

Intelligence MEMOS



From: Parisa Mahboubi and Mariam Ragab
To: Alberta Social Assistance Policymakers
Date: May 7, 2021
Re: **TIME TO RECALIBRATE ALBERTA'S SOCIAL ASSISTANCE**

Effective social assistance systems should provide appropriate support for those in need while discouraging long-term dependency and easing transition to stable paid employment.

Over the pre-pandemic decade, Alberta saw the largest increase in the total number of social assistance cases, both in absolute terms and relative to the working-age population. From 2008 to 2019 the number of Albertans on social assistance doubled from 62,708 to 124,034, with much of the growth coming as oil prices collapsed in mid-decade and unemployment rose.

Getting and keeping social assistance programs right are vital to ensuring their effectiveness in providing appropriate support to people in need and to strengthening their integrity.

Our recent C.D. Howe Institute [Commentary](#) evaluated Alberta's two principal social assistance programs – Income Support (IS) and Assured Income for the Severely Handicapped (AISH) – in light of international best practices for reforming social assistance, especially with a view to improving labour-market attachment and reducing potential risks of fraud and error.

Currently, Alberta's high clawback rates and low earnings exemptions decrease the likelihood of recipients bouncing out of the social safety net and back into the labour market. Since work incentive initiatives may have different impacts on different demographics, it is important to identify the most effective phase-out rate structure or individualized rates to increase labour-market attachments.

As well, Alberta's approach to disability programs should also aim to provide people with disabilities with increased opportunities to join the workforce. As in Ontario and other provinces, the program for people with disabilities in Alberta is also a major contributor to the growth of the total social assistance cases. Many factors contribute to this, including program design and socioeconomic conditions. And people with a disability face greater labour market challenges compared to those without a disability. While reduced stigma and increased awareness of disability programs along with broader recognition and inclusion of mental disorders as a disability can play a role, the significant growth in the number of disability recipients can be related to program failure to effectively assess eligibility and the lack of processes to periodically reassess cases to ensure continuing eligibility.

Several factors contribute to Alberta's social assistance challenges, and these steps would improve matters:

- A single program for all persons with disabilities – there are currently two streams – that would more effectively assess capability to work, develop appropriate plans, and review eligibility on an ongoing basis. Many recipients have no Service Plan, the instrument that is meant to guide and monitor the path to the workforce, and in many cases there is never any review of eligibility for assistance, failing to realize disability exist on a spectrum and the potential capability of a person with a permanent disability to contribute to the economy.
- Reducing the cost of working. More generous clawback rates and higher earnings exemptions would improve incentives to seek and maintain employment. They also generate long-term cost savings as recipients leave the program or rely less on it.
- Providing the right tools for people to re-enter the workforce. Subsidizing part-time work and providing appropriate work-experience placements will help provide social assistance recipients with the skills needed to re-enter the labour market.
- Supplemental benefits, such as health and housing, should be offered separately from basic social assistance. The current system removes many supplemental benefits as employment incomes grow, which creates disincentives to labour participation and fosters continued social assistance reliance.

Parisa Mahboubi is a senior policy analyst at the C.D. Howe Institute where Mariam Ragab was a researcher.

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