

Campaign
Ontario 2000



END CHILD AND FAMILY POVERTY

Poverty Reduction in an Age of Uncertainty & Change

2011 Report Card on Child and Family Poverty in Ontario



FAMILY SERVICE TORONTO
For People. For Change.

February 2012



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2011 was an important year for international and domestic social movements, in a period of global social and economic uncertainty. People used new mediums to organize old-fashioned protests. The word went out through BlackBerry messengers, Facebook and Twitter, but we still saw people coming together in parks and market squares. The biggest global phenomenon for many wasn't the European debt crisis – but the Occupy movement.

This movement has provided a visual narrative to the growing gap between the rich and the rest – a gap that anti-poverty advocates have been concerned about for a very long time.

Campaign 2000 has been reporting on the state of child and family poverty in Canada and its provinces for over 20 years. Much of our efforts have been on the problems faced by poorer families and their children. In Ontario, like the rest of Canada, child poverty will, until it is eradicated, remain a critical issue that affects our families, communities, society and the economy.

The Ontario government's first poverty reduction strategy, introduced in 2008, aims to reduce child poverty in Ontario by 25% (90,000 children) by

2013. The provincial government has established a number of programs, including the Ontario Child Benefit, that have helped reduce child poverty in Ontario in the year following the recession. Poverty figures from Statistics Canada show that 19,000 fewer children lived in poverty in 2009, a 4.6% decrease compared to the year before. This is good progress. However, 393,000 children *still* live in poverty in our province. We are already aware of the growing gap between the rich and the poor. As unemployment in Ontario remains above the Canadian average, especially for youth, and while social assistance rates stay unacceptably low, there is a real fear that the number of children living in poverty in Ontario may actually rise, rather than continue to fall.

If the Ontario government wants to stay on track and reduce child poverty, it has to see poverty reduction as a priority, a key consideration in public sector decision making. Otherwise, our province will not only continue to struggle with the heavy cost of poverty, but will also risk further harming the social and economic potential of the next generation of parents, children, workers and residents.

Key Recommendations

- The Ontario government must prioritize poverty reduction in the 2012 budget and work towards the eradication of child and family poverty in Ontario;
- The Ontario government must increase the minimum wage to \$11/hour in 2012 & fully index it to inflation;
- The Ontario government must improve the delivery of social assistance. The government can immediately start making changes to the current system by implementing the short-term recommendations made by the Social Assistance Review Advisory Council (including stopping the practice of



treating loans taken out by social assistance recipients as income) even before the Commission for the Review of Social Assistance in Ontario releases its final report and recommendations in summer 2012;

- The 2012 budget must allocate \$287 million in emergency funding to prevent the closure of hundreds of child care centres across Ontario;
- The Ontario government must improve the current Long-Term Affordable Housing Strategy, introducing targets and timelines and ensuring that it responds to the immediate needs of families and housing providers in Ontario.

Measuring Child Poverty

There is no official measure of poverty in Canada, however the Ontario government uses the Low Income Measure (LIM 50) After Tax to track changes in the number of children living in poverty for its poverty reduction strategy. The Low Income Measure is 50% of median household income, adjusted for family size (for further information on low income indicators please see the Appendix at <http://www.campaign2000.ca/Ontario/reportcards.html> or on page 11).

LIM After Tax is one of eight indicators used by the government to measure the impact of the current poverty reduction strategy. Others include the Ontario Deprivation Index to measure the standard of living, depth of poverty (LIM 40 – i.e. 40% of median household income), the Ontario Housing Measure, high school graduation rates, educational progress using the Education Quality and Accountability Office (EQAO) assessment, school readiness based on the Early Development Instrument, and birth weights.

The Ontario government is using LIM After Tax for 2008, adjusted for inflation, as its baseline for measuring poverty reduction. This means the LIM After Tax for a household with one parent and one child will, for the duration of the current poverty reduction strategy, be set at \$26,279 adjusted for inflation. Using the 2008 LIM After Tax as the baseline for the poverty reduction strategy will, especially in later years, inaccurately reflect the decrease in child poverty and, as median income rises, it will likely overestimate the number of children lifted out of poverty.

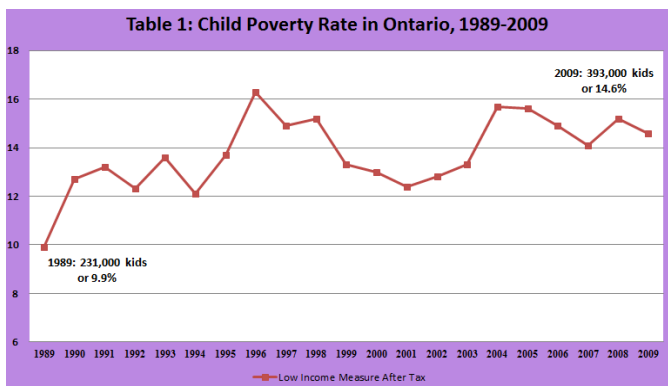


Rate and Depth of Poverty in Ontario

The child poverty rate in Ontario was 14.6% (LIM After Tax) in 2009, a 4.6% decrease over the year before.¹ This translates into 19,000 fewer children under the age of 18 living in poverty in Ontario in 2009 compared to 2008. With 393,000, or 1 in every 7 children *still* living in poverty in Ontario,² at least 71,000 more children need to be lifted out of poverty in order for the current poverty reduction target of 25% to be realized.³

Children live in poverty when their families live in poverty. In 2009, more than 1 in 3 children in female lone-parent families lived in poverty, compared to 1 in 9 children in two-parent families.⁴ There has been a 26% decrease in the number of children in female lone-parent families living in poverty over the year, the same time that the number of children in two parent-families living in poverty increased by 10%. The maximum Ontario Child Benefit available to families increased to \$1,100 in 2009, which could have helped decrease the number of children in lone-parent families living in poverty.

In 2009, 7.3% of children lived in deep poverty, as their family income was less than 40% of median family income in Ontario.



Source: Statistics Canada's *Income in Canada, 2009* (CANSIM Table 202-0802). LIM After-Tax.

Ontario Deprivation Index

The Ontario Deprivation Index is one of the eight key indicators used by the Ontario government to track the reduction in child poverty. This indicator, with a 1.5- to 2-year time lag, lists 10 key items considered necessary for a decent standard of living. Families that cannot afford at least two of the 10 items listed in the index are considered to live in poverty. The 2010 survey for the Ontario

Ontario Deprivation Index

Items necessary for a household to have a standard of living above the poverty level

1. Being able to get dental care if needed.
2. Replace or repair broken electrical goods such as a stove or toaster.
3. Being able to buy modest presents for family/friends at least once per year.
4. Appropriate clothes for job interviews.
5. Having friends or family over for a meal at least once a month.
6. Fresh fruit and vegetables every day.
7. Being able to get around your community, either by car or bus pass.
8. Hobby or leisure activity.
9. Meat, fish or vegetarian equivalent at least every other day.
10. Having a home or apartment free of pests, such as cockroaches, bedbugs and mice.

Source: Daily Bread Food Bank and Caledon Institute. Developing A Deprivation Index: The Research Process, 2009, p. 24.

“Being poor means living in survival mode all the time.” Parent on Social

Deprivation Index found that 8.7% of children in Ontario were being raised in families that could not afford at least two of 10 essential items – a decrease from 12.5% the year before.⁵ The Ontario government in its third year progress report highlights that a change in survey methodology could have had an impact on the most recent rate.

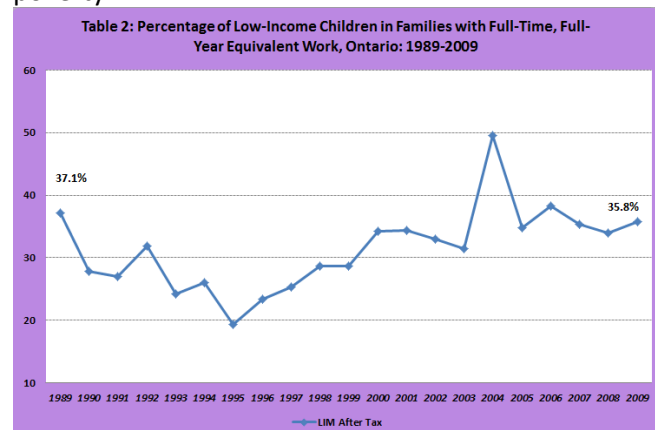
Employment Insecurity

Even though the province is no longer officially in recession, high unemployment in Ontario remains a serious issue for families.

The unemployment rate for Ontario in December 2011 stood at 7.7%, compared to a national average of 7.5%.⁶ Workers, as well as those looking for work have had to deal with significant fluctuations in employment these past few months. The temperamental nature of the job market is most likely to affect people working in precarious, low paid jobs without benefits or adequate pay.

Parents who lose their jobs are finding it more difficult to get the support they need. Many do not receive Employment Insurance (EI) – making it tougher for them to make ends meet. In October 2011, only 27% of unemployed Ontarians received EI, compared to the national rate of 42%.⁷ Eligibility of Ontario Works is so restrictive that families must dissolve almost all of their assets in order to qualify

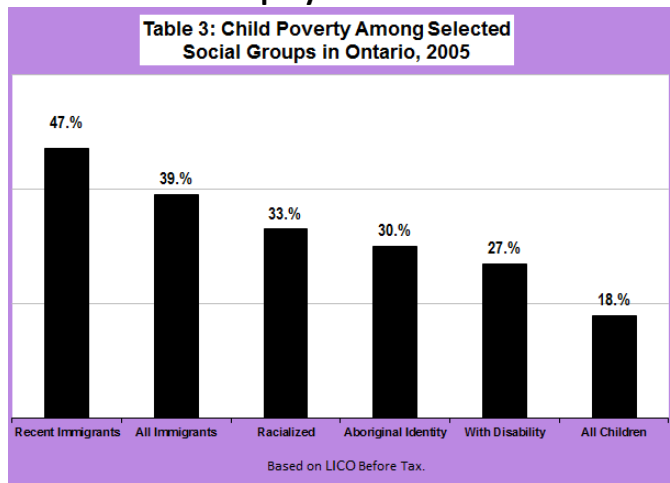
for assistance. Those who do qualify for Ontario Works receive less than the LIM After Tax. Unless a family has savings or parents are able to find work soon after losing employment, families led by unemployed parents are at a high risk of falling into poverty.



Source: Statistics Canada's *Survey of Labour and Income Dynamics* (SLID) masterfile.

Finding or staying in a job does not guarantee that low-income families will move out of poverty either. In 2009, 111,300 or 35.8% of children living in poverty had at least one parent who worked an equivalent of full-time full year – compared to 34% of children living in poverty who were in similar circumstances in the 2008 recession.⁸ These families earn less than LIM for their family size after tax – not surprising considering the fact that workers in temporary full-time employment in Canada earn an average of \$572.84⁹ a week before tax is deducted.

Racialization of employment



Source: Toronto Community Social Research and Data Consortium using 2006 Census.

According to the 2006 Census, 1 in 3 racialized children in Ontario lived in poverty. Parents in racialized families earned on average 81.4 cents to every \$1 earned by non-racialized parents, and were more likely to be in precarious employment.¹⁰ Racialized families, especially those who are new to the country, have to contend with a significantly higher unemployment rate (double that of the

average unemployment rate before the recession), and a higher rate of poverty compared to the rest of the population.¹¹

Many highly skilled and educated new immigrant parents (both racialized and non-racialized) find it difficult to find work in their profession – often because they lack the Canadian work experience sought by employers. These parents work in low paid jobs, sometimes with irregular hours of work to meet household expenses and provide for their children.

People can experience differential treatment due to their race, ethnicity, language, culture or other demographic factors. Racialization is “the process through which groups come to be designated as different, and on that basis subjected to differential and unequal treatment.”¹²

Aboriginal unemployment

Ontario has the largest Aboriginal population among the provinces, almost half of whom are under the age of 24 and a third are 18 years of age and under.¹³ The Aboriginal population is growing at a faster rate than the non-Aboriginal population, and a high number of younger Aboriginal people are expected to join the labour market in the near future.¹⁴ In 2010 the unemployment rate for the Aboriginal population stood at 12.6%, 5.4 percentage points higher than the rate for non-Aboriginals in the labour force.¹⁵ Almost a quarter of Aboriginal workers earn less than \$30,000 a year, and face multiple and complex barriers to education and employment opportunities contributing to an increased rate of poverty within this group.¹⁶

Economic insecurity amongst youth

Youth the world over are feared to be part of a lost generation, fears that are close to being realized with the continuing high rate of unemployment for youth and the limited economic opportunities available to them.

- The unemployment rate for youth between 15 and 24 years of age in Ontario increased to 15.6% in December 2011,¹⁷ more than double the overall unemployment rate of 7.7%.
- Youth who do find employment have to contend with average wages that are as low as \$386.49 a week.¹⁸ Working low paid, temporary jobs, these youth are often unaware of their employment rights and unable to access benefits.

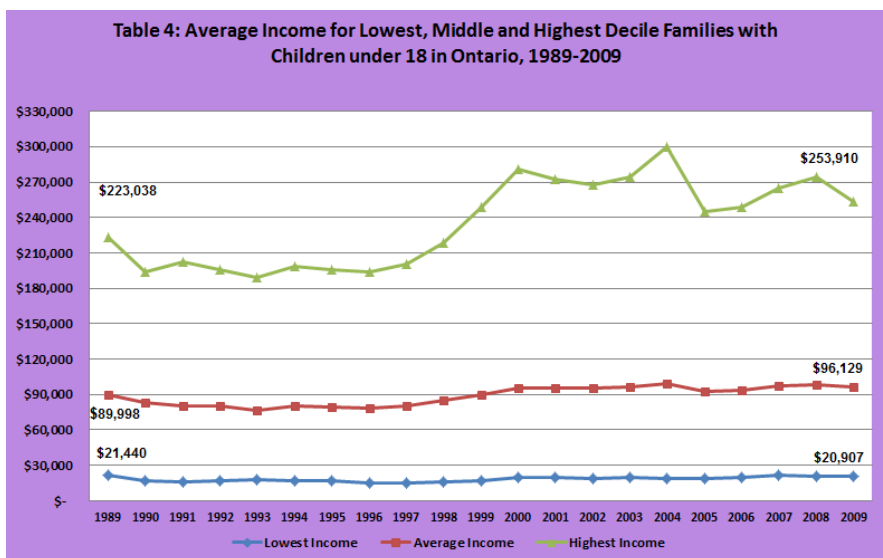
- The Ontario government has said that it is committed to increasing the proportion of Post-Secondary graduates in Ontario’s work force. Starting January 2012, some Ontario students are eligible for a 30% tuition grant.¹⁹ Unfortunately, this grant excludes two thirds of students in Ontario and does not help mature students, parents who go back to school, part-time students, students in graduate school and others.²⁰
- Since 1990, undergraduate tuition fees in Ontario have increased by 244%.²¹ It takes a low-income family in Ontario 1,268 days to pay for a full cost of a university degree, compared to 137 days for a wealthy family.²² The high cost of education in the province means that many low- to middle-income graduates start in jobs that are not in their career of choice in order to pay off their student debt.
- Studies have traditionally shown that those who complete their post-secondary education have a higher earning potential in later years. Unfortunately, this potential is currently not being realized. As more and more workers delay their retirement, and as employers seek candidates with experience, many youth have much fewer options to choose from in the job market.
- Unemployment and economic conditions have affected the prospects of youth seeking apprenticeships as well. The Ontario government’s programs to encourage apprenticeships have been limited in scope as the apprenticeship tax credit only applies to private sector employers. As more trades people retire later in life, youth looking to work in a trade have fewer opportunities to do so.

An Unequal Society

Over the past few months growing income inequality in Canada has gained public attention like never before. We now know that our highest paid CEOs, described as the richest 0.01%, earned 189 times more than the average Canadian worker. Being taxed at a rate lower than their predecessors, high earners have been able to hold on to more of their substantial income than ever before.

Over a period of 20 years the poorest families in Ontario have seen their average and median income increase by 1%, while the wealthiest families saw their income increase by 23%.²³

By 2009, the wealthiest families in Ontario earned on average \$233,000 more than the lowest earners, and \$173,415 more than those in middle-income deciles.²⁴



Source: Canadian Centre for Policy Alternatives' custom tabulations, using Statistics Canada's SLID data.

“Being poor means... not having a dollar to put under your daughter’s pillow when she lost a tooth and having to tell her that the tooth fairy must be very busy.”

A mother on social assistance

Ontario Child Benefit

Low- to middle-income families in Ontario who file their taxes are eligible to receive the monthly Ontario Child Benefit (OCB). Announced in 2007, the OCB is available to parents who are employed and those who receive social assistance. The benefit provides up to a maximum of \$1,100 per child per year to low-income families. The Ontario government has committed to increasing the benefit to a maximum of \$1,310 per child per year by the year 2013.²⁵

Though very welcome and helpful for families in low income, the implementation of the OCB has been

less favorable for some compared to others. The introduction of, and first increase to the OCB were both accompanied by the restructuring of the basic needs benefits for parents receiving social assistance resulting in an uneven distribution of the benefit for these families.²⁶ Lone-parent families with older children are particularly affected by the change as they have benefited the least from the OCB. Any future restructuring of the OCB must ensure that the benefit helps those who need it the most.

Ontario's Social Assistance

“Being poor means ... praying for a miracle that you'll have enough money to buy food next week... It means bundling up your child to go out in a snowstorm to a Food Bank for a few canned goods. It means feeling ashamed ... It means walking a long way to line up to get Christmas presents for your children so that they can believe that dreams can come true...It means never having dreams or aspirations.” ~ A mother on social assistance

In 2011 approximately 6.5% of Ontario's population – or nearly 870,000 Ontarians – received social assistance in the form of Ontario Works (OW) or the Ontario Disability Support Program (ODSP).²⁷ Of those receiving OW, 30% are sole support parents – the vast majority of these being lone mothers.²⁸

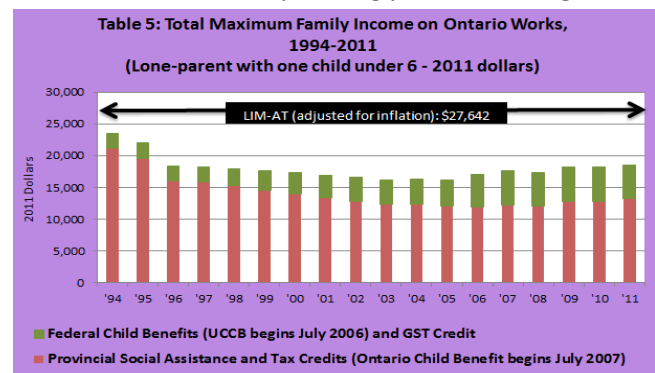
Current social assistance rates are seriously inadequate. As of December 2011, a single parent on OW with one young child receives \$931 a month plus a maximum Ontario Child Benefit of \$92²⁹ - if we include provincial and federal child benefits and tax credits, these families live on \$9,122 less than the low income measure.

In addition, the rules that govern the system are punitive and act as barriers to getting off social assistance and into the workforce. The money currently spent on policing social assistance recipients' adherence to these rules should instead be used to provide training, education and the full range of personal supports that people require. The rules that act as barriers to economic independence should be dismantled. These reforms would

increase both the social and economic potential of people on OW and ODSP.

At the end of 2010, the Ontario government tasked the Commission for the Review of Social Assistance in Ontario to examine the current system of social assistance and “to provide the government with a concrete action plan to improve the system for the people who need it.”³⁰ It is critical that the Commission address the inadequate level of income available to people on OW and ODSP. It is equally important, however, that the Commission makes recommendations for a social assistance system that provides both the income and opportunities necessary to lift people out of poverty.

Families living on social assistance and in poverty struggle every day. These families continually juggle paying for the necessities of life, such as rent, winter clothing, and food. The Ontario government has the ability to improve people's lives immediately by increasing the incomes of people on OW and ODSP in the upcoming provincial budget.



Source: National Council of Welfare to 2007 and Income Security Advocacy Centre from 2008-2011

Mental Health and Child Poverty

Good mental health amongst children is a good predictor of success in school and economic independence in adulthood. Unfortunately, children living in poverty are often exposed to a number of stresses, including the financial strain of low income on their parents, inadequate diet and exercise, and issues around housing. The issues experienced by children living in poverty have the potential to cause long-term mental health conditions and behavioral problems. Mental health issues in turn increase the likelihood of adult poverty and unemployment.

Children living in poverty are already at an unfair disadvantage. These children are at risk of suffering further if they develop mental health conditions, particularly if these go undetected and untreated.

- There has been a steady increase in the proportion of mental health referrals for children on low income. According to data

collected by Children's Mental Health Ontario, 37.7% of children and youth referred for mental health treatment in Ontario in 2010 were from households with an annual family income of \$30,000 or less.³¹

"Laura* is on ODSP and is a survivor of severe childhood trauma and struggles with obsessive compulsive disorder, depression and an anxiety disorder. She is currently attending community college and trying to make positive changes to her life. Unfortunately, her current living conditions and extremely low income often trigger the mental health issues and trauma she is trying to overcome."

~ Counsellor

- Studies show that children in low-income families, particularly those who receive all or some of their income from social assistance are more likely to suffer from mental health conditions than those from families who do not live on low-income. Children living in poverty are almost three times more likely to develop a behavior disorder compared to children who do not live in poverty.³²

- Children living in poverty for a longer period of time are more likely to suffer from mental health disadvantages, particularly affecting their socio-emotional functioning and academic achievements.³³

Child Care in Ontario

It is difficult to reduce child and family poverty without access to universal high quality child care. Parents with children need safe and affordable child care in order to engage in training, education or gainful employment and realize their economic potential. Regulated child care spaces are currently only available to 1 in 5 children in Ontario, when over 1.8 million children under the age of 12 live in our province.³⁴

Charles Pascal in his 2009 Early Learning Report recommended an integrated approach to Early Childhood Education and Care (ECEC) for children aged 0-12, moving in a more systematic, publicly managed direction, and creating a real ECEC system in our province. The Ontario government, however,

has only pursued the full-day kindergarten program – just one part of Charles Pascal's larger recommendation for an "extended and integrated full-day early learning", and to date has provided little financial or policy support for child care programs. The roll out of the full-day kindergarten program, which is set to be fully implemented in 2014, has already had a substantial impact on child care programs. As four and five-year olds leave child care, these programs need transitional assistance to be able to continue to serve children under four years of age.

Full-day kindergarten, though a significant initiative from the government, has been layered on top of an "unsolved web of problems"³⁵ in ECEC for

children 12 and under, including massive under funding, provincial dollars flat-lined for close to two decades, space and subsidy shortages that leave out most families, and no provincial ECEC plan or policy. As the province moves to fully implement the full day kindergarten program without addressing other needs in ECEC, child care options available to families continue to shrink, most severely impacting low-income families, those who are most vulnerable.

As municipalities seek to cut costs, access to services for children and families are shrinking:

- municipal (high quality) centres are being closed or devolved
- community non-profits are closing
- parent fees are increasing by as much as 30%
- there are now huge subsidy waiting lists (more than 22,000 in Toronto)
- communities that have never had subsidy waiting lists now have extremely long ones
- for-profit operations expanding (shown to be poorer quality and inequitable access)

Affordable Housing

Shelter is a basic human right.³⁶ In Ontario, as the cost for housing increases, particularly in proportion to income, more and more people are left to choose between food, clothing and paying their rent. In the current economic climate, high rent can especially affect households that suddenly find themselves out of employment, in low paid and precarious work, or on social assistance.

In 2011, 3 in 5 food bank clients in Ontario lived in rented market housing, while 1 in 4 lived in social housing.³⁷ Eighty-three percent of people receiving OW and 63% of those on ODSP lived in the private rental market in 2011.³⁸ In 2006, 1 in 3 tenant households were families with children – 45% of whom were lone parent families.³⁹ According to the Ontario Housing Measure, which is one of the indicators used by the Ontario government to measure the progress of its poverty reduction strategy, 5% of households with children under 18 in Ontario in 2009 lived in deep poverty and spent 40% of their income on housing.⁴⁰

The Ontario government has introduced a Long-Term Affordable Housing Strategy, though with 150,000 households on waiting lists for affordable housing clear targets and timelines need to be urgently set to reduce the shortage in affordable

housing and to ensure the upkeep of aging housing stock. The introduction of a Housing Benefit that helps people on low income make rent payments would support children and families living in poverty and waiting to access affordable housing. The Ontario government has asked the Commission for Social Assistance in Ontario to review this proposal.

“Ann who has two young children is worried about the health and safety of her family as she struggles to gain access to safe and affordable housing. she is currently on social assistance and lives in an area where her children are often exposed to gang violence and police activity. Her house has mould in it and is in need of serious repair. She has been trying to transfer to housing in a better neighborhood for the past 2 years and feels extremely stressed because of the issues she faces.”*

~ Counsellor

According to researchers, inaccessibility of affordable housing increases health problems and is bad for the economy, impacting business investments and growth.⁴¹ And as governments look to the private sector to create jobs and invest in communities, giving priority to policies that help people on low income

access affordable housing will be key to helping both those who are vulnerable and Ontario’s economy.

Any provincial housing strategy needs to work alongside a national strategy that ensures long-term adequate funding to provide affordable housing and lift children and families out of poverty.

Energy and Poverty

Low-income households are disproportionately affected by increases in the cost of necessities like food, clothing, housing and energy. As energy costs continue to increase, they affect the finances and well-being of families and children who are vulnerable. The Ontario government has introduced emergency programs to help those on low income and unable to pay their energy bills. However, much more work needs to be undertaken to ensure low income families don't find themselves in a position where they have to choose between making payments for essential products and services and lighting or heating their home to an appropriate level.

One in 3 households with children who visited a food bank in the Greater Toronto Area in 2011 paid separately for their utility, at a median cost of \$267.76 a month. These food bank clients spent 25% more on their utility bills than food bank clients without children.⁴²

Conclusion

The world is changing rapidly and yet, how our province works and helps its people has improved little in comparison. Ontario has done well to see a reduction in child poverty a year after the recession. Unfortunately, there are a number of programs and policies that need to change and *improve* immediately, including social assistance and child care, if we want to make a substantial difference in the lives of those who are most vulnerable. Employment, social safety nets, mental health, child care, energy policy, housing and education are all part of a larger economic and social fabric, and they

interact with each other accordingly. The key to economic recovery is dealing with issues around poverty and low income – and putting people, including families and children, in a position where they can live in dignity and realize their economic and social potential.

We continue to live in a time of uncertainty and change. How we pursue poverty reduction now will determine the state of poverty, health and economic growth in our province in the near future.

About Campaign 2000

Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 national, provincial and community organizations committed to working together to end child and family poverty in Canada. Visit www.campaign2000.ca for a list of partners.

Ontario Campaign 2000 thanks the following for their support: Sisters of St. Joseph of the Diocese of London (ON), Income Security Advocacy Centre, Ontario Secondary School Teachers' Federation, Elementary Teachers' Federation of Ontario, Ontario English Catholic Teachers' Association, Canadian Auto Workers, Daily Bread Food Bank, and our dedicated Ontario partner organizations and donors. Thanks also to Canadian Centre for Policy Alternatives for the data support.

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PRIORITIZE POVERTY REDUCTION

What Ontario Needs to Do

- Provide adequate funding for programs affiliated with the poverty reduction strategy
- Introduce targets and timelines for the eradication of child poverty in Ontario
- Press the federal government to introduce a national poverty reduction plan.

ENCOURAGE GOOD JOBS AT LIVING WAGES

What Ontario Needs to Do

- Increase minimum wage to \$11/hour in 2012 & fully index to inflation
- Improve enforcement of Employment Standards Act
- Address workplace discrimination: implement Employment Equity program; ensure pay equity
- Ensure health & dental benefits for low-wage workers.

PROVIDE STRONG SOCIAL SAFETY NET

What Ontario Needs to Do

- Fully index social assistance rates to inflation & transform social assistance to support movement out of poverty; Ensure high quality training programs to support the move from welfare to work, and layoff to work
- Introduce \$100 monthly Healthy Food Supplement for all adults on social assistance
- Increase maximum Ontario Child Benefit to \$125 a month
- Press federal government to improve access to Employment Insurance.

ENSURE ACCESS TO EARLY LEARNING & CHILD CARE

What Ontario Needs to Do

- The 2012 budget must allocate \$287 million in emergency funding to prevent the closure of hundreds of child care centres across Ontario
- Issue a moratorium on licensing of new for-profit child care centres. Research demonstrates that often commercial child care providers offer poor quality child care and fail to serve low-income families and children with special needs
- Provincial funding to municipalities must be indexed to inflation
- Commit to developing policies and a new funding model to support affordable high quality child care.

IMPROVE ACCESS TO AFFORDABLE HOUSING

What Ontario Needs to Do

- Improve the current Long-Term Affordable Housing Strategy, ensuring that it responds to the immediate needs of families and housing providers in Ontario; introduce targets and timelines
- Provide a monthly Housing Benefit to low-income tenants to reduce high rent costs
- Invest to bring aging social housing stock up to standard, build more affordable housing and new supportive housing
- Strengthen tenant protection legislation.

PROVIDE EDUCATION & TRAINING FOR YOUTH

What Ontario Needs to Do

- Freeze university tuition rates; increase grants for all students from low-income families (including part-time and mature students)
- Allow public sector employers to benefit from the apprenticeship tax credit.

Statistics Canada, an agency of the Government of Canada, produces two sets of low-income indicators with a two-year time lag— the Low Income Measure (LIM) and the Low Income Cut-Off (LICO). Both sets of indicators are measured before and after tax – the difference being that the After Tax measure is based on disposable income, which is income available to households to spend once tax has been deducted, while the Before Tax measure is based on gross income when taxes have yet to be collected. Both Before Tax and After Tax measures **include** government transfers.

The Ontario government is using the Low Income Measure in 2008, adjusted for inflation, as its baseline for measuring poverty reduction. This means the LIM After Tax for a household with one parent and one child will, for the duration of the current poverty reduction strategy be set at \$26,279 plus inflation. A two person household that is considered to live in poverty based on the 2009 Statistics Canada measure but which earns more than LIM After Tax (2008) at \$26,348 (2008 LIM adjusted for inflation) will be assumed to be non-poor for the purposes of the poverty reduction strategy. Using the 2008 LIM After Tax as the baseline for the poverty reduction strategy will, especially in later years, inaccurately reflect the decrease in child poverty and, as median income rises, it will likely overestimate the number of children lifted out of poverty.

Low Income Measure (LIM)

The Low Income Measure is 50% of median household income, adjusted for family size. Families that have an income below LIM are identified as living on low income and, for the purposes of measuring poverty reduction, assumed to be in poverty. The Low Income Measure After Tax (2009) for a two person household is \$26,418.

Low Income Cut-Off

The Low Income Cut Off is the income level at which a family is assumed to be paying a higher proportion (20% more) of its income on necessities such as food, clothing and shelter than the average family. The Low Income Cut Off is measured for seven family sizes and five community sizes. The Low Income Cut-Off After Tax (2009) for a two person household in a large urban area like Toronto is \$22,420. This indicator is based on spending patterns in 1992 and needs to be updated to take account of the changes in basic expenses in the past two decades.

ENDNOTES

- ¹ Statistics Canada, (2011). *Survey of Labour and Income Dynamics*. Custom table 202-0804
- ² Statistics Canada's *Income in Canada, 2009* (CANSIM Table 202-0802). LIM After-Tax.
- ³ Breaking the Cycle plan to lift 90,000 children out of poverty
- ⁴ Statistics Canada, (2011). *Survey of Labour and Income Dynamics*. Custom table 202-0804
- ⁵ Ontario Government (2011). Breaking the Cycle, the Third Progress Report.
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- ⁷ Statistics Canada (December 16, 2011). The Daily: Employment Insurance.
- ⁸ Statistics Canada's SLID data, Masterfile 2009
- ⁹ Statistics Canada (January 6, 2012). Labour Force Information.
- ¹⁰ Block, S., and Galabuzi, G., (2011). Canada's Colour Coded Labour Market: The Gap for Racialized Workers. *Wellesley Institute and Canadian Centre for Policy Alternatives*.
- ¹¹ Ibid.,
- ¹² Canadian Race Relations Foundation, *Glossary Section* "Racialization: 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, culture, politics, etc." Retrieved from http://www.crr.ca/component/option,com_glossary/task,list/glossid,70/letter,R/lang,english/
- ¹³ Ontario Federation of Indian Friendship Centres (2011). *OFIFC Submission to the Commission for the Renewal of Social Assistance in Ontario 2011*.
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