



Edmonton
Social Planning
Council

the **fACTivist**

Fall 2003

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Over the last decade there has been a gradual but significant evolution in welfare programs, here in Alberta as well across the country and the continent. The latest evidence of this evolution is Alberta's new Income and Employment Supports Act, scheduled to come into effect in January. In this issue of the *fACTivist* we provide a broad contextual overview of the changes happening in welfare.

Welfare reform: a continental shift in social policy

by Phil O'Hara, Research Manager, ESPC

Thousands of low-income Albertans were hurt when the province introduced welfare reform in 1993. Within four years, caseloads plummeted by almost 60 per cent, and for the next decade, welfare benefits have remained virtually frozen. The value of welfare benefits dropped from 51 per cent of the poverty line in 1986 to an all-time low of only 26 per cent by 2002.

Getting people off welfare and into the workforce was the basic goal of the reforms. People were required to join employment and training programs, expectations of clients increased while eligibility criteria were tightened, and welfare was viewed as a temporary measure of last resort.

While these reforms shocked many Albertans, they pale in comparison to the 1996 US welfare reforms and the measures introduced in BC in 2002.

The *Personal Responsibility and Work Opportunity Reconciliation Act* became federal law in the US in 1996, replacing the Aid for Families with Dependent Children program, which had been operating since 1963.

The heart of the reform was the introduction of a five-year lifetime limit on the receipt of welfare benefits and the end of welfare entitlement for families with children. (In the US, only families with children are eligible for federal welfare programs; singles and couples without children do not qualify, but they may be eligible for other support programs.)

The reforms weren't only driven by a desire to cut spending, and in fact, the US increased spending for childcare, transportation and training programs for low-income families. The former Governor of Wisconsin

Tommy Thompson, known as the Godfather of US welfare restructuring, said at the time "You can't do welfare reform on the cheap."

From 1996 to 2000, the welfare caseload dropped by 53 per cent, but studies show welfare reform only accounted for 15-25 per cent of the shift from welfare to the workforce. A booming US economy accounted for the majority of the shift, according to *A Bad Time to be Poor*, an analysis of BC's new welfare reforms.

Now that some families have exhausted their five-year limit, it is unclear what the consequences are of the limits expiring coupled with a stalled US economy.

Unlike the US reforms, the BC welfare reforms introduced in April 2002 are primarily about saving money – \$609 million over three years, a 30 per cent cut. The savings are to be achieved through cuts to benefits and a tightening of eligibility rules, as well as the closing of 36 welfare offices and laying off 459 staff.

The major elements of the BC reforms are:

- Limiting 'employable' welfare recipients to 2-years of support during any 5-year period
- New applicants must show 2 consecutive years of financial independence
- Stricter definitions of disability; no "permanent" category
- Cuts to support programs and end to supplemental earnings.

The BC reforms signal a fundamental shift in Canadian social policy – the denial of welfare as a basic right when a person/family is in need. While BC adopted the 'sticks' of US policy, it hasn't integrated the support measures — enhanced child care, transportation subsidies, training and educational opportunities, earning exemptions — that help welfare recipients make the transition to paid work.

FACT

Of the 142,200 people who left welfare in Alberta in the past decade, it's estimated one third of them, or about 47,000 people, registered significant declines in income

1

ESPC, the Market Basket Measure and welfare

by Nicola Fairbrother, Executive Director, ESPC

Over the last few months, ESPC’s fact sheets, newsletters and media releases have encouraged use of the Market Basket Measure (MBM) thresholds in setting income support rates for welfare clients in Alberta. This position posed a significant challenge for the team at ESPC. Being a new measure, the MBM is essentially untested and we don’t know what impact it will have over time. The MBM was not designed for determining eligibility for government services and it is only one measure used in Canada to identify low income. However, we are still advocating its use in determining Alberta’s income support rates.

The MBM differs from the other measures of low income such as the Low Income Cut Offs (LICO) and the Low Income Measures in that it is an absolute measure. The MBM’s ‘basket of goods’ reflects the actual costs of items and services that Canadians need for a basic lifestyle, and the thresholds account for regional differences in the cost of living (e.g. Vermillion vs. Fort McMurray).

When work began on the MBM in 1997, with input and advice from each of the provinces, social justice groups were nervous. We were fearful that the basket might be so short of items that poverty could be redefined out of existence. This nervousness sprang from the knowledge that the provinces had often criticized the LICOs as being too high. With the release in May 2003 of the first MBM data for the year 2000, there was an initial sigh of relief; the thresholds ended up being close to or even higher than some of the (after tax) LICO numbers. However there are still some concerns about this tool:

- **Inequity:** Using the MBM limits our financial obligation to poor people to a basic basket of goods never requiring that we compare the ‘basket’ against what other Canadians have.
- **Exclusion:** The tool is designed to be sensitive to changes in consumption opportunities for people with low income, not to what your average Canadian is consuming

- **No track record:** Years of LICO are available and can be used to track changes in the economic cycles. We don’t yet know if the MBM will help us understand such trends. For example when comparing MBM threshold figures to LICOs for the year 2000, are the figures similar because of the impact of social policies, the state of provincial economies or methodological coincidence? We don’t know the answers because we only have one year of data.

These are significant concerns. So why is ESPC persisting

Comparing Low Income Measures

Low-Income Cut Offs (LICO)	Low Income Measure (LIM)	Market Basket Measure (MBM)
Households which spend 20% more than the average household spends on the essentials: food, clothing, shelter	One-half of the median Canadian family income	The actual cost of a particular basket of goods and services in specific communities

in proposing that the MBM be used more concretely in determining social policy? Here’s why:

- **Pragmatism:** The MBM is reflective of actual costs, and the current welfare rates are not. People need enough money to live on, and the MBM would allow rates to reflect the cost of basic goods across regions.
- **Politics:** Over the last ten years when LICO was essentially the only measure, we saw no meaningful increases in the welfare rates. Perhaps voters will acknowledge welfare rates are too low if they understand what it actually costs for the average Albertan to live.
- **Participation:** The MBM thresholds are easier to understand than other low-income measures and for people to participate they need a tool they can understand and critique. The MBM is a measurement tool that people could use to hold government accountable for its social income and economic policies. (i.e. taxation and minimum wage)

continued on page 3

The impact of welfare reform on those who left

by John Pater, Communications Coordinator, ESPC

In our last *fACTivist* (Summer 2003) we cited some challenging statistics about the large decline in the number of people on welfare in Alberta over the last ten years – from 196,000 in 1993 to 53,800 in 2002 (there was a significant national decline as well, from 3 million in 1993 to 1.8 million last year). Those numbers might seem to support the approach taken in Alberta over this time to drastically cut back on welfare benefits and re-focus welfare as a job oriented support program. And while some credit may need to be given to the welfare reforms of the past decade, those statistics should not automatically lead to an assumption that all is well on the welfare front.

If anything those numbers should provoke this further question: what happened to all those people who used to be on welfare? Did all those people get jobs and move on to happy, successful, self-sufficient, independent lives?

At least an initial answer is coming from a research paper – *Life After Welfare: The Economic Well Being of Welfare Leavers in Canada during the 1990s* – released earlier this

year by Statistics Canada (download available at www.statcan.ca). The study reports a phenomenon that it says occurred in every province to varying degrees:

- 1) On average, welfare leavers saw their family income rise substantially and were less likely to be in low-income families.
- 2) However, family income declined (sometimes substantially) for about one third of welfare leavers.

Welfare Leavers Tier of Change	Family Disposable Income (\$1999) Alberta		
	On Welfare	Off Welfare	Change
Top	\$11,200	\$30,100	\$18,900
Middle	\$13,800	\$16,400	\$2,600
Bottom	\$15,600	\$5,000	-\$10,600

This study has detailed charts and data which show the economic prospects for the top, middle and bottom thirds of welfare leavers in each province. The study notes that despite the favourable economic conditions in Alberta during the 1990s, the bottom third of welfare leavers in this province registered above average declines in income and the middle third barely rose above what they received while on welfare; only the top third were fairly successful in taking advantage of the healthy economic climate.

The study concludes by suggesting that the data calls into question the idea that people leave welfare to pursue better paying jobs. For the bottom third, and maybe even for the middle third of welfare leavers, this is clearly not the case. The study’s authors are also left at a loss as to how the bottom third of welfare leavers can survive on so little income.

Let’s apply this study’s data to the Alberta statistics in trying to answer our question about what happened to those 142,200 people who left welfare in the last decade. According to this study about one third of them are doing fairly well, the middle third are breaking even, but the bottom third — a total of over 47,000 Albertans — are doing without social assistance and are likely experiencing extreme depths of poverty.

ESPC advocates use of MBM

continued from page 2

What is truly needed is for Canadians, not just policy-makers, to have a conversation about what we will accept in terms of the plight of our fellow citizens. There will be no perfect tool to measure poverty because poverty is about more than just dollars. The MBM gives us some further figures to quantify low income, but in the end how we measure poverty in Canada cannot be summed up by dollars alone. It is measured against the lost potential of children and adults whose lives are impacted by deprivation, social isolation and loss.

So for now we at ESPC have taken the practical route and we will continue to pressure the Alberta government to use the MBM, the measure of low income they asked for, to set welfare rates. That being said, our long-term position demands that ESPC also promote discussion and debate about a broader societal commitment to equality and social inclusion.

Poor is poor: the effect of welfare reform on children's health and development

by Deanna Williamson, Associate Professor, Human Ecology, University of Alberta

Welfare reform has been a key focus of poverty-related policies in Canada during the past decade. The welfare reform trend has been characterized by initiatives, commonly referred to as welfare-to-work, that pressure social assistance recipients into the labour market often by requiring them to find jobs or participate in employment-related activities such as life skills or job training in exchange for income support. In Alberta parents are required to begin their transition from social assistance to the labour market once their youngest child is six months of age.

Since welfare reforms began in the mid-1990s, young impoverished children have experienced a different type of poverty, one in which their families are more likely to secure income from the labour market than from social assistance, but they still live in poverty. Between 1994 and 1998 the percentage of impoverished Canadian children less than five years of age who lived in families that secured income from the labour market during the previous 12 months without any income from social assistance increased from 42 to 49 per cent. These children have also seen their

primary caregivers engaged in employment or welfare-to-work activities in addition to their caregiving roles as parents.

A group of my colleagues from the University of Alberta (Janet Fast, Jerry Kachur, Nicole Letourneau, Fiona Salkie, and Kim Raine) and I have been studying the implications that these changes have for the health and development of pre-school children in poverty.

We've been analyzing nationally

regardless of their family income source, children in poverty have lower levels of health and are more at risk of developmental delays than non-poor children

representative data from the National Longitudinal Survey on Children and Youth (NLSCY) as well as data collected from 98 young impoverished families in Edmonton. We have examined several measures of pre-school children's health and development to see whether impoverished children's outcomes differ by their family source of income (employment only, social assistance only, and mixed income) and/or their mothers' main activity (i.e., employment, welfare-to-work activities, home full-time).

Study of the health and development outcomes of poor children looked at the following family activities

Source of family income	Mother's main activity
Employment only	Employment
Social assistance only	Welfare to Work
Mixed income	Home full-time

Our analyses of data from the Edmonton sample indicate little difference among impoverished children in relation to their family income source – and no differences in relation to their mother's main activity. The behavioural and cognitive development, as well as parent-reported health, injuries, and allergies of pre-school children did not differ by family income source.

The only difference we did find is that children in families whose only income source was social

assistance were more likely than their peers whose families secured at least part of their income from employment to have a chronic health condition, the most common of which was asthma. 48 percent of children in families receiving social assistance had a chronic health condition, compared to 32 per cent of those in families with mixed income sources and only 14 per cent of those in families with labour market sources of income.

continued on page 5

Welfare-to-work doesn't improve well-being of children: study

continued from page 4

Overall, our findings fail to provide adequate evidence that impoverished children fare better if their parents are working for pay or engaged in welfare-to-work programs. Because our findings are from one-point-in-time analyses, causal conclusions cannot be drawn with confidence. As a result, the findings can also be interpreted to mean that it doesn't do impoverished children any harm if their parents are mandated to get a job or participate in welfare-to-work programs.

But, even if the findings are interpreted in this way, some of our other findings indicate that mandatory welfare-to-work initiatives have done little to improve the well-being of young impoverished Canadian children in relation to their non-poor peers. Our national-level analyses provide consistent evidence that mandatory welfare-

to-work initiatives have not reduced the gap between poor and non-poor young children – in terms of health and development.

Both before and after the implementation of mandatory welfare-to-work initiatives across Canada in the mid-1990s, children in poverty, regardless of their family income source had lower levels of health and were more at risk of developmental delays than non-poor children. In sum, it seems that, for the most part, welfare reform has not improved the lives of young impoverished children in Canada. Until welfare-to-work initiatives, as well as other social and economic policies, lead to significant reductions in the rate and depth of poverty, it is unlikely that the health and development – and consequent life chances – of Canadian children in poverty will improve much, if at all.

New welfare act consistent with welfare reform movement

The Income and Employment Supports Act (IESA), also known as Bill 32, is the new Alberta government legislation that combines welfare and employment training programs into one government service.

Several current programs including Supports for Independence (SFI), Widow's Pension, and the Skills Development Program are being rolled into this new unified program.

Alberta Human Resources and Employment (AHRE) says the changes are a result of the Low Income Review process that was completed two years ago.

In the new program there are three categories of people eligible for benefits: Expected to Work; Not Expected to Work; Learners.

The benefits that people can receive will vary depending on the category they are placed in, the number of children and adults living in the family, and the size of the community they live in.

The legislation was passed this spring. It is scheduled to come into effect in January 2004. A spokesperson for AHRE has been quoted as saying that new welfare rates will be announced around the time the new legislation comes into effect.

Policy changes that could provide immediate relief for low income people

from the National Council of Welfare's Welfare-to-Work roundtable, June 2002

- end the clawback of federal child benefits
- provide basic maternity support for all mothers and newborns
- build a national child care program for all families
- develop training and bridging programs for new and re-entrants into the labour market
- allow welfare recipients to maintain and develop assets

Human rights ruling suggests change needed in welfare shelter allowance

by John Pater, Communications Coordinator, ESPC Rights, Citizenship and Multiculturalism Act.

Should people on social assistance who live with relatives be denied shelter allowance? That was the question facing the Alberta Human Rights and Citizenship Commission.

According to Commission documents, the issue goes back to 2001, when an individual, Dennis Weller, went on social assistance for several months. During that time he lived with his mother. He was given partial assistance but was denied shelter costs because he lived with a blood relative. He appealed that decision to the Citizens Appeal Panel and was turned down there as well.

The Human Resources and Appeal officials said they were bound by law to apply a section of the Social Allowance Regulation which states: “no shelter allowance is payable to an individual adult applicant or recipient who is living with an adult who is related to that person by blood, adoption or marriage.” Weller then made a formal complaint to the Human Rights Commission.

On August 28, 2003, a non-binding ruling was made by an officer of the Commission. Essentially, the ruling sided with Weller and against AHRE saying that the regulation is “contrary” to the Alberta Human

In that Act it is stipulated that people can't be denied “goods, services, accommodation or facilities that are customarily available to the public” nor can people be discriminated against for access to those items because of the “race, religious beliefs, colour, gender, physical disability, mental disability, ancestry, place of origin, marital status, source of income or family status of that person.”

The Human Rights Officer ruled that the shelter allowance section of the Alberta Social Allowance Regulation does treat people differently on the basis of being related to others by blood, adoption or marriage and thus contravenes the Human Rights Act.

Alberta Human Resources and Employment was ordered to remedy the situation by paying Weller the shelter allowance he was denied (about \$840) plus pay \$1500 in damages for injury to dignity and self-respect. Further, the department was told to “cease and desist” from applying that particular shelter allowance regulation in the future.

So far the government has not acted to remedy the situation nor to comply with the “cease and desist” order. It is a non-binding ruling, so the government is not legally bound to comply.

An “activist agenda” for government?

“The (federal) government must live up to its repeated pledges to adopt an “activist agenda,” to end child poverty and to provide help for the less privileged. Past excuses for not investing effectively in these goals – that we lack sufficient funds, have other more urgent priorities - are no longer valid in the eyes of most Canadians. They repeatedly rank social issues and poverty reduction near the top of the priority list for immediate action with tax reduction deemed a far lower priority, (*see Maclean's poll, December, 2002*).”

Canadian Council on Social Development: Brief to House of Commons Standing Committee on Finance, September 24, 2003

ESPC moves into the principal's office

by Wanda Dennelly, President of the Board, ESPC

One of the concrete steps the Edmonton Social Planning Council is taking in embracing its future role and direction is by moving into one of the communities we serve, bringing us that much closer to the heart of our mission and vision.

After 15 years in our 4th floor downtown office location, the ESPC is moving to the former Sacred Heart School in the McCauley neighbourhood. (And yes we get the principal's office and what used to be the school's general office!)

We're moving there as the coordinating tenant of a new collective of non-profit, community and ethnic groups. Joining us in the move are our present office-mates, the Northern Alberta Alliance on Race Relations and the Alberta Community Crime Prevention Association. Also part of our new cooperative venture are: Action for Healthy Communities, McCauley Community League, Boyle McCauley News, Centre for Eritrean Culture and Sports, and the Edmonton Mennonite Centre for Newcomers.

Feel free to drop in and visit us in our new home as of November 15, 2003, at 9624-108 Avenue. And if you have some time to pack/unpack a few boxes, join us as we begin this next phase of our growth and development.

ESPC's legal clinic moves as well

The Edmonton Centre for Equal Justice (ECEJ), a project of ESPC for two years now, moved to larger quarters this summer. Previously housed a floor above

ESPC in the 106th Street office building, ECEJ has now moved down the street to the 9th floor of the Baker Centre, a half block from Jasper Avenue. The work load and number of clients for the Centre's six staff had increased to the point that larger office space was required. ECEJ offers free legal services for people with low income, with an emphasis on civil matters such as housing and social assistance.

Seen on the web

ESPC's recent fact sheets as well as our submission to the Alberta government on the regulations for the new Income and Employment Supports Act were linked on a respected social research web page recently. The Canadian Social Research Links web page — <http://www.canadiansocialresearch.net/> — linked to material on our web page in the "what's new on this site" section for a couple of weeks this fall and our material continues to be present in the "Alberta" section and the "poverty measures" section. The coordinator of the CRSL web page wrote us recently and wished us well in our "ongoing advocacy efforts on behalf of the most disadvantaged Albertans!" The CSRL web page has a wealth of material on Canadian social programs, with a focus on welfare.

Factoid (bottom of each page) sources

Page 1 — Statistics Canada study (calculation)
 Page 2 — Human Resources and Development Canada
 Page 3 — independent Edmonton survey (1999, ESPC)
 Page 4 — Nat. Long. Survey on Children and Youth
 Page 5 — Campaign 2000
 Page 6 — MBM (calculation)
 Page 7 — Alberta Urban Municipalities Association
 Page 8 — National Council of Welfare (calculation)



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Vision Statement

A community where all people have a commitment to social justice and shared responsibility as the foundation for community well-being.

Mission Statement

Responding to the changing political and social environment, the ESPC will:
• identify trends and emerging social issues
• create opportunities to debate and address social issues
• initiate and support community action through research, coordination and advocacy

Join us! Membership has its privileges!

- Receive our newsletter, the fACTivist
20% discount on ESPC publications
Keep informed about upcoming events and current issues
Stay updated about our work
Enjoy the Annual Seasonal Open House
Vote at the Annual General meeting
Serve as a member of the Board of Directors
Attend Council Board meetings (as non-voting member)

Annual Membership Fees:

Table with 4 columns: Organization, Associate*, Limited Income, Family, Individual, Student. Fees range from \$5 to \$45.

* Associate members do not receive a vote or discount

Membership Application:

Name
Organization
Position
Address
City/Town and Postal Code
Phone Number with Area Code
Fax Number with Area Code
E-mail address

Please send completed form with a cheque or money order payable to:

Edmonton Social Planning Council

Membership form and details also available on our web page at www.edmspc.com

Donations welcome, may include with cheque or money order for membership

Recent ESPC Fact Sheets available on-line:

- Welfare and the Market Basket Measure
Income and Employment Supports Act
National Child Benefit & Alberta
Market Basket Measure

Come visit us on-line any-time at www.edmspc.com



The fACTivist is published by the Edmonton Social Planning Council



The Edmonton Social Planning Council is a member agency of the United Way of the Alberta Capital Region