



Social Deficits and Debt

Social deficits¹ are the gap between what people need in terms of services and what is available to them (these services may be offered publicly or by the community sector²). Like fiscal deficits, social deficits do not simply disappear at the start of a new year; they become debt with interest. The interest looks like problems becoming more entrenched and complex, both in individuals' lives and as public policy issues, the longer that adequate services are missing.

These deficits and debt are not publicly accounted for with the same attention that fiscal or infrastructure deficits are; they are not typically assessed rigorously and regularly by governments to have dollar values assigned or long-term costs projected clearly.³ Where fiscal and infrastructure deficits are concrete figures, social deficits are left vague—and are therefore easily minimized, overlooked, or ignored.⁴

When government does not account for social deficits and debt, it does not have the full picture of its fiscal reality as these deficits and debt have a financial cost that eventually comes due. As individuals go without the supports they need, they have fewer meaningful options in their lives and are more likely to end up subsisting in survival-mode. Their friends and family, as well as community organizations, will rally to attempt to cover the gap in services. As service shortfalls persist and challenges become more intractable, those trying to cover the gap will burnout from doing too much for too long with too little.⁵

This is where the cost lies: survival-mode and burnout mean reduced participation in the workforce, poor health outcomes, and increased use of crisis services. For government, this translates to lost tax revenue, increased stress on the health care system, and higher demand for crisis response, which is significantly more expensive than early-intervention.

¹ Imagine Canada (a charitable organization that provides programs, services, and accreditation to charities; advocates for the charitable sector federally; and promotes corporate giving) uses the term social deficit to describe “the gap between projected demand for the services of charities and nonprofits, and the financial resources available to them.”* In this submission, the Women's Council builds on this term by applying it to gaps between what is needed and what is available in terms of services provided by charities, nonprofits, as well as government.

* Emmett, Brian. (2019, May). What Does the Federal Budget Tell Us About Canada's Social Deficit? Retrieved from <https://www.imaginecanada.ca/en/360/what-does-federal-budget-tell-us-about-canadas-social-deficit>

² The Women's Council uses *community sector* to refer to community-based charities and non-profits and umbrella organizations that unite them, but not larger non-profit para-public institutions like universities, hospitals, or nursing homes.

³ The community sector holds significant data on the effect of social deficits and debt on individuals, families, and communities, as well as the financial cost of ignoring them. The sector, however, is underfunded and primarily operating on a project-basis, leaving little capacity for research or data collection for purposes other than funding requests. For a glimpse into the conditions this sector is operating under, visit the Women's Council's public engagement initiative, [Resonate](#).

⁴ While government does reference maintaining access to services when discussing its goals and vision, the emphasis is placed on health care and education. The Women's Council is therefore concerned that government views social services as wants, not needs.

⁵ In addition to burnout, they may face compassion fatigue, vicarious trauma, and post-traumatic stress disorder. Workers in the community sector are less likely than those in the for-profit or public sector to have health care benefits or employee assistance programs to support their recovery from these conditions.

Government's past approach to funding services to address homelessness is a clear example of social deficits and debt, as well as their financial cost. As winter 2018 approached, a lack of investment in affordable and supportive housing over time, combined with inadequate addiction and mental health services and a broader housing crunch, resulted in a rise in homelessness. Crisis services like homeless shelters were overwhelmed by demand. Government responded by establishing temporary emergency shelters and supporting community groups to acquire new space for permanent shelters. In December 2019, government shared that to offset the unexpected two-million dollar expense of these measures, 65-77 existing rent subsidies would not be renewed until the new fiscal year in April 2020. Front line workers in the community pointed out that government may be wrong in assuming that it can pick up where it left off in terms of landlord engagement in April.⁶ Low vacancy rates in the province mean that landlords (who receive the subsidies directly to house eligible renters) will have no incentive to offer subsidized units.

This is a textbook illustration of the kind of decisions that confound those outside the corridors of power: a lack of early intervention services leads to a crisis that government must respond to; government then covers the cost of their response by further reducing early intervention services, thereby exacerbating the conditions that caused the situation in the first place and guaranteeing future crises.

When this cycle is pointed out to government, its response is that the books must be balanced, so the cuts needed to happen even if they undeniably perpetuate the very issue government is trying to address. But what if the books were more

comprehensive and included social deficits and debt and foresight about the long-term cost of short-term cuts? Situations like the homelessness crisis would happen less frequently if that level of rigour was part of the decision-making process.

Reducing the frequency of these situations is not only the humane thing to do, but also aligns with government's commitment to value for money in the delivery of services. In Lean Six Sigma, the need for crisis responses to homelessness would be understood as failure demand: "the delivery or production of products and services downstream, as a result of defects in the system upstream."⁷ While the intervention is absolutely necessary, it offers poor value for money because it could have been avoided with lower-cost early interventions. The alternative would be approaching homelessness with a longer-term view and a commitment to addressing the problem upstream through housing supports. This would provide more stability to those who are precariously housed or experiencing homelessness as well as the organizations that serve them. It would also be cheaper: a 2007 report on addressing homelessness in Toronto from the Wellesley Institute found the cost of rent supplements and supportive housing to be \$701 and \$199.92 a month per person respectively compared to \$10 900 for a hospital bed, \$4 333 for provincial jail, or \$1 932 for a shelter bed. While the numbers are dated and based out-of-province (see footnote 3 on the limitations the community sector faces in producing up-to-date research) they provide an idea of the costs of crisis response compared to early intervention.⁸

⁶ Blanch, Vanessa. (2019, December). Cuts to Housing Subsidies Shortsighted, Advocate for Homeless Says. Retrieved from <https://www.cbc.ca/news/canada/new-brunswick/lisa-ryan-homelessness-rent-subsidies-dorothy-shephard-1.5392355>

⁷ Lean Consulting. Failure Demand. Retrieved from <https://leanconsulting.com/lean-resources/lean-six-sigma-white-papers/failure-demand/> on February 24, 2020

⁸ Shapcott, Michael. Wellesley Institute. (2006). Framework for the Blueprint to End Homelessness in Toronto. Retrieved from https://www.wellesleyinstitute.com/wp-content/uploads/2011/11/Blueprint_TheFrameworkfinal.pdf