

## The Economic Unit Definition Violates New Brunswickers' Values

New Brunswick Advisory Council on the Status of Women  
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New Brunswick's definition of economic unit, applied only to persons requiring social assistance, is a mean and counterproductive policy. It discourages New Brunswickers from helping their kin or friends in need and it violates our values of interdependence and personal dignity.

Simply sharing the same address is all that is needed for two adults to be considered an economic unit under the definition used by the Department of Family and Community Services for eligibility to social assistance.

A lone mother going through a bad patch cannot move in with her parents, an unemployed person cannot share expenses with a working roommate, or working adult children cannot take care of their elderly parent, or else, in each case, the person in need is cut off social assistance.

When the Department of Family and Community Services determines that an economic unit exists, it evaluates the unit's eligibility with all the members. Many needy New Brunswickers see their assistance refused, reduced or cancelled when they share accommodation with relatives, friends, or roommates. The provincial regulation states that an economic household is two or more persons who live together and share the responsibilities of the household, and benefit economically from the sharing of food, shelter and/or facilities.

Allowing clients to pool resources would alleviate their poverty and contribute to future self-sufficiency. The current policy is inventing relationships of financial interdependence and legal obligation where none exist. Scenarios of typical cases affected by the economic unit policy were provided to the Advisory Council on the Status of Women by community organizations that work with people on social assistance, such as the Urban Core Support Network, Support to Single Parents, Comité des 12, second stage housing and others.

**Joan**, a lone parent with one child, moved in with her own mother. Her two younger sisters were still dependants on her mother's income assistance cheque. Joan found a job that paid \$10 an hour (x 40 hrs/wk x 52 wks/yr = \$20,800). Adults earning a gross annual income of more than \$20,000 and living with parents who receive social assistance are expected to support their parents and their parents' dependants. Joan's mother is therefore cut off assistance. Living with her mother was a great support but Joan is forced to move out with her son. Before September 2005: Adult children could have a maximum gross annual income of \$15,000 before they would be expected to support a parent who is on social assistance.

**Jane** is employed, has one child and has been sharing an apartment with another lone mother. Jane lost her job and applied for social assistance. She is refused because her roommate, who is not on social assistance, has a job and is expected to support Jane and her child. Jane moves out, she therefore can no longer trade babysitting services nor pool her resources to improve her situation and she loses the support of her friend. Only if Jane and her lone parent roommate were both on social assistance and one of them was actively involved in an approved case plan would they be allowed to share accommodation and still qualify for social assistance. Before September 2005 : Two lone parents who were both on social assistance could share accommodation and still qualify for social assistance if they met the following conditions: one of them was actively involved in an approved case plan AND at least one of them had received assistance for a continuous period of at least 12 months.

Under other programs and laws, eligibility is determined based on our married or common-law relationship, when it is relevant. Common-law relationships are usually defined as couples having lived together for one to three years, depending on the program. For example, the provincial government's Seniors' Benefit defines common-law partners as those who have lived together for at least 12 months.

When we are married or in a common-law relationship, we gain obligations, such as financial support, but we also get benefits. For example, under the Income Tax Act, spouses are entitled to the married tax credit and one spouse can contribute to an RRSP on behalf of the other.

Private health insurance plans like Blue Cross allow plan members to include spouses and their children in their family plans.

Spouses qualify for spousal benefits under the Canada Pension Plan and most employer-sponsored retirement plans.

Those benefits that are given to married or common-law couples are not available to people in an “economic unit” as defined by the provincial policy.

**Edwin** has AIDS and like 20% of PLHIV/AIDS persons in New Brunswick, he is on social assistance. He did not qualify for assistance when he first applied because his roommate, a family member, was expected to support him. He has special medical expenses such as prescriptions and transportation that are not usually shared by roommates so he moved out. If he could be certified disabled by the Medical Advisory Board - which is not easily done – or if he could get the “long-term needs” designation, requiring recognition of major barriers to training and employment, he would be able to share accommodations.

**Alexa** is on social assistance needs a live-in companion for health reasons. If her adult child, Rita, moves in, Alexa would lose her social assistance, because Rita earns more than \$20,000 gross annual income. Before September 2005: An adult child could only earn up to \$15,000 per year and be exempted as an income source on the parent’s case.

The economic unit definition used by the Department of Family and Community Services is even broader in scope than the various definitions used in other provinces. New Brunswick’s policy started as the usual “spouse in the house” rule that ensured that a man who befriended a woman on social assistance was held responsible for her and her dependants’ support. That policy was rooted in the belief that a woman’s relationships imply economic dependence and that women are not entitled to receive an income in their own right.

The economic unit policy in New Brunswick was then developed “in order to ensure we do not discriminate against people on the basis of gender, marital status, or sexual orientation”, as the provincial policy states. The policy is written in gender-neutral language but affects women and lone mothers disproportionately. In any case, widening the application of a bad policy to even more of the population was worse than doing nothing.

The Department of Family and Community Services must protect against fraud but it must also respect New Brunswickers’ values. Mostly, it should not prevent their clients from helping themselves.

The provincial policy should allow welfare recipients to share accommodation with others. In the case of single persons who are not legally married nor in legally recognized common-law relationships, eligibility for social assistance should be determined on an individual basis, taking into account the income and needs of the applicant.

The provincial policy should ensure that the definition of the economic unit used to determine social assistance eligibility corresponds to the definition of financial support obligations of legally married or common-law couples as set out in other laws for other New Brunswickers.

**Rose** has a five-year-old daughter and an infant son. She left her husband because he was being physically and emotionally abusive. She had been financially dependent on him. She qualified for social assistance and wanted to go back to school, but needed help with education costs, flexible child care and transportation. Rose’s widowed mother could not help financially but she offered to live with Rose to share the cost of rent and food and to care for the children while Rose studied. As a victim of abuse in transition, Rose will be able to live with her mother (or in any household) and still receive the basic rate of social assistance, but only for a period of 9 months. After that time, Rose would lose her social assistance because her mother’s income would be counted as part of the economic unit and. *Before September 2005:* As a victim of abuse in transition, Rose could share, for a period of 3 months, accommodation with anyone and still receive the basic assistance rate.

**Nora** worked all her life for low wages in the service industry. She shared an apartment with a co-worker in order to cut expenses. At 42 she was diagnosed with a severe chronic illness and has been unable to work. After her employment insurance sick benefits ran out, she applied for social assistance. If Nora continued to share an apartment with her roommate, she would not have been eligible for benefits. Nora now lives in a room in someone’s basement. If her health deteriorates further and she is certified disabled by the Medical Advisory Board, which is not easily done, or if she could get the “long-term needs” designation, requiring recognition of major barriers to training and employment, she could be exempted from the economic unit policy.

The scenarios provided to the Advisory Council by community groups show that the policy prevents New Brunswickers on social assistance from calling on their support systems, unless those systems are able to fully

support them financially. They end up isolated, worse off and feeling controlled. We must do better for New Brunswickers in need.