

**Welfare—No Fair:
A Critical Analysis
of Ontario's Welfare
System (1985-1994)**

Welfare—No Fair: A Critical Analysis of Ontario's Welfare System (1985-1994)

by E. (Rico) Sabatini
with Sandra Nightingale



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To our children and their
generation, that they may leave
a better society to their own
children than we have left to

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Table of Contents

<i>Dedication</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>vi</i>
<i>Foreword by Michael A. Walker</i>	<i>vii</i>
<i>Preface</i>	<i>ix</i>
<i>About the authors</i>	<i>x</i>
Introduction	1
Chapter 1: Ontario's Welfare System	17
Chapter 2: The Social Assistance Review Board (SARB)	37
Chapter 3: Youth and Student Welfare	77
Chapter 4: Spouse in the House	105
Chapter 5: Welfare Fraud	129
Chapter 6: Adequacy	173
Chapter 7: Dependency	217
Conclusion	255
Postscript	265
Appendix: STEP Examples	275
Glossary of Abbreviations	279
References	281

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Foreword

THE FRASER INSTITUTE HAS LONG BEEN CONCERNED about the conditions under which welfare is advanced in Canada. There are two reasons for this. First, generous welfare programs can have a negative effect on recipients. Second, the conditions under which welfare is delivered may create an inequity between donors and recipients.

For a long time, economists and sociologists have recognized that the availability of support from the state creates an incentive for people to organize their lives in such a way as to take advantage of the benefits available. At the margin, people's decisions are influenced by the incentives that are provided. Young people faced with what they regard as a "tyrannical regime" in their home, opt for an independent life at the tax expense of their parents and their neighbours. Workers with seasonal employment begin to rely on, and then plan on, collecting welfare as bridging financing to tide over them from when their unemployment insurance runs out to when their next job starts. Single mothers, seeing no husbands with equal earning power, in effect marry the state as their best available option.

The academic literature has insufficiently recognized the extent to which people are willing and able to subvert the original intent of welfare, and essentially engage in the fraudulent use of the program: single mothers teaming up with welfare-recipient males; people collecting welfare while working; couples collecting multiple benefits and accumulating incomes which are above the community average.

A principle reason for the underestimation of the effect has been the simple lack of knowledge about how people use and abuse the system. This book fills that gap in knowledge; it is a thorough documentation of the way welfare works in practise.

The insights that are provided also shed light on the other concern which The Fraser Institute has had about welfare — the extent to which it treats unfairly citizens of similar prospects. This careful discussion of how welfare actually works makes it clear that there are a large number of working Canadians who work and pay taxes to support others with similar skills and opportunities who have opted for the relative ease of reliance on welfare. While it is a caricature of those who oppose generous welfare payments that they unduly lionize the life that is available to welfare recipients, this book demonstrates that the concern is not without justification.

Data in *Welfare – No Fair* indicate that when the book was written, the percentage of the population of Ontario receiving welfare benefits exceeded the percentage of the workforce that was unemployed in that province. It is now typical for 10 percent of the population of our provinces — including Ontario — to be dependent on welfare. This book demonstrates how we might have become embroiled in this situation, starting from the well-intentioned concern that there be a safety net to catch those temporarily in difficulty.

This book really is a “must read” for every Canadian but especially for the citizens of Ontario who are concerned about the future of their province. The research in this study provides the basis for a complete overhaul of the welfare system. The Fraser Institute is pleased to publish it and make it available to a wider audience. However, the authors have worked independently and the views they express may not accord with those of the members and the trustees of The Fraser Institute.

— Michael A. Walker

Executive Director, The Fraser Institute

Preface

ANYONE WHO HAS DONE THE MOST CURSORY examination of the welfare system is aware that views concerning it are politically and ideologically charged. Any attempt, including my own, to criticize the system runs the risk of being labelled “anti-poor,” or “poor-bashing.” However, I embarked on this project with a vital interest in constructively assessing the difficulties in the welfare system with a view to benefiting all Canadians, but most particularly those who are or will be ensnared in our so-called social safety net. My objective is to improve a system that has become unfair. The writing and researching of this book has strengthened my values on the importance of justice and caused me to reconsider the means by which this elusive concept might be more fully realized.

I wrote the first draft of this book in the first half of 1995. The election of the Progressive Conservative government in June 1995 ended a decade of liberalism in Ontario’s social programs. The PC government made such significant changes to Ontario’s welfare system that my original critique was outdated before it could be published. I changed the parameters of the project to a study of Ontario’s welfare system between 1985 and 1994, a period dominated by a liberal approach to welfare.

Because of the rate of change within the system, I would remind researchers to use the data carefully. The details of this book are historically accurate, but the current rules, benefit rates, STEP exemption, and

other aspects of the system may quickly go out of date. Some recent changes have been addressed in a Postscript.

My goal throughout the writing of this book has been to make it accessible, informative, and enlightening with particular regard to the main obstacles to achieving a more just welfare system in Ontario. A better understanding of our past can only help in making wise decisions for the future.

— *E. (Rico) Sabatini*

About the authors

Rico Sabatini has a Master's degree in Sociology and has over 10 years' experience working in the social services field in various capacities.

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Introduction

THE CONCEPT OF CARING FOR NEEDY community members is as old as humankind and has been manifested throughout history. Whether such help was sparked initially by some innate awareness of a social bond or by individual compassion for our fellows, we eventually established rules for governing our assistance to others. In Elizabethan times it was illegal to give money freely to able-bodied paupers, as it was believed that such kindness would encourage them to beg instead of work. The Elizabethan poor law of 1601, in fact, marked the Crown's first serious incursion into the field of social welfare.

Throughout Canada's early development, church and community groups assumed much of the responsibility for providing for the poor—though in our own century the provincial and federal governments also developed an increasing involvement. The objectives of our early social programs were based on the commonly held beliefs and norms of a Christian society. Disaster victims, persons with disabilities, unwed mothers, and the inadvertently unemployed became eligible to receive public money.

Canada was among the industrialized nations to acknowledge that the state should bear some active responsibility for its population's general well-being. There was a consensus among Canadians that their society's resources should be more equitably divided, principally to reflect social needs. Although many programs and services existed prior to the 1940s, the consolidation and proliferation of state welfare programs, the state's adoption of an interventionist role, was primarily

a postwar phenomenon. The state responded to the needs of the poor by levying taxes from those who could pay in order to redistribute this wealth to the most destitute.

Although Canadians have always recognized the need to provide for their less fortunate fellow citizens, in recent years we have begun to question how we may most effectively help others. State intervention invariably threatens the claim positions of some elements of society and leads to the formation of interest groups that benefit from or lose by the new policies. Since the passage of Ontario's *General Welfare Assistance Act* (1958) and *Family Benefits Act* (1967), the general trend of social practice has been to encompass a wider definition of who was considered to be in "need" while steadily increasing the rates of benefit. At the same time, some have argued that the government could not sustain such a high level of expenditure in view of current economic realities. Others have also questioned the system's effectiveness at alleviating poverty and encouraging movement back into the workforce.

Our country and province have gone through tremendous changes since our current welfare system was introduced. The traditional family unit of a generation ago was secure compared to today, when about 20 percent of families have only one parent and the divorce rate is hovering around 50 percent. Teenage pregnancy, something of a rarity in the 1950s, is now a reality for many young women. The extended family has all but disappeared, and more teens and youth are leaving home and applying for assistance.

The labour market has undergone an equally profound transformation. The 5 percent unemployment rate of the 1950s and '60s has been replaced by a level that varies around 10 percent. The minimum wage that could support an average family in the 1950s and '60s would now be worth scarcely more than the maximum benefit rate for a single person on social assistance and less than the StatsCan low-income cut-off for a single person living in a large community. Taxes have skyrocketed to the point where gross earnings are so eroded as to be almost irrelevant to the practical reckoning of a person's wage. The job market is now narrowing its focus to specialized skills and much higher levels of education than a generation ago, while fewer and fewer full-time unskilled positions exist.

All these changes and uncertainties also bear down on our welfare system. After all, the system was designed to help single parents at a

time when they were relatively few; to help unemployed individuals and families when the unemployment rate was 5 percent; to help youth at a time when few left home; and to care for the long-term ill at a time when church and family played a more significant role in providing for this group.

Economically, governments are now supporting debts like never before, debts future generations will have to repay. The question of what was affordable in the way of programs was simply not asked by the postwar generation. Certain services were expected or demanded of a government that was only too happy to spend and tax and borrow in fat times to give constituents what it believed they wanted. We continue to live fairly comfortable lives that have so far been relatively unaffected by our huge, accumulating debt.

This practice of spending more than we have cannot be sustained indefinitely. At some not too distant point, governments will not only have to produce balanced budgets, but also start paying back the debt they have incurred over the last quarter-century. Several provinces have recognized this and balanced their budgets for the first time in many years. In Ontario, we no longer debate whether there should be cutbacks to spending; what we dicker about now is simply their extent.

The welfare system is extremely difficult to change, especially when the changes involve reducing services or benefit levels. Saunders (1994:3,4) comments from an Australian perspective that when that country's politicians grew more familiar with the sensitivity of fiddling with such a cumbersome machine,

a better appreciation began to emerge of the political difficulties associated with curtailing welfare programs, even those which had outlived their usefulness. The power of the various vested interest groups was considerable, as was the strength of their resistance to change. Such interest groups included not only those who benefited from services, but also those involved in services provision who were often more highly educated, more organised and better able to maintain their existing advantages even in the face of hostile governments.

Change rarely occurs through a process of discussion, debate, and research. In an ideal world, of course, policy analysts would study the impact of a proposed change, accountants and treasurers would calculate its cost, politicians would consult the public, consumer groups, and

other associations, and after a thorough committee report was prepared and presented, a pilot project would be put in place. Now change in the welfare or any other system rarely happens like this. The quickest way to change welfare regulations or policies is through the judicial process. Someone wishing to quit a job to go back to school while being supported by social assistance may, through a favourable court decision, affect all others in the same situation for years to come. As we will see, many of the problems presented in this book deal with issues governed by the legal system.

There are several difficulties associated with allowing the judiciary to affect and in many cases direct social policy. Cases that come before the courts are usually exceptional, and yet they may set precedents for all similar cases. Problems also arise because of judges' unfamiliarity with the welfare system beyond its presiding legislation. Also, court challenges are frequently brought under the *Canadian Charter of Rights and Freedoms*. But the most serious problem with placing the direction of social policy in the hands of judges is that they are not accountable to the public: they do not ask for the public's opinion, nor do they calculate the cost to see if a change is affordable, feasible, or warranted. The majority of these decisions also occur far from the public eye and earn scarcely a mention in the news media. Taxpayers are thus made responsible for supporting rules with which they might not agree. Changes will also occur as a result of pressure brought to bear on government by interest groups or advocacy groups, often by threatening legal action. Again, the public is rarely consulted. Politicians who want to appear proactive will champion the causes of groups which may represent a small minority of people. These activities too unfold at the expense of the taxpaying public.

Occasionally, reforms will occur when inefficiencies are unearthed by the media. An example of this occurred in the early 1990s when a columnist wrote several dozen articles about fraud, unfair practices, and inefficiencies in the welfare system. Although the government was not pleased with such public allegations that fraud was rampant in the system and revelations about the amount of income that people could earn and still qualify for assistance, it nevertheless introduced reforms to address these concerns.

Any discussion of welfare must recognize that people approach this issue, as they do many issues, from certain political or ideological per-

spectives. Writers have referred to the opposing groups in this case as having either an “institutional” or a “residual” perspective on welfare programs. While it is impossible to categorize everyone into specific political camps, liberals generally believe that welfare recipients are victims of circumstances beyond their control and that, given the opportunity, they would rather be off the system than on it. Those who maintain the institutional perspective believe that in a modern, complex, and prosperous society the state has a responsibility to take care of its citizens. Technological changes and a fluctuating economy leave some people uncompetitive and obsolete in the workforce, and this situation calls for permanent organizational structures to provide income maintenance and social services. Furthermore, since society shares responsibility for its members’ well-being, benefit levels and other services should be raised to societal norms (Ritti, 1977:158). Those on the liberal side of the political spectrum would like to see the system more “user-friendly.” They would be in favour of more rights, more money, and more services for welfare recipients which, they argue, would lead to more dignity and therefore more opportunities. They also usually refer to recipients as the “poor” or the “needy,” because the public has demonstrated that they are more sympathetic towards people designated in these terms.

Those on the conservative side of the political spectrum would generally advocate a reduction of services. They take the view that there will always be a small minority, or “residue,” that will need public assistance – the aged, infirm, and disabled – but that under normal circumstances the responsibility for one’s well-being lies primarily with oneself, one’s family, and benevolent organizations. These people view social assistance as temporary relief for the occasional misfortune or hardship. They would prefer to see a system in place that makes assistance harder to get and especially harder to continue to get for extended periods of time. A conservative approach would see a more intrusive application and maintenance process to reduce fraud and attach more “strings” to the money recipients receive.

These differences between liberals and conservatives stem from perceptions about the work ethic, individualism, and recipients’ deservedness and motivation to seek work (Williamson, 1974; Galper, 1975). In his book *The Politics of Social Services*, political analyst Jeffrey Galper (1975:4) asserts that

the right sees the role the social services play in weakening the attachment of individuals to the labour market and in generally undermining traditional values and structures as the root of the dilemmas, while the left sees the dilemmas as being rooted in the services' reinforcement of those very same traditional values.

Although these views usually surface in the political arena, they are rooted in a dichotomous perception of the role of the state and the purpose of financial aid. Galper (1975:2-3) also comments that the liberal position can generally be summarized by the statement that "more is better": conservatives, on the other hand, maintain that "less is better." Recently, liberal and conservative approaches to welfare programs have emphasized the emerging legal and economic realities of "modern" nationhood. Liberals generally believe that people have a right or entitlement to assistance and that this right is accompanied by a host of other constitutional rights. Liberals claim, for example, that people have an inherent right to privacy and that the welfare application process should recognize and respect this right. Liberals also believe that assistance should be based on "need" or what is "fair" rather than on society's ability to pay for services and programs. They argue that the government should proceed with deficit financing or if necessary raise taxes to maintain or expand services rather than deal with budgetary problems by reducing services or benefit levels.

Conservatives believe that there are two types of "poor." There are poor people who, through no fault of their own, cannot support themselves due to illness, disability, or emotional or family crisis, but there are others who can support themselves or could at least enhance their efforts to support themselves. Liberals disagree with the categorization of people as being either "deserving" or "less deserving." Those who maintain a liberal or institutional perspective believe that the distinction between the deserving and less deserving or undeserving poor is based on erroneous, outdated assumptions and Victorian value judgments about the moral character of recipients. These assumptions in turn lead to legislative changes which, for example, justify reduced rates of assistance for so-called undeserving recipients. Liberals maintain there should no longer be any distinction between those deemed deserving by society and those who are seen as not so deserving: there are only humans in financial need.

Conservatives generally believe that social assistance is a privilege and that certain conditions can therefore be attached to eligibility and continued entitlement. Conservatives also argue that since the system is supported by public funds the public should have a say in how it operates, and that economic constraints must be factored into welfare services and benefit rates. Provision for the poor should primarily be based on society's ability to pay, rather than on "need."

Given these divergent views about the welfare system, it is not surprising that special-interest groups firmly believe that welfare is their business and not a topic for public debate. They would argue that the public does not understand the complexities of the system, that the public is influenced more by ideology or perception than knowledge. Through organized effort, recipients, social workers, and client advocates opposed to any person or group that would hinder their cause have seen significant changes in the years 1985-94. These welfare advocates make their livings protecting the rights of welfare recipients, and they have a vested interest in gaining the most ground possible for their clients: their objections to attempts to in any way minimize benefits, rights, or services are therefore understandable.

Politicians and bureaucrats also often defend their ownership of the welfare system, although their reasons differ from those of the interest groups. Politicians are ultimately responsible for the system they have created, or at least maintained, no matter how unmanageable or ineffective it is. They are defensive about their political party's actions, or often, its inactions, and with rare exceptions will either defend or criticize the system according to their own political colorations.

Very little is written about the welfare system and much of what is published is usually government-commissioned, government-sanctioned, or directly or indirectly government-funded. Since complaining about the welfare system has become a national pastime, it is curious that more has not been written about it. A library search for a work on Ontario's welfare system not in some way sponsored by government failed to reveal a single entry. One reason for this is undoubtedly the fact that each province has its own welfare laws and practices, and so anyone wishing to write such a book would either have to choose a single province, limiting the book's scope, or embark on the daunting task of writing about all of Canada. Moreover, the welfare system is also constantly changing: rules are quickly outdated, so that the researcher must

be sure of having current information. To complicate the picture further, in Ontario (and some other provinces) welfare is administered by local municipalities. This local administration of welfare further inhibits consistency between areas because of the discretionary nature of some eligibility decisions. In addition, partly owing to confidentiality practices, accurate details and informative data about the system are difficult to obtain.

The system is secretive by its very nature. Handfuls of employees work in buildings hidden from the scrutiny of the public eye. Provincial welfare employees are forbidden to speak out publicly, and local government workers usually risk dismissal or at least reprimand if they speak freely on policy matters. Anything we do hear about the system is usually controlled by the government in the form of press releases and public announcements. Occasionally the media will run articles gleaned through public forums like the Ontario Legislature or the courts, as well as stories “leaked” by confidential sources. Other media reports will concern welfare recipients or workers who complain about the system or expose flaws within the system or the adverse effects of certain policies. Information that finds its way to the public is usually filtered and biased in its reporting and often so complex that it can seem incomprehensible to anyone unacquainted with the system. Even so, taxpayers are often cynical or indignant about the little information they do get.

This “clandestine” welfare operation has allowed governments to enact legislation and make policy changes with virtually no public involvement. The public has perhaps unwillingly, and most certainly unwittingly, acquiesced. William Gairdner (1991:216) has summed up the secretive nature of the welfare system:

the chances of indulging in a full discussion on welfare or poverty in Canada are very slim for a very good reason: very few ordinary citizens know anything about welfare, poverty, or the needy, for the simple reason that very little is known, and what is known is in dispute even among experts. What the ordinary person learns about welfare comes from media journalists who usually support the growth of the welfare state and are by and large shockingly uncritical. Alas, entropy reigns, and the world we see or read about is the one the interested parties choose to show us.

Very few people can knowledgeably explain how the system functions, much less articulate its problems. Eligibility rules, budget levels, caseload sizes, policy interpretations, and court decisions all influence how the system operates. Economists, who have written largely on the American system, seldom address the legal, administrative, or social policy aspects of social assistance. Lawyers and welfare-rights advocates are usually more concerned with defining recipients' rights and challenging alleged infringements. Political scientists tend to focus on the political aspects of welfare, while social scientists tend to address the larger issues related to social assistance on a theoretical plane. Welfare workers probably know the system best, but they are not normally permitted to offer opinions. The most vocal of these groups are client advocates and social activists who publicize lamentable examples of "byzantine" or "arcane" rules to rally public support for more or improved services. The uninitiated person who wants to know more is usually forced to assess the system based on the opinions of the media or the welfare movement.

It seems strange that these groups, which span the political, social, and ideological spectrums, would have something in common. The thread of agreement is their belief that the system is not accomplishing its goals. The Advisory Group (1992:2) expresses this sentiment:

The current system is under attack by critics on both sides of the political spectrum — accused by some of condemning people to live in poverty and by others of failing to provide enough incentives to work, it is guilty on both counts.

A few less critical commentators have argued that the system has done what it was supposed to do. That the welfare system has helped individuals and families survive during times of need certainly cannot be disputed. However, meeting this minimal standard is hardly a case for the system's efficiency and effectiveness, much less its fairness. This would be akin to saying that because the educational system is teaching some students, we should not be concerned about the dropout rate, the graduating students who are functionally illiterate, or the escalating cost of the public education system. Yes, individuals and families were helped and they continue to be helped, but this is a meagre commendation. Serious questions need to be answered. Is the system running efficiently? Is it a balanced system that properly balances the rights of the

recipient with the rights of the taxpayer? Is the taxpayer getting his money's worth? Are welfare policies achieving their stated goals?

Four separate studies since 1986 have all reached the same conclusion. *Transitions*, a 624-page document commissioned by the Liberal government in July 1986, was a result of work by the Social Assistance Review Committee, or SARC. SARC was chaired by Judge George Thomson, and through public hearings, submissions, briefs, research, and discussion, the committee, after two years of work, concluded with 274 recommendations for improving welfare. Mr. Sweeney, then the Minister responsible for welfare, announced that the \$3-million report would be used "to redesign our system of social assistance so that we can better enable individuals to achieve independence" (MCSS, 1987a:3). The NDP endorsed *Transitions*, saying that "the review was worth every penny" (NDP, 1989:1).

Transitions set the course of liberal reform in Ontario until 1995. The document recommended that the system be changed in five stages. The effect of these changes would increase benefit levels and widen eligibility; offer employment and training opportunities to recipients and training to staff; would see recipients, through various strategies, move toward self-reliance; would improve program delivery, and make changes to the administration and funding of welfare programs.

The cost of implementing the *Transitions* recommendations was estimated to total \$2.35 billion in 1987/88 dollars. At the time, the cost of social assistance in Ontario stood at \$1.7 billion. In spite of the costs associated with its plans, however, SARC believed that they would generate significant cost savings (1988b:108-109):

The introduction of financial incentives to work, expansion of employment-related services, and better integration of the public and private support systems along with the security net that the proposed new benefits will provide, should greatly increase the ability of people to live without social assistance. *The overall caseload could be reduced by 60% to 70%.* (my emphasis)

In 1990 Charles Beer, then Minister of Community and Social Services, created the Advisory Group on New Social Assistance Legislation (Advisory Group). The Liberal government, sensing a decline in its popularity after commissioning the group to advise the Minister on how to reform the welfare system, failed to fund the project. It was not until the

NDP government was elected and Zanana Akande became Minister of Community and Social Services that funds were forthcoming for the continued operation of the Advisory Group.

March 1991 saw the publication of the first report of the Advisory Group on New Social Assistance Legislation, entitled *Back on Track*. In essence, this was a 150-page review of the *Transitions* program. *Back on Track* proposed 88 “Actions” and reinforced the SARC recommendations while singling out policy changes and guideline clarifications that could be implemented quickly.

The second report of the Advisory Group on New Social Assistance Legislation, entitled *A Time For Action*, was released in May 1992. This report drew on *Transitions* and other sources to propose “51 Directions” for a new, unified social assistance Act that would “set the system on a new course” (Advisory Group, 1992:1).

In 1993, Tony Silipo, then Minister of Community and Social Services, announced the overhaul of the welfare system by 1995 in a document entitled *Turning Point* that made it clear that his government was “about to dismantle welfare as we know it.” Like the reports of the Advisory Group, *Turning Point* endorsed recommendations from *Transitions*. Although the document was short on details, its stated goals were to:

- 1) assist people in moving as quickly as possible back to work,
- 2) provide long-term support to those who were unable to work, and
- 3) help families to raise their children without having to rely on assistance.

The government proposed to abolish the current system which, it asserted, was unnecessarily complex and costly, and replace it with three new programs: the Child Income Program, Ontario’s Adult Benefit, and Job Link. The new Child Income Program was to help children of low-income families so that the level of benefit was determined by the family’s income. The Ontario Adult Benefit was intended for adults only and seemed to resemble the current system with its eligibility assessment and means testing: in this program, however, dependents would not be added into the budget calculation. The third program, Job Link, would assist recipients in preparing to return to the job market or help them connect up with training or education. The government intended to introduce legislation to create the new programs by late 1993,

with a target start-up date in 1995. Before the end of 1994, however, the NDP had scrapped its *Turning Point* recommendations because of the great expense and lack of public support.

The attitude of the public to welfare reform and public assistance is an interesting study in itself. According to SARC (1988a:510-511):

The public has demonstrated that it is particularly sympathetic to certain groups, such as disabled persons. Yet when the public is asked about programs like social assistance that help these groups its response is often negative and punitive.

SARC cites a 1985 study by Goldfarb Consultants which found that 46 percent of Ontarians preferred to cut social assistance or welfare programs rather than increase taxes. The same study found that 58 percent believed the government should spend more to help disabled people. SARC concluded that this seeming ambivalence was a result of lack of information or of misinformation, and suggested a campaign of public education and awareness to gain support for its proposed changes.

There did, in fact, exist a background paper prepared for SARC and entitled "The Public Communication Plan to Coincide with Changes To The Ontario Social Assistance System." Pigott (1987:unpaginated) summarizes:

While there is ample evidence that a healthy community spirit exists in Ontario, the level of generosity diminishes rapidly when it comes to social assistance. The broad cross section of the population appears to feel that recipients should not receive more than they do currently. The amount should be a mere minimum and should definitely not be raised if it means a tax increase. A small percent of Ontarians (13%) even feel that welfare cuts should be given priority over any other area. While there are some apparent differences in attitudes among demographic and psychographic groups in Ontario, the most important fact is that the attitudes expressed above are prevalent throughout society.

Pigott concludes by recognizing that a large segment of the population would oppose increased spending and policy initiatives; that the somewhat adversarial relationship with recipients would undermine implementation, and that public reaction would be persistently negative. Pigott suggests strategies including education, localized activities, advertising, and media coverage to overcome these difficulties. Adver-

tising depicting children, frustrated unemployed people, and single mothers would, according to Pigott, have powerful impact to reform negative opinions.

One newspaper columnist satirized the hackneyed use of children living in poverty to catch the public's emotions this way:

Little Buggy Bigeyes went to bed hungry last night after a meal of thin gruel and bread crumbs — she is just one of 100 million children in Metro who are starving thanks to a heartless capitalist society. (*Toronto Sun*, April 30, 1991)

But Pigott's approach to changing public opinion should not be surprising. It is practised by governments and media on a daily basis and is often referred to as "indoctrination." Possibly the most offensive aspect of this method of changing public opinion is the underlying assumption that what the public thinks is wrong and that such thinking must be changed at the public's expense.

It is important to be aware that each of the above reports has serious flaws, not the least of which is that all were written from a liberal perspective. In itself this does not disqualify them: they do contain some worthwhile recommendations. However, these reports give no place to the issue of taxpayer support for the present system of welfare administration or the associated costs and affordability of welfare reform.

The reason why the concerns of the public were not considered in any of these reports was because the public had a significantly different view of welfare reform than did the government of the day. The public's views are expressed by most polls conducted on government spending, taxes, and the debt. In December 1994, for example, a Compass survey of 2,586 Canadians (*Financial Post*, January 28, 1994) found that 86 percent of those polled were extremely or very concerned about government spending, taxes, and the deficit. The survey found that after respondents were informed of the actual debt, the percentage who were extremely or very concerned about the deficit rose to 90 percent. The same poll found that the provinces which felt most strongly about controlling taxes were British Columbia and Ontario.

Many regard the welfare system as sacrosanct. People are often unable to discuss welfare dispassionately; for some the issue is simply too sensitive. Academics feel that they would be labelled as either left wing or right wing; politicians are left scrambling to appease the clamouring

demands of a diverse constituency; open dialogue in newspapers or on talk shows is frequently reduced to emotional wrangling. No matter what stance one takes, discussion of welfare reform is bound to offend someone. There is a great temptation to begin by apologizing in advance to any who may be antagonized by one's opinions. Although democracies are saddled with the difficult task of having to weigh what are often competing rights, the problems within the system, left unresolved, will not suddenly smooth out. Social programs are too important a field for both liberals and conservatives to avoid. We need discussion based on what we know, not what we feel. This may be unrealistic, but there is no alternative if we want to achieve some degree of consensus for the future of social assistance programs. The heart of the issue when it comes to social programs and fairness within the welfare system is the need to strike the right balance between those who fund the system and those who use it.

From 1985 to 1994, Ontario's welfare system experienced unprecedented growth both in cases and in costs. Some of this growth was due to increased unemployment but that alone does not account for the phenomenal increase, which was primarily the result of liberal reforms of the welfare system as recommended by the several reports mentioned above. A retrospective look at these changes will allow us to assess and examine their effects. It is important, not only to understand the system we are funding, but also to understand the impact of the liberal approach to welfare. A better understanding of the past will help us in our planning of the future. This book examines some of the significant changes which occurred to the system as a result of liberal reforms between 1985 and 1994. Several recommendations for change are discussed.

Chapter 1 explains Ontario's welfare system and the distinction between General Welfare Assistance and Family Benefits. Included in this chapter are numbers and categories of recipients, caseload characteristics, and the growth in Ontario's social assistance caseload. Chapter 2 discusses the Social Assistance Review Board (SARB): its practices and procedures, and the changes which have occurred in SARB over the last decade. This chapter focusses on SARB's biased decisions, the problem of interim assistance, and the delays in hearing appeals and rendering decisions. Several cases are presented which emphasize various problems and weakness in the appeal process.

Chapter 3 outlines the welfare regulations pertaining to youth and students receiving social assistance as well as some of the concerns associated with service to this group. The chapter discusses several reasons for the increase in the numbers of youth and students using the system. Chapter 4 explores the “spouse in the house” or cohabitation issue featuring the rules prior to the enactment of legislation which allowed people to live together essentially as spouses while remaining eligible for assistance. Chapter 5 examines issues related to fraud and abuse within the system. Studies from across Canada and the United States are presented along with several cases of fraud and abuse which demonstrate the agencies’ difficulties in detecting fraud. Also canvassed is the issue of de-emphasizing fraud detection in the welfare system in accordance with liberal recommendations. Chapter 5 also investigates the claim that fraud is committed primarily as a response to inadequate benefit levels that force recipients to cheat in order to survive. Chapter 6 discusses the issue of the adequacy of Ontario’s social assistance benefit rates. These levels are compared to other income levels such as the StatsCan Low Income Cut-Off (LICO), earned income, and social assistance benefit levels in other provinces. This chapter also discusses the serious problems with the Support To Employment Program (STEP), an initiative which was to provide an incentive for recipients to obtain employment while maintaining eligibility for social assistance. The instrumental role of STEP in increasing costs and caseloads is also discussed.

Chapter 7 presents several issues related to dependency including the value of work, the effects of long-term unemployment, and the effect of social programs on a recipient’s incentive to be self-sufficient. The chapter also discusses the question of whether the system fosters dependency by comparing the length of time recipients remained on assistance and the increased number of recipients between 1985 and 1994. The growth in Ontario’s social assistance caseload is also compared with growth in other provinces and the unemployment rate. The Conclusion closes with some other problems associated with Ontario’s social assistance system, a summary of the book’s findings, and some related observations and comments.

Finally, a Postscript outlines several significant changes in the General Welfare Assistance (GWA) and Family Benefits Act (FBA) programs which became effective on October 1, 1995, as a new Ontario government moved to place its mark on the welfare system.

Chapter 1: Ontario's Welfare System

IN ONTARIO, THE TERM “social assistance” usually covers the two programs established to deliver financial support to individuals and families: General Welfare Assistance and Family Benefits. Many other financial assistance programs—including Old Age Security, Workers’ Compensation, War Veterans’ Allowance, Unemployment Insurance, and Canada Pension—are administered by both the federal and provincial governments. Each province also has its own welfare legislation, negotiated with the federal government under the Canada Assistance Plan (CAP).

The Canada Assistance Plan introduced in 1966 was the federal government’s attempt to consolidate the various independent pieces of legislation passed by provinces. The three primary conditions each province had to meet under CAP were as follows: welfare programs must issue assistance based on need; provinces must not impose residency requirements, and each province must implement an appeal procedure. In 1966, the Ontario government restructured its welfare programs: the Department of Welfare was reorganized and renamed the Department of Welfare and Social and Family Services, later the Ministry of Community and Social Services (MCSS).

The *Constitution Act* specified in 1982 that each province was to be responsible for designing, managing, and delivering its own social assistance package; the Act also stipulated that the cost of social assistance

would be shared by the federal government equally with the provinces. Latterly, the cost of general welfare has been shared among the federal, provincial, and local governments with each contributing 50 percent, 30 percent, and 20 percent respectively. Funding for family benefits programs is split equally between the provincial and federal governments.

In 1990, the federal government placed a ceiling on transfer payments through the Canada Assistance Plan to Ontario, Alberta, and British Columbia. Although the ceiling did allow for a small yearly increase, it has in no way kept pace with the tremendous increases in provinces' social assistance spending since that time, especially in Ontario. As a result, the federal government has been paying a decreasing portion of welfare costs, with the provincial governments having to make up the shortfall. In Ontario, the federal share fell from 50 percent in 1989/90 to 28 percent in 1992/93 (MCSS, 1993:9). On April 1, 1996, the CAP agreement was replaced by a new Canada Health and Social Transfer which further reduces federal transfer payments to provinces.

Although regulations for social assistance vary from province to province, all provinces use similar needs-testing procedures that apply restrictions on assets and income to determine eligibility. Levels and limits of income and assets vary among the provinces, as do assistance levels. The principal eligibility criterion is "need" as defined by a testing procedure.

Under the General Welfare Assistance Regulations, a "person in need" means a person who, by reasons of inability to obtain employment, lack of a principal provider, disability or advanced age, has a budgetary requirement which exceeds his income (as calculated in accordance with the legislation) and who is not disqualified due to contravention of General Welfare Assistance policies, including assets exceeding allowable limits. (Department of Supply and Services, 1985:21)

Ontario is one of three provinces, along with Nova Scotia and Manitoba, that use two-tiered social assistance systems: General Welfare Assistance, commonly called "welfare," and Family Benefits, also known as "mother's allowance" or "disability pension" — these references being to categories or reasons for assistance and not to separate programs.

The administration of these programs is complex. The task of defining who is "in need" can be daunting, given all the potential situations and combinations of situations in which individuals or families may

find themselves. The legislation for these two programs attempts to clearly define eligibility and establish parameters for “need.” These conditions of eligibility must address, not only such issues as income and assets that are themselves complex to define, but also countless related matters such as employability, illness, residency, spousal arrangements, responsibility for children, benefit levels, training, education, self-employment, and income. In addition, there are issues concerning special circumstances and special needs. The complexity of Ontario's social assistance system has been well documented in *Transitions, Back On Track, Time For Action*, and *Turning Point*.

Some have argued that the two-tiered system stems from a notion prevalent at the inception of the respective Acts that some recipients were more “deserving” than others. While degrees of recipients' deservedness may have played a role in the development of the two-tiered system, it could as easily be argued that the two systems exist because General Welfare was intended to be the program of immediate response to emergency situations: it was originally meant as a short-term program, with recipients either referred on to longer-term programs like Family Benefits, or returning to work. Whatever the original reasons, the two programs afflict the administration of welfare in Ontario with unnecessarily complex duplication.

Family Benefits was enacted under the *Family Benefits Act* (1967) and provides assistance to the following:

- People aged 65 or more who are not eligible for Old Age Security;
- People with disabilities;
- People who are blind;
- People who are medically unemployable;
- Single women over 60 years of age;
- Spouses of Old Age Security ;
- Spouses of former Family Benefits recipients;
- Single parents, widows, and widowers;
- Single deserted parents;
- Single divorced parents;
- Single separated parents;
- Single unwed parents;
- Participants in Vocational Rehabilitation Services;
- Foster parents;

- Parents of handicapped children;
- Special cases as granted by Cabinet under Order-in-Council provision.

These categories can be condensed into four main groups:

- Single parents,
- People who are disabled,
- Foster parents, and
- Vocational Rehabilitation Services.

As part of a pilot project initiated in 1982, MCSS “integrated” several Family Benefit Act (FBA) and General Welfare Assistance (GWA) offices. These integrated sites deliver all GWA cases and FBA for sole-support parents, while the rest of FBA recipients are maintained by another MCSS facility. The majority of GWA and FBA delivery sites in Ontario are separate, however. All Family Benefits recipients are registered on a single province-wide computer system which all social assistance offices can access. Because Family Benefits is provincially administered, it is a much more homogenous program across the province than General Welfare Assistance. Family Benefits recipients can move throughout Ontario and have their files transferred to their new area of residence so that no new application need be completed. As compared with GWA, there is relatively little variation among FBA offices in terms of discretionary items or services offered.

Some have also argued that there are fewer checks and balances in the Family Benefits system than there are in General Welfare. FBA recipients are normally contacted less frequently than GWA recipients by social assistance workers. Home visits, with the social services worker going to the applicant’s home to complete the paperwork, were eliminated as a requirement in 1991 for both the GWA and FBA programs, and update forms can now be completed over the phone, in the office, or by mail. Many areas, however, have continued the home visits, at least for an initial application. Until 1994, FBA recipients had to declare their incomes only twice yearly with adjustments made at that time. Now FBA recipients, like GWA recipients, fill out monthly “income statements” as part of a drive to reduce abuse within the system.

At the time of a benefits application, information is collected regarding income, assets, and budgetary requirements. Income from all sources is considered, with a range of exemptions. Boarder and rental

income is considered at a percentage of the gross amount received; small gifts and donations are not considered as income. Government benefits such as Unemployment Insurance, Canada Pension, Workers' Compensation, and support payments from a spouse, common-law partner, or parent of a child, are deducted dollar for dollar from a recipient's monthly entitlement. Child Tax Credits, Goods and Services Tax rebates, and income-tax rebates are not considered income for social assistance purposes and thus not deducted from a recipient's monthly entitlement. There is an exemption applied to earnings and training allowances after a recipient has been on assistance for three months. Both GWA and FBA recipients are allowed to earn income under a program known as Support To Employment (STEP). All recipients have an added exemption of 25 percent of earnings over and above the basic exemption, which in 1994 was as follows:¹

Single person	\$50
Single parent	\$120
Two-parent family	\$100
Disabled single	\$160
Disabled family	\$185

Liquid assets — bonds, stocks, registered retirement savings plans, money in bank accounts, trust funds, and so on — are also considered. The allowable limit on liquid assets for a single person receiving an FBA disability pension is \$3,500; a single parent with one child is allowed \$5,500 with an additional \$500 for each additional child. The maximum liquid-asset level for an employable person or family receiving GWA is roughly equivalent to one month's assistance.

General Welfare, enacted under the *General Welfare Assistance Act* (1958) that replaced the old *Unemployment Relief Act* (1935), provides assistance to the following:

1 These basic STEP exemption rates were increased on October 1, 1995. Details of these changes are outlined in the Postscript.

- People unable to obtain employment,
- Single parents,
- People in temporary ill health,
- People in permanent ill health, and
- Foster parents.

Even though GWA has fewer categories for assistance, it is a much more complicated program. Seen primarily as a short-term program, GWA also uses “needs testing” to determine eligibility and entitlement. It is delivered mainly by local governments, municipalities, and Indian bands.

Social assistance cheques are usually sent once a month, though a few GWA offices still issue semi-monthly cheques. The growing trend throughout the FBA and GWA programs is to deposit a recipient’s monthly assistance directly into a bank account.

GWA and FBA cases are maintained by caseworkers or income maintenance workers. These workers respond to questions and problems, fill out periodic update forms, note changes in circumstances and, as a rule, complete new applications as well. No clear provincial guidelines exist to govern the maximum number of cases in a worker’s caseload, which may vary with districts and programs, but the number of ongoing cases will range from approximately 100 to 400. Because GWA is municipally administered, recipients who move have to complete fresh applications in their new municipalities. In both programs, continuing eligibility and amount of benefit must be periodically reviewed and assessed. Cases are reviewed and updated, usually by personal visits in either the recipient’s home or the social services office, or in some areas with telephone conversations or mailout forms. Although the provincial guidelines set out minimum standards for caseload reviews, the degree of case monitoring varies among areas. These procedures rely primarily on honest self-reporting by recipients; cases are rarely investigated unless there is suspicion of abuse.

In addition to declaring their actual circumstances at the time of initial application, recipients are required to notify the social services office of any changes in their circumstances that may affect eligibility for assistance. These changes may revoke eligibility or affect the amount of assistance recipients are entitled to receive. Recipients use monthly in-

come statements to report revenue received or changes occurring in the previous month (MCSS, GWA Policy Guidelines, GWA-0203-05).

Recipients of both programs may be eligible for subsidized daycare, which is usually approved for single parents going to school or working. Depending on local policy, low-income two-parent families may qualify, and daycare for therapeutic reasons can also be approved. Working parents receiving GWA or FBA and paying for their own daycare can, in some cases, deduct this amount as a legitimate expense and be reimbursed for some or all of the cost incurred.

One of the reasons for the complexity of the GWA program is that it is locally administered and will reflect some of the values and attitudes of the local delivery agency. In addition, although the legislation is provincial, many aspects of its interpretation are locally established, and the Act contains many discretionary items which municipalities may grant or refuse. This accounts for the numerous differences among welfare offices. For example, some provincial and municipal offices have recipients complete forms at local social services offices, while other have the forms completed in the applicants' homes. Some welfare offices hire fraud investigators, while others do not. Some offices generously issue discretionary items; others do not.

The Ministry of Community and Social Services produces Policy Guideline Manuals to impart some consistency to the implementation and interpretation of provincial regulations. In spite of these guidelines, however, there is wide variation in the interpretation of the Act and its implementation and delivery by municipal offices. Although areas do have discretion in matters of legislative interpretation, recipients may appeal decisions to a provincial Social Assistance Review Board (SARB), which has authority to overrule decisions made by provincial or local offices.

Social assistance programs are intended to provide income to meet the costs of "basic necessities" or "personal requirements" when all other financial resources have been exhausted. The amount of assistance is determined under provincial guidelines and varies with family size, age of dependents, shelter costs (which include rent/mortgage, hydro, and heat), and other factors. Tables 1-1 and 1-2 outline the 1994 monthly benefit levels: figures represent maximum regular benefit levels and do not include other allowances a recipient may be entitled to receive. The figures in Table 1-3 represent the maximum Shelter

Table 1-1: 1994 Basic Allowance for all GWA Recipients and FBA Sole-Support Parents (Shelter Allowance Excluded)

Number of Dependents Other Than Spouse	Dependents Age 12 or Over	Dependents Ages 0-12	1 Adult Person (Monthly Allowance)	2 Adult Persons (Monthly Allowance)
0	0	0	\$249	\$498
1	0	1	\$569	\$608
	1	0	\$620	\$654
2	0	2	\$679	\$735
	1	1	\$730	\$781
	2	0	\$776	\$828
Benefits for each additional dependent child are as follows: child aged 13 or over, \$174/month; child aged 0-12, \$127/month.				
Figures represent amounts paid to recipients who are renting or own a home. They do not include the Shelter Allowance (Table 1-3).				
Source: MCSS.				

Allowance. A recipient who is renting or owns a home receives a Basic Allowance plus a Shelter Allowance. Figures do not include those who are paying room and board. For example, a single parent with two children over age 12 and paying \$600 rent would receive a \$776 Basic Allowance plus a \$600 Shelter Allowance for a total of \$1376. A disabled single person paying \$500 for shelter would receive a \$516 Basic Allowance and, since the actual shelter cost (\$500) exceeds the maximum allowed in this case, the recipient would receive \$414 in Shelter Allowance for a total monthly allowance of \$930. A two-parent family receiving GWA with four children over 12 and paying \$700 in shelter

**Table 1-2: 1994 FBA (Disability) Basic Allowance
(Shelter Allowance Excluded)**

Number of Depen- dents other than Spouse	Depen- dents Age 12 or over	Depen- dents Ages 0-12	One Adult (Monthly Allow- ance)	Two Adults One Disabled (Monthly Allow- ance)	Two Adults Two Disabled (Monthly Allow- ance)
0	0	0	\$516	\$765	\$1,032
1	0	1	\$772	\$875	\$1,142
	1	0	\$823	\$921	\$1,188
2	0	2	\$882	\$1,002	\$1,269
	1	1	\$933	\$1,048	\$1,315
	2	0	\$979	\$1,095	\$1,362
Benefits for each additional dependent child are as follows: child aged 13 or over, \$174/month; child aged 0-12, \$127/month.					
Figures represent amounts paid to recipients who are renting or own a home. They do not include the Shelter Allowance (Table 1-3).					
Source: MCSS.					

costs would receive a \$828 Basic Allowance plus \$348 for the two additional children plus \$700 for shelter for a monthly total of \$1876.²

In addition to a recipient's regular assistance, there are a number of other benefit items such as Back to School Allowance and Winter Clothing Allowance for parents of school-aged children. Ontario also has a Special Diet Allowance, a Community Start-up Allowance, and allowances associated with starting employment and medical transportation.

2 Benefit rates for GWA recipients and sole-support parents receiving either GWA or FBA were decreased on October 1, 1995. Details of these changes are outlined in the Postscript.

Table 1-3: FBA and GWA Shelter Allowance (1994)

Family Size	Maximum Shelter Amount
1	\$414
2	\$652
3	\$707
4	\$768
5	\$828
6 or more	\$859
The shelter allowance paid is the lesser amount of either: a) the amount in the above table, or b) the sum of the actual cost of shelter, heat and energy. Source: MCSS.	

Conditions normally apply to continued eligibility for FBA and GWA. For example, an employable person must be actively seeking employment and, if requested by the welfare office, demonstrate that he or she is doing so. Job search expectations vary among municipalities. Employable workers may be deemed ineligible for a length of time if they leave employment for unjustified reasons. Although it is not MCSS policy, there has been a general consensus that a person losing employment for reasons within his or her control is disqualified for a one-month period. There is

some latitude as to what may be considered “within a person’s control,” but it generally includes a person who has been fired or who quits employment. As of October 1, 1995, the disqualification period was increased to three months. An unemployable person who is temporarily or permanently unemployable for medical reasons must provide proof of this, usually in the form of a medical report or doctor’s letter. Single parents must pursue support from spouses and/or the father/mother of the child. Some municipalities employ Parental Support Workers whose task is to assist single parents in pursuing this support.

Children under 16 are not eligible for assistance in their own right unless they are legally married or have children. Assistance can be granted to 16- and 17-year-olds if exceptional circumstances justify living outside the parental home. Applicants aged 18 or over who have left the parental home are treated as adults: reason for leaving the parental home is not an eligibility criterion. Single applicants under age 21 living in the parental home are not eligible for assistance. Assistance can also

be granted to persons attending secondary school or other approved educational programs in certain circumstances.

Applicants or recipients who are ruled ineligible or terminated from assistance are notified in writing. If they disagree with the decision, they can request a local review. If they are still dissatisfied with the decision, they have the right to go directly to SARB, the independent board which hears appeals from refusal, cancellation, reduction, or suspension of benefit under both GWA and FBA.

Under the rules set out by municipalities, Special and Supplementary Assistance can be granted for certain extraordinary expenses incurred by people in financial hardship including, but not limited to, FBA and GWA recipients. These are special items subject to approval by the municipality, dependent on need and circumstances. Because they are discretionary, they are not appealable to SARB. Special and Supplementary Assistance may pay for a number of items such as:

- prescribed drugs,
- eyeglasses,
- surgical supplies and dressings,
- dental services,
- funeral and burials,
- wheelchairs,
- prosthetic appliances (artificial limbs, hearing aids, etc.), and
- moving allowances.

Caseload characteristics

In February 1995, Ontario had 672,191 FBA and GWA cases representing 1,333,153 beneficiaries (including applicants, spouses and dependents) as indicated in Chart 1-1. The three major eligibility groups were unemployed workers, persons with disabilities or with short- and longer-term health problems, and single parents. These three categories represented 92.2 percent of social assistance recipients in Ontario. The 219,510 unemployed workers receiving GWA comprised 32.4 percent of recipients; 205,610 recipients either temporarily or permanently unable to work for medical reasons accounted for 30.3 percent, and 199,817 single parents comprised 29.5 percent. These categories were followed by 30,367 GWA students (4.5%), 11,700 "other" – which includes emergency assistance, special and supplementary assistance and the Work

Incentive program (WIN: 1.7%) — and 10,968 in receipt of foster care or handicapped allowance who comprised 1.6 percent of the social assistance caseload.

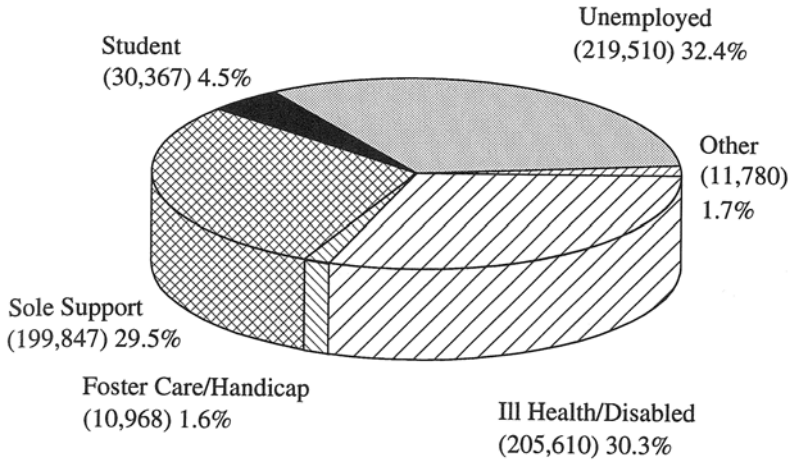
As of February 1995, there were 344,000 active GWA cases on assistance in Ontario, representing 607,000 beneficiaries. As illustrated in Chart 1-2, there were 219,510 (63.8%) unemployed recipients looking for work, 48,687 (14.2%) single parents, 35,894 (10.4%) recipients suffering from long-term and short-term ill health, 30,367 (8.8%) students, 4,842 (1.4%) elderly, and 4,700 (1.4%) other cases including persons waiting for unemployment insurance or first pay from employment or with other reasons for claiming assistance.

In February 1995, Ontario had a total of 328,191 active Family Benefits cases with a total of 726,153 beneficiaries. As shown in Chart 1-3, there were 164,874 (50.2%) disabled, elderly, blind, medically unemployable or participants in Vocational Rehabilitation Services, 151,160 (46.1%) single parents, 10,968 (3.4%) foster care/handicapped recipients, and 1,189 (0.4%) in the "other" category.

Ages of GWA and FBA recipients are shown in Chart 1-4. The chart illustrates the high number of youths receiving GWA: 27 percent aged 16 to 24 and 34 percent aged 25 to 34. In total, 61 percent of GWA recipients are under 35, while 30 percent are between the ages 35 and 49 and an additional 9 percent are 50 or over. In the FBA program, 12 percent are between ages 16 and 24, and 30 percent are between 25 and 34. An additional 34 percent of recipients are between 35 and 49, and 24 percent are aged 50 or over.

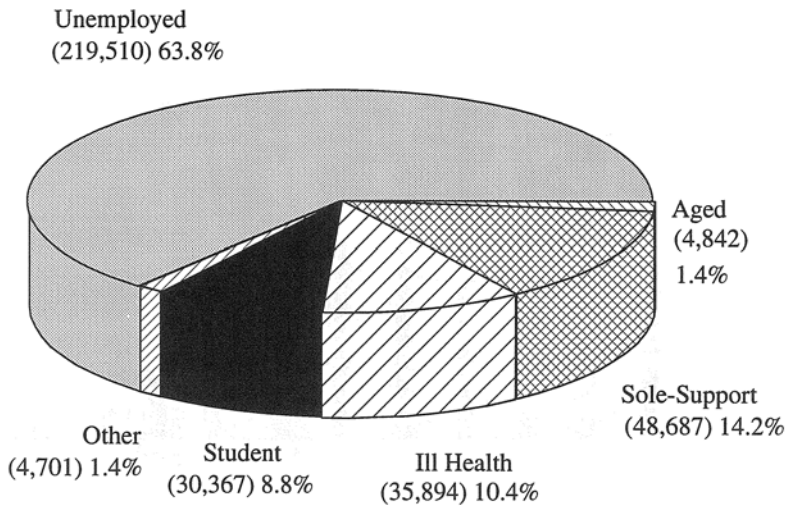
Table 1-4 outlines the educational levels of GWA and FBA recipients. According to SARC, the figures indicate that more than 65 percent of recipients have not graduated from high school. This data is collected through the provincial social assistance computer; since information on recipient education is not mandatory, however, it is frequently omitted. It is not known whether the figures have changed substantially since these data were collected in 1987 (SARC, 1988a:46). Some data, however, suggest that either the educational level of recipients has increased significantly since 1987 or SARC's figures were not entirely accurate. Harding (1987:A:3), for example, indicates that in 1987, 13.6 percent of GWA recipients had completed some post-secondary education, as compared with SARC's figure of 7.9 percent in 1987 for all social assistance recipients. In Toronto, the percentage of GWA recipients declar-

Chart 1-1: General Welfare Assistance (GWA) and Family Benefits Act (FBA) Caseload Profile by Reason for Assistance



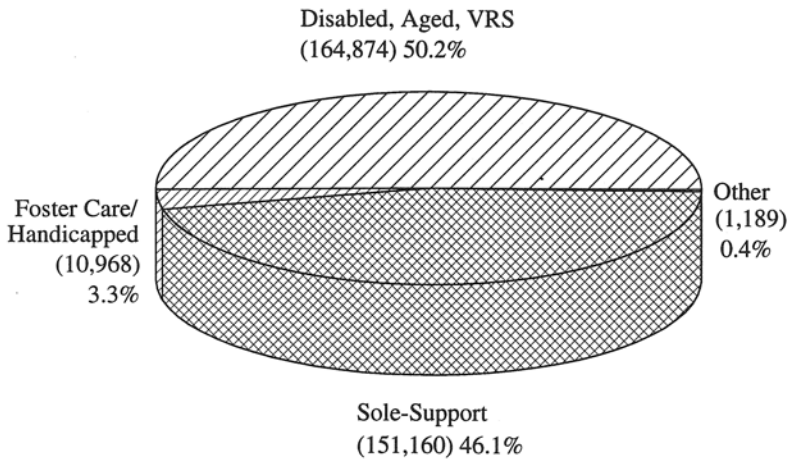
Source: MCSS, February 1995.

Chart 1-2: GWA Caseload Profile by Reason for Assistance



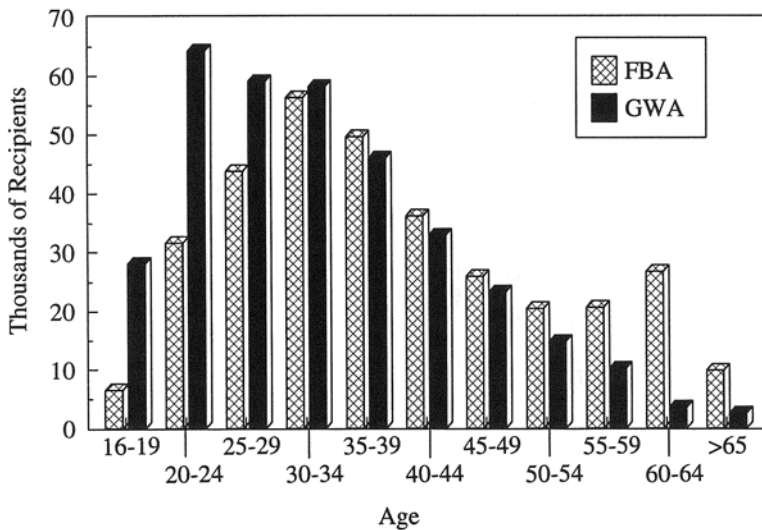
Source: MCSS, February 1995.

Chart 1-3: FBA Caseload Profile by Reason for Assistance



Source: MCSS, February 1995.

Chart 1-4: Age—FBA and GWA



Source: MCSS, February 1995.

ing some post-secondary education was 22 percent in 1993 (Metropolitan Toronto Social Services Division, Community Services and Housing Committee, November 23, 1993). Data on the educational levels of recipients across Canada collected by the National Council of Welfare (NCW) and more recent figures from a survey conducted for Jobs Ontario (Table 1-5) also suggest that educational levels cited by SARC are not currently accurate. The National Council of Welfare found that 24.6 percent of recipients declared at least some post-secondary education, a figure

that is similar to the percentage found in Toronto (22%), while the Jobs Ontario Survey found that 36.4 percent of medically employable recipients had some post-secondary education. Another significant difference between the figures cited by SARC and the more recent findings from NCW and Jobs Ontario involves the numbers of recipients who have not completed their high-school education. According to SARC, 62.4 percent of recipients had not completed their high-school education as compared with 58.3 percent and 42.2 percent according to NCW and Jobs Ontario respectively.

Chart 1-5 outlines the significant growth in both the GWA and FBA programs from 1981 to 1995. This increase has been especially pronounced in the GWA program since 1990. In 1981, Ontario had 83,000 GWA cases. After nine years, in January 1990, the number of GWA cases stood at 136,149. By January 1995, the caseload had risen to 340,500. This increase occurred primarily among persons considered employable.

The growth in FBA cases has been equally significant, from 117,503 cases in January 1981 to 327,473 in January 1995. The rate of increase in the FBA caseload has also been more pronounced since 1989. Sole-support parents account for the major increase in this program.

Chart 1-6 shows the increase in recipients since 1981 in the following four categories: employables, single parents, ill health and students.

Table 1-4: Educational Levels Attained by GWA Recipients (SARC)

Grade Level	Percentages
0-4	5.4%
5-8	19.9%
9-10	37.1%
11-13	29.7%
Post-secondary	7.9%

Source: SARC, 1988a:46, citing MCSS data.

Table 1-5: Educational Levels Attained by Social Assistance Recipients

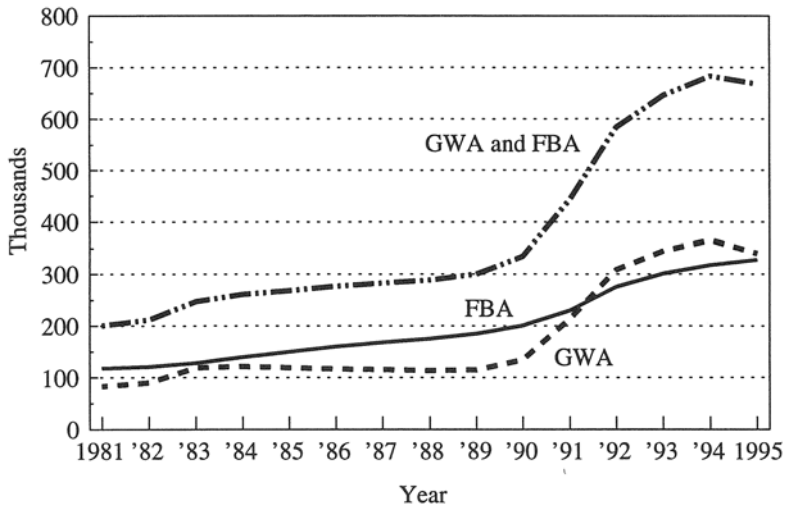
Grade Level	NCW (Canada, 1993)	MCSS ^a (Ontario, 1994)
None to grade years	27.9%	11.9%
Some high school	30.4%	30.3%
High-school graduate	17.0%	20.5%
Some post-secondary	11.7%	14.2%
Post-secondary diploma	10.2%	14.6%
University degree	2.7%	7.6%
a) The figures do not include medically unemployable recipients. Percentages add up to 99.1 percent in the original.		
Sources: NCW figures extrapolated from NCW (1993:15) and representing figures for recipients across Canada; MCSS figures from a survey of social assistance recipients in 1994/95 conducted for Jobs Ontario.		

Employable recipients are all receiving GWA. Approximately 25 percent of single parents are receiving GWA and 75 percent are receiving FBA. Those in the ill-health category represent the sum of all unemployables receiving FBA³ and GWA recipients who are classified as temporarily or permanently unemployable. The students are all GWA recipients.

Ontario has seen a considerable increase in its social assistance spending, especially since 1989. In 1976/77, Ontario spent approximately half a billion dollars on social assistance. In the 1989/90 fiscal year, the amount spent on both GWA and FBA by the provincial government totalled \$2.6 billion. By the 1994/95 fiscal year, this had increased to an estimated \$6.82 billion.

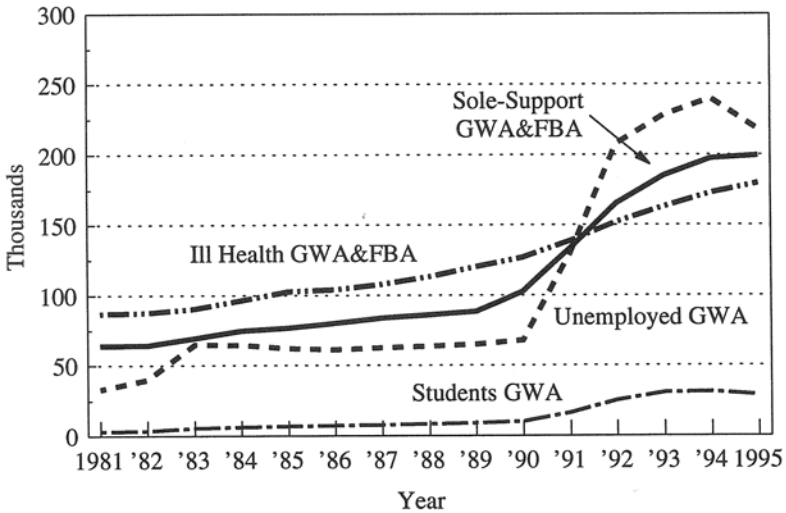
3 People aged 65 or over who are not eligible for Old Age Security, people with disabilities, people who are blind, people who are medically unemployable, single women over 60 years of age.

Chart 1-5: Increase in Ontario's GWA and FBA Caseload



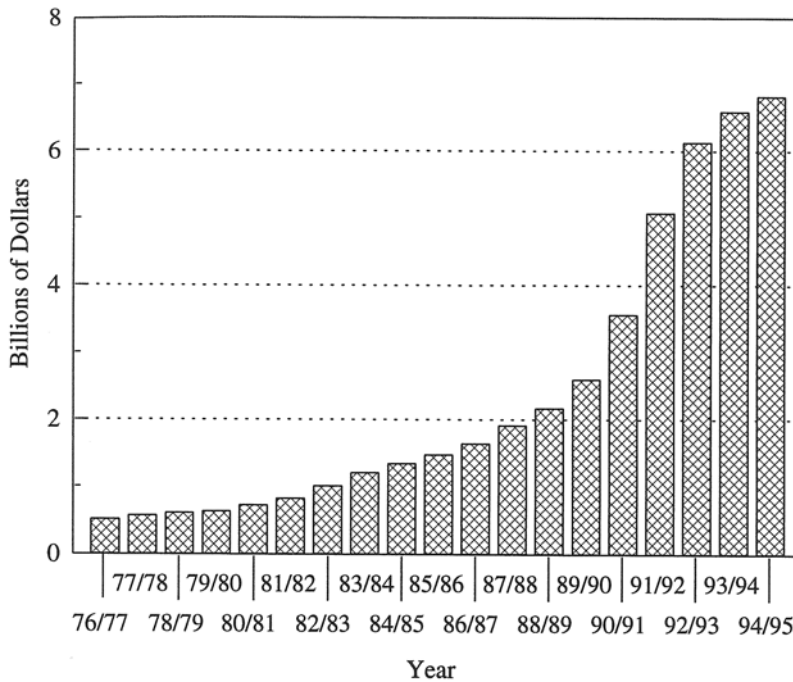
Figures taken in January for each year. Source: MCSS, February 1995.

Chart 1-6: Increase in GWA and FBA Caseload



Figures taken in January for each year. Source: MCSS.

Chart 1-7: Provincial Social Assistance Expenditure



Source: Public Accounts of Ontario and SARC.

The actual amount spent and the percentage increases in expenditure from 1976/77 to 1994/95 are outlined in Chart 1-7 (the actual figures are in Table 1-6).

Table 1-6: Provincial Social Assistance Expenditure

Year	Expenditure (\$ billions)	Percentage In- crease
1976/77	\$.509	
1977/78	\$.570	12.0%
1978/79	\$.607	6.5%
1979/80	\$.629	3.6%
1980/81	\$.719	14.3%
1981/82	\$.820	14.0%
1982/83	\$1.007	22.8%
1983/84	\$1.207	19.9%
1984/85	\$1.343	11.3%
1985/86	\$1.475	9.8%
1986/87	\$1.642	11.3%
1987/88	\$1.912	16.4%
1988/89	\$2.167	13.3%
1989/90	\$2.598	19.9%
1990/91	\$3.564	37.2%
1991/92	\$5.078	42.5%
1992/93	\$6.130	20.7%
1993/94 (interim actual)	\$6.589	7.5%
1994/95 (estimated)	\$6.818	3.5%

Figures for 1976/77 to 1983/84 are estimates because SARC's expenditure figures included municipal expenditures which were subtracted in Table 1-6 to be consistent with data from the Public Accounts of Ontario, which noted only provincial expenditures.

Sources: Public Accounts of Ontario for years 1984/85 to 1994/95; SARC, 1988a: 80 for years 1976/77 to 1983/84.

These figures include payments to recipients and administrative costs but exclude the 20 percent municipal portion paid for GWA and 50 percent of First Nations GWA administration. The figures do not consider the amount reimbursed to the province through CAP. The total administrative cost for the delivery of GWA and FBA has been steadily decreasing as a percentage of actual total expenditure. In 1976/77, administrative costs represented 9.1 percent of total expenditure (SARC, 1988a:80). In 1994/95, administrative costs represented approximately 5 percent of total expenditure for GWA and FBA.

This limited overview of Ontario's social assistance system presents many of the salient features of the system's operation. If the only information we had to assess Ontario's social assistance program was contained in the preceding charts and tables, it would still be enough to pinpoint some major problems. There are increasing numbers of recipients, especially employables, youth, and single parents. The cost of maintaining the system has increased from \$1.34 billion in the 1984/85 fiscal year to an estimated \$6.82 billion in 1994/95. Not only has the cost increased, but we must also consider the increased portion that the provincial government must pay because of reduced federal transfer payments.

Numbers alone, however, do not tell the whole story. Since 1985 there have been significant and fundamental changes in Ontario's welfare system. These reforms were initiated by the Liberal government in 1985 and were eagerly embraced and enhanced by the NDP government after 1990. The following chapters will examine some of the changes and reforms in closer detail and review the impact of a liberal approach to social assistance policy in Ontario.

Chapter 2: The Social Assistance Review Board (SARB)

ONTARIO HAS A QUASI-LEGAL BODY named the Social Assistance Review Board, or SARB, which has authority to hear and grant appeals made by recipients of General Welfare Assistance, Family Benefits, or Vocational Rehabilitation Services. The Board reviews cases which have been refused, cancelled, or where assistance has been reduced or suspended. It has authority to overturn decisions made at the local level and order provincial and municipal social services offices to issue assistance to appellants. This independent board answers solely to the Minister of Community and Social Services.

It is commendable for a government service to offer an avenue of appeal. This may inspire in us a consoling sense of fairness and justice, a feeling that we live in a truly democratic society. There are costs, of course, but in spite of them most people would probably agree that an appeal process within the social assistance system should be a mandatory component for ensuring that the system works properly — assuming, of course, that the review process itself works properly.

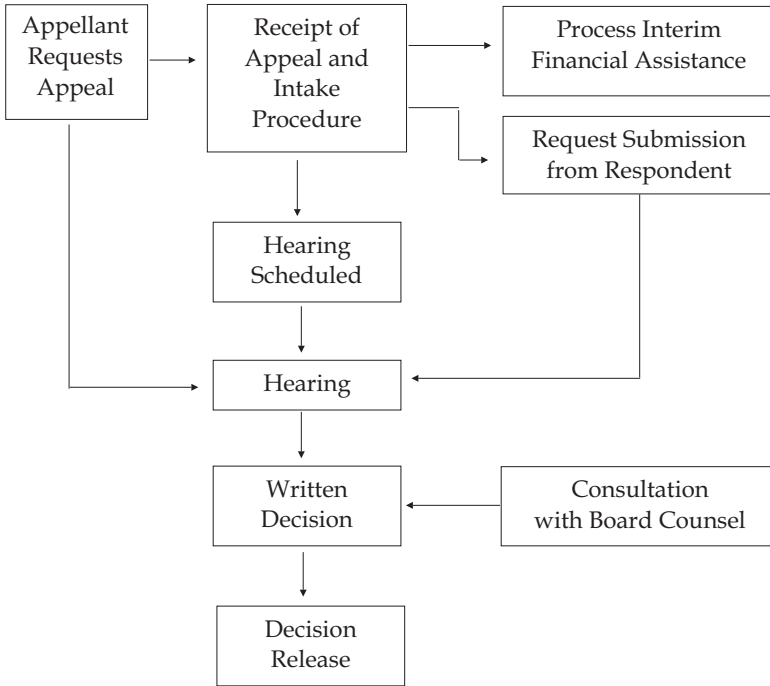
If an appeal process is flawed, however, the public's confidence is adversely affected and the cost of services goes up. To say that a system is only as good as its appeal process is not an overstatement. If members

of an appeal committee incorrectly weigh evidence, wantonly dismiss lower rulings, steer social assistance policy or interpret the legislation in a biased manner, unfairness and inequity exist in the system and the integrity of the whole is cast in doubt.

One of the requirements of the Canada Assistance Plan, the federal government's cost-sharing agreement with the provinces, was the establishment of welfare tribunals to hear appeals related to the granting and delivery of social assistance. In Ontario, this tribunal is known as the Social Assistance Review Board and operates under the *Statutory Powers and Procedures Act* (SPPA). This Act sets out procedures for all provincial administrative tribunals. SARB is empowered by the *Ministry of Community and Social Services Act*, which sets out guidelines on such matters as admissibility of evidence as well as time guidelines for hearings and decisions. The Board's mandate is "to provide an independent review of administrative decisions, and thereby ensure that the social assistance program for people in need operates fairly and in accordance with the law" (SARB, 1993a:9). The 1993/94 Social Assistance Review Board Annual Report lists 23 board members including the chair plus 40 support staff, administrators, and lawyers. Board members serve a three-year renewable term. SARB's 1993/94 budget was almost \$5 million.

When a person has had benefits refused, cancelled, suspended, reduced, or if the amount of the allowance is believed to be incorrect, an appeal can be made to SARB. The appellant has 30 days to send an application for an appeal, which is forwarded directly to SARB. SARB then acknowledges receipt of the appeal application and advises the appellant that he has the right to legal counsel. A request is then made for a written submission outlining the reason for the decision from the social assistance office. A date is later set offering our appellant an "unbiased and impartial hearing" before an independent board. Our appellant can be represented by a lawyer, obtainable through a legal clinic or legal aid and paid for by public funds. He or she may also call witnesses to testify. A representative from the social assistance office may be present to outline the agency's position. This process is outlined in Chart 2-1.

Hearings are held in private. Board members are not to investigate or consider the subject matter of appeals prior to hearings. During the hearing, the appellant and respondent (usually the social services representative) make opening statements and there is an opportunity for

Chart 2-1: Sarb Appeal Process Flow Chart

Source: Adapted from SARB, 1990:19.

questioning and cross-examination. Board members also ask questions, clarify points made, and may cross-examine. Hearings wind up with closing remarks by both parties. The respondent and appellant are notified in writing of the Board's decision.

SARB has the right at the time of an appeal application to order assistance paid to the appellant pending the hearing. This "interim" assistance can extend to the date of the hearing or the date the Board's decision is rendered. Interim assistance is paid for by GWA and FBA offices under the same cost-sharing arrangements with different levels of government as regular assistance (see Chapter 1). The amount of this assistance is the amount the recipient would normally be entitled to re-

ceive. Interim assistance does not have to be repaid, whatever the appeal outcome.

Tables 2-1 and 2-2 list numbers and corresponding percentages for the various GWA and FBA appeals. There were 5,190 appeals in 1993/94: 61.9 percent involved GWA, 37.3 percent involved FBA, and 0.8 percent involved Vocational Rehabilitation Services (VRS). Of all appeals in this year, 44.5 percent were granted in favour of the appellant for GWA, 26.5 percent for FBA, and 22.5 percent for VRS.

Table 2-1: Numbers and Percentages of GWA Appeals in 1993/94

Issue	Total	Percentage
Job search	527	16.4%
Assets/income in excess	430	13.4%
Dissatisfied with amount	310	9.6%
Failure to provide info.	268	8.3%
Overpayment	170	5.3%
No status in Canada	169	5.3%
Ontario Student Assistance Program	162	5.0%
Under age 18 or 21	160	5.0%
Self-employed	132	4.1%
Sponsorship issues	117	3.6%
Unapproved education	79	2.5%
Disposal of assets	72	2.2%
Not living as a single person	55	1.7%
Gross vs. net	41	1.3%
Other ^a	542	16.9%
TOTAL	3,214	100.0%
a) "Other" includes: failure to seek support, not a resident of the municipality, qualifying child, date of grant, absent from Ontario, clothing allowance, employment full-time, not a person in need, no jurisdiction, and cases where the issue being appealed could not be determined. Source: SARB, 1994:52		

Table 2-2: Numbers and Percentages of FBA Appeals in 1993/94

Issue	Total	Percentage
Not permanently unemployable	920	47.5%
Overpayment	340	17.6%
Dissatisfied with amount	168	8.3%
Assets/income in excess	121	6.3%
Not living as a single person	69	3.6%
Failure to provide info.	44	2.3%
Qualifying child maintenance	27	5.0%
Sponsorship issues	25	2.0%
Disposal of assets	14	1.0%
Failure to seek support	14	1.0%
Other ^a	194	10.0%
TOTAL	1,936	100.0%
a) "Other" includes: handicapped child's benefit, repairs allowance, date of grant, gross vs. net, no jurisdiction, and cases where the issue being appealed could not be determined. Source: SARB, 1994:51		

In the mid-1980s, the Board was criticized by client advocacy groups, legal clinics representing appellants, and other special-interest groups including LEAF (Women's Legal Education and Action Fund) and the Social Assistance Review Board Study Group. Many of these groups had been lobbying the government for changes to the Board, alleging that members were often poorly trained and were not considering evidence properly in ruling against appellants. In addition, a trial judge was openly critical of the Board on procedural and decision-making grounds, stating that the Board displayed a general attitude that did not "give the benefit of the doubt to those vulnerable citizens appearing before us" (*Pitts v. The Director of Family Benefits and The Ministry of Community and Social Services*, 1985; cited in SARC, 1988a:363).

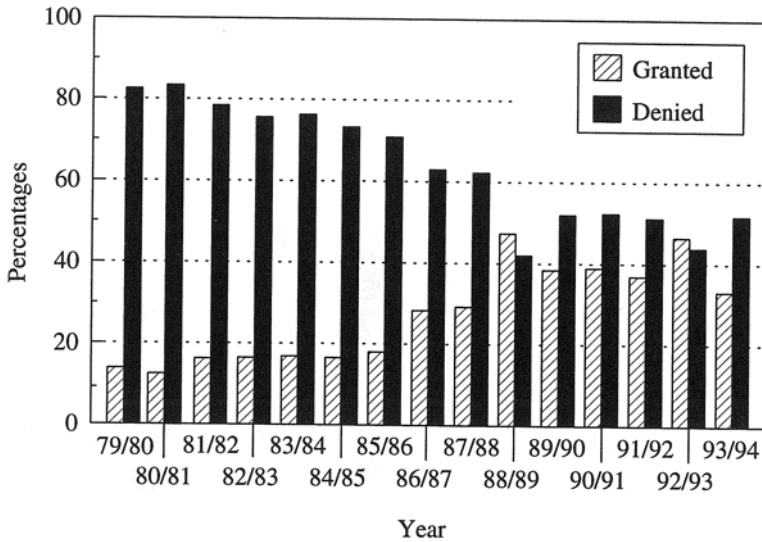
While the Board was being criticized for its practices, the Social Assistance Review Committee (SARC) was preparing its *Transitions* master plan and reviewing the Board's role and practices. SARC received a report entitled "Procedural Fairness in the Social Assistance System" that was also critical of SARB's practices and procedures (Leatch, 1987). In the 1988/89 Annual Report, SARB (1989:10) stated that appeals must seek to meet four goals:

- 1) accuracy,
- 2) speed and efficiency,
- 3) fairness, and
- 4) the inspiration of public confidence in the system.

These are noble aims which should be kept in mind as we investigate the Board's practices and procedures after changes were made in an attempt to remedy the problems.

Around 1986, in an effort to address complaints levied by special-interest groups and the judicial system that Board members were untrained and prejudiced against clients, the Ontario government stopped its practice of making essentially political appointments to SARB. Instead, retiring Board members were slowly replaced by hired persons with demonstrated prior involvement in a role of social or legal advocacy. SARB's 1988/89 Annual Report lists 21 members, most of whom were either lawyers or paralegals or else had been involved with social services, community work, or advocacy. The following are some of these members: Donald Heath was "active in organized labour, holding various elected positions within the Energy and Chemical Workers Union. He was also a member of the Ontario Federation of Labour's human-rights committee." Bobbi Spark was a "founding member of the Ontario and National Anti-Poverty Organizations." Susan Tanner "was founding chair of the board of LEAF. She has been a consultant on systemic discrimination with the Canadian Human Rights Commission." Audrey Renault "came to the SARB following community legal work in Ottawa. She has represented clients before tribunals and was involved in law-reform issues affecting social assistance recipients." Dorothy O'Connell was "a founder of the Ottawa Tenants' Council for Public Housing which later became the Ottawa Council for Low Income Support Services. She was an advocate worker with the organization and also served as a member of Ottawa's Social Planning Council."

Chart 2-2: Percentages of Appeals Granted and Denied 1979/80 to 1993/94



A small percentage of appeals were neither denied nor granted.

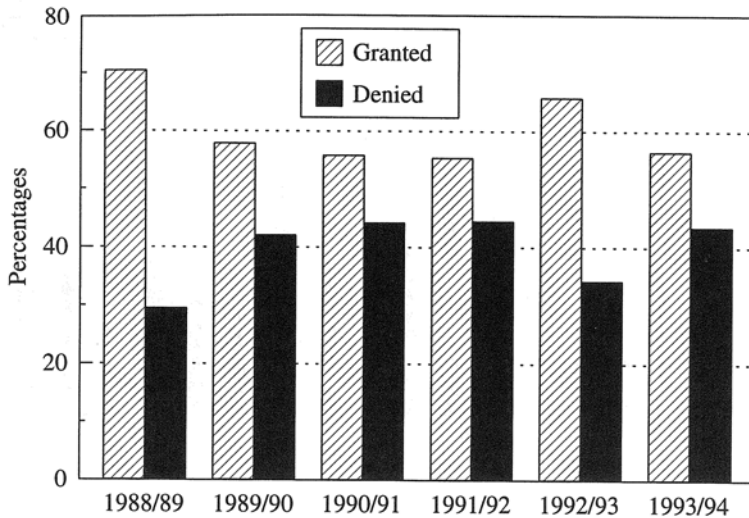
Source: SARB Annual Reports 1988/89:11 and 1993/94:30.

Frederika Rotter was a staff lawyer “specializing in immigration law” (SARB, 1989:5-7).

New Board members inevitably bring with them preconceived ideas and ideologies. When it comes to interpreting legislation or giving credence to evidence, such ideologies strongly influence how cases are decided. The Board can hardly be said to be “unbiased” when all its hired members have a demonstrated history of client advocacy. In attempting to remedy a problem, in fact, the government had tipped the scales heavily in the opposite direction. If in the past, Board members had not been giving clients the benefit of the doubt, the problem with the new Board was that it often ruled in favour of appellants regardless of doubt.

The immediate change in the success rate for appealing recipients is illustrated in Chart 2-2. Rulings in favour of recipients, which never exceeded 20 percent of all hearings from 1979/80 to 1985/86, rose to 46.5 percent in 1992/93 (see Table 2-7 later in this chapter for details).

Chart 2-3: Percentages of Appeals Granted and Denied Excluding *In Absentia* Cases, 1988/89 to 1993/94



Figures only include cases that were either granted or denied, excluding *in absentia* cases.

Sources extrapolated from SARB 1989:40; 1990:45; 1991:52; 1992:46; 1993:53; 1994:54.

Between fiscal 1979/80 and 1985/86, appellants won appeals on average 15.8 percent of the time. In the period 1988/89 to 1993/94, appellants won an average 40.2 percent of the time. This is an outstanding success rate given that an average 24.25 percent of cases since 1988/89 have been held *in absentia*: the appellant did not attend the hearing. According to one SARB Annual Report, the Board “normally has no choice but to deny the appeal in these [*absentia*] cases, since no information is provided by the appellant” (SARB, 1992a:48).

Given that appellants almost always lose their appeals if they are not present, let us examine the success rate for only those cases in which the appeal is either granted or denied, excluding *in absentia* cases, cases referred back to the agency, and cases not heard. The results are illustrated in Chart 2-3.

As Chart 2-3 demonstrates, the best chance of winning an appeal simply by showing up occurred in 1988/89, when 70.3 percent of all appeals were decided in favour of appellants. The worst chance of winning came in 1991/92, when appellants won 55.4 percent of appeals if they attended their hearings. In the period 1988/89 to 1993/94, the success rate for appellants attending their own appeal hearings was 60.3 percent. In the same period, social services agencies won only 39.7 percent of these cases.

The success rate in 1993/94, excluding *in absentia* cases, was 56.5 percent (Chart 2-3). Appellants appearing alone this year had a 41.9 percent chance of winning; if the appellant brought a friend or witness, this chance rose to 58.7 percent; and if the appellant had legal representation, the chance of winning the appeal became 74.6 percent. In 1988/89, with the best odds for a successful appeal, appellants appearing alone had a 59.6 percent chance of winning; this rose to 70.8 percent with the addition of a friend or witness, and to 84.4 percent with legal representation. The average for the year was 70.3 percent.

Given the poor success rate since 1988/89 of 39.8 percent for GWA and FBA offices, some municipalities hired lawyers to represent them in SARB appeals. "Metropolitan Toronto hired a \$92,000 [per year] lawyer to fight people who appeal welfare benefits" (Toronto *Star*, July 8, 1990). The move did not receive universal approbation. The Chairman of Metro's Community Services and Housing Committee said it might be perceived as "beating off the poor people," and Councillor Ashton said it amounted to "throwing the needy out on the street because we have a better lawyer than you have." Judging by the success rates between 1990, when lawyers began to be hired, and 1993/1994, the practice of using lawyers to represent some of the larger municipalities does not seem to have had a significant effect on the overall success rate.

This winning trend quickly became common knowledge among legal clinics, client advocacy groups, and the legal community. An advertisement in *Ontario Reports* (1995:xiv) plugged a resource clinic for lawyers entitled: "Charged with Fraud on Social Assistance—What Criminal Lawyers Need To Know." The ad read:

Social assistance administrators are frequently wrong in their assumptions of lack of entitlement. There is an over 50 percent rate of success on appeals to the Social Assistance Review Board...

One is inclined to question the impartiality of this appeal process in view of the high success rate for clients who have already been denied assistance or had their benefits cancelled at the local level. This is a clear indication either that the local agencies are not ruling judiciously in these cases or that the Board's approach to hearings is biased and partial in favour of appellants. Social services staff naturally resist the idea that they have made wrong decisions in approximately 60 percent of the ones appealed. These are people with years of experience and a thorough knowledge of the regulations. Most cases that are refused or cancelled by agencies are first reviewed internally to ensure that the proper decision has been made. Yet SARB still rules against the agencies in most cases where the appellant attends.

The Board certainly applies its own interpretation to the regulations. For example, consider the issue of gross versus net income as affecting unemployment insurance benefits (UIB). When UI benefits are topped up with social assistance, the practice has always been for GWA and FBA officials to consider the gross UIB (before income tax is deducted) as income. For example, if gross UIB are \$1,000 a month and the net figure is \$800 a month, the gross amount (\$1,000) is the one considered in calculating what a family is entitled to receive.

In January 1991, Caroline Wedekind applied for Family Benefits as a married disabled person. Her husband was receiving UIB. Based on common practice and MCSS policy, the FBA office considered the gross UIB. Caroline Wedekind appealed the decision to SARB which, after hearing the case, sided with the appellant and ordered the Family Benefits office to recalculate her entitlement based on net rather than gross UIB. Because considering net UIB was never GWA/FBA policy and the use of gross UIB was in accordance with MCSS guidelines, the Director of the Income Maintenance Branch of The Ministry of Community and Social Services took the case to Divisional Court. Two of the judges stated:

In my opinion, the language [of the regulation] is clear and unambiguous. The income deducted at source from the spouse's unemployment insurance benefits must be included in calculating the family income. (*Director of Income Maintenance Branch of MCSS v. Wedekind*, 1993)

The dissenting judge believed that there were other possible readings of the FBA regulations and suggested a more “liberal interpretation” to allow net rather than gross income to be considered. In spite of the ruling, SARB continued to maintain that it applied only to FBA and not GWA cases, even though the wording of the relevant sections is identical in both Acts. SARB continued to order interim benefits in these GWA cases and rule in the appellant’s favour in the appeals. One municipality took a SARB decision to Divisional Court, which ruled in the municipality’s favour (*Director of MCSS v. Susan Clark*, 1993). However, the issue was not settled yet: legal-clinic lawyers representing Wedekind and Clark sought leave to appeal both cases to the Court of Appeal (*Caroline Wedekind v. Director of Income Maintenance Branch of MCSS*, and *Susan Clark v. Director of Income Maintenance Branch of MCSS*). With the issue in appeal, SARB continued to order interim benefits and rule in the appellant’s favour in cases involving gross versus net UIB.

In November 1994, two of the three appeal-court judges found that SARB was wrong in giving the same deductions to UIB income as were available for earnings through the STEP program. The intent of STEP was to encourage recipients to move into the workforce; such was not the case with UIB. The judges stated:

It is trite to say that in interpreting a provision in the legislation or regulations, the object should be to ascertain the intent of the legislation or regulations from the language used in its ordinary grammatical sense, and not, as the Board has done, “by analogy” to a provision [of STEP] that was not in existence at the time of the drafting of s. 13(2) 13 [of the regulations].

The judges also noted a weakness in SARB’s role as a policy-making body, holding that

the Board does not derive any policy-making authority.... While the decisions of the Board do affect public funds, it has not been given a mandate to protect the public interest.

This decision finally allowed FBA and GWA offices to legally consider gross rather than net UI benefits.

The judges referred to several inherent problems with SARB. SARB is not accountable to the public in reaching decisions that inspire the public’s confidence; it is not accountable for the funds issued; and it has

no directive to protect the public interest. For the Board to function as an autonomous body without a mandate to protect the public interest has resulted in disastrous rulings, irresponsible policies, and promiscuous expenditures. Nor is SARB's own budget affected by its rulings: the Board orders municipal and provincial governments to spend out of their coffers. In this way, SARB's budget balances at year end while the government runs a deficit.

In another case reported in the 1993/94 Annual Report (34) a 20-year-old unemployed but employable individual applied for assistance while living with his parents. The regulations clearly state that applicants under age 21 and living with their parents are not eligible for assistance. Rather than making a decision based on the regulations, however, the Board assumed the right to hear a Charter challenge and concluded that the GWA rule was discriminatory because a 21-year-old living with parents was eligible and a 20-year-old was not. SARB therefore ruled in the appellant's favour in flagrant disregard of the GWA and FBA legislation. Such decisions have made SARB known ironically as the Social Assistance Reform Board.

If "the legislation clearly states that any decision made by the Board must be one the Director was empowered to make" (SARB, 1991:30), how can the Board make decisions concerning Charter challenges when the Director of Income Maintenance does not have this authority? The answer is simple: SARB decided that it did have the authority anyway: "The Board also ruled that it does have jurisdiction to determine whether the legislation contravenes the Charter" (SARB, 1991:33). As strange as it may seem for Community and Social Services to take a branch of its own Ministry to court, this is nevertheless what occurred. The Ministry which funds and supports SARB took the Board to court over the issue of authority, and lost. The judge in the case concluded that SARB has limited authority to rule in Charter challenges. The public paid the bill for this court case.

It is disturbing indeed to see a Board that has demonstrated partiality empowered to rule on matters concerning the Charter of Rights and Freedoms. The Board has extended its authority so that it no longer merely reviews decisions made by local welfare offices, but also has the right to determine the constitutionality of welfare regulations (*Director of Income Maintenance Branch, MCSS v. Mohamed*, 1992). SARB now

makes and sets GWA and FBA regulations, determining public policy without public accountability, public knowledge or public debate.

One has to question the relationship that exists between the Social Assistance Review Board and the Ministry of Community and Social Services, whose role it is to oversee social assistance in Ontario. The sheer number of court cases between these two parties is an obvious indication that their readings of the regulations and their ideas about social assistance are in conflict. Part of the difficulty stems from the fact that the Ministry answers to the Minister, who answers in turn to the Ontario Legislature, which is ultimately accountable to the public. SARB is supposed to answer to the Minister, but as an independent board it is not bound by Ministry policy. The Board is free to make decisions based on its interpretation of the Acts and Regulations.

SARB rulings that go on to appeal courts on issues of eligibility are often decided in favour of recipients. The courts have taken the view that where the regulations are unclear or ambiguous, the benefit of the doubt should be given to the recipient. One judge stated: "I think any doubt arising from the difficulties of the language [of the regulations] should be resolved in favour of the claimant" (*Abrahams v. Attorney General of Canada*, 1983). Several rulings have also recommended a "liberal interpretation" when it comes to matters involving recipients of social assistance (*Kerr v. Metro Toronto Department of Social Services*, 1991). In *Willis v. MCSS* (1983), the judge said: "If there are to be errors, it is better if they be in favour of those in need." Another judge argued that it was better to "give the benefit of the doubt to those vulnerable citizens appearing before us" (*Pitts v. Director of Family Benefits and MCSS*, 1985). The dissenting judge in the Wedekind and Clark appeal went as far as to hold that this approach, giving appellants the benefit of the doubt, should be used by the courts as a guiding "principle" in cases involving social assistance. In *Regina v. Laws*, one judge confessed to "a bad feeling about sending poor people to jail just to show that poor people can't steal from the government" (*Ontario Decisions of Criminal Sentences*, 1982, 7260-61). The courts have taken a generous approach, wishing to "help" recipients get assistance in cases involving entitlement and eligibility. As a result, the process of weighing evidence becomes skewed in favour of the appellant. The problem with this approach is that judges are ruling, not only on the cases before them, but also on all cases, present and future, that are or will be similar. Some judgements even quote

other judges who have made taken a more liberal (benefit of doubt to recipient) approach. These benign views may be appropriate in certain cases, but they are often held up as precedents—as though they represented the law itself. This approach to justice gives the recipient an unfair advantage before the case is even heard. Taxpayers unknowingly support this generosity: their opinion about the manner in which public money is awarded is rarely, if ever, mentioned in rulings.

Imagine a scenario where two neighbours repeatedly take each other to court and the judges make the remarks quoted in the above paragraph about only one of the parties. This would indicate a clear and obvious bias which could hardly produce an impartial judgement. The slighted neighbour would demand justice and accuse the judge of favouritism and prejudice. However, when one of the parties is a social assistance recipient and the other a publicly funded service, it then becomes acceptable to rule in a biased and preferential way for one party at the expense of the other. This is not justice; it is not impartial, and it is not right.

Judges who rule against social assistance recipients have to demonstrate that more than a simple preponderance of evidence favours the welfare agency. If there is any doubt or ambiguity, the judge must side with the recipient. In order to rule against a recipient, the judge must take the additional step of showing that an alternative interpretation of the regulations is not possible and that there is no vagueness concerning the Act's intent. Given the complex technical nature of almost any piece of legislation, it is rarely possible to state with certainty that an Act is unequivocal in its meaning. Legal clinics have seized on this principle and appealed SARB decisions to Divisional Court without having to prove the case "beyond a reasonable doubt," as in a criminal proceeding, or having to show that the preponderance of the evidence is in their favour, as in a civil one. They need only establish that there is doubt about how the legislation might be interpreted. If the judge agrees that there is a possibility of an alternative interpretation, he is bound to rule in the recipient's favour. In the case of *Wedekind and Clark*, for example, the judges had to establish that the rules were clear. Judges W.D. Griffiths and P. Galligan state:

I conclude, as did the majority of the Divisional Court, that the wording of s. 13(2).13 of the Regulations, particularly the words

“received by or on behalf of the applicant,” are clear and unambiguous... (*Caroline Wedekind v. Director of Income Maintenance Branch, MCSS, and Susan Clark v. Director of Income Maintenance Branch, MCSS, 1994:20*).

All this legal wrangling is not without cost. Taxpayers fund the court system, SARB, MCSS, and the legal clinics. Taxpayers pay, in this case, for different services of the same Ministry to file legal suit against each other. Meanwhile, legal clinics are eager to defend the rights of recipients, using tax dollars to appeal precedent-setting cases which they feel are unfair to their clients. When legislation is passed that negatively affects recipients, legal clinics are there to appeal cases and demand their day in court. When social assistance legislation is passed that adversely affects taxpayers, no group or organization is there to speak. Even if a tax-coalition group did hear of an issue and wished to proceed with an appeal, it would have to do so with what limited private donations it could summon up: this group would not have access to public funds in the way that SARB and the legal clinics do.

The role and cost of Ontario's Legal Aid Program is a study in itself. Canada saw an increase in legal-aid billings in excess of 100 percent for the three-year period from 1989/90 to 1992/93, while the caseload grew by less than 50 percent. Ontario's portion of all this increased from \$106 million in 1989/90 to \$256 million in 1992/93. The increase has resulted in a \$65-million legal-aid deficit, meaning that the actual cost of legal aid in Ontario for 1992/93 was \$321 million. The cost of legal aid in Ontario increased by 254 percent between 1986/87 and 1992/93 (NCW, 1995b:22). This increase has caused the government to reassess its “open-ended system with costs driven by demand” (*Globe and Mail*, September 29, 1994). Even though Ontario has 37 percent of Canada's population, that province's program accounted for 53.2 percent of Canada's legal-aid spending (NCW, 1995b:22).

During the 1990s recession, more lawyers came to rely on legal-aid clients seeking representation at tribunals involving immigration, social assistance, unemployment insurance, Worker's Compensation, human rights, and so on, to supplement their business. This appears to be a conflict of interest. Legal clinics supported by public funds advertise their services to solicit more business from clients who are also seeking access to more public funds. Legal-clinic lawyers are also playing an increasingly important role in forming public policy. They are beginning

to challenge many aspects of the system, with particular attention to Charter implications for many social assistance regulations, while collecting healthy incomes for so doing.

The decision about who is and who is not eligible for assistance will be influenced by both opinion and interpretation of the law. Answers to questions as to whether an appellant has been looking for work, whether a single parent has been trying to obtain support from the father of her child or whether there are any “special circumstances” in a case involving a 16-year-old, are matters open to interpretation and judgement. Where social service workers number in the thousands in Ontario, SARB employs several dozen people. Therefore, if only from a purely statistical standpoint, the opinions of social service workers would be more representative of public opinion about acceptable criteria for eligibility. While social workers are hired to help clients and act as responsible stewards of the public’s money, Board members are hired on the basis of their conspicuous involvement in activism on behalf of recipient groups. It is not surprising that there should be such a difference in the decisions made by these two groups.

Social services may be moderately isolated operations, but SARB is virtually unknown to the public. Although SARC conducted public hearings during the preparation of *Transitions*, the majority of briefs received concerning the appeal process were submitted by “recipients, advocacy and special-interest groups, labour, social services agencies, legal clinics, and lawyers” (Leatch, 1987:2). Few, if any, disinterested members of the public submitted briefs on SARB, as its activities go unreported. The Board is rarely mentioned in the media: it conducts private hearings with usually three or four people present. When a decision is reached, the social service agency and the appellant are notified in writing. No court documents are filed on the case; no records are available for review by independent bodies. Occasionally an attorney or a witness will appear, but other people are rarely involved. The policies, procedures, decision making, and final outcomes of cases remain hidden from public scrutiny. Thus, the Board operates away from the public eye and is not required to account for its decisions. One must question how justice can be served, or the process inspire the public’s confidence, when the Board operates its affairs in a fashion that is not open to public scrutiny.

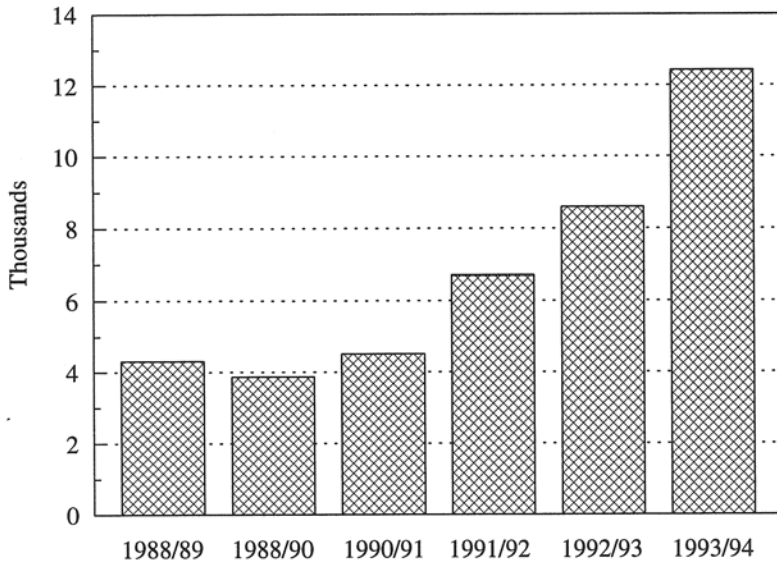
In cases where the municipality or provincial government is dissatisfied with a SARB decision, reconsideration can be requested. SARB's 1993/94 Annual Report (SARB, 1994:20) states that it will permit reconsideration only in the "case of new evidence, or an obvious error in law or fact." Of rulings that were reconsidered, SARB's original decision was overturned in 38 percent of cases in 1993/94 and 50 percent in 1992/93. In 1993/94 (SARB, 1994:20), there were only 180 requests for reconsideration out of over five thousand appeals. This is not to suggest that local social service offices are satisfied with SARB rulings. On the contrary, the time and expense of reconsideration is enough to discourage most attempts except in those SARB decisions which blatantly contravene regulations. Agencies can also take SARB to court, but this is an even rarer occurrence, again because of the time and expense involved, and because of the perception that the caregivers would be using heavy-handed tactics against the poor.

Interim assistance

In 1991/92, Ontario's social assistance caseload increased dramatically: the number of appeals increased also (see Chart 2-4). Not unexpectedly, as legal clinics and advocacy groups began to notice that SARB was now readily granting appeals in favour of recipients, even more appeals were launched.

Unable to cope with the ever-increasing number of appeals, the Board began to grant "interim" assistance almost automatically to appellants. The backlog of appeal requests caused delays in scheduling hearings that could routinely be six months or longer. SARB could not justify delays in granting assistance to appellants who might prove eligible, and responded by issuing interim benefits as a method of maintaining the "status quo" until the hearings.

Interim assistance is money issued to a recipient pending the appeal or decision. This strategy, however, only encouraged others to appeal and request interim, creating a "snowball" effect. The tremendous growth in interim requests is evident. In 1993/94, when the number of people receiving social assistance rose by 7.4 percent from the previous year, appeals increased by an incredible 45 percent (SARB, 1994:11). With the odds strongly stacked in the appellant's favour if he or she simply appeared for the hearing, there was no reason not to appeal deci-

Chart 2-4: Number of Appeal Requests Received, 1988/89 to 1993/94

Source: SARB *Annual Reports* 1988/89 to 1993/94.

sions. Interim assistance was virtually guaranteed if an appellant requested it.

SARB's authority to grant interim assistance is found in the *Statutory Powers and Procedures Act* (SPPA) s 14(2), which states:

Where a request for a hearing in accordance with Section (3) has been made and the board of review is satisfied that there may be financial hardship to the applicant or recipient during the period of time needed for the board to complete its review and make a decision, the board may, before holding the hearing direct the Director to provide from time to time such amount as the board considers necessary for the maintenance of the applicant or recipient and any of his or her dependents until the board has completed its review and has given notice of its decision to the applicant or recipient, provided that such amount shall not exceed the maximum amount of an allowance prescribed in the regulations.

As the Board began to grant more appeals in favour of appellants, a similar policy shift occurred with the issuing of interim. Prior to 1988, interim was only rarely granted, as SARB was under no obligation to order it. Here again, through court rulings and the shifting ideologies of new Board members, the Board's option to order interim in cases where there might be a chance of financial hardship came to be interpreted as an obligation to provide interim assistance. The mere suspicion of financial hardship was considered by the Board to be enough evidence to establish its existence. This change also occurred without public consultation or any impact study.

Prior to 1992, the Board would usually investigate cases before interim assistance was granted. Although this investigation was rudimentary, it would frequently involve a call to the social services agency. Based on the evidence provided, if SARB felt that the appellant had an arguable case and if the client was in "financial hardship," interim would be granted. Because of the escalating number of appeals and the resulting increase in workload, it was no longer possible for SARB to investigate cases before ordering interim. Instead, the Board began to exercise its right to order interim if it believed the appellant might be in financial hardship. The Chair of SARB (SARB, 1992b:1-2) stated:

I am writing to let you know that effective immediately we have changed the way we process interim assistance requests. The change is aimed at eliminating the serious and growing backlog of interim requests.... In the future, the Board's investigating of interim requests will be streamlined. We are developing categories of cases based on our past experience, for granting and denying requests.... I would like to remind you that a grant of interim assistance does not indicate that the Board thinks the appellant will win the appeal, only that the Board is exercising its discretion to grant interim assistance upon being satisfied there may be financial hardship.

The Social Assistance Review Board Practices reads: "There are four guiding principles which the Board generally uses when deciding whether to order interim assistance. They are as follows:

1. The test for interim assistance is primarily financial hardship.
2. The Board does not grant interim assistance to appellants who are categorically ineligible for social assistance under the legislation (e.g. under 16 years of age).

3. The Board does not investigate whether the appellant has an 'arguable case' with respect to the issue being appealed to the Board. This means that the merits of a case cannot be examined or investigated until arguments and evidence are presented to Board members at a full hearing.
4. Interim assistance should be used to try to maintain the appellant's status quo until the hearing so that the Board is not prejudging the case at the interim stage."

The Board based its decision to grant or to deny interim on a "grouping" method. If the original refusal was for reasons that might involve need, interim was granted. These categories, which constitute the majority of refusals, include:

- 1) not seeking employment,
- 2) failure to provide information,
- 3) sponsorship and immigration issues,
- 4) under 18 and not living at home, and
- 5) not living as a single person.

If the appellant was not experiencing "financial hardship," interim was not granted. This group included:

- 1) recipients who were appealing a denial of FBA or VRS benefits since they were already receiving GWA and therefore not in need;
- 2) persons under 21 living in the parental home;
- 3) persons who had received an Ontario Student Loan (OSAP); and
- 4) persons who had been denied based on income.

Tables 2-3 and 2-4 outline the categories for which interim is most often issued under the GWA and FBA programs respectively. The tables show the number of cases granted for each issue and the percentage of total interim grants this number represents. For example, interim was ordered in 566 GWA cases involving immigration sponsorships in 1993/94. This represented 15.3 percent of the total number of cases receiving interim assistance. Similarly, interim was granted in 308 FBA cases involving overpayment, a figure that represents 25.4 percent of total interim orders granted for the FBA program. Over 50 percent of interim orders for GWA are contained in the first four categories (immigration sponsorship, job search and job loss, assets/income in excess of allowable limits, and under 18 with no special circumstances and under 21 living with parents). For the FBA program, the first three is-

sues account for over 50 percent of interim orders (overpayment reductions, immigration sponsorship, and not living as a single person).

Table 2-3: GWA Cases Granted Interim by Issue of Appeal (1993/94)

Issue	Number of Cases Granted	Percentage of Cases Granted
Immigration sponsorship	566	15.3%
Job search and job loss	526	14.1%
Assets/income in excess	473	12.7%
Under 18 or 21 years of age	322	8.6%
Failure to provide info.	311	8.3%
No status in Canada	302	8.1%
Dissatisfied with amount	234	6.3%
Overpayment	164	4.4%
Disposal of assets	114	3.1%
Self-employed	86	2.3%
Not living as a single person	77	2.1%
Other ^a	558	14.7%
TOTAL	3,733	100.0%
a) "Other" includes: unapproved education, gross versus net, Ontario Student Assistance Program (OSAP), failure to seek support, qualifying child, school progress unsatisfactory, and reason not specified in application.		
Source: SARB, 1994:62		

Table 2-4: FBA Cases Granted Interim by Issue of Appeal (1993/94)

Issue	Number of Cases Granted	Percentage of Cases Granted
Overpayment reduction	308	25.4%
Immigration sponsorship	178	14.7%
Not living as a single person	171	14.1%
Dissatisfied with amount	95	7.8%
Not permanently unemployable	95	7.8%
Assets/income in excess	93	7.7%
Failure to provide info.	27	2.2%
Other ^a	153	12.7%
TOTAL	1,212	100.0%
a) "Other" includes: disposal of income, qualifying child, handicapped child's benefit, no status in Canada, and cases where the issue was not specified in the application.		
Source: SARB, 1994:63.		

As shown in Table 2-5, interim assistance was granted almost automatically if the appeal fell into a certain group. Table 2-5 gives numbers and corresponding percentages for each group denied interim. For example, 25.6 percent of appellants requesting interim assistance in 1992/93 were refused because SARB could not contact them. Another 30.6 percent in the same year either withdrew their appeals or resolved the issue with the social services office.

Table 2-5: Reason Request for Interim not Granted

Issue	Numbers		Percentage	
	1991/92	1992/93	1991/92	1992/93
Not in financial need ^a	929	929	32.2	22.1
Unable to contact	560	1077	19.4	25.6
Appeal withdrawn or matter resolved	523	1287	18.2	30.6
Not permanently unemployable or disabled	257	374	8.9	8.9
Ontario Student Assistance Program	188	168	6.6	4.0
FBA or VRS refusal	170	130	5.9	3.1
No jurisdiction	168	99	5.8	1.4
SUBTOTAL			(95.7)	(97.0)
Self-employed	30	72	1.0	1.7
Income in excess of permissible amount	28	0	1.0	0
Job search	10	29	0.3	0.7
One-month penalty	9	46	0.3	1.1
Lost or stolen cheque	8	4	0.3	0.1
Under 21 and living with parents	5	21	30.2	0.5
No food or shelter costs	4	4	0.1	0.1
Discretionary issue	2	0	0.1	0
Extension of interim	0	1	0	0.1
TOTAL	2,891	4,208	100%	100%
a) "Not in financial need" includes appellants who were already receiving an amount of income/assets that equalled or exceeded the maximum FBA/GWA entitlement.				
Sources: SARB, 1992a:54; SARB, 1993a:57				

During the only two years for which SARB made detailed figures available on reasons why interim was not granted (1991/92 and 1992/93), 97 percent of requests denied in 1991/92 and 95.7 percent in 1992/93 fell into the top seven categories. If SARB had jurisdiction, the appellant could be contacted and was not already receiving income or GWA equal to the GWA entitlement, interim was ordered in almost 96 percent to 97 percent of cases during these two years. In effect, Table 2-5 shows that SARB failed to order interim assistance only when it was impossible to do so, even though the Board claims that it ordered interim for only 35.3 percent and 37.0 percent of requests in the two years. The percentage of interim requests granted was actually at its lowest during the two years for which SARB made available the information in Tables 2-4 and 2-5. For example, interim was granted in 61.5 percent of 1988/89 requests and 51 percent of 1993/94 requests (Table 2-6). As we have seen, even when interim granting rates are in the 30 to 40 percent range, almost everyone who could have been granted interim assistance received it. Table 2-6 outlines numbers of interim requests with percentages granted and denied.

Table 2-6: Numbers and Percentages of Interim Assistance Requests Granted and Denied

Year	Number of Requests	Number Granted	Number Denied	Percent-age Granted	Percent-age Denied
1988/89	1,772	1,089	683	61.5%	38.5%
1989/90	2,089	1,210	879	57.9%	42.1%
1990/91	2,589	1,426	1,163	55.1%	44.9%
1991/92	4,457	1,573	2,284	35.3%	64.7%
1992/93	6,679	2,471	4,208	37.0%	63.0%
1993/94	9,697	4,945	4,752	51.0%	49.0%
Sources: SARB, Annual Reports 1988/89 to 1993/94.					

Table 2-7: Results of SARB Appeals

Year	Granted	Denied	Year	Granted	Denied
1979/80	13.9%	82.5%	1980/81	12.5%	83.4%
1981/82	16.3%	78.4%	1982/83	16.5%	75.5%
1983/84	16.9%	76.2%	1984/85	16.6%	73.2%
1985/86	18.0%	70.8%	1986/87	28.3%	63.0%
1987/88	29.3%	62.3%	1988/89	47.4%	42.1%
1989/90	38.5%	52.0%	1990/91	39.0%	52.4%
1991/92	36.9%	51.2%	1992/93	46.5%	43.9%
1993/94	33.2%	51.8%			
Figures do not add up to 100% because of a small group which were neither granted nor denied.					
Sources: SARB Annual Reports, 1988/89:47, 1993/94:30.					

The decision to make interim assistance freely available to those who might be experiencing financial hardship was primarily a result of lobbying by welfare advocates. One such advocate (who, at the time of writing, was a lawyer employed by SARB) wrote in a report for SARC:

I therefore recommend that if the authorities propose to reduce, cancel, or suspend a person's assistance and he or she has appealed, first to the internal [local] review and then to the Board, interim benefits should be provided until a decision has been rendered by the Board. *No [other] action [to receive interim] should be required on the part of the recipient whose benefits are being reduced or cancelled other than appealing.* (Leatch, 1987:19 – my emphasis)

In one letter the chair of SARB writes (SARB Board file L1201-14):

The primary matter to be considered at the interim assistance stage is whether or not the individual may suffer financial hardship pending the hearing. The question of whether ongoing general welfare assistance has been rightly or wrongly de-

nied is a matter for the full hearing. Indeed it would be improper for the Board to embark on an investigation of the merits of the case at the interim level.

Laura Bradbury, then Chair of SARB, understood interim to be something so completely different from regular assistance that it could be arbitrarily granted for 6 to 18 months without considering whether the recipient was or was not eligible for regular assistance. Since it was referred to as interim rather than regular assistance, GWA and FBA eligibility criteria would not have to be established. Regardless of what it may be called, assistance by any name is still money being sent to recipients who have either been denied assistance or had it terminated at the local level. The absurdity of this policy change on interim was so staggering that by 1990/91 even SARB began to realize that its position was becoming untenable. The *Annual Report* for this year states (p. 32):

Interim assistance usually covers the same time period as that at stake in the appeal, and is never recovered by the municipality. Under these conditions many interim orders in effect amount to an irrevocable prejudgment of the issue in dispute.

If the board orders interim assistance and the eventual decision favours the municipal or provincial administrator, the board's decision has no practical effect since the money in question has already been paid.

The first set of eligibility criteria is set out in the GWA and FBA legislation summarized in Chapter 1. For example, an employable person must demonstrate active job searching to continue to be eligible for assistance: otherwise, assistance can be cancelled. However, the recipient needs only to appeal and request interim assistance to collect money, job search or no job search. It will be left to the eventual SARB hearing to investigate whether the client was actually looking for work. If it takes an average of six months before a hearing is scheduled and an additional four to six months before SARB renders a decision, then in some cases as much as 12 to 18 months can pass between the time of an appeal and the final ruling. In 1995, SARB's new chair promised to review practices on interim.

Now SARB does not say anything about the length of time required to schedule hearings or render decisions: this information is conspicuously absent from SARB's Annual Reports. Attempts to obtain it di-

rectly from the Board were unsuccessful: however, the issue was raised in the Ontario Legislature by the leader of the third-party Progressive Conservatives (April 12, 1994).

Mr. Michael Harris: I would like to quote back what you [Mr. Silipo] told me two weeks ago. You said “I’ve had this discussion very directly with the chair of the Social Assistance Review Board — that they in fact have managed their workload down to the point where decisions are being rendered in a matter of weeks.” You said, “I would ask the leader of the third party to update his information.”

Today you acknowledge that the average is eight months, exactly as I told you two weeks ago...

The delays in the SARB process are well documented. According to *Time For Action* (Advisory Group, 1992:158):

In the current system, delays in dispositions of appeals are substantial. The timing of decisions is an issue for consumers and delivery agents who are anxious to have disputed cases decided. The MCSS Act stipulates that decisions are to be reached within 40 days of sending the notice of the time, place, purpose of the hearing. The courts have interpreted this to mean that SARB must reach a decision in that time frame, but it does not have to send out the decision to the parties in that period.

This is tantamount to saying that the welfare delivery agency must reach a quick eligibility decision on a new application for assistance but may take as long as it wants to notify the applicant of this decision.

Most interim orders continue until the written decision is received. Appellants granted interim could actually collect assistance for six to 12 months or even longer. In 1988, 62.1 percent of GWA cases remained on assistance for six months or less. In 1994, 42.2 percent of cases remained on assistance for this same time range. When SARB orders interim assistance for six months, GWA appellants receive public money for the length of time that roughly half of recipients would remain on assistance anyway. If interim is ordered for six months, not an extraordinary length of time by SARB standards, roughly half of regular GWA recipients will have left the program by the time the appeal is heard, making the appeal process pointless in these cases. By 1995, SARB (1995b) had also reached this conclusion (see Postscript).

This change in policy on interim assistance, which in effect established a second set of eligibility criteria for social assistance, did not go unchallenged. Both provincial and municipal welfare offices criticized the change forcefully. Mike Harris of the Progressive Conservatives stated in the Ontario Legislature on March 30, 1994:

We have example after example after example where up to 12 months of welfare can be obtained on an interim basis, as the Minister calls it, clearly knowing that “interim” is six to ten to twelve months.

Even the Advisory Group (1992:157), though indisputably liberal in ideology, had difficulty endorsing changes in the granting of interim assistance:

In all cases SARB should make a preliminary assessment to determine if the person is in need of interim assistance and if they have an arguable case for appeal. These practical conditions should ensure that only those who are in need receive interim assistance and that frivolous appeals are discouraged.

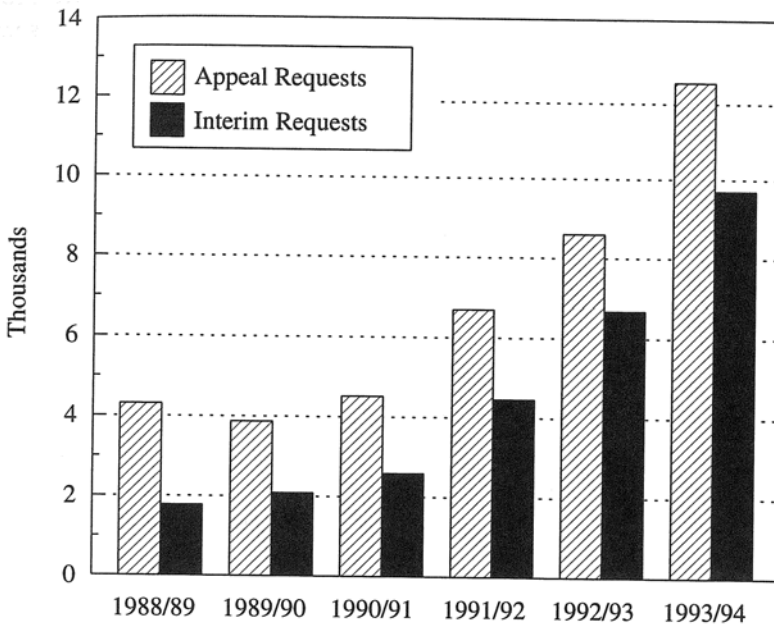
Consider the implication of interim in the following cases. The legislation states that a student must be in regular, full-time attendance at school and that the welfare administrator has the right to refuse a student for assistance. Now a student we will call Kerry misses 10, then 20, and then 25 days of school during a semester without any explanation and is terminated from assistance because of absenteeism. Kerry appeals the decision and is given interim until the date of SARB’s decision. A date for the hearing is scheduled for six months ahead, during which time Kerry continues to miss days, fails all the courses by the end of the semester, and then does not show up for the appeal hearing. Kerry has received interim assistance for six months and has not had to attend school regularly or look for a job. No conditions have been attached to Kerry’s interim assistance because the question of whether he was abiding by prior conditions will be investigated at the hearing. Kerry does not appear at the hearing and loses the appeal, which has no practical consequence because he has received interim assistance which does not have to be repaid whether the appeal is granted or not. Next semester, Kerry again applies for assistance as a student. He is refused on the basis of his performance in the previous semester. He again appeals, and again, Kerry is granted interim until SARB’s decision. By the time the

hearing takes place, the semester is over: the hearing is now futile since Kerry has received assistance for the second semester anyway. The next semester starts, Kerry applies for assistance, is denied, appeals again, and so it goes.

Consider another example of a 16-year-old who, not wanting to live by parental rules, leaves home and applies for assistance. The teenager's parents are contacted and the home is found to be fit, but the youth would rather live with her boyfriend. In accordance with the regulations, she is refused assistance because she is under age 18 and there are no "special circumstances" which justify her being out of the parental home. The youth appeals to SARB and is granted interim assistance pending her hearing, which may take six months or more to schedule. This teenager does not have to prove any "special circumstances": she has only to appeal and request interim until the decision date. Six months later she appears for the hearing, and a decision is rendered five months after that. The Board finds that no special circumstances exist. For the last 11 months, this young person has lived outside the parental home supported by public funds. It is not very likely that, having finally been deemed ineligible for assistance, she will meekly return home, or that her parents will take her back after she has been out of their care for the past year. In this case, the government has, in effect, encouraged or facilitated the breakup of a family unit. Instead of opening an avenue for counselling, the government's interim assistance policies enable a 16-year-old to live outside the parental home with no questions asked and no conditions met.

These are a few examples that demonstrate the absurdity of the current interim assistance policy. The appeal procedures not only facilitated the breakup of the family unit, but they were also ineffective at reviewing issues that had become purely academic by the time the hearing was held.

The review process is also expensive. Table 2-6 shows that of 9,697 appeal requests for interim in 1993/94, 4,945 were granted. Based on an average monthly entitlement of \$700 a month and an average interim order lasting six months (both of these figures are conservative), over \$20 million in interim assistance was issued in 1993/94 to appellants who had benefits cancelled or reduced or who were already deemed to be ineligible at the local level. In 1993/94 as well, SARB overturned the welfare administrator's decision in 1,430 GWA cases, adding millions

Chart 2-5: Number of Interim Assistance Requests

Source: SARB Annual Reports 1988/89 to 1993/94.

of dollars to the cost of the program. There is also the cost of operating the Board, which, before additional staff were hired with the approval of the NDP government, was almost \$5 million in 1993/94. And there are the costs to taxpayers for legal-aid services, and the costs arising from time taken by provincial and municipal staff to prepare cases. Even though many appellants do not appear at their hearings, welfare agencies must prepare cases as if appellants would appear. If an appeal requires only two hours of staff time at an average \$25 an hour and there were 10,000 appeals in 1993/94, \$500,000 would have been spent in appeals preparation by social services staff alone. When all the costs associated with the appeal process are considered, it is possible that the total yearly cost to the taxpayers could approach \$50 million.

The cost of interim assistance is borne by all three levels of government, and even though a municipality refuses a client, if interim is or-

dered it has to issue assistance and pay its 20 percent share. Municipalities have argued that if interim is ordered by SARB, then SARB or the provincial government should also pay the municipality's portion. There are arguments to be made for this approach, since the exact amount spent on interim would then be known and SARB would necessarily become more accountable for its decisions. Maintaining the cost-sharing arrangement, however, will mean that municipalities continue to have a vested interest in improving the system. To have another branch or level of government pay for a flawed appeal process is not the answer. The municipality is, after all, populated by the same taxpaying public that must also fund the system.

Chart 2-5 shows the increase in appeals since 1988/89 and the accelerated rise in cases where interim is requested. In 1988/89, 41.1 percent of appellants requested interim; by 1993/1994, this figure had risen to 78 percent. Many FBA appellants do not request interim because they are already collecting GWA.

Criticism of SARB continued to mount until the issue was raised in the Ontario Legislature three times in 1994 (March 30, April 12, and May 19). Municipalities were also complaining to the Minister directly through their Ontario Municipal Social Services Association (OMSSA).⁴ In January 1995, SARB's Chair resigned her position. The Minister, Tony Silipo, responded to some complaints by ordering the hiring of more Board members to help deal with the increased caseload. This action addressed some of the symptoms but not the cause of the problems. The high number of appeals has been the result of SARB's policy on interim assistance and its preferential decision making.

In 1994, MCSS again decided to deal with the symptoms and not the disease. Rather than hiring more impartial Board members or discussing the issue with SARB with a view to making legislative changes, under the NDP government MCSS offered training sessions for staff representing social services agencies in SARB appeals. MCSS recognized the problem that too many appeals were being lost; however, it

4 At OMSSA's 1994 General Meeting, 4 of 16 resolutions presented concerned SARB's practices and procedures. The Association of Municipalities of Ontario (AMO) also endorsed a resolution stating that SARB's current practice of granting interim assistance without considering the merits of the case should be reviewed.

perceived the problem to be the untrained and unskilled GWA and FBA staff rather than the Review Board itself.

The Board's partiality and inefficiency extends to many aspects of its operation: interpreting laws, weighing evidence, automatic interim assistance, and delays in hearing appeals. The following quite typical cases further demonstrate the problems with SARB.

Cases

Case 1

This case was raised in the Ontario Legislature (March 30, April 12 and May 19, 1994) and involves a 16-year-old who moved into a self-contained upstairs apartment in her parents' residence. The house was owned by her parents and she was expected to pay them rent. Both parents worked outside the home, and their financial "need" was therefore not an issue. Applying for assistance, the girl was told by the social services agency that she would be considered to be living with her parents even though she had a self-contained apartment. She would therefore not be eligible for assistance in her own right. This decision was supported by the GWA policy guidelines supplied by MCSS, which state:

Where the youth is living in a self-contained quarter of the parents' home or in a separate residence owned by the parent(s), it may be viewed that there is room in the parents' home. This should be taken into consideration in assessing whether there are exceptional circumstances for eligibility. (MCSS, GWA-0304-05)

The municipality's position was that the youth had not left the parental home. The youth appealed to SARB which, in spite of the policy guideline, ordered interim assistance pending its decision. In a written submission, the municipality asked SARB to review its decision on this assistance. The Board did reconsider its position but reaffirmed its original decision to grant interim. Six months later, the hearing was scheduled and the youth did not appear. She did not have to pay back the interim assistance. She did not have to justify her case.

MPP Mike Harris (then leader of the Progressive Conservative opposition) quoted in the Ontario Legislature from a letter concerning this case:

“It infuriates me” — this is the counsellor, the social worker — “to know that in cases where I have contacted the parents, sometimes several times, spoken with doctors, youth workers, family counsellors, and the client several times and can establish no special circumstances after hours of assessment,” that the youth, by simply appealing [to SARB] and with no investigation, no follow up, can get six to ten to twelve months of welfare. (Legislative Assembly of Ontario, March 30, 1994)

Case 2

This single mother was appealing a deduction of \$75 a month from her welfare cheque that had been made in lieu of support because, in the opinion of the welfare agency, she had not attempted to pursue such support from the father of her child. As a result of this failure to pursue support, she was receiving GWA but had been denied FBA. The appellant had cancelled her hearings on two previous dates, and her child was more than two years old by the time the appeal was heard. Before becoming pregnant, she had held a full-time clerical position in a government office. The appellant claimed that during a two-week period around the time she became pregnant, she had been sexually intimate with five men. She knew only the first names of two of the men and was therefore unable to contact any of them. When questioned about her attempts to contact these men, she stated that she had returned to the bar frequented by the one person whose first name she knew to ask for him, but was told that he had not been seen in the bar since the time the two had been together. No one in the bar knew his last name or where he lived. He had never called her back and she had never seen him again.

She met another man at a construction site and spent one night with him. When she found that she was pregnant, she tried to find him, but the construction crew had finished the job and had moved on. Even though she knew the name of the construction company, she said she did not think to call the company and ask who was on site that day with his first name. This man also never called her, and she knew nothing

else about him. She also said she had met another man at a party but could not provide any details regarding the address, owner of the house, or who else was at the party. She could not supply any additional information about the other two men except to say that she was certain she had “slept” with them.

In spite of the scarcity of facts in this case, the Board member ruled in her favour stating that he found the appellant “credible.” The Board member not only cancelled the \$75 deduction but also ordered that the amount which had been deducted over the previous years be paid back to her; she was also ruled eligible for FBA.

The two issues to be considered here are: did she pursue support?—and by acting irresponsibly in not knowing the names of the people she was sleeping with, was she in effect making the pursuit of support impossible? On the latter issue, the SARB member argued that she did pursue support by returning to the bar and the construction site. The first issue was not addressed by SARB.

Is it possible to inspire “public confidence in the system” with a decision like this? Why should the public, through the administration of GWA and FBA, not have the right to at least reduce a person’s social assistance by \$75 a month in cases where through deliberate intent or remarkable irresponsibility the identity of the father is not known or knowable?

Case 3

This case appeared in the SARB Summaries of Decisions (SARB, 1995a:7, Board File M1027-08).

The Appellant was a single disabled recipient of Family Benefits who had suffered from manic depressive disorder for 20 years. Because she felt that she could no longer manage her home on her own she put it up for sale, listing the property for \$50,000. However, the idea of selling her home upset her very much.

Shortly afterwards she was hospitalized with the same attacks of her disorder and she testified that when she was released from hospital she was very confused. She then transferred ownership of her home to her 26-year-old son at his request because he said that he would take care of her. The consideration was \$2. The Appellant did not seek independ-

ent legal advice about the consequences of the transfer and admitted that she was unsure of the details of what help she expected from her son. She went to live with her daughter.

The Appellant testified that her son received net proceeds from the sale of \$40,000 which he used largely to pay his bills. He gave his mother the total sum of \$3,000.

*Citing other SARB decisions, counsel for the Appellant argued that disentitlement was not automatic in law and that the Board had the discretion to decide whether an individual is ineligible. The Board concurred with counsel and concluded that although the Appellant did transfer her personal residence for inadequate consideration, the circumstances were such that she should not be disentitled from receiving assistance. **Appeal granted. Decision of the Director rescinded.***

In this case, the recipient was permitted to accumulate assets in the form of a house as a result of receiving public funds. However, instead of selling her home and using the money to live on for several years so that she need no longer continue to use public funds, she allowed her son to keep the money from the sale of the house for his own personal use. He gave her \$3,000, an amount which is the maximum liquid asset level a recipient can have and still be eligible. Although she did not consult a lawyer when transferring the residence to her son, she did have the judgment to obtain a lawyer for the SARB hearing. The Board found that even though she transferred her personal residence for inadequate consideration contrary to regulations, she should continue to be eligible.

Case 4

This case appeared in the SARB Summaries of Decisions (SARB, 1995a: 16, 17, Board File N0113-09)

The Appellant and A. applied for assistance as a common-law couple. Because A. was 16 years old at the time, the department sent her parents a questionnaire to determine whether she could be living in her parental home. Her father completed the questionnaire, indicating that she had left the parental home to live with her boyfriend and that she was welcome to return home at any time. The Administrator de-

terminated that there were no special circumstances for A. to be living outside her parents' home and the Appellant was refused additional assistance for her as his dependent.

However, the evidence indicated that they had made application [for assistance] as common-law spouses, a fact acknowledged in the Administrator's submission. They planned to marry when A. had finished school. The Board accepted this evidence. It would therefore appear that the Appellant and A. were entitled to assistance as a family unit except for the fact that the Administrator had denied assistance for A. pursuant to s.7(4). The question before the Board was whether s.7(4) disqualified A. from receiving assistance.

Subsection 7(4) states that a "person" under the age of 18 cannot receive assistance unless he or she is the head of a family or unless there exist special circumstances. On the surface, it would appear to the Board that this applies to every person under the age of 18, not only to an applicant but to a dependent of an applicant as well. If this were so, a literal interpretation of subsection 7(4) would mean that the Administrator could not provide a head of a family with assistance for his or her children under the age of 18 unless there were special circumstances. The interpretation, however, leads to an absurd result and the Board could only conclude that s.7(4) refers to an applicant under the age of 18 who is applying for assistance in his or her own right. The Board also noted that the policy guidelines refer to an "applicant" under age 18.

*In this case, there was no evidence that A. had applied for assistance in her own right as a single person. However, it was clear to the Board that the Applicant and A. were spouses. As such, the Applicant was "head of the family" and A. was a "dependent adult." As a dependent adult, A. was not an applicant and the Board concluded that s.7(4) did not apply in this case. **Appeal granted. Decision of the Administrator rescinded.***

In this case the Board neglected to consider the intent and spirit of the legislation as it applies to youth, which is to restrict eligibility for this group unless there are special reasons for not doing so. The Board's argument that a literal interpretation of s7(4) would first require that special circumstances be determined for all 16- and 17-year-olds before they are approved for assistance, whether they are applicants, dependent children, or dependent adults, is simply fallacious. Dependent children do not live outside the parental home. In ad-

dition, there are other difficulties with likening a spouse to a dependent child. The application for assistance can be completed in either spouse's name. They are, in essence, co-applicants because both sign the application form. Dependent children, regardless of age, do not sign application forms. If the Board is concerned about "absurd" interpretations, it should consider its own decision in this case. If we accept the Board's interpretation of s7(4), any 16-year-old would qualify by applying as a dependent adult regardless of parental objections or the suitability of the parental home. Since the application can be completed in either spouse's name, all 16- and 17-year-old males and females would qualify. This means that persons aged 16 or 17 wishing to leave suitable parental homes to live on their own are not eligible, but those moving in with a partner and asking to be considered as common-law spouses are eligible. The Board's interpretation can hardly represent the intent of the legislation: it is more absurd than the so-called "literal interpretation." Furthermore, if this interpretation is accepted, 14- and 15-year-olds may be eligible too: they too may apply, not as "applicants," but as "dependent adults." This is clearly not the law's intent, which was to afford young people living in abusive or neglectful homes an opportunity to leave the parental home and be supported by social assistance.

Case 5

This last case appeared in the SARB Summaries of Decisions (SARB, 1993b:8, Board File L0212-0)

The Appellant was a single mother with one dependent child. Her child was often ill and was with the mother's consent, removed from her care. The child was cared for by the Children's Aid Society for a period of six months. After a home visit, the Director terminated her allowance. The Director's position was that the child was not financially dependent on his mother while he was in the care of the Children's Aid and that the Appellant was categorically ineligible without the child.

The Appellant testified that she visits her son frequently and brought him toys, clothes, food, and vitamins when he was in the care of Children's Aid. She estimated that she had spent \$300 on these items.

There are two questions before the Board. First, was the Appellant's son a dependent child according to the definition in the legislation? The criterion under discussion was whether the child was "supported by" his mother. The Appellant's representative argued that the child had been supported by his mother financially, psychologically, and medically and that her visits were important aspects of his care.

The Board noted that other decisions on this question have pointed out forms of support that are not simply financial in nature and that the legislation does not stipulate the degree of support required in order to establish that the child was a dependent. The Board found that the Appellant's child was supported by her because she maintained a home for him to return to, and because she regularly provided him with food, clothing, and toys. The second question before the Board was whether the Appellant was a mother "with" a dependent child during the period in question. The Board noted that section 7(1)(d) of the Family Benefits Act does not state the dependent child must live with the parent.

The Board concluded that despite the facts that the child was being supported by Children's Aid, that the provision of clothes and food was therefore unnecessary and that the child was not even living with the mother, she was still a mother "with" a dependent child; SARB granted the appeal in favour of the appellant.

This allowed her to continue receiving benefits as if her son were living with her in the home. The taxpayer in this case picked up the tab for the social services agency's time, the legal representative's bill for the appellant, SARB's cost, the cost of Children's Aid to support the child outside the parental home, and the money to support the mother and her absent child.

Let us consider some of the implications of this ruling. SARB enables a parent to claim as a dependent a child not residing in the parental home. Thus, if a father provided for children "financially, psychologically, and medically," he could claim as "dependents" children living with their mother in another city. If this father visited his children, perhaps even taking them for the occasional weekend, provided \$50 a month (as did the parent in the above case), and brought vitamins or band-aids for the children, he could be viewed for social assistance purposes as a parent "with" dependent children. Another person wanting to claim children as dependents could argue that although the children

are not his, they mean a lot to him as he means a lot to them, and since the regulations do not state that he must be the biological father, he has taken on the parental role, even though the children live elsewhere. Then someone else could claim that since the regulations do not state that the child must be a human being or even living...perhaps some leeway would be permitted by the Board here too.

Evident in this ruling is a bewildering lack of common sense without which all sorts of bizarre and fanciful interpretations of regulations are possible. The simple intent of the regulations is to provide financial help to a parent and his or her offspring. If the child lives elsewhere and is being provided for through another source, whether that source is another parent or Children's Aid, then the child cannot be that parent's dependent, and he or she is not eligible as a single parent. Obviously, the emotional or psychological attachment has not ended; the mother may want to visit and bring some gifts, food, or other items. However, these are voluntary and not necessary gestures on the parent's part, since all of the child's physical needs are being provided for.

These are a few of many cases which call into question the Board's ability to inspire the public's confidence. This is not to challenge the Board's existence: most people who believe in the importance of having a social safety net also believe that an appeal process has to be built into it. The argument for an appeal process — that workers and administrators are human and make mistakes — also extends to SARB members. If we recognize that we are all human and will therefore never have a perfect system, what qualities should characterize the review process, and who should review the Review Board?

The goals of SARB as stated are: accuracy, speed, efficiency, fairness, and the inspiration of the public's confidence in the system. Regardless of the form the appeal process takes, it must achieve these goals. The current appeal process would receive a failing mark on all counts. Rarely, if ever, is SARB called to account for its decisions. Reason and common sense must be reintegrated into the decision-making process. Recipients must have access to an fair and impartial review, but the taxpayers' interests have to be protected as well. Legal clinics, client advocacy groups, judges, and SARB rarely speak of community standards, public opinion, or public accountability. SARB seeks convoluted, twisted arguments to find grounds for eligibility. The Board's practices exemplify both the absurdity and the negative effects of the appeal pro-

cess during this decade. SARB's practices between 1985 and 1994 were, in effect, interventionist. By issuing interim liberally, allowing delays in scheduling hearings and rendering decisions, and the obviously biased nature of its decisions, SARB enabled and encouraged recipients to use and misuse the system. These liberal policies allowed a recipient who was not seeking employment to continue being dependent on the system. The youth who did not want to live by parental rules was enabled to live without them because of interim assistance. The student who was not regularly attending school was allowed to continue receiving assistance without regular attendance.

Any changes in the social assistance system must include a critical examination of SARB and the role of the judicial system in setting social policy. SARB's autonomy has enabled it to proceed in a direction never foreseen, intended, or imagined. SARB was never intended to function in a vacuum, oblivious, unconcerned, and resistant to public opinion.

Chapter 3: Youth and Student Welfare

THE ROLE AND IMPACT OF WELFARE among teenagers has been a cause of growing public concern. As well as concern, there is also a great deal of confusion associated with what has been called “teen welfare,” or “student assistance.” During the late 1980s and early ‘90s, policies for this group were being liberalized, and increasing numbers of youths and students were applying and qualifying for social assistance. This chapter documents some of the reasons for the trend and discusses several problems with Ontario’s welfare policies for youth and students.

The confusion about eligibility criteria for youth is partly a result of the complicated and discretionary nature of welfare regulations for teenagers, which vary in provincial and federal legislation and deal with teenagers in inconsistent and often contradictory ways. There is broad diversity in how the regulations are interpreted, and terms like “youth,” “dependent,” “child,” and “minor” are defined for different purposes. For example, certain sections of the *Criminal Code* hold parents responsible for not “corrupting” the morals of a child who is, or appears to be, under age 18 (s 168). Other sections of the *Code* consider a “young person” aged 14 or over as old enough to make decisions on certain sexual matters (ss 140, 141, and 146). The *Divorce Act* considers a “child” to be a person under 16 unless he or she is unable to provide for his or her own “necessities of life” (s 2). The *Young Offenders Act* defines

a “young person” (with certain exceptions) as a person who is at least 12 and not yet 18 (s 2). For the purposes of the Ontario *Child and Family Services Act*, a “child” is a person under 18 (s 2), whereas the *Family Law Act* (s 31) states:

(1) Every parent has an obligation to provide support, in accordance with need, for his or her unmarried child who is a minor or is enrolled in a full time program of education, to the extent that the parent is capable of doing so.

(2) The obligation under section (1) does not extend to a child who is sixteen years of age or older and has withdrawn from parental control.

The Advisory Group (1992:45) was mindful of this confusion when it addressed the issue of youth eligibility for social assistance, declaring:

One of the confusing aspects of dealing with older teenagers [16 and 17] is that the law is equivocal. According to the *Age of Majority and Accountability Act* a person is an adult when he or she reaches the age of 18. However, under the *Family Law Act*, there are circumstances under which they can be seen as withdrawing from parental authority, which affects the obligation of parents to support them.

It is generally agreed that a youth, no matter how the term is defined, is a person who has not attained the full status of adulthood. Depending on the lawmaker’s intent, a youth may, for example, not fully understand the consequences of certain actions and may therefore be treated differently from an adult who commits the same offence. Parents have an obligation to support their children because they are presumably unable to support themselves. This is especially true if the youth is still a student. The state takes responsibility for removing from parental homes children who are in need of protection, but it does not assume this responsibility for adults living in abusive situations. The assumption is that adults can take care of themselves, or at least make their own decisions. Society has not only enacted legislation that outlines parental obligations for the provision of support to youth, but it has also assumed a responsibility for protecting and providing for youth where parental responsibility is absent. We generally agree that youth should in most cases be treated differently from adults; we might

not be in such agreement, however, as to the exact point in time when this change from youth to adulthood occurs.

For the purposes of social assistance, the question of when a youth becomes an adult, and therefore eligible for assistance in his own right, has been addressed by the *General Welfare Assistance Act*. The Act has defined several separate age categories in an attempt to codify the stages of maturity and harmonize with other provincial and federal regulations. These eligibility criteria assume that the person meets all the other criteria concerning assets, income, and so on. The youth eligibility categories can be boiled down as follows: children under age 16 requiring assistance are eligible for foster-care allowance; 16- and 17-year-olds needing assistance may be eligible if “special circumstances” exist which prevent them from living in the parental home; youth between ages 18 and 21 who live outside the parental home are considered adults and therefore eligible; those over 21, whether they live in the parental home or not, are eligible for assistance.

Young people under age 16 are not eligible for assistance in their own right unless they are legally married or are single parents. Although this rule has been challenged on the grounds that it discriminates against youths under 16, it remains in force.⁵

Foster care allowance can also be granted for this age group, but only in the name of the foster parent(s) caring for them. Foster care cases are individually assessed and normally require special reasons why the youth is not living in the parental home. The agency usually pursues financial support from the parents, holding them financially responsible for their children. Foster care cases are eligible for both GWA and FBA: these cases usually begin on GWA and are later transferred to FBA. GWA foster-care allowance may continue until a youth is aged 16. If there is ongoing entitlement, the young person can apply for assistance in his or her own right. If the foster care allowance is received through FBA, it can continue until the youth is 21, provided that he or she remains in school.

5 A legal clinic argued that the rule was contrary to the *Canadian Charter of Rights and Freedoms* (SARB, 1992a:31).

Family and Children Services (F&CS), also known as the Children's Aid Society (CAS), usually provides assistance for this age group. This agency's mandate is to assist children who need protection. However, in cases where there is no "protection" issue, such as in the case of a youth living with a relative or with a person or family not recognized in a foster role by F&CS, the youth's guardian can apply for foster care allowance through GWA or FBA. In February 1995 there were 2,554 FBA and an estimated 1,000 GWA foster care cases in Ontario.

Youths aged 16 and 17

A youth reaching age 16 may apply for GWA personally. GWA Regulations state that a 16- or 17-year-old cannot be eligible for assistance without "special circumstances" that justify the young person's residence outside the parental home. In February 1995, approximately eight thousand 16- and 17-year-olds were collecting benefits in Ontario. The regulations are not explicit about the meaning of "special circumstances," but MCSS policies recognize that the intent and spirit of the legislation is to preclude eligibility unless there are significant reasons justifying departure or continued absence from the parental home.

Parents are responsible for the financial support of their children unless they withdraw from parental control: in theory, social assistance should assume financial responsibility for youth only in special cases. Some municipalities ask parents to support or contribute to the support of their sons or daughters in line with GWA policy. Some areas will, in certain cases, pursue the matter by court proceedings against the parents if they refuse to contribute when they are financially able to do so and also if they refuse to have their sons or daughters return home. Again, however, there is no consistency among districts on the issue of support.

Prior to 1995, GWA policy guidelines offered little clarification on what actually constituted "special circumstances." Municipal welfare offices recognized that the regulations for 16- and 17-year-olds were vague and were not being applied consistently across the province. As early as 1986, municipal welfare workers petitioned MCSS through their association (OMSSA) to clarify the rules pertaining to this age group. However, changes were not forthcoming until 1995. In the meantime, without clear direction from MCSS, some welfare offices adopted

a quite liberal definition of “special circumstances.” Prior to 1995, the guidelines stated:

The provision of assistance to a single person under 18 living outside the parental home, is discretionary and it is the responsibility of the Welfare Administrator to determine eligibility based on the individual circumstances in each case.... A special circumstance would include, but is not limited to, situations in which the Administrator determines that there is no “suitable home” and/or it is not in the best interest of the youth to return to this home. The following factors are to be considered when making a determination of special circumstances

- Are there health concerns?
- Are these concerns about physical safety or serious emotional conflict? (MCSS, GWA-0304-05)

In addition to the lack of clear directives, SARC and the Advisory Group were petitioning MCSS to ease eligibility rules for youth. Predictably, the Advisory Group’s review of youth policies recommended an even more liberal approach (1992:45):

We proposed that the onus to establish special circumstance be reversed – the system should have to establish that there are special circumstances for denying assistance to these young people, rather than requiring the applicant to show that there are special reasons why assistance should be provided.

In effect, the Advisory Group was suggesting that if a teenager declared a parental home unfit, abusive, or unsuitable, the burden of proof was on the welfare agency to show that the teenager was wrong. As things are now, a teenager must demonstrate that the home is abusive, neglectful, or generally unsuitable. If the burden of proof were reversed, welfare agencies would simply grant assistance to almost all teenagers who applied because of the practical difficulty of establishing enough evidence to disprove a youth’s allegations. Parents’ testimony that they had not abused their child could not really be brought as evidence, since the assumption would be that parents would not admit to a charge of abuse. The sheer time involved in trying to gather enough evidence would be overwhelming for workers. The NDP did not adopt this recommendation (Advisory Group, 1991:78, Action 33). The Advisory Group estimated in 1991 that the proposed change reversing the onus of

proof would cost \$1.5 million. Even if we ignore the fact that the case-load doubled from 1991 to 1994, this was a gross underestimate of what the actual financial cost would be. The Advisory Group's assumption that the fundamental change in the reverse onus rule would only make approximately 250 to 300 more teenagers a year eligible for assistance than under the current rules is unrealistic, to say the least. Even though the recommendation was not put into law, the message to local welfare offices was unmistakably clear. The Advisory Group was advocating easier access to assistance for this age group.

The policy guidelines for youth were amended in 1995 under the NDP government to provide somewhat more direction for decisions on eligibility. The Guiding Principles of the General Welfare Assistance policy (MCSS, GWA-0304-05) for 16- and 17-year-olds state:

This section of the guidelines has been developed in recognition that this age group of applicants/recipients who live outside the parental home may also require special needs and services.

A single person 16 and 17, living outside the parental home, may be eligible for assistance if the Welfare Administrator is satisfied that special circumstances exist.

The provision for assistance to a single person under 18 and living outside the parental home, is discretionary and it is the responsibility of the Welfare Administrator to determine eligibility based on the individual circumstances in each case.

The social assistance system should strive to protect those youth who are in need while maintaining the integrity of the family unit. It should not contribute toward the breakup of the family unit. Neither should the system be perceived as providing an economic incentive to the youth and his/her family for leaving home. This means that actions directed towards reconciliation should be considered throughout the assessment process.

Municipalities and First Nations must have specific procedures in place to ensure that financial support only goes to those youth who meet the eligibility criteria and who are truly in need. To ensure this happens, all cases shall be reviewed by the

supervisor or Welfare Administrator before assistance is granted. Delivery sites that have developed specialized youth workers can use them to complete the review.

While in receipt of assistance the worker should encourage and support the youth in the development of an individual plan which would lead towards self-sufficiency and independence. In most instances, this would mean encouraging the youth to remain in school...

Special circumstances would *not* include situations where the parent(s) are willing to have the applicant return home on the condition that he/she agrees to live by reasonable parental rules, e.g. attend school or clean up his/her room.

Special circumstances would *not* involve situations which include normal and reasonable disagreements over parental rules or sibling rivalry. Personalities and/or values normally conflict between youth and other members of the household. Intergenerational conflicts are also evident between these groups. Therefore, these types of conflicts in and of themselves would not be reason enough to establish the evidence of special circumstances.

Each application for assistance by a youth is supposed to be assessed individually by the welfare agency. The policies also state that the agency can contact parents and/or a third party (a doctor, school counsellor, therapist, friend, etc.) to discuss the situation before a decision on eligibility is made. Clear cases of eligibility for youths aged 16 and 17 would include abuse or neglect. Conversely, clear cases of ineligibility would be those in which a teenager simply did not want to abide by reasonable rules and expectations at home. The majority of youth applications for assistance fall between these two extremes.

The reasons youth request assistance are as wide-ranging as the family situations these teenagers live in. Some requests for assistance occur as a result of circumstances or situations precipitated by arguments or disagreements. In some cases there may be a history of problems between the youth and the parent(s) or other siblings which become aggravated through the teenage years. In other cases a youth's behaviour or personality may be affected by a separation, divorce, remarriage, or because of some other traumatic crisis. Lack of parental

discipline or parenting skills may also prompt some young people to leave home.

Still other problems in the home may not be linked to any particular family crisis or conflict at all. Sometimes a youth simply wants to move in with independent friends, or wants more freedom, or wants to participate in activities not approved by parents. It would also be incorrect to assume that in all cases the youth is applying for assistance because of a particular attitude or behaviour. Some parents may ask a child to move out of the home for a variety of reasons, not all of which stem from the youth's behaviour. Parents, too, experience personal crises which cause them to reassess their role as parents, and as a result they may ask or demand that a son or daughter find other accommodation. Some parents become too physically ill to care for their children; others may be obliged to move out of the country. Some youth immigrate without parents or sponsors to support them, and some are orphans. There are families which experience such intense emotional conflict over a youth's or parent's views, beliefs or values, that for the emotional and mental health of the rest of the family members it is best to remove the problem teenager.

In determining the suitability of the parental home—that is, determining whether special circumstances exist—the welfare worker has a great deal of discretion. While MCSS provides some guidelines for eligibility and the new policies help to clarify procedures for assessing applications, there is still a great deal of room for interpretation and judgement on the welfare worker's part. For example, if a father slaps his teenage daughter in an isolated incident for staying out all night, we might ask if this is a justifiable reason for her to claim assistance when her home has otherwise been fit. Would it be a special circumstance if parents insist that a child or children leave the family home because siblings are so physically aggressive towards each other that the parents fear for their safety? There are parents who lack good parenting skills or good judgement, who are alcoholics or who occasionally use marijuana or some other illegal substance, or who become involved in illegal activities. Would these situations constitute special circumstances?

A parent who wants to abdicate responsibility as a parent may tell the welfare worker that a child can no longer return home in any circumstances, hoping assistance will be granted. In other cases, a parent will seek to protect his or her own image by playing down or understat-

ing problems in the home. Some parents may also be exasperated by a teenager and regard social assistance as the easiest way out of living with a problem teen. A youth, on the other hand, may exaggerate the effect of the home situation on his or her well-being and threaten suicide if forced to return home. Some teenagers threaten to sever ties with parents unless the parents tell the worker that they have been forbidden to return home. In some cases teenagers threaten to live “on the street” or quit school if they are not approved for assistance.

These cases are decided by local welfare offices and the workers involved. It goes without saying that different workers will judge these cases differently. Family life is obviously dynamic and extremely complex. There are too many variables for us to ever fully articulate an eligibility policy covering the many convoluted and tangled situations in which teenagers and families find themselves. The best that written policies can do is draft rough eligibility parameters for this age group. It becomes clear that for most youth, barring abuse and other exceptional cases, the parental home remains the most suitable residence. The *Kitchener-Waterloo Record* agreed in an editorial of March 23, 1994:

Even in the best families life is not always bliss. It is a rare family that doesn't experience angry confrontations between parents and children. For the frustrated teen, it must be awfully tempting to apply for the illusory freedom promised by a welfare cheque. It can be a short step from there to imagine those quarrels are “verbal abuse.”

There are also, no doubt, many cases where parents are not contacted because of a caseworker's time constraints or lack of training. If the parents are contacted and oppose having their son or daughter receive assistance, and if there has been no allegation of abuse or neglect, the youth is usually refused. If there is an allegation of abuse but no evidence or corroboration from a third party (this is a problem especially in cases of verbal or emotional abuse), the caseworker may have to investigate further. In these complex cases it is sometimes easier, because of the pressure of time, for a busy worker to approve a teenager for assistance rather than contact relatives, counsellors, friends, and a host of other people or agencies to assess the application properly when the end result will still leave the worker with conflicting evidence as to the suitability of the parental home. Time spent on thorough assessment of

these cases remains vitally important for the sake of the youth, the parents, and the family.

Although poor judgement by workers, consistency in decisions between areas, regulatory vagueness, and inadequate case assessment are not the only problems associated with 16- and 17-year-olds collecting assistance, many of these difficulties could be substantially addressed by thorough worker training and clearer policy guidelines from MCSS. Parents are critical of the system because it can be an easy way for youth to leave the parental home. Through the 1980s to the mid-1990s, the regulations permitted an increasing number of youth to qualify for assistance, as the following testimony shows. One parent wrote in frustration to the *Toronto Star*:

Do you know how easy it is for students [16 and 17 years old] to get welfare? They can tell a social worker whatever they want, because welfare won't follow up on the student's story.

When I divorced my first wife, I got legal custody of my two daughters. When I remarried, my younger daughter decided that she did not have to follow the rules that applied to the rest of the children in the home. After many confrontations she decided to live with her mother.

At family counselling, I realized that my former wife had a drinking problem and serious mental illness. After consulting a lawyer and a doctor, I was informed that my 14-year-old daughter could choose to live with whomever she wanted, even if that person was unfit. I continually tried to keep the lines of communication open with my daughter.

After several moves and hospitalizations of my former wife, my daughter, now 16, decided that she would get an apartment of her own. Imagine my surprise when social services didn't even contact me.

Didn't they want to know where her father was and why she couldn't live with him? I found out the name of the social worker and called her myself. I was told that she would not receive welfare without my consent.

I tried to explain that there was a home for my daughter as long as she followed the rules of the house and tried to get along with the rest of the family. By this time, she had already moved into her own apartment.

I have tried repeatedly to talk to her and she threatens to quit school if she can't get her own way. I have called social services and they didn't even return my calls.

I finally got hold of my daughter's social worker. I asked her the status of my daughter's situation. I was informed that the case was handed over to a supervisor and welfare benefits were approved.

Welfare obviously doesn't have proper guidelines to follow up a case or they just feel that they just have the power to do what they want. What happened to parent's rights? (Toronto *Star*, April 9, 1995)

The sentiments expressed by this parent are not unique. Another parent spoke to a newspaper reporter about his daughter who left home and was granted assistance:

A North York Region father, who still has a bedroom waiting at home for his 16-year-old daughter, wants to know why his child qualifies for welfare just because she now lives on her own. Hans Heinrich believes his daughter Lisa has no justifiable reason to claim social assistance. Even if Lisa doesn't want to live at home, he notes there are other family members who have offered assistance. But according to Heinrich, his daughter was determined to move out and go on the dole well before her 16th birthday in January.

Tensions between Lisa and her stepmother had reached a point where the teenager decided to leave. "She had plans to get welfare at 16.... She set up with a friend and looked for an apartment." Heinrich discovered his daughter qualified for assistance the day before her first rent cheque was due. He called York Region social services at Lisa's request. "There's not enough checking done into the background. And this doesn't hold just for student welfare, it's the whole welfare system." (Aurora *Era-Banner*, April 13, 1995)

A reporter described another situation involving a youth in the *Ottawa Citizen* (January 16, 1993):

Just over a year ago things were miserable, Jenny says. She was still going to school, living with her parents . . . and dealing with house rules.

She hated living in the country, having to be in by nine or ten o'clock, and not being able to spend the night with friends in Ottawa.

Jenny's mother didn't make it easy for her to leave home. She kept telling welfare workers she loved Jenny and wanted her home, so Jenny was rejected by the system four times before she met her boyfriend.

The boyfriend who is over 18 and knowledgeable about "the system," told workers Jenny was his common-law even though they had just met. This way, they could qualify for spousal benefits⁶ of more than \$900 a month Jenny says.

Jenny's mother is furious when she thinks of how her daughter duped the system. But then her anger fades and she is beside herself with sadness, wondering if her child will ever be pried from a social assistance net that caught her too soon.

One columnist in the *Kitchener-Waterloo Record* (March 23, 1994) succinctly expressed the importance of informed decision making for this age group:

... few would argue that they [youth] have the maturity to make reasoned decisions about their lives. Surely the state has an obligation to work even more closely with adolescent welfare applicants to ensure they aren't merely trying to escape a difficult time in their lives.

6 There are no special benefits that can be applied for called "spousal benefits." Although this youth was granted assistance applying as a spouse, there was nothing that prevented the social services agency from continuing to refuse assistance because she was under 18 years of age and no special circumstances existed. It is possible that the social services agency considered the length of time she had been away from the parental home, or that she was eligible as a dependent adult (see Case 4 in Chapter 2, pp. 71ff.)

The family home is still the best place for the vast majority of children. Before the state decides that a family isn't worth saving it better be sure it is right.

These are profound challenges that cannot be addressed simply by tightening the youth eligibility criteria. Regulations that accomplish nothing more than to assist youths to escape from abusive homes must be accompanied by follow-up support, not more abandonment. When a 16- or 17-year-old is granted assistance to live outside the parental home, few or no obligations are imposed by the agency.

Family and Children Services (F&CS) also deals with this age group if a youth has been involved with F&CS prior to turning 16. The 16- and 17-year-olds involved with F&CS must reside in an approved foster home and must, under normal circumstances, be students. Occasionally, if a youth demonstrates a certain maturity, he or she is allowed to live independently. No such conditions applied to youths receiving GWA prior to 1995, when any 16- or 17-year-old approved for assistance could live anywhere, with a boyfriend or girlfriend or in an exploitive or abusive situation. Legally, the agency could do nothing to control its youth clients. In some cases, a youth would actually move into a more abusive situation than he or she had fled. Because the new residence was the youth's own choice and living with parents was not, however, the agency was powerless to put an end to what might be a clearly inappropriate situation. If the teen was a student, regular school attendance was a formal requirement, but there was nothing to prevent a youth from dropping out of school to look for work. As a society, we recognize that 16- and 17-year-olds are not always mature enough to make decisions that are in their best interests. We do not let 16- and 17-year-olds buy cigarettes or alcoholic beverages, marry, or, normally, drive vehicles unaccompanied. We want to defend them against the possible consequences of bad choices, and the law has tended to place restraints on youth activity. Yet when it comes to social assistance we ask no questions, impose no expectations, and are powerless to prevent youth from making what could be disastrous choices.

Prior to 1995, the agency could not even insist that a youth live in appropriate quarters, seek counselling, or continue in school as condi-

tions of eligibility.⁷ Youth were left to sink or swim on their own. Many did not succeed in school because of poor living environments; others became pregnant because they were allowed to move into exploitive or unsuitable living arrangements; others became involved with drugs, and still others simply lacked motivation, without the support of others, to succeed.

There is no easy answer as to how eligibility for this age group should be assessed. One option is to raise the age at which single recipients are eligible for assistance from 16 to 18. However, in this case some 16- and 17-year-olds may have to either live in unfit homes or leave home and manage on their own. Another suggestion is to have this age group assessed by F&CS. F&CS are more experienced in counselling troubled teenagers and families. In the final analysis, however, F&CS workers may face the same difficulties with interpretation as the social services workers. The new policies establish either that a youth worker, presumably with some experience in working with youth, should be assigned to this task, or that the case should be reviewed by a supervisor. Recognizing the complex nature of eligibility decisions for this age group, some areas have established special youth workers. While the new policies offer slightly more guidance for decision making, the policies still fall short. Another suggestion which may reduce the discretionary nature of the decisions is to establish even more clearly delineated criteria for eligibility. Even recognizing the complicated nature of family relationships and how individuals react to tough situations, excluding eligibility for this age group, except where abuse or some other extraordinary situation justifies assistance being granted, may be the only position that is defensible.

In conjunction with this, a speedy and cost-effective process must be developed that will compel parents to financially support their sons or daughters where circumstances warrant. At present, if a youth is approved for assistance and the parents are asked to contribute financially and refuse, the welfare agency's sole recourse is to proceed with court action. This is a costly and time-consuming process and is only pursued in cases where it is known that the parents are able to contribute, the

7 Prior to October 1, 1995, the regulations placed no conditions on youth other than those placed on adults, i.e. seek employment or be in regular attendance at school, etc.

youth has not voluntarily “withdrawn from parental control,” and the youth is young enough to ensure that the length of time support payments are received will justify the cost of the legal process. The adoption and implementation of such policies in a consistent fashion across the province may reduce demand and allow workers time to assess legitimate requests. In 1994, approximately 8,000 16- and 17-year-olds were receiving assistance in Ontario. One wonders how many of these could have returned home had the welfare agency encouraged reconciliation or counselling as an option.

A boy aged 16 who begins his independent life on social assistance has so far had his parents’ guidance and support. They have imposed certain standards and conditions while he has been nurtured and encouraged. Suddenly, for whatever reason, his parents are no longer there to offer advice and monitor his activities. Of course, there are also youth who have not had the benefit of a nurturing and supportive home, and it is even more important to ensure that these particular teenagers receive the encouragement and support they have not received from families. Teenagers do engage in activities that should be avoided, and this happens all too often while they are still living with their parents. The difference with teenagers on social assistance is that we as a society are condoning these activities, however tacitly, by financially supporting young people making poor choices. While there is some value in letting people learn from their mistakes, it is dangerous to offer financial assistance to a person making irresponsible choices that may even put him in harm’s way.

We recognize that this age group has special needs: however, we assume that when they receive assistance they will make the right choices without good guidance and direction. We have taken many of these young people out of homes with minor problems and created far more serious problems for them by not requiring that certain expectations be met as conditions of eligibility. We do youth a tremendous disservice by not giving welfare agencies the authority to impose some standards. An absolute minimum requirement should be that a teenager’s living situation be approved by the welfare agency. We are aware of problems with teenage suicide, school dropouts, drugs, teen pregnancy, and delinquent behaviour, yet when a teenager starts receiving assistance we pretend that these problems will not affect recipients and so impose no restrictions to help them succeed. Living in an appropriate home should

be just one of the conditions: others should include a stipulation that youth attend school unless extenuating circumstances prevent this. Youth with emotional problems, especially those who have experienced abuse or neglect, should also be required to obtain counselling.

Some would view the imposition of such requirements as contravening the basic human rights of youth who have to apply for assistance. I suggest that a fundamental reorientation is needed which views social assistance as a means of enabling those wishing to help themselves to become more self-sufficient and independent.

A youth living in the parental home is probably expected to adhere to certain rules and a certain standard of behaviour which social assistance has made virtually impossible to enforce. Youth who do not want to abide by parental rules and who are 16 years of age are legally able to leave the parental home. Parents have no authority to stop them. Many parents have criticized the system for this reason. If they threaten to ask their children to leave unless they abide by certain conditions, these young people can apply for assistance on the grounds that they have been "thrown out." If the local social services office refuses to grant assistance because the teenager can go back to a fit home where no special circumstances for leaving exist, the teenager can be persistent, appeal to SARB, and likely receive interim assistance. This is becoming common knowledge among teenagers. Conservative MPP Cam Jackson, referring to the ease with which teenagers can get assistance, has commented: "That kind of news travels fast" (*Aurora Era-Banner*, April 13, 1995). Liberal MPP Jim Bradley commented on this issue:

Increasingly we are getting reports out there that a significant number of people...are using the threat of being able to get on welfare to lever their parents in terms of discipline. (*Guelph Mercury*, March 30, 1994)

The threat of possible eviction from the family home no longer carries any weight because teens know there is a support system in place to provide for them. To add insult to injury, the agency can in certain cases ask the parents for financial support to maintain their son or daughter outside the parental home if they refuse to allow the youth to return. If parents refuse to pay support, the social services agency has the authority to take them to court.

If the teenager is determined to leave, the home situation can be made so unbearable for the rest of the family that the parents have no other option. The teenager then applies for assistance and in the end gets what he or she wanted in the first place: to live outside the parental home without parental rules while being supported by the state. A 16-year-old can manipulate the situation at home so that he is eligible for assistance, and if his girlfriend does the same there is nothing that legally prevents the two of them from moving in together. Tax dollars support this venture.

Many parents complain that the system does not recognize their role and that the laws give the majority of rights to youth. The system is designed to help youth, not parents. Parents who disagree with a social services agency's decision have no legal recourse but to contact the same agency that granted their son or daughter assistance in spite of their complaints. Parents cannot appeal to SARB or any similar review board if they disagree with the agency's decision.

MCSS recognized the problem with SARB's habit of granting interim assistance in teenaged cases. Tony Silipo (then Minister of MCSS) stated in the Ontario Legislature on March 30, 1994:

For them [16- and 17-year-olds] to be eligible to receive social assistance, the rules are that they have to be able to establish that there is some element of abuse that is going on. It is true in terms of an interim situation, the Social Assistance Review Board has the right to order interim assistance, not on the basis of a full hearing but on the basis of whether it deems that there is financial hardship.

But there are some ethical issues in the debate over interim assistance as well as the entire policy of assistance to youth who opt out of fit homes. We have already noted that immature teens are making decisions which may affect their present and future well-being. These policies also directly erode the family unit. Social assistance provides a means of escape for both parents and their children as soon as difficulties arise. Parents are permitted to escape from their financial responsibility to provide for their children, and children are suffered to live outside of a parental home where only trivial problems may exist. All families experience difficulties; quite often the easy solution is to have the youth move out, but this creates its own set of problems. Social assistance reinforces the concept that when conflicts arise in a relationship

the best or easiest strategy is to leave. It teaches families to avoid discussion and dialogue, both integral aspects of personal growth and maturity.

From 1985 to 1994 the rules for 16- and 17-year-olds became increasingly liberalized, reflecting the general change in direction of eligibility conditions within the system. The policy guidelines were vague and, as the examples presented indicate, guidelines were simply neglected in many areas. Parents were not contacted in some cases, and SARB's routine granting of interim to youth made the local welfare office's refusal to assist a mere technicality which could be overcome by persistence or an appeal to SARB. During this period, the rules also allowed youth to live in unsupervised residences and choose whether to attend school or look for work. As an increasing number of youth qualified for assistance, tips on ways and means of manipulating the system spread among teens by word of mouth. For many, the system had become too seductive to ignore.

Youth 18 and over

At age 18, a youth is considered to be an adult and can leave home and claim social assistance so long as the regular eligibility criteria are met. The welfare agency does not contact parents to ask why an 18-year-old is not living in the parental home, and the youth is not required to establish special circumstances. Most young people between age 18 and 21 have few assets and not many of them have sufficient income to support themselves. Many youths aged 18 and over apply for social assistance because of the freedom that comes with it. Some teenagers apply for assistance to complete school. Many who are no longer in school and have not completed a secondary diploma lack the education and training to get employment which pays more than they could receive on welfare. According to MCSS figures for February 1995, there were more teenagers aged 16 to 19 on assistance and looking for work than there were students on assistance.

Many parents are as unhappy about their 18- and 19-year-olds receiving assistance as they would be about their 16- and 17-year-olds. Teenagers are eligible whose parents are willing and able to provide for them but who simply want to leave. Some parents will contact the social services office to inform workers that their sons or daughters are wel-

come to return home; at this age, however, the suitability of the parental home or parents' willingness to have a youth return are no longer eligibility concerns. Because of confidentiality issues, social services agencies are prohibited by law from discussing assistance applications with parents whose son or daughter is 18 or older unless permitted to do so by the youth. One mother was so upset about her 18-year-old daughter leaving home and applying for assistance that she presented a petition to her MPP with 200 signatures from people agreeing that teenagers should not be eligible for assistance without parental consent. She stated:

I don't understand how it can be so easy. She just went to the welfare office and said "this is how much I need," and they gave it to her, and we taxpayers have to pay.... There is a definite flaw in the system.... The system undermines traditional family values and the work ethic. (*Kitchener-Waterloo Record*, Nov. 3, 1993).

This woman's daughter was one of thousands of teenagers who are leaving home, in part due to the availability of public assistance. From the perspective of many teenagers, life at home does not compare favourably to life on their own.

Of utmost concern is how these welfare regulations are affecting family integrity. Even the Advisory Group (1991:76) recognized this shortcoming in the regulations:

We do not want the social assistance rules to encourage young people to leave their parent's home when that home may be the best place for them.

Far from recommending reduced eligibility for this age group, the Advisory Group did recommend that in certain cases 18- to 20-year-olds should be eligible for assistance while living in the parental home. They also recommended that the details of eligibility rules for youth be publicly available and advertised in schools. This recommendation was estimated to cost \$44 million per year and was also, wisely, not endorsed by the NDP government.

One possible means of discouraging frivolous applications from 18- to 20-year-olds is to require, as with 16- and 17-year-olds, that special circumstances be proven. Another less time-consuming approach would be to have the youth produce a parental statement that he or she

is unable to live at home. This simple prerequisite would eliminate those cases where the parents are able and willing to provide for their son or daughter.

SARC (1988a:50) took note of one of the most alarming trends in the GWA system, the growing numbers of employable young singles under age 25 on assistance:

A disturbing trend in caseload growth in recent years is the rising number of young people under age 25. More than a third of the approximately 47,000 employable single persons receiving GWA are under 25. People between 16 to 20 total more than 22,000 cases.... The increase among young people on assistance reflects a number of social trends including high dropout rates, a lack of basic literacy skills, and a continuing failure of training and apprenticeship programs to prepare people for jobs in an increasingly competitive world.

This trend was no less disturbing in 1995. In February of that year, according to MCSS figures, there were 55,000 GWA recipients classified as “unemployed” (excluding single parents) who were under 25 years of age, and an additional 20,000 students who were also under 25. From all categories of assistance, there were 92,000 GWA recipients and 38,000 FBA recipients under age 25, and of these 130,000 recipients, 35,000 were between ages 16 and 19. (Chart 1-4 graphically illustrates the disproportionate youth numbers on assistance.)

Some have questioned the effect that easy access to social assistance is having on labour force commitment among youth. Although research has been limited in this area, some studies indicate that the effect will be negative. An American study, for example, confirms that the commitment of youth to the workforce is seriously affected if they have alternatives to working. Known as the Negative Income Tax Experiment (NIT), it offered a guaranteed annual income to recipients whether they sought work or not. The experiment discovered that guaranteed income affected attachment to the labour force for some participants, and that those most affected were youth. Murray (1984:151) states:

They were at a critical age in their lives, about to enter into the responsibilities of marriage and just establishing themselves in the labour force. If they were to escape from poverty, this was the moment to start. The NIT had a disastrous impact on their

hours of work per week: down 43 percent for those who remained non-heads throughout the experiment, down 33 percent for non-heads who married.

The study controlled for young people returning home or to school, thus eliminating these possible explanations for the reduction in work in this group (Murray, 1984:151). The researchers summarized the importance of keeping youth in school or working, and the potential ill effects of liberal social assistance policies on youth, in these words:

Not only is their response important in the current period, but the reduction in work effort may also have long-term effects on their labour supply behaviour. (cited in Murray, 1984:152)

Students

The *General Welfare Assistance Act* states that a student must be approved by the Administrator before receiving assistance to attend school. In certain cases, especially with teenagers, approval to attend high school is granted. Most people agree that getting an education is a vital step towards self-reliance, that helping a student for a few years is better than helping the same individual for many years later on because he or she lacks the skills and education to be self-supporting. Prior to 1990, enrolment in a school program was understood to be a discretionary rule based on the recipient's age, education, and work history. The role of social assistance was never perceived as educational or designed to address weaknesses in the school system. Students were therefore approved only where circumstances warranted. Although each municipality developed its own student policy, it was generally understood that permission to go to school was not automatic and was restricted, depending on local policy, to certain groups such as people under age 21 or people with little work experience. Recipients who were working were not normally allowed to quit their jobs and return to school while receiving social assistance.

In June 1990, Shelly Kerr quit her full-time clerical job. She had dropped out of school two years previously after completing Grade 11. Her plan was to apply for welfare and finish her high-school education while collecting assistance, but she was refused by the welfare agency because she had quit a full-time job. She appealed to SARB, but because

helping employable persons return to school if they quit their jobs was so fundamentally contrary to the intent of social assistance, SARB denied assistance. Using a legal-aid lawyer, Ms. Kerr decided to take the case to court.

Citing a Supreme Court of Canada decision (*Abrahams v. Attorney General of Canada*, 1983) which dealt with the *Unemployment Insurance Act*, Judge Campbell in the Kerr case said:

Since the overall purpose of the Act is to make benefits available to the unemployed, I would favour a liberal interpretation of the re-entitlement provision. I think any doubt arising from the difficulties of the language [of the regulations] should be resolved in favour of the claimant.

Now it is generally understood within the judicial system that where ambiguities or vagueness exist in claims for unemployment insurance or any other kind of insurance, the decision should be rendered in favour of the claimant. Claimants pay premiums and, without understanding the technical details of the policy, expect to be covered and receive benefits when a claim is filed. Social assistance, however, is not insurance. Recipients pay no premiums, and the applicability in this case of decisions related to unemployment insurance is suspect at best. In treating social assistance as an insurance claim, the decision stated:

The price of ambiguity in a social welfare statute is that the ambiguity will be resolved in favour of the applicant.

However, the interpretation of the legislation was not, as the judge had asserted, ambiguous, “Kafkaesque,” or a “lawyer’s nightmare.” The rules had always been interpreted in a way that denied benefits to a person who voluntarily quit a job to return to school. Back-to-school financing had never been the role of social assistance. Even SARB, with its clear bias in favour of appellants, ruled with the municipality in refusing assistance. The decision to allow students to attend school has always been left to the local Welfare Administrator and been understood as an exception to the rule which normally requires employable recipients to seek employment.

This case is another example of the manner in which judges, based on their personal views, make decisions that cost taxpayers millions, perhaps hundreds of millions of dollars. In rendering his decision,

Judge Campbell affected the cases of all other individuals wanting to return to school. While the desire to complete one's education should be applauded, there are several problems with the decision in this case. The decision failed to recognize that there were other options that would have enabled Ms. Kerr to obtain her education without having to quit her job. Thousands of students every year take correspondence courses, evening courses, or work part-time while attending school to complete their diplomas. Many students with Grade 11 can also apply to colleges or universities as mature students. These options were never considered or mentioned in the Kerr decision.

In this case, the judges believed it was better for Ms. Kerr to quit her job during a recession, when jobs were scarce and pink slips frequent, and return to school to obtain one more grade level than to continue working and take evening courses or return to school if she was laid off. The Kerr decision attempts to defend this convoluted logic by claiming that "research confirms the commonsense proposition that people with lower education are more likely to require welfare" (*Kerr v. Metro Toronto Department of Social Services*, 1991:440). The figures from *Transitions* quoted in this decision indicate that people with Grade 11-13 spend on average one month more on assistance than recipients with Grade 9 or 10. The figures do not indicate any difference in time on assistance between persons with Grade 11 and Grade 12 (SARC, 1988a:46). SARC's figures also indicate, contrary to popular wisdom and the judge's "commonsense proposition," that people with some post-secondary education remain on assistance longer than some with Grade 11 to 13 (SARC, 1988a:46). These data are also supported by the National Council of Welfare. In assessing the educational levels of people living in poverty, NCW found that the ones with some post-secondary education were more likely to live below the StatsCan low-income line than those who had completed high school only. This was true for both "heads of family" and "unattached persons" (NCW, 1993:39). Judge Campbell in the Kerr decision (440) also stated:

The statistics do, however, show that a third of those in the group who had completed Grade 11 to Grade 13 were on welfare for over a year, and that in the aftermath of economic recession welfare recipients stay on welfare longer. The statistics demonstrate the obvious proposition that people with limited

education, skills and work history, have more trouble getting jobs, and staying off welfare.

The decision seems to omit certain pertinent facts. Ms. Kerr did not have a limited work history: at age 19 she had worked for an entire year and had been working steadily since finishing Grade 11. The last job she had was a full-time position as a clerk earning \$8.50 an hour at a time when the minimum hourly wage was \$6.00. As she had completed Grade 11, completing Grade 12 would not suddenly make her more marketable. There is also great value in gaining work experience; the judges overlooked the importance of this as well.

Also not stated in the Kerr decision is the fact that the protagonist *already had a job*. What was the point of arguing that higher education was more likely to lead to employment when Ms. Kerr was already working? None, unless we hold that the role of social assistance should be to financially support to educational endeavours for those already employed – a role it had never had until this ruling.

The decision in Kerr stated further that a “liberal interpretation” should be used for persons wishing to return to school. This effectively makes almost everyone who has not completed high school eligible to go back to school on social assistance regardless of education, age, past attempts to complete high school, or employment history. The judge’s decision in effect nullifies the administrator’s authority in these matters and clearly goes against the intent of the regulations, which state that the welfare administrator has the right to approve or not to approve a student’s application for assistance. In response to the Kerr ruling, the General Manager of the Toronto Social Services Division had this comment (*Toronto Star*, June 6, 1991):

That’s the wrong role for welfare. If it’s proper for the state to be in the position to fund people’s education . . . that should be the business of the [provincial] Ministry of Education. . . . Welfare is supposed to be a short-term emergency program and this [court] decision turns it into something else.

As a result of the ruling in Kerr, welfare agencies adopted a liberal approach to returning students. In February 1995, 30,367 students were collecting assistance in Ontario, twice the number receiving benefits in 1990, the year before the Kerr decision. (Chart 1-6 illustrates the increase in the number of students on assistance since 1981.) While this was laud-

able in some cases, such other options as evening school, correspondence courses, and mature-student status should be considered as well. These options are more difficult, certainly, and require more time and effort to obtain a diploma, but they are not impossible, especially for the already employed. Many working people complete evening and diploma courses every semester.

It was not until the case went to the Ontario Court of Appeal in 1995 that the fundamental error in the Campbell decision was recognized and reversed. Beyond the issue of an incorrect decision in the original case, however, looms the issue of cost-effectiveness in the current appeal process. As proven in Kerr, a recipient can, at no cost, obtain a lawyer for SARB, Divisional Court, and the Ontario Court of Appeal. Over the matter of less than one year's assistance — approximately \$6,000 — a procedure was allowed that involved the costs of the initial refusal, SARB, legal aid, Ministry lawyers, and court costs for two proceedings. All of this cost the taxpayer tens of thousands of dollars, money spent to challenge a rule which was, in the end, interpreted just as it was prior to the court involvements. While the pursuit of justice and fairness are noble goals, there must also be some fiscal accountability within the system.

Another problem with current student rules is that they do not define the extent or parameters of the type of education that should be favoured. Should upgrading or special-interest courses be approved? What is an acceptable level of attendance? Does the student need to be registered in a full course load, or is one course enough? Some recipients choose to return to school rather than look for employment. While some are serious students, others wish to avoid being cut off assistance for not seeking employment. In a Toronto school, a 27-year-old student, facing the loss of benefits because of absenteeism, shot an acting vice-principal and guidance counsellor. The Chairman of the Toronto Board of Education claimed:

A lot of these people have no intention of going to school.... They're enrolling to get a welfare cheque. It's like they have just won the lottery.

A similar sentiment was voiced by an Ottawa *Citizen* reporter (January 16, 1993):

Angry parents and frustrated educators say giving teens money just leads them away from homes and classrooms, with nothing that keeps them from wasting their days away. What will happen, they argue, is we'll have a bunch of vacuous young adults with no schooling or skills to save them from a lifelong dependency on social assistance.

Making social assistance responsible for educating young people who have not completed high school is a policy shift requiring much more direction and thought. The current regulations are so vague that a recipient can return to school only to be disentitled because of absenteeism. He than can return to regular assistance where he looks for work until the next semester begins. He can return to school once more to be disentitled once more because of absenteeism, and once more begin looking for employment. Obviously, some clear definitions of student performance and attendance expectations are required here. Youths should not be allowed to move in and out of the school system without ever demonstrating an intention to be serious students. MCSS must develop a consistent position: if it intends to take a more active role in the education of recipients, policies to this effect must be established; but if education is not to be part of the mandate of social assistance, MCSS has to say so. The education system must also address the dropout rate and recognize that this is primarily the responsibility of the Ministry of Education. Lippert recommends that because of the growing importance of education, students should not be allowed to withdraw from school, whether they are receiving assistance or not, until they reach age 18 (Lippert, 1994:45).

To conclude, the Ontario welfare system's current treatment of youth and students demonstrates that the system has become a dumping ground for failed and inadequate social strategies. We offer money to youth who have problems with parental rules so that they can live without parental rules. We offer money to youth who have not completed school with no expectation that they will graduate. We offer money to those who are not working without requiring them to make themselves more employable. The system has become a magnet for youth precisely because it offers all the benefits of success without the necessary initiative and dedication. Eligibility criteria for youth and students were lowered repeatedly during the past decade. Court rul-

ings, the recommendations of SARC and the Advisory Group, the role of SARB, and the government's inaction in clarifying guidelines concerning youth, have all contributed to the increasing number of youth and students receiving assistance.

Obviously, clearer eligibility guidelines must be established for students. Until the rules are clarified, teens will continue taking advantage of the vagueness of the legislation and manipulating circumstances for their benefit. Although the effects of assistance on youth, present and future, must also be thoroughly examined, some research suggests they will be both negative and long-term. If this is the case, liberal welfare policies for youth could be promoting long-term dependency for this age group.

Chapter 4: Spouse in the House

WHEN IS A SPOUSE NOT A SPOUSE? Since the 1920s, when social assistance first became available to single parents, a firm definition of the spousal relationship has eluded the legal and administrative mind. Women's advocacy and client-rights groups have lobbied for a definition of "spousal relationship" that would free women from any financial dependency on men while at the same time allowing them to cohabit and still retain their eligibility for assistance. As of November 1, 1987, this became the case in Ontario, and the changes allowing cohabitation affected some 90,000 single parents (*Toronto Star*, November 28, 1987). However, instead of alleviating previous difficulties, the situation clearly pointed to a legal and administrative nightmare.

Prior to 1982, this regulation was referred to as the "man in the house" rule (Baker, 1984:185). With more men becoming eligible for assistance as sole-support parents, however, the problem grew to be commonly known as "spouse in the house." Ontario GWA/FBA recipients were prohibited from residing with a member of the opposite sex, but the terms and definitions of cohabitation were unclear.

Prior to 1987, MCSS defined a single person as someone not living with another person as husband and wife.⁸ The term “spouse” was defined as “a person who although not legally married to another person lives with that person as if they were husband and wife.”⁹ It became unclear whether certain relationships were spousal in nature—if, for example, a man stayed overnight several times a week, or if he was a frequent visitor, or if he received mail at a woman’s address, or if they were known socially as a couple. The question remained whether any or all of these factors constituted a spousal relationship.

Between 1974 and 1985, several court rulings attempted to clarify this definition. The cases dealt with women whose benefits were cancelled because they were living with a spouse. After losing an appeal before SARB, these women proceeded to challenge MCSS in court. Although not entirely consistent, the rulings indicated a general trend which recognized that a spouse must be more than a member of the opposite sex who happened to reside with a recipient.

In 1974, the Proc decision emphasized that a precondition for a man and woman to be considered spouses was “an economic relationship between two people that cohabit.”¹⁰ The Warwick ruling, building on the Proc decision, held that spouses must demonstrate a “conjugal, sexual, familial, social as well as economic relationship.”¹¹ In 1983, Judge Saunders, presiding over the Willis case, said that he recognized “the difficulty in obtaining evidence in cases such as these [cohabitation].... Nevertheless if there are to be errors, it is better that they be in favour of those in need” (i.e., the recipient).¹²

8 *General Welfare Assistance Act*, R.S.O. 1980, c188, s1(1)(n); *Family Benefits Act*, R.S.O. 1980, c151, s1(1)(b).

9 *General Welfare Assistance Act*, R.S.O. 1980, c188, s1(1)(p); *Family Benefits Act*, R.S.O. 1980, c151, s1(1)(d).

10 *Proc v. Minister of Community and Social Services*, 1974, 6 O.R. (2d) 624 (Div Court).

11 *Warwick v. Ministry of Community and Social Services*, 1978, 21 O.R. (2d) 528 (C.A.).

12 *Willis v. Ministry of Community and Social Services*, 1983, 40 O.R. (2d) 287 (Div Court).

In the *Manone* case (1984), the recipient was found to be living with a man but this cohabitation did not amount to “living as man and wife” according to the regulations, because there was no evidence that the man was financially supporting her. Judge O’Leary said it was unnecessary to discuss social and familial aspects since the fact that there was no financial support was evidence that it was not a spousal relationship.¹³ The *Dowlut* (1985)¹⁴ and *Burton* (1985)¹⁵ decisions were similar in holding that SARB erred in its decision by disregarding the recipient’s evidence and witnesses in favour of the Ministry’s.

The *Pitts* (1985) decision shed more light on the definition of “single person” and “living as husband and wife.” Building on previous cases, the judge recognized that the boyfriend visited daily and frequently stayed overnight; they vacationed together; he used her mailing address and provided some financial support. However, all these factors combined did not necessarily constitute a spousal relationship. His action, the judge said, was not inconsistent with that of a close friend and was not necessarily indicative of a husband-and-wife relationship. Judge Reid added, “I am moved to make these observations because of the disturbing frequency with which claims appear to be rejected on nothing more than ‘mere suspicion’ and an undue scepticism that, unhappily, is what appears to have occurred here.”¹⁶

The *Szuts* case involved a complicated relationship. In this case, a common-law spousal relationship that had lasted for 16 years ceased for two years when the man married another woman. In 1975, the man moved back in with Margaret Szuts, and in 1983 she applied for assistance and was refused because she was not living as a single person. Although Judge Van Camp upheld SARB’s decision in refusing assistance, Judge Sutherland wrote a lengthy dissenting opinion holding that “it is possible for the same person to be, at one and the same time, a ‘single

13 *Manone v. The Director of Family Benefits*, Unreported, April 24, 1984, (Div Court), (O’Leary, J., Craig, J., Holland, J.).

14 *Dowlut v. Commissioner of Social Services*, (1985), 11 Adim. L.R. 54 (O.S.C.).

15 *Burton v. Ministry of Community and Social Services*, 1985, 52 O.R. (2d) 211 (S.C.O.).

16 *Pitts v. Director of Family Benefits and The Ministry of Community and Social Services*, 1985, 51 O.R. (2d) 302 (Div Court).

person and a spouse.” Sutherland also argued that “‘spousal relationship’ describes aspects of complex relationships in which there are a large number of interactive transactions, some involving a degree of intimacy. Concepts of loyalty, mutuality, cherishing, affection, involvement, interaction, and even shame and patient endurance . . . not all of those elements have to be present . . . but something involving the economic and some of those elements have to be going on between people before it can be called [spousal] . . .” He felt that some of these elements were present in the Szuts case, but not enough to make the relationship a spousal one. In other words, elements in her relationship suggested that she was living as a “single person” in some respects and as a “spouse” in others.¹⁷

Client advocacy groups and organizations such as the Women’s Legal Education Action Fund (LEAF) became involved, encouraged that the courts had helped clarify the definition of “spouse.” According to the June 1987 LEAF *Report on Litigation*, women had been petitioning MCSS for years without securing any change in this aspect of the regulations. In an ironic twist, LEAF threatened to go to court in a challenge to the constitutionality of the spouse-in-the-house rule with the very same provincial government that had awarded LEAF a million-dollar grant to pursue litigation on behalf of women. The day after section 15 of the *Charter of Rights and Freedoms* came into effect, LEAF filed a motion (LEAF, 1987:6) on behalf of two single parents whose benefits had been cancelled for not living as “single heads of families.” LEAF hoped to launch a legal challenge against the Ministry on the grounds that the rules violated the *Charter* (London *Free Press*, November 11, 1987). The regulations discriminated, they said, on the basis of sex and marital status (s 15) in treating women as economically dependent on men in situations where men had no legal obligation to support. According to LEAF, the regulations discriminated against women (s 28), who usually had custody of children and were compelled to live on poverty wages or public assistance while fathers were in most cases more financially secure. Refusing benefits to single parents who wished to cohabit where no legal obligation to support existed also contravened the *Charter* by denying single parents the “right to life, liberty, and security of person”

17 *Szuts v. Commissioner of Social Services*, Unreported, Sept. 13, 1985 (S.C.O.), (Van Camp, O’Leary, Sutherland, J.J.)

(s 7, cited in Crozier, 1987:2). There were also allegations that Ministry employees' investigations into recipients' personal affairs were intrusive and violated the right to privacy (*Kitchener-Waterloo Record*, November 2, 1987).

With the approval of Liberal Minister John Sweeney of MCSS, LEAF met Social Assistance Review Committee Chair George Thompson, then in the process of preparing *Transitions*, and petitioned for changes in the legislation to permit single parents to cohabit. In spite of its status as a special-interest group, LEAF was invited to sit on a SARC legal sub-committee to participate in an overall review of the welfare system and make recommendations on reform (LEAF, 1987:7). It is therefore not surprising that *Transitions* fully endorsed and recommended the adoption of legislation to permit cohabitation (Recommendation 21, SARC, 1988a:161).

After Cabinet deliberated and parleyed with LEAF and other organizations, amendments were made to the *Family Benefits Act* and the *General Welfare Assistance Act*, and Attorney General Ian Scott announced in a press release: "I am delighted that we have been able to resolve these Charter challenges in a way which avoids the expense and uncertainty of litigation, and which permits a structured and orderly movement to a more progressive and just system of income support for sole-support parents" (MCSS, 1987b). It is ironic that Mr. Scott would be concerned about the money saved by an out-of-court solution but make no mention of the hundreds of millions of dollars that the changes introduced would ultimately cost Ontario's taxpayers.

These controversial changes came into effect on November 1, 1987. They represented an attempt to clarify the definition of "spouse" by making it more consistent with the *Family Law Act* (FLA). A sole-support parent cohabiting had previously been regarded as living as a spouse and therefore ineligible for social assistance: at the same time, the FLA did not regard this person as a spouse and she was thus not legally able to pursue support from her partner.

The relevant FLA section states that a support obligation exists between either of a man or woman who:

- (i) are legally married to each other; or
- (ii) not being married to each other have lived together as a man and wife continuously for a period of not less than three years; or in a

relationship of some permanence if they are the natural or adoptive parents of a child.¹⁸

The Ministry added that a man and a woman living together continuously for three years would be considered to be spouses. According to subparagraph 1(1)(1b) of the new regulations, after three years of co-residency a recipient would have to demonstrate that he or she was not living in a spousal relationship in order to be eligible for further assistance. This reverse-onus rule after three years places the burden of proof on the recipient. The economic, social, and familial, not the sexual aspects of the relationship, would be the determining factors.

It was estimated that the changes would make 9,000 single parents eligible by the spring of 1989, costing the Ministry approximately \$58 million a year (*Globe and Mail*, November 28, 1987). This calculation was based on an arbitrary estimate that 10 percent of sole-support parents receiving assistance would begin to cohabit under the new ruling. Clearly, this single amendment in the regulations represented one of the most significant changes to Ontario's social assistance system since the inception of GWA and FBA. The creation of this quasi-marital status for the purpose of social assistance extended the parameters of "need" even farther.

A close look at the implications of this reform reveals that the change in the definition of "spouse" has, in effect, limited "spouses" to family units legally married or where there is a legal obligation to support. Since the two parties involved in a co-residing non-spousal relationship as defined by GWA/FBA Regulations are no longer seen as spouses within the meaning of the FLA, they are free to apply for assistance as single and separate or independent persons. A single parent is able to live with a wage earner without jeopardizing eligibility: this "family" will be viewed, not as an economic unit, but as two separate units cohabiting. This is where the removal of one discrimination has created another, however. With legally married couples, financial need is determined by looking at the family as an economic unit; the assets and incomes of both partners are combined and considered in determining eligibility. In other words, the law enables cohabiting unions to qualify for social assistance but no such allowance is available to one spouse in a conventional marriage. The law has removed sexual dis-

18 *Family Law Act*, R.S.O. 1986, c4, s29.

crimination from the GWA/FB Acts but imposed financial discrimination on family units by providing cohabiting persons with a financial advantage over legally married couples. This disincentive to marry or form lasting relationships is counter to the preamble of the FLA, which states in part that the aim of the Act is to “encourage and strengthen the role of the family” (R.S.O., 1986). The new legislation may have attempted to end discrimination against women and single parents, but married families are the new victims even though section 1 of the *Ontario Human Rights Code* (R.S.O., 1990, cH.19) specifically states that “every person has the right to equal treatment with respect to services . . . without discrimination because of . . . marital status.”

The propriety of applying the FLA criteria for social assistance purposes is questionable. As the *Divorce Act* has a definition of “spouse” for divorce purposes, so the FLA has a definition of “spouse” for the purposes of division of property, separations, support, etc. It is not inconsistent or unreasonable to have a separate definition of “spouse” for the purposes of social assistance. In fact, almost every province has its own definition of “spouse” as applying to social assistance.

One might argue that if the objective of the new legislation was to end discrepancies between the FLA and GWA/FBA, then other discrepancies should also be eliminated. In particular, section 32 of the FLA¹⁹ allows parents to pursue support from a financially able child: GWA/FBA Regulations do not consider the wages of a recipient’s offspring. The welfare rules oblige single parents to pursue support under the provisions of the FLA but do not extend the same obligation to parents of wealthy children. Although this section of the FLA is rarely used, one such case that was successfully argued in court involved a mother of five. The Ontario Court of Appeal upheld a lower court ruling which awarded her \$1,000 a month from four of her five children (*Toronto Star*, September 17, 1995 and January 23, 1996). If the goal was to harmonize GWA/FBA with the FLA, then support from children of social assistance recipients should clearly be pursued as allowed by the FLA.

19 *Family Law Act*, R.S.O. 1986, c4, s32: Every child who is not a minor has an obligation to provide support, in accordance with need, for his or her parent who has cared for or provided support for the child, to the extent that the child is capable of doing so.

The problems with the rules permitting cohabitation do not end there. The technical and legal difficulties associated with the “reverse-onus rule” or “counter principle” after three years’ co-residency are daunting, to say the least. Recipients who have co-resided for three continuous years would be notified of termination of benefits. If a recipient claims that the relationship is not spousal, he or she would have to demonstrate this to the Ministry with economic, social, and familial evidence. According to the Ministry’s Legal Services Office at Queen’s Park, the constitutionality of this reverse-onus rule has not yet been challenged in court. Problems are bound to arise, however, as benefits will be cancelled after the three years based on a presumption of guilt. Even assuming that the rule can be “demonstrably justifiable in a free and democratic society,”²⁰ the principle is still riddled with difficulties.

James Crozier (1987:16) wrote in a report to the Peel Social Services Committee:

How can the State confer or impute the status of spouse on persons who have rejected such a status in practice and who have been upheld financially for three years by the very same State in their rejection? Is this not somewhat akin to the Cinderella Syndrome where the coach changes into a pumpkin at midnight? While this may be possible in fairy tales, such a tour de force becomes questionable in today’s legalistic society where the right of appeal has become the norm.

It is difficult to imagine what type of evidence the recipient could advance to prove a non-spousal relationship, since even married couples could supply proof that, at times, they do not act as spouses. The recipient’s best evidence may be the social agency’s own file that documents him or her as a single person and has done so for the past three years. As has been pointed out by Judges Henry and Sutherland,²¹ in the past the recipient’s evidence has been underestimated by SARB. In future appeals against the reverse-onus rule, other judges may decide similarly.

20 *Canadian Charter of Rights and Freedoms, Constitution Act, 1982*, as enacted by *Canada Act 1982 (U.K.)*, 1982, c.11 s.1.

21 *Burton v. Ministry of Community and Social Services*, 1985, 52 O.R. (2d) 211 (S.C.O.), and *Dowlut v. Commissioner of Social Services*, (1985), 11 Adim. L.R. 54 (O.S.C.).

If MCSS wants to refute the recipient's evidence, on the other hand, it may have to proceed with an investigation. Such investigations have in the past been called unacceptably intrusive, and the new rules were designed to eliminate "snooping" into clients' private affairs. Should the Ministry be required to provide evidence of an economic, social, and familial relationship, therefore, it will have to be intrusive. The situation is surprisingly similar to the Ministry's predicament prior to cohabitation reform. It is also possible that the evidence supplied, again in striking similarity to the past, will be regarded as insufficient to establish a spousal relationship.

To facilitate the investigation for the existence of a spousal relationship, the Ministry devised a 75-question survey that social services workers are to complete with recipients after a three year co-residency (MCSS, 1992a). These questions are obviously very intrusive in their attempt to assess the economic, social, and familial nature of the relationship. The following represent a sampling of the questions:

Question 4a) Can anyone else withdraw money from your bank account?

Question 5f) Who pays for repairs on your car?

Question 9) Does your co-resident have a telephone listing at your address?

Question 10) Does your co-resident list you or your children as dependents for income-tax purposes?

Question 11) What do your children call your co-resident?

Question 13) When you go out with your co-resident, how do you introduce him?

Question 14) Do people think of you as a couple?

Question 16b) Does your co-resident impose discipline or punishment on your children?

Question 17) Are you known as a couple by public agencies e.g. Children's Aid Society, the police, bank, school, doctors?

Question 19a) Is your co-resident mentioned in your will?

Question 31) What did you do to celebrate your last birthday?

Question 36b) Do you ever do your co-resident's laundry?

On February 5, 1988, I met with the Minister of Community and Social Services, John Sweeney, to discuss the implications of the new changes. Mr. Sweeney stated that it was a matter of time before all the other provinces would be following Ontario's lead. To date, not one province has adopted similar legislation. Mr. Sweeney also stated that the changes came about as a result of court cases and pressure from women's groups. He said that women were asking for the opportunity to form lasting relationships with partners without having to be financially dependent upon them.

That the new rules help or encourage women receiving social assistance to develop long-lasting relationships is questionable. After receiving a steady income supplement of approximately \$1,000 per month, few families could do without it after a three-year co-residency period. Discussions with FBA workers reveal that it is extremely rare to remove a single parent from the system under the three-year clause. This would indicate either that lasting relationships are not being formed or that families are having to cheat after the three year co-residency because they can no longer live comfortably on a single income. A single parent who continues to live with her spouse after three years has only to say, "My partner has moved out," or, "My partner has moved into a basement apartment," to have benefits continue. Again, this is remarkably similar to the Ministry's predicament prior to the change in legislation. The onus is back on the Ministry to prove otherwise.

Any hopes that the changes would encourage non-spousal cohabiting couples to declare themselves to the social services agencies were short-lived. Many clients remain distrustful of the government and many believe that the best policy is still not to declare a partner. One FBA income maintenance worker has stated that as many as 40 percent

of single parents now live with a partner, either officially – with the knowledge of the agency – or unofficially.²²

It remains almost impossible to prove that an arrangement is spousal, especially when residency cannot be established. One case found by an FBA income maintenance worker involved a single parent who had five children with the same father while remaining on assistance throughout. Although suspicions and neighbours' allegations abounded, the Ministry office could not prove that her partner lived in the same house, even though he had applied for assistance himself during this time using her basement as his address!

Another mother receiving social assistance and not living with a spouse announced her wedding in a local paper. When she was confronted with this information by her welfare worker, she claimed that, though it was true that they had been married over the weekend, they were still not co-residing and did not intend to do so in the near future. She continued to be eligible for benefits (Sabatini, 1990:33).

The legislation made it too easy for single parents to have a spouse living in the home illegally: cohabitation became a common practice, and the sight of a live-in partner no longer concerned workers since recipients remained eligible for assistance. The infrequency with which the issue appears before SARB indicates as much. According to the SARB 1993/94 Annual Report (SARB, 1994:51-52), "not living as a single person" had been appealed in 69 FBA and 55 GWA cases. Of some two hundred thousand potential cases, the issue of co-residing with a spouse was appealed to SARB in only 124. The difficulty of supplying enough evidence to terminate a cohabiting couple is further shown in the outcomes of cases appealed to SARB. Of the 93 cases in 1993/94 where the appellant attended the appeal hearing for "not living as a single person" and decisions were rendered, the appellant won in 55 (59 percent: SARB, 1994:55-56). Since the majority of these co-residency cases are lost by welfare agencies, even when enough evidence is found to terminate, workers are reluctant to pursue co-residency vigorously.

Gutierrez (1987:24) added that the issue of not living as a single person had been "de-emphasized" and would not be dealt with by the courts as frequently as in the past, not least because of the manpower re-

22 This was told to the author by a welfare worker who has over 15 years' experience in the field.

quired to obtain sufficient evidence. As well, the nature of the fraud demands an intrusive, extensive investigation. Regulations remain vague and difficult to enforce. The net result of these changes would be that fewer of these cases would be brought before the courts, and social services agencies, lacking the support of the law enforcers and judiciary, would be reluctant to take issue with alleged undeclared spousal situations. For this reason, the incidence of undeclared “spouses” would be expected to increase.

Apart from the complexity and difficulty of proving a spousal relationship, especially when the spouse is not declared as living at the same residence or a spousal relationship is denied, there is obvious unfairness in this legislation. Imagine two households, the Joneses and the Smiths, living in adjacent townhouse units. For Mrs. Jones, this is a second marriage. She married Mr. Jones a year ago and he is not the biological father of her children. Mr. Jones works at a local factory and earns \$35,000 a year. Mrs. Jones stays home with the children. Mr. Jones works beside Mr. White at the factory, and he too earns \$35,000 a year. Mr. White lives with Ms. Smith and her two young children in an adjacent townhouse. They too have lived together for a year but are not married: the children are not his.

The Joneses have a yearly family income of \$35,000. The Smith household has Mr. White’s \$35,000 plus Ms. Smith’s \$12,000 from FBA, which is tax-free, plus additional FBA benefits (Back to School Allowance, Winter Clothing Allowance, etc.). Mr. Jones pays taxes that in effect subsidize a household with more income than his own and he does without many of the luxuries and conveniences the Smith household can afford. The Joneses socialize with Ms. Smith and Mr. White; they vacation together, party together, attend company picnics together. To all appearances they function as identical families. The difference is that the Joneses will have \$12,000 less in annual income than their neighbours for a minimum of three years because Mr. Jones married his partner while Mr. White did not (adapted from Gairdner, 1992:564).

Consider an example of a couple that meet, date, and become seriously committed to each other. The woman is a single parent receiving assistance; the man is a wage earner who is not the biological parent of the child. They wish to get married but know that doing so would mean living on one income. They have the option of living together for three years to save the money received from social assistance, which may to-

tal \$30,000 or more, an ample sum for a down payment on a home. While it is heart-warming to see the government encouraging young couples to get established, we must remember that this is being done at the expense of tax-paying young couples who are foolish enough to marry and will have to work long hours to save their \$30,000.

This differentiation between cohabitation and marriage has been recognized for some time as discriminatory and detrimental to marriage, and yet family stability is a stated objective of Ontario's income support. Brown, Johnson, and Vernier held that "policies and benefits should encourage families to remain intact and should avoid possible incentives toward family breakup, such as more generous treatment of families where the husband and father is absent than where he is present" (Brown et al., 1981: 83). Olivia Stevenson wrote in her capacity as a social-work advisor that "it would be improper to treat a woman living with a man but not married to him differently from a married woman, since married women cannot claim supplementary benefits. Therefore single women cohabiting must also be treated as if economically dependent. Any other ruling would be a discouragement to marriage" (Wilson, 1977: 8). When similar legislation was suggested in New York, Leonard C. Koldin, Chief Attorney for the State Welfare Department, commented that "the new regulation is an incentive for unmarried couples to live together" (Koldin, 1971: 89). Amitai Etzioni, author of *The Spirit Of Community*, expresses the same sentiment: "Welfare payments are cut off if a recipient marries a working person, thus discouraging marriage" (cited in *The National Review*, August 23, 1993). In 1976, Arthur Pope, then the Welfare Administrator of Waterloo Region, recognized a "loophole" in the regulations because "common-law" couples could apply as two singles and married couples could not. Pope suggested that for welfare purposes a couple living together, married or not, should be considered "an economic union" (Kitchener-Waterloo *Record*, February 7, 1976). Eichler (1983:277) describes the situation where government assistance is being provided to unmarried but not to married couples as "neither fair nor equitable," suggesting further that the practice could lead to marriage breakups because of the significant advantage of not being married (Anderson, 1988: 77). Allen (1992: 211) adds:

The structure of welfare payments implies that some categories of marital status are more likely to participate in welfare and that some individuals will substitute into marital categories favoured by the welfare structure. . . . Welfare changes the relative cost of family structures to some individuals by basing payments on marital status.

Even *Transitions*, though it recommended the changes, states, “One obvious difficulty with this approach is that it discourages the formation of a familial relationship which runs counter to our support for the family” (SARC, 1988a:161). But the harshest attack on the spouse-in-the-house rule was launched by Gairdner (1992: 564):

The advantage to the unmarried household persists because the definition of “family” and “spouse” in the law have become so loose and the will to privilege the legitimate family so weak that the welfare policy ends by establishing a powerful economic incentive to avoid the commitment of marriage. In other words, if you want assistance from the State, you would be a fool to marry.

Another interesting dimension of this ruling has to do with how a cohabiting couple declares itself to Revenue Canada at income-tax time. As far as Ontario’s GWA and FBA legislation is concerned, after one year of co-residency the couple is not yet considered spousal. As far as the *Income Tax Act* is concerned, however, after one year of co-residency the couple is as spousal as it can get. So this couple has the double advantage of claiming a non-spousal relationship for GWA and FBA purposes but a spousal relationship for income tax. The wage earner can claim his spouse and her children as dependents, thus paying less tax and receiving social assistance simultaneously. GWA and FBA are not considered taxable for income-tax purposes.

And the financial bonanza of co-residency does not end there. Imagine that Ms. Smith from our example above now gets a job that pays \$1,000 a month for working evenings and weekends. This involves daycare costs of \$400 a month, but because the household is not considered an economic unit encompassing Mr. White, Smith can hire White to babysit and have social services reimburse her daycare costs. Under the STEP program, daycare costs up to a maximum limit are reimbursed, again at the public’s expense. (Married couples are, of course,

not allowed to do this.) Ms. Smith is also allowed to apply STEP to her earnings so that of the monthly \$1,000 (see the formula in the Appendix) only about \$225 would be deducted from her GWA/FBA entitlement.

Consider the income this household would receive. Based on our example of the Smith and Jones households, the amount a cohabiting couple (Ms. Smith and Mr. White) could earn is outlined in Table 4-1. They have White's income, daycare costs paid to White but reimbursed to Smith by welfare, her regular welfare entitlement after her income is considered, and her income from employment. Even if this single parent did not work, the family's income would be approximately \$4,000 a month or \$48,000 a year, of which approximately 25 percent would not be taxable.

Table 4-1: Total Family Income for a Single-parent Recipient Working Part-time and Living with a Wage Earner (1994)

	Monthly Income	Yearly Income
Partner's earnings	\$2,917	\$35,000
Daycare income (reimbursed from GWA/FBA)	\$400	\$4,800
FBA (based on example)	\$275	\$3,900
Single-parent earnings	\$1,000	\$12,000
TOTAL	\$4,592	55,104

In addition to the roughly \$55,000 received by this "family," \$8,700 of which is tax-free, they are entitled to receive other mandatory assistance items such as Back to School Allowance and Winter Clothing Allowance. While the numbers of cohabiting couples earning this type of income may be few, there may also be some who are earning significantly more. In December 1991, according to *Time for Action*, 28,220 GWA and FBA recipients, though not necessarily all single parents, de-

clared incomes in excess of \$10,000 a year, and 70 of them earned more than \$40,000. This does not include income from co-residents: since they are not recipients, their earnings are irrelevant to single-parent applications until the three-year period has expired. Even single parents living with non-spousal partners earning in excess of \$100,000 would still remain eligible for the full three years.

Not surprisingly, the number of single parents on assistance has more than doubled in eight years (90,000 in 1987 to 200,000 in 1995). Based on the average amount (\$962/month) sent to a single parent with two children in 1992 (Advisory Group, 1992:27), the government is spending in excess of \$2 billion a year for this group of recipients. (In July 1995, according to MCSS, the average amount sent to a single parent had increased to \$1,032.) Ontario has the highest concentration of single parents on assistance of any province (MCSS, 1993:5), and it has been suggested that the changes have actually attracted cohabiting couples from other provinces.²³

One of the most troubling aspects of the cohabitation ruling was the arrogance of the politicians who enacted a single change in legislation that cost Ontarians perhaps hundreds of millions of dollars without advisement or consultation. The legislation also has “social engineering” implications. Again, with no public discussion, the government has taken it upon itself to redefine the family and social units, providing a financial incentive (as indicated in Table 4-1) not to marry and not to maintain lasting relationships, at least not for more than three years. It is incredibly ironic for the Advisory Group to state that one of the guiding principles of the New Social Assistance Legislation should be respect for the integrity of the family:

In a fast-changing world, the family remains the cornerstone of society. The family is the unit within which children are nurtured, it is the haven for adults who rely and care for each other.... But as a general principle, the system should support and empower families. The system now discriminates against families. (Advisory Group, 1992:38)

23 The Ministry does not know the number of single parents who cohabit and therefore cannot estimate the costs associated with this change, but the annual savings realized by eliminating the rule allowing cohabitation have been conservatively estimated at \$20 million (MCSS, 1995).

In spite of its recognition of both the importance of the family and the discrimination against families that presently exists in the system, the Advisory Group failed to mention or recommend changes that would eliminate this prejudice against married couples, such as abolishing the cohabitation rule.

With all the difficulties, unfairness, and problems already mentioned, it would seem impossible to complicate the cohabitation issue further. SARB, however, has managed to do so. In its 1991/92 Annual Report, SARB found ambiguity, not only in determining when two people living together were “spouses,” but also in the very phrase “living with.” The Report reads:

During the year the Board heard several cases involving people who are defined as spouses under the legislation and are sharing accommodations for economic reasons. According to the legislation people are not eligible for benefits as single persons if they are “living with” a spouse. These cases require the Board to consider the meaning of the term “living with.”

If a person meets the legal definition of spouse, does merely residing under the same roof amount to “living with” the spouse? Or should the Board also examine the nature of the relationship between the two people? So far the Board has not evolved a single point of view on this issue. Some decisions have adopted a narrow definition of “living with,” while others have taken a broader perspective. (SARB, 1992a:30,31)

The following year, SARB (1993:31-32) revealed that the Board was hearing more and more cases involving spouses who were under the same roof but claimed that they were not “living together.” The Board held that:

the nature of the two parties’ relationship and the degree to which they are sharing their lives is relevant to the issue. The fact that two spouses reside together under the same roof does not in and of itself constitute “living with.”

The Board took the view, not only that people living together for three years were not necessarily spouses, but that even a wife or husband who lives with a spouse may not technically be a “spouse” according to their interpretation of the GWA or FBA Act and may therefore be eligible for

assistance. This opens up another Pandora's box of new problems around the question: when is a spouse really a spouse? How could a welfare worker ever collect information to disprove the married couple's assertion that they are not spouses even though they are married and live in the same residence? What sort of intrusive investigation could ever supply adequate evidence to prove or disprove a spousal relationship in such cases? Many married couples have separate groups of friends, separate bank accounts, separate bedrooms, vacation separately, and own separate assets. Then there are complications with different pieces of legislation like the FLA and the *Divorce Act*. How will these Acts view such couples? The rules are not only no clearer in 1994 than they were in 1986, but they are so complex and convoluted that practically anyone, married or not, living under the same roof as part of a couple, could claim not to be "living with" the partner. Given the type of evidence required, the intrusion will have to continue if the agency wants to pursue the case. Welfare agencies not wishing to be viewed as intrusive simply grant assistance in many cases, knowing that if an appeal to SARB was launched the benefits would probably be secured anyway.

Since the inception of FBA and GWA, married couples sharing the same residence have always been viewed by the legislation in a way that prevented one spouse from declaring himself or herself as a single person. The intent of the legislation was to view a married couple as an economic unit as long as they lived together. The regulations use the term "living with" for this reason. Recall the judge's criticism of SARB in the Wedekind and Clark appeals: "It is trite to say that in interpreting a provision in the legislation or regulations, the object should be to ascertain the intent of the legislation or regulations from the language used in its ordinary grammatical sense." If the lawmakers' purpose was to imply that the nature of the relationship should also be examined if a husband or wife applied for assistance while living with a spouse, they would have placed conditions on the term "living with." In the absence of any conditions, common sense would suggest that the term be interpreted in its most obvious and fundamental way; "living with" means living in the same residence as the spouse, not necessarily living with a spouse happily, contentedly, blissfully, or committedly.

The implication of the cohabitation ruling is far-reaching in its effects on marriage and the traditional family unit. Some have suggested

that the change is simply a shift in dependency from a partner—presumably one with some interest in the household members—to the state, and is not necessarily the “progressive” step for single parents that Ian Scott suggested. Others have referred to the changes as a government “dowry program” for single parents, allowing cohabitation without financial obligation. The paternalistic state pays the would-be suitor a three-year dowry if he agrees to support a woman and her children thereafter.

George Gilder and Charles Murray, two American sociologists, have written extensively about the negative effects of welfare on the family and the community when the state replaces the role of the male in single-parent families. Mickey Kaus, a writer of social policy, concurs with their assessment. He argues that social assistance provides an “economic life-support system” for single parents: it also provides a disincentive to work or marry. This mix, Kaus argues, fosters a culture of dependency (Kaus, 1992; *The Economist*, June 18, 1994). Kaus calls this societal effort, allowing spouses to live independently without financial or familial responsibility, an “enabling” theory. He maintains that the regulations allow single parents to survive without a financial attachment to a partner, and that two-parent families never have to form because the government has become the provider (Kaus, 1992:116ff). For a couple expecting a child, the rules offer a “bribe” not to live together or get married (Kaus, 1992:116ff). As they pertain to cohabiting partners, the rules allow them to come and go at their whim because welfare will provide.

Research in the United States supports the view that welfare may have a negative effect on the formation of lasting relationships. The 1968-78 Seattle-Denver study focussed on needy single- and two-parent families. Some families were given a guaranteed income, while other families in need would have to apply for existing welfare programs. Although most authors have focussed on the reduction in work effort in people receiving the guaranteed income, the study also found that the stability of marriages was affected. Mead (1986:64, 65) reported that

most planners assumed that guaranteed income would probably enhance it [marital stability], since the experiment freed families from the need to split up to get assistance. That effect, however, was apparently overridden by the fact that the pro-

jects guaranteed both parents an income whether or not they split...rates of family breakup rose by more than 40 percent for both whites and blacks.

Some have suggested that decisions to marry rather than cohabit are based on non-economic factors and that social policy plays little or no role in this decision. There is no doubt that many social, emotional, and practical factors are considered and weighed before a couple decides to marry, but social policies which offer a financial incentive to choose one living arrangement over another also have a considerable effect on these decisions. When changes to the widow's pension were introduced in Sweden in 1989, for example, widows who were married as of December 31 of that year received more than those who cohabited. In November, the number of marriages increased by 50 percent over the same month the previous year. December 1989 saw 64,000 marriages, double the number for the entire preceding year (Atkinson and Mogensen, 1993:111). These writers conclude:

Those who believe that decisions on family formation are unaffected by changes in public transfer payments should be convinced to the contrary by Swedish experiences.

U.S. research has also supported the contention that benefit rates and eligibility criteria influence living arrangements. Ellwood and Bane (1985:141) found that the living arrangements of single parents in receipt of AFDC (Aid for Families with Dependent Children) were "sharply influenced" by benefit levels. Although these researchers' primary interest was whether single parents would live on their own or with parents, the results nevertheless provided evidence that decisions on living arrangements are dramatically affected by benefit rates. After all, these decisions are based on standard economic models which emphasize that a significant number of people will alter their behaviour if there is an economic incentive to do so. Ellwood and Bane (1985:141) further state:

There is relatively strong evidence in our data that benefit levels influence divorce and separation rates to some degree. Among very young married mothers, the impact may be quite sizable. Among most other women, the impact appears to be rather small.

Changes in the cohabitation rule also affect the dynamics of dependency. In the 21-year Panel Study of Income Dynamics run in the U.S., Bane and Ellwood (1994:57) found that astonishingly more single parents (29.8%) left the program because of marriage than for any other reason including employment (25.0%). The writers (1994:152) also suggest that people who leave welfare to marry leave “permanently,” while many who attempt to work their way off assistance are unable to fully support themselves: recidivism in this group is high. When welfare rules permit single parents to live with a partner, the principal reason for leaving the system and the one most likely to see single parents not return to welfare – marriage – is financially discouraged, according to the Bane and Ellwood study.

The welfare system has been downloaded the responsibility of solving a whole grab-bag of society’s problems. Originally, the system was to play a marginal role, helping individuals and families through rough spots: now, however, it has become a primary support for many people. It has not only replaced or weakened the roles of traditional institutions, but also encouraged recipients to rely on government as the provider. Galper writes:

Society’s effort to “soften the harsh consequences of family breakup” may have made it “easier for fathers to abandon their families or mothers to disengage from their husbands.” It may be the case that welfare programs have contributed to family breakup by the possibility they create for parents to abandon their families, knowing that some alternative, if minimal, support is available to them. (Galper, 1975:155, quoting Nathan Glazer)

The regulations even allow couples planning a long-term relationship and children to separate deliberately, so that one partner can become a single parent eligible to collect assistance while the other “lives” with parents or shares accommodations with friends at a different address. With the partner maintaining a different address, the single parent is eligible for assistance but they can spend virtually all their time together. One pregnant teenager told a GWA caseworker that she wanted to move in with the employed father and collect assistance in her own name until the child, due in six months, was born. She would then move out because she did not want to be dependent on the father.

When asked why she would do this, she said that it would give them more money. The shocking thing about this is not the teenager's candid response that they would rather have the extra money than live together, but the fact that her proposal was absolutely legal and acceptable.

The state has taken over the traditional role of the provider. Imagine explaining the options available, as welfare workers were actually instructed to do, to a young unmarried couple about to have a child and applying for assistance. The couple could "officially" not marry but spend all the time they wanted together while she received social assistance, or they could live together with family earnings that would likely disqualify them for assistance. The choice for most couples would be obvious. Allen (1993:216) states:

[A] young person may be uncertain between marrying or living in a common-law relationship. A young woman who unexpectedly finds herself pregnant may be indifferent between marriage, establishing a single-parent household, having an abortion, or giving the child up for adoption. A married individual may find that the value of being married has unexpectedly fallen close to the value of being divorced. In situations such as these, if the individual qualifies, the structure of the welfare system encourages more single parents, more births out of wedlock, and more divorces by lowering the costs of these decisions to people who might otherwise be indifferent.

Allen (1993:220-1) adds that this cohabitation ruling may also affect a woman's claim to family goods or assets that have accumulated during a three-year co-residency in cases where the relationship ends:

Some economists have argued that marital and family law is designed to facilitate the production of family goods and to protect those individuals [mostly women and children] from being exploited during the long production process. To the extent that increases in welfare payments encourage individuals, and women in particular, to choose lifestyles that do not provide the same institutional protection, they may actually worsen their economic position. For example, marriage can provide protection to a spouse investing in the human capital of their partner. If a 20-year-old woman opts to live as a com-

non-law spouse or as a single parent in order to capture higher welfare benefits, human capital investment in herself or her partner are likely to be too risky given the lack of legal protection and bargaining power over such investments when not married.

While the old legislation was not perfect, it did treat people “living together as husband and wife” as what they were: couples living together as husband and wife. The new legislation is so complex, with so many far-reaching implications that it is, practically speaking, unworkable and definitely unfair. If the government wants to encourage one type of living arrangement over another through financial incentives, the encouragement should be for married couples who have demonstrated a legal commitment and willingness to provide for and support their families. It is reprehensible that the government should actually give a financial incentive to couples who have demonstrated an unwillingness to financially support one another.

Chapter 5: Welfare Fraud

ABUSE OF SOCIAL PROGRAMS in general and the welfare system in particular is a matter of considerable public concern. The public is affected by welfare abuse both indirectly, in terms of financial support to police, the courts, and the welfare agencies delivering assistance, and directly through the steady drain on tax dollars. Regardless of the actuality, the public's perception is that the welfare system is extremely inefficient and in desperate need of an overhaul. Given the social and economic importance of welfare programs, one would expect substantial research to have been done on system integrity in Canada. Such, however, is not the case.

Social programs have no monopoly on cheaters. Abusers and cheaters have been around for as long as there has been anything to gain by cheating. University students may cheat on essays and exams, millionaires may cheat on income-tax returns, and athletes may cheat with banned substances. When it comes to welfare, however, a negative public image of recipients and an onerous tax burden have heightened pressure for efficiency and leanness in welfare administration. In recent years, proliferating services and a growing demand for benefits have funnelled more money into these social expenditures. We have also seen pressure from taxpayers for greater accountability.

Sutherland (1957:4), a criminologist and author of the book *Principles of Criminology*, has commented:

The average citizen is confronted by a confusing and conflicting complex of popular beliefs and programs in regard to crime. Some of these are traditions from eighteenth-century philosophy; some are promulgations of special-interest groups; and some are blind emotional reactions. Organized and critical thinking in this field is therefore peculiarly difficult and also peculiarly necessary.

Sutherland's statement refers to crime in general, but it is particularly true of welfare fraud. The confusion extends beyond the "average citizen" to include social workers, academics, policy makers, and professionals. The literature in the area of welfare abuse and system efficiency, especially in Ontario and Canada, is negligible. Few studies have investigated the types of abuse being committed or how the welfare delivery system might be improved. Gardiner and Lyman (1983:iii) suggest that "this lack of statistics is symptomatic of the unwillingness of many groups (including legislators and administrators) to confront the reality of fraud abuse in government benefit programs." Illustrative of this is the concern expressed by many that fraud is a major problem within the system, perhaps even the primary issue that needs to be addressed in welfare reform. SARC, however, which was charged with the task of reviewing social assistance in Ontario and recommending ways to improve Ontario's welfare system, devoted only eight pages to "system integrity" in its 624-page policy document, *Transitions*.

As discussed above, prevailing opinions, as well as the literature on abuse and reform in social assistance programs, can often be divided along philosophical or ideological lines. Those who feel, for example, that benefit levels are adequate or even generous often perceive levels of abuse as high. Conversely, those who take a more liberal approach tend to minimize the occurrence of abuse while claiming that benefit levels are inadequate. These divergences in thinking have produced fraud estimates ranging from less than 1 percent to over 50 percent that may tell us more about political agendas than they do about the facts. Opinions on appropriate methods of detecting fraud and treating abusers also vary along ideological lines. The conservative-minded group will advocate tougher efforts to uncover fraud and stiffer sentences for those con-

victed of it, while the liberals opt for investigative methods that are not as intrusive, emphasizing the recipient's right to privacy, respect, and dignity, and advocate more lenient sentencing.

The dominant theory about why fraud is perpetrated within the welfare system is that acute financial hardship forces recipients to cheat just to survive.²⁴ If these authors were correct in judging benefit levels inadequate, one would expect the system to be rife with fraud. Interestingly enough, these same authors insist that the incidence of fraud is very low despite starvation-level payouts. If fraud is chiefly an economic crime committed by the most destitute, "the government [that] wishes to 'crack down' on welfare fraud . . . should target the most desperate for investigation" (Sabatini et al., 1992: 182). This view is explored in more detail later in this chapter; the evidence, however, does not support the contention that fraud is perpetrated out of financial necessity.

For all the many opinions voiced by experts, the general public tends to view welfare abuse as breaking a social contract. This predominantly negative attitude has not changed very much over the past twenty-five years. In a 1973 Alberta poll, half of those surveyed thought that 30 percent or more of all welfare recipients were abusing the system (Hasson, 1981: 127). In a 1982 Ontario Goldfarb survey, 34 percent believed there was widespread abuse; 51 percent thought there was some abuse; 13 percent felt that there were "only a few cases of abuse but that you hear more about them," and only 1 percent thought there was "no abuse and the criticism is highly exaggerated" (Pigott, 1987: unpaginated). During a wide-ranging, intrusive 1988 investigation of welfare recipients in the province of Quebec, more than 1,200 adults were asked if the controversial home visits by inspectors should continue. This Sorecom poll showed 59 percent in "full agreement" with the home visits and 22 percent "rather in agreement"; 7 percent stated they "objected somewhat" and 9 percent opposed the visits completely (*Montreal Gazette*, August 8, 1988). A more recent survey revealed the same level of public support for Quebec's efforts to reduce and detect welfare fraud, 80 percent as compared with 81 percent in 1988 (*Toronto Star*, April 2, 1994).

24 Gutierrez 1987; Hasson 1980; National Council of Welfare 1987; SARC 1987; Cook 1987; O'Connel 1985; Adelberg 1985; Jencks and Edin 1990.

The assumption that recipients are prone to cheating is also widespread among welfare recipients themselves. In a 1970 survey of this group across Canada, 94 percent believed that “welfare officers should have to check up on everyone who has to apply for welfare to find out if they really need it” (Canadian Federal/Provincial Conference of Ministers of Welfare, 1971:140). In a 1974 survey conducted among welfare recipients in Sudbury, Ontario, 50 percent felt “there are a lot of people receiving welfare that should not get it”; another 17 percent disagreed with the above statement and 33 percent did not know (OMSSA, 1975:5). A 1983 New Brunswick survey showed that recipients (though not to the same extent as taxpayers) believed the amount of abuse to be considerable. Recipients were asked: “To what extent do you feel recipients abuse social assistance?” Of those responding, 5.1 percent said that most recipients abused, 14.2 percent said many abused, 44.3 percent felt that some abused and 27.3 percent claimed that few abused, while 8.9 percent responded that there were no abusers (New Brunswick Program Development and Planning Division, 1983:201).

Various types of abuse are perpetrated by recipients and agencies. A number of these do not involve criminal intent, but reveal system inefficiencies. This area has evolved its own specialized vocabulary to reflect a range of shades of meaning. “Recipient error,” for example, is a variant that denotes the unintentional provision of incorrect or incomplete information or failure to report changes promptly with no intent to deceive. “Overpayments,” benefits to which recipients are not entitled, may denote deliberate fraud or else recipient or administrative error. “Administrative corruption” is a general term for the financial mismanagement of funds or the exercise of authority for the welfare official’s or agency’s own benefit or interest. This may take the form of extortion, misappropriation of funds, or generally any action deviating from the accepted code of ethics expected of public officials. “Waste” is another somewhat ambiguous term that usually means inefficiency due either to ineffective programs or to improper administration. “Abuse” is an umbrella term covering the “improper utilization of the program” (Hutton, 1985:23). It usually denotes a recipient’s improper or inappropriate use of welfare funds and services, and it includes all assistance issued to a recipient to which the recipient was not entitled. “Abuse” in this sense may range from fraud to the manipulation of facts or the manipulation of a situation in the recipient’s self-interest which if known to

the welfare agency would have altered the decision to assist or affected the amount of benefit paid. "Abuse" includes cases where culpability is questionable and cases where it is flagrant.

"Fraud" refers to the deliberate misrepresentation of facts or withholding of pertinent information that results in the payment of benefits that would not have been issued had the person's true circumstances been known (SARC, 1988a:380; Hutton, 1985:23; Gutierrez, 1987:12-13). Two elements must be present for an act or omission to be deemed fraudulent or criminal in a court of law. *Actus reus* is the physical element and has traditionally, though not exclusively, been associated with a dynamic ingredient or positive act. It may be technically difficult to distinguish between active and passive, but in practice an omission or non-disclosure may not constitute sufficient evidence to prove *actus reus*. According to Gutierrez (1987:34-35), "mere non-disclosure may be enough in theory, but not in practice. This is so because it is very easy for an accused to raise some reasonable doubt."

The second necessary component of fraud is the mental element, or intent, known as *mens rea*. This element may also be difficult to establish in court. In general, it has to be proven that the recipient knowingly deceived with intent to defraud: some problems associated with this process are discussed below. Fraud may occur in countless situations, but usually involves either omitting a pertinent fact, reporting incorrect or misleading information, or failing to report changes in material circumstances. The main types of fraud are listed below.

"Unreported income" is a failure to disclose or report types of income including earnings, support payments, unemployment insurance, or other kinds of benefits. Recipients may fail to disclose income at the time of their initial application or subsequently, if they receive income and fail to report it. "Undeclared assets" involves withholding such personal financial information as money in a bank account, investments, property, or business interests.

"Unreported change" in the recipient's circumstances is a failure to notify the welfare agency promptly of any such change. This could result in a benefit payout for which there was no eligibility. Changed circumstances could also reduce the amount of assistance. This would occur, for example, if a boarder moved into a recipient's residence, or if shelter costs were reduced by a move, or if a family member moved out of the household. There are also changes that could disqualify a recipi-

ent for further assistance such as, in the case of General Welfare, moving out of the municipality.

Since fraud so frequently arises through non-disclosure of pertinent information that is the basis for rulings on eligibility and entitlement, obtaining this information remains crucial for the integrity of the system. Some information, however, is of so personal a nature that if not disclosed by the recipient it would not likely be otherwise known. For example, a woman becoming pregnant who knows the father's identity may not want the welfare agency to know who the father is, perhaps because she knows that the agency will pursue support (the woman may be continuing to maintain a relationship with the father and they may be trying to avoid paying support) or because she wants full custody of the child. She may therefore claim that she became pregnant after spending the night with an unknown man she met in a bar. In this way her child's father cannot be identified and support cannot be pursued. This is one of many examples that show the difficulty of obtaining information that is not volunteered by a recipient. One such case involved a single mother who had been receiving assistance while she had four children, all by different yet unidentified fathers. Although these situations may be fraudulent, they are practically impossible to prove in court or before SARB because of the personal nature of key information. Agencies are usually forced to accept the recipient's word—a dilemma identified by workers as a serious and growing concern.

Duplicate cheques, another dimension of fraud, can be issued in the same municipality if the recipient uses different identification or claims that the original cheque was lost or stolen. Duplicate cheques can also be obtained if a recipient moves from one municipality to another without declaring previously received assistance. Computers now make it possible to cross-reference the Ontario GWA and FBA databases, but so far computer matching is restricted to areas where compatible systems are used: not all social services offices use the same software, and matching is not yet operational at all between Ontario and other provinces. The extent of this type of fraud in Ontario is not known, but Lippert recounts that when British Columbia and Alberta cross-referenced their welfare-recipient databases they found 303 people collecting benefits in both provinces (Lippert, 1994:59).

“Third-party fraud” involves the help of a third person who confirms misleading information to a welfare agency. Wallace et al. (1987:5) reported that

third-party fraud has recently been identified as a growing problem. This fraud usually involves the issuance of false receipts for which clients are reimbursed, with the profits being split with a third party.

This third party could be a landlord or an employer or someone falsely claiming to be a landlord or employer (*Kitchener-Waterloo Record*, July 8, 1980), a doctor (*Montreal Gazette*, June 10, 1986) or a pharmacist (*Globe and Mail*, August 4, 1989). Recipients use this third person to substantiate “information” on the basis of which benefits are issued. For example, a recipient’s friend might impersonate a landlord to confirm residence at a certain address when in fact the recipient is living at another address where he or she would not qualify for assistance.

Fraud can also occur when a recipient exaggerates costs associated with an item that would affect the amount of assistance issued. Inflated shelter costs, or the addition of dependents who do not exist or do not reside with the recipient, will influence the amount of assistance a recipient claims. Third parties may be used to verify this false information also.

Another type of fraud occurs when someone applies for assistance as a single person without declaring that he or she is actually living with a spouse. The undeclared co-residency may exist at the time of initial application or develop subsequently and go unreported. Although it was legal (from 1987 to 1995) for a person to receive assistance as a single person while co-residing with a partner, the recipient had to declare the co-resident since that person was expected to pay a fair portion of shelter costs.

Welfare fraud can also be well organized and orchestrated. One Nigerian ring operating around the Toronto area was responsible for “scamming millions” (*Toronto Sun*, January 30, 1992). Members of the ring used forged identification and counterfeit stamping equipment to produce fake passports, immigration papers, and other documents. In one investigation, four men were discovered to be using 53 different names.

An agency's response to welfare abuse will depend on the seriousness of the error or fraud, which is usually measured by amount of money involved and length of time the error or fraud went on. In a case of abuse involving a small amount of money where culpability is questionable, the agency could decide to view the situation as a mistake and not demand repayment. If the amount is considerable or if the agency detects a certain though limited intent to deceive on the recipient's part, the overpayment may be charged to the recipient at a rate of up to 10 percent of the monthly welfare entitlement, assuming there is still eligibility after the mistake is found.

Consider a case of undeclared net income of \$200, for example. This income would not disqualify a recipient, but his entitlement would be reduced by that amount. In this particular example, the recipient would have an overpayment of \$200 after one month, and this overpayment would increase for each month income was not declared. In the case of a recipient co-residing with a spouse, however, the recipient would not be entitled to any social assistance and the whole monthly benefit would be considered an overpayment in these circumstances. If the income earner in the first example did not declare net income for three months, a \$600 overpayment would be registered. The co-residing recipient in the second example, however, after three months would incur a substantially higher overpayment. Depending on the person's entitlement, this may be \$1,200, or in the case of a single parent the overpayment may be \$2,500 or more. Since the majority of those who incur overpayments for "not living as a single person" are sole-support parents, the average amount lost through this category is substantially higher than the others.

In conjunction with an overpayment or in a separate decision, a recipient may be deemed ineligible for further assistance and the case closed in an administrative intervention that is often referred to as being "cut off." If a recipient's statements resulted in a large overpayment extending over months and the welfare agency believes that there was knowing intent to defraud the welfare system, charges may be laid in consultation with the police.

Case closure is the most frequently used remedy against fraud and suspected fraud. Although several writers are critical of this procedure (e.g., Hasson, 1981:129; Marwick, 1987:29), it remains the primary option for welfare agencies when abuse is evident but the evidence is not

sufficiently strong to proceed with charges. Other Canadian welfare investigations have also reported that case closures or cancellations are often used (Alberta, 1979:12; *Montreal Gazette*, July 6, 1988). In such cases in Ontario, a recipient has the right to appeal a suspension, reduction, cancellation, or refusal of benefits to the Social Assistance Review Board (SARB).

The recovery of overpayments from current recipients has also been criticized by several writers, who claim that recoupment of such payments, especially when they arose from administrative error, runs counter to the objective of helping those in need and lessening financial hardship (Hasson, 1981:134; Wallace et al., 1987:22; Howard, 1980). Ontario's General Welfare policy guidelines state that overpayments due to recipient error should be recovered, but rule against recovering overpayments due to such administrative errors as miscalculation or failure to act on information provided by a recipient (MCSS, GWA-0203-03). Some administrative errors in which recipients received hundreds and even thousands of dollars have gone unrecovered.²⁵

The only effective way to recover overpayments is by deducting them from benefits. In reality, very little is recovered from inactive cases because of problems with locating individuals and obtaining voluntary repayment. A western study has noted that "recovery of money once it is lost is difficult since there must be enough evidence for prosecution if the client does not volunteer to repay" (Alberta, 1979:13). Civil action is a further option approved for MCSS agencies for recovering overpayments from non-recipients who have refused to make restitution (MCSS, GWA-0203-05), though it is seldom pursued because it has not proven cost-effective in most cases.

Each province has at least two separate offences with which people can be charged in cases of fraud. Charges are usually laid pursuant to section 338 of the *Criminal Code* (R.S.C. 1985, c46).²⁶ In Ontario, they can

25 This was communicated to the author by welfare workers.

26 *Criminal Code* (1985, c46)

S. 380. (1) Every one who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretence within the meaning of this Act, defrauds

also be laid under the *Provincial Offences Act*:²⁷ neither the GWA nor the FB Act are used to prosecute fraud (Advisory Group, 1992:170).

Only the most severe cases are ever charged. Workers in the field are often sympathetic to the plight of the recipient or too busy to proceed with the laborious task of gathering information for fraud investigators (ERO) or police, or else just confused and intimidated by the judicial system. If deceitful intent cannot be proved, any payment made to a recipient for which there was no eligibility may still be recorded as an overpayment and recovered. Moreover, a recipient can argue in court that he did not understand what was required because of lack of education, the side effects of medication, or difficulty with the English language. For these reasons, case closures and/or repayment are the courses generally pursued.

Chart 5-1 outlines how abuse is divided into detected and undetected categories. It also presents the options available to an agency once

the public or any person, whether ascertained or not, of any property, money or valuable security,

(a) is guilty of an indictable offence and liable to a term of imprisonment not exceeding ten years, where the subject-matter of the offence is a testamentary instrument or where the value of the subject-matter of the offence exceeds one thousand dollars; or

(b) is guilty

(i) of an indictable offence and is liable to imprisonment for a term not exceeding two years or

(ii) of an offence punishable on summary conviction, where the value of the subject-matter of the offence does not exceed one thousand dollars.

27 *General Welfare Assistance Act* (R.S.O. 1980, c188)

16(1) No person shall knowingly obtain or receive a benefit that he is not entitled to obtain or receive under this Act and the regulation.

(2) No person shall knowingly aid or abet another person to obtain or receive a benefit that such other person is not entitled to obtain or receive under this Act and the regulations.

(3) Every person who contravenes subsection (1) or (2) is guilty of an offence and on conviction is liable to a fine of not more than \$100 or to imprisonment for a term of not more than three months, or to both fine and imprisonment.

fraud is detected. These options range from no action to registering an overpayment to initiating an investigation. Chart 5-1 also shows the many “return loops” available if the investigation fails to unearth convincing evidence for the court. Chart 5-2 depicts the court process from the setting forth of information to sentencing.

The cost of investigation must also be considered before a case proceeds to court. Between 1983 and 1985, the Ontario Provincial Police spent an average of 72 hours investigating fraud cases. Based on a constable’s salary, the unit cost would be \$2,165, and in cases where charges were actually laid, police time increased to 110 hours, or \$3,300 (Gutierrez, 1987:29). Wages have more than doubled since 1983 and the legislation has become increasingly complex, especially for cases of spousal co-residency. Police may decide after investigating that the evidence will not ensure a conviction and refer a case back to the welfare agency.

For fraud to be provable, a recipient must knowingly and deliberately have committed the act. At one time, applicants were required to sign a form that read: “I fully understand the eligibility criterion” — an assertion the most veteran worker in the field would be hard put to defend. This declaration was later changed to “I/We understand the eligibility criteria,” which is still based on the questionable assumption that a recipient can rightfully be asked to sign such a statement and assume responsibility for the conditions involved.

Welfare applicants are also asked to sign a promise to report “any change in relevant circumstances . . . of the allowance/assistance to be provided, including any change in circumstances pertaining to assets, income, or living arrangement.” Gutierrez (1987:11) wondered:

Does it mean the failure to report regular but small babysitting earnings, earnings from a part-time job of uncertain duration, or does it include only cases where a salary is received through full-time permanent employment? What about the failure to report earnings from illicit activities? Does it mean the failure to report the gift of a frozen side of beef, the gift of a car or the failure to report the inheritance of a vacant lot?

An audacious mother of 12 by four different fathers relied on this apparent vagueness to argue, in *Regina v. Roberts*, that not declaring a change in circumstances when she started to reside with one of the

Chart 5-1: Flow Chart of Welfare Agency Response to Abuse

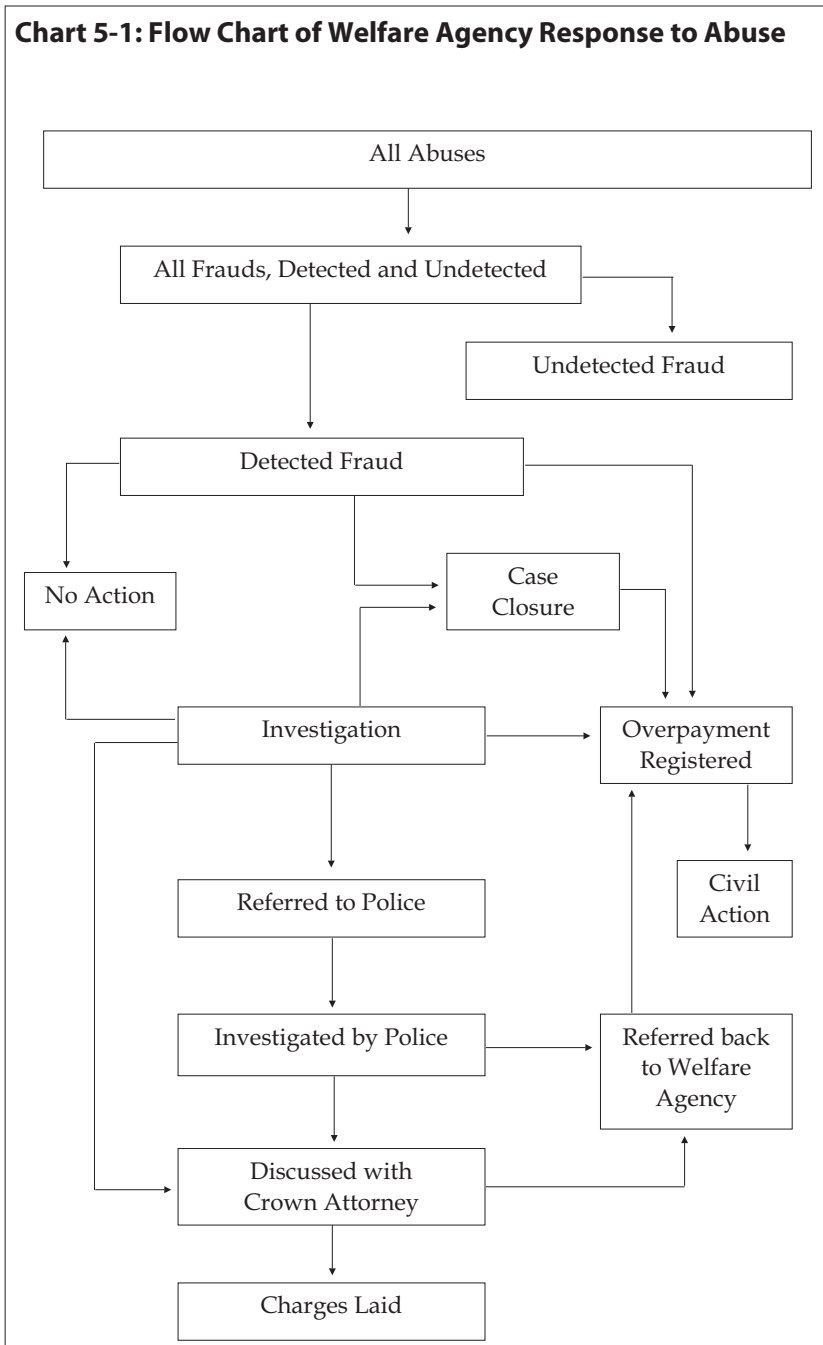
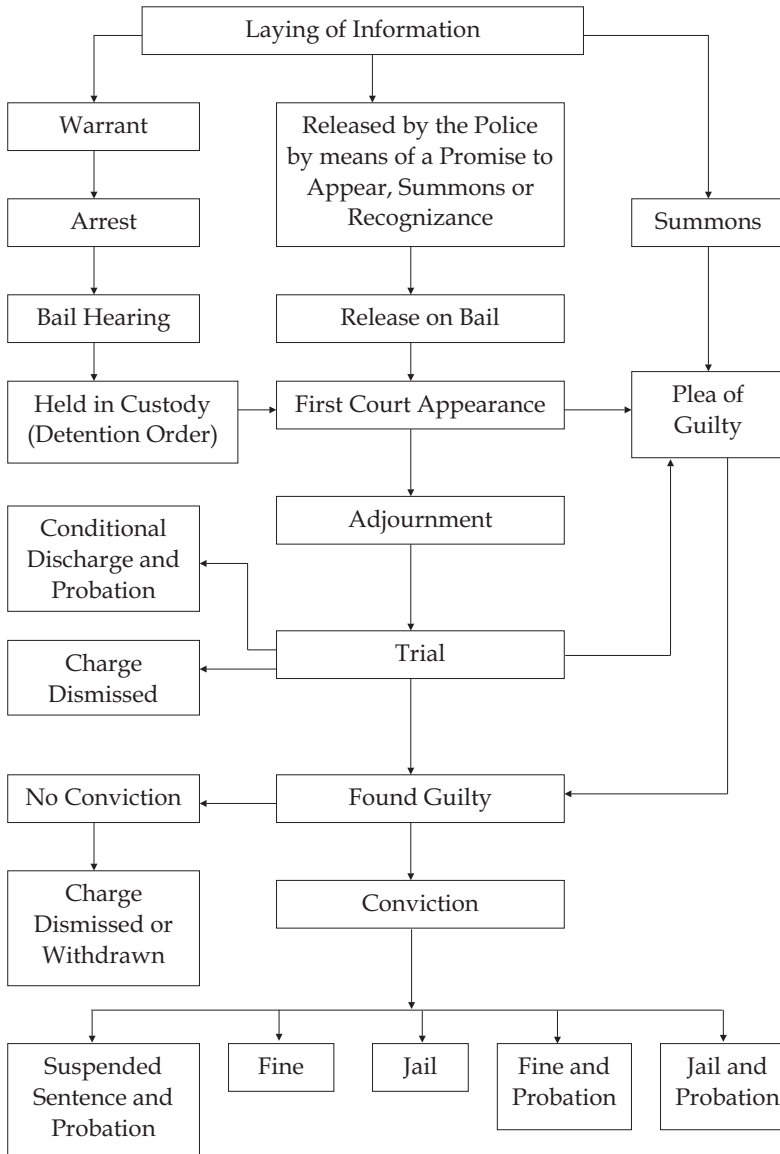


Chart 5-2: Flow Chart of the Court Process

Source: MCSS *Eligibility Review Manual* (ER-9901-03).

spouses did not constitute fraud. The judge still found Roberts guilty, however, stating that failure to disclose a fact in a deliberate or misleading way with intent to defraud did constitute fraud (*Ontario Decisions of Criminal Convictions*, 1980:5505-06).

Gutierrez (1987:25) has summed up the general attitude about laying charges of welfare fraud in this way:

It is somewhat of an understatement to say the prosecution of welfare fraud is not popular with anyone in the criminal system. The police must spend a lot of time doing thorough investigations by asking questions to neighbours such as how often a recipient's boyfriend is seen. These types of investigations cannot enhance the police's public relations effort in, for example, a public housing project. Crown Attorneys would rather make their name doing interesting drug cases or commercial fraud cases. . . . Lastly Judges know that the Court of Appeal has directed that jail sentences should be imposed on those who defraud the public purse unless exceptional circumstances exist, so they struggle to find these circumstances since they may not see the point of sending the offenders to jail at additional cost to the taxpayer.

Marwick (1987:33) states:

Extenuating "social" circumstances unveiled during the investigation preclude most of these [fraudulent] cases from ever being forwarded to police for complete investigation because internal investigators realize that their arguments supporting fraud allegations will likely be overcome by the jury's sympathy for the guilty person's situation.

In the case of *Regina v. Laws*, the judge said he had "a bad feeling about sending poor people to jail just to show that poor people can't steal from the government" (*Ontario Decisions of Criminal Sentences*, 1982:7260-61). With few exceptions, welfare fraud is viewed in the judicial system as a "victimless" crime. The absence of a victim in the court room leaves judges the option of light sentencing. Not all judges, however, take a lenient approach: one judge has described welfare fraud as the "most offensive type of charge" (*Guelph Mercury*, June 26, 1991).

Certainly, these are noteworthy reasons for the difficulty of obtaining definitional precision, *actus reus*, *mens rea*, and generally convincing

evidence, all of which are necessary to complete the judicial process. It is understandable that very few fraud cases are ever channelled through the courts. Tepperman (1977:7) sums up the filtering process for criminal acts in these words:

Of acts resulting from intentions [of criminality] that do come to fruition, many may go undetected (for example, shoplifting in department stores); others are detected, but go unreported to the police; only those are recorded as criminal offences for which sufficient evidence convinces the police that an offence has actually been committed. Then not all offences result in a charge being laid; and not all charges result in a conviction.

Because of the nature of fraudulent activity, there seems to be a direct relationship between the amount of fraud detected and the effort expended to detect it. The more thorough the investigative approach used, the more fraud will be unearthed. However, the state's need for information must be weighed against the recipient's right to freedom and privacy. Just where to draw the line between the rights of the individual and the rights of the state is a persistent question when it comes to public assistance.

Cases

The following are typical cases of welfare abuse: they point to some of the inherent problems of detection and charging. These examples also illustrate different types of abuse and some of the ways in which welfare offices deal with them. Though no real names are used, these are actual cases as reported by welfare workers or other sources as noted.

Case 1

Cathy is a single parent who recently moved into the municipality. She applied for welfare assistance on arrival while staying with relatives. She informed the welfare worker that she had just separated from her spouse and there were no plans to reconcile; in fact, she said she had no idea of the spouse's whereabouts. The worker had no reason to doubt that the separation was anything but legitimate, and Cathy was issued assistance. Several months after arriving in the municipality, she moved

into her own apartment. The welfare worker was then notified by an anonymous phone call that Cathy's spouse was living with her. The worker made an appointment to meet Cathy at her home to discuss these allegations. The meeting was to take place a few days after the welfare cheque was issued. The worker kept the appointment as scheduled only to find that Cathy was not home.

Several weeks passed before the worker made contact with the recipient, who stated that she had completely forgotten about the meeting: another appointment was duly arranged. The first possible mutually convenient day was the following week, the week when the monthly cheques came out. As a precaution against issuing a cheque to a recipient who might be ineligible, and also to avoid a repeat incident of the last attempted visit, Cathy was called prior to the cheque being issued. She assured the worker that she would be there for the scheduled appointment. Again, however, the worker arrived only to find Cathy not at home. The worker responded by notifying her in writing that no further assistance would be issued until certain information with respect to her eligibility could be clarified. The recipient did not reply to the letter until the first day of the following month when her next cheque was to arrive. She apologized for not keeping the appointment a month previously, but said something urgent had required her immediate attention and she had had to "leave town" for the month. Cathy stated that she had just returned and would be available all day for a home visit. She also expressed concern that she had not received her welfare cheque. The rent was due and she had no food or diapers in the house. The worker, by this time suspicious of the recipient's reliability, stated that a cheque would be ready for her at the office. If she was eligible after certain information was verified, she could pick up the cheque. An appointment was made for that afternoon.

The third home visit ended similarly with Cathy's absence. This time, however, the cheque was not issued to her, or so the worker thought. The following day in the office, the worker was informed by clerical staff that Cathy had come to the office to pick up the cheque while the worker was attempting to keep the appointment at her home.

The following week, the recipient called to inform the agency that further assistance was not required. There was no proof that the allegations against Cathy were true and she had not had a chance to respond to them, though this was actually her fault. No determination of ineligi-

bility could be assessed. The case was closed at the recipient's request. No charges were laid, and no overpayment was assessed against the recipient.

Case 2

In our second case, Jack had been in an automobile accident approximately one year prior to his application for assistance. His recovery was slow and he required rehabilitative therapy before he could return to work. Because of the complexities of the accident and an upcoming civil suit, insurance benefits were slow in being processed.

Jack applied for assistance pending payment by the insurance company, settlement of the civil suit, or his return to work. Assistance was issued and because of the indeterminate state of his affairs Jack was told to notify the agency if he received any income. He also had to complete monthly reporting cards which would indicate any change in his financial situation. Over half a year transpired with no apparent settlement of his claims.

The case was eventually closed because Jack had forgotten to return his monthly financial statement. Several weeks later, Jack returned to the agency requesting further assistance. He stated that he was recovering and continuing with his therapy. The worker informed him of the reason for the case closure and asked if the insurance company had issued any benefits for lost wages. Jack said they had in fact issued him several months' worth of benefits, but explained that this was spent on a vacation. The worker reminded Jack that he was supposed to declare that income, that he had received welfare assistance for which he was not eligible, and this would result in an overpayment. Because Jack was not receiving the ongoing insurance benefits yet, he would be eligible to receive assistance in the interim with a 10 percent reduction in his benefits to recoup the overpayment.

Several months passed before the worker conducted an update visit. At that time, Jack again reluctantly indicated that he had received several more cheques from the insurance company but had forgotten to notify the welfare department. Jack was again informed that as a result of his failure to notify the agency and declare the benefits on his financial statement, he had incurred another overpayment. Jack started to re-

ceive insurance benefits on a regular basis and his welfare payments ceased.

No attempt was made to settle his overpayment by the welfare agency: no charges were laid, as the amount of assistance involved was not considered great enough for charges and the circumstances could not be construed as malicious. The recipient could rightfully have argued that he was in a serious accident and had not regained his mental capacities sufficiently to be responsible for an unintentional oversight.

Case 3

Bill is a single man in his mid-thirties with no dependents. He had never applied for assistance before and stated that he did not even like the idea of having to apply. Bill said that he had been doing work on a farm for the past year, but the work had been casual and he was not eligible for unemployment insurance. The applicant was able-bodied and therefore required to seek employment and provide evidence of his search. Assistance was issued, and after several months his worker scheduled an appointment with Bill to update his file. Bill informed the worker that though he had been actively looking for work, he had still not found anything. He was hoping to be recalled within a month or so to the farm where he had previously worked.

Approximately three months later, another update visit was conducted at the recipient's home. This visit was not prearranged and Bill was not at home, but another person living in the residence indicated that he was out at work. The following day, the recipient called the worker to say that his roommate's information had been incorrect. He had not been out working, but "looking for work." Several days later, the worker received a telephone call from an acquaintance to say that Bill was employed and had been for some time. The worker contacted the employer and confirmed the details of Bill's employment. He had been employed with the company steadily full-time for more than two years.

The case was referred to the police, who investigated and decided that enough evidence was available to proceed with fraud charges. Bill was charged and convicted. The court was lenient with him because it

was his first conviction, ordering probation and restitution (repayment of the welfare issued). Bill stated that he knew of others who were working and collecting welfare and he was envious.

Case 4

Mr. and Mrs. Moon immigrated to Canada 12 years ago. Mr. Moon had worked steadily for the last eight years while Mrs. Moon stayed home to raise their children. Mrs. Moon applied for assistance, claiming that her husband had left suddenly and she was uncertain of his whereabouts. As there was no reason to doubt Mrs. Moon, assistance was granted. Mrs. Moon was reluctant to pursue support from her husband because this was not done in her culture: she continued coming for scheduled meetings but would not commit herself to any plan of action regarding support from the father of the children. Eight months passed and Mrs. Moon continued to get full benefits for herself and her children. She maintained that she had no contact with her husband and continued to avoid pursuing support. An appointment was arranged for Mrs. Moon to speak to the Eligibility Review Officer (ERO). Mrs. Moon came to the meeting, which was scheduled on the same day her cheque was to arrive. She was angry, saying that she had done nothing wrong and if her cheque was not given to her she would go to the local media. During the interview, she claimed that she was not feeling well because of a recent automobile accident and was still distraught about her husband leaving her.

The meeting ended and the ERO discovered that there was no mention of the automobile accident in the file. On a hunch, the ERO contacted a local insurance company which confirmed that Mrs. Moon had indeed been in a recent accident and kept in hospital overnight for observation. The insurance company also informed the ERO that this was Mrs. Moon's third claim in under two years, and while there was some suspicion about the claims, there was no proof that they were bogus. Mrs. Moon had received a combination of lump-sum settlements and ongoing weekly benefits. The insurance spokesperson stated that because of the accident the cheques were being delivered on a weekly basis and that Mr. Moon had been present for every visit. The insurance

company further stated it had been given no information that Mr. and Mrs. Moon were no longer living together.

Mrs. Moon was contacted by the welfare office and asked to speak to the ERO about the unclaimed insurance income and the question of whether her separation was legitimate or not. At the meeting, Mrs. Moon said that she was not aware that she had to report the income from the insurance settlement and stated that because her English was so poor she would need an interpreter in all her future dealings with the social assistance office. She insisted that any misunderstandings had been caused by her poor English. The case was referred to the police to see if there was enough evidence to lay charges. Given her problem with English, feigned or otherwise, the Crown Attorney advised that a successful prosecution would be highly unlikely. In the absence of a prosecution, the social services agency was left with the options of proceeding with a civil action or else trying to collect the overpayment from the recipient should she ever reapply. The agency decided to register the overpayment and not proceed with a civil action.

Case 5

This case was reported in the *Toronto Sun* on April 21, 1991.

Welfare is easy to get. I've got almost \$100,000 in the bank, a furnished apartment, land in Ontario and land in Florida, and in my relatives' names. I get \$600 month on welfare and I make at least twice as much working for cash on the side. I have lots of money with a stock broker under an assumed name. My T-5 goes out in Joe Blow's name. Stock brokers are great at hiding money for you.

The government took one third of my [\$40,000/yr earning] money and wasted it on giveaways, bilingualism, two school systems, and welfare to anyone who wants it. It didn't take me long to figure out this system. There's no money in working ...

I don't need welfare but I figure the government's wasting money all over the place so why shouldn't I get in the line. And it's easy. All you have to do is go down there and don't shower, don't comb your hair, don't shave, take all your jewellery off and look meek and downtrodden.

Another thing is to be polite and quiet with the welfare workers. I go in offices and hear them being screamed at. . . . So if you come in and are real polite and sympathize with them you get the cheque faster than somebody else would.

They give you a job search piece of paper. You're supposed to be looking. I look in the yellow pages for companies and write them down. They are too busy and take your word for it.

I've got guys saying they live here and I charge them so much rent. The cheque is mailed here and I get a piece of it. If they ever checked, they'd see lots of people claiming single housing allowance all with the same address.

I'm not a pill popper, but I can scam a bunch of drugs off that too. I've got a doctor, a real casual doctor. When I'm in the mood for some fancy pills I go in there. Valium. Then I sell them to someone else.

A lot of employers give cash under the table now because it's too expensive to hire you. There are forms and payroll taxes, OHIP, worker's compensation, UIC, and CPP. Then there's vacation pay and severance pay and sick pay. The whole economy's going underground . . .

Case 6

This final case was reported in the *Globe And Mail* of July 21, 1995.

You would be hard-pressed to accuse Maria [not her real name] of being a welfare bum [who] has been in Canada more than 20 years, works six days a week cleaning houses in Toronto's Forest Hill neighbourhood before she sets off for her night job cleaning offices in the city's financial district.

She is the co-owner of a \$200,000 home in [her home country] and is currently making monthly payments on her two-year-old Mazda, which she estimated cost \$18,000.

Although she earns more than \$17,000 a year, she does not declare the income, which she receives mostly in cash. When her husband left two years ago, she said she was strapped for cash

and was afraid her income would not be enough to support her and her teen-aged son in Canada. That is when she applied for welfare . . .

With the \$1,221 a month that she gets in single-parent benefits, coupled with the income from her two jobs, Maria estimates that she is receiving just under \$32,000 a year tax-free.

She said she pays \$800 a month in rent and \$350 a month for her car, which she bought before she began to receive welfare. The rest of her earnings are eaten up by food and clothing purchases, and taxes on her assets in [her home country].

Extent of the problem

Published Canadian studies on the frequency of abuse are not numerous. One of the few published provincial efforts to examine fraud in public assistance programs was completed in Alberta where, during 1977 and 1978, a stratified random sample of 1,368 cases was selected representing 3.8 percent of the total number on assistance in the province, including sole-support parents, employables, and persons with disabilities (Alberta, 1979:4). The study found that 50 percent of fraud was the result of unreported income and 26 percent was caused by recipients' failure to give an accurate account of their circumstances and failure to report changes. The latter might include failure to inform the welfare agency that assistance was being collected from another jurisdiction, or of the presence of a common-law spouse, or the departure of a family member from the residence. Another 21 percent of fraud was attributed to undeclared assets, mostly undisclosed money, money in banks, and other liquid assets. The final 3 percent of fraud was the result of recipients' exaggeration of needs: reporting that they paid higher rent, daycare costs, and utility payments (Alberta, 1979:9-10 — see Table 5-1). Although figures could not be obtained for each of the categories, Saskatchewan has also listed these same four categories as the primary types of abuse (Zielinski, 1989).

Table 5-1: Alberta Study (1977/78) on Amounts Lost by Each Type of Abuse and Corresponding Percentages

Type of Fraud	Actual Amount	Percentages
Unreported income	\$2,800,000	50%
Circumstances	\$1,400,000	26%
Undeclared assets	\$1,200,000	21%
Falsifying needs	\$200,000	3%
TOTAL	\$5,600,000	100%
Source: Alberta, 1979.		

Different categories were used in Metropolitan Toronto for the General Welfare Assistance fraud statistics compiled by Marwick. The data in Table 5-2 show the frequency of each type of fraud discovered in Toronto and how much was lost through each type. As in the Alberta study, undeclared income was the most frequent category.

Table 5-2: Metropolitan Toronto GWA Overpayments (1985), Frequency, Amount Lost, and Corresponding Percentages for Each Type of Fraud

Type of Fraud	Frequency of Fraud	Actual Amount Lost	Percentage of Fraud
Undeclared income	57.32%	\$256,208	54.41%
Undeclared spouse	24.69%	\$155,511	33.03%
Undisclosed assets	7.53%	\$19,702	4.18%
Other	10.46%	\$39,458	8.38%
TOTAL	100.00%	\$470,879	100.00%
Source: Marwick, 1987:III-2.			

From the few Canadian studies that have compiled figures on types of frauds perpetrated, it is evident that undeclared income is the most frequent. The percentage of funds lost through undeclared income in Alberta (50%) is similar to the Toronto figure of 54.41 percent.

Several writers have suggested that the actual incidence of fraud within the income maintenance program is unknown (Hutton, 1985:21-22; Gutierrez, 1987:15; Wallace et al., 1987:38; Gardiner and Lyman, 1983:iii). Hutton suggests that the incidence of fraud is not only unknown but also immeasurable, while Gardiner and Lyman state that "no statistics are available to measure fraud in welfare programs."

There is no consensus in the literature on either amounts lost through abuse or the actual percentage of recipients who defraud. Estimates on the incidence of fraud vary from 1 percent or less (Hasson, 1981:129) to 50 percent or more (Hutton, 1985:21). As already mentioned, Gardiner and Lyman (1983:5) contend that the collection of overpayment data is often motivated by a political bias that prompts either overstatement or understatement of abuse to protect a program or budget proposal. Estimating the extent of fraud, Hutton remarks (1985:24), "becomes somewhat intuitive based on experience and discussion with people who work in the welfare, and particularly the welfare fraud field."

The United States has been more diligent than Canada in tracking down fraud in its social programs. The major programs of the many offered in the U.S. are AFDC (Aid for Families with Dependent Children) and Food Stamps. AFDC provides financial support to adults caring for dependent children and to needy children with unemployed parents. The Food Stamps program provides a food discount for the needy, who would include but not be limited to welfare recipients.

A 1963 United States study revealed that most states had abuse figures of less than 6 percent and fraud prosecution rates of under 1 percent (Feagin, 1975:108). A 1971 U.S. Department of Health, Education, and Welfare study produced a similar figure of 5 percent of welfare recipients collecting assistance for which they were ineligible, with agency error cited as the major contributing factor (Feagin, 1975:108).

Several studies from the late 1970s, however, concluded that the incidence of error in the AFDC program was as high as 25 percent (Leman, 1980:208). One 1977 pilot project surveyed 110 AFDC families and found that 60 percent were under-reporting earnings on monthly in-

come reports and that 25 percent of those who did not report earnings did, in fact, have earnings (Halsey, 1977: iii).

A study for the U.S. Department of Justice gathered data on AFDC recipients from 1970 to 1977. Known as the Seattle and Denver Income Maintenance Experiment (SIME/DIME), it involved interviews with 848 recipients in Seattle and 1,294 recipients in Denver. The study found that 8.3 percent of the households in Seattle and 15.5 percent of the households in Denver that had income did not report any income. An additional 39 percent in Seattle and 28 percent in Denver under-reported income to their welfare agencies. There were 270 and 448 dual-headed families in the SIME/DIME study respectively: 47 percent of these families in Seattle and 42 percent in Denver failed to report the existence of a co-residing spouse for a period of three months or longer (Halsey, 1983: 16, 20, 28).

In New Hampshire, where a wage-matching project was conducted under the Food Stamps program for three months in 1982, overpayments to recipients due to unreported earnings occurred in 29 percent of cases. A similar 1982 study in San Joaquin County, California, investigated 5,622 AFDC cases nearly 10 percent of which showed overpayments due primarily to inaccurate income reporting by recipients (Greenberg, 1984: 36-39).

The Federal Quality Control Study has perhaps been the most thoroughgoing attempt to pinpoint abuses in American social programs. The study ran abuse checks every six months on samples ranging from 150 cases in smaller states to 1,200 in the larger ones. State reviewers verified welfare entitlement by contacting recipients, landlords, and employers. From April to September of 1980, the study found that 5.0 percent of cases reviewed were ineligible, 10.2 percent were eligible but overpaid, and 4.3 percent were underpaid (Gardiner and Lyman, 1983: 6).

Error in the Food Stamps Program—"error" encompassing losses caused by agencies as well as by recipients—was estimated at about 11 percent nationally in testimony to a 97th Congress hearing in 1981. However, the error rate in New York City was found to be almost 17 percent and losses were put as high as \$60 million a year in that city alone (U.S. Committee on Agriculture, 1981: 3). The 1982 President's Private Sector Survey on Cost Control, also known as the "Grace Commission," estimated that overpayments in the AFDC and Food Stamps

programs totalled 9 percent or \$2 billion nationally (Wolf and Greenberg, 1986: 438).

Estimates of abuse and fraud in the available Canadian literature are as disparate as these U.S. figures. In 1972, audits conducted on some Quebec welfare recipients resulted in a 7 percent reduction of the entire caseload. In the following year, an additional 4 percent were terminated when the province computerized its welfare department (Leman, 1980: 209).

Reuben Hasson, a professor at York University, examined and compiled data on criminal convictions for welfare fraud in each of the provinces. He found that fewer than 400 recipients were charged in Canada annually between 1976 and 1981 (Hasson, 1981: 129). If we use number of convictions as our criterion or operational definition of fraud, then the incidence of fraud in the Canadian income maintenance system nationally would be .02 percent, or one fraud per 5,000 recipients.

Hasson felt that a possible explanation for this extraordinarily low conviction rate would be a “generous exercise of prosecutorial discretion,” but he went on to reject this in favour of the more likely explanation that 80 percent of the welfare caseload are disabled, elderly, or single parents and therefore presumably unable or unlikely to commit fraud (Hasson, 1981: 132). This assertion is not supported by the Alberta survey of 1,368 recipients which found that the amount of fraud perpetrated by single parents (13.6%) exceeded fraud by employables (10.1%), followed by the disabled at 4.4 percent (Alberta, 1979: 5). These findings are reinforced by figures from Metropolitan Toronto, where single parents were responsible for at least 24 percent of overpayments.

Basing estimates of incidence strictly on numbers of convictions, not only for fraud but for a host of other crimes ranging from marijuana possession to assault, is both inaccurate and, as Marwick has pointed out, misleading (1987: 13). Using an “armchair approach” to investigate welfare fraud will result in a gross underestimation of its frequency because this approach fails to consider either the procedures welfare agencies use in dealing with abuse—which rarely result in charges being laid—or the difficulty of obtaining welfare fraud convictions. According to Sutherland (1957: 38):

Crime is much more general and pervasive than the ordinary statistics indicate, and an *entirely incorrect impression regarding*

criminality is formed if conclusions are limited to these statistics. (my emphasis)

Citing a criminological axiom, Nettler holds (1974: 44) that “every measure of crime for an aggregate of individuals probably underestimates its actual amount.” Of all crimes committed, only a small portion will be detected, a smaller portion prosecuted, and a still smaller portion convicted. An example of this “filtering process” was cited by Gardiner and Lyman (1983: 38), who found that of 4,567 suspected cases of fraud and abuse, 4,176 ended in case closures and only 391 were referred to police. Of those referred to police, 144 led to “law enforcement action,” with 91 eventual convictions.

Despite the obviously misleading effect of quoting the number of prosecutions as representing the actual incidence of a crime, these figures are still used by some writers as the actual incidence of welfare fraud (see Hasson, 1981: 129; Wallace et al., 1987: 8, 27; National Council, 1987: 96; SARC, 1987: 381; Feagin, 1975: 108). They have even prompted one columnist to comment without apparent sarcasm that “the numbers suggest there are very few groups of people with higher standards of honesty than welfare recipients” (*Calgary Herald*, September 10, 1986).

In an Alberta study in 1977-78, the provincial government hired people to interview 1,368 cases. The study found incorrect payments in 17 percent of them: 9.1 percent involved fraud and 6.7 percent were classified as administrative errors, while the remaining 1.2 percent were client errors (Table 5-3). The percentages lost per month of the entire amount issued were 4.0 percent through fraud, 0.9 percent through administrative error, and 0.4 percent through client error. As a result of this investigation, 12 percent of the cases were closed either at the recipient’s request or by the investigator, and one person was charged. In most cases, repayment arrangements were made with recipients (Alberta, 1979: 12-13).

Another Alberta study conducted in 1986 by the provincial Department of Social Services looked into 2,400 cases, and charges were laid in 75 (NCW, 1987:96). In 1988, Alberta hired extra staff to investigate suspected cases of fraud. During the first year of the program, these investigators “uncovered rampant error in welfare entitlement, and numerous

Table 5-3: Relative Frequency and Percentage Loss for Each Abuse Type in Alberta (1977/78)

Type of Abuse	Frequency of Abuse	Percentage Lost by Abuse Type
Fraud	53.5%	75.5%
Administrative error	39.4%	17.0%
Client error	7.1%	7.5%
TOTAL	100.0%	100.0%
Source: Alberta, 1979.		

accounts that could not be verified”: some 4 percent of the files audited were classified as involving suspected fraud (NCW, 1992: 38).

British Columbia’s Ministry of Human Resources conducted investigations into 5.6 percent of its welfare caseload in 1982-83 and 6.7 percent in 1983-84. Of the 8,517 cases investigated, almost 21 percent involved overpayments that “were settled out of court” and an additional 2.4 percent were charged (NCW, 1987: 96). The province of Saskatchewan randomly selects cases for periodic review and estimates a 8 percent annual “error” rate (Zielinski, 1989). A 1988 report reviewed 382 social assistance cases in Manitoba and found that 9.7 percent “showed some evidence of diversion from established policy regulation.” Of this 9.7 percent, however, only 8 percent (or 1 percent of the total reviewed) contained enough evidence to indicate that the province might have incurred unnecessary expense as a result of the way the cases were handled (Oleson, 1989).

In November 1992, the British Columbia Ministry of Social Services released a draft report on welfare fraud. Based on evidence from 200 welfare workers, the report estimated funds lost through fraud at \$100 million a year, or 5 percent of the province’s welfare spending. Most workers interviewed felt that fraud was rampant, and the Minister of Social Services was criticized for her directive to welfare workers that their function was to “serve clients, not police them” (*British Columbia Report*, May 31, 1993).

The most extensive fraud investigation in recent Canadian history began in April 1986 in Quebec (Table 5-4). Although the procedures were denounced by some twenty groups including the Bishops of Quebec, the League of Rights and Liberties, the Human Rights Commission, a host of advocacy groups and the media (Gamache, 1986: 194), a survey found the general populace in favour of both the investigation and its approach (*Montreal Gazette*, August 8, 1988). The media grew more interested in the human-rights angle of the story than in finding out how many recipients were defrauding the system.²⁸

During a nine-month period between May 1986 and April 1987, over 100,000 home visits were conducted in the province of Quebec (NCW, 1987: 90). During that time, 8.6 percent of recipients had their assistance cancelled, 4.6 percent who had applied for welfare were denied and 3.2 percent had their benefit levels reduced, while 1.5 percent saw their amounts of assistance increased (NCW, 1987: 90). One Montrealer

28 The following are some newspaper headings for a six-month period in 1986 which show sympathy towards welfare recipients and interest in the human-rights issues:

- 1) Welfare inspectors' visits abuse rights, groups say (*Montreal Gazette*, June 4, 1986).
- 2) Quebec's new welfare inspection ignores poor people's rights, say critics (*Globe and Mail*, June 12, 1986).
- 3) Visits to welfare recipients' homes declared unconstitutional in Quebec (*Ottawa Citizen*, June 16, 1986).
- 4) Respect their rights (*Montreal Gazette*, June 19, 1986).
- 5) Visits from welfare police called violation of Charter (*Globe and Mail*, June 29, 1986).
- 6) Welfare recipients urged to shut door if inspector knocks (*Montreal Gazette*, June 27, 1986).
- 7) Quebec groups start court welfare hunt (*Ottawa Citizen*, July 12, 1986).
- 8) Home visits by welfare agents discriminatory, recipients say (*Montreal Gazette*, July 16, 1986).
- 9) Welfare complaints filed (*Globe and Mail*, July 17, 1986).
- 10) Unwelcome house calls for the poor (*MacLean's*, August 4, 1986).
- 11) Widow fights welfare-cheat program (*Montreal Gazette*, August 27, 1986).
- 12) Not much abuse (*Montreal Gazette*, September 27, 1986).
- 13) Welfare inspections create climate of fear: lawyer (*Montreal Gazette*, November 14, 1986).

Table 5-4: Summary of Action Taken in Quebec Investigation

Agency Action	1986-1987 100,821 Visits	1987-1988 125,154 Visits
Cancellation of benefits	8.6%	9.2%
Refusal of benefits	4.6%	4.2%
Reduction of benefits	3.2%	2.7%
Increase of benefits	1.5%	1.0%
TOTAL ERROR	17.6% ^a	17.1%
ESTIMATED FRAUD ^b	9.4%	9.1%
a) An additional 2.1% required further investigation. b) Author's estimate based on the error/abuse ratio found in Alberta (1979). Sources: 1986/87 figures from NCW, 1987:90; 1987/88 figures from the Montreal Gazette, July 6, 1988.		

was sentenced to four years in prison for welfare fraud totalling almost \$84,000 (*Ottawa Citizen*, July 8, 1986).

During the 1987-1988 fiscal year, an additional 125,000 home visits were conducted with about one third of all Quebec welfare recipients. Of these, 9.2 percent (11,486) had benefits cancelled, 4.2 percent (5,217) were refused assistance at the time of application; reductions occurred in another 2.7 percent (3,397) of cases, and 1.0 percent of cases (1,208) had their benefits increased (*Montreal Gazette*, July 6, 1988: see Table 5-4).

The actual incidence of fraud is hard to pinpoint on the basis of this Quebec investigation. However, if we work from the Alberta percentages as set out in Table 5-3, the amount of fraud in Quebec would be estimated as 9.4 percent of the entire caseload for 1986/87 and 9.1 percent of the entire caseload for 1987/88 (Table 5-4). This latter figure is identical to the estimated Alberta fraud level for 1979.

The level of abuse and error detected in the Alberta study (17.1%) is strikingly similar to levels obtained in the Quebec investigations: 17.35 percent in Quebec averaged over the two years, not including the 2.1

percent still pending. For this reason and for other reasons discussed below, it is likely that the actual incidence of fraud would not be below 10 percent of the entire caseload.

Several University of Montreal professors were critical of the Quebec results, commenting that the government “releases vague but spectacular statistics suggesting fraud is widespread and that the agents have been extremely successful and the savings significant.” They suggested that the actual savings were \$3 million rather than the \$86 million claimed by the government for the 1993/94 fiscal year (*Toronto Star*, April 2, 1994). However, the 1986-88 Quebec abuse figures could not reflect the downstream deterrent effect of these well-publicized investigations. At least some would-be abusers must have decided not to risk applying for assistance, while recipients might be more inclined to report changes in their circumstances even though such reports might reduce benefits or make them ineligible. The diminishing levels of abuse/error reported over the length of the investigation suggest that such was the case. Reports in June and July 1986 as the investigations began cited abuse/error levels of 25 percent (*Globe and Mail*, June 26; *Ottawa Citizen*, July 12; *Montreal Gazette*, July 22). By September, these figures were down to the 20 percent level (*Ottawa Citizen*, September 30, 1986) and, as we know, the two-year average came out at 17.35 percent.

There has also been a levelling in numbers of people applying for assistance in Quebec, possibly a result of the well-publicized audits. Between 1985 and 1994, the percentage of social assistance recipients in the population increased by an average 1.82 percent nationally: in Quebec, despite its high rate of unemployment, there was no increase in the percentage of the population on assistance from 1985, the year before the audits, to 1994. This suggests that Quebec’s investigative methods have been not only detecting fraud but also providing a disincentive to apply for assistance. Only Alberta and New Brunswick showed lower growth in recipients between 1985 and 1994.

Quebec continues to conduct between 100,000 and 155,000 home visits a year. Provincial review officers have been given authority to question third parties, including friends and neighbours, about recipients, and they can also fine people \$1,000 for failing to cooperate. Client advocacy groups were successful in winning a case in the Quebec Superior Court, and recipients are now able to refuse review officers entry for home visits. The Human Rights Commission and client advocacy

groups continue to criticize the investigations even though 80 percent of Quebecers support them (Toronto *Star*, April 2, 1994).

During a 1987 mail strike in Ontario, SARC gathered figures for GWA and FBA cheques not picked up at three offices, two in Metropolitan Toronto and one in Waterloo Region. Because of the strike, recipients were instructed through the media to pick up their cheques at designated offices. Of 83,395 GWA and FBA cheques produced for that July 1, some 11,261 (13.50%) were not collected by July 7 and 2,394 (2.87%) were investigated (SARC, 1987:382), presumably because the recipients had not picked them up at all. Although many had excuses for not being able to pick up their cheques earlier, the fact that nearly 3 percent were investigated suggests that even this simple, unplanned detection method could enhance system efficiency. In one Toronto FBA office, approximately 1,900 of a total 11,000 cheques had not been picked up 10 days after they became available (Marwick, 1987:60). SARC held that incidents like this gave the public a negative impression about the amount of fraud in the system (SARC, 1988:381):

The public is often reinforced in the belief that extensive fraud exists by incomplete media reports or government announcements. Information made public during a 1987 mail strike provides a case in point. During the strike, it was reported that a large number of cheques were not picked up from social services offices.

SARC insisted that many recipients had legitimate excuses for not picking up their cheques. However, Marwick (1987:60) commented:

For staff within the system, it is difficult to accept that 17 percent of their recipients did not pick up their cheques due simply to lack of knowledge or ability to come to the local office.

Although not directly articulated, Marwick's implication is that workers in the field believe that abuse is considerable.

Another barometer of fraud levels in Ontario's social assistance program is the balance of outstanding GWA and FBA overpayments. At the end of 1993, overpayments totalled over \$350 million: \$247 million in the FBA program and an additional \$88 million for GWA, and this figure does not include areas not using the same computer system such as Hamilton-Wentworth, Peel and a number of smaller municipalities.

These overpayments have accumulated over the years. For the 1986/87 fiscal year, for example, the balance of overpayments was almost \$68 million (Marwick, 1987:19) representing eight thousand files (Gutierrez, 1987:17). These figures represent detected abuse and error only: the vast majority of abuses go undetected. This has not stopped SARC, however, from using the same overpayment figures to support its claim that the incidence of fraud is extremely low (1988:381):

Other quantitative studies have suggested that the estimated incidence of fraud is relatively low. Reference is also made to an earlier Ontario study [Marwick, 1987] that suggested fraud has accounted for approximately 2.59 percent to 3.66 percent of total payment.

The fact is that Marwick neither stated nor implied that funds lost to fraud are estimated at from 2.59 percent to 3.66 percent at all. What Marwick did say (1987:17) was that

the proportion of identified overpayments due to fraudulent activity ranged from 2.59 percent to 3.66 percent of total payments throughout the period under review.

Marwick (1987:19) also stated:

The actual incidence of welfare fraud is unknown but is at least 2.59 percent to 3.66 percent of the total payments within the system and is *probably significantly higher*. (my emphasis)

The same writer added (1987:19) that

the probable level of overpayments is unknown, but is likely to fall somewhere between the perceived and the detected [levels]. . . . Based on our interviews and review of data, we believe the probable level to be closer to the perceived level of overpayments than to the detected level.

SARC's assumption that identified overpayments due to fraud and the actual incidence of fraud are similar if not identical is both inaccurate and irresponsible. This is akin to insinuating that actual levels of cross-border smuggling are similar if not identical to the levels actually discovered. SARC has failed to realize or accept that the majority of fraud goes undetected. What is especially troubling about SARC's claims is the revelation that policy makers and committee members re-

sponsible for recommending reforms to Ontario's social services lack a basic understanding of the dynamics of abuse and fraud within the welfare system.

Unlike the Alberta study with its lengthy interviews with recipients or the Quebec study with its intensive home visits, Ontario has turned to normal, everyday case management techniques used by workers in the field to detect and register these overpayments. If methods similar to those used in Alberta or Quebec were applied in Ontario, they would likely reveal levels of abuse at least as high, if not higher, than those found in the other provinces. Since fraud detection has been so de-emphasized in Ontario over the past decade, in fact, fraud levels are very probably much higher than in most other provinces.

Another indicator of abuse levels in the system is supplied by internal audits. In 1991, internal audits of two Toronto welfare offices reviewed 5 percent of the active files in one and 35 percent of the active files in the other. These audits revealed that 16 percent of the recipients served by these offices were terminated for non-eligibility. About 3 percent of the cases in the first office involved significant amounts of money and were referred to the police (*Toronto Star*, August 1, 1993).

In March 1994, MCSS announced in a press release that it was "stepping up its fight against welfare fraud." This was primarily in response to growing public concern sparked by allegations of rampant fraud in the system. People were seeing headlines like "Metro's Welfare Fraud Hit's \$30M" (*Toronto Sun*, January 30, 1992), "Welfare system rife with overpayment, fraud, data shows" (*Globe and Mail*, September 22, 1994), and "\$1.2 B welfare ripoff" (*Toronto Sun*, January 26, 1994). No doubt the exponential growth in the province's welfare caseload after 1990 also heightened public sensitivity about welfare fraud. The \$3.6-billion provincial budget for social assistance in fiscal 1990/91 had swelled to an estimated \$6.8 billion in fiscal 1994/95 — effectively doubling. The Minister of MCSS stated (MCSS, 1994b) that "Ontario taxpayers deserve and demand social services that are effective and accountable. In these difficult times they want us to protect the system." Minister Silipo then announced:

Most of our clients are truly in need and they will continue to receive the benefits they are entitled to without interruption, but there is a group of people who take advantage of a caring sys-

tem and we are going to pursue these abusers of the system more vigorously.

It was ironic that MCSS should become involved in a large-scale crackdown on welfare fraud in view of its past avoidance of the subject and its insistence that there was little or no abuse within the system. Recommendations from SARC and the Advisory Group had been favouring a less intrusive style of case management that de-emphasized suspicion and fraud detection, no doubt because they believed fraud levels to be minimal. The Advisory Group was conciliatory but committed (1992:171):

There is probably somewhat more fraud than is ever detected, and very much less than is suggested by media stories urging “crackdowns” on welfare fraud as a means of protecting the public purse.

We do not believe that it would be cost-effective, nor is it appropriate, to launch some massive fraud squad approach to the social assistance system. Rather, prevention and detection of fraud should be part of a wider effort by the system to improve its overall efficiency and effectiveness.

The Advisory Group supported enhanced access to the welfare system consistent with respect for individual dignity and privacy. The home visit at the time of a recipient’s original application, understood by workers as perhaps the single most effective method of determining the legitimacy of a claim, was viewed by SARC and the Advisory Group as a violation of individual rights. The home visit requirement was abolished while Ms. Akande was Minister of MCSS on the Advisory Group’s recommendation.

Contrary to the Advisory Group’s advice, the Ministry announced on March 28, 1994 that 270 investigators would be hired to review every provincially administered file. This program was part of an overall effort to cut abuse called the Enhanced Verification and Case Investigation Initiative (MCSS, 1994c). The cost of the investigators was estimated at \$20 million for fiscal 1994/95, added to which was an additional \$10 million a year for municipalities to carry out their own initiatives. Also contrary to what the Advisory Group thought, MCSS estimated that savings for fiscal 1994/95 after the original investment

was deducted would be \$60 million (*Globe and Mail*, March 29, 1994; *Toronto Sun*, September 22, 1994; *MacLean's*, December 4, 1995).

As suspected, investigators found fraud within the system to be considerable. Even with non-intrusive investigative techniques and conducting home visits only in certain cases, the error rate was 20 percent, Silipo admitted (*Toronto Star*, September 19, 1994):

There has been a fairly high level of cases found where there was some level of error, if not abuse. An estimated \$21 million was estimated to be saved from the 40,000 cases that were screened. . . . None of us should be surprised by that [20 percent error]. We all went into this believing it was something that was necessary and wasn't just done, as some have said, to appease a sense in the public that we needed to crack down. It was [done] because we felt that in fact the system was not being as well run and as well controlled as it needed to be.

This is ironic indeed, when so many people, including journalists and workers in the field, had been telling the government since it gained office that the system was rife with abuse while its officials kept blandly insisting that welfare fraud was minimal.

In reporting on this investigation, MCSS admitted that this 20 percent of 40,000 social assistance files revealed average overpayments of \$2,600 (*Globe and Mail*, September 22, 1994). The campaign was hailed as an immediate success. "The social assistance system has improved—and will be strengthened even further. . . . The Ministry is clearly on its way to meeting its cost savings goal of \$180 million this year, through reductions in fraud and abuse, and decreases in case-loads" (MCSS, 1994:8).

These fine words must not be understood as proclaiming an all-out pursuit of welfare fraud. There was still a general feeling in government circles that MCSS did not want a "heavy-handed" approach to fraud detection because the intrusion would be unfair to legitimate cases and a backlash was feared from recipients and welfare advocates. Even the NDP's 1994 campaign was not very intensive, uncovering only the most blatant errors and abuses. Many of these, as could have been expected in this type of investigation, were mere clerical errors. Only 1,029 cases were uncovered where fraud could clearly be suspected out of a total of over 266,000 files reviewed by MCSS (*MacLean's*, December 4, 1995).

That a reporter for *MacLean's* could "inadvertently discover" three fraud cases during three weeks' research for an article on welfare is unmistakable evidence that fraud remains a major problem within the system (*MacLean's*, December 4, 1995).

The level of detected abuse in the 1994 investigations was a clear sign that the system was long overdue for a careful case audit. Welfare advocates and recipients roundly criticized the investigation. Articles began to appear under headlines like "Welfare-bashing" and "Women see new checks on fraud as an insult" (*Toronto Star*, April 13 and 2, 1994). A spokesman for the Ontario Coalition Against Poverty declared:

I don't think any government anywhere has envisaged a systematic audit of everyone [on welfare] in the province. . . . So, in some ways, Ontario has outdone the *boubou macoutes* [Quebec welfare police] in terms of interference in people's lives. I think the potential is greater here than in Quebec. (*Toronto Star*, April 2, 1994)

Newspaper columnists traditionally interested in the topic vied to overestimate or undercut the actual amount of fraud. Two Toronto dailies were drawn into the debate on opposite sides. After the Social Services Minister announced the preliminary results of the massive file review, one politician mistakenly assumed that the 20 percent abuse rate referred to funds lost and not to cases. Based on that erroneous assumption, the *Toronto Sun* reported on September 22, 1994 about "\$1.3B `DOWN THE TOILET.'" The politician's mistake was his assumption that fraud meant that everything paid to the recipient was an overpayment. Soon the *Toronto Star* was running an article entitled "The welfare fraud shocker that wasn't" to expose its rival's mistake (October 1, 1994):

In fact, this is not what his [Silipo's] ministry's investigation found. What it found – and what Silipo did not explain – was that welfare fraud and error are at about the same level they've always been, roughly 5 percent. . . . How this innocuous result was translated into front-page scare headlines says something about the media. . . . The *Toronto Sun* made the same mistake.

However, the *Star* columnist also made a mistake by assuming that MCSS's non-intrusive, clerical approach to fraud detection, with home

visits only when required, was being successful at catching all error, abuse, and fraud within the system. Again, this is akin to assuming that all fraudulent income-tax returns could be detected by a simple review of returns, or that all cross-border smuggling could be detected by asking people more searching questions as they crossed the border. The fact that MCSS found a 20 percent error rate using fairly unobtrusive detection techniques is indirect evidence of a higher incidence of fraud than was previously credited.

The level of fraud within Ontario's social assistance program is not known. Government estimates have historically hovered between 1 percent and 2 percent. Don Richmond, Metropolitan Toronto's Social Services Commissioner, once estimated that 3 percent of Metro's \$1-billion welfare budget, \$30 million, would be pilfered through fraud (*Toronto Sun*, January 30, 1992). A Provincial Auditor's report of the same year reckoned that 3 percent or \$180 million of Ontario welfare claims were fraudulent (*Toronto Sun*, December 2, 1992). More recently, a reporter has claimed that "only 3 percent to 5 percent of Ontarians receiving welfare are thought to be cheating" (*Toronto Star*, November 20, 1995). The Divisional Director of Community Services in Toronto has asserted: "Our experience has always been [the fraud level] is certainly less than 3 percent, and around 1.5 percent to 2 percent has been our normal experience" (*Toronto Sun*, August 25, 1995). Meanwhile the head of Ontario's Public Service Employees Union, which represents the welfare workers, has insisted: "The fraud rate is way higher than the Ministry is willing to admit to.... It's at least 20 percent and may be as high as 40 percent" (*Toronto Sun*, January 26, 1994). Finally, Detective Oliver of Toronto's fraud squad put the rate at "at least 20 percent, based on our experience." What is not clear in these estimates is exactly what is meant by fraud. Does it include all kinds of abuse, including overpayments and administrative and client errors? It is also not always clear if these figures are percentages of abusers or percentages of welfare expenditures lost through abuse.

Are the levels of fraud and abuse actually increasing? Like most economic crimes, welfare fraud is conditioned by potential returns and such control factors as the thoroughness of initial screening and investigative practices that discourage abuse. The welfare system is essentially a self-reporting system; even lack of ID does not constitute legal grounds for denying assistance. The system is geared to help people; it

is designed to respond benevolently and quickly; it is conditioned to accept recipients' statements at face value. For this reason, the welfare system is vulnerable to abuse, and it is becoming more vulnerable, not less. Over the last decade, the checks in the system have been eroding; increased caseloads have made monitoring the system more difficult; the home visit and other face-to-face contacts have been replaced by office visits and mail-in forms. More recipients are using the system and more are becoming acquainted with ways to abuse it without getting caught. All these factors combined have led to increased levels of fraud. The amounts being lost through abuse are clearly considerable and may now exceed \$500 million a year in Ontario based on 6 percent to 7 percent of the entire payout to recipients during 1994/95.

Apart from fraud, there are many no-risk, legal ways the system can be manipulated to increase individual or household income. Home-owners can increase their mortgage payments and thus step up their social assistance entitlements. They can rent out basement rooms to friends at the maximum social assistance rate and collect \$1,200 or \$1,600 a month in rental income. Working sole-support parents can hire partners, parents, or other relatives to babysit their children and be reimbursed. A case that illustrates one technique of manipulating to maximize benefit entitlement involves a single mother who gave one of her two children to her own mother for legal adoption. The two single parents lived together in the same household and received more assistance than if one of them had applied as a single parent and the other as a single person. Each mother had a child and therefore each qualified for FBA. Between them, these two single parents received over \$2,000 a month.

But what of people who are not in a position to work such stratagems? Are welfare recipients being "forced" to take desperate measures to make ends meet? Some liberal-minded observers think they are, and SARC argues as have many others that the single most effective way to reduce welfare fraud would be to increase benefits.

A 1987 report by the National Council of Welfare discussed two cases of fraud where recipients were charged and convicted. In one case the recipient claimed that her undeclared income was required to make adequate provision for her child. The second recipient stated that she was simply trying to provide "a life that was slightly more decent than stark impoverishment." These examples, the report concludes, illus-

trate that “the welfare system itself can sometimes force people to break the rules” (NCW, 1987:94-95).

Hasson was “influenced by the fact that in many, if not most, cases the people who commit welfare fraud are frequently in dire financial and emotional straits.” Quoting from Family Services Units to the British Committee on the Abuse of Social Security Benefits, Hasson continues (1980:103):

The vast majority [of frauds] were, in the opinion of the workers not “rogues” wilfully abusing social security, but ordinary claimants either knowingly or in desperation making wrongful claims in order to ease unbearable desperation.

From another British source, the *Report of the Royal Committee on the Abuse of Social Security Benefits* (Fisher Report), Hasson (1981:130) quotes:

In general we feel that the majority of people who resort to such devices to defraud the [Supplementary Benefits] Commission do so out of the necessity to obtain an income at subsistence level rather than from irresponsible choice.

Hasson (1981:132) suggests that the defence of economic necessity might be used as a legitimate justification in some cases where recipients are charged with defrauding welfare agencies. According to Wallace et al. (1987:16), some studies have indicated that unreported occasional casual income is often used for such items as clothing, tools, Christmas and birthday gifts, and special school occasions.

Gutierrez (1987:4-5) held that some recipients must resort to illegal activities to supplement their welfare cheques. These activities may range from shoplifting and prostitution to unreported income from “legitimate sources.” Gutierrez goes on to ask:

One wonders how appropriate the label “deviant” is, if *most* recipients have to find some way to supplement the assistance, (my emphasis)

and adds:

It seems clear that some recipients feel forced to engage in these [illegal] activities because their social assistance cheques are inadequate.

Jencks and Edin (1990:32) wrote:

Since welfare seldom gives recipients who follow the rules enough money to pay for these necessities, they feel entitled to break the rules.

However, Jencks and Edin also found that all of the 25 single-parent recipients interviewed owned colour television sets, one third owned home video players, more than half used cigarettes or alcohol, and two spent \$30 to \$40 a month on the lottery (Jencks and Edin, 1990:35). Marwick (1987:54) also found:

Current allowances fail to meet basic needs and tempt people to "cheat" by not reporting income, for example, in order to survive.

According to the literature, there is a wide range of types of "financial hardship" in which recipients find themselves that "tempt" them into fraudulent activity. These hardships vary from the inadequacy of assistance levels for special items such as gifts, tools, and household commodities, to assistance levels which leave recipients in positions of "unbearable desperation" or "desperate financial plight." The contention is that recipients are deprived of certain items which they perceive to be necessities, and that if benefit levels were to increase so that recipients could purchase these "necessities," fraud would be greatly reduced.

This notion is most succinctly stated in *Transitions*:

If our recommendations regarding adequacy...are accepted, there will be much less need for people to defraud the system. As long as benefits are inadequate, recipients will be tempted to cheat in whatever way they can, and compassionate social assistance workers will turn a blind eye to extra earnings and assets. The move towards adequacy is the single most important weapon in the fight against fraud in the system. (SARC, 1988a:384)

The explanation in the literature that recipients defraud because of dire financial hardship, however apparently reasonable, is not supported by research. A study conducted by Wolf and Greenberg (1986) compared recipients' declared incomes with their employer's pay records in two New Jersey counties from January to March, 1981. Using

this database, the researchers compared the length of time defrauders stayed on the system with the amount of assistance they were actually receiving. They found that the more money welfare defrauders were receiving, the longer they stayed on the system. At the sample mean, a \$34 increase in monthly welfare benefits would increase the length of time recipients stayed on assistance by one month. An “important empirical finding is that the mean duration of fraud episodes increases with the gains to fraud. Thus turnover in the fraud population varies inversely with the gains to fraud” (Wolf and Greenberg, 1986:452-53). They suggest that increases in benefit levels, or increases in the amount of allowable earnings before a recipient’s entitlement is affected (tax rate), will also increase the incidence of fraud. In other words, contrary to what advocacy groups are saying, a province that more adequately meets a recipient’s needs will also experience a higher incidence of fraud. In 1994, Ontario had the highest benefit rates of all the provinces.

An Ontario study (Sabatini et al., 1992:181) that examined why single mothers cohabit without declaring their spouses to the welfare agency concluded that the abusing group did not appear to have greater financial hardship than the non-abusing control group. Therefore, financial hardship does not appear to explain why some welfare recipients and not others committed fraud. Although more research is required on the determinants of fraud, the available research in the area of abuse behaviour within social assistance programs does not support SARC’s contention that increased rates would reduce fraud. In addition to these studies, we must also question the accuracy of statements that characterize living on assistance as suffering desperate financial hardship. This is an issue that will be discussed in the following chapter.

To conclude, studies, mainly in the United States, have shown that the level of fraud is responsive to detection and deterrence techniques. These methods have consistently been found to be cost-effective. According to an Alberta Social and Family Services spokesperson, fraud detection investments in that province recover \$8.38 for every dollar spent (cited in *Maclean’s*, December 4, 1995). Ontario lags behind many American states in the use of such fraud-reducing techniques as computer-assisted wage matching, “hotlines,” which are now starting up in Ontario, and general information sharing among various levels of government and private organizations. Agreements involving provinces

and the federal government would also allow information sharing and cross-referencing to ensure accuracy and correctness.

Concerns for privacy and confidentiality have constrained social services agencies in their efforts to detect fraud. They have to be careful that confidentiality is respected when contacting employers, government agencies, and landlords, and permission from the recipient is often required. Without written permission, other parties are under no obligation to supply information. A great deal of fraud goes undetected because such information is not freely exchanged.

Fingerprint ID cards have also been used in the United States to reduce fraud. The introduction of a similar system reduced welfare expenditure by an estimated \$5.4 million in Los Angeles during a six-month period (Toronto *Sun*, February 19, 1994).

Ontario GWA and FBA overpayments now total over \$400 million, mainly resulting from client error, abuse, and fraud. Although small amounts are recovered from recipients, this total continues to increase every year. It has been recommended that these overpayments be recovered from income-tax rebates and other government transfer payments such as GST and Child Tax Benefit rebates.

The issue of fraud must be addressed in a more determined fashion. Fraud, by its nature, is secretive, and will require intensive investigative techniques to detect. The system will not be considered efficient or fair until methods are adopted which ensure that only the legitimately eligible receive assistance.

Chapter 6: Adequacy

OUR EXPECTATIONS ABOUT THE STANDARD of living that people should have on public assistance, and the role of the state in meeting that standard, are influenced by our philosophical assumptions about the social safety net. Financial adequacy is relative, contingent on what we believe to be necessities. Sociologist Georg Simmel suggests that “relative deprivation” occurs in every stratum of society: what is adequate for one individual may be inadequate for another. If members of an upper class have less than their peers, they may feel poor by comparison.

Even among recipients of social assistance, there is wide variety in both economic status and living conditions. Also, what is adequate at one time in a person’s life may be unacceptable at another. As adequacy applies to social assistance, according to the *Inventory of Income Security Programs in Canada* (Department of Supply and Services, 1985:70):

Generally speaking, social assistance may be granted to any “person in need,” i.e., anyone who is found to be unable to provide adequately for himself and any dependents on the basis of a test which takes into account the budgetary requirements and the financial resources available of that person and other members of his household to meet such requirements.

The *Inventory* goes on to say (1985:72) that the “budgetary requirement covered by the basic social assistance includes food, clothing, shelter (including utilities), household and personal needs.” But this definition

of adequacy is no more enlightening; it does not specify “personal and household needs,” nor does it outline how much food, what sorts of clothing, or what type of shelter social assistance should provide.

As with most other issues involving social assistance, the lines are often drawn based on “liberal” and “conservative” views. Gilder, for example, who approaches the issue from a conservative viewpoint, maintains that benefit levels should be kept unattractively low: “Any welfare system will eventually extend and perpetuate poverty if its benefits exceed prevailing wages and productivity levels in poor communities” (1980:31). Conservatives maintain that high benefit rates have a demotivating effect on some recipients and that benefit levels should be expected to provide for a person’s or family’s basic needs only.

“Financial adequacy” as used by liberals denotes a standard of living that goes some way beyond the bare necessities of life. For liberals, adequacy has been perhaps the single most important welfare issue, encompassing concerns about well-being, dignity, and the elimination of poverty. Their belief is that if an “adequate” benefit level is received from the state, the consequent dignity and self-esteem will act as a catalyst motivating people to get jobs and reintegrate into society. Harold Watts, an American poverty economist, argues:

Provide the poor with middle-class incomes and middle-class behaviour will follow—even though slowly—because poor people share the conventional values of the middle class and, basically, desire to conform . . . the rehabilitative effect of cash by itself is not small. . . . Sheer money will serve some of the same purposes as our detailed service programs. (cited in Mead, 1986: 51)

The position that increased benefit levels will encourage a transition to self-sufficiency is articulated in Ontario by both the Social Assistance Review Committee and the Advisory Group. According to SARC (1988a: 13):

The same values that, in our opinion, should serve as the measure of society’s concern for its neediest members call for an adequate level of assistance for those in need. Adequacy is a prerequisite to transitions. We strongly reject the argument that the “spur of poverty” [quoted from Gilder, 1980:30] is still essential in the drive to self-sufficiency. We received ample evidence, confirmed by the research, that the vast majority of

recipients want above all to be free of social assistance and to be independent. Moreover, the payment of insufficient benefit levels is profoundly counter-productive to transitions. Not having the simple necessities of life isolates people from their community, adding a burden of stigma as well as reducing self-esteem, motivation, and hope. Opportunities that do exist become beyond reach. Life is consumed by a perilous struggle to survive to meet the most basic need.

The Advisory Group (1991:29, 41) holds:

We must emphasize that this report [*Back On Track*] does not provide the answers to all the problems in the system. We realize that we have not yet solved the issue of adequacy, which is the single most important issue. Until social assistance provides people with an adequate standard of living, we have failed the people who depend on the system...

Transitions documented five principal problem areas in the social assistance system: insufficient incomes, complexity of the system, disparities in service, lack of support mechanisms, and the lack of program coordination.... However, the major problem of adequacy remains.

Between 1985 and 1994, Ontario embraced a liberal approach to social assistance; in particular, many of the recommendations made by SARC and the Advisory Group were carried into effect. Benefit levels were significantly increased, and the introduction of the Support To Employment Program, or STEP, allowed for even higher recipient income levels. However, a review of changes implemented during this decade will reveal that:

- 1) Changes in STEP allow recipients to earn generous incomes while allowing them to maintain eligibility for assistance.
- 2) The government implemented changes without fully assessing their impact. Not only did these changes not have their desired effect, but changes introduced to liberalize income levels and STEP have resulted in increased provincial budgetary deficits which have in turn prompted cutbacks and restraint measures within social assistance programs.
- 3) When compared to Statistics Canada low-income cut-off levels, wages, social assistance rates in other provinces, inflation, and

other government incomes, Ontario's benefit levels have been excessively generous.

- 4) In spite of these generous increases, liberals continued to maintain that benefit levels were inadequate.

Before we move on to discuss Ontario's benefit levels and the adequacy issue, it will be useful to begin by looking at what has been happening within the system since 1989, focussing specifically on the Support To Employment Program and benefit rates. The changes in the STEP program are a clear indication that the government has not done its homework in assessing the cost and impact of these changes. As a result, the government has waffled, implementing changes only to revise them again and again because it did not fully analyze STEP's initial impact or subsequent changes to this program. The attempt to move recipients through STEP from the system to the workforce should be applauded, but the fact is that STEP has had the opposite effect, failing ultimately to decrease welfare rolls or reduce government expenditures, which were its stated objectives.

On October 1, 1989, the provincial government announced a series of changes that would allow recipients to keep more money earned from employment while still maintaining eligibility for social assistance. This program would allow recipients to improve their incomes while moving towards independence. A Liberal government brochure advertising STEP asked recipients in 1989:

Would you like to have more money to spend? Do you want to feel that *you* are in charge of your own life? (MCSS, 1989c:1)

Earned income exemptions prior to the STEP's introduction are outlined in Table 6-1. Single parents, for example, were allowed to earn \$140 a month and keep an additional 50 percent of their earnings to a maximum of \$50 of earnings over \$140. Single parents could thus keep \$190 of \$240 earned, but anything over the \$240 limit would be deducted from their social assistance entitlement dollar for dollar. Earnings for single employables and employable heads of families (excluding single parents) were discretionary prior to STEP and are also outlined in Table 6-1. For those areas that did offer exemptions on earnings, the exemption for a single employable was \$50 plus 25 percent of remaining earnings to a maximum exemption of \$117. For an employable family head, the exemption was \$100 plus 25 percent of remaining

income to a maximum of \$261. A single disabled person could keep \$175 of \$225 earned. A disabled family was allowed to earn \$150 a month and keep an additional 50 percent to a maximum of \$50, and could therefore keep \$200 of \$250 earned. Table 6-1 summarizes the basic exemptions, tax back rate, and maximum amount that could be earned before earned income was deducted dollar for dollar.

Table 6-1: Earning Exemptions Allowed Prior to October 1989			
Case Type	Basic Exemptions	"Tax Back"	Total Exemptions
Single parent	\$140	50% (\$50 max.)	\$190
Single disabled	\$125	50% (\$50 max.)	\$175
Disabled family	\$150	50% (\$50 max.)	\$200
Single employable ^a	\$0/\$50	100%/75%	\$0/\$117
Employable family ^a	\$0/\$100	100%/75%	\$0/\$261
a) These deductions are calculated from gross earnings. Where two figures occur, they indicate that for these categories exemptions were discretionary and could be either \$0 or the other figure indicated.			
Source: Table adapted from SARC, 1988a:277.			

SARC was not alone in recommending a province-wide tax-back system. Lightman, for example, a University of Toronto economics professor, predicted that a STEP-like program would not only encourage recipients to leave the system but also, he claimed, save the government millions in the long run (Kitchener-Waterloo *Record*, March 28, 1989). The introduction of STEP was accompanied by several other changes:

- 1) The rule that prevented single parents from working more than 120 hours per month for four consecutive months while still maintaining social assistance eligibility was eliminated.
- 2) Exemptions were applied to net earnings after income tax, Canada Pension Plan (CPP) contributions and Unemployment Insurance (UI) premiums had been deducted from earnings.
- 3) Daycare expenses became deductible from earnings up to specified levels.
- 4) Basic exemption levels on earned income were increased and the rules were no longer discretionary. The new basic exemption rates were \$75 for a single person, \$150 for an employable family, \$175 for a single parent, \$160 for a disabled person, and \$185 for a disabled person with a family.
- 5) Recipients were allowed to keep an amount over and above the basic exemption rate. The “tax back” rate of 80 percent would apply to net earnings after the three mandatory payroll deductions (income tax, CPP, and UI) and daycare costs were deducted from earnings.

MCSS estimated that the cost of STEP would be \$22 million for 1989 and actually forecast cost savings in following years from the new changes (MCSS, 1989a). The intent of the changes was not only to let recipients supplement their social assistance allowances with wage earnings, but also to allow fully employed individuals to become eligible for social assistance. SARC (1988a:275) makes the supplementation of fully employed individuals and families with social assistance an unmistakable aim by recommending the abolition of the rule that prevented people working full-time from qualifying for assistance:

SARC (1988a:176) Resolution 91 states:

The limitation on full-time work applied to sole-support parents receiving FBA should be abolished.

SARC (1988a:176) Resolution 92 states:

Fully employed single persons and heads of households with spouses should be eligible for GWA.

In response to recommendations from SARC and the Advisory Group, further changes were introduced in 1991 to allow other mandatory payroll deductions to be considered when determining net income.

In addition to Canada Pension Plan contributions, income-tax deductions, and unemployment insurance premiums, the Advisory Group recommended that union dues and company retirement savings contributions be deductible from earnings before STEP exemptions were applied. This allowed recipients to deduct more expenses, thus reducing their net incomes and entitling them to more social benefits. In effect, social assistance was reimbursing wage earners for amounts paid for union dues and company retirement savings plan contributions as well as the other mandatory payroll deductions listed.

STEP was again changed in the fall of 1991 to decrease the tax back rate from 80 percent to 75 percent, once more having the effect of reducing net income and making recipients eligible for more social assistance. These generous changes occurred while social assistance benefit levels themselves were increasing dramatically.

The post-1991 break-even levels (at which recipients would forfeit their eligibility for welfare benefits because they had earned too much) are shown in Table 6-2. These figures represent the gross annual amounts recipients could earn. Break-even levels are calculated by subtracting mandatory payroll deductions—Canada Pension Plan contributions, income tax, unemployment insurance, union dues and company retirement savings plan contributions—from a recipient's gross earnings and then applying the basic STEP exemptions, tax back rate, and applicable daycare expenses to the remaining income (see the Appendix for examples). If earned income after all deductions and exemptions was still below social assistance levels, the recipient would be entitled to the amount of assistance which would bring his earnings after deductions up to social assistance levels.

Table 6-2: "Break-even" STEP Levels (October 1991)	
Case Type	Break-even Level
Single employable	\$15,900
Single disabled	\$22,000
Single parent (two children)	\$39,500
Two-parent family (two children)	\$43,500

Below these levels, a recipient would be eligible for some social assistance to supplement earnings, assuming a maximum social assistance entitlement.

In addition to the mandatory payroll deductions, basic exemption level, and “tax back” incentive, recipients could also collect an Employment Start Up Allowance that covered the cost of tools, uniforms, licence, fees, transportation, safety equipment, etc. Daycare costs for single parents could be deducted from earnings: in effect, these costs would be defrayed by social assistance. In unlicensed daycare, a maximum \$390 a month would be paid for children under 5 and \$346 for children aged 5 to 12. The full cost of daycare in a licensed centre would be reimbursed to the recipient.

There were also legal stratagems that could be used to further increase social assistance entitlements while working. Since income-tax deductions and mandatory company retirement contributions were considered legitimate exemptions, recipients could effectively reduce net income by increasing their income-tax payments or company retirement contributions. A head of family, for example, could go to his employer and request to be taxed as a single person or simply ask for an increased amount to be deducted in income tax from his pay. By reducing their net or after-tax incomes, recipients could buy an entitlement to more social assistance. Any income-tax overpayment would be received as a tax refund in the following year, when the recipient might not be on assistance. Even if the recipient had remained on assistance, however, income-tax refunds are not considered as income for social assistance purposes and therefore do not affect eligibility or entitlement. Any increased retirement contributions could be left in the pension plan to accumulate until retirement, or in some cases withdrawn when the person was no longer receiving assistance. The generous break-even levels and lack of structural controls to prevent misuse of the system were intensely criticized in newspaper articles at the time these changes came into effect:

- “It’s time to revamp the welfare system”
(*Kitchener-Waterloo Record*, April 24, 1991)
- “Welcome to welfare paradise”
(*Toronto Sun*, April 28, 1991)
- “Paying the price for NDP ‘reforms’”
(*MacLean’s*, July 8, 1991)

- "It beats working"
(*Toronto Sun*, April 12, 1991)
- "Ontario gripped by welfare madness"
(*Toronto Sun*, April 7, 1991)
- "Ontario's season of discontent deepens"
(*Toronto Sun*, June 25, 1991)
- "The scary policies of Ontario's socialists"
(*MacLean's*, June 3, 1991)
- "Welfare madness"
(*Toronto Sun*, April 14, 1991)

Despite criticism of the high break-even levels and other changes, the STEP program was declared a tremendous success by MCSS (*Toronto Star*, June 3, 1991). During the first 17 months STEP was in force, the numbers of people working while receiving assistance increased from 28,600 to 62,300. The Ministry of Community and Social Services concluded that these figures indicated that STEP was doing its job in getting recipients back to work.

MCSS was not alone in hailing STEP's success. The president of the Ontario Municipal Social Services Association (OMSSA) responded to criticism of STEP by newspaper columnist Diane Francis, one of the major adversaries of the social assistance reforms, by asserting:

Since the Support To Employment Program (STEP) was introduced in October 1989, the number of social assistance recipients who are working has more than doubled. These figures are a testament to the determination and the success of individuals who have made the transition from social assistance to personal and financial independence. (OMSSA, May 1991:5)

The Advisory Group (1992:74) also applauded STEP's success:

An evaluation of STEP was conducted in 1990-91 to determine its effectiveness. . . . The evaluation by independent consultants was carried out for MCSS and the Advisory Group. Overall, the conclusion of the evaluation report was that STEP is working; it is encouraging more people to work and it is saving the social assistance system substantial amounts of money by doing so.

What the Ministry and its consultants had not counted on was the large number of wage-earning individuals and families who, because of STEP, qualified for assistance. In fact, instead of getting people on assistance working again, what STEP did more often was make working people eligible for benefits. That representatives from MCSS, OMSSA, the Advisory Group and a private consulting firm could not see this blatant error in causal modelling is indicative of the extent to which ideology obscures objective policy analysis and research. Although the Ministry was declaring STEP a success in 1991, by 1992 it was changing the program's rules to prevent these wage earners from qualifying for assistance unless their incomes were below GWA levels without STEP. Apparently STEP was not the success they had thought, and the savings were really expenditures.

OMSSA reached this conclusion less than 18 months after its president had extolled STEP's merits against its critics. OMSSA (1992) listed the "problems of the original STEP":

- people with moderate to high earnings could receive assistance;
- more people "outside" the system helped than inside;
- resemblance to guaranteed income: full-time employed can get help;
- reduced tolerance [by the public] of adequate social assistance and anti-poverty measures during the recession.

MCSS also recognized some problems with STEP:

Programs developed within the current system to help people re-enter the job market have created their own problems. The Support To Employment Program — or STEP — has resulted in a large financial gap between low-income working people who do not receive social assistance and those who do. (MCSS, 1993: Message)

Effective August 1, 1992, MCSS changed STEP again. The Ministry's "operational intent" (MCSS, 1992b) was to limit full STEP deductions to persons who had been collecting benefits for a period of three consecutive months. These new rules precluded moderate-income wage earners from qualifying for assistance. The new break-even levels that came into effect after the 1992 changes for new welfare applicants appear in Table 6-3. Break-even levels for recipients already collecting

benefits were not affected. In addition, the government changed the regulations so that recipients could no longer over-contribute to income tax or retirement-savings plans.

Table 6-3: Break-even Levels for New GWA/FBA Applicants (August 1992)

Case Type	Break-Even Level
Single employable	\$8,400
Single disabled	\$13,750
Single parent (two children)	\$23,300
Two-parent family (two children)	\$25,200

In August 1993, STEP was again revamped to reduce basic exemptions. The exemption for a single person went from \$75 to \$50, for a single parent from \$175 to \$120, and the exemption for a two-parent family was reduced from \$150 to \$100. The exemption for people with disabilities (GAINS-D) was unchanged.

If either the Liberal program authors or their NDP successors had researched the implications of an incentive program like STEP, they would have discovered that what was observed in Ontario after years of bumbling had already been identified by Mead and other American researchers several years before. Mead writes (1986:83):

Another serious problem with incentives surfaced during the debate over welfare reform. The idea behind incentives was to motivate work by letting recipients keep more of their earnings. But to do that conflicted with other economic goals. If fewer earnings were taken from the recipient to reimburse the grant, the cost of welfare rose. More serious, the tendency of incentives to keep working recipients on the rolls meant that much more of the population might qualify for welfare. Incentives extended welfare eligibility well up to the middle class by some reckonings.

A decade before STEP was introduced in Ontario, another American study also concluded that more recipients would enter a system with a tax-back incentive than leave it. According to Levy (1979:79):

Greater work incentives including lowering tax rates, greater disregards, and a more liberal deductions policy, will likewise lower expected hours of work. While these incentives may encourage increased work among women who previously worked very little, the increase will be more than offset by other women who are induced to cut back on work, including some women who were former non-recipients.

Using Canadian data, Allen (1993:220) came to the same conclusion:

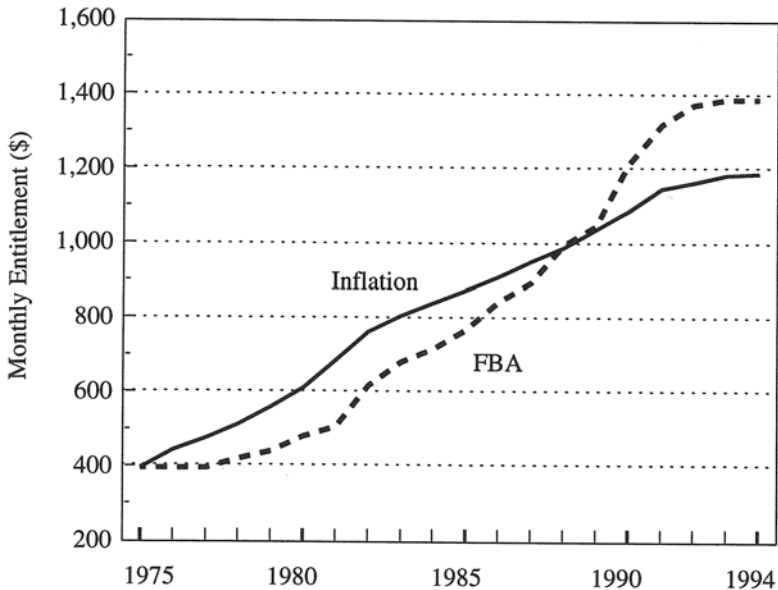
These results, however, do suggest that some policy conclusions found in *Welfare in Canada* (National Council of Welfare 1987) or *Transitions*, the 1988 report of the Social Assistance Review Committee may be misdirected. Few can disagree with the objective of reducing poverty, and these reports are certainly no exception. However, both reports recommend increases in benefit levels, in liquid assets exemptions, and in allowed earnings exemptions [STEP]. *The results here suggest that this would lead to increases in the number of participants in welfare, single parents, births to unwed women, and divorces, along with lower labour force participation rates among low-income individuals.* (my emphasis)

STEP was a program introduced and then changed several times to allow for more generous payments, only to be cut back later on because of the program's cost and effect. It is an example of a government's failure to research the impact of change before it is introduced. STEP is also a glaring example of poor government planning in a recession, a time that should have been characterized by fiscal restraint and efficient use of limited funds.

Benefit levels

According to the Social Planning Council, benefit rates in Ontario from 1961 to 1975 remained essentially fixed except for increases to account for inflation (cited in Irving, 1987:30). From 1975 to 1986, benefit rates for every recipient group (employable singles, families, single parents, and disabled persons) lagged behind inflation. The erosion of benefit

**Chart 6-1: Inflation and Social Assistance Levels
(Single Parent with Two Children—FBA)**



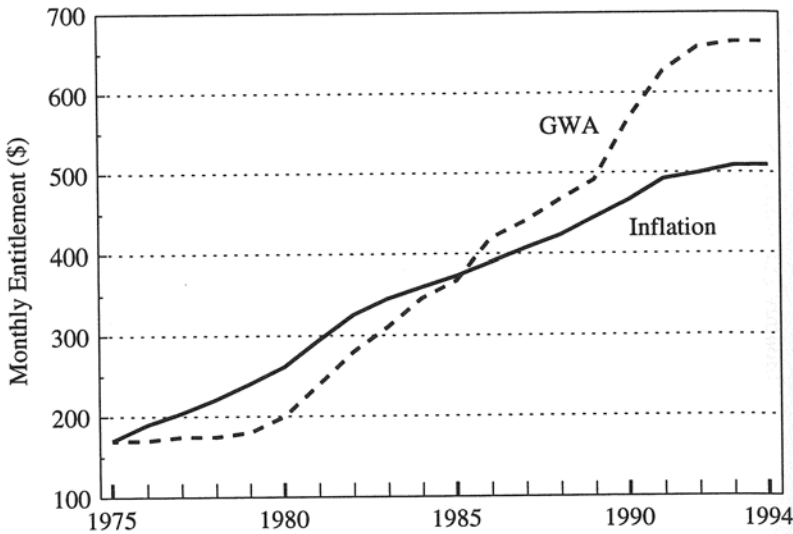
*Inflation line marks the level that benefit rates would have been if they were raised according to inflation.

Source: Inflation rate from Statistics Canada (not seasonally adjusted).
Benefit levels from MCSS.

levels by high inflation ranged from 22 percent to 30 percent depending on recipient category, but by 1988 benefit levels increased to fully restore the purchasing power lost since 1975 (SARC, 1988a:55).

This trend is illustrated in Charts 6-1 and 6-2, which show that benefit rate increases for single parents and single employables did lag behind inflation until approximately 1987. However, benefit levels then increased at a rate that exceeded inflation. Although the charts only show the effects of inflation on benefit levels for single parents and single employables, the same trend is also observable for two-parent families and persons receiving disability pensions. If the social assistance rate for a single person had been raised by the rate of inflation since 1975, a single employable person in 1994 would be receiving approxi-

**Chart 6-2: Inflation and Social Assistance Levels
(Single Employable—GWA)**



*Inflation line marks the level that benefit rates would have been if they were raised according to inflation.

Source: Inflation rate from Statistics Canada (not seasonally adjusted).
Benefit levels from MCSS.

mately \$510 instead of \$663 a month, and a single parent with two children would be getting approximately \$1,200 as against \$1,386.

Table 6-4 compares the 1985 and 1994 benefit rates in each of the provinces for three case types: a single employable person, a single parent with one child, and a two-parent family with two children. The percentage column displays the 1994 rate as a percentage of the 1985 one: for example, the 1994 benefit rate for a single person in British Columbia is 145 percent of the 1985 rate. A percentage of less than 100 tells us that the benefit rate actually decreased from 1985 to 1994. The table shows that increases for single employables in Ontario were the second largest for all provinces, just behind rate increases for single employable persons in Quebec, who were collecting \$160 a month in 1985 and \$500 in 1994. For the other two category types (single parent and two-parent family), Ontario's increases far surpassed increases in the other provinces.

Table 6-4: Comparison of Provincial Social Assistance Benefit Rate Increases, 1985 to 1994

	Single Employable			Single Parent With One Child (Aged 4)			Two Parents With Two Children (Aged 10 & 13)		
	1985	1994	%	1985	1994	%	1985	1994	%
B.C.	\$375	\$544	145%	\$640	\$979	153%	\$870	\$1,235	142%
Alta	\$484	\$394	81%	\$719	\$766	107%	\$1,082	\$1,183	109%
Sask.	\$345	\$480	139%	\$750	\$865	115%	\$1,090	\$1,221	112%
Man.	\$353	\$493	140%	\$579	\$803	139%	\$931	\$1,342	144%
Ont.	\$368	\$663	180%	\$647	\$1,221	189%	\$762	\$1,560	205%
Que.	\$160	\$500	313%	\$655	\$850	130%	\$929	\$1,000	108%
N.B.	\$188	\$257	138%	\$609	\$737	121%	\$671	\$823	123%
N.S.	\$366	\$492	134%	\$659	\$880	134%	\$919	\$1,036	113%
P.E.I.	\$471	\$597	127%	\$592	\$905	153%	\$848	\$1,334	157%
Nfld	\$275	\$361	131%	\$689	\$939	136%	\$797	\$1,016	127%

Sources: 1985 benefit levels cited in Harding, 1987:1.14; 1994 benefit levels cited in NCW, 1995c:17-24.

Since 1986, the benefit rate in Ontario has led inflation, generating significantly more purchasing power for recipients (SARC, 1988a:57). According to a Ministry of Community and Social Services news release (MCSS, 1988):

Mr. Sweeney [then Minister] pointed out that over the last three years [1985-87], the government has made a number of changes to the social assistance system, which have resulted in the average increase in benefit level of 23.9 percent (which does not include today's 5 percent increase).

On November 29, 1990, when the provincial government was already anticipating considerable increases in the social assistance bud-

get, in part because of the recession, Zanana Akande, then Minister of MCSS, announced more expenditures:

As stated in the speech from the throne, we are committed to reform Ontario's Social Assistance System and that includes a commitment to the major directions of the SARC recommendations. They provide the solutions that we must put into practice.

To accelerate this reform process, I have asked the Advisory Group on New Social Assistance Legislation, established six months ago by my predecessor, to fast-track its work. This Government has funded it to do so...

My Ministry will improve the previously announced social assistance rate increases that are effective January 1, 1991. Put simply, we have decided to increase the increases.

Instead of the 5 percent increase in Basic Allowances, the increase will now be 7 percent.

And the increase in shelter ceilings will be boosted from 5 percent to 10 percent.

These improvements will add another \$91 million to social assistance benefits in 1991/92. (cited in Advisory Group, 1991: Appendix D)

During 1991, three further separate social assistance increases were announced.

In 1990/91, the provincial government spent \$3.56 billion on social assistance programs, a 37.2 percent increase over the previous year. In 1991/92 the payout increased to \$5.07 billion, 42.5 percent more than the year before. By 1993, the NDP government had realized that it could no longer keep pace with the exponential growth of social services expenditures and was forced to announce its Expenditure Control Plan. After the cavalier increases of earlier years, a 1 percent increase in benefit levels was announced for April 1993, with no announced increases for 1994 or 1995. (There was actually a minor reduction in July 1994 for two-parent families collecting GWA.) The STEP program was also "stepped" backwards, with basic exemption rates decreased effective August 1, 1993. In addition, the Expenditure Control Plan announced a

series of backtracking moves to reduce the impact of the major changes introduced since 1990. Included were the elimination of the “youth allowance” brought in by the previous Liberal government to assist disabled 16- and 17- year-olds who were living with their parents, reduced benefit rates for some sponsored immigrants, and limits on the number and value of automobiles owned by recipients (MCSS, 1994c).

Table 6-5 outlines benefit rates in 1985, 1989, and 1994. The table also shows total percentage social assistance increases from 1985 to 1994 for several case types. Inflation totalled 36 percent over this period.

Table 6-5: GWA and FBA Benefit Levels for Selected Case Types and Years (1985, 1989, 1994)				
Case Type	01/85	01/89	01/94	Increase 1985-94
Single employable (GWA)	\$368	\$491	\$663	80%
Single disabled (FBA)	\$519	\$728	\$930	79%
Single parent (1 dep. GWA/FBA)	\$581/ \$665	\$815/ \$917	\$1,221	110%/ 84%
Single parent (2 dep. GWA/FBA)	\$672/ \$767	\$930/ \$1,045	\$1,386	106%/ 81%
Couple with 2 dep. (GWA)	\$762	\$1,073	\$1,530	101%
Disabled couple with 2 dep. (FBA)	\$976	\$1,362	\$1,770	81%
Rates with children assume those children are aged 0-12. Figures assume maximum GWA/FBA entitlement. GWA and FBA rates for single parents were harmonized in October 1991, accounting for the single figure for these two programs in 1994.				
Source: MCSS Statistics and Analysis Unit.				

Between January 1989 and January 1994, maximum benefit levels continued to increase dramatically for Ontario welfare recipients. The maximum rate for a single employable person, for example, rose from

\$491 in 1989 to \$663 in 1994, an increase of 35 percent. Rates for a single parent with one child increased by 33 percent for those collecting FBA and 50 percent for those on GWA. Between 1989 and 1994, the increase for a disabled couple with two children was 30 percent and for a single disabled person, 28 percent. The reason for the reduced increases for disabled people was no doubt the fact that benefit rates for this group were already higher than those for employables and single parents.

Percentage hikes in social assistance rates consistently outdistanced increases in average family income during this time. Between 1989 and 1991, according to Statistics Canada (1995:109), the average Ontario family income went up from \$57,330 to \$58,634. Because of inflation and increased taxes, however, the average Ontario family was actually earning the equivalent of almost \$5,000 less in 1991 than it had earned in 1989. Average after-tax personal income in Ontario fell 8 percent from 1989 to 1994, leaving the average Ontarian with \$18,000 to spend (*Toronto Star*, June 3, 1995). Taxes are a family's biggest expense from gross earnings (Statistics Canada, 1993:39), and this trend of dwindling after-tax dollars is not unique to Ontario. StatsCan has found that the average Canadian after-tax income decreased 6.7 percent between 1989 and 1993 and continued to fall from 1993 to 1995 (*Toronto Sun*, April 21, 1995). Single-parent incomes fell 6.9 percent from 1992 to 1993, when the average income of a single parent living in Ontario was \$22,000: factoring in the effects of inflation gives us an actual slippage of 8.6 percent in the same period (*Toronto Star*, September 13, 1995). The average incomes of recent high-school graduates have fallen even more substantially than average family incomes, from \$32,000 in 1979 to \$23,000 in 1994 (StatsCan study cited in the *Toronto Star*, September 6, 1995). In spite of the generous increases since 1985 and the "progressive" changes to STEP, the Advisory Group argued (1991:42) that the 1991 and 1992 benefit levels were still inadequate. Their evidence (1991:87, 88):

The number of food programs across Ontario is but one indication of the general failure of our social support system to keep people out of poverty. In every major urban centre, there are homeless people living on the street . . .

Many recipients turn to food banks when there is no food left and the next assistance cheque is not scheduled to arrive for an-

other week. . . . The overall allowance paid per month is so low that it is virtually impossible to budget for everyday necessities.

The underlying causes of food-bank lineups and homelessness are complex. For example, increased food-bank traffic is not an alarm bell for inadequate social assistance benefits. As it happens, the vast majority of social assistance recipients do not use food banks. In 1994, the Daily Bread Food Bank in Toronto served an average of 50,000 households each month for the Greater Toronto Area (GTA, including Metropolitan Toronto, Peel, Durham, York, and Halton): approximately 73 percent of these households were receiving GWA or FBA, representing only about 12 percent of recipients in the GTA when variables such as repeat food-bank use and the social assistance turnover rate are considered. If benefit levels were clearly inadequate as the Advisory Group and SARC contend, we would expect most recipients, or at least a significantly high percentage of them, to be using food banks. If the number of recipients using food banks is a test for adequate benefit levels, assuming that every request for food is legitimate, we would have to conclude that benefit levels are adequate for most recipients. Yet the question nags: why do social assistance recipients, who comprise only 30 percent to 40 percent of the poor, make up 73 percent of food-bank users in the GTA? How are the working poor, receiving virtually the same amount of income, able to avoid using food banks?

The rise in numbers of homeless and people using food banks in Ontario does not seem to be linked to the adequacy of benefits. The rate of social assistance is based on family size, ages of children, and shelter costs. The more rent a person pays up to a maximum level, the more benefits are paid out. Since benefits are available and reflect shelter costs, increased homelessness cannot stand as evidence that benefit levels are inadequate. Official numbers on the homeless are difficult to obtain, but John Jagt, the director of Metropolitan Toronto's emergency shelter system, has put Toronto's figure at 2,600, "most of them . . . housed in emergency shelters" (cited in Sarlo, 1992:185). Again, if we measure adequacy by homeless figures, benefit levels are clearly adequate.

Benefit rates for recipients increased by 35 percent to 40 percent between 1989 and 1993 for GWA recipients and 28 percent to 34 percent for FBA recipients. These increases far exceeded the rate of inflation. If

there was a direct relationship between benefit rates and the prevalence of homelessness and food-bank use, homelessness and food-bank use ought to have gone down. Such has not been the case, however. Food banks in Toronto's periphery—Peel, Durham, and Halton—saw an incredible 200 percent increase in their clientele in 1990-93 (Daily Bread Food Bank Information Sheet, March 30, 1994). York Regional Food Bank reported a 225 percent increase between 1990 and 1992 (*Aurora Era-Banner*, April 13, 1995). These were the years when social assistance levels increased the most. The manager of a food bank in Belleville offered one plausible explanation for this, pointing out that 50 percent of her clients were there because of inability to budget (cited in Sarlo, 1992:188).

Groups having to use food banks are often held up as examples by liberal thinkers to challenge political parties or governments which, according to the "poverty movement," are not doing enough for the poor. This is not to suggest that charitable or philanthropic organizations should be discouraged from helping to distribute food to the needy. But it is simply fallacious to see the incidence of food banks as proof of the inadequacy of the social safety net in a province which at the time had the highest social assistance levels in the country.

According to SARC, statements made in its public hearings have provided further evidence of the inadequacy of benefit rates. Recipients told SARC that their income levels left them without necessities. Faye, for example, a 26-year-old single mother living in Kenora, told SARC that she had had to water down her infant son's formula to make it last and felt guilty now that her son was aged 2 and undersized (*Toronto Star*, September 7, 1988). Lamentable stories such as this prompt a groundswell of sympathy and even guilt that we did not do more as a community. Yet the fact is that we know very little about Faye's case other than that, by her own admission, she did not nourish her child properly because, she says, she did not have enough money.

This is a difficult statement to accept. If single parents were not receiving enough to feed their children, would not the 100,000 other single parents on social assistance in 1988 be telling similar stories? The question that must be asked is why this particular mother fell short and could not afford the extra \$20 or \$30 a month to purchase food or milk for her son. Was she using her allowance on non-essential items? Did she smoke? Did she not properly budget her money? Did she have a

drug habit, gamble, or live with a partner who took her money? After her rent was paid, what was she spending her social assistance on? Without the full details of how Faye's money was spent and why, for a two-year period, she was unable to feed her son as she should have done, any reasonable conclusion about adequacy is blurred by our natural sympathy for small children.

If children in this province are not eating properly, the culprit is more likely to be poor budgeting than inadequate social assistance. Proper budgeting takes experience and often a great deal of will power. It is particularly important for recipients, most of whom have no reserves to fall back on if they overspend during a month. Sarlo (1992:191) concurs:

Hunger and malnutrition are not caused by inadequate welfare benefits. To suggest that families of very modest means cannot feed their children without food banks is ludicrous. It is an insult to the hundreds of thousands of families who have, over the years, consistently provided healthy and nutritious diets to their children on incomes less in real terms than today's welfare rates. Irresponsible parents are far more of a threat to children than an uncaring welfare system.

Most working poor manage without government assistance while providing for their families.

Not all recipients would agree that benefit levels are inadequate. Three months after the Advisory Group had pronounced (1991:41) that "until social assistance provides people with an adequate standard of living, we have failed the people who depend on the system," a single mother with four children came forward to declare that the amount of assistance she received was too much. She showed reporters her subsidized townhouse with

its new wood kitchen, its soft blue rooms with tasteful furniture, three television sets, and a new air conditioner. A freezer packed with meat, a fridge brimming with fresh vegetables. . . . "And I have money in the bank," she boasts. There are accounts for Christmas presents, her car loan, her hotel and restaurant bills when she goes out of town on baseball tournaments. . . . "Yes," she shrugs sheepishly, "I live in poverty, it's embarrassing." She is living better on welfare than she did with her working husband. (Toronto *Sun*, June 9, 1990)

This single mother would certainly disagree with the Advisory Group's contention (1992:87-88) that "the overall allowance paid per month is so low that it is virtually impossible to budget for everyday necessities."

Consider the case of Ms. Hulgaard, who went on record (*Globe and Mail*, August 27, 1993) that she was quitting her \$41,500-a-year job because the difference between welfare and her take-home pay was not worth working for. Another single mother has testified how she learned how to live on assistance by proper budgeting. She had to adjust to benefit rates after being employed at \$80,000 a year. Her rent is more than half of her monthly FB entitlement, but she has never had to go to a food bank or missed paying a bill: "We eat well. I have a car, and we have enough to meet our needs." Another single mother told the *Kitchener-Waterloo Record* (November 15, 1995):

I was on mother's allowance for four years. I got most of my clothes second-hand, had little support from family and used the food bank about four times a year.

But, I smoked (when cigarettes were more than \$30 a carton), always had Pepsi and still had dollars to go to McDonald's or somewhere. Did I mention I had a car too?

Things were tight but I was far from suffering. Perhaps money management is the solution, or lower expectations.

These are not isolated examples. If some single parents can live adequately on social assistance, clearly others should be able to budget for their needs.

The Chicago household which was home to six families with 19 children living in appalling squalor, even though they collectively received \$54,000 a year in social assistance plus food stamps, is a vivid example of how income alone does not ensure that basic needs will be met (*Toronto Sun*, May 5, 1994). One welfare worker struggling to teach recipients to budget has observed:

Nowhere in the *General Welfare Assistance Act* is it written that recipients must do something to improve their lot – and that includes listening to the advice of their worker. . . . [A] young mother on mother's allowance (who with two children receives \$792 plus shelter allowance) buys Pampers, throwaway inserts for baby bottles, and name-brand baby food, and keeps the

baby on baby food long after the baby has acquired teeth—for convenience. These young mothers won't (or can't) make a pot of soup, and making a meal from scratch does not appeal to them either. Here again advice about buying macaroni, potatoes, rice, beans and challenging themselves to create nutritious and cheap meals goes unheeded—not to mention the "is she for real?" When the money does not last until the end of the month—off they go to the food banks. I worry about the next generation that will have nary a clue about survival. And when the taxpayers run out of patience and the province runs out of money—then what? (Toronto *Star*, June 17, 1993)

Benefits compared

The majority of Canadians believe that welfare should be used as an option of last recourse when all other avenues have been exhausted. Canadians also tend to feel that welfare benefits should cover only basic needs. Nevertheless, the Advisory Group (1992) has argued for using the StatsCan Low-Income Cut-Off (LICO) as a minimal standard for measuring benefit levels in Ontario. LICO is like any other poverty indicator, as arbitrary and artificial as the term "adequate." Let us take a closer look at the points raised by the Advisory Group (1992:30):

If we compare social assistance allowances of January 1992 to Statistics Canada Low-Income Cut-Off (LICO) levels, adjusted for tax credits, income-tax deductions and other payroll deductions, we find the following: The rate for a single employable person is less than half (49.9%) of the low-level cut-off. For an employable couple with two children under 12, social assistance pays about 57 percent of the LICO. A sole-support parent with one child would be at 67 percent of the cut-off, and a single disabled person would be at 69 percent, but the LICO does not include any of the additional costs of disability.

The Advisory Group is not alone in measuring benefit levels against LICO. A 1987 brief to SARC pointed out that the benefit for a single employable person that year was 49.5 percent of the 1986 LICO; for an employable couple with two children, benefit rates were 54.4 percent of LICO; for a sole-support parent with one child, the percentage was 70.2 percent, and for a single disabled person it was 68 percent (CUPE,

1987:13). The Social Planning Council (SPC) also obtained figures which approximate those of CUPE and the Advisory Group. The National Council of Welfare, meanwhile, had no “sympathy for the argument” put forward by some provinces that LICO levels were not poverty lines because they allowed for discretionary spending (NCW, 1995c:25), but still turned to LICO as a yardstick for rating benefits. Using 1986 LICO levels, the NCW (1987:67) found that for a single person the benefit was 48.1 percent of LICO; for a couple with two children, the percentage was 62.6 percent, and it was 72.9 percent for a single parent with one child.

In making its comparisons, the Advisory Group offered no background information on how figures were obtained, what LICO was, or the associated difficulties with using these “poverty levels” to rate welfare benefits. Here is how *Alberta Report* explained LICO in a 1992 article:

The formula used to calculate LICO was developed in 1959, when about 50 percent of the average Canadian income went to essentials. The federal government decided rather arbitrarily that anyone spending more than 70 percent of his income on food, shelter and clothing was “in straitened circumstances relative to the rest of the population.” StatsCan has used this 20 percent spread in determining low income ever since. Because the average Canadian expenditure on necessities had dropped to 38.5 percent of income by 1978 the poverty line was drawn at 58.5 percent and is now commonly used at that level or the 1986 level of 56.2. This means that anyone who spends more than 56.2 percent of his income on necessities is living below LICO and by popular usage of the term below the poverty line. (*Alberta Report*, August 3, 1992:28)

Obviously, major conceptual and practical problems arise when we define low income and poverty. LICO, for example, assumes that a low-income family spends an excessive proportion of its money on the basic necessities of food, shelter, and clothing. These three broad categories are misleading, however, because they cover such luxury items as jewellery, furs, and hotel accommodations while excluding such homelier items as toilet paper and toothpaste (Spector, 1992:19). If a family uses 20 percent more of its income for these necessities than the so-called average family, it is considered to be living under LICO. The 20 percent parameter is an arbitrary choice rather than an “informed

judgement" (Spector, 1992:9). LICO does not consider such non-monetary transfers as health care, public education, and publicly subsidized housing, all of which increase recipients' standard of living but are excluded as income for LICO purposes.

StatsCan calculates LICO to reflect population densities. For example, the 1992 LICO figure for a family of four living in an urban centre with a population of over 500,000 was \$30,460. This figure drops to \$21,050 for rural areas, but there is no mention of this difference by the Advisory Group. And StatsCan has also specifically stated that LICO is not a poverty measurement (1991:8, Cat. 92-340E):

Given the widespread misunderstanding concerning the nature of cut-offs, it is useful to spell out unambiguously what they are and what they are not . . . *the cut-offs are not poverty lines and should not be so interpreted.* The setting of poverty lines necessarily involves a value judgement as to the level of minimum income below which an individual or family would generally be regarded as "poor." No such judgement has been attempted in constructing the low-income cut-offs. Rather these cut-offs were designed in response to the need to quantify the numbers and characteristics of individuals and families falling into the lowest level of income category — defined in relative terms, taking into account current overall levels of living. . . . As a result, while many individuals or families falling below the cut-offs would be considered in "poverty" by almost any Canadian standard, others would be deemed by most to be in quite comfortable circumstances. (my emphasis)

Nor do LICO figures reflect assets a recipient may have, such as equity in a home or vehicle, or consider the temporary nature of some kinds of "poverty." A person temporarily between well-paying jobs or a university or college student may live below LICO for a short time. In these cases "poverty" is a short-term experience and its effects are moderated by goods and assets accumulated in prosperity. Similarly, employable single recipients who are temporarily out of work may go without new clothing, furniture, and so on until they are working again. Among the many other situations LICO fails to consider are payment of room and board to parents or relatives, sharing shelter costs with a co-resident, living in subsidized housing, and assets in a bank. LICO figures are also based on yearly incomes, and many recipients do not receive assistance for a full year. If, for example, a recipient collects assis-

tance for six months and then obtains employment at an average wage, chances are good that, even though his income from social assistance may have been below LICO for six months, his income may well end up being substantially above LICO on a yearly basis.

Another factor often overlooked when comparing social assistance rates to poverty lines is that social assistance is not taxable: the so-called poverty-line figures assume that tax will first be deducted from LICO rates. The juxtaposition of pre-tax LICO figures and tax-free benefits suggests that social assistance rates are comparatively low. It is not until we calculate the gross income equivalent of social assistance earnings or after-tax LICO figures that meaningful comparisons can be made. The confusion between gross and net figures is often mistakenly used by liberals to accentuate the disparity between social assistance rates and other forms of modest income. The National Council of Welfare has risen in defence of this practice of comparing non-taxable welfare benefits with gross incomes (1995c:25):

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax incomes and welfare benefits are not taxable. In reality most of these [welfare] incomes are so low that there is no difference between taxable and non-taxable incomes.

The Council provided the example of a single person living in New Brunswick, which has the lowest benefit rate in Canada (\$3,283 a year). NCW's claim does not apply to Ontario.

In spite of the many inherent problems with using LICO as a poverty measurement and in spite of StatsCan's own caveats against using these figures to measure poverty, the Advisory Group and other bodies continue to view LICO as somehow defining poverty. We are left wondering whether the motive here is not political or ideological. In what follows, I will re-examine some examples used by the Advisory Group and the NCW, compare GWA/FBA and LICO figures with employment earnings, and add the basic STEP exemption to benefit levels to determine what incomes recipients are able to collect while maintaining eligibility. I will also compare 1994 GWA/FBA benefit levels to equivalent employment earnings with STEP.

The first example I want to challenge is that of a single employable recipient. Using 1992 rates, this person would have had a maximum GWA entitlement of \$7,692 for the entire year, while LICO figures ranged from a rural gross of \$11,186 to \$16,186 in a city with over 500,000 people. To obtain any kind of accurate comparison, the mandatory payroll deductions must first be subtracted from LICO. The Advisory Group stated that a single employable recipient received 49.9 percent of LICO when in fact, as indicated in Table 6-6, benefit rates were 64.0 percent to 86.4 percent of LICO, depending on where the recipient lived. While most would not call these rates generous, neither were they, as the Advisory Group suggested, “less than half” of LICO for a single person.

If our recipient earned money, STEP could be applied to earnings. The recipient was allowed to earn \$50 a month with no reduction in benefits; in addition, 25 percent of remaining earnings could be kept. If the recipient earned only \$50 a month, GWA plus his earnings would still have given him between 68.6 percent and 93.5 percent of LICO. These figures include other government allowances such as the Ontario Tax Credit and the Goods and Services Tax rebate.

Table 6-6 shows that a single employable recipient without earnings collected 74.2 percent of the minimum wage after tax. This table does not include the many expenses associated with employment such as transportation to and from work, clothing, tools, and other payroll deductions such as company pension, union dues, social fund, etc. If the social assistance recipient earns \$50 per month over and above the GWA entitlement allowed by STEP, this would amount to 79.6 percent of minimum-wage earnings (based on a maximum GWA entitlement for a single person and a minimum wage of \$6 an hour).

If this person was working full-time at minimum wage (based on the \$6 minimum wage of 1992), he would gross \$12,480 a year; after deductions, and including government credits, this would equal \$11,170. A comparison of minimum wage with LICO shows that minimum wage falls between LICO figures for rural and large urban areas. If we ignore StatsCan’s warnings and use LICO as a poverty line, it would be ridiculous to complain that welfare benefits are below LICO when people earning the minimum wage are also receiving incomes below LICO in large urban areas. Few would argue that welfare for a single employ-

Table 6-6: Social Assistance Benefit Rates Compared With Minimum Wage and LICO Figures for a Single Person (1992)

	Welfare	Mini- mum Wage	LICO	
			Rural	Large Urban
Amount before taxes	\$7,692	\$12,480	\$11,186	\$16,186
Amount deducted for income tax, CPP, UI	0	1,907	1,600	3,145
Amount after tax	7,692	10,573	9,586	12,961
GST and provincial credits	597	597		
SUBTOTAL	8,289	11,170	9,586	12,961
STEP—\$50 a month	600			
NET AMOUNT (amount after tax deducted and STEP exemption applied to social assistance benefits)	8,889	11,170	9,506	12,961
GWA plus STEP as a percentage of minimum- wage and LICO levels		74.2%	86.4%	64.0%
(Figures are yearly incomes.)				

able person should actually exceed income that can be derived from minimum-wage employment.

Based on 1994 GWA levels, a single person in Ontario could receive a monthly maximum of \$663 as well as earn an additional \$50 a month and keep 25 percent of remaining earnings after deductions for income tax, CPP, UI, registered company pension, union dues, etc. When STEP is applied to earnings of \$12,000 a year for a single employable person, his after-STEP income for social assistance purposes would be \$593 a month. In addition to his \$1,000-a-month employment earnings, he

would still be eligible for \$70 a month in GWA plus such further benefits as a drug card and basic dental coverage.

Single employable recipients receive the least compared with LICO. Sarlo writes (1992:158):

The inadequacy [for single employables] is clearly intentional. The provincial governments wish to discourage employable individuals from relying on welfare. The low rates force singles to draw on other resources, chiefly their own wage earning capabilities.

The temporary nature of their assistance, as well as the belief that raising benefits too high would discourage single employables from taking minimum-wage employment, are no doubt further reasons for this low rate. In 1994, Ontario provided single employables with the highest benefits of any province. LICO figures are applied nationally and do not vary from province to province: a single employable recipient living in Edmonton or Calgary, for example, received 29.2 percent of LICO, while the same category of recipient in New Brunswick collected 24 percent. Clearly, no provincial government in Canada uses LICO as a standard for setting benefit rates.

Consider another example used by the Advisory Group: a sole-support parent with one child under age 12. According to the Advisory Group, this single parent would receive 67 percent of LICO: in reality, he or she could collect a maximum GWA/FBA entitlement of \$14,256 a year (\$1,188 a month) plus \$2,077 a year in government credits. As indicated in Table 6-7, a single parent with one child and no other income except GWA/FBA and government credits would receive from 92.1 percent of LICO in a large city to 125.0 percent in a rural district. If an additional \$120 a month is earned through the STEP program, this parent's income actually increases to 100.2 percent of LICO in a large city and 136.1 percent of LICO in a rural setting.

Anyone working would have had to earn \$7.70 an hour in 1992 just to get the same amount of money he or she would collect on welfare. This calculation does not include the associated costs of employment such as daycare or transportation, all of which a working person has to consider and pay for and none of which a person receiving social assistance need be concerned about.

Table 6-7: Social Assistance Benefit Rates Compared with Earning and LICO Figures for a Single Parent with One Child

	Welfare	Equiva- lent Wage	LICO
Amount before taxes	\$14,256	\$16,000	\$13,982-20,233
Amount deducted for in- come tax, CPP, UI	0	1,580	919-2,500
Amount after tax	14,256	14,420	13,063-17,733
GST and provincial credits	2,077	2,077	
SUBTOTAL	16,333	16,497	13,063-17,733
STEP—\$120 a month	1,440	0	0
NET AMOUNT (Amount after tax is deducted and STEP exemption is applied to social assistance benefits)	17,773	14,420	13,063-17,733
GWA/FBA + credits (16,333) as a percentage of LICO: 125.0%-92.1%			
GWA/FBA + STEP (17,773) as a percentage of LICO: 136.1%-100.2%			
(Figures are yearly incomes.)			

If we change the Advisory Group's example to use a single parent with two children (aged 7 and 13) and calculate from 1994 benefit rates, we find that this parent is eligible for a maximum GWA/FBA entitlement of \$1,437 a month. A single parent is allowed to earn \$120 a month and keep 25 percent of remaining income: single parents are also allowed to deduct child-care costs, which we will estimate for our example at \$250 a month. For a single-parent wage earner to make the \$17,244 (tax free) available through GWA/FBA, he or she would have to earn about \$9.60 per hour. The sole-support parent with a job that pays \$30,000 a year, when daycare costs are considered, would still qualify for \$227 a month from GWA/FBA (with STEP applied).

Table 6-8 summarizes the examples looked at above as well as others used by the Advisory Group, which include a two-parent family with two children and a single disabled FBA recipient. When social assistance benefit rates are compared with LICO, they approach or exceed LICO for all recipients living in rural areas, though single employables fare the worst. In all the examples used by the Advisory Group, the actual benefit percentage of LICO was much higher than indicated by the Advisory Group itself, CUPE, the Social Planning Council, or NCW. Income from social assistance in conjunction with other government credits and rebates approaches or exceeds LICO for all population areas and all family types except single persons, both employable and disabled. If recipients earn the flat-rate STEP exemption, benefit levels as a percentage of LICO increase even more.

We may question the validity of the figures obtained by welfare advocacy groups. For example, benefit rates in 1994 were only 1 percent higher than they had been in 1992, but NCW claimed that the single-parent rate was 80 percent of LICO in 1994, while the Advisory Group claimed it was 67 percent of LICO in 1992. Similarly, NCW claimed that two-parent families with two children received 72 percent of LICO while the Advisory Group claimed 57 percent. Even though NCW calculations are higher than the Advisory Group's, NCW also concedes that it did not adjust for LICO being pre-tax amounts. If this discrepancy is corrected, the figures would be very close to those we obtained ourselves: 92 percent for a single-parent and 98 percent for a two-parent family. These advocacy groups also fail to show variations due to population density; they have simply publicized comparison figures for recipients living in large urban areas, which also have the highest LICO level.

Despite the fact that benefit rates are much higher compared with LICO than these groups have claimed and that incomes can be supplemented through the STEP program, SARC and the Advisory Group have still maintained that "by any of the widely recognized benchmarks of adequacy used in Canada today, the incomes of social assistance recipients are inadequate" (SARC, 1988a:54, 127):

Yet by any standard—including those set by poverty lines, market basket, or public perceptions of how much money people need to live—the rates are inadequate. They provide too

Table 6-8: Summary of Social Assistance Rates with Rebates and STEP as Percentages of LICO^a

	Single Person	Two- Parent Family with Two Children	Single Parent with One Child	Disabled Single
Advisory Group (1992)	49.9%	57%	67%	69%
CUPE (1987)	49.5%	54.4%	70.2%	68%
SPC (1987)	47.2%	57.7%	70.2%	64.9%
NCW (1994)	55%	72%	80%	76%
<i>Actual 1992 figures^b</i>				
GWA/FBA and credits ^c	64%-86%	98%- 124%	92%- 125%	88%- 109%
GWA/FBA, credits, and STEP (flat rate)	68%-92%	103%- 131%	100%- 136%	93%- 126%
a) Figures are rounded off, and assume maximum levels of GWA, FBA, and government credits. b) The range in figures is based on LICO population range. c) Government rebates include: GST Credit, Ontario Sales and Property Tax Credit, and Child Tax Credit.				
Sources: Advisory Group, 1992:30; CUPE, 1987; SPC figures cited in Harding, 1987:1.13; NCW, 1995c:28.				

little for shelter, too little for food, and too little for other necessities. Perhaps most important, they provide too little for recipients to maintain their dignity and to support the process of transition to autonomy.

Again, one is struck by the misleading nature of these claims. Most families receiving assistance, even without supplementing their incomes by earnings, are living above LICO. Single employable recipients do receive the least compared with LICO as indicated. However, even

the minimum wage falls short of this cut-off, and social assistance for most employable recipients is short-term.

Our findings here cast serious doubt on the legitimacy of claims made by such groups and organizations in two major dimensions. The first is their tenacious use of LICO as a poverty line in spite of inherent difficulties with this use and StatsCan's own disclaimer (1991:8, Cat. 92-340E) that "the cut-offs are not poverty lines and should not be so interpreted." The second is their insistence that social assistance falls far short of these arbitrary lines when in reality it approaches and even exceeds LICO for many recipients.

I have referred several times in this chapter to other benefits and items to which social assistance recipients are entitled. Although some are discretionary, it will be valuable for our discussion of adequacy to examine these items. Consider the case of a single parent paying \$707 in rent with two children aged 7 and 13. Using 1994 GWA/FBA benefit levels plus the GST credit, Ontario Tax Credit, Child Tax Credit, and "in kind payments," this single parent would receive \$21,441 a year tax free. And this far from exhausts the list of additional benefits and services available to social assistance recipients. Needless to say, the credits and "in kind payments" listed in Table 6-9 are rarely mentioned by liberals attempting to demonstrate that social assistance rates are inadequate.

These examples show that many recipients, even when on assistance throughout the year with no earnings to supplement GWA/FBA, still live above the LICO line. Another indication of this emerges in a comparison of the 1991 StatsCan report (1994:217) that 11.2 percent of Ontario's population lived below the LICO line with the Advisory Group's claim (1992:19) that in June 1991, 13.9 percent of Ontario's population were collecting GWA or FBA. We know that most (60%) of those living below LICO are not collecting benefits (Hess, 1987:11). This would indicate conservatively that something like 40 percent of people living below LICO are on welfare. Since 11.2 percent of Ontario's population lived below LICO in 1991, and only 40 percent of this figure received social assistance, this would mean that 4.5 percent of Ontario's overall population both lived below LICO and received assistance. As of June 1991, however, some 13.9 percent of Ontarians were on social assistance, which would indicate that approximately 68 percent of recipients in 1991 lived above LICO, while 32 percent of recipients were living below LICO. Clearly, the majority of recipients are living above LICO.

Table 6-9: 1994 Benefits, Special Items, In-kind Payments and Services Available to a Single Parent with Two Children (Aged 7 and 13)

Mandatory Payments	Yearly Income
<i>GWA/FBA</i>	
Monthly allowance	\$17,244
Back to school allowance	\$197
Winter clothing allowance	\$210
<i>PROVINCIAL AND FEDERAL</i>	
GST rebate	\$500
Ontario Tax Credit	\$750
Child Tax Benefit	\$2,040
TOTAL INCOME (tax free)	\$20,941
<i>IN-KIND PAYMENTS</i>	
Eye glasses, basic dental care, prescription drugs	\$500 ^a
TOTAL VALUE OF PAYMENTS AND SUBSIDIES	\$21,441
<i>OTHER PAYMENTS AND ITEMS AVAILABLE</i>	
Employment Start-up (work or training)	\$253 max.
Community Start-up Allowance (if discharged from an institution to become established in the community)	\$799 max.
Pregnancy item (for six months)	\$37/month
Special diet item	
Support To Employment Program (STEP) (if working)	
Subsidized daycare (if working or going to school)	
<i>DISCRETIONARY PAYMENTS AND ITEMS</i>	
Last month's rent, Hydro deposits, Special needs item, Home repairs, Transportation costs, Moving expenses	
a) This figure is based on the 1988 averages for all eligible cases according to MCSS (1987 and 1988) and adjusted for inflation.	

Using 1985 StatsCan data, Hess (1987:11) confirmed this figure, calculating that 34.6 percent of those living below LICO in Ontario were collecting social assistance. Hess also worked out that of 242,600 welfare recipients in Ontario during that year, 148,100 or 61 percent were above the LICO line. This figure, however, does not take into account the generous increases in benefit rates which occurred after Hess's 1985 calculations. Using 1988 StatsCan figures, Sarlo (1992:180) reckoned that "just 37 percent of poor households received any social assistance income in 1988." Conversely, SARC (1988:31) used StatsCan figures to calculate that 58 percent of the poor were working poor. The Report of the Special Senate Committee on Poverty (1974:xv) stated that "sixty percent of the poor are not on welfare." These figures reinforce our finding from the comparison between benefit levels and LICO that most recipients live above the LICO line. Sarlo (1992:173) summarized the adequacy of benefit rates:

The fact is that welfare benefits are sufficient to provide unemployed recipients with private market housing, palatable and nutritious food as well as a variety of other needs including transportation, telephone, personal hygiene, home furnishings and supplies. Life on welfare is not extravagant. It is not middle class. Neither is it below subsistence or below the poverty line.

As observed in our examples, even individuals and families whose incomes are below LICO pay taxes on earnings, the clear implication being that LICO figures are not seen as bare subsistence levels by the federal and provincial governments since taxes are deducted. In effect, governments are taking from the poor to give to the poor, robbing Peter to pay Paul. If a two-parent family with a couple of children earns \$19,000 a year gross, over \$2,000 will go in mandatory payroll deductions: taxes. According to Revenue Canada and provincial governments, this family earns enough to pay taxes, and their net yearly after-tax income would be \$17,000. A similar family receiving \$19,000 in social assistance, however, would pay no tax at all, as their GWA benefit level, taken from taxes, theoretically covers only the bare necessities.

In a fair society, of course, the working poor should not pay taxes to support those who receive at least the same money, if not more, without working and without paying taxes. It would be reasonable to find that the group living below LICO and the population living on social assis-

tance were made up substantially of the same people. We must consider the implications when welfare rates actually exceed incomes earned by the working poor. What possible motivation could there be for a wage earner to keep working and paying taxes on an income that is below LICO and below what is available in social assistance?

The working family earning \$19,000 in our earlier example could decide to apply for assistance and, if their earnings were less than their GWA budget, they would qualify for a welfare supplement. After the STEP exemption was applied to their earnings, they would receive \$657 a month or \$7,900 a year in addition to the \$2,000 previously deducted for taxes. This family's net yearly income goes up from \$17,000 to \$27,000 through an additional \$10,000 from social assistance that represents a 59 percent raise. Here, we are obliged to question the logic and efficiency of requiring low-income earners to pay taxes only to make them qualify for assistance.

The Advisory Group has argued (1992:27) that the average Ontario family income of \$60,000 rendered GWA and FBA rates inadequate. While it is true that the average family earned approximately \$60,000, this figure represented gross earnings that were deceptively high compared with untaxed social benefits. In any case, money received from social assistance cannot be compared with an average family income where both parents may be working. Is the Advisory Group suggesting that a single-parent family should earn as much as a family with two income earners? Although the average Ontario family may well have earned almost \$60,000, the average salary in Ontario in 1992 was approximately \$30,000 (Statistics Canada, 1995:109, Cat. 11-210). And if we turn to incomes in categories that better repay comparison with welfare situations, the National Council of Welfare (1995a:47) tells us that the average annual pre-tax income for a single Canadian in 1993 was \$27,388 for a male and \$23,509 for a female. The average pre-tax income for a two-parent family with children under age 18 may well have been \$59,687; for a single parent with children under 18, however, the average annual income was \$23,440 (NCW, 1995a:47).

It makes much more sense to view social assistance support levels in relation, not to "average families," but to other low-income groups. As shown in Table 6-10 above, 1993 social assistance rates in Ontario for disabled single persons on FBA and sole-support families with two children exceeded the average annual income for the "poor" in Canada.

Table 6-10: Average Canadian “Poor” Income Compared with GWA/FBA Rates for 1993

Case Type	GWA/FBA	Average Canadian Low Income (Gross Figures)
Single (employable)	\$7,956	\$8,071/ 8,198 ^a
Single (unemployable)	11,160	8,071/8,198
Sole support (2 children) ^b	17,796	15,010
Two-parent (2 children) ^c	19,476	19,782
a) indicates male/female figures. b) assumes two children over age 12. c) assumes two children over age 12.		
Source: Average Canadian low income figures from NCW, 1995a:49.		

Employable single recipients received 97 percent of the average income for the “poor,” while two-parent families with two children received 98 percent of the national average “poor” income. Again, it must be emphasized that while social assistance rates are not taxed, the average Canadian low incomes listed in Table 6-10 represent gross incomes before taxes are deducted.

In its *Social Background* #5 – *Welfare and Other Income Support Programs*, the National Council of Welfare compared 1993 social assistance levels across Canada with federal income security programs including Old Age Security (OAS), Guaranteed Income Supplement (GIS), and the Canada Pension Plan (CPP). This comparison is summarized in Table 6-11. The results show not only that Ontario had the highest social assistance levels, but also that in every comparison except for single employables, Ontario’s social assistance rate exceeded the federal income security rate. Even with the single employable exception, however, Ontario’s GWA benefit level was the highest of all the provinces.

Table 6-11: Comparison of Provincial Social Assistance Rates with Federal Income Security Programs for 1993

	OAS and GIS for a Single with No Disabilities (\$10,036)	CPP/QPP Disability for a Single with a Disability (\$9,754)	Equivalent Fed. Income Benefits for a Single Parent with One Child (\$13,047)	Equivalent Fed. Benefit for a Couple with Two Children (\$20,341)
B.C.	64%	93%	99%	82%
Alta.	54%	67%	83%	86%
Sask.	57%	85%	89%	83%
Man.	63%	82%	84%	88%
Ont.	79%	114%	122%	105%
Que.	59%	80%	91%	76%
N.B.	30%	82%	74%	97%
N.S.	59%	86%	89%	71%
P.E.I.	79%	93%	94%	91%
Nfld.	43%	85%	96%	70%
Source: NCW, <i>Social Backgrounder #5 – Welfare and Other Income Support Programs</i> .				

In 1985, Ontario's social assistance rate for a single employable person ranked fourth highest among all the provinces. For a single-parent family with one child, Ontario's benefits were the sixth highest, and for a two-parent family with two children, Ontario ranked ninth (see Table 6-4). By 1994, Ontario had the highest social assistance rates among all the provinces in Canada in all categories listed (Table 6-12). Some have referred to the drive to have the country's highest benefit rates as shooting for a gold in the "Welfare Olympics" (Peterson and Rom, 1990:27). If Ontario's benefit rates are considered inadequate by some, they border

Table 6-12: Provincial Comparison of Social Assistance Rates (1994)

	Single Employ- able	Disabled Person	Single Parent with One Child	Childless Couple	Couple with Two Children
B.C.	\$544	\$768	\$979	\$903	\$1,235
Alta.	\$394	\$529	\$766	\$756	\$1,183
Sask.	\$480	\$625	\$865	\$870	\$1,221
Man.	\$493	\$596	\$803	\$773	\$1,342
Ont.	\$663	\$930	\$1,221	\$1,142	\$1,560
Que.	\$500	\$674	\$850	\$775	\$1,000
N.B.	\$257	\$525	\$737	\$491	\$823
N.S.	\$492	\$714	\$880	\$734	\$1,036
P.E.I.	\$597	\$655	\$905	\$922	\$1,334
Nfld.	\$361	\$568	\$939	\$652	\$1,016
Avg.	\$478	\$658	\$895	\$802	\$1,175
<p>All figures are for 1994, except for the disabled individual and childless couple figures, which are for 1995.</p> <p>These rates are based on certain assumptions, not all of which are noted. For example, residents of northern Ontario receive a higher rate than those living in southern Ontario. Benefit rates in Manitoba are not consistent among all areas. Benefit levels also vary with the age(s) of the child(ren). The sources of this data do not specify all of the pertinent assumptions.</p> <p>Sources: NCW, 1995c:17-24 (1994 benefit levels); Alberta, 1995:Appendix B (1995 benefit levels).</p>					

on the luxurious by comparison with levels in some other provinces. Compared with New Brunswick's, for example, Ontario's rates were 158 percent higher for a single employable person, 66 percent higher for a single parent with one child, and 90 percent higher for a couple with two children.

Ontario's rate for a single employable person was 38 percent higher than the national average (\$505) and 41 percent higher for disabled persons (\$658). For a single parent with one child, Ontario's rate was 36 percent higher than the national average (\$895); for a childless couple, it was 53 percent higher (\$812), and for a couple with two children, 33 percent higher (\$1,175). Measured against rates in British Columbia, which has a comparable cost of living, Ontario's benefit rates were again consistently higher, 21 percent to 22 percent higher for a single employable or disabled person, 25 percent higher for a single parent with one child, 37 percent higher for a childless couple, and 26 percent higher for a couple with two children. Ontario's rates for single persons, both employable and disabled, were at least \$100 per month above those of the province with the second-highest rates and at least \$200 per month above those of the province with the second-highest rate for all the family categories listed.

Many reject the contentions by SARC, the Advisory Group and a number of other welfare advocates that Ontario's benefit rates are too low. Some media reports have criticized recommendations put forward by these groups. After the release of *Back On Track*, a *MacLean's* columnist wrote that "there is nothing wrong with emergency welfare assistance, but gold-plated payments put an unfair burden on all taxpayers." Sarlo argues (1992:172):

What are we to make of the persistent claims by what can loosely be referred to as the social welfare lobby that benefits in Canada are woefully inadequate? In recent years this view has been expressed in various ways by such organizations as the CCSD, SARC, the Social Planning Council of Metropolitan Toronto (SPC), the National Council of Welfare as well as various food bank administrators, politicians, feminist groups, church organizations and editorial writers.

In a sense we shouldn't be surprised that the extent of poverty is overstated. We live in an inflationary environment where exaggeration is acceptable if the cause is "good." Politicians, eager to share their vision of the future, stretch the truth and promise the world. Advertisers embellish because they want to improve living standards (ours and theirs). Teachers inflate marks to "help" their students. Reporters "hype" so that we will pay at-

tention to their stories. Arguably the masters of the craft, social activists have refined exaggeration to a art. Problems become crises and crises catastrophes. “Crying wolf” is considered a legitimate political strategy.

One poverty theory has perhaps been most succinctly stated by the American welfare planner Russell Long, according to whom: “People are poor because they do not have money, and the way to solve that problem is to mail them a check” (cited in Mead, 1986:207). On a very simplistic level, this is perfectly true. In truth, however, poverty is a much more complex phenomenon. David Ellwood, one of the most prolific American researchers in the area of welfare, holds (1988:43) that “poverty is never simply a matter of limited income.” It is a mistake to believe that if we only throw enough money at it, poverty will miraculously disappear.

Obviously, money alone will not solve many of the problems related to poverty. For example, it will not solve the problems of teenaged parents, high-school dropouts, family disintegration, or dependency on the system. Raising benefit levels will not, in and of itself, motivate people to upgrade skills, seek higher education or find employment. Some have argued that increasing benefits to the poor will begin the process of reintegration into society, as though low rates were ever the reason for the “marginalization” of welfare recipients. This type of thinking disregards the hundreds of thousands of poor in this country who, with minimal incomes, are involved in their communities, hold down full-time jobs, pay their fair share of taxes, and provide for themselves and their families. However, let us imagine that sending people more money, as “money liberals” suggest, would solve the issues related to poverty. Suppose, for simplicity’s sake, that we limit the definition of poverty to include only those people living on assistance in Ontario and define the poverty line as the LICO line. Even though close to 70 percent of recipients in Ontario live above this cut-off, we will assume here that all of them live below it. Suppose that \$10,000 a year is issued to each case—enough to lift everyone from poverty. With 675,000 cases on social assistance, this would cost \$6.75 billion, or double the amount currently spent on social assistance. But if, as a province, we decided to increase the deficit by \$6.75 billion, or reduce spending in other areas so that without increasing the deficit we could issue an additional \$10,000

to each case on assistance, the question remains: would this grand gesture eliminate poverty in Ontario?

Even if the province could afford the added expense, would this be the right and responsible decision? What about the year after such a decision? There would no doubt be more people on social assistance who qualified for the poverty-ending grant. Predictably, even more would apply the year after and extra money would have to be found, raised through taxes, or borrowed. Special-interest groups would pop up to argue that \$10,000 was not enough and was not keeping pace with inflation. Food banks would point out that thousands of people were still using their resources, indicating that poverty had not really been eradicated. Homelessness would persist. Inflation would increase, as would the cost of housing, to erode the purchasing power of the extra money, which would in turn prompt groups to demand other “in kind” services. Child poverty, along with the health and educational issues of welfare dependency, would certainly persist, if not increase. Fewer recipients would accept low-paying jobs and client advocates would argue that there were simply too many barriers in the system for recipients to re-enter the labour force. Actually, there would be little incentive for them to do so, since they would be living fairly comfortably. The stigma placed on recipients would persist, adding fuel to the argument of advocacy groups that the system continued to marginalize and victimize them. Taxpayers would become increasingly resentful of a political system that had failed them. We would have a situation that sounds remarkably similar to our present situation except that we would have spent billions of dollars and done nothing except further erode the work ethic and increase dependency.

The issue of adequacy is very complex. There is no consensus about the adequacy of current social assistance benefit levels among recipients, the media, the public, or researchers. Nor is there consensus among governments on what basic needs are; this is surely evidenced by the significant variations in benefit rates among provinces. Social assistance should provide for the basic needs of those individuals and families who must turn to it for help. But the system should, at the same time, monitor benefits so that they do not exceed income that can be earned through employment. For this reason, benefits should always remain at society’s lowest income levels.

We feel that the evidence presented here demonstrates that most Ontario welfare recipients are not in the financial plight liberals would claim. Social assistance rates increased dramatically from 1985 to 1994, exceeding the rate of inflation, and STEP has allowed generous earnings to supplement social assistance benefits. Comparing social assistance incomes to LICO, we have seen that the majority of recipients live above this “poverty line.” Social assistance levels compare to fairly respectable wages. In 1994, Ontario paid out consistently and substantially higher benefits than other provinces and federal income support programs. Contrary to the claims of SARC and the Advisory Group, raising benefit levels and removing “barriers” to employment did not lower the caseload or act as a catalyst to precipitate recipients into the workforce. Has the system’s generosity attracted people to it and discouraged them from working? Welfare dependency is our issue in the following chapter.

Chapter 7: Dependency

WE LEARNED DECADES AGO in international aid that it was “better to teach a person to fish than to give him a fish.” It is always better to give people the tools to help themselves. Concepts of self-reliance, personal responsibility, and independence, so central to world aid, seem to be missing from our domestic aid policies. Has our current safety net become, as some have suggested, a hammock, or even a trap?

For some, dependency conjures up an image of generations of welfare recipients raising children who go on the system themselves, and so on indefinitely. As it happens, this picture is not completely inaccurate. There are outstanding cases like Eulalia Rivera, who arrived in the United States in 1963 and in 26 years managed to have 17 children, 74 grandchildren and 15 great-grandchildren, all of whom are being raised on welfare (*Toronto Sun*, May 5, 1994). Although such cases are exceptional, there are people who turn to the system as their first option rather than their last resort.

Our thinking on dependency, as with other topics associated with welfare, will be influenced by our philosophical bent. Regardless of political persuasion, however, there is unanimous agreement that dependency should be discouraged—that, generally speaking, the less time a person spends on assistance the better. But this is where agreement ends in a welter of differing opinions about whether the system encourages independence, what policies may lead to increased depend-

ency, and how dependency should be reduced. The Advisory Group has argued (1992: 2):

If the system is left as it is, it will continue to create a poverty trap from which it is difficult for people to free themselves, and few resources will be available to help recipients find employment and make a transition to independence.

SARC (1988a: 88) feels that

rather than serving as a safety net that can ensnare people, a future social support system should function as a springboard. It must buffer a fall while automatically propelling people upward again.

The Special Senate Committee on Poverty decided (1974: xviii):

The essence of a new program must be to help them to help themselves.

Finally, *Turning Point* asserts:

One out of every nine dollars Ontario spends goes towards a welfare system that entrenches poverty and keeps recipients on the margins of society. The extraordinary cost would be money well spent if it represented an investment in helping people enter or re-enter the labour market. Right now, the system locks recipients into a lifestyle of dependency.

It is curious that in our discussions on welfare dependency we seldom question why our perceptions of this condition are entirely negative. The assumption is that people are better off working in self-reliance than being supported by the state. However, the arguments for self-reliance can easily look axiomatic. It is appropriate, then, that our discussion of welfare dependency should begin with an examination of the value of work and the effects of prolonged unemployment on the individual, the family, and the community.

Hess (1987b: 8) quotes a Decima poll to the effect that Canadians “remain strongly committed to employment” and “Ontario residents in particular display the strongest work ethic.” However, a small minority believe with Macarov (1984) that the concept of employment needs to be expanded to include “living alternatives.” Macarov suggests that full employment is not only a dream but also unnecessary and undesirable

for economic reasons, and that too much emphasis is placed on work. He feels that we should consider redefining the word "occupation" to include living on public assistance.

However, the vast majority of the literature supports the Puritans, Martin Luther, and John Calvin in holding that work is not only good for the economy but equally beneficial to the individual. The importance of work has been emphasized by Freud, Adler, Herzberg, Kubler-Ross, and Maslow, among many others.²⁹ There is no shortage of research into the repercussions of unemployment on psychological well-being,³⁰ the family,³¹ family employment,³² health,³³ and suicide.³⁴ Hess also documents the relationship between unemployment and criminal activity, drunk driving, the death rate, life expectancy, and racial tension (1987b: 8, 9, 11, 12). These studies demonstrate that the loss of a job is much more than the loss of a pay cheque. Work not only provides a wage: it gives people a sense of community and contributes to

29 Adler, A., *Social Interest*: New York, Putnam, 1939; Freud, S., *Civilisation and its Discontent*: London, Hogarth, 1930; Herzberg, F., *Work and the Nature of Man*: New York, World Publishing Company, 1966; Kubler-Ross, E., *On Death and Dying*: New York, MacMillan, 1969; Maslow, A. H., *Motivation and Personality*: New York, Harper and Row, 1954.

30 Merritt, Giles, *World Out of Work*: London, Collins, 1982; Hill, John, "The psychological impact of unemployment," in *New Society*, January 19, 1978, pp. 118-20; Jahoda, Marie, *Employment and Unemployment*: Cambridge University Press, 1982; Haynes, John and Peter Nutman, *Understanding the Unemployed: The Psychological Effects of Unemployment*: London, Tavistock, 1981; Kirsch, Sharon, *Unemployment: Its Impact on Body and Soul*: Canadian Mental Health Association, 1983.

31 Briar, K.H., *The Effects of Long-Term Unemployment on Workers and their Families*: Dissertation Abstracts International, (March) 37(9-A):6062 (1977); Komarovsky, Mirra, *The Unemployed Man and His Family*: New York, Dryden Press, 1906.

32 Payne, Jean, "Does unemployment run in families?" in *The Journal of the British Sociological Association* 21 2 (May):199-214 (1987).

33 Marsh, Leonard, "Unemployment and health," in *The Canadian Journal of Psychiatry*, October 1938.

34 Breed, W., "Occupational mobility and suicide among white males," in *The American Journal of Sociology*, 29(2):179-88 (1963).

individual and societal well-being. Labonte (cited in Hess, 1987b:10) had this to say about the effects of unemployment on health:

Virtually all health research comparing unemployed with employed persons has corroborated that unemployment, high stress, and poor health are as predictable as death and taxes.

Hess also cites a 1971 study by Stone and Schlamp (1987b:10):

Extensive research involving 1,000 families found that the 808 welfare cases as against the 293 non-welfare cases were more likely to have medical problems, and also that, of the welfare cases, those that had been on aid the longest manifested the highest percentage of illness.

The findings in this study may simply be stating the obvious. Recipients who remain on assistance the longest often do so because of health problems, though these may not be caused by prolonged unemployment. There is also a growing body of evidence to suggest that children raised on welfare are more likely to have health problems and less likely to perform well academically than children not raised on assistance.

A study submitted to SARC (1988a:114-15) found that children aged 4 to 16 whose families collected welfare had twice the average rate of psychiatric disorders plus poor school performance and a higher incidence of smoking. These children also had over 1.5 times the average incidence of chronic health problems and showed low participation in extracurricular school activities. More importantly, the study also found that these observations were not consistent among all low-income families. For example, children raised on welfare were twice as likely to have psychiatric disorders as youngsters in low-income families not receiving welfare. SARC felt that a reasonable explanation for this finding was that welfare carries a stigma that adversely affects recipients and their children. Hess also suggests (1987b:10) that lack of money makes it “more difficult for them to access the health care system when necessary.” While this may help to explain the phenomenon in countries without universal health care, it would seem to be a weak argument in Ontario — or the rest of Canada, for that matter.

Again according to Hess (1987b:10), the prevalence of poor health among low-income people may be explainable by “lack of money to obtain nutritional and fresh food (and other items) necessary to care for

themselves properly." In such case, what about the research findings that low-income working families not receiving welfare simply do not experience the same problems as welfare recipients?

The more plausible explanation for the higher incidence of health and psychiatric disorders among recipients and their children is that, as has been noted, there is a well-documented relationship between work and well-being. Work profoundly influences people, gives them purpose, pride, self-esteem, self-reliance: not surprisingly, these qualities condition our and our families' physical, emotional, and psychological well-being. There is something intrinsic to unemployment and welfare that creates human casualties and may perpetuate problems for children raised on public funds.

If this is the case, we must be concerned about the numbers of families and individuals relying on social assistance. The number of children in families receiving assistance has doubled since December 1990. In February 1995, there were approximately 670,000 dependent children in Ontario families receiving social assistance, representing one of every five children in the province.

Added to the health problems associated with long-term welfare are the psychological effects of long-term unemployment. Kirsch (1983) identifies four phases unemployed workers go through: shock and denial; optimism; pessimism and anger; and fatalism. The later psychological responses to unemployment are especially relevant to our discussion of welfare dependency. Fortin (1984:7) has described them:

Slowly, over time, emotions stabilize. The anxiety gradually dissipates; the despair loses its intensity. The unemployed person tolerates the situation more and more easily. Social relationships are gradually reduced and now are restricted to family and a few friends. The job search is virtually abandoned.... He has adopted a new way of life and avoids anything that could lead him to change it. He has become what some call "chronically unemployed." Only some outside event could lead him to want to change his condition.

John Richards, a university economist, told *MacLean's* (December 4, 1995):

The provision of income without work on a long-term basis destroys people's self-respect. Work is extremely important for the self-respect of people and the stability of families.

Comments from recipients themselves also contribute to our understanding of the problems associated with extended periods of unemployment and their effects on motivation:

"Life on Social Assistance is frustrating," he says. . . . "It's addictive," pipes his common-law partner. . . . "It's so easy to sit at home and do nothing. You begin to count on it. It's so easy to all of a sudden get lazy". . . . His family was on assistance off and on. In lean times, they saw a lot of toast and tomato juice. New clothes were rare. His mother remembers one three-year stretch of unemployment and social assistance. But eventually the parents could pay market rent for their unit. Their family left the [housing] project. He never did. And all his brothers receive some assistance. He says living among the poor makes it difficult to break away. They want to escape the project. They want their children to grow up with hope, get decent educations. They want them to stay away from drugs and alcohol. "I'll ask them if they want to end up like me." (*Guelph Mercury*, March 8, 1994)

Another recipient says that

she has grown ashamed of how easy it would be to let herself be taken care of, with no incentive at all to stand on her own. But most of all, she began worrying what message that was teaching her children. "Right now, people are considering welfare as a career option and it's no wonder why. They figure it's owed to them, yet they owe nothing in return." She began wondering why when her children are old enough, she won't have to contribute to society while she collects society's help, how she won't have to empty bedpans at the hospital, or clean the streets or offer daycare to her neighbours. (*Toronto Sun*, June 9, 1991)

Another single mother has testified:

My children also suffer with a mother who is often stressed-out with worry and not very happy. Often my frustrations are vented at them. I feel overwhelmed being responsible for pro-

viding for their needs, and when I fall short I feel inadequate as a parent. I'm trying to take an honest look at how poverty may affect my children in the years ahead—and frankly, I can't. They are so young and already have so many strikes against them. I don't like to think about their chances of becoming or marrying alcoholics or abusive individuals. I just know that my children and I feel more punished and abused by the social assistance system than I ever felt with a violent mate. (SARC, 1988a:184)

Work helps define us as individuals. Employment is not just a means of subsistence; it gives us a sense of community and of contributing. Work provides opportunities to socialize and structures our lives. Work provides an important model for children, who learn to value work from their parents' example. Employment allows members of society to contribute through taxes to services we consider important that would not otherwise be available. The absence of work affects us socially, economically, psychologically, emotionally, and physically. Work is intrinsically rewarding, inherently valued, and should be encouraged by every possible means: there are incalculable human and financial costs associated with its alternative. Prolonged unemployment leads to apathy and pessimism. Recipients begin to believe that they are incapable of finding employment and so they stop looking. They become comfortable and begin "settling in" with the notion of others providing for them.

Given the overwhelming evidence of the value and benefits of work, it is wildly incongruous that liberals should want to increase welfare accessibility and benefit levels, expand eligibility criteria, adopt less restrictive, less intrusive policies, make the system more responsive to recipient "needs," and advocate recipient rights, while at the same time they are apparently unaware of or unwilling to admit the fact that such measures would likely create or promote dependency. These liberals would argue that people will not be disinclined to work if life on assistance is a pleasant experience: rather, this will actually assist their transition back into the mainstream of society. Some writers are appalled at the suggestion that recipients' commitment to work could be affected by social assistance benefit levels, long-term unemployment, or

any other so-called deterrent within the system. According to Adams et al. (1971:22):

Canadians should once and for all get it into their heads that welfare recipients are not people who do not want to work.

So committed was the Advisory Group to the belief that all recipients wanted to work and their willingness would be unaffected by length of unemployment or benefit rates that it recommended that recipients who had received assistance for 24 consecutive months be eligible for long-term pensions at the 25th month. Action 15.2 (1991:62) reads:

All people receiving GWA for two consecutive years should be deemed to be eligible for FBA in the 25th month.

The Advisory Group also held (1992:26):

Some argue that life on social assistance must be made harder in order to discourage people from relying on it. The argument says that people need the spur of poverty to motivate them to leave public assistance. That argument is simply wrong.

According to SARC (1988a:263):

The evidence presented to the committee during the course of the review solidly refutes these beliefs [that recipients prefer to receive social assistance rather than work]. . . . We heard from many recipients during the public hearings who expressed their willingness and desire to work and their anger at the barriers that often prevented them from working.

The aspirations of recipients to be self-reliant and independent of social assistance are corroborated by empirical evidence. In fact, research suggests that not only do recipients want to leave social assistance, they succeed at a much higher rate than we thought.

This same sentiment has been expressed by George Wiley, founder of the American National Welfare Rights Organization (NWRO):

Many American writers, politicians, and activists have maintained that generous welfare payments were the solution not

the problem to ending welfare dependency. (cited in Mead, 1986:254).

Liberals see low benefit rates as indicative of the origins of welfare policy. Again according to SARC (1988a:127):

Social assistance rates have evolved from such principles as "less eligibility," which stipulates that recipients should receive less than the lowest working wage in order to preserve the incentive to leave social assistance.

Liberals generally disagree with the principle of "least eligibility," otherwise known as the "deterrence" factor, with benefit levels substantially lower than what can be earned through employment. SARC has even recommended generous increases which would be significantly higher than the minimum wage. Others, however, have argued that generous social assistance payments are part of the reason why people in Ontario have turned to social programs since 1985 in ever-increasing numbers and stayed on the system longer and longer.

SARC's own research supports the contention that many people will not move off the system into employment without an economic gain. The Committee has observed (1988a:45) that the more money a single parent received in support payments from an ex-spouse, the less time the parent remained on assistance. This is a curious observation. If two single parents receive FBA but one receives \$400 in support from an ex-spouse and \$800 in FBA while the other receives no support and \$1,200 in FBA (support payments are deducted dollar for dollar from social assistance entitlements), then both single parents receive the same \$1,200 a month. However, in 1987 the single parent receiving \$400 in support would spend an average of only 1.6 years on social assistance as compared with 3.6 years for the single parent receiving no support payments. The commonsense explanation for this is that the single parent who is receiving support can find a job and, with the support payments, make more than FBA would pay. The single parent receiving no support would not likely see more income through employment and would therefore remain on assistance longer. When benefit levels increase, the gains from potential employment decrease: recipients enjoying more generous benefit levels will be less likely to leave the program to obtain employment.

According to a CUPE brief to SARC (CUPE, 1987:5):

The notion that unless welfare rates are inadequate, people won't work is as insulting as it is punitive to those who are marginalized through no fault of their own.

The same CUPE brief contradicted the position that recipients unconditionally want to work, stating that low wages were a disincentive. Recipients would be motivated to work only when the gains from employment exceeded benefit levels. Therefore, lowering benefit levels would motivate more recipients to seek employment (CUPE, 1987:25-26):

Ontario's low minimum wage rate is a further disincentive to those who wish to become self-sufficient. Many of the job opportunities available to FBA recipients are too low-paying with few fringe benefits, since many FBA recipients have low skill levels and a lack of education. A single parent earning minimum wage [would receive] less than the FBA sole-support parent.

SARC too recognized that recipients would not leave the system unless there were financial gains from doing so (1988a:262):

[In] recent years, in fact, Ontario has benefited from strong economic growth, although the benefits have not been distributed equally across the province. In a city like Toronto lack of jobs is not at the moment the greatest barrier, "Help Wanted" signs are common in many stores and restaurants. The greatest impediment in this situation is low wages.

The National Council of Welfare agreed that employment earnings must significantly exceed social assistance rates (NCW, 1993:45):

Our assumptions were that if the financial incentives to work are sufficient and if the disincentive such as a lack of affordable child care is overcome, most recipients would take advantage of available work opportunities.

Minimum-pay jobs yielding only slightly more than people can receive on assistance, then, will provide no incentive to move out and into the workforce. As Vice-President Torjman of the Caledon Institute of Social Policy told *MacLean's* (December 4, 1995):

It is difficult for people to find a job that provides enough income to support their families. Many families are actually better off in the welfare system.

Many recipients will never earn what they receive through social assistance unless they are trained in a marketable skill. This is especially true of single parents, who receive more than single people. If this is the case, the system is promoting dependency by providing incomes that are roughly equivalent to wages: the higher the benefit levels the more dependency will be encouraged since the wage needed to exceed benefit levels will be that much higher.

Clearly, more generous benefits and increased services have not reduced dependency in Ontario. An investigation of the chaotic adjustments to the STEP program, which was only one of SARC's recommendations, provides additional evidence that these changes have not reduced dependency. Although STEP's primary purpose was to encourage movement away from social assistance and toward the workforce, it has instead swelled the welfare rolls by allowing low-income wage earners to supplement their pay through social assistance. After four years of STEP in Ontario during which the numbers of working people on assistance have increased, the government began to realize that it was fostering a dependency which was not only sanctioned by the authors of the program but even understood as a secondary purpose of STEP. According to the Advisory Group (1992:30):

There are several reasons why income supplementation occurs through the social assistance system. As we have noted minimum wage has not generally kept pace with social assistance rates. There have also been changes in social assistance, in line with the recommendations in *Transitions* and *Back on Track* which advocated that people who work full-time should not be ineligible for assistance if they are in need. . . . The main purpose of STEP is to make it easier for people on assistance to work their way off assistance. At the same time, it also helps working people in financial need to maintain their employment.

In assessing the effects of Ontario's STEP program and other tax-back proposals, Battle and Torjman contend (1993:23) that they could have a negative impact:

Options which focus solely upon improving the welfare system could create unintended and undesirable effects – such as making welfare a more attractive option for certain households than paid work.

This is not to suggest that exemptions on earnings should not be encouraged. These exemptions reward recipients with some financial gain for moving into the workforce. Even though such a move might only take the form of a part-time or minimum-wage job, it still provides valuable experience; it may contribute to marketable job skills; it may provide further opportunities for full-time work, advancement, or pay increases; it will certainly teach the ability to structure one's time. However, these exemptions will neither save money, nor reduce caseloads, nor move more recipients out of the system than will become eligible. Ontario's experience with STEP is clear and irrefutable evidence of this.

Lyon et al. (1973:6) have suggested that the increase in New York City's caseload was the result of benefit rate increases brought about by the Welfare Rights Movement. They noted the same contradictory phenomena of high caseloads and low unemployment in New York:

More than the economy had to be affecting welfare dependency if the New York City rolls grew by 400,000 cases in the 1960s when the unemployment rate was at a post-WW II low.

In Ellwood's (1987:46) opinion: "The more generous the long-term support the less incentive there is to be self-supporting." Moffat, in another American study cited by Bane and Ellwood (1994:84), concluded that participation in AFDC (Aid for Families with Dependent Children) was positively affected by benefit levels. Moffat's observation that there was a direct relationship between benefit levels and welfare participation is supported by Alberta's experience. Between 1993 and 1995, Alberta reduced its benefit rates (including standard, shelter, medical, and supplementary allowances) by 18.8 percent for single employables, 13 percent for single parents with two children, and 12.3 percent for two-parent families with two children. Between March 1993 and August 1995, Alberta's welfare caseload (excluding disabled recipients) was reduced by 44 percent from 94,087 to 52,861 (Alberta F&SS, 1995:4).

Columnist Diane Francis (*Toronto Sun*, April 14, 1991) has written:

I don't have to tell you that any country paying people more money not to work than they can earn working flirts with economic ruin. Just who will work for \$4, \$5 or even \$12 an hour when staying at home is so lucrative? And just who will be working to pay these welfare benefits?

Even the Auditor General of Canada is on record that the difference between minimum wage and social assistance rates leads to increased welfare dependency (cited in Lippert, 1994:29). And according to Piven and Cloward:

When large numbers of people come to subsist on the dole, many of them spurning what little low-wage work may exist, those of the poor and near poor that continue to work are inevitably affected. From their perspective, the ready availability of relief payments (often at levels only slightly below prevailing wages) undermines their chief claim to social status, namely that although poor they nevertheless earn their livelihood. If most of them react with anger, others react by asking, "Why work?" The danger thus arises that swelling numbers of working poor will choose to go on relief.

Moreover, when attachment to the work role deteriorates, so do attachments to the family, especially the attachment of men to their families. For all practical purposes, the relief check becomes a surrogate for the male breadwinner. The resulting family breakdown and loss of control over the young is usually signified by the spread of certain forms of disorder—for example, school failure, crime, and addiction. In other words, the mere giving of relief . . . does little to stem the fragmentation of [the] lower-class. (cited in Mead, 1986:44)

In another American study, Leonard Goodwin found no difference between the poor and the non-poor when it came to "wanting to work," but a declared attachment to the work ethic did not translate into getting a job (cited in Mead, 1986:80-81). Mead concluded that:

The poor may want to work in principle, but a great many in practice accept welfare as an alternative to low-wage jobs. On examination the work desires of many poor turn out to be only conditional. . . . We recognize the familiar contours of the culture of poverty so much more dutiful in intention than in execution. . . . Since much of the burden of work consists precisely in acquiring skills, finding a job, arranging child care, and so forth, the effect is to drain the work obligation of much of its meaning. . . . To use Lon Fuller's distinction, the work ethic for the disadvantaged appears to represent a "morality of aspiration" but not of "duty."

Mickey Kaus states in *The End to Equality* that the percentage of hard-core unemployed does not fluctuate significantly with the unemployment rate. In American cities experiencing a “boom economy” the hard-core unemployment rate remained high, staying at over 20 percent even when the state’s unemployment level fell to 4 percent (Kaus, 1992:105, 123). In a study examining the dynamics of welfare dependency in New York City, Lyon et al. (1973) have suggested the existence of a “settling in” factor. The longer a recipient remains on assistance, the less attached he or she is to the work force and the less effective any attempts to become independent will be (1973:31):

Conservatively stated, the conclusion must, therefore, be that there is currently no evidence to contradict the hypothesis that welfare cases become increasingly dependent on welfare the longer they stay on welfare.

In another American study looking at work commitment among the “hard-core” unemployed, Kaplan and Tausky (1971:479) asked the question: “If you were out of work, would you rather go on welfare, or take a job as a car washer that paid the same as welfare?” The study found that only 9 percent of blue-collar and white-collar workers would choose welfare as against 29 percent of the hard-core unemployed, which suggests that there is less motivational commitment to work in those who have been out of the labour force for an extended period of time.

According to George Gilder in “The Coming Welfare Crisis” (1980: 30):

The crucial goal should be to restrict the system as much as possible, by making it unattractive and even a bit demeaning....Our welfare system creates “moral hazards” because the benefits have risen to a level higher than the ostensible returns of work and marriage.

Gilder’s term “moral hazard” originated in the insurance business and refers to the fact that people with insurance tend to be involved in more “accidents” than people without insurance. This is not because insureds are deliberately setting fires or smashing equipment, but because the uninsured take more precautions knowing that if an accident occurs they will not be compensated (Lippert, 1994: 28). As this concept applies to social assistance, Gilder argues that so long as people know that the

safety net is there to catch them they will expend less effort to obtain or maintain employment. Atkinson and Mogensen (1993:290) reflect the same argument:

The second impact of the welfare state is via the benefits paid. Here it is the negative effect which has tended to be emphasized, notably the “moral hazard” whereby social insurance, like private insurance, may cause people who are insured to make less effort to avoid the contingency against which they are covered.

If we impose an economic model of supply and demand on welfare, it becomes obvious that the higher benefit levels are, the more people will use the system. It follows from this that the more governments try to alleviate problems by increased spending, higher benefit rates, or increased services, the more problems they will create. If money is given to unemployed people, the theory goes, more people will be unemployed because more will choose welfare as an option. Ellwood (1988:19) writes:

When you give people money, food, or housing, you reduce the pressure on them to work and care for themselves. No one seriously disputes this proposition.

That a work ethic attachment will decline when the benefits of work can be gleaned from another source would seem obvious and anchored in fundamental economics. According to Charles Murray in the *National Review* (August 23, 1993), the rapid expansion of welfare in the 1960s United States generated a growing underclass and changed incentives to work for some recipients as welfare became more attractive than minimum-wage jobs. The trouble began at a time of unprecedented prosperity when welfare benefits were rising and eligibility criteria were expanding. Gilder (1980:36) agreed:

Welfare reform remains crucial in any program to combat poverty. But from the viewpoint of the poor, successful reform must make welfare worse, not better. The welfare problem is that it is already much too “good.”

Some have referred to this dependency as the “culture of poverty,” or the rise of an “underclass.” Kaus says (1992:105) there are no precise definitions: the underclass, similar to the middle or upper class, has its own values. However, according to sociologist William Julius Wilson,

these values demonstrate a “weak attachment to the labour force” (cited in Kaus, 1992:105). Others characterize this underclass in terms of out-of-wedlock births, school truancy, crime, or welfare dependency. The key point according to Kaus (1992:105) is that when the underclass is concentrated in neighbourhoods, “these problems reinforce each other in a way that frustrates the power of even the most robust economy to pull people from poverty.” He suggests (1992:125ff) that all employable recipients should be offered jobs instead of public assistance. Kaus submits that the private market economy in itself will not end dependency and that a welfare system that sustains the culture of poverty must be addressed. The welfare state designed to alleviate poverty may in fact be the primary cause of it, the source of the very problems it is attempting to solve. According to Galper (1975:155):

Welfare state programs are assigned responsibility for the resolution of a large and growing number of problems. As welfare state mechanisms become more extensive and elaborate, their status as a relatively minor supplement to the primary institutions of the society changes. The welfare state, instead of playing a marginal role as originally intended, begins to assume its own dynamics. As it does so, it creates imbalances in relation to the primary institutions to which it was initially responsive. These imbalances create new social problems which in turn lead to the need for a second and third generation of welfare state programs, adding to the cycle of more complex responses and still additional problems.

Even in the early 1970s, Rescher (1972:134) was describing the negative effects of programs initiated to help single parents in the United States:

Throughout the social welfare area, hopefully constructive measures are fraught with unintended and unforeseen side effects and unenvisaged complications. A striking example of this is given by the “Moynihan thesis” that public welfare measures intended to assist indigent mothers of small children (by granting them an allowance when there is no husband in the household capable of contributing earnings to it) have encouraged a breakdown of the family structure among impoverished American Negroes by making it economically disadvantageous for mothers of illegitimate children to transform a random liaison into permanent cohabitation. Intended only to help

mothers and children, the welfare measures at issue have worked substantial harm to all the parties concerned, discouraging the creation of family units and so blocking the development of mature adult relationships, diminishing responsible care for children, discouraging parental initiative and responsibility, etc.

Walter Williams, a black American economics professor, argues that welfare is responsible for the high illegitimacy rate among blacks. Before 1918, the percentage of black children born out of wedlock was lower than that of whites. In 1930 it was 11 percent of all births and is now 65 percent, with only 40 percent of all American black children in two-parent families:

When you set out to help people, you have to consider the effect of our helping people on their incentive to help themselves. . . . Slavery couldn't kill the black family but welfare is. (cited in *British Columbia Report*, May 21, 1993:8)

The American guaranteed-income test, known as the Negative Income Tax Experiment (NIT), that involved 8,700 people over a ten-year period, gave a group of recipients a supplement in the form of a guaranteed income which was approximately the equivalent of the official poverty line; other recipients were given no supplement. The experiment found a considerable reduction in work effort among those receiving the supplement because of that group's certainty that the government would make up any shortfall. Some 9 percent of males and 20 percent of females receiving the guaranteed income reduced the hours they had worked prior to the experiment. The study also found that this reduction appeared primarily among those who had withdrawn from the labour market altogether. The NIT study also found an adverse effect on families receiving a guaranteed annual income: family dissolution occurred at a rate 36 percent higher than among the control families and reached 42 percent among blacks (Murray, 1984:152). According to Murray (1984:147ff.), the 1970s guaranteed-income project was a failure and was also the reason why this approach to social assistance has never been adopted in the United States. Mead (1986:65) concurs that the experiment was a failure:

The damage seems to be done, not by the benefits themselves, but by the fact that they are *entitlements*, given regardless of the

behaviour of clients. They raise the income of recipients but, more important, free them to behave without accountability to society.

Also according to Mead (1986:65), guaranteed incomes give rise to what Ken Auletta has called a “welfare mentality.” Auletta observed that recipients tended to view such barriers to employment as lack of training, daycare, and transportation as the government’s problems, since they would receive an income whether or not they worked.

Economics professor Douglas Allen (1993:217) conducted research into Canada’s welfare system and found that a minimal increase in social assistance rates would affect recipients’ family structures. This was especially true among lower-income individuals who might view such rate increases as significant. Allen’s research suggested that an increase in social assistance of \$100 to \$200 a year would lead to a 5 percent increase in the probability of a recipient becoming a single parent, a 2 percent increase in the probability of a recipient having a child out of wedlock, and a 1 percent increase in the probability of divorce. Recall that in Ontario between 1989 and 1993, rates increased by as much as \$2,000 a year for a single person and approximately \$5,000 for a single- or two-parent family with two children. According to Allen’s calculations, such increases had to have a significant effect on both the size of the caseload and the structure of the family:

The bottom line is, the way we pay people influences their behaviour. If you make benefits greater for single parents you will increase the incidence of single parenthood and pregnancies. (Cited in *British Columbia Report*, May 31, 1993)

Assessing dependency in Ontario

It seems somewhat strange that we in Canada should still be asking if our welfare system fosters dependency. The question Americans are asking is not whether the system encourages dependency but how they can reduce or even end it. In many ways, we lag behind the U.S. in the “evolution” of welfare policy development and research. Americans identified the problem of dependency decades ago and have experimented with several techniques to address it.

In the United States, the period 1967 to 1972 marked the beginning of a liberal approach to welfare reform. The U.S. experimented with a

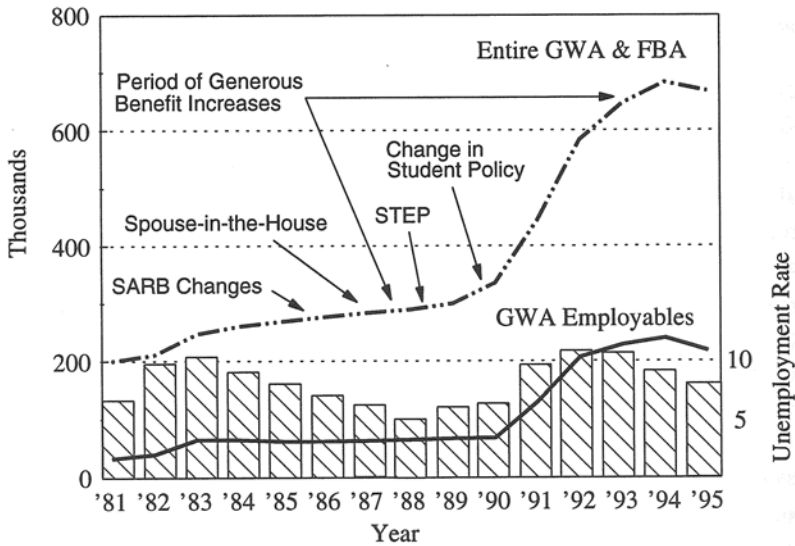
“caseworker” model of welfare delivery which was to make the system less punitive, more discretionary, more recipient-oriented in providing services, and also based on a personalized caseworker/client relationship which was seen as having therapeutic value. The model focussed on counselling to address America’s growing poverty problem. Spending on welfare increased dramatically in accordance with the theory that a personalized approach would be costly but would ultimately result in a reduction in poverty and a “rehabilitation of the poor” (Bane and Ellwood, 1994:13). It was also a time during which the Welfare Rights Movement became very active and instrumental in “easing . . . some of the administrative deterrents to applying for welfare . . .” (Bane and Ellwood, 1994:13). The approach sounds strikingly similar to Ontario’s changes from 1985 to 1994. Also in striking similarity to Ontario’s experience with a liberal approach to welfare policies, the welfare caseload in the United States more than doubled from 1965 to 1972, and it became obvious that the approach was not working. The average annual caseload increase during this period was 16.9 percent (Bane and Ellwood, 1994:12).

The caseworker approach in the United States was replaced between 1970 to 1988 by a system that became highly bureaucratic, impersonal, restrictive, and focussed on verification and eligibility requirements. In 1988, Congress passed the *Family Support Act* (FSA) to “replace the existing AFDC program with a new Family Support Program which emphasizes work, child support and need-based family support supplements . . . and assist needy children and parents under the new program to obtain the education, training, and employment needed to avoid long-term welfare dependency” (cited in Bane and Ellwood, 1994:1).

By 1993, welfare reform was again on the political agenda and the FSA was being replaced by other dependency-reducing proposals such as time-limited welfare. President Clinton, a Democrat who had traditionally defended income maintenance, announced that workfare would be the centrepiece of an attempt to “end welfare as we know it” (*Globe and Mail*, July 17, 1994). That the Americans’ efforts in this area have seen minimal success does not bode well for Ontarians, who have only just begun to tackle the issue.

The increasing numbers of recipients in Ontario using the system have been well documented and discussed in Chapter 1 and elsewhere.

Chart 7-1: GWA/FBA Caseloads and the Unemployment Rate



Sources: Statistics Canada unemployment rate for 1995 is estimated; MCSS social assistance figures were taken in January for each year.

The argument that these numbers have swelled solely because of the recession is fallacious. Chart 7-1 below shows that as Ontario's unemployment rate rose in the early 1980s, so did the number of social assistance recipients. The unemployment rate went from 6.6 percent in 1981 to 10.3 percent in 1983, and the number of welfare recipients, including beneficiaries, went from 380,000 to 460,000, a 21 percent increase. The mid- to late 1980s saw an economic boom in Ontario, with unemployment dropping to a low of 5 percent in 1988: in spite of economic growth and low unemployment, however, numbers of social assistance recipients continued to climb. From 1986 to 1988, Ontario's unemployment rate dropped from 7 percent to 5 percent, but the number of social assistance recipients continued upwards during this time, rising from 485,800 to 540,000 for an 11 percent increase. GWA and FBA caseloads actually swelled while the unemployment rate was going down.

During the early 1990s, unemployment again started to rise, from 6.3 percent in 1990 to 10.8 percent in 1992, and the social assistance caseload also saw a dramatic rise. Though unemployment rates in 1983 and 1993 were almost identical, 10.3 percent as compared with 10.8 percent, Ontario's social assistance caseload including beneficiaries was 460,825 in June 1983 and 1,301,751 in June 1993. Unemployment rates have played a role in social assistance increases, but it would be inaccurate to suggest that they are anything but a contributing factor, perhaps even a fairly insignificant factor, in explaining increases in the welfare caseload.

Ontario's caseload increased during this time for many reasons, including changes in regulations, policies, and procedures, some of which have already been discussed. These changes included easier accessibility, expanded eligibility criteria, spouse-in-the-house legislation, STEP, generous benefit increases, and the role of SARB in issuing wholesale interim assistance and making biased rulings in favour of recipients. Chart 7-1 shows graphically that high unemployment cannot in itself explain the growth in Ontario's social assistance caseload. People were turning to welfare, not necessarily as a last resort or in an emergency, but increasingly as a first option. While it could not be argued that dependency has increased based only on client numbers, the numbers do suggest that welfare had a certain magnetism that had not been present to the same degree in the 1980s or earlier.

Having established that the numbers of people using the system have increased and that this increase has not been primarily due to Ontario's economic fortunes, I will now examine whether the last decade has seen any change in the length of spells during which sole-support parents and single employables remain on the system. SARC commissioned a study of single-parent FBA recipients between 1975 and 1984 which found (1988a:264) that 40 percent left the program within one year and the majority stayed on the system for three years or less. Of cases entering the program in 1974, 85.7 percent had left by 1984. SARC also reported that by 1986, 15 percent of the 25,109 people who had entered the program in 1974 had returned once and 4 percent had returned twice. The Committee (1988a:263) concluded from these results:

Even in the absence of measures to encourage recipients to work, a large number do leave assistance for the labour force. The mobility of recipients is much greater than many real-

ize. . . . In fact, research suggests that not only do recipients want to leave social assistance, they succeed at a much higher rate than we thought.

Ontario's social assistance system as it existed between 1975 and 1984 was dominated by conservative ideas. There was a very limited work incentive program similar to STEP which allowed recipients to supplement their incomes, though they were not allowed to work more than 120 hours a month – or, for that matter, live with a “partner” and remain eligible for assistance. This pre-1985 system was generally perceived by liberals as intrusive, demeaning, and severely limited by inadequate benefit levels. SARC (1988a:77) has described this period:

Guided by the Henderson report (1975), Ontario embarked on a coordinated policy during much of the next decade of curbing increases in social spending and diminishing the government's role as a provider of social services. This period saw only occasional tinkering with the legislation and regulations of existing programs, usually in the direction of increased selectivity or an erosion in the benefits available to particular groups. In Ontario, the monthly benefit levels of all categories of social assistance recipients were substantially lowered between 1975 and 1981. Only since 1986 have these benefits begun to approach their levels of the mid 1970s.

Irving (1987:37) concurs with SARC's assessment, stating “there is considerable evidence that the neo-conservative ideology pervaded Ontario's social policy from the early 1970s to 1985.”

In an astonishing demonstration of eating one's cake and having it too, SARC, although surprised by both the mobility of recipients and the numbers that left the system, argued that the predominantly conservative system had fostered welfare dependency. According to the Committee (1988a:88), such barriers in the system as inadequate benefit levels and “financial disincentives that confront [recipients] when they attempt to leave” prevent them from becoming self-sufficient. In the face of statistically documented evidence that recipients tended to move off welfare fairly quickly, SARC and the Advisory Group contended that such ideology in the welfare system fostered dependency. According to the Advisory Group:

In our view, ensuring that people reside in poor accommodations, eat poorly, dress poorly and live poorly only helps to ensure that they will be increasingly unhealthy, discouraged, malnourished and estranged from the rest of society—all of which makes it harder for them to reintegrate into society and secure employment, harder to hold families together, make a decent home for their children and plan for a better future.

To demonstrate recipients' commitment to the workforce, SARC and the Advisory Group argued that in spite of the conservative disincentives, recipients did not stay in the system for long: *in other words, the system during this time did not foster dependency*. By May 1992, there had been significant changes to "remove barriers from the system" such as STEP, the Community Start-up Allowance to help individuals get established in the community with a lump-sum payment in addition to regular social assistance, and the Employment Start-up Allowance for people who needed tools, equipment, or uniforms for work. Benefit rates also increased substantially from 1988 on at a time when the province was experiencing a recession and free market wages (after taxes and inflation) were actually decreasing.

The Advisory Group again reviewed the lengths of time cases stayed on assistance. They found (1992:26-27) that single parents were staying on the system for an average of four years in 1992. The length of time a single parent remained on the system had thus risen from three years when, according to SARC, all the barriers to employment were in place, to four years after the changes to remove such barriers had been made. By March 1994, MCSS indicated that single parents were staying on FBA for 43 months (3.6 years) and spending an average of one year collecting GWA for a total 4.6 years on social assistance.

The changes that were to provide incentives to get people off the system and back into the workforce had not proven successful. The mean period for receiving assistance had increased from "three years or less" to over four and a half years—a 50 percent increase in the length of time single parents were staying on assistance. These longer spells came just when initiatives were being introduced to encourage movement back into the workforce.

In addition, the sheer numbers of single parents receiving social assistance in Ontario had increased from 63,000 in 1981 to 160,000 in 1991. This 267 percent increase had occurred in spite of the fact that sin-

gle-parent numbers had remained relatively constant in Ontario, going from 16.3 percent of families with children in 1981 to 19.3 percent in 1991, an increase of only 12 percent (Statistics Canada, 1994:121). Ontario's population had increased by 14.2 percent during this time, from 8,625,000 in 1981 to 9,846,000 in 1991.

As of February 1995, Ontario had 200,000 single parents collecting social assistance and the evidence clearly demonstrates that single parents now remain on assistance for longer periods and in numbers that are increasing at an alarming rate. Efforts to remove barriers to employment, including STEP, have not had the desired effect. And this failure is not limited to single parents. In 1988, SARC (1988a:46) measured the length of time single employables remained on the system and found it to be an average 6.5 months. By March 1994, MCSS figures showed "Unemployed Employables" staying on GWA for an average 12.5 months.

Table 7-1 outlines recipient stays on GWA/FBA by reason for claiming assistance. As expected, disabled recipients have the longest spells, followed by single parents and unemployed employables. From 1987 to 1994, spell durations have increased 92 percent for employable recipients and 53 percent for single parents.

Table 7-1: Average Months on Assistance by Reason for Claim

Reason for Assistance	1987	1994
Disabled	72-84	77.6
Sole-support parent	36	55
Unemployed employable	6.5	12.5
Sources: 1987 figures from SARC, 1988a:46; 1994 figures from MCSS.		

In a further attempt to buttress its contention that recipients did not stay on the system very long, SARC (1988a:263-264) turned to an American study that had tracked 5,000 families from 1967 to 1977. This Panel Study of Income Dynamics (PSID) found that during any given time approximately 10 percent of the sample was receiving assistance. During

the course of the study, 25 percent or roughly 1,250 people received assistance at one time or another and half of those who did require assistance did so for only one to two years. Although the study was not precise about what was meant by “long-term,” sustained dependency was found among 7.7 percent of the families, or 96 cases.

SARC concluded that this “research” was “empirical evidence” that recipients want to be, and in fact for the most part are, self-sufficient. There are obvious problems with applying data from a previous-generation welfare system in another country to the system in Ontario today. However, if we use the figures from the PSID study and apply them to Ontario’s welfare system in 1995, long-term dependency would be expected in 7.7 percent of cases or 129,398³⁵ of Ontario’s welfare population. Although the PSID results are fairly conservative, they do indicate the probability of long-term dependency in a minimum of 130,000 cases every 11 years. Even from these dated figures, there would appear to be little substance to SARC’s contention that the system creates very little long-term dependency.

There are many other, more recent studies which find a considerable incidence of long-term dependency in America. In 1994, the 5,000 families of the original PSID study were reassessed. The average duration of spells for single parents (AFDC recipients) was 6.2 years. The researchers also calculated that 36.5 percent of recipients would require assistance for only one to two years, whereas 29 percent would remain on assistance for eight years or more. Yearly recidivism, the percentage of recipients who were off the program for an entire year before reapplying, was 35 percent. Using monthly as opposed to yearly recidivism data, Pavetti found that 70 percent were eventually returning after leaving the program for a month (Bane and Ellwood, 1994:38-39). Ten years after SARC had concluded that the PSID research showed little dependency on the system, Bane and Ellwood (1994:40), using the same PSID group, found:

35 In February 1995, there were 672,200 active FBA/GWA cases in Ontario. Using the ratios in the PSID study, this would mean that over an 11-year period 1,680,500 cases (excluding beneficiaries) would use the system (active cases multiplied by 2.5); 7.7 percent of this figure would indicate that over an 11-year period, long-term dependency would be expected in 129,398 cases.

The vast majority (81 %) of current recipients are in the midst of total welfare times that will last five years or more. Fifty-seven percent will be on in ten or more years. *Long-term use of welfare is a very real and potentially quite costly phenomenon.* (my emphasis)

Elsewhere, Ellwood writes (1988:148) that at least 25 percent of AFDC recipients would collect assistance for ten or more years and that this group would absorb two-thirds of AFDC spending. Another study found that half of AFDC recipients stayed on the program for a few years before they found work or another means of support. However, 30 percent stay on the program for eight years or longer, and these cases make up two-thirds of the recipients on the rolls at any one time (*Globe and Mail*, June 17, 1994; *The Economist*, June 18, 1994:21). Mead states that one study of AFDC recipients found that while half of all cases leave within two years, 38 percent remain on assistance for five years or more. He also reports that at any given time, 75 percent of the AFDC caseload will eventually remain on welfare for five years or more (1986:76). The research consistently indicates that the American experience with dependency is that it is a critical and costly concern.

Mead (1986:76) adds that much of the high turnover rate in welfare programs is misleading in that it suggests that many people are leaving the programs; in fact, he states, much of the turnover is actually the closing and reopening of cases for administrative reasons (some authors refer to the phenomenon as churning). This same phenomenon is also witnessed in Ontario's welfare system. At the present time in Ontario, most municipalities are on the CIMS computer system. Toronto uses the MAIN system and several areas including Hamilton, Peel, and some smaller districts have their own "in-house" computer systems. These systems produce statistical information about recipients but they are limited in their usefulness and accuracy. They can determine the length of time a recipient has been on the system at the time information is requested, but are only accurate with cases which remain open continuously in the same area and under the same name.

For example, if someone collects GWA in Toronto for six months, then moves to London and receives assistance there for six months, and then receives assistance in Ottawa for another six months, when statistical data are collected, this case will appear to have been open for a maximum period of only six months even though the recipient received

assistance for 18 consecutive months. Similarly, if an FBA recipient decides to use her maiden name or obtain a month's employment that disqualifies her for assistance, or she decides to move into a trial spousal arrangement which only lasts a few months, her case would be closed and reopened again. The computer systems do not currently have the ability to recognize that the same person is moving on and off the system for the purpose of calculating the entire length of time an individual remains on assistance. Case closure could be a result of any number of reasons including employment, relocation to another municipality, change in program (e.g., GWA to FBA or FBA to GWA), change in name or change in head of household, hospitalization, or administrative closure (information missing, termination, etc.). The statistical data compiled from these computer systems must be understood in the context of the problems inherent with data collection. The best that can be said about MCSS data on the average duration of assistance is that they represent conservative figures.

Ontario's experience with long-term dependency has not been as serious as that in the United States. In 1988, only 21 percent of Ontario's entire GWA caseload remained on assistance for more than a year. By 1994, the percentage of GWA cases staying on assistance for more than a year had swelled to 38.4. We also know that the caseload increase as a result of the recession of the early 1980s did not stop with the recession; nor did it drop to pre-recession levels. More people were using the system regardless of economic conditions.

To gauge whether Ontario's system is fostering dependency, we need only look at the number of people using the system in 1994 as compared with a decade or two decades ago. In 1985, with unemployment at 8 percent, Ontario had 265,000 GWA and FBA cases and was spending \$1.4 billion on the system. In 1995, with unemployment at around 8 percent again, Ontario had 670,000 GWA and FBA cases costing approximately \$7 billion. Ontario is arguably the most prosperous of Canada's provinces and yet it has the highest percentage of its population on social assistance (see Table 7-2). In 1994, the percentage of the population receiving assistance was higher in Ontario (12.5%) than in any other province despite the fact that five other provinces had significantly higher unemployment rates. This percentage, even when unemployment rates are accounted for, demonstrates the magnitude of the problem in Ontario's welfare system. Table 7-2 shows a unique phenomenon

occurring in Ontario, which stands alone with a relatively low unemployment rate as compared with other provinces but the highest percentage of its population collecting social assistance.

Table 7-2: Provincial Unemployment Rates Compared with Numbers and Percentages of Social Assistance Recipients (1994)

Province	Number ^a of Cases ^b	Number of Benefici- aries ^c	Percentage of Prov- ince's Popu- lation on Assistance	Unemploy- ment Rate
B.C.	210,400	(353,500)	9.5%	9.7%
Alta.	64,500	(138,500)	5.1%	9.6%
Sask.	40,200	(81,000)	8.0%	8.0%
Man.	50,400	(89,300)	7.9%	9.2%
Ont.	696,800	(1,379,300)	12.5%	10.6%
Que.	473,000	(787,200)	10.8%	13.1%
N.B.	40,000	(73,500)	9.7%	12.6%
N.S.	53,100	(104,000)	11.1%	14.6%
P.E.I.	6,400	(13,100)	9.7%	17.7%
Nfld.	35,400	(67,400)	11.6%	20.2%

a) Figures estimated as of March 31, 1994 by Human Resources Development Canada, cited by NCW, 1995c:46.

b) These figures represent cases only, excluding spouses and dependents.

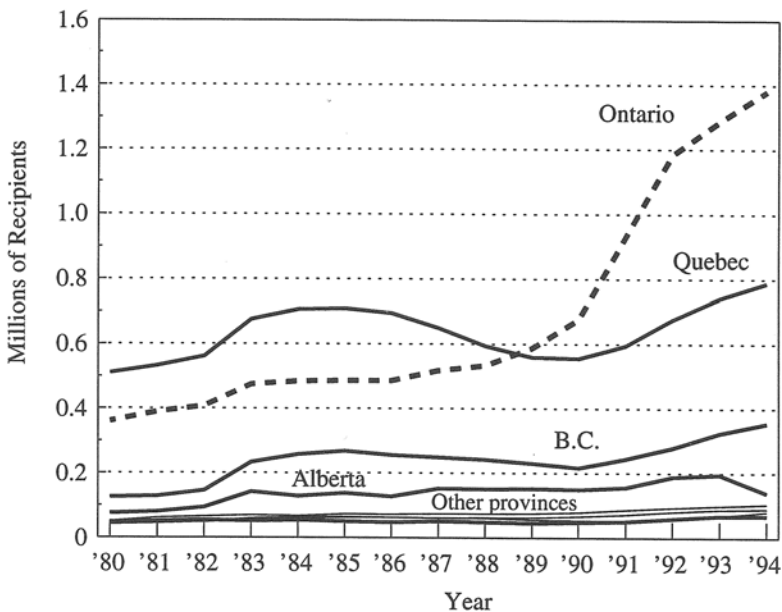
c) Beneficiaries include all recipients, spouses and dependents.

Sources: Unemployment rates from StatsCan, 1995:106; Number of cases and beneficiaries from NCW, 1995c:46, citing Human Resources Development Canada.

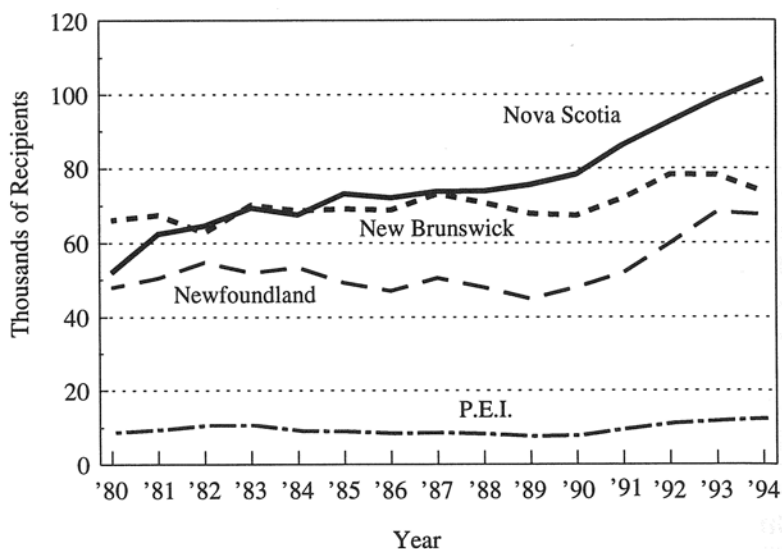
The following charts illustrate the dramatic growth in Ontario's welfare system from 1981 to 1994 as compared with that of the other provinces. Chart 7-2 compares the number of people receiving assistance, including applicants, spouses, and dependents, for all the provinces. (Table 7-5 gives a detailed breakdown of the numbers.) Perhaps the most salient feature of this chart is the increase in Ontario's welfare caseload as compared with other provinces'. Charts 7-3, 7-4, and 7-5 go on to isolate various provincial trends and display caseload variations in greater detail. Chart 7-3, illustrating welfare caseload trends in the Maritime Provinces, shows a relatively steady volume from 1980 on except for Nova Scotia, where the welfare caseload doubled from 1981 to 1994.

Chart 7-4 shows trends in welfare caseloads for the Prairie Provinces. Both Manitoba and Saskatchewan have seen moderate and somewhat similar growth patterns in their caseloads. Alberta's increase was

Chart 7-2: Welfare Trends (All Provinces)



Source: National Council of Welfare.

Chart 7-3: Welfare Trends (1980-1994—Maritime Provinces)

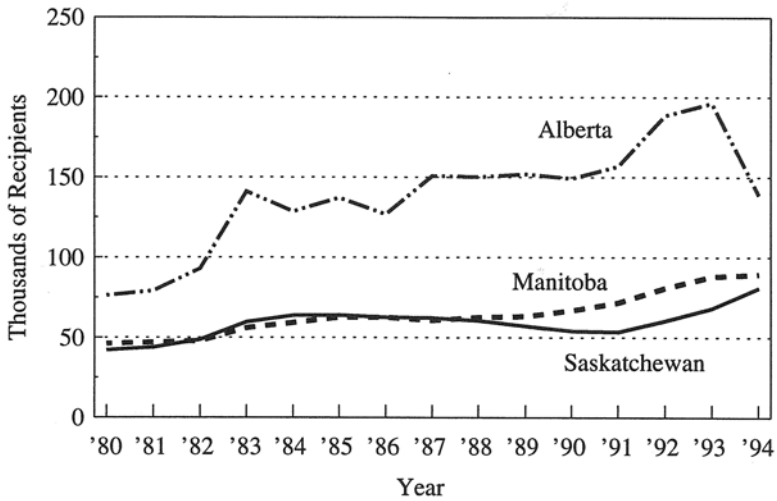
Source: National Council of Welfare.

more dramatic: by 1993, the caseload had more than doubled since 1980. By 1994, however, recipient numbers had dwindled by 57,500 as a result of changes to the welfare system such as benefit cuts and tighter eligibility criteria.

Chart 7-5 depicts welfare caseload trends for Ontario, Quebec, and British Columbia, which have the highest numbers of recipients. The Quebec and British Columbia trends appear to reflect changes in the unemployment rate and the economy and are surprisingly similar in their ebb and flow. Ontario's caseload increase, on the other hand, appears to have been unaffected by the period of significant economic growth during the mid- to late 1980s. Ontario also stands alone in its growth rate since the mid 1980s. Although both Alberta and Nova Scotia have experienced higher growth rates than other provinces, their increases do not approach Ontario's.

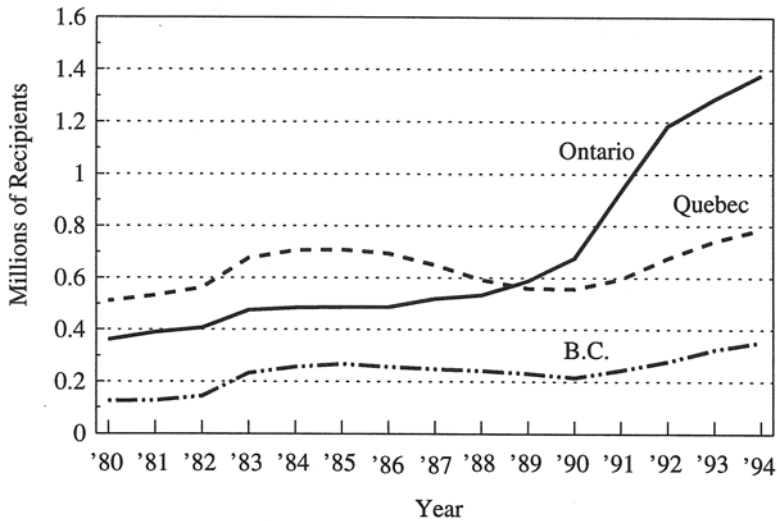
Table 7-3 shows the numerical and percentage increases in the social assistance caseloads of Canadian provinces from 1985 to 1994. The increase in Ontario is nothing short of breathtaking in comparison with

Chart 7-4: Welfare Trends (1980-1994—Prairie Provinces)



Source: National Council of Welfare.

Chart 7-5: Welfare Trends (1980-1994—Ontario, Quebec and British Columbia)



Source: National Council of Welfare.

Table 7-3: Provincial Increases in Social Assistance Cases and Beneficiaries, 1985 to 1994

Prov.	Social Assistance Caseload				Percentage Increase Between 1985 and 1994	
	March 1985		March 1994			
	Cases ^a	Beneficiaries ^b	Cases	Beneficiaries	Cases	Beneficiaries
B.C.	153,376	267,633	210,400	353,500	37.2%	32.0%
Alta.	62,803	136,758	64,500	138,500	2.7%	1.3%
Sask.	31,572	64,040	40,200	81,000	27.3%	26.5%
Man.	33,102	62,780	50,400	89,300	52.2%	42.2%
Ont.	265,197	486,287	696,000	1,379,000	162.4%	183.6%
Que.	424,433	708,677	473,000	787,200	11.4%	11.1%
N.B.	35,423	69,051	40,000	73,000	12.9%	5.7%
N.S.	34,321	73,122	53,100	104,000	54.7%	42.2%
P.E.I.	4,335	9,621	6,400	13,100	47.6%	36.1%
Nfld.	20,852	49,066	35,400	67,000	69.8%	36.6%

a) These figures represent cases only, excluding spouses and dependents.

b) Beneficiaries include all recipients, spouses and dependents.

Sources: Figures for March, 1985 from the Department of Supply and Services; figures for March 31, 1994 estimated by Human Resources Development Canada and supplied by NCW.

the increases in other provinces. The number of welfare beneficiaries for all the other provinces combined grew by 265,852 between 1985 and 1994. These provinces, excluding Ontario, represent approximately 60 percent of Canada's population. The increase in numbers of beneficiaries in Ontario between 1985 to 1994 was 892,713. Even though Ontario has less than 40 percent of Canada's population, its increase was three times greater than in the rest of the provinces combined. Ontario experienced 162 percent growth in cases and 183.6 percent growth in numbers of beneficiaries between 1985 and 1994. Ontario's percentage caseload increase has been more than double Newfoundland's and more than

four times the increase of beneficiaries in Manitoba and Nova Scotia. British Columbia showed a 37.2 percent increase in cases and a 32.8 percent increase in number of beneficiaries between March 1985 and March 1994. The average caseload increase from 1985 to 1994 for all provinces was 47.8 percent; for beneficiaries the figure was 41.7 percent.

During the Great Depression of the 1930s, approximately 25 percent of the labour force was unemployed and an estimated 15 percent received some form of income assistance (NCW, 1987:2). In 1994, Ontario experienced unemployment in the 10 percent range or 40 percent of the 1930s level. In 1994, however, 12.5 percent of Ontario's population received social assistance and an estimated further 5 percent collected unemployment insurance.³⁶ A greater percentage of Ontario's population was receiving some sort of social assistance in 1994 than during the depths of the Depression.

Ontario does not compare favourably with the United States either. More of Ontario's population in 1994 received social assistance per capita than received assistance in the United States. "One in nine Americans are now enrolled in the Food Stamp program" (*National Review*, August 23, 1993); in Ontario one in eight were on social assistance. In the United States, a staggering one in seven children are currently on AFDC (Aid to Families with Dependent Children: *The Economist*, June 18, 1994:21). In Ontario, one in five children are being raised in families that receive social assistance (Advisory Group, 1992:21). According to some reports, one in three children in Metropolitan Toronto are being raised on welfare (*Toronto Star*, November 24, 1995). The problems of illegitimacy, teen pregnancy, inner-city slums, and homelessness are not as extreme in Canada as they are in the larger American cities, but Canada,

36 The estimate of 5 percent of Ontario's population receiving UIB is based on figures from the National Council of Welfare (1994:30), which found that in March 1994 the city of London, Ontario had 14,745 GWA cases, 13,544 FBA cases, and 14,644 UIB cases. The number of UIB cases was 52 percent or roughly half of the welfare (GWA/FBA) caseload. Even though 12.5 percent of Ontario's population lives on social assistance, a conservative estimate using a ratio of 50 percent of social assistance rates, roughly 5 percent of Ontario's population received UIB during this time.

NCW Backgrounder #1 states (p.4) that the percentage of Ontario's population receiving UIB in 1993 was 3.4. This figure does not include spouses and dependents who may also be supported by this program.

and especially Ontario, is not trailing far behind. A report by the Economic Council of Canada stated the obvious when it pointed out that a growing number of people are becoming dependent on unemployment insurance and social programs, and that the system is not helping recipients to help themselves (*Globe and Mail*, June 22, 1992).

A comparison of Ontario's system in 1994 with the system in the early or mid-1980s shows clear and convincing evidence that liberal policies have not worked. SARC has suggested that if the recommendations set out in *Transitions* were adopted, the welfare rolls could be reduced by 70 percent (Toronto *Star*, September 7, 1988; SARC, 1988b:108, 109). The fact is that since 1985, the GWA/FBA caseload has swelled from 265,000 to 670,000, thanks largely to the generous reforms recommended by SARC and the Advisory Group. No other province even approaches 50 percent of Ontario's caseload growth during this period.

Something very dramatic happened to social assistance in Ontario that did not occur in the rest of the provinces between 1985 and 1994. Table 7-4 shows the increase in numbers of beneficiaries by province between 1985 and 1994. The table also indicates the percentage of recipients in each provincial population for 1985 and 1994. The last column shows the percentage change in recipients between the two survey years. Back in 1975, 4.3 percent of Ontario's population was collecting GWA or FBA (Harding, 1987:2.15). In 1985, Ontario had the lowest percentage of its population (5.4%) collecting social assistance of all the provinces. By 1994, Ontario had the highest percentage of its population on social assistance of any province.

There can be no doubt that the approach taken in Ontario over the last decade has increased recipient numbers significantly. Relative to population, British Columbia, Alberta, Quebec, and New Brunswick experienced less than 1 percent growth in numbers of recipients between 1985 and 1994. Saskatchewan, Manitoba, Nova Scotia, and Prince Edward Island saw a 1 percent to 2 percent increase in the number of social assistance recipients relative to population. Newfoundland experienced a 3.1 percent increase, while Ontario observed a 7.1 percent increase in social assistance caseload.

Our assessment of welfare dependency in this chapter has indicated that knowledge of the problem is rudimentary; much work remains to enhance our understanding of dependency. While it is not clear how much dependency the system creates or encourages, or which

Table 7-4: Provincial Per Capita Increases in the Number of Social Assistance Recipients (1985 to 1994)

Province	Number of Beneficiaries ^a		Percentage of Province's Population on Assistance		Percentage Increase 1985 to 1994
	1985	1994	1985	1994	
B.C.	267,633	353,500	9.3%	9.5%	0.2%
Alta.	136,758	138,500	5.8%	5.1%	-0.7%
Sask.	64,040	81,000	6.3%	8.0%	1.7%
Man.	62,780	89,300	5.9%	7.9%	2.0%
Ont.	486,287	1,379,300	5.4%	12.5%	7.1%
Que.	708,677	787,200	10.8%	10.8%	0.0%
N.B.	69,051	73,500	9.6%	9.7%	-0.1%
N.S.	73,122	104,000	8.3%	11.1%	2.8%
P.E.I.	9,621	13,100	7.6%	9.7%	2.1%
Nfld.	49,066	67,400	8.5%	11.6%	3.1%

a) Beneficiaries include all recipients, spouses and dependents.

Sources: Number of Beneficiaries in March 1985 from the Department of Supply and Services; figures for March 31, 1994 estimated by Human Resources Development Canada and supplied by NCW; population data from Statistics Canada.

programs will be most effective at reducing dependency, there is ample evidence that the number of people using the system has increased and that they are staying on the system longer. This increased use of the system is not solely because of the recession, the unemployment rate, or other economic conditions. The use of the system, especially by youth and single parents, is alarming and represents a trend that will continue if changes are not made. The evidence speaks very strongly against us-

ing a liberal welfare reform approach to reduce dependency. There may be reasons for liberal reforms, but the reduction of dependency is not one of them.

Workfare, learnfare, reductions in benefits and eligibility criteria, and time-limited assistance may be among the more effective options for encouraging self-sufficiency while decreasing the attractiveness of the system. These options should first be assessed and piloted to test their effectiveness. Left to itself, the system will not miraculously stop fostering dependency; it has not in the past and it will not in the future. Those who are at high risk of long-term dependency will entrench a dependency cycle unless the spell is broken. Welfare dependency may be one of the greatest social challenges we as a nation have to face. The solutions will require great insight, continued research, and strong political will. Dependency is the waste of human potential, ingenuity, initiative, creativity, and resources; it leads to nothing but more of the same.

Table 7-5: Estimated Number of People Receiving Welfare by Province (1980-1994)

Year	Nfld.	P.E.I.	N.B.	N.S.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1980	48,000	9,400	66,000	52,000	510,000	360,000	46,000	42,000	76,000	125,000
1981	50,400	10,100	67,400	62,400	532,900	389,800	46,900	43,800	79,000	128,000
1982	54,700	11,300	62,700	64,600	561,900	406,800	47,800	48,400	92,800	144,900
1983	51,900	11,300	70,100	69,300	675,000	475,300	55,900	59,700	140,700	232,500
1984	53,300	9,800	68,600	67,500	705,900	484,700	59,200	63,700	128,400	257,100
1985	49,100	9,600	69,100	73,100	708,700	486,300	62,800	64,000	136,800	267,600
1986	47,000	9,200	68,800	72,100	693,900	485,800	62,600	62,700	126,600	255,700
1987	50,500	9,300	73,000	73,700	649,000	518,400	60,600	62,100	150,500	247,700
1988	47,900	8,900	70,600	73,800	594,000	533,500	62,700	60,300	150,000	241,100
1989	44,800	8,300	67,700	75,600	560,000	588,200	63,000	57,200	151,700	230,000
1990	47,900	8,600	67,200	78,400	555,900	675,700	66,900	54,100	149,000	216,000
1991	51,800	10,300	71,900	86,200	595,000	930,000	71,700	53,400	156,600	244,000
1992	59,800	11,800	78,200	92,600	674,900	1,184,700	80,900	60,400	188,300	279,300
1993	68,100	12,500	78,100	98,700	741,400	1,287,000	88,000	68,200	196,000	323,300
1994	67,400	13,100	73,500	104,000	787,200	1,379,000	89,300	81,000	138,500	353,500
Figures indicate all recipients, spouses and dependents as estimated in March of each year. Source: NCW.										

Conclusion

SOCIAL ASSISTANCE HAS BECOME, both figuratively and literally, a “motherhood” issue in our society. It has been cast as the overprotective mother supporting and nurturing her brood, embracing her dependents with loving arms while keeping them firmly fastened to her apron-strings. This mother fiercely defends any challenge to her bounty or authority. Those who value their political existence studiously avoid confronting her. They never criticize the mother’s parenting skills, and if by some accident they anger her, discipline is sure and quick.

The system has operated on the understanding that it could repair any and every social and personal problem and that there were no limits to the amounts we could spend, the problems we could solve or the number of people we could help. As a result, welfare has become a dumping ground for failed social policies. The welfare system originally dealt with those who were unable to work; then sole-support parents were made eligible, followed by people who could not find employment. Welfare has become responsible for a failed educational system, failed marriages, failed contraceptives, failed family relationships, failed personal financial planning, and a failed economy. There have been no limits to the objectives of the welfare system, and this lack of parameters has led to apparently limitless numbers of recipients and burgeoning costs. Like all the king’s men, the system has become responsible for trying to put all the broken pieces of society back together again and, as in the nursery rhyme, it has been unable to do so.

Those who benefit most from the state's bounty also demand the most. The flood of ever-increasing benefits only arouses an insatiable appetite for more. The greater the state's involvement in providing benefits and services, the less the individual controls his own life. And as long as the individual receives these benefits he now claims as "rights," the more he depends on the authority of the state to continue satisfying his "need."

The system has become increasingly value-neutral. This may be what some find attractive about welfare, but it is in fact one of welfare's primary flaws: the system has been content to help without asking why. Some have argued that imposing obligations as a condition for eligibility constitutes a value judgment – and not only a value judgement, but, even worse, a traditional middle-class value judgement. Although this is not the case any more than it is the case that only the middle class work, the values underlying such obligations represent what some people collecting welfare have set aside. It is ironic that such traditional values as caring and respect for the individual should be sustaining some who so vociferously reject them. If people wish to refuse the responsibility intrinsic in such values, they must also reject the benefits these values bring.

Let us make no mistake about this: welfare is a moral issue. It is based on society's commitment to others; it defines eligibility based on values; benefit levels are based on assumptions of what recipients of public assistance *ought* to have. Welfare assistance is solidly grounded in an ethical perspective on those who need public assistance and the community's responsibility towards them as well as on the recipients' responsibility towards the community and themselves. It is ironic that liberals have appealed to society's sense of communal responsibility, compassion, and moral obligation to hone the state's commitment towards the "poor," but have at the same time avoided asking for these same obligations or standards from the recipients of society's benevolence. The state's participation, liberals would maintain, is mandatory, but the recipient's participation in programs should be voluntary. If welfare is considered a right, then society's pledge to supply welfare also becomes a legal obligation.

Liberals not only avoid value judgements when it comes to recipients and their motives or life style, but they have also attempted to completely remove assistance from the realm of morality to be claimed as a

right or entitlement of citizenship. The problems that make people need social assistance are, liberals maintain, society's, not the recipients'; to suggest otherwise only further stigmatizes, alienates, and demoralizes our clients.

Ironically, it is liberals who refer to recipients as the "most vulnerable in our society," "marginalized," "alienated," and "victimized." It is liberals who continue to maintain that recipients should not be stigmatized, and yet it is this same group that continues to draw distinctions between recipients and others in the community. As long as we refer to recipients as victims, they will remain victims. Instead of being victims of abusive partners, an unstable economy, or uncaring parents, we have made them victims of the system. They have become ensnared in this safety net and consequently dependent on yet another destructive entity. The system needs to empower recipients. Social assistance recipients must cease to be treated as people with lesser abilities.

Why should we accept that welfare recipients are the *most* vulnerable in our society, as liberals suggest – as opposed to children, seniors, people with disabilities, or the working poor, for example? While that may have been the case years ago, the notion that welfare recipients are the most vulnerable is an antiquated one. Prior to the Canada Assistance Plan, people applying for assistance had to be not only poor but further disadvantaged in some way: widowed, deserted, aged, blind, or disabled. That is no longer the case.

Recipients have organized "poverty" and welfare "groups" to speak for them. Many of these groups receive government funding to protect the interests of recipients. Recipients receive free legal services and the support of advocacy groups: the courts give them every benefit of the doubt. If the working poor wish to complain about an unfair tax system, there is very little support available to them. If a welfare recipient complains about unfairness, he gets legal aid and automatic sympathy from SARB, the courts, and the entire poverty movement. While it may be argued that recipients live on fixed incomes, it must also be recognized that these fixed incomes are also virtually guaranteed. Given our current economy, a fixed income is not necessarily the dire predicament it once was.

Liberals have suggested that society is measured by its treatment of its poorest members. The welfare system has been accused of being oppressive, intrusive, stigmatizing, patriarchal, archaic, inadequate in its

benefit rates, belittling in its treatment, abusive in its use of authority, and distrustful in its attitude. However, others have maintained that the poorest are not those on assistance at all, but the working poor whose relegation to our society's poorest ranks not only proclaims a fundamental unfairness but also serves as a condemnation of misplaced priorities.

It is also maintained that the welfare system by its very nature produces casualties with extended periods of use. If this is the case, and there is much evidence in support of this, then the objective of a caring and compassionate society should be to restrict the system to those who have exhausted all other options, in their own as well as in the general interest. In this sense, many of the measures introduced in Ontario over the last decade and acclaimed by the welfare movement as progressive steps in society's treatment of the poor have arguably been the most harmful to the very people they were meant to help.

The issues presented in the preceding chapters by no means represent an exhaustive list of the problems within the system. There are many other concerns that must also be addressed before we could consider the welfare system to be effective and fair. Ontario is one of three provinces with a two-tiered welfare system which some have argued has its basis in the "deservedness" of recipients. Disabled and single parents, it was reasoned, were seen as more deserving than employable individuals and families. Others have contended that the two-tiered system represented two streams of recipients—long- and short-term. Whatever the case, the time has come to review these distinctions in view of increasing cost efficiency and practical effectiveness.

The idea of uniting these two programs has been discussed for several decades. GWA and FBA offices provide essentially the same services, and considerable savings could be made by streamlining provincial and municipal social services programs into a single system. In addition to simplifying a complex system, this move would increase system efficiency, improve case management capability, and increase internal cross-referencing capacity; the ability to verify information more quickly would enhance system integrity. What is more, Supplementary and Special cases could all be serviced from a single office. Another benefit would be the ability to transfer overpayments back and forth between GWA and FBA, which is not currently possible. Seven of the ten provinces are now using a single social assistance delivery vehi-

cle with successful results. Once this issue has been resolved, the provincial government should consider how other income support systems could be incorporated under this single agency.

Changes in the welfare system have to coincide with other changes. There must be an attempt to bring consistency into the various pieces of legislation affecting social assistance, particularly as related to financial support. The tax system must also be re-examined so that those who work but receive less than they would get on social assistance are not paying taxes to support recipients who collect as much money or more. The various levels of government must also begin working more cooperatively to resolve the current piecemeal approach to social programs. This would logically include enhanced information sharing among different agencies and levels of government.

There are also broader questions to be considered. Primarily, we must consider who will have responsibility for setting social assistance policy in Ontario. Will social policy be based on the agendas of special-interest groups, advocacy groups, judges, SARB, or government-established review committees like SARC and the Advisory Group, or will the public have a say in where the system is going and how it operates? Public opinion has only recently begun to play a role in forming social assistance policy, but if the public is to support and have confidence in the system, it must also be heard at the policy tables. There is also the question of which level of government will be responsible for setting public assistance policies. The federal, provincial, and municipal governments have all been responsible for affecting public assistance policies in Ontario, and these different levels have often had different and competing agendas.

Another broader concern of social assistance legislation is the effect it has on the family. Some suggest that social policies such as spouse-in-the-house represent social engineering at its worst. As we have seen, neither Ontario's spouse-in-the-house legislation nor its current youth policies encourage stable relationships or contribute to the integrity of the family. A tremendous social and economic price is being paid for negligent policy making. These policies must be re-examined with the aim of encouraging the formation and stability of family units wherever possible.

Governments must start to recognize that they have a primary responsibility to balance their budgets. This is the first step in recognizing

our fiscal responsibility to future generations. This recognition will enable governments to prioritize decisions and constantly review budget allocations to target ineffective and wasteful policies. Reductions in federal transfer payments to Ontario are making the province's fiscal management all the more important. The services we provide must be the services we can afford. We must no longer mortgage future generations because of our own complacency and lack of resolve. Deficits allow governments to spend money they don't really possess on services that are demanded, and since there is virtually no limit to the services and programs demanded, deficits, without a philosophical reorientation in the role of government and government expenditure in general, will only increase. Governments can no longer continue with their inefficiencies and expect the public to accept waste while taxes increase exponentially. This is poor politics, bad economics, and unwise stewardship.

Irving (1987:37) refers to "considerable evidence that the neo-conservative ideology pervaded Ontario's social policy from the early 1970s to 1985." The evidence is equally convincing that from 1985 to 1994, social reform policy was dominated by a "neo-liberal" ideology. In 1985, those in control of the welfare system began to adopt a liberal perspective that has diverged increasingly from the will of the public it is meant to serve. Some have contended that history runs in cycles, and that social institutions too go through periods of liberalism which are followed by more conservative-minded epochs that give way in turn to liberalism once again, and so on. Arguably, the system is self-correcting in that it becomes so one-sided and unfair that there is general support for a major restructuring. Perhaps this is the reason why the most liberal reforms to the welfare system since its inception are, as of now, resulting in the severest cutbacks to that system.

Between 1985 and 1994, Ontario embarked on a course that implanted a number of liberal reforms within its welfare system. SARC recommendations were implemented with little thought for the potential impact of such changes. The recommendations corresponded to the liberal agenda, and this sole prerequisite was enough to get them adopted. The goals and objectives of the changes were noble: nothing less than the transformation of the welfare system into a springboard to self-sufficiency, enhancing dignity and self-esteem, and reducing welfare dependency. To accomplish this goal, the system was made more accessible, benefit levels increased, and "barriers" to employment re-

moved. The system de-emphasized fraud and abuse while allowing eligibility criteria to expand. People were allowed to remain on assistance at benefit levels which in many cases exceeded the incomes they could earn through employment. Single parents were not expected to upgrade their skills or look for employment. Little was expected in return for benefits. Cohabitation was allowed. Students and youth found that eligibility conditions were lowered. If recipients were denied or terminated assistance, they could receive interim support pending their appeals, and SARB usually ruled for the appellants if they showed up at the hearings.

While these reforms were being put in place, the number of recipients grew, prompting growth in welfare expenditures. The numbers of people receiving assistance were not cut by 60 to 70 percent as SARC had predicted: they almost tripled while the cost associated with welfare nearly quadrupled during this period. In these ten years, Ontario went from being the province with the fewest recipients per capita to having the most recipients per capita.

The years since 1985 have seen more changes in Ontario's welfare system and more money pumped into it than ever in its history. More money was spent on GWA and FBA in Ontario from 1988/89 to 1994/95 than had been spent since the passage of the GWA Act in 1958 right up to 1987/88, a 30-year span. Ontario's welfare system has been more examined and investigated than at any other time since its inception. There have been more "expert" opinions offered, more consultation, and more consumer involvement. Yet there has been no measurable benefit as a result of the changes. The years 1985 to 1994 have been referred to as the "lost decade" (Toronto *Sun*, April 10, 1995).

The conclusion is indisputable. The liberal approach in Ontario during the decade of *Transitions* has had disastrous effects, not only increasing welfare spending but also entrenching welfare dependency. In fact, the most glaring indictment of the welfare system has not been, as liberals have maintained, that benefit levels are inadequate, but the system's assault on individual self-worth and self-respect. All of the state's best intentions and a great deal of its money during this decade have not succeeded in producing a system which strengthens and affirms the individual or the family.

In no other government program have intentions been so honourable and well-meaning and yet led to such misguided policies as in On-

tario's welfare system during this time. The more the state becomes involved in attempting to do what individuals and families have always done for themselves, the more it impairs, limits, and thwarts their ability, creativeness, potential, and capacity to control their own lives. With dependency, as with most "diseases," prevention would have been a lot easier than cure is going to be. The state's remedial medicine, meant to heal, has become an addictive substance that has spawned a cycle of dependency. Social assistance can be an antidote for many in our society who require help in times of crisis, but it can also be a dangerously destructive opiate which perpetuates crises and leaves victims behind.

The liberal experiment failed because it was based on fallacious assumptions, most notably that the more responsive welfare is to the needs of recipients, the more self-reliant recipients will become. The evidence suggests instead that individuals and families stop doing what governments will do for them. People will not exert themselves to provide what governments are already providing. The evidence is compelling that the more governments attempt to satisfy needs without corresponding expectations or responsibilities, the more dependency will emerge. There is a general consensus among Canadians on the principles, first, that our society has a responsibility to provide for those who are unable to fully support themselves, and second, that those who can support themselves should be doing everything in their power to do so. It is the task of policy makers to translate this principle into coherent and consistent legislation.

It has been suggested that one of our defining characteristics as Canadians is the recognition of our responsibility towards others. We must ensure that the positive characteristics that set us apart as Canadians do not become our undoing. Social programs that some have seen as distinguishing us as a nation are now being dissected as national problems. The task before us is to develop a system that helps individuals and families to help themselves within a context of effective and efficient support. It is welfare without dependency.

Although dealing primarily with Ontario and Canada, many of the issues examined in this book are being discussed beyond our borders. It is time to re-examine the costs and consequences of unbridled liberal reform and its effectiveness in redistributing wealth. It is time to draft a new social contract in which we claim the rights of citizenship when we fulfil the responsibilities. Our task will be to amend our system and use

available revenues to balance often competing views in a more equitable way.

The documents referred to throughout this book — *Transitions*, *Back on Track*, *Time For Action*, and *Turning Point* — were all commissioned by the provincial government. Do not turn to any of them for discussion of fiscal responsibility, community standards, or taxpayers' rights. They do have an abundance of ideological material on manipulating the public so that it more readily acquiesces in a host of policies and recommendations that have cost billions to implement but, as indicated, have not and will not improve the system. Ontario's experiment with liberalism has had devastating consequences in terms both of money spent, and, more importantly, of the human toll of fostering dependency. We have reached a turning point, a transition. It is time to get back on track: it is time for action.

Postscript

THE REFORMS TO THE SOCIAL ASSISTANCE SYSTEM between 1985 to 1994 occurred under a Liberal government (1985-1990) and an NDP government (1990-1995). On June 8, 1995, Ontario ushered in a Conservative government led by Premier Mike Harris, who appointed David Tsubouchi as Minister of Community and Social Services. Many of the issues raised in this book were also addressed by the Progressive Conservative Party in the Ontario election campaign. Harris promised to significantly change Ontario's welfare system. Some of the targeted issues included workfare, reducing benefit levels, tightening eligibility rules, changes to SARB, and student assistance. On July 14, the government announced a number of changes which would become effective on October 1, 1995. The following list is not exhaustive, but highlights the most significant changes that have been carried into effect. A number of other changes are expected during the term of this government.

*1) The reduction of benefit rates by 21.6%
(ref.: Chapter 6)*

On October 1, 1995, benefits were reduced by 21.6% for GWA recipients and sole-support parents collecting either GWA or FBA. Recipients of FBA other than sole-support parents have not had their benefits reduced. Table P-1 outlines the basic needs of those renting or who own homes, according to family size and ages of children. Table P-2 is an out-

line of the maximum shelter allowance GWA recipients and sole-support parents can receive. Tables P-1 and P-2 also show benefit levels before and after the October 1995 adjustments. Tables P-3 and P-4 summarize the basic needs and shelter allowances for disabled FBA recipients. These figures were unaffected by the October 1, 1995 reforms.

Table P-1: Basic Allowance Rates for All GWA Recipients and FBA Sole-support Parents Effective October 1, 1995

Number of Dependents Other Than Spouse	Dependents 12 Years or Over	Dependents 0-12 Years	1 Adult Person Monthly Allowance		2 Adult Persons Monthly Allowance	
			Before Oct. 1, 1995	After Oct. 1, 1995	Before Oct. 1, 1995	After Oct. 1, 1995
0	0	0	(249)	195	(490)	390
1	0	1	(569)	446	(608)	476
	1	0	(620)	486	(654)	512
2	0	2	(679)	532	(735)	576
	1	1	(730)	572	(781)	612
	2	0	(776)	608	(828)	648
<p>Prior to October 1, 1995, for each additional dependent child the benefits were: dependent child 13 or over—\$174/month; dependent child 0-12—\$127/month. After October 1, 1995, for each additional dependent child the benefits are: dependent child 13 or over—\$136/month; dependent child 0-12—\$100/month.</p> <p>Figures represent amounts paid to recipients who are renting or own homes. The figures do not include the Shelter Allowance (Table P-3).</p> <p>Source: MCSS.</p>						

**Table P-2: GWA Shelter Allowance
(from October 1, 1995)**

Family Size	Maximum Shelter Amount	
	Prior to Oct. 1, 1995	After Oct. 1, 1995
1	\$414	\$325
2	\$652	\$511
3	\$707	\$554
4	\$768	\$602
5	\$828	\$647
6 or more	\$859	\$673
The shelter allowance paid is the lesser amount of either: a) the amount in the above table, or b) the sum of the actual cost of shelter, heat, and energy. Source: MCSS.		

Table P-3: FBA (GAINS-D) Basic Allowance for Renters or Owners Excluding Shelter Allowance (from October 1, 1995)

Number of Dependents Other Than Spouse	Dependents Age 12 or Over	Dependents Aged 0-12	One Adult (Monthly \$)	Two Adults—1 Disabled (Monthly \$)	Two Adults—2 Disabled (Monthly \$)
0	0	0	516	765	1,032
1	0	1	772	875	1,142
	1	0	823	921	1,188
2	0	2	882	1,002	1,269
	1	1	933	1,048	1,315
	2	0	979	1,095	1,362
For each additional dependent child, the benefits are: dependent 13 or over—\$174/month; dependent 0-12—\$127/month. Source: MCSS.					

Table P-4: FBA (GAINS-D) Shelter Allowance (from October 1, 1995)	
Family Size	Maximum Shelter Amount
1	\$414
2	\$652
3	\$707
4	\$768
5	\$828
6 or more	\$859
The shelter allowance paid is the lesser amount of either: a) the amount in the above table, or b) the sum of the actual cost of shelter, heat and energy.	
Source: MCSS.	

Table P-5 summarizes benefit rates among the provinces. The data are effective from July 1995 except for Ontario's figure, which became effective on October 1, 1995. Welfare advocacy groups were intensely critical of the changes; a group of recipients took the province to court over the 21.6% cut in benefit levels. Lawyers representing 12 recipients charged that the benefit reduction contravened Ontario's welfare laws, the Canada Assistance Plan (CAP), and the *Canadian Charter of Rights and Freedoms* (Toronto Star, November 8, 1995). To date, this court challenge has not been successful.

Table P-5: Comparison of Social Assistance Rates Among the Provinces (1995)

Province	Single Employ- able	Disabled Person	Single Parent with 1 Child ^a	Childless Couple	Couple with 2 Children ^b
B.C.	\$546	\$771	\$982	\$903	\$1,289
Alta.	\$394	\$810	\$766	\$756	\$1,206
Sask.	\$480	\$663	\$900	\$870	\$1,290
Man.	\$493	\$666	\$787	\$773	\$1,291
Ont.	\$520	\$930	\$957	\$901	\$1,214
Que.	\$500	\$674	\$995	\$775	\$1,318
N.B.	\$257	\$532	\$712	\$491	\$798
N.S.	\$492	\$706	\$871	\$734	\$1,289
P.E.I.	\$488	\$593	\$921	\$922	\$1,358
Nfld.	\$335	\$542	\$913	\$652	\$990
Avg.	\$451	\$658	\$880	\$778	\$1,204

a) assumes child aged 4.

b) assumes children are 10 and 12 years of age.

Above rates exclude supplementary benefits and medical allowance.

Data are for July 1995 except for Ontario rates, which are for October 1995. Since July 1995, Ontario, British Columbia, and Quebec have announced reductions in benefit levels for some categories of recipients. Only Ontario's reduced rates are noted in table P-5.

The establishment of these rates is based on certain assumptions, not all of which are noted. For example, residents of northern Ontario receive a higher rate than those living in southern Ontario. The benefit rates in Manitoba are not consistent among all areas. The source of this data has not specified all the pertinent assumptions.

Source: Alberta, 1995: Appendix B.

2) *Changes to the STEP program*
(ref: Chapter 6)

Changes to STEP allow recipients to keep more earnings, thus helping to offset the reduction in social assistance benefit rates. The requirement that recipients be on assistance for three consecutive months to be eligible for STEP exemptions has remained in place.

Table P-6: STEP Basic Exemption Rate Before and After October 1, 1995

	Prior to Oct/95	Oct/95 to Dec/95
Single person	\$50	\$120
Single parent	\$120	\$230
Two-parent family	\$100	\$200
Disabled single (GAINS-D)	\$160	\$160
Disabled family (GAINS-D)	\$185	\$185
In all cases, a further 25% of a recipient's earnings is exempt over and above the basic exemption rate. This percentage was not affected by the October 1995 reforms. Source: MCSS.		

The government issued rebates in December 1995 to recipients who had been working since October 1, 1995. In addition to the STEP incentive, recipients who continued to receive less than their October 1995 benefit rates were rebated for the shortfall. Effective January 1, 1996, the STEP flat-rate exemptions (as outlined in Table P-7) were increased to represent the difference between the benefit rate pre-October 1995 and post-October 1995. For example, the flat-rate exemption for a single person went from \$120 to \$143. The 25% exemption in addition to the flat-rate exemption and other deductions from gross income remained in effect.

Table P-7: STEP Exemption Effective January 1996							
	Number of Dependents						
	0	1	2	3	4	5	6
GWA							
Single	\$143	—	—	—	—	—	—
Couple	\$249	\$295	\$346	\$397	\$442	\$480	\$518
GWA/FBA							
Single parent		\$275	\$321	\$372	\$423	\$468	\$506
For families with more than six children in the above categories, add \$38 for each dependent child.							
FBA (GAINS-D)							
Single (no dependents)						\$160	
Couple (regardless of number of dependents)						\$185	
Source: MCSS.							

3) Elimination of the three-year co-residency rule (ref.: Chapter 4)

A single person or single parent co-residing in a spousal arrangement with a member of the opposite sex will be eligible for assistance only if they apply as a couple, and where their combined income or assets are below those allowed by GWA regulations. For a spousal relationship to exist, the following three key factors must be present:

- residing in the same dwelling
- financial interdependence
- social familial circumstance/presenting themselves as a couple

In cases where co-residency has been established but the status of the relationship has not, MCSS has developed a 70-question survey to assess if the relationship is spousal in nature.

The terms “living with” and “residing with” that caused such difficulty for SARB (see Chapter 4) were changed to “residing in the same dwelling place.”

The effect of these changes is essentially to return the GWA and FBA rules for cohabitation to a pre-November 1, 1987 position.

The changes affecting co-residency have been challenged by a number of recipients represented by legal-clinic lawyers. At the time of publication, no decision regarding this case had been rendered.

4) Fraud reduction techniques (ref.: Chapter 5)

A number of techniques were introduced to reduce fraud and abuse within the system. Special teams were formed to combat fraud and a 1-800 hotline was opened to report suspected fraud. Fraud detection efforts across the province were centralized to increase efficiency and effectiveness. Automated information sharing with other provinces and the federal government, as well as other Ontario ministries and agencies, is being introduced.

5) Tighter eligibility for 16- and 17-year-olds (ref.: Chapter 3)

Sixteen- and 17-year-olds who leave home must meet new, tighter conditions for getting assistance that include a family assessment, living with adult supervision, and regular attendance at school or training.

6) Reinstatement of the home visit (ref.: Chapter 5)

Home visits by workers will be conducted at the agency's discretion and can be made with or without notice. Random home visits will be part of regular procedures for GWA and FBA offices. The purpose of the visits is to verify eligibility criteria. Workers are not allowed to search the home, open drawers, or enter other parts of the home without permission. Although exceptions to this could be allowed, assistance can be denied or cancelled for refusing a home visit without a legitimate reason.

7) SARB appointees (ref.: Chapter 2)

The Minister, David Tsubouchi, also announced the appointment of four members to SARB. Several of these members had Conservative af-

filiations, and their appointments were criticized by the Liberals and the NDP (Toronto *Star*, October 12, 1995).

In an effort to increase efficiency, SARB is hearing some appeals by conference call with the appellant and respondent.

In addition, new policies now reduce the length of time for which recipients can receive interim assistance. Although SARB has not issued any public statements to date concerning the frequency with which it grants interim assistance, it is nevertheless true that interim is not granted with the same frequency as in the past. Procedures regarding interim assistance have also changed. A SARB memorandum (1995b) states:

Over the past several years there has been a significant increase in appeals to the Board. This has given rise to a delay in scheduling hearings. As a result, some people are receiving interim assistance for longer periods of time.

During those extended periods, a person's financial circumstances may change and an appellant may no longer require interim assistance. As a result, the Board is of the view that it is no longer appropriate to order interim assistance to [the date of the] decision. Time limited orders are appropriate so that the financial circumstances of the Appellant may be reviewed during the period that the Appellant is waiting for a hearing. . .

When interim assistance is appropriate, the Board will generally grant it for a period of three months. In certain cases interim assistance will only be granted for one month. Such cases might include but not be limited to situations where a person is required to do a job search or needs time to provide information.

8) Number of social assistance recipients

On October 1, 1995 the number of people receiving assistance declined by 24,000 from the previous month, the largest decline for a one-month period in over a decade. By the end of November, the total number of people receiving assistance (including spouses and dependents) had declined to 1,240,000—a reduction of 120,000 since it reached its peak.

9) Institution of workfare

There has been considerable opposition to the idea of workfare, both in theory and in practice. However, the Conservative government is moving ahead with its election promise to institute a work-for-welfare program in Ontario. To date, the government is looking at several test sites throughout the province, but the details of the program have not been released.

Appendix: STEP Examples

THIS APPENDIX CONTAINS SOME EXAMPLES using benefit levels and STEP exemptions prior to October 1, 1995.

The example on the next page involves a single parent with two children under 12 years of age who is earning \$1,600 per month. The single parent has been receiving assistance for three months and is eligible for the STEP program. There are daycare costs of \$400 per month and shelter costs total \$700 a month.

Sole-support Parent Earning \$1,600/month (\$19,200/yr)	
Gross monthly earnings (before deductions)	\$1,600
Subtract: Mandatory payroll deduction (UIB, Income Tax, RSP, Union Dues, CPP)	\$200
Subtract: Basic exemption for single parent	\$120
Subtotal	\$1,280
Subtract: 25% of remainder	\$320
Remainder	\$960
Subtract: Approved daycare cost	\$400
INCOME TO BE DEDUCTED FROM CHEQUE	\$560
Regular FBA/GWA monthly entitlement	\$1,379
less net income after STEP	\$560
GWA/FBA entitlement after STEP	\$819
Total monthly income (GWA/FBA + earnings)	\$2,419

This example involves a single person who earns \$600 a month and has \$400/month in shelter costs.

Single Person Earning \$600/month (\$7,200/yr)	
Gross earnings (before deductions)	\$600.00
Subtract: Mandatory payroll deduction (UIB, Income Tax, RSP, Union Dues, CPP)	\$20.00
Subtract: Basic exemption for single person	\$50.00
Sub total	\$530.00
Subtract: 25% of remainder	\$132.50
INCOME TO BE DEDUCTED FROM CHEQUE	\$397.50
Regular GWA monthly entitlement	\$649.00
less net income after STEP	\$397.50
GWA/FBA entitlement after STEP	\$251.50
Total monthly income (GWA/FBA + earnings)	\$851.50

Examples using benefit levels and STEP exemptions after January 1, 1996

This example involves a single parent with two children under 12 years of age who is earning \$1,600 per month. The single parent has been receiving assistance for three months and is eligible for STEP. There are daycare costs of \$400 a month and shelter costs total \$700 per month.

Sole-support Parent Earning \$1,600/month (\$19,200/yr)	
Gross monthly earnings (before deductions)	\$1,600.00
Subtract: Mandatory payroll deduction (UIB, Income Tax, RSP, Union Dues, CPP)	\$200.00
Subtract: Basic exemption for single parent	\$321.00
Subtotal	\$1,079.00
Subtract: 25% of remainder	\$269.75
Remainder	\$809.25
Subtract: Approved daycare cost	\$400.00
INCOME TO BE DEDUCTED FROM CHEQUE	\$409.25
Regular FBA/GWA monthly entitlement	\$1,081.00
less net income after STEP	\$409.25
GWA/FBA entitlement after STEP	\$671.75
Total monthly income (GWA/FBA + earnings)	\$2,271.75

This example involves a single person who earns \$600 a month and has \$400 a month in shelter costs.

Single Person Earning \$600/month (\$7,200/yr)	
Gross earnings: (before deductions)	\$600.00
Subtract: Mandatory payroll deduction (UIB, Income Tax, RSP, Union Dues, CPP)	\$20.00
Subtract: Basic exemption for single person	\$143.00
Subtotal	\$437.00
Subtract: 25% of remainder	\$109.25
INCOME TO BE DEDUCTED FROM CHEQUE	\$327.75
Regular GWA monthly entitlement	\$520.00
less net income after STEP	\$327.75
GWA/FBA entitlement after STEP	\$192.25
Total monthly income (GWA + earnings)	\$792.25

Glossary of Abbreviations

AFDC – Aid For Families With Dependent Children
AMO – Association of Municipalities of Ontario
CAP – Canada Assistance Plan
CAS – Children’s Aid Society
CCSD – Canadian Council of Social Development
CIMS – Comprehensive Information Maintenance System
CPP – Canada Pension Plan
ERO – Eligibility Review Officer
F&CS – Family and Children Services
F&SS – Family and Social Services
FB – Family Benefits
FBA – Family Benefits Allowance or Family Benefits Act
FLA – Family Law Act
GAINS-D – Guaranteed Annual Income System – Disability
GIS – Guaranteed Income Supplement
GWA – General Welfare Assistance
GST – Goods and Services Tax
GTA – Greater Metropolitan Toronto Area
LEAF – Women’s Legal Education Action Fund
LICO – Statistics Canada Low Income Cut-Off
MCSS – Ministry of Community and Social Services
NCW – National Council of Welfare

NDP – New Democratic Party
NWRO – American National Welfare Rights Organization
OMSSA – Ontario Municipal Social Services Association
PSID – Panel Study of Income Dynamics
QPP – Quebec Pension Plan
RSP – Retirement Savings Plan
SARB – Social Assistance Review Board
SARC – Social Assistance Review Committee
SIME/DIME – Seattle and Denver Income Maintenance Experiment
SPC – Social Planning Council of Metropolitan Toronto
SPPA – Statutory Powers and Procedures Act
STEP – Support To Employment Program
UI – Unemployment Insurance
UIB – Unemployment Insurance Benefits
VRS – Vocational Rehabilitation Services

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