



Sustained Poverty Reduction: The Case for Community Action

Contact for more information:
Director, Sustained Poverty Reduction
United Way of Calgary and Area



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WWW.CALGARYUNITEDWAY.ORG
T 403.231.6265 F 403.266.1271

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For a city to be truly great, it must be great for everyone.

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Director, Sustained Poverty Reduction
United Way of Calgary and Area
#600, 1202 Centre Street SE
Calgary, Alberta T2G 5A5
Phone: (403) 231-6265

Introduction

Although Calgary has one of the highest standards of living in Canada, many Calgarians do not share in the opportunities and optimism for which our city is known. Some live in deep poverty. Many are trapped in low-paying work or have multiple part-time jobs. They may be homeless or at risk of becoming homeless. If they have a roof over their heads, they may still be unable to afford many of the basic necessities that contribute to a healthy family life.

Poverty comes at a very high cost for both the people who endure it and the community in which they live. When people live in persistent poverty, the whole community pays. There are increased costs to the health and education systems, to the criminal justice system, and to the local economy in lower spending on goods and services.

Similarly, when poverty is reduced, the whole community benefits. More people participate in the community and the economy. Neighbourhoods become safer. More young people succeed in school. The physical and mental health of the population improves.

A bed in an emergency facility, a hot meal at a shelter or a bag of groceries at the food bank are all important services that help people out at the lowest points in their lives. But what will it take to actually reduce poverty in Calgary over the long term – to actually reduce the need for emergency shelters and food banks?

United Way of Calgary and Area believes that sustained poverty reduction can be achieved in our lifetime. We believe it will be achieved through a long-term and coordinated commitment by citizens, communities, all levels of government, and the social service and business sectors. We further advocate that it can only be achieved by targeting the underlying circumstances that make people vulnerable to poverty.

But what is the extent of poverty in Calgary? What are the barriers that keep people from leaving it behind? And what can we as individuals and organizations do to help? The Case for Community Action is intended to address these and other key questions about poverty in Calgary.

What does it mean to live in poverty?

Poverty is about more than not having enough money to cover the basic necessities of food, clothing and shelter. Poverty also means poor health, lack of opportunity and social exclusion.

United Way of Calgary and Area's definition of poverty is **the condition of a person who does not have sufficient economic and other resources needed to live with the dignity, choices and power which support full participation in society.**

People who face economic challenges live in a chronic state of anxiety, often fearful of not being able to provide for themselves and their family. Many work long hours and have multiple jobs just to make ends meet. They do not have the flexibility to deal with any extra, unexpected costs.

Imagine not having money for groceries because you have to pay for an expensive prescription or utility bill. Imagine giving up your child's birthday party to buy them a winter coat. Or imagine not having the time to help your child learn to read because of evening and weekend work.

These kinds of trade-offs are the harsh reality facing many Calgarians who must make daily sacrifices that have long-term effects on quality of life. As a result, they can experience poor nutrition and more health problems. They are less likely to participate in healthy fitness activities, and have fewer opportunities for important social interaction.

Above all, they do not have the time nor the resources to dig themselves out of poverty. Some cannot afford the bus fare to look for work. Others are employed but don't have the time to upgrade their education to qualify for better paying jobs. They are stuck in a complex cycle of poverty – struggling to get by, let alone get ahead.

The human cost of poverty

Poverty comes at a high cost in wasted human potential. Reduced health, demeaning life experiences and isolation mean that people who struggle in poverty are not able to contribute to society to their fullest potential.

Children, who have no control over the type of environment they live in, are often the hardest hit. Poor children are almost twice as likely as non-poor children to die in childhood. They are more likely to have physical and mental health problems, perform poorly or drop out of school, and engage in dangerous behaviours in their teens.

One of the most thought-provoking statements about poverty was made by a woman who experienced it first hand. She said, "Being poor takes every last bit of your time and energy."¹ Consider that a single parent earning the current Alberta minimum wage (\$5.90 per hour) and supporting one child must work over 80 hours a week to earn the Low Income Cut-off for a two-person family (\$24,745 annual income).

The resulting lack of time and resources leads to **isolation and exclusion** from important community and neighbourhood networks. Low pay combined with long hours of work severely restricts access to social, recreational and cultural activities.² Extracurricular activities like trips to the zoo, swimming lessons and organized sports are simply not an option. It is also difficult for families to find the time to spend together.

Often, low-income workers also **lack time and information** to seek out services that could help them, such as daycare subsidies, support for children's medical expenses and education. **Limited access to affordable transportation** can further isolate them from available social and support networks, as well as employment. All of these things have serious repercussions for children, who are denied important activities that foster good health, social skills and learning skills.

Poverty also robs people of the **power to make decisions** and choices about their own lives. Some adults with disabilities and parents with young children depend on a spouse, family members or programs to meet their daily needs. These people are particularly vulnerable if the relationship ends or a program is withdrawn.

Finally, for most people who are working and are poor, poverty is **not a temporary situation**. While many people may experience spells of poverty in their lifetime, others are more vulnerable to deep and persistent poverty. Among these are lone-parent mothers and their children, Aboriginal people, people with disabilities and immigrants. Approximately 30 per cent of people living in poverty do so for periods of three years or more.³

It is this deep and persistent poverty, and the conditions that create it, that United Way of Calgary and Area seeks to eliminate.

Poverty in Calgary

While Canada does not have an official poverty line, several measures are used to identify people who live in poverty. For our purposes, Statistics Canada's Low Income Cut-off (LICO) provides the measurable point below which people are considered to be living in poverty:

2003 Before-tax LICO Measures for Canadian Cities with 500,000+ residents

Family Size	1	2	3	4	5	6	7+
LICO	\$19,795	\$24,745	\$30,774	\$37,253	\$41,642	\$46,031	\$50,421

Source: Canadian Council on Social Development

Statistics Canada defines LICOs as "income thresholds below which families will likely devote a larger share of income to the necessities of food, shelter and clothing than the average family would."⁴ While LICO levels do not constitute an official poverty line, they do identify people who struggle to maintain a standard of living that supports meaningful participation in the community.

Regardless of how poverty is measured, the real question is, "are we willing to allow people to live in poverty in our wealthy city?" Did you know that:

- An estimated 12.5 per cent of Calgarians live in poverty.⁴ The most vulnerable groups include children, seniors, lone-parent families, Aboriginal people, immigrants and people with disabilities.
- 26,480 Calgary families live just above LICO. Two thirds of Alberta's "poor families" have incomes less than 75 per cent of LICO, while more than one third have an income of less than half of LICO.
- 14.8 per cent of Calgary children lived in poverty in 2002, up from 11.1 per cent in 2001.⁵
- Over 41,000 employed Calgarians over the age of 25 earn less than \$9 an hour.⁶ These are not just teenagers or students but adults who must somehow sustain themselves and their families on less than a living wage.

The increasing gap between rich and poor

A serious trend is the growing income gap between rich and poor:

- Between 1980 and 2000, income **declined 2.4 per cent** in the 10 per cent of Calgary's lowest income neighbourhoods while it went **up 14.8 per cent** in the 10 per cent of neighbourhoods with the highest incomes.⁷
- 202,465 Calgarians aged 25 or over earned less than \$20,000 in 2000.⁸
- Income of the poorest 10 per cent of Calgary families averaged \$13,000 in 2000, whereas average income of the top 10 per cent of families was \$248,600.⁹ An average family income of \$13,000 among the poorest 10 per cent of Calgary families is high compared to most Canadian cities. However, the income gap between Calgary's poorest and wealthiest families stands out as it is greater than the gap for Alberta and Canada.

For every \$1 earned by the poorest 10 per cent of Calgary families, the wealthiest 10 per cent earn \$19.10.

Income Inequality in 2000 (Families' Median Income)⁹

	Median Income	Wealthiest 10%	Poorest 10%	Wealth-Poverty Ratio
Canada	\$55,016	\$185,070	\$10,341	\$17.90 per \$1
Alberta	\$60,142	\$198,000	\$11,845	\$16.70 per \$1
Calgary	\$65,488	\$248,600	\$13,000	\$19.10 per \$1

This increasing inequality has serious consequences because it produces an "accessibility gap" where many people cannot access transportation, education, recreation and other community resources. The resulting polarization between rich and poor increases social tensions and has potential implications for individual and community health, crime, education and political stability.¹⁰ The wider the wealth gap, the greater the social tension and costs.

The economics of poverty

There is no single source of data that clearly defines the cost of poverty to society. However, a recent report estimated that in purely economic terms, poverty costs upwards of \$500 million per year in Calgary.³ Based on this conservative estimate, significant savings could be realized by reducing poverty in our city:

- healthcare savings of at least \$3.35 million per year and possibly as much as \$16.3 million;
- savings of at least \$4.9 million per year and perhaps as much as \$7.9 million associated with the education system; and
- savings elsewhere in the economy that could amount to as much as \$32.6 million per year.

In addition, upwards of \$400 million is spent annually on income supports for Calgarians living in poverty. These income supports are considered to be transfers from taxpayers to people living in poverty, and are therefore not considered a cost of poverty in purely economic terms. However, it stands to reason that reducing poverty would reduce the need for income supports and free up these tax dollars for other purposes.

Obstacles to exiting poverty

Most of the efforts to reduce poverty rates in Canada in recent years have occurred in the realm of provincial and national policy. Unfortunately, policy choices that are made for all the right reasons sometimes have the unintended consequences of making it more difficult for responsible people to exit poverty. For example:

Conflicting federal and provincial policies

- The federal Child Tax Benefit ended up assisting barely one-third of poor families with children when money was clawed back by most provinces including Alberta.¹¹

Penalties for working your way out of poverty

- The National Child Benefit Supplement is cut off when family income crosses a relatively low bar. This creates a disincentive to earn “too much” for fear of losing the benefit.
- Moving off social assistance into a low-paying job may mean loss of health benefits and assistance with home care and pharmaceutical costs for families caring for persons with disabilities.
- Rules limiting training programs to people who are unemployed discourage low-income workers from upgrading their education and skills.

User fees and other barriers

- People can actually be further impoverished by a complex web of rules and regulations for social assistance. For some, the demeaning experience of repeatedly having to prove their income to access low-income benefits leads to depression and hopelessness.
- User fees for municipal and provincial education and recreation activities are also significant barriers. These fees, which actually cost proportionally more for people living in poverty, often exclude the very people who would most benefit from these activities.

Changes in the labour market

A recent trend has emerged in Canada whereby people with jobs are not earning enough to escape from poverty. This is evident in the fact that the majority of Alberta children living in poverty live in working families (57.9 per cent).⁵

This is partly due to changes in the structure of the Canadian labour market. Many well-paid factory and middle management jobs have been eliminated, forcing workers to move either up into high-skill, well-paid jobs or down into low-skill, low-paid and part-time jobs. With no health benefits, no paid vacations, no overtime pay and no access to training, these jobs typically provide little opportunity to climb out of poverty.

Although overall unemployment in Canada has decreased, there is a precarious new category of employment where people are not earning enough to exit poverty.¹² The stagnation of wage levels, compounded by high inflation rates and cost of living, means that more families are working harder just to make ends meet. The resulting lack of time and money make it difficult for low-income workers to improve their education, a step that could lead to more stable, higher paying jobs.

What is United Way doing to reduce poverty?

It will take a concerted effort to affect the rates and intensity of poverty in Calgary. We need comprehensive solutions that address the underlying conditions that create and perpetuate poverty.

To this end, United Way is strategically investing in long-term, collaborative solutions that:

- increase the availability of affordable, non-market housing and prevent homelessness;
- build stronger, more supportive neighbourhoods;
- enhance the economic well-being of economically challenged families;
- ensure healthier and more stimulating childhoods;
- raise public awareness about poverty; and
- influence public policy.

Increase availability of affordable housing

Approximately 50 per cent of people using Calgary homeless shelters are employed but simply cannot afford all costs associated with housing, including rent, security deposit and utilities. Furthermore, nearly 15,000 renter households are at-risk of homelessness.¹³

In addition to supporting necessary emergency shelters, United Way is working with community partners to increase access to safe, affordable housing. We also invest to help families maintain their homes during times of financial crisis (homelessness prevention). This includes getting families into safe, transitional housing; providing assistance with rent and damage deposits; and providing assistance with rent and utilities arrears to prevent eviction.

Improve one neighbourhood at a time

Recognizing that every neighbourhood has its own strengths and challenges, United Way is investing to fundamentally change the conditions that lead to poverty in *specific* neighbourhoods. One example is the Bowness/Montgomery neighbourhood development pilot, which focuses on breaking the cycle of poverty by empowering community partners to provide a supportive and caring environment for children to learn and grow.

Investing to build strong, supportive neighbourhoods will lead to integrated, comprehensive solutions that truly reduce poverty over the long-term.

Building stronger families

United Way is taking significant steps to improve economic well-being and quality of life for low-income families. This includes working with agency and community partners to identify new and innovative investments that:

- keep families in secure, affordable and safe housing;
- build safe community hubs and a network of support for families; and
- help families to gain economic security and self-sufficiency (i.e. assistance in securing stable employment with increased incomes).

Healthier and more stimulating childhoods

Too many children in Calgary lack proper nutrition, enriched preschool and early childhood development, and social and recreational activities. Consequently, they are denied opportunities to build resiliency and skills that are critical to their academic success and eventual participation in the workforce. Through the Calgary Children's Initiative and other community collaborations, United Way invests to build a community where every child has the financial, health and educational support they need to achieve their full potential.

Increasing public awareness

Raising awareness and influencing public policy are key steps to reducing poverty. As such, United Way will continue to raise awareness of the impact and extent of poverty in Calgary. Doing so will help more citizens and businesses to understand their role in reducing poverty.

Influencing public policy

United Way is also taking a hard look at the conflicting policies, employment penalties, user fees and complex application procedures that are current barriers to exiting poverty. We are working with service agencies and community partners to increase understanding of social policy development and develop capacity to influence social policies related to poverty reduction.

Collaboration is critical

Working together, all of the above strategies will ultimately help to reduce the number of Calgarians living in poverty. However, these long-term solutions can only be achieved through a coordinated effort by government, communities, businesses, the social service sector and individuals.

United Way is investing in two key initiatives to engage the whole community around a common agenda for poverty reduction: Vibrant Communities Calgary (VCC) and the Sustained Poverty Reduction Committee.

VCC is a diverse group of community leaders and service agencies who are working collaboratively to reduce poverty in Calgary. United Way is a co-convenor of the collaborative, along with MCC Employment Development.

United Way has also established a Board Committee comprised of senior community leaders and volunteers dedicated to reducing poverty. Under the leadership of Jim Dinning and Nancy Laird, the Sustained Poverty Reduction Committee is developing a six-point action plan to: build public awareness; reduce policy barriers; increase availability of non-market, affordable housing; support healthier and more stimulating early childhoods; build strong neighbourhoods; and promote economic well-being.

What can you do?

In 2003, United Way conducted the *The Way Forward Community Dialogue* to identify the most pressing social issues for Calgarians. Poverty was among the top concerns, demonstrating that much of Calgary's population is already concerned about the economic welfare of our citizens.

We can all help to reduce poverty and minimize hardship for the many Calgarians who are trying to break the cycle of poverty:

- **Consider how you treat people.** Think about the underlying conditions that make people vulnerable to economic distress. Remember that there are many different groups of Calgarians living in poverty. Give assistance or a kind word to your neighbours, the young mother with a child on the C-Train, or the office cleaning staff who might be struggling to make ends meet.
- **Volunteer in your community or with United Way.** Whether you offer to help your neighbour or to get involved with poverty reduction initiatives, you can make a tangible difference in the community.
- **Donate to United Way.** By investing in United Way, you help to meet immediate needs for people living in poverty. You also support long-term, community-wide initiatives that will ultimately reduce poverty in our community.
- **Use your voice.** You have the power to educate others about the realities and complexities of reducing poverty. Take opportunities to speak out and help raise awareness about this issue.

Conclusion

As Calgary's population increases, and as the population ages, greater numbers of people will face economic, health and social barriers to their active participation in society. This is a cause for concern not only for the health and social consequences for those who are living in poverty, but because of the impact for all Calgarians.

The truth is we all benefit by raising the living standards of people in deepest poverty. Calgary's appeal for business investment is directly related to its ability to attract and retain skilled workers, reduce social service and health expenditures, reduce crime and increase academic success for youth. Sustained poverty reduction is central to achieving each of these things.

In Calgary, we have what we need to achieve sustained poverty reduction in our lifetime. We have a culture of achievement and success. We have a tradition of commitment. We have organizations and people with the power to influence political will and implement change. We have abundant resources to fuel community action.

Reducing poverty will strengthen employment opportunities. It will reduce the need for social assistance programs, reduce health and public safety costs, and create more personal and household wealth for re-investment into the local economy. Ultimately, this will improve the health and well being of all Calgarians.

Most importantly, though, reducing poverty will help ensure that all Calgarians have the opportunity to live with dignity and achieve their full potential in our community. And only *then* will Calgary be a truly great city for everyone.

For more information, visit www.calgaryunitedway.org or contact:

Director, Sustained Poverty Reduction
 United Way of Calgary and Area
 #600, 1202 Centre Street SE
 Calgary, Alberta T2G 5A5
 Phone: 231-6265

¹ United Way of Calgary and Area focus group, Living on the Edge Research, 2000.

² *Living on the Edge: A profile of low income workers in Calgary. A report by United Way of Calgary and Area.* Fall 2000.

³ Shiell, Alan and Zhang, Jenny. (June 2004). *The External Costs of Poverty: a Conservative Assessment.* Centre for Health and Policy Studies, University of Calgary and Institute of Health Economics.

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¹⁰ Federation of Canadian Municipalities. (2004). *Falling Behind: Our Growing Income Gap.*

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¹² Jane Jenson, *Canada's New Social Risks: Directions for a New Social Architecture*, CPRN Social Architecture Papers Research Report F/43, September 2004.

¹³ Calgary Community Plan 2004-2008, *Building Paths Out of Homelessness.*