

Attachment 4: Finding a Better Way: A Basic Income Pilot Project for Ontario - Recommendations

1. Overall Considerations

- A pilot project must begin with an understanding of the costs of poverty, not only in present welfare and disability payments, but also in terms of added pressures on our health system, and the Ontario economy as a whole, through its impacts on economic productivity and existing government revenues.
- A pilot must take into consideration how the Guaranteed Annual Income Supplement in Ontario in the mid-1970s, aimed at residents over the age of 65, radically reduced poverty for this group. This led the way to the federal Guaranteed Income Supplement, for all Canadian residents over the age of 65.
- The main purpose of a Basic Income Pilot must be to test replacing the broad policing, control, and monitoring now present in Ontario Works and the Ontario Disability Support Program (ODSP), with a modestly more generous Basic Income, disbursed automatically to those living beneath a certain income threshold. Will a Basic Income reduce poverty more effectively, encourage work, reduce stigmatization, and produce better health outcomes and better life chances for recipients?
- Ontario should not duplicate similar pilots taking place over the same time period in other democracies, such as Finland or the Netherlands. What we test should be different, to maximize the diversity of various different data sets generated by such endeavours.
- The pilot should be structured to test the impacts of a Basic Income on the net fiscal position of the province, on labour market/work behaviours, on health and educational outcomes for recipients, on food security, on mobility and housing, and on net economic and community outcomes in targeted areas of the pilot.
- A pilot should take into consideration important new Ontario initiatives to reduce poverty, such as the Ontario Child Benefit (OCB), increases in the minimum wage, and constructive changes to student financial aid assistance, to name only a few.
- Age eligibility for the pilot should 18 to 65 years of age.
- While not specifically within the remit of an Ontario pilot, it is nevertheless recommended that the federal government consider partnering with any willing province on any Basic Income pilots now being considered or contemplated. This recommendation is motivated by the central role that federal agencies, such as Canada Revenue Agency (CRA), Statistics Canada, Employment and Social Development Canada and others, might well be invited to play in any provincial pilots. As was recently the case with discussions on the Ontario Retirement Pension Plan (ORPP) and the Canada Pension Plan (CPP), constructive provincial-federal engagement could well facilitate effective national action on poverty abatement.

2. Organization of a Basic Income Pilot

- The legitimacy of the pilot would be enhanced if it were managed by an arm's length consortium of not-for-profit research organizations. Various organizations in Canada and Ontario, university-based and free-standing, have the experience, expertise, and professional credentials to accomplish this task effectively.
- The Ministers should appoint two key groups to advise and oversee the pilot project.
 - The first group should be a Basic Income Pilot Advisory Council, whose main function should be to advise on and oversee the operations of the pilot. The Council should meet quarterly, and comprise a maximum of 35 individuals whose membership, once established, should be non-transferable. Members should include people with lived experience of poverty, First Nations peoples, community agencies who serve those in poverty, public sector actors, trade unions, business organizations, municipalities, health practitioners and health-focused organizations, agricultural associations, the Ministry of Finance (MOF), and the Ministry of Health and Long Term Care (MOHLTC).
 - The second group should be a Research Operations Group, which should be given the responsibility to run the pilot. This Research Operations Group should be headed by a competent researcher with standing and experience. Representatives of not-for-profit research organizations, such as the Institute for Clinical Evaluative Sciences (ICES), the Social Research and Demonstration Corporation of Canada (SRDC), universities and academic departments, and Statistics Canada should be invited to join this group.
- These two groups should each delegate two representatives to sit on a small joint steering committee. A Project Leader should also sit on the steering committee. The Project Leader should be selected based on recommendations received from the two groups, and from the Secretary of Cabinet.
- The government should also ensure that an Ethics Advisor and a Financial Officer be identified as part of the pilot's governance team. They would respectively ensure the protection of participants' privacy and rights, and ensure due financial diligence and probity in the pilot's operations.
- The pilot's key governing principles should include:
 - All participation is voluntary.
 - No individual will be made worse off during or after the pilot, as a result of participation in the pilot.
 - All personal data collected or accessed will be kept private by the research team.
 - Aggregate data in the form of preliminary results, once it starts to flow, must be accessible to Ontarians in a transparent fashion.

3. Key Evidence the pilot should generate

- The investigation of the Basic Income impacts should consider the following types of outcomes:
 - Health outcomes for participants in the pilot compared to those living in poverty and not in the pilot. Measurable outcomes should include: the number of primary care visits (for psycho-social, mental and physical health), the number of acute care/emergency departments visits, prescription drug use, utility-based measures of health, etc.
 - Life and career choices made over the duration of the pilot by participants, such as training, family formation, fertility decisions, living arrangements, parenting time, etc.
 - Education outcomes for participants and their children. Measurable outcomes should include high school completion, nature and number of courses taken by adults, etc.
 - Work behaviour, job search and employment status. Measurable outcomes should include: the number of hours of paid work, the number of jobs held, the income earned on the labour market, the intensity and length of job search activities, etc. Participation in the underground economy should also be investigated.
 - Community level impacts where the pilot operates in local areas, on a focused basis.
 - Direct administrative costs or savings of replacing, for pilot recipients, ODSP and Ontario Works with a Basic Income.
 - Changes in food security status for pilot participants.
 - Perceptions of citizenship and inclusion for participants.
 - Impact on mobility and housing arrangements.
 - Impact for Basic Income participants in terms of their relationship to Employment Insurance, provincial and federal child benefits, and other existing social programs.

4. What the pilot should and should not test

- The pilot should test:
 - A Basic Income replacing Ontario Works and ODSP, paid to individuals.
 - A negative income tax (NIT), or refundable tax credit, that tops up all recipients to 75 percent of the Low-Income Measure, (LIM) regardless of their status in the labour market. For a single individual on Ontario Works, for example, this would correspond to having income support move from roughly 45 percent to 75 percent of the LIM, and to receive a minimum of approximately \$1320 per month, non-taxable, with an opportunity to keep partial additional income earned from participation in the labour market.
 - Individuals with disabilities receiving an additional monthly sum of at least \$500.
 - A Basic Income that would not be associated with rules limiting earned income and work participation, such as those associated with Ontario Works and ODSP.
 - In a Randomized Control Trial (RCT) held in a major urban neighbourhood/community, different treatment arms should test for various levels of Basic Income (starting at 75 percent of the LIM) and different tax rates on income earned on top of the Basic Income. Testing different parameters should help identify the best combinations to reduce poverty, while not discouraging people from improving their incomes through labour force participation.
 - The pilot should also include saturation sites in which the community-level impacts of a Basic Income could be investigated. Ideally, one saturation site would be located in southern Ontario, one in northern Ontario, and one would be chosen and planned in close collaboration with First Nations communities.
- The pilot should not test:
 - A “Big Bang” approach, in which all social supports, including those not specifically related to poverty, would be replaced with a single monthly cheque.
 - A universal demogrant, under which all adult Ontarians, living in poverty or otherwise, would receive a fixed amount, taxed according to a general income tax schedule.

5. Implementation of the pilot

The pilot should comprise three phases:

1. Planning and selecting the pilot sites, seeking approval from privacy commissioners and data custodians to access and link the key existing data sources for the pilot evaluation, recruiting researchers and analysts, structuring the sample, recruiting participants, and obtaining their consent to access administrative data and records.
2. Proceeding with the distribution of Basic Income payments (for a period of, minimally, three years), gathering quantitative and qualitative data through access to administrative records, questionnaires and interviews, making aggregate data/preliminary results available broadly and transparently.
3. Evaluating the pilot's results through data analysis, projecting long-term outcomes and consequences through micro-simulation and other analytical tools, evaluating the costs and benefits of replacing the current system of social assistance with a Basic Income.

6. Next Steps

- Upon the publication of this discussion paper, the province should seek suggestions and recommendations from the public.
- Ideally, the province should move forward to commence Phase 1 of the pilot before the end of March 2017.
- The three phases of the pilot should be given an operational duration, allowing for BI payments to flow for three years, at a minimum.
- In discussions with the federal government on poverty abatement initiatives, the idea of a Canadian Social Data Research Initiative (SDRI) should be pursued. Canada and all of the provinces would benefit immensely from a broad unit under federal-provincial sponsorship (as in the case of Canada Health Infoway and the Canadian Institutes for Health Research) that ensured the availability of current integrated social data sets. These data sets are necessary to make informed public, social, and economic policy decisions. They would be used by governments of any affiliation, at the municipal, provincial and federal levels, and by the private and not-for-profit sectors.