



Alberta's Children: Issues, Programs and Restructuring

This is one of a series of reports presenting snapshots of social service delivery in Alberta and Canada in the late 1990s. The reports address the following questions as they pertain to each of several categories of need:

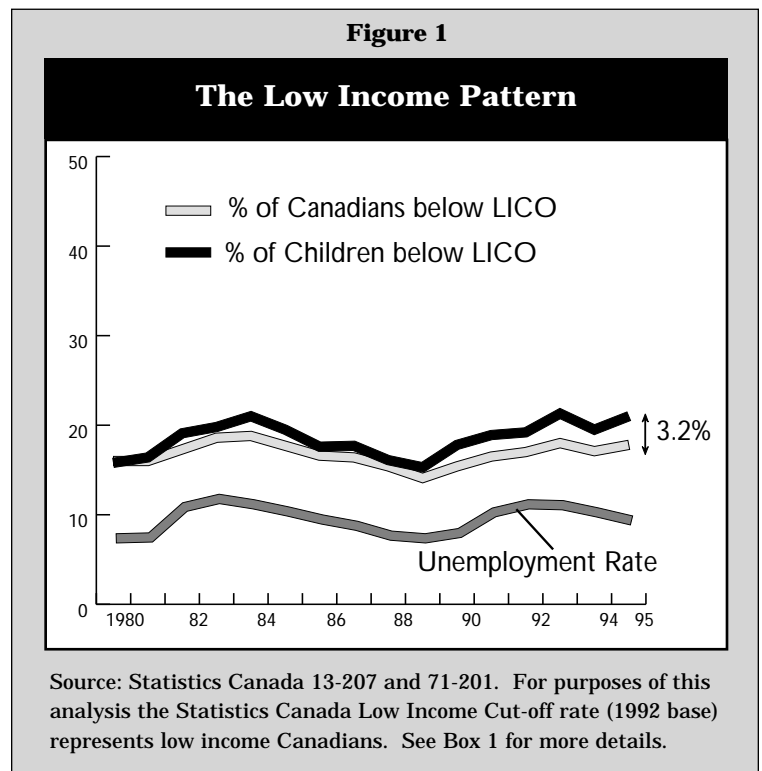
- what services are available, who delivers them and how have these services changed?
- how many people use the services, and how does this compare with the number who are in need of support?
- how much money is spent on these services?
- what are some difficulties faced by those in need?

This report examines social service programs, statistics, and issues relevant to children in Alberta. It is intended to provide an overview of some of the more timely and salient issues surrounding the delivery of services for children. Specifically, this report will consider: (1) child poverty/children living in low income situations; (2) the impact of the introduction of the Child Tax Benefit and subsequent reform proposals; (3) Alberta's ongoing regionalization of children's services; (4) the increase in child welfare protec-

tion cases in Alberta; and (5) the cost of delivering services for children.

I. Child Poverty/Lower Income Children

The child poverty issue has played a dominant role in Canadian public policy issues of the 1990s. In the recent federal election campaign, child poverty figures proved to

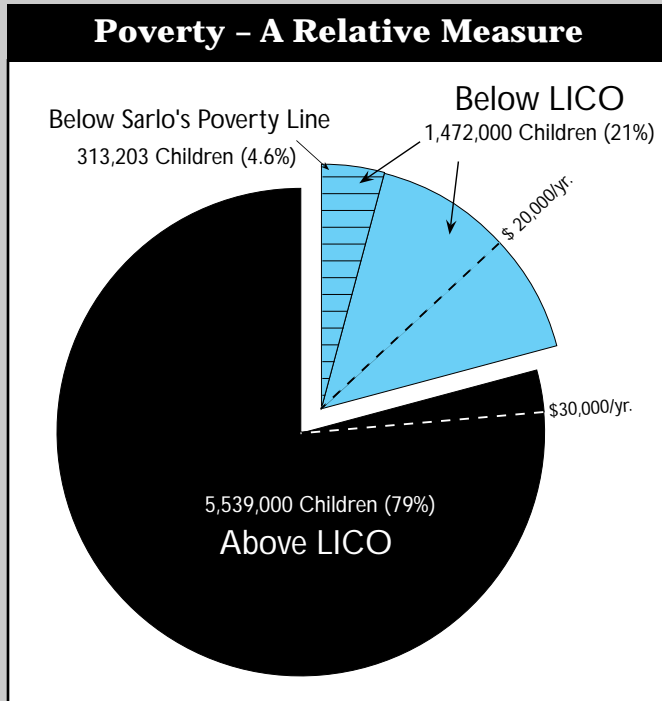


This report was written by Jason Azmier as part of the CWF Social Services Project. The project was initiated and is being funded by the Kahanoff Foundation as one part of a program to expand the knowledge-base of Canadians about the non-profit sector.

The opinions expressed in this publication are those of the author, and not necessarily those of the Canada West Foundation, its members, or its Council. Permission is granted by the Canada West Foundation for any and all reproduction of this report for non-profit and educational purposes.

Comments or questions can be made directly to the author by e-mail: jjazmier@freenet.calgary.ab.ca

Canada West Foundation

Box 1**Measuring Child Poverty and Low Income Cut-offs**

Source: Derived by the author from Statistics Canada 13-207-XPB Text Table III and Table 15 and Sarlo, *Poverty in Canada*, Second Edition, 1996. All values for 1995 except Sarlo (1993).

Note: Income measures (dotted lines) only represent average family incomes (across all family sizes and locations). Actual LICO levels are as high as \$43,600 (seven family members in large city) and as low as 11,800 (one person in rural setting).

At the outset it must be clearly stated that any child that is living without the basic needs of food, clothing, shelter and medical services is an urgent and extreme concern. Yet, because of the manner in which Statistics Canada measures those living in lower income families, the media, social policy advocates and politicians have seized an opportunity to define the scope of the deprivation of children. As a result, the severity of the problem for those that are in greatest need of assistance has been obscured. It is these individuals that are in need of our attention.

Relatively Low Income vs Absolute Poverty

The Statistics Canada LICO measure is only an indicator of **relative low income; it is not a measure of poverty**. It is derived by surveying Canadian households to determine what percentage of their income they spend on food, clothing, and shelter – the so-called “essentials.” Once this average spending level is calculated (34.7% in 1992), StatsCan somewhat arbitrarily decides that those households spending at least 20% more than the average portion of their (pre-tax) income on these essentials (54.7% in 1992) are deemed to be living below the “low income cut-off” for that year. Because of this methodology, the number of individuals living in lower income circumstances is only relative to the spending habits of the entire population. Living below LICO means that you do

not have as much money as your neighbor; it does not necessarily mean that you are poor. **Income inequality and poverty are not synonymous.**

In contrast, an **absolute** measure of deprivation is not dependent on average spending habits. One such method, developed by Christopher Sarlo, involves examining the most basic elements needed for long-term physical well-being. This includes basic accommodation, a healthy diet, health care, personal hygiene, transportation and telephone. This is, in Sarlo words, a true measure of poverty because the “poor can, at best, afford only the basic necessities.” Using this absolute measure, Sarlo constructs absolute poverty lines (after-tax) that are significantly (around 60%) less than the LICO measure. Because this is a “shopping basket” type indicator, it does not suffer the major criticism of the relative approach – these people are truly unable to meet some or all of their basic needs.

The relationship between these two measures is outlined in the figure above. As can be seen, 21% of children fall beneath the LICO standard, yet only 4% are the very worst off (below Sarlo). What this suggests is that although 96% of all children have the minimum food and shelter, 17% could still be considered in a high risk group. The implication for policy makers is: the primary focus of efforts should be on the 4% that are clearly suffering in the more dire circumstances; the secondary concern are the remaining 1.1 million children that are below LICO and need to be protected to ensure that this level of basic subsistence improves; and the tertiary focus should be the large number of children that live just above the LICO. This group may need assistance to prevent them from falling too far behind the average.

Finally, because LICO and Sarlo's methods are unique to Canada, a third low income measure will be used in this report – the 0.5 median income test. This relative measure of poverty calculates income distributions that reflect family size and composition and then classifies those with incomes below 50% of that value as having low income. This method tends to lend similar results as the LICO calculations.

be an effective political salvo; media sound bites rarely missed a reference to Canada's young deprived masses. At the same time, over the past year federal and provincial officials have been addressing the issue with increasing vigour. Child poverty discussions have played a major role in: (1) the June 1996 premiers conference in Banff; (2) a highly publicized November 1996 meeting of social service ministers and the Human Resources minister; and (3) the 1997 Federal Budget and the spending provisions it contained.

Background

There is no question that the plight of children living without an adequate source of income is a valid concern. Positive correlations have long been shown to exist between a large number of social disadvantages and low income. Poverty in children have been linked to (among other things): (1) higher rates of unwanted pregnancy, (2) illiteracy, (3) low birth weights, (4) higher school drop out rates, (5) greater health problems, and (6) alcohol and drug problems. Given these factors, the benefits of reducing child poverty are universally apparent. It is not this report's goal to question this need. Rather, the purpose of this analysis is to clarify the size and scope of the problem of children living in lower income circumstances. In this way, the debate can be narrowed to deal with those children that are not just living in low income, but are suffering as a result of these circumstances.

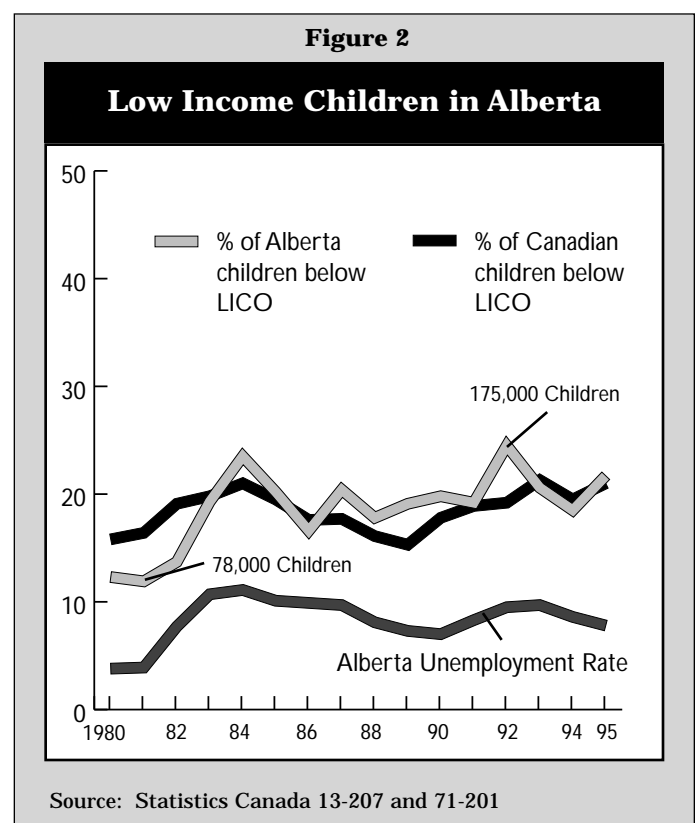
In November 1989, the House of Commons addressed the issue of child poverty with a clear and decisive proclamation. At that time they unanimously and somewhat presumptuously voted to work towards eliminating child poverty in Canada by 2000. In the seven years since that action statement, few definitive steps towards this commitment have occurred. Although the elimination of child poverty may have been an unrealistic goal, the potential to put a large dent in the number of children living with inadequate support is not.

As we have seen with elder Canadians, program reforms and policy changes can reverse the low income trend. Since 1980, incidents of low income

among seniors has declined by nearly 50%. More than one in three (34%) seniors lived with incomes below Statistics Canada's Low Income Cut-off Line (LICO) in 1980. By 1995, less than one in five (18.7%) seniors lived below the LICO (StatsCan 13-207-XPB). This dramatic turnaround in the incomes of older Canadians was partially due to a redesigned transfer program that target those most in need. Against this backdrop of success, is a similar improvement possible among those children living with low income? A number of groups have recently called upon the government to find out. In November 1996, Campaign 2000 (an organization of 18 national stakeholder organizations, including the National Anti-Poverty Organization and Canadian Council on Social Development) challenged the government to address the 46% increase in child poverty levels between 1989 (a more than 400,000 children increase) and 1994. (Currently available data puts this increase at 34% or 346,000.)

How Many Low Income Children In Alberta?

As Figure 2 indicates, Alberta's children are not exempt from a discussion of lower income. For more than half of the last 15 years the incidences of low



income in the province have been higher than those nationally. This result is surprising, particularly for one of the so called “have” provinces. In 1992, the portion of Alberta children living below LICO reached nearly one quarter (24.5% – almost twice as many as Prince Edward Island). This was the second highest rate in the country. Only Newfoundland (26.8%) saved Alberta from the dubious distinction of having the most children living below LICO. Yet were Alberta’s children the worst off in the country in 1992 or did some other factors (eg., low oil prices, recessionary forces, etc.) come into play? It is unclear because any conclusions based solely on LICO numbers must be considered incomplete.

As the above example demonstrates, low income numbers are not a good measure of need. This is because to fully understand the nature of low income four factors must be considered:

- (1) the cyclical nature of low income,
- (2) changes in the depth of low income,
- (3) the combined effect that taxes and transfers have on low income measures, and
- (4) recent demographic changes in family and the number of children.

Each of these issues will be considered in turn.

Business Cycles and Low Income

As Campaign 2000 and others have pointed out, the levels of low income among children have increased substantially since 1989. However, this increase should not be considered in isolation. To do so would be analogous to looking at the average temperature in Saskatoon between November and March and concluding that it is a really cold place to live. While it is true that over the winter the temperature can be quite cold, measuring the year-round temperature gives a much better picture of what it would be like to live in the city. Similarly, the circumstances affecting lower income children must be considered across the full business cycle.

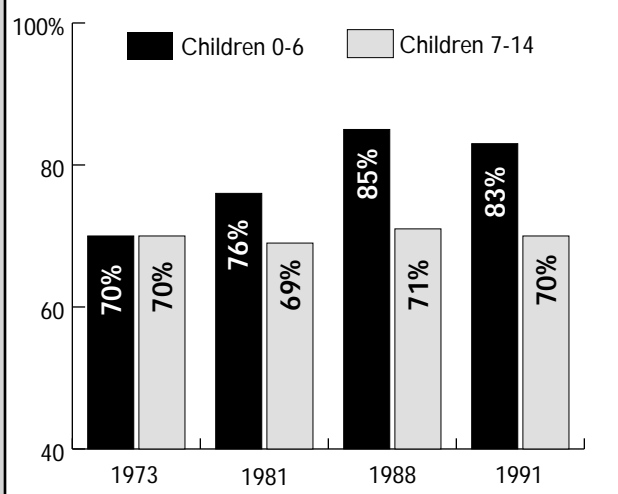
Figure 1 (front page) details the changes in the percentage of children living below LICO since 1980. When one assesses levels of low income among children over a 15 year period it is obvious that low income rates are influenced by the general economic trends. For example, the low income peak of 1993 (21.3%) was only slightly higher than the 21.0% plateau reached in the downturn of 1984. Thus the rise in low income among children experienced over the last 6 years should not be all that shocking. Similarly, it would not be unreasonable to expect that low income rates will begin to decline now that economic recovery has taken hold, and expansion is under way. Should this fail to occur over the long term then these low income rates will represent a source of concern.

Figure 1 also demonstrates the link between low income in children and unemployment. It can be generally observed that approximately one year after a significant change in UI figures, a subsequent change will occur in low income rates. Younger parents, the most vulnerable to labour market change, and the most likely to have younger children may exhaust their resources and savings within a year of any employment disruption. This will in turn increase child poverty calculations in the subsequent years calculations. Unemployment rates peaked in 1983, and child poverty rates peaked in 1984. Unemployment rates again peaked in 1992 and 1993 followed by a decline. Child poverty rates again demonstrated a one year delay as they peaked in 1993 and tailed off again in 1994. The only anomaly occurred in 1995 when an increase was again reported in child poverty numbers. The implication of this deviation from the norm can only be determined over the long term.

Using the Alberta example (Figure 2), similar results are seen. In the early 1980s low income rates among children increased on pace with unemployment and decreased through the late 80s. Over the last five years, the low income rate among children in Alberta has also generally followed the unemployment trend.

Figure 3

**Average Depth of Low Income 1973-1991
(as a Percentage of 0.5 Median Income)**



Source: Picot and Myles; Statistics Canada 11F0019MPE No. 82
 Note: Dollar values indicated are average annual total income (in constant dollars) of those whose income is less than 0.5 of the median income.

The Depth of Low Income

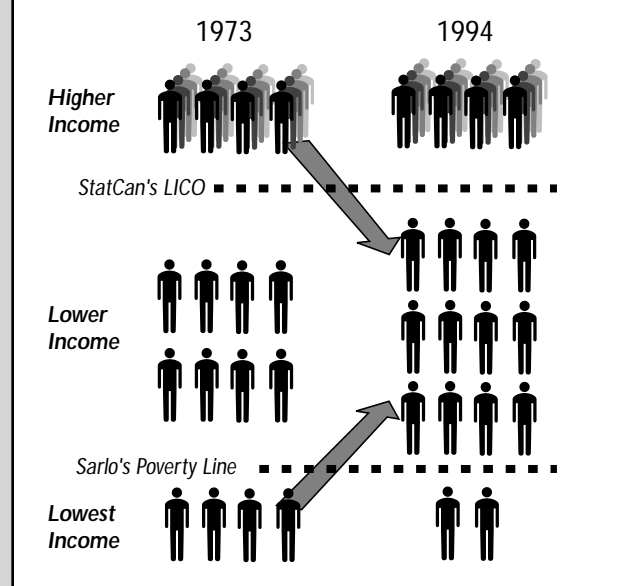
Although the number of low income children increased over the last two decades, low income children are living with relatively more income. Figure 3 represents what can be termed the “low income gap.” It measures the degree of low income for those individuals living below the 0.5 median income mark. (This low income measure gives results similar to the LICO, see Box 1 for more details.)

As indicated in Figure 3, although many children are living with lower incomes, their income levels have improved. This change has affected very young children in particular. The income levels (in constant dollars) of lower income children aged 0-6 increased 13% since 1973. The children in this youngest group were living at 83% of the 0.5 median income mark in 1991 as compared to 70% in 1973. For the children aged 7-14 very little change has been observed. They continue to average nearly 70% of the 0.5 median mark since 1973.

The depth of the low income gap becomes important when considering the appropriateness of measuring low incomes (see Box 1). StatsCan’s LICO and 0.5 median income measures cannot reflect the improve-

Figure 4

Growth of Low Income



Note: Model is not representative of precise figures

ments outlined in Figure 3. Because these measuring bars are set higher than other low income indicators, they are unable to record any change in income levels below the mark.

Indicators set to lower levels provide a better measure of changing incomes within the low income group. For example, Christopher Sarlo’s poverty measuring stick is set about 60% below the LICO measure. Sarlo has found that child poverty has actually decreased from 9% in 1973 to 5.6% in 1994. How could one measure (LICO) indicate a growth in low income and another (Sarlo’s) show a reduction? The answer is presented in Figure 4.

What is happening can be likened to the creation of a low income middle class. The very worst-off have seen some improvement in their circumstances but are still living in the low income group. At the same time, some of those living at or just above the LICO measure have slipped below. As a result Sarlo’s measures could show a 37% decrease in child poverty and StatsCan LICO show a 34% increase in low income rates without being inconsistent.

Finally, it is important to note that the growth of this moderately lower income majority does not imply

income immobility. Because the bulge has occurred near the LICO line, an individual can move above LICO with a moderate increase in income. As a result, some individuals may pass in and out of the low income standard from year to year. Recently available data from Statistics Canada's longitudinal study of lower income supports this conclusion. They found that there was a 25% turnover in the low income population between 1994 and 1995.

The Effect of Transfers and Taxes

Perhaps the most interesting analysis of low income children derives from an examination of the impact that transfers and taxes have on income. The role of these artificial market elements has increased in importance because of the reduction in the value of real earnings of Canadians through the late 1980s and 90s. As shown in Figure 5, between 1973 and 1991 income transfers to lower income families with children aged 0-14 increased from 35% of family income to over 60%. At the same time, lower income families saw their real earnings decline at a nearly identical pace. As a result, we have not seen large increases in the overall rates of low income. Lower income levels have been offset by higher transfer rates.

The large majority of this shift in transfers is directly due to the focusing of social program spending on

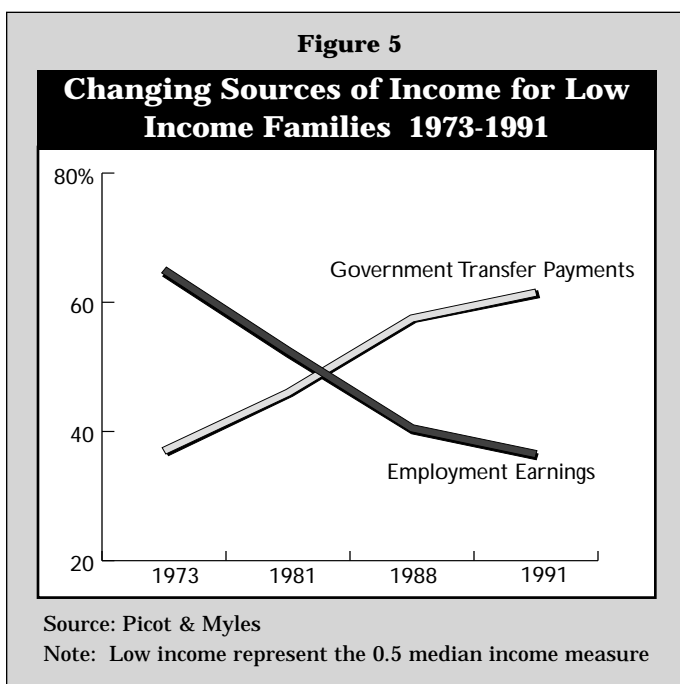


Table 1

**Sources of Income Transfers
(Low Income Families with Children)**

CHILDREN AGED 0-6	1973	1981	1988	1991
Transfer Type	%	%	%	%
UI Payments	6.7	8.2	7.9	8.9
Social Assistance	16.7	18.9	27.4	30.0
Family Allowance	8.4	7.8	6.6	7.8
Child Tax Credit	n/a	5.8	9.1	10.8
Other Credits (eg., GST, FST)	2.1	1.9	2.9	3.8
Other Transfers (eg., OAS, GIS, CPP, Prov. tax credit)	1.9	2.3	1.9	1.8
TOTAL TRANSFERS	35.9	44.8	55.8	63.1
CHILDREN 7-14	%	%	%	%
UI Payments	4.8	6.2	7.3	7.3
Social Assistance	18.5	19.3	25.9	26.9
Family Allowance	9.7	9.9	7.9	8.2
Child Tax Credit	n/a	6.5	9.6	10.0
Other Credits (eg., GST, FST)	1.6	1.9	3.6	4.5
Other Transfers (eg., OAS, GIS, CPP, Prov. tax credit)	2.7	3.4	3.8	2.8
TOTAL TRANSFERS	37.2	47.0	58.0	59.6

Source: Picot and Myles, Statistics Canada, 1996

those children most in need. Welfare rates grew from 17% of a low income family's total income (with children 0-6) to 30% in 1991. The introduction of the Child Tax Credit added another 10% of family income over this period. Table 1 describes the other changes in transfer income.

The effect of tax on low income rates is less complex. LICO measures before tax income yet, because lower income families have less earnings they pay less tax to the system. Taxes reduce the disposable income of higher income Canadians more substantially. Although they fall below the LICO measure, lower income Canadians retain a proportionately greater share of disposable income than their higher income counterparts.

Demographic Change

While transfers are an important part of the low income story, these rates have also been significantly affected by changing demographic trends among Canadian families. The result of these changes has

been to stabilize the low income rates for children. The following demographic changes influence the risk of large numbers of children suddenly dropping into lower income categories:

(1) **Fewer children** - the number of children as a percentage of the population decreased from 34% in 1973 to 24% in 1995. Less children overall means less resource sharing within poorer families.

(2) **Smaller families** - proportions of families with 2 or fewer children has increased from 60 to 70%. As above, smaller families are at a reduced risk because the limited resources are shared among a smaller group.

(3) **Families are having children later** - higher incomes are associated with older family heads. Families with the head earner under age 26 decreased from 18% in 1973 to 11% in 1991.

(4) **More educated parents** - earning potential and the ability to absorb an employment shock increase as families become more educated. Families headed by a post-secondary graduate increased to 40% in 1991 from 25% in 1973.

(5) **More dual earner family incomes** - dual earner families result in greater levels of income and as a direct result lower the risk of falling below LICO lines. Dual earner families increased from 38% in 1973 to 62% in 1991.

(6) **More lone-parent families** - The increase in the number of lone-parent families (from 5% in 1973 to 11% in 1991) increases the risk of lower income situations. Although risk is increased, lone-parents are also more educated and have less children per family which limits the size of this risk.

II. Government Transfer Benefits

Government transfer programs for children are designed to accomplish multiple goals: (1) reduce the financial burden of raising children; (2) minimize the number of children in low income; (3) redistribute income equitably; (4) encourage growth; (5) spread the burden of child care across a number of

years; and (6) derive support from a shared social consciousness. Yet the manner in which these goals are achieved has undergone substantial change. Before a child born in 1992 turns 6 years of age they will have received transfer funds under three different versions of the same support programs.

The Past - Family Allowance and Child Tax Credits

Canada has a long history of providing benefits to families. In 1918 the original child tax exemption was introduced, and universal family allowance were introduced in 1945. About thirty years later, the refundable child tax credit was introduced in 1978. This system was then consolidated into the Child Tax Benefit in 1993 and is slated to change again in 1998 to the National Child Benefit System.

Over the past 15 years, the per capita benefit obtained through these programs has increased less than the rate of inflation. As seen in Figure 6, using a constant dollar measurement (to control for inflation), the value of these programs for the family has decreased. In 1982/83, an average of \$650 for every Canadian child was spent on child benefit programs versus \$537 in 1994/95. Although actual spending

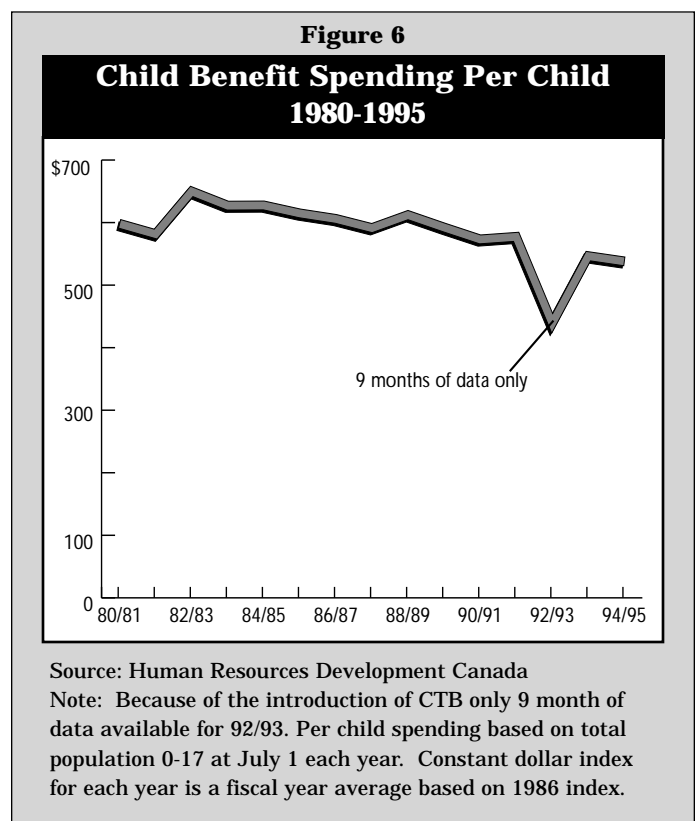
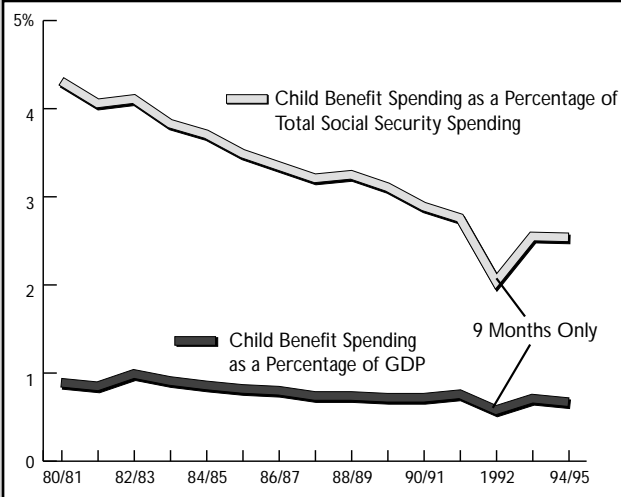


Figure 7

Child Benefit Spending 1980-1995



Source: Human Resources Development Canada
Note: Total social security spending includes all welfare, health and education spending. (\$199 billion in 1994/95) Because of the introduction of CTB only 9 month of data available in 92/93

levels are up in current dollars, this increase has not kept pace with demographic and economic change.

The picture is no more bright when spending on child programs is compared with levels of other social spending. As shown in Figure 7, child benefit spending has steadily decreased in proportion to other social security spending. Although some decrease can be expected because the portion of the population that are children has decreased (from 34% in 1973 to 24% in 1995) the ratio of spending on children's benefits has decreased 42% (from 4.3% of social spending to 2.5%). From this data it can be concluded that since 1980 spending on transfers to children has failed to keep pace with spending seen in welfare, UI, seniors programs, health and education. In addition, as a percentage of Gross Domestic Product spending on transfers to children has also gradually decreased.

Over the majority of this period, the main transfer programs for children were the Family Allowance and the child tax credits (both refundable and non-refundable). This was a complicated system in that it involved three different payment structures. Families would get a monthly cheque, a yearly tax refund and a tax credit. Each program also had a different set of eligibility criteria. In an effort to sim-

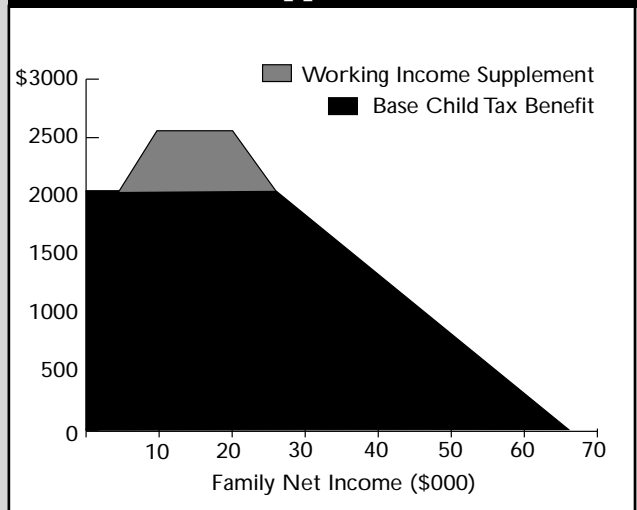
plify this process and to better enable household budgeting, a single monthly payment program was introduced to replace the Family Allowance and Child Tax Credit system. For the majority of persons, this new program offered essentially the same benefit rates but in a simplified manner.

The Present - The Child Tax Benefit and Working Income Supplement

In January 1993 a \$5.1 billion two-pronged program was introduced as a replacement for the \$2.8 billion Family Allowance and the \$2.3 billion Child Tax Credit programs (refundable and non-refundable). It provided a monthly payment to the parent of \$85 (\$1,020 per year), an additional \$213 for children under 6 (or less if child care expenses also claimed), and an additional \$75 supplement for third and additional children. Like before, payment rates were also dependent upon net family income. Once net income exceeds \$25,921, the benefits were taxed back at a rate of 2.5% for every dollar earned in families with one child (5% tax back for 2 or more children). The payment levels were based on the prior years tax information but could be adjusted within the tax year if circumstances should change (eg., a pregnancy).

Figure 8

Child Tax Benefit and Working Income Supplement - 1996



Source: Federal Budget 1997

Note: Values based on a family with two children age seven or older.

The second part of this system was the introduction of a Working Income Supplement (WIS). To qualify for this additional transfer source, families had to have earned more than \$3,750 a year in employment income (other sources of government transfer income cannot be used for this calculation). Once earnings cross that threshold, families were entitled to a supplement of up to \$500 per year. The WIS provided an additional 8 cents of government transfer money for every dollar of earned income over \$3,750. Families with net incomes above 20,921 lose ten cents of the supplement for every additional dollar of earned income. The supplement is only provided to those families that work as an attempt to offset the costs that lower-income families with children occur when working (eg., child care, transportation). Similar costs are not deemed to be present in non-working low income families.

Figure 8 displays the value of the Child Tax Benefit and Working Income Supplement. The maximum benefit level of 2,540 (for a two-child family aged 7+ years) is available to those families with income ranging from \$10,000 to \$20,921. For a one or two child family reduced benefits are available until income reaches about \$66,700.

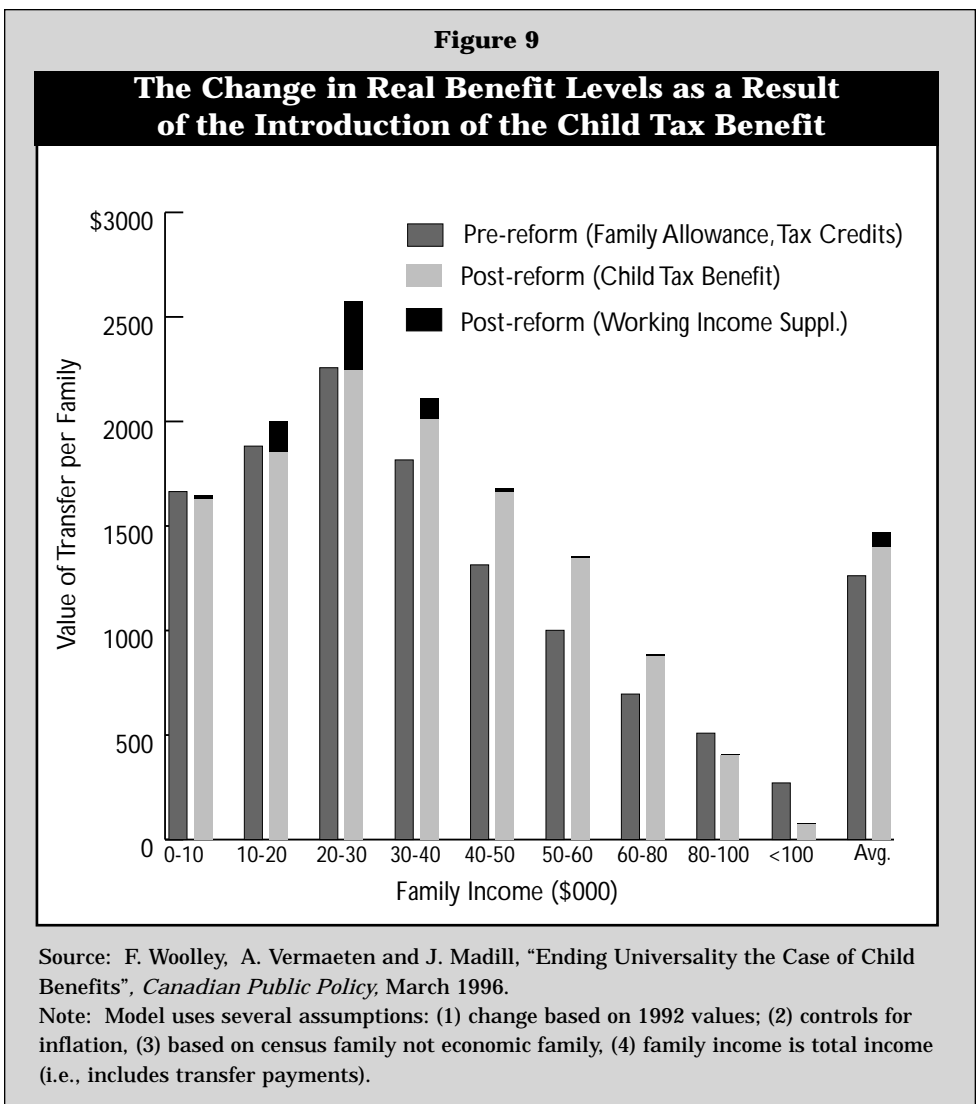
In July 1997, a modification of the working income supplement occurred in anticipation

of the new child benefit package to be introduced in 1998. This transitional measure provides increased funds to all families in receipt of the WIS. The new maximum supplements are \$605 for one child, an additional \$405 (\$1,010 total) for two children and \$330 dollars (\$1,440+) for each additional child. This one year change was introduced to reflect the extra costs that a large family incurs when working and will affect about 720,000 Canadian families with children in 1997.

The Impact of the Child Tax Benefit

As mentioned earlier, the introduction of the Child Tax Benefit did not involve a significant increase in benefit levels. However, because of the impact of a few taxation changes and the addition of the working supplement not all families benefited equally from the 1993 change.

While most families saw their monthly cheques increase (because they were no longer eligible for child tax credits at the end of the year) the actual increase provided by the Child Tax Benefit for low income families was small. Indeed, most increases in payment levels can be attributed to the



Department of Family and Social Services

Child Protection

\$174 Million

29,093 Investigations & 9,460 Protected in 95/96

Welfare services investigate whether a child is suffering from neglect, sexual or physical abuse. If these risks exist, the child will be protected or removed from the home.

1996/97 service costs:

Programs	\$43.5M
Investigations	\$8M
In-home support	\$21.5M
Foster care	\$50M
Community-based family support services	\$7.9M
Residential care	\$43.6M

Aboriginal Child Welfare

3,693 Protected Aboriginal Children in 95/96 (39%)

Special procedural requirements initiated when dealing with Aboriginal children. On a per capita basis they make up the overwhelming majority of protection cases. Staff attempt to place children in culturally sensitive environments and consult with bands on courses of action.

Handicapped Services

\$21 Million

6,236 (Avg. 95/96 cases)

Financial assistance to the parents of handicapped children.

Adoption

\$4.4 Million

393 Adoptions (04-12/95)
247 Cases of Financial Help

Help arrange adoptions for children in the dept's permanent care and of children whose parents decide upon adoption.

Early Intervention

\$20.5 Million

145 Community Programs Funded in 1996

Program designed to fund methods of reaching potential problems before they occur. Program introduced in conjunction with regionalization of children's services. 50% of funds designated for Aboriginal persons.

Mediation & Court Services

\$900,000

910 referrals in 95/96

Custody/access & maintenance intake assists parties in completing court requirements. Family mediation services are also provided.

Prevention of Family Violence

\$8 Million

6,426 Child Admits in 1995

Administers and provides funding to women's shelters, Violence prevention centers and second stage housing facilities. A total of 142 beds provided for in Calgary.

Day Care Programs

\$62.1 Million

37,866 Child Care Spaces Subsidized in 95/96

Funding and licensing program that prescribes specific minimum standards for care and provides funding assistance to those needing assistance meeting that levels of care.

95/96 service costs :

Subsidy	\$32.8M
Operating Allow.	\$15.7M
Family Homes	\$5.6M
Integrated Care	\$1.8M
Staff Qualification	\$7M
Administration	\$5.2M

Department of Education

Basic Education

\$1.35 Billion²

Delivery of grades K-12 basic education in public, separate and private institutes. Basic instruction allocation per full-time student is \$3,686.

Special Education

\$152.8 Million (93/94)

Includes spending on Special Education Grant Program, the Alberta School for the Deaf, and the Materials Resources Centres.

Early Childhood Services

\$18.9 Million

Voluntary programs offered by school jurisdictions and private operators for young children (ages 2-4) prior to entering primary grades.

Children's Advocate

\$1.65 Million

597 Cases Opened in 95/96

Ensures that the rights, interests and viewpoints of children are heard. Provides information and advice to those responsible for the delivery of services to children.

Department of Health

Public Health

\$370.4 Million (estimate³)

Includes care provided to children aged 0-12 by Practitioner Services, as well as Community and Institutional Health Services.

Children's Mental Health

\$22.7 Million (estimate³)

Responsible for operating programs designed to restore and enhance physical and mental well-being. Included the operation of care centers, and 54 mental health clinics.

Hospital Services for Children

\$94.7 Million (93/94)

Specialized health care for children. Based on the budgets of Calgary and Edmonton's Children's Hospitals.

Some Other Major Government Expenditures

- **\$438.8 Million** of welfare (SFI) transfers to persons in 95/96 -
- **\$523.1 Million** paid to Alberta Families through the *Child Tax Credit*
- **\$70 Million** estimated future tax value of *Alberta Employment Insurance*
- **\$1.34 Billion** of additional spending on education from provincial government
- **\$8.3 Million (est.)** in supplemental funding to Alberta Employment Insurance
- **\$110.2 Million** in Family Related (maternity) Unemployment Insurance
- **\$43.5 Million** in payment to children for *Ophan's & Disabled Children's*
- **\$1,054 (avg.)** per child supported by welfare agencies, gov't *Special Allowances Act*. In Canada, 34,347 cases received

Notes

¹All financial values are Department of Family and Social Services unless otherwise indicated

²Does not include property tax revenue

³Spending figures based on population estimate based on Health Canada cost

⁴Estimate based on Family and Community Services provided to the City of Calgary x 27%

⁵Data based on questionnaire of 205 Canadian industries

Children and Youth in Alberta¹

Department of Justice

Young Offenders Program & Centres

\$14.7 Million

Correctional services that include Youth Correctional Centers, Community Justice and Custody Homes.

Alberta Alcohol & Drug Abuse Commission

Adolescent Programs

\$ 2.3 Million (93/94)
(\$1 M for 186 clients in Day Treatment during 95/96)

Treatment and prevention programs that are directed at helping youth and their families. Includes the Community Outreach, Community Treatment and Intensive Day Treatment Programs.

Community Agencies

FCSS Funding in Alberta

\$8.4 Million (estimate⁴)

City controlled, provincial funded services delivered by community agencies. 9 Children and Youth service programs in Calgary.

Service Contracts

Unknown

Services delivered on behalf of the Alberta Government. Specialized services provided on a local community basis.

Services Delivered by Community Agencies on a user fee basis

Unknown

Services delivered by agencies on a cost recovery or for-profit basis, eg., day care.

Services Delivered by Corporate Donations of Time and Money

Unknown

Canadian Centre for Business in the Community survey found 67.3% of business provide cash support to company sponsored agencies, 62.4% provide in-kind support.⁵

Community & Family

Family & Friends

Unknown

A vast number of support services are provided by individuals, family and friends. Day care, minor health requirements, counselling, temporary or permanent shelter from abuse, occasional or regular meals, clothing, etc. are all services provided in varying degrees by the community. Because of the unlimited possibilities of this type of arrangement, the value of the support provided is unknown.

Volunteering

\$13.16 per hour⁶

Volunteers provide the person hours to enable agencies to deliver services. Although total number of hours delivering children services is unknown, estimates report that volunteers provide 43% of all labour in an agency.

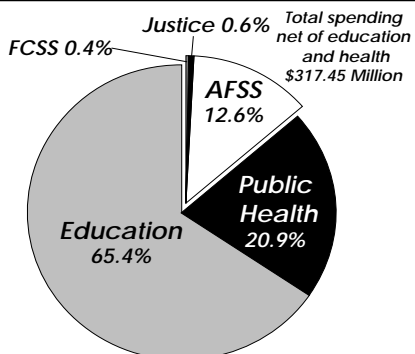
Donations

Avg. \$830/yr per person in Alberta to all charities⁷

Individual citizens provide donations of goods (furniture, clothing, food), and money (to individuals and agencies). Because of the diversity of donations the quantity of these gifts is unknown.

Figure 10

Estimated Current Alberta Government Spending on Children and Youth



Government Spending On Children

49% of all SFI recipients were families with children (Feb 96).
 x Benefit in 94/95.
 ent Tax Credit For Children with Families after 1997 phase in.
 roperty tax revenues (47% of total education spending).
 yment Insurance recipients in 1995 for families with children.
 nsurance benefits paid in Alberta in 1995.
 d Contributor's Benefits under Canada Pension Plan in 95/96.
 v't depts, and institutions or foster parents under Children's
 this payment in 1993-94.

⁶City of Calgary Social Service Department estimates based on 1990 Secretary of State report on the value of volunteering.

⁷Statistics Canada, *The Daily*, November 6, 1996

Sources

Social Security Statistics: Canada and the Provinces 1970/71 to 1994/95
 Human Resources Development Canada, 1996
 Alberta Family and Social Services (AFSS) Annual Report 1995/96
 Personal Communication with AFSS Staff
 Alberta Child Welfare Information Services Division
 Calgary Charities for Children and Youth Governors Council

al estimates for 95/96 unless other-

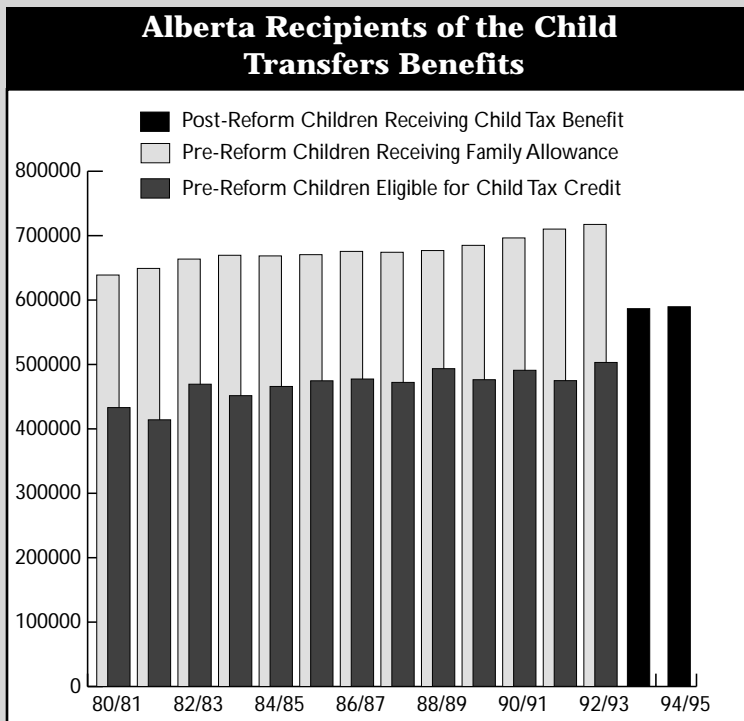
ue of \$1.34 Billion

ion aged 0-14. Public Health esti-
 est. of \$593 per child/year

Community Support Services Funding
 % (% of population aged 0-18)

5 companies from all major

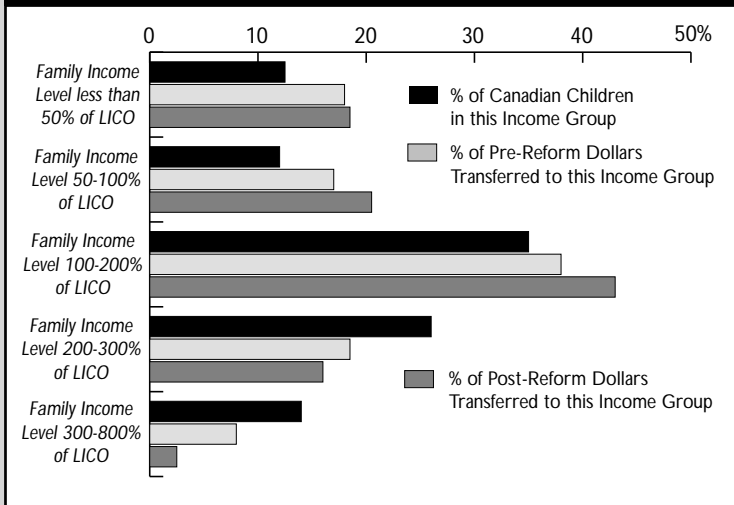
Figure 11



Source: Human Resources Development Canada
 Note: All values represent annual average number of recipients.

Figure 12

Distribution of Total Child Tax Benefit Dollars by Income Category



Source: F. Woolley, A. Vermaeten and J. Madill, "Ending Universality the Case of Child Benefits," *Canadian Public Policy*, March 1996.

transfer income level largely due to an inability of these individuals to capitalize upon: (1) the availability of the WIS (average supplement payment to this segment was only \$15) and, (2) the tax advantages offered by the new system. By definition, the very lowest income group does not have the necessary income required to qualify for the WIS.

Those families who saw the most substantial change in income were not the very poor but those in the \$40-60,000 income categories. Figure 9 shows a \$360 average increase in disposable income for this category. Because of the tax situations of the \$40-60,000 income category, they were able to save an average of an additional \$100 in disposable income. In contrast, those in the \$20-30,000 range saw their tax bill decrease an average of only \$20. However, this segment of low income workers has capitalized on the WIS program with average additional earnings of \$329.

Another important change involves the number of families covered under the new benefit. After the amalgamation of the program into a single benefit, less Alberta children are eligible for a benefit than under the Family Allowance system. However, more children receive a full benefit under the reformed system. The net result is that more low income families receive higher benefits. As Figure 11 shows, In 1995, 586,330 Alberta children or 79% of Alberta's population age 0-18 received a Child Tax Benefit. Under the old system only 69% of children received the Child Tax Credits in addition to Family Allowance payments.

One stated goal of the government in its introduction of the Child Tax Benefit was to direct more funds to lower income families. As Figure 12 demonstrates, it only partially succeed in meeting this objective. Families in the very lowest income cate-

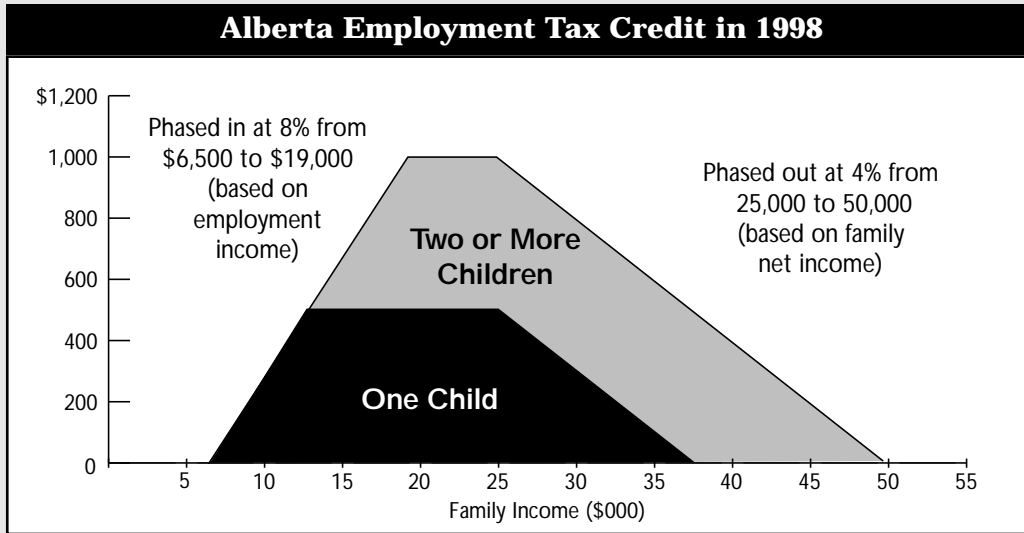
introduction of the work supplement. Figure 9 (see page 9) shows the change in transfer income upon the real income (i.e., controlling for the effect of inflation) of families with children. As consistent with its stated goals, the CTB and WIS have increased the value of transfers for almost every income level below \$80,000. On the other hand, the most marginalized – the very poor – saw a slight (\$35) decrease in their real

Box 2

Non-Welfare Assistance for Children

As part of a nation-wide trend to provide more support to both working and non-working low income parents several provinces offer benefit programs or tax credits that directly assists families with children. These programs represent some of the first elements of the commitment by all provinces to the reinvestment the welfare savings of the new National Child Benefit on employed low-income families.

In **Alberta**, the refundable Employment Tax Credit introduced for 1997 will reduce taxes payable or issue a cheque to families that qualify. It has dual objectives: (1) support children of lower income families, and; (2) encouraging parents to work. In the eyes of the government, self-sufficient, hard working parents make a good role model for children. It is anticipated that 130,000 Alberta families will receive an average benefit of \$538 per year under this new program. Eligibility for the benefit will be calculated according to the following graph:



Other major provincial programs include:

British Columbia: BC's Family Bonus program has attracted a lot of attention because it replaces welfare-based support for children with a monthly support for **all** low income families. Working families with children and welfare families receive an income tested benefit of up to \$1,236 per child a year (\$103 per

Source: Alberta Budget '96

month). Maximum benefits are available up to a family income of \$18,000 and a reduced benefit is available up to \$42,000. As a result of the increased funding for low-income families (estimated cost of the program - \$300 million), BC has seen a reduction in both welfare caseloads and children below LICO since the introduction of the benefit.

Saskatchewan: Saskatchewan has recently increased its commitment to their Family Income Plan. The improvements are designed as an interim measure as a transition to the National Child Benefit. The measure includes a \$15 increase to the monthly supplement (up to \$120 per child) and a slower benefit reduction rate. Families will also now receive full supplementary health benefits for their children.

Québec: The Québec government has introduced the framework of its new family policy that focuses on improving employment circumstances for low-income families. The program includes: free kindergarten for all children, cheap daycare, and increased maternity, parental and adoption leave benefits.

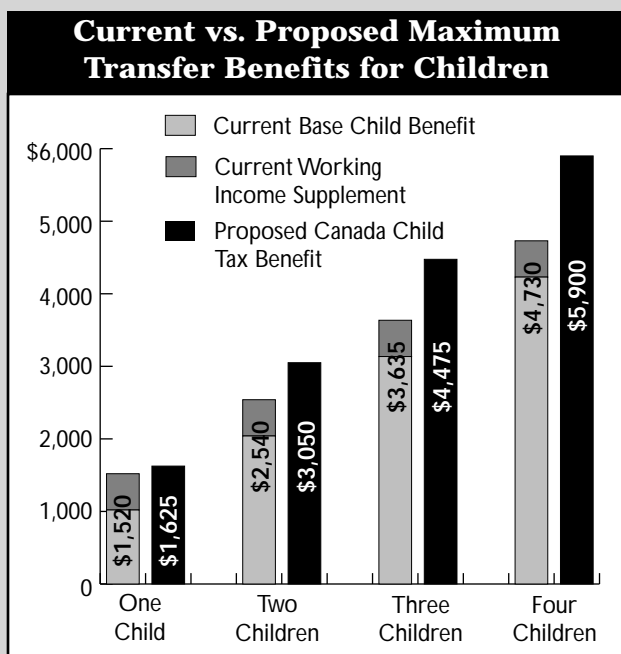
gories have seen limited new funds. Resources have been redirected from higher income families to the moderate income groups whose total income is 50-200% of the StatsCan LICO measure. Given this conclusion, it could be suggested that the CTB is struggling to meet its objective. The poorest segments are no better off than before. Instead, those families living near the borders of the low income measure have been the recipients of the benefit from change. While this an important achievement, it is

only one step toward the redirection of funds towards those most in need. It remains to be seen if the second step will be taken with the introduction of the new child benefit program.

The Future - A National Child Benefit Program

As announced in the 1997 federal budget, transfer payments to children will once again undergo a

Figure 13



Source: Federal Budget 1997

Note: Under the new program, families receiving welfare will have their assistance rates reduced by an amount equal to the increase in benefits. Values reflect 1996 Child Tax Benefit rates. Additional funding (\$213) available if no child care expenses on tax return.

transformation in 1998. Although the final details have yet to be negotiated, the basic model announced in the budget will build upon the original principles of the current Child Tax Benefit, chiefly: (1) simplification of funding, and (2) providing an incentive to work. Under the new program the two existing sources of funds (the CTB and the WIS) will be amalgamated into a single program (the Canada Child Tax Benefit). In addition, an arrangement with the provinces has been agreed to in which working lower income families will once again receive higher transfers to account for the additional expenses occurred by working families with children. The proposed system would see a modest increase in the funds transferred to all families (see Figure 13), but the provinces will agree to reduce the welfare benefits of welfare recipients with children by an amount equivalent to the increase. Under the new system, those families on welfare with children will be: (1) no worse off than they are currently; (2) not benefit from the additional \$850 million of new federal dollars injected into system; and (3) not be better off than those working low income families. Further, the provinces have agreed that any savings

that result from the reduction in welfare rates will be designated for reinvestment into programs to help the low income families not on welfare. The message sent by these reforms is clear. The provinces will not make it an advantage to be on welfare. Working parents are eligible for more support.

III. Regionalization of Children's Services

The provincial government is responsible for the delivery of hundreds of programs for children. The majority of significant programs are outlined on pages 10-11 of this report. On November 30, 1994, the government announced that the nature of the delivery of many of these programs will change. Through a regionalization process, communities will become responsible for the delivery of the bulk of social services for children including: early intervention, day care, mediation court services, handicapped children's services, adoption, family violence, youth justice and child protection/child welfare services.

Regionalization of children's services is not a new

Box 3
The Theory: The Pros and Cons of Service Delivery Systems

Centralized Service Delivery	
Cons	Pros
<ul style="list-style-type: none"> • Unresponsive • Inaccessible • Professionalized • Overly specialized • Controlled by political forces • Bureaucratic rigidities • Inefficient use of resources 	<ul style="list-style-type: none"> • Universally available • Guarantee of common standards • Equitable treatment • High degree of control
Community Service Delivery	
Cons	Pros
<ul style="list-style-type: none"> • Variable service standards • Leads to privatization • Profit driven • Less accountability • Requires a high level of management 	<ul style="list-style-type: none"> • Greater flexibility • More stakeholder input • Professional autonomy for workers • Less expensive • Local accessibility

concept nor is it unique to Alberta. Calls for regionalization of children's services based on the principles of community self-determination and self-reliance have been heard in this province since the 1940s.

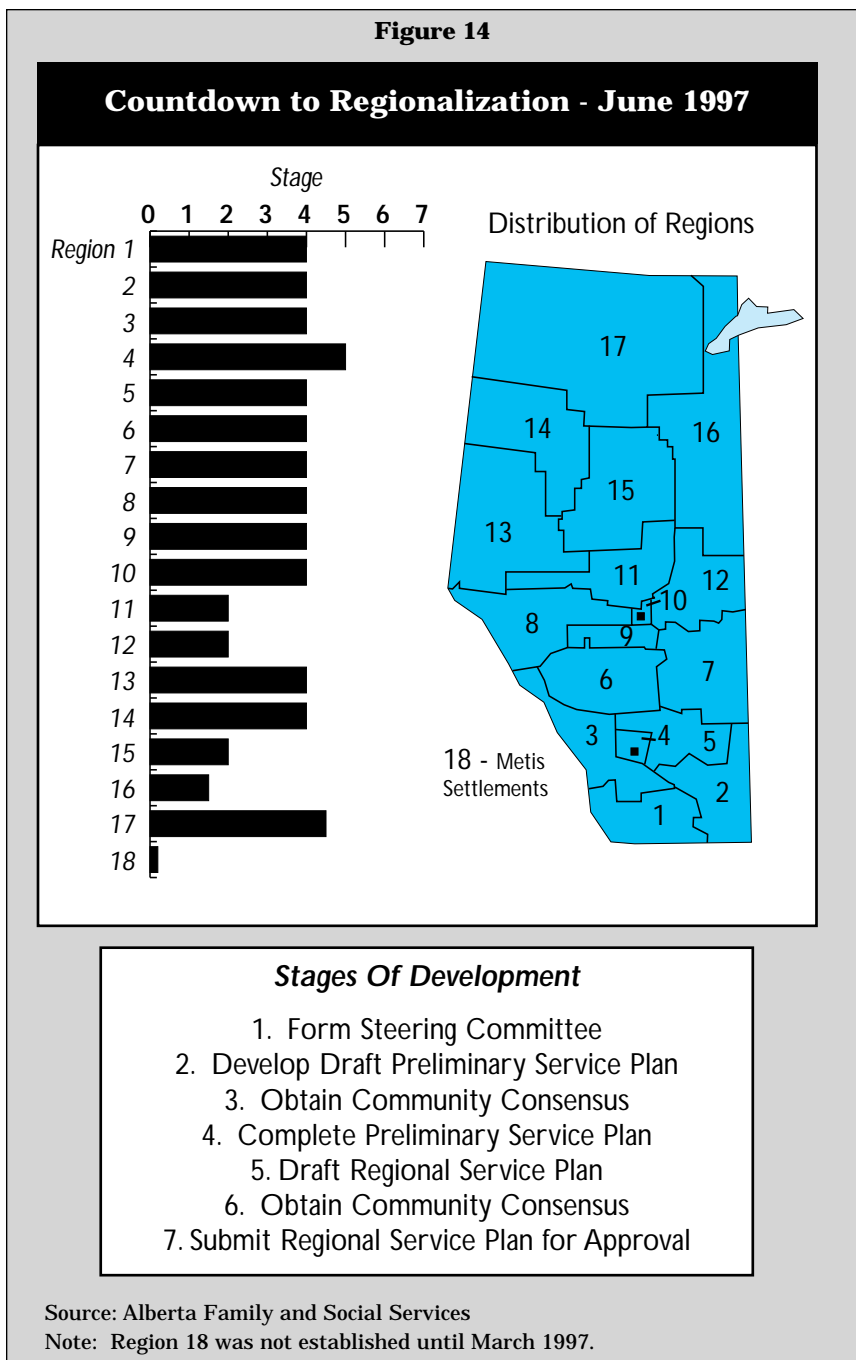
In the early 1990s the regionalization issue was renewed. The report of Children's Advocate Bernd Walter recommended wide sweeping changes in the delivery of service. The key recommendations of the report involved the implementation of a decentralized system based on the premise that "locally owned" programs and services have the flexibility to adapt to local needs. These recommendations were deemed necessary to correct the fragmentation of services and mandate confusion (because of the number

of different agencies involved in the delivery of service). Some services were also identified as already partially decentralized and needed formalization. In general, the decentralization efforts were seen as a method of coping with the problems created by resources constraints and rising levels of demand created by demographic factors (eg, the high number of aboriginal children in the child welfare system).

The government response to these criticism was the appointment of a Commissioner of Services for Children with a mandate to design an effective community-based system of support for children. As a result of the recommendations of the Commissioner, eighteen regional committees were established that will handle responsibility for the delivery of services within each community. The central premise surrounding the change was that each region could better allocate and motivate limited resources locally. The four goals behind redesign expand on that theme:

- **Integration** - provincial, community and regional levels of delivery would be integrated at the community level to allow for smoother access.
- **Community Based** - participation for all would be facilitated with the co-operation of the local cultural groups and support networks.
- **Improved Services to Aboriginal Persons** - Aboriginal communities would take responsibility for the delivery of services in a manner consistent with their beliefs.
- **Early Intervention** - a strategy to reduce the need for crisis intervention by pro-actively supporting

Figure 14



Box 4

Manitoba's Attempted Regionalization of Children's Services

Between 1985-1988, Child and Family Services in Manitoba attempted a regionalization effort. The process proved to be less than successful because of the impact it had on service delivery in Winnipeg. Among the many problems that an independent analysis found were: underdeveloped computer information systems; centralized procedural standards were late in development; inter-agency communication and co-ordination problems; poorly defined and sometimes missing government priorities; increased child welfare referrals resulting from improved access and high community expectations; and, significantly higher costs resulting from increased demand on services. The greatest strain was observed in the area of child welfare. Among the changes reported in the 24 months leading up to March 1987 were:

- 224% increase in child welfare case reporting
- 62% increase in the number of children in care of province
- 86% increase in foster home utilization
- service increases 4 times greater than changes in financial resources and 3 times greater than staff hiring
- improvements in accessibility, participation of the community and prevention and intervention.

The recommendation of an external review conducted after the regionalization effort was abandoned included the need to:

- use global budgeting
- develop service and outcome standards
- establish agency appeal process
- have annual joint reviews of caseloads by government and agencies
- create co-ordinating board with the heads of each agency.

at risk families and children. A three-year \$50 million dollar fund was established to encourage this effort (the program has since been extended until 1998/99). As of March 1997, 235 projects have been approved to receive portions of this funding.

Given the mixed results of regionalization efforts in Health Care, the goals of this effort have been met with skepticism. In addition, some less than successful regionalization efforts (see Box 4) in other Canadian jurisdictions may suggest that this disapproval is not unwarranted. On the other hand, the current service structure also seemed unable to deal with the specialized demands of each region. This problem is particularly apparent for Aboriginals who disproportionately dominate the delivery of child welfare services.

Progress toward the establishment of these authorities has been slow. Original timetables for the full integration of services passed more than a year ago and the government has given no indication that it is going to rush the regional authorities to finalize their planning. Rather, the government has shown the willingness to ensure that each community is properly prepared before the transfer of authority will be finalized. Figure 14, outlines the progress that the regional bodies have made towards the full decentralization as of June 1997. Following the completion of the planning process, the Child and Family Services Authority for that region will be established. However, the Authority will still need to prepare a business plan before they can enter into agreements for the transfer of services. Indications are clear that it will be some time before full regionalization takes place.

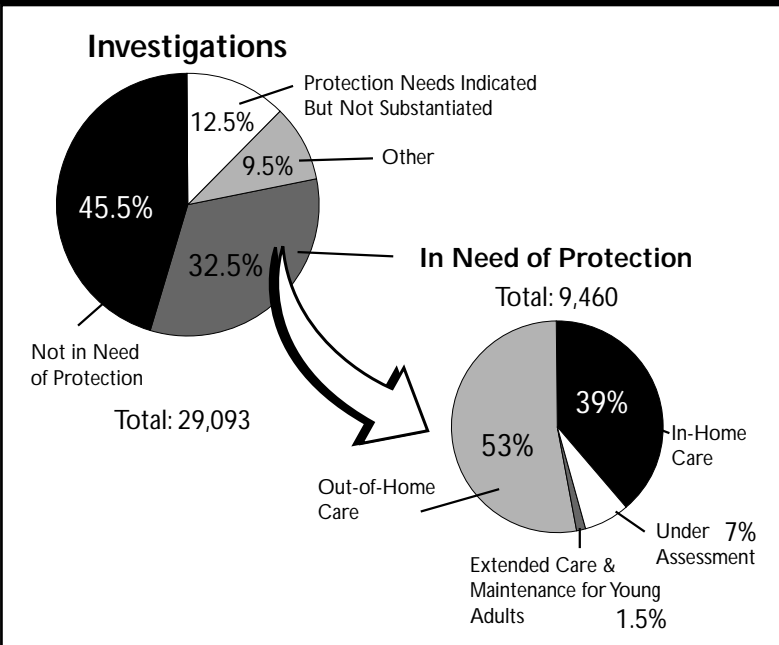
IV. Child Welfare Services

Because of its role in protecting children, the changes that regionalization will cause in the delivery of Child Welfare Services are the most significant.

In Alberta, welfare services for children derive from the legislated responsibility of the government to ensure that Alberta's children have their survival, security and welfare protected. In carrying out this responsibility, protective services staff respond to referrals from people in the community about children who may be in need of protection (more than 29,000 of these cases were investigated in 1995/96). Following an investigation, a determination is made whether that child is in need of protection. If so, a voluntary or court ordered agreement is sought that will detail the level of protection required. A child may end up in any one of 20 or

Figure 15

Distribution of Children in Child Welfare Services 1995/96



Source: Alberta Family and Social Services

Some Key Child Welfare Definitions

Child in Need of Protection: there are reasonable and probable grounds to believe that the survival, security or development of a child is endangered as per *Child Welfare Act*.

Child In Care/Out-of-Home Care: a child in need of protection and has a legal Apprehension or Guardianship order transferring custody.

Extended Care Maintenance Agreement: a child who turns 18 may have services extended for up to six months. Renewable until age 20.

Foster Care: provides child with placement in home of a trained, paid, approved foster family.

In-Home Care: includes supervision order within the home where legal authority is not transferred and support agreement with the child or guardian that are delivered in the home.

Investigations: allegations that a child is in need of protection.

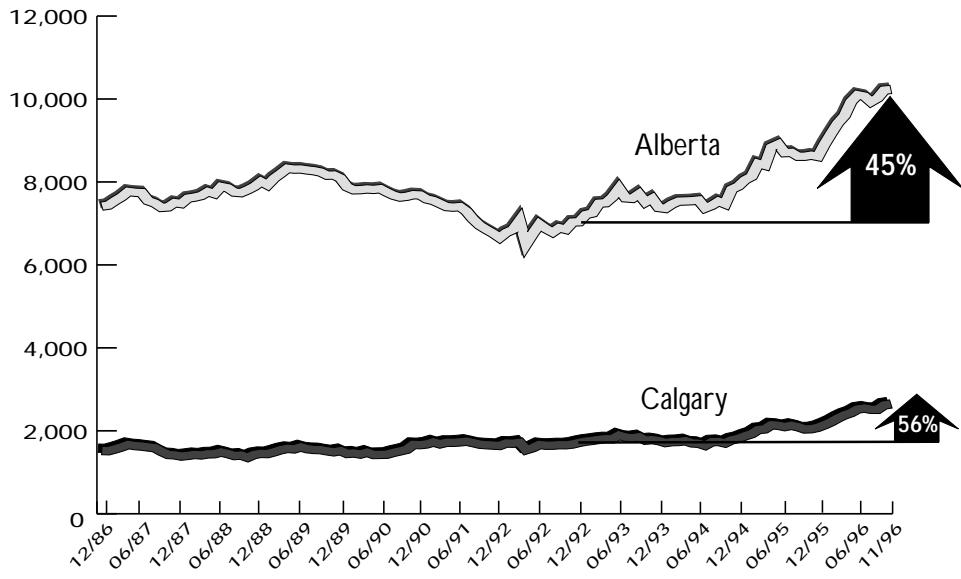
Residential Treatment: placement in a structured setting with close supervision.

more programs that are classified as either in-home or out-of-home. Approximately half of the provinces 9,500 child protection cases fall into either one of these designations. A more detailed breakdown of the services offered by Child Welfare is provided in Figure 15.

Concerns over the delivery of Child Welfare Services have been building over the last four years as the nature of the service delivered faces more intense internal and external scrutiny. This focus has resulted from the substantial increase in the demand for protection services over the last four years. During this time, caseloads have increased by 45% across the province, and various leaked government memos seem to suggest that in some areas the length of time a child waits for placement has increased as well as more bed shortages and over-worked social workers.

Figure 16

Alberta Child Welfare Caseloads 1986-1996



Source: Personal Communication with Alberta Family and Social Services

Note: Direct comparability over time should be done with caution as AFSS introduced some changes to its counting system in March 1992 and November 1994.

Not surprisingly, as Figure 16 indicates, a

45% increase in protection cases in the last four years will draw a high level of public attention. Yet despite the concern over these increases, it is not really known for certain why such a large change has occurred. There are two probabilities that can be inferred from these data:

- (1) incidents of child abuse are climbing; or
- (2) more cases of abuse are recognized and/or reported.

Option 1 speaks to a system that is failing children and option 2 indicates that the goals of the system are succeeding. The latter is seen as a success because the system is now identifying many more cases of abuse that would have previously gone undetected.

Although the government is dealing with more reports of abuse it is nearly impossible to determine whether cases of child abuse are actually rising. The data set kept by the Women's Shelter Information System (WSIS) has found that incidents of dependent children housed in the provinces temporary shelters has increased by 11.3% from 1993 to 1996. While this may indicate that some growth in the protection caseload could be due to an increased need for services it is very difficult to know with certainty.

It is more likely that a combination of factors are leading to the substantial increase in the demands for service. As was recorded in Winnipeg prior to its regionalization (see Box 4), the heightened profile of welfare services can fuel the public reporting of potential abuse cases. The media attention brought to children's services since regionalization was proposed 4 years ago can directly affect caseload data. The number of referral and investigations that the department must now pursue increases as more citizens become aware of the services the government offers. Increased awareness does seem a plausible (if only partial) explanation of the issue. As can be seen from Figure 16, the majority of caseload increase has occurred following the November 1994 announcement.

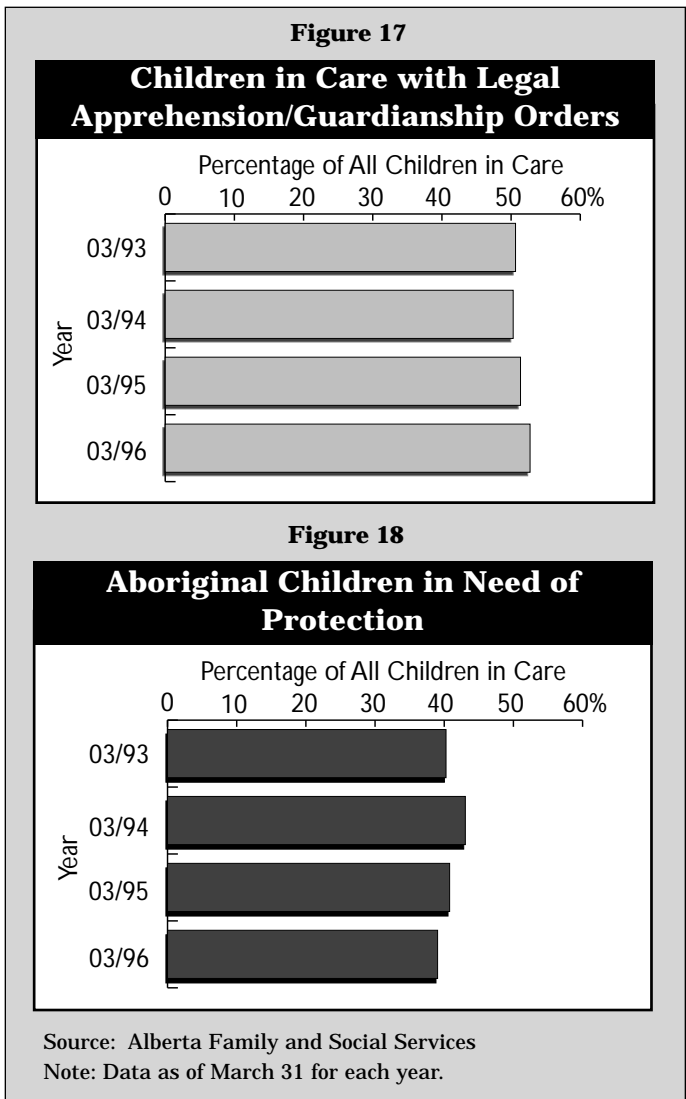
The most interesting aspect of this issue is that the increase has occurred uniformly across all welfare services. Departmental attempts to isolate particular areas of growth in demand or widening of gaps

have failed. The entire system has grown by a proportional size. Two examples of this phenomena are presented in Figures 17 and 18. Despite the heavy increases in investigations, the percentage of Aboriginal children on the caseload and the percentage of children in care has not changed.

These conclusions support the suggestion that it is an increase in public awareness that has brought about the changes to the system, not some specific deficiency. As the implementation of full regionalization approaches, it is reasonable to suggest that we will continue to see an increase in the demand on the child welfare system.

V. Conclusion

Children living with low income is a significant concern that government and communities have acknowledged. However, there is no substantial evidence of a significant increase in the incidence of



child poverty in Canada over time. Social transfers and demographic patterns have reduced child poverty to a stable cyclical phenomena. On the other hand, the problem is also one that is not going away. Transfers such as the Child Tax Benefit are successful at helping the working poor but do not appear to be reaching one of its target groups – the very poor. The plight of the very worst off must continue to be the priority of the government.

Today, more than ever, children's issues are front and centre in the minds of policy makers, the media, and communities. The opportunity exists to focus the debate away from inflated claims that Canada's child poverty rates are an "international disgrace." Rather the focus of this attention in Alberta can be directed towards the relevant issues outlined in this report:

(1) the pressure on families that has resulted from the rapid decline of real earnings among low income Canadians (and the subsequent

Social Services Project Main Report and Other Available Materials

The Social Services Project has produced a number of related documents that examine the key social service issues faced by the province. The following materials are available by contacting the Canada West Foundation

Social Services for the 21st Century: Issues and Options for Change - This is the main report of the project. It presents the overall conclusions and recommendations of the project based on our comprehensive analysis.

Need Specific Reports: A series of short reports that describe specific components of the social service system, and the current issues and changes to that part of the system, specifically: income support, women, persons with disabilities, children and seniors

Income Security in Canada: A Statistical Profile. A matrix or "roadmap" that outlines income security programs and indicators from across the country.

Case Study Reports: A series of six examinations of innovative social programs in Calgary, with an eye toward what can be learned about structuring effective social service delivery programs.

On-line Map of Social Services. An electronic version of the above reports is on the Internet at: <http://www.cwf.ca>

increased role that transfers play in providing income to children);

(2) the impact of the redesigned child benefit program and subsequent changes to provincial welfare programs. In Alberta those families that are on welfare are truly the very poorest in the province. These families will not share in the increased federal funding.

(3) the need to provide enough new financial resources into the child welfare program to cope with the increased demands known to be associated with regionalization efforts. ■

Sources & Suggestions for Further Reading

Child Benefits: A Small Step Forward, National Council of Welfare, 1997.

Child Welfare in Canada: The Role of Provincial and Territorial Authorities in Cases of Child Abuse, Federal/Provincial Working Group on Child and Family Services Information, Minister of Supply and Services Canada, 1994.

Dooley, Martin D., "Women, Children and Poverty in Canada," *Canadian Public Policy*, XX.4, 1994.

In Need of Protection: Children and Youth in Alberta, Children's Advocate, Child Welfare Review, Government of Alberta, 1993.

Novick, Marvyn and Richard Shillington, *Crossroads for Canada: A Time to Invest in Children and Families*, Campaign 2000 Discussion Paper, November 1996.

Picot, Garnett and John Myles, "Social Transfers, Changing Family Structure and Low Income Among Children," *Canadian Public Policy*, XXII.3, 1996.

Rothery, Michael, Jim Gallup, Gene Tillman, and Herb Allard, "Local Governance of Child Welfare Services in Alberta," *Child Welfare*, Vol. LXXIV.3.

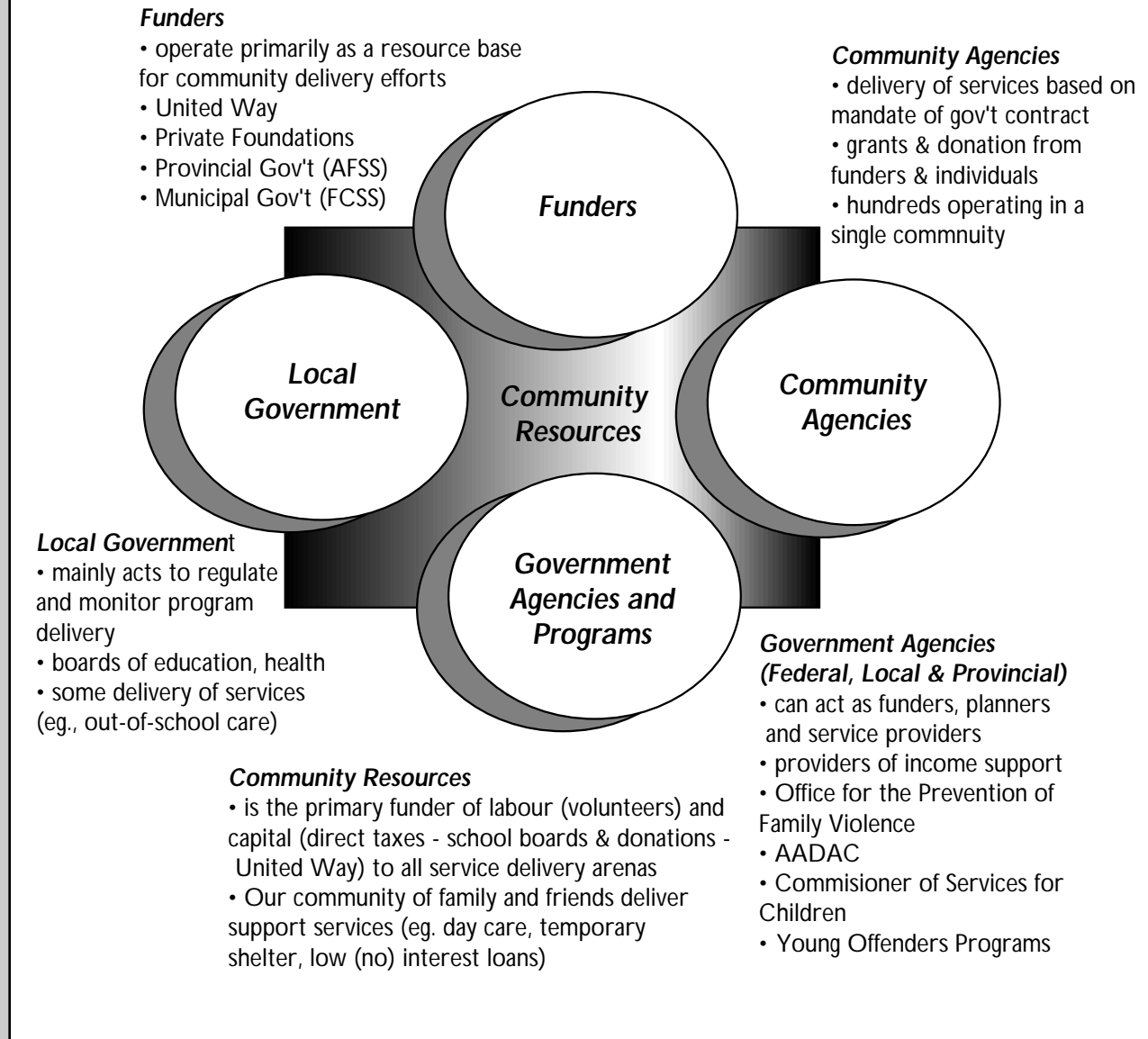
Sarlo, Christopher, *Poverty in Canada*, 2nd Edition, The Fraser Institute, 1996.

Scott, Katherine, *The Progress of Canada's Children 1996*, Canadian Council on Social Development, 1996.

Woolley, Frances, Arndt Vermaeten, and Judith Madill, "Ending Universality: The Case of Child Benefits," *Canadian Public Policy*, XXII.1, 1996.

Figure 19

Delivery of Services for Children within the Community



The delivery of services within a community like Calgary involves a complex interrelationship of a variety of stakeholders. The major actors in Calgary's service delivery web are outlined above. The safety net for children is composed of five groups that act together to meet the needs of children. The financial support for this safety net comes from 3 sources: (1) government (local, provincial and federal); (2) funding agencies (eg., United Way); and (3) the individuals of our community. These three groups provide the support mechanism that allow the safety net to spread as widely as possible.

The delivery of these services are provided by: (1) community agencies, (2) government and its agencies (eg., AADAC); and, (3) individuals within the community.

These groups provide the most necessary services for children (eg., protection services, income support,).

The key to this relationship is the supporting role played by a community's resources. Without the tax dollars and direct contributions of money and time to agencies, the safety net would be compromised. However, that is not the only role that individuals in the community play. As depicted above, for persons in need the support of our communities also fills in gaps in the safety net by providing ad-hoc services as needed (eg., child care). Friends, neighbors or family members act as a bridge that can both span the gaps between service deliverers and provide the financial resources to allow those services to exist.

