

New Brunswick's Household Income Policy under Review

By Benjamin Curties,
Law student at l'Université de Moncton

Despite the recession, the New Brunswick government's controversial *Household Income Policy* remains in effect ... for now.

However, Rachel Grant, a housing and income support consultant for New Brunswick Social Development, said the government was looking at possible changes to the policy, which can see social assistance recipients lose part or all of their monthly cheques if they live together or with other people.¹

Grant said much of the feedback garnered by the government during a recent poverty-reduction public consultation process centered on the *Household Income Policy*², and that the entire policy is under governmental review. Grant also recently joined a provincial Homelessness Framework Working Group with other entities such as the Greater Moncton Homelessness Steering Committee, homelessness committee representatives from Fredericton, Saint John and Bathurst, and the policy is one of the issues the group will examine.

In the meantime, Grant pointed out, a number of recently enacted exceptions to the policy have made it easier for some clients, such as single parents or those with physical disabilities, to live with other social assistance recipients without taking a hit to their cheques.

The policy dates back to 1995, when the Department of Human Resources Development (now Social Assistance New Brunswick) introduced the *Economic Unit Policy* (now the *Household Income Policy*) based on *Regulation 95-61*, which had just been added to the province's *Family Income Security Act*.³

The *Economic Unit Policy* expanded the idea of a household to include not only married or unmarried couples, but also any adults who happened to live together. For example, if two roommates both received social assistance, the government would deem them to be a "unit". It would further deem one of them the head of this unit, and would send that person a cheque for both roommates. This amount of this cheque would be significantly less than the combined amount the roommates would have made as individuals.⁴

This policy remains largely intact today. For example, an individual deemed by the government to be "high employable" or requiring interim support (while waiting for employment insurance, etc.) is eligible to receive \$294 per month. It would obviously be difficult to find sole accommodations for this much money in New Brunswick, even before taking into consideration food, clothing, heat or any other expenditure. However, if this individual becomes the roommate of another social assistance recipient, the two will be forced into a unit and will only be eligible for \$560 a month even

¹ Interview with author, May 21, 2009.

² See "Social Assistance Policy Manual: Household Income Policy", online: New Brunswick Social Development <<http://www.gnb.ca/0017/Policy%20Manual/POL-E/policy4.htm#household>> [*Policy*]; N.B. Reg. 95-61 (Family Income Security Act) [*Regulations*].

³ S.N.B. 1994, c. F. 2.01.

⁴ See "Services: Social Assistance", online: New Brunswick Social Development, online: <<http://app.infoaa.7700.gnb.ca/gnb/Pub/EServices/ListServiceDetails.asp?ServiceID1=10295&ReportType1=All>> [*Services*].

though their combined individual cheques would otherwise equal \$588. Add a third person and all three together get \$593 as opposed to \$882. Four people would get \$631 instead of \$1,176, and so on.⁵

For those deemed to require “transitional assistance” due to, say, “a chronic or temporary medical problem”, the numbers are similarly striking: \$827 for two adults who would otherwise get \$1,074, \$857 for three adults who otherwise get \$1,611, etc.⁶ Furthermore, if an individual who is receiving social assistance moves in with an individual who is not receiving social assistance, the income of the second individual counts against the first person’s social assistance. Unless one of the policy’s exemptions applies, this is true whether the two are spouses or merely roommates.

According to the government, the policy was put in place to avoid discriminating on the basis of “gender, marital status, or sexual orientation.” The government can also avoid having to determine the relationships between household members: who’s married, who’s common law, etc.⁷

“The policy looks at it from an economic perspective, meaning that people who live in the same household share in the costs of lodging, food and utilities,” Grant said.

However, the policy also seems intended to discourage the use of social assistance, or at least abuse of the system. The “services” section of the government’s website describes social assistance as “the payer of last resort.” “A person or household is simply assessed to find out whether or not they need help based on all income of all members living in the household,” it reads.⁸

Otherwise, Grant adds, “you may get multiple people living under one household with a great income.”⁹

However, even “multiple people” receiving social assistance do not necessarily receive “a great income.” Without the policy, three employable adult roommates on social assistance would receive less than \$900 a month. Even if they found a three-bedroom place to live for \$500 a month, that would leave them about \$125 each for food and everything else. With the policy in place, they would have \$30 a month each after rent.

So get a job, one might say. This might make sense in, say, pre-recession Alberta, which saw employers closing their doors for lack of workers. But in recession-era New Brunswick, anyone who doesn’t qualify for unemployment insurance and can’t get a job, perhaps due to a chronic or temporary medical problem, may find themselves in trouble. New Brunswick pays amongst the lowest amounts in Canada to welfare recipients¹⁰ and the current government can’t seem to decide whether it will increase them any time soon¹¹. It is not uncommon to find people in New Brunswick homeless shelters who want to work, some of them waiting until they find a job to move back in with girlfriends or spouses.

⁵ See “Social Assistance Rate Schedules”, online: New Brunswick Social Development <http://www.gnb.ca/0017/social_assistance/rates-e.asp>.

⁶ *Ibid.*

⁷ *Services*, *supra* note 4; also noted by Rachel Grant (*supra* note 1).

⁸ *Supra* note 4.

⁹ *Supra* note 1.

¹⁰ See Robert Jones, “N.B. Liberals abandoning promise to raise social assistance rates”, April 29, 2009, online: <http://www.cbc.ca/canada/new-brunswick/story/2009/04/29/nb-broke-promise-assistance-551.html>>.

¹¹ See *ibid.*; “Liberals will still hike welfare rates, Schryer insists, but premier not so sure”, April 30, 2009, online: <http://www.cbc.ca/canada/new-brunswick/story/2009/04/29/nb-schryer-social-assistance-400.html>>.

Such concerns, plus the additional problems faced by single mothers, disabled people, etc., have led to attacks on the policy from groups such as the Fredericton Anti-Poverty Organization¹², Fredericton Homeless Shelters Inc.¹³, the Community Action Group on Homelessness, the Common Front for Social Justice (CFSJ), the N. B. Advisory Council on the Status of Women and the *Comité des 12*.¹⁴

Over time, the government has recognized an increasing number of exceptions to the policy. The most recent came in 2005, the year after New Brunswick's legislature voted to add "social condition" to the list of bases named in the province's Human Rights Act on which the government was not allowed to discriminate (Grant said the exceptions and the Human Rights Act decision are not related, while the Fredericton Anti-Poverty Association claimed that the Act should apply to curtail the policy¹⁵). The 2005 exceptions exclude three groups from the policy:

1. Elderly parents 65 years of age and older, whose annual income does not exceed maximum Old Age Security pension and Guaranteed Income Supplement rates, and who live with their adult child (children) who are in receipt of social assistance benefits, in a residence occupied or owned by the adult children. However, a 25% "shelter component" deduction¹⁶ will be deducted from the assistance cheques of the adult children.¹⁷
2. All people who have been victims of abuse who are "in transition" (staying in a transition house, living with friends or in other safe accommodations). These individuals are eligible for a transitional assistance rate for nine months as part of any household, and the government can increase the number of months. These people also face a 25% shelter deduction.¹⁸
3. Single parent families who rent together, as long as each of the families have been getting cheques at the single parent rate for up to 12 months (this can be waived if one of the parents has been a victim of abuse), each parent has at least one child under 19 and one of the parents is following an "active case plan" leading to "client self-sufficiency" (i.e. trying to find work).¹⁹

Other exceptions include:

4. Social assistance recipients who have adult children returning to live with them or living with

¹² See "Exemptions to Economic Unit Policy Prove Widespread Discrimination Against the Poor", June 1, 2005, online: Mostly Water <<http://mostlywater.org/node/2890>>; "FAPO warns Government to keep its hands off Human Rights Act", press release, Dec. 13, 2004, online: Fredericton anti-Poverty Organisation <<http://www.antipoverty.com/documents/fapo-dec-13-04.pdf>>.

¹³ See Heather McLaughlin, "Advocates for poor say city can help," May 5, 2009, online: The Daily Gleaner <<http://dailygleaner.canadaeast.com/rss/article/656807>>.

¹⁴ See "Position of the Common Front for Social Justice on the Household Income Policy", Sept. 19, 2007, online: Common Front for Social Justice, <<http://www.frontnb.ca/Document/income-Sept-19-07.htm>>.

¹⁵ See FAPO warns Government to keep its hands off Human Rights Act", Dec. 13, 2004, press release, online: <<http://www.antipoverty.com/documents/fapo-dec-13-04.pdf>>.

¹⁶ A note about the shelter deduction: some other provinces separate their social assistance into shelter and other expenditures and then pay the recipient only what they actually need for rent. They may make less, therefore, if they pay less for rent because they live with other people. Their "other expenditures" amount remains untouched. New Brunswick's shelter component deduction offers a curious twist: the province offers a single lump sum for everything and then removes 25% per cent only if the eligible recipient lives with his or her parents or lives rent-free in a shelter that the parents own. If the recipient pays rent, the difference between 25% of the household's basic rate of assistance and the actual shelter cost is to be deducted from the basic rate. Adult recipients who allow their elderly parents to live with them face a deduction of 25% from their rates.

¹⁷ *Regulations*, *supra* note 2, s. 4.1(1); see also *Policy*, *supra* note 2.

¹⁸ *Regulations*, *ibid.*, s. 4(17.1).

¹⁹ *Regulations*, *ibid.*, s. 4(16); see also *Policy*, *supra* note 2.

them and starting to earn income. These children must be over 18 or must be 16-18 and finished high school. They must also earn less than \$20,000 and not be on social assistance themselves. If the children earn less than \$6,408 per year, none of their income is added to the parent's "case" (income looked at for social assistance). If the adult child's annual income is between \$6,408 and \$20,000, a partial amount (\$125) will be added to the parental case's monthly income. If the child makes more than \$20,000, none of their income will be exempted from their parents' case.²⁰

5. Sixteen-to-18-year-old single parents who live with parents who are not social assistance recipients if the gross household income does not exceed \$30,000 (however, a 25% "shelter component" is deducted from their "Basic Unit Rate"). If 16-to-18-year-old single parents live with parents who are social assistance recipients, they can be separate units from their parents (but face the 25% shelter deduction),²¹
6. Recipients who are certified blind, deaf or disabled or otherwise designated to have "long-term needs."²² The Social Development policy guide says this does not hold true if the recipient lives with their legal or common-law spouse or child²³ (unless the spouse or child is also certified blind, deaf or disabled).²⁴ If these recipients live with their parents, they face a sliding "shelter component" deduction of 5%-25% if their parents earn more than \$30,000²⁵;
7. Recipients who are grandfathered in under the Extended Benefits or Special Designation status²⁶;
8. Recipients living in what the government deems boarding or rooming house-type conditions (another unique New Brunswick law, which exempts roomers and boarders from the legal protections of the province's Residential Tenancies Act, has also come under fire by anti-poverty groups) or other very specific rental conditions. Under the policy, "rent" is "a situation where there is a self-contained apartment or house," which "would imply that there is a separate entrance, and separate utilities or a room could be rented in a genuine rooming house (i.e. an established business) where only the room itself is rented" – any other "sharing of rental accommodations" is considered a "household unit"²⁷ (according to the policy's regulations, anyone who "shares the responsibilities of the unit and who benefits economically from the sharing of food, shelter or facilities" can be considered a "spouse" of the unit head²⁸);
9. Recipients who have recently left a mental-health institution and are part of the province's Deinstitutionalized Project unless living with a spouse or in a conjugal relationship

²⁰ *Regulations, ibid.*, ss. 4(10),4(11); see also *policy, ibid.*.

²¹ See *policy, ibid.*; "Social Assistance Policy Manual: 16-18 Year Old In Parental Home", online: New Brunswick Social Development <<http://www.gnb.ca/0017/policy%20manual/pol-e/policy1.htm#youth-policy>> [*Youths in Parental Home*].

²² *Regulations, supra* note 2, ss. 2, 4(13), 4(15); see also *policy, ibid.*

²³ For spouse, see *Regulations, ibid.*, s. 4(18); the child rule as relates to disabled individuals includes adult children and does not seem to be directly supported by any legislation. See *policy, ibid.*

²⁴ *Regulations, ibid.*, s. 4(7); see also *policy, ibid.*

²⁵ *Regulations, ibid.*, ss. 4(6), 16(2)-16(5); see also *policy, ibid.*

²⁶ *Policy, ibid.*

²⁷ *Ibid.*

²⁸ *Regulations, supra* note 2, s. 2.

(presumably this is “spouse” in the more traditional sense).²⁹

10. Recipients who are designated Long-Term Needs clients due to mental or physical disabilities³⁰;
11. Certain recipients who are sharing rental accommodations in low-income housing through certain non-profit groups³¹;
12. Student roommates, unless they are eligible for student funding at a married rate³²;
13. Clients receiving the “transitional assistance rate” of welfare who are living in their parental home, even if the parents are clients as well (but with the “shelter component” deduction)³³;
14. Youths 16-18 who are living with someone 21 or older or single parent youths who are living with other youths (as long as the single parent is solely responsible for the child).³⁴ Other youths (16-20) living together are considered part of the same unit but are subject to a separate “youth policy.”³⁵

One could argue that these exceptions do not address some of the biggest problems with the policy, such as the fact that:

- People with no marital, conjugal or familial links can still be considered economically interdependent;
- It is difficult for family members to support each other without penalty (See appendix case study);
- People who do not receive enough in benefits to procure food, shelter and utilities are penalized if they attempt to stretch government dollars by pooling their resources;
- The number of abuses foiled by the policy is likely far lower than the number of good-faith clients harmed by it.

Also, while the exceptions are presented here in very simplified terms, navigating them in real life can be extremely complicated and subject to discretion. They become even more complicated when several conditions apply at the same time.

So how could the now-Liberal provincial government eliminate the policy while still avoiding discrimination or abuse of the system? They could simply give the same cheque to every recipient in a policy regardless of where they live, but some people may feel (erroneously or not) that this allows recipients to accumulate too much money by living together. Many provinces separate their social

²⁹ *Policy, supra* note 2.

³⁰ *Regulations, supra* note 2, s. 4(13); *policy, ibid.*

³¹ *Policy, ibid.*

³² *Ibid.*

³³ *Ibid.*

³⁴ “Social Assistance Policy Manual: 16-18 Year Old Outside Parental Home”, online: New Brunswick Social Development <<http://www.gnb.ca/0017/Policy%20Manual/POL-E/policy1.htm#16-18oph>> [*Youths outside Parental Home*].

³⁵ “Social Assistance Policy Manual: Youth Policy”, online: New Brunswick Social Development <http://www.gnb.ca/0017/Policy%20Manual/POL-E/policy1.htm#youth-policy>.

assistance cheques into a housing category and an “other” category, rather than into a lump sum³⁶ (New Brunswick gives a lump sum that is intended to cover food, clothing, household and personal items, fuel and utilities, routine transportation, and shelter). This resembles the “shelter cost” idea in the current system but keeps the two sums separate and is not pegged at an arbitrary 25 percent. If clients share accommodations, they only receive housing money for what they actually have to spend. This would apply whether they were sharing accommodations with spouses, family members, roommates or roomers. Meanwhile, the amount they receive for other expenditures, such as food and clothing, is not affected and they are able to remain independent in that respect. Any pooling of “other” amounts is chalked up to being resourceful enough to stretch government anti-poverty money and to actually survive on welfare rather than to being some sort of cheat. This system has the advantage of being at least somewhat tied to reality, and as long as the government can resist dividing recipients into spouse and non-spouse categories, they can even keep intact the principal of non-discrimination they ostensibly valued in the current system.

This two-category is not perfect: the distinction between housing expenditures and other expenditures can be largely semantic if recipients do not get enough money to cover either. As well, the old spectre of abuse of the system would continue to raise its ugly head. Some critics might also argue that any system that makes social assistance more attractive would increase welfare rolls and welfare dependency. However, the problems of welfare funding, abuse and dependency are all extremely complicated, systemic and intertwined and have not been completely solved by any jurisdiction to date.

What seems clear from the New Brunswick experience is that while the answer may or may not lie with the scalpel approach of careful policy tweaks and case management or the holistic approach of poverty reduction, it certainly doesn't lie with the sledgehammer approach of an arbitrary policy that treats roommates like spouses and treats desperate, cooperative recipients like cheats. A two-category system in New Brunswick (hopefully coupled with an increase in assistance rates) could be a compromise between giving the same amount regardless of living situation and keeping the much-maligned Household Income Policy.

³⁶ For example, Nova Scotia (see “Basic Assistance Rates”, online: Nova Scotia Community Services <http://www.gov.ns.ca/coms/employment/income_assistance/BasicAssistance.html>); Newfoundland and Labrador (see “Program Overview”, online: Newfoundland and Labrador Department of Human Resources, Labour and Employment <<http://www.hrle.gov.nl.ca/hrle/income-support/overview.html#monthlyrates>>); Ontario (see “Ontario Works Policy Directives 2008, Directive #6.1: Calculating Assistance”, online: Ontario Works <<http://www.mcsc.gov.on.ca/NR/rdonlyres/933E3A4F-4C7E-499A-944C-11CEE03780F3/4019/0601.pdf>>); Manitoba (see “EIA Administrative Manual”, online: Manitoba Employment and Income Assistance <<http://www.gov.mb.ca/fs/manuals/eia/toc/index.html#Section-18--B>>); Saskatchewan (see “SAP Policy Manual”, online: Saskatchewan Ministry of Social Services <<http://www.socialservices.gov.sk.ca/SAP-policy-manual.pdf>>); and Alberta (“Expected to Work/Not Expected to Work Policy and Procedures”, online: Alberta Employment and Immigration <http://employment.alberta.ca/hre/is/reg/Display.asp?EntityCode=HLEVEL_1&EntityKey=9000039>).

APPENDIX 1

A Household Income Policy Case Study

The Greater Moncton Homelessness Steering Committee raises the real-life example of two disabled single parents, an adult mother and an adult daughter, who want to live together but likely can't without a reduction in at least one of their cheques due to the Household Income Policy.

The mother receives a Canada Pension Plan disability cheque, which is more than she would receive in provincial social assistance. The daughter, a recovering drug addict who is too disabled to work but is not certified as disabled, receives social assistance at the transitional assistance rate (\$537 per month). For the daughter to be considered "disabled" in regards to the Household Income Policy, she would require a Medical Advisory Board designation, which is permanent. She has applied for this, and a decision is pending. If successful, her rate will be \$618 per month. However, she is in her 30s and will likely recover from her disability. The two currently live in the same apartment building.

How do the policy and the exceptions to the policy apply? It would seem that:

- a) The two are single parents, but neither of them is able to pursue a case plan, and neither of them have children under 19 living with them. The single parent exception would seem not to apply.
- b) They are both disabled, but not both certified disabled. The disability exception would thus seem not to apply unless/until the daughter is certified disabled.
- c) Due to her CPP pension, the mother is designated "long-term need" and is thus entitled to be a separate unit, but since she doesn't receive provincial social assistance at all, this may not matter. Regardless, the policy guide states "long-term need" designation does not apply to someone living with a child (this part of the policy, however, seems to be unsupported by the regulations, though the significance of that fact is uncertain).
- d) A recipient's adult child could be living with her, but the child is also a recipient. This probably doesn't matter, because the mother is making slightly more in federal disability pension than she would make from provincial social assistance, meaning she is likely ineligible for any provincial social assistance. If the mother were receiving provincial social assistance, however, her daughter's cheques would probably count as income against her.
- e) The mother is certified disabled, but she would be living with an adult child. Again, this would probably only matter if the mother was receiving provincial social assistance, in which case it would likely count against her.
- f) Finally, the daughter is receiving transition assistance and would be living in her parental home. She may thus get a partial exemption from the policy but face a 25% "shelter component" deduction.

While this may seem relatively straightforward, it is important to note that both the rules and the facts of this case thoroughly confused the mother, the daughter, a member of the Greater Moncton Homelessness Steering Committee and the law student who wrote this paper. The exceptions are difficult to find and to understand, both in their official regulatory form and in the New Brunswick Social Development policy guide. Only after considerable research and consultation with Social

Development was the law student able to set out the exceptions in somewhat plain English and apply them to the facts of the case. Other social assistance recipients who may not have the education, the time or the Internet and phone access to decipher all of these exceptions may be at the mercy of individual social assistance agents when determining their rights. And even if these particular women were able to get some help navigating the exceptions, one sad problem remains: in New Brunswick, a mother and daughter who gave the best years of their lives raising children alone, who are now beset by disability (one of them working hard to stay off of drugs), who only have each other to rely on, and who scrape by every month on extremely small amounts of money, likely cannot pool their resources without one of them getting her already meagre assistance reduced. If the mother was on provincial social assistance too, she would probably also face cuts.