

## Ontario Campaign 2000 Budget 2021 Response April 2021

While the COVID-19 pandemic rages into a third wave in Ontario, Budget 2021 – “*Ontario’s Action Plan: Protecting People’s Health and Our Economy*” – reads as a response to only some of the challenges of the 2020 pandemic, and not the 2021 pandemic which Ontario is currently experiencing. It does not address deepening challenges faced by low income families, who have endured increased stress, illness, and instability in their homes and workplaces for over a year.

Budget 2021 includes a reliance on federal funding, multiple funding re-announcements, and one-time investments which will still be needed into and beyond 2022. While some notable short-term investments to alleviate poverty for some children and families are included, overall, the budget does not address the core factors contributing to family poverty, economic and wealth inequality.

Budget 2021 states: *The government’s continuing efforts to meet the needs of vulnerable populations including Indigenous, racially diverse, newcomer and low-income communities is a measure that benefits all of Ontario. It is only when every community has effective measures of prevention, protection and control of COVID-19 that Ontario can beat this virus*<sup>1</sup>.

In a budget that favours tax credits, tax cuts, and investments in business over investments in the medium and long-term needs of women, First Nations, Inuit, Métis, urban and rural Indigenous Peoples, single parent families, racialized people, low wage workers, people with disabilities, and families who face marginalization due to poverty and discrimination, this statement rings hollow.

### Equity-Related Policies & Investments

New investments of \$18.2 million over three years to help address violence against First Nations, Inuit and Métis women and girls<sup>2</sup> were announced, as well as a one-time \$4 million investment to support First Nations, Métis and Inuit populations with pandemic-related costs including contact-tracing, self-isolation and food insecurity<sup>3</sup>. Most announcements in support of Indigenous Peoples were announcements or reannouncements of funding for COVID-19 supports and vaccination efforts<sup>4</sup>. Though the budget noted that Indigenous Peoples have challenges in accessing healthcare and higher rates of chronic diseases making them more vulnerable to COVID-19<sup>5</sup>, it stopped short of acknowledging the root causes of these conditions. Significant long-term investments to combat ongoing systemic discrimination, gendered violence, and inadequate housing were lacking. There were no major commitments to fulfill the provincially focused Truth and Reconciliation Commission Calls to Action, or the Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls.

New funding for anti-racism initiatives is virtually non-existent. \$1.6 million over two years for an Anti-Racism and Anti-Hate Grant<sup>6</sup>, \$650,000 to combat systemic racism and disparities in the child welfare system, and \$60 million over three years for the Black Youth Action Fund were included, however they were all re-announcements of investments and commitments made last year<sup>78</sup>.

Ontario Campaign 2000 recommended the implementation of an intersectional Gender Based Analysis+ (including race equity) framework for all pandemic policies, programs, and budgets. This framework was not applied. There is no funding earmarked to support previously made commitments for more robust data

collection on the impacts of COVID-19 on racialized people and people living on low incomes<sup>9</sup>. The budget noted the establishment of a task force to advise the Minister of Finance and Associate Minister of Women's Issues to "ensure inclusive economic growth is achieved"<sup>10</sup>. Developing a task force after the budget has been released to monitor inclusion is a reactive rather than proactive approach to ensuring economic and social inclusion in the pandemic recovery. Monitoring is important, but over-all the budget has sidestepped proactive, evidence-based equity-focused policy options that would help to achieve an inclusive response and recovery.

## **Childcare**

The choice to fund free childcare for essential workers earlier on in the pandemic as well as during this current lockdown has not been revisited as a model for a publicly funded universal childcare system. In Budget 2021, major emphasis has instead been put on the one-time increase in funding to the CARE childcare credit, at an additional \$75 million over two years. This funding will increase the credit from \$1250 to \$1500<sup>11</sup> on average. Approximately 300,000 families in Ontario are eligible for the credit, but prior to the pandemic, only 3% of the CARE credit was distributed to families whose income was at or below \$21,400<sup>12</sup>. For families who cannot afford to pay upfront for childcare, the CARE credit will be of little use. The average yearly cost of childcare across Ontario, regardless of age group, exceeds the CARE credit amount significantly<sup>13</sup>; low-middle income families who benefit from a slightly higher CARE credit would be better served by an increase in subsidized daycare spots and increased base-funding.

Budget 2021 re-announced the creation of 30,000 daycare spots which included 10,000 spots in new schools<sup>14</sup>, but this announcement has already been made twice prior to the budget<sup>15</sup>. It is also unclear if these spots will be subsidized. \$500 million of new, one-time funding directed to municipalities may be used to support the delivery of childcare<sup>16</sup>, but the bulk of funding for municipal childcare programs was delivered through last year's federal Safe Restart Agreement and is not ongoing. Continuous investments in stabilization funding for the childcare sector, decent wages and working conditions for childcare workers, and movement towards a universal childcare system instead of a tax-credit based system would have had longer-term impacts on supporting low income families in need of childcare.

## **Housing**

Disappointingly, Budget 2021 did not include significant investments in social or affordable housing. It included a re-announcement of \$255 million for additional shelter supports through the Social Services Relief Fund<sup>17</sup>. While this is no small amount, it is one-time funding. Other housing investments announced in Budget 2021 included new funding for transitional and supportive housing for women fleeing violence (\$18.5 million over three years) and people with developmental disabilities (\$13 million over three years)<sup>18</sup>. These investments are very low given the needs of the populations they are targeting, and these housing supports are focused only on funding congregate settings.

Policies and new major investments intended to keep housing affordable and keep low income families housed are sorely needed, but noticeably absent. Core housing need in Ontario is the second highest across all provinces<sup>19</sup>, with Indigenous Peoples and immigrants being overrepresented among those experiencing deep core housing need<sup>20</sup>. Funding existing eviction prevention programs or introducing new rental relief & arrears funds for tenants would have provided much needed support for families in precarious housing situations. Budget 2021 noted the power of the Canada-Ontario Housing Benefit (COHB) (jointly delivered by the federal and provincial governments) in stabilizing renters in the private market<sup>21</sup>, however, no additional provincial funding has been earmarked to cover the difference between the average annual costs required to "leave" core housing need (approximately \$7600 annually), and the maximum annual support provided by the COHB

(approximately \$6600 annually), or for other rent supplements that help to keep low income families housed<sup>22</sup>. Advocating for more federal funding is not an adequate provincial housing plan.

### **Income Security**

Families with children have been provided short term supports through a third round of direct payments intended to support education and childcare needs. Families can apply for \$400 per child up to the age of 17/\$500 per child with disabilities up to the age of 21<sup>23</sup>. This Ontario COVID-19 Child Benefit builds on the Support for Families payments from last year and Support for Learners earlier this year. This emergency funding for families is welcome. Direct income supports have a major effect on reducing poverty<sup>24</sup>. Targeted and ongoing income support benefits are also key, so that families can plan and maintain stability. Ontario Campaign 2000 continues to advocate for a general increase to the regular Ontario Child Benefit (OCB) alongside the distribution of pandemic-related emergency child benefits, and for OCB eligibility to be de-linked from immigration-citizenship status.

Ontarians who were out of work and/or living with disabilities and receiving income supports through Ontario Works (OW) or Ontario Disability Support Program (ODSP) in early 2020 have had uneven access to federal and provincial emergency benefits throughout 2020 and into 2021. This income uncertainty occurred while overall costs increased, and new and unpredictable costs (PPE and additional cleaning products, for example) were introduced. Despite the need, there are no rate increases to OW and ODSP benefits included in Budget 2021. As others have pointed out, keeping benefits rates steady year over year while inflation increases ultimately amounts to a cut in rates<sup>25</sup>. Even with a reduction in case loads<sup>26</sup> and a \$190 million increase to the Canada Social Transfer<sup>27</sup>, Children, Community and Social Services spending is set to increase by only \$86.6 million<sup>28</sup>. Any program savings should be reinvested into OW and ODSP through a permanent increase in rates, and emergency disbursements such as the \$100/\$200 Emergency benefit provided briefly last summer. Ontario Campaign 2000 continues to advocate for an increase to social assistance rates and for all transfer programs to work together to bring incomes up to at least LIM60<sup>29</sup>.

### **Service modernization and digital access**

Budget 2021 included a focus on improved and enhanced digitally delivered employment services, education services, and increased online access to tribunals, along with investments in broadband infrastructure. High costs for digital access are a barrier, however. Investing in subsidies for digital costs would enable improved access to digitally delivered services, particularly for people living on low incomes in rural areas where digital costs are higher than in urban centres<sup>30</sup>.

### **Work & Employment Standards**

Budget 2021 acknowledges that young people and women have experienced more job loss due to being disproportionately represented in industries hit hard by the pandemic. The focus of worker supports offered in the budget are re-skilling programs. Major investments include \$117.3 million in targeted employment and training supports to assist “women, racialized individuals, Indigenous peoples, youth and people with disabilities”<sup>31</sup>, and \$260 million over two years for an Ontario Jobs Training Tax Credit, providing up to \$2,000 for 50% of eligible education and professional licensing courses, fees, and expenses<sup>32</sup>.

People living on low incomes cannot afford upfront costs for new skills training. Women will continue to be shut out of the workforce in greater numbers, regardless of skill level, without access to affordable, flexible, safe childcare. A key tool for building a fair and equitable shared future is strong employment equity legislation, at both provincial and municipal levels, using frameworks that are comprehensive and expanded to include

Indigenous Peoples, racialized people, women, persons living with (dis)abilities and 2SLGBTQ+ individuals. Employment equity programs must be appropriately and consistently disaggregated in their application and implementation; adequately resourced; monitored, audited, and enforced. Without the implementation of employment equity strategies and related supportive policies such as Community Benefit Agreements (CBAS), workers will continue to face deeply rooted workplace discrimination and pay inequities, which negatively impact mental health as well as life-long earning power & prosperity.

Budget 2021 bluntly ignores the cross-sector calls for paid sick days<sup>33</sup>, and emphasizes supports for “job creators”. This support tops \$10.2 billion<sup>34</sup> and includes direct grants to businesses, property tax relief, and a variety of other tax and cost relief measures for business owners. While efforts to sustain small businesses are needed, implementing paid sick days is a missing lever that could be used to support workers when they need it most, avoiding illness and premature death, and helping to end the pandemic sooner. At a time when nearly all regions of Ontario are in and out of stay-at-home orders, and public health advice is to isolate when sick in order to stop the spread of the virus, it is short-sighted to provide support to businesses through direct grants while avoiding implementing supports for sick workers to stay home.

The Budget speaks the language of an inclusive “she-covery” but does not come close to including what is needed to ensure that children and families living on low incomes will be able to survive the pandemic and thrive in a post-pandemic Ontario. Children and families living in poverty deserve better.

## Citations

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- <sup>1</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 37
- <sup>2</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 64
- <sup>3</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 38
- <sup>4</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 31
- <sup>5</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 31
- <sup>6</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 28
- <sup>7</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 28
- <sup>8</sup> Government of Ontario news release, September 8, 2020. <https://news.ontario.ca/en/release/58282/ontario-strengthening-supports-for-african-canadian-and-black-children-and-youth-in-care>
- <sup>9</sup> Government of Ontario news release, June 15, 2020. <https://news.ontario.ca/en/release/57217/ontario-expanding-data-collection-to-help-stop-spread-of-covid-19>
- <sup>10</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 118
- <sup>11</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 205
- <sup>12</sup> Financial Accountability Office of Ontario (FAO), (2019). "Child Care In Ontario: A Review of Ontario's New Child Care Tax Credit" <https://fao-on.org/en/Blog/Publications/childcare-ontario-2019>
- <sup>13</sup> According to the 2019 FAO report "Child Care In Ontario: A Review of Ontario's New Child Care Tax Credit", the average annual cost noted at \$12,800 in 2018 for out of pocket childcare expenses for children 0-12 for at least 30 hours a week. 9
- <sup>14</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 72
- <sup>15</sup> Government of Ontario news release, October 2, 2020. <https://news.ontario.ca/en/release/58649/ontario-taking-action-to-improve-child-care>
- <sup>16</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 157
- <sup>17</sup> Government of Ontario new release, March 10, 2021. <https://news.ontario.ca/en/release/60614/ontario-takes-further-action-to-protect-homeless-shelters-during-covid-19>
- <sup>18</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 61
- <sup>19</sup> FAO (2021). "Housing and Homelessness Programs in Ontario." <https://www.fao-on.org/en/Blog/Publications/affordable-housing-2021>
- <sup>20</sup> Government of Ontario (2020). "Community housing renewal: Ontario's action plan under the National Housing Strategy." Housing Needs in Ontario section. <https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/housing-needs-ontario#>
- <sup>21</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 61
- <sup>22</sup> FAO (2021). "Housing and Homelessness Programs in Ontario." Section 5 – Impact on Core Housing Need. <https://www.fao-on.org/en/Blog/Publications/affordable-housing-2021>
- <sup>23</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 69
- <sup>24</sup> Ontario Campaign 2000 (April 2020). *Make Child and Family Poverty History: Vision for the Next Poverty Reduction Strategy*.
- <sup>25</sup> ISAC budget response, April 6 2021. <http://incomesecurity.org/general/2021-ontario-budget-isac-response-and-analysis-budget-de-ontario-de-2021-reponse-et-analyse-du-casr/>
- <sup>26</sup> Ibid.
- <sup>27</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 170
- <sup>28</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 174
- <sup>29</sup> Campaign 2000 uses T1FF taxfiler data in its analysis. According to 2018 T1FF data, the Census Family Low Income Measure-After Tax (CFLIM-AT) is \$21,833 per individual (Table G, T1 Family File Final Estimates 2018, Technical Reference Guide, Catalogue #72-212-X, Statistics Canada, 2020). LIM60 refers to this value + 10%.
- <sup>30</sup> CRTC (2019). "Communications Monitoring Report: 2019 Year-End Monthly Prices for Internet, Mobile, Landline and TV services". <https://crtc.gc.ca/eng/publications/reports/policyMonitoring/2020/cmr5.htm>.
- <sup>31</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 117
- <sup>32</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 205
- <sup>33</sup> CBC News, February 10, 2020. "'Small investment, big payoff': Business owners call on Ford government to legislate paid sick leave" <https://www.cbc.ca/news/canada/toronto/business-owners-paid-sick-leave-ontario-government-better-way-alliance-1.5907723>
- <sup>34</sup> Ontario 2021 Budget. Ontario's Action Plan: Protecting People's Health and Our Economy, pg 94