

### Minimum Wage

Jun./16

*Pulling together to create positive outcomes!*

#### Issue

ASCHA commends the government on its commitment to a living wage and other programs to ensure affordable daily living for all Albertans. That being said, the revenue in seniors housing comes primarily from seniors, many of whom live on a fixed income. Adding to the complexity, public housing providers have budgets approved by the province and rents are set at 30% of the seniors total income (known in our industry as “rent geared to income”). This 30% must include utilities. In the last year, we have learned that front-line employees are expecting a dollar for dollar raise in line with the proposed minimum wage increase in order to adequately reflect position levels in their organizations. This would create hundreds of millions in additional wage expenditures for public providers, the majority of which would have to come from government sources, as provincial and municipal investment is needed to build, maintain and operate seniors housing. ASCHA members support the government’s principled stance to reduce poverty for all Albertans, but are unsure where the funds will come from to ensure operators can continue to offer quality homes for Albertans. Most seniors in public housing no longer have income earning capacity to contribute to the rising operational costs of their homes, which are being further eroded by proposed wage increases. It is also necessary to note that the average income of an Albertan senior is \$19,680 a year, which is well below the proposed minimum living wage amount of \$30,000 per annum. How will the additional funding to support staffing costs in seniors housing be generated when rents are controlled, public dollars are limited and many seniors don’t earn a living wage themselves?

#### Current Realities

- Some housing organizations provided a \$1 an hour increase across the board to all employees in alignment with interim minimum wage recommendations. This has increased municipal requisitions and has put a strain on both housing providers and local governments. This was experienced with only an interim increase, which indicates that the full \$15 minimum wage goal for 2018 will be problematic for providers.
- Some housing organizations simply do not have the funds to provide any pay increases, despite their intent to align with the new minimum wage standards.
- Housing providers don’t know where revenue to match minimum wage goals and pay increases is expected to come from.
- Most affordable housing has government regulated rent or accommodation fees, thus additional revenue from rent increases cannot be collected.

#### Anticipated Unintended Consequences

- Housing organizations will have a difficult time recruiting and retaining staff when employees are able to seek positions in other fields that require less training and hold fewer accountabilities and responsibilities
- Anticipated operational cost increases put seniors housing development at risk. This causes market stagnation and turns investors away, which will ultimately lead to less housing options and choices for residents.
- Funding constraints mean reduction to services and quality of life enhancements for residents. This makes life in seniors housing less desirable and puts residents at risk.
- When quality of life is not prioritized, staff often own the burden. This affects overall employee morale, leading to discontent within the industry, and creates an environment no one would want to work in, let alone live. Operators will have a difficult time attracting and retaining quality staff as employees hands are tied due to budget constraints.

#### Suggested Solutions for Government Consideration:

- Take pause and assess impact to seniors housing providers including cumulative impact of things such as the new carbon tax.
- Ensure funding mechanisms for public housing are sustainable before making drastic changes to staffing costs that cannot be repealed.
- Consider revenue generating models that do not put financial burdens on public providers or Albertans living on a fixed income.

