

Project Genesis
Policy Brief on Bill 173
Submitted to the Parliamentary Commission on Bill 173
April 12th, 2018

Presentation of Project Genesis

Project Genesis is a community organization founded in 1977 to fight poverty. Project Genesis has deep roots in the Montreal neighbourhood of Côte-des-Neiges neighborhood where more than half of the population self-identifies as a visible minority and where 35% of the population lives under the poverty line¹.

At our individual services centre, we offer free and confidential information on housing rights, pensions, welfare, family allowances, and other government programs, to people who often have low incomes and who come from all the neighborhoods in Montreal. Last year, we did 8,842 in-person interventions and follow-ups, of which 2,240 were specifically about welfare.

In addition, Project Genesis also accomplishes collective work thanks to our residents' committees. Together, we try to find sustainable, long-term solutions to the structural problems of endemic poverty that are seen so frequently in our individual services centre. This brief was written in collaboration with members of the Project Genesis's Anti-Poverty Committee and the Welfare Action Sub-Committee of Project Genesis, a significant number of whom have direct experience with poverty and the welfare system.

Bill 173: General comments

“We are not asking for a lot, just to live with an acceptable standard of living.”

– *member of the Welfare Action Sub-Committee*

Generally, we believe the measures proposed in the bill and the *Intentions réglementaires* will have a positive impact on the lives of those who will be in the Basic Income program, particularly given that such a significant increase in the amount of their welfare benefit would allow people in the Basic Income programme to finally meet their basic needs. The current welfare program is very restrictive and undermines that autonomy and dignity of recipients, so we are pleased to see that people in the Basic Income programme will be allowed to keep their work income, study, receive benefits on an individual basis and have a higher liquid asset limit.

Be that as it may, one significant shortcoming of this bill and the accompanying *Intentions réglementaires*, is that all these important measures are reserved for such a restricted category of people receiving

¹ Centraide, Analyse territoriale de Côte-des-Neiges 2014, http://www.centraide-mtl.org/documents/5522/upload/documents/Portrait-Cote-des-Neiges-2014_2.pdf (consulted April 12th, 2018)

welfare. **Why shouldn't these measures be expanded to cover all the welfare programs and thus promote equality within the welfare system?**

Additionally, it is important to remember that getting recognition for one's medical limitations to work is very difficult, and so access to social solidarity is very difficult. At the individual services center of Project Genesis, we see many people who likely would be eligible for social solidarity but are unable to provide the required proof. For example, many people don't have family doctors and doctors in walk-in clinics are often reluctant to fill out the medical report, especially when the person's limitation takes the form of a mental illness. On top of that, the waiting times to see a specialist in Québec are frequently very long, spanning several months to years. Since being on social solidarity is a pre-condition to be in the Basic income program, there remains this chronic problem of access that has not been addressed by this Bill.

As well, many people who are on welfare have first hand experience of the excessive monitoring of their daily activities and lives by the welfare system. Examples include the monitoring of their bank statements or the monitoring of their relationship to their roommates. Given the new Basic income program, we are concerned that the welfare system will intensify the monitoring of those on social solidarity, or that they will be required to provide more extensive proof of their inability to work.

The amount of the Basic Income program cheque

As mentioned above, we agree with the need to increase the amount of the welfare cheque. In the *Intentions réglementaires*, we see that the plan is to associate the amount of the Basic Income check to the Market Basket Measure (MBM), given that the MBM represents the income required to cover one's basic needs such as food, clothing, and housing. However, all human beings have such needs, so it would seem only logical to offer the possibility to meet them to every person on welfare. This would also help the Quebec Government to fulfil its obligation to respect, protect, and guarantee the social and economic rights of all people in Quebec.

Many welfare recipients identify the low amount of their welfare benefit as a major barrier to finding work. For example, at the current welfare rate, many people cannot afford a bus pass or even a bus ticket. How do you look for a job if you cannot afford the bus fare to drop off your CV or go to an interview? Similarly, if you cannot afford a phone, how are potential employers supposed to contact you when they have an opening?

Since everyone should be minimally meeting their basic needs on welfare, we propose that all references to "*contraintes sévères*" be removed from the law and put

THOUGHTS FROM THE WELFARE ACTION SUB-COMMITTEE

"All of society would benefit if everyone on welfare got a cheque that could meet their needs: it would stimulate the economy and create jobs as this money gets spent and increases demand for goods. People will be able to seek help for their medical needs, and they will be less isolated. Right now, even when people work they can't make enough to meet their needs. If welfare was raised to allow people to meet their basic needs, employers would have to increase wages for employee retention, and everyone would benefit. In addition, there would be less stress on the family and friends of welfare recipients. The pressure and demand on the public system would decrease, particularly the medical system. Less people would have to go to the foodbanks. And in general, there would be less stress for everyone as people wouldn't have the constant fear and worry that losing a job could spell destitution for their kids or family.

in the *Intentions réglementaires* instead to allow for the possibility to expand the Basic Income program to all welfare recipients in the future.

We also find that the requirement to have been on social solidarity for 66 out of the last 72 months to qualify for the Basic Income program is arbitrary. According to the *Graphique 3* (p.21) of the *Plan d'action gouvernementale pour l'inclusion économique et la participation sociale 2017-2023*, the rate at which people leave social solidarity by finding a job is a relatively flat curve after the first year. Most people who were going to leave the programme by finding a job do so in the first year of being on social solidarity, and after two years, very few people leave social solidarity in this manner, so why choose 66 months as the cut off to be in the Basic Income program? And for those who are in the Basic Income program, their benefit will only reach the MBM in 5 years. People need money now. Why wait 5 years?

Here are some things members of our Welfare Action Sub-Committee said they would do if they were able to receive 1501\$/month.

- Eat healthier.
- Save money for emergencies such as needing over the counter medication or feminine hygiene products.
- Pay for public transit, be free to go where we want to when we want to.
- Have a better quality of life by being more self reliant and not needing to ask others for help.
- Buy better clothes.

The change to the allowable work income (Article 9 and 17 of the Bill)

In April 2018, a single person on welfare is allowed up to 200 dollars in work income a month before having their cheque clawed back dollar for dollar. This amount has not increased since 1999, keeping up with neither the inflation rate nor increases to the minimum wage. For example, in 1999, a person on welfare could work for 29 hours a month at minimum wage and keep all their earnings. In May of 2018, this same person could only work 16 hours per month at minimum wage before having their income clawed back dollar for dollar. By the time this person has made 848 dollars in a month (70 hours per month, and still only 56% of the Market Basket Measure) they have been kicked off welfare completely. Given the onerous task of re-applying for welfare, and the precarious nature and variable income of many jobs available to people on welfare, many people make the reasonable decision to not take a job for fear of losing the only income they can rely on to pay their rent and avoid homelessness.

From an Access to Information request submitted on January 8th, 2018, Project Genesis has learned that over the course of one month (March 2017) the Welfare System cut 2.5 million dollars off welfare benefits because of work income. The average cut per benefit was \$324.87.

For the welfare system, this cutback of 2.5 million dollars represents about 1 percent of the benefits given. On the other hand, for a person on welfare, 324 dollars may be the difference between being evicted or not, or between being able to eat adequately or going hungry, or being able to buy a winter coat or go without.

Those who do work while on welfare often report that they face excessive document requests to prove their work income and their start and end date of employment. If they are not able to comply with these

document requests, which may require the co-operation of their employer, they may be cut off welfare or even perhaps lose their job as they are forced to reveal their status as a welfare recipient to their employer.

As well, the MTESS systematically deducts more from a person's welfare cheque than they earned, apparently in order to be able to reimburse them later instead of potentially over-paying them. The welfare cheque and the allowable work income are so low that the budget of a person who is working on welfare has no room to manoeuvre so these kinds of systematic 'errors' in the calculation of someone's work income can have disastrous material consequences such as eviction for non-payment of rent, along with long term increased stress and mental health issues.

To resolve these glaring problems with the welfare system, Bill 173 and the accompanying *Intentions réglementaires* propose a supplement to the allowable work income of 10 percent for a maximum of 12 cumulative months. We believe that this is insufficient and will not resolve the problems that working people on welfare face. In fact, it will most likely exacerbate them as it will become even more difficult for people on welfare to figure out if the proper amount has been cut off their cheque. By deducting 90 percent of a person's hard-earned income, it does not seem that the government is valuing the effort put in by marginalised and precarious workers who are trying to get off welfare.

If the government truly wants to allow people on welfare to work they should start by significantly increasing the allowable work income. In New Brunswick the allowable work income is 500 dollars per month, and the Ontario government just announced that they will raise the allowable work income to 400 dollars a month in the fall of 2018 and to 6,000 dollars a year in 2019-2020. This approach of allowing a yearly allowable work income, rather than a monthly one, would be more in line with the Quebec government's current approach of supplementing the annual income of low-income workers through increases to the Quebec Work Premium. Currently the Quebec Work Premium is a poor policy choice to facilitate the transition of people on welfare into the job market, as the allowable work income is calculated, like the welfare benefit, monthly, whereas the Quebec Work Premium is a fiscal measure that is calculated annually. As well, given the unreliable nature of the kinds of jobs that many people on welfare have or could have, it is far too likely that they have their welfare benefit clawed back because of work income that is not high enough to benefit from the Work Premium.

"The kind of work I found was a lot of contract work. I told the welfare that I was only on a short-term contract and I meticulously reported every penny I earned, knowing that whatever money I made over 200 dollars a month would be removed from my welfare cheque. But what they did eventually was to cut me off completely.

It took me 8 months of fighting them, eight months of letters back and forth, eight months of appearing before tribunals and arguing until finally the government admitted that they had made a mistake. They told me I could re-apply for welfare. Of course that meant that I had to wait two years to be able to see a dentist or get glasses or for my daughter to be able to get glasses.

They also made me go back to my employer to prove that I was no longer working for them, which of course made my employer somewhat reluctant to hire me back for another contract if one came up"

-Debra F

Other elements in the *Intentions réglementaires*

The raise in allowable liquid assets for people in the Basic Income program will help improve people's ability to save money and to have some financial security to adapt to changing life circumstances. However, this change also raises some important questions. What happens in cases where people lose eligibility for the Basic Income program, for example because they left the province for more than 7 consecutive days in a month? Will they have to wait to spend all their liquid assets before being readmitted to the program? Having provided services to many welfare recipients who have changed programs within the system or who had to reapply to welfare, Project Genesis has seen first-hand that these kinds of issues can add important obstacles to access to welfare.

In addition, granting each individual in the Basic Income program their own cheque, expanding the possibilities for people to go back to school, and allowing more freedom to upgrade professional skills are important improvements. From our experience, many people on welfare are looking to participate in educational programs and many even try and fail to join an Emploi Québec program due to lack of space or a negative evaluation from their Emploi Québec agent. Another important obstacle is the lack of information and clarity regarding which programs are available, which programs do welfare recipients have the right to participate in and what are the eligibility criteria to follow these programs. There are also many education programs where the participants can obtain neither loans and bursaries nor welfare; this situation needs be rectified. And finally, for all of the above mentioned new measures in the *Intentions réglementaires* of Bill 173, what is the justification for not extending them to everyone who is on welfare?

Conclusion

While the development in Bill 173 of a Basic Income programme tied to the Market Basket Measure is a historic advance for the rights of people with long-term disabilities, let us not forget that the Government of Quebec has the obligation to ensure that basic human rights are respected, guaranteed, and protected for all Quebec residents. The current welfare rate covers barely half of what a person needs to meet their basic needs. Given that so many people are excluded from the labour market because of discrimination and structural employment among other reasons, increasing the welfare rate remains a key component in the fight against poverty.

To allow the Basic Income programme and the other measures in Bill 173 to reach their full potential in eradicating poverty, Project Genesis suggests:

- That references to *Contraintes sévères* be taken out of the wording of Bill 173 and be put in the regulations to facilitate a potential future expansion of the Basic Income programme to cover more people on welfare.
- That the Market Basket Measure be referenced directly in the bill, and not just in the *Intentions réglementaires* to ensure that the amount of the benefit is not left up to the changing discretion of the Minister responsible for welfare and the Council of Ministers who approve regulation changes.
- That the Basic Income programme be phased in immediately so as to avoid undue suffering from people who would be eligible right away.

- That all people on welfare be treated equally, so if certain measures are applied to one group (such as allowing people in the Basic Income programme to return to school), they should be applied to all people on welfare.
- That the government ensure that all people on welfare are able to meet their basic needs as identified by the Market Basket Measure.
- That the allowable work income of welfare recipients be drastically increased so as to allow them to return to the workforce.

“They are saying that they do not want the welfare rate to meet more than 55% of our basic needs. Does that mean that the government wants us to live half a life? To live half the month on the street? To pay half our hydro bill? To only eat half of what we need to survive?”

- Member of Project Genesis Anti-Poverty Committee

For more information

Cathy Inouye
Project Genesis
4735 Côte-Ste-Catherine
Montreal, QC H3W 1M1
514-738-2036 poste 403