

Making ends meet: Toronto's 2015 living wage ^[1]

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AVAILABILITY

Full report in PDF ^[2]

Press release ^[3]

Executive Summary:

It has been six years since Toronto's living wage estimate was calculated at \$16.60 in 2008.

Since then, the cost of living has gone up: the cost of child care has risen by 30 per cent; rent has increased by 13 per cent; the cost of public transit has grown by 36 per cent.

This report updates Toronto's living wage to reflect what it takes for two working parents with two children to make ends meet in 2015. It's based on the needs of a family with two parents and two young children ages 7 and 3. Each of those parents needs to earn \$18.52 per hour, and work 37.5 hours per week, in order to afford the basics in life in this very expensive city.

The updated Toronto living wage calculation is rooted in real life necessities and responsibilities. It draws on the national living wage framework, a guideline developed by living wage leaders from across the country that incorporates these basic principles into a consistent definition and methodology to ensure uniformity of approach.

However, taxes, transfers, and even hours of work vary widely from province to province. For this reason, there is variation in some elements of the calculation, particularly relating to the social supports available to individuals and families. In Ontario, the ccpa developed a living wage calculator that takes into account the tax and transfer rules in the province.

The most important ingredient in any living wage calculation is the list (and accompanying cost) of necessary expenses for a family of four to meet its basic needs, participate in the economic and social fabric of their community, and purchase items that can help them escape marginal subsistence. The list of family expenses contains no extravagances. It doesn't allow families to save for their childrens' post-secondary education; it doesn't acknowledge that many working families also carry debt obligations. But it does recognize that things like rent, transportation, child care, food, clothing, internet, and laundry costs are part of the basics that every family strives to meet.

Once total family expenses have been added up, the calculation moves to the income side of the equation, which consists of both employment income and government transfers. The living wage incorporates relevant government assistance, such as child care benefits and the Working Income Tax Benefit. The next step is to calculate the employment income this family needs in order to meet both family expenditures and pay taxes as well as payroll deductions.

The final step is to divide total employment income by the annual number of hours worked (3,900 based on a 37.5 hour work week).

What's the value of an updated living wage calculation for Toronto? It can serve as a guide to any employer in the public or private sector that opts to become a living wage employer - to raise the floor for the lowest paid workers under their employ. It can inform the City of Toronto's fair wage policy. But even social service and grant-making agencies, school boards, and the province itself could adopt a living wage policy to raise the bar for low-waged workers in the city.

In 2013, Toronto was home to three million workers. That same year Toronto's average hourly wage was \$24.92; Toronto's median wage was \$21 an hour. That means that the Toronto cma was home to more than 1.5 million people earning less than \$21 per hour that year. Many lower waged workers are concentrated in the retail and service sector in Toronto. The median wage in the retail sector in 2013 was \$12.95 an hour. The median wage for administrative support services was \$14 an hour. The median wage for accommodation and food services was \$11.50 an hour. A living wage of \$18.52 an hour would make a huge difference in the lives of families who work in retail and food service jobs. But they're not the only potential beneficiaries of a living wage.

In the 2014 provincial budget, the Ontario government committed to ensuring that all personal support workers in Ontario earn at least \$16.50 by 2017 and that child care workers receive a raise as well.

This was a step in the right direction, but in Toronto, the move still leaves these and many other workers earning less than a living wage. All governments, including the City of Toronto, employ individuals through third party contractors in order to keep costs low. But many of these workers do not earn enough money to make ends meet. The list of potential beneficiaries goes on: gasoline station attendants (median wage \$10.25), auto parts retailers (median wage \$15.50), textile workers (median wage \$15.58).

Decent wages are a critical component of individual and family well-being. Higher wages mean a better standard of living for workers and their families. A living wage ensures that workers earn enough to meet the basic necessities of life and to participate in their community.

Living wage employers are finding that higher wages lead to more productive employees, lower turnover and increased employee morale. In the service sector, this can lead to improved customer service and higher profitability.

At \$18.52 per hour, Toronto's living wage sets a modest standard to ensure that workers earn enough money from work to provide for the material necessities of a healthy, sustainable life with full civic and economic participation in the local community.

Region: Canada ^[4]

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