

# Cost estimate

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Short title: Employment Insurance Training Support Benefit Introduction

Description: Providing for up to 4 weeks of income support, every four years. The income support is paid at 55% of average weekly earnings, up to the maximum insurance earnings. Claimants have the flexibility to take training and access the benefit, at their convenience, within 4-year period.

Operating line(s): Employment Insurance

| Data sources: | <u>Variable</u>         | <u>Source</u>                         |
|---------------|-------------------------|---------------------------------------|
|               | Number of beneficiaries | SPSD/M                                |
|               | Average weekly benefit  | PBO fiscal model                      |
|               | The uptake rate         | Statistics Canada/Economic literature |

Estimation and projection method: The benefit was assumed to become available as of December 2020. The number of workers who accumulated 600 hours of insurable employment during their qualifying period and were fully or partially enrolled in studies or training programs was estimated, using SPSPD/M, to determine eligibility.

Assumptions on the take-up rate and the behavioral response by workers once the support is made available were considered. A 68.7% take-up rate of the new training support program was assumed. This assumption was based on the take-up rate of the EI parental leave program. An increase of 3 percentage points in participation rate was assumed for each \$1,000 increase in training support per person. This assumption was based on empirical studies for similar programs in Canada and the United States.

The estimations of the average weekly benefits and the administrative costs were based on projections in the PBO fiscal model, consistent with Economic and Fiscal Outlook April 2019.

Uncertainty assessment: The estimate has moderate uncertainty. The uncertainty is inherent to the take up rate of the Employment Insurance Training Support program and beneficiary response to new incentives. A behavioral response is expected and modeled in the cost estimate.

## Cost of proposed measure

| \$ millions | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------|---------|---------|---------|---------|---------|---------|
| Total cost  | 0       | -37     | -101    | 10      | 19      | 28      |

## Supplementary information

| \$ millions               | Description                 | Operating line          | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------|-----------------------------|-------------------------|---------|---------|---------|---------|---------|---------|
| Cost                      | El training Support Benefit | Employment<br>Insurance | 0       | 0       | 62      | 179     | 193     | 208     |
|                           | Administration cost         | Employment<br>Insurance | 0       | 7       | 16      | 16      | 18      | 19      |
| Cost recovery             |                             |                         | 0       | -44     | -179    | -185    | -192    | -199    |
| Total cost after recovery |                             |                         | 0       | -37     | -101    | 10      | 19      | 28      |

### 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