

IMPROVING THE INCOME SUPPORT SYSTEM IN BC

Submission to: Ministry of Social Development and Poverty
Reduction, Province of BC Expert Committee

March 2019



Universal Basic Income

The BC Federation of Labour (“BCFED”) represents over 500,000 members from affiliated unions across the province, working in every aspect of the BC economy. The Federation has a long and proud history of fighting for the rights of all working people for a safe workplace and fair wages.

Poverty has many faces in our community including children, injured workers, persons with disabilities, low-wage and precarious workers, undocumented persons, and members of equity-seeking groups. Poverty is a problem that impacts all of us and we must work together to eliminate it from our province.

The former BC Liberal government refused to develop a poverty reduction strategy, and BC fell behind other provinces. BC’s poverty rates remained high with one-in-five children living in poverty. We also saw the rise of income inequality – with the rich getting richer and a significant erosion in the economic power of the middle class. The former Liberal government’s failure to act has had a significantly negative impact on those living in poverty through unnecessary suffering. Poverty weakens the social fabric of our communities, results in lost productivity and causes a measurable financial loss to our economy.

That is why we are so pleased to see the current BC government take important steps to address the issue of poverty in our communities starting with the renaming and new focus of the Ministry of Social Development and Poverty Reduction and the commitment to develop a comprehensive poverty reduction strategy that will address the root causes of poverty.

A comprehensive poverty reduction plan requires government to take a cross-ministerial approach – ensuring that every ministry examines the impact of its policies and programs with a focus on poverty reduction. We look forward to details of the plan which are expected to be released shortly and hope to see many of the recommendations made by us and our allies in anti-poverty organizations included in the plan.

As background, we have attached our submission to the Poverty Reduction Task Force, where we have outlined several strategies that we say the government must include in its poverty reduction strategy. Briefly, the BCFED believes that a poverty reduction strategy must focus on:

- Increasing and improving income assistance;
- Improving wages for BC's lowest paid workers;
- Providing quality, affordable and accessible childcare;
- Developing a housing strategy that ensures every British Columbian has a safe and affordable place to call home;
- Investing in the education and training of our residents;
- Building a public health care system that addresses the needs of the whole person; and
- Eliminating barriers to make our communities equitable for everyone.

As noted above, the BC Federation of Labour believes that increasing income assistance rates is a critical element of an overall poverty reduction strategy. The BC government currently provides income and disability assistance. Since forming government, the BCNDP has announced two increases to the rates, \$100 per month in 2017 and in budget 2019 a further \$50 per month. Despite these increases, income assistance and disability rates are abysmally low. These programs provide only minimal economic relief to those living in poverty. Though they may reduce the level of poverty experienced by some individuals and their dependents, the benefit paid out is not sufficient to lift an individual, let alone a family, above the poverty line.

Governments have long feared that raising assistance rates will come with a political price, so instead, these programs have been a popular target for those looking to curtail costs and squash unpleasant headlines. For example, the previous BC Liberal government applied various strategies to weaken the income assistance program and reduce payouts by setting eligibility time limits, imposing a decade long rate freeze (2007-2017), and closing more than a dozen face-to-face offices.

While public sector workers are working hard to deliver income and disability assistance, their ability to support people living in poverty has been restricted by this political agenda that seeks

to punish and shame the poor. Drastic changes to the program delivery model, budgetary constraints, and strict guidelines leave staff little flexibility to properly support those they serve.

For applicants, the challenges begin immediately as qualifying for benefits requires access to internet and/or a phone in order to fill out a 90-page electronic form and get through to the call centre. Once in the system, recipients face eligibility exemptions and claw backs that further limited the effectiveness of the program's ability to reduce poverty. For example, the requirement for applicants to exhaust all other sources of income, savings or assets prior to qualifying creates further reliance on the system by deepening an individual's level of poverty, instead of reducing it.¹

A universal basic income ("UBI") has been touted as a possible solution to the problems with the current system. It also presents an opportunity to address projected changes in the workforce due to technological change, namely automation and the expansion of smart and predictive technologies. Interestingly, though the concept of a UBI has been around for a long time, it has only recently gained mainstream popularity.

UBI is presented as a simpler model of income support. In ideal terms it has few if any eligibility restrictions and reduces timelines and barriers required to pay out benefits. By guaranteeing qualification for the recipient, a UBI promises individuals time to invest in themselves through education, retraining or health and wellness initiatives, rather than worrying if their benefits will continue.

Proponents of a UBI generally fall into two camps – some see a UBI as supporting the freedom of the individual, as a chance to reduce state interference. For them a UBI is a way to streamline government services by collapsing programs, reducing staffing, and eliminating red tape. Alternatively, in the other camp, proponents argue that a UBI will create a more egalitarian society through the expansion of the social safety net. This group sees the possibility

¹ We do note that Budget 2019 outlined some improvements to program rules. We look forward to hearing more detail as part of the poverty reduction plan announcement.

for a UBI to be an additional social program, with better access and outcomes, while existing social services are retained.

While on the surface this may suggest the concept of a UBI has appeal across the political spectrum, the motivations behind each viewpoint are so divergent that each side cedes the other no ground. For example, despite the potential for a UBI to achieve a measurable reduction in poverty levels, within the community of anti-poverty activists there is a lack of trust that it will not be used as an excuse to gut other social supports and programs and eliminate public sector jobs.

It is for this reason the BCFED believes that the most important considerations in examining a UBI or income support systems more generally, are the underlying values the system is built upon and the outcomes it is intended to achieve. Therefore, instead of delving into a deeper analysis of the pros and cons of a UBI versus the current income and disability assistance model, we are focusing on the underlying principles that should, in our view, form the basis of any income support system or “ISS” implemented by government – be that a UBI or a re-visioning of the current income and disability assistance program.

We say the following conditions must be in place for an effective income support system:

- 1) Poverty Reduction – An ISS must at its core be designed to significantly reduce poverty. That means benefit levels must be set sufficiently high to ensure they lift individuals and their dependents above the poverty line.

Further, an ISS must be part of a comprehensive poverty reduction plan. It cannot replace the other necessary components of a poverty reduction strategy as outlined above.

- 2) Universality – Income supports must be grounded in the principle of universality. Individuals must be able to access income support without stigma or judgement. Benefits must be accessible to all members of our communities. No one should be barred based on family status, disability or immigration status.

An ISS must not have additional eligibility requirements such as requiring a work search, training programs or drug testing.

- 3) Ease of access – ISSs must be accessible. The application process must be straight-forward and take into account the circumstances and barriers faced by the people who

will apply to the program. For example, the current system is problematic for those who do not have access to a phone or internet.

All aspects of the delivery model must be designed with a deep understanding of those who will need to access it and it must explicitly meet their needs. This includes regular benefit payments, ideally on a bi-weekly basis; ensuring access to banking services; protection from predatory lenders; and offering quick access to face-to-face support.

- 4) Wrap around supports – Application for income support must not be transactional. For those living in poverty, contact with income support staff should be transformational. It must be an opportunity for individuals and their dependents to receive support specific to their needs. Interactions with ISS staff should be designed to connect applicants with other resources such as counselling, training, affordable housing, and immigration support.
- 5) Part of broader social supports, not a replacement – Income support is not a replacement for other social services. No one accessing income support should find themselves worse off. Income support should fill gaps and complement other necessary economic and social supports such as transit and housing subsidies, affordable childcare programs, and tuition assistance. No social program (monetary or otherwise) should reduce income support payments, nor impede efforts to return to work. Income support should not be clawed back until work earnings reflect full-time employment.

A housing first strategy must also complement an ISS. We must ensure that every resident in BC has a safe, secure and affordable place to live. It is impossible to build stability while living in shelters or on the street.

- 6) No claw backs – Arbitrary and punitive claw backs for other payments such as CPP must be eliminated. BC, unlike many other provinces, claws back CPP lump-sum, retroactive payments, survivor benefits, disability benefits, and retirement benefits from those receiving income and disability assistance. Similar claw backs exist for ICBC settlements, EI payments and education funds. Under a new ISS model, this practice should be discontinued.
- 7) Be responsive to crisis – Income support should be provided quickly so that applicants can respond to a sudden crisis such as job loss, a health issue, family emergency, or personal, family or relationship violence. Delay due to slow processing or forced wait times aggravates economic instability, leads to unnecessary stress and can make a temporary setback a permanent one.
- 8) Fair minimum wage – ISSs should not subsidize low-wage employers. An ISS is only effective when the minimum wage exceeds the poverty line. Minimum wage should reflect the true cost of living in a community and we support raising it beyond \$15 per hour till it reaches the living wage.

- 9) Other income support programs must be fully supported – ISSs should not be dumping grounds for other programs that provide income support. For example, due to inadequacies in the workers compensation system, some injured workers are not compensated. As a result, instead of being supported by an employer-funded compensation system, they end up on government-funded disability assistance. Holes in other income support systems must be addressed to prevent this outcome.
- 10) Funded through progressive taxation – Our progressive taxation system must be expanded to adequately fund an ISS that meets these criteria and the other necessary components of a poverty reduction strategy. Higher income households and corporations should pay more tax. This also reduces income inequality which is measurably beneficial to the overall health and stability of our residents.

Responsibility for poverty reduction must be shared by all levels of government – municipal, provincial and federal.

The Ministry of Social Development and Poverty Reduction has an opportunity to implement a nation-leading poverty reduction strategy. A significant part of that strategy must be significant improvements to the current income support system. Whether government moves ahead with a UBI or re-vision the current system, it must be focused on lifting individuals and their dependents above the poverty line. All British Columbians deserve to live with respect and dignity. The BC Federation of Labour believes by adopting an income support system with the above-noted principles, this can be achieved.

Sincerely,



Sussanne Skidmore
Secretary-Treasurer

Enclosure: BCFED submission to the Poverty Reduction Task Force

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