

EIA Rate Review | Fall 2013

A review of the total income available to
Employment and Income Assistance Participants in Manitoba.

Introduction

This report is a review of Employment and Income Assistance (EIA) rates in Manitoba. It outlines the total incomes of EIA participants, and compares them to common benchmarks of low income. This review can be used to inform policy development, program design and funding decisions as the province moves forward with *Manitoba's Strategy for Sustainable Employment and a Stronger Labour Market* and the long term plan to modernize and reform the income support system.

This review:

- describes the current policy context
- considers various common low-income measures
- compares the incomes of EIA participants with these various low-income measures
- considers differences in incomes and gaps by case category, household size, and geographic region
- compares the incomes of EIA participants to income assistance participants in other provinces
- identifies recommended priority areas and structures for targeted benefit increases based on current rates in relation to low-income measures, should resources become available

Social Assistance for Manitobans

The EIA program was originally designed in the 1960s, as a program of last resort, intended to provide short-term, emergency assistance to individuals with no other source of income. The program was established as a short term safety net to provide for basic needs while individuals regained stability. It was not intended to be a primary or permanent source of income.

Since that time, Manitoba's demographics and family life have changed significantly. For example, more women are engaged in the paid labour force, the rate of separation and divorce has increased, single parenthood is more common, and community living for persons with physical and mental disabilities has seen individuals previously supported in institutional settings enrolling on social assistance.

The income tax system and federal benefits have also evolved over time. The federal child benefit system as it exists today developed in stages, beginning with the Family Allowances program, a modest universal benefit introduced in 1945. In 1979, a refundable child tax credit for lower income families was introduced. In 1993, the two benefits were integrated into a monthly refundable benefit. In 1998, the National Child Benefit Supplement (NCBS) was added to the basic Canada Child Tax Benefit (CCTB). The NCBS was targeted at lower income families to help prevent and reduce the depth of child poverty and lower the "welfare wall" by providing child benefits outside of the social assistance system. It was designed to be a portable benefit – one that would be maintained, even when an individual moved from social assistance to work – so participants would not be penalized for getting a job.

Portable Benefits and the "Welfare Wall"

The "welfare wall" is a concept that refers to disincentives to leave welfare for work. The social assistance system provides a number of benefits for individuals and families, based on family size/ composition, and individuals' needs, (ex: an individual has a disability or requires a special

diet). In contrast, employment provides a wage that is not sensitive to family composition or need, and many jobs do not have other benefits that social assistance provides, such as drug, dental and optical support. As a result, employment may not be sufficiently attractive to make it worth it for individuals to take the leap from the security of assistance to what may seem like a risky or insecure work environment, despite employment providing the best route out of poverty.

In the latter half of the 1990s, many academics and experts on income support reform, such as the Caledon Institute of Social Policy, commenced stressing the need to move income support benefits outside of the traditional welfare system. Income-tested portable benefits that support all low-income families, regardless of employment status, became more common in provinces across Canada. These benefits are fairer to families working in low wage jobs. They also reduced the welfare wall/disincentive to leave social assistance, and promote participation in the workforce. In general these programs are also simpler to access and less intrusive than social assistance. Given this, since 1999 many of Manitoba's investments in benefits for low-income Manitobans, including EIA participants, have been targeted outside of the social assistance system. Manitoba has also increased the minimum wage regularly over time, increasing the benefit of entering the labour force.

Manitoba's Investments in Income Support

Since 1999, the Manitoba government has enhanced benefits and improved asset exemptions resulting in increases to the incomes available to EIA participants, as well as introduced new benefits and incentives to support those who are able to work, move towards employment. The focus has been on building and investing in portable benefits that lower the welfare wall, and on promoting work. New benefits such as the Manitoba Child Benefit, RentAid, and various Rewarding Work benefits have been implemented and augmented. Earnings

exemptions have been enhanced, asset exemptions have been implemented and federal benefits and other sources of financial support that had previously been clawed back from EIA participants have been reinstated. In addition, there have been some increases in the EIA program to address the needs of those who are not eligible for federal benefits such as single adults.

In 2004, the National Child Benefit was fully exempted from consideration as a financial resource by EIA. The benefit is worth \$48 million annually to families on EIA. In 2006, the federal Universal Child Care Benefit was also exempted from consideration as a financial resource, resulting in approximately \$12 million of additional benefits flowing to EIA participants.

In 2007, Manitoba introduced the Rewarding Work strategy providing incentives and benefits to social assistance recipients to enhance employability, encourage work, ease the transition to employment, and support employment retention. Approximately 10,000 people have left EIA for employment since Rewarding Work was introduced. A number of initiatives were put in place aimed at easing the transition from EIA to work including:

- The Manitoba Child Benefit, provides up to \$35 per month per child.
- The Rewarding Work Rent Allowance/RentAid Transition Bonus, provides a flat benefit for participants leaving EIA to employment or training who would otherwise be ineligible for RentAid. Budget 2013 announced an increase in the monthly amount from \$50 to \$110 with eligibility extended to 24 months.
- The Get Started Benefit provides a one-time lump sum to participants leaving EIA for employment to support job-related expenses.
- The Rewarding Work Health Plan provides non-insured health benefits, including drug, dental and optical benefits, generally uninsured by Manitoba Health to single parents and persons with disabilities leaving EIA for employment or training, so that they maintain benefits comparable to those receiving social assistance.

- Several RentAid enhancements for non-EIA participants were also introduced.

Those working while on EIA receive more support via the following enhancements:

- The Rewarding Work Allowance, provides an additional benefit (\$50 or \$100 per month depending on hours worked) to those with employment.
- The Enhanced Work Benefit, allows people to earn more money before their EIA benefits are reduced (\$200 per month plus 30 per cent afterwards).

In addition to enhancing benefits and other supports for working EIA participants, Manitoba has also invested in targeted supports with several rate increases to some EIA participants – persons in the Disability category and General Assistance participants without children. Enhancements include:

- an increase to Income Assistance for Persons with a Disability
- an increase to shelter rates for single General Assistance participants
- the introduction of the Job Seekers Allowance

RentAid for EIA participants has been extended and enhanced a number of times. Introduced in 2006, as a benefit over and above the portion of social assistance benefits included in social assistance for accommodations, to those in the Disability category, the monthly rates were \$35 for those in private rent and \$15 for those in board and room. The benefit was extended to singles and couples without children in the General Assistance category in 2008, and enhanced in 2009 and 2011. In 2010, the province also introduced the Portable Housing Benefit, a monthly rent supplement of up to \$200 to EIA participants with mental health issues. Budget 2013 announced changes to RentAid for EIA participants that brought the rate up to \$80 for those in private rent and \$50 for those in board and room.

Rewarding Work initiatives also increased the available income for EIA participants via the exemption of asset building accounts, such as Registered Education Savings Plans (RESPs) and

individual development accounts (IDAs). Liquid asset exemptions were also enhanced so that all people on EIA are allowed to keep \$4,000 per person to a family maximum of \$16,000. Persons with a disability can keep certain assets in a Registered Disability Savings Plan (RDSP) and receive up to \$500 in monthly contributions from family without their benefits being affected. The EIA Disability Trust provisions have also been enhanced to allow up to \$200,000 in savings to meet disability-related expenses, without affecting eligibility.

Rewarding Work introduced a variety of measures and policy changes to assist participants in preparing for employment by supporting participants in education and training. In 2009, a more formalized partnership was established between EIA and Employment Manitoba (EM), to better take advantage of the latter's many opportunities. The partnership also introduced a new EM living allowance for EIA recipients participating in eligible skill development activities. To encourage ongoing supports for transitioning to work, those in receipt of the EM living allowance have their benefits administered by EM, and their EIA files close as a result.

In 2009, the Manitoba government formalized its commitment to poverty reduction with the creation of *ALL Aboard: Manitoba's Poverty Reduction and Social Inclusion Strategy*. The strategy brings together the poverty reduction and social inclusion work happening across the provincial government. Progress is being made and there are fewer Manitobans living in low income now than in 2002. In 2011, Manitoba's low-income rate was 12 per cent, a decrease of more than 10 per cent from 2002. The rate for children decreased by more than 8 per cent over the same period.

A key priority under All Aboard is supporting additional housing options for low-income Manitobans. The Manitoba government is near completion on their commitment to create 1,500 new social housing units between 2008 and 2013. Budget 2013 committed to an additional 500 units over three years. EIA participants who live in social housing units pay rent equal to their shelter allowance benefit, therefore increasing the number of social housing units available to EIA recipients is a long term strategy for addressing the shelter needs of those receiving social assistance.

Manitoba's Strategy for Sustainable Employment and a Stronger Labour Market

With relatively low unemployment and steady economic growth, Manitoba continues to experience stability despite global economic uncertainty, however a shortage of unskilled and skilled labour in many sectors and regions of the province places that growth in jeopardy unless steps are taken to ensure more Manitobans are ready and able to work. Low unemployment rates over the long-term indicate that it is largely the case that those individuals with the adequate training have jobs, while others may lack skills and incentives to return to or enter the workforce. Many of these individuals rely on EIA to meet their basic needs but with the right supports and opportunities, could join the workforce, increasing independence for them and their families and meeting economic challenges presented by the labour shortage.

In early 2012, Manitoba merged its income support programs (including EIA) with workforce development programs and service under Manitoba Entrepreneurship, Training and Trade (ETT), now Manitoba Jobs and the Economy. In April 2013, *Manitoba's Strategy for Sustainable Employment and a Stronger Labour Market: Enabling Independence and Realizing Manitoba's Workforce Potential* was released. The strategy seeks to:

- develop a comprehensive system to connect EIA participants to sustainable employment
- work with employers to match qualified candidates with available jobs
- simplify the income support system so it focuses on enabling people to become independent through employment while also meeting their basic needs
- improve co-ordination and supports for those who cannot work due to complex needs or multiple challenges

Social assistance has gone beyond its original mandate of being a program of last resort that provides a minimal level of income to participants.

Many on EIA have the potential for sustainable employment and financial independence, but short-term reliance on EIA can turn into long-term dependency and poverty without active planning and support. There is evidence that for those who are able, employment for low-income earners can improve health outcomes and provide a path to a higher standard of living. However, EIA's existing categorical system, definition of disability, and categorical-based work expectation policies present challenges to moving forward. The majority of cases currently on EIA are exempted from employment expectations based on categorical eligibility before their unique capabilities, needs and resources have been comprehensively assessed.

The Manitoba Ombudsman recommended that "instead of the current categorical eligibility system, the department consider adopting a system that focuses on a comprehensive assessment at intake, identifying all needs and barriers to full societal and labour market integration, and the provision of intensive case management for those participants who require it."

A significant shift from the status quo would be required for the system to focus on enabling individuals and families to become self-sufficient through employment. Ideally, the overall approach of income assistance should be based on the ability of individuals to find jobs. Individuals would be assessed based on their capacity and supports would be provided to enable them to meet employment opportunities and achieve self-sufficiency where possible, while moving benefits outside of the social assistance system to facilitate transitions to employment.

Efforts to date, such as the Rewarding Work initiative, targeted at those with work expectations, have been successful at transitioning many EIA participants into training and employment. As a consequence, a high proportion of the individuals

remaining on assistance in the single employable category have significant barriers to employment, such as addictions issues. One goal of the strategy is to replicate this success with other groups, such as single parents and persons with disabilities, while still working with employers and clients to create opportunities in the single employable category.

This vision is embedded in the new *Strategy for Sustainable Employment and a Stronger Labour Market* which aims to assist EIA participants to connect to labour market opportunities, while helping build their independence, reduce poverty and help to alleviate the labour market shortage in Manitoba.

Engaging Employers and Connecting EIA Participants to Sustainable Employment

A key initial action under the sustainable employment strategy is to develop new approaches to support parents with young children in preparing for and succeeding in the workplace. Parents with young children (under the age of six), have significant employment potential and have not previously been expected to get a job. A recent EIA regulation change requires these participants to engage in planning; however there are no financial penalties for those who choose not to participate. This change was made in recognition that the previous policy reinforced long-term exclusion from the workforce, creating additional difficulties in returning to work and realizing the associated benefits.

The new comprehensive, asset-based employment and training assessment tool is the foundation for joint planning which will begin with an exploration of interests and the identification and engagement of resources to address any identified barriers (childcare, addictions, stable housing, life skills etc.) to finding employment. The employment planning process undertaken will be uniquely tailored to the individual's specific needs. For example, some may be searching for child care while some will take part in programming aimed at achieving personal and family stability essential to the development and implementation of an employment plan, and others may be ready for employability and essential skills

training, vocational training or prepared for direct transition into the workplace.

To connect with these parents, a series of information sessions are being held across Manitoba. The sessions have been developed to share information about the opportunities available for EIA clients to move into training and employment as well as to provide participants with information about the process, supports and resources available to help them develop a plan toward independence.

The sessions are presented in an encouraging, positive and reassuring environment. They provide:

- clear information about how EIA and Employment Manitoba (EM) can help participants on their path toward finding a good paying job
- a peer success story, in which a former EIA participant shares their experience moving from EIA to independence
- discussion of benefits and resources available after leaving EIA
- information about in-demand jobs in Manitoba, provided by representatives from Manitoba Sector Councils and local employers

Participants are also invited to have informal discussions and ask questions of EIA and EM staff, Sector Council and employer representatives to discover options available for training aimed towards employment. Manitoba has hosted 27 sessions in eleven community areas and regions, with 352 people attending a session and 268 people or 76 per cent of attendees moving on to take the next step towards employment. The model being applied for single parents may serve as a template for future efforts focusing on supports for persons with disabilities.

Simplifying the Income Support System and Improving Co-ordination and Supports for Those Who Cannot Work

The strategy also prioritizes reforms to the EIA system towards a simplified and streamlined benefit structure that is more rational, equitable, and efficient to administer. This shift will lead to

lower EIA caseloads and expenditures. The savings that result from EIA participants moving into the workforce could be re-invested into income support which enhance portable benefits and better support transitions to financial independence. Some EIA participants with severe and prolonged disability will be unable to fully meet their financial needs through work or other income sources, and will require ongoing support from EIA. A medium term objective is to explore a new definition of disability, based on capacity rather than deficit, and provide improved supports for those unable to work due to severe, prolonged disability. To support those Manitobans with severe disabilities that prohibit them from working, the province has engaged with other provincial governments and the Government of Canada regarding the prospect of a Canada-wide basic income support program for working-age Canadians.

There are two ways to improve benefits for those receiving social assistance benefits – either through general rate increases or through targeted supports that encourage transition to work. Untargeted rate increases could risk further entrenching participants in a system in need of serious reform. The overall strategy of the Manitoba government, particularly since *Rewarding Work* was introduced, has been to strike a balance between improving benefits for EIA participants, and creating higher benefits outside of EIA that support low-income workers and prevent them from returning to EIA. Policies and programs must also ensure that people are always better off if they are working, meaning that any changes to the EIA program need to be aligned with changes in supports for the low-income working population more broadly to avoid reinforcement of the “welfare wall”. These necessary changes have their own cost implications. Policies outside the income assistance program, such as increasing the minimum wage, can also play a positive role in reinforcing the benefits of work.

Similar Efforts in Other Provinces

As part of the province’s 2008 poverty reduction strategy, the Commission for the Review of Social

Assistance in Ontario was established to identify ways to remove barriers and help move people into employment. The commission’s recommendations represent a fundamental shift from the status quo, noting that the current system too often sidelines people with disabilities and other social assistance recipients and condemns them to a life of poverty.

The commission recommended that Ontario Works (OW) and the Ontario Disability Support Program (ODSP) be integrated into one employment focused program where participants (particularly persons with a disability who the commission felt were being left behind) would be supported to participate in the workforce to the maximum of their abilities, and income security would be guaranteed for those unable to work. The single program would have a simplified rate structure based on one standard rate for all adults on assistance. Additional supplements would be provided to single parents, families with children, and persons with a disability. In the long term, these supplements would be available to those outside of income assistance.

The commission also recommended developing a simplified rate structure and methodology for establishing benefit levels. The methodology would balance three key objectives:

- adequacy of benefits
- fairness between people who are receiving social assistance and low-income people who are working but not receiving social assistance
- work incentives

They also recommend the province develop a Basic Measure of Adequacy (BMA), based on the cost of food, clothing and footwear, shelter, transportation and basic personal and household needs, and use it as a benchmark for adequacy of social assistance rates. The commission developed a proxy BMA heavily based on the Modified MBM released by the Social Planning Council of Winnipeg.

Other provinces have also taken similar steps to those undertaken through *Rewarding Work* and outlined in *Manitoba’s Strategy for Sustainable Employment*. British Columbia allows individuals who leave assistance for employment or other

income support programs keep their persons with disabilities (PWD) designation and may maintain their medical assistance. Saskatchewan's Assured Income for Disability (SAID) provides an income for persons with significant and long-term disabilities, separate from the Saskatchewan Assistance Program. BC has a housing allowance

for low-income working families with children and Saskatchewan has a program for families and a person with a disability. Both programs are similar to Manitoba's RentAid program. Several provinces also have income tested monthly child benefits administered through the income tax system and paid on a monthly basis.

Review of Manitoba's Employment and Income Assistance Data

Prior to 2008, sustained economic growth in Manitoba lead to gradual and sustained decreases in the EIA caseload. A monthly average 35,277 cases and 65,259 persons in 1999/2000 decreased to 30,943 cases and 56,769 persons in 2007/2008. Impacted by the global economic downturn, the monthly averages rose again to 35,523 cases and 62,028 persons in 2012/2013. EIA related expenditures (not including health services) rose \$66.3 million or 24 per cent from \$275.6 million in 1999/2000 to \$341.9 million in 2013/2014. The financial impacts for government of this upward trend and the human cost to social assistance

recipients of not pursuing opportunities to return to the workforce are significant.

The following tables represent a profile of the EIA caseload during the 2011 calendar year, the period the subsequent analysis is based on. The year 2011 was selected as this is the most recent version of the Market Basket Measure released by Statistics Canada. Consequently, the analysis in the rate review is based on 2011 total incomes of EIA participants.

Cases are included if they received any form of provincial benefit that was not related to health, with data coming from EIA administrative records.

Table 1 | Average Monthly Cases by Gender of Applicant and Case Category, 2011

Case Category	Female	Male	Total	Per cent Female	Per cent Male
Disability	9,472	10,463	19,935	47.5%	52.5%
General Assistance	2,973	3,407	6,380	46.6%	53.4%
Single Parent	7,533	431	7,964	94.6%	5.4%
Other	85	54	139	61.2%	38.8%
Total	20,063	14,355	34,418	58.3%	41.7%

Figure 1 | Average Monthly Number of Cases by Category, 2011

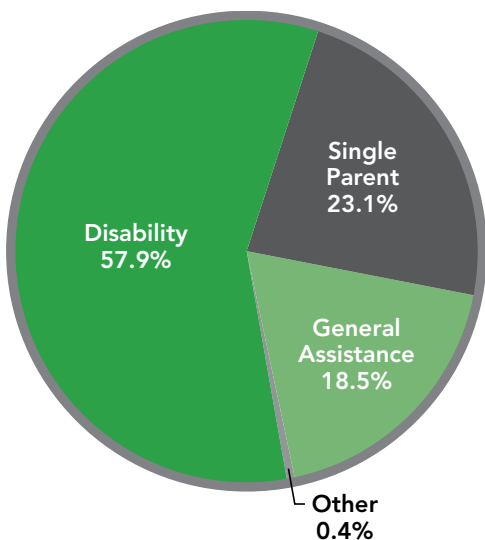


Figure 2 | Average Monthly Cases by Family Size, 2011

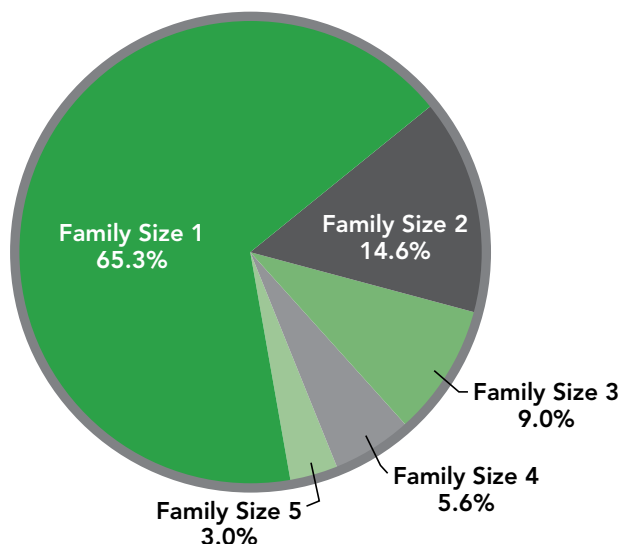


Table 2 | Current Length of Time on Assistance (Months) by Case Category, 2011

Length of Time	Disability	General Assistance	Single Parent	Other	Total
Under 12 Months	13.1%	59.8%	30.1%	27.1%	25.7%
12 to 23 Months	10.3%	13.7%	17.8%	14.2%	12.7%
24 to 59 Months	19.8%	14.8%	26.7%	26.1%	20.5%
60+ Months	56.8%	11.6%	25.4%	32.6%	41.0%

Table 3 | Age of Applicant (Years) by Case Category, 2011

Age	Disability	General Assistance	Single Parent	Other	Total
14 to 17	0.0%	0.1%	0.0%	9.8%	0.1%
18 to 24	11.9%	23.6%	27.9%	0.1%	17.7%
25 to 34	16.9%	22.2%	40.6%	0.0%	23.3%
35 to 49	33.8%	31.4%	27.9%	0.1%	31.9%
50 to 64	37.0%	22.7%	3.6%	0.1%	26.5%
65+	0.3%	0.1%	0.0%	71.9%	0.5%

*Other includes children, seniors and special cases.

*An additional 18.2% of applicants in the Other category are children ages 0 to 13.

*Totals may not add due to rounding.

Low-income Measures

In Canada, there is no universally accepted poverty line or measure. There are a number of different mechanisms that are available to gauge low income, though there are limitations to each of them (a more detailed description of the indicators are found in an appendix). The measures range from considerations of social inclusion, quality of life and equality, to basic material deprivation. Identifying a measure of low income deemed appropriate to evaluate social assistance rates is therefore not straightforward.

Measures such as the Low-income Measure (LIM), before and after tax Low-income Cut-Offs (LICOs) are useful for tracking some aspects of low income but are not appropriate for comparing social assistance rates. Neither reflects cost of living adequately, and both are “relative” measures that measure elements of social inclusion and inequality rather than straightforward material deprivation.

The MBM was designed by federal and provincial representatives as an alternative absolute measure that includes the cost of a specific basket of goods and services representing a modest, basic standard of living. As it reflects actual living costs in different regions and communities, the MBM is a more applicable benchmark for reviewing the adequacy of the incomes of social assistance participants; however, it has some shortcomings. The MBM includes basic necessities such as food, clothing, transportation, shelter, and other items that arguably go beyond basic necessities but enhance social inclusion such as recreation, gifts, internet access, etc. Many of the items in the other category are not normally covered by social assistance programs in Canada. A past revision to the MBM changed the calculation of shelter costs to include data of homeowners without mortgages. This change greatly reduced the MBM shelter threshold in most cases and it is not indicative of the

shelter costs social assistance participants face in the private rental market. The MBM was rebased for 2011 and the methodology used to calculate shelter thresholds changed again, essentially returning to the original methodology with thresholds representing the median costs of all two and three bedroom units in each MBM region, weighted to account for the actual distribution.

The Acceptable Living Level (A.L.L.) developed by the Social Planning Council of Winnipeg (SPCW) and Winnipeg Harvest is an alternative measure that is meant to establish a level of disposable income needed to purchase a basket of goods and services that can sustain a modest living level. The A.L.L. and MBM both represent a basket of goods and services. Generally speaking the A.L.L. contains more items meant to enhance social inclusion. The A.L.L. amounts had to be modified in order to make comparisons to EIA households possible (see appendix).

While the MBM and A.L.L. are useful in the discussion of poverty and social exclusion, as they help to provide a more complete picture, they too have their limitations for comparing social assistance rates as they include items that are beyond basic necessities and basic social inclusion.

In the summer of 2011, the Social Planning Council of Winnipeg released a report titled; *Improving the Adequacy of Social Assistance Budgets: A Rationale for Making Current Rates More Adequate and a Methodology for Pricing Budgets*. The report presents a methodology for establishing social assistance basic needs budgets for those in receipt of assistance for short periods of up to one year as a *Modified Market Basket Measure* approach. For EIA, the budgets consist only of items specifically identified as basic needs by the program; food, shelter, clothing and personal and household needs. Transportation and most of the items included in the

MBM's Other category were not included as they are not considered as basic needs under EIA.

The Modified MBM budgets are enough to cover core daily basic needs as set out in legislation and regulation, but are not sufficient to cover the additional costs of things like recreation, a telephone, education, replacement of furniture and appliances, etc. The report argues that while this is sufficient for those on assistance for a short period of time, those on assistance over an extended period of time should have higher budgets. These expanded budgets are approximately one third higher than the standard budgets for Manitoba and is set out as an Expanded Modified MBM. They do not include assistance for transportation costs.

The shelter thresholds of the Modified MBM are calculated differently than both the current and former methodologies of the MBM. The Modified MBM calculates shelter using the weighted average of the cost of rent and utilities at the 25th percentile. This represents the lower end of the private market, for EIA families, as they were deemed to be sufficiently modest for a program of last resort. EIA administrative data indicates that EIA participants are paying rental amounts closer to the Modified MBM shelter thresholds than to average rents, Median Market Rents (MMR) or MBM shelter thresholds.

It is important to note that less than half of households (15,574 of 32,698 in 2011) lived in private market rental accommodations, and the majority (13,188) of non-rent paying tenants are in provincially supported living accommodations. By 2017, the province will have supported the creation of 2000 new social housing units since 2008, increasing the number of units available to EIA recipients and directly providing stable housing to those receiving social assistance.

Table 4 | Average Monthly Number of Cases by Shelter Type, 2011

Shelter Type	Cases
Clients in Private Rental	15,574
Clients with No Rent Expense	
• Rent subsidized (rent equal to EIA shelter allowance)	7,455
• Other government funded accommodations (Community living, personal care homes, etc.)	3,061
• Other clients with no rent expense	2,672
Total Clients with No Rent Expense	13,188
Other	
• Board and Room	3,073
• Home Owner	759
• Trailer	40
• Unknown	65
Total Other	3,937
Total – All Clients*	32,699

*Includes cases that received provincial assistance for the whole month.

Table 5 | Elements of the Modified MBM

Proposed Basic Needs Budget Item	Source
Food	MBM. The food basket is the National Nutritious Food Basket developed by Health Canada.
Clothing	MBM. The MBM amount is based on a modified version of the clothing and footwear basket developed by the SPCW for the Acceptable Living Level (A.L.L.) basket.
Personal and Household Needs	Modified MBM. MBM Other component was confined to just basic personal and household needs.
Transportation	None. EIA does not identify transportation as being part of basic needs. EIA will pay transportation costs as a special need or health need.
Shelter	2006 Census. The 25th percentile threshold for the cost of rent plus utilities.

Total Incomes of EIA Participants compared to Updated Low-income Thresholds

The following table shows the low-income measures compared against the total annual incomes, based on applicable provincial and federal benefit guidelines at the time, of the family examples tracked by the National Council of Welfare (NCW) in their Welfare Incomes series. Provincial benefits include standard amounts for basic needs and shelter as well as RentAid if applicable. Federal benefits include standard amounts for the Canada Child Tax Benefit and National Child Benefit Supplement, the Goods and Services Tax (GST) Credit, and the Universal Child Care Benefit if applicable.

Table 6 | Total Benefit Incomes of EIA Participants and Low-income Thresholds, Winnipeg, 2011

Household Type	Total Income	Modified MBM	Expanded Modified MBM	MBM	Low-Income Cut-off (LICO After Tax)	Low Income Measure (LIM)	Modified A.L.L.
Single Employable	\$6,922	\$10,114	\$13,317	\$16,807	\$19,307	\$19,930	\$20,356
Single Person with a Disability	\$9,528	\$10,114	\$13,317	\$16,807	\$19,307	\$19,930	\$20,356
Single Parent, One Child, age 2	\$14,931	\$14,303	\$18,834	\$23,769	\$23,498	\$28,185	\$28,788
Couple, Two Children, ages 10 & 15	\$21,622	\$20,227	\$26,635	\$33,614	\$36,504	\$39,860	\$40,712

*The various official low-income thresholds are their official 2011 amounts, the most recent year data is available, as published by Statistics Canada. The Modified MBM amounts were updated according to changes in Manitoba's Consumer Price Index since 2008. The A.L.L. amounts were priced in 2011 so were not updated for cost of living changes, they were however modified for the purposes of comparison (see appendix).

The following table demonstrates the total incomes of the four household types as a percentage of the low-income thresholds based on the guideline rates of provincial and federal benefits. As can be seen, all family types with the exception of Single Employable individuals, either come close to or exceed the Modified MBM threshold, the measure most closely aligned with core daily basic needs as set out in the EIA legislation and regulation. The single parent with one child and the couple with two children have incomes that exceed the threshold, due to the additional benefit income available to families with children. A single person with a disability has an income that compares favourably to the standard Modified MBM (94.2 per cent). The total incomes of EIA participants fall below the other established thresholds that include items beyond the EIA program's definition of core daily basic needs.

Table 7 | Total Benefit Incomes of EIA Participants as a Percentage of Low-income Thresholds, Winnipeg 2011

Household Type	Modified MBM	Expanded Modified MBM	MBM	LICO (After Tax)	LIM	Modified A.L.L.
Single Employable	68.4%	52.0%	41.2%	35.9%	34.7%	34.0%
Single Person with a Disability	94.2%	71.5%	56.7%	49.3%	47.8%	46.8%
Single Parent, One Child, age 2	104.4%	79.3%	62.8%	63.5%	53.0%	51.9%
Couple, Two Children, ages 10 & 15	106.8%	81.2%	64.3%	59.2%	54.2%	53.1%

Actual EIA Caseload Data vs. Updated Low-income Thresholds

The previous section based on the NCW reports looked at annual total incomes based on standard provincial and federal benefit guideline amounts for a few specific family examples. The following section looks at **actual** EIA income data for all months of 2011 for all persons tracked on EIA. All cases that received EIA benefits not related to health (with the exception of health diets) during any month of 2011 were considered as part of the analysis. The total incomes of participants were compared to the Modified MBM and the official MBM. Included in the calculation of total incomes was the following, based on administrative data:

- assistance paid to cases after all other non-exempt sources of income are considered, including utilities, if applicable
- unearned income
- net income from employment and self employment earnings (after payroll deductions).
- RentAid, and the Portable Housing Benefit
- federal benefits (Canada Child Tax Benefit, National Child Benefit Supplement, Universal Child Care Benefit, Goods and Services Tax Credit), estimated given household composition

Benefits accounted as provided by the EIA program represent the total monetary value of benefits that a household received from EIA. EIA participants may also have received other sources of income that are not recorded by EIA (ex: land settlement claims, gifts from family, supplementary federal benefits to families with disabled children, etc.).

Caution must be taken when generalizing as results are based on averages and individual cases can differ greatly from the average. For example, the overall average total income amounts include earned income but not all cases report earned income.

It was found that on average, total incomes exceeded the Modified MBM but fell short of the MBM. The table below demonstrates the gap between total incomes of EIA participants and the low-income thresholds during 2011 for cases that received assistance for the whole month.

Table 8 | Average Monthly Incomes of EIA Participants and Low-income Measures, 2011

Family Size	Provincial Income	Federal Income	Earned and Unearned Income	Total Income	Modified MBM	MBM
1	\$656	\$23	\$83	\$763	\$843	\$1,393
2	\$833	\$327	\$112	\$1,272	\$1,192	\$1,973
3	\$997	\$667	\$122	\$1,786	\$1,460	\$2,417
4	\$1,183	\$948	\$157	\$2,288	\$1,686	\$2,791
5	\$1,375	\$1,227	\$166	\$2,768	\$1,885	\$3,125

Table 9 | Average Monthly Incomes of EIA Participants as a Percentage of the Low-income Measures, 2011

Family Size	Modified MBM	MBM
1	90.5%	54.7%
2	106.7%	64.5%
3	122.3%	73.9%
4	135.7%	82.0%
5	146.9%	88.6%

The largest gap between total incomes and the low-income thresholds was for cases with one recipient. The average gap between total incomes of these cases and the standard Modified MBM was \$80 per month. This group also made up the majority of the caseload (65.3 per cent). On average, two recipient cases, the second largest group on EIA (14.6 per cent) had total incomes that exceeded the Modified MBM by \$80. Larger cases had total incomes exceeding the Modified MBM, largely due to federal child benefits. However, these families made up a smaller proportion of the caseload.

The following tables demonstrate the differences between the total incomes of EIA participants and the Modified MBM and the official MBM by family size and case category.

Table 10 | Total Incomes as a Percentage of the Modified MBM by Case Category, 2011

Family Size	General Assistance	Disability	Single Parent
1	63.3%	96.2%	NA
2	77.2%	116.8%	103.5%
3	100.2%	131.7%	122.2%
4	122.1%	143.2%	136.8%
5	136.0%	154.6%	149.0%

Table 11 | Total Incomes as a Percentage of the MBM by Case Category, 2011

Family Size	General Assistance	Disability	Single Parent
1	38.3%	58.2%	NA
2	46.7%	70.7%	62.5%
3	60.5%	79.6%	73.8%
4	73.5%	86.7%	82.6%
5	81.9%	93.5%	89.8%

Total incomes of EIA participants varied by region in 2011 for reasons such as higher basic benefits (Northern Allowance, Northern Energy Cost Benefit) and higher utility payments in the north, as well as differences in earned income and work related benefits. The Modified MBM is the same for all regions of Manitoba, however, the MBM varies depending on region.

Tables 12 and 13 | Total Incomes as a Percentage of the Modified MBM by Region and Case Category

Family Size	Winnipeg			Rural			North		
	GA	DIS	SP	GA	DIS	SP	GA	DIS	SP
1	64.3%	97.8%	NA	63.7%	89.3%	NA	61.9%	99.5%	NA
2	76.5%	117.1%	102.5%	77.8%	114.8%	104.0%	79.6%	120.8%	112.1%
3	99.1%	131.8%	120.9%	99.9%	129.7%	122.7%	108.2%	139.8%	131.9%
4	119.8%	143.8%	135.2%	121.2%	139.9%	138.3%	130.6%	143.5%	147.5%
5	133.3%	155.3%	147.9%	137.2%	149.6%	147.1%	145.9%	176.1%	159.3%

Family Size	Brandon			Thompson		
	GA	DIS	SP	GA	DIS	SP
1	64.8%	96.3%	NA	53.8%	108.1%	NA
2	78.3%	117.2%	105.7%	75.3%	126.8%	106.1%
3	98.0%	132.6%	123.3%	108.0%	137.1%	128.5%
4	116.8%	142.7%	134.3%	134.4%	155.7%	149.2%
5	133.9%	153.5%	145.5%	148.2%	167.5%	160.1%

Inter-jurisdictional Comparison

The following table is an inter-jurisdictional comparison of the total incomes of the four example family types vs. the Modified MBM for 2008. The percentages are calculated with figures taken from *Improving the Adequacy of Social Assistance Budgets: A Rationale for Making Current Rates More Adequate and a Methodology for Pricing Budgets*. The data provides perspective on rates for comparative purposes across jurisdictions although the situation is likely to have changed somewhat since 2008 when this data was available across the country.

Table 14 | Total Incomes as a Percentage of the Modified MBM (2008)

Province	Single Employable	Single Person with a Disability	Single Parent	Couple with Two Children
Newfoundland & Labrador	95.8%	111.3%	136.8%	111.4%
Nova Scotia	59.8%	86.8%	100.0%	98.3%
Prince Edward Island	66.1%	86.8%	112.6%	115.2%
New Brunswick	33.4%	77.0%	102.0%	87.8%
Quebec	74.7%	111.2%	127.8%	115.7%
Ontario	68.2%	117.4%	115.1%	98.4%
Manitoba	67.3%	97.8%	109.6%	111.7%
Saskatchewan	75.4%	97.3%	108.1%	105.1%
Alberta- IS	42.9%	69.3%	79.0%	81.8%
Alberta- AISH	NA	105.7%	NA	NA
British Columbia	69.1%	101.2%	106.0%	93.5%

For total incomes as a percentage of the Modified MBM, Manitoba ranked third-highest for a couple with two children and fifth-highest for single parents, and sixth-highest for single adults (disabled and non-disabled).

Conclusions and Moving Forward

As can be seen from the above analysis, there are a variety of approaches to examining the extent to which current total incomes of EIA participants are meeting the requirements of individuals and families. Families with children receiving social assistance generally exceed the Modified MBM threshold, while single individuals fall below this level.

Using administrative data on total income from EIA case files, as opposed to eligible benefit rates, the reported total incomes of EIA participants in 2011 on average, households had total incomes that exceeded the threshold by \$78, with all family types exceeding the threshold with the exception of single individual cases, whose total incomes on average only reached 90.5% of the Modified MBM. To ensure that all households reached the threshold in 2011 would have cost roughly \$49 million if Manitoba continued to pay current benefits to families with total incomes over the threshold.

In most cases the total incomes of EIA participants are short of the other established thresholds that include items beyond the scope of the EIA program's definition of core daily basic needs. An enhanced benefit structure based on the Modified MBM with higher budgets for long term participants, on average households had total incomes \$172 below the expanded Modified MBM. This difference is due to the high number of cases that were on assistance for 12 months or more in 2011. To ensure all households reached the threshold without lowering the standard for those who exceeded it in 2011 would have cost approximately \$106 million beyond government's current investment in social assistance when considering all other sources of income.

While the above analysis suggests that many EIA participants have sufficient income to meet EIA's legislated definition of core daily basic needs, the findings also indicate that EIA participants have income below established low-income thresholds such as the MBM that include a broader baskets

of goods, many of which could be considered important for social inclusion, such as transportation, a telephone and internet access. The Manitoba government acknowledged as recently as the 2013 Speech from the Throne that reducing poverty is a priority and that it will be taking steps to increase the incomes of EIA recipients. Below are recommendations based on the above analysis as to where incremental resources could be targeted.

Recommendation 1 |

Target increases to portable benefits

Without a strong emphasis on employment-related supports for EIA participants and movement away from EIA's categorical eligibility system with respect to work expectations, untargeted rate increases could risk further entrenching participants in a system in need of reform. It is recommended that if the government is to increase financial transfers to EIA recipients that these increases take the form of higher benefits outside of EIA that support low-income Manitobans more broadly and avoid reinforcement of the "welfare wall". Additionally, programs that provide benefits to both EIA and non-EIA recipients such as the RentAid program should aim to towards equalizing benefit structures regardless of EIA status to enhance portability. Portability of benefits could also be further enhanced by delivering basic shelter benefits outside of the EIA system. For example, creating a new shelter benefit targeted at low-income Manitobans, including EIA recipients, provides a benefit at least equal to current shelter plus RentAid rates.

Recommendation 2 |

Systematically target any income enhancements for EIA recipients

All measures clearly indicate that single individual EIA participants, and to a lesser extent persons with a disability, are further below low-income thresholds than families with children. Recently resources that have been available for increasing government transfers to EIA recipients have been

targeted towards these case categories. While future increases should continue to take distance from the poverty line into account, evidence also shows that living in low income impacts children's development and ability to learn, with longer term consequences that follow them into adulthood. Additionally, rate structures impact incentives for those able to seek and participate in employment and training support. Systematically targeting any income enhancements for EIA recipients based on these factors should be considered when incremental resources are allocated for higher benefits, prior to considering equal benefit increases for all recipients.

Recommendation 3 |
Continue reforms to the EIA system as outlined in the Strategy for Sustainable Employment

Reforms to the EIA system should support participants in pursuing sustainable employment opportunities and the associated social and economic benefits. The province should transition from the current categorical exclusion of employment supports and expectations to one based on an assessment of individual abilities and needs. As all parts of the EIA program and low-income supplement programs are interrelated, changes to

benefits and the benefit structure will require careful consideration and recalibration of appropriate work incentives and exit points. In addition to this, the appropriate supports for both EIA participants and employers will need to be in place to help EIA participants reach their full potential for independence. The targeted, supportive approach currently being implemented with single parents should be expanded to other groups as the strategy is implemented over time.

Recommendation 4 |
Prioritize the establishment of separate pension-like program for persons with severe, prolonged disability

While many EIA participants with appropriate supports can be successful in the labour market, there are some with severe, prolonged disabilities that will require ongoing permanent assistance. To support those Manitobans with severe disabilities that prohibit them from working, the province should continue discussions with other provincial governments and the Government of Canada aimed at creating a Canada-wide basic income support program for working-age Canadians with severe, prolonged disability.

Appendix: Low-income Thresholds

Market Basket Measure (MBM)

The MBM estimates the cost of a specific basket of goods and services including a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as personal care items or household supplies) in 49 communities across Canada. The cost of the basket represents the MBM threshold in each area. Families with disposable family income below the MBM threshold for their community are considered to be in low income.

MBM disposable income is defined as the sum remaining after deducting the following from total family income: total income taxes paid; the personal portion of payroll taxes; other mandatory payroll deductions such as contributions to employer-sponsored pension plans, supplementary health plans, and union dues; child support and alimony payments; out-of-pocket spending on child care; and non-insured but medically prescribed health-related expenses such as dental and vision care, prescription drugs, and aids for persons with disabilities.

In June 2013, Statistics Canada revised the way that the MBM is calculated. This resulted in increases to the MBM thresholds, resulting in increases to the low-income rates. This is due in part to a changed methodology for the calculation of MBM shelter costs. Before 2008, the MBM included only renters, not homeowners. In 2008, homeowners were included. With the most recent report, Statistics Canada has reverted to their original methodology, stating that this has been done so that the MBM shelter thresholds for renters would again be sufficient to ensure a decent quality of housing even in areas where there is a limited supply of available low-cost rental housing, in line with the original MBM methodology.

Low-income Cut-Offs (LICOs)

The LICOs are income thresholds below which a family will likely devote a larger share of its total income on the necessities of food, shelter and clothing than the average family. The approach is essentially to estimate an income threshold at which families are expected to spend 20 percentage points more than the average family on food, shelter and clothing. If a family's total income is below the LICO threshold, the family is considered to be in low income.

Statistics Canada produces both before-tax and after-tax LICOs but prefer the use of the after-tax measure due to two main reasons. First, the before-tax LICOs only partly reflect the redistributive impact of Canada's tax/transfer system because they include the effect of transfers but not the effect of income taxes. Second, since the purchase of necessities is made with after-tax dollars, it seems reasonable to use people's after-tax income to draw conclusions about their overall economic well-being.

Low-income Measure (LIM)

The LIM thresholds are defined as one-half the median family income, adjusted for family size. According to this measure, a family is considered to be in low income if its income is below 50 per cent of the median adjusted family income. The "median" is the amount of income where half the population has a lower amount and half the population has a higher amount. Statistics Canada produces a market income LIM, a before-tax LIM and an after-tax LIM.

Acceptable Living Level (A.L.L.)

The A.L.L. developed by the Social Planning Council of Winnipeg and Winnipeg Harvest is an alternative measure which is meant to establish a level of disposable income needed to purchase a basket of goods and services that can sustain a fair, modest and acceptable living level.

The A.L.L. thresholds were calculated based on actual expenditures and input from community researchers. They were developed for specific household compositions and there is no equivalence scale to establish amounts that consider economics of scale based on household size alone. To overcome this difficulty, the A.L.L. amount for a family of four was used as the reference family and thresholds for all other family sizes were made using the same equivalence scale used by the LIM, MBM and many international measures. The square root equivalence scale allows the calculation of thresholds for other family sizes by dividing the reference family of four threshold

by two (the square root of four) and multiplying the result by the square root of the desired family size. While this method may not be perfect it allows for reasonable comparison.

In addition, the A.L.L. family of four has an allocation specifically for child care. It would be very unlikely that EIA families would have out of pocket expenses for child care comparable to the amount included in the A.L.L. (ex: a family with a provincial subsidy would have a \$1/day/child surcharge) so child care was removed from the threshold. The resulting threshold for the reference family of four was therefore reduced to \$40,712 from \$52,548.

