



Low Income Trends in York Region -2000 to 2011

Information from Statistics Canada Small Area and
Administrative Data

August, 2014



Introduction

This information sheet highlights low income trends in York Region from 2000 to 2011 using Statistics Canada's Small Area and Administrative Data. This is data generated from income tax returns to provide information on income and some demographic indicators (age and family type) for residents across Canada – including York Region.

Small Areas and Administrative Data is referred to as income tax data throughout this information sheet.

Approach

What is income tax data?

Income tax data is **administrative** data. This means it is collected from government program information rather than from surveys. Income tax data is developed by matching personal income tax with other records, such as the Canada Child Tax Benefit, SIN, addresses and birth files. The data is then aggregated into population profiles for families and people not in families. Statistics Canada follows strict confidentiality procedures to develop the data and no personal information or identifiers are provided.

Income tax data is a highly accurate data set that covers 100% of tax filers and 96% of all Canadians. It is available annually at a number of geographic levels.¹

How is low income measured?

Income tax data uses the Low Income Measure After-Tax (LIM-AT) to identify people who are

¹ Income taxes are filed in the spring following the tax year. Income tax data is then developed and issued the following year. For example, 2011 income tax data is developed from the 2011 tax returns filed in the spring of 2012, with data available for release to data users during the summer of 2013.

living with low income. LIM-AT is calculated as income levels that are 50% of the Canadian after tax median income adjusted for family size and age of children. As an example, in 2011 the LIM-AT was \$16,456 for a single person, \$32,912 for a couple family with two children under 16 and \$34,558 for a couple family with one child over 16 and one under 16. Statistics Canada recalculates LIM-AT every year.

A person is considered low income if the income of the family they live in (or, in the case of a person not living in a family, their individual income) fell below the LIM-AT for their family size.

Statistics Canada uses census families to calculate LIM-AT for income tax data. A census family includes couples living in the same dwelling with or without children and lone parents with one or more children. All other people are classified as persons not in census families. They may live alone or with another person, such as a family to whom they are related (e.g., brother-in-law, cousin, grandparent) or with a roommate.

LIM-AT is just one of several low income lines Statistics Canada uses to track and analyze income trends in Canada (e.g. the Low Income Cut-Off or LICO). Each has their own methodology and different low income thresholds. Income tax data is only available with LIM.

Income tax data provides a consistent way to measure low income trends for a population

Using income tax data and LIM-AT is a new approach for York Region. Earlier publications of low income information were based on data from the now cancelled long form Census, which used the Before Tax LICO to measure low income. The long form Census data was collected through a mandatory survey of Canadian households.

The federal government's decision to replace the long form Census with the voluntary National



Household Survey for the 2011 Census has disrupted how data users can track low income trends. This is mostly because of a shift in survey methodology. Voluntary surveys are more prone than mandatory surveys to people not responding. This is particularly the case among low and high income groups and can result in having an unrepresentative sample of the population (known as non-response bias). With the new methodology of the National Household Survey, Statistics Canada has indicated that estimates of low income between the National Household Survey and earlier Census long form are not comparable.²

Income tax data helps fill this gap. It follows a consistent methodology to identify people living on low income so data can be compared over time. Unlike Census data, which is available only every five years, income tax data has the added value of being collected annually.

It is important to note that different types of data and low income measures will provide different estimates of low income populations. Data users should be aware of these differences when comparing information from different data sets.

Low Income Trends

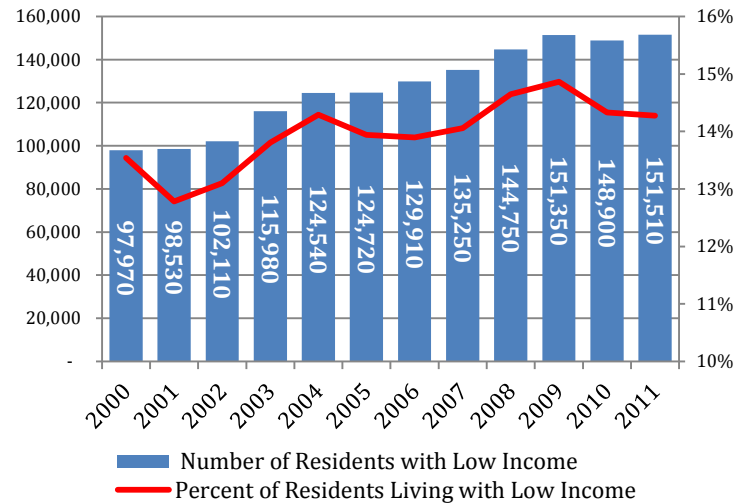
The number of people living on low income is increasing just above population growth

As Chart 1 shows, residents living with low income increased from about 98,000 in 2000 to 151,500 in 2011. The percent of all residents living with low income (the low income rate) also increased, with the highest during the 2008 and 2009 recession (14.6% and 14.9% respectively) and dropping to 14.3% for 2010 and 2011. This is still higher than most years since 2000.

² Statistics Canada (2013). *Income Reference Guide National Household Survey*. Catalogue No. 201199-014-XWE2011006, pages 19-21.

Chart 1

Number and Percent of Low Income Residents in York Region, 2000-2011



Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011 Annual Estimates for Census Families and Individuals 13C0016

As Chart 2 shows, the growth rate of residents living with low income was slightly above the overall population growth since 2003.³ This suggests that population growth is largely driving the number of low income residents in York Region, but that other factors, as will be discussed later on, are also evident.

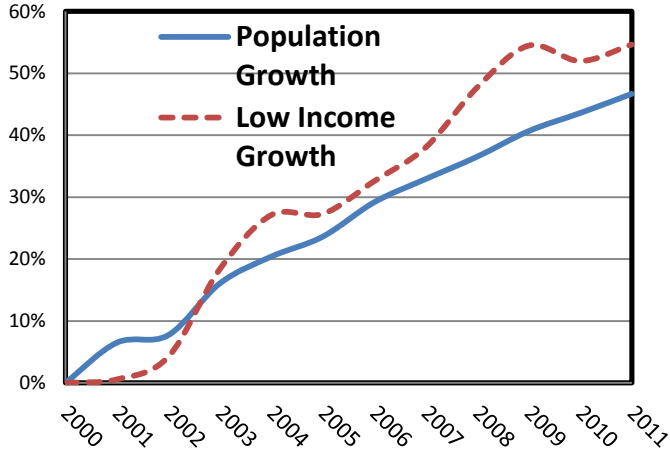
Overall, the number of residents living with low income grew by almost 55% between 2000 and 2011 compared to 47% for the total population.

³ Population growth data used in this information sheet are from income tax data estimates.



Chart 2

Cumulative Growth Rate, York Region Total Population and Population with Low Income, 2000-2011



Statistics Canada, Small Area and Administrative Data Division, 2000-2011 Annual Estimates for Census Families and Individuals 13C0016

The age and family profiles of low income residents are changing

While seniors make up a small part of York Region residents living with low income, Chart 3 shows their share has increased since 2000 - from about 7% to 11%. This reflects York Region’s overall aging profile and also could be a result of:

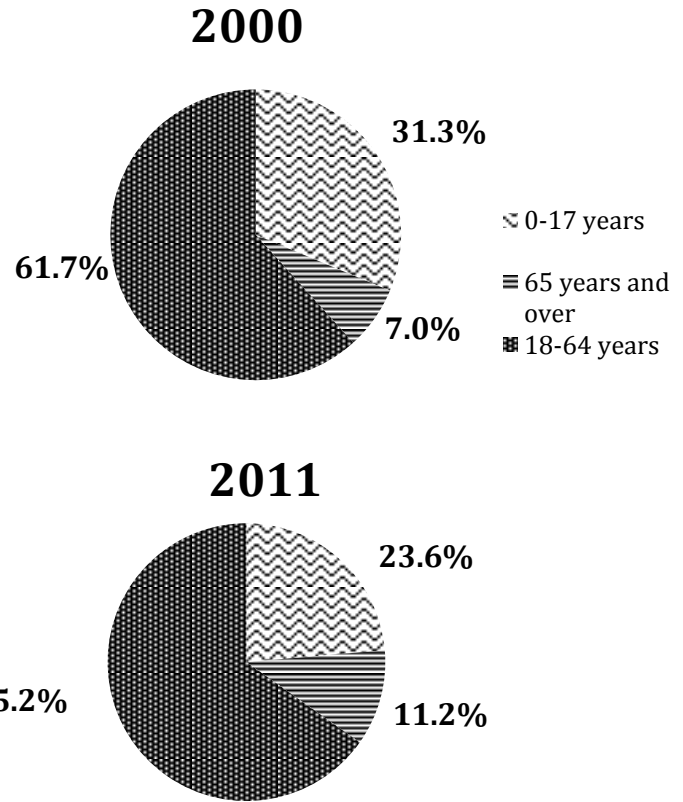
- Decreasing coverage of private workplace pension plans
- Reduced returns from savings and investments
- Lower earnings for seniors who worked during the 2008-09 recession
- Senior immigrants who are not eligible for Old Age Security benefits

The percent of York Region working age residents living with low income also increased. This could reflect changing labour markets during the 2000s, particularly during the recession of 2008 and 2009. The impacts would vary depending on age – younger workers who faced challenges in entering or establishing themselves in the labour market and middle-aged to older

workers who had to adjust to losing long-standing jobs.

Chart 3

Age of Residents Living with Low Income, York Region 2000 and 2011



Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011 Annual Estimates for Census Families and Individuals 13C0016

The decreasing share of children also reflects York Region’s aging population. As Table 1 shows, while all low income age groups grew in numbers between 2000 and 2011, seniors and working age groups grew faster than children living with low income. Child benefit levels is also a factor, which increased for York Region



families since 2000 and likely pulled some out of low income.⁴

Table 1

Percent Change of York Region Residents Living with Low Income, by Age Group, York Region 2000-2011

| | 0-17 | 18-64 | 65 and Over |
|-----------------|------------|------------|-------------|
| 2000 | 30,640 | 60,450 | 6,880 |
| 2011 | 35,800 | 98,770 | 16,940 |
| % Change | 17% | 63% | 146% |

Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011 Annual Estimates for Census Families and Individuals 13C0016

Addressing needs of residents living with low income will differ between age groups

Income vulnerability requires different responses across age groups. Child benefits and family supports such as child care help parents meet their children’s needs while providing a secure environment where children can thrive when parents work. Adults need support in managing major economic and life events, updating skills and sustaining themselves everyday if facing disability or low wage work regardless if they have children or not. Most seniors can expect a basic level of support from Old Age Security, but some may lack enough income to retire and will have to supplement their income through work or rely on informal family support.

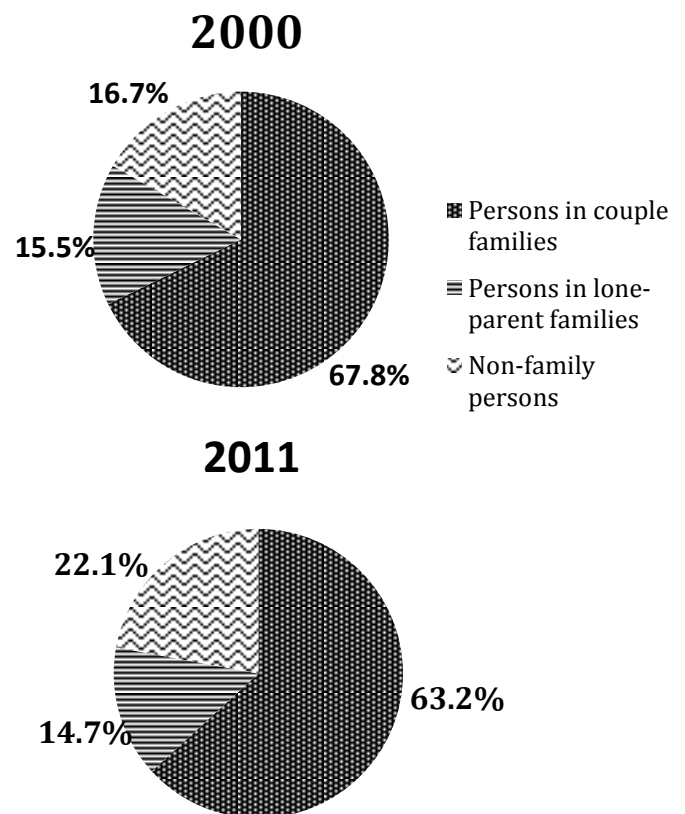
⁴Changes to child benefits included increases to the National Child Benefit Supplement (2003-2006) and the introduction of the Child Disability Benefit (2003), the Universal Child Care Benefit (2006) and the Ontario Child Benefit (2007). This led to higher average benefit amounts for York Region families who received child benefits between 2000 and 2011 – from \$1,724 to \$3,150. 118,540 York Region families received child benefits in 2011, about 39% of all families.

More low income residents are living alone

Chart 4 shows that most York Region residents with low income live in families. However, an increasing percent do not – from about 17% in 2000 to 22% in 2011.

Chart 4

Composition of Low Income Population by Family Type, York Region



Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011 Annual Estimates for Census Families and Individuals

As Table 2 shows, the low income rate for people not living in families increased from close to 24% in 2000 to 31% in 2011. In contrast, there was little change for people living in lone parent or couple families. People not living in families are more likely to be low income. Contributing factors could include: fewer government supports



available to single adults compared to families with children, the impact of the recent recession on singles who faced job loss or the difficulties seniors living alone have living with one income or on survivor benefits. This is further impacted by the shortage of affordable housing in York Region.

Table 2
Low Income Rate, By Family Type, York Region

| Family type | Low Income Rate | |
|--------------------------------|-----------------|------|
| | 2000 | 2011 |
| People not in families | 24% | 31% |
| People in lone parent families | 28% | 27% |
| People in couple families | 11% | 11% |

Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011, Annual Estimates for Census Families and Individuals, 13C0016

Overall, 33,490 residents not living in families were low income in 2011. The number of residents with low income living in lone parent families and couple families was 22,270 and 95,750 respectively in 2011.

What are the factors impacting on low income trends?

Changing demographics

People can face periods of low income at different points in their life. Youth who are transitioning from school to work may have low earnings but then progress to better paying jobs over time. The income of seniors usually drops when they stop earning and retire, particularly for women who have had fewer opportunities to work full-time or at the same pay as men. And people who are not in families or who are living

in lone parent families are more likely to face low income – they have fewer resources available to make ends meet or deal with a financial crisis. Being a newcomer to Canada or part of racialized community, lacking knowledge of English and French, and having a disability are also well-known factors that place people more at risk of low income.

Since 2000, the number of people in these groups is growing in York Region. This reflects York Region’s diversity and the need to sustain strategies that promote full inclusion of all groups into York Region’s communities and local economy.

Employment and business cycles

An increase in unemployment rates usually lead to an increase in residents living in low income. This was evident in York Region during the recession of 2008 and 2009 when low income rates peaked. However, employment does not always reduce the risk of having low income, the type of work is as important as being employed. Jobs that are stable and provide good wages, regular hours, and benefits are more likely to keep people above low income levels than jobs that are more “precarious” or “non-standard” (i.e. temporary, casual or seasonal, often with low wages and few or no benefits or stability).

Employment Surveys indicate job quality remains strong in York Region, however, precarious work continues to rise

- From 2003 to 2013, full-time employment in York Region decreased as a share of all employment – from 77.6% to 73.8%. Part-time employment and contract/seasonal employment increased from 17.8 to 19.7% and from 4.6% to 6.5% respectively. The shift could be attributed to an increase in retail and personal services jobs which are



typically population-based and generate part-time and seasonal employment.⁵

- A 2011 survey of working-age residents in the Greater Toronto Area and Hamilton (GTA-H) found that 21% of York Region residents who responded were in temporary employment or were self-employed with no employees. A further 24% reported having jobs with elements of “precarity” – for example, people working full-time but without benefits, not expecting to be employed at the same place for a year or having work hours vary week to week and sometimes below 30 hours. Most people surveyed across the GTA-H who reported low income also faced insecurity in their work.⁶

These findings show the need for multiple strategies to:

- Support people in more insecure jobs to make ends meet, such as affordable housing, child care and access to health and dental benefits
- Generate good jobs and pathways for low skilled people or those lacking Canadian experience to access workforce opportunities.

Government policy

Government also influences income levels in many ways (e.g. employment regulations, education, economic development, tax policy), but income benefits have the most immediate

impact and provide direct supports to many York Region families and individuals.⁷

All levels of government offer both targeted and universal programs that residents living with low income can access. Some examples include funding to facilitate access to child care, early intervention and recreation programs and full day kindergarten; supports for low income workers, recent immigrants or residents re-entering the labour market. Other initiatives include health benefits, oral health, healthy babies programs and mental health identification supports for residents living in low income. Housing programs to help keep people housed provide rent supports and supplements, funding for capital repairs and home renovations, and include investments for affordable and social housing projects.

Regional and local strategies also have critical roles by helping governments and community stakeholders collaborate and focus resources on preventing and reducing the risk of economic hardship.

⁵ York Region (2014). *Employment and Industry 2013* p. 6. (Retrieved from <http://www.york.ca>).

⁶ The survey was conducted during the fall 2011 by the Poverty and Employment Precarity in Southern Ontario (PEPSO) project, a joint initiative of McMaster University and the United Way Toronto. The survey was a random sample of 4,165 respondents aged 25 to 65 from across Toronto, Hamilton, Burlington and Peel, Durham and York Regions (Markham, Richmond Hill and Vaughan). Wayne Lewchuk, et al. (2013) *It's More than Poverty: Employment Precarity and Household Well-being*. PEPSO, p. 24 and 59 (Retrieved from <http://pepsouwt.files.wordpress.com/2013/02/its-more-than-poverty-feb-2013.pdf>).

⁷ The number of York Region residents who received income benefits ranged from 79% to 97% between 2000 and 2011. The higher end reflects the almost universal receipt of the Ontario Sales Tax Benefit Transition payments in 2010 and 2011. This was meant to provide temporary relief to Ontario residents to help them adjust to the introduction of the Harmonized Sales Tax (HST). Other major government income benefits include workers compensation payments, Canada Pension Plan (regular and disability), Old Age Security, Working Income Tax Benefit, federal and provincial child benefits and other federal and provincial refundable tax credits.



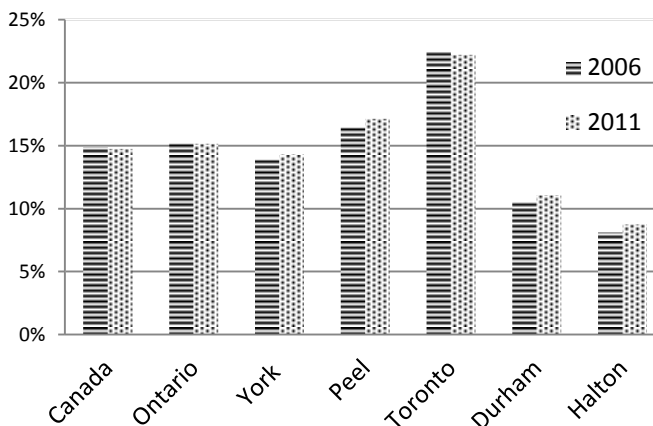
Distribution of residents living with low income

Low income is suburbanizing across the Greater Toronto Area

Low income rates vary across the Greater Toronto Area. As Chart 5 shows, York Region is in the middle – with higher rates in Peel Region and the City of Toronto and lower rates in Durham and Halton Regions. Like all areas except Toronto, York Region experienced an increase in low income rates between 2006 and 2011.

Chart 5

Low Income Rates, Canada, Ontario and Greater Toronto Area, 2006 and 2011



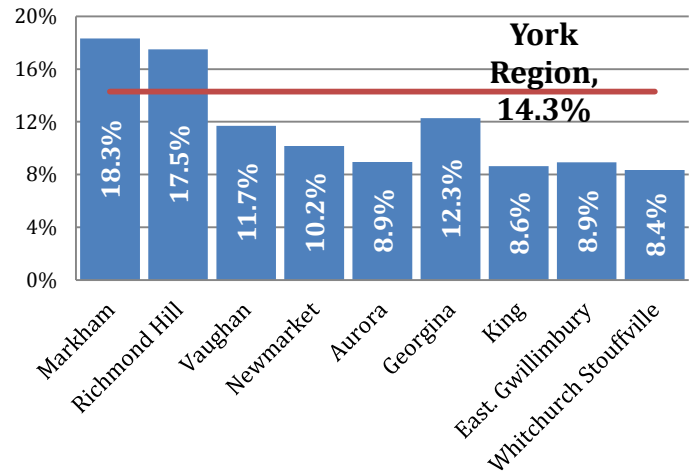
Statistics Canada, Small Area and Administrative Data, 2006 and 2011 Annual Estimates for Census Families and

Low income rates vary between local municipalities

As Chart 6 shows, Markham and Richmond Hill had low income rates higher than the York Region average in 2011.

Chart 6

Percent of Residents with Low Income, York Region Local Municipalities, 2011



Source: Statistics Canada, Small Area and Administrative Data Division, 2000-2011, Annual Estimates for Census Families and Individuals, 13C0016

Where do residents with low income live?

While residents with low income live across York Region, the majority - about 84% - live in the three southern local municipalities of Markham, Richmond Hill and Vaughan.

Map 1 provides community level information by census tracts⁸ which can be used as a baseline for understanding the extent low income is becoming concentrated in York Region. This can be looked at in two ways. The first way is by the number of census tracts with moderately high low income rates (20% to 30.7%). In 2011, this included about 19% of all census tracts.⁹

⁸ Census tracts usually have a population of 2,500 to 8,000.

⁹ The term “moderately high low income rates” reflect classifications developed by Canadian Council on Social Development to measure neighborhood poverty. These classifications include: Low = low income rates of zero to 10%; Moderate = 10.1% to 20.0%; moderately high = 20.1% to 30.7%; High = 30.7% to 40.0%; and Very high = 40.1% or more. York Region has no census tracts at the high to very high levels. Canadian Council on Social Development (CCSD) (2007). *Poverty by Geography: Urban Poverty in Canada, 2000*. Ottawa.



The second way is by looking at the number of low income residents who live in census tracts with moderately high low income rates. In 2011, this included about 30% of all low income residents.

Both measures suggest that York Region has avoided high levels of concentrated low income at the community level and most residents living with low income are generally integrated into mixed income communities. Tracking future changes in these measures will be important in determining how well York Region is helping sustain communities that are inclusive for all income levels.

Low income residents living in more affluent areas are more likely to benefit from having access to employment and recreational and community facilities. However, they may also have a hard time finding affordable housing and targeted services that help them participate in their community. They may also struggle in avoiding stigma if they cannot pay for extra-curricular activities for their children. For low income residents living in rural areas of York Region, accessing services and affordable transportation may be challenges.

For More Information

Research and analysis for this information sheet is prepared by the Strategies and Partnerships Branch, Community and Health Services Department, the Regional Municipality of York. This information is not exhaustive of all research relevant to York Region. It is provided for reference purposes only. York Region accepts no liability for the consequences of any actions taken on the basis of the information provided.

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The Regional Municipality of York, 2014. *Low Income Trends in York Region – 2000 to 2011*. Newmarket, Ontario.



Map 1

