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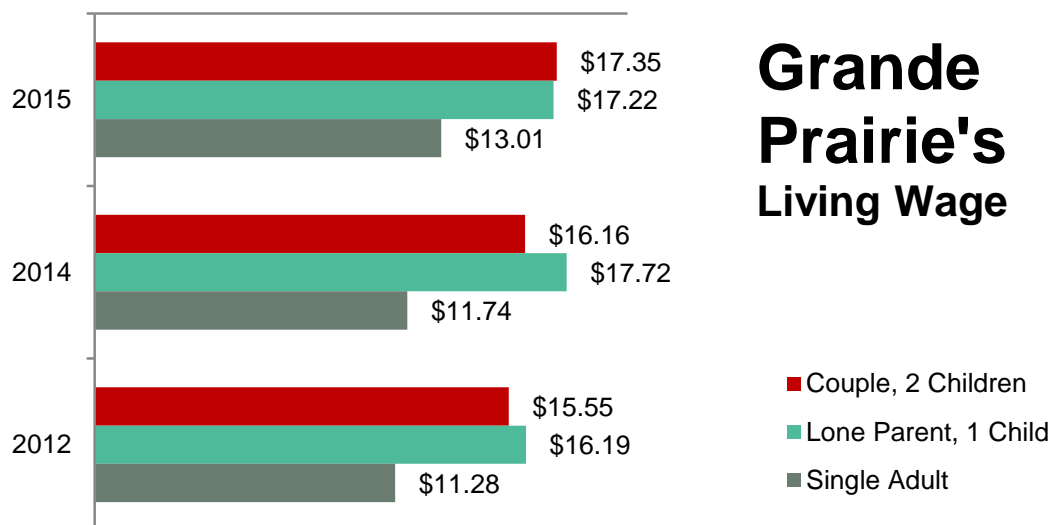
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OVERVIEW

Living Wage is

The amount of income an individual or family requires to meet their basic needs, to maintain a safe, decent standard of living in their communities and to save for future needs and goals (Vibrant Communities Calgary, 2012).

The potential role of Living Wage initiatives in poverty reduction is recognized in recent poverty publications including *From Words to Action*, *Poverty Costs* and *Poverty Costs 2.0* reports¹.



In conjunction with becoming a *City Reducing Poverty* with the Vibrant Communities Canada movement, in 2013, Grande Prairie released Living Wage estimates for the City. The estimates were update in 2014. This report updates Grande Prairie's Living Wage estimates using the most recent data available.

¹ Kolkman, J., & Moore-Kilgannon, B. (2013). *From Words to Action: Alberta Can Afford a Real Poverty Reduction Strategy*. Edmonton: Alberta College of Social Workers, Public Interest Alberta, Edmonton Social Planning Council.
 Briggs, A., & Lee, C. R. (2013). *Poverty Costs, An Economic Case for a Preventative Poverty Reduction Strategy in Alberta*. Calgary: Vibrant Communities Calgary and Action to End Poverty in Alberta.
 Hudson, C.-A. (2013). *Poverty Costs 2.0: Investing in Albertans*. Calgary: Vibrant Communities Calgary & Action to End Poverty in Alberta.

Changes in the Living Wage estimates for 2015 were driven by several factors. First, the shelter assumption for the single adult was changed from shared accommodation to living alone to better align with methods used in recent Living Wage calculations in other Alberta municipalities. As a result, shelter costs increased significantly for the single adult.

Although shelter and food costs increased for each household, other expenses, most notably the cost of owning a private vehicle, decreased. Access to government transfers which offset expenses also changed. In 2014, the City revamped its Low Income Access Programs including revising the eligibility requirements. As a result, the lone parent family and single adult were eligible to receive assistance for accessing recreation programs and transit passes.

The overall impact of these factors was that compared to 2014, the 2015 Living Wage for the couple family and single adult increased and decreased for the lone parent family.

GRANDE PRAIRIE'S LIVING WAGE CALCULATION

In May 2013, Vibrant Communities Canada (VCC) formally released the *Canadian Living Wage Framework* (CLWF) which provides a consistent Living Wage definition, principles, and calculation methodology. Living Wage estimates released by the City of Grande Prairie in 2013 followed the CLWF. The CLWF is again used as a guide for Grande Prairie's 2014 Living Wage Update. The approach is summarized below.

Calculation Method - Living Wage is the hourly wage rate that allows this formula to balance:

$$\text{Annual Family Expenses} = \text{Employment Income} + \text{Income from Government Transfers} - \text{Taxes}$$

Reference Households



Couple, 2 Children

- Female parent age 34 & male parent age 36, both working fulltime²
- 1 female child age 4 & 1 male child age 7



Lone Parent, 1 child

- Single Mom age 31 works fulltime
- 1 male child age 5



Single Adult

- Male age 25 works fulltime

Annual Family Expenses

Budget Inclusions

- ✓ Food
- ✓ Shelter (rental housing)
- ✓ Clothing & footwear
- ✓ Transportation
- ✓ Other household costs
 - Bank Fees
 - Personal Care Items
 - Household operation, maintenance, furnishings, & equipment
- ✓ Child care
- ✓ Health care
- ✓ Social inclusion
 - Basic Cell Phone, TV & Internet
 - Recreation, Entertainment, & Gifts
 - Vacation
- ✓ Contingency funds

Budget Exclusions

- ✗ Special dietary needs
- ✗ Owning a home
- ✗ Credit card, loan or other debt/interest payments
- ✗ Savings for retirement
- ✗ RRSP, RESP, or RDSP contributions
- ✗ Costs of caring for a disabled, seriously ill, or elderly family member
- ✗ Hobbies
- ✗ Pet ownership
- ✗ Parking
- ✗ Alcohol or tobacco costs
- ✗ Personal life or disability insurance
- ✗ Remittances to family members living abroad

² The CLWF recommends that the number of hours used to reflect a full-time work week in a Living Wage calculation is determined based on what typically reflects full-time hours in the province/territory. Statistics Canada data indicates that 40 hours or more per week is typical of Albertans employed fulltime; therefore a 40 hour work week is used in the calculation.

Although the CLWF recommends that the reference household(s) include a couple with two children, the framework also indicates that it is good practice to keep track of the variation in expenses faced by different family types.

The formula above is a simplified representation of the Living Wage calculation. In reality, many government transfers are dependent on income levels. Therefore, there is interdependence between variables. For this reason, the calculation of the Living Wage rate, net income levels, taxes, and government transfers are linked. The Canadian Centre for Policy Alternative (CCPA) has developed a Living Wage Calculation Spreadsheet to accompany its estimation of Living Wage estimates for BC communities³. The spreadsheet was customized for each reference household in this study in order to reflect the Alberta and Grande Prairie context and all tax, benefit, subsidy, and benefit formulas were updated to reflect the most recent information available from government websites.

The Living Wage calculation is based on the defined household composition and specific assumptions respecting budget expenditures. In reality, there is considerable variation in household compositions as well as their budget choices and corresponding expenditures. It is not possible to account for this variation in the calculation. The assumptions made are intended to reflect a reasonable set of conservative spending choices for the specified household composition⁴.




³ Available at: www.policyalternatives.ca/livingwage2013

⁴ It is important to keep in mind the implications that conservative spending assumptions and budget exclusions might have on some households. These include, but are not limited to:

- Hampering the ability to care for elderly or disabled family members at home
- Difficulty accommodating special dietary needs
- Decreased quality of life due to a restricted ability to partake in hobbies, athletic programs, social and culture programs
- Inability to retire early or retire without support
- Settling for living arrangements that are not preferred (i.e. single adults sharing accommodation despite a desire to live alone, lack of safe outdoor play space for children, limited private space for older children)

What is the Living Wage in Grande Prairie?

Applying the above approach results in the following 2015 Living Wage estimates.

	Living Wage	Annual Family Expenses*	=	Employment Income	+	Income from Government Transfers	-	Taxes
 Couple, 2 children	\$17.35 (each parent)	\$70,540		\$72,176		\$12,357		\$13,985
 Lone Parent, 1 child	\$17.22	\$47,396		\$35,818		\$15,817		\$4,233
 Single Adult	\$13.01	\$24,842		\$27,061		\$1,357		\$3,565

*Due to rounding up to the nearest cent when determining LW, each equation may not balance exactly.

The 2014 Living Wage estimates for Grande Prairie were:

- Couple, 2 Children - \$16.16
- Lone Parent, 1 child - \$17.72
- Single Adult - \$11.74

For the couple family and single adult, the increase in Living Wage is significant at \$1.19 and \$1.27, respectively. The increase for the single adult is driven mainly by a change to shelter assumptions. In 2012 and 2014, it was assumed that the single adult shares a two-bedroom apartment. However, to align with Living Wage calculations conducted by other municipalities, for 2015 it was assumed that the single adult lives on their own.

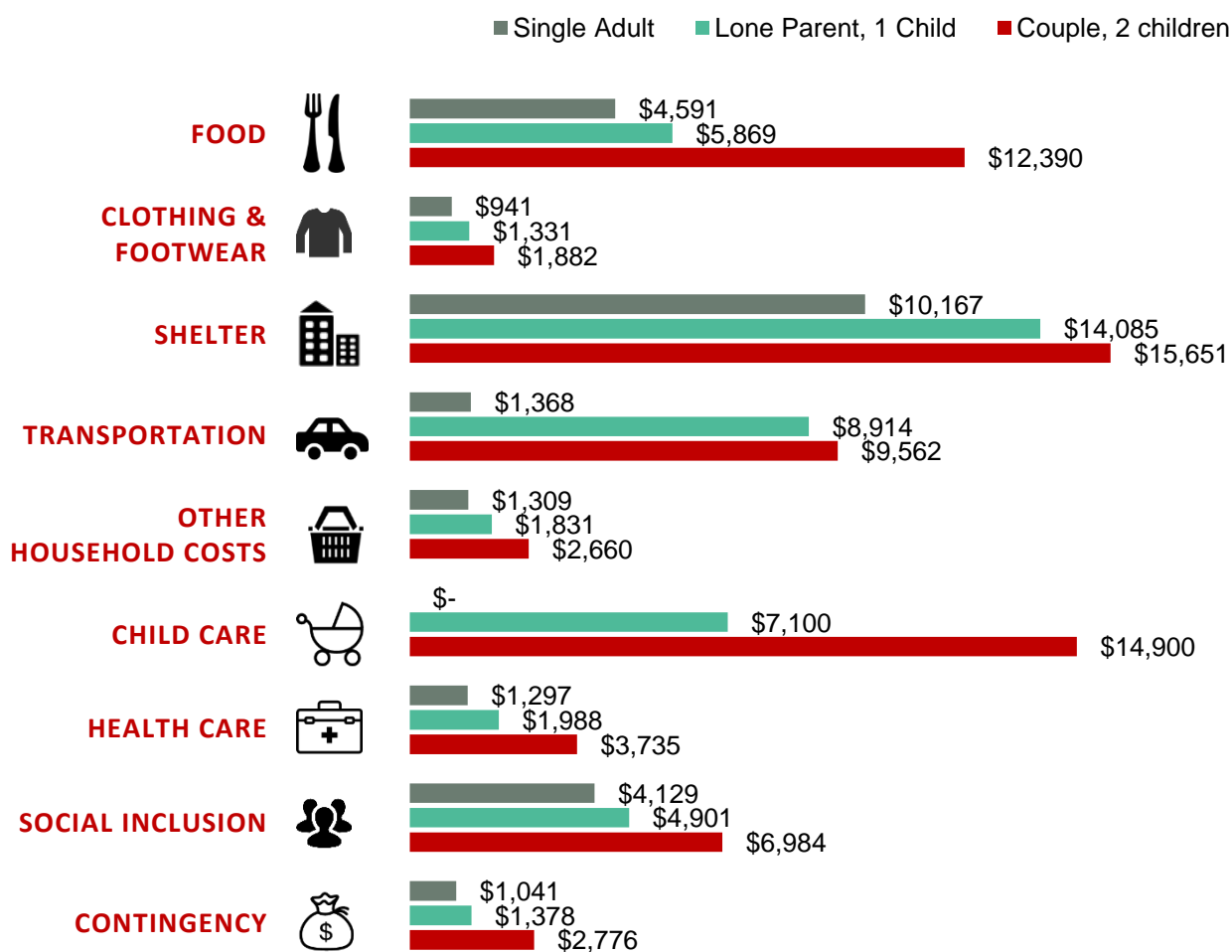
The City's Low Income Access Program had a significant impact on the 2015 Living Wage estimates. The City changed the eligibility requirements in 2014 and as a result, the lone parent family and single adult qualified for the program. This served to subsidize their expenses and decrease the resulting Living Wage estimates.

Further detail on the elements of the 2015 Living Wage calculation is provided below.

Family Expenses

Estimation of each reference household's annual expenses requires collecting appropriate data and researching local costs. For some budget items, specific assumptions need to be made respecting household spending choices.

SUMMARY



Shelter is the largest component of annual expenses for each household followed by food by all but the couple family for whom child care costs exceed food expenses.

The resulting estimates for each budget component and the specific estimation methods and data sources used are detailed below.



FOOD

	Monthly	Annually
Couple, 2 children	\$1,033	\$12,390
Lone Parent, 1 child	\$489	\$5,869
Single Adult	\$383	\$4,591

The food cost estimates for Grande Prairie were determined from the June 2014 Alberta Nutritious Food Basket (ANFB) Report^{5, 6}.



CLOTHING AND FOOTWEAR

	Monthly	Annually
Couple, 2 children	\$157	\$1,882
Lone Parent, 1 child	\$111	\$1,331
Single Adult	\$78	\$941

Statistics Canada provides estimated costs for Market Basket Measure (MBM) commodity groupings. The 2011 Alberta MBM estimates for Clothing and Footwear in small urban centres (\$1,882, \$1,331, & \$941) are adjusted for inflation (using Alberta Consumer Price Index (CPI) values, clothing and footwear commodity group).







SHELTER

	Monthly	Annually
Couple, 2 children	\$1,304	\$15,651
Lone Parent, 1 child	\$1,174	\$14,085
Single Adult	\$847	\$10,167





⁵ Alberta Nutritious Food Basket Report. 2014, June. Alberta Agriculture and Rural Development, Economics and Competitiveness Division, Statistics and Data Development Branch.

⁶The ANRB provides an estimate of the cost of healthy eating based on current nutrition recommendations. Food prices are collected biannually in communities throughout Alberta through a partnership between Alberta Agriculture and Rural Development and Alberta Health Services, Nutrition Services, with the support of local full-service grocery stores.

The shelter estimate includes the average cost⁷ of renting an apartment (3 bdrm- \$1,283/mth, 2 bdrm- \$1,155/mth & bachelor - \$831/mth) based on CMHC's October 2014 Rental Market Report⁸ and AMA quoted annual costs for tenant insurance (\$255, \$225, & \$195) for \$1 million in legal liability and \$50,000, \$40,000 and \$30,000 in contents, respectively.

 TRANSPORTATION		Monthly	Annually
	 Couple, 2 children	\$797	\$9,562
	 Lone Parent, 1 child	\$743	\$8,914
	 Single Adult	\$114	\$1,368

It is assumed that the couple and lone parent family own and operate a compact sedan (\$8,914 for driving 20,000 km annually in Alberta based on the Canadian Automobile Association's online car costs calculator⁹. Also, one adult within the couple family uses a bus pass (\$54/mth) to allow them to get to work independently¹⁰. The single adult relies on the bus and taxi services (2 round-trips/month at \$30 each)¹¹.

 OTHER HOUSEHOLD COSTS		Monthly	Annually
	 Couple, 2 children	\$222	\$2,660
	 Lone Parent, 1 child	\$153	\$1,831
	 Single Adult	\$109	\$1,309

⁷ Note that rents reported to CMHC do not consistently include utility costs. Therefore although average rents are used, they are considered conservative estimates of the cost of apartment living.

⁸ Available at www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=110&itm=5&lang=en&fr=1429240369218

⁹ Available at caa.ca/car_costs/

¹⁰ City transit fares retrieved from: www.cityofgp.com/index.aspx?page=616

¹¹ Although Grande Prairie's bus system is a viable option as the primary mode of transportation for some families, the latest National Household Survey (2011) indicates that only 2.3% of the working population in Grande Prairie relies on public transit to commute to work.

Other household costs include: allowance for children over 6; bank fees; household operation, maintenance, furnishings, and equipment; personal care items; and reading materials. The assumptions, methods, and sources used to estimate each of these expenses are detailed below.

Allowance – 2014/15 school fees for children in grades 1-4 at local public schools ranged from \$70 to \$87 and \$65-90 at local Catholic schools. An average value of \$80 is used to represent the fees paid for the seven-year old within the couple family.

An article in Canadian Living suggests that a rule of thumb for the amount of allowance paid per week is the child's age in dollars¹². For the purpose of this study we have assumed a \$40 monthly allowance for a child of age nine.

Bank Fees - Service fees apply to most chequing accounts. A survey of major banks websites determined the average service fees to be about \$11/month or \$132/year.

Household Operation, Maintenance, Furnishings, and Equipment - Following the approach taken in City of Hamilton (2011), results from Statistic Canada's 2011 Survey of Household Spending (SHS) are used to determine the typical proportion of spending allocated to these type of expenditures¹³ for households in the second income quintile (4.43%)¹⁴. This proportion is then applied to the MBM applicable to Grande Prairie and adjusted for inflation. The resulting estimates are: \$1,698, \$1,200, and \$849 for the couple family, lone parent family and single person, respectively.

Personal Care Items - As above, results from Statistic Canada's 2011 SHS are used to determine the typical proportion of spending allocated to personal care item expenditures for households in the second income quintile (1.87%). This proportion is then applied to the MBM applicable to Grande Prairie and adjusted for inflation. The resulting estimates are: \$695, \$491, and \$347 for the couple family, lone parent family and single person, respectively.





Reading Materials - It is assumed that each household relies on the internet and the Grande Prairie Public Library to access reading materials. Membership fees are: \$15 for

¹² Godfrey, N. (2013). Kids' Allowance Tips. Accessed from: www.canadianliving.com/moms/family_life/kids_allowance_tips_2.php

¹³ Excluding spending on pets, gardening, and communications.

¹⁴ The second income quintile was chosen because the average household expenditures this quintile (\$59,600 in 2011) best corresponds to the annual family expenses for the family of four in this study.

a family, \$7.50 per adult, \$2 for children in grades 7-12, \$1 for children in grades 1-6, and free for preschoolers¹⁵.

		Monthly	Annually
 CHILD CARE	 Couple, 2 children	\$1,242	\$14,900
	 Lone Parent, 1 child	\$592	\$7,100
	 Single Adult	-	-

With parents working full-time, it is assumed child care is needed for all children. The couple pays for after school care for the older child and a spot in a family day home for the younger child. The lone parent's child attends kindergarten and kindercare.

Program	Monthly Rates
City Family Day Home Program ¹⁶	\$675 (100-180 hours/month)
YMCA Kindercare	\$690-710
YMCA Out-of-School Care (7 am – 6 pm) ¹⁷ (YMCA, 2015)	\$560-\$575 full time (includes non-school days)

The City offers summer camps (\$100/week) that run from 9 am to 4 pm. Below, cost information is combined with program assumptions to determine child care budget estimates.

	Couple, 2 Children	Lone Parent, 1 Child
Fall/Winter/ Spring Care	Day Home Program (12 mths): \$8,700 Out of School Program: \$5,600	Kindercare Program: \$6,900
Summer Care	Assumptions No care required for 2 week vacation but to maintain day home spot full month must be paid. Family or friend watches 7 yr old outside of summer camp hours of 9am- 4pm. City summer camps (6 wks): \$600	Assumptions No care during 2 week vacation. Family or friend watches child outside of summer program hours of 9am- 4pm. City summer program (6 wks): \$600
Total	\$14,900	\$7,500

¹⁵ Library card fees available at: www.gppl.ab.ca/index.php?page=your_library_card

¹⁶ City Day Home Program fees retrieved from: www.cityofgp.com/index.aspx?page=1496

¹⁷ YMCA childcare fees attained from:
www.northernalberta.ymca.ca/Locations/YMCALicensedChildCare/GrandePrairieYMCAChildCare/tabid/161/Default.aspx



HEALTH CARE

	Monthly	Annually
Couple, 2 children	\$311	\$3,735
Lone Parent, 1 child	\$166	\$1,988
Single Adult	\$108	\$1,297

The health care budget estimates includes the cost of health insurance premiums and assumed out-of-pocket expenses.

Health Insurance Premiums - The cost of health and dental insurance premiums is based on rates provided by Alberta Blue Cross in March 2015 for their "C" plan.

Alberta Blue Cross Rate Chart: Personal Choice Plans (Monthly rates for each family member as of June 2014)						
Plan Type	Age 4 & under	Age 5 - 20	Age 21 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64
C	\$16	\$48	\$86	\$98	\$123	\$145

Source: (Alberta Blue Cross, 2015)

Out-of-Pocket Health and Dental Expenses – Coverage limitations are such that an individual or family is likely to incur additional out-of-pocket expenses. Assumptions respecting out-of-pocket expenses are outlined below.




			Out-of-Pocket Expenditures		
Expense	Assumptions	Coverage	Couple, 2 Children	Lone Parent, 1 Child	Single Person
Adult Eye Exam	1 exam /household \$85 at Costco less	\$250 in vision expenses /plan participant/2 years	\$0	\$0	\$0
Eye Glasses	0.5 pair per person/yr \$50/pair	\$250 in vision expenses /plan participant/2 years	\$0	\$0	\$0
Prescriptions	\$200/person	80%	\$160	\$80	\$40
Physiotherapy	3 visits /adult at \$75 each	\$50/visit	\$150	\$75	\$75
Chiropractor	3 visits/adult at \$60 each	\$35/visit	\$150	\$75	\$75
Dental	2 check-ups/ yr/person at \$187/visit	80% to a max of \$600/participant	\$299	\$150	\$75
Budget Estimate			\$759	\$380	\$265

*Typical cost of complete pair of glasses from Zenni Optical.

*Dental costs were obtained from Sunlife Financial's Alberta Dental Fee Finder and represent minimum for NW Alberta.



SOCIAL INCLUSION

	Monthly	Annually
 Couple, 2 children	\$582	\$6,984
 Lone Parent, 1 child	\$408	\$4,901
 Single Adult	\$344	\$4,129

Social inclusion expenses relate to spending on goods and services that allow for fuller participation in society. Expenditures for cell phones for each adult, basic TV and internet service, adult education, recreation, entertainment, a modest vacation, and conservative spending on gifts are included.

Cell Phone(s), Cable and Internet - In April 2015, FIDO advertised the most flexible of low cost voice and data plans at \$42/month (including GST). Regular monthly fees (to the nearest dollar) for basic TV and internet bundles advertised online in June were: Telus- \$50 and Eastlink- \$79. The lower cost (with GST) of \$52.5/month is used.

Adult Education - The CLWF suggests assuming that one adult household member enrolls in evening classes at a local college. In this case, it is assumed that an adult in each household takes two courses per year at Grande Prairie Regional College (GPRC). Estimated program costs (tuition, fees and books) for business administration 2014/15 are \$347.88/course for tuition, \$200/course for books, and \$50.52/course for fees¹⁸.

Recreation and Entertainment - The City of Grande Prairie coordinates several no-admission, family-friendly activities throughout the year that each household is assumed to participate in. It is also assumed that both families and the single adult attain annual membership (monthly installment plan) for the EastLink Centre¹⁹ and each adult participates on one adult sports team. Six movie theatre and twelve restaurant outings are also assumed during the year.

Each household is assumed to have one computer which is used to access the internet for academic research, homework, reading materials, news, online games, etc. Computer costs are based on the 2011 SHS value for the second income quintile

¹⁸ GPRC Fee Schedule available at: www.gprc.ab.ca/files/forms_documents/Tuition_and_Fees_20142015.pdf Additional student fees may apply for full-time study. Note that estimated fees for 2015/16 were not yet available.

¹⁹ Rates available at www.cityofgp.com/index.aspx?page=1579

(CANSIM Table 203-0022). An estimate of the cost of children's toys is taken from the same source and split in half for the Lone Parent family with 1 child.

	Couple, 2 children	Lone Parent, 1 Child	Single Adult
EastLink Centre Membership	Family: \$1,579	Adult: \$790 Child: \$394	Adult: \$790
Adult Sports League	\$300	\$150	\$150
Children's Toys	\$61	\$31	
Computer equipment, software, & supplies	\$240	\$240	\$240
Movie theater outings (6)*	\$274	\$137	\$80
Restaurant Meals (12) (Assume cost/meal is \$25 for an adult & \$15 for a child)	\$960	\$480	\$300
Budget Estimate	\$	\$	\$

*Admission only based on Cineplex.com – 3 regular movies for \$11.75/Adult; \$8/child; 3 3D movies - \$14.75/Adult; \$11/child

Vacation - A two week (10 night) camping vacation is assumed. The couple family and lone parent families use their vehicle for transportation. For the Lone Parent family and Single Adult, the cost of the campground site is shared evenly with another family or friend. Nightly site fees posted in the Alberta Campground Guide are used²⁰.

	Couple, 2 children	Lone Parent, 1 Child	Single Adult
Vacation details & costs	Musreau Lake Provincial Recreation Area – 5 nights at \$24/night Pipestone Creek Park – 5 nights at \$23/night		
	Costs fully incurred	Cost-shared with another family	Cost-shared with a friend
Budget Estimate	\$235	\$118	\$118




Gifts – Conservative spending on gifts is assumed. Costs are assumed to be \$25 per child gift and \$40 per adult gift. For birthday parties, \$15 per gift is assumed.

	Couple, 2 children	Lone Parent, 1 Child	Single Adult
Christmas Gifts (1/child, spouse to spouse)	\$130	\$25	
Birthday Gifts (1/child, spouse to spouse)	\$130	\$25	
Birthday Party Gifts (each child attends 4 parties)	\$120	\$60	
Other Gifts (3) (Baby showers, weddings, etc.)	\$120	\$120	\$120
Budget Estimate	\$500	\$230	\$120

²⁰ Available at: www.albertacampgroundguide.ca/



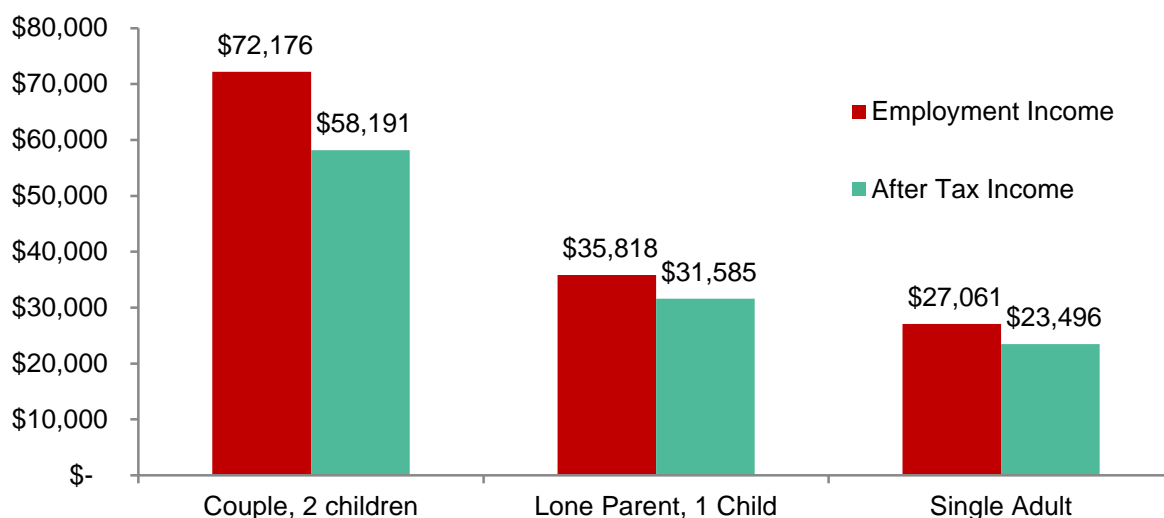
CONTINGENCY

	Monthly	Annually
 Couple, 2 children	\$231	\$2,776
 Lone Parent, 1 child	\$115	\$1,378
 Single Adult	\$87	\$1,041

In order to be prepared for emergencies and unforeseen expenses, each household puts aside a small amount of their income each month. The total annual amount is based on two weeks of employment income (before-tax).

Employment Income

The chart below compares employment income and after-tax income for the reference households included in the Living Wage calculation.



Income from Government Transfers

The family expense estimates do not reflect subsidies and payments that each household receives to help offset costs. Below are the subsidies, benefits, and transfers that potentially apply to low income households in Grande Prairie.

Subsidy, Benefit, and Transfer Programs²¹

Federal:

Canada Child Tax Benefit (CCTB)
Goods and Services Tax (GST) Credit
Universal Child Care Benefit (UCCB)

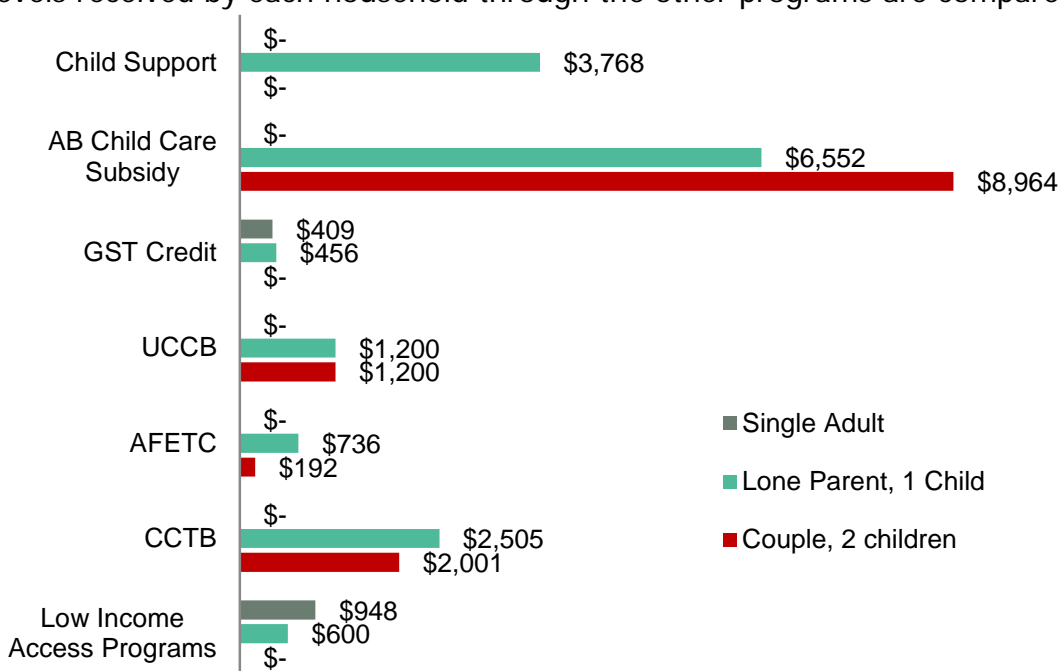
Provincial:

Alberta Adult Health Benefit (AAHB)
Alberta Child Health Benefit (ACHB)
Alberta Child Care Subsidy (ACCS)
Alberta Direct to Tenant Rent Subsidy
Alberta Family Employment Tax Credit (AFETC)

Municipal:

Low Income Recreation Access Program
Low Income Transit Access

The reference households do not receive AAHB, ACHB, or the Alberta Direct to Tenant Rent Subsidy program because their income levels are too high. The estimated benefit levels received by each household through the other programs are compared below.

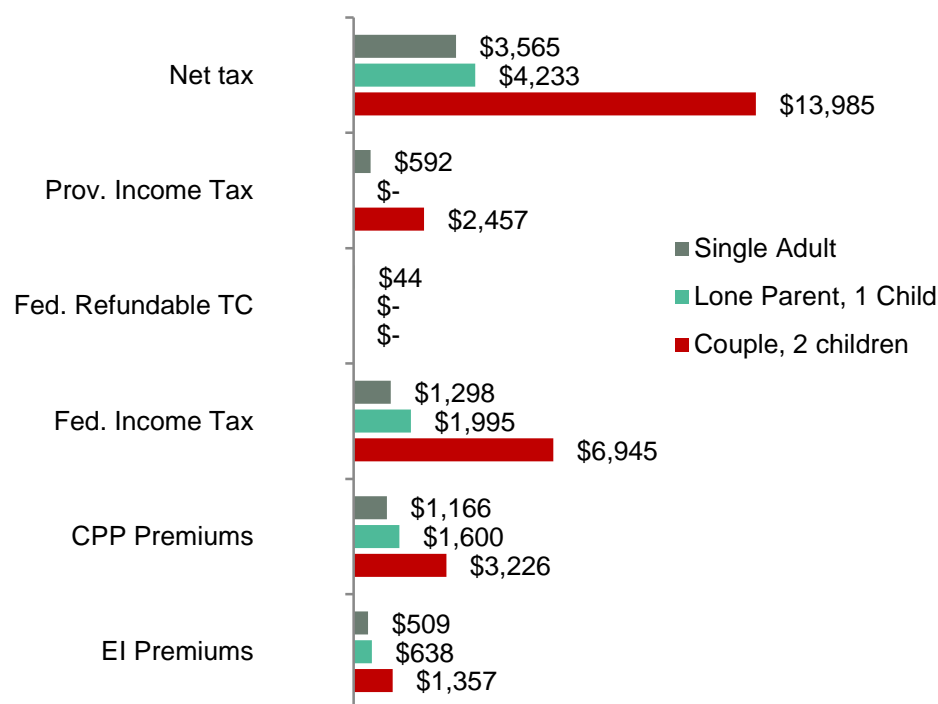


²¹Descriptions and relevant eligibility requirements for these programs are available online at www.cra-arc.gc.ca/bnfts/menu-eng.html, www.health.alberta.ca/services/benefits-supplementary.html, and www.cityofgp.com/index.aspx?page=1675

Of note is that the lone parent family and single adult receive assistance through the City's Low Income Access Program²². This was not the case in the Living Wage calculations for previous years. In 2014, the City made changes the program including the eligibility requirements. The result is that in the 2015 Living Wage calculation the lone parent family benefits from assistance to access to recreation programs and the single adult receives assistance to access both recreation and transit.

Taxes

Taxes are also a component of the LW calculation equation. Published tax formulas and indexing values were used to determine the tax contributions and credits applicable to each reference household..



²² See www.cityofgp.com/index.aspx?page=2293 for more information.