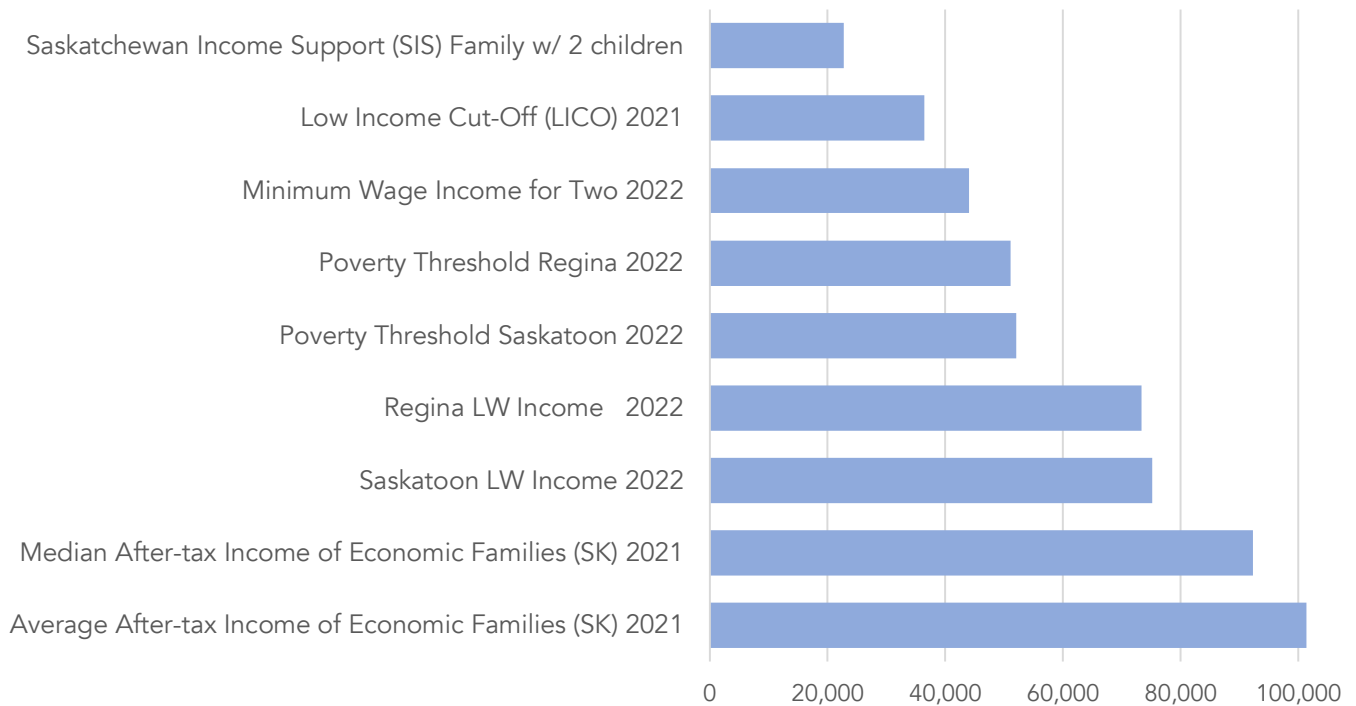
EXPENSES	ANNUAL 2021	ANNUAL 2022	DIFFERENCE +/-
Food	11,464	12,415	+951
Clothing and Footwear	2,275	2,262	-13
Shelter	17,405	18,165	+760
Transportation	5,903	6,617	+714
Household	11,827	13,145	+1318
Childcare	14,902	15,120	+218
Healthcare	2,484	2,483	-1
Parent Education	1,718	2,253	+535
Emergency Fund	2,362	2,660	+298
TOTAL EXPENSES	70,340	75,115	+4,775

One final methodological note, in 2021 the federal government and the government of Saskatchewan signed the early learning and childcare agreement to reduce childcare fees for children under six in regulated childcare spaces across the province to \$10 per day. In September of 2022, the government of Saskatchewan reduced childcare fees for these children by 70 percent. As childcare fees are often one of the largest costs for the living wage family, this program will no doubt make a significant impact on the expenses of the living wage family. However, while fees have been reduced, access in Saskatchewan has continued to be exceedingly difficult as demand outstrips supply. Indeed, David Macdonald and Martha Friendly estimate that for children not yet in kindergarten, Regina and Saskatoon have roughly two regulated spaces per 10 children, the worst in the country.⁸ Due to the evidence of increased waiting times for access to care, we have made the decision not to apply the reduction in fees to our 2022 living wage family's childcare expense. If a family cannot access affordable childcare, they may be forced to seek out more expensive private alternatives or may be forced to reduce the hours that they work. In any case, until we have assurance that families in Saskatchewan can reliably access affordable care, it would be unfair to assume that *all families* are benefiting equally from the fee reduction.

⁸ David Macdonald and Martha Friendly (2023). Not Done Yet: \$10-a-day child care requires addressing Canada's child care deserts. Ottawa: Canadian Centre for Policy Alternatives. <https://monitormag.ca/reports/not-done-yet/>

Appendix

Family Income Comparison⁹



⁹ This is not meant to be a true and comprehensive comparison of various incomes. Rather, it is to provide the reader with a sense of where a Living Wage income would fall in comparison to other commonly used income categories. Saskatchewan Income Support for a couple with two children excluding federal and provincial transfers. LICO 2021 is the Low-income cut-off for a family of four in a population centre of between 100,000 to 499,000 persons. Poverty thresholds for Regina and Saskatoon is the Market Basket Measure (MBM) threshold for both cities in 2022. Minimum wage income for two in 2022 is the calculated earnings for 70 hrs per week at the minimum wage rate through 2022. Saskatchewan's minimum wage rate was \$11.81 per hour for 39 weeks and \$13 per hour for 13 weeks in 2022. This income does not include provincial or federal transfers.



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The CCPA's Saskatchewan Office was established in 2002 to help Saskatchewan explore workable policy alternatives to address the pressing social and economic issues affecting our province. We produce quality research and commentary that represent the best traditions of social and economic justice that our province was built upon.

2138 McIntyre Street
Regina, SK S4P 2R7

www.policyalternatives.ca
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