



SUMMARY REPORT

The Working Poor

IN THE TORONTO REGION

Who they are, where they live, and how trends are changing

by John Stapleton, Brian Murphy, Yue Xing

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To download the full report please go to www.metcalffoundation.com

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The Working Poor

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PREFACE

A drive down the Birchmount corridor

If you get into your car at Steeles Avenue and the top of Birchmount Road, you can drive almost all the way down to the lake — 15 kilometres — in about 25 minutes. What you see changes as you motor south. First, you see block upon block of older rental properties with seas of vacancy signs. Then the rental buildings give way to what seems like endless blocks of strip malls and auto repair shops, although there are also businesses, schools, and social agencies.

For more than half of the trip, you'll be passing by or through the designated priority neighbourhoods of Steeles L'Amoreaux, Dorset Park, and Kennedy Park. On the southwest corner of Lawrence and Birchmount, you will see one of the city's largest and newest complexes containing subsidized housing, gleaming white and modern-looking.

You'll be glad you're in your car. A lot of the people you see waiting at the bus stops along Birchmount are on their way to work, and they can spend a couple of hours making the same trip you are making. They will have to transfer to an entirely different bus line at St. Clair. They can't make the whole trip on Sunday, because service stops at Finch. The southern section of Birchmount has bike lanes, but on July 13, 2011 Council voted to "de-install" them.

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The working people you pass on the way down this long, underserved corridor pay their taxes and work just as many hours as other working people do, but they work more in the service sector. They are, on average, just about as educated as other workers, but they make less money. They are a little younger than the average Canadian worker and more of them are single. They tend to be renters, rather than homeowners. An overwhelming number are immigrants.

These are the working poor.

This study follows in the footsteps of the 2010 ‘Three Cities’ report. We use a combination of data from the Census of Canada and sophisticated statistical tools to identify who the working poor are, where they live in the city of Toronto and the Toronto Region, and where the growth in their numbers has far outstripped Ontario and the rest of Canada. We describe some of the demographic trends for this group, and illustrate their gradual geographical shift toward the eastern part of the city and into the suburbs and surrounding cities of the Toronto Region.



For a complete description of the methodology used in this statistical study, please refer to the full report: “The Working Poor in the Toronto Region : Who they are, where they live, and how trends are changing”, published at metcalfoundation.com

The Working Poor

IN THE TORONTO REGION

Who they are, where they live, and how trends are changing

Employment is commonly understood to be the best antidote to poverty. Social assistance recipients are encouraged to find a job to lift them out of poverty. Governments invest significant resources in training and skills-building programs to help people living in poverty move into the job market.

Although work can provide a ladder out of poverty, this is not always the case. In the Toronto Region², an increasing number of people are both employed and living in poverty. We call them the working poor.

Maps 1 and 2 compare the concentrations of working-poor people in the Toronto Region for the years 2000 and 2005 (see pages 10-11). The highest concentrations of the working poor are found in the city of Toronto. Maps 3 and 4 illustrate the growth in the numbers of the city's working poor during the 2000 – 2005 time period (see pages 12-13).

Toronto's working poor live in a region with the highest cost of living in Canada and the second- most expensive housing market in Canada³. In this high-cost environment, earnings from a job – even a full-time job – may not be enough to escape poverty.

2. In this paper, the terms 'Toronto Region' and the 'Toronto Census Metropolitan Area' (CMA) are used synonymously.

3. Toronto Board of Trade, Toronto as a Global City—Scorecard on Prosperity 2010, Toronto, 2010, p. 44. Cost of living is based on the cost of household items such as clothing, food, and transportation.

How do we define “working poor”?

The term ‘working poor’ is in common usage, but it does not have a widely accepted definition. We use the term to refer to people with non-trivial earnings who live in a household with low income. Our report provides a new definition of ‘working poverty,’ one that allows researchers to measure the incidence of working poverty now and in the future. It identifies the areas in the Toronto Region where the working poor live, and describes the changing trends for this group. Our analysis is based on custom tabulations drawn from Statistics Canada microdata, using both the Survey of Labour and Income Dynamics (SLID) and the Canadian Census.

We define a member of the working poor as someone who:

- has an after-tax income below the median Low Income Measure (LIM),⁴
- has earnings of at least \$3,000 a year,⁵
- is between the ages of 18 and 64,
- is not a student, and
- lives independently.

These criteria resolve many issues that have plagued the definition of the working poor. For example, our criteria screen out people earning less than \$3,000 (the ‘non-working poor’). That is because people with such low earnings likely have other financial supports, such as family members or social assistance. They are, in all probability, only marginally attached to the labour force.

These defining criteria for the working poor can be replicated for comparison purposes and comparable studies in the future.⁶

4. The Low Income Measure (LIM) compares individual incomes to the median income of the general population in a given year - the median reflecting the current living standards of the middle class.

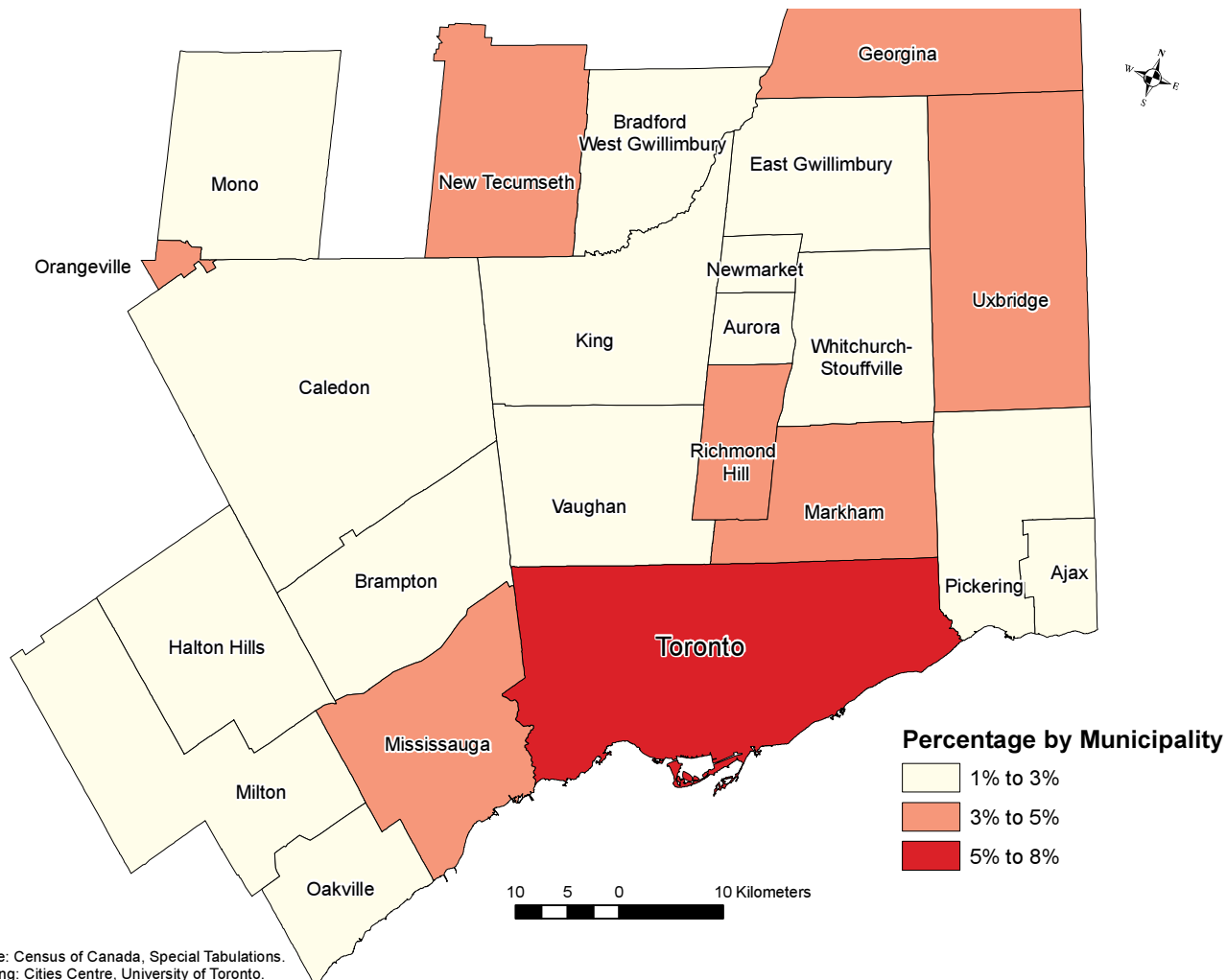
5. \$3,000 is the income threshold for receiving the Working Income Tax Benefit.

6. These criteria can be exactly replicated using the census and closely approximated by using T1 Family File (TIFF) tax data or the Longitudinal Administrative Databank (LAD). These definitions can be used on the LAD to examine actual trajectories into and out of working poverty and could be used on TIFF to look at annual changes in small area geographies.

MAP 1:

Percentage of working poor individuals among the working-age population

Toronto census metropolitan area, 2000

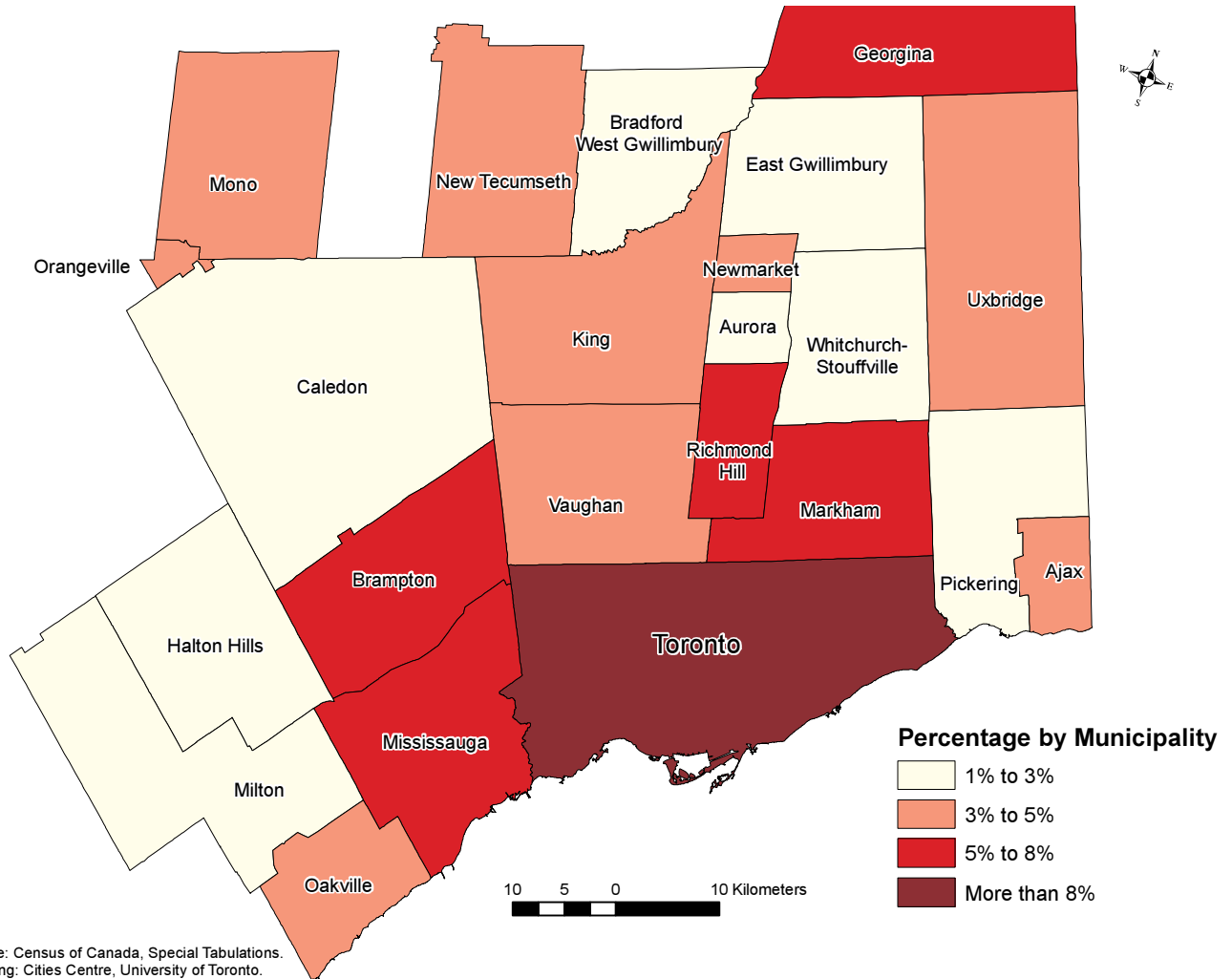


Source: Census of Canada, Special Tabulations.
 Mapping: Cities Centre, University of Toronto.
 © Metcalf Foundation, 2012.

MAP 2:

Percentage of working poor individuals among the working-age population

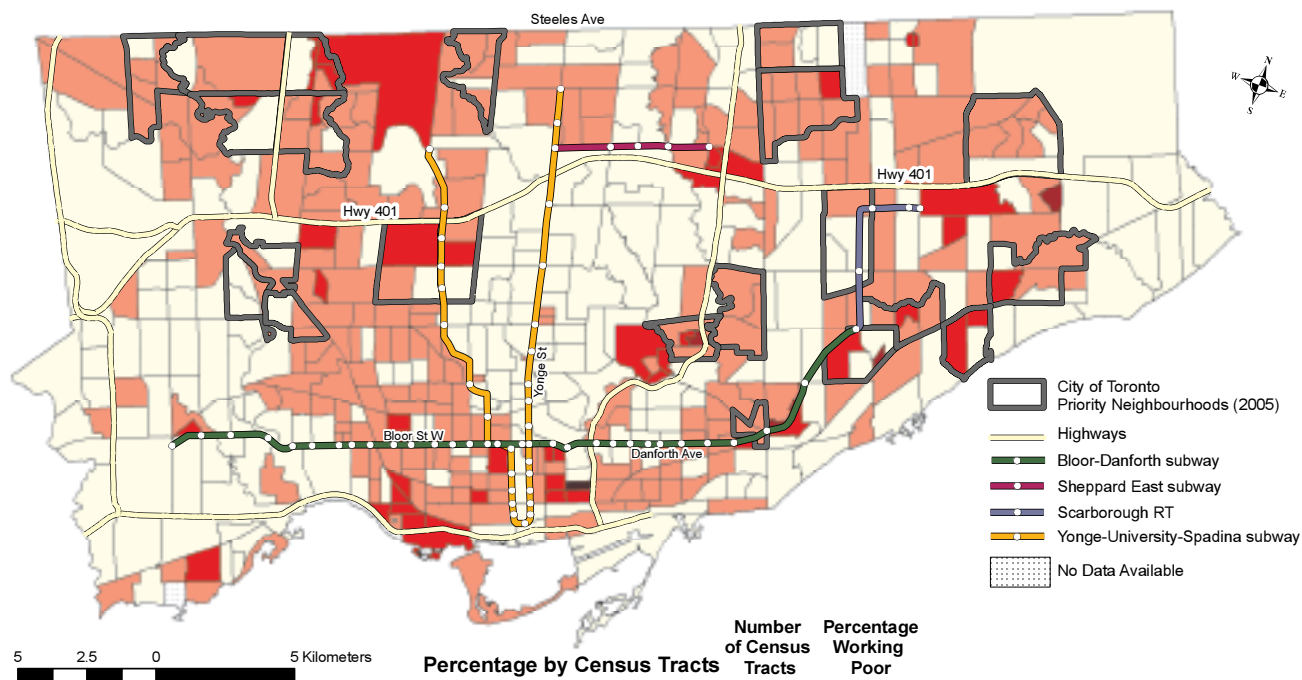
Toronto census metropolitan area, 2005



Source: Census of Canada, Special Tabulations.
Mapping: Cities Centre, University of Toronto.
© Metcalf Foundation, 2012.

MAP 3:

Percentage of working poor individuals among the working-age population, city of Toronto 2000

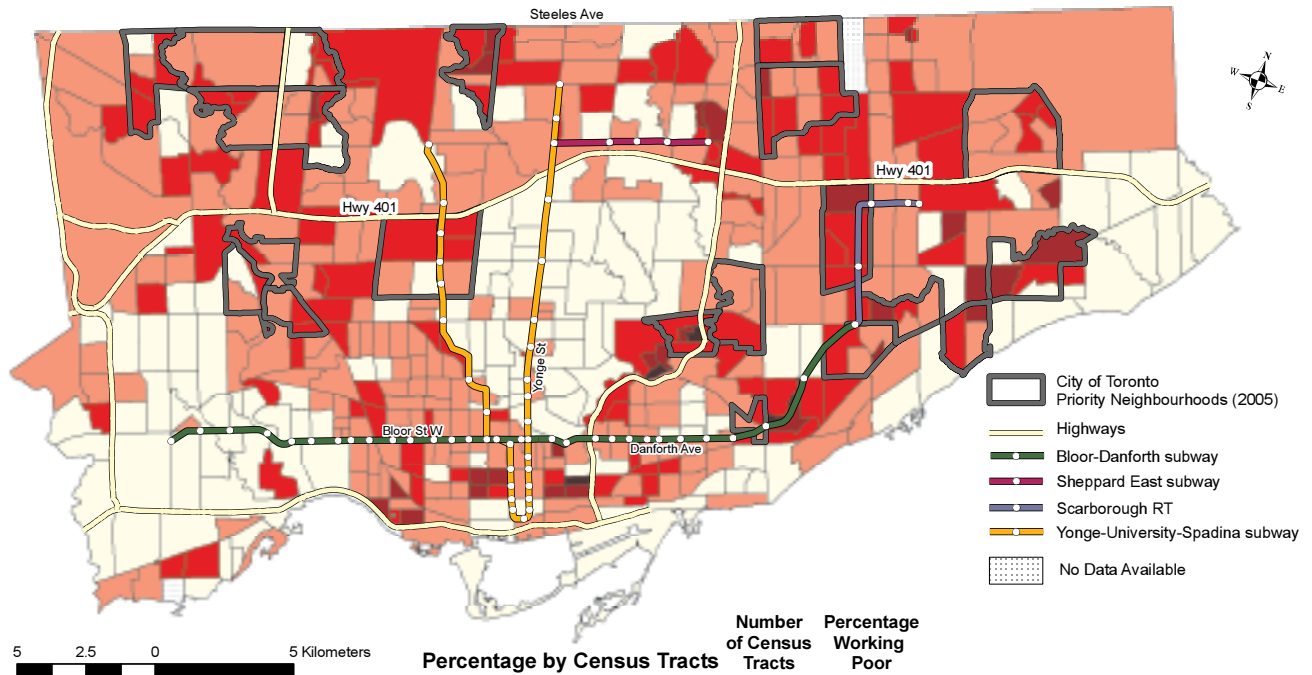


Source: Census of Canada, Special Tabulations.
 Mapping: Cities Centre, University of Toronto.
 © Metcalf Foundation, 2012.

Note: Data are mapped to 2001 boundaries

MAP 4:

Percentage of working poor individuals among the working-age population, city of Toronto, 2005



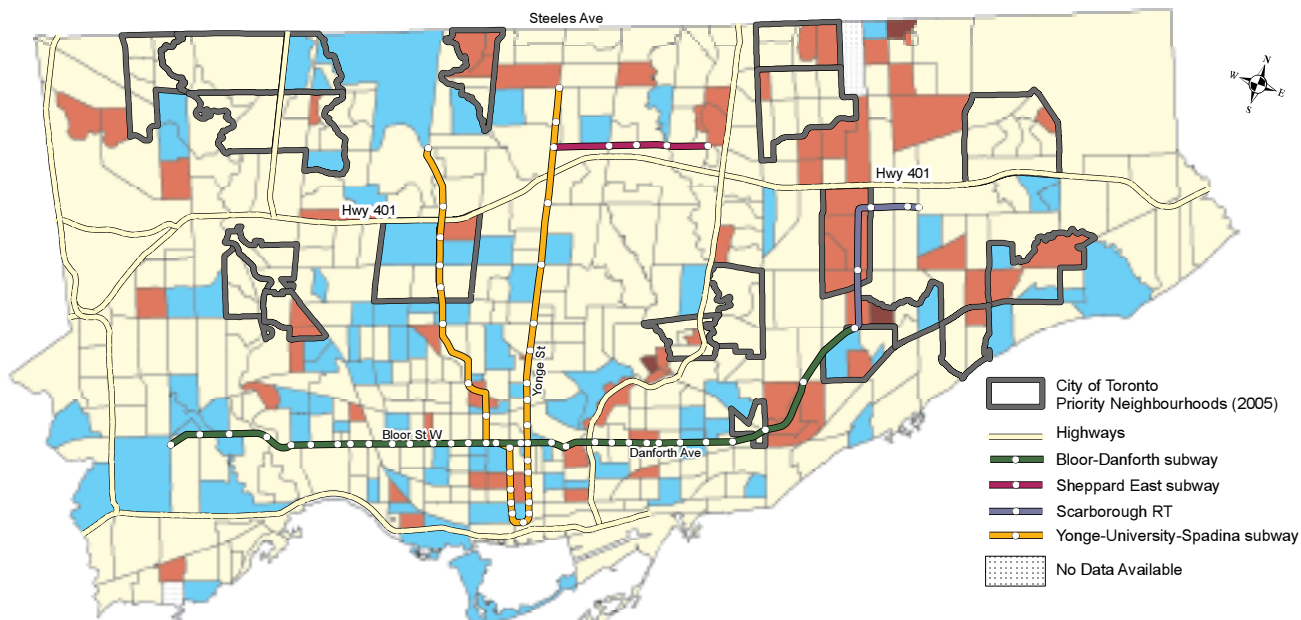
Percentage by Census Tracts	Number of Census Tracts	Percentage Working Poor
0% to 5%	140	3.3%
5% to 10%	228	7.6%
10% to 15%	121	11.8%
15% to 20%	29	16.9%
More than 20%	4	24.8%

Note: Data are mapped to 2001 boundaries

Source: Census of Canada, Special Tabulations.
 Mapping: Cities Centre, University of Toronto.
 © Metcalf Foundation, 2012.

MAP 5:

Change in the percentage of the working poor among the working-age population in the city of Toronto, 2000-2005



Change in the Percentage by Census Tracts (Percent 2005 minus Percent 2000)

Change in Percentage	Number of Census Tracts
Decrease	90
Increase up to 5 percentage points	361
Increase 5 to 10 percentage points	68
Increase more than 10 percentage points	3

Note: Data are mapped to 2001 boundaries

Source: Census of Canada, Special Tabulations.
 Mapping: Cities Centre, University of Toronto.
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The increasing numbers of the working poor

In this report, we take a broad look at census tract data for the Toronto Region and then concentrate our analysis on the city of Toronto itself over a five-year period.

Using our criteria for defining the working poor, we found 113,000 working-poor individuals in the Toronto Region in 2005. In the Toronto Region, this population had increased by 42% between 2000 and 2005. Of these persons, 70,700 lived in the city of Toronto. Map 5 shows the change in the concentration of working poverty over a five-year period in the city of Toronto. Although increases and decreases are largely in balance overall, far more increases in working poverty occur east of Yonge Street.⁷ More decreases occur west of Yonge Street.⁸

It is worth noting that the cities of Toronto, Brampton, Mississauga, Richmond Hill, and Markham also experienced increases in the number of working poor living within their borders within that five-year time span. The growth in the numbers of working poor in the city of Toronto and Toronto Region, as a percentage of the working population, far outstripped the rest of Ontario and Canada during this period (Table 1).

Table 1: Working poor as a percentage of the working-age population

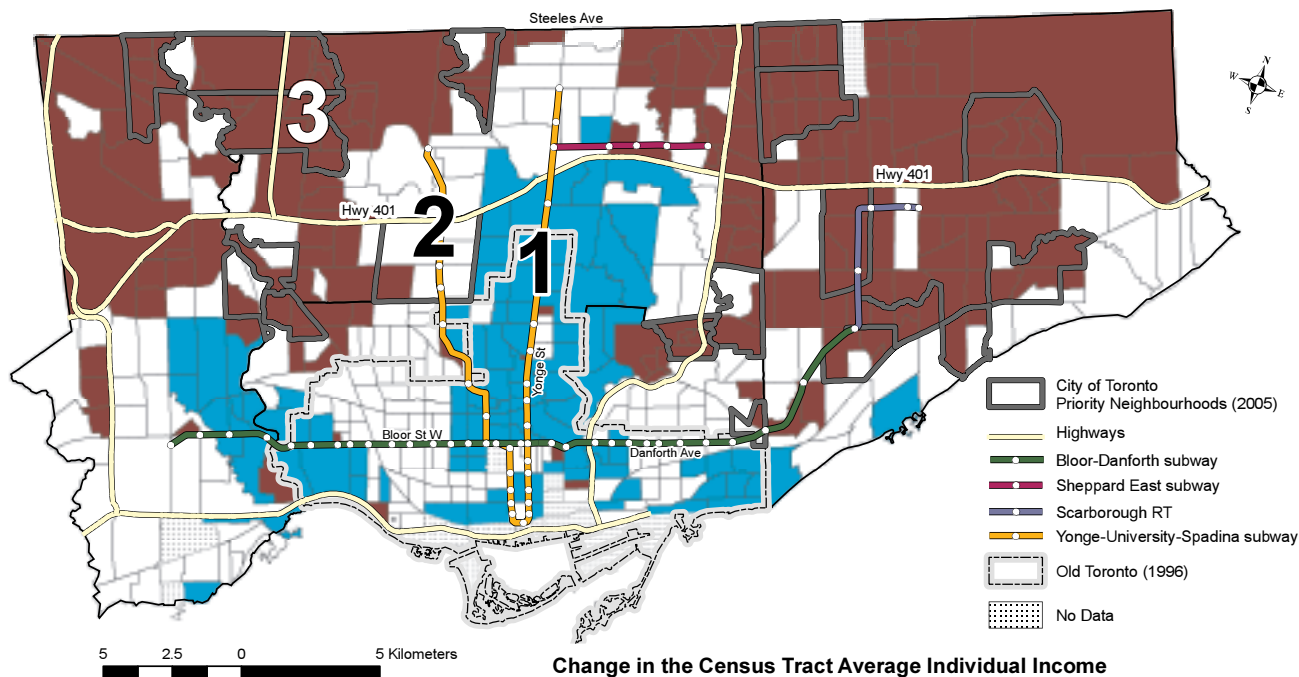
	2000	2005	Diff.	% Increase
Canada	5.5%	6.3%	0.8%	15%
Ontario	4.6%	5.7%	1.1%	24%
Toronto (City)	5.9%	8.2%	2.3%	39%
Toronto (CMA)	4.5%	6.4%	1.9%	42%

7. 43 census tracts grew by more than 5 percentage points east of Yonge as opposed to 28 tracts west of Yonge.

8. 63 census tracts west of Yonge as opposed to 27 tracts east of Yonge.

MAP 6:

Change in average individual income, city of Toronto, relative to the Toronto CMA, 1970-2005,



Change in the Census Tract Average Individual Income as a percentage of the Toronto CMA Average, 1970-2005

- Increase of 20% or More (100 Census Tracts, 19% of the City)
- Increase or Decrease is Less than 20% (208 Census Tracts, 40% of the City)
- Decrease of 20% or More (206 Census Tracts, 40% of the City)

Note: Census Tract 2001 boundaries shown. Census Tracts with no income data for 1970 or 2005 are excluded from the analysis. There were 527 total census tracts in 2001.

Source: Statistics Canada,
Census 1971, 2006



Greater Toronto Urban Observatory
www.gtuo.ca www.NeighbourhoodChange.ca

In the city of Toronto, the working poor are clustered in the inner suburbs and the southwest corner of the city. The city's core has a very low incidence of working poverty. The geographical findings are consistent with those of 'The Three Cities Within Toronto' report, which documented and mapped income polarization and the growth of low-income neighbourhoods in Toronto between 1970 and 2005 (Map 6).⁹

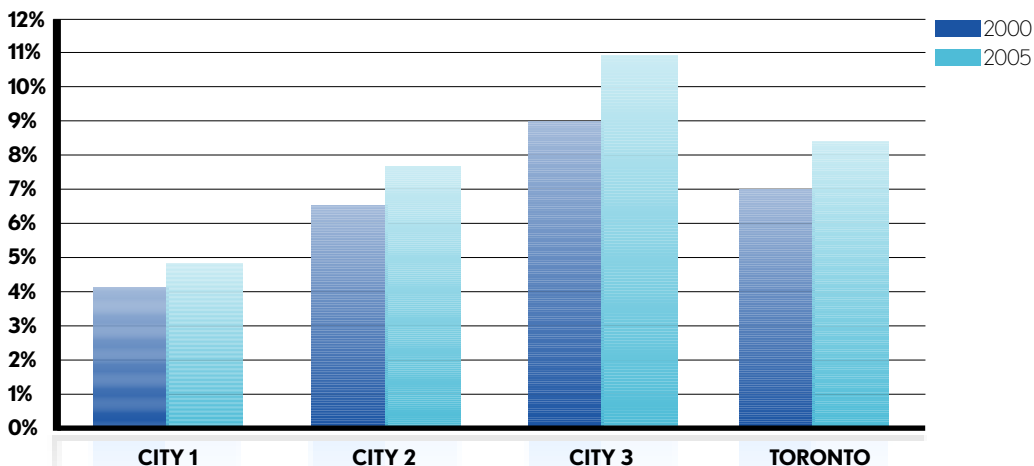
The clusters of census tracts on Map 6 comprise the 'three cities' within the city of Toronto – an overview of the trends. Instead of a random pattern, we see that Toronto's neighbourhoods (as represented by clusters of census tracts) have begun to consolidate into three geographic groupings. Within the groups of these 'three cities,' our study found a consistent rise in the percentage of the working-age population who are working poor (Figure 1).

9. Hulchanski, J. D. The Three Cities Within Toronto: Income Polarization among Toronto's Neighbourhoods, 1970-2005. Toronto: Cities Centre, University of Toronto, 2010.

FIGURE 1:

Percentage of the working-age population who are working poor, Cities 1, 2, 3, and city of Toronto, 2000-2005

Source: Statistics Canada, Custom Tabulations, census data





Some key features of the working poor in the Toronto Region

Here are seven key features of the working poor in the Toronto Region:

1. They most commonly work in sales and service occupations.
2. They work a comparable number of hours and weeks to the rest of the working-age population.
3. They are more likely to be living without an adult partner than the rest of the working-age population.
4. Working-age immigrants to Canada are over-represented among the working poor.
5. They are only slightly less educated on average than the rest of the working-age population.
6. Fewer own their own homes.
7. They tend to be younger as a group than the working-age population as a whole.

1. More sales and service occupations

Toronto has a slightly lower proportion of people working in sales and service than in the rest of Ontario or Canada as a whole. Yet close to one-third of Toronto's working poor are employed in sales and service occupations. This compares to one-fifth for all working-age people in the city – almost a doubling proportionately.¹⁰

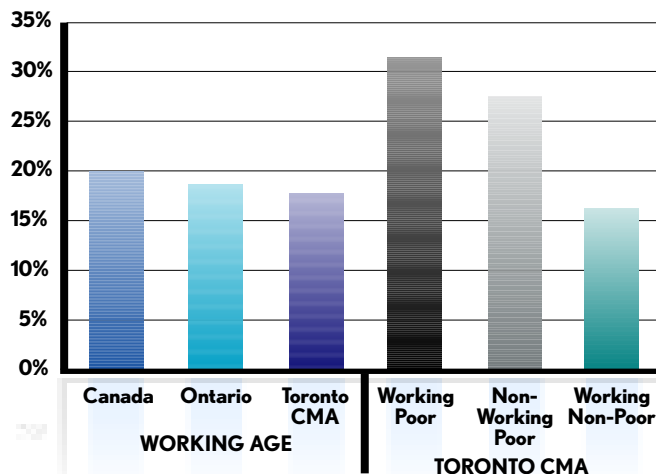
Figure 2 compares the percentage of people who work in sales and service occupations:

- in Canada as a whole,
- in Ontario,
- in the Toronto Region (the Toronto Census Metropolitan Area),
- among the working poor,
- among the very marginally employed (the non-working poor), and
- among people who are better off (the working non-poor).

10. This is also 3% higher than the figure for marginally employed people earning \$3,000 or less.

FIGURE 2:

Percentage of people working in sales and services



Source: Statistics Canada, Census, 2005, Special Tabulations

2. Comparable level of employment

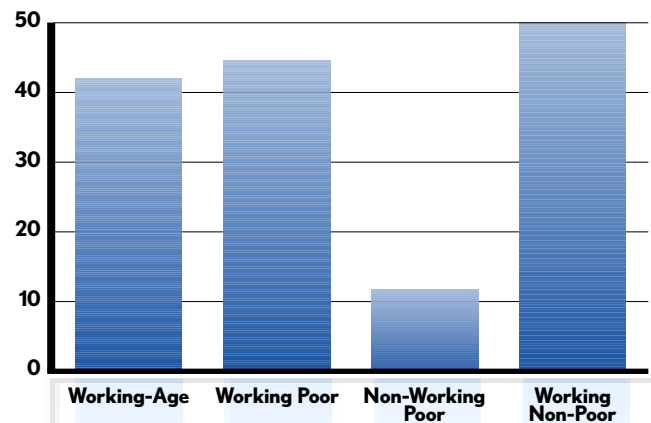
The working poor tend to work a similar number of weeks per year and a similar number of hours per week as the average member of the working-age population. The working poor have, on average, more sources of income than those who are better off.

Figure 3 compares the number of weeks worked in 2005 by:

- the overall working-age population,
- the working poor,
- the non-working poor (people who collect social benefits or rely on the resources of family members, and are only very marginally employed, if at all), and
- the working non-poor (working people who are better off than the working poor).

FIGURE 3:

Number of weeks worked, Toronto Region, 2005



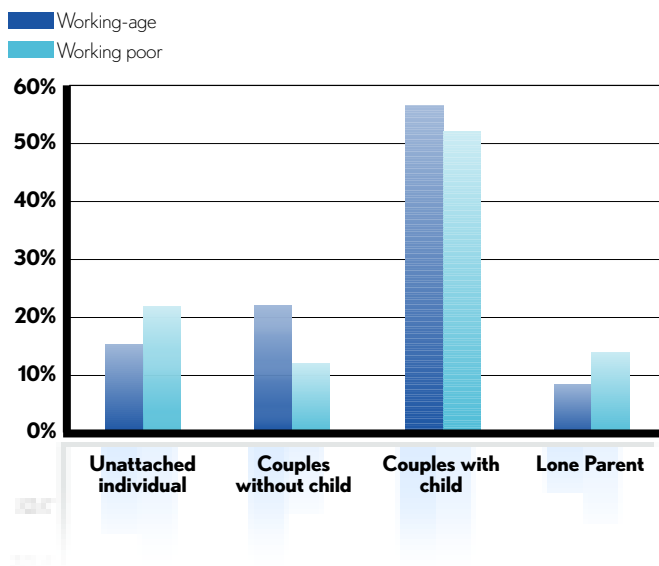
Source: Statistics Canada, Survey of Labour and Income Dynamics, Special Tabulations

3. More single adults among the working poor

Among the working-poor population, only 63% are married or living with a common law partner. This compares to 78% in the entire working-age population. Figure 4 compares the family status of working-poor people to that of the working-age population in the Toronto Metropolitan Census Area (Toronto Region).

FIGURE 4:

Percentage of working-age and working-poor people by family status, Toronto Region, 2005



Source for all charts on pages 20-21: Statistics Canada, Census of Canada, Special Tabulations

4. More immigrants among the working poor

The Toronto Census Metropolitan Area (CMA) counts 57% of the working-age population as immigrants. The proportion of the working poor who were immigrants is 73%.

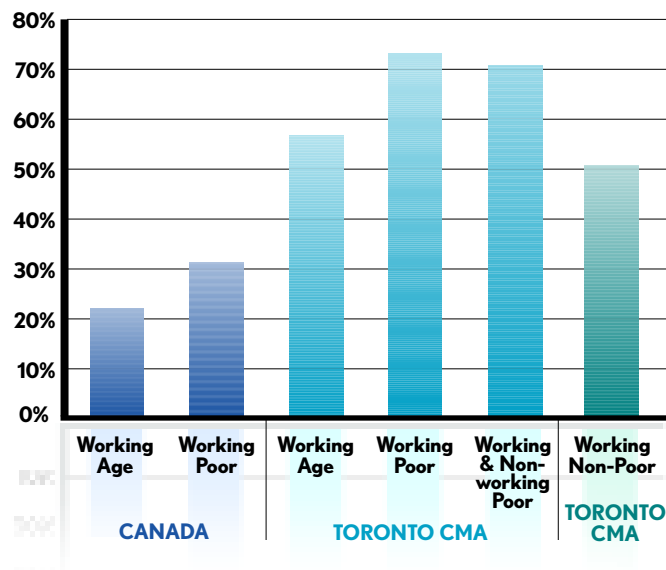
Figure 5 compares the proportion of immigrants in the overall working-age population and the working-poor population for Canada and the Toronto Region. It also shows the proportion of immigrants in:

- the overall working-age population
- the combined working and non-working (or very marginally employed) poor populations and
- the better-off working population (the working non-poor).

See maps 7 and 8 on pages 22-23 for more details on the immigrant working poor population.

FIGURE 5:

Percentage of immigrants among working-age and working-poor individuals, 2005

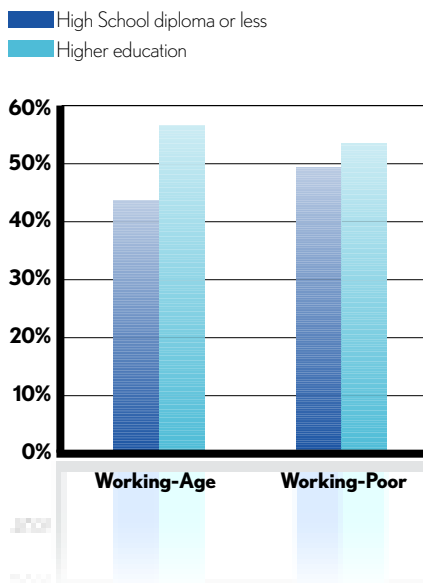


5. Comparable levels of education

The working poor are on average a little less educated than the general population, but not by much. In Toronto, 43% of those in the working-age population have a high school diploma or less. 57% have some higher education. Among the working poor, 48% have high school or less and 52% have some higher education. Figure 6 compares the levels of education among the working-age population to those of the working-poor population.

FIGURE 6:

Percentage of working-age and working-poor individuals, by education, Toronto Region, 2005



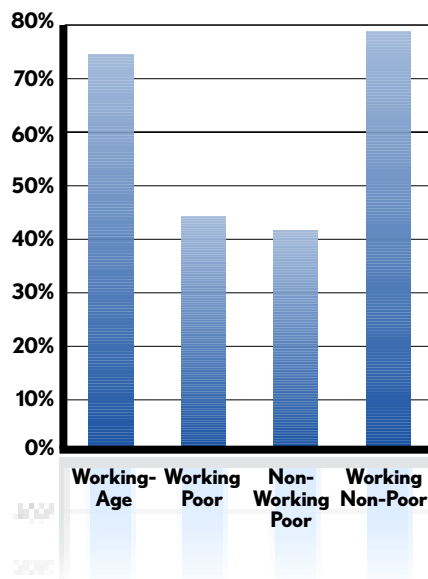
6. Less home ownership among the working poor

Not surprisingly, the working poor are less likely to own their own homes. While 74% of the working-age population and 78% of the non-poor workers in the Toronto Region own their homes, only 44% of the working poor do. Figure 7 compares home ownership among four groups:

- the working-age population,
- the working poor,
- the very marginally employed or non-working (the non-working poor), and
- working people who are better off (the working non-poor).

FIGURE 7:

Percentage of home ownership among working-age and working-poor individuals, Toronto Region, 2005

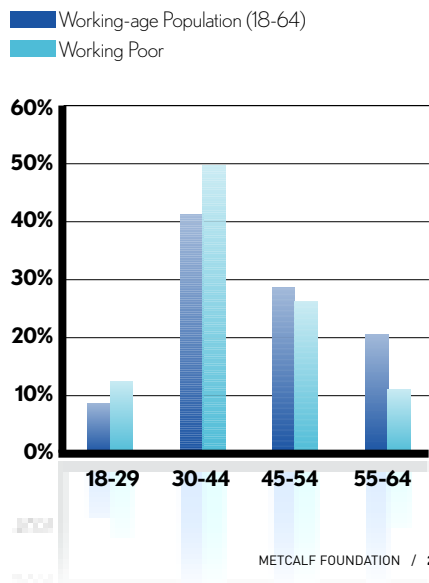


7. The working poor tend to be younger than the working-age population

The working poor are over-represented in the younger age groups and under-represented in the older age groups when compared to the working-age population as a whole. The percent of working-poor individuals in Toronto between the ages of 18 and 29 is 12%, compared to 8% of the working-age population. Further, 63% of working-poor people are between the ages of 18 and 44, compared to 50% of the working-age population. Figure 8 breaks this down by age group.

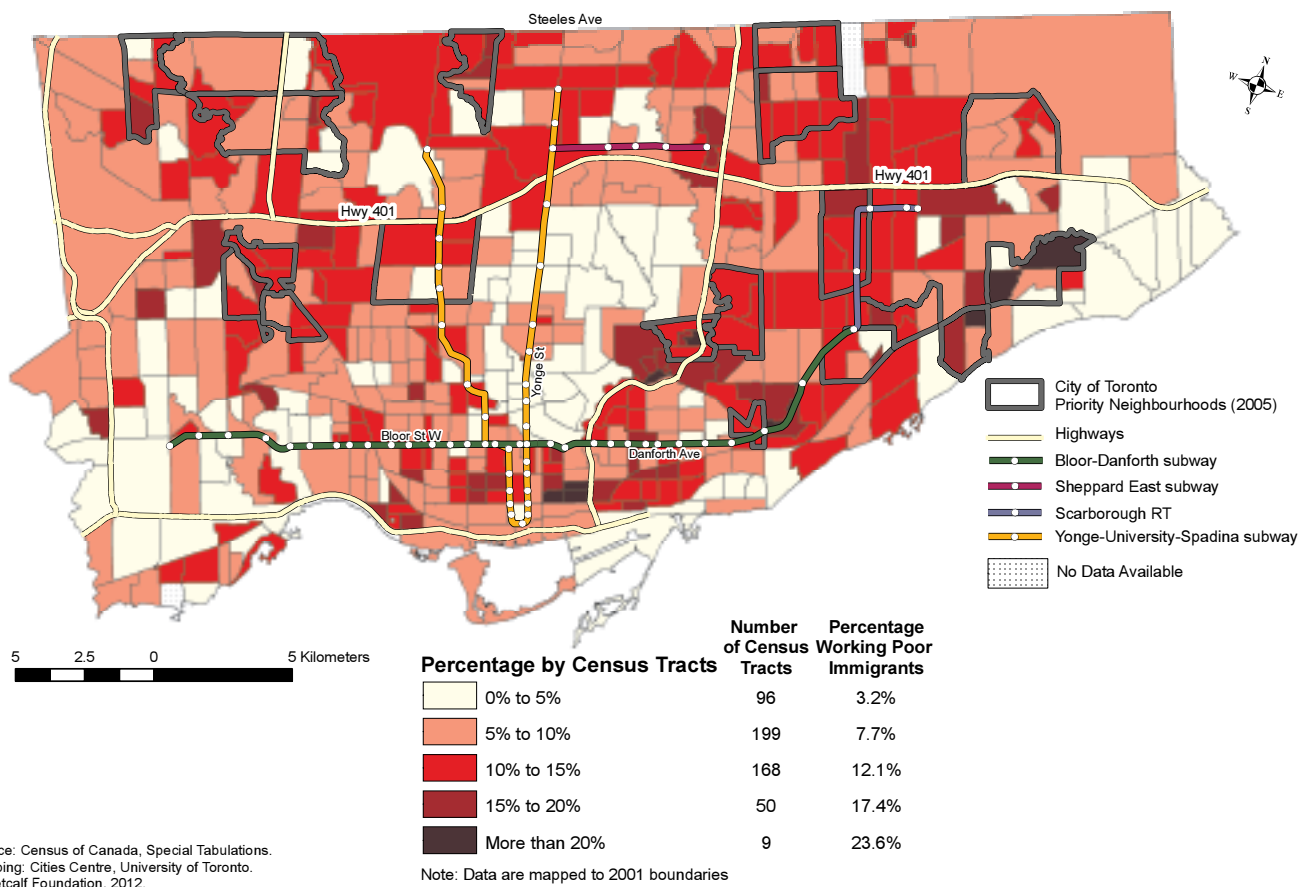
FIGURE 8:

Percentage of working-age and working-poor individuals, by age, Toronto Region, 2005



MAP 7:

Percentage of working-poor immigrants among working-age immigrants, city of Toronto, 2005

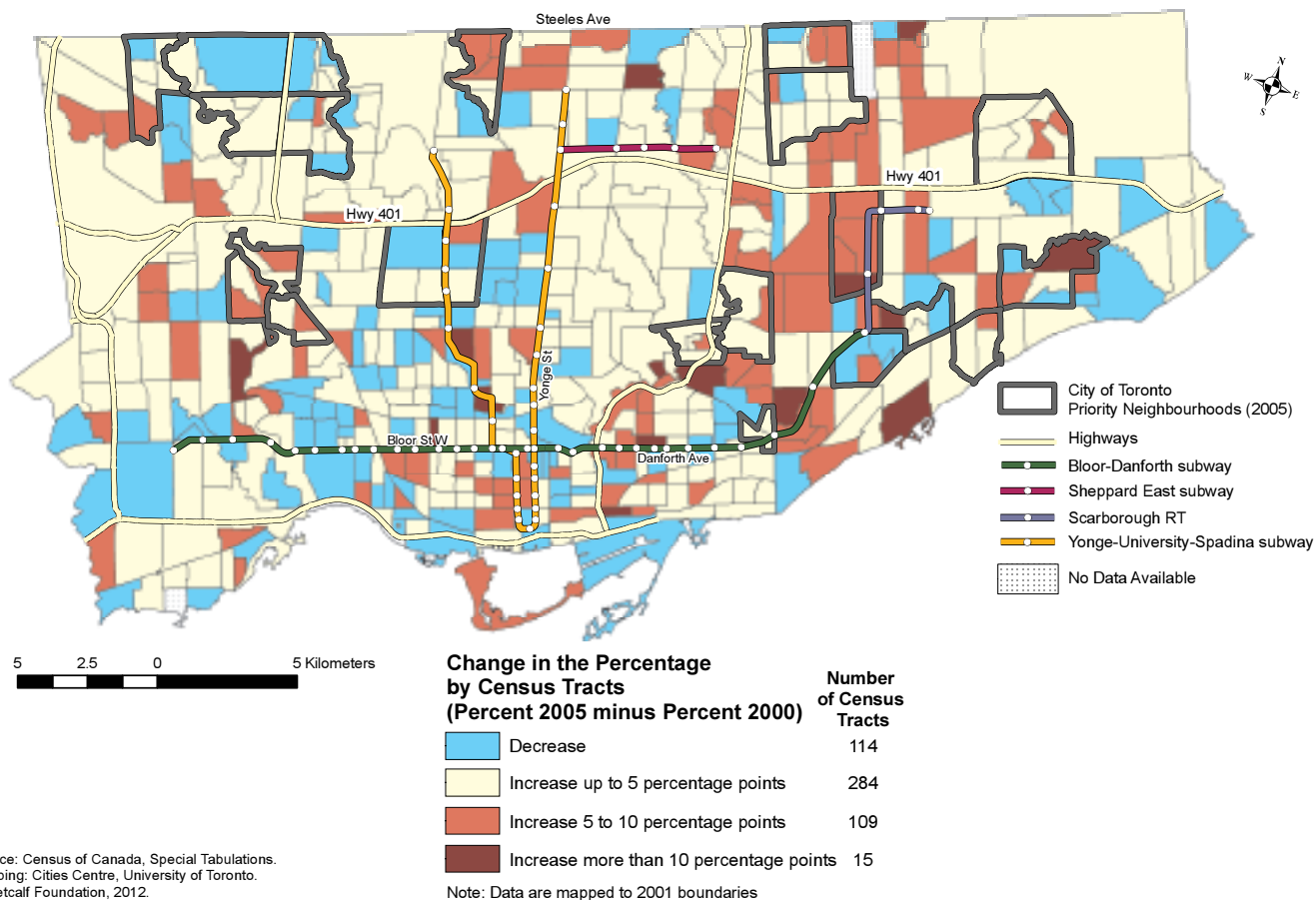


Source: Census of Canada, Special Tabulations.
 Mapping: Cities Centre, University of Toronto.
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Map 7 uses 2005 census tract data to show the percentage of working-poor immigrants among working-age immigrants in the city of Toronto. Map 8 shows the changes in the concentration of working poverty among immigrants over a five-year period. Although increases and decreases are largely in balance west of Scarborough, far more increases in working poverty (increases of more than 10%) occur east of Yonge Street.¹¹ More decreases occur west of Yonge Street.¹² In other words, the immigrant working poor seem to be moving eastward.

MAP 8:

Change in the percentage of working-poor immigrants among working-age immigrants, city of Toronto, 2000-2005



11. 11 census tracts east of Yonge grew by more than 10 percentage points as opposed to 4 tracts west of Yonge.

12. 68 census tracts west of Yonge as opposed to 46 tracts east of Yonge.



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What we've learned and what we need to know

By plotting the incidence of working poverty by census tract in the Toronto Region over time, we gain insight into where the working poor live, as well as how their situation has changed. This information is valuable for policy analysis and program design.

Within Toronto, we have learned that the working poor are moving eastward within the city, for reasons we do not fully understand. And although the city of Toronto has the highest rates of working poverty right now, it is a fast-growing phenomenon in the region. We need to know more about that too.

Census tract data does not tell the whole story. Some areas that show fewer working poor in 2005 may suggest that the community is becoming richer. On the other hand, it may just mean that fewer people are working. We don't know. Much more study and data mining will be needed in order to tell us the true situation.

Working poverty in the Toronto Region has simply not been explored in depth. The patterns and incidence of working poverty have been examined on a national level, but never at the municipal level in Toronto or across the Toronto Region. Research has been undertaken on the issues of inequality in the labour market and income inequality in Toronto, but never the two combined.

This report is intended as a catalyst for research, discussion, and analysis. Research on working poverty in Toronto would help to shed more light on the lives of members of this hidden group and help shape appropriate policies and resources to address their needs. The following areas of study would help in understanding the situation and needs of this group:

The income security system and working poverty

In Canada, many programs have been introduced to ensure that the elderly and children do not face poverty. However, these programs do not protect working-poor individuals from poverty. This is a major concern because the number and proportion of retired people is increasing. All working-age adults, including the working poor, will be expected to bear more and more of the responsibility to work productively and support those who are no longer part of the labour market.

The structure of the job market and working poverty

Employment and economic growth are commonly understood to be correlated: employment rates often reflect the health of our economy. Yet the issue of what kind of growth is occurring is often overlooked. Is wage inequality growing? Is the job growth occurring primarily in precarious or part-time jobs? We can take this opportunity to research whether the way that we structure work is contributing to the rise in working poverty.

Education and working poverty

A commonly accepted axiom is that attaining higher levels of education is a person's best path to a decent job. When people with college and university degrees are part of the working poor, what does this say about the economic returns people are getting from education? Is higher education contributing to, or detracting from, a person's ability to use work as a ladder to opportunity?

Identity and working poverty

Finally, further research into how individual identities interact with the incidence of working poverty would greatly contribute to our understanding of why working poverty is growing in the Toronto Region. Are gender, immigration status, and racialization acting as barriers to people's ability to use work as a way out of poverty? Are particular subgroups such as newcomers or lone mothers over-represented in the working-poor population?

We invite researchers to use this paper as a starting point to uncover more on this increasingly important issue for the Toronto Region.

“ The working poor in the Toronto Region pour our coffee, serve us in stores, and work in our offices and factories. Their story is important. They are growing in numbers. It is a problem that is simultaneously political, social, locational, and economic. ”

– **David Hulchanski**

Professor, Factor-Inwentash Faculty for Social Work,
and Associate Director, Cities Centre, University of Toronto



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Go to our web site for the full report and a complete description
of the methodology used in this statistical study.

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