

Legislative Costing Note

Publication Date:	2021-11-30	
Short Title:	Canada Recovery Sickness Benefit (CRSB) – 28 Week Extension	
Description:	<p>As proposed by Bill C-2, the Canada Recovery Sickness Benefit (CRSB) would be extended by 28 weeks. This would result in the CRSB being in effect from September 27, 2020 to May 7, 2022, with the current extension beginning on October 24, 2021. As well, beginning the week of November 21, 2021, the number of weeks for which workers could claim the CRSB over the course of the program would increase from 4 to 6 weeks.^{1,2}</p> <p>The CRSB provides a \$500 taxable benefit to workers who miss at least 50% of their usual weekly time spent working due to having COVID-19, self-isolating due to COVID-19, or having a medical condition that would make the worker more vulnerable to COVID-19.</p> <p>Workers must have earned not less than \$5,000 in the 2019, 2020 or 2021 calendar years or in the 12-month period before they claim the CRSB. They must not be collecting certain other types of government benefits while they are collecting the CRSB.</p>	
Data Sources:	Variable CRSB applications CRSB detailed application data	Source Canada Revenue Agency (CRA) publicly available data, accessed November 22, 2021 CRA Information Request IR0563 ³
Estimation and Projection Method:	<p>Projections for the CRSB extension were based on the evolution of the number of applications per week that have been observed so far. Notably, it is expected that applications would increase for several weeks after the increase of the maximum claimable weeks from 4 to 6 weeks, as this is what happened when the program's claimable weeks increased from 2 to 4 weeks.</p> <p>Federal income tax that beneficiaries are expected to pay on CRSB benefits was calculated using a marginal tax rate based on the income that beneficiaries received in 2019.</p>	
Aggregate Results:	PBO estimates the net cost to extend the length of the CRSB program and to increase the number of claimable weeks per worker to be \$507 million.	
Sources of Uncertainty:	The accuracy of this analysis may be affected by the evolution of the COVID-19 pandemic. There is uncertainty related to workers' behavioural responses to the extension of the total length of the policy and the number of claimable weeks per worker.	

¹ <https://www.canada.ca/en/departement-finance/news/2021/10/government-announces-targeted-covid-19-support-measures-to-create-jobs-and-growth.html> Accessed on November 8, 2021.

² There is not expected to be a gap in benefits for claimants following November 20, 2021, as claimants can claim the CRSB retroactively and the benefit is provided weekly (as opposed to daily).

³ https://www.pbo-dpb.gc.ca/web/default/files/Documents/Info%20Requests/2020/IR0563_CRA_COVID-19_Benefits_reply_e.pdf

Cost of proposed measure

\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Net cost of extension	419	88	-	-	-
Gross cost	458	96	-	-	-
PIT recovery	-39	-8	-	-	-

Supplementary information

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Gross cost of Oct. 24, 2021 to Nov. 20, 2021	81	-	-	-	-
Gross cost of Nov. 21, 2021 to May 7, 2022	377	96	-	-	-
Total gross cost	458	96	-	-	-

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.

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