

ALBERTA FEDERATION OF LABOUR

RESPONSE TO LOW INCOMES PROGRAMS REVIEW (JULY 2001)

The Alberta Federation of Labour (AFL) appreciates the opportunity to respond to the Alberta government's review of low income programs. We believe the time for a review of how government policy affects the poorest Albertans is long overdue.

The AFL is Alberta's oldest and largest central labour body in Alberta. We represent workers from over 200 unions, which cover every industry and sector in Alberta. Our mandate is to be the voice of the labour movement in issues affecting working people, both on the job site and off the job site.

We have structured our response differently than your questionnaire and the four broad questions asked in the discussion paper. Instead, we have framed our recommendations around issues that we feel should be the focus of the government's agenda.

1. PROGRAM SIMPLIFICATION

The discussion paper lists 23 different programs (not counting sub-programs of larger services) the government has in place to assist low income Albertans. While many may see this as a positive thing, we see a larger, more fundamental problem. The system is too broken up and too confusing. A single parent may need to access up to 9 different programs to receive assistance for them and their children - from child care subsidies to maintenance enforcement to job training assistance to social housing assistance to health care premium subsidies and so on.

Eight separate government departments offer programs to low income Albertans. This is confusing and a barrier to Albertans receiving the assistance they may need. We need to remember that people access these programs during the most difficult periods, when they are in need of rent money, or trying to find a job. This is the hardest time to be forced to chase down programs, fill out paperwork and make sure everything is in order. It is confusing and frustrating.

We are not advocating merging programs. In many cases we know this is simply not possible, and would often be counter-productive. We are advocating that the government examine the creation of "information centres" where Albertans can go to learn what assistance might be available and what the rules are. This can be a combination of better equipping existing agencies and offices with information, and the creation of new centres to offer the service.

Mostly information needs to get out from government office buildings and into the community where people can find it. Local community centres, agencies and the like are places where program information should be.

2. THE WORKING POOR

Alberta has the highest percentage of working poor of any province in Canada. 47.1% of people living in poverty in Alberta have jobs, but are still unable to make ends meet (Canadian Council on Social Development). The national average is only 32.6%.

This is significant. Low income Albertans are much more likely to be poor and employed. Clearly, this has an impact on government policy. More needs to be done to offer assistance to low income working people in Alberta.

Minimum Wage

First, we should raise the minimum wage. Your discussion paper indicates only 3% of workers receive the minimum wage, but it fails to discuss workers working just above the minimum wage. For every worker at minimum, there are many workers who make between \$0.25 and \$2.50 above minimum wage. For these workers, when the minimum wage is raised, their wage is also increased to keep the position economically competitive.

While the minimum wage is often for part time or young workers, the number of young parents working at \$7 or \$8 an hour is a much higher figure. These are Albertans trying to make ends meet for their children. Raising the minimum wage would benefit them.

By raising the minimum wage, we ensure a more fair wage for people in the wage range slightly above the minimum. And this would directly improve the financial situation for thousands of Albertans.

The arguments are clear for the benefits of raising the minimum wage. This is a particularly good time for an increase, as the economy is strong and can well handle an increase. Academic studies have shown a minimal job loss from raising the minimum wage.

The AFL position is that the minimum wage should be increased to a level to ensure that a single person working 40 hours a week will earn an income above the Statistics Canada Low Income Cut Off. The wage should be adjusted each year to compensate for increases in the cost of living.

At the current cost of living, the minimum wage would be slightly over \$8.00 an hour.

Health Benefits

One of the great fears of all low income earners is getting sick. It not only means costly prescriptions and treatments, it more directly means loss of income due to time away from work. A sick family member can be a costly occurrence.

Albertans are fortunate to have a publicly funded system of health care, so a visit to the doctor or a medical procedure will not break the bank at home. But the system is by no means complete.

We recommend a more comprehensive approach to helping low income working families escape the fear of illness. The Child Health Benefit is a good beginning, but more needs to be done.

1. Extend the Child Health Benefit income cap. Families earning above the current ceilings are not safe from illness wrecking their financial situation. Raising the cap to \$30,000 will ensure a greater level of protection against falling into poverty.

2. Pass legislation extending pro-rated health benefits to part-time workers. Part time workers are often the most vulnerable. Most current employer group plans have a minimum hours criteria, which shuts out many low income workers. Extending benefits to part-timers will increase premiums to employers and employees only marginally, but will have a huge effect on the income security of thousands of families.

3. Provide Caregiver Leave to allow workers to take time off work to care for a sick child or elderly parent without jeopardizing their job security.

4. Make the Child Health Benefit a "Family Health Benefit" by extending its benefits to the parents of eligible children. Whether it is the mother or the son who is sick, it can have the same impact on the family.

Health Care Premiums

Health Care premiums are a regressive tax that unfairly burden low income families. While the poorest families are eligible for subsidy, the ceilings are too low and leave thousands of families struggling to balance the premium bill with the rent bill and the utility bill.

The simplest solution is to eliminate health care premiums. The \$600 million it brings in as revenue is more than covered by the multi-billion dollar surpluses we are experiencing.

Quality Child Care

The costs of childcare can put working parents into a no win situation. They work to try and provide a good life for their family, but then the costs of childcare eat up much of their wages.

Those parents receiving subsidy still pay \$100 to \$300 a month for childcare. The subsidy program is filled with flaws. It is complicated and inflexible. Part time workers are not eligible for the subsidy because of the minimum hour requirement. There is confusing paperwork that should be simplified. The income ceiling creates an odd disincentive to take a better paying job, for a higher wage may mean a sudden doubling or tripling of child care costs.

A second problem is the simple lack of quality childcare spaces. Informal arrangements can be an effective alternative for many families, but not every family has that option, and often such arrangements are less stable and more susceptible to illness, etc. For workers on night shift or working irregular hours, childcare is almost impossible.

The quality of childcare provided also matters. Since the elimination of operating allowances to child cares, daycares have been forced to cut corners. Things like food that is a little less wholesome, stretching the ratios to their legal limit rather than leaving extra room, and not increasing the wages of its workers.

The last point is a double whammy. The people working in child cares are the lowest paid profession in Alberta - making them the most likely to be low income Albertans themselves. This is an odd irony.

The government should do three things to make child care more accessible for low-income families:

1. Restructure child care grants to restore the Operating Allowance and to provide extra resources to centres to allow for the creation of new spaces. This would include capital grants for renovations and expansions.
2. Provide new targeted grants to allow child cares to increase wages for its workers without having to put the burden on parents.
3. Improve the subsidy program by building in more flexibility for part time and irregular hour workers. The income ceiling should also be raised to eliminate the disincentive to take a higher wage job.

Job Placement and Training

Everyone in the province agrees the best way out of poverty is a stable, well-paying job. However, the government is not doing enough to make this happen.

The government has a collection of job placement programs and job training opportunities for selected people - those on SFI and other income support programs. While they have a marginal positive effect for the worker - an enhanced resume, connection to the workforce, and increased confidence - the programs have many shortcomings that may even outweigh the positives.

The worst negative is the instability of the positions. They are term-limited positions, such as six months. Following the end of the term, the job usually disappears along with the funding. This can be demoralizing for the worker, and often does not help lead them to good jobs. If they do stay on with the company who placed them, their prospects of a better job are often none improved.

Unfortunately, too often these programs are a subsidy to employers, without the due benefit to the employee.

We recommend tighter rules around the job placement programs. Possibly a contract requiring the employer to keep the worker on staff for a specified period of time. We suggest for a period equaling the length of the subsidy time.

There should also be regular monitoring of the quality of the work. Too often, the nature of the work under these programs does not build new skills, or is not the promised training opportunity. There should be a method to keep employers accountable for properly supervising and training the workers on these programs.

We should never forget that a job placement is only one tool in an effort to assist someone in finding a well-paying stable job. Resources should not be routed out of formal education opportunities and in other skills upgrading.

One program type that should be scrapped is the so-called "job finding clubs". These fail to provide any real job search skills to the workers and do not aid the participants to find work they enjoy or might want to have. They are simply revolving doors. When in the program the focus is finding a job, any job. Some Clubs require participants to sit in front of yellow pages phone book and make cold calls. This is not effective job searching, and we suspect provides little value to the participant.

These clubs should be scrapped and more effective job search model adopted. Agencies that are no longer funded by your department, such as Options for Women, adopted more effective strategies that should be the model. Cookie-cutter programs don't work.

3. AFFORDABLE HOUSING

Alberta's current economic climate has had a striking impact on housing prices. In the urban centres, including the smaller regional centres, rents and mortgages have skyrocketed. This is squeezing out tens of thousands of Albertans who either receive government support (old age pensions, disability pensions, AISH, etc.) or at low-wage employment. They simply cannot afford to keep a roof over their house.

Homelessness

The problem of homelessness is growing. In one night in 2000 in Edmonton and Calgary, 2500 homeless people were counted. This is up from an estimated 900 in the two cities in 1994. (Homelessness Counts, Edmonton and Calgary)

Reports from Medicine Hat, Red Deer and other regional centres also indicate that homelessness is on the rise in those centres as well.

Homelessness is a complex problem, taking in issues of mental health, price of housing, availability of employment, addiction and other issues. There have been many studies conducted on the reasons for homelessness. What we need now is action.

An integrated strategy needs to be implemented, with sufficient resources to do the job right. This should, at a minimum include an aggressive expansion of temporary shelters for men, women and families. Agencies need an influx of capital dollars to renovate, expand and build new shelters. They also need operating grants to ensure continued operation.

But this is merely a band-aid. We need more effective treatment programs, and a strategy to slowly re-integrate those who have fallen out of society.

Affordable Housing

The acute crisis of homelessness should not overshadow the more chronic issue of sub-standard housing. Tens of thousands of Albertans are living in apartments and houses that are sub-standard. They are leaking and broken down. Or a family is living in quarters built for singles. They are doing this because it is all they can afford.

Other families pay their shelter costs, but at the expense of food and other necessities. No family should have to make this difficult choice. We need programs to inject more affordable housing into our communities as soon as possible.

The government should determine current housing needs and set a firm target for construction of new units (and refurbishing of sub-standard units) within the next 24 months. We recommend a few steps:

1. Offer capital grants to municipalities willing to operate social housing to assist in construction of new units
2. Incentives and grants to non-profit agencies to build and operate affordable housing
3. Enforcement of public health regulations to ensure apartments and houses are up to appropriate living standards, and require landlords to make necessary changes
4. Creation of a Provincial Co-op Housing program. Co-op housing is a proven method of providing quality affordable housing and allowing low-income families to plan and save for the future. Co-ops create a self-sustaining environment where the residents are self-sufficient both financially and socially.

4. INCOME SUPPORT PROGRAMS (SFI & AISH)

Quite bluntly, Alberta has among the lowest social assistance rates in the country. Some areas, such as singles with disabilities are the lowest. Able-bodied singles are the second lowest. Families only fare marginally better. (CCSD)

In all cases, the benefits put recipients well below accepted poverty line. A couple with two kids receives social assistance that puts them at 67% of the Market Basket Measure, which is one of the lowest poverty measurements. The seriousness of this shortfall should not be underestimated. The MBM measures the amount needed for a family to meet basic needs such as food, shelter and clothing.

If a family is below the MBM, then they clearly do not have enough money to meet even the most basic needs of life.

This is spelled out clearly when we observe that food bank use in Edmonton is double the 1991 rate. In 1991, about 8,000 people accessed the food bank each month. Now the rate is consistently above 16,000. The largest group of food bank clients are SFI recipients.

In short the SFI program is not providing enough income to ensure a family can meet the basic necessities of life. This should not happen in a province as wealthy as ours.

The government is unduly concerned with making sure rates aren't "too high", thereby creating an incentive to stay on welfare. We reject this notion. The cost cutting of the 1990s resulted in thousands of Albertans falling off the rolls. Where these people went and what happened to them remains unknown.

Since the initial reductions, rates have not kept up with inflation. This has meant that recipients fall farther behind each year.

At this point in time, with the economy strong and poverty remaining a troubling issue, there is little fear of unnecessary use of social assistance. There is no evidence that if rates were increased to a level where families and single Albertans can pay the bills that there would be an influx of demand on the system.

We are certain the result of increased social assistance rates would mean families in need would be less poor. And that should be a necessary outcome.

We recommend the following for addressing social assistance rates:

1. A committee be struck consisting of stakeholders, including social agencies, anti-poverty groups and people living in poverty, to establish a benchmark for living expenses.
2. Rates should be set so recipients can adequately cover necessities, based upon the benchmark established by the stakeholders.

3. Rates should be automatically indexed to the cost of living, so that inflation creep does not erode income over time.

The case is identical for AISH. What is particularly concerning is that with AISH, low rates lock a person with a disability into a life of permanent poverty. This is not a program for able-bodied young people. It is for people who have a demonstrated disability. By keeping AISH rates so low, the government is saying it does not value these Albertans. We recommend setting AISH rates in the same fashion as our recommendation for SFI.

AISH also often blocks recipients from experimenting with employment and other opportunities. The program requires more flexibility to allow people with disabilities the room to become more active and involved in community life. If they want to try to work, but find they cannot, or can only work part-time or some other arrangement, the program should be there to support that choice. Currently it hinders it. We recommend changing AISH eligibility rules to encourage - but not force - attempts to volunteer, find employment or return to school.

But rates is not the only issue. The other element that prevents the SFI and AISH programs from working effectively is the caseloads. Social workers juggle hundreds of cases each month. They struggle to simply keep up on the basic cheque delivery. More staff would allow for smaller caseloads. In turn, smaller caseloads free up time for the worker to work more closely with the recipient. They can identify unmet needs and find out what additional support (e.g. return to school, funding to buy trade tools, etc.) might help that individual or family get back on their own feet.

By keeping caseloads high, social workers are prevented from doing the job they are trained to do, and turns them into simple issuers of cheques. We recommend that a cap be placed on caseloads and resources be adjusted to ensure caseloads remain below the cap.

5. OTHER ISSUES

Maintenance Enforcement

The task of enforcing maintenance orders is a difficult one. Unfortunately, failure to successfully get the maintenance payment to custodial parent often results in impoverishment of that parent. Getting the job done right is a serious matter.

The system should be designed to create the least amount of stress and hassle for the custodial parent. They have enough on their plate already. Processes should be streamlined to keep access to the program simple and straightforward.

The program needs more resources to ensure it has the capacity to track down absent parents not fulfilling their obligations. This means more staff to lower caseload levels so more time can be spent tracking down the parent and following up to make sure the payment gets made.

Student loans

A guaranteed way to impoverish Albertans is to weigh them down under thousands of dollars of student loan debt. Young Albertans and Albertans who take the initiative to upgrade their education come away with crushing debt loads. These debts take away from money that should be spent on quality housing and other necessities.

In Alberta, we have developed a system that punishes people for trying to become more educated, more well-trained and better adapted.

We need a complete revamping of the student loan and bursary system. A comprehensive overhaul should be initiated. Just some of the areas needing attention include:

1. Capping and reducing tuition levels to make them more affordable.
2. Enhanced bursaries, especially to adults choosing to return to school after a period in the workforce.
3. Encouraging employers to fund employee education.
4. Reworking living expenses guidelines to ensure they fit the true cost of living.
5. More flexible repayment schedules, so that graduates are not bound by burdensome monthly payments. Repayment should be tied to income, allowing for a higher payment as income increases.

CONCLUSION

We appreciate the opportunity to offer our recommendations for making the income support network more effective in Alberta.

The fact that poverty remains stubbornly high, despite our current economic climate, should be a poignant reminder that our income support system is not working as well as it should. We are not adequately looking after families and individuals who cannot meet basic life necessities.

There are many, many things to be done. And unfortunately, the government review is encompassing many programs, not allowing for due attention on the specifics of each program.

We hope, however, that this review results in an income support policy that more adequately addresses the needs of low income Albertans. No one need go without food, or without appropriate shelter in our province. We are a wealthy province and we should use our good fortune to the benefit of ALL Albertans.

And that we are not currently doing that should make us stop and reflect long and hard on our priorities.