



“What Works When Works Doesn’t?”

Income Security Strategies
For Working-Age Adults

**Spring 2004
Project Report**

St. Christopher House is a United Way Member Agency
www.stchrishouse.org



St. Christopher House is a multi-service neighbourhood centre with a range of programs for all age groups. The 92 year-old agency has a longstanding commitment to integrating community development approaches with direct service delivery. The Mission Statement of St. Christopher House is to enable less-advantaged individuals, families and groups in the community gain greater control of their lives and within their community.

The Community Undertaking Social Policy (CUSP) Program at St. Chris links the “lived experience” of the 10,000 people who use the services of St. Christopher House every year to policy-making processes in order to improve public policy for low-income people.

Income Security Strategies for Working-Age Adults (ISSWAA) is a **CUSP** project which explores options for developing practical, responsive and modern strategies for income security for working-age people in Ontario and Canada.

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For more information contact Maureen Fair, Director of
Community Response and Advocacy: 416-504-3535 x233
maureenfa@stchrishouse.org

Income Security Strategies for Working-Age Adults (ISSWAA)

1. Initial problem statements: deepening poverty

Minimum wage has not kept pace with inflation. The minimum wage has recently been raised to \$7.15/hour in Ontario but if it recognized the cost of living since 1995, it would now be in excess of \$8.50 hour.

Employment Insurance has had record levels of surpluses while dramatically decreasing the number of Canadian workers covered.

From 1993 to 2003, provincial social assistance for non-disabled working-age adults has been cut by 21.6% (or 38% if one accounts for inflation over those 10 years).

The voting public has not protested the decline of these income security programs in any significant way. Now the cost of restoring income security levels of support is so high, no major political party is willing to champion restoring the levels of income support in these programs.

Consequently, it is necessary to look at an alternative way to reframe the problem for the general public and modernize the solutions for income security for working-age adults.

2. Process

The **ISSWAA** process to date has worked with a variety of communities in different forums to generate wider interest in this issue and to develop and test ideas for solutions. The process included:

- in-depth interviews with 24 policy experts, opinion-leaders and poverty activists to get a picture of the range of issues and current thinking about solutions. They were asked to reflect on the following four problems:
 - Problem 1: Low-income working age adults are falling behind in income security and in net wealth
 - Problem 2: Many low-income working-age adults cannot find stable employment nor can they accumulate enough assets to stay off welfare
 - Problem 3: Most social assistance recipients are dissatisfied with the income security system
 - Problem 4: The public is also dissatisfied with the income security system— especially welfare

- a series of workshops with over 150 diverse low-income working people and people who have had direct experience with Employment Insurance, Ontario Works and the Ontario Disability Support Program. These

workshops explored the range of issues faced by diverse low-income people vis-à-vis income security programs, the workforce and related factors such as childcare, eldercare, and extended health benefits

- 12 multi-stakeholder focus groups to encourage shared analysis. These groups ranged from 8 to 22 people and most had a good mix of policy experts, frontline social service agency staff, low-income people and interested community members at large. Groups discussed the advantages and disadvantages of each option, offered design suggestions and then chose priorities amongst the options. We used a “money vote” as a crude method to create the need for priority setting. We also had a vote by show of hands as an alternative method of indicating priorities.

More detail about the process is described in Appendix A.

3. Elaboration of problems

Throughout the ISSWAA process, listening to the diverse perspectives of opinion leaders, policy experts, frontline workers, activists and low-income people, we deepened our understanding about the problems of income security. Our problem statements can be re-articulated as the following.

- a. *Inadequacy of the current Ontario Works and Ontario Disability Support Program:*
 - income from these social assistance programs is not enough for most people to live on, especially in urban centers with higher rents. Many people are subsisting with a heavy reliance on food banks
- b. *Problems in education and training have serious consequences for workers:*
 - young people who drop out or fail in school have extremely reduced chances of sustaining employment
 - there is some evidence that, generally, job training programs do not significantly improve the long-term employment of the trainees
 - with notable exceptions, many community members said that job training programs did not result in them finding stable jobs.

Community Voices: employment-training programs sponsored by Ontario Works are too short and too basic to be much help. Employment training programs sponsored by Employment Insurance tend to be better.

Community Voices: foreign-trained professionals do not have their education nor their experience recognized here. This is a waste of skill.

- c. *The relationship between welfare and work has become dysfunctional:*
- the baby boom is approaching retirement age and our birth rate continues to drop. The entry of the baby boom echo generation into the labour market will soon be over and immigration of low-wage workers has already started to wane. Canada needs working-age adults, low-skilled and high-skilled, to work in order to support the population who cannot work due to age or disability
 - the “working poor” often must choose welfare to get needed supports such as dental care, prescription drugs, transportation and job start-up subsidies. These supports currently are available only to social assistance recipients
 - similarly, the “welfare poor” cannot choose work without losing needed health benefits and security. In addition, there is a present policy that exempts some earnings for people who are working (usually part-time or short-term) while on welfare. However, the cut-off level has not changed in years. By February 2007, when minimum wage increases come into effect, single adults on welfare will only be allowed to work 17 hours per month before their income is cut, dollar for dollar. This is a significant disincentive to work
 - welfare is not the last resort anymore: it’s the first and only resort for many unemployed workers since Employment Insurance only covers a minority of workers now
- d. *The relationship between welfare and health and work is also problematic:*
- minor drug (pharmaceutical) and dental needs can have catastrophic consequences for low-income people, throwing them onto welfare

Community Voices: Some people have had teeth pulled or root canals but they cannot afford dentures or crowns. The resulting appearance is a detriment to getting a job.

- e. *Assets of low-income people represent a precious opportunity for the future that is often wasted due to the asset limits of social assistance:*
- the limits on assets for people on social assistance are so low that people receiving minor windfalls (inheritances, lottery winnings) become ineligible for welfare and therefore they will spend it quickly in order to get their benefits back (e.g. drug and dental)
 - the limits on assets are so low that many people on welfare have little hope of improving their life situation

Community Voices: you are penalized for being honest about your income or your assets that you want to invest in your future or well-being.

- f. *Access to and administration of welfare has become a significant part of the problem with regard to some income security programs, notably provincial social assistance:*

Community Voices: honest and accurate and consistent information is either not available or hard-to-get. Managing the complex web of income security programs and support services like subsidized housing, elder care and childcare is a full-time job.

- g. *The relationship between the working poor and income tax is not well understood and it has potential pitfalls:*

- low-income working adults have the fewest appropriate financial tools to reduce their tax liabilities (e.g. tax-advantaged savings vehicles such as RRSP's) which are widely available to those better off. Low-income seniors who saved in RRSP's will find that using these RRSPs after they retire will result in their being financially worse off. This is because those withdrawals trigger a reduction in their Guaranteed Income Supplements and less subsidies in other programs.
- many low-income working adults generally do not get financial information or financial services that are appropriate for their income level. In fact, they are the target of growing predatory financial services businesses

- h. *People with disabilities face disincentives to work:*

- the Trillium Drug Program for low-income workers is not well understood nor does it meet the needs of many people who cannot afford to pay first and get reimbursed later. Cash flow problems are obviously a common issue for low-income people

Community Voices: the lack of accommodation in the workplace and the limited support for disabled people are disincentives to work.

Some people with chronic disabilities that vary in severity over time expressed a fear of trying to work since they would risk losing their ODSP. It is so difficult and administratively time-consuming to get on ODSP that they don't want to jeopardize their ODSP

i. *First Nations peoples face complex issues regarding income security programs:*

- welfare issues for First Nations people is complicated by the diverse jurisdictions governing their communities
- the exceptionally high incidence of welfare in some First Nations requires attention to economic development in remote areas as well as jurisdictional conflicts
- the upcoming residential school abuse compensation to many First Nations individuals and communities could complicate their income security if the compensation is not completely exempt from welfare asset rules

j. *Immigrant poverty and the racialization of poverty are issues that demand further public attention and action:*

- new immigrants tend to do less well than immigrants who came into Canada years ago

Community Voices: it takes so long to get landed status here that people run out of savings and have to take under the table jobs (less than minimum wage) or turn to welfare

Canada's immigration policy for family reunification hasn't worked well: as a result, single mothers have had to turn to welfare to support themselves and their children.

Canadian officials in other countries paint a very positive picture of employment here, which is not true. Once you are here, it is very difficult to get a job in your field even though Canada says it wants skilled professionals.

- people of colour are disproportionately living in deep poverty in very under-serviced areas of outer Toronto (United Way of Greater Toronto, "Poverty by Postal Code")

k. *Caregiver stresses and the feminization of poverty:*

- Adults, most often women, who have responsibility for the care of children or of other family members, such as aging parents or siblings with disabilities, face conflicting priorities with employment

Community Voices: Sometimes you can't find a family member or friend to watch a sick child and you have to leave work. This jeopardizes employment if it keeps happening.

- I. *Jurisdictional problems:*
 - the provincial and federal governments have been fighting over funding sources for social programs for years, resulting in impasses on many areas of social policy
 - the “stacking effect” results from different government programs and policies ignoring each other, there are many examples of perverse consequences for low-income people who use more than one program. This problem is not well understood by the average person and so there has been inadequate public attention to this significant problem
- m. *Public ignorance/lack of public support for income security programs:*
 - European programs and policies for low-income adults have not lost ground the way they have in the US and Canada. There has been widespread loathing of welfare, including by people using welfare. Partially this is fueled by misperceptions of fraud and individualizing the problem of poverty (“blaming the victim”)

Community Voices: You feel like a criminal when you are unemployed and ask for help

4. Options/solutions discussed in multi-stakeholder groups

The following options developed based on the consultations in phase one of the project were presented and discussed in the multi-stakeholder groups. We note an explanation of each option as well as samples of the design suggestions and discussion points that arose in the groups.

- a. *maintain current direction of governments at all levels*
 - this option acknowledged the small rise in minimum wage to take full effect in February, 2007 and an expected small increase in social assistance rates (e.g. under 5%)
 - there was widespread consensus that this option alone would not significantly improve the income situation of working-age adults
- b. *raise Ontario Works and Ontario Disability Support Program rates*
 - this option referred to significant increases in social assistance rates, ranging from 15% to 40% or more
 - groups widely acknowledged that rent control of some sort would have to be tied to significant rate increases or else many landlords will increase rents and there will be no net improved income for the person on OW or ODSP
 - groups commonly said that these rates should be indexed to the cost of living

- the high cost of a significant rate increase at approximately \$40 million per percentage increase was acknowledged by most groups
- c. *increase eligibility and coverage of Employment Insurance*
- some recognition that there are significant regional issues regarding EI which have at least partially been the cause of eligibility reductions but this issue is not understood well by most participants
 - there was not much discussion about the EI rates but many people commented on the changes in eligibility and duration. Most felt that as an insurance program, EI should strive to maintain broad eligibility and as much coverage as possible. These people felt very unhappy about the federal government's use of "their" EI contributions to pay off the deficit.
 - strong sense of entitlement to EI was heard in most groups since EI is contributory. However, one participant pointed out that all tax-funded income security programs are, in a real sense, contributory given that we all pay taxes
- d. *raise minimum wage/wage supplements*
- groups were unsure about the evidence or lack thereof regarding possible job losses resulting from increases to minimum wage; however, most groups noted that the service sector would probably not lose jobs to other jurisdictions as the manufacturing sector would since many service jobs do not migrate to cheaper jurisdictions
 - discussion about wage supplements centred on whether or not the practice removes from the responsibility for paying adequate wages from private employers
 - too many businesses fail to comply with the Employment Standards Act
- e. *protect assets/allow growth of assets*
- this option refers to allowing people on social assistance to save so they can build up resources (e.g. for education or housing) to make the leap off welfare. It also refers to allowing individuals with savings or windfalls to keep more of these savings so when they are off welfare, they have a cushion to protect them from the ups and downs of the economy and the job market
 - people from the business community most of whom were not aware of the current asset rules were confounded when they learned about the practice of asset stripping
- f. *make access to drug and dental benefits available to people who are working poor*
- this option generated the most discussion of all in the groups generally

- a suggestion was to investigate “bulk purchases” of drug and dental benefits, using government buying power to extend these health benefits to low-income workers
- groups acknowledged that this option would be expensive but felt that these costs could be appropriately “addressed” as part of health care reform

g. improve education and job training/recognize foreign credentials

- this option, for most groups, was mostly focused on job training programs. It was highly variable from group to group in terms of the interest and votes it generated. Some groups spent considerable time critiquing job training programs and then they voted for improving job training as a priority option. Other groups critiqued job training programs and did not vote for it as a priority, perhaps not believing it was worth improving or possible to improve.

h. destigmatize administration of welfare/increase use of tax credits

- this option included reducing the policing aspect of welfare administration and increasing the support and information of workers to people on welfare. Some people believed that these two functions could not/should not be carried out by the same worker
- one way to destigmatize welfare would be to pass more income through the income tax system – however, it would need to be a more responsive income tax system

Note that some groups considered destigmatizing welfare as an option separate from increasing use of income tax credits (so the graphs of votes show them separately)

i. increase affordable child and elder care

- it was observed that agency staff were more likely to prioritize this option
- there was varied interest in this option
- groups acknowledged the expense involved in providing widespread care for seniors and children but many felt that the payoffs in terms of child development and quality of life for seniors as well as labour productivity would more than compensate.
- there was debate about the extent to which Canadians are still ambivalent regarding state responsibility for providing this kind of support. Some people also felt that Canadians are divided on the best way to help people with these responsibilities i.e. direct financial support or provision of services

j. increase government coordination

- this was presented as an option that could be time-consuming, expensive and extremely difficult or it could be a viable shorter-term, mid-cost option, depending on how wide the scope was

k. *increase supply of affordable housing*

- we did not present this as an option but it was added by several groups. Clearly the cost of housing is a major component of the budget of a low-income adult

l. *increase job creation*

- we also did not present this as an option but it was added by several groups. It is different from employment training and education. There is still a need for more evidence on the long-term effectiveness of job creation strategies

m. *increase earnings exemptions*

- this option was added by one group. It refers to the amount of earnings allowed for a worker (usually a part-time worker or a short-term contract worker) who is also being supplemented by welfare. The earnings limit, after which welfare deducts welfare dollar for dollar, has not changed for many years,

5. What the multi-stakeholder groups saw as advantages and disadvantages of different options

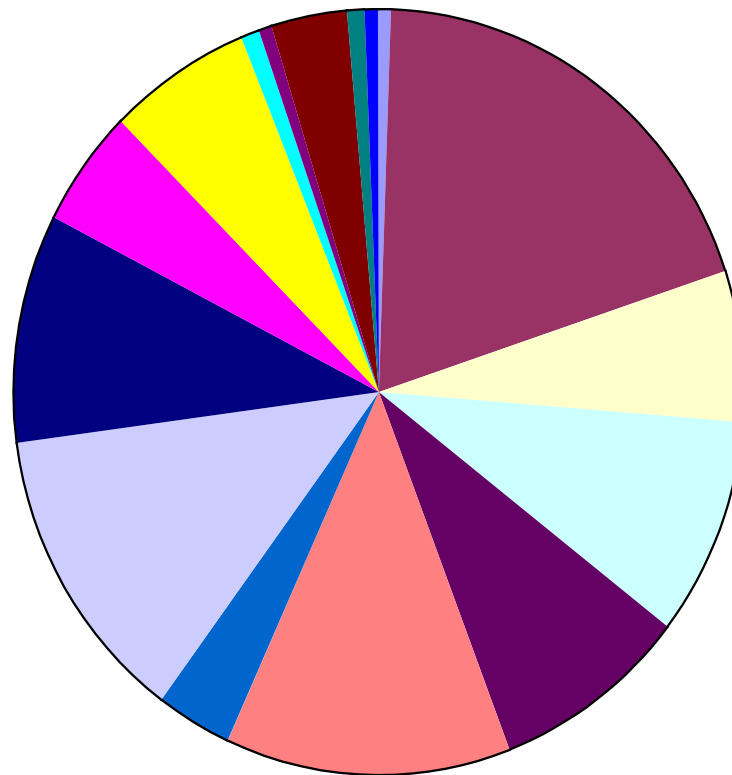
Income Transfers		Transitional Programs		Labour Market Adjustments		Life Work Balance		Government Effectiveness	
<ul style="list-style-type: none"> - Raise OW/ODSP rates - Improve access and duration of Employment Insurance - Increase tax credits and allowances 		<ul style="list-style-type: none"> - Increase access to drugs and dental care for low-wage workers - Expand wage supplements and earning exemptions - Protect and allow assets 		<ul style="list-style-type: none"> - Raise minimum wage by more than proposed/ improve employment standards - Provide benefits such as drug and dental to workers - Improve education and training 		<ul style="list-style-type: none"> - Increase child and elder care supports - Increase affordable housing - Expand universal services 		<ul style="list-style-type: none"> - Destigmatize the administration of income security programs - Improve government cooperation and coordination 	
PRO	CON	PRO	CON	PRO	CON	PRO	CON	PRO	CON
<p>Better quality of life, healthier</p> <p>Focus on improving not surviving</p> <p>Depoliticize rates – link to an external standard</p> <p>Enhanced approach to progressive taxation and investments in people</p>	<p>Requires significant reinvestment to recover from years of cutbacks</p> <p>Public support not significant</p> <p>Requires changes to other regulations and acts to ensure that improved benefits make a difference e.g. rent control</p>	<p>Not as expensive as other options</p> <p>Reduced welfare role</p> <p>Lowers the welfare wall; – makes work pay</p> <p>More options, more choice</p> <p>Health promotion</p>	<p>Lot of public support <u>if</u> they are aware of current programs. Lot of the public is not aware</p> <p>Another subsidy for low-wage employers</p> <p>Requires coordination and harmonization</p>	<p>Wages and benefits are better aligned with living costs</p> <p>Employers more involved to training and education</p> <p>Focus on real skills and better jobs</p> <p>Less demand on government</p>	<p>Possible negative economic consequences</p> <p>Opposition from some business interests</p> <p>Education and training requires significant investment and realignment of employment supports</p>	<p>Less stress, improved health and well being</p> <p>More public support for these programs</p> <p>Improved child development and quality of life for seniors</p>	<p>Public does not want uniform programs</p> <p>Some of the public still views these services as family responsibilities</p> <p>Combined, these services would be very expensive</p>	<p>Creates the conditions for other reforms to happen</p> <p>Encourages people to work with governments: “humanize government”</p> <p>Reduce duplication and improve efficiency</p>	<p>Constitutional implications</p> <p>Multiple political agendas within and across jurisdictions</p> <p>Requires major investment in public education and staff training</p> <p>Lost revenues for governments</p>

6. How the multi-stakeholder focus groups prioritized options

It is important to note a number of observations and caveats here:

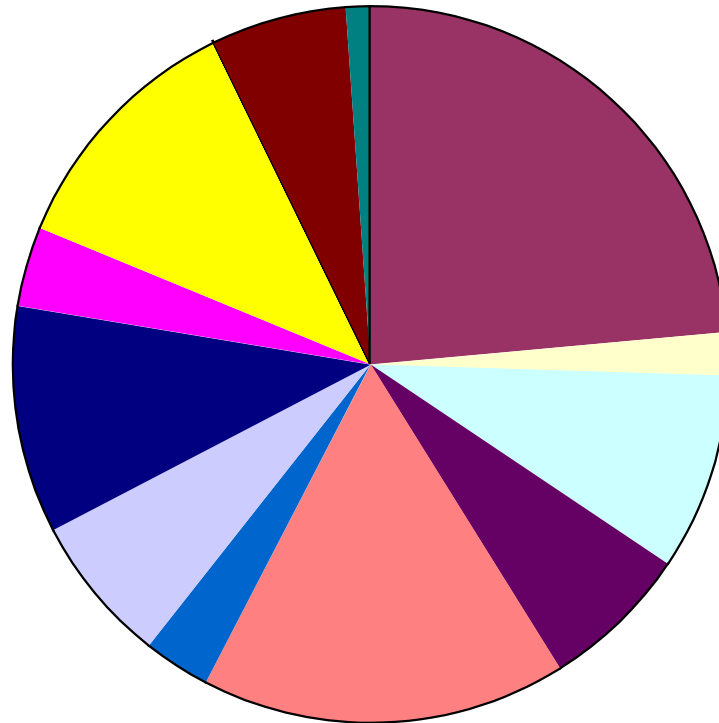
- there was common agreement about the need for significant change. We asked each group to list their “likes” and “dislikes” of current income security programs and the dislikes far outnumbered the “likes”. The votes also show extremely little support for the option of “maintain current direction”
- the pro's and con's were basically the same across groups but there were different emphases. We may have influenced this with our questions but the differences are quite striking. It is useful to remind ourselves and the public how diverse low-income people are, including ideologically
- we provided many options which results in split votes
- we also acknowledge that the voting was not always clearly understood by all group members and so the results of several group votes are somewhat confusing. The votes shown below should be viewed as a very rough sense of group members' priorities.
- given the general agreement amongst group participants about wanting to work, it is puzzling why work improvement strategies like raising the minimum wage and improving employment insurance did not receive more votes. All groups seemed to be clear about these options and there was good discussion about them, with many “pro's” listed. The votes did tend to heavily favour government income security program changes and not work-related changes such as minimum wage and EI eligibility. Perhaps this is because people came to the groups thinking about government programs or perhaps they thought it is easier or more appropriate to get government to provide income security.
- some groups spent a lot of time critiquing current training and education -- and then they voted for it as a strategy. It is not clear that they were voting for the need to improve training and education or for training and education as one of the best strategies. It is an important distinction and we cannot really tell what they meant when they voted
- some groups voted on “destigmatizing welfare” and “increasing use of income tax credits” together as one option while other groups voted on them separately. Taken together as one option (use the income tax system as a destigmatized way of transferring income to low-income people), it was the 3rd most popular vote by hand vote and the 5th most popular vote by money count. However, we show them as separate votes in the graphs
- we had a few options such as affordable housing, job creation and others that were added in some groups and not by others, so their votes are small

TOTAL MONEY SPENT ON EACH



- | | | | |
|---|--|--|--|
| ■ raise OW/ODSP (\$11,800) | ■ destigmatize (\$1,850) | ■ improve EI (\$3,900) | ■ current direction (\$400) |
| ■ training and ed (\$7,550) | ■ tax credits (\$3,850) | ■ gov't coordination (\$2,900) | ■ earnings exemptions (\$350) |
| ■ drug and dental (\$7,500) | ■ raise min. wage (\$5,250) | ■ affordable housing (\$2,100) | ■ job creation (\$300) |
| ■ child/elder care (\$5,750) | ■ protect assets (\$5,100) | ■ more universal services (\$400) | |

NUMBER OF HAND VOTES PER OPTION



- raise OW/ODSP (39)
- child/elder care (17)
- affordable housing (10)
- Current direction (0)
- drug and dental (27)
- raise min. wage (15)
- gov't coordination (6)
- job creation (0)
- destigmatize (5)
- training and ed (11)
- improve EI (3)
- indexing rates (0)
- tax credits (19)
- protect assets (11)
- earnings exemptions (2)
- more universal services (0)

7. St. Christopher House Learnings

a. Learnings from the process:

First, it is possible to interest people in a discussion of income security issues. The feedback from participants was almost entirely positive. People felt they learned a lot from participating in the process and that reported a broadened understanding of the issues.

There was at least one strong critique of us asking group members to choose between different options with a limited budget of “votes” possible. This exercise was not to do the government’s budget for them by allocating amounts of resources to various options. Instead, the focus was to engage participants in understanding priorities and making trade-offs in an environment where resources are limited.

Second, and equally important, it is possible to have a variety of stakeholders engaged in this discussion. In fact, it was the diversity of participants that was most significant to the outcomes. In many cases, people commented on the extent to which their incoming opinions had changed as a result of their participation in the focus groups. For example, several group members who came favouring longer-term structural reform instead allocated their money/votes to more immediate change such as raising social assistance rates. Hearing directly from people on Ontario Works and ODSP about the details of their daily lives was key to their change of mind.

In a similar way, some low-income people and frontline service -providers opted to spend their money on options that required longer structural reform after having had the opportunity to weigh the pro’s and con’s of implementing these options.

For St. Christopher House staff involved in this project, the multi-stakeholder sessions reinforced the value of receiving input from both those with lived experience (low-income people and frontline workers) and policy experts who have studied the problem.

b. Learnings about income security problems and solutions

i) Low-income working-age adults have to make the impossible choice between “welfare poverty” and “working poverty”.

A significant proportion of low-income adults cycle on and off welfare in between low-wage jobs with little chance of getting the “traction” to move ahead into better-paying, stable work. In Toronto, we have an acute situation where low-income adults simply cannot meet the costs of living and working with the combination of minimum or low wages, taxation, income supports and the services available to them. The existence of “working poor” people diminishes the effectiveness and credibility of all our public policies and social programs.

ii) Too many low-income adults have to turn to welfare because of shortcomings in other systems: e.g. health care, education and training, immigration and settlement, a labour market adjustment and arguably, childcare/eldercare.

- drug and dental costs cannot be covered by many low-wage workers who then have to turn to welfare when beset with health problems
- unskilled workers are at high risk of unemployment and unstable employment
- highly skilled foreign professionals have to turn to welfare when their savings run out since there are such significant barriers to finding work without Canadian experience
- shrinking Employment Insurance coverage makes welfare the first and only choice for many unemployed workers

iii) Too many low-income adults bear the brunt of downloading and cost-cutting in income security programs. There is an imbalance of responsibilities for income security amongst key sectors and players in our society.

Cost-cutting and ideologically-driven revisions to income security programs have further impoverished low-income adults. Different levels of government have downloaded responsibility for income without adequate resources to individuals and to non-profit social service agencies. The private sector, as employers, has not responded adequately either.

iv) The relationship between provincial welfare (Ontario Works) and federal Employment Insurance needs to be re-configured.

Welfare should not be a program for short-term unemployed workers but it is increasingly being used as that since Employment Insurance has reduced its role so dramatically. Simply put, either welfare needs to better meet the needs of unemployed workers (e.g. not stripping workers of their assets before they qualify for welfare, providing better and more job training) or Employment Insurance needs to increase its coverage of workers.

v) Adults who work full-time should earn enough money to meet all their basic needs. Minimum wage needs to reflect the cost of living.

Even more important than creating incentives to work is removing disincentives and barriers to work. Not “having work pay” is a major disincentive.

vi) Public policy discussions and decisions need to explicitly recognize related subsidies or costs associated with income security programs or the lack thereof.

Food banks and other charities help many low-income adults bridge the gap between the income they earn and the cost of basic needs. Some view this as charities subsidizing those employers who do not pay a living wage and governments that do not provide adequate social assistance. On the cost side, underground or illegal economic activities that some people turn to as

alternative income sources create significant costs to our health care and criminal justice systems.

vii) There is a choice (or a continuum) between increasing income for low-income adults versus increasing services and subsidies that lessen expenses for low-income adults.

Services and subsidies such as affordable housing, drug and dental benefits, childcare and elder care improve the ability of low-income working-age adults to find and sustain employment. Alternatively, increasing income for low-income adults also has many benefits but there needs to be concurrent policies, such as rent control, to ensure that rising costs of living do not quickly erase the benefit of the increased income.

8. St. Christopher House recommendations

Adopt an overriding goal: Remove disincentives to work, create incentives to work and do not punish those who cannot work.

How to get there:

a. Discuss and debate income security for working-age adults with more Canadians.

- Forge an alternative view of anti-poverty strategies for the public to replace their old stereotypes and misperceptions about welfare.
- Make the case to more of our society to value individuals with the lowest 10 to 15 % income: their prosperity is key to Canada's prosperity as a whole.
- Research more: there is still a need for more evidence to guide the decision-making process
- Push for the meaningful involvement of all stakeholders in public policy development and evaluation. It can lead to better understanding and more commitment to public policy. There needs to be more forums and more diversity of forums for this to happen.

b. Rebalance the responsibilities for income security between governments, charities and private sector employers.

- Re-engage employers in their responsibility to provide sufficient and stable employment wages that cover at least the basic needs of workers
- Provide forums for more debate amongst Canadians about the responsibilities of the private sector versus government for the roles of employers, job creators and trainers

- Challenge more charities to speak up about the social costs of poverty, the failures of income security programs and the inappropriate use of charities to subsidize other sectors that are not fulfilling their responsibilities

c. *Rebalance the responsibilities for income security, health, immigration, childcare and other systems*

- Cover drug and dental costs for low-income working adults. Recognize the burden placed on low-income individuals and the welfare system from the lack of coverage of dental and drug costs. Recognize that many individuals would be able to afford to work if they could get their drug and dental costs covered. There needs to be more debate to sort out who is responsible for covering these costs (employers or government). There also needs to be more research and debate to determine “at what cost?” does our society cover these expenses so people can work
- Similarly, recognize the burden placed on newcomers to Canada and on the welfare system from the failure of our immigration system to coordinate better with employers and professional associations.
- Recognize and make explicit the failures in other systems that result in working-age adults resorting to welfare. Work with these other systems to take responsibility for these problems and to help fix these problems.

d. *Maximize the benefits of the tax system and asset retention.*

- Allow asset retention in welfare programs to prevent people from becoming destitute.
- Look at more income-sensitive alternatives to RRSP's such as a proposed Registered Development Savings Plan (RDSP).
- Change tax policy to allow low-income people to save and make use of tax advantages that higher income people take for granted.
- Change tax policy to stop people paying income tax when it is demonstrable that they cannot make ends meet with the income they have.
- Improve the accessibility of the income tax system so low-income people do not have to resort to expensive tax-filing services.

e. *Rebalance the responsibilities for income security between governments.*

- Re-engage the federal government in their responsibility for ensuring that Employment Insurance is the primary income security program for working adults.

- Re-engage the provincial government in their responsibility for ensuring that social assistance is accessible to those adults who are ineligible for Employment Insurance and ensure that these adults have adequate income to cover basic needs.
- Re-engage the federal and provincial governments in their joint responsibilities to ensure that people with disabilities have opportunity to work without risk to their long-term income security.

f. *Recognize the value of ancillary supports for low-income working-age adults and recognize the costs of not providing these ancillary supports.*

- Ensure adequate community infrastructure for low-income areas, including elder and child care, affordable housing and social services that help people through crises and life transitions.

Appendix A

ISSWAA Process: who was involved and how

A. We began with in-depth interviews with policy experts, opinion-leaders, frontline workers and people with firsthand experience of low-wage jobs and/or income security programs to get a picture of the range of issues and current thinking about solutions.

The interviews included:

- economists in business (such as the chief economist for a major bank)
- social policy and economic policy analysts in government, academia, the labour movement, think tank organizations, consultancies and social service organizations
- a range of community and anti-poverty activists and leaders
- several people had political (Ministerial) and senior civil service backgrounds as well

B. St. Christopher House staff also organized a series of workshops with over 150 diverse low-income working people and people who have had direct experience with Employment Insurance, Ontario Works and the Ontario Disability Support Program. These workshops explored the range of issues faced by diverse low-income people vis-à-vis income security programs, the workforce and related factors such as childcare, eldercare, and extended health benefits.

Maytree Foundation's Leaders for Change program sponsored a group of community leaders to work with us organizing and facilitating 4 groups in community settings, with over 50 people from different neighbourhoods in Toronto. In particular, the Maytree Leaders for Change group helped us reach people from newcomer and immigrant groups.

Other agencies and organizations that provided outreach, space, interpretation and staff support for the community workshops included:

- Across Boundaries
- Fred Victor Centre
- Houselink Community Homes
- Lakeshore Area Multi-service Project (LAMP)
- Nellie's
- Progress Career Planning Institute (PCPI)
- Sistering
- Social Assistance in the New Economy, University of Toronto
- Various St. Christopher House Programs
- St. Stephen's Community House
- Toronto Housing Corporation
- Toronto Neighbourhood Centres (TNC)

- C. From February to April, 2004, St. Christopher House organized and facilitated 12 multi-stakeholder focus groups to encourage shared analysis. These groups ranged from 8 to 22 people and most had a good mix of policy experts, frontline social service agency staff, low-income people and interested community members at large. Most of the focus group members had already participated in either the interviews or community workshops.

In each multi-stakeholder focus group, we reviewed the various options/solutions and developed lists of pro's and con's for each option. These are summarized in Appendix A.

After the discussion of the advantages and disadvantages of each option and related design suggestions, we asked members of the focus groups to choose their priorities from the options. Participants had a "money vote" where they each allocated \$500 to their priorities amongst the options. (The \$500 represents the approximate amount that the average Ontarian pays in income tax which goes to income security programs plus the average amount given as donations to food banks.) Higher cost options, such as raising Ontario Works and ODSP rates, required a minimum of \$250 from their budget if they chose it as a priority. It is important to note that the money vote was a crude method of establishing what people's priorities were. We also had a vote by show of hands as an alternative method.

Appendix B

Areas for further research

1. Profiles of reduced welfare caseloads in Ontario and particularly Ontario cities
2. Profile minimum wages: job loss per dollar raised; # of min. wage earners in poverty; how many are under 25? How long do they stay on min. wage?
3. Profile those working below minimum wage in Toronto; who, how many and for how long?
4. Profile programs and costs: all income security by funding and expenditure and cost sharing for working age adults vs. others,
5. Profile of assets base of Canadians: Stats can database 1984-99 – net worth and net wealth of particular groups and change over time.
6. The economic equation profile of low income and self-sufficiency: real income security and real wages vs. the cost of living and working in e.g. Toronto. Here we would sketch the world of the rewards of work at low income levels.
7. Is there a real reward if there is no wage progression? Who gets into wage progression? Who does not? Where are the rewards if not economic? – What works when work doesn't?
8. Who are the working poor? How do we define them?
9. What are the demographics and what do they tell us? What would a David Foote tell us about income security and the labour force and immigration over the next ten years? Is it the same as the OECD message to St. Chris?

Appendix C. Facts about Income Security for Low Income Working-Age Adults

1. Who are the working poor?

- Two million adult workers in Canada earn less than \$10/hour = one out of six workers
- Two-thirds of the Canadian workers earning less than \$10/hour are women
- Thirty seven per cent of Canada's workforce is self-employed or work part-time or in temporary jobs. Although significant improvements have been made in public pension plans and in legislation, a significant portion of these workers have no access to Employment Insurance or sick leave, parental leave or pension plans
- Ontario's minimum wage was at \$6.85/hour for 9 years. It has just increased to \$7.15 with a schedule for further increases to \$8.00 by 2007

2. What do EI recipients get?

- It depends on the number of hours worked and the wage but generally it is up to 55% of the worker's recent past earnings. The maximum is \$1,790/month
- An unemployed worker who had worked \$10/hour full-time would get \$880/month
- EI recipients also have access to employment counselling, training and other supports

3. Who's getting Employment Insurance (EI)?

- Most employed Canadians contribute to EI. Anyone on a payroll must contribute
- In 1989, 74 % of unemployed Canadians were eligible for Unemployment Insurance
- In 1997, 52 % of unemployed Canadians were eligible for Unemployment Insurance
- Now 37% of unemployed Canadians are eligible for EI

4. Who's on welfare?

- More than 1 million Canadian families in 2000

Ontario Works Caseload and Beneficiaries								
	Singles		Couples		Sole Support Parents		All Family Structures	
	Cases	Beneficiaries	Cases	Beneficiaries	Cases	Beneficiaries	Cases	Beneficiaries
Dec 2003	93,407	93,407	23,448	88,070	71,123	198,928	187,978	380,405

5. What do welfare recipients get?

- A single person gets \$520/month maximum of which the “shelter allowance” is \$325
- A single parent with one child under the age 12 gets \$957/month maximum
- Two parents with two children get \$1,250/month maximum
- People on welfare also have access to some drug and dental benefits, a winter clothing allowance of \$105 per child and back-to-school allowances that depend on age of children.
- Access to training programs and community placements (also known as “workfare”)

6. What welfare rate changes have occurred?

- 21.6% cut to welfare rates in 1995
- No increase in welfare or Ontario Disability Support Program (ODSP rates) since 1993
- Given the cut and inflation, welfare rates have declined by over 35% since 1995
- Every 1% increase in welfare rates (= an extra \$5/month for a single person) and ODSP rates would cost the provincial government approximately \$40 million.

7. How much are welfare recipients allowed to save?

- The asset limit for a single person is \$520 total
- The asset limit for a parent and one child is \$1,457 total
- The asset limit for 2 parents and a child is \$1,530

8. How long are people typically on welfare or ODSP?

- Single people: 3 to 6 months is typical of any one stay
- Families: 60% do not stay on more than a year, 40% stay on more than a year
- People with disabilities who receive ODSP are typically on for five to seven years

9. How many unemployed adults get EI and then social assistance?

- Approximately 5 to 15%

10. Who is getting the Ontario Disability Support Plan (ODSP)?

Ontario Disability Support Program Caseload and Beneficiaries								
	Singles		Couples		Sole Support Parents		All Family Structures	
	Cases	Beneficiaries	Cases	Beneficiaries	Cases	Beneficiaries	Cases	Beneficiaries
Dec 2003	154,314	154,314	31,863	88,085	14,983	37,157	201,160	279,556

11. What do ODSP recipients get?

- \$930/month maximum for a single person, of which \$414 is the “shelter allowance”
- \$1,475/month max. for a single parent with one child, of which \$652 is the “shelter allowance”
- Benefits: prescription and catastrophic drugs, basic dental and mandatory special necessities including medical transportation

12. How much are ODSP recipients allowed to save?

- The asset limit for a single person is \$5,000
- The asset limit for two parents and one child is \$8,000

13. What are the average rents in Toronto (2001):

- Bachelor \$695/month
- 2 bedroom \$1,027/month
- 1 bedroom \$866/month
- 3 or more bedrooms \$1,214/month

14. How has the cost-of-living changed?

- 14.3 % consumer price inflation increase from 1996 to 2002 in Ontario
- 29% average rent increases from 1995 to 2001 in Toronto

15. What are emergency shelter costs?

- It costs the City \$1,450/month for a single person in a shelter
- It costs the City \$2,900/month for a family of 2 in a shelter

Appendix D. Case Studies

Juan

Juan was living in Toronto, unemployed and with his Employment Insurance payments ending. As a result, he turned to “welfare” (Ontario Works) where he received \$520 a month and received extra money for volunteering. He had managed to secure a subsidized bachelor apartment after a long time on the waiting list.

Ontario Works met his high drug costs for a variety of severe respiratory and intestinal disorders that had significantly weakened his immune system. The drugs are costly. He was not considered to be disabled when he applied for Ontario Disability Support Program.

He wanted to take an expensive course in automotive design (an area in which he excelled) near Windsor. The course cost \$5,000 and was not covered by Ontario Works or subsidized in any other way.

He received news that a part of his aunt’s estate would be provided to him – \$6,000 - this was a complete surprise. He informed his worker of his windfall. His benefits on Ontario Works were immediately suspended and his drug card revoked. He received a notice of a rental increase in the mail.

Moving quickly, Juan vacated the apartment he spent so much time waiting for and after spending \$800 for prescription drugs, transportation to Windsor, first and last months’ rent on an apartment – he had \$3,100 left over. He hoped to get a job to make the other \$1,900 he needed to start his course. By now, he had mixed feelings over how much his minor inheritance helped him.

In the following months, Juan was unable to save any money from the \$520 a month he received from Ontario Works even though he had been able to place the remaining inheritance funds into a down payment on his automotive design course. He was able to start the course but until he is able to pay the rest of the tuition, he will not be able to complete the course.

Miriam

Miriam is a single parent who receives benefits from Ontario Works. She has two daughters aged 9 and 14. Her eldest daughter needs braces and her younger daughter has mild asthma and is unusually prone to infections.

Miriam does not live in subsidized housing but receives a childcare subsidy. She works part-time.

She was offered a full-time job with a raise in the company. The new job started in July and she jumped at the chance to get off social assistance. She will be able to join the company benefits plan after her probationary period of one year. In the meantime, she has no benefits.

Even with her raise in pay, she only misses eligibility for welfare by about \$200 per month. When she left welfare, she forgot about the back to school allowance that is triggered by July eligibility. This meant she missed a couple of hundred dollars and it also meant she would not get the winter clothing benefit in the fall. However, Miriam was dismayed to see that her childcare cost would increase by \$200 month: her subsidy got reduced since her income increased. She would have to consider asking her 14 year-old daughter to come home right after school to stay with her younger sister. This would be a battle and she agreed that it was not fair to ask her.

But since her 14 year-old had just gone into Grade Nine, she would no longer be eligible for the emergency dental treatment under welfare. Worse still, who was going to pay for the braces the dentist was recommending should not be delayed? The extra money she thought she would have from her new job was just taken up by the increase in childcare costs.

Then she received the real shock – could prescriptions for asthma and infections cost this much? She knew she qualified for the Trillium drug program but she had to pay all the costs first herself and then get reimbursed. Miriam concluded that she would be better off on welfare but she didn't come all this way for nothing – she would stick it out.

Joe and Maria

Joe is a person with a disability who uses a wheelchair. He works full-time in an electronic factory and receives *WheelTrans* services. His spouse, Maria, works full-time in a low wage job. They receive Ontario Disability Support Plan payments that cover their drug and basic dental costs. They have two children aged 6 and 11. They have a rent-subsidized apartment and get subsidized childcare.

Recently, Maria found a new opportunity to work full-time at a higher rate of pay. The family would net about \$300 more income month. They started to think about that long postponed vacation.

However, once the job started and their income rose, the following events occurred:

- ODSP was suspended due to income over the ODSP limit – this cancelled the dental card for the whole family as well as the prescription drug card
- They applied but were not eligible for extended health benefits
- Their childcare cost increased by \$200 a month as their subsidy was reduced
- Their rent-geared-to-income housing cost \$90 more a month
- Their child benefits were reduced due to the new income
- Joe's CPP application was turned down because he continues to be able to work full-time
- The family has to pay more income tax and their CPP and EI premiums have increased

The family is worse off.

Appendix E

Major Income Security Programs for Working-Age Adults

Program	Funder	Type	Eligibility and Entitlements
Employment Insurance	Federal	Labour force participation	Work 420 hours within year = 12 weeks x 35 hours and receive up to 55% of gross income
Canada Pension Plan	Federal	Labour force participation	65 or older (can begin at 60 depending on circumstances). Pension is based on income of last five years. Maximum monthly payment \$762.92
Spouse's Allowance	Federal	Means tested	60-65 years old and meet needs requirement. Annual income cut-off levels as follows: \$22,368 (regular); \$16,392 (widowed). Benefits tied to income: lose \$3 for every \$4 increase. Maximum monthly payments: \$744.98 (regular); \$822.47 (widowed).
GST Refund	Federal	Means tested	Must file taxes and meets needs requirement. Quarterly reimbursement based on earnings from previous year
Child Tax Benefit	Federal	Based on income tax: targeted to lower income families	Families with children under 18. To receive maximum benefit, annual income must be less than \$20,921. Benefit decreases as net family income increases. Max: \$92/month for each child under 18 plus additional amounts for third and additional children and children under age of 7. ----- Based on family net income and number of children under 18 in your care. Maximum monthly payments: \$16, one child; \$15.50, two children; \$15.33, each additional child.
National Child Benefit Supplement			
Ontario Works	Province MCSS	Means tested and tied to labour force participation = "Workfare"	Unable to find work and not eligible for EI with no significant savings (eligibility based on income and assets). Asset limit is \$,5000 (single), \$7,500 (couple), plus \$500 per dependent. Assets include residence and RRSPs. Maximum monthly payments: Single adult (no dependents) \$520; Single adult, one dependent (0-12yrs) \$957; Single adult, two dependents (0-12 yrs) \$1086; Couple, one dependent \$1030; Couple, two dependents \$1178
Ontario Disability Support Program	Province MCSS	Means plus medical criteria	Physical or mental impairment (verified by doctor) expected to last 1 year or more which is a substantial barrier to getting a job. Must be 16 or older with residency in Ontario and legally entitled to work in Canada. Must not have other private or public sources of benefits for disability. Allowed up to \$5,000 in assets. (Additional \$2,500 if you have a spouse, additional \$500 for each dependant child). A monthly payment is based on size of family, age of dependents, shelter costs, receipt of income. Basic amounts are: \$516 single, \$765 couple if one is disabled, \$1,032 couple if both are disabled. Additional amounts for shelter are based on actual costs to a maximum of: \$414 single, \$652 couple, \$707 three people, \$768 four people, \$828 five people, \$859 six+ people. Additional benefits can include: prescription drugs, dental services, eye glasses, hearing aids, special diet benefits, employment training, technical aids, interpreter/notetaker, transportation assistance.
Ontario Child Care Supplement for Working Families	Province	Means tested and tied to labour force participation	This tax credit is for working parents and students with childcare expenses for children under seven years. Maximum benefit varies with number of children under seven years. Families with one child receive tax credit of 20% of their earnings over \$5,000; two child family gets tax credit of 40% of earnings over \$5,000; families with three or more children get a credit of 60% of earnings over \$5,000, up to \$1,020 per child or 50% of childcare expenses, whichever is greater, less 8% of family net income over \$20,000.
Workplace Safety and Insurance	Province regulated employer premium	Medical - labour force participation	Workplace insurance entitles you to a range of benefits including the replacement of earnings lost when a worker is disabled by workplace illness or injury.
Private Insurance and Services		Tied to employment	Varies considerably
Targeted Subsidies	Gov't, often cost-shared	Means tested	Subsidized housing, childcare, legal aid, student grants are the largest programs that are delivered through a wide variety of non-profit agencies, government, for-profit businesses
Targeted Services	Gov't, often cost-shared	Means tested	Delivered through a network of non- profit agencies, government, for-profit businesses