



End Child Poverty In Canada

Toronto Campaign 2000

Report Card on Child Poverty In Toronto

April, 2001

1989 federal House of Commons resolution: *“to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000”*

Child Poverty in Toronto...

Report Card Highlights

- The child poverty rate jumped from one in four in 1990 to one child in three in 1995. The number of children living in poverty increased by 73%.
- *Since 1995* through to 2000 the economy created 102,100 more full time jobs and 116,200 more jobs overall. One half of that job growth occurred between 1995 and 1998.
- From 1995 to 1998 the child poverty rate remained at one child in three and the number of children who are poor increased by 7%.
- From 1995 to 1998 the number of families with children who are poor increased by 6%. One-quarter of the city's families with children are poor.
- From 1995 to 1998 the median poverty gap for families who are poor has grown each year. The poverty gap for a couple with one child grew from \$7,647 in 1995 to \$8,840 -- an additional \$1,193.
- Families who are poor tend to live far below the poverty line. The median income for poor single parent families with one child is \$11,100. For poor couples with one child it is \$11,900.
- Toronto is a major point of entry and settlement for immigration in Canada. For many ethno-racial groups the child poverty rate is extremely high -- as high as 60% to 90%.
- More children rely on food banks than in 1995. Three times more go hungry once a week or more.
- More children are homeless. 6,200 children are in homeless shelters – a 130% increase since 1988.
- The number of children on social assistance today is 72,000, down considerably from as many as 145,000 children in 1994. But children on welfare today experience deeper poverty because cuts to welfare rates in 1995 and inflation have reduced Ontario Works benefits by 31%.
- Average rents are out of the reach of poor families. Average rent is almost the same as the income available to a poor family at the median income.
- The supply of lower cost housing is dropping and evictions are up. Since the federal and provincial governments stopped creating non-profit housing in 1995 no new affordable housing has been built.
- There have only been 1,044 additional child care subsidies created over the past six years. The child care subsidy waiting list grew by 1,490 children last year (to 14,940).

Child Poverty in Toronto...

These Are The Good Times?

Figure 1 shows that child poverty rates for children under age 18 in Toronto jumped up between 1990 and 1995 and have not budged since 1995.

Poverty is defined using two low income lines from Statistics Canada. For 1990 and 1995 the poverty line is defined by the *Low Income Cut Off, or LICO*. For 1995 through 1998 the poverty line is defined by the *Low Income Measure, or LIM*.*

In 1990, at the time of the House of Commons resolution to end child poverty, one child in four (24%) under age 18 was poor in Toronto (LICO).

By 1995, the child poverty rate was one child in three (36%). The number of poor children in Toronto had increased by 74,000, a 73% increase to 176,300.

The corresponding LIM based child poverty rate in 1995 was 31% --. (The LIM poverty lines are lower than the LICO, hence the lower rate and number of poor children). The LIM child poverty rate went up to 34% in 1996, and came down to 32% in 1998 (Figure 1).

In 1995, based on the LIM, there were 152,250 poor children (Figure 2). By 1998 the number of poor children increased to 163,000. From 1995 to 1998 the total number of children under 18 grew by 2%, but the number of poor children grew by 7% (10,760 children).

Since 1995, despite a period of economic growth and prosperity, the child poverty rate in Toronto remains at about the same level and the number of poor children has increased.

Toronto Child Poverty Rates

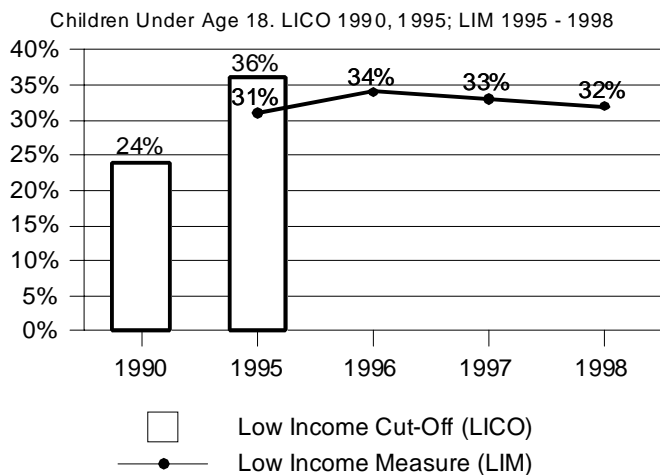


Figure 1 - Source: Prepared from Statistics Canada, Small Area Division, 2000; and, Canadian Council on Social Development 1996, 2000.

Number of Poor Children in Toronto

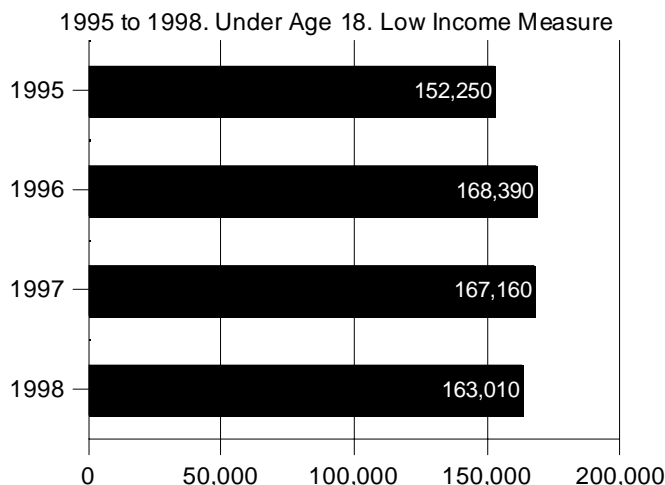


Figure 2 - Source: Prepared from Statistics Canada, Small Area Division, 2000

* For more information see Appendix for LIM & LICO poverty lines, definitions and source and quality of data.

Losing Ground ... Poor, Modest and Middle Income Families

Figure 3 shows total family income for families with children in Toronto. The poor have total annual incomes below the Low Income Measure. The next income range is of those with modest incomes just above the poverty line and under \$40,000. The income range of over \$40,000 and under \$60,000 approximates the middle income group. The median income (i.e. where half are above this income and half are below) for all families with children is \$46,600, and the median income for two parent families is \$55,600.

The number of poor families has increased since 1995. In 1995 there were 94,430 poor families. By 1998 there were 99,940 -- a 6% increase. One quarter of families in Toronto with children (24%) are poor.

Single parent families are concentrated at the low end of the income ladder. Seventy-two percent of single parent families have incomes below \$40,000. One half of poor families (49%) are single parents.

Transitions in and out of poverty are most likely to occur between poor and modest income groups. Modest income families are economically vulnerable. With incomes just above the poverty line and below \$40,000 they are often quite stretched to meet family needs. A decline in employment earnings could easily result in poverty. Income transfers and services are critical to their security and standard of living.

How poor are poor families? Families with incomes at the LIM poverty lines (\$17,080 for a single parent one-child family and \$24,400 for a two parent family with two children) have very little money to live on in an expensive city like Toronto. But families who are poor tend to live far below the poverty line.

As shown in Table 1 the median income for a poor single parent with one child was only \$11,100 (in total income from all sources before taxes). The median income for a poor two parent family with two children was \$15,600. Most poor families need a considerable amount of money just to reach the poverty line.

Families With Children By Total Income

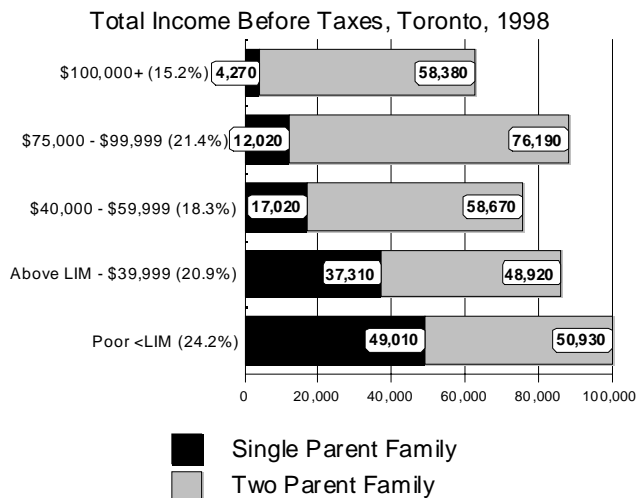


Figure 3 - Source: Prepared from Statistics Canada, Small Area Division, 2000

| Table 1: Median Income For Poor Families Toronto, 1998, Low Income Measure | | | |
|---|-----------|----------|----------|
| | One Child | Two | Three + |
| Lone Parent | \$11,100 | \$14,400 | \$18,500 |
| Two Parent | \$11,900 | \$15,600 | \$20,800 |

Source: Statistics Canada, Small Area Division, 2000.

Falling Deeper Into Poverty...

The difference between the poverty line and the actual income available to the poor is called the poverty gap.

The poverty gap for Toronto's poor families with children has grown every year since 1995 (Table 2).

The median poor two parent families with one child needed \$7,647 to reach the LIM poverty line in 1995. By 1998 they needed \$8,840 to close the poverty gap – an additional \$1,193.

| | Two Parent (\$ Below the Poverty Line) | | Single Parent (\$ Below the Poverty Line) | |
|-------------|---|--------------|--|--------------|
| | One | Two | One | Two |
| 1995 | 7,647 | 7,845 | 4,728 | 5,032 |
| 1996 | 8,278 | 8,432 | 5,039 | 5,296 |
| 1997 | 8,561 | 8,486 | 5,506 | 5,733 |
| 1998 | 8,840 | 8,800 | 5,980 | 6,340 |

Note: The poverty gap equals the difference between the Low Income Measure (children under age 16) and the median income for low income families with children in Toronto. **Source:** Prepared from Statistics Canada, Small Area Division, 2000.

By 1998 median income poor single parent families with two children needed \$6,340 to close the poverty gap, \$1,308 more than in 1995. The growing poverty gap indicates that poverty is becoming more severe.

Losing Ground ... The Low Income Measure is a relative measure of poverty. The poverty gap can grow because middle incomes increase while the incomes of the poor stagnate so they are left behind, or because the poor get poorer in absolute terms. Both dynamics underlie Toronto's growing poverty gap.

Between 1995 and 1998 the income of middle income families (that is, those families at the median income) increased. Real incomes grew by \$1,340 for two parent families, and \$1,180 for lone parent families. (This brings middle income families to about 1994 post-recession income levels).

At the same time, low income families lost ground in real dollar terms since 1995. As shown in Figure 4, the median income in Toronto for poor lone parent families dropped by \$820, and for poor two parent families it dropped by \$500 (in constant 1998 dollars).

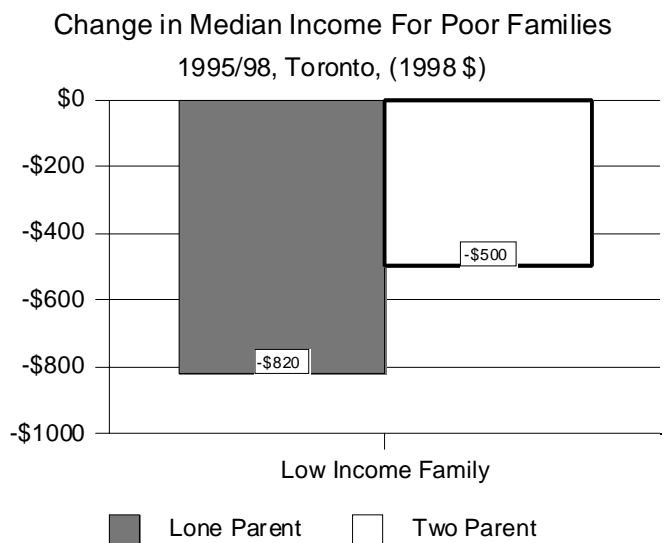


Figure 4 - Source: Prepared from Statistics Canada, Small Area Division, 2000

The 1990s & Middle Income Families - The income gains made by Toronto's middle income families with children between 1995 and 1998 were positive, but pale in contrast to the battering they took in the recession. Median family income (i.e. the middle income) has fallen considerably from its pre-recession levels. (Figure 5)

Between 1990 and 1998 middle income two parent families lost -\$8,689 (in constant, inflation adjusted dollars), a drop of -13.5%, (to \$55,588 from \$64,277).

The median income for lone parent families dropped precariously close to the poverty line. Their median income declined by -\$4,491 since 1990, or by -15.5%, (to \$24,400 from \$28,891).

Vulnerable Families & Communities

Lone Parent Families - The incidence of poverty is strongly related to family type. The LIM based child poverty rate in Toronto in 1998 was 32% overall. The rate among lone parents was 59%, however, versus 23% among two parent families. *One quarter (26%) of Toronto's children under age 18 live in lone parent families, but they make up one half (48%) of the children who are poor.* (Figure 6)

Young Families – Child poverty rates tend to be higher among younger families with young children. In Toronto in 1995 the LICO based child poverty rate for children under age 19 was 34%, but was 36% for those under age 18, 37% for those under age 12, and 39% for children under age 6.

1996 Census data indicates there are 10,750 *Youth-Led Families* (age 15 to 24) with children in Toronto. About 22% of these families have two or more children. Most of these young families with children (82%) are lone parent families. *Ninety percent of youth-led lone parent families have incomes under \$20,000 per year.* Through to the mid-1990s the number of births to teen mothers age 19 or less averaged 1,400/year. About 1,200 teen parents were on social assistance at this time. (City of Toronto, 1997, 1999)

Median Income for Families With Children

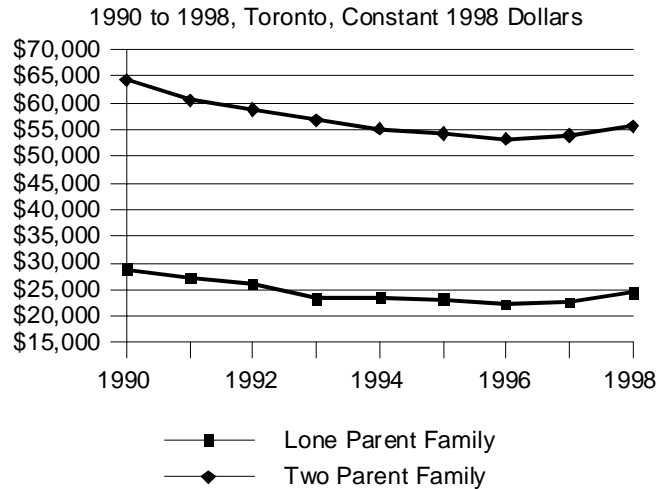


Figure 5 - Source: Prepared from Statistics Canada, Small Area Division, 2000

Child Poverty By Family Type

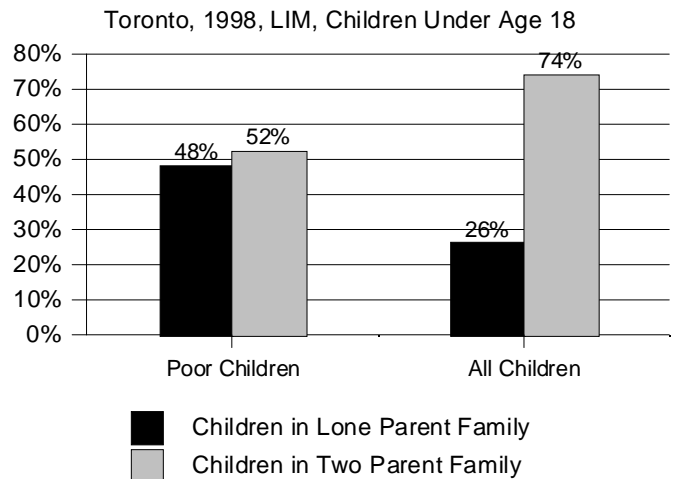


Figure 6 – Source: Prepared from Statistics Canada, Small Area Division, 2000.

Ethno-Racial Inequality – Canada is a country built on immigration. Toronto is a major point of entry and settlement and is home to more immigrants than any other Canadian city. Immigrants make up one half (48%) of the city’s population. Newcomers may face many challenges around settlement, language barriers, labour market conditions, recognition of skills and credentials and the experience of discrimination.

A recent study of ethno-racial inequality in Toronto indicates that Canada’s child poverty problem hits Toronto’s diverse multicultural community hard.

While one child in three in Toronto is poor there is considerable variance in the rates of child

poverty among the many ethno-racial communities that make up Toronto. *For many ethno-racial groups the child poverty rate is extremely high -- as high as 60% to 90%. (Ornstein, 2000)*

One factor is when people immigrated to Canada. Twenty-eight per cent of the city’s immigrant population arrived in Canada ten years ago or less (1986-96) and 12% arrived within the past two years (1994-96). The Canadian Council on Social Development (2000) notes that recent immigrants tend to be at greater risk of poverty and that the risk declines as they spend more time in Canada.

As illustrated in *Figure 7*, in Canadian cities non-permanent residents, such as refugee claimants, have the highest poverty rate (62%). The poverty rate is 52% among those who immigrated between 1991 and 1996, and is 35% among those who immigrated between 1986 and 1990. Among persons who immigrated before 1986 the poverty rate is 20%.

Ornstein also notes that many groups of non-European ancestry are relatively younger adults who are more likely to be raising children. They make-up one-third (37%) of all Toronto families, but make up one-half (49%) of the city’s families with children. As a group who are more likely to be raising children, they are more likely to be affected by Canada’s child poverty problem.

Neighborhood Inequality - *Low income neighborhoods in the Toronto area have been getting poorer while upper income neighborhoods have been getting wealthier. (Myles, Picot, Piper, 2000)* Between 1980 and 1995 average earnings from employment dropped by 30% in the lowest income neighborhoods, but rose by 14% in the highest income neighborhoods. (*Figure 8*)

Government income transfers were important in partly offsetting declining earnings and rising inequality. In the lowest income neighborhoods, for example, where average earnings dropped by 30%, transfers reduced the drop in total income to -11%.

Poverty Rates by Period of Immigration

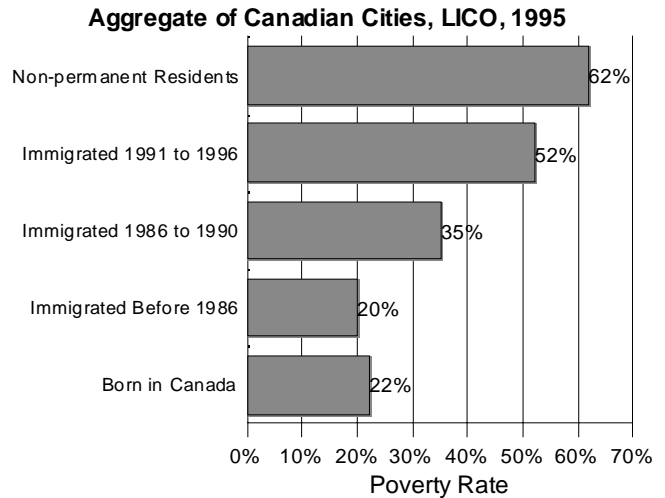


Figure 7 – Source: Canadian Council on Social Development, 2000.

In 1998, \$2.2 billion in government income transfers (excluding CPP and OAS/GIS) went to all of the City of Toronto's husband-wife families and lone-parent families.*

Services are also important. In Toronto children in some lower income neighborhoods have better outcomes than children in other low income neighborhoods. Access to community services is considered to be a significant factor in improving outcomes for children in low income neighborhoods. (City of Toronto, 1997)

| Table 3: Child Poverty Rates in the GTA, Ontario and Canada for Children Under 18 (1995 LICO) | | | |
|---|-----|--------|-----|
| Durham | 13% | Peel | 19% |
| York | 14% | Halton | 10% |
| Ontario | 21% | Canada | 22% |

Source: Canadian Council on Social Development, 2000

Conclusion - Toronto's child poverty rate (one child in three) is several times higher than the rates in the neighboring Greater Toronto Area. It is also significantly higher than in Ontario and Canada (*Table 3*).

Toronto has a disproportionate share of poor children (*Figure 9*). Less than half (45%) of the Greater Toronto Area's children under age 18 live in Toronto. But two-thirds (66%) of the GTA's poor children live in Toronto.

One in five Ontario children under age 18 live in Toronto. But one-third (33%) of Ontario's poor children live in Toronto.

Toronto has a great stake in the development of municipal, federal and provincial policies that would better address child poverty.

* Transfers were Employment Insurance, Canada Child Tax Benefit, social assistance, Workers Compensation, and federal/provincial tax credits.

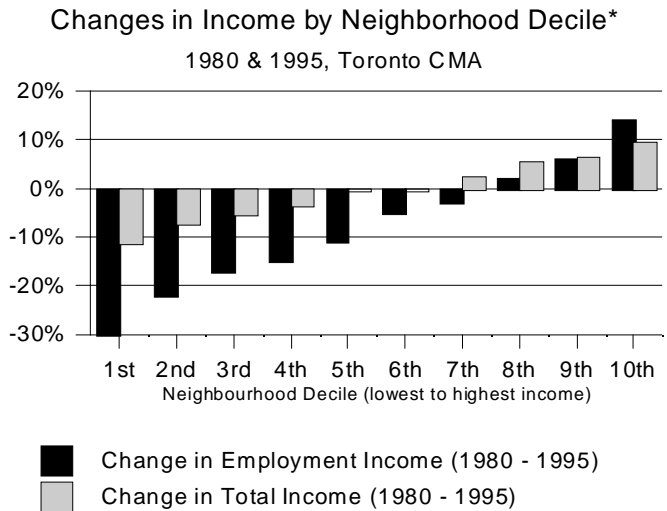


Figure 8 – Note: *Decile refers to 10% of the population in the lowest income (1st decile) to highest income (10th decile) neighborhoods. **Source:** Myles, Picot, Pyper, 2000, Table 5.

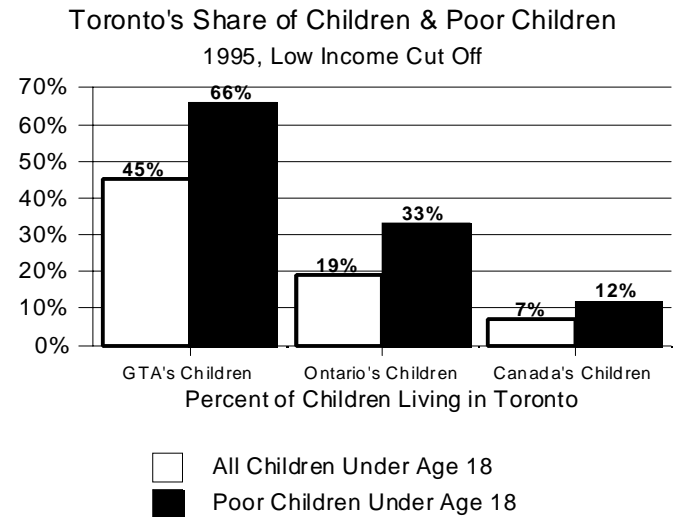


Figure 9 – Source: Prepared using data from the Canadian Council on Social Development, 2000.

The Labour Market & Child Poverty.

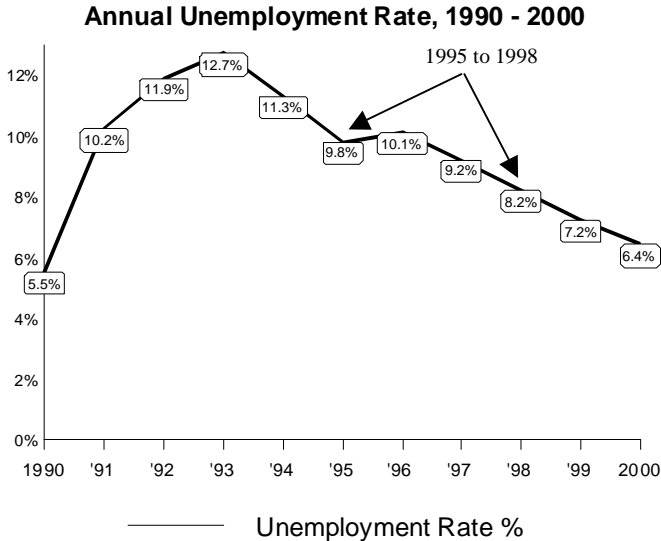


Figure 10 - Source: City of Toronto, 2001.

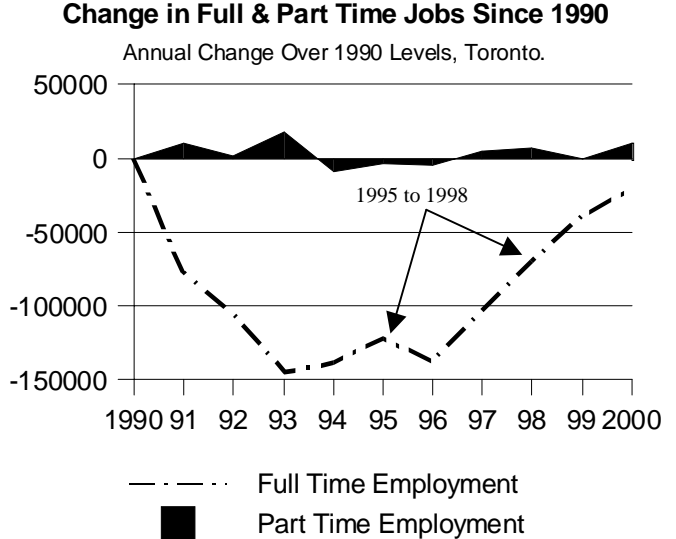


Figure 11 – Source: Prepared using data from City of Toronto, 2001.

The unemployment rate in Toronto exploded from 5.5% in 1990 to 12.7% in 1993. (*Figure 10*) The city lost 144,400 full time jobs between 1990 and 1993. (*Figure 11*) By 1995, as the economy recovered the unemployment rate dropped to 9.8% and the number of full time jobs increased.

While Toronto has yet to recover to the full time job levels of 1990, the growth of full time jobs has been steady through to the end of 2000. *Between 1995 and 1998 the economy created 52,300 more full time jobs, (63,100 jobs overall). That represents half the job growth between 1995 and 2000. While it is not yet known whether economic growth and job creation has resulted in lower child poverty rates for 1999 and 2000, between 1995 and 1998 the rates barely budged, there were more poor children and the median family poverty gap grew.*

Part Time Jobs and Self-Employment – The proportion of jobs that are part time increased from 14% in 1990 to 15% in 2000. Whereas there are fewer full time jobs today than in 1990, there are 10,300 more part time jobs (178,600 in total, *Figure 11*) Part time work is far more likely than full time work to provide low pay with few benefits, to be temporary, and to be involuntary (i.e. the employee wants full time employment).

In 1990 self-employment was a source of income for 97,000 families. By 1998, 127,680 families (30,680 more) reported earnings from self-employment -- an increase of 32%.

Self-employment out-paced growth in waged employment as a source of family income. (*Figure 12*) In 1990 self-employment was a source of income for 20% of families. By 1998 self-employment was a source of income for 25% of families with employment income.

Earnings from self-employment are lower on average than from wages. Average earnings in 1998 for husband-wife families were \$65,300 from wages, and \$30,500 from self-employment. Average earnings for lone parent families from wages were \$31,091, and were \$14,800 from self-employment.

Self-employment is often unstable. The annual turnover of people in and out of self-employment is about 42%. They are excluded from minimum labour standards and must pay for their own benefits or go without. They are ineligible for Employment Insurance.

Conclusion – Though the labour market can not be expected to fully address child poverty on its own, it is a key component. That child poverty rates have barely budged despite economic growth raises questions about the extent that the labour market is creating sustaining work at living wages.

The economy is showing signs of slowing down in 2001. Should we head into a recession, child poverty rates may ratchet upwards from levels much higher than prior to the last recession in 1990.

Labour Market & Social Policies

Employment Insurance and Welfare Due to changes in Employment Insurance (EI) rules and in labour market risks, EI coverage of the unemployed dropped from 53% of the unemployed in 1990 to 24% in 1997. The recession and reduced EI coverage caused welfare caseloads to peak in 1994 at double the number of cases than in 1990. (Figure 13)

In 1990 in Toronto EI was the single largest transfer (40% of transfers*) to husband-wife families. EI also represented 14% of transfers to lone parent families. By 1998, welfare (at 28% of transfers) overtook EI (at 24% of transfers) as the single largest transfer to husband-wife families. EI also declined to only 7% of the portion of transfers to lone parent families.

* i.e. excludes OAS/GIS & CPP, for which working age persons are not usually eligible.

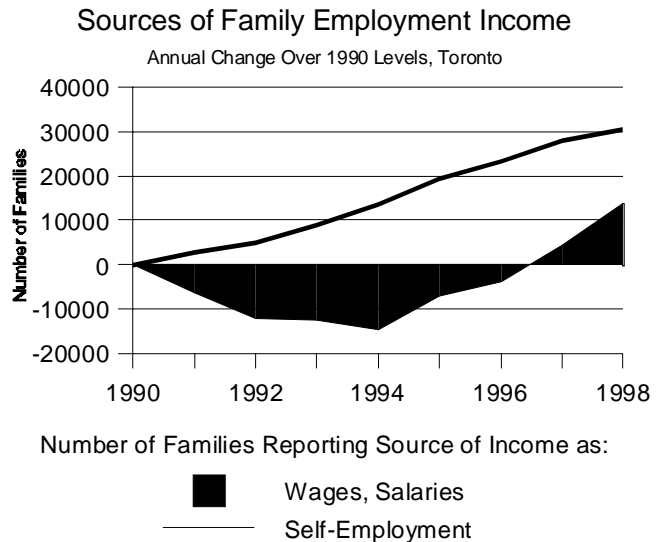


Figure 12 – Source: Prepared from Statistics Canada, Small Area Division, 2000.

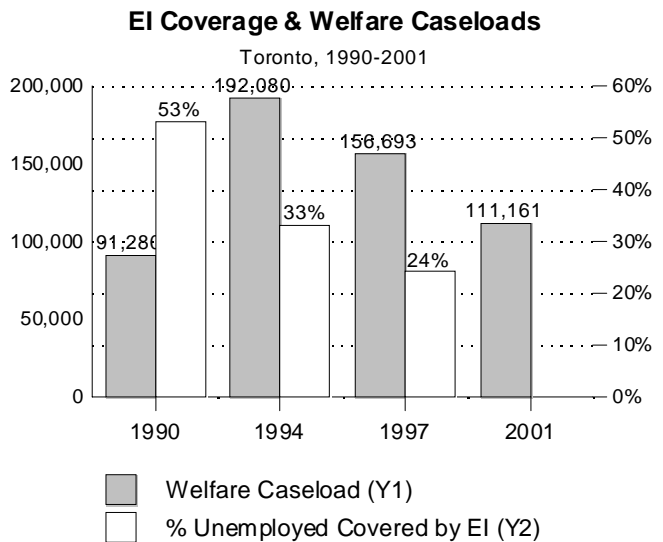


Figure 13 – Source: Canadian Labour Congress, 1998, Ontario Ministry of Community and Social Services, unpublished data, 1997, 2001; City of Toronto, 2001.

The Canadian Labour Congress (2000) notes that changes to EI rules over the past decade have resulted in the federal government collecting more money from communities than it pays out to the unemployed. It estimates that \$985 million per year is lost to the Toronto area due to changes to EI rules. Many who are ineligible for EI turn to municipal-provincial cost-shared social assistance for income support. What will happen in the next recession?

That the federal government has made changes to EI to better accommodate parental/maternity leaves underpins how important EI is to support working families. Levels of benefits and coverage of the unemployed should be improved to support parents who are temporarily unemployed and to prevent families from falling onto means-tested welfare

Children on Social Assistance – The welfare caseload dropped from 192,000 cases in 1994 to 111,000 cases today. (Figure 13) The number of children on welfare (age 0 to 17) also dropped from 145,000 in 1994 to 72,000 today. (Figure 14)

The decline in the number of children on welfare and caseloads is partly attributable to more jobs. The economy created 116,200 jobs from 1995 to the end of 2000, most of them full time (102,100).

The decline in the caseload is also policy induced. Many policy changes are designed to get recipients into the workforce as quickly and cheaply as possible. Benefit cuts, reduced earnings exemptions, and the clawback of federal child benefits reduce caseloads by lowering the levels of earned income at which one would qualify for or leave welfare. Parents pursuing post secondary education were transferred from welfare to student loans and upgrading limited to grade 12 or equivalent. Greater information requirements, “zero tolerance”, liens on homes and other changes contribute to restricting eligibility or simply making life on welfare less tolerable.

Are they better off? Fewer children on welfare may be viewed as good news. Most persons who leave welfare for work, however, get low paying, unstable jobs vulnerable to economic downturns. (City of Toronto, August 1999) *Caseloads, not child poverty rates, have dropped.* This means that many families have gone from welfare to in-work poverty. Attention is required on income and other supports for working families and to creating sustaining work at a livable wage.

Children on Welfare

Toronto, Under Age 18

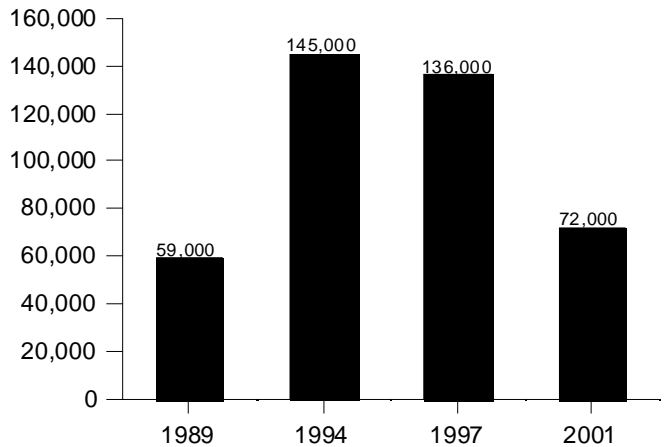


Figure 14 – Source: unpublished data, Ministry of Community and Social Services, 1997, 2001; City of Toronto, 2001; Social Planning Council, 1996.

Welfare Rate Cuts

Change in Value in Constant Dollars, 1995 through 2000

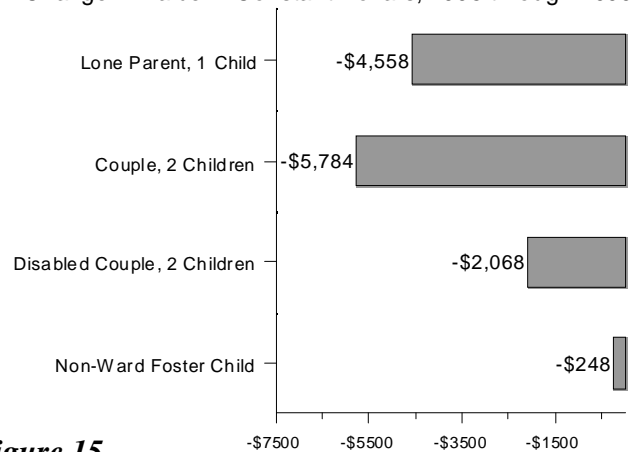


Figure 15

At the same time a substantial portion of the city's poor children (72,000) still rely on welfare. And welfare is the single largest transfer to Toronto's lone parent families (56% of all transfers in 1998).

Cuts to welfare rates in 1995 and inflation since have reduced benefits significantly -- by a staggering 31% for single parents and couples. Inflation has eroded benefits by 10% for disabled parents and for non-ward foster children -- more than a month's worth of benefits. (Figure 15) Deepening the poverty of those on welfare is harmful to children and is self defeating because deep poverty generates multiple barriers to long term employment.

The welfare poor and working poor are not a static group. At least 25% of lone parent families in Toronto on Ontario Works are employed. Families cycle between welfare and work depending on work and family related events. And simply moving from welfare poverty to in-work poverty, or cycling between the two, has negative implications for the lives of children. The central challenge is not just for families to find work, but to also reduce and eliminate child poverty.

Minimum Wage - The Ontario government froze the minimum wage in 1995 at \$6.85/hour. The wage's purchasing power diminishes with each passing year as the price of everything goes up. The affect of inflation over time can be substantial. (Figure 16)

A low income parent who works full-time (40 hours/week) full-year has -\$1,352 less in purchasing power than in 1995. Two working parents lost -\$2,705 in purchasing power.

In other words, these families lost the equivalent of five weeks worth of pay because of the 1995 freeze on minimum wage. To make up for five years of inflation requires adjusting the wage to \$7.50 per hour.

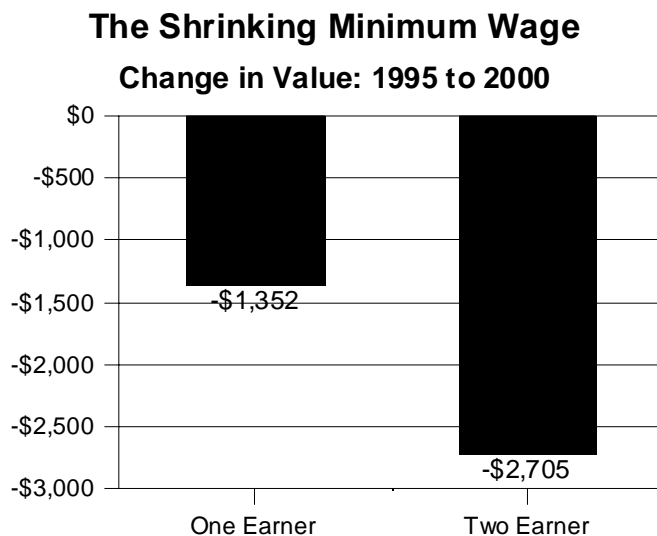


Figure 16 – Adjusted to Consumer Price Index.

Welfare and minimum wage policies are linked and define a minimum income floor below which people should not fall. Welfare cuts together with minimum wages eroded by inflation increase in-work poverty and contribute to the growing depth of poverty.

The National Child Benefit Supplement (NCBS) – Wages are not sensitive to the presence or number of children a family must support. Child income benefits can assist parents greatly with the additional costs of raising children. In July 2001 the Canada Child Tax Benefit (CCTB) will increase to up to \$2,372 per year for a child under age 18. While the federal benefit should be much higher to address child poverty it represents some progress.

The CCTB is made up of a base benefit of up to \$1,117 and a more targeted supplement (the NCBS) of up to \$1,255 per child per year. The goals of the supplement are to address child poverty and to strengthen attachment to the labour force.

Table 4 Proportion of Welfare Clawed Back From Child Benefits.

| Family Type | Maximum/Mos. NCBS July/01 | Maximum/Mos. Welfare Rate | Clawback as % of Welfare Rate |
|---------------------------------|--------------------------------------|--------------------------------------|--|
| Single Parent with 1 Child | \$105.58 | \$957 | 11% |
| Single Parent with 3 Children | \$274.16 | \$1,234 | 22% |
| Couple with 2 Children | \$192.50 | \$1,178 | 16% |
| Disabled Couple with 2 Children | \$192.50 | \$1,770 | 11% |
| Temporary Care -- 1 Child | \$105.58 | \$214 | 49% |
| Temporary Care -- 2 Children | \$192.50 | \$388 | 50% |

Source: Prepared from Ministry of Community & Social Services, 2001; Canada Customs and Revenue, 2000.

Parents who are employed and do not receive welfare keep all of the NCBS. It is notable, however, that the supplement may only offset the loss of purchasing power for working families affected by the 1995 freeze in Ontario's minimum wage (see *Figure 16*).

Ontario deducts the NCBS as income from social assistance. Ostensibly this is done to encourage employable parents to work. But those who are deemed employable are already required to seek, accept and maintain employment. Moreover, the NCBS is clawed back from recipients who are not expected to work. It is deducted from disabled parents, parents with very young children and non-ward foster children in receipt of Temporary Care Assistance.

The NCBS is a significant amount of money to take from welfare poor children. As shown in *Table 4* the supplement represents 11% of the maximum welfare rate for a single parent with one child, and 16% of the rate for a couple with two children. For a community foster child in financial need, it represents one-half of the maximum rate under Temporary Care Assistance.

The province's welfare savings arising from the claw back of the NCBS are redirected into the Ontario Child Care Supplement For Working Families. Maximum benefits for each child under age 7 are \$1,310 for single parents and \$1,100 for couples. The Child Care Supplement is a misnomer – it is in fact a work income supplement as evidenced by the fact that parents with no child care expenses are eligible. Nor will it provide for much child care, much less build a system of quality care. It is a good work income supplement, but should not be funded by taking money away from welfare poor children.

The Early Years: Child Care – Child care that is of good quality *and* is affordable is considered an active labour market policy because it supports parents employment efforts and it secures a good start in life for children during their early years. Investing in the early years promotes later educational success and the prospect of a productive adulthood. Child care is both a short and a long term anti-poverty strategy.

In 1995 there were 23,172 child care fee subsidies in Toronto. Today there are 24,216. That is only 1,044 subsidies created over six years. Last year there were 13,000 children waiting for a child care fee subsidy. Today there are 1,490 more children on the waiting list (to 14,490 children -- **Figure 17**).

The average time on the fee subsidy waiting list ranges from over 7 months for an infant to almost 18 months for a school aged child.

Toronto's supply of licensed quality child care and fee subsidies is inadequate to meet the needs of families and children. There are about seven children under age 10 for every licensed child care space in Toronto. In terms of poor children alone (who are not the only ones who need subsidies) there are about 5 poor children under age 10 for every child care fee subsidy

The only new provincial money since 1995 has been \$11 million for Ontario Works to fund 1,500 fee subsidies. There are 39,417 children under age 10 who's families are on Ontario Works.

Under downloading the city doubled its spending on child care from \$27 million in 1997 to \$57 million in 2001. But the province reduced its funding by about the same amount. Last year under the City's Children's Action Plan the City set out to reduce it's child care subsidy waiting list by funding 2,000 additional subsidies. This was the third year in a row that the City had put up about \$3 million to cost share additional subsidies with the province. The province, once again, refused.

In September of 2000 as part of the National Children's Agenda the federal government announced \$2.2 billion over five years for early childhood development services. Provinces receive the first installment of \$300 million on April 1st, 2001. The funds are to be spent on perinatal programs, parenting and family supports, and early childhood education and care.

Ontario's share is \$114 million this year and \$844 million cumulatively by 2005-6. Toronto's share should be about \$22.8 million this year and \$168.8 million cumulatively (based on its share of children).

Between 1995 and 1998 the Ontario government cut its funding for regulated child care by \$70 million. The federal early childhood development initiative is an important opportunity for Ontario to invest in a range of early childhood services with emphasis on re-investing in high quality child care within a comprehensive package of services.

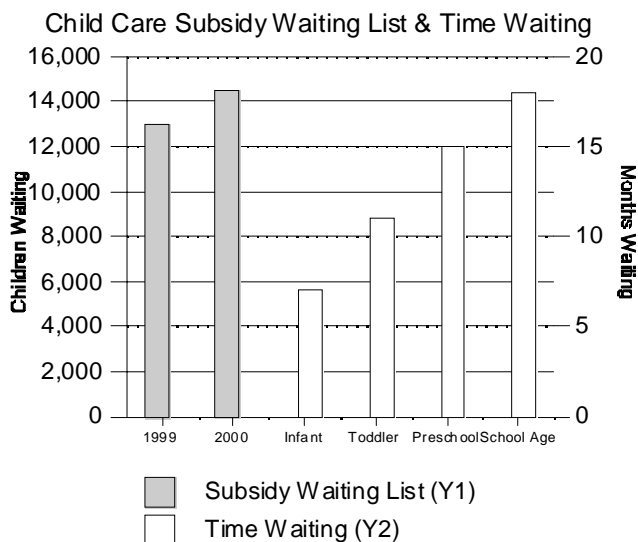


Figure 17 – Source: City of Toronto Children's Services, 1999, 2001

Post Secondary Education

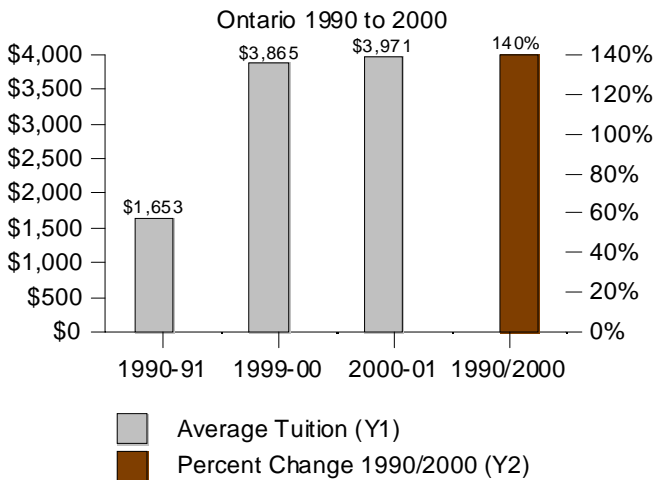


Figure 18 Source: Statistics Canada Cat. No. 81-003, 2000.

jumped from \$1,653 in 1990 to \$3,971 by 2000 – an increase of 140% (*Figure 18*). Average student debt at graduation is currently \$25,000.

Access to ongoing training and education is also important to adults. For single parents on welfare, for example, research demonstrates that access to higher education helps them earn enough not only to leave and stay off welfare but also to escape poverty. Ontario must reduce tuitions and, as Ontario once did and other provinces continue to do, make access to post secondary education an option as a welfare to work activity.

Basic Needs: well fed, with a roof over their head...?

One of the saddest and most unjust consequences of our failure to address child poverty since 1989 is the growing severity of poverty and inability of families to meet the most basic of needs: to feed and house their families.

Despite economic growth more children (50,000) rely on food relief through Toronto's food banks today than in 1995. (*Table 5*) At the same time, the severity of their need is increasing.

Over three times more children whose families seek food relief are reported to be going hungry at least one day a week or more than in 1995. Two times more are also going hungry once a month.

Deep poverty underlies increasing food bank use. The median amount of money food bank recipients have after paying rent to live on is \$4.95 a day. Many are forced to choose between feeding their families or homelessness.

The Later Years -- Post Secondary Education

At the other end of the family life cycle are older children's transitions to the community and employment. The link between education and employment is irrefutable. The share of jobs for those with a post secondary education is increasing while the share for those with a high school education or less is dropping.

The costs of post secondary education have increased to a point where there is a widening gap in university participation rates between students from families of low and middle socio-economic background.

Tuitions in Ontario have increased dramatically. For example, average undergraduate arts tuition

| Greater Toronto Area | 1995 | 2001 |
|---|--------|--------|
| Children per month using food banks | 43,700 | 50,000 |
| Children who go hungry one day a week or more | 11% | 37% |
| Children who go hungry once a month | 18% | 37% |

Source: Daily Bread Food Bank, Toronto 2001.

Toronto's Housing Disaster - Between 1988 and 1999 the number of children age 0 to 14 in homeless shelters grew to 6,200, or by 130%. Over the same time the number of couples with children in shelters increased by 5.5 times (from 320 to 2,070 families). Families are staying in shelters four times longer than they did ten years ago. Young children are in shelters for months, and some for as long as a year (City of Toronto, 2001).

Average rents in Toronto are out of the reach of poor families. Average rent is almost the same as the income available to a poor family at the median income. An average 2 bedroom apartment rented for \$811/month -- 86% of the income available to a poor single parent with one child in 1995. By 1998 average rent would take 95% of their income. (Figure 19)

At the same time, the supply of lower cost rental accommodations is declining. Units renting for less than \$800/month declined from making up 2/3rds of all units in 1996 to only 1/3rd today. Units for less than \$600/month declined from just under 20% of all units to less than 5% today.

Figure 20 shows the average rent increases minus inflation for the past decade. In 1998, rent increases were about three times or more higher than any other year. 1998 is the year the Tenant Protection Act came into effect and removed rent controls when units became vacant.

Eviction applications to the Ontario Rental Housing Tribunal grew by 12% from 1998 to 1999, and by 5% from 1999 to 2000. The Toronto offices handled 27,336 applications over the past year.

There has been no new government assisted rental housing built since the cancellation of federal and provincial non-profit housing programs in 1995. Nor has the private market produced new rental housing. Thirty units were built in 2000.

Toronto Housing Indicators

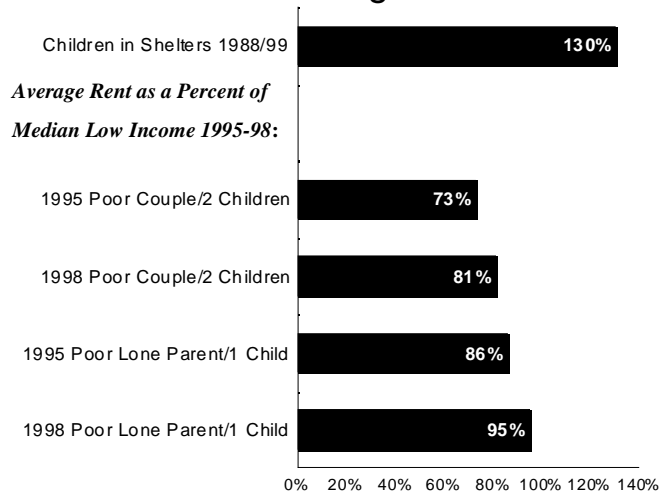


Figure 19 – Notes: Average rents are for 1995 and 1998. It is assumed that a couple with 2 children need a 3 bedroom unit, and a single parent with 1 child needs a two bedroom unit. Source: Prepared using data from City of Toronto, 2001; CMHC, 2000; Statistics Canada Small Area Division, 2000.

Average Rent Increase Above Inflation

Toronto 1989 to 1999

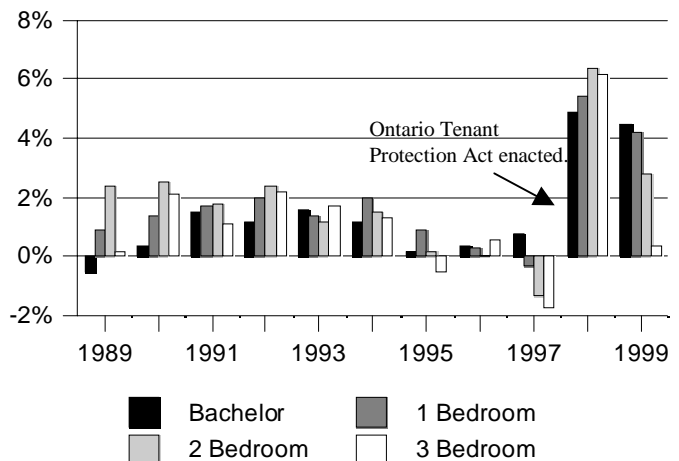


Figure 20 – Source: Prepared using data from CMHC, 2000.

Conclusion

Clearly the 1989 House of Commons resolution that sought to end child poverty by the year 2000 has not been realized. The rates of child and family poverty are much higher than they were at the time of the federal resolution in Toronto and across Canada. In Toronto child and family poverty has become much more severe. The poverty gap, hunger and homelessness have grown. Child and family poverty has also become more persistent. Despite growing employment and declining social assistance caseloads the child poverty rate has barely budged.

The foregoing is of tremendous concern. Should the economy slow down, child poverty rates will ratchet upwards from levels much higher than when Canada resolved to end child poverty in 1989.

What went wrong? Most Canadians support action on child poverty as a priority for government. Our federal and provincial governments, on the other hand, have failed to develop policies that come to terms with fundamental changes in family life and in the labour market over the past several decades.

Other countries have addressed changes in family life through the development of policies of family income security and services such as quality child care. They have invested in human development and in labour market development to ensure that work pays. Their child poverty rates are low.*

Canada and Ontario have largely left families to their own devices, to the vagaries of the market, and to welfare. To a great extent, public policy has focused on welfare reform, tinkering with work incentives and divesting itself of human and labour market development. Little wonder that the rates, depth and persistence of child and family poverty have grown.

What Can Be Done? Existing public investments continue to prevent many children from falling into poverty and reduce the depth and negative impact of poverty for children who are poor. Considerably more needs to be done.

City of Toronto – Over the years Toronto has developed a range of community based services, facilities, and progressive programs of child care and child development. It has made children a focus of municipal policy through its Children’s Advocate and Children’s Charter. It has urged progressive policies from senior levels of government. And it has invested in its own Children’s Action Plan.

Toronto cannot address the pressing needs of children alone. Yet decisions of senior levels of government increasingly hamper the City’s efforts to do its part. For example:

- The City has inadequate revenues. Despite having made almost half a billion dollars in cuts since 1992 Toronto faces a growing and annual financial crisis.
- Despite provincial assurances that downloading would be revenue neutral, Toronto is saddled with \$276 million in added costs.
- The Province’s restrictive education funding formula has “side-loaded” additional costs onto the City and has resulted in fees that create serious access problems for the community use of schools.

At the same time, it is estimated that Toronto pays out about \$4 billion more than it receives from the provincial and federal governments. The City of Toronto needs a new deal and should continue to press for more responsible urban policies from senior levels of government such as for public transit, affordable housing, community development and public education.

*UNICEF ranks Canada’s child poverty rate as 7th highest among 23 countries (June, 2000).

The quality of life in Toronto is also very much affected by federal and provincial policies that either reduce or increase disparities among citizens and communities. The City of Toronto should continue to urge federal-provincial policies around income security, child care and parent support, affordable housing and for training and education. To both support its communities and be credible when promoting more responsible policies from senior governments the City of Toronto should:

1. Sustain its infrastructure of community services. These services are responsive to the needs of Toronto's diverse communities and improve the outcomes for children in low income neighborhoods. Cutting them will have a very negative impact on these children.
2. Continue to invest in and build its system of early childhood care and family resource programs. Toronto should not lose ground while waiting for policies like the federal/provincial Early Childhood Development Initiative to come into effect.
3. Develop its system of public recreation as an essential service. This should include reduced reliance on user fees for recreation. These pose too great a barrier to too many families for access to services largely paid for through their property taxes.
4. Invest in the creation of affordable housing as a long term solution to homelessness.
5. Bring greater attention to addressing the circumstances of immigrant and refugee children living in poverty.

The Government of Ontario should:

1. Reinvest more of the money it takes from Toronto back into Toronto.
2. Increase welfare rates to levels that are realistic to meet the basic needs families and children.
3. Rescind the clawback of the National Child Benefit Supplement from children whose families are on social assistance.
4. Make work pay by increasing the minimum wage.
5. Match the federal funding (\$2.2 billion over five years) for Early Childhood Services and in consultation with the community develop a comprehensive range of early childhood care and education, parent resource and perinatal services.
6. Revise the education funding formula such that schools are used more efficiently and are promoted as hubs for integrated community services and supports.
7. Restore previous rent protections to tenants and get back into the business of creating affordable non-profit housing.
8. Work to lower tuition fees and make access to post secondary education an option as a welfare to work activity.

The Government of Canada should:

1. Reinvest more of the money it takes from Toronto back into Toronto.
2. Present a five-year plan redirecting 1.5% of GDP for social investment in families and children.
3. Increase the Canada Child Tax Benefit to a maximum of \$4,200 per child.
4. Increase the federal investment in the Early Childhood Development initiative to \$2 billion to ensure the resources are there for comprehensive services in which child care is an essential core service.
5. Increase coverage of the unemployed through Employment Insurance and raise the level of benefits for the unemployed and so parents who wish to take advantage of improved EI provisions for maternity and parental leave can afford to do so.
6. Allocate \$1 billion to create 20,000 new affordable housing units.
7. Work with the provinces to reduce tuition fees for post secondary education.
8. Involve large urban centres in the development of social policy, address circumstances of immigrant and refugee children living in poverty, and review the status of recreation as an essential service

About Campaign 2000 ...

Campaign 2000 is a national movement seeking implementation of the 1989 House of Commons resolution which sought to end child poverty by the year 2000. It is a non-partisan coalition of over 85 national, provincial and community partners.

Toronto Campaign 2000 is a network of community groups which includes the Children's Aid Society of Toronto, the Toronto Coalition for Better Child Care, Woodgreen Community Centre, the Community Social Planning Council of Toronto and other community partners.

Toronto Campaign 2000, together with our national and provincial partners, have monitored progress on the 1989 commitment to end child poverty and have released child poverty report cards throughout the 1990's.

Campaign 2000 urges a comprehensive plan to eliminate child poverty through a mix of income security, early childhood education and care, affordable family housing, and decent jobs.

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Appendix

Sources of Income Data ... Whereas income data for the provinces and the nation has been available on an annual basis, it has only been available for the City of Toronto through the Census every five years. The most recent income data for Toronto from the Census has been for 1995 and 1990.

This report card provides new income data for Toronto from the Family Databank created by Statistics Canada. The family income data is available up to 1998, (which is as recent as anywhere in Canada) and overcomes a major gap in information about child poverty in Toronto.

Data Quality - The Census gathers demographic information from 80% of the population, and more detailed information that includes income data from 20% of the population. The Family Databank is created from information reported by all income tax filers and from the Canada Child Tax Benefit files. The Family Databank approximates the entire population.

Poverty Lines – For 1990 and 1995 income data from the Census poverty is defined using Statistics Canada’s Low Income Cut Off (LICO). The LICOs represent levels of gross income where people spend disproportionately more money than average for food, shelter and clothing. The LICOs vary by family size and community population.

For 1995 through 1998 income data from the Family Database poverty is defined using Statistics Canada’s Low Income Measure (LIM). The LIM is set at one-half of median family income adjusted for family size. This approach is common in international studies of poverty

Table 6 shows the poverty lines in Toronto for the LIM in 1998 and the LICO in 1995.

Table 6: Poverty Lines - Low Income Measure (LIM) 1998; Low Income Cut Off (LICO) 1995

| Family Type | LIM 1998 | LICO 1995 |
|--|----------|-----------|
| Single Parent, 1 Child Under Age 16 | \$17,080 | \$21,092 |
| Single Parent, 2 Children Ages 3 & 5 | \$20,740 | \$26,232 |
| Couple, 2 Children Under Age 16 | \$24,400 | \$31,753 |
| Couple, 3 Children Ages 9, 12, & 17 | \$29,280 | \$35,494 |
| <i>Note:</i> Both the LIM & the LICO are total income before taxes from all sources including transfers. The LICO’s are for communities of 500,000 or more people. | | |

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