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Appendix A: An Overview of Canadian Welfare Reform

What follows is a summary of changes in welfare policy that occurred in each province since 1986. Policy changes and implementation dates were determined according to provincial acts and regulations. The documents containing legislation and changes in regulatory policy are not always straightforward to interpret. Sometimes, for example, enforcement in practice is inconsistent with written policy. Thus, supplemental information about enforcement was sometimes derived from non-governmental sources that are documented below. Unless otherwise noted, all dollar amounts are in nominal terms.

*Alberta*

Welfare reform in Alberta began in 1991 with the Supports for Independence (SFI) program, which put a greater emphasis on employment and self-sufficiency (NCW, 1992). Under SFI, welfare recipients in Alberta were expected to look for jobs or train to develop new job skills. Failure to participate in these work-related activities could result in a loss or cancellation of benefits, although these sanctions had little practical effect: employable welfare recipients were given two months of benefits without an eligibility review; if employable welfare recipients were found ineligible, they were given a month's notice before benefits would be cut off; and interim assistance payments were available for recipients who appealed a sanction or their loss of eligibility (Jeffs, 1993).

More significant reforms occurred in 1993. That year, the new Klein government directed the Ministry of Family and Social Services to perform extensive reviews of current and new welfare cases to ensure that welfare was indeed a program of absolute last resort (NCW, 1997b). Ultimately, more than 10,000 welfare cases were closed, which the Albertan

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government claims saved more than \$6 million. The province also pursued existing anti-fraud measures more aggressively.

The central part of Alberta's reform strategy was the introduction of a waiting period on benefits (NCW, 1997b). This cooling off period was thought to encourage applicants to look to other sources for temporary cash assistance, thereby reducing the incentive to apply for welfare. Single, employable applicants were routinely denied assistance (Boessenkool, 1997). Some were directed to attend an orientation program. Case workers directed unsuccessful applicants to other means of assistance, such as living with parents and exhausting other assets. They also had the discretion to offer applicants one-time loans or payments, such as paying the price of a ticket to reach a neighboring province, to avoid full-fledged enrollment in the welfare program (Yaffe, 1994).

In 1993, Alberta also tightened work requirements to allow for fewer exceptions or ways around them. Exemptions to work requirements under SFI were curtailed, offering the possibility of welfare without work only to single parents with children younger than six months. Stricter sanctions were imposed, with recipients potentially facing 100 percent termination of benefits for non-compliance with work requirements (AB, 2009). Imposition of these strict sanctions was left to the discretion of welfare case workers. According to the National Council of Welfare (1997b), Alberta's case workers showed an inclination to impose sanctions, particularly on those who refused work opportunities or quit employment without offering a compelling reason. These new reform strategies now continue in force under a new program entitled Alberta Works.

Since 1986, Alberta has consistently provided work incentives to welfare participants in the form of earnings exemptions. With our most up to date figures, Alberta currently exempts

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the first \$230 in monthly earnings from any deductions. Earnings beyond that amount are taxed at 75 percent, in the form of lower welfare benefits (NCW, 2006).

### *British Columbia*

In 1996, British Columbia instituted work requirements with the passage of BC Benefits Act (NCW, 1997b). BC Benefits stipulated that welfare participants should find employment or face a possible reduction of their welfare benefits. Single mothers with a child under the age of seven were exempt from work requirements. Individuals who refused to take a job, or quit an existing job, were denied welfare benefits. Eligibility requirements were tightened, too. Tighter eligibility requirements included a short-lived attempt to exclude new British Columbia residents from assistance. Some welfare offices turned to consultants specializing in re-examining individuals in their caseload for eligibility, with an eye on reducing cases of fraud and excluding some recipients from benefits to reduce welfare rolls (e.g., those whose cases appeared marginal in the sense of barely meeting eligibility requirements, or those who case workers believed had other means of support). Applicants were expected to have pursued all other financial resources before enrolling in welfare (BC, 1999). Enforcement of these provisions, however, proved to be imperfect, particularly the documentation and verification of new and existing welfare participants' financial need, as British Columbia was struck by a wave of embarrassing welfare fraud cases (Middleton, 2000; "Tired," 2000).

Under the new Campbell administration in 2002, British Columbia became the first province in Canada's history to impose time limits on welfare recipients (BC, 2002). Under the Employment and Assistance Act, which replaced BC Benefits, a hybrid form of time limits was enacted where welfare participants are allowed to receive benefits for a maximum of two years

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out of every five-year period. This strong measure aimed at reducing welfare participation has been met with strong political opposition and led to legal battles that included a constitutional challenge. In response, British Columbia expanded the number of classes of welfare participants exempted from the policy to twenty-five, though single adults with no children (and some single parents) are still bound by time limits.<sup>1</sup>

Almost a decade after Alberta instituted its waiting period for welfare applicants in 1993, British Columbia implemented its waiting period on benefits in 2002. Under the Employment and Assistance Act, prospective applicants for welfare, after an initial visit to the welfare office, are required to first engage in three weeks of job search (BC, 2002). If the applicant is still not able to find employment during these three weeks, then the recipient may return to the welfare office, with documentation of his or her job search activities a precondition for finishing the application process. During this waiting period applicants must attend an orientation session notifying applicants of other forms of assistance (e.g., jobs and other government supports). Another element of British Columbia's diversion strategy is the requirement that applicants must have worked at least two years consecutively to qualify for assistance (BC, 2002). There are some classes of welfare participants who are exempt from this requirement.

British Columbia has made its work requirements stiffer, with sanctions that in some cases lead to termination of benefits if job search or job training is not adequately documented. Exemptions for single parents were also reduced, so that parents of children less than three years old are now the only ones exempt from work requirements. Non-compliance results in automatic

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<sup>1</sup> Though the exemptions have weakened the effect of this policy, we nevertheless contend the time limits in British Columbia remain comparable to welfare time limits in the US. Under PRWORA, states are allowed to exempt 20 percent of their caseload from the federally mandated five-year time limit. In addition, states are free to use state funds to provide benefits to those individuals who have exceeded their allotted time on welfare. These participants are enrolled into what are called Separate State Programs (SSP). For example, the states of California and New York routinely extend benefits beyond the federal five-year time limit.

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sanctions. A member of a family with dependent children who fails to meet work requirements suffers a \$100 sanction for two months. Welfare recipients with no children lose their welfare eligibility entirely for failure to comply with work requirements (BC, 2002). British Columbia's relatively aggressive approach to welfare reform can also be seen in its restrictions on both who is eligible, but also on the benefits levels received by those who are eligible.<sup>2</sup>

In 2003, British Columbia eliminated all tax incentives for welfare participants to find work (NCW, 2004). Earnings of welfare participants are now taxed dollar-for-dollar. Overall, British Columbia has had a checkered history in offering effective tax incentives to find employment and become self-sufficient.

### *Manitoba*

Since 1996, Manitoba requires welfare participants to engage in work activity, exempting only those who have dependents under the age of six (NCW, 1997b). The Employment and Income Assistance program requires employable welfare participants to complete a Personal Job Plan that assesses their readiness for work. Following this assessment, welfare recipients are required to submit an Action Plan, which specifies the steps that will be taken to find a job, or training programs to be completed. Each month, welfare recipients must document to welfare case workers progress made on their Action Plans. Failure to do so may result in a \$50 sanction, which can rise to \$100 per missed progress report if six months of non-compliance occur (NCW, 1997b; MBFSCA, 2010).

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<sup>2</sup> In contrast, reduction of benefit levels has not been a focus of US welfare reform initiatives. Under PRWORA (Personal Responsibility and Work Opportunity Reconciliation Act) states must retain spending on welfare at 80 percent or more of certain historic levels in order to qualify for federal funding (Harles and Davies, 2005).

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An annual review must also be submitted, which is a form that administrators use to determine whether the recipient's benefits or eligibility need to be adjusted. Refusing to submit an annual review can result in sanctions. According to Manitoba's Ministry of Family Services and Consumer Affairs (MBFSCA, 2010, Section 6.7.2):

Where a participant knowingly refuses to complete and return an annual review form, the director and designate have the discretion to maintain, suspend or cancel assistance. Cancellation should be instituted only after all other avenues to ensure compliance have been exhausted.

In contrast to these work requirement measures, Manitoba reduces the incentive of welfare participants to find work by offering relatively weak earnings exemptions. Between 1986 and 1998, earnings beyond a modest threshold were taxed at 100 percent. In 1999, the province reversed course and now taxes these higher earnings at a more palatable 75 percent (NCW, 2000). While applicants are required to attend an informational orientation session prior to welfare uptake, we found no documentary evidence suggesting Manitoba undertook any significant diversion policies or time limits (MBFSCA, 2010).

### *New Brunswick*

In 1992, Canada's federal government launched a pilot program called the Self-Sufficiency Project. Over a three-year period, two jurisdictions—New Brunswick and British Columbia—would offer welfare participants large financial incentives to encourage employment (NCW, 1997b).

In 1997, New Brunswick also established New Brunswick Works, which was a voluntary program to provide training and work experience for welfare recipients who chose to participate.

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New Brunswick Works ended in 1998, but the province put in place the Work Ability and Workforce Expansion program to continue its strong emphasis on voluntary welfare-to-work incentives. The province went as far as to undertake partnerships with private employers as a means of providing job opportunities for welfare recipients. Additional programs aimed at delivering training and job skills were implemented as well (NB, 2010).

In 1995, under the province's new Family Income Security Act, welfare recipients were required to engage in work-related activity (job search, training, or work). The law stipulated loss or delay of welfare payments as sanction for noncompliance (NB, 1995, 13 (1)):

The Minister may cancel assistance being given to a recipient if... the Minister has reasonable and probable grounds to believe that the recipient has refused or failed to comply with [work requirements].

Perhaps due to the discretionary nature of the policy, however, it appears the imposition of sanctions was inconsistent if not infrequent.<sup>3</sup> For instance, some welfare applicants may enter the welfare system for emergency needs, receiving interim assistance while their eligibility status is determined, without any explicit work requirement. Youth (welfare participants under 21) would not have their benefits eliminated for non-compliance: those who refused to participate in work activity had their benefits reduced from \$260 to \$50 a month, for those who are single and childless, and from \$700 to \$300 a month, for those who are single parents (NCW, 1997b). Currently, there are no sanctions for non-compliance to work requirements in the province's updated policy manual (NB, 2008).

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<sup>3</sup> In their survey of welfare reform in Canada, the National Council of Welfare does not characterize the stipulations of the Family Income Security Act as imposing any form of work requirement with sanctions. Instead, welfare participants interested in pursuing employment were given additional supports, such as health benefits, wage exemptions, and social services (1997b).

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Instead of work requirements, New Brunswick appears to favor programs that encourage voluntary employment activities. Recipients who are regarded as ready to work are asked to enlist in Work Services, which provides added welfare benefits on top of the amounts normally paid to welfare recipients (as a reward for reading oneself for work) in addition to skills and training focused on job readiness and how to hang onto a job one already has (NB, 2008). Welfare participants can use the services provided by this program for an initial six months while looking for a job and for another six months while on the job.

On another policy front, welfare participants in New Brunswick were given improved tax incentives to find employment. In 1996, the province modified regulations under the Family Income Security Act, allowing working welfare participants to retain 30 percent of their monthly earnings above \$200 (NCW, 1997a). Prior to this policy change, the job earnings of welfare participants in New Brunswick were taxed at 100 percent above this exemption threshold. Like the other Maritime Provinces, New Brunswick did not implement any innovative diversion strategies, or time limits.

### *Newfoundland*

In 1993, the province of Newfoundland enacted anti-fraud measures, hiring investigators to examine welfare recipients suspected of fraudulently claiming need (NCW, 1997b). After only six months, the province claimed that this anti-fraud initiative had saved taxpayers several million dollars. In subsequent years, the province expanded anti-fraud investigations.

Beginning in 1994 and continuing for the rest of the decade, Newfoundland provided welfare participants who were interested in finding work with a variety of resources, including counseling, help to upgrade education, and subsidies. These work incentives were achieved

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through a variety of narrowly targeted and voluntary programs, such as the Student Work and Services Program in 1994, Supports to Employment Program in 1996, and NewfoundJOBS for young adults in 1999 (HRSDC, 1996; Gorlick and Brethour, 1998; NFHRE, 2001).

The province consciously shunned more aggressive welfare reforms that were pursued in other provinces, such as in Alberta and British Columbia. Neither diversion tactics nor any form of work requirements were implemented in Newfoundland. Moreover, no time limits were ever put in place, leaving welfare recipients the option of continuing on welfare indefinitely (NFHRE, 2002).

Lastly, Newfoundland has continually offered relatively poor tax incentives to find employment. Between 1994 and 2001, but 1-4 percent of welfare participants had claimed earnings exemptions (H. Therien, personal communication, April 2, 2009). Currently, the province provides a \$150 base exemption per month, but taxes earnings in excess of this threshold at 100 percent (NCW, 2006).

### *Nova Scotia*

In 1995, Nova Scotia began requiring welfare participants to enroll in the Employment Support Services (ESS) program, which assesses the skills of participants, provides job training and placement services, and determines likely employment expectations (Gorlick and Brethour, 1998). In practice, however, participants faced no sanctions for non-compliance.

In 2001, the conservative Hamm government began to enforce work requirements with the passage of the Employment Support and Income Assistance Act (Saulnier, 2009). To receive benefits, welfare participants, including those with children over the age of 12 months, must enter into an employment action plan which requires recipients to engage in job search,

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schooling, or training programs (NS, 2008). Failure to do so results in sanctions. Benefits may be eliminated for up to six weeks as a sanction for non-compliance the previous month. No sanction is applied, however, if the recipient gives his or her caseworker a reasonable explanation. After three instances of non-compliance, a recipient may eventually lose all eligibility.

Concurrent with these new work requirements, Nova Scotia diverts welfare applicants to other forms of support. Prior to gaining eligibility to welfare, applicants are expected to pursue unemployment insurance benefits, child tax credits, and old age benefits, which may be available to them (NS, 2008). In addition, if the applicant is deemed ready to work, they must show some evidence that a job search has been undertaken over the past 30 days.

Though Nova Scotia has put in place one of the strongest work requirement policies in the country, they did not undertake other types of reform, such as experimenting with time limits or more aggressive forms of diversion, and earnings exemptions remain weak. All earnings of a working welfare participant are subject to a 70 percent tax (NCW, 2006).

### *Ontario*

Between 1985 and 1994, Ontario made it easier to enter welfare by loosening eligibility requirements, such as allowing individuals to qualify for welfare as a single person even though they were cohabitating (Holden, 1987; Gabel *et al.*, 2004). Ontario's relatively generous welfare policies during this time included benefits levels that increased, sometimes surpassing what a fulltime worker earning minimum wage would earn. Interim assistance was also widely accessible to participants, including those who were in the middle of appealing an adverse ruling that would have cut off benefits. Nevertheless, Ontario did enact during this period at least one

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notable reform to encourage work with substantive financial incentives, the Supports to Employment Program (STEP) which began in 1989. Currently, Ontario offers a \$346 monthly earnings exemption (one of the highest in Canada) and taxes earnings above this threshold at a 75 percent rate.

Ontario's generous welfare policies were followed by a large expansion in welfare participation, and the costs of the program eventually forced the province to reverse course. In 1995, the conservative Harris government came to power on a platform of fiscal discipline, which included welfare reform and spending cuts. That year, benefit levels were reduced by 22 percent, eligibility requirements were tightened, and numerous anti-fraud initiatives were put in place.

With the federal government's passage of the Canadian Health and Social Transfer (CHST), the province was free to implement Ontario Works (OW), Canada's first mandatory workfare program in 1996. Under OW, welfare recipients are required to look for a job, receive job training, or work. OW also provides direct placement in both public and private sector jobs. Failure to comply with work requirements results in automatic sanctions, set out in the policy manual of the Ministry of Community and Social Services (ONCSS, 2008, DIR 2.5 – 2):

Where participation requirements are not deferred or restricted, applicants or participants who refuse to participate or fail to make reasonable efforts to participate where support has been provided by staff, will have their financial assistance cancelled or reduced: for three months on a first occasion of non-compliance; and for six months on subsequent occasions

Welfare participants are exempt from sanctions if they had children younger than school age.

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OW also incorporates aggressive diversion strategies, forcing would-be welfare participants to exhaust all other means of assistance first, such as credit card advances, untapped spousal support, and other government assistance that may be available to them. Applicants may also be referred to food banks and emergency hostel services rather than enroll in welfare (Gabel *et al.*, 2004; ONCSS, 2008). Part of OW also involves a lengthy screening process that discourages the uptake of welfare (Gabel *et al.*, 2004; Maxwell, 2009). Time limits were just about the only US-style welfare reform that Ontario did not pursue, making it one of the most aggressive reformers in Canada, in stark contrast to its approach from 1986 to 1994, when it had among Canada's most generous welfare programs.

### *Prince Edward Island*

In 1986, Prince Edward Island enacted the Job Creation Program (JCP) and the Employment Enhancement Program (EEP). Both of these voluntary programs aimed to transition welfare participants off of welfare (Morel, 2002). Expanded in 1994, the JCP and EEP directly provided placements into public and private sector jobs. The programs provided job training as well.

Beginning in 1995, regulations under the Social Assistance Act were revised to require welfare participants in Prince Edward Island to actively seek out employment opportunities, attend school, or engage in training programs, as a mandatory condition to receive benefits (Gorlick and Brethour, 1998; PEIHSS, 2003). Parents with children under the age of one are exempted. Other welfare participants, however, faced potentially stiff sanctions for non-compliance. According to the policy manual of the Department of Health and Social Services (PEIHSS, 2003, DIR 3-6):

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If, in the final analysis, there is a reasonable doubt about the employable applicant's serious approach to job searching or motivation to prepare himself/herself for employment, then remedial action, including reduction or termination of benefits, should be taken.

By most accounts, however, few welfare recipients lose benefits.<sup>4</sup>

As for diversion strategies, since 1995 Prince Edward Island encourages prospective welfare participants to explore other options as a precondition to becoming eligible for welfare. For example, prospective welfare applicants are instructed to pursue benefits through the Employment Insurance and Workers Compensation program first if they are entitled to such benefits (PEIHSS, 2003).

Tax incentives provided to working welfare participants has remained remarkably consistent, albeit marginal. Since 1990, a participant in Prince Edward Island can take home \$100 before incurring a tax of 90 percent on subsequent earnings (NCW, 2006). The province never adopted time limits, leaving open the possibility of indefinite continuation of welfare participation.

### *Quebec*

Under the Act Respecting Income Security in December 1988, Quebec began making modest changes in its welfare system toward greater emphasis on work. For example, those who lived with someone else without paying rent had their benefits reduced. The Act also instituted anti-fraud measures that were unusual and possibly novel in Canada at the time, such as home visits to verify the accuracy of information about recipients' living arrangements and other financial resources provided to welfare case workers (NCW, 1997b). Most notably, however,

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<sup>4</sup> See, for instance, National Council of Welfare (1997b) and Flanagan (2009).

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the Act served to put a greater emphasis on work. Employable welfare participants were required to enroll into the province's Work and Employment Incentives Program to obtain job training, assistance with job search, completion of educational credentials, or else be employed in government subsidized work. The program's incentives for work provide up to \$100 extra per month for those who participate compared to those who remain on welfare without working.<sup>5</sup>

Between 1994 and 2003, however, Quebec's willingness to penalize welfare recipients who did not participate in work programs faltered.<sup>6</sup> In 2004, the Charest government decided to formally abolish all work requirements. The province has now in place a minimum benefit for welfare participants with no possibility of sanctions reducing benefits below this threshold (QC, 2006). Quebec has continued its reliance on voluntary training programs, including *Devenir*, *Alternative Jeunesse*, and *Jeunes in Action*, to help participants gain self-sufficiency.

Since 1989, Quebec taxes earnings above \$300 at 100 percent (NCW, 1991). Though this likely incentivizes part-time employment, moving off welfare and into full-time employment is strongly discouraged with such a high marginal tax rate. The timing of Quebec's welfare reforms was unusual, as most of its attempts at incentivizing work took place well before welfare reform had occurred in the US. By the time other provinces were experimenting with diversion strategies and time limits, Quebec had retreated from its initial attempts to incentivize work and has had no welfare reform policies in place since 1994.

### *Saskatchewan*

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<sup>5</sup> Policy makers' struggle to control unintended consequences of new incentives-for-work initiatives could be seen in Quebec when, in 1993, new welfare recipients were prohibited from participating in these services for the first six months to avoid incentivizing already working people from entering welfare to take advantage of the policy.

<sup>6</sup> It is widely acknowledged that the Parti Quebecois (*i.e.*, the governments of Parizeau, Bouchard, and Landry) did not enforce work requirements and many other eligibility conditions. In its annual report, the Quebec Ombudsman formally denounced sanctions for non-compliance with provincial work requirements (QC, 1999). See also "Quebec" (2003), Hanes (2003) and Dougherty (2004).

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Saskatchewan's approach to welfare reform has stressed job training and incentives-to-work programs rather than work requirements with strong sanctions. In 1997, under the umbrella program Building Independence, the province began a lengthy set of skills enhancement and job training initiatives, sometimes described as "trainfare." These new initiatives, which include the Provincial Training Allowance, the Youth Futures program, Saskatchewan Student Assistance Program, Skills Training Benefit Program, Northern Training Program, and the JobStart/Future Skills Program, focused on providing career, employment, and training services to welfare participants (Gorlick and Brethour, 1998; NCW, 1997b).

In 1997, under the Saskatchewan Assistance plan, the province mandates that recipients participate in a transition plan to set goals and responsibilities that should ultimately lead to exit from the welfare program. What constituted fulfillment of the transition plan, however, is left up to individual welfare case workers. According to the Province's policy directives (SK, 2009, p. 123):

If the client refuses to pursue reasonable opportunities for self-sufficiency ... benefits may be suspended. Family considerations such as impact on children may be taken into account in deciding whether benefits are to be suspended.

In practice, Saskatchewan offers a distinctly "gentler" approach to enforcing work requirements than most other provinces (NCW, 1997b). As recently as 2001, the Saskatchewan Ministry of Social Services articulated this philosophy of gentle enforcement, saying that the government's employment goals should not be met by threatening benefits reductions or imposing time limits on welfare (Clemens and Schafer, 2002).

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In 2001, Saskatchewan began using call centers on a limited basis to handle the intake of new welfare applicants, a policy change that was phased in across the entire province in 2002 (SK, 2002). Callers (i.e., prospective welfare applicants) are advised of other means of obtaining support as a diversionary strategy aimed at reducing the number of people who complete a welfare application. Employable welfare applicants are, for instance, steered into the Jobs First program, which informs callers of local employment opportunities. The effectiveness of diverting individuals away from welfare in Saskatchewan has been mixed ("Evaluation," 2004).

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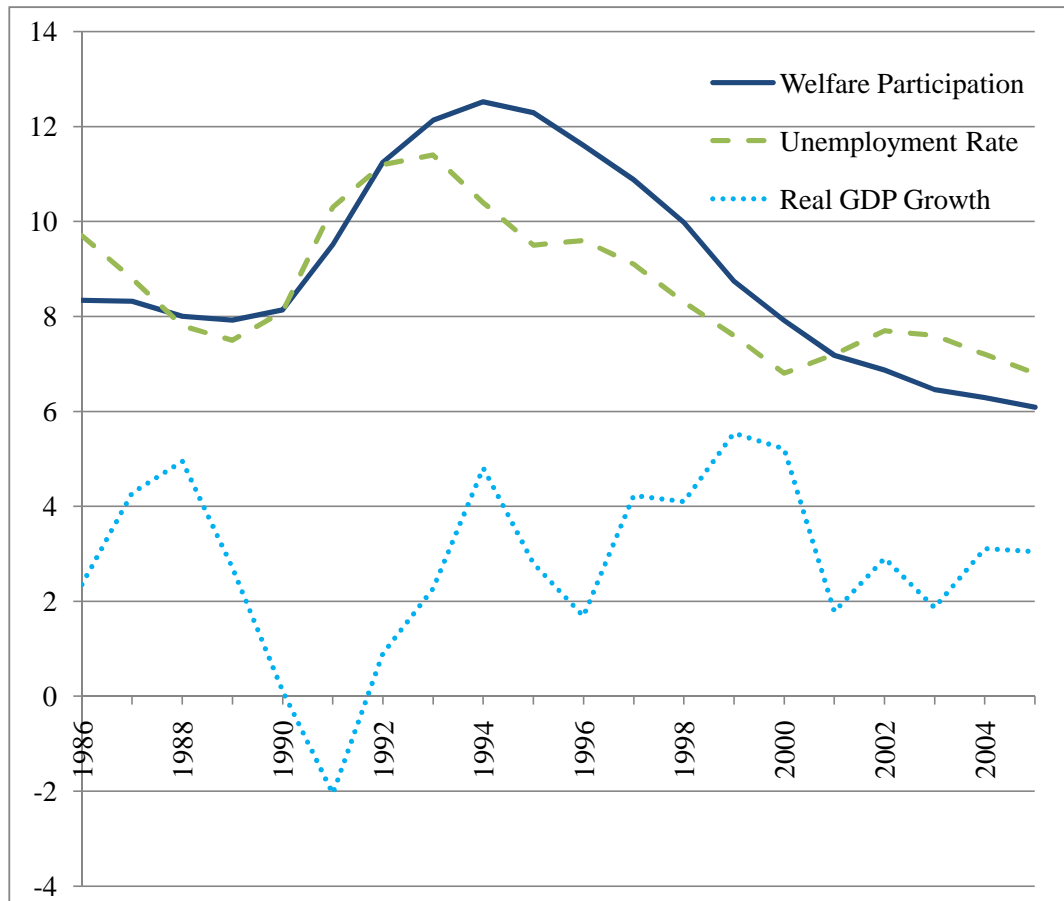
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\*Welfare participation is the annually measured fraction of non-elderly Canadians who received a welfare payment in March of a given year. The macroeconomic trends are the unemployment rate and real GDP growth. Computing raw contemporaneous correlations for the 20-year time series yields 0.83 for unemployment and welfare participation, and -0.03 for GDP growth and welfare participation. The 1-year lagged correlations that use unemployment and GDP growth to predict participation are 0.83 and -0.29, respectively. The 1-year-ahead correlations that use welfare participation to predict unemployment and GDP growth are 0.90 and -0.29, respectively. The time series for the unemployment rate itself is highly autocorrelated with a pair wise correlation with its 1-year lag of 0.84. The raw contemporaneous correlation between unemployment and real GDP growth is -0.35.

The figure presents Canadian welfare participation overlaid with time paths of real GDP growth and the unemployment rate from 1986 to 2005. The figure shows dramatic declines in welfare participation, from a peak of more than 12 percent in 1994 to lows of seven or six percent at the end of the 20-year time series. If these declines were the result of macroeconomic fluctuations rather than policy, then one might expect that some linear combination of unemployment and real GDP growth (perhaps with lags) could absorb most of the variation in the time paths of the 10 provinces' welfare participation rates. Eyeballing these data, unemployment appears to track welfare participation for a large portion of the national time series, and lagged unemployment would appear to have even more overlapping directions of change. But something is missing. After 2000, there are no further declines in unemployment and yet welfare participation continues to decline for another five years. Likewise, the decline in unemployment during the 1980s did not coincide with commensurate declines in welfare participation.



Appendix V: Description of Variables

<u>Variables</u>	<u>Description</u>
<i>Dependent Variable</i> PARTICIPATION	Welfare participation rate = $100 \times \text{number of welfare recipients} / \text{number of people age 64 and under}$
<i>New Reform Strategy</i> WORKREQ_STRONG WORKREQ_WEAK DIVERSION_STRONG DIVERSION_WEAK TIMELIMITS logEARNINGS_THRESH EARNINGS_TAX NEWREFORM	Work requirements with strong sanctions for non-compliance Work requirements with weak sanctions for non-compliance Strong diversion strategies Weak diversion strategies Time limits on welfare eligibility log of the real earning exemption threshold marginal tax rate applied to earnings above threshold Any three new reform strategies (above) in place concurrently
<i>Macroeconomic Factors</i> UNEMPLOYMENT UNEMPLOYMENT_{t-1} UNEMPLOYMENT_{t-2} REALGDPGROWTH REALGDPGROWTH_{t-1} REALGDPGROWTH_{t-2}	unemployment rate unemployment rate, lagged one period unemployment rate, lagged two periods real GDP growth rate real GDP growth rate, lagged one period real GDP growth rate, lagged two periods
<i>Standard Reform Tools</i> logBENEFITS_SINGLE_ONECHILD logASSET_THRESH	log of real welfare benefit level for single parents with one child log of real asset exemption threshold
<i>Labor Market Policy Tools</i> logMINWAGE logUNEMP_INS	log of real minimum wage log of real total employment insurance benefits, per non-elderly person
<i>Demographics</i> SINGLEPARENTS MIGRATION* DROPOUT** ELDERLY NONPERM_RESIDENTS	<i>expressed as a percentage of the non-elderly population</i> number of single parents net interprovincial migration high school drop out rate number of elderly number of non-permanent residents

\* MIGRATION refers to the net flow of migrants into the province as a proportion of the destination province's population on a 0 to 100 percentage point scale. Migrant status depends on being a resident in the province left behind, and not on Canadian citizenship.

\*\* Data for high school drop out rates in years prior to 1990 are not available on a provincial level. Data for years 1986-1989 were imputed by calculating a linear trend based on the years 1990 through 2005. Missing values were then fitted on this trend line, by backwards forecasting.