

1990
April

SOCIAL ALLOWANCE COMPARISONS:
POVERTY, INCOME ELIGIBILITY, AND EARNING EXEMPTIONS.

APRIL 1990.

KAREN POTTS (B.S.W. Student)
for THE WORKING POOR COMMITTEE (ISAC).

M.L.A. SALARY AND ALLOWANCES 1980-89

SOURCE: LEGISLATIVE LIBRARY, EDMONTON ALBERTA, FEBRUARY 1990

	SALARY. CHG.		ALLOW. CHG.		TOTAL CHG.		CPI	CHG.
1980	\$21000	--	\$6176	--	\$27176	--	88.9	--
1981	\$22050	5%	\$6485	5%	\$28535	5%	100.0	12%
1982	\$23153	5%	\$6809	5%	\$29962	5%	110.8	11%
1983	\$24310	5%	\$7150	5%	\$31460	5%	117.2	6%
1984	\$24310	0%	\$7150	0%	\$31460	0%	120.4	3%
1985	\$24310	0%	\$7150	0%	\$31460	0%	124.2	3%
1986	\$25526	5%	\$7508	5%	\$33034	5%	128.3	3%
1987	\$28143	10%	\$7508	0%	\$35651	8%	133.7	4%
1988	\$29548	5%	\$7883	5%	\$37431	5%	137.3	3%
1989	\$38335	30%	\$19170	43%	\$57505	54%	142.7	4%
1980-89		8.3%		210%		112%		61%

ALBERTA MONTHLY SOCIAL ALLOWANCE 1980-89 TRENDS*

SOURCE: Alberta Regulations under the Social Development Act 1980-89

	SINGLE ADULT			ONE-PARENT			TWO-PARENT		
	basic	+shelt. [^]	=total	basic	+shelt.	=total	basic	+shelt.	=total
1980	114	260	\$374	293	440	\$773	405	475	\$880
1981	125	315	\$440	327	480	\$807	450	505	\$955
1982	136	375	\$551	357	545	\$902	491	560	\$1051
1983	147	290	\$437	386	490	\$876	531	505	\$1036
1984	147	290	\$437	386	490	\$876	531	505	\$1036
1985	151	290	\$441	421	490	\$911	577	505	\$1082
1986	151	290	\$441	421	490	\$911	577	505	\$1082
1987	146	180	\$326	442	490	\$932	577	505	\$1082
1988	161	180	\$341	487	490	\$977	634	505	\$1139
1989	161	180	\$341	487	490	\$977	634	505	\$1139
1980-89			- 9%			+ 26%			+29%
minus CPI (all items)			- 61%			- 61%			- 61%

REAL DECADE

% CHANGE - 70% - 35% -32%

- * - SINGLE ADULT - refers to a single employable on short term assistance
- ONE PARENT - refers to a single parent with two children aged 9 and 15, on long-term assistance
- TWO PARENT - refers to two parents with two children aged 9 and 15, on long term assistance.
- [^] - shelter rates given in this column are the maximum allowed.
- these totals do not include optional items like bus pass, telephone, etc.
- "basic" includes the food, clothing, and personal allowances.

POVERTY LINES (POPULATION OF 500,000 OR MORE) 1980-89

SOURCE: National Council of Welfare, Canada.

	<u>SINGLE PERSON</u>	<u>FAMILY OF THREE</u>	<u>FAMILY OF FOUR</u>
1980	\$ 7152	\$ 12 622	\$ 14 545
1981	\$ 8045	\$ 14 198	\$ 16 361
1982	\$ 8914	\$ 15 732	\$ 18 129
1983	\$ 9429	\$ 16 641	\$ 19 176
1984	\$ 9844	\$ 17 373	\$ 20 020
1985	\$ 10 238	\$ 18 068	\$ 20 821
1986	\$ 10 673	\$ 18 836	\$ 21 705
1987	\$ 11 079	\$ 19 554	\$ 22 532
1988	\$ 11 564	\$ 20 411	\$ 23 521
1989	\$ 12 037	\$ 21 245	\$ 24 481

WORK HOURS/WEEK AT MINIMUM WAGE TO REACH THE POVERTY LINE 1980-89*

SOURCE: National Council of Welfare, Alberta Employment Standards Code

	<u>SINGLE PERSON</u>	<u>ONE PARENT/ TWO KIDS</u>	<u>TWO PARENT/ TWO KIDS</u>
1980	36	64	74
1981	41	72	83
1982	45	80	92
1983	48	84	97
1984	50	88	101
1985	52	91	105
1986	54	95	110
1987	56	99	114
1988	59	103	119
1989	51	91	105

% INCREASE IN WORK

HOURS TO STAY AT THE

POVERTY LINE + 42 % + 42 % + 42 %

* - total hours of work that the household must produce in order to stay on the poverty line.

AVERAGE EARNINGS 1980-89 OF:
ALBERTA EMPLOYEES VS. CANADA

SOURCE: Alberta Statistical Review 1983 and 1989

	ALBERTA			CANADA	
	weekly	month	(min.wg./month)*	weekly	monthly
1980	\$342	\$1482	\$659	\$317	\$1374
1981	\$390	\$1690	\$659	\$355	\$1538
1982	\$435	\$1885	\$659	\$390	\$1690
1983	\$429	\$1859	\$659	\$405	\$1755
1984	\$439	\$1902	\$659	\$405	\$1755
1985	\$445	\$1928	\$659	\$419	\$1816
1986	\$449	\$1946	\$659	\$431	\$1868
1987	\$450	\$1950	\$659	\$443	\$1920
1988	\$463	\$2006	\$659	\$463	\$2006 [^]
1989	\$480	\$2080	\$780	\$482	\$2089

1980- 89 + 40% + 18%
 minus CPI - 61% - 61%

REAL DECADE

% CHANGE (Alberta) - 21% - 43%

* - based upon a 40 hour work week.

[^] - at this year the Canadian average earnings overtakes that of Alberta.

SOCIAL ALLOWANCE RECIPIENTS' EMPLOYMENT INCOME
EXEMPTIONS AND THE "TAX BACK" EFFECT 1980-89*

SOURCE: Maximum Social Allowance Earning Exemption Schedule, Alberta Income Security Programs Manual. 1980-89.

	CEILING OF EMPLOYMENT INCOME WITH NO "TAX BACK"	CEILING OF EMPLOYMENT INCOME WITH 90% "TAX BACK"
1980	\$0 - 50	\$200 +
1981	\$0 - 75	\$251 +
1982	\$0 - 85	\$276 +
1983	\$0 - 115	\$306 +
1984	\$0 - 115	\$306 +
1985	\$0 - 115	\$306 +
1986	\$0 - 115	\$306 +
1987	\$0 - 115	\$306 +
1988	\$0 - 115	\$306 +
1989	\$0 - 115	\$306 +

* - Example statement: in 1989 a social allow. recipient could earn \$115 and keep all of it as extra income, but when this amount exceeds \$306, 90% is subtracted from the recipient's cheque.

- Therefore there is a \$191 difference between tax brackets 0 - 90% for allowance recipients.

- The amount allowed does not vary regardless of family size.

- Additional Note: Canada federal tax brackets are:

17% for 0 - \$27803 ; 26% for \$27803 - \$55605 ; 28% for \$55605 and up.

Alberta tax is 46.5% of the amount of federal tax owing, regardless of income bracket.

**MAXIMUM MONTHLY EARNINGS FOR SOCIAL ALLOWANCE
ELIGIBILITY: ALBERTA 1980-89**

SOURCE: Alberta Regulations and National Council of Welfare Poverty Lines

	<u>SINGLE ADULT</u>			<u>ONE-PARENT</u>			<u>TWO-PARENT</u>		
	max. earn.	pov. line	% under pov.	max. earn.	pov. line	% under pov.	max. earn.	pov. line	% under pov.
1980	\$373	\$596	37%	\$772	\$1052	27%	\$879	\$1212	27%
1981	\$439	\$670	34%	\$806	\$1183	32%	\$954	\$1363	31%
1982	\$550	\$742	26%	\$901	\$1311	31%	\$1050	\$1511	31%
1983	\$436	\$786	45%	\$875	\$1387	37%	\$1035	\$1598	35%
1984	\$436	\$820	47%	\$875	\$1448	40%	\$1035	\$1668	38%
1985	\$440	\$853	48%	\$910	\$1506	40%	\$1081	\$1735	38%
1986	\$440	\$889	51%	\$910	\$1570	42%	\$1081	\$1809	40%
1987	\$325	\$923	65%	\$931	\$1630	43%	\$1081	\$1877	42%
1988	\$340	\$964	65%	\$976	\$1701	43%	\$1138	\$1960	42%
1989	\$340	\$1003	66%	\$976	\$1770	45%	\$1138	\$2040	44%

- maximum earnings - is the max. income a person may have and still be eligible for a social allowance supplement (\$1) and benefits

- the poverty line - is the National Council of Welfare's poverty lines for cities of 500,000 population turned into monthly figures

- % under pov. - refers to the percentage of income below the poverty line that a person must be at or below to be eligible for social allowance

MAXIMUM MONTHLY INCOMES FOR ALBERTA SOCIAL ALLOWANCE RECIPIENTS 1980-89*

SOURCE: Maximum Social Allowance Earning Exemption Schedule, Income Security Programs Manual, 1980-89.

	<u>SINGLE</u>		<u>SINGLE-PARENT</u>		<u>TWO-PARENT</u>	
	Max.Inc.	SALL+Exmpt.	Max.Inc.	SALL+Exmpt.	Max.Inc.	SALL+Exmpt.
1980	\$504	= \$373 + 131	\$947	= \$772 + 175	\$1066	= \$879 + 187
1981	\$614	= \$439 + 175	\$1020	= \$806 + 215	\$1185	= \$954 + 232
1982	\$751	= \$550 + 201	\$1141	= \$901 + 240	\$1305	= \$1050 + 256
1983	\$654	= \$436 + 218	\$1142	= \$876 + 267	\$1320	= \$1035 + 285
1984	\$654	= \$436 + 218	\$1142	= \$876 + 267	\$1320	= \$1035 + 285
1985	\$658	= \$440 + 219	\$1181	= \$911 + 271	\$1371	= \$1081 + 290
1986	\$558	= \$440 + 219	\$1181	= \$911 + 271	\$1371	= \$1081 + 290
1987	\$531	= \$325 + 206	\$1204	= \$931 + 273	\$1371	= \$1081 + 290
1988	\$548	= \$340 + 208	\$1254	= \$976 + 278	\$1434	= \$1138 + 296
1989	\$548	= \$340 + 208	\$1254	= \$976 + 278	\$1434	= \$1138 + 296

1980-89

% increase	+9%	-9%	+59%	+32%	+26%	+59%	+35%	+29%	+58%
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minus CPI	-61%	-61%	-61%	-61%	-61%	-61%	-61%	-61%	-61%
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REAL DECADE

% CHANGE	-52%	-70%	-2%	-29%	-35%	-2%	-26%	-32%	-2%
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* - Single - refers to a single adult, employable.

- Single parent - refers to a one parent family with two children.

- Two parent - refers to two parents with two children.

- SALL - refers to the income each household unit would receive per month including the maximum allowed for shelter, the clothing allowance, the food allowance, and the personal allowance.

- Max.Inc. - refers to the maximum income per month a recipient can earn, including social allowance plus wages from working and stay on social allowance with its benefits. For example, in 1989 if a single person earned any more than \$548, they would be cut off social allowance benefits.

- Inc.Exmpt - refers to the additional income that a household is allowed to have to top up their social allowance payments. this amount represents the "notch" problem in social allowance. For example, in 1989 a single person would have to earn \$208 or less to qualify for assistance, but once on social allowance, they can earn \$548 and maintain the extra benefits.

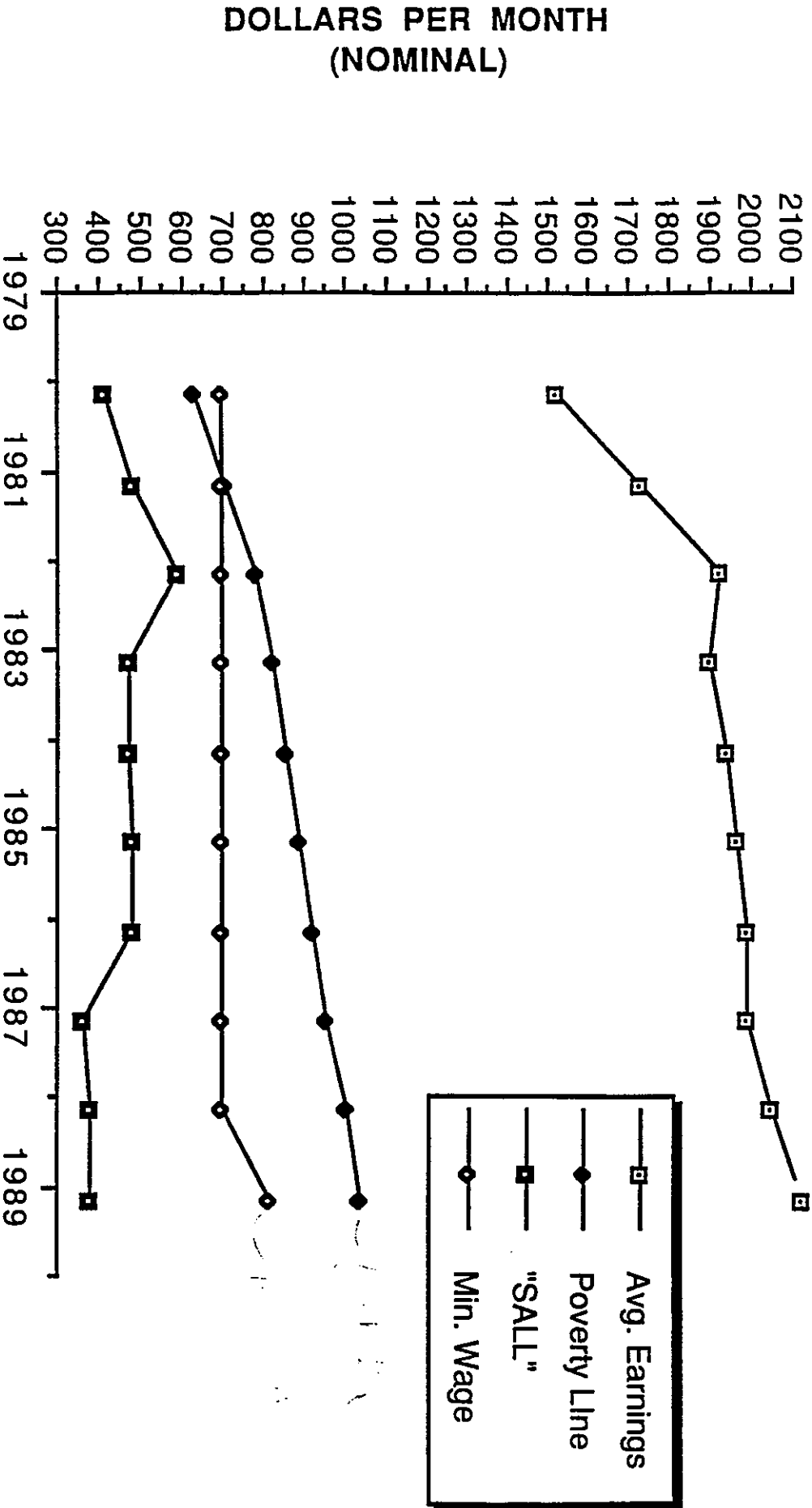
- Additional Notes:

- in 1989, a single person on social allowance, could work 28 hrs/wk at min.wg.to increase their income by 61% (to \$548, the maximum income permitted on social allowance).

- in 1989, a single parent with two children on social allowance, could work 64 hrs/wk at min.wg. to increase their income by 28% (to \$1254 per month, the maximum income permitted).

- in 1989, a two parent family with two children on social allowance, could work 73 hrs at min.wg to increase their income by 26% (to \$1434 per month, the maximum income permitted).

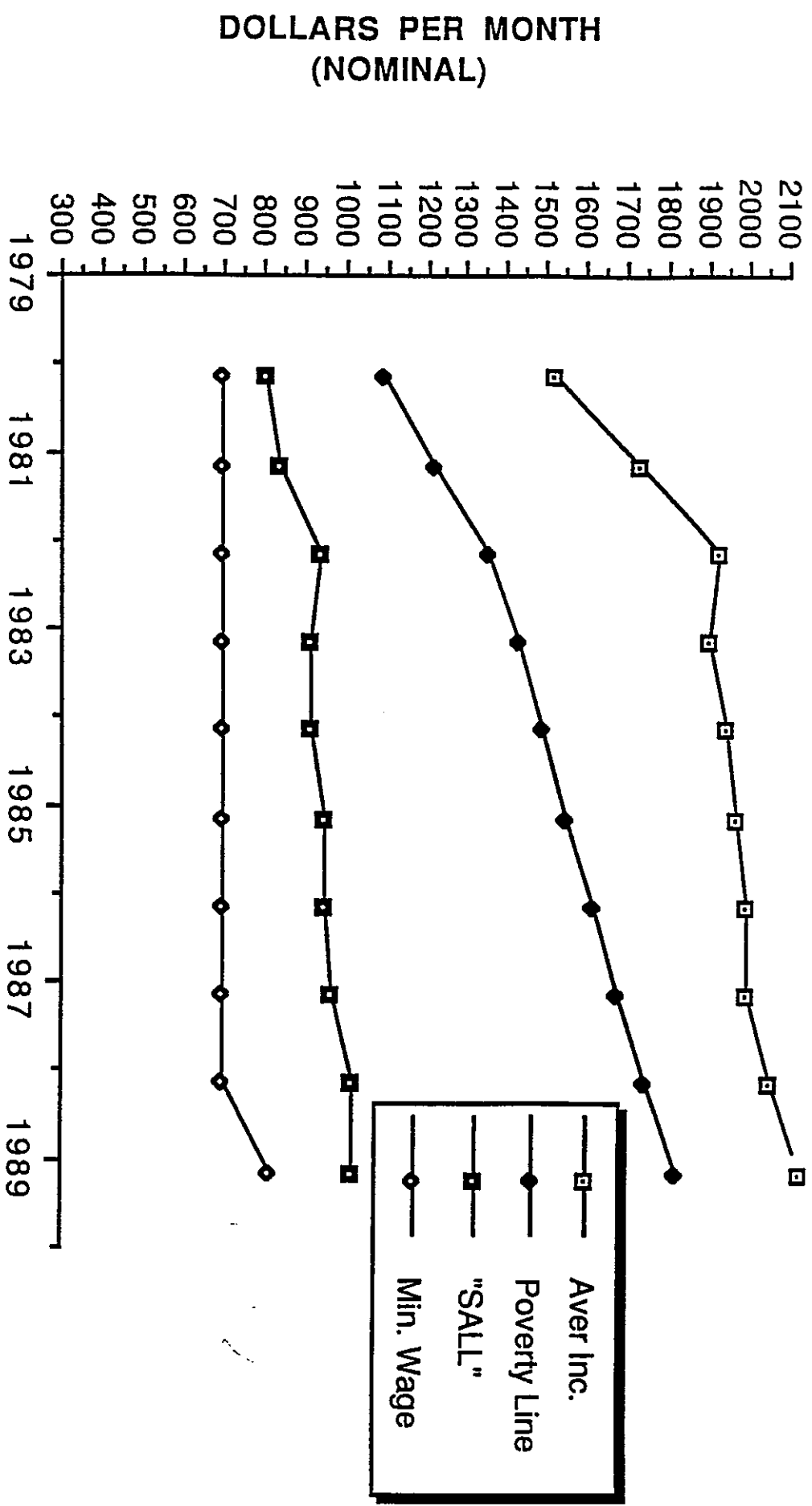
SINGLE PERSON: 1980-89



YEARS

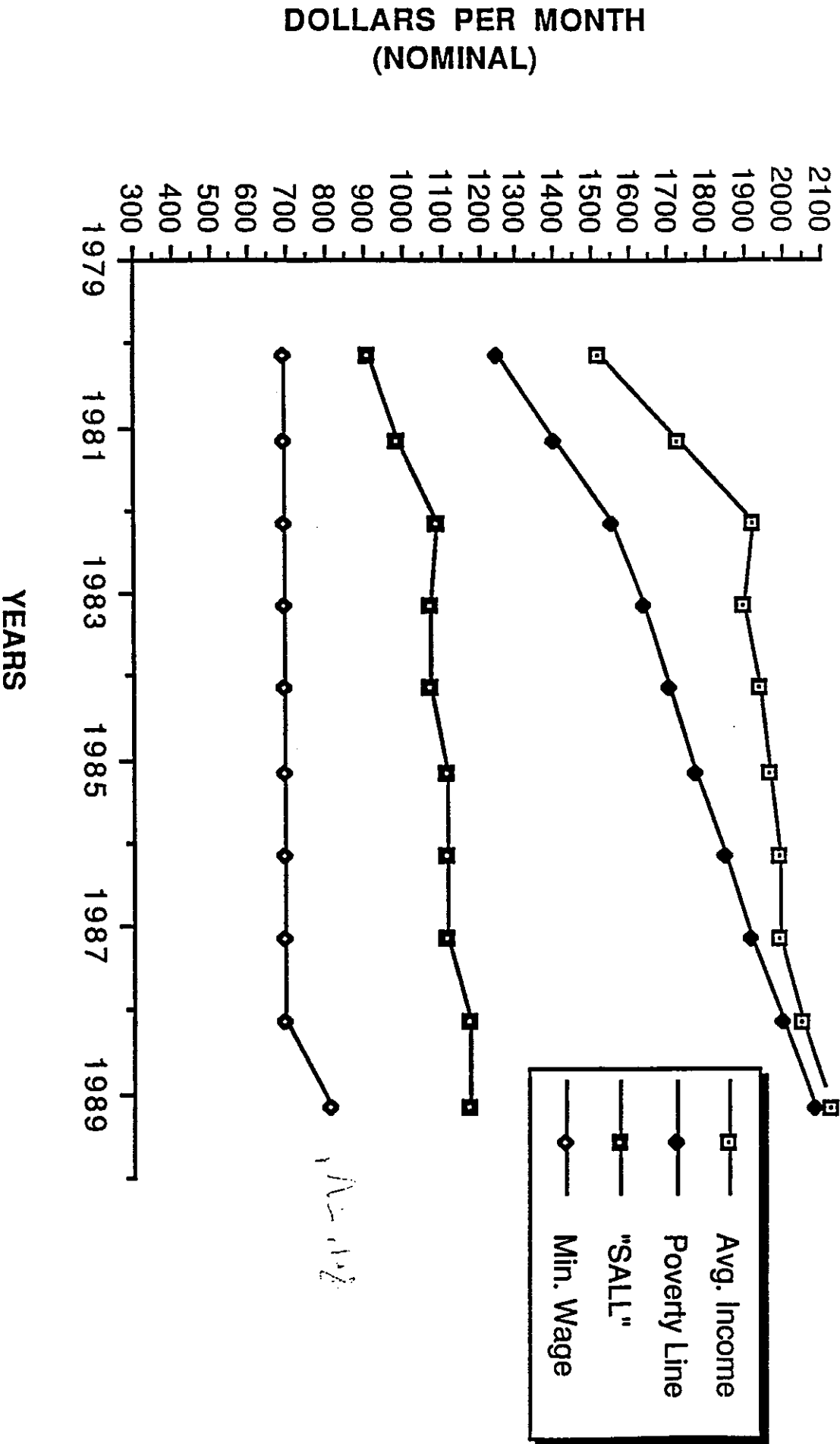
KAREN POTTS - ESPC (APRIL 1990)

SINGLE PARENT and 2 CHILDREN: 1980-89



KAREN POTTS - ESPC (APRIL 1990)

FAMILY OF FOUR 1980-89



KAREN POTTS - ESPC (APRIL 1990)

TABLE 3

TOTAL (FEDERAL AND PROVINCIAL) INCOME TAXES,
TWO-EARNER COUPLES WITH TWO CHILDREN,
CONSTANT (1989) DOLLARS, 1984-1991

	<u>Working Poor</u>	<u>Middle Income</u>	<u>Upper Income</u>
1984	\$1,280	\$7,846	\$34,374
1988	1,844	8,643	32,333
1991	<u>2,050</u>	<u>9,212</u>	<u>32,168</u>
<u>Percentage Change</u>			
1984/88	44.1%	10.2%	-5.9%
1984/91	60.2	17.4	-6.4

Note: Taxes include refundable child tax credit.
One child is under age 6, one child over 6.
Working poor family earns \$24,000; middle-income family, \$49,000;
upper-income family, \$122,000.

National Council of Welfare
Social Spending: The Next Budget
April 1989,

SOCIAL ALLOWANCE 1980-89 TRENDS*

SOURCE: Alberta Regulations under the Social Development Act 1980-89

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REAL DECADE

% CHANGE	- 70%	- 28%	-32%
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MAXIMUM EARNINGS FOR SOCIAL ALLOWANCE ELIGIBILITY ALBERTA 1980-89

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1987	\$450	\$1950	\$659	\$443	\$1920
1988	\$463	\$2006	\$659	\$463	\$2006
1989	\$480	\$2080	\$780	\$482	\$2089
1980- 89		+ 29 %	+ 15%		
minus CPI		- 61%	- 61%		
REAL DECADE					
% CHANGE (Alberta)		- 32%	- 46%		

WORK HOURS AT MINIMUM WAGE TO REACH POVERTY LINE/WEEK 1980-89*

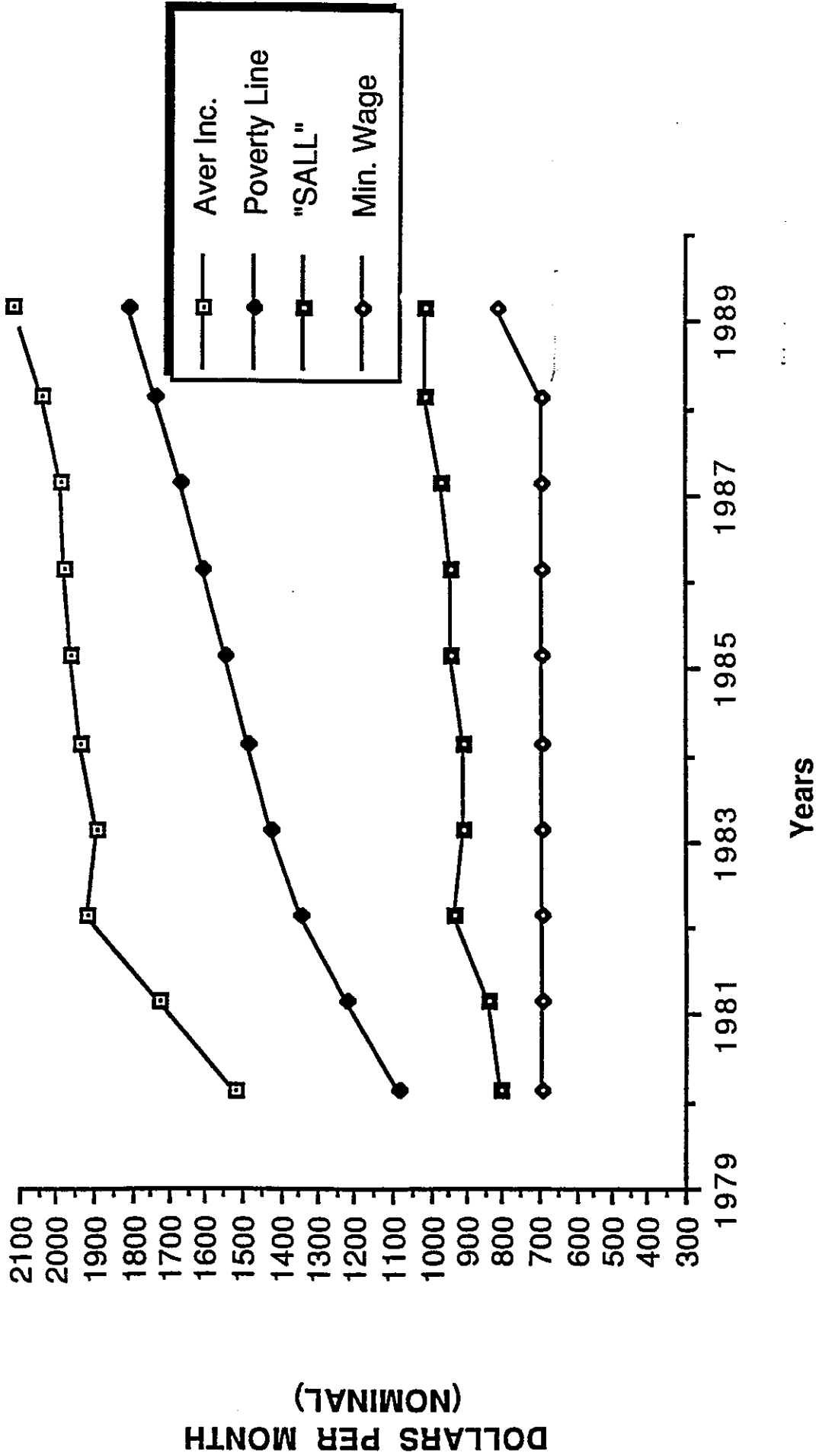
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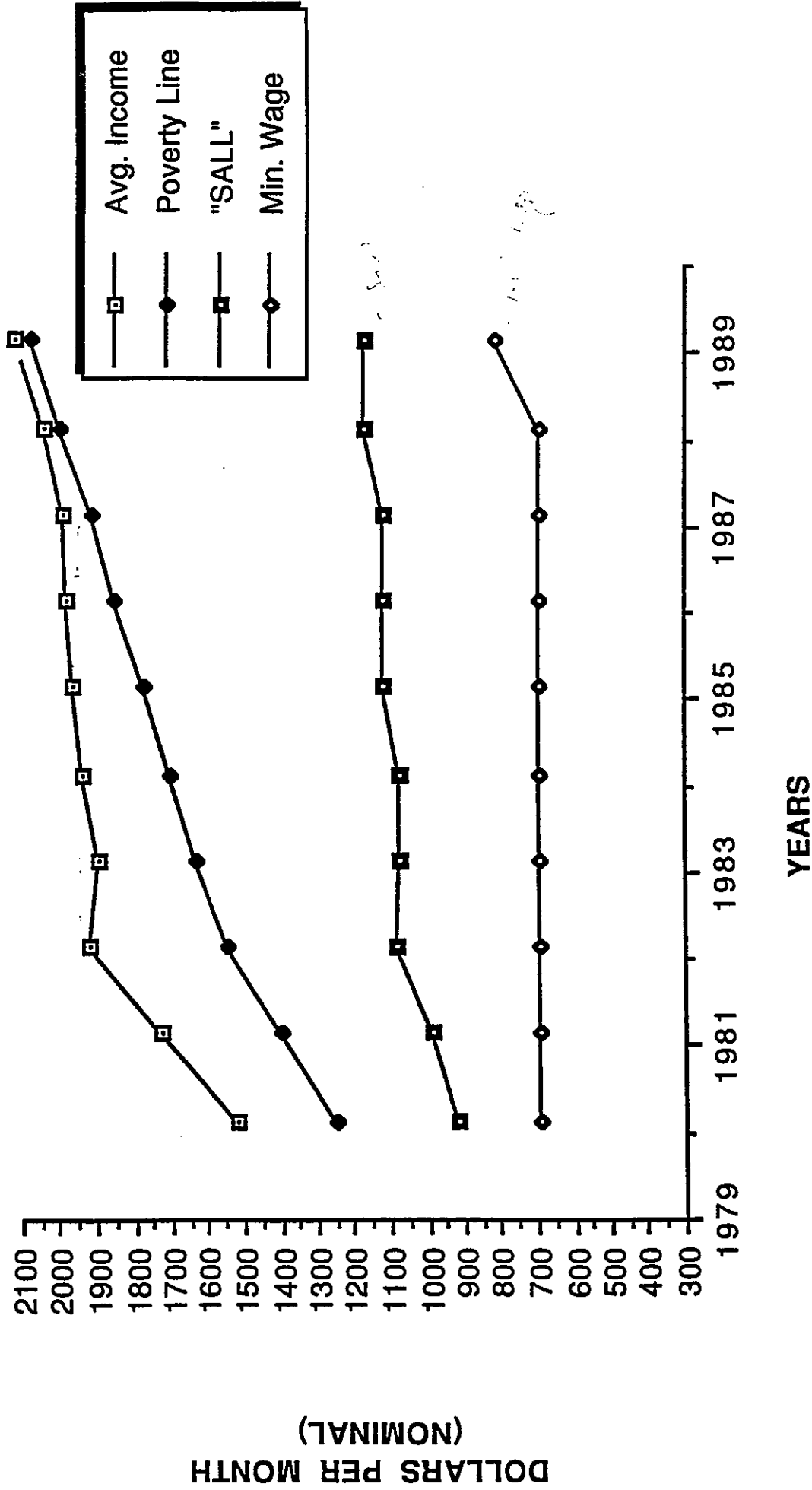
% INCREASE IN WORK
HOURS TO STAY AT THE
POVERTY LINE + 30 % +30 % +30 %

* - total hours of work that the household must produce in order to stay on the poverty line.

SINGLE PARENT FAMILY: 1980-89



TWO PARENT FAMILY: 1980-1989



SINGLE PERSON: 1980-89

