

BASIC INCOME

A basic income, ‘guaranteed annual income’, or ‘basic universal income’ for families and individuals living below the ‘poverty line’ and without resources is an assurance that they will be able to meet their basic needs, regardless of their employment status.

A low-income family, for example, could receive a direct payment of a fixed amount²¹ or get a tax credit²² for a fixed amount. Payments would be made either to individuals or to families.²³ Since there are no requirements, basic income payments could be relatively simple to administer and to receive²⁴.

Ontario launched a guaranteed annual income pilot project in three Ontario cities beginning in the Spring of 2017. The Ontario Basic Income Pilot (OBIP) will give up to 4,000 low-income earners in Hamilton, Lindsay and Thunder Bay a basic annual income of \$16,989 less 50% of any earned income. Couples earn \$24,000 and people living with disabilities earn up to \$6,000 on top of the basic amount.

A single person with two children earning \$20,000 per year would earn approximately \$6,000 of basic income. The pilot project is meant to replace payments available through Ontario Works (OW), which provides financial assistance for low-income earners, and the Ontario Disability Support Program (ODSP). Eligible participants will continue to receive the Ontario Drug Benefit and dental benefits, but do receive OW or ODSP payments.²⁵

Basic income programs were initiated and studied in several countries. In Canada, the idea was first tested in the 1970s in Manitoba which showed that there were small financial gains for those on social assistance and significant gains for the working poor.²⁶ Hospitalization rates decreased,²⁷ there was an improvement in the high school graduation rate,²⁸ and work disincentives were modest (1-5%).²⁹

21 Also called a “demogrant”, payment is generally non-taxable, while any earnings above the payment amount are taxed. See Evelyn L. Forget, Dylan Marando, Tonya Surman & Michael Crawford Urban. Mowat Centre. School of Public Policy & Governance, University of Toronto. Pilot lessons: How to design a basic income pilot project for Ontario. Mowat Research #126. September 2016. (3)
22 Also called a “negative income tax”. 23 Eligibility can be determined by family income (which is a good measure of whole-household resources), or by individual income (which better reflects individual situations and reduces pressure to remain in abusive relationships). Government of Ontario. Basic Income Consultations: What We Heard. March 2017. (12) 24 Op.cit, See Evelyn L. Forget, Dylan Marando, Tonya Surman & Michael Crawford Urban. Research #126. 25 Ontario is testing a tax credit model. In this model, individuals will receive \$16,989 per year, less 50% of any earned income. Couples and families will receive more, as will people with disabilities. People who receive these benefits will not be able to continue receiving Ontario Works (OW) or Ontario Disability Support Program (ODSP) payments, but they will be eligible for the Ontario Drug Benefit which accompanies OW and ODSP. Government of Ontario. [2017, December 6]. Ontario Basic Income Pilot. Retrieved from <https://www.ontario.ca/page/ontario-basic-income-pilot#section-2>. 26 Ibid., Forget, Marando, Surman & Urban. Research #126. September 2016. 27 Ibid (7) 28 Ibid 29 Evelyn L. Forget, Dylan Marando, Tonya Surman & Michael Crawford Urban. Mowat Centre. School of Public