



POVERTY REDUCTION STRATEGY

2020 Annual Report





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Minister's message



The past year has been a year unlike any other. While we have all been impacted by the COVID-19 virus, the pandemic has been particularly hard on our most vulnerable people.

Apart from the public health impacts, COVID-19 has affected many aspects of people's lives, from job loss and housing concerns, to physical and mental health challenges.

That is why our government has made significant investments to support our social services sector. This includes the \$765 million Social Services Relief Fund and the \$83 million Resilient Communities Fund, which have been critical to ensuring the services our most vulnerable depend on are there when and where they need them.

While we remain focused on pandemic response, we are also looking forward to recovery. That's why I am proud to share the first steps of the government's plan to reduce poverty and create an environment where everyone can succeed.

The Poverty Reduction Strategy, **Building a Strong Foundation for Success: Reducing Poverty in Ontario (2020-2025)**, is a five-year strategy but we have created short-term goals to support our longer-term objective of empowering Ontarians to reach their potential and live happy, meaningful lives.

As I said when I first introduced the strategy, we cannot do this alone. We need to leverage the strengths of communities, work with other levels of governments and Indigenous partners and engage the whole province in reducing poverty.

There is a lot of work ahead of us as we continue to support the province through the pandemic. Economic recovery will not be easy. However, I look forward to working alongside our partners in supporting Ontario's most vulnerable during this difficult time and reducing poverty.

Sincere thanks,

Todd Smith
Minister of Children, Community and Social Services

Introduction

COVID-19 created a public health crisis that has impacted people across the province. At the end of 2020, over 200,000 people in Ontario had been infected by the virus. Ontarians faced job losses, increased child or dependent care burdens and reduced access to services, all while managing increased stress and uncertainty. The province, alongside the federal government, municipalities, the non-profit and private sectors, constantly adapted to mitigate the health, social and economic impacts of the outbreak.

In December 2020, the government launched the new Poverty Reduction Strategy, **Building a Strong Foundation for Success: Reducing Poverty in Ontario (2020-2025)**. The strategy focuses on addressing the immediate impacts of COVID-19, as well as setting out longer-term solutions to help people get back to work, participate in their communities and support the province's economic recovery.

This Annual Report assesses our status, as measured by the strategy's target and indicators, and considers the impact of COVID-19 on the road ahead. In 2020, the spread of COVID-19 led to lockdowns across the province and a global economic downturn. The government remains committed to overcoming the COVID-19 outbreak, driving economic recovery, supporting those who are most vulnerable and building a stronger Ontario.

About the new strategy

The government released Ontario's new Poverty Reduction Strategy in December 2020. The vision set out in the strategy is for an Ontario where everyone can participate in their communities and achieve greater independence, stability and, wherever possible, long-term job success to support themselves and their families.

The strategy outlines initiatives under four key pillars:

1. **Encouraging job creation and connecting people to employment** – making investments to create good jobs and equip people with the education, skills, training and experiences they need to access employment opportunities.
2. **Connecting people with the right supports and services** – improving access to supports that improve health and well-being and enable people to move forward on the pathway to education, training, employment and participation in their community.
3. **Making life more affordable and building financial resiliency** – reducing the cost of living, protecting consumers and helping people keep more of their hard-earned money.
4. **Accelerating action and driving progress** – using evidence and working across sectors to support economic recovery and developing integrated solutions that better connect the province's health, social and economic systems.

Addressing poverty is a large and complex process and the government knows that it cannot do this work alone. The Ontario government will work with all levels of government, Indigenous partners, the private sector, not-for-profit agencies and community groups to implement the strategy and achieve its objectives.

Impact of COVID-19

Ontario experienced an unprecedented economic downturn in 2020 with record unemployment levels that disproportionately impacted certain sectors. High levels of unemployment have been experienced especially among certain groups, including youth, women, Black and racialized communities and Indigenous persons. In some cases, pre-existing, high levels of poverty in these groups have made them more vulnerable to the impact of the economic downturn.

The COVID-19 outbreak has also impacted the community and not-for-profit sectors that many vulnerable people, including those with low-incomes, rely on. Physical distancing measures have affected the availability of volunteers and in-person program delivery, while economic hardships have led to fewer donations to support this important work. The government has responded quickly to these challenges, for example, by investing \$765 million in the **Social Services Relief Fund (SSRF)**, which is providing funding to municipal service managers and Indigenous program administrators to support people who are homeless or at risk of becoming homeless during COVID-19. The province also invested \$83 million through the **Ontario Trillium Foundation's Resilient Communities Fund (RCF)** to help the non-profit sector recover and rebuild

from the impacts emerging from COVID-19 and effectively meet the needs of communities across Ontario.

The people of Ontario have continued to demonstrate their resiliency to deal with ongoing challenges, as have municipalities, community organizations and others providing local supports. As the province prepares for a health and economic recovery, the Ontario government will work to include people with low incomes in the recovery, prevent permanent job loss or people becoming disconnected from the labour market and help rebuild people's financial stability.

Taking action

COVID-19 supports

Through a year of uncertainty and constant change, the government acted quickly to help provide people with the supports they need to address the economic hardships resulting from COVID-19. Some of this work included helping municipalities and social service providers deliver their critical services, providing emergency benefits for social assistance recipients, making investments into mental health and addictions services and providing funding to support Black families and youth and Indigenous persons.

In addition to the SSRF and the RCF, other recent announcements about provincial COVID-19 supports have included:

- Allocating an additional \$695 million to **provide financial relief for municipalities** and help ensure they do not carry operating deficits into 2021. This investment builds upon the first phase of the federal-provincial **Safe Restart Agreement** announced this summer and will help municipal partners deliver critical services during COVID-19.
- Providing \$77 million to **help people who were laid off due to the impact of COVID-19** find in-demand jobs in

their local communities. This funding is being provided through the redesigned Second Career grant program and will help more than 2,750 job seekers with up to \$28,000 for tuition, training materials and living expenses.

- Investing over \$147 million to **expand access to the provincial mental health and addictions system** for people of all ages and address capacity issues in response to COVID-19. This funding builds upon the \$176 million provided earlier this year as part of Roadmap to Wellness, the government's comprehensive plan to deliver high-quality care and build a modern, connected and comprehensive mental health and addictions system.

Ontario received its first doses of the COVID-19 vaccine in December 2020. A three-phased implementation plan has been established, guided by an ethical framework developed by the province to ensure that those who are most vulnerable and with the highest health needs are prioritized to access the vaccine. Continued roll out of the vaccine will help protect the people of Ontario and support economic recovery as it becomes safer for people to return to work, access services and resume a more normal daily life.

Cornerstone Poverty Reduction Strategy initiatives

In addition to providing critical supports to help people through the immediate difficulties of COVID-19, the government has also made progress on two of the cornerstone initiatives outlined in the Poverty Reduction Strategy that focus on longer term transformation to support people and connect them to employment.

Employment services transformation

In February 2019, the government announced its plan to transform the province's employment services by integrating social assistance employment services, as well as other government employment services, into Employment Ontario. The goal of this work is to create a new single system that is easier for people to use and is more responsive to the needs of job seekers, businesses and local communities.

The government announced the launch of the three prototype sites in February 2020 in Hamilton-Niagara, Muskoka-Kawarthas and Peel Region. Changes to Ontario's employment services will roll out gradually to allow time for adjustments and to apply lessons learned over the next several years.

Social assistance recovery and renewal

The social assistance recovery and renewal plan was released in September 2020. This plan sets out how the government will build a more responsive, efficient and person-centred social assistance system that will get people back to work and help the economy recover from COVID-19. As part of the first phase, the province is focusing on improved access to employment and training services, developing new digital tools and modern service options and identifying ways to process financial assistance faster.

In November 2020, a new online system was rolled out to better support clients applying for social assistance and provide critical financial supports to those affected by COVID-19. A newly realigned intake process will work through applications more quickly and reduce time-consuming paperwork for caseworkers, giving them more time to support their clients and help them get back to work.

In February 2021, the Ontario government and its municipal partners introduced their vision for a more effective and streamlined social services system that focuses on people, by providing them with a range of services and supports to respond to their unique needs and address barriers to success so they can move towards employment and independence.

As part of this renewed vision for social services, the Ontario government will realign provincial and municipal responsibilities to allow local offices more time and resources to help their clients become job ready. The focus of the case workers will then turn more toward 'life stabilization' — helping clients access services such as supports for childcare, literacy, stable housing and mental health services. These stabilizing supports will help overcome barriers to employment, as well as help clients gain and maintain employment.

The province will also continue working with First Nations delivery partners on a separate plan to renew social assistance in First Nations communities, in recognition of their unique needs and priorities.

Measuring progress

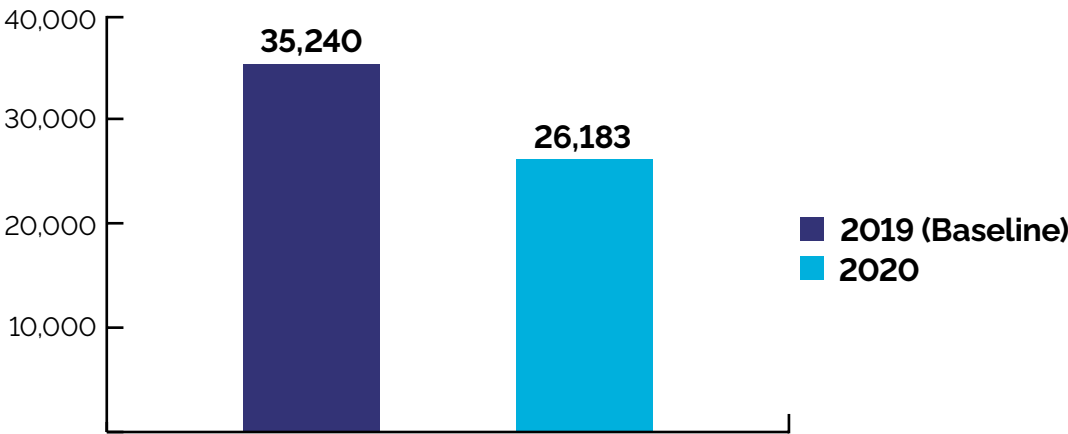
The Poverty Reduction Strategy includes a target and indicators to measure progress on poverty reduction in the province. In order to monitor change across different dimensions of the strategy, the indicators draw on different data sources. As a result, the availability of data varies across indicators, and the indicators have different baseline years and timeframes for when updates can be released. Several of the indicators in the strategy allow for reporting of changes that took place in 2020, which means they reflect the impact of COVID-19 on the economy and local communities, while those that have a data lag reflect conditions before COVID-19 and will need to be monitored over the long-term.

The following section provides the baseline data for each indicator and a brief update on the indicator if there is new data to report (see [Appendix](#) for full indicator definitions and sources).

Target

The strategy sets a target of getting more social assistance recipients into meaningful employment and achieving financial stability. The government will provide the right supports and services with the goal of increasing the number of social assistance recipients moving to employment each year from 35,000 in 2019 to 60,000 by 2024.

Indicator: Exits to employment from social assistance

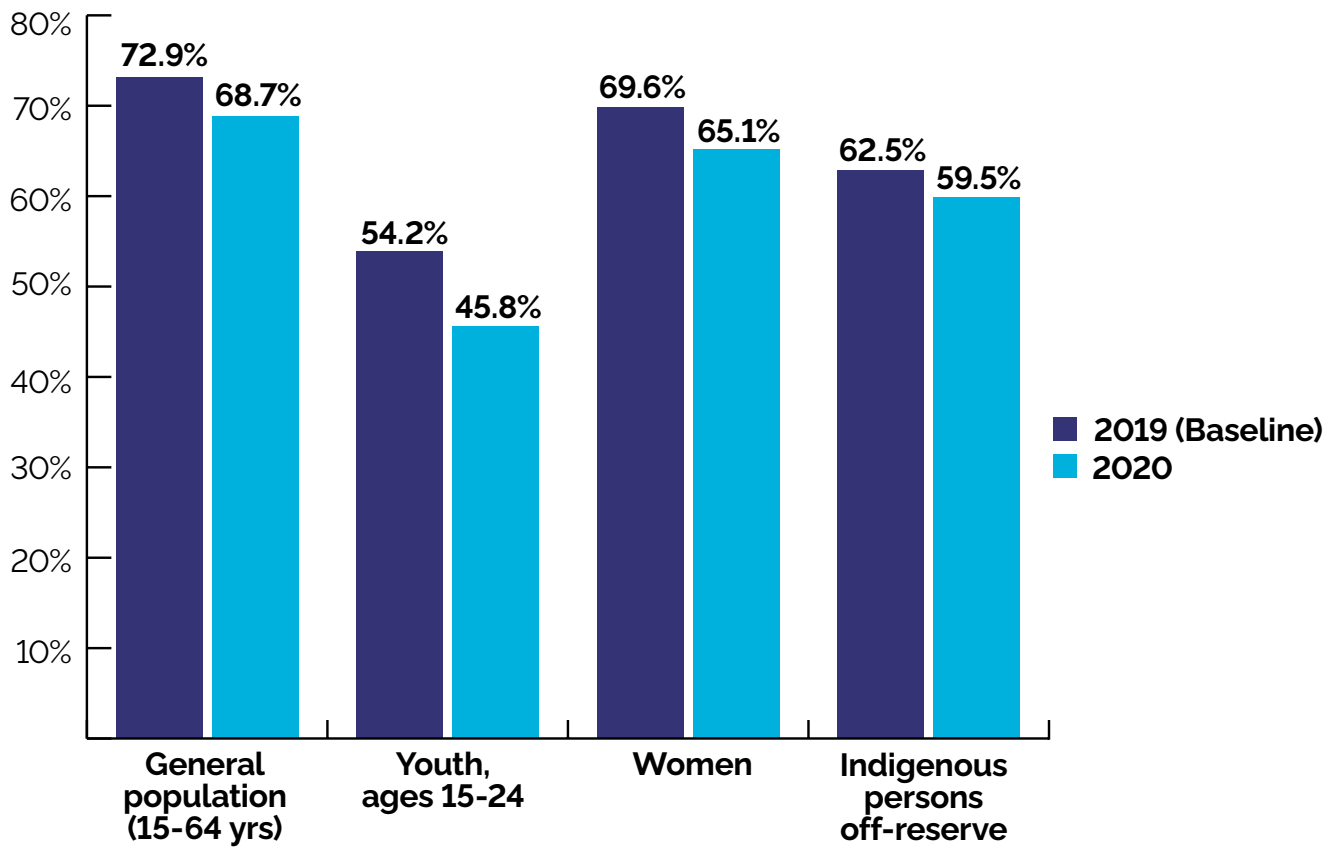


The COVID-19 economic downturn had a negative impact on the Poverty Reduction Strategy's target to get people to leave social assistance for jobs. The number of cases exiting social assistance to employment decreased from 35,240 in 2019 to about 26,183 in 2020.

Employment, skills and training indicators

One of the best ways to help people out of poverty is to ensure that good jobs are available in communities across the province, that people have the skills and training they need to access them and that barriers to people obtaining employment are removed. These indicators measure the employment rate, how many jobs were created, the extent to which people on social assistance are becoming employed (while remaining eligible for social assistance) and training results.

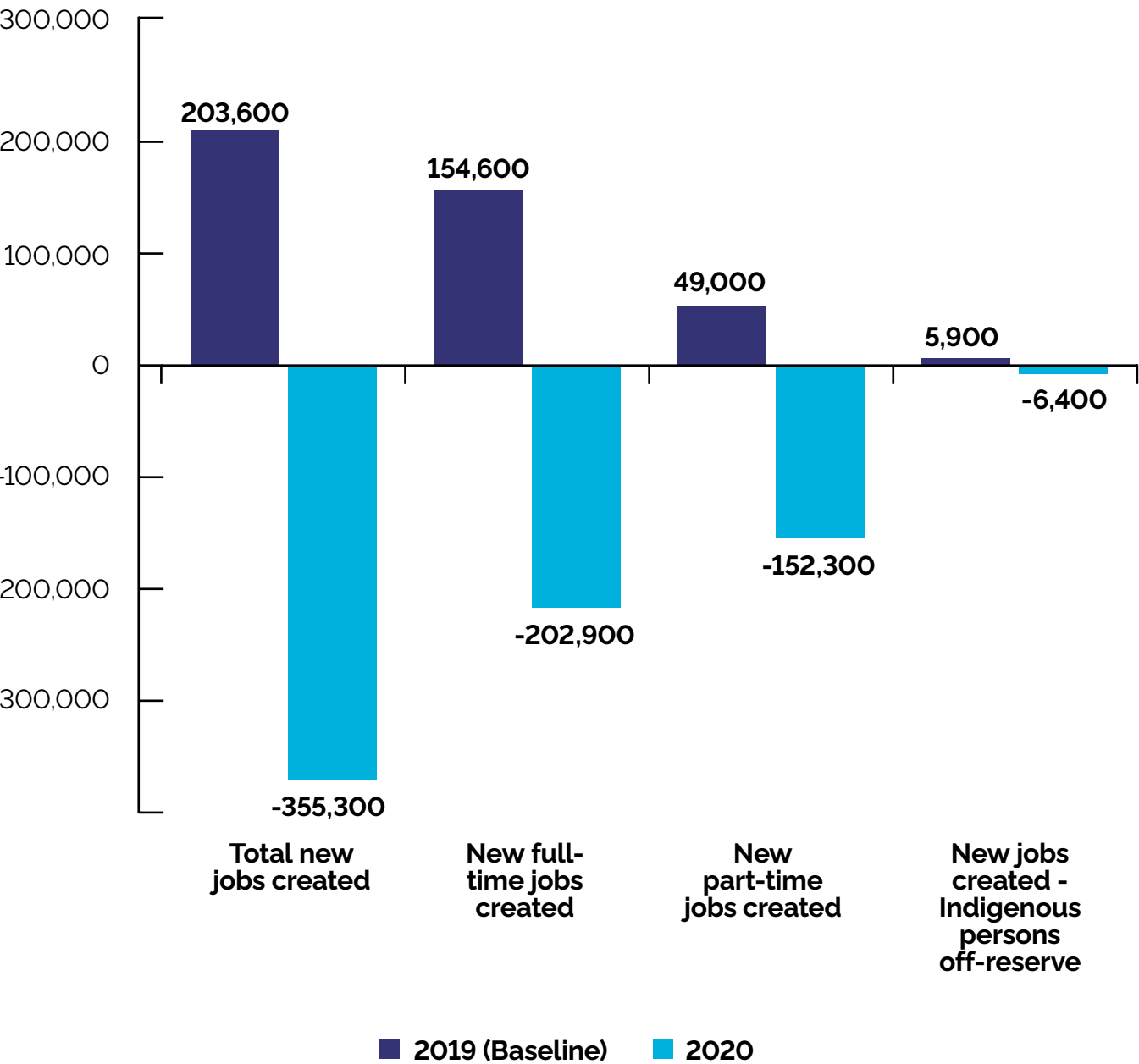
Indicator: Employment rate for priority groups, 15 to 64 years old¹



¹ The 2019 baseline figures for the employment rate and full-time and part-time jobs indicators have been updated from those provided in the 2020-25 Poverty Reduction Strategy to reflect revised data from Statistics Canada, following the rebasing of the Labour Force Survey (LFS) to the 2016 Census.

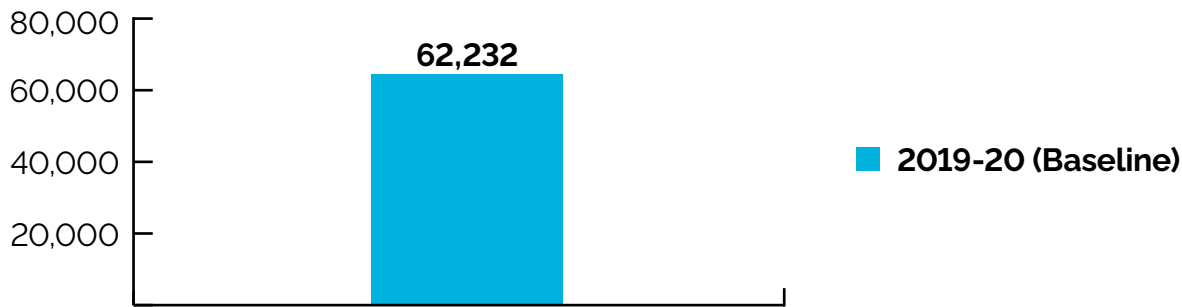
The employment rate for the general population and priority groups decreased in 2020. The overall employment rate decreased by 4.2 percentage points. The youth employment rate saw the most significant decrease with an 8.4 percentage point decrease in 2020.

Indicator: Full-time and part-time jobs created, 15+



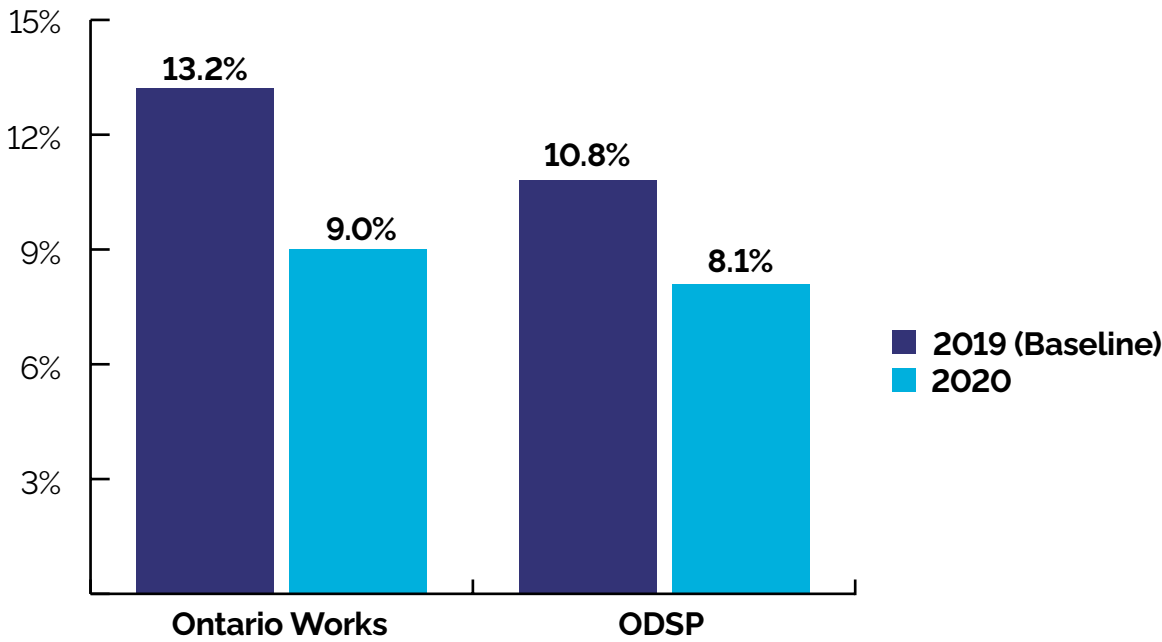
Following an unprecedented loss of 688,300 jobs in April 2020, immediately following the first provincial lockdown, the province gradually recovered jobs throughout the year. The year still ended with a net loss of 355,300 jobs, with most losses seen in full-time jobs. For Indigenous off-reserve workers, there was a loss of 6,400 jobs.

Indicator: Completion of skills or work experience related Employment Ontario (EO) interventions



This indicator is tracked by fiscal year; the next update will be available in the 2021 annual report.

Indicator: Percentage of Ontario Works and Ontario Disability Support Program (ODSP) cases with employment earnings

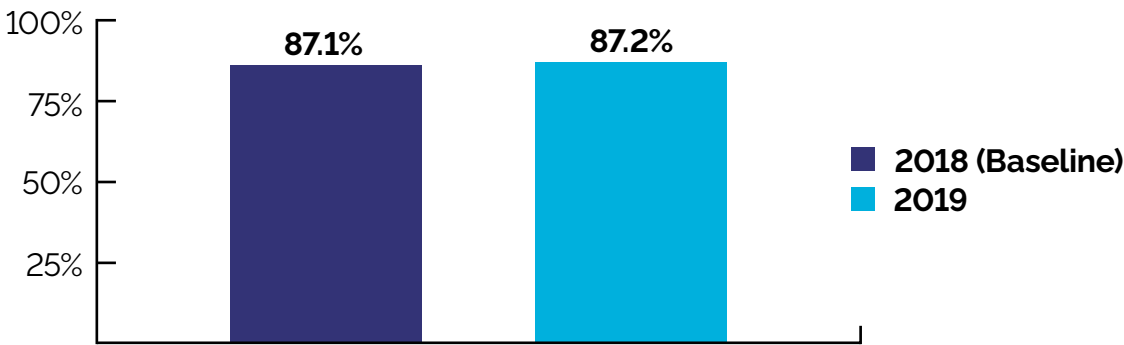


In 2020, the share of social assistance cases reporting earnings decreased compared to the previous year.

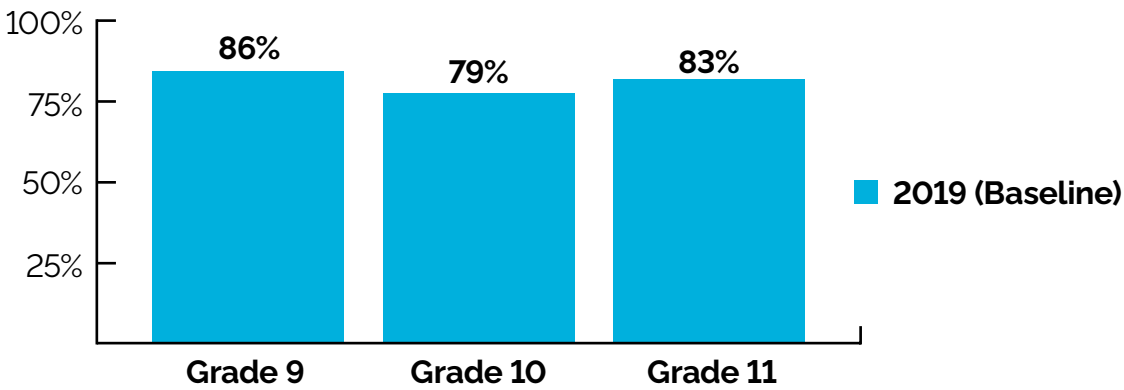
Education indicators

As a result of COVID-19, the high school and post-secondary education systems adapted swiftly to changing needs for remote learning over the course of 2020. Investments in education can help people build the strong foundations they need to develop in-demand skills to respond to a constantly changing job market and build a highly-skilled and flexible workforce. The following indicators measure progress on high school graduation rates and credit accumulation that would keep students on track to graduate with their peers, as well as post-secondary graduation rates.

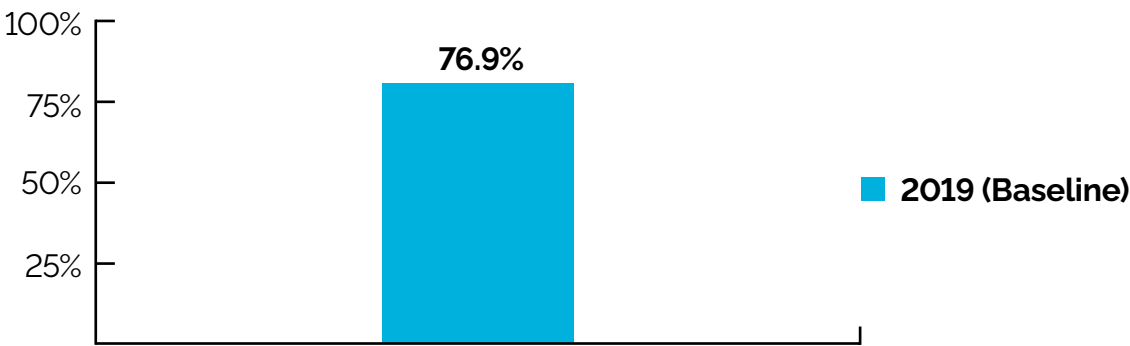
Indicator: Graduation rate (high school)



Indicator: Percentage of students accumulating credits that will keep them on track to graduate with their peers (high school)



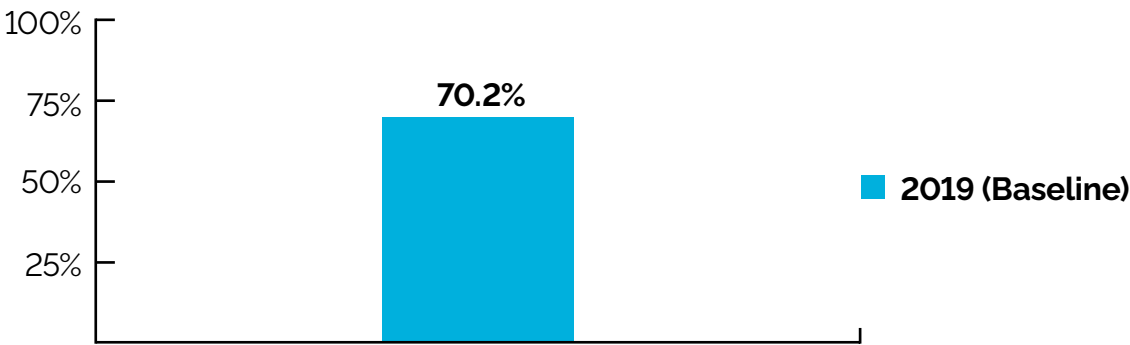
Indicator: Graduation rate (universities)



The 2019 graduation rate for universities is based on the 2011 cohort of undergraduate students, graduating in the years from 2012 to 2018.

The 2020 graduation rate for universities will be available later in 2021.

Indicator: Graduation rate (colleges)



The 2019 graduation rate for colleges is based on students who started one-year programs in 2016 to 2017, two-year programs in 2014 to 2015, three-year programs in 2012 to 2013 and four-year programs in 2011 to 2012, and who had graduated by 2017 to 2018. This graduation rate includes international students.

The 2020 graduation rate for colleges will be available later in 2021.

Life stabilization indicators

Many of the initiatives outlined in the strategy work towards helping people better access and navigate the services and supports they need, regardless of where they live in the province. When people are supported by integrated and coordinated services that enable life stabilization, they can increase their community participation and achieve better employment outcomes and financial stability. As well, if social assistance recipients get access to the supports they need, they can transition off of social assistance into employment faster. The following indicators measure the province's progress on how long it takes for people to become employed or exit social assistance and the rate of people returning to Ontario Works, share of the population on social assistance, whether households can access community housing programs and households in core housing need.

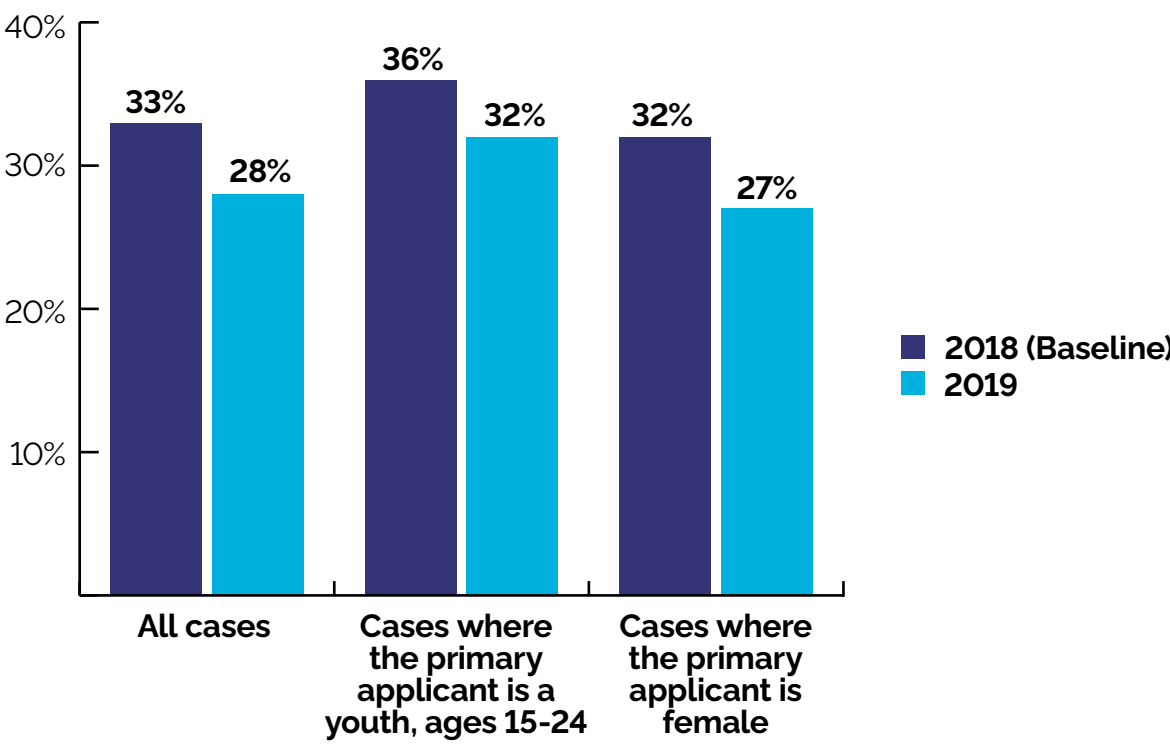
Indicator: Time to become employed or exit social assistance²

	2018 (Baseline)			2019
	Both Programs	Ontario Works	ODSP	Both Programs/ Ontario Works/ ODSP
All cases	8 months	8 months	9 months	No change
Cases where the primary applicant is a youth, ages 15-24	8 months	7 months	10 months	No change
Cases where the primary applicant is female	8 months	8 months	9 months	No change

This indicator measures the average number of months before new social assistance recipients either report employment earnings or exit social assistance in their first year on assistance. The most recent data available is for those who started receiving social assistance in 2019. There was no change between the 2018 and 2019 data.

² This indicator is based on tracking a cohort of cases that began to receive social assistance within a calendar year (including those that were returning to social assistance within the calendar year, after having exited social assistance before).

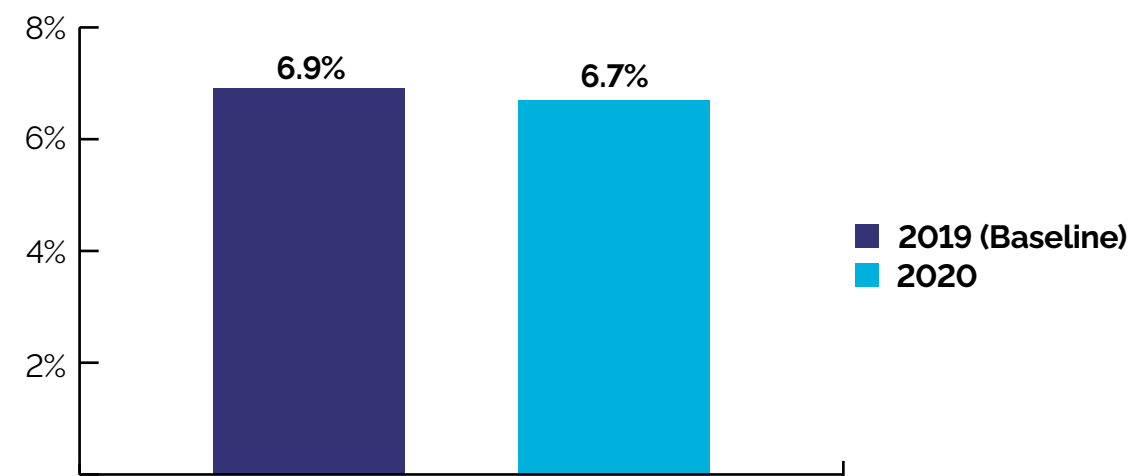
Indicator: Rate of returns to Ontario Works within a year of leaving social assistance³



This measure looks at the percentage of people who return to Ontario Works within one year of exiting. The most recent data available is for those who exited social assistance in the last quarter of 2019. The percentage of people who exited social assistance and returned within one year declined from 2018 to 2019, representing an improvement.

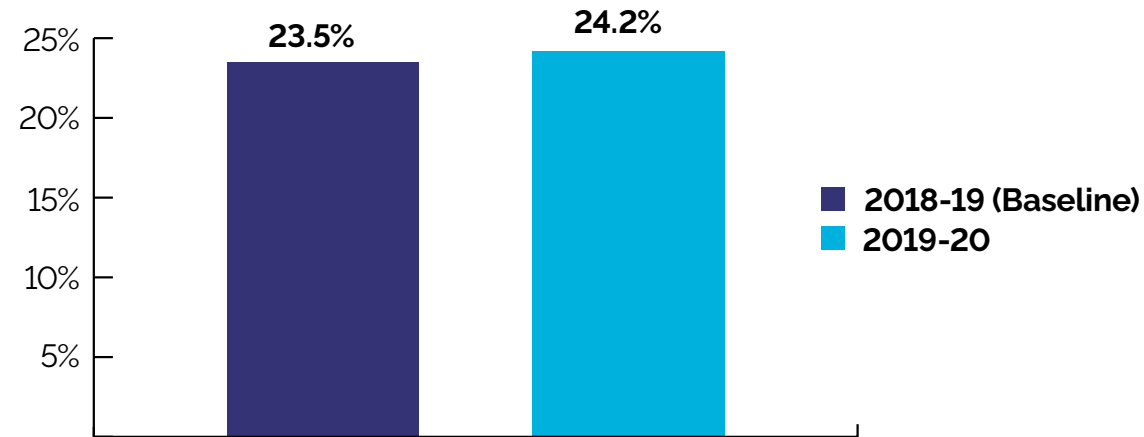
³ The indicator is based on tracking a cohort of cases that exited social assistance during the last quarter of a calendar year.

Indicator: Share of the population on social assistance



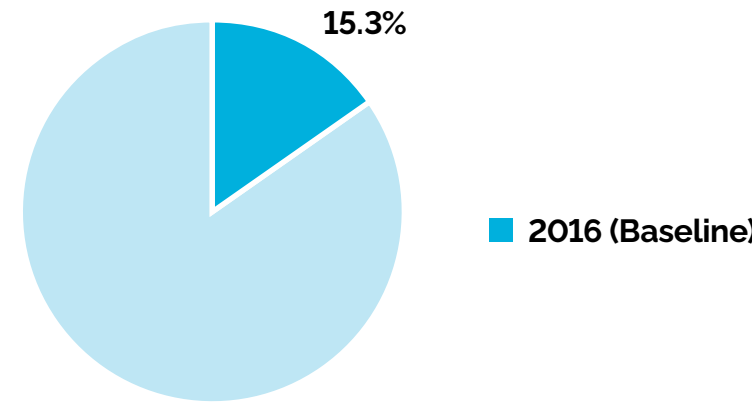
In 2020, the share of the population on social assistance declined from the 2019 rate. This reflects a declining overall social assistance caseload in 2020. The declining rate is due to Ontarians being diverted to federal recovery benefits, including the Canada Recovery Benefit and Canada Emergency Response Benefit, that helped prevent them from needing provincial income support.

Indicator: Percentage of low-income households assisted in community housing programs



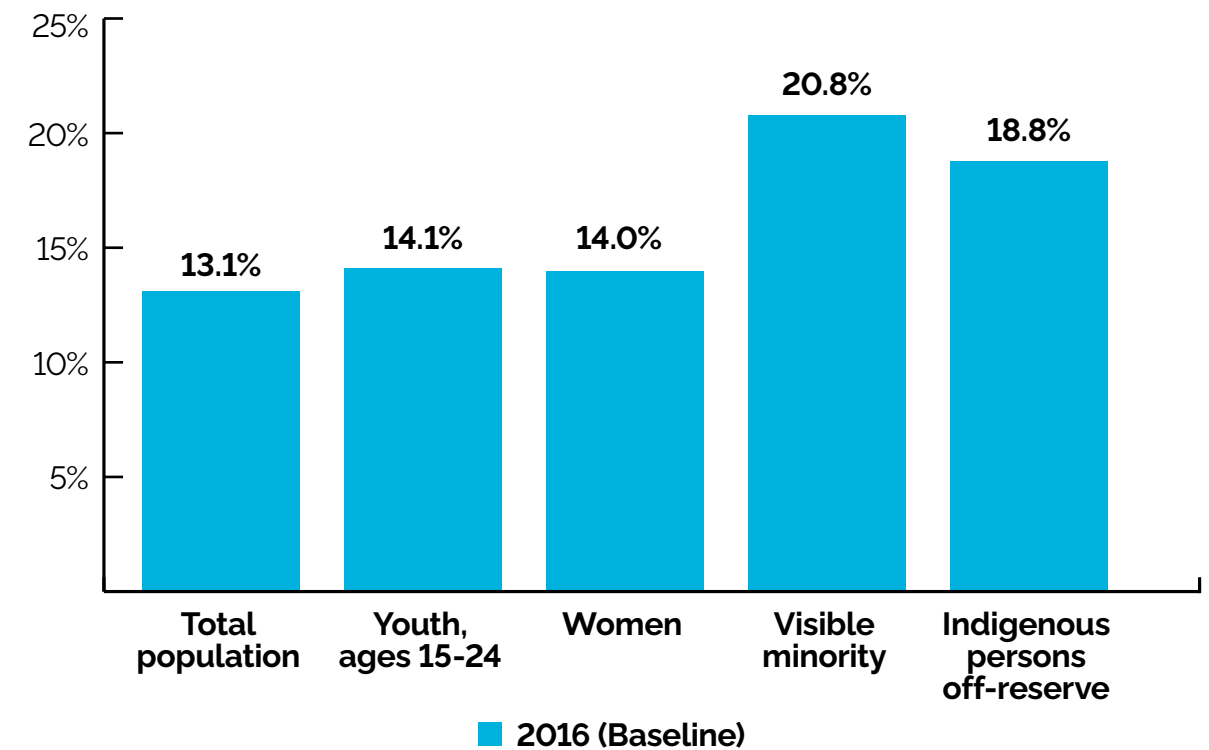
There was a slight increase in the proportion of low-income households who were assisted in community housing programs in 2019/2020.

Indicator: Percentage of households in core housing need



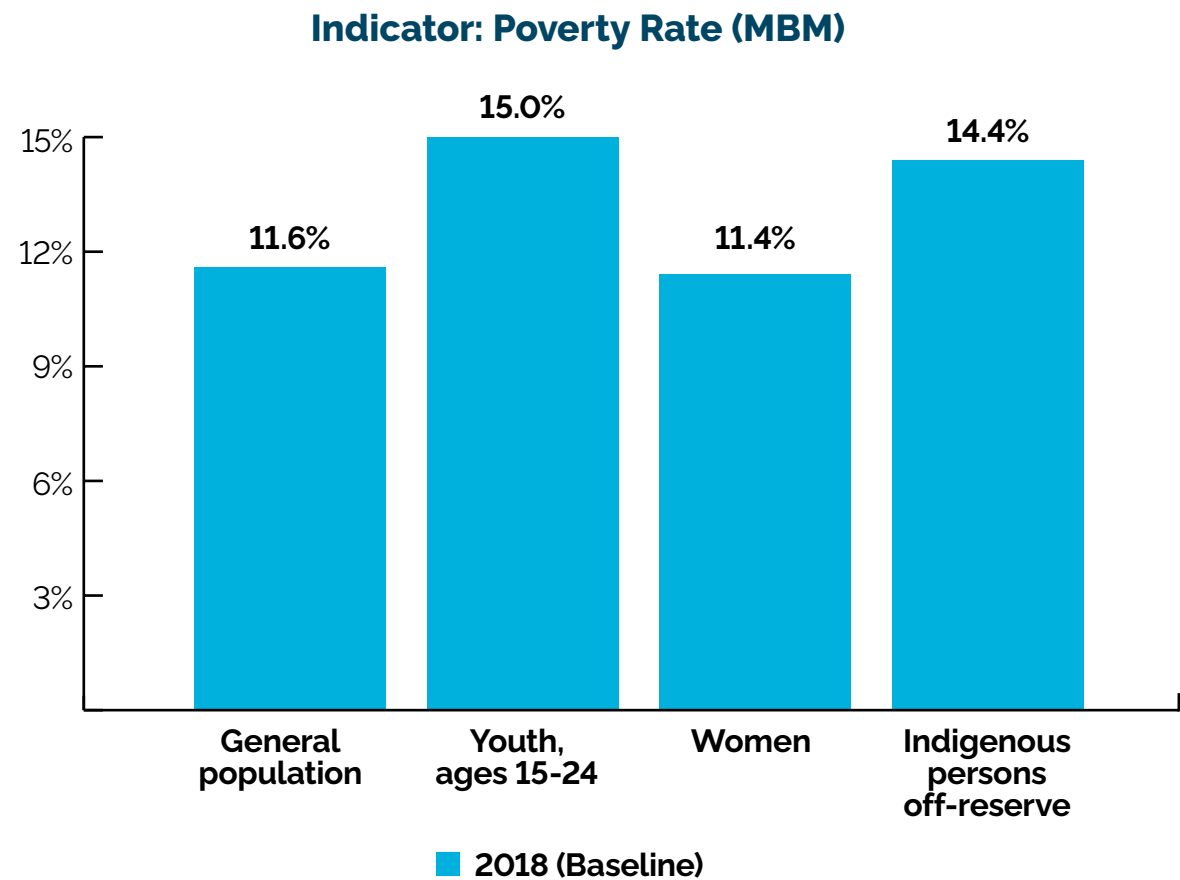
This indicator measures households living in housing that is inadequate, unaffordable or unsuitable and who need to spend 30% or more of their income to pay rent. As this indicator is calculated using Census data, an update will be provided following completion of the 2021 Census.

Core housing need by population



Poverty indicators

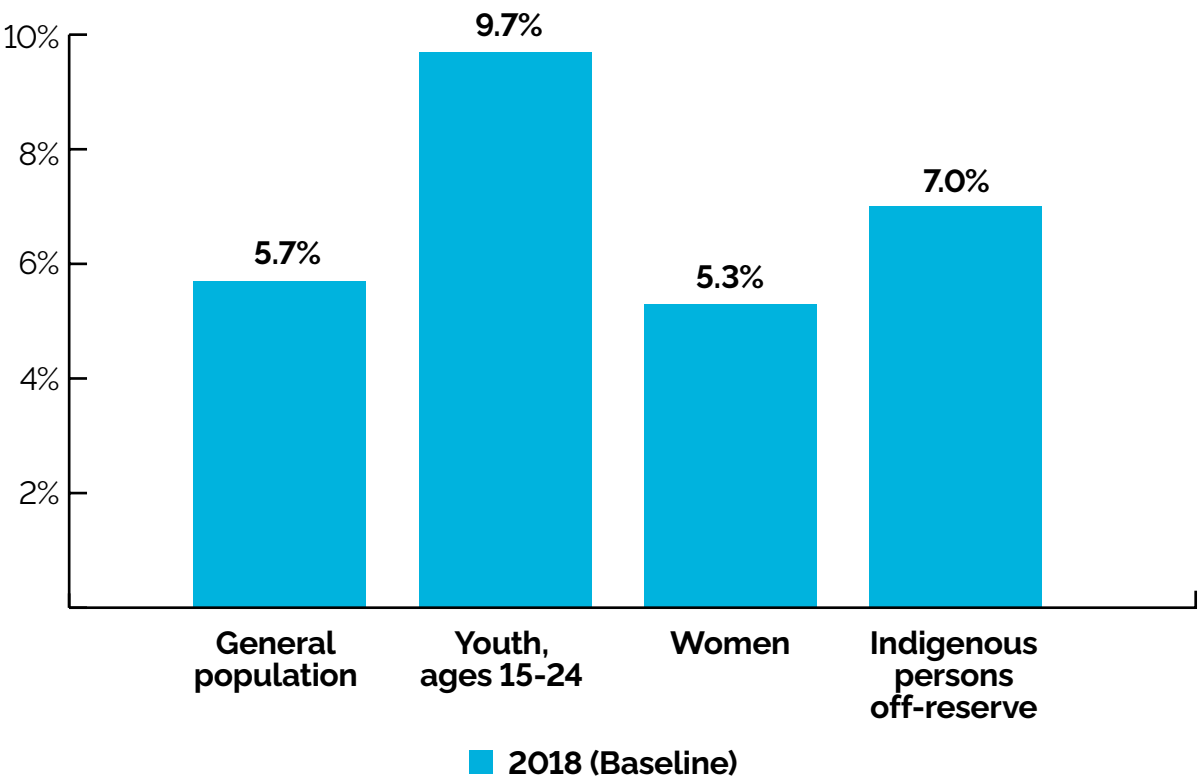
The poverty indicators measure the percentage of people in Ontario living in poverty or deep poverty based on the Market Basket Measure (MBM). The following two indicators will be tracked to measure the province's progress on reducing the number of people living in low income with a focus on the following priority populations: youth, ages 15-24, women and Indigenous persons off-reserve.



The poverty rate reports the percentage of individuals in low income, based on the MBM, which establishes poverty thresholds based on the cost of a basket of food, clothing, shelter, transportation and other necessities. Families with disposable income less than the applicable thresholds, given family size and region of residence, are considered to be in poverty.

This indicator reflects poverty rates prior to the COVID-19 outbreak, due to the time lag in when data becomes available. Updated data across population groups will be available later in 2021.

Indicator: Deep Poverty Rate (MBM)



The deep poverty rate refers to the percentage of individuals with disposable family incomes below 75% of the MBM threshold for their family size and region. This data will be available later in 2021.

Future indicators

In addition to the indicators listed above, future annual reports will provide updates on two new indicators that are currently under development:

- Youth in care on track to graduate (youth in care refers to youth in the child welfare system who are in Interim Society Care or Extended Society Care)
- Employment or enrolment into further education after participation in integrated employment services

Looking ahead

Entering 2021, COVID-19 remains the largest challenge for the province and country. With the roll-out of the vaccine across the province, there is hope for an end to the COVID-19 outbreak, yet many challenges lie ahead for Ontario's economic recovery, especially for our province's low income and vulnerable residents.

It is more important than ever to continue working together across sectors to protect the health of communities, bring jobs back, help Ontarians adapt to the changing economy and ensure the most vulnerable residents get the supports they need to thrive.

Appendix: Target and indicator definitions

Strategy target: Get more social assistance recipients into meaningful employment and financial stability. The government will provide the right supports and services with the goal of increasing the number of social assistance recipients moving to employment each year from 35,000 in 2019 to 60,000 by 2024.

Indicator	Definition	Source
Exits to employment from social assistance	Number of cases that exited Ontario Works (OW) and Ontario Disability Support Program (ODSP) to employment at least once within the calendar year.	Ministry of Children, Community and Social Services
Poverty rate / Market Basket Measure (MBM)	The poverty rate reports the percentage of individuals in low income, based on the Market Basket Measure (MBM). The MBM threshold is the disposable income required for a family to purchase a specific basket of goods and services defined as the minimum needed to meet a basic standard of living (2018-base). A family is low income when its disposable income is below the poverty threshold defined for its family size and region.	Statistics Canada, Canadian Income Survey
Deep poverty rate (MBM)	Percentage of individuals with disposable family incomes below 75% of the MBM threshold.	Statistics Canada, Canadian Income Survey

Indicator	Definition	Source
Employment rate for priority groups (youth, women, Indigenous persons)	Percentage of individuals from priority groups, aged 15 to 64, who are employed. This indicator can be broken down by gender, age and Indigenous identity. While Black and racialized persons are a priority group for this strategy, data is not currently available.	Statistics Canada, Labour Force Survey
Full-time and part-time jobs created	Total number of net new jobs created. Number of net new full-time jobs created. Number of net new part-time jobs created. (These figures represent the change in employment, relative to the previous year, for individuals who are aged 15 years and above. Since a small percentage of employed persons have multiple jobs, there might be a slight difference between the change in employment and net new jobs created).	Statistics Canada, Labour Force Survey
Completion of skills or work experience related Employment Ontario (EO) interventions	Number of completed skills or work experience related interventions, by EO program participants; Apprenticeship program is not included in the measure.	Ministry of Labour, Training and Skills Development

Indicator	Definition	Source
Percentage of Ontario Works and Ontario Disability Support Program (ODSP) cases with employment earnings	Percentage of Ontario Works and ODSP cases reporting employment earnings (while remaining eligible for social assistance)..	Ministry of Children, Community and Social Services
Graduation rate (high school)	Percentage of students who receive an Ontario Secondary School Diploma (OSSD) within five years of starting Grade 9.	Ministry of Education
Percentage of students accumulating credits that will keep them on track to graduate with their peers (high school)	Grade 9: Percentage of students who accumulated 8 or more credits after one year of secondary school out of the total number of students who completed one year of secondary school. Grade 10: Percentage of students who accumulated 16 or more credits after two years of secondary school out of the total number of students who completed two years of secondary school. Grade 11: Percentage of students who accumulated 23 or more credits after three years of secondary school out of the total number of students who completed three years of secondary school.	Ministry of Education

Indicator	Definition	Source
Graduation rate (universities)	Proportion of all new, full-time, year one undergraduate university students of bachelors (first-entry), or first professional (second entry) degree programs who began their study in a given fall term and graduated from the same institution within seven years.	Ministry of Colleges and Universities
Graduation rate (colleges)	Percentage of full-time students who entered a program of instruction in a particular enrolment reporting period and graduated within a specific period of time (200% of program completion timeframe for diploma and certificate programs and 175% for degrees).	Ministry of Colleges and Universities
Time to become employed or exit social assistance	Average time between entering Ontario Works and ODSP and leaving or becoming employed (while remaining eligible for assistance), within the first year on assistance.	Ministry of Children, Community and Social Services
Returns to Ontario Works	Percentage of cases that exited Ontario Works that returned within one year.	Ministry of Children, Community and Social Services

Indicator	Definition	Source
Share of the population on social assistance	Percentage of the population receiving social assistance.	Ministry of Children, Community and Social Services
Percentage of low-income households assisted in community housing programs	Number of households assisted across community housing programs, as a proportion of all Ontario households below the low-income measure (LIM) threshold.	Ministry of Municipal Affairs and Housing
Core housing need	Households in core housing need measures the percentage of households living in housing that is inadequate, unaffordable or unsuitable and who would need to spend 30% or more of total before-tax income to pay the median rent of alternative local housing that is acceptable. • Inadequate: in need of major repair • Unaffordable: costs 30% or more of household's total before-tax income • Unsuitable: does not have enough bedrooms for the size and composition of the household according to National Occupancy Standard requirements Core housing need by population reports the percentage of persons in core housing need..	Statistics Canada, Census

Indicators under development:

- **Youth in care on track to graduate:** Percentage of students in care who accumulated 8 or more credits by the end of grade 9.
- **Employment or enrolment into further education after participation in integrated employment services:** Percentage of integrated employment services clients in areas covered by Employment Services Transformation who identify as employed or in education or training during 3-month follow-up after exit from program.

