

The opportunity equation: Building opportunity in the face of growing income inequality ^[1]

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[Full report \(pdf\)](#) ^[2]

Executive Summary

One of Toronto's greatest strengths is that it is a world-class city known for its access to opportunity. But this reputation is in jeopardy. The very structure of opportunity is changing in our city. Factors like the concentration of poverty, deteriorating job quality and income inequality are driving a fundamental shift in how our city works. Income inequality, in particular, is creating a divide in Toronto and among Torontonians-not everyone is benefiting from the same opportunities. Our city's economic progress, health and social fabric are being undermined. The gap between the rich and the poor is widening.

While income inequality as a topic is not new-in fact it has emerged as a central challenge of our times-what we haven't talked much about is how it is impacting cities. Although there have been studies that look at income inequality on a global, national and provincial scale, there hasn't been as much of an empirical base to better understand income inequality at a city level. That's why United Way Toronto decided to take a closer look at how this growing issue is impacting people and the neighbourhoods where they live, right here in Toronto.

The Opportunity Equation is the first in a series of reports that are part of United Way's Building Opportunity research. It leverages new and existing data to provide a new perspective on income inequality by focusing on cities. The goal is to establish an understanding of the challenges income inequality poses to access to opportunity; what impact it is having on Torontonians; and what can be done to mitigate its effects. It is our hope that The Opportunity Equation drives a city-wide conversation about how this issue affects us all and what we need to do to address this together.

At a high-level, this type of work is not new to United Way Toronto. In fact, a key part of our mission is to examine wide-ranging challenges, provide a Toronto lens and develop local solutions. Back in 2002, we released *Decade of Decline* which called attention to the increasing income gaps between Toronto families and neighbourhoods.

This was followed by *Poverty by Postal Code* which revealed a divide between neighbourhoods doing well and those that were falling behind. Most recently we published *It's More than Poverty* that looked at the social consequences of precarious employment on people's lives and the link to growing income inequality. All of these cases revealed Toronto-specific dimensions to wider problems-they also allowed us to develop tailored solutions that target action where it is needed most.

The Opportunity Equation builds on this existing work and provides a clearer picture of how income inequality is taking shape in the city. We draw data from two main sources. The first is new analysis of Statistics Canada data on how income inequality is affecting Toronto-done in collaboration with the University of Toronto. The second is a specially commissioned, in-depth survey developed in partnership with EKOS Research Associates that includes 2,684 participants. The survey examines individual perceptions about how the income gap is affecting people, and the city as a whole.

Overall, we find that fairness is being undermined in our city- growing income inequality is creating an uneven playing field for opportunity. Hard work and determination are not a guarantee for success-a person's background and circumstances have a far greater influence on their future. As a result, income inequality is creating barriers for people to access the opportunities they need to build a good life-quality jobs, affordable housing or meaningful social networks. In effect, the opportunity equation-hard work plus access to opportunity leads to success-is breaking down.

We also find that the problem is getting worse, as income inequality increases in Toronto it is growing at a faster rate than our provincial or national averages. Left unaddressed, Toronto is at risk of becoming the income inequality capital of Canada.

We know this is a serious issue with far-reaching consequences- affecting not only those who are living in poverty, but impacting us all: our productivity and economic prosperity, downstream costs to health care and other remedial services, as well as the liveability of our city-a distinct advantage that makes Toronto a destination of choice. It is clear that we need to do something about it.

Our Blueprint for Action lays out three goals and eight priority areas to rally all sectors to drive an opportunity agenda for Toronto and Torontonians. Working together we can restore hope, fairness and opportunity in our city.

Related link: Reversing income inequality in Toronto possible, experts say ^[3]

Region: Ontario ^[4]

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