

***Evaluation of the Income Assistance Program***

*Audit and Evaluation Sector  
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# 1.0 Introduction

Under the federal Transfer Payments Policy, the terms and conditions for all federal transfer payment programs must be renewed every five years. At present, the Income Assistance Program, along with two other social programs, the National Child Benefit Reinvestment and Assisted Living, is operating under an interim authority, which must be renewed by March 31, 2008. One condition for the renewal of the programs is the completion of a summative program evaluation of each program.

The evaluation of the Income Assistance Program covers program activity from 1997-98 to 2005-06 and focused on active measures programming and alternative approaches to the current program design that are considered likely to help reduce welfare dependency on-reserve and integrate IA recipients into the labour market.

## 1.1 Background

Indian and Northern Affairs Canada (INAC) spends approximately \$1.3 billion annually on social programs for First Nations individuals and families on reserve. The programs are: Income Assistance (IA), Assisted Living (AL), the National Child Benefit Reinvestment (NCBR) Initiative, First Nations Child and Family Services (FNCFS) and the Family Violence Prevention Program (FVPP).

Provincial social programming legislation covers all residents of a province, including on-reserve residents. As a matter of policy, the federal government's goal is to provide to residents on-reserve social and income assistance<sup>1</sup> services that follow provincial requirements and are of reasonably comparable nature to those in other communities.

Income Assistance (IA) is a program of last recourse that covers basic needs (food, clothing, and shelter), special needs, and pre-employment support for individuals. It also funds program delivery by First Nations and other organizations.

In terms of expenditures, IA is the largest Social Development Program and the third largest of the 54 sub-activities in the INAC Program Activity Architecture. It is also the fourth largest welfare program in Canada. In 2005-2006, transfers totalled \$682 million, about 90% of which was spent for basic services to approximately 150,000 individuals in 630 First Nation communities.

The Department has been involved since the 1950s in the funding and delivery of income assistance on-reserve. In 1964, Treasury Board authorized INAC to administer income assistance at provincial and territorial rates and according to their eligibility requirements. During the 1980s, the federal government negotiated with the provinces and territories to have income assistance programs administered by local First Nations authorities.

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<sup>1</sup> The term income assistance is also referred in the literature as social assistance and welfare. The evaluation uses these terms interchangeably throughout the report.

In the late 1990s, provinces/territories began restructuring of their income assistance programs, generally referred to as “welfare reform.” Subsequent changes affected IA programming on-reserve, which is closely linked to provincial/territorial programming.

- In 1996, the Canada Health and Social Transfer (CHST) replaced the Canada Assistance Plan (CAP). Under CAP, the federal government had shared with the provinces and territories the cost of income assistance and social services on a 50-50 basis.<sup>2</sup> In contrast, the CHST provided each of the provinces and territories a fixed amount of funding for health services, post-secondary education and income assistance and social services.

This new funding arrangement changed the financial incentives for provincial and territorial jurisdictions with respect to their spending on income assistance. The CHST eliminated all conditions of welfare programming as established under CAP, except that of residency, which required that provinces and territories provide income assistance to all individuals regardless of how long they have resided in their jurisdiction. The non-conditional aspect of the CHST allowed provinces and territories greater autonomy to experiment with different models and policies and engage either in welfare reforms or in more specific tailoring and fine-tuning of programs.

- Subsequently, provinces reduced or froze rates, restricted eligibility requirements and introduced welfare to work in an attempt to combat high caseloads and reduce program expenditures and increasingly embraced welfare reform based on “active measures”.

*Active measures* encourage an income assistance recipient to become more self-sufficient through work and include motivation, counselling, educational upgrading, job training and job search skills, subsidized employment placement, daycare, etc.<sup>3</sup> Active measures can also include changes to institutional processes. Most common are integration of counselling, education and employment support programs with a single office (‘case management’ and ‘single window’ delivery are common approaches). In contrast, *passive measures* simply pay income assistance benefits to those who meet income and family structure eligibility criteria.

Significant declines in the numbers of people receiving welfare were attributable to the combination of more restrictive measures, enhanced employment and training services most often associated with active measures and, economic growth across Canada.

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<sup>2</sup> The CAP was an open-ended transfer to the provinces and territories only up to a certain limit: the so-called “cap on CAP” in 1990 limited federal funding increases under CAP to 5% annually for Ontario, British Columbia and Alberta.

<sup>3</sup> Socio-economic Impact Assessment of the Income Security Reform Demonstration Projects, Prepared for Department of Indian Affairs and Northern Development, February 14, 2002. p.2

With the exception of rate reductions which were implemented by INAC for First Nations in provinces that reduced rates, the trends did not affect most First Nations and reliance on income support did not decline in those communities.

- The 1990s cuts in rates led to a decrease in INAC's budget allocation to IA with funds saved at that time re-allocated to other programs.
- In 1997, INAC's budget increases for core basic services such as IA were capped at 2% per year and for a few years this was still sufficient to meet demands on the IA program. In recent years provinces and territories increased basic rates or introduced enhancements to programs and INAC's budget has been unable to keep pace.
- In 1998, the Royal Commission on Aboriginal Peoples (RCAP) identified the need to reform income assistance. The federal government responded with *Gathering Strength: Canada's Aboriginal Action Plan* and committed to the Income Security Reform (ISR) initiative to explore changes to income assistance.
- In 1998, INAC launched the Income Security Reform (ISR), a five year initiative that provided \$15M annually, to develop a redesigned national income support framework, and to implement and evaluate demonstration projects. ISR was to develop innovative approaches to replace passive delivery of income assistance with an active program that provides income support with greater access to skills development, training and employment opportunities. Research and evaluation work related to the ISR initiative informed subsequent program renewal.
- In 2003, INAC received the authority to implement active measures; however, no additional resources accompanied this authority, and as a result there were limited changes to the program design and delivery. Since then work toward implementation of active measures has been ongoing. Many communities continued work begun under the ISR Initiative. Through the Social Development Program Management Infrastructure Initiative (SDPMI) INAC has funded projects to improve local management of social programs. In British Columbia, INAC permitted a re-allocation of funds to use for the Training/Employment Support Initiative (TESI). Recent renewal efforts continue to focus on active measures programming.

The Audit and Evaluation Sector is responsible for evaluations of IA and NCBR programs and engaged Goss Gilroy Inc. (GGI) to conduct evaluation research. This evaluation report focuses on the IA Program but discusses links to NCBR initiative. The latter is one component of the National Child Benefit (NCB), a federal/ provincial/ territorial initiative which aims to reduce poverty and increase labour force attachment. A separate evaluation of the NCBR for First Nations was completed and INAC's Social Policy and Programs Branch conducted its own review of the Assisted Living Program.<sup>4</sup>

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<sup>4</sup> A program review of the Assisted Living Program was completed in October 2007.

## 2.0 INAC's Income Assistance (IA) Program

### 2.1 IA Program Delivery

The most recent terms and conditions (2003) for the Income Assistance (IA) Program, shared with the Assisted Living (AL) program, state that the objective of the program is:

*“to provide financial assistance to indigent residents on reserve to: 1) meet basic daily living requirements; and 2) provide social support programs which meet the special needs of infirm, chronically ill and disabled persons at standards reasonably comparable to the relevant province/territory of residence. The results are to: alleviate hardship; maintain functional independence; and, achieve levels of well-being reasonably comparable to the standards of the province or territory of residence.”*

INAC's business practices for the delivery of IA have been based on a network of policy-related decisions that have evolved from direct support to individuals to support to government-to-government like relationships, enabling First Nations to assume responsibility for IA. The main thrust through to the 1980s was to ensure a reasonable degree of comparability to provincial programs through the development of federal/provincial bilateral agreements. However, only Ontario and Alberta have entered into such agreements.<sup>5</sup>

INAC's current involvement in IA is primarily to provide funding to First Nations or other service providers such as provinces, who in turn deliver programs and services to community members. The Department also provides program policy guidance and has a responsibility for monitoring Income Assistance. The Department requires reports from First Nations regarding expenditures under the IA Program and numbers of individuals availing of IA.

In 2005-06 some 536 First Nations (95% of 567 eligible bands), delivered the Program. The delivery partners for IA are primarily First Nations, through the Chiefs and Councils, which may opt to share service delivery with other First Nations communities or organizations, or contract for service with provincial, municipal, or non-government agencies.

Other key stakeholders involved in the IA Program include First Nations national and regional organizations, other INAC programs, various federal departments, particularly Health Canada for continuing care, and HRSDC for labour market programs, and

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<sup>5</sup> The Indian Welfare Agreement was signed with the Province of Ontario in 1965. It is a federal/provincial cost sharing agreement to provide social services to all First Nations in Ontario. INAC reimburses Ontario for Status Indians across the province. The 1991 Alberta Administrative Reform Agreement encourages greater cooperation between the federal and provincial governments by clarifying respective administrative responsibilities with regard to on-reserve programming and to making appropriate billing arrangements.

provincial and territorial governments. INAC has worked closely with First Nations, federal, provincial and territorial partners through a variety of collaborative mechanisms.

Delivery varies across regions, according to provincial standards and, where they exist, federal/provincial/territorial agreements. Key regional differences include:

- As a result of a 1965 agreement between the Government of Ontario and the Government of Canada, the Province of Ontario assumed responsibility for the delivery of income assistance to First Nations individuals living on reserve.<sup>6</sup>
- In British Columbia, since 2004, INAC has been assisted in the role of supporting front line IA delivery staff by the First Nations Social Development Society (FNSDS). The FNSDS is a non-profit society that supports BC First Nations communities in the area of Social Development.
- In Quebec, as a consequence of an Income Security Agreement that was signed between INAC and Quebec First Nations in 2003, a unit called the First Nations of Quebec Social Development Office (FNQSDO) was established and now delivers support services to many of the communities.
- In the Yukon, all First Nations residents are considered resident on reserve and the INAC regional office delivers the Program directly, except to self-governing First Nations funded through their Financial Transfer Agreements.

Other differences exist in regional delivery due in part to factors such as:

- The extent to which First Nation communities in a particular province have chosen to work together in their dialogue with INAC and other government departments
- The degree of partnerships which have been established between the INAC Region, the provincial government and other federal government departments with a presence in the region
- The type of funding arrangements in a region and different approaches for monitoring these.

## **2.2 IA Program Funding Structure**

Income Assistance has four funding components:

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<sup>6</sup> Under the 1965 Indian Welfare Agreement, Ontario assumes responsibility for the provision of provincial welfare programs to First Nations on-reserve, including Ontario Works and the federal government reimburses Ontario for approximately 93% of its expenditures.

- *Basic needs* - financial assistance to cover food, clothing and shelter;
- *Special needs* - financial assistance for special needs allowances for goods and services that are essential to the physical and social well-being of an IA client but not included as items of basic needs, such as special diets, etc.;
- *Pre-employment supports* - financial assistance may be provided to support activities that may include counselling and life skills, training in essential skills, transfers of income assistance entitlements to training and work experience projects; and
- *Service delivery* - funding provided to First Nations administrators such as Tribal Councils, Chief and Council or the host province/territory to cover service delivery.

The first three components follow requirements established by the provinces/territories and are volatile to changes in benefits and rates while the last one is set by INAC.

Funding is provided to First Nations via one of two types of funding arrangements:

- A Comprehensive Funding Arrangement (CFA) is a one-year funding arrangement with an eligible recipient. IA is delivered within a CFA under a reimbursement of actuals regime,<sup>7</sup> and funds are transferred to the Recipient via Contribution Agreements (or, in rare cases, Grants<sup>8</sup>).
- A Canada/First Nations Funding Agreement (CFNFA) is a block-funded agreement of up to five years, which contains a common set of funding terms and conditions in the main body of the agreement, is more flexible than the CFA and allows longer-term planning. The CFNFA defines minimum standards for a local accountability framework to give Recipients increased authority over program design, delivery and managing funds. First Nations can decide how to use the funds and may redesign programs to meet specific community needs, as long as they meet minimum delivery standards. Funding is fixed and based on amounts established at the onset of the agreement.

Funding formulae allocations for service delivery are made largely based on on-reserve population size as opposed to income assistance dependency rates.

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<sup>7</sup> A funding approach by which INAC reimburses the Recipient for all eligible IA expenditures, based upon the rates and conditions set out in the Department's regional Social Development / Assistance Policy and Procedures Manuals.

<sup>8</sup> INAC may deliver IA directly to Final Recipients in situations where there is no Band, Tribal Council or other third party that is willing or able to assume responsibility for administering IA.

## 3.0 Evaluation Approach

This section describes the evaluation approach and methodology.

### 3.1 Evaluation Objectives and Questions

In June 2007, the Departmental Audit and Evaluation Committee approved terms of reference for a summative evaluation and requested that the project be completed by the end of October 2007 to ensure results in time to inform the program renewal process.

The purpose of the IA Program evaluation was to examine the continued relevance of the Program, its effectiveness, and to identify possible changes to the existing program design that, if implemented, could better serve income assistance recipients, help them enter or re-enter the work force and reduce program costs. Accordingly, the evaluation focussed on active measures programming and the terms of reference identified the following specific questions:

- What does INAC's IA Program consist of in each province? To what extent has the program been successful at moving people who are able to work off income assistance and assisting individuals who face multiple barriers that prevent them from working?
- What is each province doing regarding income assistance and active measures, and what insights are there from provincial studies or other documents (audits, evaluations, reviews, internal studies, etc) about strengths and weaknesses of the existing approach?
- What does the literature say about active measures programming, in particular the impact of active measures programming on income assistance costs and on recipients?
- Based on the research, what active measures model would be most appropriate for INAC's IA Program, taking account of the needs of First Nations communities, the geographic locations of the communities and their access to other programs?
- If any changes are made to INAC's IA Program, what should the Department's monitoring activity consist of as implementation proceeds?
- What factors are key to reducing welfare dependency on reserve?

## 3.2 Evaluation Methodology

The evaluation methodology included the following research components:

- **Literature Review** – The evaluation included a review of international academic literature, which identified which types of initiatives helped IA recipients enter or re-enter the workforce; and, provided insights on how applicable these initiatives are to First Nations individuals and families living on reserve.
- **Document Review** - The evaluation examined a number of background documents, including:
  - INAC documents and data on its IA and NCBR programs
  - a review of other studies related to income assistance programming, including: INAC’s Active Measures Study (2007)
  - the Assisted Living Program review relevant to disabled IA recipients
  - key provincial, territorial, federal and First Nation studies (e.g. reviews, evaluations, audits, etc.) about income assistance, welfare or income security reform, and
  - studies relating to other federal programs targeted to First Nations on-reserve, in particular programs to help people enter or stay in the labour market, and assess whether they complement, duplicate, or overlap with IA or NCBR.
- **Analysis of Administrative Data** - The evaluation analysed IA administrative data bases and program data. During site visits, evaluators also obtained and analysed administrative data provided by regional officials.
- **Key informant interviews** - The evaluation included 85 in-person<sup>9</sup> interviews with several groups:
  - INAC managers at HQ and national representatives of other federal government departments (n=8);
  - Representatives of INAC’s regional offices for British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Atlantic Canada (n=28);
  - during regional site visits, evaluators also interviewed representatives of other federal government departments (n=5) and Aboriginal organizations (n=8);
  - representatives of provincial governments (n=33);<sup>10</sup> and
  - representatives of territorial governments (n=3).<sup>11</sup>

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<sup>9</sup> A few individuals were unavailable at the time visits and were subsequently interviewed via telephone.

<sup>10</sup> Evaluators visited all provincial governments except Quebec which declined to participate in the study.

<sup>11</sup> The Northwest Territories and Nunavut are funded via territorial transfer outside the scope of the IA Program. Evaluators conducted telephone interviews and focused on understanding their income assistance programs and any active measures they have undertaken.

- **Site Visits/ Case Studies** – Three case studies in First Nation communities assessed how INAC’s IA and NCBR programs help individuals transition to work. They were conducted in three locations: Tsuu T’ina (Alberta), Tsawwassen (British Columbia), and Carry the Kettle (Saskatchewan). Visits included a review of available documents and discussions with INAC and First Nations representatives.

INAC regions also identified a few isolated communities in northern Saskatchewan and Quebec for case studies to be completed via telephone and another community in Ontario for a site visit. While communities identified a willingness to participate, it did not prove possible to schedule other case studies within the time frame for completing the evaluation. However, the evaluation examined existing case study work produced by IA Active Measures Study (2007)<sup>12</sup> which completed 25 case studies of First Nations communities at the same time as the evaluation, and the Review of Income Security Reform demonstration projects (2002) which included 15 relevant case studies.

### **3.3 Research Limitations**

Limitations of the evaluation research approach were:

- The evaluation needed to be completed quickly so the methodological approach is tailored accordingly and used existing research whenever possible.
- INAC program data is incomplete and not reliable in terms of providing information on the characteristics of income assistance recipients, and outcomes; therefore, the study did not explore the effectiveness of First Nations organizations and the impacts of the services they offer.
- The research focused on clients considered employable in the short or longer term and did not explore needs or services required by disabled income assistance recipients, partly because INAC conducted at the same time a separate policy and program review of its Assisted Living Program which focuses on disabled clients.
- Several issues arose that were outside of the terms of reference and difficult to explore further in a short time so they are addressed in less depth. Topics included the shelter allowance, service delivery models, the quality of education on-reserve and its impact on the employability of IA recipients, and the impact of attitudes associated with long term welfare dependency.

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<sup>12</sup> Research Study and Report on Active Measures across Canada with regard to the Income Assistance Program, Draft Final Report prepared by Johnston Research Inc, August 13, 2007.

## 4.0 Evaluation Findings

The following section summarizes the main findings of the IA Program evaluation.

### 4.1 Socio-economic profile on-reserve

The literature review highlighted a range of socio-economic factors on-reserve that can affect welfare dependency. Table 1 identifies examples comparing registered Indians living on-reserve to other Canadians.

- Labour market participation on-reserve is weaker on-reserve than in the rest of the country.
- Differences in the unemployment rate are substantial.
- There is a large gap in the average employment income between Registered Indians on-reserve and other Canadians.
- The average measure of community well-being in First Nations communities is .66 compared to an average of .81 in other Canadian communities. Measures of overall well-being attempt to understand the nature of Aboriginal living conditions. One such measure is the Community Well-Being (CWB) index, which uses functional literacy, education beyond high school, labour force participation, employment, housing quality and quantity and income to develop an index of well-being. The scale is normalized so that it reaches its maximum at one and its minimum at zero.
- Individuals in First Nation communities are nearly twice as likely (59% versus 30.8%) to have less than a high school education.
- The demographic structure of First Nations contributes to greater labour market barriers. First Nation communities are notably younger with 46.7% of people in First Nation communities under the age of 20 compared to 25% in other Canadian communities. Lone parenthood is also much more common in First Nation communities (8.8% versus 4.3%).

In addition, 20% of the First Nations population is located in remote or isolated areas which are not easily accessible and have limited job opportunities. Many First Nations communities with a below average CWB, where welfare on-reserve dependency rates are highest, are in isolated areas, mainly in Manitoba, Saskatchewan, Alberta, and northern Ontario.

| Characteristics                   |  | Non-Aboriginal Population | Registered Indians living on reserve |
|-----------------------------------|--|---------------------------|--------------------------------------|
|                                   |  |                           |                                      |
| Gender (%)                        | Female   | 51                        | 49.2                                 |
| Age (%)                           | Population under 20  | 25                        | 46.7                                 |
| Lone parenthood (%)               |  | 4.3                       | 8.8                                  |
| Education and skills (%)          | Less than high school diploma                              | 30.8                      | 59                                   |
|                                   | Functional literacy†                                       | 90.3                      | 82.5                                 |
| Health (%)                        | Tuberculosis rates   | 3.4                       | 5.5                                  |
|                                   | Male life expectancy †                                     | 76.6                      | 70                                   |
|                                   | Female life expectancy†                                    | 81.6                      | 75                                   |
| Well-Being (%)                    | Community Well-Being index                                 | .81                       | .66                                  |
|                                   | Human Development index†                                   | .70                       | .55                                  |
| Income and labour market outcomes | Labour force participation rate (%)                        | 66.5                      | 51.8                                 |
|                                   | Unemployment rate (%)                                      | 7.1                       | 27.7                                 |
|                                   | Self-employment (%)  | 12.1                      | 6                                    |
|                                   | Employed in primary industries (%)                         | 4.2                       | 9.6                                  |
|                                   | Proportion of income from government transfers (Men) (%)   | 16                        | 37                                   |
|                                   | Proportion of income from government transfers (Women) (%) | 9                         | 26                                   |
|                                   | Average employment income                                  | \$32,021                  | \$16,459                             |

**Notes:** The symbol † indicates measures that include Registered Indians on and off-reserve. Otherwise measures are for on-reserve Aboriginal population.

**Sources:** SRDC calculations from Statistics Canada, Census 2001 Tables, Beavon (2007), Cooke, Beavon and McHardy (2004), Hull (2006), Indian and Northern Affairs Canada (2005), McDonald (1999), McHardy and O'Sullivan (2004).

## 4.2 Dependency rates on reserve

In 2005-06, the average rate of dependency<sup>13</sup> on reserve was 36% compared to a national dependency rate of 5.5%.

Table 2 (next page) integrates IA data<sup>14</sup> into one table at the national level and shows that while the registered population and caseload (i.e., number of recipients) consistently increased from 1996/97 to 2005/06, the average monthly number of beneficiaries<sup>15</sup> have

<sup>13</sup> The dependency rate is derived by dividing the number of income assistance beneficiaries by the total on-reserve population which is a combination of the registered and non-registered populations.

<sup>14</sup> The information does not include First Nations that have entered into their own self-government agreements and fall outside the scope of the IA Program, only those with CFAs or CFNFAs.

<sup>15</sup> Recipients are defined as those individuals (head of household and singles) who receive assistance payments whereas beneficiaries are all individuals who benefit from the payments.

not shown a consistent pattern.<sup>16</sup> The dependency rate overall decreased during the period.

| <b>Fiscal Year</b> | <b>IA Average Monthly Recipients</b> | <b>IA Average Monthly Beneficiaries</b> | <b>INAC Registered population</b> | <b>Estimated Dependency Rate</b> | <b>Total IA Expenditures (millions)</b> | <b>IA Employment and Training Expenditures* (millions)</b> |
|--------------------|--------------------------------------|---|-----------------------------------|----------------------------------|---|--|
| 1996-97            | 68,790                               | 152,746                                 | 331,289                           | 41.4%                            | \$501.3                                 | NIL  |
| 1997-98            | 70,927                               | 156,629                                 | 341,825                           | 40.7%                            | \$591.6                                 | NIL  |
| 1998-99            | 72,612                               | 152,658                                 | 351,671                           | 38.6%                            | \$593.7                                 | NIL  |
| 1999-00            | 73,974                               | 151,737                                 | 360,707                           | 37.5%                            | \$585.3                                 | \$15.0   |
| 2000-01            | 72,465                               | 148,236                                 | 368,556                           | 35.8%                            | \$596.9                                 | \$14.0   |
| 2001-02            | 73,975                               | 146,194                                 | 373,121                           | 35.1%                            | \$607.2                                 | \$16.9   |
| 2002-03            | 74,481                               | 147,300                                 | 380,067                           | 34.8%                            | \$611.3                                 | \$12.2   |
| 2003-04            | 74,206                               | 146,558                                 | 386,605                           | 34.1%                            | \$622.5                                 | \$11.4   |
| 2004-05            | 76,905                               | 149,631                                 | 391,459                           | 34.6%                            | \$649.5                                 | \$11.8   |
| 2005-06            | 80,905                               | 157,562                                 | 397,980                           | 36.0%                            | \$682.5                                 | \$11.5   |

**Source:** INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007. Last column (\*) comes from public account data for social development program activity.

The total number of beneficiaries increased from 152,746 in 1996-97 to 157,562 in 2005-06, an increase of about 4%. However, the number of recipients or caseload grew from 68,790 to 80,905, about a 20% increase. Specifically, the number of single recipients has been growing steadily from 38,086 in 1997-98 to 47,007 in 2005-06. Singles account for almost the entire increase in the total number of IA recipients over the period.

During the same timeframe, the estimated dependency rate has decreased almost every year, dropping from 41.4% in 1996/97 to 34.1% in 2003/04. Following this, there was a slight increase reaching 36% in 2005/06.

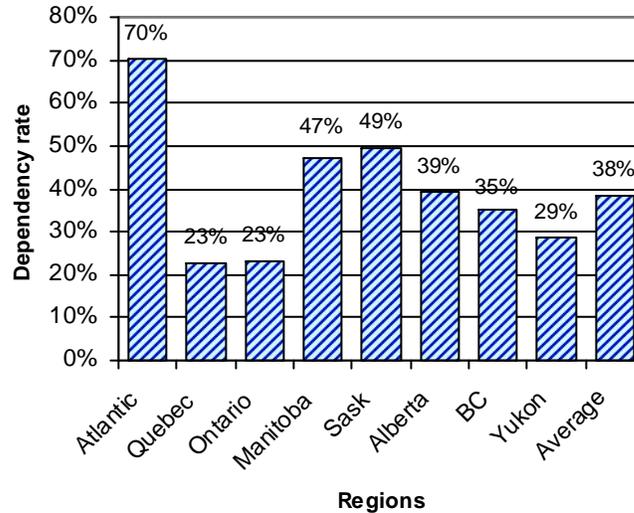
### **Regional and community variations in caseloads and beneficiaries**

Figure 1 shows that at the regional level, dependency rates are highest in Atlantic Canada. Other regions with notably high dependency rates are Saskatchewan and Manitoba. Dependency rates are lower in Quebec and Ontario.<sup>17</sup>

<sup>16</sup> Figures reported in tables throughout this section include data reported from CFNFA funded communities, in most cases based on notional or fixed numbers not actual numbers as reported by CFA funded communities.

<sup>17</sup> In Ontario's case, this does not include disabled persons in receipt of income assistance under the Ontario Disability Support Program.

**FIGURE 1**  
**Welfare Dependency rates on-reserve**  
**by region in 2005-06**



**Source:** INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007.

Regional patterns mask a significant variation among dependency rates in communities within regions. For example, data indicate that for some communities near urban centres dependency rates are close to the Canadian average. In other communities, there are very high rates of chronic and inter-generational dependency.

Tables 3 and 4 provide a breakdown of regional caseloads and beneficiaries. In Manitoba, Saskatchewan, and Ontario the total number of average monthly recipients and beneficiaries increased during the period from 1996-97 to 2005-06. In British Columbia the number of beneficiaries decreased but the number of recipients increased slightly. In Alberta, the number of beneficiaries remained unchanged but the number of recipients increased. In the Yukon and Quebec, the number of recipients and beneficiaries both decreased.

Manitoba and Saskatchewan have the largest numbers of recipients and beneficiaries and showed the biggest increases during this period, partly due to the fact that many communities are located in rural and remote communities with few economic opportunities.

| <b>Table 3 - Average monthly number of income assistance caseloads (recipients) on-reserve by region for the period between 1996-96 to 2005-06</b> |                 |           |           |           |           |           |           |           |                 |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| <b>Year</b>  | <b>Atlantic</b> | <b>QC</b> | <b>ON</b> | <b>MB</b> | <b>SK</b> | <b>AB</b> | <b>BC</b> | <b>YK</b> | <b>National</b> |
| 1996-97  | 6,425           | 5,977     | 8,245     | 13,017    | 12,680    | 10,747    | 10,827    | 872       | 68,790          |
| 1997-98  | 7,026           | 5,849     | 8,400     | 13,613    | 13,891    | 10,597    | 10,624    | 927       | 70,927          |
| 1998-99  | 7,589           | 5,505     | 8,934     | 14,663    | 13,183    | 11,507    | 10,369    | 862       | 72,612          |
| 1999-00  | 7,556           | 5,475     | 8,533     | 15,713    | 13,317    | 12,211    | 10,110    | 1,059     | 73,974          |
| 2000-01  | 7,416           | 5,493     | 8,715     | 14,833    | 14,052    | 11,337    | 9,626     | 993       | 72,465          |
| 2001-02  | 6,703           | 5,492     | 8,957     | 16,641    | 14,521    | 10,976    | 9,743     | 942       | 73,975          |
| 2002-03  | 7,338           | 5,148     | 9,039     | 16,110    | 14,819    | 11,296    | 9,830     | 901       | 74,481          |
| 2003-04  | 6,332           | 5,416     | 9,447     | 14,619    | 15,426    | 12,021    | 10,208    | 736       | 74,205          |
| 2004-05  | 6,585           | 5,384     | 9,928     | 14,586    | 16,337    | 12,295    | 11,019    | 771       | 76,905          |
| 2005-06  | 7,287           | 4,858     | 10,628    | 17,142    | 16,995    | 12,303    | 11,190    | 502       | 80,905          |
| <b>Source:</b> INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007.                       |                 |           |           |           |           |           |           |           |                 |

| <b>Table 4 - Average monthly number of income assistance beneficiaries on-reserve by region for the period between 1996-96 to 2005-06</b> |                 |           |           |           |           |           |           |           |                 |
|---|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| <b>Year</b>   | <b>Atlantic</b> | <b>QC</b> | <b>ON</b> | <b>MB</b> | <b>SK</b> | <b>AB</b> | <b>BC</b> | <b>YK</b> | <b>National</b> |
| 1996-97   | 12,634          | 12,368    | 18,004    | 29,853    | 29,744    | 25,641    | 22,749    | 1,753     | 152,746         |
| 1997-98   | 14,043          | 12,546    | 17,880    | 31,100    | 32,310    | 24,732    | 22,283    | 1,725     | 156,629         |
| 1998-99   | 14,614          | 10,742    | 19,233    | 31,724    | 28,389    | 25,974    | 20,424    | 1,558     | 152,658         |
| 1999-00   | 14,593          | 11,445    | 18,644    | 32,383    | 26,823    | 26,003    | 19,857    | 1,989     | 151,737         |
| 2000-01   | 14,069          | 11,418    | 18,800    | 30,736    | 27,926    | 24,919    | 18,532    | 1,836     | 148,236         |
| 2001-02   | 12,191          | 11,366    | 19,024    | 31,579    | 28,374    | 23,733    | 18,169    | 1,758     | 146,194         |
| 2002-03   | 11,818          | 10,275    | 18,615    | 32,483    | 30,137    | 24,408    | 18,009    | 1,555     | 147,300         |
| 2003-04   | 10,657          | 10,614    | 18,964    | 30,962    | 30,486    | 25,314    | 18,309    | 1,252     | 146,558         |
| 2004-05   | 11,435          | 10,563    | 19,632    | 30,624    | 31,033    | 25,840    | 19,239    | 1,265     | 149,631         |
| 2005-06   | 13,898          | 8,990     | 20,933    | 36,428    | 31,935    | 25,441    | 19,594    | 843       | 157,562         |
| <b>Source:</b> INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007.              |                 |           |           |           |           |           |           |           |                 |

### **Employability status of IA recipients**

First Nations and other service providers identify the number of employable clients using provincial/territorial definitions. Data are incomplete and provide little insights on the extent to which IA recipients are ready to work, previous employment and welfare dependency history, gender, age, education levels, etc. Generally, the data do provide an indication of the proportion IA recipients that are potentially able and unable to work.

For 2005-06, INAC administrative data indicate that 76% of the IA recipient caseload was classified as employable.<sup>18</sup> This figure was slightly lower for families than for singles. In 2005-06, of the total 80,905 income assistance recipients:

- 34,097 were classified as families of which 24,409 of heads of these families were considered employable (71.6%); and,
- 46,808 were classified as singles of which 37,088 were considered employable (79.2%); some 65% of unemployable singles were identified as disabled.

Data also indicate that in 2005-06, families considered unemployable (5,284) had increased after declining from 6,310 in 1997-98 to a low of 4,633 in 2003-04. These families consisted mainly of single parents with small children and disabled.

### **4.3 Increase in IA Program costs**

Table 2 shows that following an initial increase of 18% between 1996/97 and 1997/98 (from \$501 million to \$592 million), IA expenditures rose slightly and then decreased to \$585 million in 1999/2000. Following this, IA expenditures increased each year by one to two percent until 2004/05 and 2005/06 when the rate of increase was 4.3% and 5.1% respectively, reaching \$682.5 million in 2005/06.

Employment and training expenditures, since recorded in 1999/00, reached a peak of \$16.9 million in 2001-02 from the \$15.0 million recorded in 1999/00 but decreased in the following years, reaching \$11.5 million in 2005/06. During the same fiscal year, these expenditures, which in effect are active measures, accounted for only 1.7% of total IA expenditures, modest in contrast to the estimated employable IA population. These expenditures do not however identify funding for the ISR Initiative and the Atlantic Social Development Pilot Projects.

In 2005-06, similar for previous years, basic needs accounted for 87% of total expenditures, special needs for 5%, and service delivery about 6%.

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<sup>18</sup> First Nations service providers identify who is “employable” or “unemployable” based on definitions used by the province/territory where they reside. An employable IA recipient is typically a person who is able to work. Unemployable recipients may include single parents (often single mothers), disabled persons, and others such as older persons.

Table 5 shows there has an increase of \$159M in basic needs expenditures from 1997-98 to 2005-06, about a 35% increase while increases in special needs and service delivery expenditures over the period were modest.

| <b>Total 5 - Income Assistance expenditures by breakdown for the period between 1996-96 to 2005-06 (in \$ millions )</b> |                    |                      |                         |              |
|--|--------------------|----------------------|-------------------------|--------------|
| <b>Year</b>  | <b>Basic Needs</b> | <b>Special Needs</b> | <b>Service Delivery</b> | <b>Total</b> |
| 1996-97  | 450.4              | 21.8                 | 29.1                    | 501.3        |
| 1997-98  | 534.3              | 23.6                 | 33.6                    | 591.6        |
| 1998-99  | 526.0              | 30.3                 | 37.4                    | 593.6        |
| 1999-00  | 520.6              | 28.6                 | 36.1                    | 585.3        |
| 2000-01  | 540.8              | 30.0                 | 36.5                    | 607.2        |
| 2001-02  | 530.7              | 31.9                 | 34.3                    | 596.9        |
| 2002-03  | 546.2              | 30.0                 | 35.7                    | 611.3        |
| 2003-04  | 556.6              | 29.6                 | 36.3                    | 622.5        |
| 2004-05  | 580.0              | 30.1                 | 39.4                    | 649.5        |
| 2005-06  | 609.4              | 32.0                 | 41.1                    | 682.4        |

**Source:** INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007.

### **Basic needs expenditures**

Table 6 provides a breakdown of basic needs expenditures by region.

| <b>Table 6 - Total basic needs expenditures (in \$ millions) by region for the period between 1996-96 to 2005-06</b> |                 |           |           |           |           |           |           |           |                 |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| <b>Year</b>  | <b>Atlantic</b> | <b>QC</b> | <b>ON</b> | <b>MB</b> | <b>SK</b> | <b>AB</b> | <b>BC</b> | <b>YK</b> | <b>National</b> |
| 1996-97  | 47.8            | 33.7      | 55.6      | 103.2     | 69.8      | 51.4      | 80.9      | 8.1       | 450.4           |
| 1997-98  | 51.7            | 50.0      | 60.2      | 103.3     | 90.3      | 85.7      | 84.9      | 8.3       | 534.3           |
| 1998-99  | 54.0            | 47.1      | 62.6      | 107.3     | 76.3      | 84.9      | 86.2      | 7.6       | 526.0           |
| 1999-00  | 49.8            | 45.7      | 74.5      | 101.7     | 71.8      | 88.0      | 82.0      | 7.6       | 520.6           |
| 2000-01  | 57.0            | 46.1      | 76.5      | 107.3     | 77.8      | 86.3      | 81.1      | 8.7       | 540.8           |
| 2001-02  | 57.0            | 46.3      | 67.7      | 108.0     | 74.7      | 85.9      | 82.5      | 8.7       | 530.7           |
| 2002-03  | 57.3            | 45.6      | 72.2      | 112.0     | 84.4      | 83.7      | 82.4      | 8.6       | 546.2           |
| 2003-04  | 58.7            | 48.0      | 73.3      | 107.3     | 87.9      | 88.7      | 82.8      | 10.0      | 556.7           |
| 2004-05  | 60.3            | 48.9      | 74.9      | 121.0     | 91.9      | 91.7      | 82.0      | 9.9       | 580.0           |
| 2005-06  | 62.0            | 49.0      | 89.0*     | 129.0     | 94.0      | 95.7      | 82.3      | 7.5       | 609.4           |

**Source:** INAC departmental data, extracted from Corporate Information Management Directorate (CIMD) files, March 2007. **Note:** (\*) Ontario's actual expenditures are subject to finalization of 2005-06 audit conducted as part of 1965 federal-provincial agreement.

Ontario and Manitoba had the biggest increases during the period from 1997-98 to 2005-06, followed by Saskatchewan and Alberta. British Columbia and the Yukon had decreases.

Regions indicated that when provinces and territories increase various benefit rates, this has a negative impact on their budgets which are relatively fixed according to historical levels and the 2% growth rate allowed for INAC core services. Some examples of rate increases affecting basic needs expenditure include Manitoba's increase to its northern food allowance, Saskatchewan's 19% increase in basic rates, and Alberta's higher rates for income assistance recipients who are classified as Learners.

### **Shelter, fuel, and utilities costs**

Approximately 18% of the existing IA Program budget dedicated to basic needs is spent on the shelter allowance. Administrative data indicate that annual rent expenditures funded to income assistance recipients dropped from \$54.3M in 1997-98 but since 2004-05 steadily increased to \$59.6M in 2005-06. Similarly, total fuel, utilities and other shelter expenditures were \$65M in 1997-98 and dropped to \$47.1M in 2004-05 but rose in 2005-06 to \$50.9M.

## **4.4 Access to IA On-Reserve**

Provinces have restricted access to IA (based on willingness to work, previous history and/or living arrangements, to cite a few examples) but evaluators heard that many First Nations have not enforced these provisions on reserve. INAC has not as a matter of course directed First Nations to mirror these changes and key informants noted that many First Nations have often continued previous practices.

## **4.5 Employment and training supports**

Although INAC received authority to implement active measures in 2003, the Department did not update its program design to reflect objectives and expected results associated with this new authority and did not change delivery of its program. This may have been because additional resources did not accompany the new authority. However, the policy focus started to shift as INAC began implementing pre-employment supports through initiatives such as the Training/Employment Support Initiative (TESI) in British Columbia and the Learners Allowance in Alberta.

In many communities work developed through the ISR initiative, such as case management approaches, or increased access to employment and training programs, continues to develop. However, most individuals living in First Nation communities receive little assistance in addressing their employment barriers as a consequence of receiving IA. A study by Assembly of First Nations entitled the *First Nations Income Assistance Program Study* (2005) found that there were gaps in services to support income assistance recipients, including lack of adequate housing and shelter, lack of

emergency funds, lack of economic development, lack of employment and training opportunities and communication between programs.

In most First Nation communities, active measures should also be accessible through their Aboriginal Human Resources Development Agreement (AHRDA) holder responsible for labour market and active measures programming. However, in many communities the extent to which linkages exist between IA delivery and the AHRDAs varies and is generally viewed as weak.

## 4.6 Capacity to deliver IA

The Income Security Reform (ISR) demonstration projects and the IA Active Measures Study (2007) both concluded that many First Nation do a good job of delivering IA in their communities with some providing access to active measures. Nevertheless, the evaluators heard repeatedly from key informants that FN staff responsible for the delivery of IA in many other First Nation communities are not qualified to provide a full range of services. Key informants also reported there is a lack adequate training and staff are often poorly paid explaining in part very high rates of staff turnover,<sup>19</sup> have limited access to effective delivery tools and systems to do their jobs, and, have difficulty accessing guidance or support from INAC regions.

INAC regions have not been able to address the known delivery problems on reserves due to their own resource limitations. In many cases it is a challenge for both INAC regions and First Nations to keep abreast of basic rate changes introduced by provinces and territories.

Key informants also noted that many First Nations have few resources for program administration, project proposal development to access other resources, and in many cases like government departments work in silos with limited awareness of other programs and services that will assist IA clients. Key informants believed that many IA services providers have limited knowledge of AHRDA holders and programs that provide employment and training opportunities also open to IA clients.

The *First Nations Income Assistance Program Study* (2005)<sup>20</sup> found that half the of service providers on-reserve have only a high school education and only a quarter received training annually to deliver services, including case management. About one in five received counselling skills training and assessment skills training. Some reported there are no resources for professional development training. Service providers also reported being dissatisfied with assistance received by INAC HQ and regions.

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<sup>19</sup> Several informants noted that these positions are often poorly paid which may contribute to the turnover.

<sup>20</sup> The study surveyed IA service providers in several First Nations communities.

## 4.7 Variations in service delivery costs

INAC has examined administration costs to deliver a basic passive IA program and one that would include active measures. INAC's *Service Delivery Review* (2002) examined service delivery formulas for Manitoba, Ontario, Alberta and British Columbia, and found that the cost per staff position varies among regions as well as in relation to community population and the number of cases. The report also noted substantial variation in expenditures for service delivery when calculated as cost per case. Ontario had higher service delivery expenditures per case than other regions. Manitoba had the lowest cost per case expenditure.

INAC Ontario Region is most advanced in assessing service delivery costs and recently completed a study on funding for First Nations to administer the full Ontario Works program.<sup>21</sup> At present, only 26 of 110 First Nations implement the Ontario Works Program with its Employment Assistance services (the active measures component) in addition to the basic needs component.

Ontario Works is an intensive case managed system with substantial investment in service delivery. Smaller service delivery agents are encouraged to work together to deliver services (also referred to as "aggregation" of services). INAC and Ontario's Ministry of Children and Social Services examined the cost per case and aggregation of services among First Nations to achieve economies of scale and to allow for specialization of services. Ontario's benchmark funding rate is \$2,200 per case for aggregate municipal delivery agents serving remote populations, recognizing higher cost-per-case of small delivery agents. INAC Ontario believes regional needs and required supports should reflect this benchmark rate, in line with small municipal administration agreements in the province<sup>22</sup> and estimates it will cost \$23.6 M annually for Ontario First Nations to implement the Ontario Works fully and aggregate service delivery.

INAC and the Ministry of Children and Social Services approved pilot projects involving 19 First Nations in three groups, to test the effectiveness of consolidated delivery models at up to \$2,200 per case of cost of administration. Pilots are approved through 2008-09 and will be evaluated.

## 4.8 The shelter allowance

Provincial/territorial legislation generally requires individuals on income assistance to have rental agreements to be eligible for the shelter allowance component. Many First Nations communities have not implemented rental regimes and INAC estimates that a third of IA recipients on-reserve do not receive shelter allowance payments.

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<sup>21</sup> Report on Cost of Administration for First Nation Delivery of Ontario Works, Prepared for Review of INAC Ontario Region Contributions Toward Ontario Works Cost of Administration, Strategic Direction and Policy Directorate, INAC Ontario Region, November 2007.

<sup>22</sup> The Ontario Works average cost per case for small municipalities, without aggregation is \$2,088 per case, ranging from \$1,576 per case to a high of \$2,772.

Shelter allowance entitlements differ from region to region. As noted by the Auditor General in 2003, there is inconsistent application of shelter allowance across regions and provinces. Full payment of the IA shelter component occurs in British Columbia, Ontario, Quebec and the Yukon. The prairie and Atlantic regions pay shelter allowance only in communities which have implemented rental regimes and to individuals who pay rent.

In addition, during the 1990s growth in Canada Mortgage and Housing Corporation (CMHC)'s Section 95 housing, the non-profit on-reserve housing program which assists with construction, purchase, rehabilitation and administration of rental housing on-reserve, generated new demands for shelter allowance funding from First Nations in different regions, in particular the prairie provinces. However, regional IA budgets have been fixed to historic levels and INAC is unable to pay for new funding demands.

A recent study (Kiedrowski, 2005) estimated it would cost an additional \$78.8M in new funds to apply the shelter allowance policy consistently based on benefit rates and eligibility criteria set by the provinces in their income assistance legislation. This estimate has since been adjusted to \$62M.

## 4.9 Performance Monitoring

Figure 2 shows that IA funding for bands varies across regions. Nearly 100% of bands in the Atlantic are funded through fixed (CFNFA) while 100% of Yukon bands are funded through reimbursement (CFA) agreements.<sup>23</sup> Quebec Bands are funded 25% reimbursed, 75% fixed while the remaining regions average about 60% reimbursed, 40% fixed.<sup>24</sup>

For communities under a reimbursable regime (i.e., CFA), INAC obtains data to monitor expenditures and changes in caseloads. Where community budgets are fixed, or part of a block funding arrangement, INAC requests and often only receives financial information and nothing else.

Regions with many communities under a reimbursable regime have implemented varying processes to check compliance and verify eligible budgetary expenditures. Some regions have spent much time on this to help contain regional costs. However, the process is time consuming and staff resources are limited so the trend is toward developing processes that involve First Nations in the review of expenditures or focussing on audit and compliance reviews related to high risk communities.

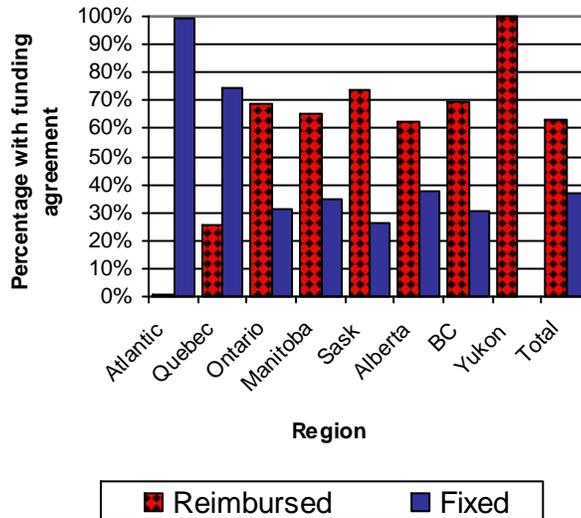
To date, there is little guidance on expected outcomes for the delivery of IA except that it should conform to provincial requirements. Also, there is no data collection related to the 2003 program authority and information regarding active measures.

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<sup>23</sup> Figures for the Yukon do not include communities that are funded through self-government agreements.

<sup>24</sup> Percentages for Ontario, depicted in Figure 2, were provided by the Ontario Region based on 34 CFNFA and 75 CFA agreements.

**FIGURE 2**  
**Percentage of IA Reimbursable and Fixed**  
**Funding Agreements in 2005/06**



**Source:** INAC departmental data, extracted from Corporate Information Management Directorate (CIDM) files, March 2007.

In 2007, INAC conducted a preliminary audit survey of the IA Program. The findings indicate that the management control framework is incomplete and requires strengthening. The audit report noted that clear performance measures, results indicators and targets are lacking. The report also noted that longer-term planning is lacking and risk management processes are deficient.

## 4.10 Conclusions on Program Performance

The IA Program provides basic needs services on a monthly basis to an average of over 150,000 people, supporting some 34,097 families and 46,808 singles to meet basic needs for food, clothing and shelter.

Basic services expenditures have increased because the number of recipients has grown over the past decade. The total number of people requiring IA (beneficiaries) has not changed substantially but there are more singles receiving IA, specifically many youth resulting from the demographic situation on-reserve and, this, along with changes in provincial rates and benefits, has driven up program costs.

INAC's IA Program is largely a passive program not designed to transition people to work as its 2003 change envisioned. The Department has no control over provincial and territorial program requirements and is very much a "price taker" challenged to keep up with to date with provincial rate changes.

There is limited capacity in INAC's regions and in First Nations communities to deliver basic services and active measures programming, to make linkages to other resources for IA clients, and limited monitoring of caseloads and a lack of outcome information.

There are several challenges to measuring program performance, including:

- The accuracy of the caseload and beneficiary numbers is questionable due to the lack of reporting (i.e., missing breakdown information) or irregular reporting of the data.
- The calculation of dependency ratios requires accurate counts of non-registered residents on reserve, only available for census years.
- IA expenditure data reflects only funds provided to First Nations under Comprehensive Funding Arrangements (CFAs) based on actuals or Canada/First Nations Funding Agreements (CFNFAs) based on fixed figures identified at the time of the agreement, which may not reflect actual expenditures in those communities.
- NCBR projects, the Work Opportunity Program, and the former Income Security Reform projects, may also fund active measures; therefore program data may not reflect what is actually spent in this area.
- There is no information on the characteristics of the IA recipients, such as age cohorts, gender, employment history, or how long someone has been on IA.

## 5.0 The Role of Active Measures

This section discusses the role of and impact of active measures.

### 5.1 Changes in Canada's social welfare policy

Social programs that provide income support to those in need have gone through several transformations over the past 15 years with the objective of promoting greater labour force attachment and economic self-sufficiency and reducing reliance on government programs. Of major concern were also the interactions between programs and tax measures that led to the existence of *unemployment traps* and *poverty traps* for income assistance recipients, making it often irrational for them to accept a low-paying job.<sup>25</sup>

Trends in the level and income assistance caseloads have also had some bearing on rethinking of income assistance. During the recessions of the early 1990s, income assistance caseloads were at record high and then fell sharply during the rest of the decade. The composition of these caseloads was a major issue, especially the growing number of children who live in poor families with parents on welfare. Concerns that children would enter youth and adulthood without good role models of self-reliance, thereby perpetuating inter-generational dependence on income assistance, helped produce broad political support for reform of income assistance programs.

An important reform in 1996 was the introduction of Employment Insurance (EI) system, stricter eligibility requirements for re-entrants and new entrants and additional benefits for claimants in low-income families through the family supplement provision. The EI reform also introduced a new funding scheme, Part I provides temporary income support, while Part II provides direct assistance to unemployed workers through various Employment and Benefit and Support Measures (EBSMs). The EBSMs are delivered through Labour Market Development Agreements (LMDAs) between the federal government and the provinces and territories. For Aboriginal people on and off reserve, they are delivered through Aboriginal Human Resources Development Agreements (AHRDAs).

Another development in Canadian social policy was the introduction of the National Child Benefit (NCB) in 1998. The Child Tax Benefit was crafted into a new federal child benefit under the NCB agreements, the Canada Child Tax Benefit (CCTB). The innovation was that the working income supplement was converted into an income-tested NCB supplement (NCBS). The NCBS not only supplements income from paid employment, as was previously the case, but supplements any source of income, including income from income assistance payments. The NCB supplement paid to low-

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<sup>25</sup> The unemployment trap occurs when benefits received by unemployed individuals are high compared with the income they can get from working. The poverty trap arises from the fact that increases in employment income not only raise taxes paid but also reduce both pecuniary and in-kind benefits received from government programs; thereby lowering incentive to find a job or work more.

income families was designed as a “portable benefit” in the sense that parents retain their supplement when they move off welfare into a paying job.

In addition, the traditional income assistance system, where assistance was viewed as an entitlement, has undergone major overhaul in Canada and abroad since the early 1990s. In Canada, welfare reform has been based on two principles:<sup>26</sup> 1) all those who are able to work or train for work should do so, and income assistance should only be used as a last resort; and, 2) government should offer a range of *active* measures to support the return to work by income assistance recipients as they find training or work.

Income assistance programs are now characterized by lower benefit levels and stricter eligibility rules, including time limits and in some jurisdictions mandatory work requirements. At the same time, a variety of programs to help income assistance recipients become job-ready were introduced in the mix of welfare-to-work programs, adding “carrots” to “sticks”. All jurisdictions provide some level of support to help recipients work, look for work or become employable by encouraging voluntary participation in activities typically geared toward improving employability and increasing potential earnings.

## 5.2 Understanding Active Measures

The evaluation literature review classified active measures or measures to promote welfare-to-work transitions for income assistance recipients according to three major categories, from the more “proactive” or “coercive” ones (where the receipt of benefits is conditional on some participation in work or work-related programs) to those that offer assistance in the form of employment or pre-employment services and, finally, the more remedial-type of measures that essentially intend to address the financial disincentives to move into employment. Below is a brief description of each category:

- ***Mandatory participation requirements*** - Most jurisdictions have made benefits receipt contingent on some degree of participation in employment or employment-related activities. In some jurisdictions, failure to comply with these participation requirements can lead to sanctions. Many jurisdictions use a model where the income assistance applicant works with a case worker to develop an action plan. Specific activities involving work or pre-employment services might then form the clients’ obligations.
- ***Assistance to job search and job readiness*** - Programs designed to help income assistance recipients find jobs are available in all provinces and territories. Some services range from the more passive provision of labour market information to much more active job clubs and placement services. Most jurisdictions provide job search assistance to income assistance clients considered employable such as workshops designed to improve recipients’ effectiveness of job search or the

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<sup>26</sup> Socio-economic Impact Assessment of the Income Security Reform Demonstration Projects, Prepared for Department of Indian Affairs and Northern Development by PRA Inc., February 14, 2002. p.1

provision of labour market information in various forms, and some assistance in developing life skills for less employable clients.

- **Financial incentives** - To some extent, all jurisdictions provide supplemental financial benefits to assist with employment and lessen the financial impact of the transition from income assistance to employment. Some earned income of income assistance recipients can be exempt from the total income used to assess outstanding need.

Many jurisdictions also provide financial assistance and other supports to individuals and families to help them make the transition from welfare to work and overcome the so-called “welfare wall”. In Canada, provinces and territories often use the National Child Benefit initiative and its related programs.

### **5.3 Findings from empirical studies**

The evaluation literature review examined empirical evaluation studies and other academic literature from Canada and other countries from the past decade. This section provides highlights on interventions that seem to work well.

#### ***Overview of the International Experience***

With the introduction of the 1996 *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) in the United States, cash assistance as an entitlement in the US ended and was replaced with Temporary Assistance for Needy Families (TANF). Its focus is on recipients finding a job and getting off public assistance. Stricter eligibility rules and more stringent sanctions for non-compliance were implemented. Most states focus on job search skills and basic job readiness training. Individuals are penalized for non-compliance by a reduction in benefits. States vary in the implementation of time limits, with some using state funds to extend some benefits.

PRWORA reform gave state governments’ greater latitude over how they could use federal funds but attached a number of important conditions, including a requirement that at least 50 per cent of lone parents who were receiving welfare (and 90 per cent of the heads of two-parent households) engage in full-time employment or work-related activities. It also placed a strict limitation on the type and amount of education and job-search activities that could count toward meeting the work participation requirement. Perhaps most controversial, a five-year lifetime limit was placed on the amount of time a family could receive federal welfare benefits.

Welfare reforms in the UK also promoted work and introduced several programs and services as incentives for transitioning into work. The UK reforms began in 1997 and further changes were introduced as time went on. In 1998, the New Deal for Lone Parents (NDLP) was introduced nationally as a voluntary program to help lone parents improve their employment prospect by improving their job readiness, moving into employment, and increasing their hours of paid work. Although participation in the program is not

compulsory, an interview with a personal adviser is mandatory, where working or training options are explored and the financial benefits to work are discussed.

In 2003, New Zealand introduced the *New Service Approach*, also a work-focused welfare reform that emphasizes job search and job finding activities. Applicants are required to attend a mandatory seminar to discuss their responsibility which is reported to have led to a decrease in benefits application (Freud, 2007). Job seekers' labour market status is assessed and sanctions (e.g. reduction or suspension of income support payments) apply if they are considered not to be actively looking for employment.

Last year, the Australian government introduced a work-based approach to welfare reform, which was further expanded in July 2007. As of July 2006, parents, including lone-parents, are required to do at least 15 hours of paid work once their youngest child reaches age 6; failure to do so can lead to a reduction in their support payments. One of the more controversial reforms that targets Northern Territory Indigenous communities is the introduction of *income management* in August 2007 (also called the Northern Territory Emergency Response). Under this system, half of the income support payment is withheld from the recipient and used to directly pay for services such as food, clothing, and shelter for the family.

### ***Impacts of Welfare Reform***

Welfare-to-work measures have led to a decrease in income assistance caseloads in different countries.

In Canada, the number of people receiving social assistance has decreased every year since 1994, from over 3 million people in 1994 to less than 1.7 million people in 2005. The percentage of the population receiving social assistance declined from about 10 per cent in 1995 to slightly over 5 per cent a decade later (National Council on Welfare, 2006).

The assessment of welfare reform in the US by Blank (2002) indicates that the implementation of TANF was accompanied by a precipitous decline in caseloads: welfare rolls declined by 56.5 per cent between 1994 and 2000. At the same time, labour force participation rose among single mothers with children. She concluded that TANF appears to have been instrumental in getting the most job ready recipients to join the workforce, but was less effective in dealing with the most disadvantaged recipients.

The *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) also established the *Tribal TANF*, an initiative that provided a framework for welfare reform with indigenous population in the US. Like TANF, the goal of Tribal TANF is to reduce welfare dependency and increase participation in employment activities, using a *work first* strategy, focusing on recipients finding jobs and getting off public assistance. There is a dearth of information on the effects on Tribal TANF on Native American population. Available literature (Daly and Smith, 2002; Pandey, et al 2001; Brown, et al, 2001) asserts that the effect of Tribal TANF on welfare dependency depends heavily on the

specific economic opportunities and support services that exist on or near reservations: reservations that are geographically isolated with few job opportunities experienced a rise in caseload, while others within close proximity of economic opportunities experienced a drop in caseload. Reductions in Tribal TANF caseloads were smaller compared to general TANF, and this result was attributed to the economic conditions on and around the reserves.

### ***Interventions that are effective***

The evaluation literature also examined a wide range of interventions that were seen as effective in reducing welfare dependency and creating positive outcomes for income assistance recipients.

#### **Mandatory participation requirements**

Studies in various US cities used different approaches to encourage a move from welfare to work. Michalopoulos and Schwartz (2001) and Hamilton (2002) found that such programs led to increases in employment and earnings. They also led to decreases in welfare use beyond what would have happened without the program, especially during the second and third years.

Knab et al. (2001) used data from the evaluation of welfare-to-work programs in Riverside and Grand Rapids and isolates the effects of requirements from the effect of actual participation in the welfare-to-work program. They found that requirements to participate in these programs could increase employment and earnings and reduce welfare use, *independent* of actual participation in the program. They also find evidence that effects are larger for welfare recipients who are more “job-ready” and for programs that were implemented in more dynamic labour markets.

According to Kinnear et al. (2003), there is some evidence that the adoption of mandatory participation requirements as part of welfare reforms in both Australia and the UK has increased welfare recipients’ “engagement” by means of remaining “job-ready” and taking advantage of employment opportunities. In the UK, this increased engagement may have translated into increases in employment levels and reductions in welfare receipt but similar results did not seem to hold in Australia.

Brock et al. (1993) suggests that unpaid work experiences had not led to an increase in employment or earnings, nor did they lead to reductions in welfare use or payments. Where reductions were observed in welfare usage, they were no different than those achieved by implementing job search assistance strategies alone. One of the major shortcomings with these initiatives was that the work assignments were for very short periods (about three months) and were mainly in low-skilled job placements.

While most of these work-focused programs initially helped people get into work, they do little, however, to help people keep their jobs (Berlin, 2007). A number of programs

in the US and UK are currently investigating job retention programs using rigorous research methods, with initial mixed results.

### Assistance to job search and job readiness

Numerous initiatives have been introduced in Canada and elsewhere to help individuals enter, re-enter or stay in the workforce. In order to promote labour market attachment, different approaches are needed to address different circumstances. Some people face barriers to labour market integration and need assistance to become job-ready. A number need assistance to improve their effectiveness in looking for a job or to help them develop social and personal connections (*networks*) that can better inform them about job openings. Others need literacy or numeric skills or require vocational or language training or basic education.

In other cases, people need intensive support through continuous and individualized counselling to better define their work aspirations and elaborate an *action plan* towards achieving labour market participation. In some cases, counselling will address more difficult issues such as substance abuse or acute mental health problems. For these people, getting a job and sustaining economic self-sufficiency represent medium-term and sometimes longer-term goals.

Voluntary community work experience projects have been explored as a way of encouraging work among social assistance recipients. Such projects have taken place in the US (e.g., New Hope (Huston, A. C., et al 2003)) and Canada. In Nova Scotia, the Community Employment Innovation Project (CEIP) is testing a voluntary work experience project using an experimental evaluation and is currently being evaluated by SRDC (Gyarmati et al 2006). Social assistance recipients deemed employable could give up the receipt of social assistance in exchange for up to three years of full-time work and a community wage. Those who left social assistance for CEIP had access to enhanced employment supports which included extended drug coverage, childcare and transportation allowances, and other work-related costs.

The results from CEIP are encouraging: they suggest that the overwhelming majority of participating communities were able to mobilize local resources and create socially valuable projects, largely through the voluntary sector. Participants were interested in community work as an alternative to social assistance receipt and they experienced an increase in employment, earnings and income over and above what would have occurred without the program. The earning gains led to reductions in the extent and severity of poverty and hardship. Furthermore, the gains in employment and earnings have proven to be sustainable throughout the three-year duration of the program, with little incidence of returning to social assistance as primary income source during that period (Gyarmati, D., et al, 2007). However, it is yet unknown whether these results can be sustained following the end of CEIP eligibility. Final results will be available in early 2008.

Case management strategies that focus on providing on-going and intensive support to individuals have had mixed results in getting people off welfare and into employment. Two programs that have been successful are Self-Sufficiency Project (SSP)-Plus and the Post-Assistance Self-Sufficiency (PASS) program in Riverside California (Navarro, et al 2007).

Other research provides lessons regarding interventions in rural settings. Economic development is a crucial component of welfare-to-work strategies in rural areas. To be effective, then, welfare-to-work initiatives in rural communities must also include initiatives to encourage employers to create new jobs, help individuals build networks with employers, promote the availability and affordability of quality child care and reliable transportation, provide for adequate training of front-line staff to help participants identify their barriers to employment, and develop a manageable plan that can eventually lead to self-sufficiency.

In Australia the Community Development Employment Project (CDEP) provides federal grants to some organizations that employ Indigenous people, primarily in rural and remote areas. Indigenous people that apply for and receive employment through CDEP must forego their social assistance for a CDEP wage at a level similar or slightly higher than income support payments (Altman, J. C. et al., 2005). Although CDEP was not rigorously evaluated, it is reported to have provided short term benefits to Indigenous communities and individuals through community development, social and cultural services, and skills training. Altman et al. (2005) reported that in remote regions, CDEP accounts for almost 75 per cent of Indigenous employment and estimated that, in the absence of CDEP, the official unemployment rate of Indigenous Australians would have doubled, from about 20 to 40 per cent.

### Financial incentives

Several studies that began in the early 1990s provide lessons on the effectiveness of financial incentive programs in increasing employment, earnings, and income, and reducing welfare dependence and poverty.<sup>27</sup>

Evaluations of these programs suggest that work incentives from significant earnings supplement can lead to positive employment effects and in some cases a reduction, albeit not complete alleviation, in the intensity of poverty.

Longer-term evaluations of these pilots suggest that the positive employment effects eventually faded after the projects ended. The results suggest that to achieve sustained poverty reduction, even with full-time work, the most disadvantaged individuals will

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<sup>27</sup> These studies include the Canadian Self-Sufficiency Project (SSP) (Michalopoulos, C. et al, 2002), the Minnesota Family Investment Program (MFIP) (Knox, V., et al, 2000), the Milwaukee's New Hope Project (Huston, A. C., et al, 2003), the Connecticut's Job First Program (Bloom, D., et al, 2002b), the New York Child Assistance Program (CAP) (Hamilton, W., et al, 1996), the Iowa Family Investment Program (FIP) (Fraker, T., and Jacobson, J., 2000), the Florida Family Transition Program (FTP) (Bloom, D., et al, 2000) and the Work Restructuring Project in Vermont (WRP) (Scrivener, S., et al, 2002).

most likely require some form of ongoing earnings supplement. They also suggest that earnings supplementation needs to be complemented by programs to help people find more secure and higher-paying jobs.

Among the policies credited with the recent reductions in poverty and drop in welfare caseloads in the US is the earned income tax credit (EITC) available to low income families who work and file taxes. The EITC is intended to provide support for low-income workers and their children, reduce the need for social assistance and lift people out of poverty. There is evidence that the EITC induced low-income single mothers to participate in the labour market (Berlin, 2007, 2007a; Holt, 2006, Blank, 2007, 2007a). In spite of these improvements, Blank (2007) points out that the number of single mothers who are neither working nor on welfare has grown substantially since year 2000. These women often face multiple barriers to labour market integration such as lower levels of education, health problems or a history of domestic violence and substance abuse. Many Aboriginal women face the same challenges.

### Conclusions

Because welfare-to-work measures are being implemented concurrently with changes to the tax and benefit system, it is difficult to identify effects of one particular measure.

The delivery of programs can also influence the results: one approach may appear to fail because it was not delivered as intended. The literature review says that changing the way a program is delivered can lead to differences in results and can help identify core aspects of a program that may make a difference in impact.

Most interventions are effective at reducing welfare dependency but there are mixed results on achieving other outcomes such as self-sufficiency or improving the economic well-being of welfare leavers. Interventions such as post-employment supports and financial assistance are important to help welfare leavers improve their employment situation, earnings, and income, and to ensure they are not worse off by leaving welfare.

An important caveat regarding the evaluations, which are mainly based on analyses of welfare caseloads, is that lower benefit levels were introduced and income assistance eligibility requirements tightened in many jurisdictions in the midst of one of the longest periods of economic expansion and employment growth in modern times. Robust economies, as well as other multiple social policy changes occurring around that time (e.g., earned income tax credit increases, child support subsidies, and minimum wage increases), may partly explain some of the decline in caseload.

Finally, the vast majority of programs examined in the literature review were tested in large urban settings and it is yet unknown how those that were successful would unfold in rural, remote, or small insular communities, which is the situation of many reserves. In rural areas, proximity to jobs and availability of services are key to labour market integration.

## 5.4 Lessons from Provincial and Territorial Approaches

Evaluation findings from provincial/territorial experiences also offer insights on active measures implementation and approaches.

### 5.4.1 Case Load Reductions across Canada

In recent years, provinces and territories have refocused their IA programs to include more active measures, such as case management and participation in skills development, training and/or education. Provinces such as Ontario and Alberta have tied legislation to income assistance eligibility criteria to better promote individual self-sufficiency through employment. Coincident with these changes, provinces and territories have realized significant reductions in caseloads. In the same time period and without these changes, INAC caseloads have remained the same.

Overall, the number of people on welfare in Canada dropped by 45% with 1,391,000 fewer people on welfare in March 2005 than in March 1995, based on data from the National Council of Welfare (Refer to Table 7).<sup>28</sup> Only the Northwest Territories and Nunavut showed an increase over this time. All other provinces and territories showed decreases in excess of 25% with Manitoba showing the smallest decrease at 29%. Not shown in the table but apparent from more detailed data from the National Council of Welfare is the fact that the number of beneficiaries has dropped each year over the 10 years. However, most of the reduction (985,000) occurred in the five year period from 1995 to 2000.

**Table 7 - Number of People on Welfare, Canada, Provinces and Territories, 1995 and 2005**

|                                 | 1995             | 2005             | Reduction        | % Reduction |
|---------------------------------|------------------|------------------|------------------|-------------|
| Newfoundland and Labrador       | 71,300           | 48,500           | 22,800           | 32%         |
| Prince Edward Island            | 12,400           | 6,900            | 5,500            | 44%         |
| Nova Scotia                     | 104,000          | 52,300           | 51,700           | 50%         |
| New Brunswick                   | 67,400           | 45,300           | 22,100           | 33%         |
| Quebec                          | 802,200          | 518,200          | 284,000          | 35%         |
| Ontario                         | 1,344,600        | 676,500          | 668,100          | 50%         |
| Manitoba                        | 85,200           | 60,900           | 24,300           | 29%         |
| Saskatchewan                    | 82,200           | 48,700           | 33,500           | 41%         |
| Alberta                         | 113,200          | 56,400           | 56,800           | 50%         |
| British Columbia                | 374,300          | 149,300          | 225,000          | 60%         |
| Yukon                           | 2,100            | 1,100            | 1,000            | 48%         |
| Northwest Territories & Nunavut | 12,000           | 15,700           | -3,700           | -31%        |
| <b>CANADA</b>                   | <b>3,070,900</b> | <b>1,679,800</b> | <b>1,391,100</b> | <b>45%</b>  |

**Source:** Number of People on Welfare, Fact Sheet # 9 (revised Oct 2006), National Council of Welfare.

<sup>28</sup> It is not certain whether figures for Ontario include First Nations which are considered similar to municipalities and deliver income assistance on behalf of the Ontario Government.

### **5.4.2 Focus on clients with multiple barriers**

In recent years provinces and territories have had more limited success reducing caseloads as the clients that remain on IA are in large part individuals in “multiple barriers” or “hard to employ” categories. The barriers include less education, limited work history, or issues with a range of social or addictions issues. Accordingly, provinces have modified their IA programming to recognize that more intensive interventions are required for this group.

For example, British Columbia has tempered its programming by introducing increases in benefit rates overall and by providing the highest rates of support, higher earnings exemptions, and supplementary assistance to the persons with disabilities client group. Also, active measures have evolved to facilitate the provision of the more intensive individualized interventions needed by clients that have multiple barriers to participation in the labour force.

### **5.4.3 Varying provincial/territorial approaches**

Provincial and territorial governments have different approaches for delivering IA programming:

- Alberta has the most integrated approach and has brought under one ministry services to individuals and industry. The ministry integrates all services and programs focused on workers and those moving to the labour market, including: needs assessment, employment and training, apprenticeship training, academic upgrading, income support and industry/sectoral development. The focus is on helping individuals to link with work or training, with Income Support being provided to meet basic needs as part of this process, where required.
- Other provinces such as Manitoba provide a suite of active measures programming located across ministries but recognize the importance of linkages and partnerships among the various components.
- Ontario provides basic needs and employment services through Ontario Works and has a separate program for persons that require income assistance but cannot work, through the Ontario Disability Support Program. Prince Edward Island also has a separate Disability Support Program.
- Services are delivered in New Brunswick through Regional Services Centers, which provide a broad and integrated array of public services, including income assistance, day care, long term care, rural and native housing and public housing among others, through a single point of entry. These offices are also frequently co-located with Employment Insurance Programs. This approach is to allow for comprehensive identification of family needs, determination of appropriate services, and follow up.

- One strategic policy feature that differentiates Newfoundland and Labrador from other jurisdictions is that referral to active employment measures is voluntary. This was decided on in consideration of the comparatively less buoyant labour market in the province and the profile of Income Support clients. The rationale is that, if employment supports are made relevant and accessible to those with labour market barriers, they will become more employable (and increasingly employed) as the labour market improves. Human Resources, Labour and Employment (HRLE) delivers its career, employment and youth programs through a network of regional Client Services offices and Career Information Resource Centres and through third party contracts. HRLE also co-manages the Labour Market Development Agreement and is currently collaborating on a devolution agreement.
- In the Northwest Territories, Productive Choice is part of the Income Support Program and is mandatory for all income support recipients considered employable. The focus of the program is to assist and encourage individuals to make decisions and productive choices from among community opportunities in wellness, learning, and training and work experience to gain and maintain a greater degree of financial independence. The program is based on the rationale that relatively few work opportunities exist in the NWT, and it is difficult to provide income support benefits without creating disincentives to work.
- Nunavut also adopted the NWT Productive Choices Program. However, IA funding is limited and staff refers clients to the Labour Market Development Agreement or to the AHRDAs which have both Employment Insurance and Consolidated Revenue Fund (CRF) funds which permit AHRDAs to provide services to IA clients.

#### **5.4.4 Continuum of employment supports and services**

Provinces offer a range of employment support measures that can be divided into three service stages: pre-employment/employability services, employment support services and post-employment services. These stages represent, to some extent, the development of employment programming, with earlier program efforts focusing on “job readiness” or resources for employment.

- *pre-employment or employability targeted services* may include education, literacy, addictions, job skills, life skills, job readiness, and job search training;
- *support for employment experience* may include community placements, work experience, internships, co-operative work placements, targeted wage subsidies, employment placements including employer incentives, transportation, clothing and equipment; and
- *support and incentives in a period of employment* may include benefit incentives to retain income assistance or health benefits when working, and continued case management with on-going job consultation and mentoring.

#### **5.4.5 Changes in services and organizational culture**

Provincial officials discussed the organizational change, atmosphere and mindset involved in moving from a passive to active measures approach. The introduction of an “employment first” policy shift has taken place in all provinces over the past several years. Past practices in both the First Nations and provincial agencies focused on determining eligibility, “getting out the cheque,” verification and compliance. Key informants said the latter is still the case in many First Nations.

Provincial representatives in Alberta, British Columbia, and Manitoba in particular spoke of the organisational change needed to work differently and the processes, practices, and tools that needed to change the mindset of staff and clients. Elements of this organizational change include:

- recognition that employability and resources for employment are multi-dimensional;
- an integrated service model that benefits from cross-agency linkages;
- a common employability assessment tool for clients connected to multiple agencies;
- considering opportunities for co-location and single window models;
- the ability to think and work within a flexible model of program delivery; and
- the need to broaden the training and resources of staff to make this “employment” shift in mindset and capacity to service a client more broadly.

#### **5.4.6 Service delivery infrastructure**

Provinces described various means of service delivery ranging from multiple provincial offices located in regions across a province, to external service providers and contractors that provide assessments and training and employment support. Often contracts with external service providers have clearly defined service levels and outcome targets. Payments may be based on achievement of these agreed upon service levels and outcomes. British Columbia and Alberta described such contracts and relationships with external service providers. In some cases, provinces also have service contracts with Aboriginal service providers that provide training or other services required. In contrast, this service delivery infrastructure and access to specialized services is limited on-reserve, except through AHRDAs that can provide some of the same services.

#### **5.4.7 Outcome Measurement**

During visits to provinces, evaluators found limited formal evaluation work and information on the extent to which jurisdictions measure program outcomes beyond case load reductions. Below are examples of some outcome information provinces collect.

Alberta reported having an online performance measurement system for Alberta Works which includes 15 performance indicators and allows for performance targets and measuring progress tailored to individuals with similar barriers to employment. The indicators measure the percentage of participants who report going on to further training

or employment; successful completion of training, satisfaction with the program and program outcomes; gaining appropriate skills; and achieving appropriate employment.

Ontario has also implemented an outcome funding model and officials reported improvements to the employment outcomes for Ontario Works participants in the first transitional year. Ontario reported that from 2004-05 to 2006-07 there was a 3.7% increase in the percentage of Ontario Works terminations exiting to employment. Also, from 2005-06 to 2006-07, the province reported an 11.7% increase in the average monthly earnings of clients on Ontario Works Employment Assistance. During the same period, there was also a 1.6% increase in the average time between exist due to earnings and/or employment and re-entry to Ontario Works Employment Assistance.

#### **5.4.8 Outreach to Aboriginal peoples**

Provinces such as Alberta and Manitoba described a range of provincial programs that are targeted specifically to Aboriginal people on and off reserve. Western provinces recognize that Aboriginal people not only make up a large portion of their welfare case loads but are a potential labour pool that could fill gaps in the labour market, in particular in areas such as the trades, apprenticeship, and work on economic resourced based (e.g., hydro electricity, oil sands, pipelines) projects near First Nations communities.

For example, Alberta Work Foundations which provided for full- and part-time basic skills training and academic upgrading in 2006-07 had a monthly average of 272 on reserve participants. Alberta Job Corps which provides structured, supportive training and work experience for individuals with a sporadic work history has some projects accessible to clients on-reserve.

Manitoba's 2007 budget report made a commitment to "closing the gaps for Aboriginal Peoples" and are an important focus for the Province's Rewarding Work initiative announced with the budget in April 2007. Manitoba Family Services and Housing responsible for income assistance is also working closely with the Ministry of Competitiveness, Training and Trade found under Employment Manitoba. Employment programs target partnerships training projects in the North of the province where many First Nations communities are located.

#### **5.4.9 Summary**

The research indicates that starting in the 1990s, provincial governments achieved considerable success in reducing their welfare rolls. The number of people receiving income assistance dropped significantly in all jurisdictions. All provinces have repositioned their IA programs to last resort programs with clear expectations that employable individuals will seek work and many provinces now require that employable individuals demonstrate what they are doing to seek employment as a condition of receiving IA. Active measures focus on moving individuals into the workforce as quickly as possible.

Provinces have also introduced remedial type measures to address financial disincentives to taking employment. These include measures such as earnings supplements, child tax credits and community based projects to assist working families. These initiatives are not necessarily directly linked with provincial IA Programs but could also be part of the National Child Benefit Reinvestment programs.

Provinces are increasingly finding many of those who remain on IA do so either because there is little advantage to taking work or because they face significant barriers to entering the work force. In recent years they have adapted their programs and services to help this client group. Given current low unemployment in Canada, many provinces see continuing opportunity to reduce IA rolls by investing in more intensive services such as training, academic upgrading, life skills, addiction counselling and mental health supports; and, continuing to address disincentives in current policy and practice.

## **5.5 Developments in INAC**

Efforts have been undertaken in all regions to increase the focus on active measures since the Department received authority in 2003 to adopt such an approach. In the absence of articulated expected results, changes in program delivery, or incremental funding, regional efforts have taken the form of increased partnerships with other organizations which either offer these services in First Nation communities or are in a position to assist First Nations to develop Active Measure for their IA clients. Of particular note:

- An Active Measures Working Group has been established by the British Columbia Region of INAC with representation from INAC, Service Canada, several provincial government departments and three provincial Aboriginal organizations.
- A Transition to Work Initiative has been established by the Manitoba region with representation from federal government departments, provincial government departments, the Assembly of Manitoba Chiefs, the Tribal Councils, First Nations organizations (e.g. Manitoba Kiwetinowi Isinakohtawin) and the private sector.
- Regions are working directly with Aboriginal organizations which can support First Nations in the delivery of their IA Programs (e.g. the First Nations Social Development Society in British Columbia; the Atlantic Policy Congress in the Atlantic Region; the First Nations of Quebec Social Development Office and the Tribal Councils in Manitoba and Saskatchewan).
- There has been consultation with Service Canada to facilitate local partnerships with AHRDAs. The BC Region is well advanced in this area.
- There have increasingly been partnerships with provincial governments. Alberta, Manitoba and Ontario Regions are particularly notable in this regard.

Regions are working with First Nations and other partners how to identify a range of existing programs and services that income assistance recipients can access to help them transition to work. To varying degrees, regions are developing linkages to other programs required to implement active measures. The following highlights some of that work:

- Since 2006, the British Columbia INAC region has been assisted in the role of supporting front line IA delivery staff by the First Nations Social Development Society (FNSDS) which is also pursuing implementation of active measures on-reserve. The Region is limited to the National Child Benefit Reinvestment, the Aboriginal Social Assistance Recipient Employment Training (ASARET), Work Opportunities Program (WOP), and the Training Employment Support Initiative (TESI). Discussions among INAC, First Nations, the province, and AHRDAs continue regarding enhancing linkages among programs.
- Alberta INAC Region funds the living allowance for IA recipients that fall under the Learners category, who receive a higher benefit rate for basic needs. The Province pays their tuition. The Region expects that in the next year or so many Learners will move into work or pursue higher education and there should be a decline of IA recipients on-reserve. The Region also supports through First Nations programs and services offered through Alberta Works, the AHRDAs, and INAC's Work Opportunity Program which pays IA to individuals while engaged in short term training or working on community projects.

When Alberta integrated its services into the Department of Employment Immigration and Industry (AEII) and introduced the learner category, INAC tried to replicate the provincial approach by developing an employment readiness tool and training First Nations on its use in case planning but recognized that changes would be more fundamental and that neither the Region nor First Nations had the staff capacity to readily adapt.

- Saskatchewan INAC region reported that many First Nations have tightened their eligibility policy or want to restrict access to income assistance. Efforts to encourage First Nations to develop active measures have been constrained by limited capacity of First Nations and limited formal coordination with other federal departments and the Province. There have been some linkages to social and economic development programs through pilot projects. For example, the Saskatchewan Indian Training Assessment Group (SITAG) wants to develop an ASARET. First Nations also use the Work Opportunity Program and the National Child Benefit Reinvestment funding, the latter more often because it has fewer administrative and reporting requirements.
- The Manitoba Region recently reviewed their service delivery funding and identified areas that were under-funded and increased budgetary support for social service administrators in First Nations communities. They also found that 20% or fewer First Nations are engaged in active measures. The Region is exploring ways of integrating the Work Opportunities Program (WOP) and the Aboriginal Social Assistance

Recipient Employment Training (ASARET) agreement into a First Nations Training and Employment Opportunities Program (FNTEOP).

- In Ontario, as part of the 1965 Ontario Welfare Agreement, First Nations are to adhere to provincial requirements and should be delivering both the Financial Assistance and Employment Assistance services of Ontario Works (OW) introduced in 1998. However, some Ontario First Nations were opposed to implementation of Ontario Works and held the view that they did not have sufficient input on the design of the program. The Mushkegowak Council instituted a court challenge and for several years INAC explored potential alternative arrangements with First Nations. As a result, only 26 of 110 First Nations participate in the full delivery of Ontario Works. In recent years, as Ontario Works has increased benefits and broadened the provincial menu of services and supports, many First Nations are now interested in participating in the full Ontario Works program. INAC and Ontario have been engaged in discussions and implemented pilot projects to further examine service delivery requirements and costs.
- In the Quebec Region, since 2004 a new policy was adopted to better adapt provincial income assistance programming for bands. The Region and Quebec First Nations signed the *First Nations of Quebec Income Security Agreement* where parties have agreed how the IA program would be delivered. Basic requirements are consistent with provincial guidelines but some requirements have been dropped and more flexible requirements have been introduced. The Agreement allows linkages between the social assistance plan with employability programs and opportunities within the community, and allows communities to obtain powers and responsibilities, as well as design their own programs.

## 5.6 Conditions of success for Aboriginal Active Measures

There is limited literature about initiatives to promote labour force attachment specifically targeted to Aboriginal populations. However, the evaluation research, including the literature and case studies, provides insights into the conditions for successful implementation of basic needs and active measures programming in Aboriginal communities. A summary of the conditions for success based on these sources is provided below.

- **Changing attitudes was a common feature.** At both the community and the individual level, developing a sense of self-sufficiency and control over one's own destiny was central to the strategies of the communities that advanced the most in terms of program delivery and results (i.e. lower dependency rates). At the community level this often resulted in greater coordination of efforts and built trust among the stakeholders that enabled this cooperation. At the individual level, it was recognized that attitudes had to change before significant changes could be made in dependency on IA and other forms of passive supports. Many communities offered

programs and services designed specifically to address cultural and psychological barriers to achieving self-sufficiency.

- **Leadership matters.** In many of the cases reviewed there were two elements that were essential to the implementation of successful IA programming – leadership and the continuity of the individuals involved. Strong support from the Chief and Band Council was a necessary ingredient in the development and maintenance of effective programming at all levels of community development, including effective IA programming. This included the willingness and ability of multiple stakeholders to work together to create access to resources that could not be achieved by each acting alone. Strong leadership was also important at the program level. Often changes to programs were brought about by the will of one or two key individuals to create IA programming to meet the needs of their clientele. The leadership demonstrated by these individuals was often the catalyst for change throughout the community.
- **Economic development and activity was key to successful active measures and reducing dependence on IA.** Communities close to areas with employment opportunities were a feature of several of the case studies that demonstrated success in moving IA recipients into work and lowering dependency rates. Similarly, the US literature asserts that the effect of the Tribal Temporary Assistance for Need Families (TANF) on welfare dependency depends heavily on the specific economic opportunities and support services that exist on or near reservations. Business activity and employment are key, especially in remote areas with limited access.

The availability of external opportunities alone was no guarantee of jobs for the on-reserve population. Some communities developed economic opportunities on reserve that allowed greater access for their community members, including IA recipients. Many communities used band owned businesses to provide funding for their activities and training opportunities for IA recipients.

Communities accessing economic activities off-reserve had to overcome several challenges, including transportation to the location of the jobs, or access to housing. In some cases, individuals moved away from their communities creating a drain of skilled community human resources.

- **Pooling of resources and single window delivery systems provided a higher level of service and results.** With some exceptions, almost all the communities faced limited budgets and resources (including trained skilled staff) to implement IA programming. Some of the more comprehensive IA programming occurred as a result of pooling or coordinating the resources of several different stakeholders. This involved coordinating resources for different agencies, delivery agents and/or provincial resources. The most user-friendly approaches provided a single window approach for their IA clients combined with case management of the IA participants. Communities had to adapt their own solutions to the problem of lack of tools such as software to implement this coordination.

- **Implementing active measures requires trained and experienced program staff.** The cases reviewed included communities that had programs staffed by individuals with appropriate qualifications and extensive experience on the job. These cases ranged from larger communities with several staff members to communities with one or two key individuals. The skills of these individuals were an immense asset to the community's IA programming. To complement these skills, tools were developed to facilitate assessments and monitoring their programs. In other communities there was limited capacity to implement active measures. Senior management positions in the IA program were vacant or filled by recent employees with limited skills and experience. There was limited capacity activity to expand the services offered to their clients. Staff require knowledge to access other sources of government funding that could improve the situation within their community.
- **Developing a result orientated plan and monitoring results was essential to ensure successful practices were identified and promoted.** A results oriented strategy with tracking of outcomes was often identified as an important feature of the IA programming (basic needs and active measures) and other initiatives to improve community life. This monitoring of results was also implemented in the case management approach implemented for IA recipients. Individuals would be tracked over time to ensure that progress was made and new needs would be addressed. However, most communities faced challenges implementing monitoring activities since the software to facilitate this process was typically not available.
- **Providing client-centred programs and services must be sensitive to both the needs of the individual client and the local context.** Several communities had switched from providing shorter-term courses to longer-term training that addressed the fundamental barriers facing their clients. This included providing General Education Development (GED) training, apprenticeships, post-secondary training and drug and alcohol addiction treatment. Many IA program managers felt that the quick fixes failed in the long run with clients simply recycling in and out of IA. Several case study sites had moved away from standard shorter-term training courses (e.g. computer training) because they did not provide skills relevant to the community or the local labour market. Greater efforts were placed on identifying the skills necessary to fill jobs in their community or local labour markets.
- **Flexibility in the use of programming dollars yielded creative solutions.** Communities that were able to pool a variety of funding sources, especially funding bands with their own source of revenues (i.e., band owned business), were able to initiate programs and services beyond the limitations of standard funding sources. This allowed IA programming to be more flexible in its design to meet the needs of their clientele. The literature review also cited the ability to tailor a particular policy to the specific needs and context of a community as a feature of many promising approaches to income assistance for Aboriginal people. Indeed it was a fundamental feature of the expansive reforms to income assistance for Aboriginal people in the United States.

- **Information to measure outcomes and attribute success is key.** Many communities lacked the information necessary to provide basic information on the outcomes for their IA program recipients, including results of active measures. Many successes cited in case studies were anecdotal since information was maintained on paper files and not easily amenable to analysis. Some communities, however, did collect information on the number of program graduates, employment at specific sites, and reductions in IA use. Many of the communities who were able to provide this information also tended to have multiple program activities and economic expansion, attributing these changes to any one initiative was usually not possible. Some factors that may affect successful monitoring of outcomes include clearly identified expected results to measure, indicators to collect, access to reporting systems, and adequate tools and resources to collect data.

## 5.7 Challenges

A number of factors contribute to high rates of dependency among Aboriginal people, some of which are related to situations and challenges generally associated with barriers to labour market integration. Lower levels of skills and educational attainment, lone-parenting of children below school age, substance abuse and health issues are all conditions that make transition from welfare to work particularly difficult.

The literature review says much of the labour market is inaccessible to individuals with low levels of literacy and those who do not have high school diplomas. When low-skilled individuals can find work, this work tends to be of low-pay and may be accompanied by undesirable working conditions.

Individuals who have spent long periods of time depending on welfare may also be particularly vulnerable to the stress associated with undesirable working conditions because they have not developed effective coping mechanisms.

Mental health and substance abuse issues are also another set of barriers faced by income assistance recipients and also likely to lead to slower transitions to work.

Lacking necessary skills such as literacy poses a fundamental barrier to labour market integration.

The need for affordable and accessible child care poses obvious complications for parents to join the labour market, especially lone parents.

Mason and Tereraho (2007) note that it is more expensive for clients with little or no job experience who have dependent children to move from training to work. They also indicate that training of economically disadvantaged people is a long-term plan and therefore outcomes need to be tracked over the longer run.

## 6.0 Improving the IA Program

Evaluators set out to identify what has worked in other jurisdictions and what conditions for success would be needed to implement active measure on-reserve. There has been much research conducted by INAC and First Nations that has informed the Department's desire to implement an employment and training support component on reserve. However, the evaluation research shows these steps alone may not be sufficient to assist income assistance recipients in becoming self-sufficient. Economic opportunities with access to jobs are important as are a range of supports required by a program clientele that is much younger and has a higher proportion of income assistance recipients with multiple barriers to employment than is found off reserve.

Key informants stated that INAC and First Nations recognize that comprehensive community planning is essential for local governments to adequately identify community needs and priorities and to promote better integration of resources and programs at the community level. Such planning could also be useful in coordinating programming to assist clients with multiple barriers to become job ready and to support them once they have employment so that they can get over the "welfare wall." Community planning could also help to reduce gaps in service and to maximize benefits for First Nations members.

Taking account of this, the following section outlines strategies for improving the IA Program. Active measures are an integral component in improving the Program. As noted in the literature review, the concept of active measures is broad including those that consist of the more "proactive" or "coercive" ones to those that offer assistance in the form of employment or pre-employment services and, finally, the more remedial-type of measures that essentially intend to address the financial disincentives to move into employment. Improving the IA Program requires a range of measures as well as support to low-income families that leave IA for work.

### 1. BUILD CAPACITY AND AWARENESS

It is important to build awareness of the benefits of moving from a passive to active measure programming approach. Through the Income Security Reform (ISR) demonstration projects, national and regional First Nations organizations affirmed their support for active measures programming. Evaluators also found examples, particularly in Western Canada, where Chiefs and councils also recognized the importance of helping people become employable as they too have employment opportunities and face difficulty finding community members to fill them. However, key informants in general believed that many First Nations leaders have communities with extremely high welfare dependency rates, attitudes of entitlement to welfare, and a lack of economic opportunities so that changing the status quo will require some time.

INAC regions need to work with community leaders, not simply IA service providers, to build awareness and support for active measures programming. During visits, provincial

representatives commented that they needed to do much work to explain a change in focus of their IA programs. One senior provincial official noted that in the 1990s doing a good job meant processing eligible recipients quickly and ensuring they received the appropriate benefits. Today income assistance staff needs to assess individual needs, help to develop a plan to address needs, and to refer clients to appropriate supports and services. IA service providers do a completely different job than in the past. Provinces did lots of work to facilitate the changes they adopted. Similarly, INAC will need to work with First Nations umbrella organizations where they exist and communities to communicate a change in the focus of IA programming.

INAC should develop a framework or plan for how to address capacity issues at the local level, to identify what supports IA service providers require, and to outline what role how provincial associations or other similar organizations might play to help develop professional and qualified IA service providers that are well equipped to implement active measures.

## **2. A HOLISTIC APPROACH TO ACTIVE MEASURES**

INAC should develop an active measure component to its IA Program. Active measures should incorporate the following:

- assessment of individual client needs;
- pre-employment, employment and training, and post-employment supports;
- access to a range of supports or to help IA recipients become job-ready, including referral to addiction services, counseling, etc.;
- educational upgrading;
- access to labour market programming provided by AHRDAs; and
- monitoring of caseloads and progress of IA recipients toward work.

A holistic approach takes advantage of all resource available and involves key players required to provide a range of active measures. Implementing this approach would require:

- development of the capacity of First Nations to deliver an active Measures system;
- improved linkages with provinces, federal and provincial labour market programs, social programs, education and vocational training, and economic development;
- adequate financial and staffing resources;
- training for staff and the tools necessary to provide support services; and
- a case management approach to client service and the systems that support this, allowing relevant information on clients to be entered and tracked over time.

It is also important that INAC better manage the basic needs component which is essential to support IA recipients as they transition to work. Based on the experiences of provinces over the past 10 years, there is a strong argument for program restrictions which gently incite individuals to take part in employment and training activities to help

increase transition to work. However, some of the literature does caution that restrictions to simply remove IA recipients from programs may cause more hardship and poverty.

Lastly, active measures work best when communities can adapt interventions to meet local needs. Therefore, active measures should allow for different models of delivery at local level. First Nations need to work with AHRDAs and, where there are no AHRDA services, IA service providers need to take on a larger role to identify and provide services that are available in the community.

### ***Client Assessment***

It is important to introduce a model which can properly assess individuals' need and respond with a tailored set of interventions. Action plans for IA recipients are important tools for identifying the needs of IA recipients and how to address them in the short and longer term.

For clients that are not employable, it is important to recognize that they may need long-term assistance and INAC and First Nations need to identify the actual size of that IA population and consider other strategies for this group as active measures may not be appropriate.

### ***Links with economic development***

Economic development is key to making active measures work, especially in remote areas. Most reserves are located near urban centre or in rural areas within 50 to 350Km to a major centre, and provinces, regions, and many First Nations communities recognize that these opportunities most often exist off reserve. The various parties, INAC, First Nations, AHRDAs, and provinces/territories need to create conditions to remove barriers to those opportunities, especially in western provinces that are booming and offer opportunities in resource sectors where Aboriginal people have been traditionally employed. It is also important to address issues related to access and gaps in economic opportunities in rural and remote communities.

However, effort is needed to overcome obstacles faced when First Nations employees move back and forth to work off reserve. These obstacles include loss of their house if they leave the reserve for too long, discrimination on job sites, access to transportation, and meeting employers' expectations. A few INAC regional representatives believed that the Aboriginal Work Force Participation Initiative (AWPI) has had some success working with public sector employers to increase cultural awareness regarding working with First Nations people and helping them to facilitate the hiring of Aboriginal persons. Some key informants believed AWPI could play a stronger role in working with the private sector in each region.

In areas where economic opportunities are lacking, coordination with INAC's Economic Development programs is required, as well as encouraging closer ties between social development and economic development workers at the regional and community level.

### ***Coordination with other INAC social programs***

Presently IA Program terms and conditions permit some active measures through existing programs such as the Work Opportunity Program (WOP), and the Training/Employment Support Initiative (TESI).<sup>29</sup> Other programs such as FNCFS offer services to families in crisis. Assisted Living provides various social supports for disabled IA recipients. There is a need to better communicate to INAC regions and First Nations communities these programs and to share best practices.

In addition, INAC also funds the National Child Benefit Reinvestment (NCBR) Initiative but is not responsible for the NCB supplement component. Provincial and territorial governments use the latter to provide earnings or work supplements and other financial benefits for low-income families and children, which the research indicates are important for helping families get over the welfare wall. A recent review by INAC examined costs to reimburse provinces that are interested in extending child benefits to families on-reserve. INAC should further explore with HRSDC and CRA the role of the NCBS and take up of income-tested benefits on-reserve.

A separate evaluation of the NCBR accompanies this report. The findings indicate that NCBR on reserve funds a range of projects, varying in size and the nature of activities. These projects often “top-up” existing programs so it is not possible to assess impacts. Many projects fund nutritional programs and supplement other basic needs (i.e., clothing, school books, etc) that help to reduce the negative impacts of poverty. While the NCBR data has limitations, it suggests that in recent years First Nations are putting more money toward assisting parents to transition to work. In these cases, NCBR funds active measures on its own or by supplementing INAC programs such as WOP or TESI) and/or AHRDA initiatives. Where possible, INAC should help to facilitate links between IA, NCBR, and other programs.

### ***Coordination with other federal and provincial active measures programming***

Human Resources and Social Development Canada (HRSDC) is the federal department responsible for active labour market programming on and off reserve. INAC conducted a review of complementarities between IA and other programs<sup>30</sup> which identified areas where INAC could work with AHRDAs. The paper notes that AHRDA holders focus on training and interventions geared to employment and do not have the resources to offer longer interventions required by clients with multiple barriers to employment. The paper also noted overlap in the areas of skills, literacy and life skills and proposed that the two departments work together to explore adjusting programs to be more complementary.

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<sup>29</sup> Training/Employment Support Initiative (TESI) allows communities to set up programs for members on social assistance to develop the skills necessary to enter vocational training, educational programs or employment.

<sup>30</sup> Program Elements for Enhancing HRDC and INAC Program Complementary for Social Assistance Recipients On-Reserve, Draft for Discussion (2003)

The paper also identified proposals to further coordinate programming. One proposal was to use IA funds for income support during employment support programming. The Aboriginal Social Assistance Recipient Employment Training (ASARET) agreement originally signed between the two departments in 1991 allows clients to continue to receive IA while participating in an employment intervention offered by HRSDC programming. The report notes that in British Columbia AHRDA holders service more IA clients because of the formal agreement. The paper also stated that single needs assessment and referral processes are possible. AHRDA holders and IA service providers could cooperate to provide access to a single-entry contact point for needs assessment.

INAC and HRSDC should pursue these and other options for coordinating AHRDA programs and activities at the regional and local levels. INAC should also develop closer links with HRSDC's Aboriginal Strategic Employment Partnerships (ASEP) initiative, which offers economic opportunities in various sectors and locations as well as employment and training.

### The Aboriginal Human Resources Development Strategy

By far, the greatest source of active measures funding available to First Nations communities is the Aboriginal Human Resource Development Agreement (AHRDA) funding delivered through the 80 AHRDAs which deliver services at over 400 locations across the country.

A formative evaluation of the AHRDAs has been completed but is not yet finalized. The Aboriginal Human Resources Development Strategy is up for renewal at the end of March 2009 and any subsequent changes will have implications for First Nations delivery of employment and training programs.

In April 1999, the Aboriginal Human Resources Development Strategy (AHRDS) was launched, in the context of *Gathering Strength*, as a five-year, \$1.6 billion commitment to improve Aboriginal peoples' access to employment and skills training. In November 2003, the AHRDS was renewed for an additional five-year period (2004-2009).

The AHRDS is primarily intended to meet the employment-related needs of Aboriginal people, including status and non-status First Nations people, Inuit and Métis residing both on and off-reserve and in urban centres. Specific programming elements target disabled Aboriginal people, Aboriginal youth, and Aboriginal parents to facilitate their participation in labour market programs and services under the program.

Under the terms of AHRDAs, Aboriginal groups design and deliver programs and services according to their priorities identified and developed in annual work plans. AHRDAs operate in a wide range of circumstances with significant variation in such characteristics as geographic area, size of client population, Aboriginal groups served, and the nature and extent of community economic development.

Programs and services are delivered at the community level in an integrated fashion. AHRDAs use a case management approach: each client is assessed on their individual needs and an individual client action plan is established. Based on their assessment, the client will be directed towards an appropriate program or intervention suited to his or her particular needs.

Most AHRDA programs and services are similar to Employment Benefits and Support Measures (EBSMs) delivered by Service Canada. The Employment Benefits and Support Measures (EBSMs) provided under the Employment Insurance Program are available to individuals who qualify under the reach back provisions of the Employment Insurance Act. Provinces typically refer individuals who meet these reach back provisions for these services. With First Nations this is more difficult for several reasons, including: decentralized delivery of the IA program; lack of awareness about EBSMs among First Nations IA service providers; and lack of case management processes and systems making it difficult to determine whether individuals qualify for EBSMs; and difficulties in accessing EBSMs due to the isolated locations of many First Nation communities.

Key informants noted two challenges to overcome for AHRDA programming to be better accessed by First Nations and other IA service providers that refer IA recipients on-reserve. First, while AHRDA holders often cover a broad geographic area, access to services in individual First Nations, especially in remote areas, is variable. Further, AHRDA's appear to be more effective for dealing with individuals who are job-ready than those who have multiple barriers to employment.

INAC and HRSDC need to continue to work together to better coordinate their programs and to keep abreast of changes to each other's programs. One benefit is that AHRDAs have program delivery tools such as client assessment and case management systems that IA workers in most communities do not possess. At the HQ level the two departments have started working together, the situation is similar in most regions; however, it is also important linkages occur at the local community level. Through community planning, First Nations could further explore local integration when they assess client needs and availability of services.

### Aboriginal Skills and Employment Partnership

The five-year, \$85M Aboriginal Skills and Employment Partnership (ASEP) program is targeted to Aboriginal skills development program designed to promote maximum employment for Aboriginal people on major economic developments through a collaborative partnership approach, leading to lasting benefits for Aboriginal individuals, communities and families. It is designed to address a broad spectrum of skills and learning needs and provide access to jobs. ASEP is a part of the Government of Canada's commitment in the 2002 Speech from the Throne to help Aboriginal people participate in economic development opportunities.

ASEP has funded nine diverse projects in resource-based sectors, including mining, forestry, oil and gas, hydro development, fishery, and construction. Each project is located in a different community or group of communities with varying project scopes.

Funding levels range from approximately \$3M to \$22M. The nine projects are located across the country in rural and urban areas, as well as northern and southern settings.

In the March 2007 budget, the Government of Canada announced that it will extend and expand ASEP program by providing an additional \$105M over the next five years, including \$35M in the first two years. This would double current program funding.

The HRSDC total contribution of \$75.9M is planned to leverage an additional \$90.5M from project partners such as industry, provincial governments, Aboriginal partners, and other federal departments or agencies.

A formative evaluation of ASEP is nearing completion and a summative evaluation of the program is now underway.

### *Coordination with other federal social programs*

The First Nations and Inuit Health Branch provide drug, dental and ancillary health services on-reserve. The Branch also provides special needs allowance for persons when recommended by a medical authority. IA recipients have access to these services. The evaluation did not explore to what extent disabled IA recipients access special needs.

Health Canada also provides a range of other social programs available to Aboriginal people on and off reserve, including supports and services for parents, life skills, and addictions counseling. These services should be part of a range of measures to assist IA recipients in preparing for employment situations. INAC should develop relationships with these program areas and ensure IA service providers on-reserve are aware of them and help to facilitate access at the regional level.

The Canada Mortgage and Housing Corporation (CMHC) funds a residential housing rehabilitation program and a non-profit housing program (Section 95). The evaluation did not identify any studies or information directly relevant to the IA Program. However, if INAC decides to evaluate the shelter allowance policy, it should obtain input from the CMHC.

### **3. DEVELOP STRATEGIES TO PREVENT WELFARE DEPENDENCY**

To prevent welfare dependency and reduce basic needs expenditures communities need access to jobs and economic opportunities where they are not abundant, as well as a strategy to curb youth from coming onto income assistance rolls and thereby preventing or reducing inter-generational welfare dependency.

Throughout the evaluation research a recurring theme arose regarding the pattern of youth in many First Nations communities moving into IA as a right of passage as they turn 18. This was seen as problematic by all key informants; many of whom believed that band leaders in many communities are opposed to this pattern but are powerless to act due to community beliefs regarding entitlement to this service. This suggests the need

for a clear plan for youth which positions IA as an absolute last resort and undesirable in comparison to pursuing education or working.

Hull (2005) states that given that the quality of education obtained by many Aboriginal students in inner city, northern or reserve schools has been questioned, secondary and post-secondary certification may take on added importance as a way of gaining access to employment.<sup>31</sup> Educational certification is crucial for employment and earnings success, and Hull identifies several key threshold levels of education at which the population achieves greater success in employment and higher levels of income. These thresholds are all related to the achievement of certification, which can be in the form of a secondary school certificate, a trade's certificate, a college certificate, or a university certificate or degree.

The literature review also found that basic literacy is key to keeping employment; typically this is developed through secondary school completion. It is important that education programming focus on reducing the drop-out rate and develop strategies to keep students in school until they graduate.

#### **4. IMPROVE PROGRAM DELIVERY**

Presently, INAC regions have authority to simply react to provincial/territorial changes or increases to basic rates and benefits, which strain their social development budgets that are largely fixed based on historical levels and the 2% growth rate to core services. Regions, as well as First Nations, cope by finding money from other program areas. Key informants noted that in some cases regions have decided not to fund some benefits or services offered by provinces/territories because they do not have the resources. Therefore, it is not certain that INAC captures the full gambit of services being provided by the provinces. At present, regions are moving toward risk-based audit and compliance reviews of recipients to help control expenditures but this will not help anticipate the impact of these changes, the effect on caseloads, and how to deal with these impacts.

Regions need to strengthen their relationships with provinces/territories to ensure they are consulted on program changes well ahead of time before implementation, and need to better plan for how to deal with the changes in the short-term and longer-term.

#### **5. MONITOR PERFORMANCE**

There is little information about the impacts or effectiveness of the IA Program, in particular information on what happens to IA recipients and therefore it is difficult to assess the needs of clients and progress they are making. INAC along with its partners should develop a comprehensive performance measurement strategy to assess outcomes of a renewed IA Program and review existing Program data to identify what other indicators are needed.

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<sup>31</sup> Post-Secondary Education and Labour Market Outcomes in Canada, 2001, Jeremy Hull, Prologica Research Inc., Winnipeg, Manitoba, June 15, 2005. p.xiv

Further clarity is needed regarding accountabilities among partners, provinces, First Nations, and regions. For the basic needs component, more complete data on dependency rates is required as well as additional profile information on IA recipients. In the future, if INAC moves further toward active measures programming, First Nations will need to provide information regarding outcomes for IA recipients, such as whether they are entering education opportunities, upgrading their skills and work experience, or finding work on route to self-sufficiency.

Provisions for monitoring, measuring and reporting require greater attention. INAC departmental reporting requirements set out in funding agreements focus on financial reporting and program performance data is not required. In addition, there is limited monitoring of CFNFA bands and as a consequence, the IA Program receives little information from these bands, which is required to obtain a complete picture of welfare dependency on-reserve and to assess progress in helping income assistance recipients transition to work situations.

Accountability to ensure eligibility requirements is important and regions should continue to work to find more effective ways to audit and ensure compliance.

Presently program terms and conditions do not include assisting clients to move toward work as an objective. INAC needs to define expected results and outcome indicators to take into account an active measures focus, particular emphasis on client assessment and active measures programming.

First Nations need timely information about income support services provided to their communities, whoever the service provider and INAC must be able to report to Canadians on program performance and outcomes.

## 7.0 Conclusions and Recommendations

This section summarizes conclusions and recommendations.

### 7.1 Conclusions

Conclusions are organized by themes typically addressed in a summative evaluation.

#### Relevance

The evaluation found that the IA Program design is not relevant to today's needs. INAC's original IA programming was designed in the late 1960s with a focus on meeting provincial rates and eligibility requirements while programming now also includes active measures. While in 2003 INAC obtained authority to implement active measures, without any resources for implementation, the IA Program has remained largely a passive program that simply awards benefits to those who meet income and family structure eligibility requirements. In this respect, the Program has fulfilled its primary objective to provide financial assistance to residents on-reserve to meet basic daily living requirements to alleviate hardship.

The Department's social programs are policy-based and follow the principle that there should be a reasonable level of comparability with provincial programs. Provincial and territorial income assistance programming has undergone reform in the past decade starting with stricter rates and eligibility requirements. Provincial/territorial programming is based on the principles that those who are able to work should do so and income assistance should be a last resort, and that governments should offer a range of measures to support the return to work by income assistance recipients. In recent years, provincial/territorial jurisdictions have had success in moving those that are job ready off to work situations and are now focusing their efforts on individuals that are harder to employ and face multiple barriers to employment. INAC's IA Program has not kept pace with modern income assistance programming and its program design is outdated. INAC's IA Program is not designed or set up to deliver active measures programming and changes in programming, capacity building, and linkages to services offered by other provincial and federal departments are required.

#### Success

The evaluation found that the IA Program has been effective in meeting basic needs and to some extent alleviating hardship as identified in the current terms and conditions of the Program. However, it is not effective for helping recipients make the transition to work.

On-reserve, there has been an increase in IA caseloads and basic needs expenditures. A large proportion of IA recipient caseloads on-reserve, much more so than elsewhere in Canada, are youth and people with multiple barriers.

Over the past decade the number of employable singles on-reserve, mainly youth, partly as a result of demographics, lack of employment and economic opportunities and deficits in education, has increased substantially. This is in contrast to the total number of people or beneficiaries receiving IA which has not changed substantially over the same period. As young people leave their families and collect welfare, this has increased demand on the Program and basic needs expenditures increased almost \$160M over the past decade, despite substantial cuts to basic welfare rates.

While provinces and territories decreased welfare caseloads as a result of economic prosperity and active measures to assist income assistance recipients, INAC has not implemented these changes and the IA Program has not shown similar results.

### **Alternatives**

The evaluation found that there are alternatives to improve the current program design that would improve its effectiveness and help the Program become aligned with the current policy focus of provincial/territorial IA programming to which it is linked.

The academic literature suggests that active measures, along with economic opportunities and jobs, have the positive effect of reducing welfare dependency rates, in particular for those that are job ready. The literature review found that active measures have had varied results on self-sufficiency in terms of increased employment earnings, full-time work, and poverty reduction. Also, for those that are harder to employ, more intensive and a broad range of supports are required to help them make the transition to work.

For the IA Program to keep pace with provincial/territorial changes and for INAC to ensure the Program is relevant to client needs, the Department should also move to an active measures approach. Several strategies are proposed to improve the program effectiveness and to ensure reasonably comparable services are provided to First Nations in provinces and territories where they reside. The following are alternatives to pursue:

- ***Build Capacity and Awareness*** – INAC needs to build awareness of the benefits of moving from passive to active measures. Activities to obtain leadership support, develop qualified IA service providers and to change attitudes toward welfare dependency are required to implement an active measures approach.
- ***Holistic Approach to Active Measures*** – Active measures are needed to provide supports to assist IA recipients to become employable, to take advantage of work experience or training opportunities, and move toward self-sufficiency. INAC should develop an active measures component to its IA Program which draws on resources from within and outside the Department to provide First Nations IA recipients with a broad range of services. Strong linkages with economic

development, labour market programming, education, social programs, and health and social services are needed. The goal is to reduce welfare dependency and improve outcomes for income assistance recipients, such as better employment situation, earnings, income, and future job prospects.

- ***Develop Strategies to Prevent Welfare Dependency*** – IA caseloads have increased as more young people on reserve receive income assistance. Preventative strategies to keep youth in school and alternative forms of education to develop employment skills are essential. Jobs for young people are essential for reducing intergenerational welfare dependency.
- ***Improve Program Delivery*** – INAC needs to strengthen delivery of the IA basic needs component and overall program management to better plan for benefit and rate changes and to achieve results.
- ***Monitor Performance*** – A performance measurement strategy is important to understanding expected results of active measures and for monitoring success.

## **7.2 Recommendations**

It is recommended that Indian and Northern Affairs Canada:

1. Refocus the IA Program to include support to assist individuals in need to make the transition to work, consistent with the approach of provinces and territories;
2. Develop an active measures approach to delivering income assistance programming on-reserve, including organizational changes required for successful implementation at the community level;
3. Strengthen capacity of First Nations income assistance service providers, with adequate training, access to individual assessment tools and systems;
4. Improve coordination of the IA Program at the national, regional and local levels with INAC's education, economic development and other social programs, and, work with federal and provincial/territorial labour market partners to enable income assistance recipients on-reserve to access a range of active measures;
5. Through its Income Assistance and/or other programs, in concert with other federal departments where appropriate, explore and implement preventive strategies to encourage young people to stay in school and graduate, avoid welfare dependency, and, implement transitional programs such as educational upgrading and skills training targeted to youth that access income assistance;

6. Improve program delivery and monitoring by addressing weaknesses in the basic needs component so INAC can more effectively plan for and manage changes introduced by provinces/territories, develop a sustainable coherent program, and to ensure services of a reasonably comparable nature; and
7. Define clear expected outcomes and performance measures for the Income Assistance Program and clarify accountabilities for monitoring, measuring and reporting on effectiveness and outcomes of the Program.

# ACTION PLAN

## Action Plan

**Project Title:** Evaluation of the Income Assistance Program  
**Project:** 07/06  
**Region or Sector:** Social Policy and Program Branch

| Recommendations   | Actions   | Responsible Manager (Title)  | Planned Implementation Date   |
|---|---|--|---|
| <p>1. Refocus the Income Assistance Program to include support to assist individuals in need to make the transition to work.</p>  | <ul style="list-style-type: none"> <li>- The Income Assistance Program is being refocused through the introduction of active measures starting in Ontario in 2008-09. The active measures approach is aimed at helping income assistance clients make the transition from welfare to work. To introduce active measures in Ontario we will coordinate with the Region and the Province to ensure implementation.</li> <li>- The Income Assistance Program will seek funding in order to implement active measures in other regions.</li> <li>- Revise Program terms and conditions to reflect implementation of active measures.</li> </ul> | <p>Director General,<br/>Social Policy and<br/>Programs Branch</p> | <ul style="list-style-type: none"> <li>-Policy approval, January 2008</li> <li>-Begin implementation in Ontario in 2008-09; other regions to follow in 2009-10 and beyond.</li> </ul> |
| <p>2. Develop an active measures approach to delivering income assistance programming on-reserve, including organizational changes required for successful implementation at the community level.</p> | <ul style="list-style-type: none"> <li>- In consultation with the Regions, Provinces and First Nations, INAC will develop a statement of goals and objectives for the implementation of active measures. The statement will be used to increase awareness among all stakeholders of changes that will be needed to shift from passive to active programming.</li> <li>- The Program will complete the implementation plan to introduce active measures in Ontario. Other Regions to</li> </ul>  | <p>Director General,<br/>Social Policy and<br/>Programs Branch</p> | <p>May 2008</p> <p>Start with Ontario in 2008.</p>  |

## Action Plan

**Project Title:** Evaluation of the Income Assistance Program

**Project:** 07/06

**Region or Sector:** Social Policy and Program Branch

Page 2 of 4

| Recommendations   | Actions   | Responsible Manager (Title)                         | Planned Implementation Date   |
|---|---|---|---|
|   | <p>follow. This plan includes:</p> <ul style="list-style-type: none"> <li>a) Regional frameworks with targets to reduce welfare dependency and improve outcomes for income assistance recipients</li> <li>b) Comprehensive First Nations community plans to meet regional targets</li> <li>c) Support for income assistance clients to improve their job readiness.</li> </ul>  |   | Other Regions to follow in 2009-10 and beyond                       |
| <p>3. Strengthen capacity of First Nations income assistance service providers with adequate training, access to individual assessment tools and systems.</p> | <ul style="list-style-type: none"> <li>- Begin by working with Ontario in April 2008 to build First Nations capacity to deliver active measures.</li> <li>- As other Regions become ready to implement active measures, the Social Policy and Programs Branch will encourage them to adopt a model used in British Columbia. The First Nations Social Development Society has been engaged by INAC to work with the Region, the Province and First Nations to provide information to First Nations income assistance service providers regarding provincial requirements and train them on how to implement active measures.</li> </ul> | Director General, Social Policy and Programs Branch | <p>2008-10</p> <p>Other Regions to follow in 2009-10 and beyond</p> |
| <p>4. Improve coordination of the Income Assistance Program at the national, regional, and local levels with INAC's education, economic development and</p>   | <ul style="list-style-type: none"> <li>- Social Policy and Program Branch will work with other INAC programs, in particular those focusing on education and</li> </ul>  | Director General, Social Policy and Programs Branch | December 2008   |

## Action Plan

**Project Title:** Evaluation of the Income Assistance Program

**Project:** 07/06

**Region or Sector:** Social Policy and Program Branch

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| Recommendations  | Actions  | Responsible Manager (Title)                         | Planned Implementation Date   |
|--|--|---|-------------------------------|
| other social programs. Work with federal and provincial labour market partners to enable income assistance clients on-reserve to access a range of active measures.  | <p>economic development, to develop a plan to identify how these programs can work together with the IAP to increase the employability of income assistance recipients, in particular youth.</p> <ul style="list-style-type: none"> <li>- Build on/strengthen existing partnerships and improved program coordination with Aboriginal Human Resource Development Agreements at the national, regional and local levels aimed at helping income assistance clients access employment assistance that will enable them to make the transition from welfare to employment.</li> </ul> |   | On-going                      |
| 5. Through its income assistance and other programs, in concert with other federal departments where appropriate, implement preventive strategies to ensure young people stay in school and graduate, and avoid welfare dependency. Explore transitional programs such as educational upgrading and skills training targeted to youth that access income assistance. | <ul style="list-style-type: none"> <li>- Support the efforts by INAC Education and First Nations leaders and parents to ensure young people stay in school and graduate, and work on joint initiatives.</li> <li>- Set up a committee, with INAC Education and Economic Development, and Aboriginal Human Resource Development Agreements, to identify innovative practices and develop educational upgrading and skill training program for First Nations youth.</li> </ul>   | Senior Assistant Deputy Minister, SEPRO             | On-going<br><br>December 2008 |
| 6. Improve program delivery and monitoring by addressing weaknesses in the basic needs component so INAC can more effectively plan for and manage changes introduced by  | <ul style="list-style-type: none"> <li>- Revise the methodology for allocating resources to ensure a better alignment between funding and income assistance needs to enable INAC to better forecast and</li> </ul>   | Director General, Social Policy and Programs Branch | March 2009                    |

