

The Case for Basic Income and Municipalities

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Municipalities are taking extraordinary measures to support their residents and address poverty and inequality.ⁱ Poverty has a downstream effect on municipalities, and places additional pressures on the delivery of necessary *public services* (e.g., maintaining essential infrastructure, clean water, and waste diversion) and *social programs* (e.g., housing and income supports), which may vary across jurisdictions.ⁱⁱ Municipalities are frequently responsible for funding many public services and social programs, and must rely on their limited revenue streams to do so. This includes taxation (e.g., property taxes), service fees, and government funding (e.g., grants).ⁱⁱⁱ

A basic income is an unconditional cash transfer from governments to individuals to enable everyone to meet their basic needs, participate in society, and live with dignity – regardless of work status. A federally-funded, income-targeted basic income could help alleviate pressures on municipalities to address poverty, manage services, and support people to invest in their local economy and community.

Why Municipalities Support a Federally-Funded Basic Income

Municipalities are struggling to keep up with the downloaded responsibility of providing essential public and social support services.

Over the years, the responsibility for maintaining essential public and social support services has been increasingly downloaded onto municipalities from other levels of government.^{iv,v} Combined with limited options for revenue streams and the inability to run deficits, municipalities are struggling to keep up with the rising costs of public and social support services.^{vi} Meanwhile, they are seeking the means to provide residents with the flexibility to be able to afford necessary services – including electricity, heat, and water – regardless of their economic status, and without compromising their wellbeing.^{vii}

The COVID-19 pandemic has exacerbated municipal constraints, leaving them to deal

with the exposed flaws in our social safety net as well as growing economic, racial, health, and other inequities.^{viii} Municipal governments and service providers are often on the front lines supporting residents' wellbeing: when people are struggling to meet their needs, it is at the community level where the impacts can be felt most strongly.^{ix} As we move toward a post-COVID recovery, municipal leaders are looking for ways to improve wellbeing and livability, all while balancing budgets and supporting a strong quality of life.^x

By supporting residents to be able to afford the necessary services provided by municipalities, the fiscal strain on local governments is reduced. A basic income could help municipal services remain sustainable and affordable for everyone.

¹ This discussion paper was created in consultation with municipalities across Canada, and recognizes that there are jurisdictional differences across the country with regards to the services for which municipalities are responsible. Thanks to the following individuals and their staff for their input: Dale Bass, Gian-Carlo Carra, Hilary Gough, Jesse Helmer, Alanna Jankov, Jeff Leiper, Mairin Loewen, Waye Mason, Catherine McKenney, Shawn Menard, Wayne Potoroka, Keith Riel, Mike Savage, and Arjun Singh.

Basic income can alleviate pressures on municipalities to address poverty.

When people have a sufficient income, municipalities are better equipped to ensure that everyone has access to the public and social services they need, from affordable utilities to subsidies for programs and services. Importantly, many of the services and supports provided by municipalities have direct implications for the social determinants of health: the social and economic factors that determine individual and population health.^{xi}

Due to jurisdictional differences, municipalities have varying degrees of influence on the range of social determinants that can shape health outcomes. That said, a basic income could meaningfully affect several determinants, with positive knock-on effects for municipalities. For instance, income represents perhaps the most important social determinant of health.^{xii,xiii} Evidence from basic income pilots shows that providing people with a sufficient and secure income results in improved mental and physical health, decreased poverty rates, and greater access to medication and supplements, nutritious food, and transportation.^{xiv,xv,xvi}

Another core social determinant with clear relevance for municipalities is housing.^{xvii,xviii} Research from the Ontario Basic Income Pilot found that access to a guaranteed income supported participants to find and secure more affordable, suitable, and safe housing.^{xix} By helping people to become and remain housed, a basic income could alleviate the downloaded pressure on municipalities to meet their residents' housing needs, as well as prevent homelessness.

While a basic income would ideally replace provincial, territorial, and municipal income assistance programs, it should complement other services and supports that disproportionately support low-income individuals. That said, providing people with sufficient income could conceivably reduce the demand for supportive programs and services. In addition to offering greater dignity and autonomy, providing a basic income at a

livable level might help address what is often a major driver of demand for housing, food security, mental health, and other programs: a lack of income.^{xx,xxi} As such, a basic income could help alleviate the pressures municipalities face in providing these crucial social supports. This is not to say these supports would no longer be needed: however, implementing a basic income could support municipalities' capacity to provide more effective, affordable, and high-quality services that work in tandem with those under provincial, territorial, and federal jurisdiction.^{xxii}

As an income security program, basic income would work in concert with necessary social services to better support low-income individuals – while helping municipalities to do the same.

Basic income builds communities.

A permanent basic income could stimulate economies, boost consumer spending, and encourage individuals to shop locally.^{xxiii,xxiv} Improved financial stability makes it easier for residents to participate, contribute, and invest in their local economies and communities.

In this way, basic income represents an exciting opportunity for municipalities to harness the sense of security and belonging that it might offer. Rather than responding to crises, municipalities might be better placed to explore and support innovative and forward-looking solutions that enhance livability and wellbeing: for instance, developing culturally-appropriate services, building sustainable and environmentally-friendly infrastructure, and pursuing more inclusive and accessible urban planning solutions. When residents can participate, contribute, and invest in their local communities, everyone is better equipped to help build a strong and just social fabric.

In addition to supporting people to live their lives with dignity, a basic income can help remove barriers to active community engagement, enabling individuals to participate more meaningfully in society.

Conclusion

Evidence suggests that a federally-funded basic income is not only feasible in Canada, but could bring significant benefits at the municipal level.

Basic income is not new to Canada: similar cash transfer programs already exist for seniors (e.g., Guaranteed Income Supplement) and children (e.g., Canada Child Benefit), with evidence demonstrating their widespread positive impacts.^{xxv,xxvi} Research supports the financial feasibility of a basic income in Canada, along with its capacity to foster diverse social, health, and economic benefits.^{xxvii,xxviii,xxix} Evidence from basic income pilots in both Manitoba and Ontario clearly demonstrates that a basic income benefits both municipalities and their residents.^{xxx,xxxi}

Municipalities represent an important voice in social policy discussions at all levels: they are often on the front lines, working to ensure that residents and communities lead happy, healthy, sustainable, and productive lives. A federally-funded basic income, complemented by other social support services, is well-positioned to support municipalities in achieving this.

ⁱ “AMO Response to Ontario’s Poverty Reduction Strategy Consultations,” *Association of Municipalities of Ontario*, published May 8, 2020, https://www.amo.on.ca/sites/default/files/assets/DOCUMENTS/Reports/2020/AMOResponseMCCSSPovetryReduction_StrategyConsultation20200508.pdf.

ⁱⁱ “AMO Response to Ontario’s Poverty Reduction Strategy Consultations.”

ⁱⁱⁱ “How Local Government Works,” *Association of Municipalities Ontario*, accessed February 1, 2022, <https://www.amo.on.ca/about-us/municipal-101/how-local-government-works>.

^{iv} Enid Slack and Tomas Hachard, “Let’s empower municipalities, too often the little siblings of federalism” *Policy Options*, published June 9, 2021, <https://policyoptions.irpp.org/magazines/june-2021/lets-empower-municipalities-too-often-the-little-siblings-of-federalism/>.

^v “In It Together: Clarifying Provincial-Municipal Responsibilities in Ontario,” *Ontario 360*, published January 23, 2020, <https://on360.ca/policy-papers/in-it-together-clarifying-provincial-municipal-responsibilities-in-ontario/>.

^{vi} “Building back better together: Municipal recommendations for Canada’s post-COVID recovery,” *Federation of Canadian Municipalities*, published November 2020, <https://data.fcm.ca/documents/COVID-19/fcm-building-back-better-together.pdf>.

^{vii} “AMO Response to Ontario’s Poverty Reduction Strategy Consultations.”

^{viii} “Building back better together: Municipal recommendations for Canada’s post-COVID recovery.”

^{ix} “Ending poverty starts locally: municipal recommendations for a Canadian poverty reduction strategy,” *Federation of Canadian Municipalities*, published July 2017, <https://fcm.ca/sites/default/files/documents/resources/submission/ending-poverty-starts-locally.pdf>.

^x “Building back better together: Municipal recommendations for Canada’s post-COVID recovery.”

^{xi} “What are the Social Determinants of Health?,” *Canadian Public Health Association*, accessed February 1, 2022, <https://www.cpha.ca/what-are-social-determinants-health>.

^{xii} Juha Mikkonen and Dennis Raphael, “Social Determinants of Health: A Quick Guide for Health Professionals,” *York University School of Health Policy and Management*, accessed February 1, 2022, https://kidsnewtocanada.ca/uploads/documents/Social_Determinants_of_Health.pdf.

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^{xv} Evelyn L. Forget, “The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment,” *Canadian Public Policy* 37, no. 3 (2011): 283-305, <https://doi.org/10.3138/cpp.37.3.283>.

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^{xvii} Frances Bula, “B.C. Municipalities say they need more help from province to tackle housing crisis,” *The Globe and Mail*, published September 11, 2021, <https://www.theglobeandmail.com/canada/british-columbia/article-bc-municipalities-say-they-need-more-help-from-province-to-tackle/>.

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^{xxx} Ferdosi, McDowell, Lewchuk, and Ross, “Southern Ontario’s Basic Income Experience.”

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