

Legislative Costing Note

Publication Date:	2021-03-18											
Short Title:	Canada Recovery Caregiver Benefit (CRCB) – 12 Week Extension											
Description:	<p>On February 19, the Government announced it was extending the eligibility of the Canada Recovery Caregiver Benefit (CRCB) by an additional 12 weeks, bringing the maximum benefit period to 38 weeks.¹</p> <p>The CRCB provides a \$500 weekly taxable benefit per household for workers who miss at least 50% of their normal time at work during a week to care for someone for reasons related to COVID-19.</p> <p>Reasons that a worker could claim the CRCB include caring for a child under 12 or another family member 12 or over who cannot be left alone without supervision; whose school, childcare, or other type of care program is closed due to COVID-19; whose normal caregiver cannot provide care due to COVID-19; or who is staying home because they have an increased risk of severe health consequences if they become infected with COVID-19.</p> <p>Eligible workers must have earned at least \$5,000 in any of 2019, 2020, or the span of 12 months before they apply for the CRCB. They are ineligible for the CRCB if they are receiving certain other benefits (for example, the Canada Recovery Benefit, the Canada Recovery Sickness Benefit, Employment Insurance). This program sunsets on September 25, 2021.</p>											
Data Sources:	<table><tr><th>Variable</th><th>Source</th></tr><tr><td>Demographic data</td><td>Statistics Canada’s Labour Force Survey (LFS)</td></tr><tr><td>Labour force statistics</td><td>Statistics Canada’s LFS</td></tr><tr><td>Projected labour market conditions</td><td>PBO</td></tr><tr><td>CRCB detailed application data (including demographic and income data)</td><td>CRA Information Request IR0563²</td></tr></table>	Variable	Source	Demographic data	Statistics Canada’s Labour Force Survey (LFS)	Labour force statistics	Statistics Canada’s LFS	Projected labour market conditions	PBO	CRCB detailed application data (including demographic and income data)	CRA Information Request IR0563 ²	
Variable	Source											
Demographic data	Statistics Canada’s Labour Force Survey (LFS)											
Labour force statistics	Statistics Canada’s LFS											
Projected labour market conditions	PBO											
CRCB detailed application data (including demographic and income data)	CRA Information Request IR0563 ²											
Estimation and Projection Method:	<p>PBO used the most recent LFS data to estimate the number of workers who are eligible to the CRCB benefit. This number includes parents of children that have significantly reduced their hours or had to stop working due to childcaring or family responsibilities. These estimates were adjusted to reflect the information obtained on the demographic and income characteristics of applicants to the CRCB benefits to match observed application numbers. PBO subsequently developed a stock and flow model to estimate the number of applicants on a monthly basis for the duration of the program. This model differs methodologically from the model used in the PBO’s previous CRCB costing.³</p>											

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

² https://www.pbo-dpb.gc.ca/web/default/files/Documents/Info%20Requests/2020/IR0563_CRA_COVID-19_Benefits_reply_e.pdf

³ https://www.pbo-dpb.gc.ca/web/default/files/Documents/LEG/LEG-2021-047-S/LEG-2021-047-S_en.pdf

An average federal income tax rate, informed by the 2019 income data of applicants, was used to predict the amount of CRCB payments recovered through personal income tax.

The additional cost of the 12-week extension is calculated using the stock and flow model by comparing the cost of the program under the differing eligibility periods (that is, 26 weeks versus 38 weeks).

Sources of Uncertainty: Some categories of workers may be too large due to classification being too broadly defined in the LFS. In addition, the estimates depend on the trajectory of the COVID-19 pandemic among children and parents' choices about children's school and childcare attendance. Any significant increases in COVID-19 cases leading to future broad school closures may change the cost of this measure.

Finally, the estimates are sensitive to how the program is administered. Specifically, enforcement efforts related to keeping fraudulent applications to a minimum.

Prepared by: Katarina Michalyshyn <katarina.michalyshyn@parl.gc.ca>
Louis Perrault <louis.perrault@parl.gc.ca>

Cost of proposed measure

\$ millions	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Incremental Cost of Expansion (A)	-	470	-	-	-	-
Net Cost of Pre-existing Program (B)	1,748	1,066	-	-	-	-
<i>Gross Cost of Pre-existing Program</i>	<i>1,851</i>	<i>1,129</i>	-	-	-	-
<i>PIT recovery</i>	<i>-103</i>	<i>-63</i>	-	-	-	-
Net Total Cost of Program (A)+(B)	1,748	1,536	-	-	-	-
<i>Gross Cost of Program</i>	<i>1,851</i>	<i>1,627</i>	-	-	-	-
<i>PIT recovery</i>	<i>-103</i>	<i>-91</i>	-	-	-	-

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

\$ millions	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Net cost of the program – October 7 estimate (C)	<i>1,188</i>	<i>214</i>	-	-	-	-
Methodological adjustments and data updates (D)	<i>560</i>	<i>852</i>	-	-	-	-
Extension of the maximum duration of the program (E)	-	<i>470</i>	-	-	-	-
Total net cost (C + D + E)	<i>1,748</i>	<i>1,536</i>	-	-	-	-

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.

"-" = PBO does not expect a financial cost