



Experimental Weekly Income Estimates

Measuring the impact of COVID-19 on month-by-month family income trends

Version 1 – Basic Integration – December 3, 2020



Delivering insight through data for a better Canada

Experimental Weekly Income Estimates

- The unprecedented economic situation brought on by the COVID-19 pandemic has increased the demand for trusted information on the economy and society. For example, there is interest in knowing the effect that government income support programs, such as the Canada Emergency Response Benefit (CERB), has had on the incomes of Canadian families during the pandemic. In light of this, Statistics Canada has developed an experimental weekly family income estimate.
- This estimate excludes families with seniors and families with self employed persons. After removing these groups, approximately 60% of Canadians remain covered by these estimates.
- The experimental income variable equals the sum of weekly wages and salaries of employees, Goods and Services and Harmonised Sales Tax credits, federal and provincial child benefits, Employment Insurance benefits and CERB receipts. These income sources account for about 90% of total income for non-senior, non-self employed families.

Below-LIM weekly income

- Low income thresholds are determined based upon dividing thresholds for the Low-Income Measure – After-Tax (LIM-AT) for 2018 by 52.
- The share of the population with weekly family earnings below the threshold appropriate to their family size is referred to as having “**below-LIM weekly earnings**”
- the share of the population with experimental weekly family income below the threshold appropriate to their family size is referred to as having “**below-LIM weekly income**”.

Work in progress & Additional caveats

- Statistics Canada will continue to develop this methodology, potentially adding more income sources, or extending to coverage to a larger population. The estimates will also, where possible, be disaggregated to different provinces, by age, sex or family type, by visible minority status and for Indigenous Canadians, although this work remains to be done.
- The estimates make use of the data available at this time. This includes only payments of CERB benefits – not any repayments. Some CERB administrative data is not available to Statistics Canada at this time, therefore some CERB receipts have been imputed based upon survey responses. The estimates will be improved as new data becomes available.
- Results are preliminary. Due to the experimental nature of these estimates, users are advised to use caution when interpreting the results.

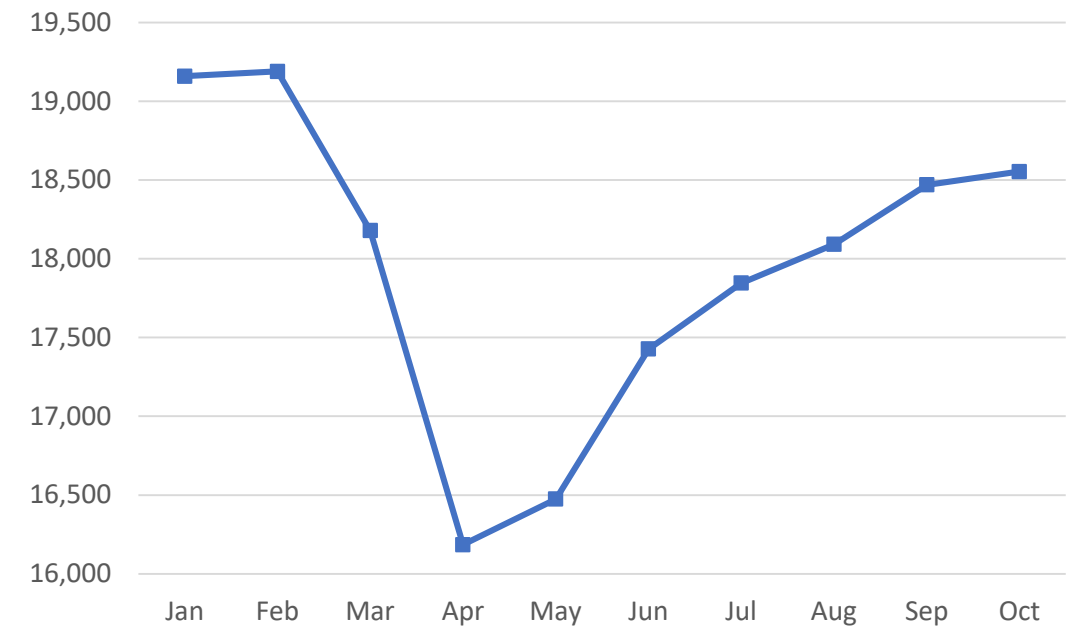


Mandatory business closures throughout the country

Over 3 million jobs were lost as a result of the sudden shock to the Canadian labour market

- Low earners were hardest hit by job losses

Employment (thousands)



Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted

Federal government response to the economic turmoil

Economic benefit programs for people affected by COVID-19	Period	(billion\$)	
Repeated measures to compensate for lost employment, taxable			
Canada Emergency Response Benefit (CERB)	Mar 15-Sept 26	82.0	
Canada Emergency Student Benefit (CESB)	May 10-Aug 29	2.9	
One-time increases to payments under various means-tested programs, non-taxable			
Goods and Services Tax Credit (GST)	April	5.7	
Canada Child Benefit (CCB)	May	1.9	
COVID-19 payment for seniors	June	2.5	
COVID-19 payment for persons with disabilities	October	0.8	
New measures introduced at end of September for lost employment, sickness and caregiving			

Defining an experimental weekly income variable

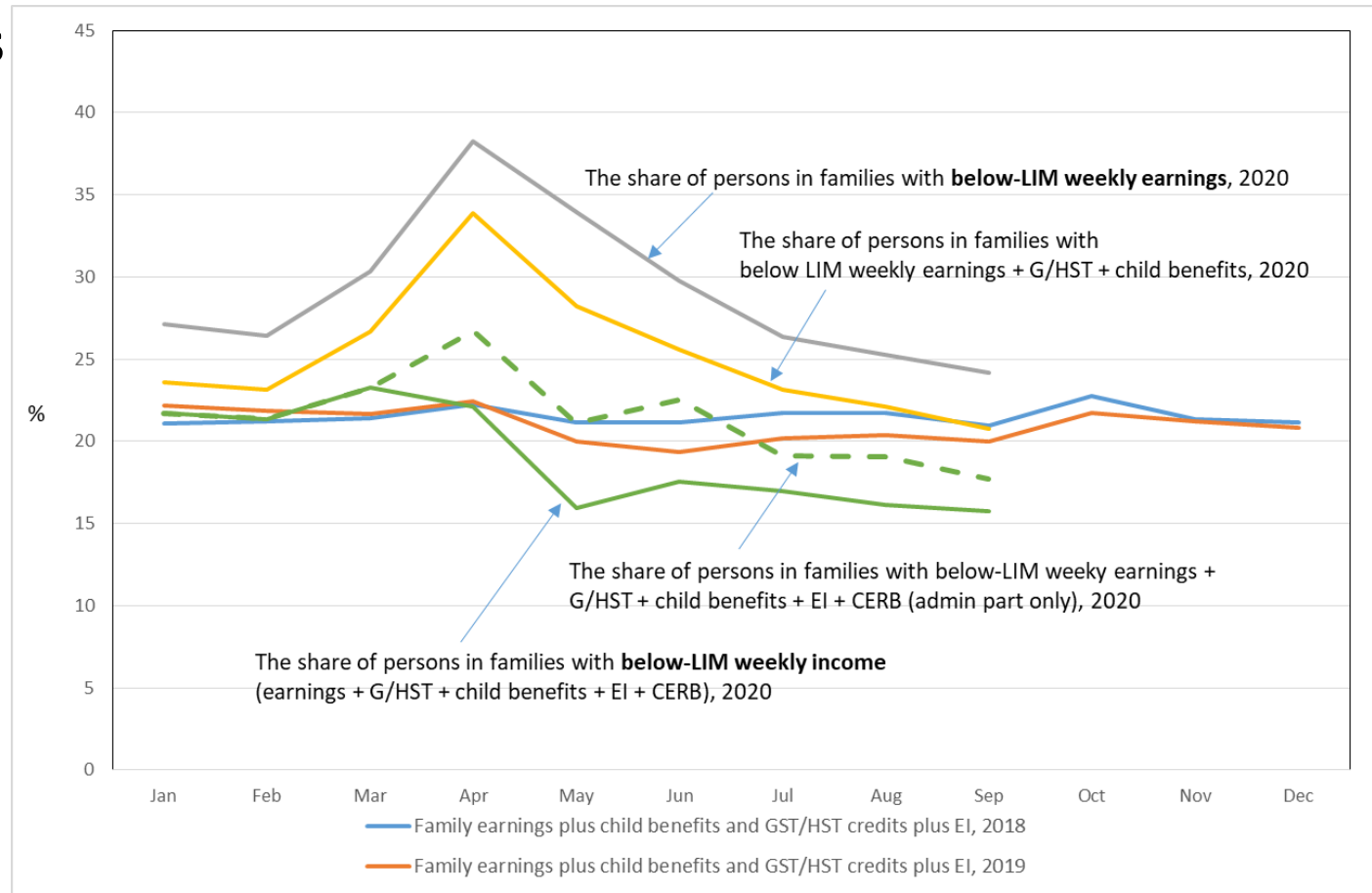


Canada Emergency Response Benefit (CERB)

- CERB replaced Employment Insurance and extends eligibility to people not typically covered such as the self-employed.
- \$500 dollars per week (taxable) and restrictions on how much work you could do.
- Approximately full time hours at minimum wage
- \$500 \approx € 322 was extended twice to 28 weeks program

Preliminary results show CERB payments offset increases in low income caused by declining wages and salaries

- The shock to the Canadian labour market drove up the proportion of families with weekly earnings below LIM by over 10 p.p. between Feb and Apr
- After adding in government transfers, there was little increase in the share of persons in families with below-LIM weekly income from February to April 2020
- The share of persons in families with below LIM weekly family income fell from 22% in April to 16% in May and remained near that level through September.



Note: Preliminary results. Persons in non-senior families with self-employed members only.

Analysis

- Consistent with macroeconomic results in Canada
 - While aggregate labour income declined sharply, disposable income was up by 10.8% in quarter 2 over quarter 1 due to the decline in wages and salaries being more than offset by the pandemic relief programs
- Results are similar to those published for the US
 - Saenz and Sherman (2020) show an increase between in persons with below-poverty family earnings in the US between February and April <https://www.cbpp.org/research/poverty-and-inequality/research-note-number-of-people-in-families-with-below-poverty>. The share fell from April to June.
 - Han, Meyer and Sullivan (2020) show a reduction in the percent below the US poverty line between February and June, with a return to pre-pandemic levels after June <http://povertymeasurement.org/covid-19-poverty-dashboard/>
 - Parolin et al (2020) show a reduction in poverty in March through May, with poverty stabilising near pre-pandemic levels after May <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5f87c59e4cd0011fabd38973/1602733471158/COVID-Projecting-Poverty-Monthly-CPSP-2020.pdf>

Future steps

- Results are preliminary – there are already several improvements planned:
- Develop estimates for families with self-employed members
- Include other income sources
 - All CERB administrative data
 - Student pandemic relief for students (CESB)
 - Full administrative data from CERB
 - Income assistance delivered through the provinces
- Analysis
 - Robustness checks and sampling error
 - Impact on specific groups (lone-parent families, visible minority status)
 - Regional analysis
- Link to discussion paper: <https://www150.statcan.gc.ca/n1/en/catalogue/75F0002M2020004>