



TRADING PLACES

**Single Adults Replace Lone Parents as the New Face
of Social Assistance in Canada**

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APPLIED PUBLIC POLICY RESEARCH
INFORMED BY ONTARIO'S REALITY

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This paper was prepared by John Stapleton and Vass Bednar. It is one in a series of papers commissioned by the Mowat Centre Employment Insurance Task Force to serve as sources of input for the Task Force as it develops recommendations for reform of Canada's Employment Insurance system.

Executive Summary

This paper examines changes in social assistance caseloads coming out of the major economic recession that began in the fall of 2008. In Ontario and the western provinces, eligibility rules for both Employment Insurance (EI) and social assistance have greatly tightened. Far fewer people can access social assistance, whether they apply before or apply after exhausting an EI claim. Comparing 2007 to 2010, asymmetric EI eligibility has resulted in uniformly lower social assistance caseloads from Quebec to the East Coast but higher caseloads from Ontario to the West Coast. Other changes are resulting in far fewer lone parents receiving social assistance, while single people become the most prevalent social assistance applicants. Among single people, the increase in caseloads for younger men is a particularly worrisome trend.

This paper suggests that social and economic policies should be implemented and existing programs should be reworked in order to address the needs of single adults as the newly vulnerable in Canada. The paper also calls on government to improve access to unemployment and social assistance data for future research.

Trading Places: Single Adults Replace Lone Parents as the New Face of Social Assistance

John Stapleton with assistance from Vass Bednar

From 1990 to 1996, dramatic changes to Employment Insurance (EI) legislation profoundly altered the face of those on welfare in Canada. Equally important cutbacks to social assistance across Canada were made from 1993 to 2001, starting first in Alberta and ending in British Columbia. EI has become a much smaller benefit program than in the past.

EI is time-limited, while social assistance benefits are not. For those who do not qualify for, or exhaust, their EI, cannot find work, and cannot get help from family or other networks, social assistance is the only recourse. Now, many more Canadians are in this situation. The shift is most noticeable in the provinces where EI coverage is the least comprehensive. It has been intensified by the recent recession.

Yet data from the most recent recession of 2008-10 indicate that the impact of high unemployment on welfare caseloads is much less profound than it was in prior recessions. For example, if every single person on EI in Ontario at the peak of active claims went off EI and onto welfare, the caseloads would still not be as high as they were in 1994, when Ontario's population was much lower. This tells us that social assistance was doing much too much of the 'heavy lifting' in 1994. At the same time it shows us just how much welfare and EI have been cut back.

In the past, social assistance caseloads could be broken into some typical categories: single parents, families down on their luck, single persons, and persons with disabilities. While these groups still make up the majority of those on welfare, there have been profound shifts among the groups. A new picture is emerging.

Lone parents, the majority of them women, have become a success story, with fewer now relying on social assistance than at any time in the past three decades. Single mothers are obtaining better education, finding work, gaining better access to child support, and receiving new child benefits. Over the longer term, many are moving out of poverty as a result. This phenomenon is happening across Canada regardless of differences in local economies.

In the post-recession world, single people, the majority of them young men, are emerging as a major public policy concern.

A number of factors contributing to this need further study. For example, a shifting economy that has eliminated many traditionally male, blue collar jobs and created jobs in the service sector that are largely going to women. The result, however, is clear. Far more young males are forced to rely on social assistance, with incomes that are close to destitution levels—much lower than in other developed countries.

In Ontario, the Ontario Works (OW) program provides financial assistance to those considered to be employable while the Ontario Disability Support Program assists persons with a disability. At the beginning of the millennium, there were approximately 92,000 single persons and 95,000 lone parents receiving Ontario Works (OW) benefits.

Nine years later, in February 2011, there were 151,400 single people without children receiving OW, an increase of 65 per cent. Yet fewer than 76,000 lone parents are now receiving OW benefits, a decrease of over 20 per cent, despite a market crash and the sharpest recession since the Great Depression.

In Ontario, the maximum welfare payment for a single unemployed person is now approximately \$7,000 a year under OW. By contrast, the minimum wage, now set at \$10.25 an hour, grosses \$20,000 annually, based on a full-year 37.5 hour work week. Single persons on welfare must settle for an income that is just over a third of what they would make with the most basic form of steady work.

In addition, the proportion of poor persons with disabilities receiving Ontario Disability Support Program (ODSP) benefits, particularly singles, is increasing. They receive benefits that are 78 per cent higher than other singles (Income Security and Advocacy Centre, 2010) and have asset limits that are 745 per cent higher (MCSS, 2010a).

These observations are based on an analysis of social assistance data hampered by the fact that only six provinces—Ontario, Quebec, British Columbia, New Brunswick, Alberta and Newfoundland and Labrador—release data on a monthly basis. Nevertheless, these provinces comprise 90 per cent of Canada's population and an estimated 91 per cent of Canada's social assistance data (Statistics Canada, 2010a). Observations based on data from these provinces can largely be viewed as reflective of Canada when looking at general trends.

Another gap in the data is caused by the fact that, while the federal government does release detailed data on EI claims, it does not release data on those claimants who are leaving the program. We need this data to track what is happening to the new cohort of single males who are accessing welfare.

Despite this lack of detailed data, it is clear that the mix of programs available to lone parents, most of them mothers, is working to help people move out of poverty. For single people, it is the opposite. The only additional income they receive is federal and provincial tax credits. Clearly, targeted changes to Canada's support system for the unemployed are needed to better and more fairly support those in need while encouraging a more efficient labour market and meeting the human capital needs of a dynamic economy.

This paper explores how governments might take a holistic approach to income support by gathering and releasing better data, improving the income of social assistance recipients, and restructuring the Working Income Tax Benefit to better fit with social assistance.

We have four main recommendations:

1. As part of the Social Assistance Review, the Ontario government charge the review team with finding ways to eliminate penalties for singles in income security programs *while maintaining the gains* made for lone parent families.
2. Ontario should take the opportunity provided by Ottawa to overhaul and strengthen the Working Income Tax Benefit (WITB).¹
3. The Canadian Government move quickly to develop and release a comprehensive dataset on claimants leaving the EI program: their characteristics in terms of gender, age, and, where possible, other demographic and economic characteristics.
4. The Governments of the three territories, Nova Scotia, PEI, Manitoba, and Saskatchewan immediately prepare and release detailed data on social assistance caseloads consistent with the other five provinces that do release current data.

The Data Used in this Analysis

Since the legislative changes made to EI from 1990-96, many Canadians who lose their jobs must go straight to social assistance because they are not eligible for EI. Most of the unemployed who eventually apply for social assistance are in this group. A much smaller group—those who are able to make a successful EI claim—may eventually apply for social assistance when their claim is exhausted.

In the wake of the recent recession, we know that social assistance caseloads have gone up. Increases are more dramatic in the provinces where EI coverage is shorter in duration and harder to obtain.

It is reasonable to assume, given the dynamics between large and economically important social programs like EI and provincial and territorial welfare systems, that a full set of data would be available to researchers. This is not the case.

Employment Insurance Data

Although the federal government does release detailed data on EI claims (Statistics Canada, 2010b), it does not release data on EI claimants who are leaving the program.² There is no comprehensive tracking available to the public of EI leavers who apply for social assistance. Without this information, researchers can still look to welfare caseloads to see the effects of unemployment and EI exhaustion among those with low income.

Social Assistance Data

Only six of ten provinces release up-to-date social assistance data on a monthly basis:

- Ontario
- Quebec
- British Columbia
- Alberta
- New Brunswick
- Newfoundland and Labrador

The other four provinces release social assistance caseload information from time to time. Comprehensive comparable provincial data was last released in 2007 (HRSDC, 2007).

For the purposes of this analysis, it is fortunate that the six provinces that do release their data in a timely manner comprise 90 per cent of Canada's population and an estimated 91 per cent of Canada's social assistance population. (British Columbia, Ontario, and Quebec alone comprise 75 per cent of Canada's total population.) This enables us to develop a picture based on data from these provinces that is fairly reflective of Canada's population as a whole.

All interprovincial comparisons use caseload counts, as beneficiary counts across jurisdictions are unavailable. Caseload counts represent the number of total payments made to households as opposed to the total number of people covered.

The Emerging Picture

Based on the data we have, an important picture is emerging of who is in need of basic income security across the country.

Although lone parent caseloads increased during the recent recession, there has been a long-term downward trend. This trend is consistent across Canada, regardless of local economies. Lone parents have become a success story, in the sense that fewer are receiving social assistance than at any point in the last three decades. The proportion of lone parent families living in low income is at the lowest point since 1976 (Figure 1). Lone parents are getting education and work. They are accessing child support and child benefits and cobbling these benefits together with income from work.

Single people are the major public policy concern in the post-recessionary period. There are many more singles receiving social assistance all across the country. They receive basic incomes that are close to destitution levels—much less than in other developed countries (Immervoll, 2009a: 10). They are not getting work and they are losing ground.

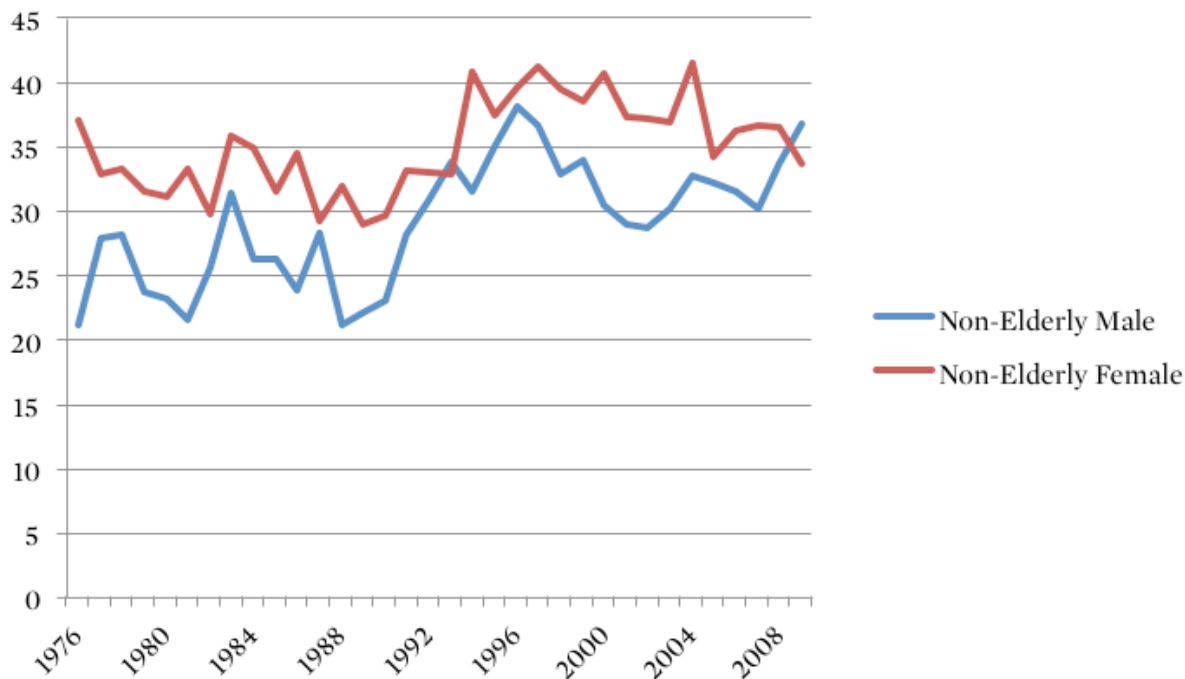
In Ontario, the emergent single caseload is overwhelmingly male and decidedly young. This reflects current low-income cut off rates for singles in Ontario (Figure 2). The after-tax low-income cut off rate for non-elderly single males has surpassed the low-income cut off rate of non-elderly single females for the first time in over a decade.³

Figure 1 Percentage of Female Lone-Parent Families Living in Low Income, 1976-2009, (1992 base year)



Source: Statistics Canada
 Note: Low-income cut off (LICO) applied to after tax income.

Figure 2 Percentage of Non-Elderly Male and Female Singles Living in Low Income in Ontario, 1976-2009 (1992 base year)



Source: Statistics Canada
 Note: Low income cut off (LICO) applied to after tax income.

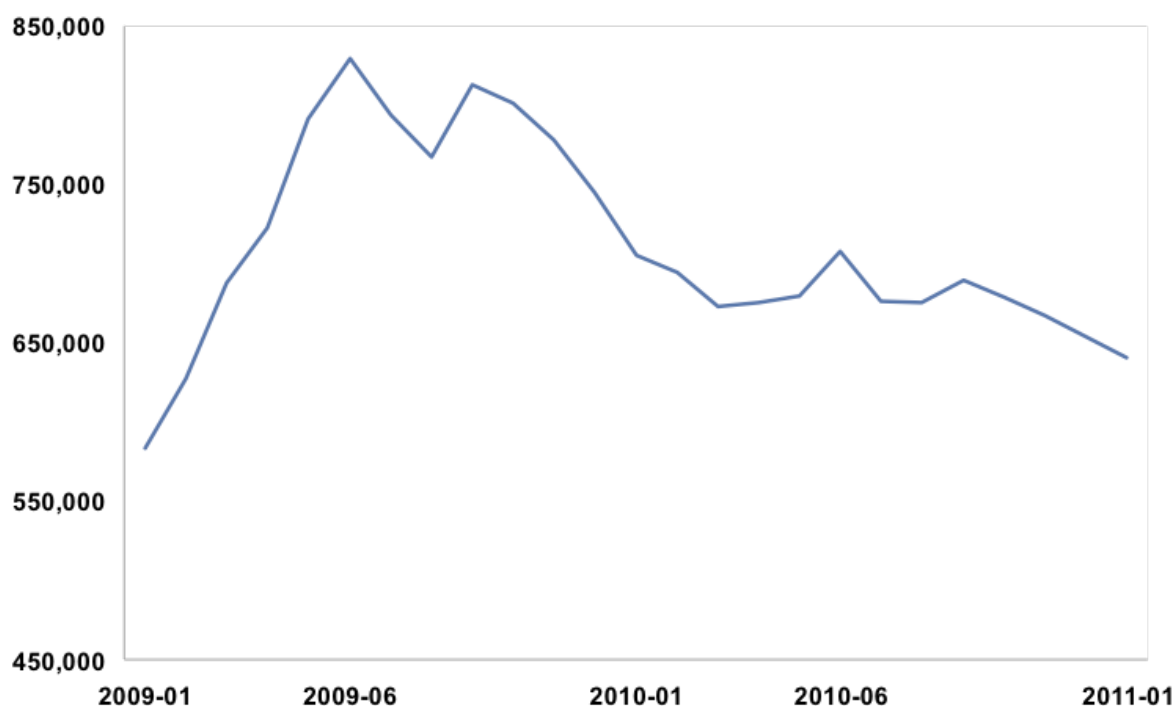
Poor people with disabilities in Ontario, particularly single people, are increasing relative to our population. Benefits for people with disabilities are 78 per cent higher than for single people on social assistance (Ontario Works). In addition, people on disability assistance have asset limits that are 745 per cent higher than singles on social assistance.

1 EI and Social Assistance in Canada

Employment Insurance

In January 2011, there were approximately 640,200 regular EI claims in Canada, far fewer than the 830,000 peak in 2009 (Figure 3).

Figure 3 Number of EI beneficiaries (Regular Benefits) in Canada



Note: Data for monthly EI beneficiaries, seasonally adjusted.
Source: Statistics Canada, Labour Statistics Division

Social Assistance

Table 1 compares the estimated number of social assistance cases in Canadian provinces and territories in March 2007 to estimated figures for March 2010. These estimates are based on actual data supplied by the six reporting provinces as well as special data releases from Manitoba and Saskatchewan. Estimates for the remaining provinces and territories (which are included in the national estimate) are based on the assumption that 2010 levels for those jurisdictions would approximate the changes in Canadian jurisdictions that report their data.

Table 1 Estimated Social Assistance* Caseloads in Canada

PROVINCE / TERRITORY	2007 (MARCH)	2010 (MARCH)
Newfoundland & Labrador	25,900	25,100
PEI	3,600	Data not available
Nova Scotia	28,500	Data not available
New Brunswick	24,400	24,000
Quebec	341,500	339,500
Ontario	430,500	520,600
Manitoba	31,500	33,200
Saskatchewan	27,100	24,802
Alberta	25,200	40,144
BC	104,300	133,800
Yukon	618	Data not available
NWT	1,046	Data not available
Nunavut	3,725	Data not available
Subset Total	1,047,889	1,141,146
% of total	100%	96.4%
National Estimate	1,047,889	1,183,500

**Includes all needs-tested programs for those considered employable as well as people with a disability, except for recipients of the Assured Income for the Severely Handicapped (AISH) program (Alberta).*

EI Claimants and Social Assistance

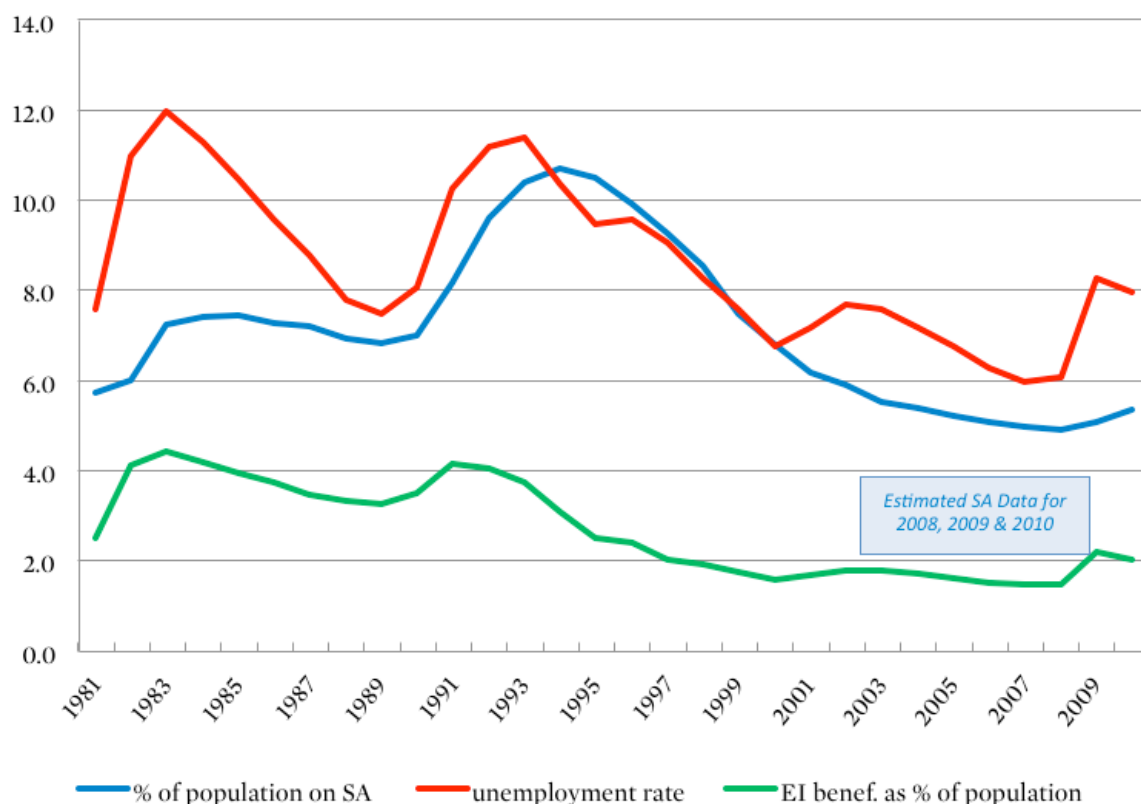
Most EI claimants do not go on to social assistance. They go back to work, retrain, or have working spouses or other resources.

In addition, most EI claimants cannot easily meet the very difficult eligibility criteria that now characterize social assistance programs in Canada. For example, assets limits across Canada are consistently low, although they are quite variable. In PEI, the limit for a single recipient is only \$50. In Ontario it is \$592. In Manitoba, the asset limit is \$4,000.

If we assumed that 10 per cent of all EI claimants⁴ (at the peak of the recession in 2009) had made a successful application for social assistance, then approximately 84,000 new cases would have been seen on assistance across Canada, for a Canada-wide increase of 7 per cent.

Even if 20 per cent of EI leavers (172,000 claimants at the peak) became eligible for social assistance across Canada, the increase in social assistance caseloads would have been less than 15 per cent. Although significant, it is clear that the diminished role of EI since the 1990s and increased caseloads in advance of the recession have made the effect of EI leavers a modest event, especially given that social assistance caseloads doubled in the 1990-91 recession, as we see in Figure 4.

Figure 4 Social Assistance Recipients and Regular UI/EI Claimants as a Percentage of the Population and Unemployment Rate, 1981-2010

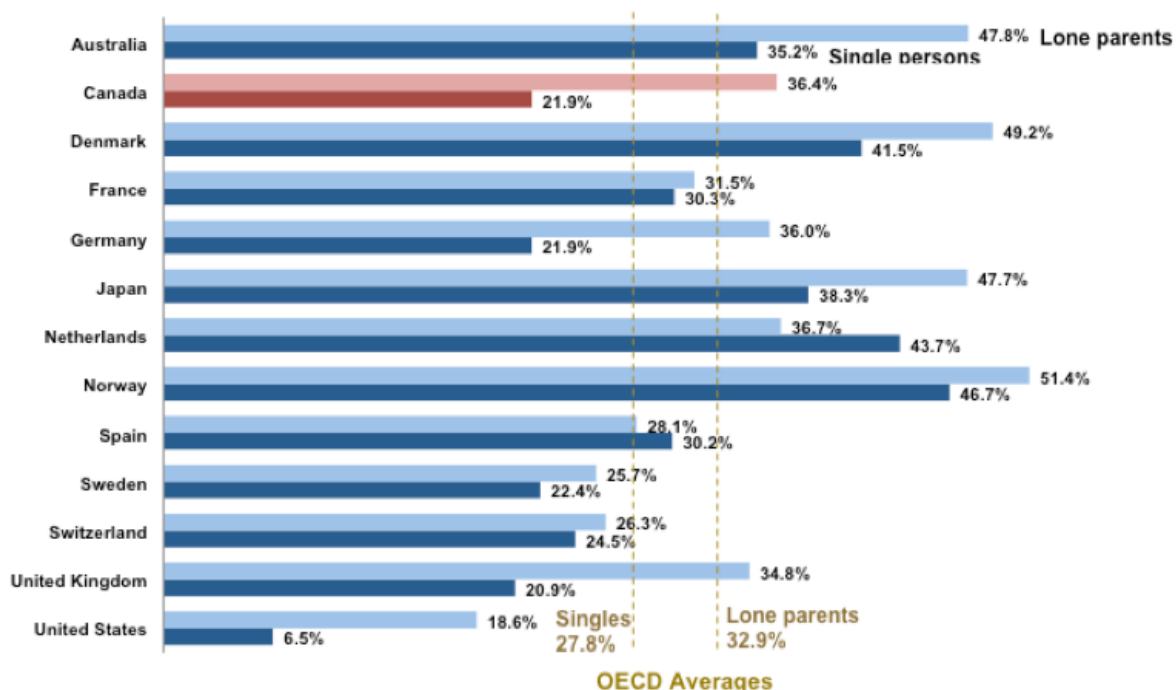


Explaining Post EI Benefit Applications in Canada: Low Benefit Levels

As of 2011, EI pays a regular benefit maximum of \$468 a week or \$2,028 a month. This is far in excess of what is available to single welfare recipients. Even after refundable tax credits are taken into account, EI pays almost three times what single social assistance recipients receive. In most provinces, it pays double the amount received by a lone parent.

Canada provides one of the lowest levels of basic income support for single persons in the western world. However, Canada's support for lone parents is somewhat higher, as shown in this figure from a recent OECD report (Immervoll, 2009b: Figures 2 and 3).

Figure 5 Net incomes of social assistance recipients for select OECD countries in percent of median household income, 2007



Note: Lone parents with two children; Social assistance benefit does not include housing-related benefits; OECD average does not include Mexico.

Source: Institute for Competitiveness & Prosperity analysis based on data from Herwig Immervoll, "Minimum-Income Benefits in OECD Countries: Policy Decision. Effectiveness and Challenges." OECD Discussion Paper, No. 4627, December 2009.

Canada's approach to basic benefits (mostly social assistance) is different than many other developed nations in that it results in virtual destitution for single people. Without extended benefits for unemployed single people, it is not surprising that caseloads for single people on social assistance have risen over the last ten years.

The Upsurge in Single Persons in Need and the Success of Single Parents

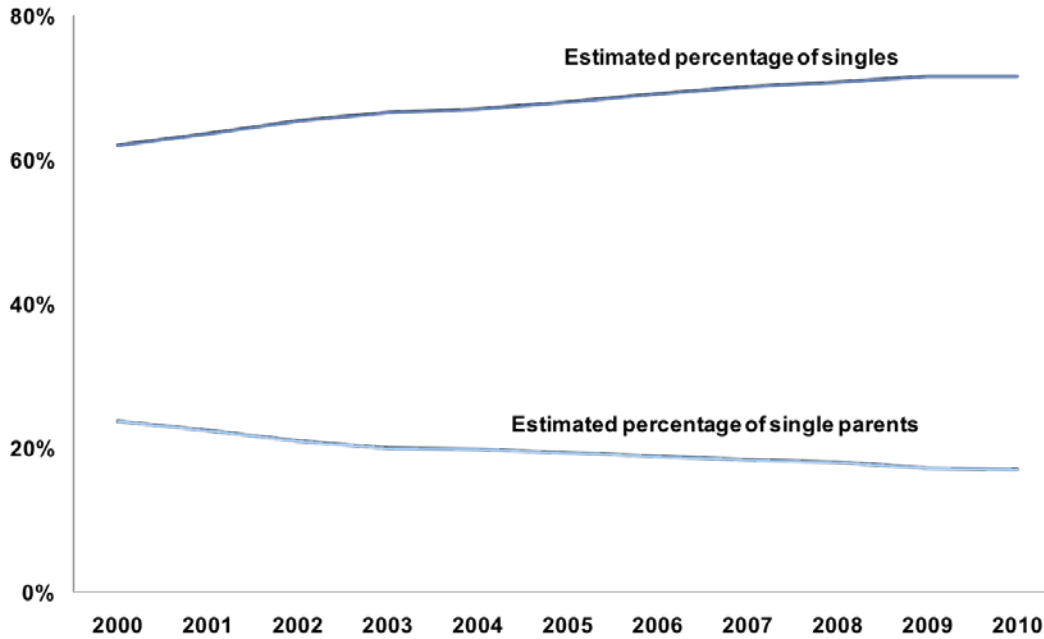
The fastest growing segment of social assistance in Canada is *single people without children* (Figure 6). At the same time, lone parents are declining as a percentage of the social assistance population. One reason for this shift is that single people have low access to alternative resources. For example, in Ontario, a mother of two on social assistance would receive 53 per cent of her income from child benefits outside of welfare, easing the transition to work. Childless single people would receive only 11 per cent of income from outside sources, making them much more dependent on social assistance.⁵

Figures 7 and 8 break down this data for the six reporting provinces. We have grouped three western provinces on Figure 7 and three eastern provinces on Figure 8.

In Ontario, at the beginning of the millennium, there were approximately 92,000 single people and 95,000 lone parents receiving Ontario Works (social assistance for non-disabled persons).

As of February 2011 there were 151,400 single people on social assistance—a dramatic increase of 65 per cent. At the same time, lone parents on social assistance declined to just under 76,000—a decrease of 20 per cent. There were similar decreases in lone parent caseloads and increases in singles in B.C., Alberta, Quebec, New Brunswick, and Newfoundland & Labrador.

Figure 6 Estimated Proportion of Childless Singles and Lone Parents as a Percentage of the Population on Social Assistance, Canada, 2000-2010



During this same period, the actual levels of income security and supports available to lone parents have generally kept pace in comparison to inflation, while the levels for singles fell precipitously.

Figure 7 Proportion of Social Assistance Recipients who are Singles and Lone Parents in Ontario, Alberta, and British Columbia, 2000-2010

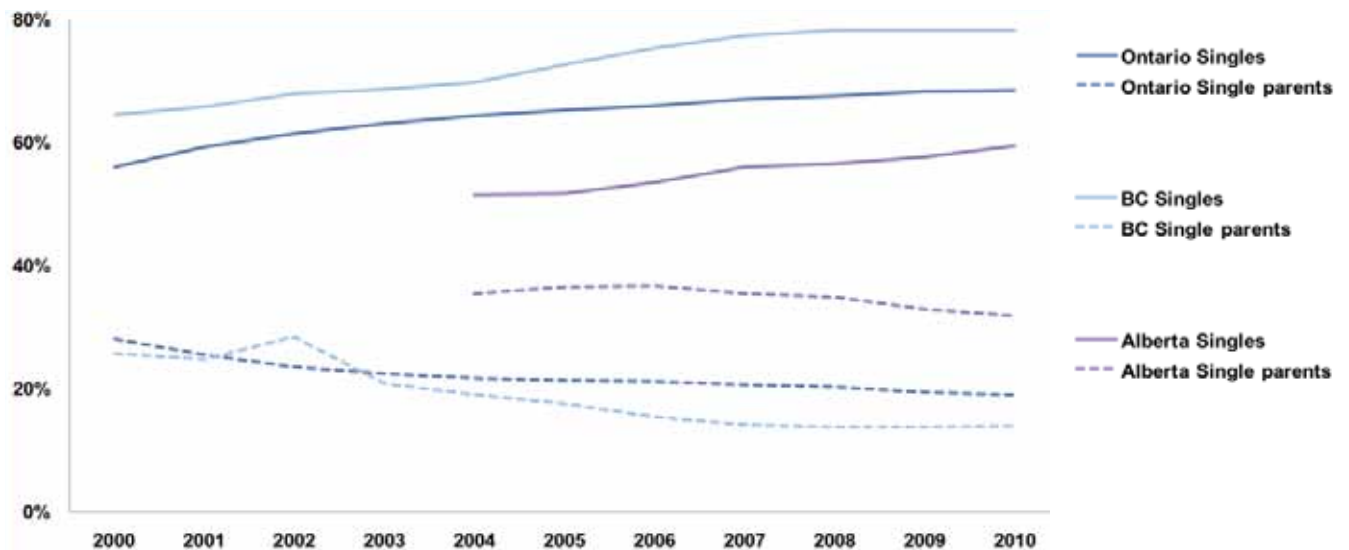
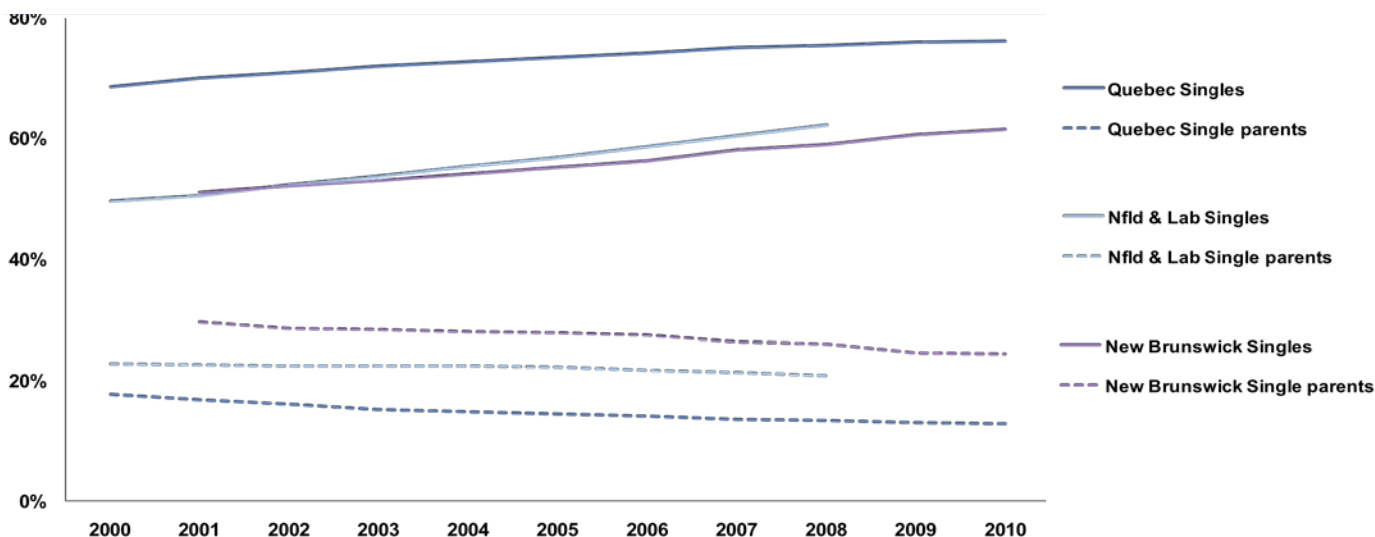


Figure 8 Proportion of Social Assistance Recipients who are Singles and Lone Parents in Quebec, New Brunswick, and Newfoundland & Labrador, 2000-2010



Explaining the Trends: Where More Research is Needed

Many factors might help explain the steady growth in the number of single, childless people on social assistance. More research is needed to examine the relative impacts of difficulties such as these:

- Finding sustainable employment with limited education and qualifications
- Surviving on minimum wage or contract work
- Recovering from the effects of the recession
- Surviving economically following the loss of EI
- Maintaining a state of ‘work-readiness’ (cost of clothing, transportation, etc.) while trying to survive at destitution levels
- Accessing services
- Qualifying for subsidized housing
- Sustaining a one person household without the economies of scale that a larger family group provides.

The decline in the number of lone parents on social assistance, most of whom are women, might be seen as something of a good news story. But what factors are contributing to this decline? Researchers might benefit from weighing two different types of factors contributing to this decline—factors enabling greater self-reliance, and factors that act as barriers to accessing social assistance.

ENABLING FACTORS

- Improved education attainment levels (Picot and Myles, 1996)
- The rise of service work in the labour market, which is a sector traditionally dominated by women
- The array of child benefits in Canada—Universal Child Care Benefit, Canada Child Tax Benefits, Ontario Child Benefits, National Child Benefit Supplement

- plus the Working Income Tax Benefit, all of which are delivered outside of welfare and allow lone parents with children higher income and more choices related to income security
- Improvements in child support, including child support guidelines, which have created benchmarks for the amounts absent spouses must pay; significantly more reliable proof of paternity through DNA evidence; and better enforcement of child support orders
- The fact that child support and child benefits outside of welfare “stack” as opposed to deduct as child support does under welfare
- Slightly lower fertility (fewer larger families).

BARRIERS TO ACCESS

- Tougher eligibility rules (Kneebone and White, 2010: 4)
- Tougher ‘man in the house’ rules, monitoring whether a lone parent is co-habiting with a significant other (Mosher and Hermer, 2005)
- Lower welfare payments
- Lower ‘breakevens,’— the point at which outside income reduces welfare entitlement to zero
- Deduction of child support.

The Growth of People with Disabilities in Social Assistance Programs

There has also been rapid growth in social assistance programs in Canada for people with disabilities. Over the last ten years, households headed by a person with a disability increased by more than 20 per cent in Quebec and 45 per cent in Ontario. They have nearly doubled in British Columbia.⁶ Costs have increased accordingly. For example, in Ontario, persons with disabilities receiving Ontario Disability Support Program (ODSP) benefits represented 32 per cent of social assistance costs in 1988 but now represent more than 60 per cent of social assistance expenditures.

More research is needed to determine the factors that are significant determinants of the Canada-wide increase in the disability caseload, such as:

- An aging society
- A growing population and a proportionate growth in the numbers of people with disabilities
- Medical and pharmacological advances that enable people with disabilities to live longer
- Better diagnosis of mental illness
- Deinstitutionalization
- Recession displacement
- Systemic incentives to pursue a disability income with less stigma
- Changes in program eligibility criteria (including how disability is defined) across various federal and provincial programs
- Changes in the type of employment available in the job market
- Employer misconceptions about the high cost of accommodating disability in the workplace.

2 A Closer Look at Social Assistance in Ontario and Toronto

Caseload Dynamics in Ontario from 1980 to 2010

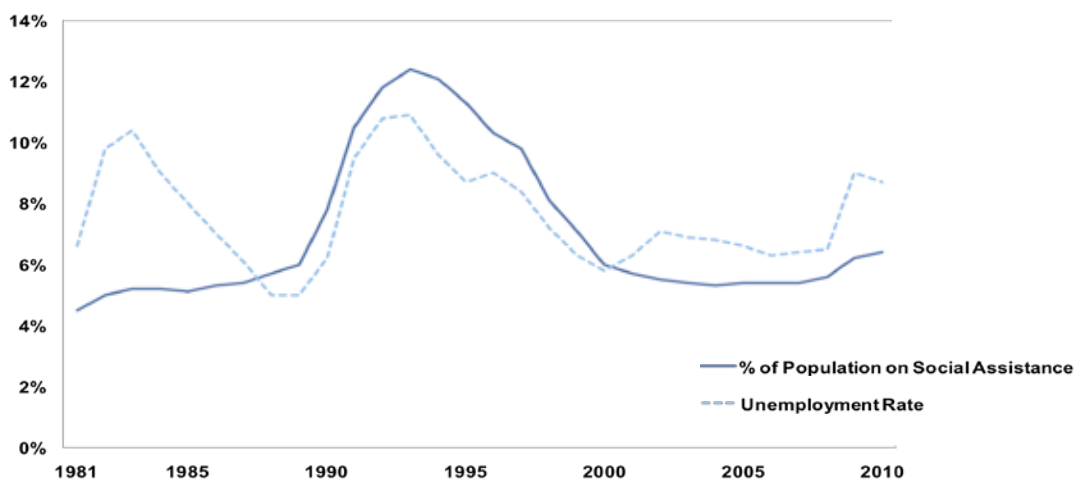
In the years before 1988, there was not a close relationship between unemployment and social assistance caseloads. In the 1980-81 recession, total social assistance beneficiaries did not ‘track’ unemployment (Figure 9).⁷ This was largely because the (then) Unemployment Insurance program was robust and benefit rates for social assistance recipients were low.

Each successive policy change in Employment/Unemployment Insurance from 1972 to 1991 marked an erosion of the program. This meant that social assistance programs had to pick up the slack. Over the course of the 1980 - 81 recession, social assistance rates for single, employable recipients were raised by 55 per cent, from \$202 a month to \$313 a month. Figure 9 compares social assistance caseloads to the unemployed in Ontario from 1981 to 2010. Data from 1988 onward shows a very close relationship between unemployment and social assistance, dramatizing the waning of EI’s importance as an income security measure. In the most recent recession, 38 per cent of the unemployed in Ontario were covered by EI (Mendelsohn and Medow, 2010: 8). In Toronto, the percentage was about 32 per cent (Canadian Labour Congress, 2009: 20). In the 1970’s, close to 95 per cent of Canadians were covered (Lin, 1998).⁸

The rise in Ontario social assistance beneficiaries from 6 per cent of the population in 1989 to 13 per cent in March 1994 was without precedent in the post-war era (HRSDC, 2007: Table 361). Typically in recessions, social assistance beneficiary counts peak some two years after the economic recession. This is because employment grows much more slowly than GDP and EI limits receipt to 50 weeks per eligibility period.

Many have wondered whether the recession of 2008-10 will result in the same pattern of growth in social assistance. For reasons we shall explain, the 1990s growth was only rivalled by the growth of relief in 1932 and will not recur.

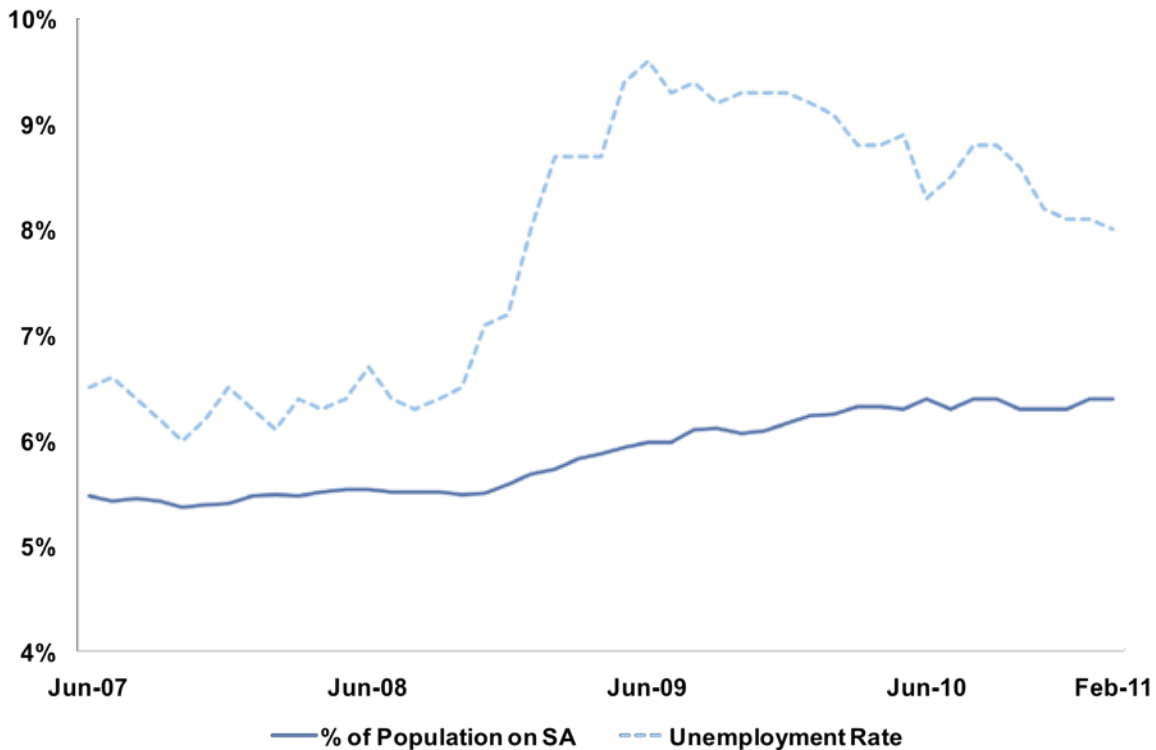
Figure 9 Unemployment Rate and Percentage of Population on Social Assistance, Ontario, 1981-2010



Why High Social Assistance Caseloads did not Recur in Ontario Following the 2008-10 Recession

Figure 10 shows the after-effects of the most recent recession. Social assistance caseloads (Ontario Works and the Ontario Disability Support Program) continue to move up, but the percentage of population has only moved to a modest 6.3 per cent from 5.5 per cent before the recession began.

Figure 10 Unemployment Rate and Percentage of Population on Social Assistance, Ontario, June 2007 - February 2011



The following reasons help explain why we are not seeing a spike in social assistance caseloads similar to the previous recession of the early 90s.

1. NEW RESTRICTIONS AND REQUIREMENTS FOR SOCIAL ASSISTANCE

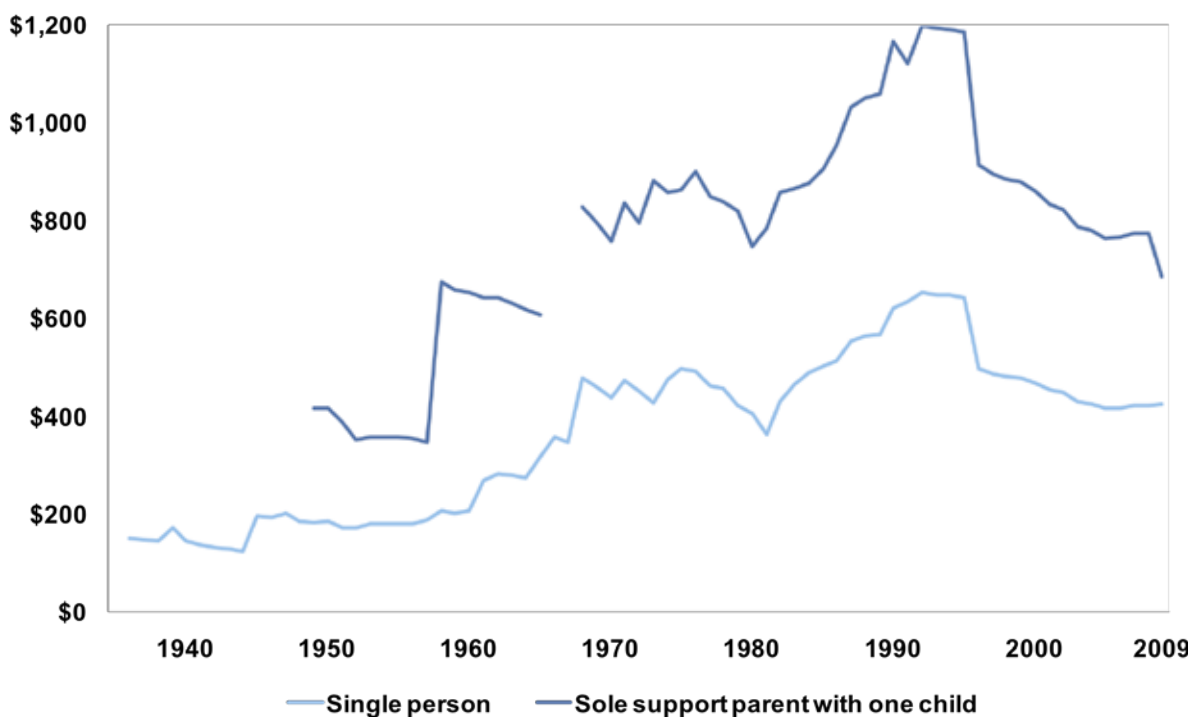
Although job search requirements were in place in the late 1980's, there was no work for welfare (otherwise known as "workfare") or community participation requirements. There were also no restrictions on the use of supports to employment, such as income disregards, for people already working. This meant that people with low-paying jobs could come on to social assistance for a 'top up'. Restrictions on top-up of wages were brought in by the NDP at the end of 1992. Workfare rules were first imposed in 1995 under the Progressive Conservative Harris administration.

2. SOCIAL ASSISTANCE RATES ARE MUCH LOWER IN REAL TERMS

Figure 11 shows a precipitous drop in real social assistance rates for non-disabled single persons and lone parents since 1993. There were no increases from 1994 to 2004 and a 22 per cent decrease to non-disabled recipients in 1995. Today, it would take an increase of 55 per cent to return basic welfare rates to 1993 levels.

Low rates of social assistance discourage potential applicants, while more stringent rules render ineligible low-income people who have income from non-welfare sources, such as work or child support.

Figure 11 Monthly Social Assistance Benefits (only) in Ontario, (1992 constant dollars)



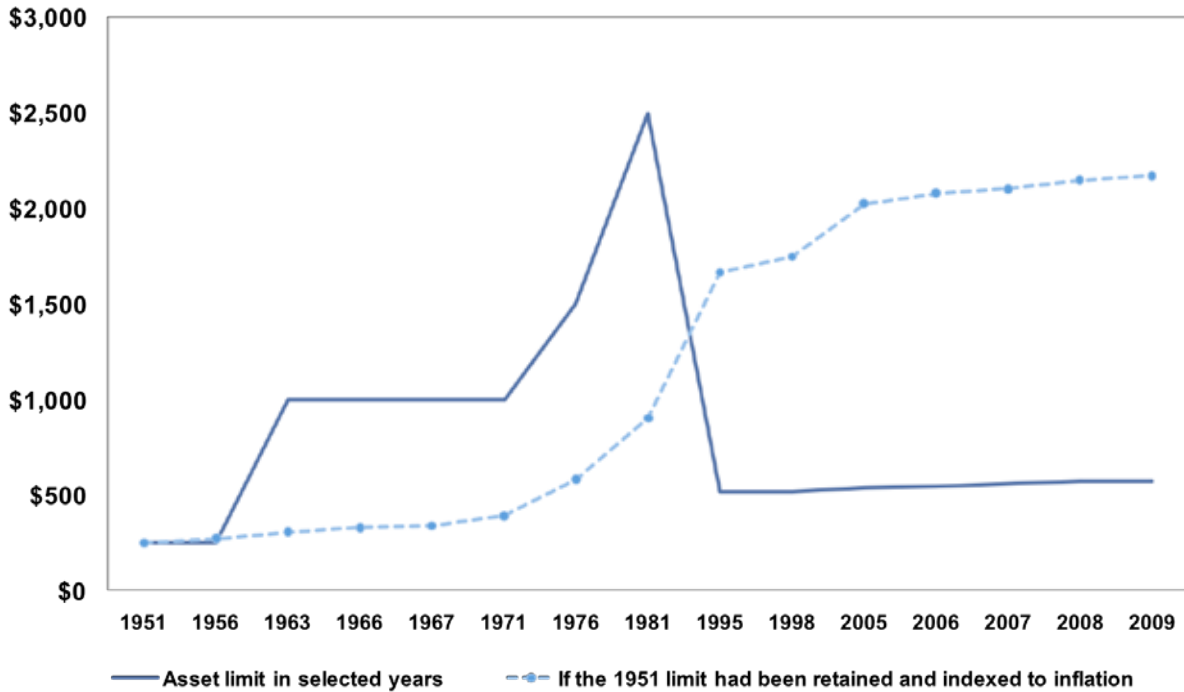
Note: Deflated using Canada CPI. Rates as of January 1 of each year

3. LOWER SOCIAL ASSISTANCE ASSET LIMITS

In 1995, social assistance asset limits for non-disabled people were dramatically reduced in Ontario. This had two effects. First, anyone applying for social assistance must liquidate all their liquid assets, including RRSPs, in order to become eligible. Secondly, recipients cannot accumulate assets while on the program. This makes it much harder to leave social assistance.

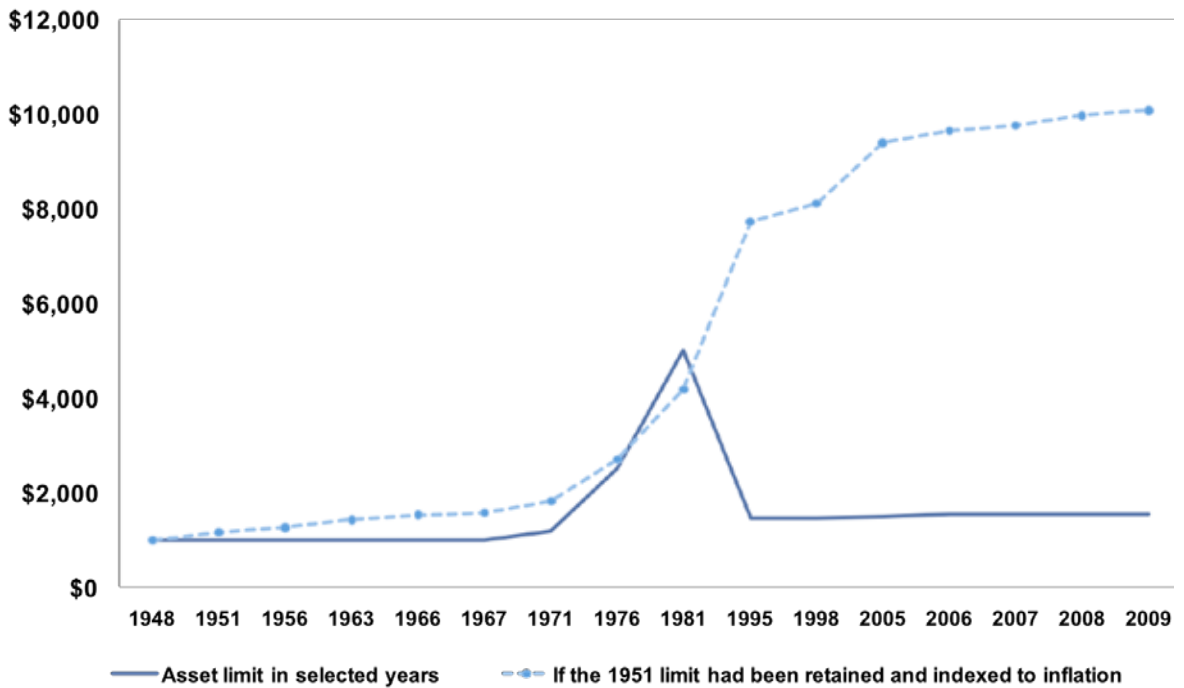
The forced liquidation of assets is a major deterrent to going on social assistance. Figures 12 and 13 illustrate the value of asset limits over time, compared to the value they would have today, if the 1951 limit had been retained and indexed to inflation.

Figure 12 Social Assistance Asset Limits in Ontario (1951 - 2009), Single Persons (non-disabled)



Note: Deflated using Canada CPI. Rates as of January 1 of each year.

Figure 13 Social Assistance Asset Limits in Ontario (1948 - 2009), Lone Parents with One Child (non-disabled)



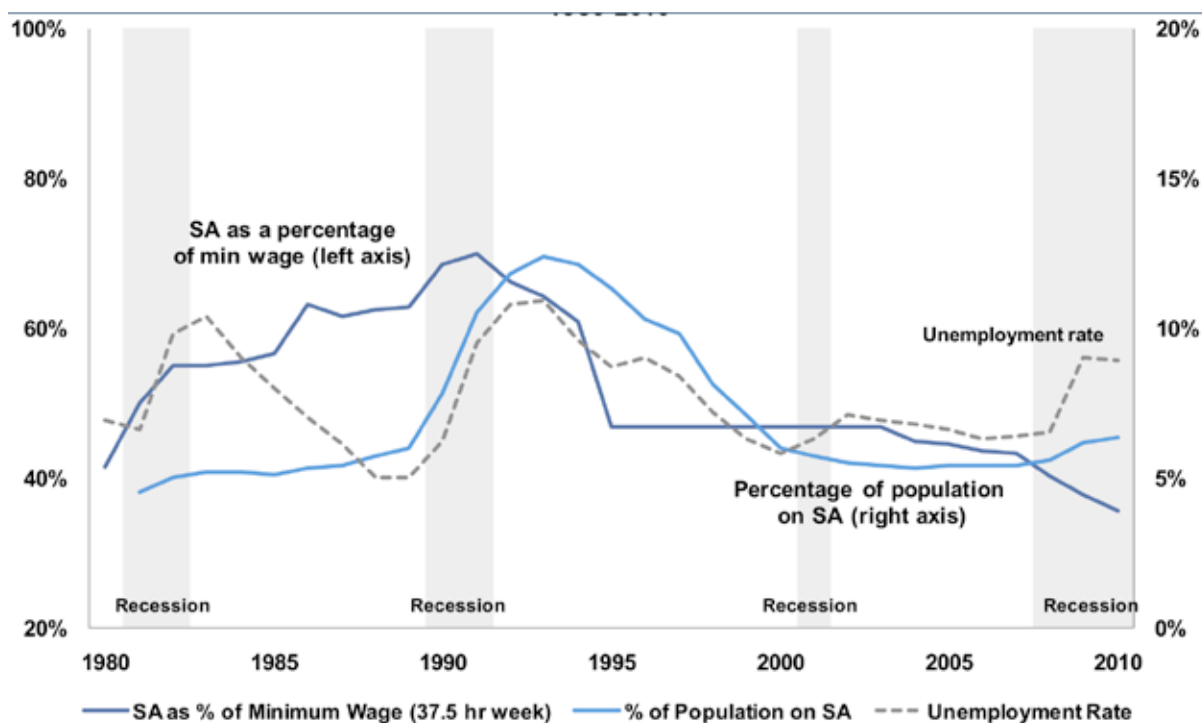
Note: Base year for inflation calculation: 1948; Introduction of the Canada Assistance Plan (CAP) in 1966.

4 THE RELATIONSHIP OF MINIMUM WAGES TO SOCIAL ASSISTANCE

The maximum Ontario Works (OW) payment to a single unemployed person in Ontario is now approximately \$7,000 a year. At \$10.25 an hour, minimum wages gross \$20,000 a year, assuming a 37.5 hour work week. On this basis, social assistance is 35 per cent of minimum wage—the lowest this percentage has been in the last 30 years (Figure 14).

Figure 14 shows that rises in minimum wage did not keep in step with the rapid rise in social assistance payments all through the 1980s. By 1990, social assistance rates were 70 per cent of minimum wages. This implies that work incentives were much lower. However, this is not to say that social assistance rates were too high; rather it is to say that compared to social assistance, minimum wages were far too low.

Figure 14 Annual Social Assistance Income as a Percentage of Income from Minimum Wage and Percentage of Population on Social Assistance, Ontario, 1980-2010



Note: Percentage of population on social assistance for 2010 based on data as of May 2010.

From 1989 to 1995, minimum wages rose from \$5.00 an hour to \$6.85, an increase of 37 per cent, while social assistance increased over 30 per cent. From 2004 to 2010, minimum wages rose from \$6.85 to \$10.25, an increase of 50 per cent, while social assistance (OW) rose 14 per cent. The overall effect was an increased incentive to work over welfare.

5. THE RISE OF REFUNDABLE TAX CREDITS AS A PERCENTAGE OF INCOME FOR LONE PARENTS

When we think about who is on welfare, we usually think of lone parents, and historically, this perception has been correct. In the late 1990s in Ontario, lone parents were the largest single category of social assistance recipients.

There were approximately 200,000 single recipients and 200,000 lone parents receiving social assistance when numbers peaked in the wake of the 1990-91 recession in March 1994. With no rate increases in either 1994 or 1995 and stronger efforts to track down welfare fraud (Mosher and Hermer, 2005), caseloads started to fall. With the provincial changes in 1995 (22 per cent cut in rates along with eligibility cuts) caseloads began to fall precipitously.

In 2000-01, there were approximately 95,000 lone parents and 92,000 single persons receiving welfare (OW) in Ontario. Now, single people without children make up the fastest growing segment of social welfare recipients in Ontario. As of February 2011, there were 144,200 of them—an increase of 65 per cent. Most of this increase has taken place in the last two years. Meanwhile, fewer than 76,000 lone parents receive benefits, a decrease of 20 per cent over 10 years—and that's following the sharpest recession since the Great Depression.

To account for this shift, a breakdown of the respective incomes of lone parents versus single people without children is instructive. A mother with two children who receives Ontario Works receives 51 per cent of her income from federal and provincial child benefits that are paid in addition to welfare in Ontario. A single person however receives just 11 per cent from the government, mostly in the form of GST credits. This makes single people particularly vulnerable to falling back on welfare. Getting more than half of their income from child benefits, on the other hand, can help lone parents get off welfare or prevent them from going on it in the first place.

Table 2, reproduced from the SARAC report (2010), clearly shows one of the main reasons why lone parent caseloads are falling while single caseloads are rising.

Table 2 Tax Credits as a Percent of Total Annual Income for Households on Social Assistance in Ontario, 2010

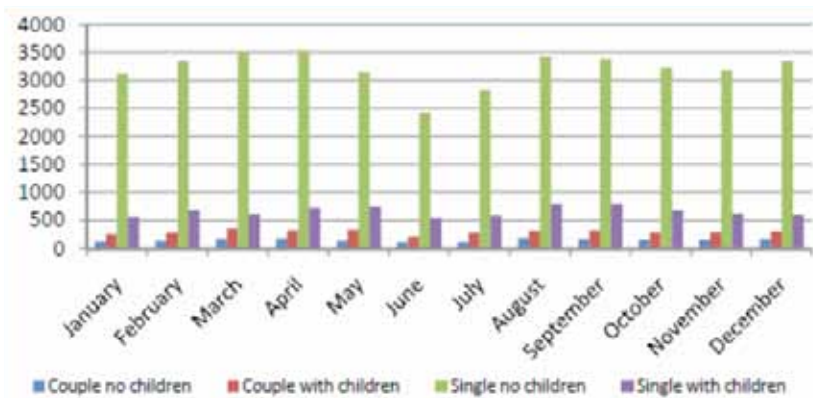
HOUSEHOLD	SOCIAL ASSISTANCE	FEDERAL TAX CREDITS	ONTARIO TAX CREDITS	TOTAL TAX CREDITS	TOTAL INCOME	TAX CREDITS % OF TOTAL INCOME
ONTARIO WORKS						
Single adult	\$7,020	\$248	\$595	\$ 858	\$7,878	11%
Two adult couple	\$12,120	\$496	\$1,053	\$1,549	\$13,669	11%
Lone parent - one child	\$10,956	\$5,242	\$2,153	\$7,395	\$18,351	40%
Lone parent - two children	\$11,532	\$8,549	\$3,303	\$11,852	\$23,384	51%
Two adult - one child	\$12,696	\$5,242	\$2,203	\$7,445	\$20,141	37%
DISABILITY SUPPORT PROGRAM						
Single adult	\$12,504	\$248	\$595	\$858	\$13,362	6%
Two adult couple	\$19,008	\$496	\$1,053	\$1,549	\$20,557	8%
Lone parent - one child	\$17,400	\$5,242	\$2,153	\$7,395	\$24,795	30%
Lone parent - two children	\$18,144	\$8,549	\$3,303	\$11,852	\$29,996	40%
Two adult - one child	\$19,752	\$5,242	\$2,203	\$7,445	\$27,197	27%

Source and assumptions: Calculations by SARAC; two adult couple on the Disability Support Program assumes one with disability; for two children one is under age 6 and one is age 6 or older; no earned or other income.

A Closer Look at Toronto

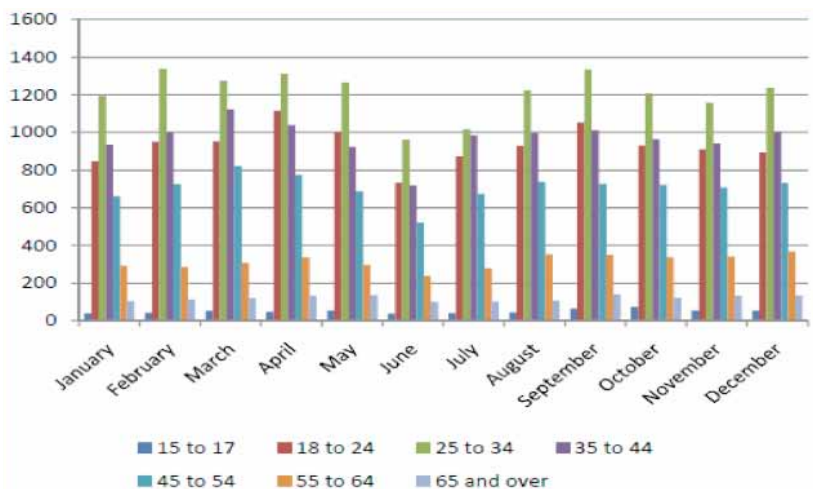
During 2009, when unemployment and EI claims surged, new single applicants dominated Toronto’s OW caseloads:

Figure 15 New Ontario Works Cases by Family Type in Toronto, 2009



Disconcertingly, the dominant age range for these new recipients was 25-34, with other younger workers also significant. Older workers were less prominent.

Figure 16 New Heads of Household Age Range in Toronto, 2009



Because most lone parents are female, there were more women heads of families than men. As 95 per cent of lone parents receiving assistance are women, the gender balance of welfare recipients is changing as lone parent caseloads decline.

Males are overrepresented among new cases that emerged during the recession of 2008. The fact that 58 per cent of new single welfare recipients in Toronto are men (Figure 17) and single men are outpacing single women living in low income in Toronto (Figure 18) means that single men are becoming the new face of poverty in Canada’s largest city.

Figure 17 New Social Assistance Cases by Gender in Toronto, (monthly average), 2009

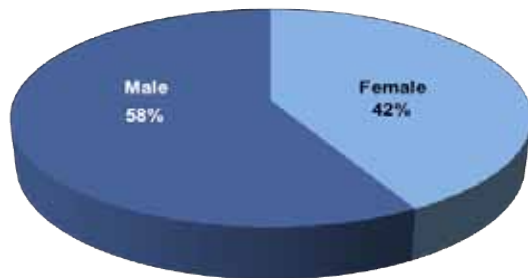
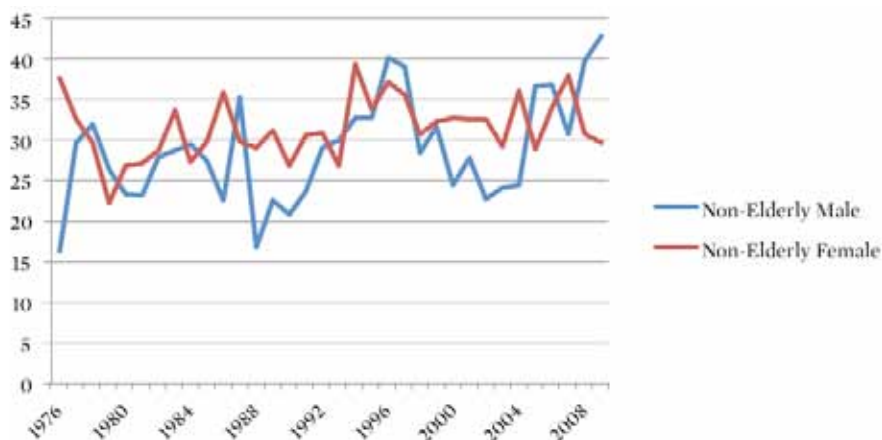


Figure 18 Percentage of Non-Elderly Male and Female Singles Living in Low Income in Toronto, 1976-2009 (1992 base year)



Source: Statistics Canada
 Note: Low income cut off (LICO) applied to after tax income

3 The Way Forward

The Issue of ‘Family Bias’

One of the keys to understanding the way forward is to understand more fully the success story attributable to lone parents, and look at the ways that it might be replicated.

Lone parents are moving out of poverty and off social assistance programs in part for the same reason that two-adult household units are under-represented in social assistance and poverty statistics: there is more than one person in the household bringing in money. In the case of lone parents, the second income earner is a child, who triggers more income security benefits.

Single men and women, however, do not have other income coming into the home to support a household. Table 3 compares the income sources of low-income single people to those of lone parents.

Table 3 Income Sources of Low Income Single Persons and Lone Parents in Ontario, 2010

SINGLE PERSON	LONE PARENT
Social assistance (OW)	Social assistance (OW)
GSTC -single rate	GSTC - family rate
HST credit - single rate	HST Credit - family rate
n/a	Child support based on federal child support guidelines - well enforced
n/a	Child Benefits: CCTB, NCBS, UCCB, OCB in Ontario
Maximum Total Yearly income in Ontario: \$7,878	Minimum Total Yearly income in Ontario <ul style="list-style-type: none"> • Lone parent with one child: \$18,351 • Lone parent with two children: \$23,384

With the advent of child benefits, there is a new and striking ‘family bias’ in the amounts of money paid to low-income people. A two person, parent plus child unit receives \$18,351 a year, more than twice the amount (\$7,878) paid to a single person.

Family bias is not just present in basic benefits. It is also prevalent in the design of refundable tax credits such as the new HST credit in Ontario. A family of two is eligible for more than twice what a single person receives.

Added to this is the problem of economies of scale in a household. When single people on welfare live alone, rather than in shared accommodation, they must pay the costs of the household on their own.

Table 4 compares the level of difficulty in subsisting on the income of a single person on social assistance to that of lone parent families of different sizes.

Table 4 Comparison of Social Assistance Income and Basic Expenses in Ontario, 2010

INCOME AND EXPENSE ITEMS	SINGLE	LONE PARENT AND ONE CHILD	LONE PARENT WITH TWO CHILDREN	FAMILY OF FOUR 2+2
Total Monthly Income OW and Tax Credits	\$657	\$1,529	\$1,949	\$2,125
Nutritious food basket⁹	\$260.11	\$394.76	\$503.62	\$729.82
Transit¹⁰	\$121	\$143	\$166	\$286
Basic personal care (estimated)	\$40	\$75	\$110	\$150
Used clothing (estimated)	\$40	\$75	\$110	\$150
Shelter Cost-Rents¹¹	\$540	\$676	\$806	\$806
Simple Shortfall or surplus	-344.89	\$165.24	\$253.38	\$3.18

These figures serve to illustrate that low-income single people—both men and women—were having a particularly hard time making ends meet in Canada in 2010. For this reason, we recommend in this report that:

1. **As part of the Social Assistance Review, the Ontario government charge the review team with finding ways to eliminate penalties for singles in income security programs while maintaining the gains made for lone parent families.**

Incentives to Work for Single Social Assistance Recipients

Most minimum wage jobs are not full time. A minimum wage job at 30 hours per week now pays \$16,000 a year, a sum that nets \$15,271.34—double, in net terms, what a single person would receive on social assistance. At every juncture, refundable tax credits are higher for the working person, who also gains valuable EI and CPP credits.

With modest income and payroll taxes, single people working modest hours at the minimum wage are far better off than the person receiving social assistance. Clearly, the incentive to work at a minimum wage job is present.

Table 5 Net Take-Home Pay Based on a Single Person Earning Minimum Wage at 30 Hours a Week for a Full Year in Ontario Versus Social Assistance, 2010

	MINIMUM WAGE EARNER	SOCIAL ASSISTANCE RECIPIENT
Gross pay or social assistance	\$16,000	\$7,020
GST and Ontario credits	\$641	\$510
Provincial Sales and property tax credits based on \$500 a month rent (\$425 for SA).	\$330	\$348
Working Income Tax Benefit (WITB)	\$100	0
CPP paid	\$618.75	0
EI paid	\$276.80	0
Ontario Tax Paid	\$343.04	0
Federal Tax paid	\$561.07	0

We must therefore ask why so many single people without disabilities either choose, or are forced to choose, social assistance over minimum wage work, when jobs appear to be available and there are massive monetary incentives to take them.

In my work as a policy researcher with front line community agencies over the last nine years, I observed six prevalent reasons why single persons (mostly male) are on welfare rather than working:

- Lack of passable workplace English language skills
- Lack of appropriate education and training (Grade 12)
- Unrealistic self-assessment and expectations of the labour market (expect better work)
- Drug and alcohol addictions
- Appearance deficits (such as poor dental care)
- Behavioural problems (such as anger management issues and attention deficit disorders).

Each of these areas requires attention. However, additional income security program support is also required to ease people from social assistance to jobs.

To that end, this report recommends:

2. **Ontario should take the opportunity provided by Ottawa to overhaul and strengthen the Working Income Tax Benefit (WITB). A detailed blueprint for reform has been provided through a joint effort by the Institute for Competitiveness & Prosperity and Open Policy Ontario (Milway, Chan and Stapleton, 2009).**

The Need for a Complete Dataset

Social assistance data from six provinces reveals a profound change taking place among working age adults who receive basic, needs tested income in Canada. We now know that the vast majority are single people, not single parents, and that the real increases are taking place among 18-34 year olds, at least in Canada's largest city. We also know that new applicants for social assistance are overwhelmingly male.

With six provinces reporting up-to-date social assistance data, including Canada's three largest provinces, there appears to be little reason for reticence on the part of the other provinces. We would also benefit from more information from the Canadian government on what is happening to EI claimants who leave the program.

For this reason, we recommend in this report that:

- 3. The Canadian Government move quickly to develop and release a comprehensive dataset on claimants leaving the EI program: their characteristics in terms of gender, age, and, where possible, other demographic and economic characteristics.**
- 4. The Governments of the three territories, Nova Scotia, PEI, Manitoba, and Saskatchewan immediately prepare and release detailed data on social assistance caseloads consistent with the other six provinces that do release current data.**

Endnotes

1. A detailed blueprint for reform has been provided through a joint effort by the Institute for Competitiveness & Prosperity and Open Policy Ontario. See: James Milway, Katherine Chan, John Stapleton, “Time for a “Made in Ontario “Working Income Tax Benefit,” Institute for Competitiveness and Prosperity and Open Policy Ontario (September 2009).
2. This matter has been the subject of controversy. See: Tavia Grant, “EI data don’t count those who run out” *The Globe and Mail*. February 25, 2010. <http://m.theglobeandmail.com/report-on-business/ei-data-dont-count-those-who-run-out/article1339141/?service=mobile>
3. The data for Canada as a whole reflects the traditional gap of a greater proportion of non-elderly single females living in low income than non-elderly single males.
4. There is very little data on EI leavers who then apply to social assistance. The usual speculation is that approximately 10 per cent of EI leavers (up to 35.7 per cent of exhaustees) make a social assistance application within two years of leaving EI.
5. See Table 2, page 18.
6. From 2000 to 2010: In New Brunswick, cases grew from 5,862 to 6,012; in Quebec from 107,379 to 129,406; in Ontario from 191,269 to 277,943; and in BC from 37,902 to 74,311. (BC figures are annual averages.)
7. In the discussion of Ontario, we use total social assistance beneficiaries (a count of all men, women, and children) as it is an available and more accurate gauge of caseload dynamics.
8. Statistics Canada, “CANSIM and Labour Force Survey.” In: Zhengxi Lin, “Employment Insurance in Canada: Recent Trends and Policy Changes,” Statistics Canada: (September 1998).
9. Toronto Public Health, “Weekly Cost of the Nutritious Food Basket in Toronto,” May 2010. http://www.toronto.ca/health/pdf/nutritious_food_basket_2010.pdf
10. Metropass for adults and 20 child tickets per child per month.
11. Rental costs are estimates given by housing experts Marion Steele, University of Guelph and Steve Pomeroy, University of Ottawa Centre on Governance

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About the EI Task Force

The Mowat Centre has convened a research-driven Employment Insurance Task Force to examine Canada's support system for the unemployed. The Task Force will develop an Ontario proposal for modernizing the EI system—conscious of the national context—that works for individuals and businesses.

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