

To: Karen Nadeau

From: Michael Howard, member of the Committee to study the feasibility of creating basic income security

Re: Relevant correspondence from Evelyn Forget

Date: 10/8/2020

I received the following message from Evelyn Forget, who is a leading researcher of minimum income experiments in Canada, particularly the Manitoba experiments in the 1970s. She was planning to testify when there was to be a public hearing last spring. She is unable to testify at the October 15th hearing. If our committee decides to recommend a study, her suggestions may be particularly helpful. Please include this in the committee documents.

Evelyn Forget email to Michael Howard:

I would strongly suggest someone from within state who is respected by the state civil service and who has a very good command of existing programs. Outsiders can give general comments, but realistically you want something that the state can enact without federal assistance, which means coordinating existing state income taxes, credits and existing social support programs (both state and federal). In my experience, existing programs tend to be very, very complicated, so it helps if everyone understands what's there now. Don't waste your budget on general comments.

We've sort of done this in Manitoba, and I made similar recommendations at a more general level (without detailed costing) in PEI. We suggested:

1. Existing provincial income assistance should be reorganized as a negative income tax with a very gradual clawback. It should also be available to those in the workforce, and to everyone (with and without children), so that it becomes both a basic level of support for those on assistance and a wage top-up for low-income working people.
2. The level of maximum benefit was set at about 75% or 80% of the poverty line, in order to keep the cost manageable. The clawback was set at something like 30%
3. Other programs were either retained (we have a rent assist program organized the same way) or rolled into the new benefit (we have a small EITC).
4. We expended "uninsured health benefits" to include everyone receiving support. This covers things like pharmaceuticals, ambulances and dental care that are not covered by medicare, but are usually covered by workplace plans.
5. We made a big deal of taking away the red tape: one point of entry, no "fines or clawbacks" for late paperwork; annual or semi-annual reconciliation (with no debts incurred because of past over payment). The current system reconciles monthly, which causes way too much variability in support payments
6. We "costed" it using a microsimulation model.

This is very useful and do-able at the state level, but you can see that you would need someone with very detailed knowledge of existing programs and of available microsimulation models at the state level.