

*Assessing the
Impact of Welfare
Reform on Former
Recipients,
1993-1996*

This report was contracted by Alberta Family and Social Services to the Canada West Foundation (CWF). CWF is a non-profit and non-partisan research institute located in Calgary, Alberta. The report was written by CWF President Dr. David Elton, CWF Research Associate Dr. Jackie Sieppert, and CWF Research Assistants Jason Azmier and Robert Roach.

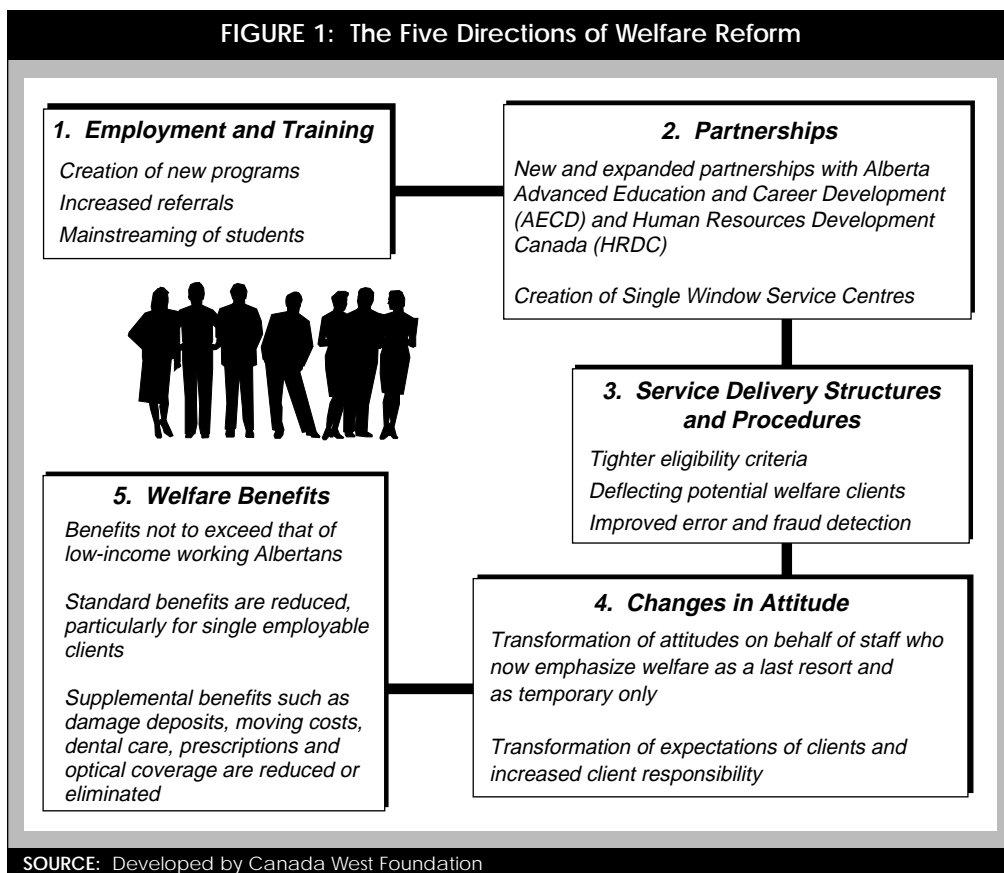
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For more information on the Canada West Foundation and its mandate as an educational and research institute, turn to Appendix VIII.

EXECUTIVE SUMMARY

1. Purpose of the Study

Welfare reform in Alberta has moved service delivery in five distinct directions that, when integrated, shifted welfare from a passive system to an active system. These five directions are shown in *Figure 1*. Together they form the context within which to understand where former welfare recipients are today.



The most obvious product of welfare reform has been the extraordinary drop in welfare caseloads. Since 1993, welfare caseloads in Alberta have declined by almost 60% – from 94,087 in March 1993 to 39,506 in April 1997. The questions most often raised about welfare reform refer to the individuals affected by them: "Where are they now?" "How are they doing?"

The primary purpose of this study is to provide empirically derived information to objectively inform the debate on the reform of welfare by assessing both the positive and negative impacts of the reforms on recipients. The objectives of the study are:

- a) assess the benefits that former welfare recipients have obtained from program changes;
- b) identify the consequences of reform on former welfare recipients; and
- c) assess overall changes to the quality of life for former welfare recipients regarding employment, education, income, well-being, lifestyle, etc. (*See page 16 of the Report*)



2. Methodology

To ensure that a proper survey instrument was developed, a comprehensive design process was undertaken including:

- a) examination of existing survey instruments from five relevant North American studies and Statistics Canada information;
- b) consultation with front line AFSS and AECD staff;
- c) fifty pre-test cases to test applicability of questions and ease of comprehension;
- d) input and critique from the AFSS-AECD project advisory committee; and
- e) final Computer Assisted Telephone Interviewing (CATI) pre-testing.

Following each of these steps, a series of modifications occurred that produced the final questionnaire. The complete questionnaire, administered by telephone to 769 respondents between February 24 and April 18, 1997, is included in *Appendix I*. A total of 1096 former welfare recipients were contacted to complete 693 interviews. An additional 76 people without telephone numbers on the AFSS database were also contacted and interviewed.

The questionnaire is unique in its ability to assess the impact of welfare reforms across time periods and produce a picture of clients before, during and after welfare. The key components focused on to develop this picture are employment history, job training, education, ability to meet basic needs, experiences with welfare staff, use of community support mechanisms, attitudes toward welfare, and the general well-being of respondents. The average length of time required to administer the survey was about 35 minutes. *(See page 31 of the Report)*

3. Limitations of the Study

The 769 individuals interviewed for this study are a random sample of the 172,176 cases that left the SFI rolls between September 1993 and October 1996, but no sample perfectly represents the population from which it is drawn. Therefore, the data do not exactly replicate the experiences of the population. In particular, the following notes of caution should be considered when interpreting the results of this study:

1. Over-representation of those back on SFI: It is estimated that between 15% and 20% of respondents would have been back on SFI at the time of the survey, but 27.5% of the sample were back on the program. This discrepancy may produce an overall *negative* bias in the results since those back on SFI did not, in general, report faring as well as those not on the caseload (eg., more unemployment, lower incomes, etc.).

2. Under-representation of those without phone numbers: Although 10% of respondents were drawn from those with no phone number in the AFSS database, this is less than the 21.6% of the survey population that did not provide a phone number to AFSS (SFI recipients are not required to provide a phone number). Those without a phone number in the database did not, as a group, report faring as well as respondents with phone numbers (eg., more likely to be back on SFI, more part-time work, etc.). Therefore, the results may reflect a *positive* bias because proportionately fewer respondents without phone numbers were interviewed.

3. Most former recipients that moved are not represented: The primary means of contacting respondents was telephone and mail. As a result, former recipients without forwarding addresses or new phone numbers that could not be tracked down proved difficult to locate. It is not known to what extent this influences the results. *(See page 35 of the Report)*



4. Profile of Participants

Most respondents are single (72.4%), under 45 years of age (74.1%), were born in Canada (83.1%), and are lodged at the bottom of the income scale. Between the time they stopped receiving SFI and the time of the survey, 9% of respondents changed their family status from single to couple (either by getting married or establishing a common law relationship). Almost half of the sample (49.5%) have no dependents under 18 years of age, 20.1% have one dependent under 18 years of age, 16.3% two dependents under 18 years of age, and 14.1% three or more dependents under 18 years of age. About 40% reported an education level below grade 12.

Of the 16.9% that reported being born in a country other than Canada, two-thirds have lived in Canada 10 years or more and only 10% less than 5 years. Three quarters of the sample (76%) did not grow up in families that received welfare (20.1% said they did and 3.9% did not know or chose not to answer). About three-fifths (60.4%) reported total household income (before taxes and deductions) from all sources for 1996 of less than \$15,000 per year. Just over 7% of respondents either did not know or chose not to answer this question.

(See page 37 of the Report)

5. Reasons for Going on Welfare

Most respondents reported that they went on welfare because they were unemployed (45.4%) or because their income was insufficient (18.4%). Health or mental health reasons were cited by 14.3% of the sample. The disintegration of a relationship is the next largest category at 7.9% of the sample followed by the arrival of a new baby at 5.3%.

(See page 41 of the Report)

6. Reasons for Leaving Welfare

Respondents generally left welfare for the opposite reason that they went on – they found a job (*Table 1*). Over half (53.3%) reported finding work as the reason they left welfare. Another 16.1% said they left welfare because they were transferred to the Students Finance Board or went onto another program such as UI, Workers' Compensation, or CPP. About 7% of respondents said they left welfare because they were "cut off."

(See page 42 of the Report)

7. Job Training

One-third of the sample reported that they have participated in some form of job training since January 1993. About 4 in 10 respondents said the training they received helped them get a job. Respondents back on SFI were somewhat more likely to have participated in job training than those not on SFI. It is important to note that not everyone who receives SFI needs job training to become independent – many clients find jobs on their own and others are not looking for work. For example, a client may already possess the skills needed to get a job (eg., a tool and die maker or computer programmer) or they may be on welfare for reasons other than an inability to find work (eg., a health problem or the birth of a child).

(See page 44 of the Report)

8. Student Status

About 4 in 10 respondents (41.7%) were either in school or have attended school at some point since January 1993. One in ten (13.8%) were in school at the time of the survey.



TABLE 1: Reasons for Leaving Welfare

Reason for Leaving Welfare	Total %
Found a Job	53.3%
Found a Better Job or Able to Put in More Hours	2.6%
Spouse or Partner Found a Job	2.1%
Spouse or Partner Found a Better Job or Able to Put in More Hours	0.8%
Now Supported by a Spouse, Family Member, etc.	3.4%
Health Improved	2.6%
Moved Out or Person with More Income Moved In	1.5%
Child or Other Person left Household	0.1%
Entered Job Training Program	0.5%
Transferred to Students Finance Board or Received Student Loan/Grant	7.8%
Received or Became Eligible for UI, Workers' Compensation, etc.	7.8%
"Rate Cuts" or Benefits Were Insufficient	0.3%
"Cut Off"	7.3%
Went to School	2.9%
Other	6.0%
Don't Know or Refused	1.0%

SOURCE: CWF Survey, 1997.

Respondents were also asked to rate the degree to which they think the education they have received since January 1993 has helped them or will help them get a job. On a scale of 1 to 10, where 1 equals "not at all" and 10 equals "a great deal," over half (53.9%) said 8 or better.

(See page 45 of the Report)

9. Feedback on AFSS Staff and the SFI Program

Almost three-quarters (72.5%) of the sample rated the helpfulness of AFSS staff a 5 or better out of 10. Respondents were less positive about the role played by the welfare program in helping them achieve independence. This may be due in part to the fact that a large number of respondents leave welfare for reasons unrelated to the program and its active measures.

(See page 47 of the Report)

10. Basic Needs

Over two-thirds (68.2%) of respondents off SFI reported not having enough money to meet their food and shelter needs at least once since leaving the program. Over four-fifths (83.9%) of respondents back on SFI reported not having enough money to meet their food and shelter needs at least once since they went back on the program.

(See page 48 of the Report)

11. Other Sources of Support for Basic Needs

Just under 6 in 10 respondents (58%) said they received help from relatives, family, religious groups, temporary shelters, or community groups to meet their basic needs since leaving the



program or, for those respondents back on SFI, while they were off the program. Relatives are the most common source of non-government assistance followed by friends. However, when asked how frequently they received help from non-government sources, most individuals said “a few times” or “once.”
(See page 50 of the Report)

12. Rating of Life in General

As a group, respondents not on SFI feel their lives are better since leaving welfare. Respondents on SFI feel their lives are worse since they went back on the program.

(See page 50 of the Report)

13. Seeking Help for Personal Problems

Over 4 in 10 respondents (44.5%) back on SFI have sought help for personal problems since returning to the program. By contrast, less than 2 in 10 respondents (19.6%) off SFI have sought help for personal problems since leaving the program and only about a quarter (24.6%) while they were on welfare.

Seeking help for personal problems then, is more common among respondents back on SFI. The number of those seeking help for personal problems since returning to SFI is more than double the proportion of respondents seeking help who have left. The difference is significant in that it indicates the extent to which personal problems play a role in the need for welfare. Mental health issues were among the problems mentioned most often by respondents, followed by family counselling.

(See page 52 of the Report)

14. Food Bank Usage

Just under 2 in 10 (17.4%) of respondents off SFI have used a food bank at least once since leaving the program. About 3 in 10 used a food bank at least once while they were on the program. Food bank usage is substantially higher among respondents back on SFI. Almost 3 in 10 (28.4%) used a food bank while they were off the program and over half (52.1%) have used a food bank since they went back on the program.

(See page 52 of the Report)

15. Attitudes

Over 7 in 10 respondents think that there would be fewer social problems if individuals and families would take more responsibility for themselves and 9 in 10 are in favour of welfare clients working for their benefits. Over half of the sample said that government should assume primary responsibility for the social welfare of citizens that fall on hard times.

(See page 53 of the Report)

16. Child Care Issues

Because finding employment is a central theme of the SFI program, it is important to note any factors that may impinge upon a client’s ability to find and keep a job. One of these factors is access to child care. Two-fifths (40.2%) of respondents with children (20.3% of the sample as a whole) reported that access to affordable and quality child care has been or is a problem.

(See page 55 of the Report)



17. Additional Sources of Income

Respondents reported a wide range of additional income sources. For example, in the twelve months before the survey, 73.3% of respondents received income from the GST credit and 46.1% from the Child Tax Benefit. About one-quarter (24.7%) reported income from casual work. Most Albertans receive some income from sources other than employment. This is also true of respondents as 99.7% reported additional sources of income. *(See page 56 of the Report)*

18. Employability

Health, mental health and disability issues are primary barriers that many of the non-working respondents face. Over 4 in 10 indicated a health related reason for not having employment. Of the rest, one-quarter were in school and 1 in 20 were caring for a newborn or raising children. Interestingly, of those not currently employed, only 12% indicated that they were unable to find suitable employment – including many of whom were seasonal workers waiting for their next employment period. *(See page 66 of the Report)*

19. Where are They Now?

About two-thirds (67.7%) of respondents off SFI at the time of the survey had either a full-time or part-time job (**Figure 2**). The remaining respondents in this group were either looking for work (14.8%) or not looking for work (17.5%). *(See page 39 of the Report)*

About 20% of the respondents off SFI and not looking for work were living with someone with a job. The rest of those not in the labour force were on another government program (eg., Old Age Security), going to school, receiving alimony or may be supporting themselves in some other manner.

It is estimated that about 15% to 20% of the survey population (those who left SFI between September 1993 and October 1996) were back on SFI at the time of the survey. (Because 27.5% of respondents reported being back on SFI, the sample somewhat over-represents this group.)

It is important to note that it is not unusual for SFI recipients to return to the caseload. In fact, the majority of individuals on SFI at any one time have been on before. It follows, that not all respondents off SFI at the time of the survey are off for good. Similarly, most of those back on will be off again in the future. The road to independence is not always a straight line.

As **Figure 2** illustrates, respondents back on SFI are a heterogeneous group – some are working full-time (12.8%), some part-time (19%), some are unemployed (36%), and some are not actively looking for work (32.2%). Recognizing this, AFSS places SFI clients into one of four categories based on their proximity to the labour market: **1) Supplement to Earnings;** **2) Employment and Training;** **3) Transitional Support;** and **4) Assured Support.**

These categories highlight the different circumstances faced by SFI recipients and the need to take these circumstances into account. For example, the fact that about a third of respondents back on SFI are not in the labour force indicates that many former recipients return to the program for reasons unrelated to employment. Many need welfare because of

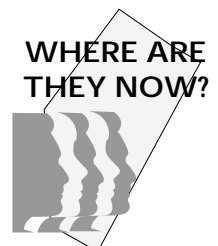
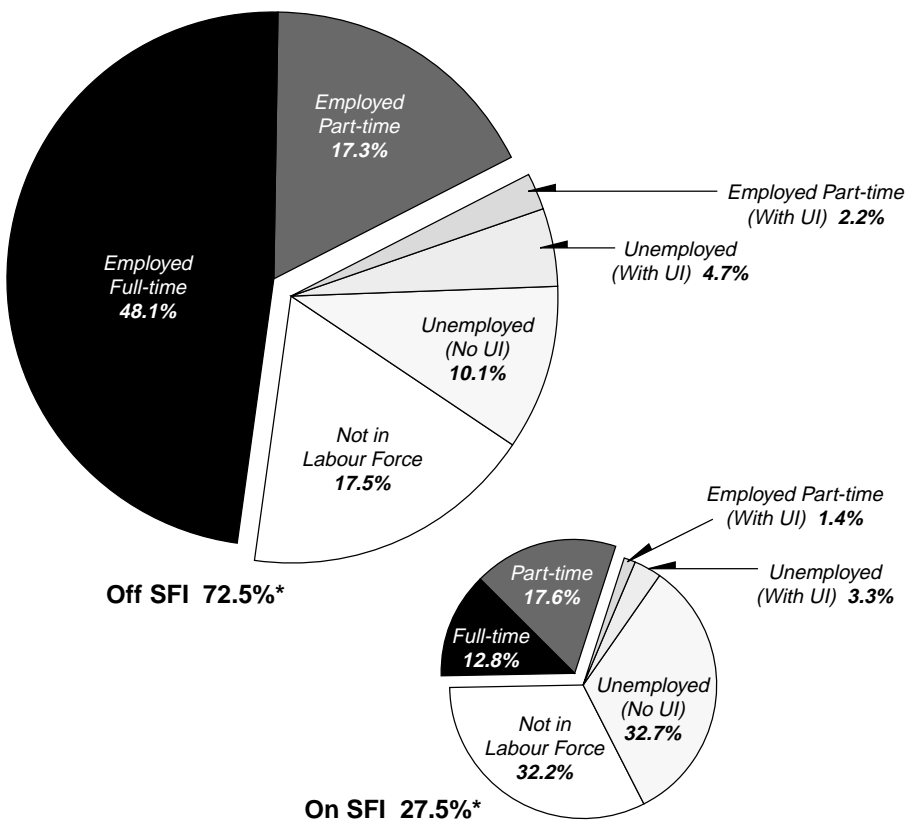


FIGURE 2: Where Are They Now?



SOURCE: CWF Survey, 1997 and estimates based on AFSS information.

health reasons or personal problems and many are looking after children. These respondents are likely in the assured support or transitional support categories. The point here is that welfare recipients are individuals, and the circumstances that cause them to need welfare vary.

20. Conclusion

The findings of this research project clearly indicate that those who have left welfare are, as a group, better off financially and psychologically than those that are back on welfare.

The findings also show that many former welfare recipients are engaged in a daily struggle to achieve self-sufficiency.

The multiple and complex nature of the personal problems and circumstances that lead people to seek welfare reinforces the need for continual improvements and adaptations in the delivery of social assistance. *(See page 83 of the Report)*

* Due to over-representation of respondents back on SFI in the survey sample (n=768) these figures do not necessarily reflect the actual proportion of the survey population (n=172,176) back on SFI at the time of the survey. Estimates indicate that between 15% and 20% of the survey population would have been back on SFI at the time of the survey. In addition, it is important to note that the proportion back on SFI likely fluctuates over time.

