

Who Is Working For Minimum Wage In Ontario?

By Sheila Block

The Wellesley Institute engages in research, policy and community mobilization to advance population health.

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10 Alcorn Ave, Suite 300
Toronto, ON, Canada M4V 3B2
416.972.1010
contact@wellesleyinstitute.com



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A rising share of the Ontario workforce is working for minimum wage. Between 2003 and 2011, the share of employees working for minimum wage has more than doubled from 4.3 to 9 percent. Data from the Survey of Labour and Income Dynamics shows us that minimum wage work is not distributed equally across all Ontarians: women, racialized workers and recent immigrants are more likely to be working for minimum wage.

In 2011, the share of racialized employees at minimum wage is 47 percent higher than for the total population – 13.2 as compared to 9 percent. Fully 19.1 percent of recent immigrants are working at minimum wage, more than twice that of all employees.

Young workers are much more likely to be working for minimum wage than those who are over 25. But almost 40 percent of employees working for minimum wage, 183,000 Ontarians, were 25 years of age and over in 2011. The share of adult employees at minimum wage more than doubled between 2003 and 2011. However, the pace of increase was even faster for racialized adult employees and adult employees who are immigrants.

When we look at the distribution of low wage workers we see that twice as many employees in Ontario are making between \$10.25 and \$14.25 an hour – almost a million Ontarians. The age distribution of low-wage employees shifts when you move above minimum wage.

While 39 percent of minimum wage employees are 25 years of age and over; 61 percent of those making \$10.25 to 14.25 are 25 years of age and over.

These data have a number of implications for minimum wage policies. They show that more than half of workers who would benefit from a \$4 increase in the minimum wage are over the age of 25. Since greater shares of recent immigrants and racialized Ontarians work for minimum wage, an increase in the minimum wage would contribute to closing those wage gaps. Higher shares of women, across all these demographic groups, work at minimum wage. An increase in the minimum wage would therefore contribute to closing the wage gap between men and women.

An increase in the minimum wage will raise the floor for all Ontario employees. This increase will have a positive impact on those working for minimum wage and other low wage workers. It could also transfer income from shareholders to employees. The combined impact would reduce income inequality. In a time when governments feel that their budgets are constrained, this is a policy approach to address and reduce income inequality that is crucial and timely.

Introduction

Labour market regulation, in particular increasing the minimum wage, is an important policy tool to reduce inequality. Currently, there is a province-wide campaign to increase the minimum wage from \$10.25 to \$14 an hour; the Ontario government has appointed a panel to advise it on increasing the minimum wage, and is developing a poverty reduction strategy. In this context, it is timely to consider who is working for minimum wage to identify who would benefit from an increase.

The evidence is clear that income inequality in Canada is growing,^[1] and that it is harmful to our economy,^[2] to our society^[3] and to our health.^[3] Statistics Canada data document rising income inequality in Ontario. While the real incomes of the top 10 percent of Ontarians increased by 35 percent between 1982 and 2010; the real incomes of the bottom 90 percent increased by only 4.7 percent over that 28 year period.^[4] Analysis by the Conference Board of Canada^[5] and the Organization for Economic Co-operation and Development (OECD)^[6] has confirmed this trend. Work from the Canadian Centre for Policy Alternatives has documented the concentration of income to those with the very highest incomes.^[7]

The labour market is an important contributor to this growing inequality. Statistics Canada data shows that *inflation-adjusted* earnings of the bottom 20 percent of Canadian workers fell by 21 percent between 1980 and 2005, while the earnings of the top 20 percent increased by 16 percent.^[8] Research on the Ontario labour market shows a shift to an hourglass shape with an occupational distribution concentrated at the high and low ends, and a disappearing middle.^[9] Academic research supports these results, showing a reduction in mid-level occupations and increased wage inequality across occupations. Wages at the top of the occupational distribution increased relative to those in the middle, wages in the middle grew relative to those at the bottom, and wages at the bottom declined in absolute and relative terms.^[10] Increasing numbers of workers and an increasing share of the total labour force are at the bottom of that hourglass and endure low incomes and increased insecurity.

International research demonstrates that inequality has an impact on our health and well-being.^[3] In more equal countries people are healthier, live longer, and commit fewer crimes. These relationships hold among all income groups. Even for the highest income segment of the population, people are safer, healthier and live longer when they live in a more equal society. Statistics Canada research provides a stark example of the impact of relative income on health. The difference in life expectancy at age 25 between the highest and lowest income groups was 7.4 years for men and 4.5 years for women.^[11] While these differences are striking, an equally important finding is that life expectancy increases with each and every step up in the income scale. This research found even greater gaps in health-related quality of life between the highest and lowest income groups.^[11] Once again there was an improvement in health at every step up in the income scale. As this mortality data shows, the health impacts of inequality are not limited to low-income individuals and families. Recent research confirmed this result for Canada, establishing that living in more unequal cities increased your chances of mortality, regardless of your income level.^[12]

To understand the impact of an increase in the minimum wage, it is important to understand who will be affected. This paper reports on the increasing share of the Ontario workforce earning minimum wage between 2003 and 2011. It also describes the unequal demographic make up of the minimum wage workforce in Ontario: by gender, age, racialization, and immigrant status. Finally, it describes the

number of employees who are currently working for wages between the minimum wage and \$14.25; and their age profile.

Data

This analysis uses data from the Survey of Labour and Income Dynamics (SLID). The SLID is a survey of all individuals in Canada, excluding residents of the Yukon, the Northwest Territories and Nunavut; residents of institutions; and Aboriginal people living on reserves.^[13] The participants for SLID are selected from the monthly Labour Force Survey (LFS) and share its sample design. Data are collected from survey participants, and extracted from administrative files. Between January and March, interviewers collect information regarding respondents' labour market experiences and income during the previous year. The demographic characteristics of family and household members represent a snapshot of the population as of the end of each calendar year.

The data reported below in Tables 1 through 5 are based on custom tabulations using the variable participant's job paid at minimum wage and variables on age, gender, racialization,¹ and immigration status from 2003 to 2011. Recent immigrants are those who have been in Canada less than 10 years. The shares that are calculated below compare individuals paid minimum wage to all wage earners. The focus of this analysis on wage earners is to exclude those who are self-employed, and therefore not covered by the *Employment Standards Act*. Due to small sample size, we could not report on annual data for some variables. To provide greater demographic detail, in Tables 2 and 3 we grouped data over three year periods: 2003-2005, 2006-2008, and 2009-2011.

Who Is Working For Minimum Wage?

Table 1 below shows the shares of employees working at minimum wage by age and gender from 2003 to 2011. Over the period, the share of Ontario minimum wage employees has doubled from 4.3 to 9 percent. Throughout, a larger share of women worked at minimum wage than men. In 2011, 7.6 percent of male employees worked for minimum wage as compared to 10.5 percent of female employees. However, the share of both men and women who are working at minimum wage has increased at a similar pace.

The share of youth who are earning minimum wage is much higher than prime-age workers throughout this period. There was a sharp increase in the share of youth working at minimum wage after 2008. In 2011, 31.5 percent of youth were working at minimum wage as compared to 4.1 percent of prime-age workers. Over this period, the proportion of both of these groups of workers who are earning minimum wage has doubled. The share of prime-age men who are earning minimum wage grew more slowly, while the share of prime-age women earning minimum wage rose more sharply.

1 The term racialized is used to acknowledge "race" as a social construct and a way of describing a group of people. Racialization is the process through which groups come to be designated as different and on that basis subjected to differential and unequal treatment. In the present context, racialized groups include those who may experience differential treatment on the basis of race, ethnicity, language, economics, religion (Canadian Race Relations Foundation, 2008). This paper uses data from the 2006 Census on visible minority status. Visible minority status is self-reported and refers to the visible minority group to which the respondent belongs. The Employment Equity Act defines visible minorities as 'persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour. Census respondents were asked "Is this person... white, Chinese, South Asian, Black, Filipino, Latin American, Southeast Asian, Arab, West Asian, Japanese, Korean, Other (specify)."

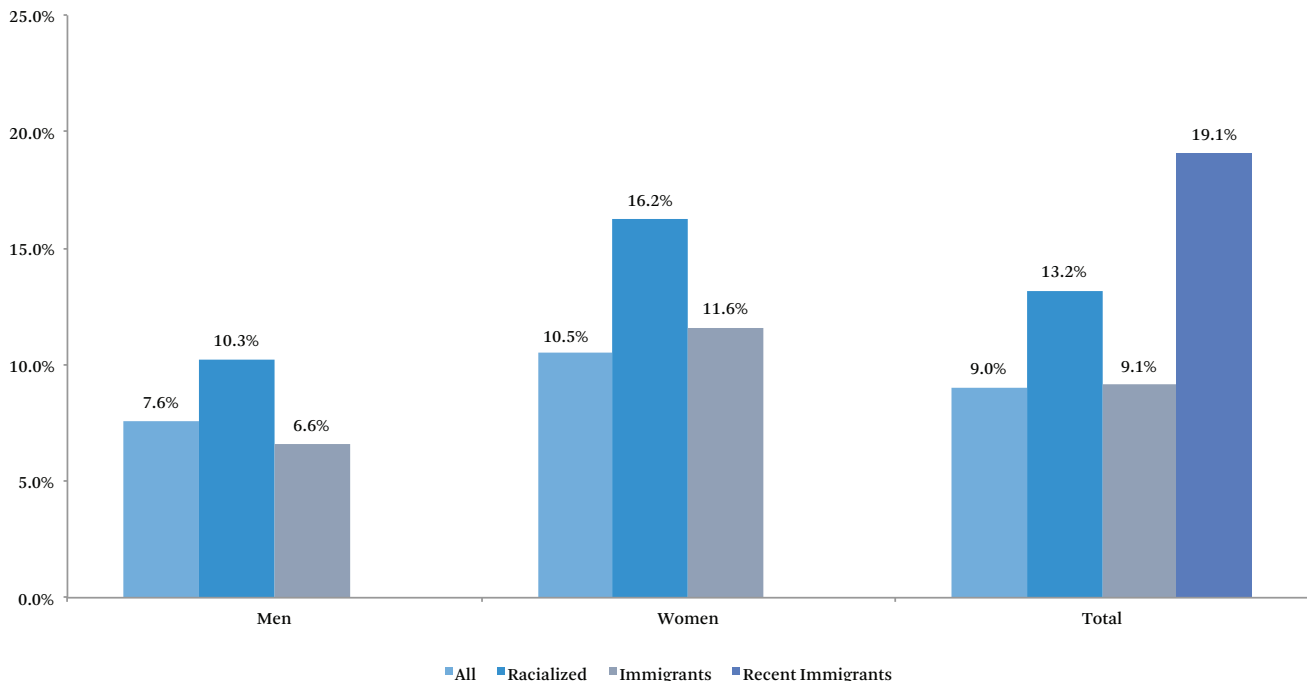
	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Employees									
Men	3.5	2.9	3.6	4.4	5.4	5.0	6.2	8.4	7.6
Women	5.1	6.3	6.5	6.5	8.2	10.3	10.6	12.8	10.5
Total	4.3	4.6	5.0	5.4	6.7	7.6	8.4	10.6	9.0
Ages 15-24									
Men	13.0	12.1	15.3	17.6	23.0	20.2	25.4	35.1	29.8
Women	15.5	20.9	24.3	22.6	25.1	32.8	33.4	42.9	33.3
Total	14.2	16.6	19.8	20.1	24.0	26.3	29.4	39.0	31.5
Ages 25-54									
Men	1.5	0.9	1.1	1.3	1.0	1.3	2.0	2.2	2.4
Women	2.6	2.9	2.3	2.4	4.2	5.4	5.8	7.2	5.8
Total	2.0	1.9	1.7	1.9	2.6	3.4	3.9	4.7	4.1

Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

Chart 1 compares the shares of all employees working for minimum wage in 2011 with the shares of those who are immigrants, recent immigrants and racialized. What these data show is the share of racialized employees at minimum wage is 47 percent higher than for the total population – 13.2 as compared to 9 percent. While the share of those who are immigrants working at minimum wage is similar to all employees; the share of recent immigrants working at minimum wage is more than twice that of all employees.

Chart 1

Shares of Employees at Minimum Wage, Ontario, 2011



Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

Trends By Racialization, Immigrant Status, And Gender

Table 2 provides data by age, gender, racialization and immigrant status grouped for three year periods between 2003 and 2011. Over this period, the shares of employees working at minimum wage increased across all these demographic groups. These data show that racialized and immigrant employees were less likely to be working at minimum wage than the total population over the period 2003-2005. However, this relationship shifted markedly after that period, and showed higher shares and an increasing gap between racialized and immigrant employees making minimum wage, as compared to all employees. Comparing 2006-2008 to 2009-2011, allows us to compare pre- and post-recession data. There is a sharper increase in racialized and immigrant workers at minimum wage than the total population.

These data illustrate the interaction of race, gender and immigrant status in labour market outcomes. Women employees are more likely to be working for minimum wage than men within these demographic groups. Women who are recent immigrants are working for minimum wage at almost 3 times the rate of the total population. Racialized women are more likely to work at minimum wage jobs than racialized men, or the total population of women.

	2003-2005	2006-2008	2009-2011
All Employees			
Men	3.3	4.9	7.4
Women	6.0	8.4	11.3
Total	4.6	6.6	9.3
Racialized			
Men	2.1	5.3	8.7
Women	7.1	11.5	16.3
Total	4.5	8.3	12.5
Immigrants			
Men	1.4	3.5	6.0
Women	4.1	7.3	12.1
Total	2.7	5.4	9.1
Recent Immigrants			
Men	-	7.7	-
Women	6.5	14.4	26.5
Total	4.0	11.1	17.3

Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

- Data suppressed due to sample size

Table 3 provides information by racialization, immigrant status and gender for workers who are 25 and over. It shows that the prevalence of minimum wage work is increasing for all adult workers over this time period. However, it also shows that, throughout this period, a larger share of racialized and immigrant adult workers are at minimum wage than the total population. Over the most recent period, it also shows a wider gap between the 25+ immigrant and racialized workforce and the total population. This shows that minimum wage work persists into the adult labour force for racialized and immigrant workers more than for the total population.

	2003-2005	2006-2008	2009-2011
All Employees			
Men	1.1	1.3	2.7
Women	2.6	4.1	6.3
Total	1.8	2.7	4.5
Racialized			
Men	-	-	3.0
Women	4.6	7.4	11.1
Total	2.5	4.5	7.1
Immigrants			
Men	-	1.6	2.6
Women	3.4	5.6	9.2
Total	1.9	3.6	5.9
Recent Immigrants			
Men	-	-	-
Women	-	10.4	19.2
Total	-	6.2	9.8

Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

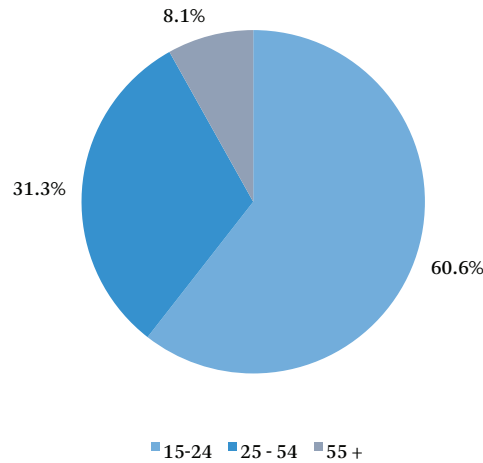
- Data suppressed due to sample size

Distribution Of Minimum Wage Employees

The previous tables and discussion looked at the share of employees in different demographic groups earning minimum wage. However, it is also important to consider the distribution of minimum wage employees. Chart 2 below shows the distribution of minimum wage employees by age. Of the 464,000 employees at minimum wage in Ontario in 2011, 31.3 percent (146,000 employees) were prime-aged workers between 25 and 54 years of age, 8.1 percent were 55 years of age or over, and 60.6 percent were 15 to 24 years old.

Chart 2

Distribution of Minimum Wage Employees by Age, Ontario, 2011



Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

Table 4 below compares the distribution of minimum wage employees to their shares of total employment. While women account for 49.3 percent of all employees, they are 57.4 percent of minimum wage workers. Racialized workers account for 23.9 percent of all employees, and 34.9 percent of minimum wage workers. While all immigrants are not over-represented, recent immigrants are the most over-represented of these groups.

	At Minimum Wage	Total Wage Earners
Women	57.4	49.3
Racialized	34.9	23.9
Immigrants	27.1	26.8
Recent Immigrants	15.0	7.1

Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

Low Wage Employees In Ontario

Table 5 shows the distribution of low wage employees in the following categories : at or below \$10.25 an hour; between \$10.25 and \$14.25 an hour and more than \$14.25 an hour. These data show that twice as many employees in Ontario are making between \$10.25 and \$14.25 an hour – almost a million Ontarians. It also shows the shifting age distribution of low-wage employees when you move above minimum wage. While 39 percent of minimum wage employees are 25 years of age and over; 61 percent of those making \$10.25 to 14.25 are 25 years of age and over.

	≤\$10.25	\$10.25 - \$14.25	\$14.25 +	Total
Employees* (%)				
15-24	31.5	42.4	26.2	100
25-54	4.1	13.7	82.2	100
55+	5.3	15.7	79.0	100
Total	9.0	18.9	72.0	100
Employees (000s)				
15-24	281	379	234	894
25-54	146	486	2916	3547
55+	38	111	561	710
Total	464	976	3711	5151
Distribution**				
15-24	60.6	38.8	6.3	
25-54	31.3	49.8	78.6	
55+	8.1	11.4	15.1	
Total	100	100	100	

Source: Statistics Canada. 2013. Special Tabulation, based on Survey of Labour and Income Dynamics.

* % of all Employees

** % of Minimum Wage Employees

Implications

Over the period between 2003 and 2011, a great deal has changed in the Ontario labour market. We have endured the great recession, and seen an uneven and slow-paced recovery. There are ongoing structural changes that have hollowed out the middle of our labour market. There has been a 50 percent nominal increase in the minimum wage. All of these changes have had an impact on low-wage workers.

These data show that an increasing share of the Ontario workforce is working at minimum wage. And, in 2011 there are an even larger number of employees making between \$10.25 and \$14.25 an hour – 18 percent of all employees. These employees are more likely to be prime age workers than youth. These data also show that minimum wage work in Ontario is not distributed equally across demographic groups. Youth, women, racialized Ontarians and new immigrants are over-represented in minimum wage workers. Larger shares of those 25 years of age and over working for minimum wage persist for women, racialized and immigrant employees than for the total population.

These data have a number of implications for minimum wage policies. They show that more than half of workers who would benefit from a \$4 increase in the minimum wage are over the age of 25. Since greater shares of recent immigrants, and racialized Ontarians work for minimum wage an increase in the minimum wage would contribute to closing those wage gaps. Higher shares of women, across all these demographic groups, work at minimum wage. An increase in the minimum wage would therefore contribute to closing the wage gap between men and women.

An increase in the minimum wage will raise the floor for all Ontario employees. This increase will have a positive impact on those working for minimum wage and other low wage workers. It could also transfer income from shareholders to employees. The combined impact would mitigate income inequality. In a time when governments feel that their budgets are constrained, this policy approach to address inequality is particularly relevant.

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