

CLOSING THE GAP BETWEEN THE LIVING WAGE AND THE MINIMUM WAGE IN BRITISH COLUMBIA

SUBMISSION TO
THE FAIR WAGES
COMMISSION

MAY 2019

BRITISH COLUMBIA FEDERATION OF STUDENTS

The British Columbia Federation of Students represents over 170,000 post-secondary students at 13 colleges and universities in every region of British Columbia. The Federation represents full- and part-time students at the college, undergraduate, and graduate levels. The recommendations herein are representative of the current priorities of those students, as brought forward by their respective students' unions and societies.

MEMBER STUDENTS' UNIONS

University of British Columbia Students' Union Okanagan
Camosun College Student Society
Coast Mountain Students' Union
Douglas Students' Union
Emily Carr Students' Union
College of New Caledonia Students' Union
University of Northern British Columbia Graduate Students' Society
North Island Students' Union
Okanagan College Students' Union
Selkirk College Students' Union
Thompson Rivers University Students' Union
Students' Union of Vancouver Community College
Vancouver Island University Students' Union

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INTRODUCTION

The British Columbia Federation of Students is pleased to submit recommendations for ways to close the gap between the living wage and the minimum wage in British Columbia. Over the past several decades the cost of tuition fees and living expenses like rent have skyrocketed, forcing more students to have to work while going to school. In British Columbia 41.6% of full-time students, and 84% of part-time students are now working alongside their studies¹. Students are often working minimum wage jobs because of their part-time availability, and the fluctuating cycle of the school year limit their employment opportunities.

Thus far the Fair Wages Commission is working independently to advise government on how to raise minimum wages with increases that are regular, measured, and predictable. The Commission is committed to three main tasks:

1. To develop recommendations for a pathway forward to raise the minimum wage to \$15-an-hour and on a process for how the minimum wage should be regularly reviewed and increased once \$15-an-hour is achieved. (Completed)
2. To consider and make recommendations about other wage rates under the Employment Standards Regulation, for agricultural workers, liquor servers, live-in home support workers, resident caretakers, and live-in camp leaders. (Completed)
3. To advise the government on ways to begin to address the discrepancy between the minimum wage and a living wage in our province.

The Federation has advocated for the rise of the minimum wage to \$15, has submitted recommendations for changes to the Employment Standards Act, and is now pleased to provide recommendations on ways to begin addressing the discrepancy between the minimum wage and a living wage in BC.

At present the living wage in most regions of the province is far above BC's minimum wage. While it may seem counterintuitive, reducing the living wage is the most equitable and straightforward way to reduce the discrepancy between it and the minimum wage. Because the living wage is affected by a series of affordability factors, changes to government policies to provide British Columbians with services at a lower cost can reduce the rate of the living wage. For example, the recent government investment in affordable childcare has already lowered the living wage this year.

THE RECOMMENDATIONS IN THIS SUBMISSION ARE FROM THE STUDENT PERSPECTIVE, AND FOCUS ON WAYS TO REDUCE THE LIVING WAGE WHILE BETTER SUPPORTING STUDENTS:

- Affordable post-secondary education
- Affordable housing
- Universal Pharmacare

AFFORDABLE POST-SECONDARY EDUCATION:

British Columbia is in an affordability crisis, and post-secondary students are feeling the squeeze. Intertwined with the affordability crisis is the labour market shortage: the province forecasts that there will be over 900,000 job openings in the next 10 years, and nearly 77% of future jobs will require some form of post-secondary education or training.

But the average student in British Columbia can no longer afford post-secondary education on their own or even with the help of their family. In the last several decades, public demand for post-secondary education has increased, and unfortunately, funding has failed to keep pace. Public funding shortfalls have been downloaded to students and their families in the form of increased upfront costs. From 1990 to 2018, annual tuition fees in BC have increased on average by 220%, far surpassing inflation; in 1990 tuition fees were \$1,808 compared with \$ 5,782 in 2018². Such high costs are forcing students and their families into debt.

The BC government has acknowledged the burden of student debt and has begun to tackle it by removing interest charged on provincial student loans. This will save students over \$2,000 and is much needed relief, but the average student debt is still over \$30,000 and becoming necessary to incur for future employment.

The unaffordability of post-secondary education is contributing to the increase in the living wage in BC. This government can reduce the living wage by making post-secondary education more affordable for British Columbians.

RECOMMENDATIONS

That the provincial government:

- freeze tuition fees and develop a plan to progressively reduce tuition fees at public colleges, institutes, and universities to lessen the financial burden on students and their families; and
- increase non-repayable student financial aid options for students from low- and middle-income backgrounds through the creation of a comprehensive up-front, needs-based grant program.

AFFORDABLE HOUSING:

While BC's affordable housing crisis is negatively affecting most British Columbians, it is hitting students particularly hard; in addition to the high cost of post-secondary education, limited availability and high costs of housing forces students further into debt. Most students move away from home to go to school, and they are forced to choose between unaffordable student housing or unaffordable rental housing, neither of which help lower the cost of living. The lack of rent control in the housing market, mixed with the transient nature of students, means that landlords are taking advantage of the constant flux of students, increasing rent prices as often as possible. More tenant protections and stronger enforcement of the Residential Tenancy Act would support students and renters alike when it comes to tackling the housing affordability crisis in BC.

RECOMMENDATIONS

That the provincial government:

- implement rent control, making allowable rent increases tied to the unit, not to the tenant;
- introduce stronger tenant protections including tighter limits on annual rent increases; and
- strengthen the application and enforcement of the Residential Tenancy Act.

UNIVERSAL PHARMACARE:

Another major contributor to the high cost of the living wage is the current cost of prescriptions and coverage. Students are a unique portion of the Canadian population in terms of day-to-day experiences and stressors. Working full- or part-time to support themselves while also attending school can be taxing on any individual, let alone those who are prone to mental health issues. Yet most post-secondary students do not have the benefit of extended health and dental coverage from their employers, nor in many cases from their parents' employers. Because of this, students' union-run extended health and dental plans have become commonplace at universities and campuses across Canada. While these plans increase access to prescription drugs and other treatments, most plans require students to be in full-time studies to be included.

Many students are still falling through the cracks, especially individuals who need the most assistance and do not have sufficient access to healthcare services. The elimination of MSP premiums has been a great step towards affordability. However, without access to enhanced pharmacare students may end up prolonging recovery or facing greater out of pocket costs, both of which can have a detrimental impact on students' ability to succeed in their studies. Further, because many students have to work to support themselves through school, any prolonged recovery leads to more work shifts missed and income lost, meaning that inadequate pharmacare forces students to try to get by with less income to pay for food or rent. Students need affordable access to pharmacare that will ensure they recover as quickly as possible so as to not end up in precarious circumstances for both housing and academic standing.

Canada's patchwork prescription drug system is inefficient and unnecessarily expensive. A universal pharmacare program would save billions of dollars for federal, provincial, and territorial governments as well as the private sector and individual Canadians. The Canadian Centre for Policy Alternatives reports that a universal pharamacare program would save as much as \$11 billion annually³. Not only will a universal pharmacare program save lives and billions of dollars in prescription drug spending, but it will ensure Canada's competitiveness by strengthening the mental and physical health of Canadian students and workers alike.

RECOMMENDATIONS

That the provincial government:

- actively support the call for universal pharmacare in Canada to lower health costs and ensure access to prescription drugs.

ENDNOTES

1. Statistics Canada (2004) The Daily: University Tuition Fees; Statistics Canada. Table 477-0077 - Canadian and international tuition fees by level of study.
2. Average annual tuition fees in BC increased by 220% from 1990-2018; this increase was above and beyond inflation in BC, which increased by only 64% from 1990 to 2018. Sources: Statistics Canada. Table 18-10-0005-01, Consumer Price Index, annual average, not seasonally adjusted; Statistics Canada. Table 37-10-0045-01, Canadian and international tuition fees by level of study
3. www.policyalternatives.ca/publications/reports/cost-savings-resulting-national-pharmacare-program