



What stops us from working? (Ten years later)

**A brief inquiry into destitution, scarcity, sludge,
confiscation, false assumptions and overstuffed closet
shelves**

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Introduction

In a report written ten years ago in 2011¹, we came to the conclusions that the reasons that very few Ontario Disability Support Plan Recipients have earnings were due to

- “... *A needlessly onerous system of reporting and reconciliation,*
- *negative interactions between ODSP and other programs and*
- *Insufficient supports for leaving ODSP.*”

Almost nothing has changed since that report was written. With the relentless push to nudge social assistance recipients into employment by governments, regardless of the political party in power, the results don't look all that promising. So why is it so hard to go to work or get back to work once you go on social assistance?

The purpose of this paper is to explain why it is so difficult. We will try to propose a general theory of why there is such little success found in these programs. At the end of this report, we restate recommendations offered in our 2011 report, appealing for a more thorough consideration and, hopefully, implementation of the proposed recommendations.

The general theory has several component parts that come out of new and old thinking, some of which postdate the 2011 paper mentioned above.

The component parts of the theory are:

Infrastructural/systematic deficits:

1. The problem of the destitution-based approach to income security found in social assistance programs².
2. The effects of multiple confiscation machines at work³
3. Misunderstandings in mainstream assumptions concerning how things work applying to poor people⁴

Behaviour obstacles:

4. The psychology of scarcity⁵ – Why having so little means so much
5. The sludge theory⁶ in behavioral economics; and
6. A Pandora Box: what happens to an overfull, overhead closet shelf?

¹ <https://openpolicyontario.s3.amazonaws.com/uploads/2012/02/finalwsufw.pdf>

² Stapleton, J., Procyk, S. & Kochen, L. (May, 2011). [What stops us from working?](#)

³ <https://policyresponse.ca/how-can-we-improve-income-security-in-a-post-cerb-world/>

⁴ <https://openpolicyontario.s3.amazonaws.com/uploads/2019/10/2019-10-10-Voice-of-Experience.pdf>

⁵ <https://www.apa.org/monitor/2014/02/scarcity>

⁶ <https://qz.com/1679102/sludge-takes-nudge-theory-to-new-manipulative-levels/>

1. Destitution-based programs mitigate against success

- Social assistance programs are based on a destitution model where what is designed as a floor income has the unintended consequence of acting as a ceiling. Getting back on one's feet and bootstrapping presuppose that once you start to do better (earning money, saving money, reducing expenses, getting help from friends, getting a better job), you will start to be better off. This is often not true in social assistance as the program claws back earnings, has asset limits that reduce savings, pays lower rates when shelter costs are reduced, and limits the amounts one can receive from friends
- These programs also force recipients into bad decisions by making it harder for work to pay off, making it impossible to save significant amounts, punishing decisions to reduce expenses, placing limits on how much friends can help and forcing people to take whatever job is available regardless of its value. In other words, success entails making a leap.

Voices of people with lived experience of poverty and social assistance

"I had to report income all the time and was audited suspiciously... I always had to fight, was afraid of being cut off and if within the limits; I was worried if I got more income than ODSP, what is going to happen to my ODSP cheque, to my dental benefits, MSN (Mandatory Special Necessities), special housing, I was living in a state of anxiety and fear, in a poverty trap, the system was built to keep you there. I was making my calculations and tried to figure out what would need to earn to live not on ODSP to get off ODSP – \$55-65,000 – a huge barrier to re-enter the workforce – need to upgrade my skills. Better for OW – they can get the supplement, supports and training. There is no help with finding jobs on ODSP."

– Anonymous #1 (59)

"I think that first \$200 income exemption per month and deduction at 50% after is not fair. It would be better if we people are allowed to keep at least first \$500 per month with 25% deduction whatever earned after \$500. "

– Anonymous #2 (62)

"The 50% claw back and \$200 exemption is a disincentive to work anymore than the bare minimum."

– Anonymous #3 - ODSP Recipient (50)

"The reporting process is very stressful and burdensome. What is even more stressful is that if the report is even 1 or 2 days late, they suspend your benefits."

I get the impression that ODSP does not recognize that they are working with people with disabilities. We are slower. Whenever I call ODSP I have to prepare myself to battle it out like they are the CRA. I feel they should be kinder and give us more time to do things.

ODSP should offer support willingly instead of having people beg for it."

– AP (39)

"I am on ODSP for about 10 years. I worked at Harbourfront, cleaning sidewalks and parks in the Harbourfront area...The money we earned; they don't deduct first \$200, the rest they deduct half. When we start working, ODSP gives \$500 to buy things for our work needs. And they give 100 extra dollars...Every month before the end of the first week we had to report income...If I get another job and stop working and report I have to face problems that they hold money even after I stopped working. So, I don't want to go to work again when I am in ODSP...They didn't give the \$100 extra money to me. Even after I left and reported they hold money more than once. I tried to get part time job, less hours...I have mental health issues. It's hard to get work that suitable to me."

– SS (64)

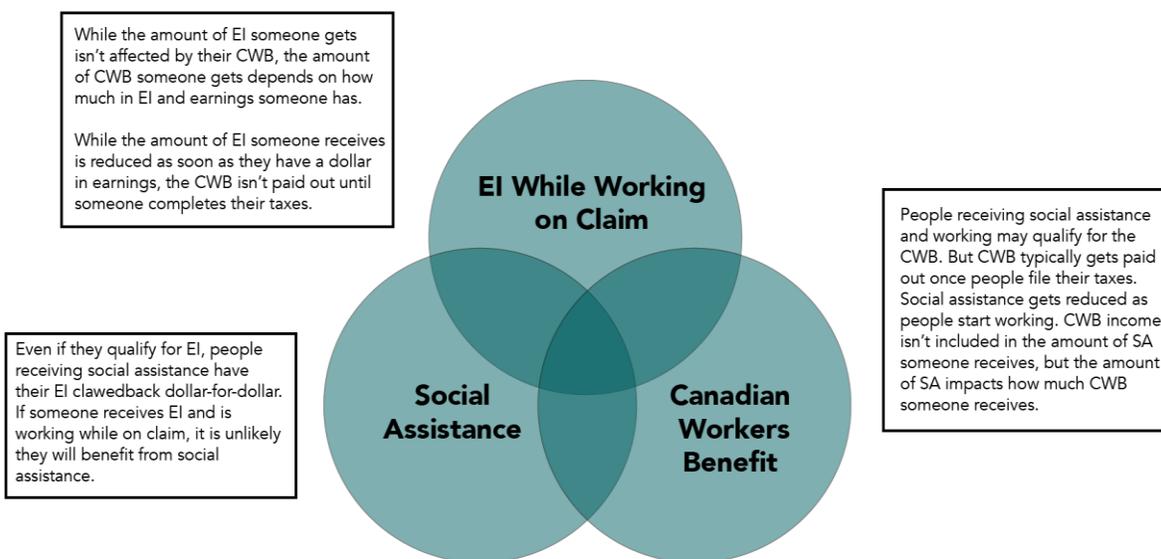
"I don't think my caseworker understands the work I do as an artist - my work is not straightforward, and this has resulted in her requiring I re-do a years' worth of reporting because she deems it "too disorganized to process". I truly believe that no matter how I redo my reporting, she will still deem it "disorganized", because my sources of income and types of expenses vary so wildly in ways that regularly employed people do not understand, and in ways that she does not want to work to understand.

Any honorariums I have received, my caseworker has considered as income. The rules indicate that honorariums are to be exempt, but given her misunderstanding of my work, any honorariums I have ever received I have had to report as income."

– WJK (26)

2. The effects of multiple confiscation machines at work⁷

- There are only three income security programs that promote work as part of their mandate and allow work as part of general eligibility. These are social assistance, EI working on claim, and the Canada Workers Benefit.
- *“They don’t work together. Each has a different pedigree. EI Working While on Claim is a taxable benefit. Social assistance is not taxed. The CWB is a refundable tax credit. Together, they resemble the old game of Rock Paper Scissors – they like cancelling out each other.*
- *We normally think of welfare as a program that confiscates benefits from other programs. But EI Working on Claim and the CWB have their own “confiscation machines” that are fundamental to their design. For example, social assistance deducts EI at 100 per cent while exempting the CWB. The CWB counts social assistance and EI as income by using these forms of income to lower the benefits it pays. EI Working on Claim claws back EI benefits of claimants from the first dollar earned. Social assistance deducts benefits usually after very low earnings are achieved.”*



- *All three programs could work together rather than cannibalizing each other but no one has ever asked them to.⁸*

⁷ See appendix 1

⁸ <https://policyresponse.ca/how-can-we-improve-income-security-in-a-post-cerb-world/>

Voices of people with lived experience of poverty and social assistance

“Every month, income that I make is a self-employment income – recycling of cans for refund, double taxed, ODSP office takes away \$100 from self-employment income – I pay tax on income that I can’t keep.

I was so cognizant of being afraid to lose the benefits – I cut down my contract hours so as not to face losing ODSP benefits; I needed to cut down my hours to be on ODSP – the system is not built to facilitate the re-entry to workforce. “

– Anonymous #1 (59)

“I was always scared to ask my ODSP worker about employment opportunities as I didn’t want to lose my disability benefits. My understanding is that if I do work while receiving ODSP, I may lose my benefits.”

– Anonymous #2 (62)

3. Mainstream assumptions concerning how things work applying to poor people

- The short answer is that the accommodations that work for middle class people simply do not work for people who are poor and especially those who are on social assistance
- *“Governments are notorious for implementing policies that work in theory but not in practice. There is no situation where this is truer than with people living in poverty. Government members and their staff who devise and implement policies for the poor are almost never poor themselves.*
- *They do not live and work in the same world as those in poverty. It is only when governments are prepared to listen to people with lived experiences of poverty that they can come to understand whether new policies will work “on the ground.” It is an interesting dilemma as most people in government know and appreciate the cost of a smartphone and a data plan, and realize that someone who is homeless or receiving social assistance cannot afford these costs.*

- *But they may not know the minimum cost of secure accommodation and they may not know that libraries and community hubs restrict access to ... online computer equipment. They may not realize that a low-income person may not have ... a bank account or access to retail credit through a credit card.*
- *The everyday items and conveniences that most of us take for granted as part of our daily lives, like smart phones and credit cards, are accoutrements that we would never dream of doing without. We also have little idea of the problems we would face if we did not have them. For example, few would contemplate that not having a credit card could result in us having no place to stay on a winter's night.⁹*

Voices of people with lived experience of poverty and social assistance

"[I have] no supports, medical issues- I need eye vision correction – contact lenses, prescription for too heavy, frame and glasses, I can't see properly, my vision getting worse – ODSP only pays for frames – I need custom made as I have a small face – and I am a small framed person.

[I have] visual impairments (eye glass policy), employment supports don't exist (no printer, computer or training provided), medical conditions, can't commit to stable schedule, outdated skills and no opportunity to update skills and knowledge.

Not going to fit, the environment is not for you, you don't have the necessary technology to be able to work in the current job market. "

– Anonymous #1 (59)

"There is no help and support from ODSP to find a job. I have a limited skill set which makes it hard for me to find a suitable workplace. I would need help with preparing my résumé, connect with employers and assist during the initial period of employment due to my disability. Since I can only work part-time with limited hours, I would really need someone to help me finding a suitable employment with trainings on site and to accommodate my disability.

I didn't know where to go for help finding a job or how and where to apply. I tried applying for part-time jobs at Tim Hortons and McDonalds but I never heard back from them. I can only do part-time job due to my disability."

– Anonymous #2 (62)

⁹ Bee Lee Soh & John Stapleton, Voice of Experience – op. cit. Metcalf Foundation, 2019, p.24

“In general, all the employment support programs do is help you write résumés and complete mock interviews. They don’t actually help you find work. A lot of people who are poor are socially isolated and do not have connections to employers or the social network needed in order to find work. You can write a great résumé, but if you don’t know where to send it then it isn’t worth much.

People with disabilities need workers who can advocate for them in the employment sector. There is a push to move people off assistance and into a job, but that is not doable for many people with disabilities. And the job market what it is, employment will not alleviate poverty for most people. “

– Anonymous #3 - ODSP Recipient (50)

“People with disabilities have other stresses when it comes to working. For instance, we are most likely to only work part-time but this puts us at a disadvantage in other ways. For example, because I am part-time the employer can schedule me however he sees fit, including whether to schedule me at all. This means I may not get shifts. This rule likely impacts people with disabilities more than other people because most of us can only part time. It is hard to plan our life around inconsistent employment, schedules and pay.

Since I’ve been on ODSP I’ve been with an employment agency (I was connected through ODSP) but it has not been of any help. For a few years they told me there are very few part-time jobs and I never understood it because most people with disabilities cannot work full time. They told me it was rare and generally not something they can offer. And I could not understand it because I have a disability and cannot work fulltime, that is why I am on ODSP. This employment agency has not been helpful and I am not sure why ODSP connected me to this agency if they cannot help with part time employment. In the last week I got a letter to say they closed my file but I am not sure why. When someone closes my file, I would normally ask them why, but I am so tired right now and I am not sure I want to return to work while on ODSP.”

– AP (39)

“The reluctance/refusal of so many employers to hire/promote workers with any kind of disability, whether on social assistance, WSIB (Workplace Safety Insurance Board), and just disabled by whatever cause... is a major issue that needs emphasis. I have previously recommended that the Prime Minister (at the federal level) or the provincial Premiers should call together a selection of business, labour and disability groups to try to forge a new commitment to employing persons with disabilities”

– JR (John Rae)

4. The psychology of scarcity – Why having so little means so much

- *“Being poor requires so much mental energy that those with limited means – be they sugarcane farmers in India or New Jersey mall-goers – are more*

likely to make mistakes and bad decisions than those with bigger financial cushions. This is the psychology of scarcity, says Princeton University psychology and public affairs professor Eldar Shafir, PhD, who with Harvard University economist Sendhil Mullainathan, PhD, explores how people's minds are less efficient when they feel they lack something — whether it is money, time, calories or even companionship. This scarcity mindset consumes what Shafir calls "mental bandwidth" — brainpower that would otherwise go to less pressing concerns, planning ahead and problem-solving. This deprivation can lead to a life absorbed by preoccupations that impose ongoing cognitive deficits and reinforce self-defeating actions¹⁰.”

- *“One of the classic errors that poor Americans are criticized for is taking "payday loans," those very high-interest loans that at the moment seem like a good solution but two weeks later cause them to owe high interest. We found that when people were rich with time they were very judicious, needed it less, and only very occasionally took a loan.*
- *But when they were time-poor ... sophisticated Princeton students grabbed these available loans to try and do well in the game and ended up making less money than the time-poor students who weren't given the option to borrow. These students made the same mistakes that we observed among poor people.¹¹”*

Voices of people with lived experience of poverty and social assistance

“My worst experience of being cut off was after I lost a job due to being laid off. I filed my paperwork, including my Record of Employment to show I was no longer working, but I still received a letter just days before the end of the month saying I was cut off. I would not have been able to pay my rent or my Metro pass, both of which were automatically taken from my bank account at the beginning of the month. I scrambled and sent an email to the Regional Director and his assistant and thankfully they sorted it out immediately so my rent and TTC payments did not bounce. But a lot of people do not have the internet at home or have the time or knowledge to advocate for themselves in the same way.”

– Anonymous #3 - ODSP Recipient (50)

“ODSP is complicated and I need simple instructions in order to complete tasks. They unnecessarily complicated so people who already have disabilities do not want to deal with the complexities of ODSP... I had to complete a form once a month to be reimbursed

¹⁰ <https://www.theguardian.com/science/2013/aug/29/poverty-mental-capacity-complex-tasks>

¹¹ <https://www.apa.org/monitor/2014/02/scarcity>

for disability-related work expenses. While working, I had to use additional money for transportation and for meals that were not reimbursed as a work expense. OW Worker said only child care was eligible for reimbursement.

I was not working for the money; I was working just to have a job. The \$400 I made a month did not have a significant impact on my life. It would be great if people with disabilities did not have to stress about money the way we do now. Costs to us have increased during Covid-19.

I live in a rooming house and have had to pay for disinfectant to help ensure I do not get Covid-19. I buy this to protect my health, but ODSP does not provide enough money to help me take care of myself.

At the end of the day, 'employment supports' are supposed to be positive, not negative. It's in the name. Those of us with disabilities already have so much stress just to work, because we need that money for food or transportation. I feel that ODSP should not be adding to our struggle."

– AP (39)

"The amount of documents required from me for income and expense reporting are overwhelming. I thought it would be similar to the process I undertake when doing my taxes, but it feels like being audited. I understand that ODSP can audit you, so I don't understand why my caseworker essentially does this to me every single month herself."

– WJK (26)

5. The sludge theory in behavioral economics

- Sludge theory is the opposite of the 'nudge' theory in behavioural economics. Sludge is the opposite of nudge where actions towards achieving a certain goal are made more difficult through barriers to participation being put in place. Going back to work while on social assistance is notoriously difficult and unrewarding.
- *"This practice (sludge-making) has two defining characteristics: "Friction and bad intentions." Instead of making choices easier, as nudge does, sludge often makes them hard. And, crucially, sludge is not in the best interests of those being nudged (sludged?)."*
- *Corporations are notorious practitioners of sludge—just think of every newsletter and subscription that's oh-so-easy to sign up for but incredibly difficult to cancel. But governments, too, increasingly show signs of sludge.¹²*

¹² <https://www.behavioraleconomics.com/resources/mini-encyclopedia-of-be/sludge/>

- With social assistance, it starts with conditionality where one is asked to have a plan leading to work. Once work begins, a complex, difficult and unresponsive system of monthly reporting and reconciliation begins with failure to meet all requirements routinely resulting in ineligibility where all benefits are suspended or cancelled.
- In behavioural economics, loss aversion is much more important than ‘gain attraction’. The administration of social assistance emphasizes loss of benefits much more than the gain of money or independence. It is replete with sludge.

Voices of people with lived experience of poverty and social assistance

“At one time I had a worker that cut me off nearly every month because he did not input my earnings correctly. Once he entered my earnings as \$1,000 instead of \$100. I went to his office and met him in person but we were not able to resolve the issue at that time, even though it was his mistake. It took a couple of weeks to resolve.

Another time my worker was on vacation and another worker entered my earnings, but he entered it twice. I was able to do the math and figure out what happened. I explained it to him what happened and he resolved the issue.

When I started submitting my earnings over the phone to the Interactive Voice Response system, I stopped being cut off but I am not sure why. Reporting seems to be better now.

There is a lot of room for human error. It may be better now that I can input my earnings on line. I used to fax them in, but most recipients do not have a fax machine or a computer or internet in order to enter them in on their own. Faxing requires a landline as well.

I now have a \$1,500 overpayment because ODSP does not always pay me the correct monthly benefits despite me reporting my income on time. The overpayment has built up over several years and seemed to increase after they stopped cutting me off. They now take \$49.80 from each monthly cheque. During periods when I am not working the overpayment will create a financial hardship for me.

There is no transparency around how the overpayment was generated and whether the overpayment was even calculated correctly. I do not understand why ODSP keep overpaying me despite my correct reporting. If they can’t pay me correctly, I am unsure whether they are calculating the overpayment correctly.”

– Anonymous #3 - ODSP Recipient (50)

“I had to report my earnings monthly and my cognitive deficit made it very hard to do monthly. I would forget because it was so cumbersome.

When ODSP changed to online reporting that was a Godsend. But when the pandemic started things got more complicated. The agencies that helped me with faxing to ODSP closed and contact with ODSP has become harder for me again because I do not have a fax or a printer at home.

Sending a last-minute letter to cut us off of ODSP cannot work. I do not like when ODSP does that. They should try to give people notice. Maybe they just forgot, these are people who are sick and there are times when I can't see much and times when I feel more sick than other times. ODSP is expecting reports when people may be at home sick in bed.

I do love the online reporting option, but it's not always an option for me because of my vision. ODSP should have provided me the option to provide details over the phone when needed by client.

I have moved 5-6 times in Toronto and have had at least 5 case workers. The problem I have with case workers is all but one case worker gave me the \$500 maximum for employment. One case worker only sent me \$100 and when I asked, she said it was at her discretion. This was very stressful and I don't want to ask for this anymore. She gave me the \$400 later, but only when I found the second job. The other workers gave me the money when I was volunteering and job searching.

At the very least, once people ask for it give it to them, don't make them beg for it."

– AP (39)

"I worked for 1.5 months in 2018. During those two months I reported my earnings on time but both months my money was held back because ODSP said I did not report it. I did not receive the letter from ODSP in time and found out my cheque was late when I checked my bank account the day it was supposed to be deposited. I would then have to call or fax the worker to ask her to release my cheque. This caused issues for me as I rent and I needed to go into my savings to pay for my housing. I told my worker that I stopped working due to my disability and still two more times my money was put on hold for failing to report my income, even though I had quit months before."

– SS (64)

"Extensive income and expense reporting are required from me. I have opted to report my income and expenses on an annual basis because my monthly income fluctuates wildly (they reference my yearly income from the previous year and average it over 12 months and provide my monthly support based on that average number - at the end of the year we look at numbers to adjust if they owe me more/less, depending on how much I made compared to the previous referenced year).

While it seems that I have the right to choose annual vs monthly reporting, my caseworker is adamant that I provide all of my documents monthly (and she will calculate it annually) because this "makes her work easier for her". She also requires detailed explanations for any non-income transactions that show up in my bank statements (for example, e-transfers from my roommate for shared groceries).

I may stop receiving benefits soon - I have requested to NOT redo a years' worth of reporting because this will honestly send me into crisis. The deadline they provided me is nearing and I have not heard back, nor can I get ahold of any managers to discuss the issue. I spent months putting together a years' worth of reporting and organized it very well, and I will not redo it to be "more organized". It is my caseworker's job to do the work of sifting through the immense amount of documents she has requested from me.

This has been a point of conflict for us, but I have no interest in doing more work to make her job easier... she is being paid much more than me to do this work, and I have done everything in my capacity to fulfill my reporting requirements adequately.

The difficulty of the reporting process and discretionary practices of my caseworker make me feel like giving up and leaving ODSP. I truly believe this is their intention - to make it so hard that we give up and leave."

– WJK (26)

6. What happens to an overfull overhead shelf?

- When asked to explain to people who are not poor and what it is like to try to start to work when you are receiving social assistance, they ask “Why don’t they work? Why don’t they bootstrap themselves up?”
- We explain the problem in terms of an overstuffed overhead closet shelf. We have all been there. We start with some Knick knacks, then a scarf, some mittens, some gloves, then a box of something and a bag of something else. Finally, the closet shelf is jammed full. Then we need something from off the shelf.
- When we try to carefully (gingerly) pull something down from the shelf, what happens? Most of the contents of the shelf come crashing down on your head and you spend the next period of time finding the desired item and sorting through the bags, boxes and items before you put them back on the shelf.
- This is how we have come to see social assistance recipients in Ontario when they go back to work. Almost none of the following happens to people who are not receiving social assistance:
 - Their income goes down.
 - Their rents go up (if they live in subsidized housing)
 - Their reporting requirements become onerous and many get suspended from assistance even when they get the paperwork in on time

- They get saddled with recurring overpayments
- They live in a 'boom and bust' world as their income goes up and down like a yoyo
- They are expected to have phones (that they don't have)
- They are expected to have access to retail credit
- It is assumed they have access to broadband
- It is assumed they can pay for a transit pass; and
- It is assumed that they can pay for other work expenses.

Voices of people with lived experience of poverty and social assistance

"The rational person would say 'what's the point of working?' The majority of people work to get ahead, not to get behind."

– Sharon, consumer/survivor, on working while receiving ODSP

"[I worked in] clerical work, reception, office admin, call centre work, cleaning...[I have] worked on and off while on ODSP... [I] left different jobs due to mental health issues, stress and mental health caused her to need to take a break. Main stress from ODSP was being cut off due to reporting requirements, but it never made [me] quit a job... The main issue was being cut off frequently, including 7 months in a row. The rules didn't stop me from working, but I don't want to work more than the absolute minimum. Right now, I work 16 hours a week. I could work more hours when it's busy, but it's a commission job and I make \$11-12 an hour before the clawback, and after it would be \$6 an hour so it's not worth my while."

Early on I lost a job and did not know I needed to submit a ROE. I didn't submit my earnings for that month and I then got a cheque for \$2.50 instead of my regular cheque. I didn't know the rules at that time and the worker did not explain how to wrap up employment if it ends. It never occurred to me that I would need to take any specific steps and though I tried to reach my worker I was not able to. That often happens, that workers aren't reachable or don't check their voicemail. "

– Anonymous #3 - ODSP RECIPIENT (50)

"Working while you are on ODSP is a complicated process and I have thought, you should not work while you are on ODSP. And I do not think that is what they want. I do not think they should make it so complicated that we choose not to work when we feel like we could work at least part time."

– AP (39)

"I also did not receive the additional \$100 while I was working. I asked my worker for it but she never gave it to me. After I stopped working, I did not bother to follow up. "

– SS (64)

Conclusion and recommendations

People who live on social assistance are living in a world of destitution, scarcity, sludge, confiscation, false assumptions and overstuffed closet shelves. Social assistance and work don't mix well. We can have nothing but admiration for the very distinct minority who manage the world of work while in receipt of social assistance.

It is not difficult to make recommendations that will make a meaningful difference and help them work while on assistance. We developed 6 principles in eliminating the barriers to work for people receiving welfare benefits.

- 1. Stop Destitution:** Abandon the destitution-based model for social assistance. Allow clients to keep more of the money they earn before their allowances go down. Allow family and friends to help out without restrictions. Allow people to save and keep a meaningful cushion of money, allow clients to reduce costs without penalty.
- 2. Stop multiple confiscation among programs:** *“Our request is that Employment and Social Development Canada, federal finance ministers and provincial/territorial ministers mandate their officials to work together to get these programs to stop pummeling each other.”*
- 3. Stop applying mainstream assumptions about how people live and work to low-income people and especially those on social assistance:** *“Engaging people with lived experience is a new undertaking for governments and new processes are needed to address both unfactored considerations as well as assumptions made about the costs of participation for low-income people. It's important to stop and consider these costs — financial and personal — as successful inclusion is dependent on these costs being met.¹³”]*
- 4. Increase Client bandwidth while reducing scarcity:** *“But when you give them a very complicated form or demand that they be somewhere exactly on time three days in a row, you're imposing a massive bandwidth tax. Instead of taxing them money, you're taxing them bandwidth, which is also something they don't have enough of. So, you are creating a situation where they're bound to fail.*

We propose that policymakers do all that they can to make the world a place where when I fail for a moment because of mismanaging my scarcity, there is a way to climb out, rather than sink further.¹⁴”

¹³ Bee Lee Soh and John Stapleton, op. cit. p25

¹⁴ <https://www.apa.org/monitor/2014/02/scarcity>

5. Remove Sludge: Stop onerous reporting, remove barriers, reduce overpayments, stop cutting people off or suspending them for minor infractions.

6. Help reorganize the overhead closet: Do an inventory of all the real impediments to work for people receiving social assistance and work with them to resolve barriers and facilitate work re-entry and security of work tenure.

For Governments:

Recommendations	Principals
<p><i>To improve work incentives:</i></p> <ol style="list-style-type: none"> 1. Increase the Work-Related Benefit (WRB) to \$150 a month. 2. Implement a 12-month, time-limited earnings exemption of \$300 a month for the first year of earnings. <p><i>To make structural changes to ODSP that will support recipients who want to leave the program and become financially independent:</i></p> <ol style="list-style-type: none"> 3. Expand ODSP employment supports to incorporate training and on-the-job supports. 4. Increase the Employment Start-up Benefit (ESUB) to \$1,500. 5. Raise asset limits. 6. Create a financial assistance planning program. 	<p>Stop Destitution</p>
<p><i>To integrate the treatment of earnings by ODSP and other programs so that policies better support work:</i></p> <ol style="list-style-type: none"> 7. Assess rent based on earnings after deductions. 8. Remove or extend the ‘\$440 rule’ that transfers an ODSP recipient to the ‘rent geared-to-income’ housing scale. 9. Allow the Ontario Student Assistance Program (OSAP) to acknowledge ODSP earnings deductions when it assesses income for the purposes of a loan repayment. 10. Increase childcare reimbursements for unlicensed providers. 11. Expand childcare coverage to parents who are seeking work. 12. Allow Canada Pension Plan-Disability recipients whose payments are too high for them to qualify for ODSP cash benefits to still qualify for ODSP ancillary benefits, such as housing and transportation. 13. Continue ODSP benefits throughout a reapplication for those who have lost CPP-D benefits. 	<p>Stop multiple confiscation among programs</p>
<ol style="list-style-type: none"> 14. Expand OSAP’s definition of permanent disability to acknowledge the episodic nature of much mental illness. 	<p>Stop applying mainstream assumptions to low-income people</p>

Recommendations	Principals
<i>To improve administration:</i> 15. Reconcile accounts yearly instead of monthly. 16. Introduce an online calculator to clarify rules and eligibility.	Remove Sludge

Employers need to be fully educated and be aware of barriers to facilitate their employees with disabilities to do better in a work environment. Working remotely seems to be uncommon and unachievable before the Covid-19 pandemic made it possible to facilitate wide-spread employment opportunities. We ask that employers in all sectors cooperate with policy makers to adopt measures that will increase mental bandwidth in balancing work and personal needs.

Communities and society as a whole must be more alert and sensitive to mainstream opinions that make wrong assumptions about low-income populations.

Acknowledgement

We would like to express our deepest gratitude to all ODSP recipients who provided their insights for this report. They are the true authors.

We would also like to pay our special regards to Oksana Grebnytska and Heather Heath Soave for their assistance in the community interviews.

Appendix 1: And now.... the fine print: What will happen when Charlie enters the post recovery benefit world of September 2021?

Charlie is a 50-year-old receiving ODSP as a single person in Toronto. He works as a self-employed artist and pays both the employer and employee premiums into EI (at a cost of \$455 a year). Charlie received the CERB in 2020 and the Canada Recovery Benefit in 2020 and 2021¹⁵.

Charlie is emerging into the post recovery benefit world of September 2021.

Charlie is entering that world in reasonably good shape. He gets ODSP that has a maximum benefit of \$1,169 a month or \$14,028 a year.

Charlie has applied for EI working on claim because he is eligible for this new enhanced program that pays him 75% of his previous year's earnings of \$12,000. He reckons that he is going to get \$9,000 of the newly enhanced 52 weeks of benefits. He is going to continue working and earning another \$12,000 into 2022.

Charlie has also been auto enrolled in the Canada Workers Benefits by filing his taxes - and with \$12,000 in earnings in the previous year - it looks like he will be eligible for the maximum payment of \$1,355. Clawbacks don't start until \$12,820 according to a government website he saw.

On the face of it, it looks like Charlie qualifies for nominal yearly benefits of \$23,383 on top of his earnings of \$12,000. It looks like Charlie could qualify for as much as \$35,383 in combined earnings and benefits. He would be well above the poverty line with a modest living.

And now.... the fine print

As Charlie's working on claim benefits begins, he notices that instead of getting 75% of his earnings or \$9,000, he is about to get half of that amount (\$4,500) over the next year since EI working on claim claws back his payments at 50%.

Charlie will get by on \$30,883.

But then he notices that his EI payment, newly lowered to \$4,500 will be deducted in full off of his ODSP. His ODSP goes down by \$4,500 to \$9,528 for the coming year.

¹⁵ He did not get the special payment of \$600 for persons with disabilities because he does not qualify for the disability tax credit or CPP disability payments. Charlie's disabilities make him easily eligible using the CPP disability definition but Charlie made over \$6000 a year in earnings which automatically disqualifies him for CPP-D.

Charlie will get by on \$26,883.

Next up, Charlie's earnings are also of interest to ODSP. They exempt the first \$2,400 of his earnings but claw back 50% of the remaining \$9,600. The clawback amount is \$4,800.

Charlie will get by on \$22,083 a year. His total income is now less than recognized Canadian poverty lines.

When Charlie fills out his 2021 tax return in 2022, he gets a notice that says that he did not qualify for the Canada Workers Benefit. Charlie only realized later that his income for the purpose of calculating the CWB also included the EI and social assistance. The \$1,355 in CWB that he thought he was going to get is not available to him as he makes too much money.

Charlie will get by on \$20,728 in combined benefits and earnings. He gets another \$854 in refundable tax credits for a total net income of \$21,582 based on his rental costs of \$1,000 a month. He then pays \$432 in income tax to the federal government for a revised net income of \$21,150.

Charlie's nominal benefits before clawbacks added up to \$23,383. After the clawbacks, his benefit total is \$8,728 for a confiscation rate of 62.7%. With taxes paid his clawback rate goes to 64.5%. If we figure in the amounts he paid in EI premiums, his clawback rate goes to **66.4%**. Before the clawbacks, Charlie had a basic income. After the clawbacks, he lives in poverty.

What about a basic income?

Looking at Charlie's situation, it is easy to understand the people who support a universal basic income (UBI). Charlie would qualify for a basic income and there would be one overall clawback once he emerged from poverty. Charlie would not face a bewildering array of payments and offsets and it is doubtful that the overall combined clawback rate would be designed to confiscate 2/3 of his benefits.

Our current income security system for adults age 18-65 is largely comprised of work-triggered benefits (EI, CPP, Workers' compensation, Veterans), they are largely time limited (EI, Workers' compensation, Veterans) and for the poor they are inadequate. For the very poor, we have social assistance and its destitution-based rules.

Compared to this array, again, basic income looks very attractive as it would not be work triggered, it would not be limited and it would be minimally adequate. But while we wait

for a basic income, universal or not, there is much we can do to disentangle the bewildering array of clawbacks for someone like Charlie. I wrote about that here¹⁶.

¹⁶ <http://policyresponse.ca/how-can-we-improve-income-security-in-a-post-cerb-world/>