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All Aboard Manitoba's Poverty Train

by

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introduction

There are no results as yet to applaud. But there may well be in future if Manitoba is successful in implementing its latest strategic plan. The province recently introduced a multi-faceted and long-term initiative to reduce poverty.

On May 21, 2009, the Minister of Finance Minister and Minister of Family Services and Housing invited Manitobans *All Aboard* the newly-minted poverty reduction strategy. *All Aboard* represents an annual investment of \$744 million, including \$212 million in new funding. What will Manitobans get for their money?

Within the context of the strategy, poverty is defined as more than a lack of income. Rather, this complex and stubborn problem results from diverse factors that make it difficult for many people to participate in the economy and in society more generally. To tackle the numerous factors that create and sustain poverty, the provincial investment will be directed toward four core clusters of intervention: safe affordable housing; education, jobs and income support; strong and healthy families; and coordinated programs and services.

safe affordable housing

The province will first seek to ensure the availability of *safe affordable* housing in supportive communities. This initiative involves both a new vision for Manitoba Housing and a new homeless and mental health housing strategy.

The new *HomeWorks!* strategy commits \$327 million over two years for housing in Manitoba (\$100 million is federal money with \$227 million from the province). This money will go toward sustaining and improving existing social and affordable housing, increasing the supply of quality affordable housing, and supporting community and economic development. The *Home Works!* Homelessness Action Plan and Mental Health Housing Initiative follow the *housing first* philosophy and are composed of ten components that aim to reduce and prevent homelessness. Their purpose is to connect homeless people and individuals with mental health challenges to stable, secure housing and support services.

The province is also enhancing the Manitoba Shelter Benefit, a monthly payment that helps low-income seniors, families, persons with disabilities and some income assistance recipients to pay their rent. As of January 2009, maximum benefits rose from \$200 to \$210 a month, income eligibility levels increased by 20 percent and the rent amount used to calculate benefits rose by 15 percent. These changes mean that more people are eligible for the program and receive higher benefits.

A new flat-rate monthly payment will be available to persons with disabilities and adults without dependent children who are receiving social assistance benefits under the provincial Employment and Income Assistance program, and who are living in private rental or room and

board accommodation. Households that pay rent may be eligible for an additional \$35 a month while those that pay room and board may qualify for an extra monthly \$15.

As part of its poverty reduction strategy, Manitoba has made a commitment to expand *Neighbourhoods Alive!* and other community economic development efforts that improve safety, build neighbourhood capacity, enhance physical conditions and support the local economy.

education, jobs and income support

The second core component of *All Aboard* focuses on a set of actions related to *education, jobs and income support*.

The province will seek to enhance access to post-secondary education through the *Bright Futures* initiative. The \$1 million fund will enable community-based groups to work with schools to provide supports such as tutoring, greater family involvement in schools, mentoring, goal-setting, career exploration and bursaries. The overall objective is to help disadvantaged and low-income students complete high school and pursue post-secondary education. A new northern Aboriginal Youth Internship program is also being implemented.

The Caledon Institute supports this direction, particularly if Aboriginal students will benefit from the effort. High school completion rates among Aboriginal students fall significantly below those of other students. The most recent national figures found that 16 percent of Canadians aged 20 to 24 had not completed high school. But among Aboriginal young adults in that age group, an astonishing 43 percent did not have a high school certificate. On Manitoba reserves, as many as 70 percent of Aboriginals between the ages of 20 and 24 failed to complete high school [Mendelson 2006: 12; 24].

The wage floor is going up. The minimum wage will increase from \$8.75 an hour to \$9.00 an hour effective October 1, 2009.

As part of *All Aboard*, the earlier *Rewarding Work* initiative is being strengthened and a new strategy for persons with disabilities is being developed. *Rewarding Work* initially was announced on April 10, 2007, as a ten-point reconfiguration of the income security system in Manitoba. The purpose of this reform is to provide additional help to low-income working families and to enable social assistance recipients to move from welfare to work, where possible.

Rewarding Work is now a strategy within a broader strategy and comprises several major actions. One notable intervention was the introduction of the Manitoba Child Benefit in January 2008. The new measure replaces the Child Related Income Support Program, an archaic program formerly known as CRISP (some governments will do anything for a catchy acronym).

The Manitoba Child Benefit pays low-income working families up to \$420 tax-free each year for every child. Maximum benefits are delivered in monthly installments and are made to households with net family income of \$15,000 or less. Beyond the \$15,000 level, benefits decline at the rate of 7.7 percent for families with one child, 15.5 percent for families with two children and 23.2 percent for families with three or more children until these benefits disappear entirely. While modest, the Manitoba Child Benefit is intended to supplement the federal Canada Child Tax Benefit, whose payments are far more substantial.¹

Another component of the *Rewarding Work* strategy is *marketAbilities*, which helps people with disabilities find and keep jobs. The program includes a public awareness campaign about the advantages of hiring Manitobans with disabilities. These actions are components of a broader disability initiative, described below.

As part of the employment focus, the province is launching *Rebound*, an \$11.2-million, two-year retraining strategy to help low-income workers hurt by the current recession to return to work more quickly. *Rebound* will assist more than 1,000 workers, including those who might not be eligible for Employment Insurance, and Employment and Income Assistance recipients who want to find a job.

The initiative will encourage low-income workers to reconnect with jobs or obtain training as quickly as possible in order to keep them off welfare. Employment and training plans tailored to individual needs will be developed for every participant. Programs and services will include career development, job search assistance, literacy and essential skills upgrading, occupational skills training and self-employment supports.

Rebound will be supported for two years through the Canada Skills and Transition Strategy announced in the 2009 federal Budget and the ensuing Canada-Manitoba Labour Market Agreement. The strategy combines the resources of two provincial departments, Family Services and Housing, and Competitiveness, Training and Trade.

While engaged in skills development or other activities related to their Rebound to Work plan, participants will also receive a Rebound Training Allowance comparable to the regular Employment Insurance (EI) benefit. The province has extended its child care subsidy as well from two months to three months for active job seekers with children. Eligible workers in transition will be offered family counselling and financial management training through SEED Winnipeg, a non-profit agency that fights poverty and is involved in the renewal of the inner city.

This set of actions is consistent with recommendations that the Caledon Institute has made for broad reform of Canada's income security architecture as well as for Manitoba in a think piece commissioned by the Government of Manitoba [Caledon Institute of Social Policy 2005]. One of the core elements of our proposed reconfiguration is a new federal income benefit for low-income workers in financial need who are unemployed but not eligible for EI – which would help them avoid having to resort to welfare. We also argued that the income-tested child benefit

is essential to fundamental reform of the welfare system [Battle, Mendelson and Torjman 2006; Caledon Institute of Social Policy 2005].

We were encouraged as well by the fact that the province is renewing its commitment to a long-term strategy for Manitobans with disabilities. Several new measures will build on its 2001 initiative *Full Citizenship: A Manitoba Strategy on Disability*. The province announced a \$30-million down payment (which includes federal contributions) for more accessible housing, enhanced access to public buildings, more assistance for children with disabilities in child care, better employment services and improved supports for caregivers.

Of the total investment, \$5.4-million will be directed toward *HOMEWorks!* This two-year federal-provincial initiative includes construction of additional housing units. It will support community living for persons with intellectual disabilities, physical accessibility and ‘visitable housing’ that can be readily accessed by individuals with mobility restrictions.

Manitoba will also spend \$11 million on an infrastructure plan to help “bust barriers” (its words) in public buildings, schools, campgrounds and community facilities. The \$12.8 million in additional funding for disability services will help more persons with intellectual disabilities live and participate in the community.

The caregiver of an individual in community living or children’s special services will automatically qualify for the provincial Primary Caregiver Tax Credit. Under this measure, the caregiver can claim up to \$1,020 per year per individual for up to three care receivers. The credit is refundable, which means that it also delivers benefits to low-income Manitobans who are too poor to pay income tax.

The province has made a commitment to review its social assistance disability trust in order to harmonize it with the treatment of Registered Disability Savings Plans (RDSPs). RDSPs are a form of tax-assisted savings that the federal government recently introduced to help families save for their relatives with severe disabilities. To be eligible, the intended beneficiary must qualify for the federal disability tax credit.

Registered Disability Savings Plans allow for \$200,000 in lifetime contributions, though there is no limit on the amount that can be held in the trust from growth. The federal government offers matched contributions of 100 percent, 200 percent or 300 percent, depending on income, up to \$3,500 annually. It also makes available an annual Disability Savings Bond of \$1,000 for low-income families. Contributions are permitted up to the end of the year in which a beneficiary reaches age 59.

With the release of *Opening Doors: Manitoba’s Commitment to Persons with Disabilities*, a community consultation process was begun that will guide the implementation of the new disability strategy.

strong and healthy families

The third leg of *All Aboard* seeks to build *strong and healthy families* through the creation of new family resource centres in community schools and a commitment to more affordable, quality child care. As noted, Manitoba had reduced fees for subsidized families and increased the number of households eligible to receive subsidized care as part of its *Rewarding Work* initiative. In April 2007, the non-subsidized parent portion of the fees was reduced by 17 percent from \$2.40 to \$2.00 per day. The income that parents can earn and still qualify for subsidy went up by 13 percent, thereby enhancing eligibility for this assistance.

The province has increased funding to its Family Violence Prevention Program and strategy to reduce sexual exploitation. It will also be creating a new Healthy Foods Action Fund to enable communities to develop solutions to food security issues.

coordinated programs and services

The fourth and final component of *All Aboard* involves easing access to *coordinated programs and services*. This dimension of the strategy is intended to respond to the fact that government programs often create problems for individuals and families as a result of the disjointed way in which they are delivered. There are numerous eligibility rules, some of which contradict each other.

Sometimes eligibility for a benefit or service actually disqualifies households from another benefit, leaving them worse off. An increase in income through an enhanced income security benefit, for example, may disqualify an individual from subsidized housing or child care, for which they previously had been eligible.

Current delivery of services by various departments (and sometimes by the same department) also leaves gaps – especially in the transition from childhood to young adulthood. Many child-related programs, for instance, are available until age 16 while the adult-related programs come into play only at age 18. In some cases, there is a two-year gap from the time one program ends until another takes effect. This gap is especially troubling for young people who are at a particularly vulnerable stage in their lives [Torjman 2007].

Specific actions in this stream include *ServiceLink*, a new navigation strategy to help Manitobans access benefits and services. (“Navigation” is an appropriate term, given the rough and choppy waters that traditional service delivery typically creates.) *MYTEAM* is a youth transition employment program to help young people who are ready to leave the child welfare system. A new *Career Development Gateway* will provide single-entry access to career development assistance.

strategic components

Of course, the Government of Manitoba recognizes that it cannot undertake this ambitious agenda on its own. It has pledged to collaborate with the private and voluntary sectors to carry out this work. In fact, the Department of Family Services and Housing has a seat on the newly-formed Winnipeg Poverty Reduction Council. The Council is composed of representatives from the business, community and government sectors, and is currently developing a comprehensive strategic plan for poverty reduction initiatives in Winnipeg. The Council is co-chaired by the Executive Director of SEED Winnipeg and by the President and CEO of the Business Council of Manitoba.

The stated goal of *All Aboard* is to continuously reduce poverty and increase social inclusion. While the province has not set precise targets that it seeks to achieve in respect of this goal, it nonetheless has made a commitment to measure its progress in the core elements of the strategy. It has also identified a set of possible indicators within each pillar to determine whether significant changes have taken place.

Indicators of safe affordable housing include, for example, the number of affordable housing units built and renovated. Progress in the jobs and income support stream will be assessed through high school graduation rates, levels of unemployment and labour force statistics for groups, such as persons with disabilities and Aboriginals, with typically higher rates of unemployment. Indicators of strong healthy families will include scores taken on the Early Development Instrument, teen pregnancy rates and the percentage of children age 12 and under for whom there is regulated child care. Progress toward accessible, coordinated services will be determined through increased take-up of measures, such as the Manitoba Child Benefit and the Manitoba Shelter Benefit.

All Aboard is being monitored by an interdepartmental working group that reports to a new Ministers' Poverty Reduction Committee. The working group will help coordinate the many activities across government. Community members will also have opportunities to provide input into the process.

The Manitoba poverty reduction strategy has some key elements of success: It is a whole-of-government approach rather than the effort of a single department. It invests in several significant areas – affordable housing, improved education and supports to families – that are important pathways out of poverty. While some elements will take time to design and deliver, other components such as the Manitoba Child Benefit is helping families already.

Manitoba's poverty reduction strategy includes a process to coordinate its diverse components and assess its overall impact. The plan will unfold over several years in recognition of the multifaceted nature of poverty and will involve a wide-ranging set of actors. The nation will be watching with interest to see whether the province can convince *All Aboard* its poverty reduction train.

Endnote

1. The Canada Child Tax Benefit is composed of two parts. The base Child Tax Benefit serves almost all – 9 in 10 – families and is intended to help parents with their childrearing expenses. For the current payment year (July 2009-June 2010), the maximum base Child Tax Benefit is \$1,340 per child. The maximum amount is payable up to net family income of \$40,726 – the same as the income tax system's first tax bracket. Above this level, benefits are reduced at the rate of 2 percent for families with one child and 4 percent for families with two or more children, which means that eligibility for benefits ends at a high \$103,235 in net family income (even higher in terms of gross income).

The purpose of the second component, the National Child Benefit Supplement (NCBS), is to help reduce poverty. It sits on top of the base Child Tax Benefit and provides an additional benefit to low- and modest-income families. Currently, the maximum amount is \$2,076 for the first child, \$1,837 for the second child and \$1,747 for the third and each additional child. Like the base Child Tax Benefit, the NCBS is income-tested, though more steeply. Above net family income of \$23,820, the NCBS is reduced at the rates of 12.2 percent for families with one child, 22.7 percent for families with two children and 27.8 percent for families with three or more children.

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