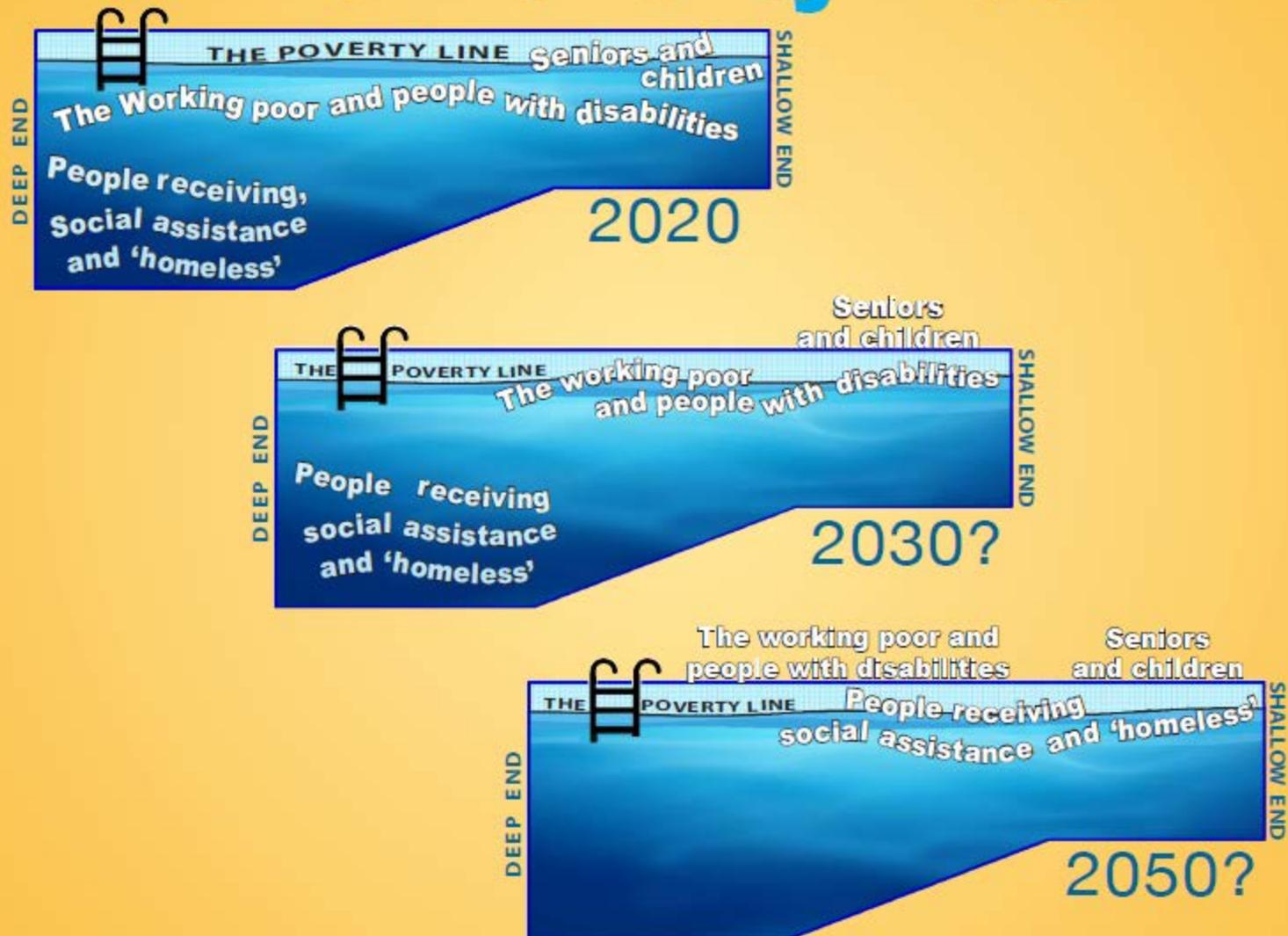


THE POVERTY POOL DILEMMA: 2020 TO 2050

How to prevent 'provincially owned' deep poverty in future decades

The Poverty Pool



A swimming pool analogy to poverty

- We think of the deep end – deep poverty; and
- The shallow end for shallow poverty
- The deep end has people at half of the poverty line (after tax LIM). These are people receiving Ontario Works and the homeless
- The shallow end has people just below the poverty line. These are seniors and children.
- Two other groups straddle the deep and shallow ends. These are the working poor and people with disabilities.

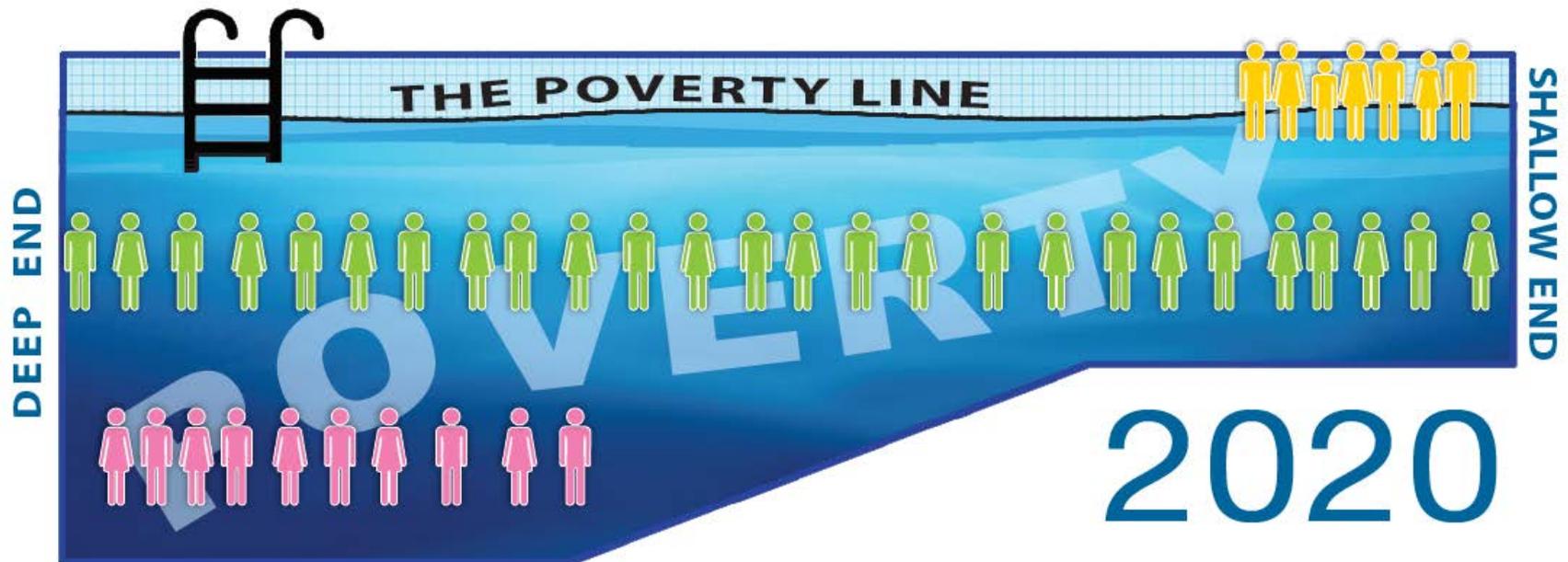
Einstein's admonition

- “If you can't explain it to a six year old, you don't understand it yourself.”
- — Quote on relativity often attributed to **Albert Einstein**

Federal policy goals & a policy dilemma

- 2020: reduce poverty by 20%
- 2030: reduce poverty by 50%
- The 2020 goal has largely been achieved by moving some seniors and children above the poverty line
- The 2030 goal will be harder to reach as some people will need to be lifted out of the middle of the pool
- The policy dilemma is that even if successful, all remaining people in poverty will be in the deep end of the pool
- Four in five people in the deep end are on social assistance and rates have been falling in real terms since 1993: <https://openpolicyontario.com/2703-2/>

2020: Current situation



Seniors and children



The working poor and people with disabilities



**People receiving social assistance
and 'homeless'**

2030: What happens in 10 years



-  **Seniors and children**
-  **The working poor and people with disabilities**
-  **People receiving social assistance and 'homeless'**

2050? 30 years of success



Seniors and children

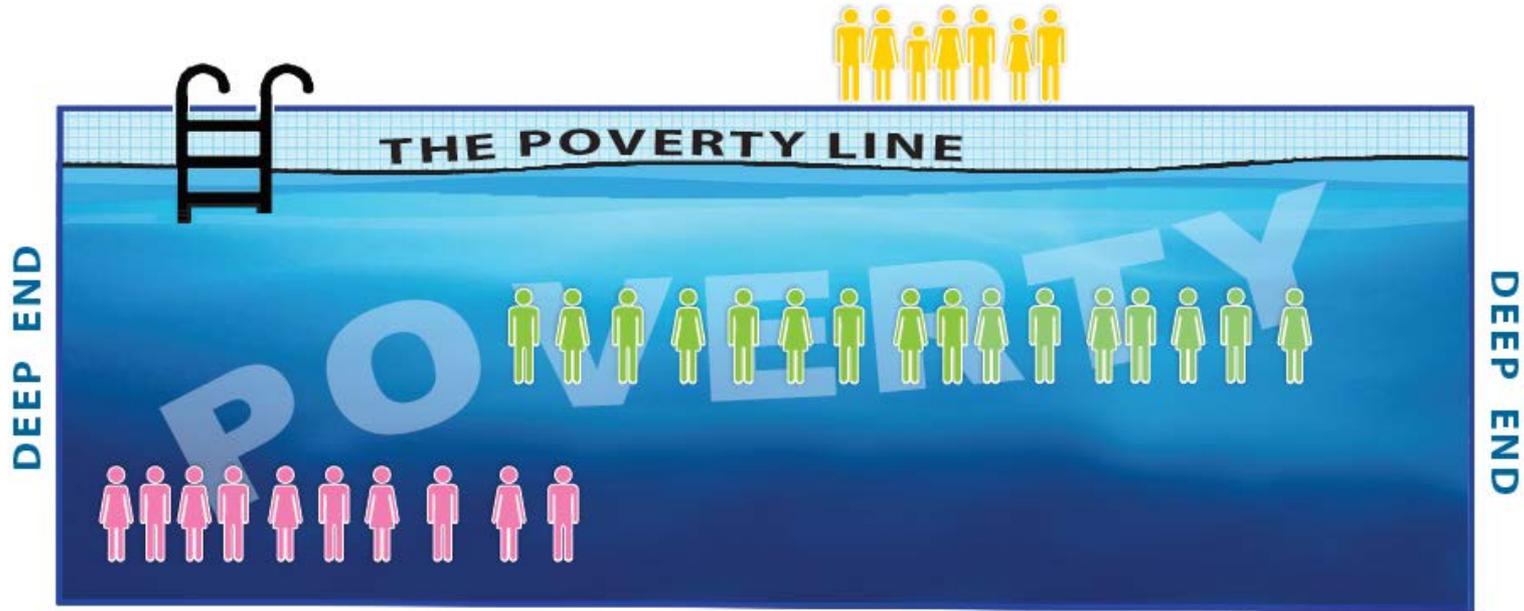


The working poor and people with disabilities



**People receiving social assistance
and 'homeless'**

.....or entrenched deep poverty?



Seniors and children



The working poor and people with disabilities



People receiving social assistance and 'homeless'

2050?

The dilemma for Provinces and Territories

- The federal government 'owns' 50% of poverty
- They can reach their goals leaving 50% of Canadians in poverty
- All of the remaining 50% are in deep poverty
- OW
- ODSP
- Working Poor
- Others with disabilities and with low or no income
- Poverty is entrenched but becomes entirely an unfunded provincial and territorial dilemma.
- Time is now to begin discussing the poverty pool dilemma. Cost sharing and funding is key.

The dilemma for child poverty reduction

- Child poverty is inextricably linked to adult poverty
- Child benefits alone cannot pull families with children out of poverty without distorting income security programs (e.g. raising incomes of adults with children without addressing single people living in poverty).
- Social assistance programs often have embedded child benefits with very different (destitution-based) rules
- Children in care and special needs children pose particular problems for child poverty alleviation.

The dilemma for disability poverty reduction

- There are ten disability related income security programs
 - Social assistance (e.g. ODSP)
 - EI (sickness)
 - CPP-D
 - Disability auto-insurance
 - Workers Compensation
 - Workplace programs
 - Veterans disability benefits
 - RDSP
 - Disability tax credits
 - Canada Workers Benefit -D
- Only one program in ten (social assistance) is specifically aimed at reducing poverty.
- People with disabilities are in both shallow and deep poverty

The dilemma for seniors poverty reduction

- Most seniors in poverty are in shallow poverty but people coming to Canada as adults are often eligible for partial seniors benefits
- Those who are sponsored (20 year undertaking) cannot get the GIS for 20 years (\$916 a month)
- Many seniors face large medical bills that are not covered by health plans. These increase with age and not considered in poverty line formulation.
- Over 52% of Canada's income security system goes to seniors now (16% of Canada's population). Large increases may 'crowd out' other demographic groups.

The dilemma for the working poor

- Working poor are in deep and shallow poverty depending on circumstances.
- There is a Canadian expectation that income security should be met through employment earnings for adults 18-65.
- Most government programs pay people AFTER they have worked (e.g. CPP, EI, workers compensation, workplace programs, veterans etc. 89% of expenditures). Only 11% of system pays 'in work' benefits .
- Hours worked and job tenure decreasing at low end of the job market.
- Working poverty is racialized

The dilemma for the homeless

- Many homeless are unconnected to income security programs
- Problem of poverty for homeless is one of many problems
- Housing and wraparound supports perhaps more important than income security
- Homeless often cannot work and more likely not to have pensions and other income later on

The dilemma for social assistance recipients

- 5.1% of Canadians (1 in 20) in very deep income poverty
- They receive as little as half the poverty line
- Becoming an issue for single people much more than families
- Just less than 2/3 are men
- Highly likely they are also ill
- Likely also to be racialized
- Most difficult to raise out of poverty
- Receive lowest level of tax credits and other federal initiatives
- EI coverage very low

The dilemma for land-based First Nations

- First nations have six times the number of social assistance recipients than non-first nations communities
- Much more likely to be in deep poverty
- First Nations disability-designated people is much lower
- Also more likely to be in deep poverty
- Canada could meet 2030 goal of 50% poverty reduction while all poor First Nations could remain in poverty and many in deep poverty
- 2030 goal does not specifically address First Nations

QUESTIONS?

February, 2019