The Affordability of a Nutritious Diet for Households on Welfare in Toronto

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ABSTRACT

Objectives: This study assesses the affordability of a nutritious diet for households in Toronto that are supported by welfare.

Methods: For three hypothetical households, welfare incomes were compared to the monthly costs for food, shelter, and other essential expenditures in Toronto.

Results: If households lived in market rental accommodation, average monthly incomes were insufficient to cover expenses for the single-person household and two-parent family, and barely adequate for the single-parent family considered in this study. However, the single-parent family’s actual income fell below expenses for six months of the year. For households with children, the relative inadequacy of welfare increased as children grew older. Living in rent-geared-to-income housing afforded substantial financial advantage, but the welfare income of single-person households was still insufficient to meet basic needs.

Interpretation: These findings indicate discrepancies between welfare incomes and costs of basic needs, which may explain the vulnerability of welfare recipients to food insecurity.

Welfare provides income assistance to those people whose resources are insufficient to meet their needs and who have exhausted all other avenues of support. In Ontario, welfare assistance is currently delivered under a program called Ontario Works. In January 2000, 30,443 unattached individuals, 31,473 sole-support parents, and 11,557 couples were receiving Ontario Works in Toronto (personal communication, Ministry of Community & Social Services, March 1, 2000).

Although welfare benefits vary from province to province, they typically fall well below the Statistics Canada Low-Income Cut-Offs. The adequacy of welfare benefit levels has long been in question. Indications of vulnerability to hunger and food insecurity among welfare recipients suggest incomes may be insufficient to cover basic needs.

Comparing the cost of a nutritious diet to income levels is a common method to assess income adequacy. There has been considerable research into the development of low-cost ‘baskets’ of foods that reflect dietary recommendations. A National Nutritious Food Basket has been designed to reflect average purchasing patterns of Canadian households, meet current nutrition recommendations, yet be moderate in price. In Ontario, this ‘basket’ (modified slightly to reflect local purchasing patterns) is priced yearly throughout the province.

The purpose of this study was to assess the affordability of a nutritious diet for selected household types that are supported by Ontario Works by comparing welfare incomes to the costs in Toronto of the Ontario Nutritious Food Basket and other essential expenditures.

METHODS

Assessments of income adequacy require numerous judgements about what goods and services households require and assumptions about actual costs. To estimate the affordability of a nutritious diet, monthly costs in 1999 for food, shelter, and other expenses considered essential for a basic standard of living were compared to average monthly incomes. These analyses were conducted for three hypothetical household types, corresponding to the categories used to determine welfare benefit...
levels. Household compositions were designed to reflect the compositions most commonly found among low-income households of these types. The households constructed were: i) a single male age 37 years; ii) a single-parent woman, age 37, with a 3-year-old girl and 6-year-old boy, and iii) a two-parent household, with a man and woman, both 37 years old, a girl, 8 years, and a boy, 13 years.

The impact of periodicity of household income on the affordability of a nutritious diet was appraised by comparing monthly expenses to the actual income for each month of the year for the single-parent household. In addition, the impact of children's ages on the affordability of a nutritious diet was examined by comparing monthly income to expenses for the single-parent household, assuming a series of different ages for the children.

**Estimation of household incomes**

Ontario Works recipients receive a monthly basic allowance and monthly shelter allowance, with the level of assistance dependent on household size, age of dependent children, shelter costs, and availability and receipt of other income.

Here households were assumed to be receiving the maximum monthly basic allowance, with no earnings from other sources and no assets above the eligibility requirements. Households in market rental housing qualified for the maximum shelter allowance, given our assumptions about rental costs.

Also included in the estimation of household income were the Canada Child Tax Benefit, winter clothing allowance, federal Goods and Services Tax (GST) credit and Ontario provincial government property and sales tax credits. The Canada Child Tax Benefit, a federal benefit, is comprised of the Child Tax Benefit and the National Child Benefit Supplement. Most provinces, including Ontario, treat the Supplement as a source of earnings and reduce the basic allowance by an amount equivalent to its value. Thus the Supplement is included in the Canada Child Tax Benefit, but the Ontario Works basic allowance is reduced by this amount.

Other benefits that may be available to households on Ontario Works have not been included in our income estimates either because they are given under special circumstances and usually only once (e.g., community or employment start-up fund), or because the benefits are intended to help cover have not been considered here (e.g., back-to-school allowance).

Most income benefits considered here are received monthly, but the winter clothing allowance is issued in November, federal GST credits of $100 or more are issued in January, April, July, and October, and the provincial tax credits are paid in June (assuming income tax is filed in late April). These benefits were averaged over 12 months to estimate average monthly income. Actual household income for each month was also estimated by including the benefits during the months when they are received.

**Estimation of household expenses**

Although a Market Basket Measure of poverty is currently under development, no nationally recognized 'market basket' of goods required for a basic standard of liv-

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<th>TABLE I</th>
<th>Comparison of Estimated Essential Expenses for a One-person Household in Toronto in 1999 with Other “Market Basket” Estimates and Statistics Canada’s Low Income Cut-offs</th>
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* Derivation of this total is detailed in Table II
† 1998 Basic Needs Line for a single employable individual in Ontario converted to monthly amount and then adjusted for inflation to 1999 by the Canadian All-Items Consumer Price Index
‡ 1994 total monthly budget requirement for a single male, blue-collar worker adjusted for inflation to 1999 by the Canadian All-Items Consumer Price Index
§ 1999 pre-tax Low Income Cut-Off for a single person living in a 500,000+ size community converted to a monthly amount (1992 base year)
|| 1999 post-tax Low Income Cut-Off for a single person living in a 500,000+ size community converted to a monthly amount (1992 base year)
From an examination of expenditure categories included in the Family Expenditure Survey, the authors identified expenses that in their judgement, were essential for a basic standard of living. These were food, shelter, telephone service, transportation, clothing, personal hygiene supplies, household cleaning and maintenance supplies, and home furnishings and equipment.

Household monthly food expenses were calculated by summing the weekly food costs for each household member, based on the individual's age and sex, using the May 1999 costing of the Ontario Nutritious Food Basket in Toronto. Total weekly costs were then adjusted for economies (or diseconomies) of family size and converted to monthly costs.

Shelter expenses were calculated assuming each household lived in: i) market rental accommodation and ii) rent-geared-to-income housing. We assumed the single male would require a bachelor apartment, the single-parent family a two-bedroom apartment, and the two-parent family a three-bedroom apartment. Apartment rents were estimated as 10% below the average market rents of comparable units in Toronto, on the assumption that low-income renters would be selecting accommodation from the least expensive half of the rental market. Rent-geared-to-income charges were determined using Ontario provincial scales.

Telephone expenses allocated for each household comprised the monthly cost for basic service set by Bell Canada. Two adult bus tickets/week based on 1999 Toronto Transit Commission fares were assumed to be required for each household head for travel to a grocery store, drug store, doctor's office, etc. No transportation costs were allocated for other family members.

Costs for clothing, personal hygiene supplies, household cleaning and maintenance supplies, and home furnishings and equipment were approximated from the average expenditures of households in the lowest income quintile in the 1996 Family Expenditure Survey. Values were then adjusted for inflation using the percent change in the Consumer Price Index between 1996 and 1999 for each expense category.

Comparison of our estimates of essential expenditures to other indices of income adequacy or low income revealed that, while not the lowest, our estimates were conservative (Table I).

RESULTS

When households were assumed to be residing in market rental accommodations, neither the single male nor the two-parent family had sufficient income from Ontario Works to meet basic expenses (Table II). Households living in rent-geared-to-income housing fared considerably better than those in market rental accommodation (Table III), but expenses still exceeded income for the single male.

For households with children, the extent to which income is inadequate to meet essential expenses rises with the age of the children.
children (Figure 1). Although many expenses increase as children grow older, the rise in household expenses with the increasing age of the children in the single-parent family depicted in Figure 1 reflects only their increased food needs and the change in shelter requirements as the children reach an age where it is no longer appropriate for them to share a bedroom. The average monthly income of the household declined as the two children approached 12 years of age due to the reduction in the Child Tax Benefit entitlement. The Ontario Works basic allowance is slightly increased for children over 13 years, but household income falls when children reach 18 years because the Canada Child Tax Benefit no longer applies.

The income estimates presented in Table II represent monthly averages, but actual household income fluctuates from month to month. Assuming household costs remain constant throughout the year, income shortfalls for the single-parent household occur in six months when payment systems are taken into account (Figure 2). In reality, only shelter costs are likely to remain fixed (barring rent increases); food and clothing costs may fluctuate, and some events (e.g., holidays, start of school year) would pose additional financial hardships not considered here. When income shortfalls extend over consecutive months, the household must be more likely to incur debts or fall into arrears and risk eviction.

**DISCUSSION**

The results of the foregoing comparisons raise serious questions about the ability of Ontario Works recipients to afford a nutritious diet. Other groups who compared welfare rates to estimates of basic living expenses in other parts of Ontario38-43 and elsewhere44-46 have drawn similar conclusions.

Judgements about what is necessary to achieve a minimally acceptable standard of living vary widely.28,32,46,47 One could argue that our expenditure estimates overstate true needs. For example, some of the items included under ‘other expenses’ may be considered unnecessary. However, ‘other expenses’ comprise only 11-18% of total expenses estimated for households in market rental accommodation. Even if the expenses are omitted, the single-person and two-parent households remain in a deficit.

The Nutritious Food Basket has been criticized because it is not designed to represent the lowest possible food costs required to meet nutritional needs.22 However, the cost estimates generated from this methodology are conservative in comparison to actual expenditure patterns.29 For example, the cost of the Nutritious Food Basket for an adult living alone in Toronto ranged from 62% to 91% of the food costs for a single-person household in the lowest income quintile (using the 1996 Family Expenditure Survey,29 adjusted for inflation to 1999).9,35 It could also be argued that the shelter expense estimates in this study are higher than necessary. With vacancy and turnover rates in Toronto under 1% for apartments in price ranges below those considered here,31 it seems unlikely that households could obtain cheaper accommodation. For those in market rental accommodations, the inadequacy of welfare is a direct function of the extent to which rent exceeds the maximum shelter allowance. Low-income households are clearly advantaged if they can live in rent-geared-to-income housing, but such housing is in short supply (personal communication, Ministry of Municipal Affairs and Housing, March 21, 2000).

The expenditure estimates used here probably underestimate true needs. Many expenses were omitted from our comparisons (e.g., costs for babysitting, recreation, reading materials, education or school expenses, gifts, vacations, banking and transaction fees, postage stamps, alcohol or tobacco, and health care costs not covered by government programs). As well, savings for a child’s college education, for retirement, or for the buffering of sudden major expenses such as moving costs or legal fees have not been included. Furthermore, because the family types considered here were larger than the average size of the two or more person household in the Family Expenditure Survey (average = 2.54 persons),29 costs for their ‘other expenses’ are underestimated.

Simple comparisons of income and expenditure estimates do not accurately depict the real-life financial resources and demands for any one individual or household. In addition, such comparisons do not reveal the impact of income inadequacies on households’ actual food intake. Nevertheless, when incomes fall substantially below reasonable estimates of costs required to meet basic needs, food concerns must arise, especially since priority is typically given to paying the rent, and more elastic expenses such as food, clothing, telephone service and other household goods are competing for what money remains.7,20,40 The inadequacy of welfare incomes suggested by this and several other income-expenditure comparisons35,38-43,45,46 may help to explain why so many people on welfare seek assistance from food banks8,11-13,18 and why some report serious problems of hunger and food insecurity.10,49

**REFERENCES**

AFFORDABILITY OF NUTRITION ON WELFARE