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CANADIAN CENTRE
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BC Office



DENIED ASSISTANCE

CLOSING THE FRONT DOOR ON WELFARE IN BC

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S U M M A R Y

The number of people receiving welfare in BC has been on the decline since 1995. Despite this, in 2002, the provincial government introduced dramatic policy changes designed to further shrink the welfare “caseload.” Some of these changes were unprecedented in Canada. Many of them dealt with how people access welfare—the eligibility rules and application processes that people must navigate in order to receive assistance.

The government has declared its policies a success. According to the Ministry of Employment and Income Assistance, the reduced caseload is a result of moving people from “dependency” on welfare to jobs and self-sufficiency.

This study set out to test the government’s claim. It is the first evaluation of its kind. It sought to find out why the number of people receiving welfare has dropped so steeply, what the experiences have been of those seeking assistance, and what has happened to some of those denied help.

The study draws on previously undisclosed data obtained through Freedom of Information (FOI) requests. This statistical evidence was combined with 42 in-depth interviews conducted in Vancouver and Victoria with individuals seeking welfare, community workers and advocates, and Ministry workers. Their compelling stories are told throughout this report.

What is Welfare?

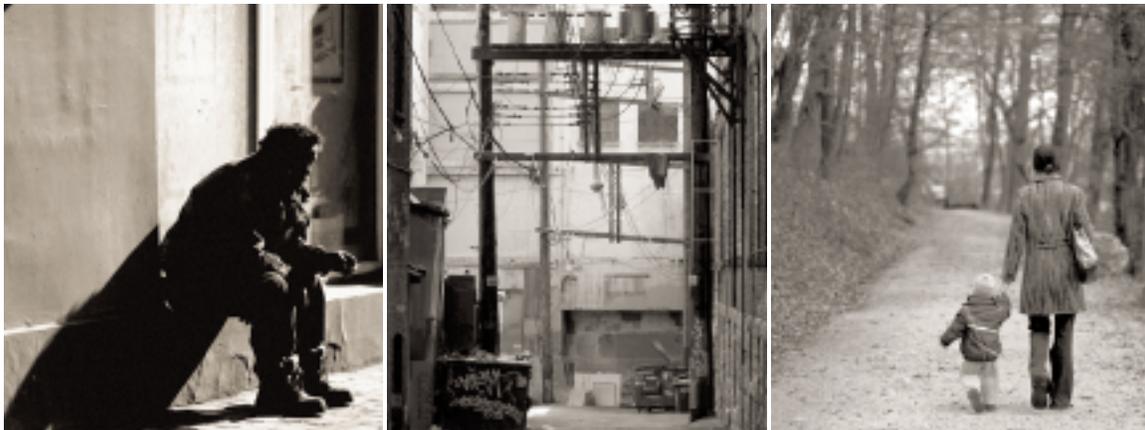
Welfare is income assistance (money and/or benefits) provided by the provincial government to people considered eligible under a set of strict rules. Welfare is a program of last resort—it is available only to individuals and families who do not have the resources to meet their basic needs, have no employment, have used up their savings, and have exhausted all other options.

Welfare is not, and has never been, 'generous.' A single person considered to be employable receives \$510 per month—\$325 for shelter and \$185 (or about \$6 per day) for all other needs, including food, clothing, transit, telephone, etc. For a single parent with a child, the monthly welfare payment is \$969—\$520 for shelter and \$449 for all other needs. These amounts are lower than what people on welfare in BC received 12 years ago (and after taking inflation into account, they are substantially lower).

There are several categories of welfare with different criteria for eligibility. The two main categories are temporary assistance (for people considered employable or temporarily unable to work) and disability assistance. (For more information, see page 18, *The Categories That Make Up the Caseload*, in the full report available at www.policyalternatives.ca.)

Welfare in Canada is legislated and administered by provincial and territorial governments. From 1966 to 1996, the federal government helped fund welfare under the Canada Assistance Plan (CAP), initially sharing 50 per cent of the cost with the provinces and territories. This funding was subject to conditions—national standards—including that welfare be provided to people when in need. In 1995, the federal government announced its plan to eliminate the Canada Assistance Plan. In 1996 CAP was replaced with a new funding system that scrapped most of the conditions for federal money for welfare. It also dramatically cut the amount of transfer payments, leaving the provinces to make up the loss or cut social programs.

Throughout the 1990s, many provinces, including BC, made policy changes to welfare that resulted in less 'generous' and more restrictive programs. In 2002, the BC government announced a new set of policies that made welfare even harder to access, reduced benefits for many people (especially older recipients and single parents) and made the rules for those receiving assistance more demanding.



Key Findings

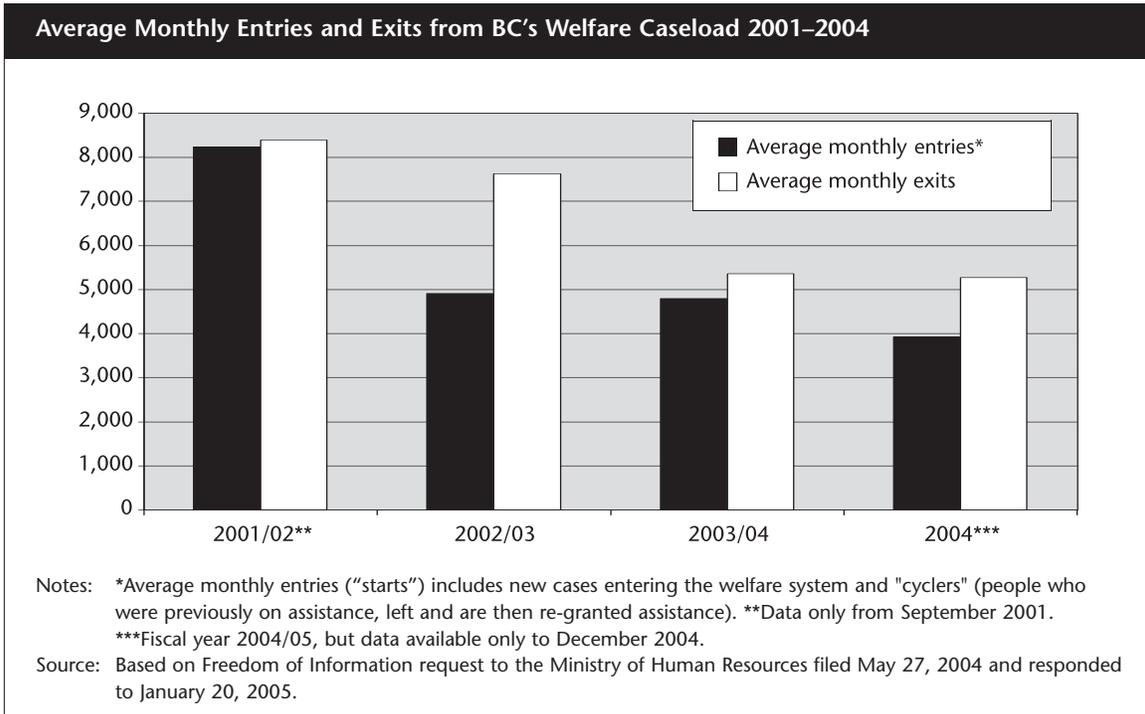
- **British Columbia’s welfare application system is not working—it discourages, delays and denies people who need help.** The process of seeking income assistance has become so restrictive, and so complicated to navigate, that it is systematically excluding from assistance many of the very people most in need of help. This has harmful consequences for some of the province’s most vulnerable residents.
- **The government’s narrative about more people leaving welfare for work is not supported by the evidence.** Data obtained through Freedom of Information requests shows that the recent drop in the caseload is not the result of more people leaving welfare (i.e. an increase in what the government calls “exits”). Rather, fewer people are entering the system and accessing assistance. Simply put, the caseload reduction is mainly a front-door story.
 - According to FOI data, in the first year after the new welfare legislation was introduced in April 2002, the number of applicants who began to receive welfare benefits dropped by 40 per cent, from an average of 8,234 entries (or “starts”) per month to just 4,914 starts per month. The number of welfare “exits” also fell, but only slightly, from 8,388 to 7,631 per month (see figure on page 4).
 - The acceptance rate for those who apply for welfare has dropped dramatically. According to FOI data, in June 2001, 90 per cent of people who began an application for welfare were successful in gaining income assistance. By September 2004, only 51 per cent of those who sought welfare were granted assistance.
- **The application system is now so complicated that many people need help from an advocate to successfully navigate the process.** The study found a number of incidents where people were initially denied welfare, but were able to get assistance once they had the help of an advocate—even though there was no change in their circumstances and they were actually eligible the whole time. Yet funding for advocates has been cut. In addition, those most vulnerable and in need—such as people with mental health issues, addictions or language barriers—are often least likely to be able to navigate the system on their own, and less likely to connect with an advocate.

PROFILE

A 21-year-old man we interviewed at an emergency shelter had just been denied welfare. He had worked the required number of hours, but not over two consecutive years. He explained, “I had enough hours, I just didn’t work two years back-to-back, but I, like, worked from 1999 to now, like doing different things, and it’s not fair that just ‘cause I didn’t work two consecutive years back-to-back...”

At only 21, the young man had considerable work experience, including 900 hours from eight months of work in a home care setting, two months in a restaurant, two months as a groundskeeper, three months in a hotel, and a week as a telemarketer. After a break-up with his girlfriend the young man applied for welfare and started his job search while living at an emergency shelter, handing out resumes during the day. He had reached the limit of his stay at the shelter and was denied welfare. Homeless and without welfare, he has just begun living on the streets and getting food at community centres, noting that he is now looking for a place to sleep more than looking for work.

- **Many people are being “diverted” to homelessness, charities and increased hardship.** The Ministry claims that people are being “diverted to employment”; however, the evidence shows that many are not. While some of the people who have been denied or discouraged from assistance have landed on their feet and found alternate sources of income, others are instead being left to fend for themselves, and are being directed by the Ministry to food banks, shelters and other charities. Some remain in abusive relationships or turn to the sex trade. Some are living on virtually no income.
- **In some cases, denying people assistance reduces their ability to be self-sufficient.** Lack of assistance forces some people to focus their time and resources on meeting basic shelter and food needs rather than looking for work (see profile box). Without a permanent residence, a phone line, access to transportation or appropriate clothing, searching for work is difficult if not impossible. The three-week wait leads to greater debt and increased vulnerability to eviction. The documentation needed for an Emergency Needs Assessment sometimes requires people to actually request formal eviction notices, thereby increasing the risk of homelessness.



Discouraged, Delayed and Denied

At every stage of the application process, people experience the “3Ds” of discouragement, delay and denial.

These barriers are encountered in complex and subtle ways. Denials and delays can be due simply to the new rules introduced in 2002, but they can also result from an uneven and unreasonable application of these rules. Discouragements may result from a worker verbally telling an applicant that they will not meet the eligibility requirements (which may or may not be correct), from the word-on-the-street being “don’t bother,” or from an administrative process that is too complex and onerous. One finding from the interviews in this study was reports from individuals that they were denied welfare through their initial contact with the Ministry—most often through a 1-800 call (in this case, to a 1-866 line). Several individuals told us how they believe they were deemed ineligible through this initial inquiry, well before a formal application had been submitted.

Three key changes to the eligibility rules and application process have driven the reduction in welfare caseloads:

- **The three-week wait:** Welfare is understood to be an income of last resort (people must have exhausted their assets and all alternate sources of income). Yet, beginning in 2002, when people first seek assistance, they are required to conduct a three-week job search before an “in-take interview” is conducted. And in practice, this wait can be four to six weeks.
- **The two-year “independence” test:** To be eligible for assistance, applicants must demonstrate that they have earned a minimum level of income for two consecutive years—they must prove they had at least \$7,000 of employment income or 840 hours of employment per year for two years running. The rule does not recognize other forms of independence, such as surviving on the streets. This new eligibility rule can deny benefits to an individual regardless of their financial need.
- **The implementation of electronic “alternate service delivery” systems,** including directing initial enquiries to a 1-800 line and the compulsory use of an on-line computer orientation.

The application process can be sped up if an Emergency Needs Assessment (ENA) is requested and provided, but applicants must know about this option and initiate it themselves. Even people who describe their emergency needs (without specifically requesting an ENA) are frequently not offered an ENA. We interviewed individuals living without shelter or in emergency shelters who were not offered ENAs, but rather were expected to wait a month for an appointment.

Additional Findings

- **Between 2001 and 2005, the number of people receiving welfare plummeted by 42 per cent.** There are now more than 100,000 fewer British Columbians receiving assistance. The drop was particularly steep during 2002 and 2003. The percentage of the population receiving welfare also dropped—prior to the 2002 policy changes, six per cent of the population was receiving welfare; by the end of 2005, this was reduced to 3.5 per cent.
- **Only some of the decrease in the welfare caseload can be explained by an improved labour market.** We would expect fewer people to need welfare when times are good and jobs are plentiful, just as we would expect more people to need help when unemployment is high. However, the number of people receiving welfare shrank even when the unemployment rate was going up in 2002. The labour market then improved, but according to economic analysis conducted for this study, this turnaround can explain only about 50 per cent of the caseload decline. The other half is due to the government's policy changes.
- **The arbitrary two-year "independence" test, which refuses welfare to people regardless of their need, is now the third most common reason for denying assistance.** Between October 2002 and October 2004, an average of 162 applicants per month were refused assistance for this reason, with refusals peaking in late 2002 and early 2003. In total over this two-year period, approximately 4,000 applicants failed to gain assistance as a result of this new rule.
- **The new eligibility rules have led to an increase in homelessness, as evidenced in both Vancouver and Victoria.** The City of Vancouver's Homelessness Action Plan found that the number of homeless doubled between 2001 and 2004, and notes that, "In 2001, about 15 per cent of the street homeless were not on welfare. By early 2004, this had increased to 50 per cent, and by summer 2004, more than 75 per cent of the street homeless reported they are not on welfare." Similarly, a study of Victoria-based social service agencies reports major increases in demand for all types of emergency assistance, including food and shelter.
- **The welfare application process assumes people are employable, yet many who apply are not, and as a result they are not able to comply with the application requirements.** The three-week job search and the arbitrary two-year "independence" test both assume that people applying for welfare are employable. Yet many of the people applying for welfare are not—i.e. they have a disability, young children, addictions, etc. Indeed, the current caseload is made up primarily of people who are not categorized as "expected to work."
- **Our interviews reveal that welfare applicants are frequently unaware of their rights, and are not made aware of various exemptions to the eligibility rules when they apply.** As a result, there is repeated evidence of individuals who were discouraged or denied assistance but who were, in fact, eligible. Exemptions have meaning only if applicants know they exist and they are fairly enforced. Specific policies for applicants in emergency need are being routinely ignored. Moreover, too much responsibility is being placed on applicants to demonstrate "emergency need."

- **Requiring people to use electronic “services”—the 1-800 number and the online orientation—is inappropriate for the population of people who need assistance.** The loss of face-to-face service is being used to create further barriers, rather than helping people to access a vital public service. In both Vancouver and Victoria, interviewees said phone lines are “overworked and understaffed.” Difficulties are experienced when people are unable to get through. Often they cannot leave a message because they do not have a phone to receive returned calls.
- **The supply of advocates has shrunk just as the need has grown.** Despite the clear need for advocates, many community groups have had to eliminate advocacy positions. Those paid advocacy positions that still exist tend to be funded mainly by sources other than the provincial government. And provincial funding has been eliminated for women’s centres, which in many communities provide the only welfare advocates in town.

Welfare reform in BC cannot be declared a success. Helping far fewer people is not necessarily good news. The BC government needs to address the much more complex goal of reducing poverty, not just reducing the caseload.

Recommendations

- The two-year independence test and the three-week wait must be discontinued.
- Assessing emergency need must become the responsibility of the Ministry, not the individuals in crisis.
- The use of technology to deliver services must be a service delivery *option* rather than a barrier.
- Overall, the process of applying for welfare must be designed to help individuals in need, rather than the current model, which is designed to discourage and deny.
- There is need for an in-depth review of the province’s welfare legislation, policies and practices. A proper review must follow up on what happens to individuals who are “diverted” from applying for assistance. The BC government has never undertaken such an evaluation. A clear option is for the Office of the Auditor General to assess the efficiency, effectiveness and appropriateness of the Ministry’s eligibility rules and application process, to determine whether the current system is meeting the needs of British Columbians.

Download the full study, *Denied Assistance: Closing the Front Door on Welfare in BC*, at www.policyalternatives.ca

About VIPIRG

www.vipirg.ca

The Vancouver Island Public Interest Research Group is a student funded, not-for-profit organization dedicated to action-oriented research on social justice and environmental issues. Located at the University of Victoria, VIPIRG supports students' engagement in community based research. The agency organizes workshops and events, and provides training and employment for students, as well as producing original research.



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About the CCPA

www.policyalternatives.ca

The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social and economic justice. Founded in 1980, it is one of Canada's leading progressive voices in public policy debates.

The CCPA works to enrich democratic dialogue and ensure Canadians know there are workable solutions to the issues we face. The Centre offers analysis and policy ideas to the media, general public, social justice and labour organizations, academia and government. It produces studies, policy briefs, books, editorials and commentary, and other publications, including *The Monitor*, a monthly magazine. Most of these resources are available free at www.policyalternatives.ca.

Established in 1997, the CCPA's BC Office offers policy research and commentary on a wide range of provincial issues, such as: BC finances, taxation and spending; poverty and welfare policy; BC's resource economy; privatization and P3s; public education financing; health care; and more.

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About the Economic Security Project

www.policyalternatives.ca/esp

The Economic Security Project is a major research initiative of the CCPA's BC Office and Simon Fraser University, in partnership with 24 community organizations and four BC universities.

The project examines how recent provincial policy changes affect the economic well-being of vulnerable people in BC, such as those who rely on social assistance, low-wage earners, recent immigrants, youth and others. It also develops and promotes policy solutions that improve economic security.

The project is funded primarily by a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance Program.