

The Challenge

Income security is the result of a set of policies and programs that are often referred to as the “social safety net” for all people as they transition through life’s different stages. For senior citizens and children, great strides have been made over many decades of program improvements. Yet our income security system for working age adults is out-dated. Developed in the 1960s, this system still assumes that many working-age adults, including lone parents and persons with disabilities, may not be part of the labour force. Even as more adults choose to work and the face of poverty becomes less predictable and homogeneous, our outdated income security system fails to deliver on its commitment to the people of the Toronto region: to ensure that losing one’s livelihood is not catastrophic.

Our challenge is to create a strong income security system that will support those at the low end of the labour market, buffer unemployment, and provide a baseline income to the most vulnerable to ensure that our region and all its residents are able to flourish and prosper.

Current Situation

Although the Toronto region has made an impressive recovery since the recession, Toronto has returned to growth without providing the additional jobs or income security that many had expected. Unemployment figures in the Toronto region have remained stubbornly high at 9.9.5% through the latter part of 2010. Many working-age adults were initially entitled to Employment Insurance (EI) but, as the recession persisted, the number of active EI claimants declined, as claimants either returned to work or exhausted their benefits. Without EI benefits, unemployed people generally turn first to personal savings and family support, but some must ultimately resort to provincial social assistance (welfare) to support themselves.

The Toronto region, like other areas in Ontario, needs an income security system based on smart public policy that benefits from support and investments from the private, community and government sectors. To accomplish this, it is clear that more can be done. With tougher eligibility requirements and shorter EI coverage, more Ontarians faced with longer-term unemployment are forced into destitution to access social assistance programs. Anyone who applies for social assistance is subject to a monthly asset test to maintain their eligibility for the program. If someone receiving social assistance receives a small windfall, such as an inheritance or a court settlement, they must spend it within a month or risk losing all of their benefits.

Ancillary supports such as provincial housing, drug and dental benefits, the Working Income Tax Benefit (WITB), and early learning and child care must be redesigned to maximize their effectiveness. Doing so will help to create incentives and remove barriers, allowing more people to leave social assistance and return to work.

To further support people at the low end of the labour market, we must also enforce minimum employment standards in the workplace, create effective training and employment support programs, and facilitate employment opportunities for racialized groups.

Promising New Developments

Awareness is growing about the challenges of our income security system. Coalitions and working groups have formed to propose new alternatives including The Mowat Centre for Policy Innovation’s EI Task Force, the provincial government’s Social Assistance Review and the provincial government’s Employment Standards Modernization Strategy and Task Force. The private and community sectors have also collaborated on projects to improve asset development such as learn\$ave and St. Christopher House’s Financial Advocacy and Problem-Solving program (FAPS). Policy ideas such as developing a housing benefit for low income Canadians outside of the welfare program are gaining traction.

Comprehensive research has been undertaken to research new directions. For example, the Institute for Competitiveness & Prosperity has examined how the Working Income Tax Benefit can be improved to fit Ontario’s programs, a recent Senate Committee report addressing the training needs of the unemployed has been published, and several groups such as the Toronto District School Board, Ryerson University, Cities Centre at the University of Toronto, Colour of Poverty and the Workers’ Action Centre have explored how race and poverty intersect.

Additionally, government legislation such as the Open for Business Act and Employment Ontario have made progress in addressing employment concerns, and a comprehensive array of federal and provincial child benefits have provided needed income protection to families with children living on modest incomes.

Chief Barriers to Progress

- **Funding:** There is a perception that changing income security programs such as EI, the WITB, social assistance and child care will be too costly, even though new expenditures may be both modest and controllable. In other areas, such as the enforcement of employment standards and higher wages for child care workers, significant resources may be required to be able to realize sufficient change.
- **Policy silos:** Federal and provincial government income security programs have evolved to the point where they no longer share a coherent set of policy objectives. In some cases, the federal government will not intervene in poverty reduction even where federal leadership would be both welcome and appropriate.
- **Political philosophy:** There is a political perception that any social assistance applicant should exhaust his or her own resources before accessing support, even if this requires the applicant to become destitute. This perception has resulted in welfare programs that are difficult to access and which require extraordinary personal efforts to escape.
- **Lack of available data:** Even though data is often available to governments, they are not willing to share available data on several fronts: labour force information disaggregated by race and income; EI exit data disaggregated by reason for leaving EI; and data establishing the effectiveness of training programs.
- **Need for common understanding:** Employment issues can be hard to change since small and medium-sized businesses in the Toronto region are not always aware of their obligations and leadership in the Toronto region does not share a common understanding of labour market and training goals. There is also hesitancy to address the issue of employment and racialized poverty in a direct way.
- **Outdated legislation:** With more workers in part-time, contract or 'own-account' self-employed jobs, Ontario's labour laws, regulatory regimes and employment benefits do not reflect the current reality of many employers and workers.

Opportunities for Action

In addition to being based on smart public policy with support from the private, not for profit, and government sectors, our income security system must be able to function both in times of expansion and recession in a way that reflects today's needs and contributes to our prosperity as a country, province, and region. We need people from every sector to get more involved in creating and supporting solutions that will revitalize and strengthen Ontario's economy. Working across sectors and political lines, the Greater Toronto CivicAction's Income Security Working Group has identified eight opportunities for action to advance its income security and prosperity agenda in the Toronto region.

1. Increase alignment between EI and social assistance programs to better serve the needs of the longer-term unemployed.

Given recent developments and the complexity of the issues, government, industry, communities, and labour should participate in and support the ongoing work of the Mowat Centre in its work on EI and the Government of Ontario's Social Assistance Review.

2. Allow recipients of social assistance to keep small windfalls and protect some savings to prevent destitution and welfare dependency.

There is an opportunity for all stakeholders to support and advocate for an increase of asset limits for recipients of Ontario Works benefits to \$5,000 for single people and \$10,000 for families that would include RRSPs and TFSAs. Opportunities to convene a broad cross-section of actors to work with the Ministry of Finance to model the expected cost of an increase in asset limits should be explored.

3. Reduce disincentives to work by de-linking housing and drug and dental benefits from social assistance.

Several policy ideas deserve support including:

- the creation of a new housing benefit for all low-income Ontarians based on their rent, resulting in a portable housing benefit to alleviate the high cost of housing for low income families; and
- providing coverage for drug and dental benefits outside of the social assistance system through better coordination of the Ontario Drug Benefit Plan and the Trillium Drug program, the Children in Need of Treatment (CINOT) program and other new initiatives.

4. Fine-tune the Working Income Tax Benefit (WITB) to increase its effectiveness in easing the transition from welfare to work.

Stakeholders can build on and support a recommendation to increase the WITB so that it provides a true incentive for social assistance recipients to leave welfare and supplement the incomes of very low wage workers.

5. Increase the effectiveness of employment standards and regulations to ensure workplace fairness and security.

All sectors can collaborate to identify best practices and emerging trends to promote workplace fairness and to support education campaigns for small and medium-sized employers to improve their compliance with the law. Employers should increase their understanding of existing employment standards and establish policies and processes to ensure that legal protections are extended to all forms of work. Increased government resourcing to support enforcement of existing standards would increase compliance in the context of a broad review of the effectiveness and scope of Ontario's Employment Standards Act.

6. Improve the design and effectiveness of training and employment support programs to help working-age adults at the low end of the labour market.

Improving data collection and measurement of training results would increase accountability for and learning from training results. There is an opportunity to support initiatives such as the EI Task Force and Employment Ontario, and for governments to take on greater leadership to obtain and sustain results.

7. Improve access to high quality, affordable early learning and child care to allow low income parents to work.

There is an opportunity to efficiently and effectively deploy funding for early learning and child care services in the near future. In parallel, businesses should consider the opportunity to invest in their employees by establishing private early learning and child care. Where organizations are too small to make this possible, they should explore pooling of resources or programs that support employees in finding high quality child care.

8. Reduce specific employment barriers for racialized groups living in poverty.

As a first step, we should encourage the federal government to increase public access to labour force data disaggregated by race. Given the importance of immigration to the Toronto region, there is also an opportunity for a regional dialogue to better understand and improve the effectiveness of programs aimed at reducing poverty in racialized groups.

Questions for Discussion

1. What opportunities for action hold the greatest potential for cross-sectoral support as well as political traction?
 - a. What might CivicAction and its partners do to support collaboration to drive these opportunities for action forward?
2. In which areas could CivicAction lead new initiatives, or assist other groups to advance?
3. Income security is an issue which is central to the functioning of a modern, competitive economy, yet this area remains one of limited private sector engagement.
 - a. What should be the private sector's role in relation to the opportunities for action listed above?
 - b. What is needed to increase private sector engagement in these issues?
 - c. What could CivicAction do to support this increased engagement?

This paper was prepared by Andrea Baldwin, Stephanie Procyk and John Stapleton and informed by discussions of CivicAction's Income Security Working Group.