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**Basic Income Canada Network**  
**Réseau canadien pour le revenu garanti**

***Basic Income Programs and Pilots***



**By Chandra Pasma**

**February 3, 2014**

**Basic Income Canada Network**  
**[www.bienCanada.ca](http://www.bienCanada.ca)**  
**[www.thebigpush.net](http://www.thebigpush.net)**

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# Basic Income Canada Network

## Réseau canadien pour le revenu garanti

### *Basic Income Programs and Pilots*

By Chandra Pasma<sup>1</sup>  
February 3, 2014

Basic income is money paid by government to eligible persons with few, if any, conditions attached. Notably, there is no work requirement.

Many people believe that the benefits of basic income—preventing poverty, reducing inequality, enhancing freedom, boosting creativity, stimulating entrepreneurship and increasing efficiency in public services—sound wonderful but represent a utopian dream. The reality is that basic income has been tested through existing basic income and basic income-like programs. The evidence demonstrates they are possible and that they can deliver on their promise. This document summarizes a number of basic income programs and pilots, along with links for more information.



One of the key elements of basic income programs is that they are, for the most part, unconditional. There may be a few minor conditions attached, such as residency, age or non-incarceration.

Basic income programs are delivered in one of two key forms: a **negative income tax**, which is targeted directly to people under a certain income threshold, or a **universal demogrant**, which is distributed to everyone, regardless of income level. In addition, basic income payments are made on a regular basis, such as monthly or biweekly. A similar program, called an **unconditional capital transfer**, makes a one-time payment of a lump sum, also without any behavioural conditions.

**Conditional cash transfers** also make regular payments to people under an income threshold, but in this case the payment is made conditional on people meeting certain behavioural conditions. Finally, **there are basic income-like programs** such as (in Canada) the Canada Child Tax Benefit and Old Age Security: these are targeted to a single demographic but work in a similar way to a basic income.

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<sup>1</sup> The author is a Canadian public policy analyst and co-author, along with Dr. James Mulvale, of the 2009 paper *Income Security for All Canadians: Understanding Guaranteed Income*.

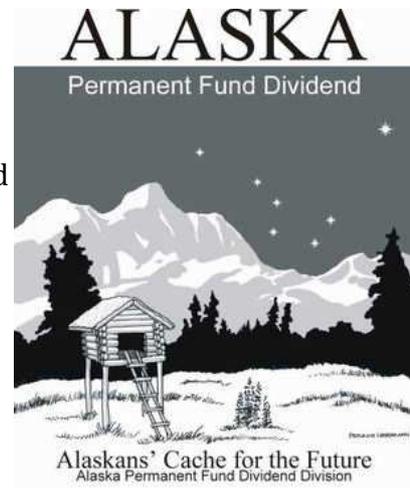
This document considers the evidence from these different kinds of programs, since they are all relevant to the outcomes achievable with a basic income.

## Basic Income Programs

### **Alaska: The Alaska Permanent Fund Dividend**

*Details of the program:* The state of Alaska created the Alaska Permanent Fund in 1976 to invest royalties on oil in recognition that mineral resources belonged to Alaskans. Since 1982, a dividend has been paid annually from the fund to all Alaskans. The only eligibility criteria are a one-year residency requirement with the intent to remain a resident of Alaska and non-incarceration within the previous calendar year.

The dividend is calculated annually based on a five-year average of the Fund's investment performance. The highest dividend, US\$3,269, was paid out in 2008 and included a US\$1,200 one-time rebate to compensate Alaskans for high fuel prices. In 2012, the dividend was US\$878 per person or US\$3,512 for a family of four.



*Outcomes:* The dividend has played a role in making Alaska one of the states with the lowest rates of poverty in the United States and one of the least unequal. While the individual dividend is quite small, the collective impact on the economy is significant: in 2009, it added US\$900 million in purchasing power for Alaskans. Economist Scott Goldsmith calculated that this is equivalent to adding an entire new industry, or 10,000 new jobs, to the Alaskan economy. There has not been a noticeable impact on the labour market although there is evidence to suggest that the dividend has been a population magnet for those, like retirees, who are not in that market. The dividend is widely popular, garnering support from across the political spectrum. In fact, in response to a new law adopted in the spring of 2013 that will reduce royalties paid by oil companies and could therefore wipe out the dividend, more than 50,000 signatures have been gathered on a petition to repeal the law, which could result in a referendum on the law in the summer of 2014.

*Links for more information:*

- Alaska Permanent Fund Corporation:  
[www.apfc.org/home/Content/home/index.cfm](http://www.apfc.org/home/Content/home/index.cfm)
- Paper presented by Prof. Scott Goldsmith of the University of Alaska Anchorage at the 13th Basic Income Earth Network Congress in 2010:  
[www.iser.uaa.alaska.edu/Publications/bien\\_xiii\\_ak\\_pfd\\_lessons.pdf](http://www.iser.uaa.alaska.edu/Publications/bien_xiii_ak_pfd_lessons.pdf)
- U.S. Basic Income Guarantee Network Alaska Dividend blog:  
<http://usbig.net/alaskablog/>

### **Brazil: Pilot Project in Quatinga Velho**

*Details of the program:* Since 2008, a non-governmental organization named ReCivitas has been conducting a basic income pilot project in a small town 30 miles from São Paulo named Quatinga Velho. The project is funded through private donations and began by making monthly payments of R\$30 (\$13.60) to 27 people. By the end of three years, the number of people receiving payments had expanded to 100. ReCivitas hopes to continue the program indefinitely.



*Outcomes:* R\$30 per month is far below the poverty line but even so, villagers receiving the basic income have reported an improved ability to meet their basic needs. Researchers have seen gains in nutrition, with 25 per cent of the basic income being devoted to food expenditures. There have been improvements in health, clothing and living conditions. Money has also gone toward microenterprise. Based on informal conversations, researchers report improved social capital and new expectations for the future of recipients' children. There have been no reports of the basic income being spent on drugs or alcohol.

*Links for more information:*

- The ReCivitas website has a number of publications including a report on the first three years of the project: [www.recivitas.org/#!/publicações](http://www.recivitas.org/#!/publicações)

### **India: Madhya Pradesh Unconditional Cash Transfer**

*Details of the program:* Beginning in January 2011, the Self-Employed Women's Association conducted a year-and-a-half-long cash-transfer pilot project, funded by UNICEF. The pilot project studied 20 villages: eight where unconditional cash payments were made monthly to every individual, and 12 control villages where no payments were made. At the request of the government of Madhya Pradesh, a follow-up study was also conducted of two remote tribal villages; one received payments and the other did not.



Initially the payments were 200 rupees (about \$4.35) per adult and 100 rupees per child. After one year the payments were increased to 300 rupees per adult and 150 rupees per child. In order to receive the monthly payments, an individual had to be registered as a resident of the village at the beginning of the pilot and had to open a bank account within the first three months. No other conditions were imposed.

*Outcomes:* Compared to the control villages, the villages that received the unconditional cash transfers had much greater food security, with villagers more likely to have enough income to buy food and to buy healthier foods. There was also a reduction in the number of malnourished children, fewer illnesses and greater access

to medication and medical care for those who were ill or injured. School attendance increased significantly. There was also an increase in economic activity: those in the cash-transfer villages were three times more likely to start a business than those in the control communities. Recipients were also able to turn down wage labour in favour of working on their own farms and to purchase better inputs for their farms, resulting in better agricultural yields. Finally, they were able to pay down debt and increase savings.

Following the pilots, the federal government of India announced it was moving to replace 29 aid programs with direct cash transfers. The government began to implement the change in January 2013 with a goal of completing the rollout prior to elections in 2014.

*Links for more information:*

- Self-Employed Women's Association newsletter: [www.sewa.org/enewsletter/Previous-E-News-Letter.asp](http://www.sewa.org/enewsletter/Previous-E-News-Letter.asp)
- UNICEF India background note: [www.facebook.com/notes/unicef-india/unconditional-cash-transfers-results-of-two-pilot-studies-in-madhya-pradesh/10152865474805284](http://www.facebook.com/notes/unicef-india/unconditional-cash-transfers-results-of-two-pilot-studies-in-madhya-pradesh/10152865474805284)
- Presentation from 14th Basic Income Earth Network Congress in 2012: [www.youtube.com/watch?feature=player\\_embedded&v=lanUMETOqWc](http://www.youtube.com/watch?feature=player_embedded&v=lanUMETOqWc)
- Le Monde Diplomatique article: <http://mondediplo.com/2013/05/04income>

#### **Namibia: Basic Income Grant Pilot Project**

*Details of the program:* In 2008 and 2009, the Namibian Basic Income Grant Coalition (a group composed of non-governmental organizations, churches and trade unions) conducted a pilot project in Otjivero-Omitara, Namibia. Each person under the age of 60 received a basic income grant of N\$100 (about \$13.50) every month. Other than registering as a resident in July of 2007, no other conditions attached. The funds were raised from Namibian and international donors. Between 2010 and 2012, a transitional allowance was paid to residents, in hopes that this would bridge them to a national basic income grant program. However, the Namibian government has so far refused to introduce a national program.



*Outcomes:* Before the pilot program, Otjivero-Omitara was an area characterized by high unemployment and poverty. The grant significantly reduced poverty in the area, despite an in-migration of people who were not eligible for the grant after the program had started. Economic activity increased, as many people used the grant to start a small business, stimulated by the increase in purchasing power most households experienced as a result of the grant. There were notable improvements in child health, access to health care and children attending and staying in school. Crime was significantly reduced. A sense of community was created, as an 18-person basic

income grant committee was formed to advise people on how to use their grant and to make decisions on behalf of the community regarding the pilot project. Community members reported a new-found sense of dignity and hope.

*Links for more information:*

- Final report of the pilot project: [www.bignam.org/Publications/BIG Assessment report 08b.pdf](http://www.bignam.org/Publications/BIG_Assessment_report_08b.pdf)
- Der Spiegel article: [www.spiegel.de/international/world/a-new-approach-to-aid-how-a-basic-income-program-saved-a-namibian-village-a-642310.html](http://www.spiegel.de/international/world/a-new-approach-to-aid-how-a-basic-income-program-saved-a-namibian-village-a-642310.html)

### **Canada: Manitoba Mincome**

*Details of the program:* From 1974 to 1979, the province of Manitoba and the federal government jointly funded a field experiment of guaranteed annual income in Winnipeg and Dauphin. Low-income residents in



Winnipeg (excluding persons with disabilities and retirees) were randomly selected to receive one of three levels of income support: \$3,500, \$4,500 or \$5,500 (equivalent to \$16,103, \$20,703 and \$25,304 in 2013), indexed to inflation. Three different tax-back rates<sup>2</sup> were also tested: 35 per cent, 50 per cent and 75 per cent. The most generous (\$5,500 grant and 35 per cent tax-back rate) and least generous (\$3,500 grant and 75 per cent tax-back rate) scenarios were not tested.

The Winnipeg residents receiving the grant were matched with controls from the same community. In Dauphin, all low-income residents were eligible to receive the grant while other rural Manitoba communities were selected to serve as controls. All Dauphin residents received the same grant: 60 per cent of Statistics Canada's Low Income Cut-Off with a 50 per cent reduction rate for all additional income. Of the 12,500 Dauphin residents eligible, approximately one-third were receiving the grant at any given time during the experiment.

Mincome was designed to measure the work response of grant recipients as well as the sociological effects and administrative challenges of such a program. However, due to rapid inflation and spiralling program costs, little-to-no analysis was done on the data collected before the experiment ended abruptly in 1979. Since then, the data has languished in a warehouse, largely without analysis. Recently, however, Dr. Evelyn Forget of the University of Manitoba has used provincial health data to uncover some of the outcomes of the experiment.

*Outcomes:* There was very little work disincentive recorded in Mincome. Overall, researchers found a reduction in annual hours worked of one per cent for men, three

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<sup>2</sup> With a negative income tax, once the recipient's income exceeds a certain threshold, the benefit is clawed back at a set rate for every dollar of additional income until the benefit is completely reduced to zero.

per cent for married women and five per cent for unmarried women. These reductions were largely concentrated among secondary and tertiary earners. In particular, women were more likely to delay their return to the workforce after having children while adolescents were more likely to finish high school instead of leaving early to get a job. In fact, Dr. Forget found from enrolment records that during the years of the experiment, Dauphin youth were more likely to continue on to grades 11 and 12 than their counterparts elsewhere in the province.

There were also positive health outcomes. Compared to control groups, hospitalization rates declined over the period of the experiment, in particular, hospitalizations related to stress (accidents, injuries and mental illness). Physician diagnoses of mental illness also declined.

Meanwhile, the five years of the experiment also indicated that administration of monthly payouts is feasible, even while tracking family status and income.

*Links for more information:*

- Article by Dr. Forget in Canadian Public Policy: <http://utpjournals.metapress.com/content/xj02804571g71382/fulltext.pdf>
- Article by Derek Hum and Wayne Simpson in Policy Options: [www.irpp.org/en/po/2001-our-space-odyssey/a-guaranteed-annual-income-from-mincome-to-the-millennium/](http://www.irpp.org/en/po/2001-our-space-odyssey/a-guaranteed-annual-income-from-mincome-to-the-millennium/)
- Article by Derek Hum and Wayne Simpson in the Journal of Labour Economics: <http://home.cc.umanitoba.ca/~simpson/IJOLE1993.pdf>

### **United States: Office of Economic Opportunity Experiments**

*Details of the program:* Over the period from 1968 to 1976, four guaranteed annual income experiments were conducted in the United States. The first concerned urban populations in New Jersey and Philadelphia; the second considered rural populations in North Carolina and Iowa; the third looked at single parents in Gary, Indiana; and the fourth included urban populations in Seattle and Denver (the Seattle-Denver Income Maintenance Experiment). The experiments looked at questions of labour supply, family composition, education and health.



*Outcomes:* These tests showed an overall work reduction of 13 per cent for whole families, evenly divided between primary, secondary and tertiary earners. However, because primary earners worked the most hours, the actual reduction in hours worked by primary earners was quite small. The largest reduction in hours worked was among tertiary earners and came largely in the form of adolescent children staying in school until completion of high school. While the data gathered across the

four experiments varied, overall the experiments showed a positive impact on education, both for children and adults, with children performing better on test scores and being more likely to stay in school, and adults being more likely to pursue continuing education.

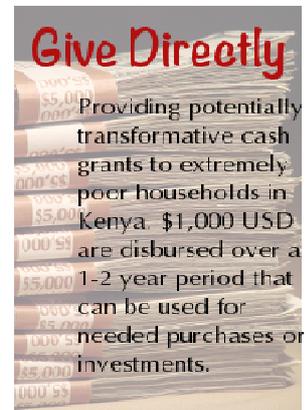
*Links for more information:*

- Article by Dr. Evelyn Forget in Canadian Public Policy:  
<http://utpjournals.metapress.com/content/xj02804571g71382/fulltext.pdf>
- Article by Karl Widerquist, Robert Levine, Harold Watts, Robinson Hollister, Walter Williams and Alice O'Connor:  
<http://works.bepress.com/widerquist/14/>

## Unconditional Capital Grants

### **Kenya: GiveDirectly**

*Details of the program:* In 2011, GiveDirectly, an American non-governmental organization founded the year previously, began to give unconditional capital grants and unconditional cash transfers to impoverished Kenyan households. The organization identified villages with high proportions of poverty and then randomly selected 485 recipients from among households below a set poverty threshold to receive a grant directly from American donors, with no conditions attached. Fifty per cent of the recipients received the money (KSh24,000 or \$294) in a single lump sum, while the other 50 per cent received nine monthly instalments. Another 137 households then received an additional KSh70,000 (\$859).



*Outcomes:* An evaluation of the program in 2013 revealed that the unconditional transfers increased consumption, reduced hunger, allowed poor households to invest in assets, small businesses and livestock, and increased the psychological well-being of recipients and their families. There was no evidence of money being spent on alcohol or tobacco. The evaluation also found that when comparing the two forms of transfers, monthly transfers improved food security, while lump sums had more of an effect on a household's assets.

*Links for more information:*

- Evaluation of GiveDirectly's first program:  
[http://web.mit.edu/joha/www/publications/Haushofer\\_Shapiro\\_Policy\\_Brief\\_UCT\\_2013.10.22.pdf?utm\\_content=buffer99ad9&utm\\_source=buffer&utm\\_medium=twitter&utm\\_campaign=Buffer](http://web.mit.edu/joha/www/publications/Haushofer_Shapiro_Policy_Brief_UCT_2013.10.22.pdf?utm_content=buffer99ad9&utm_source=buffer&utm_medium=twitter&utm_campaign=Buffer)
- Article in The Economist on the program:  
[www.economist.com/news/international/21588385-giving-money-directly-poor-people-works-surprisingly-well-it-cannot-deal](http://www.economist.com/news/international/21588385-giving-money-directly-poor-people-works-surprisingly-well-it-cannot-deal)

### **United Kingdom: Personalized Budgets for Rough Sleepers**

*Details of the program:* In 2009, Broadway, an organization dedicated to helping the homeless in the City of London, began a pilot project funded by the municipal government. The project offered personalized budgets, akin to an unconditional capital grant, to 15 long-term homeless people, focusing on people who were most difficult to house. The participants were allowed to spend the budgets on whatever they wanted as long as it contributed in some way towards a long-term plan of moving into and staying in housing. While £3000 (\$5,035) per participant was budgeted, the average spent was only £794 (\$1,332) per person.



*Outcomes:* The majority of the 15 participants moved into housing and were able to stay housed. Participants spent their funds on furniture, clothing, cell phones, televisions, paying off debts and, in one case, on the purchase of a camper van. Many of them also began to plan for the future, took classes, developed independent living skills and addressed physical and mental health issues. They emphasized the dignity, control and freedom of choice that they experienced in the program, along with the personal support, as key to the program's success. While some housing professionals expressed concerns prior to the pilot that people would misspend the money or try to "milk the system", no one spent the money on drugs or alcohol, and most spent far less than what was available to them.

As a result of the successful pilot, the City of London integrated the approach into its homelessness programs. Of the first 22 people offered a personalized budget, 17 are in housing and 14 have been there for more than six months. One-time funding was also made available for a pan-London approach outside of the City of London. Other cities in the United Kingdom have become interested in the model.

*Links for more information:*

- Joseph Rowntree Foundation evaluation of the pilot project: [www.jrf.org.uk/sites/files/jrf/supporting-rough-sleepers-full.pdf](http://www.jrf.org.uk/sites/files/jrf/supporting-rough-sleepers-full.pdf)
- Article in The Economist on the pilot project: [www.economist.com/node/17420321](http://www.economist.com/node/17420321)

*We'd like to see nonprofits that focus on poverty alleviation prove that they can do more with a dollar than the poor can do for themselves.*

**Paul Niehaus, co-founder, GiveDirectly**



## Conditional Cash Transfers

### **Conditional Cash Transfer Programs Globally**

*Details of the programs:* Conditional cash transfer (CCT) programs have been growing in popularity in the last decade as a tool for aid and development. They are similar to basic income programs in that they pay a cash transfer directly to individuals. However, the payment is made only on the basis of meeting certain conditions, such as vaccinating children, regular health checkups and school attendance for children.

Compared to basic income programs, CCTs are more expensive to administer, because of the need to verify that recipients are meeting the conditions. They have also been criticized as paternalistic, based on governments or aid organizations not trusting poor people to know what is best for them. A World Bank evaluation of CCTs argues that conditional transfers are necessary only when there is significant underinvestment in human capital or when conditions are necessary to garner the political support required to allow payments to the poor (that is, that the public would never accept transfers to the poor without strings attached).

Over 30 countries currently have some form of CCT program or pilot project. The first major CCT programs were created in Brazil and Mexico in the 1990s; Brazil's Bolsa Família now provides a transfer to 13.8 million families, while Mexico's Oportunidades covers five million households. Nearly every Latin American country now has a CCT program, reaching more than 100 million people. Indonesia, Turkey and Bangladesh also have large-scale programs.

*Outcomes:* According to the World Bank, CCTs have resulted in substantial reductions in poverty and income inequality. They have increased consumption for poor families and have also allowed some of them to save, helping these families better weather

adverse events. Since most programs make the payment to women, CCTs have also helped to empower women. They have led to a significant decrease in child labour and a similarly substantial increase in school enrolment. The impact on adult labour has been modest, with no reductions in adult labour in Cambodia, Mexico or Ecuador. There also does not appear to be an impact on fertility, as people are not having more children simply to obtain greater transfer support.

*Links for more information:*

- World Bank evaluation of CCTs: [www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/02/27/000334955\\_20090227075314/Rendered/PDF/476030PUB0Cond101Official0Use0Only1.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/02/27/000334955_20090227075314/Rendered/PDF/476030PUB0Cond101Official0Use0Only1.pdf)
- A one-year study of CCTs in five countries, funded by the United Kingdom Department for International Development: <http://transformingcashtransfers.org/>
- United Kingdom Department for International Development summary of evidence regarding CCTs: [www.who.int/alliance-hpsr/alliancehpsr\\_dfidevidencepaper.pdf](http://www.who.int/alliance-hpsr/alliancehpsr_dfidevidencepaper.pdf)

### **Brazil: Bolsa Família**

*Details of the program:* Brazil was one of the earliest countries to adopt CCTs as a means of alleviating poverty. In 2003, Brazil amalgamated four existing cash transfer programs into one single program, the Bolsa Família (the Family Grant). The grant is paid to 13.8 million families encompassing nearly 50 million individuals.



The program targets families with monthly per capita incomes below R\$140 (\$64.48). There are three different grant types. A basic grant of R\$70 (\$32.24) is available to all families with a monthly per capita income below R\$70. All families with children are then eligible to receive a variable grant of R\$140 for each child aged 15 and under and for each pregnant or nursing woman, up to a maximum of five grants per family. For adolescents aged 17 and 18, families may receive a maximum of two grants of R\$38 (\$17.50). Finally, a new grant was recently created to bridge the extreme poverty gap, bringing the income of any family with children under the age of six up to the income threshold of R\$70. Receipt of the Bolsa Família is conditional on women receiving prenatal and postnatal care, children receiving all of their vaccinations and children attending school. The program costs only 0.5 per cent of GDP.

*Outcomes:* Brazil has made significant strides in reducing poverty and inequality over the last decade: the Bolsa Família has played a role in both. Researchers have attributed just under one-third of the drop in poverty to the Bolsa Família. The

program has played an important role in improving health outcomes: there has been a decline in malnutrition among children, the proportion of underweight children and infant mortality. Prenatal care and vaccination rates have both increased. School dropout rates have declined. Meanwhile, 75 per cent of adults who receive the grant are economically active, either in employment or looking for work, despite the fact that Brazil is plagued by high unemployment rates.

*Links for more information:*

- Presentation by Brazil's Ministry of Social Development: [www.uncsd2012.org/content/documents/399BOLSA%20FAMILIA%20EM%20INGLES%20maio%202012\\_FINAL.pdf](http://www.uncsd2012.org/content/documents/399BOLSA%20FAMILIA%20EM%20INGLES%20maio%202012_FINAL.pdf)
- Evaluation of the Bolsa Família by the International Poverty Centre: [www.ipc-undp.org/pub/IPCEvaluationNote1.pdf](http://www.ipc-undp.org/pub/IPCEvaluationNote1.pdf)
- Evaluation of the Bolsa Família by the International Food Policy Research Institute: [www.ifpri.org/pressrelease/study-finds-bolsa-familia-children-healthier-doing-better-school](http://www.ifpri.org/pressrelease/study-finds-bolsa-familia-children-healthier-doing-better-school)
- Article in the Guardian: [www.theguardian.com/global-development-professionals-network/2013/nov/05/bolsa-familia-brazil-cash-transfer-system](http://www.theguardian.com/global-development-professionals-network/2013/nov/05/bolsa-familia-brazil-cash-transfer-system)

#### **New York City: Opportunity NYC**

*Details of the program:* Opportunity NYC was a privately funded pilot program kick-started by former New York mayor Michael Bloomberg. Part of the \$63 million budget came from the mayor's own Bloomberg

Family Foundation. The program was run by a non-profit community-development organization named Seedco and had three components: Family Rewards, Work Rewards and Spark. Family Rewards was the largest program and offered participating low-income families a variety of rewards and incentives for meeting health, education, job training and work goals. Work Rewards was targeted to low-income adults in subsidized housing and emphasized workforce participation and job training. Spark was a program aimed at students in grades 4 and 7.



A total of 4,800 families participated in the Family Rewards program, with half receiving the cash transfer and half serving as a control group. In order to participate, a family's income had to be at or below 130 per cent of the poverty line. Twenty-two different incentives were available to families in the first two years, with payments ranging from \$20 to \$600. By the third year, the number of incentives was reduced due to the challenge of administering such a complex program.

*Outcomes:* While the final evaluations are not yet available (the pilot is tracking income and behaviour of participants for three years after termination of grant support), early evaluations of the Family Rewards program are promising. They reveal that the program reduced poverty, hunger and housing insecurity. Participants

were able to increase savings and were more likely to have a bank account. Outcomes for elementary and middle-school students did not improve but outcomes for high school students did. The program also reduced the use of hospital emergency rooms for routine medical care and increased the likelihood of participants receiving preventative dental care.

*Links for more information:*

- Early Findings Report on Family Rewards:  
[www.mdrc.org/sites/default/files/full\\_588.pdf](http://www.mdrc.org/sites/default/files/full_588.pdf)
- Early Findings Report on Work Rewards:  
[www.mdrc.org/sites/default/files/Working%20Toward%20Self-Sufficiency%20FR\\_revised-jan24.pdf](http://www.mdrc.org/sites/default/files/Working%20Toward%20Self-Sufficiency%20FR_revised-jan24.pdf)
- Evaluation of educational incentives in Family Rewards:  
[www.mdrc.org/sites/default/files/full\\_425.pdf](http://www.mdrc.org/sites/default/files/full_425.pdf)

## **Basic-Income-Like Programs in Canada**

### **Canada: Canada Child Tax Benefit and Old Age Security**

*Details of the programs:* Canada already has two basic-income-like programs for children and the elderly: the Canada Child Tax Benefit and Old Age Security. The Canada Child Tax Benefit combines three possible supports: a basic grant available to all families with children under 18; the National Child Benefit Supplement, available to children in low-income families; and the Child Disability Benefit paid to children with disabilities. Many provinces also have a child-benefit supplement integrated into the program.



The basic grant in 2013-14 is \$1,433 with a supplement of \$100 for third and following children. The basic grant begins to be reduced once a family's net income exceeds \$43,561, at the rate of two per cent of additional income for families with one child and at the rate of four per cent of additional income for families with more than one child. The National Child Benefit Supplement amount for the first child is \$2,221, with diminishing amounts available for additional children. This grant begins to be phased out once a family's income exceeds \$25,356 (although some provinces completely "claw back" the grant from families that receive social assistance). The Child Disability Benefit amount is \$2,626, and the threshold for reducing the grant is set according to the number of children with disabilities in the family. Thus, the maximum amount that a family could receive for one child from the federal Canada Child Tax Benefit is \$6,280. This grant is not taxable.

Old Age Security offers a monthly grant to all Canadian seniors aged 65 and over (with the age of eligibility set to rise to 67 beginning gradually in April 2023), as long as they have spent at least 10 years in Canada prior to age 65. The amount of the grant is

based on years of residency or citizenship after age 18. In 2013, the maximum monthly grant was \$550.99, which works out to \$6,611.88 a year. Old Age Security income is taxable.



A Guaranteed Income Supplement is also available to low-income seniors who are eligible for Old Age Security. This grant is based on income and marital status, with a maximum monthly

payout of \$747.11 for a single individual. The supplement is fully phased out at the income threshold of \$16,704 for a single person. It is not taxable. The maximum amount that a senior could receive through Old Age Security and the Guaranteed Income Supplement combined is \$15,577.20 a year. (Some provinces have programs that add to these grants: for example, the Ontario Guaranteed Annual Income System adds a maximum of \$83 per month per individual.)

*Outcomes:* Both programs have made significant contributions to reducing levels of poverty in Canada and to reducing the poverty gap (the amount of money that would be needed to bring low-income Canadians up to the poverty threshold). According to an analysis by social-policy expert Richard Shillington, Old Age Security and the Guaranteed Income Supplement reduce the rate of poverty for seniors aged 66 to 12 per cent from 30 per cent (using Statistics Canada's before-tax Low Income Measure). He estimates that Old Age Security and the Guaranteed Income Supplement make up one-third of the income of seniors aged 66 and 67. Meanwhile, an evaluation of the Canada Child Tax Benefit by Kevin Milligan and Mark Stabile suggests that this grant has contributed to improved test scores for children and improved child and maternal mental health.

*Links for more information:*

- Summative evaluation of the Canada Child Tax Benefit: [www.hrsdc.gc.ca/eng/publications/evaluations/social\\_development/2013/october.shtml](http://www.hrsdc.gc.ca/eng/publications/evaluations/social_development/2013/october.shtml)
- Evaluation by Milligan and Stabile: <http://faculty.arts.ubc.ca/kmilligan/research/papers/benefits-outcomes4.4.pdf>
- Summative evaluation of Old Age Security: [www.hrsdc.gc.ca/eng/publications/evaluations/income/2012/april.shtml](http://www.hrsdc.gc.ca/eng/publications/evaluations/income/2012/april.shtml)
- Summary of Shillington's research: <http://behindthenumbers.ca/2012/02/02/raising-the-oas-eligibility-age-would-raise-poverty-in-old-age/>

## **About Basic Income Canada Network**

[www.biencanada.ca](http://www.biencanada.ca)

Basic Income Canada Network (BICN) is a non-government organization, federally incorporated in 2012 and without charitable status. Basic Income Canada Network is governed by a Board of Directors that includes some of Canada's foremost experts on poverty, welfare, homelessness and basic income.

Basic Income Canada Network's purpose is to promote awareness and the establishment of basic income as a key means of strengthening social security and equality of opportunity in Canada. Our network includes interested citizens, academics, economists, labour representatives, politicians and social policy organizations.

Basic Income Canada Network is the Canadian affiliate of the international Basic Income Earth Network. Basic Income Earth Network was founded in 1986 as "an international network that serves as a link between individuals and groups committed to or interested in basic income, and fosters informed discussion of the topic throughout the world" ([www.basicincome.org/bien](http://www.basicincome.org/bien)).

## **About The BIG Push Campaign**

[www.thebigpush.net](http://www.thebigpush.net)

Founded in April 2013 and hosted by Basic Income Canada Network, The BIG Push seeks to build on existing and variable forms of basic income in Canada so that, as a final end goal an expanded system of basic income will be in place. The campaign goals are to:

1. Raise public awareness of basic income—what it is and why it is needed
2. Build public and policy support for an expanded system of basic income in Canada
3. Secure public commitments to expand the system of basic income in Canada

### ***Please Support Our Work!***

Basic Income Canada Network and The BIG Push campaign need the support of Canadians from coast to coast to coast! To volunteer with and/or donate to Basic Income Canada Network, please visit our web site: [www.biencanada.ca](http://www.biencanada.ca). To volunteer with and/or donate to The BIG Push campaign, please visit our campaign web site ([www.thebigpush.net](http://www.thebigpush.net)) or contact the campaign director (Rob Rainer: [rob.causeworth@gmail.com](mailto:rob.causeworth@gmail.com)). Join with us as we 'push' in a historic campaign for a basic income guarantee for all Canadians—thank you!