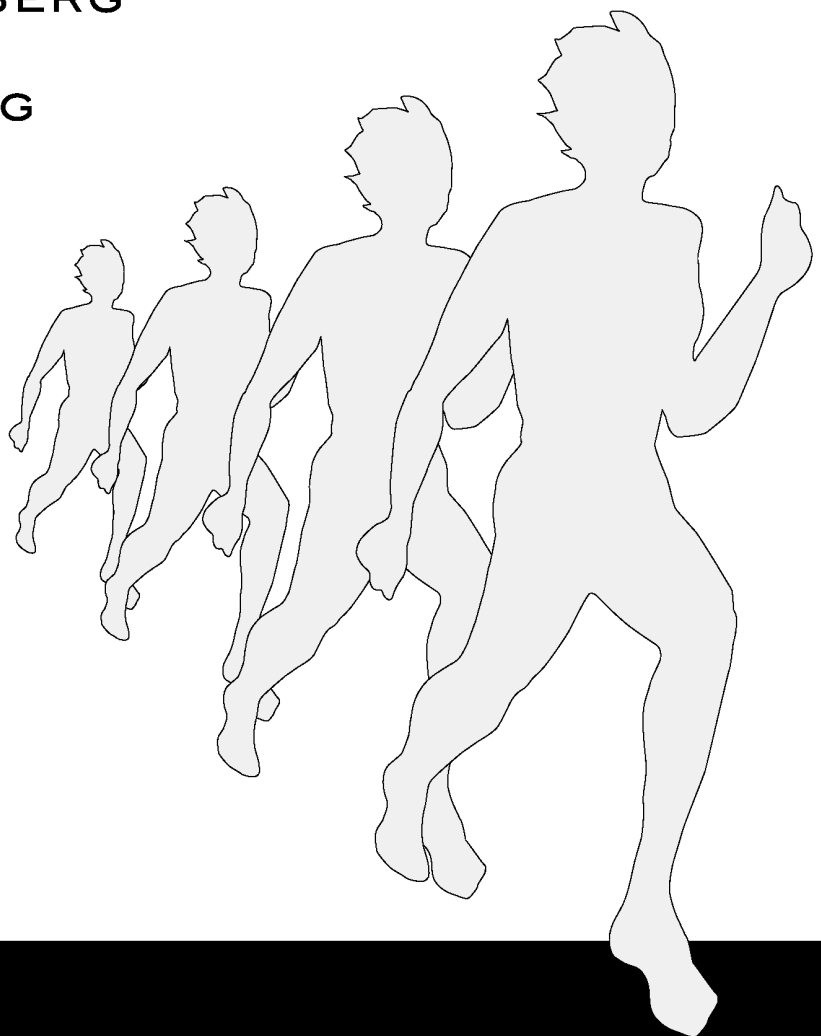


FALLING BEHIND:

A COMPARISON OF LIVING COSTS AND
INCOME ASSISTANCE RATES (BC BENEFITS)
IN BRITISH COLUMBIA

MICHAEL GOLDBERG

ANDREA LONG



This report is published by the Social Planning and Research Council of BC (SPARC BC).

SPARC BC is a provincial voluntary association that works with communities in building a just and healthy society for all. The Council acts as an advocate for the principles of social justice, equality, and the dignity and worth of all persons, and promotes awareness of our responsibilities as citizens of the global community. The Council conducts research and planning for public information, education, and citizenship participation in developing social policy and programs. SPARC BC has published reports on the adequacy of income assistance rates in BC since 1986.

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Membership in SPARC BC is open to all persons who support the purpose of the organization. Further information can be obtained by contacting or visiting:

SPARC BC

#201-221 East 10th Avenue
Vancouver, BC V5T 4V3
Phone (604) 718-7733
Fax: (604) 736-8697
email: info@sparc.bc.ca
website: www.sparc.bc.ca



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Summary

The primary finding in this report is that it is even harder for recipients of BC Benefits to make ends meet in the new millennium than in the 1990s. The 1997 edition of this report found that income assistance already failed to provide recipients with the resources necessary to meet their minimum monthly living costs. Between 1997 and 2001, the overall cost of living in BC rose by 5%, while BC Benefits saw only a 2% rate increase in August 2000. In essence, already inadequate levels of income assistance did not even keep pace with increases in the cost of living over the last four years. The result is that income assistance recipients are falling further behind.

This report compares *basic* income assistance rates established under BC Benefits with the cost of goods and services required for daily living: food, clothing, household supplies, personal care, transportation, child care, shelter (rent, telephone, and utilities), and other costs associated with participation in community life. Households receiving basic income assistance account for 66% of the BC Benefits caseload. Given that all calculations in this report are based on

basic benefits, our figures do not speak to the adequacy of income available to recipients in other benefit categories, including disabled persons, seniors, and children living in the home of a relative.

Throughout this report, five hypothetical households are used as reference points for the calculation of BC Benefits income and minimum monthly living costs. These household types are: a single adult; a single parent with a five year old child; a couple with no children; a single parent with a sixteen year old child and a fourteen year old child; and a couple with a five year old child and a six month old infant.

There are two important changes to the way in which we calculate living costs and income since the

TABLE 1
Difference Between SPARC BC's Estimated Minimum Monthly Costs of Living and BC Benefits Rates

(June 2001)

	Single Adult	Single Parent, Child 5 yrs.	Couple, No children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
Maximum BC Benefits in \$	510.00	1,095.41	827.22	1,384.24	1,448.72
SPARC's Minimum Costs of Living in \$	1,128.15	1,683.67	1,684.20	2,202.35	2,360.36
% of Costs met by BC Benefits	45%	65%	49%	63%	61%
\$ Shortfall	618.15	588.26	856.98	818.11	911.64

Note: Maximum BC Benefits figures include the Family Bonus and the Canada Child Tax Benefit for the three families with children.

Note: The % of Costs Met by BC Benefits equals Maximum BC Benefits divided by SPARC's Minimum Costs of Living. The \$ Shortfall equals SPARC's Minimum Costs of Living minus Maximum BC Benefits.

1997 edition of this report. First, the 2001 report includes child care in monthly living costs. When comparing figures from 1997 and 2001, it is important to note the impact of this additional cost for a single parent with a five year old on all calculations.

The second difference between the 1997 and 2001 reports is that income calculations in this

edition include the money delivered to families with children through the Canada Child Tax Benefit (CCTB). The inclusion of the CCTB means that income figures for our three families with children reflect monies that were not included in the same calculations in 1997. Despite this change, there remains a significant shortfall between BC Benefits and minimum living costs in 2001.

Conclusions and Recommendations

This study clearly demonstrates that maximum BC Benefits rates for 2001 remain too low to sustain anyone requiring income support. As shown in Table 1, basic income assistance meets only 65% of the minimum monthly costs of living for a single parent with a five year old child, and only 45% of the costs for a single adult.

This report also finds that the percentage of SPARC BC's estimated minimum costs of living met by BC Benefits actually *declined* over the past four years. Table 2 clearly shows that BC Benefits covers less of the costs incurred by income assistance recipients in 2001 than in 1997. The figures in this Table include the value of the CCTB for both years.

TABLE 2
Percentage of SPARC BC's
Estimated Minimum Monthly Costs of Living
Met by BC Benefits in 1997 and 2001

	Single Adult	Single Parent, Child 5 yrs.	Couple, No children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
1997	48	70	52	65	62
2001	45	65	49	63	61

Source: Widening the Gap (1997) and the Canada Customs and Revenue Agency's rate charts for the CCTB. For more information, see www.ccr-a-adrc.gc.ca/benefits/childbenefit-e.htm

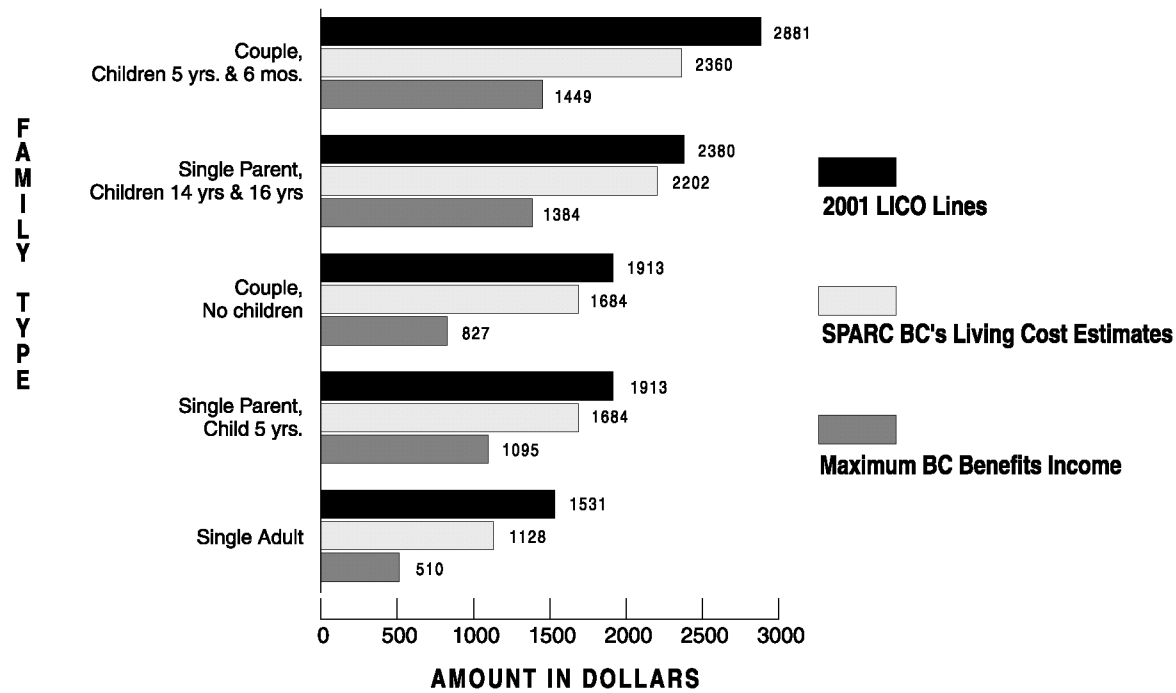
Note: The data document that the single parent with a five year old child experienced the largest decline in the percentage of costs met by BC Benefits between 1997 and 2001, but this trend can be partly accounted for by the inclusion of child care costs in the 2001 figures. See accompanying text for more information.

Table 2 indicates that the percentage of costs met by BC Benefits declined most sharply for a single parent with a five year old. However, this apparently larger decrease is in fact attributable to the inclusion of child care costs in the 2001 calculations, but not in figures from 1997. When child care costs are subtracted from 2001 expenses, the percentage of living costs met by BC Benefits increases to 67%—a decrease comparable to that experienced by the remaining four households.

Figure 1 and Table 3 further illustrate the inadequacy of BC Benefits by documenting the disparity between SPARC BC's minimum cost of living estimates, income assistance rates, and Statistics Canada's Low-Income Cut-Off lines (LICOs). LICOs are derived from average family expenditures for different sized families living in different sized communities. The pre-tax LICO figures used in Figure 1 and Table 3 are from 1999, and are updated in accordance with the 2.7% increase in BC CPI for All Items in June 2001. In all cases, the LICO lines used are for communities with a population of 500,000 or more. As both the Table and Figure make clear, in no case do maximum BC Benefits levels come close to giving recipients an income near the LICOs. See Appendix 1 for more information on the LICO.

In response to the inadequacy of income assistance in BC, SPARC BC is again calling for substantial rate increases. Despite the fact that each of our

FIGURE 1
Comparison Between BC Benefits, SPARC BC's Estimated Costs of Daily Living, and Statistics Canada Low Income Cut-Off (LICO) Lines for 2001



Source: Statistics Canada Pre-tax Low-Income Cut-Offs 1999. CPI Adjusted by 2.7%.

reports on income assistance supports this recommendation, income assistance in BC remains a legislated form of poverty.

Reducing the poverty of persons receiving income assistance is a question of public and political will. We believe that BC has the opportunity and capacity

to be a leader in advocating progressive income security policies. BC Benefits rates must be set at levels that permit the purchase of nutritious food, appropriate clothing and transportation, quality child care, and decent housing. In addition, income assistance should permit recipients to participate in a meaningful

TABLE 3
Percentage of SPARC BC's Estimated Minimum Monthly Costs of Living and Statistics Canada 2001 Pre-tax Low-Income Cut-Off (LICO) Lines Covered by BC Benefits
 (June 2001)

	Single Adult	Single Parent, Child 5 yrs.	Couple, no children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
SPARC's Minimum Costs of Living	45	65	49	63	61
LICO Lines for 2001	33	57	43	58	50

Source: Statistics Canada Pre-tax Low Income Cut-Offs 1999. CPI Adjusted by 2.7% for 2001.

way as members of their communities. To this end, the Social Planning and Research Council of BC recommends:

- That income assistance rates be raised immediately to meet the minimum costs of living for all recipient groups as outlined in this report.
 - That the separation between the support and shelter components of income assistance be eliminated, creating a single overall benefit that allows recipients to make their own spending allocation decisions.
 - That access to enhanced medical coverage be extended to all recipients of basic income assistance.
 - That a public review committee be established and empowered with responsibility for developing an adequate income assistance rate structure, and that the operations of this committee be transparent and open to scrutiny.
- That income assistance rates be fully indexed to cost-of-living increases between each review of the overall adequacy of rates.
 - That a differential rate structure be established for determining the shelter needs of single parents in order to recognize that single parents have the same privacy requirements as couples with children.
 - That a differential rate structure be established to recognize the fact that the costs of raising children increase as they grow older.
 - That minimum asset levels for singles and couples without children be immediately raised to the previous maximum levels (\$2,500 for singles and \$5,000 for couples without children).

Tavel Quandt

Chairperson

Income Security/Labour Market Committee

Social Planning and Research Council of BC

The Structure of Income Assistance in British Columbia

The purpose of this report is to determine whether basic income assistance rates are sufficient to meet the minimum monthly costs of living incurred by recipients.¹ As of June 2001, recipients of basic income assistance accounted for 66% of the total BC Benefits caseload. These recipients are distributed across three programs: under age 19, youth works (ages 19–24), and welfare to work (ages 25–59).

In addition to basic benefits, BC Benefits contains four other benefit categories: disability, age 60–64, seniors/old-age security, and child in the home of a relative. The adequacy of the benefits received by persons in these categories is not assessed in this report. Separate cost calculations are needed to more accurately reflect the particular expenses that may be incurred by members of other recipient groups; e.g. additional shelter costs for wheelchair accessible accommodation or additional food expenses for persons with special diets. See appendix 4 for more information on benefit categories and caseload distributions.

This report is primarily concerned with two elements of income assistance: the support allowance and the shelter allowance. The support allowance is a fixed monthly amount based on the size of the family unit. Chapter Two updates our estimates of the support costs we consider necessary to participate in community life: food, household supplies, personal care items, clothing, transportation, child care, and the other costs of daily living.

The shelter allowance is based on actual shelter costs (rent, telephone, and utilities) up to a maximum amount, and is also linked to family size. Data supplied by the Canada Mortgage and Housing Corporation (CMHC) are used in Chapter Three to analyze the availability of market rental housing within the maximum shelter allowance provided under BC Benefits.

In combination, the support and shelter allowances provide the maximum BC Benefits income. In Chapter Four, we evaluate whether this income is sufficient to meet SPARC BC's estimates of the minimum living costs incurred by our five hypothetical households. A Table of income assistance rates is provided in Appendix 4.

BC Benefits does offer a variety of one-time benefits for which eligible recipients can apply. For example, support is available to help cover the costs of burial/cremation, moving, or the purchase of work clothes. This report does not assess the adequacy of

¹ Past editions of this report include: Michael Goldberg, *Regaining Dignity* (1988 and 1989); *Closing the Gap* (1990); *Maintaining the Gap* (1993); and *Widening the Gap* (1997). Vancouver: Social Planning and Research Council of BC.

these special benefits, nor have they been included in our calculations of maximum income from BC Benefits.

Income Assistance: the Political Context

There have been significant changes in income security programs in the past five years. At the Federal level, the Canada Health and Social Transfer (CHST) replaced the Canada Assistance Plan (CAP) as the funding mechanism for income assistance, resulting in a significant reduction in transfer payments from the Federal government to the provinces. Equally important, however, is the fact that the CHST contained almost none of the conditions provincial governments had to meet under CAP in order to receive federal financial contributions.

At the provincial level, BC income assistance programs were covered under the Guaranteed Available Income for Need (GAIN) legislation until 1996, when BC Benefits replaced the GAIN legislation. According to the previous provincial government, the goal of BC Benefits is “to make work a better deal than welfare and make sure people can get the skills they need to succeed.”² Through BC Benefits, the provincial government becomes the ‘payer of last resort’ to which a person may come when he or she is between jobs or temporarily unable to retain paid employment, and after having exhausted all other sources of income.

Although BC’s economy did not improve as rapidly in the late 1990s as some other provinces, unemployment levels have declined over the last decade. As of August 2001, BC’s unemployment rate was 7.9%, up from an average of 7.2% in 2000 but down from a high of 10.2% in 1992. Overall income

assistance caseloads in BC have also fallen from their peak in January 1996, and continue to decline relatively steadily up to the current year. Increased employment no doubt contributes to caseload decreases, but there is also concern that this drop is due in part to changes in administrative procedures and eligibility requirements. The only exceptions to the downward trend in caseloads are disability benefits and child in the home of relative (CIHR) benefits. Disability is the only benefit category to experience a steady increase in recipients since 1996, while the CIHR caseload sharply increases and decreases several times over the last five years.³

Income Assistance in BC: Recent Developments

BC BENEFITS RATES INCREASE

In August 2000, the BC government increased income assistance rates by 2%. This increase was calculated on the basis of total income (support plus shelter), with the final amount being added to the support portion of the income assistance structure. For example, prior to the increase a single adult income assistance recipient was entitled to \$175 per month for support and \$325 per month for shelter for a total of \$500 per month. A 2% increase on \$500 equals \$10, so the support portion of a single adult’s income assistance was raised to \$185 per month.

While an increase of 2% is clearly inadequate from the perspective of providing BC Benefits recipients with sufficient resources to meet their daily living costs,

² Ministry of Social Development and Economic Security. *BC Benefits. The First Three Years*. 1999, p. 5

³ While the CIHR caseload has undergone sharp increases and decreases since 1996, the size of this benefit category means that relatively minor changes in the number of recipients can produce noticeable swings in the total caseload over time.

SPARC BC is pleased that the government chose to raise rates, and to apply this increase to the support allowance.

THE BC FAMILY BONUS

As part of BC Benefits and the National Child Benefit, the BC and Federal governments jointly fund the BC Family Bonus. As of June 2001, the maximum amount parents can receive under the Family Bonus is \$106.83 per month per child. See Appendix 2 for information on the division of funding for the Family Bonus between the Provincial and Federal governments.

The introduction of the BC Family Bonus has helped to reduce the number of children living in poverty, an outcome with which SPARC BC is pleased. However, the province's initial decision to reduce income assistance by the amount of the Family Bonus meant that low-income working families, and not families receiving BC Benefits, were the primary recipients of this income. While the most recent increase in the Family Bonus (\$3.83 per month per child) was not 'clawed back' from income assistance recipients, the figures in this report clearly show that benefits are still inadequate to meet the financial needs of families with children.

THE CANADA CHILD TAX BENEFIT (CCTB)

The CCTB is a federal initiative to support Canadian families with children. Since the 1997 edition of this study, there have been two important changes to this program. First, the annual amount of funding delivered through the CCTB increased from \$1,020

per child to \$1,104 per child. Second, the CCTB is now delivered on a monthly rather than a quarterly basis: eligible families now receive \$92 per month per child. In this report, we include the CCTB in our calculations of the total income of BC Benefits recipients with children.

Inclusion of the CCTB marks an important change to the way in which income is calculated in the 2001 study. Since \$92 per month per child is a significant amount of additional income⁴ for our three hypothetical families with children, 2001 figures cannot be directly compared to figures for 1997. To address this discrepancy, we added Tables comparing the adequacy of BC Benefits in 1997 and 2001 that include the amount of the CCTB for both years⁵.

LACK OF SUPPORT FOR SINGLES AND COUPLES WITHOUT CHILDREN

Under BC Benefits, the Provincial government reduced the support allowance portion of income assistance for single adults and couples without children in 1996. This change occurred despite the fact that SPARC BC's 1993 report found that the support allowance already covered less than 45% of their minimum support costs. SPARC BC remains concerned that, to date, the BC government has not taken adequate steps to improve the situation of childless recipients of income assistance. Indeed, this report documents that the BC Benefits now covers an even lower percentage of the minimum support costs of single adults and couples without children.

⁴ It is important to note that the CCTB is not a completely new source of funding for income assistance recipients in 2001. This income was previously available to BC Benefits recipients with children on a quarterly basis and therefore was not included in previous editions of this report.

⁵ In 1997, the basic CCTB provided \$1,020 per year for each of the first and second children, and \$1,095 for each of the third and fourth children.

EARNINGS EXEMPTION

As of January 2000, the BC government restored pre-1996 earnings exemption levels. Under this policy, single people are permitted to keep \$100 of employment earnings each month and still receive maximum BC Benefits, while couples and families with children are able to retain \$200 per month. Earnings in excess of the exempted amounts are still subject to 'tax back' at a rate of 75%. For example, single income assistance recipients that report \$200 in earnings will be permitted to keep \$125: \$100 under the earnings exemption, and \$25 after the additional \$100 is subject to a 75% tax back.

SPARC BC consistently argues that all income should be taxable within a progressive personal income tax system based on ability to pay. While we are pleased that the government restored earning exemption levels, it is still the case that BC Benefits recipients have the highest marginal tax-back rate on income exceeding the exempted amounts.

LOW ASSET LEVELS

In order to be eligible for income assistance, applicants must convert the vast majority of their assets into cash. Single adults can retain only \$500 in assets, and couples without children only \$1,000. Allowable asset levels were reduced to these levels in 1996, and have not changed since.⁶ Income assistance applicants must also provide documentation of all assets, verification of their estimated value, and documentation of any attempt to dispose of them. Applicants are not permitted to sell assets for less than their intrinsic value, to give assets away, or to refuse to pursue or accept assets, for one year prior to an application for income assistance. Failure to meet these requirements can result in ineligibility.

While the maintenance of low asset levels may have some short term impact on income assistance caseloads, this policy is also likely to create greater demands for crisis grants when recipients lack sufficient reserves to deal with even minor financial emergencies.

TRAINING PROGRAMS

Since our last report in 1997, there have been minor improvements in training initiatives for persons on income assistance. Most importantly, recipients are no longer obliged to complete a seven-month self-directed job search prior to being eligible for training programs. SPARC BC recommended the elimination of this requirement in 1997, and we are pleased with this positive response. However, applicants are still expected to participate in job clubs and/or work-based training programs, and must be involved in these programs prior to pursuing formal education.

Some people are exempted from training and job search requirements. They include single parents with at least one child under age 7, persons receiving Level I and Level II Disability benefits, and persons separated from an abusive spouse within the past six months. Employability programs are optional for people over age 60.

CHILD CARE

Past editions of this report did not include the cost of child care as a separate expense based on the assumption that these costs were entirely covered by the provincial Child Care subsidy delivered through the Ministry of Human Resources. However, surveys of child care centres in Vancouver demonstrate that there is a significant gap between maximum subsidy

⁶ The BC government's broad definition of assets includes most financial resources (including retirement savings and life insurance policies with a surrender value of more than \$1500); non-necessary household equipment; valuable collections or personal artifacts; a second motor vehicle; etc.

amounts and the actual cost of child care. Given that many parents receiving the full subsidy still incur child care costs, the need for a separate child care expense category is clear. For more information on the cost of child care and current subsidy rates, see Appendix 3.

Although income assistance regulations do not require single parents to participate in job search or training programs until their youngest child reaches age 7, we assume that our single parent with a five year old is actively seeking paid work. Support cost calculations in Chapter Two therefore include child care expenses for this household. No child care costs are added for the two parent family with a five year old and a six month old based on the assumption that one parent (in most cases the mother) will likely provide care at home. While this assumption may reflect reality for many income assistance recipients given the high cost of child care, SPARC BC recognizes that the need for child care is not limited to employed or job seeking parents. At-home parents may prefer to use child care to complete household responsibilities, create opportunities for personal development, or provide children with social interaction.

HEALTH AND DENTAL CARE

There are three kinds of medical support programs available to basic income assistance recipients: basic benefits, enhanced benefits, and Healthy Kids program benefits.

All recipients of basic income assistance are eligible for Medical Services Plan (MSP) and Pharmacare coverage under the basic medical benefits program. Among other things, this covers visits to a family

doctor, maternity care, diagnostic x-rays, laboratory services, and prescribed medication.⁷ Enhanced medical benefits are available to single parents with dependant children, and provide additional coverage for such things as essential medical equipment and supplies, some orthotics and braces, glasses, hearing aids, and some orthodontic work. The Healthy Kids program covers the cost of basic glasses and provides up to \$700 annually for dental care for children under age 18. All children whose families receive income assistance are eligible for Healthy Kids provided that they are also receiving MSP Premium assistance.

Recipients of income assistance who are eligible for only basic medical benefits have no access to many important health services. For example, the only dental coverage available under the basic plan is emergency care or procedures necessary “for the relief of

Eligibility			
Family Type	Basic Coverage MSP and Pharmacare	Healthy Kids Dental care up to \$700 per year and basic glasses	Enhanced Coverage MSP, Pharmacare, and MHR sponsored benefits
Single Adult	Yes	n/a	No
Single Parent, Child 5 yrs.	Yes	Yes	Yes
Couple, No children	Yes	n/a	No
Single Parent, Children 14 & 16 yrs.	Yes	Yes	Yes
Couple, Children 5 yrs. & 6 mos.	Yes	Yes	No

pain”.⁸ The Vancouver Island Public Interest Research Group (VIPIRG) recently documented the range and severity of the dental problems experienced by persons receiving BC Benefits. VIPIRG found that income assistance recipients require twice as much

⁷ For other services covered by MSP, see Ministry of Human Resources *BC Benefits: Health Care and Dental Services* (http://www.mhr.gov.bc.ca/PUBLICAT/fasttrak/BCBenefit_health.htm).

⁸ Ministry of Human Resources *BC Benefits: Health Care and Dental Services* (http://www.mhr.gov.bc.ca/PUBLICAT/fasttrak/BCBenefit_health.htm).

major dental work (including extractions and emergency work) than those with other sources of dental benefits, and are half as likely to obtain preventative dental care, resulting in increased health care costs over the long term.⁹

Since there is little data available on the costs of adequate health, dental, and optical care, it is

difficult to include a separate category for medical expenses in our estimation of minimum support costs. However, our calculations in Chapter Two make clear that any additional expenses incurred by income assistance recipients for medical care will only serve to increase the amount by which BC Benefits already fails to meet minimum monthly support costs.

⁹ Bruce B. Wallace. *Brushed Aside: Poverty and Dental Care in Victoria*. VIPIRG, 2000.

Support Costs

Support costs include food, household supplies, clothing, personal care, transportation, child care, and other costs of daily living. Cost estimates are either based on the most recent data available, or on data adjusted in accordance with the June 2001 Consumer Price Index (CPI) for BC. Appendix 1 contains details about the procedures used in establishing costs.

In order to account for diseconomies of scale for smaller households (e.g. buying in smaller portions often costs more per unit), food cost calculations based on a family of four were increased by 5% for a three person household, 10% for a two person household, and 15% for an individual. In previous reports, food costs for individuals were increased by 20% rather than 15%. An adjustment of 15% is what the Dietitians of Canada now describe as the currently accepted practice.

Food

Food requirements vary considerably depending on such factors as activity level, general health, and age. The data presented in Table 4 are derived from a 2001 study by the Dietitians of Canada entitled *The Cost of Eating in BC*. This is a departure from previous editions of this report in which food costs were calculated on the basis of a food basket developed by Agriculture Canada over 20 years ago. The more up-to-date information in the Dietitians study yielded lower food costs than estimates based on the dated Agriculture Canada basket.

The Dietitians study does not include a separate calculation for the cost of infant food, a decision that reflects new research suggesting that families are less likely to purchase specialty infant food products. In this report, we use the same food cost figures for one year olds and infants.

TABLE 4
SPARC BC's Estimated Monthly Food Costs
by Age Group
(June 2001)

Age Group	Based on one person household \$	Based on two person household \$	Based on three person household \$	Based on four person household \$
Under 2 years		78.50	74.93	71.36
2-3 years		83.83	80.02	76.21
4-6 years		111.74	106.66	101.58
7-9 years		132.51	126.48	120.46
10-12 years		159.80	152.53	145.27
13-15 years		179.60	171.43	163.27
16-18 years	201.68	192.91	184.14	175.37
19-24 years	197.88	189.28	180.67	172.07
25-49 years	189.95	181.69	173.43	165.17
50-74 years	177.74	170.02	162.29	154.56

Source: *The Cost of Eating In BC. A report by the Dietitians of Canada. October, 2001.*

Household Supplies

In addition to food, expenses for household cleaning supplies, laundry supplies, and other non-edible products that form a part of normal grocery shopping must be included in estimates of the minimum costs of living. The cost of household supplies increased by 12.3% between December 1996 and June 2001 according to the CPI for BC for these items.

Single Person	\$14.26 per month
Each additional Person	\$11.42 per month
<i>Source: Widening the Gap (May 1997). CPI Adjusted by 12.3%.</i>	

Clothing

To our knowledge, there are no significant changes in the type of clothing required for daily living since our last report. The costs in Table 5 are derived from *Widening the Gap* (1997), and include a 5.9% clothing cost increase in the BC CPI between December 1996 and June 2001.

Age Group	Monthly costs \$
0-5 months	166.07
6-12 months	52.65
1 to under 2	19.58
2 to under 4	22.24
4-6 years	28.67
7-11 years	39.03
12-14 years	50.14
15-18 years	61.64
Adult	71.40
<i>Source: Widening the Gap. (May 1997). C.P.I. Adjusted by 5.9%.</i>	

The figures in Table 5 represent *average* monthly costs for clothing over a twelve-month period. The costs include all forms of apparel (clothing, shoes, coats, etc.) as well as seasonal variations in clothing requirements. Expenses are calculated on the basis of the need to maintain an adequate stock of clothing. The estimates assume that recipients already have a basic wardrobe.

Personal Care

Expenditures on goods and services necessary for grooming and hygiene form a basic part of any family budget. Personal care costs include soap, toothpaste, shampoo, haircutting, and so on. As with clothing costs, we do not anticipate any significant changes in the type of personal care expenditures since 1997. The figures in Table 6 are based on the 8.5% increase in the cost of personal care items documented in the BC CPI between December 1996 and June 2001.

Age Group	Monthly costs \$
Infant	3.36
2-5 years	6.69
6-11 years	7.39
12-14 years	15.29
15-19 years	20.80
Adult	22.24
<i>Source: Widening the Gap (May 1997). C.P.I. Adjusted by 8.5%.</i>	

Transportation

We assume in this report that, where available, public transit is the most common form of transportation used by income assistance recipients. Given that the

public transit system in Greater Vancouver is the most comprehensive in the province, we use these costs in estimating minimum transportation expenses. Estimates are based on the assumption that teenagers and children do not need to use public transportation to travel to school. The figures reflect prices in effect as of June 2001.

In this report we link the transportation expenses of adults to whether or not they are looking for employment. Given that a one zone monthly pass no longer permits transit users to travel across zones during off-peak periods, we now consider a two zone pass to be the requirement for adults seeking work. Since non-job-seeking adults are less likely to be regularly travelling across zones, we include the cost of a one zone monthly bus pass to meet their transportation needs.

Adults Seeking Work \$87.00 per month—two zone monthly pass
Adults not Seeking Work \$63.00 per month—one zone monthly pass
Teenagers \$25.00 per month—10 return trips (20 bus fares) at \$1.25/trip
Children 5-12 \$12.50 per month—5 return trips (10 bus fares) at \$1.25/trip
Children under 5 Travel free when accompanied by an adult
<i>Source: Translink rate chart, 2000.</i>

Table 7 reveals that despite increased transit costs for job-seeking adults, it remains less expensive for each of our households to use transit than to own and operate a car. However, car ownership may be necessary for BC Benefits recipients in areas where transit is less accessible.

TABLE 7 Comparison of Transit and Vehicle Operating Costs (June 2001)					
	Single Adult	Single Parent, Child 5 yrs.	Couple, No children	Single Parent, children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
Total Yearly Vehicle Operating Costs \$	2,969.60	2,969.60	2,969.60	2,969.60	2,969.60
Total Yearly Transit Costs \$	1,044.00	1,194.00	2,088.00	1,644.00	2,238.00
Difference using Transit \$	1,925.60	1,775.60	881.60	1,325.60	731.60
<i>Note: Total Yearly Vehicle Operating Costs include the cost of fuel and oil, maintenance, and tires based on driving 12,000 km per year, plus the cost of insurance, licensing and registration.</i>					
<i>Source: Translink (September 2000) and CAA Driving Costs 2001.</i>					

Child Care

The BC government provides a Child Care subsidy to assist eligible parents with the cost of care for their children. These subsidies are linked to each child's age and type of care environment. In the majority of cases, however, the subsidy does not cover the entire cost of care. The NDP government responded to the need for more affordable child care by planning a system that would cost parents only \$7 or \$14 per day—an amount that the subsidy would come far closer to covering. However, the newly elected Liberal government canceled this initiative, and initiated yet another round of provincial consultations on child care.

To date, it remains unclear what (if any) replacement child care policy the Liberals will adopt. As such, Table 8 provides comparisons of Child Care subsidy rates with the cost of care for school age children at the \$7 and \$14 per day levels previously established by the NDP. School age care is used as an example because this aspect of the \$7/\$14 program was implemented in January 2001, and as such, is already benefiting children and families around the province. The school age program is scheduled to end upon

the expiry of current contracts in June 2002. See Appendix 3 for information on child care costs and subsidy rates for all types of care.

Single person	\$182.78 per month
Each additional person	\$109.67 per month
<i>Source: Widening the Gap (May 1997). CPI Adjusted by 9.5%.</i>	

TABLE 8
Additional Child Care Costs
Incurred by Parents Under the \$7 and \$14 per day
Out-of-School Child Care program
(June 2001)

	Monthly Cost of Care \$ (22 days of care)	Subsidy Rate \$	% of Costs Met by Subsidy	\$ Shortfall
Full day (\$14) (Kindergarten)	308.00	255.00	83%	53.00
Part day (\$7) (Gr. 1 to age 12)	154.00	147.56	96%	6.44
<i>Note: The monthly cost of care excludes professional development days and spring and winter breaks for which parents of children in grade 1 to age 12 will pay \$14/day.</i>				
<i>Note: % of Costs Met by Subsidy equals the Subsidy Rate divided by the Cost of Care. \$ Shortfall equals the Cost of Care minus the Subsidy Rate.</i>				
<i>Sources: Westcoast Information Daycare 2000 surveys.</i>				

The Adequacy of BC Benefits 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 daily living, we can evaluate whether or not the support allowance portion of BC Benefits covers the actual minimum costs of support.

Table 9 presents SPARC BC's estimates of the minimum monthly income required for support. As noted in Chapter One, we do not include any child care costs for our two parent, two child household based on the assumption that this family will likely rely on an at-home parent (in most cases the mother) to care for children. In all other cases, the figures in Table 9 assume that adults are 25–49 years old, are classified as 'employable', and are looking for paid work.

Table 10 and Figure 2 clearly show that the support portion of BC Benefits does not provide enough income to meet the minimum monthly support costs of each household. The '% of Costs Met' shows what percentage of SPARC BC's estimated minimum support costs is covered by the support allowance (including the BC Family Bonus and the Canada Child Tax Benefit). The '\$ Shortfall' lists the amount by which the support allowance would need to increase in order to meet SPARC BC's estimated minimum costs.

The data in Table 10 indicate that a single parent with a five year old has the smallest gap between the

Other Costs of Daily Living

While the costs of food, household supplies, clothing, personal care, transportation, and child care provide an indication of expenses incurred for basic subsistence, there is more to daily living than mere survival. People can only feel that they are part of their community if they are able to participate in additional aspects of daily living. The category 'Other Costs of Daily Living' includes expenses associated with recreation and leisure, the purchase of reading material, occasional meals at restaurants, and admission fees for events. Figures are derived from *Widening the Gap* (1997) and include the 9.5% increase in the BC CPI between December 1996 and June 2001 for these items. For a more detailed analysis of these estimates, see *Regaining Dignity* (1989).

TABLE 9
SPARC BC's Estimated Minimum Monthly Income
Required for Support
 (June 2001)

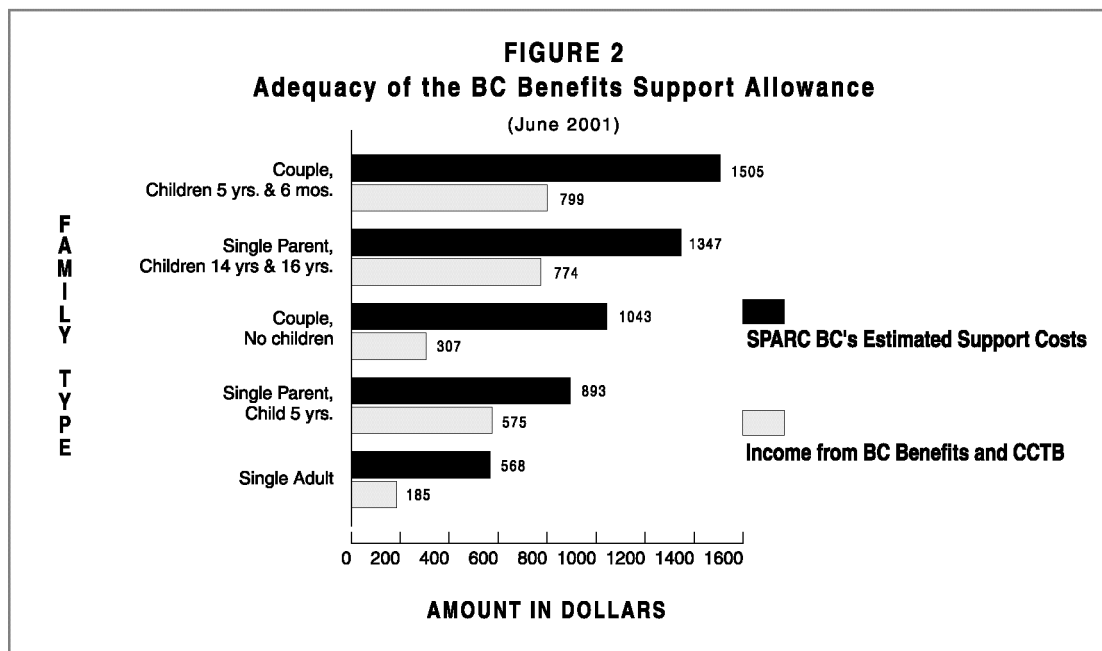
	Single Adult	Single Parent, Child 5 yrs.	Couple, No children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
Food	\$189.95	\$181.69	\$181.69	\$173.43	\$165.17
		111.74	181.69	171.43	165.17
				184.14	101.58
					71.36
Total Food	189.95	293.43	363.38	529.00	503.28
Household Supplies	14.26	25.68	25.68	37.10	48.52
Clothing	71.40	71.40	71.40	71.40	71.40
		28.67	71.40	50.14	71.40
				61.64	28.67
					52.65
Total Clothing	71.40	100.06	142.80	183.19	224.12
Personal Care	22.24	22.24	22.24	22.24	22.24
		6.69	22.24	15.29	22.24
				20.80	6.69
					3.36
Total Personal Care	22.24	28.94	44.48	58.33	54.54
Transit	87.00	87.00	87.00	87.00	87.00
		12.50	87.00	25.00	63.00
				25.00	12.50
Total Transit	87.00	99.50	174.00	137.00	162.50
Child Care	n/a	53.00	n/a	n/a	n/a
Other Costs of Daily Living	182.78	292.45	292.45	402.12	511.79
TOTAL COSTS OF SUPPORT	567.63	893.06	1,042.80	1,346.74	1,504.75

support allowance and minimum monthly support costs. Support costs are lowest for young children, and rise steeply for teenagers. If our single parent had a sixteen year old instead of a five year old, this household would incur an increase of \$75.25 per month in support costs, causing the shortfall between costs and BC Benefits income to rise to \$390.90. The support allowance would accordingly meet only 59% of SPARC BC's estimated minimum support costs (instead of 64%). The current BC Benefits rate structure does not account for increases in living costs as

children grow older, a fact that the government already recognizes with respect to determining foster care maintenance rates.

As noted in Chapter One, comparisons of the adequacy of BC Benefits support allowances for 1997 and 2001 must account for the inclusion of child care costs and CCTB income in this edition of the report when they were not part of 1997 calculations. Table 11 has been added for this purpose.

Table 11 suggests that a single parent with a five year old experienced the largest decline in the



percentage of support costs met by BC Benefits between 1997 and 2001. However, subtracting \$53 for child care from the monthly support costs incurred by this household causes the percentage of costs covered to rise to 68%. This figure is consistent with the decline in support cost coverage experienced by the other households since 1997.

Table 11 also compares SPARC BC's estimates of the monthly income required for support in 1997 and 2001 including CCTB figures for *both* years. This table clearly demonstrates that the BC Benefits support allowance meets a lower percentage of our estimated minimum support costs for each household type in 2001 than in 1997. As the data shows,

TABLE 10
SPARC BC's Estimated Adequacy of the BC Benefits Support Allowance
(June 2001)

	Single Adult	Single Parent, Child 5 yrs.	Couple, No children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
SPARC Estimated Minimum Monthly Support Costs \$	567.63	893.06	1,042.80	1,346.74	1,504.75
BC Benefits Income \$	185.00	483.41	307.22	590.24	614.72
CCTB Income \$	n/a	92.00	n/a	184.00	184.00
Total Income \$	185.00	575.41	307.22	774.24	798.72
% of Costs Met by BC Benefits	33%	64%	29%	57%	53%
\$ Shortfall	382.63	317.65	735.58	572.50	706.03

Note: BC Benefits Income includes the support allowance and the Family Bonus of \$106.83 per child per month. The % of Costs met by BC Benefits equals Total Income divided by SPARC's Estimated Minimum Monthly Support Costs. The \$ Shortfall equals SPARC's Estimated Minimum Monthly Support Costs minus Actual Income.

Note: If the \$53 per month that our single parent with one child family must pay in child care costs were subtracted from SPARC's Estimated Minimum Monthly Support Costs, the % of Costs Met by BC Benefits would be 68% (instead of 64%). See accompanying text for more information.

increases in benefits have not kept pace with increases in costs. Recipients of income assistance are able to purchase fewer necessary support items today than just four years ago.

Table 12 further illustrates the degree to which the support portion of BC Benefits declined in terms of ability to meet the minimum monthly support costs incurred by recipients. When the support allowance for 1982 is converted into 2001 dollars, it becomes clear that the current allowance has far less purchasing power now than it did almost two decades ago. In other words, BC Benefits recipients could buy more with their support allowance in 1982 than they can today.

If we were to also consider additional expenses like dental and optical care in the calculations of minimum monthly support costs, the gap between SPARC BC estimates and the income delivered through BC Benefits would further increase. While all recipients of income assistance receive basic MSP and Pharmacare coverage, these programs do not include many medical expenses, including most dental work and basic glasses. Single parents and children can obtain some additional health and optical coverage through Enhanced medical benefits and the Healthy Kids program, but neither of these options is available to single adults or couples.

To better address the dental and optical needs of persons on income assistance, SPARC BC believes that all recipients should be eligible for Enhanced Medical benefits. Although the difficulty of gathering data on health expenses prevents the inclusion of cost estimates in this report, it is clear that any additional expenses will simply increase current shortfalls between the support allowance and SPARC BC's

TABLE 11 Comparison of the Adequacy of BC Benefits Support Allowances in 1997 and 2001			
	1997	2001	% Change
Single Adult			
Total Income	175.00	185.00	6%
Total Costs	516.09	567.63	10%
% of Costs Met by BC Benefits	34%	33%	
Single Parent, Child 5 yrs.			
BC Benefits	462.00	483.41	5%
CCTB	85.00	92.00	8%
Total Income	547.00	575.41	5%
Total Costs	793.09	893.06	13%
% of Costs Met by BC Benefits	69%	64%	
Couple, No children			
Total Income	291.00	307.22	6%
Total Costs	930.46	1,042.80	12%
% of Costs Met by BC Benefits	31%	29%	
Single Parent, Children 14 & 16 yrs.			
BC Benefits	565.00	590.24	4%
CCTB	170.00	184.00	8%
Total Income	735.00	774.24	5%
Total Costs	1,233.35	1,346.74	9%
% of Costs Met by BC Benefits	60%	57%	
Couple, Children 5 yrs. & 6 mos.			
BC Benefits	589.00	614.72	4%
CCTB	170.00	184.00	8%
Total Income	759.00	798.72	5%
Total Costs	1,445.71	1,504.75	4%
% of Costs Met by BC Benefits	53%	53%	
<i>Note: % of Costs met by BC Benefits equals Total Income divided by Total Costs. Single Adults and Couples without children are not eligible to receive the CCTB.</i>			
<i>Source: Widening the Gap (1997) and the Canada Customs and Revenue Agency's CCTB rate charts. (www.ccr-aadrc.gc.ca/benefits/childbenefit-e.htm)</i>			

estimated minimum support costs. There is ample evidence that a lack of access to preventative care leads to higher overall health costs in the long term.

Overall, the support portion of BC Benefits continues to be profoundly inadequate for meeting the

TABLE 12 Comparison of BC Benefits Monthly Support Allowances in 1982 and 2001					
	Single Adult	Single Parent, Child 5 yrs.	Couple, No Children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
1982 support allowance (in 2001 dollars)	339.14	579.37	522.85	682.64	719.59
2001 support allowance	185.00	483.41	307.22	590.24	614.24
\$ Decline	154.14	95.96	215.63	92.40	105.35
% Decline	45%	17%	41%	14%	15%
<i>Note: 1982 figures have been adjusted based on the BC CPI index for items other than shelter. \$ Shortfall equals the 1982 support allowance minus the 2001 support allowance. % Decline equals the \$ Decline divided by the 1982 support allowance.</i>					
<i>Source: Robin Hanvelt. "Social Services and 'Restraint'" in False Promises (1992), p. 252.</i>					

monthly support costs necessary to participate in the day-to-day life of BC communities. Indeed, the data in Chapter Two clearly demonstrate that the support allowance has not even kept pace with increases in the cost of living in this province. Not only does BC Benefits cover an even lower percentage of the support costs incurred by each of our hypothetical households in 2001 than in 1997, but the purchasing power

of the support allowance is at a lower level today than in 1982. The support portion of BC Benefits needs to be raised immediately to make affordable the goods and services recipients need to access appropriate food, household and personal supplies, clothing, transportation, child care, and community participation for themselves and their families.

Chapter 3.

Shelter

This Chapter considers whether income assistance recipients in BC can access a reasonable portion of the rental housing market given current BC Benefits shelter allowance rates. The Canada Mortgage and Housing Corporation (CMHC) provided the information on housing costs used in our calculations. In setting shelter allowances, the BC government considers the cost of rent, telephone services, and utilities.

Establishing a Ceiling for Shelter Allowances

While establishing support costs is fairly straightforward, consensus does not exist over methods for determining shelter allowance ceilings. As such, we highlight three possible approaches.

The Ontario Social Assistance Review Committee recommended setting shelter ceilings at the average cost of shelter as determined by the CMHC. This approach is criticized on the grounds that it does not reflect the reality that people with low incomes generally find shelter in the portion of the housing market with below average costs.

A second option is to set shelter ceilings at some percentile cut-off of the shelter costs actually incurred by income assistance recipients. For example, maximum shelter allowances would be set at the 70th, 80th, or 90th percentile of the amount that BC

Benefits recipients pay for shelter. The major criticism of this approach is that it assumes (often wrongly) that people on income assistance are already renting adequate accommodation.

The method for determining shelter ceilings that SPARC BC recommends establishing is a definition of accessibility: an explicit statement of what portion of rental housing ought to be accessible to low income persons. The definition of accessible rental accommodation adopted by previous BC governments is “the lower 25% of the market for the region”. Although we use this 25% figure in assessing the adequacy of BC Benefits, we believe that a better definition of accessibility would provide income assistance recipients access to the bottom 40% of the rental market. Table 13 shows approximate rents in Greater Vancouver at both the 25th and 40th percentiles.

In addition to establishing a definition of accessibility, SPARC BC believes that it is important to use the Greater Vancouver housing market as the reference

	25th Percentile	40th Percentile	Average rent
Bachelor	\$510.00	\$570.00	\$598.00
One bedroom	\$590.00	\$645.00	\$696.00
Two bedroom	\$735.00	\$780.00	\$894.00
Three bedroom	\$800.00	\$850.00	\$1,046.00

Source: Canada Mortgage and Housing Corporation (October 2000).

point for calculating shelter ceilings. Not only do over 50% of income assistance recipients live in this area, but reliance on the (generally higher) rent prices in Greater Vancouver will ensure accessibility in all rental markets. There is also some evidence that lower shelter costs in other parts of the province are offset by additional transportation costs in communities where public transit is not a feasible option.

The Availability of Rental Housing

Table 14 shows what percentage of rental units are potentially available (not actually vacant) to low income residents of Greater Vancouver. While the CMHC rent ranges used do not exactly coincide with BC Benefits shelter allowances, the data in this Table demonstrate a profound lack of affordable rental

housing. Comparisons for 1992 and 1996 are also provided.

Table 14 reveals that percentages of all types of units with rents near maximum BC Benefits shelter allowances have declined since 1996. In October 2000, 0.2% of all two bedroom apartments had rents near the shelter allowance. This means that only 2 out of every 1,000 apartments of this size are accessible to single parents with one child receiving BC Benefits. Similarly, only 6 out of every 1,000 three-bedroom apartments (0.6%) are available to single parents with two children, and only 8 out of every 1,000 (0.8%) to couples with two children. Single adults receiving income assistance do not fare any better, with only 5 out of every 1,000 bachelor apartments (0.5%), and very few (often inadequate) single room occupancy hotels, accessible to them at current shelter rates.¹⁰ Even those whose shelter needs are best met under BC Benefits—childless adult couples—are able to access only 49 out of every 1,000 one bedroom apartments (4.9%) in Greater Vancouver.

Type of Unit	Number of People	Maximum BC Benefits Shelter Allowance \$	CMHC Rent Figures \$	% of Units at Maximum BC Benefits Shelter Allowance		
				October 2000	October 1996	October 1992
Bachelor	1 person	325	319	0.5	1.9	4.4
1 bedroom	1 person	325	319	0	0.1	0.7
	2 people	520	539	4.9	9.8	26.9
2 bedrooms	2 people	520	539	0.2	1.4	1.4
	3 people	610	619	1.4	4.2	10.7
3 bedrooms	3 people	610	619	0.6	2.9	0.5
	4 people	650	659	0.8	2.9	1.0
	5 people	700	699	0.9	4.0	15.3
	6 people	730	739	2.9	9.6	28.5
<i>Source: Canada Mortgage and Housing Corporation (October 2000).</i>						
<i>Note: The data in this Table do not reflect the vacancy rates of such units in Greater Vancouver.</i>						

¹⁰ Ministry of Social Development and Economic Security. *Homelessness—Causes and Effects: A Profile, Policy Review and Analysis of Homelessness in British Columbia*, Volume 2. 2001.

The Adequacy of BC Benefits in Meeting Shelter Costs

Assessing the adequacy of shelter allowances requires consideration of utility costs, telephone services, and rent for a dwelling of the appropriate size.

As noted above, the BC government considers utility costs when establishing BC Benefits shelter allowances. 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. Utility costs in Table 15 are derived from *Widening The Gap* (1997), and include the BC CPI increase of 31.0% for this item between December 1996 and June 2001.

In 2001, the Provincial government and BC Hydro applied a \$200 rebate directly to the bills of all persons with a Hydro account as of December 31, 2000. Since this is a one-time initiative undertaken by BC Hydro, we do not include the rebate in our calculations of utility costs.

The BC government also considers the cost of basic phone service in shelter allowance calculations. Since most income assistance recipients live in Greater

Vancouver, a basic monthly telephone rate of \$28.68 (including GST and PST) is included in our shelter costs.

Appropriate dwelling size, and in particular bedroom allotments for different family compositions, is an issue on which there is no consensus. SPARC BC supports an approach to assessing dwelling size that provides income assistance recipients with some degree of privacy.

Single adult	Bachelor
Single parent with one child	Two bedrooms
Couple with no children	One bedroom
Single parent with two children	Three bedrooms
Couple with two children	Three bedrooms

Based on these household configurations, Table 16 compares our estimates of actual shelter costs with maximum BC Benefits shelter allowances. In these calculations, the amount we include for rent is based on the 25th percentile cut-off suggested by previous provincial governments.

Table 16 clearly demonstrates the inadequacy of current shelter allowances. The ‘% of Costs Met by BC Benefits’ shows what percentage of estimated shelter costs is covered by the shelter allowance. For example, only 58% of the accommodation costs for a single adult are covered at current shelter rates. The ‘\$ Shortfall’ column lists the amount by which shelter allowances would need to increase to permit income assistance recipients to access the bottom 25% of the rental market. For example, a single adult would need an extra \$235.52 each month to secure accommodation at this level. In the absence of adequate shelter benefits, a significant number of income assistance recipients (estimated at over 40%) must use part of their support allowance to cover shelter costs.

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 accessibility standard called for by SPARC BC, the shelter allowance would meet only 52% of a single adult’s shelter costs, and

TABLE 15 SPARC BC’s Estimated Monthly Utility Costs (June 2001)	
Dwelling Size	Average Monthly Cost
Bachelor	\$21.72
One bedroom apartment	\$22.60
Two or three bedroom apartment	\$26.79
Two bedroom house	\$90.55
Three bedroom house	\$98.89-127.40
<i>Note: The cost of heat is included in apartment rent. See accompanying text for more information.</i>	
<i>Source: Widening the Gap. (May 1997). C.P.I. Adjusted by 31.0%.</i>	

62% of the shelter costs incurred by a single parent with one child.

In addition to the fundamental inadequacy of the shelter allowance, BC Benefits does not accommodate different family compositions. Shelter allowance calculations assume that households with the same number of people have identical shelter needs. While a one-bedroom apartment would be adequate for most couples, it is doubtful that a home of this size would provide adequate space and privacy for a single parent and child. In light of the significantly higher costs of two bedroom apartments, BC Benefits essentially precludes consideration of privacy. A separate shelter cost calculation should be developed to account for the privacy needs of single parents.

Overall, this report clearly indicates that BC Benefits shelter allowances are inadequate from the

TABLE 16 SPARC BC's Estimated Adequacy of Maximum Shelter Allowances in Meeting Shelter Costs (Rent set at 25th Percentile)					
	Single Adult (Bachelor)	Single Parent, Child 5 yrs. (two bedroom)	Couple, No Children (one bedroom)	Single Parent, Children 14 & 16 yrs. (three bedroom)	Couple, Children 5 yrs. & 6 mos. (three bedroom)
Basic Rent	510.00	735.00	590.00	800.00	800.00
Utilities	21.84	26.93	22.72	26.93	26.93
Telephone	28.68	28.68	28.68	28.68	28.68
TOTAL COSTS	560.52	790.61	641.40	855.61	855.61
Shelter Allowance	325.00	520.00	520.00	610.00	650.00
% of Costs Met by BC Benefits	58%	66%	81%	71%	76%
\$ Shortfall	235.52	270.61	121.4 0	245.61	205.61
<i>Note: % of Costs Met by BC Benefits equals the Shelter Allowance divided by Total Costs. The \$ Shortfall equals the amount by which the shelter allowance would have to increase in order to meet actual shelter costs.</i>					

perspective of ensuring that income assistance recipients are able to access a reasonable portion of the housing market, and thereby obtain appropriate and affordable rental accommodation.

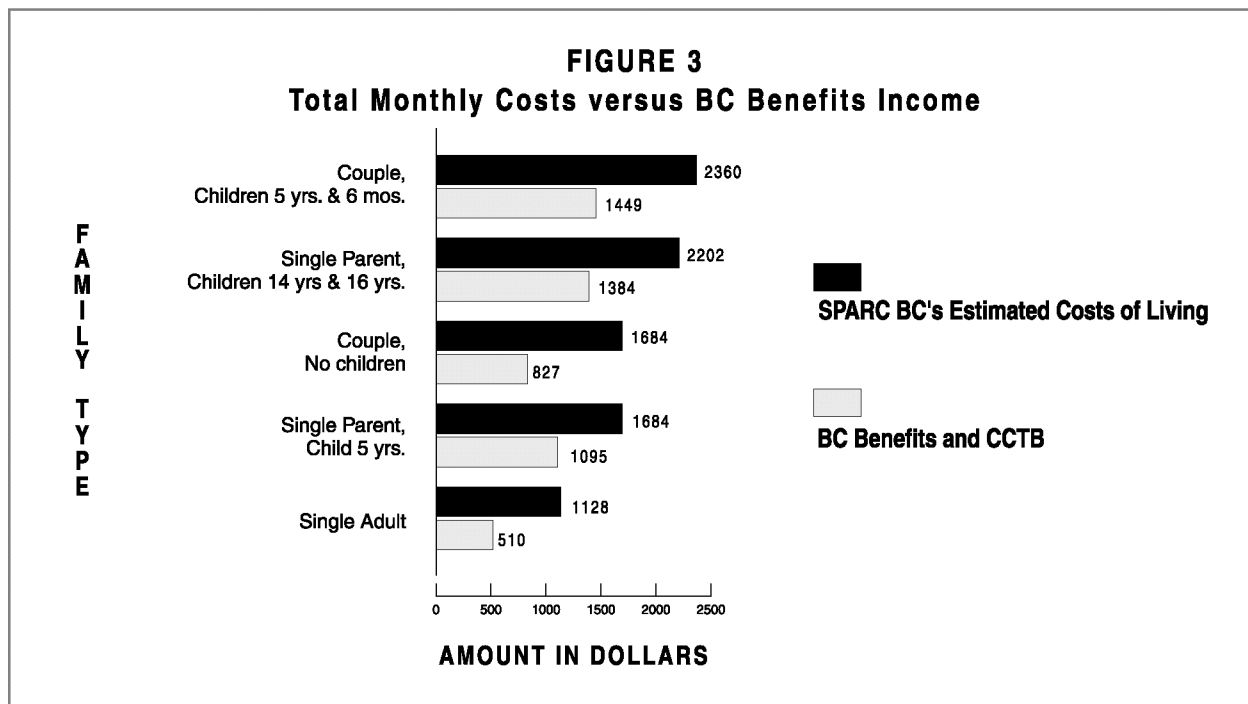
The Adequacy of BC Benefits in Meeting the Minimum Costs of Living

Table 17 and Figure 3 clearly show that the combined BC Benefits support and shelter allowances do not meet the minimum living costs of single adults or families. Income assistance covers only 45% of the costs incurred by a single adult, and only 65% of the costs for a single parent with one child. The overall gap between income assistance rates and actual costs can be attributed to shortfalls in both the support and shelter allowances.

The BC government’s ongoing failure to raise income assistance rates to a level that would allow recipients to meet basic support and shelter needs reinforces the hardship experienced by our five

households. This is reflected by the fact that the percentage of minimum living costs met by BC Benefits actually declined since 1997, as income assistance rates have failed to even keep pace with increases in the cost of living. Table 18 measures this decline by comparing the support and shelter allowances for 1997 and 2001, including the CCTB for both years.

Table 18 suggests that the largest four year decline in the percentage of costs met by BC Benefits is for a single parent with one child (5 percentage points as compared to 0–3 percentage points for other households). While the situation of single parents receiving income assistance is indeed worrisome, this bigger decrease is in fact attributable to the introduction



		Single Adult	Single Parent, Child 5 yrs.	Couple, No Children	Single Parent, Children 14 & 16 yrs.	Couple, Children 5 yrs. & 6 mos.
Costs	Support	567.63	893.06	1,042.80	1,346.74	1,504.75
	Shelter	560.52	790.61	641.40	855.61	855.61
	TOTAL	1,128.15	1,683.67	1,684.20	2,202.35	2,360.36
BC Benefit Income (including Family Bonus and CCTB)		510.00	1095.41	827.22	1384.24	1448.72
% of Costs Met by BC Benefits		45%	65%	49%	63%	61%
\$ Shortfall		618.15	588.26	856.98	818.11	911.64
<i>Note: % of Costs Met by BC Benefits equals BC Benefits Income divided by Total Costs. \$ Shortfall equals Total Costs minus BC Benefits Income.</i>						

of child care costs in the 2001 report. Without this additional expense, BC Benefits would meet 67% of the costs incurred by a single parent with one child, leaving a decline of 3 percentage points in the adequacy of BC Benefits between 1997 and 2001. This is more consistent with the experience of our other households. It should also be noted that the costs for a couple with a 5 year old and infant did not increase as rapidly as other households because of the changes in the procedures in estimating food costs for infants.

Overall, the data in this report clearly demonstrate that income assistance in BC is not only inadequate, but actually remains on a downward trend through the end of the 1990s and into the new millennium. BC Benefits cover less of SPARC BC's estimated minimum costs of living in 2001 than in 1997, and the support allowance permits recipients to purchase less in 2001 than they could in 1982. We urge the Province to end this policy of legislated poverty, and adopt levels of income assistance that permit all provincial residents to access the goods and services they need to participate in their communities.

	1997	2001	% Change
Single Adult			
Total Income \$	500.00	510.00	2%
Total Costs \$	1,048.67	1,128.15	8%
% of Costs Met by BC Benefits	48%	45%	
Single Parent, Child 5 yrs.			
BC Benefits \$	982.00	1,003.41	2%
CCTB \$	85.00	92.00	8%
Total Income \$	1,067.00	1,095.41	3%
Total Costs \$	1,534.54	1,683.67	10%
% of Costs Met by BC Benefits	70%	65%	
Couple, No children			
Total Income \$	811.00	827.22	2%
Total Costs \$	1,553.71	1,684.20	8%
% of Costs Met by BC Benefits	52%	49%	
Single Parent, Children 14 & 16 yrs.			
BC Benefits \$	1,175.00	1,200.24	2%
CCTB \$	170.00	184.00	8%
Total Income \$	1,345.00	1,384.24	3%
Total Costs \$	2,059.80	2,202.35	7%
% of Costs Met by BC Benefits	65%	63%	
Couple, Children 5 yrs. & 6 mos.			
BC Benefits \$	1,239.00	1,264.72	2%
CCTB \$	170.00	184.00	8%
Total Income \$	1,409.00	1,448.72	3%
Total Costs	2,272.16	2,360.36	4%
% of Costs Met by BC Benefits	62%	61%	
<i>Note: % of Costs met by BC Benefits equals Total Income divided by Total Costs. Single Adults and Couples without children are not eligible to receive the CCTB.</i>			
<i>Note: Subtracting the \$53.00 per month for child care from the Total Costs incurred by the single parent/one child household would result in BC Benefits covering 67% of SPARC's estimated minimum support costs</i>			
<i>Source: Widening the Gap (1997) and the Canada Customs and Revenue Agency's CCTB rate charts (www.cra-adrc.gc.ca/benefits/childbenefit-e.htm).</i>			

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. The flows into and out of income assistance usually exceed 10% per month. 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 Indexes

The Consumer Price Indexes (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.

The Low-Income Cut Off (LICO)

LICO are a measure produced by Statistics Canada based on family expenditure data for different sized families (from 1–7 members) living in five different sized communities (from rural areas to urban areas

with more than 500,000 residents). Expenditures on three essential items: food, clothing, and shelter are expressed as percentage of gross income. The average family, according to the survey data, spent 35% of their gross income from all sources (before tax) on these three items. The LICO is then set 20 percentage above this average adjusted for family size. Thus, a family is considered to have a low income if it spends more than 55% of its gross income before deductions on food, clothing and shelter

The LICO we use in this report are for 1999 and are updated for 2001 in accordance with the BC CPI increase of 2.7% on All Items. The LICOs for the five family types are for urban areas with a population of 500,000 or more.

Food

Food costs were derived from a 2001 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 important limitations to using the food cost estimates presented in Table 4.

1. Prices for food basket items provide an indication of the average cost of a nutritious diet. Since it is unlikely that anyone ever 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 influenced 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 reported in Table 5 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 (\$41.52 per month).

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 remain 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's Rate Chart for 2000. The cost of operating a car is derived from the Canadian Automobile Association's Driving Costs 2001 brochure. Vehicle expenses do not include depreciation or

financing given that the cars owned by income assistance recipients are not likely to be new.

significantly higher cost of care on the west side of the city.

Child Care

Child Care subsidy rates are listed in the Child Care Subsidy Rates Chart. The chart is available online at www.mhr.gov.bc.ca/PUBLICAT/CC/ccrates.htm, or by contacting the Ministry of Human Resources. Data on the actual costs of child care is derived from Westcoast Information Daycare's 2000 Surveys of Child Care Centres in Vancouver. To ensure that our estimates of the cost of care are conservative, we use figures for Vancouver east of Main Street due to the

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

Support Programs for Families with Children

Both the Provincial and Federal governments fund the BC Family Bonus. While the amount paid by each government is tied to the number of children in a family, the total per child amount is always \$106.83. With one child, the BC government pays \$25.41 and the Federal government \$81.42. With two children, the Provincial contribution is \$42.08 per child and the Federal \$64.75 per child. The provincial/federal portions of the family bonus changed in July 2001, with the federal government covering a greater portion.

In addition to the Family Bonus, low-income working families with annual incomes between \$3,750 and \$20,921 are eligible to receive the BC Earned Income Benefit (EIB). As of July 1998, these families can receive a monthly benefit of up to \$50.41 for the first child, \$33.75 for the second child, and \$27.00 for each additional child. The EIB is a provincially funded program.

The Federal government funds the \$92 per child that many families receive each month through the CCTB. Eligible families receive this money in addition to the Family Bonus and/or the EIB. Under the CCTB, income assistance recipients and low-income families may also be eligible for a Child Care Benefit of \$18.25 per month, or \$219 per year, if they have not claimed any child care expenses on their tax returns. We do not include the Child Care Benefit in this report because eligibility is determined on the basis of the previous year's tax information, and because it is not clear how changes in circumstance affect eligibility requirements.

Income assistance recipients and low-income families may also be eligible for a number of other benefits (e.g. GST and PST credits). In this report, we do not include any benefits that are delivered on a quarterly or annual basis.

Appendix 3

Child Care Costs and Subsidy Amounts

The Table below demonstrates the gap between the amount of the Child Care subsidy delivered by the Ministry of Human Resources and the actual costs of child care in Vancouver East of Main Street. The ‘% of Costs met by Subsidy’ shows that in virtually all cases, the subsidy only partially covers the actual costs of caring for children.

APPENDIX 3					
Child Care Subsidy Rates versus					
Average Monthly Cost of Care in Vancouver					
(East of Main Street)					
Type of Care	Age group	Average Cost of Care in \$	Subsidy Rate in \$	\$ Shortfall by Subsidy	% of Costs Met
Family	0-18 months	660.00	438.00	222.00	66%
	19-36 months	618.00	404.00	214.00	65%
	37 months-5 yrs	570.00	354.00	216.00	62%
Group	0-18 months	854.00	585.00	269.00	69%
	19-36 months	734.00	528.00	206.00	72%
	37 months-5 yrs	486.00	368.00	118.00	76%
	Kindercare	414.00	255.00	159.00	62%
In own home	1st child 0-18 months	644.00	394.00	250.00	61%
	1st child over 18 months	600.00	318.00	282.00	53%
Out-of-school	Child in kindergarten	354.00	204.00	150.00	58%
	Before school care	84.00	147.56	0.00	100%
	After school care	201.00	147.56	53.44	73%
	Before & After School Care	228.00	147.56	80.44	65%
Preschool*	2 sessions per week	71.00	107.00	0.00	100%
	3 sessions per week	99.00	107.00	0.00	100%
	4 sessions per week	139.00	107.00	32.00	77%
	5 sessions per week	206.00	107.00	99.00	52%
<i>* The majority of preschool programs offer sessions that are 2.5 hours long.</i>					
<i>Note: Subsidy rates for more than four hours per day of care have been used for family, in own home, and group child care. Subsidy rates for less than four hours per day of care have been used for out-of-school and preschool child care.</i>					
<i>Note: The % of Costs Met by Subsidy equals the Subsidy Rate divided by the Average Cost of Care. \$ Shortfall equals the Average Cost of Care minus the Subsidy Rate.</i>					
<i>Sources: Westcoast Information Daycare 2000 survey average costs in Vancouver and the Child Care Subsidy Rates Chart 2000.</i>					

Appendix 4

Income Assistance

Structure and Rates

There are five types of benefits in the BC Benefits program: basic, handicapped, age 60–64, OAS/seniors, and child in the home of a relative (CIHR).

The table, Appendix 4a, outlines the number of recipients in each of these categories, and the percentage of the total income assistance caseload that each category represents. It indicates that basic income assistance is by far the largest benefit category, covering three recipient groups: people under the age of 19, youth aged 19–24, and ‘employable’ persons on the welfare to work program, mostly aged 25–59.

The findings in this report are based on only basic income assistance—we do not evaluate the adequacy of other BC Benefits programs. It cannot be assumed that recipients of disability, seniors, or other benefits incur the same costs as recipients of basic assistance: a person who relies on a wheelchair, for example, may incur additional accommodation expenses; while a diabetic person may have additional food expenses. As such, our cost calculations cannot be used in an evaluation of the adequacy of other types of benefits.

The table, Appendix 4b (see next page), reproduces the Ministry of Human Resources rate chart for basic income assistance benefits as of June 2001.

APPENDIX 4a Distribution of Income Assistance Benefits (June 2001)		
	Total number of recipients \$	Percentage of Total Caseload
Basic Benefits		
Under 19	1,227	0.8%
Youth Works	18,579	12%
Welfare to Work	84,661	54%
Total	104,467	66%
Handicapped Benefits	42,899	27%
Age 60-64	4,390	3%
OAS/Seniors	1,572	1%
CIHR	4,517	3%
Total BC Benefits Caseload	157,845	100%
<i>Source: BC Benefits Program Monitoring Report. Management Information Unit of the Ministry of Social Development and Economic Security (June 2001).</i>		

APPENDIX 4b
BC Benefits Basic Income Assistance Rates
(Effective June 2001)

Number of People in Household	Support Allowance \$							Shelter Allowance \$
	A	B	C	D	E	F	G	
1	185.00	231.92	282.92	n/a	461.42	n/a	n/a	325.00
2	307.22	401.06	452.06	376.58	630.56	809.06	555.08	520.00
3	401.06	401.06	452.06	376.58	630.56	809.06	555.08	610.00
4	401.06	401.06	452.06	376.58	630.56	809.06	555.08	650.00
5	401.06	401.06	452.06	376.58	630.56	809.06	555.08	700.00
6	401.06	401.06	452.06	376.58	630.56	809.06	555.08	730.00
7	401.06	401.06	452.06	376.58	630.56	809.06	555.08	760.00
Key	A	Employable singles, couples and two-parent families where all adults are under 55 years.						
	B	Employable singles, couples and two-parent families where one adult is aged 55-59 years.						
	C	Employable singles, couples and two-parent families where one adult is aged 60-64 years OR where all adults are eligible for Disability Benefits Level I.						
	D	One-parent families.						
	E	Singles, couples and two-parent families where one adult is aged 65 years or older.						
	F	Couples and two-parent families where both adults are aged 65 years or older.						
	G	One-parent families where the parent is aged 65 years or older.						
<i>Note: Income assistance recipients with children receive the \$106.83 per month per child Family Bonus and the \$92 per month per child Canada Child Tax Benefit in addition to the amounts listed in the above chart.</i>								
<i>Source: Ministry of Human Resources Welfare-to-Work Income Assistance Rates Chart.</i>								

Appendix 5

Other Useful

Sources of Information

BC Ministry of Human Resources (formerly the Ministry of Social Development and Economic Security)

Phone: Local Ministry offices are listed in the blue pages of the phone book, under Government of British Columbia.

Website: www.gov.bc.ca/mhr

Canada Customs and Revenue Agency

Website: www.cra-adrc.gc.ca

Email: comments@rc.gc.ca

Canadian Centre for Policy Alternatives—
BC Office

Phone: (604) 801-5121

Email: info@bcpolicyalternatives.org

Website: www.policyalternatives.ca/bc/index.html

Canadian Centre for Policy Alternatives—
National Office

Phone: (613) 563-1341

Email: ccpa@policyalternatives.ca

Website: www.policyalternatives.ca

Canadian Council on Social Development

Phone: (613) 236-8977

Email: council@ccsd.ca

Website: www.ccsd.ca

End Legislated Poverty

Phone: (604) 879-1209

Website: <http://www.vcn.bc.ca/-elp>

First Call: BC Child & Youth Advocacy
Coalition

Phone: (604) 875-3629

Website: <http://www.firstcallbc.org>

Human Resources Development Canada

Phone: 1-800-277-9914

Website: www.hrdc-drhc.gc.ca

National Anti-Poverty Organization

Phone: (613) 789-0096

Email: napo@napo-onap.ca

Website: www.napo-onap.ca

National Council of Welfare

Phone: (613) 957-2961

Email: ncw@magi.com

Website: www.ncwcnbes.net

Povnet

Website: www.povnet.org

Statistics Canada

Phone: (604) 666-3691

Website: www.statcan.ca