



Canadian Federation of University Women  
**ONTARIO COUNCIL**



**CFUW Ontario Council Submission**

**to the**

**Basic Income Pilot Consultations**

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## Basic Income Pilot Project Consultation Response

*Canadian Federation of University Women (CFUW) Ontario Council is composed of 54 clubs in urban and rural communities across Ontario. CFUW Ontario Council is part of the Canadian Federation of University Women and has links to Graduate Women International. Our non-profit organization is non-partisan, non-sectarian and totally member-funded. Our members are active in public affairs, advocating on public education, justice, health and environmental issues as well as the status of women and human rights.*

CFUW Ontario Council welcomes the provincial government's renewed commitment to poverty reduction with the announcement of a comprehensive pilot project to evaluate the impact of a Basic Income program. Ontario currently has a piecemeal approach to the problem of poverty among working age adults. This has produced a complex and uncoordinated set of programs and fiscal measures that have different and often contradictory purposes and eligibility criteria. Most poverty elimination advocates, ourselves included, believe that this system of income supports for Ontarians is both inefficient and ineffective, denying people of dignity and self-determination, stifling potential, and trapping people in a cycle of poverty.

In 2013 CFUW passed a national resolution calling on the Government of Canada to work with provincial and territorial governments to develop and implement a Basic Income program to ensure that all adult residents of Canada receive an income adequate for the necessities of life as a means of moving Canadians out of poverty. We congratulate the Ontario government for taking the bold move to research a different method of delivering income support by engaging in a Basic Income Pilot. A Basic Income benefit should allow recipients without other income to:

1. live a simple lifestyle with dignity;
2. be healthy and participate in their community while maintaining the motivation to work; and
3. achieve a higher standard of living.

Based on our study, and following attendance at several Basic Income conferences and community and Ministry led consultations, CFUW Ontario Council offers the following comments in response to the call for input into the proposed pilot.

## 1 Eligibility

Participation should be open to all working age adults whose income falls below a defined level. We agree with Hugh Segal's recommendation of one year residency in the pilot area to ensure that there is some community stability. Special consideration should be given to including the homeless and youth aged 16-18 who are living independently and would currently be eligible for social assistance.

The amount of the benefit should be determined by the total family income and composition, however the benefit should be paid only to those individuals whose income falls below the threshold. The amount each eligible individual receives should be proportionate to their income. This would ensure that each individual would have the financial independence for self-determination. This would be especially important in the case of family violence where one partner may need financial security in order to leave an abusive relationship.

## 2 Site Selection

The Ontario population is diverse. The selected sites should, as much as possible, reflect this diversity. The sites should be situated in communities that are willing partners and have the capacity to support the pilot. Communities could be invited to submit expressions of interest based on criteria established by the pilot's governance team.

Ideally both a randomized control trial and a saturation site would be tested. A randomized control trail may better reflect Ontario's diversity and allow researchers to best understand the impact of a Basic Income on individuals. However we believe that it is critically important to test the impact of a Basic Income with a saturation site study. Research has shown that a reduction of inequality benefits all individuals within that community (Wilkinson & Pickett, 2009). Through a saturation site, researchers could determine whether or not there is a multiplier effect resulting in a larger benefit than would be seen at the individual level. Use of a "benchmark" community as a control will allow for comparison of outcomes.

A phased approach would significantly lengthen the time between the trial and any policy implementation. Given the desperate state of the current income support system and the need for prompt action, we do not support a phased approach.

## 3 Design the Benefits

There is already considerable evidence of the inadequacy of the current social assistance rates and their negative consequences. Stories from those with lived experience of poverty are heart wrenching. They tell of the deprivation and stress of living a life without enough resources for a decent standard of living. The gap

between the level of social assistance and the poverty line has grown over time so that now people on assistance are in deeper poverty than they were a decade ago (Tiessen, 2016).

For this reason CFUW Ontario Council supports the call for an immediate increase in the Ontario Works (OW) and Ontario Disability Support Program (ODSP) rates.

In order to ensure that those unable to work or to find living wage employment are not penalized, the Basic Income benefit should be 100% of the Low-Income Measure (LIM). People with disabilities should receive an additional benefit amount to compensate for their additional needs. Different levels of tax-back rates (the rate at which benefits are reduced as the recipient gains income [Hudson, 2005] ) on earned income should be explored to determine the impact on work behaviour. Adjusting the level of benefit annually by the rate of inflation is necessary to maintain its efficacy.

A benefit set at 100% of the LIM would not only reduce poverty, but also its associated costs and impacts on both individuals and communities. A lesser benefit level would leave a significant number of people in need of additional supports and would divert their time and energy from efforts to lift themselves out of poverty and/or to contribute to society in other meaningful ways such as volunteering and unpaid caregiving.

To distinguish between the impact of a Basic Income as a program delivery system and the impact of the level of income support, at least one of the test groups should compare providing a Basic Income at the current level of OW and ODSP with an enhanced payout equal to 100% of the LIM.

CFUW Ontario Council strongly believes that access to drug, dental, vision, hearing and mental health services is essential to a healthy population. Therefore these services should be provided as part of our universal health care system. Enhanced health benefits combined with a universal child care program and a minimum wage set at the level of a living wage would reduce the Basic Income required to maintain an adequate standard of living. In addition, there continues to be a mismatch between available employment training and the needs of employers. Improved coordination in this area combined with an adequate Basic Income would go a long way to allowing individuals to be trained in areas of greatest need.

No participant should be worse off as a result of participating in the pilot. Therefore participants should retain all current benefits. Special consideration should be given to how to transition participants as the pilot ends. We agree with Hugh Segal's recommendation that a gradual reduction of support could be helpful.

When setting benefit levels, the government needs to recognize the difference in housing costs in different municipalities across the province. Some recipients may require a housing subsidy to ensure their shelter costs do not exceed an acceptable

percentage of their income under a Basic Income program. Alternately the government could base the benefit amount on the Low Income Cutoffs (LICO) which takes into account variations in the cost of living in differently sized communities. Revisions to the legislation may be necessary to protect Ontarians if the pilot shows that landlords are applying rent increases in excess of the rate of inflation.

## **4 Deliver the Basic Income Pilot project**

There are essentially two delivery models for a Basic Income: the negative income tax (NIT) and the universal demogrant. Each model has its strengths. The NIT model is generally seen as better at maintaining work incentive while the universal demogrant is seen as less stigmatizing and more effective for increasing social cohesion (Pasma & Mulvale, 2009).

For the purpose of the pilot, the delivery model should be based on a negative income tax. Canadians are already familiar with similar benefits delivered through the tax system such as the Child Benefit, and the Guaranteed Income Supplement for seniors. In the long term the government should consider a Basic Income delivered as a universal demogrant available to all. Not only does this require less frequent adjustment it also ensures that no one will fall through the cracks. The universal demogrant would require an overhaul to our current tax system which makes it impractical for a pilot project.

We do not agree with the recommendation in the Segal report that in a saturation site OW and ODSP caseworkers provide additional one-on-one support to clients receiving the Basic Income program. Adding new benefits and supports during the pilot will distort the results unless the government has plans to make these additional services permanent. Given the negative impression that many recipients and other citizens have of OW and ODSP, the Basic Income program should not be administered through the existing structure. One suggestion is to employ the displaced workers as part of the research team to help with data collection or as part of the administering agency (separate from OW and ODSP) to process adjustments and to support those needing help with applications and reporting requirements.

The program should be simple to administer and should result in administrative savings. Since payments would be based on reported income, it makes sense to use existing mechanisms such as the income tax system to deliver the program. Collaboration between Revenue Canada and Service Ontario should be considered in order to maximize existing infrastructure.

Recipients require a stable and predictable source of income to meet their basic needs. Therefore payments should be made at a minimum once per month, ideally bi-weekly (as is done with Employment Insurance). The system needs to be flexible enough to respond quickly to changes in circumstances (income, family

composition). Reporting requirements must be made as simple as possible and assistance provided for those with exceptional challenges that make it difficult for them to understand and navigate the system (homeless, illiterate, English as a Second Language[ESL] etc.).

## 5 Evaluate the Pilot's Outcomes

We agree with Hugh Segal that the core question to be answered is very simple: “Is there a more humane and efficient way to reduce poverty, a way that better respects the rights of those in poverty to make their own life choices, reduces stigma and growth in bureaucracy, yet produces improved outcomes in terms of work and life prospects?”

**When evaluating the success of the pilot the following outcome areas should be considered of high importance:**

- **Health and Well-Being:** in addition to the areas suggested in the Segal report (the number of primary care visits for psycho-social, mental and physical health, the number of acute care/emergency departments visits, prescription drug use), measures should include items from the Canadian Index of Well-Being such as sense of safety and social inclusion, reduced time pressures and reduced substance use.
- **Housing and food security** such as housing stability (number of unwanted moves) and choice (ability to move to more suitable accommodation) adequate food and accessibility of healthy food, having food choice, usage of food banks, percentage of income spent on housing and food.
- **Community Level Impacts** such as crime rates, employment, level of family violence, economic activity (new or increased business activity).
- **Life and career choices** made over the duration of the pilot by participants, such as savings, training, family formation, fertility decisions, living arrangements, time use such as participation in recreational, cultural, civic and volunteer activities.

Canada already has a highly educated population and a high percentage of women participating in the paid economy. The federal government report *Canada and the Changing Nature of Work* highlights how technological advances continue to disrupt the employment environment by replacing jobs including those of highly skilled workers (Government of Canada, 2016). Market forces alone are unable to solve the growing threat of inequality (Osberg, 2012). Having a good education and paid employment are no longer guarantees of living a life without poverty. An adequate Basic Income could change our definition of meaningful and valuable work; encouraging entrepreneurship and innovation, family caregiving and volunteer activities.

**Therefore of somewhat less importance are:**

- **Education outcomes** for participants and their children such as high school completion, continuing education and retraining for adults and level of student debt.
- **Work behaviour**, job search and employment status. Measurable outcomes should include: the number of hours of paid work, the number of jobs held, the use of vacation time, the income earned in the labour market, the intensity and length of job search activities, entrepreneurship and innovation, job satisfaction and time spent on unpaid work such as caregiving.

When looking at the costs of poverty, the economic costs are only one part of the equation. It is estimated that the social costs of poverty in Ontario (poor health, crime, lost productivity and opportunity) are between 10.4-13.1 billion per year (Laurie et al, 2008). If the government eventually rolls out a universal Basic Income program, it would then be important to examine the relationship between federal and provincial benefits.

**Therefore of least importance would be:**

- Direct administrative costs or savings of replacing, for pilot recipients, ODSP and OW with a Basic Income.
- Impact for Basic Income participants in terms of their relationship to Employment Insurance, provincial and federal child benefits, and other existing social programs.

Although the majority of Canadians are in favour of government action to reduce inequality there is no consensus on how to achieve this (Broadbent Institute, 2014). Therefore it would be important to share results with the public in a transparent and timely manner. Regular sharing of results could inform public opinion, stimulate debate, and ensure that data is not lost or delayed in the case of a change in government as happened in the 1970's Mincome experiment in Manitoba. We agree with the Segal report that preliminary results should be shared early in the pilot to identify any issues with program or research design.

## 6 Expected Outcomes

Based on the results of previous Basic Income Pilots, we might expect to see an improvement in personal health, both physical and mental. Participants might report increased time spent on caregiving and other family responsibilities. Participation in higher education and retraining would likely increase. Community benefits might include a reduction in crime and family violence and increased civic engagement in the form of participation in culture and recreation and volunteer activities. The impacts on work behaviour might vary. They could include more job stability, increased use of vacation time and reduced overtime. A Basic Income may allow

participants to choose jobs with better wages and working conditions or to engage in entrepreneurship and innovation.

All of the above could be considered signs of success as they would contribute to social cohesion as has been seen in the Nordic countries where income distribution is more equal (Wilkinson & Pickett, 2009).

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