Wellesley Institute 2014 Pre-Budget Submission

A SUBMISSION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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The Wellesley Institute is a non-partisan research and policy institute. Our focus is research and pragmatic policy solutions on issues of population health and health disparities. We appreciate the opportunity to participate in Ontario's pre-budget consultations. Our submission today focuses on one of the government's key priorities – poverty reduction – and the opportunities for this Budget to reduce poverty and consequently improve Ontarians' health and reduce stark and damaging inequities in health outcomes.

Poverty is a Health Issue

Extensive research shows that people with lower income and education, who are unemployed or in precarious or low-paid work have poorer health than those who are better off.[1] Moreover, there is a well-established gradient of health in which people who are in the lowest income group have worse health than people who are even just one step further up the income ladder. This gradient applies whether measured by self-reported overall health, mental health, prevalence of chronic conditions, or many other indicators.[2]

The evidence is clear that people with low income fare poorly in terms of income, employment opportunities, housing and other social determinants of health and, as a result, face a lifetime of poor health. In Ontario:

- Over three times as many people in the lowest income group report their health to be only poor or fair than in the highest;[3]
- Twice as many men in the lowest income group report having diabetes as those in the highest income group, while low income women are 2.5 times as likely to have diabetes as high income women;[4]
- Neighbourhoods with the highest level of material deprivation have higher rates of low birth weight babies (60 per 1,000 births) compared to neighbourhoods with the lowest level of material deprivation (43 per 1,000 births);[5]

[1] R. Wilkinson & M. Marmot, *Social Determinants of Health: The Solid Facts*, 2nd edition, World Health Organization, 2003.
[2] Commission on Social Determinants of Health*, Closing the gap in a generation: health equity through action on the social determinants of health. Final Report of the Commission on Social Determinants of Health,* Geneva, World Health Organization, 2008, pp. 31-32.
[3] A.S. Bierman, F. Ahmad, J. Angus, R.H. Glazier, M. Vahabi, C. Damba, J. Dusek, S.K. Shiller, Y. Li, S. Ross, G. Shapiro, D. Manuel, 'Burden of Illness', in A.S. Bierman (ed.), *Project for an Ontario Women's Health Evidence-Based Report: Volume 1*: Toronto; 2009. Self-reported health is regarded as a reliable indicator of clinical health status.
[4] Bierman et al.
[5] 2011 Annual Report of the Chief Medical Officer of Health of Ontario to the Legislative Assembly of Ontario, *Maintaining the Gains, Moving the Yardstick: Ontario Health Status Report, 2011*, Chief Medical Officer of Health of Ontario, 2011, p. 13.

- People living in the poorest neighbourhoods report lower positive mental health (66 percent) compared to those living in the best-off neighbourhoods in the (78 percent);[6]
- Only 39.5 percent of people living in households with income of less that $15,000 have dental insurance.[7]

These differences have a significant impact. In Toronto, life expectancy was 4.5 years lower for men in the lowest income quintile versus the highest and 2.0 years lower for women.[8] But these negative health outcomes can be mitigated and avoided by investing in poverty reduction.

Social assistance adequacy

A key starting point is social assistance; rates are currently set at levels that are too low for recipients to maintain the adequate standard of living necessary for good health. Research on the health of people receiving social assistance shows that they have worse health outcomes than the non-poor in a range of areas, including diabetes, heart disease, mood and anxiety disorders and other chronic conditions. People receiving social assistance are over four times more likely to consider suicide sometime in their lives than non-poor, and almost twenty times more likely to attempt suicide.[9]

The 2013 Ontario Budget made progress toward adequate social assistance by raising the rates by one percent, allowing people receiving social assistance to keep more of their earned income, providing a $14 per month additional top-up for single people on Ontario Works, and increasing asset limits for all Ontario Works recipients. These moves were broadly welcomed by experts and stakeholders.

Budget 2014 must be the next step in ensuring the adequacy of income for people receiving social assistance. A single person receiving Ontario Works receives $606 per month, after the 2013 increase. This is simply not enough income to maintain good health. The Commission for the Review of Social Assistance in Ontario called for rates to be increased by $100 per month for single adults on OW; the government should continue to move toward this goal and should ensure that all people receiving social assistance see a real increase in their income.

1. **Increase Ontario Works rates by $100 per month, as recommended by the Commission for the Review of Social Assistance in Ontario.**

Another Commission recommendation that could be acted on immediately and would help to reduce family poverty is treating child support payments as earned income. Currently, child support payments are deducted from social assistance payments, leaving parents and children

[6] 2011 Annual Report of the Chief Medical Officer of Health of Ontario to the Legislative Assembly of Ontario, p. 39.
[7] L. Sadeghi, H. Mason & C.R. Quiñonez, *Report on Access to Dental Care and Oral Health Inequalities in Ontario*, Public Health Ontario, July 2012, p. 9.
[8] Toronto Public Health, *Unequal City: Income and Health Inequalities in Toronto*, Toronto Public Health, 2008.
[9] People receiving social assistance are five times more likely than the non-poor to report their health as poor or fair and have 2.4 to 4.6 times the rates of diabetes, heart disease, mood and anxiety disorders and other chronic conditions than the non-poor. B. Wilson, E. Lightman & A. Mitchell, *Sick and Tired: The Compromised Health of Social Assistance Recipients and the Working Poor in Ontario,* Community Social Planning Council of Toronto, University of Toronto's Social Assistance in the New Economy Project & Wellesley Institute, Toronto, 2009.

no further ahead. The Commissioners recommended exempting the first $200 of child support payments and subjecting any amount over $200 to a 50 percent claw back rather than the existing 100 percent deduction.

2. **Treat child support payments as earned income, with an exemption for the first $200 received per month and a 50 percent deduction on any amount over $200.**

Housing supports for people receiving social assistance

The Ministry of Community and Social Services eliminated the Community Start-Up and Maintenance Benefit in January 2013. The CSUMB helped people receiving social assistance to pay for large or unexpected housing-related costs, supporting them to become and remain housed. When the CSUMB ended only 50 percent of its funding was passed to municipalities as part of a consolidation of housing programs that are available to all low income people, not just people receiving social assistance. In response to municipal and community concerns, the province provided transitional funding of $42 million for 2013. This funding is will expire at the end of the fiscal year.

Municipalities across Ontario spent 2013 developing plans to provide housing support to low income people living in their communities. In 2013, some municipalities imposed restrictive criteria on people in need of support because they were concerned that their funding would not last until the end of the year. Twenty-seven community organizations from across the province have been calling on Ontario to make the $42 million in transitional funding permanent.[10] The experiences of 2013 have shown that municipalities cannot afford to have this funding cut. We recommend that Budget 2014 make this funding permanent.

3. **Make permanent the $42 million fund for municipalities to provide housing and homelessness prevention programs.**

Minimum wage

To reduce poverty, it is critical to ensure that all Ontarians are able to afford basic needs like housing, food, and transportation. Ontario's minimum wage has been frozen at $10.25 per hour since 2010. At the current rate, earning minimum wage means living in or near poverty.

In Ontario, there are a growing number of people who are 'working poor'. In the Toronto Region, this population increased by 42 percent between 2000 and 2005.[11] Working poverty can have serious health impacts: Ontario data show that 66 percent of people who were working and made sufficient incomes reported their health as excellent or very good as compared with 49 percent of those who were working poor.[12]

[10] The letter is available at http://www.incomesecurity.org/documents/CSUMBCHPIlettertoPremierWynneetalNov2013.pdf.
[11] J. Stapleton, B. Murphy & Y. Xing, *The "Working Poor" in the Toronto Region: Who they are, where they live, and how trends are changing*, Metcalf Foundation, February 2012, p. 26.
[12] S. Block, *Rising Inequality, Declining Health: Health Outcomes of the Working Poor*, Wellesley Institute, 2013, pp. 3-4.

The government recently established the Minimum Wage Advisory Panel to give advice on the province's minimum wage. While it is encouraging that the province is seeking advice on minimum wage, immediate action is required.

Working in paid employment should be a path out of poverty and an adequate minimum wage is critical. We recommended that the new Poverty Reduction Strategy should commit to benchmarking the minimum wage at 10 percent above the Low Income Measure (LIM). Additionally, the minimum wage must be indexed to inflation to protect the purchasing power of low wage earners.

4. **Benchmark the minimum wage at 10 percent above the Low Income Measure and index the minimum wage to inflation.**

Now is the time to act

This Budget is critical to the success of Ontario's upcoming Poverty Reduction Strategy, which will set Ontario's policy directions for the next five years. One of the reasons that the first Poverty Reduction Strategy was successful in reducing child poverty in its early years was the financial commitment that the government made to the Ontario Child Benefit. Reducing poverty requires determination, setting goals, and making sensible investments. This Budget can build on early successes by making a significant initial down-payment on poverty reduction.