Lifting Singles Out of Deep Poverty: The Case for Increasing Social Assistance Benefits

Nick Falvo

IN BRIEF

Poverty reduction measures implemented by Canadian governments over the last two decades have improved the lives of many seniors, single parents and families with children. However, one group has been left behind: employable singles without dependants. In 2016, just under half of the nearly 2 million Canadians living in deep poverty were singles. One reason for this is the provinces' long-standing policy of providing them with only bare-bones benefits to discourage their reliance on social assistance and make paid work more attractive. However, close analysis of the factors that affect social assistance caseloads indicates that the generosity of benefits plays only a modest role. Increased income supports for singles are urgently needed to counter the effects of deep poverty that prevent them from moving forward.

EN BREF

Les mesures de réduction de la pauvreté adoptées depuis deux décennies par les gouvernements du pays ont amélioré les conditions de vie de bon nombre d'aînés, de parents seuls et de familles avec enfants. Mais un groupe a été laissé pour compte : les personnes seules, aptes au travail et sans personne à charge. En 2016, elles représentaient près de la moitié des quelque 2 millions de Canadiens vivant dans l'extrême pauvreté. Ceci est en partie dû à l'approche appliquée de longue date par les provinces, qui consiste à leur verser des prestations infimes pour les dissuader de recourir à l'aide sociale et renforcer l'attractivité du travail rémunéré. Mais selon une analyse détaillée des facteurs qui agissent sur le volume des cas d'aide sociale, la générosité des prestations ne joue qu'un rôle minime à cet égard. D'où l'urgence d'accroître le soutien du revenu destiné aux personnes seules pour atténuer les effets d'une extrême pauvreté qui les empêche d'améliorer leur sort.

**THE SOCIAL SAFETY NET
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ABOUT THIS PAPER

Nick Falvo is a Calgary-based research consultant with a PhD in Public Policy. Fluently bilingual (English/French), he is a member of the Editorial Board of the *Canadian Review of Social Policy/Revue canadienne de politique sociale*. He is also Editor-in-Chief, North America, of the *International Journal on Homelessness*.

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Poverty is: The condition of a person who is deprived of the resources, means, choices and power necessary to acquire and maintain a basic level of living standards and to facilitate integration and participation in society.
Opportunity for All – Canada's First Poverty Reduction Strategy

POVERTY REDUCTION STRATEGIES: WHY SOME GROUPS ARE BEING LEFT BEHIND

The government of Quebec was the first in Canada to present a poverty reduction strategy in 2002.[1] Since then, the majority of provinces have produced and implemented their own plans to support their most vulnerable citizens through various measures to improve social housing, child benefits, access to justice, health care services and social assistance programs.[2] The federal government joined their efforts in 2018, when it presented Canada's First Poverty Reduction Strategy, which set a national poverty reduction target of 50 percent by 2030 from its 2015 level.[3,4] Although since the mid-2000s governments have achieved considerable progress on this agenda, the results have been more tangible for some low-income groups than for others. In particular, social policy experts have noted that, by and large, policy interventions to alleviate poverty have been directed toward certain demographic groups, namely seniors, families with children and single parents, leaving behind employable singles without dependants – who some refer to as the forgotten poor.[5]

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[1] See Quebec's poverty reduction strategy, "The Will to Act, The Strength to Proceed: National Strategy to Combat Poverty and Social Exclusion" (Quebec: Gouvernement du Québec, August 2002), https://www.crwdp.ca/en/quebec-poverty-reduction-strategy.

[2] Some provinces are even on their second or third iterations. See, for example, "Breaking the Cycle: Ontario's Poverty Reduction Strategy" (Toronto: Government of Ontario, 2008), https://www.ontario.ca/page/poverty-reduction-in-ontario; "Together BC: British Columbia's Poverty Reduction Strategy" (Victoria: Government of British Columbia, March 2019), https://www2.gov.bc.ca/gov/content/governments/about-the-bc-government/poverty-reduction-strategy; "Pathways to a Better Future: Manitoba's Poverty Reduction Strategy" (Winnipeg: Government of Manitoba, March 2019), https://www.gov.mb.ca/povertyreduction/; and "Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan" (Fredericton: Government of New Brunswick, March 2020), https://www2.gnb.ca/content/dam/gnb/Departments/esic/pdf/ESIC-OPT3-EN.pdf.

[3] Employment and Social Development Canada (ESDC), " Opportunity for All: Canada's First Poverty Reduction Strategy" (Ottawa: ESDC, August 21, 2018), https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html#h2.4.

[4] At the time, the government announced that it was adopting the Market Basket Measure (MBM) of low income as Canada's first official poverty line. The MBM is one of three measures of low income commonly used in Canada. It serves to identify households whose disposable income is less than the "up-to-date" cost of a basket of goods and services, representing a modest, basic standard of living in different regions across Canada. The Low-Income Measure (LIM) serves to identify households whose income is less than half the median income. The Low-Income Cut-Off (LICO) is an income threshold below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than an average family would. Many provincial governments prefer to use some combination of low-income measures to evaluate their progress toward poverty reduction goals.

[5] See commentaries by Ron Kneebone, Alain Noël and Sheri Torjman in D. Herd, Y. Kim, and C. Carrasco, *Canada's Forgotten Poor? Putting Singles Living in Deep Poverty on the Policy Radar, (*Montreal: Institute for Research on Public Policy, September 15, 2020), https://on-irpp.org/32yhkDP.

In 2016, 1.9 million Canadians were living in deep poverty, that is, their income amounted to less than 75 percent of the poverty line.[6] Just under half of them were working-age singles – about 471,000 women and 420,000 men.[7] There are a number of factors that explain the high incidence of deep poverty among singles. They tend to have low and fluctuating employment income and, in the event of job loss or injury, they cannot rely on a household partner to mitigate the sudden loss of income. Another important reason is that income security programs, in line with much of social policy in Canada, tend to be more generous toward households with children.[8] This is particularly the case with social assistance.

Some of this relates to provincial and territorial governments' long-standing concerns about welfare dependency, which led to their ongoing efforts to restrict the number of people on social assistance and encourage beneficiaries to get work. Indeed, a reduction in the proportion of people on welfare at any given time is generally seen as an indicator of progress in reducing poverty. In the 1990s, several provinces, notably British Columbia (BC), Alberta and Ontario, made major changes to their social assistance systems to reduce the size of their caseload and enhance work incentives. These reforms restricted eligibility to social assistance and reduced benefits to make paid employment more attractive. As it turned out, the cuts in benefits were less onerous for beneficiaries with children than for those without, because they coincided with the implementation of federal-provincial initiatives to remove children from welfare rolls and major increases in child benefits.[9] As predicted, the number of singles on social assistance declined following these changes although the economic recovery that was taking place at the time also likely played a role. Better understanding the relative influence of these various factors would help inform poverty reduction interventions across the country.

In this paper, I examine the adequacy of welfare incomes relative to poverty thresholds in each province and the extent to which social assistance caseloads of employable singles are influenced by changes in the generosity of benefits and eligibility rules, as well as by minimum wage incomes and general economic conditions. I also present the findings of recent research I conducted with Ali Jadidzadeh, which indicate that rule changes to limit access to social assistance and reduce benefits in BC and Ontario in the 1990s did help trim the number of singles on social assistance in

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[6]   The federal government defines deep poverty as having an income lower than 75 percent of the official poverty line. Statistics Canada, "Dimensions of Poverty Hub" (Ottawa: Statistics Canada, n.d.), https://www.statcan.gc.ca/eng/topics-start/poverty, and ESDC, "Opportunity for All."

[7]   This paper uses the term "singles" to describe employable, unattached adults aged 18 to 64 without dependants.

[8]   Even the Canada Workers Benefit (CWB), which is supposed to supplement the income of the "working poor" and encourage labour force attachment, is less accessible and generous for singles. Few single individuals working full-time and earning the minimum wage would qualify for the CWB. See C. Busby, "The Budget's Ambitions Must Navigate the Federation," *Policy Options* (Montreal: Institute for Research on Public Policy, March 6, 2018), https://policyoptions.irpp.org/magazines/march-2018/the-budgets-ambitions-must-navigate-the-federation/.

[9]   See S. Torjman, "Next Steps in Reformulating Social Assistance," in Herd, Kim and Carrasco, *Canada's Forgotten Poor?*

these provinces.[10] The effect of cuts in benefits on the size of caseloads is relatively modest, however, when compared to the effects of stricter eligibility rules.

These findings should give pause to policy-makers. The reality is that bare-bones social assistance benefits for singles are a major contributor to the incidence of deep poverty in Canada. In their commentaries in a recent report on this subject for the Institute for Research on Public Policy, three social policy experts stressed the importance of boosting the income support provided to these individuals.[11] Based on the evidence presented in this paper, I come to the same conclusion. Indeed, by continuing to focus narrowly on the size of caseloads, policy-makers risk overlooking other important considerations. In particular, we know that living in deep poverty can result in food insecurity, homelessness and poor health, all of which are major obstacles for people wishing to get off social assistance. I also discuss ways for policy-makers to minimize the potential impact of increased social assistance benefits on caseloads, for example, by directing most benefit increases to singles who live in regions with relatively high costs of living and/or by improving their access to federal-provincial housing benefits.

Why focus on singles?

The number of people living alone has more than doubled in the past four decades. In 2016, one-person households became the most common household type for the first time in Canada's history, overtaking households consisting of couples with children. Hence, the social and economic success of singles matters for the country. Tony Fang and Morley Gunderson found that, relative to other vulnerable groups, singles (in this case, unattached individuals between the ages of 45 and 64) are less likely to successfully participate in the labour market, and have a higher probability of transitioning back on social assistance.[12] Also, the financial support provided to them through social assistance falls well short of the poverty line.

This story is consistent across Canada. Welfare income, including basic social assistance payments, federal and provincial child benefits and sales tax credits, brings couples with two children to between 65 percent and 85 percent of the poverty line, depending on the province (figure 1). However, welfare income for employable singles hovers around 45 percent of the poverty line. It ranges from a high of 58 percent in Newfoundland and Labrador to a low of 39 percent in New Brunswick, Nova Scotia and Alberta.

Relative to the deep poverty line, which is 75 percent of the poverty line, welfare income for singles on social assistance is highest in Newfoundland and Labrador, where

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[10] N. Falvo and A. Jadidzadeh, "Determinants of Social Assistance Caseloads for Employable Single Adults Without Dependants in Canada," *Social Policy & Administration*, Special Issue, September 27, 2020, https://doi.org/10.1111/spol.12655.

[11] Commentaries by Ron Kneebone, Alain Noël and Sheri Torjman can be found in Herd, Kim and Carrasco, *Canada's Forgotten Poor?*

[12] Fang and Gunderson define unattached individuals aged 45 to 64, disabled persons, recent immigrants, lone parents, Aboriginal persons and youth not in school as vulnerable groups. In the dataset, singles are referred to as "unattached individuals." See T. Fang and M. Gunderson, "Vulnerable Groups in Canada and Labour Market Exclusion," *International Journal of Manpower* 36, no. 6 (2015): 824-47.

Figure 1. Welfare income as a percentage of the poverty line for three family types, by province, 2018
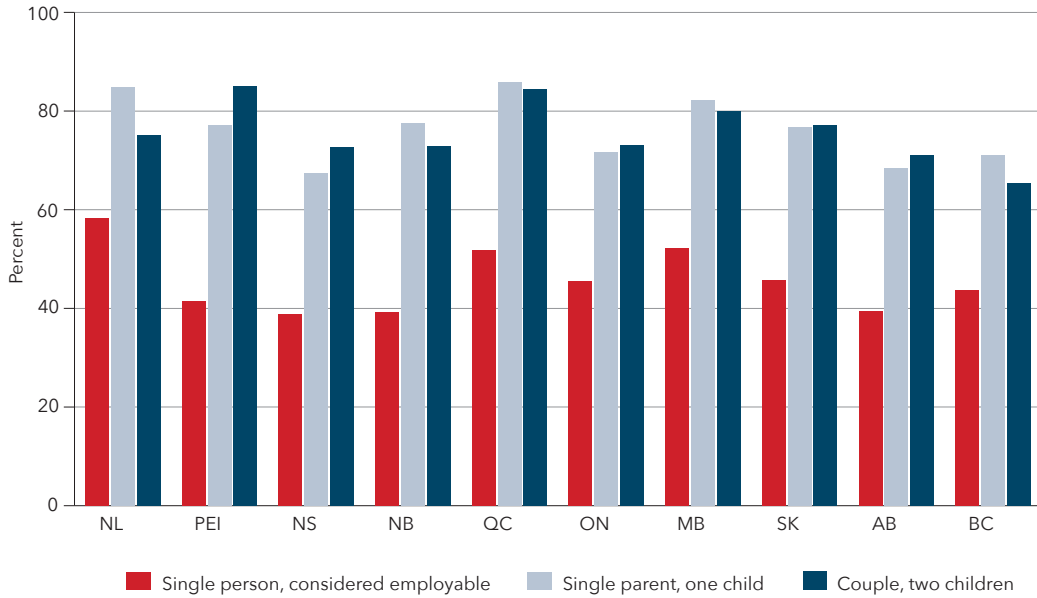
Sources: Author's calculations based on data from A. Tweddle and H. Aldridge, *Welfare in Canada 2018* (Toronto: Maytree, 2019), https://maytree.com/wp-content/uploads/Welfare_in_Canada_2018.pdf; Statistics Canada, Market Basket Measure, https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2020002-eng.htm#a4.
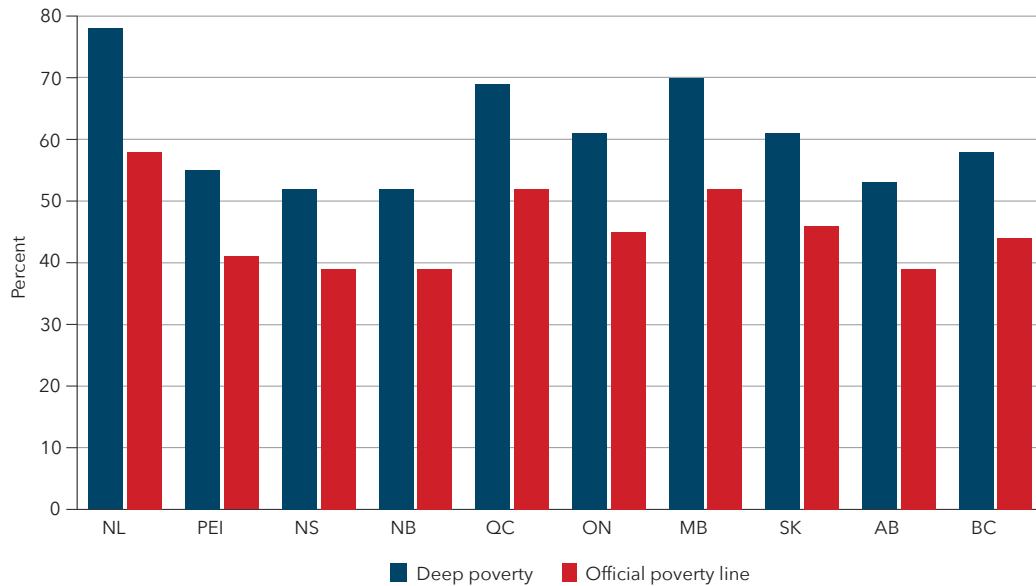
Notes: Welfare income includes basic social assistance benefits, child benefits (federal and provincial), and other benefits and tax credits. The poverty line is based on Statistics Canada's Market Basket Measure (MBM) of low income. MBMs are available by region for large cities (over 500,000 population), large urban population centres (100,000-499,000), medium population centres (30,000-99,000), small population centres (under 30,000) and rural areas. The province-wide low-income MBMs, shown in this figure, are calculated as the weighted average for each province based on the share of the population in each type of region.

it reaches 78 percent of the deep poverty line. In all other provinces, it is 70 percent or less (figure 2). Paltry social assistance benefits contribute to a high incidence of deep poverty among singles.[13] Many experts agree that an increase in social assistance benefits is necessary to reduce deep poverty.[14] The question is, what are the potential effects on provincial caseloads of doing so?

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[13] D. Dutton, "Marital Status of those in Poverty," *School of Public Policy Publications*, *12* (Calgary: University of Calgary, 2019). https://www.policyschool.ca/wp-content/uploads/2019/06/Social-Policy-Trends-AB-Deep-Pov-Dutton.pdf

[14] See J. Stapleton and Y. Yuan, "Ontario's 'Welfare' Diet in 2018," *Policy Options* (Montreal: Institute for Research on Public Policy, 2018), https://policyoptions.irpp.org/magazines/august-2018/ontarios-welfare-diet-2018/, and N. Zon and T. Granofsky, "Resetting Social Assistance Reform," *Ontario 360*, (Toronto: Munk School of Global Affairs and Public Policy, 2019), https://on360.ca/policy-papers/resetting-social-assistance-reform/.

Figure 2. Welfare income for singles as a percentage of poverty thresholds, by province, 2018

Legend: Deep poverty | Official poverty line

Sources: Author's calculations based on data from Tweddle and Aldridge, *Welfare in Canada 2018*, and Statistics Canada's MBM of low income.

Notes: Welfare income includes basic social assistance benefits, child benefits (federal and provincial), and other benefits and tax credits. The official poverty line is based on Statistics Canada's MBM. Market basket measures are available for five types of regions: large cities of over 500,000 (a measure for each city), large urban population centres (100,000-499,000), medium population centres (30,000-99,000), small population centres under 30,000 and rural areas. The province-wide MBMs, which represent the official poverty line in this figure, are calculated as the weighted average for each province based on the share of the population residing in each type of region. The deep poverty line is defined as 75 percent of the official poverty line (the weighted provincial MBM).

EXAMINING THE KEY FACTORS THAT INFLUENCE SOCIAL ASSISTANCE CASELOADS

The design of social assistance programs differs for each province and territory. This allows for natural experimentation that can help policy-makers better understand the effects of specific policy choices in meeting policy objectives. Facing a fiscal crisis in the mid-1990s, Canada's federal and provincial governments imposed major spending cuts to rapidly consolidate public finances. In particular, the government of Ontario implemented a series of measures to reduce the size of its social assistance caseload. It cut benefits, introduced stricter eligibility criteria and imposed harsher penalties for refusing employment, quitting or being dismissed from a job. It also introduced "work-for-welfare" rules that required social assistance recipients to work in exchange for benefits, and created a "welfare fraud" telephone line.[15] Around the same time,

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[15] A. Moscovitch, "Social Assistance in the New Ontario," in *Open for Business, Closed to People: Mike Harris's Ontario*, edited by D. Ralph, A. Régimbald and N. St-Amand (Halifax: Fernwood Publishing, 1997): 80-91; S. Klein and B. Montgomery, *Depressing Wages: Why Welfare Cuts Hurt Both the Welfare and Working Poor* (Ottawa: Canadian Centre for Policy Alternatives, 2001), https://www.policyalternatives.ca/publications/reports/depressing-wages

Table 1. Singles on social assistance, rates and caseloads for select provinces, 1990-2015

		1990	1995	2000	2005	2010	2015
NB	Rate	20.5	21.8	17.5	14.0	12.4	12.4
	Caseload (*N*)	26,609	29,187	23,877	19,995	18,079	17,870
QC	Rate	n/a	n/a	8.4	6.3	5.4	5.3
	Caseload (*N*)	n/a	n/a	124,275	99,362	95,031	97,003
ON	Rate	5.0	10.9	4.8	4.3	5.5	5.2
	Caseload (*N*)	95,287	221,106	105,113	104,752	148,594	152,353
SK	Rate	9.3	13.3	11.6	9.5	8.9	4.1
	Caseload (*N*)	14,500	21,969	20,713	18,218	19,057	9,239
AB	Rate	n/a	3.3	1.4	1.0	1.7	1.2
	Caseload (*N*)	n/a	15,349	8,082	6,677	12,946	10,046
BC	Rate	10.6	17.1	8.9	3.4	4.5	3.0
	Caseload (*N*)	60,572	117,764	70,393	29,349	43,254	30,461

Source: Caseload data were obtained from social assistance officials in the various provinces. See also N. Falvo and A. Jadidzadeh, "Determinants of Social Assistance Caseloads for Employable Single Adults Without Dependants in Canada," *Social Policy & Administration*, Special Issue, September 27, 2020, https://doi.org/10.1111/spol.12655. Note: Social assistance rates calculate the number of employable singles on social assistance in each province as a percentage of singles aged 17 to 64.

the government of British Columbia took a similar approach – reducing benefit levels, making social assistance harder to access and introducing work-for-welfare provisions. It also reduced the asset limits to qualify for benefits (how much a person could own and still be eligible) and earnings exemptions for recipients (how much money a person could make from paid work while in receipt of social assistance).[16]

In a recent study, Ali Jadidzadeh and I used regression analysis to assess the relationships between several variables and the number of singles on social assistance over the period from 1989 to 2017.[17] We examined six provinces with comparable caseload data: Alberta, BC, Ontario, New Brunswick, Quebec and Saskatchewan.[18] The dependent variable is the number of single adults on social assistance in each province in a given year.[19]

Table 1 presents the singles' caseloads and social assistance rates (SA rate) – the percentage of single adults on social assistance in a given year – for each province. It points to three interesting observations. First, several of the provinces, especially Ontario, saw a sharp increase in the proportion of singles on social assistance between 1990 and 1995. This coincided with a major recession in the early 1990s, which hit Ontario particularly hard. Second, in several provinces, especially in BC, the social assistance rate fell significantly after 1995. Third, there is no clear national pattern for social assistance rates over time.

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[16] Klein and Montgomery, *Depressing Wages*.

[17] N. Falvo and A. Jadidzadeh, "Determinants."

[18] Comparable data were not available for Manitoba, Newfoundland and Labrador, Nova Scotia, Prince Edward Island or the territories. Alberta and Quebec did not have caseload data for all years. More complete information on all data sources can be found in Falvo and Jadidzadeh, "Determinants."

[19] Technically speaking, the dependent variable is the natural logarithm of social assistance caseloads. The analysis controls for the size of each province's adult population.

We used two separate regression models to evaluate the effect of the following variables on the social assistance caseload for singles:[20]

- variables for provinces that made major changes to eligibility rules for benefits (BC and Ontario), such as making it more difficult for those who quit their jobs (rather than being laid off) to access benefits
- social assistance benefit levels for singles
- the unemployment rate in each province, which captures the overall strength of economy and job opportunities
- minimum wage incomes, which represent the average earnings of full- and part-time workers in minimum wage jobs in each province. This variable represents the next level up in earnings for those on social assistance. In theory, social assistance becomes less attractive as employment becomes more gainful.

Regression models attempt to approximate the true relationship between one key variable (in this instance, the singles caseload) and other variables that could explain why it changes. However, challenges commonly arise due to data limitations and the choice of variables to include in the model. In this case, we developed two complementary regression models to provide a range of results that more fully describe how benefit levels, average earnings in minimum wage jobs, unemployment rates and tighter eligibility rules affect changes over time in the number of singles receiving social assistance. The first model allows for the inclusion of variables deemed important by researchers and stakeholders who work closely with social assistance recipients, namely the role of administrative rules in accessing benefits. It is difficult to model the relative stringency of eligibility rules because they differ across provinces and these differences cannot be objectively translated into statistics. The best alternative is to gauge approximately the extent to which relatively more stringent rules can affect caseloads over time. We do this by looking at the differences in the size of the caseload before and after the year when substantial reforms tightened qualification rules in BC and Ontario.[21] A drawback of this approach is that it does not take into account minor changes to qualification rules across provinces over time. We therefore use a second regression model to portray the effect of all factors other than changes in eligibility rules that influence caseloads over long periods of time.

The effects of benefit levels, access restrictions and economic conditions on provincial caseloads

Results from the first regression model indicate statistical relationships between provincial caseloads and the unemployment rate, changes to eligibility criteria in BC and Ontario, and benefit levels (table 2). Implementing stricter acess rules resulted in a 10 percent decline in Ontario's caseload, compared with when these rules were not in place, and a 29 percent decline in BC's caseload. A 1 percent increase in benefits, adjusted for inflation, is associated with a caseload increase of less than 0.2 percent. Meanwhile, a 1 percentage point increase in the unemployment rate is associated with a caseload increase of 7.3 percent.

[20] Falvo and Jadidzadeh, " Determinants."
[21] The model uses a dummy variable for the year in which tighter administrative rules were implemented in BC and Ontario in the 1990s, to help us compare the caseload trends before and after the policy changes.

Table 2. Regression results: Effects of key factors on social assistance caseloads

	Model 1	Model 2
Benefit levels	Weak (0.2%)	Moderate (0.5%)
Minimum wage income	No statistical significance	Very weak (-0.1%)
Unemployment rate	Moderate (7.3%)	Moderate (5.8%)
Strict rules in BC	Strong (-29.2%)	Not measured
Strict rules in ON	Strong (-10.2%)	Not measured

Source: N. Falvo and A. Jadidzadeh, "Determinants of Social Assistance Caseloads for Employable Single Adults without Dependants in Canada," *Social Policy & Administration*, Special Issue, September 27, 2020, https://doi.org/10.1111/spol.12655.
Note: Number in parentheses refers to regression coefficient. For complete results, see Falvo and Jadidzadeh (2020).

Results from the second regression model indicate that a 1 percent increase in benefits is associated with a caseload increase of less than 0.5 percent. A 1 percentage point increase in the unemployment rate is associated with a caseload increase of 5.8 percent. A 1 percent increase in minimum wage income is associated with a caseload decrease of less than 0.1 percent.

Although the different methodological approaches yield slightly different findings, more generous benefits do appear to result in a greater take-up of social assistance, regardless of the regression model used. Specifically, a 10 percent increase in social assistance benefit levels for singles would likely increase the size of the caseload by 2 to 5 percent.

Understanding what drives social assistance caseloads

In their 2009 analysis of the effects of fiscal retrenchment on social assistance caseloads, Ronald Kneebone and Katherine White note that a confluence of events, in the mid-1990s resulted in reduced caseloads across Canada.[22] They found that in provinces that tightened the criteria to access social assistance, roughly half the reduction in the size of the caseload (incuding all household types) could be attributed to these new administrative rules. Changes in the unemployment rate and social assistance benefit levels each explained about 20 percent of the reduction over time. In provinces that did not change their eligibility criteria, falling unemployment rates had the largest effect, explaining roughly 40 percent of the decline in the caseload.[23]

Our analysis of provincial singles caseloads generates similar findings, suggesting certain policy interventions and priorities any government serious about reducing poverty among singles should consider. Chief among them would be policies to reduce unemployment because the state of the economy has a major impact on social

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[22] R. Kneebone and K. White, "Fiscal Retrenchment and Social Assistance in Canada," *Canadian Public Policy 35, no. 1 (March, 2009)*: 21-40.
[23] Kneebone and White, "Fiscal Retrenchment."

assistance caseloads.[24] This naturally aligns with governments' current poverty reduction objectives to improve work prospects. Careful analysis of social assistance reforms in Ontario and BC, namely tighter access rules and lower benefit levels, points to some nuanced findings. Although the caseload reductions in these provinces following the reforms have generally been attributed to changes in both policies, looking at the relative importance of each is instructive. The effect on social assistance take-up from reducing benefits is much smaller than that of tightening eligibility criteria.

Administrative changes that restrict access to social assistance have a large effect on reducing social assistance caseloads. But some caution is in order. We know very little about what happens to people who are denied social assistance. A 2003 study found that annual income declined in about one-third of the households that had recently left social assistance in Canada.[25] Administrators typically do not monitor people after their application is turned down or after they have been removed from social assistance. Monitoring these longer-term outcomes would provide useful information for policy-makers.

Reducing social assistance benefits to make paid employment more attractive also reduces caseloads. However, the current gap between social assistance income and the income of those earning a minimum wage is substantial. Provincial minimum wages in 2020 range from $10.96 to $15.00 per hour. This translates into annual earnings of between $19,200 and $26,300 for typical full-time minimum wage workers. In contrast, the average welfare income of singles on social assistance is less than $10,000 per year, less than half the average full-time earnings at minimum wage in any province. This suggests there is ample room to raise benefit levels without affecting work incentives to any great extent. Ultimately, policy-makers must weigh the benefits of keeping social assistance incomes low against the consequences of having a greater incidence of deep poverty among singles.

INCREASING SOCIAL ASSISTANCE BENEFITS FOR SINGLES: JUSTIFICATIONS AND CHALLENGES

Provincial and territorial governments want social assistance recipients to be able to find adequate shelter, eat nutritious food and look for a job. But they do not want them to become dependent on social assistance. The Market Basket Measure of low income, which the federal government adopted as the official poverty line, offers guidance for provincial and territorial policy-makers in this regard. The cost of a basket of goods and services deemed to represent a basic standard of living seems a reasonable benchmark for setting benefit levels. Yet benefit levels for singles are currently set far below the income threshold associated with deep poverty (75 percent of the MBM), and therefore far below "a basic standard of living."

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[24] This finding is consistent with research findings on employable singles in Toronto, which found that a lower neighbourhood-level unemployment rate was associated with increased likelihood of an individual leaving social assistance. See Herd, Kim and Carrasco, *Canada's Forgotten Poor?*

[25] M. Frenette and G. Picot, "Life after Welfare: The Economic Well-being of Welfare Leavers in Canada During the 1990s" (Ottawa: Statistics Canada, 2003), https://www150.statcan.gc.ca/n1/en/catalogue/11F0019M2003192.

To get some perspective on this issue, let us assume that social assistance benefits for singles in each province were increased to the deep poverty line, approximately $15,000 in annual income. This would represent an increase in annual benefits of approximately 75 percent, on average. Based on our estimates of the potential impact on caseloads, provincial governments could expect to see an increase of 12 to 35 percent in the number of singles on social assistance. But in the context of this exercise, policy-makers would also need to consider the social and financial consequences of having more or fewer singles on social assistance living in deep poverty. Research indicates that very low social assistance benefits are associated with a high incidence of food insecurity.[26] They also result in more homelessness and greater demand for emergency shelter beds. Ronald Kneebone and Margarita Wilkins estimate that a 15 to 20 percent increase in benefit levels for singles could bring about an equivalent reduction in demand for shelter beds.[27] Lack of access to adequate housing and lack of nutritious food are key determinants of poor health. Many singles on social assistance report poor health, which not only contributes to higher public health care costs but is also a significant barrier to their finding work and leaving social assistance.[28]

Options to reduce deep poverty among singles and alleviate concerns about caseload increases

The main concern for policy-makers is that overly generous social assistance benefits might make going and staying on social assistance more financially attractive than paid employment. Social assistance benefits are generally the same regardless of where one lives within a province. Benefit increases could, however, target beneficiaries who live in regions with a relatively high cost of living. The federal government's new poverty line measure reflects the cost of living for each region and municipality across Canada. This gives provincial officials a useful administrative tool to vary social assistance benefits within their provinces.

Another option is for policy-makers to expand housing benefits, a form of financial assistance that provides a direct, monthly payment to beneficiaries to help cover the gap between what a low-income tenant can afford for housing and their actual rent.[29] In November 2017, the federal government announced the Canada Housing Benefit, as part of a new National Housing Strategy, to help low-income households with high monthly rental costs. In late 2019 and in early 2020, the federal and provincial governments announced a series of bilateral agreements to implement the housing benefit. The agreements give priority access to households that are on, or eligible to be on, a social housing waiting list, as well as households currently in some form of social housing.[30] Particular demographic

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[26] Food insecurity is a statistical indicator that measures the number of Canadian households that do not have enough money to purchase or access a sufficient amount and variety of food to live a healthy lifestyle. See N. Li, N. Dachner, and V. Tarasuk, "The Impact of Changes in Social Policies on Household Food Insecurity in British Columbia, 2005–2012," *Preventive Medicine*, *93* (2016): 151-58.

[27] R. Kneebone and M. Wilkins, "Shrinking the Need for Homeless Shelter Spaces," *School of Public Policy Research Papers*, vol. *9, issue* 21 (Calgary: University of Canada, May 2016), https://www.policyschool.ca/wp-content/uploads/2016/06/homeless-shelter-spaces-kneebone-wilkins.pdf .

[28] Herd, Kim, and Carrasco, *Canada's Forgotten Poor?*

[29] Usually housing affordability is calculated at 30 percent of a household's income.

[30] For an example of the Canada-Ontario bilateral arrangement and housing benefit, see Canada Mortgage and Housing Corporation (CMHC), "Governments of Canada and Ontario Sign Canada's First Housing Benefit," news release (Ottawa: CMHC, December 19, 2019), https://www.cmhc-schl.gc.ca/en/Media-Newsroom/News-Releases/2019/governments-canada-and-ontario-sign-canadas-first-housing-benefit.

groups have also been prioritized, including survivors of domestic violence and human trafficking, persons at risk of homelessness, Indigenous persons, seniors and people with disabilities. Singles on social assistance are not specifically included on the priority list, even though housing is their biggest financial hurdle and they are disproportionately represented in emergency homeless shelters.[31] Priority access to federal-provincial housing benefits should explicitly target singles on social assistance who live in regions with high rental costs.[32] Extending housing benefits to singles could help reduce the monthly financial pressures they face and might be less likely to have an impact on caseloads than an increase in social assistance benefits.

URGENT ACTION IS NEEDED TO TACKLE DEEP POVERTY

Singles receive little political and policy attention relative to other types of households, despite experiencing disproportionately high rates of deep poverty. This is especially true when it comes to the last rung of Canada's income security programs, social assistance. Concerned that generous social assistance benefits might make social assistance more attractive than paid work, policy-makers have traditionally kept benefits for singles at minimal levels and instead directed limited public resources toward families with children. As a result, welfare incomes for singles on social assistance remain below 50 percent of the poverty line in most provinces.

In the mid-1990s, some large provinces tightened their eligibility criteria for social assistance and cut benefits. This was part of their effort to reduce social assistance caseloads and program costs. Although the caseload reductions that followed were viewed by many as a policy success, it is the combination of improved economic conditions, stricter access criteria (in BC and Ontario) and lower benefits that explains most of the drop in the number of singles on social assistance during this time.

In this essay, I have argued that policy-makers continue to focus too narrowly on keeping benefit levels and caseloads in check without taking into account the costs of the resulting deep poverty among singles on social assistance. Deep poverty takes a toll on their health and on their ability to participate more fully in the labour market and in society. Provincial governments that want to reduce the incidence of deep poverty while mitigating the impact on their social assistance caseload should increase social assistance benefits for singles, targeting those who live in regions with a high cost of living. Singles living in deep poverty should also have priority access to federal-provincial housing benefits. This would help them overcome the enormous financial barriers they face in finding adequate shelter – an essential first step for them to move forward.

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[31] Herd, Kim and Carrasco, *Canada's Forgotten Poor?*
[32] One challenging design feature of rent subsidies for singles is how to avoid potentially breaking up shared accommodation arrangements.

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