

POSITION ON FINANCIAL SECURITY AND INCOME SUPPORT



POSITION STATEMENT

People with intellectual and developmental disabilities must have the income and resources they require; to meet their personal support and income needs in order to secure a standard of life comparable to Canadians without disabilities; and fully participate in all aspects of community. Where income support is required to assure income security, it must provide a meaningful, responsive, and livable income. People with intellectual and developmental disabilities must also have access to the disability-related supports, assistance to navigate the provincial and federal benefits and programs, and income support and benefits necessary to fully participate in society in a meaningful and dignified manner.

POLICY CONTEXT

Canadians with disabilities and their families face staggering rates of poverty that are inexcusable in a prosperous country like Canada. Canadians with disabilities are more likely to live in poverty than other Canadians.

- Seventy-three per cent (73%) of working age adults with an intellectual disability who live on their own are living in poverty, compared to 23% of those in the same age cohorts among the general population.ⁱ

Access to safe and affordable housing is also an issue with a disproportionate number of people with intellectual disabilities in core housing need in Canada.

- 18.5% of persons aged 15 years or older with intellectual disabilities live in a household in core housing need in Canada – more than twice the average for all households in Canada (9.1%) and higher than persons with other disabilities (16.6%)ⁱⁱ
- Adults with an intellectual disability are over-represented among the estimated 35,000 homeless population in Canada – available evidence points to a much greater likelihood of being homeless than the general populationⁱⁱⁱ

People with intellectual disabilities are far less likely than others to have access to paid employment and disproportionately rely on government sources of income assistance.

- People with intellectual disabilities earned 33 percent less than the average income of non-disabled people (\$16,283 versus \$49,235)^{iv}
- Only 25.5% of working age people with intellectual disabilities have paid employment compared to the national average of 75.5%.^v

In Canada, poverty is the most likely outcome for someone with a disability. People with a disability lack the disability-related supports, employment, and income supports they need to live free of poverty, isolation, and exclusion. Financial supports that do exist are complicated to navigate and are often poorly understood and underutilized, especially for those people who do not have access to family and financial expertise to do so.

A comprehensive Federal approach to income security is required now. Recognizing that dialogue on a prospective Canada Disability Benefit is underway and with significant structural changes required, there remains much work to be done to ensure people with intellectual and developmental disabilities have the

income and resources they need to secure a standard of life comparable to Canadians without disabilities, and to fully participate in all aspects of community life.

DISCUSSION

Impact of COVID-19 on financial security for people intellectual disabilities

During the COVID-19 pandemic, income security decisions were starkly exposed for persons with disabilities. Among many things, it illustrated the societal and government expectations that people with disabilities should survive on long-term disability income benefits at 50% or less than what the Canada Emergency Response Benefit provided. During the pandemic, workers in lower wage jobs suffered the greatest losses (reduction in hours, job losses, etc) compared to those in other jobs. This increased the susceptibility of people with intellectual and developmental disabilities being pushed further into poverty.^{vi} This period also highlighted the lack of affordable internet, cell phone usage, and access to information technology tools that have now become a necessity in an increasingly virtual, remote environment where most services and human contact have moved online. Digital or virtual access to services can be considered a positive step for our community but without access to low-cost broadband and accessible technology it has become yet another barrier.

Lack of Data

The data on tracking and reporting of people with intellectual and developmental disabilities needs major improvement. Canada is far behind other international jurisdictions in identifying the quality of life, income, poverty rates, and other outcomes among persons with intellectual disabilities. In fact, Statistics Canada struggles to even fully identify an accurate number of people identified as having intellectual and developmental disabilities and has historically underestimated the size of the population. Collective efforts from all levels of government is needed to properly portray the true economic situation of people with intellectual and developmental disabilities in Canada.

Road to Poverty

Income security for people with intellectual disabilities is not simply about money. Poverty results not only from the absence of money but the absence of opportunity. People with intellectual and developmental disabilities living in poverty lack real choice: having to choose between paying bills and buying groceries, having to rely on doctors for free medical samples and having to buy second rate food. Poverty strips people of their dignity.

Assuring financial and income security requires tackling the multiple factors that contribute to making people with intellectual disabilities disproportionately vulnerable to poverty; in particular, lack of disability-related supports, financial literacy, employment related supports, income support, and inclusive education.

Barriers to receiving quality inclusive education remains a factor in higher levels of poverty experienced by people with intellectual and developmental disabilities. The majority of students with an intellectual disability remain segregated and congregated in special education classrooms which have become a pipeline to exclusion, marginalization and unemployment in adulthood. Access to a quality inclusive education contributes to better employment outcomes. Few adults with an intellectual disability have access to inclusive post-secondary education. When inclusive post-secondary education is made available, as one study concludes, it leads to positive outcomes with 80% of participants gaining employment upon the completion of their studies.^{vii} It is no surprise that poverty remains a likely outcome for the majority of people with intellectual disabilities.

As people with intellectual disabilities continue to be excluded from the labour market, there is an over-reliance on social assistance in this country; a system never designed to address the real income needs of

Canadians with disabilities. Built as a system of last resort, our current systems of income support are failing to provide people with intellectual disabilities the income supports they need to prosper.

Provincial/Territorial Programs

If a person with an intellectual disability is fortunate enough to secure a job, income derived from employment may cause a claw back of provincial and territorial income supports. This claw back or reduction rate can act as a disincentive to earning employment income. Specifically, where threshold rates are low and/or reduction rates are high, people with a disability are unfairly penalized for trying to improve their financial circumstances through employment. Where reduction rates equal 100%, people with a disability are no better off financially to work as they lose \$1 in income support for every \$1 earned through employment income. Further, social assistance levels across the country are vastly inadequate. If you are living solely on provincial/territorial assistance, you are living below the poverty line. According to the National Council of welfare, in all provinces and territories, benefit levels fall below the after-tax low-income-cut-off.

In addition to providing income supports, the provincial and territorial governments are responsible for providing essential disability supports and direct funding; some health-related benefits; and other supports such as training and employment. Many of these programs are tied to eligibility for provincial or territorial income support programs. Although we see a greater role for the Federal government in providing targeted income supports for people with a disability, there remains a strong role for the provincial and territorial governments to maintain and improve supports for people with a disability.

Throughout the pandemic, the need for better cooperation between the levels of government was emphasized, whereby some jurisdictions saw it necessary to claw back the federal COVID Disability Benefit. In advance of discussions regarding a new disability income benefit, in order to be meaningful and effective, any new investments must not adversely impact existing benefits or eligibility for other needed supports. The Inclusion Canada Federation must hold both levels of government accountable to ensure that gains made for people with a disability from a targeted federal income support program must reach those people to whom it is directed. Strong federal and provincial/territorial bilateral agreements are needed to further this goal.

Federal Measures

Federal Income Tax and Easier Access to Benefits

For people with intellectual and developmental disabilities, navigating the filing of income taxes at the best of times is complex and a difficult process particularly when their income is only provincial income support. The pandemic served to heighten the awareness of this as most volunteer income tax clinics closed during this period and were unavailable. The value to having automatic income tax filing for low-income earners is good tax policy. Many people with low incomes miss out on benefits as a result of not filing a tax return.^{viii} The federal government already has the information needed to get low-income people access to important tax-related benefits.

If individuals do not file their annual tax and benefit form, they do not receive significant government supports such as the Canada Child Benefit or the Guaranteed Income Supplement, which help reduce poverty. Dozens of other federal and provincial benefits also require annual filing: more than \$50 billion of benefits for low and middle income people annually.

A free automatic tax filing system will help ensure millions of low-income and vulnerable Canadians, who face barriers to filing their taxes, receive the benefits they are entitled too. This measure, which was committed to in the 2020 Speech from the Throne, would serve to improve the financial positions of people with intellectual disabilities and could be an easy fix as one way to improve financial outcomes.

Disability Tax Credit

The Disability Tax Credit (DTC) can provide a financial benefit (in the form of a non-refundable tax credit) for many people with a disability and their families. The tax credit recognizes the increased costs that a person with a disability may face and also acts as a gateway for other federal benefits, tax credits, and programs including the Registered Disability Savings Plan. The importance of DTC eligibility in the role of income security can not be discounted.

Numerous studies and reports have highlighted the barriers to access the DTC for certain populations such as the complicated application process, the role of medical practitioners, and fees required to have a medical exam. As long as these barriers remain in place, millions of people with a disability will be unable to access the benefits tied to DTC approval.

Removing barriers to the application process would improve access to those who have given up on applying due to the complex process. Inclusion Canada supports improvements to the application process in order to make it accessible and easier for those it was designed for. We also support a broader social model definition of disability, as recognized in the Accessible Canada Act or by the principles of the United Nations Convention on Rights of Persons with Disabilities, which would allow all people with a disability equitable access to the benefits that DTC eligibility provides.

Considering that some individuals are not approved through an inconsistent application and approval process or are unable to apply as a result of the cost of having a medical practitioner complete the application, these issues could be resolved through revamping the DTC by creating a different eligibility process, and uncoupling the benefits tied to DTC eligibility. If the DTC process remains unchanged, other opportunities for eligibility for the RDSP must be explored.

Registered Disability Savings Plan

The RDSP is a savings plan specifically for people who have a disability to allow for long term savings supplemented by federal grants and bonds based on the household income. Similar to many benefits associated with disability, the rules and restrictions associated with the RDSP are complex, confusing, and uptake of the program is low. This results in potentially tens of thousands of dollars in sacrificed benefits for many people.

Under its current structure, the funds held in an RDSP are largely inaccessible because of the 10-year holdback rule and restricted withdrawals. The RDSP does not provide access to funds without significant penalty until age 60 in most cases. Many disabilities can result in shortened life expectancy meaning people may not be able to access their RDSP assets when they are able to use them. Rules around RDSP withdrawals should allow people to access their funds when they need them with fewer restrictions. People with RDSP assets should not be held in poverty until they are of retirement age.

Canada Disability Benefit

We are encouraged by the government's commitment to implement a new Canada Disability Benefit as outlined in the 2020 Speech from the Throne as well as the 2021 Federal Budget. This benefit has the potential to significantly address the issues of inequality, poverty, and discrimination experienced by people with intellectual and developmental disabilities. Inclusion Canada has prepared a separate proposal titled *Canada Disability Benefit: A Vision and Design Outline*, which sets out the essential elements and guiding principles we envision must be included in a new Canada Disability Benefit. Our focus remains on ensuring the benefit is designed so that it will dramatically improve the lives of people with intellectual and developmental disabilities in our country.

Provincial/Territorial versus Federal Responsibilities

While it remains true that provinces and territories play the largest role in the provision of income support,

the focus of this position statement is targeted towards measures the federal government has in its ability to improve the financial security of people with intellectual and developmental disabilities. Within our Inclusion Canada federation, our member associations will continue to call on their provincial and territorial governments to improve their social assistance and disability support programs for the financial security of the people in their community. The federal government has a larger role to play; the Calls to Action are targeted at the federal level jurisdictional responsibilities.

INCLUSION CANADA'S CALL TO ACTION

The federal government has a responsibility in improving income security for people with an intellectual or developmental disability and could act immediately to do so.

Maximum Impact Priorities

- 1) **Implementing a targeted federal income program for working age people with a disability** – The Canada Disability Benefit - that considers dignity, ease of access, and a livable income level for all people who have a disability in Canada. For a framework of the model Inclusion Canada is advocating for implementation, please refer to the [Canada Disability Benefit: A Vision and Design Outline](#).
- 2) **Modernizing the eligibility for federal programs for people with an intellectual or developmental disability** either through a reworking of the Disability Tax Credit to account for both chronic and intermittent disabilities or by using the Accessible Canada Act definition of disability.
- 3) **Loosening the restrictions for RDSP withdrawals** to allow people more access to their funds. Specifically, change the 10-year holdback rule to allow for greater flexibility in making withdrawals. Permit government contributions to vest after a specified period even if further government contributions are received and changing the formula for Lifetime Disability Assistance Payments (LDAP) to pay out more from the RDSP once these have begun.

Medium Impact Priorities

- 4) **Decoupling the eligibility for the RDSP from the Disability Tax Credit.** This could include recognizing people with intellectual and developmental disabilities who are eligible for provincial and territorial disability support programs as being automatically eligible to participate in the RDSP.
- 5) **Eliminating the barriers to applying for the Disability Tax Credit.**
 - The cost for the application is the fee charged by medical practitioners to complete the paperwork. The federal government should also provide grants to non-profits in the poverty and disability space in every province and territory to subsidize the cost of applying or cover the cost directly.
 - Bring into force the Disability Tax Credit Promoters Restrictions Regulations, stemming from the 2014 Disability Tax Credit Promoters Restrictions Act. This sets a maximum fee that businesses and professionals can charge to assist someone in completing and submitting the Disability Tax Credit application ensuring that refunds from the Disability Tax Credit approval are returned to the people who need them most.
- 6) **Increasing the Disability Supplement for the Canada Worker's Benefit** to reduce disincentives for employment and compensate for the high reduction rates in most provincial and territorial income support programs for people who work.

- 7) **Recognizing that internet access is a necessity and provide adequate low-cost broadband access and affordable cell phone data plans to low-income people** (not just families with young children) through major internet providers across the entire country.
- 8) **Automatically approving specific populations for the Disability Tax Credit** to reduce the effort that people who have a disability make to qualify for all federal disability benefits. This could include, but is not limited to, people who qualify for CPP-Disability, injured workers, or those who qualify for provincial or territorial disability support programs.
- 9) **Making the Disability Tax Credit (or any future form that it takes) refundable** for low- and middle-income earners to encourage more people to apply and gain access to the other benefits that come with qualifying.

Systemic Priorities

- 10) **Ensure that GBA+ analysis includes a robust disability lens for all government programs, policies, initiatives, and data collection, to understand the impact to people with a disability.** For federal programs to be effective for people who have a disability, the impact of those policies must be assessed with a disability lens. More robust data about people who have a disability, their families and living arrangements, their incomes, and the nature of their disability must be gathered and tracked over time to ensure that federal benefits are reaching those most at risk of income insecurity.
- 11) **Changing access to federal benefits so they are not dependent on filing a tax return.** Have CRA auto-file simple tax returns to ensure that people get the benefits to which they are entitled. For those people who qualify for the Disability Tax Credit, this process should begin at age 16.

ⁱ Canadian Association for Community Living. (2009). *National Report Card on Inclusion of Canadians with An intellectual disability* (Toronto: Canadian Association for Community Living, 2009)

ⁱⁱ Canada Mortgage and Housing Corporation (CMHC) classifies households in core housing need as those which are unable to afford shelter that meets adequacy, suitability, and affordability norms. A household is said to be in core housing need if its housing falls below at least one of CMHC's adequacy, suitability, or affordability standards and if the household would have to spend 30% or more of its before-tax income to pay the median rent of alternative local housing. Canada Mortgage and Housing Corporation, 2001 Participation and Activity Limitation Survey: Issue 7 - Profile of the Housing Conditions of Canadians aged 15 Years and Older with a Developmental Disability, Socio-economic Series 10-013 (Ottawa: CMHC, July 2010)

ⁱⁱⁱ For U.S. prevalence study, see PM Oakes and RC Davies (2008), "Intellectual disability in homeless adults: a prevalence study," *Journal of Intellectual Disability* (December: 12(4):325-334); C. Mercier and S. Picard (2011), "Intellectual disability and homelessness," *Journal of Intellectual Disability Research* (April: 55(4):441-9).

^{iv} Employment, Education, and Income for Canadians with Developmental Disability: Analysis from 2017 Canadian Survey on Disability (p.7) [<click Here for study>](#)

^v Cameron Crawford, *The Employment of People with An intellectual disability in Canada: A Statistical Profile* (Toronto: Institute for Research on Inclusion and Society, 2011).

^{vi} From Risk to Resilience, An Equity Approach to COVID-19, p.29, [<cpho-covid-report-eng.pdf \(canada.ca\)>](#)

^{vii} E. Anne Hughson and Bruce Uditsky, 30 Years of Inclusive Post-Secondary Education, Scope Challenges and Outcomes, P. 64-65 [<click here for study>](#)