

STATE DEPENDENCE IN SOCIAL ASSISTANCE RECEIPT IN CANADA

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ABSTRACT

This article analyzes transitions into and out of social assistance (SA) in Canada. We estimate dynamic probit models, controlling for endogenous initial conditions and unobserved heterogeneity, using longitudinal data extracted from the Survey of Labour and Income Dynamics (SLID) for the years 1993-2010. The data indicate that there are substantial provincial differences in SA participation with higher participation rates in the eastern part of the country. However, since the mid-1990s, participation rates have fallen substantially in all provinces with only a modest increase at the end of the observation period. Results from the probit models suggest that there is a significant time dependency in social assistance, even after controlling for endogenous initial conditions and unobserved heterogeneity. The extent of this state dependence varies across provinces.

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