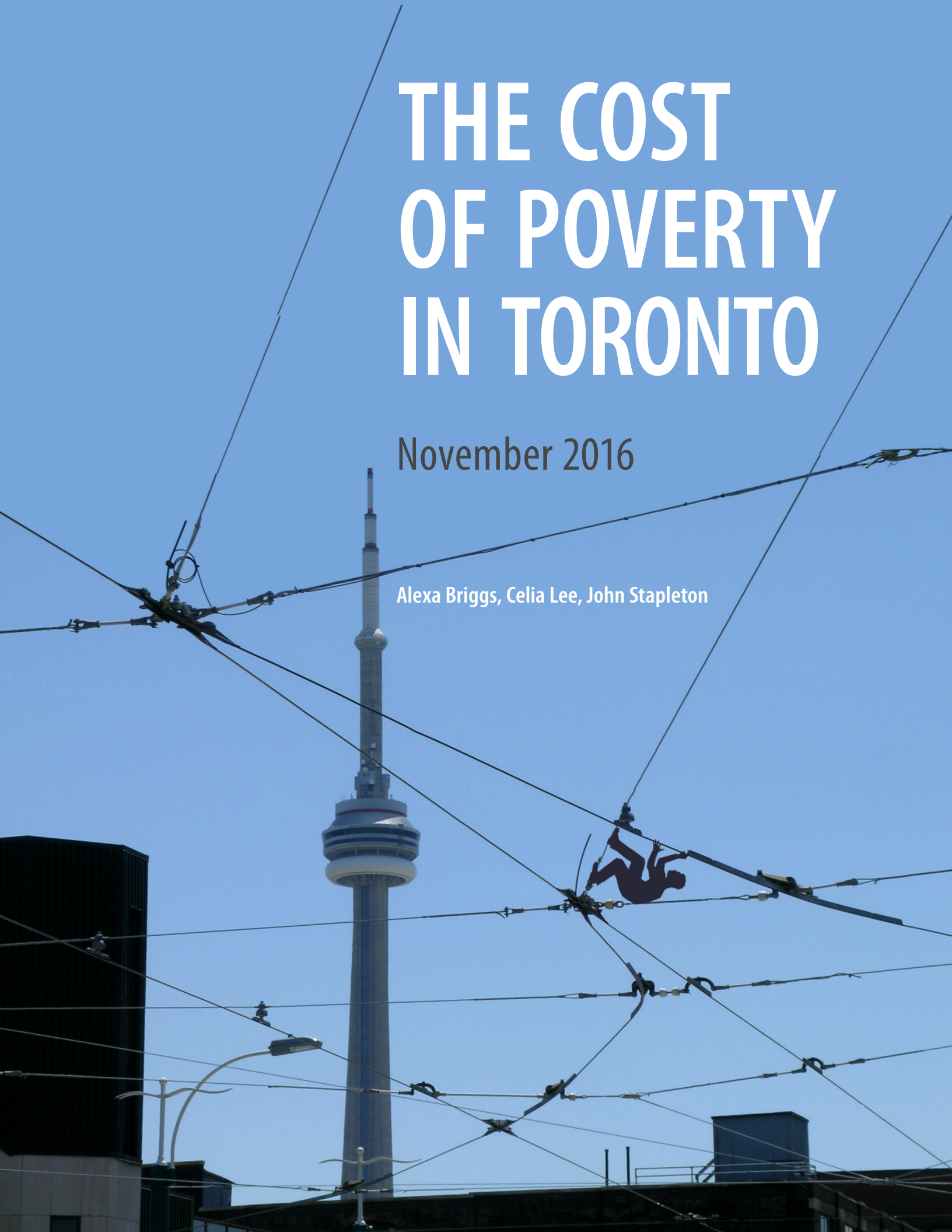


THE COST OF POVERTY IN TORONTO

November 2016

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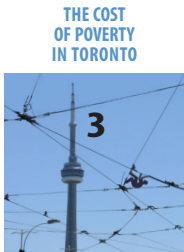
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Foreword

There is not a day that passes in the City of Toronto when I don't think about poverty. I escaped from poverty in the fall of 2007. I can tell you living in poverty was the hardest thing I had to do in my life. I have survived cancer although I was left with some very debilitating conditions. I was told by doctors and social workers that I would never work again. I believed them and my life in poverty took hold for the next 13 years.

I lived in a prosperous city but it was not my city. It belonged to others who could afford what a city like Toronto offers. I was stuck living inside a few blocks; the TTC was too expensive. I was unable to walk more than a few blocks. I could not afford to even see a movie over those years. My health was steadily declining. I saw the suffering of others around me each day; people got hospitalized, some people just died, all around me there was misery. Everyone hoped for better days. There is a terrible cost that we are all paying for poverty in our city.

I know that there are pathways out of poverty. I know that we can make life easier and healthier for those who struggle with poverty and low-income. For me, the pathway out of poverty started with Voices from the Street leadership

program. I found myself with 12 other people all living in poverty, all marginalized, all broken in some aspect. Poverty had choked the life out of us. We feel the brokenness but we also see what others do not see or feel. That is the possibilities for change; that each of us has value that we are much more than people stuck in poverty.

Every day I celebrate when opportunity and choice arrives at the door of a person living in poverty. The cost of doing nothing or saying we can't afford it has to end. We can no longer turn our backs on others. This is a cost that we cannot continue to pay.

I found my pathway out of poverty. I was on ODSP for all those years when I could have been making an economic and social contribution. I have left rent geared-to-income housing and purchased a new home in Regent Park.

I want my story to be an inspiration to others. I'm an example of how people can escape from poverty when given the opportunity. I want my story to repeat over and over for others to build a better Toronto. My health is better. I use fewer medical services.

Even when I was poor I paid taxes. We all pay taxes. My share of taxes has increased; I pay property taxes to build the City. I pay along with others. I pay more federal and provincial taxes. I want my taxes to make a difference in my life. We seem to forget the power that paying taxes has on people and community and that we can change the social and economic conditions for others.

Toronto is my home but every day I feel the burden of poverty on my friends, neighbours, and community. The cost of poverty is something we need to end together.

Michael Creek,
Advisory Group Member, December 2015



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Summary: Poverty costs us all

Poverty costs us all. Poverty expands healthcare costs, policing burdens and diminished educational outcomes. This in turn depresses productivity, labour force flexibility, life spans and economic expansion and social progress, all of which takes place at a huge cost to taxpayers, federal and provincial treasuries and the robust potential of the Canadian consumer economy. We believe that eradicating poverty and homelessness is not only the humane and decent priority of a civilized democracy, but absolutely essential to a productive and expanding economy benefiting from the strengths and abilities of all its people.”

—Standing Senate Committee on Social Affairs, Science, and Technology, Subcommittee on Cities



This report estimates the price of inaction. *Regardless of the strategy used to address poverty*, it asks, “What does it cost us to allow poverty to persist in Toronto?” It estimates how much more we may be spending in the health care and justice systems simply because poverty exists, and how much we lose in tax revenue, simply because poverty exists.

This preliminary analysis conservatively estimates that the overall cost of poverty in Toronto ranges from \$4.4 to \$5.5 billion per year. This estimate is largely comparable, with the exception of intergenerational costs, with estimates of the cost of poverty in Ontario at \$32 to \$38 billion and for Canada at \$72 to \$85 billion.¹

There is no definitive measure of the full economic impact of poverty. However there is a body of work in Canada that provides estimates of the cost of poverty in the key areas of health and justice. These estimates also measure in dollars the lost economic opportunity for current and future generations who live in poverty. Until now, these estimates have been national and provincial. With this report, Toronto leads the way in estimating the cost of poverty for a Canadian city.

It would be far too simple to say that a large investment in eradicating poverty would result in saving governments and taxpayers five or six billion dollars a year. Nevertheless, this exercise provides an estimate of the scale of lost opportunity – the opportunity to spend limited funds differently, with more productive results.

Success metrics in poverty reduction tend to focus on *social* returns, to the exclusion of monetary ones. It is true that dollar impacts are challenging and sometimes unpopular to quantify. Yet when return on investment is unaccounted for in dollar values, decision-makers are left with only one side of the balance sheet to consider. Spending on poverty reduction is viewed as a “sunk” cost.

Social and economic returns are both critical. City halls, provincial legislatures, and Canada’s parliament are guided by both their social purpose and their budgets. How we measure outcomes shapes budgetary allocations. While fiscal return is not the primary indicator of success in poverty reduction, it is useful to have a notion of potential gains when determining what we can afford to spend.

This report replicates methodology developed by others and is not intended to be comprehensive. As the methodology is refined and these analyses become more prevalent, we hope to see more data available with which to calculate economic costs, giving us a greater ability to quantify the economic impacts of poverty.



1. Laurie, 2008. In the present work, we did not attach a cost figure to the intergenerational costs of poverty.

Calculating the costs of poverty

“What saved us, each generation, was the strength of public supports: childcare subsidies and a good transit system so I could work; great educations for my dad and his uncles, and the decades-old “mother’s allowance,” which transformed into the Canadian child tax benefit, put milk on our kitchen tables.

—Toronto lone parent with intergenerational experience of poverty

There have been a number of recent reports that have estimated the ‘cost of poverty’ or the cost society pays when poverty is left unaddressed.² The analysis used in these reports, as well as our own, compares public service usage in different income groups. For example, people living with the lowest incomes use a higher level of health care services. The analysis estimates how some costs might be reduced if individuals from the lowest income group moved up one income level and experienced the same health status as their new ‘peers’. A similar analysis is applied to justice system costs and added economic activity.

This report is limited to available data and established methodology from the first report on the cost of poverty for the province of Ontario. The approach used to calculate the cost of poverty is conservative. Many factors that would ideally be accounted for are not. For example, the following costs are not considered:

- spending on income security programs, such as employment insurance and social assistance
- yearly charitable donations that go to poverty-related initiatives in Toronto
- the cost of child protective services
- the education system and other social costs
- the potential impacts on the business community.

Another factor missing from the current analysis is the additional value created by poverty reduction. At its best, a municipal poverty reduction strategy should not aim to make one problem *less bad*; it should aim to make an entire city better. It adds value. It is a *net positive*. Subsidizing transit tickets, while targeted at income inequality, incentivizes transit ridership; this can spin off into traffic management strategies, climate change efforts, and health investments related to emissions and automobile-centred lifestyles.

These kinds of creative synergies are outside of the scope of this report. It is also important to note that the positive social effects of poverty reduction would be dwarfed by the positive effects of reducing income inequality. Reducing inequality, for example, is shown to have benefits to health at all income levels, not only at the lowest income levels.³

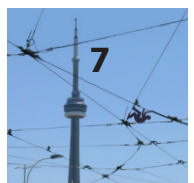
Poverty places costs on Toronto’s economy, on all levels of government, and on society in general. Fiscal and administrative responsibility for services related to health, justice, and employment are shared by provincial and municipal governments and funded by Canadian residents. The intergovernmental division of public services and the complex dynamics of poverty mean that its costs and the benefits of its reduction will be realized by each level of government in different and interconnected ways.

Everyone in a society is better off economically when no one lives in poverty.⁴ The effects of a poverty reduction strategy will occur over time, and returns on our investments may take time to come to fruition. That underlines the importance of starting now.

2. Laurie, 2008, MacEwen & Saulnier, 2010 & 2011, MacEwen, 2011, Ivanova, 2011, Briggs & Lee, 2012.

3. Wilkinson and Pickett, 2009.

4. Lankin & Sheikh, 2012, p. 127.



The cost of poverty in Toronto

“Only a short time ago some of us who were living in shelters or inadequate housing have earned college diplomas, developed essential parenting and job-readiness skills, and are employed, earning family-sustaining salaries. We’ve gained the skills we need and have proven to be great and highly motivated people. Some of us have succeeded in a very difficult environment, under circumstances that many can’t even imagine.”

—Homeward Bound⁵ participant

Inaction is always an option. However, inaction comes at a cost. The purpose of this section is to identify some of the costs associated with inaction on reducing poverty.

“More work is needed to find ways to isolate the measurable benefits of poverty-reduction initiatives and to compare those benefits with their costs. These models are complex and difficult to build. We know that it can be very challenging, in a complex policy context, to determine the extent to which a particular initiative is responsible for an outcome. Nevertheless, given the importance of understanding the ROI with respect to changes in social assistance, the Province should move quickly to commission experts to assist in the development of ROI indices.”⁶

This methodology replicates *The Cost of Poverty: An analysis of the economic cost of poverty in Ontario*⁷ and later studies conducted in British Columbia, Alberta, Nova Scotia, New Brunswick, and Prince Edward Island. Like this report, these analyses focused on the areas of health care, the justice system, and lost economic opportunities for current and future generations. The earlier reports demonstrated that a choice to keep the status quo comes with a steep cost and that any investments in poverty reduction would be dwarfed by the benefits.⁸ These exercises have produced similar conclusions.⁹

The cost of poverty reflects the massive economic burden that comes with the problems created by poverty. Although these are overwhelmingly borne by people living in poverty, they also come at a cost to the economy. Residents of Toronto living in poverty do not just have lower incomes. Compared to residents with higher income, those living in poverty:

- pay less in taxes
- are more likely to be unemployed or underemployed
- consume more services
- have higher health costs
- incur increased costs related to the justice system
- are more likely to have children who will live in poverty as adults.

Data obtained from Statistics Canada allows us to estimate these costs. The underlying assumption is that increasing the incomes of the poorest 20% (see Table 1)¹⁰ would be associated with changes in their lives that research connects with income, such as less use of the health care system, less involvement in the justice system and higher employment levels. Each section below describes how these correlations are made. However, these issues are complex and inter-related. Moreover, as with all economic analysis, human behavioural outcomes can be difficult to predict. As a result, the savings in health care costs, for example, may be imprecise, as the impact of poverty as a social determinant of health, though significant, is not precisely defined. In other words, these costs do not represent an estimate of direct savings.

5. Homeward Bound is a WoodGreen Community Services program which provides wraparound job readiness supports to move low-income mothers into a family-sustaining career.

6. Lankin & Sheikh, 2012, p. 126.

7. Laurie, 2008.

8. Briggs & Lee, 2012.

9. Detailed methodology is not presented here but can be found in Briggs & Lee, 2011 or Laurie, 2008.

10. Data were obtained from the Canadian Income Survey, as it is more complete and more recent than the Survey of Labour and Income Dynamics.

Nonetheless, this analysis replicates a respected economic model that provides empirical evidence of the scale of the economic ‘spin off’ costs of poverty. It also details what is at stake financially when deciding whether to take action to reduce poverty.

Table 1: City of Toronto Income Data, Non-elderly Families, 2013*

	Average Market Income (\$)	Average After-Tax Income (\$)	Average Income Tax Payable (\$)	Total Number of Families
Non-elderly Economic Families Below the Low Income Measure After-Tax	9,700	18,600	300	265,000
Poorest 20%	4,400	12,400	200	235,000
2nd Quintile	22,500	29,700	1,600	235,000
3rd Quintile	46,600	46,700	4,800	235,000
4th Quintile	79,900	73,200	11,800	235,000
Richest 20%	184,000	150,100	39,600	235,000

*Statistics Canada, Income Statistics Division, Canadian Income Survey. Custom tabulation.

HEALTH

When calculating the cost of poverty to the health care system, the underlying assumption is this: increasing the incomes of the lowest quintile to equal those in the second quintile could eliminate the difference in health service use between the two groups.

This assumption is based on the fact that poverty has a detrimental effect on health – connected to a poorer quality of available housing, food, work opportunities and settings, health and social services, and educational institutions.¹¹

While poor health can also lead to poverty, the relationship is stronger in the other direction. Income is a key determinant of health, and lower incomes are associated with much higher use of health care services.¹² For this calculation, we correlate income data with the cost of hospital days and public health costs.¹³

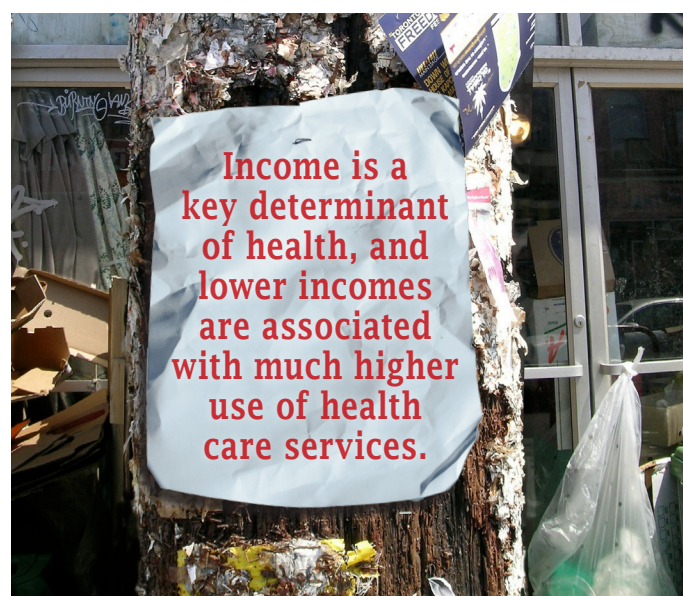


Table 2 shows the number of hospital days by income quintile. Raising the incomes of the poorest quintile to the level of the second quintile could see days in hospital reduced by as much as 20,470, if health outcomes follow the pattern of the higher income group. This represents a total cost of \$23,704,260 in hospital stays.¹⁴

11. Mikkonen & Raphael, 2011, p. 7.

12. See Briggs & Lee, 2011 for a full discussion on the relationship between poverty and health.

13. The methodology for economic analysis is found in Shiell & Zhang, 2004 and a subsequent study by Pateman & Coulter, 2009. There have been studies in six other provinces: Briggs & Lee, 2012, Ivanova, 2011, MacEwen, 2011, MacEwen & Saulnier, 2011, MacEwen & Saulnier, 2010, and Laurie, 2008.

14. This calculation assumes the average per diem cost of a hospital stay is \$1158 – the average for Toronto hospitals as calculated using Schedule A 2015/16 Ontario Hospital Interprovincial per diem rates for Inpatient Services. Please note that The Hospital for Sick Children was excluded, as were ICU ward rates where applicable.

Table 2: Hospital Days by Income Quintile	
	Days in Hospital/1000 residents*
Poorest 20%	356
2nd Quintile	267
3rd Quintile	242
4th Quintile	216
Richest 20%	191

*Authors' calculations using total hospital days in Toronto from Ontario Ministry of Health & Long Term Care, Intellihealth, Inpatient Discharges, Main Table. Data extracted Dec. 11, 2015 by Toronto Public Health.

Table 3 shows Toronto's public health costs by income quintile. By raising the incomes of the poorest 20%, we see that poverty results in as much as \$730 million annually in health costs. Using a different methodology, the Public Health Agency of Canada¹⁵ estimated that about 20% of total health care spending is attributable to inequities. In Toronto, that represents \$2.2 billion in costs. Our estimate of \$730 million is conservative in comparison.

Table 3: Public Health Costs by Income Quintile		
	Share of Public Health Costs (%)	Total Public Health Costs in Toronto (\$ billion)*
Poorest 20%	30.9	3.39
2nd Quintile	24.2	2.66
3rd Quintile	16.2	1.78
4th Quintile	14.1	1.55
Richest 20%	14.6	1.6
Total	100	11

*Authors' estimates based on Canadian Institute for Health Information, National Health Expenditure Trends 1975-2014.

Previous reports included calculations of family practitioner consultations and acute hospital use (such as inpatient nursing services, emergency and outpatient services, ambulance services, and diagnostic and therapeutic services). We were unable to replicate those calculations in this paper due to a lack of available data. The overall calculation is conservative, as it addresses only public health and days in hospital. Other health-care costs, such as mental health and prescription drug use, are also not included due a lack of data and established methodology. In addition, health care costs have been shown to decrease across all income levels as societies become more equal.¹⁶ For all of these reasons, our long-term costs in health care are likely underestimated.



15. Reducing Health Disparities, 2004.

16. Wilkinson & Pickett, 2010.

THE JUSTICE SYSTEM

School performance is affected by poverty. In this analysis, we correlate crime with poverty through the relationship that both have with low literacy.¹⁷ This is because low literacy may prevent people from securing higher-paying, stable jobs or finding employment at all. Low literacy can also lead to social exclusion.¹⁸ Children from poor households are much more likely to exhibit low literacy later in life.¹⁹ This is particularly true in unequal societies,²⁰ and points to the cyclical nature of poverty.²¹ Butler-Jones²² makes reference to research on the return on investment in early childhood, which shows that for every \$1, we save between \$3 and \$9 in justice, health, and social assistance.²³

The total cost of crime in Canada is estimated at 99.6 billion.²⁴ Table 4 shows Toronto's share of the cost of crime as \$10.9 billion. With previous studies calculating that 4% of crime that can be attributed to poverty,²⁵ we see that a total of \$436 million of Toronto's crime-related costs are attributable to poverty.



Table 4: Total Costs of Crime and Share of Costs Attributable to Poverty

	Costs of Crime in Canada (\$)	Costs of Crime in Toronto* (\$)	Costs of Crime Attributable to Poverty in Toronto (\$)
Costs to Government	17.4 billion	1.9 billion	76 million
Costs to Society at Large	82.1 billion	9 billion	360 million
Total Costs	99.6 billion	10.9 billion	436 million

*Authors' calculations based on Statistics Canada Table 'Crimes, by type of violation, and by province and territory' 2014. Accessed January 3, 2016.

17. See Laurie, 2008 for a thorough description of the methodology.
 18. Literacy BC, 2004.
 19. Ibid.
 20. Siddiqi et al., 2007.
 21. Interestingly, the link between lack of education and poverty is diminished if other services— such as affordable childcare and adequate income — are more readily accessible.
 22. Butler-Jones, 2008.
 23. Grunewald & Rolnick, 2005.
 24. Zhang, 2011.
 25. Laurie, 2008.

INTERGENERATIONAL COSTS OF POVERTY



The intergenerational cost of poverty refers to the costs incurred when children growing up in poverty are unable to escape it. On average, children growing up in poverty are likely to be at “a decided and demonstrable disadvantage” compared to their peers who are not raised in poverty.²⁶ Nutritional deficiencies, lack of assistance with homework, lack of opportunity to pursue post-secondary education, underachievement in school, and learning difficulties are just some of the additional challenges they may face. Former Chief Public Health Officer of Canada David Butler-Jones notes that increases in family income improve 80% of the factors impacting child development.^{27, 28}

Canadian studies estimate that the percentage of children who grow up in poverty and are likely to remain poor is 20 – 25%.²⁹ There are about 144,000 children in Toronto living in poverty.³⁰ That means that between 28,800 and 36,000 children will likely not escape it as adults. We attempted to calculate the cost of intergenerational poverty as it is reflected in lost individual income and lost tax revenue but came to the conclusion that these costs duplicate, at

least in part, other costs that we have enumerated elsewhere in this report.

In large part, we came to a conclusion similar to that of the authors of New Brunswick’s cost of poverty report where they noted:

“Our previous reports on the cost of poverty have included estimates of the intergenerational transfer of poverty. Further thinking on this has revealed that it is more difficult to estimate this cost. The cost of allowing children to live in poverty now will not be realized until they are adults. But, some portion of our current cost of poverty can be attributed to the intergenerational transfer of poverty. Therefore, we do not include this category in our current estimate, as the past costs are captured in the lost productivity category, and future costs are too complex to calculate”³¹.

26. Duncan, et al., 1994.

27. Butler-Jones, 2008.

28. We have assumed that policy interventions have moved children otherwise in poverty to just the 2nd quintile while in reality, the distribution across quintiles is not possible to predict and successful early childhood interventions could lead to outcomes for children in poverty across the quintiles. Public policy does play a role in child outcomes, as evidenced by a study comparing income mobility in the US and Canada, which concludes that different national outcomes can be attributed to resources available for children (Corak et al., 2010). A Canadian study summarizes the returns from investing not only in early childhood but also in pregnant women and their young children (McCain, Mustard & McCuaig, 2011).

29. Corak & Heisz, 1998; Fortin & Lefebvre, 1998.

30. Alliance for a Poverty-Free Toronto et al., 2015.

31. <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Nova%20Scotia%20Office/2011/09/Cost%20of%20Poverty%20in%20NB.pdf>



OPPORTUNITY COSTS

The ‘opportunity costs’ of poverty refer to lost personal revenue when people are unemployed or under-employed, along with the resulting losses to the state in tax revenue. The major assumption in this section is that people who live in poverty will work, work more, or earn more, given the chance. There are two parts to this assumption: firstly that those living in poverty are *able* to work more or earn more; second, that they are *likely* to do so if they are able.³² These assumptions are subject to the constraints of the labour market and to human capacity. Nonetheless, the potential for increased income and tax revenue is clearly significant.

To calculate the opportunity costs of poverty in Toronto, we present two scenarios: the economic effect of raising incomes of the families below LIM to the 2nd quintile and the economic effect of raising incomes of the poorest 20% to the 2nd quintile.

By raising the average income (\$18,600) of the 265,000 families living below LIM to the average income (\$29,700) of the 2nd quintile, we find:

- The estimated lost income is \$2.9 billion.
- The lost income tax revenue is \$345 million.

By raising the average income (\$12,400) of the poorest 20% to the average income of the 2nd quintile (\$29,700), we find:

- The estimated lost income is \$4 billion.
- The lost income tax revenue is \$322 million.



TOTAL COSTS OF POVERTY

Table 5 summarizes the estimated cost of poverty in Toronto, based on the limited analysis of this report. Depending on how it is calculated, the cost is between \$4.4 and \$5.5 billion.

Table 5: Total Cost of Poverty in Toronto	
Crime	\$436 million
Health	
Public Health	\$730 million
Hospital Days	\$23.7 million
Opportunity	
Income	\$2.9 - \$4 billion
Taxes forgone	\$322 - \$345 million
Total cost of poverty in Toronto	\$4.4 – \$5.5 billion

32. 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.

Why calculate the economic costs of poverty?

“We are the real tangible returns on these programs, and we are the incentive to continue to create them and have them available. I recently bought a condo in our neighbourhood and the boys and I have our own home again. If I could choose where my property taxes get invested in, it would be to the others that are struggling and the many more that will come after us if we don’t lend ourselves financially to end poverty.”

—Homeward Bound participant

On November 3rd 2015, TO Prosperity, City Council’s interim poverty reduction strategy, was unanimously adopted. Led by Deputy Mayor Pam McConnell in consultation with community agencies across the city, its vision is comprehensive:

- Address the immediate needs of Torontonians.
- Create pathways to prosperity for all.
- Create systemic change, so that the odds are not disproportionately against some more than others.

Toronto’s poverty reduction strategy refers to the pursuit of justice, fairness, and equity, and to dignity for all. Fiscal efficiency is not the end goal of a poverty reduction strategy. Those working to reduce poverty may perceive a danger in boiling down a poverty reduction strategy to its balance sheet.

There are challenges to attributing a dollar return to social change. As in all economic analyses, it can be difficult to predict human behaviour. Nonetheless, budgets are necessary to enact the City’s vision, and when it comes to poverty reduction, fiscal analysis has been one-sided – we often only ask what the cost is of spending on poverty. This kind of thinking is incomplete and misleading.

We know that millions could be allocated to TO Prosperity to achieve its goals. But thus far, we do not know in dollar terms what we stand to gain. We do not know the price of inaction when it comes to poverty – the high cost of maintaining the status quo instead of solving some of the problems. We have not estimated the savings, direct and indirect, that could accrue from TO Prosperity, and we don’t know how these savings measure up to the costs.

This report focuses on the first of these unknowns: the price of inaction. *Regardless of the strategy used to address poverty*, we ask, “What does it cost us to allow poverty to persist in Toronto?” This report looks at how much more we may be spending in the health care and justice systems simply because poverty exists. It also looks at how much we lose in tax revenue simply because poverty exists.

This is not a cost-benefit analysis, as it does not estimate the corresponding cost of a comprehensive poverty reduction strategy. However, others who have used the same methodology have found that the costs associated with poverty reduction dwarf an initial investment over the course of one year without poverty.³³ The conclusions are clear: investing in poverty prevention would be less costly in the long run than spending to marginally mitigate ongoing poverty in perpetuity. And because reducing poverty is a long-term endeavour, it is all the more critical to start *now*.

TORONTO'S POVERTY REDUCTION COMMITMENT

"I know from my own story that we made it because of access to affordable housing, because I had a childcare subsidy, because I had more decent employers than not. My kids are now both graduating from post-secondary schools. But if they too fall into poverty...then I want to know the support they will need will be there so they have a chance to climb back out."

—Toronto lone parent with lived experience of poverty

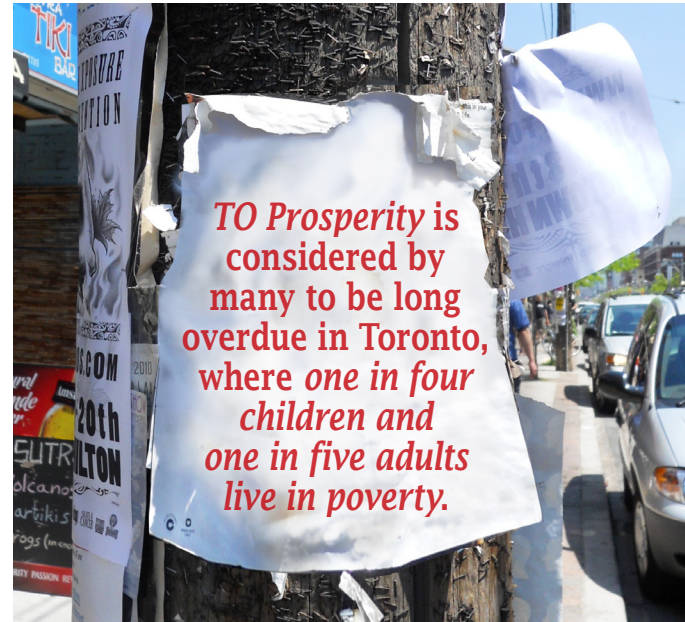
In just the last two years, Toronto has been ranked the world's most resilient city,³⁴ the world's most tax-competitive major city,³⁵ the 2014 Intelligent Community of the Year,³⁶ and a City of Opportunity.³⁷ Toronto is Canada's largest and richest city, comprising 11% of the nation's GDP. Toronto thus also shoulders substantial responsibility within the nation — all the more so when we consider its share of the nation's poverty rate. Toronto has the highest concentration of Canada's working poor and the fastest growing rate of working poor. It is the child poverty capital of Canada. That's why the City's June 2015 release of *TO Prosperity*, its interim poverty reduction strategy, is so important.

A comprehensive poverty reduction strategy requires the collaboration of all levels of government, as well non-profits, businesses, and communities. The most effective poverty reduction strategies are comprehensive and coordinated in their implementation.^{38, 39}

Toronto has strategically identified its own responsibilities as a municipality, with 17 recommendations and 71 actions to "advance equity, opportunity and prosperity" in areas such as housing stability, service access, transit equity, food access, quality jobs and liveable incomes, and contributions to systemic change.

TO Prosperity is considered by many to be long overdue in Toronto, where one in four children and one in five adults live in poverty. City Council unanimously adopted the policy along with its vision, objectives, recommendations, and actions on November 3, 2015. The City's contributions towards poverty reduction come at a crucial time — a time when there is a chance for success, because the provincial and federal governments are renewing their efforts towards poverty reduction. Just as each level of government stands to gain from the economic benefits of poverty reduction, each has a role to play in its success.

The City of Toronto has made a start by committing more than \$6.8 million in the 2016 budget to initiatives in the Poverty Reduction Strategy. The total budget commitment required to tackle the strategy is currently estimated at \$100 million.⁴⁰



34. Grosvenor Group, 2014.

35. KPMG Competitive Alternatives 2014: Focus on Taxes, 2014.

36. Intelligent Community Forum, 2014.

37. PwC, 2014.

38. Torjman, 2008.

39. Shieler, 2004, p.11.

40. For a summary of the strategy's initiatives, costs, and commitments, please see this brief from Social Planning Toronto:
http://www.povertyreductionto.ca/uploads/2/0/7/8/20780132/final_2016_city_budget_-_whats_included_for_poverty_reduction.pdf

CONCLUSION



This paper estimates the cost of poverty in Toronto at between \$4.4 and \$5.5 billion. Table 5 on page 13 presents a summary of the costs analyzed.

These numbers estimate what poverty costs Toronto in the justice system, the health system, and tax revenues, both now and in future generations. They tell us that inaction comes at a cost. They tell us that spending on poverty reduction is a good economic investment, in the long run.

But this only brushes the surface of what progressive city policy can achieve – indeed, what it should strive for.

Strategists and decision makers certainly need to address specific issues with targeted responses, as the City of Toronto has in TO Prosperity. But the best strategies do not end there. Interventions in poverty reduction share common ground with other city initiatives across city departments, and identifying common strategies adds one more level of efficiency and sophistication to city planning.

The most innovative and effective city strategies leverage strategic and budgetary synergies. They couch policy not only in terms of problems solved, but in terms of value created. They move toward a common vision of what makes a great city, for all who live there. A poverty reduction strategy at its best is fully integrated into other major municipal plans: it is part of an economic development strategy, a sustainability strategy, a health and wellness strategy, and a safe neighbourhoods strategy. Just as poverty affects us all, a poverty reduction strategy benefits us all.



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