



GOVERNMENT OF BERMUDA
Ministry of Economy and Labour

FINANCIAL ASSISTANCE REFORM INITIATIVES 2023

“STRENGTHENING SOCIAL PROTECTION FOR BERMUDIANS”



**MINISTRY OF ECONOMY AND LABOUR
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“Strengthening Social Protection for Bermudians”

INTRODUCTION

The Financial Assistance Act 2001 and the Child Day Care Allowance Act 2008 together with the Regulations provide operational guidance to assist vulnerable Bermudians to maintain a minimum standard of living. Additionally, the programmes are designed to help support the senior population and other individuals as they seek employment opportunities and provides a subsidy to assist with child day care for those in need. The programmes are not meant to create entitlement or dependency, but to empower Bermudians and make them more resilient to economic changes and prevent inter-generational cycles of reliance and support health matters possibly neglected over time.

The recent COVID-19 pandemic has placed undue hardships on many families in Bermuda, and as a result the Ministry of Economy and Labour responsible for the Department of Financial Assistance is making progress in ‘reforming’ the current programme to provide additional social and economic support to help families to rebuild and regain the confidence to allow them to be productive contributors in the community.

The reform strategy aims to chart a new course for financial assistance, making it a more effective and efficient system that places emphasis on transforming those who have been determined to have a need. In an effort to move abled-bodied and abled-disabled recipients into employment opportunities as soon as practicable, the Ministry has committed to reform initiatives to that end.

Learning and Development opportunities are required to assist individuals to return to a productive role in the community. Reform initiatives will focus on helping individuals access the services and support they need.

This new strategy is structured in four (4) aims:

- increase the sustainability of the Financial Assistance System;
- strengthen education, training and employment services;
- encourage individuals and families to be financially independent; and
- reform the approach to better support people

The outcomes of the reform will place reasonable expectations on, and provide support for people who rely on Financial Assistance with respect to active engagement in the labour market and participation in treatment and rehabilitation. It will allow for a legislative framework that will reduce risk and expenditure where feasible.

It is expected that as a result of the changes proposed in this document, there may be an increase in the number of participants however, the design is such that persons will not be reliant on the system for any great lengths of time because they will be allowed to build savings.

From the data (Table 1), the two (2) largest client categories/payments continue to be Pensioners and the Disabled, whilst the two smallest client categories/payments are Employed Insufficient Earnings and Able-bodied Unemployed.

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Table 1

Client Categories	(\$) Payouts		Persons on Assistance	
Pensioner	\$ 2,023,821	54%	1025	50%
Disability	\$ 1,297,681	34%	763	37%
Employed Insufficient Earnings	\$ 216,032	6%	145	7%
Able-bodied unemployed	\$ 215,206	6%	124	6%

As at March 31, 2023

CURRENT PROGRAMS

The Financial Assistance Programme offers financial assistance to eligible Bermudians who cannot meet the cost of their basic living requirements or expenses, and may assist with partial or full financial awards, based on legislation and/or policy, for such items as:

- Food
- Rent/rest or nursing home fees
- Electricity/utilities
- Health insurance (HIP or Future Care)
- Adult Day Care
- Home care
- Medication/medical equipment
- Transportation
- Overseas accommodation/transportation/food - if in a medical emergency and upon the recommendation of a physician
- Funeral expenses

Approval of assistance is based on need and a means test. This means test will assess the applicant’s basic monthly income and expenses. The amount of the award is determined by the formula: **E minus I=A:**

E – is the allowable expense

I – is the household income

A –is the amount of the award

All awards have a ceiling limit attached, as prescribed in the Financial Assistance Regulations 2004 The Schedule – Table of Allowable Expenses.

The Bermuda Government also assists Bermudians with the cost of child day care as outlined in the Child Day Care Allowance Programme. This initiative assists parents with the growing cost of child care. It affords them the opportunity to utilize the savings (if any) gained to better accommodate the needs of their families.

The Child Day Care Allowance (CDCA) Programme is guided by the:

- Child Day Care Allowance Act 2008, and
- Child Day Care Allowance Regulations 2008

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The CDCA Programme was launched in October 2008 with the following objectives:

- lessen the financial burden of families with the high cost of daycare;
- strengthen families;
- increase the socialization of children in positive learning environments;
- enable Bermudians to fully participate in the workplace; and
- encourage Bermudians to contribute towards increased stability within their households.

To apply, one must meet all five criteria points, which include the following:

- the child must be Bermudian;
- the child is must be between the ages of 0-4;
- the applicant’s annual gross household income is less than \$55,000;
- the proposed child care provider must be either registered or licensed with the Department of Health, and they must be compliant with the Day Care Centre Regulations 1999; and
- the child must reside with the applicant and the same must have legal care and control.

Aim: Increase the sustainability of the Financial Assistance System

PURPOSE AND RELEVANCE OF FINANCIAL ASSISTANCE REFORM

Over the years, there has been a growing concern that the existing financial assistance programmes provide insufficient levels of protection. The seeming inadequate support has prevented some families from attaining financial independence. This Ministry intends to reform the current financial assistance programme to enhance the lives of those deemed vulnerable in our society. Successful implementation should show positive economic results for recipients and their families.

It is important to ensure that our most vulnerable Bermudian population is supported in the best way possible to ensure that they feel protected and supported financially and emotionally. The purpose of reform is to chart a new course for Financial Assistance - making it a simpler and more effective process to navigate so that the persons that fall into hardship circumstances can obtain help when needed.

The reform aims to remove barriers, develop the capabilities of those that are most vulnerable, and increase opportunities for people to work. As the Government of Bermuda has recognized, employment is a key route to escaping poverty. Therefore, the Department of Financial Assistance is geared to collaborate with other government and privately owned agencies to ensure recipients receive the best support possible.

Another enhancement of reform will see the program change from being totally ‘cash less’ to contain a mixture of ‘cash less and cash’ benefits. This is to assist families in responding to immediate unforeseen circumstances.

REFORM INITIATIVES

The recent pandemic has placed undue additional hardships on every citizen in Bermuda. It has been particularly more difficult for those who were already facing financial challenges and for those persons

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who have experienced a loss of earnings to make ‘ends meet’. The increase in food and utility costs amongst other expenses place an additional burden on persons maintaining a minimum standard of living.

These current economic stresses continue to make it difficult for persons on financial assistance to plan their way forward on the pathway to independently sustain their finances. Economic forecasts suggest that although there are signs of recovery some may have a longer journey to attain financial independence whilst others will require more help to reach their goals.

Therefore, at this time, the purpose of the reform initiatives is to promote education, training and employment incentives and to ensure that “those in need – receive” financial support in order for them to sustain themselves.

Aim: Strengthen education, training and employment services

PROPOSED NEW AND ENHANCED PROGRAMS

Details of initiatives in progress and at various stages of the legislative process or policy change procedure are outlined as follows:

A. Personal Employment Plans (PEP)

The Department of Financial Assistance (DFA) will continue to enhance its case management plans for unemployed abled-bodied and able disabled financial assistance clients. This service will be collaboratively provided by the Department of Workforce Development (DWD) and DFA

Employers will participate in the creation and planning of the pathway to success for all individuals who have the capability to be employed no matter the level of ability. This employer-driven initiative is designed to promote the hiring of individuals on the Financial Assistance Program before they reach the term of expiry prescribed in section 6A of the Financial Assistance Regulations 2004. The intended outcome is to have:

- i. a positive impact on relationship building amongst industry partners
- ii. improve the skill set of individuals so that they become better contributors to society, and
- iii. prevent a dependency on the program.

Personal Employment Plans (PEP) will set out employment goals and the steps that will be required to reach them. The Plan will also specify the services and support recipients can expect to receive whilst aiming to achieve more sustained employment opportunities in various industry sectors. Such services may include employment and non-employment-related support. The results of case management will help to determine the types of services needed for successful placement in the workforce.

A PEP will provide the client with a valuable employment planning tool and promote greater collaboration between the client, DFA and DWD.

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Aim: Encourage individuals and families to be financially independent

B. Increase the eligibility requirements as set out in section 3(1)(b) of the Financial Assistance Regulations 2004.

The current regulation states that the value of investments and assets owned by a household shall not exceed \$500. The Ministry is proposing to change the legislation to increase the eligibility requirement from \$500 to \$5,000.

C. NEW – Make provisions for families to retain up to 50% of child support payments not to exceed a maximum total of \$5,000 in any given period whilst receiving any type of financial assistance award(s).

Emphasis is placed on lessening the burden on families who are already finding it difficult to meet their financial obligations. By allowing parents to have access to some of their personal finances, it is anticipated that the additional income would be used to improve their current situation. In this case, the child support should be used to maintain the child's(ren's) standard of living and ensure all their basic needs are addressed. This extra income is not intended for the use of the parent to settle their own non-child related expenses.

D. NEW - Amend section 6A of the Financial Assistance Regulations 2004 to provide persons who have reached their seven (7) year term to remain on the program for life with the following benefit awards only – food allowance, health insurance and room rate

As the pandemic continued to plague our island, the Government extended the support of the financial assistance program by two (2) years for those abled-bodied recipients, which had an expiry date of April 2021. This action was taken to offer continued protection for families against greater suffrage during an unprecedented event. The decision was also predicated on the fact that economic activities had slowed making it difficult for persons to attain employment.

Now that the economy has shown signs of recovery the expiry term of seven (7) years will remain. However, a new program will be introduced to allow recipients that reached their expiry date on March 31, a 'standard benefit'. This benefit includes (i) a food allowance, (ii) health insurance, and (iii) a room rate as prescribed in the regulations. Additionally, these individuals will be expected to attend the DWD to develop their PEP and seek employment opportunities. There may be a need for some to attend Bermuda College to 'upskill' to allow access to better employment opportunities.

E. NEW - Amend section 2 of the Financial Assistance Regulations 2004 to include 'gifts' such as 'Go Fund Me' accounts for the purpose of raising monies to assist with medical expenses – at the discretion of the Director.

Life sometimes throws 'curb balls' – you never see them coming.

The Government realizes that families are sometimes impacted by occurrences that they could not have predicted. In that regard, provisions are being made to allow families to receive 'in kind' and

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specific ‘monetary gifts’ to assist with emergency circumstances. The income will not be factored in the ‘means test’ as long as the evidence is provided to corroborate the situation.

- F. NEW - Amend sections 3, 4, 13 and 14 of the Financial Assistance Act 2001 –to allow the department to have the ability to (i) retrieve overpaid funds from ‘third parties’ (ii) provide the department with the authority to investigate (iii) grant the Director authority to require the third party to repay sums, and (iv) make provisions for third parties to appeal to the Financial Assistance Review Board.**

In cases when the DFA erroneously makes overpayments to vendors for various reasons, it is expected that parties exercise honesty and repay amounts not owed to them. Once informed, and the recipient makes no attempt to reimburse the funds, fraud or some aspect of misrepresentation may be suspected which could result in an investigation.

Aim: Reform the approach to better support people

G. NEW – Introduction of the Sudden Hardship Benefit (SHB)

This newly created program is designed to provide Bermudian individuals or families with short-term relief for expenses caused as a result of a sudden hardship.

This proposed emergency funding program will be designed to provide short-term relief to individuals and households in need of temporary financial assistance. The basis of the program is to enable participants to meet their immediate needs while seeking long-term solutions to remedy their situation. It is designed to provide individuals with an ‘uplift’ in their circumstances – it is not meant to create a dependency.

This monthly funding of fifteen hundred dollars (\$1,500) will be available for a defined period of three consecutive (3) months to help with an imminent crisis such as:

- groceries
- health insurance
- medical expenses
- death expenses
- rent or mortgage
- utilities

Eligibility requirements are as follows:

- 18 years or older
- Bermudian or Spouse of a Bermudian
- not a recipient of financial assistance
- the guardian of a dependent who possesses Bermudian status
- not serving a sentence of imprisonment, and
- is currently residing in Bermuda

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Eligibility documentation requirements are as follows:

- Evidence that clearly illustrates the hardship encountered (such as)
 - Recently unemployed (not exceeding three 3 months)
 - Natural disaster
 - Death of a household member
 - Domestic violence
 - Public Health Emergency
- Evidence that investment or assets do not exceed \$5,000 (in joint or single accounts)
- Other documents that may be requested
- There can be no overseas travel during the three (3) month period of the benefit award
- Immediate notification to the Department of Financial Assistance should the financial position improve during the three (3) month term of the benefit

H. NEW – Amend the Child Day Care Allowance Act 2008

For many families, the inability to afford child care may inadvertently force parents to opt out of going out to work and instead choose to stay at home. Subsequently, staying at home to care for one’s child could prove to be a more financially suitable and beneficial option for some families.

The current child day care programme lends some assistance to families; however, it is often not sufficient to allow certain households to meet their monthly obligations. This essential service is far-reaching when weighed against the household income of vulnerable families. Currently, the allowance prescribes that an applicant is eligible if their annual gross income does not exceed fifty-five thousand dollars (\$55,000). If this criteria is met the maximum award of eight hundred dollars (\$800) is provided for day care expenses.

As the current allowance does not adequately cover the growing cost of this service, the Government is proposing to amend the current program structure As pledged in the 2023/24 Speech from the Throne, the Government will introduce a new tiered award with eligibility requirements based on the gross annual household income as follows:

- \$65,000 equals a maximum child care monthly allowance of \$900 per child
- \$97,000 equals a maximum child care monthly allowance of \$700 per child
- \$130,000 equals a maximum child care monthly allowance of \$500 per child

I. NEW – Amend the Schedule 2 – Schedule of Allowable Expenses of the Financial Assistance Regulations 2004

The table of Allowable Expenses was last amended in 2014. Our economy has suffered from the effects of inflation and a global pandemic which altered the standard of living for many in this country. Therefore the Government is proposing to improve benefits for financial assistance recipients where possible. Recipients should note that the parameters around these awards will be better described to avoid ambiguity.

J. NEW – Review asset rules to enhance the ability of individuals and families to become financially stable.

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Asset limits are currently in place in order to ensure that scarce public resources are allocated to those most in need. This will ensure fairness so that a low-income person who is working is not at a disadvantage compared with a person receiving Financial Assistance. This will continue whilst allowing Bermudians to save and build their assets.

The Ministry will seek to make certain changes to the ‘asset’ guidelines in the current legislation to allow an increased amount of ownership so that people will have the ability to save while on Financial Assistance. The idea here is to increase financial incentives to work so that clients can see a rise in their standard of living when they obtain a job or work more hours.

Some of the proposed changes could include:

- a. Allowing abled bodied persons allow them to hold or receive gifts up to \$2,500 to assist with certain household extraordinary expenses;
- b. ensure all financial assistance recipients’ income from employment and self employment is subjected to the same benefit withdrawal at 50 cents per dollar earned.

CONCLUSION

From its inception, the purpose of the Financial Assistance Programme has been to ensure that all Bermudians have the financial and social means to maximize their potential as viable members of our society. The proposed reform initiatives offer enhanced protections to individuals and families in need and provide assurances that the Government is committed to realizing the promises made to strengthen social protections for Bermudians.