

Did the Social Assistance Take-up Rate Change After EI Reform for Job Separators?

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Executive Summary

Changes under EI reform, including changes to eligibility and length of entitlement, raise questions about whether or not more EI recipients are exhausting their claims faster and turning to social assistance. Therefore, this monitoring report examines the following:

- the exhaustion of benefits before and after EI reform; and
- the take-up of social assistance before and after EI reform by UI/EI claimants and those who did not claim UI/EI.

Data and Methodology

The Canadian Out-of-Employment Panel (COEP) survey, used in conjunction with the administrative file, provides important information on EI benefits collection, social assistance receipt, and other personal, financial, and employment-related information. These data are used to compare the claim exhaustion rates (CER) and the social assistance take-up rates before and after EI reform.

Main Findings

The results from probit analysis showed that, other things being equal, the probability of exhausting a UI/EI claim is lower after EI reform for seasonal employees, and temporary workers, when compared to permanent workers.

The analysis of social assistance take-up rates showed that there is a decrease both for exhaustees and non-exhaustees among UI/EI claimants after EI reform. Moreover, it is found that 75 per cent of exhaustees who do not collect social assistance have access to other resources (liquid assets, house, or other family income).

Further regression analysis confirmed that after EI reform, social assistance take-up rate of exhaustees did decrease for single parents who do not live with other members in the household.

Overall, it can be concluded that social assistance is mainly a longer-term coping mechanism for most job separators, including exhaustees, as take-up rates increase considerably with weeks of unemployment. There is little indication that EI reform resulted in lower social assistance take-up.

Table of Contents

| | |
|---|----|
| INTRODUCTION | 1 |
| DATA AND METHODOLOGY..... | 1 |
| CLAIM EXHAUSTION AT FIRST INTERVIEW | 2 |
| SOCIAL ASSISTANCE..... | 10 |
| APPENDIX 1..... | 22 |
| APPENDIX 2..... | 24 |
| APPENDIX 3..... | 25 |
| APPENDIX 4..... | 26 |
| APPENDIX 5..... | 27 |
| APPENDIX 6..... | 29 |
| APPENDIX 7..... | 31 |

Introduction

Changes to the Employment Insurance (EI) program under Bill C-12, subsequently referred to as EI reform, include changes to eligibility and length of entitlement of EI claimants. While different in nature, the EI and the Social Assistance (SA) programs form the cornerstones of the Canadian social safety net. Aside for the potential for affecting the labour-market behaviour of individuals during an unemployment spell, changes to either program also have implications on federal and provincial expenditures. One prevailing concern is the transfer of caseloads from EI to SA associated with the possible changes to the generosity of EI after the 1996 reform. EI reform raises the possibility of changes to the rate at which EI recipients exhaust their claims will impact on their level of SA take-up. Similarly, those denied eligibility may also be pushed into relying on SA in greater number.

First, the issue of exhaustion is examined with a summary of characteristics of the different individuals affected. Section 2 then addresses changes in SA take-up rates.

Therefore, this monitoring report examines:

- the claim exhaustion rate of EI benefits before and after EI reform; and
- the take-up of social assistance before and after EI reform by UI/EI claimants and those who did not claim UI/EI.

Additional perspectives that are provided by this analysis stem from the inclusion of non-UI/EI claimants as it could serve as a basis of comparison for EI claimants and before and after comparisons to assess the impact of EI reform.

Data and Methodology

This monitoring report uses the Canadian Ot-of-Employment Panel (COEP) survey, which collected a range of personal and employment-related information from individuals who experienced a job separation as recorded on HRDC's Record of Employment (ROE) administrative file. COEP includes timely information about EI benefits collection, SA receipt, and other personal information about the individual's household and financial situation.

Each survey participant was interviewed twice following the job separation that placed him or her on the survey. The first interview (wave 1) occurred one year after the job separation, and the second interview (wave 2) occurred some nine months after the first interview. Since July 1996, COEP has collected information for a total of 12 cohorts:¹

¹ For more information on the COEP, see the report entitled "COEP as a Tool for Legislative Oversight, Monitoring and Evaluation", HRDC.

- cohorts 1 to 4 had a job separation in one of the four quarters prior to EI implementation (i.e., 1995 Q3 to 1996 Q2);
- cohort 5 and 6 had a job separation after the EI changes of July 1996 (i.e., 1996 Q3 and 1996 Q4);
- cohorts 7 to 10 had a job separation in one of the four quarters following the EI changes of January 1997 (i.e., 1997 Q1 to 1997 Q4);
- 1 cohort with job separation during 1998 Q3, 2 years after the implementation of EI reform; and
- 1 cohort with job separation during 1999 Q3, 3 years after the implementation of EI reform.

For the purposes of this study, the pre-EI reform period (third quarter of 1995 to second quarter of 1996) is compared to the post-EI reform period (first to fourth quarter of 1997) as a means of determining the changes associated with EI reform. Using four pre-EI reform quarters and four post-EI reform quarters, it becomes possible to control for changes that would have been associated with seasonality alone. No analysis was done during the first phase of EI reform (third and fourth quarters of 1996) as the implementation of EI reform was not complete and any resulting analysis may be inconclusive.

The first section of this paper focuses on the exhaustion of benefits by UI/EI claimants and summarizes claim exhaustion rates (CERs) before and after EI reform for specific demographic, industry and occupation groups. Then, probit regression analysis is used to test the significance of the observed change in the probability of exhausting EI claims while controlling for various characteristics.

The second part of the analysis deals with social assistance take-up. A comparison of SA use by claimants, both exhaustees and non-exhaustees, and by non-claimants is completed using wave one and wave two data. Wave two refers to the second interview of COEP, and, therefore, gives more indication about activities by individuals who were unemployed for a longer period of time.

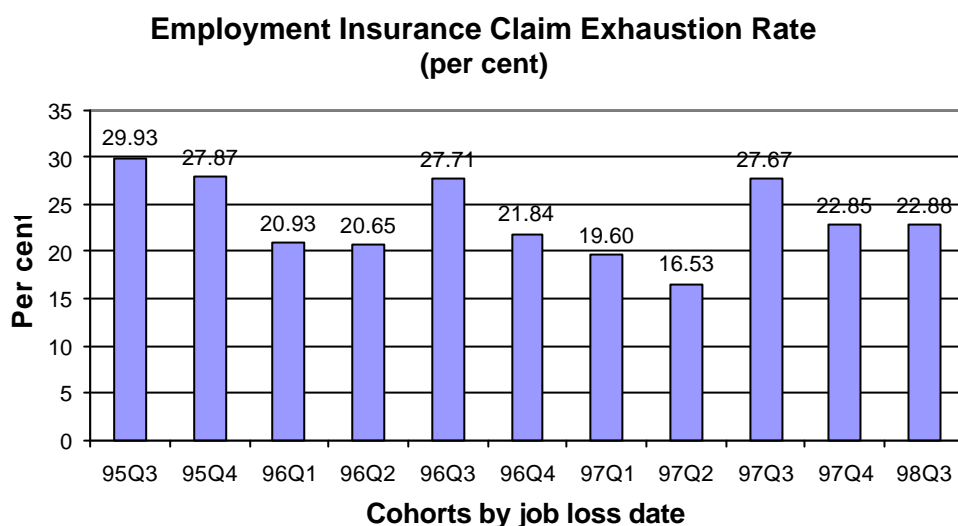
Claim Exhaustion At First Interview

Claim exhaustion refers to the situation in which individuals who claimed EI benefits used up all entitled weeks of benefits. The number of weeks payable varies depending on each individual's number of weeks of insurable employment and the unemployment rate of their area. To measure the exhaustion rate, the share of individuals who received insurance claims and had their claims terminated within a year of their ROE job loss date is calculated. These include claimants whose entitlement weeks were used up completely and not those whose claims were terminated for other reasons.

Claim Exhaustion Rates Before and After EI Reform: Descriptive Results

Figure 1 and Table 1 reports exhaustion rates for each quarter of interviews. Both show an overall decrease in the CER. The CER seems correlated with the quarters and might be affected by seasonality. The average CER for the last four quarters is smaller than the average for the first four quarters, indicating a downward shift in the CER, in the years following EI reform.

Figure 1



| Table 1 | | |
|---|----------------------|--------------|
| EI Claim Exhaustion Rate –per cent | | |
| Cohort | Job loss date | % |
| 1 | Jul.-Sep. 1995 | 29.93 |
| 2 | Oct.-Dec. 1995 | 27.87 |
| 3 | Jan.-Mar. 1996 | 20.93 |
| 4 | Apr.-Jun. 1996 | 20.65 |
| 5 | Jul.-Sep. 1996 | 27.71 |
| 6 | Oct.-Dec. 1996 | 21.84 |
| 7 | Jan.-Mar. 1997 | 19.60 |
| 8 | Apr.-Jun. 1997 | 16.53 |
| 9 | Jul.-Sep. 1997 | 27.67 |
| 10 | Oct.-Dec. 1997 | 22.85 |
| 13 | Jul.-Sep. 1998 | 22.88 |
| Pre-EI Reform (95Q3-96Q2)¹ | | 25.31 |
| Post-EI Reform (97Q1-97Q4)¹ | | 21.86 |
| <i>Notes:</i> | | |
| <i>1 Refers to initial job loss date.</i> | | |
| <i>Source: COEP survey.</i> | | |

The numbers shown in Table 1 are somewhat lower than those in a recent study² that found the CER to be in the 40 per cent range. In this report, the definition was narrowed so that only people whose claims were entirely terminated/exhausted within a year of their job loss were included.

Table 2 examines the CER by various characteristics. The results indicate that the CER is:

- higher among older workers;
- higher in the Atlantic Provinces and Quebec;
- higher for seasonal and temporary workers than for workers in other types of employment; and
- higher for workers who have a permanent layoff when compared to workers with other reasons for job loss.

Table 2 also compares the CER for various groups before and after EI reform.

- The most marked drops in the exhaustion rate were for women, seasonal and temporary workers, and residents of the Atlantic, Ontario and Prairies regions.
- Permanent workers experience almost no change in their EI exhaustion rate, neither did single individuals with no children at their care.
- Workers who lost their job because they quit voluntarily or had a temporary layoff experienced a decline in their CER.

Consistent with the expectation that the longer the employment period prior to a job loss, the more weeks of entitlement an individual will obtain, Table 3 confirms a decrease in CER as the number of months of tenure at last job increases.

² See Strategic Evaluation and Monitoring, 1999. "Evaluation of Long-Term Unemployment in Canada: Outlook and Policy Implications." Ottawa, Human Resources Development Canada.

| Table 2 | | |
|--|--|---|
| Exhaustion Rate by Characteristics | | |
| (%) | | |
| Characteristics | Pre-EI Reform (95Q3-96Q2)¹ | Post-EI Reform (97Q1-97Q4)¹ |
| Total | 25.13 | 21.86 |
| Gender | | |
| Female | 25.84 | 21.54 |
| Male | 24.48 | 22.19 |
| Age | | |
| Youth (15-24) | 24.47 | 17.05 |
| Prime age (25-54) | 23.79 | 20.94 |
| Old (55+) | 38.39 | 34.41 |
| Type of employment | | |
| Permanent | 19.98 | 19.55 |
| Temporary | 33.36 | 23.84 |
| Seasonal (1 to 5 months tenure) | 62.38 | 44.37 |
| Seasonal (6+ months tenure) | 34.90 | 27.18 |
| Contract | 22.31 | 17.67 |
| Help agency | 23.56 | 42.47 |
| Other | 14.70 | 15.82 |
| Region | | |
| Atlantic | 36.15 | 29.58 |
| Quebec | 23.88 | 25.28 |
| Ontario | 22.76 | 17.20 |
| Prairies | 25.60 | 18.06 |
| British Columbia | 23.36 | 19.90 |
| Reason for job loss | | |
| Voluntary quits | 25.24 | 21.65 |
| Permanent layoff | 37.08 | 35.45 |
| Temporary layoff | 24.35 | 19.94 |
| Sickness leave | 12.61 | 9.39 |
| Maternity leave | 3.68 | 6.82 |
| Other | 21.31 | 24.93 |
| Household Type | | |
| Single without children | 26.62 | 25.40 |
| Single with children | 26.23 | 22.95 |
| Married without children and spouse unemployed | 32.99 | 27.03 |
| Married without children and spouse employed | 24.23 | 18.40 |
| Married with children and spouse unemployed | 22.98 | 20.24 |
| Married with children and spouse employed | 21.46 | 18.89 |
| Have Disability | 23.02 | 18.70 |
| Number of observations | 7,832 | 7,762 |
| <i>Notes:</i> | | |
| <i>1 Refers to initial job loss date.</i> | | |
| <i>Source: COEP survey.</i> | | |

| <p style="text-align: center;">Table 3</p> <p style="text-align: center;">Exhaustion by Length of Employment (%)</p> | | |
|--|--|---|
| Months of tenure | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ |
| One to three months | 34.67 | 34.17 |
| Four to five months | 48.74 | 34.89 |
| Six or more months | 23.85 | 20.82 |
| <i>Notes:</i> 1 Refers to initial job loss date. Source: COEP survey. | | |

Claim Exhaustion Rate: Regression Results

A probit regression is estimated to assess the significance of changes in CER. The dependent variable is the probability of exhausting an EI claim. The sample was restricted to only individuals who had a claim.

The probability of exhausting one's EI claim is estimated by assessing the infinitesimal change to the probability of exhaustion after controlling for a unit change in each of the personal and employment-related characteristics. These characteristics include age, gender, education, household composition, region of residency, employment type, industry, occupation, and race.

The potential impact of EI reform is examined by creating an interaction dummy variable which takes on the value of 1 when the independent variable occurs within the post-EI period, and 0 otherwise. For example, the female variable (itself a binary variable) is multiplied with the variable (EI reform) to allow for the slope coefficient of changes in probability of exhaustion for women in the post-EI period to be different than that of men. Moreover, it is generally believed that women have different labour-market behaviour than men.

The multivariate regression results presented in Table 4 confirm trends observed in the descriptive analysis section. Table 4 presents the direction and magnitude of the impact of each characteristic on the probability of exhausting EI claims. For the most part, the direction of change, as indicated by the sign of the coefficient, is the same as observed earlier in Table 2.

It is worthwhile to note that by employment type, workers in seasonal employment were less likely to exhaust their claim after EI reform. Temporary workers also experience a decrease in the probability of exhausting their claims.

Although the results presented here provide an overall picture, the exact causes of these changes is not clear as more evaluation work is needed to assess other aspects not covered in this paper, such as the impact of the improving economy, new entrants/re-entrants, etc. Therefore, it must be recognized that the exact impacts related to EI reform changes, such as the change to the hours-based system or the decrease in the number of insurable weeks, is not entirely clear in this context.

Table 4

Probit Regression of the Probability of Exhaustion of EI Claim

| Demographic Characteristics | | Coefficient | % impact¹ | P > t ² |
|------------------------------------|---|--------------------|-----------------------------|-------------------------------|
| Gender | | | | |
| | Female | 0.13 | 3.70 | 0.09 |
| | Male (control) | ... | ... | ... |
| Age | | | | |
| | Youth (15-24) | -0.34 | -12.30 | 0.02 |
| | Prime (25-54) | -0.36 | -11.40 | 0.00 |
| | Old (55+) (control) | ... | ... | ... |
| Education | | | | |
| | Elementary | 0.27 | 9.10 | 0.00 |
| | High School | 0.18 | 6.20 | 0.00 |
| | Other Training | 0.09 | 2.60 | 0.55 |
| | Post-secondary (control) | ... | ... | ... |
| Household Type | | | | |
| | Single without children | 0.08 | 2.30 | 0.41 |
| | Single with children | 0.13 | 1.50 | 0.32 |
| | Married ³ without children and spouse unemployed | 0.20 | 2.70 | 0.12 |
| | Married without children and spouse employed | 0.04 | 0.70 | 0.66 |
| | Married with children and spouse unemployed | 0.03 | -1.60 | 0.77 |
| | Married with children and spouse employed (control) | ... | | ... |
| Regions | | | | |
| | Atlantic Provinces | 0.26 | 0.11 | 0.01 |
| | Quebec | 0.03 | 0.00 | 0.01 |
| | Prairies | 0.05 | 0.00 | 0.01 |
| | British Columbia | 0.01 | 0.00 | 0.02 |
| | Ontario (control) | ... | ... | ... |
| Employment type | | | | |
| | Temporary | 0.34 | 11.40 | 0.00 |
| | Seasonal (1 to 5 months tenure) | 0.94 | 22.60 | 0.00 |
| | Seasonal (6 or more months tenure) | 0.25 | 9.20 | 0.00 |
| | Contract | 0.17 | 8.00 | 0.25 |
| | Help agency | -0.17 | 6.60 | 0.63 |
| | Other | -0.21 | -2.50 | 0.31 |
| | Permanent (control) | ... | ... | ... |
| Other | | | | |
| | Visible minority | 0.11 | 4.30 | 0.11 |
| | Not a visible minority (control) | ... | ... | ... |
| | Unemployment rate | 0.01 | 0.20 | 0.43 |
| | Weeks of EI entitlement | -0.02 | -0.50 | 0.00 |
| | Part-time job | -0.18 | -5.70 | 0.02 |
| | Had recall date | -0.57 | -12.70 | 0.02 |
| Occupation | | | | |
| | Knowledge | -0.07 | 1.50 | 0.72 |
| | Management | 0.01 | 4.30 | 0.97 |
| | Data | 0.07 | 7.20 | 0.65 |
| | Service | 0.04 | 5.70 | 0.83 |
| | Goods | -0.32 | -4.30 | 0.06 |

| | | | | |
|--|---|----------|-------|------|
| | Data and Services (control) | ... | ... | ... |
| Industry | | | | |
| | Primary | 0.21 | 11.80 | 0.10 |
| | Manufacturing | -0.06 | 3.40 | 0.64 |
| | Construction | 0.14 | 5.90 | 0.24 |
| | Services | -0.10 | 0.90 | 0.33 |
| | Public Administration (control) | ... | ... | ... |
| Quarter of Job Loss | | | | |
| | 1st quarter | -0.03 | -0.30 | 0.61 |
| | 2nd quarter | -0.16 | -3.70 | 0.02 |
| | 3rd quarter | -0.03 | -0.70 | 0.31 |
| | 4th quarter (control) | ... | ... | ... |
| Post-EI reform period⁴ | | | | |
| Total | | 0.02 | 0.08 | 0.70 |
| Gender | | | | |
| | Female | -0.13 | -3.50 | 0.16 |
| | Male (control) | | ... | |
| Age | | | | |
| | Youth | -0.33 | -4.80 | 0.12 |
| | Prime | -0.04 | -1.00 | 0.81 |
| | Old (control) | ... | ... | ... |
| Region | | | | |
| | Atlantic | 0.15 | 2.40 | 0.21 |
| | Quebec | 0.25 | 7.30 | 0.07 |
| | Prairies | -0.06 | -1.60 | 0.61 |
| | British Columbia | 0.12 | 1.80 | 0.39 |
| | Ontario (control) | ... | ... | ... |
| Type of employment | | | | |
| | Seasonal (1 to 5 months tenure) | -0.49 | -5.60 | 0.03 |
| | Seasonal (6 or more months tenure) | -0.21 | -6.70 | 0.06 |
| | Temporary | -0.30 | -8.20 | 0.01 |
| | Contract | -0.32 | -9.90 | 0.13 |
| | Help Agency | 0.53 | 3.70 | 0.37 |
| | Other | -0.07 | -5.20 | 0.82 |
| | Permanent (control) | ... | ... | ... |
| Other | | | | |
| | Single without children | 0.08 | 2.40 | 0.52 |
| | Single with children | -0.07 | -0.20 | 0.69 |
| | Married without children and spouse unemployed | -0.22 | -3.50 | 0.21 |
| | Married without children and spouse employed | -0.16 | -3.90 | 0.25 |
| | Married with children and spouse unemployed | -0.08 | 0.00 | 0.61 |
| | Married with children and spouse employed (control) | ... | ... | ... |
| Constant | | -0.07 | | 0.80 |
| Log likelihood | | -7377.77 | | |
| Number of observations | | 14,632 | | |
| Source: COEP survey data | | | | |
| Notes: | | | | |
| 1 This probit results (% impact) show the exact change in probability of exhausting the claim as a result of a one unit change in the independent variable. | | | | |
| 2 $P > t $ denotes the probability of obtaining a significant t-statistic. | | | | |
| 3 Includes common-law marriages. | | | | |
| 4 Post-EI reform period refers to January 1997 (Q1) to December 1997 (Q4). This period is compared to the pre-EI reform period of June 1995 (Q3) to May 1996 (Q2). | | | | |

Social Assistance

The EI reform included changes, such as changes to eligibility and length of entitlement of benefits, which could have an effect on the take-up rates of SA. However, there have been few studies examining the interaction between the UI/EI and SA systems. This interaction has relevance to a wide range of issues such as labour-market adjustment of job separators and federal-provincial relations.

Therefore, in order to examine in greater detail the incidence of SA receipt among individuals having experienced a job separation from July 1996 to December 1997, this report examines changes to the take-up rates of SA by: (a) UI/EI claimants; (b) UI/EI claimants who exhausted their benefits; and (c) those who did not claim UI/EI. In addition to the descriptive statistics, multivariate analysis will be undertaken to ascertain the significance of the observed changes.

The definition of SA receipt in this study is based on the response of participants to the COEP survey. A question asks respondents whether any member of the household, including themselves, have received SA at any time from the job separation date to time of the interview (approximately 12 months elapsed). SA take-up by month prior to or after the job separation date is possible with COEP but will not be attempted here as it can be the subject of future evaluative research. Month-to-month analysis is useful in understanding the dynamics between unemployment and social safety programs. While this paper will not cover this topic, it is possible that some people will turn to SA in the period before EI claims start as a means of income support and the month-to-month data would allow that type of analysis.

Note that the numbers on SA take-up rates obtained in this paper may be different from other similar studies on SA. The COEP sample, by sampling from ROEs, includes only individuals with recent labour force activity. Individuals who have not been part of the labour force for a long period of time are necessarily excluded, explaining the lower SA take-up rates. Moreover, respondents who cite a maternity leave, a return to school, or a retirement as reason for the job separation are excluded from the sample examined.

UI/EI claimants: exhaustees vs. non-exhaustees³

This section of the analysis compares the fraction of UI/EI claimants who ended up receiving SA before and after EI reform. In particular, those who did exhaust their EI benefits for various reasons are examined in greater detail. One

³ Reasons for non-exhaustion, besides getting another job, may include termination by the Commission, period of entitlement elapsed, claimant stopped reporting before the entitlement exhausted or claims were still collected at time of the first interview.

prevailing belief is that EI and SA act as substitutes for one another and that exhaustion of benefits lead to SA take-up. The following analysis will show that for many, not only is there a time lag between receipt of one program after the other, but that the availability of financial and other income resources also decrease the likelihood of SA receipt.

Non-claimants

The likelihood of being a welfare recipient may be different for individuals who filed an EI insurance claim and were denied payments of benefits. It is possible that individuals who did not obtain any income support payments will rely more readily on welfare. Therefore, it is useful to examine whether this group actually claimed SA more after EI reform as a basis for comparison. Non-claimants who experience zero weeks of unemployment are excluded from this sample as they do not face the same labour-market difficulties as those who do experience unemployment.

Financial Situation

For all groups examined, an examination of assets ownership, existence of mortgage payments, and size of family income may also help understand the level of SA take-up.

Social Assistance Receipt by Characteristics

Table A1 in Appendix 1 provides level of SA receipt by characteristics for: (a) UI/EI claimants; (b) UI/EI claimants who exhausted their benefits; and (c) those who did not claim UI/EI. Consistent across all three groups is that SA take-up is higher for:

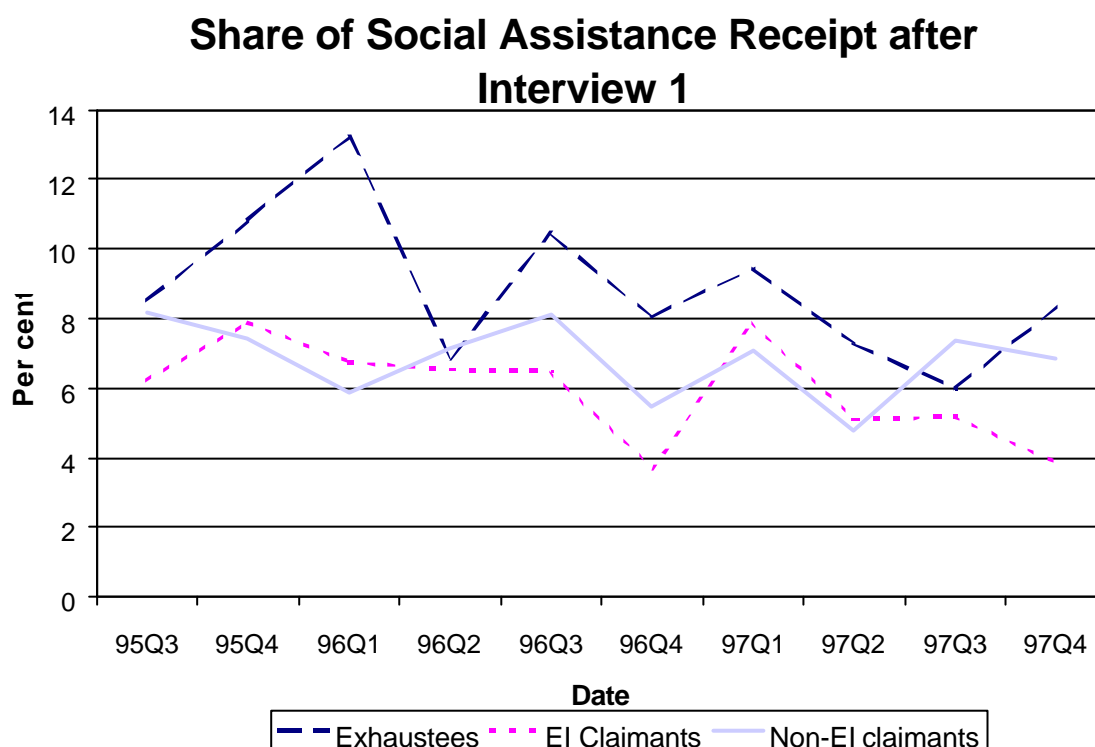
- Men;
- Youth (among all UI/EI claimants);
- Prime age workers (among exhaustees and non-claimants);
- Single parents;
- Residents of British Columbia;
- Seasonal workers with fewer than 6 months of tenure;

While the above distribution of SA workers is similar for all groups, exhaustees still claim more SA than the other two groups. However, it is worthwhile to note that there is a considerable decrease in the proportion of SA recipients after EI Reform among this group.

Comparing Before and After EI Reform: Initial Results

An initial examination of SA use, for all separations and for sub-samples of UI/EI claimants or non-claimants, shows that the pattern of SA receipt between claimants and non-claimants tends to be correlated, as illustrated in Figure 2.

Figure 2



Wave 1

Comparing the SA take-up rate for job losers from before EI reform (third quarter of 1995 to second quarter of 1996) to the take-up rate for job losers after EI reform (all quarters of 1997), Table 5 shows the following:

- The total take-up rate for SA (where the total includes claimants and non-claimants) decreased by less than 1 percentage point after EI reform.
- A more marked decrease in the take-up rate for SA is observed for claimants (-1.29) than for non-claimants (-0.71).
- Among claimants, those who exhausted their claims within the year of their job loss experienced a greater decrease (-2.17) in their probability of receiving SA, compared to those who did not exhaust their claims (-0.85).

A number of factors could explain these observed changes. For example, changes in the overall economy, changes to the EI system, or changes to the parameters of the SA program at the provincial level, could all be responsible for the decrease in welfare receipt.

Since there are fewer SA recipients among all groups examined in the post-EI reform period, the question is “what do these people do?” Different aspects of the financial health of exhaustees will be examined in greater detail in a later section.

| Cohort | Initial Job loss date | EI Claimants | | | Non-EI Claimants | Total (all) |
|---|-----------------------|----------------|--------------|-----------------|------------------|--------------|
| | | Non-exhaustees | Exhaustees | Total Claimants | | |
| 1 | Jul.-Sep. 1995 | 3.80 | 8.51 | 5.38 | 9.77 | 7.27 |
| 2 | Oct.-Dec. 1995 | 6.45 | 10.82 | 7.74 | 8.36 | 7.43 |
| 3 | Jan.-Mar. 1996 | 5.31 | 13.26 | 6.95 | 7.46 | 6.35 |
| 4 | Apr.-Jun. 1996 | 6.41 | 6.86 | 6.51 | 8.56 | 6.92 |
| 5 | Jul.-Sep. 1996 | 4.19 | 10.45 | 6.14 | 10.55 | 7.53 |
| 6 | Oct.-Dec. 1996 | 2.64 | 8.03 | 3.89 | 5.91 | 4.50 |
| 7 | Jan.-Mar. 1997 | 7.10 | 9.45 | 7.63 | 9.05 | 7.36 |
| 8 | Apr.-Jun. 1997 | 5.36 | 7.28 | 5.70 | 6.09 | 5.20 |
| 9 | Jul.-Sep. 1997 | 5.69 | 5.98 | 5.78 | 8.77 | 6.88 |
| 10 | Oct.-Dec. 1997 | 2.67 | 8.33 | 3.98 | 7.84 | 5.61 |
| Pre-EI Reform (95Q3-96Q2)¹ | | 5.69 | 9.78 | 6.78 | 8.60 | 7.03 |
| Post-EI Reform (97Q1-97Q4)¹ | | 4.84 | 7.61 | 5.49 | 7.89 | 6.17 |
| Change pre- and post- | | -0.85 | -2.17 | -1.29 | -0.71 | -0.86 |
| 13 | Jul.-Sep. 1997 | 5.09 | 5.22 | 5.12 | 6.14 | 5.22 |

Notes:
1 Refers to initial job loss date.
Source: COEP survey.

Wave 2

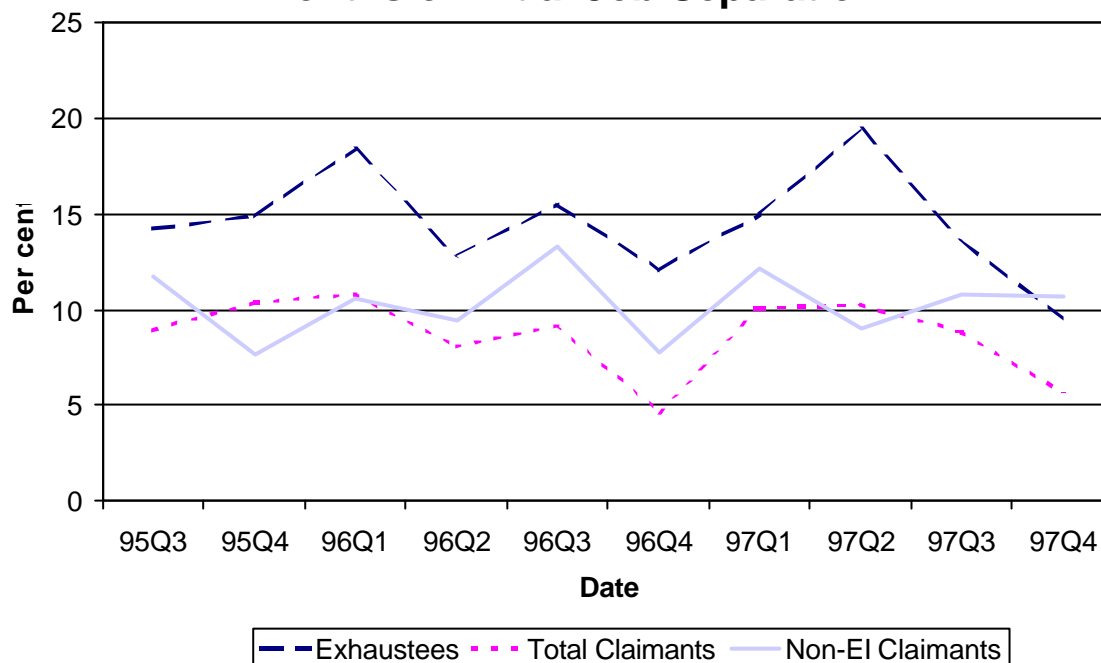
The next table presents results for SA use which incorporates information from interview 1 and 2 together. It reports welfare use over a 22-month period, from the time of the issuance of the ROE to the time of the second interview. The additional information stemming from wave two can offer noteworthy results, as those still on claim are now long-term unemployed. Overall, there is a slight increase in the fraction of welfare receipt, when compared to wave one data, as shown in Table 6. The higher SA take-up rate of exhaustees reflects the fact that this more complete set of data allows for SA take-up among those unemployed for a longer period to be properly captured.

Therefore, it can be concluded that take-up rates vary by claim type and decrease slightly after EI reform with the most marked decrease among those who exhaust their UI/EI claims. This is consistent with the exhaustion results found in the previous section. Not only does the per cent of exhaustees decrease after EI reform, a verification of the actual number of weeks of benefits entitlements received by exhaustees also reveals that those who do exhaust their benefits do so in a slightly longer period of time after EI reform.⁴

⁴ Exhaustees receive 33.75 weeks of entitlements in the post-EI reform period vs. 31.69 in the pre-EI reform period.

Figure 3

Share of Social Assistance Receipt within 22 Months of Initial Job Separation



| Cohort | Initial Job loss date | EI Claimants | | | Non-EI Claimants | Total (all) |
|---|-----------------------|----------------|--------------|-----------------|------------------|-------------|
| | | Non-exhaustees | Exhaustees | Total Claimants | | |
| 1 | Jul.-Sep. 1995 | 6.29 | 14.20 | 8.93 | 11.70 | 9.41 |
| 2 | Oct.-Dec. 1995 | 8.40 | 14.91 | 10.34 | 7.63 | 8.42 |
| 3 | Jan.-Mar. 1996 | 9.11 | 18.42 | 10.82 | 10.59 | 9.27 |
| 4 | Apr.-Jun. 1996 | 6.67 | 12.81 | 8.05 | 9.47 | 8.13 |
| 5 | Jul.-Sep. 1996 | 6.29 | 15.50 | 9.17 | 13.32 | 9.97 |
| 6 | Oct.-Dec. 1996 | 2.41 | 12.08 | 4.62 | 7.77 | 5.45 |
| 7 | Jan.-Mar. 1997 | 8.65 | 14.98 | 10.06 | 12.13 | 9.60 |
| 8 | Apr.-Jun. 1997 | 8.10 | 19.42 | 10.23 | 8.97 | 8.58 |
| 9 | Jul.-Sep. 1997 | 6.71 | 13.66 | 8.83 | 10.75 | 9.22 |
| 10 | Oct.-Dec. 1997 | 4.46 | 9.51 | 5.63 | 10.68 | 7.56 |
| 13 | Jul.-Sep. 1997 | 6.87 | 13.24 | 8.46 | 7.95 | 7.45 |
| Pre-EI Reform (95Q3-96Q2)¹ | | 7.72 | 14.79 | 9.59 | 9.77 | 8.76 |
| Post-EI Reform (97Q1-97Q4)¹ | | 6.25 | 12.40 | 7.79 | 11.03 | 8.66 |
| Number of observations | | 13,952 | 5,596 | 19,548 | 17,645 | 41,871 |

Notes:
¹ Refers to initial job loss date.
 Data adjusted with weights for wave 2 of survey.
 Source: COEP survey.

While it is not surprising that inability to qualify for either UI or EI may lead to slightly higher SA use, it is worthwhile to examine those who fail to qualify for EI but would have qualified for UI. Inability to qualify for UI or EI occurs when the number of insurable employment weeks does not meet the Variable Entrance Requirement (VER) weeks.

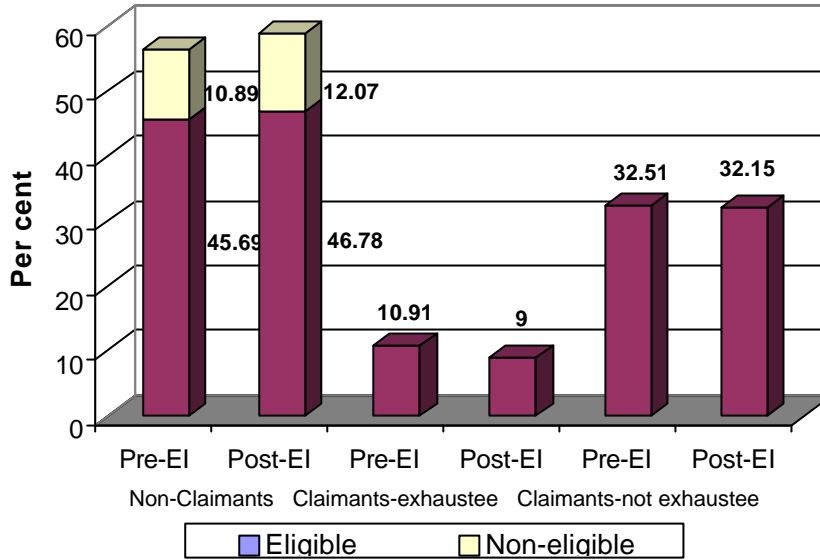
Thus, Table 6b decomposes the population of non-claimants further into those who are not eligible under both systems and those who are not eligible under EI but would have been under UI. The latter group, while slightly more likely to collect SA than the entire non-claimant population, use SA in the same proportion as those not eligible under both systems, i.e. in the 13 per cent range.

| Table 6b | | | |
|---|--------------------------------|--|---------------------------|
| Social Assistance Take-up Rate within 22 Months of Initial Job Separation for Non-UI/EI Claimants by Eligibility (%) | | | |
| Initial job loss date | Not eligible under each system | Not eligible under EI but would have been under UI | Total Non-UI/EI Claimants |
| Pre-EI Reform (95Q3-96Q2)¹ | 14.37 | N/A² | 9.77 |
| Post-EI Reform (97Q1-97Q4)¹ | 13.84 | 13.46 | 11.03 |
| Number of observations | 3,490 | 1,219 | 17,645 |
| <i>Notes:</i> 1 Refers to initial job loss date. 2 Not available because we are only considering non-eligible workers under EI. Data adjusted with weights for wave 2 of survey. Source: COEP survey. | | | |

In Figure 4, the distribution of EI claimants vs. non-claimants are shown to change only slightly, thus changes to proportions of each group are unlikely to affect the overall picture.

Figure 4

Share of UI/EI and Non-UI/EI Claimants



Financial Situation of Respondents

An analysis of the financial situation of COEP respondents shows that exhaustees do, in fact, face a more difficult financial reality than non-exhaustees and non-claimants altogether. In Table A2 of Appendix 2, those who exhaust their claim are found to be less likely to have assets and/or a mortgage, and have fewer assets to draw upon (on average). They also have a much lower combined household income in the month prior to the interview.

In order to understand how exhaustees cope with unemployment when income support in the form of EI payments is used up without turning to SA, it is useful to compare exhaustees who collect SA and those who do not. The indicators of financial health in Table 7 show SA recipients to be much less likely to have other financial resources (from liquid assets, a mortgage, or a working spouse). SA recipients also tend to have much fewer assets (1224.75\$) than those not on SA (5433.95\$). Moreover, total income in the respondent's household in the month prior to each of the two interview dates is about 600 to 700\$ lower for SA recipients. Therefore, exhaustees who do not become SA recipients can rely on other available sources of income support.

While the percentage of respondents with other resources barely changes in the post-EI reform period, the amount of assets increases considerably, suggesting some improvement in general economic situation of respondents in all four quarters of 1997.

| Table 7 | | | | | | |
|---|---|--|---|----------------------------------|--|---|
| Financial Situation of Exhaustees | | | | | | |
| | Exhaustees who do not collect SA | | | Exhaustees who collect SA | | |
| | Total | Pre-EI Reform (95Q3-96Q2)¹ | Post-EI Reform (97Q1-97Q4)¹ | Total | Pre-EI Reform (95Q3-96Q2)¹ | Post-EI Reform (97Q1-97Q4)¹ |
| Per cent | | | | | | |
| Have resources other than employment income (either assets ² , mortgage, or employed spouse) | 75.03 | 75.76 | 73.53 | 30.90 | 30.19 | 31.13 |
| Decrease in consumption | 18.39 | | | 23.35 | | |
| Dollar amount | Total | Pre-EI Reform (95Q3-96Q2)¹ | Post-EI Reform (97Q1-97Q4)¹ | Total | Pre-EI Reform (95Q3-96Q2)¹ | Post-EI Reform (97Q1-97Q4)¹ |
| Amount of assets ² | 5433.95 | 4812.44 | 6164.17 | 1224.75 | 839.34 | 1779.99 |
| Total household income in 4 weeks prior to interview 1 | 1833.52 | | | 1107.32 | | |
| Total household income in 4 weeks prior to interview 2 | 1769.12 | | | 1101.19 | | |
| <i>Notes:</i> | | | | | | |
| 1 Refers to initial job loss date. | | | | | | |
| 2 All assets referred to include liquid assets only (i.e. exclude houses, boats or cars.) | | | | | | |
| Source: COEP survey. | | | | | | |

Social Assistance Receipt by Length of Time Unemployed

As expected, Figure A1 in Appendix 3 shows the incidence of SA receipt increasing with length of time unemployed, most notably, for the UI/EI claimants. As individuals exhaust their UI/EI benefits and use up their assets, they become more likely to resort to SA as income supplement. Consistently, non-UI/EI claimants are overall more likely than UI/EI claimants to claim SA at all times and their pattern of SA take-up increases less with time, as they do not receive any income support.

SA use seems to peak at round 20 per cent after a year. This is consistent with the proposition that SA is a longer-term coping mechanism for individuals experiencing employment difficulties. Keeping in mind that EI is primarily a short-term income support mechanism for the unemployed and that fewer exhaustees actually collect SA in the post-EI period, there is no evidence that EI reform has encouraged greater reliance on SA use or increased hardship for the unemployed. A considerable time length elapses between the collection of either support program (EI or SA) and individuals do have access to a number of other resources prior to the start of their SA claim as the previous section shows. It is important to keep in mind that since SA is a needs-tested process (which takes

into account the assets and income of the applicant's household in relation to its basic needs and region of residence), the connection to time is an important one as with time, resources will likely decrease, unless a new job is found.

Social Assistance Receipt by Reason for Job Loss

It is also useful to examine reasons for job separation in relation to SA use. Figure A2 shows SA receipt rates by reason for job loss.

- For non-claimants, those with a temporary layoff are almost half as likely to use SA than those with a permanent layoff. However, in this group, those citing a sickness as reason for job termination are the most likely to claim SA.
- In the group of UI/EI claimants, a high percentage of those with voluntary quit or permanent layoff become welfare recipients while those with a temporary layoff are least likely to resort to SA.
- For exhaustees, the proportion of welfare recipients is high for voluntary quits but as Table A3 shows, it is likely due to distortions caused by small numbers. Exhaustees who were dismissed or fired also claim SA in greater number.

A consistent finding is that given that most temporarily laid off workers will return to their last employer, their SA take-up rate is lower. Similarly, one would also expect voluntary quits to be more likely to collect SA as they are, subject to exceptions, ineligible for EI benefits.

Regression Results

Determinants of Social Assistance Receipt

The results from models estimating determinants of welfare receipt for claimants and non-claimants are presented in Appendix 5 and 6. Our goal is to measure the impact of changes to EI on the likelihood of SA use. This is made possible by including variables to capture the impact of EI in the regression. Alternate sets of models are used in order to determine which variables affect SA use, each with additional relevant independent variables added. These results are reported in Table A4 and A5, in Appendix 5 and 6, using a probit model.

Two separate specifications are estimated. In the first specification, demographic, employment-related variables, unemployment rate, weeks of EI entitlement, a variable for expected recall to last job, possession of assets, previous SA receipt, existence of other family income, length of unemployment and length of tenure at last job are estimated.

Specification two is essentially the same as the first specification with the addition of a post-EI reform dummy variable interacting with each control variable, in an attempt to attribute detected changes to something other than EI.

Impact of EI Reform

Claimants/exhaustees

The regression results of the first specification shows that after EI reform there was an overall decrease in the likelihood of social assistance receipt (result significant at the 1 per cent level) among claimants, as expected from the tabulation results.

Given that the decrease was observed to be consistent across the different groups, there is one group for which the changes are most significant: single parents who are less likely to claim SA after EI reform.

The results for exhaustees are similar to those of the overall group of claimants, except for decreases being even more marked.

Non-claimants

For non-UI/EI claimants, after controlling for all relevant factors, regression analysis yields the following findings (Table A6 in Appendix 7):

- Women are as likely to receive SA as men, and
- Single individuals (without children but living with others) are less likely to collect SA.

Conclusion and Future Research

For some groups, EI reform seems to be correlated with changes in exhaustion rates and social assistance receipt.

Multivariate regression results showed that, overall, there was no significant difference between the probability of exhausting a UI/EI claim before and after EI reform. However, some groups did experience a significant change. In particular, the probability of exhausting a UI/EI claim was lower after EI reform for seasonal and temporary workers (compared to permanent employees).

The analysis of the take-up rates for social assistance showed that these rates decreased for both UI/EI claimants and non-claimants after EI reform. The most marked decrease is among exhaustees. Further analysis indicate that exhaustees who do not claim social assistance have access to resources other than employment income such as liquid assets, house, or income from household member.

Regression analysis confirms these findings that there is an overall decrease in social assistance take-up rates among UI/EI claimants. After EI reform, there are fewer single parents claiming social assistance.

Therefore, there is no evidence that EI reform, through changes to entitlements or eligibility, led unemployed people to greater welfare use. In future research work, a month-to-month analysis of social assistance take-up can provide more information about the dynamics of unemployment length since the job separation date and social assistance receipt. This would allow for the examination of those who collect social assistance before EI claims are established and claimed. Additional data at the provincial level would help understand the interaction between EI and social assistance better as changes in the parameters of the program administration may also have had an impact on social assistance take-up rates.

Appendix 1

| Table A1 | | | | | | | | |
|---|--|---|--|---|--|---|--|---|
| Descriptive Statistics on Welfare Use with Interview 1 and 2 Data | | | | | | | | |
| | EI/UI Claimants | | | | | | Non-UI/EI Claimants | |
| | Total | | Claim exhausted | | Claim not exhausted | | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ |
| Variable | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | | |
| Total | 9.59 (7314) | 7.79 (7071) | 14.79 (2098) | 12.40 (1838) | 9.67 (5671) | 11.62 (5816) | 9.77 (6130) | 11.03 (6476) |
| Gender | | | | | | | | |
| Female | 9.05 (3163) | 6.99 (3243) | 11.83 (972) | 9.46 (908) | 11.89 (2343) | 10.06 (2452) | 11.13 (2521) | 9.23 (2729) |
| Male | 9.48 (4151) | 7.42 (3828) | 15.76 (1126) | 13.56 (930) | 9.88 (3328) | 12.03 (3364) | 10.20 (3609) | 11.22 (3747) |
| Age | | | | | | | | |
| Youth (15-24) | 10.04 (853) | 8.19 (747) | 10.36 (236) | 15.31 (159) | 9.85 (945) | 12.33 (1085) | 10.06 (1102) | 10.80 (1302) |
| Prime (25-54) | 9.43 (5749) | 7.24 (5580) | 14.51 (1595) | 12.54 (1421) | 12.34 (4121) | 12.10 (4115) | 11.87 (4416) | 11.15 (4541) |
| Old (55+) | 7.17 (713) | 6.13 (745) | 12.94 (267) | 5.47 (258) | 3.12 (605) | 3.63 (616) | 3.24 (612) | 4.07 (633) |
| Household Type | | | | | | | | |
| Single w/o children -living alone | 10.07 (966) | 11.49 (953) | 17.78 (279) | 15.45 (257) | 14.49 (759) | 14.41 (838) | 9.96 (746) | 10.77 (823) |
| Single w/o children -living with others | 16.37 (1140) | 9.32 (1137) | 23.37 (337) | 16.07 (275) | 12.32 (1121) | 12.40 (1173) | 8.87 (1082) | 10.34 (1210) |
| Single with children -living alone | 34.03 (310) | 19.70 (371) | 47.21 (101) | 28.67 (113) | 44.08 (223) | 41.68 (266) | 32.02 (244) | 40.61 (255) |
| Single with children -living with others | 27.39 (181) | 19.64 (164) | 26.87 (56) | 39.97 (44) | 11.51 (162) | 7.11 (183) | 10.85 (161) | 8.77 (168) |
| Married w/o children -spouse unemployed | 8.79 (873) | 4.75 (811) | 11.84 (289) | 12.43 (249) | 6.42 (673) | 8.94 (660) | 5.77 (676) | 8.56 (673) |
| Married w/o children -spouse employed | 2.53 (1486) | 1.76 (1406) | 3.46 (397) | 3.23 (336) | 2.35 (993) | 2.58 (1069) | 1.70 (1102) | 1.51 (1221) |
| Married with children -spouse unemployed | 11.42 (789) | 10.11 (699) | 18.23 (218) | 14.39 (181) | 23.79 (576) | 20.29 (500) | 22.28 (591) | 18.51 (562) |
| Married with children -spouse employed | 2.45 (1563) | 4.13 (1522) | 4.04 (418) | 3.43 (383) | 4.14 (1159) | 6.26 (1117) | 2.98 (1361) | 5.92 (1372) |
| Region | | | | | | | | |
| Atlantic | 7.27 (2836) | 7.39 (2681) | 10.77 (996) | 11.47 (850) | 11.49 (1746) | 9.51 (1781) | 10.90 (1832) | 9.38 (1930) |
| Quebec | 9.35 (932) | 7.13 (1012) | 17.51 (226) | 11.78 (273) | 12.75 (642) | 11.14 (732) | 12.39 (690) | 10.82 (787) |
| Ontario | 8.96 (776) | 5.22 (757) | 11.97 (186) | 8.80 (146) | 8.09 (711) | 12.27 (721) | 8.08 (765) | 10.81 (799) |
| Prairies | 7.90 (1902) | 7.39 (1723) | 10.92 (471) | 8.16 (375) | 8.54 (1903) | 7.64 (1924) | 8.64 (2116) | 7.13 (2220) |

| | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| British Columbia | 13.26 (869) | 10.91 (899) | 17.19 (219) | 18.99 (194) | 16.33 (669) | 14.10 (658) | 16.36 (727) | 13.15 (740) |
| Type of Employment | | | | | | | | |
| Permanent | 9.76 (3461) | 7.24 (3348) | 13.58 (731) | 9.15 (701) | 9.11 (2287) | 10.42 (2406) | 9.06 (2597) | 9.27 (2821) |
| Seasonal (1 to 5 months tenure) | 17.46 (212) | 10.12 (229) | 23.04 (129) | 17.93 (120) | 20.19 (332) | 15.08 (407) | 19.57 (356) | 14.08 (443) |
| Seasonal (6 or more months tenure) | 7.72 (1570) | 5.61 (1600) | 9.24 (589) | 13.07 (515) | 11.27 (853) | 10.01 (944) | 11.49 (879) | 9.63 (979) |
| Temporary | 9.72 (1375) | 8.22 (1263) | 19.08 (464) | 14.13 (349) | 12.56 (1665) | 13.28 (1506) | 12.12 (1739) | 12.62 (1641) |
| Contract | 5.23 (356) | 6.94 (341) | 12.25 (87) | 16.78 (69) | 9.55 (310) | 4.86 (332) | 11.11 (317) | 4.79 (340) |
| Help Agency | 12.49 (44) | 33.29 (29) | 1.00 (16) | 5.18 (13) | 6.97 (27) | 2.43 (24) | 5.12 (30) | 24.70 (32) |
| Other Employment | 12.60 (136) | 5.86 (115) | 9.86 (33) | 19.50 (21) | 4.99 (110) | 11.72 (90) | 4.62 (118) | 9.44 (100) |

Notes:

Number of observations in parentheses.

1 Refers to initial job loss date.

Data source: COEP Survey.

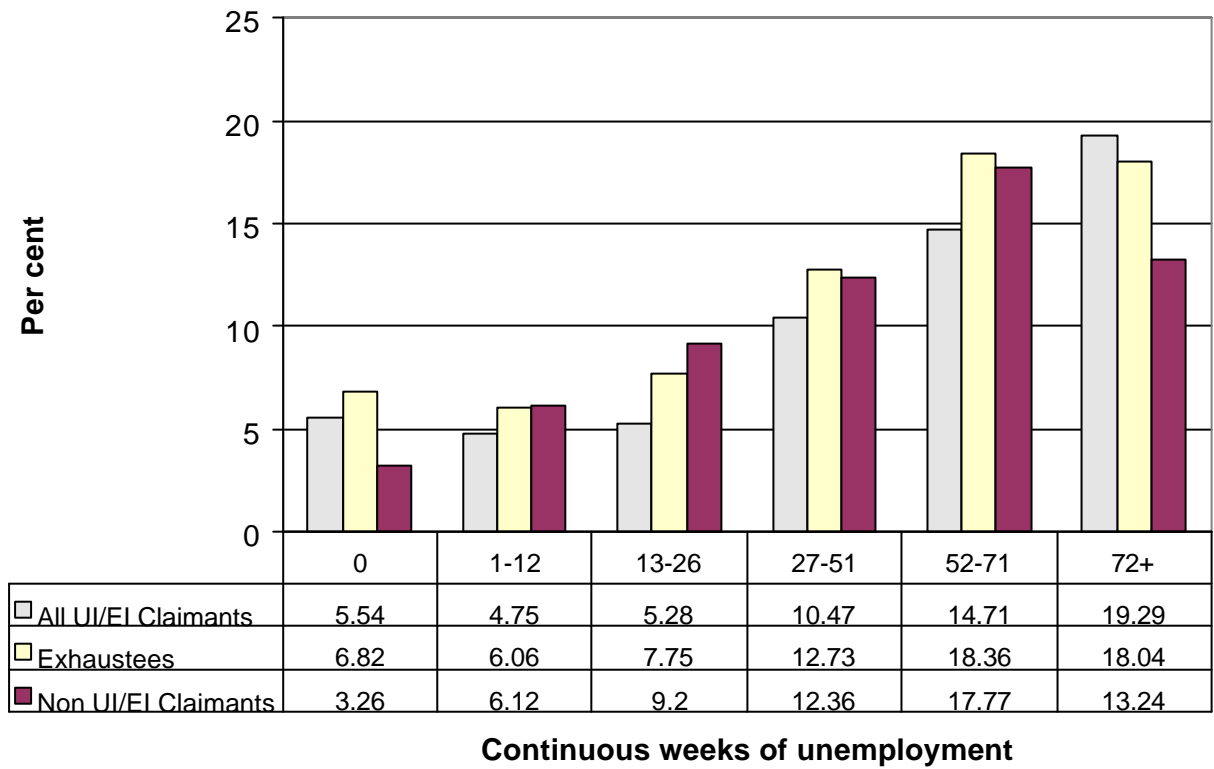
Appendix 2

| Table A2 | | | | | | | | |
|--|--|---|--|---|--|---|--|---|
| Financial Situation After Job Loss | | | | | | | | |
| Variable | All EI/UI Claimants | | | | | | Non-EI Claimants | |
| | Total | | Claim exhausted | | Claim not exhausted | | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ |
| | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | Pre-EI Reform (95Q3-96Q2) ¹ | Post-EI Reform (97Q1-97Q4) ¹ | | |
| By 1st interview | | | | | | | | |
| Have liquid assets ² (%) | 44.65 | 46.96 | 38.94 | 40.40 | 46.74 | 48.98 | 47.58 | 47.86 |
| Have debts (%) | 58.17 | 56.14 | 52.93 | 52.46 | 60.09 | 57.27 | 60.61 | 56.55 |
| Have mortgage (%) | 39.90 | 40.11 | 34.12 | 34.43 | 42.01 | 41.86 | 38.63 | 36.81 |
| Have a working spouse (%) | 44.67 | 45.12 | 41.20 | 40.86 | 45.94 | 46.43 | 39.92 | 38.87 |
| Have at least one of three resources (%) | 76.75 | | 69.39 | | 78.79 | | 77.00 | |
| Amount of assets ² (mean) | 5095.64 | 6711.37 | 4261.82 | 5655.69 | 5400.14 | 7036.16 | 5661.59 | 7602.21 |
| Amount of debts (mean) | 3406.26 | 3939.75 | 3624.02 | 3508.98 | 3326.73 | 4072.28 | 2689.80 | 4608.48 |
| Household income in 4 weeks before interview (\$) | 2245.43 | | 1740.64 | | 2364.96 | | 2208.30 | |
| By 2nd interview | | | | | | | | |
| Household income in 4 weeks before interview (\$) | 2203.48 | | 1677.25 | | 2395.11 | | 2193.10 | |
| Assets gone up by 2 nd interview | 24.36 | | 18.21 | | 26.51 | | 26.11 | |
| Assets gone down by 2 nd interview | 9.55 | | 10.61 | | 9.18 | | 20.97 | |
| Assets same by 2 nd interview | 64.80 | | 69.70 | | 63.09 | | 61.27 | |
| Debts gone up by 2 nd interview | 28.62 | | 27.56 | | 29.00 | | 29.05 | |
| Debts gone down by 2 nd interview | 15.79 | | 14.71 | | 16.17 | | 16.23 | |
| Debts same by 2 nd interview | 54.24 | | 56.48 | | 53.46 | | 53.23 | |
| Notes: | | | | | | | | |
| 1 Refers to initial job loss date. | | | | | | | | |
| 2 All assets referred to exclude fixed assets such as houses, cars, and boats. | | | | | | | | |
| Data source: COEP Survey. | | | | | | | | |

Appendix 3

Figure A1

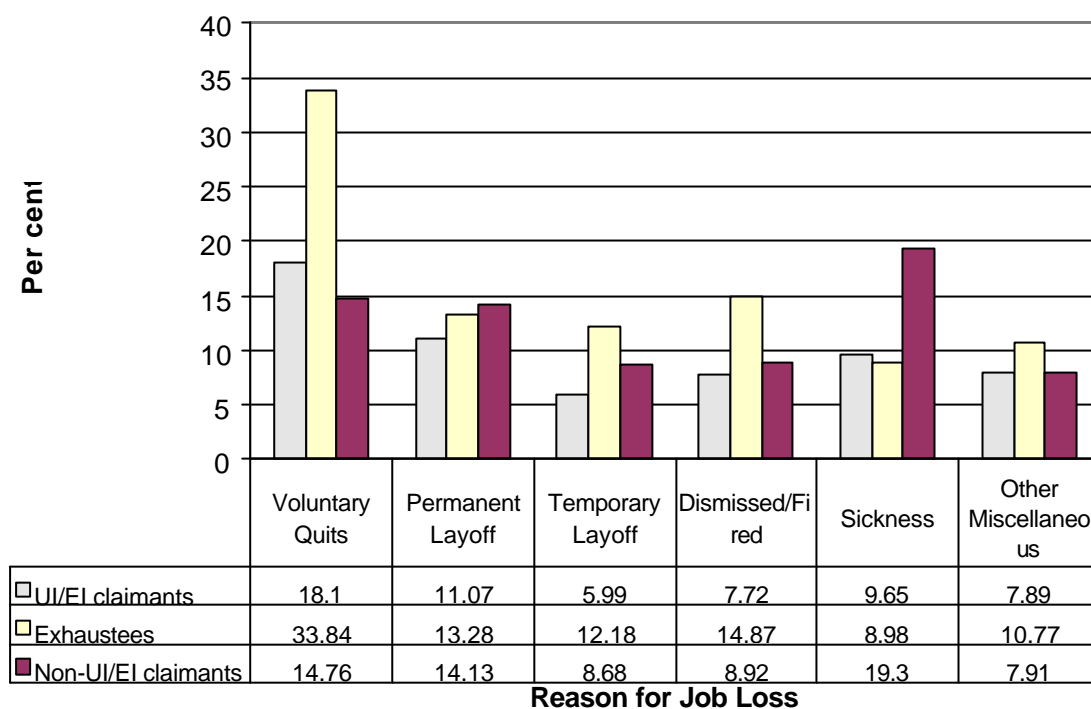
Social Assistance by Length of Time Unemployed



Appendix 4

Figure A2

Social Assistance Receipt by Reason for Job Loss



| Table A3 | | | | | | |
|--|--|---|--|---|--|---|
| Social Assistance Receipt by Reason for Job Loss | | | | | | |
| | UI/EI claimants | | Exhaustees | | Non-UI/EI claimants | |
| | Pre-EI (95Q3- 96Q2) ¹ | Post-EI (97Q1- 97Q4) ¹ | Pre-EI (95Q3- 96Q2) ¹ | Post-EI (97Q1- 97Q4) ¹ | Pre-EI (95Q3- 96Q2) ¹ | Post-EI (97Q1- 97Q4) ¹ |
| Voluntary Quits ² | 29.89 (60) | 3.21 (78) | 48.50 (17) | 1.05 (14) | 18.93 (200) | 9.63 (296) |
| Permanent Layoff | 12.47 (1336) | 10.04 (1277) | 13.32 (513) | 13.09 (464) | 13.88 (1173) | 11.81 (1090) |
| Temporary Layoff | 7.41 (3870) | 5.04 (3531) | 13.92 (1068) | 11.96 (818) | 9.41 (2107) | 9.87 (2073) |
| Dismissed/Fired | 8.83 (778) | 8.16 (963) | 15.73 (249) | 15.57 (255) | 9.96 (921) | 11.06 (1047) |
| Sickness | 12.11 (246) | 10.84 (324) | 8.14 (31) | 13.55 (40) | 14.54 (225) | 24.56 (226) |
| Other Miscellaneous | 8.15 (854) | 8.19 (727) | 8.05 (172) | 7.26 (187) | 6.77 (953) | 9.20 (1005) |

Notes:
 1 Refers to initial job loss date.
 2 Excludes quits to start another job.
 Source: COEP survey.

Appendix 5

| Table A4 | | | | | | |
|--|-----------------|----------------------|-----------------------|-----------------|----------------------|-----------------------|
| Probit Regression of the Probability of Social Assistance Receipt - Exhaustees | | | | | | |
| Demographic Characteristics | Specification 1 | | | Specification 2 | | |
| | coef | P > t ¹ | % impact ² | coef | P > t ¹ | % impact ² |
| Gender | | | | | | |
| Female | -0.369 | 0.006 | -4 | -0.199 | 0.13 | -1.9 |
| Male (control) | ... | ... | ... | ... | ... | ... |
| Age | | | | | | |
| Youth (15-24) | -0.044 | 0.868 | -0.4 | -0.133 | 0.522 | -1.2 |
| Prime (25-54) | 0.147 | 0.416 | 1.5 | 0.025 | 0.863 | 0.2 |
| Old (55+) (control) | ... | ... | ... | ... | ... | ... |
| Education | | | | | | |
| Elementary | 0.061 | 0.652 | 0.7 | 0.01 | 0.935 | 0.1 |
| High School | 0.208 | 0.112 | 2.4 | 0.189 | 0.114 | 1.9 |
| Other Training | 0.019 | 0.945 | 0.2 | -0.225 | 0.489 | -1.8 |
| Post-secondary (control) | ... | ... | ... | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | 0.615 | 0.007 | 9.9 | 0.742 | 0.001 | 12.1 |
| Single w/ children -living with others | 0.31 | 0.355 | 4.1 | 0.44 | 0.166 | 5.9 |
| Single w/o children -living alone | 0.065 | 0.717 | 0.7 | 0.003 | 0.988 | 0 |
| Single w/o children -living with others | 0.105 | 0.593 | 1.2 | 0.077 | 0.707 | 0.8 |
| Married w/ children - unemployed spouse | -0.286 | 0.121 | -2.7 | -0.376 | 0.038 | -3 |
| Married w/o children - spouse unemployed | -0.125 | 0.553 | -1.2 | -0.151 | 0.492 | -1.3 |
| Married w/o children - spouse employed | -0.369 | 0.081 | -3.3 | -0.502 | 0.03 | -3.7 |
| Married w/ children -employed spouse (control) | ... | ... | ... | ... | ... | ... |
| Region | | | | | | |
| Atlantic | -0.224 | 0.25 | -2.1 | -0.245 | 0.153 | -2.1 |
| Quebec | 0.031 | 0.906 | 0.3 | -0.047 | 0.84 | -0.4 |
| Prairies | -0.266 | 0.144 | -2.4 | -0.207 | 0.178 | -1.7 |
| British Columbia | 0.109 | 0.56 | 1.2 | 0.093 | 0.562 | 0.9 |
| Ontario (control) | ... | ... | ... | ... | ... | ... |
| Employment type | | | | | | |
| Temporary | 0.026 | 0.871 | 0.3 | 0.099 | 0.447 | 1 |
| Seasonal (1-5 months tenure) | -0.305 | 0.337 | -2.6 | -0.174 | 0.461 | -1.5 |
| Seasonal (6+ months tenure) | 0.133 | 0.396 | 1.5 | 0.176 | 0.2 | 1.8 |
| Contract | -0.12 | 0.6 | -1.2 | -0.092 | 0.636 | -0.8 |
| Help agency | -1.819 | 0.005 | -5.2 | -1.131 | 0.023 | -4.4 |
| Other | 0.448 | 0.231 | 6.6 | 0.208 | 0.547 | 2.4 |
| Permanent (control) | ... | ... | ... | ... | ... | ... |
| Language | | | | | | |
| English | -0.082 | 0.692 | -0.8 | 0.018 | 0.919 | 0.2 |
| French (control) | ... | ... | ... | ... | ... | ... |
| Other | | | | | | |
| Visible minority | 0.423 | 0.003 | 5.6 | 0.413 | 0.001 | 4.9 |
| Not a visible minority (control) | ... | ... | ... | ... | ... | ... |
| Unemployment rate | 0.03 | 0.04 | 0.3 | 0.033 | 0.01 | 0.3 |
| Weeks of EI entitlement | 0.008 | 0.347 | 0.1 | 0.001 | 0.868 | 0 |

| | | | | | | |
|--|---------|-------|------|----------|-------|------|
| Part-time job | -0.175 | 0.385 | -1.6 | -0.06 | 0.708 | -0.5 |
| Had recall date | 0.061 | 0.91 | 0.7 | -1.239 | 0.1 | -4.4 |
| Received SA in preceding year | 1.556 | 0 | 31.2 | 1.607 | 0 | 30.6 |
| Have other financial resources | -0.681 | 0 | -9.3 | -0.642 | 0 | -7.8 |
| Occupation | | | | | | |
| Knowledge | -0.499 | 0.281 | -3.6 | -0.602 | 0.126 | -3.6 |
| Management | -0.044 | 0.899 | -0.4 | 0.147 | 0.619 | 1.6 |
| Data | 0.178 | 0.577 | 2 | 0.159 | 0.543 | 1.6 |
| Service | -0.011 | 0.972 | -0.1 | 0.055 | 0.834 | 0.5 |
| Goods | -0.195 | 0.545 | -2 | -0.178 | 0.51 | -1.7 |
| Data and Services (control) | ... | ... | ... | ... | ... | ... |
| Industry | | | | | | |
| Primary | 0.213 | 0.435 | 2.6 | 0.05 | 0.835 | 0.5 |
| Manufacturing | 0.327 | 0.227 | 4.1 | 0.244 | 0.265 | 2.7 |
| Construction | 0.284 | 0.264 | 3.5 | 0.111 | 0.6 | 1.1 |
| Services | 0.208 | 0.328 | 2.2 | 0.127 | 0.46 | 1.2 |
| Public Administration (control) | ... | ... | ... | ... | ... | ... |
| Length of Tenure at Last Job | | | | | | |
| 1 to 4 months | -0.195 | 0.535 | -1.8 | -0.245 | 0.33 | -2 |
| 5 months (control) | ... | ... | ... | ... | ... | ... |
| 6 or more months | -0.463 | 0.025 | -6.5 | -0.477 | 0.004 | -6.1 |
| Quarter of Job Loss | | | | | | |
| 1st quarter | 0.138 | 0.386 | 1.6 | 0.055 | 0.699 | 0.5 |
| 2nd quarter | -0.084 | 0.652 | -0.8 | -0.104 | 0.499 | -0.9 |
| 3rd quarter | -0.044 | 0.532 | -0.5 | -0.032 | 0.59 | -0.3 |
| 4th quarter (control) | ... | ... | ... | ... | ... | ... |
| EI reform period³ | | | | | | |
| Total | -0.464 | 0 | -4.2 | ... | ... | ... |
| Gender | | | | | | |
| Female | | | | -0.043 | 0.801 | -0.4 |
| Male (control) | | | | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | | | | -0.776 | 0.021 | -4 |
| Single w/ children -living with others | | | | -0.253 | 0.622 | -2 |
| Single w/o children -living alone | | | | -0.404 | 0.089 | -2.9 |
| Single w/o children -living with others | | | | -0.343 | 0.142 | -2.5 |
| Married w/o children -spouse unemployed | | | | 0.023 | 0.932 | 0.2 |
| Married w/o children -spouse employed | | | | 0.085 | 0.81 | 0.9 |
| Married w/ children -spouse unemployed | | | | -0.369 | 0.138 | -2.6 |
| Married w/ children -spouse employed (control) | | | | ... | ... | ... |
| Constant | -1.499 | 0.002 | | -1.391 | 0.001 | |
| Log likelihood Function | -970.83 | | | -1207.35 | | |
| Number of observations | 4,009 | | | 5,236 | | |
| <i>Notes:</i> | | | | | | |
| 1 $P > t $ denotes the probability of obtaining a significant t-statistic. | | | | | | |
| 2 This probit results (% impact) show the exact change in probability of exhausting the claim as a result of a one unit change in the independent variable. | | | | | | |
| 3 Changes associated with post-EI reform period [January 1997 (Q1) to December 1997 (Q4)]. This period is compared to the pre-EI reform period of June 1995 (Q3) to May 1996 (Q2). | | | | | | |
| Source: COEP survey. | | | | | | |

Appendix 6

| Demographic Characteristics | Specification 1 | | | Specification 2 | | |
|--|-----------------|----------------------|-----------------------|-----------------|----------------------|----------|
| | coef | P > t ¹ | % impact ² | coef | P > t ¹ | % impact |
| Gender | | | | | | |
| Female | -0.045 | 0.662 | -0.4 | 0.105 | 0.291 | 0.9 |
| Male (control) | ... | ... | ... | ... | ... | ... |
| Age | | | | | | |
| Youth (15-24) | -0.163 | 0.377 | -1.4 | -0.084 | 0.612 | -0.6 |
| Prime (25-54) | -0.06 | 0.699 | -0.6 | 0.001 | 0.994 | 0 |
| Old (55+) (control) | ... | ... | ... | ... | ... | ... |
| Education | | | | | | |
| Elementary | 0.051 | 0.632 | 0.5 | 0.053 | 0.564 | 0.4 |
| High School | 0.08 | 0.412 | 0.8 | 0.046 | 0.598 | 0.4 |
| Other Training | 0.223 | 0.365 | 2.5 | -0.019 | 0.934 | -0.1 |
| Post-secondary (control) | ... | ... | ... | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | 0.135 | 0.439 | 1.4 | -0.088 | 0.638 | -0.7 |
| Single w/ children -living with others | -0.242 | 0.271 | -1.8 | -0.102 | 0.636 | -0.8 |
| Single w/o children -living alone | -0.411 | 0.007 | -2.9 | -0.469 | 0.003 | -2.8 |
| Single w/o children -living with others | -0.329 | 0.036 | -2.5 | -0.409 | 0.01 | -2.7 |
| Married w/ children - unemployed spouse | -0.506 | 0.001 | -3.8 | -0.636 | 0 | -3.8 |
| Married w/o children - spouse unemployed | -0.354 | 0.026 | -2.6 | -0.39 | 0.037 | -2.4 |
| Married w/o children -spouse employed | -0.683 | 0 | -4.5 | -0.781 | 0 | -4.3 |
| Married w/ children -employed spouse (control) | ... | ... | ... | ... | ... | ... |
| Region | | | | | | |
| Atlantic | 0.175 | 0.195 | 1.8 | 0.093 | 0.424 | 0.8 |
| Quebec | 0.452 | 0.013 | 4.9 | 0.278 | 0.071 | 2.5 |
| Prairies | 0.015 | 0.897 | 0.1 | -0.049 | 0.603 | -0.4 |
| British Columbia | 0.257 | 0.038 | 2.8 | 0.202 | 0.048 | 1.9 |
| Ontario (control) | ... | ... | ... | ... | ... | ... |
| Employment type | | | | | | |
| Temporary | -0.113 | 0.279 | -1 | -0.088 | 0.334 | -0.7 |
| Seasonal (1-5 months tenure) | -0.082 | 0.635 | -0.7 | -0.096 | 0.466 | -0.7 |
| Seasonal (6+ months tenure) | 0.049 | 0.687 | 0.5 | 0.135 | 0.199 | 1.2 |
| Contract | -0.378 | 0.074 | -2.6 | -0.385 | 0.035 | -2.3 |
| Help agency | -0.328 | 0.406 | -2.3 | 0.104 | 0.776 | 0.9 |
| Other | -0.649 | 0.079 | -3.5 | -0.747 | 0.025 | -3.2 |
| Permanent (control) | ... | ... | ... | ... | ... | ... |
| Language | | | | | | |
| English | -0.217 | 0.156 | -1.9 | -0.134 | 0.291 | -1 |
| French (control) | ... | ... | ... | ... | ... | ... |
| Other | | | | | | |
| Visible minority | 0.363 | 0 | 4.1 | 0.444 | 0 | 4.7 |
| Not a visible minority (control) | ... | ... | ... | ... | ... | ... |
| Unemployment rate | 0 | 0.984 | 0 | 0.003 | 0.764 | 0 |
| Weeks of EI entitlement | -0.014 | 0 | -0.1 | -0.012 | 0 | -0.1 |

| | | | | | | |
|--|---------|-------|------|---------|-------|------|
| Part-time job | 0.126 | 0.295 | 1.2 | 0.103 | 0.319 | 0.9 |
| Had recall date | -0.204 | 0.216 | -1.7 | -0.215 | 0.129 | -1.5 |
| Received SA in preceding year | 1.427 | 0 | 25.5 | 1.6 | 0 | 27.7 |
| Have other financial resources | -0.621 | 0 | -7.7 | -0.583 | 0 | -6.2 |
| Occupation | | | | | | |
| Knowledge | 0.238 | 0.414 | 2.6 | 0.102 | 0.719 | 0.9 |
| Management | 0.061 | 0.832 | 0.6 | -0.094 | 0.737 | -0.7 |
| Data | 0.068 | 0.777 | 0.6 | 0.133 | 0.538 | 1.1 |
| Service | 0.03 | 0.905 | 0.3 | 0.102 | 0.653 | 0.9 |
| Goods | -0.03 | 0.9 | -0.3 | -0.057 | 0.79 | -0.5 |
| Data and Services (control) | ... | ... | ... | ... | ... | ... |
| Industry | | | | | | |
| Primary | 0.198 | 0.416 | 2.1 | 0.196 | 0.335 | 1.8 |
| Manufacturing | 0.479 | 0.02 | 5.8 | 0.509 | 0.004 | 5.5 |
| Construction | 0.178 | 0.39 | 1.8 | 0.181 | 0.316 | 1.7 |
| Services | 0.381 | 0.04 | 3.4 | 0.314 | 0.054 | 2.5 |
| Public Administration (control) | ... | ... | ... | ... | ... | ... |
| Length of Tenure at Last Job | | | | | | |
| 1 to 4 months | 0.232 | 0.12 | 2.4 | 0.225 | 0.064 | 2.1 |
| 5 months (control) | ... | ... | ... | ... | ... | ... |
| 6 or more months | -0.223 | 0.116 | -2.3 | -0.253 | 0.033 | -2.3 |
| Quarter of Job Loss | | | | | | |
| 1st quarter | 0.133 | 0.254 | 1.3 | 0.073 | 0.487 | 0.6 |
| 2nd quarter | -0.024 | 0.849 | -0.2 | -0.044 | 0.642 | -0.3 |
| 3rd quarter | -0.082 | 0.102 | -0.8 | -0.083 | 0.051 | -0.7 |
| 4th quarter (control) | ... | ... | ... | ... | ... | ... |
| EI reform period³ | | | | | | |
| Total | -0.107 | 0.235 | -0.9 | ... | ... | ... |
| Gender | | | | | | |
| Female | | | | -0.256 | 0.058 | -1.8 |
| Male (control) | | | | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | | | | 0.176 | 0.448 | 1.7 |
| Single w/ children -living with others | | | | -0.765 | 0.024 | -3.2 |
| Single w/o children -living alone | | | | -0.118 | 0.501 | -0.9 |
| Single w/o children -living with others | | | | 0.057 | 0.704 | 0.5 |
| Married w/o children -spouse unemployed | | | | 0.059 | 0.805 | 0.5 |
| Married w/o children -spouse employed | | | | 0.036 | 0.885 | 0.3 |
| Married w/ children -spouse unemployed | | | | -0.451 | 0.015 | -2.5 |
| Married w/ children -spouse employed (control) | | | | ... | ... | ... |
| Constant | -0.796 | 0.046 | | -0.97 | 0.011 | |
| Log likelihood Function | -2200.7 | | | -2402.8 | | |
| Number of observations | 13,958 | | | 10,498 | | |

Notes:

1 $P > |t|$ denotes the probability of obtaining a significant t-statistic.

2 This probit results (% impact) show the exact change in probability of exhausting the claim as a result of a one unit change in the independent variable.

3 Changes associated with post-EI reform period [January 1997 (Q1) to December 1997 (Q4)]. This period is compared to the pre-EI reform period of June 1995 (Q3) to May 1996 (Q2).

Source: COEP survey.

Appendix 7

| Table A6 | | | | | | |
|---|-----------------|----------------------|-----------------------|-----------------|----------------------|-----------------------|
| Probit Regression of the Probability of Social Assistance Receipt - Claimants | | | | | | |
| Demographic Characteristics | Specification 1 | | | Specification 2 | | |
| | coef | P > t ¹ | % impact ² | coef | P > t ¹ | % impact ² |
| Gender | | | | | | |
| Female | -0.063 | 0.454 | -0.4 | -0.087 | 0.308 | -0.5 |
| Male (control) | ... | ... | ... | ... | ... | ... |
| Age | | | | | | |
| Youth (15-24) | 0.152 | 0.402 | 1.1 | -0.049 | 0.752 | -0.3 |
| Prime (25-54) | 0.024 | 0.853 | 0.2 | -0.07 | 0.53 | -0.4 |
| Old (55+) (control) | ... | ... | ... | ... | ... | ... |
| Education | | | | | | |
| Elementary | 0.271 | 0.002 | 1.9 | 0.198 | 0.01 | 1.2 |
| High School | 0.253 | 0.004 | 1.8 | 0.193 | 0.013 | 1.2 |
| Other Training | 0.035 | 0.892 | 0.2 | -0.117 | 0.603 | -0.6 |
| Post-secondary (control) | ... | ... | ... | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | 0.565 | 0 | 5.8 | 0.717 | 0 | 7.4 |
| Single w/ children -living with others | 0.251 | 0.202 | 2 | 0.318 | 0.123 | 2.4 |
| Single w/o children -living alone | 0.124 | 0.284 | 0.9 | -0.041 | 0.753 | -0.2 |
| Single w/o children -living with others | 0.051 | 0.694 | 0.3 | 0.06 | 0.659 | 0.3 |
| Married w/ children -unemployed spouse | -0.359 | 0.005 | -1.9 | -0.386 | 0.003 | -1.7 |
| Married w/o children -spouse unemployed | -0.041 | 0.774 | -0.3 | 0.029 | 0.844 | 0.2 |
| Married w/o children -spouse employed | -0.27 | 0.05 | -1.5 | -0.277 | 0.075 | -1.3 |
| Married w/ children -employed spouse (control) | ... | ... | ... | ... | ... | ... |
| Region | | | | | | |
| Atlantic | -0.144 | 0.224 | -0.8 | -0.114 | 0.262 | -0.6 |
| Quebec | 0.084 | 0.59 | 0.5 | -0.023 | 0.864 | -0.1 |
| Prairies | 0.048 | 0.644 | 0.3 | -0.024 | 0.789 | -0.1 |
| British Columbia | 0.118 | 0.291 | 0.8 | 0.098 | 0.298 | 0.6 |
| Ontario (control) | ... | ... | ... | ... | ... | ... |
| Employment type | | | | | | |
| Temporary | -0.181 | 0.062 | -1 | -0.15 | 0.07 | -0.7 |
| Seasonal (1-5 months tenure) | -0.346 | 0.079 | -1.6 | -0.254 | 0.115 | -1.1 |
| Seasonal (6+ months tenure) | -0.048 | 0.622 | -0.3 | -0.039 | 0.65 | -0.2 |
| Contract | -0.477 | 0.003 | -2 | -0.396 | 0.005 | -1.6 |
| Help agency | 0.089 | 0.847 | 0.6 | 0.372 | 0.295 | 2.9 |
| Other | 0.278 | 0.465 | 2.3 | 0.257 | 0.463 | 1.8 |
| Permanent (control) | ... | ... | ... | ... | ... | ... |
| Language | | | | | | |
| English | -0.101 | 0.439 | -0.6 | -0.071 | 0.526 | -0.4 |
| French (control) | ... | ... | ... | ... | ... | ... |
| Other | | | | | | |
| Visible minority | 0.37 | 0 | 3 | 0.402 | 0 | 2.9 |
| Not a visible minority (control) | ... | ... | ... | ... | ... | ... |
| Unemployment rate | 0.039 | 0 | 0.2 | 0.032 | 0 | 0.2 |

| | | | | | | |
|--|----------|-------|------|----------|-------|------|
| Weeks of EI entitlement | -0.01 | 0.007 | -0.1 | -0.011 | 0.001 | -0.1 |
| Part-time job | 0.048 | 0.69 | 0.3 | 0.036 | 0.735 | 0.2 |
| Had recall date | -0.335 | 0.176 | -1.6 | -0.321 | 0.172 | -1.3 |
| Received SA in preceding year | 1.395 | 0 | 19.7 | 1.505 | 0 | 20.2 |
| Have other financial resources | -0.57 | 0 | -5 | -0.531 | 0 | -4 |
| Occupation | | | | | | |
| Knowledge | -0.267 | 0.315 | -1.3 | -0.449 | 0.05 | -1.7 |
| Management | -0.115 | 0.608 | -0.7 | -0.024 | 0.898 | -0.1 |
| Data | 0.136 | 0.498 | 0.9 | 0.046 | 0.791 | 0.3 |
| Service | -0.071 | 0.726 | -0.4 | -0.101 | 0.558 | -0.5 |
| Goods | -0.206 | 0.3 | -1.3 | -0.273 | 0.113 | -1.5 |
| Data and Services (control) | ... | ... | ... | ... | ... | ... |
| Industry | | | | | | |
| Primary | -0.001 | 0.995 | 0 | -0.132 | 0.407 | -0.6 |
| Manufacturing | 0.283 | 0.084 | 2.1 | 0.168 | 0.224 | 1 |
| Construction | 0.113 | 0.505 | 0.8 | 0.002 | 0.986 | 0 |
| Services | 0.19 | 0.167 | 1.2 | 0.088 | 0.441 | 0.5 |
| Public Administration (control) | ... | ... | ... | ... | ... | ... |
| Length of Tenure at Last Job | | | | | | |
| 1 to 4 months | -0.274 | 0.147 | -1.4 | -0.13 | 0.393 | -0.6 |
| 5 months (control) | ... | ... | ... | ... | ... | ... |
| 6 or more months | -0.548 | 0 | -5.4 | -0.474 | 0 | -3.9 |
| Quarter of Job Loss | | | | | | |
| 1st quarter | 0.149 | 0.142 | 1 | 0.183 | 0.05 | 1.2 |
| 2nd quarter | -0.1 | 0.413 | -0.6 | 0.011 | 0.907 | 0.1 |
| 3rd quarter | -0.066 | 0.158 | -0.4 | -0.062 | 0.124 | -0.3 |
| 4th quarter (control) | ... | ... | ... | ... | ... | ... |
| EI reform period³ | | | | | | |
| Total | -0.265 | 0.001 | -1.5 | ... | ... | ... |
| Gender | | | | | | |
| Female | | | | 0.1 | 0.424 | 0.6 |
| Male (control) | | | | ... | ... | ... |
| Household Type | | | | | | |
| Single w/ children -living alone | | | | -0.851 | 0 | -2.2 |
| Single w/ children -living with others | | | | -0.158 | 0.55 | -0.7 |
| Single w/o children -living alone | | | | -0.073 | 0.642 | -0.4 |
| Single w/o children -living with others | | | | -0.223 | 0.184 | -1 |
| Married w/o children -spouse unemployed | | | | -0.533 | 0.011 | -1.8 |
| Married w/o children -spouse employed | | | | -0.249 | 0.214 | -1.1 |
| Married w/ children -spouse unemployed | | | | -0.147 | 0.326 | -0.7 |
| Married w/ children -spouse employed (control) | | | | ... | ... | ... |
| Constant | -1.215 | 0 | | -1.039 | 0 | |
| Log likelihood Function | -2590.46 | | | -3141.47 | | |
| Number of observations | 14,180 | | | 18,371 | | |

Notes:

1 $P > |t|$ denotes the probability of obtaining a significant t -statistic.

2 This probit results (% impact) show the exact change in probability of exhausting the claim as a result of a one unit change in the independent variable.

3 Changes associated with post-EI reform period [January 1997 (Q1) to December 1997 (Q4)]. This period is compared to the pre-EI reform period of June 1995 (Q3) to May 1996 (Q2).

Source: COEP survey.

Technical Notes

- 1) Exhaustee refers to an individual who exhausted/used up all his/her Employment Insurance claims. This refers to claims that have a termination code 2.
- 2) The data used was weighted with weights derived by Statistics Canada to ensure that the sample drawn from COEP is comparable to the overall population of unemployed.