



Official Submission: Basic Income Pilot Consultation

Guelph & Wellington Task Force for Poverty Elimination
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Introduction

The Guelph & Wellington Task Force for Poverty Elimination works collaboratively, informed by diverse voices of experience, to support local action and advocate for system and policy change that address the root causes of poverty. The Poverty Task Force (PTF) recognizes that income inequality is a critical priority and believes that everyone should have the income, resources and opportunities to fully participate in the community.¹

It is the position of the PTF that a Basic Income Guarantee (BIG) is required as part of a coherent strategy to effectively eliminate poverty.² While we are pleased by the Government of Ontario's commitment to explore a Basic Income, the PTF joins in the frustration of other anti-poverty organizations at yet another cycle of consultations on poverty reduction³. Honourable Hugh Segal's Discussion Paper, *Finding a Better Way: A Basic Income Pilot Project for Ontario*⁴, states, "it is hard to conclude that the income support that is now available for those living in poverty is adequate in any meaningful way."⁵ Thus, **the PTF supports calls for the Government of Ontario to immediately raise the Ontario Works rate for a single individual to \$1,320 per month and raise ODSP rates by at least \$500 per month, irrespective of the Basic Income Pilot.**⁶

¹ Guelph & Wellington Task Force for Poverty Elimination (2014). *Strategic Plan: 2014 – 2017*. Guelph & Wellington Task Force for Poverty Elimination. Available online: <http://www.gwpoverty.ca/wp-content/uploads/2014/01/2014-Strategic-Plan1.pdf>

² Guelph & Wellington Task Force for Poverty Elimination (April 2016). *Position Statement: Basic Income Guarantee*. Available online: <http://www.gwpoverty.ca/wp-content/uploads/2016/06/Position-Statement-Basic-Income-Guarantee.pdf>

³ Put Food in the Budget (2016). *Why Wait? Raise the Rates!* Available online: http://www.putfoodinthebudget.ca/why_wait_raise_the_rates

⁴ Segal, Hugh (August 2016). *Finding a Better Way: A Basic Income Pilot Project for Ontario*. Available online: https://files.ontario.ca/discussionpaper_nov3_english_final.pdf

⁵ Segal, Hugh (August 2016). *Finding a Better Way: A Basic Income Pilot Project for Ontario*. Available online: https://files.ontario.ca/discussionpaper_nov3_english_final.pdf

⁶ Put Food in the Budget (2016). *Why Wait? Raise the Rates!* Available online: http://www.putfoodinthebudget.ca/why_wait_raise_the_rates

Background

To help shape the Government of Ontario's Basic Income Pilot, the PTF engaged with local stakeholders to provide input on how the pilot is designed, tested and delivered. Local conversations generally followed the questions put forward in the province's Basic Income Consultation Guide,⁷ and reflected on the recommendations put forward by the Honourable Hugh Segal in his Discussion Paper.

Section 1: Eligibility

Segal's Discussion Paper recommends that eligibility to participate in the Basic Income Pilot be limited to age (18 – 65 years) and residency (individuals who have been residents of the Pilot sites for at least one year). In general, local stakeholders are supportive of the Pilot focusing on adults. However, it is suggested that the province give consideration to:

- Including 16 and 17 year olds who currently qualify for social assistance under special circumstances.
- Including those over 65 years in the event that the Basic Income exceeds the normal minimum income guarantee currently received by seniors.

Local stakeholders are generally supportive of the criteria related to residency. However, participants are concerned that verifying residency for one year could be problematic for those with no fixed address. It is suggested that the Government of Ontario rely on local service providers that work with this population to confirm residency in the pilot sites.

Segal also recommends that the amount of benefits received by participants be a function of both net family income and family composition. Basic income payments should be equally divided and paid to all adults in the family, so as to provide each adult with an independent source of income and financial autonomy. By and large, local stakeholders support this approach, with one further recommendation. It is suggested that while the amount of benefits received reflect net family income and family composition, that payments should be apportioned according to individual incomes (i.e. adults with lower incomes would receive more than an adult with higher income in the same family).

While asked to give consideration to other potential eligibility criteria, local stakeholders believe that, with proper consideration given to concerns stated above, the recommendations put forward by Segal are sufficient. Similarly, local stakeholders do not feel that it was important to focus the Pilot on a specific population, but rather that it is critical to ensure Pilot participants represent diverse

⁷ Government of Ontario (November 2016). *Consultation Guide for the Basic Income Pilot Project*. Available online: https://files.ontario.ca/bi_pilot_consultationguide_nov02.pdf

populations, including the most vulnerable members of our communities (e.g. those with no fixed address).

Section 2: Site Selection

Segal's Discussion Paper recommends two different test sites that could be used for the Pilot – Randomized Control Trail (RCT) studies and Saturation Sites. Overall, local stakeholders understand the benefits of both approaches, particularly in terms of evaluating and comparing impacts, but are concerned with the ethical implications associated with the control group in the RCT studies. For this reason, local stakeholders are more supportive of Saturation Sites, which would include the same benefit rate for all participants. Local stakeholders also support the Saturation Sites because they have the advantage of better demonstrating community-level impacts, compared to RCT studies.

In his Discussion Paper, Segal suggests a number of characteristics inform the site selections. For example, Segal recommends that urban neighbourhoods/communities be selected for RCT studies, that Saturation Sites consider communities in Southern Ontario without an institutional stabilizer, etc. Local stakeholders are generally supportive of the characteristics outlined by Segal. Additional factors are suggested, including:

- Housing indicators (e.g. vacancy rate, average rent)
- Higher rates of working poor
- Population size (important to include both rural and urban SS)
- Poverty rates close to provincial average
- Strong support services available for low-income population

In general, local stakeholders recommend that the process for selecting Pilot sites be transparent and evidence-based. There is support for the idea of having communities put their names forward through an application process, based on eligibility criteria demonstrated by the province.

Section 3: Design

Segal's Discussion Paper proposes using different benefit and tax back rates to RCT test groups, as well as for the Saturation Sites. Local stakeholders were provided a handout (Appendix 1) to further demonstrate the differences between income levels (75% of LIM vs. 100% of LIM) and tax back rates (low tax back rate = 20%, high tax back rate = 60%).

It is noted that a lower tax back rate ends up making the benefit more expensive and may provide benefits to higher earning people that are seen as not requiring assistance. Alternatively, higher tax

back rate of 50% is overly punitive on earnings and could significantly reduce work incentive. It is also suggested that using 100% of LIM might actually bring people out of poverty (i.e. what it costs to meet their needs and reasonably participate in the community). It was felt that 75% of LIM is not sufficient, and the province should consider only testing at the higher level. As a result, local stakeholders overwhelmingly recommend that the province select a lower tax back rate and the benefit rate be 100% of LIM.

In terms of design, Segal recommends that participants in the Pilot who were previously on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) continue to receive supplemental benefits (e.g. prescription drug coverage) and maintain eligibility for subsidized housing. By and large, local stakeholders support the concept of “no one being worse off” and thus, feel that current benefits to OW and ODSP recipients should be retained during the Pilot. In addition, it is recommended that these benefits should also be extended to other Pilot participants, regardless of whether or not they were social assistance recipients pre-Pilot. It is worth noting that this feedback is specific to the Pilot. Under a permanent Basic Income program, health-related benefits should be delivered outside of the income security system, eliminating the need to demonstrate eligibility and reducing overall program administration.

Finally, local stakeholders were asked to consider other services and supports that may need to accompany a Basic Income Pilot. It is recommended that the Pilot avoid making participants feel “case managed.” Instead, other services and systems should be bolstered to support individuals who are struggling in the absence of social assistance case management. These services and systems include (but are not limited to):

- Employment and training
- Education
- Mental health services
- Addiction services
- Financial literacy support
- Tax filing support
- Housing services (e.g. finding and maintaining housing)

In general, it is noted that community navigators may be required to support individuals make the transition from social assistance to the Basic Income Pilot.

Section 4: Delivery

Segal’s Discussion Paper recommends a Negative Income Tax model and delivering payment through the tax system. Payments would be issued monthly, and participants would be allowed to signal changes

to household composition so their Basic Income could be adjusted. Segal notes that strategies need to be developed to engage groups of people without bank accounts or fixed addresses, or those who don't file income tax returns.

Overall, local stakeholders support the recommendations from Segal related to delivery of the Pilot. Some recommend that the benefit be issued bi-weekly, similar to Employment Insurance benefits, to help recipients with budgeting. It is also recommended that mechanisms be put into place so that recipients could report changes to income that would impact their Basic Income payment in a timely manner.

In terms of existing agencies that could support the delivery of Basic Income, most local stakeholders agree that local social assistance offices could take this role on for the duration of the Pilot. However, under a permanent program, local stakeholders suggest that Service Ontario or Service Canada are best positioned to support delivery.

Section 5: Evaluation

Segal's Discussion Paper recommends measuring ten specific outcomes. Overall, local stakeholders agree with the outcomes put forward by Segal, and consistently identified "health," "housing stability," "food insecurity," and "work behaviour" as the most important. Local stakeholders also recommend additional outcomes be monitored, including: social inclusion, addictions, mental health, and overall individual and community wellbeing.

Segal's Discussion Paper provides a number of recommendations related to participate consent, including access to de-identified personal records, as well as privacy, and reporting. In general, local stakeholders are satisfied with how Segal has thought through evaluation efforts, but recognize the challenges that may lie ahead in ensuring Pilot participants provide informed consent. For some, this is related to the complexities involved with the evaluation and emphasize the need to ensure all participants properly understand the extent of their consent. For others, this is related to mistrust that vulnerable populations may have with the government. It is recommended that these concerns could be minimized if Pilot participants have the opportunity to inform and critique the program, rather than simply be test subjects.

Local stakeholders identified additional strategies to encourage participation. These suggestions include:

- Allowing OW and ODSP recipients to maintain current benefits
- Ensuring participation demands are not overly burdensome
- Having a strong communication effort that highlight benefits to participation and opportunity to make system better

Finally, local stakeholders were asked what changes in behaviour they expected to see with a Basic Income, including the kind of results that would indicate the Pilot is successful. There is general agreement from participants that success factors follow naturally from the outcome measures identified by Segal. Some additional thoughts include concepts such as enhanced stability (i.e. people moving less often), qualitative assessment of participants in terms of the impact on their wellbeing, personal empowerment, and how increased financial independence may translate into areas such as increased volunteering and entrepreneurship.

Additional Feedback: Pilot “Phase Out” Plan

While Segal’s Discussion Paper and the Province’s consultation guide did not reference a “phase-out” plan for the end of the Pilot, local stakeholders felt it was a critical component that needs significant consideration. There are concerns that the wellbeing of Pilot participants could be severely impacted if the program suddenly comes to an end. In the event that Pilot does not become a province-wide benefit, a plan needs to be developed for Pilot participants to help transition them back to previous benefits (e.g. OW, ODSP). This phase out process should take place over a number of years. Alternatively, if the program is successful, the Government of Ontario should start preparing for full implementation during the last year of the Pilot.

Conclusion & Acknowledgements

It is the position of the Poverty Task Force that poverty is an urgent human rights and social justice issue for local, provincial, and federal governments. A Basic Income is required as part of a coherent strategy to effectively eliminate poverty. The PTF is pleased to have the opportunity to inform the Government of Ontario’s Basic Income Pilot and look forward to be engaged throughout the design, delivery, and evaluation of the Pilot.

The PTF would like to acknowledge the local stakeholders that participated in our engagement session. We are appreciative of the knowledge and expertise that brought depth and unique insights to this submission.

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