



END CHILD & FAMILY POVERTY IN CANADA



REVISITING FAMILY SECURITY IN INSECURE TIMES

2011 Report Card on Child and Family Poverty in Canada



FAMILY SERVICE TORONTO

Campaign 2000 is hosted by Family Service Toronto, a United Way Member Agency

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More than two decades have passed since the House of Commons' unanimous resolution *"to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000"* and two years after the entire House of Commons voted to *"develop an immediate plan to end poverty for all in Canada."* Neither the promised poverty elimination or plans have materialized.

House of Commons' unanimous resolutions, November 24, 1989 & 2009

Nearly 1 in 10 persons, including 1 in 10 children, *still* lives in poverty!

POVERTY, INEQUALITY AND THE CURRENT CONTEXT

As Campaign 2000 issues its 20th monitoring report on child and family poverty, we are struck by the lack of progress over two decades. The economy has more than doubled in size, yet the incomes of families in the lowest decile have virtually stagnated. The gap between rich and poor families has continued to widen, leaving average-income families also struggling to keep up. With considerable evidence from academic, community-based and government research and from extensive testimony from people with lived experience of poverty, we probably know more about how to eradicate poverty in Canada than we did twenty years ago. Yet, structural barriers hinder significant progress on eradicating poverty.

At the same time, the younger generation – children of the baby boomers – are struggling more than their parents. They carry a heavy debt burden if they have pursued post-secondary education and often put off establishing long-term relationships and family formation. Many young people are unemployed or underemployed.

The resilience of this younger generation is essential to our aging society. By 2036, it is expected that the population of seniors will be double that of seniors in 2009. For the first time, the number of people aged 65 years or over will surpass the number of children aged less than 14 years beginning in 2015. Canada's working age population (15 - 64 years) will also decline in the next decades, it's predicted.¹

To meet Canada's international commitments under the Convention on the Rights of the Child and other covenants, and for social and ethical reasons, it is essential that Canada adopt serious targets to reduce and eventually eradicate poverty. Sufficient and sustained political will accompanied by adequate human and financial resources must be made available. In times of economic uncertainty, a poverty eradication plan not only works to restore social justice, it makes good economic sense. Our choice is clear – as a society, we can pay now or pay later.



CAMPAIGN 2000 RECOMMENDATIONS

Campaign 2000, through its diverse range of partner organizations across Canada, recommends:

- ✚ The Government of Canada introduce a federal action plan to reduce and eradicate poverty in consultation with provincial and territorial governments, Aboriginal governments and organizations, non-governmental organizations and people living in poverty. Secured in legislation, such as Bill C-233, *An Act to Eliminate Poverty in Canada*, this plan will identify key roles for all levels of governments and recognize the particularities of how Québec pursues social policy in the Canadian context.
- ✚ An enhanced child benefit for low-income families to a maximum of \$5,400 per child (in 2011 dollars and indexed to inflation).
- ✚ A public system of high-quality early childhood education and child care services that is affordable and available to all children (0–12 years).
- ✚ Restored and expanded eligibility for Employment Insurance.
- ✚ Increased federal work tax credits of \$2,400 per year.
- ✚ A federal minimum wage of \$11 per hour.
- ✚ A long-term national housing strategy that reflects the needs of local communities and that responds to the immediate needs of families and housing providers across Canada. The short-term housing investments announced in the past

decade, including the federal housing and homelessness initiatives set to expire in 2014, must be restored and expanded. Canada Mortgage and Housing Corporation (CMHC) must make on-going funds available for capital and maintenance as social housing operating agreements expire.²

- ✚ Proactive strategies, including employment equity in the public and private sectors, to level the employment playing field for racialized communities and other historically disadvantaged groups.
- ✚ A poverty eradication strategy developed in coordination with First Nations and urban Aboriginal communities which begins with immediate increases to funding for First Nations child welfare services, education and community health services and Aboriginal friendship centres.
- ✚ The federal government must work with the provinces to provide adequate public funding for post-secondary education including increased availability of needs-based grants for students from low- and middle-income families and restoration of the Post-Secondary Student Support Program (PSSSP) to the pre-1992 funding formula to ensure that Aboriginal communities have adequate funding to support all candidates looking to pursue post-secondary education.

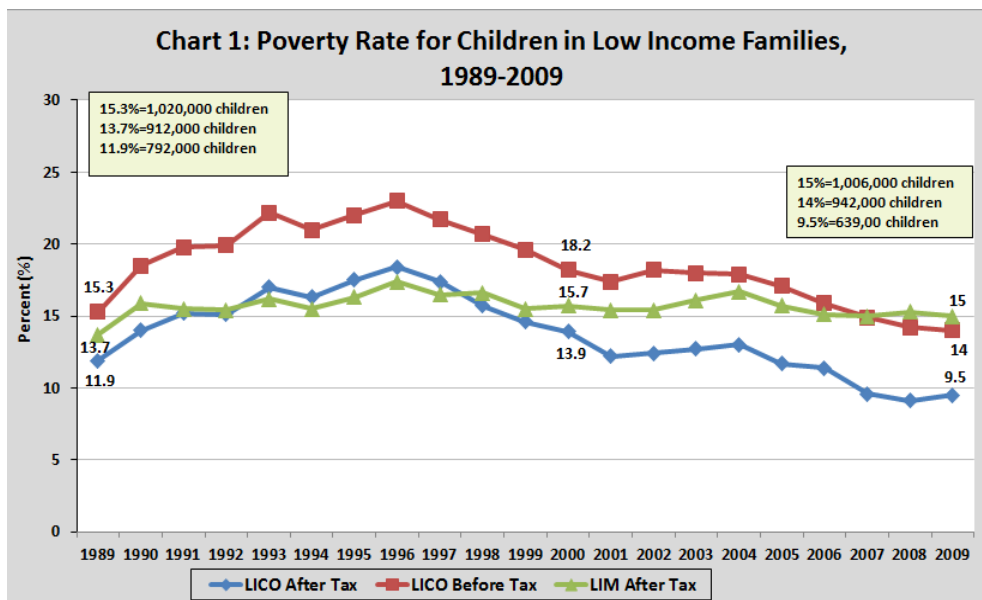
CHILD AND FAMILY POVERTY PERSISTS OVER TWO DECADES

In 2009, the first full year following the recession of 2008, 639,000 children still lived in poverty. The rate of child and family poverty in Canada, though slightly higher than in 2008, decreased to 9.5% in 2009 (LICO after-tax³) from 11.9% in 1989. This change of 20% over 20 years is strikingly small when compared to the unprecedented period of growth since 1998.

Annual poverty rates fluctuate with business cycles, but these slight increases and decreases should not be mistaken for long-term improvement. The most recent child poverty rates for Canada do not reflect the varied impacts of the recession in different provinces.

While average and median after-tax incomes went way up in Newfoundland and Labrador, Saskatchewan and Québec, that was not the case in Ontario, Alberta and B.C. where average and median incomes went down since the recession.⁴

These numbers do not adequately show the shameful situation of First Nations communities where the young are a high proportion of the population and 1 in every 4 children is growing up in poverty.



“Premiers today lent their collective voice to emphasize the importance of families in the decisions their governments make and discussed how to address some of the many challenges Canadian families face.”

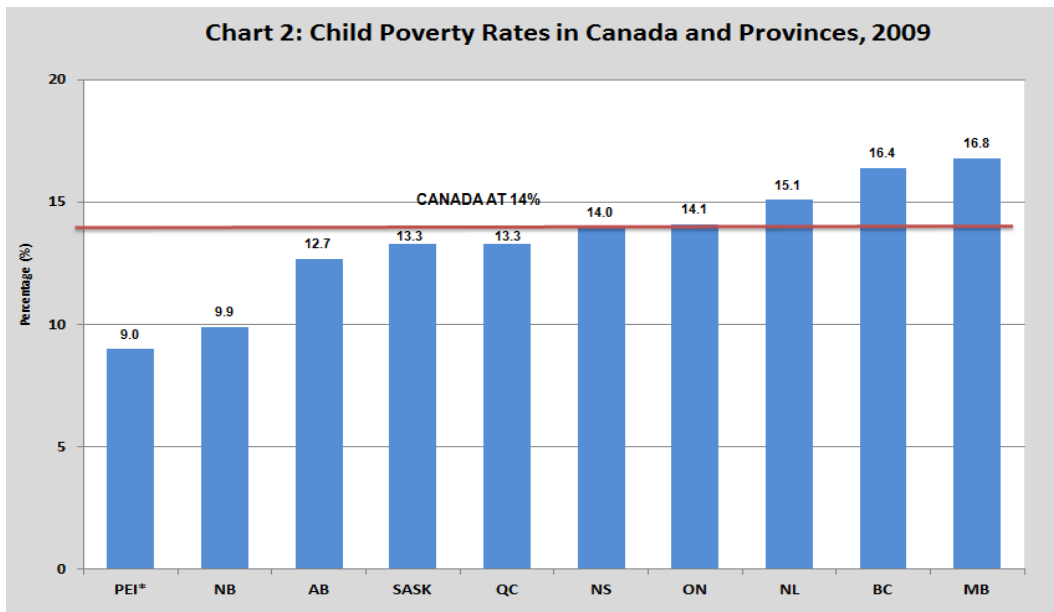
Council of the Federation’s news release, July 21, 2011

Source: Statistics Canada’s *Income in Canada, 2009* (CANSIM table 202-0802. 1989 to 2009).

POVERTY IS ALSO A PROVINCIAL ISSUE

Prosperity has not solved persistent poverty, but strong economic growth has helped to move poverty rates down slowly in several provinces. However, too many families live far below the poverty line. Seven out of ten provinces have (or will have) a poverty reduction strategy; British Columbia, Alberta and Saskatchewan remain

uncommitted. The responsibility of poverty reduction lies on the shoulders of all levels of government (federal, provincial, territorial, municipal and First Nations), all of whom need to meet to develop a coordinated poverty reduction strategy.



Source: Statistics Canada’s *Income in Canada, 2009* (CANSIM Table 202-0802). LICO Before-Tax.

* Measuring poverty in small jurisdictions such as PEI (population 141,000 in 2009) can be a challenge. According to the LICO Before-Tax listed above, 3,000 children (9.0%) lived in low-income families in 2009. Using LIM After-Tax (a measure of those below 50% of the median income) in PEI, the number of children in low-income families in 2009 was 5,000 (16.3%).

POVERTY REDUCTION STRATEGIES BEGIN TO SHOW RESULTS

“ . . . Premiers will also continue to promote sustained economic recovery by . . . strengthening Canada’s labour market and reducing poverty.”

Council of the Federation’s News Release, August 5, 2010 ⁵

A review of the provinces that have begun to implement their poverty reduction strategies provides some cause for cautious optimism. Québec initiated its Government Action Plan to Combat Poverty and Social Exclusion in 2003 following adoption of its landmark legislation in 2002.

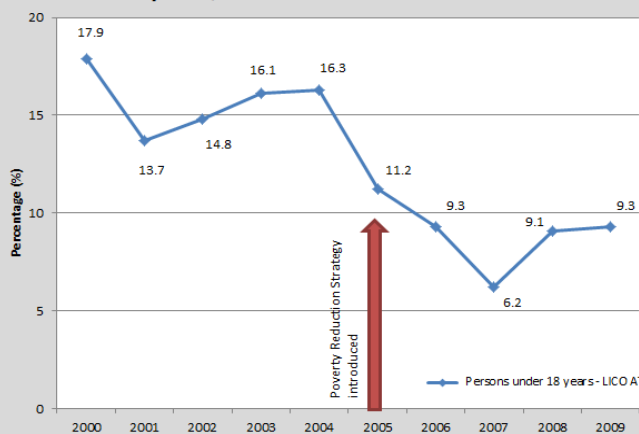
In 2005, Newfoundland & Labrador’s then Premier Danny Williams set the goal of becoming the province with the lowest rate of poverty by the end of the decade, down from having the highest level of poverty.

The figures below demonstrate that NL’s commitment to a long-term investment approach has been instrumental in sustaining the downward trend in poverty rates. The slight upward trend in 2009 is likely the result of the recession.

It is too early to determine the impact of poverty reduction strategies adopted in Manitoba and Ontario in 2009, but the formal legislative commitment of those provinces to poverty reduction is very important.

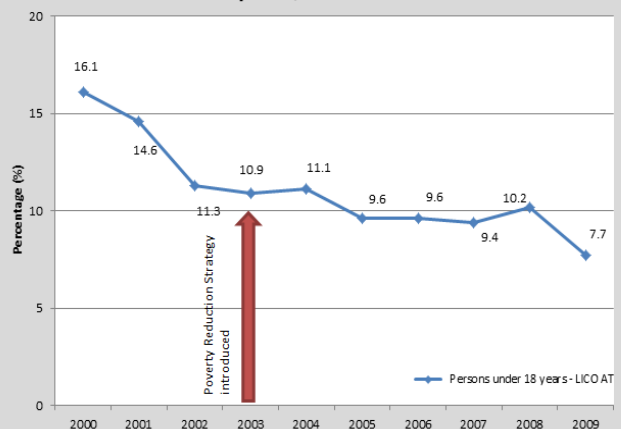


Chart 3A: Impact of Poverty Reduction Strategy on Child Poverty Rate, Newfoundland & Labrador 2000-2009



Source: Statistics Canada’s *Income in Canada, 2009*. LICO After-Tax.

Chart 3B: Impact of Poverty Reduction Strategy on Child Poverty Rate, Quebec 2000-2009



Source: Statistics Canada’s *Income in Canada, 2009*. LICO After-Tax.

“Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life...”⁶

Nelson Mandela

DEPTH OF POVERTY REMAINS A MAJOR BARRIER

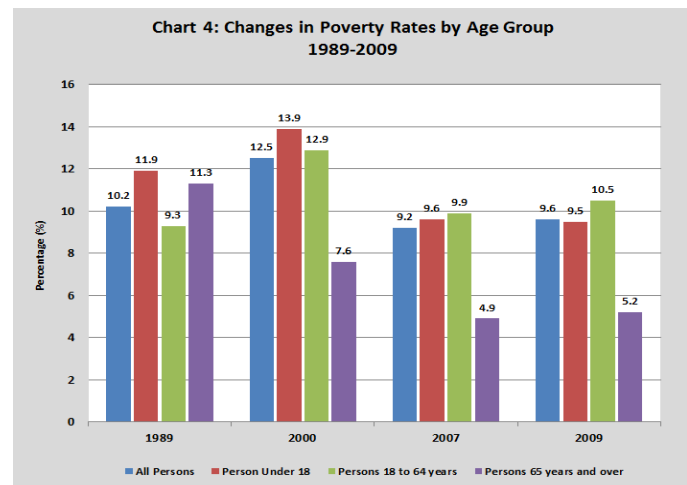
The amount of money the average low-income family would need to rise above the poverty line, often referred to as the depth of poverty, remains high. In 2009, the average depth of poverty for all families of two or more people was \$8,000 (LICO after-tax ⁷). It is important to note that in almost all provinces and territories the low rate of social assistance, the income security program of last resort, contributes significantly to the depth of poverty in Canada.

Reviewing social assistance rates across Canada reveals a discouraging situation. In every province except NL, the welfare income of a lone parent with one child is below the poverty line.⁸ In some jurisdictions, welfare incomes are just below the poverty line. In other jurisdictions there is a \$5,000 gap between the welfare income and the poverty line. With the rising cost of food and the nearly unaffordable cost of housing, many families continue to struggle to balance their budgets each month.

Canada can build on its track record of reducing poverty among seniors

Chart 4 highlights poverty rates among different age groups. It is noteworthy that Canada's investment in seniors through the Old Age Security and Guaranteed

Income Supplement with the Canada Pension Plan has had the most impact on reducing the poverty rate in Canada. This investment over time, secured in legislation, demonstrates that the level and continuity of social investment will be reflected in the outcome. Currently there is a need to increase CPP and enhance OAS/GIS to keep the growing group of seniors out of poverty.



Source: Statistics Canada's *Income in Canada, 2009*. LICO After-Tax.

FAMILIES CONTINUE TO EXPERIENCE ECONOMIC INSECURITY

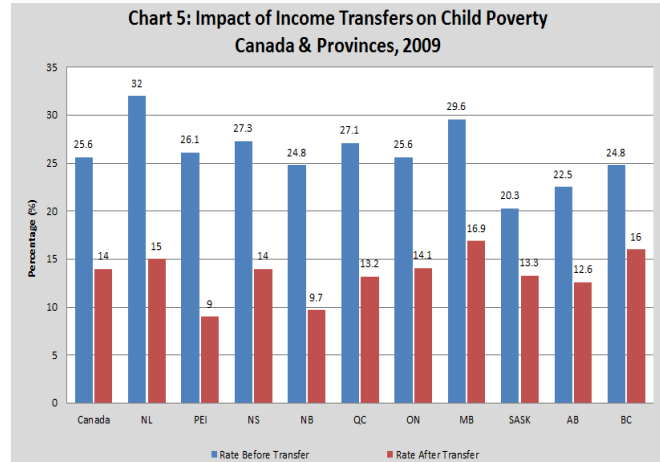
Some economists claim that the recession has passed and that the recovery is underway, yet many families experience considerable financial turmoil and disruption. The official statistics confirm that the labour market is not back to where it was before the recession.

- Regrettably, household debt in Canada is at an all-time high of \$1.5 trillion including mortgage costs. If that debt is spread among everyone in Canada, a family with two children would have an estimated debt of \$176,461. Low-income and young Canadians are acquiring debt more quickly than their older and higher income counterparts. In a recent survey, nearly half of respondents with incomes under \$35,000 and 40% of those under 35 years reported increases in the debt owed. Another study has found that 17-20 year olds owe on average \$8,000 in credit card debt, family loans and student loans⁹. The costs of daily living was cited as the main reason for increasing debt.¹⁰
- The labour market continues to be unpredictable. 427,900 jobs were lost between October 2008 and July 2009. Although more than 398,000 jobs were created from July 2009 through to December 2010, the unemployment rate remained high at 7.3% (affecting almost 1.4 million people) in July 2011.¹¹ About 65% of the unemployed were seeking full-time work in August 2011, up from less than 60% in August 2008.
- Neither the employment rate in Canada (those in paid employment, self-employment) nor the participation rate (those in employment and those looking for work) has returned to pre-recession levels.

• In 2010, 1 in 4 workers in Canada was in a low wage job. With a median wage of \$20 per hour, low wage jobs were those paying less than \$13.32 per hour.¹²

PUBLIC INVESTMENTS ARE CENTRAL TO POVERTY ERADICATION

- Government programs like the GST credit, the Canada Child Tax Benefit (CCTB), the Universal Child Care Benefit (UCCB) and Employment Insurance help prevent families from falling into poverty, particularly during times of economic instability. Closing the child benefit gap is essential to ensure that parents working full-time, full-year can lift their families out of poverty and that those unable to work can live in dignity.
- A full child benefit of \$5,400 (in 2011 dollars and indexed to inflation), coupled with fair minimum wages, is necessary to achieve substantial poverty reduction. With the maximum now at \$3,485, the benefit level is about two-thirds of what is needed.
- Chart 5 shows that without the income transfers in 2009, 1 in 4 children (25.6%) would have lived in poverty. Canada's public programs brought the child poverty rate down to 14%, preventing almost 777,000 children from living in poverty.
- A pathway out of poverty for a lone parent with one child begins with full-time work at \$11.00 per hour and a full child benefit of \$5,400 (in 2011 dollars).



Source: Statistics Canada's *Survey of Labour and Income Dynamics* (SLID) Masterfile 2009. LICO Before-Tax.

WORK NEEDS TO WORK BETTER FOR FAMILIES

As Chart 6 shows, currently, just finding employment is not a guaranteed way out of poverty. Most recent figures show that about 1 in 3 low-income children has at least one parent who is working full-time but is still in poverty. These parents are not finding jobs with sufficient pay, reasonable amounts of hours of work, and decent benefits that would allow them to move above the poverty line. Better public policies that work with pro-active employers are needed to enable families to achieve economic independence.

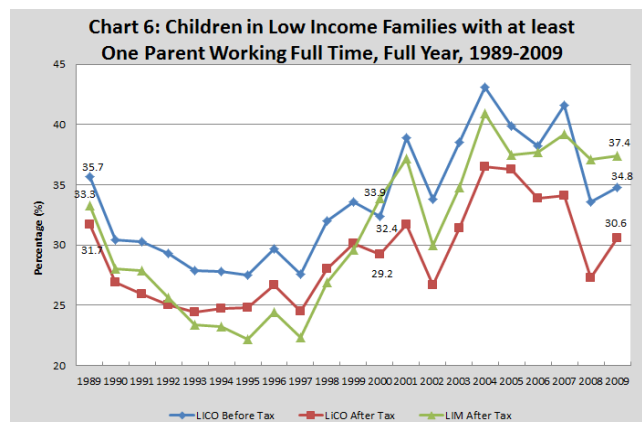
The gap in the amounts of time and money that families have is increasing more rapidly than the income gap alone according to new research that examines family income and time use over three decades. The incomes of families at the top of the scale are increasing without significant increases in hours of paid work by parents, while families in the middle range must work more hours to keep the same level of earnings. In other words, families in the lower and middle income ranges are working more hours but not earning significantly more wages while increased work yields greater income for families at the top.¹³

What's Happened since 1989?

- With the 1996 demise of the cost-shared Canada Assistance Plan and the introduction of the unconditional block grants (Canada Health and Social Transfer then Canada Social Transfer) to provinces and territories, the federal government relinquished its role in shaping family and child policy. In 2003 the federal government formalized the CST for 10 years with an annual increase of 3%. Both the CST and the

CHT will need to be re-negotiated by March 2014 when the current agreement expires.

- The Canada Child Tax Benefit (CCTB), which includes the National Child Benefit Supplement (NCBS) for low- and modest-income families, a joint federal, provincial and territorial initiative launched in 1998, has played an important role in preventing and reducing child and family poverty.¹⁴ The Child Disability Benefit has helped families caring for a child with a disability to manage family finances. Without public programs like these, many more children and families would live in poverty.



Source: Statistics Canada's SLID data, masterfile, 2009.

Youth unemployment

With an unemployment rate of 14.1%, 408,000 youth aged 15 – 24 were unemployed in Canada in October 2011.¹⁵ Youth living in poverty are more likely to have a difficult time finding employment. Those who remain unemployed for longer periods of time are more likely to struggle with health problems including depression, are at risk of earning less over the long run, and have a higher chance of being socially excluded.¹⁶

Youth who did find employment in October 2011 earned an average weekly wage of \$398.74 - \$525.90 less than those aged 25 and over.¹⁷ According to a study by the OECD, 30% of these youth find themselves in precarious

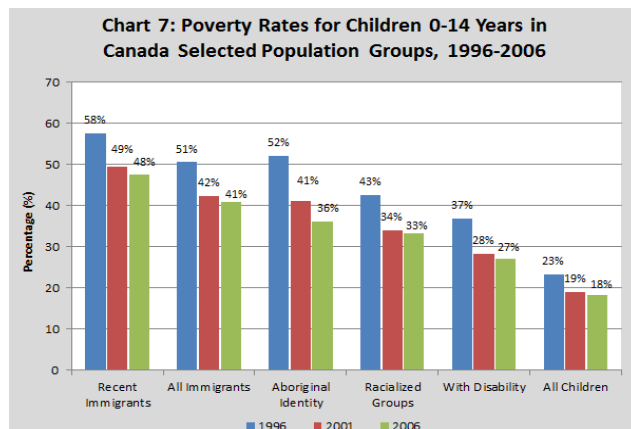
employment.¹⁸ Even though youth who have some post-secondary education have a better chance of finding employment than those who have a high school diploma, research suggests that youth who graduate from a post-secondary institution feel frustrated with the job market where many end up pursuing entry level jobs for which they are overqualified.¹⁹ Some of these youth do end up questioning the investment in their education.²⁰

With a significant proportion of youth struggling to gain employment, those in employment are less likely to find good jobs and more likely to live on low income.

THE INEQUALITY OF POVERTY

Some Children and Families Are at Greater Risk

Census data is the only reliable source of information on poverty rates with demographic breakdowns. Unfortunately, the Federal government cancelled the Long Form census. Until the Long Form census or a similarly reliable data source is introduced, we will not be able to track child poverty rates among selected social groups for 2010 or after.

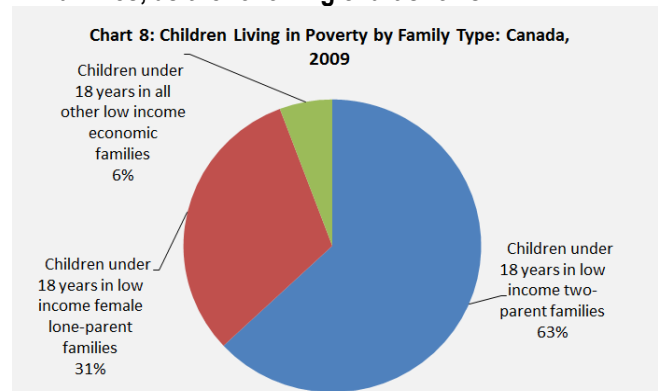


Source: Statistics Canada, 2006, 2001 & 1996 Censuses through the Toronto Social Research and Community Data Consortium (2006) and the Community Social Data Strategy (1996-2001). LICO Before-Tax.

- **Lone Mothers are still at higher risk for poverty.** While some progress has been achieved, female-led lone parent families are at greater risk of poverty. More than half (52.1%) of female lone mothers with children under six live in poverty.²¹ Lone mothers face the challenge of being the sole provider while also having to find adequate child care and secure housing, both of

which are often unaffordable. Many also struggle to balance education or training, community service and/or paid work with family responsibilities.

- **Children of immigrants, of Aboriginal identity,²² in racialized families and those with a disability are clearly at a higher risk for poverty.** This is often the result of persistent social and economic inequality which threatens social cohesion.
- **Having a child with a disability affects parents employment status.** Almost 2 in 5 (38.4%) reported working less hours in order to care for a child with a disability; about 1 in 4 parents had not accepted employment. More than 6 in 10 mothers compromised on their work schedule in contrast to 1 in 10 fathers.²³
- **Most low-income children live in two-parent families, as the following chart shows:**



Source: Statistics Canada's *Income in Canada, 2009*. LICO After-Tax.

THE GROWING GAP BETWEEN RICH AND POOR

“Canada’s elite are breaking new frontiers in income inequality.”

Armine Yalnizyan. Canadian Centre for Policy Alternatives 2011²⁴

Inequality between the rich and poor in Canada has grown significantly in the last decade, and the total share of pre-tax income held by the rich is at the highest it’s been in the last 66 years.²⁵

In 2009, the richest 20% of Canadians earned on average \$117,500 more than the poorest 20%.²⁶ Wages and work related compensation are the leading measure of income inequality in Canada, accounting for two thirds of the income held by the richest 1%.²⁷

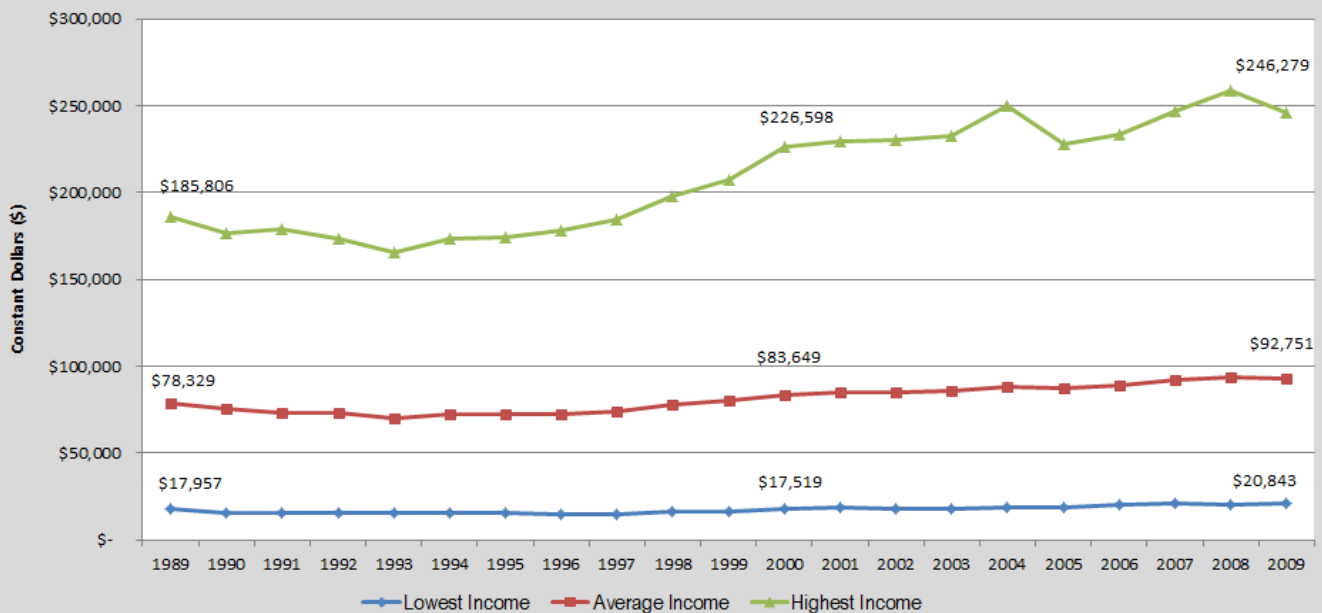
- The average income of the wealthiest families with children was \$225,436 higher than the average income of the poorest families with children. The wealthiest families with children earn 2.66 times more than the average income in Canada.
- In 2009 Canada ranked in 13th place in the inequality-based human development index – 7 places lower than its ranking for overall human development.²⁸
- Since the early 1990s, tax changes at all levels of government have altered a somewhat progressive tax system into a less progressive one in which high-income Canadians gained the most and inequality was aggravated.²⁹

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Chart 9: Average Income for Lowest, Middle and Highest Decile Families with Children under 18 in Canada, 1989-2009



Source: Canadian Centre for Policy Alternatives’ custom tabulations, using Statistics Canada’s SLID data.

THE UNIQUE SITUATION OF ABORIGINAL CHILDREN AND FAMILIES



On February 14, 2012
Have a heart for
First Nations children

Aboriginal population is young and is growing rapidly. While the median age in Canada is 38, the median age among Aboriginal people is 25.³⁰ The conditions that Aboriginal peoples now experience are rooted in the legacy of colonialism and harmful policies that separated children from their families for many decades.

Poverty is a critical issue for First Nations communities and for urban Aboriginal people, who now comprise more than half (54%) of the Aboriginal population. In a recent survey on poverty and social exclusion, the 118 friendship centres in sites across Canada reported that these very serious issues of poverty and social exclusion affect tens of thousands of children, youth and lone-parent families in their daily lives and have a detrimental impact on their health, social, educational and economic well-being.³¹ Low income, followed by low levels of education and poor housing were rated as the most crucial factors for those in poverty. While the friendship centres provide a range of community, recreation and social services, funding levels unchanged since 1996 for the Aboriginal Friendship Centre Program put pressure on the limited core funding to meet community needs.³² Campaign 2000's partner, the National Association of Friendship Centres is optimistic that the federal government's explicit goal to build strong relations with Aboriginal Canadians will result in investment in the Aboriginal Friendship Centres and recognition as a strategic partner in national urban Aboriginal policy development.

Similarly, while the First Nations population grows, the federal government's cap on budget increases for services to First Nations communities remains at 2% and for health expenditures at 3%. These pressures, coupled with the jurisdictional responsibility which is often disputed between the federal and provincial governments, can have disastrous consequences for children and families seeking care and services. There is some hope for positive change through the recent Canada – First Nations Joint Action Plan (The Plan), Aboriginal Affairs and Northern Development Canada (AANDC) and the Assembly of First Nations (AFN) commit to advancing a constructive relationship based on the core principles of mutual understanding, respect, ensuring mutually

acceptable outcomes and accountability. Based on the common goal of improving the lives of First Nation citizens, the Joint Action Plan identifies shared priority areas for action: education; accountability, transparency, capacity and good governance.³³ It is hoped that this process will improve resources for families in First Nations communities.

Honouring the Children: Shadow Report Canada to the United Nations Committee on the Rights of the Child, recently submitted by First Nations Child and Family Caring Society of Canada & KAIROS: Canadian Ecumenical Justice Initiatives to the UN's review of Canada's compliance with the Convention on the Rights of the Child, identifies the determinants of health among Aboriginal children and their families.

These are some of the conditions that require immediate action:

- ✚ 117 First Nations communities are under drinking water advisories.³⁴
- ✚ The number of First Nations children in care in 2010 (27,500) was three times higher than at the height of the residential schools during the 1940s. Even with this substantial increase, First Nations Child Welfare agencies receive 22% less per capita funding than provincial agencies.³⁵ The Auditor General of Canada reported in 2008 that the funding formula has not been reviewed since 1988, nor has it been adjusted for inflation since 1995.
- ✚ Children on-reserve receive about \$2000-3000 less funding per year for elementary and secondary school than children who live off-reserve.³⁶
- ✚ Youth suicide is more prevalent in First Nations communities than among non-Aboriginal youth in Canada. While the suicide rates vary widely among First Nations communities, the suicide rate in these communities is between three and seven times greater than in Canada overall.³⁷



FAMILIES AND CHILDREN STILL LACK HIGH-QUALITY CHILD CARE

Since the first Campaign 2000 report card was published in 1991, a national program of high-quality child care for all has been part of Campaign 2000's plan to eradicate child poverty.

Although the rapid rise in numbers of working mothers is considered to be one of the key social changes of the last century - Canada still has no societal response to the need for child care. And although some provincial/territorial governments have begun expanding public early childhood provision in recognition of the benefit provided by high quality early childhood education to children (especially those in low-income families), the terms "patchwork" and woefully inadequate still apply across Canada, just as they did in 1991. It is most regrettable that none of the 14 Canadian jurisdictions has a plan to develop high quality Early Childhood Education and Care for all.



Chart 10 A: Children 0-12 years for whom there is a regulated child care space, 1992 to 2008

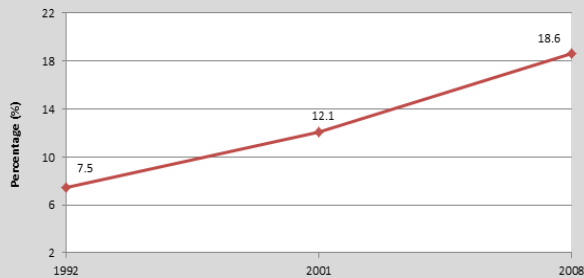


Chart 10 B: Number of children subsidized in Canada, 1992-2008 (excluding Quebec)

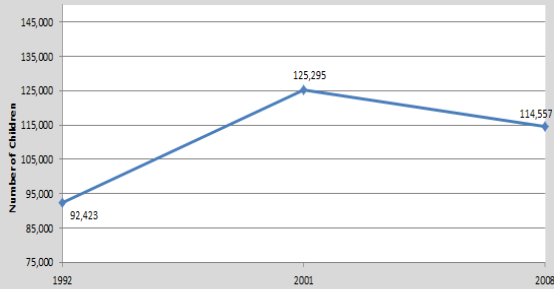
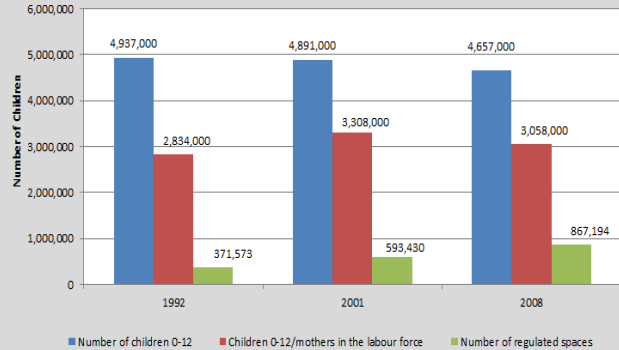


Chart 10 C: Regulated centre-based spaces that are for-profit, Canada 1992-2008



Chart 10 D: Number of Children 0-12 years with Access to Regulated Child Care, Canada 1992 - 2008



Source: Data provided by Childcare Resource and Research Unit. 2011.

The data show that:

- ✚ the supply of child care still covers only a minority of families;
- ✚ public funding is still much too limited to ensure that more than a handful of low- and modest-families have financial access;
- ✚ indicators linked to quality tell us that many children are probably not in high quality child care environments; and
- ✚ most mothers with young children are in the paid labour force.

Despite the increase in the number of regulated spaces (almost 500,000 between 1992 and 2008) and Canada's shrinking number of children, today the gap between the number of regulated child care spaces and the number of children 0-12 years remains at more than 3.7 million, or more than 2.8 million children with mothers in the labour force.

AFFORDABLE, SUITABLE HOUSING IS ESSENTIAL TO GOOD HEALTH

“Peoples’ ability to find, and afford, good quality housing is crucial to their overall health and well-being, and is a telling index of the state of a country’s social infrastructure.”

Wellesley Institute August 2011³⁸

Housing is the single largest expense for low- and modest-income families. With an alarming 1 in 4 households paying more than 30% of their income on housing, it is not surprising that the financial situation of many Canadian families is similar to a delicate house of cards.³⁹



750,000

Number of children under 15 years living in core housing need – housing that is either unaffordable, substandard, overcrowded or all three.⁴⁰

In the past 20 years, federal housing investments have not kept pace with inflation, population growth or the increased need for healthy, affordable housing across Canada. As a result, low-income Canadians carry a heavy burden of housing vulnerability.⁴¹ Provincial, territorial, municipal and First Nations governments who are already struggling to provide adequate services within their budgets have been pressed to invest more in housing as a result of the erosion in federal expenditures.

Campaign 2000 is very concerned that the most recent federal government 2011 – 2012 Spending Estimates identify a cut of 39% in housing investments from \$3.1 billion to \$1.9 billion including decreases of more than 90% to the federal affordable housing initiative and the housing repair and renovation program.⁴²

Canada

Remains the only industrialized country without a national affordable housing strategy

Campaign 2000 urges the federal government to engage with partners (including provincial, territorial, municipal and First Nations governments, the non-profit and private sectors) to create a long-term national housing strategy that reflects the needs of local communities. This strategy must also respond to the immediate needs of families and housing providers across Canada.

With our housing partners, Campaign 2000 urges that the short-term housing investments announced in 2001, 2006, 2008, 2009 and 2011, including the federal housing and homelessness initiatives set to expire in 2014, be restored and expanded while the longer term strategy is being developed.

As social housing operating agreements begin to expire and many housing providers are not able to keep rents affordable for the more than 600,000 rent-geared-to-income households they currently serve, CMHC funds must be made available to pay for capital and maintenance requirements on an ongoing basis.⁴³



POST-SECONDARY EDUCATION – A NEW ECONOMIC NECESSITY

Post-secondary education has always been seen as a pathway out of poverty and a means to prevent poverty. Currently, post-secondary education is increasingly becoming a requirement for the job market where it's a pre-requisite for 70% of newly listed jobs.⁴⁴

This new necessity comes with a large price tag, averaging \$5,366 per year for a full-time undergraduate degree in Canada⁴⁵ and resulting in more and more post-secondary graduates finding themselves deeper in debt on leaving college and university.

Currently, over \$13.5 billion is owed to the federal government in student loans⁴⁶ - the overall student debt, however, is estimated to be much higher if we include provincial loans, private lines of credits, credit cards and personal loans.

Many low-income students find themselves struggling to make ends meet and must take multiple jobs while pursuing their studies.⁴⁷ Post-secondary graduates who have to borrow are at a higher risk of falling into low income and poverty as they seek to meet their debt repayment commitments. A number of these students choose to pursue any employment opportunity on graduation for financial purposes – potentially forgoing Good Jobs that help them establish their careers.⁴⁸

Cost - a barrier to post-secondary education

The cost of post-secondary education is disproportionately high for racialized Canadians who earn on average 81.4 cents to every \$1 earned by their non-racialized counterparts⁴⁹ and end up spending a higher proportion of their income on university fees.⁵⁰ Racialized Canadians are consequently more likely to be in debt and in low-paid jobs after graduating from a post-secondary institution.

Changes to the Post-Secondary Student Support Program (PSSSP) that provides federal funding to Aboriginal students pursuing post-secondary studies has, since 2001, led to over an estimated 20,000 post-secondary candidates in Aboriginal communities being denied money to pursue higher education.⁵¹

For the young and rapidly growing Aboriginal population,⁵² post-secondary opportunities are essential

to ensure that young people have access to the job market and to achieving their potential.

Since the early 1990s, a series of government funding cuts for colleges and universities along with the deregulation of university fees has led post-secondary institutions to disproportionately rely on tuition fees to meet their costs.

The cuts have not only affected the personal finances of students and their families, but have also limited the accessibility of post-secondary education to low- to middle-income families as many avoid accumulating such high levels of debt.⁵³

Research conducted in 2006 showed that only 58.5% of 18 to 24 year olds with a family income (before tax) of \$25,000 or less enrolled in a post-secondary institution, compared to 81% of 18 to 24 year olds with a family income of \$100,001 or more.⁵⁴



NOTES

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- ³ While Canada does not have an official “poverty line”, Statistics Canada produces several measures of low income. The two sets of Low-Income Cut Offs (LICO), the first based on before-tax income including transfers and the second based on after-tax income, define the income level at which a family may be considered in straitened circumstances because it has to spend a greater proportion of its income on necessities (food, clothing, shelter) – 20% more than the average family does. Campaign 2000 uses both indicators to track child poverty. There is about a 5 percentage point difference in child poverty rates between these two measures. The before-tax measure might be considered an indicator of the adequacy of income flowing into the family and the after-tax measure an indicator of the adequacy of disposable income. The 2009 LICO After-Tax for 1 parent with 1 child in a large urban centre is \$22,420. It is important to note that the LICO is currently based on 1992 spending patterns and has not been adjusted since then. A recent analysis maintains that it is very likely that poverty rates would be higher under a re-based LICO that reflected current consumption patterns. Campaign 2000 has added the Low Income Measure (LIM) for comparison. LIM is a fixed percentage (50%) of median adjusted household income which takes into account the size of the household. LIM is often used for international comparisons. The 2009 LIM After-Tax for one parent with one child is \$26,418.
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CONCLUSION

All we are asking is to give children a chance.

Campaign 2000 is looking for a real commitment from this Parliament to reduce poverty by at least 50% by the year 2020, creating a pathway to eventual eradication. The federal government, in our view, must play a lead role.

There is a strong precedent for the use of the federal spending power in these areas. Three constitutional amendments which were approved by all the provinces established Unemployment Insurance (1940), Old Age Security (1951) and the Canada Pension Plan (1964). These amendments clearly assigned the federal government direct responsibility for providing major income security programs with poverty reduction goals.

Canadians today expect no less.



END CHILD & FAMILY POVERTY IN CANADA

CAMPAIGN 2000 ACKNOWLEDGMENT

Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 national, provincial and community organizations, committed to working together to end child and family poverty in Canada. For a complete list of partner organizations, visit www.campaign2000.ca.

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