



# A Living Wage For Revelstoke & Area

January 2015

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## **Introduction**

As a community, Revelstoke has a strong vision and desire to be a great place to live, work and play. Yet, in the last few years, the rising cost of living has appeared as a community issue. As a result, community-wide poverty reduction has been identified as a high priority for action. Poverty reduction is seen as critical not only to moving forward – both socially and economically – through times of growth and change, but also to build community resiliency and help address factors beyond local control. The City of Revelstoke Social Development Committee took the lead and completed The Revelstoke Poverty Reduction Strategy (2012), and Poverty Reduction Action Plan (2013), which clearly outline challenges and opportunities Revelstoke faces as a community<sup>1</sup>. An inter-sectoral “Poverty Reduction Working Group” was formed in October 2013. It’s purpose is to: track progress on poverty reduction initiatives; support community-based organizations to implement programs and projects directly related to poverty reduction; build community-wide awareness and support for related issues in Revelstoke; act as a 'think tank', brainstorming ideas and building community partnerships to act on those ideas; apply for project and program-based funding; and measure, evaluate and report on outcomes.

One of the top community goals in both the strategy and action plan is to improve income security for all residents. Yet one of the most significant challenges in our community is the growing gap between the rising cost of living and employers’ ability to pay a ‘living wage’. A living wage is the hourly amount a family needs to cover basic expenses, such as food, clothing, shelter, and transportation. Living wage calculations are based on a two-parent family with two children – the most common family unit in BC – with each parent working full-time. A living wage is a bare-bones calculation and does not cover additional expenses, such as debt, savings for retirement or children’s post-secondary education, home ownership, and emergency expenses<sup>2</sup>.

While the working group determined that moving forward on a local living wage initiative was important, the group also felt that it was necessary that the business community be actively engaged and take leadership on any such initiative. Thus, it was an exciting moment when in the summer of 2014, the Revelstoke Credit Union came forward and expressed interest in exploring what it would take to become a certified Living Wage Employer. The first step was to update our local living wage calculations in alignment with Living Wage for Families BC and the Canadian Centre for Policy Alternatives methodology. With the support of both these organizations and the City of Revelstoke Social Development Coordinator, Revelstoke Credit Union Controller, Michelle Lenzi, completed and received approval for the updated calculation in December 2014.

The current living wage for Revelstoke and Area is **\$18.87 per hour** per parent. The total after-tax income (with the addition of both the Universal Child Care Benefit and Canada Child Tax Benefit), needed for a family of four to make ends meet is about **\$63,000 per year**. The table below compares our calculation with other cities in BC<sup>3</sup>.

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<sup>1</sup> See [www.revelstokesocialdevelopment.org](http://www.revelstokesocialdevelopment.org) for the complete reports.

<sup>2</sup> <http://www.livingwageforfamilies.ca/about/what-is-a-living-wage/>

<sup>3</sup> <http://www.livingwageforfamilies.ca/wp-content/uploads/2014/04/map-june-2014.jpg>

<b>City</b>	<b>Living Wage</b>
Metro Vancouver	\$20.10
Greater Victoria	\$18.93
<b>Revelstoke</b>	<b>\$18.87</b>
Sunshine Coast	\$18.80
Regional District of Central Okanagan	\$18.01
Kamloops	\$17.95
Terrace	\$17.65
District 69 - Qualicum	\$17.42
Fraser Valley	\$17.02
Prince George	\$16.90
Williams Lake	\$15.77
Cranbrook	\$14.16

## **Methodology**

The first step began with viewing a descriptive webinar<sup>4</sup> produced by the Living Wage for Families Campaign, First Call BC and the Canadian Centre for Policy Alternatives (CCPA), on how to calculate the living wage. A step-by-step Calculation Guide<sup>5</sup> and Excel spreadsheet<sup>6</sup> were provided by the CCPA. Michelle did the legwork required to input local values, using the Guide as reference. A few items warrant comment.

Calculating food costs for Revelstoke is challenging. Although the 2013 Food Costing in BC report was just released this fall, we know from research done for the Poverty Reduction Strategy that local food costs are much higher in Revelstoke (an estimated 14% above provincial averages). However, in order to ensure alignment with CCPA standards, we used provincial average food costs outlined in the 2013 Report for our living wage calculation. It is estimated that local, 2014 food costs would impact our hourly rate by at least \$1.00 per hour. It is hoped that through ongoing dialogue with the Provincial Health Authority that publishes the report, we will be able to input more accurate food costs in future living wage updates.

Shelter costs for a 3-bedroom home suitable for the reference family were calculated by contacting property management companies, viewing current advertising in a variety of media, and polling Credit Union staff who were living in comparable rental housing. The 2014 Calculation Guide was used to calculate utility and insurance costs. It is important to note that the annual CMHC rental housing market survey for Revelstoke was not used, as there are very few multi-unit apartment buildings in town and most 3-bedroom units are

<sup>4</sup> <https://www.youtube.com/watch?v=EoFag7xJ1QQ&feature=youtu.be>

<sup>5</sup> [https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2014/04/CCPA-BC\\_Living\\_Wage\\_Guide\\_2014.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2014/04/CCPA-BC_Living_Wage_Guide_2014.pdf)

<sup>6</sup> <https://www.policyalternatives.ca/livingwage2014>

duplexes or houses, which are not counted in the survey. As a side note, Michelle found that In October 2014 there were virtually no 3-bedroom homes or units available for rent.

Child Care costs were calculated using up to date costs provided by Linda Chell, Executive Director of the Revelstoke Child Care Society. Our reference family did not qualify for Child Care subsidies, as the income required to cover other expenses surpassed the subsidy threshold. Parent Education costs were calculated using Okanagan College 2014-15 Tuition Fees for 2, 3 credit courses plus ancillary fees and textbook amount using the Calculation Guide. Regarding transportation costs, because our reference family has one vehicle and Revelstoke is a smaller, ‘walkable’ community, public transportation costs were not included. Clothing and footwear and transportation costs were calculated using CANSIM, Statistics Canada’s key socioeconomic database<sup>7</sup>. The Revelstoke calculations were approved by CCPA in December 2014.

## **The Calculations**

Reference Family Description:

- Two parents, two children aged 4 and 7.
- One child is in full-time child care, and 1 child in before and after school care and summer care.
- The family has one car.
- Both parents are working 35 hours per week.

<b>Table I: Family Expenses</b>				
<b>Item</b>	<b>Monthly</b>	<b>Annually</b>	<b>% of Total</b>	<b>% of Pre-tax</b>
			<b>Expenses</b>	<b>Income</b>
Modified MBM				
Food	733.74	8804.85	14.0%	12.8%
Clothing and Footwear	194.81	2337.69	3.7%	3.4%
Shelter	1540.34	18484.04	29.3%	26.9%
Transportation	421.42	5057.01	8.0%	7.4%
Other	700.12	8401.48	13.3%	12.2%
<b>Subtotal</b>		<b>43085.07</b>	<b>68.4%</b>	<b>62.7%</b>
Child Care	1075.83	12910.00	20.5%	18.8%
Non MSP Health Ex	136.00	1632.00	2.6%	2.4%
MSP	138.50	1662.00	2.6%	2.4%
2 Weeks Pay	220.15	2641.80	4.2%	3.8%
Parent Education	87.31	1047.70	1.7%	1.5%
<b>Total</b>	<b>5248.21</b>	<b>62978.57</b>	<b>100.0%</b>	<b>91.7%</b>

<sup>7</sup> <http://www5.statcan.gc.ca/cansim/a00?lang=eng&mode=aboutCansim>

<b>Table II: Non-Wage Income (Government Transfers)</b>		
<b>Income</b>	<b>Monthly</b>	<b>Annually</b>
Canada CTB	191.75	2300.97
UCCB	100.00	1200.00
Family Bonus	0.00	0.00
GST	0.00	0.00
RAP	0.00	0.00
BCLICATC	0.00	0.00
Child Care Subs.	0.00	0.00
<b>Total</b>	<b>291.75</b>	<b>3500.97</b>

<b>Table III: Family Income Less Family Expenses</b>		
<b>Annually</b>		
Available Annual Income		62985.01
Annual Family Expenses		62978.57
Gap		6.44

<b>Table IV: The Living Wage and Government Deductions and Taxes</b>			
	<b>Parent 1</b>	<b>Parent 2</b>	<b>Total</b>
Hours / Week	35	35	70
Wage	<b>18.87</b>	18.87	
Employment Income	34343.40	34343.40	68686.80
Adjustments	-9800.00		
Net Income	24543.40	34343.40	58886.80
EI Premiums	645.66	645.66	1291.31
CPP Premiums	1526.75	1526.75	3053.50
Fed. Income Tax	1398.04	2052.65	3450.70
Fed. Refundable TC	0.00	0.00	
Prov. Income Tax	361.28	1045.97	1407.25
After Tax Income	30411.67	29072.37	59484.04
Monthly After Tax Inc.	2534.31	2422.70	4957.00

<b>Table V: Family Income less Gov't Deductions and Taxes plus Gov't Transfers</b>	
Total Annual Income from Employment	68686.80
- EI, CPP, Fed. and Prov. Taxes	9202.76
Equals Family Take Home Pay	59484.04
+ CCTB, UCCB, GST, RAP, BCLICATC	3500.97
Equals Total Disposable Family Income	62985.01
- Family Expenses	62978.57
Equals Income less expenses	6.44

## **The Benefits of Paying a Living Wage**

For families, earning a living wage means moving out of poverty. The Revelstoke Poverty Reduction Strategy found that using Market Basket Measure calculations compared to taxfiler data, over 30% of people in Revelstoke were either at or below meeting their basic needs<sup>8</sup>. Community-wide, this has a profound impact on our local economy. Conversely, higher incomes enable families to purchase more goods and services in their own communities.

For employers, research has shown that paying a living wage can be good for businesses, including<sup>9</sup>:

- Decreased employee turnover; cost savings for staff hiring and training
- Improved job quality, productivity and service delivery; lower absenteeism
- Employee pride in working for a living wage employer
- Stimulating consumer spending
- Greater corporate social responsibility and firm reputation

## **Conclusion**

Ultimately, the goal of any poverty reduction initiative is to ensure that all individuals and families have the opportunity, financial and otherwise, to maintain a decent standard of living and to participate fully and with dignity in our community. Improving income security through a local living wage initiative is a critical first step in achieving this goal.

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<sup>8</sup> Revelstoke Poverty Reduction Strategy, page 22.

<sup>9</sup> <http://www.firstcallbc.org/pdfs/lw/business%20case.pdf>