# KEY TALKING POINTS

One Voice Tool – ASCHA Advocacy Priorities

# Living Wage Considerations

November 2017

***Pulling together to create positive outcomes!***

## Issue

The implementation of new Employment Standards, particularly the establishment of the minimum wage, is having a serious negative affect on the financial operations of seniors' housing as living wage considerations for all Albertans (including seniors) have yet to be addressed in alignment with a poverty reduction strategy.

## Key Points

- ASCHA commends the Government of Alberta on its commitment to a living wage and supports the government's principled stance to reduce poverty thereby ensuring affordable daily living for all Albertans.
- The impact of legislated increases to current minimum wage in the seniors housing industry, and the subsequent increases necessary to align compensation levels fairly, could be about ***$60 million per year***.
- Public housing providers have budgets approved by the Government, which will be affected by the current and future wage increases unless additional operational supports and revenue avenues are put in place to ensure operators can continue to offer quality homes for Albertans.
- Government regulated rent or accommodation fees are applicable to most seniors housing options, thus additional revenue from rent increases cannot be collected to support growing operational expenses. With fixed revenues and many fixed expenditures (e.g., utilities, wages), the variable expenses (e.g., food, maintenance, resident programs) will have to be reduced.

**With government regulated rental rates, seniors housing providers have limited revenue sources to combat poverty.**

- Some housing organizations simply do not have the funds to provide any salary increases, despite their intent to align with the new minimum wage standards, unless they consider a reduction in services.

## Current Situation

The following Minimum Wage Rates are set out in the *Employment Standards Regulation*:

| Type of Employee | October 1, 2016 | October 1, 2017 | October 1, 2018 |
|---|---|---|---|
| ***Most employees – General minimum wage*** | ***$12.20/hour*** | ***$13.60/hour*** | ***$15/hour*** |

The Basic Rules are:

- Employers must pay at least the minimum wage;
- Minimum wage is the same for adults, liquor servers, adolescents and young people;
- Wages do not include tips or expense money;
- There are separate weekly and monthly minimum wages for some salespersons and domestic employees;
- Each time employees are required to report to work, they must be paid at least 3 hours of pay at the minimum wage, even if they're sent home after less than 3 hours, unless the employee is not available to work the 3 hours; and,
- Maximum deductions below minimum wage for provided meals and lodging will remain at $3.35 per consumed meal and $4.41 per day's lodging.

## Anticipated Unintended Consequences

- Funding for regulated housing programs does not take a living wage into consideration. The system is therefore creating dependency for low-income seniors and the housing industry has become ambassadors of poverty.
- Housing organizations may 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 (e.g., an employee working in retail or the food service industry may have a salary comparable to a housekeeping or dietary employee in supportive living without the same level of training or responsibility).
- An anticipated operational cost increase puts future seniors housing development at risk. This causes market stagnation and turns investors away, which will ultimately lead to fewer 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 may put residents at risk.
- When the resident's quality of life is not prioritized, staff often assume additional burdens due to staff reduction. This affects overall employee morale, which leads to discontent within the industry and creates an undesirable work environment.
- Operators will have a difficult time attracting and retaining quality staff as employees' intended roles and responsibilities are hampered due to budget constraints.

## Recommendations for Government Consideration

That a joint ASCHA/Government of Alberta Task Force be appointed to assess the cumulative impact on seniors housing providers of the establishment of the minimum wage, as well as the new carbon levy and other contributing factors to operational expenses. This task force should develop a sustainable model for the future that does not put financial burdens on seniors housing providers or Albertans living on fixed incomes.


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# Living Wage Considerations

**Background Information to Supplement Key Talking Points**

## Background

- The revenue in seniors housing comes primarily from seniors, many of who are on fixed incomes.
- Rents (including utilities) in the Seniors' Self-Contained Program of independent living are set at 30 percent of the senior's total income, known as "rent-geared-to-income" (RGI). Housing Management Bodies (HMBs) operating the Seniors' Lodge Program also target low-income individuals and many use RGI models. Designated Supportive Living is also rent regulated by the Province.
- Most seniors no longer have income earning capacity to contribute to the rising operational costs of their homes. The base income of an Albertan senior in 2017 was $27,300 per year, which is well below the proposed minimum living wage amount of $30,000 per year.
- According to the Canadian Federation of Independent Business ("Alberta Minimum Wage Realities" – September 2015) only 2.2 percent of 1.8 million wage earners are at or below the minimum wage, so the impact is not expected to be large. Over 50 percent are between 15 and 24 years old and 55 percent are part-time. About 47 percent have been in their job for less than a year and 30 percent are in the accommodation and food service industry. Many of these characteristics apply to those employed in seniors housing, however they do not benefit from tips and commissions.
- According to the *2017 Compensation and Benefits for Alberta's Housing Industry Report* (ASCHA), 65.8 percent of organizations surveyed thought that the minimum wage requirements would have little to no affect on their organization, as their wages are already above the minimum wage and 8.2 percent have presumably addressed the issue and all employees are receiving the minimum wage. The remaining 20.5 percent of organizations have indicated that they have no plan in place. (5.5 percent did not respond.) ASCHA plans to monitor the minimum wage issue over the next year or so for any further unanticipated consequences.
- Approximately 10 percent of seniors housing staff currently earn an average of about $13.50 per hour (e.g., administration support staff, maintenance workers, housekeeping aides, kitchen aides, cooks, night staff). The increase to the minimum wage amount of $15.00 per hour will raise the annual salary by about $3,000 per year per person. During the past year, we have come to understand that front-line employees already above the minimum wage are expecting proportional wage increases in line with the proposed minimum wage increase in order to adequately reflect position levels in their organizations. If the expectation of other employees making above the minimum wage is for a $1.50 per hour increase, based on about 20,000 employees, the impact on the seniors housing industry would be about ***$60 million per year***, the majority of which must come from government sources, as provincial and municipal investment is needed to maintain and operate regulated seniors housing.
- Some housing organizations provided a $1 per hour increase across the board to all employees in alignment with interim minimum wage recommendations. For housing management bodies, this has increased municipal requisitions and has put a strain on both housing providers and local governments. This was experienced with only an initial increase, which indicates that the full minimum wage goal of $15 per hour for 2018 will have serious consequences for providers.