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Costing the Express Entry Immigration Process



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The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report estimates the cost of the three immigration streams of the federal Express Entry system for Canada excluding Quebec.

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Summary

In this report, the Parliamentary Budget Officer (PBO) undertakes an analysis of the direct fiscal costs of processing the applications of the economic streams of immigration through the Express Entry (EE) system: Federal Skilled Workers (FSW), Canadian Experience Class (CEC) and Federal Skilled Trades (FST). This system is used for all of Canada, excluding Quebec (hereafter referred to as rest of Canada (ROC)). Quebec runs a separate system, which is not covered in this report.

The PBO estimates the cost of meeting the government’s goal for application-processing times, which — for the EE streams — is to process 80% of the applications within 6 months.

In addition to processing costs, the government covers the cost of providing pre-arrival services and post-arrival settlement services to immigrants.

Some of the costs are recovered by revenues from fees that applicants and accepted permanent residents (PRs) must pay.

The PBO projects that over 5 years, the gross cost would be \$792 million for the ROC. This will be offset by \$743 million in fee revenue, for a net cost of \$48 million.

Current staffing levels at Immigration, Refugees and Citizenship Canada (IRCC) are expected to be more than sufficient to meet the processing time goal for all years of this costing. In fact, for 2022-23, IRCC is estimated to have 65% more staff than would be required to meet the goal. This percentage will decline each year as the number of applications increases, ultimately reaching 4% in 2026-27.

In 2022-23, the cost per admitted PR is estimated to be \$91. This cost will vary over time due to inflation and other factors.

IRCC declined to provide information about the resources that would have been required to meet processing time goals in past years, citing that this information represents Cabinet confidences. The department indicated that it can adjust the intake up or down to ensure IRCC is able to meet service standards and levels.

Summary Table 1

Costs of three EE immigration streams (\$ millions)

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Gross cost	110	136	166	181	199	792
Fee revenue	-103	-122	-159	-169	-189	-743
Net total	7	13	6	11	10	48

Note: Totals may not add due to rounding.

1. Introduction

There has been parliamentary interest in the PBO providing an estimate of federal costs related to immigration. In this report, the PBO analyzes the direct fiscal impacts of the three economic streams of immigration through the Express Entry (EE) system: Federal Skilled Workers (FSW), Canadian Experience Class (CEC) and Federal Skilled Trades (FST).

FSW includes applicants who have worked outside of Canada before applying. Certain education requirements must also be met. FSW is typically the largest of the three streams.

CEC includes applicants who have already worked in Canada. An applicant must have worked at least 1 full year in Canada within the previous 3 years.

FST includes applicants who have the capability to perform a skilled trade. They must have spent a minimum of 2 of the previous 5 years working in their trade full-time. FST is a much smaller program than CEC or FSW.

This report only covers the direct federal costs of the three EE streams. These include the costs of processing applications, providing pre-arrival services to accepted applicants and providing settlement services once the permanent residents (PRs) arrive in Canada. The government also receives revenue from fees that it charges to applicants and accepted PRs.

This report provides an estimate of the cost of meeting the government's goal for application processing times. For the EE streams, the goal is to process 80% of the applications within 6 months.

Quebec does not participate in the federal EE system. Instead, it receives federal funding to run separate immigration programs.¹ The PBO does not estimate any costs of Quebec's immigration programs.

2. Costs and revenues

2.1 Future projections of the number of immigrants

In each application, a principal applicant (PA) applies with any family members they plan to immigrate with. The application goes into the EE system pool. Each application is given a score based on how well the applicants are expected to integrate into Canada and contribute to the Canadian economy. Periodically, a certain number of applications are drawn from the pool, having met a minimum score for a given draw.² Selected applicants are invited to apply for permanent residency.

Due to the COVID-19 pandemic, fewer PRs were admitted through EE in 2020. Many people who would have otherwise immigrated in 2020 arrived in 2021, which resulted in higher admission numbers in 2021. From September 2021 to July 2022, there were no draws for the three EE streams. This allowed Immigration, Refugees and Citizenship Canada (IRCC) to tackle a backlog of applications that had formed during the earlier part of the pandemic. In 2022, the immigration targets for the EE streams were surpassed before the end of the year. However, this is not expected to happen again in the near future.

Every year, the federal government publishes an Immigration Levels Plan to outline its immigration targets for the next 3 calendar years.³ In the past, the government often surpassed its immigration targets in the three EE streams. However, for 2023-25, the PBO assumes the planned immigration levels will be met rather than surpassed, as the targets are comparably higher than in previous years.

The federal Immigration Levels Plan does not go past 2025. The PBO assumes that after 2025, the annual growth rate will be equal to the average annual growth rate between 2015 and 2025 (7%).

Table 2-1 presents the projected admissions of PRs through the three EE streams.⁴

Table 2-1 Projected number of EE stream admissions⁵

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
FSW	43,603	56,527	69,708	73,261	78,107	321,205
CEC	30,955	31,529	38,880	40,862	43,566	185,792
FST	701	1,360	1,677	1,762	1,879	7,379
Total	75,259	89,415	110,265	115,885	123,552	514,377

Note: Totals may not add due to rounding.

2.2 Cost of processing

There is a cost associated with processing EE applications through the immigration system. Some costs are fixed, while others (e.g., the number of full-time equivalents (FTEs) required to process applications) vary depending on the processing time standard that the government sets.

The processing time is the time it takes between the receipt of an application and the final decision being made. The service standard for processing EE applications is 6 months. The goal of Immigration, Refugees and Citizenship Canada (IRCC) is to meet the service standard for 80% of applications.⁶

In addition to the salaries of the workers who process applications, there are other costs that IRCC and other departments incur. The ratio of these costs to salary costs is assumed to stay constant over the course of 2022-23 to 2026-27.⁷

The PBO estimates the total cost of meeting the processing time goal to be \$550 million over 5 years. This estimate is based on the number of applications processed, the number of workers required, and other costs that IRCC and other departments incur throughout the application process.

The per-applicant processing cost and the number of FTEs per person processed are estimated based on 2021-22 data and grossed up based on projected inflation.⁸ In 2021-22, the per-applicant cost was estimated to be \$930. In 2019-20, the cost was estimated to be \$1,245. The decrease in cost between 2019-20 and 2021-22 suggests an increase in efficiency among workers.⁹ This reduction can be explained by a number of factors, including potential economies of scale in 2021-22 due to the greater number of employees and the much greater number of applications. In addition, the government is working towards further digitizing the immigration system, but the fiscal impacts of this digitization are not currently estimable.

Given that the number of applications is projected to grow over time, the number of FTEs required to meet the processing time goal would be expected to increase. However, the PBO estimates that the number of FTEs that IRCC already had in 2021-22 is more than sufficient to meet the processing time goals going forward.¹⁰

The PBO requested information from IRCC about the additional resources that would have been needed to meet processing time goals in past years.¹¹ In its response, IRCC indicated that this information represents Cabinet confidences and therefore did not provide it to the PBO.

2.3 Cost of pre-arrival services

Immigrants are eligible for pre-arrival services (before they arrive in Canada) after their applications are accepted. These services are designed to help them transition into their new country.

For each year, the PBO estimated the number of people who had been accepted to Canada but had not yet arrived. The PBO used the historical data on service utilization to estimate the number of immigrants who would use pre-arrival services. The utilization rates for FSW are the highest among the three streams. Applicants under the CEC stream, on the other hand, rely less on these services, which is not surprising given that CEC is designed for those who have previously lived and worked in Canada.

Using the average per-person cost, the PBO projected the total cost of pre-arrival services. The total cost of pre-arrival services is estimated to be \$76 million over 5 years.

2.4 Cost of settlement services

Settlement services are offered to PRs once they arrive in Canada. They may use settlement services for several years, but usage is generally highest within the first 5 years after arrival. Therefore, the PBO only considered the cost of settlement service usage up to 5 years after a PR has arrived. While this may slightly underestimate actual costs, the effect is not expected to be significant.

For each of the three EE streams, the PBO calculated the historical proportions of people who used the services in given years after arrival (i.e. same year as arrival, 1 year since arrival, 2 years since arrival, etc.) and the cost of those services. The PBO used these estimates to determine the total cost of settlement services, based on the number of immigrants from each of the 5 previous admission years and average utilizations rates.¹²

The estimated cost of settlement services is \$165 million over 5 years.

2.5 Revenue from fees

During the application process, applicants must pay certain fees. These include:

- For those whose applications are processed: a processing fee and a biometrics fee;
- For those who are accepted: the above fees, plus a right of permanent residence fee.

Fee amounts differ for PAs, spouses and children, and depend on whether the application includes more than just a PA.

These fees are levied to recoup at least part of the cost of running the EE system. Given that applicants from the three EE streams are chosen based on their likelihood of integrating more easily in Canada (among other factors), they may use pre-arrival and settlement services less intensely than applicants from certain other streams. Thus, compared to some other streams in Canada's immigration system, the fee revenue from the EE streams is expected to recover a greater proportion of the costs.

The total revenue from fees is estimated to be \$743 million over 5 years.

3. Aggregate results

Table 3-1 presents the aggregate cost estimates for the EE system. The majority of the costs are related to processing. The fee revenue is expected to cover a large proportion of the cost.^{13,14}

Table 3-1 Costs of three EE immigration streams (\$ millions)

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Processing	78	96	116	125	136	550
Pre-arrival services	10	13	16	17	19	76
Settlement services	22	27	34	39	45	165
Gross total	110	136	166	181	199	792
Fee revenue	-103	-122	-159	-169	-189	-743
Net total	7	13	6	11	10	48

Note: 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.

Appendix A: Full-time equivalents required for processing

Table A-1 shows the estimated number of FTEs required to meet the goal of 80% of applications being processed within 6 months.

For all years in this costing, the number of FTEs required to meet the processing standards is lower than the estimated number of FTEs in 2021-22. In that year, more applications were processed than the number expected in any of the next 5 years. Moreover, the processing time for 2021-22 exceeded the goal. Both of these factors reflect the “catching up” by IRCC on a backlog of applications that occurred during the earlier days of the COVID-19 pandemic. This helps explain why the number of FTEs in 2021-22 was higher than what would be required to meet the processing time goal in future years.

If IRCC maintains the level of processing staff that it had in 2021-22, it is likely that more than 80% of applications could be processed within 6 months. Indeed, IRCC noted that in the 12 months before they provided data to the PBO (in late 2022), the 6-month processing time was met in 85% of cases.

Because IRCC employees are not assigned to just one of the three EE streams, the FTE numbers are not presented by individual EE stream.

Table A-1 FTEs needed to meet processing time goal

	2022-23	2023-24	2024-25	2025-26	2026-27
FTEs needed to meet goal	343	408	484	510	544
FTEs in excess of need*	224	159	83	57	23
FTEs in excess of need (%)	65%	39%	17%	11%	4%

Note: * This is (FTEs in 2021-22) – (FTEs needed to meet goal). In 2021-22, IRCC estimated that 567 FTEs processed applications for the 3 EE streams.

Appendix B: Cost by stream

The tables below show the relative costs of the three EE streams for the ROC. FSW is the largest group. While CEC and FST have much greater settlement service costs than pre-arrival service costs, the proportional difference between these types of costs is smaller for FSW.

Table B-1 Costs – Federal Skilled Worker Program (\$ millions)

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Processing	47	61	74	79	86	347
Pre-arrival services	10	13	16	17	19	75
Settlement services	15	21	27	32	37	132
Gross total	72	96	117	128	142	555
Fee revenue	-59	-75	-96	-103	-114	-447
Net total	13	21	20	26	27	108

Note: Totals may not add due to rounding.

Table B-2 Costs – Canadian Experience Class (\$ millions)

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Processing	31	33	41	44	48	196
Pre-arrival services	0.1	0.1	0.1	0.1	0.1	0.4
Settlement services	6	5	6	6	7	30
Gross total	37	38	47	50	54	226
Fee revenue	-44	-46	-61	-64	-72	-286
Net total	-7	-8	-14	-14	-17	-60

Note: Totals may not add due to rounding.

Table B-3 Costs – Federal Skilled Trades Program (\$ millions)

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Processing	1	1	2	2	2	8
Pre-arrival services	S*	S	S	S	S	S
Settlement services	0.4	0.4	1	1	1	3
Gross total	1	2	2	3	3	11
Fee revenue	-1	-2	-2	-2	-3	-10
Net total	0.2	0.1	S	S	0.1	0.5

Note: *The symbol "S" indicates that the total cumulative amount in the row is less than \$50,000.

Totals may not add due to rounding.

Appendix C: Cost per permanent resident

The tables below show the costs and revenues per accepted PR, on average and for each of the three EE streams.

During the review process, some applications will be refused or withdrawn. However, processing costs and fee revenues from applicants who are not ultimately admitted are included in the total costs and revenues.

Settlement services are the only category in which the fiscal effects occur after a PR's arrival. The total costs incurred after arrival are lower than the costs and revenues incurred before arrival. The number of accepted PRs was used as the denominator to calculate the per-person costs and revenues. However, because there is a gap between when a PR is accepted and when they arrive, some PRs will be accepted in one year and arrive the next. Because of this, and because the total cost of settlement services is linked to the number of PRs admitted in previous years, the per-person cost of settlement service use presented below will vary more between years than that of other categories. The settlement service cost per person should be interpreted as a measure of how much is spent on settlement services for people who arrived within the last 5 years of a given year, compared to the number of people Canada accepts in a given year.

Not all PRs use pre-arrival or settlement services. FSW and FST have low average per-person pre-arrival service costs because very low proportions of admitted PRs in those streams use pre-arrival services. For CEC, the low per-person cost of pre-arrival services — in addition to the relatively low per-person cost of settlement services compared to the other streams— contribute to the average fee revenue outweighing the average cost.

There were many more EE admissions in 2021-22 than in other years, and the vast majority were CEC. Over time, the 2021-2022 CEC PRs will use successively fewer settlement services. This is a factor in the decline of the per-person settlement cost for CEC in the first 4 years of this costing.

The three streams have different acceptance rates. In addition, the relative proportions of total EE applicants the streams are estimated to represent vary more between the 1st and 2nd years of costing, before eventually stabilizing. Fees stay almost constant until beginning to rise annually in 2024-25, except biometrics fees. These factors result in the projected per-person fee revenue declining in 2023-24, then rising notably in 2024-25.

Table C-1 Cost per permanent resident (\$ dollars)

	2022-23	2023-24	2024-25	2025-26	2026-27
Processing	991	1,018	1,040	1,061	1,083
Pre-arrival services	129	142	144	147	150
Settlement services	274	284	302	331	356
Gross total	1,394	1,444	1,486	1,539	1,589
Fee revenue	-1,307	-1,302	-1,430	-1,441	-1,507
Net total	87	143	57	98	82

Note: Totals may not add due to rounding.

Table C-2 Cost per permanent resident – Federal Skilled Worker Program (\$ dollars)

	2022-23	2023-24	2024-25	2025-26	2026-27
Processing	991	1,018	1,040	1,061	1,083
Pre-arrival services	215	221	226	230	235
Settlement services	320	350	384	430	466
Gross total	1,526	1,589	1,651	1,722	1,784
Fee revenue	-1,241	-1,243	-1,364	-1,375	-1,438
Net total	285	346	286	346	345

Note: Totals may not add due to rounding.

Table C-3 Cost per permanent resident – Canadian Experience Class (\$ dollars)

	2022-23	2023-24	2024-25	2025-26	2026-27
Processing	991	1,018	1,040	1,061	1,083
Pre-arrival services	2.2	2.3	2.4	2.4	2.5
Settlement services	196	159	151	149	154
Gross total	1,189	1,180	1,194	1,213	1,239
Fee revenue	-1,409	-1,412	-1,550	-1,562	-1,634
Net total	-220	-232	-356	-349	-395

Note: Totals may not add due to rounding.

Table C-4 Cost per permanent resident – Federal Skilled Trades Program (\$ dollars)

	2022-23	2023-24	2024-25	2025-26	2026-27
Processing	991	1,018	1,040	1,061	1,083
Pre-arrival services	6	6	6	7	7
Settlement services	554	319	339	360	431
Gross total	1,550	1,344	1,386	1,428	1,521
Fee revenue	-1,265	-1,268	-1,390	-1,401	-1,465
Net total	285	75	-5	26	56

Note: Totals may not add due to rounding.

Appendix D: Data Sources

Variable(s)	Source(s)
Various immigration data	Publicly available IRCC data and the PBO Information Request (IR0657) to IRCC
Historical immigration projections (ROC)	Federal annual Immigration Levels Plans
Consumer Price Index data and projections	PBO projections and Statistics Canada monthly data

Notes

1. Funding is received through the Canada–Québec Accord relating to Immigration and Temporary Admission of Aliens.
<https://www.canada.ca/en/immigration-refugees-citizenship/corporate/mandate/policies-operational-instructions-agreements/agreements/federal-provincial-territorial/quebec/canada-quebec-accord-relating-immigration-temporary-admission-aliens.html>
2. Usually, draws occur every 2 weeks. However, this is not always the case. The number of applications drawn and the minimum scores vary between draws.
3. The relevant details are found at <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2023-2025.html>. In this plan, the three EE streams are collectively referred to as the “Federal Highly Skilled” category. A more disaggregated breakdown is not provided.
4. Because there is a gap between being accepted as a PR and arriving in Canada, the number of accepted PRs will differ from the number of admitted PRs in a given year.
5. These numbers presented in fiscal years are based on a combination of the PBO’s projections and the government’s immigration plans.
6. As long as 80% of applications are processed within 6 months, the goal is met. The average time required to process the other 20% of applications could change in future years depending on factors like government funding for immigration processing and changes in the number of applicants. If the average time to process the 20% changes, processing costs would be impacted, even though the goal would still be met.
7. IRCC has indicated that even if the number of EE applications went up, fixed costs (e.g., IT and the cost of running the EE pool) would not be expected to materially change. The cost of these fixed elements was not available separately from the more general costs of running the EE system. Thus, these costs are not calculated separately.
8. The salaries for relevant IRCC employees may change over time due to updates to collective agreements. These changes may or may not correlate with inflation rates.
9. The amount of time it takes for a file to be processed could be affected by the number of people included on the application. In 2021, the average number of people per application was noticeably lower than in previous years. This may or may not be the case in future years. However, if there is a lasting change in the composition of applications, the average processing time may be affected. The PBO does not have a way of predicting this.
10. See Appendix A for the expected number of FTEs required for each year.

11. <https://www.pbo-dpb.ca/en/information-requests--demandes-information/IR0657>
12. For example, the PBO did the following calculation for the cohort that would arrive in 2022-23:

(# of people admitted in 2022-23 * rate of settlement service usage among people who arrived less than 1 year before * per-person cost of service usage among people who arrived less than 1 year before)

The same calculation was done for each of the cohorts that arrived in the previous 5 years who would still be eligible to access services in 2022-23. The sum of the cost for all cohorts gave the total cost of settlement services for 2022-23.
13. See Appendix B for breakdowns by individual stream.
14. See Appendix C for the cost per accepted PR for the ROC.