

2021

Making a Living

The 2021 Living Wage for Regina and Saskatoon

CCPA Saskatchewan Office



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CANADIAN CENTRE
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May 2022

ACKNOWLEDGEMENTS

The 2021 living wage calculations wouldn't have been possible without the expertise of Jean-Philippe Bourgeois and his skills updating the taxes and transfers portion of the calculation. Special thanks also to Paul Gingrich and Charles Plante for their helpful suggestions and reviews of previous drafts. All errors or omissions are the responsibility of the Saskatchewan Office of the Canadian Centre for Policy Alternatives.

ISBN 978-1-77125-603-2

Using cost-of-living data unique to both cities, such as rental prices, childcare costs, and transportation fees, we calculate that a family of four would require a living wage of **\$16.23 per hour for Regina and \$16.89 per hour for Saskatoon** in order to maintain a decent standard of living in each respective city. The living wage reflects what people need to support their families based on the actual costs of living in a specific community.

Introduction

The recent announcement by the Saskatchewan government to raise what is currently the country's lowest minimum wage (\$11.81) to \$15 over the next 2 years demonstrates that the government is at least somewhat aware that low-wage work is responsible for a litany of negative economic and social consequences. While there is no doubt the raise will be welcomed by minimum wage earners, as this report demonstrates, Saskatchewan's minimum wage will continue to fall short of meeting many of the basic needs of families in Saskatchewan until it approaches relative parity with the living wage.

Families who earn low wages often face impossible choices — buy clothing or pay the utility bill, purchase groceries or pay the rent. The result can be spiralling debt, constant anxiety and even long-term health problems. In many cases it means that parents are working long hours, sometimes at multiple jobs, just to pay for basic necessities. They have little time to spend with their family, much less to help their children with school work or to participate in community activities. This can negatively impact child development and feelings of social inclusion.

Saskatchewan's poverty rate of 19% remains higher than that of the rest of the country (16.4%) while the province's child poverty rate of 26.1% is "greater than in all other provinces and territories with the exception of Manitoba and Nunavut."¹ The story of child poverty is very much a story of low wages. Indeed, child poverty in Saskatchewan if based on market income (wages and salaries) alone would be closer to 38%. As University of Regina's Dr. Miguel Sanchez states, "the fact that without social spending the precarious situation of children in Saskatchewan would be much worse is an indication that incomes derived from the labour market are insufficient for many working families."²

¹ 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>

² Ibid, 7.

Why a Living Wage?

The living wage is a powerful tool to address the state of poverty in our province. 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

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-wage-regina>

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.

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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 2020 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 UPass 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 during 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. 2021 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.



Saskatoon Living Wage Family 2021, in dollars

EXPENSES	MONTHLY	ANNUAL
Food	955	11,464
Clothing and Footwear	190	2,275
Shelter	1,450	17,405
Transportation	491	5,903
Household	985	11,827
Childcare	1,242	14,902
Healthcare	207	2,484
Parent Education	143	1,718
Emergency Fund	197	2,362
TOTAL EXPENSES		\$70,340
FAMILY INCOME		
Total Income from Employment		61,575
Federal and Provincial Taxes		(4,261)
Family Take-home Pay		57,313
Federal and Provincial Transfers		15,692
Total Disposable Family Income		70,340
LIVING WAGE RATE		\$16.89/hour



Regina Living Wage Family 2021, in dollars

EXPENSES	MONTHLY	ANNUAL
Food	955	11,464
Clothing and Footwear	190	2,275
Shelter	1,455	17,464
Transportation	495	5,946
Household	979	11,746
Childcare	1,144	13,730
Healthcare	207	2,484
Parent Education	151	1,810
Emergency Fund	189	2,272
TOTAL EXPENSES		\$69,192
FAMILY INCOME		
Total Income from Employment		59,239
Federal and Provincial Taxes		(3,570)
Family Take-home Pay		55,669
Federal and Provincial Transfers		13,526
Total Disposable Family Income		69,196
LIVING WAGE RATE		\$16.23/hour

Explaining the 2021 Calculation

While in many respects Saskatoon and Regina are similar in terms of cost of living, we can see that the difference in childcare costs is the primary reason why the Saskatoon living wage is higher than Regina. Annual childcare costs in Saskatoon are on average over a thousand dollars more than in Regina. As the federal and provincial government's program to reduce childcare fees to \$10 per day comes into effect, we should see these costs reduced and become equalized between the two cities.

Many will have noticed that the Living Wage for Regina in 2021 of \$16.23 per hour is actually less than the living wage we calculated in 2016 of \$16.95 per hour. Given that the cost of living invariably rises, how is a lower living wage possible? It's important to remember that a living wage is determined by a combination of both employment income and government transfers. As you can see in the table below, in 2016, our Regina Living Wage family earned \$61,860 from employment and received \$5,750 in government transfers. In 2021, that same family earned \$59,239 from employment and received \$13,526 in transfers. While the total family income required to meet basic needs increased from \$61,766 in 2016 to \$69,196 in 2021, a larger share of that family income came from government transfers and reduced taxes in 2021.

Comparing Regina's 2016 and 2021 Living Wage, in dollars

EXPENSES	2016 REGINA	2021 REGINA
Food	9,852	11,464
Clothing and Footwear	2,100	2,275
Shelter	16,560	17,464
Transportation	5,904	5,946
Household	9,948	11,746
Childcare	12,060	13,730
Healthcare	1,572	2,484
Parent Education	1,404	1,810
Emergency Fund	2,364	2,272
TOTAL EXPENSES	\$61,766	\$69,192

FAMILY INCOME	2016 REGINA	2021 REGINA
Total Income from Employment	61,860	59,239
Federal and Provincial Taxes	(5,840)	(3,570)
Family Take-home Pay	56,020	55,669
Federal and Provincial Transfers	5,750	13,526
Total Disposable Family Income	\$61,770	\$69,196

“This demonstrates the power of government programs to positively redistribute income and protect against the vagaries of the private labour market.”

The increase in transfer income is primarily due to the introduction of the Canada Child Benefit (CCB) by the federal Liberal government in the 2016 federal budget. With the CCB, Canadian households can receive up to \$6,400/year for each child under the age of six, and \$5,400/year for each child between the ages of 6 and 17. The CCB replaced the much less generous \$100 /month childcare benefit introduced by the federal Conservatives in 2006. Certainly, when the CCB was introduced in 2016, we anticipated that it would most likely reduce the living wage rate. Writing in 2016 we observed,

For the Regina Living Wage family, the CCB will increase federal transfers by approximately \$5,500 once fully operational. This increase in transfer income received by the family means that the Living Wage could be reduced by as much as \$1.95 per hour. While other expenses are anticipated to increase by 2017, it is certainly possible that the Living Wage could be closer to \$15 per hour in 2017 — as improved federal benefits will allow the family to meet their expenses even with a lower Living Wage.⁸

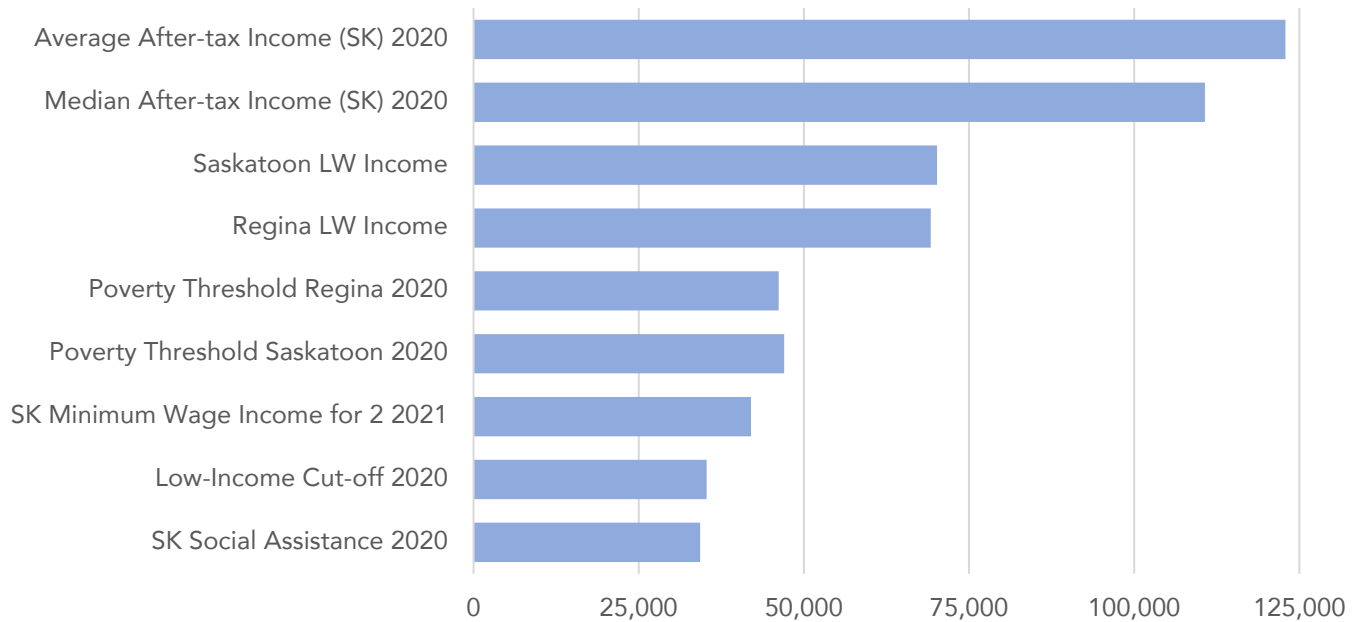
This demonstrates the power of government programs to positively redistribute income and protect against the vagaries of the private labour market. All things remaining equal, we should see the institution of \$10 per day universal childcare have a powerful effect on the living wage as well. As childcare is often the second largest expense after shelter for the model living wage family, any reduction in that expense could have the effect of further reducing what a family needs to earn in the private labour market to meet their expenses. Of course, given the current rise in inflation, these savings may be tempered by the overall rise in the cost of living. But what this illustrates is that social programs have an important role to play in ensuring that a family's basic needs are met. It is also a powerful reminder to employers that a key way they can reduce the payroll costs of the living wage is to advocate for progressive policy changes to increase government benefits to low-income earners and enhance public services that improve quality of life for all families.

For more information on the Regina and Saskatoon living wage calculations contact the Saskatchewan Office of the Canadian Centre for Policy Alternatives.

⁸ See *2016 Living Wage for Regina and Weyburn*, available at: <https://policyalternatives.ca/publications/reports/2016-living-wage-regina-and-weyburn>

Appendix

Family Income Comparison⁹



⁹ Social assistance 2020 is the welfare income for a couple with two children in Saskatchewan in 2020 including federal and provincial transfers. LICO 2020 is the Low-income cut-off for a family of 4 in a population centre of between 100,000 to 499,000 persons. Poverty threshold 2020 is the Market Basket Measure (MBM) threshold for Saskatoon and Regina in 2020. Minimum wage income for two 2021 is the calculated earnings for 70 hrs per week at the minimum wage rate through 2021. Saskatchewan's minimum wage was \$11.45 for 39 weeks and \$11.81 for the last 13 weeks of 2021. This income does not include provincial or federal transfers.



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