THE EMPOWERMENT COUNCIL

A Voice for the Clients of the Centre for Addiction and Mental Health

The Centre for Addiction and Mental Health and the Empowerment Council:

Joint Response to Ontario's Basic Income Pilot Consultation

January 31, 2017

The Centre for Addiction and Mental Health (CAMH) and the Empowerment Council are pleased to submit this joint response to Ontario's Basic Income Consultation. We support the implementation of a basic income pilot as one strategy for addressing poverty in Ontario.

Poverty, mental health problems and basic income

People with mental health problems are over-represented amongst Ontarians living in poverty. They have lower incomes and are less likely to participate in the labour force and to have adequate housing than people with other types of disabilities and people without disabilities[1]. Poverty further impacts negatively on their mental and physical health[2].

The Ontario Disability Support Program (ODSP) was designed to provide income assistance to people with disabilities (including mental health problems) that are unable to work, are only able to work limited hours or who cycle in and out of employment due to the episodic nature of their illness. Unfortunately, ODSP is no longer adequate and does not provide recipients with enough money to meet their basic needs.[3] Ontario's income support system is also complex and difficult to navigate. It places limits on earnings and assets, creating disincentives to work and hindering the ability of recipients to emerge from poverty[4].

A basic income guarantee is one promising strategy for addressing poverty amongst people with mental health problems currently receiving ODSP as well as the broader population of very low income Ontarians. Evidence suggests that a basic income can improve health and social outcomes at less cost to

[1] As cited by Ontario Human Rights Commission, 2015
[2] Government of Canada, 2016
[3] Daily Bread Food Bank, 2014
[4] Segal, 2016

taxpayers[5]. The Honourable Hugh Segal's proposed basic income pilot provides Ontario with an exciting opportunity to explore the impact of a basic income on individuals and communities.

Overall, CAMH and the Empowerment Council agree with Segal's vision for the basic income pilot and encourage the provincial government to implement it as soon as possible. We want to emphasize that the pilot must be carefully designed:

- to ensure that it elicits the right data; and
- to ensure consistency with a key governing principle cited by Segal: that no individual will be made worse off during or after the pilot, as a result of participation.

Below are some recommendations to assist with pilot design and evaluation. CAMH is able and willing to help with pilot design, data collection and analysis, and administration. The Empowerment Council is also available to assist with pilot design and analysis. It is important to include members of vulnerable communities in design and analysis to ensure the pilot ascertains the most likely costs as well as benefits to members of those communities.

Pilot Design

Eligibility

CAMH and the Empowerment Council agree with the proposed eligibility criteria that participants must be adults (aged 18-64 years) who have lived in the pilot sites for at least a year. We also agree with Segal's recommendation that participants should currently be receiving social assistance. While including a broader population of people on lower incomes may produce more generalizable findings, focusing on social assistance recipients will address the main purpose of the pilot: to test replacing OW and ODSP with a basic income.

The Consultation Guide raises the potential of the pilot focusing on specific populations as a cost saving measure. CAMH and the Empowerment Council encourage including all people on social assistance within the pilot sites. If a target population must be chosen, we recommend focusing on people with mental health problems as they represent a large and distinctive population of ODSP recipients. Focusing on this group of individuals also supports Segal's recommendation to specifically evaluate the impact of basic income on mental health problems. Ideally, the pilot would focus on people with mental illnesses *in addition* to the broader group of social assistance recipients.

Site Selection

CAMH and the Empowerment Council support Segal's proposal to test the pilot through a combination of a randomized control trial (RCT) in a large urban setting and a set of saturation sites in 3 Ontario communities. Ideally, saturation sites should be accompanied by comparison or control sites to allow for more confidence in the findings. To learn about the impact of basic income on people with mental health problems, we recommend partnering with CAMH to set up a mini-saturation site and mini-control site at two of our outpatient clinics.

[5] Forget, 2011

Benefit Design and Delivery

CAMH and the Empowerment Council agree with the overall design and delivery of the basic income pilot including the use of a negative income tax (NIT), two benefit amounts and two tax-back rates. There a few areas, however, where we have specific recommendations.

Low-Income Measure

The Low-Income Measure (LIM) is a useful measure of poverty, but it does not take into consideration the variability in cost of living across Ontario. Rent, food and transportation, for example, can vary widely depending on the region of the province where a person lives. To fully understand the impact of basic income, the LIM should be adjusted by region based on the cost of living, similar to the saturation site in the Dauphin, Manitoba Mincome study.

Tax-back rates

Testing two tax-back rates will assist in understanding how a basic income can best incentivize people to work. To adhere to the governing principle of the study, tax-back rates must be set at a level where no participant will end up taking home less money than they currently do under OW or ODSP. It is imperative that those setting the rates keep in mind that the current tax-back rate under ODSP allows people to keep the first $200 of their earnings before the 50% clawback.

Disability supplement

CAMH and the Empowerment Council are pleased that Segal recognizes the extra costs associated with disability and recommends a disability supplement. Similar to the LIM, however, the disability supplement should be adjusted by region based on the cost of living. In addition, it will be important to study if the supplement is sufficient across the spectrum of disabilities. Some disabilities are more expensive to live with than others and adjustments may be needed. We also want to ensure that pilot participants who are already receiving ODSP will automatically receive the disability supplement and will not have to reapply to 'prove' their disability.

Supplemental benefits

Segal recommends that pilot participants continue to receive the supplemental benefits that they currently get through Ontario Works (OW) and ODSP. CAMH and the Empowerment Council support this recommendation. Supplemental benefits are crucial for maintaining health and participants should not be expected to cover the costs for these essential services with their basic income – a scenario that would likely leave them worse off financially. Segal specifically indicates that people should maintain their eligibility for subsidized housing, but does not indicate how rent should be calculated for participants living in rent-geared-to-income (RGI) housing. These individuals contribute 30% of their income towards rent, which is adjusted monthly based on earnings. When they begin to receive a basic income, their rent will be raised accordingly and they will not see a net benefit to their income. Therefore, during the pilot study, RGI rent calculations should be maintained at current OW/ODSP rates for participants.

Financial support

Segal notes that some pilot participants, due to the nature of their disability, may need assistance in managing the increased funds that come with a basic income. He recommends giving participants the option of receiving payments bi-weekly. We support providing people with this option and other flexible payment options (e.g. the Empowerment Council suggests offering direct rent payments coupled with twice-monthly payments). A comparison of outcomes for people receiving alternate payments could be included as a variable in the evaluation. Segal also raises the possibility of providing financial literacy support to participants in the saturation sites. Financial literacy support, developed and delivered by people with personal experience of being on social assistance, should be offered to all participants in the study. This would be particularly useful for helping participants to plan and budget for the eventual decrease in their income when the study ends and they return to OW/ODSP.

Control group

A RCT is an effective way to compare the effects of a basic income, but it inevitably requires some participants to be selected for the control group. This is a challenge in any study and particularly when it involves vulnerable populations who, as in the case of this particular pilot, desperately need the increased income support. These participants will likely be disappointed when they realize that they are participating in the study without any added benefit. To encourage participation amongst control group members and to show appreciation for their contributions, these participants should receive honoraria and transportation allowance for any surveys, interviews or other study related tasks that they participate in. They should also be made aware of and be to connected to existing OW or ODSP supports to maximize the supports that they receive. Consent forms for the study must also be clear on what control group participants can expect and what is required of them. This is an area where Segal's recommended Ethics Officer could provide input and guidance.

Evaluation Approach

Secondary data (e.g. ICES data on healthcare service utilization) will be valuable but insufficient. We strongly recommend that primary data be collected from participants, via interviews and questionnaires. Both should be conducted with the aim of making the data collection as un-intrusive as possible. CAMH and the Empowerment Council have the expertise and experience to design and conduct this data collection – or to assist or advise those doing so.

We recommend collecting information on the following:

- Health outcomes
    - Physical health (wellness, illness)
    - Health-related quality of life
    - HIV risk factors
    - Depression and anxiety
    - Contact with the health care system
- Demographics

- Socioeconomic indicators
    - Employment status over course of study
        - Work behaviour
        - Job security
        - Employability
        - Nature of employment (full-time, part-time)
        - Workplace stress
        - Retirement planning
        - Job search (length of search, intensity of search, motivation to search)
        - Job satisfaction
        - Income
    - Education over course of study
    - Housing status over course of study
- Social / behavioural factors
    - Stigma
    - Social support and relationships
    - Stress and coping
    - Sense of mastery / empowerment
    - Self-esteem, confidence
    - Access to recreation and the arts

Implementation

Baseline data should be collected for one year in advance of rolling out the basic income – unless there is a comparison group for both the randomized control group as well as the saturation sites. (Having comparison groups for both could provide an alternative to the need for baseline data collection and get the study underway more quickly.) An interim report should be produced at the halfway mark.

Thank you for opportunity to participate in Ontario's Basic Income Pilot Consultation. CAMH and the Empowerment Council look forward to the implementation of the pilot and believe our recommendations will improve both its design and its evaluation.

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