

CALEDON



INSTITUTE OF
SOCIAL POLICY

caledon
commentary

March 1999

ISBN # 1-894159-39-X

Dumb and Dumber Government Rules

Government newspeak includes the following don't-give-a-speech-without-them buzzwords: enhanced productivity, greater self-sufficiency and 'active' social programs. But before announcing any initiatives to pursue these 'ideals,' governments at all levels should take a long hard look at their existing policies and programs, some of which effectively prevent the achievement of these objectives.

Government programs typically operate on the basis of various rules whose purpose is to restrict eligibility and thereby reduce the number of potential beneficiaries. The irony is that the rules themselves can end up trapping people in these programs or, conversely, excluding them when eligibility actually would promote their self-reliance.

The most obvious example is provincial welfare (in Ontario, recently downloaded to municipal governments). Welfare is a Byzantine system so laden with rules that it is often impossible even for welfare workers to understand them – or at least apply them consistently.

The complexity of welfare is made all the worse by the absurdity of some of its regulations. Welfare recipients face a wide range of barriers in trying to move off the program, which Caledon has characterized as the 'welfare wall' [Battle and Torjman 1993]. Welfare recipients can find that, far from being supported towards self-sufficiency, they are crushed into further desperation.

Applicants are expected to deplete most of their assets before they are considered eligible for welfare. Welfare authorities generally consider work tools and equipment as assets available to offset living costs (although most jurisdictions exempt the value of farm tools and equipment). But if they sell these assets, how can recipients return to their trade? Running down their assets in return for temporary financial assistance strips many households of their only means to get off welfare [Torjman 1998].

There is another set of welfare rules that creates problems. Welfare recipients are permitted to earn a certain amount of employment

income each month before their benefits are reduced. Welfare recipients who try to start their own business find the rules particularly rigid. The money they earn may exceed the allowable levels – but typically they must put some money back into the business in order to capitalize it. Welfare rules discourage, and sometimes actually prevent, this capitalization because of the way in which business expenses are treated [Loewen 1998].

Some provincial welfare systems will grant permission for small business earnings to be invested in tools and equipment. But even this approach is fraught with problems. For example, a welfare recipient who was trying to build her own business needed to replace the tires on her van; she was scheduled for a job in a town that was about 30 km from her home. She applied for permission from the local welfare department to spend her limited business earnings on tire replacement. *She waited 23 days for this permission.* Needless to say, she lost the job.

There are other examples of how welfare itself does little to enhance the self-sufficiency ‘ideal.’ In one case, a mother had been purchasing a Good Food Box (i.e., a nutritious food basket) every month for her adult daughter on welfare. When the daughter informed her welfare worker of this supportive gesture, the worker proceeded to deduct the value of the Good Food Box from the daughter’s welfare cheque. The food basket was deemed to be ‘ongoing support’ and therefore counted as part of her earnings.

There are other dumb welfare rules. Most welfare systems classify persons with disabilities as ‘permanently unemployable.’ On the one hand, it is to the advantage of clients with disabilities to be labelled in this way. They often receive better benefits, have access to essential supports and are not required to do continual job

search. They tend to be more financially ‘secure’ than employable welfare recipients (in the sense that their welfare support is less insecure) and are subject to fewer administrative reviews.

But the ‘permanently unemployable’ label virtually ties many persons with disabilities to welfare because they are deemed to have no employment potential. Many so-called ‘unemployables’ would be able to do some work with the appropriate supports, such as special transportation, attendant care or modified work equipment and schedules. They also need assurance of continued income security, such as partial benefits that supplement their work income. They need to know that they can return immediately to the income program if the job does not work out or disappears [Torjman 1996].

The Canada Pension Plan disability benefit sets out a similar trap. It requires disability beneficiaries to be out of the labour market entirely and to be incapable of performing any work. Many beneficiaries can carry out some work – if only on a part-time or irregular basis. But they fear leaving the Canada Pension Plan disability program because they risk being left in a financially precarious position.

There are equally dumb rules in the area of provincially- and municipally-delivered social services. Disability services often are delivered as part of residential care within group homes, nursing homes or institutions. The funding goes to the residences rather than to the people who need the assistance. Because the services are not portable, the individuals end up ‘tied’ to these residential arrangements.

Other problems are created by the artificial restrictions placed on service delivery. Certain supports, such as attendant care, are provided

to individuals in their own homes. But these same supports are not made available in schools, workplaces or recreation centres. So much for independent living and self-sufficiency.

Eligibility for assistive devices often is linked to particular medical diagnoses. Individuals may be denied access to a given technical aid because they do not have the 'correct' assessment. In one province, a woman with severe osteoporosis was deemed ineligible for a wheelchair even though she had the same functional capacity as a paraplegic. If only she were so lucky to have the 'right' label.

Then there are the even dumber rules of the Catch-22 variety. Take, for example, the rebranded federal 'Employment Insurance' that replaced the venerable Unemployment Insurance program. The new scheme has so tightened its eligibility that it now covers only 42 percent of Canada's unemployed. 'Unemployment assurance' might be a more accurate name for the lean, mean new program [Torjman and Battle 1999].

In addition to excluding the majority of the unemployed, Employment Insurance (EI) denies them help in improving their employability. An unemployed worker has to be an EI recipient to get access to retraining dollars. But with fewer-than-ever workers qualifying, they have no access to the very funds that could help them get reinstated in a job. Hence the widening vicious circle: no job, no EI, no training, no job.

Another Catch-22 affects new Canadians. A community group that assists immigrants had organized a job search workshop to help link these new Canadians with labour market opportunities. The government branch which provided

the funding stipulated that only persons who had lived in Canada for three years or less and were not Canadian citizens could participate in the workshop.

The community group thought that it would be a good idea to open the job search workshop to all new Canadians. But the government branch said that the group would have to apply for funding for this purpose – i.e., for those already considered to be Canadian citizens – under the Employment Insurance program. Here's where the dumb rule kicked in: Only people who have been employed can qualify for support under Employment Insurance. There is no funding for job search for persons who have had no job – unless of course they apply for welfare, a truly inappropriate solution to this problem.

Municipalities also could benefit from a rule review. Many have archaic by-laws, particularly with respect to self-employment [Nares 1999]. Until recently, for example, it was illegal in Toronto to edit a book at home. Some rural areas have dated signage laws that prohibit the advertisement of home businesses.

Governments at all levels should review their various programs to get rid of their many dumb and dumber rules. These most certainly get in the way of what governments have been touting as their new ideals. But more importantly, people can be hurt irreparably when they are both strapped and trapped by dumb government rules.

Sherri Torjman

References

Battle, K. and S. Torjman. (1993). *The Welfare Wall: The Interaction of the Welfare and Tax Systems*. Ottawa: Caledon Institute of Social Policy, Summer.

Loewen, G. (1998). *Removing Welfare Barriers in Manitoba*. Ottawa: Caledon Institute of Social Policy, May.

Nares, P. (1999). "Self-Employment." In *Employment Policy Options*. Ottawa: Caledon Institute of Social Policy, forthcoming.

Torjman, S. (1998). *The Don't-Make-Sense Welfare Rules*. Ottawa: Caledon Institute of Social Policy, November.

Torjman, S. (1996). *The Disability Income System in Canada*. In Federal Task Force on Disability. *The Will to Act for Canadians with Disabilities: Research Papers*. Ottawa: Minister of Public Works and Government Services Canada.

Torjman, S. and K. Battle. (1999). *Good Work: Getting It and Keeping It*. Ottawa: Caledon Institute of Social Policy, February.

Copyright © 1999 by The Caledon Institute of Social Policy

The Caledon Institute of Social Policy
1600 Scott Street, Suite 620
Ottawa, Ontario, Canada
K1Y 4N7

Phone: (613) 729-3340
Fax: (613) 729-3896
E-mail: caledon@caledoninst.org
Website: www.caledoninst.org