

2017 FEDERAL BUDGET PROPOSAL

We recommend that the federal government invest \$2M annually over 5 years to develop and execute targeted community outreach and support strategies that will enable Canadians with low incomes to access at least \$100M in benefits they are currently eligible for, but not receiving.

We estimate that well over \$1 billion annually in federal benefits is not being accessed by Canadians who need this income the most. By mobilizing key stakeholders from all sectors to identify and remove barriers to accessing benefits, we can make significant progress on this issue and move towards a more inclusive economy.

This initiative would target low-income and vulnerable Canadians that the government is challenged to effectively connect to benefits through existing channels:

- People with multiple barriers living on low incomes
- Indigenous peoples (in particular First Nations)
- Newcomers
- People living with disabilities.

Prosper Canada would achieve this target by working with and supporting strategic partners to:

1. **Identify barriers to tax filing and benefit take-up for specific groups** through research and convening key experts, organizations and service systems with expertise and reach into affected populations.
2. **Identify and prioritize potential solutions in consultation with key stakeholders**, including expanding existing outreach and supports by mobilizing new partners, developing and testing innovative new approaches to fill information and service gaps, and working with large service systems to embed solutions that work in existing services and build delivery capacity.
3. **Engage and mobilize new private sector partners, resources and volunteers**, in particular from the financial services sector, to expand existing services and help scale innovative new ones.
4. **Develop and pilot 4+ innovative tax filing and benefit assistance supports to address identified barriers and gaps for target groups.** These would be used to expand or complement the current scope and reach of Canada revenue Agency's (CRA) Community Volunteer Income Tax Programs (CVITP).
5. **Work with large service delivery organizations to build benefit screening, assistance, and tax filing solutions into their services for target population groups and develop their delivery capacity.** These would include provincial, municipal and non-profit service providers, as well as interested financial services providers and technology platforms (e.g. TurboTax).
6. **Annually monitor, evaluate and report on outcomes** with respect to resources mobilized, number of Canadians who successfully access new benefits, and the amount (\$) of new benefits accessed.

THE PROBLEM WE ARE TRYING TO SOLVE

The current federal government was elected on the promise to build a more inclusive economy that would support Canada's middle class and those working to join it.

Canada's tax and transfer system is our primary means of redistributing income to offset market income inequality and build a more inclusive economy. Tax filing is the primary gateway to most income benefits or the means by which eligibility is established. In Ontario alone, tax filing is required to access and/or establish eligibility for 41 federal and provincial benefits. Tax credits can make up over 40 per cent of a household on social assistance's annual income if they have children.

Tax filing and benefits are critical to helping families achieve and maintain financial stability. As rates of precarious employment and income volatility continue to rise, so too do the financial stress and instability of families. This makes it all the more urgent that we ensure Canadians are able to access all of the financial resources our safety net offers.

Tax filing and benefits can also be important steps on the ladder to economic self-sufficiency – e.g. incentivizing low-income individuals to participate in the labour market (WITB), creating opportunities to set aside tax refunds for emergency savings, establishing eligibility for the Canada Learning Bond to help break the cycle of poverty for the next generation.

Many vulnerable Canadians struggle, however, to access income benefits they are entitled to due to personal, institutional and systemic barriers. For more information, see [Accessing Income-Boosting Benefits Through Tax Filing](#).

Canada Revenue Agency investments in improved communications, expanded regional outreach, and pre-filing of some taxpayer forms will help boost access to benefits for many Canadians, but not the most vulnerable due to inherent limitations in these approaches:

- To reach and change behaviour in vulnerable populations, communications efforts need to be highly tailored, delivered through trusted channels, and accompanied by other supports
- Organizations that can reach and assist the most excluded groups and mobilize private sector partners are needed to complement CRA outreach efforts
- Pre-filing forms can help filers with a stable tax profile (e.g. seniors on fixed income), but many people with low incomes do not fit this profile and others still require help accessing other benefits
- CVITP helps 600,000+ Canadians with low incomes to tax file annually, but is not available to everyone who needs assistance (e.g. the self-employed, people with mobility barriers, living in remote communities, with complex tax situations) and is not a workable tax clinic model in every community (e.g. First Nations lacking local non-profits and eligible volunteers).

This is a classic “last mile” problem where mainstream services and approaches that serve most populations well, break down as they try to reach hard-to-serve customers at the margins. This problem is generally solved by linking into and leveraging other networks that already reach these customers to overcome barriers.

HOW PROSPER CANADA AND ITS PARTNERS CAN HELP

Prosper Canada has the necessary partners, networks and expertise to mobilize coordinated strategies, new resources, and innovative new approaches to overcome key barriers for each target group.

Through strategic partnerships, we can mobilize national organizations with expertise and reach into target vulnerable populations to:

- Help identify barriers to tax filing and benefit take-up
- Develop, pilot and scale-up innovative solutions
- Mobilize resources to expand CVITP or complement with other approaches
- Integrate solutions into existing service systems
- Develop tailored tools and training for service providers and for Canadians directly.

We can also engage existing and new private sector partners to mobilize new resources, expertise and volunteers to help achieve our goal.

HOW FUNDS WILL BE USED

Funds would flow through Prosper Canada as the lead intermediary organization, but 70-80 per cent would be allocated to partner organizations and contractors to support their role in:

- Researching barriers and potential solutions
- Developing and piloting new interventions to increase tax filing and benefit take-up
- Developing new tools and training
- Providing outreach and support to reach specific target groups.

Appropriate competitive processes for flowing funds would be agreed on with the government. Annual work plans, budgets and accountability targets would be developed with partners for annual approval by the government.

CONCLUSION

Canada has many proven service models, access to innovative new approaches, and engaged actors from all sectors who want to help close the current tax-filing and benefit take-up gaps. With focused investment, coordination, and support we believe resources, people and partnerships can be multiplied and mobilized to connect thousands more Canadians to their benefits with measurable results.

Prosper Canada has the partners, expertise and credibility necessary to effectively facilitate an appropriately resourced effort and to leverage significant additional resources from private sector partners. We have exceeded the \$5.3M matching requirement for our ESDC funding and have identified interested corporate partners for this initiative.

HOW YOU CAN SUPPORT THIS PROPOSAL

We would welcome your support for this proposal. You can do this by writing directly to Minister Bill Morneau (bill.morneau@canada.ca), copying in Elliot Hughes, (elliott.hughes@canada.ca) to support the recommendation. Please also let us know if you do submit a letter by copying in info@prospercanada.org.