



# LIVING ON WELFARE IN BC

## EXPERIENCES OF LONGER-TERM “EXPECTED TO WORK” RECIPIENTS

APRIL 2008

### SUMMARY

Copies of the full report are available from the CCPA, and at [www.policyalternatives.ca](http://www.policyalternatives.ca)

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Public discussions about welfare policy are too often dominated by myths: that welfare benefits are too generous; that it is too easy to get on welfare; and that it is too easy to stay on welfare rather than “get a job.”

The reality is starkly different. Living on welfare (or income assistance, as it is officially known) is hard – very hard. This research finds that, all too often, it forces people into making harmful and desperate “choices.” Generally speaking, people remain on income assistance for more than one year only if there is a compelling reason for their inability to secure stable employment.

The number of people receiving welfare has been dropping in BC since 1995. Yet despite this downward trend, the provincial government introduced sweeping changes in 2002. New eligibility rules made it much more difficult to access welfare when in need, and more demanding work-search and employment rules were added for those already getting assistance. Consequently, between 2002 and 2005, the number of people receiving welfare (the “caseload”) plummeted.

The provincial government claims this as a good news story. Yet it has never put adequate studies in place that would allow it to legitimately make such claims. In the absence of such studies, the Economic Security Project has examined the reasons for the declining caseload, and the consequences for those unable to get or keep assistance – and a much more nuanced and often disturbing story emerges.

A 2006 Economic Security Project report, *Denied Assistance: Closing the Front Door on Welfare in BC*, examined the new rules and procedures for applying for income assistance. It found that the application process systematically discouraged, delayed and denied help to people in need, and that many experienced harm and homelessness as a result.

### RAISE THE RATES



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*Living on Welfare in BC* is the companion study to *Denied Assistance*; it documents the impacts of welfare rules on those who have been on income assistance for some time, and who are designated as “Expected to Work” (meaning the Ministry of Employment and Income Assistance considers them employable and requires them to be actively seeking work). The study aimed to find out more about the realities of daily life on welfare and how people make ends meet; how the new rules – particularly the tough new employment obligations – affect people on welfare; and to compare the experiences of those who stay on assistance with those who leave voluntarily and those who are cut off.

Together, these studies help to explain a paradox: Why do we continue to see deep and persistent poverty and rising homelessness, even after years of steady economic growth, record low unemployment and declining welfare caseloads?

## Two Years of Living on Welfare

In the summer of 2004, 62 people on income assistance from three British Columbia cities (Metro Vancouver, Victoria and Kelowna) were recruited for this study. All were in the “Expected to Work” (ETW) welfare category, and all had been on assistance for at least 15 months (and on average for a cumulative total of eight years). They agreed to remain in contact with researchers every month, and to be interviewed every six months for the following two years.

### What is Welfare?

Welfare is income assistance (money and/or benefits) provided by the provincial government to people considered eligible under a set of strict rules. Welfare is a program of last resort – it is available only to individuals and families who have no employment, have used up their savings, and have exhausted all other options.

There are several categories of welfare with different eligibility criteria. Those in the “Expected to Work” (ETW) category are considered employable by the Ministry of Employment and Income Assistance and are required to actively seek work unless they have a temporary exemption (for example, because they have a medical condition or a child under age three). There are two other main categories: “Persons with Persistent Multiple Barriers to Employment” (PPMB), and “Persons with Disabilities” (PWD).

Welfare is not, and has never been, “generous.” At the time this study was conducted:

- A single person considered employable received \$510 per month – \$325 for shelter and \$185 (or about \$6 per day) for all other needs, including food, clothing, transportation, telephone, etc.;
- A single parent with one child received \$846 a month from the province (plus \$422 in various federal tax credits and child benefits);
- A single person with PPMB status received \$608 per month; and
- A single person with PWD status received \$856 per month.

In April 2007, these monthly amounts were increased modestly (to \$610 for a single person, \$946 for a single parent with one child, \$658 for a person with PPMB, and \$906 for a person with PWD status). These increases merely reversed the impact of inflation since the mid-1990s.

At the 2004 intake stage, the study asked participants a series of baseline questions about hardships (such as housing and food security), their health status, and their history in the labour market and the welfare system. This information was then tracked in subsequent interviews.

When the final interviews were conducted in the summer of 2006, researchers were able to interview 45 people.<sup>a</sup> Of these 45 participants:

- 48 per cent (22 people) remained on income assistance throughout the study period;
- 27 per cent (12 people) left assistance voluntarily;
- 16 per cent (seven people) left assistance temporarily at some point during the two years, but by the end of the study were back on assistance; and
- 9 per cent (four people) had come under sanction and were cut off assistance.

Thus, combined, 64 per cent (29 people) remained on assistance. Of these:

- Only nine participants remained in the basic Expected to Work category. Significantly, the remaining 20 were all re-categorized at some point during the study period: about half were “upgraded” to Persons with Disabilities (PWD) status, while the remaining were re-categorized as either Persons with Persistent Multiple Barriers to Employment (PPMB) or ETW-Medical Condition status (temporarily exempting them from work-search obligations).

Seven people in this study were cut off assistance for various durations. All were deemed “expected to work,” yet our analysis indicates none were in fact job-ready. The four who remained cut off at the end of the study were all effectively homeless.

## PROFILE

### John\*

John struggles with health and addiction issues that make immediate employability unrealistic. He uses intravenous cocaine and has ongoing psychiatric problems he believes are linked to drug use. He lives in a rooming house. Though John applied for PPMB status, he was denied. He has hepatitis C, for which he receives a \$40 diet allowance, but still remains underweight most of the time. John’s hepatitis is worse than for many, but he has not consistently tested poorly enough to qualify for treatment.

John uses various charitable services to help make ends meet, but his overall approach to getting by is going without. He is an active volunteer with an advocacy group.

John’s caseworkers have changed frequently, and while some have been good, all have been constrained by the system to help him as he felt he needed. A key exception was that he was able to secure “medical condition” status, which temporarily excuses him from looking for work. Having this exemption has been very helpful for John. His primary concern is his addiction, and he wants to beat it. Following that, he hopes to get the hepatitis C treatment and be able to start again.

*\* Participants’ real names are not used in this paper.*

<sup>a</sup> The retention rate, at 73 per cent, was very high for a study of this kind. We also know a fair amount about the 17 people who did not complete the study. Four arguably found themselves in improved life circumstances by virtue of finding work or going to school. The circumstances of a number at the end of the study period were simply unknown, but many were clearly no better off, or were indeed worse off, and one man died while living in a single room occupancy (SRO) hotel in Vancouver’s Downtown Eastside.

After two years, were the study participants better off? The short answer is, it depends.

- Of the 29 people who remained on assistance, a majority seem to be slightly better off, primarily because most were re-categorized. But the degree of housing and food insecurity remains troublingly high. And those who were not re-categorized saw no improvement in their income or other basic needs.
- All of the 12 who left voluntarily were doing better. They have seen a sizable increase in their incomes (all but one was employed). Even so, notably, the vast majority were still left with an annual income below the poverty line.
- The four who were forced to leave welfare were clearly worse off; they were homeless and reported a staggering drop in income.

## Key Findings

*“It took me a long time to get disability status. I relied on my husband to help me with daily activities. I get more money now, but nothing else... I have HIV, severe scoliosis, cancer and a big drug problem. Daily life is too tough... They shouldn’t make it so hard to get the basics.”*  
— Margot, who was homeless throughout most of the study

- **Much of day-to-day life on welfare is about survival** – a constant and frequently unsuccessful struggle to look after basic needs for food, shelter, health and personal safety – making the task of seeking employment hugely difficult if not impossible for many:
  - At this study’s intake stage, 39 per cent of participants reported being without a fixed address at some time during the previous six months, and only half had a phone number in service – a distinct disadvantage in finding employment.
  - Even by the study’s end, 29 per cent of those who completed the final interview reported being at no fixed address at some time during the final six months of the study.
  - In contrast, the minority of study participants who had stable housing to begin with were much more likely to leave welfare for employment.
- **Welfare rates are too low.** Inadequate benefit rates mean many simply cannot make ends meet on income assistance alone:
  - For this sample of longer-term welfare recipients, **what emerges is a public welfare system that is structurally dependent on food banks and other charities in order for people to meet basic needs.** At the start of this study, 46 per cent of participants reported they had often been hungry during the past month, and 77 per cent reported receiving food from a food bank, soup kitchen or drop-in centre during the previous month, with 43 per cent reporting they did so 10 or more times.
  - When the hardship questions were revisited in the final interviews, small improvements with respect to housing and food security were evident overall, but these were concentrated only among the 12 who left welfare voluntarily and to a lesser extent among those who were re-categorized. Reliance on food banks and soup kitchens remained very high for those on assistance. **Disturbingly, even those who were re-categorized continued to rely on food banks or soup kitchens an average of four times per month,** and those who were not re-categorized reported a significant increase in their use of food banks or soup kitchens.
- **Society pays for an inadequate/inaccessible welfare system in many ways.** The findings shed light on why some people on income assistance feel compelled to resort to panhandling, survival sex, or various illegal activities, and why some remain in or return to abusive relationships. And the findings point to the various ways in which society at large pays for welfare’s failings

– through higher health costs, higher policing and justice system costs, and increased demand on innumerable community and charitable agencies.

- **Too many people are cut off assistance, and for inappropriate and unfair reasons.** Being cut off helped neither the seven people in this study, nor society generally. When reviewing their cases, it is clear that what these people needed and desired was support in tackling their addictions, help managing their hepatitis C and other health problems, and stable housing. They have experienced the policy stick without the needed supports.

## People Cut Off Assistance

In practice, the provincial government has all but abandoned its controversial two-year time limit rule for people on welfare (only a few dozen people have been officially cut off as a result of the rule). Each year, however, hundreds of people are nevertheless cut off assistance. According to data acquired through a Freedom of Information request, **in 2006 alone, 490 welfare files were “sanctioned and closed” (meaning, individuals were cut off)**. In the vast majority of cases, the reason given was “non-compliance with employment plan” (the employment “agreements” ETW clients must sign with the ministry). In some cases, people regain assistance after one or two months, while in others, people may be cut off for extended periods of time, or indefinitely.

Seven people in this study (four women and three men) were cut off assistance for various durations; three were cut off temporarily during the study, and four remained cut off at the time of the final interviews. Their experiences merit special attention, as they speak directly to the appropriateness of the government’s new tougher employment requirements, and lead to the following observations (also see profile for *Lorraine* on page 6):

- All were deemed “expected to work,” yet our analysis indicates none were in fact job-ready. And none had paid employment while cut off.
- All seven have a history of addiction.
- Of the four cut off at the time of the final interview, all were sanctioned for alleged non-compliance with their employment plans.
- All four have hepatitis C, which presents serious employment challenges. Yet having hepatitis C alone does not qualify for gaining PPMB status.
- All four were effectively homeless at the end of the study (at least one as a direct consequence of being cut off assistance).
- At the beginning of the study, these participants reported using food banks/soup kitchens to meet food needs a mean 19 times per month. By the final interviews, this had risen to 36 times.
- When asked how they made ends meet after being cut off:
  - The one female in this group reported staying with family/friends, going to food banks, and prostitution as her main source of income.
  - Two men were living rough on the streets (one staying intermittently with friends), using food banks, skipping meals, and stealing. Their health had deteriorated.
  - One man had been evicted from his stable SRO room and was living for free with a friend. He was demoralized, had no income, was using soup kitchens, and had returned to alcohol use for the first time in many years.

- **Many people remain inappropriately categorized in the expected to work category for far too long.** Most people in this study who remained on welfare were ultimately re-categorized. However, it was obvious from our first interviews that most had long-standing and serious health conditions that limited their day-to-day activities. This should have been apparent to the ministry long before it was “officially” recognized. Fifty-five per cent of participants reported having a long-term physical or mental health condition or health problem, and 26 per cent reported having a long-term disability that limits their activity. Almost half reported addiction problems. Significantly, 20 per cent reported having hepatitis C. Yet all were in the ETW category at the time of the first interview (and most had been there for many years).

## PROFILE

### Lorraine

When we first met Lorraine, she was living in a stable SRO room. She had just successfully fought a battle with cancer, although in the course of that, she reported visiting an emergency room 30 times in the previous six months. Compounding her situation, she was dealing with severe food insecurity: skipping meals 30 times a month, and getting food from food banks or drop-in centres 20 times a month. She’d had past employment, but had to quit for health reasons. Lorraine struggles with severe addictions that consume a majority of her income, and lead her to engage in panhandling, illegal activities, prostitution, and to go without food. They have led to the loss of housing, to her losing custody of her child, and she reports it as the main factor preventing her from holding steady work.

By the second interview, her situation had worsened. She’d given up her SRO due to lack of money, gone back to an abusive ex-partner (for financial reasons – he paid half the rent), and was in the process of leaving him again (at the time of the interview, she’d been on the street for a week).

At the time of the third interview, Lorraine was cut off assistance, and had been cut off for almost the entire time since the previous interview (i.e., six months). She’d been accused of not following her employment plan. But Lorraine felt this to be unfair. She reported being in a required program, being told to leave it for a different one, and then getting cut off for quitting the first one. Lorraine was homeless (staying on the streets, with friends and in shelters), skipping meals and using a drop-in centre. She’d returned to prostitution (and reported this as her main activity), but was also volunteering in the Aboriginal community. Then, in an effort to get out of the sex trade, she returned to her abusive ex-partner. He ended up assaulting her so badly that she sustained broken bones, had to have surgery and was hospitalized for several months. She was clearly worse off since being cut off. She was demoralized by having to return to prostitution, and had lost a lot of weight.

By the fourth interview, Lorraine had just managed to get back on income assistance a month earlier (thus, she was off for nearly a year). The process of re-applying had taken 12 weeks, during which time she continued in the sex trade. She’d just been told to take a training course, which she hoped would be good. She reported that she is “not using,” has not returned to her ex-partner, and is living in transition housing for women.

By the final interview, Lorraine was still on assistance. She was getting treatment, still working sometimes in the sex trade, her health was improved although she still skipped many meals, and she was back in an SRO room.



- **The high incidence of re-categorization represents both a good and bad news story – and a significant finding.**
  - On the positive side, once re-categorized (to PWD or PPMB status), people receive modestly higher monthly benefits. With re-categorization also comes the welcome relief of being excused from onerous and inappropriate work-search obligations.
  - However, **re-categorization took much longer than it should have**, and often happened only after repeated unsuccessful applications. People were forced to wait minimally two years, and frequently much longer, for their medical condition, disability, or other barrier to employment to be officially recognized. And even the higher benefit levels PWD clients receive still leave people living well below the poverty line. The sad reality is that, for many, in the absence of a significant increase in benefit levels, this will be as good as it gets.
- **Under current welfare rules and benefit rates, women often feel they have no choice but to stay in or return to abusive relationships, or to engage in survival sex/prostitution.**
  - One third of the women in the study (four out of 12) who reported being in an intimate relationship said they experienced abuse at the hands of their partners during the study period. Three of these four women stayed in or returned to an abusive relationship for financial reasons.
  - One fifth of all women who participated in the study (eight people) reported engaging in prostitution/survival sex at some point during the study. For four of these women, this was tied directly to welfare rules.
- **The findings cast doubt on the government’s stated commitment to offering employment supports to longer-term income assistance clients**, even though the government had significantly boosted the employment expectations of those on assistance.
  - At the start of the study, about a quarter of the participants reported not having an employment plan. Surprisingly, given the government’s frequent touting of its job training and job placement programs, 54 per cent reported never having been offered training or education by the ministry, and only 15 per cent reported ever having been offered a job placement (either voluntary or mandatory).
  - Throughout the study, almost half the participants on assistance reported not having a consistent caseworker (who would know about their individual circumstances and needs).
- **BC’s welfare policies do not help people find a path out of poverty.** Only a small fraction of the participants in this study left poverty. Those who remain on assistance remain very poor, even if re-categorized. Those forced off even more so. And while those who shifted from income assistance to the labour market were better off, most are now counted among the working poor.

We urge that the government change its overarching goals, from a narrow focus on welfare caseload reduction and “moving people from welfare to work,” and move instead to the broader goals of poverty reduction and elimination, and health promotion.

## Policy Recommendations

Among this study’s recommendations are the following:

- **Welfare benefit rates must be increased and indexed.** And earnings exemptions should be reinstated for all income assistance recipients (not just those with PWD or PPMB status).
- **The government must make a commitment to categorize welfare clients appropriately, and in a timely manner**, so that people are not held in the ETW category for years, with less income and forced to jump through employment hoops that are fundamentally inappropriate.
- **The regulations and administrative practices that permit people being cut off, even temporarily, must be revisited** – they are too arbitrary, they are applied inappropriately, and they cause unacceptable hardship and harm.

- **More meaningful supports must be provided.** If more people are to move from welfare to work, they must be provided with housing, help with addiction and health problems, better access to quality affordable child care, and a level of individualized education and employment supports that can make this possible, and that truly represent a path out of poverty.

As with previous Economic Security Project reports, we reiterate the need to see greater accountability at the Ministry of Employment and Income Assistance. This is a ministry charged with helping poor, needy and often vulnerable people. We urge that the ministry (and government overall) change its overarching goals, from a narrow focus on welfare caseload reduction and “moving people from welfare to work,” and move instead to the broader goals of poverty reduction and elimination, and health promotion.

## About the Economic Security Project [www.policyalternatives.ca/economic\\_security](http://www.policyalternatives.ca/economic_security)

This study is part of the Economic Security Project, a major research initiative of the CCPA’s BC Office and Simon Fraser University, in partnership with 24 community organizations and four BC universities. The project examines how recent provincial policy changes affect the economic well-being of vulnerable people in BC, such as those who rely on social assistance, low-wage earners, recent immigrants, youth and others. It also develops and promotes policy solutions that improve economic security. The project is funded primarily by a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance Program.

Thanks also to Vancity, the Vancity Community Foundation, SFU Women’s Studies, and the Vancouver Island Public Interest Research Group for their financial support of this project.



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Cover photos: Barry Calhoun/PIVOT, Donna Gorrill/HOPE IN SHADOWS, Nicholas Fatisis/PIVOT, and Kevin Russ/ISTOCK

## RAISE THE RATES [www.raisetherates.org](http://www.raisetherates.org)

Raise the Rates is a province-wide coalition of community groups and organizations concerned with the levels of poverty and homelessness in British Columbia. Located in the Downtown Eastside of Vancouver, Raise the Rates focuses on promoting public awareness in order to increase pressure on the government to raise welfare rates, improve the welfare system, increase the minimum wage and build more social housing.

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