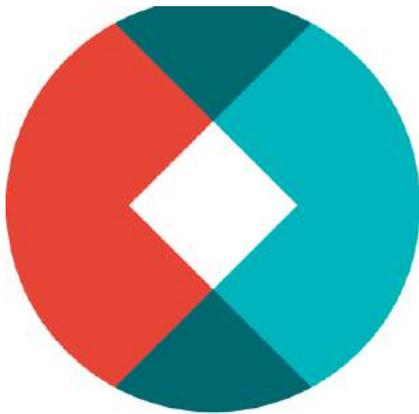


**LED**lab

Pathways out of Poverty: Social Hiring  
and Income Assistance

A SUBMISSION FOR THE PUBLIC CONSULTATION  
ON THE POVERTY REDUCTION STRATEGY



**LEDlab**

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## Pathways out of Poverty: Social Hiring and Income Assistance

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**A Submission for the Provincial Consultation  
on the Poverty Reduction Strategy**

March, 2018

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# Executive Summary

Vancouver's Downtown Eastside (DTES) neighbourhood is home to a large number of income assistance recipients and many organizations and businesses that hire residents with barriers to employment who are often on assistance. Thus, this community has plenty of experiential knowledge about poverty, how poverty can be perpetuated by the income assistance system and the effects of income assistance policies and legislation on social hiring in the neighbourhood. 'Social hiring,' is defined as providing work opportunities to those experiencing barriers to employment and has become an innovative way for residents to generate much needed income and build social and employment capacity.

Potluck Café Society is a social enterprise that engages in social hiring in the DTES. The Local Economic Development Lab (LEDlab) is a social innovation lab that works with DTES community organizations to build a more vibrant and inclusive local economy. In 2016, these organizations collaborated to facilitate an exploratory project that analyzed the effects of income assistance policies and legislation on employment, DTES residents and the organizations that provide them opportunities to work.

Drawing on the findings from this collaborative project, this paper is a submission to the provincial consultation on the Poverty Reduction Strategy and highlights the necessary reforms to the income assistance system needed to create effective pathways out of poverty and foster economic and social inclusion. The submission is based primarily on findings from interviews with income assistance recipients, social enterprise employers and community organizations in the DTES. It draws on and aims to further facilitate some of the innovative solutions that have been developed in the community to address the many shortcomings of the current income assistance system and government employment services.

The submission includes ten recommendations to reform the income assistance system that will create pathways out of poverty for those involved in informal and non-tradition employment in the DTES. These recommendations are based on the following:

- Increasing access to the ministry and to information about income assistance so that people understand and can adequately exercise their rights as assistance recipients;
- Making legislative and policy changes to ensure that people are appropriately classified and are accessing the benefits to which they are entitled;
- Amending current financial incentive structures to incentivize work, rather than punish recipients for working;
- Modernizing employment services and supporting social enterprise to create more flexible employment options; and
- Improving the government-community relationship to increase trust and encourage better communication between the ministry and assistance recipients.

We are encouraged by the government's new commitment to reducing poverty and delivering the services people count on. We believe that implementing our recommendations will have a meaningful impact on these commitments. They will not only result in better outcomes for assistance recipients, but will also support the work done by DTES

organizations and social enterprises to build economic and social inclusion for some of BC's most marginalized residents.

# Introduction

Often referred to as the “poorest postal code in North America,” the Downtown Eastside (DTES) community is home to people with a median household income of \$13,691/year, compared to \$47,299/year in the City of Vancouver overall (City of Vancouver, 2013). With this, the DTES has the largest number of income assistance recipients than any other community in British Columbia, with over 8,700 recipients of all designations in a two-block radius.

Income assistance was originally designed to help those with financial need, i.e., those living in poverty. Since its inception, its purpose has shifted from lifting those out of poverty, to promoting self-sufficiency and encouraging labour market attachment (Prince, 1996). This submission shows that the system is now so broken, it is not achieving either objectives. Income assistance recipients continue to experience barriers to employment, some of which can be attributed to the very policies that aim to promote their participation in the workforce. As a result, they remain economically disempowered and trapped in a cycle of poverty.

The DTES may experience its challenges; but the community has a history of finding ways to improve conditions for residents in the absence of government support. For example, the DTES has become a hub for many social enterprises that provide people with barriers to employment the opportunity for meaningful work. For years, these social enterprises, along with other community organizations, have been filling the gaps in government service provision, including providing supportive employment opportunities and employment programming.

This submission for the provincial consultation on the Poverty Reduction Strategy is the result of a collaborative exploratory project facilitated by the Local Economic Development Lab (LEDlab), a social innovation lab that works with DTES community organizations to build a more vibrant and inclusive local economy, and Potluck Café Society, a social enterprise in the DTES. Conducted from 2016-2017, this project analyzed the effects of income assistance policy and legislation on employment, DTES residents and the organizations that provide them opportunities to work. While the analysis also drew on a variety of sources including historical and legislative data, government documents and non-governmental reports, this submission will focus on findings from interviews with income assistance recipients (‘recipients’), social enterprise employers (‘employers’) and community organizations (‘organizations’) in the DTES.

Through the examination of income assistance policy and legislation within the context of the DTES, this submission demonstrates the need for BC’s Poverty Reduction Strategy to include significant reforms to British Columbia’s income assistance system if the government wants to create effective pathways out of poverty. Areas for reform include: access; recipient classification; financial incentives and earnings exemptions; employment services and social enterprise; and the government-community relationship. We hope that our insights will help the Minister of Social Development and Poverty Reduction achieve his mandate to ensure people from every background have the opportunity to meet their full potential by fostering greater economic and social inclusion.

# An Overview of the Income Generation Continuum

The Income Generation Continuum depicted below represents the array of opportunities for skills development and income generation in the DTES, each of which plays a major role in the DTES economy and contributes to economic and social inclusion in the community. This continuum is important for understanding how the various stages of income generation interact with the income assistance system, and the subsequent impacts on assistance recipients, social enterprises, organizations, and the community as a whole.



Image: Developed by LEDlab (2015). Found at <http://ledlab.ca/wp-content/uploads/2015/11/LEDlab-Income-Generation-Continuum.pdf>

Organizations and businesses that provide work opportunities for the less formal, non-traditional types of work along this continuum engage in ‘social hiring,’ which is defined as providing work opportunities to those experiencing barriers to employment. There are many benefits to social hiring, including individual, community and economic (Shahmash, 2010).

The spectrum of social hiring starts with ‘informal employment’ which often takes the form of paid volunteer work for non-governmental community organizations. In this work, individuals are often paid in untraceable cash stipends that are most often not reported to government. Stipends are often but not always below minimum wage. These opportunities are low-threshold in nature, meaning they are more easily accessible to people experiencing barriers to employment and better meet their needs and abilities. For example, they may not require abstinence from drug use to participate (DeBeck et al., 2011). This kind of work can be irregular, but can also be scheduled depending on needs of the organization and the individual. Paid volunteer work has become more common in the DTES in the last decade as the community attempts to respond to the low assistance rates and the various barriers created by the income assistance system. Government-funded employment services are not targeted at people who are looking for this kind of work.

‘Supported employment’ is another form of social hiring, which involves hiring permanent employees in a work environment that accepts individuals with barriers to employment and supports their needs. For example, employers may be flexible with work absenteeism, may let employees dictate their work schedules, and/or may accept drug use. The DTES, has become a hub for supportive employment, largely offered by social enterprises (Elson and Hall, 2010). Social enterprises are businesses operated by non-profit organizations with the dual purpose of earning income from sales of programs and/or services and creating social value (Enterprising Non-Profits, 2010). Supported employment opportunities may or may not result in guaranteed part-time hours, depending on the employer and the employee. In both types of work, employers pay at least an hourly minimum wage and keep their employees on

the books, making these options slightly more formal and employees more likely to report income to the Ministry of Social Development and Poverty Reduction ('the Ministry').

'Formal employment' is generally the desired outcome for the Employment Program of BC and is largely a measure of its success, especially if that work is full-time in nature. A person is considered to have achieved a successful employment outcome - also referred to as labour market attachment - after formal full-time employment has been sustained for at least 12 weeks (FERENCE & COMPANY, 2016). For many people experiencing barriers to employment in the DTES, whether recognized by the Ministry or not, this outcome is not achievable in their current circumstances.

This continuum represents the various types of income generating activities required to empower labour market engagement and create pathways from informal survival work to traditional employment (City of Vancouver, 2016). Movement from one stage to the next depends on several factors including the availability of work opportunities and the ability to overcome personal and structural barriers. An individual's movement along the continuum is fluid in nature and the stages of the continuum are not necessarily discrete.

# Areas of Reform

Within the five areas of reform are recommendations we suggest will create pathways out of poverty and support the different types of employment on the income generation continuum.

## Increasing Access

Over the years, service delivery has shifted from in-person to telephone and online service provision in the name of innovation, which has created many barriers to accessing the income assistance system (BCPIAC, 2015). Interviews with recipients, employers and organizations confirmed that these barriers to access are accentuated in a community like the DTES, where individuals cannot afford cell phones and have challenges accessing and using computers. While there is an option for individuals to apply for assistance offline, these options are not readily available and are rarely suggested by Employment Assistance Workers (EAWs).

**“It’s ridiculous to think that it wouldn’t be a little bit more obvious that if you’re not provided enough means to live, then you’re not going to be splashing cash on phone plans or internet connections.”**  
-Social Enterprise Employer

**Recommendation #1: Restore in-person service delivery and make it easier for individuals who do not have access to technology to apply for assistance and interact with the system. Consult with income assistance recipients who are the “end-users” in service design. Those using the service need to decide if the service is usable and accessible.**

In addition to barriers to accessing services, recipients, employers and organizations suggest that there is a lack of accessible and understandable information, which makes it hard to navigate the complex system. The resulting lack of information, combined with misinformation that tends to spread around the community, can cause anxiety around working, reporting income and knowing one’s rights as an assistance recipient. It also plays into the fear of losing assistance that subsequently affects people’s decisions to work. For example, many people on disability assistance are unaware that their medical and dental benefits are tied to the Medical Services Plan (MSP) Premium Assistance threshold of \$42,000 and adjust their work behaviours out of fear of losing these benefits, despite not even being close to this threshold. Accessible and understandable information about this regulation in particular would empower people with disabilities to take on more work, without fear of losing these benefits, resulting in a multitude of personal and financial benefits.

Related to this are the challenges created for employers by the lack of information they are given to advocate for their workers. In interviews with employers, most note that welfare advocacy has become part of their routine, taking them beyond the normal duties of running a business/organization. They report taking this role on because their workers simply have no other way of accessing information on their own, which has led to frustration because they are not given any support from the Ministry, and they themselves have trouble obtaining accurate and useful information. The Ministry’s website is difficult to navigate and

not user-friendly, with relevant information scattered throughout various webpages, often in inaccessible language.

If it is not clear to people how much they can work before losing their benefits, or when exactly a clawback on their assistance cheque occurs, it disempowers them from taking control of their lives and making decisions that best suit their needs. It stops them from enjoying the many benefits that employment can bring and keeps them in a cycle of poverty, based on an issue that could be easily resolved by increasing accessibility to a system on which vulnerable people living in poverty rely to survive.

**Recommendation #2: Make information more accessible. This should involve redesigning the Ministry's website or creating a new website that contains plain language information about income assistance policy and procedures in one easy-to-access location. Consult with income assistance recipients about the best way to provide information on the system.**

## Recipient Classification that Reflects People's Needs and Abilities

In March 2016, six percent of income assistance recipients in the DTES were considered "Persons with Persistent and Multiple Barriers (PPMB); 26 percent were employable or "expected-to-work" (ETW); and 64 percent were considered "persons with a disability" (PWD).<sup>1</sup> These numbers continue to be relatively stable.

Interviews in the community show that there are many barriers that are not being recognized by the government; therefore, people are being assessed as expected and able to work. As a result, individuals are misclassified as employable and are not accessing the benefits that they could be, despite experiencing various barriers to employment. Employers report being bewildered to find out that some of their workers have been deemed employable, despite what they know about their lives and the barriers they experience. This is supported by a Canadian Centre for Policy Alternatives report that found that many people are improperly categorized in the ETW category for too long (Klein & Pulkingham, 2008).

Part of the problem is the widely documented challenges in accessing the PWD designation. In addition to a lengthy and challenging application process, the PWD application also requires significant medical documentation, which is often difficult to obtain for those that experience barriers to accessing healthcare. However, the larger topic of conversation among employers was around the PPMB designation.

To receive the PPMB designation, a person must have severe multiple barriers to employment and a persistent medical condition that precludes or seriously impedes them from employment, as confirmed by a medical practitioner. Addiction is not considered to be a medical condition.<sup>2</sup> A recipient can only be assessed for PPMB status once they have been on income assistance for 12 of the last 15 months. The assessment includes an Employability

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<sup>1</sup> According to statistics sent by the Ministry from March 2016.

<sup>2</sup> However, addiction is an aspect considered when determining a recipient's "employment readiness."

<sup>3</sup> On October 1, 2017, the provincial government increased the ETW exemption from \$200/month to \$400/month and the PWD exemption from \$9,600/year to \$12,000/year. Note that interviews were conducted prior to this

Screen that determines work readiness by exploring factors such as past dependency on assistance, recent work history, education level, and English proficiency and literacy.

Since its inception, the PPMB classification has received criticism for a variety of different reasons. The BC Coalition of People with Disabilities (2007) has described the application process for PPMB like “trying to manoeuvre through a minefield” (p.21) and suggests that it

**“I don’t know many people who are on regular welfare who don’t seem PPMB to me. What is a persistent barrier if not one that lands you on the DTES?”**  
-Social Enterprise Employer

is harder to obtain a PPMB designation than PWD, which is supported by our interviews. It is also unclear why there is an earnings exemption for PPMB given that a person is required to establish that they are currently unemployable (BC Coalition of People with Disabilities, 2007).

In a 2009 report, six recommendations regarding the PPMB classification were put forward to the Ministry by the BC Ombudsperson. In their review, the Ombudsperson found that the 12-month time requirement was unnecessary for many people who clearly experience barriers upon applying for assistance and recommended an exemption for this requirement. They also found that the definitions for ‘precludes’ and ‘seriously impedes’ employment were inconsistent and were not being applied properly, and recommended the Ministry conduct a file review to determine compliance with these definitions. Additionally, the Ombudsperson found that the Employability Screen is not a “consistently reliable tool to determine the extent of clients’ barriers” (p. 12) and recommended that the Ministry review its effectiveness (BC Ombudsperson, 2009). While the Ministry committed to all the PPMB-related recommendations set forth in this report, they have not addressed any of the concerns highlighted above.

Employers and organizations expressed that the current PPMB eligibility criteria simply does not account for some of the very real barriers that people in the DTES experience. Authors of a study examining employment training for female methadone clients in the DTES argue that the Ministry fails to recognize its role in minimizing structural barriers, and instead puts that on individuals (Parusel, 2005). This is evident through the Ministry’s definition of “multiple barriers” based narrowly on personal barriers to employment. Community members report that this definition fails to recognize structural factors particularly salient to the DTES context such as addiction, homelessness, and intergenerational trauma. In a 2014 consultation on mental health and addictions by the Canadian Mental Health Association, individuals expressed frustration with the Ministry’s inability to acknowledge addiction as a medical condition and/or barrier to employment. Several employers reported having employees that have experienced various traumas in their lives, sometimes leading to self-medication and addiction. The PPMB eligibility criteria does not overtly account for these factors.

**“Well there are a number of folks who work for us who are deemed EO but who are clear to us by virtue of having so many supportive conversations about how their lives are going outside of the workplace, would not at this time be capable of holding down full-time employment. And for many of them it is that those external issues are so pressing that they’re only available to work in a week for 4-8 hours.”**  
Social Enterprise Employer

One employer expressed explicit frustration with the systemic non-recognition of certain barriers and spoke about the ethical implications of the terminology ‘persons with barriers’ that is often used by Work BC to refer to some of their participants, including those who are ETW:

“I think it is telling that in so many conversations we refer to people with multiple barriers, but the moment that we have to give them that designation, they no longer qualify. [...] I think it’s starting to become grossly inappropriate and radically unjust that it could probably be categorized as systemic oppression.”

-Social Enterprise Employer

These findings show that there is a need to change the way barriers to employment are assessed and that PPMB is an ineffective and inconsistent designation.

**Recommendation #3: Review the PPMB designation as recommended by the BC Ombudsperson, including assessing the current eligibility criteria, the screening tool and what is considered a ‘barrier’ to employment.**

## Financial Incentives that Incentivize, not Punish

Earnings exemptions refer to the amount of income that recipients can earn from employment without affecting their income assistance payments. Once their earnings surpass a specified limit, their assistance is reduced by a designated amount (Battle & Torjman, 2001). In British Columbia, earnings exemptions are flat-rate; once the exemption is exceeded, a recipient’s income assistance payment is clawed back dollar for dollar on each dollar earned, also referred to as a 100% clawback rate. People who are ETW have a \$400/month earnings exemption, while those who receive PWD have an annualized exemption of \$12,000/year.<sup>3</sup> Generally, earnings exemptions exist to incentivize work (Stapleton, 2013).

Overall, the community reports that the PWD earnings exemption encourages people with disabilities to work, far more than the exemption for ETW. However, one of the biggest barriers to employment reported for PWD recipients was fear and anxiety around losing benefits – not just losing monthly assistance, but the many medical benefits that accompany disability assistance. People with disabilities generally have greater medical costs than those who are able-bodied, which can have a huge economic impact on a person who moves off of assistance into employment. Interviewees reported a severe lack of information and understanding of the point at which PWD recipients lose their medical benefits, which impacts a person’s decision to work more.

Furthermore, we question why a person with a disability or a barrier to employment should experience any clawbacks or lose their medical and dental assistance at all. Based on our conversations in the community, we find that clawbacks on PWD and PPMB cheques are unnecessarily punitive for persons who are experiencing chronic barriers to employment. Anyone experiencing barriers to stability should not be subject to policies that discourage and disadvantage people who are trying to put their lives together.

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<sup>3</sup> On October 1, 2017, the provincial government increased the ETW exemption from \$200/month to \$400/month and the PWD exemption from \$9,600/year to \$12,000/year. Note that interviews were conducted prior to this change.

**Recommendation #4: Eliminate assistance clawbacks for PWD and PPMB recipients so that they are not punished in the process of seeking stability in their lives.**

The effects of clawbacks and earnings exemptions on those deemed employable are much different than for PWD recipients. These recipients seem to face some of the biggest struggles when it comes making decisions to work and reporting income. Despite recent increases in monthly assistance payments, welfare income is still drastically below the poverty line. As a result, it became apparent in interviews that ETW recipients are often more focused on survival rather than finding sustainable employment. This, in addition to other factors, makes losing assistance a very big risk.

In interviews, “taking the leap” was used as a common metaphor to describe making the decision to work more, and/or move off assistance for two reasons. The first reason is the inherent risk and expressed fear involved in obtaining employment and losing assistance. For ETW recipients, this fear is grounded in the perceived risk of losing employment and having to reapply for assistance, which is a cumbersome process, especially because the system has become so inaccessible.

**“In the situation that I am in right now, a job that pays me \$810 net will disqualify me from welfare, so I’m not really ready to jump away from income assistance, because it’s very hard to get back on once you leave the roll.”**

**-ETW assistance recipient**

The community commonly described the scenario in which an individual obtains a job that makes ends meet for a while, but then they experience a set-back (e.g., relapse) and lose their job. They then must go through the cumbersome process of reapplying, wait at least three weeks to be re-accepted, and in the interim, may lose their housing because they are unable to pay rent.

The second reason for this metaphor is what the community describes as a lack of transitional support between assistance and full employment. Employers suggest that this lack of support is inherent in the 100% clawback that creates a large gap between the exemption and financial independence. Despite not being in a place to work full-time, recipients often can and want to work more than the earnings exemption allows, making their decision to work all-or-nothing.

Employers note that these disincentives to work, as well as the general nature of hiring individuals on assistance, force them to have deep rosters, juggle many employees and their respective work limitations. Several employers also mention how this affects the employability of those who work for them, suggesting that the more someone works, the more employable they become.

**“For me as an employer, the more someone can work in a week, the more regular a schedule is, the easier it is for me to employ them. I find that a lot of people who are cognizant of that barrier, really want to jump into full time work, but there seems to be a disincentive built into the system.”**

**-Social Enterprise Employer**

Through our research in the community, it became clear that for the most part, with some exceptions, more formal social enterprises employ people on disability assistance. They are much less likely to employ individuals who are ETW. Employers posit that is likely the case

because people with disabilities have a much larger earnings exemption, and as a result are much easier to support and retain as employees.

In addition to being disincentivized to work, ETW recipients are disincentivized to report income, for a variety of reasons, including fear of experiencing unexpected clawbacks on future assistance cheques. Recipients are also afraid of looking “too able” and losing assistance altogether, despite experiencing various barriers to employment that are not formally recognized. Through a request from the Ministry, we found out that from May to October in 2016, only 3.5% of ETW recipients in the DTES reported any income to the Ministry, as seen in Table 1. While these statistics are now slightly outdated, we expect that they have not changed significantly.

**Table 1 Average income reporting behaviours of ETW recipients in the DTES, May to October, 2016**

Reporting Behaviours	Recipients	Percentage
Declared no income	2260	96.5%
Declared income below \$200	48	2.1%
Declared income above \$200	30	1.3%
Declared \$200 even	3	0.1%
<b>Total</b>	<b>2341</b>	<b>100.0%</b>

Source: Personal communication with the Ministry of Social Development and Poverty Reduction (2016)

All the factors discussed above are currently making it so ETW recipients get stuck behind the “welfare wall,” which is used to describe the obstacles that assistance recipients face when they lose their benefits, experience clawbacks, and incur work-related costs (Torjman & Battle, 1993). It is clear that the current financial incentive structures in place are not incentivizing employment and are creating stagnancy amongst assistance recipients and trapping them in a cycle of poverty.

With only 3.5% of ETW recipients in the DTES reporting any income to the Ministry, even the recent increase in the earnings exemption from \$200 to \$400/month does not significantly impact DTES income assistance recipients’ ability to earn and report more income. These findings show that it is going to take more than increasing the exemption to encourage participation in the labour market and to start to lift recipients out of poverty.

**“I think anecdotally, for those who are employment obligated and only working one shift a week, it is harder for me to keep them consistently employed because it’s not enough interaction to start to improve some of the barriers they are facing whereby they can become more reliable, predictable employees.”**  
 -Social Enterprise Employer

There are alternatives to the current flat-rate exemption with a 100% clawback rate. Different clawback rates may have different effects on work behaviour and could allow recipients to retain more income, contributing to greater financial stability. There are even earnings supplement programs that award assistance recipients for working through either a one-time monthly supplement, or supplements that increase with the amount of employment income reported, up to a certain threshold. The supplement idea was widely supported in our

interviews as a way to incentivize work, empower assistance recipients, and help them escape the cycle of poverty.

**Recommendation #5: Change the financial incentive structure for recipients who are expected to work. Explore varying earnings exemption formulas and alternative ways to incentivize work, such as an earnings supplement, so that recipients can escape the cycle of poverty, and get over the welfare wall.**

## Modernizing Employment Services and Supporting Social Enterprise

The Ministry has expressed an interest in supporting social enterprise and social hiring in British Columbia. Given the number of social enterprises in the DTES, this is certainly a step in the right direction towards increasing economic opportunities and reducing poverty for people in the DTES. However, it is not possible to support social enterprise without acknowledging the value of part-time flexible employment, not just for people with disabilities, but for people on all parts of the income generation continuum who may experience barriers to traditional employment. A key theme from interviews with the community was the frustration expressed regarding the Ministry's expectations that employment should be full-time and sustainable for ETW recipients. Employers and community organizations expressed that this inadvertently devalues the employment opportunities that they provide for people on income assistance and makes it hard for them to support their employees.

Furthermore, employers and organizations suggest that Work BC does not have a strong working relationship with non-traditional community-based employers, especially those that are not specifically mandated to support people with disabilities. For example, one Executive Director of an organization that provides employment and volunteer opportunities for DTES residents proposed that Work BC run a workshop in their organization's space to improve the likelihood of attendance and bridge the gap between the government-contracted agency and the community. Unfortunately, due to inflexible bureaucratic rules, this was not possible. This inability to be flexible and meet these organizations where they are at is something that the community identifies as an unfortunate gap, given the role that these organizations play in providing employment opportunities for those experiencing barriers.

**Recommendation #6: Foster stronger relationships between social enterprises, community organizations and Work BC. Allow for more flexibility in the delivery of Work BC services in the community to better meet community members and organizations where they are at.**

Instead of recognizing engagement in non-traditional employment, income assistance recipients report being forced by EAWs to go through Work BC programming to retain their assistance cheque, despite their involvement in work and/or training with social enterprises and/or other community organizations. Recipients expressed frustration with Work BC's attempts to place them in menial jobs that do not match their skills, knowledge, or interests. One recipient spoke about the barriers to traditional employment inherent in being an older woman. She claims Work BC suggested she stop volunteering in the community and complete training as a security guard – a position she believes is quite incongruent with her age and abilities. Furthermore, she explains that almost all paid employment she has ever

obtained has started with volunteer work – something that she suggests is not considered by Work BC.

This same individual works almost full-time volunteering in the community and is adamant that as long as these volunteer opportunities pay in stipends that are much less than minimum wage (sometimes as low as \$5/hour), they should not be considered earned income. Organizations that pay informal stipends tend to know these methods of payment are generally not reported to the Ministry, but suggest that this is the only way to get people to work. When it comes to being on assistance, we found

“There is this saying: How can you tell if someone is cheating on welfare? They're alive.”  
-Assistance Recipient

a consensus among interviewed community members that rates are too low, and people must earn income beyond their monthly assistance cheque, which has been documented in other welfare studies (e.g., Lightman, et al., 2008).

Contrary to this, the Ministry’s stance seems to be that as long as a service has been exchanged for a monetary reward, it should be considered earned income. This creates inconsistencies in the Ministry’s approach to peer and volunteer work because despite rejecting it as a form of valid employment, it is expected that the income be reported, punishing those that are working and gaining valuable employability skills.

**Recommendation #7: Acknowledge that volunteer work is an important part of the continuum of employment by excluding volunteer stipends as earned income.**

Related to this, employers expressed their disappointment in the discontinuation of the Community Volunteer Program (CVP). The CVP gives a PWD recipient \$100/month on top of their monthly assistance if they volunteer a minimum 10 hours/month. The program stopped taking new applicants in 2011. Interviewees reiterated the importance and benefits of volunteering and community-based work in building confidence, self-worth, and new skills, not just for people with disabilities, but for everyone.

**Recommendation #8: Bring back the Community Volunteer Program so that individuals who volunteer can build employability skills and are recognized for their contributions to community.**

Finally, it is not possible to support social enterprise and the social economy in general without engaging them in meaningful policy change. Social enterprises have a great deal of knowledge about what is working and what is not with regards to income assistance in BC. There is a need for a multi-sector approach to income assistance reform – one that will engage people and their experiential knowledge from a multitude of sectors, including social enterprises like Potluck Café Society, and innovation labs like LEDlab.

As alluded to before, employers believe they are filling the gaps in traditional, government-sanctioned employment programming. They act as advocates in the absence to government support. They are frustrated that these activities often come at the expense of their business or organization and feel unsupported in the important work that they are doing.

**Recommendation #9: Provide support, financial or otherwise, to social enterprises and organizations that provide work opportunities for those experiencing barriers**

**to employment. Consult with social enterprise on the development of what these supports could look like.**

## Improving the Government-Community Relationship

Many of the punitive income assistance policies that have been discussed in this submission, such as clawbacks, have led to a widescale distrust and fear of the Ministry in the community.<sup>4</sup> In addition to this, there are other factors that have resulted in a poor relationship between the community and the government. Based on community interviews, this fear and distrust has been perpetuated by several factors:

- Previous experience losing assistance (e.g., as a result of welfare reforms in 2002 or failing to report earned income);
- Experience with unexpected clawbacks on assistance cheques that lead to crisis situations around housing and other basic needs;
- Inability to build relationships with EAWs as a result of online/phone-only service provision and the elimination of one-to-one EAW-recipient case management;
- Interactions with disrespectful and unhelpful EAWs;
- Lack of information on welfare rights and lack of tools to navigate the complex system, leading to misunderstandings, miscommunications, and frustration in dealing with the Ministry; and
- Ongoing effects of colonialism and systemic racism experienced by Indigenous community members.

Based on interviews in the community, the fear and distrust created by these factors has largely led to such a low rate of reporting income to the ministry for ETW recipients. In order for financial incentives – such as earnings exemptions – to work, people must report their income. In other words, changing the incentive structure will not change people’s behaviour if the relationship between the community and the government does not improve.

“There is so much fear of any engagement with the Ministry, so everybody does the bare minimum. [...] Everyone fears employment assistance workers and thinks they’re the enemy.”  
-Executive Director of a Community Organization

**Recommendation #10: Make rebuilding relationships between the Ministry and community a priority. This includes restoring in-person service provision, one-to-one case management, training for Employment Assistance Workers and more resources created by the Ministry for assistance recipients so they can better navigate the system and understand their rights.**

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<sup>4</sup> This fear is also manifested in people’s reluctance to cooperate with Work BC and participate in Work BC programming. Furthermore, many people do not delineate between different provincial ministries and conflate welfare with other provincial responsibilities such as child welfare and health care.

# Conclusion

We are encouraged by the recent changes to income and disability assistance regulations, including the return of the BC Bus Pass program for PWD recipients, the \$200 increase in the earnings exemption limit and the \$100 increase in assistance rates for all designations. We are also hopeful with the government's new commitment to reducing poverty and delivering the services people count on. However, our conversations in the community show that there is a need for a significant reform of our income assistance system if the government wants to reduce poverty, restore dignity for people experiencing poverty and empower those with barriers to employment.

This reform should include: increasing access to the ministry and to information about income assistance so that people understand and can adequately exercise their rights as assistance recipients; making legislative and policy changes to ensure that people are appropriately classified and are accessing the benefits to which they are entitled; amending current financial incentive structures to actually incentivize work, rather than punish recipients for working; modernizing employment services and supporting social enterprise to create more flexible employment options; and improving the government-community relationship to increase trust and encourage better communication between the ministry and assistance recipients.

We see the innovation that has happened in the DTES as part of the solution to poverty. The various forms of non-traditional labour opportunities that the neighbourhood has to offer empower people, give them social networks, put more money in their pockets, all of which benefit society as a whole. Our recommendations will go far, not only in supporting assistance recipients, but also in supporting the work done by DTES organizations and social enterprises to build economic and social inclusion for some of BC's most marginalized residents.

# Summary of Recommendations

**Recommendation #1:** Restore in-person service delivery and make it easier for individuals who do not have access to technology to apply for assistance and interact with the system. Consult with income assistance recipients who are the “end-users” in service design. Those using the service need to decide if the service is usable and accessible.

**Recommendation #2:** Make information more accessible. This should involve redesigning the Ministry’s website or creating a new website that contains plain language information about income assistance policy and procedures in one easy-to-access location. Consult with income assistance recipients about the best way to provide information on the system.

**Recommendation #3:** Review the PPMB designation as recommended by the BC Ombudsperson, including assessing the current eligibility criteria, the screening tool and what constitutes a ‘barrier’ to employment.

**Recommendation #4:** Eliminate assistance clawbacks for PWD and PPMB recipients so that they are not punished in the process of seeking stability in their lives.

**Recommendation #5:** Change the financial incentive structure for recipients who are expected to work. Explore varying earnings exemption formulas and alternative ways to incentivize work, such as an earnings supplement, so that recipients can escape the cycle of poverty, and get over the welfare wall.

**Recommendation #6:** Foster stronger relationships between social enterprises, community organizations and Work BC. Allow for more flexibility in the delivery of Work BC services in the community to better meet community members and organizations where they are at.

**Recommendation #7:** Acknowledge that volunteer work is an important part of the continuum of employment by excluding volunteer stipends as earned income.

**Recommendation #8:** Bring back the Community Volunteer Program so that individuals who volunteer can build employability skills and are recognized for their contributions to community.

**Recommendation #9:** Provide support, financial or otherwise, to social enterprises and organizations that provide work opportunities for those experiencing barriers to employment. Consult with social enterprise on the development of what these supports could look like.

**Recommendation #10:** Make rebuilding relationships between the Ministry and community a priority. This includes restoring in-person service provision, one-to-one case management, training for Employment Assistance Workers and more resources created by the Ministry for assistance recipients so they can better navigate the system and understand their rights.

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