

Financial Well-Being and COVID

Income support during COVID

The economic shutdown in March 2020 left many Ontarians in a precarious financial situation. For those whose workplaces had to close, there was a sudden and abrupt loss of income with considerable uncertainty about when and if their jobs would resume. The main government response was the federal Canadian Emergency Relief Benefit (CERB), which provided up to \$2000 per month to workers who lost work hours or stopped working due to COVID, and who had over \$5000 in employment or self-employment income in 2019 (or over the previous twelve months). Just over 3.5 million Ontarians applied for the CERB.

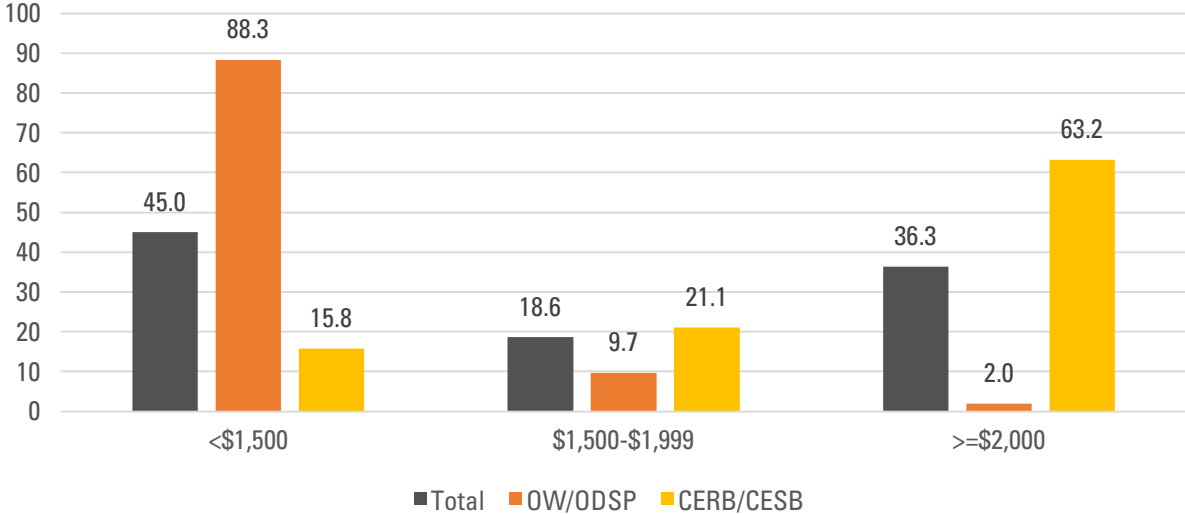
The introduction of the CERB created a two-tier income support system. The vast majority of individuals who were receiving government support before COVID continued to receive the same level of support, with a very small number moving up to the CERB level of \$2000 per month, and no one dropping down an income level (Table 1). As a result, a third of the respondents who received Ontario Works (OW) or Ontario Disability Support Program (ODSP) benefits received less than \$1000 per month in assistance and 88 percent received less than \$1500 per month. By contrast, nearly two-thirds of CERB recipients received over \$2000 per month, and 84 percent received over \$1500 per month (Chart 1). It is perhaps not surprising that four in five OW/ODSP recipients felt little to no impact of the new government supports during the pandemic, while over four in five CERB recipients said the supports impacted them a lot (Chart 2). These two solitudes came through in our respondent comments, with one noting “the only reason we did not struggle more during COVID was because of the CERB,” while a single mother receiving ODSP asked “how come CERB is \$2000 per month per person ... and I’m expected to support a family of three on \$1500?” There were no statistically significant differences between men and women or between white and racialized respondents regarding the impact of the new government supports during the pandemic (Chart 3).

Table 1: Post-COVID income support for those receiving income support pre-COVID

Pre-COVID Income Support (↓)	Post-COVID Income Support			
	<\$1000	\$1000-1499	\$1500-1999	\$2000+
<\$1000	72.6	3.6	6.0	17.9
\$1000-1499	0.0	82.7	2.9	14.4
\$1500-1999	0.0	0.0	88.9	11.1
\$2000+	0.0	0.0	0.0	100.0

White boxes indicate the percentage who stayed at their pre-COVID income level. Grey boxes indicate an improved income level. Orange boxes indicate a drop in income level.

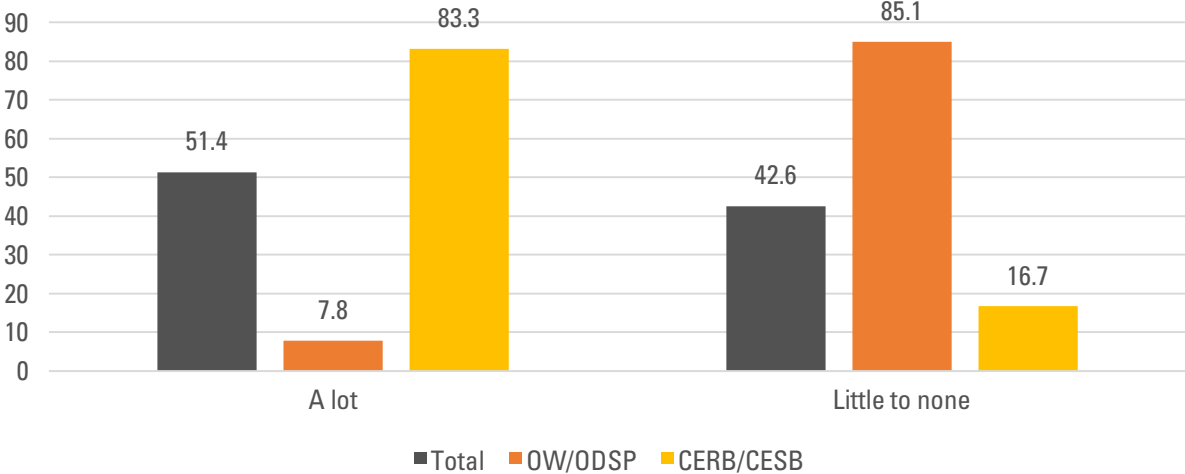
Chart 1: Post-COVID government support for COVID social assistance recipients (%)



Pr = 0.000

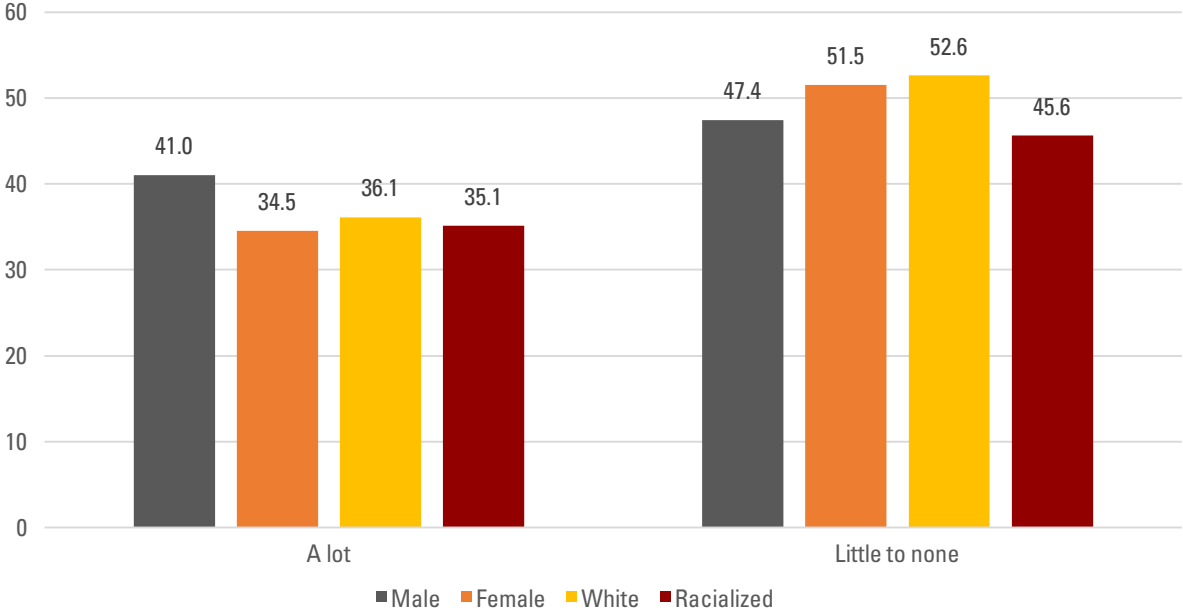
Note: We had to assume that people who received social support prior to COVID continued to receive the same amount if they were not accepted into a social support program during COVID. This assumption affects mainly pre-COVID recipients of ODSP who did not switch to another support program during COVID and who we assumed continued receiving ODSP during COVID.

Chart 2: Positive impact of COVID government support for COVID social assistance recipients (%)



Pr = 0.000

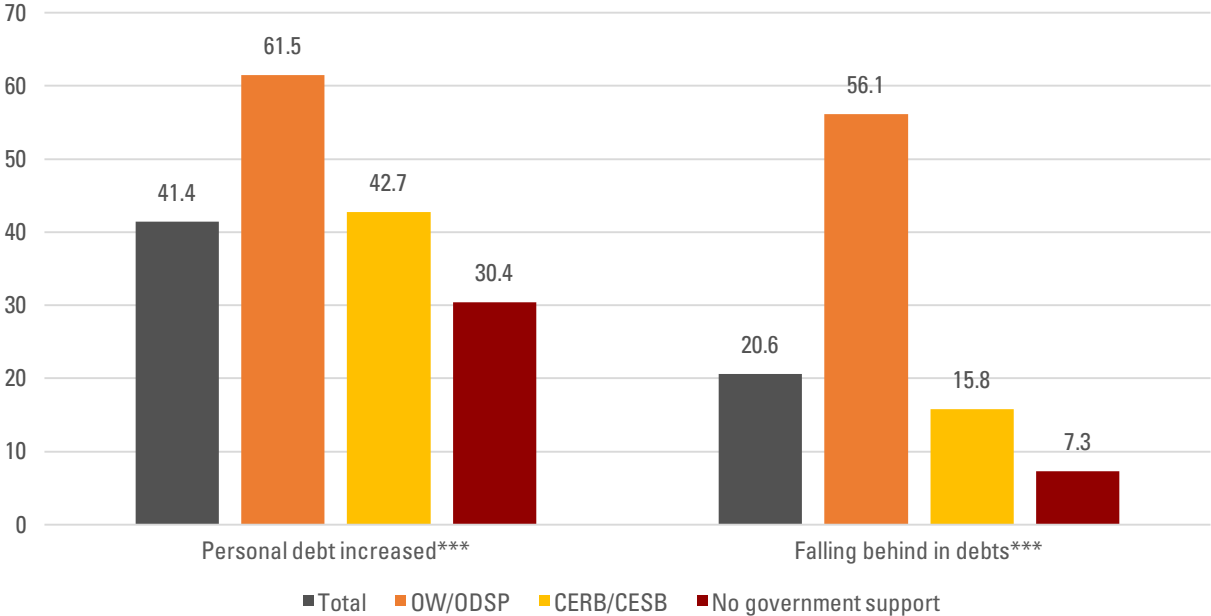
Chart 3: Positive impact of COVID government support by gender and race (%)



Financial Support and Financial Well-Being

This two-tier system of support created a consistent pattern of outcomes. CERB recipients experienced more hardship than those who received no government support, but OW/ODSP recipients experienced the most hardship of all. CERB recipients were one-third more likely and OW/ODSP recipients twice as likely to say their personal debt increased during COVID, compared to those who received no support. Indeed, three OW/ODSP recipients in five said their debt increased (Chart 4). While nearly 95 percent of those receiving no support were keeping up with their bills, over 15 percent of CERB recipients reported struggling to keep up with their bills, and over half of OW/ODSP recipients reported they were falling behind (Chart 4).

Chart 4: Financial stress during COVID (%)



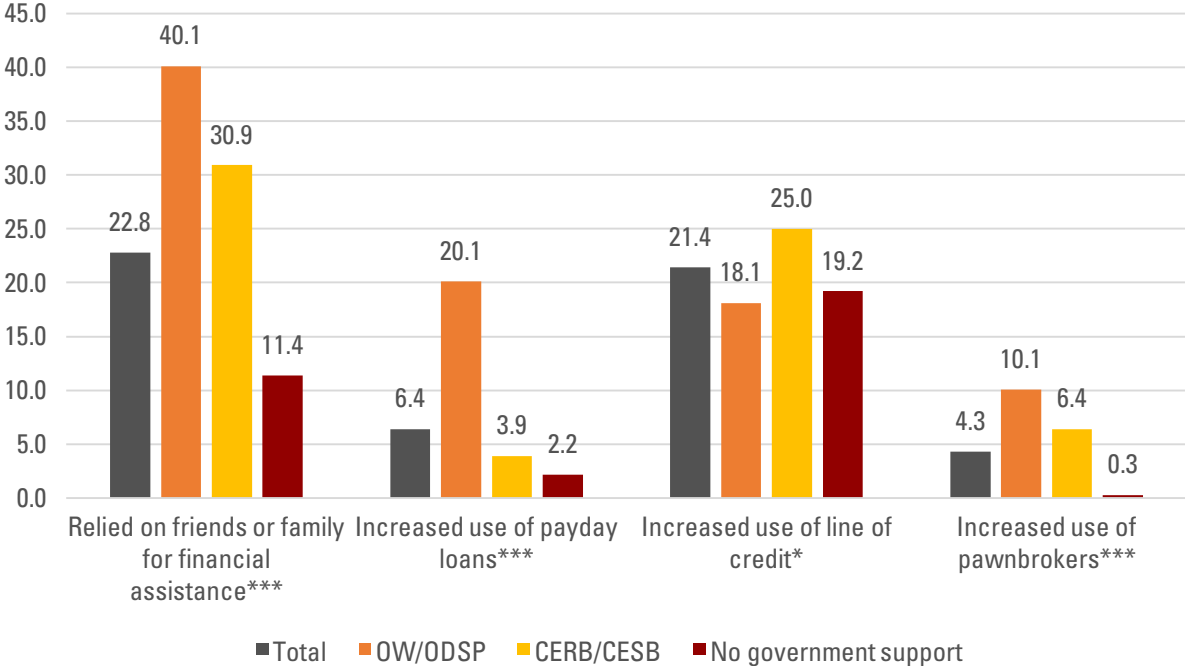
* p<.10 ** p<=.05 ***p<=.001

Given these pressures, it is not surprising that both CERB and OW/ODSP recipients needed to rely on the help of friends and family and on debt to see themselves through. For CERB recipients, the main cushions were friends and family and the increased use of a line of credit. OW/ODSP recipients who responded were as likely to use payday loans as they were a line of credit, and one in ten of them also made increased use of pawnbrokers (Chart 5). Forty percent of OW/ODSP recipients relied on family and friends for assistance during COVID, compared to about one-third of CERB recipients and just over 10 percent of those receiving no assistance (Chart 5). A further indication of the pressure on OW/ODSP recipients was the fact that 30 percent of them reported not having family or friends that they could rely on for help.

Although the CERB has definitely been helpful to me, it's hard to afford decent housing because the prices are outrageous and still pay bills, keep my much-needed used vehicle on the road and keep food in my cupboards. I have had to borrow money to get me through and it's put me in more debt — Middle-aged female receiving CERB

My cost of living has INCREASED and yet no additional funds are available. PPE costs money, I can't shop according to what is on sale, I can't access secondhand stores for clothing I need etc. Coping strategies to live on a small income have been obliterated by COVID and the government needs to help us now — Middle-aged female receiving ODSP

Chart 5: How respondents coped with financial stress (%)



* p<.10 ** p<=.05 ***p<=.001

This factsheet is co-authored by Mohammad Ferdosi, Dr. Peter Graefe, Dr. Wayne Lewchuk and Dr. Stephanie Ross, who are the co-investigators in the **COVID Economic and Social Effects Study (CESES)** at McMaster University. CESES is a collaboration between the School of Labour Studies, the Department of Political Science, and the Hamilton Roundtable for Poverty Reduction, and is supported by funding from MITACS and the Social Sciences and Humanities Research Council. For other factsheets in the series, go to the CESES project website: <https://labourstudies.mcmaster.ca/research/covid19-impact>