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The Regional Municipality of Durham Report

To: Health and Social Services Committee
From: Commissioner of Social Services
Report: #2023-SS-5
Date: May 4, 2023

Subject:

Basic Income to Support the Economy

Recommendation:

That the Health and Social Services Committee recommends:

That this report be received for information.

Report:

1. Purpose

1.1 The purpose of this report is to provide an overview of a Durham context of basic income and what is required to assist in supporting Durham residents and the local economy.

2. Background

2.1 During the February 9th, 2023, Health & Social Services committee meeting, staff were asked to provide a report regarding the level of basic income that would support the economy and outline ways to solve some of the identified issues.

2.2 The Regional Municipality of Durham (Region) is the Service System Manager (SSM) for Durham region, as selected by the Ontario government. As the Service System Manager, the Region is responsible for responding to local needs and building system capacity within Early Learning and Child Care, Housing and Homelessness, Social Assistance and Employment Services.

- 2.3 According to Statistics Canada, Durham has a population of 696,992 residents as of the end of 2021¹. In Durham, there are an estimated 45,800 residents (6.6%) living with low income².
- 2.4 The 2020 low-income measure after tax (LIM-AT) for an individual is \$26,570 and for a family of four it is \$53,140³. Individuals living with low income includes individuals who are receiving employment income and/or social assistance under the Ontario Works (OW) and Ontario Disability Support Programs (ODSP).
- 2.5 As living costs continue to rise, the ability for people living with low income to manage, and contribute to the local economy, will become more challenging.
- The average rental for a one-bedroom apartment in Durham is reported at over \$1,600 per month and a two-bedroom can be over \$2,000⁴.
 - The latest Consumer Price Index released by Statistics Canada indicates that food prices in Ontario have increased 10.1% between January 2022 and January 2023⁵.
 - Feed the Need in Durham identified as many as 23,600 individuals accessed a food bank program in Durham at least one time in 2022. This is a 58% increase in the number of visits to food banks⁶.

3. Low-income Programs

Social Assistance and Claw Backs

- 3.1 As of January 2023, the number of OW cases in Durham were 7,358 and the number of individual beneficiaries were 12,835. The number of ODSP cases were 14,769 and number of individual beneficiaries were 19,952. A case could include both a beneficiary and dependents living in the same household.
- 3.2 OW and ODSP rates are deeply inadequate. A report from the Maytree Foundation in February 2023, highlighted that existing income supports, including social assistance benefits, are not enough for people to live with dignity⁷.
- 3.3 OW rates have not seen an increase since 2018. ODSP rates were increased by 5% in 2022. Some advocates⁸ suggest immediately raising OW rates by at least 12% against current rates, and for ODSP, an equivalent increase would mean 7%, based on the recent September 2022 increase.

1 [Report#2022-INFO-31](#) 2021 Census Population- Population and Dwelling Counts Release

2 [Profile table, Census Profile, 2021 Census of Population - Durham, Regional municipality \(RM\) \[Census division\], Ontario \(statcan.gc.ca\)](#)

3 [Low income measure \(LIM\) thresholds by income source and household size \(statcan.gc.ca\)](#)

4 [Rentals.ca March 2023 Rent Report](#)

5 [The Daily — Consumer Price Index: Annual review, 2022 \(statcan.gc.ca\)](#)

6 [Blue Black & White Minimal Project Outline Report \(feedtheneedindurham.ca\)](#)

7 [Recommendations to strengthen the social safety net for people in greatest need - Maytree](#)

8 [Recommendations to strengthen the social safety net for people in greatest need - Maytree](#)

- 3.4 Social assistance rates are determined and set by the Province, Ministry of Children, Community and Social Services. Monthly social assistance rates, which include shelter and basic needs, are:

	Ontario Works	Ontario Disability Supports Program
Single Person	\$733	\$1,228
Single parent/one child	\$1,002	\$1,907
Family/two children	\$1,250	\$1,982

- 3.5 Social assistance recipients also qualify for various benefits that can include basic dental and health benefits, such as prescription eyeglasses, prescription drugs, and medical transportation.
- 3.6 As of January 2023, approximately 10.9% of Durham's OW caseload reported employment income. OW recipients who have employment income, keep the first \$200 of monthly employment earnings, with a 50% reduction applied to any additional amounts.
- 3.7 In September 2022, the ODSP earnings exemption amount of \$200 was increased to \$1000 per month. The amount that is deducted on employment earnings above the exemption amount has been increased from 50% to 75%. These changes apply to ODSP only and not OW.
- 3.8 The maximum monthly employment earnings a single person on OW can earn, while still maintaining eligibility for social assistance is \$1,466, meaning they will receive no social assistance income, but will still be eligible for drug and health benefits. For a single person on ODSP, this amount is \$2,637.
- 3.9 There could be a significant disincentive for individuals to earn higher employment income while in receipt of social assistance, as they will become ineligible for dental and health benefits once their employment earnings exceed their OW or ODSP entitlements.

Basic Income Pilot

- 3.10 In 2017, the provincial government introduced The Ontario Basic Income pilot to test if a basic income could 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.
- 3.11 The pilot followed a tax credit model and ensured a minimum level of income to participants without the conditionality and eligibility rules attached to current social assistance programs.

- 3.12 Payments were based on 75% of the low-income measure (LIM). For a single person, the payment amount was approximately \$16,989 annually. This is approximately \$1,416 per month, less 50% of any earned income⁹.
- 3.13 Evidence from The Southern Ontario's Basic Income Experience¹⁰, authored by McMaster University, the Hamilton Roundtable for Poverty Reduction, and Hamilton Community Foundation, highlights that 80% of respondents in their study reported better overall health, including less reliance on substances, decreased anxiety, and improvement in diet and housing, while receiving a basic income.
- 3.14 In a 2019 report¹¹, prepared for the Basic Income Canada Network, policy considerations for a basic income program in Canada include modeling of three options for basic income programs, all of which start with a standard basic income of \$22,000 per year for an individual. This amount was close to the 2019 LIM-AT.
- 3.15 The report further suggests that funding for a basic income program includes existing tax credits and programs that provide direct income support, like the GST/HST credit, as well as social assistance and that the provincial contribution comes in part from current social assistance budgets.
- 3.16 Most basic income advocates have moved away from a call for more pilots, indicating that there is enough evidence from programs and research around the world to show that basic income, in various forms, has a positive impact on the lives of people who receive it. Additionally, pilots have proven ethical and moral considerations for those citizens who participate in timebound projects as evidence by Ontario's Basic Income Pilot in 2017.

Living Wage

- 3.17 The Ontario Living Wage Network (OLWN) is a network of employers, employees, non-profits, and researchers, who champion a growing wave of living wage initiatives in Ontario by certifying paying member employers as supporters, leaders or champions of a living wage.
- 3.18 OLWN's living wage estimates what earners from three family types would need to earn, after tax, based on their estimated costs of living in a specific region including shelter, food, clothing, adult education, medical, communications (phone and internet), child care, transportation and other expenses.
- 3.19 In 2022, the OLWN moved to a new calculation system, based on StatsCan Census Divisions, which consolidated 51 previous Ontario living wage rates into 10 new living wage rates. The rate is now recalculated yearly each November.

9 [Ontario's Basic Income Pilot | Ontario Newsroom](#)

10 [southern-ontarios-basic-income-experience.pdf \(mcmaster.ca\)](#)

11 [Basic Income- Some Policy Options for Canada.pdf \(basicincomecanada.org\)](#)

- 3.20 The OLWN calculated the 2022 living wage for the Greater Toronto Area economic region, which includes the Regions of Durham, Halton and Peel, and the City of Toronto, to be \$23.15 per hour¹². There are currently 14 certified living wage employers in Durham through OLWN.
- 3.21 There are some complexities involved in incorporating a Living Wage commitment, whether through certification with OLWN or other potential avenues. The OLWN champion certification requires all direct full-time and part-time employees to be paid based on the OLWN calculation of a Living Wage, as well as paying the Living Wage to all third party contracted staff that provide regular service (or providing a commitment of intent to recontract at contract renewal at the Living Wage, including collective bargaining contracts).
- 3.22 Staff from Social Services have recently met with staff from the Office of the CAO and Finance Department and together regional staff are considering the development of a living wage strategy that would strive to ensure that the Region pays a living wage. In doing so, the Region can become a local innovator, by supporting a local living wage.

4. Considerations

- 4.1 Increased Municipal, Provincial and Federal investments for housing benefits would help more low-income households with housing costs.
- 4.2 Increased rates of social assistance rates and exemptions, including changes to claw backs, would help achieve a minimum standard of living, and lift people out of poverty.
- 4.3 Adjustments to social assistance income exemptions for both employment income and other forms of government income, would allow recipients to develop greater financial independence and autonomy from government assistance, and create opportunities for civil engagement, training, and employment.
- 4.4 There are currently key poverty reduction initiatives in place across Durham Region, however there is no formal Durham specific poverty reduction strategy. A collaborative effort to help identify a local systems approach to addressing poverty can help strengthen evidence-based methods and approaches to ending poverty at the community level.

5. Relationship to Strategic Plan

- 5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

¹² [Living Wage Week 2022 - Ontario Living Wage Network](#)

- a. Goal 2: Community Vitality – To foster exceptional quality of life with services that contribute to strong neighbourhoods, vibrant and diverse communities, and influence our safety and well-being.
- b. Goal 4: Social Investment – To ensure a range of programs, services and supports are available and accessible to those in need, so that no individual is left behind.

6. Conclusion

- 6.1 As living costs continue to rise the ability for people living with low income to manage, and contribute to the local economy, will become more challenging.
- 6.2 Staff will continue to explore strategies within low-income programs that can be beneficial to improving basic income levels to Durham residents.
- 6.3 The Social Services department will continue advocacy efforts through the Ontario Municipal Social Services Association (OMSSA) for affordable housing investments and improved social assistance rates.
- 6.4 Continued efforts of the Association of Municipalities of Ontario (AMO) towards ending homelessness are crucial for addressing those living in poverty and unsheltered across our communities.

Respectfully submitted,

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
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