

A GUIDE TO BECOMING A LIVING WAGE EMPLOYER IN GUELPH & WELLINGTON



Thank you for your interest in being part of the living wage movement in Guelph & Wellington! We are thrilled to have your support and look forward to working with you to make your organization a Living Wage Employer. This guide offers an in-depth overview of the Guelph & Wellington Living Wage Employer Recognition Program. We encourage you to contact us so we can answer your questions and assist you through the certification process. Please connect with Randalin Ellery, Coordinator of the Guelph & Wellington Task Force for Poverty Elimination, at info@gwpoverty.ca or 1-800-265-7293.

WHAT IS A LIVING WAGE?

A living wage is not the same as the minimum wage, which is the legal minimum all employers must pay. The living wage sets a higher test – **a living wage reflects what earners in a family need to bring home, based on the actual costs of living in a specific community.**

The living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income (such as the Universal Child Care Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance premiums).

A living wage allows individuals to:

- feed, clothe and provide shelter for their family;
- promote healthy child development;
- participate in activities that are an ordinary part of life in the community; and
- avoid the chronic stress of living in poverty.

WHY BECOME A LIVING WAGE EMPLOYER?

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

BENEFITS OF BECOMING A LIVING WAGE EMPLOYER

1. Paying a living wage increases employee productivity, morale, and loyalty¹

When employees struggle financially, they will often take on several jobs in order to make ends meet. This additional work strain often reduces worker productivity. Reducing work strain by compensating employees with a living wage can bolster worker loyalty and creativity, and improve workplace morale.

2. Paying a living wage increases employee retention, decreasing turnover costs.²

Employees paid less than the living wage will constantly be looking for another job with higher wages. The cost of replacing employees is significant in terms of administration and training, and could impose a much higher cost on employers than paying a living wage. Research demonstrates that many areas with living wage policies experience decreased turnover costs that offset the wage increases³.

3. Paying a living wage reduces absenteeism and medical costs⁴

Paying a living wage decreases employee stress, which is the most significant cause of employees being sick. A recent research report demonstrates that 56% of employees stated that work-related stress was the top health concern.

Stressed employees are more likely to:

- Spend more on prescription medications
- Elevate absence costs by up to 19%
- Elevate disability costs by up to 30%
- Elevate turnover costs by up to 40%

4. Paying a living wage increases positive brand association⁵

Living wage employers are considered “ethical businesses”:

¹ (White)

² (White)

³ (Lester)

⁴ (White)

⁵ (London Economics)

- 70% of employers involved in the London, England Living Wage Program felt that being publicly recognized as paying a living wage had increased consumer awareness of their organization’s commitment to being an ethical employer.
- Most people want to work for a company whose values are consistent with their own.
- The majority of young people believe in the power of responsible business practice to improve profitability.
- Corporate responsibility is a key factor in attracting and retaining a talented and diverse workforce and reduces the cost associated with employee recruitment.

5. Paying a living wage expands economic activity⁶.

Small businesses draw their customers from the local community. Higher incomes allow families to purchase more goods and services in their neighbourhoods.

WHY IS A LIVING WAGE NECESSARY?

More and more families are working for low wages. Families and individuals are facing impossible choices – buy food or heat the house, feed the children or pay the rent. The results 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.

Precarious employment, including “full time employees who receive a wage, but no benefits, workers who may work variable hours, and workers who believe they are unlikely to be employed by the same firm a year from now,⁷” is on the rise. Research

⁶ (Card)

⁷ (Lewchuk)

estimates that 21.8 per cent of Canadian workers are in precarious employment, up nearly 60 per cent from 13.7 per cent in 1989, the first year this data was collected⁸.

One outcome of increasing employment precarity is the rise in the number of working poorⁱ. In 2012, 7.3 per cent of the working age population in Ontario were working poor, up from 6.8 per cent in 2006⁹. In Guelph CMA, 4.9 per cent of the working age population were working poor in 2012¹⁰.

A living wage framework invites employers to re-examine compensation through the lens of what it actually costs to live and raise children here in Guelph & Wellington, as opposed to accepting industry norms at face value.

CURRENT LIVING WAGE RATES

The current living wage rate in Guelph & Wellington is \$16.50 per hour for employees not receiving any non-OHIP health benefits. If an organization provides adequate health benefits, the living wage can be as low as \$14.75 per hour. Please contact info@gwpoverty.ca for a personalized calculation for the organization.

LIVING WAGE EMPLOYER CERTIFICATION PROCESS

1. **Expression of Interest Stage** – An organization indicates interest in become a Living Wage Employer by contacting info@gwpoverty.ca.
2. **Application Stage** – The organization completes an eligibility form and works with the Living Wage program to develop a plan to implement the living wage.
3. **Employer Declaration and Recognition Stage** – The organization signs the Employer Declaration and is officially recognized as a Living Wage Employer.

⁸ (Lewchuk, The Precarity Penalty: The Impact of Employment Precarity on Individuals, Households and Communities)

⁹ (Stapleton)

¹⁰ (Statistics Canada)

4. **Implementation Stage** – Living Wage Employer submits annual reports to the Living Wage program, demonstrating ongoing progress on implementing the living wage throughout its organization.

LEVELS OF RECOGNITION

The Living Wage Employer Certification program currently provides four levels of certification for employers*:

1. **Supporter** – All full-time employees earn at least a living wage. Committed to begin raising all part-time employees to a living wage.
2. **Partner** – All full-time and part-time employees earn at least a living wage. Committed to begin raising all contracted employees to a living wage.
3. **Leader** – All full-time and part-time, including temporary contract employees earn at least a living wage. Committed to raising all employees (including third-party contractors) to a living wage.
4. **Champion** – All full-time and part-time, including temporary contract employees, earn at least a living wage. All third-party contractors pay at least a living wage. Committed to championing the living wage within our sector/industry and within the community.

* High school and post-secondary school students are not included in this program.

THIRD-PARTY CONTRACTORS

Third-party contracted staff refers to staff that many businesses use to provide services such as janitorial, security, or catering. This clause covers third-party contracts that provide services for the organization on a regular ongoing basis that is for at least 120 hours of labour per year. Ad hoc contract work (for repairs or maintenance, for example) is exempted from this clause. Living Wage Champions are encouraged to inform contractors about the Living Wage Program and how it may affect the terms of their agreements. A Living Wage clause should be included in all future agreements and renegotiated agreements with hired contractors.

Organizations 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. Living Wage Champions need to undertake the following:

1. If the staff are directly contracted by the organization:

When the contract comes up for renewal the organization should include a living wage clause as part of its Request for Proposals (RFP). It is expected that, after selecting a suitable contractor, a living wage clause will be inserted in the contract as per the RFP.

2. If the staff are not directly contracted by the organization, but do provide services

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

Best Effort Clause

If an organization can clearly show that it made its best efforts to fulfil this clause it will be allowed to keep its Living Wage Champion status. (For example if an organization received no responses to a RFP that included a Living Wage Clause.)

COLLECTIVE AGREEMENTS

It is assumed that Organizations that have collective agreements in place will work in partnership with the relevant union(s) to apply for living wage status. Collective agreements will be treated as contracts, as per above.

MONITORING

If an employer is found to have not fulfilled the criteria within their Living Wage Declaration, the Living Wage Program will work with the employer to identify whether continued involvement in the program is possible.

LIVING WAGE EMPLOYER RECOGNITION

Once the employer has been recognized as a Living Wage employer, it becomes entitled to:

- Living Wage Employer window decals for store front display where appropriate
- A Living Wage Employer electronic logo for use on websites and letterhead
- Recognition on our website and any of our periodic publications.

We encourage new Living Wage Employers to celebrate their recognition as a Living Wage Employer with staff and board members, as well as announcing their status in local media and trade publications.

APPENDIX 1: LIVING WAGE EMPLOYER IMPLEMENTATION PLAN FOR COMPANY X

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 7 retail outlets throughout Guelph & Wellington. We currently employ 85 staff, 50 full-time and 35 part-time.

2. Direct Employees

Based on an analysis undertaken by our HR Manager, we currently have 5 full-time and 10 part-time staff that are below the current living wage rate. These positions are all retail assistant positions. The five fulltime staff receive full Health benefits and when this is taken into account, 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 and thus, 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 3 months of being declared a Living Wage employer. 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 1 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 endeavor to follow the criteria +in the

'best effort clause' set out in the Living Wage Employer conditions. We have 3 service contracts that fall under Living Wage criteria.

- Computer System Maintenance and support. This contract is an annual contract renewed at the start of every year. We commit to include 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 which is due for renewal in Oct. 2015. We commit to include 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 Nov. 2014. We commit to include 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 Board of the Company. 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 sustains a lifestyle that meets the needs of daily living and provide some discretionary income. We recognize that paying a living wages 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 two years by the Guelph & Wellington Task Force for Poverty Elimination, based on the living expenses of a family of four with two children aged 3 and 8, with both parents working full-time. Local living expenses are calculated for Food, Clothing and Footwear, Shelter, Transportation, Child Care, Medical Services Plan Premiums, Non-OHIP Health Care, Parents' education, Contingency Fund and Other (such as personal care, furniture, 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 Tax Benefit are also factored into the calculation.

Application (Dependent on level of recognition)

The policy applies to all employees employed by [Name of Employer], as well as all employees employed by a contractor or sub-contractor 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 least a Living Wage. The living wage is recalculated biennially. Any increases in the living wage will be passed onto staff within 6 months of the new calculation.

Contracted Staff

- Where services are contracted, e.g. food service, cleaning, etc., we choose vendors/ service providers that pay a living wage to their staff. 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 Recognition 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.

APPENDIX 3: EXAMPLE OF LIVING WAGE CLAUSE FOR SERVICE PROVIDER CONTRACTS

The following is an example of a Living Wage contract clause for insertion into contracts with service providers to guarantee Living Wage provision. These contract clauses are offered as starting points in order to assist drafting of appropriate provisions. These contract clauses are not recommended clauses, nor do they substitute the requirement to seek legal advice.

Living Wage Guelph & Wellington is not responsible for the use or operation of any or all of these clauses and accepts no liability arising out of such use or operation

General

1.1 It is a condition of this Agreement that, for the duration of this Agreement:

(a) the Contractor pays all employees who are employed by the Contractor to perform services pursuant to this agreement not less than the Living Wage, as set every two years by the Guelph & Wellington Task Force for Poverty Elimination; and

(b) notwithstanding 1.1 (a), the contractor has up to 12 months from the date on which any increase in the Living Wage is adjusted by the Guelph & Wellington Task Force for Poverty Elimination, to increase any or all wages such that the Contracted Employees continue to be paid not less than the Living Wage.

Sub Contracting

1.2 If the Contractor sub-contracts all or part of the provision of the Services to a subcontractor pursuant to clause [1.1], the Contractor shall ensure that any subcontractor adheres to clause 1.1 as though it were the contractor.

Termination of Contract

A breach by the Contractor of its obligations pursuant to clauses 1.1 and 1.2 shall constitute a material breach by the Contractor of this Agreement which shall entitle the client to terminate this Agreement.

APPENDIX 4: SAMPLE COLLECTIVE AGREEMENT LANGUAGE

Wage floor: Living Wage

1. The parties agree to the following principles:
 - a. The Employer is subject to the Living Wage Employer Recognition Program (the “Program”).
 - b. The Program’s Living Wage rate is a wage floor, not a wage target.
 - c. In the event that the Program’s Living Wage rate for the current year exceeds an employee’s Total Compensation Rate for that year, the employee’s Hourly Wage Rate will be adjusted upwards to eliminate this differential.
 - d. “Total Compensation Rate” = Hourly Wage Rate x 5.0%, where the five percent multiplier accounts for all benefits, supplements and allowances under the Agreement. The parties may increase or decrease the multiplier by mutual agreement.
 - e. Wage adjustments required under subsection (c) will be implemented on an employee-by-employee basis; the Wage Schedule will not be adjusted.
 - f. An employee will never be paid an Hourly Wage Rate that is less than the Hourly Wage Rate set out in the Wage Schedule.
2. The parties agree to the following process:
 - a. Every two years, the parties will meet within 30 days of the recalculation of the Program’s Living Wage, to discuss and agree on any impacts of the recalculation considering the principles outlined in section 1.
 - b. Wage adjustments required under subsection 1(c) will be implemented by the Employer during the final pay period in June of each year.

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ⁱ Working poor is defined by the Metcalfe Foundation as someone who has an after-tax income below the Low-income Measure (LIM), has earnings of at least \$3,000 a year, is between the ages of 18 and 64, is not a student, and lives independently.