



PRIMER ON A NEW DISABILITY INCOME BENEFIT

by Sherri Torjman



POLICY PRIMER

from IRIS – Institute for Research and Development on Inclusion and Society

Acknowledgments

IRIS is grateful to Sherri Torjman for producing this ‘policy primer.’ With her many years of social policy leadership and advice she is extremely well qualified to help lay out the terms and directions for design of the ‘Canadian Disability Benefit.’

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In 1988, Sherri wrote the book *Income Insecurity* on the disability income system in Canada. She has written many other reports on disability including *Dismantling the Welfare Wall for Persons with Disabilities* (2017). She was co-author of the report *A Basic Income Plan for Canadians with Severe Disabilities* published in 2010.

Sherri has received numerous awards for her policy work including the Senate 150 Anniversary Medal, Queen Elizabeth II Diamond Jubilee Medal, Champion of Human Services Award from the Ontario Municipal Social Services Association and Top 25 Canadians Award from the Canadian Association of Retired Persons.

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Foreword

We are at a watershed moment in Canadian public policy aimed at addressing the income security needs of people with disabilities. With the 2020 Speech from the Throne the federal government has committed to introducing a “Canadian Disability Benefit modelled after the Guaranteed Income Supplement for seniors.” In doing so, it signals its resolve to address what the disability communities have long been calling for.

Canadians with disabilities are much more likely to live in poverty than their non-disabled peers – women, Indigenous and racialized persons, and people with intellectual disabilities particularly so. The existing mix of federal and provincial/territorial public policy tools, either by design or because of unintended consequences, results in huge numbers of people with disabilities unemployed or not in the labour force and with long-term attachment to provincial/territorial social assistance.

These realities persist, despite volumes of research laying out the depths and realities of poverty and advancing proposals for a federal role in income security for this growing proportion of Canada’s population. They persist despite calls to “End Exclusion” and to combat poverty. And these realities persist despite Canada’s ratification of the *UN Convention on the Rights of Persons with Disabilities* over a decade ago, which recognizes in Article 27 “the right of persons with disabilities to an adequate standard of living for themselves and their families.”

For these reasons, the Throne Speech announcement is welcome political and policy leadership. We have seen no federal policy commitment to people with disabilities of its scale or import in well over a generation.

As welcome as the news is, it raises a host of questions. Who will qualify? What will the benefit levels be? What sources of income will it supplement? How will the benefit fit within the patchwork of existing income support measures? How will it be administered?

And, crucially important, how can people with disabilities, their families and organizations effectively participate in a policy dialogue to arrive at the best design possible?

IRIS engaged one of Canada’s leading social policy thinkers and researchers, Sherri Torjman, to help inform this dialogue and to assist disability communities in effectively participating in the design of the benefit. We are grateful she accepted the task. The ‘policy primer’ she produced lays out the case for the benefit, clarifies the design questions to be addressed, and points to options to be considered.

We hope this policy primer on the Canadian Disability Benefit assists people with disabilities, their representative organizations and policy makers in turning commitment and resolve into a permanent investment in achieving income security for people with disabilities in this country. It is an essential plank in a platform for a truly inclusive and accessible Canada.

Michael Bach, PhD.,
Managing Director, IRIS

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Nothing about us without us

That's why we prepared this primer. To respect both the intent and the words of the disability community.

There is an important conversation in the country right now. The 2020 Throne Speech announced the federal government's plan to introduce a new disability income benefit.

The purpose of this primer is to present background information to enable the disability community and families that have family members with intellectual disabilities to participate in this historic conversation.

The primer explains basic concepts and provides the vocabulary to encourage discussions with family, friends and neighbours, elected representatives and the media.

Community voices must be heard with respect to this new benefit. Community members need to contribute to the nuts-and-bolts construction of this program.

Of course, the disability community has long participated in this conversation.

The community has worked hard to highlight the problem of poverty and to get this concern on the public radar.

The good news is that all the hard work has paid off. Now the hard work begins.

These two sentences may sound like a contradiction. They are not.

It takes a lot of effort to get an issue on the government agenda. But it also takes a lot of effort to move from concept to concrete.

Why? Because details matter. It is the details that determine:

- who will get the new benefit
- how much it will pay
- if earnings or private savings can be kept or will be clawed back
- whether related programs will be reduced or even cut.

Sometimes even more detail is required, especially when it comes to design features and key disability programs. This symbol* means that additional information on these subjects is found at the end of this document.

When the federal government announced its intention to introduce a new disability income benefit, the Throne Speech indicated that it would be modelled on the Guaranteed Income Supplement for seniors, or GIS as it is commonly known.

Throne Speeches rarely spell out this kind of detail. They are statements of vision.

Throne Speeches state *what* governments plan to do – not how governments plan to do it.

They hardly ever talk about design, cost, eligibility or how they are going to implement various proposals.

It was unusual for the new disability benefit to be announced in this way. Not unusual in a bad sense, but in a helpful way.

The announcement provides valuable guidelines for the conversations in which the disability community will be engaged.

Of course, the GIS is intended only for Canadians age 65 and over. The new disability income benefit will be designed from the perspective of persons with disabilities.

But it is instructive to consider both the strengths and challenges of the GIS. There are many lessons to apply to the design of the new benefit.

One last note: The GIS is a far more detailed and complex program than described here. Only the core elements are discussed so as not to lose the primary focus on disability.

Rights-based principles must guide our work

The first step in this conversation is to clarify the guideposts that will ensure we are on the right track. We need to identify the markers that will point us continually in the right direction.

Any new disability income benefit must be guided by the spirit and intent of the *UN Convention on the Rights of Persons with Disabilities* and the *Accessible Canada Act*.

Key principles include:

- respect for dignity
- full participation and inclusion
- fairness
- clarity and transparency

These principles are the benchmarks against which we must continue to check all elements of the new benefit.

This primer discusses the various ways to design a disability income benefit.

At the end of the day, whatever its design, any new benefit must value the contribution to society of every individual and must respect human dignity. Only then will we have succeeded in this journey.

The new benefit will reduce poverty

First things first. Let's be clear about the purpose of the new disability income benefit. Why is the announcement of this benefit historic?

There have been years and even decades of conversation about the need for this kind of measure. The first national conversation on this issue took place in 1981, the International Year of Disabled Persons. The House of Commons Special Committee published the *Obstacles* report calling for comprehensive reform of the disability income system in Canada.

Here we are in 2020 and this long-sought agenda may actually be realized.

The benefit is intended to assist the hundreds of thousands of Canadians with disabilities who currently live in poverty. They are poor because their incomes fall below the 'poverty line.'

The poverty line is a benchmark that sets out the minimum amount required for basic living. Canada uses the Market Basket Measure as its official poverty measure.

But a poverty line reflects only the technical reality of living in poverty. Here is the real-life explanation.

Hundreds of thousands of Canadians with disabilities live in poverty because they don't have enough money to pay for the basics.

There are several reasons:

- Persons with *disabilities* are often viewed as persons with *inabilities*. Many employers underestimate their potential. They may not want to make accommodations or invest in work-related supports.
- Some people who are able to work cannot put in enough hours to earn a living wage. They face limited employment options or their condition may restrict the amount of time they are able to work. They may need a shorter work day or work week.
- Some individuals are unable to work in the paid labour market. While they can and do participate in the community, they are not in a position to support themselves through employment earnings.
- Many individuals with disabilities rely on programs of income support that keep them in poverty.
- Long waits and high costs of disability supports and services prevent many people from participating in both the paid labour market and the community, more generally.

Income programs play several key roles in reducing poverty.

Income programs can *compensate* for loss of income. A worker who is seriously injured on the job or becomes ill as a direct result of work may qualify. Provincial/territorial workers' compensation programs recognize reduced or lost function.

Income programs can *supplement* low earnings or low income. The Canada Workers Benefit boosts low earnings and provides a modest extra amount for workers with disabilities. The Canada Child Benefit bolsters low income for families with children.

Income programs can also *replace* income that has been lost or interrupted on a short-term or long-term basis. Employment Insurance replaces income interrupted as a result of job loss or short-term illness. The Canada Pension Plan disability benefit (CPP-D) replaces employment income interrupted due to long-term disability (Quebec runs a twin program.)

So how will the new disability income benefit be designed? What role will it play? The Throne Speech helps us answer this question. The model for the new benefit, the GIS, fulfils two of the major roles described above.

First, it *boosts low income* for seniors with limited earnings, few savings or very modest retirement pensions. The GIS raises their incomes up to a basic adequate amount. (The concept of “adequacy” is discussed later. Many would not call the GIS an adequate payment – at least not on its own. But on paper, that’s what it is intended to do.)

Second, the GIS works hand-in-hand with a benefit known as Old Age Security (OAS). Together, these two programs *replace income* for those with no earnings, savings or retirement pension.

If the new disability income benefit is modelled on the GIS, it should be able to fulfil these two functions as well. It will supplement income if current income levels fall below a certain benchmark. It will also replace income entirely if an individual has no earnings, savings or income from private sources or programs.

Either way, the new disability income program should guarantee that no person with a disability in Canada lives in poverty.

The new benefit will not be sufficient to offset disability costs

The purpose of the new disability income benefit is to ensure that persons with disabilities can pay for the basics of life:

- food
- clothing
- shelter and utilities
- transportation.

In recent years, there has been an active conversation in Canada and throughout the world on the concept of a Basic Income.

There is no single way to design a Basic Income. It can take many different forms.

Despite the differences in design, the goal is the same: to provide an income guarantee below which a person cannot reasonably be expected to live.

A Basic Income is sometimes referred to as an “income floor.” (Please note: Quebec is in the process of designing a Basic Income for persons with disabilities.)

An income program that meets basic needs is vital. But it will never be enough to cover the additional, and often very high, expenses that many persons with disabilities incur.

Some of these expenses are easily costed, such as:

- hearing or visual aids and devices
- equipment that assists with breathing
- mobility devices
- special computer hardware and software
- behavioural assessment and intervention services
- personal support workers.

These costs are offset in a variety of ways: individualized funding, tax measures, provincial/territorial services, community programs and private insurance.

Individuals and families also face disability-related expenses that may be difficult to itemize or cost. Examples include:

- higher utility charges for heating, air conditioning or electricity
- additional travel involved in getting to an accessible store
- higher cost of items at an accessible store
- wear-and-tear on certain items of clothing.

While the new disability income benefit may help some recipients offset modest extra

costs, it likely will not fully offset higher costs.

What can we learn from the GIS on this matter? It was introduced in 1967 to reduce poverty among seniors.

The GIS is intended to pay for basic needs. Various federal, provincial/territorial, community and private programs help pay for the additional costs that Canadians age 65 and over incur for medication, technical aids and equipment, and services.

Similarly, the purpose of the new disability income benefit will be to provide assistance with basic living costs. A program focused on the basics can never be sufficiently individualized to meet wide-ranging needs.

These needs must be tackled through a number of linked strategies and programs that involve:

- environmental accommodation
- direct financial assistance with costs
- indirect assistance with costs through reduced taxes
- provision of services.

In short, the additional costs of disability – whether modest or high – must be addressed in some other way. The current disability supports “system” (if it can be called a “system”) is complex and in need of major repair.

The disability supports agenda must be kept alive on the public radar.

A program focused on the basics can never be sufficiently individualized to meet the diverse range of needs in the disability community. The additional costs of disability – whether modest or very high – must be adequately addressed in some other way.

The new benefit will be income-tested

If the new disability income benefit is modelled on the Guaranteed Income Supplement, what does this mean for its design?

The GIS is an *income-tested* program. It uses level of ‘net income’ to determine who can qualify for the benefit.

Net income is calculated by subtracting allowable deductions from total income. Individuals or households with net incomes that fall below a certain level or threshold may qualify for the benefit.

Income-tested programs also use net income to determine how much eligible applicants will receive. Individuals and households

whose net incomes fall below a designated threshold receive the maximum benefit.

That designated threshold is called the ‘turning point.’ It is the point at which benefits start to decrease if net income exceeds that level.

Income-tested benefits also have a ‘reduction rate.’ It is the amount by which benefits are reduced as net income rises.

Benefits that decline very quickly in value have a steep reduction rate. Benefits that decline slowly in value have a gradual reduction rate.

The reduction rate is a crucial factor because it can create serious disincentives to work or save. More on this later.

Finally, benefits in income-tested programs end entirely when net income exceeds a certain amount, known as the ‘cut-off point.’ That point does exactly what the words say: Recipients get cut off the program because they are considered no longer in need of financial assistance.

Now all these terms may sound very technical. But they really are not.

These terms boil down to three key rules of income-tested programs:

1. Eligible applicants receive the maximum benefit if their incomes fall below a certain level or threshold.

2. When their incomes go beyond that threshold, the benefit starts to drop in value.
3. At a higher designated threshold, the benefit phases out entirely. Eligible applicants no longer qualify for assistance when their income from various sources is considered too high.

It should be noted that the new disability income benefit could have been modelled on a different design: as a social insurance, universal payment or “demogrant,” or needs-tested program.*

Good thing it wasn’t. Income-tested programs have unique advantages:

- they do not require work history or contributions
- they do not count assets in determining eligibility
- their benefit payments go up when other sources of income go down
- they are administratively simple and non-stigmatizing
- they are not taxed: what you see is what you get.

Moreover, a federally-run program means that the benefits are portable. They are delivered on a consistent and equitable basis anywhere in the country. Recipients retain their benefits if they move to a different province or territory.

The major disadvantage of income-tested programs is that they do not take into account special needs. Households with high incomes

may receive no benefit even though they may incur very high disability-related costs.

In addition, income-tested benefits can be seen as non-responsive. They determine eligibility according to net income based on the previous tax year. Income-tested programs must build in special provisions for adjustments if life circumstances change.

The disability income benefit will be part of a larger family of benefits

There is another important lesson from the GIS. It is a vital part of Canada’s retirement income system. That system is composed of various income benefits, which are administered and financed in different ways.

The disability income system is equally complex. It consists of several diverse programs, each with its own unique purpose, target group and financing. The status of the following programs and their relationship to the new disability income benefit will need to be considered very early in the design process:**

- Canada Pension Plan disability benefit (CPP-D)
- veterans’ benefits
- registered disability savings plans (RDSPs)
- social assistance (provincial/territorial welfare)
- disability tax credit (DTC).

It should be noted that the DTC is not an income program. The DTC helps offset disability-related costs. But it gets included in the income conversation mix, primarily because it often acts as an entry point to several income programs.

It is no secret that the DTC is plagued with problems and needs major reform. But it would be a mistake to roll it into the new disability income benefit right away without serious consideration of its distinct purpose related to costs.

The federal government will likely keep in place these major pieces of the disability income system – at least for now. It will be essential to figure out the relationships between and among all these programs.

If these various parts of the system remain in place, they must be improved. In addition, the value of the new disability income benefit must be protected and not clawed back by these other programs, especially social assistance.

Multiple programs must work in tandem and not offset each other. *The new benefit should not simply shift program administration and costs. It must ensure that persons with disabilities are better off.*

Work will be required to figure out how the new benefit will fit on this busy stage. Questions include:

- will it have a starring role or a minor role?
- will it be the lead actor or the understudy?

- will it work alongside the other actors or will it replace some of them who may no longer be required?

The new benefit must be adequate

The new disability income benefit will be modelled on the GIS. But its value must exceed that of the GIS, which is only \$916 a month for a single person. That amount comes to only **\$10,997** a year in 2020.

The new disability income benefit must include the value of the monthly Old Age Security (OAS) payment, a monthly maximum \$614 or only **\$7,370** a year in 2020.

The combined maximum OAS/GIS is \$1,531 a month. Together these two programs ensure, no matter what other sources of income individuals may or may not have, their income will never fall below **\$18,366** a year in 2020.

The good news is that the OAS/GIS combo is generally well accepted by Canadians. The not-so-good news is that the amount is not very high compared to other possible benchmarks.

The Assured Income for the Severely Handicapped (AISH) in Alberta pays a maximum monthly \$1,685 in 2020 – or **\$20,220** a year – for a single person. This is the highest of all the long-term social assistance programs in the country.

The (now-cancelled) Ontario Basic Income Pilot for a single person with a disability was a monthly maximum \$1,915 or **\$22,980** a year.

The Canada Emergency Response Benefit (CERB) paid a flat-rate \$2,000 per month, which would amount to **\$24,000** had it been paid for a full year.

It is important to note, however, that the CERB is a taxable benefit. It was paid as a demogrant,* with the same amount going to everybody.

Unlike income-tested programs, one-size-fits-all demogranters are taxed back. Individuals may end up with less than the amount initially paid, depending on whether they have income from other sources.

There is another factor to remember about adequacy. Benefits must be adequate not only in the actual amounts they pay.

They must also be adequate in *relative* terms. They must keep pace with increases in the cost of living. This means they must be adjusted regularly or ‘indexed.’

GIS payments are indexed quarterly (every three months) in line with changes in the Consumer Price Index (CPI).

Federal income programs use various indexation formulas. Social assistance payments, by contrast, are not pegged on a regular basis to changes in the cost of living. As a result, their real value declines over time.

Benefits must be adequate not only in the actual amounts they pay. They must also be adequate in relative terms. They must keep pace with increases in the cost of living.

The new benefit must not create disincentives to work and to save

The GIS is a popular program and is generally well supported by Canadians. But it has a fatal flaw that has been roundly criticized by seniors and academic researchers.

Remember we talked about the reduction rate? That is the rate at which a benefit is reduced as earnings or income from other sources rise.

The GIS has a steep reduction rate. Above a certain level, monthly benefits are reduced very quickly if someone has modest earnings, private pension or investment income.

The GIS applies a punishing 50% reduction to most sources of income. This means that every dollar of income from most other sources results in a 50-cent loss of GIS.

Fortunately, there is an earnings exemption built into the GIS. Recipients can keep a certain amount (up to \$5,000) with no penalty or reduction. A partial exemption of 50% also applies up to a maximum \$10,000 from employment and self-employment beyond the basic \$5,000.

But many claim that the penalties for additional earnings are still too high. This is a serious red flag for the new disability income benefit.

Remember the commitment to the principles of the *UN Convention on the Rights of Persons with Disabilities*? Its spirit and intent are to encourage participation and full inclusion in society.

The new disability income benefit must be carefully designed so as not to discourage those who participate in the paid labour market.

Neither should the new benefit heavily penalize private savings. There needs to be a serious discussion about how to protect the value of RDSPs. *We must never forget that the primary purpose of the new benefit is to improve the quality of life of persons with disabilities.*

Eligibility is a key challenge

Eligibility for all income-tested benefits in Canada is based on level of net income.

In order to qualify for an income-tested program, applicants' net income must fall below a designated level, which varies by program. To be eligible for the GIS, for example, net income for a single person must be less than \$18,624 in October 2020.

The GIS also requires that applicants be age 65 or over. The new disability income benefit will likely be made available for people between ages 18 and 64. Why?

Eligibility for all income programs in Canada ends at age 64. Individuals are transferred to the retirement income system when they turn 65. (As noted, Quebec is designing its own Basic Income program. It is not clear at this time whether persons over age 65 will remain on this program or not.)

As for children with disabilities, the ages of majority in Canada are 18 and, in some cases, 19. Children under 18 would not be eligible for the new disability income benefit in their own right.

Their families may qualify, however, for the Child Disability Benefit. It pays up to an annual **\$2,886** for each child who is eligible for the DTC, in 2020. These families also receive a monthly payment under the Canada Child Benefit.

The Child Disability Benefit can hardly be considered adequate. Its value is way too low and there are problems associated with its link to DTC eligibility. This is another vital component of the disability system that needs to be improved.

Even though the new disability income benefit may target individuals of working age, it should not require applicants to have made work-related contributions.

Income-tested programs (other than the earlier-mentioned Canada Workers Benefit) typically base eligibility on net income from various sources and not on labour market participation.

Given that the disability income benefit will be geared only toward persons with disabilities, an additional disability screen will be required. This is not an easy area.

While there are many definitions of disability, they do not readily translate into program eligibility criteria.

Both the UN *Convention on the Rights of Persons with Disabilities* and the *Accessible Canada Act* are based on a social model of disability.

Unlike the medical model of disability which assesses capacity on the basis of health condition, the social model views functional impairment as the result of complex factors pertaining to both the person and the environment.

The *Accessible Canada Act* sets out the following definition:

“disability means any impairment, including a physical, mental, intellectual, cognitive, learning, communication or sensory impairment — or a functional limitation — whether permanent, temporary or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person’s full and equal participation in society.”

The social model of disability calls for investments in the modifications and personal supports that can dramatically reduce – if not eliminate – the effects of disability.

The social model represents a much more meaningful interpretation of the reality of disability. But it also presents challenges in moving from definitions to precise eligibility criteria.

It will be essential to focus on the practicable application of the disability screen. The need for additional work in this area should not stop progress on the design and implementation of the new benefit.

It is always possible to start with more limited eligibility criteria on the understanding that the door *must* open wider in the near future.

As a starting point, the eligibility criteria that had been employed for the federal COVID disability payment would be the basic minimum. The DTC, C/QPP-D and veterans' disability benefits would be the first-stage gateway to the new disability income benefit.

Ideally, the eligibility criteria for the new benefit would be even broader to include recipients of provincial/territorial long-term social assistance. At the very least, their low incomes should be supplemented by the new program.

At best, long-term social assistance should be dismantled and replaced by the new program. It makes no sense for thousands of Canadians with disabilities to rely on last-resort social assistance for their basic needs.

Recipients of workers' compensation may also be considered eligible.

One final lesson from the GIS. While its eligibility criteria are fairly straightforward, many Canadians have required assistance to apply. All application forms create barriers for people with literacy or language challenges. There are additional accessibility barriers for persons with disabilities.

Programs have been set up in communities to assist people in applying for the GIS. The same will likely be needed for the new disability income benefit.

Indigenous Peoples must also be engaged in helping members of their respective communities complete the application forms for the new benefit. Complex and costly application requirements must be minimized for all Canadians with disabilities, and especially for those already marginalized.

People whose legal capacity to manage their financial affairs independently has been questioned should not be forced into guardianship to receive this benefit. Supported approaches to financial decision making will need to be in place with provinces and territories to assure this.

This moment is historic

It has been nearly 40 years since the House of Commons *Obstacles* report called for a comprehensive overhaul of the disability income system in Canada. Individuals, families and organizations have also argued for substantial reform.

The new disability income benefit announced in the Throne Speech may not be as wide-ranging as many had hoped. That said, the Throne Speech presents an historic opportunity to put in place a vital piece that has been missing from the income puzzle.

The new disability income benefit can accomplish a great deal. If well designed, it can make a substantial dent in poverty right now.

Over time, it ideally will remove people with disabilities from social assistance and dismantle that program. The task right now is to build the foundation that will enable this essential reconstruction.

Conversation is the first step. Let's start talking.

Appendix

*Income program designs

a. *Social insurances*

Social insurances provide income protection by pooling contributions against designated risks such as unemployment, retirement and accidents on the job.

Three major social insurance programs in Canada provide income benefits:

- Employment Insurance
- Canada Pension Plan and its twin Quebec Pension Plan
- workers' compensation.

The problem with social insurances is that they leave out too many people. They cover only those who are employed in the paid labour market and make sufficient contributions over a period of time (workers' compensation is financed differently). Those provisions leave out far too many Canadians with disabilities.

b. *Demogrants*

Universal income programs, also called “demogrants,” pay benefits to all individuals or households meeting specific criteria, such as a designated age.

The Canadian Emergency Response Benefit (CERB) is the most recent example of a demogrant. It was paid to all individuals who lost work as a result of the COVID pandemic and who had earned at least \$5,000 in the previous year.

These types of universal income programs involve the simplest administration. But they can be costly because they are generally designed to serve a large segment of the population. At the same time, they are taxable benefits, which means that much of the initial outlay is returned to governments in the form of income taxes.

c. *Needs-tested programs*

This category of income program uses a needs test to determine eligibility. Social assistance, commonly known as ‘welfare’, is the major needs-tested program in Canada.

Needs tests first determine eligibility on the basis of available assets. The next step in the process is to assess the total income of the household. Total income

is then compared to household need, including both basic and special requirements, including health- or disability-related costs.

The key strength of needs-tested programs is that they take into account the extra costs associated with special needs. However, needs-tested programs are ‘intrusive.’ They require extensive information to determine initial and continued eligibility for income benefits. They impose high penalties on employment earnings. In addition, social assistance payments fall well below poverty levels.

****Key disability programs**

a. Canada/Quebec Pension Plan (CPP) disability benefit

The CPP-D is a monthly payment for workers under age 65 who have made enough contributions to the CPP. (Quebec operates a twin program.) Applicants must have a mental or physical disability that regularly stops them from doing any type of substantially gainful work. The disability must be long-term and of indefinite duration, or likely to result in death.

Applicants who do qualify receive a monthly maximum benefit of \$1,388 in 2020. Like the Guaranteed Income Supplement, the CPP disability benefit does not pay for medications or medical devices. These expenses must be covered in some other way.

Many persons with disabilities do not qualify for the CPP-D because they do not have a disability considered to be sufficiently severe and prolonged or they have not made enough contributions into the CPP. Those who don’t qualify may end up on social assistance.

b. Veterans’ benefits

The federal government currently funds several income programs intended for veterans with disabilities. In addition, Veterans Affairs offers a range of services to Canadians injured in combat. It is possible that the federal government will leave these financial benefits and services in place as they have been specifically designed to meet the needs of veterans and their families.

Appendix

c. *Registered disability savings plans (RDSPs)*

RDSPs are savings plans whose purpose is to help parents and others save for the long-term financial security of an individual with a disability. Applicants must first qualify for the DTC in order to open an RDSP.

RDSP grants are amounts that the federal government pays into an RDSP. Matching grants of 300%, 200% or 100% may be paid, depending on the beneficiary's family net income and the amount contributed. Beneficiaries may be eligible for up to \$3,500 in grants annually.

The bond is an amount paid by the federal government into the RDSPs of beneficiaries with low and modest incomes. Depending on family net income, beneficiaries may be eligible for a bond of up to \$1,000 annually. The lifetime bond limit is \$20,000.

d. *Social assistance*

Social assistance, commonly known as 'welfare,' is the last-resort income program. Each province/territory operates its own unique system with distinct rules and benefits. Households may qualify if they have insufficient or no work earnings, and have limited private resources to meet their basic needs.

Because social assistance originally was intended as a safety net, it was designed to pay low benefits and virtually guarantees a life of poverty. Most provinces and territories provide higher benefits for persons with disabilities, and the rules may be somewhat less stringent. Several provinces, including Alberta and Ontario, operate a separate program for persons with disabilities.

However, social assistance was never intended to provide lifetime security. Even when higher benefits are paid, the archaic apparatus of the program remains – with limits on assets, frequent reviews of income, claw-backs of earnings and other benefits, personal investigations and perpetual stigma.

e. *Disability Tax Credit (DTC)*

The DTC is not an income program. It is a tax measure that reduces the income tax payable of applicants who qualify because they have a severe and prolonged impairment in physical and/or mental functions that impedes their ability to carry out the basic activities of daily living.

Canadians with severe disabilities are likely to incur additional costs not experienced by persons without disabilities. These extra expenses are often not readily itemizable, like the costs that may be claimed under the Medical Expense Tax Credit or Disability Supports Deduction.

The DTC plays another vital role in the landscape of disability-related measures. It has become the gateway to establishing eligibility for a number of disability benefits and programs, including the COVID disability payment, RDSPs and the Child Disability Benefit.