

# Legislative Costing Note

Publication Date:	2021-03-18	
Short Title:	Canada Recovery Sickness Benefit (CRSB): 2-week extension	
Description:	<p>On February 19, 2021, the government announced the extension of the Canada Recovery Sickness Benefit (CRSB).<sup>1</sup> The extension will allow workers to take an additional two weeks of benefits, bringing the total maximum benefit to four weeks.</p> <p>The CRSB provides \$500 per week to those who are absent from at least 50% of their typical time at work in a given week because of being ill from COVID-19, self-isolating due to COVID-19, or having a medical condition that would cause them to be more vulnerable to contracting COVID-19.</p> <p>This benefit is taxable. The CRSB program is in effect from September 27, 2020 to September 25, 2021.</p>	
Data Sources:	Variable	Source
	CRSB applications, weeks 1-18	Canada Revenue Agency (CRA) publicly available data, accessed March 9, 2021
	CRSB detailed application data (including demographic and income data)	PBO Information Request IR0563 to CRA <sup>2</sup>
Estimation and Projection Method:	<p>Using detailed CRSB data on the number of unique applicants and number of weeks on the program, the PBO developed a model that projected the number of weekly applications. Specifically, the information on workers taking two weeks of benefits is used to infer the number of workers that may take an extension of one or two weeks of benefits.</p> <p>The extension is assumed to take effect on March 28, 2021.<sup>3</sup> Applicants may retroactively apply for the CRSB up to 60 days.<sup>4</sup></p> <p>The analysis assumed that after the expansion of the CRSB, a portion of applicants who exhausted the initial 2-week CRSB will take additional weeks of the benefit.</p> <p>A marginal federal income tax rate, informed by the 2019 income data of applicants, was used to predict the amount of CRSB payments recovered through personal income tax.</p>	
Sources of Uncertainty:	These estimates rely on the CRSB applications so far. Given that the relationship between applications and COVID-19 cases may change in the future, this could result in a higher (or	

<sup>1</sup> <https://www.canada.ca/en/employment-social-development/news/2021/02/crb-extension.html> Accessed March 5, 2021.

<sup>2</sup> [https://www.pbo-dpb.gc.ca/web/default/files/Documents/Info%20Requests/2020/IR0563\\_CRA\\_COVID-19\\_Benefits\\_reply\\_e.pdf](https://www.pbo-dpb.gc.ca/web/default/files/Documents/Info%20Requests/2020/IR0563_CRA_COVID-19_Benefits_reply_e.pdf)

<sup>3</sup> The Canada Recovery Caregiving Benefit (CRCB) will be extended from 26 weeks of eligibility to 38 weeks. The PBO assumes that this extension will come into effect on the first day of the 27<sup>th</sup> week after the start of the CRCB so that there will be no gap in benefits for any applicants. For simplicity, the PBO assumed that the CRSB extension will come into effect on the same day as the CRCB extension.

<sup>4</sup> <https://www.canada.ca/en/revenue-agency/services/benefits/recovery-sickness-benefit/crsb-how-apply.html#h-2> Accessed March 5, 2021.

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lower) estimate. In addition, the ultimate path of the pandemic will result in higher (or lower) cost estimates based on higher (or lower) infection rates.

The cost of the program is sensitive to how the program is administered. Specifically, enforcement efforts related to keeping fraudulent applications to a minimum.

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## Cost of proposed measure

\$ millions	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Incremental Cost of Expansion (A)</b>	<b>49</b>	<b>186</b>				
<b>Net Cost of Pre-existing Program (B)</b>	<b>391</b>	<b>272</b>				
<i>Gross Cost of Pre-existing Program</i>	427	297				
<i>PIT recovery</i>	-35	-25				
<b>Net Total Cost of Program (A) + (B)</b>	<b>441</b>	<b>458</b>				
<i>Gross Cost of Program</i>	481	499				
<i>PIT recovery</i>	-40	-41				

## Supplementary: Reconciliation with PBO costing from October 7, 2020

\$ millions	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Net cost of the program – October 7 estimate (C)</b>	599	550				
<b>Methodological adjustments and data updates (D)</b>	-208	-278				
<b>Extension of the maximum duration of the program (E)</b>	49	186				
<b>Total net cost (C + D + E)</b>	441	458				

## Notes

- Estimates are presented on an accruals basis as would appear in the budget and public accounts.
- Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.