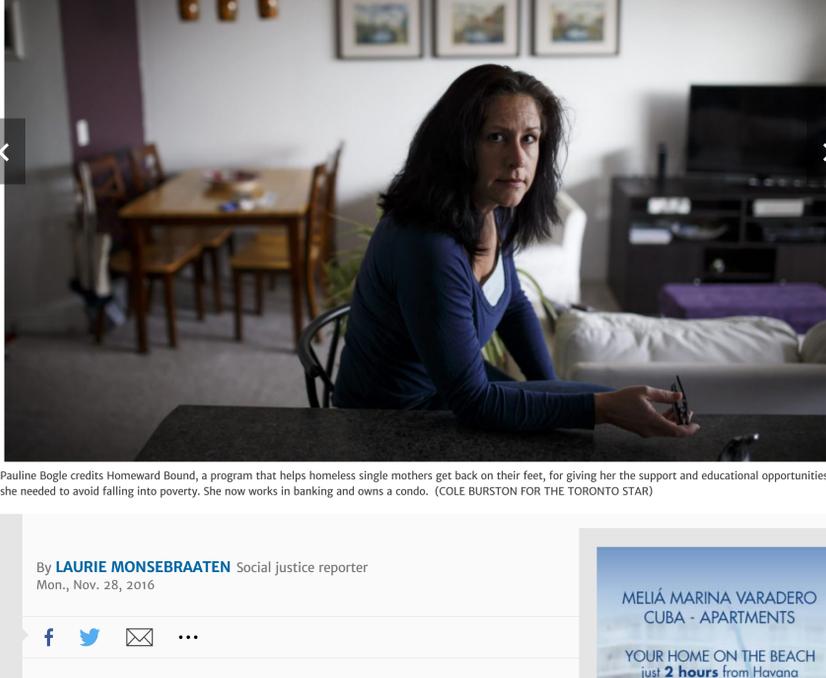




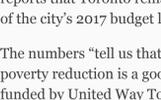
Cost of poverty in Toronto pegged at \$5.5 billion a year

Low-income residents pay less tax, are more likely to be unemployed or under-employed and have higher health costs and interactions with the justice system, according to new report.



Pauline Bogle credits Homeward Bound, a program that helps homeless single mothers get back on their feet, for giving her the support and educational opportunities she needed to avoid falling into poverty. She now works in banking and owns a condo. (COLE BURSTON FOR THE TORONTO STAR)

By **LAURIE MONSEBRAATEN** Social justice reporter
Mon., Nov. 28, 2016



Poverty in Toronto costs between \$4.4 billion and \$5.5 billion a year, according to a groundbreaking report on what we all pay in added health care, policing and depressed economic productivity for the city's 265,000 families living on low incomes.

"The cost of poverty reflects the massive economic burden that comes with the problems created by poverty," says the report by social policy expert **John Stapleton** and research analysts Alexa Briggs and Celia Lee.

The analysis, the first of its kind for a large Canadian city, comes in the wake of reports that Toronto remains the child poverty capital of Canada and on the eve of the city's 2017 budget launch on Dec. 6.

The numbers "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," says the report funded by United Way Toronto and York Region.

When a city makes a plan to cut poverty and invests to make it happen, everybody wins, the report argues.

"It is a net positive," the report says. "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."

But the cost of doing nothing is high, the report says.

Past research shows that compared with those with middle and high incomes, people living in poverty pay less tax, are more likely to be unemployed or under-employed, use more social services, and have higher health costs and more interaction with the justice system.



The report is based on an economic model developed by Nate Laurie in 2008 for the Ontario Association of Food Banks, which pegged the **cost of poverty in Ontario** at \$32 billion to \$38 billion a year.

Although data is limited, Stapleton and his researchers were able to quantify the annual impact of poverty on crime in Toronto at \$436 million. And they pegged poverty's cost on health care at \$753.7 million a year.

Economic opportunity was trickier to calculate, so the researchers set a range of between \$2.9 billion and \$4 billion in lost income caused by unemployment or under-employment and between \$322 million and \$345 million in forgone taxes.

The authors say their estimate is more conservative than Laurie's 2008 report, because they were unable to quantify the cost of lower educational outcomes for children living in poverty or the intergenerational cost incurred when children grow up in poverty and are unable to escape.

Although the report outlines the cost to society at large, the burden of poverty falls most heavily on those living on low incomes.

Toronto's Mike Creek has lived on **both sides of the poverty equation**.

A cancer diagnosis in 1993 cost him a management job in the hotel industry and plunged him into 13 years of poverty and despair.

Today, the senior manager of Working for Change, a Toronto non-profit that helps people escape poverty through advocacy, education and employment training, shakes his head in disbelief.

"The system spent a quarter of a million dollars on cancer treatment to keep me alive only to push me into poverty and ill health all over again," he says.

Creek's downward spiral into homelessness and more than a decade of isolated existence in a gloomy subsidized apartment took a physical and mental toll.

"There were more trips to the hospital and doctor's visits. At one point I was taking 22 pills a day," he says in an interview. "I developed two leg ulcers that still have not healed."

Almost 10 years ago, Creek enrolled in the 12-week advocacy program he now helps to run. It was his pathway to prosperity, but he wishes people didn't have to fall into poverty in the first place.

"I was on (disability welfare) for all those years when I could have been making an economic and social contribution," he says in the foreword to Stapleton's report.

"I have left rent-geared-to-income housing and purchased a new home in Regent Park. My health is better. I use fewer medical services. My share of taxes has increased," he says.

But the future, even for people who find their way out of poverty, is still bleak, notes Creek, 59, who figures he will need more health care as he ages because of the lasting effect of his years living in poverty.

"While it's important to move people out of poverty, it's even more important that we prevent people from falling into those pathways in the first place," he says.

After her marriage dissolved in 2010, Pauline Bogle and her two boys came home to Toronto from Newfoundland. She had no job, limited housing options and just \$2,000 in her pocket.

She credits **Homeward Bound**, a program that helps homeless single mothers get back on their feet, for giving her the support and educational opportunities she needed to avoid the poverty sinkhole.

"Our kids were part of a community," she says of the four-year housing, education and career planning program run by Woodgreen Community Services.

"The kids had camps, daycare, tutoring, after school and Saturday events together. We had a safe place for our kids, super staff, time to study and access to therapy if needed," says Bogle, who works in banking and has been able to buy a condo with her earnings.

"My fellow graduates and I are tangible returns on the investment this program made in us," she says. "We are showing how to break the cycle of poverty ... I own my own condo, I have a great job with a sustainable wage, I pay taxes and look forward to the future."

Although the report doesn't estimate the cost of implementing a comprehensive poverty reduction strategy, it notes that the costs associated with getting started "dwarf" the cost of doing little or nothing.

"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," Stapleton says "Because reducing poverty is a long-term endeavour, it is all the more critical to start now."

TO Prosperity, the city's 20-year poverty reduction strategy, approved last year, coincides with efforts at both the federal and provincial level to address the problem, the report says.

The city has made a start by committing more than \$6.8 million in the 2016 budget to new initiatives in the anti-poverty plan. But \$75 million in new funding was needed last year to make real headway on child care, affordable housing, and access to transit, anti-poverty activists said.

They hope Stapleton's report will encourage city council to step up efforts this year.

"For Toronto to succeed, we can't afford to leave so many in poverty," says Sean Meagher of Social Planning Toronto. "Housing, transit and services are smart investments that make the city more prosperous. Service cuts and slashing budgets are a false economy that cost us more in the end."



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