

Bold Plan of Action Required to Address Child and Family Poverty in Ontario

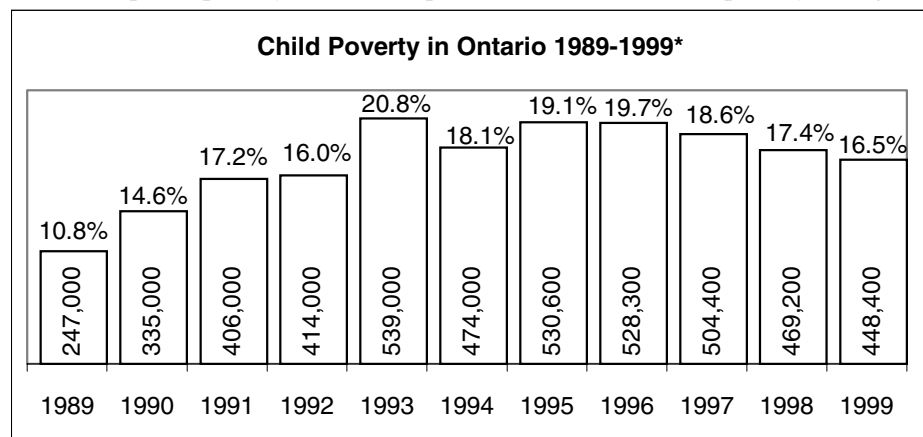
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Ontario Campaign 2000 continues to call on the provincial government to introduce a four-point plan of action to address the persistence of child and family poverty in Ontario. This plan should include new investments that address income insecurity; expand access to early childhood education and child care services; ensure access to affordable housing; and increase the number of family friendly jobs that pay living wages. Specifically:

- **Labour Market:** Increase the supply of good jobs with better wages and increased protection from job losses. The government should provide meaningful training and increase the minimum wage to reflect the actual costs of raising a family.
- **Income Security:** Rectify the current lack of income security among families on social assistance across the province by restoring Ontario Works and Ontario Disability Support Program benefit levels against the effect of cuts and inflation since 1995. Address anti-poverty and equity policy goals by rescinding the claw back of the NCBS from social assistance recipients.
- **Early Childhood Education and Care:** Ontario must develop a multiyear plan with appropriate resources that reflects the goal of universal access and concretely moves toward expansion of services to ensure that every child has access to ECEC services.
- **Housing:** Work with federal government to set targets and provide funding and incentives to increase the amount of affordable rental housing and supportive housing and strengthen rent controls and other protections for tenants.

The Context: What has happened to child poverty in Ontario?

- The good news is that economic growth has finally contributed to a decline in the number of children who are poor (according to the latest figures available for 1999). The bad news is considering Ontario's prosperity and growth the decline in child poverty has been quite marginal.
- Despite economic growth the number of poor children in Ontario remains at near-recession levels - In 1989 about 1 in 10 children in Ontario was poor; by 1999 1 in 6 children was poor. Ontario's growth and prosperity is not benefiting all families and children. The depth of poverty, or how far poor families are from the poverty line, grew from \$8,717 in 1989 to \$9,089 in 1998.
- General tax cuts are not an effective anti-poverty strategy because they often deliver little or no benefit to low income families, tend to benefit upper income families disproportionately, and, deplete public revenues available for other types of social investment. Reductions in personal income taxes do very little to substantially raise the incomes of poor families and result in decreased services, more user fees and rising housing costs.
- The child poverty rate was reduced from 23.5% before transfers to 16.5% after transfers. Clearly governments investments can have a dramatic impact on the well-being of children - much more can be done with additional commitments.



Source: 1989-1995 Data prepared by the Canadian Council on Social Development using Statistics Canada's Survey of Consumer Finances, microdata files; 1996-1999 Data prepared by the CCSD, using Statistics Canada Survey of Labour and Income Dynamics 1999

LABOUR MARKET: Economic Growth and Job Creation Not Benefiting All Families

- While the labour market is an important factor to consider in addressing poverty, the persistence of child poverty in Ontario clearly illustrates that relying on economic growth alone is not an effective strategy for ensuring the well-being of children.
- While social assistance caseloads and unemployment have dropped dramatically, child poverty rates have not experienced a corresponding decline. Many of the welfare and unemployed poor have become the working poor. Overall, the number children in working poor families more than doubled since 1989 to 242,600 in 1999.

- While good jobs that adequately support families are a key component in reducing child poverty, part-time, contract, or seasonal jobs with few or no benefits are increasingly common. And even among those families that work full-time, full-year, their earnings do not guarantee that a family will escape poverty. A single parent with one child working 35 hours a week for 52 weeks would need an hourly wage of \$12.61 to reach the poverty line of \$22,964.

FAMILY INCOME SECURITY - Social Assistance

- Many parents and children remain on social assistance due to a lack of good, secure jobs and supports such as child care. The effects of the 21.6% cut to benefits in 1995 are still with us: families are having trouble with paying the rent, maintaining housing, caring for their children and feeding themselves; they have difficulty doing more than simply surviving. With inflation, the cuts in 1995 now amount to almost 30% of the benefits of those on social assistance.
- In 1995 welfare benefits for a two-parent family were 70% below the poverty line, and for single parent they were 67% below the poverty line. Now they are in deeper poverty: 60% and 55% below the poverty line respectively.
- The Canada Child Tax Benefit is part of Canada's effort to fight child poverty and is made up of a base benefit and a supplement (NCBS) for low-income families. In July 2001 the federal NCB Supplement increased to \$1,255/year. The base portion of the Child Tax Benefit will increase to \$1,117 (it is now indexed to protect it from inflation).
- The National Child Benefit (NCB) would provide families on social assistance with some relief. But Ontario deducts the full amount of the NCB supplement from social assistance cheques which means that a single parent with one child on social assistance sees hers/his annual NCB payment of \$1,255 deducted dollar-for-dollar from hers/his monthly social assistance payment. These "savings" by the government are then reinvested in new programs for working poor families.

EARLY CHILDHOOD EDUCATION AND CARE

- In Ontario, there were almost 2,000,000 children age 0-12 of whom close to 70% have mothers in the paid workforce. At the same time, there were approximately 167,090 regulated child care and nursery school spaces. This means that there is regulated ECEC available for less than 12% of children. There are no new investments being proposed by the Ontario government.
- Child care suffered a \$71 million budgetary reduction between 1995 and 1998. The proportion of child care centres' revenue from government continues to decline. The annual provincial allocation for each child in regulated child care declined 18% since 1995. As a result, ***Ontario has the highest monthly fees for full-time, centre based care in Canada.***
- With municipal downloading in 1997/1998, the costs of wage grants, resource centres, and special needs have been partially downloaded to overburdened municipalities.
- Campaign 2000 was disappointed that the provincial government passed up on an opportunity to strengthen the child care system when it chose to not use any of the \$114 million in federal funds provided under the Early Childhood Development Initiative to invest in high-quality early childhood education and care.

AFFORDABLE HOUSING

- Beginning in 1995, the province cancelled all new social housing starts and downloaded responsibilities for existing social housing to municipalities. Social housing waiting lists are getting longer with typical waits lasting 2 to 10 years. In Toronto alone, there are 40,000 children on waiting lists for affordable housing.
- In 1997, the Tenant Protection Act removed rent controls on new or vacant units. Rents have continued to rise in most municipalities. ***Today, almost 1 in 4 tenants could be considered at potential risk of homelessness since rental costs consume more than 50% of their pre-tax household income.***
- Rental housing starts have dropped 92% since 1989 resulting in provincial vacancy rates averaging a low 2.1%. Toronto, Barrie, Ottawa, Peel and other regions had vacancy rates of 1% or less in 1999. Not surprisingly, municipalities across Ontario have found alarming increases in the use of shelters over the past four years. Youth and families with children are the fastest-growing group of hostel users.