

## **Barely Surviving: The Predicament of Toronto's Poor Single Adults**

### **The Challenge**

The income security programs in Canada from Old Age Security to child benefits, Employment Insurance, and welfare, are responsible for \$10 billion to \$12 billion entering the city of Toronto's economy each year. Not only is this spending important, it keeps many of our residents out of poverty. But for others, poverty is a guarantee.

Our income security system is very unwieldy, complex, and very unequal - not just unequal between groups of people but unequal when it comes to the higher costs experienced by Toronto residents.

For example, indexing benefits to the cost of living is largely the rule for benefits paid by the federal government. CPP, Old Age Security, and most child benefits have inflation protection. The most important federal exception is EI, which is not inflation-protected.

Most Torontonians are not aware that it would take a 55% increase in benefits to Ontario Works (welfare) to bring them in line with the value of benefits in 1993. Similarly, single disability benefits (ODSP) would have to be raised almost \$250 a month to bring them in line with the value of benefits paid in the mid-1970's.

But Toronto residents also face much higher costs than those in other parts of Ontario. For example, Toronto is the only city in Ontario where the Ontario Works shelter component comprises less than 50% of average rents for single persons, while in Sudbury, the shelter component is over 75% of the average rent. No one can realistically obtain a room or bachelor apartment for \$364 in Toronto.

### **Current Situation**

In fact, over 50,000 single adults in our city (7,000 higher than last year) are having a very difficult time meeting their most basic needs while receiving welfare benefits. The following table shows the shortfall faced every month by single recipients of welfare. They are not even close to being able to make ends meet.

<b>Single person receiving Maximum Ontario Works in Toronto</b>	
<b>Income and Expense Items</b>	<b>Single</b>
Monthly Income OW (\$585) & Tax Credits	\$657
Nutritious Food Basket	\$260.11
Transit <sup>1</sup>	\$121
Basic Personal Care	\$40
Clothing (Goodwill)	\$40
Shelter Cost- Rents	\$450
Shortfall	<b>-\$254.89</b>

### **Barriers to Progress**

While receiving Ontario Works payments, single persons are only able to retain liquid assets of \$585 in total. The asset limit and the low amount of benefits virtually assure destitution for each of these 50,000 individuals, the majority of whom are men, and too many of whom are between the ages of 18 and 35. They have exhausted their Employment Insurance or possibly were not eligible in the first place. Less than 40% of all of Ontario's unemployed are eligible for EI.

And it's much harder to talk about work incentives in 2010. Less than 3,000 of the 50,000 are working and 50% of every net dollar earned is clawed back from their very low benefits. A full time minimum wage pays close to \$20,000 a year and the total amount a single person on welfare can get is less than \$8,500. It is safe to assume that any one of the 50,000 who could get full time work are making their best efforts to obtain it.

Clearly, the single welfare recipient is someone who either does not have grade 12 or the skills to go along with it. They have trouble reading and speaking business English. They may have addictions, appearance, or behavioural issues that keep them from the workplace. For many, full time sustainable work is a distant prospect.

We can always talk tough about welfare and point out that poverty is an individual problem that the individual has to overcome on their own. And there is no doubt that a small minority will do it on their own. But the reality is that anyone living on the amounts provided is inadequately housed or is not getting enough to eat - likely both. It is impossible to undertake a realistic job search or undergo training while suffering this level of destitution.

### **Opportunities for Action**

It is not an option to allow 50,000 single working age adults to live in destitution at any time, but even worse, to allow it during a fragile economic recovery when there is greater competition for every available job. The fact is that we need all 50,000 to be the best they can be. We need them in the labour force and we need them working.

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<sup>1</sup> TTC pass for adults

Job one is to make sure that all single persons are adequately housed, are able to eat nutritiously, and able to access transit, clothing and personal care. To a government and public that remains suspicious of large welfare increases, a housing benefit<sup>2</sup> payable through the tax system offers a promising alternative. Once the rent is paid, there is at least the possibility that enough money may be left over for other necessities. One of the clear advantages of a properly designed housing benefit is that higher rents in cities like Toronto would be recognized. The current badly-designed welfare shelter benefit is the same for recipients in Toronto and in rural Ontario. This makes little sense

We then must recognize that work incentives are not the main issue when minimum wage jobs pay over double what can receive in welfare. The real solution is a multi-pronged approach that recognizes the educational and training needs of recipients set against the real needs of employers. Let's not send welfare recipients out to employers with resumes that won't get them any work.

Then we must address the issue of addictions and basic job-readiness skills that often relate to poor appearance. For example, there is an urgent need for a dental program that will help people with appearance difficulties to get a job.

Forcing people into destitution is the worst possible way to get them functioning in Toronto's complex labour force. Let's face the problem realistically and get started on some real solutions.

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<sup>2</sup> [http://www.dailybread.ca/PDFS/03\\_LearningCentre\\_/Publications/Housing-Benefit-Summary.pdf](http://www.dailybread.ca/PDFS/03_LearningCentre_/Publications/Housing-Benefit-Summary.pdf)