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ENDING WORKING POVERTY: HOW TO GET IT DONE

JOHN STAPLETON & YVONNE YUAN, OPEN POLICY ONTARIO

 ENDING POVERTY
DEEPENING COMMUNITY
BUILDING YOUTH FUTURES
CLIMATE TRANSITIONS
Vibrant Communities
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INTRODUCTION

Working poverty can be eliminated in our lifetime. It can happen if all of Canadian society has greater income security and there is a fair and equal labour market for all employees and potential workers. This report presents 12 pathways to eliminating working poverty, from individual to government, and from labour market supply to demand.

WHAT WE HAVE ACHIEVED SO FAR

Governments have been tackling poverty through tax benefits and successful social programs. Although the COVID-19 pandemic revealed some long-existing structural deficiencies in our system, the implementation of the Canada Emergency Response Benefit (CERB) proves that the federal government is able to quickly support Canadians through large-scale income security initiatives.

Today, no one working at minimum wage full time, full year (FT/FY) lives in poverty. Minimum hourly wages in Canada range from \$11.45 (Saskatchewan) to \$16 (Nunavut).¹ If working FT/FY (37.5 hours a week at 52 weeks per year), these figures translate to an annual income between \$22,327.50 and \$31,200. These amounts are mostly above poverty line incomes for a single person. That is because:

- The after-tax low-income measure (LIM) for a single person is \$24,183.²
- The Maximum Market Basket Measure (MBM) threshold for a single person in Ontario is \$20,298 (Toronto).³

Children are no longer a cause of poverty in Canada. As child benefits have matured and increased, most single parents with poverty level wages are no longer living in poverty. Some employers, such as Costco, pay enough wages for their employees to escape poverty.

A growing number of organizations have dedicated resources to eliminating poverty at the community level. Members of Cities Reducing Poverty (CRP) at the Tamarack Institute have successfully advocated for and are rolling out policies and programs at provincial, territorial and local levels:

- Alberta CRP regional members and their partners published two key papers between 2015 and 2017 that presented 71 recommendations for policy changes. Of these, 22 have been implemented to date. They include the recommendation for a provincial child benefit.
- Following the release of [TogetherBC](#) in 2019, CRP was asked to provide recommendations to the government of British Columbia around funding local poverty reduction work. Soon after, it committed \$5 million for local governments to develop and implement strategies for reducing local poverty. [Fourteen CRP members in B.C. were funded in the program's first round.](#)
- Tamarack's members have been working hard with local businesses around living wages and

1 <https://www.retailcouncil.org/resources/quick-facts/minimum-wage-by-province/>

2 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110023201>

3 https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/tab/t4_5-eng.cfm

associated decent work campaigns. The income and employment section of Tamarack's [2020 CRP Impact report](#) highlights:

- Province-wide disability assistance income increases (Alberta)
- Province-wide increases in government cash transfers to low and moderate-income families (Alberta)
- Pay increases for low-wage workers
- Positive behaviour changes in employers toward creating culturally safe and productive workplaces.

THE TWELVE PATHWAYS

We have developed 12 pathways to eliminating the most prevalent form of poverty in Canada – working poverty. These pathways can be adopted by governments, employers, educators, social service providers, and people working at the community level. All pathways are examined in detail in this report.

12 Pathways to Ending Working Poverty

For governments at all levels:

1. Increase minimum wages to living wages.
2. Increase child benefits.
3. Reform working income security supplements so that they work together.
4. Reform Employment Insurance.
5. Disincentivize the policy environment that allows businesses to classify people as contractors rather than employees in the low-end gig economy.
6. Fund initiatives that enable minorities and people with disabilities to obtain better work.
7. Fund poverty reduction work at the city level.

For employers:

8. Promote full time, full year work.
9. Devise better work that attracts better pay.
10. Recognize the value of essential work and pay for it accordingly.

For educators and social service providers:

11. Provide the right supports, services, infrastructure, and community benefits.
12. Plan, educate and train people for the better work of tomorrow.

PATHWAYS FOR GOVERNMENTS - Federal, Provincial/Territorial and Municipal

We ask all three tiers of governments to coordinate both horizontal and vertical policies. We ask for new policies that benefit the working poor population while refining current social programs to avoid barriers and claw backs.

Pathway #1: Increase minimum wage and living wage

This goal ensures that those who work do not live in poverty. We suggest that the minimum wage be raised to \$15/hour across Canada. Where possible, higher living wages should be implemented in some communities.

In Ontario, where the minimum wage is \$14/hour, a full-time, full-year (FT/FY) job at minimum wage translates to \$27,300 a year (37.5 hours a week at 52 weeks a year). This level of income surpasses the MBM poverty line for single persons (\$20,298)⁴ by more than \$7,000 per year. Today, few people in Canada working at minimum wage FT/FY live in poverty. This is an important achievement. If we raise minimum wages across Canada to \$15/hour, a FT/FY job would generate an income of \$29,250 per year.

But we shouldn't stop there. 'Living' wages set a higher standard that "reflects what earners in a family need to bring home based on the actual costs of living in a specific community."⁵ In Ontario, the living wage differs by region. According to Ontario Living Wage Network, the costs vary between \$15.84/hour (Muskoka) and \$22.08/hour (Toronto).⁶ Living wages for all regions are appreciably higher than the current minimum wage.

Pathway #2: Continue to increase child benefits to keep workers with children out of poverty

Children should not be a cause of poverty. If single parents in a one-adult, two-child household earn a poverty-line income of \$24,000 a year, their estimated total annual income is \$41,333.08. We used the federal government's calculator of refundable credits to make this calculation based on these amounts:

GST/HST credit (quarterly amount)	\$225.50
Canada child benefit (monthly amount)	\$951.33
Ontario child benefit (monthly amount)	\$232.18
Ontario Trillium benefit (monthly amount)	\$123.33
Ontario energy and property tax credit (monthly amount)	\$45.08
Ontario sales tax credit (monthly amount)	\$78.25
Canada Workers Benefit	\$1,498.00

4 https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/tab/t4_5-eng.cfm

5 <http://livingwagecanada.ca/index.php/about-living-wage/what/>

6 https://www.ontariolivingwage.ca/living_wage_by_region

In Ontario, the maximum Market Basket Measurement (MBM) for a family of three is \$35,156 (Toronto CMA).⁷ Therefore, as child benefits have matured and increased, we have done a good job of keeping most single parents earning poverty-level wages out of poverty.

Pathway #3: Reform working income security supplements so that they work together

The income security system for working-age adults is poorly organized. Our income security system for adults aged 18-65 spent about \$60 billion in 2018-19, before the Canada Emergency Response Benefit (CERB) and Canada Recovery Benefit (CRB) came along to more than double that amount. Most of that spending comes in the form of programs that cover people after they have worked or while they are not working. It includes:⁸

- Employment Insurance (EI)
- Canada Pension Plan (CPP)
- Social assistance (for most recipients)
- Workers' compensation
- Veterans' benefits.

There are only three work-oriented income security programs that pay people while they are working. These three programs account for 11% of all income security expenditures on working-age Canadians:

- EI Working While On Claim (WWOC)⁹
- Social assistance (for a minority of recipients)
- The Canada Workers Benefit (CWB).

Benefits for the working poor are poorly designed because multiple confiscation mechanisms operate in these three programs. They don't work together. Each has a different pedigree. EI Working While on Claim is a taxable benefit. Social assistance is not taxed. The Canada Workers Benefit is a refundable tax credit. Together, they resemble the game of Rock Scissors Paper – they tend to cancel each other out. For example:

- Social assistance deducts EI at 100% while exempting the CWB.
- The CWB counts social assistance and EI as income, in the sense that it uses these forms of income to lower the benefits it pays.
- EI Working While on Claim claws back 50% of earnings from the first dollar earned.
- Social assistance reduces its benefits after very low earnings are achieved.

All three programs could work together rather than cannibalizing each other. But no one has ever asked them to. Our request is that Employment and Social Development Canada, federal finance ministers, and provincial/territorial ministers mandate their officials to work together on these programs in the interests of ending working poverty.

⁷ https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/tab/t4_5-eng.cfm

⁸ Stapleton, J. (August 27, 2020) *Longer-term thinking is needed to fill the gaps left by Ottawa's new recovery programs*. First Policy Response, Ryerson Leadership Lab. URL: <https://policyresponse.ca/how-can-we-improve-income-security-in-a-post-cerb-world/>

⁹ <https://www.canada.ca/en/employment-social-development/corporate/reports/evaluations/2015-ei-pilot-projects.html>

Pathway #4: Reform employment insurance to ending working poverty

Before the pandemic and the universality of CERB kicked in, the EI program could be characterized thus:

- *Unresponsive.* The complicated restrictions for eligibility make fewer than 35% of unemployed people eligible.
- *Asymmetrical.* Across Canada, benefits vary based on local levels of unemployment – not on being unemployed.
- *Unfair.* EI's eligibility requirements are restrictive. So many people pay in without the right to get anything out.
- *Out of date.* EI does not recognize precarious work and the gig economy, with its forced self-employment and contracting.

The federal government's announcement of new Covid-19 "recovery" programs states that all the new initiatives are temporary.¹⁰ Employment Insurance (EI) will only be able to meet a fraction of the needs covered by the current array of emergency and recovery benefits that come to an end in September 2021. This is not enough. We need EI to respond to the realities of unemployment, to treat Canadian workers equally, to pay people who pay into it, and to recognize that the world of work has changed. We ask that the federal government improve EI by abolishing the variable entrance requirement, allow anyone who pays into EI to benefit from the program, and increase the hours of paid weeks to 55 across the board.

Pathway #5: Disincentivize the policy environment that allows businesses to classify people as contractors rather than employees in the low-end gig economy

Most countries have implemented some level of employment protection for contract workers. In Canada, federal legislation explicitly updated the definition of 'employee' to include dependent contractors, ensuring that they cannot be excluded from collective bargaining.¹¹ Starting in 2010, non-standard workers are able to voluntarily contribute to the Special Benefits for Self-Employed Workers program (SBSE) to access employer benefits (such as maternity and sickness).¹²

However, the latest OECD indicators (2019) of employment protections show that Canada scores 0.25 for temporary contracts.¹³ This score is below the average for OECD countries (1.69) and the maximum score (Turkey: 4.5).¹⁴

Canada, as measured against the 53 countries in the OECD, is one of the jurisdictions that most incentivizes corporations to treat workers as self-employed contractors. Corporations and temporary

10 Schirle, T. (August 21, 2020) *New Canada Recovery Benefit has many improvements over CERB*. First Policy Response, Ryerson Leadership Lab. URL: <https://policyresponse.ca/post-cerb-plan-is-costly-but-alternative-would-be-worse/>

11 OECD (April 2019). *Policy response to new forms of work*. URL: <https://www.oecd.org/g20/summits/osaka/g20-policy-responses-to-new-forms-of-work-OECD-2ndEWG%20meeting.pdf>

12 OECD (May 2018). *The Future of Social Protection: What works for non-standard workers?* Policy Brief on the Future of Work. URL: <https://www.oecd.org/social/future-of-social-protection.pdf>

13 The OECD indicators of employment protection legislation evaluate the regulations on the dismissal of workers on regular contracts and the hiring of workers on temporary contracts. They cover both individual and collective dismissals. URL: <https://www.oecd.org/employment/emp/oecdindicatorsofemploymentprotection.htm>

14 OECD (n.d.). *Strictness of employment protection*. URL: https://stats.oecd.org/Index.aspx?DataSetCode=EPL_OV#

agencies can evade all three payroll taxes (EI, CPP, and Workers Compensation) and avoid most labour laws. Canada allows this freely to occur. Most nations do not.

On February 19, 2021, the United Kingdom's Supreme Court ruled that two Uber drivers in Britain should be classed as 'workers' rather than 'self-employed'. This was based on facts showing that their service was being "very tightly defined and controlled by Uber." As a result of this decision, the drivers may be able to receive benefits such as paid holidays and minimum wages.¹⁵ The UK decision opens up the possibility of challenging business models that exploit workers and deprive them of benefits in the precarious 'gig' economy.

We ask that Canadian governments at the federal and provincial level change taxation so that it disincentivizes precarious work. That means:

- Eliminating tax breaks for businesses that favour contracting and self-employment.
- Eliminating HST breaks for temporary employment agencies who exploit 'independent contractors.'
- Removing the burden on workers who have to pay both the employer and employee portions of EI, CPP, and worker's compensation.

Pathway #6: Fund initiatives to include minorities and people with disabilities to obtain better, more secure work

We need to continue [Tamarack's Cities Reducing Poverty initiatives](#) to further increase:

- Canada-wide disability incomes.
- Canada-wide payments in government cash transfers to low and moderate-income families.
- Pay for low-wage workers to earn higher living wages.
- Positive behaviour changes in employers towards creating culturally safe and productive workspaces.
- Connections to work for youth struggling to attain employment.

Pathway #7: Fund poverty reduction work at the city level

Following the 2019 release of [TogetherBC](#), British Columbia's first-ever poverty-reduction strategy, Cities Reducing Poverty (CRP) at the Tamarack Institute was asked to make recommendations to the B.C. Government on funding local poverty reduction work. Fourteen CRP members in B.C. were funded through [the program's first round](#).

Second and third rounds of funding should begin as soon as possible. This work is needed to:

- Improve the quality of existing repetitive jobs.
- Create better jobs that will attract higher pay.

15 CHAN, K. (February 19, 2020). *U.K. top court gives Uber drivers benefits in landmark ruling*. CTV News. URL: <https://www.ctvnews.ca/business/u-k-top-court-gives-uber-drivers-benefits-in-landmark-ruling-1.5315488?cache=>

PATHWAYS FOR EMPLOYERS - *Full time, better work and recognition of essential work*

The decline in permanent employment and the rise of precarious employment has changed the work trajectory for many people: career advancement is less frequent; more entry-level jobs become dead-end jobs. Companies are allowed to treat workers as self-employed contractors, robbing them of benefits and employment security.

Pathway #8: Promote full-time, full-year work

We know that full-time, full-year work gets people out of working poverty even at the minimum wage. But there is so much temporary and part-time work that working poverty is still Canada's most prevalent form of poverty. It breaks down like this:

Full-time, full-year and out of poverty	Full-time, part-year and still in poverty
Part-time, full-year and still in poverty	Part-time, part-year and still in poverty

Large companies with high annual profits have long avoided corporate social responsibility for establishing living wages for their employees.

In the U.S., Walmart is among the top four companies that employ a large number of federal aid program recipients. While the current federal minimum wage in the U.S. is \$7.25 an hour, Walmart reported \$5.1 billion in net income for the third quarter of 2020.¹⁶ This implies that taxpayers are in fact supporting these profitable companies by subsidising the earnings of their poorly-paid employees.

In Canada, Walmart continues to cut some workers' hours and pay while increasing their workloads. Yet Walmart Canada announced a 9.3% rise in store sales and a 97% rise in e-commerce in August 2020. That makes it one of the big winners in the pandemic.¹⁷

In his 2006 study on Costco and Walmart's Sam's Club in the U.S., Dr. Wayne Cascio made the following findings:

- Costco pays its employees 40% higher than Sam's Club.
- 85% of Costco's employees are covered by the company's health-care insurance plan, while 47% of total employees at Sam's Club are covered.
- 91% of Costco's employees are covered by retirement plans, versus 64% at Sam's Club.

While Sam's Club's 110,200 employees generated some \$37.1 billion in U.S. sales in 2005, Costco did

16 Rosenberg, E. (November 18, 2020) *Walmart and McDonald's have the most workers on food stamps and Medicaid, new study shows*. The Washington Post. URL: <https://www.washingtonpost.com/business/2020/11/18/food-stamps-medicaid-mcdonalds-walmart-bernie-sanders/>

17 Sainato, M. (September 24, 2020) *Walmart cuts workers' hours but increases workload as sales rise amid pandemic*. The Guardian. URL: <https://www.theguardian.com/business/2020/sep/24/walmart-workers-hours-pay-great-workplace>

\$43.05 billion in U.S. sales with 38% fewer employees.¹⁸

Walmart (Walmart U.S., Walmart International, Sam's Club) is significantly larger in size than Costco. Walmart employed more than 2.2 million workers worldwide in 2020 while Costco employed 273,000 (both full-time and part-time). But Costco beats Walmart almost nine times faster in growth. Costco's net sales for the fiscal year ending on August 30, 2020, was \$163.22 billion, a 9.2% increase over 2019.¹⁹ Walmart's 2020 revenue increased by 1.8% to \$523.96 billion. Sam's Club's \$58.79 billion was only a 1.6% increase over 2019.²⁰

Higher salaries incentivize a culture of high output. It has been shown repeatedly that loyal, knowledgeable, confident employees create a competitive advantage for employers. Employees are more focused on their tasks and willing to remain with their employers.²¹ MIT Professor Zayne Ton suggested that investing in employees, with a combination of pay and cross-training, is especially important for service companies. It is a more efficient way of working: employees are able to excel at work without concerns for their living expenses while "finding other things to do when they are not working directly with customers."²²

High pay leads to better service. We ask that employers refrain from exploiting the gig economy and promote full-time, full-year work.

Pathway #9: Devise better work that attracts better pay

Work is changing and COVID-19 is an accelerant. We need people to be doing the work that needs to be done rather than 'atomizing' work into repetitive and mechanical routines that can't and won't attract good pay.

Technological advances can increase the value of work and low paid work can become better work. Go into any long line at Costco and see much better-paid employees check people out in record time because of the way they have organized the checkout process. The Costco employees I talk to get \$20 an hour – that's \$39,000 a year.

This can be done everywhere.

Historical records show that technology has never produced long-term mass unemployment or impoverishment. Jim Stanford and Dan Nahum observed that "The impacts of technology are always filtered through social and political processes; competing sectors of society naturally endeavour to protect and advance their own respective interests, as technology evolves."

As to whether new technologies will ease or deepen social polarization, they noted: "The answer depends on how technology is implemented, managed, and controlled, and whose interests prevail as

18 Cascio, W. F. (2006). Decency means more than "always low prices": A comparison of Costco to Wal-Mart's Sam's club. *Academy of Management perspectives*, 20(3), 26-37. URL: <https://www.ou.edu/russell/UGcomp/Cascio.pdf>

19 Costco Wholesale 2020 Annual Report. URL: <https://investor.costco.com/static-files/7ef7bed6-c48f-4687-9c82-eb104b4823a5>

20 2020 Walmart Annual Report. URL: https://corporate.walmart.com/media-library/document/2020-walmart-annual-report_proxyDocument?id=00000171-a3ea-dfc0-af71-b3fea8490000

21 Boitnott, J. (June 18, 2018). *7 Reasons You Should Pay Your Employees Above-Average Salaries*. Inc. URL: <https://www.inc.com/john-boitnott/7-reasons-you-should-pay-your-employees-above-average-salaries.html>

22 Weisul, K. (January 17, 2014). *How Paying Employees More Can Make You More Profitable*. URL: <https://www.inc.com/kimberly-weisul/four-strategies-to-raise-profits-by-paying-employees-more.html>

the process unfolds.”²³

Richard Florida and Roger Martin²⁴ have long argued that workplaces can be reorganized such that work becomes better for low-paid people and a higher pay will actually be justified. We ask that employers study and implement the best ways to increase the value of low-wage work to attract better pay.

Pathway #10: Recognize the value of essential work and pay for it

The pandemic has helped draw the line between essential and non-essential work. Up to 67% of work may be essential. Canada classifies critical infrastructure according to ten sectors:

- Energy and Utilities
- Information and Communication Technologies
- Finance
- Health
- Food
- Water
- Transportation
- Safety
- Government
- Manufacturing

In most of these areas, essential work belongs in the lower-stream service industries.²⁵ COVID-19 has lifted the veil to reveal the gap between services provided and income received.

One of the most painful illustrations of this has been personal service workers (PSWs). How can it be that the most essential of all work – to keep people alive – is among the lowest paid? Governments have moved to temporarily provide higher wages in long-term care²⁶. The question is: can it be made permanent?

We ask that employers with the support of governments permanently pay higher wages to essential workers.

PATHWAYS FOR SOCIAL SERVICE PROVIDERS AND EDUCATORS. *The right support, services, infrastructure, community benefits – planning, educating and training for tomorrow*

Pathway #11: Provide the right supports, services, infrastructure, and community benefits

In Canada, social services and supports range from the medical to the legal, from housing to home supports. Most provinces have about 40 programs, some income-tested, some co-pay, and others

23 Naham, D. (August 28, 2020) *Submission to NSW Select Committee on the Future of Work*. Centre for Future Work. URL: https://www.futurework.org.au/submission_to_nsw_select_committee_on_the_future_of_work

24 Martin, R. (October 2013) *Rethinking the Decision Factory*. Harvard Business Review. URL: <https://hbr.org/2013/10/rethinking-the-decision-factory>

25 Government of Canada (Modified on January 15, 2020) *Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic*. URL: <https://www.publicsafety.gc.ca/cnt/ntnl-scrtr/crtcl-nfrstrctr/esf-sfe-en.aspx>

26 Ontario Provides \$461 Million to Temporarily Enhance Wages for Personal Support Workers. URL: <https://news.ontario.ca/en/release/58627/ontario-provides-461-million-to-temporarily-enhance-wages-for-personal-support-workers>

deeply subsidized. Some are statutory, some are rationed, and some have adjudicated and prioritized wait lists. All are important, but few take decent work into account. They both could and should.

Pathway #12: Plan, educate and train people for the better work of tomorrow

It is a mistake to believe that technology and automation reduce the work available. Automation simply transforms work. During the industrial revolution, 98% of weavers' jobs were automated, but it led to an increase in weavers. At the turn of the 20th century, blacksmiths and buggy builders lost work as automobiles replaced horses, but they were employed in assembly lines. Work did not decrease, in spite of countless admonitions that it would.²⁷

We have long been told that the digital era would lead to less paper but try telling *that* to a print shop. More ATMs and bar codes were supposed to mean fewer tellers and cashiers but now there are more. Technology does not make jobs vanish; it shifts the nature of work and often results in more work in different jobs. We call on our educators and service providers to keep thinking about how to train or retrain future workers to be more adapt and be flexible as new technologies develop. Such training is critical in avoiding or transcending working poverty.

UNDERSTANDING DEPTH OF POVERTY

In Canada, 11% of our population lives in poverty.²⁸ Of that number, up to 10% are seniors, 40% receive social assistance, and about 8% receive income from programs like Employment Insurance (EI) and the Canada Pension Plan (CPP). Still others live without income and are supported by their families, often as embedded caregivers.

The 'Poverty Pool'

Poverty can be usefully compared to a swimming pool that has a deep and shallow end. For example, seniors and children are usually in shallow poverty, because they receive adequate social benefits. People receiving social assistance are in deep poverty, because the low rates paid under these programs are often half of any recognized poverty standard.²⁹

Figure 1: *The Poverty Pool*



27 Bessen, J. (2015). Learning by doing: the real connection between innovation, wages, and wealth. Yale University Press.

28 Figure for 2018. Statistics Canada (September 8, 2020). *Canada's Official Poverty Dashboard of Indicators: Trends, September 2020*. URL: <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2020066-eng.htm>

29 Stapleton, J. (April 2019). The Working Poor in the Toronto Region: A Closer Look at the Increasing Numbers. *Toronto. Metcalf Foundation*. <https://www.metcalffoundation.com/site/uploads/2015/04/The-Working-Poor-in-the-Toronto-Region-2015-web.pdf>

Working poor in the Poverty Pool

The working poor population is distributed across the pool because their incomes vary. For instance, people living on minimum wage working full time make just enough to stay out of the shallow end. But some working poor people can easily slip into deeper poverty due to decreases in hours or work interruption.

Trends in the labour market, especially in large cities, show an increase in contract labour and the gig economy. These workers are clustered at the upper end (professional and knowledge work) and the lower end (entry-level service work). This results in a precarious labour market resembling an hourglass. Rates of working poverty differ depending on levels of income, disability, gender, race, education, family composition, occupation, and housing.

Working poor income

Employment income for the working poor ranges between \$3,000 a year to amounts defined by the poverty line (as measured by the after-tax LIM). These range from \$24,183 for one person to \$76,473 for a 10-person household.³⁰

People with disabilities are among the working poor

People with a disability (physical-sensory, mental-cognitive and combined disabilities) account for 41% of the low-income population. They are distributed among the working poor, the social assistance poor, and those in 'other' poverty.³¹

People with a disability are less likely to be employed or work full-time than those without a disability. Only 26% of people with combined disabilities are employed full time. About half of people with a physical-sensory or mental-cognitive disability have gained full-time jobs. In contrast, 73% of people without a disability are able to secure a full-time job⁵.

Gender and poverty

Women continue to have lower labour force participation and employment income than men, while performing a disproportionate share of housework and caregiving. Both of these things create barriers to career advancement and financial security. Among seniors in poverty, single women show the highest level of poverty. This is caused in part by the pension gap between men and women. According to the Broadbent Institute, 28% of single women seniors are living in poverty, compared to 24% of single males.³²

There are few studies on gender differences in child poverty. We assume that the number of girls and boys in poverty is roughly the same. But girls may be more vulnerable. A 2017 paper in *Child Indicators*

30 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110023201>

31 <https://www150.statcan.gc.ca/n1/pub/75-006-x/2017001/article/54854-eng.htm>

32 <https://hoopp.com/docs/default-source/newsroom-library/research/hoopp-research-article---senior-poverty---canada-next-crises.pdf>

Research shows that adolescent girls are at a higher risk of multidimensional poverty³³ than boys are.³⁴ For social assistance recipients, more lone parents are female, while more singles are male.

Working poverty and gender

Rates of working poverty are increasing for both men and women. In the Toronto Census Metropolitan Area and the City of Toronto, working poverty is 1.3 percentage points higher among men than women, although women are paid less overall.

When we take a closer look, it is clear that working poverty among males is markedly higher in racialized groups.² The higher rates of working poverty among males may also reflect the decline in some job categories, particularly manufacturing -- a conventionally male-dominated work category. More women may also be in the non-working poor category because they are engaged in unpaid caregiving and childcare responsibilities. This limits their participation in the paid workforce, but it is also the case that more women than men receive government child benefits.

Race and poverty

Racialized groups are more likely to fall into poverty. The 2016 census showed that 20.8% of people of colour had low incomes, compared to 12.2% of non-racialized people.³⁵ There are few studies of racialized seniors' poverty. The same is true for social assistance, where statistics on race are rare to non-existent. Families from racialized groups have a higher proportion of children living in poverty than non-racialized families do. Immigrant boys and girls are also more likely to be in low-income situations than those who are Canadian born.³⁶

Working poverty and race

Working poverty is concentrated among immigrants and visible minorities -- especially Black people. There are more Black men in working poverty than women. In Toronto, the Black community is the only one that experiences higher rates of working poverty in subsequent generations following immigration.³⁷

Working poverty and education

The incidence of working poverty goes down with greater educational attainment for both genders. In Toronto, 11% of the males and 8.7% of females in working poverty do not have a high school diploma. Undereducated men and women are also the two groups that have seen the most drastic increase in working poverty.³⁸

33 Multidimensional poverty encompasses the various deprivations experienced by poor people in their daily lives – such as poor health, lack of education, inadequate living standards, disempowerment, poor quality of work, the threat of violence, and living in areas that are environmentally hazardous, among others. (<https://ophi.org.uk/policy/multidimensional-poverty-index/#:~:text=Multidimensional%20poverty%20encompasses%20the%20various,are%20environmentally%20hazardous%2C%20among%20others.>)

34 Chzhen, Y., Bruckauf, Z., Toczydlowska, E., Elgar, F. J., Moreno-Maldonado, C., Stevens, G. W., ... & Gariépy, G. (2018). Multidimensional poverty among adolescents in 38 countries: evidence from the health behaviour in school-aged children (HBSC) 2013/14 study. *Child Indicators Research*, 11(3), 729-753.

35 <https://ocasi.org/new-fact-sheets-show-growing-racial-disparities-canada>

36 <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14680-eng.htm>

37 Stapleton, J. (April 2019). The Working Poor in the Toronto Region

38 Stapleton, J. (April 2019). The Working Poor in the Toronto Region

Family composition and poverty

Across Canada, the number of single people on social assistance has increased over the past two decades. In Ontario, singles receiving welfare benefits increased by 65% during 2000 and 2011. In British Columbia, by 2012, 81% of welfare recipients were identified as singles. Studies also show that the assistance rates have been falling behind the most basic costs of living for years. This makes it even more difficult for unemployed singles to leave welfare and become self-sustaining.³⁹

Working poor and job types

The majority of working poor cluster at the low end of labour markets, mostly in ‘service-level’ jobs, such as retail clerks, cashiers, health care aids, cleaners, and food and beverage servers.⁴⁰

Working poor and housing

The working poor population is facing a situation similar to social assistance recipients, in that most live in private rental housing. A small but significant percentage lives in subsidized housing, while others share costs with other adults who live in mutual dependence⁴¹.

Federal policy goals and a policy dilemma

The federal government’s poverty reduction legislation, passed on June 21, 2019,⁴² aims to reduce poverty by 20% by 2020, and to further reduce poverty by 50% by 2030. 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 Poverty 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. The rates paid for social assistance have been falling in real terms since 1993.⁴³

A look into the future

This is where we are now:

39 Herd, D., Kim, Y., and Carrasco, C. (April 2018). Improving Our Knowledge of and Responses to Singles on Ontario Works in Toronto: Executive Summary Report. https://ocwi-coie.ca/wp-content/uploads/2018/06/Singles-Study-Executive-Summary-Report-2018_FINAL.pdf

40 The Metcalf working poor paper shows details of the job types held by the working poor. URL: <http://metcalfoundation.com/wp-content/uploads/2015/04/WorkingPoorToronto2015Final.pdf>

41 Maaranen, R., Stapleton, J. and Yuan, Y. 2021 Mutually Dependent Working Poor: Toronto CMA – Presentation – Neighbourhood Change Research Partnership – University of Toronto. URL: https://openpolicyontario.s3.amazonaws.com/uploads/2021/05/Mutually-Dependent-Working-Poor_Toronto-CMA-20-April-2021-js.pptx

42 <https://laws-lois.justice.gc.ca/eng/acts/P-16.81/page-1.html>

43 Stapleton, J. (January 20, 2020) *Bring back cost sharing! End 26 years of social assistance decline*. Open Policy. URL: <https://openpolicyontario.com/2703-2/>



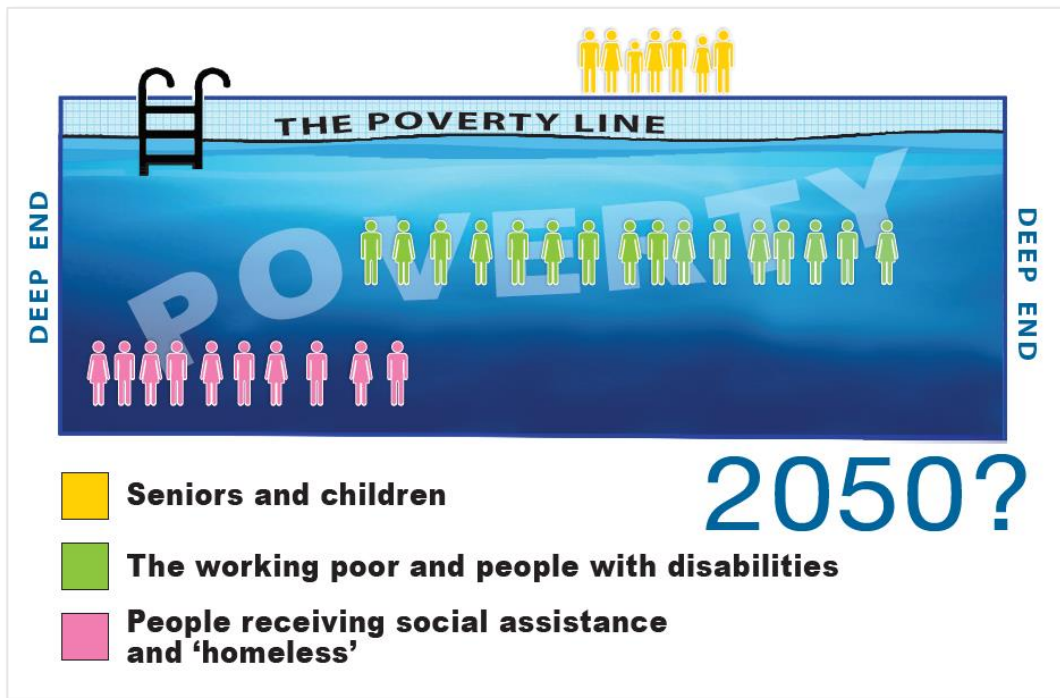
This is what we hope to achieve in 10 years:



What will happen in 2050 -- will it be 30 years of success from 2020 to 2050?



Or will we have entrenched, deep poverty?



UNDERSTANDING WORKING POVERTY

To define 'working poor', we use a definition developed by the Metcalf Foundation.⁴⁴ A member of the working poor is someone who:

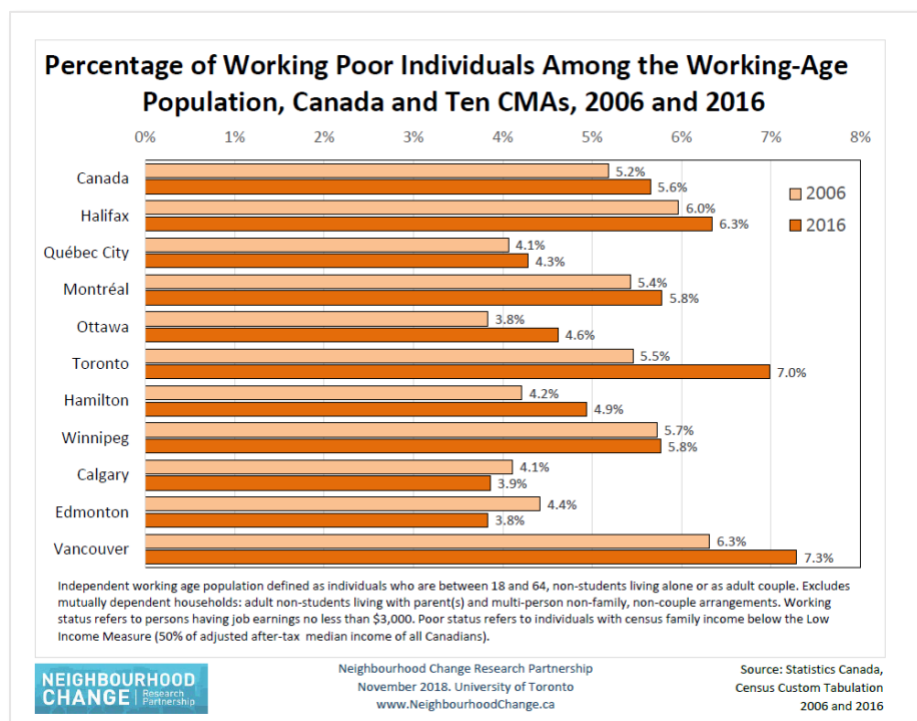
- has an after-tax income below the low-income measure (LIM)
- has annual earnings of at least \$3,000⁴⁵
- is between the age of 18 and 64
- is not a student
- lives independently.

Under this definition, the working poor account for about 42% of the population living in poverty. They are the single largest group of people living in poverty.

Working poor in Canada

Across the country, 5.6% of the working-age population are in working poverty. Vancouver and Toronto are well above the average, with 7.3% and 7% respectively (Figure 2).

Figure 2



We have been experiencing a continuous decline in manufacturing industry employment across Canada since before 1950. This is true both in numbers of occupations and in their portion of total employment, particularly in large metropolitan areas (Figures 3 & 4).

44 <https://www.metcalfoundation.com/site/uploads/2015/04/The-Working-Poor-in-the-Toronto-Region-2015-web.pdf>

45 \$3,000 is the income threshold for receiving a Canada Workers Benefit, formerly the Working Income Tax Benefit.

Figure 3

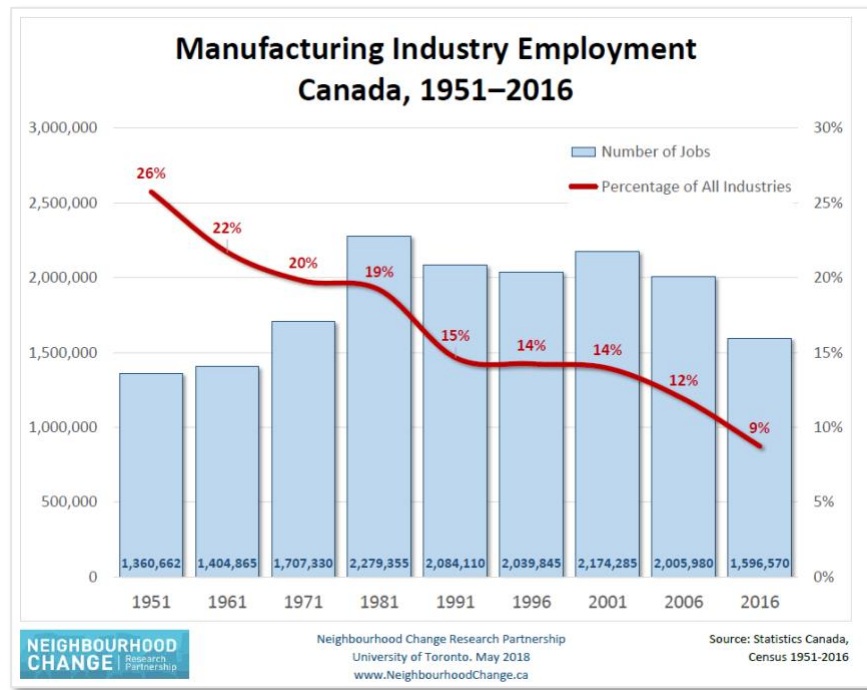
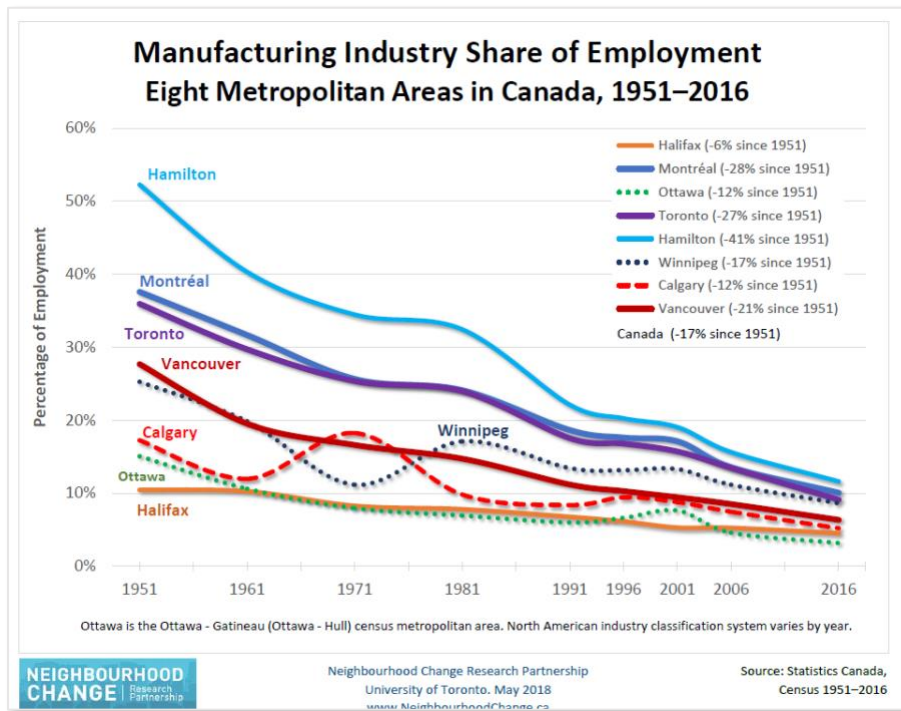


Figure 4



Over the last two centuries, employment in farming, fishing and forestry has been continuously decreasing. It now accounts for only 1% of the total occupations in Canada. The increasing share of manufacturing started in 1820 and reached its peak around 1870. Jobs in manufacturing were prominent in all types of work until early 1980.

In 2009, manufacturing accounted for less than 25% of total employment in Canada. Low Wage Service (LWS) became the major type of occupation with more than 45%. The so-called Creative Class (CC)⁴⁶ was the second largest type. It stood for about 32% of total employment (Figure 5 & Figure 6).

Figure 5

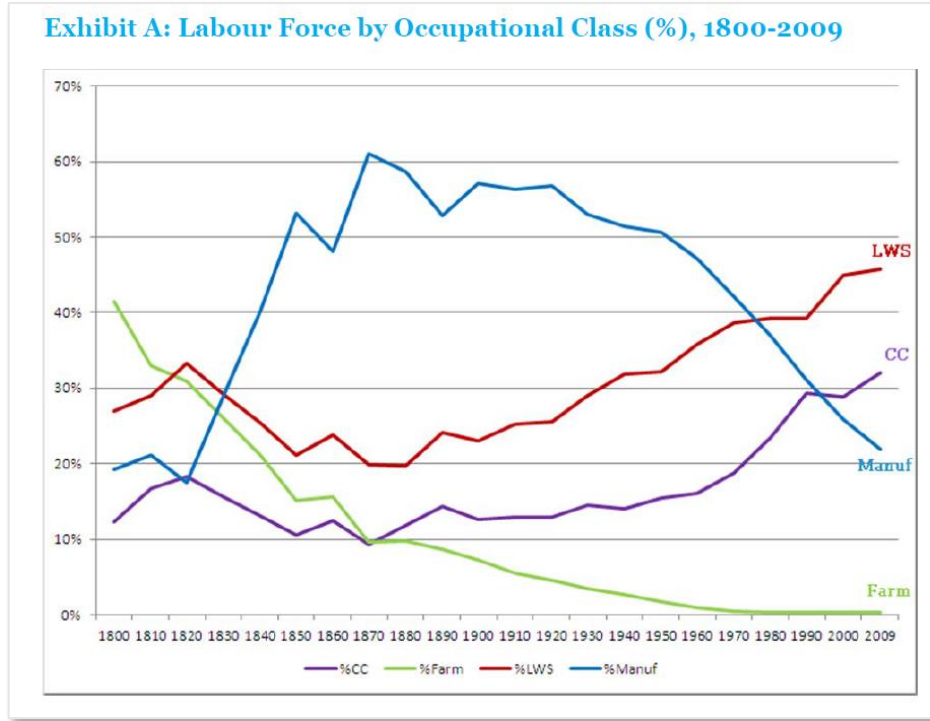
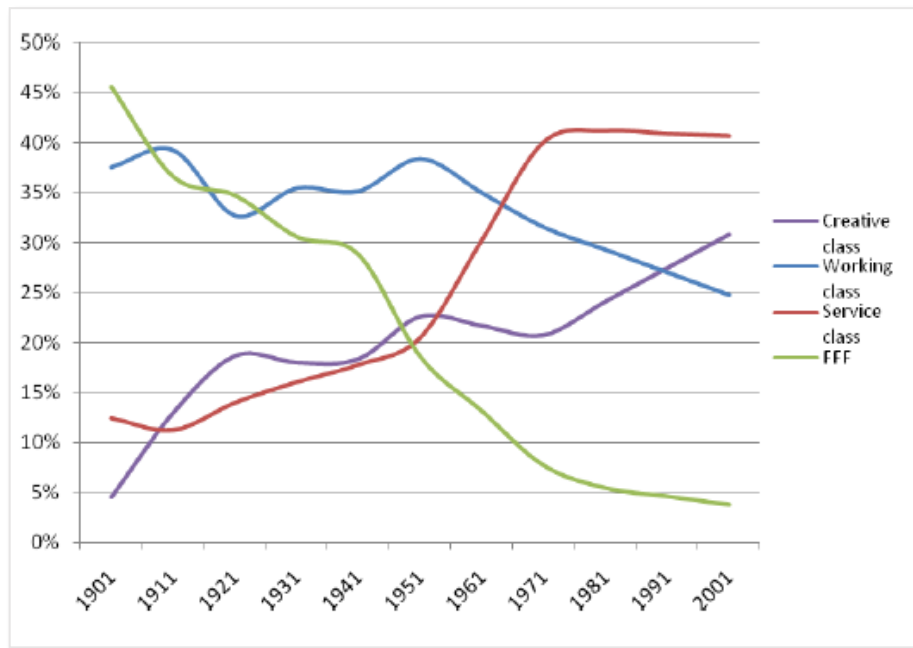


Figure 6 Labour Force by Occupational Class (%), 1901-2001



46 Richard Florida, in many of his publications, refers to urban professionals as the 'creative class'. Florida, R. (2005). Cities and the creative class. Routledge.

Figures 7 and 8 reveal the details of the trend toward contract labour and a 'gig economy'. Although part-time employment represents less than 20% of total work, it is concentrated at two extremes: higher-paid professional and knowledge work and lower-paid 'entry service' work.

Figure 7

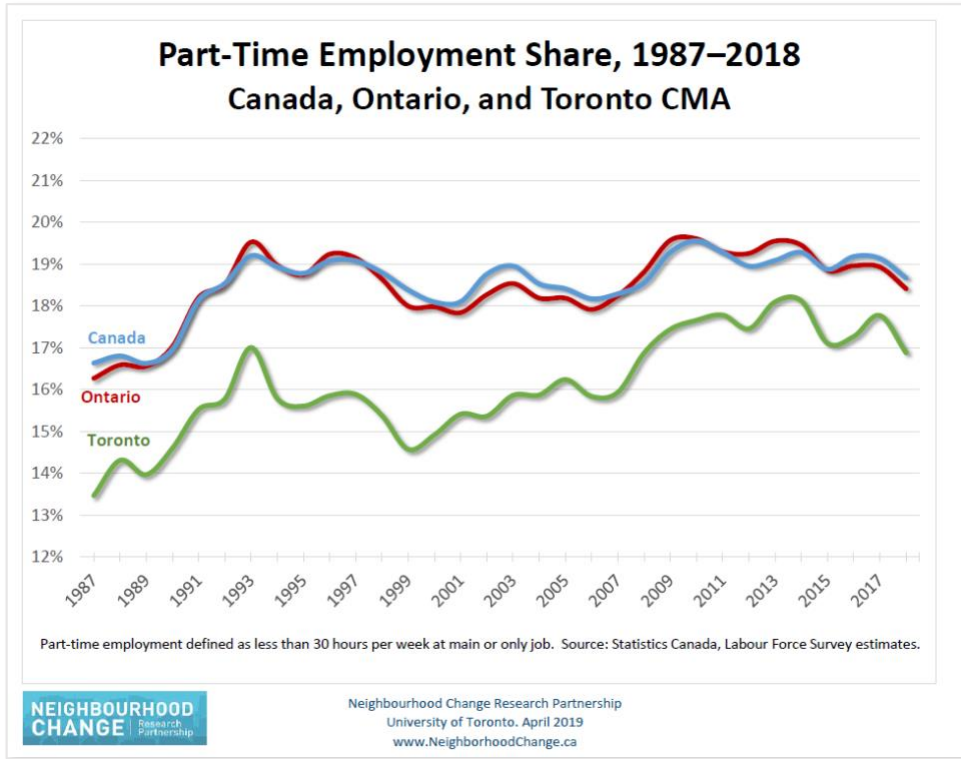
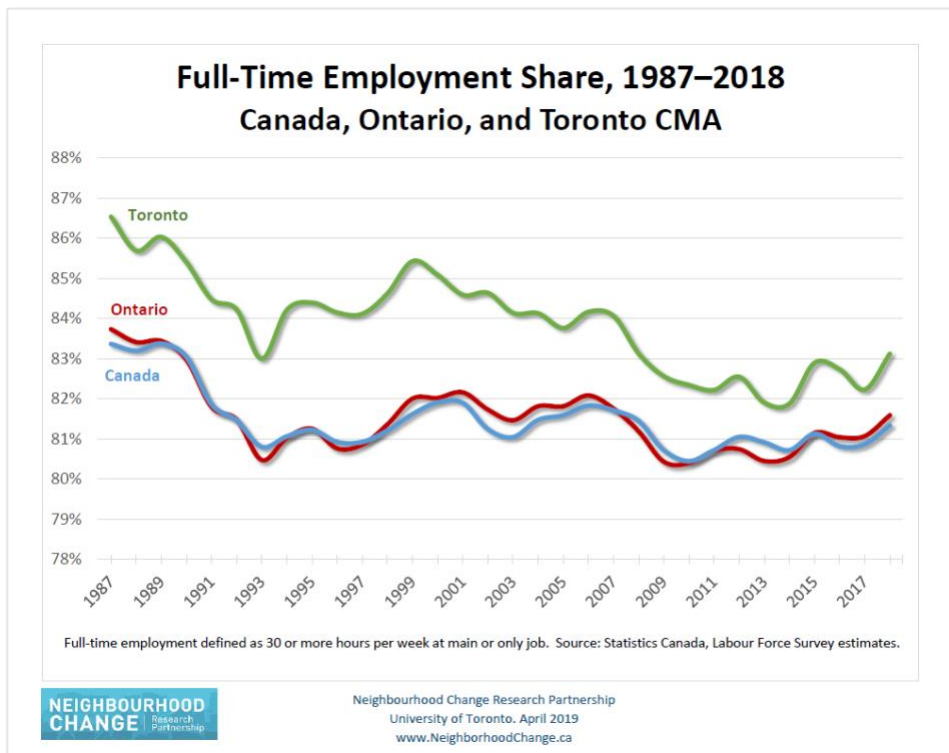


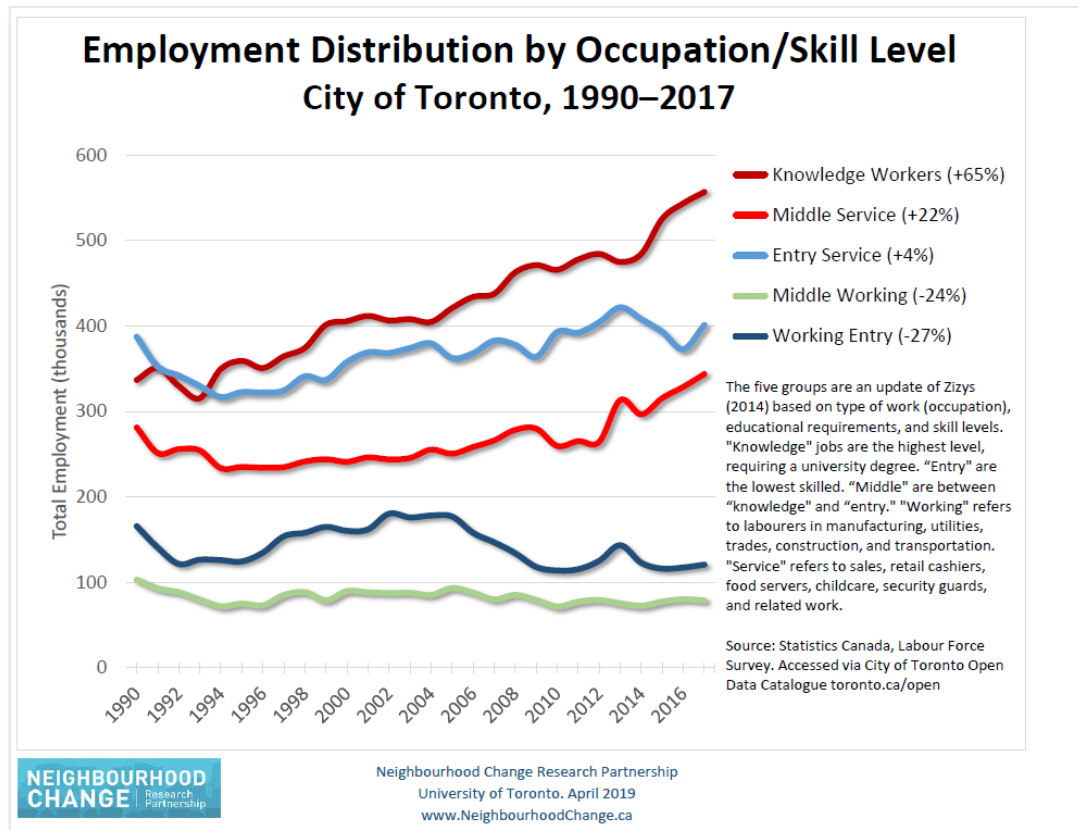
Figure 8



The working poor in Toronto

Toronto's labour market shows large increases in professional and knowledge jobs (Figure 9). These higher-paid jobs are not only the fastest growing part of Toronto's labour market but also – as a group – comprise its largest category. However, not far behind is the second-largest job category, 'entry service' -- where most of Toronto's working poor find employment.

Figure 9



If we look at the top declining and top increasing occupations, the numbers further support the formation of an hour-glass labour market. There are declines in middle jobs such as those in manufacturing, secretarial, and heavy equipment (Figure 10). The 75% decline in secretarial jobs in Toronto since 1987 means that only 25% of the original number of these jobs remain in the economy.

The two fastest-growing occupational groupings are health care workers (165%) and 'judges, lawyers, social work, religion' (165%). This are typical examples of the hourglass – low-paid entry work and high-paid knowledge jobs. The top of the hourglass commands very high pay while those working at the bottom of the hourglass often receive poverty level wages.

Figure 10

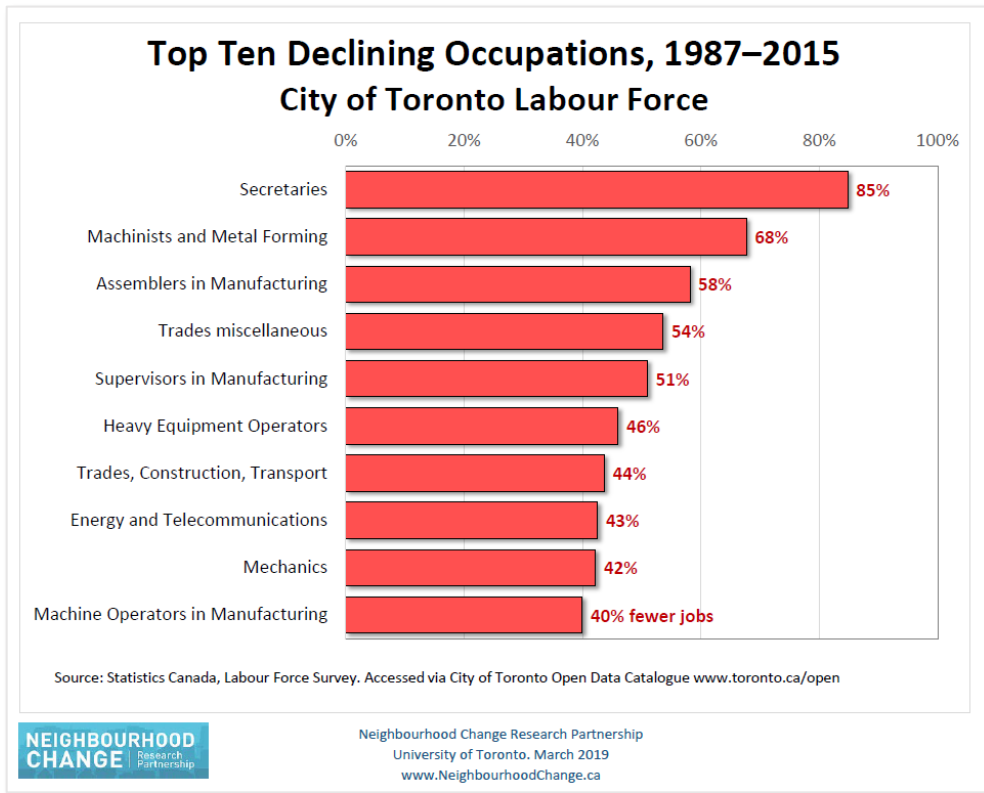


Figure 11

