

## Strategies for Poverty Reduction

Since 2004, reducing Hamilton's unacceptable poverty rate has been a focus for Hamilton Community Foundation. HCF is working on this critical issue through two major initiatives:

- *Tackling Poverty Together ("TPT")*, an \$8.5 million grants commitment. The Foundation has devoted the majority of its unrestricted funds (i.e. those funds over which the board has discretion to direct) to this issue since 2004.
- The *Hamilton Roundtable for Poverty Reduction ("HRPR")*, a collaboration of stakeholders from across the community. Poverty is complex and requires working on many levels. With the City of Hamilton, HCF has brought this group together to focus on systems and policy change.

HCF uses a neighbourhood-based approach to its work, recognizing that:

- Poverty in Hamilton is concentrated within certain neighbourhoods. A number of service providers including the City of Hamilton and HRPR are also following this approach.
- It allows neighbourhood-specific initiatives that meet the unique needs of residents.
- Research shows that strong neighbourhoods engage residents and create healthier, safer and more prosperous communities.

Tackling Poverty Together provides grants in three areas related to poverty: alleviation, prevention and reduction. Each area has includes based on research and evidence of its effectiveness. Grants are made and evaluated based on these strategies, and learning from this work continually refines HCF's approach.

### Alleviation: making life better for people living in poverty

Meeting basic needs is the principal strategy in this area, which supports initiatives that address food security, homelessness and transportation. Support to help people meet these basic needs is often the catalyst to helping them make other changes required to move out of poverty.

This is an area with ongoing needs and challenges for organizations such as foodbanks and emergency shelters. In this area, the work HCF has invested in includes building the capacity of service agencies, public education, and advocating for improvements to income support.

**ALLEVIATION in action...** Through TPT, the Foundation supported Living Rock Ministries to provide breakfast to street-involved youth. 4,320 healthy breakfasts were served to 120 different street-involved and homeless youth, while opportunities for new skills, social services, volunteer work and employment were offered. Over 70% of the youth used the breakfast program as a stepping stone to life skills, employment and educational programming.

We all recognize that children cannot learn while they are hungry. A grant to the HWDSB helped high-need schools to provide assistance with nourishment, clothing, and transportation. In 2008-09, 7,000 individual students were supported with these basic needs.

## **Prevention: addressing the root causes of poverty**

The six strategies in this area are:

**Stay In School Initiatives:** Much research has been devoted to determining the causes of dropping out and to identifying the multi-faceted profiles of students who are most susceptible. Distinct differences between dropouts and graduates are apparent as early as Grade 3. High school dropouts earn lower wages, pay less tax, commit more crime, and have higher social service costs than graduates and those with post-secondary education. They are far more likely to be incarcerated or unemployed. There is also a significant cost to the health care system, since education and income are the two most important determinants of health.

The average public cost of providing social assistance (e.g., benefits for food, fuel, shelter, clothing and special needs, as well as work incentive programs) to high school dropouts is estimated at over \$4,000 per year per person. In addition, it is estimated 20 percent of children living in poverty will also be likely to live in poverty when they are adults. Canadian children who fail to outgrow poverty in adulthood will contribute at least \$3.2 billion to \$4 billion **less** annually to the Canadian economy.

**Early years support.** Experts from multiple disciplines now understand the impact of early childhood development on individuals and society. The current wisdom is that investing in children from birth to kindergarten is like buying blue chip stock in terms of return on their readiness to learn and future academic achievement. For instance, pre-school has been demonstrated to reduce high school dropout rates, which, as indicated earlier, carry enormous benefits both to the individual and to society. At the very least, economists have determined that early investments in a child's life represent a fraction of the cost of playing catch-up by financing child welfare, youth justice and mental health services.

**Academic Afterschool Programs.** Supporting academic afterschool programs is also effective in helping children complete high school, particularly those living in poverty, who are more likely to drop out of school. Supporting academic success in school-aged children has all of the financial benefits related to preventing school dropout. According to the Hamilton Wentworth District School Board, students who drop out of high school are twice as likely to be unemployed, three times as likely to spend time in prison and five times as likely to need income assistance.

**Access to Recreation.** Recreation provides children and youth with opportunities to develop skills and build their sense of self. When young people participate in sports, cultural programs and other recreational activities, they have better emotional and physical health, perform better academically and develop healthier lifestyles which continue into adulthood. Recreation and leisure also provide alternatives to risky behavior and activities. Studies have shown that these alternatives increase the likelihood that children will reach their optimum potential and success. Poor children have the least access to recreation.

A groundbreaking McMaster University study showed that age-appropriate recreation for children paid for itself within the first year of follow up and by four years, cut the cost of children and youth's use of all other health and social services in half.

**Risk reduction** Risk reduction focuses on initiatives designed to prevent teen pregnancies. Research has shown that the chance a teen mother will live in poverty is alarmingly high, particularly for young mothers within certain demographic groups. Teens living in poverty are more likely to become pregnant than others. Teen parents often have lower lifetime earnings, as well as more social problems throughout life. According to the Association of Local Public Health Agencies, sexual health clinics designed to prevent teen pregnancies and sexually transmitted diseases save \$2,000 in direct costs during teen pregnancy and \$12,000 every year thereafter to support a mother and child; \$147 million or \$18,140 per patient per year in direct medical costs of HIV in Ontario.

**PREVENTION in action...** Helping children with academic/tutoring support is a key way to increase their competency, raise their self esteem, and ultimately help keep them in school. HCF has supported many initiatives that use college and/or university students to provide academic support to children at risk of school failure. For example, a grant to Student Open Circles allowed 337 McMaster students to provide 8,462 on-site volunteer hours of academic tutoring at 12 different locations within the City. 150 Mohawk College students helped residents deliver 10 programs for children and youth within the neighbourhood hubs to promote healthy child development.

Access to quality recreational experiences is also key in promoting healthy children. While not everyone can access the YMCA, through support from Hamilton Community Foundation, the Y has brought its services to some of Hamilton's most challenged neighbourhoods. "Virtual Y" programs have been supported at Stinson, Roxborough and Dr. Davy elementary schools.

## **Reduction: programs designed to move people out of poverty**

HCF's strategies in this area are:

**Asset Development/Wealth Creation.** When participants start acquiring financial or tangible assets, such as homes or savings accounts, their perceptions and behaviours are transformed. Asset-building pilot projects around the world have demonstrated the positive contribution of tangible assets in a more holistic view of welfare. This is particularly true for women, for whom the beneficial effects of financial empowerment are even more significant. In Canada, there is a large segment of the working population for whom employment income is insufficient to cover essential household needs. Developing targeted support such as asset-building programs can increase financial stability.

**Economic Development.** Community Economic Development connects profitable businesses with other interests and values - for example, skills and education, health, housing, and the environment - in the form of social enterprises and co-operative organizations. Such entities are contributing to a growing social economy that combines business and enterprise activities with social programs and goals, producing significant outcomes for reducing poverty and social disadvantage while increasing wealth and economic opportunities.

Results from micro-credit and community economic pilot programs have shown participants able to move off of social assistance, quick repayment of grants and subsidies, and cost savings to society while maintaining innovative savings and training programs for participants. A Carleton University study concluded that community economic programs "produce significant, *blended* (social and financial) value for money for taxpayers, governments and other funders. In fact, in several sub-areas – labour-sponsored investment funds, microcredit programs, Community Futures corporations, mature social enterprises – it would appear that these interventions can, under generally positive conditions, repay all their social costs within three years.

**Income supports** Income supports are strategies designed to assist low-income individuals to access the benefits to which they are entitled. They are generally targeted to specific marginalized groups such as low-income seniors and people with disabilities. Advocacy and policy work are often key to the success of these initiatives. For instance, only 15 percent of seniors at one foodbank were getting the Guaranteed Income Supplement, though nearly all were eligible for it. One-quarter of these people were also not receiving the Canada Pension Plan payments to which they were entitled. Eligible seniors who do not receive the GIS may also be eligible for a variety of other supports they don't currently receive - drug plans, income supplements, subsidies, assistance - which could significantly improve their quality of life and standard of living.

Community support for clinics to make it easier for seniors to sign up for the benefits, and work with the federal government to simplify the process, has increased the rates of seniors participating in the program and may have had an important effect in continuing the decline in senior poverty rates between 2000 and 2005.

**REDUCTION in action...** A strategy of poverty reduction involves assisting people to access income supports and to work on policies that ensure a just and fair system for distributing social welfare benefits. HCF was pleased to support the Hamilton Council on Aging with their attempts to help low-income seniors access the Guaranteed Income Supplement. For a low-income senior single person, receiving the GIS can mean up to an additional \$500 per month, on top of the Old Age Pension. The Hamilton Council on Aging project trained 80 senior volunteers to assist in raising awareness of applying for the GIS and assisting where needed in the completion of the application forms. Over one year 4,000 seniors received information on the GIS and 1,283 were supported to apply for this and other benefits.

Supporting social enterprises is another way of helping to reduce poverty. With a grant to Mission Services, the Social Enterprise "HEAT" generated \$21,000 in profits employing 28 people with an additional 16 people being hired through contacts with outside employers. This initiative provided training and ultimately employment for marginalized individuals. The profits from the social enterprise are funneled back into the organization to allow them to carry on their work.