Income Security Advocacy Centre
Recommendations for Federal Budget 2025

1. **Increase the maximum amount for recipients of the Canada Disability Benefit (CDB)**

2. **Invest in increasing coverage of the CDB by expanding eligibility beyond the Disability Tax Credit**

3. **Exempt provincial social assistance when calculating income threshold for the CDB**

4. **Double the income thresholds and working income exemption for “double disabled” couples receiving the CDB**

5. **Immediately implement Employment Insurance reforms to ensure an accessible, adequate, and equitable program for workers**

6. **Bring in a comprehensive and inclusive regularization program for all migrants**

7. **Make relevant, needed financial investments in Indigenous communities**

ISAC

Income Security Advocacy Centre
Centre d’action pour la sécurité du revenu

1. Increase the maximum amount for recipients of the Canada Disability Benefit

The 2024 Federal Budget proposed funding for the much-anticipated Canada Disability Benefit (CDB), designed to "reduce poverty and to support the financial security of working-age persons with disabilities". Yet as the disability community emphatically points out, the proposed funding of $6.1 billion over six years, amounting to a monthly maximum of $200, will do little to reduce poverty experienced by persons with disabilities in Canada.

While the draft CDB regulations mention that 917,000 working-age Canadians experience poverty based on the Market Basket Measure (MBM) or the Official Poverty Line, the regulations also estimate that the proposed amount will lift only 20,000 eligible recipients (0.02%) out of poverty in the first year and 25,000 recipients in the tenth year of the CDB rollout. These numbers fall well short of having a meaningful impact on poverty reduction and meeting the Government's original promise of a substantial Benefit that "bridges that gap between the poverty line and what people get in their various provinces". The $2,400 provided by the CDB will only make up about 20% of the $11,727 gap between the MBM and the total federal and provincial social assistance received by a single person with a disability in Ontario in 2023. The maximum amount per person per year outlined in the Budget is lower than the lowest estimate produced by the Parliamentary Budget Office's costing tool.

We strongly recommend the 2025 Federal Budget builds on the initial investment in the CDB and significantly increases the maximum amount for recipients in order to meaningfully reduce poverty. While the gap between the poverty line and total social assistance varies between provinces, an annual $12,000 in CDB per individual will be adequate for the Benefit to deliver on its promises.

2. Invest in increasing coverage of the CDB by expanding eligibility beyond the Disability Tax Credit

According to the draft CDB regulations, only about half of the nearly one million working-age Canadians with a disability who experience poverty will be eligible to apply for the CDB in 2025-26. While the number of Benefit applicants will gradually rise to 640,000 over the next ten years, the number of eligible low-income persons with disability will rise as well, leaving many in need out of the CDB's provision.

Part of the reason behind the projected low uptake is the use of the Disability Tax Credit (DTC) as the sole gateway to the Benefit. In our letter to Minister Chrystia Freeland, we expressed numerous concerns, including the use of the DTC certificate as the access point for the CDB. The certificate sets a higher bar for people living with disabilities to meet because the test for disability for the DTC is based on a much more stringent definition of disability than the definition included in the *Canada Disability Benefit Act*. The DTC's restrictive definition excludes hundreds of thousands of low-income people living with disabilities. Further, the DTC's status as a non-refundable tax credit makes it useless for those who do not owe income taxes. The Senate of Canada estimated that as high as 60-66% of people who would be eligible for the DTC on the basis of disability are low-income and not paying income tax, leaving them out of the DTC's scope. In addition, access to the DTC involves a complex application process and an inaccessible dispute resolution process.

We strongly recommend that the next Federal Budget adequately invests in ensuring all low-income working-age Canadians with a disability can access the CDB by expanding the eligibility of the Benefit beyond the DTC. Another federal disability-related benefit, Canada Pension Plan Disability, uses a similar tiered definition of severe and prolonged disability and a similar determination process as the DTC, and should also be included as a gateway to access the CDB.

3. Exempt provincial social assistance when calculating income threshold for the CDB

The proposed CDB regulations suggest that provincial social assistance, including disability-related benefits such as Ontario Disability Support Program, will be counted as income for an eligible individual. As such, provincial/territorial social assistance payments will be counted towards the income threshold of $23,000 for a single person and $32,500 for a "double disabled" couple, after which point they will see their Benefit reduced.

Counting provincial social assistance as earned income diminishes the impact of the already inadequate CDB. While the federal government and 2024 Budget have called on "provinces and territories to exempt CDB payments from counting as income in relation to provincial or territorial supports", similarly the government should not use provincial and territorial payments as a means to reduce the amount of the Benefit one is eligible to receive.

We recommend that the federal government adequately budgets for the CDB by exempting provincial/territorial social assistance when calculating the income threshold for the Benefit.

4. Double the income thresholds and working income exemption for "double disabled" couples receiving the CDB

The current design of the CDB disincentivizes individuals with a spouse or partner, including "double disabled" couples, when calculating their income thresholds and working income exemption. Under the proposed regulations, the income threshold before rates are reduced is $23,000 for a single disabled individual, while it is

$32,500 for cohabitating spouses or common-law partners with disabilities. Similarly, the working income exemption (income excluded when determining the Benefit amount), is $10,000 per year for an individual, while it is $14,000 for a couple. In both cases, the second eligible person in a "double disabled" couple will only have 40% of their income exempted, whereas they would each receive the full exemption allowance if they were single.

While individuals who receive income-tested benefits that use family income may share expenses with their spouses, savings should not be assumed for disabled couples. This is due to additional costs associated with disabilities and likely doubling of expenses for a "double disabled" couple. The proposed CDB regulations force one to choose between social assistance and the freedom to live with their loved ones. They deter disabled people from having the support of a spouse, which is one of the key factors along with mental health and marital satisfaction, in enhancing the quality of their lives.

We recommend that the federal government does not implement the punishing, exclusionary measures towards disabled couples and adequately invests in the CDB to allow for a doubled income threshold and doubled working income exemption for "double disabled" couples.

5. Immediately implement Employment Insurance reforms to ensure an accessible, adequate, and equitable program for workers

Canada's primary social safety net, the Employment Insurance (EI) program, is growing increasingly disconnected, outdated, and inaccessible to Canada's vulnerable workers who the program aims to serve. The discontinuation of the pandemic-related modifications to EI saw a significant drop in EI recipients, from 4.0 million in 2021 to 2.9 million in 2022. Similarly, the median EI income for recipients decreased a staggering 40%, from $10,100 in 2021 to $5,900 in 2022. More recently, the gap between the unemployed and the number of EI recipients has continued to grow further. As of 2024, only 34 per cent of all unemployed people were EI recipients.

While the Canadian government has continued to ignore its promise of much-needed reform and modernization of EI, the growing number of low-wage precarious workers, including women, First Nations, Inuit, Métis, racialized, disabled, and migrant workers, are the most affected.

The recent announcement of the launch of selection processes in forming the new Employment Insurance Board of Appeal, one of ISAC's major recommendations last year, shows signs of the government's responsiveness to the rallying call for EI reform. The Board will be a positive step towards institutionalizing a fair and accessible EI appeals process and an inclusive, accountable, and responsive EI system.

While this is an encouraging step forward, the urgency of further key reforms for a well-functioning and modern EI program that serves vulnerable Canadian workers only grows with time. We reiterate our recommendations submitted to the 2021 Federal Consultations on Reforming Canada's Employment Insurance Program and urge the federal government to immediately implement the long-promised EI reforms, with adequate investment to ensure an equitable safety net for all workers.

i. Establish a universal eligibility threshold of 360 hours or 12 weeks of work.
ii. Set a minimum benefit floor of $500 per week.
iii. Eliminate unfair disqualification rules that hurt vulnerable workers the most (including management-labelled "quit-fire").
iv. Expand access to migrant workers and those misclassified as independent contractors.

6. Bring in a comprehensive and inclusive regularization program for all migrants

The federal government had promised a program regularizing status for undocumented workers, yet recently we have seen the government hesitate in delivering on the promise. As many as 500,000 undocumented migrant workers, mostly low-waged, racialized people, make essential contributions to Canadian society. Lack of permanent resident status makes it difficult, and often impossible, for migrants to attain their rights at work or to access services, including those they may be eligible for, because of a well-founded fear of reprisals, termination, eviction, and deportation.

Instead of focusing on developing new programs, Canada is spending money on deporting thousands of undocumented migrants, with the Canada Border Services Agency spending over $300 million to remove fewer than 7,500 people in the 2021-2022 fiscal year. At the same time, there has been an uptick in migrants being unjustifiably blamed for the current housing affordability crisis.

We urge the federal government to invest in a comprehensive regularization program to improve living and working conditions for migrant workers.

7. Make relevant, needed financial investments in Indigenous communities

A fair budget for Canada is not possible without adequate investments in delivering priorities highlighted by Indigenous communities and making meaningful progress in the journey of reconciliation with Indigenous Peoples. Yet we have seen the federal budget consistently fall short in addressing urgent and long-term priorities and closing the socio-economic gap. While the 2024 Federal Budget saw comparatively higher year-over-year allocation in Indigenous-specific investment, there is a trend in reduced spending in this area over the recent years.

On top of the dwindling allocation, access to these investments by Indigenous people remains a concern. Yellowhead Institute's analysis showed that only 9.8% of the allocation for Indigenous initiatives went to the Indigenous organizations and communities, while the rest went to government departments and external organizations.

The past federal budgets have also fallen short of addressing the concerns of Ontario First Nations about the disproportionate burden placed by the Greenhouse *Gas and Pollution Protection Act (GGPPA)* on on-reserve communities who do not access the Canada Carbon Rebate tax rebate. As a solution, the Chiefs of Ontario have recommended that the government make the *GGPPA* revenue-neutral on-reserve. We also share the Assembly of First Nations' (AFN) concerns regarding the need to close the $350 billion infrastructure gap.

Yellowhead Institute pointed out four criteria for consideration with regard to Indigenous-specific investment:

i) responsiveness in meeting the demands made by Indigenous people;
ii) accessibility of the investment without multiple bureaucratic layers in the way;
iii) depth of the investments in terms of direct impact on their lives; and
iv) affirming self-determination by supporting pathways for Indigenous capacity-building on their terms.

Evidence of these considerations in the development of federal budgets is lacking.

We therefore support the calls for investment from major Indigenous advocacy bodies such as the Chiefs of Ontario, AFN, Métis National Council, Inuit Tapiriit Kanatami, and Native Women's Association of Canada.