

# NATIONAL COUNCIL OF WELFARE REPORTS

## SUMMARY REPORT

NATIONAL COUNCIL OF WELFARE'S  
WELFARE-TO-WORK ROUNDTABLE  
JUNE 7 & 8, 2002, OTTAWA-HULL

WINTER 2002-03

Canada 

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TABLE OF CONTENTS

<b>BACKGROUND AND OBJECTIVES .....</b>	<b>1</b>
<b>SUMMARY OF PRESENTATIONS (DAY I) .....</b>	<b>3</b>
SELF-SUFFICIENCY PROJECT .....	3
OPPORTUNITIES 2000 .....	4
ADULT EDUCATION AND TRAINING .....	5
LEARN\$AVE .....	7
ACCESS TO MATERNITY AND PARENTAL BENEFITS .....	8
CHILD CARE .....	9
<b>SUMMARY OF PRESENTATIONS AND DISCUSSION (DAY 2).....</b>	<b>12</b>
<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>17</b>



## BACKGROUND AND OBJECTIVES

Over the last several years there have been many changes in the administration of welfare. A greater variety of carrots and sticks designed to move people from welfare to work have appeared. Since 1995, when the federal government replaced the Canada Assistance Plan with the Canada Health and Social Transfer, provinces and territories have been able to make welfare benefits contingent on training or work requirements. As a result, many provinces and territories have restricted eligibility to welfare and reduced benefits. At the same time, other changes such as tighter eligibility for federal Employment Insurance, the creation of a new child benefit system and a number of demonstration projects aimed at finding alternative ways to help people exit welfare have put additional pressure on welfare rolls.

The National Council of Welfare was concerned about stagnant and very low welfare rates and persistently high poverty rates in Canada, especially among children and working-age people, despite several years of high economic growth. Members of the Council were also concerned about various dimensions of poverty - not just income - and particularly interested in learning from people affected by recent changes.

Because the Council is an advisory body to the Minister for Human Resources Development Canada, emphasis was placed on areas where the federal government has a role or where the issues are national in scope. These areas also link to stated government priorities such as promoting a “skills and learning agenda” and reducing family and child poverty.

The welfare-to-work<sup>1</sup> roundtable was organized to add to the Council’s knowledge about current programs and their potential for the future, to build a deeper awareness of what it is like to live in poverty in Canada and to ultimately be able to provide more effective advice to the Minister.

The first day of the roundtable was devoted to six presentations. The Self-Sufficiency Project was selected to present because of its innovative focus on lone parents, given that female lone parents have faced consistently high poverty rates that have changed little in 30 years and over the last few years have faced situations resulting in decreased labour force participation. Opportunities 2000 is an example of an innovative, holistic, community-based approach to poverty reduction that involves low-income participants in its design and implementation.

Given the critical role of education and training in the knowledge-based economy, a presentation on research into barriers to adult education and training for people with low income was selected, as well as learn\$ave, a new pilot program to assist low-income Canadians to build assets for education.

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<sup>1</sup> We use the term ‘welfare-to-work’ because it is commonly used and understood. The Council acknowledges that there are problems with the term. For example, lone parents living on welfare with incomes thousands of dollars below the poverty line are in fact already working - and extremely hard - to raise their children. The idea of providing ‘incentives to employment’ sometimes gives the impression that people who have to rely on welfare are unwilling to work. In fact, recipients usually want more than anything to support themselves through employment but face daunting barriers, including structural ones such as low wages.

Recognizing that for adults with children the challenge is not just becoming “skilled” and finding a job but managing the multiple demands of the labour force and the care and development of children, we focused on two major supports for this balancing act: maternity benefits and child care.

The second day of the roundtable was devoted to discussions between the Council and people who have had experience with the issues and programs addressed on the previous day. We made every effort to make these discussions as open, honest and respectful as possible, recognizing that the experience being shared was personal and for some very difficult. To ensure the confidentiality and privacy of participants, they are not identified by name and no officials involved in the funding, design or implementation of the programs attended the second day.

The following summary report cannot relay the full richness of the roundtable discussions but hopefully captures some of the most significant highlights. Feedback from everyone involved in the roundtable was very positive and the Council is very grateful to all participants.

## SUMMARY OF PRESENTATIONS (DAY I)

### SELF-SUFFICIENCY PROJECT

John Greenwood of the Social Research and Demonstration Corporation described this HRDC-funded research and demonstration project designed to test a policy innovation to encourage work and independence among welfare recipients while ensuring they have adequate income to support their families. In other words, the project asked, “What if work really did pay more than welfare?”

Lone parents who were long-term welfare recipients and who agreed to leave welfare for full-time employment were eligible for a monthly supplement to their earnings for a period of up to three years. The supplement was calculated to make up half the difference between earnings and a reference level. It effectively doubled what someone could receive either from a minimum-wage job or from welfare. The relatively low reduction rate of 50 cents for every dollar of earnings increases meant that participants could benefit from wage increases and promotions over time. Some participants also received additional services to help find and keep jobs.

The Self-Sufficiency Project began in 1992 and eventually enrolled over 9,000 families in British Columbia and New Brunswick. A great deal of qualitative and quantitative information was collected during the planning and implementation of the project. Using a random assignment design, half of the participants were chosen to be eligible for the new Self-Sufficiency Project program while the remainder acted as a control group. About one third of the welfare recipients who were offered the Self-Sufficiency Project supplement found full-time work and took up the supplement offer.

Mr. Greenwood emphasized three key things that were learned from the project.

- First, a well-designed supplement program can work to fight poverty.
- Secondly, there were effects beyond those intended.
- Finally, financial incentives are not the whole answer but they provide one more “tool in the kit” to encourage employment, increase earnings and income and reduce poverty.

Society also benefits because the cost of the Self-Sufficiency Project program was less than the amount that would have been paid in welfare had the families remained on welfare.

Some of the most significant outcomes of the project included:

- Doubling the full-time employment rate within 18 months of the program’s onset; after only one year, participants in the Self-Sufficiency Project reached an employment rate that otherwise would have taken four or five years to attain.
- The positive impact on full-time employment persisted over four years and continued to reduce welfare receipt over five years; eight months after eligibility ended, 70 percent who no longer received the supplement were still employed full-time.
- For those who had help in finding and keeping employment, the impact was even larger and longer-lasting, indicating that it may have been a factor in finding more stable employment.

- After three years, Self-Sufficiency Project reduced the proportion of families living below the low-income cut-offs by ten percentage points.
- School-age children in Self-Sufficiency Project families tended to perform better at school and demonstrated improved cognitive skills. These effects were sustained even after parents were no longer getting the supplement, indicating that temporary income gain may have long-term effects on children.
- Some findings suggest areas for further work. These include problems for young adolescents, instability of child care for some participants and limited take-up due to family responsibilities, disabilities and inability to find jobs.
- The cost saving to society was \$2,600 for every person in the Self-Sufficiency Project program.

Help with job searching improved Self-Sufficiency Project results. It seems likely that other employment-related supports may also be a key to enabling lone parents to make a successful transition to employment. Mr. Greenwood also mentioned that the only really good predictors of success in the Self-Sufficiency Project were recent work history, rather than age of children or other factors as might have been expected.

## **OPPORTUNITIES 2000**

Tim Fox from Opportunities 2000 and Eric Levitan-Reid from the Caledon Institute of Social Policy discussed this program of multi-sectoral collaboration for reducing and preventing poverty in the Waterloo region. OP2000 was sponsored by the Lutherwood Community Opportunities Development Association. It was funded by charitable foundations and private donors (\$1.17 million) and by Human Resources Development Canada (\$1.1 million). The Caledon Institute is responsible for the research, evaluation and dissemination components.

OP2000 was created as a network for action and change. In essence, it is an alliance of active partners and supporters working towards a common goal. This is not a simple relationship to understand, but is a highly effective one.

At the outset Lutherwood Community Opportunities Development Association realized that as a direct service provider it was limited to incremental expansion and that although it was relatively effective at moving people into employment, they were not necessarily moving out of poverty. OP2000, therefore, represents a shift away from direct delivery to facilitating multi-stakeholder collaboration. Its goals were to help 2,000 households move out of poverty by the end of 2000, identify the most practical ways of doing this, build community capacity to combat poverty on an ongoing basis and share lessons and successes with others.

Its partners included 41 non-profit organizations, 40 businesses and all levels of government with 49 projects initiated or sustained. By the end of 2000, there were 1,636 participants. One key feature was a leadership roundtable that included low-income participants so that they were engaged in designing the projects. The notion of poverty quickly moved from an income-based concept to one



that is multi-dimensional (for example, including housing, support networks) and integrated with the larger dynamics of society.

Projects covered a wide range, including employment counselling, job referral, job brokering for the working poor, customized training, access to computer technology and employment supports such as child care and transportation. There was also a focus on alternative employment and building financial assets. One example was an asset-building project for single mothers that matched their savings over 12 months on a three-to-one basis, a project that some potential participants thought was too good to be true. One project helped seniors gain access to the Guaranteed Income Supplement; another was focused on preventing youth from falling into poverty.

Key findings and lessons learned included:

- A better understanding of the magnitude of the challenge and the complexity of interactions among various individual situations and the social, economic and political environment; OP2000 also raised the profile of poverty and improved understanding of its dimensions, mobilized many people and built social capital.
- The importance of building assets (personal, social, physical and financial) and the need to ensure low-income individuals have an opportunity to help design solutions to meet their needs.
- Four hundred and eighty six people obtained new or improved employment, 151 people received further education and training, 79 started small businesses and 60 developed skills and networks. Personal income increased for 44 percent of respondents, household incomes increased for 47 percent and 23 percent added or replaced government income with employment income.

In 2002, plans are underway for a larger Vibrant Communities project coordinated by Tamarack: An Institute for Community Engagement and Caledon Institute funded by the J. W. McConnell Foundation. The goal is to expand and link as many as 15 communities to develop further strategies, share lessons and reduce poverty for 5,000 or more Canadians. Funding is being sought from Human Resources Development Canada under the Voluntary Sector Initiative. Of key significance for the National Council of Welfare is inclusion of a policy focus in the research and discussion.

## **ADULT EDUCATION AND TRAINING**

Barriers in access to adult education and training are among key factors that block the exit from poverty. Dr. Leroy O. Stone from Statistics Canada presented a paper that he and colleagues at the University of Montreal prepared as the first stages of a research project for the National Council of Welfare.

The policy context of the paper is linked to the federal government intention under the Skills and Learning Agenda to take steps that will make post-secondary education more financially accessible to low-income Canadians, encourage employed low- and moderate-income Canadians to participate in educational activities and encourage workers to “learn while they earn”. There is concern that in the knowledge-based economy, poorly qualified individuals are at risk of leaving the labour force and

being marginalized and excluded. There is also evidence that programs that could help are being under-utilized.

The current state of knowledge is limited but information was provided from a 2001 report published by Statistics Canada and Human Resources Development Canada based on data from the 1998 Adult Training and Education Survey (note that this information is for Canadians generally and the work Dr. Stone is undertaking for the National Council of Welfare is to look specifically at patterns for low-income Canadians). Dr. Stone first described the difference in concept between “adult education”, aimed at improving or modifying initial education but with no restriction of the purpose of education, and “training” which is targeted to building abilities to do particular kinds of work. Survey questions since 1990 do not differentiate, however, which limits the information available.

The findings from Canadian survey respondents who wished to receive training but identified barriers to doing so indicated that lack of money is not the biggest problem but rather lack of time. The most frequently cited barrier was “too busy at paid work”. Impractical time and place were also important. Expense was a greater factor for women than men, but the largest gender difference was for family obligations (15 percent of men identified this as a barrier compared to 26 percent for women). Figures also show that income was a key factor in employer-sponsored training. Only 10.5 percent of employees paid \$15,000 or less attended a training program or course in 1997, well below the 41.6 percent of those with incomes of \$50,000 or more.

Comparisons with other countries show that lack of time is a key barrier for many, and particularly so for Canada, at fourth on the list with 51.4 percent citing this as a reason for lack of participation. The United States was slightly below Canada while the United Kingdom and Denmark were at the low end of the list with just slightly over 30 percent. Where financial obstacles are concerned, Canada and the UK were in similar situations in the middle of the group at about 24 percent, while Denmark had a low rate. Financial obstacles were especially strong in the US and New Zealand, at 34 percent.

Surveys from 1998 and earlier indicate that adults with lower education levels and few skills were the least likely to take part in educational and training activity. Moreover, there is little indication this tendency has been reduced over the years. Research from Australia, the US and Sweden found similar patterns – those with greatest need participate least. In Canada, 48 percent of university graduates participated in adult education and training in 1997 compared with 10.9 percent for those with some secondary education or less.

When low income and low education are in play together, it is very difficult for people to have access to opportunities for upgrading. The situation is particularly difficult for people whose time is limited because of family responsibilities or long work hours, and for people who have non-standard employment such as part-time, multiple jobs or contract work. The content of courses, inflexible training schedules, location and techniques of instruction and the assumption that low-income or low-skilled people are not interested in learning all require rethinking. Access to adult education and training is especially important for people receiving Employment Insurance or welfare.

## LEARN\$AVE

Jennifer Robson-Haddow and Karen Kerk noted that governments invest a great deal in asset development – but mostly for middle- and upper-income people. In Canada, for example, RRSP tax deductions provide rewards for saving for retirement and can now be used to buy a home as well but RRSPs benefit those with high incomes most. The learn\$ave project sees asset development as important for low-income people as a complement to income support.

The Self Employment Development Initiative is a non-profit organization with a 15-year history of testing new approaches to alleviate poverty in Canada. In June 2000, the project introduced asset development for low-income Canadians, modelled on US initiatives. The need in Canada was illustrated by the fact that 16 percent of young couples with children have no net worth and low-income Canadians have twice the national debt-to-asset ratio. Canada's poorest families had no increase in net wealth between 1994 and 1999 while net wealth for the richest 20 percent grew by 39 percent.

Building assets helps cushion loss of income, generate new income and helps people to focus on longer-term planning. In the US, Individual Development Accounts (IDAs) were designed to help people build assets so they could save for specific uses such as education or housing; their savings are matched by the other funders. Experience in the US, Canada and the UK (two new national programs) show low-income accountholders can save. When people have access to financial education, their likelihood of saving increases. Operational costs as these type of projects, however, are relatively high.

Learn\$ave was developed in Canada based on a consultation process lead by Self Employment Development Initiative. Human Resources Development Canada is the funder (\$35 million over eight to nine years) and Social Research and Development Corporation is responsible for research design and evaluation. It will involve ten community organizations, the Royal Bank and nearly 5,000 low-income Canadians in ten communities. Halifax, Toronto and Vancouver are random assignment sites in which savings for education, training or micro-enterprise development are matched at a three-to-one rate. The total amount a participant may save over three years could be as little as \$120 up to a maximum of \$1,500. The matching savings credits would be from \$360 to \$4,500. Participants must make at least 12 monthly deposits before they can withdraw matching savings credits. Participants must meet income and asset cut-off levels to be eligible. There is a mini-case study of 225 welfare recipients in the three random sites. Seven other case study sites across the country are testing innovations such as different match rates, different saving periods and enhanced services.

The overall savings period for the project runs from June 2001 to May 2006 with evaluation and follow-up running until May 2009. Self Employment Development Initiative hopes to have 3,675 new IDAs opened over five years and up to \$4.5 million in personal savings for every \$15.5 million in matched public funds.

As of March 2002, there were 500 accountholders enrolled in the project. Most are women; 44 percent on welfare, eight percent on employment insurance, 13 percent own a home, two percent have RRSP's and 74 percent have some post-secondary education. Human Resources Development Canada limited the number of welfare recipients as the Department's primary focus is the working

population. There has been early and high demand from people on welfare, however, in particular because they are prepared to jump the “hoops” of government program rules. The Self Employment Development Initiative had to work with provincial governments to try to have the strict asset limits for welfare recipients waived so they could participate. British Columbia, Alberta and Manitoba have made some accommodation. Ontario, New Brunswick and Quebec allowed no waivers so people on the program are allowed only small savings. When participants in these provinces cash out the savings, for example for a short-term course, they must start again.

As with other projects, there were discussions about the bigger context. In the case of asset-building and financial literacy, a key example is the lack of interest of banks and other financial institutions in providing services to low-income populations. There is also the issue of appropriate course content and timing and the need for other supports to pursue education, training or micro enterprise, such as child care and transportation.

## **ACCESS TO MATERNITY AND PARENTAL BENEFITS**

Dr. Richard Shillington, a social policy consultant, presented the results of research undertaken, funded by Status of Women Canada, to examine the access mothers have to maternity benefits. He described a number of supports specifically geared to maternity and parenting, highlighting they are not well integrated. Maternity leave – the actual permission to leave a job and have the position protected – is the jurisdiction of the provinces and territories, as is leave for fathers. Maternity and parental leave varies across the country.

Child care supports exist but availability of subsidized spaces and eligibility rules vary greatly. The Child Care Expense Deduction exempts an employed parent from paying tax on child care fees but is of limited value to low-income households. Money for maternity and parental leave benefits are provided publicly through Employment Insurance (EI) and privately by employers, usually as top-ups to EI.

In 1996, eligibility for EI changed. Where workers used to need 20 weeks of insured employment, the new criteria was 700 hours, and later 600. The hours-based system claimed to enable more part-time workers and multiple job holders to qualify for maternity benefits. EI is a very significant source of income for some mothers, almost fully replacing salary if a top-up is available, while other new mothers receive little or no public support for maternity.

The regular income replacement rate is 55 percent under EI but for those in the public sector or protected by major unions, the replacement rate is usually topped up to 90 to 95 percent. Workers are sometimes permitted to take more than a year of leave. Paid employees who worked less than 600 hours, self-employed mothers and mothers not in the labour force receive nothing.

In the latest year available, out of 350,000 mothers of newborns, 58 percent received EI while 42 percent either worked too few hours or did not have paid employment in the last year (for example, students, self-employed, contract or laid-off workers, mothers caring for children with special needs, mothers who could not find or afford child care).

Of those mothers who were in the labour force, only 58 percent who worked part-time and had a preschool age child received EI compared to 84 percent of other mothers. In addition, only 17 percent of mothers working part-time received top-ups while 27 percent of other mothers did. When examined by family income status, EI and top ups provided least benefit to those who needed it most. About 84 percent of mothers in families with incomes between \$70,000 and \$80,000 incomes received EI. Only about forty percent of families earning \$20,000 to \$30,000 and only about twenty percent of those with only \$10,000 to \$20,000 enjoy these benefits. Similarly, those mothers with higher hourly wages are more likely to receive EI and top ups than those with lower hourly wages.

There are also differences in long-term effects on mothers who do not qualify for EI. Recent EI changes afforded protection from more stringent new- and re-entrant rules to mothers who received maternity benefits in the last five years. New mothers who face the same demands of bearing and rearing children receive no such protection if they did not qualify for maternity benefits.

The implications of this for Canadians who are at high risk of becoming poor are profound. As a labour force policy, EI goes a certain distance towards providing a temporary replacement for the income of those mothers and fathers who already have strong labour force attachment. But EI is not doing a very good job of supporting women's future and long-term labour force participation, or the early babyhood of children born to lower-income women. Because of the close links between child-rearing and poverty for women, there is potential for a well-designed maternity benefit to be a great help in preventing poverty and the need for welfare, and to better contribute to child and parental well-being.

## **CHILD CARE**

Professor Donna Lero from the Centre for Families, Work and Well-Being at the University of Guelph spoke about the importance of child care in the context of welfare-to-work initiatives. Her particular concern is that welfare-to-work initiatives focus on reducing welfare rolls, with no matching major commitment to improving the lives of poor children and families by expanding affordable, high quality child care.

She noted that 1996 was a critical year in which social programs, funding arrangements, and fundamental approaches to welfare were altered dramatically. The Canada Assistance Plan which provided for cost-shared income support and related services for families and children was terminated. The Canada Health and Social Transfer provided reduced block funding to the provinces for health, post-secondary education, and welfare expenditures. Provincial and territorial governments now have far more flexibility to devise new welfare approaches, including several welfare-to-work initiatives that mirror those developed in the US. Child care in Canada has faced many difficulties and challenges, including reductions in funding.

The main exception is Quebec, which has, for the last five years, invested in an expanded system of affordable early child care for all children. Across the country, however, the primary vehicle for advances in child care flow from the federal government's Early Childhood Development Initiative and the reinvestments from the clawback of the federal child benefits, only a portion of which is being directed to child care.

Information on the Canadian situation was provided to illustrate the gaps.

- In 1998, there were 516,734 spaces in regulated centres and family day care homes to meet the needs of 3,323,000 children 12 and under whose mothers were in the labour force. The capacity to include children with disabilities is very limited.
- About 158,000 children were subsidized (31 percent), and waiting lists for subsidized spaces can be very long, especially in large cities.
- Subsidy levels remain low and in many provinces have not increased since 1992. In 1998, the threshold for a full subsidy for single parents with one child was under \$20,000 and even these parents may be required to make co-payments. The threshold for partial subsidies varies widely.
- Many parents do not use regulated care either because they cannot get a subsidy or a space, or there are no services providing care for the hours they need, a particular problem for low-wage earners who work evenings, weekends and on-call.
- Quality is also a concern, especially for infants. Even in excellent centres, there are concerns about ability to find and keep qualified staff.

Professor Lero spoke about the US experience with welfare reform in 1996 and what the research tells about the effects of the changes on children and families. US changes tended to be very restrictive, for example, putting time limits on cash assistance, and requiring parents of very young children to seek work. In Canada a more consolidated and enhanced federal approach to child care also emerged and state funding for early education for three to six year olds increased drastically. In the US, there are dramatic differences from state to state in child care availability, quality and subsidy policies.

The effects of the US welfare-to-work initiatives on parental employment were significant. Employment among welfare recipients increased from 22 percent in 1997 to 32 percent in 1999, although overall prosperity and job growth were key factors. Annual earnings increased as well although among the poorest families, disposable income increased only slightly, largely due to loss of income and food-stamp support and additional work-related expenses, including child care.

There are limited studies on the effects on children but they appear to vary depending on factors such as age of child, characteristics of the child care program or other non-parental care arrangement and the extent to which parents employment experiences were positive or added to stress (for example, low wages, no benefits, poor working conditions and little flexibility to accommodate family responsibilities).

Several studies based on welfare-to-work initiatives, including the Self Sufficiency Project, found that when income supplements accompanied the requirement to work, there were more positive family outcomes. But while effects on younger children were neutral or positive, three studies found adolescents were negatively affected when their parents left welfare for full-time employment. Recent studies are guardedly positive about effects on children, depending on family circumstances.

These studies are a reminder of the importance of understanding the circumstances that may be the reasons people are in poverty or be part of the reality of living in poverty, such as raising a child with a health condition or disability, which require additional support.

Professor Lero concluded by stressing that efforts towards mothers' employment gains are of little benefit to children's development unless they lead to real improvement in their daily lives. Welfare-to-work initiatives need to be approached from a broader perspective that focuses on reducing child and family poverty, enhancing children's development, supporting parents and promoting social inclusion. Moreover, there is a need to re-establish a social covenant of mutual responsibility and benefit because increasing inequality in income and in life chances for children is costly for us all.

## **SUMMARY OF PRESENTATIONS AND DISCUSSION (DAY 2)**

The second day of the roundtable began with participants briefly describing their backgrounds and experiences with the welfare system and other programs designed to promote employment and reduce poverty. Some participants were involved in shaping the programs in their communities. Some had participated in research and collective action to find solutions to problems or assist others experiencing difficulties. The remainder of the day was devoted to discussion among participants, Council members and staff.

There was a small number of participants, and by no means a representative sample of the low-income population, yet they reflected a diversity of age, sex, language, family status and background, education, race and ethnicity, Canadian-born or immigrant status and employment or student status. Some had disadvantaged backgrounds to overcome or faced health problems and disabilities, their own or a family member's. At the time of the roundtable, some were doing quite well, some were managing but concerned about maintaining the gains achieved, others were still facing enormous struggles.

Throughout the day's discussions, some common themes developed that suggest ways in which policies affecting low-income Canadians need to be improved. The ideas ranged from concrete ways to make current programs more effective to major policy redesign.

One key theme concerns the experience of being on welfare. The situations that resulted in people going on welfare could happen to anyone: marital breakdown, the death of a family member, a disability or a young child's illness that limits employment, lack of child care to fit the hours of jobs available, the breakdown of an automobile upon which a job depended, the effects of racism, the closing of a major employer in the community. Often it is a combination of factors but even a single setback can be financially disastrous to anyone with low labour market income and no or few assets.

Regardless of the route onto welfare, being on welfare is work in itself, from the necessity to fight to get it and constantly have to prove your "worthiness", to the constant struggle to survive on incomes far below the poverty line. Often there is a need to manage an array of bureaucrats, rules, programs and services from different levels of government and non-government organizations which demands a great deal of time and energy. Many of those services, for example medical treatment or aids for children with special needs, have to be sought out and fought for. Access to education, training or other programs that might offer a way off welfare similarly require persistent struggle, often with little result.

Even some people who have lived on welfare agree that it may not be bad for a very short period of time, but one element that stood out in the experiences that participants shared with Council members was how powerfully and quickly any contact with our welfare system acts to strip people of dignity, hope, confidence, autonomy and sense of future. These are the very qualities that are critical to improving one's situation.

In addition to the more tangible dangers of living on welfare, such as inadequate nutrition, unsafe housing and neighbourhoods and poor schools, stigma can breed more problems and exclusion. One example was being required to show a welfare card at the bank in order to cash the benefit cheque so



that everyone in sight would know an individual was on welfare. Children can be treated differently and judged more harshly. Some roundtable participants who managed to exit welfare found that even family and friends were more willing to be a part of their lives and to help out when they were employed than when they relied on welfare.

Another characteristic of the welfare experience that stood out was fear - fear of giving information to people who have power over others' lives to invade privacy, to denigrate, insult and find them lacking, to control their behaviour and take away what little they have for any or no reason. It included fear of losing children, benefits, housing, services and family and social contacts. They learned that they were the ones who paid the costs of fighting discrimination or questioning flawed policies. And even after leaving welfare, there was the fear that someone could discover an overpayment or other mistake and set them back again. All our participants told us that, in the end, they were very glad they attended, but for some it was an extremely difficult decision to share very personal information.

Participants told us that one of the key benefits of any program that improved access to education, training, child care and non-welfare income like maternity benefits is that the programs generate hope, along with an ability to regain some control over life's decisions, increase self-esteem and confidence, the realization of reward for effort, expanded options and inclusion in larger networks of people and activities.

The issues of inclusion and empowerment came up repeatedly. Community groups and women's organizations, including organizations that were created by people living in poverty to address their own needs, were important elements of many of the participants' positive experiences. The greater ability to have social contact also resulted in marriage and other new personal relationships being formed, something that is extremely difficult to accomplish living in the isolation and poverty of welfare. If governments see welfare as "passive" support, then it is an oppressive passivity that it has had a large hand in creating.

All the participants felt that they benefited significantly from the pilot projects. Even though they had ideas for some improvements, the biggest concern was for others. All had relatives, neighbours, friends and colleagues who were in similar difficult circumstances and were not fortunate enough to have the same access to much-needed programs. Some participants have been involved in paid and volunteer capacities in the projects that were of benefit to them, including as researchers, leaders and mentors.

That so many Canadians living in poverty continue to struggle to help not only themselves and their children but others as well is inspiring. It shows that we can learn at least as much about developing human capacity from disadvantaged Canadians as we can from those who started out with better life chances and have not been tested by such adversity. We can only learn, however, if they are consulted and involved in designing the programs that will affect them.

Another major theme that pervaded the roundtable discussions related to the larger policy context in which projects and experiments are being operated. The dichotomy between Employment Insurance and welfare came up repeatedly throughout the two days. The fact that HRDC put a cap on the number of welfare recipients who can join learn\$ave was an example that concerned Council

members and participants. There were many examples provided of the way in which tighter EI eligibility for income and employment benefits along with new federal funding arrangements have caused greater hardship for those on welfare and more difficulty in finding routes out. Participants felt that dividing people according to whether they are EI eligible or receiving welfare and deciding which jurisdiction is responsible for them on that basis is dehumanizing and counterproductive. It contributes to exclusion and divisiveness and it further reinforces a poor-bashing mentality that consigns those on welfare to a different, less-deserving class of Canadian citizenship.

There was a sense that the federal government has abandoned some of its citizens, allowing other jurisdictions to be as punitive as they wish. If governments really want people to leave welfare for work and to prevent the need for welfare in the first place, then a much more seamless, integrated system of supports for everyone is required. The Self-sufficiency Project, by providing the supports that welfare recipients need to make the transition, is moving in the right direction.

The discussion of policy context also focused on the limits of the labour market and the need for governments to recognize the relationship between the labour market and poverty. Many jobs do not pay well and have poor working conditions. The labour market does not recognize family size or the responsibility for the care of others. Minimum wages do not support an individual let alone a family. Self-Sufficiency Project participants indicated that some of the jobs available to them involved changing shifts, variable hours, poor employer-employee relations and other circumstances that were stressful and made balancing family and employment responsibilities difficult. Participants felt it important, however, that employers should not know about people's personal situations, sources of income or whether they are part of a government program. Some employers take advantage of that knowledge for their own purposes, for example by paying less than the position is worth or show less respect for the work.

Labour market discrimination is also a factor. Many people who have lived on welfare may face discrimination on many grounds such as sex and family status, race, language and assumptions about anyone with gaps in work history. Participants found employment-related supports such as help finding and keeping a job were very important. Assistance with learning about finances and applying for government programs and services was also important. For people who were saving for micro-enterprise development, more information on banking and basic accounting would have been valuable. Participants in all programs, especially where non-financial supports were available, experienced a contrast between the helpful behaviours of project staff, who have an interest in individuals' successful outcomes, and welfare officials who have little incentive to ensure people get everything for which they are eligible.

Children and the child care infrastructure were also key topics. Having children is often the factor that pushes families into poverty. For many people, especially mothers, the desire for a better life for one's children is the motivation behind efforts to participate in activities to escape poverty. Yet overall societal support to enable adults to be both workers and parents is inadequate, especially for lone parents. Losing a job if a child was sick too often, or day care arrangements fell through, was a serious risk. Registered care outside regular 9 to 5 hours is rare. Other arrangements can be risky and anxiety over care of children is a critical concern for parents. Even in Quebec, there are waiting lists

up to a year. Even low-cost child care at \$5 a day is a far greater burden on students or people with low-paying jobs than for higher earners. In other provinces the situation is much worse, especially for people with special needs related to language, culture or disability. This lack of adequate infrastructure and quality standards keeps many parents, especially single mothers, on welfare.

Poverty lines were also briefly addressed, with some frustration, by participants and Council members. The general consensus was that it does not matter who draws the line, there are still too many people under the poverty line and too little is being done about that. Poverty is not just about income, but has many dimensions and people living in poverty often face multiple barriers.

Since the roundtable, the Council has learned of interesting work in Australia on financial stress. In addition to measuring cash-flow problems (for example, not being able to pay bills on time) and hardship (periodically going without a meal or heating), poverty also includes “missing out” which means the inability to invite family or friends for a meal once a month or to afford any hobby or leisure activity. This approach, even though it still focuses primarily on money, links social exclusion to poverty.

The concept of asset building was one that everyone found valuable as a more empowering approach to reducing and preventing poverty than traditional views upon which punitive welfare systems are based. Assets are not just financial, but include personal assets like self-esteem and education and social assets like networks of friends, that are extremely difficult to develop when there is only enough time and money for bare survival. In this respect the SELF-SUFFICIENCY PROJECT supports asset building. It focuses on assets that single mothers have (labour market and child-rearing skills) and helps them to use those assets.

In contrast, many other programs hinder asset building. Provincial and territorial welfare regimes, for example, refuse to support lone parents who qualify for post-secondary education, often prevent them from developing an asset that will have long term, intergenerational benefits.

Two issues arose with regard to asset-building programs for low-income individuals and families. The first reflected a concern that anyone with a very low income, and especially welfare recipients, would have sufficient resources to save even a small amount without causing further hardship. Moreover, there was concern that if a pilot showed that some people found the money to save, it would provide ammunition to those who would see welfare rates cut even more. In response, participants highlighted that saving is a regular part of household management and that even when there is very little money, some must be set aside for larger items from time to time. They agreed that these programs are not for everyone but that longer-term saving with significant reward were worth considerable sacrifice because they provided an opportunity to realize dreams that otherwise would be unattainable.

The other issue related to the restrictions placed on the uses of savings and whether people should be freer to determine what is best for them to help them get ahead, from computers to fax machines to tools and supplies that would enable them to generate income or aid their children. IDAs in the US can be used to save for housing, for example, and in the UK they are much more open. In particular, participants thought that maximums should be higher, up to about \$6,000, especially to fund longer-term education programs or to start a small business.

Finally, there was a discussion of take-up rates, money and services. There was discussion about the fact that participation rates for some programs were not as high as might be anticipated and the question of what else might be needed. Council members recalled a pilot study of lone mothers conducted by Professor Gina Browne of McMaster University, which highlighted very high rates of depression among lone parents. What her study found, however, was that provision of a range of services, but most particularly child care, recreation and counsellors who helped sort out the complexity of dealing with many different agencies and rules, had several benefits, including exits from welfare and far lower costs in medical and other specialized services for mother and children. What this suggests to the Council is that many lone parents, and likely others living on welfare as well, are highly stressed by overwhelming demands and lack of appropriate supports.

Some of the participants suggested that what would make more sense than anything else would be a guaranteed annual income that would be sufficient to cover the basics. It would be far less intrusive than welfare, less costly to administer and would avoid many of the negative effects of the welfare experience that strip lives of hope and dignity. Participants also agreed that it was about more than money, which was not much help if the things you needed most were not affordable or could not be bought. There must be access to the social goods and services that affect quality of life, including housing, child care, health care, transportation, time for family and friends and reasonable jobs.

## CONCLUSIONS AND RECOMMENDATIONS

Following the two-day roundtable, the members of the National Council of Welfare had their own discussion on what they had learned and what advice they thought it most important to convey to the Minister for Human Resources Development Canada. There are four main points directed to governments, in particular the federal level:

**Act on what works, especially for lone parents, in order that many more Canadians who urgently need support can benefit.**

We agree with the need for research but we question the extreme burden of proof to show exactly how a policy will affect the behaviour of low-income people, proof that we do not demand of policies that benefit middle- and upper-income Canadians. Meanwhile, staggeringly high poverty rates for lone parents in Canada have barely changed in 30 years. Sweden has been highly effective in preventing poverty by helping fill the gap left when a lone parent is employed but missing a second income and a second pair of hands. We can't afford to just keep studying this – the SELF-SUFFICIENCY PROJECT has shown results in Canada and it is high time for the government to act.

**Talk to real people, and not in formal consultations that are comfortable for Ministers and officials, but in places and ways where low-income Canadians can be assured of security and respect.**

Nothing can replace the benefit of experience and the involvement of low-income Canadians in designing solutions to the problems and barriers they know well. The roundtable demonstrated how much fear and scepticism of government programs and officials can influence behaviour, creating barriers to consultation and participation in programs.

**Make it simpler, easier and more reliable for people to get the right combination of benefits and services they need so they can get on with the work of improving their own lives.**

Many low-income Canadians are caught in a complex maze where different rules, regulations, and administration for programs run by various agencies, levels of government and the voluntary sector are like an obstacle course. There may be help at the end – if you can get there. For people on welfare or those facing multiple issues, such as disability and lone parenthood, it is especially difficult. It is too easy for some people to fall through the cracks and too likely that others will give up in frustration or anger. A complete overhaul of Canada's punitive and degrading welfare system would be a major step in the right direction.

**Show federal leadership in ensuring more equitable levels of opportunities and supports to all Canadians, regardless of where they live or their level and source of income, to prevent and reduce poverty.**

Targeting may have its place but not when it creates exclusion and a difference between how people on EI and those on welfare are treated, or between people who do not have a strong attachment to the labour force because they are responsible for the care of others or have disabilities themselves.

The playing field could be levelled to give everyone a fairer chance. The following are policy changes that could provide immediate relief for low income people:

- Ending the clawback of federal child benefits,
- Providing basic maternity support for all mothers and newborns,
- Building a national child care program for all families,
- Developing training and bridging programs for new and re-entrants into the labour market,
- Allowing welfare recipients to maintain and develop assets,
- Enabling lone parents with student loans to continue to receive welfare, at least until the amount of child benefits reaches the actual cost of raising a child, and
- Providing supplements to low-income lone parents who can't fully benefit from tax credits available to higher earning lone parents.