

Still Not Enough

How to Fix the Canada Disability Benefit to Really Help Canadians with Disabilities

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About Cardus Work and Economics

Cardus Work and Economics is committed to the renewal of an economic architecture that supports a wide array of individuals, communities, and the common good.

Key Points

- Canadians with disabilities face significantly higher financial insecurity and food insecurity, compared to those without disabilities.
  - Those of working age and with a severe or very severe disability have an after-tax median income of $30,590. For Canadians in this age group who do not have a disability, it is $46,080.
  - The poverty rate for those of working age and with a severe or very severe disability is 18 percent. For those in this age group who do not have a disability, it is 7 percent.
  - Nearly 8 percent of those with a disability experience severe food insecurity. For those without a disability, the rate is 2 percent.
- The federal government has sought to augment assistance through the Canada Disability Benefit, which provides $200 per month to eligible persons, beginning in 2025.
  - The Benefit's strengths are that it is indexed to inflation and has a relatively generous clawback rate.
  - The Benefit has several weaknesses. (1) $200 per month is too low to effectively address the financial insecurity of the target population. (2) Problems result from using the Disability Tax Credit as an eligibility condition. (3) Provinces may reduce their own disability support programs in response to the Benefit.
  - Of all the things that governments spend money on, support for persons with disabilities should be high on the priority list.
- We offer three broad pathways for supporting people with disabilities:
  - Reform the Benefit by increasing the Benefit amount.
  - Transfer funds to the provinces to target the Benefit more closely to individual needs.
  - Support non-governmental institutions in providing tailored, person-centred assistance that reflects the dignity of those they serve and involves them in decision-making.

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Introduction

Canadians with disabilities, just like all Canadians, want to thrive. Financial stability, meaningful work, and social connection are among the pillars of a fulfilling life. Yet, for too many Canadians with disabilities, these pillars are elusive. Income support programs have proven inadequate, labour market barriers persist, and social isolation is experienced far too often. The Canada Disability Benefit is a federal initiative that is fundamentally about the first of these pillars, has a direct impact on the second, and has an indirect impact on the third. However, its scope and design have raised questions about how well it enhances the financial stability of Canadians with disabilities.

This paper begins by examining data on the challenges that Canadians with disabilities face in terms of income security and workforce engagement. It then establishes guiding principles by which to evaluate the Benefit. Next, it uses these principles to assess how well the Benefit addresses these challenges. Finally, the paper explores the roles of the federal government, provincial governments, charities, and businesses in three broad pathways for improving supports for people with disabilities in the context of the Canada Disability Benefit.

The Economic State of Canadians with Disabilities

Disability rates are on the rise. According to Statistics Canada's Canadian Survey on Disability, more than one in four Canadians (27 percent, about eight million people) over the age of fifteen had a disability in 2022.[1] The disability rate has risen since 2017, when around 22 percent of Canadians identified as having one or more disabilities. Part of the growth is driven by the demographics of an aging population. A large part of the growth, however, is attributable to the increasing prevalence of disabilities within younger populations, particularly disabilities relating to mental health.[2]

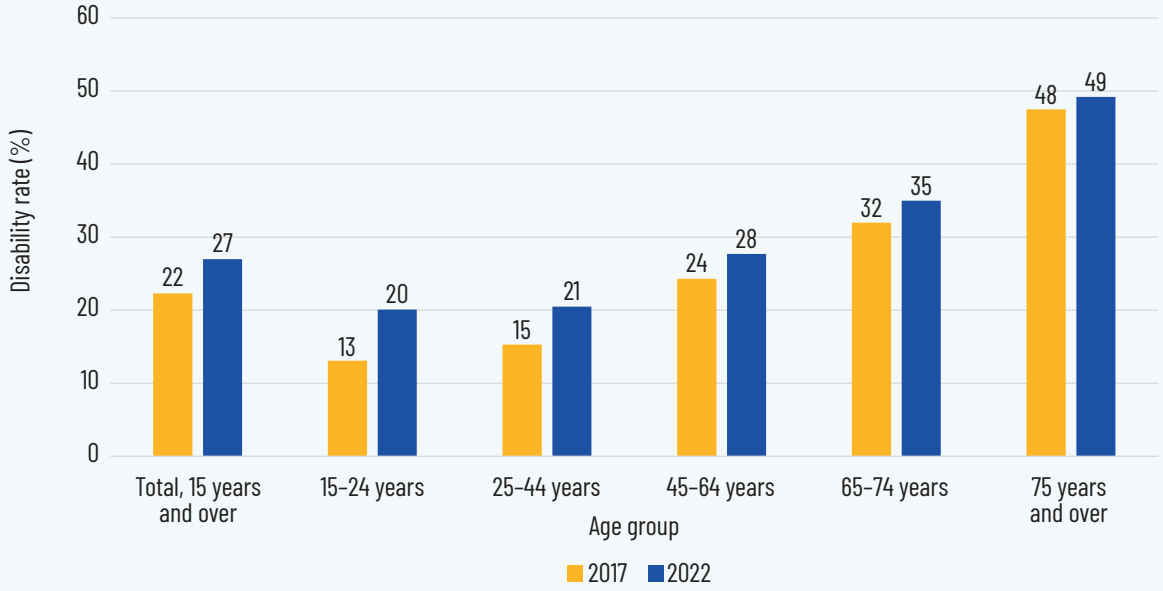
Statistics Canada also tracks the relative severity of disabilities. It assesses severity by a "global severity score," which is determined by each individual's response to questions about the number of disabilities they have, the degree of difficulty they experience in completing specific tasks, and the frequency of the limitations associated with the disability. There are four categories of severity: mild, moderate, severe, and very severe.[3] Under this categorization, over 40 percent of Canadians with disabilities have "severe" or "very severe" disabilities.

1 The Canadian Survey on Disability surveys a sample of those who indicated that they had a "difficulty or long-term condition" in response to the Census question about the Activities of Daily Living. Statistics Canada, "Canadian Survey on Disability (CSD)." A person is considered to have (a) a developmental disability, if they have been so diagnosed, or (b) another kind of disability, if their "activities are limited as a result of an impairment or difficulty with particular tasks." Statistics Canada, "Classification of Status of Disability." Complete citations are provided for all sources at the end of this report.

2 Hébert et al., "A Demographic, Employment and Income Profile"; Haidt, "The Anxious Generation."

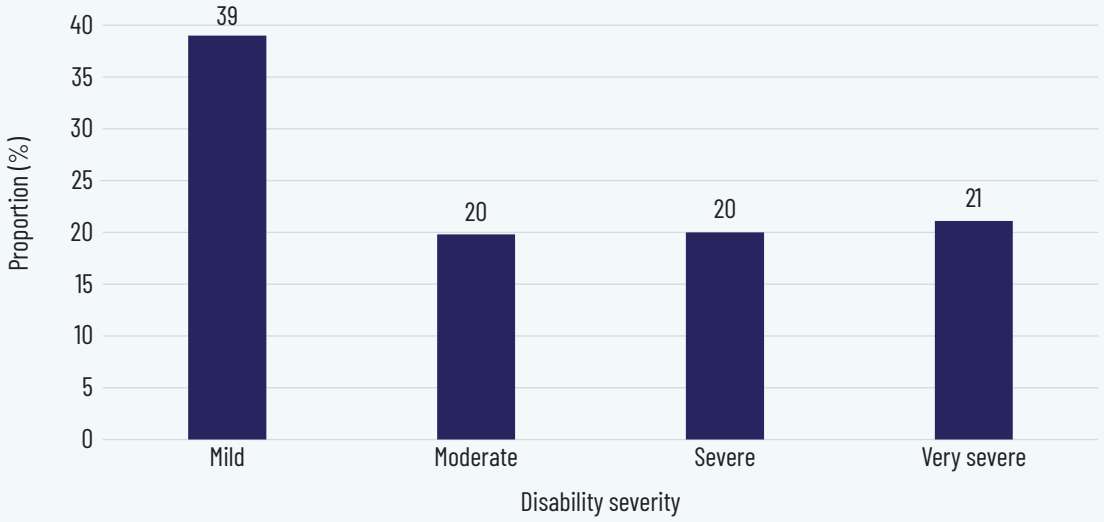
3 Hébert et al., "A Demographic, Employment and Income Profile"; see also Pianosi et al., "Canadian Survey on Disability."

Figure 1. Disability Rate, by Age Group, 2017 and 2022



Source: B.-P. Hébert et al., "A Demographic, Employment and Income Profile of Persons with Disabilities Aged 15 Years and Over in Canada, 2022."

Figure 2. Disability Severity Among Canadians with Disabilities Aged 15 Years and Over, 2022

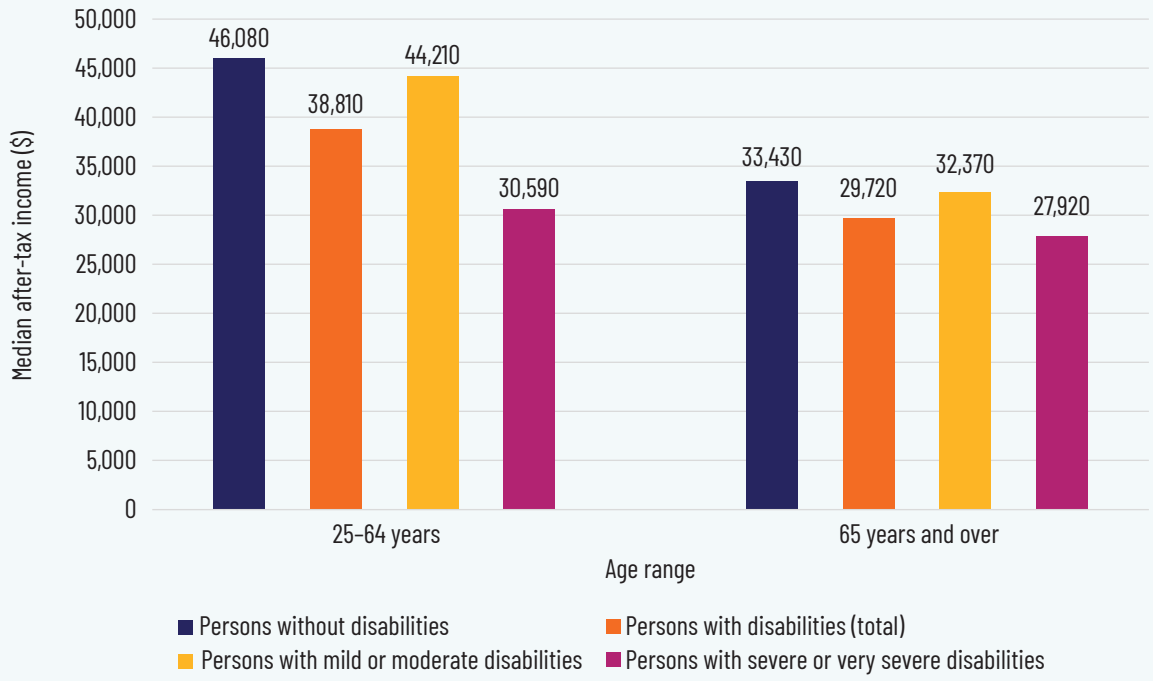


Source: B.-P. Hébert et al., "A Demographic, Employment and Income Profile of Persons with Disabilities Aged 15 Years and Over in Canada, 2022."

Financial Insecurity

Canadians with disabilities face income gaps relative to those without. Figure 3 shows the disparity in after-tax median income between persons with and without disabilities, based on 2020 data. Among Canadians aged 25 to 64, those with disabilities have a median income of $38,810, significantly less than those without disabilities, whose median income is $46,080. But the disparity depends greatly on the severity of disability. Those with mild or moderate disabilities have lower median incomes than those without disabilities, but the gap is small. The gap is much wider for those with severe or very severe disabilities. In their case, the median income is $30,590, producing a gap of more than $15,000, or over one-third, compared to those without disabilities. For Canadians aged 65 and above, the gap is more than $5,000 between those without disabilities and those with severe or very severe disabilities. Although the gap is narrower for those over age 65, its persistence into these later years of life nevertheless demonstrates the lifelong economic disadvantage associated with having a disability.

Figure 3. Median After-Tax Income of Canadians Aged 25+, by Disability Status/Severity, 2020



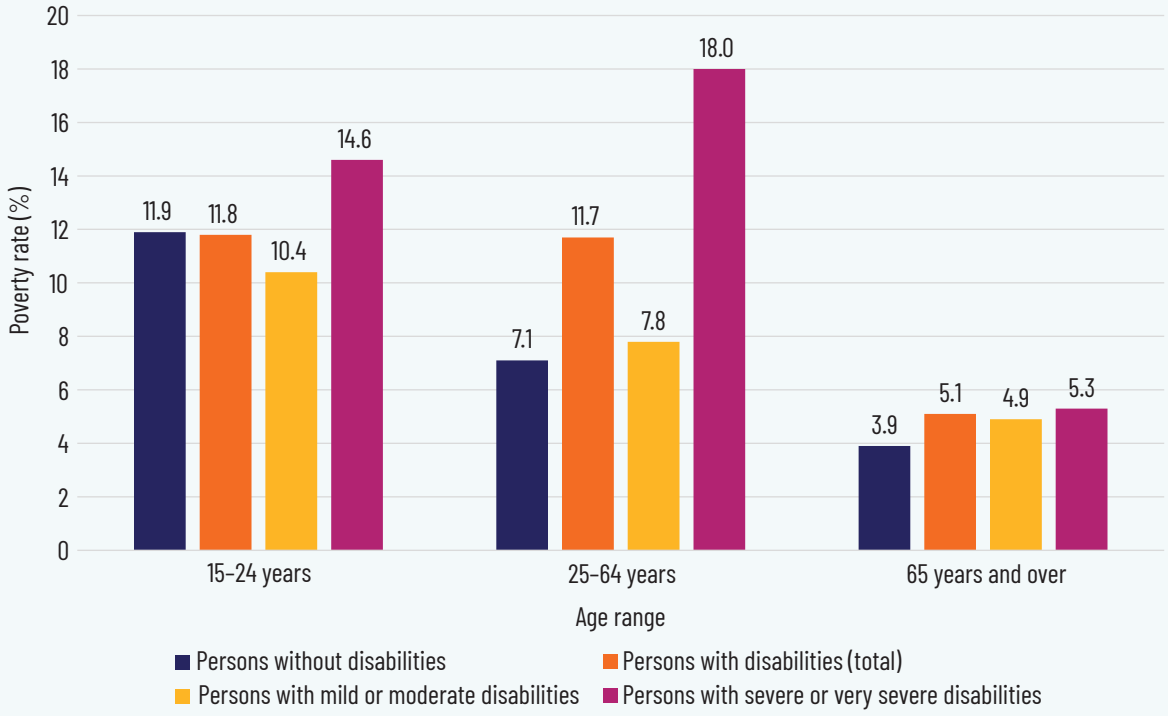
Source: B.-P. Hébert et al., "A Demographic, Employment and Income Profile of Persons with Disabilities Aged 15 Years and Over in Canada, 2022."

Figure 4 shows the disparity in poverty rates across different disability statuses and age groups, showing that the economic disparity is linked to the severity of the disability. People with severe or very severe disabilities experience the highest poverty rates, particularly in the 25–64 age group. Eighteen percent of these Canadians live below the poverty line, compared to 7 percent of

those without disabilities in this age group.[4] Interestingly, among Canadians between the ages of 15 and 24, people with mild or moderate disabilities are less likely than those without disabilities to experience poverty. Perhaps these young people tend to live in their parents' home longer than their non-disabled counterparts do. But for Canadians over the age of 25, those with disabilities have higher poverty rates than those without.

Here, too, we see a difference between people with mild and moderate disabilities and people with severe and very severe disabilities. Canadians with mild or moderate disabilities experience lower poverty rates than those with more severe disabilities for all age ranges, but the disparity is far less pronounced in those over 65. Still, in general, people with disabilities, especially those with severe or very severe disabilities, remain disproportionately vulnerable to poverty across the lifespan.

Figure 4. Poverty Rate, by Disability Status/Severity and Age, 2020



Sources: B.-P. Hébert et al., "A Demographic, Employment and Income Profile of Persons with Disabilities Aged 15 Years and Over in Canada, 2022"; B. Gustajtis and A. Heisz, "Market Basket Measure Poverty Thresholds and Provisional Poverty Trends for 2021 and 2022."

It should be noted that these statistics may understate the poverty of Canadians with disabilities, especially those with the most severe disabilities. Lower incomes exacerbate poverty

4 The Market Basket Measure establishes poverty lines that represent the cost of a "basket" of food, clothing, shelter, transportation, and other items needed for a basic standard of living. If an individual or family's income is below this estimated line, which varies by family type and region, they are considered to be living in poverty. Gustajtis and Heisz, "Market Basket Measure Poverty Thresholds."

disproportionately for people with disabilities, since having a disability often comes with higher living costs, such as for medical devices, accessible transportation, and rehabilitation support.

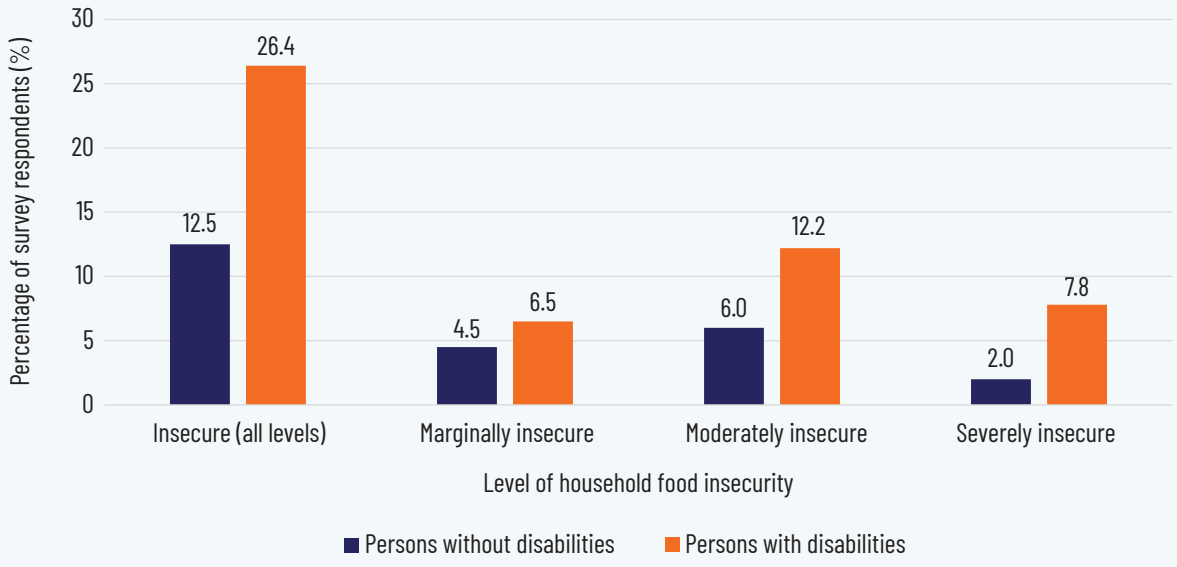
From Financial Insecurity to Food Insecurity

Few measures are as stark as the food insecurity rate for evaluating how well a society, particularly one with as much abundance as Canada, is meeting basic human needs. Statistics Canada defines food insecurity as an "inability to acquire or consume an adequate quality or a sufficient quantity of food, or the uncertainty that one will be able to do so, because of financial constraints."[5] Food insecurity can vary by degree, and researchers classify it into three categories corresponding to the following criteria:

- Marginal: worry about running out of food or limited food selection because of a lack of money for food
- Moderate: compromise in quality or quantity of food because of a lack of money for food
- Severe: miss meals; reduce food intake; and, at the most extreme, go a day or more without food

Figure 5 presents the food insecurity rates for persons with and without disabilities. While 12.5 percent of Canadians without disabilities face some level of food insecurity, the percentage is more than double that for Canadians with disabilities, at 26.4 percent. Canadians with disabilities are also much more likely to face severe food insecurity, with severe food insecurity rates reaching 7.8 percent of those with disabilities, compared to 2.0 percent of those without.

Figure 5. Percentage of Canadians Aged 16+ with Food Insecurity, by Disability Status, 2021

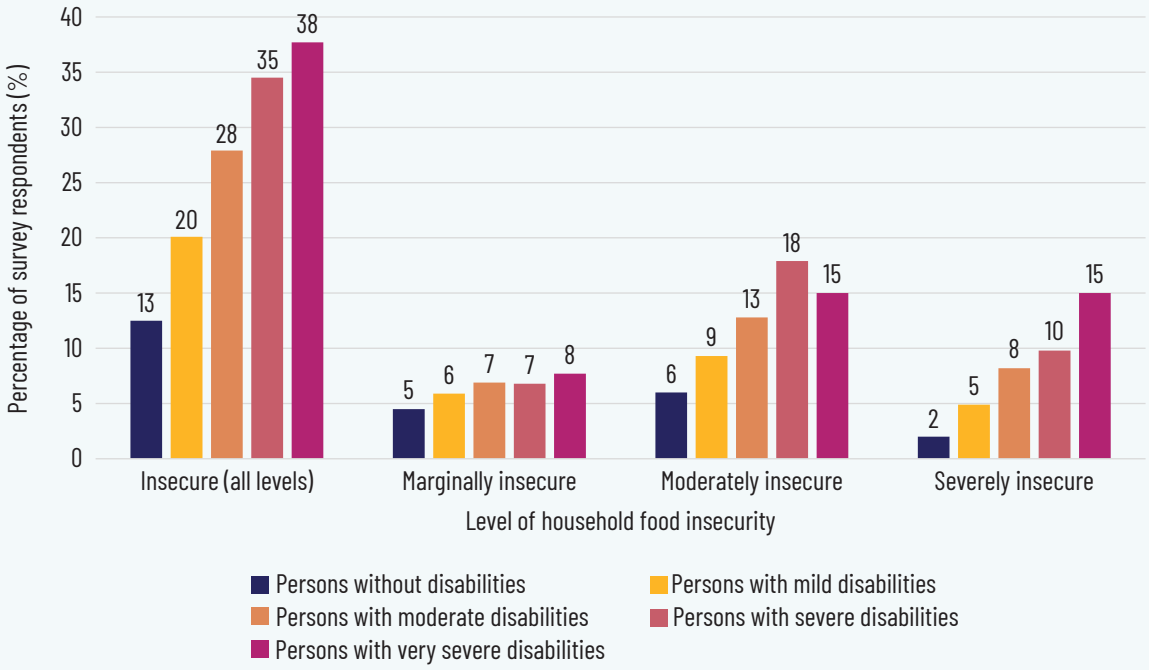


Note: Canadian Income Survey respondents only. Provinces only; excludes territories.
Source: S. Gupta et al., "Household Food Insecurity Among Persons with Disabilities in Canada: Findings from the 2021 Canadian Income Survey."

5 Gupta, et al., "Household Food Insecurity."

Disability severity compounds the degree of food insecurity. Figure 6 presents the intersection of disability severity and food insecurity. While 20 percent of Canadians with mild disabilities experience some level of food insecurity, the rate rises to 35 percent for those with severe disabilities and 38 percent for those with very severe disabilities. Of note, those with the most severe disabilities have the highest rate of severe food insecurity, at 15 percent.

Figure 6. Percentage of Canadians with Disabilities Aged 16+ with Food Insecurity, by Severity of Disability, 2021



Note: Canadian Income Survey respondents only. Provinces only; excludes territories.
Source: S. Gupta et al., "Household Food Insecurity Among Persons with Disabilities in Canada: Findings from the 2021 Canadian Income Survey."

The State of Financial Support

The above data paint a worrying picture of the financial and food insecurity of Canadians with disabilities. In general, these Canadians are less financially secure than those without disabilities. Most strikingly, but perhaps unsurprisingly, those with severe and very severe disabilities are the least financially secure and face the greatest food insecurity.

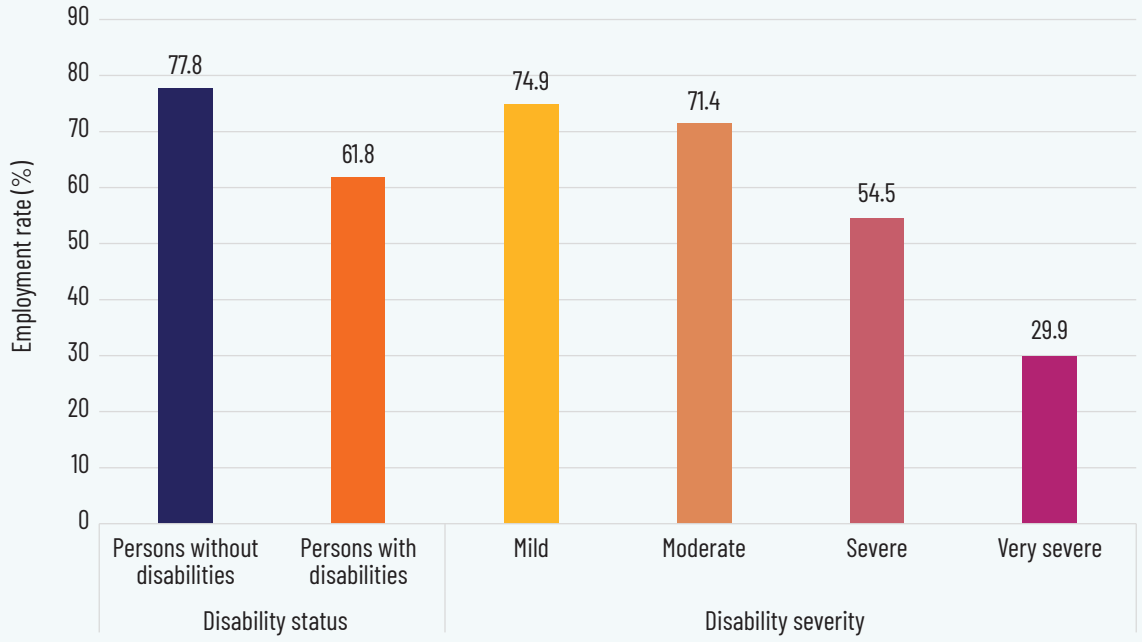
There are various possible reasons for this state of affairs, but this paper focuses on two ways in which people generally obtain financial security: employment and government assistance. This is not to negate other ways of supporting people with disabilities, including through family and charitable support.

As this paper addresses the Canada Disability Benefit and its interaction with the labour market, we turn to a brief consideration of the state of employment and government assistance.

Employment

As shown in figure 7, employment rates are lower for people with disabilities than for those without. In 2021, 61.8 percent of working-age persons with disabilities (aged 25–64) were employed, compared to 77.8 percent of those without disabilities in this age range. The data further reveal that the degree of disparity depends greatly on the severity of disability. Of those with mild disability, 74.9 percent were employed, which is nearly the rate of those without disabilities. The rate declines to 54.5 percent for severe disability and 29.9 percent for very severe.

Figure 7. Employment Rate of Canadians Aged 25-64, by Disability Status/Severity, 2021



Source: B.-P. Hébert et al., "A Demographic, Employment and Income Profile of Persons with Disabilities Aged 15 Years and Over in Canada, 2022."

There are certainly some types of severe disabilities that exclude the person from traditional paid employment. But Statistics Canada data suggest that many Canadians with disabilities could work but currently do not. According to 2022 data, 42 percent of Canadians with disabilities aged 25–64 were not working but had "work potential."[6] (This is a concept that Statistics Canada uses to assess whether a non-employed person with a disability could work under barrier-free conditions, such as a labour market free from discrimination and a workplace with full accessibility. As such, the concept is not a measure of people's willingness to work but of people's perceptions of how well the labour market accommodates their disabilities.)

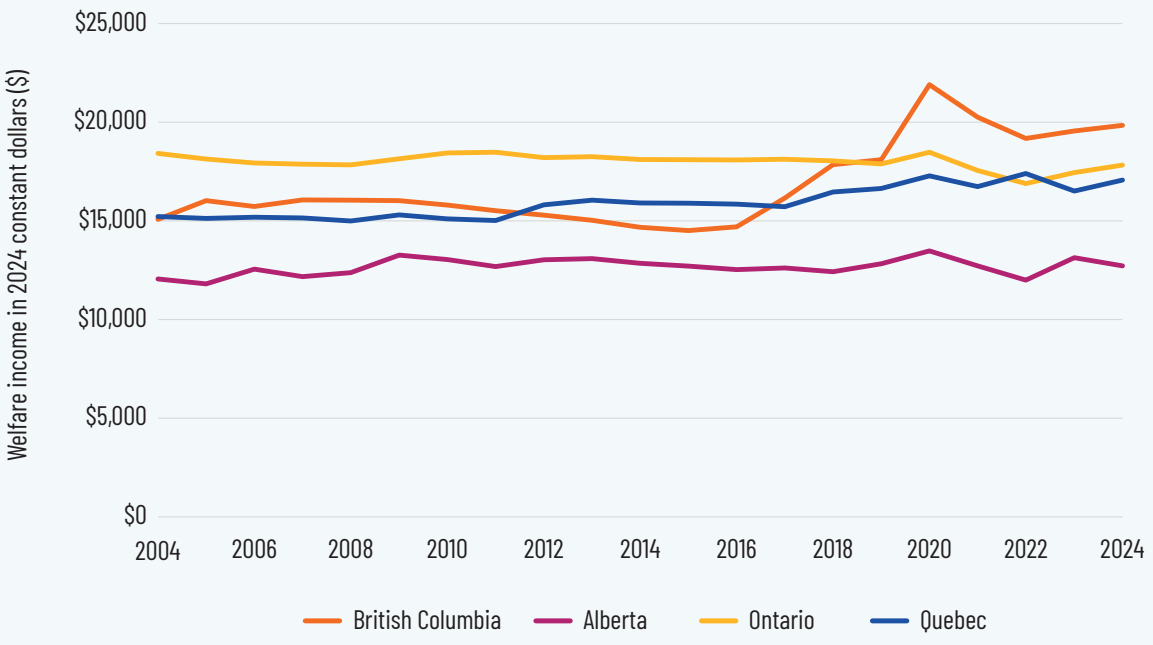
6 Hébert et al., "A Demographic, Employment and Income Profile."

Previous Cardus research has shown that most people with disabilities can work and want to work, yet face manifold barriers to employment.[7] The differential employment rates discussed above point to structural barriers that people with disabilities encounter in accessing and benefiting from employment, such as lack of workplace accommodations, vocational training, or the availability of work that can be done by people with severe disabilities, recruiters' assumptions about what the person can and cannot do, and disability support systems that actively discourage work.

Government Assistance

When employment fails to provide for people's basic needs, government plays an important role in supplying the necessary assistance. Figures 8 and 9 show the change in government support over the last twenty years, in constant 2023 dollars, for an unattached single with a disability in Canada's four largest provinces, based on data compiled by Maytree.[8] Real welfare incomes (measured in 2023 constant dollars) over time (including both federal and provincial supports) in Alberta and Ontario have stayed roughly flat. They have increased only modestly in Quebec. Only British Columbia saw a notable increase, with real welfare incomes moving from around $14,000 in 2016 to over $19,000 in 2023. Across the four provinces, welfare income support ranged from 44 to 67 percent of the official poverty line in 2023, with most seeing a decline over the last twenty years. Clearly, government assistance has not kept up with needs.

Figure 8. Welfare Income, Unattached Single with a Disability, 2004–24

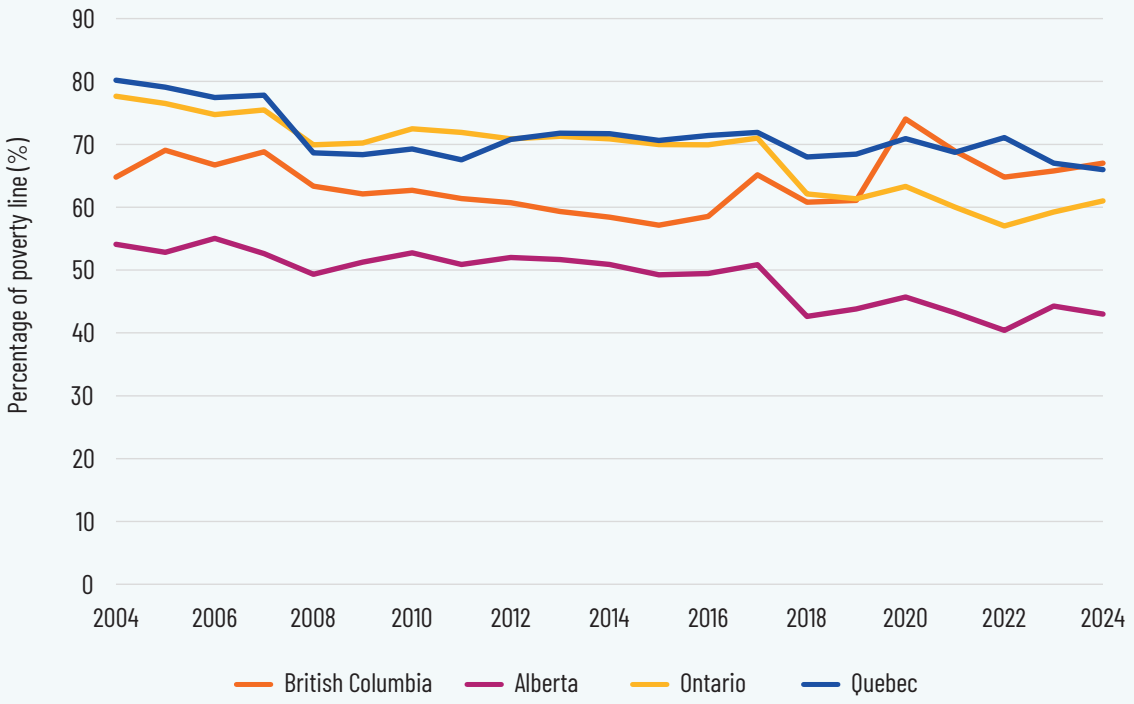


Source: "Welfare in Canada," Maytree.

7 Dijkema and Lewis, "Breaking Down Work Barriers."

8 Laidley and Tabbara, "Welfare in Canada, 2023."

Figure 9. Welfare Income as a Percentage of the Poverty Line, Unattached Single with a Disability, 2004–24



Note: Official poverty line based on Market Basket Measure.
Source: "Welfare in Canada," Maytree.

The Combination of Supports

This long-term trend illustrates that current welfare incomes are insufficient—and increasingly so—by themselves to ensure that people with disabilities are able to meet their basic needs. While some Canadians with disabilities do meet their needs through employment income or the combination of employment and government or family support, others cannot work and may not have support from family.[9] For those who can work, high clawback rates on government assistance can discourage engaging in the labour market.

The data show that many people with disabilities lack the financial security that is commensurate with their inherent human dignity. The statistics on food insecurity are a particular cause for reproach in this regard. The fact that a need as basic as nutrition declines so reliably with disability severity indicates a real problem with the level of support offered to people with disabilities. As was discussed above, disability rates are rising, yet employment rates and median

9 In 2023, welfare incomes in Ontario met about 60 percent of the income necessary to be at the official poverty line measured by the Market Basket Measure. An Ontarian with a disability will need to make up the difference by labour income or transfers from families or civil society organizations. This will be the case for many. As seen above, poverty rates for those with severe or very severe disabilities did not reach higher than 18 percent in 2020, based on Statistics Canada data, suggesting the vast majority received income from other sources.

incomes remain lower for those with disabilities than for those without. It is a clear indication that labour markets or government assistance programs, or both, are failing to meet the need.

It is against this backdrop that the federal government sought to augment social assistance through the Canada Disability Benefit. The case for the Benefit is strong, as evidenced especially by the data on food insecurity. Yet the details have left many concerned about its ability to make a sufficient difference in the lives of the people it purports to support. The next section outlines the principles by which we propose to analyze the Benefit.

Guiding Principles

Previous Cardus interventions on the Canada Disability Benefit have offered three guiding principles for policy development on this file.[10] These are:

1. Work is a fundamental human good to which all persons should have access.
2. Wherever possible, Canada's social-policy framework should be biased toward supporting work for those who are able.
3. Every person should receive an income that meets their basic needs, whether through private earnings, public income support, or some combination of the two.

Each of these principles rests on the more fundamental principle that all members of society have an inherent dignity and that everyone should be treated in a way that acknowledges and reflects that dignity. The dignity of each human person has implications of great importance to public policy, since it means that each person has worth in and of themselves, beyond the utility that they may bring to themselves or others.

Human dignity also entails that each person ought to be free to pursue beneficial ends, one of which is work. Understood in its broadest sense, work encompasses paid employment, unpaid work in a household, and volunteer activities. For many people, work provides an opportunity to pursue one's dreams, develop and nurture relationships, and find fulfillment in a purpose-driven endeavour. Although some work and workplaces fall short of this ideal, it remains true that, in general, the benefits of employment go far beyond a means to provide for oneself and one's family. By contributing their time and talents, workers make goods or provide services to others and thus contribute to the well-being of society as a whole. In addition, employment is associated with various psychological and social benefits for the worker. For example, the employed tend to be healthier and to have stronger family bonds, while unemployment is correlated with poorer health, a higher risk of suicide and self-harm, and isolation.[11]

Yet some government assistance programs have the consequence of discouraging recipients from participating in the labour force. Governments can help to break down these barriers to employment, such as the so-called "welfare wall," by providing an off-ramp from government

10 Dijkema, Nauta, and Sennyah, "Memo: Cardus Submission to Parliamentary Committee on Bill C-22."

11 Dijkema and Gunderson, "Work Is About More than Money."

assistance to employment earnings.[12] Government policies can also promote employment by encouraging employers to make it easier to accommodate people with disabilities in their workplaces. Such policies are examples of how the second principle outlined above—that the social policy framework should be tilted toward supporting employment for those who can work—can be implemented.

It is important to recognize that some people have disabilities that preclude them from employment (or full-time employment). For these Canadians, some form of income assistance is necessary. The amount of assistance needed will vary. For example, those who are able to work part-time will naturally require less government assistance than those who cannot work at all. Likewise, those without strong family support may have greater needs than those with backing from family members. In some cases, the types of jobs that the person is able to perform may be very low paid. Yet the third principle remains: that every person should have an income that meets their basic needs. This income need not, and for most people should not, come exclusively or even primarily from government. But for some, government assistance should be part of the solution.

It should also be recognized that the basic needs of one person will not necessarily be the same as the basic needs of another. Although measures such as the official poverty line attempt to quantify a living income, they fail to capture the situations of individual cases. Cost of living can vary substantially from one community to another. People with disabilities face added costs and pressures not borne by those without disabilities. Thus, the income that a person with visual impairment living in Toronto needs will differ from what a person living with diabetes in Calgary needs. Because of these challenges, we can add a fourth principle on which a disability benefit policy should be based:

4. Supports provided by society should be tailored as much as possible to the specific needs of those they support.

As discussed above, government assistance programs can have the consequence of discouraging participation in the labour market. This is particularly true of one-size-fits-all policies. It may be especially true of disability assistance policy, since there are many kinds of disabilities, which require different responses. Government-funded benefits seek to address the variety of types of disabilities through different means. For example, the federal government's Disability Tax Credit has various eligibility criteria depending on the type of disability in question. Many of the criteria consider the amount of time it takes a person with a disability to perform daily tasks (this effectively serves as a proxy for evaluating the severity of a disability).[13] Even this approach is imperfect, though, as it can fail to contend with the complexity of disabilities.

Although governments should attempt to make their policies reflect the diverse situations of those with disabilities, there is a limit to what they can do. A government simply cannot tailor

12 The "welfare wall" refers to the situation in which a person receiving social assistance faces strong disincentives to accept better-paying jobs because doing so would lead to the loss of cash and in-kind transfers currently being received from the government. See Torjman, "Dismantling the Welfare Wall."

13 Government of Canada, *Disability Tax Credit (DTC): Who Is Eligible*.

a benefit to the specific needs of each individual. Gaps will exist between each person's specific needs and a government benefit's ability to cover them.

But the supports provided by society need not come exclusively from government. Indeed, social entities that are closer to the target population are usually better situated to address the particular needs of individuals. This gives rise to a fifth principle:

5. Governments are not the only providers of support to people with disabilities, and they cannot replace the role of other institutions, such as business, civil society, family, and community organizations in this effort.

Caring for one another is the responsibility of every person in society. Government is one institution that has a role to play, but to focus entirely on government is to miss what other, non-government institutions can offer. Local charitable organizations can offer services tailored to individual needs. Businesses can create accessible workplaces and engage people with disabilities in genuinely meaningful work that makes use of their skills and abilities. For those fortunate to have them, families also provide support. Of course, these forms of non-government support depend on the health of civil society, which is why the balance between government provision of social assistance and civil-society provision can be a delicate one. But for most people most of the time, fulfillment in life comes through institutions such as the workplace, the family, and community organizations. Governments must be attentive to this reality, encourage these other institutions to flourish, and support them where appropriate.

The next section combines these five principles with the reality described in the previous section on the economic state of Canadians with disabilities, to assess the federal government's proposed response.

Evaluating the Canada Disability Benefit

The introduction of the Canada Disability Benefit made good on a Liberal campaign promise in the 2021 general election.[14] Budget 2024 provided the first details on the program's fiscal envelope and design.[15] More details came in June 2024.[16] Payments for the Benefit began in July 2025. Budget 2025 tweaked the program by adding a one-time supplemental benefit of $150 when someone is certified or re-certified for the Disability Tax Credit to become eligible for the Canada Disability Benefit.[17]

The overarching goal of the Benefit is to address the poverty that some Canadians with disabilities face by providing targeted, income-tested financial assistance to eligible persons. Specifically, the *Canada Disability Benefit Act* states that its purpose is "to reduce poverty and

14 Liberal Party of Canada, "Forward. For Everyone."

15 Government of Canada, *Budget 2024: Fairness For Every Generation*.

16 Government of Canada, *Canada Disability Benefit Regulations*.

17 Government of Canada, *Canada Strong Budget 2025*.

to support the financial security of working-age persons with disabilities."[18] As seen above, the financial insecurity of people with disabilities is especially acute in the 25–64 age range; the Benefit is an attempt to address this situation. This group is composed mostly, but not exclusively, of those with severe or very severe disabilities that present challenges in obtaining employment. As will be discussed below, however, the initial design of the program includes several drawbacks, leaving much room for improvement.

To be eligible for the Benefit, applicants must meet several criteria. First, they must be between the ages of 18 and 64. This criterion is appropriate, since the Benefit is seeking to address the economic situation of working-age people with disabilities. Possession of a valid Disability Tax Credit certificate is another criterion. This certificate, in turn, has its own eligibility criteria, which consider the severity of disability.[19] These criteria have been controversial, and in 2021 the federal government amended them.[20]

The Benefit is indexed to inflation. As of 2025, the full amount of the Benefit is $2,400 annually, or $200 monthly.[21] The full amount is provided to those eligible people with incomes less than a certain threshold that varies according to different family structures. Single people receive the full amount if their incomes are less than $23,000. Those who are members of a couple receive the full amount if the combined income of the couple is less than $32,500.

Once the income threshold is met, the clawback rate is 20 percent for singles and for couples in which only one person receives the Benefit. In other words, for each dollar of income above the threshold, twenty cents is deducted from the Benefit amount. The clawback rate is 10 percent when both people in a couple receive the Benefit.

As income rises above these thresholds, the Benefit is gradually reduced. Table 1 displays the income levels at which the Benefit phases out completely, and figures 10 and 11 show the decline in the Benefit for a given income level. The Benefit amount is phased out completely when a single person's income reaches $35,000 or when a coupled person's family income reaches $44,500. If both members of the couple have disabilities, then the couple's income at which the Benefit is completely phased out is $56,500. This gradual reduction encourages employment and income generation.

The program also has a working-income exemption that excludes a certain amount of such income from determining the income thresholds for the Benefit. Single people can earn up to $10,000 a year in employment income, thus increasing the effective income threshold from $23,000 to $33,000. For couples, the maximum excluded income is $14,000, increasing their effective threshold to $46,500.

18 *Canada Disability Benefit Act*, SC 2023, c 17 at s 3.

19 Government of Canada, *Disability Tax Credit (DTC): Who Is Eligible*.

20 Alini, "The CRA Makes It So Hard"; Department of Finance, Government of Canada, *Report on Federal Tax Expenditures*.

21 Government of Canada, *Canada Disability Benefit Regulations*.

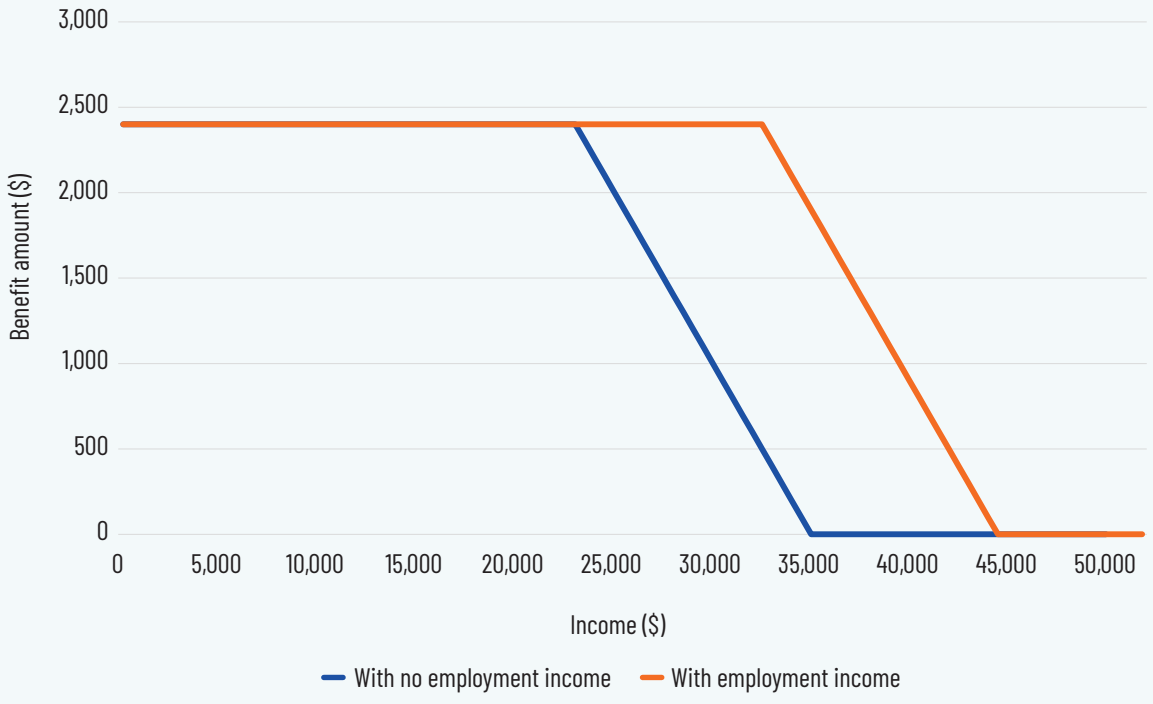
Starting in the 2024–25 fiscal year, the government has allocated $6.1 billion over six years to fund the program, with ongoing annual costs of approximately $1.4 billion. The Benefit is expected to reach about 465,000 Canadians in 2025–26, rising to 640,000 in 2034–35.[22]

Table 1. Phase-Out Threshold Incomes for the Canada Disability Benefit, 2025

Family composition	Single	Couple with one person eligible for the Benefit	Couple with both people eligible for the Benefit
Phase-out income without working-income exemption	$35,000	$44,500	$56,500
Phase-out with maximum working-income exemption included	$45,000	$58,500	$70,500

Source: Government of Canada, *Canada Disability Benefit Regulations.*

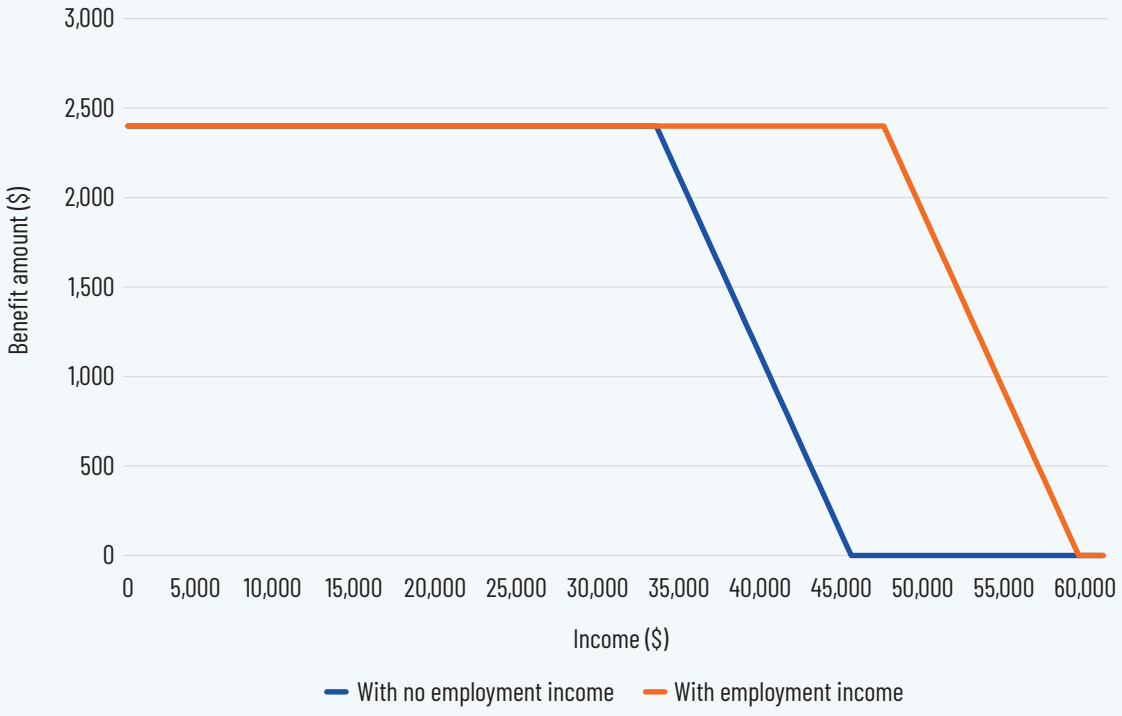
Figure 10. Canada Disability Benefit for a Single Individual Living Alone, 2025



Source: Authors' calculations based on Government of Canada, *Canada Disability Benefit Regulations.*

22 Government of Canada, *Canada Disability Benefit Regulations*.

Figure 11. Canada Disability Benefit for an Individual Living with a Partner, 2025



Source: Authors' calculations based on Government of Canada, *Canada Disability Benefit Regulations*.

The Program's Strengths and Weaknesses

One positive feature of the Benefit is that it is indexed to inflation, ensuring that its value will not erode over time. Another positive feature, which Cardus has previously endorsed, is its relatively generous clawback rate compared to those of provincial disability-support programs. For instance, the clawback rate for the Ontario Disability Support Program is 75 cents of each dollar of monthly earnings above $1,000.[23] The federal program's gradual reduction in support as income increases means that recipients can transition into employment or other sources of income without facing an abrupt loss of support. This structure can help avoid creating a "welfare wall." By recognizing the importance of work and ensuring that the Benefit is minimally discouraging of employment, this low clawback rate aligns well with the first and second principles outlined above.

Yet there are drawbacks to the Benefit's design. The most significant one is the dollar amount of the Benefit itself. The maximum annual Benefit of $2,400 ($200 per month) is too low to effectively address the financial insecurity of the target population, as shown in the data discussed above. A sizable portion of people with disabilities live far below the poverty line, and the direct expenses associated with their conditions may alone exceed this modest Benefit amount. The Parliamentary Budget Officer has estimated that the maximum amount needed to meet the

23 Government of Ontario, *Working and Earning on the Ontario Disability Support Program*.

largest provincial gap between existing supports and the official poverty line was $14,356 per year in 2024.[24] This is almost six times larger than what the Benefit offers. This does not mean that the Benefit is solely responsible for closing this gap and should thus be set at that amount. Indeed, some Canadians with disabilities will have their incomes supported by other programs, such as the Canada Child Benefit if they have children. But it does set out the fundamental problem: For those who do not receive other support and for whom employment is not a realistic option, the Benefit does not make a notable dent in the problem of poverty and thus does not move meaningfully toward fulfilling the third principle outlined above.

It is possible that the government decided to limit the Benefit's size primarily due to concerns about fiscal cost, but the cost of the entire Benefit is estimated to be less than $1.2 billion in 2026–27, the first full fiscal year of the Benefit, which represents just 0.2 percent of total projected expenditures by the federal government in that year.[25] Federal expenditures since 2015 have increased from $296.4 billion in 2015–16 to a projected $566.6 billion in 2026–27, an increase of over 91 percent.[26] In light of this enormous increase, it is difficult to understand why the federal government would balk at additional funds for this Benefit, which supports some of the most vulnerable members of society. Of all the things on which the federal government spends money, support for persons with disabilities, some of whom truly cannot supplement their income with wages from employment, should be high on the list of priorities.

Problems also result from using the Disability Tax Credit as an eligibility condition. While requiring a person to hold a Disability Tax Credit certificate is understandable from an administrative perspective, the application process for it is complex, expensive, and restrictive.[27] Applicants must provide detailed medical documentation and often pay fees for physicians' assessments. Although some verification policy is necessary, this can nevertheless have the unfortunate effect of creating hurdles that can deter eligible persons from applying. Additionally, the Disability Tax Credit criteria may exclude many people with disabilities who do not meet the stringent definitions required for certification but nonetheless face financial hardship because of their disability. That said, the government has included funding to help those who are eligible to apply for the Tax Credit, but it remains to be seen how successful this element of the program will be.

Finally, a significant concern is that provinces and territories may reduce their own disability support programs in response to the Benefit. Some provinces have a history of clawing back federal benefits, such as the Canadian Pension Plan Disability and the Canada Emergency Response Benefit, from social assistance recipients.[28] For instance, Alberta has already indicated that it will claw back benefits from the Assured Income for the Severely Handicapped program.[29]

24 Perrault and Vanderwees, "The Canada Disability Benefit."

25 Government of Canada, *Budget 2024: Fairness for Every Generation*.

26 Government of Canada, *Public Accounts of Canada 2016*.

27 Gill, Tabbara, and White, "Not Too Late"; Béland and Ragot, "Canada Disability Benefit."

28 Martin, "Some Ontarians Fear."

29 Bellefontaine, "Alberta to Claw Back Federal Disability Benefit."

Without agreements in place to prevent provincial clawbacks, the Benefit could leave recipients no better off.

In light of this analysis, the Canada Disability Benefit is in need of reform. Although a step in the right direction for government support, it is constrained by its modest dollar amounts, restrictive eligibility criteria tied to the Disability Tax Credit, and the risk of provincial clawbacks that may undermine its effectiveness. The cumulative result is that many Canadians with disabilities will remain financially insecure and unable to fully participate in the economic and social life of their communities—a reality fundamentally at odds with the principle of human dignity that should underpin public policy.

Pathways Forward

Cardus has previously offered guidance to the Department of Employment and Social Development on the proposed regulations for the Benefit. In that guidance, we endorsed the working-income exemption and the low phase-out rates that the government proposed, but we also raised concerns about the Benefit amount.[30] But the solution does not necessarily lie entirely with the government. As we discussed above, no government benefit can realistically eliminate financial uncertainty on its own. The federal government has assumed the responsibility of introducing the Canada Disability Benefit, but there is a role for provincial governments as well, and also a role for businesses and civil society institutions. We outline below three ways of reforming or supplementing the Benefit that illustrate the roles that these spheres can play. These are: (1) reform the Benefit to offer more substantial and accessible support, (2) transfer funds to the provinces to enhance and harmonize provincial disability programs, and (3) strengthen the capacity of non-government institutions to support Canadians with disabilities. The first two options represent alternate ways of handling the Benefit, but neither is exclusive of the third.

Option 1: Reform the Benefit

Under this option, the Benefit remains a federal program but is reformed.

As discussed in our guiding principles, above, governments have an important role to play in ensuring that all members of society have the opportunity to live a life consistent with their human dignity. In the context of people with disabilities, especially those with the most severe disabilities, this role entails helping them monetarily to meet their basic needs.

At the very least, the government should consider increasing the Benefit amount, which is currently set at $200 a month. Consider a scenario in which the government doubles the ongoing annual envelope allocated to the Benefit, from $1.6 billion to $3.2 billion.[31] This would

30 Nauta and Sennyah, "Consultation on Proposed Regulations."

31 In fact, doubling the size would result in a somewhat larger budgetary requirement, as a larger Benefit amount would result in a longer tail of phase-out as incomes rise. A larger number of people would thus become eligible for a portion of the Benefit. The purpose of the scenario is not to do a detailed costing but to illustrate the federal government's capacity to enlarge the Benefit.

represent a 0.3 percent increase in federal program spending, based on 2024–25 spending projections.[32] Or, if we compare this increased government support for Canadians with disabilities to other government spending priorities, it would be about one-tenth of the federal subsidies for electric vehicles, which to date has totaled $31.4 billion.[33]

The program's costs should also be considered in terms of the fiscal advantages that can accrue from helping Canadians with disabilities to meet their needs. Statistics Canada estimates that 56 percent of Canadians with disabilities have unmet needs related to aids, devices, medication, or healthcare services. For three-quarters of these, the needs go unmet due to unaffordability.[34] The purchase of these goods and services benefits the economy. And when medical needs go unmet, health conditions may deteriorate, creating higher costs for the healthcare system down the road.

As for the Benefit's eligibility criteria, a detailed recommendation for reform would involve examining the Disability Tax Credit's eligibility criteria, which is beyond the scope of this paper. Nevertheless, the government should monitor the uptake rates of the Benefit and may need to reconsider how it can address concerns about using the Disability Tax Credit as a baseline for eligibility of the Benefit.

Option 2: Transfer Funds to Provinces

It is not self-evident that the federal government must be the one to deliver the support. The majority of income support for people with disabilities is already delivered through the provinces. Given this reality, it may be that federal funds could be more effectively deployed by bolstering these existing programs.

Indeed, provincial programs currently provide essential services to individuals, including social assistance, housing, and healthcare, but they are consistently underfunded and the structure of the programs can be problematic. As discussed above, the median income of single people with a disability in Alberta, British Columbia, Ontario, and Quebec is between 44 and 67 percent of the poverty line. Transferring federal funding to the provinces with conditional mandates for program reform would help to close this gap, allowing for substantial increases in benefit amounts. It would also eliminate any need to harmonize the federal Benefit with provincial income assistance benefits. This could make it easier to tailor benefits more closely to individual needs, in line with the fourth principle above.

Transferring funds would also reduce administrative inefficiencies. The Benefit's reliance on the Disability Tax Credit creates serious hurdles, as the Tax Credit's application process is restrictive and costly. Provinces already have processes for determining eligibility for disability assistance programs. Eligibility for the Benefit could be rolled into those processes, even if provinces choose broader criteria for this new Benefit.

32 Government of Canada, *Budget 2024*.

33 Office of the Parliamentary Budget Officer, *Tallying Government Support*.

34 Hébert et al., "A Demographic, Employment and Income Profile."

Furthermore, federal funds could be used to incentivize provincial income support reforms that address the existing problems with high clawback rates, leading to high marginal effective tax rates in some provinces. Conditional transfers could incentivize provinces to lower the marginal effective tax rates, allowing Canadians with disabilities to retain more income and encouraging workforce participation.

Option 3: Support Non-Governmental Institutions

In this option, we focus on the roles of businesses and charities alongside the role of government.

One useful lens through which to consider society's moral obligation to care for its most vulnerable members is Pope Francis's encyclical (letter) titled *Fratelli Tutti* (All Brothers).[35] This encyclical draws profound insights from the biblical story of the Good Samaritan. In this parable, a traveling Samaritan stops to help a man who had been robbed and beaten and left on the roadside, while others pass by without offering assistance. Pope Francis uses this story as a call to action, emphasizing that a humane and just society does not ignore those in need but instead takes steps to assist them with compassion and dignity. But he also highlights an often-overlooked aspect of the parable, namely, the role of social institutions, including charitable organizations and even for-profit corporations, in embodying this ethos. He notes, for example, that the Good Samaritan brought the man to a hostel—a commercial enterprise, relying on profitability to sustain itself—which provided a service that he himself could not provide. The story thus demonstrates the cooperation of the Samaritan and the business owner in meeting the man's needs. The late pope paints a picture of a social fabric that is rich in its diverse parts, reflecting our fifth principle offered above.

The encyclical urges individuals, communities, and governments to recognize the intrinsic value of every person, especially the marginalized. Pope Francis emphasizes that genuine solidarity requires moving beyond passive acknowledgement that poverty and hardship exist, to active engagement in addressing them. Charitable organizations that support Canadians with disabilities align closely with this vision, as they can provide tailored, person-centred assistance that reflects the dignity of those they serve and involves them in decision-making. Numerous charitable organizations in Canada today provide critical services such as accessible housing, employment training, and assistive devices, as well as practical support in navigating complex government systems, such as applying for the Disability Tax Credit certificate. These organizations also help employers create accessible and inclusive workplaces. Indeed, charitable organizations play a crucial role in providing resources, training, and funding to help businesses employ people with disabilities.[36] Without these contributions, many Canadians with disabilities would face further barriers to meaningful employment.

Regardless of whether the government moves forward with option 1 or 2, it should deepen its recognition of the important role of charitable organizations in supporting Canadians with disabilities. Previous Cardus research highlights the importance of strengthening the charitable

35 Francis, *Fratelli Tutti.*

36 See for example the Ready, Willing, and Able program at https://readywillingable.ca/ or the Canadian Council on Rehabilitation and Work at https://ccrw.org/.

sector through government-backed measures such as expanding charitable tax credits or charitable matching programs.[37] Such initiatives incentivize private giving, enabling charities to broaden their services and reach more people in need. It should be emphasized that charities are often better positioned than governments to deliver person-centred care, ensuring that assistance reflects the dignity and supports the aspirations of recipients. Enhancing their capacity through policies that incentivize giving to Canadian charities could significantly improve the quality of life for Canadians with disabilities, and it is a measure that governments should strongly consider.

Conclusion

This paper has examined the Canada Disability Benefit through the lens of five guiding principles and the data concerning employment and government support of Canadians with disabilities. The paper explored the Benefit's potential to address the critical needs of Canadians with disabilities in the areas of income security, workforce participation, and connection to civil society. While the Benefit represents a step forward, concerning gaps remain. The challenges of insufficient Benefit amounts, barriers tied to the Disability Tax Credit, and the risk of provincial clawbacks, among others, underscore the need for reform.

To better support Canadians with disabilities, there are three reform pathways:

1. Reform the Benefit: Increase Benefit amounts to make the program more inclusive and effective, monitor the take-up rates, and be prepared to review the eligibility criteria.
2. Transfer funds to provinces: Leverage provincial infrastructure to deliver targeted support with federal funding, conditioned on reforms to address existing inadequacies, such as high marginal effective tax rates and underfunded programs.
3. Support civil society: Expand incentives for Canadians to support charities that provide tailored, person-centred assistance, by fostering community connections, filling gaps in government programs, and providing support to the businesses that employ people with disabilities.

These options are exemplary of the roles of the different spheres of society, focusing as they do on the roles of the federal government, provincial governments, and businesses and charities. They also offer actionable steps to improve Canada's disability support framework. As policymakers move forward, they should be attuned to how society's institutions work together, and should prioritize policy reforms that, along with civil society, will assist Canadians with disabilities to live fulfilling lives rich with security, opportunity, and belonging.

37 Cardus, "The Impact of COVID-19 on the Federal Tax Credit for Charitable Donations."

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