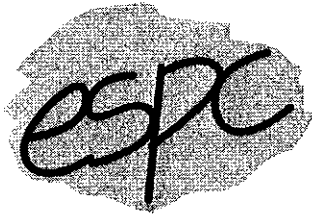


March

2004



welfare and the cost of living

March 2004

Edmonton Social Planning Council
... info sheet

The ESPC believes that social assistance income and benefits should be provided at a level based on the actual costs of living today. In this info sheet we demonstrate the extent to which welfare rates come up short when compared to a minimal standard of living as detailed in the Market Basket Measure (MBM) and a couple of other local economic indicators.

Comparing current government support with MBM thresholds

Household Types	MBM threshold–Edmonton (adjusted to inflation and household size)	Social assistance + federal benefits/credits	Income received as percent of MBM
2 parents (not expected to work) + 2 children	\$25,669	\$21,216	82.6%
Single parent (not expected to work) + 1 child	\$16,684	\$13,536	81.1%
Couple (not expected to work)	\$17,967	\$13,008	72.4%
Single (not expected to work)	\$12,834	\$7,836	61%
Couple (expected to work)	\$17,967	\$9,696	54%
Single (expected to work)	\$12,834	\$5,040	39.3%

Notes:

- 1) The MBM is a new low income measure which identifies the basic living costs – food, clothing, shelter, transportation, and other household/personal needs – in specific communities. We have chosen to use the Edmonton MBM figures, which just happen to be the lowest of the five designated Alberta communities. For details on the MBM go to the Human Resources Development Canada (HRDC) web page at www.hrdc.gc.ca.
- 2) The MBM thresholds are based on the year 2000 income statistics. The inflation adjusted MBM figures used here are adjusted by the cumulative increase in the Consumer Price Index each year to January 2004 (Source: City of Edmonton, Social Plan).
- 3) The MBM thresholds were only calculated for a family with two adults and two children (known as the reference family). A LIM (Low Income Measure) formula can be used to adjust this for different household sizes (based on 1 adult =1.0; a second adult =0.4; each child =0.3)
- 4) The social assistance income includes the following categories in the Supports for Independence (SFI) program (2003-04): Standard Allowance, Shelter Allowance, Personal Needs Supplement, and Prescription Co-Payment. In addition to those income supports, people on social assistance receive other benefits not included here as income, ie. money for school expenses (ranging from \$50-\$175 per child, per year), daycare and various health benefits and premiums.
- 5) The federal government provides a number of benefits and credits for low-income households including the Canada Child Tax Benefit (CCTB), the National Child Benefit Supplement (NCBS) and GST credits.

Comparing current income support with the price of food in Edmonton

Household Types	Nutritious Food Basket (Feb.2004, Edmonton)	Welfare: Standard Allowance (intended for all living costs except shelter)	Amount of Standard Allowance left after nutritious food purchases	Percent of Standard Allowance used up by nutritious food purchases
Family of four, two children	\$562.46	\$775	\$212.54	72%
Single mother, one child	\$260.73	\$421	\$160.27	61%
Couple (no kids)	\$295.92	\$446	\$150.08	66%
Single Male (expected to work)	\$171.73	\$229	\$77.27	74%

Sources: Edmonton Nutritious Food Basket (Alberta Agriculture, Food and Rural Development)
Supports For Independence (SFI) 2003-04 (Alberta Human Resources and Employment)

The above chart demonstrates the serious shortfall faced each month by those on social assistance. Assuming food purchases are the first priority, little is left for other expenses such as transportation, clothing and other household and personal expenses. For example, an Edmonton Transit adult bus pass costs \$59 a month, leaving a single male with only \$18.27 for all other personal and household expenses. Bus passes for a family of four costs a minimum of \$158, leaving only \$54.54, or \$13.63 per person for all other personal and household expenses.

Comparing current income support with the price of housing in Edmonton

Household Types	Shelter Allowance	Typical Edmonton rental	Amount short of actual shelter costs
Single parent (not expected to work), 1 child	\$482	\$615 (2 bdrm, north central Edm. average) \$722 (2 bdrm, city average)	\$133 - \$240
Couple (not expected to work)	\$436	\$588 (1 bdrm, city average)	\$152
Couple (expected to work)	\$336	\$588 (1 bdrm, city average)	\$252

Sources: Weighted Average Rent, October 2003 (Canada Mortgage and Housing Commission)
Monthly Economic Review, December 2003 (City of Edmonton)
SFI Benefits 2003-04 (Alberta Human Resources and Employment)

People who would benefit from having social assistance reflect the cost of living

2,357 two-parent families with children	10,540 single parent families with children	1,346 couples with no children	14,472 single adults
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Source: Alberta Human Resources and Employment, caseload in November 2003