

Election Proposal Costing

Increasing the Canada disability benefit

April 25, 2025

Increasing the maximum benefit of the Canada disability benefit (CDB) to bridge the gap between social assistance and the poverty threshold as defined based on Statistics Canada's Market Basket Measures (MBM), effective July 1, 2025. This benefit will be clawed back at a rate of 50% on an eligible individual's net income above \$5,000 (indexed to inflation). Eligible individuals can claim either the CDB or the disability tax credit (DTC).

Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost \$ millions	3,380	4,890	5,424	5,841	6,233	25,769

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

PBO used its model of the Canada Disability Benefit (CDB) to project benefits under the existing program and under the proposed measure. The total cost was calculated as the difference between the two projections.

PBO's CDB model used data from Statistics Canada's 2017 Canadian Survey on Disability (CSD) and updated Canada Revenue Agency (CRA) data on disability tax credit (DTC) certificates to estimate take-up rates for CDB benefits. The CSD was linked to income data from the 2017 T1FF, which were used together to determine the reduction amounts for each beneficiary. The model also considered interactions between CDB and DTC usage under the proposed program, as well as the interaction between DTC and the party's proposed increase in the Basic Personal Amount. Statistics Canada's Social Policy Simulation Database/Model (SPSD/M) and PBO's Election Proposal Costing (EPC) baseline were used to project income growth and inflation.¹ Historical growth in the number of working-age DTC certificate holders was used to scale up the take-up rates into future years.

Sources of Uncertainty

The main sources of uncertainty relate to the data and assumptions for CDB take-up, as well as the growth of CDB take-up over the projection period. There is also uncertainty in the magnitude of interaction effects between CDB and DTC usage, as well as the interaction between DTC and the basic personal amount.

Data Sources

Statistics on disability severity, Disability Tax Credit (DTC) certificates and usage

Statistics Canada 2017 Canadian Survey on Disability, [CRA Disability Tax Credit statistics](#), CRA response to PBO information request IR0769

Income data and future income projections

Statistics Canada SPSP/M, PBO EPC baseline, T1 Family File 2017

CPI

PBO EPC baseline

Social assistance levels

[Maytree Welfare in Canada Report, 2023](#)

Statistics Canada Market Basket Measures (MBM)

[Statistics Canada Table 11-10-0066-01](#)

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1. This analysis is based, in part, on Statistics Canada's Social Policy Simulation Database and Model (SPSP/M). The assumptions and calculations underlying the SPSP/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

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