



A guide to becoming a Living Wage Employer

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living wage

for families campaign

livingwageforfamilies.ca

A guide to becoming a Living Wage Employer

“It is only fair to pay your employees the wage that ensures a decent standard of living, regardless of whether they are youth, seniors, or fall into any other category”

– Anastasia Gaisenok
Executive Director,
Check Your Head: The Global
Youth Education Network

Why become a Living Wage Employer?

Living Wage Employers are responsible employers who care about their employees and the community. They 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 Program** recognizes and celebrates employers that pay their direct and indirect employees a living wage.

Benefits of becoming a Living Wage Employer

- Living Wage Employers receive public recognition for demonstrating a commitment to socially responsible practices, making them more attractive to potential employees and customers.
- Employers paying a living wage experience a decrease in employee turnover and absenteeism, increased retention and productivity, and savings on rehiring and retraining.
- Employees who earn a living wage experience increased mental and physical health and economic well-being, leading to a more productive and committed workforce.



We judge whether an employee is paid a living wage based on their total compensation package (base wage + non-mandatory benefits)

What is the living wage?

A living wage is the hourly wage a worker needs to earn to cover their family's basic expenses within their community.

It is recalculated on an annual basis to ensure that it accurately reflects changing living expenses. For more details on how it's calculated see www.livingwageforfamilies.ca.

Why is it necessary?

More and more families are working for low wages. They are facing impossible choices — buy food or heat the house, feed the children or pay the rent. The result 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.

At 19.8%, BC has one of the highest child poverty rates in the country. Almost one-third of the poor children in BC live in families with at least one adult working full time, full year, demonstrating the extent of low-wage poverty in our communities.

Current living wage rates

Metro
Vancouver
\$20.62/hr

Greater
Victoria
\$20.01/hr

Fraser
Valley
\$15.90/hr

Living Wage Employer certification process

Applications are accepted between May 1st and January 31st every year. No applications are accepted in February, March and April so the Living Wage for Families Campaign can focus on recalculating the annual living wage rate (which is released annually at the end of April).

NOTE: Smaller companies and organizations, (with less than 15 staff and few service contracts) where a stepped implementation may not be required, may choose to complete the Living Wage Employer Application form (www.livingwageforfamilies.ca/become_a_living_wage_employer).

The Living Wage for Families Campaign (the Campaign) has a stepped implementation process. We understand that for many employer's the process of developing and implementing a living wage takes time and effort. Our stepped implementation process allows for the Living Wage for Families Campaign to recognize this work and celebrate the success of each company as they move through the process.



Supporter Level 1:

- The employer develops and provides, to the Campaign, an implementation plan and timeline to bring all direct staff and service contractors' wages up to the current living wage, as well as a plan (which may have a longer timeline) for bringing subcontracted labour services to the living wage. A sample implementation plan is included in Appendix 1.
- On acceptance of the implementation plan by the Campaign, an employer has successfully completed Step 1.

Supporter Level 2:

- Based on the implementation plan and the timeline the employer provided to the Campaign to become and Advocate, the employer has since brought all directly employed staff and contractors up to the prevailing living wage rate. The employer will also have implemented a process for an annual increase in wages for these staff and contractors up to the prevailing living wage rates.
- The work ahead is to bring subcontracted labour services up to the living wage rate — this will include providing notice that on contract expiry, new contracts will include a living wage clause.

Living Wage Employer

- The final stage of becoming a Living Wage Employer is reached; all direct staff have previously been brought to the living wage rate and there is a process for annually meeting new living wage rates. Additionally, the employer attests to having brought all subcontracted labour (as agreed by the Campaign) to the prevailing Living Wage rate, or has signaled intent to recontract at new living wage rate when the contract renews.

The Living Wage for Families Campaign is a tool to address poverty in our communities. There are other tools to tackle poverty and the Campaign understands that there may be different forms of employment which should be differently considered or exempted from the living wage.

These include:

- Casual employment of less than 120 hours of work per year.
- Students, interns and practicum placements for summer projects, etc. These categories may make up no more than ten percent of labour (and the labour must be additional and not core); for small not-for-profit employers with less than five staff, this exemption increases to no more than twenty percent of labour.
- Social purchasing. Employers may source up to ten percent of their labour from qualified social enterprises (to be approved by the Living Wage for Families Campaign); qualifications include that the social enterprise must be purpose-built for employing hard-to-employ individuals, be owned by a not-for-profit, and must be pre-existing.
- Multiple small contracts. For some large employers, where a contract makes up no more than half of a percentage of its purchasing budget.

“We want to be part of a community that invests in the long-term prosperity of individuals and the economy. Paying a living wage to our employees and service providers will help make families stronger and communities healthier.”

– Tamara Vrooman,
President and Chief
Executive Officer, Vancity

Support

The Living Wage Employer Program can provide advice and support to employers implementing the living wage including best practice guides, case studies from leading employers and model procurement frameworks.

PLEASE NOTE: There is no fee for applying to become a Living Wage Employer. All queries are treated with the strictest confidence.

Conditions for becoming a Living Wage Employer

- Employers agree to ensure that all direct employees (full time, part time and casual) are paid the current living wage rate for their area within six months of a successful application. If employees are paid relevant non-mandatory benefits, the living wage hourly rate that must be paid will take account of this. Currently, our program covers the **Lower Mainland area**, where the living wage rate is **\$20.62 per hour**, the **Greater Victoria area**, where the living wage rate is **\$20.01 per hour**, and the **Fraser Valley area**, where the living wage rate is **\$15.90 per hour**.
- Employers agree to insert a living wage clause (stipulating that contracted workers and subcontracted workers are to be paid a living wage) in all future contracts where staff who are not direct employees are contracted to provide services to their organization on a regular, ongoing basis.
- Employees paid by incentive-based pay (tips) or commission can be paid less than the living wage provided their total earnings (including incentive-based pay and/or commission) equal or exceed the living wage.

Detailed conditions

Annual recalculation of the living wage

The living wage is calculated annually to take into account changes to living expenses and to government transfers and deductions. The new calculation is publicly released on the last Thursday of April annually. Employers agree to bring all direct staff (full time, part time and casual) up to the new living wage rate by October 31st every year. Living Wage Employers will be notified of changes to the living wage rate and what the changes mean to their certification.

How your benefits package affects the living wage calculation

Non-mandatory benefits include employer contributions that help reduce an expense item that make up the living wage calculation, such as extended health/dental care, Medical Services Plan premiums, child-care expenses, transport expenses, professional education development, enhanced vacation and sick leave. They do not include payments that an employer is mandated by law to provide, such as employment insurance and Canada Pension Plan contributions.

We have developed a software tool, in conjunction with the software company SAP, to help employers calculate how their benefits package affects their ability to pay a living wage — see www.livingwageforfamilies.ca. If you have already signed up to be a Living Wage Employer, this calculator can be used to ensure that your externally contracted staff are paid a living wage as well.

Externally contracted staff and the living wage

Externally contracted staff refers to staff that many businesses use to provide services such as janitorial, security, cleaning or catering. *This clause covers external contracts that provide services for your company 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 Employers are encouraged to inform contractors about the Living Wage Employer Program and how it may affect the terms of your agreements. A living wage clause should be included in all future and renegotiated agreements with contractors you hire. You 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. The Living Wage for Families Campaign is able to provide you with a sample clause that can be incorporated into existing contracts and requests for proposals (RFPs). The living wage rate for the purposes of this clause is the rate set at the time of the start of the contract renegotiations. The clause should also ensure that a “living wage premium” is awarded to contracted and subcontracted workers that end up being paid below the living wage rate within six months of its annual recalculation.

Thus employers need to undertake the following:

A. If the staff are directly contracted by your organization. When the contract comes up for renewal you should include a living wage clause as part of your request for proposals. It is expected that, after selecting a suitable contractor, a living wage clause will be inserted in the contract as per the RFP.

B. If the staff are not directly contracted by you, but do provide services - for example, as part of a tenancy agreement. You should advocate for a living wage clause to be included in the agreement/contract when it comes up for renewal.

Best Effort Clause

If you can clearly show that you made your best efforts to fulfill this clause you will be allowed to keep your Living Wage Employer status. (For example, if you received no responses to an RFP that included a living wage clause.)

The living wage and incentive-based pay (tips)

In order to determine if an employee paid by incentive-based pay (tips) or commission is receiving at least the living wage, the employee’s base salary plus tips over the course of a one-month period are divided by the number of hours worked in order to calculate the average hourly pay.

Collective agreements

It is expected that organizations that have collective agreements in place will inform the relevant union(s) of their intention to apply for living wage status. Collective agreements will be treated as contracts, as per above.

Social enterprises and social procurement

Employers may have a range of procurement practices to express their commitment to poverty reduction in their communities. Paying the living wage is one tool to address poverty, and social procurement (or purposeful purchasing) from social enterprises that are providing supported employment to individuals with barriers to participation in the labour force is another. The Living Wage for Families Campaign recognizes the role of social enterprises in poverty reduction.

Where employers applying for certification as a Living Wage Employer have social procurement policies, they may still meet the living wage conditions, set out below, and on approval of the Living Wage Employers Recognition Committee:

- The applying employer has established procurement policies that state its intent to purchase from social enterprises as part of a corporate responsibility strategy.
- The social enterprises from which the employer is procuring are pre-existing, social enterprises set up for the purpose of providing supported employment to individuals who would otherwise not be participating in the labour force (and are likely still receiving the support of persons with disabilities/welfare assistance).
- The social enterprises have either a not-for-profit structure themselves or are subsidiaries of not-for-profit organizations.
- The social enterprises are recognized by their peers as purpose-built social enterprise, through participation in Buy Social Canada, the Enterprising Nonprofits Program or other intermediary who can verify the purpose, structure and financial model of the social enterprise.
- No more than 10% of the employer's total procurement is from social enterprises.

Students, trainees and interns

Employers are allowed to have a small amount of trainees or students in practicum placements or interns that are paid below the living wage as long as they don't represent a core part of the total staff makeup (no more than 10% for most employers; in the case of small not-for-profits where the total staff complement is five workers, no more than 20%). Staff that are on probation are not counted as part of the living wage determination process but once their probation period is over, they must receive a living wage.

Monitoring

If an employer is found to have not fulfilled the criteria the Living Wage for Families Campaign will work with the Living Wage Employer to identify whether continued involvement in the program is possible.

Applying to become a Living Wage Employer

Employers prepare and submit a draft *Living Wage Employer Implementation Plan* that should include the following details:

1. Employer details

- Employer name and addresses of all offices/worksites/premises
- Basic description of company, nature of the workplace
- Contact person's details in relation to this application

2. Direct employees

- Approximate number of direct staff that will be affected by Living Wage Employer status
- For organizations that have collective agreements in place, it is expected that they will inform the relevant union(s) of their intention to apply for living wage status. Confirmation of this should be included in the plan
- Initial timeline for bringing all direct employees to a living wage rate
- Mechanism that will be used internally to ensure that all staff are maintained at a living wage rate on an annual basis as per conditions

3. Contracted service staff

- Brief description of your current service contracting process
- Estimated number and type of service contracts that will be affected by your certification as a Living Wage Employer
- Mechanism that will be used internally to ensure that all relevant service contracts will include a relevant living wage clause at time of renewal or initial awarding

4. Overseeing the plan

- How this plan will be overseen
- Who has responsibility for overseeing the plan

Completed plans should be mailed or emailed to:

Deanna Ogle, Campaign Organizer

Living Wage for Families Campaign

810 - 815 West Hastings Street

Vancouver, BC, V6C 1B4

Tel: (604) 975-3347

Email: employers@livingwageforfamilies.ca

Living Wage Employer certification

If the *Living Wage Employer Implementation Plan* is deemed to fulfill the conditions of the Living Wage Employer Program, the employer is now deemed a “certified” Living Wage Employer.

Under this certification, you will be entitled to:

- A Living Wage Employer plaque (the opportunity to buy more plaques is available)
- A Living Wage Employer window decal 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 certification as a Living Wage Employer with staff and board members, as well as announcing their status in local press and trade publications.



About us

The Living Wage Employer Program is hosted by **First Call: BC Child and Youth Advocacy Coalition** and is guided by an advisory committee of representatives from community organizations and other partners and supporters.

Contact us

Metro Vancouver Employers contact:

Deanna Ogle, Campaign Organizer

Living Wage for Families Campaign

810 - 815 West Hastings Street

Vancouver, BC, V6C 1B4

Tel: (604) 975-3347

Email: employers@livingwageforfamilies.ca

Greater Victoria Employers contact:

Living Wage Community Developer

Community Social Planning Council

203 - 4475 Viewmont Avenue

Victoria, BC, V8Z 6L8

In the Pennbridge Professional Building, Royal Oak Plaza

Tel: (250) 383-6166

Email: marika@communitycouncil.ca

Fraser Valley Employers contact:

Shakira Miracle, Coordinator

Vibrant Abbotsford

P208 - 33355 Bevan Avenue

Abbotsford, BC, V2S 0E7

Tel: (778) 880-8516

Email: info@vibrantabbotsford.ca

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 seven retail outlets in the Lower Mainland. (Details of all our premises are in the appendix to this application.) We currently employ 85 staff, 50 full time and 35 part time.

2. Direct Employees

Based on an analysis by our human resources manager, we currently have five full-time and 10 part-time staff that are below the current living wage rate. These positions are all retail assistant positions. When we take into account the full MSP and extended health benefits that the five full-time staff receive, 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, so 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 three months of being awarded Living Wage Employer status. 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 one 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 endeavour to follow the criteria set out in the best effort clause set out in the Living Wage Employer conditions.

We have three service contracts that fall under living wage criteria.

- Computer system maintenance and support. This contract is an annual contract that is renewed at the start of every year. We commit to including 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 that is due for renewal in October 2015. We commit to including 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 November 2014. We commit to including 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 the board of directors. 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 meets the needs of daily living and provide some discretionary income. We recognize that paying a living wage 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 year by the Living Wage for Families Campaign, based on the living expenses of a family of four with two children aged 4 and 7, with both parents working full time (35 hours/week). In BC 85% of families are headed by couples and 62% have two or more children. Living expenses are calculated in 10 categories: food, clothing and footwear, shelter, transportation, child care, Medical Services Plan premiums, non-MSP 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

The policy applies to all employees employed by [Name of Employer], as well as all employers employed by a contractor or subcontractor 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 minimum a living wage. The living wage is recalculated annually at the end of April and takes effect May 1st of each year. Any increases in the living wage will be passed onto staff within six months of this date.
- To determine the wage of staff earning commission, gratuities or other forms of incentive-type pay in addition to, or instead of, a salary or wage will be calculated by taking the total earnings and dividing it by the hours worked. This wage must be, at minimum, a living wage.

Contracted Staff

- Where services are contracted, e.g., food service and cleaning, we choose vendors/service providers that also pay a living wage to their staff similar to this policy. 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 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 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.

The Living Wage for Families Campaign 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.

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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 annually by the Living Wage for Families Campaign; and
 - (b) notwithstanding 1.1 (a), the contractor has up to 6 months from the date on which any increase in the Living Wage is adjusted by Living Wage for Families Campaign, 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 sub-contractor pursuant to clause [1.1], the Contractor shall ensure that any sub- contractor 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.

