

## Federal Policy Recommendations Election 2021

Momentum has worked with over 50,000 Calgarians since 1991 to get a good job, start a business and build their assets. Last year, Momentum supported over 70 active micro business loans which created 111 jobs in the community; 82% of participants in longer-term programs increased their income or savings; and 94% of COVID helpline callers felt more hopeful for the future because of this support. Poverty can neither be prevented nor reduced through programs and services alone. Momentum works collaboratively with community partners, academics, civil servants, and elected officials to create public policies that address the root causes of poverty and build strong and inclusive local economies. For further information or to connect, reach out to the Public Policy Team at Momentum: [publicpolicy@momentum.org](mailto:publicpolicy@momentum.org) 403-204-6180 <https://momentum.org/publications/policyandresearch/>

### Recommendations

COVID-19 has increased financial hardship for the nearly [5 million Canadians](#) who live in poverty and were struggling already. Households with lower levels of education and earnings were [least likely to hold jobs](#) that can be done from home. In February 2021, 20.4% of Canadians [reported difficulty in paying for housing, food, and other necessary expenses](#). Unemployment and financial stressors have been [disproportionately felt](#) by women, youth, Indigenous people, and other racialized groups. Many vulnerable Canadians [struggle to tax file](#) and access income benefits due to information, language, literacy, and digital barriers. The following policy recommendations aim to reduce poverty and improve the economic and social inclusion of individuals and families living on lower incomes.

1

#### Improve post-secondary education attainment via increased uptake of the Canada Learning Bond (CLB)

- Establish a new Canada Education and Training Account for children who have not claimed the CLB, enabling 1.2 million children to access education savings amounting to \$183.5 million in the first year alone.
- Screen new Canada Student Loan applicants for CLB eligibility, making it easier for 137,000- 144,000 post-secondary students to recover up to \$136 million in unclaimed CLB benefits each year.
- For full policy details see our recent publication, [Improving Education Savings: Policy Options for Families on Low Incomes \(2021\)](#)

**Why?** The Registered Education Savings Plan (RESP) is an important tool for disrupting the cycle of intergenerational poverty. Children with education savings accounts are more likely to pursue post-secondary education and those who graduate benefit from higher employment and incomes throughout their lives. Families with low incomes that open an RESP can receive up to \$2,000 from the Government of Canada through the Canada Learning Bond (CLB).

While uptake of the CLB has increased from 16% in 2008 to 42% in 2020, the requirement to open an RESP is a considerable barrier for many families. In fact, over 2.1 million eligible children across Canada have not received their Canada Learning Bond benefit.

2

### Update and lower the criminal rate of interest in Canada

- Lower the maximum rate to 36% and ensure that the maximum rate includes all associated lending costs, such as, but not limited to, fines, fees, penalties, and insurance.
- The Criminal Code maximum rate of interest must include all consumer credit in the market today or in the future. A national coalition paper is forthcoming.
- To learn more about this issue in Alberta visit [The Customer Experience \(2017\)](#)

**Why?** The Government of Canada has previously committed to [taking action to address predatory lending](#) by launching a consultation on lowering the criminal rate of interest. Low-income Canadians, women, and racialized groups are more likely to use high-cost unsecured debt like payday loans, installments loans, and other high-cost alternative financial products. The existence of these high-cost products reinforces a two-tiered banking system in which the poor pay more, results in the depletion of capital from low-income communities, and contributes to economic inequality. Without more stringent regulation, vulnerable Canadians will continue to experience financial exclusion and take on heavy debt loads—two major contributors to poverty in Canada.

3

### Enable more people living on a low income to save their money at tax time

- Introduce tax refund options for Canadians, such as refund splitting directly into two different bank accounts (one being a savings account), as opposed to one (generally a chequing account). This can reduce barriers to savings and help build vital savings for Canadians.
- Further explore and implement a Refund to Savings (R2S) concept which uses insights from behavioral economics to redesign the online tax filing experience to promote savings for low to moderate-income households. Learn more about the R2S concept via the [Social Policy Institute and Washington University in St. Louis](#).

**Why?** There are many asset-building programs specifically for middle to higher income Canadians who can and do save, such as Registered Savings Plans (RRSP, RESP, RDSP) but few programs aimed at incentivising and boosting the savings of low-income Canadians.

4

**Invest in financial empowerment, debt relief, and financial health programs for low-income families**

- In addition to the recommendations above, we support the following [Financial Empowerment Recommendations](#) proposed by [Prosper Canada](#), the national leader on Financial Empowerment, including:
  - Establish and clearly communicate a CERB debt relief plan to eliminate/reduce the burden of CERB debt on low- and moderate-income Canadians
  - Establish national targets for improved household financial health and effective data collection and monitoring to measure and report annually on our progress
  - Explore options for sustained federal investment in regional community financial help services to advance the goals of Canada’s national financial literacy strategy.

**Why?** Canadians with low incomes are having trouble getting the financial help they need to weather the ongoing COVID-19 crisis and rebuild their financial health. Financial empowerment evaluations and survey data both confirm a need for community financial help services and an absence of affordable alternatives for low and moderate-income Canadians.

5

**Ensure that skills and workforce development policies are accessible and supporting people with barriers to labour market inclusion**

- Ensure more workforce development transfer dollars go to people with barriers to labour market inclusion and work-integrated training (WIT).
- WIT can take many forms: work experience placements, apprenticeships, co-op programs, job shadowing, workplace problem-based learning and site visits. WIT enables learners to apply their skills in a real-world setting, developing both technical and practical aptitudes, as well as the soft skills needed to be successful on the job.

**Why?** WIT works better for people struggling to get or keep good jobs and has a high return on investment. The negative impacts of prolonged high unemployment on individuals, families, and communities have been well documented: financial insecurity contributes to poor physical health outcomes and mental distress, along with increases in substance abuse, domestic violence, family breakdown and even higher rates of suicide and crime. For further information, see our recent publication, [Removing Barriers To Employment: Strengthening Work-Integrated Training Programs \(2020\)](#).

6

### Accelerate social innovation and social finance

- Implement a Social Innovation and Social Finance Strategy (SI/SF Strategy) that addresses all [12 recommendations of the SI/SF Co-Creation steering group](#).
- Ensure equity-seeking groups play a leading role in the implementation and subsequent evolution of the SI/SF strategy to build on existing local capacity and strengthen the expertise of the community economic development, non-profit, and co-operative sectors.

**Why?** Social innovation and social finance provide new solutions to social or economic challenges that improve people's quality of life. The federal government directed the creation of a Social Innovation and Social Finance Strategy in 2015, which was co-created with stakeholders across Canada. The strategy, [Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities](#), included twelve recommendations for mutually reinforcing actions and initiatives, yet only a few have been implemented to date. Implementing some elements of the strategy and not others weakens them all.

7

### Implement a basic income

- Canada's leading basic income organizations, which include the Basic Income Canada Network, UBI Works, the Basic Income Youth Network, and Coalition Canada have launched the Basic Income Now campaign and we support the call for a basic income in Canada.

**Why?** Due to increased evidence of its effectiveness and that a sizeable majority of Canadians support basic income, a large coalition of organizations and individuals have joined forces under the banner #BasicIncomeNow. A basic income promotes equality of access and creates efficiencies in government income support programs. Income guarantees for seniors and parents already exist and have proven to strengthen people, communities, and the economy. The Canada Emergency Response Benefit's rapid cash was a lifeline for individuals and the country and has provided lessons in the potential benefits of a permanent basic income.