

THE CERB CLAWBACK SUMMER READER

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Welcome to the Canada Emergency Response Benefit (CERB) clawback summer reader! Here you will find a highly biased curated list of readings on the CERB clawback for those long lazy afternoons deep in your [CERB hammock-induced somnabulance](#).

First, you can get all the up to date data on (the) CERB here:

<https://www.canada.ca/en/services/benefits/ei/claims-report.html>. The COVID19 pandemic

has spawned the largest income security program in the history of our nation so these

numbers are important especially when we prepare to dismantle this massive program.

Let's start out with the [original announcement back on March 25](#) by the Prime Minister. Back then, we did not know that the CERB would attract a T4A (other income) until the [announcement that showed us all how we could repay the CERB starting May 11](#).

This is an odd place to tell us for the first time that CERB would be 'T4A-able' but that's the first place that I discovered this important decision.

On April 4, [BC was the first province or territory to exempt the CERB from their social assistance payments](#) while adding other special payments to social assistance.

Then the big guessing game started as to whether other provinces and territories would follow suit. Officials in many jurisdictions felt confident that the CERB, as a taxable benefit, would be deducted from the social assistance dollar for dollar – and many said so in public.

But they had not consulted their political leaders and they surely didn't know that [Minister Carla Qualtrough would ask provinces and territories to exempt the CERB from social assistance payments on April 13](#), a nineteen day eternity following the original CERB announcement.

This created the policy dilemma for provinces and territories that many feared. Should they look at the pedigree of the CERB as taxable 'other income' or should they look at its purpose to help people stay safe and to practice physical distancing?

Newfoundland and Labrador didn't wait for Qualtrough. [On April 9, they were first out of the block to say they would deduct the CERB in its entirety and kick recipients off assistance if the CERB made them financially ineligible](#).

Of course, given that social assistance pays very few people as much as \$2,000, it was possible to envision each and every CERB-collecting social assistance recipient being taken off public assistance and that seems to be what has happened.

The policy incoherence created by the federal government proved way too much for Canada's provinces and territories. Their reactions mirrored both the pedigree and the purpose of the CERB while some split the difference. In the end, 5 provinces and 1 territory deducted the CERB from social assistance, 4 applied their earnings exemptions (recognizing pedigree AND purpose) while 3 exempted the CERB in its entirety. [Read about them in this Maytree report](#).

And then we have the fiasco that is unfolding on First Nations across Canada. Officials have confirmed (and I won't name them here) that whatever a province decides regarding CERB treatment of social assistance mirrors what will happen in each province or territory. So First Nations' recipients of social assistance will be treated to full CERB clawbacks, full CERB exemptions and four different sets of earnings exemptions. in Ontario, Alberta, Quebec and Manitoba. Let's see how this plays out!

But social assistance is not the only confiscation machine in Canadian programs although it is important to note that there are many exemptions to various income sources under income tested programs. [In Ontario for](#)

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[example, there are 219 such exemptions](#). Why the CERB did not become number 220 will be a question for historians.

So let's move onto rent geared to income (RGI) housing across Canada where another battle loomed between the pedigree and purpose of the CERB. RGI rent according to the CMHC standard is 30% of income. The Spinozan syllogism goes like this:

Major premise: RGI rent is 30% of income

Minor premise: CERB is income

Conclusion: RGI rent is 30% of CERB (QED: Quod est demonstrata)

This is standard deductive logic and most provinces and territories are charging rent on the CERB – except the ones that decided not to. Nova Scotia, PEI and Nunavut are not charging RGI rent of the CERB preferring to regard the purpose of the CERB as a special benefit (like a refundable credit) even though it is not. (Quebec's RGI housing may also be refraining from rental charges on the CERB. Stay tuned.)

This is interesting too since each of these jurisdictions claw back the CERB from social assistance in full or part. So the CERB is deducted from social assistance since it is unearned income but exempt from RGI housing rents because it is exempt income.

Confused? Don't be.

Because now we turn to the federal Guaranteed Income Supplement received by 31% of Canadian seniors. If they get the CERB, it has now been clarified by Ottawa that provinces and territories should do what the feds say, not what they do.

Why? When Minister Qualtrough asked provinces to exempt the CERB from social assistance, it was thought by many that the Feds would take their own advice and exempt their own programs for low income people. But that was not to be.

[When it comes to seniors getting the CERB, the CERB is considered to be unearned income and therefore subject](#) to a 50% to 75% GIS clawback.

So a \$12,000 payment to CERB-eligible seniors on GIS gets cut by at least \$6,000 at tax time (in the form of lower GIS) and depending on the income of those seniors, [they may pay some income tax on top of that](#).

But that all pales when we start to look at CERB-eligible seniors who also live in RGI housing and get the GIS. Yes, they do exist and [Janet Mcleod](#) is one of them. She faces clawbacks of up to 105% of her GIS, the GIS supplement and her RGI housing rents. [Take a long look at Janet's photo](#) as she is the human face of multiple CERB clawbacks. (Just imagine my surprise – not – that this human face would be a single, older, poorer woman living in seniors' housing.)

And juxtapose that against the analysis of our own Parliamentary Budget Officer (PBO) Yves Giroux who has included no CERB offsets in his costing of the CERB other than income tax payable. I wrote to him and the PBO confirmed in writing that they only look at income tax offsets.

Really? Yes, really! No clawbacks included! Who knew that program clawbacks didn't matter? [Take a look here](#).

So what happens now? It seems people think that we could be headed for large increases in social assistance recipients if the rug is pulled out from under the CERB. [I am in that category unless we choose to reduce poverty](#).

Others think that we may be on track to have a Universal basic income (UBI). [I can't see that happening anytime soon](#).

Still others have come up with a new genre in COVID19 journalism that's spawned some truly awful columns and articles pitting those who believe motivation comes through deprivation vs those who believe motivation is fostered through encouragement. (Secret answer: motivation is fostered by both deprivation and encouragement – but the issue here is not human nature; it is how our public policies should be designed.)

[Here is yet another example](#) of this lazy writing that exhumes a bouquet of shopworn bromides on work incentives.

I propose that any of us who are called to participate in the preparation of these pieces should boycott the genre.

At the community and neighbourhood level, we have discovered that low income communities do less well than richer ones. [Scarborough, Ontario is an example](#).

No surprise here. If you have more RGI housing, more social assistance recipients and more low-income seniors, you also have the greatest number of clawbacks and people therefore have less money to spend in their local communities. Double whammy!

And City maps show us that more Black people live where COVID19 is the highest so we also have to ask whether the CERB design and its clawbacks are an instance of anti-Black racism. [I answered 'yes' here](#).

So now, with all these issues on the table, the son of CERB or daughter of CERB is likely going to come along in the fall. Whether it is a revamped EI, higher social assistance reciprocity along with nothing, a mini-UBI or all of the above or something else is anyone's guess.

So enjoy the rest of the summer and perhaps someone will manufacture my idea for a [CERB board game called 'Cliffs and Clawbacks'](#).

Stay safe everyone and don't take any wooden CERBs.

Js/July 11, 2020

[1] <https://nationalpost.com/news/canada/john-ivison-trudeaus-lavish-handouts-risk-turning-workers-into-welfare-slackers>

[2] <https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>

[3] <https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra/return-payment.html>

[4] <https://www.policynote.ca/income-assistance-relief/>

[5] <https://www.thestar.com/news/canada/2020/04/13/ottawa-to-the-provinces-dont-claw-back-cerb-for-workers-on-social-assistance.html>

[6] <https://theindependent.ca/2020/07/03/nl-cerb-clawbacks-push-people-into-poverty-advocates/>

[7] <https://maytree.com/wp-content/uploads/Policy-Backgrounder-CERB-interactions-8June2020.pdf>

[8] <https://openpolicyontario.com/mixed-messages-in-a-land-of-219-income-exemptions/>

[9] <https://www.ourwindsor.ca/news-story/10055244-am-i-scared-hell-yes-cerb-was-supposed-to-be-a-lifeline-during-covid-19-instead-it-may-put-some-seniors-in-a-shakier-financial-position/>

[10] <https://openpolicyontario.com/we-wont-see-a-painful-welfare-surge-post-cerb-if-we-deal-with-poverty-now/>

[11] <https://openpolicyontario.com/the-pandemic-and-a-basic-income-why-talking-about-the-cerb-paves-the-way-to-a-conversation-on-eradicating-poverty/>

[12] <https://www.macleans.ca/economy/has-enthusiasm-for-the-cerb-paved-the-way-for-a-universal-basic-income/>

[13] <https://openpolicyontario.com/lets-play-cliffs-and-clawbacks-sensational-new-board-game-based-on-the-cerb/>

