

El Attachment Benefit for Adoptive and Intended Parents



Published on April 5, 2023

Bill C-318 proposes to introduce an EI attachment benefit for parents who adopt a child under the age of 18, as well as for intended parents of a child born through surrogacy. Beneficiaries would receive 55 per cent of their average insurable weekly earnings for 15 weeks, up to a maximum amount determined by the maximum yearly insurable earnings in that year. For 2023, the maximum weekly benefit amount is \$650. For each child, the 15 weeks of benefits could be divided between two parents.

5-Year Cost

\$ millions	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Total cost	16	16	17	19	20	88

Detailed 5-Year Cost

	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Cost – New EI benefits and admin costs	19	19	20	22	23	103
Cost recovery – PIT on increased benefits	-3	-3	-3	-3	-3	-16
Total cost after recovery	16	16	17	19	20	88

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

Using Statistics Canada's SPSP/M (v. 29.0)¹, the number of maternity and parental EI benefit recipients, the average duration and weekly amount of maternity EI benefit (adjusted by our projection for EI insurable earnings), as well as the average marginal income tax rate of parental leave claimants were determined and projected forward over 2023 to 2026. For 2027 onward, these variables were projected using their average

¹ This analysis is based 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 (OPBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

growth rates over 2023 to 2026. The number of adoptive parents eligible for the new benefit was calculated using a percentage of the parental EI beneficiaries identified from the EI Monitoring and Assessment Reports published by Employment and Social Development Canada. The historical and projected population of women aged 20-49 was obtained from Statistics Canada (M1 scenario). The number of births from surrogacy was obtained from Canadian Fertility and Andrology Society's Canadian Assisted Reproductive Technologies Register Plus (CARTR Plus) presentation. To project the future number of surrogate births, the percentage of surrogate births among the women population was linearly extrapolated until 2028 and multiplied with the projected population of women.

The total number of beneficiaries was the sum of adoptions and surrogacy births. The cost of the EI benefit was calculated by multiplying the total number of beneficiaries, average weekly benefit, and the average duration of benefits. The admin cost was calculated by multiplying the projected EI benefit amount with the administrative cost ratio projected by PBO's March 2023 Economic and Fiscal Outlook. The cost recovery from the increase in personal income tax (PIT) revenue was calculated by multiplying the estimated benefit payments and the marginal tax rate of beneficiaries. The projected net cost of this policy was the sum of EI benefits, administrative costs, and the cost recovery from increased PIT. In the long term, the increase in EI expenses is expected to be compensated through additional EI revenue to ensure the EI Account is in balance.

Sources of Uncertainty

The main sources of uncertainty relate to the number and future projections of adoptions and surrogate births. Uncertainties in the growth rates of relevant economic and demographic variables in SPSP/M could also affect the final cost estimate.

Prepared by

Matt Dong <Matt.Dong@parl.gc.ca>

Data Sources

Variable	Source
EI parental leave recipients	SPSP/M v. 29.0, adjusted using EI Monitoring and Assessment Reports
Adoptive and biological parents among parental EI benefit claims	EI Monitoring and Assessment Reports, Employment and Social Development Canada (2017-18 to 2020-21)
Number of surrogate births	Canadian Fertility and Andrology Society, CARTR Plus Presentation
Historical population of women, ages 20 – 49	Statistics Canada Table 17-10-0005-01
Projected population of women, ages 20 – 49 (M1 Scenario)	Statistics Canada Table 17-10-0057-01
Average duration of benefits for maternity EI recipients	SPSP/M v. 29.0
Average weekly benefit of maternity EI recipients	SPSP/M v. 29.0, and PBO Economic and Fiscal Outlook (March 2023)

Variable	Source
Average marginal personal income tax rate of parental EI recipients	SPSD/M v. 29.0
Admin cost ratio for EI	PBO Economic and Fiscal Outlook (March 2023)

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