

This policy brief has been prepared for  
The Honorable Bill Morneau, Minister of Finance  
The Honorable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food  
The Honorable Patty Hajdu, Minister of Health

## **Income-based Policy Approaches for Addressing Household Food Insecurity in Canada**

### **BACKGROUND**

Household food insecurity (HFI), the inadequate or insecure access to food due to financial constraints,<sup>1</sup> is a significant public health and social issue in Canada. One in eight Canadian households experience HFI,<sup>1</sup> which includes worrying about running out of food, the inability to afford balanced diets, and in extreme cases, going hungry or missing meals due to lack of food and money.<sup>1</sup>

Given the Ministries' mandates to "promote healthy eating," "help communities access healthy food," and "invest in things that give people a better quality of life,"<sup>2-4</sup> and the abundance of evidence linking HFI to adverse health outcomes and high healthcare costs, federal action to address HFI is requisite. This brief includes:

1. A review of what is known about HFI in Canada;
2. Consideration of three policy options for addressing HFI; and
3. Recommendations for implementing a federal basic income guarantee.

### **THE STATE OF HFI IN CANADA**

**Prevalence:** In 2017-2018, 12.7% of households or 4.4 million Canadians, including 1.2 million children, lived in food insecure households - a number greater than any national estimate since Statistics Canada began monitoring HFI in 2005.<sup>1</sup> HFI rates vary between provinces and territories, with Nunavut having the highest prevalence (57%) and Quebec the lowest (11%).<sup>1</sup> Population subgroups most vulnerable to HFI include households with children, lone-parent households, Indigenous peoples, and renters.<sup>1</sup>

**Impact on health and healthcare systems:** Food insecurity is a strong predictor of poorer health among adults and children, independent of other social determinants of health such as income and education.<sup>5,6</sup> Food insecure adults are more vulnerable to chronic conditions<sup>7</sup> and adverse mental health outcomes which can result in loss of productivity and high healthcare costs. Children living in food insecure households are at higher risk of mental health problems, such as hyperactivity and inattention, and conditions such as asthma, depression, and suicidal ideation in adolescence and early adulthood.<sup>9-11</sup> The relationship between HFI and health is graded, with more severe food insecurity associated with greater likelihood of negative health outcomes.<sup>8,12</sup> In one Ontario study, total annual healthcare costs were 23%, 49%, and 121% higher for adults living in marginally, moderately, and severely food insecure households than for food secure households.<sup>13</sup>

**HFI and income:** Household income and source of income are strong predictors of HFI. The most vulnerable have low incomes and limited assets,<sup>1</sup> and the probability of being food insecure rises in a curvilinear fashion as household income falls.<sup>1,14</sup> The majority of food insecure households rely on wages or salaries; however, HFI disproportionately impacts households reliant on social assistance and Employment Insurance/Workers' Compensation.<sup>1</sup>

**Current policy action:** Currently, there are no federal, provincial, or territorial policy frameworks designed to address food insecurity.<sup>15</sup> Federal action on HFI is an increasingly urgent need as one prominent scholar recently predicted that HFI prevalence and severity will increase in the economic fallout of the COVID-19 pandemic.<sup>16</sup>

Evidence indicates that policies which improve incomes of vulnerable households would have large effects on their probability of food insecurity<sup>17</sup> and thereby reduce the negative health outcomes and healthcare costs associated with HFI. Three income-based federal policy approaches for addressing HFI are considered below.

## **POLICY OPTIONS**

**1. Increase the federal minimum wage to a living wage,** an hourly rate of pay based on actual costs of living and indexed to inflation at which households can meet their basic needs<sup>18</sup>

### *Advantages*

- **Increase purchasing power:** Modeling shows that slight increases in purchasing power would reduce burdens on families who make trade-offs between food expenditures and other necessities.<sup>19</sup>
- **Benefits some vulnerable groups:** A minimum wage increase would have greater positive impact on minorities, less educated individuals who rely on low-wage jobs, and single parent households.<sup>19</sup>

### *Disadvantages*

- **Excludes other vulnerable groups:** Those reliant on social assistance and Employment Insurance/Workers' Compensation are most vulnerable to HFI,<sup>1</sup> but would not benefit from this policy. This approach would have no impact on those who experience job loss, including the more than 1 million Canadians who have lost employment due to COVID-19 in the past month.<sup>20</sup> Minimum wage increases may not reduce vulnerability of workers dependent on short-term, part-time, or temporary employment and do little to improve income security for multi-person households that depend on a single earner's wages.<sup>17</sup>
- **May increase inequality:** The policy may lift those experiencing intermittent, marginal HFI out of income insecurity but leave behind those experiencing more severe, persistent HFI and thereby increase inequality.
- **Impact on employers:** Small and midsize businesses may be disproportionately hurt by costs associated with the policy, and some positions may be eliminated or reduced to part-time or temporary work. While evidence shows no significant negative effects of minimum wage increases on employment or hours,<sup>21</sup> the business sector can be expected to oppose this policy.

**2. Implement a federal food assistance program** similar to the United States' Supplemental Nutrition Assistance Program (SNAP),<sup>22</sup> which provides qualifying participants with money in the form of an electronic benefit card to redeem at approved food stores

### *Advantages*

- **Increases incomes available for food:** The limited scope of a SNAP-like program ensures spending on food, rather than non-essentials (e.g., alcohol, luxury items).
- **Proven impact on HFI:** Evidence from the U.S. has shown that participation in SNAP is associated with significant decreases in HFI prevalence and severity.<sup>23</sup> Modeling the effect of implementing a similar benefit in Canada shows that it would significantly reduce HFI.<sup>24</sup>

### *Disadvantages*

- **Cost:** Mounting and administering a new publicly funded program will be costly.
- **Limited effect:** Although SNAP participation is associated with declines in HFI, food insecurity rates among recipients remain high,<sup>23</sup> suggesting that it may not sufficiently prevent food insecurity.<sup>25</sup>
- **Barriers to access:** Means-testing, or the requirement to show proof of need in order to qualify for benefits, creates barriers to participation such as application processes which require proof of income.
- **Stigma:** Scholars have argued that food assistance programs are inherently paternalistic, reduce participants' autonomy, and generate stigma, which itself has adverse health effects.<sup>26</sup> There is no evidence that HFI is caused by households' failure to allocate sufficient income to food,<sup>27</sup> or that food-based programs more effectively reduce HFI than cash-based programs.<sup>28</sup> A SNAP-like program would perpetuate the misconception that lack of food, rather than lack of income, causes HFI.

## **3. Implement a federal basic income guarantee (BIG), a form of social assistance that creates an income floor beneath which no one can fall<sup>29</sup>**

### *Advantages*

- **Efficiency and broad impact:** A BIG could eliminate the need for some current social assistance programs and require relatively fewer resources to administer. It may, in fact, pay for itself when accounting for reduced administrative costs, increased economic activity, and savings related to improving population health and reducing poverty.<sup>29</sup>
- **Inclusivity and universality:** Because HFI affects a diversity of households,<sup>1</sup> having income adequacy be the sole criterion optimizes potential to reach the most vulnerable,<sup>17</sup> and ensures that everyone can meet basic needs and live with dignity regardless of their work status.<sup>29</sup> Recipients would make their own decisions to buy what they need and likely experience less stigma with cash-based, rather than food-based, assistance.

### *Disadvantages*

- **Cost (or perceived cost):** Implementation costs will be substantial, though dependent on design details.<sup>30</sup> BIG may pay for itself by eliminating administrative inefficiencies and reducing indirect costs of poverty such as lost productivity and healthcare costs;<sup>29</sup> however, it will likely be perceived as a very costly program.
- **May be perceived as disincentivizing work:** A common argument against providing a guaranteed minimum income regardless of employment status is that people may become less inclined to seek or maintain employment. Evidence from Canadian pilots show BIG had only modest impacts on workforce participation, with the exception of those engaged in care work, such as women with young children and students pursuing education.<sup>31</sup> However, the public will likely perceive BIG as disincentivizing work.
- **Public perception:** BIG may also be perceived as a “handout” and political polarization may pose challenges to implementation.

- **Limited implementation evidence:** While research has shown positive impacts of cash-based income support on food security for Canadian seniors and families with children,<sup>32-34</sup> examples of wide-scale BIG implementation in Canadian/North American contexts are limited. Manitoba and Ontario pilots demonstrated decreases in healthcare resource utilization and health improvement;<sup>30</sup> however, BIG's impacts on HFI have not been measured. Evidence-based best practices to inform implementation are limited.

## **RECOMMENDED ACTION**

A basic income guarantee would effectively and efficiently address the root causes of food insecurity by supporting vulnerable individuals and households in a dignified and non-stigmatizing way. Thus, the Government of Canada should implement a federal BIG to address HFI and thereby improve health outcomes and reduce healthcare costs.

## **CONSIDERATIONS FOR IMPLEMENTATION**

Two basic models exist for implementing BIG: (1) **universal basic income** or demogrant model, which provides regular payments to all citizens or residents and (2) **negative income tax**, which provides benefits proportionate to income up to a break-even point.<sup>35</sup> Experts, the public, and provincial governments should be consulted to develop a design, or combination thereof, that guarantees a minimum income greater than the federal poverty line. Messaging related to implementation should focus not only on the intent to address food insecurity, but to improve social protection for all Canadians. Monitoring and evaluation of impacts on HFI and other issues related to health, poverty, and the economy should be prioritized.

## **CONCLUSION**

In a prosperous nation like Canada, no child or adult should face inadequate or insecure access to food due to financial constraints. The federal government has both practical and moral responsibility to address food insecurity by addressing its root cause: inadequate and insecure incomes. At this unprecedented time in which so many are impacted by economic insecurity and hardship, the need for a federal basic income guarantee is greater than ever. Ensuring an income floor below which no one can fall would reduce food insecurity while also improving quality of life, health, and the social safety net for Canadian individuals, families, and communities.

## REFERENCES

1. Tarasuk, V. & Mitchell, A. (2020) Household food insecurity in Canada, 2017-18. Toronto: Research to identify policy options to reduce food insecurity (PROOF).
2. Office of the Prime Minister, Government of Canada. (2019). *Minister of Health Mandate Letter*. Retrieved from <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-health-mandate-letter>
3. Office of the Prime Minister, Government of Canada. (2019). *Minister of Agriculture and Agri-Food Mandate Letter*. Retrieved from <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-agriculture-and-agri-food-mandate-letter>
4. Office of the Prime Minister, Government of Canada. (2019). *Minister of Finance Mandate Letter*. Retrieved from <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-finance-mandate-letter>
5. Gundersen, C., & Ziliak, J. P. (2015). Food Insecurity And Health Outcomes. *Health Affairs*, 34(11), 1830–1839. <https://doi.org/10.1377/hlthaff.2015.0645>
6. Kirkpatrick, S. I., McIntyre, L., & Potestio, M. L. (2010). Child Hunger and Long-term Adverse Consequences for Health. *Archives of Pediatrics & Adolescent Medicine*, 164(8), 754–762. <https://doi.org/10.1001/archpediatrics.2010.117>
7. Vozoris, N. T., & Tarasuk, V. (2003). Household Food Insufficiency Is Associated with Poorer Health. *The Journal of Nutrition*, 133(1), 120–126. <https://doi.org/10.1093/jn/133.1.120>
8. Jessiman-Perreault, G., & McIntyre, L. (2017). The household food insecurity gradient and potential reductions in adverse population mental health outcomes in Canadian adults. *SSM - Population Health*, 3, 464–472. <https://doi.org/10.1016/j.ssmph.2017.05.013>
9. Melchior, M., Chastang, J., Falissard, B., Galera, C., Tremblay, R., Cote, S., et al. (2012) Food insecurity and children’s mental health: a prospective birth cohort study. *PLoS One*. 7(12):e52615.
10. McIntyre, L., Williams, J., Lavorato, D., & Patten, S. (2012) Depression and suicide ideation in late adolescence and early adulthood are an outcome of child hunger. *J Affect Disord*. 150(1):123-9. 7
11. McIntyre, L., Wu, X., Kwok, C., Patten, S. (2017) The pervasive effect of youth self-report of hunger on depression over 6 years of follow up. *Soc Psychiatry Epidemiol*. 52:537-47
12. Tarasuk, V., Mitchell, A., McLaren, L., & McIntyre, L. (2013). Chronic Physical and Mental Health Conditions among Adults May Increase Vulnerability to Household Food Insecurity. *The Journal of Nutrition*, 143(11), 1785–1793. <https://doi.org/10.3945/jn.113.178483>
13. Tarasuk, V., Cheng, J., de Oliveira, C., Dachner, N., Gundersen, C., & Kurdyak, P. (2015). Association between household food insecurity and annual health care costs. *CMAJ: Canadian Medical Association Journal = Journal de l'Association Medicale Canadienne*, 187(14), E429–E436. <https://doi.org/10.1503/cmaj.150234>
14. Tarasuk, V., Fafard St-Germain, A.-A., & Mitchell, A. (2019). Geographic and socio-demographic predictors of household food insecurity in Canada, 2011-12. *BMC Public Health*, 19(1), 12. <https://doi.org/10.1186/s12889-018-6344-2>
15. PROOF. (n.d). Public Policy and Public Policy Programs to Address Food Insecurity. Retrieved from <https://proof.utoronto.ca/resources/research-publications/public-policy-and-public-programs-to-address-food-insecurity/>

16. Food Secure Canada (2020). Food Insecurity in Canada – Latest Data from PROOF [Webinar]. Retrieved from <https://www.youtube.com/watch?v=5i4Mr0TVK5s&feature=youtu.be>
17. Tarasuk, V. (2017). Implications of a Basic-Income Guarantee for Household Food Insecurity. *Northern Policy Institute, Research Paper No. 24*.
18. Living Wage Canada. (2013). What is a Living Wage?. Retrieved from <http://livingwagecanada.ca/index.php/about-living-wage/what/>
19. Rodgers, W.M.. (2016). The Impact of a \$15 Minimum Wage on Hunger in America. *The Century Foundation*. Retrieved from <https://tcf.org/content/report/the-impact-of-a-15-minimum-wage-on-hunger-in-america/?agreed=1>
20. Evans, P. (2020). Canada lost more than 1 million jobs last month as COVID-19 struck. *CBC News*. Retrieved from <https://www.cbc.ca/news/business/canada-jobs-march-covid-19-1.5527359>
21. Reich, M., Jacobs, K., Bernhardt, A. (2014) Local Minimum Wage Laws: Impacts on Workers, Families and Businesses. *IRLE Working Paper No. 104-14*. Retrieved from <https://escholarship.org/uc/item/9pf1225f> Publication Date 2014-03-01
22. Food and Nutrition Service, U.S. Department of Agriculture. (n.d.). Supplemental Nutrition Assistance Program. Retrieved from <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program>
23. Mabli, J. & Ohls, J. (2015) Supplemental nutrition assistance program participation is associated with an increase in household food security in a national evaluation. *J Nutr* 145, 344–351.
24. Gundersen, C., Kreider, B., Pepper, J., & Tarasuk, V. (2017). Food assistance programs and food insecurity: Implications for Canada in light of the mixing problem. *Empirical Economics*, 52(3), 1065–1087. <https://doi.org/10.1007/s00181-016-1191-4>
25. Loopstra, R. (2018). Interventions to address household food insecurity in high-income countries. *Proceedings of the Nutrition Society*, 77(3), 270–281. <https://doi.org/10.1017/S002966511800006X>
26. Power, E. M., Little, M. H., & Collins, P. A. (2015). Should Canadian health promoters support a food stamp-style program to address food insecurity? *Health Promotion International*, 30(1), 184–193. <https://doi.org/10.1093/heapro/dau080>
27. St-Germain, A.-A. F., & Tarasuk, V. (2018). Prioritization of the essentials in the spending patterns of Canadian households experiencing food insecurity. *Public Health Nutrition*, 21(11), 2065–2078. <https://doi.org/10.1017/S1368980018000472>
28. Schmidt, L., Shore-Sheppard, L. & Watson, T. (2012). The Effects of Safety Net Programs on Food Insecurity. *University of Kentucky Center for Poverty Research Discussion Paper Series, DP2012-12*. Retrieved from <http://www.ukcpr.org/Publications/DP2012-12.pdf>.
29. Basic Income Canada Network. (2017). Basics of Basic Income. Retrieved from <https://d3n8a8pro7vhmx.cloudfront.net/bicn/pages/2780/attachments/original/1517933724/Overview.pdf?1517933724>
30. Forget, E. L. (2017). Do we still need a basic income guarantee in Canada? *Northern Policy Institute, Research Paper No. 22*.
31. Calnitsky, D., & Latner, J. P. (2017). Basic Income in a Small Town: Understanding the Elusive Effects on Work. *Social Problems*, 64(3), 373–397. <https://doi.org/10.1093/socpro/spw040>

32. McIntyre, L., Kwok, C., Emery, J., & Dutton, D. (2016). Impact of a guaranteed annual income program on Canadian seniors' physical, mental and functional health. *Canadian Journal Of Public Health, 107*(2), e176-e182. doi: 10.17269/cjph.107.5372
33. Ionescu-Ittu, R., Glymour, M. M., & Kaufman, J. S. (2015). A difference-in-differences approach to estimate the effect of income-supplementation on food insecurity. *Preventive Medicine, 70*, 108–116. <https://doi.org/10.1016/j.ypmed.2014.11.017>
34. Brown, E. M., & Tarasuk, V. (2019). Money speaks: Reductions in severe food insecurity follow the Canada Child Benefit. *Preventive Medicine, 129*, 105876. <https://doi.org/10.1016/j.ypmed.2019.105876>
35. Hyndman, B. & Simon, L. (2015). Basic Income Guarantee Backgrounder. *alpha-OPHA Health Equity Working Group*.