

# Canadian Union of Public Employees

Submission on the Basic Income Pilot Consultation

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## **CANADIAN UNION OF PUBLIC EMPLOYEES ONTARIO**

The Canadian Union of Public Employees (CUPE) Ontario is the largest union in the province with more than 260,000 members in virtually every community and every riding in Ontario. CUPE members provide services that help make Ontario a great place to live. CUPE members are employed in five basic sectors of our economy to deliver public services: health care, including hospitals, long-term care and home care; municipalities; school boards in both the separate and public systems; social services; and post-secondary education. CUPE members are your neighbours. They provide care at your hospital and long-term care home. They deliver home care for your elderly parents. They collect your recyclables and garbage from the curb. They plough your streets and cut the grass in your parks and playgrounds. They produce and transmit your electricity, and when the storm hits in the middle of the night, they restore your power. CUPE members teach at your university and keep your neighbourhood schools safe and clean. They take care of your youngest children in the child care centre and make life better for developmentally challenged adults. They protect at-risk children as well as those struggling with emotional and mental health issues. Our members do this work every day, and as a collective experience it equips us to make a positive and informed contribution to the discussions around the Basic Income pilot.

### **INTRODUCTION**

In the 2016-17 budget, the government committed to launching a Basic Income (BI) pilot to “test whether a basic income would provide a more efficient way of delivering income support, strengthen the attachment to the labour force, and achieve savings in other areas, such as health care and housing supports.” Subsequently, the government enlisted the services of former Senator Hugh Segal to draft a discussion paper, and make recommendations on how to design and implement a pilot project.

Segal’s discussion paper was released in the Fall of 2016, and recommends a three-year pilot that includes 3 saturation sites as well as one Randomized Control Trial in a large urban centre. The pilot project would begin after a period of public consultation and a preparatory phase. Essentially this means that a fraction of social assistance recipients will receive higher incomes during the pilot, but all others will wait for up to four years before they see any significant change in social assistance. In this way, the pilot project delays any substantive advancement of an anti-poverty strategy. In effect it would further entrench the stereotype of the deserving and the undeserving poor through the creation of a four-tier social assistance system with the:

1. current deep poverty level Ontario Works (OW) rate,
2. new basic income guarantee OW rate,
3. current Ontario Disability Support Program (ODSP) poverty rate, and
4. new basic income guarantee ODSP rate.

The majority of social assistance recipients will continue to receive incomes that are far below the poverty line for an extended period of time. This would create a moral dilemma for a provincial government that has stated its commitment to breaking the cycle of poverty. Furthermore, the pilot will delay the extension of social assistance (or Basic Income) coverage to those who do not currently qualify for OW or ODSP, namely the working poor.

### **THE STATE OF POVERTY IN ONTARIO**

There is much to do to eliminate poverty in Ontario; current OW and ODSP rates leave Ontarians significantly below the poverty line.<sup>i</sup> A 21.6% cut to social assistance rates by former Premier Mike Harris greatly increased the depth of poverty in Ontario. Subsequent changes have failed to redress this situation leaving Ontarians receiving social assistance below the poverty line.

The poverty gap—the distance between benefit income and the poverty line—for single people on social assistance was 59% in 2014. The poverty gap exists for all other family types as well:

- 35% for single parents on OW
- 38% for a couple with two children on OW
- 33% for single adults on ODSP
- 11% for a single parent with one child on ODSP<sup>ii</sup>

For most family types, recent rate increases to social assistance have not even kept pace with the rising cost of living. In fact, maximum social assistance for single individuals reached \$8,839 in 2015, still lower than the 1986 rate of \$9,899.<sup>iii</sup> Social assistance rates fell to just 36% of full-time minimum wage earnings in 2010. The province does not need to engage in a multi-year pilot project to recognize that current OW and ODSP rates leave nearly 895,000 Ontarians in deep poverty. There is a simple way to address this problem: raise the rates to levels above the poverty line.

## **BASIC INCOME GUARANTEE**

There are those who argue that Basic Income is an ideal policy tool because it is a program that can appeal to people on the left and the right of the political spectrum. Such a superficial analysis misses the point that Basic Income is a generic term that can be implemented in a variety of ways. It is possible to conceive of Basic Income models that are progressive, based on unconditional universal access, with incomes above the poverty line, and accompanied by a robust system of public services to meet people's needs. The most progressive models are based primarily on provision of high quality public services, with a generous cash transfer that would adequately cover the costs of goods that would not be provided by public services (food and clothing, for example).

At the other end of the spectrum are libertarian models that are premised on austerity and reducing the scope of government activity. Under these models, cash transfers to individuals might be increased in order to justify cutting spending on public services. The expectation in this kind of model is that people will purchase everything they need on the market. Under this model there is still no guarantee that people will be able to afford to purchase quality housing, food, education and training, transportation, dental care, pharmaceutical needs, and other necessities. The market would still price many of these needs out of reach for many.

There is a distinct difference between a goal of eradicating poverty, and the stated goal of delivering income support more efficiently and achieving savings in other program areas. The former is focused on making people's lives better, giving them access to the resources and services they need to not only subsist, but fully participate in society. The latter is intended to cut public expenditures and force people to purchase all that they need on the market. The framework for Basic Income in Ontario has been predetermined to be the regressive model of austerity.

## **ERADICATING POVERTY**

CUPE has long supported the goal of eradicating poverty, which has included the call for reforms to the social assistance system. Such reforms would include raising the rates to lift people out of poverty, increasing services to social assistance recipients, easing access to benefits, and reducing

the claw back rate on income earned through paid employment. At the same time, addressing poverty will require a multi-pronged approach with a wide range of policies and public programs that support Ontarians.

It is clear that increasing people's incomes will improve their purchasing power. In the absence of a broad array of public services, however, increasing monetary transfers alone will not raise people out of poverty. Investments will also need to be made in an array of other public services, including affordable housing, child care, education and training (including PSE and vocational training), public transit, health care (including access to pharmaceuticals and dental care), and others. Providing programs as public services is the only way to ensure that people who need them can access them. Leaving socially necessary services up to the market cannot guarantee that people can afford them, even with an increase in social assistance rates (or a Basic Income). Cash transfers to individuals do not build affordable housing, or high quality public transit systems. They do not make child care accessible. In the absence of public provision of these kinds of services there is no guarantee that the poor will have access to them.

Implementing a Basic Income program in Ontario is simply not sufficient to meet the needs of people living in poverty. It will not guarantee access to services and housing that people need. It will not guarantee that people who participate in the labour market have good jobs, and it will not ensure that there are enough jobs for everyone. Without addressing the problems of poverty in their totality, the Basic Income pilot cannot possibly serve the needs of people who access it.

## **IMMEDIATE CHANGES TO LIFT ONTARIANS OUT OF POVERTY**

In lieu of introducing a time-consuming and unnecessary pilot project, CUPE Ontario encourages the government to implement immediate changes that would lift Ontarians out of poverty and reduce stigmatization of social assistance clients. The top priority is to immediately raise social assistance rates to a level at which clients can meet their basic needs.

The government should also introduce changes to make the program more accessible and less stigmatizing with one-on-one supports available through Ontario Works (OW), increases to asset limits and increased earnings exemptions. These changes, a number of which have been recommended in previous social assistance reviews would address many of the inadequacies of the current program.

Fundamentally, we believe all Ontarians have a fundamental right to an income sufficient to meet their basic needs. We also believe that one-on-one employment and counselling supports and services provided through Ontario Works caseworkers are fundamental to supporting individuals receiving social assistance. Unfortunately, both the income support and the caseworker supports have deteriorated over the years with a serious impact on the most marginalized Ontarians.

### **Adequacy**

Income adequacy should be a core component of our income support systems. Social Assistance Review Commissioners Frances Lankin and Munir A. Sheikh acknowledged in their 2012 report that social assistance rates relegate people to poverty.<sup>iv</sup> Little has changed since that time.

In order to restore dignity to the system and allow individuals to avoid poverty there must be an immediate fifty-five per cent (55%) base funding increase to the food and shelter allowances. Such an increase would restore social assistance benefits to pre-Harris levels. In addition, funding for discretionary benefits must also be increased as a separate component from any base funding increases for food and shelter. Increases should also be indexed to inflation.

The provincial government should also reintroduce the Community Start Up and Maintenance Benefit, which provided housing support to people on OW and ODSP to find a new place to live, prevent eviction, prevent having utilities shut off, flee abusive relationships, and re-establish recipients in the community after incarceration or release from hospitalization.

These changes would do much to reduce poverty in Ontario and foster dignity in the social assistance system.

### **Caseworker support**

Central to successful social assistance programs are well-resourced and trained case workers who can provide one-on-one support and services to Ontarians. This individualized support ensures that clients receive the financial and employment services they need to support their well-being and re-entry into the workforce.

Workers need to have the necessary time to ensure clients receive quality service including time for counselling and help with training and job readiness programs. This necessitates adequate funding and other resources to address the problem of high worker caseloads. As OMSSA states, “an overburdened caseworker is an ineffective caseworker”, which results in clients receiving poorer quality service.<sup>v</sup> Ratios of caseworkers to clients vary throughout the province and are often affected by budgetary pressure. For example, a Simcoe County report speaks of an ideal ratio of 110 cases to one caseworker yet an existing ratio of 128 cases to 1 worker.<sup>vi</sup> There is no doubt that services to social assistance clients deteriorate when workload increases.

This time has become even more restricted with the introduction of severely problem-riddled software, the Social Assistance Management System (SAMs) in 2014. Caseworkers reported that SAMs was not easy to use and was not designed with the end-user in mind.<sup>vii</sup> Despite being intended to relieve caseworkers of administrative tasks, this new technology has in fact reduced the amount of time caseworkers have to spend with clients in an already high workload, overstretched environment.<sup>viii</sup>

Some mandated core activities were actually suspended after SAMs was implemented including updating clients’ employment activity agreements and outcome plans.<sup>ix</sup> CUPE urges the government to provide additional resources to municipalities to ensure caseworkers can effectively support clients and to support long-term staffing levels that enable one-on-case case worker support.

The new software has even affected our ability to evaluate and compare municipal social assistance delivery throughout the province. The municipal benchmarking initiative has indicated that operational reports are not currently available because SDMT and SAMs store data differently.<sup>x</sup>

The government needs to invest in having high quality services that support Ontarians on social assistance. Increased one-on-one case planning time with social assistance recipients is key to supporting individuals. We also urge the government to dedicate additional resources to vital OW employment services so that unemployed Ontarians have access to quality, accessible and targeted services that support their re-entry into the workforce.

### **Asset limits and earnings exemptions**

Asset limits and clawbacks serve to keep poor people poor and perpetuate the cycle of poverty in families. Asset limits guarantee more hardship for social assistance recipients and can create long-term barriers to income security. There are several changes that can be made immediately to reduce stigmatization of Ontarians on social assistance and support their well-being.

Currently, to become eligible for social assistance in Ontario one has to drain savings and RRSPs. The allowable level of liquid assets is \$2,500 for single people receiving OW and \$5,000 for those on

ODSP. The government should immediately harmonize and increase asset levels for OW and ODSP and raise asset limits for a single OW and ODSP recipient to \$10,000 and \$500 for each additional member of the benefit unit. This asset limit should be tied to inflation to reflect the changing value of savings. The government should exempt a further \$5,000 per adult in Tax-Free Savings Accounts and RRSPs as Alberta has done. Furthermore, the government should delay all asset tests for the first six months of social assistance. These changes would help protect the economic stability and security of individuals on social assistance. It would make it easier for Ontarians to recover from brief periods of unemployment without a long-term impact on their financial well-being.

In terms of earning exemptions, CUPE supported the increased exemption of \$200 per month without an income support reduction with a 50% clawback on additional earned income, which was introduced in 2013. At the same time, we believe the exemption should be increased to \$500 per earner before the 50% clawback kicks in. This will facilitate the re-entry of individuals on social assistance into the paid labour force.

## **BROADER ANTI-POVERTY MEASURES**

In addition to public service improvements, Ontario's anti-poverty strategy requires immediate action to improve incomes and working conditions for low wage and precariously employed workers, along the lines of CUPE's submissions on the Changing Workplaces Review interim report. If a goal of Basic Income is to "strengthen attachment to the labour market", then people will need to have access to good jobs, that provide enough income to lift them out of poverty. By extension people will need enough hours of work at a high enough rate of pay, with job security and good terms and conditions of employment, for attachment to the labour market to support an anti-poverty strategy.

Moreover, the government will need to engage in an active full-employment strategy in order to create opportunities for social assistance recipients, the unemployed, and under-employed, to have access to jobs. Although Ontario's official unemployment rate is lower than the national average, at approximately 6.5% it is still an indication of insufficient employment opportunities. Increasing the supply of active labour market participants without increasing the demand for employees will have a wage depressing effect, dragging down workers' incomes. This is especially true in the absence of a minimum wage sufficient to meet basic needs (at least \$15/hour) and other reforms to labour and employment law that improve job security and terms and conditions of employment.

## **CONCLUSION**

We would like to reiterate our concern that the Basic Income being piloted in this case will do little to address the spectrum of issues that contribute to poverty. Furthermore, it would keep current social assistance recipients living in poverty when urgent action is required. Social assistance could be made more accessible, less stigmatizing and actually serve to lift Ontarians out of poverty at any time. The series of immediate changes to social assistance including increasing the benefit amount, greater funding for front-line caseworkers, increasing asset limits and increasing the earnings exemption to \$500 would all serve to address many of the inadequacies in the current system.

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<sup>i</sup> The poverty line measured using the Low Income Measure.

<sup>ii</sup> Tiessen, Kaylie, Ontario's Social Assistance Poverty Gap, Canadian Centre for Policy Alternatives, May 2016.

<sup>iii</sup> Tweddle, Anne, Battle, Ken & Torjman, Sherri, Canada Social Report: Welfare in Canada, 2015, November 2016

<sup>iv</sup> Sheikh, Munir .A., Larkin, Frances, Brighter prospects: Transforming social assistance in Ontario, 2012

<sup>v</sup> Ontario Municipal Social Services Association (OMSSA) (June 30, 2009). Ontario Works Cost-of-Admin Working Group, Briefing Note.

<sup>vi</sup> County of Simcoe, Report to Committee of the Whole, Ontario Works Caseload Report, April 26, 2016.

<sup>vii</sup> Auditor General of Ontario, SAMS—Social Assistance Management System, 2015 Auditor General's Report

<sup>viii</sup> See recommendation 4.1.3 in SAMS—Social Assistance Management System chapter of the 2015 Auditor General's Report

<sup>ix</sup> Auditor General of Ontario, SAMS—Social Assistance Management System, 2015 Auditor General's Report

<sup>x</sup> Municipal benchmarking, social assistance, 2015, [http://mbncanada.ca/app/uploads/2016/11/social\\_assistance\\_2015.pdf](http://mbncanada.ca/app/uploads/2016/11/social_assistance_2015.pdf)