

Poverty Reduction in British Columbia

Presentation to BBE
Fredericton New Brunswick
May 29, 2019

1. **The British Columbia Context:**

- ▶ Poverty
- ▶ Other social issues

2. **TogetherBC – BC's first poverty reduction strategy**

3. **Key Initiatives:**

- ▶ Minimum wage increases (Fair Wage)
- ▶ ChildCareBC
- ▶ BC Child Opportunity Benefit
- ▶ Supporting vulnerable populations and removing barriers
- ▶ Making life more affordable
- ▶ Supporting and rewarding work

4. **Building our Knowledge:**

- ▶ Understanding the Data
- ▶ BC's Basic Income Pilot

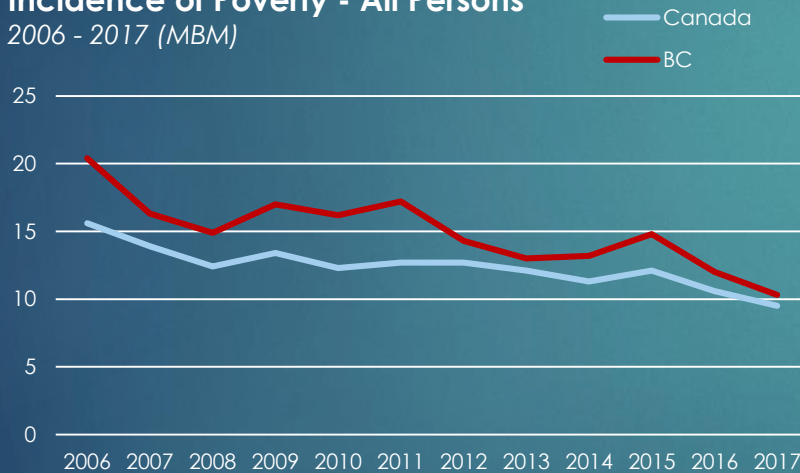
Poverty in BC

Key Poverty Indicators (2017 MBM):

- ▶ 481,000 people living in low-income – 10.3 percent (2nd highest in Canada)
- ▶ 81,000 children – 9.8 percent (5th highest)
- ▶ 54,000 seniors – 6.3 percent (2nd highest)

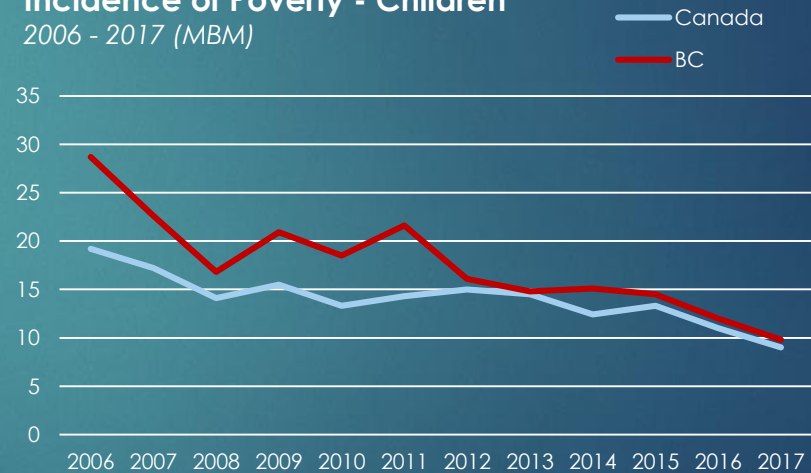
Incidence of Poverty - All Persons

2006 - 2017 (MBM)



Incidence of Poverty - Children

2006 - 2017 (MBM)



Other challenges in BC (not necessarily unique to BC):

1. **Housing**

- ▶ Availability
- ▶ Affordability
- ▶ Utility costs
- ▶ Homelessness

2. **Mental Health and Substance Abuse**

- ▶ Growing incidence and awareness
- ▶ Overdose deaths in BC
- ▶ Resources are being stressed

3. **Urban/Rural Differences**

- ▶ Greater Vancouver dominates province's population
- ▶ Unemployment rate differences
- ▶ Transportation issues

- ▶ Legislated targets and timelines, reporting requirements
- ▶ Market Basket Measure, using 2016 as the base
- ▶ By 2024, the poverty rate in British Columbia must be reduced by:
 - 25 percent for all persons – from 12 percent to 9 percent (approx. 140,000 people)
 - 50 percent for children – from 12 percent to 6 percent (approx. 50,000 children)
- ▶ Strategy must also address the depth of poverty
- ▶ Built on the principles of affordability, opportunity, reconciliation, and social inclusion
- ▶ \$4 billion in investments over the next three years

Minimum Wage

- ▶ Fair Wages Commission
- ▶ Learned from experiences of other provinces
- ▶ Minimum wage will increase to \$15.20 in 2021, from \$11.35 in 2017, in four annual increments

Evidence and Impact:

- 400,000 workers will directly benefit, likely 100,000+ indirectly
- More research is showing that minimum wage increases are effective, if done right
- Composition of minimum wages earners is changing
 - More families, especially single parents
- \$1 billion to workers, including \$200 million to low-income workers

- ▶ Reduce the cost of child care and create new child care spaces
- ▶ **Affordable Child Care Benefit** – families making up to \$45,000 per year can receive up to \$1,250 per child in care
- ▶ **Child Care Fee Reduction** – lowers the cost of licensed child care, up to \$350 per month per child
- ▶ **New Spaces Fund** – create 22,000 new child care spaces

Evidence and Impact:

- Families are saving up to \$19,000 per year
- 80,000 families will benefit, with up to 27,000 families paying little or nothing for child care
- Reduces poverty in two ways:
 - Directly - increases disposable income as measured by the MBM
 - Indirectly – increased labour market attachment of mothers
- IMF, experience from Quebec, USA analysis of poverty

Child Opportunity Benefit

8

- ▶ New child benefit, to be introduced in October 2020
- ▶ Benefit payable for families with incomes up to \$115,000 and children under age 18
- ▶ Up to \$1,600 for families with one child, \$2,600 for families with two children, and \$3,400 for families with three children

Evidence and Impact:

- Investment of \$400 million annually, benefitting up to 290,000 families
- Recent Canadian experience - Canada Child Benefit and the Alberta Child Benefit
- Simulations from the US suggest child benefits could be one of the most cost-effective child anti-poverty measures

Supporting Vulnerable Populations

9

Initiatives to support vulnerable populations, especially people living in deep poverty, are homeless or at risk of being homeless

Income and Disability Assistance Reforms

1. Exempting all child support for families with children
2. Eliminating policies that hold people back
 - Policies may contribute to poverty and homelessness
 - Eliminate those policies that create barriers to getting the supports that help people

Evidence and Impact:

- US research shows that passing child support on to the family/children is effective
- Policy reforms are low cost relative to their impacts, reduce long-term income assistance dependence, increase employment, reduce the risk of homelessness

Actions on Homelessness

1. Office of Homeless Coordination to work across all level of governments to prevent people from becoming homeless, and to immediately respond when some does become homeless
2. Provincial rent bank - \$10 million to support community-based rent banks
3. Significant investments in building more supportive modular homes with 24/7 services, transitions houses, and mixed-income homes
4. Provincial homeless counts – 2020

Evidence and Impact:

- Research shows that housing first models are effective
- Getting the homeless housed quickly is critical to stabilize people and provide other supports and preventing other long-term issues

Making Life More Affordable

11

Initiatives to make life more affordable for low-income people:

1. Enhanced rental assistance
2. Elimination and reduction of Pharmacare deductibles and co-payments for low-income families
3. Dental care funding to not-for-profit dental clinics
4. Transportation allowance or free bus pass for all Disability Assistance clients
5. Controlling rent increases and rules that create hardship for renters

Evidence and Impact:

- Increases people's disposable income – MBM
- 250,000 families will benefit from Pharmacare reforms
- 35,000 families and seniors benefit from rental assistance
- 115,000 people benefit from the transportation allowance
- Over 100,000 low-income renters will benefit

Initiatives to encourage education, training and employment among low-income and disadvantaged populations:

Income and Disability Assistance Clients

1. Annualized earnings exemptions for Persons with Disabilities
 - Recognizes additional challenges that PWDs face when working
2. Specialized Employment Programs for Single Parents with Children
 - Up to 12 months of funded training for in-demand jobs, child care costs, transportation assistance and employment readiness workshops

Training and Skills Development for People Facing Additional Barriers

- Enhanced employment supports for specific populations, including workers 55+, survivors of abuse, Indigenous workers, young adults, and young adults formerly in care

Evidence and Impact:

- Declared earnings has increased by \$51M (\$330 per case or 37 percent)
- More than 2,000 single parents have participated in the program since 2015, with over 55 percent finding employment (and growing)

- ▶ Investing in data and increasing our research capacity to better understand poverty in British Columbia
- ▶ BC government has an integrated data lab that will house linked government data, for use by government researchers and academics
- ▶ Areas of research include:
 - Understanding who really is poor (e.g. areas with high rates of poverty but low income assistance rates)
 - What are the pathways into poverty – what intervention points are available to prevent poverty
 - What are the pathways out of poverty – what really works?
 - How do we stop intergenerational poverty?
 - How do people living in low-income use government services?
 - How do the different income support programs work, or not work, together?

- ▶ Two-year, \$4 million basic income pilot – runs to December 2020
- ▶ Convened independent expert committee to study basic incomes in the BC context
- ▶ Looking at BC's existing income support system, including interaction with federal programs, and how the ideals of a basic income could be used to transform and enhance it

Components:

- ▶ Simulations of various basic income models
- ▶ Review of existing income supports, including assessing strengths and weaknesses
- ▶ Assess future labour market trends and the impact of technology
- ▶ Identify and evaluate options for improving BC's income support system to incorporate the ideals of a basic income
- ▶ Conduct research projects to support the work of the committee