



THE SCHOOL OF PUBLIC POLICY

A guaranteed basic income in Alberta could reduce depth of poverty by 25 per cent. **New School of Public Policy report**

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Calgary – While Alberta has fared better than other Canadian provinces in terms of economic growth, poverty remains an important provincial problem. The prospect of a guaranteed basic income could help change that.

Alberta is particularly well positioned to roll one out and with relative ease and at a manageable cost. Not only could this help Albertans, but a similar program could be adopted federally and help thousands of Canadians.

On Wednesday, May 1st, The School of Public Policy with authors Wayne Simpson and Harvey Stevens released a report that examines the prospects for poverty reduction in Alberta today through a guaranteed basic income (GBI). The report also offers solid policy recommendations for poverty reduction using the GBI.

According to Simpson, “An Alberta guaranteed basic income could be straightforwardly developed by revising the existing provincial tax system to make tax credits that are currently non-refundable into refundable tax credits, such that people earning below the minimum income-tax threshold will still be able to claim them as subsidies. This can be done while avoiding significant new funding and relying solely on budgetary measures to improve the fairness of the tax system. Converting just a few non-refundable tax credits into refundable ones can produce a guaranteed annual income of over **\$6,000** for a single-adult family and over **\$9,000** for a two-adult family, with no significant new funding required. This would improve supports for **37 per cent** of Alberta families, with the largest gains properly concentrated among the poorest households, and would reduce the rate and depth of poverty by **25 per cent.**”

An even more powerful approach would be if Alberta were able to persuade the federal government to combine a similar program federally with the provincial guaranteed basic income, converting non-refundable credits into refundable ones and eliminating the federal GST credit. A combined federal-provincial guaranteed annual income would increase dramatically to over **\$13,600** a year for a single-adult family and to over **\$19,000** a year for a two-adult family. The disposable income of the poorest **20 per cent** of Albertans would increase by more than **50 per cent** under the combined plan, while the rate of poverty across all Albertans would be cut by a substantial **44 per cent**. Among single parents and non-elderly and elderly couples, poverty would be eliminated completely. And while two-parent families and non-elderly singles would continue to be in poverty, its rate declines significantly and its depth would be reduced by more than half.

Several other provinces and the federal government have publicly pondered the possibility of a guaranteed minimum income. Alberta now has the opportunity to implement one with little disruption to the existing social-support system and no significant additional expenses, targeting poverty in the province in what may prove to be a more effective way than has ever been tried before.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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