



Report to:	Program Planning Committee
From:	Donna Stewart, Director of Integrated Social Services Renée Brunet, Ontario Works Program Supervisor
Date:	September 21, 2016
Re:	Basic Income Guarantee

Report

The purpose of this report is to provide the DSB Board with information on the Basic Guaranteed Income. The Basic Income Guaranteed, or guaranteed annual income, is a payment to eligible families or individuals that ensures a minimum level of income.

The Province is looking to design and implement a pilot program to test the growing view that a basic income could help deliver income support more efficiently, while improving health, employment and housing outcomes for Ontarians.

Information

The Canadian Welfare System is complex, intrusive and inefficient. Inadequate benefit levels trap people in poverty which is the number one social determinant of health. With a Basic Income Guarantee, it would top up the incomes of people living in poverty using direct, automatic payments via the existing tax system.

In June, a [news release](#) was issued indicating that the province appointed special advisor Hugh Segal to provide advice on the design and implementation of a Basic Income Pilot in Ontario, as announced in the 2016 Budget. As Special Advisor on Basic Income, Mr. Segal will draw on his expertise in Canadian and international models of basic income and consult with thought leaders to help Ontario design a pilot. Mr. Segal will deliver a discussion paper to the province by the fall to help inform the design and implementation of the pilot, on a pro bono basis. The discussion paper will include advice about potential criteria for selecting target populations and/or locations, delivery models and advice about how the province could evaluate the results of the Basic Income Pilot. The Province will undertake further engagement with experts, communities and other stakeholders as it moves towards design and implementation.

The Province indicates that supporting Ontarians through a Basic Income Pilot is part of the government's economic plan to build Ontario up and deliver on its number-one priority to grow the economy and create jobs. The four-part plan includes investing in talent and skills, including helping more people get and create the jobs of the future by expanding access to high-quality college and university education. The plan is making the largest investment in public infrastructure in Ontario's history and investing in a low-carbon economy driven by innovative, high-growth, export-oriented businesses. The plan is also helping working Ontarians achieve a more secure retirement.

A Basic Income Guarantee may provide a financial infrastructure to make adjustments to changes which are affecting the earning power of the population.

What are the benefits of Basic Income Guarantee?

- Elimination of poverty;
- Increased living standards for a third of the population;
- Decreased crime and violence;
- A healthier population;
- A more educated, economically active and productive population;
- A better and happier living partnership with Aboriginal peoples;
- A simplified and more efficient social program system with reduced administrative costs.
- Greater public trust in government;
- Elimination of the stigma of social assistance;
- Reduced inequality, and a happier and more socially adaptive population.

What are the disadvantages of Basic Income Guarantee?

- Negative Labour force participation, citizens may not feel the need to seek employment
- Can be costly and may not lead to government savings
- Difficult to delivery to some; such as the self-employed, farmers, those whom move frequently and households that have many family structure changes
- Canadians could see a tax increase
- Employers may see this as an opportunity to ignore their responsibilities to provide benefits, competitive wages and also a positive work environment

The current welfare system causes some barriers to individuals, these clients' must often liquidate all or most of their assets prior to qualifying for Social Assistance which in turns causes barriers when a client is making an effort to become financially independent. Client's must attend in person appointments to receive their monthly entitlements and also follow up with the administrator, often times clients are ashamed and would rather live in poverty than seek assistance due to the stigmas that are present. At times these appointments can be difficult to attend due to the lack of public transportation and also the cost associated with transportation.

This program appears to present positive outcomes, eliminating stigmas associated with seeking assistance during difficult and vulnerable times. Clients would have the ability to maintain their current assets to receive assistance from Basic Income Guarantee. Individuals will not have to attend appointments that can at times be difficult to attend, clients would simply have to complete their taxes on a yearly basis. This is also beneficial for the administrators; the administrators would be able to assist these individuals to achieve the goals they have set without having a main focus of completing the administrative tasks.

Client's wages would not be garnished as they currently are on Social Assistance. The individuals that are not able to work would have the ability to live a more gratifying life with the additional income from the Basic Income Guarantee. Client's currently receiving Social Assistance must often choose between paying for their shelter or eating. The monthly entitlement is not enough for both, in many cases families are utilizing other sources of income such as Canadian Child Tax benefits to supplement their income to afford shelter and nutrition. The Basic Income Guarantee program considers all aspects of daily living such as shelter, transportation, personal care and also other basic needs.

Incorporating the Basic Income Guarantee could minimize the crime rates which would reduce the judicial costs and also health costs that are associated with individuals currently living in poverty.

An overview of the advantages and disadvantages along with the delivery of Basic Income Guarantee has been incorporated into this report in Appendix "A".

Government Direction

It appears that the Government is seeking a pilot of the Basic Income Guarantee and is in favor of the program and the delivery method. The administration of Basic Income Guarantee would not require thousands of workers to deliver the program, the Basic Income Guarantee would be streamlined and all individuals would have a base salary that would meet the individual's needs.

Having the federal tax system providing income to those living in poverty could eliminate the Canadians that access public welfare leaving funds for chronic care, early childhood education, retraining and health focused programs. Individuals would be treated as citizens and not "welfare cases". The number of individuals accessing shelters would decrease, individuals would complete their taxes on a yearly basis to receive the benefit.

The current system makes it hard for individuals to overcome poverty, the Basic Income Guarantee appears to assist all individuals to live a better meaningful life with a steady income with no penalties or reduction in health benefits. Clients are currently trapped in a system where, if they want to return to school they must apply for loans and Social Assistance ceases along with dental and health benefits. With that in mind, client's must again choose between Social Assistance and benefits or attempting to return to school. The Basic Income Guarantee would give the opportunity to clients to achieve the goal they have set without taking away any benefits.

The government is currently seeking the benefits on the Basic Income Guarantee, to determine if the advantages of the program outweigh the disadvantages. Changes are needed to the current system, for the individuals that access the benefits and also from the government level. A streamlined process would minimize the gap between the rich and the poor which the government sees as a positive outcome.

Conclusion

The negative impacts of poverty are staggeringly high, including major health and social problems. It is increasingly evident that jobs do not provide livable incomes, and pursuing economic growth has a devastating cost to people. In contrast, a Basic Income Guarantee could create a peaceful, practical, effective way to address human needs for health, and the ability to provide care for Self, Family, Community and our natural Environment.



The Case for a Guaranteed Income

Lifting People from Poverty: Fairly, Efficiently, & Effectively

The Canadian Welfare System vs Guaranteed Livable Income (GLI)

Canada's current welfare system is complex, intrusive, and inefficient. And inadequate benefit levels trap people in poverty.

A Guaranteed Livable Income (also known as a basic income) would automatically top up the incomes of people living in poverty using direct, automatic payments via the existing tax system.

Mary's only option is to apply for welfare.



Mary is a single mother of a young boy. She lost her job last year, has been unable to find work, and has used up all of her Employment Insurance.

A GLI would provide her with a far better option than welfare.

Onerous Criteria vs Minimal Criteria



Before qualifying for welfare, Mary must be completely destitute. She has to liquidate most of her assets, including her vehicle and savings.

If Mary falls on hard times, a GLI would help her temporarily weather the storm with an automatic income top-up while keeping the productive assets needed to leave - and stay off - social assistance.



- assets a GLI recipient would be able to keep while still qualifying for assistance
- house
 - RRSPs & other savings
 - vehicle

Burdensome Administration vs Administered through Tax System



To keep her benefits, Mary has to report regularly in person to a caseworker. She's required to continuously justify her need for social assistance while proving she's looking for work.

Because a GLI would be administered through the tax system, there would be no need for the bureaucracy that oversees the current welfare system. No application, no ongoing monitoring: Mary simply has to fill out a tax return.