

Child Poverty in Ontario

Promises To Keep ...



2006 Report Card on Child Poverty in Ontario

Seventeen years ago in 1989 the federal House of Commons unanimously resolved to eliminate child poverty among children in Canada by the year 2000.

Child and Family Poverty in Ontario

- 478,480 children - one in every six - are living in poverty.
- Ontario's child poverty rate is 17.4% - an increase from 15.1% in 2001 despite strong economic growth.
- Low income families are living in deeper poverty now than 12 years ago. An average low-income single parent family lives approximately \$9,500 below the poverty line.
- The percentage of poor children in working families is growing: 38% of low income children live in families with a parent working full time, full year.
- Poverty rates for children in Aboriginal, visible minority and immigrant families are double the average rate.
- Provincial benefits to lone parents on social assistance have dropped by 43% over the past 10 years; about 90% of these parents are lone mothers.



Miles to Go ...

Despite years of economic growth in Ontario, one in every six children is living in poverty. When the current government was elected in 2003 a number of commitments were made to address poverty issues. Important steps have been taken. The minimum wage is now \$8/hour. Two cost of living adjustments increased social assistance rates by 5%. Health benefits for people leaving social assistance were extended for 6 months. The Best Start child care program was initiated with federal funding.

2007 is an election year in Ontario. Now is the time for the Government to fully meet its promises to index social assistance rates, fully end the clawback of the National Child Benefit Supplement, invest \$300 million in provincial funding into early learning and child care, and build 26,600 affordable housing units and create 35,000 housing allowances.

The child poverty rate in Ontario has always been higher than in 1989, when Canada resolved to end child poverty, and has increased since 2001. Yet poverty is not inevitable. The lessons learned from other countries with child poverty rates under 5% show that government policies and high quality labour markets are key to addressing this challenge.

We need our government to go further. The provinces of Quebec and Newfoundland and Labrador have each developed poverty reduction strategies. During this election year Campaign 2000 urges all political parties to commit to developing a **Poverty Reduction Strategy for Ontario** with specific targets and timetables to bring and keep child poverty rates down. The next Ontario Government needs a comprehensive strategy that addresses the issues of income adequacy, early learning and child care, and affordable housing.

Campaign 2000 thanks Family Service Association of Toronto, our host agency, supported by the United Way of Greater Toronto.

Child Poverty in Ontario: One Child in Six

Over the past 25 years Ontario's child poverty rate has never dropped below the 1989 rate of 11.6% reached when Canada's Parliament unanimously resolved to eliminate child poverty by the year 2000 (Figure 1).

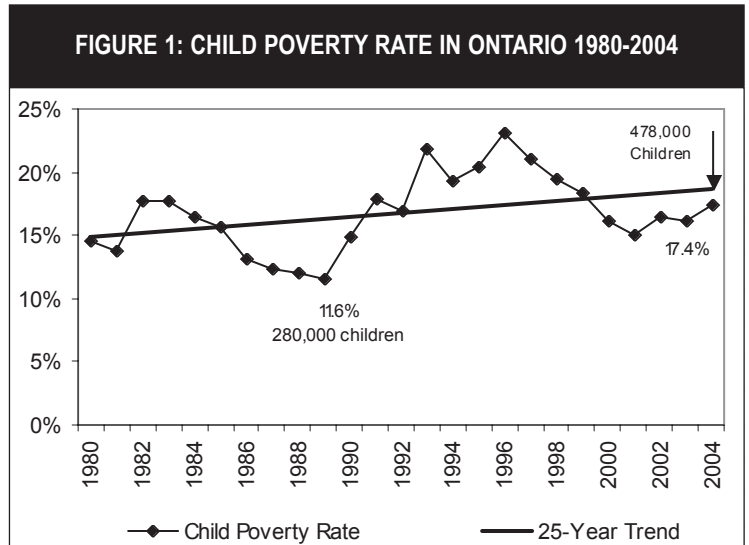
Statistics Canada data show that one child in every six in Ontario is in a family that lives below the poverty line (Low Income Cut-Off). That is 478,480, or 17.4%, of Ontario's children and youth under age 18¹.

Ontario's child poverty rate increased from 16.1% to 17.4% between 2003 and 2004. An additional 33,435 children joined the ranks of the poor. The rate has increased from 15.1% in 2001 and the overall trend is upward. The benefits of a strong economy are not trickling down to low income families to lift them above the poverty line.

Poverty rates are significantly higher among vulnerable social groups. Just over half (54.6%) of low income children in Ontario live in female lone parent families.

According to the 2001 Census, in Ontario 47% of children in new immigrant families and 32% of children in racialized families are poor. The reasons for such disproportionately high rates include: an over-representation of racialized groups in low-paying jobs; market failure to recognize international work experience and credentials; and racial discrimination in employment².

One-third (33%) of off-reserve Aboriginal children live in poverty, based on 2001 Census data. Although data is not available for poverty rates among on-reserve Aboriginal children in Ontario we



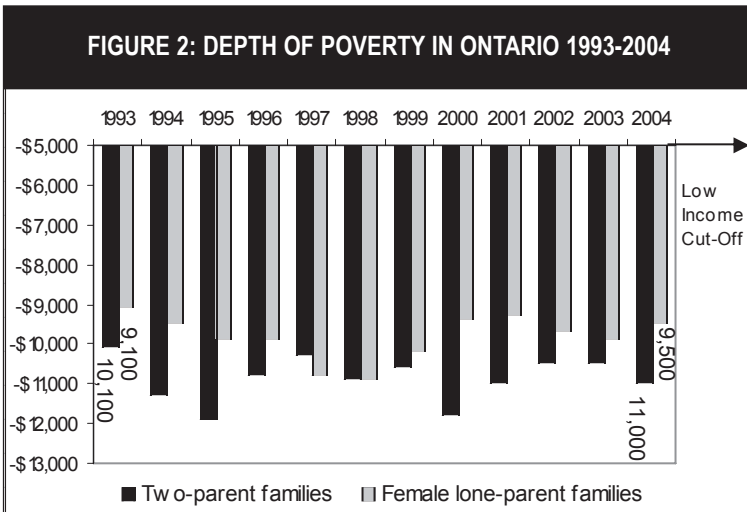
Source: Statistics Canada, *Income Trends in Canada 1980-2004*.

know that the level of need is great in these communities. The poverty rate for children with disabilities is 26%.

Within an Ontario Poverty Reduction Strategy specific policies and investments are needed to address systemic sources of disadvantage and promote greater equity in our communities.

Depth and Duration of Child Poverty

The depth of poverty (how far family income falls below the poverty line), and the duration of poverty (how long a child is in poverty) are indicators of the severity of poverty for children and families.



Source: Statistics Canada, *Income Trends in Canada 1980-2004*.

On average, families with children living in low income are in deep poverty. Their incomes are significantly below the poverty line (Figure 2). Despite economic growth these families are living in deeper poverty than they were 12 years ago. This is why 132,000 children rely on a food bank each month in Ontario³.

On average, a two parent family living in low income needs an additional \$11,000/year to bring them up to the poverty line. On average, a female lone parent living in low income needs an additional \$9,500/year to bring them up to the poverty line.

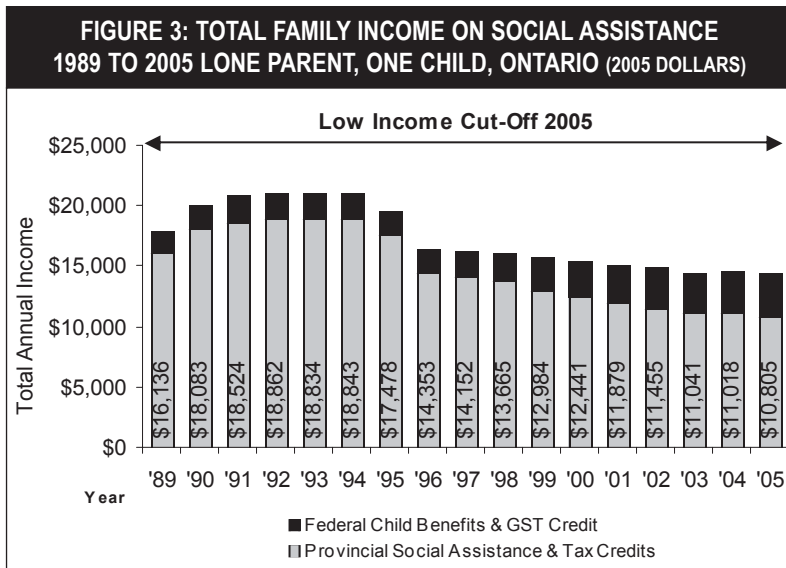
Between 1996 and 2001 in Ontario, 703,000 children experienced poverty. For most of these children this was not a brief experience. Most (77%) of these children lived in poverty for between 2 and 6 years. Over one-third (39%) lived in poverty for four years or more - a substantial portion of their childhoods. Poverty has a critical effect on children's short and long-term well-being. Children who live in persistent poverty have poor health, do less well in school, are more likely to have emotional problems, to exhibit anxiety and aggression, and to become involved in illegal activities⁴.

Raising the Income Floor: Children and Social Assistance

Provincial social assistance is the minimum income program of last resort for people with little or no other income. Parents who rely on social assistance are often in transition and need a standard of living that allows them to live and raise their children in dignity and decency. Many are stuck in a poverty trap where they cycle between social assistance and low wage work. They turn to social assistance for a variety of reasons: unemployment or under-employment; separation from a spouse; and poor health or disability.

In 2006 there were 279,304 Ontario children in families who relied on social assistance. Most of these children (78%) relied on the Ontario Works (OW) program. The vast majority (80%) were led by lone parents⁵. And 90% of these lone-parent families were led by women.

At the same time, one child in five (19%) on social assistance are in families in receipt of the Ontario Disability Support Program (ODSP). More than half (56%) of these families are led by single parents. Children make up 14% of all the beneficiaries of ODSP.



Source: National Council of Welfare, (2006) *Welfare Incomes 2005*, Fig. 4.11.

A sizeable portion of Ontario's low income children rely on social assistance, yet they have been neglected and forgotten. As Figure 3 shows, levels of basic provincial income support have declined dramatically. Since 1994 for a lone parent with one child on social assistance, federal child and tax credit benefits increased by 68% in real dollars while provincial benefits declined by 43%, or a staggering \$8,038 drop in income. As a result, unemployed and vulnerable families are now farther away from the low income cut-off. It is shameful that this occurred over a period of real growth in the economy.

“Children living in low income families or neighbourhoods have worse outcomes on average than other children on a range of key health indicators such as infant mortality, low birth weight, respiratory conditions, obesity, injuries, and developmental outcomes. Children who experience deep and persistent poverty in the earliest years of their lives are most at risk. Health improves with each step up the socioeconomic ladder.”

City of Toronto, Board of Health report, August 2006.

The Ontario government should close the poverty gap for families and children who rely on social assistance. Ontario should immediately redress the reasons provincial social assistance benefits have deteriorated: the lack of inflation protection; the claw back of the National Child Benefit Supplement (NCBS); and deep rate cuts of 21.6% in 1995.

Inflation Protection

Since 2004 the Government of Ontario has made two cost of living adjustments to social assistance. While that has slowed down the rate at which benefits are being worn away, it is not enough.

Between 1993 and 2004 inflation eroded the purchasing power of social assistance benefits by 22.3%⁶. The current government promised in the 2003 election to implement annual cost of living increases to OW and ODSP. Benefits should be indexed to inflation on an annual basis permanently, just as is done with federal income benefits.

Ending the Clawback

Another 2003 election promise was to end the clawback of the NCBS from social assistance. The government of Ontario has passed along federal increases. But it still deducts up to \$122/child/month of the NCBS. This promise should be honoured immediately and would result in a \$1,464/year increase in income for a recipient single parent with a child.

Raising the Income Floor

Ontario must rebuild its social safety net by increasing rates to meet the basic needs of recipients. For example, the shelter allowance portion of social assistance should be increased to reflect average local rents as defined by CMHC. Federal and provincial tax credits, child benefits and social assistance rates together should provide a basic assurance of an income floor that leaves no child being raised in poverty.



Economic Growth and Inequality

Figure 4 divides Ontario's families with children into 10 equal groups (deciles) from the lowest to the highest of family incomes. It shows the average family income and net gain within each decile between 1993 and 2004.

Continued economic growth is good news in that it has raised real incomes for families with children. Family incomes grew, on average, by \$19,792 between 1993 and 2004 (all figures adjusted to inflation). That average is pulled up considerably, however, by very large gains in income among Ontario's richest families.

The benefits of economic growth are unevenly distributed and have not, on their own, done enough to address the persistence of child and family poverty in Ontario. Families in the poorest decile gained \$1,330 on average between 1993 and 2004. Their average income, at \$16,761, remains below various measures of poverty or low income. In contrast, the average incomes of Ontario's richest 10% of families with children rose by \$76,472 since 1993.

Families who live on low incomes are also falling further behind families of modest, middle and affluent incomes resulting in greater income inequality. In 1993, for example, the differences in average income between families with low income (the lowest decile) and families with modest and middle incomes (the third and sixth deciles) were \$21,233 and \$47,563 respectively. By 2004 those differences in incomes had grown to \$23,689 and \$55,467 respectively.

FIGURE 4: AVERAGE FAMILY INCOME WITHIN DECILES 1993-2004 (CONSTANT 2004 \$)

ONTARIO FAMILIES WITH CHILDREN UNDER AGE 18				
	1993	2004	CHANGE 1993 - 2004	
			\$	%
Decile 1	\$15,431	\$16,761	\$1,330	8.6%
Decile 2	\$25,870	\$29,348	\$3,478	13.4%
Decile 3	\$36,664	\$40,450	\$3,786	10.3%
Decile 4	\$45,746	\$50,720	\$4,974	10.9%
Decile 5	\$54,234	\$62,005	\$7,771	14.3%
Decile 6	\$62,994	\$72,228	\$9,234	14.7%
Decile 7	\$72,662	\$84,634	\$11,972	16.5%
Decile 8	\$84,031	\$99,418	\$15,387	18.3%
Decile 9	\$101,254	\$121,873	\$20,619	20.4%
Decile 10	\$165,883	\$242,355	\$76,472	46.1%
Average	\$71,005	\$90,797	\$19,792	27.9%

Source: Canadian Council on Social Development using Statistics Canada's Survey of Labour and Income Dynamics.

More Parents Working, But Still Poor

A strong economy has meant that more low income children have parents who are in the workforce. They are not, however, finding jobs with sufficient pay, hours and benefits to lift their families out of poverty. Almost 2 out of every 5 (38%) low income children live in families with at least one parent working full-time, full-year. This figure has more than doubled from 17% ten years ago.

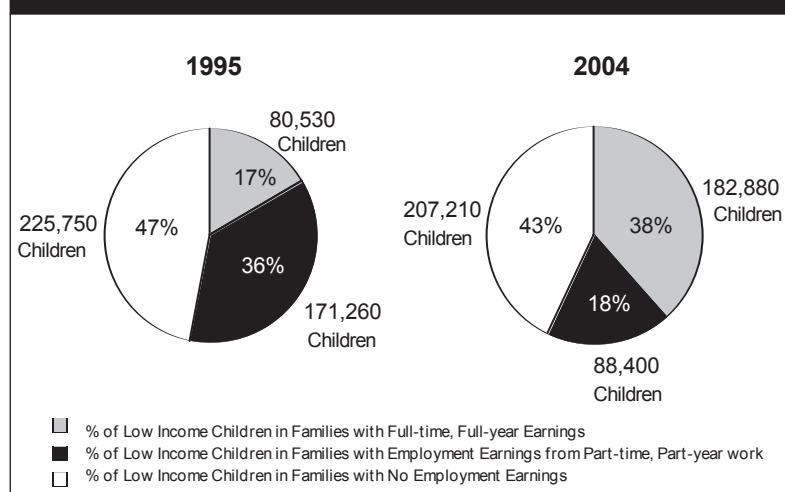
Over the past ten years the percentage of low income children in families with no employment income has dropped from 47% to 43%. The percentage of low income children with parents who have employment income from part-time/part-year work has declined from 36% to 18% as more parents have been able to find full- year/full- time work (Figure 5). Yet many of these families are still living in poverty.

Why are more parents working but still poor? One reason is low wages - the minimum wage does not bring a full time worker up to the poverty line. Another reason is the growth of insecure, unstable work that is not protected by provincial labour standards. About 37% of all jobs are precarious: part-time, contract, temporary and self-employed. Workers in temporary and contract jobs are at higher risk of unpaid wages, wages below the legal minimum, and unpaid statutory holidays and overtime. Ontario's Employment Standards Act has not been updated to protect contract, temporary and self-employed workers.

Another problem for parents who are out of work is lack of Employment Insurance coverage which means they have to rely on social assistance. Changes at the federal level to Employment Insurance eligibility mean that only 30% of Ontario's unemployed received EI in 2004⁷.

A job alone is not enough to guarantee that a family will not be poor.

FIGURE 5: PERCENTAGE OF LOW-INCOME CHILDREN IN FAMILIES WITH EMPLOYMENT AND NO EMPLOYMENT



Source: Prepared from CCSD data using SLID masterfile, 1993-2004.

Raising the Income Floor: Working Families

Low wages and poor working conditions are one of the key factors behind Ontario's high rate of child and family poverty. The current minimum wage of \$8/hour is not a living wage. A single person living in a large city, for example, who works full-time, full-year at the minimum wage will only earn enough to reach 70% of the poverty line.

Full-time work at minimum wage should enable an individual to live out of poverty. Campaign 2000 calls for a minimum wage of \$10/hour (\$2007) with inflation indexation. This would bring an adult without children and with full-time, full-year earnings to the poverty line. In combination with improved child benefits of \$5,100/child/year (\$2007) this wage level would have a considerable poverty reduction impact.

Increasing the minimum wage to \$10/hour would reduce Ontario's child poverty rate by raising the income floor for low wage working parents. It would also support a transition from welfare to the workforce for those parents who are able to work but not able to support their families under the current minimum wage.

Expanding Early Learning and Child Care Services

Affordable, high quality early learning and child care programs promote children's well being while enabling their parents to work or receive training.

Analysis of Quebec's \$7/day child care program shows that it helps mothers leave welfare and participate in the workforce. Increased tax revenues from mothers' employment now cover 40% of the cost of Quebec's child care program⁸. Clearly access to early learning and child care is part of a successful poverty reduction strategy for parents.

In Ontario access is quite limited. There are only regulated child care spaces for 10.7% of children aged 0-12⁹.

In 2003 the Liberal election platform committed \$300 million in provincial funding for its Best Start child care plan. The province created almost 15,000 child care spaces with federal funding under the bilateral child care agreement, but the federal government has cancelled the funding effective March 2007. Unlike some other provinces which have kept expanding their programs with provincial funds, Ontario chose to spread the final federal installment of funding over four years.

Without adequate and stable funding some early learning and child care programs will have to close their doors. Campaign 2000 urges the Ontario government to honour its commitment to families with an initial investment of \$300 million in 2007/08 in early learning and child care, and a further \$300 million to make up for the shortfall in federal funding. This investment should be part of a ten year strategy with additional federal and provincial government funding to develop a comprehensive system of regulated early learning and child care services available to all children aged 0-12 in Ontario.



Building the Supply of Affordable Housing

Seventy percent of low income families with children lived in unaffordable housing where shelter costs consumed more than 30% of their income (2003). In Toronto, a single parent must have a job that pays almost three times the minimum wage to afford rent for the average two bedroom apartment¹⁰. Over 122,000 households are on the waiting list for social housing where rent is geared to income. Eighty percent of these households earn less than \$20,000/year and cannot afford market rents. However, wait times range from 5-12 years across the province.

Parents struggle with the lack of affordable housing in different ways: squeezing several families into one apartment, or skipping meals and other necessities to pay the rent¹¹. In 2005 a record high 64,864 tenant households faced eviction in Ontario because they could not pay their rent¹².

Campaign 2000 joins with other advocates in calling for the Ontario Government to release the \$392 million received from the federal government in 2006 for affordable housing, and to dedicate these funds to build new permanent affordable housing. This investment would allow the Liberal government to meet its election commitment to build 26,600 new units of affordable housing.

The Province should develop a comprehensive package of funding and housing tools which would see overall provincial housing spending reach \$1.9 billion annually in order to meet growing housing needs¹³.

The Road Ahead: A Poverty Reduction Strategy for Ontario

Campaign 2000 calls on all political parties to commit to developing a **Poverty Reduction Strategy for Ontario** which sets out measurable targets, timelines, financial commitments and an accountability system to monitor progress.

Campaign 2000 calls on the current Government to begin by following through on its election promises to index social assistance, end the clawback, and invest in affordable housing and early learning and child care. We urge all political parties to go further in their commitment to address poverty. The provinces of Quebec and Newfoundland and Labrador have each developed poverty reduction strategies.

An effective multi-year plan to achieve sustained reductions in Ontario's child poverty rate should include the following components:

COMPONENT	WHAT ONTARIO NEEDS TO DO
Good Jobs at Living Wages	<ul style="list-style-type: none"> → Increase minimum wage to \$10/hour (\$2007) and index to inflation to lift full time full year workers from poverty. → Update Employment Standards Act to cover precarious workers, and improve enforcement. → Improve access to higher education and training for low income families and children. → Press federal government to improve access to EI.
Renewed Income Support	<ul style="list-style-type: none"> → Fully end clawback of National Child Benefit Supplement. → Increase Ontario Works and ODSP rates to reflect real costs of living; index benefits to inflation. → Press federal government to increase Canada Child Tax Benefit to \$5,100/child.
Accessible Early Learning & Child Care (ELCC)	<ul style="list-style-type: none"> → Commit \$600 million provincial funding (2007) and continued investment to build comprehensive child care system over 10 years. → Move to a directly-funded ELCC system. → Press federal government for funding support.
Affordable Housing	<ul style="list-style-type: none"> → Commit federal affordable housing funds (\$392 million) to new construction and increase provincial funding to meet needs. → Develop comprehensive housing strategy with funding of \$1.9 Billion/year. → Press federal government to continue housing and homelessness funding.

CONCERNED ABOUT THE FINDINGS OF THIS REPORT AND WANT TO KNOW WHAT YOU CAN DO? Visit www.campaign2000.ca to send a message to your MPP and get other ideas for action.

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 complete list of Ontario Campaign 2000 partners.

NOTES:

1. Latest available data is for 2004. Child poverty data prepared by the Canadian Council on Social Development (CCSD) using Statistics Canada's *Income Trends in Canada, 2004 and Survey of Labour and Income Dynamics (SLID)* masterfile data (1993-2004), via remote access. "Low income" and "poor children" are used interchangeably. Poor children are those living in families whose total pre-tax, post transfer household income is below the Low Income Cut Off (LICO) as defined by Statistics Canada. LICOs vary by family size and community size, e.g. 2004 pre-tax LICO for a lone parent with one child living in a community with a population over 500,000 is \$25,319. A child is defined as a person under the age of 18.
2. Teelucksingh, Cheryl and Grace Edward Galabuzzi. (May 2005). *Working Precariously: The Impact of Race and Immigrant Status on Employment Opportunities and Outcomes in Canada*. Toronto: Canadian Race Relations Foundation.
3. Spence, Adam. November 2006. *Ontario Hunger Report 2006*. Toronto: Ontario Association of Food Banks.
4. Canadian Council on Social Development. (2006). *The Progress of Canada's Children and Youth 2006*. Ottawa: CCSD.
5. Statistics and Analysis Unit, Ministry of Community and Social Services. (January, 2007) *Children Count by Program: Ontario Works, Ontario Disability Support Program, and Temporary Care Assistance*. Toronto: unpublished data. Human Resources and Social Development Canada (2005) *Social Assistance Report: 2004* www.hrsdc.gc.ca
6. Bank of Canada Inflation Calculator, http://www.bankofcanada.ca/en/rates/inflation_calc.html
7. Mendelson, M. and Ken Battle. (March 2005). "A New Architecture for Canada's Adult Benefit". Ottawa: Caledon Institute of Social Policy.
8. Baker, Michael et al. (Feb 1, 2006) What Can we Learn from Quebec's Universal Child Care Program? Toronto: CD Howe Institute.
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10. Canadian Housing and Renewal Association. (Jan 2007). *Minimum Housing Wage 2006*. Ottawa: Canadian Housing & Renewal Association.
11. Ontario Non-Profit Housing Association. www.onpha.on.ca/municipalities_housing/municipal_outreach_resources
12. Shapcott, Michael. (Dec 2006) *Ontario Pre-Budget Submission 2007*. Toronto: The Wellesley Institute.
13. Ibid.

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