



WHERE ARE
THEY NOW?

WELFARE REFORM IN ALBERTA:

A Survey of Former Recipients

*The dramatic drop in the number of people on welfare in Alberta that began in 1993 – the same year that significant changes to the welfare program were announced – begs two questions: “Where are they now?” and “How are they doing?” In order to answer these questions, Alberta Family and Social Services (AFSS) requested proposals outlining ways to examine the impact of welfare reform on former recipients. The Canada West Foundation’s proposal was chosen and work on the project began in September 1996. A final report entitled **Where Are They Now? Assessing the Impact of Welfare Reform on Former Recipients, 1993-1996** was submitted to AFSS in June 1997 and published in September 1997. This document is a summary of the final report.*

I. Reforming Welfare in Alberta

In 1990, Alberta’s welfare program was renamed and transformed into Supports for Independence (SFI). The new program placed increased emphasis on helping clients become self-sufficient and stressed active intervention over passive assistance. This philosophical shift was made a reality by the unprecedented reform of the SFI program that began in 1993.

A product of multiple forces (most notably fiscal restraint and the convictions of AFSS Minister Mike Cardinal), the reform effort had three broad directions. First, a series of changes were implemented in order to “deflect” potential clients. For example, applicants were encouraged to exhaust other sources of support before turning to welfare. At the same time, new eligibility criteria were introduced that made it more difficult for some applicants to qualify for assistance. Second, a series of changes were made to ensure that welfare clients received a level of support that did not exceed the earnings of low-income workers. These changes included reductions to both standard and supplementary benefits. Third, there was a shift from passive to active supports including increased emphasis on job training and educational upgrading.

The reform of the SFI program was accompanied by a dramatic drop in the number of people on welfare. The monthly SFI caseload decreased by almost 60% from 94,087 cases in March 1993 to 39,506 cases in April 1997 (see Figure 1).

The reforms combined with the contraction of the caseload have generated considerable controversy and debate. Unfortunately, much of this debate is informed by anecdote and hearsay rather than reliable empirical data.

This summary was prepared by CWF Research Analysts Jason Azmier and Robert Roach. The authors wish to express their thanks to the 819 individuals who agreed to complete the pre-test and main survey.

The opinions and recommendations found in this document are those of the authors only and do not necessarily reflect the opinions of Alberta Family and Social Services, the Canada West Foundation, its members and contributors, or its Council.

Copies of the full report are available from the Canada West Foundation for \$20.00. The full report (excluding appendices) is also available free of charge via the CWF web site (<http://www.cwf.ca>).



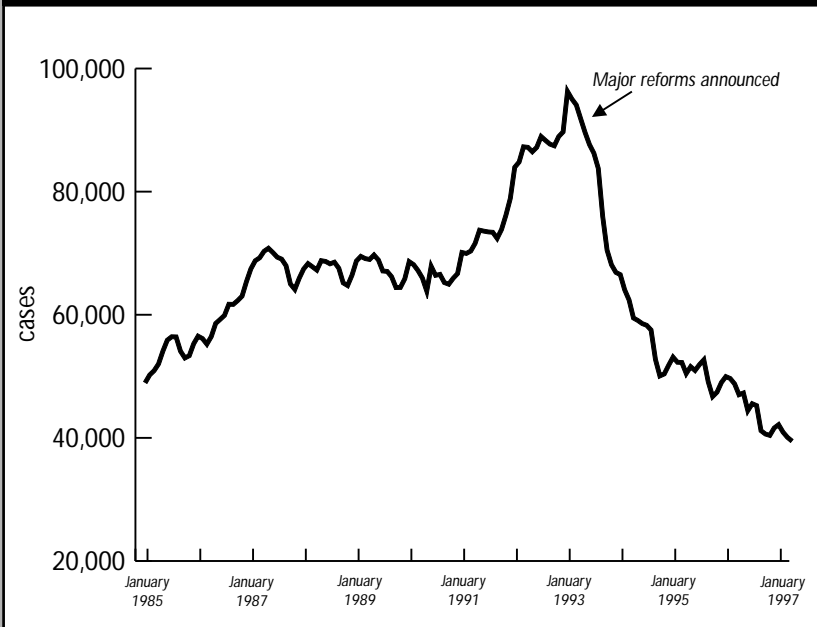
Canada West Foundation

Main Findings

- 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%.
- Over half (53.3%) reported finding work as the reason they left welfare, 2.1% said they left because their partner found a job, and 3.4% said they left because either they or their partner found a better job or were able to put in more hours. 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, and 7.3% said they were "cut off."
- Almost 6 in 10 respondents (57.8%) said they were employed. This rises to almost 7 in 10 (67.7%) when respondents back on SFI are excluded. Only 3 in 10 respondents (31.8%) back on SFI reported that they were working.
- The **unemployment rate** of respondents off SFI was 17.9% compared to 53.1% for respondents back on the program.
- One-third (33.2%) of the sample reported that they have participated in some form of job training since January 1993. Just over 4 in 10 (43.1%) of the respondents that received training said that it helped them get a job. This does not mean that respondents who said the training did not help them get a job were not working – 70.5% of the respondents that participated in job training and not on SFI were employed, and 39.2% of the respondents that participated in job training but back on SFI were employed.
- About 4 in 10 respondents (41.7%) were either in school or attended school at some point since January 1993. Just over 1 in 10 respondents (13.8%) were in school at the time of the survey.
- Respondents were also asked to rate the extent to which they thought the education they had received since January 1993 had helped them or will help them secure 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 and over two-thirds (67.3%) said 6 or better.
- 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. Less than half (44.2%) rated the program's role in helping them achieve independence a 5 or better. This may be due to the fact that many respondents leave welfare for reasons unrelated to the program and its active measures.
- 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.
- As a group, respondents not on SFI feel their lives are better since leaving welfare. Respondents on SFI feel their lives are relatively worse since they went back on the program.
- 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.
- Just under 2 in 10 respondents (17.4%) off SFI have used a food bank at least once since leaving the program. About 3 in 10 (30.5%) 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.
- Over 7 in 10 respondents (73.3%) think that there would be fewer social problems if individuals and families would take more responsibility for themselves, and 9 in 10 (90%) are in favour of welfare clients working for their benefits. Over half of the sample (53.5%) said that government should assume primary responsibility for the social welfare of citizens that fall on hard times.
- Two-fifths (40.2%) of the respondents with children (20.3% of the sample as a whole) reported that access to affordable and quality child care was a problem.

Figure 1

Alberta's Monthly Welfare Caseload, 1985 - 1997



Source: Alberta Family and Social Services

Different Ways of Reporting the Number of People on Welfare

AFSS usually reports the number of people that receive a welfare cheque in a given month. This is referred to as the monthly caseload. Monthly caseload figures do not include family members. Human Resources Development Canada uses the March caseload in each province and adds the dependents of recipients to arrive at an estimate of the number of people on welfare including family members. Neither method of reporting, however, captures the number of *different* people who use welfare over time (eg., over the course of a year). This is due to the fact that a large number of people go on and off welfare each month. For example, the average monthly caseload in Alberta in 1995 was 50,620 (the highest figure for the year was 52,681) but the number of different cases that went through the system over the course of the year was 103,750. If family members are included, we find that 223,062 people were either on welfare or part of a family on welfare in Alberta at some point in 1995.

II. Objectives

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 study has three specific objectives:

- (a) *assess the benefits that former SFI recipients have obtained from program changes;*
- (b) *identify the consequences of reform on former SFI recipients; and*
- (c) *assess overall changes to the quality of life of former SFI recipients including their employment, education, income, well-being, lifestyle, etc.*

III. Methodology

A random sample of former SFI recipients was drawn from a list provided by AFSS. The survey was administered by telephone between February 24 and April 18, 1997. A total of 1096 former recipients were contacted to complete 693 interviews. An additional 76 former recipients that did not provide AFSS with a telephone number were tracked and interviewed using a toll-free number (many on borrowed or pay telephones). The

total sample of 769 interviews represents the 172,176 SFI cases that left the welfare rolls between September 1993 and October 1996. The sample was stratified by both family type and region.

The final 250 question survey was unique in its ability to assess the impact of the welfare reforms across time periods and produce a picture of respondents before, during and after welfare. It included questions on employment history, job training, education, ability to meet basic needs, experiences with government 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.

IV. Socio-Economic Profile of Respondents

Respondents tended to be single (72.4%), under 45 years of age (74.1%), born in Canada (83.1%), and lodged at the bottom of the income scale.

Marital Status: 40.7% were single and never married, 18.8% were married, 8.6% were living common law, 30.0% were divorced or separated, and 1.7% were widowed.

Age: The mean age of the sample was 37.3 years.

Welfare Reform: From Passive to Active System

1. *Employment and Training*

- Creation of new programs
- Increased referrals
- Mainstreaming of students

2. *Partnerships*

- New and expanded partnerships with Alberta Advanced Education and Career Development and Human Resources Development Canada
- Creation of Single Window Service Centres

3. *Service Delivery Structures and Procedures*

- Tighter eligibility criteria
- Deflection of potential welfare clients
- Improved error and fraud control

4. *Changes in Attitude*

- Transformation of attitudes on behalf of staff who now emphasize welfare as a last resort and as temporary only
- Transformation of expectations of clients and increased client responsibility

5. *Welfare Benefits*

- Benefits not to exceed that of low-income working Albertans
- Standard benefits reduced (particularly for single employable clients)
- Supplemental benefits such as damage deposits, moving costs, dental care, prescriptions and optical coverage reduced or eliminated

Dependents: 49.5% had no dependents under 18 years of age, 20.1% had one dependent under 18 years of age, 16.3% had two dependents under 18 years of age, and 14.1% had three or more dependents under 18 years of age.

Intergenerational Welfare Use: 20.1% grew up in families that received welfare (76% did not and 3.9% did not know or chose not to answer).

Place of Birth: 83.1% were born in Canada. Of the 16.9% born in a country other than Canada, 66.9% had lived in Canada for 10 years or more, and only 10% less than 5 years.

Gender: 42.7% male and 57.3% female.

Methodological Notes

No sample perfectly represents the population from which it is drawn. In particular, the following notes of caution should be considered when interpreting the results of this study:

(1) *The sample overrepresents respondents back on welfare.* Approximately 15% to 20% of the 172,176 individuals who left welfare between September 1993 and October 1996 were back on welfare at the time of the survey, whereas 27.5% of the sample were back on welfare at time of survey. This produces a negative bias since respondents back on welfare tended to report faring less well than respondents off welfare.

(2) *The sample underrepresents respondents that did not provide AFSS with a telephone number.* AFSS data show that at least 80% of welfare recipients have a telephone number. Because 90.2% of respondents were drawn from this group, the sample underrepresents recipients that did not provide AFSS with a telephone number. This yields a positive bias in the results as those that did not provide a telephone number tended to report faring less well than the respondents who did provide a telephone number.

(3) *Many former recipients that moved are not represented.* Former recipients that moved and did not leave a forwarding address or telephone number proved difficult to locate. It is not known if this group is better or worse off than the sample. Therefore, it is not known to what extent this influences the results.

It should also be noted that the results of the survey do not fully explain the reduction in the size of the monthly SFI caseload that has taken place since 1993. The fate of former recipients is only one factor in caseload fluctuation. Other factors include changes in the economy, the number of cases entering the system each month, average length of time on welfare, the number of times people return to the system, etc. In particular, a portion of the decline in the size of the caseload is attributable to deflection strategies aimed at limiting the number of new and returning clients. ***Only deflected cases with a prior history of welfare use were captured in this study.***

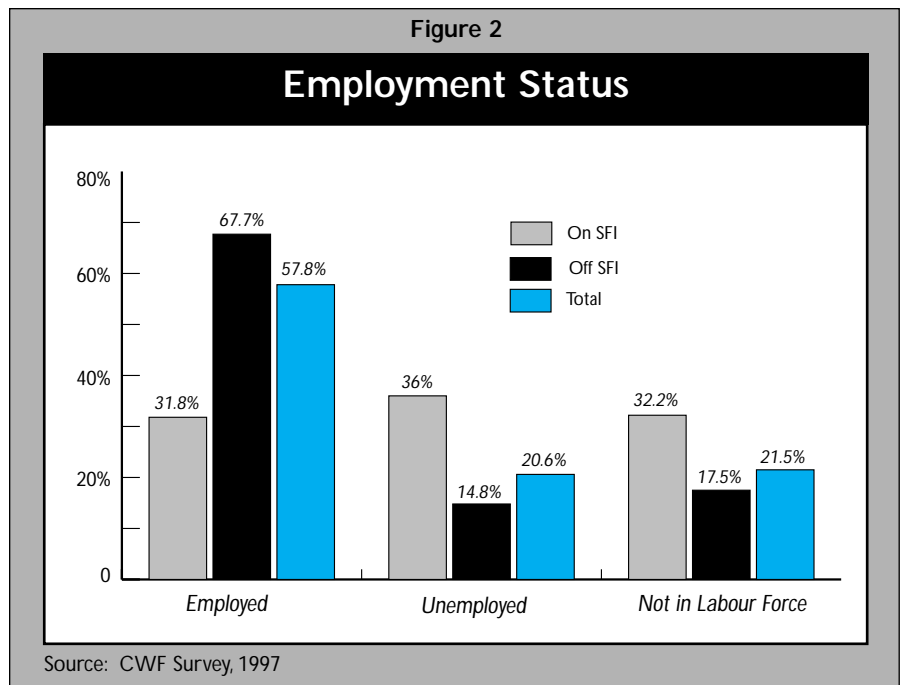
Education: 39.6% had not completed grade 12.

Household Income: 60.4% had total household income in 1996 (before taxes and deductions) below \$15,000 per year, 22% between \$15,000 and \$29,999, 10.3% \$30,000 or more, and 7.4% did not know or chose not to answer.

V. Where Are They Now?

Employment Status

About two-thirds (67.7%) of respondents off SFI at the time of the survey had either a full-time (48.1%) or part-time (19.5%) job (see Figure 2). The remaining respondents in this group were either looking for work (14.8%) or not looking for work (17.5%). Approximately 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 supporting themselves in some other manner.



Close to a third (31.8%) of respondents back on SFI were employed either full-time (12.8%) or part-time (19%), 36% were looking for work, and 32.2% were not looking for work. The fact that about a third of respondents back on SFI were not in the labour force indicates that many former recipients return to the program for reasons unrelated to employment. Many need welfare because of health reasons or personal problems and many are looking after young children.

Why Are Some Back on Welfare?

It is estimated that about 15% to 20% of the cases that left the welfare rolls 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 overrepresents 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.

Of those back on SFI, a third (33.2%) returned because they were out of work, and 19.4% because their income was insufficient. While the survey did not delve into personal problems in detail, 44.5% of those back on welfare did tell us that they were seeking help for personal problems such as stress, physical and mental health problems, family counselling, and substance abuse.

How Are Those Off Welfare Doing?

Respondents no longer on welfare rated their life better relative to the period while they were on the program. On a scale of 1 to 10, where 1 is "much worse" and 10 is "much better," a third (33.8%) rated their life as a 10 since leaving welfare, and only 1 in 10 (9.9%) rated their life since leaving the program lower than a 5.

This does not mean that respondents off welfare do not face problems meeting their basic needs. About 7 in 10 (68.2%) reported not having enough money to meet their basic needs (food and shelter) at least once since leaving welfare.

How Are Those Back on Welfare Doing?

Respondents back on SFI were not as positive about their situation. Almost half (48.3%) of those back on SFI rated their life "worse" (4 or lower on the 10 point scale) since they went back on the program.

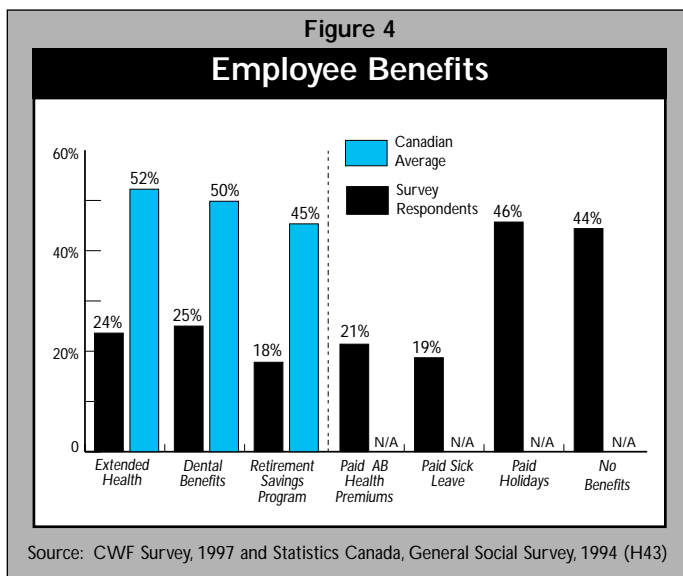
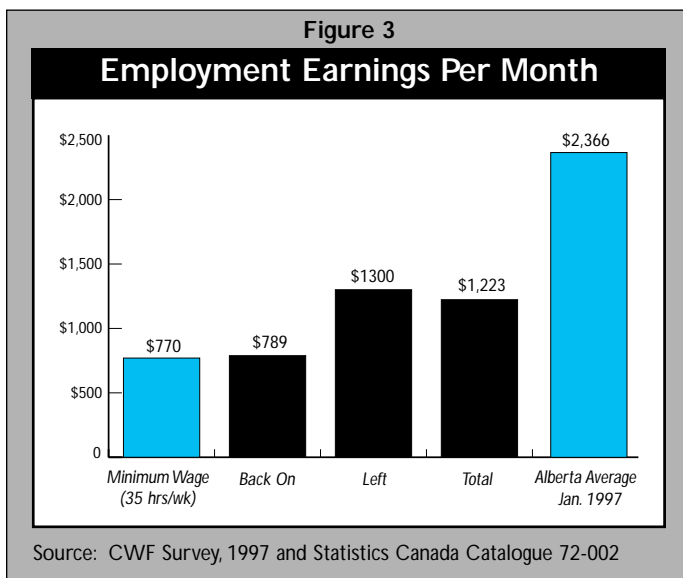
A majority of the respondents back on welfare report difficulty meeting their basic needs. Over 8 in 10 (83.9%) of those back on reported having trouble meeting their basic food and shelter needs at least once since they went back on the program and 3 in 10 (30.8%) reported having trouble meeting their food and shelter needs "all the time." Over half (52.1%) of those back on SFI reported having used a food bank at least once since they returned to the program, but only 16.6% reported having used a food bank "often" or "very often."

VI. Employment Profile and Context

Those Employed

Although 57.8% of the sample were employed, this is not an indication of the quality of the jobs held by this group. The acquisition of a job by these individuals is not a surprise given that the reforms were intended to make a job – any job – more attractive than welfare. The study found the following regarding the nature of the jobs held by respondents:

- (1) **Full- vs. Part-Time Employment:** Of those working, 66% held full-time jobs, and 33% held part-time positions.
- (2) **Goods- vs. Service-Producing Jobs:** 77% of the jobs were service-producing, and 22% goods-producing.
- (3) **Employment Earnings:** Those working earned an average of \$1,223 per month, or \$8.74 per hour (see Figure 3).
- (4) **Likelihood of Layoff:** Respondents felt their chance of layoff was only slightly higher than the national average.



- (5) **Employee Benefits:** Relatively few respondents had jobs that provided benefits such as health and dental plans, and 44% had no benefits at all (see Figure 4).

Those Not Working

Those not working form two groups of equal size: half of which were looking for work, and half of which were not part of the work force because of a health issue or other reason. The study found that:

- (1) Respondents without jobs worked less than half (27.5 months) of the 60 months prior to the survey (see Figure 5).
- (2) Of those not working, almost half have had a job since they left welfare.
- (3) 4 in 10 of those not working indicated a health related reason for why they are not working. Only 12% indicated that they have been unable to find suitable work (see Figure 6).

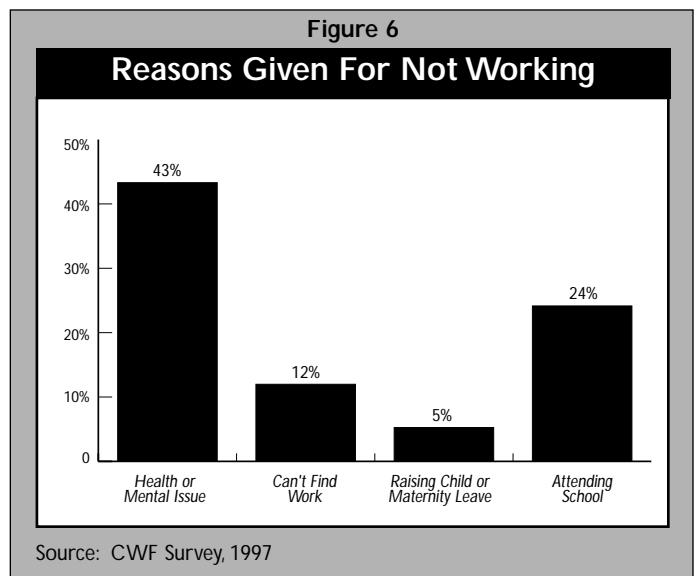
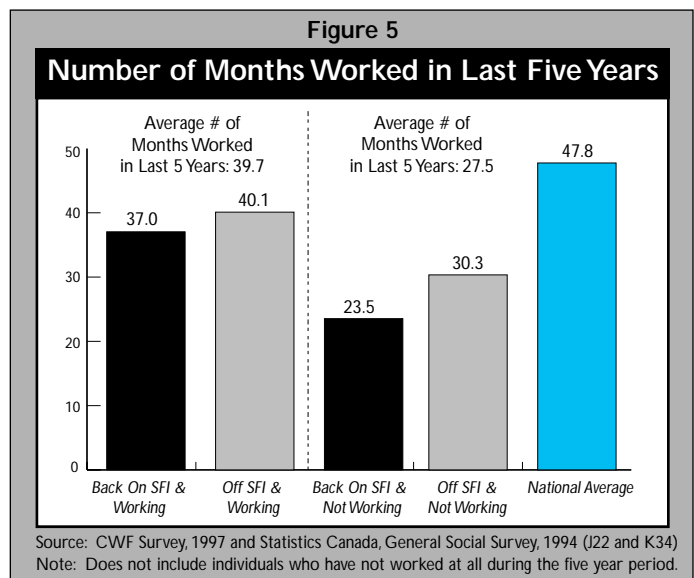
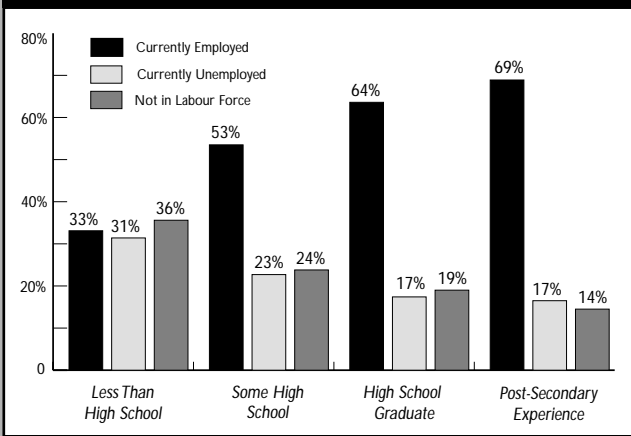


Figure 7

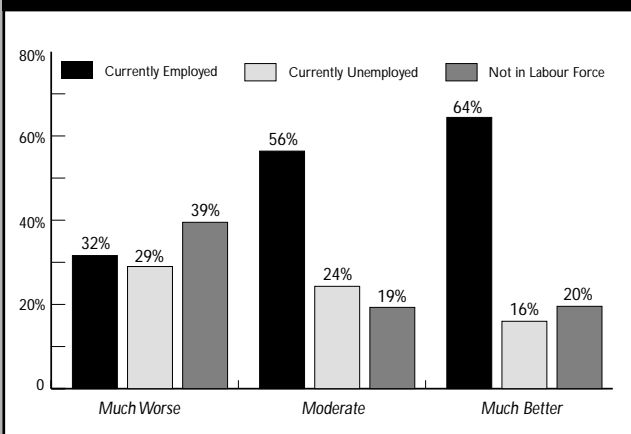
Employment by Education Level



Source: CWF Survey, 1997

Figure 8

Employment and Quality of Life



Source: CWF Survey, 1997

- (4) 25% of those not working were living with a family member that was contributing income to the household.
- (5) Nearly 25% of those not working indicated recent experience with the Employment Insurance system.

Factors Influencing Employment Status

Key variables which influence employment status include:

- (1) **Region:** Respondents from Calgary were most likely to be employed (64%), and respondents from Edmonton (53%) and the Northeast (50%) were the least likely.
- (2) **Education:** Respondents with higher levels of education were more likely to be employed (see Figure 7).
- (3) **Family Status:** Families with dependents were more likely to be employed.
- (4) **Rating of Life:** 64% of those who rated their life as much better were employed – twice as many as those who indicated that their life was worse (see Figure 8).
- (5) **Reason for Leaving Welfare:** 74% of those who left welfare for an employment related reason were employed, and 16% were unemployed.

In Their Own Words: Respondent Comments

The process of interviewing Alberta's former welfare recipients offered invaluable insights into the role and functioning of the program. The vast majority of former recipients contacted for the study were very willing to speak to us regarding their experiences. The following comments are typical:

"Welfare really made a big difference. To get that when I did, as I was out of options, and it gave me time to get my life together. I had to get the pieces together and get on. Being on social services gave me a chance to do that."

"This has not been easy going on welfare, but the character and the goodness of the people – I think they care. Personally I think they are really neat people. Paperwork is the big staler."

"I was often treated as a statistic, number or nobody. I found I had to make an effort to make these people see me as a person of quality and worth."

"It's very frustrating for single moms trying to juggle the kids and the job. How can you get ahead when social services takes everything extra that you get? They even take away child support payments. You need things for your child, and they take away the money."

"The system works better than it used to. They got me a good job that allows me to step into a different income bracket. If I am willing to make an effort I can do very well due to welfare. The money they gave was not much but it was sufficient."

"I feel much better now. I have more motivation. I am in school. I have more confidence."

"I was never happy when I was on welfare. I went through hell. I was treated like hell. Honest people get treated like garbage and the people that rip them off are never checked up on."

"Nobody wants to go on welfare. It's a humiliating process no matter how much social welfare wants to help."

In addition, respondents were asked what would be required to improve their independence. Responses included:

"Improving their training programs. Giving the person something to look forward to. Have an incentive at the end of the six month training – a real job for that person with a decent wage. Really make sure that they are sending the person to the proper job placements or positions where they are qualified and educated in."

"Making it a little easier for people to find work by providing extra funds for things like bus passes, clothing allowances, child care. I am aware of subsidized programs but you can't really do a lot of these things if you don't have extra money to go all over the city. Arranging for subsidy programs takes time and money as well. You have to have money to travel."

Final Comments

The changes to Alberta's welfare program have been dramatic, substantial, and probably permanent. The decision of the Alberta government to move from the passive *Social Allowances* program to the active *Supports for Independence* program has impacted all stakeholders – from potential and existing recipients to social workers. Benefit levels, the expectations placed on clients, and the roles and attitudes of staff have all changed.

The primary purpose of the study summarized in this report is to provide empirically derived information that objectively informs the debate about these changes to Alberta's welfare program. A second purpose is to place the reforms in context. The most important way these goals were achieved was by providing the population of former welfare recipients a chance to speak about their experiences. We therefore offer the results of the study to those who wish to better understand welfare reform in Alberta, and to those who wish to see the province's welfare program strive to best serve people in need of assistance.

What have we learned about the fate of former welfare recipients? Many answers are not surprising. Many welfare recipients live and function on the edge of the labour market. They are likely to go on welfare when faced with unemployment. They are also likely, however, to leave welfare because they are able to find work. This fact points to the role of a strong economy and stable, decent paying jobs in reducing reliance on welfare. With access to good jobs, welfare recipients would rather work than receive benefits.

Alberta's Department of Family and Social Services has taken its philosophy of "active support" seriously. One-third of respondents interviewed for this study have taken part in some form of job training since 1993. About 40% of respondents were in school or attended school at some point since 1993. Respondents have generally reacted favourably to these initiatives. About 40% of those who took job training believe that the training directly contributed to them getting a job. Of those who attended school, the majority feel that the education will help them get a job.

Achievement of these goals, however, does not mean that all former welfare recipients are faring well, or that those who live independent of welfare have a good standard of living. Most respondents earn far less than the average Albertan. Many respondents have had difficulty meeting their basic needs at least once since leaving welfare and one-third of those back on assistance report difficulty meeting their basic needs "all the time."

It is also clear that many welfare recipients face serious personal problems that lead them to require assistance. For example, almost half (45%) of those back on SFI reported seeking help for personal problems. The barriers formed by personal problems are broad in nature and stem from a wide range of circumstances including ill health, family break-up, and poverty. These problems, moreover, tend to require long-term and co-ordinated assistance that goes beyond the provision of welfare.

The findings of the survey 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 results 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 reinforce the need for continual improvements and adaptations to the delivery of social assistance.