

STILL LEFT BEHIND

A COMPARISON OF LIVING COSTS AND
INCOME ASSISTANCE IN BRITISH COLUMBIA

BY JILL ATKEY & REBECCA SIGGNER

FEBRUARY 2008

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A REPORT FROM SPARC BC
FEBRUARY 2008

BY JILL ATKEY & REBECCA SIGGNER

STILL LEFT BEHIND: A COMPARISON OF LIVING COSTS AND
INCOME ASSISTANCE RATES IN BRITISH COLUMBIA

PREPARED BY THE SOCIAL PLANNING AND RESEARCH COUNCIL OF
BRITISH COLUMBIA

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SPARC BC'S WORK ON PUBLIC POLICY ISSUES, RESEARCH AND CONSULTING SERVICES, PARKING PERMIT PROGRAM FOR PEOPLE WITH DISABILITIES, AND COMMUNITY DEVELOPMENT EDUCATION CONTRIBUTES TO THE GOALS OF FOSTERING THE SOCIAL AND ECONOMIC WELL BEING OF INDIVIDUALS AND COMMUNITIES IN BC. SPARC BC GRATEFULLY ACKNOWLEDGES THE SUPPORT OF OVER 14,000 MEMBERS AND DONOR, AND THE UNITED WAY OF THE LOWER MAINLAND. MEMBERSHIP IN SPARC BC IS OPEN TO ALL PERSONS WHO SUPPORT THE MISSION AND GOALS OF THE ORGANIZATION.

SPARC BC HAS PUBLISHED REPORTS ON INCOME ASSISTANCE SINCE 1986, PAST TITLES INCLUDE:

- *Left Behind: A Comparison of Living Costs and Employment Assistance Rates in British Columbia (2005)*
- *Falling Further Behind: A Comparison of Living Costs and Employment and Assistance Rates in British Columbia (2002)*
- *Falling Behind: A Comparison of Living Costs and Income Assistance Rates (BC Benefits) in BC (2001)*
- *Widening the Gap: A Comparison Between the Cost of Daily Living and Income Assistance Rates (BC Benefits) in BC (1997)*
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- *Closing the Gap: A Comparison Between the Costs of Daily Living and Income Assistance Rates (GAIN) in BC (1990)*
- *Regaining Dignity: A Comparison Between the Costs of Daily Living and Income Assistance Rates (GAIN) in BC (1986, 1988, 1989) Summary 5*

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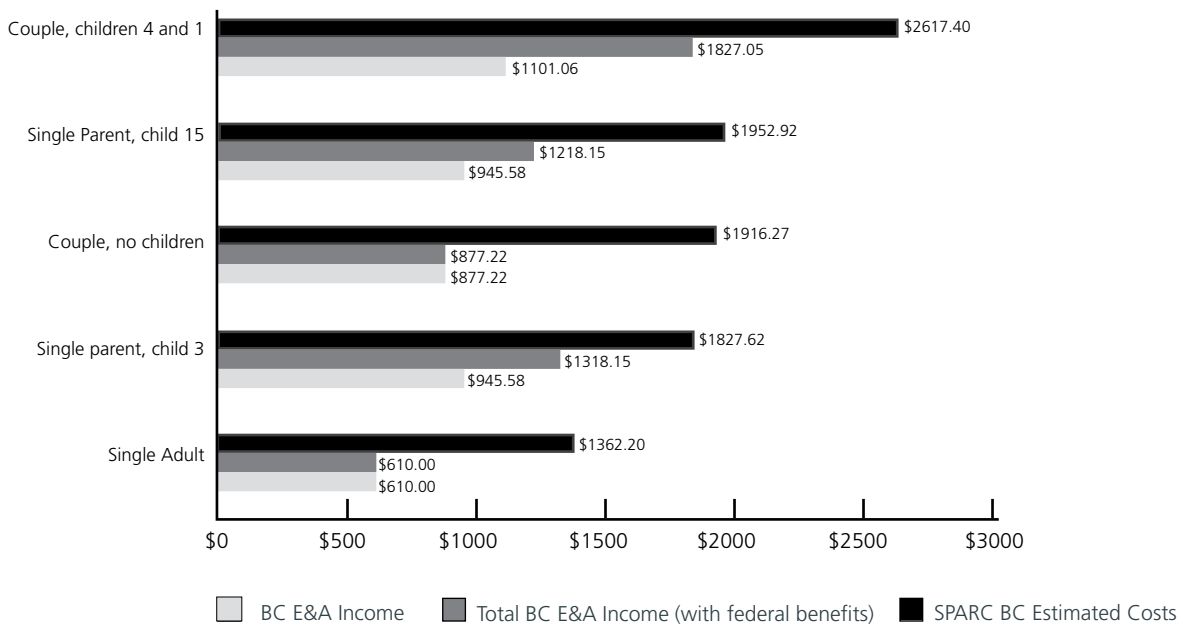


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Summary

The primary finding of this report is that the 2007 increases to BC Employment and Assistance rates did little to improve the ability of recipients to cover minimum living costs. There have been no material changes made to the welfare structure since that time, but inflation has continued to erode the meager incomes available to people receiving assistance in BC. Families with children are able to meet more of their costs than in 2005, but this is almost wholly explained by the introduction of the federal Universal Child Care Benefit in 2006 and not the result of increases to BC Employment and Assistance rates. Figure 1 shows that the incomes of BC Employment and Assistance recipients still fall far short of covering their minimum living costs.

Figure 1: Comparisons of BC Employment and Assistance Rates and SPARC BC's Estimated Monthly Costs



This report compares welfare benefit rates available to individuals and families eligible for “temporary assistance” with the monthly cost of the goods and services required for daily living. These costs include food, clothing, household supplies, personal care, transportation, child care, shelter and the other minimum costs associated with participation in community life. We compare our estimated costs to the maximum benefits allowed.

Throughout this report, five hypothetical households are used for the calculation of BC Employment and Assistance income and minimum monthly living costs. These household configurations include:

- a single adult;
- a single parent with a three-year-old;
- a couple with no children;
- a single parent with a fifteen-year-old; and
- a couple with a four-year-old and a one-year-old.

In 2002 we wrote that income assistance recipients were falling further behind as a result of rate reductions combined with the elimination of child support exemptions and earnings exemptions for clients considered employable. In 2005 we reported that given the provincial government’s unwillingness to increase welfare rates despite consistently rising costs, income assistance claimants were being left behind. In 2007 we find that despite small increases to the shelter rates for all households and an increase in basic assistance rates for some households, income assistance recipients are *still* being left behind.

Conclusions and Recommendations

This study clearly demonstrates that maximum BC Employment and Assistance benefits are still too low to sustain anyone requiring income support. Total incomes for households on income assistance (including the federal Canada Child Tax Benefit and the Universal Child Care Benefit) meet only 45% of the monthly expenses for a single adult; 72% of the expenses of a single parent with a three-year-old; 46% of a childless

couple's expenses; 62% of the expenses of a single parent with a teenager; and 70% of the expenses of a couple with two children under six. While this may appear at the surface to be a dramatic increase from 2005, the increase is attributable to the federal Universal Child Care Benefit and not to the 2007 increases in BC Employment and Assistance rates. If we remove the federal benefits from the calculations, we find that our five sample households can afford between one and seven percentage points more of their costs than they could in 2005.

Each of SPARC BC's previous reports on income assistance has clearly demonstrated the inadequacy of benefit rates. And yet, income assistance remains a legislated form of poverty in BC. BC Employment and Assistance rates must be set at levels that meet the minimum costs of living. In addition, income assistance should permit recipients to participate in meaningful ways as members of their communities. To this end, SPARC BC recommends:

- That the provincial government immediately raise benefit rates to a level that will allow all recipients to meet the minimum living costs presented in this report. The Ministry of Employment and Income Assistance should set benefit rates that are transparent with respect to some measure of the actual cost of daily living. The most recent increase was inadequate in this regard.
 - The Market Basket Measure (MBM), produced by Human Resources and Social Development Canada, provides a measure of the actual costs of living by household type. Linking BC Employment and Assistance rates to the MBM would mean that the setting of rates is not subject to political will.
 - Benefits must be increased annually to keep pace with inflation. This would prevent rates from eroding over time and losing purchasing power.
- That the separation between the support and shelter components of income assistance be eliminated, creating a single

overall benefit. Recipients should be able to make their own spending allocation decisions.

- The BC Employment and Assistance rates for children need to be restored to their pre-1998 structure to enable families with children receiving income assistance to realize the full benefit of the federal income supports. Although the clawback of the National Child Benefit Supplement (NCBS) has been effectively eliminated, families with children continue to be impacted by the reduction of income assistance rates for families with children when the NCBS was introduced.
- That extended medical benefits be expanded to include all income assistance recipients in order to ensure that they have access to appropriate health, dental and optical care. Not providing coverage for items such as dental care can create barriers for clients seeking employment.
- That the earnings exemption be restored to persons receiving temporary welfare benefits in order to facilitate connections to paid work. BC is the only province in Canada that does not allow income assistance recipients to earn some income.
- That, in the absence of a publicly funded child care system, child care subsidy rates should be set at levels that cover the actual cost of quality child care provided by professionally paid staff. Forcing parents to pay out of pocket expenses for child care while they seek employment is an unnecessary barrier to labour force attachment.
- That the three-week waiting period before persons are eligible to apply for welfare be eliminated. People who turn to welfare do so when other resources have already been exhausted, and immediate income support is required.

-
- That the two-year independence test and two-year time limit eligibility restrictions be eliminated. Denying access to welfare creates unnecessary hardship and significant risks to the health, safety and livelihood of persons in need of income assistance.
 - That the provincial government develop and commit to a comprehensive poverty reduction strategy, and assign a cabinet minister with the authority and responsibility to ensure that the poverty reduction plan is being implemented across government. Income assistance is only one component of poverty reduction. Also critical are adequate wages and supports to help people maintain employment.
 - That, if the BC government rejects the above recommendations, a public review committee be established to: (i) develop an adequate income assistance rate structure and (ii) assess the social impacts of the changes to the welfare system made by the provincial government in 2002.

Chapter 1: Introduction

About Still Left Behind

Since 1986 SPARC BC has been publishing reports that assess the adequacy of British Columbia's income assistance rates. The purpose of the reports is to determine whether the benefit levels established for temporary assistance are sufficient to meet the monthly costs of living. Recent increases to shelter benefits for all household types and support benefits for some households make this report timely. The report focuses on the temporary assistance category, within which recipients are divided into four groups:

- those who are expected to work;
- those who are expected to work but have a temporary medical condition;
- those who have been temporarily excused from employment obligations (e.g. single parents of children under three); and
- those who have persistent and multiple barriers to employment.¹

The adequacy of the benefits delivered to persons receiving disability assistance is not assessed in this report. The cost calculations used to evaluate the benefits delivered to temporary recipients cannot be applied to persons with disabilities given the additional living expenses that they incur.

The report uses the following five reference households in its calculations:

- a single adult;
- a single parent with a three-year-old;
- a couple with no children;
- a single parent with a fifteen-year-old; and
- a couple with a four-year-old and a one-year-old.

Still Left Behind assesses the support allowance and the shelter allowance, which are the two primary components of income assistance. Additional child benefits offered through the Government of Canada are also factored

into the total incomes of welfare recipients and weighed against the cost of living. Chapter 2 provides an overview of the provincial and federal benefits available to income assistance recipients in BC. It also lays out the calculations we use in this report to determine the total incomes for BC income assistance recipients.

The support allowance is a fixed monthly amount that varies slightly based on the number of adults within a family. For families with children, the fixed amount is the same regardless of the number of children. Chapter 3 updates our estimates of the support costs we consider necessary to meet the cost of daily living and to participate in the community. These costs include:

- food;
- household supplies;
- clothing;
- personal care items;
- transportation;
- child care; and
- other costs such as non-prescription medication and recreation.

We also discuss the assistance available to welfare recipients for health, dental and optical care although no cost estimates are included for these items. The conclusion of Chapter 3 examines the adequacy of the support allowance by comparing the costs of living to the current support allowance available through BC Employment and Assistance and the federal child benefits.

Data supplied by the Canada Mortgage and Housing Corporation (CMHC) are used in Chapter 4 to analyze the availability of market rental housing within the maximum shelter allowances provided under BC Employment and Assistance. The conclusion of Chapter 4 compares the actual total cost of shelter to the maximum shelter allowance available through BC Employment and Assistance.

In Chapter 5 we evaluate whether the total income is sufficient to meet SPARC BC's estimates of the minimum monthly living costs for our five sample households. A table of income assistance rates, including both the shelter and basic support allowances, is included in Appendix 5.

Decreasing Caseloads and Increasing Rates of Poverty

While *Still Left Behind* addresses the incomes of those on income assistance, it is important to highlight the difficulties experienced by many people attempting to access BC Employment and Assistance. The experiences of those who do not make it on to assistance are even starker than those who do.

Since the 2002 changes, there have been dramatic decreases in the income assistance caseload in BC. This decline is consistent with the trend since 1995 that began with reforms to BC's welfare system introduced by the NDP in 1996 through the BC Benefits program.

Recent research conducted for the Ministry of Employment and Income Assistance indicates a 70% decline (or 53,850 cases) in the employable income assistance caseload since the introduction of BC Employment and Assistance in April 2002. This reduction comes on the heels of a 47% reduction in the previous six years. Securing employment has been credited by the province as a key factor in caseload reduction. Closer inspection reveals that the proportion of clients reporting employment income after leaving income assistance since 2002 has decreased slightly from those reporting employment income after leaving income assistance prior to 2002.²

Additional research indicates that the caseload reduction is better explained by the drop in the number of applicants receiving benefits. According to the province's own records, the acceptance rate of those applying for welfare has dropped from 90% in June 2001 to 51% in September 2004.³ A number of changes to eligibility requirements for income assistance were introduced in 2002, which help to explain the declining acceptance

rate. Applicants for income assistance are required to wait three weeks prior to having their application reviewed by a financial aid worker, even though most prospective applicants have exhausted all sources of income and support prior to arriving at a Ministry office. Among other restrictions, income assistance applicants aged 19 and over must now demonstrate that they have earned a minimum level of income for two consecutive years in order to be eligible for welfare. Given that income assistance is a refuge of last resort for British Columbians facing financial hardship, a caseload reduction achieved through the denial of assistance to those in need is a dubious accomplishment.

At the same time that caseload reductions have been reduced, poverty rates have increased. Between 1996 and 2000, child poverty rates in BC decreased from 22.8% to 18.9%. In 2002, child poverty rates reached an all time record of 24.2% and only in 2005 was that reduced to 20.9% despite a strong economy.⁴ Nationally, BC has had the highest child poverty rate for the last four years in a row. Canada's national child poverty rate was 16.8% in 2005.⁵

Since changes to eligibility requirements came into effect in 2002, the homeless population in Metro Vancouver has increased dramatically. Between 2002 and 2005 (the most recent homeless count for the region) the street homeless population increased by 238% and the sheltered homeless (those staying in shelters and transition houses) increased by 33%.⁶

Chapter 2: Calculating Total Welfare Incomes

Together the support and shelter allowances make up the maximum BC Employment and Assistance income. In order to consider recipients' total income we also factor in federal benefits available to families with children. This chapter outlines both the BC Employment and Assistance structure, the benefits we include and several benefits that we do not include.

BC Employment and Assistance Rates

Overview of 2007 Income Assistance Rate Increases

The structure of income assistance changed dramatically at the beginning of this decade, with the structure now incorporating a much greater emphasis on getting people "off" welfare and into paid employment. An overview of the structural changes is included in the Left Behind report published in December 2005.

In the 2007 Provincial Budget, the government announced the first increases to welfare incomes since the early 1990s for those in the Expected to Work category. The increases took effect on April 1st, 2007. Support allowances increased for the majority of household types, particularly in households where parents are over 65 years of age and for persons with persistent multiple barriers (PPMB). Employable single parent families, where the parent is under 65, received a \$50 monthly increase regardless of the number of children. Employable singles also received a \$50 monthly increase. For couples and two-parent families where all adults are under 65 years of age, there were no increases in support allowances. Income assistance recipients in the Expected to Work category saw increases to their shelter allowances, ranging from \$50 increases for one and two person households to \$125 increases for six and seven person households.

BC Employment and Assistance Rates Used in Our Calculations

Table 1 outlines the increases for our five sample households. The support and shelter rates noted as of April 2007 are the rates we use throughout this report for each of our sample households.

Table 1: Changes to Monthly Income Assistance Rates for those Expected to Work for Five Reference Households

Household Type	Support rate prior to April 07	Support rate as of April 07	Support Increase	Shelter rate prior to April 07	Shelter rate as of April 07	Shelter Increase
Single	\$185.00	\$235.00	\$50.00	\$325.00	\$375.00	\$50.00
Single parent, child 3	\$325.58	\$375.58	\$50.00	\$520.00	\$570.00	\$50.00
Couple, no children	\$307.22	\$307.22	\$0.00	\$520.00	\$570.00	\$50.00
Single parent, child 15	\$325.58	\$375.58	\$50.00	\$520.00	\$570.00	\$50.00
Couple, children 4 and 1	\$401.06	\$401.06	\$0.00	\$590.00	\$700.00	\$110.00

Source: Ministry of Employment and Income Assistance <www.eia.gov.bc.ca/mhr/ia>

BC Employment and Assistance Supplements Not Included in Our Calculations

BC Employment and Assistance offers some additional benefits for which eligible clients may apply, although the range of benefits was reduced in 2002. For example, support is available to cover the costs of burial/cremation or moving. Many of these are one-time benefits for which eligibility is determined on an individual basis. Others, such as the Christmas supplement and the school start-up supplement, are provided annually and breaking them down into monthly income is problematic because it assumes that income assistance clients begin receiving benefits at a specific time of year.⁷ For these reasons, this report does not assess the adequacy of the additional benefits, nor are they included in our calculations of the additional benefits, nor are they included in our calculations of maximum monthly income from BC Employment and Assistance.

There are also a number of potential reductions to benefits such as a \$20 per month repayment of rental damage deposits and potentially cumulative sanctions of larger amounts (often \$100) for not meeting certain regulations. However, our calculations assume that the reference households receive the maximum allowances available through BC Employment and Assistance.

Provincial and Federal Benefits for BC Income Assistance Recipients

Government Benefits for Children

Federal and provincial governments provide a number of benefits to support low income families. The Canada Child Tax Benefit (CCTB), the National Child Benefit Supplement (NCBS) and the BC Family Bonus are intended to support children in low income families. The CCTB is a federal program that provides a monthly benefit to low and middle income families. The NCBS is a component of the CCTB and is available to low income families. The amounts available to families within these two programs have been increasing gradually over the last number of years.

The federal government has also increased the amount of the NCBS. These increases, however, are “clawed back” for families on income assistance in BC. This means that the proportion of the BC Family Bonus cheque paid by the federal government has increased – but the amount passed on to families has not increased. As of July 2005, the provincial government no longer contributes to funding the BC Family Bonus and families in BC no longer receive any money from the BC Family Bonus.

The BC Employment and Assistance rate tables indicate that “in addition to the support allowance, families receive \$123.50 for each child to the age of 19 years, under the BC Family Bonus and ministry top-up if the Family Bonus is less than \$123.50 or the child is ineligible for the Family Bonus.” Because the BC Family Bonus has been fully offset by the NCBS and the BC government no longer contributes to family incomes through the Family Bonus, our total incomes no longer reflect the BC Family Bonus and now

include only those amounts received through the CCTB (which includes the NCBS).

BC also has an Earned Income Benefit that goes to families with net incomes above \$3,750 annually. The amount of the benefits is based on the number of children and the benefit is reduced as income rises above \$21,480 for a family with one child. Families on income assistance do not receive this benefit unless they also earn income from employment, which would then be clawed back from their income assistance payments because of changes to the earnings exemption policies. We do not include this benefit in our calculations because we assume that adults in our five sample households are seeking employment but do not currently earn income from employment.

At the time of our last report, a Federal/Provincial agreement on child care had been signed and the BC government had announced that the child care subsidy would increase effective October 1, 2005. In September 2007, the province increased the out-of-school child care subsidy rate for families with children aged six to twelve. In 2006 the federal government dismantled the child care agreements signed in 2005 and introduced a Universal Child Care Benefit (UCCB). The UCCB is paid to all families in Canada with children under the age of six. Each family receives \$100 per month per child under six, regardless of household income. The benefit is taxable in the hands of the spouse with the lower income. Families on income assistance do not pay tax on their UCCB payments, but the payments could be a tax liability should their circumstances change. This benefit is included in our total income calculations, where applicable.

Sales Tax Credits

The Goods and Services Tax (GST) Credit is intended to help low income households offset the GST they pay through their purchase of goods and services. The credit is based on the income filed in the previous year's income tax and is paid quarterly. Looking at the five household types in this study, the credit ranges from \$59.25 for the single person to \$181.00 for the family of four (or \$19.75 and \$60.33 each month).

The Province of British Columbia also has a sales tax credit for low income households to help offset the provincial sales tax. Similar to the GST, the credit is based on the income filed in the previous year's income tax and is paid annually. For the five household types in this study, the credit ranges from \$75 for the single person and for the single parents to \$150 for couples, regardless of whether or not they have children. Monthly, this amounts to \$6.25 and \$12.50 respectively.

We have not included either the GST Credit or the BC provincial sales tax credit in our total income calculations for two main reasons: (1) the credits are based on the previous year's income and it is difficult to determine the income of a "typical" income assistance recipient for the previous year; (2) the credits are not paid monthly and it is therefore difficult to include them in monthly totals because they provide a very modest cushion against unexpected expenses.

Total Incomes for Our Sample Households

The monthly costs of living are compared to the total incomes available to BC income assistance recipients in this report to assess the adequacy of the welfare incomes of our sample households. The total incomes in this report are comprised of:

- the BC Employment and Assistance support allowance;
- the BC Employment and Assistance shelter allowance;
- the federal Canada Child Tax Benefit (including the National Child Benefit Supplement); and
- the federal Universal Child Care Benefit.

Table 2 shows the monthly amounts of each component of our total income calculations for each of our sample households.

Table 2: Total Income by Household Type, 2007

	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
Support	\$235.00	\$375.58	\$307.22	\$375.58	\$401.06
Shelter	\$375.00	\$570.00	\$570.00	\$570.00	\$700.00
CCTB	\$0.00	\$272.57	\$0.00	\$272.57	\$525.99
UCCB	\$0.00	\$100.00	\$0.00	\$0.00	\$200.00
Total	\$610.00	\$1318.15	\$877.22	\$1218.15	\$1827.05

Source: (Income Assistance Rates): Government British Columbia - Ministry of Employment and Income Assistance <<http://www.eia.gov.bc.ca/mhr/ia.htm>>

Source: (CCTB and UCCB): Canada Revenue Agency <<http://www.cra-arc.gc.ca/benefits/calculator/menu-e.html>> Household Supplies

Chapter 3: Support

Chapter 3 looks at the updated cost of various support items for our five sample households and concludes with an evaluation of the adequacy of income assistance support rates based on these costs. Support costs include food, household supplies, clothing, personal care, transportation, child care and other costs of daily living. Cost estimates are based either on the most recent data available or on data adjusted by the November 2007 BC Consumer Price Index (CPI). Appendix 1 includes further details about the procedures used to establish support costs.⁸

Food

Considerable variation exists in food requirements, which are dependent on factors such as activity level, general health and age. The data presented in Table 3 are derived from a 2007 study by the Dietitians of Canada called The Cost of Eating in BC 2007: The Bite Nutritious Food Takes from the Income Pie. The study bases its figures on a family of four. In order to account for diseconomies of scale for smaller households (buying in smaller portions often costs more per unit), the food cost calculations in the Dietitians report have been increased by 10% for the two person households and 15% for the individual.

Table 3: SPARC BC's Estimated Monthly Food Costs by Select Household Type in BC, 2007

	Single Adult ⁹	Single Parent, child 3 ¹⁰	Couple, no children ¹¹	Single Parent, child 15 ¹²	Couple, children 4 and 1 ¹³
1 person	\$251.41	\$173.36	\$173.36	\$173.36	\$157.60
2 people		\$96.57	\$240.48	\$223.88	\$218.62
3 people					\$117.56
4 people					\$81.42
Total	\$251.41	\$269.93	\$413.84	\$397.24	\$575.20

Source: The Cost of Eating in BC 2007. Dietitians of Canada. (November 2005)

Household Supplies

There are several non-food items that form part of grocery shopping that must also be factored into the support costs. These items, which support household operations, include cleaning and laundry supplies as well as other non-food items. Using the CPI for household operations, the cost of household supplies increased slightly between June 2005 and November 2007. The CPI increased by 2.89% in that time period. This increase was applied to the June 2005 numbers in the Left Behind report to come up with our figures for November 2007.

Table 4: SPARC BC's Estimated Monthly Cost of Household Supplies by Select Household Type in BC, 2007

	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
1 person	\$15.43	\$15.43	\$15.43	\$15.43	\$15.43
2 people		\$12.39	\$12.39	\$12.39	\$12.39
3 people					\$12.39
4 people					\$12.39
Total	\$15.43	\$27.82	\$27.82	\$27.82	\$52.60

Source: Left Behind (December 2005). C.P.I. adjusted by 2.89%.

Clothing

The cost of clothing includes all forms of apparel (clothing, shoes, coats, etc.) and seasonal variations in clothing requirements. Costs for infants also include diapers, assuming combined use of cloth and disposable diapers. Similar to the Market Basket Measure, the cost of clothing in this report assumes that the household members already have a basic wardrobe. These figures represent replacement costs that will be incurred throughout the year to maintain an adequate stock of clothing.

Table 5 shows the cost of clothing for various household types in BC. These figures represent the average monthly costs for clothing over a twelve month period. The cost of clothing decreased slightly between June 2005 and November 2007. The BC CPI shows that there was a 0.1% decrease in the cost of clothing between June 2005 and November 2007. The changes in clothing costs by age group are listed in Appendix 2. Because the decrease is so small, the cost estimates for clothing in November 2007 are almost unchanged from June 2005.

Table 5: SPARC BC's Estimated Average Monthly Clothing Costs by Select Household Type in BC, 2007

	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
1 person	\$71.87	\$71.87	\$71.87	\$71.87	\$71.87
2 people		\$22.39	\$71.87	\$62.05	\$71.87
3 people					\$28.86
4 people					\$19.71
Total	\$71.87	\$94.26	\$143.74	\$133.92	\$192.31

Source: Left Behind (December 2005). C.P.I. adjusted by -0.10%.

Personal Care

Households must also incur costs to allow for grooming and hygiene. These basic costs include soap, toothpaste, shampoo, haircuts, etc. The costs of these items also decreased between June 2005 and November 2007. The BC CPI for these items decreased by 1.93% in that time period. The personal care costs for different age groups are outlined in Appendix 2. The following figures show the minimum costs of personal care items, updated to November 2007.

Table 6: SPARC BC's Estimated Monthly Personal Care Costs by Select Household Type in BC, 2007

	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
1 person	\$22.60	\$22.60	\$22.60	\$22.60	\$22.60
2 people		\$6.80	\$22.60	\$21.13	\$22.60
3 people					\$6.80
4 people					\$3.41
Total	\$22.60	\$29.40	\$45.20	\$43.73	\$55.41

Source: Left Behind (December 2005). C.P.I. adjusted by -1.93%.

Transportation

For the purpose of this report, it is assumed that, where available, public transit is the most common form of transportation used by income assistance claimants. Given that the public transit system in Metro Vancouver is the most comprehensive in the province, the report uses these fares for estimating minimum transportation expenses.

In this report we link the transportation expenses of adults to whether or not they are looking for employment. Estimates assume that all adults with no children and single parents will be looking for work. For the couple with children, we assume that only one parent will be looking for work because one parent will be home with the children. Transportation estimates for adults looking for work are based on the cost of a two zone monthly bus pass, while the cost for adults not looking for work is based on a one zone monthly bus pass. Adults seeking work require a two zone pass because of the additional transportation expenses that accompany job searches and other employment related activities. Since non-job-seeking adults are less likely to be regularly traveling across zones, we include the cost of a one zone monthly transit pass to meet their transportation needs.

For children's transportation costs we assume that they do not use public transportation to travel to and from school. It is assumed that teenagers will make 10 round trips and children between the ages of 5 and 12 years will make 5 return trips for other activities or to travel with their parents. Children under 5 travel for free.

The following table shows the monthly transit costs for public transportation for the selected households in Vancouver for 2007. (Appendix 2 details the fare increases effective January 1, 2008.)

Table 7: SPARC BC's Estimated Monthly Costs of Public Transportation for Select Households in Vancouver, 2007

	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, children 4 and 1
1 person	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00
2 people		\$0.00	\$95.00	\$30.00	\$69.00
3 people					\$0.00
4 people					\$0.00
Total	\$95.00	\$95.00	\$190.00	\$125.00	\$164.00

Source: Left Behind (December 2005).

Child Care

The BC government provides a child care subsidy to assist eligible parents with the cost of care for their children. Subsidies are linked to a child's age, the type of care environment and their parents' net income. (See Appendix 4 for information and subsidy rates for all types of care.)

The most recent costs of child care are for December 2006. Consequently, we compare these child care costs to subsidies available for that same month. The subsidy rates for children not in school have remained the same since that time. Subsidy rates for out-of-school care increased in September 2007.

The child care costs used in this report are based on average fees in the City of Vancouver for the month of December 2006. They are derived from the Westcoast Family Information and Referral Fee Survey. Although they are higher than the provincial average, we have used mean child care fees in Vancouver for all types of care because this is the region with the highest percentage of income assistance recipients in the province.

Table 8 shows that parents receiving income assistance who are eligible for the maximum child care subsidy would have significant monthly child care costs in December 2006.

Decisions about how to include the cost of child care in calculations of minimum monthly living costs are complicated by the difficulty of predicting the kind of care parents will access for their children. Considerations of availability, cost and type of care will all factor into child care choices. We use regulated group child care in this report as our reference for child care costs.

Table 8: Child Care Fees versus Subsidy Amounts by Select Household Type in Vancouver, 2007¹⁴

Household Type/ Type of care ¹⁵	Average Monthly Costs of Care	Maximum Child Care Subsidy	% of Child Care Costs by Subsidy	Shortfall (Out-of-pocket costs)
Single Parent, child 3 ¹⁶ / Licensed Group Care	\$636	\$550	86%	\$86
Single Parent, child 3/ Licensed Family Care	\$739	\$550	74%	\$189
Couple, children 4 and 1 ¹⁷ / Licensed Group Care	\$1634	\$1300	80%	\$334
Couple, children 4 and 1/ Licensed Family Care	\$1595	\$1150	72%	\$445

Source: Westcoast Family Information and Referral Fee Survey (December 2006)
<http://wstcoast.org/parents/choosing.html>

Other Costs of Living

Items such as food, household supplies, clothing, personal care, transportation, and child care are all basic costs. This report, however, also includes some items that will allow the members of the various households to, at least minimally, participate in their community. The category of 'Other Costs of Daily Living' includes expenses associated with recreation and leisure, the purchase of reading material, non-prescription medicines, occasional meals at restaurants, and admission fees for events. These items are the same as in Left Behind (December 2005), but have been updated to November 2007 using the BC CPI for recreation, education, and reading. The BC CPI increased by 0.93% for these items between June 2005 and November 2007. Table 9 shows the estimated expenses for these other costs by household type.

Table 9: SPARC BC's Estimated Other Costs of Daily Living by Select Household Type in BC, 2007

	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
1 person	\$198.04	\$198.04	\$198.04	\$198.04	\$198.04
2 people		\$118.83	\$118.83	\$118.83	\$118.83
3 people					\$118.83
4 people					\$118.83
Total	\$198.04	\$316.87	\$316.87	\$316.87	\$554.53

Source: Left Behind (December 2005). C.P.I. adjusted by 0.93%.

Health, Dental and Optical Care

There are three types of medical support programs available to income assistance recipients: basic coverage, extended coverage and Healthy Kids program benefits. Table 10 outlines the type of coverage for which each of the five household types is eligible.

Basic coverage is available to all income assistance claimants, and includes

Medical Services Plan (MSP) coverage and Pharmacare coverage. Among other things this includes visits to a family doctor, maternity care, diagnostic x-rays, laboratory services and some prescription coverage. Basic coverage also includes optical coverage that covers a portion of the cost of an eye exam every two years and a portion of the costs of new glasses every three years for adults.¹⁸

Extended health coverage is available only to:

- the dependent children of ‘temporary assistance’ clients;
- people with disabilities;
- people with persistent multiple barriers; and
- people over the age of 65.

These benefits provide additional coverage for such things as essential medical equipment and supplies, some orthotics and braces, glasses, hearing aids, basic dental coverage and some orthodontic work.

Children whose families receive income assistance are automatically registered for the Healthy Kids program provided that they are also receiving MSP premium assistance. The Healthy Kids program annually covers the cost of basic glasses and up to \$700 for basic dental services for children under 19.

Basic dental coverage is not available to adult clients unless they have disabilities or are considered to have persistent and multiple barriers to employment. Income assistance recipients who are eligible for only basic health benefits (all adult clients under 65 without disabilities) have no access to many important medical services, and virtually no dental services. There is an exception made in the case of a specific life-threatening health need where the person has no other resources.

Expenses for these non-covered health items have not been included in the calculations developed in this chapter because of the lack of information on costs and actual requirements. Our calculations of the adequacy of income

assistance in meeting total daily expenses indicate that any additional expenses incurred by recipients will only serve to increase the amount by which BC Employment and Assistance fails to meet minimum monthly support costs.

Table 10: Health, Dental and Optical Eligibility

	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
Basic Coverage: MSP, Pharmacare, Optical	Yes	Yes	Yes	Yes	Yes
Enhanced Coverage: MSP, Pharmacare, MHR Sponsored Benefits, Dental care up to \$1000 every two years	No	Child, yes; Parent, no	No	Child, yes; Parent, no	Child, yes; Parents, no
Healthy Kids: Dental care up to \$700/year and basic glasses annually	N/A	Yes	N/A	Yes	Yes

Source: Income Assistance Guide (2007). Newton Advocacy Group Society.
 < <http://www.newtonadvocacygroup.ca/>>

The Adequacy of BC Employment and Assistance in Meeting Minimum Support Costs

By combining our estimates of the cost of food, household supplies, clothing, personal care, transportation, child care, and other costs of living, we can determine whether or not the support allowance portion of BC Employment and Assistance covers the actual minimum costs of support. We include the federal child benefits (CCTB and UCCB) in our total support incomes for our five sample households. We include the federal benefits for children in the total income for the support chapter rather than for shelter because the benefits are intended to cover costs related to raising children, such as child care, clothing and recreational activities.¹⁹

Table 11 (next page) clearly shows that the support income delivered

through BC Employment and Assistance does not provide households with enough income to meet their minimum monthly support costs. The “% of Costs Met” shows what percentage of SPARC BC’s estimated minimum support costs is covered by the maximum total support income. The shortfall indicates the amount by which available total support income would need to increase in order to meet our estimated minimum support costs.

The data indicate that there are significant shortfalls between BC Employment and Assistance and the minimum costs for all five sample households. The table also shows that families with children have the smallest gaps between income and costs. This is due to the income provided by federal benefits for families with children.

Table 11: SPARC BC's Estimated Adequacy of BC Employment and Assistance Support Income

	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
BC E&A Income	\$235.00	\$375.58	\$307.22	\$375.58	\$401.06
CCTB Income (Including NCBS)	\$0.00	\$272.57	\$0.00	\$272.57	\$525.99
UCCB Income (Introduced in 2006)	\$0.00	\$100.00	\$0.00	\$0.00	\$200.00
Total Income	\$235.00	\$748.15	\$307.22	\$648.15	\$1127.05
Food	\$251.41	\$269.93	\$413.84	\$397.24	\$575.20
Household Supplies	\$15.43	\$27.82	\$27.82	\$27.82	\$52.60
Clothing	\$71.87	\$94.26	\$143.74	\$133.92	\$192.31
Personal Care	\$22.60	\$29.40	\$45.20	\$43.73	\$55.41
Transportation	\$95.00	\$95.00	\$190.00	\$125.00	\$164.00
Child Care ²⁰	\$0	\$86.00	\$0	\$0	\$0
Other Costs of Living	\$198.04	\$316.87	\$316.87	\$316.87	\$554.53
Estimated Monthly Living Costs	\$654.35	\$919.28	\$1137.47	\$1044.58	\$1594.05
% of Costs Met by Total income	36%	81%	27%	62%	71%
Shortfall	\$419.35	\$171.13	\$830.25	\$396.43	\$467.00

In all but one of our five sample households, the percentage of costs met has increased since our last report. The couple without children are able to meet a smaller proportion of their costs than they were in 2005 because they received no increases in their income support payments while the cost of living increased. They can only meet a meager 27% of their actual support expenses through BC Employment and Assistance.

Only the modest increases seen for the single adult and the single parent with a teenager can be attributed to the 2007 increase in support rates. The more substantive increases in percentage of costs met were for those families with children under six. These increases are explained by the introduction of the UCCB, which provides an additional \$100 per child under six each month. The couple with two children under six did not receive any increase in their BC Employment and Assistance support payments, so the 16 percentage point increase in their ability to pay for monthly living expenses is solely attributable to federal benefit programs. The parent with a three-year-old was further assisted by increases to child care subsidies in late 2005. The parent would now spend \$86 on child care each month rather than the \$195 spent in 2005.

Table 12 demonstrates the percentage of costs covered by BC Employment and Assistance without factoring in federal benefits in 2005 and 2007. Our five sample households can meet between 25% and 41% of their costs through BC Employment and Assistance alone. For those households that received increases, the additional money increased their ability to cover monthly living expenses by between four and nine percentage points since 2005.

Table 12: Adequacy of the BC Employment and Assistance Support Allowance (2005 vs. 2007)

	Single Adult		Single Parent, child 3		Couple, no children		Single Parent, child 15		Couple, children 4 and 1	
	2005	2007	2005	2007	2005	2007	2005	2007	2005	2007
BC E&A Income (\$)	185.00	235.00	325.58	375.58	307.22	307.22	325.58	375.58	401.06	401.06
Total Costs (\$)	589.99	654.35	1032.98	919.28	1099.34	1137.47	1022.38	1044.58	1540.01	1594.05
% of Costs Met	31%	36%	32%	41%	28%	27%	36%	36%	26%	25%

Conclusion

The support income available to income assistance recipients in BC continues to be inadequate to cover the expenses necessary to participate in the day-to-day life of BC communities and to support income assistance recipients in their effort to find employment. While these support costs continue to increase for each of our households, the government has failed to provide adequate income to meet these rising costs. The small increases for some households introduced in 2007 did not enable households in BC to significantly increase the percentage of their monthly costs met by BC Employment and Assistance. This means that individuals and families on income assistance are still being left behind.

Chapter 4: Shelter

This chapter considers whether or not people receiving income assistance in BC can access a reasonable portion of the rental housing market given current BC Employment and Assistance shelter allowance rates. The shelter allowance is meant to cover the cost of rent, telephone services, and utilities. The allowance is a ceiling amount and only the actual costs of these three items will be reimbursed. If recipients have shelter costs in excess of the ceiling amount for shelter, they are forced to use their support allowance to make up the difference.

While the shelter allowance increases were based on the number of people in the household, these increases do not reflect the composition of the household. For example, most couples without children would need a one bedroom apartment, but a two bedroom apartment would be more suitable for a single parent with one child. Yet both of these household types contain the same number of people and would receive the same ceiling amount for their shelter allowance.

A household is considered to be in core housing need if they are living in housing which is “crowded, or in poor condition and/or where the housing costs are in excess of 30% of their gross household income.”²¹ SPARC BC’s assumptions around rental unit sizes for the various household types support this approach to looking at core housing need, as well as the need for some degree of privacy for household members. As such, we use the following unit sizes in determining our estimated shelter costs for income assistance recipients:

- Single adult – Bachelor;
- Couple with no children – One bedroom;
- Single parent with one child – Two bedrooms; and
- Couple with two children – Three bedrooms.

Establishing the Cost of Shelter

We use Metro Vancouver as the reference point for calculating shelter ceilings because the region is home to the highest proportion of income assistance recipients and because the region generally has the highest rent prices. This ensures that our estimated costs are adequate in other regions of the province.²²

In order to determine shelter ceilings for the purposes of calculating shelter costs we use the accessible rental accommodation threshold adopted by previous BC governments which is the lower 25% of the market for the region. However, the average vacancy rate of 0.7% for a one bedroom unit in Metro Vancouver in 2007 is among the lowest in approximately 20 years. According to Canada Housing and Mortgage Corporation (CMHC), the 11% increase in the price of apartment condominiums in the past year, delays in the construction of new condominium projects, as well as the increasing population as a result of the strong economy have all put downward pressure on vacancy rates in the region.²³

While our estimated costs for shelter will use the 25th percentile, SPARC BC believes that because of the extremely tight rental market a better accessibility threshold would allow recipients to access the least expensive 40% of the rental market. Table 13 shows the 25th and 40th percentiles and the average rent for Metro Vancouver for our sample households.

Table 13: Approximate Rents in Metro Vancouver at the 25th and 40th Percentiles and Average Rent, October 2007

Household Type/ Rent Sample	Single Adult	Single Parent, child 3	Couple, no children	Single Parent, child 15	Couple, children 4 and 1
25th percentile	\$645	\$840	\$715	\$840	\$955
40th percentile	\$705	\$910	\$770	\$910	\$1000
Average Rent	\$735	\$1084	\$846	\$1084	\$1234

Source: Canada Mortgage and Housing Corporation (December 2007).

Availability of Rental Housing

The BC Employment and Assistance shelter rates were increased in 2007. Table 14 (next page) provides a comparison of the accessible CMHC rent ranges available for the various household types and the percentage of units with rents below or near the maximum shelter allowances in 2004 and 2007.²⁴ Even with the increase in the shelter allowance, single adults remain in the same rent range. Between 2004 and 2007 there was a decrease in the number of units available in that price range. Our household types with a single parent and one child moved up to the next rent range. Despite this, there are still only 2 in 1000 two bedroom units in Metro Vancouver that would not exceed their shelter allowance. Couples without children also moved to the next rent range for one bedroom apartments. Between 2004 and 2007, the percentage of units with rents below or near the maximum shelter allowance for this household type decreased from 1.8% to 0.8%. The couple with two children also saw a slight increase in the proportion of units available within their price range. Without the increase, there would have been no three bedroom apartments available in 2007, as the lowest rent range for this type of rental unit is \$650 to \$700.

Table 14: Percentage of Rental Units in Metro Vancouver with Rents Near the Maximum BC Employment and Assistance 2006 and 2007 Shelter Allowance

Type of Unit	Household type	Shelter Allowance		CMHC Rent Range		% of Units with Rent Below or Near the Max. Shelter Allowance	
		2004	2007	2004	2007	2004	2007
Bachelor	Single Adult	\$325.00	\$375.00	\$0-399	\$0-399	1.1%	0.7%
2 Bedrooms	Single Parent, Child 3	\$520.00	\$570.00	\$500-549	\$550-599	0.2%	0.2%
	Single Parent, Child 15	\$520.00	\$570.00	\$500-549	\$550-599	0.2%	0.2%
1 Bedroom	Couple, no children	\$520.00	\$570.00	\$550-549	\$550-599	1.8%	0.8%
3 Bedrooms	Couple, Children 4 and 1	\$590.00	\$700.00	\$550-599	\$700-749	0.3%	0.4%

Source: Canada Mortgage and Housing Corporation (October 2007).

Even with the increase, there are still not enough rental units in Metro Vancouver that are accessible to those claiming income assistance. This means that those households on income assistance that cannot find rental units for less than their maximum shelter allowance will have to use their support allowances to cover the cost of shelter and choose to go without other basic necessities.

Other Costs Associated with Shelter

In addition to the cost of rent, the shelter allowance is also meant to cover the cost of utilities and telephone. Since over 80% of the apartments in Greater Vancouver include the cost of heat in the rent, the primary utility cost for rental accommodation is electricity. The 2005 cost of electricity was updated to reflect a CPI increase of 3.90% to obtain the 2007 costs.



Table 15: SPARC BC's Estimated Cost of Utilities by Household Type, 2007

Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
\$23.48	\$28.97	\$24.43	\$28.97	\$28.97

Source: Left Behind (2005). CPI adjusted by 3.90%.

The shelter allowance is also meant to include the cost of basic phone services. The cost of the basic line is \$31.95, but there are additional fees associated with a basic line including:

- Emergency fee: \$0.17
- Message relay: \$0.19
- System access fee: \$4.50

Basic monthly telephone costs for Greater Vancouver are \$36.81. The total charge with tax (GST and PST) is \$39.36.

The Adequacy of BC Employment and Assistance in Meeting Shelter Costs

By combining our estimates of housing, utility and phone costs we can evaluate whether or not the shelter allowance portion of the BC Employment and Assistance covers the actual costs of shelter.

Table 16 clearly demonstrates the inadequacy of current shelter allowances and the inadequacy of the shelter rate increases in 2007. As indicated by the percentage of costs met by the shelter allowance, in no cases do available shelter benefits come close to covering actual shelter costs. This is despite the 2007 increases to shelter costs for all household sizes. In all but one sample household the increase contributed to a one or two percentage point increase in the their ability to meet shelter costs since our last report

in 2005. In all cases but the couple with two children, our sample households were able to meet less of their shelter costs than they were in 2002 despite the recent increases to shelter rates.

Table 16: SPARC BC's Estimated Adequacy of BC Employment and Assistance Shelter Income

	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
BC E&A Shelter Allowance	\$375.00	\$570.00	\$570.00	\$570.00	\$700.00
Rent	\$645.00	\$840.00	\$715.00	\$840.00	\$955.00
Utilities	\$23.48	\$28.97	\$24.43	\$28.97	\$28.97
Telephone	\$39.36	\$39.36	\$39.36	\$39.36	\$39.36
Estimated Monthly Shelter Costs	\$707.84	\$908.33	\$778.79	\$908.33	\$1023.33
% of Costs Met by Shelter Allowance	53%	63%	73%	63%	68%
Shortfall	\$332.84	\$338.33	\$208.79	\$338.33	\$323.33
% of Costs Met by Shelter Allowance in 2005	51%	61%	72%	61%	63%
% of Costs Met by Shelter Allowance in 2002	55%	64%	77%	64%	65%

The gap between shelter allowance rates and actual shelter costs would significantly increase if rent were set at the 40th percentile as SPARC BC recommends, and not the 25th percentile suggested by past provincial governments. At the 40th percentile, the shelter allowance would meet only 49% of a single adult's shelter costs, 58% of the shelter costs incurred by a single parent with one child, 68% of the shelter costs incurred by a

couple with no children and 66% of a couple with two children's shelter costs.

Conclusion

The data in this chapter clearly indicate that BC Employment and Assistance shelter allowances are inadequate. The shelter rates have not kept pace with the rapidly increasing rental costs in the province. Despite the increases to shelter allowances in 2007, households saw only a one to five percentage point increase in their purchasing power of shelter. The new shelter allowances moved most sample households into the next rent range. Nonetheless, most of these households saw decreased availability in the 25th percentile. The 2007 increases did not even restore purchasing power to 2002 levels in most cases. The result is that many income assistance recipients remain unable to obtain appropriate and affordable rental accommodation and find themselves scrimping on food and other basic necessities as a result. Without stable accommodation and a telephone, it is extremely difficult for people living on welfare to comply with the work search and employability requirements that have now been implemented.

Chapter 5: Conclusion

Table 17 shows that despite increases to BC Employment and Assistance rates, total incomes for welfare recipients in BC still fall dramatically short of covering the actual minimum costs of living.²⁵ A significant proportion of the increased rates simply went towards covering the cost of living between 2002 and 2007, as the Consumer Price Index for BC increased by 10.1% overall between 2002 and 2007.

Table 17: Adequacy of BC Employment and Assistance in Meeting Minimum Living Costs by Household Type, 2007

	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
Total Income (BC E&A, CCTB, UCCB)	\$610.00	\$1318.15	\$877.22	\$1218.15	\$1827.05
Support Costs					
Food	\$251.41	\$269.93	\$413.84	\$397.24	\$575.20
Household Supplies	\$15.43	\$27.82	\$27.82	\$27.82	\$52.60
Clothing	\$71.87	\$94.26	\$143.74	\$133.92	\$192.31
Personal Care	\$22.60	\$29.40	\$45.20	\$43.73	\$55.41
Transportation	\$95.00	\$95.00	\$190.00	\$125.00	\$164.00
Child Care ²⁶	\$0.00	\$86.00	\$0.00	\$0.00	\$0.00
Other	\$198.04	\$316.87	\$316.87	\$316.87	\$554.53
Shelter Costs					
Rent	\$645.00	\$840.00	\$715.00	\$840.00	\$955.00
Utilities	\$23.48	\$28.97	\$24.43	\$28.97	\$28.97
Telephone	\$39.36	\$39.36	\$39.36	\$39.36	\$39.36
Total Costs (Support and Shelter)					
	\$1362.19	\$1827.61	\$1916.26	\$1952.91	\$2617.38
\$ Shortfall	\$752.20	\$509.46	\$1039.04	\$734.76	\$790.33
% of Costs Met (2007)	45%	72%	46%	62%	70%
% of Costs Met (2005)	41%	57%	45%	57%	57%
% of Costs Met (2002)	44%	60%	48%	59%	59%

Households without children are not even able to cover half of their minimum living costs. The couple without children have a particularly hard time covering their support costs with BC Employment and Assistance compared to the other sample households (27%) because they did not receive an increase in their support allowance and are not eligible for the federal child benefits. The couple without children, however, does come closer than the other household types in terms of covering their shelter costs because they require only a one bedroom apartment, but are eligible for the shelter allowance for a two-person household.

Households with children fair better because of federal child benefit programs, but still do not come close to covering their living costs. The total income for a single parent with a child in need of child care covers almost three quarters of their costs, whereas the single parent with a teenager is not quite able to cover two thirds. The total income for the household led by a couple with two children under six years covers 70% of their costs.

Table 18 (next page) demonstrates that households with children are able to cover a greater portion of their costs because of federal programs for families with children and not because of increases to the BC Employment and Assistance Rates. In fact, the combined federal benefits available for families with children claiming income assistance covers 28% of the costs for our household with a couple and two children under the ages of 6 years. Without these benefits, the welfare rates for families with children would not cover even half of their monthly costs.

The CCTB does help sample households with children cover a greater proportion of their costs compared to families without children. However, it is the UCCB that has a significant impact on our sample households with children under six in terms of their ability to cover costs, especially given that the couple with two children had no increase to their support allowance. It should be noted that while the UCCB has boosted the total incomes of families with children under six, it has done little to ensure the provision of quality child care in BC. The single parent with a three-year-old was further assisted by increases to child care subsidies in late 2005.

Table 18: Adequacy of BC Employment and Assistance (Without Federal Benefits) in Meeting Minimum Living Costs by Household Type in 2007, 2005 and 2002

	Year	Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
Total Income	2007	\$610.00	\$945.58	\$877.22	\$945.58	\$1101.06
	2005	\$510.00	\$845.58	\$827.22	\$845.58	\$991.06
	2002	\$510.00	\$845.58	\$827.22	\$845.58	\$991.06
Total Costs	2007	\$1362.20	\$1827.62	\$1916.27	\$1952.92	\$2617.40
	2005	\$1233.13	\$1882.39	\$1824.38	\$1871.79	\$2472.42
	2002	\$1159.66	\$1774.88	\$1717.10	\$1785.47	\$2374.90
% of Costs Met	2007	45%	52%	46%	48%	42%
	2005	41%	45%	45%	45%	40%
	2002	44%	48%	48%	47%	42%

While the increases made a slight difference in income assistance recipients' ability to cover their minimum cost of living, they still fall dramatically short of meeting their costs. The proportion of the costs that total welfare incomes can cover will continue to erode each year as the cost of living increases, unless regular increases are tied to inflation rates. In other words, the rates must not only be increased to allow income assistance claimants the ability to cover their minimum living costs, but the rates must also be indexed to the cost of living, so that the rates do not continue to lose their purchasing power over time.

Overall, it is apparent that income assistance in BC remains profoundly inadequate. We urge the province to end this policy of legislated poverty, and to adopt levels of income assistance that permit all provincial residents to access the goods and services they need to participate in their communities.

Appendix 1: Technical Notes

This report examines the extent to which basic income assistance meets the minimum monthly costs of living. People come into and leave the income assistance caseload on a regular basis. For that reason, we do not include the special allowances that are either available at certain times (e.g. school start-up, Christmas), or that cover special circumstances (e.g. diet allowance).

The Consumer Price Indices

The Consumer Price Indices (CPI) are monthly statistical reports produced by Statistics Canada on the costs of goods and services across a variety of sectors. CPIs are available for Canada as a whole as well as for individual provinces and territories.

Food

Food costs were derived from a 2007 report by the Dietitians of Canada entitled *The Cost of Eating in BC*. The food costs are based on a survey of the prices of items in Health Canada's National Nutritious Food Basket. The Food Basket contains 66 foods chosen to reflect basic nutrient and calorie needs. The basket identifies "foods that reflect average food purchase patterns, meet nutritious requirements, and are palatable and economical."

To account for diseconomies of scale for families with less than four people, basic food costs were increased by 5% for a three-person household, 10% for a two-person household, and 15% for individuals. The Dietitians of Canada recognize these weighting factors as the currently accepted practice.

There are several issues to consider when using the food cost estimates presented in Table 3.

1. Prices for food basketed items provide an indication of the average costs of a nutritious diet. Since it is unlikely that anyone every eats exactly the same foods in the same amounts, the basket cannot be regarded as a shopping list.
2. Costs may be reduced by purchasing generic products and, where income permits, by buying in bulk and storing. Costs may increase when food is purchased at convenience stores.
3. The basket is based on foods purchased for home use. Food purchased in restaurants must be added when calculating total food costs.
4. The food basket is based on the assumption of rational purchases. Actual consumer behaviour is influence by food advertising, food bargains, consumer impulse, hidden persuasions of display and packaging, and family tastes.

Household Supplies

To our knowledge, there have been no material changes for the items included in this category since it was last adjusted in 1990. Costs are similar to those reported by the Government of Manitoba's Family Finance: Family Living Costs Categories 2000.

Clothing

Monthly clothing cost estimates were derived from the Social Planning Council of Metropolitan Toronto Guides for Family Budgeting (1991). Clothing estimates are for low-cost, durable clothes that are consistent with clothing trends. The costs include retail sales tax, and service costs such as dry cleaning and necessary alterations.

The cost of infant clothing in this report is large because it includes the initial purchase of special infant goods. These include furniture (crib,

mattress and carriers); bedding and linen (receiving blankets, sleepers); and miscellaneous items (diaper pail, bath accessories). We estimate that the costs for second infants during the first five months would be 25% of those shown.

The Guides for Family Budgeting based cost estimates on the use of a mixture of cloth and disposable diapers. Exclusive use of disposable diapers would increase costs significantly.

Clothing costs in this report are consistently lower compared to those reported in Manitoba's Family Finance: Family Living Costs Categories 2000. While this is probably accounted for, in part, by the climatic differences between the two provinces, the information does show that our cost estimates for this category are conservative.

Personal Care

These costs are derived from the Social Planning Council of Metropolitan Toronto Guides for Family Budgeting (1991). To our knowledge, there have been no material changes to the items included in this category. Comparisons with the costs in the Manitoba family expenditures show that our estimates are lower for all age groups.

Transportation

The cost of public transit is derived from the Vancouver Translink Fares and Passes page for 2007. More information is available on the changes in Translink fares for 2008 in Appendix 3.

Child Care

Child Care subsidy rates are listed on the Child Care Subsidy Program webpage (www.mhr.gov.bc.ca/PUBLICAT/CC/CCSubsidy.htm). Data on the actual costs of child care are derived from the Westcoast Family Information and Referral Fee Survey. The child care costs used in this report are based on mean fees in the City of Vancouver for the month of December 2006, the most recent actual costs available. We compare these costs with the amount of the subsidy available in the same month. Only the rates for

out-of-school care (which do not apply to our five sample households) have been increased since that time.

Other Costs of Daily Living

These costs were developed using information from the Guides to Family Budgeting (1983) and allowances provided to foster parents. See *Regaining Dignity* (1989) for more information on the derivation of these costs. The other costs for daily living are somewhat higher in this report compared to those reported in Manitoba's family expenditures.

Appendix 2: Costs by Age Group

The costs throughout the report are provided for household types. Many of the costs, however, are different for various age groups. This section includes the costs broken down by age group, where possible, to allow users of the report to calculate costs for different household configurations, if need.

Food

Table A-1: Monthly Cost of Eating in British Columbia, 2007 by Age and Gender

Age/Gender	Total Monthly Costs
Child	
1 year	\$81.42
2–3 years	\$87.79
4–6 years	\$117.56
Boy	
7–9 years	\$142.57
10–12 years	\$174.89
13–15 years	\$203.53
16–18 years	\$238.64
Girl	
7–9 years	\$135.03
10–12 years	\$158.73
13–15 years	\$170.39
16–18 years	\$163.19

Age/Gender	Total Monthly Costs
Man	
19–24 years	\$226.98
25–49 years	\$218.62
50–74 years	\$196.56
75+	\$176.93
Woman	
19–24 years	\$166.79
25–49 years	\$157.60
50–74 years	\$154.14
75+	\$149.63

Clothing

Table A-2: SPARC BC's Estimated Average Monthly Clothing Costs by Age Group, 2007

Age Group	Monthly Costs
0 – 5 months	\$167.18
6 – 12 months	\$53.00
1 – under 2	\$19.71
2 – under 4	\$22.39
4 – 6 years	\$28.86
7 – 11 years	\$39.28
12 – 14 years	\$50.47
15 – 18 years	\$62.05
Adult	\$71.87

Personal Care

Table A-3: SPARC BC's Estimated Average Monthly Personal Care Costs by Age Group, 2007

Age Group	Monthly Costs 2007	Monthly Costs 2005	Monthly Costs 2002
Infant	\$3.41	\$3.48	\$3.39
2 – 5 years	\$6.80	\$6.93	\$6.74
6 – 11 years	\$7.50	\$7.65	\$7.45
12 – 14 years	\$15.53	\$15.84	\$15.41
15 – 19 years	\$21.13	\$21.55	\$20.97
Adult	\$22.60	\$23.04	\$22.42

Appendix 3: Changes to TransLink Fares

Effective January 1, 2008, TransLink increased all of its fares. The transportation costs in this report are based on the 2007 fares. The 2008 fares are included here to demonstrate the increased costs faced by BC Employment and Income Assistance Recipients this year.

The TransLink increases are based on the 'more you spend, the more you save' principle. The cost of the two zone bus pass increased by 4% and the one zone bus pass increased by 6%. The cash fare rates, however, increased by 17%, which means that the cost of transportation increased by \$60 over the year for teenagers. Children between the ages of 5 and 12 years will require an additional \$30 over the year to cover the cost of the increased fares.

Table A-4: New TransLink Fares, Effective January 1, 2008

Prepaid Fares		Adult	Concession
Monthly FareCard *monthly transit passes are eligible for federal tax credits	1 zone	\$73.00	
	2 zones	\$99.00	
	3 zones	\$136.00	
Concession FareCard			\$42.00
Fare Saver Ticket Book of 10	1 zone	\$19.00	\$16.00
	2 zones	\$28.50	
	3 zones	\$38.00	
Day Pass		\$9.00	\$7.00

Cash Fares		Adult	Concession
Regular Fare	1 zone	\$2.50	\$1.75
	2 zones	\$3.75	\$2.50
Weekdays start of services to 630 pm	3 zones	\$5.00	\$3.50
	Discount Fares, 1, 2 or 3 zones	\$2.50	\$1.75

The following table shows the changes to the TransLink fares for various age groups, based on the *Still Left Behind* report's assumptions about public transit usage for these age groups.

Table A-5: Translink Fares by Age 2008 and 2007

Age Group	Assumptions ²⁷	2008	2007
Adults Seeking Work	Two zone monthly pass	\$99.00	\$95.00
Adults Not Seeking Work	One zone monthly pass	\$73.00	\$69.00
Teenagers	10 return trips (20 bus fares) for one zone cash fare @ \$1.75	\$35.00	\$30.00
Children 5 to 12 years	5 return trips (10 bus fares) for one zone cash fare @ \$1.75	\$17.50	\$15.00
Children under 5 years	Travel for free when accompanied by an adult	\$0.00	\$0.00

Source: TransLink Transit Fares January 1st 2008
 <http://www.translink.bc.ca/Transportation_Services/Transit_Fares_Jan2008.asp>

The next table shows the estimated costs for transportation for the select BC households, based on the new TransLink Fares, which are effective January 1, 2008.

Table A-6: SPARC BC's Estimated Monthly Costs of Public Transportation for Select Households in Vancouver, 2008

Single Adult	Single Parent, Child 3	Couple, no children	Single Parent, Child 15	Couple, Children 4 and 1
\$99.00	\$99.00	\$198.00	\$135.00	\$172.00

Source: TransLink Transit Fares January 1st 2008
 <http://www.translink.bc.ca/Transportation_Services/Transit_Fares_Jan2008.asp>

Appendix 4: Child Care Subsidy Amounts

Information on current subsidy levels and income thresholds can be found at www.mcf.gov.bc.ca/chilcare/subsidy_promo.htm. For the purposes of this study, we compared actual costs from 2006 to the subsidy rates available as of September 2007. The rate increases effective September 1, 2007 were for school aged children only. All other rates were the same as those available in 2006.

Table A-7: Child Care Subsidy Rates for 2007

Type of Care	Age Group	Monthly Subsidy Rates	
		4 hours or less	more than 4 hours
Licensed family or registered family (License not required)	0 – 18 months	\$300.00	\$600.00
	19 – 36 months	\$300.00	\$600.00
	37 months – 5 years	\$275.00	\$550.00
Family (License not required)	0 – 18 months	\$219.00	\$438.00
	19 – 36 months	\$202.00	\$404.00
	37 months – 5 years	\$177.00	\$354.00
Licensed Group	0 – 18 months	\$375.00	\$750.00
	19 – 36 months	\$317.50	\$635.00
	37 months – 5 years	\$275.00	\$550.00
In Own Home	1st child 0 – 18 months	\$197.00	\$394.00
	1st child over 18 months	\$159.00	\$318.00
	2nd child 0 – 18 months	\$99.00	\$198.00
	Additional child	\$73.50	\$147.50
Out of School	Kindergarten	\$272.00	\$340.00
	Grade 1 and up	\$170.00	\$200.00
Preschool	30 months – school entry	\$225.00	—

Appendix 5: Income Assistance Structure and Rates

There are three types of benefit categories in the BC Employment and Assistance program: temporary, disability and child in the home of a relative (CIHR). Temporary assistance includes persons who are expected to work, those who have been temporarily excused from work search and employability requirements (such as single parents with children under three, persons with a drug or alcohol problem and persons with temporary injuries or illnesses) and people with persistent and multiple barriers.

The findings of this report are based only on temporary income assistance benefits. We do not evaluate the adequacy of disability assistance or CIHR benefits because the same cost calculations cannot be used to determine the adequacy of other programs. For example, it cannot be assumed that persons with disabilities have the same costs as other welfare recipients given the additional costs that may be required to accommodate particular housing, dietary or other needs.

Table A-8 reproduces the Ministry of Employment and Income Assistance rate chart for BC Employment and Assistance as of May 2005.

Table A-8: BC Employment and Assistance Benefit Rates*

unit size	Support Rate								Shelter Maximum
	A	B	C	D	E	F	G	H	
1	\$235.00	\$282.92	n/a	\$531.42	n/a	n/a	n/a	n/a	\$375.00
2	\$307.22	\$452.06	\$375.58	\$700.56	\$949.06	\$672.08	\$423.58	\$396.22	\$570.00
3	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$660.00
4	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$700.00
5	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$750.00
6	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$785.00
7	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$820.00

* Income Assistance (Effective April 1, 2007)



Note:

- For persons aged 60-64 who are not eligible for the federal spouse's allowance, the minimum shelter allowance is \$75.
- All rates are monthly.
- In addition to the support allowance, families receive \$123.50 for each child to age 19 years, under the BC Family Bonus and ministry top-up if the Family Bonus is less than \$123.50 or the child is ineligible for Family Bonus.²⁸
- Families of two or more that include someone on Old Age Security (OAS) are entitled to a maximum shelter rate for the family size.
- Families of two or more that include someone on Old Age Security (OAS) are entitled to a maximum shelter rate for the family size.
- Shelter increments continue to increase by an additional \$35 for each additional dependant after unit size 7.

Key	Effective April 1, 2007, rate for:
A	Employable singles, couples and two-parent families where all adults are under 65 years of age.
B	Singles, couples and two-parent families where all adults meet the Persons with Persistent Multiple Barriers (PPMB) criteria and all are under 65.
C	Employable one-parent families where the parent is under 65.
D	Singles, couples, and two parent families where one adult is aged 65 or older.
E	Couples and two-parent families where both adults are aged 65 or older.
F	One-parent families where the parent is aged 65 or older.
G	One-parent families where the parent meets the Persons with Persistent Multiple Barriers (PPMB) criteria and is under 65.
H	Couples and two-parent families where one adult meets the PPMB criteria and all are under 65.

Endnotes

1. Adults aged 60-64 are also not required to engage in job search and other employment activities, although they no longer receive higher benefits as they did prior to 2002.
2. Research, Evaluation and Statistics Branch, Ministry of Employment and Income Assistance. "Outcomes of those Leaving Assistance." (February 2007) <<http://www.eia.gov.bc.ca/publicat/reports.htm>>
3. Wallace, Bruce, Seth Klein and Marge Reitsma-Street (2006). "Denied Assistance: Closing the Door on Welfare in BC." Canadian Centre for Policy Alternatives and the Vancouver Island Public Interest Research Group.
4. This is the most recent year for which figures are available.
5. See Child Poverty in BC Fact Sheet #2. <www.firstcallbc.org>
6. Goldberg, Michael et al. (2005). "On Our Streets and In Our Shelters: Results of the 2005 Greater Vancouver Homeless Count." Social Planning and Research Council of British Columbia (SPARC BC).
7. For example, the Christmas supplement is distributed in November. If a client begins receiving income assistance payments in January, they will have been on income assistance for 11 months before ever receiving the supplement. The client may in fact stop receiving income assistance before ever receiving a Christmas supplement. It is therefore problematic to include the supplement as a component of monthly income.
8. It is important to note that the CPI was rebased from 1992 to 2002 in May 2007. The calculations for both June 2005 and November 2007 in this report are all based on 2002=100.
9. The single adult is assumed to be a man between the ages of 25 and 49 years.

10. The single parent is assumed to be a woman between the ages of 25 and 49 years. The three-year-old is assumed to be a girl.

11. The couple is assumed to be a woman and a man between the ages of 25 and 49 years.

12. The single parent is assumed to be a woman between the ages of 25 and 49 years. The fifteen-year-old is assumed to be a boy.

13. The couple is assumed to be a woman and a man between the ages of 25 and 49 years. The four-year-old is assumed to be a girl. The one year old is assumed to be a boy.

14. As discussed in the introductory section, the Government of Canada introduced the Universal Child Care Benefit in 2006. Through this benefit, families with children under six receive \$100 per month per child under six, regardless of household income. The \$100 is not included in this table because there is no requirement that the money received through the UCCB be used for child care and as demonstrated in Table 8, those funds would typically be used to cover the general shortfall in meeting living costs and would not necessarily be allocated to child care.

15. Although this report assumes that the one adult in the household with a couple and two children is not required to work because of the one-year-old, we have included the child care costs and subsidy rates for this household type in the event that both adults are seeking work. Our total calculations of costs in Tables 11 and 17 do not include child care costs for this family type.

16. Assumes that the three-year-old is 42 months.

17. Assumes that the one-year-old is 12 months.

18. The coverage includes \$44.83 for an optometrist's examination by an optometrist and \$48.90 for an ophthalmologist's examination every two years. Basic single vision or bifocal glasses are covered every three years.

19. It is equally plausible that parents choose to use these costs to cover the shortfall between the shelter component of BC Employment and Assistance and the actual cost of shelter.

20. We do not include any child care costs for the couple with two children based on the assumption that one parent is at home because of the age of the youngest child. However, if child care costs were added to the expenses for this family, their living costs would increase by \$334.00 per month – the difference between the child care subsidy and the actual cost of child care for children aged four and one.

21. McClanaghan and Associates. Affordable Housing Supply Analysis: Final Study Results. Metro Vancouver: The GVRD Policy and Planning Department, May 2006. Page 4.

22. Lower shelter costs in smaller communities are offset by additional transportation costs where public transportation is not a feasible option. According to the Market Basket Measure, costs for clothing, food and other items are higher in smaller communities. Thus the total costs are very similar no matter the size of the community. See: Human Resources and Skills Development, Market Basket Measure.

<<http://www.hrsdc.gc.ca/en/cs/sp/sdc/pkrf/publications/research/2002-000662/SP-628-05-06e.pdf>>

22. *Rental Market Report: Vancouver and Abbotsford CMAs*. Canada Mortgage and Housing Corporation, December 2007.


23. The 2004 rent range data were the most recent data available at the time of our previous report.

24. The total income includes the CCTB and UCCB where applicable. It does not include federal and provincial sales tax credits or BC Employment and Assistance supplements for the reasons outlined in Chapter 2.

26. We do not include any child care costs for the couple with two children based on the assumption that one parent is at home because of the age of the youngest child. However, if child care costs were added to the expenses for this family, their living costs would increase by \$334.00 per month – the difference between the child care subsidy and the actual cost of child care for children aged four and one.

27. These assumptions are the same as in *Left Behind* (December 2005).

28. As of July 2005, the provincial government no longer contributes to funding the BC Family Bonus, which has been entirely offset by the National Child Benefit Supplement – a component of the Canada Child Tax Benefit. We no longer include the BC Family Bonus in our calculations of total income, but rather include the full amount of the NCBS.



THIS REPORT COMPARES BRITISH COLUMBIA WELFARE BENEFIT RATES AVAILABLE TO INDIVIDUALS AND FAMILIES ELIGIBLE FOR “TEMPORARY ASSISTANCE” WITH THE MONTHLY COST OF BASIC GOODS AND SERVICES. THESE COSTS INCLUDE FOOD, CLOTHING, HOUSEHOLD SUPPLIES, PERSONAL CARE, TRANSPORTATION, CHILD CARE, SHELTER AND THE OTHER MINIMUM COSTS ASSOCIATED WITH PARTICIPATION IN COMMUNITY LIFE.