



FEED
ONTARIO

The Cost of Poverty in Ontario

10 Years Later

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About Feed Ontario

Feed Ontario (formerly the Ontario Association of Food Banks) is a network of 130 direct member food banks and over 1,100 affiliate hunger-relief agencies that are united in their work to address and prevent hunger and poverty. Through emergency food support, innovative programming, and a commitment to investigating long-term solutions to poverty, the provincial food bank network works tirelessly to improve the health and well-being of the adults and families it serves.

To learn more about Feed Ontario's work and other research, please visit www.feedontario.ca.

10th Anniversary

The first analysis in Canada of the cost of poverty was produced by Feed Ontario (formerly the Ontario Association of Food Banks) in 2008, to help shape the provincial government's strategy to tackle poverty. Since then, it has been replicated in several other provinces including Alberta, British Columbia, Nova Scotia, Prince Edward Island and Saskatchewan, towards similar efforts. Cost of poverty analyses for cities as large as Toronto and as small as Grand Prairie have also been undertaken.

While 2019 brings a new context, different social and economic challenges, and a changing political landscape, the crux of the message remains the same: **investing in people, through good times and bad, is not only socially responsible but also financially sound.**

The opinions and recommendations in this report are those of the authors, and do not necessarily reflect the views of Feed Ontario.

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Executive Summary

Based on our analysis, the cost of poverty in Ontario in 2019 is conservatively estimated at **\$27.1 - \$33 billion per year.**

Many governments estimate the costs associated with poverty by calculating the dollars spent on programs and services for the poor. As a result, when governments are trying to balance budgets, this can lead to cuts or disinvestment in the social safety net that these individuals and families are accessing.

This report, however, understands the cost of poverty in a very different way. Instead of looking at program costs associated with low-income individuals, it locates the cost of poverty in the loss of tax revenue and in the increased health and justice system expenses that economies, provinces, and nations incur by *maintaining* people in poverty.

Further, this report argues that when a government fails to reduce poverty, when it shrinks expenditures, or makes cuts, it can actually deprive the economy of its ability to grow, and deprive itself of the means to balance the debt and deficits that it originally set out to address.

When looking at poverty in Ontario, our research tells us that while overall poverty rates have decreased, particularly for children and families with children, unattached adults and single person households are experiencing both greater and deeper levels of poverty than before.

This is supported by food bank use data, which shows that single person households are not only the fastest growing group of food bank users in the province, but access food banks more often than other demographics throughout the year.

This report concludes by examining a number of case studies that illustrate the economic benefits of reducing poverty, and how we might build on the proven success of investments that ultimately result in cost savings and economic growth for the province.

Foreword

Every single day there are adults and families in Ontario that have to make difficult choices between meeting their most basic needs. Do I put gas in my car — or do I pay my hydro bill? Do I buy the medicine that I need — or do I heat my home? Do I pay my rent — or do I put food on the table?

In 2018 alone, over 507,000 adults, children, and seniors accessed a food bank in Ontario, visiting over 3 million times throughout the year. This statistic is deeply troubling and reflects a growing trend in the province: it is becoming increasingly more difficult for low-income individuals to afford even their most basic necessities each month.

While food banks work hard to address hunger, a symptom of poverty, they have long advocated for investments that address its root causes. In 2008, Feed Ontario, then known as the Ontario Association of Food Banks, released its first Cost of Poverty report. This report revealed that not only does poverty come at a financial cost to the province, but it comes at a cost to communities and the health and wellbeing of the people who live there. This report also issued a warning that failure to take action against poverty,

even incrementally, would only increase these costs as time moved on. Perhaps more importantly, the report demonstrated that it costs our society and economy, in the longer term, more to keep people in poverty than it costs to eliminate it.

There has never been a greater need for this action than there is today.

Now, more than a decade later, we continue to see high levels of food bank use as more and more families turn to our hunger-relief network for support. Further, we continue to see the lasting impact of inaction on our communities, with poverty coming at an even greater cost to the province and its residents.

We believe that our vision of ending poverty and hunger in Ontario is shared by all levels of government, but that this vision will not be achieved without the committed intention to take action against poverty. And further, that there has never been a greater need for this action than there is today.

Michael Maidment
Chair, Feed Ontario Board of Directors



Background

You Can't Shrink the Economy Bigger

John Stapleton

Determining the cost of poverty requires an analysis of the consequences of maintaining a portion of the population in a state of poverty. By making this determination, we focus less on the individual, community, or societal advantages of reducing or eliminating poverty. Instead, we fixate on the economic costs of maintaining people in poverty.

This is a different starting point from the usual 'balance sheet' approach that restricts the economic costs associated with poverty reduction to the costs of programs that reduce or eliminate poverty. As most of these costs are borne by governments, people living in poverty are seen as those who are incurring these costs. Accordingly, the poor are often seen as our most expensive residents, and those who are better off are seen as having less call on government resources.

This 'balance sheet' approach to understanding the cost of poverty generates the dominant narrative in Canada and in Ontario. It uses the metrics of debt and deficits to understand economic wellbeing.

It holds that if debts and deficits are reduced — which require less to be spent on programs that alleviate poverty (among other things) — wellbeing is enhanced because less money is ultimately spent on servicing the debt while governments 'live within their means'.

Two arguments are given to support this dominant narrative. The first is that money spent by government on poverty alleviation is money that is lost to the economy. It is thought to go nowhere while increasing debts and deficits. It goes from the plus side to the minus side.

The second assumes that a national or provincial economy is the same as a household economy. In a household, a family will borrow money to house itself in its early years and will pay off its deficits and debts in its later years. This household will then spawn new households that do the same thing over many generations.

The problem is that the balance sheet and household narratives are false.

In the first instance, dollars are agnostic to how they are spent. However consumed, dollars spent add to GDP. Money paid to alleviate poverty adds to GDP.

Dollars may be spent efficiently or inefficiently, but money spent assisting people in poverty does not disappear. The only dollars that truly disappear are those that are unspent or deposited offshore. Dollars spent on consumption recirculate.

And economies, unlike families, need to continually grow over many lifetimes. Households simply do not. A household can tighten its belt, reduce its deficits and display a positive balance sheet without having an adverse economic effect on the household. It can pay off all its debts and can shrink its size and live within its means within the wider economy. It can do this, for example, through the purchase of a smaller house, selling a second property and buying a smaller car.

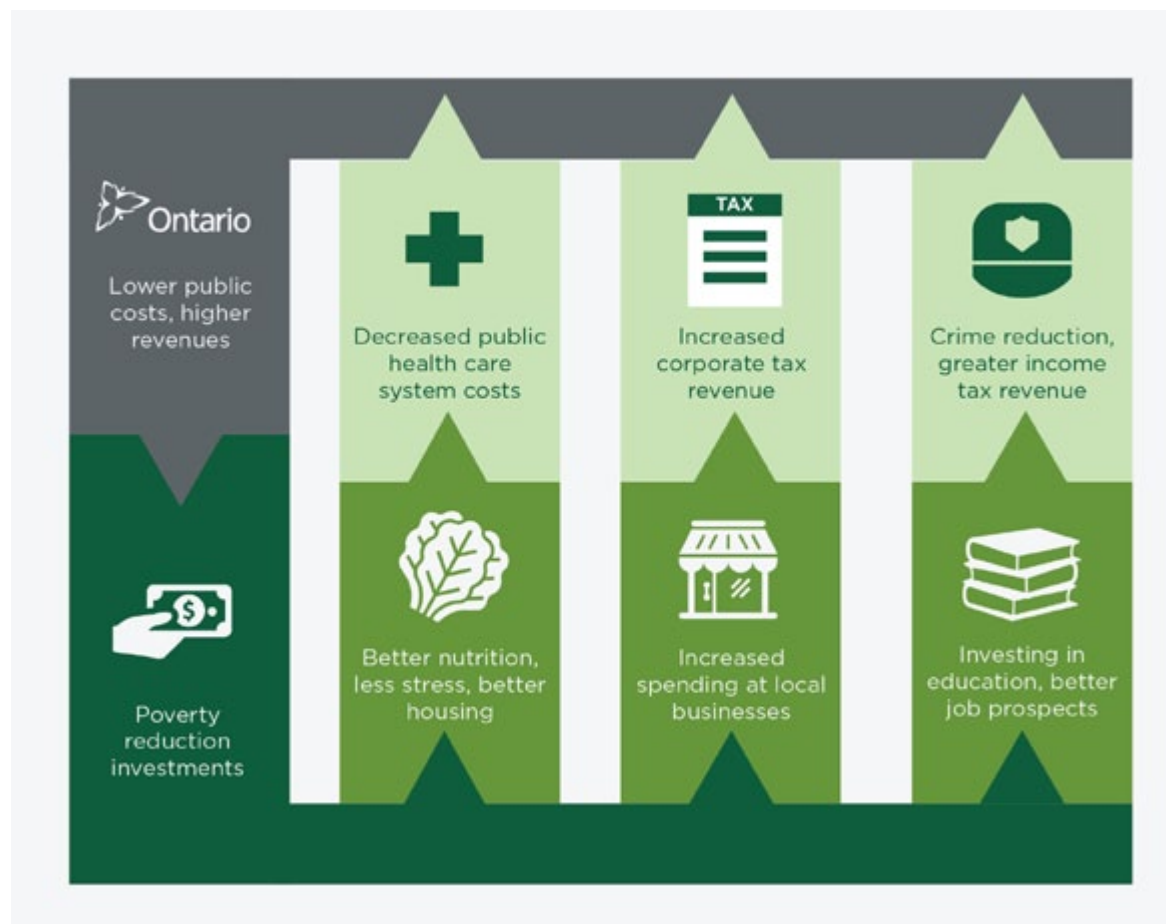


FIGURE 1.1 MONEY INVESTED IN POVERTY REDUCTION DOES NOT DISAPPEAR

Put simply, an economy cannot work like a household without going into economic recession and ultimately Depression. The household that tightens its belt does not put a family member out of work. But an economy that tightens its belt puts legions of men and women out of work.

Dollars may be spent efficiently or inefficiently but money spent assisting people in poverty does not disappear... Dollars spent on consumption recirculate.

When government expenditures are allowed to increase in line with the size of the economy, prosperity can continue to be achieved. The size of a deficit, or a debt, relative to economic production and size is much more relevant to economic performance than any current balance sheet or debt load.

But when government shrinks expenditures, taking just its balance sheet into account without regard to its relative size, it can actually deprive an economy of its ability to grow, and deprive itself of its means to service the debt and deficits that it originally set out to address.

In the end, it is impossible for an economy to “shrink itself bigger”.

Trying to do so is known as ‘disinvestment’, and disinvestment is usually practiced in the form of reducing resources to the poorest in our society. Disinvestment locates the problem of poverty in the consumption of the poor and sees that consumption as a negative that must be curtailed. In this way, it locates the problem of poverty with the people who suffer it.

The determination of the cost of poverty does exactly the opposite. It locates the cost of poverty in the costs that economies, nations and provinces must meet by maintaining people in poverty.

When significant populations are deprived of legal redress, access to health, income, housing, transit, and work, there are economic costs that are commensurate with the extent of that deprivation. It is one purpose of the economic determination of the cost of poverty to measure those costs.

However, the larger purpose is to illustrate the logic that economies can only grow themselves larger by allowing the maximum participation of our population – including those now living in poverty.

John Stapleton is an Innovation Fellow at the Metcalf Foundation

Poverty Reduction, A Decade Later

Too often we hear that poverty will always be with us, when good evidence from around the world suggests otherwise. What we see is that despite observing social and economic progress from poverty reduction investments, we become nervous about the perceived risks of spending. We pull back. We fail to commit to investing in poverty reduction or to build on what we've learned.

However, allowing poverty to persist and grow is ultimately more expensive than continuing its alleviation. Our analysis of the Cost of Poverty in Ontario — marking the 10th anniversary of the first of its kind in Canada — tells us why. Building on our analysis, this report demonstrates the economic case for investing in poverty reduction, and highlights case studies that give insights on the real-life impact of such investments.

Our analysis estimates the costs of keeping poverty in place. It tabulates the extra costs incurred in the health care and justice systems and the tax revenues we forego when people are kept in poverty.

It is in using this approach that we conservatively estimate the cost of poverty in Ontario at \$27.1 - \$33 billion per year.

Poverty in Ontario

Using Canada's low income measure, today there are 1.57 million people in Ontario living in poverty, including 382,000 children. Since the last Cost of Poverty in Ontario report in 2008, poverty rates have varied, but 2014-2016 saw significant decreases. Income disparity, however, has *increased*.

Recent food bank data reflects this trend. The proportion of Ontario's population accessing a food bank has declined, but the depth of need has grown tremendously. Over the last two years, the growth in visits to a food bank was three times higher than the growth in unique individuals, illustrating that those experiencing low incomes are having even greater difficulties affording their most basic needs each month.

In addition, two key trends are emerging in Ontario: children and families with children are faring



Between 2000 and 2016, **the poverty rate in Ontario decreased¹**, with the proportion of Ontarians under the Low Income Measure dropping by

-11%



Yet **income disparity has increased²**, with the income gap between the poorest 10% and richest 10% of Ontarians growing by

+10%



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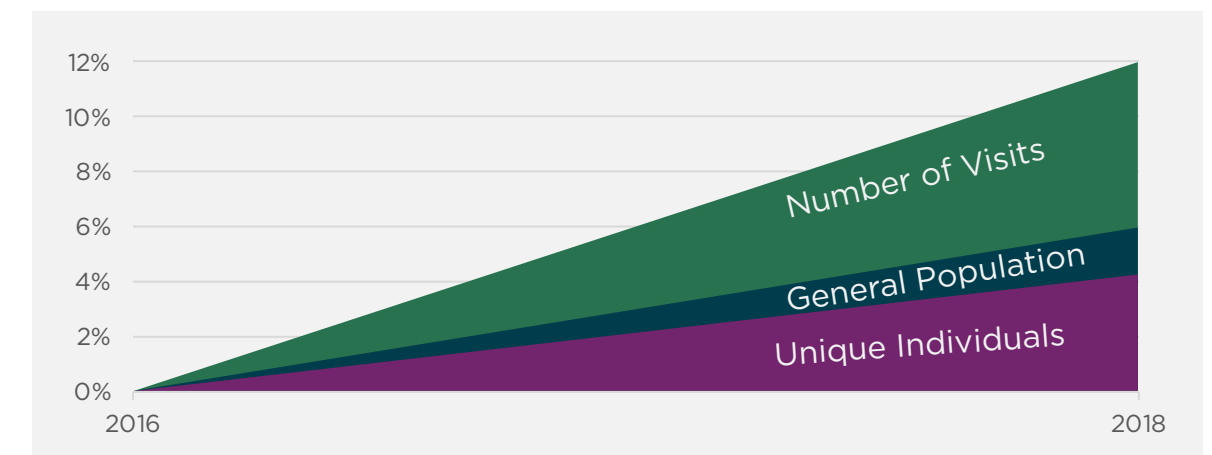


FIGURE 1.2 GROWTH IN FOOD BANK UNIQUE INDIVIDUALS, THE GENERAL POPULATION OF ONTARIO, AND FOOD BANK VISITS; ONTARIO³

While the poverty rate has decreased, the gains have not been equal across all demographics. Families with children (two-parent and single parent families) are faring better, but families without children (single people and couples without children) are experiencing more and deeper poverty.

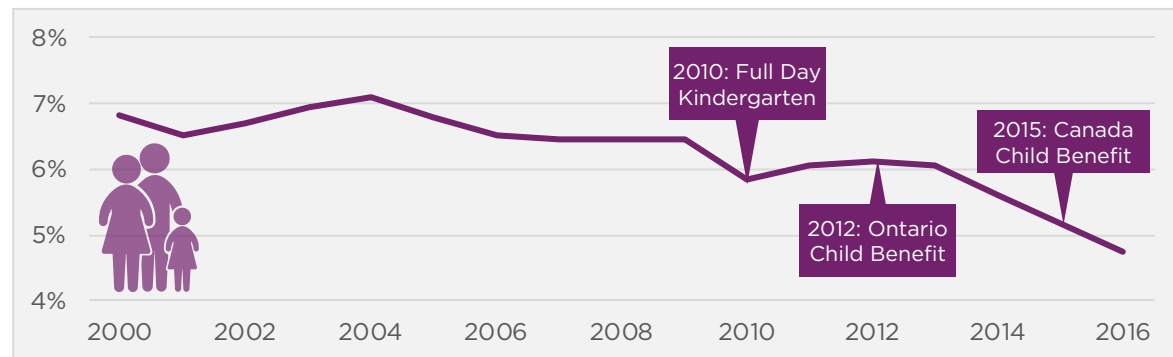


FIGURE 1.3 FAMILIES WITH CHILDREN UNDER THE LOW-INCOME MEASURE⁴

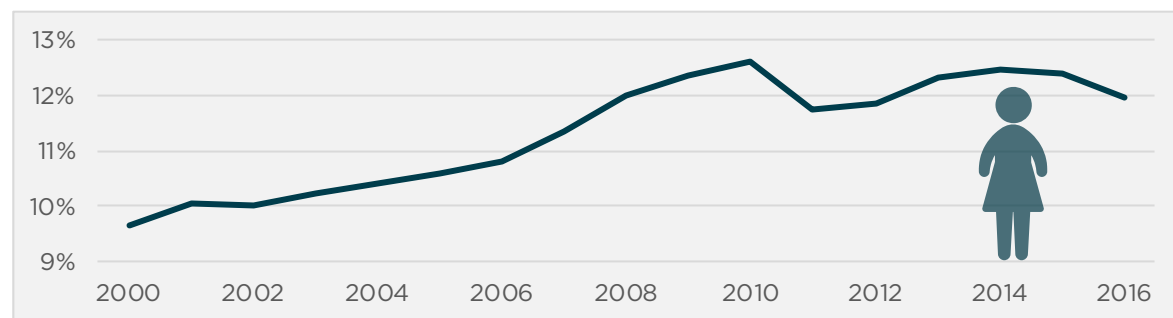


FIGURE 1.4 FAMILIES WITHOUT CHILDREN UNDER THE LOW-INCOME MEASURE⁵

The change in food bank demographics reflects this trend.

In particular, the proportion of single person households accessing food banks has grown by

45%

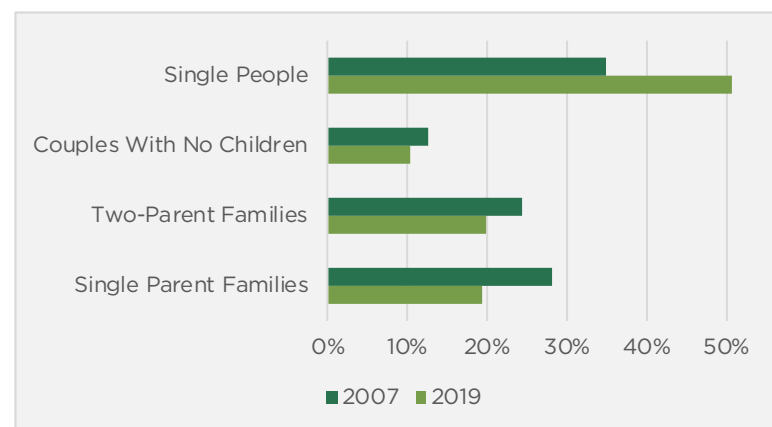


FIGURE 1.5 HOUSEHOLD COMPOSITION, FOOD BANKS IN ONTARIO, 2007 VS 2019⁶

better, while individuals and families without children are experiencing more and deeper poverty.

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 poverty⁷. The Canada Child Benefit (CCB), which topped up the OCB in 2015, played a substantial role in bringing families with children out of poverty, with lone-parent families faring better in particular^{8,9}. Modest reductions in poverty rates among families with children that predate this suggest that other factors are at play, such as better enforcement of child support awards and the advent of full-day kindergarten*. The current goal of the Ontario Poverty Reduction Strategy is to reduce child poverty by 25% between 2014-2019. Results should be available soon.

In contrast, poverty rates have increased overall among unattached individuals and families without children from 2000-2016, who now represent 72% of households experiencing low income. In addition, inequality and the depth of poverty among the poor across Ontario have grown from 2008-2016. Usage of Ontario's food banks corroborates these trends: unattached individuals are the fastest growing demographic

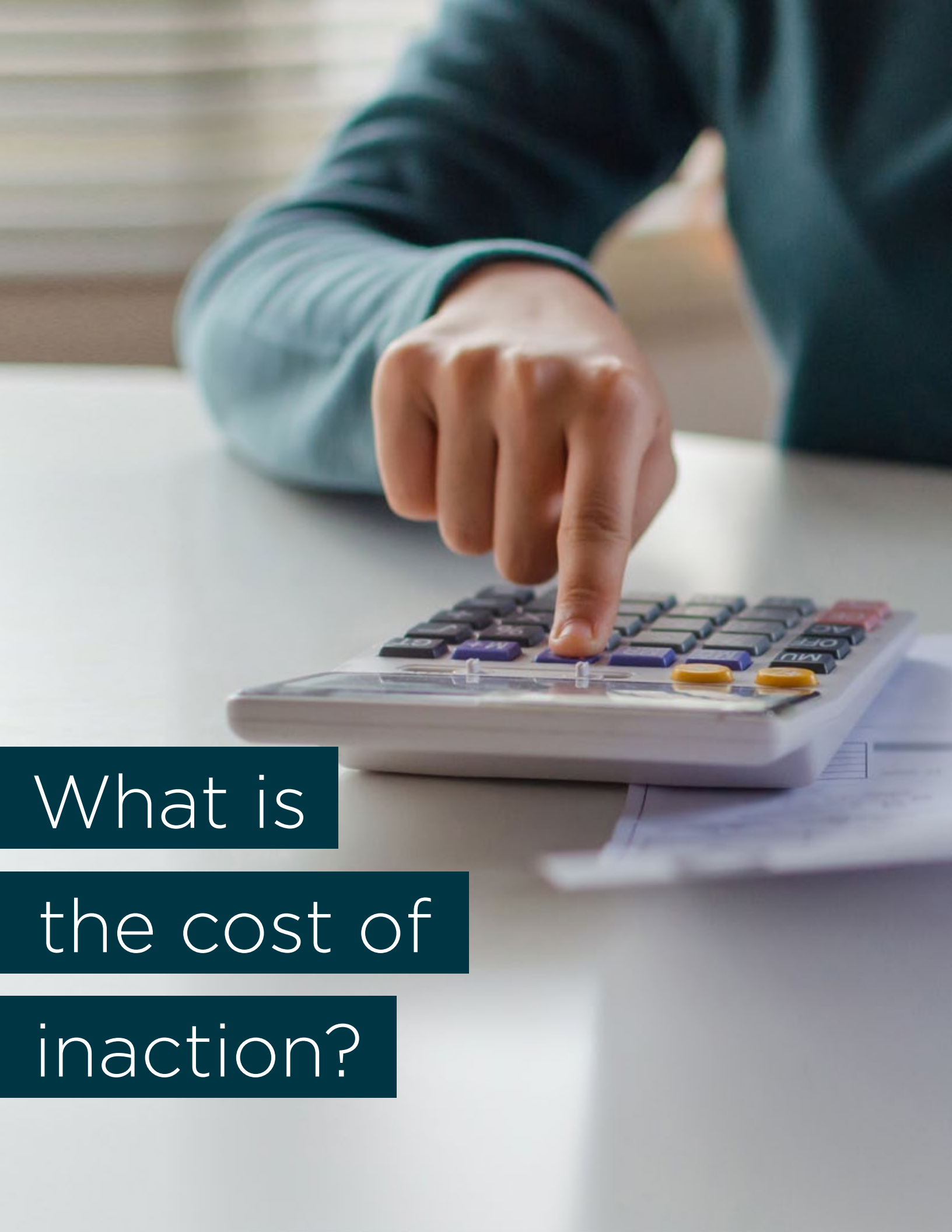
of food bank users in Ontario, and use them the most frequently.

In 2018, Ontario's provincial government made changes to its approach to poverty alleviation and reduction. While it maintained commitments to invest in suitable and affordable housing in Ontario and job creation — two crucial areas of investment — it has also prioritized reducing Ontario's deficit through decreased spending on a number of social services and programs.

Poverty rates have increased among unattached individuals and families without children, who now represent 72% of households experiencing low income

The desire to be fiscally responsible is a fundamental part of a government's job; however, we cannot expect disinvestment to be an effective economic growth strategy. As demonstrated by this report, pursuing this strategy may actually work against the intended outcome by delaying the growth of the economy and the progress of the province.

*The intended benefits of full-day kindergarten to children's academic achievement have already begun to emerge. Better academic achievement from an early age decreases the chances that these children will live in poverty as adults.



What is
the cost of
inaction?

Calculating the Cost

In calculating the cost of poverty, we investigate the cost of inaction. How much does it cost us to allow poverty to persist?

In this approach, we tally costs where there is proven methodology: health care and justice system costs, and opportunity costs¹⁰. To estimate the costs of poverty across these three categories, we divide the population into five income groups (quintiles). We estimate how much we might save if we increased the incomes of the lowest quintile to

those of the second-lowest quintile. The underlying assumption is that increasing the incomes of the poorest quintile would be associated with decreased use of the healthcare system, less involvement in the justice system, and higher employment levels.

Figure 2.1 summarizes the estimated cost of poverty in Ontario, based on the limited analysis of this report. Depending on how it is calculated, the cost is between **\$27.1 and \$33 billion**.

Indicator	Cost
Health	\$3.9 billion
Crime	\$1.1 billion
Opportunity: Taxes Foregone	\$2.7 - 3 billion
Opportunity: Lost Income	\$19.4 - 25 billion
Total Cost of Poverty, Ontario	\$27.1 - 33 billion

FIGURE 2.1: THE COST OF POVERTY IN ONTARIO

This methodology is conservative because it only accounts for a few measurable factors. We do not account for anticipated differences in the use of social services, charitable donations, child protective services, or impacts on the business community. Neither do we account for the ripple effects of policies that reduce poverty, which ideally would have multiple benefits for all residents of Ontario. Investments in public transit, for example, can be of particular help to people experiencing lower incomes, but benefit everyone in the province – from improving their morning commute to addressing climate change to improving public health¹¹.

Health System Costs

Those living on low incomes experience poorer health for a host of interrelated reasons, including less access to quality food, housing, medicine, work opportunities

and services. A study in Hamilton showed a 21-year difference in life expectancy among 130 neighbourhoods, which was highly correlated with income, poverty and health¹². People experiencing poverty live shorter lives.

Figure 2.2 shows Ontario’s public health costs by income quintile. By raising the incomes of the poorest 20% to the 2nd quintile to estimate the difference in public health care usage, we see that poverty results in as much as **\$3.9 billion** annually in health costs¹³. Using a different methodology, the Public Health Agency of Canada estimated that about 20% of total health care spending is attributable to inequities¹⁴. In Ontario, that represents \$11.5 billion in costs. Our estimate is conservative in comparison.

	Share of Public Health Costs (%) ¹⁵	Total Public Health Costs in Ontario (\$ billion)
Poorest 20%	30.9	17.8
2nd Quintile	24.2	13.9
3rd Quintile	16.2	9.3
4th Quintile	14.1	8.1
Richest 20%	14.6	8.4
Total	100	57.6 ¹⁶
Difference Between 1st Quintile and 2nd Quintile: \$3.9 billion		

FIGURE 2.2 PUBLIC HEALTH SYSTEM COSTS BY INCOME QUINTILE

Justice System Costs

In the case of the justice system, those experiencing poverty are more likely to be both victims of crime and show greater use of our court systems that relate to appeals, evictions and injury. The linkage between poverty and crime is extrapolated through literacy measures, which is directly linked to both, and points to the importance of investing in high-quality education. Through this correlation, researchers are able to attribute 4% of crime to poverty¹⁷, though this estimate is considered to be very conservative.

Figure 2.3 shows the costs of crime in Canada and Ontario, broken down by costs to government and to society at large. Given 4% of crime can be attributed to poverty, the associated cost in Ontario is **\$1.1 billion**.

	Costs of Crime in Canada (\$) ¹⁸	Costs of Crime in Ontario (\$) ¹⁹	Attributable to Poverty in Ontario (\$)
Costs to Government	17.4 billion	4.9 billion	196 million
Costs to Society at Large	82.1 billion	23 billion	920 million
Total Costs	99.6 billion	27.9 billion	1.1 billion
Cost of Crime Attributable to Poverty in Ontario: \$1.1 billion			

FIGURE 2.3 TOTAL COSTS OF CRIME AND SHARE OF COSTS ATTRIBUTABLE TO POVERTY

**We have assumed that policy interventions would move people to the 2nd quintile. Once given opportunity to succeed, distribution across all quintiles is much more likely. This analysis does not hypothesize which strategies could create more or better employment. It simply tabulates the cost of not having more or better employment.*

Opportunity Costs

The “opportunity costs” of poverty refer to lost personal revenue when people are unemployed or under-employed, along with resulting losses in tax revenue²⁰.

The major assumption is that people who live in poverty will work, work more, or earn more, given the chance. There are two parts to this assumption: first, that those living in poverty are able to work more or earn more; and second, that they are likely to do so if they are able*. These assumptions are subject to labour market and capacity constraints. Nonetheless, the potential for increased income and tax revenue is clearly significant. In addition, case studies across the globe have shown that people do work more if they can, and will seek out work when receiving a basic income^{21,22}, as personal

happiness and satisfaction is linked to productive work²³.

To determine the opportunity costs of poverty, we used two scenarios:

1. Absolute Cost of Poverty: The economic effect of raising the average incomes of the families below the Low Income Measure (LIM) to the second quintile
2. Cost of Inequality: The economic effect of raising the average incomes of the poorest 20% to the second quintile

For both scenarios, lost income tax revenue was determined by multiplying the number of families being “raised” by the difference between the income tax paid by the second quintile and the first quintile/families below the LIM. Similarly, the lost income is the difference between the incomes (after-tax) of the second quintile and first quintile/families below the LIM, multiplied by the number of families.

As shown in **Figure 2.5**, the opportunity cost of poverty in Ontario ranges from **\$22.1 - 28 billion**.

	Average Market Income (\$)*	Average After-Tax Income (\$)	Average Income Tax Payable (\$)	Total Number of Families
Non-elderly Economic Families Below the LIM, After-Tax	8,200	18,400	500	773,000
Poorest 20%	6,400	15,600	600	896,000
2nd Quintile	37,700	43,500	4,000	896,000
3rd Quintile	70,400	69,400	9,400	896,000
4th Quintile	111,400	101,100	17,400	896,000
Richest 20%	234,500	184,500	54,900	896,000

FIGURE 2.4 ONTARIO INCOME DATA, NON-ELDERLY FAMILIES, 2017²⁴

	Scenario 1	Scenario 2
Estimated Lost Income	19.4 billion	25 billion
Lost Income Tax Revenue	2.7 billion	3 billion
Total Opportunity Cost	22.1 billion	28 billion
Opportunity Cost of Poverty in Ontario: \$22.1 - 28 billion		

FIGURE 2.5 OPPORTUNITY COSTS OF POVERTY IN ONTARIO

*Market income is defined as the total income before tax minus income from government sources.

Unaccounted Costs

Replicating the approach taken in Saskatchewan, New Brunswick and Toronto, we have adapted the methodology from the original used in 2008 by removing intergenerational costs, in order to be as conservative as possible – recognizing that the current loss of productivity encompasses, at least in part, intergenerational costs.

The total costs are not directly comparable with the 2008 figure. However, the data suggests greater income disparity in 2019 than in 2008, and an associated rise in the portion of the costs that reflects disparity.

Intergenerational Costs of Poverty

Children growing up in poverty face more challenges than their peers when it comes to nutrition, completing homework, experiencing and coping with learning disabilities, and pursuing post-secondary education²⁵. Increasing family income improves the vast majority of factors impacting child development²⁶, while supporting programs and resources for children are also measurably beneficial²⁷.

Canadian studies estimate that the percentage of children who grow up

in poverty and are likely to remain poor is 20 – 25%^{28,29}. There are about 382,000 children in Ontario living in poverty. That means that between 76,400 and 95,500 children will likely not escape it as adults³⁰. From an economic perspective, this means that poverty among children today incurs future costs in the healthcare system, justice system, and in opportunity costs, and that when we perpetuate poverty, we very tangibly perpetuate its costs.



Can We Reduce Poverty?

Real-Life Examples

The idea that spending helps us save can feel antithetical. The best evidence, however, overwhelmingly supports this approach. In 1969, for example, US President Nixon announced his support for a basic annual income, following a letter signed by 1,200 American economists that supported the idea that there are unacceptable social and financial costs to persistent poverty³¹.

Calculating the cost of poverty in Ontario — limited and conservative as our analysis is — gives us a sense of the scale of the costs when poverty is allowed to persist. It reminds us that disinvesting does not help us save. In fact, it suggests the reverse is true: reducing poverty contributes to economic benefit. Real-life experiments, in Canada and abroad, substantiate this finding.

Too often we hear that reducing poverty substantially and permanently is not possible — even though Canada has already reduced poverty by over 20% since 2015. The challenge we have faced over time is one of commitment, not of potential: we have failed to build upon what we learn, and to take action.

In 1974, a basic income experiment called Mincome was launched in Dauphin, Manitoba. It brought 1,000 families out of poverty. It ran for 4 years, before being cancelled. Unfortunately, key results of the experiment were not analyzed until almost thirty years later.

At the time, there was a fear that analysis would be expensive, and likely only prove the assumption that the experiment had failed³². However, three decades later, analysis of this evidence demonstrated that the experiment had succeeded.

Experiments across the U.S. in the 1960s^{33*} that pulled 8,500 people out of poverty showed similar success, and moved politicians and economists alike to support a basic annual income. But they could not agree on strategy, and in the end, lost the political will to move forward.

Later, it was said that they had attempted to fight poverty, and that poverty won. But poverty did not win — people failed to take the steps to fight it. Experiments on poverty reduction have consistently shown that reducing poverty is not only possible, but

*This experiment occurred in New Jersey, Pennsylvania, Iowa, North Carolina, Indiana, Seattle and Denver

that it improves quality of life for everyone (not just those living in poverty), reduces costs and can contribute to economic growth. We have nonetheless been shy to build on those successes and on the knowledge we've gleaned.

Experiments on poverty reduction have shown that reducing poverty is not only possible, but that it improves quality of life for everyone, reduces costs and can contribute to economic growth.

Ontario recently cancelled its basic annual income experiment, which involved 4,000 individuals experiencing low incomes³⁴. This is unfortunate, not just because these programs are often effective and appeal to the values of right and left alike, but because of the opportunity to learn. To create effective programs, we need to know much more about income supports and find answers to questions concerning the effectiveness of income support programs in ensuring improved individual well-being, social well-being and economic prosperity.

Does Poverty Reduction Pay Off In Real Life?

What we have learned so far is instructive. Case studies in Canada, the US, the UK, throughout Africa, Mexico, and India all show that for each of the costs tallied in our calculation — health, justice and opportunity cost — we can expect to see economic benefit associated with poverty reduction, as well as improved quality of life.

Canada's Mincome experiment in Dauphin Manitoba showed an 8.5% reduction in hospitalizations in only four years, with substantial savings to the healthcare system, and fewer recorded mental health complaints^{35,36}.

Improvements in health were intergenerational: the positive effects of just four years of poverty reduction resonated for decades. In American, British and African cities, raising people out of poverty was associated with reduced alcohol, tobacco and drug use, including among those struggling with addiction³³. As individuals had less stress to cope with, they relied less on unhealthy coping mechanisms.

Raising families out of poverty improves educational achievements and lowers crime rates. In New Jersey's basic income experiment in the 1960s, raising families out of poverty increased high school graduation rates by 30%, with

better school performance leading not only to less use of the justice and court systems, but to more and better paid employment³⁸. In Dauphin, Manitoba, domestic violence diminished over the course of the experiment. A study in the U.S., in which a cohort was raised out of poverty through distributed casino earnings, saw resounding socio-economic improvements in their community. Among them was a 22% decrease in the likelihood that youth would have a criminal record by age 16. Interviews with local residents revealed that parents were working just as much as before, but experienced less stress and felt they were being more present and supportive in their children's lives³⁹.

In our calculation of opportunity costs, one assumption is that people can and will work, and work more, when given the chance. Studies from many nations show that people want to work. Providing income supports typically only result in slight decreases in the number of working hours, if at all. Across the board, decreases are correlated with: young people investing more time in their education, and thereby securing better jobs with higher earnings; and, young mothers extending their maternity leave to better care for their children. In addition, people receiving income supports are often also doing unrecognized unpaid or informal work. These trends were observed in poverty reduction experiments

in Manitoba, Ontario⁴⁰, Denver, Seattle, and New Jersey.

Intergenerational economic benefits of poverty reduction have also been observed, again in Dauphin: children of Mincome recipients were better off than their peers. Helping people out of poverty, it seems, leads to individuals investing in their own education, in their children, in their small businesses; improving their odds of being hired; and increasing their earnings in a lasting way^{41,42,43}.

Case studies show what cost analyses predict: that savings can be expected in health, crime and opportunity costs when poverty is reduced. Many 'cost of poverty' analyses report that eliminating poverty would pay for itself, including in Canada, the UK and the US. In a US case-study in which redistributed casino earnings were used to reduce poverty, the cost savings actually outpaced the casino revenues through reductions in crime, improvements in health, and less repetition of school grades⁴⁴.

Poverty reduction is not only possible — it pays off.



Conclusion

Invest in People

We estimate the annual cost of poverty in Ontario to be between \$27.1 - \$33 billion.

While poverty rates in Ontario have decreased, the data suggests that income disparity and depth of poverty have increased since 2008, with increasing associated costs.

This tells us we still have work to do, socially and economically. Disinvestment is not the answer. Cost analyses and case studies demonstrate that investing in the wellbeing of vulnerable people improves quality of life for everyone, while also improving both economic and social bottom lines. Wise social spending is a macro-economic strategy — not a line item in a government budget. If anything, our failure to commit to poverty reduction is what costs us, time and time again.

Future policy should not result in program cutbacks to our most vulnerable; it should invest in them and contribute to lasting change. New policies should be based on the successes of the Ontario Child Benefit. It should expand income supplements to families without children and unattached individuals.

As a province, we need to learn from our experiences, commit to knowledge development, continue refining what we know about poverty reduction, subtly adapt our approaches as we learn, and incrementally make better decisions together. Reducing poverty is fundamentally possible, it is better for everybody, and in the longer term, costs less.

Wise social spending is a macro-economic strategy - not a line item in a government budget. If anything, our failure to commit to poverty reduction is what costs us, time and time again.

As stated in the first Cost of Poverty in Ontario report in 2008, investing in people, through good times and bad, is not only socially responsible but also financially sound.

Endnotes

1. Statistics Canada. 2019. Before-tax and after-tax low income status (census family LIM) by family type and family composition. Table 11-10-0015-01. Retrieved from: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110001501>
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