

Beyond Basic Needs

The Financial Cost of Disability

Key Insights

There are significant costs associated with life-long disability that should be considered when developing income security programs.

Not all medical needs are covered under current provincial programs, and not all persons with disabilities have access to them.

Full support for social inclusion means adequate resources for participation as a spectator, or participant, in community and cultural events.

A robust employment plan must acknowledge not all people with disabilities can work full-time, and will require income supplementation to account for the impact of lower lifetime earnings.

An improved low-income focused Market Basket Measure and Consumer Price Index should be developed.

A new benefit that interacts beneficially with existing provincial, federal, and private programs is imperative.

Income supplement exit levels must be mindful of both the poverty line and essential disability cost.

Background

In the Speech from the Throne on September 23rd, 2020, the Government of Canada announced a Canadian Disability Inclusion Plan to address “long-standing challenges” facing Canadians with disabilities (Payette, 2020). One of the areas of the plan involves the creation of a

new Canadian Disability Benefit modeled on Canada’s Guaranteed Income Supplement for low-income seniors.

Reaching a supplementation level that is adequate is a complex endeavor. Currently the Market Basket Measure does not adequately assess shelter costs (Heisz, 2019). Income assistance programs in Canada assume immediate needs should be met, even though provincial benefit amounts are inadequate. More problematically, it is ableist to assume simply meeting medical needs atop a standardized income will be sufficient to meet all the needs of people with disabilities.

Canada is not alone in grappling with this calculation. The United Nations *Flagship Report on Disability and Sustainable Development Goals*, roughly estimates that the additional cost of living with moderate disabilities to be 30% of average income (UN “Disability and Development Report”, 2018). The same report shows the United Kingdom, whose existing medical benefits compare well to the Canadian social assistance context, estimates a 21% increase in associated costs for moderate disabilities and 39% for severe disabilities, relative to average incomes.

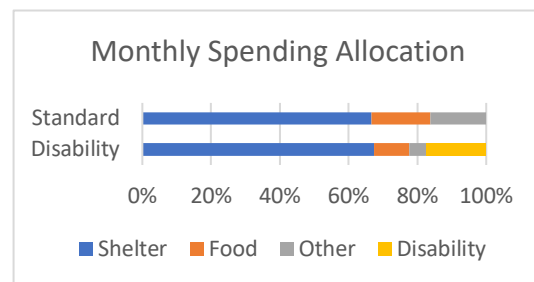


Figure 1. Sample budget allocation for a standard one-person household vs person with disability.

In Figure 1, a modest basic needs income of \$1500 was used to approximate the percentage of monthly income used for various needs: shelter, food and other (e.g., transportation, cell phone, data etc.). Using the UN estimate of 30% of average income needed to meet disability costs, the

Support for Full Social Inclusion

The United Nations defines social inclusion as, “the process of improving the terms of participation in society, particularly for people who are disadvantaged, through enhancing opportunities, access to resources, voice and respect for rights” (UN “Leaving No One Behind”, 2016).

This includes the right “to participate in cultural, recreation, leisure, and sport” (UN, “CRPD: Article 30”, 2006) not only as a spectator but as participants.

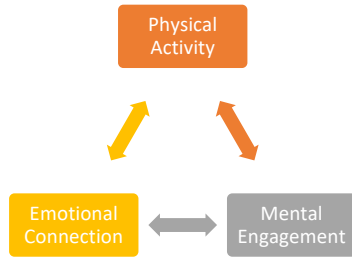


Figure 4. Aspects of Social Inclusion

Figure 4, depicts the 3 aspects of social inclusion. These aspects also form the core of good health. Therefore, it is not a stretch to say social inclusion is necessary for well-being.

Physical accessibility is often cited as a barrier to social inclusion, but it is not the only reason why participation is a challenge. Despite deinstitutionalization of persons with disabilities, interaction within the community is still too low for those in residential care facilities and supportive housing. Companion supports, group outings and the means to pay for accessing events remains a barrier.

Compensate for long-term costs

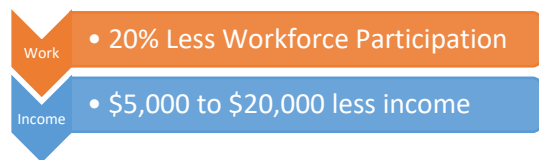


Figure 5. Significant Work and Income Problems.

Despite the right to employment (UN, “CRPD: Article 27”, 2006) workforce participation for persons with disabilities as shown in Figure 5 is 20% lower than non-disabled peers with a median income gap ranging \$5000 to \$20,000 annually, depending on the severity of disability (Morris, et al, 2018).

While a robust employment plan is welcome for those able to work full-time, those with more limited ability may only work part-time, often in low-wage unskilled positions, impairing their ability to escape poverty through employment.

This long-term deficit in income impacts their ability to purchase more expensive replacement items like beds, sofas, appliances, housewares, and home repairs. Inclusion of a robust disposable income calculation for long-term needs is imperative.

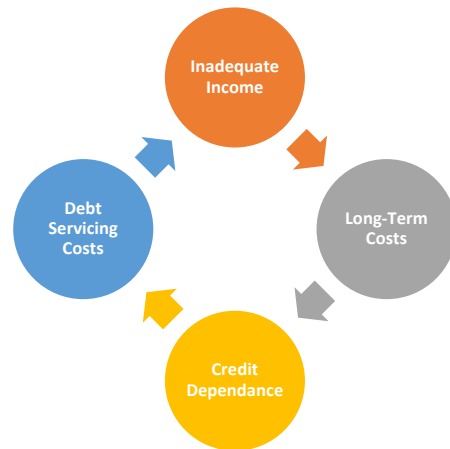


Figure 6. Illustration: Cycle of Deepening Poverty.

Currently, those with provincial disability incomes are often extended credit. Credit cards are often used to meet long-term and emergency needs. Other credit services are also used, like payday loans, rent-to-own agreements, and online financing companies. These companies often charge far higher interest and fees. While these approaches may meet immediate needs, Figure 6 shows debt servicing becomes permanent part of their budgets. This impinges on the already straightened

incomes deepening the poverty they experience.

Develop better measures of poverty

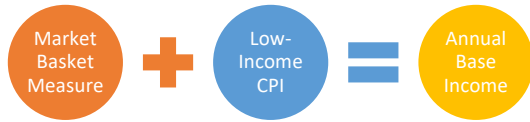


Figure 7. Annualized base income.

Canada's current poverty line is the Market Basket Measure. This measure is not sufficiently responsive to shelter costs according to 93% of survey respondents (Heisz, 2019). Likewise, the Consumer Price Index is not a good indicator of inflation for households with low incomes as the weighting does not reflect their spending habits. A separate low-income inflation measure should be established. As depicted in Figure 7, correcting both measures to focus on low-income will ensure a better base income calculation in addition to a disability cost.

Conclusion

This brief is not an exhaustive list of issues that impact those with disabilities. There are important considerations not covered in this document that can negatively impact any new supplement that is created. A priority area for review is the treatment of the new benefit when calculating other provincial and federal programs. Likewise, the income threshold for becoming ineligible for a supplemental disability benefit should factor in both an essential level of disability cost and the poverty line. Currently, CPP and earned income diminishes GIS rapidly.

Given the data provided here, the severity of structural poverty for persons with disabilities must be acknowledged. Consideration of these factors need to be included in any supplemental benefit calculation to ensure it truly does lift persons with disabilities to a truly dignified standard of living.

Works Cited

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