



## Federal Budget 2009 and Social Services

Canada's network of non-profit community and social services agencies are struggling to find the funding necessary to provide quality public services for the efficient operation of youth and women's shelters, food banks, housing and employment services, to name a few. The economic downturn has hit the sector hard as funding sources, including corporate and private donations begin to dwindle and dry up altogether. Resources will become even more stretched over the coming months as increasing numbers of Canadians will come to depend upon the supports and services provided by the non-profit community and social services sector.

The sector is under tremendous pressures. More than a decade of government funding cuts, funders' unwillingness to provide stable, core funding for long-term programs and administration expenses, and an over-reliance on short-term, project funding that is not guaranteed from year to year and does not cover administration expenses, such as wages, has put workers, communities and the entire sector under serious strain – the cracks in the system are appearing, and this budget does nothing to address this disturbing trend. Over time in Canada, all levels of government have reduced spending on social services. Of notable recent interest is the \$1 billion in federal spending cuts to social programs and services announced in September 2006. Those funding cuts have never been reversed in this or any other previous federal budget.

The 2009 Federal Budget's focus on Social Services is limited to two key areas of funding: Social Housing and Poverty Reduction. Note,

however, that the term "poverty" is mentioned nowhere in the federal budget document.

### Social Housing – What's in the Budget?

The 2009 federal budget provides for \$2 billion for social housing construction and repairs; the following items are included in this amount:

- A one-time federal investment of \$1 billion over two years for renovations and energy retrofits for up to 200,000 social housing units. This will be a 50–50 cost-share with the provinces.
- \$400 million over two years for the construction of social housing units for low-income seniors. This will be cost shared with the provinces and territories.
- \$75 million over two years for the construction of social housing units for persons with disabilities. This will be cost shared with the provinces and territories.
- \$400 million over two years for new social housing projects and for remediation of existing social housing on First Nations reserves.
- \$200 million over two years to support social housing in the Yukon, Northwest Territories and Nunavut.

### What does it mean?

Homelessness and inadequate housing is a national emergency in Canada; it is also a national disgrace. Two decades of federal funding cuts and downloading have devastated Canada's national housing program. The statistics are alarming: hundreds of thousands

of Canadians have nowhere to live; millions of people have no choice but to live in unaffordable, crowded, and/or substandard housing; and more than one in four households are on the brink of homelessness.

The \$2 billion committed in the federal budget for social housing construction and repairs is a good first step. But more dedicated funding is needed in the long run to address Canada's social housing crisis and the problem of homelessness. In addition, much of the funding announced in the budget for social housing is tied to cost-shares with the provinces and territories which mean that federal funding would flow only if provincial / territorial funding is committed.

### **What would be better choices?**

In order to overcome the problem of homelessness and inadequate housing Canada needs a new and substantial national affordable housing program that provides multi-year targeted funding for social housing to the tune of \$7.5 billion over 3 years. The funding would be spent on the following items:

- 10,000 or more new affordable homes in year one;
- 15,000 or more new affordable homes in year two;
- 20,000 or more new affordable homes in year three;
- Permanent and enhanced funding for the federal homelessness strategy;
- Permanent and enhanced funding for the federal housing rehabilitation program; and
- A national energy retrofit program to allow low and moderate income households to conserve home energy.

A national housing program would help to create jobs, boost the economy and make thousands of additional quality housing units available each year to Canadian families at an affordable cost.

### **Poverty Reduction – What's in the Budget?**

The federal budget provides some relief for the working poor, children, the elderly, and low-income households. Budget 2009 provides the following poverty reduction measures:

- Raises the level at which the National Child Benefit supplement and Canada Child Tax Benefit are phased out at a cost of \$230 million in 2009-10 and \$310 million in 2010-11.
- Increases the Working Income Tax Benefit for lower – middle income households.
- An additional \$150 of annual tax savings for low- and middle-income seniors through a \$1,000 increase to the Age Credit amount.

### **What does it mean?**

The National Child Benefit (NCB) and Canada Child Tax Benefit (CCTB) provide financial support to low- and middle-income families with children. Eligibility for both the NCB and CCTB are based on income. The 2009 federal budget would allow families to earn additional income and at the same time remain eligible for additional NCB and CCTB benefits. What this means is that low-income families with children will be able to earn an additional \$1,894 per year and still receive maximum benefits. Benefit increases amount to up to \$436 for a low-income family with two children and up to \$76 for a middle-income family with two children.

The Working Income Tax Benefit (WITB) is a tax credit to assist low-income working families receiving social assistance. The budget provides an additional \$435 million in WITB funding over previous years; the amount of WITB funding increases to \$580 million in each of 2009-10 and 2010-2011.

The Age Credit amount increases by \$1,000 for seniors aged 65 or older. However, the Age Credit is income tested and the benefit is

clawed back once annual incomes reach approximately \$32,000.

### **What would be better choices?**

In 2006, the most recent date for which data are available, over 3.3 million Canadians were living in poverty. Poverty is more persistent amongst certain groups of people including women and children, Aboriginal peoples, persons with disabilities, and within immigrant communities. In order to help people break the cycle of poverty, we need policies and programs that prevent and reduces poverty for all Canadians:

- Increase the Guaranteed Income Supplement (GIS) by 15%;
- Increase the National Child Benefit by 15% at a cost of \$612 million or \$5,000 per child;
- Increase the Canadian Child Tax Benefit by 8% at a cost of \$637 million;

- More than double the amount of the Working Income Tax Benefit to \$1000 per year at a cost of \$661 million annually;
- Increase the federal minimum wage to at least \$10 an hour; and
- Provide \$2 billion in poverty reduction transfers to the provinces and territories in both the first and second year.

Poverty reduction transfers to the provinces and territories could comprise a national anti-poverty strategy, the goal of which would be to help 770,000 Canadians out of poverty. This goal would be accomplished through improvements to social assistance and disability benefit rates and eligibility. In addition, the provinces and territories could use some of the funding to support the work of non-profit social services agencies in countless communities across Canada.

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