

Supports for  
Independence and  
the Cost of Living in  
Alberta:

Regional Differences

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## Executive Summary

*This research was commissioned by the Alberta Council of Women's Shelters who, for the past several years, have witnessed thousands of women and children receiving Supports for Independence (SFI) allowances from the Alberta Government who are unable to provide for their basic needs.*

*Data on food and housing costs in Alberta was collected from Federal and Provincial government sources. This information was then used to estimate the cost of living in all 18 Child and Family Services Regions in Alberta. We have defined "cost of living" according to Statistics Canada's information on family expenditures in Canada and have been careful to include in our estimates only those items that are legitimate needs.*

*In all regions of Alberta the cost of living is substantially higher than allowances received by SFI recipients. Single women on SFI receive as little as 26% of the cost of living and a maximum of 39% of the cost of living. Lone parent families receive SFI allowances between 43% and 58% of the cost of living, and two-parent families receive allowances between 44% and 56% of their actual living costs.*

*In many cases, the allowances provided by SFI are not enough to cover the costs of food and shelter alone. In addition, the variations in cost of living among regions means that SFI recipients living in several regions are considerably worse off than others.*

*This report, therefore, concludes that SFI allowances are inadequate to meet the basic needs of recipients in all regions of Alberta. Further, the program's failure to account for variations in the cost of living between regions results in an even lower standard of living for residents in several regions.*

*Based on the data in this report, we urge the Government of Alberta to:*

- 1. Increase standard allowances and shelter allowances under the Supports for Independence Program to a level equal with the cost of living for all recipients in Alberta;*
- 2. Take into account the differences in the cost of living between regions and provide higher SFI allowances in areas of the province with higher living costs.*

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## **Introduction**

*The past 10 years in Alberta have seen a critical increase in the lack of safe and affordable housing. Alberta has typically had a "boom and bust economy" and this has translated into both a shortage of housing and an increase in the cost of procuring housing throughout the province. In addition, with the "Welfare Reforms" of 1993, shelter allowances decreased during a time of rental increases. Shelter allowances within the Alberta government's Supports for Independence Program (SFI, also known as social assistance or welfare) are now so inadequate that they do not allow access to housing. This is a severe situation for all families who, at one time or another, must rely on SFI in order to survive.*

*In addition, the health and vibrancy of the economy in Alberta varies from region to region and from municipality to municipality. While the average poverty rate in the province is 18.4%, this rate ranges from a low of 13.5% in Grande Prairie to a high of 26.0% in Edmonton (Canadian Council on Social Development [CCSD], 1999). Employment rates, cost of living, and the availability of well-paying jobs also vary. Yet, there is no flexibility in SFI allowances to account for the differing cost of living among regions.*

*Alberta shelters served almost 13,000 women and children last year. Women are telling the Alberta Council of Women's Shelters that they are forced to return to abusive relationships because they cannot secure safe and affordable housing. Even though the province of Alberta currently has low unemployment rates, a healthy economy and huge surplus budgets, SFI allowances have not been increased. Consequently, for the past decade, many families on SFI have used the food portion of their allowances to subsidize rents to the point where nutritional levels for these families are severely below what is recommended in the Canada Food Guide.*

*This research was commissioned by the Alberta Council of Women's Shelters with the purpose of:*

- *determining the average cost of living in each of the seventeen geographic regions of Child and Family Services in the Province of Alberta;*
- *comparing these costs with the benefits received by SFI recipients; and*
- *making recommendations to the Provincial government regarding possible changes to the SFI program allowances to ensure that women and children have access to adequate food, shelter and other basic needs.*

## **Methodology**

For each of the 18 Child and Family Services regions of Alberta,<sup>1</sup> the average cost of living has been calculated for three different households:

- A single adult female living in a one bedroom apartment;
- A lone female parent with a three-year-old female child and a seven-year-old male child living in a two bedroom apartment;
- A male-female couple with a three-year-old female child and a seven-year-old male child living in a three bedroom apartment.

The income of each household, if they were receiving SFI benefits, has also been calculated. SFI rates vary depending on the employability status of the recipient. Also, SFI recipients who are capable of working are required to do so. For these reasons, we have assumed that our sample recipients are able to work and will participate in an employment-training program during the year. We have attempted to include transportation and child care expenses that would make it possible for one adult member of each family to be working or looking for work 5 days per week.

Based on Statistics Canada data on "Spending Patterns in Canada" (1997), cost of living is defined as the actual expenditures that a family would be required to make to provide the following basic necessities:

- Shelter
- Food
- Transportation
- Telephone
- Household operations, including child care, furniture and equipment
- Clothing
- Health and personal care
- Recreation & reading material
- Education
- Miscellaneous expenses

Data on the cost of shelter in Alberta cities, towns and villages is compiled by Canada Mortgage and Housing Corporation and by Alberta Municipal Affairs. In developing regional averages, we have used 1999 average rental rates for one, two and three bedroom units in 74 Alberta communities.

Data on the cost of food was compiled using Alberta Agriculture's "Nutritious Food Basket Price Reports" from 1996 to 1999. These reports are "one-day snapshots" that measure "the cost of healthy eating based on current nutrition recommendations" for males and females at various ages (Alberta Agriculture, 1999). Because the nutritious



food basket price information is collected on different days in different communities, comparisons between communities are difficult to make. However, we have adjusted the prices to constant 1999 dollars in an attempt to control for differences that result from the time the data was collected. This data was available for 55 communities in the province.

The SFI rates that each of our sample recipients would receive is then compared with the cost of living in each region. To put the data into context, we have also compared SFI rates and cost of living information with Statistics Canada's Low Income Cut-Offs.

A more detailed discussion of methodology and the mathematical process we used to estimate costs where actual amounts were not available is included in Appendix A.

### Defining Poverty

Measures of poverty in Canada vary and are often disputed. The most commonly accepted definition, however, is Statistics Canada's "low-income cut-offs" (LICOs), which are often referred to as Canada's "poverty lines" (CCSD, 1999). LICOs tend to fall approximately mid-way between the lowest, most conservative estimates of poverty and the highest estimates of poverty.<sup>2</sup> LICOs are calculated according to an individual's family size and the population of the community in which they live, as shown in Table 1 below.

**Table 1: Low Income Cut-Offs**

Family Size	1997 LICOs				
	Population of Community of Residence				
	500,000 +	100,000 – 499,999	30,000 - 99,999	Less than 30,000	Rural
<b>1 Person</b>	\$17,571	\$15,070	\$14,965	\$13,924	\$12,142
<b>2 People</b>	\$21,962	\$18,837	\$18,706	\$17,405	\$15,178
<b>3 People</b>	\$27,315	\$23,429	\$23,264	\$21,647	\$18,877
<b>4 People</b>	\$33,063	\$28,359	\$28,162	\$26,205	\$22,849
<b>5 People</b>	\$36,958	\$31,701	\$31,481	\$29,293	\$25,542
<b>6 People</b>	\$40,855	\$35,043	\$34,798	\$32,379	\$28,235
<b>7+ People</b>	\$44,751	\$38,385	\$38,117	\$35,467	\$30,928

Source: Canadian Council on Social Development, 1999. Prepared using Statistics Canada's Low Income Cut-Offs from Income Distribution by Size in Canada, 1997, Cat. No. 13207-XPB, April 1999.

The data that follows suggests that, while LICOs are close to the cost of living for most communities, they may fall short in northern, rural areas where transportation costs are high.