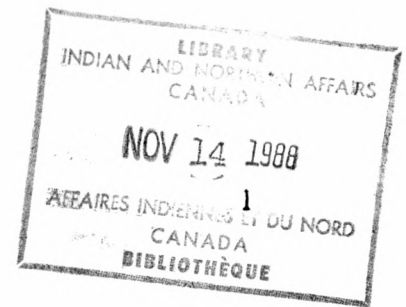PROGRESS REPORT

National Social Assistance Review

PROGRESS REPORT

NATIONAL SOCIAL ASSISTANCE REVIEW

A. INTRODUCTION

The basic purpose of social assistance is to provide persons who are in need with the basic necessities of life. The sharp increases in expenditures in recent years (from $53.0 million in 1973/74 to $106.0 million in 1978/79) led to such questions as to whether assistance was being paid in situations where need did not exist or whether funds were being used for other purposes. There was also a concern over the evidence of a seemingly growing rate of dependency. For these reasons a decision was taken to undertake a review of the program and top priority was assigned to the project in 1978/79. It has now been completed in five regions, and what follows represents a report of progress to date.

B. COMPONENTS OF THE REVIEW

Because of the size and complexity of the program, the project was sub-divided into five components as follows:

- an Operations Review;
- a review of the Management Information System;
- a study of Developmental Applications of Social Assistance Funds;
- a review of Federal-Provincial Relationships; and
- Case Studies of selected bands.

At the commencement of the evaluation it was agreed that it was not intended to be a policy development exercise. The focus was towards administrative improvements within existing policies, programs and systems rather than on program effectiveness.

C. CURRENT STATUS

The first three components have been completed in five regions (British Columbia, Alberta, Manitoba, Quebec and Atlantic) as well as all of the planned case studies. An overview has been prepared of the findings from the studies in these regions.

The federal-provincial aspects have been completed in the five regions as well but an overview report will not be undertaken until all regions have been visited.

These overview reports have been presented to the remaining three regions (Yukon, Ontario and Saskatchewan). Further work will not be required in the Saskatchewan or Yukon Regions. In the Ontario Region, because of the unique situation there under the Federal/Provincial Agreement, additional work needs to be done. For the operations review a work plan will be developed and cleared through the established tripartite mechanism, the Social Services Working Group.

A progress report to Senior Management was deemed to be necessary at this time considering that the Auditor General's comprehensive audit, which also touches on social assistance, has become available to the Department. In addition, the Departmental Audit Branch will be commencing an audit of the program in Saskatchewan Region shortly; a summary of the key findings from this study may facilitate their planning.

This evaluation has been the most expensive both in terms of money spent on consultants as well as in demands placed on program managers' time at all levels of the Indian and Inuit Affairs Program. Further demands will be made on the managers by the audit which is just commencing as noted above. If value for money is to be achieved from these evaluation and audit activities they must lead to program improvements. Preliminary consideration can be given now to the more significant national issues that will need to be addressed.

D. THE SOCIAL ASSISTANCE PROGRAM

Social assistance is a need-tested program. This means that person's needs are measured in accordance with a prescribed scale (this may be comprehensive based on the cost of basic requirements for families of different sizes or may be made up of the cost of specific items of need for each person - the cost of certain items such as food may vary with age) and the resources available to the person (e.g. casual earnings) are deducted; the difference if any represents the allowance which can be paid.

Present departmental policies date back to T.B. Minute No. 627879 of July 23, 1964, enabling the Department to adopt and follow provincial rates and conditions for administration of financial assistance to Indian people. The program in each region is therefore unique. In the Atlantic Region the Nova Scotia rates and conditions are applied throughout the region.

While the major focus of the program is on the provision of financial benefits there is also a very important service component in the provision of services to the clients such as counselling and referrals.

The financial benefits aspect of the program can be subdivided into three general categories:

- basic needs, e.g.
    - food,
    - clothing,
    - shelter (rent, mortgage payments),
    - utilities,
    - fuel,
    - household supplies, and
    - personal allowances;

- special needs, e.g.
    - furniture replacement and repair,
    - minor housing repair, and
    - day care;

- other allowances such as those paid on behalf a child cared for in home of a relative where parents are unable to provide.

Delivery of the program is complex and takes a variety of forms as shown in the following table:

APPROXIMATE PROPORTION OF SA EXPENDITURES BY ADMINISTRATION ARRANGEMENT

Approx. 79-80	B.C.	Alta.	Man.	Que.	Atl.	Total
Expend. Level	$17 M	$18 M	$23 M	$7 M	$8 M	$73 M
Administration by:						
Band[1]	70%	50%	83%	30%	80%	66%
Department[2]	20%	45%	3%	70%	20%	26%
Province[3]	10%	5%	14%	0	Less than 1%	8%

[1] "Band administered" is considered to include all variations of band administration where the bulk of the administration is carried on outside of the Department. Control of design of the program, however, remains with the Department.

[2] Includes Regional Offices, District Offices, Service Centres and Split Administration (Band Welfare Offices supervised by a District Office).

[3] Includes municipalities. Reimbursement is for off-reserve Indians not eligible under provincial regulations.

E. KEY ISSUES

1. The Need for a Social Assistance Program

A program like social assistance is required partly because other programs, such as education, job creation, etc. fail. A generalized conclusion from the study is that a large majority of Indian communities will most likely continue to remain dependent on government for an indeterminate period. Total social assistance expenditures will continue to increase into the immediate future.

Through administrative improvements and hard decisions some reductions in costs are possible (as described below), but these must be viewed in the light of this broader dependency issue. If the Department wishes to significantly reduce expenditures on social assistance then it will need to start doing more things that will make it unnecessary for people to require assistance.

There must be a planned and integrated Indian and Inuit Affairs Program approach to this dependency phenomenon.

2. Social Assistance Program Definition

There is no specific legislation providing for the social assistance program. The authority is provided under the annual Appropriations Acts interpreted by the 1964 TB Minute enabling the Indian and Inuit Program to adopt and follow provincial government rates and conditions.

Because of the very general nature of this authority it allows the Department a great deal of latitude vis-a-vis provincial programs. Some aspects such as health care which came under the social assistance program in the provinces do not come under the responsiblities of this Department at all. There can also be a mix of responsibilities between social assistance, other departmental programs and other departments, e.g. shelter. This generalized authority thus makes the establishment of policies, objectives, goals and control mechanisms most difficult which in turn makes the program vulnerable to misinterpretation. Misinterpretation, or desired interpretation, has led to a variety of issues some of which have become quite political in nature.

This lack of definition of the social assistance program is a central finding of the study. To illustrate further the shelter example is expanded upon. Shelter is a basic need which can come under the social assistance program as rental or mortgage payments. But in the IIA Program housing is subsidized through the separate Housing Branch in an amount that has been considered to be inadequate. This has led to social assistance recipients applying for and obtaining CMHC second mortgages to supplement the subsidy. (In fact, social assistance recipients can obtain these mortgages more readily than employed Indian people because in a sense their income is guaranteed.) It can be argued therefore that social assistance funds are being used to subsidize housing funds with the result that expenditures in housing are understated and those on social assistance are overstated. There must be a clear definition of the boundary between these two programs. If social assistance is used to provide shelter perhaps it should be limited to payment of rent for those recipients living as tenants in band operated public housing.

There is a need for a more precise definition of the parameters of the social assistance program and of the boundaries between it and other programs.

3. Extensions beyond Provincial Rates and Conditions

The program in some instances pays higher benefits to Indians than the provinces do to non-Indians, that is, the rates have been adopted but not the conditions. An extreme example is the Atlantic Region where the maximum benefits available to a family of seven (husband, wife, and children of ages 5, 7, 9, 12 and 13) renting a home is $845.00 per month plus actual cost of fuel and electricity. An Indian family on a reserve might receive this amount while in a neighbouring municipality, a non-Indian family of the same size and in accommodation costing the same rent might receive only $475.00. This results because the province allows municipalities to set maximums so that actual allowances paid by them may be less than what in fact is allowable under the regulations.

Total social assistance expenditures can be reduced if provincial rates, conditions and practices are strictly adhered to. This can only be achieved, however, by decision at headquarters, particularly at the political level, since any changes to established precedents would quickly become political issues.

4. Social Assistance Program Administration

As noted above, the program follows provincial rates and conditions and therefore is unique for each region. Within regions, administration of the program is not generally consistently uniform within or between the various types of administrations for a variety of reasons such as: how rigidly or loosely the means test is enforced; the adequacy of operating procedures and guidelines; the extent to which the administration is monitored and controlled; etc. Where this inconsistency exists it not only gives an appearance of "unfairness" within the administration but it may also cause the inappropriate disbursement of social assistance funds.

The three principal categories of inappropriate disbursements identified (the total amount of which could not be quantified) were:

- misapplication or misinterpretation of regulations;
- inadequate processing controls over the verification, documentation of need and payment of assistance; and,
- intentional misrepresentation of data.

In addition to the need for a better definition of the parameters of the program and more complete operating procedures flowing from them, there is also a need for comprehensive and regular monitoring of the program within regions to ensure the adequacy of administration and control.

5. The Key Role of the Welfare Administrator

The contact point between the program and the client is the Welfare Administrator regardlesss of who is responsible for delivery. This

position, particularly at the Band level, is probably subjected to more political and internal pressures than any other position at an equivalent level anywhere. This pressure comes from the clients, who frequently are friends and neighbors, for maximum payments in both basic and special needs, from Band Councils where the Welfare Administrator could be viewed as interpreting the guidelines too strictly, and from District/Region/HQ level where Bands and Associations become involved and an issue becomes politicized.

While considerable work is being done at regional levels to improve operating manuals, there is a requirement: (a) to define more precisely the parameters of the program as noted above; (b) to incorporate these parameters and develop more complete and effective administrative procedures and practices to relieve the Welfare Administrator from some of these pressures; (c) to provide more complete training packages. The key role for the staff in these positions is firstly looking to the clients' needs and secondly to the administrative practices. Training is essential for both roles; and, (d) to develop a more precise definition of the roles and responsibilities in order to facilitate allocation of workload, measure performance, etc.

The introduction of new policies, new systems, additional controls, etc., cannot succeed without qualified, trained, fully supported Welfare Administrators at all organizational levels, who are largely freed from interference in their performance in those circumstances where a question of judgement is not involved.

6. The Key Role of the Band Council

Within existing policies and procedures Band Councils exert considerable influence on social assistance expenditures by:

- exerting pressure on the Welfare Administrators to make social assistance readily available, e.g. even if jobs may be available adjacent to reserves, or alternatively by

- making social assistance payments difficult to come by to encourage the seeking out of work opportunities.

It is not clear from any of the studies just what the motivational aspects are that lead to these decisions but it is certainly more than just simply the availability of employment.

Re-inforcement of the positive approach could be facilitated if there was an incentive for Band Councils that social assistance moneys saved would remain available to bands for developmental work. This could only be achieved through demonstration projects under broad operating guidelines. TB authority would be required.

7. Developmental Initiatives Using Social Assistance Funds

The work Opportunity Program (WOP) and the Band Work Process (BWP) provide a mechanism for transferring Social Assistance funds to work projects under band auspices. The objectives of these initiatives are to enhance individual and community self-sufficiency thereby reducing social assistance expenditures and dependency. A variety of other resources are also involved in implementing these initiatives.

	Five Region Summary for WOP and BWP 1976-77 to 1978-79
	$ millions
WOP/BWP Funds	4.0
SA Transfers	6.2
Other DIAND	4.3
Other Federal & Provincial	9.4
Band	12.7
	$ 36.6

This funding has generated 520 person years of work for the following purposes:

	Five Region Summary 1976-77 to 1978-79 No. of Projects
Housing Repair	254
Buildings	69
Community Improvements	82
Social/Cultural Activities	25
Planning and Training	36
Revenue Producing Activities	104
	570

While these mechanisms for social assistance transfers are working with varying degrees of effectiveness they are cumbersome and tend to distort the actual social assistance expenditures and case load count.

Social assistance recipients under WOP and BWP projects are maintained on social assistance roles to ensure that these non-discretionary funds are available in the following year to support these initiatives. This is because of the uncertainty of funding from discretionary sources. In other words, no incentives exist to reduce caseloads and expenditures.

For the developmental use of social assistance funds to work better, there are two major requirements: (1) better planning at the community level which would identify developmental opportunities; and

(2) a simpler mechanism to implement the process of transferring social assistance funds or alternatively and preferably a separate development fund or a job creation fund.

Work incentives in the form of the exemption of some portion of earnings as deductible from the social assistance allowance exist in some form in all of the regions studied. It was found however that these appeared to have little effect in assisting receipients to take employment largely because they were not well understood and were also cumbersome to administer. Some thought is being given to developing a scheme appropriate for the departmental program.

8. Management Information Systems

The computerized system that was initiated in 1972 is only partially being utilized in one of the five regions studied. Management information basically comes from manual systems which have varying degrees of accuracy, timeliness and usefulness.

For both planning and operational purposes an accurate, timely management social assistance information system that can be reconciled with financial expenditures is essential.

9. Organizational Interface Issues

Social assistance has traditionally had a very low priority within the Department; its perceived negative impact and the view that it is largely a cheque issuing exercise has not enhanced management's perceptions of it. This low priority reached its zenith in 1978 when, other than a Director General who had a variety of responsibilities, there was no one person at headquarters responsible for its administration in spite of its $100 million plus size. This low priority seems to have carried through to the regions where staff resources are generally limited.

In addition to the better administration of the program, there is also a need to improve the linkages between social assistance and other major programs since changes in other programs can effect social assistance payments. This was illustrated above in the reference to the inter-relationships between the housing and social assistance programs. The impact of housing in social assistance costs will be particularly great if greater reliance is placed on loans to individuals and to public housing authorities as a means of reducing the housing backlog because a shelter allowance will be required for creditors and tenants who are social assistance recipients.

While this evaluation exercise has brought together various program managers, particularly in the debriefing process, there will be a continuing need to focus attention on integrative, coordinating mechanisms between the various Indian and Inuit Affairs Program activities.

10. On/Off Reserve Issue

This aspect has come up in other forums such as an intergovernmental issue in Manitoba. Greater focus will be provided on this aspect when the federal/provincial component has been completed in all regions.

F. CURRENT INITIATIVES

In the reading of the report to this point one is left with a very negative impression of the status of the administration of the social assistance program. There have been, however, some very positive initiatives taken over the past sixteen months which are noted briefly below. The evaluation, amongst other things, by focussing on the problem areas, has acted in part as a stimulus to improvement:

- a Social Development Branch was established in headquarters and currently is in the process of being staffed;

- national operating guidelines have been developed for the program which were favourably commented upon by the Auditor General's Comprehensive Audit;

- regional managers are updating and making improvements to their operating manuals under the general umbrella of the draft national guidelines;

- improvements are being made to the data base through the development of standards;

- functional requirements for the management information system are being defined. A proposal, including estimated costs, for a new system is being developed;

- monitoring mechanisms are being established in some of the regions;

- training packages are being made available; and,

- some action plans have been developed to implement the short term recommendations in the reports which do not need to await national decisions.

Incremental improvements are being made! The more significant and longer term improvements can only be undertaken following headquarters decisions such as on program definition, how rigidly the program must adhere to provincial rates and conditions, the strictness with respect to implementation of the needs test, etc.

While not covered specifically by the review, the general impressions from the debriefing sessions suggest that welfare administrators at all levels would welcome much clearer definitions and guidelines, that is, a better understood and administered program.

G. FUTURE ACTION

The total project will be completed early in the calendar year. Following its completion it is planned to convene a two-day national conference on the subject with the intent of discussing all significant issues, establishing an action plan to address them and assigning specific priorities and accountability mechanisms to carry them out.

This national conference would focus on the incremental changes, "the tinkering" with the systems under existing policies and procedures. The more significant issues will require direction from senior management on the best manner in which to proceed. The significant issues are:

1. redefinition of the program;

2. the strictness with which provincial/territorial rates, conditions and practices are to be adhered to and if there is to be a tightening how the change is to be brought about;
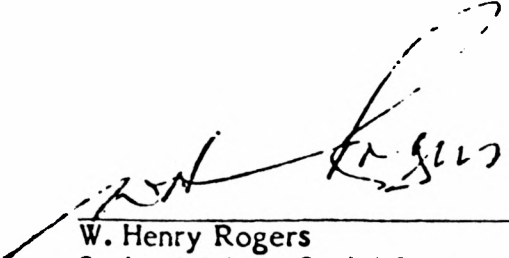
    Both of these are policy considerations which will require the involvement of the Indian organizations.

3. the extent of control over expenditures such as through strict enforcement of the needs test. This would lead to cost reductions but some additional resources in both staff and training funds would be required;

    Such a change will provide for greater program accountability but it may conflict with the policy for greater Band control and autonomy. There will need to be a rationalization of this potential conflict perhaps by a definition of the broad outside limits within which a Band may exercise discretion.

4. the dependency issue. Social assistance costs will continue to increase unless there are major initiatives such a through job creation, improvements in the education program, etc.

The overview reports for the five regions are available on request.

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