*The Opportunity for Workers with Disabilities Act* requires governments to respect one simple pan-Canadian principle: Canadians with disabilities must be allowed to gain more from working than they lose to taxes and clawbacks.

**Introduction**

Work is a basic human need. Its wages feed, clothe, and shelter us. It offers the pride and purpose of doing something valuable for others. Work not only helps us to make a living but make a life.

That is why almost a million Canadians with disabilities work, including more than 329,000 people with severe disabilities, according to Statistics Canada.[[1]](#footnote-1) But tax and social assistance clawbacks punish many for working. It is called the welfare wall. *The Opportunity for Workers with Disabilities Act* aims to remove it.

**Governments Punish Work**

Means-tested social programs like income assistance, housing, drug benefits, and others are rightly available for those who need them. But when recipients get jobs and earn income, governments sharply clawback supports and impose taxes, which means the harder they work, the poorer they become.

For example, in 2015 a minimum-wage-earning worker on disability assistance in Saskatchewan going from part-time to full-time would actually have a $1,000 cut in take-home pay, from $22,600 to $21,600, according to the Library of Parliament. In Alberta, Saskatchewan, and Quebec, workers with disabilities can lose $1.15 for every new dollar they earn at certain income levels, according to a 2016 Library of Parliament calculation.

Or there is New Brunswick. “For example, a single mother with one child may receive $861 each month,”[[2]](#footnote-2) reads the New Brunswick social assistance webpage. “If she has no income at all, she would receive the full $861. If she has income of $300 a month, then she would receive $561 in social assistance.” That means she loses every penny she earns to clawbacks of cash benefits alone.

These examples do not even include other taxes (such as income taxes, payroll taxes, or gas taxes to drive to work) or clawbacks of in-kind benefits such as housing and drug plans.

Linda Chamberlain’s story is a vivid illustration: “After three decades of battling schizophrenia and homelessness and poverty, Chamberlain finally got a job,”[[3]](#footnote-3) wrote former *Toronto Star* reporter Catherine Porter. As a reward, the government boosted Linda’s rent almost 500% and cut her disability payment, making her $260 per month poorer because she got a job. Social policy expert John Stapleton first brought public attention to Linda’s plight and explained that she had no choice but to quit her job and remain in poverty on social assistance.[[4]](#footnote-4)

She is not alone. “According to Statistics Canada’s 2012 Canadian Survey on Disability, there were over 650,000 disabled individuals aged 15 to 64 who were not in the labour force at the time of the survey and either used to work or indicated they were capable of working. Of these, roughly 94,000 reported that if they were employed, they felt that they would lose additional support. About 82,300 individuals reported that they expected their income to drop if they worked,” according to Statistics Canada.[[5]](#footnote-5)

**Joblessness causes Poverty**

By blocking these Canadians from working, the government condemns them to poverty. Statistics Canada reports that 48.7% of working-aged people in households where no one works live below the poverty line.[[6]](#footnote-6) Only 2.8% of people who work full-time year-round are poor. Fifty-five percent of children in households where no one works live in poverty compared to 1.9% for kids whose parents both work full-time year-round. These facts prove that the best anti-poverty program is a job.

**The Bill**

*The Opportunity for Workers with Disabilities Act* aims to ensure that persons with disabilities never lose more in benefits and taxation than they gain as a result of earning increased employment income. It does this through three steps:

1. **Measurement**

The bill would require that Finance Canada calculate how much people with disabilities in each province lose in taxes and benefit clawbacks as a result of each additional $1,000 of income earned up to $30,000. Calculations of the clawbacks would include lost income assistance, housing and medications etc. and would use publicly available tax and benefit rules, not any person’s private tax and benefit information.

1. **Action**

If the calculation finds that people with disabilities, the Finance Minister would have to consider whether changes to the Working Income Tax Benefit Disability Supplement, the Canada Pension Plan Disability Pension, or any federal tax measure that would ensure people with disabilities always benefit from their work.

If the Minister deemed that provincial taxes and clawbacks were the cause of the problem, the Minister would consult with the province to remedy it. Provinces could fix the problem by reducing clawbacks, or taxes, or both. For example, British Columbia used to punish people for leaving welfare by taking away their drug coverage, until its government fixed the problem in 2003. According to economist Kevin Milligan, the province “replaced an 'all or nothing' program for social assistance recipients with one that is income-tested and more gently smoothed out as incomes rise. This had the effect of removing a very tall 'welfare wall' that provided a large disincentive to work for people on benefits.”[[7]](#footnote-7) Similar solutions could allow people with disabilities to work in other provinces.

1. **Enforcement**

*The Opportunity for Workers with Disabilities Act* would attach another condition to the *Federal-Provincial Fiscal Arrangements Act* requiring provinces to arrange their taxes and transfers so that people with disabilities never lose more than they gain from working.

To be clear, the federal government would not dictate *how* provincial social assistance programs work. Rather, it would instill a simple condition into the Canada Social Transfer: Canadians with disabilities in all provinces should gain more income than they lose to taxes and clawbacks when they work. Provinces would have total liberty in how they uphold this principle.

**Precedent**

There are dozens of federal conditions that the provinces must already respect to get federal transfers: they must follow the five conditions of the *Canada Health Act*; they must not have minimum residency requirements for social assistance; they were incentivized to get rid of capital taxes; and many more.[[8]](#footnote-8) To get gas tax funds, there are even conditions requiring provinces to display federal signage at infrastructure project sites. An additional condition ensuring that Canadians with disabilities can get ahead through their work is reasonable.

**Cost and Benefits**

Respecting *The Opportunity for Workers with Disabilities Act*, and allowing more people with disabilities to work, could save provincial governments billions of dollars, based on the findings of one report by the Ontario government: “Were 5,000 people (less than 1.5% of the current cases) who now receive the basic monthly [Ontario Disability Support Program] benefit of $1,128 for basic needs and shelter to become employed full-time at a moderate wage of $17 per hour, Ontario would save $69,500,000 in benefit payments, and bring in an additional $5,300,000 in taxes. That's a net annual return of $74,800,000.”[[9]](#footnote-9)

**Conclusion**

*The Opportunity for Workers with Disabilities Act* aims to allow Canadians with disabilities to get ahead through their talents and work—because, as Dr. Martin Luther King put it, “all labour has dignity.”

1. Martin Turcotte, Statistics Canada, *Persons with disabilities and employment*, online: <<http://www.statcan.gc.ca/pub/75-006-x/2014001/article/14115-eng.htm#n8-refa>>. [↑](#footnote-ref-1)
2. Government of New Brunswick, *Social Assistance Program*, online: <<http://www2.gnb.ca/content/gnb/en/services/services_renderer.10295.Social_Assistance_Program.html>>. [↑](#footnote-ref-2)
3. Catherine Porter, Toronto Star, *Porter: Linda Chamberlain’s job was making her broke*, online: <<https://www.thestar.com/news/gta/2010/11/19/porter_linda_chamberlains_job_was_making_her_broke.html>>. [↑](#footnote-ref-3)
4. John Stapleton, Metcalf Foundation, *Zero Dollar Linda*, online: <<http://www.metcalffoundation.com/wp-content/uploads/2011/05/zero-dollar-linda.pdf>>. [↑](#footnote-ref-4)
5. Statistics Canada, Table 115-0007, *Limitations and barriers to employment for adults with disabilities, by age group, Canada, provinces and territories,* online: <<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=1150007&&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid>>. Further clarification in letter from Stuart Morris, Statistics Canada, on January 31, 2018. [↑](#footnote-ref-5)
6. Mary Frances Lawlis, Statistics Canada, Special Tabulation based on the Low Income Cut-off (LICO) after-tax. Letter signed by Karen Mihorean provided January 25, 2018. [↑](#footnote-ref-6)
7. Kevin Milligan email, December 19, 2017. [↑](#footnote-ref-7)
8. Lindsay McGlashan, Library of Parliament, *Conditions Related to Selected Federal Transfers to Provinces and Territories.* [↑](#footnote-ref-8)
9. Partnership Council on Employment Opportunities for People with Disabilities, online: <https://www.ontario.ca/page/partnership-council-employment-opportunities-persons-disabilities-report#section-2>. [↑](#footnote-ref-9)