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## **Abstract**

IA is the Government of British Columbia's largest income assistance program, with an annual cost of just over \$2B and reaching more than 8% of households. It is a program that is very complex to access and has complex eligibility rules and design features. It is also associated with a large amount of stigma and does not foster the financial stability and financial security of its clients. IA is also a poor tool to support those who engage in vital unpaid work (e.g., child care; caregiving for ill, disabled, or elderly family members; volunteering), not only because of the stigma associated with the program but also because the benefit levels are inadequate. The purpose of this paper is to put the IA program through the lens of BI principles to recommend reforms that would move IA closer to BI principles and away from being a "funder of last resort." Taken together, reforms based on BI principles should make IA a more inclusive program that recognizes the worth of all people. These reforms will also help reduce income poverty rates and poverty depths, preventing poverty, and help those caught in or about to be caught in a poverty trap.

## Introduction

As shown in Petit and Tedds (2020e), the program least like a basic income BI), and the program that would benefit most from reform guided by BI principles, is provincial Income Assistance (IA) and related programs. In this paper, we detail reform recommendations for British Columbia's IA program that would make the program more consistent with the BI principles detailed in Tedds et al. (2020).<sup>1</sup> IA is the Government of British Columbia's largest income assistance program, with an annual cost of just over \$2B. It reaches 155,970 households, 205,195 persons, and 41,532 children. It is a program that is very complex to access and has complex eligibility rules and design features. It is also associated with a large amount of stigma—the negative social attitudes toward “welfare” recipients that lead to recipients being degraded relative to non-recipients (Besley & Coate, 1992). While partially supporting economic security, a key BI principle (Tedds et al., 2020), IA needs significant reforms in order to truly foster the financial stability and financial security of its clients. IA benefit levels are far below the Market Basket Measure (MBM) poverty line, and clients are limited in terms of how many assets and how much income they can acquire. In addition, features of IA (such as the phasing out of benefits with earned income) decrease social inclusion, causing clients to remain out of work out of fear and confusion instead of realizing their potential in the labour force. Finally, IA is a poor tool to support those who engage in vital unpaid work (e.g., child care; caregiving for ill, disabled, or elderly family members; volunteering), not only because of the stigma associated with the program but also because the benefit levels are inadequate.

The goal of these proposed reforms are twofold. First, the purpose is to move IA closer to BI principles and away from being a “funder of last resort.” The four principles of a BI (as outlined in Tedds et al. (2020)) are simplicity, respect, economic stability, and social inclusion. Reforms based on the BI principles move away from complexity associated with IA (such as complexity in access and eligibility rules), reduce stigma currently engrained in the design of IA, improve the adequacy of benefits, and enhance opportunities for IA clients. Taken together, reforms based on BI principles should make IA a more inclusive program that recognizes the worth of all people. Second, these reforms help address the issue of poverty by reducing income poverty rates and poverty depths, preventing poverty, and helping those caught in or about to be caught in a poverty trap. The reforms to IA that we recommend with these goals in mind are as follows:

1. Reforms to eligibility:
  - (a) Remove the asset test.
  - (b) Redefine “income” along the same lines as for tax-filer benefit programs.
  - (c) Expand access to the general supplements: base eligibility on income and not IA receipt, and provide application forms (as opposed to caseworker discretion).

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<sup>1</sup> See Petit, G., & Tedds, L. M. (2020e). *Programs-Based Overview of Income and Social Support Programs for Working-Age Persons in British Columbia*. Research paper commissioned by the Expert Panel on Basic Income, British Columbia. for a detailed discussion of the IA program in B.C.

- (d) Remove employment-related sanctions that deny IA benefits to those who leave a job voluntarily without just cause, or are fired from a job for just cause.
  - (e) Remove the restriction that those with an arrest warrant for an indictable offence are not eligible for IA.
2. Reforms to delivery:
- (a) Increase IA benefits and index benefits to inflation.
  - (b) Phase out the Persons with Persistent Multiple Barrier (PPMB) category and replace it with a series of new streams, including (i) a new category for people with temporary and less severe disabilities, and (ii) a new category for people with high needs, such as those with addictions and undiagnosed mental health problems, and those experiencing homelessness for whom immediate work is not possible but who could work in the future if their high needs are met.
  - (c) Increase the number of caseworkers and community integration specialists, provide enhanced and continuous training for these workers, and define their roles as providing one-on-one, in-person supports for IA clients.
  - (d) Deliver IA benefits (particularly Disability Assistance benefits) through the Canada Revenue Agency (CRA).
3. Reforms to better support life transitions:
- (a) Freeze an IA client's benefits for 12 months after they enter employment or paid job training.
  - (b) Allow IA clients to obtain post-secondary education and retain IA benefits.
  - (c) Increase primary and secondary education supports for children whose parents are IA clients, and support as they transition out of secondary education.
  - (d) Remove the restriction that prevents people in rehabilitation and treatment centres from receiving both the IA benefit and per diem.

We focus on a suite of reforms that, if implemented together, are “incrementally radical”—that is, they “radically” move IA toward BI principles. IA is constantly being “tweaked.”<sup>2</sup> This “tweak” approach does not necessarily make IA easier to access or understand, reduce the stigma associated with IA, or significantly move B.C. closer to meeting the goals set out in its Poverty Reduction Strategy (Government of British Columbia, 2019). Consider, for example, a possible extension of the earnings exemption: such a reform would allow IA clients who engage in paid work to retain more of their earned income before having their benefits reduced, definitely a positive outcome. However, this type of tweak does not necessarily change the misunderstanding, confusion, and/or fear surrounding the interaction between paid work and IA

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<sup>2</sup> See Petit and Tedds (2020f) for a timeline of the tweaks to IA between 1999 and 2018. Many of the tweaks have been minor, with the exception of a few reforms, such as the October 2012 reforms that introduced an earnings exemption for Temporary Assistance clients and increased asset limits, the 2015 reforms that extended the monthly earnings exemption to an annual earnings exemptions for Disability Assistance (DA) clients and increased asset limits for DA clients, and a series of benefit increases for DA clients beginning in 2016.

benefits, a problem stemming from the complexity inherent in the IA program and in earnings exemptions. As Hertz et al. (2020) find, current IA users do not understand how working will impact their benefits and are therefore often “afraid to earn for fear of losing benefits or maxing out.” This confusion over the interaction between benefit rates and earned income must be addressed, or any subsequent “tweak” may not have the intended effect, or will have a lesser effect, as it will not incentivize the behaviour change that it intends to produce. Clearing up confusion and program complexity requires bolder and more creative reforms—an incrementally radical change.

Combined, these reforms would transform IA into a program that looks like a basic income for IA clients, and it would have advantages over a basic income guarantee (BIG), such as a universal basic income (UBI) or a negative income tax (NIT).

First, maintaining IA as a program and implementing these IA reforms would better target those who need support than a BIG would. IA and the general and health supplements combined allow a household to put together supports that match their level and type of need. In contrast, a BIG does not account for different types and levels of need. For example, a low-income person who requires a \$5,000 wheelchair for mobility and a low-income person who requires a \$50,000 wheelchair for mobility would receive the same level of income support under a BIG (assuming they had the same income level) but would receive the appropriate wheelchair for their mobility needs under the health supplements (provided they meet the eligibility requirements). A BIG can be designed to be equitable in terms of providing more income support to those who have lower income, but it may *not* be equitable in terms of providing targeted supports to those who have higher and differential needs (depending on the design). Maintaining and reforming IA and the general supplements, as detailed above, better targets level of need.

Second, receiving IA does not require a recipient to file their taxes—an issue prevalent among low-income households (Cameron et al., 2020). When combining these reforms with the reforms outlined in Petit and Tedds (2020f), the reformed IA program would be much more accessible to those who need support than a BIG (which would require a recipient to file taxes).

Third, the reformed IA program would also be less costly than a BIG (particularly a UBI), given that IA and the supplements only targeted a small proportion of the overall population; however, it would still move IA toward the BI principles.

Finally, the reformed IA and general supplements programs would also be a better tool for preventing and breaking cycles of poverty, something that a BIG may have difficulty addressing. For example, an NIT would be scaled back as income increases, potentially resulting in less time to build a solid financial foundation (depending on how the NIT is designed). On the other hand, freezing IA benefit levels for 12 months could lead to a more solid financial foundation and a way to exit the cycle of poverty. Further, a BIG could not prevent a cycle of poverty from beginning, as it is not preventive. However, extending access to the crisis supplement could prevent cycles of poverty from occurring in the first place.

Our recommendations are presented in the order in which they appear in they list above, addressing in turn eligibility reforms, delivery reforms, and transition reforms.

## Eligibility Reform Recommendations

### Recommendation 1: Remove the asset test.

To be eligible for IA, an applicant must have assets below the asset limit, and an IA recipient must keep their assets below the asset limit.<sup>3</sup> As stated in Petit and Tedds (2020e), assets for the purpose of IA eligibility include cash assets, equity in property, and investments or other financial instruments. Table 1 sets out the asset limits for a single adult receiving Temporary Assistance (TA) or Disability Assistance (DA) in B.C., as well as the asset limits for a single adult receiving Alberta Works or Assured Income for the Severely Handicapped (AISH) in Alberta, for comparison purposes. In general, in B.C., a family unit's place of residence, one vehicle, Registered Disability Savings Plans (RDSPs), and Registered Education Savings Plans (RESPs) are exempt; however, like the definition of income, there is a very long list of exclusions and exemptions.<sup>4</sup> The asset limits are lower for applicants to TA than to DA: a single adult applying/receiving TA cannot have assets worth over \$5,000, and a couple or single parent cannot have assets worth over \$10,000. For DA, a family unit with one person with disabilities may have up to \$100,000 in assets, and a family unit with two people with disabilities may have up to \$200,000 in assets.

If an IA client exceeds the asset threshold while receiving IA, they are no longer eligible for IA. However, there are exceptions. For example, if the asset (e.g., cash saved in a bank account) is from an exempt source of income, it will not be counted toward the asset limit if the IA client has documentation showing that it is from an exempt source of income (it is the IA clients' responsibility to acquire and provide the documentation). There are many exempt sources of income, including tax returns and the Canada Child Benefit. Another exception is if the asset is saved in the form of an exempt asset (e.g., RRSP, RDSP, or an asset development

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<sup>3</sup> See for reference *B.C. Employment and Assistance Regulation*, s.11(2).

<sup>4</sup> For more details, see the BCEA Regulations and . For instance, an IA recipient can save in an exempted or an asset development account and this would not count as assets for the asset threshold.

**Table 1**

*Asset Limits for Single Adults*

	British Columbia		Alberta	
	Temporary Assistance	Disability Assistance	Alberta Works	AISH
Cash, equity in Property, investments, other financial instruments	\$5,000	\$100,000	Cannot exceed 3 months core benefits  Single in private housing: cannot exceed \$2,598  Single living with relatives: cannot exceed \$1,917  Single living in social housing: cannot exceed \$1,968	\$100,000
Primary residence	Exempt	Exempt	Exempt	Exempt
Vehicles	One vehicle exempt, subsequent vehicles included as part of cash or equity	One vehicle exempt, subsequent vehicles included as part of cash or equity	Any number of vehicles in which the total equity is \$10,000 or less are exempt  Exception: \$10,000 limit can be exceeded if vehicle is used to access confirmed employment or training	One vehicle exempt, second vehicle also exempt if adapted for a disability
Redeemable RRSP	Not exempt—included as part of cash or equity	Not exempt—included as part of cash or equity	RRSPs of any kind: up to \$5,000 per adult member are exempt	RRSPs of any kind: not exempt—included as part of cash or equity
Non-redeemable RRSP	Exempt	Exempt		
RESP	Exempt	Exempt	Exempt	Not exempt if RESP beneficiary is client or spouse  Exempt if RESP beneficiary is client's dependent child
Trusts	Non-discretionary trusts: not exempt, included as part of cash or equity. Discretionary trusts: exempt	Non-discretionary trusts: capital contributions up to \$200,000 exempt plus any return on investment exempt. Discretionary trusts: exempt	Exempt	Exempt
RDSP	Exempt  RDSP withdrawal: exempt even if converted to non-exempt asset	Exempt  RDSP withdrawal: exempt even if converted to non-exempt asset	Exempt	Exempt, including RDSP withdrawals



account); then it will not be counted toward the asset threshold (even though it may be counted as income if it is not exempt income and can lower the level of benefits received in the month in which it was received). All of this serves to highlight another aspect of the complexity of the IA program, in particular how IA imposes a degree of complexity in household financial decision-making that is challenging.

Those in favour of an asset test argue that an asset test improves the targeting of income assistance to those who are “truly” eligible for income assistance: it “polices” IA by excluding those with high assets but low income. The reason for not removing the asset test is often cited as a fear of increased program entry by those who are not truly in need. However, Petit and Tedds (2021) found that when the asset limit for B.C. IA clients was increased in October 2012 (the total asset limit and the vehicle limit were both increased), there was no effect on new entries into TA or DA. These results suggest that if the asset limit threshold were eliminated, there would likely not be a large increase in the caseload, as some fear.

Further, Petit and Tedds (2021) found that increasing the asset limit may have increased the exit rate for TA clients. This suggests that removing the asset test may help current clients of TA prepare themselves to move off TA (e.g., through increased savings).<sup>5</sup>

The literature from the United States supports the results found in Petit and Tedds (2021).<sup>6</sup> In the U.S., the major income support program for low-income families is called Temporary Assistance for Needy Families (TANF). States receive block grants to design and operate their own TANF programs. While states are given flexibility in the design of their TANF program, there are certain minimum requirements that must be met, including work requirements, a lifetime time limit, and financial sanctions for failing to meet work requirements. Importantly for this discussion, asset thresholds are set by each state individually for TANF eligibility. The literature from the U.S. on TANF finds that removing or adjusting asset limits does not result in an increase in income assistance caseloads. PEW Charitable Trusts (2016) found that raising or eliminating asset limits for eligibility for TANF affected neither the number of monthly applicants nor acceptance rates. Similarly, Pirog et al. (2017) found that increasing or eliminating TANF liquid asset limits had no effect on participation: it did not significantly affect the uptake of TANF benefits of households who were otherwise eligible for TANF.<sup>7</sup> Finally, Hamilton et al. (2015) found that significantly increasing or eliminating the asset limits on TANF after the 2008 recession did not affect TANF caseloads (although this finding conflates entry and exit). All of these papers imply that household and economic conditions are more important determinants of entry into TANF than asset limits.

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<sup>5</sup> Findings on how this asset limit change affected re-entries are detailed in Petit, G., & Tedds, L. M. (2021). *The Effect of Asset Limit on Income Assistance Dynamics in British Columbia*. School of Public Policy, University of Calgary. .

<sup>6</sup> To our knowledge, there is no empirical literature that looks at the causal effect of a change in asset limits for income assistance programs in Canada; however, there is literature on asset limits in Canada and their potential effects on provincial social assistance entry and exit. See Robson (2008) for an excellent discussion.

<sup>7</sup> However, it should be noted that a person cannot receive TANF for more than 60 months throughout their lifetime (with some exceptions). Potential applicants must also take this into account when determining whether or not to participate.

Further, there is evidence that removing or relaxing asset tests does not increase dependence on income assistance. Hamilton et al. (2019) found that the elimination of or a significant increase in TANF asset limits were not associated with long-term income assistance. Likewise, Ratcliffe et al. (2016) looked at the Supplemental Nutrition Assistance Program (SNAP) in the U.S. SNAP is a mean-tested federal program that is phased out over income. It provides a voucher (adjusted for inflation annually) that can be spent on food items in a grocery store, with rules around qualifying grocery stores and qualifying food purchases (e.g., vouchers cannot be used for certain types of food, such as preprepared meals). States have very little control over the design of SNAP; however, they do have choice over the asset threshold for eligibility. Ratcliffe et al. (2016) found that relaxing or eliminating asset limits for SNAP in the U.S. did not affect duration of time spent on the program.

It has also been argued that asset limits reduce the wealth of households. If people spend down their assets to qualify for IA, and/or do not build up their assets while on IA, they are less capable of weathering negative income and health shocks. Another strand of literature examines whether the elimination or reduction of asset limits affects household wealth. Pirog (2017, pp. 10-11) found that for TANF recipients, removing or relaxing liquid asset limits increased the probability that households had a bank account by 5% , and that the total wealth of TANF recipients increased by about \$7,000, indicating they were not spending down their assets to become eligible. Ratcliffe et al. (2016) found similar results for states that reduced or eliminated asset limits for SNAP in the U.S.: they were more likely to save and to have bank accounts, and it reduced the probability of cycling on and off SNAP, although the effects were small.

Asset limits may also have other adverse effects. First, asset tests may have an inequitable effect. For older persons, they have spent more time accumulating assets than younger persons. Requiring both older persons and younger persons to deplete their assets to the same level may be more devastating for an older person who is looking to bridge into old age programs such as OAS/GIS.<sup>8</sup> Second, if an IA client is worried about becoming not eligible for IA or fears an intrusive investigation, they may choose to not have a bank account in favour of “hiding their money under their mattress.” Using qualitative evidence, O’Brien (2008) found that for TANF recipients, even the perception that an asset limit exists (regardless of whether or not there is in fact an asset limit) results in TANF recipients fearing saving in a bank account and thus they hold their cash savings outside of a bank (or other formal financial institution). The lack of a bank account may lead to other adverse consequences, such as requiring the use of cheque-cashing services, which charge large service fees.

Asset limits are not aligned with BI principles. First, asset limits make IA more complex and pose a large administrative burden both for the applicant, who must provide documentation of their assets, and for the Ministry of Social Development and Poverty Reduction (SDPR), which must verify these assets. Second, asset limits enhance stigma associated with IA:

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<sup>8</sup> For example, Rothwell & Robson find that in Canada, younger persons (ages 15–44) are at greater risk of being asset-poor than older adults (ages 45–54).

investigating all potential assets is intrusive and treats the applicant as if they are hiding something. Third, asset limits reduce economic stability, as discussed above, as they incentivize IA applicants to spend down their assets and discourage saving. Finally, asset limits may diminish social inclusion, as persons with fewer assets may be less likely to engage in civil society.<sup>9</sup>

Reducing asset limits would bring IA closer to BI principles by simplifying access for both clients and SDPR and reducing stigma. The evidence suggests that if the asset limits were to be eliminated, a large influx of IA clients would be unlikely, and eliminating them may have a small effect on economic stability by encouraging IA clients to have bank accounts and reducing the incentive to spend down assets for eligibility. B.C. already sets the asset limit for DA recipients quite high (\$100,000 for single adults and \$200,000 for everyone else). It is unlikely that many, if any, people with disabilities even come close to this asset limit. The next step is to remove the asset limits completely for both DA and TA clients.

Some large Canadian income assistance programs do not have asset tests. For example, the Guaranteed Income Supplement (GIS) for seniors is not asset-tested—it is only income-tested. Further, in the U.S., many states have removed the asset test for TANF eligibility: the states of Colorado, Illinois, Ohio, Virginia, Delaware, Louisiana, and Alabama have completely eliminated the asset test. As discussed above, states that eliminated or relaxed these asset tests saw an improvement in asset holding and no change in program participation (Pirog et al., 2017). If B.C. ever does implement a BI, it is unlikely that the BI would include an asset test, as the CRA (through which the BI would presumably be distributed) does not currently have the capability to assess assets, nor do advocates of a BI endorse asset tests generally.

## **Recommendation 2: Redefine “income” along the same lines as for tax-filer benefit programs.**

As it stands now, the definition of “income” for assessing eligibility for IA is complex and very detailed. In simplified terms, income includes earned income plus unearned income minus exempt income. Under each of these—earned, unearned, and exempt income—there is a long and detailed list of potential income sources. For example, unearned income includes financial awards and compensation, but exempted income includes awards of compensation payable by Community Living BC through a legal proceeding in respect of a claim for injury, loss, or damage. Also excluded are items such as individual redress payments granted by the Government of Canada to a person of Japanese ancestry; individual payments granted by the Government of Canada under the Extraordinary Assistance Plan to thalidomide victims; and so on. The point is that these are very detailed sources of income for inclusion/exclusion.

By distinguishing every potential source of income as included or excluded, IA is embracing the objective of being the funder of last resort. As a funder of last resort, the

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<sup>9</sup> As Robson points out, homeowners appear to have higher levels of civic engagement and enjoy better marital stability, family health, and well-being when compared to non-homeowners.

objective is to ensure that only those who truly have no other source of income receive IA. This contributes to both the complexity of IA and the stigma associated with IA. Further, as IA has been transformed over the years, it is questionable whether distinguishing all these sources of income continues to serve the purpose of IA. In particular, DA has moved from being a “funder of last resort” to a long-term income support program. And, if BI is in fact the ultimate end goal, under a BI program there will be no distinguishing between all of these different sources of income. In order to be delivered through the CRA, any BI program will be forced to use a definition of income that only includes income information collected by the CRA.

In order to bring IA closer to BI principles, the definition of “income” used to assess IA eligibility should be brought in line with income information collected by the CRA. That is, earned income and unearned income for the purposes of IA should be simplified to include only income considered as such by the CRA, such as employment income, investment income, capital gains income, Employment Insurance and Canada Pension Plan income, and so on. The earnings exemption should continue to be applied to net earned income.

Non-exempt and exempt income for the purposes of IA already seem to largely follow CRA rules for taxable and non-taxable income, respectively. For example, child support payments, tax benefits such as the Canada Child Benefit, and court-ordered payments and settlements for personal injury and death are exempt income for the purposes of IA and are also not taxable, whereas spousal support is not exempt for the purposes of IA and is taxable. Explicitly bringing IA exempt and non-exempt income in line with CRA non-taxable and taxable income, respectively, would mean that many of the itemized exempt income sources listed in the IA regulations could be automatically made exempt, as they are non-taxable.

Bringing IA income definitions in line with CRA income definitions will make IA easier to administer through the CRA in the future. In particular, if combined with reforms that would make the CRA more responsive to in-year income fluctuations, as outlined in Petit and Tedds (2020a), these reforms would bring IA closer to BI principles in terms of simplicity in access and delivery.

Even if not combined with system reforms, bringing the definitions of income in line would make IA simpler: only one set of income rules would need to be understood. Further, it would reduce stigma, particularly for long-term DA clients, as they could simply file their tax returns and give permission to the SDPR to access that information to determine their income: no intrusive investigations into their income sources would be required.

### **Recommendation 3: Move the general supplements outside of the IA program and make them more accessible.**

The general supplements play an important role: they address different levels and types of need for IA clients. Table 2 lists some of the general supplements and basic information for each. Currently, the general supplements are only available to persons who are recipients of IA and who meet the particular eligibility criteria for the general supplements, if any. Low-income persons who do not qualify for IA, choose not to access IA, find IA too difficult to access, or simply do not know about IA do not have access to the general supplements. Low-income

persons who do not access IA make up the majority of low-income persons. In December 2018, there were 193,782 recipients of IA (either TA or DA) with 38,700 of these being children<sup>10</sup> while at the same time 421,000 persons were living under the MBM poverty threshold in B.C. (Statistics Canada, 2020). This suggests that over 50% of persons living in poverty are not recipients of IA.<sup>11</sup> The general supplements can be reformed and moved closer to BI principle with the reform dependent on the nature of the general supplement, each discussed in turn below.

Note that when we argue here to move these general supplements toward BI principles, we are not advocating that they should not be rolled up into an increased cash transfer. If they were rolled up, they would not be able to address differences in the types and levels of need. A UBI or BIG is not able to address heterogeneity of need on its own. One of the reasons to retain IA and these general supplements is that they can address the heterogeneity of need. Even if they are not rolled up into a cash transfer, they can still be reformed to align with BI principles of simplicity, respect, social inclusion, and economic security.

In what follows, we discuss reforms to the crisis supplement, an important supplement that could be expanded to more effectively prevent poverty; rental security deposits, which if expanded could help low-income persons move into housing; and the transportation supplement, which if reformed could increase social inclusion and decrease the cost of paid work for low-income persons.

### ***Crisis Supplement***

The crisis supplement serves an important function: it provides income support to those who have unexpected emergency needs that imminently threaten their physical health or where failure to meet those needs will result in the removal of a child. Examples of situations that can give rise to unexpected need include a roommate moving out with no warning and a IA client suddenly being responsible for the full rent, an unusually cold winter causing the heating bill to be unusually high, a power outage resulting in spoiled food, and a sudden illness requiring the client to pay for over-the-counter medications instead of paying their hydro bill (BCEA Policy & Procedure Manual). These examples encompass situations that are outside of the IA client's control, are verifiable, and can apply not just to IA clients but to any person, with the effects felt hardest by those with little or no financial security.

The crisis supplement is only available to recipients of IA. In order to receive a crisis supplement, an IA client must contact their caseworker, who then approves or rejects the request based on their discretion. There are no application forms and no requirements to provide reasons for the decision (approval or denial). Because of this design, the crisis supplement is not meeting BI principles as well as it could and is not as effective a tool to alleviate and prevent poverty as it could be.

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<sup>10</sup> BCEA program data. Available through BC Open Data.

<sup>11</sup> Note that this estimate is imprecise given that the poverty rate is an annual figure and the IA caseload is a monthly figure.

The crisis supplement could better address poverty prevention. The examples described above may induce a person with no or little income to borrow from a payday lender to pay the unexpected expense. Payday lenders are often used by low- and no- income households that have little access to credit, they charge exorbitant interest rates on loans, as well as late fees and non-sufficient funds fees. This can lead to entry into a cycle of poverty, increased depths of poverty, and increased IA caseloads.

The crisis supplement should be made available to all low-income persons regardless of IA receipt. Concurrently, an application form should be made available for the crisis supplement along with a requirement for written reasons when a crisis supplement is not approved. An application form could be designed and implemented for the crisis supplement. Eligibility could be based on an income test similar to the current IA income test (without the asset test). Income eligibility should be based on current income, as opposed to using income information from the CRA (e.g., last year's tax filing), due to the volatile nature of income. Using the previous year's tax returns to assess eligibility would be problematic, as it may not reflect the current situation of the applicant. IA clients could skip the financial application step.

Providing an application form for the crisis supplement would move eligibility from a subjective assessment to a more objective assessment, and would reduce the stigma associated with the crisis supplement and IA. Hertz et al. (2020) note that a pregnant woman was denied the crisis supplement because of the caseworker's assessment that she ought to have been better prepared for her situation and therefore was not "in crisis." Situations like this highlight the need for a more objective test of eligibility and written reasons for rejection.

To prevent abuse, an expanded crisis supplement could be conditioned on other criteria. Persons who meet the income eligibility and prove that they are experiencing an emergency could be limited in the number of times they can access the crisis supplement (e.g., within a year or within a lifetime), or it could be set up as a personal account that a person could draw from under certain conditions. Further, the crisis supplement could be paid directly to vendors, where appropriate. For instance, in a housing emergency, the crisis supplement could be paid direct to the landlord, insurance company, utility company, and so on. The details of which vendors the crisis supplement goes to could be discussed and planned with the recipient.

In the case of budget constraints, the crisis supplement could be redesigned as a no-interest loan program that could be run similar to rent banks: as a partnership between local governments and NGOs and funded by the province, with application forms or referral forms easily available through the SDPR website, Service BC, and NGOs.

### ***Rental Security Deposits***

The co-op share purchase supplement, the security deposit supplement, and the utility deposit supplement all help IA recipients rent housing.<sup>12</sup> Since IA recipients have low levels of savings (particularly TA clients with low asset limits), very few have the means to pay these

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<sup>12</sup> See Table 2 for more details on each.

security deposits: these supplements help with that. However, it is not just IA clients who have problems paying these rental security deposits; it is low-income persons in general.

Rental security deposit supplements should be expanded to include all low-income persons regardless of IA receipt. Similar to the expansion of the crisis supplement discussed above, a financial eligibility application form similar to the one used by IA (minus the asset limit) could be used to gauge an applicant's current financial situation. Expanding eligibility for these rental security deposits to all low-income persons would aid more households in securing housing.

These rental security deposits are all no-interest loan programs: persons who access the rental security deposits must pay them back. The expanded program could be run through rent banks, which already have experience with loans for housing for low-income households, or through the same entity established to administer the crisis supplement, as discussed above.

Additionally, it is currently the case that eligibility for these rental supplements is determined by a caseworker. As with the crisis supplement, this allows for a lot of administrative discretion, increasing stigma and likely reducing take-up rates. Given that the rental security deposits are relatively straightforward, there does not seem to be a good argument for the infusion of administrative discretion. Rather, an application form should be made available to allow people to apply for these supplements and to review reasons for rejection.

### ***Transportation-Related Supplements***

There are no transit fare programs in B.C. for low-income persons generally (through either BC Transit or TransLink, which collectively cover the province). There is a bus pass program for DA recipients (the Transportation Supplement) and for low-income seniors. The Transportation Supplement provides all DA clients either \$52/month or a bus pass. TA clients are specifically excluded from the Transportation Supplement. B.C. also offers the BC Bus Pass for seniors: low-income seniors receiving the Senior's Supplement or GIS can receive a "free" bus pass.<sup>13</sup> Although the bus pass programs are a good start, they leaves many gaps in coverage, particularly TA clients and low-income persons who do not access IA—they pay the same transit rate as everyone else.

The cost of a TransLink transit pass can represent a sizable share of a household's income. Lee (2019) found that for households with income at the poverty line (measured using the MBM), the cost of a TransLink transit pass in Metro Vancouver for one person ranges from between 5.7% of household income for one person going one zone to 10.4% for one person going three zones. Likewise, for a family four, a transit pass ranges from 8.9% for one zone up to 13.6% for three zones. Given that TA clients live on benefits that are much lower than the MBM income threshold (Petit & Tedds, 2020e), a TransLink pass for a TA household would constitute an even larger portion of their income.

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<sup>13</sup> A T5007 is issued for the seniors' bus pass, which could result in a minor reduction of other benefits—an issue addressed in Petit, G., & Tedds, L. M. (2020b). *Interactions Between Income and Social Support Programs in B.C.* Research paper commissioned by the Expert Panel on Basic Income, British Columbia. .

TA clients choosing not to buy transit passes due to the relatively high cost reduces SDPR's ability to achieve its goal of transitioning TA clients into employment. That is, if a TA client chooses not to buy a transit pass because they cannot afford both the transit pass and food, their absences at work (or at employment training programs where transit passes are not available) may increase, also increasing their risk of being fired.

At minimum, the Transportation Supplement should be extended to TA clients. This would move TA closer to its goal of transitioning clients into sustainable employment. It would also enhance social inclusion, enhancing TA clients' opportunities to participate in employment, education, volunteering, and other social activities, and it would enhance economic stability by increasing the adequacy of IA, allowing IA clients to achieve a minimum basic standard of living. Ultimately, it would move IA closer to BI principles.

Additionally, movements such as #AllOnBoard advocates for affordable and accessible transit for all B.C. residents, including providing a sliding-scale monthly pass for low-income households. Although not specifically in the purview of IA and the SDPR, providing a sliding-scale monthly pass for low-income households would move B.C.'s assistance programs closer to BI principles and should be considered. In particular, the province could subsidize these sliding-scale bus passes, as Saskatchewan has done.<sup>14</sup>

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<sup>14</sup> The Discounted Bus Pass program in Saskatchewan is funded jointly by the provincial Ministry of Social Services and the municipality. See the Discounted Bus Pass program in Saskatchewan for more information: <https://www.saskatchewan.ca/residents/transportation/public-transportation/discounted-bus-pass-program>



**Table 2**

*Select General Supplement Available to IA Clients*

Supplement	What	Who	How to access	How much?
<b>Transportation-related supplements</b>				
Transportation Supplement	<p>A monthly transportation supplement</p> <p>The individual has the choice of receiving \$52/month or an in-kind annual bus pass.</p>	Recipients of DA	<p>Eligible individuals who would like an annual bus pass can apply through the ministry's Bus Pass program.</p> <p>Eligible individuals who do not want or need a bus pass: once eligibility has been established; the \$52 transportation supplement will be automatically added to their monthly support payment.</p>	\$52 per month or in-kind bus pass
<b>Supplements to cover unexpected costs</b>				
Crisis supplement	<p>A crisis supplement is intended to aid the client in an emergency when all other resources have been exhausted.</p> <p>A crisis supplement may be available to recipients who face unexpected, emergency needs in the form of a one-time payment to prevent imminent danger to their physical health or the removal of a child.</p> <p>Crisis Supplements are provided for: food, clothing, shelter, essential utilities, or emergency home repairs. A crisis supplement may be provided for an emergency/disaster, when an identified local, regional, or provincial emergency or disaster occurs and the client meets basic crisis supplement requirements policy and all available resources have been exhausted.</p>	<p>Recipients of IA, DA or Hardship Assistance (HA) if all of the following apply:</p> <ul style="list-style-type: none"> <li>• a person requires the supplement to meet an unexpected expense or obtain an item unexpectedly needed</li> <li>• a person is unable to meet the expense or obtain the item because there are no resources available</li> <li>• failure to meet the expense or obtain the item will result in imminent danger to the physical health of any person in the family unit or removal of a child under the Child, Family and Community Service Act</li> </ul>	Apply by contacting a ministry office	<ul style="list-style-type: none"> <li>• Food—up to \$40 per person per month</li> <li>• Clothing—up to \$100 per person per 12 month period; \$400 per family of four or more limit per 12 month period</li> <li>• Shelter—effective January 1, 2020, crisis supplement for shelter increased to the actual cost up to the full monthly amount for support and shelter for the family unit</li> <li>• Essential Utilities Crisis Supplement—up to the minimum amount required to alleviate the crisis</li> <li>• Emergency Home Repairs Crisis Supplement—up to the minimum amount required to alleviate the crisis and prevent any imminent danger</li> <li>• Emergency/Disaster—up to the minimum amount required</li> </ul>

				to alleviate the crisis and prevent any imminent danger
<b>Security deposit supplements</b>				
Co-op share purchase supplement	A lump-sum supplement to assist with the cost of purchasing shares in a co-operative housing corporation  This is a repayable supplement.	Recipients of IA and DA  Must be in receipt of assistance for at least 3 previous calendar months	Apply by contacting a ministry office	Lesser of \$850 or 50% of the cost of co-op membership shares
Security deposits	To assist with the cost of securing rental accommodation  This is a repayable supplement.	Recipients of IA, DA, or HA	Apply by contacting a ministry office	Aligned with Residential Tenancy Act; the ministry will pay half of the actual market rent for a security deposit.
Utility security deposits	To assist with the cost of securing service for electricity or natural gas  This is a repayable supplement.	Recipients of IA, DA, or HA	Apply by contacting a ministry office	The amount of the supplement is the minimum amount required by the utility provider as a security deposit.

**Recommendation 4: Remove employment-related sanctions that deny IA benefits to those who leave a job voluntarily or are fired from a job.**

Under the current IA eligibility rules, there are sanctions for failing to comply with employment-related rules. These sanctions are set out in Table 3.

**Table 3**

*IA Sanctions for Failing to Comply with Employment-Related Rules*

<b>Action</b>	<b>Consequence</b>	<b>Period</b>
Failure to accept suitable employment  OR  Voluntarily left employment without just cause  OR  Dismissed (fired) for just cause	Singles and couples are ineligible (for IA).  Family units with <i>dependent children</i> are subject to a \$100 per month rate reduction for each applicant or recipient that is subject to the sanction.	Two calendar months from whichever is later: the date of application for assistance or the date the default occurred

*Note.* Reproduced from the *BCEA Policy and Procedure Manual: Sanctions* (Government of British Columbia, 2020).

According to the *BCEA Policy and Procedure Manual* (SDPR, 2020), in determining whether there was just cause, the following can be considered:

- having a physical or mental condition that precludes maintaining employment
- sexual or other harassment
- discrimination
- dangerous working conditions
- following a spouse to new employment
- leaving an abusive or violent domestic situation
- having to care for a child or other immediate family member who has a mental or physical condition that requires the person to care for them
- reasonable assurance of another job

Rendering a TA client ineligible for TA with regard to the first two actions above—failure to accept suitable employment and voluntarily leaving employment without just cause—reduces the autonomy of the TA client and fails to respect their decision to not accept or leave employment. Neither the BCEA Act, the associated regulations, nor the policy manual define “suitable employment.” There are many reasons why a TA client may not accept/leave employment that are not on the just cause list, including no available/suitable child care, no reasonable transit, a hostile working environment, and poor skill/education/training match. This forces IA clients to choose between (a) economic stability (IA benefits) under unsafe/hostile

conditions (or conditions where children are left to raise themselves), and (b) reduced economic stability (including potential homelessness) while remaining safe/taking care of children.

Although this is a good list of just causes, some of these situations are difficult to prove/disprove in a court of law, let alone by a low-income person challenging an employer who may have access to more resources. The standard of proof required to prove that these situations occurred is unclear: is it enough to allege that these situations happened, or does evidence need to be provided, or does there need to be an actual finding?<sup>15</sup>

Employment obligations and these sanctions for failure to meet those obligations are further examined using a gender-based analysis plus (GBA+) lens in Petit and Tedds (2020a). In that paper, the authors find that these sanctions are particularly punitive for single parents with children aged three to about 12 years (i.e., single parents with children who cannot stay home alone yet are expected to meet employment obligations); older working-age persons, aged 50–64, receiving TA, who may have mobility or health issues that are undiagnosed or do not meet the thresholds for the PPMB eligibility (which has no work requirements); and older working-age persons for whom jobs in their chosen career are in short supply due to technology or climate change.<sup>16</sup> They also find that reconceptualizing employment obligations as employment supports would move IA closer to BI principles by reducing the stigma associated with forcing TA clients to engage in activities that may not be in their best interest, based on the belief that, without that enforcement, they would otherwise be “lazy” and not want to work or participate in society.

The employment sanctions should be removed. Instead of being made ineligible for IA, persons who fail to accept suitable employment, voluntarily leave employment without just cause, or are fired without just cause should continue to receive the same level of IA benefits. In addition, any failure to meet employment obligations should be met not with a sanction but with increased understanding of the issue preventing success, and increased access to resources and referrals to help with the underlying issues. Caseworkers should be tasked with determining the reasons why the failure to meet employment obligations occurred, and should work with the client to address the underlying issues. For example, if the problem was a lack of suitable child care, efforts should be made to find employment that aligns with suitable child care.<sup>17</sup>

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<sup>15</sup> Also unclear is how COVID-19 may play into this. For example, if an IA client believes that they are at higher risk of contracting COVID-19 due to their workplace practices (or lack thereof), do they have “just cause” to quit and retain IA?

<sup>16</sup> In this case, they may have to retrain for a new career or accept employment that is well below their reservation wage. Retraining may not be attractive for these people, as the benefit of retraining when so close to retirement may not be worth the cost.

<sup>17</sup> Child-care hours typically are from 8 a.m. to 5 p.m. This makes it difficult for those with different work schedules to find suitable child care. Reforming child care to provide more options that better align with shift-worker schedules would be the best solution, but is outside the scope of this paper and outside the control of a caseworker.

**Recommendation 5: Remove the restriction that those with an arrest warrant for an indictable offence are not eligible for IA.**

Under the current rules, applicants or recipients who have an outstanding arrest warrant(s) issued under the Immigration and Refugee Protection Act (Canada) or any other enactment of Canada in relation to an offence that may be prosecuted by indictment may not be eligible for income assistance, hardship assistance, disability assistance or supplementary assistance, although their family members may be eligible (Government of British Columbia, 2020). This rule goes against the BI principle of respect: it stigmatizes an IA applicant/recipient and their family without requiring actual proof of a crime. It is important to note that an arrest warrant is issued after a person is *charged* with crime but before it has been proven beyond a reasonable doubt (the legal standard) that they have *committed* the crime. This IA rule appears to presume that the IA applicant/recipient is guilty before it has been proven. Persons with an arrest warrant should be eligible for IA until it has been proven by a court of law that they are guilty or they have pleaded guilty.

**Delivery Reform Recommendations**

**Recommendation 1: Provide a benchmark for IA benefits in order to increase benefits and index benefits to inflation.**

In this recommendation, we add our voices to those of many advocates before us. The level of IA benefits, particularly for single adults receiving TA, are extremely low compared to the MBM. As discussed in Petit and Tedds (2020e), TA benefits for single adults expected to work reach only 45% of the MBM threshold. Even when combined with other government-provided income supports, a single adult will only reach 48% of the MBM threshold (provided they have no other source of income).

Admittedly, B.C. IA benefit levels (for both TA and DA) are nearly the highest in Canada.<sup>18</sup> However, this is not an indication that IA benefit levels are adequate, as they remain below the income poverty line and they are low compared to the cost of housing. Kneebone and Wilins (2020) look at the ratio of rent-to-TA income for a single adult either renting a studio apartment or sharing a two-bedroom apartment, where the rent used is the cost of rent in the lowest quintile of rent. They find that the rent-to-TA income ratio is greater than 50% in much of B.C. That is, a single adult on TA will pay over 50% of their TA (total) benefit toward rental housing that is in the lowest quintile of rental costs. In Vancouver, for a single person renting a studio apartment, their rent-to-TA income ratio is 118%.

Low benefit levels reduce IA's effectiveness in meeting BI principles. First, they reduce economic security: low benefit levels limit the ability of an IA client to secure a basic quality of life, let alone weather unexpected financial shocks or save for their or their children's future. Second, low benefit levels reduce the social inclusion of IA recipients: low benefit levels do not

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<sup>18</sup> For single adults, DA offers the second highest level of benefits in Canada, with only AISH in Alberta offering a higher benefit level, and TA for single adults expected to work offers the third highest benefit levels in Canada after Saskatchewan (city dependent) and Manitoba.

adequately support those who participate in unpaid labour. They also reduce IA clients' ability to follow cultural norms (e.g., personal hygiene; clothing suitable for an interview, work, or going out with friends) and reduce their ability to attend an interview, work, or community or social events (e.g., costs of child care or transit, cost of a coffee).

Further, IA benefits are currently not indexed to inflation.<sup>19</sup> Although the nominal level of benefits has remained the same, the real level of benefits has declined as the cost of living has increased. This means that IA clients can afford less and less food, shelter, and other basic necessities as time passes. For example, in October 2017, the benefit rates for all IA recipients were adjusted. For a single person receiving TA, the maximum benefit was set at \$385/month for the support allowance and at \$375/month for the shelter allowance, for a total of \$760/month—that is, about \$24/day to cover food, shelter, and other costs of living. These rates were unchanged in March 2019. Using the B.C. Consumer Price Index (CPI), the real benefit level declined from \$760/month in October 2017 to \$680/month in March 2019, a loss of \$30/month. By March 2019, a single adult receiving TA could afford over an entire day's worth of basic necessities less than they could in October 2017. IA benefit amounts were increased in April 2019; however, there is no obligation on the part of the government to adjust benefits after any length of time has passed.

Indexing IA benefits to inflation would move IA closer to BI principles. It would enhance economic security: IA clients would be better able to budget and would know with certainty that they could purchase the same basket of goods if their benefits were tied to inflation.

To move IA closer to BI principles, the benefit levels should be increased and indexed to inflation (to preserve their real values). These issues should be addressed by benchmarking IA benefits to an indicator that measures cost of living and adjusts with inflation. There are a number of benchmarks that could be used, and a number of ways to use a benchmark. Potential benchmarks could include the actual cost of rental housing (maintaining a rent-to-income ratio), the MBM poverty threshold (or some portion thereof), or the minimum wage (which itself could be benchmarked to the MBM). A benchmark should be set for IA benefits with the choice of the benchmark dependent on the objective of IA.

One potential objective for IA benefits may be to target consumption composition, particularly to ensure that IA recipients can afford basic housing based on the actual cost of housing in their community. An alternative objective could ensure that IA benefits are in line with the MBM threshold while maintaining an incentive to enter the paid labour market. One way to do this would be to benchmark IA directly to some proportion of the MBM while ensuring that IA benefits are below what a representative earner would make in the paid labour market.

Finally, a policy-maker may want to support productive activities outside of the labour market, such as caregiving. One way to do this would be to benchmark IA benefits to a much higher level of the MBM, regardless of the earnings of a representative earner in the paid labour market. If there is a concern about ensuring that those who do work do not earn less than what is received on IA, the minimum wage could also be benchmarked to the MBM.

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<sup>19</sup> See Petit and Tedds (2020f) for more information on the decline of real IA benefits over time.

It should be noted that there is an inherent tension between setting IA benefits that enhance incentives to enter into paid labour by keeping IA benefits below what could otherwise be made in the paid labour market, and supporting unpaid labour such as caregiving by setting IA benefits at a level equal to what a paid labourer would make. If IA benefits are kept lower than what can be made in the paid labour market, this does not adequately support unpaid labour, and vice versa. In pursuit of the BI principles of economic stability and social inclusion and to combat poverty, the approach that would bring IA closer to BI principles would be to benchmark IA to a high proportion of the MBM and benchmark minimum wage to the MBM as well. However, this is also likely the costliest solution and would have impacts not just on IA clients and IA spending but on hiring decisions/labour demand, labour supply, wages, prices, and taxes/government revenue. However, if a BI were implemented, the effect on the labour market from a BI may be comparable to increasing IA and the minimum wage to the MBM level.

Below we provide some example scenarios of what these benchmarks might look like. Table 4 considers what IA benefits would like if the shelter allowance of IA was benchmarked to 75% of the housing component of the MBM and the support component of IA was benchmarked to 50% of the MBM for single individuals. The support component for other family types is then calculated based on the 50% MBM for individuals plus the difference between the current support component for that family type minus the current support component for single individuals. This maintains the difference in benefits to address differing costs of living and needs.<sup>20</sup> These benchmarks were chosen to keep IA benefits around what a minimum wage (\$15/hour), part-time employee (20 hours/week) would earn in the paid labour market (about \$1,200/month before deductions) while attempting to balance differing levels of needs.

**Table 4**

*IA Benefits If Based on 75% of MBM Shelter Component and 50% Single Adult MBM, Accounting for Needs*

Family type	Recipient type	Total monthly IA Benefit (current)	Total current monthly IA benefit as a % of MBM	Total monthly IA Benefit if Based on MBM (as above)	Benefit if based on MBM as a % of MBM
Single adult	TA: ETW	\$760.00	44.88%	\$989.16	58.41%
Single parent, 1 child	TA: ETW	\$1,095.58	45.75%	\$1,306.70	54.56%
Single parent, 2 children	TA: ETW	\$1,185.58	40.42%	\$1,442.48	49.18%
Couple, no children	TA: ETW	\$1,077.22	44.98%	\$1,288.34	53.79%
Couple, 1 child	TA: ETW	\$1,261.06	42.99%	\$1,517.96	51.75%
Single adult	TA: PPMB	\$807.92	47.71%	\$1,037.08	61.24%
Single parent, 1 child	TA: PPMB	\$1,143.58	47.75%	\$1,354.70	56.56%
Single parent, 2 children	TA: PPMB	\$1,233.58	42.06%	\$1,490.48	50.81%
Couple, no children	TA: 1 PPMB	\$1,166.22	48.69%	\$1,377.34	57.51%
Couple, 1 child	TA: 1 PPMB	\$1,350.06	46.03%	\$1,606.96	54.78%
Couple, no children	TA: 2 PPMB	\$1,222.06	51.03%	\$1,433.18	59.84%
Couple, 1 child	TA: 2 PPMB	\$1,406.06	47.94%	\$1,662.96	56.69%

<sup>20</sup> Although the MBM does differ by region and family size, it does not differ by needs. For example, the MBM is the same for persons with or without disabilities.

*Note.* For these calculations, the MBM for 2018 (2008 base) Vancouver was used. “ETW” are those Expected to Work. “1 PPMB” and “2 PPMB” is for households with one/two adult(s) designated as Person with Persistent Multiple Barriers. The benefit as a percent of MBM does not take into account any other tax or transfer program such as Canada Child Benefit and the B.C. Child Opportunity Benefit, which are a large source of income support for families with children. The total monthly benefit based on the MBM is calculated using 75% of the MBM shelter threshold plus 50% of the MBM threshold (minus the shelter component) for single adults plus a differential dependent on family type and recipient type.

By basing IA benefits on the MBM, as above, we see from Table 4 that, even though the aim was to keep IA benefits below what a minimum wage, part-time worker would earn in paid labour, a single parent would still have a higher IA benefit than what a representative earner would otherwise earn. However, IA benefits for single adults would increase to much higher levels of the MBM than what they currently are. Given that single adults have the highest poverty rates and deepest depths of poverty (as examined in Petit and Tedds (2020d)) and no other significant source of income supports (such as child benefits), this would help a very vulnerable group.

Note that we omit the calculation of an increase in DA benefits. If the MBM benchmarks above were applied to DA benefits, DA benefits would become lower than what they currently are. DA benefits were steadily increased about every six months between September 2016 and January 2018, and then were increased again in April 2019. Given these increases and the current level of DA benefits relative to TA benefits, it is more vital to focus on TA benefits now. This does not mean that the DA level of benefits is “adequate” to support a basic standard of living for all DA clients; rather, it is just more adequate than TA benefits.

The last solution we examine here is to benchmark IA benefits to a much higher level of the MBM in order to support unpaid activities such as caregiving. Table 5 reports how IA benefits would increase if they were simply benchmarked to 80% of the MBM for their respective family type. This does not take into account different levels of need (e.g., persons expected to work versus persons with persistent multiple barriers); it focuses purely on poverty.

From Table 5, we see that IA benefits would significantly increase if they were based on 80% of the MBM. For couples (expected to work) with one child, IA benefits would increase by over \$1,000/month. For single adults expected to work, TA benefits would increase by almost \$600/month. This would have a significant (positive) impact on economic security and social inclusion, providing more adequate support for those engaging in unpaid market activities (as well as those who are engaging in no productive activities). However, there are concerns. All IA benefit levels would exceed what a part-time (20 hours/week), minimum wage (\$15/hour) earner would make in the labour market. Along with cost concerns, there may be a concern that IA recipients are better off than low-wage earners. A potential response could be to concurrently benchmark the minimum wage to the MBM. For example, a single adult working part-time (20 hours/week) for the full year would need to earn at least \$19.54/hour to reach the MBM threshold for a single adult in Vancouver in 2018.

In short, there is no obvious benchmark for IA benefits, as they all come with benefits and drawbacks. Regardless, IA benefits are currently inadequate, leaving people too far below the poverty line, unable to purchase basic necessities such as shelter, and they do not align



**Table 5***IA Benefits If Based on 80% of MBM, Not Accounting for Need*

Family type	Recipient type	Total monthly IA benefit (current)	Total current monthly IA benefit as a % of MBM	Total monthly IA benefit if based on 80% of MBM	Benefit if based on MBM as a % of MBM
Single adult	TA: ETW	\$760.00	44.88%	\$1,354.80	80%
Single parent, 1 child	TA: ETW	\$1,095.58	45.75%	\$1,915.98	80%
Single parent, 2 children	TA: ETW	\$1,185.58	40.42%	\$2,346.58	80%
Couple, no children	TA: ETW	\$1,077.22	44.98%	\$1,915.98	80%
Couple, 1 child	TA: ETW	\$1,261.06	42.99%	\$2,346.58	80%
Single adult	TA: PPMB	\$807.92	47.71%	\$1,354.80	80%
Single parent, 1 child	TA: PPMB	\$1,143.58	47.75%	\$1,915.98	80%
Single parent, 2 children	TA: PPMB	\$1,233.58	42.06%	\$2,346.58	80%
Couple, no children	TA: 1 PPMB	\$1,166.22	48.69%	\$1,915.98	80%
Couple, 1 child	TA: 1 PPMB	\$1,350.06	46.03%	\$2,346.58	80%
Couple, no children	TA: 2 PPMB	\$1,222.06	51.03%	\$1,915.98	80%
Couple, 1 child	TA: 2 PPMB	\$1,406.06	47.94%	\$2,346.58	80%

*Note.* For these calculations, the MBM for 2018 (2008 base) Vancouver was used. “ETW” are those Expected to Work. “1 PPMB” and “2 PPMB” is for households with one/two adult(s) designated as Person with Persistent Multiple Barriers. The benefit as a percent of MBM does not take into account any other tax or transfer program such as Canada Child Benefit and the B.C. Child Opportunity Benefit, which are a large source of income support for families with children.

with BI principles. They should be increased by benchmarking them to a measure such as the MBM or the cost of rental housing so that their real values are preserved.

### **Recommendation 2: Reconfigure IA categories.**

As Petit and Tedds (2020e) show, IA has turned into a predominantly long-term program for persons with disabilities. Clients who do not have a disability (e.g., who are accessing TA) make up a declining share of the overall IA caseload; however, there are persons within the TA caseload who also have some level of disabilities. Currently, TA comprises four subprograms: people expected to work (ETW), people with persistent and multiple barriers to work (PPMB), people temporarily excused from work, and people expected to work with a medical condition (ETW-MC). Petit and Tedds (2020e) discuss the differences between these categories.

Table 3 in Petit and Tedds (2020a) looks at caseload numbers by these categories, sex, and family composition. It shows that, except for single mothers, both single parents and single adults across all age groups receiving TA are more likely to be in the ETW category than any other category. There is relatively low take-up in the ETW-MC and PPMB categories, with older working-age persons (e.g., ages 45 to 64) more likely to be accessing PPMB than younger working-age persons (e.g., ages 25 to 44). Persons temporarily excused from work tend to be single mothers (with a very small proportion of single fathers in this category).

For creating IA categories, it should be recognized that there is a difference between differentiating based on disability (or lack thereof) and differentiating based on ability to work. A client can have a disability (i.e., be eligible for DA) and may or may not be able to engage in

paid employment, whereas a person with no (diagnosed) disability (e.g., receiving TA) may or may not be able to engage in paid employment.

### ***Categorization and Supports Based on Disability***

In 2016, an expert panel (Dunn et al., 2016) provided a number of recommendations on the application of medical concepts and objective medical evidence to the likelihood of a person achieving self-sufficiency. Following these recommendations, we recommend that within DA, two categories be created. The first would be for those with long-term disabilities who have reached their Maximum Medical Improvement (MMI).<sup>21</sup> The second category would be for those with moderate disabilities who have not yet reached their MMI, persons with a short- to mid-term medical issue. The benefit rate amounts for persons with long-term disabilities who have reached their MMI should be set as DA levels. For those with moderate disabilities, the benefit rate should be set at PPMB levels. And for persons with no disabilities, benefit rate levels should be set at TA levels. This would take into account differing levels of need.

### ***Categorization and Supports Based on Work Ability***

As described above, TA applicants with no disabilities should be assessed on ability to participate in paid employment. This assessment should take into account factors such as medical or mobility issues that do not reach the status of disability but that make work in their previous career choices difficult (e.g., persons who have spent years in labour-intensive work who suffer from joint and muscle pain that make similar labour-intensive work difficult and painful). This assessment should further take into account underlying issues such as addiction disorders, homelessness, mental health disorders, the presence of a child who cannot stay home alone, persons fleeing intimate partner violence, and other underlying barriers to work that currently make an applicant eligible for PPMB. These categorizations should be flexible. Finally, assessment based on work ability should be as objective as possible, based on a set of criteria known to the applicant, and reasons should be documented by the worker responsible for the assessment.

For TA applicants/clients with no assessed barriers to work, and for DA clients who are ready, willing, and able to work, employment supports should be provided (along the lines of current employment supports), including the creation of employment plans and access to training programs. However, as recommended above, these employment supports should not be enforced with provisions that reduce benefits or make a person ineligible for IA. Rather, they should be supported by a dedicated caseworker familiar with the client's situation and with the

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<sup>21</sup> The 2016 expert panel defined MMI as “a status where the person is as good as they are going to get from the health and program care available to them. From this point, although the person's condition may show some change, the underlying course is mostly at a stable plateau with fluctuation or ongoing deterioration is anticipated. Ongoing treatment may be required to maintain this plateau state. Where it is uncertain if the individual is ‘as good as they are going to get,’ MMI will be considered reached if over the upcoming one year, one cannot anticipate an alteration in impairment that would result in significant improvement in retained abilities allowing a meaningful change in participation in the workforce.”

training to provide additional supports (e.g., references, referrals, wraparound supports), should their client not be successful in their plan.

For people who have barriers to employment and who do not have a disability, a higher-needs category under TA should be created and the PPMB category phased out. Under this higher-needs category, eligibility should be determined based on the presence of at least *one* significant barrier to work. This is different from the PPMB category, which requires both a medical condition and a barrier to work. It would roll into one the current ETW-MC, PPMB, and temporarily excused from work categories (including all the eligibility requirements for these categories). Also, unlike PPMB, it should include persons with addictions disorders.

Persons in this higher-needs category should receive PPMB benefit levels to address their (hopefully) temporary underlying higher needs. Further, just like for those who can work, these clients should have a dedicated caseworker to help them access resources, referrals, and wraparound supports specific to their personal circumstances. They could be asked to voluntarily provide a sketch of their long-term goals (not necessarily related to employment). This would provide some documentation to help the caseworker with their referrals/support. These goals would not be enforced.

**Table 6**  
*Categorization and Supports Based on Work Ability*

Disability?	Work ability? (short-term)	Program	Benefit level	Employment supports
Permanent/long-term	Yes	DA	DA	Yes, not enforced
Permanent/long-term	No	DA	DA	Yes, if requested, not enforced; otherwise no
Moderate/temporary	Yes	DA	PPMB	Yes, not enforced
Moderate/temporary	No	DA	PPMB	Yes, if requested, not enforced; otherwise no.
No	Yes	TA	TA	Yes, not enforced
No	No	TA—higher-needs	PPMB	Yes, if requested, not enforced; otherwise no

**Recommendation 3: Deliver DA through the CRA.**

Despite the terminology used and the best efforts of the government, IA has high levels of stigma. Calnitsky (2016) argues that factors that affect a program’s level of stigma include the degree to which different people are treated differently,<sup>22</sup> the degree to which payments are automatic rather than determined on a case-by-case basis, and the degree to which a program is framed as morally acceptable—that is, is it a right/entitlement or charity? Consider a tax - delivered program such as the disability tax credit (DTC). The DTC does treat different people differently: only persons with qualifying disabilities are eligible. However, the payments are

<sup>22</sup> We believe this factor should be qualified. On the one hand, we do want to treat different people differently based on heterogeneity of need. On the other hand, we do not want to treat different people differently based on bias or stereotypes or on the basis of “deserving” and “not-deserving.”

automatic and paid through the CRA, and it is not framed as charity but rather as a tax benefit that persons with disabilities are entitled to. Because of this, there is little stigma attached to receiving the DTC. Now compare the DTC to IA. IA treats different people differently, is determined on a case-by-case basis, and is framed as charity. All of this contributes to the high levels of stigma experienced by users of IA.

One way to lessen the stigma associated with IA would be to deliver payments for IA clients through the tax system (the CRA). Not only would this automate payments but it could change the perspective of IA as charity to IA as an entitlement, a perspective often attached to tax-delivered programs.

Initially, this reform could be rolled out to those receiving DA: persons receiving DA have a long-term disability and are long-term clients (unlike TA clients who are expected to return to work). To administer this program, SDPR would continue to be responsible for the PWD designation and for determining financial eligibility for DA. Once a person is deemed eligible for DA by the SDPR, that approval could then be passed to the Canada Revenue Agency (CRA). The CRA would then be responsible for delivering the DA benefit payment. The problem with rolling out this reform to DA clients first (and not including TA clients), is that it again has the potential to turn TA clients into “others,” viewed as less-deserving of supports. However, this “othering” would not be large because this reform is only dealing with the delivery of benefits after all pre-processing has been completed. Who signs the cheque has less impact than program design features such as monthly reporting and differences in benefit levels.

One issue related to delivering DA through the CRA is the delayed responsiveness of the CRA: since income (for tax purposes) is only evaluated annually, if a DA client’s earned income changes mid-year, their benefit level would not change until the next time taxes were filed. In the case that earned income decreases, without a corresponding increase in benefits, the DA client will be left worse off. One way to reduce the adverse effects would be to have DA clients report to the SDPR when their earned income changes. The SDPR could then notify the CRA and request a change in benefit levels. This should not significantly increase the administrative burden of the SDPR above what it currently is, as the SDPR already currently reviews any reported changes in income for DA clients.

#### **Recommendation 4: Provide enhanced wraparound supports.**

This has been alluded to throughout the previous recommendations but is now included here more explicitly. Although a BI is often viewed as a cash transfer, that is not all it is. It is a set of principles that govern how income and social supports should be administered/delivered. As Kesselman and Mendelson (2020) find, many BI advocates do not espouse just a cash transfer, but rather see BI as a cash transfer alongside a range of in-kind benefits. IA could move closer to BI principles by enhancing their wraparound supports in line with BI principles. We discussed eligibility for the general supplements in a preceding section. Here, we discuss how increased use of caseworkers and community integration specialists, as well as enhanced access to telecommunications, could also help IA move toward BI principles.

### ***Increased Numbers of Community Integration Specialists***

As detailed in Petit and Tedds (2020c), the income and social support system is large and can be difficult to access. Because of this complexity, many people may not know about IA. The SDPR has recently created a network of community integration specialists (CIS). A CIS goes into communities to help connect vulnerable people to their local agencies and organizations.<sup>23</sup> This helps reduce the complexity associated with IA (and the income and social support system in general). This program should continue to be expanded and other organizations (NGOs) should be integrated into it.

### ***Increased Number of Caseworkers and Enhanced Role of Caseworkers***

IA has moved to a more online, transaction-based program. However, as we have discussed throughout this paper, although this may be more efficient to administer, it is not a particularly supportive model, it creates barriers to access, and it fails to provide important supports often required to address issues underlying poverty (e.g., addiction disorders, homelessness). A BI-type program focusing only on cash transfers would suffer from similar failings.

Dedicated caseworkers that *serve* IA clients, that provide one-on-one support and that help clients meet their goals by providing information and/or help accessing other resources and wraparound supports, and by providing referrals would help clients address issues underlying experiences of poverty. To provide this kind and level of support, more caseworkers should be hired. A hiring ratio by geographic region should be established (e.g., one caseworker in a particular region per 50 cases in that region).

Although this reform recommendation deviates from what many BI advocates would view as a truer model of a BI, it does address the BI principle of social inclusion. Although income poverty is one aspect of social exclusion, other barriers such as addictions disorders and homelessness also contribute to social exclusion. Addressing these issues not just through cash transfers but also through relational supports can enhance social inclusion.

### ***Enhanced Access to the General and Health Supplements***

This topic was discussed in a preceding section. To enhance respect for IA clients and reduce the complexity of IA, application forms should be made available for the general supplements instead of requiring either a client to know about it or a caseworker to suggest it, and then making the caseworker the gateway for the supplement. The supplements should be made easier to find out about, and to apply for, and more transparency should be added to the decision-making process.

### ***Enhanced Benefit for Telecommunications***

During the COVID-19 pandemic, the world moved online. Prior to the pandemic, many low-income people accessed the internet via public access (e.g., at public libraries or food courts). With these spaces closed during the pandemic, this limited or completely cut off internet

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<sup>23</sup> <https://selfadvocatenet.com/better-supports-for-people-facing-poverty/>

access for some people. Without internet access, IA clients cannot submit monthly reports; nor can people without internet access apply for IA or order groceries online. Not only does this lack of access to the internet increase the hardship experienced by vulnerable populations, but it increases social exclusion. This exposed a very real need to connect vulnerable populations to the internet in a systematic way.<sup>24</sup>

There are a number of ways SDPR could ensure internet access. One way would be to provide an enhanced cash benefit targeted at telecommunications. The problem with this is that if spending is not monitored, people may choose not to purchase internet access (although this is not necessarily a bad thing—they may choose to spend it on rent or food, increasing their personal autonomy—but it does not meet the objective of the program). The SDPR could also work with Telus (and its already existing program), other telecommunication providers, and the Canadian Radio-Television and Telecommunications Commission to provide cell phones with prepaid data plans. Again, there are drawbacks to this, including the risk that the cell phones would be sold for cash.

On the other hand, and as suggested elsewhere, the SDPR could continue to move application forms and monthly report submissions into alternative formats other than just online, and could continue (and enhance) access to the internet in their store-front locations. Further, increasing caseworker support and contact could lessen the need for access to telecommunications, as the caseworker could aid with the online submissions.

### **Reform Recommendations for Better Supporting Life Transitions**

#### **Recommendation 1: Freeze the amount of a client’s benefit payments at the same level for 12 months after they find paid work or enter a paid training program.**

A design element of IA that causes serious issues with respect to work incentives and movement off IA is the earning exemption and phase-out rate. If IA recipients have an earned income that is greater than the earnings exemption, their IA benefits are clawed back dollar for dollar. That is, for each additional dollar over the earnings exemption, benefits decrease by a dollar. For DA recipients, the earnings exemption is annual: a single adult can earn up to \$15,000/year before having their benefits phased out. For TA recipients, this earnings exemption is monthly: for example, a single adult can earn up to \$400/month before having their benefits phased out.<sup>25</sup> This high phase-out rate imposes high marginal effective tax rates and a high participation tax and can result in a loss of over \$1 of income for every extra \$1 of earnings (Petit et al., 2020).

Even though the earnings exemption for B.C.’s IA is more generous than what is provided in other provinces (Petit & Tedds, 2020e), the earnings exemption and phase-out reduce the incentive to work (or move from part-time to full-time work) by inciting fear of loss of benefits/eligibility among IA recipients. This is supported by the findings in Hertz et al. (2020),

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<sup>24</sup> There are a number of small programs, such as Telus for Good, that connect people to the internet, but they are not systematic.

<sup>25</sup> Earnings exemptions amounts are increasing in January 2021; however, the phase-out rate will remain the same.

that the phase-out of IA benefits disincentivize work as IA clients seek to safeguard their eligibility for IA. Many users do not understand how working impacts their benefits, and are confused about the annual caps, and, in response, they develop precautionary measures such as working part-time or not working at all to avoid having their benefits reduced.

The earnings exemption and phase-out rate are not in line with BI principles. First, they are complex: it is difficult for IA clients to understand when their benefit will be affected and by how much. This is true for both TA and DA clients. Further, the monthly reporting requirement for TA clients adds a layer of complexity for TA clients who are just trying to get by. Second, the reporting requirement required to ensure the earnings exemption and phase-out rate are properly implemented enhances stigma as, on one hand, reporting no change in employment status increases shame for some IA recipients, and on the other hand, it allows caseworkers to continuously and intrusively investigate IA clients for any and all sources of income. Finally, the phase-out rate reduces economic stability. It is extremely steep (at a 1-for-1 phase-out of benefit with earned income) and does not allow IA clients to build a solid financial foundation before being cut off from benefits (particularly for TA clients with a low earnings exemption).

To address these issues, the phase-out rate could be reduced (e.g., from 100% to 70%). However, such a reduction does not guarantee that the fear and uncertainty would dissipate. Regardless of the actual phase-out rate, the fact remains that benefits would be reduced with additional earnings. Due to psychological effects such as loss aversion, where losses weigh more heavily than gains, and the status quo biases, a preference for the current state of affairs, the fear of loss of benefits/eligibility will remain.

Another solution may be to increase communications surrounding the earnings exemption and phase-out rate so that IA recipients have a better understanding as to how their household income will be affected by increased earnings. Although this strategy may help some, many people living in poverty do not have the cognitive bandwidth (let alone time) to fully consider those communications and the implications for their budgets (Gennetian & Shafir, 2015). This increases their reliance on heuristics and shortcuts, opting for default options that may not lead to the best solutions (Gennetian & Shafir, 2015). These shortcuts may be influenced by feelings of fear as well as information collected from friends and family with incorrect information.

Another solution, and one we recommend, is that IA benefits be frozen (and remain untaxed) for 12 months for all IA clients who enter employment or a job training program, regardless of income earned or time spent on IA. Effectively, the earnings exemption and phase-out rate would not be operational for an IA client until 12 months have passed in which the IA client has been working. The IA client would receive the same benefit amount in their bank account every month for 12 months. This would reduce the need for the monthly reporting requirement for TA clients: TA clients would only need to report when they receive employment, when they lose employment, and at the end of 12 months. IA clients would not need to report on income during the 12 months, as their benefits levels would be frozen. This reform should apply to all IA clients regardless of time spent on IA. Tying eligibility to time spent on IA might create an incentive for IA clients to remain on IA for that length of time before looking for work,

extending the time they are dependent on IA. Essentially, this reform would resemble a 12-month universal basic income program for IA clients.

Given the current institutional arrangements, this reform could be administered through either the SDPR or the SDPR and CRA combined. The SDPR could determine IA eligibility, collect and process the reports on employment changes, and deliver the benefit payments. Alternatively, the SDPR could partner with the CRA to administer the reform. The SDPR could determine eligibility and collect and process the employment reports. The SDPR could then submit the relevant information (e.g., who is eligible, how much they should receive and for how long, and any changes) to the CRA, which would deliver the benefit payments. Partnering with the CRA has advantages: it would reduce the stigma of the IA program and it would create a CRA record for IA clients who do not file taxes. As recommended by Petit and Tedds (2020f), this would help with auto-filing of taxes for these clients and ensuring that those who are the most vulnerable receive important tax benefits such as the Canada Child Benefit.

This reform would simplify requirements for both TA and DA. No longer would TA and DA clients have to fear working too much. It would be clear that regardless of how much they work, they would receive the same benefit amount for 12 months. In turn, this would increase social inclusion: IA clients would not fear work and would not have to work part-time or limited shifts—they could fully engage in their employment. It would also help those who must incur child-care and transportation costs to go to work cover those costs. Finally, it would remove the assumption inherent in the IA program design that any work is quality work. This reform would not make this assumption and would allow the IA client 12 months to determine for themselves if the employment is quality employment.

If this reform were implemented along with the removal of the asset test, the combined reforms would bolster IA clients' ability to build a solid financial foundation. IA clients could build up their savings and assets without fear of being ineligible for IA before having the chance to do so. This would enhance their economic stability.

Additionally, if this reform were implemented along with the recommendation to extend the general supplements, it would further mitigate the fear related to the loss of IA benefits. Employed or not, IA benefits or not, all people with low income would have access to the general supplements.

This reform is in line with the B.C. Poverty Reduction Strategy and would help reduce poverty rates and poverty depths. Notably, it would help those caught in a cycle of poverty break out of the cycle by providing financial stability and continuity.

We acknowledge that this reform would likely substantially increase the costs associated with the IA program. We have two suggestions. First, it would likely cost less to implement this reform than a full-blown basic income guarantee would, while at the same time better targeting people who need the support. Second, if there are hurdles to implementing this reform all at once, it could be initially implemented as a pilot. It could be rolled out for a select group of IA clients. We would suggest rolling it out for TA clients who are expected to work, as the goal of TA is to transition TA clients into work, exactly what this reform is aimed at doing. This would allow for data collection and analysis of factors such as work incentives, poverty reduction, and



movement in and out of TA. However, a pilot is not our preferred method, as it will likely create confusion among IA clients, both those who are part of the pilot and those who are not: there appears to be information networks of information sharing among IA clients, and that information can get muddled. If the program remains complex to understand, because of misinformation, the true effects cannot be measured.

### ***Other Issues to Be Resolved If Implemented***

In a paper on interactions between programs, Petit and Tedds (2020b) note that because a T5007 is issued for provincial social assistance payments, some tax benefits, such as the Canada Child Benefit (CCB) and GST/HST credit, are reduced. If an IA client continues to earn IA while earning income from employment, they may no longer receive these tax benefits. Again, fear of losing these benefits because they are working could lead to fear of working: it is difficult to understand how many of these tax benefits are calculated. To prevent this from occurring, provincial social assistance should not be considered as “income” for the purposes of these tax benefits (e.g., the CCB and GST/HST credit).

Given that this change would affect matters under federal jurisdiction, we alternatively suggest that the child benefit top-ups that are already a part of the IA program continue to top up the CCB for IA clients who have had their IA benefit levels frozen and are employed. For these child benefit top-ups, T5007 should be excluded from the calculation. This would continue the fight against child poverty.

### **Recommendation 2: Allow IA clients to obtain post-secondary education and retain IA benefits.**

Currently, a person/family unit is not eligible for TA when an adult in the family unit is a full-time student enrolled in a funded program of study or an unfunded program of study without the prior approval of the minister (BCEA Policy & Procedure Manual, 2020). The reason given is that full-time students cannot meet the employment obligations of TA and, if they do decide to obtain post-secondary education, they are expected to access other sources of funding, such as funding specific to students. However, part-time students may be eligible for TA if they also meet their employment obligations. Further, DA clients, dependants of TA and DA clients, and single parents approved for the Single Parent Employment Initiative may obtain post-secondary education without losing their eligibility for IA (BCEA Policy & Procedure Manual, 2020).

This was not always the policy in B.C. From 1996 to 2002, IA recipients could continue to receive IA while attending upgrading programs such as Adult Basic Education and English as a Second Language programs. Not only could IA clients participate in these university-provided programs, retain their IA, and not have to pay tuition, but universities were also given money to provide additional supports to IA clients, including individual assessment, planning, advocacy and counselling, academic support, work experience, and job training (Butterwick & White, 2006). This policy was abruptly cancelled in 2002 by the newly elected Liberal government, which argued that these services were duplicated elsewhere; both the tuition-free programs for

IA clients and the additional university-provided supports were dropped (Butterwick & White, 2006).

The current post-secondary education policy for IA recipients in B.C. leaves TA recipients in a no-win situation. They could pursue post-secondary education full-time but would lose access to their TA benefits, both the cash benefits and the general and health supplements, and they would have very limited personalized supports within post-secondary institutions. They could take out a student loan, but this leaves people in an already precarious income situation with a large amount of debt and would present as an extremely risky option. On the other hand, a TA recipient could pursue post-secondary education part-time; however, they would still have to fulfill all their employment requirements, leaving them with little time to study or pursue other leisure activities. Part-time studies take longer to complete than full-time studies, leaving the TA recipient as a TA recipient for longer than is necessary. Finally, they could retain TA, go through the training programs provided by WorkBC, and try to find a job. However, these jobs are often precarious and unstable, leading to cycling on and off IA (Lightman et al., 2010).

The objective of TA is to move TA clients who can work back into *sustainable* employment. However, Income Assistance recipients generally have lower education levels and less paid work experience to begin with (Lightman et al., 2010) and are more likely to exit IA only to enter into precarious and low-paid work (Lightman et al., 2008; Lightman et al., 2010). This exacerbates cycling on and off IA (Lightman et al., 2010). Job training programs such as those provided by WorkBC can help reduce the gaps in education and work experience, but they are limited. They tend to focus on “soft” skills such as resumé writing and interviewing, or are aimed at developing minimal employable skills of people with minimal education: their goal is to move TA clients into employment quickly as opposed to working toward sustainable, quality employment. An exception is the Single Parent Employment Initiative (SPEI), which may provide job training for programs that require a maximum of 12 months of training, such as early childhood education, administration, medical services, or construction. However, SPEI is limited in that TA clients who are single are not eligible for SPEI; nor does it provide support for programs that take longer than 12 months to complete.

Supporting those who have the desire and capability to obtain post-secondary education would better accomplish the goal of moving TA clients into sustainable employment. Not only has it been shown that Income Assistance recipients who complete post-secondary education are less likely to be IA dependent (Karier, 1998), but B.C. already has a model that was designed to support IA recipients in obtaining post-secondary education on and worked relatively well (Butterwick & White, 2006).

Permitting TA clients to pursue post-secondary education and retain their TA benefits would move IA closer to BI principles. First, it would enhance social inclusion for TA recipients: it would increase the opportunity for TA clients to move into sustainable employment. Second, it would enhance economic security: by moving into sustainable employment, TA clients would be less likely to cycle in and out of IA.

### **Recommendation 3: Provide better support for people in rehabilitation and treatment.**

Under the current IA program, people with addictions who are in a rehabilitation or treatment centre receive a daily “per diem” that goes directly to the facility or residence (how much is dependent on the facility type). While that client is receiving the per diem, they may receive the shelter allowance for their usual place of residence and the support allowance for other members of their family, not including the client in treatment . In other words, an IA client receiving the per diem does not receive their monthly support allowance.

Addiction is an issue among people experiencing homelessness, so there will be IA clients who have addictions and are homeless. This means that some IA clients with addictions who are in treatment will receive no IA benefits while they remain in treatment. When they then leave treatment, they may have no money and no family supports, effectively putting them back on the streets. These people are the most vulnerable, yet IA provides the least support for them.

To better support the transition from rehabilitation to living addiction free and independently, IA should be reformed to provide the full IA benefit (shelter plus support allowance) to people in alcohol and drug treatment facilities who are receiving a per diem. This would enhance the economic security of these vulnerable people by helping them build up their savings while they are in treatment. It may help them secure better-quality housing in better-quality neighbourhoods, and help them maintain their treatment plan. It would also reduce the stigma associated with IA: persons with addiction are stigmatized both because they are IA recipients and because they are addicts. This stigma can be lessened by providing them with additional supports when they are trying to better themselves: they should not be shamed or penalized for entering a treatment facility.

### **Conclusion**

This paper has canvassed a long list of potential reforms to the IA program that move IA closer to BI principles and address the issue of poverty. Although these reforms became apparent to us (the researchers) through an in-depth analysis of IA, we are certain that many other worthwhile and important reforms have not been considered here. Other research papers commissioned by the Expert Panel on Basic Income propose other important IA reform recommendations, and people with their feet on the ground (e.g., advocates, workers in NGO’s, IA clients) would also be able to propose many other reform recommendations. Any reform that simplifies IA, provides enhanced respect for applicants and clients, enhances economic security, and/or enhances social inclusion is much needed and will move IA closer to BI principles.

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