

Note • Amendment to the *Employment Insurance Regulations*

Temporary employment insurance measure for long-tenured workers



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On September 5, 2025, the government announced new temporary Employment Insurance (EI) measures in response to the trade environment. Among the measures announced is the provision of an additional 20 weeks of benefits for long-tenured workers whose claims are filed between June 15, 2025, and April 11, 2026.¹

The PBO estimates that the net cost of this measure, after accounting for personal income tax (PIT) paid on the additional benefits, will amount to \$853 million over a five-year horizon. Although EI program revenues and expenditures are recorded in the Government of Canada's Public Accounts, this measure will not result in any additional net costs for the government. The amounts paid come from the Employment Insurance Operating Account, which is funded through EI contributions from employees and employers participating in the program.

The EI contribution rate is set so that the Operating Account balances over a seven-year horizon. The PBO estimates that this measure should result in an increase in the EI premium rate of less than one cent per \$100 of insurable earnings.

¹ The definition of long-tenured workers differs from the definition commonly used by Employment and Social Development Canada (ESDC). For the purposes of this measure, a long-tenured worker must meet the following criteria:

- Have received fewer than 36 weeks of regular or fishing benefits in the 3 years preceding the start of the claim; and
- Have paid at least 30% of the maximum Employment Insurance annual premium for at least 7 of the 10 years preceding the year in which the claim began.

Detailed 5-Year Cost

\$ millions

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Cost – Additional benefits	126	896	8	0	0	1,030
Cost recovery – PIT on additional benefits	(22)	(154)	(1)	0	0	(176)
Total cost after recovery	104	743	6	0	0	853

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

The estimated cost of the measure is based on the combined effects of the extensive margin (the number of new claims established) and the intensive margin (the amount and duration of additional benefits).

The projection of the total number of new claims established for regular benefits is based on ESDC historical data, adjusted to reflect the economic scenario presented in our *Economic and Fiscal Outlook – September 2025*. To identify beneficiaries who will use additional weeks, two key ratios are applied: the proportion of long-tenured workers and the exhaustion rate (the share of beneficiaries who have exhausted their initial entitlement). These two ratios were estimated using ESDC historical data related to a similar measure implemented in 2009–2010, then adjusted to the current economic conditions.²

² An extension of up to 20 additional weeks was offered to long-tenured workers whose benefit period was between January 4, 2009, and September 11, 2010.

The PBO made assumptions regarding the average and distribution of both initial entitlement weeks and additional weeks. An annual growth rate of 2.5% in the average weekly benefit rate was applied, which approximately reflects the historical trend observed among long-tenured workers.

Since EI benefits are included in the calculation of taxable income, a weighted federal marginal effective tax rate was estimated using Statistics Canada's SPSPD/M for the population receiving regular EI benefits, in order to calculate the PIT amounts paid on the additional benefits.

Sources of Uncertainty

A truncated normality assumption is used to model the distributions of initial entitlement weeks and additional weeks. The calibration of parameters is based on information available in the EI Monitoring and Assessment Report and on the 2009–2010 experience, although the information available on dispersion is limited. The actual shape of the distribution could therefore influence the timing of projected costs.

The estimate also includes uncertainty related to the projected number of beneficiaries who will use additional weeks, and the average number of additional weeks actually used, which depend on macroeconomic dynamics and the stability of seasonal trends.

The estimate excludes any interaction with other measures, as well as any additional administrative costs that may be incurred. Finally, no behavioural effects were explicitly considered. These uncertainties could affect both the overall level of costs and their distribution over time.

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Data Sources

Data on regular benefits, long-tenured workers and the 2009–2010 program.

Employment and Social Development Canada (ESDC)

Employment Insurance Monitoring and Assessment Report

Canada Employment Insurance Commission (CEIC)

Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted

Statistics Canada, Table 14-10-0011-01

Employment insurance beneficiaries (regular benefits) by province, territory and occupation, monthly, unadjusted for seasonality

Statistics Canada, Table 14-10-0455-01

Weighted federal marginal effective tax rate

Statistics Canada, SPSPD/M (v30.3)

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