Impact of the Family Supplement

Final Report

Prepared for:
Strategic Evaluation and Monitoring
Evaluation and Data Development
Strategic Policy
Human Resources Development Canada

Prepared by:
Shelley Phipps
Dalhousie University
Martha MacDonald
Saint Mary's University
and Fiona MacPhail
University of Northern British Columbia

October 2000

SP-AH133-03-00E

Acknowledgments

An earlier version of this paper was presented at the Canadian Employment Research Forum (CERF) Workshop, Ottawa, February 5-6, 1999. We would like to thank Lynn Lethbridge for excellent research assistance and Charles Beach, Alice Nakamura and Lars Osberg for very helpful comments.

Dalhousie University, Saint Mary's University and University of Northern British Columbia, respectively.

Table of Contents

List of Tables

Abstract

Under both the former Unemployment Insurance (UI) and current Employment Insurance (EI) systems, Canada has offered extra benefits for some claimants with dependent children. Under UI, the family-related "top-up" was called the "dependency rate" (DR), and under EI it is called the "family supplement" (FS). The introduction of the FS involved two major changes. The first change is in the eligibility criterion, from one based upon individual earnings to one based upon household income; this change is designed to increase the targeting of benefits to low-income households. The second change is that the value of the benefits has increased, a policy change designed to offer enhanced income protection to low-income households. Thus, this study attempts to evaluate 1) whether the FS is more targeted to family income than the DR and 2) whether the FS offers enhanced income protection to low-income households. We also examine who has increased FS benefits and who has decreased benefits from the policy changes. The study uses Human Resources Development Canada's (HRDC) Canadian Out of Employment Panel (COEP) survey data, as well as some HRDC administrative files (e.g., claimant information) and a variety of bivariate and multivariate statistical techniques. In addition, the study reports the results of three focus groups with women affected by the changes.

The first conclusion is that the FS is more targeted to low-income households than the DR. This conclusion stems from the finding that low-income families were about equally likely to receive benefits under the FS as under the DR, but that higher-income families were less likely to get benefits. Consequently, a higher percentage of FS recipients than DR recipients were low-income households. For example, under UI, 23 percent of all DR recipients had household income less than $20,000, whereas under EI, 38 percent of all FS recipients had household income less than $20,000. In general, there is a reduced access to family-related benefits with the FS. A smaller percentage of job separators with children received the FS than received the DR because there has been 1) a decline in access to regular unemployment benefits (from 62 percent to 56 percent) and 2) a decline in access to family-related benefits for job separators with children and who receive the regular benefits (from 29 percent to 21 percent).

The second conclusion is that the FS does provide more income to those who receive family-related benefits. The value of family-related benefits under EI is approximately double that received under UI; on average, for individuals receiving the benefits, the DR benefits were approximately $13 per week compared with FS benefits of $28 per week. This is a statistically significant increase. The results on the value of the FS by household income indicate that, while the FS is more targeted than the DR in terms of receipt of benefits, it is not more targeted in terms of the value of benefit payments; that is, the level of the FS does not decline as household income increases.

Does the FS offer enhanced income protection for low-income households? It is important to note that the FS is a relatively small program that is not intended to lift families out of poverty. Its main function is to improve the standard of living for some low-income

families (i.e., to reduce the depth of their poverty). Overall, we conclude that, while the anticipated increase in the level of FS benefits will help, currently the per-person benefit is still rather small. Thus, there is no statistically significant reduction in the depth of poverty for households receiving the FS.

Finally, men have in general experienced an increase in access to the program, as have single mothers, while married mothers have experienced a decrease in access. For women, approximately 34 percent received the DR and 14 percent received the FS. For men, approximately 8 percent received the DR and 9 percent received the FS. The decline in access to family-related benefits is particularly pronounced for married women, dropping from approximately 34 percent to 6 percent. This is a result of the change from an earnings-test to a family income-test, since women are more likely than men to be secondary earners.

Since the literature on inequality within the family indicates that personal incomes can influence the allocation of welfare within the household, the decline in women's benefits may be detrimental to the well-being of women and children. The findings from our focus groups were particularly clear on this issue. Women were strongly opposed to having their entitlement to FS affected by their husband's income, arguing that they did not necessarily have access to his income, that having their own income was important for their independence and control of spending, and that they should be entitled based on their own earnings and contributions. While the FS is currently a small program in terms of dollars received by any recipient, the direction of effect is important to note. The FS is better tied to household income and so links the increased family-related benefit to those "households" most in need. It does not necessarily, however, tie the increased benefit to those "individuals" most in need, due to potential intra-household inequities.

One of the most striking findings from the focus groups was the lack of knowledge of the program. Claimants do not understand how their eligibility, duration and benefit levels are determined (e.g., the FS is not itemized). Finally, another important issue is the relationship between the FS and the intensity rule, whereby FS recipients are exempted from the lower benefit rate for frequent users of EI. Any inequities inherent in the FS will be magnified as the interaction with the intensity rule is fully realized over the next few years. This needs to be monitored in future evaluations.

1. Introduction

Under both the former Unemployment Insurance (UI) and current Employment Insurance (EI) systems, Canada has offered extra benefits for some claimants with dependent children. Under UI, the family-related “top-up” was called the “dependency rate” (DR), and under EI, it is called the “family supplement” (FS). The major difference between the two programs is that the DR was calculated on the basis of *individual earnings*, whereas the FS is calculated on the basis of *family income*. Thus, the FS is intended to be more targeted to families who most need income (the DR could be received by a UI recipient with low earnings whose partner had a higher income, but on the basis of family income the DR recipient would not be considered poor).

This paper studies some of the consequences of replacing the DR under the *Unemployment Insurance* and the *National Training Act* with the FS under the *Employment Insurance Act*; the *EI Act* became effective on July 1, 1996, with the FS becoming effective January 1997.[1] While one of the objectives of the EI reforms is to improve incentives for paid work, the potential negative impact of such reforms on low-income families with children is to be reduced by the introduction of the FS. The FS is considered an “innovative feature” of the new EI legislation that is designed to provide “enhanced protection for low-income families.”[2] The intended effect of the FS is to provide on average a $30 per week top-up to the regular EI benefits for 350,000 low-income families of which about two-thirds will be headed by women.[3] The FS is designed to better target low-income families[4] by tying FS benefits to household income (rather than the UI/EI claimant’s weekly earnings) and by increasing the benefits for those families most in need.[5]

One point that is important to keep in mind while reading this paper is that the FS can only be received by individuals who are entitled to EI benefits as a result of past labour-market participation. Thus, when we talk of “low-income” families, we are throughout the paper

1 Ongoing evaluation of the impacts of the *Employment Insurance Act* on individuals, communities and the economy being carried out by the Strategic Evaluation and Monitoring Directorate of Human Resources Development Canada.

2 Enhanced income protection for low-income families is considered by HRDC to be one of the four core changes to the income benefits aspects of the system; the other three changes are 1) basing income benefits on hours worked rather than weeks worked, 2) tying benefits more closely to earnings and 3) introducing an intensity rule so that the benefit rate declines moderately with weeks of benefits used in a five-year period [http://www.hrdc-drhc.gc.ca/hrdc/ei/sc1236-e.html, p. 3].

3 The benefits accruing to single-parent families headed by women earning less than $26,000 were estimated to increase by 11 percent, and benefits to low-income, two-parent families were expected to increase by 6 percent [http://www.hrdc-drhc.gc.ca/hrdc/initiatv/eilaunch/newsrele/ 9609be.html, p. 2].

4 Throughout this paper we use the words “household” and “family” interchangeably, though of course they are not technically the same thing. By linking to the Child Tax Benefit, the FS is income-tested on the basis of the joint incomes of the husband and wife (legally married or living together), and thus it is not really family or household income-tested insofar as incomes of anyone other than the head or spouse would not be counted.

5 [http://www.hrdc-drhc.gc.ca/hrdc/ei/sc1236_e.html, p. 11].

referring only to some low-income families — those who are unable to participate in the labour force, for example, are not included.

While the "helping those most in need" rationale for this change in program structure is clear, the economics literature dealing with inequalities within families (see Phipps and Burton, 1996, for example, for a survey) points out that programs that income-test at the family level can potentially be disadvantageous for married women. Income is not shared equally within all families and, in fact, there is evidence that the share of income that each partner brings to the household is an important determinant of his or her bargaining power within the marriage. Thus, if (because women typically earn much less than their husbands) fewer married women receive benefits, income-testing at the household level would shift relations within marriages. There is also empirical evidence (see Lundberg, Pollak and Wales, 1994) and a long-standing "folk tradition" that income going to mothers rather than fathers is more likely to be used in a way that will benefit children.

The objectives of this research project are to compare the impact of the FS with that of the DR in terms of 1) who qualifies, 2) the benefit level received and 3) the impact on living standards. We do this in two ways: 1) we use survey and administrative data to analyze these issues in a quantitative way; and 2) we investigate women's perceptions of the implications of the introduction of the FS using qualitative techniques. Focus group discussions provide important feedback on how the program is operating "on the ground."

Throughout, we focus on three key themes. First, is the FS better-targeted? Second, does it do a better job than the DR of alleviating the financial hardship of low-income families (the official objective of the program change)? Third, to what extent do married women lose access to family related-benefits as a result of the family income-test, since women are more likely to be secondary earners? An increase in inequality within families may be the "other side of the coin." Additional themes emerged in our focus groups.

The report is organized in five major sections. Sections 2 and 3 outline the microdata used and the quantitative results, respectively. Section 4 provides details of the qualitative methodology and results. Section 5 synthesizes the two parts of the study and offers a summary and some conclusions.

2. Data

The quantitative component of this project uses Human Resources Development Canada's (HRDC) Canadian Out of Employment Panel (COEP) survey data as well as some HRDC administrative files (e.g., claimant information). The target population for the COEP survey was Canadians aged 15 and over, living in the 10 provinces or the territories, who had a "job separation" or "a break/change in employment" between July 1995 and December 1997 inclusive. Survey participants were selected from the HRDC Record of Employment (ROE) administrative file. Selected individuals were then contacted by telephone, up to 12 months after the separation for which they were selected into the sample.

The COEP survey includes six cohorts of individuals who had an interruption in their employment or a job loss before January 1997[6] and four cohorts who had an interruption in their employment or a job loss after January 1997. Each cohort is a sample of all individuals with a separation/interruption occurring in a particular quarter (beginning July to September 1995 and ending October to December 1997). The COEP data provides information on the ROE, job characteristics, Unemployment Insurance/Employment Insurance (UI/EI) benefit receipts, demographics, household income and liquid assets.

In general, our analysis focuses on individuals living with their own children less than 18 years old at the time of the survey, rather than at the time of the ROE. We also focus upon regular benefits recipients (e.g., we exclude individuals receiving maternity or sickness benefits).

We classify respondents as pre- or post-1997 observations according to the date of the job separation that led to them being in the COEP survey. However, our analysis of the incidence and level of dependency rate (DR)/family supplement (FS) benefits paid is based on the administrative ROE and claims files. That is, the "sample job"[7] ROE is flagged in the administrative ROE file. From this, and if the individual made a claim, we determine the date at which a claim pertaining to the "sample job" was filed (i.e., the "benefit period commencement week"). We then analyze benefits received for this claim. Notice that individuals who make claims but are not eligible for benefits are treated, along with those who do not file a claim, as having zero benefits. However, we exclude individuals who had claims open at the time of the sample job separation. This partly solves the problem that some people with claims open at January 1, 1997, for example, were still receiving DR benefits in the post-1997 period. We also exclude people who

6 The FS that is the focus of our study was implemented in January 1997, though other aspects of the EI program came into effect on July 1, 1996.

7 The "sample job" is the one that got the individual into the COEP survey. That is, the individual had a job, then separated from that job and a ROE was filed. On the basis of the ROE, the individual was randomly selected for the COEP survey.

experienced a separation in 1996 but did not file a claim until 1997; these people received FS rather than DR benefits, though they would be classified as "pre-1997" on the basis of the date of their sample job separation. In total, we delete 5,765 observations. Our remaining sample is still very large scale: 21,417 for the pre-1997 cohorts (1 through 6) and 14,564 for the post-1997 cohorts.

3. *Quantitative Results*

3.1 Introduction

The switch from the dependency rate (DR) to the family supplement (FS) involves changes in 1) how eligibility is determined and 2) how the value of the family-related benefits is derived. Under Unemployment Insurance (UI), individuals were eligible to receive the DR if they were eligible for regular benefits, if they had dependants and if their average weekly earnings were less than half the weekly maximum insurable earnings (MIE). Under Employment Insurance (EI), total household income is taken into account in determining eligibility for the FS because one of the objectives is to make the FS more targeted to poor households. Regular EI claimants with children are entitled to receive the FS if total household income is less than $25,921 and the household receives the Child Tax Benefit (CTB). If both spouses are claiming EI benefits at the same time, only one may receive the FS.

In terms of determining the value of the benefits, under UI, claimants who were eligible for family-related benefits were entitled to receive benefits at 60 percent of weekly insurable earnings — referred to as the “dependency rate” — rather than the usual replacement rate (of 55 percent of weekly insurable earnings). Under EI, eligible claimants receive the regular EI benefits at the usual 55 percent replacement rate but, in addition, receive the weekly equivalent of the CTB. Since the CTB increases with number of children, so will the FS. This extra payment increased the effective replacement rate to a maximum of 65 percent of insurable earnings in 1997, and it will gradually increase to 80 percent by January 2000; however, total benefits cannot exceed the maximum weekly benefit of $413. The value of the FS benefits changes as the CTB benefits change, and CTB amounts are calculated at tax time, based on previous year’s income with the changes implemented the following July. Thus, there can be considerable lags in the CTB adjustment if income varies substantially from year to year. Another associated benefit is that individuals receiving the FS are exempted from the new intensity rule, which reduces benefits if the claimant has received more than 20 weeks of regular benefits in the past five years.[8]

3.2 Who Qualifies for the FS? A Descriptive Analysis

To examine the impact of the switch from DR to the FS on who qualifies for family-related additional benefits, we start with a descriptive analysis (see Table 1 for the results). Although the FS was introduced in January 1997, other aspects of the new EI program were initiated on July 1, 1996. Thus, a comparison of UI/DR with EI/FS is “cleanest” if we compare cohorts 1 through 4 (with job separations between July 1995 and June 1996)

---

8 This is a potentially important benefit for FS recipients; however, it is really too early to assess the implications since all claimants were granted a “clean slate” of past unemployment history at July 1, 1996. Thus, for the period of our data (ending with job separations at December 1997), no-one would yet have a five-year history. A rough calculation suggests about 20 percent of FS recipients would have been affected by the intensity rule but were exempted. However, this percentage is likely to increase over time.

with cohorts 7 through 10 (with separations between January 1997 and December 1997). In terms of Table 1, this is a comparison of columns 1 and 3. However, an examination of columns 2 and 3 is also interesting, since this enables a comparison of all pre-1997 (and hence pre-FS) cohorts with all post-1997 cohorts.

The switch to the FS has reduced overall access to family-related additional benefits, compared with the situation under UI. For example, the percentage of workers with a job separation who receive DR/FS decreased from 8.7 (in the UI period) to 4.1 (post-January 1997); and if we consider only the workers with a job separation who have at least one child living in the house, then the percentage receiving DR/FS decreased from 21 to 11.6. A comparison of all pre-1997 cohorts (including the transition EI period) yields the same conclusion, though the magnitude of the reduction in family benefit receipt is smaller. Both comparisons yield statistically significant reductions in the percentage of recipients (at the 95 percent level).

The decline in the percentage of workers receiving the FS compared with the percentage receiving the DR reflects a combination of 1) decreased access to the FS (compared with the DR) for those workers receiving regular UI/EI benefits and 2) decreased access to EI regular benefits (compared with UI regular benefits).[9] With respect to the first point, note, for example, that of workers receiving regular UI/EI benefits and have at least one child less than 18 years old in the house, 33.6 percent received the DR in the UI period compared with 20.8 percent who received the FS. Secondly, however, the decrease in access to the FS (compared with the DR) for all workers with a job separation also stems from the decrease in access to regular EI benefits compared with UI benefits. For example, the percentage of all workers with a job separation who received regular UI/EI benefits decreased from 54.6 to 50.9; for workers with at least one child and who had a job separation, the percentage that received regular UI/EI benefits decreased from 62.6 to 55.7 (see Table 2). The differences in the percentages of the groups under the two policy regimes are statistically significant (at the 95 percent level of confidence) in each of the cases. However, notice that the reduction in regular benefit receipt is substantially larger for recipients with children than for recipients over all.

Tables 3a and 3b provide a basic descriptive analysis of who receives family top-ups under the two regimes. Table 3a asks this question for all respondents with children, whereas Table 3b focuses on respondents who have children and who receive regular benefits. Thus, in Table 3a, an individual may not receive the family benefit because he or she was not eligible for regular benefits or because, while eligible for regular benefits, he/she did not qualify for the top-up. In Table 3b, all individuals are regular benefits recipients.

Qualitatively, much the same story about change in access to benefits is told in each table, thus we focus the discussion on Table 3a (with some cross-reference to Table 3b). First, it is striking that receipt of the family top-up has decreased under EI/FS for almost all

---

9 In this descriptive analysis, no control is made for potentially changing economic conditions over the period of study. We are able to control for changing unemployment in the multivariate work.

categories considered (e.g., including province, age, wage, income). Exceptions are men, single parents and those with higher personal annual earnings. (For lower-income households, there is basically no change.)

In terms of annual household income,[10] Table 3a indicates recipiency rates that are nearly identical in both periods for those with household incomes of less than $20,000 (31.8 percent with the DR and 30.2 percent with the FS). Part of what has happened is that fewer individuals from households with low incomes receive regular benefits under EI; however, if an individual from a low-income household manages to qualify for regular benefits, he or she is somewhat more likely to receive family top-up under EI/FS (56.9 percent versus 51.6 percent, Table 3b). In contrast, recipiency rates are much lower for higher-income families (more than $50,000) under the FS (1.7 percent for the FS versus 11.5 percent for the DR, Table 3a). Thus, as intended, the structure of the FS is more targeted to family income, with significantly more lower-income families with children than higher-income families with children receiving benefits. At the same time, if we compare the FS with the DR, it is not true that more lower-income families receive benefits under the new program.

As anticipated, there is a large decline in the percentage of women receiving the FS; for example, under UI, 33.6 percent of women received the DR, compared with only 13.8 percent of women who collected the FS under EI. This contrasts with the experience for men: while less likely to receive family-related top-ups in general, men actually experienced a small *increase* in access to family-related benefits as a result of the move from the DR to the FS (from 8.2 percent to 9.1 percent) The drop in eligibility for women is probably due to a decline in eligibility among women with spouses who are in the labour force, since there is also a large drop in the percentage of people collecting the FS in households where both adults are in the labour force (the percentage dropped from 21.7 to 6.1). Note also that for single mothers access to family-related benefits increased with the switch from UI to EI. Under UI, 30.3 percent of single mothers, received the DR, whereas under EI, 38.3 percent of single mothers received the FS. On the other hand, 34.4 percent of married mothers received the DR, whereas only 6.5 percent received the FS.

Tables 3a and 3b also illustrate changes in receipt of family top-up by hourly wage[11] and by annual earnings.[12] In Table 3a, those with very low hourly wages are much less likely

---

10 The COEP survey asks respondents their total household income in the four-week period preceding the interview. This is to include income from all sources (e.g., earned income, pensions, interest, dividends, rents, net farm or business profits, and government benefits such as welfare, family allowance and unemployment insurance payments). They are also asked if this is an increase or decrease from their total household income in the four weeks preceding the sample job separation. If there was a change, they are asked how much. We use this information to calculate household income in the four weeks preceding the sample ROE and then multiply this figure by 13 to obtain an estimate of annual income.

11 Hourly wage is obtained from the administrative “employer” file. It is the hourly wage reported for the sample job (i.e., the job from which the individual experienced a separation and so ended up in the survey).

12 Our estimate of annual paid wages is derived from the COEP survey. For a very small number of individuals, self-employment earnings will be included.

to receive the FS than the DR (the percentage declines from 43.9 to 19 for those with hourly wages of less than $7 per hour). Similarly, those with very low annual earnings (less than $10,000) were more likely to receive family top-up under UI than under EI (40.3 percent versus 8.2 percent).

Table 4 changes the focus of analysis from the probability of getting the DR or FS to the composition of the population of workers who do receive these benefits and how this has changed since the FS was introduced.

FS recipients are more likely to be in the lower-income categories than DR recipients. For example, only 21.6 percent of FS recipients had household incomes greater than $35,000,[13] while, 46.6 percent of DR recipients had incomes above this level. Again, as intended, the targeting structure of the program has changed.

In terms of annual earnings, there are more relatively "high earning" individuals receiving the FS than the DR (31.8 percent of FS recipients have annual earnings over $20,000 versus 16.5 percent of DR recipients). The basic point is that when cutting off access based on income rather than earnings, some individuals who would not have qualified for the DR (because their personal earnings were too high) now qualify for the FS (because their household income is sufficiently low).

Under either regime, women constitute the majority of benefit recipients. However, the gender composition of family benefit receipt has changed markedly since the introduction of the FS. Under UI, 80.8 percent of DR recipients were women, whereas under EI, only 62.6 percent are women. Couples with both spouses in the labour force make up a smaller fraction of the family top-up recipient pool post-1997 (34.0 percent versus 66.1 percent under the DR). Consistent with results from Table 3, there is an increase in the percentage of family top-up recipients who are single mothers (40.1 percent for the FS versus 16.7 percent for the DR). There is a reduction in the percentage of recipients who are married mothers (64.1 percent for the DR versus 22.6 percent for the FS).

3.3 Multivariate Analysis of the Probability of Benefit Receipt

We turn next to consider how the switch to EI affects who qualifies for family-related benefits, after controlling for the characteristics of workers with dependents and who experience a job separation. We estimate a probit model of the probability of receiving the DR (pre-January 1997) or the FS (post-January 1997) where the key explanatory variable

[13] While it sounds odd that *any* households with income at this level are receiving the FS, there are two explanations for this result. First, recall that the COEP data only provide income information for a four-week period, which we have annualized. Thus, we assume that they continue to receive for all 12 months the income that they report for the one month. Of course, this need not be the case — the month we observe may be a particularly good or bad one. A second reason for this finding is that the FS is tied to the CTB, and thus entitlement is based upon last year's income. Given the substantial adjustment lags associated with the CTB, it is entirely possible that a family that had a lower income last year will still receive benefits this year when their income is higher and vice versa — families whose income drops will not receive benefits until after taxes have been filed and all adjustments made.

(post-1997) is a dummy variable indicating whether the individual's job separation occurred after January 1997, in which case the FS rather than the DR would be the relevant policy (here, having a job separation pre-January 1997 is the base case). A set of seasonal, age and education dummies are also included, along with the regional unemployment rate,[14] the hourly wage at the time of the sample job separation, household equivalent income[15] (at the time of the Record of Employment (ROE)), and a household income dummy for having monthly income greater than $9,000 (in the four-week period preceding the Canadian Out of Employment Panel (COEP) interview). Notice that by including regional unemployment and seasonal dummies, we control for changing labour market conditions over the period of the study.

A second model is estimated in which the gender, wage and income variables are interacted with the dummy variable representing the policy switch in January 1997[16] to test our central hypotheses: 1) that the FS should be more targeted to family income but that, 2) more women than men may lose access to benefits as a result of the family income-test. Both models are estimated for all workers who have dependents and who experience a job separation; results are presented in Table 5.

The main result from the probit analysis is that the post-January 1997 variable is negative and significant, indicating that the probability of receiving the FS is lower than the probability of receiving the DR (see Table 5, column 1).

The first key issue addressed in this paper is that of targeting: is the FS more targeted to low-income families than the DR? Under either regime, families with higher incomes are less likely to receive family top-ups (the sign on household equivalent income is statistically significant and negative). In addition, the household equivalent income variable interacted with the post-January 1997 variable is statistically significant and negative (Table 5, column 2); this indicates that higher-income households are even *less* likely to receive the FS than the DR and that the FS is more targeted to household income than the DR.

We then consider whether women lose disproportionately as a result of the switch to the FS. Specifically, we examine whether women with similar eligibility based upon their own work and earnings have reduced access to family-related benefits, relative to men, as a result of using household income rather than individual earnings as the basis for determining eligibility for the family-related top-up. The "female" variable interacted with the post-January 1997 dummy variable is negative and statistically significant (see Table 5, column 2), indicating that women's access to the family-related top-up benefit is reduced, compared with men's, as a result of the policy change to EI.

14 This varies by province and by year (1995 through 1997).

15 Household income is adjusted for economies of scale available to individuals who live together using the OECD equivalence scale.

16 We tested interactions with all other explanatory variables but found the ones that we focus upon here to be most important.

Since women are, relative to men, less likely to receive the FS (after the January 1997 policy), we explore which women are most affected by estimating a probit model that replaces the "female" variable with "single mother" and "married mother" (with the base category being all men).[17] The results shown in Table 5, column 3, are similar to those of column 1. For example, the probabilities of receiving benefits are greater for single mothers and married mothers than for the base case of fathers; both the single mother and married mother variables are positive and significant. This result is consistent with the result reported in column 1 that the probability of receiving family-related benefits is higher for women. When the two mother variables are interacted with the post-January 1997 variable (see Table 5, column 4), the interaction is statistically significant and negative for married mothers, indicating that married mothers, compared with fathers, have reduced access to the FS, after controlling for household income. The interaction term for single mothers is not statistically significant, indicating that once we have controlled for other relevant characteristics, single mothers experience no change in the probability of receiving family top-up after the program change.

3.4 Has the FS Increased the Level of Benefits Received? A Descriptive Analysis

While the switch from UI to EI has reduced access to family-related top-up benefits, we now consider whether the replacement of the DR by the FS has increased the value of family-related top-up benefits for those who receive them, as this was a stated intention of the program reform. The mean weekly DR is $13.37 compared with an FS of $28.10, which is a large and statistically significant increase (see Table 1). After the switch from UI to EI, the average weekly value of regular benefits received is also higher for workers receiving the family-related top-up ($166.79 versus $201.75, Table 2). This is very likely a result of the change in the composition of workers who actually receive benefits — that is, a larger percentage of high-earnings individuals receive the FS than receive the DR (see Table 4).[18]

Table 6 shows the mean weekly value of the DR and FS for those receiving these benefits, by population sub-group. For recipients, the switch to the FS results in a doubling of the mean weekly value of family-related benefits for each of the different groups considered including province, gender, age, household composition, workforce status, wage and household income. However, surprisingly, the mean weekly value of the FS does not decrease as household income increases. For example, the mean weekly value of the FS is $27.39 for households with incomes of less than $20,000 annually, compared with $29.93 for households with an incomes of $50,000 or more. As noted previously (see footnote 13), it seems odd that any household with an income of $50,000 or more should be receiving benefits under the FS. To understand this result, it is important to

17 The number of single fathers was insufficient for separate analysis.

18 Another factor may be that FS recipients are not subject to the "intensity rule." As noted earlier, a rough estimate suggests about 20 percent of regular benefit claimants were subject to the intensity rule; about 20 percent of FS recipients would have been subject to this penalty but were exempted.

recall that eligibility depends upon last year's income, so that a household with low income last year but higher income this year could receive benefits.[19] Thus, the structure of the FS is more targeted than the DR in terms of receipt of benefits but not in terms of benefit payments. However, the FS does pay more money to lower-income families who receive benefits.

For recipients, the level of benefits has increased by roughly the same amount for both men and women, and for married mothers versus fathers or single mothers. Hence, the potential within-household equity issue is more a question of who gets benefits rather than how much is received.

3.5 Multivariate Analysis of Level of Benefits Received

We turn next to a multivariate analysis of whether, compared with the DR, 1) the value of the FS is higher, 2) the value of the FS offers more income protection to low-income households than high income households and 3) the value of the FS is relatively lower for women than for men. A model of the value of the weekly family-related benefit received is estimated using Ordinary Least Squares, controlling for age, season, provincial unemployment rate, education, gender, own wage and household income. The model is estimated for all workers receiving family-related benefits in the two periods, pre- and post-January 1997, and the results are presented in Table 7.

To assess whether, for families receiving benefits, the level of FS benefits is higher than that of DR benefits, the key explanatory variable is the post-January 1997 dummy variable. As can be seen from Table 7 (column 1), the post-January 1997 variable is positive and statistically significant, indicating that the value of the weekly FS is greater than that of the DR, after controlling for other factors such as household income and own wage.

To assess whether the level of benefits is more sensitive to household income under the FS than under the DR, the post-January 1997 dummy variable is interacted with household equivalent income. As can be seen from Table 7 (column 2), the interaction of the post-January 1997 and household income variables is not statistically significant; this indicates that, after the switch to EI, the value of family-related benefits is no greater for low-income households who receive benefits. As noted earlier, the improvement in targeting is evident in terms of who gets benefits, but not in terms of how much they receive.

Notice that the female variable is negative and statistically significant, indicating that women, relative to men, receive a lower weekly DR/FS. To test whether the move to a family income-tested benefit has had an additional adverse affect on the level of benefits received by women relative to men, we also included an interaction between the post-January 1997 and female dummy variables. This term is negative and statistically

19 We should again point out that the only way to estimate annual income is to extrapolate from a four-week estimate provided in the data.

significant, indicating that women receive a lower value of family top-up relative to men, after the switch to EI, controlling for household income and personal hourly wage. Thus, relative to men, women's access to family-related benefits and level of benefits is lower after the program change.

We again separate "women" into married and single mothers and present results for this specification in Table 7, column 3. The single mothers and married mothers variables are negative and statistically significant, see Table 7 (column 3), indicating that these two groups, relative to all fathers, receive a lower value of benefits. This result is consistent with the finding reported in column 1 that the female variable is negative and statistically significant. When the "mother" variables are interacted with the post-January 1997 variable, the married mother interaction term is statistically significant and negative. Thus, married mothers are particularly likely to receive a lower value of family benefits in the post-1997 period, presumably because many of them are married to men with earnings sufficiently high to make the household ineligible for family-related top-ups. The single mother interaction is not statistically significant.

3.6 Combining Incidence and Level of Benefits

Results thus far have separated issues of who receives FS/DR benefits from the level of benefits received. The conclusion reached is that, in general, fewer job separators with children receive benefits with the FS, but for those who do receive benefits these are higher than with the DR. Table 8 attempts to combine these issues by reporting the average level of benefits for all individuals who have children and who experienced a job separation, regardless of whether they received UI/EI or the DR/FS. This provides an estimate of expenditure per person to compare across regimes.[20]

Key points to notice are, first, that overall, the expected value of family benefit top-up for job separators with children has increased slightly from $2.81 to $3.26 (this is a statistically significant change, though 45 cents per week does not sound like very much of a difference; see Table 1).

Second, the expected value of benefits for low-income families (i.e., less than $20,000) has increased more noticeably (from $4.20 to $8.28). Thus, FS *is* directing more money to lower-income families. On the other hand, on average less is spent per woman ($3.68 versus $4.31), while more is spent per man ($2.80 versus $1.29). If we distinguish single mothers from married mothers, we see that considerably more is spent on single mothers ($10.52 versus $3.79), but less is spent on married mothers ($1.64 versus $4.44).

Table 9 provides a multivariate analysis of the same issue. In this case, since we are including individuals with zero benefits, Ordinary Least Squares is no longer the appropriate estimation technique, so we use Tobit analysis instead. In specification 1, we find that our key "post-January 1997" variable is not statistically significant in an

[20] We might think of this as the "expected value" of family top-up benefits — the probability of getting benefits times the amount you will receive if you get them.

estimation of the expected value of family-related top-up. That is, controlling for other relevant factors, the FS does not increase average expected per-person expenditures in a specification that models the impact of the policy change through a single dummy variable.

When we allow for interactions with “female” and “household equivalent income,” we find that expected per-person expenditures are more targeted to income with the FS than with the DR (i.e., the household equivalent income interaction term is statistically significant and negative), but that expected payments to women fall significantly with the FS compared with the DR. If we further distinguish single mothers from married mothers, we find no statistically significant effect of the policy change on expected payments to single mothers, but a sizable reduction in expected payments to married mothers.

3.7 What Is the Impact of the FS on Standard of Living?

As discussed above, the switch from UI to EI results, first, in fewer individuals receiving family-related benefits and, second, a higher value of family-related benefits for those who receive them. We now examine the impact of this policy reform on the standard of living of low-income families with unemployment who receive the family-related benefit. To do this we focus upon 1) the incidence of low-income with and without benefits and 2) the depth of low-income with and without benefits. Since the FS is intended only to improve the standard of living of poor families, and not to lift their incomes out of poverty, we would not necessarily expect to see any impact of the FS upon the incidence of poverty; however, we would expect to see at least a small reduction in the depth of poverty. Table 10 shows the incidence and depth of monthly[21] poverty in the UI and EI periods, for several income definitions and population groups. The poverty line applied in the calculations is a one-half median equivalent income definition.[22] The first income variable, “Income before the ROE,” is household income before the spell of unemployment begins and is used to reflect the extent of poverty just before the spell of unemployment happened. For example, before experiencing unemployment, 15.5 percent of all households with dependant children were poor prior to January 1997, compared with 16.2 percent in the post-January 1997 period.

21 The COEP survey does not have ideal measures of income for an analysis of poverty, which is typically studied on an annual basis. As noted earlier, respondents are asked about their total household income in the four-week period preceding the interview. They are also asked if this differs from total household income in the four-week period preceding the ROE job separation, and by how much. For individuals who received UI/EI and the DR/FS in the four weeks preceding the interview, we can compute the impact of these benefits on their experience of “monthly” poverty. For individuals who were not receiving UI/EI at the time their household income was assessed, we have to estimate the likely effect of UI/EI on poverty. The procedure used to do this is 1) subtract earnings from the ROE job from household income, 2) add in EI/UI and 3) assume no other change in family income (e.g., spouse obtaining employment; individual working for a few hours). We think it best to estimate “monthly” poverty by dividing an annual poverty line by 12, so that we can minimize any extrapolations required.

22 Equivalent income is calculated using the Organization for Economic Corporation and Development (OECD) equivalence scale. Since we only have income for four-week period, we divide the annual poverty line, calculated as 50 percent of median equivalent income using Survey of Consumer Finance data, by 12.

We consider whether the policy reform has decreased the incidence of poverty among those households that receive the family-related benefit while they are still experiencing unemployment, acknowledging that fewer families now receive benefits (regular or top-up). The second income variable, "Income before the interview," is household income at the time of the interview and reflects the household income of individuals who are still unemployed, as well as that of individuals who have started a job, at the time of the interview. Separating out those individuals who are still unemployed at the time of the interview gives an estimate of the incidence of poverty among those individuals who are still experiencing unemployment. For example, as shown in Table 10, for unemployed workers who receive the family-related benefit, 38.3 percent are poor during the UI period compared with 60.1 percent during the EI period. Notice that the increase in the rate of poverty reflects the change in the composition of households that receive family-related benefits.

Family-related benefits are not large enough to lift households out of poverty in either of the policy periods, nor was it expected that this program alone could achieve such a goal. For those households receiving family-related benefits and still experiencing unemployment, the rates of poverty when total household income includes or excludes the family benefit are not significantly different. For example, in the UI period, 38.3 percent of households receiving the DR are poor compared with 40.4 percent who are poor when the value of the DR benefits are excluded, and this is not statistically significant. In the EI period, 60.0 percent of households receiving the FS are poor compared with 68.2 percent who are poor when the value of the FS is excluded from household income. While this is a larger reduction, it is still not a statistically significant difference.

It is more reasonable to suppose that the FS should significantly alleviate the *degree* of financial hardship experienced by poor households. That is, the program is not intended to eliminate poverty, but since it is more targeted to low-income households, we might expect low-income families to have incomes that are higher in a statistically discernible way. However, this does not appear to be the case. For example, for those workers who receive the FS and who are still unemployed, the average equivalized monthly poverty gap was $201 compared with $221 if the value of the FS benefits are excluded, but this is not a statistically significant difference.

Finally, Table 11 reports on the availability of liquid assets for families with children and who do and do not receive top-ups. It is clear that recipient families have lower assets than other families and that, with the reduction in the number of individuals receiving top-ups, these top-ups are now going to families with very little in the way of funds. About 60 percent of individuals who have children and who experience job separations would not have sufficient assets to enable their families to survive for even one week at a poverty-level standard of living. For DR recipients, that figure increases to 71.0 percent and for FS recipients, to 84.2 percent.

4. Qualitative Analysis

4.1 Introduction

Results from the quantitative analysis indicate that although the family supplement (FS) has achieved the goal of being more targeted to low-income families than the dependency rate (DR), many married women have lost their entitlement to benefits while men have gained access. Whereas under the DR, 64 percent of family top-up recipients were married mothers, under the FS they constitute only 22.6 percent of recipients. On the other hand, men constituted only 19.2 percent of DR recipients but now constitute 37.2 percent of FS recipients. Another side to the issue is that many single mothers have gained access to benefits; with the DR they constituted only 16.7 percent of recipients, while with the FS they constitute 40.2 percent of recipients. How do recipients feel about these changes?

The focus group component of this project was designed to supplement the quantitative analysis by providing qualitative feedback on the impact of the program changes. That is, we allowed a small number of women directly affected by the program changes to express their personal reactions. For example, how are the differences in eligibility perceived? Do recipients perceive the change to target family income as more fair? Are married women concerned about their loss and do they think this affects their say at home? Are differences in eligibility divisive at the workplace or community levels? How are families coping and what are their frustrations? How are families responding to the new incentive structure?

We conducted three focus groups — two in Nova Scotia and one in northern British Columbia. We chose smaller communities dependent on seasonal work, where issues related to family employment strategies are important. We chose participants who had been on EI in the last year and who either received FS or would have been eligible for DR under UI. Three areas were chosen. In Nova Scotia, one area consisted of four adjacent postal code districts in a rural farming region, while another was a coastal community within commuting distance of Halifax. In British Columbia, a small city in the central interior of the province was selected, which is quite dependent on forestry. Participants were selected from a list for each area provided by Human Resources Development Canada (HRDC) of female Employment Insurance (EI) recipients since January 1998. To be included, women had either to meet the low earnings criteria for the DR under the old Unemployment Insurance (UI) program or have received the FS. Potential participants were contacted by telephone and screened to be sure they had children under 18 years old living at home. We aimed for a range of ages and family situations in each group, with some receiving the FS and some not.

The Nova Scotia farming community focus group (which will be referred to as the rural/farming group) consisted of nine women, two of whom were single parents. Four were seasonal farm workers, two were agriculture-related production workers, two were educational assistants who were laid off for the summer and school breaks, and one was a cook. Most had an EI claim running, and several were currently working. All had experience with UI as well as EI, as much of the available work in the area is seasonal or part-time. There was considerable commonality in their work situations and therefore in their experience of the UI/EI changes.

The Nova Scotia coastal community focus group (which will be referred to as the coastal/commuting group) consisted of 11 women, 4 of whom were single parents. This group had more diverse work experience. Three were at home with young children, two were working full-time, two were seasonal workers who had recently been laid off, one had worked part-time and was now on EI, one had just finished a claim and was looking for work, one had just finished an EI-sponsored training program, and one was in school full-time.

The B.C. forestry focus group had 12 participants, with 8 women from two-parent households and 4 women from single-parent households. The participants are roughly divided into being currently on EI, unemployed with EI having expired, and working; the participants represent a variety of occupations including on-call teacher, greenhouse worker and retail services.

4.2 Awareness of Program Changes

We first asked participants general questions about their awareness of program changes and the main differences they see between UI and EI. The rural/farming group were very aware of the change to hours and were generally positive about having all the hours count. Under the old system, they would turn down weeks if they could not get a "stamp" (short weeks). However, under EI, they were negatively affected by the way gaps in work, or fluctuations in hours, affect average earnings and therefore benefit levels. Most had experienced a drop in their benefits with EI because of gaps in work. Others said they got more but that their claims ran out more quickly. Many had not noticed the drop in duration, as they do not qualify for the full period. Concern was raised about people with similar earnings getting different benefits, as was the case with five co-workers of one participant. They said this did not happen with UI. They were not sure whether the FS might account for this, nor did they know about the intensity rule (though, as one participant put it, "we all work intensively").

In the coastal/commuting group there was less awareness of program changes, though 10 participants had been on UI prior to the changes. One person said she did not know of the changes until she got called for the focus group. Another said she did not see much of a change — there were still the line-ups, the wait, the busy signals, the four-to-six-week wait for the first cheque. This was confirmed to by all but one participant, who found the EI application process improved over her prior experience with UI. Another said she used to have to meet with a counsellor, but now "they don't seem to care." Two people had been affected by gaps in work, or having their hours cut immediately prior to being laid off, which drastically affected their benefit levels. They felt their prior long record of steady, higher-paying work should have counted more toward their benefit level. The women in this group noticed the cut in duration. Several women in this group had experience with maternity, parental and/or sickness benefits as well as regular benefits. They reported problems moving from one program to the other, due to lack of information about what was available and inadequate instruction regarding what was required of them (different forms, etc.) They also complained about the waiting period each time and about having to appear in person on occasion, even shortly after the birth of a baby. One said she felt "penalized for being a mom."

In the B.C. forestry focus group, several women mentioned that the EI benefit period is shorter and payments are smaller. One woman said she worked the same under EI and UI but receives less money under EI. Although she has received the supplement both times, she feels she did better before. Several women mentioned that they had been prevented from taking the training program they wanted because of its focus or because it was too long. Another woman mentioned that she wanted help preparing her résumé, but that the contacts she had been given were too busy to help her.

In general, participants were not very well informed about how EI works compared with UI. This was particularly clear when we asked about the changes made in eligibility for extra benefits related to dependent children. In the coastal/commuting group, only four people knew such a supplement existed. In the rural/farming group, only one or two were aware of the change to using joint income rather than own earnings to determine eligibility. In the B.C. forestry focus group, only one participant knew that she was receiving the FS. Most did not know whether they got the FS or not — the benefit amount is not itemized to show that some of it relates to dependent children. They said that under UI, the benefit statement indicated that recipients were getting more because of children. One woman only found out she was getting the FS after it was taken away — she noticed her cheque amount was lower and, upon inquiring, found out that it was because her son had turned 18 and she had lost the FS. Another had to repay the FS (which she had not known she was getting) because her husband's self-employed income fluctuated, affecting her entitlement. Another recounted how she started to get the FS with a new baby, then discovered that she should have been getting it all along for her stepchild (she eventually got the money retroactively, though there was confusion about how the error had occurred). Several women also explained the difficulties they experienced in getting answers to questions about their benefit payments. Many women stated that they would like to know whether they were receiving the FS or not and that the payments if any, should be indicated on the cheque.

4.3 Eligibility for the FS

Participants did not understand how entitlement to the FS was determined. One person was told she had to ask for it, though most in the group disagreed with this. They did not understand the link to the Child Tax Benefit (CTB). Participants in the coastal/commuting group generally did not think the FS was calculated automatically — "If you didn't put the child on your claim you wouldn't get it." This misconception may reflect problems with late tax filing, complicated living situations and skepticism about whether each person's situation is accurately captured in the automatic calculations. In general, participants felt "you shouldn't have to ask or pursue whether you are eligible for benefits, which you didn't know were available."

After the differences between the DB and the FS were explained, participants recognized that "you gain by being a single parent, then." "Another good reason not to get married!" They were asked their views on basing eligibility on joint incomes rather than individual earnings. The vast majority of women in each group made it clear that they did not like having their entitlement affected by "his" income — they thought it should be based on their earnings alone. "Who the hell cares what my husband is making; the rules should apply to me as an individual, as a mom." "It should be a straight and narrow individual thing." "I should be entitled whether I sleep with someone else or not." "This is her job, her income. It shouldn't have anything to do with his income." "It is a personal thing — your income."

The reasons put forward for feeling that the FS should be based only on their earnings varied. Some felt EI was an individual entitlement, that they earned it: "Why did I have EI deducted if it meant diddly-squat when it comes to collecting benefits". "It should be an insurance." Several women in the B.C. forestry group mentioned that it was not fair that they were penalized by their husband's earnings. Others argued that incomes were not necessarily shared between partners. A common-law wife said, "When he works now, I don't see any of it; maybe if he puts a ring on my finger." To which the married women replied, "That won't change after you're married!" One woman said that the fact he had income did not benefit her. Another said she had a "business" relationship with her partner and did not count on him for income. Some argued that it was impossible to know who was really a single parent — a person who appears single from tax forms may be actually living with someone, and someone may be in a relationship but financially responsible for her own children. One said, "I can't draw on my ex-husband's claim."

Participants were asked whether money was spent differently depending on whether it was hers or his, or whether this affected decision-making. There were many different accounts of how spending decisions were made and the extent to which incomes were pooled. As one recipient put it, "How do [they] know you are in a family where everything goes in one pot." There was general consensus that having one's own income was important. "I like to have the money in my name; it's a dignity issue." "It is different for me if I earned it; I feel entitled." "My mother had to ask my father for money, and I said I would never have to ask." Several women expressed the view that if you earned it you feel better about deciding to spend it on yourself (which included family-related spending such as putting aside money for Christmas). In the B.C. forestry group, one woman mentioned that she had access to her husband's income; however, many other women provided different views, such as that it is hard for women to lean on her husband, he starts to ask her why she needs the money, it gives him more control and it takes away a woman's independence.

In the rural/farming group, all but one participant felt the husband's income should not count in determining eligibility for the supplement. This sentiment was echoed by about three-quarters of the participants in the coastal/community group, and there was a lively debate on the issue with the minority. The majority of women in the B.C. forestry group thought that individual earnings should be used to determine entitlement to the supplement. While all agreed that lower-income families needed more support, the majority did not think EI recipients should be differentiated among on the basis of joint income. "There are other ways of redistributing money across families; why shouldn't the low-earning woman receive her FS and leave the income tax system to redistribute."

Participants raised some concerns over tying the FS to the CTB or, as one participant put it, "income tax and UI getting in cahoots." Several women in the B.C. forestry group stated that the CTB, as a program separate from the FS issue, was very important to them. As one woman stated, "It's stable, I know it's there, I can plan for it and it reduces stress." As mentioned above, many do not think tax returns always accurately reflect people's true relationship/support situations. There is also a lot of concern about the lag, given that many low-income families have irregular work patterns and fluctuating incomes. As one woman in the B.C. forestry group stated, "if income fluctuates then it's a problem. My income is low because I'm on EI, but I don't get the CTB because it's based on last year's income, and I don't get the extra benefits. But I need them now, not next year." There was agreement in the group that basing the supplement on the household's financial situation last year is a big problem. As one woman stated, "It is easier for the system but not for the individual." Furthermore, it seems that many get behind with their taxes, or file late, which can either disallow them or put them in an overpayment situation. "They better figure it out before they start paying it out." One group raised the issue of how child support payments affect their taxable incomes and therefore their CTB and FS (people are affected differently, depending on the date of the court order).

Another eligibility issue that came up in one group was the fact that recipients lose the benefit when their children turn 18. It was felt that more account should be taken of particular circumstances — many children over 18 are still in school and are supported by their parents.

4.4 Level of Benefits Received with the FS

Regarding the amount of FS benefits received, participants who had lost the benefit said it made a significant difference. "That [$20 or $30 a week] may not sound like much, but it is. It makes it harder." She added, however, "I'm not having any more (kids) for that!" Several women in the B.C. forestry group mentioned that the amount of the FS would make a big difference. One woman stated it would "let me buy things which my daughter needs, things which every child should be entitled to anyway." Another woman mentioned that it would "help pay for childcare while I look for work." One person received $30 in FS, but said that EI is harder to get now and she does not get it for as long. Overall she gets less. "I'd rather ditch the FS and get regular benefits for longer." Another said, "For seasonal workers, EI is shorter now and doesn't last long enough." Yet another said she would qualify for the FS but that she won't qualify for EI this year. The size of the FS, though significant, was generally overshadowed by other changes to EI that have affected low-earning women's eligibility, benefit levels and duration of claim.

In each group there was a lively discussion about the intensity rule and its relationship to the FS. Virtually no-one knew about the intensity rule, and they were seriously bothered by the idea of different benefit rates, which penalize seasonal workers. "I'm shocked that the intensity rule was allowed to be passed. Seasonal workers do a valuable job. They like their jobs. We need seasonal workers." "People don't choose to be seasonal workers; employers require them." In the B.C. forestry group, one participant stated that this is a seasonal town and workers should not be penalized for this. However, another person said there had to be something to prevent people from abusing the system. Still another person said seasonal jobs were good for single parents because they got time off to be with children. Participants felt no-one should face the intensity rule, and therefore they were not supportive of the link with the FS. "How can they penalize seasonal workers and then try to look good giving benefits to low-income families with children." One person summed up the sentiment by saying the government "takes away with one hand and then gives it back with the other — in little token ways." This "pits people against people, and people are overall worse off." They observed that applying the intensity rule in this way penalizes people without children. They argued for a more universal system where people were treated equally, saying this would reduce administrative costs and be less divisive.

4.5 Work Incentives

Participants were also asked about whether EI changes, especially the FS, affected people's decisions about the work they and their partners do. While in principle they saw that using joint incomes to determine FS eligibility, and the link to the intensity rule, could affect married women's labour force participation, they felt the effect would be small (who could afford to stop working?). While the women's access to the FS was affected by their husband's work situation, no-one was in a situation where her husband's eligibility would be affected by her work. One participant commented forcefully on the overall impact of EI changes on her work plans. She said it was very stressful scrambling to get enough hours at demeaning jobs to qualify and then getting a low benefit. She said it was tempting just to stay home and go on welfare; she feels "like they want you to just throw in the towel and go on welfare." This prompted a discussion of how welfare has extra health-related benefits not available to the single parent on EI. Another woman said the way income is averaged over all the weeks makes her want to get out of short-term, part-time work and train for a full-time job to escape the EI system altogether. Other participants, however, pointed out that people cannot all be full-time when companies want part-time, casual and temporary workers. In the coastal/commuting group, participants complained about increased pressure from EI to take low-paying, non-standard jobs. "I won't take a $5 job when I can make $9. How can anyone with kids manage if you need childcare … they can harass you — Tim Horton's is hiring."

Participants were asked if they knew whether co-workers were getting different benefit entitlements, including those due to receive the FS. The rural/farming group were quite aware of and concerned about differences in EI for apparently identical earnings and work histories. As one participant said near the end of the discussion, "Everything we've said relates to the same thing — equality." Participants did not know whether co-workers were getting the FS, for as one woman said, "I don't even know if I'm getting it!" Participants in the more heterogeneous coastal/commuting group and the B.C. forestry group were not generally aware of differences in benefits received by co-workers. One woman said, "I don't think people are aware because they aren't likely to admit they are on EI."

4.6 Recommendations from Focus Group Participants

At the end of the focus group, participants were asked if they thought there should be a supplement in EI related to dependents. The coastal/commuting group said yes, because "people with kids need more money." This was also the case in the B.C. forestry group, although the majority expressed interest in having the supplements tied to individual earnings. They also mentioned that low-income individuals and families with children need access to more and better jobs, a higher minimum wage and higher CTB. The rural/farming group's reaction was different. While they thought it was nice to "get a little extra," they pointed out that if one goes back to the idea of insuring one's own earnings, then there should not need to be a supplement. There should be equal treatment of individuals, which means people should not be penalized for not having children (via the intensity rule) or compensated for having them (via the FS). There was a fair consensus in the rural/farming group that there should not be an FS. EI "should pertain to your own earnings, period." Help with kids should come from income tax or the CTB. The group suggested the benefit rate should have been left at 60 percent for all.

Participants were also asked for suggestions to improve the FS program. All three groups strongly recommended that eligibility should be based on their own earnings, not joint income. They also thought there should be more information about what the claim is based on — people should know whether they are getting the FS, for example, or have been affected by the intensity rule. They felt it should not be the claimant's responsibility to find out whether they are entitled to certain benefits — "Do you offer free frying pans? Which question should you ask?" The majority of the B.C. forestry group participants indicated strongly that the FS should be tied to the individual's current situation and not the financial situation in the previous year.

Participants wanted a more human, personal touch and objected to the "call centre" model of EI delivery. They also suggested that EI shorten the four-to-six week period before the first cheque comes: "If they are interested in helping people with children, they should think about this.") Many women in the B.C. forestry group noted that Employment Centre staff give different answers to the same question, which is extremely frustrating. The new program is complicated and participants — and Human Resources Centers of Canada (HRCC) staff, it seems — find it confusing.

The rural/farming group had several additional suggestions (though, as mentioned above, on balance they thought there should be one benefit rate for all), including dropping the age 18 cut-off if children are still in school and giving a fixed benefit supplement to all claimants with children. They also raised concerns about the new and re-entrant worker rules and about the way gaps in work are counted. The coastal/commuting group's additional recommendations included not taxing EI and making EI significantly better than welfare. A concern was also raised that computer literacy was a problem for some women in accessing EI services. On a more humorous note, one person said that if EI wants to support recipients with children, there should be a play area and toys at the HRCC centres, just as in doctors' offices. Participants commented on the lack of understanding of the pressures on working mothers and recipients with young children.

5. Summary and Conclusion

The introduction of the Family Supplement (FS) involved two major changes. The first change is in the eligibility criterion, from one based upon individual earnings to one based upon household income. The intent of this change is to increase the targeting of benefits to low-income households (the Dependency rate (DR) could be received by a Unemployment Insurance (UI) recipient with low earnings whose partner had a higher income, so that on the basis of family income the recipient family would not be considered poor). The second change is that the value of the benefits increased, a policy change designed to offer enhanced income protection to low-income households. Thus, this study attempts to evaluate: 1) whether the FS is more targeted to family income than the DR, 2) whether the FS offers enhanced income protection to low-income households and 3) who benefits and loses from the policy changes and, in particular, the extent to which married women are disentitled as a result of targeting family income rather than personal earnings. Issues 1 and 2 relate to the stated objectives of the program change, while issue 3 relates to a potentially important side effect of the policy redesign. Quantitative and qualitative research methodologies are used. Conclusions are based on an analysis of Human Resources Development Canada's (HRDC) Canadian Out of Employment Panel (COEP) survey data, as well as some administrative files (e.g., claimant information), and on the results of three focus groups held with women affected by the changes.

The first conclusion is that the FS is more targeted to low-income households than the DR. This conclusion stems from the finding that while low-income families are about equally likely to receive benefits under the FS as under the DR, higher-income families are less likely to get benefits. Consequently, a higher percentage of FS recipients than DR recipients are low-income households. Overall, a smaller percentage of job separators receive the FS than receive the DR because there has been: 1) a decline in access to regular unemployment benefits and 2) a decline in access to family-related benefits for those receiving the regular benefits.

Focus group participants gave many examples of how their overall Employment Insurance (EI) eligibility had been eroded, and they also pointed out problems with tying FS eligibility to the Child Tax Benefit (CTB). The lag is especially problematic for families with irregular work patterns and fluctuating incomes. Moreover, tax returns do not always capture people's true relationship situations. In other words, are family incomes and therefore need accurately captured by the CTB link? It is important to note that while targeting to low-income households may have improved, those households may be unaware that they are receiving the FS.

The second conclusion is that the FS does provide more income to those who receive the family-related benefit. The value of family-related benefits under EI are approximately double those received under Unemployment Insurance (UI); on average, for individuals receiving the benefits, the DR benefits were approximately $13 per week compared with FS benefits of $28 per week. This is a statistically significant increase. Overall, the “expected value” of FS benefits for all parents experiencing a job separation has remained about the same, but different people are receiving the benefits. Focus group participants confirmed that $20 or $30 a week made a significant difference to them and their children; however, many said that on balance the other EI changes, especially lower benefit levels related to gaps in work and shorter duration of benefits (particularly for seasonal and part-time workers), offset the higher FS.

Does the FS offer enhanced income protection for low-income households? It is important to note that the FS is a relatively small program that is not intended to lift families out of poverty. Its main function would be to improve the standard of living for some low-income families (i.e., to reduce the depth of their poverty). Overall, we conclude that while the anticipated increase in the level of FS benefits will help, currently the per-person benefit is still rather small. Thus, there is no statistically significant reduction in the depth of poverty for households receiving the FS.

Men have in general gained access to the program, as have single mothers, while women married to men with incomes high enough to disentitle the household from benefits have experienced the largest decrease in access. Since the literature on inequality within the family indicates that personal incomes can influence the allocation of welfare within the household, the decline in married women’s benefits may be detrimental to the well-being of some women and children. The findings from the focus groups were particularly clear on this issue. Women were strongly opposed to having their entitlement to FS affected by their husband’s income, arguing that they did not necessarily have access to this income, that having their own income was important for their independence and control of spending, and that they should be entitled based on their own earnings and contributions.

While the FS is currently a small program in terms of dollars received by any recipient, the direction of effect here is important to note: more research is required into within-household sharing/dynamics before programs that income-test at the family level are expanded. The FS is better tied to household income and so links the increased family-related benefit to those “households” most in need; however, it does not necessarily tie the increased benefit to those “individuals” most in need if there are intra-household inequities.

Finally, other important issues emerged from the focus group discussions. One is the relationship between the FS and the intensity rule, whereby FS recipients are exempted from the lower benefit rate for frequent users of EI. Any inequities inherent in the FS will be magnified as the interaction with the intensity rule is fully realized. This needs to be monitored in future quantitative evaluation. Participants opposed the proliferation of different rules for different people under EI, especially the perceived penalties for workers in seasonal and other non-standard jobs. One of the most striking findings from the focus groups was the lack of knowledge of the program. Claimants do not understand how their eligibility, duration and benefit levels are determined (e.g., the FS is not itemized). The program is complex, and the interaction of the different rules leaves participants (and administrators and researchers, at times) confused and frustrated. Partial analysis of the program is difficult and can be misleading. The same households whom the FS is benefiting may on balance be negatively affected by EI changes.

TABLE 1

Percentage of UI/EI Recipients and All Unemployed Receiving Dependency Benefits/Family Supplement — UI System and EI System*
(Standard Error in Parentheses)**

	Job Separation July 95-June 96 Four Quarters	Job Separation July 95-Dec. 96 Six Quarters	Job Separation Jan. 97-Dec. 97 Four Quarters
Percentage of All with a Job Separation Who Receive Dependency Benefits/F***	8.7% (0.250)	7.4% (0.179)	4.1% (0.165)
Percentage of All with a Job Separation and Have at Least One of Their Own Children (<18 years old) Living in the House and Who Receive Dependency Benefits/FS***	21.0% (0.619)	18.3% (0.461)	11.6% (0.456)
Percentage of Those Receiving Regular UI/EI Benefits Who Receive Dependency Benefits/FS***	16.0% (0.438)	13.7% (0.319)	8.1% (0.317)
Percentage of Those Receiving Regular UI/EI Benefits and Have at Least One of Their Own Children (<18 years old) Living in the House and Who Receive Dependency Benefits/FS***	33.6% (0.907)	29.4% (0.689)	20.8% (0.774)
Mean Weekly Dependency Benefit/ Family Supplement for Those with Children <18 and Who Received DR/FS***	13.37 (0.150)	13.33 (0.122)	28.10 (0.520)
Mean Weekly Dependency Benefit/ Family Supplement for Those with Children <18 in Household***	2.81 (0.089)	2.44 (0.065)	3.26 (0.142)

* For all of the percentages, the numerator is the number receiving Dependency Benefits/FS, while the denominator is the total number as described in column 1.

** Formula to calculate the standard error of a proportion (from Satin and Shastry, 1993):
SE= % (1-(n/N))*(p*(1-p)) / (n-1) where: n=sample size, N=population size and p=proportion with attribute
Note: The sample size for all those with a separation before January 1997 (cohorts 1-6) is 21,417. For those with a separation after January 1997 (cohorts 7-10) the sample size is 14,564.

*** Indicates significant difference between pre-Jan. 97 and post-Jan. 97 with 95% confidence.

TABLE 2
Percentage Receiving and Mean Level of Regular UI/EI Benefits
(Standard Error* in Parentheses)

	Job Separation July 95-June 96 Four Quarters	Job Separation July 95-Dec. 96 Six Quarters	Job Separation Jan. 97-Dec. 97 Four Quarters
Percentage of All with a Job Separation Receiving Regular UI/EI Benefits[1]**	54.6% (0.440)	54.1% (0.341)	50.9% (0.414)
Percentage of All with a Separation Receiving Regular UI/EI Benefits and Have at Least One of Their Own Children (<18 years old) Living in the House[2]**	62.6% (0.735)	62.2% (0.578)	55.7% (0.707)
Mean Weekly Regular Benefits (excluding the dependent/family supplement) for All Those Receiving Regular Benefits	272.11 (1.241)	272.76 (0.947)	275.64 (1.201)
Mean Weekly Regular Benefits (excluding the dependent/family supplement) for All Those Receiving Regular Benefits and Have at Least One of Their Own Children (<18 years old) Living in the House	282.20 (2.038)	284.66 (1.572)	281.33 (2.011)
Weekly Regular Benefits (excluding the dependent/family supplement) for All Those Receiving Dependency Benefits/FS**	166.70 (1.501)	165.62 (1.195)	201.75 (3.031)

1 The number receiving regular benefits divided by the total number with a job separation.
2 The number receiving regular benefits divided by the number with a job separation who have children <18 in the house.
* Formula to calculate the standard error of a proportion (from Satin and Shastry, 1993):
SE= % (1-(n/N))*(p*(1-p)) / (n-1) where: n=sample size, N=population size and p=proportion with attribute
Note: The sample size for all those with a separation before January 1997 (cohorts 1-6) is 21,417. For those with a separation after January 1997 (cohorts 7-10) the sample size is 14,564.
** Indicates significant difference between pre-Jan. 97 and post-Jan. 97 with 95% confidence.

TABLE 3A Percentage Receiving Dependency Benefits/Family Supplement (of those who have at least one of their own children <18 in household)*			
	Job Separation July 95-June 96 Four Quarters (%)	**Job Separation July 95-Dec. 96 Six Quarters (%)**	**Job Separation Jan. 97-Dec. 97 Four Quarters (%)**
Province			
Newfoundland	34.4	28.1	21.8
Prince Edward Island	45.8	41.7	26.9
Nova Scotia	29.8	28.1	17.3
New Brunswick	34.6	31.9	24.8
Quebec	25.0	20.0	12.7
Ontario	15.9	14.5	8.2
Manitoba	22.5	20.0	12.0
Saskatchewan	24.7	20.5	10.1
Alberta	17.5	15.2	7.2
British Columbia	13.5	12.3	11.9
Gender			
Male	8.2	7.6	9.1
Female	33.6	29.0	13.8
Age (years)			
15-24	35.2	22.5	17.6
25-34	21.9	20.4	13.2
35-44	18.6	16.4	10.2
45 +	23.3	17.7	10.5
Marital Status			
Single Mother	30.3	25.9	38.3
Married Mother	34.4	29.8	6.5
Father	8.2	7.6	9.1
Couple, Respondent Only in Labour Force	17.1	14.0	12.9
Couple, Both in Labour Force	21.7	19.3	6.1
Wage per Hour (ROE job)			
less than $7	43.9	41.3	19.0
$7 - 9.99	40.0	37.8	20.3
$10 - 14.99	26.5	20.6	15.7
$15 - 24.99	3.8	3.4	4.5
$25 and over	6.7	4.3	0.9
COEP Survey — Paid Wages per Year			
less than $10,000	40.3	34.6	8.2
$10,000 - 14,999	42.0	40.9	21.8
$15,000 - 19,999	39.8	35.8	23.0
$20,000 and over	6.3	4.8	6.8

TABLE 3A (continued) Percentage Receiving Dependency Benefits/Family Supplement (of those who have at least one of their own children <18 in household)*			
Household Income (before ROE)			
less than $20,000	31.8	30.6	30.2
$20,000 - 34,999	24.9	21.7	18.2
$35,000 - 49,999	20.8	17.8	8.3
$50,000 and over	11.5	9.1	1.7

* The numerator is the number of job separators receiving FS, while the denominator is the total number of job separators with children <18 in the house for each category.

TABLE 3B
Percentage Receiving Dependency Benefits/Family Supplement (of those receiving UI and who have at least one of their own children <18 in household)*

	Job Separation July 95-June 96 Four Quarters (%)	Job Separation July 95-Dec. 96 Six Quarters (%)	Job Separation Jan. 97-Dec. 97 Four Quarters (%)
Province			
Newfoundland	40.6	31.8	24.3
Prince Edward Island	52.1	45.9	30.7
Nova Scotia	41.4	37.4	23.7
New Brunswick	42.7	38.6	30.0
Quebec	33.2	28.1	18.8
Ontario	29.9	27.1	18.0
Manitoba	39.4	35.0	27.1
Saskatchewan	47.1	38.6	25.2
Alberta	37.9	34.1	20.9
British Columbia	23.2	20.9	21.1
Gender			
Male	13.1	11.7	15.7
Female	53.6	48.7	25.9
Age (years)			
15-24	64.3	53.0	43.0
25-34	35.1	32.8	23.6
35-44	29.5	26.2	18.2
45 +	36.3	26.9	17.9
Marital Status			
Single Mother	56.0	53.5	70.8
Married Mother	53.0	47.5	12.3
Father	13.1	11.7	15.7
Couple, Respondent Only in Labour Force	26.5	21.2	21.9
Couple, Both in Labour Force	33.9	30.4	11.2

TABLE 3B (continued) Percentage Receiving Dependency Benefits/Family Supplement (of those receiving UI and who have at least one of their own children <18 in household)*			
Wage per Hour (ROE job)			
less than $7	87.8	84.2	46.9
$7 - 9.99	72.3	67.8	41.0
$10 - 14.99	37.0	30.1	26.4
$15 - 24.99	5.7	5.0	7.1
$25 and over	12.7	8.1	1.7
COEP Survey — Paid Wages per Year			
less than $10,000	82.1	77.3	24.8
$10,000 - 14,999	70.8	71.3	40.1
$15,000 - 19,999	62.7	57.1	38.4
$20,000 and over	9.3	7.0	10.9
Household Income (before ROE)			
less than $20,000	51.6	52.6	56.9
$20,000 - 34,999	38.1	33.5	30.2
$35,000 - 49,999	32.8	28.8	13.0
$50,000 and over	19.4	14.7	3.3

* The numerator is the number of job separators receiving FS, while the denominator is the total number of job separators who received UI/EI and who had children <18 in the house for each category.

TABLE 4
Breakdown of Those Receiving Dependency Benefits/Family Supplement by Category (those who have children <18 in household)*

	Job Separation July 95-June 96 Four Quarters (%)	Job Separation July 95-Dec. 96 Six Quarters (%)	Job Separation Jan. 97-Dec. 97 Four Quarters (%)
Province			
Newfoundland	5.0	4.8	5.8
Prince Edward Island	1.9	2.3	2.3
Nova Scotia	5.7	6.1	5.7
New Brunswick	6.9	7.6	8.9
Quebec	33.7	31.6	29.6
Ontario	23.4	24.6	21.3
Manitoba	4.0	3.9	3.6
Saskatchewan	3.8	3.5	2.9
Alberta	8.2	7.9	6.8
British Columbia	7.4	7.7	13.0
Gender			
Male	19.2	20.6	37.4
Female	80.8	79.4	62.6
Age (years)			
15-24	6.1	5.3	7.3
25-34	38.0	39.7	38.2
35-44	41.1	41.5	41.2
45 +	14.7	13.5	13.3
Marital Status			
Single Mother	16.7	16.5	40.1
Married Mother	64.1	62.9	22.6
Father	19.2	20.6	37.4
Couple, Respondent Only in Labour Force	18.8	17.6	23.7
Couple, Both in Labour Force	66.1	66.8	34.0
Wage per Hour (ROE job)			
less than $7	14.3	14.3	10.2
$7-9.99	40.1	45.1	38.5
$10-14.99	37.0	32.6	38.3
$15-24.99	5.6	5.9	12.2
$25 and over	3.0	2.1	0.8
COEP Survey — Paid Wages per Year			
less than $10,000	28.5	26.6	9.8
$10,000-14,999	26.6	27.9	27.4
$15,000-19,999	28.4	31.1	31.0
$20,000 and over	16.5	14.5	31.8

TABLE 4 (continued)
Breakdown of Those Receiving Dependency Benefits/Family Supplement by Category (those who have children <18 in household)*

Household Income (before ROE)			
less than $20,000	22.7	24.7	38.4
$20,000 - 34,999	30.6	30.6	39.9
$35,000 - 49,999	28.8	27.2	16.3
$50,000 and over	17.8	17.5	5.3

* The numerator is the number of job separators in each sub-category, and the denominator is the total number in each category giving the percentage in each province, male/female, etc.

TABLE 5
Probit Regressions of the Probability of Receiving the Dependency Rate/Family Supplement (those with a job separation and children <18 in household) (Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Intercept	-0.823* (0.102)	-1.179* (0.111)	-0.872* (0.103)	-1.181* (0.113)
Dummy=1 if ROE in October-December	0.014 (0.045)	0.004 (0.045)	0.021 (0.045)	0.004 (0.046)
Dummy=1 if ROE in January-March	-0.129** (0.052)	-0.127** (0.053)	-0.118** (0.052)	-0.107** (0.054)
Dummy=1 if ROE in April-June	0.008 (0.048)	0.014 (0.048)	0.023 (0.048)	0.023 (0.049)
Dummy=1 if ROE is after January 1997	-0.265* (0.036)	0.710* (0.122)	-0.271* (0.036)	0.514* (0.123)
Dummy=1 if Female	0.640* (0.039)	0.956* (0.051)	—	—
Dummy=1 if Aged 15-24	0.001 (0.081)	-0.018 (0.081)	-0.033 (0.082)	-0.055 (0.083)
Dummy=1 if Aged 25-34	0.106* (0.039)	0.107* (0.039)	0.111* (0.039)	0.107* (0.040)
Dummy=1 if Aged 45 or older	0.127** (0.055)	0.101*** (0.056)	0.121** (0.055)	0.087 (0.056)
Provincial Unemployment Rate	0.046* (0.006)	0.046* (0.006)	0.048* (0.006)	0.051* (0.007)

TABLE 5 (continued)
Probit Regressions of the Probability of Receiving the Dependency Rate/Family Supplement (those with a job separation and children <18 in household)
(Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Hourly Wage for ROE Job	-0.035* (0.004)	-0.032* (0.004)	-0.034* (0.004)	-0.032* (0.004)
Equivalent[1] Household Income	-0.00004* (2.64E-6)	-0.0003* (3.27E-6)	-0.00003* (2.69E-6)	-0.00003* (3.41E-6)
Dummy=1 if Household Income>=$9,000 over 4 Weeks.	-0.670*** (0.364)	-0.580 (0.372)	-0.675*** (0.364)	-0.583 (0.382)
Dummy=1 if Less than High School Education	0.134* (0.045)	0.144* (0.045)	0.136* (0.045)	0.162* (0.046)
Dummy=1 if Non-University Accreditation	-0.012 (0.046)	-0.010 (0.047)	-0.011 (0.047)	0.017 (0.048)
Dummy=1 if University Accreditation	-0.031 (0.063)	-0.003 (0.065)	-0.035 (0.064)	0.027 (0.066)
Interaction Female Dummy* Post-1997 Dummy	—	-0.828* (0.078)	—	—
Interaction Equivalent Income* Post-1997 Dummy	—	-0.0003* (5.92E-6)	—	-0.00001*** (6.05E-6)
Interaction Hourly Wage* Post-1997 Dummy	—	-0.009 (0.008)	—	-0.010 (0.008)
Dummy=1 if Single Mom	—	—	0.787* (0.053)	0.737* (0.070)
Dummy=1 if Married Mom	—	—	0.574* (0.042)	1.033* (0.054)
Interaction Single Mom Dummy* Post-1997 Dummy	—	—	—	0.109 (0.104)
Interaction Married Mom Dummy* Post-1997 Dummy	—	—	—	-1.365* (0.090)

1 Using OECD equivalence scales.
* significant with 99% confidence
** significant with 95% confidence
*** significant with 90% confidence

TABLE 6 **Mean Weekly Dependency Benefits/Family Supplement** **(those who have children <18 in household and DR/FS >0)**			
	Job Separation July 95-June 96 Four Quarters	**Job Separation July 95-Dec. 96 Six Quarters**	**Job Separation Jan. 97-Dec. 97 Four Quarters**
Province			
Newfoundland	12.91	12.58	24.96
Prince Edward Island	14.27	13.54	27.68
Nova Scotia	13.59	12.95	28.42
New Brunswick	13.38	13.27	25.87
Quebec	13.09	12.98	29.07
Ontario	13.56	13.85	26.45
Manitoba	14.53	13.34	31.10
Saskatchewan	13.64	13.64	31.26
Alberta	13.38	13.55	30.41
British Columbia	13.16	13.46	28.70
Gender			
Male	15.61	14.73	30.61
Female	12.83	12.96	26.61
Age (years)			
15-24	14.81	14.08	24.77
25-34	12.89	12.95	28.67
35-44	13.68	13.70	28.54
45 +	13.12	13.00	26.91
Marital Status			
Single Mother	12.50	13.02	27.49
Married Mother	12.90	12.93	25.09
Father	15.61	14.73	30.61
Couple, Respondent Only in Labour Force	14.25	14.12	30.96
Others	13.15	13.15	27.22
Couple, Both in Labour Force	13.28	13.13	25.54
Others	13.51	13.71	29.42
Wage per Hour (ROE job)			
less than $7	10.76	11.05	23.28
$7 - 9.99	13.20	13.24	28.81
$10 - 14.99	14.49	14.21	29.47
$15 - 24.99	14.33	14.86	25.53
$25 and over	13.49	13.48	31.84
COEP Survey — Paid Wages per Year			
less than $10,000	10.49	10.74	22.69
$10,000 - 14,999	13.25	13.14	26.06
$15,000 - 19,999	15.65	15.06	29.83
$20,000 and over	14.80	14.86	29.91

TABLE 6 (continued)

Mean Weekly Dependency Benefits/Family Supplement
(those who have children <18 in household and DR/FS >0)

Household Income (before (ROE)			
less than $20,000	13.22	13.51	27.39
$20,000 - 34,999	13.28	13.25	28.63
$35,000 - 49,999	12.96	12.85	30.75
$50,000 and over	12.83	12.90	29.93

TABLE 7

Ordinary Least Squares — the Level of Dependency Rate/Family Supplement — Where Positive (those with a job separation and children <18 in household)
(Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Intercept	16.011* (0.956)	15.591* (0.992)	16.004* (0.966)	15.547* (1.009)
Dummy=1 if ROE in October-December	0.259 (0.440)	0.195 (0.440)	0.267 (0.445)	0.222 (0.445)
Dummy=1 if ROE in January-March	-0.480 (0.528)	-0.518 (0.528)	-0.470 (0.532)	-0.506 (0.532)
Dummy=1 if ROE in April-June	-0.611 (0.470)	-0.626 (0.471)	-0.605 (0.474)	-0.625 (0.475)
Dummy=1 if ROE is after January 1997	14.967* (0.302)	16.483* (1.194)	14.973* (0.405)	16.258* (1.214)
Dummy=1 if Female	-2.403* (0.416)	-1.641* (0.555)	—	—
Dummy=1 if Aged 15-24	-1.873** (0.772)	-1.857** (0.774)	-1.897** (0.778)	-1.873** (0.780)
Dummy=1 if Aged 25-34	0.069 (0.380)	0.060 (0.380)	0.060 (0.382)	0.055 (0.382)
Dummy=1 if Aged 45 or older	-2.425* (0.570)	-2.414* (0.570)	-2.453* (0.573)	-2.474* (0.573)
Provincial Unemployment Rate	-0.166* (0.061)	-0.171* (0.061)	-0.166* (0.061)	-0.168* (0.062)
Hourly Wage for ROE Job	0.043*** (0.026)	0.052*** (0.027)	0.044*** (0.026)	0.052*** (0.027)
Equivalent[1] Household Income	0.00002 (0.00003)	2.30E-6 (0.00003)	0.00002 (0.00003)	7.80E-7 (0.00003)
Dummy=1 if Household Income>=$9,000 over 4 Weeks	2.086 (6.707)	1.577 (6.786)	2.072 (6.733)	1.319 (6.814)

TABLE 7 (continued)
Ordinary Least Squares — the Level of Dependency Rate/Family Supplement — Where Positive (those with a job separation and children <18 in household)
(Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Dummy=1 if Less than High School Education	1.188* (0.430)	1.178* (0.431)	1.211* (0.432)	1.227* (0.434)
Dummy=1 if Non-University Accreditation	1.767* (0.459)	1.714* (0.462)	1.779* (0.461)	1.740* (0.464)
Dummy=1 if University Accreditation	0.069 (0.715)	0.177 (0.718)	0.077 (0.718)	0.198 (0.721)
Interaction Female Dummy* Post-1997 Dummy	—	-1.742** (0.822)	—	—
Interaction Equivalent Income* Post-1997 Dummy	—	0.00004 (0.00007)	—	0.00006 (0.00007)
Interaction Hourly Wage* Post-1997 Dummy	—	-0.074 (0.073)	—	-0.072 (0.074)
Dummy=1 if Single Mom	—	—	-2.402* (0.489)	-1.734** (0.690)
Dummy=1 if Married Mom	—	—	-2.427* (0.471)	-1.603* (0.582)
Interaction Single Mom Dummy* Post-1997 Dummy	—	—	—	-1.310 (0.962)
Interaction Married Mom Dummy* Post-1997 Dummy	—	—	—	-2.553** (1.028)

[1] Using OECD equivalence scales.
* significant with 99% confidence
** significant with 95% confidence
*** significant with 90% confidence

TABLE 8
Mean Weekly Dependency Benefits/Family Supplement
(all those with children, whether positive or zero)

	Job Separation July 95-June 96 Four Quarters	Job Separation July 95-Dec. 96 Six Quarters	Job Separation Jan. 97-Dec. 97 Four Quarters
Province			
Newfoundland	4.44	3.53	5.45
Prince Edward Island	6.54	5.64	7.44
Nova Scotia	4.04	3.63	4.92
New Brunswick	4.63	4.23	6.42
Quebec	3.27	2.60	3.70
Ontario	2.15	2.01	2.16
Manitoba	3.27	2.67	3.74
Saskatchewan	3.37	2.80	3.17
Alberta	2.34	2.05	2.19
British Columbia	1.78	1.65	3.40
Gender			
Male	1.28	1.11	2.80
Female	4.31	3.75	3.68
Age (years)			
15-24	5.21	3.17	4.37
25-34	2.82	2.65	3.78
35-44	2.55	2.25	2.91
45 +	3.05	2.30	2.84
Marital Status			
Single Mother	3.79	3.37	10.52
Married Mother	4.44	3.86	1.64
Father	1.28	1.11	2.80
Couple, Respondent Only in Labour Force	2.44	1.98	3.99
Others	2.92	2.58	3.07
Couple, Both in Labour Force	2.89	2.53	1.57
Others	2.67	2.28	6.36
Wage per Hour (ROE job)			
less than $7	4.73	4.57	4.42
$7 - 9.99	5.28	5.00	5.85
$10 - 14.99	3.84	2.93	4.64
$15 - 24.99	0.54	0.51	1.15
$25 and over	0.90	0.58	0.29
COEP Survey — Paid Wages per Year			
less than $10,000	4.23	3.71	1.88
$10,000 - 14,999	5.57	5.37	5.69
$15,000 - 19,999	6.24	5.40	6.87
$20,000 and over	0.93	0.70	2.04

TABLE 8 (continued) Mean Weekly Dependency Benefits/Family Supplement (all those with children, whether positive or zero)			
Household Income (before (ROE)			
less than $20,000	4.20	4.14	8.28
$20,000 - 34,999	3.31	2.87	5.21
$35,000 - 49,999	2.70	2.28	2.54
$50,000 and over	1.48	1.18	0.50

TABLE 9

Tobit Model of Receiving the Dependency Rate/Family Supplement (includes those not receiving) and (those with a job separation and children <18 in household) (Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Intercept	-22.634* (2.734)	-33.406* (2.920)	-24.055* (2.743)	-31.976* (2.850)
Dummy=1 if ROE in October-December	0.780 (1.214)	0.504 (1.202)	1.068 (1.210)	0.525 (1.167)
Dummy=1 if ROE in January-March	-4.285* (1.425)	-4.232* (1.414)	-3.869* (1.418)	-3.519** (1.376)
Dummy=1 if ROE in April-June	-0.521 (1.293)	-0.451 (1.280)	-0.024 (1.289)	-0.234 (1.250)
Dummy=1 if ROE is after January 1997	-1.532 (0.978)	29.471* (3.099)	-1.821*** (0.976)	23.358* (2.991)
Dummy=1 if Female	15.667* (1.091)	23.944* (1.432)	—	—
Dummy=1 if Aged 15-24	0.145 (2.157)	-0.431 (2.117)	-0.831 (2.156)	-1.646 (2.067)
Dummy=1 if Aged 25-34	3.010* (1.050)	2.964* (1.040)	3.164* (1.045)	2.842* (1.012)
Dummy=1 if Aged 45 or older	2.923*** (1.498)	2.129 (1.148)	2.714*** (1.489)	1.545 (1.445)
Provincial Unemployment Rate	1.113* (0.173)	1.070* (0.172)	1.148* (0.173)	1.132* (0.167)
Hourly Wage for ROE Job	-0.921* (0.083)	-0.753* (0.092)	-0.910* (0.082)	-0.739* (0.089)
Equivalent[1] Household Income	-0.001* (0.0001)	-0.001* (0.0001)	-0.001* (0.0001)	-0.001* (0.0001)
Dummy=1 if Household Income>=$9,000 over 4 Weeks.	-19.400** (9.884)	-15.420 (9.969)	-19.386** (9.818)	-14.924 (9.770)

TABLE 9 (continued)

Tobit Model of Receiving the Dependency Rate/Family Supplement (includes those not receiving) and (those with a job separation and children <18 in household) (Standard Errors in Parentheses)

Variable	Specification 1	Specification 2	Specification 3	Specification 4
Dummy=1 if Less than High School Education	3.967* (1.205)	4.212* (1.192)	3.981* (1.199)	4.543* (1.157)
Dummy=1 if Non-University Accreditation	0.037 (1.259)	0.246 (0.039)	0.065 (1.251)	0.970 (1.215)
Dummy=1 if University Accreditation	-0.571 (1.748)	0.314 (1.747)	-0.713 (1.739)	1.080 (1.704)
Interaction Female Dummy* Post-1997 Dummy	—	-21.520* (2.085)	—	—
Interaction Equivalent Income* Post-1997 Dummy	—	-0.001* (0.0002)	—	-0.0004* (0.0001)
Interaction Hourly Wage* Post-1997 Dummy	—	-0.493* (0.181)	—	-0.516* (0.178)
Dummy=1 if Single Mom	—	—	20.423* (1.430)	17.971* (1.825)
Dummy=1 if Married Mom	—	—	13.309* (1.152)	24.806* (1.456)
Interaction Single Mom Dummy* Post-1997 Dummy	—	—	—	3.013 (2.589)
Interaction Married Mom Dummy* Post-1997 Dummy	—	—	—	-35.483* (2.365)

[1] Using OECD equivalence scales.
* significant with 99% confidence
** significant with 95% confidence
*** significant with 90% confidence

TABLE 10
Incidence and Depth of Poverty — On a Four-Week Basis
(Standard Errors in Parentheses Where Comparisons Are Made)*

	Pre-January 1997			Post-January 1997		
	All	All with Children	All with Children and Receive FS/DR	All	All with Children	All with Children and Receive FS/DR
INCIDENCE						
Based on Income Before ROE	12.6	15.5	27.6	12.0	16.2	37.4
Based on Income Before Interview	16.0	19.7	34.3	14.8	20.1	48.7
Based on Income Before Interview — Only Those Still Receiving UI/EI at Interview — Including Family Benefits	22.3	27.4 (1.35)	38.3 (2.53)	22.2	30.9 (1.63)	60.1 (3.69)
Based on Income Before Interview — Only Those Still Receiving UI/EI at Interview — Excluding Family Benefits	—	28.1 (1.36)	40.4 (2.56)	—	32.7 (1.66)	68.2 (3.51)
Based on Estimated Income[1] While on UI/EI	35.1	39.0	41.0	35.7	41.7	60.0
Based on Estimated Income[1] While on UI/EI Minus FS/DR	—	—	42.7	—	—	63.6
DEPTH (equivalent income)						
Based on Income Before ROE	191	187	179	200	187	179
Based on Income Before Interview	200	197	200	207	195	204
Based on Income Before Interview — Only Those Still Receiving UI/EI at Interview — Including Family Benefits	178	180 (7.18)	180 (9.99)	187	193 (7.51)	201 (10.60)
Based on Income Before Interview — Only Those Still Receiving UI/EI at Interview — Excluding Family Benefits	—	187 (7.14)	194 (9.88)	—	203 (7.63)	221 (11.05)
Based on Estimated Income[1] While on UI/EI	309	296	240	307	294	259
Based on Estimated Income[1] While on UI/EI Minus FS/DR	—	—	248	—	—	289

1 We calculate estimated income by deducting the wage from the ROE job and adding in any UI/EI benefits received.

Note: Neither the incidence nor the depth of poverty for those collecting DR/FS and on UI/EI at the time of the interview is significantly different (95% confidence) when the DR/FS is taken away.

* For incidence of poverty, the numerators as are described in column 1 and the denominators are as described in row 1.

TABLE 11
Liquid Assets and Those Who Are Able to Borrow Money

	Pre-January 1997			Post-January 1997		
	All	**All with Children**	**All with Children and Receive FS/DR**	**All**	**All with Children**	**All with Children and Receive FS/DR**
Those with Liquid Assets They Could Use if Necessary — percent (at the time of Interview)*	51.0%	46.8%	35.7%	53.5%	48.1%	23.7%
Mean Liquid Assets at Time of Interview (where positive)	16,243	15,295	9,796	21,336	20,900	8,083
Mean Liquid Assets at Time of ROE (where positive)	15,158	14,670	9,494	19,826	19,168	9,034
Number of Weeks Liquid Assets Alone (at the time of ROE) Would Allow the Family to Live at the Poverty Line						
0	58.8	60.1	71.0	59.0	60.6	84.2
0.1-10	13.2	14.0	14.2	10.6	11.7	6.0
10.1-30	12.0	12.4	8.5	11.1	11.4	6.2
30.1-50	4.9	5.0	3.3	5.2	4.9	0.7
50.1-70	2.7	2.7	1.4	2.8	3.2	1.5
70 or more	8.4	5.8	1.6	11.3	8.1	1.4
Those Who Have Someone They Can Borrow Money from if Necessary — percent (at the time of Interview)**	75.7%	73.5%	65.0%	76.6%	75.7%	58.5%

* The numerator is the number of job separators who have liquid assets they could use, while the denominator is as described in row 1.

** The numerator is the number of job separators who have someone they can borrow money from if necessary, while the denominator is as described in row 1.

Biographical Notes

Shelley Phipps is a Professor in the Department of Economics at Dalhousie University. She received her Ph.D. (Economics) from the University of British Columbia in 1987, and her dissertation research focused upon an evaluation of unemployment insurance reform. Since that time she has published a variety of papers on the subject of UI/EI, including several studies conducted for HRDC: ("Potential Access to Maternity and Parental Benefits"; "Maternity and Parental Leaves and Allowances: An International Comparison"; "The Role of UI in the Income Security Framework" (with L. Osberg); and "The Income Distributional and Redistributional Consequences of Unemployment Insurance" (with L. Osberg). Her current research interests include the economic well-being of children, international comparisons of social policy, poverty and inequality and decision-making within families.

Fiona MacPhail is an Economics faculty member at the University of Northern British Columbia, where she teaches courses on Labour Economics, Poverty, Inequality, Development and Intermediate Macroeconomics. She received her Ph.D. (Economics) from Dalhousie University in 1996. Her recent publications include articles on earnings inequality in the *Cambridge Journal of Economics, Applied Economics* and the *International Review of Applied Economics*.

Martha MacDonald is a Professor in the Economics Department, Saint Mary's University. She holds a Ph.D. from Boston College. Her recent research has been on labour market restructuring and social security reform. She participated in the HRDC evaluation of the Atlantic Groundfish Strategy (with GTA/ARC), for which she conducted a special study on household and gender issues. She recently published "Gender and Social Security Reform: Pitfalls and Possibilities" in *Feminist Economics*, vol. 4:1, 1998.

Bibliography

Satin, A., and Shastry, W. *Survey Sampling: A Non-Mathematical Guide Second Edition, Statistics Canada,* Cat. No.12-602E, 1993.

Phipps, Shelley, and Peter Burton. “Collective Models of Family Behavior: Implications for Economic Policy”, *Canadian Public Policy*, 22:2, 129-143, 1996.

Lundberg, Shelly, Robert Pollak and Terry Wales. “Do Husbands and Wives Pool Their Resources? Evidence from the UK Child Benefit”, *Journal of Human Resources,* 32(3), 463-80, Summer 1997.