

Key Studies Referenced in Chapter 5

Evaluation of the Role of the Canadian Employment Insurance Program As An Automatic Stabilizer

Author: *Audit and Evaluation, Human Resources and Skills Development (HRSD)*

Objective: This report evaluates the role of Employment Insurance (EI) as an economic stabilizer. As the program has undergone substantial changes since it was last evaluated, this study seeks to evaluate whether there have been any significant changes in the stabilizing properties of the EI program. Stabilization refers to the extent the system responds to cushion downturns or upturns in the economy without any policy changes. Assuming no change in EI program parameters, benefit payments automatically increase when unemployment rises and decline when unemployment falls.

Methodology: The empirical findings reported in this study draw on simulation exercises conducted with two different macro-econometric models of the Canadian economy:

- the Forecasting and User Simulation (FOCUS) Model of the Canadian Economy, developed and maintained by the University of Toronto; and
- the Global Insight (GI) Model of the Canadian economy (formerly known as the WEFA model).

Key Findings: The modelling results indicate that the EI program is an important automatic economic stabilizer for Canada's economy. EI reduces the impact of downturns in the economy, particularly through the benefit payments to unemployed workers. That stabilization reduced the impact of the downturn by 10% to 16% in gross domestic

product terms. This is somewhat lower than previous findings as a result of increased globalization.

Reliability: Two separate studies were run to increase confidence in the results. Previous studies analyzing EI impacts during earlier downturns reported similar but greater stabilization impacts.

Availability: The report will be used as an input in the summative evaluation.

To What Extent is Household Spending Reduced as a Result of Unemployment?

Author: *Audit and Evaluation, HRSD*

Objective: This study looks at the longer run effects of unemployment on the ability of a household to maintain its level of spending.

Methodology: The study uses data from the Canadian Out-of-Employment Panel (COEP) survey in order to examine the consumption patterns of households one year after a job separation. The analysis compares data from the four quarters prior to EI reform (1995Q3 to 1996Q2) to the four quarters following EI reform (1997Q1 to 1997Q4). The changes in spending occurring between the third quarter of 2000 and the second quarter of 2002 were also examined.

Key Findings: The analysis indicates that only a small portion, around 12%, of those separated from their jobs experienced a decrease in household consumer spending one year after their job separation. However, for this group, the decrease averaged about 24% of monthly household income. These amounts vary somewhat among various household types, with those who only have one income earner being more susceptible to decreases in consumption.

Single parents living alone experience the largest decrease in household spending after being separated from their job (31.1%). Very long unemployment spells are also associated with drops in consumption.

Reliability: A previous version of this study was peer reviewed by an external academic.

Availability: This study has been produced on an ongoing basis. It will be released at a later date once the analysis becomes final.

Employment Insurance and Geographic Mobility: Evidence from the SLID

Author: *Rick Audas & James Ted McDonald, Social Research and Demonstration Corporation*

Objective: This study examines the relationship between the EI program and geographic mobility.

Methodology: The study examines the relationship between EI and migration using longitudinal data from the Survey of Labour and Income Dynamics for the period 1993 to 1999. The concept of geographic mobility includes both interprovincial and intraprovincial mobility and allows for an individual's actual receipt of EI as well as potential (or future) receipt of EI to affect mobility decisions.

Key Findings: The overarching conclusion of the study is that the relationship between EI and migration is complex and critically depends on the individual's degree of attachment to the labour market. While no strong evidence of a direct relationship between EI program parameters and geographic mobility is found, there is some evidence of an indirect relationship for certain workers. For people who worked between 20 and 49 weeks during the year prior to the period of a potential move, the results suggest that actual EI receipt

inhibits geographic mobility, although there was no effect for people who worked more than 49 weeks or fewer than 20 weeks. The study found that people who worked less than 20 weeks during the previous year were more likely to move out of a region when the local unemployment rate was high, but this seems to be true only for the 1997 to 1999 period.

Reliability: This study was peer reviewed by external academics.

Availability: This study has been published by the Social Research and Demonstration Corporation and can be accessed at <http://www.srdc.org>.

EI Reform and Community Mobility

Author: *Audit and Evaluation, HRSD*

Objective: This study explores whether migration rates changed during EI reform. It is expected that there would be higher rates of migration immediately following EI reform if communities experienced any difficulty adjusting to EI reform.

Methodology: The study uses extracts from the EI database for the 1995 to 2002 period. These extracts are done for the 100% sample so that they comprise a complete view of mobility within each of the communities.

Key Findings: Results indicate that mobility between communities during the 1995 to 2002 period was fairly stable, with as many as 30% of claimants changing communities from one EI claim to the next. Thus, there is little evidence to suggest that EI reform had a sudden effect on mobility in any of the 14 communities studied. This is one possible indicator that no serious difficulties in adapting to EI reform were experienced at the community level. In addition, larger metropolitan areas in Central Canada tend to have a greater degree of mobility than the smaller communities in Atlantic Canada.

Reliability: An earlier version of this study was peer reviewed by an external academic.

Availability: This study will be released at a later date once the analysis becomes final.

EI Reform and Rural Communities

Author: *Audit and Evaluation, HRSD*

Objective: As part of the effort to understand the effect of EI on communities, this study focuses on its impact on rural communities.

Methodology: This study uses the Canadian Out-of-Employment Panel (COEP) survey linked with data from the EI databank in order to compare the use of EI in rural and urban areas. It first describes the characteristics of those living in rural areas, and then compares any possible changes in those characteristics due to EI reform.

Key Findings: The study identified that approximately 25% of all job leavers live in rural communities. However, this rate is much higher in Atlantic Canada. Likewise, the percentage of rural workers varies by industry of work. In primary industries, for example, 58% of job leavers live in rural areas.

EI reform was not found to have differing impacts for rural area as compared to urban areas. In particular, the average length of entitlement to EI benefits was unaffected by EI reform. In rural regions, this is likely due to conflicting impacts cancelling each other out: the prevalence of seasonal workers (who work long hours) in rural areas would have caused an increase in entitlement under an hours-based system; but the scaling back of the maximum entitlement weeks from 50 to 45 had a greater impact on rural areas, since they are more likely to have high unemployment rates.

Reliability: An external academic reviewed the 2001 version of this report. It confirms the research of several other evaluation studies that indicate there was little impact of EI reform in terms of overall qualification to EI or for length of entitlement to benefits.

Availability: This study will be released at a later date once the analysis becomes final.

Community Size and the Variation in EI Usage by Industry, Education Level and Family Composition

Author: *Audit and Evaluation, HRSD*

Objective: This study explores the variation in EI usage by community size and the relationship with industry sector, educational level and family composition. The initial impact of the 1996 EI reform on communities of different sizes is also examined.

Methodology: The study uses information from Statistics Canada's annual Survey of Consumer Finances (SCF) for the 1990 to 1997 reference period.

Key Findings: Results indicate that EI usage was highest in rural and small urban communities and lowest in urban areas of more than 500,000 people. EI usage in rural areas rose relative to EI usage in all other communities. There was no substantial difference in the way EI reform initially affected communities of different sizes.

EI receipt rates varied significantly by industry, but there was only minimal variation in receipt rates in terms of family composition. By educational level, for those in the labour force, EI receipt rates were higher for individuals with lower levels of education.

Reliability: Last year's version of this study was peer reviewed by an external academic.

Availability: This study will be released at a later date once the analysis becomes final.

EI Coverage of the Employed Population: A Simulation Exercise

Author: *Constantine Kapsalis & Pierre Tourigny, Data Probe Economic Consulting Inc. and HRSD*

Objective: The objective of the report is to provide an estimate, using the Survey of Labour and Income Dynamics (SLID), of the proportion of employed individuals who would be eligible if they were to lose their job or quit with just cause.

Methodology: The SLID is a longitudinal survey conducted by Statistics Canada that follows individuals over six consecutive years. Every three years a new panel of individuals is added to the survey. The SLID provides information on people and their jobs including weekly labour force activity, characteristics of each job held in a year, and personal/family/household characteristics.

Coverage measures from the SLID are determined using a simulated scenario on the employed population.

Key Findings: 88.1% of individuals who were working in December 2001 would have been eligible for EI regular benefits had they lost their job at the end of December. Eligibility was consistent across the country with coverage rates ranging from 86.5% in the Prairies to 89.1% in Quebec. The table provides more detailed findings.

Annex 5 – Key Studies Referenced in Chapter 5

Simulated EI eligibility⁽¹⁾ as a proportion of individuals working in December, with a paid job in the previous 12 months, using the Survey of Labour and Income Dynamics (SLID), various groups, December 2000 and December 2001

	December 2000 (%)	December 2001 (%)
Total employed population	87.6	88.1
Gender		
Women	84.3	85.2
Men	90.6	90.8
Age and gender		
Employed youth (15 to 24 years old)	63.7	64.8
Employed adult women (25 to 69 years old)	89.4	89.9
Employed adult men (25 to 69 years old)	94.9	95.2
Region		
Atlantic	89.3	88.4
Quebec	87.9	89.1
Ontario	87.3	88.2
Prairies	86.3	86.5
British Columbia	88.6	87.8
Full-time/Part-time employment status over last 12 months		
Employed who worked part time only in the last 12 months	50.8	52.3
Employed who worked full time only in the last 12 months	95.5	96.0
Employed who worked part time and full time in the last 12 months	83.9	81.7
Gender and Full-time/Part-time employment status over last 12 months		
Employed who worked full time only in the last 12 months		
Women	95.0	95.6
Men	95.8	96.2
Employed who worked part time only in the last 12 months		
Women	54.7	56.8
Men	40.6	40.5
Employed who worked part time and full time in the last 12 months		
Women	84.1	81.9
Men	83.6	81.3

(1): *Simulated scenario* – Individuals with employment (paid or self-employed) in December 2001, with a paid job in the previous 12 months, are all laid off at the end of the month. The longitudinal segment of SLID is used to calculate insurable employment under EI. Rules in effect in December are used to calculate eligibility for regular benefits under EI.

Reliability: At a confidence level of 95% (19 times out of 20), the 88.1% coverage is accurate within + or – 0.7 percentage points. Only estimates that are deemed to be reliable according to Statistics Canada’s guideline of a Coefficient of Variation (CV) below 16.5% are used and reported. Moreover, the 88% result has proven remarkably stable over time, which strengthens the reliability of the estimate.

Availability: This report is being peer reviewed and will be published in the near future.

Employment Insurance Coverage Survey

Author: *Statistics Canada*

Objective: The Employment Insurance Coverage Survey (EICS) is designed to provide information on unemployed individuals, whether or not they qualify to receive Employment Insurance.

Methodology: The EICS is an annual survey that is a supplement to Statistics Canada’s Labour Force Survey. It identifies those individuals that the EI program is designed to provide coverage to (the potentially eligible), and those who worked enough insurable hours to be eligible to receive benefits from the EI program.

Key Findings: In 2002, 83.9% of the unemployed individuals who lost or quit a job with just cause in the last 12 months were potentially eligible to receive EI benefits; 59.2% were in receipt of benefits at the time of the survey reference week. The table provides more detailed findings.

Annex 5 – Key Studies Referenced in Chapter 5

Eligibility for EI benefits 2002 Employment Insurance Coverage Survey (EICS)

	Eligibility Rate of Target Population ⁽¹⁾ (%)	Receipt Rate of Target Population ⁽¹⁾ (%)
Total unemployed population	83.9	59.2
Gender		
Women	82.2	59.5
Men	85.0	58.8
Age and gender		
Unemployed youth (15 to 24 years old)	55.5	30.2
Unemployed adult women (25 years old and over)	88.2	66.5
Unemployed adult men (25 years old and over)	94.6	65.4
Region		
Atlantic	89.5	72.8
Quebec	89.3	70.4
Ontario	79.2	48.0
Prairies	83.3	49.6
British Columbia	78.8	56.2
Full-time/Part-time employment status over last 12 months		
Unemployed who worked part time only in the last 12 months	39.2	N/A
Unemployed who worked full time only in the last 12 months	91.7	N/A
Unemployed who worked part time and full time in the last 12 months	82.3	N/A
Work pattern of last employment		
Permanent		
Full-time	95.5	63.1
Part-time	59.1	40.4
Non-permanent		
Seasonal	79.2	60.1
Other Non-standard	77.1	59.7
Immigrant status		
Canadian-born	83.1	59.1
Immigrants	87.8	59.7

(1): The target EI population are individuals who have lost or quit a job with just cause, under current EI rules, in the previous 12 months. This includes all those who have done some work in the last 12 months, and were not self-employed, and did not leave their job to go to school or did not quit their job for a reason considered invalid according to current EI rules.

N/A = not available

Reliability: At a confidence level of 95% (19 times out of 20) the 83.9% coverage is accurate within + or – 2.2 percentage points. Only estimates that are deemed to be reliable according to Statistics Canada’s guideline of a Coefficient of Variation (CV) below 16.5% are used and reported.

Availability: Findings for the 2002 EICS can be accessed at Statistics Canada Web site at <http://www.statcan.ca/Daily/English/040114/d040114b.htm>.

EI Reform and New Entrants/Re-Entrants (NEREs) to the Labour Market

Author: *Audit and Evaluation, HRSD*

Objective: This study examines the effect of the increase in the entrance requirements for those entering the labour market for the first time and for those re-entering the market. A particular emphasis is placed on the impact on women and those who have had a child in the last two years. Recent changes caused by the change in definition of NEREs from Bill C-2 have been examined as well.

Methodology: The study uses data from the Canadian Out-of-Employment Panel (COEP) survey linked with EI Administrative data. The analysis compares data from the four quarters prior to EI reform (1995Q3 to 1996Q2) to the four quarters following EI reform (1997Q1 to 1997Q4). Another sample from October 2000 to June 2002 is used to analyze the effects of Bill C-2 on the NERE population and for analysis of recent time periods.

Key Findings: The study found that non-claimants were 17% more likely to be NEREs than claimants. Women were only marginally more likely to be NEREs than men as the overwhelming concentration of NEREs is in the youth population. The probability of NEREs collecting EI has not significantly

declined in the periods following EI reform compared to one year before EI reform because there was a significant increase in the insured hours worked by NEREs who just barely qualified. The probability of NEREs collecting EI in the most recent quarter (April to June 2002) appears to be decreasing compared to the same quarter the year earlier (April to June 2001). And finally, the study found that the change to the definition of NEREs in Bill C-2 has not changed the percentage of NEREs who are unemployed or collect EI.

Reliability: A previous version of this study has been peer reviewed by an external academic. There have been two published evaluations relating to this subject area, and they are available on the Department’s Web site.

Availability: This study has been produced on an ongoing basis. It will be released at a later date once the analysis becomes final.

EI reform and Seasonal Workers that Earn Less than \$12,000

Author: *Evaluation and Data Development, Human Resources Development Canada (HRDC)*

Objective: This study examines the association between the change to an hours-based system and the corresponding decrease in the likelihood that seasonal workers earnings less than \$12,000 would qualify for EI benefits. The study focuses on the attributes of seasonal workers that earned less than \$12,000 and did not qualify for EI benefits.

Methodology: The key data source used is the Canadian Out of Employment Panel (COEP) survey. The COEP survey, which is administered on behalf of HRSD by Statistics Canada, collects information on sampled individuals and their households who experience a job separation. For this study, findings from the pre-EI reform period are compared to post-EI reform periods as a

means of determining the changes associated with EI reform.

Key Findings: Seasonal workers that earn less than \$12,000 and do not qualify for EI benefits appear to represent a unique group of individuals that have many characteristics that are often not associated with traditional seasonal workers. In fact, most individuals that do not qualify appear to be young, single, and have some post-secondary education. Furthermore, the findings indicate that seasonal workers that earn less than \$12,000 are more likely to qualify for EI benefits if they are working in traditional seasonal industries and regions.

Seasonal workers earnings less than \$12,000 were adversely affected by EI reforms because those that do not qualify work fewer hours per week and fewer weeks in total than seasonal workers in general. Those most affected by EI reform were those who were often limited to employment periods that were less than 15 weeks, worked in jobs that averaged fewer than 35 hours per week or worked in low unemployment regions.

Reliability: The study is considered reliable and has been reviewed by an external academic.

Availability: The study can be accessed from the HRSD Web site at http://www11.hrdc-drhc.gc.ca/pls/edd/v_report.report_index.

The Canadian Out of Employment Panel (COEP)

Author: *Audit and Evaluation, HRSD*

Objective: The COEP survey is a key data source for monitoring and evaluating the EI program.

Methodology: The COEP survey includes a wide range of persons who had a job separation including both those who claimed

EI benefits and those who did not. The survey collects detailed micro-level information, including information on individuals' employment history, job search activity, training, receipt of EI benefits, as well as information on their household demographics and financial situation. Statistics Canada is contracted by HRSD to administer and conduct the COEP survey, and the data collected by COEP is co-owned by both HRSD and Statistics Canada.

Key Findings: The COEP survey has been used to produce several EI monitoring reports.

Reliability: Not applicable as this is only a descriptive paper and has no analysis.

Availability: This survey will be posted on the HRSD Web site over the 2004/05 fiscal year.

The Qualification for Maternity Benefits and EI Reform

Author: *Audit and Evaluation, HRSD*

Objective: This study examines the impact of the hours legislation on the ability of women to qualify for maternity benefits. Also, the recent effects of Bill C-32 and Bill C-49 on the length of maternity leave are explored.

Methodology: The study uses data from the Canadian Out-of-Employment Panel (COEP) survey linked with EI Administrative data. The analysis compares data from the four quarters prior to EI reform (1995Q3 to 1996Q2) to the four quarters following EI reform (1997Q1 to 1997Q4). COEP data from the third quarter of 2000 to the second quarter of 2001 were also used to examine the effects of Bill C-32, while analysis using data from the fourth quarter of 2001 to the second quarter of 2002 were used to examine the effects of Bill C-49.

Key Findings: The general conclusion of the analysis is that the move to the hours system following EI reform did not have a significant impact on a woman's ability to obtain maternity benefits. This was true for women who already had children as well as those just starting their family. The COEP data showed that women who already had children worked an average of 34.8 hours per week while qualifying for maternity benefits, compared with 38.7 for those without children. Also, the presence of children did not have a statistically significant impact on the probability of having enough hours to qualify for EI maternity benefits. This finding was confirmed by data from the Labour Force Survey, which showed that women in households with children only worked 2.4 hours per week less than women in households without children.

With the introduction of Bill C-32 (adopted on December 31, 2000), the number of maternity claims has been well above the previous seasonal levels of the last five years. Also, the median length of time on claim has increased from 25 weeks, 6 months before Bill C-32, to 50 weeks, 6 months after Bill C-32. In March 2002, Bill C-49 extended the weeks of special benefits from 50 to 65 weeks. So far, the impacts of this change have not been as dramatic, although there has been a noticeable increase in the number of claimants taking more than 50 weeks of benefits. The mixing of sickness benefits with maternity, which had fallen under C-32, has started to recover with C-49.

Reliability: Last year's version of this study was peer reviewed by an external academic.

Availability: This study has been produced on a regular basis. It will be released at a later date once the analysis becomes final.

Projet pilote de retrait préventif

Author: *Audit and Evaluation, HRSD*

Objective: This study presents the preliminary analysis of Pilot Project No. 5, known also as preventative withdrawal. The aim of the pilot project is to enable persons who are entitled to partial EI benefits during their period of preventative leave to refuse the partial benefits. Those persons will thus be able to extend their benefit period and receive full EI benefit weeks during their maternity, parental or sick leave.

Methodology: The preliminary analysis has been done with EI Administrative data between September 2002 and August 2003. The Status Vector (STVC) trailer databases have been used to determine persons eligible for the pilot project.

Key Findings: After one year of the pilot, 240 of the 422 participants, or 57%, have chosen to use the option of extending their period made available to them by the pilot project. The average length of entitlement was 22 weeks for the 240 claimants who chose the extended leave option and 21 weeks for those who chose partial EI benefits. The average weekly benefit was \$280 for those who chose an extension period and around \$260 for the other participants.

Reliability: The results should be seen as preliminary, as no analysis has been done to explain the results.

Availability: The results in this study will be used as input to the Pilot Project Evaluation. The Department will continue to monitor the project and an evaluation should be completed in the 2004/05 fiscal year.

The Impact of Provincial Maternity and Parental Leave Policies on Employment Rates of Women with Young Children in Canada

Author: *Adrienne ten Cate, McMaster University and Strategic Policy, HRSD*

Objective: Examine the employment impact of the provision of unpaid maternity and parental leave in provincial labour standards.

Methodology: The study uses the public-use Labour Force Survey microdata file from 1976 to 2000 in order to examine the effect of provincial maternity and parental leave policy on the employment rate of women whose youngest child is aged 0 to 2 relative to women whose youngest child was aged 3 to 5. The analysis incorporates all changes to provincial and federal legislation from 1976 to 2000. The major changes include the introduction of maternity leave in all provinces in the 1970s and early 1980s and the introduction of parental leave, in all but Alberta, in the early 1990s.

Key Findings: The results indicate that provincial maternity and parental leave policy mitigates the gap between employment rates of women whose youngest child is aged 0 to 2 and women whose youngest child is aged 3 to 5. Moreover, the *preferred* model predicts a 3 to 4 percentage point increase in the probability of employment for women with young children (aged 0 to 2) as a result of the lengthening of unpaid leave entitlements in provincial labour standards that occurred between 1976 and 2000. The author speculates that the provincial policy, by allowing women to return to the job held prior to childbirth, encourages labour force attachment among women with young children.

Reliability: The estimated employment effect appears to be highly accurate as each of the coefficients used to calculate the

impact were significantly different from zero at the 99% level. Various specifications consistently resulted in an employment effect ranging from 3 to 6 percentage points. Furthermore, the results presented in this study mirror the size of the impact on employment estimated for other countries in international studies. We can therefore be confident that providing women with time off after childbirth and allowing women to return to the job held prior to childbirth increases the medium-term attachment of these women to the labour force.

Availability: This study is a McMaster University Working Paper and is posted on the university's Internet site at <http://socserv.mcmaster.ca/econ/rsrch/papers/archive/2003-03.pdf>. The study has been submitted to the Canadian Journal of Economics for review.

Family Supplement

Author: *Audit and Evaluation, HRSD*

Objective: This study examines two issues related to the Family Supplement (FS). The first is its impact on the incentive to work. The second is the declining share of FS claims relative to all EI claims since 1999/00 as noted in recent Monitoring and Assessment reports. It has been suggested that this is due to the frozen threshold levels for receiving the FS, which have led to a fall in the receipt of FS as inflation raised the wage rates.

Methodology: The Status Vector provided information describing the characteristics of individual claimants to measure the incentive to work. To test the possible impact of the FS threshold's indexation and the consequences on the accessibility, two surveys were used: the Survey of Labour and Income Dynamics (SLID) and the Canadian Out-of-Employment Panel (COEP) survey. The databases were used to

create two models to replicate the FS calculation.

Key Findings: Overall, there appears to be no evidence that the FS has created a significant disincentive to return to work, as evidenced by only a marginal increase of 1.6 weeks between 1994 and 2002 in the average total number of weeks that affected individuals claimed UI/EI benefits. This change in the average total weeks has been constant since 1998. On the second issue, the share of EI claims that involve the FS has decreased each year relative to all EI claims since 1999/00. This situation can be explained by the rising annual family net income combined with an FS threshold that has remained at \$25,921. Indexing the FS threshold would maintain access to the FS by the target population of low-income families that receive EI and have children.

Reliability: The effect of the FS on the incentive to work has been reported on in the past. This report reflects similar results of earlier studies.¹ However, it was the first time that the non-indexation of the FS threshold was monitored. Two surveys were used (SLID and COEP) to provide corroboration from multiple sources.

Availability: The results in this study will be used as input to the Summative Evaluation of EI Part I.

Did the Exhaustion of UI/EI Benefits and the Take-up of Social Assistance Change After EI Reform?

Author: *Audit and Evaluation, HRSD*

Objective: This study examines the impact of changes under EI reform on the extent to which EI claimants exhaust their benefits and the rate at which EI claimants seek social

assistance (SA). It had been suggested that the cut to the maximum entitlement from 50 to 45 weeks might have caused an increase in the exhaustion rate and subsequent take-up of SA.

Methodology: The study uses the Canadian Out-of-Employment Panel (COEP) survey linked with data from the EI databank in order to examine the rate of exhaustion of EI and the subsequent take-up of SA. The analysis compares data from just prior to the EI reform (1995Q3 – 1996Q2) to three years of data subsequent to EI reform.

Key Findings: Results indicate that following EI reform there has been a slight downward trend in the percentage of claimants exhausting their entitlement to EI benefits. The findings also indicate that the take-up rate of social assistance also followed a downward trend since EI reform. Although the drop in both the claim exhaustion rate and take-up rate of social assistance were likely due to economic factors, the report concludes that it would be difficult to argue that EI reform had caused an increase in either.

Reliability: A previous version of this study was peer reviewed by an external academic prior to its release. It confirms the research of several other evaluation studies that indicate there was little impact of EI reform in terms of overall qualification to EI or for length of entitlement to benefits.

Availability: An earlier version of this study is posted on HRSD's Internet site at <http://www11.hrdc-drhc.gc.ca/edd-pdf/xei-sa.pdf>.

¹ For example, the 1998 Employment Insurance Monitoring and Assessment Report, p.28.

Employment Insurance and Social Assistance: Evidence on Program Interaction

Author: Alex Grey, Applied Research Branch, HRDC

Objective: The goal of the working paper was to examine patterns of receipt of EI and SA.

Methodology: The study used two data sources: the EICS for 1999 and the Survey of Consumer Finances for 1987 and 1997.

Key Findings: This study confirms other HRDC/HRSD studies that only a small proportion of individuals who exhaust their EI entitlement move on to SA in the short term (e.g., within a year). But it also shows that individuals not eligible for EI benefits or no longer eligible may not appear as SA clients until some time has passed.

This raises the possibility that the move from EI exhaustion to SA, and the impact of EI ineligibility on SA in general, is a longer term process. One potential reason is the fact that individuals have to exhaust other sources of income and a share of their assets before being entitled to SA benefits. This longer term transition to SA also implies that there is a significant period of time where many jobless individuals are left without income support.

The fact that few individuals combined SA and short-term work suggests that there are barriers, once on SA, to reintegrate into the labour market. This underlines the importance of programs such as the National Child Benefit to reduce or alleviate these barriers.

Reliability: The estimates of the interaction of EI and SA are statistically reliable. The paper has been peer reviewed.

Availability:

<http://www11.hrsdc.gc.ca/en/cs/sp/arb/publications/research/2002-001271/page00.shtml>

Determinants of mothers' time at home after childbirth: The role of maternity and parental leave policy

Author: Adrienne ten Cate, Strategic Policy, HRSD

Objective: Examine the determinants of mothers' time at home after childbirth, including the impact of receipt of EI maternity and/or parental benefits.

Methodology: The study uses the maternity component of the Employment Insurance Coverage Survey from 2000 to 2002 in order to examine the determinants of a mother's time at home after childbirth. The analysis estimates the impact on the duration of time at home after childbirth using survival analysis (hazard model).

Key Findings: The results suggest that qualifying for and receiving EI maternity or parental benefits is one of the key determinants of the duration of time at home after childbirth. Mothers who received EI were half as likely to return to work during the months when EI benefits were available compared to when they were no longer available. Furthermore, they were more likely to return to work once EI expired than mothers who do not receive EI at all. The report concludes that EI maternity and parental benefits play a crucial role in allowing mothers to stay home with their newborns and promote their return to the labour force.

Other factors related to duration of time at home after childbirth included labour force status prior to childbirth (e.g., employed, unemployed, out of the labour force), education, age and receipt of employer provided payments (e.g., to supplement EI). Mothers with a university degree returned to work more quickly than those with lower educational attainment, *ceteris paribus*.

Moreover, the youngest mothers in the sample (aged 19-24) returned to work more slowly than other mothers. Finally, recent employment prior to childbirth and receipt of top-ups were strongly correlated with the likelihood of returning to work after childbirth.

Reliability: The estimated impacts on the duration of time at home after childbirth of the key determinants are statistically reliable. The hazard ratios calculated by the model were significantly different from one at between the 90% and 99% level.

Availability: This study is currently in draft form and has not yet been peer reviewed.

Benefiting From Extended Parental Leave – Perspectives on Labour and Income

Author: *Katherine Marshall, Statistics Canada*

Objective: This paper examines the labour market activity of mothers before and after the extension of parental benefits in 2000.

Methodology: The analysis uses the Employment Insurance Coverage Survey (EICS), which in 2000 was expanded to assess the effect of the extended parental benefit program.

Key Findings: Women in receipt of the enhanced benefits experienced a significant increase in the time taken off work. Over 80% of these women returned or planned to return to work within two years, and the median time off increased from 6 to 10 months between 2000 and 2001. Despite the extended time off taken by most women who received benefits, one-quarter of them returned to work within eight months. Significant factors linked with a shorter leave from work included a father's participation in the parental benefit program, a mother's job being non-permanent, and low employment earnings. Even with the increased time away

from work, women were equally likely to return to the same employer in 2000 and 2001.

Since the extension of parental leave benefits, fathers' participation rate in the program has increased from 3% to 10%. So, not only are most newborns receiving full-time care by their mothers for longer, but many more are experiencing a father at home for some of the time as well.

Availability: This paper was part of the *Perspectives on Labour and Income* (Catalogue no. 75-001-XIE) published by Statistics Canada in March 2003.

Has the Relationship between Insured Employment Weeks and Entrance Requirements been Changed by the Divisor?

Author: *Audit and Evaluation, HRSD*

Objective: To examine whether the Divisor is encouraging individuals to work longer than the Variable Entrance Requirement.

Methodology: This monitoring report uses data from the Canadian Out-of-Employment Panel (COEP) survey. These data estimate the number of weeks/hours that a person would need to qualify for UI/EI according to the Variable Entrance Requirement of their region and then are compared to the actual number of weeks/hours the person used to claim UI/EI.

Key Findings: The overall conclusion is that the introduction of the Divisor appears to have been associated with the reduction in the number of people who file claims with just the minimum entrance requirements required to qualify for benefits.

Claimants with insured weeks equal to the minimum entrance requirements dropped from 2.57% in the last half of 1995, to 1.68% in the last half of 1996, and to about 0.97% in

the last half of 1997. The decrease in the proportion of claimants working just the minimum entrance requirement was more pronounced for men than for women, and was more pronounced in Atlantic Canada than in other regions. In Atlantic Canada, the share of claimants with insured weeks just equal to the minimum entrance requirement dropped from 12.41% in the last half of 1995, to 5.79% in the last half of 1996, and to 3.46% in the last half of 1997.

The share of claimants working just two weeks more than the minimum entrance requirement (i.e., meeting the new minimum divisor requirement) increased from 1.55% in the last half of 1995 to 2.45% in the last half of 1996. However, this pattern did not continue into the last half of 1997 (where the share dropped to 1.60%).

Results showed that the proportion of claimants working more than two weeks above the minimum entrance requirements between the last half of 1995 and the last half of 1996 was virtually unchanged at 94%. In 1997, however, the share increased by about 2 percentage points to about 96%.

The adjustment process was more rapid in Atlantic Canada than nationally.

Reliability: This report was reviewed by an external academic.

Availability: The final report will be released in the near future.

EI Reform and Working While on Claim

Author: *Audit and Evaluation, HRSD*

Objective: The main purpose of this report is to examine the use of the working-while-on-claim provision, particularly the impact of the increase in allowable earnings while on claim

from 25% prior to EI reform, to 25% or \$50 following the reform.

Methodology: The main source of data for this study is the Canadian Out-of-Employment Panel (COEP) survey. COEP provides important information on the socio-economic conditions and other personal and employment related information that was used to develop descriptive statistics.

Key Findings: Roughly 51.8% of claimants work while on claim. Most commonly, claimants work a full week allowing a deferral of EI benefits because their earnings exceed the value of their claim. About 41.2% of claimants work at least one week where their claim is deferred. Roughly 32.6% of claimants work at least one week on claim where their benefits are partially reduced. Finally, 11.8% of claimants work at least one week where their earnings are below the allowable threshold and, therefore, do not affect their EI benefit. Frequent EI claimants are somewhat more likely to work while on claim, as are workers in Atlantic Canada and Quebec and workers in the construction industry.

Frequent claimants are less likely to work partial weeks relative to full weeks, probably due to the fact that frequent claimants have a greater knowledge of EI policies compared to other claimants and will choose not to work if they will earn less than what they receive on EI benefits. First-time claimants are more likely to work partial weeks than full weeks, likely due to their lack of experience with the EI program.

The overall proportion of claimants working while on claim has not changed significantly since EI reform. However, there is some evidence that, since EI reform, claimants whose weekly benefits are less than \$200 are somewhat more likely to work a partial week

while on claim probably because they do not experience a reduction in benefits.

Reliability: This report was reviewed by an external academic.

Availability: The final report will be incorporated into the upcoming summative evaluation of EI.

The Impact of Allowable Earnings Provision on EI Dependency

Author: *David Gray & Shawn de Raaf, Social Research and Demonstration Corporation*

Objective: This report examines the use of the allowable earnings provision by claimants of the EI program with the aim of understanding the extent to which working while on claim relates to EI dependency.

Methodology: The data for this report is drawn from a special Statistics Canada survey created in 1998 called the Survey on the Repeat Use of Employment Insurance (SRUEI). The data from the SRUEI was combined with respondents' EI administrative records, providing continuous data on their EI program activity over the period 1992 to 1998.

Key Findings: The report finds that there is some evidence that, particularly in the case of men, the working-while-on-claim provision is reducing the disincentive to accept short-term job opportunities, and thus reduce the number of weeks of receipt of benefits during a given claim. This finding holds when examining how working while on claim affects the number of concurrent weeks of receipt of benefits or the number of weeks of benefits during a future EI claim. In this way, use of the allowable earnings provision appears to be associated with a lower degree of short-term dependency on EI.

Results regarding the effect of working while on claim over a longer term provide evidence

that the allowable earnings provision may be contributing to frequent EI use. Evidence indicates that claimants who work while on claim exhibit more frequent EI claims over the longer term. It appears as though the policy is not aiding frequent claimants in making the transition to full-time, full-year employment.

Reliability: This report was peer reviewed by an external academic.

Availability: This report was published in 2002 and can be accessed from SRDC's Web site at <http://www.srdc.org/>.

Employment Benefit and Support Measures Summative Evaluations

Objective: Summative evaluations have been launched in most jurisdictions. Preliminary results are now available for British Columbia, Quebec and Newfoundland and Labrador. Work is ongoing on the analysis of evaluation findings for these three jurisdictions. Fuller reporting of summative evaluation results will be available in subsequent issues of the EI Monitoring and Assessment Report.

Summative evaluations of Employment Benefit and Support Measures (EBSMs) are aimed at providing information on the impact of EBSMs in helping participants prepare for, find and keep jobs. In addition to employment impacts, these evaluations examine a range of outcomes related to EBSM participation including skills gains, job quality and increased self-sufficiency in relation to government income support assistance.

Methodology: The core measurement of impacts on individuals over the medium to longer term relies on surveys of program clients versus the experiences of similar individuals that did not participate. In addition, EBSM, EI and SA administrative data were also used. While masked income tax

data from the Canada Revenue Agency (formerly, the Canada Customs and Revenue Agency) were not available for the evaluation work undertaken to date, these data will be available for subsequent evaluation activities.

To ensure analytic rigor in implementing the summative evaluations, an expert panel of private sector evaluators and academics was convened for the development of the methodological framework. Discussions on this subject were also held between the provinces and territories and HRSD. The framework was further reviewed by the Office of the Auditor General of Canada.

An important component of the methodology is the estimation of the incremental (net) impact of the programs on participants. Incremental impacts refer to impacts on individuals over and above what would have occurred without the assistance of the program. This is accomplished by comparing the post-program labour market experiences of participants with those of the comparison group. The summative methodology provides a reliable approximation of incremental program impacts, and includes validation of findings through multiple lines of evidence and external peer review.

In most jurisdictions, a Joint Evaluation Committee oversees the management of all EBSM evaluation activities. In Ontario, where EBSMs are managed and delivered federally, the evaluation is being overseen by federal officials alone. In Quebec, the Province has sole responsibility for the design of the methodology and conducts the summative evaluation in discussion with HRSD.

The results presented for British Columbia and Quebec are preliminary in nature and focus on a general assessment of net impacts on individuals' employment, earnings and reliance on government support. These

indicators link back to core objectives of the EBSMs and represent the principal common indicators of results achievement from the summative evaluations.

In the case of British Columbia, preliminary results from a separate analysis on the effectiveness of EBSMs are also addressed using operational data under the Medium Term Indicators Pilot Project. For Newfoundland and Labrador, impact estimates are currently being developed. Some preliminary information on skills acquisition, available from survey responses, is presented.

Given the preliminary nature of the results overall, more analysis will be conducted as the summative evaluation reports are finalized. Due to differences in local socio-economic and programming contexts, caution is needed when comparing the results across jurisdictions.

Findings from the Employer's Perspective from the Evaluation of the Work Sharing Program

Author: *Audit and Evaluation, HRSD*

Objective: An evaluation of the Work Sharing program has been ongoing for the past year and will be released shortly. This report provides preliminary results from the evaluation with respect to the impacts of the Work Sharing program on employers.

Methodology: The evaluation used multiple lines of evidence to examine 11 evaluation questions and 4 questions related to program delivery. The research was conducted by both external consultants and in-house researchers in Audit and Evaluation.

Key Findings: The report finds that the primary reason that firms choose Work Sharing as opposed to layoffs is to retain their skilled work force. Some firm representatives

also believed that their relations with their employees were improved by having chosen Work Sharing as opposed to layoffs and thus long-run productivity may be improved. However, there are some increased costs of Work Sharing as well, such as having to pay employee benefits (e.g., medical care) for workers who otherwise would have been laid off.

Most firm representatives stated that the training that took place at their firms was mostly on the job, and was unaffected by Work Sharing. Most were unsupportive of any mandatory linking of Work Sharing and training.

Reliability: Each of the evaluation technical reports has been peer reviewed by an external academic. The evaluation results reported in this report largely confirm results of the previous evaluation of the program in 1993.

Availability: The final report of the evaluation will be released on HRSD's Web site once it has received all of the necessary approvals.

Selected Highlights for EI Parental Benefits

Author: *Audit and Evaluation, HRSD*

Objective: This report highlights the results of the evaluation of the extension to the EI Parental Benefits program, which was implemented on December 31, 2000. With this new regime, the weeks of parental benefits were extended from 10 to 35 weeks extending the total maternity/parental benefits duration from 25 weeks to 50 weeks. The number of insurable hours of employment required for eligibility was also reduced from 700 to 600 hours. This paper focuses specifically on the views of private sector, public sector and not-for-profit firms on the extended EI benefits, and the impact

of supplementary unemployment benefits on the duration of maternity/parental leave.

Methodology: The evaluation report is based on three different data sources: surveys of participants, HRSD administrative data and a survey of employers.

Key Findings: Concerns were expressed when the new benefits were introduced that employers may be unduly burdened by the program. It was also not clear to what extent firms were familiar with the program. The survey findings indicated that approximately 14 months after the initial implementation of the program, 80% of the not-for-profit sector surveyed was familiar with the new program. The private sector was the least familiar with 56% being familiar with the new program. The findings of the evaluation indicate that, in general, private sector, public sector and not-for-profit firms have had neutral or positive responses and attitudes towards the changes to the program. Small employers with no experience with the Parental Benefits program have expressed the most negative responses. However, this negative view improves for small employers that have some experience with the program. For the supplemental benefits, unsurprisingly, employees with supplemental unemployment benefits in addition to the EI benefits are more likely to stay on leave longer than employees who do not receive benefit top-ups from their employers.

Reliability: This report was reviewed by a panel of experts.

Availability: The final report of the Evaluation of EI Parental Benefits will be released in the near future.