



**DATE:** January 11, 2017 **REPORT NO.** PHSS2017-08

**TO:** Chair and Members  
Social Services Committee

**FROM:** Jo Cupoli-Atanas, General Manager  
Public Health, Safety & Social Services

**PREPARED BY:** Anthony Labatt, Manager  
Social Assistance Services

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**1.0 TYPE OF REPORT** **CONSENT ITEM** [ x ]  
**ITEM FOR CONSIDERATION** [ ]

**2.0 TOPIC**

Emerging Social Policy Initiatives; Income Security Reform and Basic Income  
[Financial impact – none] (PHSS2017-08).

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**3.0 RECOMMENDATION**

THAT Report PHSS2017-08 regarding emerging social policy initiatives BE RECEIVED.

**4.0 PURPOSE**

This report is to update the Social Services Committee and Council on emerging social policy initiatives and their potential impacts on low income residents and service delivery.

## 5.0 BACKGROUND

In 2012 the Commission for the Review of Social Assistance in Ontario released the report *Brighter Prospects: Transforming Social Assistance in Ontario*, which signaled a commitment to social assistance reform. Consequently, there have been a number of new initiatives including the implementation of the Social Assistance Management System, significant legislative changes to the programs of Ontario Works and Ontario Disability Support Program, and the establishment of the Income Security Reform Working Group and a Social Assistance Service Modernization Branch. A commitment to conduct a Basic Income Pilot was announced in the 2016 Ontario budget. These initiatives will have implications for social service delivery at the municipal level. In April 2016 the Social Services Committee sent a resolution pertaining to basic income prepared by the Brant County Board of Health endorsing the City of Kingston's full resolution and requested consideration to be considered as a pilot site. Resolution details are as follows:

WHEREAS the 2011 National Household Survey confirmed that 14.9% of the population live in low income circumstances; and

WHEREAS income insecurity and inequality continue to increase as a result of unhealthy working conditions and temporary employment; and

WHEREAS existing income security programs have not proved sufficient to ensure adequate income to meet basic living requirements, including housing and access to nutritious foods; and

WHEREAS insufficient income, income insecurity and inequality have well established relationships to a range of adverse public health outcomes, and are root causes of health and social conditions such as: low high school attainment, chronic stress, social isolation, increase in social violence, increase in chronic disease, and use of tobacco and other substances; and

WHEREAS a basic income guarantee would reduce income insufficiency, insecurity, and inequality and ensure everyone an income sufficient to meet basic needs and live in dignity regardless of work status, age and ability; and

WHEREAS a basic income guarantee would enable individuals to pursue educational opportunities and have been shown to increase graduation rates and young males; and

WHEREAS the City of Brantford has unique challenges to employment, graduation rates and lone parent families who would be positively impacted by a basic income;

THEREFORE BE IT SO RESOLVED THAT the City of Brantford and County of Brant BE REQUESTED to endorse both the City of Kingston's full resolution and request consideration from the Province of Ontario to be considered as a pilot site for this initiative.

## 6.0 CORPORATE POLICY CONTEXT

### High Quality of Life and Caring for All Citizens

- Brantford will be recognized as a safe and healthy community – one that promotes and enables the well-being of its citizens, and supports access of all citizens to a full range of health and community services.

### Economic Vitality & Innovation

- *Strategic Action 1.8:* Continue to increase opportunities for higher education and adjust to changes in the marketplace to expand options, including the exploration of becoming a leader in skills trades training.
- *Strategic Action 1.1:* Develop a Smart Brantford Strategy that engages the community and reflects Brantford with a focus on the Smart People, Smart Connections, Smart Economy, Smart Living, Smart Government and Smart Environment components of a smart city while positioning Brantford competitively.

## 7.0 INPUT FROM OTHER SOURCES

Public Health, Safety and Social Services, Strategic Planning  
Ministry of Community and Social Services documents  
Brant County Health Unit

## 8.0 ANALYSIS

In October 2016, the Government of Canada published *Towards a Poverty Reduction Strategy: A Discussion Paper on Poverty in Canada*, which reiterated the multiple dimensions of poverty. People living in poverty are forced to make difficult choices around food, housing, work conditions, and healthcare.<sup>1</sup> Extensive research shows that people with lower incomes have poorer health than those who are better off – whether measured by mental health, prevalence of chronic conditions, or self-reported overall health.<sup>2</sup> This is due to the fact that low-income individuals have less access to healthy food, adequate housing, and safe working conditions. Good health is essential to achieving other dimensions

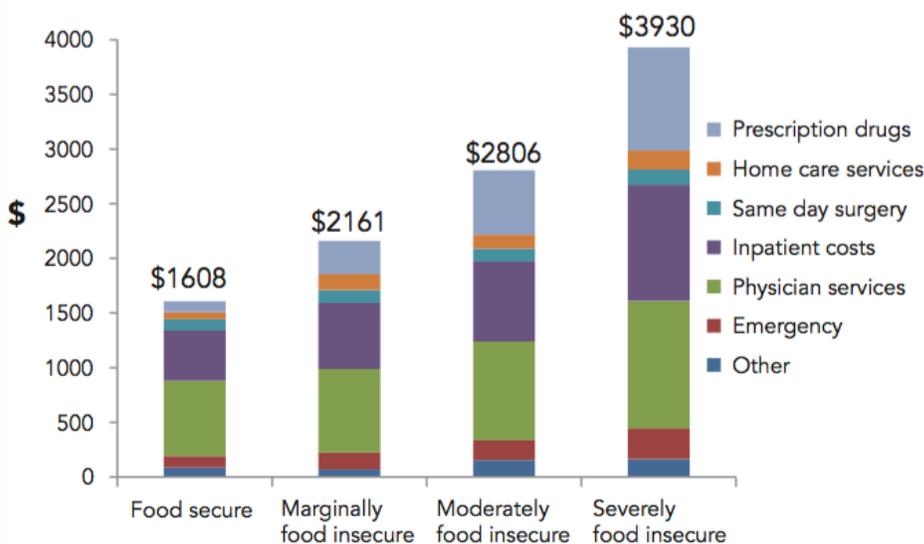
<sup>1</sup> Government of Canada. (2016). *Towards a Poverty Reduction Strategy: A Discussion Paper on Poverty in Canada*

<sup>2</sup> Wellesley Institute. (2013). *Poverty is a Health Issue: Wellesley Institute Submission on The Ontario Poverty Reduction Strategy*.

of well-being, such as post-secondary education, meaningful employment, and social inclusion.

Ontario’s healthcare system is directly impacted by the costs of poverty and food insecurity (Figure 1).<sup>3</sup> Severely food insecure adults incur healthcare costs 144% greater than food secure adults.<sup>4</sup> According to the Canadian Community Health Survey (2014), 10% of households in Brant have experienced food insecurity.<sup>5</sup>

**Average health care costs incurred over 12 months by Ontario adults (18-64 years of age), by household food insecurity status<sup>7</sup>**



The greatest cost of poverty is a lowered life expectancy. On average in Brantford, women with the lowest incomes have a life expectancy of 19 years less than women with the highest incomes; men with the lowest incomes have a life expectancy of 16 years less than their wealthiest male neighbours.<sup>6</sup> Innovations to drastically reduce poverty are critical to improve health, food security, education, and housing outcomes.

The Ministry of Community and Social Services is currently undertaking two related, yet distinct initiatives in relation to the transformation of Social Assistance in Ontario. Income Security Reform (also known as Social Assistance Reform) is the overall transformation of the system, from philosophy to service delivery and includes Social Assistance Service Modernization. Concurrently, the Province is initiating a Basic Income Pilot to determine the value of a basic income system as a means for delivering social assistance.

<sup>3</sup> PROOF Food Insecurity Policy Research. (2015). The Impact of Food Security on Health.

<sup>4</sup> Tarasuk, V., Cheng, J., de Oliveira, C., Dachner, N., Gundersen, C., & Kurdyak, P. (2015). Association between household food insecurity and annual health care costs. *Can Med Assoc J.* 187(14), E429-E436.

<sup>5</sup> Brant County Health Unit. (2015). Nutritious Food Basket.

<sup>6</sup> Brant County Health Unit (2016). Health Status and the Social Determinant of Health

While the two are interrelated and the Pilot results will have implications for income security reform, at this time they are considered separate initiatives. Social Assistance Reform is intended to stimulate positive outcomes with respect to poverty reduction.

### **Income Security Reform**

The Income Security Reform Working Group was established by the Ministry of Community and Social Services in June 2016. Although the work of the group will include recommendations on the reform of the current social assistance program, which is regarded as outdated and overly complex, the government has signaled its intent to view income security holistically and generate solutions that include all low income Ontario families.

The Working Group will guide the Province's efforts to reduce poverty, support people in their efforts to participate in the economy and provide services in a way that makes sense to the people who need them. The intention is to build on work already underway and provide advice to government on social assistance reform, income security, and supports for housing, health and employment. George Thomson, Senior Director of the National Judicial Institute and former Ontario Provincial Court Judge, who also chaired the Ontario Citizen's Assembly on Electoral Reform, has been announced as the Income Security Working Group's facilitator.

The Working Group is expected to provide a Five Year Roadmap in July 2017, which will include public consultation and an implementation plan.

### **Basic Income**

The 2016 Ontario provincial budget included a commitment to conduct a Basic Income Pilot. A basic income, or basic income, is a payment to eligible families or individuals that ensures a minimum level of income.

Basic income has historically been facilitated through one of two models. The first is a universal demogrant model in which all citizens receive equal payment amounts regardless of their income level. The second is an income top-up through a negative income tax where only individuals whose income is below an established threshold would receive payments. The negative income tax model is being recommended for the Provincial Basic Income Pilot.

The Honourable Hugh Segal was appointed to provide a discussion paper to the Ontario Government on how to best implement a Basic Income Pilot.<sup>7</sup> The report was released in November 2016 and lists several key considerations.

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<sup>7</sup> Finding a Better Way: A Basic Income Pilot Project for Ontario A Discussion paper by Hugh D Segal

- All costs of poverty must be considered, not only in present welfare and disability payments, but also in terms of added pressures on the health system, and the Ontario economy.
- The Pilot must consider the radical reduction of poverty that was realized for persons over age 64 due to the Basic Income Supplement in Ontario.
- The main purpose of a Basic Income Pilot must be to test replacing the broad policing, control, and monitoring now present in Ontario Works and the Ontario Disability Support Program with a modestly more generous basic income, disbursed automatically to those living beneath a certain income threshold.
- The Pilot should be structured to test the impacts of basic income on the net fiscal position of the Province, labour market/work behaviours, health and educational outcomes for recipients, food security, mobility and housing and net economic and community outcomes in targeted areas of the Pilot.
- The Pilot should take into consideration the Province's initiatives to reduce poverty, such as the Ontario Child Benefit (OCB), increases in the minimum wage, and constructive changes to student financial aid assistance.
- Age eligibility for the Pilot should 18 to 64 years of age.

The report recommends that the Basic Income Pilot be managed by an arm's length consortium of not-for-profit research organizations and overseen both by an Advisory Council and a Research Operations Group with an Ethics Advisor and Financial Officer.

The Pilot is anticipated to generate evidence in regard to key health outcomes, life and career choices, education outcomes, work behaviour, community level impacts, direct administrative costs or savings, food security, perceptions of citizenship, impact on housing, and relationship to other existing benefit and social programs.

The report suggests that the Pilot include a randomized control trial held in a major urban area or community as well as include three saturation sites: one located in southern Ontario, one in northern Ontario, and one in collaboration with First Nations communities.

The report recommends that benefit payments be administered through a negative income tax or refundable tax credit that tops up all recipients to 75 percent of the Low-Income Measure. Recommended in the report was a monthly amount of \$1,320, with individuals with disabilities seeing an additional monthly income of at least \$500, however the final rates will not be known until the design of the pilot is completed.

With respect to timelines, the report recommends that the Pilot sites should be selected before the end of March 2017 and the basic income payments be in

effect for a minimum of three years, followed by a consequent analysis of the costs and benefits of replacing the current system.

Proponents of a basic income suggest the potential for positive results that include improved health care outcomes, reduction in poverty, a more simplified income security system, reduced administration costs, and opportunities to make housing more affordable.

It is important to recognize that the idea of a Basic Income approach is not universally accepted. Critics suggest that a basic income model is not a solution to poverty and raise concerns around costs, lack of incentive for individuals to stay connected to the labour market and the loss of existing program supports to those living in poverty. If the pilot experience is favourable, moving to full implementation of a Basic Income system province wide will be costly and complex.

Currently, the Province is facilitating public consultation sessions in selected communities throughout Ontario. A toolkit for additional consultations is available for communities that were not selected.

It is important to note that the basic income discussion paper is a set of recommendations and the Ministry of Community and Social Services will ultimately decide how a Basic Income Pilot will be implemented.

### **Next Steps**

With respect to income security reform Social Assistance Services Department is taking steps to align service delivery with the developing vision. We've initiated human services integration at the intake level for childcare, emergency housing and social assistance. We are undertaking an operational and service review and anticipate bringing a report to council in April 2017. We have requested to pilot reloadable benefit cards as are currently used by the Ontario Disability Support Program. We will share information with clients as it arises ensuring ease of transition to a state of seamless service delivery.

With respect to the Basic Income Pilot, we will be facilitating two public consultations, one in the City and one in the County to better understand community interest in the pilot and solicit input into eligibility, design and benefits, program delivery and evaluation, forwarding the feedback to the province.

We will present information regarding the Basic Income Pilot to the CUPE Local 181 Executive in anticipation of potential Labour Relations implications. Upon the completion of the consultations, conversation with Union Executive and receipt of further provincial direction, we will return to Social Services Committee to provide an update and recommendations regarding next steps.

**9.0 FINANCIAL IMPLICATIONS**

No financial implications.

**10.0 CONCLUSION**

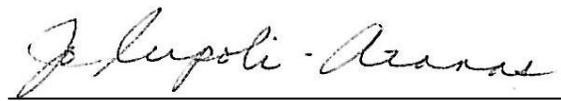
The Province of Ontario is undertaking two separate yet coordinated initiatives in relation to transformation of the current income security and social services systems. It is expected that these transformations will take place over the next five years. While exact details of the implications are unknown, the overall philosophical and strategic direction is clear that services need to become more accessible, inclusive and efficient.

The Province is in the consultation phase of the basic income pilot and has made no call for communities to volunteer as pilot sites. The concept of a basic income is complex, highlighted by a lack of academic literature and analysis to validate positive outcomes. Unknown labour relations implications are an added consideration. While recognizing the position of the April 2016 resolution, attention must be given to the mixed reaction to, and lack of data regarding basic income. In the event the Province establishes a formal avenue for communities to volunteer as a pilot site it is recommended that further details regarding the structure of the pilot be reviewed before Brantford-Brant considers answering the call.

At this time the City of Brantford Social Services continues to work with the Ministry of Community and Social Services and other Consolidated Municipal Services Managers to plan for reform and position ourselves to be at the forefront of service delivery.



Anthony Labatt, Manager  
Social Assistance Services



Jo Cupoli-Atanas, General Manager  
Public Health, Safety & Social Services

Attachments: Emerging Social Policy Initiatives Presentation

Copy to: NA

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required  yes  no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk  yes  no

Is the necessary by-law or agreement being sent concurrently to Council?  yes  no

# Emerging Social Policy Initiatives



# Background

- 2016 Towards A Poverty Reduction Strategy
- 2012 Brighter Prospects Report; transforming social assistance in Ontario
- 2016 Basic Income Discussion Paper

# Income Security Reform

## Vision

A modern responsive, efficient, cost-effective and sustainable service delivery system that is client – centered and supports integration across programs.

# Income Security Reform

## Goals:

- Improve client experience and outcomes
- Realize administrative efficiencies

# Basic Income

- The concept of a basic income is not new
- Pilot was held in Dauphin Manitoba in the 1970's
- Switzerland recently voted to reject a basic income proposal while Finland, Netherlands and Kenya are all looking at developing their own pilot projects

# Basic Income - Models

- Universal Demogrant
  - Example: Canada Child Benefit
- Income top-up through a negative income tax
  - Example: Ontario Child Benefit

# Basic Income – Why Yes

- Minimum Wage
- Health Care
- Housing Costs
- Education
- Potential Administrative Savings

# Basic Income – Why Not

- Too costly
- Lack of reliable data to support potential benefits
- Not a replacement for core social services
- Potential to drive up the cost of living
- Potentially less people participating in the work force

# Basic Income – Discussion Paper

- Authored by the Honourable Hugh Segal
- November 2016

“The stated purpose of a Basic Income Pilot is to test replacing the broad policing, control, and monitoring now present with a modestly more generous basic income, disbursed automatically to those living beneath a certain income threshold.”

# Basic Income Pilot - Who

- Four sites suggested (Not yet chosen)
  - Randomized Control Trial (RCT)
  - Northern Ontario
  - Southern Ontario
  - First Nations Community
- Age eligibility for the Pilot should be 18 to 64 years of age

# Basic Income Pilot – How Much

- 75% of the Low Income Measure
- Potentially \$1320 for single persons
  - Current Ontario Works rate is \$706 for single persons
- Potentially an additional \$500 for Ontario Disability Support Program recipients

# Basic Income Pilot - When

- Pilot to commence no later than April 2017
- Minimum three year duration
- Currently in the consultation stage
  - Public consultations are being held in selected communities across the province
  - Brantford will host its own Public consultation in early 2017

# Next Steps – Income Security Reform

- Human Services Integration
- Operational and Service Review
- Reloadable benefit cards
- Information dissemination
- No immediate impact to clients

# Next Steps – Basic Income Pilot

- April 2016 resolution by Social Services Committee
- Facilitate community consultations
- Monitor provincial direction
- Present to CUPE Local 181 Executive
- Report back to council
- No immediate impact to clients

# QUESTIONS

