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The Case for Basic Income and Municipalities

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With input from: Dale Bass, Gian-Carlo Carra, Hilary Gough, Jesse Helmer, Alanna Jankov, Jeff Leiper, Mairin Loewen, Wayne Mason, Catherine McKenney, Shawn Menard, Wayne Potoroka, Keith Riel, Mike Savage, and Arjun Singh

**THE CASE
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SUMMARY

Municipalities are taking extraordinary measures to support their residents and address poverty and inequality (Association of Municipalities of Ontario [AMO], 2020). 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 (Association of Municipalities of Ontario [AMO], 2020). 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; AMO, 2022).

ABOUT BASIC INCOME

Basic income means different things to different people. The Case for Basic Income series defines basic income as an income-tested and targeted unconditional cash transfer from governments to individuals to enable everyone in Canada to meet their basic needs, participate in society, and live in dignity, regardless of work status.

Some Case project teams make more detailed recommendations about the principles to guide the design of a basic income program in Canada.

ABOUT THE CASE FOR BI SERIES

The Case for Basic Income series explores the impacts of a basic income program for various communities and policy areas across Canada. Each Case has been developed collaboratively by subject matter experts and basic income advocates to consider the distinct issues and concerns between the Case topic and income insecurity - and the difference that basic income might make.

Every Case is unique in both function and form and is guided by its authors and contributors.

Basic income and municipalities

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 (Ontario 360, 2020; Slack & Harchard, 2021). 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 (Federation of Canadian Municipalities [FCM], 2020). 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 (AMO, 2020).

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 (FCM, 2020). 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 (FCM, 2017).

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 (FCM, 2020)

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.

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 (Canadian Public Health Association, n.d.). 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 (Mikkonen & Raphael, 2013; Living Wages for Families Campaign, n.d.). 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 (Ferdosi et al., 2020; Forget, 2011; Forget, 2013).

Another core social determinant with clear relevance for municipalities is housing (Bula, 2021; Canadian Union of Public Employees, 2019). 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 (Ferdosi et al., 2020). 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 (Food Banks Canada, 2020; Tarasuk et al., 2018). 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 (FCM, 2017).

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 (Nikiforos et al., 2017; Surrey Board of Trade, 2021). 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 (Brown & Tarasuk, 2019; McIntyre et al., 2016). Research supports the financial feasibility of a basic income in Canada, along with its capacity to foster diverse social, health, and economic benefits (Ferdosi et al., 2020; Pasma & Regehr, 2020; Forget, 2020). Evidence from basic income pilots in both Manitoba and Ontario clearly demonstrates that a basic income benefits both municipalities and their residents (Ferdosi et al., 2020; Forget, 2011).

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.

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