Key findings:

- The proportion of adults experiencing at least one year of poverty in an eight-year period has been fairly stable with a small increase after the 2009-2010 recession.
- Among people who experienced poverty during the 2007-2014 period, for the largest portion poverty is a temporary experience with only one year in low income. The second largest portion, however, of people living in poverty experienced low income for the entire 8 year period.
- The large number of people experiencing persistent poverty is related to how much harder it is getting to escape poverty: among adults who were living in poverty, the chances of escaping poverty the following year has decreased from 44% in 1993 to 26% in 2013.

Introduction

A new data source from Statistics Canada is the Longitudinal Administrative Databank (LAD) which combines anonymized information from individuals’ tax returns (20% sample) and non-taxfilers with Social Insurance Numbers. The LAD covers about 95% of the official population of adults across Canada.

From the LAD, Statistics Canada has released statistics at the local level related to the persistence of poverty, including the proportion of adults who entered low income in the second year among people who were not in low income in the first year (entry rate), the proportion of adults who exited low income in the second year among people who were in low income in the first year (exit rate), and the number of years in low income experienced by people over a series of eight-year periods. This data is available for the Hamilton Census Metropolitan Area (CMA), which includes the cities of Hamilton, Burlington and Grimsby, but only follows adults who resided in the Hamilton CMA for all years in the referenced periods.

The after tax Low Income Measure (LIM-AT) is the poverty line used by this dataset. More information about poverty lines is provided in page 2 of Hamilton Social Landscape Bulletin #14 (Poverty among Hamilton’s Taxfilers).

Persistence of Poverty

Among the 72,860 adults living in the Hamilton CMA who experienced at least one year of poverty between 2007 and 2014, the largest group experienced poverty for the shortest time, just a single year.

The second largest group, however, experienced poverty for the full eight years of the time period. For many of these individuals the persistence of their experience of poverty is strongly tied to their depth of poverty, that is how much lower their income is compared to the poverty line. As described in the 2015 Vital Signs report published by the SPRC and the Hamilton Community Foundation, anyone living on social assistance benefits experiences deep poverty and the declining benefit rates of Ontario Works and the Ontario Disability Support Program compared to inflation has made it harder for recipients to focus on anything but basic day-to-day survival. Social assistance recipients are reliant on food banks and other charitable programs to meet basic needs, taking time and energy from any job search.

This trend of polarization in the persistence of poverty means that a dual-track approach is needed to help the largest number of people:

- Preventing poverty and continuing to support people to leave poverty quickly;
- Along with a more focused strategy to help people for whom poverty has been a persistent experience to improve their quality of life and chances of exiting poverty.
The proportion of adults experiencing at least one year of poverty in an eight year period (Chart 2) has been fairly steady since the 1993-2000 period, with a slight increase due to the 2009-2010 recession. In the 2007-2014 period, 21% of adults in the Hamilton CMA experienced at least one year of poverty. Chart 3 underscores the urgency to increase investments to reduce poverty — once a person’s income falls below the poverty line, it is becoming increasingly difficult to bounce back and leave poverty the following year. The chances of escaping poverty the following year has decreased from 44% in 1993 to 26% in 2013.

The entry rate into low income has been almost unchanged in the last 30 years, but there are shifts in the risks of entering poverty by age group. Youth continue to have the highest risk of entering poverty, at about 5% in 2014 entering poverty who weren’t living in poverty in 2013. But this is down from about 7% in 1993-1994. Conversely, seniors have the smallest risk of entering poverty, but that risk has been increasing, from about 1% of seniors not living in poverty in 1993 entering in poverty in 1994 to about 2% in the 2013-2014 period.

The decreasing exit rate among adults living in poverty is related in part to the rise in precarious employment and low wages, as well as barriers to employment including the high cost of childcare, and racism and discrimination in the labour market, as examined in the 2015 Vital Signs report published by the SPRC and the Hamilton Community Foundation. That report also reviewed policy measures that could better support people experiencing low income to access ladders into the middle class, including improved employment and housing supports and modernizing Canada’s social safety net to better respond to a changing labour market.