

# TOWARD ADEQUATE INCOME ASSISTANCE FOR PEOPLE WITH DISABILITIES IN BRITISH COLUMBIA



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**EXECUTIVE SUMMARY:**

The BC government has committed to making BC the most progressive province for those with disabilities by 2024. This short report analyzes the inadequacy of current income assistance rates, a fundamental building block for achieving the government's commitment.

The report demonstrates that BC has a long way to go towards providing an adequate and dignified standard of living to persons with disabilities. Despite a modest increase in the income support rate in 2016, persons with disabilities have seen a stealthy decline in assistance rates since 2007, and rates remain inadequate.

**KEY FINDINGS:**

- Total income assistance for a person with a disability in BC declined in real value from \$12,634 in 2008 to \$11,416 in 2015, a decline of \$1,218. The recent annual increase of \$924 will not offset, therefore, the overall erosion in the purchasing power of the disability assistance
- There is a substantial gap between assistance rates and a dignified standard of living. Relative to the Market Basket Measure, the \$11,416 in maximum income assistance for those with disabilities in BC ranges between 58 to 67 percent of the income required to meet the necessities of living in 2014
- Even with the modest recent increases, current income assistance rates are poverty level rates
- BC's income assistance support for persons with a disability ranks fifth of the ten provinces, ahead of the Atlantic Provinces and Manitoba, but substantially behind Alberta, and trailing Saskatchewan, Ontario and Quebec

**RECOMMENDATIONS:**

To tackle the systemic disadvantage and indignity facing persons with disabilities in BC, a bold plan of social policy is called for. As we approach the May 2017 provincial election, the current circumstances of the provincial budget offer scope for considerable action to ensure BC's income assistance system is the best in Canada by 2024.

Following the provincial election in May, the next BC government should consider the following:

- A public policy goal to eliminate, by 2024/25, the gap between disability income assistance and the actual cost of basic living in the province
- A set of specific, quantifiable and realistic targets and actions to both measure and accomplish this commitment, based on the Market Basket Measure of the cost of living
- Through incremental annual increases, raising the basic monthly amount from \$983 to \$1650/ month or from \$11, 796 to \$19,800 a year by 2024/2025
- Indexing the basic annual amount so that disability assistance benefits automatically adjust each year to the cost of living in the province

Finally, the report recommends that a new government strike a blue ribbon panel of experts, in consultation with disability organizations and other community and advocacy groups, to review income assistance and social development programs writ large across the province.

## INTRODUCTION

This report presents a societal case and political rationale for addressing the inadequacy of income assistance and then proposes a financial plan for improving income assistance for those individuals living with disabilities in British Columbia. Disability benefits are part of the income assistance system in BC (known as welfare income in much of the country), and indeed, a majority of income assistance recipients in BC have PWD (person with disability) status and receive disability income assistance.

Disability affects people with a spectrum of conditions that includes developmental or intellectual limitations and mental health, as well as physical, visual or sensory limitations.

*Accessibility 2024* is the BC government’s policy document and vision for making British Columbia the most progressive province for people with disabilities. On income support, the stated goal is that “BC’s disability assistance system best recogniz[e] the unique circumstances of persons with disabilities in Canada by 2024.” Success in attaining this goal is to be measured by “comparison of BC’s income supports, asset limits and earnings exemptions to other provinces.”<sup>1</sup>

This commitment offers three indices on how adequacy can be defined in comparison to other provinces; that is, in terms of (i) asset limits, (ii) earnings exemptions, and (iii) BC disability income support of the existing (and evolving over the period to 2024) level of benefits.

**“THE VITAL IMPORTANCE OF THIS ISSUE IS UNDERScoreD BY THE FACT THAT THE SINGLE LARGEST SOURCE OF INCOME FOR WORKING-AGE POOR PEOPLE WITH A DISABILITY IS PROVINCIAL INCOME ASSISTANCE”**

In the short term, the government commits to consider such policy reforms as “separating disability assistance from income assistance [and to] consider disability assistance rate increases as the fiscal situation allows.” With these notable promises on disability income reform arise reasonable expectations by individuals with disabilities and families for improvements in living conditions. With these promises also come responsibilities to consult and work with disability community organizations and the obligation to act on disability income reform.

The vital importance of this issue is underscored by the fact that the single largest source of income for working-age poor people with a disability is provincial income

assistance, a ‘welfarization of disability’ in terms of social policy and the everyday struggles of living.<sup>2</sup>

A medium- to longer-term plan spanning the next two government mandates and eight fiscal years, complemented by other policy and program measures, is required to address the standard of living of people with disabilities and their families, especially those living in situations of poverty and in need of provincial income assistance.

## BC DISABILITY INCOME ASSISTANCE: CURRENT PICTURE

In recent years, the provincial government has introduced some positive changes to the asset levels and to the earnings exemption policy for people on disability income assistance. BC now has, alongside Alberta, the highest asset exemption level for people with disabilities on income assistance. The maximum allowable amount is \$100,000. This asset exemption level is above the other provinces by a significant margin.

BC also has the most substantial earnings exemption levels for a disability income assistance recipient. Furthermore, it is an annualized amount of \$9,600, which allows for monthly fluctuations in earnings, an element of flexibility that is of benefit to some recipients of disability assistance, such as those with episodic disabilities.<sup>3</sup>

Where BC has lagged –and still does – is with respect to the basic amount of monthly income assistance provided to persons with disabilities. In their February 2016 budget, the Clark government announced a new investment in the basic rate. *Budget 2016* included an additional \$170 million over the next three fiscal years (2016/17, 2017/18, 2018/19) for an increase to income assistance rates for persons with disabilities, the first such increase since 2007. The rate increase took effect September 1, 2016. According to budget documents, the increase was “in support of goals established in *Accessibility 2024*.”<sup>4</sup>

However, the announced \$77 per month increase was not a general increase for all program recipients. In this policy move, people on disability assistance are no longer able to purchase an annual bus pass for a \$45 annual fee. Instead, if a disability assistance client wants the ministry-supported bus pass, they must pay \$52 per month plus an annual \$45 administrative fee (which, after considerable political criticism, was later rescinded by the minister). The \$52 monthly fee is deducted from the monthly benefit, for a net monthly increase of \$25 or 2.7 percent since 2007.<sup>5</sup>

## THE INADEQUACY OF INCOME ASSISTANCE FOR PEOPLE WITH DISABILITIES

Where does BC now stand in comparison to other provinces in terms of the adequacy of income assistance rates for persons with disabilities?

Table 1 shows total welfare incomes in 2015 for a person with a disability on income assistance in each province. The welfare income amount includes the basic social assistance rate in 2015, additional social assistance (in the case of British Columbia, a Christmas supplement<sup>6</sup>), the federal GST credit and applicable provincial tax credits.

TABLE 1: INCOME ASSISTANCE FOR A PERSON WITH A DISABILITY BY PROVINCE, 2015

Province	Total welfare income for a person with a disability (\$)
Newfoundland & Labrador	11,188
Prince Edward Island	9,989
Nova Scotia	10,018
New Brunswick	9,529
Quebec	12,510
Ontario	14,239
Manitoba	10,940
Saskatchewan	15,403
Alberta	19,468
British Columbia	11,416

Source: Compiled by author from a series of tables in: Caledon Institute of Social Policy, *Welfare in Canada, 2015*.

By this measure, BC's income assistance support for persons with a disability ranks fifth of the ten provinces, ahead of the Atlantic Provinces and Manitoba, but behind Alberta, Saskatchewan, Ontario and Quebec.

After the increase to the basic rate in September 2016, lifting the BC annual income assistance to approximately \$12,340 on a yearly basis, BC's standing among Canadian provinces in providing income support to persons with disabilities remains unchanged.

The increase to the disability income assistance basic rate does not fully compensate for the decline in the real value of benefit due to cost of living increases since the last benefit increase in 2007/08. In fact, income assistance for a person with a disability in BC declined in real value from \$12,634 in 2008 to \$11,416 in 2015, a decline of \$1,218 in constant 2015 dollars.<sup>7</sup> The recent annual increase of \$924 does not offset, therefore, the overall erosion in the purchasing power of the disability assistance. There is still catching up to do, never mind moving forward on realizing the 2024 vision.

Recipients of the benefit remain victims of the stealthy decline of support through inflation because the benefit has not been adjusted more adequately and because the benefit is not indexed to the cost of living.

Another aspect to the adequacy of income assistance rates for persons with disabilities concerns their relation to the actual cost of living in the province. As an adequacy gauge for income security, I use the Market Basket Measure developed by Statistics Canada.<sup>8</sup>

#### “THE EVIDENCE IS CLEAR: INCOME ASSISTANCE RATES ARE POVERTY LEVEL RATES”

Table 2 below depicts the gap between the maximum income assistance to a person on disability income assistance with the MBM by community size across the province. In 2014, the latest year for which the MBM is available, that represented \$11,416, a rate well below the threshold for meeting the basic costs of living for a person with a disability. Relative to the MBM, income assistance ranged between 58 to 67 percent of the income required to meet the necessities of living, the rate being the lowest in the larger urban areas where housing costs are substantially steeper than in other parts of the province.

The evidence is clear: income assistance rates are poverty level rates. People with disabilities on social assistance are poor by any conventional measure of low income and endure straitened circumstances of living. Unlike basic income assistance, people on disability assistance are generally there for many years – so they are being forced to live at these poverty level incomes for a long time. As the degree of severity of disability increases, so does the risk of poverty.<sup>9</sup>

**TABLE 2: BC DISABILITY INCOME ASSISTANCE FOR A SINGLE PERSON AND MARKET BASKET MEASURES OF BASIC LIVING, BY COMMUNITY SIZE, 2014**

<b>Population size</b>	<b>Market Basket Measure (MBM)</b>	<b>\$ Gap of Disability Income Assistance to MBM</b>	<b>Disability Income Assistance as a % of MBM</b>
<b>Rural area</b>	18,024	6,608	63.3
<b>Under 30,000</b> <b>(e.g., Cranbrook, Parksville)</b>	18,031	6,601	63.3
<b>30,000 to 99,999</b> <b>(e.g., Kamloops, Prince George)</b>	16,921	5,505	67.5
<b>100,000 to 499,999</b> <b>(e.g., Abbotsford, Richmond)</b>	19,034	7,618	60.0
<b>500,000 and over</b> <b>(Vancouver)</b>	19,536	8,120	58.4

Source: Author' calculation based on Statistics Canada, Income Statistics Division, CANSIM Table 206-0093.



## KEY RECOMMENDATIONS FOR DISABILITY INCOME ASSISTANCE REFORM

Through an election mandate promise, public consultations, and a strategic plan on accessibility, the BC government has committed to making the province the most progressive jurisdiction in the country for people with disabilities, by 2024. This vision of a preferred future comprises commitments in such areas as training and employment, communications and transit, and other public services. Income security is one of the building blocks fundamental to achieving this long-term goal.

As a guiding principle, the current government has said it will consider disability assistance rate increases “as the fiscal situation allows.” To be sure, the current circumstances of the provincial budget and fiscal plans – with sizeable surpluses forecast for the next three fiscal years – offer considerable scope for such a consideration.

A modest, non-indexed incremental increase, however, cannot adequately address the income assistance needs of those entitled to disability assistance. It will take more than a one-off measure in the February 2017 budget or a campaign promise for a one-off increase to disability assistance announced prior to the May 2017 election.

**“THE PUBLIC POLICY GOAL SHOULD BE TO ELIMINATE, BY 2024/25, THE GAP BETWEEN DISABILITY INCOME ASSISTANCE AND THE ACTUAL COST OF BASIC LIVING IN THE PROVINCE”**

Rather, what is required to ensure that BC’s income assistance system for persons with disabilities is the best in Canada by 2024 is a set of specific, quantifiable and realistic targets and actions to both measure and accomplish the commitment over this period.

The public policy goal should be to eliminate, by 2024/25, the gap between disability income assistance and the actual cost of basic living in the province. This is one solution to reduce, progressively, the number of British Columbians living in poverty. Disability income assistance should be adequate to cover, as determined by a Market Basket Measure (MBM), the tangible costs of shelter, food, clothing and footwear, transportation, and household supplies in the local community.

In this context, the issue is a practical one of public budgeting: how and when does a progressive policy reform of this ambition take place? How to sustain meaningful and substantial improvements? The short answer is: over two governments’ mandates and

through eight provincial budgets and fiscal plans, supported by an advisory council working with the lead cabinet minister and responsible social ministry.

Table 3 below outlines an elementary framework from 2017/18 through to 2024/25 for raising the basic rate of disability assistance to provide a far more adequate and dignified standard of living for many persons with a disability and their families in BC.<sup>10</sup>

The fiscal plan, as outlined, involves an initial few years of significant investments followed by a series of more modest yearly increases in the basic rate designed to reach, by 2024-25, an amount (\$19,800). This amount would be far more adequate and help close the gap with the MBM.<sup>11</sup>

The budget cost (\$380 million spread across the first four years, \$488 over the final four) is based on an annual average caseload for disability assistance of around 100,000 in the initial years of this period. The caseload is assumed to rise to approximately 115,000 by the early 2020s due to the aging of the population and longer life expectancy for individuals with disabilities.

**TABLE 3: A FISCAL PLAN FOR ADEQUATE INCOME ASSISTANCE FOR A PERSON WITH A DISABILITY**

Fiscal year	Increase/month	Basic monthly \$ amount	Annual maximum	Budget cost (\$ millions)
<b>2016-17</b>		983	11,796	
<b>2017-18</b>	117	1,100	13,200	140
<b>2018-19</b>	100	1,200	14,400	120
<b>2019-20</b>	50	1,250	15,000	60
<b>2020-21</b>	50	1,300	15,600	60
<b>2021-22</b>	100	1,400	16,600	138
<b>2022-23</b>	50	1,450	17,100	70
<b>2023-24</b>	100	1,550	18,600	140
<b>2024-25</b>	100	1,650	19,800	140

Source: Author's calculations

A related reform proposal is to index the basic amount so that disability assistance benefits automatically adjust each year to the cost of living in the province. This reform would ensure a degree of stability in the purchasing power for food, shelter and clothing. This means the value of the basic monthly amounts shown in Table 3 would be modestly higher, depending on when indexation occurs and, of course, what would be the actual rate of inflation, as reflected in the market basket of basic goods and services.

## A BROADER AGENDA OF REFORMS

A broader suite of reforms could ease the growth and actual size of the caseload and thus ease budgetary costs for disability income assistance.

Possible reforms include enhanced supports for transition to employment, such as work incentives and support measures for individuals in receipt of income assistance for job training and for entering the labour force. In addition, there is a host of reform options for facilitating employability and gainful employment in inclusive work settings for people with disabilities.<sup>12</sup>

Enhancing the array of employment services and supports should not mean simply filling in gaps by adding services to the existing suite delivered. A more basic requirement is to review and modernize the range of employment services available.

“THE NEXT PROVINCIAL GOVERNMENT SHOULD CONSIDER ESTABLISHING A  
BLUE RIBBON PANEL OF COMMUNITY STAKEHOLDERS, CITIZENS AND EXPERTS  
TO LOOK AT INCOME ASSISTANCE FOR THOSE WITH AND THOSE WITHOUT  
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A forward-looking employment strategy must involve employers, educational institutions, the non-profit sector, federal and provincial governments, and disability organizations. Such a strategy must extend down from a conversation affirming common goals and objectives toward measures that promote equal opportunity in skills development, provide greater focus on workplace innovation, and develop the capabilities and support measures across governments to help employers identify and implement workplace accommodations.

The BC government could also play a more proactive role with the federal government on issues such as the Canada Pension Plan/Disability program and the lack of refundability of the Disability Tax Credit.<sup>13</sup>

Furthermore, the next provincial government should consider establishing a blue ribbon panel of community stakeholders (including disability organizations), citizens and experts to look at income assistance for those with and those without disabilities. The panel could also investigate and make recommendations to the government on poverty reduction and the promotion of economic and social inclusion in the province. Over the longer term, governments should move toward some form of income-tested model for disability support. Being income-tested (and indexed) rather than needs tested, would remove the requirement of testing of liquid assets and setting earnings exemption levels.<sup>14</sup>

## CONCLUSION

People with a disability living on income assistance are among the poorest and most marginalized citizens in our province and our country.

To tackle their systemic disadvantage and indignity, a bold plan of social policy is called for as we approach the May 2017 provincial election.

The next provincial government should develop a plan to take the appropriate steps that need to be taken to achieve the commitment to make BC's disability assistance system the best in the country by 2024.

As well, these reforms to disability income assistance must be part of a package of wider reforms that focus on personal supports, training and employment, accessibility and workplaces that are more inclusive.

## ENDNOTES

<sup>1</sup> See: *Accessibility 2024*. Government of British Columbia, p. 11.

[http://www2.gov.bc.ca/assets/gov/government/about-the-bc-government/accessible-bc/accessibility-2024/docs/accessibility2024\\_update\\_web.pdf](http://www2.gov.bc.ca/assets/gov/government/about-the-bc-government/accessible-bc/accessibility-2024/docs/accessibility2024_update_web.pdf)

<sup>2</sup> See: John Stapleton, *Welfare-ization of Disability Incomes in Ontario*, Metcalfe Foundation. December, 2013. <http://metcalffoundation.com/wp-content/uploads/2013/12/Welfareization-of-Disability-Incomes-in-Ontario.pdf>

<sup>3</sup> This is a positive development which took many years of lobbying to obtain. The Canadian Centre for Policy Alternatives, for example, back in 2008 called for the ability to “bank” and carry forward earnings exemptions. See CCPA’s work here: <https://www.policyalternatives.ca/publications/reports/removing-barriers-work>. A majority of people on disability assistance, however, do not claim earnings exemptions.

<sup>4</sup> *Budget and Fiscal Plan – 2016/17 to 2018/19*, February 16, 2016, pp. 20-21.

<sup>5</sup> For more details and context, see Michael J. Prince, “Disability rates won’t alleviate poverty,” *Times Colonist*, February 19, 2016, and Lindsay Kines, “BC likely to hike assistance for disabled,” *Times Colonist*, December 5, 2016.

<sup>6</sup> For a single person with no dependent children, the Christmas bonus maximum amount is \$35. For a childless couple it is \$70 per calendar year, and for a family with dependent children the maximum amount is \$70 per calendar year plus \$10 for each dependent child. Applicable provincial tax credits include the BC Sales Tax Credit and the Low Income Climate Action Tax Credit.

<sup>7</sup> Ann Tweddle, Ken Battle and Sherri Torjman, *Welfare in Canada, 2015*. Ottawa: Caledon Institute of Social Policy. November 2016. The value of welfare benefits over time is calculated in constant 2015 dollars.

<sup>8</sup> The Market Basket Measure, it is worth noting, does not address expenditures incurred for disability-related health, personal support or medical costs of an individual or household in which a person with a disability resides. In this important sense, the MBM are conservative estimates for basic living costs.

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<sup>9</sup> See Michael J. Prince and Yvonne Peters, eds. *Disabling Poverty, Enabling Citizenship*, Winnipeg: Council of Canadians with Disabilities. 2015.

<sup>10</sup> The rate increases addressed in this paper pertain to singles, couples, and two-parent families, where one family member is a person with disabilities. This group represents the vast bulk of the BC caseload and therefore is the basis for estimates and projections of rate increases put forward. The BC government does offer higher rates for one-parent families where the parent is disabled, as well as for couples where both are disabled. For more information on this and other additional benefits, please refer to the ministry website: <http://www2.gov.bc.ca/gov/content/governments/policies-for-government/bcea-policy-and-procedure-manual/bc-employment-and-assistance-rate-tables/disability-assistance-rate-table#a>

<sup>11</sup> By 2024, due to inflation, the Market Basket Measure line will be higher than \$19,800, so the policy goal of an adequate standard of living would be adjusted over that many years.

<sup>12</sup> For more details, see Michael J. Prince *Inclusive Employment for Canadians with Disabilities: Toward a New Policy Framework and Agenda*, IRPP Study 60. Montreal: Institute for Research on Public Policy, 2016. See also: Michael J. Prince, *Disabling Poverty, Enabling Citizenship: Recommendations for Positive Change*. Winnipeg: A project of the Council of Canadians with Disabilities, 2014.

<sup>13</sup> See also Sheri Torjman and A. Makhoul, *Disability Supports and Employment Policy*. Ottawa: Caledon Institute of Social Policy and the Centre for Research on Work Disability Policy, October 2016.

<sup>14</sup> See: Sherri Torjman, *Poverty Reduction and Disability Income*, Caledon Commentary, Ottawa: Caledon Institute of Social Policy, February 2017.