



# Basic Income: Calculating the Cost Savings and Downstream Benefits

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## Land Acknowledgements

- As we gather here today, we acknowledge we are on Treaty 6 Territory and the Homeland of the Métis. We pay our respect to the First Nations and Métis ancestors of this place and reaffirm our relationship with one another. Where we are is at the heart of who we are, our obligations and opportunities as treaty beneficiaries sharing the land and much else.



# Acknowledgements

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- We also want to thank all who agreed to be interviewed for this study, leading policy and other thinkers across the country who gave so generously of their time and expertise in diverse fields.



## Rethinking Who, What and What Metrics Matter

- The debate about basic income has gathered strength in the context of the COVID-19 pandemic and a worldwide movement of Basic Income Networks. The Canada Emergency Response Benefit (CERB) has added fuel to the debates.
- Whereas opponents worry about costs and work disincentives, proponents argue for rethinking benefits, considering the pathologies of poverty, and designing an inclusive and effective program (Eggleton & Segal, 2020; Segal, 2020; Segal et al., 2020, 2021).
- The Standing Senate Committee on National Finance (2020) has advised governments to “give full, fair, and priority consideration” to a BI program.



## Rethinking Who, What and What Metrics Matter

- Feminist economists urge investments in the care economy, in women and in social infrastructure that promise a significant return on investment (Kaplan, 2020).
- Unpaid care work (**worth \$10.8 trillion a year globally**) is at the heart of gendered poverty and oppression with disproportionate impacts on racialized women, recent immigrants, Indigenous people, those living with disabilities, elderly, or LGBT2S+ (Swift & Power, 2021).
- The National Inquiry into Missing and Murdered Indigenous Women and Girls (2019) calls for “a guaranteed annual livable income for all Canadians, including Indigenous Peoples, to meet all their social and economic needs” (Call for Justice 4.5).



## Rethinking Who, What and What Metrics Matter

- In a legacy of modernizing processes, the talents of the racialized and marginalized continue to be wasted (Bauman, 2003) in ways as damaging to individuals and communities as to provincial and federal budgets.
- Howe (2017), for ex., has shown that closing the education gap for Indigenous people **in Saskatchewan alone** would equal \$137.3 billion in benefits or “half again more than the total market value of everything we do in Saskatchewan” (p. 2).
- Feminist economists urge rethinking neo-classical economic assumptions that have driven political and other decision making (Brown, 2021).
- Like Segal et al. (2021), this report frames the proposed BIG not as an expenditure but as an innovation and investment.
- It explores the **costs and benefits of a fully funded national BIG in Canada where the level of guarantee corresponds roughly with the poverty level, the Market Basket Measure (MBM), Canada’s first Official Poverty Line.**



## Addressing a System that Traps People in Poverty

- As the impacts of the pandemic persist and millions of Canadians continued to face extreme job insecurity, the harsh statistical reality indicated that millions, more than 50% of Canadians, reported being \$200 or less from not being able to meet their debt obligations each month.
- The pandemic thus has clarified how the current Canadian income security system is keeping people on the brink of or even trapped in poverty.



## Committing to a Just Recovery

- Although there are numerous definitions and policy proposals regarding a basic income, defining features are
  - minimal conditions
  - universal availability.
- Very different from social assistance with stigmatizing rules and conditions, a Basic Income Guarantee (BIG) is closer to Old Age Security or seniors' Guaranteed Income Supplement (GIS) or the Canada Child Benefit (CCB).





## Canadian Basic Income Guarantee Defined

- A **Basic Income Guarantee** (BIG) is a type of basic income that is universally available but is provided only to those *aged 18-64* who need it, *setting an income floor* to eliminate the risk of people falling into poverty.
- A BIG is *income tested and adjusted for family size*, often with a benefit reduction rate based on family income.
- **The six principles** of BIG are: *universally accessible, unconditional, sufficient, respects autonomy, complements social services, and reliable* (Coalition Canada, 2021).



## Canadian Basic Income Guarantee Defined

- “A basic income provides a **foundation of stability, security, a measure of confidence and a level of trust in government** that will make good outcomes possible” (Coalition Canada, 2020).
- People living with low-income experience higher levels of chronic disease, infectious disease, poor mental health and substance use disorders compared to those at higher income. They are also at risk of housing and food insecurity that exacerbates poor health outcomes (Coalition Canada, 2020).



## Capturing Benefits and Downstream Cost Savings

- Previous research evaluating the feasibility of BIGs has focused on the economic costs of these programs while ignoring their economic and other benefits and underestimating or even ignoring entirely the costs of ongoing inaction and ineffective policy.
- In this study we draw on a holistic approach, a social return on investment (SROI) methodology, that aims to go beyond a single financial bottom line to capture impacts typically excluded from traditional metrics and reporting.



## Social Return on Investment Methodology

- An SROI methodology represents a **credible, comparable, and broadly accepted social impact measurement approach** that responds to demands for accountability in the public and private sectors.
- Learning from the literature on basic income, SROI establishes the study scope and identifies and engages key stakeholders in interviews probing the inputs, outputs, outcomes, and impacts of a BIG, and underlining their value to diverse communities.



# Stages and Principles of SROI

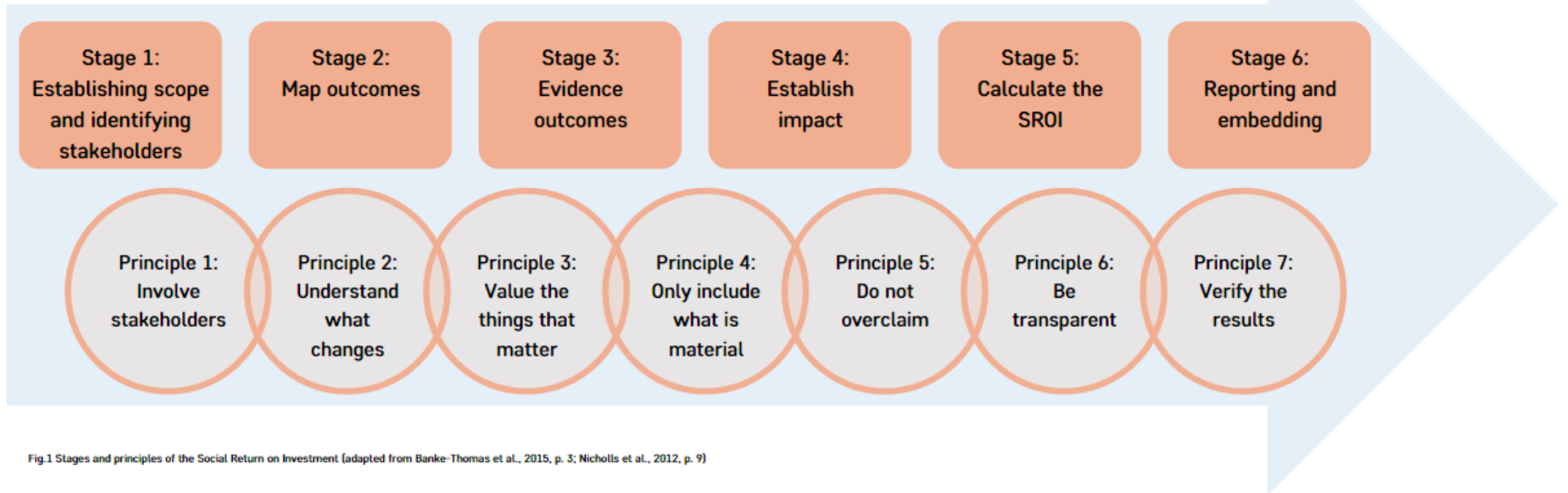


Fig.1 Stages and principles of the Social Return on Investment (adapted from Banke-Thomas et al., 2015, p. 3; Nicholls et al., 2012, p. 9)



## Social Return on Investment Methodology

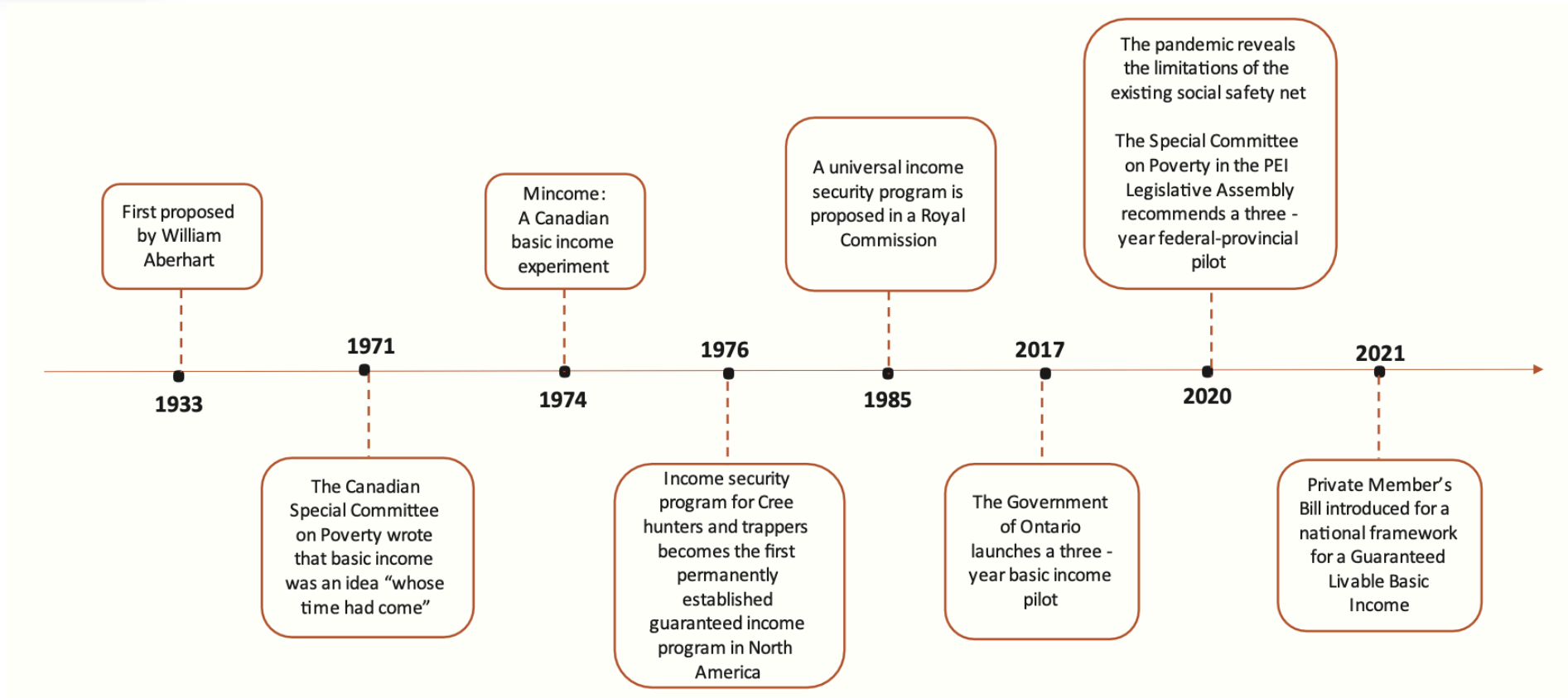
- The SROI represents the value of a BIG in the combined measures of the **qualitative and financial data, stories shared about impacts that are hard to quantify and monetize and SROI ratios calculated in a currency (money) that is widely understood.**

### **SROI RATIO:**

$$\frac{\text{Net present value of benefits}}{\text{Net present value of investment}}$$



# Learning from the BI history



Timeline of Basic Income Debate in Canada (Adapted from Forget, 2020; NDP, 2021; Scott & Feit, 1992; Special Committee on Poverty in PEI, 2020; Swift & Power, 2021; Young & Mulvale, 2009)



## Learning from the BI history

- Canada's significant BI history draws support from both the right and left of the political spectrum. First proposed in Canada by **William Aberhart**, leader of a Social Credit government in Alberta in 1933, Canada would become a world leader in BI experiments.
  - **Mincome**, a randomized controlled trial involving low-income households in Winnipeg and dispersed rural Manitoba sites, 1974
  - **Income Security Program for Cree Hunters and Trappers (ISP)**, 1976
  - **Southern Ontario Pilot Project** followed from 2017 until its abrupt end in 2018.





## Learning from the BI history

- On November 27, 2020, the final report of the Special Committee on Poverty in PEI, Legislative Assembly of Prince Edward Island, recommended a **federal-provincial basic income pilot** lasting at least three years and ensuring “arms-length” monitoring and evaluating received all provincial party unanimous support.



## Learning from the BI history

- The Canadian experiments produced similar and significant results nearly forty-five years apart (and confirmed in international pilots and experiments), demonstrating improvements in a range of outcomes:
  - **Physical and Mental Health**
  - **Labour Market Participation**
  - **Educational Outcomes**
  - **Food Security**
  - **Social Relationships**
  - **Criminal Justice**
  - **Self-Worth and Overall Well-Being**



# Stakeholder Analysis

- ***Agriculture*** - farm families, and unions that work to achieve agricultural policies that ensure dignity and security of income for Canadian farmers.
- ***Arts & Culture*** - professional artists, and organizations involved in advocating for the socio-economic rights of professional artists
- ***Education*** - educational leaders and researchers.
- ***Employment*** - economists
- ***Finance*** - economists and Social Security experts
- ***Food Security*** - food insecurity experts in Canada as well as those involved in directly running food banks and providing nutritional supports



# Stakeholder Analysis

- ***Health & Well-Being*** - health economists, doctors, and other health care professionals
- ***Housing*** - homelessness researchers and those directly involved in the operation of homeless shelters
- ***Justice*** - leading criminologists, and law professors
- ***Those with multiple perspectives*** - Individuals who have spent time analyzing Basic Income in Canada and working within our social safety support systems
- ***Those impacted by a range of structural and systemic factors*** (including women, LGBTQ2S+, people living with disabilities, Indigenous and other racialized people) - researchers and policy analysts in social, gender and humanitarian studies.



# Stakeholder Analysis

## Stakeholder Interviews

- 35 in-depth interviews with relevant stakeholders with experts from the following fields were conducted via web conferencing.

Stakeholders	Number of Interviews
Agriculture	3
Arts & Culture	4
Education	2
Employment	4
Finance	2
Food Security	5
Health & Well-Being	5
Housing	2
Justice	3
Multiple Perspectives	2
Women, LGBTQ2S+, people with disabilities, Indigenous and other racialized people	3
<b>Total</b>	<b>35</b>



## Learning lessons from Professionals and Lived Experts

- Diverse field experts paint a powerful picture of the traumatizing and stigmatizing effects of a current “social safety net” that fails to deliver for recipients and government alike.
- Qualitative data reinforce the literature findings about **structural and systemic forces producing marginality, vulnerability, insecurity, and socio-economic exclusion at enormous cost to all Canadians.**



## Learning lessons from Professionals and Lived Experts

- Key informant interviews reinforce how the current system produces the work disincentives feared by BI critics and reproduces **disempowering poverty keeping generations locked in the trauma of poverty.**
- Evidence from pilots in Canada makes clear the flawed assumptions about what people will do with unconditional payments on which so much decision making is based. Far from indulging in risky or frivolous behaviours, instead, beneficiaries invest in **education, good food, and the wellbeing of their families in ways that could effectively address intergenerational cycles of poverty.**



## Learning lessons from Professionals and Lived Experts

- Experts point to the documented **success of the two BI-like programs** (CCB and GIS) in reducing poverty. The experts overwhelmingly endorse arguments of BIG proponents, including a 2021 private member's bill that argues for a well-designed BIG that is as good for the economy as it is for people's Charter rights to live with dignity and security.
- Further, in addition to the socio-economic, health, and other benefits, and the cost savings and cost avoidance they entail, they point to the CERB as evidence of government's ability to implement such a program quickly and effectively.





## Mapping the Impact

- An **impact map** builds on the literature and qualitative data to highlight intended changes, inputs, outputs, and outcomes of a BIG.
- **Financial proxies** for those outcomes are at the heart of calculating the impact of a BIG, which takes into account what would or could have happened, the contributions of other factors, and the length of time that outcomes last.



# Mapping the Impact

- The SROI value provided assumes an **extremely conservative** measure of impact. The net impact of BIG outcomes is approximately **\$26.583 billion**, whereas the net cost (investment) of basic income has been estimated to be **\$25.057 billion** (adapted/adjusted from Pasma & Regehr, 2019 - Option 1 policy model).



# Mapping the Impact

## Calculating the SROI Ratio:

Net present value of benefits  
Net present value of investment

$$\text{SROI ratio} = \frac{\$26,583,447,571}{\$25,057,000,000}$$

- These estimations of impact and investment result in a **return (ratio) of 1.06**. In other words, **for every dollar invested, there is a return of \$1.06**.



# Mapping the Impact

- An SROI gives a fuller sense of what traditional accounting is ill-equipped to capture:
  - What price can we put on the peace of mind, the sense of dignity and autonomy, that is at the heart of so many impacts?
  - How do we monetize the potential to slow rural depopulation and support sustainable agriculture?
  - To increase equity in rural and remote communities?
  - What price do we put on a vibrant, inclusive cultural scene that helped us survive pandemic isolation, that gives us all a sense of belonging, and that empowers and engages in equal measure?
  - What price do we put on the recognition of treaty rights and furthering reconciliation?



## Conclusion

- Several commentators have argued, the debate must go beyond the virtue of a BIG to discussions about the exact details of implementation that need to include not only political and policy decision makers but those most impacted.
- To illustrate impacts in individual human terms, we have sketched four scenarios that illustrate potential BIG impacts for an individual facing an alternative level of care designation, reincarcerated due to lack of financial support, managing a chronic disease, or living with a disability
- The time has come for Canadians to have the complex and serious conversation on these details of a BIG. The following recommendations and observations may help to shape these conversations.



## Recommendations & Observations

1. A **basic income should replace the current welfare systems** for recipients, while maintaining strong public services, and be an amount sufficient to allow people to live in dignity and security.

Claw back rates should be set at a level that ensures that there is **financial benefit to entering the workforce**. The basic income would be phased out when higher levels of income are reached.



## Recommendations & Observations

2. It is the **'guarantee'** of a continuous stream of income that offers **peace of mind and leads to the resulting benefits/outcomes.**
3. The BIG should be **tied to individuals and not households** to give women and others choice and control in relationships and living situations.



## Recommendations & Observations

4. Many interviewees argue that **after the one-time implementation costs the annual operating costs of a BIG will be lower than the annual operating costs of income assistance/social assistance programs** and this is an ongoing benefit to the different levels of government.
5. A BIG can result in **long-lasting intergenerational impacts due to children potentially being healthier and better educated**; they can grow up to be less (or not at all) dependent on any type of government support.





## Recommendations & Observations

6. BIG has the potential to lead to **intersectional benefits** with individuals moving from the fringes/margins of the power wheel towards its central core—decolonizing and enriching the national narrative and economy.

7. The key variables that will enable smooth implementation include **long-term commitment, a holistic lens when thinking about outcomes** (moving beyond simply the directly observable, easily measurable and monetizable economic outcomes), **political will, and a focus on the nation** rather than harping on differences in political ideologies.



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