

# Poverty Reduction Strategy Submission

**Prepared for the Strategic Policy Unit  
Ministry of Children, Community, and Social Services**



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## Executive Summary

The Daily Bread Food Bank welcomes the opportunity to provide input on Ontario's new poverty reduction strategy. Daily Bread is a member-based organization representing 126 faith-based groups, multi-service agencies, and community organizations in Toronto. We do not receive government funding, but through the support and generosity of our 11,000 volunteers and thousands of private and corporate donors, we are able to distribute close to 11 million pounds of fresh and shelf-stable food, and fresh-cooked meals annually across Toronto, from Etobicoke to Scarborough.

The COVID-19 has exposed deep cracks in our social safety net. **Last year, food bank use across Ontario grew at double the rate of population growth.** Over half a million Ontarians are relying on food banks to meet their most basic of human needs. With the economic downturn associated with COVID-19, we anticipate that this number will surge in coming months. As a result of higher healthcare utilization, justice costs, and lost tax revenue, **poverty costs Ontario between \$27 and \$33 billion dollars each year.**<sup>1</sup>

We can do better. The poverty reduction strategy is an opportunity to invest in Ontario's future. To recover our economy, we must invest in people. **People are Ontario's greatest asset.** We put forward the following recommendations to build a stronger Ontario, which are described in greater detail in the following pages.

### Encouraging Job Creation and Connecting People to Employment

1. Invest in affordable housing as a pathway to employment.
2. Build a stronger foundation to stabilize the lives of social assistance recipients in order to enhance employment outcomes.
3. Mitigate the impacts of precarious employment by extending health and dental benefits to low-income Ontarians.
4. Enhance workforce participation through investments in affordable childcare.

### Providing People with the Right Supports and Services

5. Make mental health and addictions a pillar of the poverty reduction strategy.
6. Adopt a human-centred design lens to improve system navigation and improve service connectivity.
7. Adopt robust poverty reduction targets and indicators to track and report on progress, including measuring food insecurity and employment precarity.
8. Maintain provincial funding levels for municipal public health and childcare programs.

### Lowering the Cost of Living and Making Life More Affordable

9. Extend the Ontario Trillium Benefit to help cover the cost of internet and cellular service for low-income households.
10. Make the Low-Income Families Tax (LIFT) credit refundable.

## Poverty in Ontario – Beyond the Numbers

Using Canada's Low Income Measure (LIM), there are **1.57 million people in Ontario living in poverty, including 382,000 children.**<sup>2</sup> While it is crucial to collect statistics to understand the depth and breadth of poverty, it is equally important to look beyond the numbers to understand how poverty is experienced. At the Daily Bread Food Bank and our 126 member agencies across Toronto, we see how poverty impacts people's lives each day.

One in five food bank clients are currently employed, but making ends meet is a constant struggle. As one food bank client noted, "**Even with a college degree, it is becoming hard to find a job. Minimum wage is difficult to live on, even when there are two incomes.**" One former food bank client struggled to come to terms with her dire financial state: "I was in denial. I had a restaurant going for a while, I had a university degree, so why am I in this position?"

For Dimuthy, a Scarborough resident, working an overnight job and a day job still did not provide enough income to support her four children as a single mother. As a last resort, she turned to her local food bank to ensure that her children were able to eat three meals a day. Daily Bread Food Bank clients make a median of \$14 per hour, and are struggling to secure full-time hours. **Two thirds of food bank clients in Toronto have no health or dental benefits through their job.** While employment can be a steppingstone to financial security, for food bank clients who are working in low-wage jobs where they cannot secure full-time hours or benefits, they are unable to escape the cycle of poverty. In fact, **the number of employed households accessing food banks in Ontario has increased by 27% in the past three years.**

Food bank clients face significant barriers to securing meaningful employment, including struggles with mental health and addictions, linguistic and educational barriers, lack of access to childcare, and being the primary caregiver for an aging parent. Close to half of food bank clients in Toronto report having a disability that affects their ability to complete daily tasks. Stan is one such client. Stan worked as a truck driver until he was diagnosed with a brain tumor that caused short-term memory loss. Stan receives approximately \$1,300 a month from the Ontario Disability Support Program (ODSP) but his portion of rent in a shared apartment is \$1,200 per month. With only \$100 left per month to afford basic necessities, Stan is forced to rely on food banks and is unable to accumulate any savings. As Stan says, for him, "the food bank is a necessity." Stan is not unique in this respect – **food bank clients in Toronto have a median of \$7.83 left on per day to live on after paying for housing.**

Stagnating wages for low-income households and the rising cost of living are drivers of poverty in Ontario. While the median household income of food bank clients has remained constant since last year at \$806 per month, the cost of a one-bedroom apartment in Toronto has increased by 6%,<sup>3</sup> and the cost of groceries by 7.5%.<sup>4</sup> **Food bank clients in Toronto are spending a median of 74% of their income on housing, putting them at a high risk for homelessness.** As a client named Leonie explained, "I'm paying very high rent, so I'm literally just living month to month. Sometimes I have days where I think, I don't even know what I'm going to give [my kids] and I have to scrape something up."

Now, as our economy slows and workers face layoffs, we are particularly concerned that poverty rates and food bank use will surge. With workers already struggling to make ends meet, a growing unemployment rate will compound the challenges faced by low-income families. The time to act is now.

## **Celebrating Ontario's Successes in Poverty Reduction**

While food bank use continues to climb in Ontario, the province has made significant progress in poverty reduction in a number of areas.

### **Ontario Child Benefit**

Between 2012 and 2015, the Ontario Child Benefit (OCB) brought a 24% reduction in child poverty, and a 37% reduction in children living in deep poverty.<sup>5</sup> Research demonstrates that child benefits have also led to a reduction in severe food insecurity for these families.<sup>6</sup> We were very pleased to see this government increase the OCB in 2019 to reflect inflation. The sustained investment in the OCB has had an immense impact, leading to a reduction in the number of families with children accessing food banks over this time period. We hope to see a continued investment in the OCB by indexing the rate to inflation.

### **Canada-Ontario Housing Benefit**

We applaud the provincial government for being the first province to sign a National Housing Strategy bilateral agreement with the federal government for the Canada-Ontario Housing Benefit. This collaborative effort with the federal government will make a significant impact on the lives of low-income Ontarians struggling to afford the rising cost of rent.

### **Full-Day Kindergarten**

The implementation of full-day kindergarten in Ontario has led to an improvement in cognitive child development, which sets up a child for enhanced academic achievement and lifelong success.<sup>7</sup> Beyond the benefit to children, full-day kindergarten has also led to an increase in women in the workforce; a recent study demonstrated that women were able to contribute more work hours as a result of full-day kindergarten in Ontario.<sup>8</sup>

### **Consultative Approach to Social Assistance Reform**

In recent months, the government has adopted a more consultative approach to social assistance reform. We were pleased to see that the government listened to the concerns of service providers and the public and decided not to proceed in eliminating the transitional child benefit or increasing the amount that is clawed back after exceeding the employment earnings threshold. We hope that the government will continue to collaborate with service providers and community groups to ensure that any changes to social assistance support low-income individuals and do not further perpetuate a cycle of poverty. We also commend the provincial government for taking decisive steps in response to COVID-19 to no longer suspend payments due to a recipient failing to report income, pausing eligibility verification process, and providing additional discretionary funding for social assistance clients.

### **Investing in the social sector in response to COVID-19**

The \$200 million investment to support the social service sector and provide Emergency Assistance benefits to help bridge the waiting period while waiting for federal benefits was timely and responsive. This financial commitment to municipal service managers will support local initiatives to support vulnerable individuals in our communities.

## Recommendations to Build a Stronger Ontario

The new poverty reduction strategy is an opportunity to build on what works and to create new opportunities for innovative and ambitious approaches to reducing poverty. With a provincial deficit of \$9 billion and a slowing economy, it may seem counter-intuitive to invest new or additional government resources in programs and services to reduce poverty. However, when we consider that as a result of increased healthcare utilization, justice costs, and lost tax revenue, **poverty costs Ontario between \$27 and \$33 billion per year, we cannot afford not to act.** Upstream investments in poverty reduction are a necessary step to reducing Ontario's deficit and rebuilding our economy.

### Encouraging Job Creation and Connecting People to Employment

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#### 1. Invest in affordable housing as a pathway to employment.

Obtaining employment is immensely difficult without a safe, secure, affordable place to call home. A "housing first" model recognizes that housing is a prerequisite to all other supports and services that are intended to reduce poverty, including mental health and addictions, education and employment services. The model has been adopted in several jurisdictions in multiple countries and has led to significant gains in poverty reduction.

We recommend that the government adopt this principle in recognition that in order to connect people to employment, they must first have a stable living situation. Due to affordability challenges, many food bank clients report living in overcrowded or unsafe conditions. Food bank clients are also spending the vast majority of their income on market rent housing, leaving very little to afford the basic necessities needed to secure employment, such as clothing, hygiene products, a cell phone, or even public transportation fare.

Investments in social housing and supportive housing have not kept pace with need. While the province currently has an affordable housing strategy focused on incentivizing developers to build new supply, the majority of these units are far out of reach for low-income Ontarians and rent costs continue to rise. There is insufficient deeply affordable housing available where rent is geared to income, and the units that are available are falling into disrepair. We urge the province to increase capital and operating funding to municipalities to meet local affordable housing needs.

#### *Summary of recommendations:*

- Adopt "housing first" as a guiding principle for the poverty reduction strategy.
- Increase capital and operating funding allocations to municipalities to support the development of new deeply affordable rental and supportive housing units and the repair and refurbishment of existing units.

## 2. Build a stronger foundation to stabilize the lives of social assistance recipients in order to enhance employment outcomes.

Ontario Works (OW) and Ontario Disability Support Program (ODSP) provide a necessary safety net to individuals who face financial hardship, but they are failing to provide a sufficient foundation to stabilize people’s lives and move them into the workforce.

The table below demonstrates that single individuals on OW receive only 40% of the Low Income Measure (LIM), falling far below both individuals on ODSP and families on OW. It is no surprise then that single individuals who receive social assistance make up the largest proportion of food banks clients in Ontario. At a maximum base of \$733 per month, it is impossible for a single individual to afford Ontario’s average rent at \$1,109,<sup>9</sup> let alone buy groceries or pay for public transportation. As a result, single individuals receiving social assistance must rely on food banks, where they may wait up to two hours to access food due to the growing need in our communities. Accessing food to survive then becomes a part-time job, taking time away from job seeking activities. To better prepare people for employment, we recommend immediately raising the rates for single individuals on OW and indexing rates to inflation to provide a stable foundation from which to secure employment.

**Table 1: Social Assistance Rates in Ontario Compared to the Low-Income Measure (LIM)<sup>10</sup>**

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
<b>LIM threshold</b> (Canada-wide)	\$24,054	\$24,054	\$34,017	\$48,108
<b>Total income</b> (including social assistance, federal / provincial child benefits, GST credits, and provincial tax / credits)	\$9,646	\$14,954	\$21,463	\$30,998
<b>Welfare income as percent of LIM</b>	40%	62%	63%	64%

As the government pilots new employment services models for people who receive social assistance, we strongly recommend developing a robust evaluation model that measures impact on life stabilization and employment stability. The evaluation must be able to distinguish between precarious employment, where the client faces a strong risk of cycling back onto social assistance, versus secure employment that meets the client’s needs and abilities and is viable for the long term. A service model where companies have financial incentives to move clients into employment quickly without considering the candidate’s needs or job security is likely to fail at reducing poverty. Similarly, a model that incentivizes immediate employment over life stabilization supports will lead to the most easily employable moving into employment, while the most complex cases are left with little support.

We commend the province for committing to enhancing wrap-around supports as part of social assistance reform. This is a necessity, and we recommend that the province consult with people who receive social assistance, current service providers, and community agencies about how to deliver wrap-around support services to ensure that the services meets clients' needs in a dignified manner. It is crucial that any program changes be well-considered, grounded in evidence, and transparent.

*Summary of recommendations:*

- Raise OW rates for single individuals and index to inflation.
- Develop a transparent evaluation mechanism for the new social assistance employment pilots that assesses life stabilization and employment stability.
- Engage with social assistance recipients, service providers, and community agencies to help define and implement wrap-around social assistance supports.

### **3. Mitigate the impacts of precarious employment by extending health and dental benefits to low-income Ontarians.**

One of the barriers that social assistance recipients face in transitioning to employment is the threat of losing health and dental benefits. Low-wage employees are much less likely to have employer-provided health and dental benefits,<sup>11</sup> which can lead to ill health and a reduced ability to move into higher wage work.

The Ontario Child Benefit is an excellent example of the tremendous impact of de-coupling a benefit from social assistance to extend eligibility to all low-income households. This same approach should be adopted to de-couple health and dental benefits from social assistance to mitigate the impacts of precarious employment for all low-income households.

In the immediate term, we recommend that the Extended Health Benefit (EHB) for social assistance recipients who cease to be eligible for income assistance be extended from 6 months to 12 months. Currently, social assistance recipients are eligible for a 6-month period followed by a discretionary 6-month extension. By enabling all social assistance recipients to access health benefits for the full 12 months, the impact of moving into a transitional job that does not provide adequate benefits will be minimized.

*Summary of recommendations:*

- De-couple health and dental benefits from social assistance and extend them to all low-income Ontarians below an income threshold.
- Increase the Extended Health Benefit (EHB) to 12 months for all social assistance recipients.

### **4. Enhance workforce participation through investments in affordable childcare.**

A report by McKinsey & Company demonstrates that if women were fully engaged in the economy, it would add \$60 billion to Ontario's annual GDP.<sup>12</sup> Investing in affordable childcare supports workforce



participation, particularly for women, and makes life more affordable to both middle- and low-income households. While the CARE benefit provides much needed relief for families, it disproportionately benefits middle income households earning between \$48,100 - \$123,400 annually. We recommend that the province reverse the cuts to childcare and invest in subsidies for low-income households to access low-fee or no-fee childcare. Further, we recommend that the province conduct an analysis of “childcare deserts,” (defined as where there is only one space available for three or more children), to determine a funding strategy to increase access to childcare in all communities.

*Summary of recommendations:*

- Reverse cuts to childcare funding.
- Invest in subsidies for low-income households to access low-fee or no-fee childcare.
- Conduct an analysis of “childcare deserts” to identify gaps in access and develop a funding strategy to increase childcare services in these areas.

## **Providing People with the Right Supports and Services**

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### **5. Make mental health and addictions a pillar of the poverty reduction strategy.**

Mental health and poverty are closely linked. Living in poverty is a risk factor for poor mental health, and those who are struggling with mental health challenges or addictions are often pushed into poverty. We recommend that the government make mental health and addictions a foundational pillar in the poverty reduction strategy by investing in mental health and addictions services, creating mechanisms to enable workplaces to provide appropriate supports to employees experiencing mental health challenges, and ensuring that the voices of people with lived experience are meaningfully included in guiding decision-making.

As a last resort, Ontarians with episodic mental health conditions who struggle to maintain full-time employment can currently turn to ODSP for income support. We recommend that the government refrain from changing the definition of disability for ODSP eligibility to exclude those with episodic conditions. This change would target people struggling with mental health challenges, like Post-Traumatic Stress Disorder (PTSD) and depression, and would undermine the government’s commitment to enhancing mental health outcomes for Ontarians.

*Summary of recommendations:*

- Invest in mental health and addictions services.
- Create mechanisms to enable workplaces to better support employees experiencing mental health challenges.
- Ensure the voices of people with lived experience drive planning and decision making regarding mental health and addictions services.
- Refrain from changing the definition of disability for ODSP eligibility.

## **6. Adopt a human-centred design lens to improve system navigation and improve service connectivity.**

While Ontario has numerous services available to people living in poverty, the service system is complex and difficult to navigate. As a key principle of the poverty reduction strategy, we recommend the province adopt a human-centred design lens to understand pressure points, red tape, and barriers to accessing services. A human-centred lens necessitates engagement with the people who are accessing services, and who are therefore best able to identify what supports are working and what can be strengthened.

A human-centred design lens will help the government advance its objective of reducing red tape. Social assistance is an area particularly rife with red tape, both for case workers and recipients. To reduce red tape and administrative burden in social assistance, we recommend that the “basic needs” and “shelter” amounts for OW and ODSP be collapsed into a standard flat rate and that the definition of spouse be changed to align with the *Family Law Act*.

To benefit from services, people need to be able to access them. Food bank use is growing fastest in the inner suburbs of the GTA, including Mississauga, North York, and Scarborough. These areas do not have sufficient services to meet the growing population needs. Furthermore, poor transit connectivity in the inner suburbs acts as both a barrier to accessing vital life stabilization supports, as well as employment opportunities. We recommend that the province map the social service system to inform transit planning priorities to connect people with the right services in their neighbourhoods.

### *Summary of recommendations:*

- Adopt a human-centred design lens to improve system navigation.
- Address service and transit connectivity challenges in the inner suburbs of the GTA.
- Collapse OW and ODSP basic needs and shelter allowance into a standard flat rate.
- Change the definition of spouse for OW and ODSP to align with the *Family Law Act*.

## **7. Adopt robust poverty reduction targets and indicators to track and report on progress, including measuring food insecurity and employment precarity.**

We recommend that the province set poverty reduction targets and publicly report on progress. We further recommend that the province set targets specifically on deep poverty reduction (as defined as households falling more than 75% below the Low-Income Measure) and the number of single individuals under the age of 65 living in poverty.

To better understand the impacts of poverty, we recommend formalizing mechanisms to collect timely data on two important indicators: food insecurity and employment precarity.

To measure food insecurity, we ask that the province commit to participating in the Household Food Security Survey Module annually as part of the Canadian Community Health Survey. Ontario opted out of completing this module in 2015-2016, making it difficult to assess food insecurity trends. As the province moves to adopt a Common Assessment Tool to streamline supports for social assistance

clients, we recommend including questions on food security status to better facilitate appropriate wrap-around supports and referrals.

While Ontario's employment and unemployment rates provide useful information about the state of the economy, it does not reveal information about the quality of jobs for those employed. We recommend that the province commit to annual tracking of precarious employment indicators and use these to inform employment initiatives. Stable, secure employment is a metric of both economic success and household financial resiliency.

*Summary of recommendations:*

- Establish ambitious poverty reduction targets and publicly report on progress.
- Include targets for reducing deep poverty and the number of single individuals under the age of 65 living in poverty.
- Commit to participating in the Household Food Security Survey Module annually as part of the Canadian Community Health Survey annually.
- Include food insecurity indicators in the social assistance Common Assessment Tool.
- Track employment precarity as a complementary indicator to employment/unemployment rates.

## **8. Maintain provincial funding levels for municipal public health and childcare programs.**

Municipal public health and childcare programs play a significant role in poverty reduction. By reducing provincial investments in these areas, many municipalities will be unable to maintain the same level of services currently provided.

As the COVID-19 pandemic takes root, it is imperative that we protect and strengthen our public health system. Public health programs like infection control protect the entire population across the entire income spectrum. School nutrition programs operated through public health units ensure that all children have an equal opportunity while at school. Public health dental programs reduce the number of emergency room visits for people who do not have access to dental coverage who are unable to afford preventative or curative dental work. Childcare subsidies enable families, and women in particular, to return to work and build financial resiliency.

These programs are a vital component of poverty reduction, and we urge the province to maintain funding levels for municipal public health and childcare programs.

*Summary of recommendations:*

- Maintain provincial funding for municipal public health and childcare.

## Lowering the Cost of Living and Making Life More Affordable

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### **9. Extend the Ontario Trillium Benefit to help cover the cost of internet and cellular service for low-income households.**

More than half of food bank clients report skipping a meal to pay for a bill, and aside from rent, the most common reason was to pay for their phone bill. Internet and cellular service have become a requirement for educational training, searching for and securing employment, and accessing government services. As the province moves forward with digitizing and modernizing services, it is important that low-income households not get left behind due to an inability to afford digital services. The Ontario Trillium Benefit provides a pre-existing structure to provide financial supports to households that should be leveraged to provide relief to low-income households for the costs of internet and cellular services.

#### *Summary of recommendations:*

- Extend the Ontario Trillium Benefit to include a refundable credit help low-income households cover the cost of internet and cellular service.

### **10. Make the Low-Income Families Tax (LIFT) credit refundable.**

The LIFT credit provides a mechanism to improve affordability for low-income households. However, of the 2.9 million Ontarians eligible for LIFT, 1.5 million do not receive any benefit because they earn less than \$25,100 and therefore do not pay taxes.<sup>13</sup> The vast majority of food bank clients fall into this category. By making the LIFT credit refundable, the lowest-income households will receive a financial boost. As a result, instead of relying on food banks and other community programs, these households will be able to put this money towards purchasing food, clothing and other basic necessities, thereby fueling the economy.

#### *Summary of recommendations:*

- Make the LIFT credit refundable for low-income households.

## **Conclusion**

Daily Bread Food Bank wishes to thank the government for considering these recommendations to build a stronger Ontario. Reducing poverty benefits all Ontarians; it enhances community safety, reduces burden on the healthcare system, and adds labour and purchasing power into the economy. Given that poverty costs the province between \$27 and \$33 billion each year, it is crucial that the province invest in poverty reduction initiatives as a mechanism to reduce the provincial deficit. Along with food banks across Ontario, Daily Bread is committed to working with the provincial government on building an Ontario that is inclusive and prosperous, and where children, adults, and seniors do not have to worry about when they will have their next meal.

### **For more information, please contact:**

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