

***Monitoring Studies Prepared for the 2003
EI Monitoring and Assessment Report
to Parliament***

Final Report

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Program Evaluation
Strategic Policy and Planning
Human Resources and Skills Development Canada***

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Executive Summary

Each year since 1997, Human Resources Development Canada (HRDC) has produced the Employment Insurance Monitoring and Assessment Report (MAR), which monitors the impacts of various reforms to the Employment Insurance system. In support of this report, the Audit and Evaluation Directorate produces an annual series of technical studies, referred to as “monitoring reports.”

These monitoring reports are not as extensive as a traditional evaluation in that they typically rely on only one line of evidence. The bulk of the analysis is based on the Canadian Out-of-Employment-Panel (COEP) survey, which samples workers who leave their jobs and receive a Record of Employment (ROE) about nine months after their job loss. This survey data is combined with EI data in order to build a more complete picture of a worker’s experience during a job transition.

This document contains fourteen monitoring reports that were produced in support of the 2003 MAR. Each study focuses on a separate aspect of EI or the 1996 reforms to EI. The fourteen studies are briefly described below:

1. *EI Reform and Community Mobility*

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

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

This report looks at the effects of unemployment on the ability of a household to maintain its level of spending.

3. *Has the Relationship Between Insured Employment Weeks and Entrance Requirements Been Changed by the Divisor?*

This study examines the impact of the Divisor rule, which required that, in order to receive full benefits, a worker must work at least two weeks more than the minimum needed to qualify for Employment Insurance.

4. *Monitoring Report on EI Qualification and Weeks of Benefits*

This study examines the impact of EI reform on the extent to which individuals are able to access and obtain EI benefits during periods of unemployment.

5. *EI Reform and New Entrants/Re-Entrants to the Labour Market*

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

6. *EI Reform and Rural Communities*

As part of the effort to understand the effect of EI on communities, this study focuses on its impacts on rural communities. The study thus compares the use of EI in rural versus urban communities.

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

This study examines the impact of changes under EI reform on the extent to which EI claimants exhaust their benefits and the rate at which EI claimants seek Social Assistance. It had been suggested that the cut to the maximum entitlement from 50 to 45 weeks might have caused an increase in the exhaustion rate and the subsequent take-up of Social Assistance.

8. *Community Size and the Variation in EI Usage by Industry and Education Level*

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

9. *Training While Unemployed*

This study examines the range of training undertaken by the unemployed, including type and time spent in training. The study also looks at the characteristics of the unemployed who take training and the opinions of the unemployed concerning the perceived value of the training taken.

10. *Distribution of Weekly EI Benefits: Reasons for the Variations from the Basic Benefit Rate*

This study explores the reasons for why some claimants do not receive the standard 55 percent of average weekly insured earnings as a benefit rate. Various aspects of the EI system that can lead to a deviation in the basic benefit rate are examined. The study also profiles claimants who have reached the maximum insurable earnings (MIE) and reviews the relationship between the average industrial wage and the MIE.

11. Women's Access to EI Benefits

This study explores the job and unemployment experiences of women, with a focus on EI Part I regular benefit use. It investigates the extent to which the 1996 EI reforms led to changes for women in terms of EI eligibility, the receipt of EI and the extent of EI benefit entitlements.

12. Usage of the Work Sharing Program: 1989/90 to 2002/03

The Work Sharing program provides partial EI benefits to employees who voluntarily reduce their workweek in order to avoid layoffs for a portion of the work unit. This study examines the use of the Work Sharing program over time.

13. EI Reform and Working While on Claim

The main purpose of this report is to examine the demographics and prevalence of working while on claim and to analyze the changes associated with the 1996 EI reforms. In particular, it explores the impact of a relaxation on the restrictions on allowable earnings while on claim.

14. Preventative Withdrawal

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

1. EI Reform and Community Mobility

1.1 Executive Summary

As part of the effort to understand the effect of Employment Insurance (EI) reform on communities, this study focuses on mobility. Changes in the rate of migration into and out of a community are one of the clearest signs of adjustment occurring at this level. This study examines whether migration rates changed after EI reform. It was expected that there would be higher rates of migration if the communities experienced any difficulty in adjusting to EI reform.

Data and Methodology

This study uses information from the administrative EI database. This data source contains several measures of movement into and out of the fourteen communities used for this study.

Main Findings

- There is a high degree of movement between communities. As many as 30 percent of claimants will change communities from one EI claim to the next.
- Some communities are more likely to have wider variation in the difference between the number of individuals entering and leaving a community, whether it is during a claim, between claims or in general.
 - Calgary Centre has the highest net inflow of individuals whereas Clarendville has the highest net outflow.
 - Miramichi has one of the highest net outflows of individuals and has the highest net outflow of individuals during and between claims.
 - Toronto Centre has one of the highest net inflows of individuals, but has among the highest net outflows of individuals during and between claims.
 - Communities with higher inflows tend to have higher outflows.
- EI reform had no effect on mobility in any of the fourteen communities studied. This would be one possible indicator that no serious difficulties in adapting to EI reform were experienced at the community level.

1.2 Introduction

As part of the requirement to monitor the impact of Employment Insurance (EI)¹ reform, changes at the community level require a closer examination, in addition to those at the individual and national level. Communities can adjust to changes in the economic environment in many ways. The movement of individuals into or out of a community is one of the possible adjustments. This periodic evaluation looks at mobility in the fourteen communities that were used in the *Tracking the Future* study to determine how adjustments to EI reform are occurring at the community level.

When studying mobility, it is necessary to remember that a good portion of mobility is simply normal movement into and out of communities. Only when it is higher than “normal” could it be considered to be a function of changes in the economic environment. In this paper, it is assumed that if EI reform led to unusually high levels of economic disruption at the community level, then higher levels of migration would follow.

Measuring the levels of migration at the community level is difficult, as no single data source captures all aspects of the issue. This paper will be organized around each of the three sources of data that are implemented in this study. The first section will give a general discussion of the sources of data and how they are used. This will be followed by separate discussions for each data source. The paper will end with conclusions drawn from the three data sources.

1.3 Data and Analytical Overview

In this paper, three administrative data sources were used to capture mobility at the community level. Although the Canadian Out-of-Employment Panel (COEP) survey is used in many of the periodic evaluations, it is not used here, as the sample size is not large enough to support this kind of detailed analysis at the community level. In addition, surveys do not provide reliable estimates of mobility, as the movements of non-respondents are not captured. Instead, this study uses extracts from the HRDC EI administrative database. These extracts are done for the 100 percent sample, so that they comprise a complete view of mobility within each of the communities. The data was loaded into a compressed micro format to enable easy manipulation of large amounts of data and also to protect the identities of the individuals. The three extracts involved were:

- Records of Employment (ROEs) – It is possible to determine the end date and start date of each job that a person had, as well as the community where they held the job. If a person had jobs in more than one community, then the individual would be considered to have experienced some form of mobility.
- Monthly EI Claimants – Allows the determination of an individual’s status during each month of an EI claim. Included in each month of data is the claimant’s postal code for that month, ensuring that any mobility during a claim is captured.

¹ Formerly known as Unemployment Insurance (UI).

- Status Vector – Also allows the determination of an individual’s postal code for each claim and includes a complete history of EI use, allowing for the examination of mobility between claims.

The fourteen communities that were used were drawn from the *Tracking the Future* study. Program Evaluation has focused most of its community work on these communities. The studies have helped in forming a deeper understanding of each of the communities than would have been possible with a single study.

1.4 Methodology and Results

For each of the three data sources, annual estimates of mobility are provided by community. This allows for the determination of whether mobility changed after EI reform was implemented. It should be pointed out that the use of 100 percent samples implied that the usual statistical tests didn’t need to be carried out, as there was no sampling error to be controlled for.

1.4.1 Record of Employment

Each time an individual leaves a job, an ROE is issued. The ROE contains information pertinent to establishing a claim for EI benefits, including the starting and ending date of employment, as well as the postal code of the employer. This information alone is sufficient to make inferences about mobility within the community of employed individuals, as virtually all arrivals and departures from a community involve an ROE (even most transfers within large employers).

Table 1A Example of a Simple Move			
Week	Job 1 - Community A	Job 2 - Community B	Mobility
1	Job 1 Ends		Move from A to B
2			
3			
4			
5		Job 2 Begins	
Explanation: First job ends in week 1. Second job starts in week 5. This is recorded as a move out of community A in week 3 and a move into community B in week 3.			

Examples of how these calculations would be done are given in Tables 1A through 1C. Table 1A gives the simplest example, with job 1 ending in week 1 in community A and job 2 starting in week 5 in community B. It is clear that the individual moved from community A to community B but it is not clear when. In this paper, it is assumed that the move occurred in week 3, the average between the earliest possible leaving date in community A and the latest possible arrival date in community B. Thus, week 3 will record a move out of community A and a move into community B. Throughout the

exercise, it is assumed that there is a move into a community for every move out of a community that is recorded.

Table 1B gives an example of an infrequent, albeit significant, occurrence in the database. In this case, job 2 begins and ends in community B, while job 1 continues in community A. Here, it is argued that the individual never really left community A, so there is no mobility.

Table 1B			
Example of Overlapping Jobs: No Move			
Week	Job 1 - Community A	Job 2 - Community B	Mobility
1	Job 1 Starts		Move to B
2		Job 2 Starts	
3			Move back to A
4		Job 2 Ends	
5	Job 1 Ends		

Explanation: First job starts in week 1 and ends in week 5. Second job starts in week 2 and ends in week 4. At no point does person completely leave community A. Thus, no move is counted.

Table 1C gives the last example, where there is some overlap between the two jobs. In this case, it is assumed that the move occurs after job 1 ends.

Table 1C			
Example of Overlapping Jobs: Move at End			
Week	Job 1 - Community A	Job 2 - Community B	Mobility
1	Job 1 Starts		Move from A to B
2		Job 2 Starts	
3	Job 1 Ends		
4			
5			

Explanation: First job starts in week 1 and ends in week 3. Second job starts in week 2. Individual is thought to move from community A once the job in community A ends.

In the above example, all moves are treated as equal. However, in reality there are a substantial portion of moves that are clearly permanent and others that are clearly temporary. Temporary moves are defined as those where individuals move into a community and then move out. Permanent moves are defined as those where individuals leave a community after having worked there for an extended period. These concepts will be explored in more details later in this section.

Table 2A gives estimates of the number of individuals identified as having moved into each of the 14 communities. There are a number of striking features. First, the number of recorded moves into the communities tails down dramatically in 2002 and, to a lesser extent in 2001, because a move into a community does not show up until a subsequent

ROE job has been recorded. Secondly, there is a significant amount of variation in the different communities, which is attributable to the size of each community.

Table 2A								
Number of Moves Into Community, as Identified by ROE								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	4,954	3,433	3,457	3,406	3,132	3,098	2,745	2,077
P.E.I.	8,283	6,436	6,972	7,036	7,191	7,092	6,839	5,297
Truro	3,537	3,401	3,463	3,376	3,553	3,635	3,509	2,257
Miramichi	4,929	4,316	4,201	4,274	3,909	3,636	2,464	2,160
Repentigny	10,775	10,556	12,136	12,915	13,495	12,878	12,406	9,122
Montreal East	17,494	17,008	19,074	19,747	19,154	19,511	17,849	12,521
Toronto Centre	37,368	35,865	39,606	41,689	41,324	40,978	31,094	15,232
Hamilton Mnt.	6,051	5,462	6,824	7,468	7,219	7,026	6,044	4,103
St. Boniface	7,450	7,485	8,904	9,384	9,423	9,023	8,551	5,605
Prince Albert	3,802	3,651	3,939	3,836	3,795	3,529	3,169	2,268
Calgary Centre	47,302	51,592	64,858	58,759	60,545	63,272	56,225	35,466
Yellowknife	3,501	3,297	3,376	3,017	2,691	2,933	3,261	2,230
Surrey	18,661	17,684	19,047	18,572	17,403	17,169	15,734	10,170
Kelowna	10,034	9,486	10,434	10,455	10,588	10,043	9,267	6,639

Source: HRDC, EI Database.

Table 2B controls for these two features. In this table, the movements out are subtracted from the movements in. Then, this difference is divided by the total number of ROEs, which gives the net movement (as a percent) into a community, as identified by the ROE.

Casual inspection reveals a high level of volatility in the numbers. Clareville, in 1995, had a 2.4 percent gain relative to all ROEs for the number of people working in the community. In 1996, the situation had reversed itself, with a loss of 15 percent, measured in terms of the ROEs. The loss of individuals continued for the rest of the sample period for Clareville, with the exception of a small net movement in during 2001. For the most part, there was a net movement out for the four Atlantic communities for much of the EI reform period, pointing to possible difficulties in adjusting to EI reform. Conversely, Calgary Centre experienced positive growth in every year but 2002.

Table 2B
Net Movement Into Community, as Identified by ROE (percent)

	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	2.4	-15.0	-11.6	-4.5	-5.7	-3.6	0.5	-0.9
P.E.I.	1.7	-1.5	-3.5	-0.7	0.0	-0.9	-1.4	0.1
Truro	1.9	0.2	-1.5	-1.0	-2.6	1.7	1.6	-1.4
Miramichi	-0.4	0.2	-5.2	-6.0	-5.6	-6.1	-8.2	0.7
Repentigny	-4.2	0.2	1.5	0.4	0.3	-1.3	1.2	0.6
Montreal East	3.9	0.9	-1.1	-2.1	-0.7	0.1	1.6	2.5
Toronto Centre	4.5	-2.5	1.8	2.7	0.9	4.6	-1.3	-1.0
Hamilton Mnt.	6.4	1.0	4.3	-0.7	-5.0	-4.7	-0.4	-0.9
St. Boniface	-2.3	-2.0	2.8	1.7	3.5	1.2	0.3	0.0
Prince Albert	-0.4	-4.2	-2.4	-0.8	-0.7	-3.3	-1.9	-0.9
Calgary Centre	1.3	5.3	6.9	0.4	3.0	1.9	1.8	-0.4
Yellowknife	-0.4	-6.3	-11.3	-6.8	-8.7	-1.2	3.6	0.7
Surrey	-0.6	0.6	-0.6	-1.4	-2.3	-1.1	1.2	-0.1
Kelowna	1.4	0.6	0.8	2.6	2.6	-1.7	0.0	1.5

Source: HRDC, EI Database.

Table 2C looks at the movement out of communities by long-term residents. Long-term residents are defined as those who have had all of their previous ROEs, up to four, in that particular community. The number of individuals with four ROEs who leave the community is divided by the total number of ROEs in the community to arrive at the percentages given in Table 2C. The table shows some volatility among communities, but there is no substantial variation through time. There appears to be far less movement out of communities in the Maritime region than in the rest of Canada.

Table 2C								
Movement Out of Community by Long-Term Residents, as Identified by ROE (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	8.9	10.6	10.6	9.2	8.9	8.9	6.1	6.3
P.E.I.	5.2	4.9	5.0	4.0	3.8	3.4	3.2	2.5
Truro	12.8	13.4	13.8	12.6	13.2	12.2	12.1	8.8
Miramichi	13.0	11.3	12.8	13.4	12.6	12.0	9.1	8.0
Repentigny	9.7	10.0	10.0	11.4	11.4	11.4	10.2	7.9
Montreal East	21.5	20.7	22.1	23.8	25.2	24.7	22.1	16.5
Toronto Centre	30.3	32.0	33.4	29.9	29.5	27.6	24.4	17.3
Hamilton Mnt.	24.6	25.4	26.6	27.3	30.6	26.7	24.1	16.8
St. Boniface	24.9	24.8	26.4	26.3	25.5	24.8	22.0	15.6
Prince Albert	11.5	12.1	11.4	10.4	10.5	9.1	7.8	5.6
Calgary Centre	18.1	18.7	19.9	19.1	19.3	19.8	17.6	12.7
Yellowknife	13.4	15.0	16.2	13.2	14.2	12.7	13.5	10.1
Surrey	23.7	23.4	23.8	23.8	23.2	22.2	19.6	13.9
Kelowna	12.9	12.8	13.4	13.3	12.8	11.9	11.1	7.4

Source: HRDC, EI Database.

Table 2D tells a different story. This table examines the arrival of individuals who have never worked in the community. Here, evidence is given of the wide variation in individuals who did not work in the community up until the last four ROEs. For Toronto Centre, as many as 53.9 percent of the ROEs came from individuals who had not worked there previously for their last four ROEs. These numbers were far lower in the Maritimes.

A common stereotype of adjustment at the community level is that people move out after a negative shock and people move in after a positive shock. Tables 2C and 2D appear to make the case that adjustment to economic shocks by communities is made more by individuals choosing a community to move into. This is because there is far more variance in the entrance rates, indicating that adjustments are occurring through the rate of entry.

Table 2D
Movement Into Community by Long-Term Non-Residents of Other Communities,
as Identified by ROE (percent)

	1995	1996	1997	1998	1999	2000	2001	2002
Clarenceville	26.8	20.7	27.4	23.1	21.8	23.5	20.8	17.1
P.E.I.	11.8	9.4	9.7	9.5	9.7	9.2	8.4	7.4
Truro	28.7	31.7	30.0	28.8	30.3	29.8	28.2	18.3
Miramichi	30.1	30.0	30.7	30.8	29.6	29.3	20.0	23.5
Repentigny	21.9	25.0	26.1	27.9	26.7	25.4	24.4	18.8
Montreal East	41.8	39.7	40.3	43.5	45.0	44.3	42.1	31.9
Toronto Centre	48.7	46.0	53.9	51.7	48.8	49.9	35.3	25.3
Hamilton Mnt.	45.3	43.1	48.9	46.1	45.1	41.6	39.2	27.1
St. Boniface	40.0	44.3	48.6	47.8	48.8	44.9	40.3	29.0
Prince Albert	27.6	27.0	27.0	27.4	26.9	21.7	20.4	14.6
Calgary Centre	37.8	43.6	45.8	39.3	42.6	41.5	37.1	25.9
Yellowknife	31.3	32.8	30.4	29.6	30.8	36.0	36.3	25.6
Surrey	41.6	44.3	44.0	42.5	42.1	41.0	37.6	25.8
Kelowna	30.3	31.7	33.0	33.6	32.6	27.6	26.9	19.9

Source: HRDC, EI Database.

Table 2E looks at the extent to which long-term workers of other communities arrive in a given community for one job and then leave. In Toronto Centre, roughly one-fifth of the jobs are filled by individuals who had not worked there previously, stay for one job, and then leave. With the exception of P.E.I., there is a remarkable stability through time and across communities, as it appears that, every year, roughly twenty percent of the ROEs include individuals who have had no long-term attachment to the community and then leave.

Table 2F looks at the extent to which long-term residents leave for a single job and then return. The table indicates that this phenomenon does not appear to have a major impact on communities, as not one community exceeds the five percent mark for this indicator. This implies that once a long-term resident in a community leaves, they rarely come back.

Table 2E
Movement Into and then Out of Community by Long-Term Non-Residents,
as Identified by ROE (percent)

	1995	1996	1997	1998	1999	2000	2001	2002
Clarenceville	17.9	27.0	31.5	21.0	20.5	20.8	16.8	13.9
P.E.I.	7.4	8.2	10.7	8.7	8.4	9.0	9.5	6.9
Truro	18.8	22.0	21.4	20.5	22.1	20.6	17.4	12.7
Miramichi	21.4	21.3	25.8	26.1	25.0	26.1	21.0	16.4
Repentigny	20.0	18.6	18.0	19.0	17.9	18.0	15.8	12.3
Montreal East	19.7	20.2	21.1	23.0	22.3	21.5	20.1	14.1
Toronto Centre	19.4	19.7	22.3	22.0	20.6	20.5	14.0	9.8
Hamilton Mnt.	19.4	19.9	21.6	22.0	21.6	20.4	17.6	12.7
St. Boniface	20.8	24.7	22.9	23.0	22.9	21.2	19.4	14.4
Prince Albert	20.3	22.6	21.6	21.7	20.4	18.5	17.0	11.5
Calgary Centre	21.4	22.4	21.9	22.1	22.8	21.9	19.4	14.9
Yellowknife	22.3	26.4	28.0	26.3	27.8	27.3	22.3	17.1
Surrey	22.3	23.3	23.2	22.9	23.0	21.7	18.7	13.3
Kelowna	20.3	21.7	23.2	21.1	20.5	19.9	18.0	12.4

Source: HRDC, EI Database.

Table 2F
Return to Community of Long-Term Residents Who Worked Outside Community for
One Job, as Identified by ROE (percent)

	1995	1996	1997	1998	1999	2000	2001	2002
Clarenceville	2.7	2.4	3.9	3.5	2.7	3.5	3.1	2.3
P.E.I.	2.2	2.1	2.5	2.6	2.5	2.5	3.0	2.1
Truro	3.6	3.3	3.2	3.5	2.9	4.4	2.8	1.7
Miramichi	3.5	3.0	3.1	3.3	2.8	3.2	2.9	2.1
Repentigny	3.5	3.9	3.5	3.5	3.3	3.3	3.0	2.1
Montreal East	1.9	1.7	1.9	1.7	1.8	1.6	1.4	1.0
Toronto Centre	2.7	1.9	2.3	2.1	1.8	1.8	1.0	0.7
Hamilton Mnt.	2.7	2.3	2.7	2.3	2.5	2.4	2.5	1.4
St. Boniface	2.3	2.5	2.5	2.5	2.5	1.8	1.7	1.2
Prince Albert	3.7	4.0	3.9	4.6	3.7	3.4	2.8	2.1
Calgary Centre	3.1	2.9	2.7	2.4	2.5	2.0	1.8	1.4
Yellowknife	3.2	3.2	3.5	3.9	3.1	3.1	3.1	1.9
Surrey	2.7	2.5	2.5	2.7	2.4	2.2	1.9	1.2
Kelowna	2.9	3.0	3.6	2.9	2.7	2.6	2.6	1.8

Source: HRDC, EI Database.

1.4.2 Mobility during an EI Claim

The previous section looked at mobility between jobs. In this section, a more short-run view to community adjustment is taken, as the mobility during an EI claim is examined. This is made possible by a component in the EI database in which the claimant's postal code is recorded in the third week of each month that they are on claim. The third week is chosen so as to allow data that would be compatible with the Labour Force Survey. The data in this section is presented in a percentage format, with the total number of claimants being the denominator.

	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	4.2	4.2	3.2	2.8	2.7	2.3	2.5	1.7
P.E.I.	1.8	2.0	1.9	1.6	1.5	1.5	1.4	1.0
Truro	2.7	3.1	3.5	2.9	2.5	2.3	2.5	1.9
Miramichi	3.1	7.3	11.2	11.2	14.1	3.6	3.2	1.9
Repentigny	5.1	2.7	2.6	2.3	2.3	2.2	2.4	1.7
Montreal East	9.9	10.0	8.6	7.6	7.2	6.8	8.3	5.5
Toronto Centre	6.6	7.4	6.2	5.8	4.6	4.2	7.3	6.0
Hamilton Mnt.	2.7	2.5	2.2	1.9	1.7	1.8	2.3	1.9
St. Boniface	4.8	4.5	4.4	3.8	3.6	3.2	4.5	2.7
Prince Albert	3.8	3.9	3.8	3.9	3.2	3.4	3.4	2.3
Calgary Centre	9.0	8.2	7.8	7.7	8.2	6.6	8.8	7.0
Yellowknife	8.2	9.3	9.7	8.3	6.9	7.3	6.5	6.5
Surrey	4.0	3.7	3.8	3.4	2.9	2.6	3.1	2.3
Kelowna	6.4	6.4	6.0	5.3	4.8	5.6	5.5	3.3

Source: HRDC, EI Database.

Table 3A provides estimates of individuals who have reported their community of residence being different, for at least one month, from the community they started in at the beginning of the claim. As is shown above, a high degree of mobility is reported in some of the communities. Montreal, in particular, had a mobility rate as high as 10 percent in 1996. However, in some of the Atlantic communities, the rate was substantially lower. In PEI, the rate never exceeded 2 percent. In Miramichi, there was a substantial increase in the three years following the 1996 EI reforms. In general, no noticeable changes occurred as a result of EI reform.

Table 3B looks at the percentage of claimants who enter a community who have started a claim in another community. This table could be interpreted as showing the extent to which communities help in the adjustment of other communities. The table shows that some of the larger cities such as Montreal, Toronto and Calgary appear to play significant roles in accepting individuals that have left other communities. On the other end of the scale, it is a relatively rare event for an individual to move into some of the Atlantic communities while on claim.

Table 3B								
Entered Community While on Claim, as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	2.3	2.4	2.3	2.5	1.7	1.4	1.6	1.0
P.E.I.	1.6	1.5	1.5	1.5	1.6	1.5	1.6	1.5
Truro	3.4	3.5	3.6	2.8	2.2	2.7	2.6	2.0
Miramichi	2.3	2.7	3.4	3.1	2.0	2.3	2.8	1.5
Repentigny	3.3	3.6	3.5	3.0	2.7	2.8	3.7	2.5
Montreal East	9.7	10.6	9.3	9.6	8.6	7.5	8.9	4.8
Toronto Centre	6.4	6.1	5.2	4.1	4.0	3.5	5.2	4.5
Hamilton Mnt.	3.5	3.4	3.2	2.8	2.6	2.7	3.5	2.7
St. Boniface	5.0	5.0	4.5	4.0	3.7	3.4	5.0	3.8
Prince Albert	3.8	3.2	3.9	3.8	3.1	2.2	2.7	2.0
Calgary Centre	10.7	10.5	10.3	9.2	8.2	7.1	8.5	6.3
Yellowknife	12.4	10.7	9.0	9.8	7.5	5.9	8.8	6.4
Surrey	4.8	4.8	4.4	3.6	2.8	2.8	3.7	2.9
Kelowna	6.6	5.7	5.9	5.8	5.0	3.8	5.2	4.0

Source: HRDC, EI Database.

Tables 3C and 3D are able to show that these moves are not permanent in most cases. For example, Table 3B shows that in Montreal in 1996, 10.6 percent of claimants moved in while on claim. However, in Table 3D, 1.1 percent of these individuals left while on claim. Those who return to a community after leaving while on claim are somewhat less common, as Table 3C indicates.

Table 3C								
Moved Out of Community and Returned While on Claim, as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	0.5	0.5	0.5	0.5	0.4	0.3	0.5	0.2
P.E.I.	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.1
Truro	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.1
Miramichi	0.4	0.3	0.3	0.5	0.2	0.3	0.5	0.1
Repentigny	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.1
Montreal East	0.4	0.4	0.3	0.2	0.2	0.3	1.0	0.2
Toronto Centre	0.2	0.3	0.1	0.1	0.1	0.2	0.5	0.1
Hamilton Mnt.	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1
St. Boniface	0.2	0.2	0.1	0.1	0.1	0.1	0.3	0.1
Prince Albert	0.4	0.5	0.6	0.5	0.4	0.3	0.4	0.1
Calgary Centre	0.3	0.2	0.2	0.3	0.2	0.2	0.7	0.2
Yellowknife	1.2	0.9	1.1	0.6	1.0	0.2	0.6	0.3
Surrey	0.2	0.2	0.2	0.1	0.1	0.2	0.3	0.1
Kelowna	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.1

Source: HRDC, EI Database.

Table 3D								
Moved Into Community and then Left, as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	0.4	0.5	0.5	0.3	0.4	0.2	0.3	0.1
P.E.I.	0.4	0.5	0.4	0.5	0.5	0.6	0.7	0.1
Truro	0.8	0.6	0.6	0.5	0.4	0.4	0.3	0.2
Miramichi	0.3	0.5	0.4	0.5	0.2	0.2	0.5	0.1
Repentigny	0.4	0.3	0.3	0.3	0.2	0.3	0.4	0.2
Montreal East	1.1	1.1	1.1	1.0	0.8	0.8	1.3	0.4
Toronto Centre	0.8	0.7	0.5	0.3	0.2	0.3	0.8	0.2
Hamilton Mnt.	0.3	0.2	0.1	0.3	0.3	0.2	0.1	0.1
St. Boniface	0.7	0.6	0.4	0.5	0.3	0.5	0.6	0.6
Prince Albert	0.6	0.4	0.4	0.4	0.4	0.2	0.4	0.1
Calgary Centre	1.2	1.3	1.4	1.2	0.8	0.7	1.2	0.6
Yellowknife	2.0	1.5	1.7	1.3	0.7	0.7	1.3	0.9
Surrey	0.6	0.6	0.5	0.4	0.2	0.2	0.5	0.3
Kelowna	0.9	0.8	0.7	0.6	0.4	0.5	1.1	0.4

Source: HRDC, EI Database.

1.4.3 Mobility Between Claims

Mobility can also occur between claims. Table 4A looks at the share of claimants who register a claim in a community and then another claim outside of the community. As can be seen, this is not an unusual occurrence. More than one-quarter of the repeat users of EI in Calgary from 1995 to 2000 are living in another community when they find their next job. In general, the movement out was less prominent in the Atlantic communities, although there appeared to be a substantial movement out of repeat EI users in Miramichi between 1997 and 2000.

Table 4A
Claimants Who Moved Out Between Claims, as Identified by Claimant Postal Codes
(percent)

	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	12.5	11.1	12.5	7.6	6.2	6.7	5.9	4.6
P.E.I.	6.2	6.1	6.7	5.9	5.4	4.8	4.0	4.3
Truro	12.0	11.8	14.3	13.0	12.3	11.3	8.9	5.4
Miramichi	8.3	16.1	21.9	41.8	29.5	29.4	8.5	6.2
Repentigny	16.7	17.9	15.4	14.4	12.3	11.2	8.9	8.3
Montreal East	29.0	32.0	33.8	34.1	30.1	27.9	19.1	15.1
Toronto Centre	25.8	26.9	33.3	33.8	29.5	24.9	13.4	9.4
Hamilton Mnt.	15.4	15.9	19.3	18.9	17.1	12.9	9.0	7.7
St. Boniface	23.3	24.4	28.1	22.5	20.9	19.1	13.6	10.5
Prince Albert	14.3	16.9	18.4	14.1	14.5	11.8	10.6	7.9
Calgary Centre	34.0	40.0	45.0	37.7	32.3	31.5	21.0	13.7
Yellowknife	29.3	33.3	39.7	29.3	29.8	27.8	30.3	12.6
Surrey	18.8	20.0	20.8	18.3	16.7	15.5	9.7	7.4
Kelowna	24.0	26.3	28.5	23.4	21.5	17.2	13.8	12.0

Source: HRDC, EI Database.

The next table looks at the individuals who move into a community. This table shows that there is a rough correspondence between the extent of the movement in with the movement out. Those communities in the Maritimes, which experience relatively less movement out also experience relatively little movement in. The communities which experience the high levels of movement out, such as Montreal East or Calgary Centre, also experience high levels of movement in. The levels of movement are so high (Calgary Centre reaches 42.8 percent in 1997), that it is clear that mobility plays a major role in the adjustment process for these communities.

Table 4B								
Claimants who Moved in Between Claims, as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	7.4	7.5	10.2	7.5	5.7	5.6	4.9	3.5
P.E.I.	6.0	6.3	6.9	6.3	6.1	5.5	4.5	2.9
Truro	12.6	12.3	14.4	12.7	14.0	11.8	9.7	5.5
Miramichi	6.3	6.8	10.6	9.6	9.6	10.9	6.9	4.6
Repentigny	11.4	12.9	15.7	15.9	14.6	13.3	10.8	7.3
Montreal East	24.4	27.1	31.7	32.7	30.1	28.5	18.9	11.7
Toronto Centre	22.8	23.5	27.0	26.1	22.2	20.0	10.3	6.9
Hamilton Mnt.	17.6	19.0	22.1	20.9	20.3	16.7	11.0	7.5
St. Boniface	19.7	21.9	25.3	23.7	22.8	19.3	13.0	7.7
Prince Albert	14.5	15.7	18.6	14.9	13.2	12.3	10.8	6.9
Calgary Centre	28.9	33.3	42.8	35.9	29.9	29.6	20.0	10.4
Yellowknife	28.3	31.9	30.7	24.6	24.2	22.2	23.4	12.2
Surrey	20.6	22.1	23.2	19.2	17.5	16.4	10.4	6.1
Kelowna	21.8	23.8	26.8	23.9	22.0	16.8	14.5	9.0

Source: HRDC, EI Database.

Table 4C								
Claimants who Moved Out Between Claims and Returned as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clareville	2.6	2.6	4.3	2.5	1.8	1.7	1.6	1.3
P.E.I.	1.8	1.9	2.0	1.9	1.8	1.8	1.4	1.0
Truro	2.6	1.7	2.7	2.1	2.8	2.6	2.3	1.2
Miramichi	1.7	1.3	1.8	2.3	2.1	2.9	1.6	1.4
Repentigny	2.1	2.0	2.7	3.1	2.5	2.3	1.9	1.4
Montreal East	2.2	2.3	2.6	2.7	2.3	2.0	1.1	1.1
Toronto Centre	1.0	1.2	1.5	1.7	1.4	1.5	0.8	0.5
Hamilton Mnt.	2.2	2.4	2.5	2.6	2.1	2.5	1.7	1.2
St. Boniface	2.1	2.4	2.8	3.6	2.7	2.3	1.7	1.2
Prince Albert	2.1	2.4	3.4	2.8	2.2	2.4	2.2	1.5
Calgary Centre	1.9	2.0	2.3	2.0	1.8	1.9	1.3	0.7
Yellowknife	2.7	2.8	3.5	3.1	3.4	2.7	3.2	1.4
Surrey	2.6	2.8	2.9	2.8	2.4	2.5	1.6	1.0
Kelowna	2.6	2.7	3.1	3.0	2.7	2.2	1.8	1.4

Source: HRDC, EI Database.

Given the high levels of movement out, a possible question relates to how many return. Table 4C shows that very few actually return. The percentages are fairly consistent across communities. This implies a return rate that is far lower in the high movement communities, such as Calgary Centre. In some of the Maritime communities, it appears that roughly one-quarter of those who leave end up returning. For example, Table 4A shows that, in 1996, 11.1 percent of Clarenville's claimants were found to leave. Table 4C illustrates that 2.6 percent of them returned.

Table 4D demonstrates that once a claimant leaves, they do not always become attached to the community into which they move. This table shows that, in some communities, a substantial portion of those who leave a community are those who had just arrived in a community. For example, in Montreal East it appears that roughly one-third to one-half of those that leave the community had just arrived. This can be seen by comparing Tables 4B and 4D.

Table 4D								
Claimants who Moved in Between Claims and then Lefts as Identified by Claimant Postal Codes (percent)								
	1995	1996	1997	1998	1999	2000	2001	2002
Clarenville	6.9	7.0	8.6	5.0	4.1	4.6	4.3	3.5
P.E.I.	3.7	3.4	4.2	3.9	3.4	3.2	2.8	3.3
Truro	5.2	5.5	7.5	6.9	6.7	6.5	5.3	3.3
Miramichi	4.1	11.1	15.2	34.2	22.6	23.4	5.2	4.0
Repentigny	9.0	9.6	8.0	8.1	7.1	6.6	5.4	5.4
Montreal East	9.7	11.6	12.6	14.2	12.9	11.8	8.1	6.8
Toronto Centre	4.7	5.8	7.8	8.9	8.6	7.3	4.3	3.0
Hamilton Mnt.	5.3	5.5	7.6	8.6	8.4	6.2	4.2	3.9
St. Boniface	6.9	8.3	9.7	8.8	8.8	8.1	6.2	5.8
Prince Albert	5.7	7.2	8.6	6.5	7.7	6.3	6.1	5.1
Calgary Centre	7.9	10.4	13.7	12.3	10.8	10.6	7.9	5.0
Yellowknife	7.7	10.8	14.0	12.1	13.5	14.2	17.2	6.7
Surrey	6.1	7.3	8.3	8.3	8.1	7.9	5.2	4.2
Kelowna	10.2	11.5	13.0	11.6	10.7	9.1	7.5	6.8

Source: HRDC, EI Database.

1.5 Conclusions

This paper has examined community level mobility from three different perspectives: between jobs, while on claim and between claims. This examination has revealed that there is significant mobility. In fact, the degree of mobility would be substantial enough to allow room to cope with fluctuations in the economy of the individual communities.

In general, the highest level of mobility was experienced in the high population metropolitan areas. For the most part, the areas that experienced the highest level of in-migration also experienced the highest level of out-migration.

There appears to be little evidence that mobility changed during the EI reform period. Miramichi was the only community that experienced any change with respect to all three of the indicators. This would provide one possible indicator that communities were able to adjust to EI reform.

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

2.1 Executive Summary

It is difficult to measure the level of hardship undergone by individuals during a period of unemployment. Possibly the most useful indicator is the level of consumer spending that the household is able to maintain. Therefore, this monitoring report examines:

- which individuals are more likely to experience a decline in household consumption one year after a job loss; and
- the possible impact of EI reform in attenuating consumption decline.

Data and Methodology

The Canadian Out-of-Employment Panel (COEP) survey provides important information on the consumption patterns of households one year after the job separation that placed the person in the survey. In this paper, consumption refers to the total amount of household spending at the time of the first interview. The analyses of these data use tabulations to begin identifying which individuals are more likely to experience a decrease in consumption, the size of these changes, and the observed changes in consumption patterns in both the pre- and post-EI reform periods. The initial results are then tested for statistical significance using multivariate regression analysis.

Main Findings

Only a small portion, around 12 percent, of those separated from their jobs experienced a decrease in household consumer spending one year after their job separation. For this group, the decrease averaged about 24 percent of monthly household income.

The analysis of who was most likely to experience a statistically significant decrease in consumer spending after a job separation indicated the following:

- Youth (age 15 to 24) and prime age persons (age 25 to 54) were more likely to experience a decrease in consumption than older workers (age 55 and over).
- All family types had significantly different patterns, with single parents living alone experiencing the most prominent decrease.
- Those with more than 52 weeks of unemployment had a significantly greater probability of experiencing a decrease in consumer spending.
- Part-time workers are less likely to decrease their consumption than full-time workers.

- Seasonal workers are less likely to decrease their consumption than non-seasonal workers.
- Individuals in Atlantic Canada showed a significantly lower probability of having a fall in consumption while those in British Columbia were slightly more likely to decrease their consumption level.
- The probability of a decline in consumption has not changed, overall, in the second quarter of 2002 compared to 01Q2.

2.2 Introduction

EI reform included a number of changes that can affect the benefit level and income of households in a variety of ways. These changes include:

- reducing the maximum period of benefits from 50 to 45 weeks (e.g., which can affect claimants in higher unemployment regions);
- switching from a weeks-based to an hours-based system (e.g., which can increase EI entitlement duration for claimants who work more than 35 hours per week);
- reducing maximum insurable earnings (which reduced the maximum weekly EI benefit from \$465 to \$413);
- introducing the minimum divisor rule (which links benefits more directly to earnings over a fixed period); and
- replacing the 60 percent low-income dependence rate with the Family Income Supplement.

Given the range and diversity of the impacts of EI reform on the labour force, it is useful to look at overall indicators of the well-being of individuals in periods of unemployment. One possible indicator is the level of consumer spending, or consumption, that individuals and their households are able to maintain one year after a job loss.

The Canadian Out-of-Employment Panel (COEP) survey contains information on the level of consumer spending that households maintain one year following a job loss. The analysis presented here focuses on:

- identifying which individuals are more likely to experience a decrease in household consumption one year after a job loss; and
- examining consumption patterns under pre-EI and post-EI reform periods.

2.3 Data and Methodology

The basic methodology is to compare consumption patterns before and after EI reform. The COEP surveyed some 4,000 individuals in selected quarters. These individuals are drawn from HRDC's Record of Employment (ROE) administrative file and have experienced a job separation as documented by that file. Each survey participant was interviewed twice following the job separation. The first interview occurred one year after the job separation, and the second interview occurred 10 months after the first interview.

The first round of COEP interviews (cohort 1) was completed in July 1996 – and collected information from individuals who experienced a job separation one year earlier (i.e., in the third quarter of 1995). Sixteen cohorts were used in this analysis:

- 4 cohorts with a job separation in the four quarters prior to EI implementation (i.e., 95Q3 to 96Q2);
- 4 cohorts with a job separation following EI reform (i.e., 97Q1 to 97Q4); and
- 4 cohorts with a job separation four years after EI reform (i.e., 00Q3 to 01Q2).
- 4 cohorts with a job separation five years after EI reform (i.e., 01Q3 to 02Q2).

For the purposes of this study, the pre-EI reform period (third quarter of 1995 to second quarter of 1996) is compared to the post-EI reform period (first to fourth quarter of 1997) as a means of determining the changes associated with EI reform. Using four pre-EI reform quarters and four post-EI reform quarters, it becomes possible to control for changes that would have been associated with seasonality. No analysis was done during the first phase of EI reform (third and fourth quarters of 1996) as the implementation of EI reform was not complete and any resulting analysis may be inconclusive. A cursory examination of changes occurring in 2000/2001 and 2001/2002 is also possible with the cohorts covering the last two quarters of 2000, the four quarters of 2001, and the first two quarters of 2002.

The COEP survey was designed to collect important information on the background demographics of individuals and households, job search activities and outcomes, assets and debts, expenditures, and use of employment insurance and social assistance.²

COEP includes extensive questions on the consumption patterns of households one year after a job separation. Three of these consumption questions are particularly relevant to this analysis of the impacts of unemployment and EI reform on consumption:

- The first question assesses the direction of the change in household consumption (gone up, gone down, or stayed the same) since the time of the job separation that placed the person in the COEP survey.
- The second question gives an estimate of the monthly amount of the change in consumer spending.

² For more details on the COEP, see the report entitled "COEP as a Tool for Legislative Monitoring and Evaluation".

- The last question asks: “In the past four weeks, what was the total income, before deductions, from all household members?” This information will be useful in determining the magnitude of the change in consumer spending as a proportion of household income on a monthly basis.

It is important to emphasise that these questions refer to the month of the survey, which is conducted approximately one year after the job loss.

Using the COEP data for the pre-EI period (i.e., 95Q3 to 96Q2) and post-EI reform (i.e., 97Q1 to 97Q4), the analysis presented in this monitoring report initially uses tabulations to identify which individuals are more likely to experience a decrease in consumer spending. Tabulations are also used to compare the average size of their declines in spending and to begin examining the impact of EI reform.

In the latter part of the report, regression techniques are used to test the initial results and to further examine changes associated with EI reform.

2.4 Who is More Likely to Experience a Decrease in Consumer Spending: Tabulation Results

In this paper, the term “consumption” refers to the total amount of spending in the household of the respondent in the month prior to his/her interview date. While this information is a point in time, it still allows for comparisons between different demographic groups. In the majority of cases, COEP respondents (both EI claimants and non-claimants) answer the consumption questions by indicating that there has been no change or that consumption has actually gone up. A high degree of confidence can be placed in this result because similar conclusions were obtained with a previous version of COEP,³ which used a different wording of the question. Browning (1998) finds the median expenditure change is zero subsequent to the 1994 UI reform and suggests that it must be a result of individuals running down assets or incurring more debts. As long as the job separation is temporary and expected long-run income is unchanged, individuals may wish to maintain their usual expenditure patterns.

At the same time, the answers to the consumption questions indicate that there is a minority who did experience some decrease in consumer spending following their job loss. Table 1 provides an overview of the characteristics of these persons and their households.

As indicated in Table 1, approximately 12 percent of the COEP respondents experienced a decrease in their household consumption. For those who experienced such a decrease, the average decline in monthly consumption was about 24 percent of their monthly household income at the time of the first interview. Monthly household income is used as a denominator in order to make comparisons possible between individuals.

³ EKOS Research Associates Inc. carried out the first version of the 1993 COEP Survey. The 1995 and 1996 versions of COEP were carried out by Statistics Canada on behalf of HRDC. See Martin Browning, "Income and Living Standards During an Unemployment Spell, EDD, May 1998", page 24, for more details.

In many cases, these numbers do not vary by much across the respondent characteristics. Table 1 shows that gender had no real impact. Also, the type of job that was lost (e.g. part-time versus full-time) does not appear to have had a large impact on the share of those who experienced a decrease in consumer spending. Nor does the type of job appear to have had much impact on the magnitude of the average decrease.

Looking at the results by household types, however, it seems that respondents without a working spouse (either single living alone or married but with an unemployed spouse) are more likely to experience a decrease in consumer spending than other types of households. This is consistent with the idea that when there are other working members in the household, there will be more resources to draw upon to maintain the usual level of consumption. An unpublished evaluation paper by HRDC shows that the new employment of the spouse (after a job separation) has a positive impact on household income, which increases available resources.⁴

An examination of the effect that household type has on consumption reveals the following:

- Single individuals living alone (with or without children) are the most likely to experience a decrease in household consumption expenditures as compared to all other types of household (17.1 percent for single parents and 16.8 percent for singles). The average decrease in consumption as a percent of total income is among the highest at approximately 30 percent for these groups (31.1 percent for single parents and 27.8 percent for singles).
- 13.8 percent of couples without children and with an unemployed spouse decrease their consumption after the job loss. The average decrease in monthly consumption is at 29.2 percent.
- Note that those with a working spouse (with or without children) decrease their consumption by less than 20 percent of household income. The share of individuals decreasing their consumption in these two groups is also among the smallest at about 10 percent.

Examination of the effect of the length of time of unemployment also yields two useful observations:

- Some of those who did not experience a period of unemployment after a job loss (e.g. moved directly into another job) still experienced a decrease in consumption.⁵ For this group, the average decrease was about 20 percent of household income. This finding points to the probability for household spending patterns to vary as a result of natural fluctuations from one year to another or reduced expectations of long-run income. While the analysis of household spending will proceed without further treatment of this issue, the reader can take into account that the other rows must be interpreted with this number in mind.

⁴ See Ahmad, N., W. Lo, T. Siedule and G. Wong, "Family Income Dynamics after a Job Separation", EDD, May 2000, p.18.

⁵ A similar result was found in the EI evaluation "Job Quality of Displaced Workers". This report found that there was a drop in wages between the old job at the time of the ROE and the new job.

- The fraction of those who reduced their consumption does not rise substantially until the person has been unemployed for more than 52 weeks. About 21 percent of those unemployed for more than 52 weeks experienced a decrease in consumer spending, with the average decrease corresponding to about 27 percent of household income.

By employment type, seasonal workers are less likely to experience a decrease in consumption (8.4 percent) as compared to other (non-seasonal) workers (12.2 percent). For those seasonal individuals who do experience a decrease, the magnitude of the decrease is 21.3 percent of household income as opposed to 24 percent for non-seasonal workers.

Table 1		
Characteristics of Those Experiencing a Decrease in Household Consumption		
	% Experiencing Decrease	Magnitude of Average Decrease (% of Household Income)
Total	11.6	23.7
Gender		
Female	11.9	24.6
Male	11.3	22.9
Age		
Youth (15-24)	10.7	27.5
Prime (25-54)	11.9	22.8
Older (55+)	11.3	25.9
Household Type		
Single Without Children ¹	12.8	26.4
Living Alone	16.8	27.8
Living With Others	9.9	24.2
Single With Children ¹	13.6	30.1
Living Alone	17.1	31.1
Living With Others	8.3	23.0
Married ² Without Children ¹ and Spouse Not Employed	13.8	29.2
Married ² Without Children ¹ and Spouse Employed	10.1	17.2
Married ² With Children ¹ and Spouse not Employed	12.7	26.3
Married ² With Children ¹ and Spouse Employed	9.1	17.7
Length of Time Unemployed (Continuous Weeks)		
0 Weeks	9.2	20.1
1 - 12 Weeks	9.8	23.9
13 - 26 Weeks	11.9	21.4
27 - 51 Weeks	11.1	28.6
52+ Weeks	20.8	26.7
Job Type		
Part-time	10.7	24.3
Full-time	11.8	23.6
Seasonal Worker	8.4	21.3
Other Non-Seasonal Worker	12.2	24.0
Union	12.3	20.8
Non-Union	11.5	24.3
Worked Continually for last 52 Weeks	13.7	25.0
Periods of Unemployment in Last 52 Weeks	10.4	22.6
Notes:		
1. Refers to dependents aged 0-15.		
2. Includes common-law marriages.		
Data Source: COEP Survey.		

2.5 Impact of EI Reform: Tabulation Results

To examine the impacts associated with EI reform, Tables 2 to 6 compare changes in consumer spending before and after EI reform. For this analysis, two twelve-month periods were compared to take seasonality into account. Specifically, COEP data for the third and fourth quarter of 1995 and the first and second quarter of 1996 were used as the pre-EI period. COEP data for the four quarters in 1997 were used as the post-EI reform period.⁶ As noted earlier, the COEP data for each of these quarters consists of a sample of persons who experienced a job separation in that quarter but who were interviewed for the first time approximately one year later.

2.5.1 Consumption Changes by Length of Unemployment

Tables 2 and 3 present information on the length of unemployment. Table 2 shows that individuals with a job separation but experiencing no weeks of unemployment experienced a slightly greater chance of a decrease in consumer spending following their job loss if they were in the post-EI reform period. By contrast, individuals experiencing unemployment of more than one week following their job separation seem to be somewhat less likely to have experienced a decrease in consumer spending in the post-EI reform period. For example, in the pre-EI period, a decrease in consumption was experienced by about 22 percent of those with more than 52 weeks of unemployment, compared to about 19 percent in the post-EI reform period.

Table 2 Decrease in Consumption by Duration of Unemployment (percent)			
Weeks of Unemployment	Pre-EI Reform (95Q3 – 96Q2)¹	Post-EI Reform (97Q1 – 97Q4)¹	Total
0 Weeks	8.8	9.7	9.2
1 - 12 Weeks	10.5	9.3	9.8
13 - 26 Weeks	14.1	10.0	11.9
27 - 51 Weeks	11.8	10.4	11.1
52+ Weeks	22.4	19.2	20.8
Total	12.2	11.0	11.6
Notes:			
1. Refers to date of initial job loss.			
Source: COEP Survey.			

Table 3 compares the average decrease in consumption before and after EI reform for those people experiencing a decrease in consumption. The numbers in Table 3 show the change in consumption as a percent of total household income so that percentage changes can be used to form comparisons between individuals. The actual amount of change in consumption is harder to interpret as a 100 dollars decline per month may mean greater

⁶ COEP data for the third and fourth quarters of 1996 are omitted as they coincided with the phase in period of EI reform.

hardship for those with low income than those with high income. The results from Table 3 are mixed but the general tendency is for the drops in income to be greater as spells of unemployment increase.

Table 3			
Decrease in Consumption as Percentage of Household Income by Duration of Unemployment (percent)			
Weeks of Unemployment	Pre-EI Reform (95Q3 – 96Q2)¹	Post-EI Reform (97Q1 – 97Q4)¹	Total
0 Weeks	18.9	21.4	20.1
1 - 12 Weeks	27.0	20.9	23.9
13 - 26 Weeks	19.3	24.3	21.4
27 - 51 Weeks	27.0	30.8	28.6
52+ Weeks	25.8	27.6	26.7
Total	23.2	24.3	23.7
Notes:			
1. Refers to date of initial job loss.			
Source: COEP Survey.			

2.5.2 Consumption Changes by Types of Households

To examine the possibility of some variation in the support levels over the length of a claim, Table 4 compares the share of EI benefits of total income. In Tables 4 and 5, the impact of EI reform on consumption is explored from the perspective of types of households. These results suggest an overall decrease in the portion of families experiencing a decrease in consumption after EI reform.

Table 4 shows that single parents with children have experienced the largest increase in consumption in the post-EI reform period compared to the pre-EI reform period. Single parents with children experiencing declines in consumption decreased from 17.1 percent before EI reform to 10.1 percent following EI reform. The most significant decrease in declining consumption were observed for single parents with children living alone, which dropped from 21.1 percent in the pre-reform period to 12.7 percent in the post-reform period. Single parents living with others experienced a similar improvement, decreasing their declining consumption from 10.3 percent in the pre-reform period to 6.4 percent in the post-reform period.

The only family type exhibiting a larger decline in the post-reform period than the pre-reform period was single individuals without children. The percentage of single individuals who experienced a decline in consumption increased from 12.3 percent prior to EI reform to 13.3 percent after EI reform.

Table 4			
Decrease in Consumption by Household Type (percent)			
	Pre-EI Reform (95Q3 – 96Q2)¹	Post-EI Reform (97Q1 – 97Q4)¹	Total
Single Without Children ²	12.3	13.3	12.8
Living Alone	16.5	17.1	16.8
Living With Others	9.2	10.5	9.9
Single With Children ²	17.1	10.1	13.6
Living Alone	21.1	12.7	17.1
Living With Others	10.3	6.4	8.3
Married ³ Without Children ² and with Spouse not Employed	14.5	13.1	13.8
Married ³ Without Children ² and with Spouse Employed	10.9	9.2	10.0
Married ³ With Children ² and with Spouse not Employed	13.1	12.3	12.7
Married ³ With Children ² and with Spouse Employed	10.3	8.0	9.1
Total	12.2	11.0	11.6
Notes:			
1. Refers to date of initial job loss.			
2. Refers to dependants aged 0 to 15.			
3. Includes common-law marriages.			
Source: COEP Survey.			

Table 5 compares the average decrease in consumption before and after EI reform.

- Single parents (living alone) who experience a decrease in consumption reported a smaller decrease as a share of monthly income in the post-EI reform period (from 33.2 percent to 27.6 percent).
- Married individuals without children also experience a smaller decrease in consumption after EI reform (31.2 percent to 27.2 percent with spouse not employed, 18.9 percent to 15.3 percent with spouse employed).
- The most substantial decrease in household consumption is for married couples with children and with an unemployed spouse. The average decrease went from 23.9 percent to 29.2 percent for married workers with non-working spouse and with children.

Table 5
Decrease in Consumption as Percent of Household Income by Type of Household
(percent)

	Pre-EI Reform (95Q3 – 96Q2) ¹	Post-EI Reform (97Q1 – 97Q4) ¹	Total
Single Without Children ²	25.3	27.4	26.4
Living Alone	26.7	28.8	27.8
Living With Others	22.9	25.3	24.2
Single With Children ²	31.6	27.5	30.1
Living Alone	33.2	27.6	31.2
Living With Others	18.7	27.4	23.0
Married ³ Without Children ² and with Spouse not Employed	31.2	27.2	29.2
Married ³ Without Children ² and with Spouse Employed	18.9	15.3	17.2
Married ³ With Children ² and with Spouse not Employed	23.9	29.2	26.3
Married ³ With Children ² and with Spouse Employed	16.4	19.5	17.7
Total	23.2	24.3	23.7
Notes:			
1. Refers to date of initial job loss.			
2. Refers to dependants aged 0 to 15.			
3. Includes common-law marriages.			
Source: COEP Survey.			

2.6 Who is More Likely to Experience a Decrease in Household Spending: Multivariate Results

Although the above tabulations are informative, they do not distinguish between random fluctuations and changes that are statistically significant, after controlling for all relevant factors. For example, in Table 5 the average decrease in consumption for single individuals without children is shown as increasing from about 25 percent of household income in the pre-EI period, to 27 percent in the post-EI reform period. These average results raise the question of whether the observed changes are statistically significant and whether they should be considered the result of EI reform, the result of random fluctuations in the economy, or due to other relevant factors. In order to explore these and other questions, further statistical analysis was conducted using COEP data to allow for the influence of changes in relevant factors to be captured in estimates of consumption levels.

Table 6 presents results of a regression analysis that examines the possible determinants of the probability of a decrease in consumption one year after a job loss. The explanatory variables include the relevant personal and household characteristics such as those examined in the tabulation analysis. However, the regression analysis also includes additional variables for region and the quarter in which the job loss occurred to capture

regional, seasonal and quarterly differences. Estimates of the marginal impact of each explanatory variable on the probability of experiencing a decrease in consumption based on the probit coefficients are provided.

In general, a substantial portion of the variables tested did have a significant impact on the probability of a decrease in consumption.

- Youths (15 to 24 years old) and prime age (25 to 54 years old) individuals were more likely to experience a decrease in consumption than older workers.
- By household type, single individuals living alone with and without children were the most likely to experience a decrease.
- Those with more than 52 weeks of unemployment had a significantly greater probability of experiencing a decrease in consumer spending.
- Looking at the type of job, the probability of a decline in consumption decreased for part-time workers compared to full time workers and for seasonal workers compared to non-seasonal workers. However, there was no statistically significant change in the decline in consumption between union and non-union workers.
- Individuals in the Atlantic region had a significantly lower probability of decreasing their consumption level while those in British Columbia were more likely to decrease their consumption.

Table 6				
Probit Regression of the Probability of a Decrease in Consumption				
	Cohorts 1 to 28 (95Q3 - 02Q2)³			
	% Impact	P Value	Confidence Interval (90%)	
			<i>Low</i>	<i>High</i>
El Reform				
Jan. 1997 - Jun. 2002 ³	-0.8	0.27	-1.9	0.4
Jul. 2000 - Jun. 2002	-1.1	0.11	-2.2	0.0
Jul. 2001 - Jun. 2002	0.9	0.25	-0.4	2.1
Single Parents - Living Alone (Jan. 1997 - Jun. 2002) ³	-4.1	0.08	-7.4	-0.9
Single Parents - Living Alone (Jul. 2000 - Jun. 2002)	-1.2	0.64	-5.3	2.9
Single Parents - Living Alone (Jul. 2001 - Jun. 2002)	3.1	0.32	-2.5	8.8
Gender				
Female	0.4	0.47	-0.5	1.2
Male (Control)	...	...	...	...
Age				
Youth (15-24)	2.9	0.01	0.9	4.8
Prime (25-54)	3.0	0.00	1.7	4.4
Older (55+) (Control)	...	...	...	...

Table 6 (continued)
Probit Regression of the Probability of a Decrease in Consumption

	Cohorts 1 to 28 (95Q3 - 02Q2) ³			
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Household Type				
Single Without Children ¹ - Living Alone	4.4	0.00	2.5	6.3
Single Without Children ¹ - Living with Others	-0.8	0.42	-2.3	0.8
Single With Children ¹ - Living Alone	6.9	0.01	1.8	12.0
Single With Children ¹ - Living with Others	-2.4	0.10	-4.5	-0.2
Married ² Without Children ¹ and Spouse not Employed	1.5	0.20	-0.5	3.4
Married ² Without Children ¹ and Spouse Employed	-1.3	0.16	-2.8	0.2
Married ² With Children ¹ and Spouse not Employed (Control)	...	...	...	...
Married ² With Children ¹ and Spouse Employed	-2.6	0.00	-4.0	-1.2
Length of Time Unemployed (Continuous Weeks)				
0 Weeks	-1.6	0.04	-2.8	-0.4
1 - 12 Weeks	-1.3	0.08	-2.5	-0.1
13 - 26 Weeks (Control)	...	...	...	...
27 - 51 Weeks	0.6	0.50	-0.9	2.2
52+ Weeks	8.2	0.00	6.3	10.1
Job Type				
Part-time	-1.7	0.01	-2.8	-0.7
Full-time (Control)	...	...	...	...
Seasonal Worker	-2.3	0.00	-3.3	-1.4
Other Non-Seasonal Worker (Control)	...	...	...	...
Union	-0.3	0.64	-1.2	0.7
Non-Union (Control)	...	...	...	...
Worked Continually for last 52 Weeks	2.5	0.00	1.7	3.4
Periods of Unemployment in Last 52 Weeks (Control)	...	...	...	...
Region				
Atlantic	-2.3	0.00	-3.2	-1.4
Quebec	0.5	0.45	-0.6	1.7
Ontario (Control)	...	...	...	...
Prairie	-0.4	0.50	-1.4	0.6
British Columbia	2.0	0.01	0.8	3.3
Assets				
Have Net Assets (Assets - Debts)	0.8	0.13	-0.1	1.7
Communities ⁴				
Clarendville	...	...	...	...
Prince Edward Island	-4.8	0.00	-6.3	-3.4
Truro	-5.6	0.00	-7.5	-3.8
Miramichi	-5.0	0.11	-8.9	-1.1
Repentigny	-2.8	0.08	-5.1	-0.4
Montreal	0.4	0.85	-3.2	4.0
Toronto	1.1	0.81	-6.6	8.8

Table 6 (continued)				
Probit Regression of the Probability of a Decrease in Consumption				
	Cohorts 1 to 28 (95Q3 - 02Q2)³			
	% Impact	P Value	Confidence Interval (90%)	
			<i>Low</i>	<i>High</i>
Hamilton	-0.8	0.70	-4.1	2.5
St. Boniface	-4.1	0.01	-6.1	-2.2
Prince Albert	-3.5	0.03	-5.9	-1.2
Calgary	1.0	0.63	-2.6	4.7
Kelowna	-3.3	0.06	-5.7	-0.8
Surrey	-2.9	0.07	-5.2	-0.5
Yellowknife	-0.5	0.88	-6.5	5.4
Not in selected community	-4.0	0.00	-6.5	-1.6
Quarter of Job Loss				
1st Quarter	-0.4	0.57	-1.4	0.7
2nd Quarter	1.5	0.05	0.2	2.7
3rd Quarter	0.1	0.88	-1.0	1.2
4th Quarter (Control)	...	...	...	...
Log-Likelihood	-20,578			
Number of Observations	60,949			
Notes:				
1. Refers to dependents aged 0-15.				
2. Includes common-law marriages.				
3. Available cohorts 5, 6, 13, and 17 are excluded.				
4. Not available after cohort 17.				
Data Source: COEP Survey.				

2.6.1 Impact of EI Reform: Updated to Include July 2001 – June 2002 Data

The regression results presented in Table 6 also tested whether or not consumption decreases significantly in the post-EI reform period. Dummy variables were included to examine any changes in the most recent period, July 2001 to June 2002. The results for EI reform showed that there is no change in the probability in experiencing a decline consumption four years after EI reform. Also, in the most recent period, there are no significant changes in consumption. The probability of single parents' experiencing a decline in consumption has significantly declined in the year after EI reform compared to before EI reform. In the four and five years after EI reform, single parents living alone experience no statistically significant change in their consumption compared to before EI reform.

Further analysis has been done for a year over year comparison between the second quarter of 2001 (cohort 24) and the second quarter of 2002 (cohort 28). This analysis (not shown) shows that the probability of a decline in consumption has not changed, overall, in the second quarter of 2002 compared to 01Q2. There is no change in the

probability of single parents living alone having a decline in their consumption between these two periods.

2.7 Conclusions

A statistical analysis of the COEP data reveals that only a small portion of those who leave their jobs, around 12 percent, experienced a decrease in the amount that they consume at the time of the COEP interview (i.e. 12 months later). However, for those that did experience a decrease, the sizes of the decreases were at an average of approximately 24 percent of total household income. These amounts vary somewhat among various household types, with those who only have one income earner being more susceptible to decreases in consumption. Very long unemployment spells are also associated with drops in consumption.

Technical Notes

- Cohorts 1 to 4, 7 to 10 and 21 to 28 were used. Cohorts 5 and 6 were omitted as that covered the implementation of EI reform.
- The data used has been weighted using weights provided by Statistics Canada to make the sample comparable to the overall population of unemployed.
- The magnitude of average monthly decrease in consumption is given as a ratio of monthly total household income (i.e. monthly consumption decrease/total household income in past 4 weeks).

The reason for using monthly household income as the divisor (denominator) is that the newest version of COEP does not contain any question of current household expenditures.

3. Has the Relationship Between Insured Employment Weeks and Entrance Requirements Been Changed by the Divisor?

3.1 Executive Summary

Under Unemployment Insurance (UI), evaluation studies showed that some claimants were just working the minimum number of weeks as determined by the Variable Entrance Requirement (VER) to qualify for benefits and then commencing a UI claim. To discourage this, the “divisor rule” was implemented during the first phase of EI reform, in July 1996.

With the "Divisor rule", individuals face reductions in their benefits if they just work the Variable Entrance Requirement number of weeks. In order to qualify for full EI benefits, it is necessary to work the equivalent of two more weeks than the Variable Entrance Requirement.

To examine whether the Divisor is encouraging individuals to work longer than the Variable Entrance Requirement, this monitoring report:

- compares the Variable Entrance Requirement number of weeks to the actual number of weeks/hours worked by individual claimants; and
- examines changes in this relationship over time.

Data and Methodology

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

The first part of the analysis uses graphs to provide a picture of the entire distribution of the differences between the Variable Entrance Requirement and the actual number of weeks/hours worked. Then, regression analysis is used to test the statistical significance of the observed changes.

Much of the analysis involves comparing the results for five pairs of cohorts constructed from the 10 cohorts of COEP. These pairs are constructed to correspond to five periods: the last half of 1995 (i.e., a UI period), the first half of 1996 (i.e., a UI period), the last half of 1996 (i.e., the first six months after the EI changes of July 1996), the first half of 1997 (i.e., the first six months after the EI changes of January 1997), and the last half of 1997.

Main Findings

There was a decrease in the share of claimants with insured weeks just equal to the Variable Entrance Requirement. Specifically, minimum entrance claimants dropped from 2.57 percent in the last half of 1995, to 1.68 percent in the last half of 1996, and to about 0.97 percent in the last half of 1997.

The decrease in the fraction of claimants with just the Variable Entrance Requirement number of insured weeks required was more pronounced for men than for women, and was more pronounced in Atlantic Canada than in other regions. In Atlantic Canada, the share of claimants with insured weeks just equal to the Variable Entrance Requirement dropped from 12.41 percent in the last half of 1995, to 5.79 percent in the last half of 1996, and to 3.46 percent in the last half of 1997.

Looking at the share of claimants working just two weeks more than the Variable Entrance Requirement (i.e. meeting the new minimum Divisor requirement), the results showed that this proportion increased from 1.55 percent in the last half of 1995 to 2.45 percent in the last half of 1996. However, this pattern did not continue into the last half of 1997 (where the share dropped to 1.60 percent).

Looking at the percentage of claimants working more than two weeks above the Variable Entrance Requirement, the results showed that between the last half of 1995 and the last half of 1996 the proportions were virtually unchanged at 94 percent. In 1997, however, the share went up by about 2 percentage points to about 96 percent.

A similar pattern occurred in the fractions of men and women claimants working more than two weeks above the Variable Entrance Requirement and across most regions of Canada. The one notable exception was Atlantic Canada, where the share of claimants working more than two weeks above the Variable Entrance Requirement increased by 13 percentage points from the last half of 1995 – rising from 78.80 percent in the last half of 1995, to 86.15 percent in the last half of 1996, and to about 92 percent in the last half of 1997.

The overall conclusion is that the introduction of the Divisor appears to have been associated with the reduction in the number of people who file claims with just the Variable Entrance Requirement number of week/hours required to qualify for benefits. At the same time, there was an increase in the number of people who worked the Variable Entrance Requirement plus two or more weeks. However, with the full implementation of EI in January 1997, they ended up increasing their weeks of work by even more than two.

In Atlantic Canada this adjustment process was largely complete by 1997. However, in Canada as a whole the process was slower in nature, appearing to be complete by 2000.

3.2 Introduction

Under UI, it was noted in an earlier evaluation study that some claimants just work the minimum number of weeks set by the Variable Entrance Requirement (VER) and then commence claims.⁷ In order to discourage this phenomenon, the “Divisor rule” was implemented with EI reform. With the Divisor rule, individuals face reductions in their benefits if they just work the number of hours required by the Variable Entrance Requirement to qualify for benefits. In order to qualify for full EI benefits, it is necessary to work at least two weeks more than the Variable Entrance Requirement expressed in weeks. Thus, the amount of benefits will be calculated by dividing a claimant’s total earnings within the last 26-week period by the number of weeks worked or the Divisor, whichever is higher.⁸

If the Divisor rule is effective, then there should be fewer individuals starting claims with just the required number of weeks/hours of insurable earnings as set by the Variable Entrance Requirement of their region. Therefore, to examine whether the Divisor rule is encouraging individuals to work longer than the Variable Entrance Requirement, this monitoring report:

- compares the Variable Entrance Requirement number of weeks/hours required to the number of weeks/hours worked by a job leaver; and
- examines changes in this relationship over time.

3.3 Data and Methodology

This monitoring report used the Canadian Out-of-Employment Panel (COEP) survey data, which collected a range of personal and employment-related information from individuals who experienced a job separation on HRDC’s Record of Employment (ROE) administrative file. Each survey participant was interviewed twice following the job separation that placed them on the survey. Since July 1996, COEP has collected information for a total of 20 cohorts:⁹

- cohorts 1 to 4 had a job separation in one of the four quarters prior to EI implementation (95Q3 to 96Q2);
- cohorts 5 and 6 had a job separation during the phase-in of EI (96Q3 and 96Q4);
- cohorts 7 to 10 had a job separation in one of the four quarters following EI reform (97Q1 to 97Q4);
- cohort 13 had a job separation in the third quarter of 1998, (two years after the initial implementation phase of the *EI Act*);

⁷ See *Qualifying for Unemployment Insurance: An Empirical Analysis of Canada*, David Green and Craig Riddell, Program Evaluation 1995, pg. 25.

⁸ See Appendix for specifics of the “divisor rule”.

⁹ For more information on the 1996 COEP, see the report entitled *COEP as a Tool for Legislative Oversight, Monitoring, and Evaluation*.

- cohort 17 had a job separation in the third quarter of 1999, (three years after the initial implementation phase of the *EI Act*); and
- cohorts 21 to 24 had a job separation in one of the four quarters (00Q3 to 01Q2), four years after the initial implementation phase of the EI reform.
- cohorts 25 to 28 had a job separation in one of the four quarters (01Q3 to 02Q2), five years after the initial implementation phase of the EI reform.

These data are used to estimate the Variable Entrance Requirement number of weeks/hours that a person would need to qualify for UI/EI – and to compare this estimate to the actual number of weeks/hours the person used to claim UI/EI.

The first part of the analysis uses graphs to help provide a picture of the entire distribution of the difference between the Variable Entrance Requirement and the actual number of weeks/hours of work. The second part uses regression analysis to test the statistical significance of the observed changes.

3.4 Evidence of a Response to the Divisor: Graphical Results

The basic results are presented in Figure 1. Since the Divisor rule was implemented during the first phase of EI, July 1996, Figure 1 compares cohorts 1 and 2 of COEP with cohorts 5 and 6. Cohorts 1 and 2 refer to individuals with a job separation in the last half of 1995, and cohorts 5 and 6 refer to individuals with a job separation in the last half of 1996. Therefore, Figure 1 compares six months of the UI period with the first six months of the EI reform period. During the first phase of EI, the hours legislation had not yet been implemented; therefore all calculations were done in weeks.

The horizontal axis shows the difference between the number of insured weeks used to establish a claim and the estimated minimum required to establish a claim based upon the Variable Entrance Requirement applicable in that region. A value of zero would indicate that the individual established the claim with the required Variable Entrance Requirement.¹⁰ A positive number would indicate that the claimant worked longer than the Variable Entrance Requirement before claiming UI/EI. These estimated values do not take into account the many other reasons for not qualifying to EI, such as the New-Entrants/Re-entrants, (NERE), rules.

Figure 1 shows two lines. The difference between the required insured weeks, as given by the variable entrance requirements and the insured weeks patterns are shown for the periods before and after EI reform by the solid and dotted lines respectively. A number of things are striking about the graph.

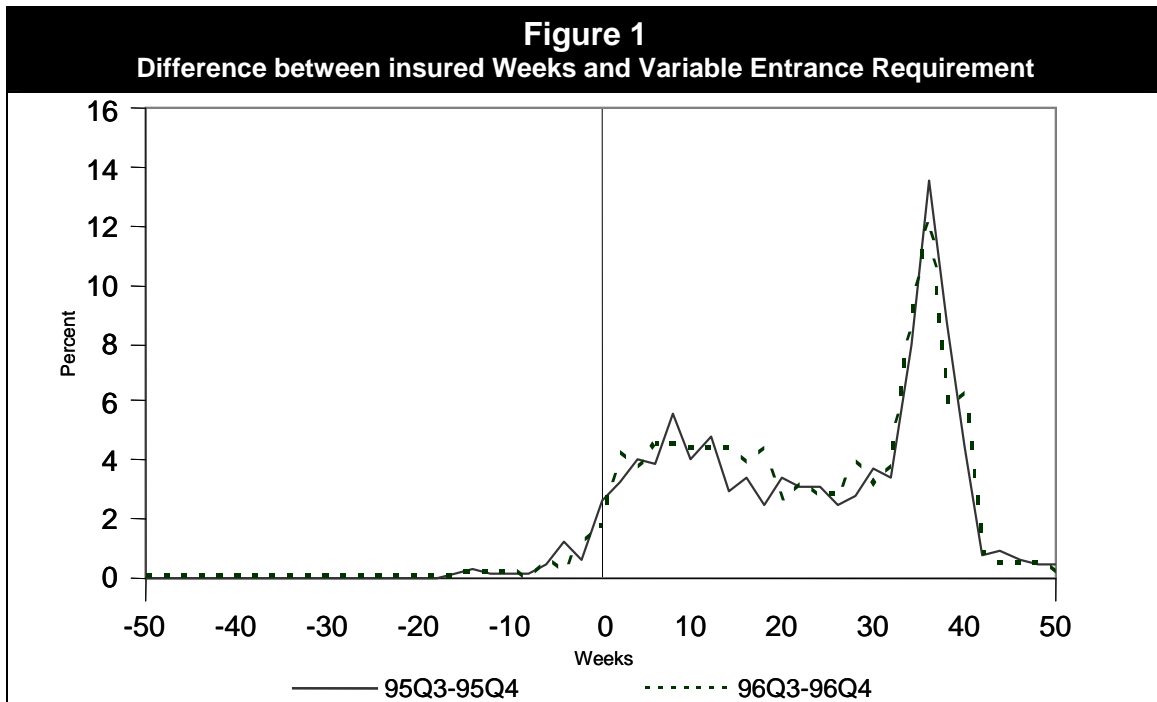
- At the minimum qualification point where Variable Entrance Requirement is met, i.e. at zero, there is about half the take-up after EI reform when compared to before EI reform.

¹⁰ A minuscule number of claimants are seen to be able to establish a claim with less than the minimum number of weeks. This is due to either data errors or the claimants qualifying for a special training program, etc.

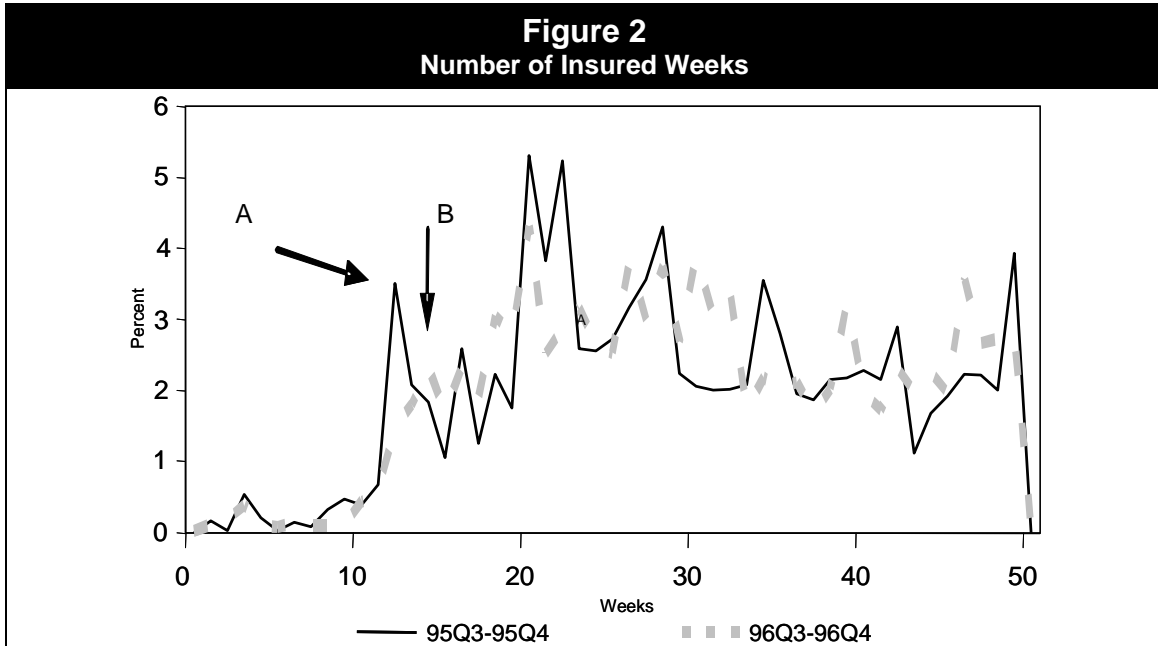
This indicates a fairly major decline in the number of people working exactly the Variable Entrance Requirement number of weeks before claiming UI/EI, in response to the implementation of the Divisor rule. Also, just after zero weeks, the number forming claims is higher under EI, indicating an increase in the number of weeks worked subsequent to EI reform.

- The large spike towards the end of the chart covers all those who had worked more than 52 weeks. This large spike occurs at the end because individuals with a long employment duration will only be recorded as having 52 weeks of insurable earnings, which produces a spike at the point of 52 minus the number of required weeks (as determined by the Variable Entrance Requirement). For example, an individual may have worked 70 weeks during the last employment spell. Of these 70 weeks, 52 weeks of insurable earnings alone can be used in the calculation of entitlement. Suppose that the Variable Entrance Requirement number of weeks is 16, then the difference between insured weeks and Variable Entrance Requirement will be 36, exactly where the spike is located.
- The spike in the data at around 10 weeks is likely due to the NEREs.

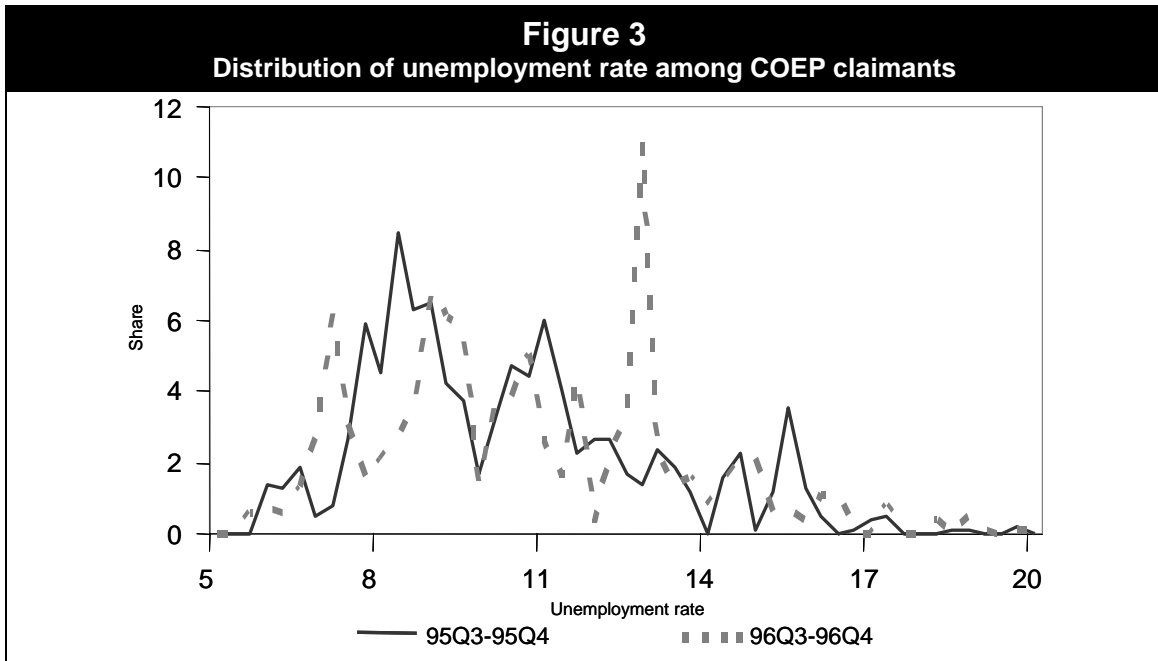
The factors underlying the changes described in Figure 1 are examined in Figures 2 through 4.



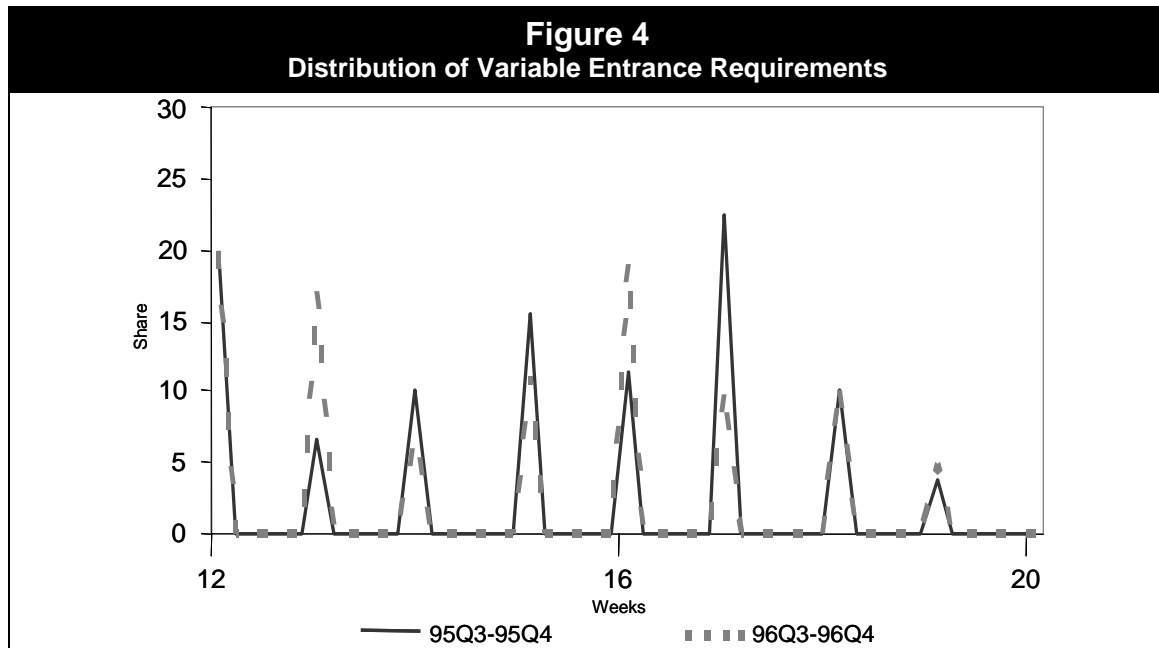
In Figure 2, the distribution in insured weeks is given. Note that all ROEs at claim start are considered. Throughout the graph, there is a distinct rightward shift as the number of insured weeks increased after EI reform. For example, there is marked shift in the number of insured weeks from point A to B as individuals work the two extra weeks.



Another possible explanation is examined in Figure 3. Here the unemployment rates in the economic regions where the claimants establish their claims are given. If the unemployment rates had gone down, it would be an alternate explanation for individuals working the extra two weeks. However there appears to be little change except for an unexplained spike in the 96Q3-96Q4 series at the 12.5 percent unemployment rate.



The lack of variation in the unemployment rates shows as a lack of variation in the entrance requirements. This is shown in Figure 4.



3.5 Evidence of a Response to the Divisor: Econometric Results

Three sets of regressions were run to test changes associated with EI reform on the difference between the Variable Entrance Requirement and insured weeks.

These regressions examined pairs of cohorts constructed from the 10 cohorts of the COEP survey¹¹ as shown schematically in Table 1 below. These pairs were constructed to correspond to five periods:

- cohorts 1&2 correspond to the last half of 1995 (i.e., a UI period);
- cohorts 3&4 correspond to the first half of 1996 (i.e., a UI period);
- cohorts 5&6 correspond to the last half of 1996 (i.e., the first six months after the EI changes of July 1996);
- cohorts 7&8 correspond to the first half of 1997 (i.e., the first six months after the EI changes of January 1997); and
- cohorts 9&10 correspond to the last half of 1997.

In Tables 2 to 4, the rows referred to as “Total” give the results for all UI/EI claimants. The “T-stat” refers to the statistical test of significance of the change of the share with respect to that one year ahead. As each column represents two cohorts, or a six-month

¹¹ The sum of the shares given in Tables 2,3 and 4 will not add up to 100, because those who work one week over the minimum are not included in any of the tables.

period, the "T-stat" for cohorts 1&2 compares cohorts 1&2 with cohorts 5&6. The "T-stat" for 3&4 refers to a comparison with 7&8. Likewise cohorts 5&6 are being compared to cohorts 9&10. This way, seasonality is taken into account.

Table 1				
Cohort Comparison Chart				
	Q1	Q2	Q3	Q4
1995			1	2
1996	3	4	5	6
1997	7	8	9	10

In Table 2, the share of claimants who had just the Variable Entrance Requirement number of weeks is given. For example, this was 2.57 percent of all claimants in cohorts 1&2 (i.e., the last half of 1995). This share dropped to 1.68 percent with the advent of EI reform (i.e., the last half of 1996). The decline continued with cohorts 7&8 (i.e., the first 6 months of 1997), and cohorts 9&10.

Table 2						
Share of Claimants with Insured Weeks Equal to the Variable Entrance Requirements						
	Cohort	1&2	3&4	5&6	7&8	9&10
Statistics	(job loss date)	(95Q3-95Q4)	(96Q1-96Q2)	(96Q3-96Q4)	(97Q1-97Q2)	(97Q3-97Q4)
Total	Share	2.57	1.35	1.68	0.75	0.97
	T-stat	2.34	1.66	2.13	0.00	0.00
	Number	3,188	4,453	4,051	3,607	3,891
Men	Share	2.77	0.85	1.27	0.97	1.06
	T-stat	2.95	-0.28	0.51	0.00	0.00
	Number	1,914	2,259	2,269	1,631	2,265
Women	Share	2.35	1.79	2.16	0.59	0.86
	T-stat	0.32	2.06	2.46	0.00	0.00
	Number	1,273	2,194	1,782	1,976	1,625
Atlantic	Share	12.41	5.31	5.79	2.19	3.46
	T-stat	5.19	4.14	1.99	0.00	0.00
	Number	1,269	1,591	1,463	1,250	1,500
Quebec	Share	1.13	1.82	1.46	0.49	0.66
	T-stat	-0.43	1.36	1.22	0.00	0.00
	Number	389	565	567	493	555
Ontario	Share	0.80	0.37	0.38	0.26	0.00
	T-stat	0.69	0.32	1.00	0.00	0.00
	Number	312	516	472	467	360
Prairies	Share	0.70	0.38	0.93	0.14	0.13
	T-stat	-0.35	1.08	1.70	0.00	0.00
	Number	878	1,192	1,063	858	1,039
British Columbia	Share	0.50	0.82	1.20	1.88	1.59
	T-stat	-1.11	-0.90	-0.40	0.00	0.00
	Number	340	589	486	539	437
Notes:						
1 A t value of 1.96 (1.64) indicates statistical significance with 95% (90%) level of confidence.						
Data Source: COEP Survey.						

The second and third sets of rows give the results for men and women separately. These results show that the decline is more pronounced for men than women. This is reflected in the “T-stat” value given.

Table 2 also shows that the effects are far stronger in Atlantic Canada than in the rest of the country. In Atlantic Canada, the share of claimants with just the number of weeks required by the Variable Entrance Requirement was 12.41 percent in the last half of 1995. This fell to 5.79 percent in the last half of 1996, and fell further to 3.46 percent in the second half of 1997.

Given the result that fewer individuals are working the exact Variable Entrance Requirement number of weeks to qualify, a question arises as to what they are doing. One possibility is that, under the Divisor rule, claimants are working exactly the Variable Entrance Requirement weeks required plus two to establish a claim in order to meet the minimum Divisor. This is examined in Table 3. Comparing cohorts 1&2 (i.e., the last half of 1995) with cohorts 5&6 (i.e., the last half of 1996), the results show an increase in the share of claimants with just two more insured weeks. However, it should be pointed out that this rise did not continue into 1997. Table 3 also shows that this same pattern occurred for men and women, and across most regions of Canada.

Table 3						
Share of Claimants with Two more Insured Weeks Than the Variable Entrance Requirement						
	Cohort	1&2	3&4	5&6	7&8	9&10
Statistics	(job loss date)	(95Q3-95Q4)	(96Q1-96Q2)	(96Q3-96Q4)	(97Q1-97Q2)	(97Q3-97Q4)
Total	Share	1.55	1.04	2.45	0.80	1.60
	T-Stat	-1.85	0.58	1.64	0.00	0.00
	Number	3,188	4,453	4,051	3,607	3,891
Men	Share	1.28	0.71	2.45	0.78	0.92
	T-Stat	-2.07	-0.18	2.95	0.00	0.00
	Number	1,914	2,259	2,269	1,631	2,265
Women	Share	1.88	1.32	2.46	0.81	2.46
	T-Stat	-0.69	0.73	0.00	0.00	0.00
	Number	1,273	2,194	1,782	1,976	1,625
Atlantic	Share	3.53	1.68	5.58	2.06	2.48
	T-Stat	-2.36	-0.62	3.96	0.00	0.00
	Number	1,269	1,591	1,463	1,250	1,500
Quebec	Share	2.09	0.69	2.68	0.30	1.58
	T-Stat	-0.47	0.85	0.96	0.00	0.00
	Number	389	565	567	493	555
Ontario	Share	0.68	1.11	0.92	0.34	1.61
	T-Stat	-0.38	0.68	-0.63	0.00	0.00
	Number	312	516	472	467	360
Prairies	Share	1.34	1.25	1.34	0.97	1.32
	T-Stat	0.00	0.41	0.03	0.00	0.00
	Number	878	1,192	1,063	858	1,039
British Columbia	Share	0.07	0.91	2.80	1.63	1.00
	T-Stat	-2.62	-0.82	1.51	0.00	0.00
	Number	340	589	486	539	437
Notes:						
1. A <i>t</i> value of 1.96 (1.64) indicates statistical significance with 95%(90%) level of confidence.						
Data Source: COEP Survey.						

Table 4 gives the share of individuals who worked more than just two weeks above the number of weeks necessary to meet the Variable Entrance Requirement. This table comprises, by far, the majority of claimants. The movements in the total are noteworthy. Between the last half of 1995 (i.e., cohorts 1&2) and the last half of 1996 (i.e., cohorts 5&6), the share was virtually unchanged at 94 percent. In the last half of 1997, however, the share went up by 2 percentage points to about 96 percent.

Table 4						
Share of Claimants with Insured Weeks Greater Than Two Above the Variable Entrance Requirements						
	Cohort	1&2	3&4	5&6	7&8	9&10
Statistics	(job loss date)	(95Q3-95Q4)	(96Q1-96Q2)	(96Q3-96Q4)	(97Q1-97Q2)	(97Q3-97Q4)
Total	Share	94.28	96.73	94.23	97.50	96.40
	T-Stat	0.06	-1.14	-3.04	0.00	0.00
	Number	3,188	4,453	4,051	3,607	3,891
Men	Share	94.73	97.50	94.68	96.77	97.32
	T-Stat	0.05	0.75	-3.26	0.00	0.00
	Number	1,914	2,259	2,269	1,631	2,265
Women	Share	93.74	96.05	93.69	98.01	95.24
	T-Stat	0.03	-2.01	-1.26	0.00	0.00
	Number	1,273	2,194	1,782	1,976	1,625
Atlantic	Share	78.80	90.74	86.15	94.39	92.06
	T-Stat	-4.34	-3.30	-3.99	0.00	0.00
	Number	1,269	1,591	1,463	1,250	1,500
Quebec	Share	95.49	96.53	95.03	98.71	96.53
	T-Stat	0.26	-1.75	-1.03	0.00	0.00
	Number	389	565	567	493	555
Ontario	Share	97.96	98.25	96.77	97.65	98.37
	T-Stat	0.94	0.38	-1.12	0.00	0.00
	Number	312	516	472	467	360
Prairies	Share	96.66	96.90	95.94	98.48	97.28
	T-Stat	0.63	-1.62	-1.19	0.00	0.00
	Number	878	1,192	1,063	858	1,039
British Columbia	Share	98.80	97.82	94.02	96.00	96.35
	T-Stat	3.05	1.20	-1.24	0.00	0.00
	Number	340	589	486	539	437
Notes:						
1. A <i>t</i> value of 1.96 (1.64) indicates statistical significance with 95% (90%) level of confidence.						
Data Source: COEP Survey.						

A similar pattern occurred in the share of men and women claimants working more than two weeks above the Variable Entrance Requirement number of weeks and across most regions of Canada. The one notable exception was Atlantic Canada, where the share of claimants working more than two weeks above the Variable Entrance Requirement increased by 13 percentage points from the last half of 1995, rising from 78.80, to 86.15 percent in the last half of 1996, and to about 92 percent in the last half of 1997.

Taken together, the results from Tables 2 to 4 are consistent with the view that individuals who only worked the Variable Entrance Requirement number of weeks, had an initial reaction to the EI reform of July 1996 – and increased their weeks of work by two.

However, with the full implementation of EI reform in January 1997, individuals increased their weeks by even more than two.

The results from previous tables show that the reform did have some effect on the work pattern of individuals. The effects are noticed to be far stronger in Atlantic Canada than in the rest of the country. Two additional tables 5A and 5B provide a complete decomposition of claimants who lost their jobs during the third and fourth quarters of 1995 and 1997 respectively. This is useful in assessing to what extent claimants are affected by the Divisor rule. The columns in the Table 5A and 5B give the various differences in the insured weeks of work and the Variable Entrance Requirements to be eligible for claims.

Although the bulk of the paper looks at the changes in claimant behaviour as a result of the Divisor, it is still useful to look at the overall impact. Table 5A shows the distribution of claimants before the Divisor was implemented. It shows that 2.57 percent of claimants were liable to receive the full reduction in benefits possible from the Divisor whereas 1.62 percent would experience a drop of one half of that.

Table 5B provides estimates of claimants who were unable to avoid the effects of the Divisor. The sum of the first two columns show that roughly two percent of claimants experienced a drop in benefits as a result of the Divisor. Thus, of the slightly more than about four percent of the claimants who were shown to be affected by the Divisor rule in Table 5A, two percent were able to avoid having their benefits drop, whereas the remainder experienced a decline.

Table 5A					
Share and Number of Claimants with Difference					
Between Insured weeks and Variable Entrance Requirements					
Statistics		Job loss date (95Q3-95Q4)			
		Difference in weeks			
		0	1	2	2+
Total	share	2.57	1.62	1.55	94.28
	number	3,188	3,188	3,188	3,188
Men	share	2.77	1.23	1.28	94.73
	number	1,914	1,914	1,914	1,914
Women	share	2.35	2.04	1.88	93.74
	number	1,273	1,273	1,273	1,273
Atlantic	share	12.41	5.26	3.53	78.80
	number	1,269	1,269	1,269	1,269
Youth (15-24)	share	1.73	2.14	1.19	94.92
	number	409	409	409	409
Prime (25-54)	share	2.43	1.62	1.54	94.42
	number	2,490	2,490	2,490	2,490
Old (55+)	share	3.95	0.71	2.28	93.06
	number	275	275	275	275

Source: COEP Survey (Cohorts 1 & 2).

Table 5B
Share and Number of Claimants with Difference
Between Insured weeks and Variable Entrance Requirements

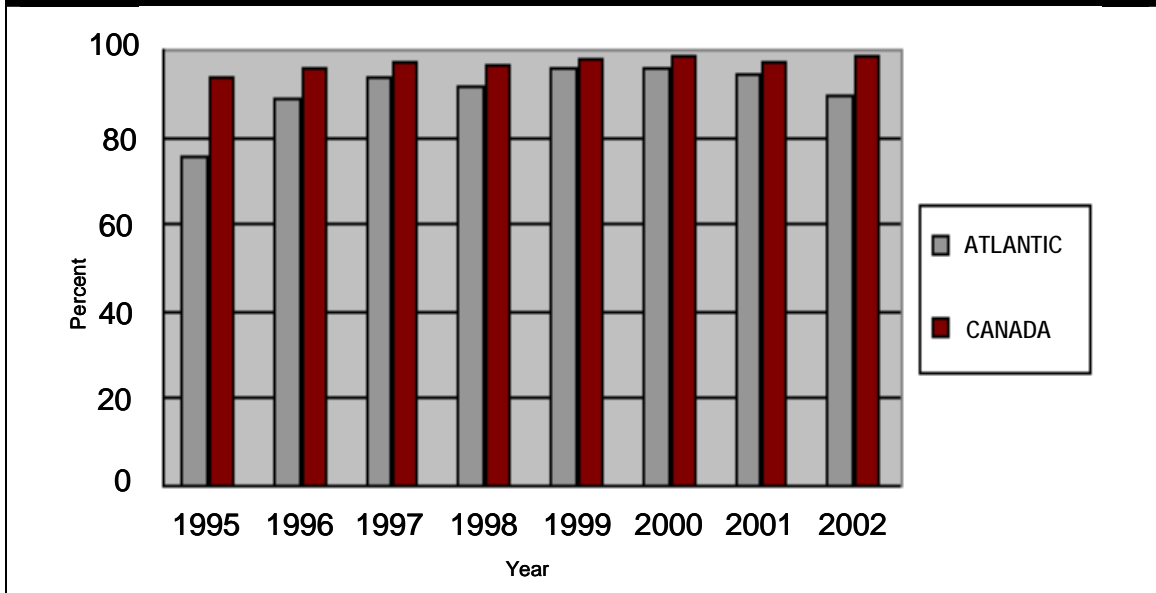
Statistics		Job loss date (97Q3-97Q4)			
		Difference in weeks			
		0	1	2	2+
Total	share	0.97	1.03	1.60	96.40
	number	3,891	3,891	3,891	3,891
Men	share	1.06	0.70	0.92	97.32
	number	2,265	2,265	2,265	2,265
Women	share	0.86	1.43	2.46	95.24
	number	1,625	1,625	1,625	1,625
Atlantic	share	3.46	2.00	2.48	92.06
	number	1,500	1,500	1,500	1,500
Youth (15-24)	share	1.76	1.37	0.80	96.07
	number	450	450	450	450
Prime (25-54)	share	0.77	0.99	1.77	96.47
	number	3,045	3,045	3,045	3,045
Old (55+)	share	1.64	1.01	1.18	96.17
	number	385	385	385	385

Source: COEP Survey (Cohorts 9 & 10).

3.6 After EI Reform

Further analysis was done to study any further changes since EI reform. With the data available from COEP, Figure 5 plots the share of claimants with two or more weeks difference between insured weeks and Variable Entrance Requirements for Atlantic Canada and Canada for eight years of quarterly data. The figure outlines the dramatic changes that occurred from 1995 to 1996. This shows the dramatic changes that occurred in Atlantic Canada in just a two-year period. After that time period the adjustment process appears to be complete with the year to year fluctuations appearing random for the most part. In Canada as a whole, the share of claimants who had seventy or more hours than the variable entrance requirement had always been higher than Atlantic Canada. This share rose more slowly than Atlantic Canada to a peak in 2000.

Figure 5
Year to Year Change
Share of Claimants with two or more weeks difference between
insured weeks and Variable Entrance Requirements



3.7 Conclusions and Further Research

The Divisor rule, which reduces the benefit entitlement of those who file claims within two weeks of the Variable Entrance Requirement, appears to have been associated with a reduction in the number of people who file claims with only the minimum number of weeks/hours to qualify for benefits. This effect continues to grow in the second year after the initial job loss of respondents. Individuals continue to work more than the Variable Entrance Requirement number of weeks in their new jobs. Moreover, in 1997, there has been an increase in the number of individuals working two or more weeks above the Variable Entrance Requirement.

From a policy perspective, it is worth noting that the apparent effects of the Divisor rule are most pronounced in Atlantic Canada. This is consistent with other research that finds that the probability of leaving employment at the minimum number of weeks necessary to file a claim is more pronounced in regions of high unemployment.

Appendix – Divisor Rule

Starting June 30, 1996, in order to determine the average insured earnings, insured earnings from the last 12 to 20 weeks worked (depending on Variable Entrance Requirements of the economic region) are averaged over a number of weeks known as the Divisor.

The Divisor is the greater of:

- the number of weeks of insured earnings in the last 52 weeks (maximum of 20); or
- the number specified in the Divisor table (below).

Additional changes in January 1, 1997 include calculating the benefit rate on the basis of the average insured earnings in the last 26 weeks worked.

The Divisor is the greater of:

- the number of weeks of insured earnings in the 26 week period; or
- the number of weeks specified in the Divisor table (below).

Table A1 Divisor Table		
Unemployment in region	Minimum # of weeks of work needed to qualify	Divisor
6% and under	20 weeks	20 (1996) – 22 (1997)
Over 6% to 7%	19 weeks	20 (1996) – 21 (1997)
Over 7% to 8%	18 weeks	20
Over 8% to 9%	17 weeks	19
Over 9% to 10%	16 weeks	18
Over 10% to 11%	15 weeks	17
Over 11% to 12%	14 weeks	16
Over 12% to 13%	13 weeks	15
Over 13%	12 weeks	14
Source: The New Employment Insurance System, HRDC, 1996.		

Technical Notes

- Timing is key to understanding these results. It needs to be understood that the Divisor was implemented in the second half of 1996. It appears to have produced different results than it did in 1997 after the hours-based system and the rest of EI was implemented.
- The timing of the COEP survey is also important. COEP was conducted for a total of 20 quarters of ROEs over the period starting in the last half of 1995 and ending in the last half of 1997 plus each third quarter of 1998 and 1999. It continued further to collect data from third quarter of 2000 to the second quarter of 2002. For tabular analysis it is only reasonable to compare like quarters so as to avoid seasonal effects. Thus, the first two cohorts of COEP can be compared to cohorts 5 and 6 to get a sense of the first wave of EI reforms that were implemented in the second half of 1996. The second two cohorts of COEP, which includes job-losers in the first half of 1996, can be compared to the fourth two cohorts, which are based on the first half of 1997, to determine the impact of the second wave of EI reforms.
- A simple summation of the insured weeks on the ROEs will be sufficient to determine eligibility for reasons other than NERE. For example, if the person quit one of the ROEs without just cause, then the hours on the ROE would not count. However, if the person quit the job to go to another job, then they would count. As well, in some cases abusers of the system will have to work more hours to qualify.
- The data used has been weighted with weights derived by Statistics Canada to ensure that the COEP sample is made comparable to the overall population of job leavers.

4. Monitoring Report on EI Qualification and Weeks of Benefits

4.1 Executive Summary

A key parameter in an overall assessment of the Employment Insurance (EI) system is the extent to which individuals are able to access and obtain benefits during periods of unemployment. Another key parameter in the assessment of the EI system is the number of weeks of benefits that the individual is entitled to once they have qualified for benefits. Of those who are out of work for at least two weeks only about 49 percent collect EI shortly after losing a job. However, only 20 percent of those do not collect EI because they have not worked enough hours or weeks to satisfy the entrance requirements. To examine reasons for the non-receipt of EI, this monitoring report:

- Provides and applies a step-by-step methodology to examine the impact of certain EI rules that are a part of the process for qualifying for EI benefits (i.e. the rules for hours of work, new entrants/re-entrants, quits and dismissals, disqualifications due to past violations, self-employment, receipt of separation payments, not needing or wanting EI, lack of job search, and late applicants); and
- Looks at the length and distribution of weeks of entitlement before and after EI reform.

Data and Methodology

This report uses data from the Canadian Out-of-Employment Panel (COEP) survey along with data from the EI administrative data files for the pre-EI reform period (from 95Q3 to 96Q2) and the post-EI reform period (from 97Q1 to 97Q4). Most of the analysis focuses on individuals who lost a job during one of these periods due to reasons other than retirement, returning to school, maternity or parental leave. Also excluded are fishers or those in receipt of fishing benefits. In addition, the sub-sample also consists only of those with more than two consecutive weeks of unemployment.

The analysis uses a step-by-step methodology to examine who is able to qualify for EI. The first step determines what percentage of the job leavers taken from the COEP database had enough insurable hours to qualify for EI in the economic region where they lost their job. The next stage determines what percentage still had enough hours to qualify after the rule for new entrants/re-entrants is applied. For those who pass the first two stages, the step-by-step process continues for each of the other reasons for the non-receipt of EI examined in this report.

The analysis of the weeks of entitlement is done in one step because only two factors go into the determination of entitlements: the number of insured hours of work, and the unemployment rate of the economic region where the EI claim is filed.

Main Findings

For the COEP sub-sample examined in this report, the overall results indicate that about 49 percent established an EI claim within first five weeks of unemployment. Insufficient insured hours are only one of the many reasons that out-of-work individuals do not collect benefits. Involuntary dismissal or quitting a job, lack of job search, and lateness in establishing a claim are also major reasons for not receiving UI/EI benefits.

EI reform has not had a major impact on the overall levels of eligibility. However, it did favour those individuals who worked more than 35 hours per week. Consequently, men are more able to collect EI benefits and were entitled to more weeks in benefits. Women, on the other hand, experienced a drop in eligibility, as they tend to work fewer hours on average.

In terms of weeks of entitlement, no significant change was noticed in the overall average number of entitlement weeks after EI reform, despite the fact that EI reform reduced maximum benefits from 50 to 45 weeks.

4.2 Introduction

A key parameter in an overall assessment of the EI system is the extent to which individuals are able to access and obtain benefits during periods of unemployment. Of those who are out of work for at least two weeks, only about 49 percent collect EI. About 20 percent do not collect EI because they have not worked enough hours to satisfy the entrance requirements. The remaining 30 percent do not collect EI for other reasons. The reasons for the non-receipt of EI due to both voluntary and involuntary reasons are detailed in the report.

Access to EI benefits has been the subject of several full-scale evaluation studies over the last ten years. Also, considerable work has been done on the ratio of EI beneficiaries to the Labour Force unemployed or B/U ratio.¹² The issue of access has also been examined every year since EI monitoring began in 1997. A body of academic research has provided a basis for much of this work.

In the early monitoring reports on this subject, the focus had purely been on those who did not collect EI because of an insufficient number of insurable hours. All those who had enough insurable hours to qualify for EI benefits but did not collect EI were considered to have not “taken up” EI. This approach reflected the fact that EI reform had involved moving to an hours-based system. Earlier reports also focused more on the reasons for the non-receipt of EI and divided the non-receipt of EI into some of its component parts. Although the decomposition approach was not perfect, it did allow for a reasonable assessment of the relative importance of the reasons for not collecting EI.

Like last year’s report, the current monitoring report also examines the non-receipt of EI by examining certain rules that are part of the process for qualifying for EI. The reasons for the non-receipt of EI are grouped according to two major concepts: first, a distinction

¹² See An Analysis of Employment Insurance Benefit Coverage, Applied Research Branch, HRDC W-98-35E.

is made between reasons for non-receipt that are voluntary and involuntary, and then a distinction is also made between reasons that lead to the non-receipt of EI over the entire spell of unemployment and those that only delay the receipt of EI.

The paper also looks at the number of weeks of EI benefits that claimants are allowed to collect, because short entitlements can also lead to non-receipt of EI while unemployed. There is a potential connection to EI reform, as the maximum number of weeks was reduced from 50 to 45 and the switch from the weeks-based system to an hours-based system could change the entitlements awarded to any given individual. The relationship between weeks of entitlement and the exhaustion of EI benefits is explored.

The bulk of the analysis will focus on the changes related to EI reform. However, there will be some analysis looking at the changes that have occurred since the reform.

This report should not be seen as the final word on the non-receipt of EI.

There will be further editions of this paper in subsequent years. It will be seen in the text that several issues have not yet been worked out on a technical level. When these issues are resolved it may be useful to have outside academics re-examined this area of EI from a broader perspective.

4.3 Data and Methodology

This report takes a step-by-step approach to examining the eligibility for qualification for EI. For example, the first step is to determine the percentage of job leavers who had enough insurable hours to qualify for EI in the economic region in which they lost their job.¹³ For those with enough insurable hours to satisfy the hours requirement in their region, the next stage is to determine whether their hours are enough to fulfill the requirements for New entrants/Re-entrants (NERE). In the case of those who also pass the second stage, the next stage is to examine the rules for a voluntary quit or dismissal. This sequential process is continued to consider six more possible reasons for the non-receipt of EI.

The results of this type of sequential approach depend, to some extent, on the order in which the rules are considered. For example, it would have been possible to give first consideration to the percentage of job leavers who do not lose their eligibility as a result of the NERE rule, and second consideration to the hours rule for the economic region where the job loss occurred. It should be noted, however, that the order does not have a substantial effect on the magnitude of the estimates. The order chosen here seems most natural for addressing some of the questions that have been raised about the reasons why people who are out of work do not collect EI benefits.

The analysis of the weeks of entitlement is done in one step because only two factors go into the determination of weeks of entitlement: the number of insured hours of work, and the unemployment rate of the economic region where the EI claim is filed.

¹³ Technically, it is the economic region where a claim is filed. However, for the purpose of this analysis, it is assumed that individuals do not move to file claims.

The analysis presented in this report uses data from the Canadian-Out-of-Employment Panel (COEP) survey that is linked to the EI administrative data: the Record of Employment (ROE) database and the Status Vector (SV) file. The COEP survey, administered on behalf of HRDC by Statistics Canada, collects information on the sampled individuals and their households who experienced a job separation as recorded on HRDC's ROE administrative file. The survey collects information on an individual's personal and household characteristics, reasons for job separation, detailed employment history, job search activities, training, receipt of EI/UI benefits, social assistance, as well as information on household finances, including assets and liabilities.

Each COEP survey participant was interviewed twice, approximately one and two years following the job separation that placed him or her on the survey. The first interview (wave 1) occurs within a year of the job separation and the second interview (wave 2) is conducted about nine months after the first interview.

Since July 1996, COEP has collected information for a total of 20 quarters that can be grouped as follows:

- Pre-EI reform: individuals with a job separation in the four quarters prior to EI implementation (i.e. 95Q3 to 96Q2);
- Phase-in of EI reform: individuals with a job separation during the phase-in of EI reform (i.e. 96Q3 and 96Q4);
- Post-EI reform period: individuals with a job separation in the four quarters immediately following EI reform (i.e. 97Q1 to 97Q4);
- Two years after the first phase (June 1996) of EI implementation: individuals with a job separation in the third quarter of 1998;
- Three years after the first phase (June 1996) of EI implementation: individuals with a job separation in the third quarter of 1999;
- Four years after the first phase (June 1996) of EI implementation: individuals with a job separation in the four quarters between July 2000 and June 2001; and
- Five years after the first phase (June 1996) of EI implementation: individuals with a job separation in the four quarters between July 2001 and June 2002. This allows for analysis in the year under consideration for the next Monitoring and Assessment report.

For the purposes of this study, the pre-EI reform period is compared to the post-EI reform period to focus on the changes associated with EI reform. Specifically, the analysis examines eight quarters: four prior to EI reform (from 95Q3 to 96Q2) and four after EI reform (from 97Q1 to 97Q4). It should be noted that the six months in the last half of 1996 were excluded from the analysis because they correspond to the phase-in period of EI reform. Some additional analysis is done at the end of the report to examine whether or not any further changes have occurred since the EI reform period.

The analysis presented in this report uses a sub-sample of the COEP survey data. The sub-sample consists of respondents for whom qualifying for EI would be relevant. Therefore, the sub-sample does not include individuals who left their jobs to retire, to go back to school, or to go on maternity or parental leave. Also excluded are fishers or those in receipt of fishing benefits, because this group corresponds to a different segment of the labour market. In addition, the sub-sample also consists only of those with more than two weeks of unemployment, because benefits cannot be collected during the first two weeks of unemployment.

The COEP records were first linked to the ROE to obtain an estimate of the number of eligible hours of employment that each individual had. The updated records were then linked with the Status Vector to determine whether the individual received EI benefits and to provide another estimate of the number of hours of eligible employment that the individual had accumulated.

When doing the calculations to determine the number of insurable hours, the analysis used the highest number of hours obtained from either the ROE or the SV file. This was because the ROE file is not updated as a result of any recalculations performed by field officers. Therefore, an individual can appear to be ineligible if just the ROE file is considered, but he or she can have enough hours when the revised estimates on the SV file are used. Conversely, the ROE file could have more hours than the SV file. This can occur if the field officer is satisfied that the individual has enough hours to receive maximum benefits. This situation is most frequent with multiple job holders who have more than enough hours to qualify for maximum benefits without using hours from all jobs.

4.4 Qualification for EI

This section examines the impact of each of the rules on eligibility in stages. The first stage starts with the impact of the hours rule. Therefore, the first calculations are done to determine what percentage of individuals have sufficient hours to satisfy the hours requirement for their economic region. The next stage determines what percentage of those who have enough hours still qualify after the rule for new entrants/re-entrants is applied. For those who pass the first two stages, the next step considers the impact of the rules for those who either quit their job voluntarily or are dismissed. This step-by-step process is continued for other reasons that prevent individuals from getting benefits. The order in which the stages are examined are:

- the impact of the hours rule;
- new entrants/re-entrants;
- voluntary quit or dismissed;
- disqualification due to past violation;
- self-employment;
- separation pay;

- did not want or need EI;
- did not search for job; and
- late filing for claims.

It is also important to note that there can be exceptions found in the data that go beyond the scope of this analysis. For example, the analysis assumes that all voluntary quits are not qualified to receive EI. In fact, however, many voluntary quits actually do receive EI.¹⁴ Attempting to separate those who quit for just cause from the total number of quits is beyond the scope of this report.

Reasons for the non-receipt of EI can be divided into two types of reasons: voluntary or involuntary. Although in the long-run one could argue that all the reasons are, to some extent, a function of choices made by the individual at a point in time one or two weeks after job separation, some factors will be beyond the person's control. In the above list of nine reasons, the first six are considered to be involuntary reasons and the last three (i.e. from "did not want or need EI") are considered to be voluntary reasons for the non-receipt of EI.

4.4.1 The Impact of the Hours Rule

The move from a weeks-based system to an hours-based system is one of the central features of EI reform. Under the new system, the number of hours required to collect EI is determined by taking the number of weeks that would have been required under the old system and multiplying it by 35. This means that individuals who work more than 35 hours a week are better off under the new system. Consequently, there is the possibility that individuals are on average better off after EI reform, because the average individual works slightly more than 35 hours per week. In addition, jobs of less than 15 hours are also counted under EI, where as only jobs offering at least 15 hours of work per week were covered prior to the EI reform. Therefore, individuals working under 15 hours per week would also be eligible for EI benefits. However, it will take them longer to accumulate the required number of hours to be eligible for benefits.

Table 1 gives a breakdown of the percentage of individuals with ROEs who have enough hours or weeks to qualify for EI. *t* statistics are provided to test the hypothesis that the means before and after EI reform are significantly different. When examining Table 1 and the corresponding tables for the other reasons for the non-receipt of EI, it is important to note that 'N' refers to the number of sampled observations in the first column. This information provides an informal measure of sample reliability. The value of N will drop from one table to the next as more people lose the ability to qualify for EI in the sequential consideration of EI rules. It should be noted, however, that it is not possible to derive the successive values of N from the percent that is eligible. In Table 1, for example, 81 percent of the 8,128 individuals had enough hours to qualify. This does

¹⁴ See "Monitoring Report on EI Receipt by Reason for Job Separation", HRDC, 2002 EI Monitoring and Assessment.

not match the total (N=6,662 individuals) shown in Table 2. The explanation is that the percentages given in the tables are based on weighted data.

Table 1 shows that about 81 percent of the job leavers in the sample taken from the COEP dataset have enough insured weeks to qualify for benefits. This number did not vary significantly with EI reform.¹⁵

Table 1 also looks at various combinations of weeks and hours on the job. Both weeks and hours are examined because the move to the hours-based system affected the number of weeks necessary to become eligible. For example, those who worked more than 35 hours could work fewer weeks and still qualify for EI. Table 1 shows that those who worked the least hours were most affected by the hours rule.

Although the total percentage of persons with enough weeks/hours to qualify for UI/EI in their economic region did not change significantly from the pre-EI reform to the post-EI reform period, some groups were more affected than others:

- Women are a category with a high rate of part-time work, and there was a significant drop in the percentage of women with enough hours to qualify for EI in the post-EI reform period (dropping from 83.2 percent to 77.4 percent).
- The region most affected by the hours rule was the Prairies (dropping from 81 percent to 75.4 percent).
- Those who had worked more than 26 weeks at less than 35 hours per week also experienced a significant drop in the percentage with enough hours to qualify for EI in the post-EI reform period (dropping from 90.2 percent to 75.5 percent). Given that women generally work fewer hours, they would be more affected by this change.

¹⁵ Technically, the *t* statistic of 1.72 could be considered significant. However, this number was below the level of significance for some versions of the report and some versions of the database. It was therefore decided not to conclude that eligibility went down as a result of EI reform.

Table 1				
Percentage of Unemployed with Enough Weeks/Hours to Qualify for Benefits, Given Their Economic Region				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	81.2	79.1	-1.72	8,128
Personal Characteristics				
Gender				
Men	79.6	80.6	0.62	4,690
Women	83.2	77.4	-3.12	3,437
Age				
Youth (15-24)	72.7	68.3	-1.19	1,214
Prime (25-54)	82.6	80.8	-1.34	6,145
Older (55+)	85.3	84.3	-0.28	749
Region				
Atlantic	82.8	80.3	-1.69	2,579
Quebec	80.7	80.4	-0.14	1,053
Ontario	80.7	77.4	-1.18	925
Prairies	81.0	75.4	-3.21	2,537
British Columbia	82.7	83.5	0.40	1,034
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	45.5	37.9	-1.12	348
35+ Hours	61.9	62.2	0.10	1,666
More Than 26 Weeks				
<35 Hours	90.2	75.5	-5.38	1,226
35+ Hours	88.8	90.8	1.74	4,749
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

4.4.2 New Entrants / Re-Entrants

Having enough hours of work to meet the entrance requirement for the economic region where a job was lost is not enough to guarantee that an individual will qualify for EI. Currently, new entrants/re-entrants (NEREs)¹⁶ must work 910 hours to qualify for EI regardless of the unemployment rate in the region where they are located. This is higher than the 700 hours (or equivalent of 20 weeks at 35 hours per week under UI). This report does not examine the issue of NEREs in detail because the issue has been examined by other monitoring and evaluation studies. The focus here is on including the impact of the NERE rule in this sequential analysis of reasons for the non-receipt of EI.

¹⁶ An individual is considered a new entrant or re-entrant if they have worked for less than 14 weeks in the year prior to the year in which the ROE was filed. An estimated 20 percent of potential claimants are NEREs (See EI Reform and New Entrants/Re-Entrants to the Labour Market in this series). This differs from the 16 percent cited in this paper, as a disproportionate number of new entrants do not satisfy the hours criteria.

Table 2A shows that about 96 to 98 percent of the individuals who had enough hours in Table 1 to qualify for EI, still qualified for EI after the NERE rule was applied. This implies that about two to four percent of those individuals who had enough hours in Table 1 lost their ability to collect EI as a result of the NERE rule.

Table 2A				
Percentage of Unemployed with Enough Weeks/Hours to Qualify for Benefits, who are Eligible Under the NERE rule				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	97.5	95.8	-2.72	6,662
Personal Characteristics				
Gender				
Men	97.6	95.8	-2.00	3,781
Women	97.4	95.8	-1.84	2,880
Age				
Youth (15-24)	92.6	88.0	-1.65	907
Prime (25-54)	98.2	96.9	-2.05	5,104
Older (55+)	99.6	97.5	-1.53	634
Region				
Atlantic	97.6	94.6	-3.58	2,124
Quebec	96.0	94.6	-0.89	864
Ontario	98.2	96.9	-1.07	768
Prairies	98.2	96.2	-2.67	2,065
British Columbia	98.2	96.2	-2.05	841
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	92.8	80.1	-1.57	177
35+ Hours	93.5	89.0	-1.67	1,085
More Than 26 Weeks				
<35 Hours	97.2	95.0	-1.52	1,100
35+ Hours	98.8	98.3	-0.98	4,190
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

Comparing the pre- and post-EI reform results indicates a small but significant decline in the percentage of those who qualified after taking account of the NERE rule after EI reform. Looking at the differences by gender and region indicates that both men and women experienced a slight drop after EI reform. Individuals from the Prairies, British Columbia and Atlantic Canada also experienced a significant decline after EI reform. An explanation as to why the NERE rule has a greater effect in these regions is available in another periodic evaluation in this series.¹⁷

¹⁷ See "EI Reform and New Entrants/Re-entrants to the Labour Market", HRDC EI Monitoring and Assessment.

Table 2B				
Percentage of Unemployed with Enough Weeks/Hours to Qualify for Benefits, Who are New-Entrants/Re-Entrants				
	New Entrants/ Re-entrants		New Entrants/Re-entrants with Enough Hours	
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹
Total	16.6	16.2	84.8	73.9
Personal Characteristics				
Gender				
Men	15.9	15.4	84.7	72.8
Women	17.4	17.1	84.9	75.1
Age				
Youth (15-24)	32.8	38.0	77.5	68.4
Prime (25-54)	14.0	12.9	86.9	76.3
Older (55+)	11.5	11.5	96.3	78.3
Region				
Atlantic	12.0	14.7	80.2	63.3
Quebec	14.5	16.9	72.6	68.2
Ontario	21.3	14.8	91.7	79.4
Prairies	15.5	17.7	88.5	78.6
British Columbia	15.1	17.0	88.3	77.6
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	25.7	33.1	72.1	39.8
35+ Hours	22.7	28.1	71.1	60.9
More Than 26 Weeks				
<35 Hours	19.8	15.7	86.0	68.1
35+ Hours	13.7	12.8	90.9	86.6
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

Table 2B provides an explanation as to why the NERE rule only affects about 2 to 4 percent of individuals. For a start, only about 16 percent of the sample fell into the NERE category. The last two columns of Table 2B indicate that about 15 to 26 percent of those who were in the NERE category did not have enough hours to qualify for EI benefits. This would suggest that around 2 to 4 percent of the potential claimants would be disqualified as a result of the NERE rule.

4.4.3 Quits or Dismissals

If an individual quits his or her job or is dismissed for misconduct, the individual is denied EI benefits unless there are mitigating circumstances.¹⁸ This regulation was implemented during the UI reforms of 1993 in its current form and no substantial changes occurred under EI reform.

Table 3				
Percentage of Unemployed Qualified Under the Conditions Shown in Table 2A and Who Did Not Quit or Were Not Dismissed				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	84.3	83.9	-0.33	6,527
Personal Characteristics				
Gender				
Men	85.7	84.7	-0.48	3,702
Women	82.9	82.8	-0.04	2,824
Age				
Youth (15-24)	73.5	70.4	-0.64	852
Prime (25-54)	85.8	85.4	-0.27	5,032
Older (55+)	88.8	88.8	0.00	626
Region				
Atlantic	92.6	91.2	-1.02	2,079
Quebec	88.7	86.8	-0.70	834
Ontario	80.3	83.0	0.77	760
Prairies	80.1	75.5	-2.07	2,032
British Columbia	82.3	82.7	0.13	822
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	52.1	72.2	1.87	168
35+ Hours	87.8	84.3	-1.05	1,026
More Than 26 Weeks				
<35 Hours	84.1	79.4	-1.28	1,079
35+ Hours	84.8	85.1	0.21	4,147
Notes:				
1. Refers to initial job loss date				
Source: COEP Survey.				

Table 3 presents the results when the general rules for quitting and dismissal are applied to those who still qualified for EI benefits after allowing for the conditions shown in Table 2A. These results should be treated with caution, however, because the analysis assumes that those who did not receive benefits and had quit or were dismissed from their jobs must have been denied benefits. Attempting to do more to incorporate the consideration of mitigating circumstances is beyond the scope of this analysis.

¹⁸ This assumption was found in the “Monitoring Report on EI Receipt by Reason for Job Separation”, HRDC, 2002 EI Monitoring and Assessment, to be not true in a substantial portion of the cases for dismissals.

For the post-EI reform period, the results shown in Table 3 indicate that about 16 percent of those who had enough hours to qualify after taking account of the hours rule and the NERE rule were not able to qualify for EI benefits as a result of the general rules for quits and dismissals.

The results are similar for the pre- and post-EI reform periods. The one exception is the Prairie region where there was a significant increase in the number of disqualified individuals (increasing from 19.9 to 24.5 percent) in the post-EI reform period.

Looking at weeks and hours on the job indicates that the group most affected by the rules for quitting and dismissal are those working less than 27 weeks at less than 35 hours per week. No other substantial differences are noticed as a result of EI reform.

4.4.4 Disqualification Due to Past Violation

Individuals caught misusing the EI system are faced with penalties both for current and for future claims. Legal prosecution can also occur. A violation remains on the violation history for five years or for the next two claims, whichever occurs first. As of January 1997, violators had to face a higher entrance requirement based on the violation history since June 1996 and on the seriousness of the past violations. Depending on the value of the fraud, the length of entrance requirement can increase by a maximum of 75 percent. For repeat violators, entrance requirements double to a maximum of 40 weeks.

Table 4 shows that, although there have been individuals who have had their entrance requirements lengthened as a result of the changes to EI reform. At this point in time, no means have been developed for identifying the individuals who have lost EI benefits as a result of past violations. However, their impact can be inferred to be negligible in terms of the whole population, as the share of claimants that were affected by this provision is small. Due to the small size of the group, only the total impacts are shown in Table 4.

4.4.5 Self-Employed

Generally, self-employed people are not entitled to EI benefits. In some circumstances, however, such as contract workers, self-employed persons may apply for EI benefits based on the hours of insurable employment from work other than self-employment. Table 4 shows the percentage of individuals still qualified for EI after allowing for self-employment. The results in Table 4 indicate that few individuals were affected by this aspect of EI.

It should be noted, however, that the result indicated in Table 4 is considerably lower than what is found in a study by HRDC's Research Branch on the B/U ratio.¹⁹ The explanation is that the COEP data result in Table 4 does not include unpaid family work. Also, the COEP result is lower because, in many cases, an unemployed self-employed person does not complete a ROE form and therefore would not be included in the COEP survey.

Table 4				
Percentage of Unemployed Qualified Under Conditions Shown in Table 3				
Total	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
No Previous Fraud	100.0	99.8	-1.66	6,054
Not Self-Employed	99.1	99.2	0.19	6,054
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

4.4.6 Separation Payments

If an individual had received payments as a result of severance, vacation or separation pay when he or she was laid-off from a job, these payments must be used up first before the individual can start an EI claim. This has not changed under EI reform.

The extent to which this rule affects the ability to qualify for EI is somewhat ambiguous. If a person finds a job before the separation benefits are exhausted, the person will have had an unemployed spell without receiving any EI benefits. For example, if an individual receives a separation package that is equivalent in value to 10 weeks of EI benefits, he or she would not qualify for EI in the case of a period of unemployment that lasted for eight weeks. If the same person had been unemployed for 20 weeks, however, he or she would receive benefits, but only for 10 weeks. In the latter case, it may be argued that the individual was truly not eligible because he or she was able to collect EI for only half of their 20 weeks of unemployment.

For the purposes of this report and to allow for the construction of Table 5, it was necessary to be able to establish a threshold for the number of weeks of separation pay at which an individual could be considered ineligible for EI. Therefore, any individual who received more than five weeks of separation pay was assumed to be ineligible for EI. This definition was chosen as a result of informal analysis that indicated most standard claims are established by this time.

¹⁹ In "An Analysis of Employment Insurance Benefit Coverage", Applied Research Branch, HRDC, W-98-35E, it was shown on Figure 4.2 that roughly 8 percent of the unemployed are not covered because they are self-employed or are unpaid family help.

Table 5 gives the number of people who still qualified for EI after allowing for the conditions considered in Table 4 and the consideration of separation payments.

Table 5				
Percentage of Unemployed Qualified Under Conditions Shown in Table 4 and Recipients of Five Weeks or Less in Separation Pay				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	90.3	88.1	-1.89	6,004
Personal Characteristics				
Gender				
Men	91.7	88.4	-2.15	3,434
Women	88.8	87.7	-0.55	2,570
Age				
Youth (15-24)	88.1	81.9	-1.52	724
Prime (25-54)	91.1	89.8	-0.98	4,681
Older (55+)	87.0	81.7	-1.23	584
Region				
Atlantic	93.8	95.7	1.70	1,984
Quebec	94.0	92.1	-0.97	774
Ontario	88.4	81.1	-2.38	689
Prairies	86.8	86.1	-0.42	1,819
British Columbia	86.7	89.9	1.37	738
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	95.8	76.7	-2.25	124
35+ Hours	89.7	88.8	-0.26	945
More Than 26 Weeks				
<35 Hours	92.6	86.5	-2.36	979
35+ Hours	89.6	88.6	-0.68	3,853
Notes:				
1. Refers to initial job loss date				
Source: COEP Survey.				

Table 5 shows that 12 percent of those who would have qualified under the Table 4 conditions do not receive EI as a result of the rule for separation payments. This overall result was not significantly affected by EI reform. Looking at gender and regional differences, however, there is a significant increase in the percentage of men not qualified for EI in the post-EI reform period after applying the rules for severance payments (increasing from 8.3 percent to 11.6 percent). There was also a significant increase in the case of Ontario (increasing from 11.6 percent to 18.9 percent). Table 5 also shows that the individuals working less than 35 hours per week experienced a significant increase in the percent not qualified for EI in the post-EI reform period due to the rules for severance payments (increasing from 4.2 percent to 23.3 for those working under 27 weeks and from 7.4 percent to 13.5 percent for those working more than 26 weeks).

4.4.7 *Did Not Want / Need EI*

A few individuals who would be qualified for entitlements might have reasons that would lead them to not form a claim. Examples of these reasons include: they do not need the money, they consider collecting EI to be too much trouble for them, or they simply do not want to make a claim. The take-up rate for these individuals is expected to be small.

Table 6 shows that this group is very small and that EI reform did not have a significant effect in this area. After EI reform, the percent of individuals who would have qualified for benefits, but did not form a claim, remained under 2 percent. Given the small size of this group, Table 6 provides only the aggregate level information.

Table 6				
Percentage of Unemployed Qualified Under Conditions of Table 5 and Who Did Not Want or Need EI				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	98.9	98.4	-1.33	5,470
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

It should be noted that this is the first of the reasons for not receiving EI that can be classified as voluntary. This reason, and the next two reasons discussed in this report, differ from the first six in that they can be considered within the control of the potential claimant.

4.4.8 *Search for Job*

By law, each recipient of EI benefits is required to be willing, able and looking for work while on claim. EI benefits do not begin until a job search has begun. If the job leaver has not started a job search by week five, then the lack of job search is assigned as the reason for non-benefits.

Table 7 gives the results for the individuals who still qualified for EI after allowing for the conditions shown in Table 6 and who had an eligible job search period. A question asked by the COEP survey was used to identify the lack of job search.²⁰

Comparing the pre- and post-EI reform results indicates a significant increase (from 24.2 percent to 28.1 percent) in those not receiving EI due to a lack of job search. This is likely due to fluctuations of the macroeconomic labour force participation rate.

Looking at the detailed results by gender and age and comparing the pre- and post-EI reform periods, Table 7 shows a significant increase in the percentage of the older age group (age 55 or over) and women not receiving EI due to the lack of job search after EI

²⁰ COEP data was used in this case because, although administrative data on job search does exist for claimants, administrative data on job search do not exist for non-claimants.

reform. The percentage increases from 25.6 percent to 37.8 percent for older persons and from 26.7 percent to 32.4 percent for women. Table 7 also indicates a significant increase in the percentage not receiving EI due to a lack of job search in the case of individuals who had been working more than 26 weeks at more than 35 hours per week (increasing from 23.1 percent to 29.1 percent).

Table 7				
Percentage of Unemployed Qualified Under the Conditions Shown in Table 6 and Had Eligible Job Search Period				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	75.8	71.9	-2.30	5,404
Personal Characteristics				
Gender				
Men	77.7	75.4	-1.12	3,128
Women	73.3	67.6	-2.11	2,276
Age				
Youth (15-24)	75.5	72.7	-0.55	634
Prime (25-54)	75.9	73.1	-1.52	4,254
Older (55+)	74.4	62.2	-2.11	501
Region				
Atlantic	73.1	75.8	1.37	1,887
Quebec	73.3	67.9	-1.57	722
Ontario	78.4	72.2	-1.60	586
Prairies	78.3	74.7	-1.51	1,564
British Columbia	76.1	74.4	-0.51	645
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	83.0	82.4	-0.07	111
35+ Hours	82.8	84.7	0.58	868
More Than 26 Weeks				
<35 Hours	68.3	64.2	-0.88	862
35+ Hours	76.9	70.9	-2.92	3,471
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

4.4.9 Late Applicants

In many cases, individuals are not considered to be in receipt of EI because they are simply late in starting their claims. To examine this effect, the COEP data was used to calculate the length of the unemployment spell. The result of this calculation was compared with EI administrative data to determine if EI had been collected at a point later in the spell. At this stage in the analysis, it is safe to assume that individuals who are shown to start their claim late had no reason preventing them from starting their claim immediately after job loss because those who had separation packages or violation codes have already been excluded by the sequential approach used in this report.

Table 8 gives the results for those workers who would still qualify for EI after allowing for the conditions used to construct Table 7 and who were not late applicants. The results for the post-reform period show that about 12 percent were not receiving EI because they were late applicants. Although this is slightly higher than during the pre-EI reform period, the difference is not significant.

Table 8				
Percentage of Unemployed Qualified Under the Conditions Shown in Table 7 and Who Were Not Late Applicants				
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	86.0	87.8	1.34	4,212
Personal Characteristics				
Gender				
Men	83.7	85.1	0.74	2,502
Women	89.0	91.6	1.33	1,710
Age				
Youth (15-24)	86.3	85.8	-0.11	507
Prime (25-54)	86.2	88.0	1.16	3,330
Older (55+)	83.0	89.1	1.21	363
Region				
Atlantic	84.6	85.2	0.33	1,407
Quebec	85.9	87.8	0.65	547
Ontario	87.7	89.0	0.41	472
Prairies	83.9	85.1	0.51	1,266
British Columbia	85.7	90.5	1.81	520
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	80.3	80.5	0.02	87
35+ Hours	80.1	85.2	1.30	698
More Than 26 Weeks				
<35 Hours	89.7	95.1	2.15	626
35+ Hours	87.1	87.2	0.10	2,737
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey.				

Looking at the results according to weeks and hours on the job, however, Table 8 shows a significant drop after EI reform in the percentage of late applicants in the case of those working more than 26 weeks at less than 35 hours per week (dropping from 10.3 percent to 4.9 percent).

4.4.10 Overall Distribution

The results discussed so far in this report detail a wide variety of reasons why individuals may not receive EI. Table 9 attempts to provide an overall picture of these reasons. Specifically, Table 9 examines all individuals who lost a job due to reasons other than retirement, returning to school or maternity or parental leave. Also excluded are

“Fishers”, or those in receipt of “Fishing Benefits”. In addition, the sub-sample also consists only of those with more than two consecutive weeks of unemployment.

Table 9 shows that, in the post-EI reform period, about 49 percent of these individuals did establish a claim within the first 5 weeks of unemployment and thus would be considered fully covered by EI, at least for the first part²¹ of the unemployment spell. The remaining 51 percent are assumed to be not covered by EI. About 4 percent of the job leavers are in the ‘unknown’ category and the reason why they are not covered by EI is not accounted for in this report.

Table 9		
Distribution of Unemployed by Formation of EI Claim Formation Status (percent)		
	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹
Claim Formation Status		
<i>On claim</i>	48.9	48.5
<i>Involuntary</i>		
Not enough hours	18.6	20.6
New-entrant/Re-entrant	2.0	3.1
Dismissed or quit	7.6	7.4
Self Employed	0.3	0.2
Collecting separation pay	4.4	5.6
<i>Voluntary</i>		
Did not want or need EI, or too much trouble	0.6	0.8
No Job search	5.9	4.8
Late Claims	6.3	4.8
<i>Unknown</i>	5.4	4.2
Total	100.0	100.0
Notes:		
1. Refers to initial job loss date.		
Source: COEP Survey.		

Table 9 also shows that not enough hours is one of the major reasons why individuals do not establish claims. Involuntary dismissal or quitting a job, lack of job search, and lateness in establishing a claim are also major reasons for not receiving EI. The results indicate considerable stability in the shares of these reasons with respect to EI reform. The results also indicate that over 10 percent of the individuals who do not collect EI in the first month after job loss, but who are unemployed and otherwise qualified, do not collect EI because of reasons that are essentially voluntary in nature.

²¹ It needs to be stressed, that if these numbers are compared to the Applied Research Branch results cited above, that they do not include the long-term unemployed who have exhausted their benefits or the new entrants, who are crucial in the ARB analysis.

4.5 Entitlement

This part of the report looks at the length of the entitlement period of EI claimants. Difficulties in qualifying for EI benefits are only one possible reason for the unemployed to be without income protection. It is also possible that EI benefits are exhausted before the spell of unemployment is over. Specifically, this section examines the following:

- Changes in the total weeks of entitlement to EI;
- The relationship between the unemployment rate and the number of weeks of entitlement;
- The length of time on claim relative to weeks of entitlement; and
- The exhaustion of EI claims.

The analysis presented in this part of the report uses the same sample as in the previous section, although in the case of this analysis only those who have collected EI are included.

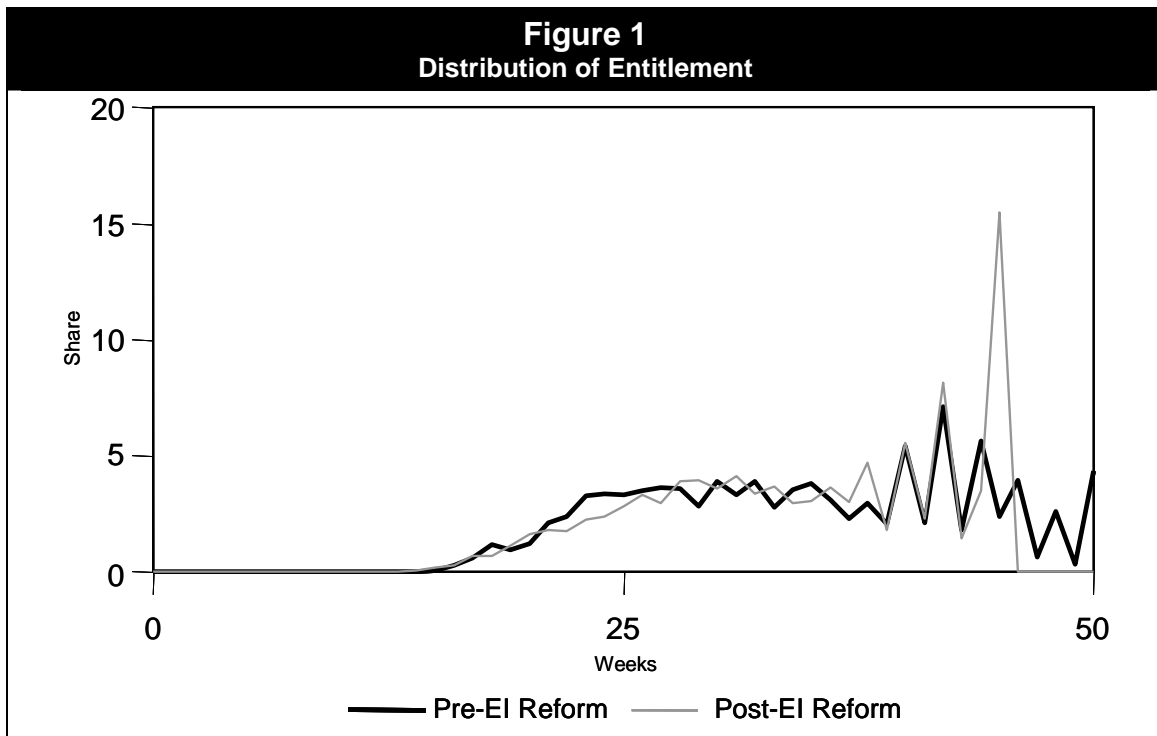
4.5.1 *Changes in Total Weeks of Entitlement to EI*

Table 10 shows that there has been very little overall change in the average number of entitlement weeks before and after EI reform. Looking at age and region, Table 10 indicates that older workers and those in Atlantic Canada tend to have more weeks of entitlement after EI reform, compared with the pre-EI reform period. Perhaps they tended to work for longer durations or more than 35 hours of work per week. This is a possible explanation because, with the move to the hours system, EI provides more weeks of entitlements for the same number of weeks worked when more than 35 hours are worked per week.

Table 10
Average Number of Entitlement Weeks

	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
Total	34.6	34.6	0.09	5,097
Personal Characteristics				
Gender				
Men	33.8	34.5	1.70	2,946
Women	35.6	34.8	-1.75	2,150
Age				
Youth (15-24)	32.2	32.9	0.85	620
Prime (25-54)	35.2	34.7	-1.48	3,957
Older (55+)	33.1	36.1	3.01	504
Region				
Atlantic	35.5	36.9	4.14	1,791
Quebec	36.1	36.5	0.64	666
Ontario	33.8	33.7	-0.21	569
Prairies	31.9	30.8	-2.46	1,440
British Columbia	34.7	33.8	-1.55	631
Weeks and Hours on Job				
Less Than 27 Weeks				
<35 Hours	28.3	31.3	1.55	94
35+ Hours	30.2	29.8	-0.44	800
More Than 26 Weeks				
<35 Hours	35.3	33.4	-2.40	757
35+ Hours	35.7	36.1	1.24	3,366
Note:				
1. Refers to initial job loss date.				
Source: COEP survey.				

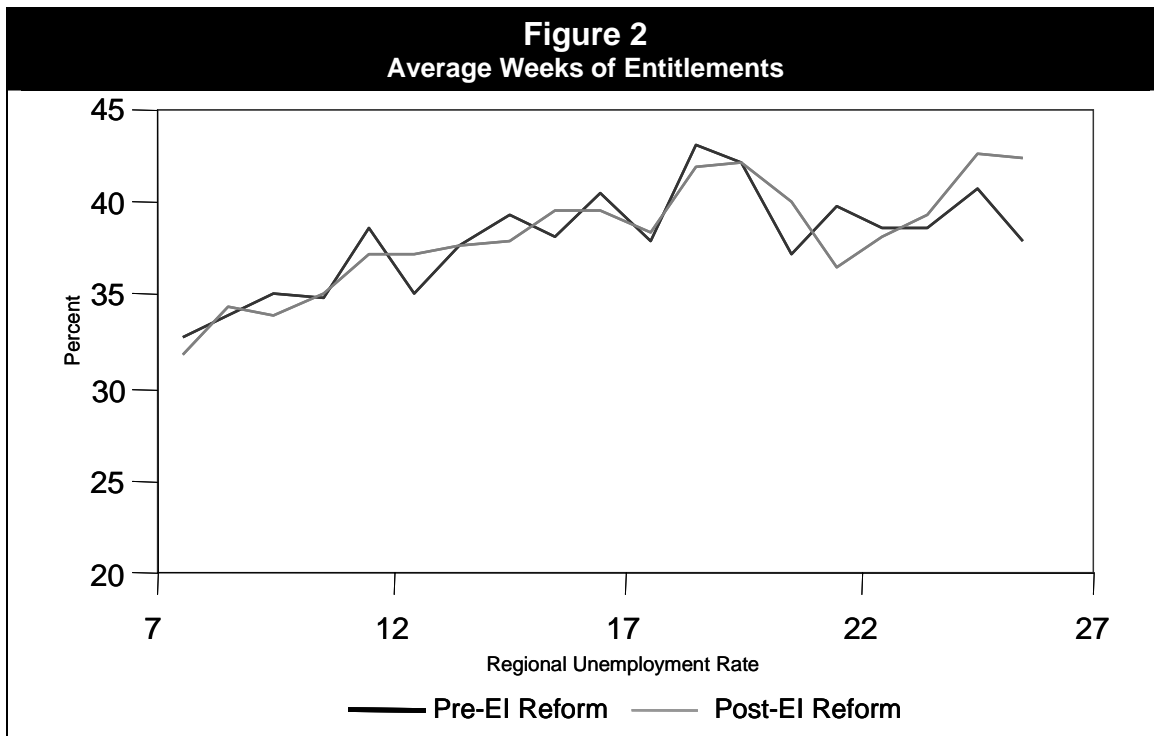
Although specific demographic groups were affected differently, the distribution of entitlement for the pre- and post-EI reform periods shown in Figure 1 indicates no change over most of the distribution. The main difference is a bunching at week 45, as the maximum EI entitlement was reduced from 50 to 45 weeks.



4.5.2 The Relationship Between the Unemployment Rate and the Number of Weeks of EI Entitlement

A key feature of the EI system, for many years, has been the increase in the number of weeks that an individual is entitled to collect EI. This is to compensate for the greater difficulties in obtaining employment in the higher unemployment rate regions. Given the dramatic movement in the spike in Figure 1 at week 45, there is the possibility that the reduction in the maximum may have hurt the economic regions that had high unemployment rates disproportionately. Under UI, any claimants in an economic region with an unemployment rate higher than 10 percent had the possibility of obtaining more than 45 weeks of entitlement. The number of weeks of entitlement also increased as unemployment rate went up. With an unemployment rate of 10.1 percent, for example, a claimant with 52 weeks of insured earnings could receive 46 weeks of entitlements. With an unemployment rate of 11.1 percent, a similar claimant would receive 48 weeks and someone with 50 weeks of insured earnings would receive 46 weeks. This increase in entitlement continues up to an unemployment rate of 16 percent.

Figure 2 shows a plot of the average weeks of entitlements for claimants compared to the unemployment rate in their area. The positive impact of the unemployment rate on the weeks of entitlement is apparent in Figure 2 because there is a slow gradual rise with the unemployment rate that peaks after the ceiling of about 16 percent is obtained. Figure 2 also shows that this relationship was not significantly changed by EI reform.



This result presents somewhat of a puzzle because it would be reasonable to expect there to be at least some effect apparent at the higher levels of unemployment as a result of the reduction with EI reform. Table 11 sheds some further light on the question. Rather than using graphical analysis, as in Figure 2, statistical estimation techniques²² which enable the detection of smaller changes were used. These methods did detect some mild effects that were missed with the graphical analysis.

Table 11 shows the percent of claimants before and after EI reform who received the maximum entitlement for their economic region by unemployment rate. What is striking is that a significant number of claimants are not even at the maximum. This number was only at about 38 percent of claimants before EI reform, and it rose to 47 percent with EI reform. Still, the fact that less than half of the claimants received the maximum number of weeks of entitlements contributes significantly towards explaining why the reduction had no effect.

²² Ordinary Least Squares was used. The regression sample included all claimants in economic regions with more than 10 percent unemployment. EI reform was represented by a simple dummy variable. The reform and rural variable allowed for the interaction between EI reform and job loss in a rural community (See “EI Reform and Rural Communities” for details on the definition used). The reform and hours variable equals the number of hours worked in jobs during EI reform. The unemployment rates over 16 were set at 16 as no additional benefit would be expected.

Table 11
Percent of Claimants who Receive the Maximum Entitlements for
Their Economic Region by Unemployment Rate
(percent)

Regional Unemployment Rate	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	t Statistic	N
All Regions	37.7	47.2	4.8	4,271
6	24.8	51.8	4.7	214
7	45.0	53.0	1.2	446
8	45.9	58.8	2.9	836
9	44.4	41.2	-0.5	330
10	34.9	39.6	0.8	433
11	38.3	47.9	1.7	300
12	22.8	43.4	2.8	342
13	30.7	32.2	0.2	433
14	33.9	32.0	-0.2	286
15	20.9	28.9	0.7	136
16	N/A	N/A	N/A	N/A
17	N/A	N/A	N/A	N/A
18	N/A	N/A	N/A	N/A
19	42.1	57.6	1.0	50
20	14.6	36.8	2.3	51
21	30.6	11.3	-2.3	78
22	27.8	27.9	0.0	70
23	20.4	34.8	1.7	133
24	N/A	N/A	N/A	N/A
25	49.0	68.8	0.9	33

Notes:

1. Refers to Initial job loss date.

2. N/A sample size was under 30 observations - results are suppressed.

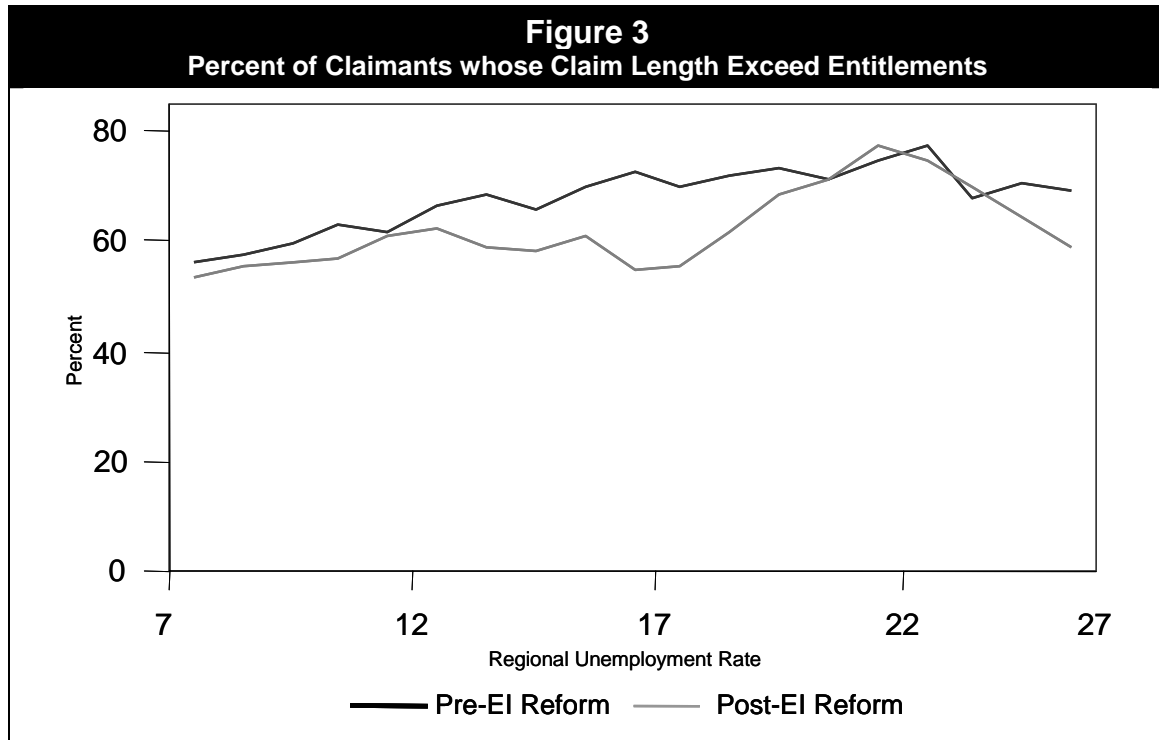
Source: COEP Survey.

4.5.3 Length of Time on Claim Relative to Weeks of Entitlements

It is useful to investigate the implications of these findings for the claimants. To assess the adequacy of the number of weeks that the claimant is allowed to collect EI, the length of time on claim must be compared with the number of weeks that the individual requires income support. The length of time that an individual can draw benefits depends on the unemployment rate in the region and the length of time that person has worked in the last 52 weeks or since the last claim, whichever is shorter.

In regular cases, the number of weeks of entitlement can vary from 14 to 45 weeks. It is important to realize, however, that a person who experiences a job loss may be covered for a period that is longer than the entitlement period. In fact, in Figure 3 it is shown that more than half of all claimants have claims that exceed the length of time indicated by the weeks of entitlement. The share rises with unemployment rate to a peak of almost 80 percent.

Figure 3 also indicates that a lower percentage of claimants exceeded their length of entitlements in the post-EI reform period than in pre-EI reform period. The pattern continued for regions with an unemployment rate of under 20 percent. For unemployment rates over 20 percent, the pattern tailed off.



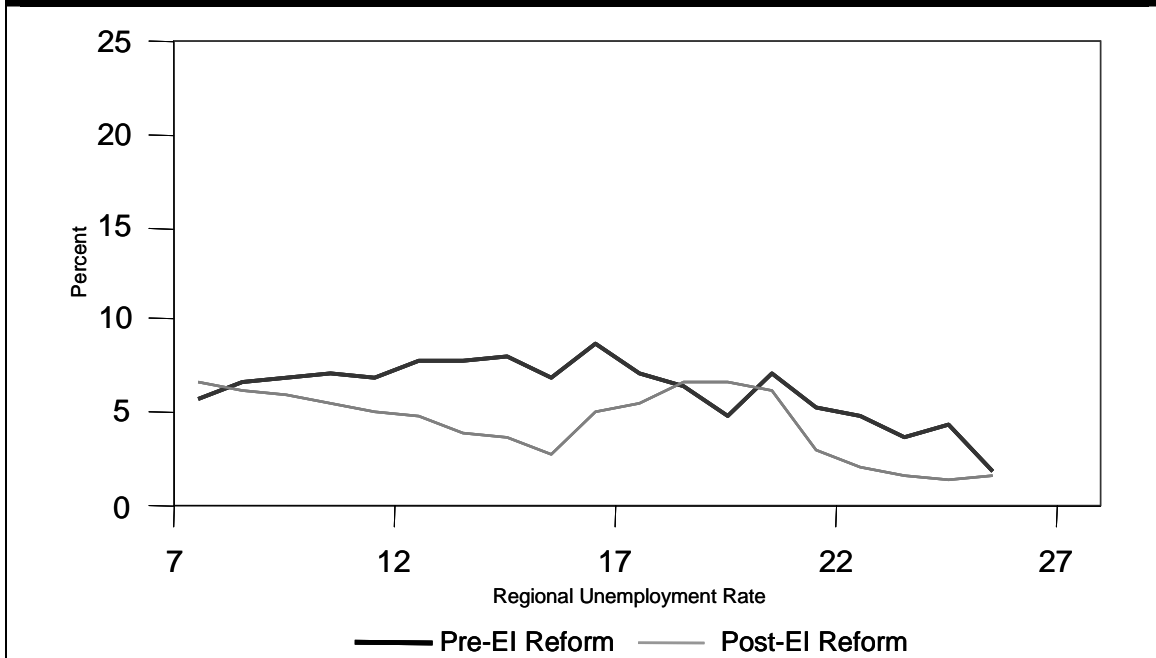
Although there are numerous reasons for this pattern to occur, the prime factor in this case is working while on claim. Working while on claim results in the length of the claim being extended from the originally determined entitlement period. This will be pervasive because, as a previous monitoring report found,²³ about 41.2 percent of claimants work at least one week where their claim was deferred. Other reasons for an extended claim period include participation in programs such as Work Sharing. A participant in the Work Sharing program may collect benefits for as many as 26 weeks before starting a regular claim. Many individuals may also discontinue receiving benefits for a short period of time while they go on vacation, which will have a direct impact on the extension of the benefit period. Some of these factors can even lead to claims extending beyond the 52-week claim period.²⁴

Figure 4 shows the percent of claimants whose claim period exceeds 52 weeks. It can be seen that fewer than 8 percent of individuals have claim periods longer than the 52 weeks after the end of the job. Also, the percent of claimants with a claim period greater than 52 weeks does not appear to be higher in the higher unemployment regions.

²³ "EI reform and Working While on Claim" HRDC EI Monitoring and Assessment 2002.

²⁴ This claim period starts after the application has been made or the job has ended, whichever is longer.

Figure 4
Percent of Claimants Who Exhaust Claim After 52 Weeks



4.5.4 The Exhaustion of EI Claims

If a claimant uses all of their available weeks of EI, they are said to have exhausted their claim. This is a key dimension in assessing the degree of income protection provided by the EI system.

Figure 5 looks at claimants with EI benefits that ended because the claimants received all the weeks of benefits they were entitled to within the 52-week period. Figure 5 shows that there is an upward movement in the exhaustion rate when the unemployment rate reaches 16 percent. This is to be expected because, up to an unemployment rate of 16 percent, weeks of entitlements are increased to compensate for the greater difficulty in getting a job as the unemployment rate increases. In regions with an unemployment rate of more than 16 percent, however, there is no further increase and the rate of exhaustion increases.

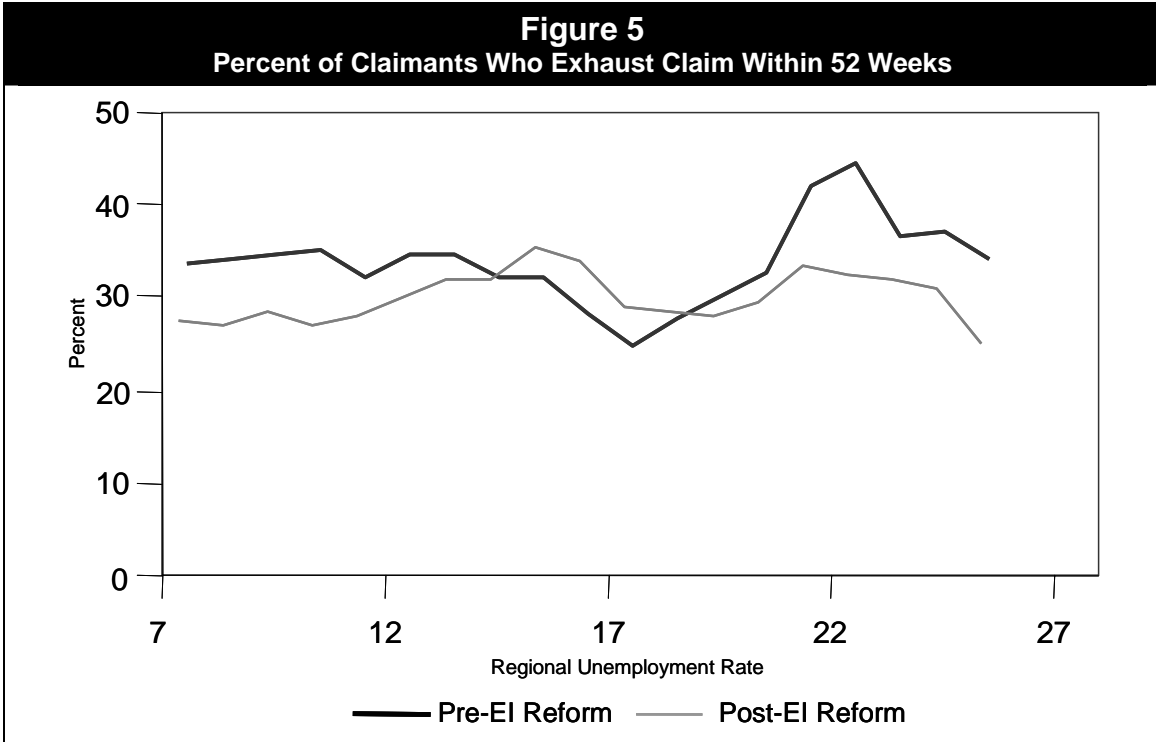
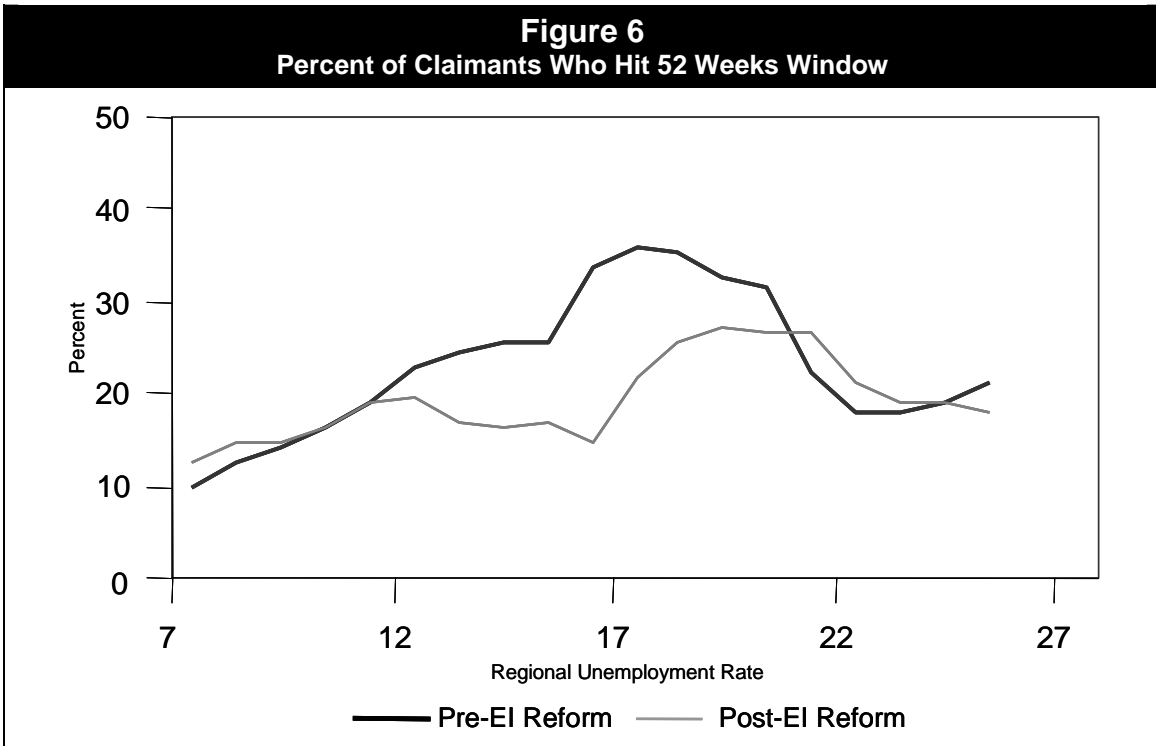
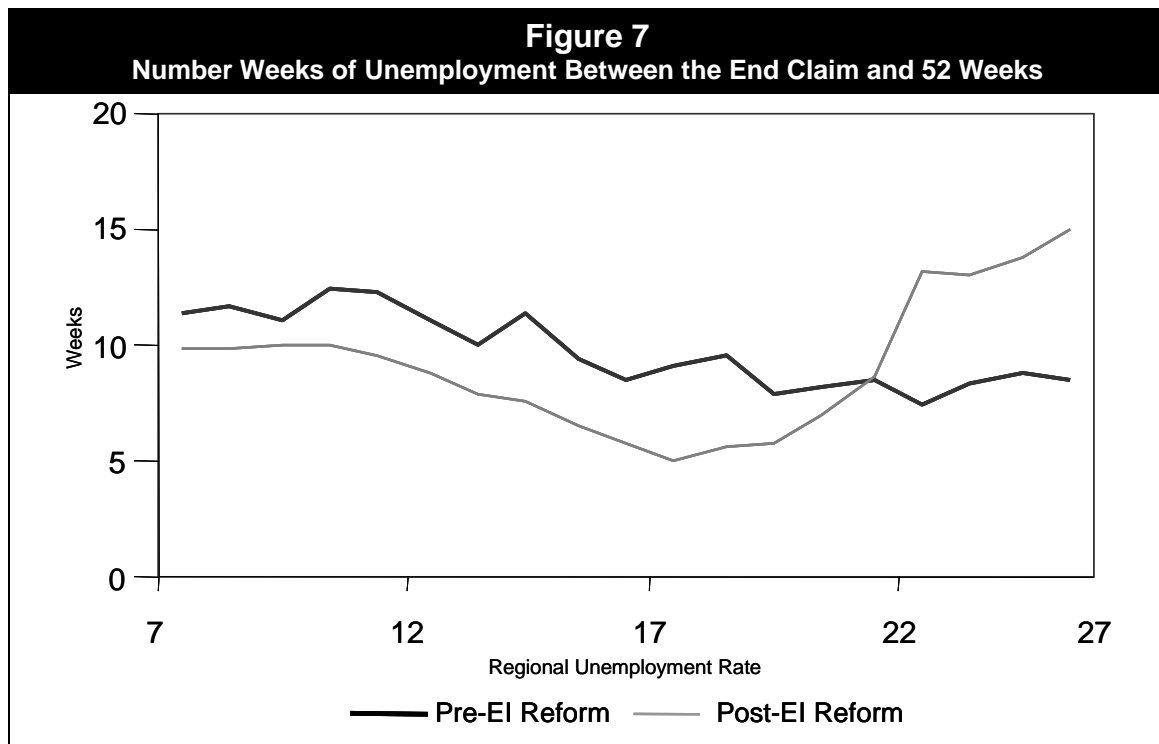


Figure 6 looks at those claimants whose benefits are terminated because their claims last longer than the 52-week period.



It would be expected that the share of individuals not exhausting their claims for this reason would increase as the unemployment rate rises. This is because the 52-week limit is the same regardless of the unemployment rate in the region. The main exception is that the share of claimants not exhausting their claims for this reason dropped after the 16 percent unemployment rate in the pre-EI reform period. A drop would occur at higher unemployment rates as fewer claimants would be able to work while on claim (the primary reason not to use up all benefits in the first 52 weeks). This pattern was followed in the pre-EI period closely but only to some extent in the post-EI period.

The final chart (Figure 7) looks at the number of weeks that benefits are not received by exhaustees within the 52-week period. In some senses, this is the most important measure of entitlement from the perspective of the welfare of claimants. Here, the number of weeks that they are unemployed and not receiving benefits is examined after the exhaustion of their claim has occurred. Figure 7 shows that these individuals are not receiving an average of about ten weeks of benefits. This does not change with EI reform or with the unemployment rate, although there is some change within the distribution.



4.6 After EI Reform

In addition to the results reported above, further analysis was done on the more recent cohorts from COEP. A year over year comparison between the second quarter of 2001 (cohort 24) and the second quarter of 2002 (cohort 28) was done to determine whether or not any further changes have occurred since EI reform. This included an examination of the various reasons for job loss. This analysis (not shown) indicated that there is no reason to believe that EI reciprocity has changed for any reasons other than compositional changes in the unemployed population and the phase of the business cycle.

4.7 Conclusion

The overall results indicate that about 48 to 49 percent established a UI/EI claim within the first 5 weeks of unemployment. Lack of insured hours of work was the major reason for not establishing a claim. Involuntary dismissal or quitting a job are of equal importance. As well, late claim starts or lack of job search are additional major reasons for not establishing a claim.

EI reform has not had a major impact on the overall picture of the reasons for the non-receipt of EI. The change to the NERE rules or lack of job search did not have a large impact on eligibility. However, it did favor those individuals who work more than 35 hours per week. Consequently, men were better able to qualify for EI benefits and were entitled to more weeks in benefits. Women, on the other hand, experienced a drop in eligibility and entitlements.

In terms of weeks of entitlements, results indicate no significant change in the overall average number of entitlement weeks after EI reform, despite the fact that EI reform reduced maximum benefits from 50 to 45 weeks.

The analysis of the exhaustion of EI indicates that, for claimants with benefits that ended because the claimants received all the weeks of EI they were entitled to within the 52-week period, the exhaustion rates in regions with different unemployment rates are about the same until the regional unemployment rate reaches 16 percent. For claimants whose benefits ended because their claims lasted longer than the 52-week period, the exhaustion rate increases as the regional unemployment rate increases in both the pre EI-reform and post EI-reform periods. Furthermore, those who exhausted their claim within the 52-week period were unemployed and not receiving EI benefits for an average of about 10 weeks after the exhaustion of their claim.

Technical Notes

- All tables include data from July 1995 to June 1996 and January 1997 to December 1997. Data from July 1996 to December 1996 were excluded because reforms were phased in during this period.
- A “*t*” value greater than 1.96 given in tables indicate significance with a 95 percent confidence level.

5. EI Reform and New Entrants/Re-Entrants to the Labour Market

5.1 Executive Summary

This paper examines the effect of the increase in the entrance requirements for those entering the labour market for the first time and for those re-entering the labour market. The paper also studies the changes in the behaviour of new entrants/re-entrants (NEREs) in terms of the number of hours of work. A particular emphasis is placed on the impact on women and those who have had a child in the last two years. Recent changes caused by the change in definition of NEREs from Bill C-2 have been examined as well.

Data and Methodology

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

Main Findings

- Non-claimants were 17 percent more likely to be NEREs than claimants.
- Females were only marginally more likely to be NEREs than men. This is because the female re-entrants are dwarfed by youths who are entering the labour market for the first time.
- Partly because there was a significant increase in the insured hours worked by NEREs who just barely qualify, the probability of NEREs collecting EI has not significantly declined in the periods following EI reform compared to one year before EI reform was introduced. The probability of NEREs collecting EI in the most recent quarter (April to June 2002) appears to be decreasing compared to the same quarter the year earlier (April to June 2001).
- The change to the definition of NEREs in Bill C-2 has not changed the percent of NEREs who are unemployed or collect EI.

5.2 Introduction

As part of HRDC's commitment to monitor the impact of EI Reform, this report examines the impact of the changes in the EI rules on individual behaviour. In particular, it studies the effects of the increase in the qualifying period for new entrants/re-entrants (NEREs) to the labour market.

The qualifying period was increased from 700 to 910 hours for NEREs as a way to reduce the extent that young people develop a lifelong dependence on EI. It will be shown that the increase in the number of required hours led to a significant portion of NEREs working more weeks. A further implication of this was that the drop in the receipt of EI by NEREs was not as drastic as might have been expected.

The report will conclude with analysis concerning the amendment made to the *EI Act* (Bill C-2) in May 2001, which changes the definition of a new entrant/re-entrant. Effective October 1, 2000,²⁵ Bill C-2 extends the labour force attachment of individuals who left the labour market to raise a child and received maternity or parental benefits in the four-year period preceding the current two-year look-back period. These individuals would qualify under the normal entrance requirement instead of the more difficult qualification requirement for new entrants/re-entrants.

5.3 Data Sources and Analytical Overview

The change in the EI rules for NEREs focuses on individuals with little recent attachment to the labour market. This includes new entrants to the labour market and those who are re-entering the labour market. The determination of an individual's new entrant/re-entrant status involves examining their labour market history over the two-year period preceding the beginning of the EI claim. The initial 52 weeks before the claim, from points B to C on Figure 1, is referred to here as the qualifying period. This is the period of time over which the individual will typically accumulate enough hours to qualify for EI. Whether the individual is a new entrant or re-entrant is determined in the 52 weeks before that time, which is known as the lookup period. Individuals who are not employed during the lookup period are classified as either new entrants or re-entrants.

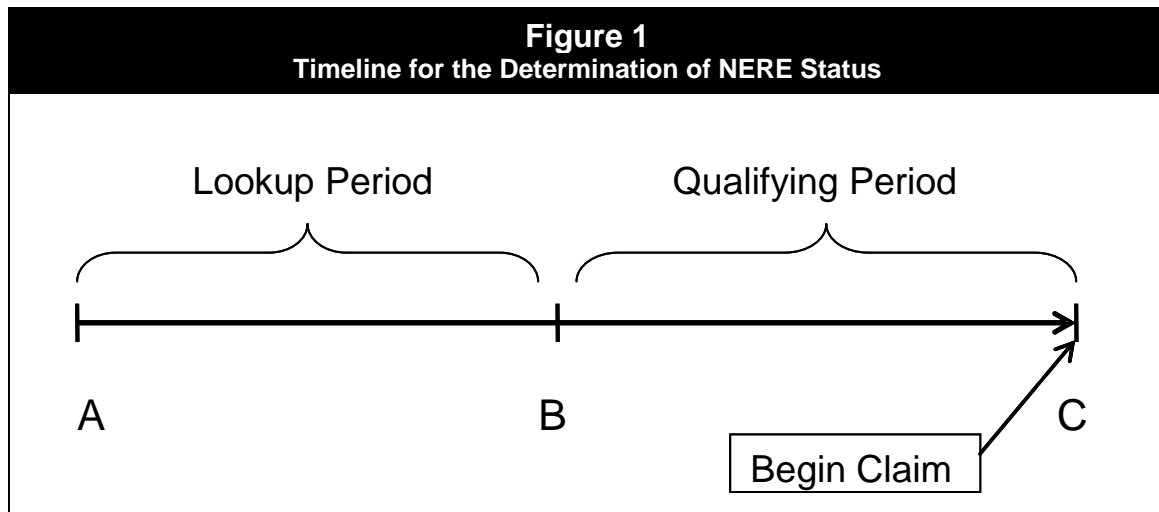
Employment during the lookup period is defined as those individuals that have some combination of:

- 490 hours of insured employment;
- 14 weeks of benefits; or
- 14 prescribed weeks.²⁶

²⁵ This corresponds to all cohorts after and including Cohort 22 in COEP.

²⁶ A prescribed week refers to a period of time when the individual was unable to work for medical reasons, in receipt of worker's compensation or group wage loss insurance, or prevented from working because of labour dispute or on HRDC training.

If any one employment spell includes points A or B from Figure 1, then it becomes necessary to pro-rate the insured weeks. For example, if a given job started ten weeks before point A and ended 10 weeks after, then one half of the insured hours would be included in the calculation. Normally point B is 52 weeks before the beginning of a claim. However, if the individual had a claim that started during the qualifying period, then point B would be situated at the beginning of the claim.



The EI administrative data provides sufficient information to provide reasonable estimates of an individual’s NERE status. However, it is impossible to be precise, as not all the necessary data is available and NERE status is only calculated by HRDC on an “as needed” basis. The insured hours of work and the claim history are readily available; however, the prescribed weeks are not.²⁷ It should be pointed out that there is no consistent administrative source of NERE status. Although a field exists on the administrative database, it is not analytically useful in a comprehensive fashion.

For the purposes of this study, an estimate of the NERE status was calculated for each individual in the sample that was used. This estimate was likely a slight undercount, since prescribed weeks would not have been allowed for. The sample was based on the Canadian Out of Employment Panel Survey.²⁸

5.4 Results

5.4.1 Who are the NEREs?

Tables 1A through 1D provide an overview of the data that is used in the procedures that estimate the impact of EI reciprocity for NEREs. The sample used contains one year of data before EI reform, 95Q3 – 96Q2, and one year after, 97Q1-97Q4.

²⁷ The prescribed weeks has never been collected in a consistent manner for all potential applicants for EI. Data is only available on a patchwork basis, which diminishes its usefulness in statistical analysis.

²⁸ See “The 1996 Canadian Out of Employment Panel (COEP) Survey: A Tool for Legislative Oversight Monitoring, and Evaluation”, EDD, HRDC, 1998.

Table 1A indicates that 23.9 percent of the sample of job-leavers would be considered part of the NERE population. As the NERE rules make it more difficult to qualify for EI, there are significantly fewer claimants who are NERE than non-claimants, 13.1 percent compared to 30.9 percent. It is interesting to note that only slightly more females are NERE than males. Moreover, the overwhelming concentration of NEREs is in the youth population and in the single with children category.

Table 1A					
Percentage of NERE by Demographic Characteristics					
	Total	Non-Claimants	Claimants	P Value	N
Total	23.9	30.9	13.1	0.00	30,546
Demographics					
Male	22.1	27.7	13.2	0.00	17,391
Female	26.1	35.0	12.9	0.00	13,150
Youth	46.0	50.7	31.3	0.00	4,652
Prime	19.6	25.9	11.1	0.00	23,196
Older	16.4	21.8	10.0	0.00	2,621
Family Type					
Single with Children	34.6	43.0	21.1	0.00	2,192
Single without Children	30.0	37.3	16.5	0.00	9,813
Married with Children	19.2	25.6	10.2	0.00	9,415
Married without Children	18.6	24.7	11.0	0.00	9,088
Education					
Less than High School	18.2	23.6	11.9	0.00	8,565
High School	22.5	30.1	10.7	0.00	8,798
More than High School	27.9	34.9	15.5	0.00	12,503
Other	19.6	22.8	14.7	0.18	642
Region					
Atlantic	16.6	23.4	10.0	0.00	9,956
Quebec	20.6	27.9	11.7	0.00	3,820
Ontario	27.8	34.1	16.0	0.00	3,619
Prairies	26.4	31.8	14.0	0.00	9,428
British Columbia	24.5	32.6	12.9	0.00	3,723
Industry					
Primary	20.1	24.9	13.3	0.00	2,763
Manufacturing	19.4	24.9	11.7	0.00	4,785
Construction	14.3	18.7	9.2	0.00	4,164
Services	27.4	35.2	14.5	0.00	16,898
Government	26.2	33.6	12.7	0.00	1,581
Type of Work					
Seasonal	22.2	30.9	12.4	0.00	6,700
Not Seasonal	24.2	30.9	13.2	0.00	23,846
Source: COEP					
Data from 95Q3-96Q2 and 97Q1-97Q4.					
N refers to the number of non-claimants and claimants.					

Table 1B illustrates the results by family type for females alone. These results correspond roughly to what was found for both genders in Table 1A. Nevertheless, it is instructive to note that 45.7 percent of single mothers who leave jobs and do not collect EI are NERE.

Table 1B					
Percentage of NERE by Demographic Characteristics for Women by Family Type					
	Total	Non-claimants	Claimants	P Val.	N
Total	26.1	35.0	12.9	0.00	13,150
Single with Children	36.2	45.7	20.6	0.00	1,339
Single without Children	31.3	39.4	14.9	0.00	3,488
Married with Children	24.1	32.1	12.7	0.00	4,064
Married without Children	19.9	29.0	9.9	0.00	4,240
Source: COEP					
P Val. refers to the comparison of Claimants and Non-Claimants Data from 95Q3-96Q2 and 97Q1-97Q4. N refers to number of women.					

5.4.2 Women and the NERE

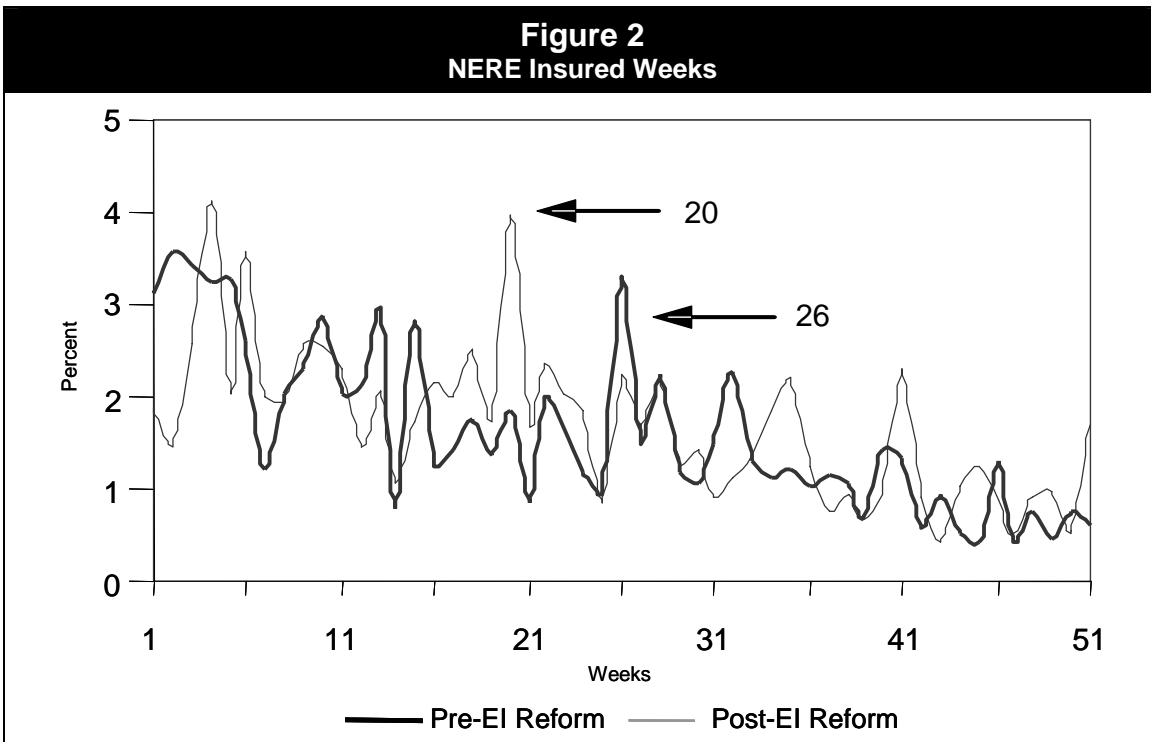
The finding in Table 1A, in which females were no more likely than males to be considered NERE, would be considered surprising. It might be assumed those women re-entering the labour force after maternity leave would dominate the NERE population. As it turns out this is not true. In fact, the women who have had children in the last two years are only 2 percent more likely to be NERE than women in general. The primary reason for this is those women who have had children in the last two years have been on the job as long as all women in general. In addition, although there is a greater concentration of young women among those who have had children, there are still approximately 80 percent who are not young and not in the youth category.

Table 1C		
Share of NERE (percent)		
	All Women	Had child in Last Two Years
No	74.1	72.0
Yes	25.9	28.0
Total	100.0	100.0
Source: COEP, EI admin database.		
Data from 95Q3-96Q2 and 97Q1-97Q4.		

Table 1D Characteristic of Women (percent)		
	All Women	Had child in Last Two Years
% less 25 years old	15.9	20.8
Weeks of Work in Last 5 Years	157	153
Source: COEP, EI admin database.		
Data from 95Q3-96Q2 and 97Q1-97Q4.		

5.4.3 Impact on Weeks of Work

EI reform increased the minimum entrance requirement for NEREs from 20 weeks to 26 weeks, or 910 hours. The impact of this change is displayed in Figure 2. This graph takes the insured weeks that each individual has, from all eligible jobs, at the time of the ROE job loss which placed them in the sample frame for the survey. The thin line gives the distribution of the number of insured weeks²⁹ before EI reform, which has a peak at 20 weeks. This is indicative of some portion of the NERE population working just enough to qualify for UI. After reform, this peak moved to 26 weeks, showing a significant impact of reform. It is interesting to note that in both cases the distribution spikes as it approaches 20 to 26 weeks then tails down over two or three weeks.



²⁹ Hours are converted to weeks by dividing by 35.

Table 2A gives some sense of the numerical importance of the shift to the right in the peaks. This table just focuses on movements in the distribution of those who have between 20 and 30 weeks of insurable earnings. Before EI reform, 47.1 percent of the NEREs who had between 20 and 30 weeks of insurable earnings had between 20 and 23 weeks. After EI reform, this number drops to 29.1 percent. Conversely, the percentage of NERE who had between 23 and 26 weeks of insurable earnings increased from 12.6 percent prior to the reform to 21.3 percent after the reform.

Table 2A		
Movements in the Distribution of NEREs Insured Weeks Between 20 and 30		
Week Range	Pre-EI Reform	Post-EI Reform
>= 20 & <= 23	47.1	29.1
> 23 & < 26	12.6	21.3
>= 26 & <= 30	40.3	49.6

Source: COEP and EI Administrative Database.

The changes in insured weeks given in Table 2A show the impact on a narrow band of NERE. A significant fraction of those NEREs who would have been disqualified by the new rule found the extra weeks to maintain their EI eligibility. Table 2B tries to put this finding in perspective for NEREs as a whole. The first two columns show the increase in the number of weeks as a result of the NERE requirement. It is calculated by looking at the number of weeks that the individual would have required if they were not NERE and comparing it to the NERE requirement of 20 weeks before EI reform and 26 after. This calculation shows that on average the NEREs had to work 4.2 weeks more than non-NEREs to qualify for EI benefits in the pre-EI reform period. Not surprisingly, this number went up by 6 weeks, reflective of changes in the legislation.

Table 2B						
Insured Weeks by Demographic Characteristics (weeks)						
	Increase in Required Insured Weeks for NERE		Insured Weeks Non-NERE		Insured Weeks NERE	
	Pre-EI Reform	Post-EI Reform	Pre-EI Reform	Post-EI Reform	Pre-EI Reform	Post-EI Reform
Total	4.2	10.0	34.7	35.9	25.3	23.1
Demographics						
Male	4.1	9.9	33.7	35.9	25.7	24.2
Female	4.3	10.1	36.2	35.8	24.8	22.0
Youth (15-24)	4.2	10.0	33.7	33.4	22.2	20.4
Prime (25-54)	4.2	9.9	35.0	36.1	27.1	24.3
Older (55+)	4.7	10.4	33.8	37.3	23.0	24.0
Region						
Atlantic	6.4	12.9	27.5	29.8	22.5	21.7
Quebec	5.6	12.0	33.3	33.4	24.0	22.9
Ontario	3.5	9.4	37.2	38.5	25.8	21.6
Prairies	2.9	7.6	36.4	38.1	25.8	24.8
British Columbia	3.9	9.5	37.2	38.2	26.8	25.8

Source: COEP and EI Administrative Data.

Table 2B does not contain the full level of detail, as there was very little variation among many of the categories. However, the regional detail was included as it shows that the NERE rules impact the Atlantic provinces far more than the Prairies. Before EI reform, the average NERE in the Prairies only had to work 2.9 weeks more than they would have without the rule; in comparison, the average person in Atlantic Canada had to work 6.4 weeks. This is because the Prairie provinces have a lower average unemployment, which implies that their variable entrance requirements were closer to twenty weeks than the Atlantic provinces, which had higher unemployment rates and hence lower variable entrance requirements.

These differences were unchanged in absolute terms as a result of EI reform as all regions went up by roughly six weeks. However, it should be pointed out that this reduced the percentage differences between the regions. Before EI reform, Atlantic Canada was more than two times higher than the Prairies and after reform it was less than that.

The modification of behaviour is illustrated in the columns showing the changes in insured weeks. As can be seen overall, the overall average insured weeks of NEREs decreased by 2.2 weeks in the post EI period. The shift that occurred in the 20 to 30 week ranges, which was portrayed in the above Figure 2, was not large enough to affect the numbers overall.

5.4.4 Impact on EI Reciprocity

Another aspect of behaviour to be examined is the collection of EI. Underlying the change to the NERE rule was the desire to prevent young people from developing a dependency on EI. It will be many years before this effect can be evaluated as it will be necessary to follow them over many years. Currently, the issue of primary interest is the extent to which EI reform had an impact on an individual's ability to collect EI. Table 3 presents the results of formal statistical analysis of the impact of EI reform on the receipt of EI for all NERE job leavers.

The results of the probit regressions are presented. For each variable, an estimate of the percentage impact on the probability of receiving EI is given. The second number, given under the heading "*P* value", provides an estimate of the degree of uncertainty that should be placed on the results. If this number is greater than 0.1, it is normally assumed that there is no impact that can be attributed to the variable on EI reciprocity.

The sample was composed of individuals who were receiving EI benefits during a period one year before the beginning of EI reform, 95Q3-96Q2 and one year after EI reform, 97Q1-97Q4. This allowed for an assessment of the impact of EI reform.

Variables were added to the analysis to capture the changes in the EI reciprocity of NEREs one year before EI reform and one year after EI reform. Similar variables were constructed to examine the EI reciprocity of youth over time.

The NERE population was approximately 18 percent less likely to receive EI over the sample period. This was unchanged with EI reform. Youths were also less likely to collect EI, and this has not changed with the implementation of EI reform. Overall, single parents with children are not less likely to collect EI than married couples without children. When the results are examined by region, significant differences are found with Atlantic Canada being the most likely to collect EI and the Prairies being the least likely.

Table 3
EI Reciprocity of NERE Compared to All Workers (95Q3 – 97Q4)

	% diff	P Value	Confidence Interval (90%)	
			Low	High
Reform				
Overall (Jan. 1997 – Dec. 1997)	-2.7	0.03	-4.8	-0.7
Youth (Jan. 1997 – Dec. 1997)	-4.7	0.13	-9.7	0.3
NERE (Jan. 1997 – Dec. 1997)	-3.9	0.16	-8.4	0.6
New Entrants/Re-Entrants	-18.4	0.00	-21.4	-15.4
Demographics				
Male	-3.7	0.00	-5.7	-1.8
Youth (15-24)	-11.6	0.00	-16.1	-7.1
Prime (25-54)	-1.0	0.61	-4.3	2.3
Older (55+)	control	...	...	...
Family Type				
Single with Children	0.8	0.72	-2.9	4.6
Single without Children	-2.8	0.06	-5.1	-0.4
Married with Children	-2.8	0.06	-5.1	-0.4
Married without Children	control	...	...	...
Education				
Less than High School	control	...	...	...
High School	-3.2	0.03	-5.6	-0.9
More than High School	-5.1	0.00	-7.4	-2.8
Other	-5.3	0.16	-11.3	0.7
Region				
Atlantic	10.3	0.00	7.4	13.2
Quebec	7.5	0.00	4.6	10.4
Ontario	control	...	...	...
Prairies	-4.2	0.00	-6.5	-1.8
British Columbia	5.8	0.00	3.1	8.5
Industry				
Primary	4.0	0.20	-1.2	9.2
Manufacturing	4.9	0.09	0.1	9.7
Construction	8.8	0.00	3.9	13.8
Services	3.8	0.15	-0.5	8.1
Public Admin.	control	...	...	...
Unemployment Rate	0.5	0.01	0.2	0.8

Source: COEP

Notes:

1. Available cohorts 5 (96Q3) and 6 (96Q4) have not been included.

5.4.5 Most Recent Impact of EI Reform: Updated to Include April-June 2001 and April-June 2002 Data

Further analysis has been done for a year over year comparison between the second quarter of 2001 (cohort 24) and the second quarter of 2002 (cohort 28). This analysis (not shown) shows that the probability of an individual who is NERE collecting EI has declined in the second quarter of 2002 compared to the second quarter of 2001. However, it is not clear at this stage whether this is linked to any aspect of the policy.

5.4.6 Impact of Bill C-2

Bill C-2 (effective October 1, 2000) redefined the classification of a NERE by stating that an insured person would not be a new entrant or a re-entrant if the person has been paid one or more weeks of special benefits in the 208-week period proceeding the period of 52 weeks before their qualifying period, and therefore not be subject to the more difficult qualification requirement of NEREs. The table below shows the percentage of NEREs based on the old definition of NEREs (prior to Bill C-2) compared to the percentage based on the new definition of NEREs (after Bill C-2) for the time period after Bill C-2 came into effect.

Table 4 Percentage of NERE Comparison of NERE Definition, Pre/Post Bill C-2 (00Q4 – 02Q2)				
	Pre-C2 Defn.	Post-C2 Defn.	P Val.	N
Total	26.8	26.5	0.59	22,795
Women	30.8	30.3	0.46	9,858
Notes:				
1. P Val. refers to the comparison of Pre and Post Bill C-2 percentage of NEREs.				
2. The sample of Oct. 2000 - Jun. 2002 is used to cover the period since the implementation of Bill C-2.				
Source: COEP, EI Admin. Database.				

Table 4 suggests that the new definition of NEREs outlined in Bill C-2 does not significantly change the percentage of individuals who are NEREs.³⁰ When the analysis is specified to only women, the same result is true.

³⁰ Refer to Appendix which shows the growing percentage of NEREs over time.

Table 5 EI Reciprocity of NEREs Comparison of NERE Definition, Pre/Post Bill C-2 (00Q4 – 02Q2)				
	Pre-C2 Defn.	Post-C2 Defn.	P Val.	N
Total	13.1	13.0	0.95	10,821
Women	12.5	12.4	0.91	5,296
Notes: 1. <i>P Val.</i> refers to the comparison of Pre and Post Bill C-2 EI reciprocity of NEREs. 2. The sample of Oct. 2000 - Jun. 2002 is used to cover the period since the implementation of Bill C-2.				
Source: COEP, EI Admin. Database.				

Table 5 shows if EI reciprocity of NEREs has changed due to the definitional change in Bill C-2. As can be seen by the very large *P* values, the change in definition has not affected how NEREs receive EI.

5.5 Conclusions

The NERE make up a significant portion of the labour market. Thirteen percent of claimants are NERE whereas 31 percent of non-claimants were NERE. Surprisingly, women do not make up a dominant share of this population, as it is largely influenced by youth entering the labour market for the first time. The increase in number of hours of required work did not diminish the receipt of EI by NEREs as much as would be expected because there was a substantial increase in the level of work effort by the affected population. The probability of NEREs collecting EI has decreased in the most recent quarter (02Q2). The reason for this will be an immediate subject of further research.

The change to the definition of NEREs in Bill C-2 has not changed the percent of NEREs who are unemployed or collect EI.

Appendix

Table A1			
Percentage of NEREs Over Time			
Quarters	COEP Cohorts	% NERE	N
Jul. - Sep. 1995	1	27.1	2,383
Oct. - Dec. 1995	2	20.5	3,806
Jan. - Mar. 1996	3	21.3	4,337
Apr. - Jun. 1996	4	25.1	4,693
Jan. - Mar. 1997	7	23.0	3,418
Apr. - Jun. 1997	8	25.1	3,778
Jul. - Sep. 1997	9	25.0	3,906
Oct. - Dec. 1997	10	24.0	4,225
Jul. - Sep. 2000	21	30.1	3,014
Oct. - Dec. 2000	22	24.8	3,409
Jan. - Mar. 2001	23	26.8	3,588
Apr. - Jun. 2001	24	26.7	3,319
Jul. - Sep. 2001	25	31.1	3,042
Oct. - Dec. 2001	26	22.7	3,026
Jan. - Mar. 2002	27	25.9	3,325
Apr. - Jun. 2002	28	28.3	3,086
Notes:			
1. Available cohorts 5 (96Q3), 6 (96Q4), 13 (98Q3) and 17 (99Q3) have not been included.			
Source: COEP, EI Admin. database.			

6. EI Reform and Rural Communities

6.1 Executive Summary

As part of the effort to understand the effect of EI reform on communities, this study focuses on the impact on rural communities. The differing industrial structures and greater concentration of seasonal work led to the expectation that the reform to EI may impact rural communities in a different manner than non-rural communities.

Data and Methodology

This study uses information from the 1996 Canadian Out-of-Employment Panel Survey to develop descriptive statistics of the job-leavers in rural communities.

Main Findings

- Approximately 25 percent of all job-leavers live in rural communities. However, this rate varies significantly between the various education, region and industry groups.
 - 57.2 percent of claimants in Atlantic Canada live in rural communities.
 - In primary industries, 58 percent of the claimants come from communities that are rural.
 - For those with less than a high school education, 41.7 percent of claimants live in rural communities.
 - Far less variation was found among demographic types.
- EI Reform was not found to have any different impacts for rural communities as compared to non-rural communities.
 - The impact of EI reform on the likelihood that a worker would have enough weeks/hours to qualify for benefits was not different for rural and non-rural workers.
 - The average length of entitlement to EI benefits was unaffected by the reforms for both rural and non-rural workers. Two conflicting impacts may have cancelled each other out:

- Seasonal workers are more prevalent in rural communities (26.3% versus 11.6%), and they work longer hours. The switch from a system based on weeks to a system based on hours increased the average entitlement for workers who work more hours, but:
- The scaling back of the maximum entitlements from 50 to 45 weeks decreased the average entitlement period. Rural communities were more affected as a greater percentage of the claimants would have qualified for more than 45 weeks of entitlements, 16.1 percent compared to 12.3.
- The average number of hours per week worked was not significantly affected by the EI reforms. This was true for both rural and non-rural workers.

6.2 Introduction

As part of the requirement to monitor the impact of EI reform, changes at the community level are examined. This is in addition to those at the individual and national level. Much of the previous work at the community level focused on fourteen specific communities that were selected for the Tracking the Future study. In this study, community impacts are examined by comparing the movement of some key labour market indicators for rural and non-rural workers over the EI reform period.

This work is a continuation of a seminar paper by MacDonald, Phipps and MacPhail.³¹ The current paper takes an initial step towards explaining their unexpected result in which there was no difference in the impact between rural and non-rural communities.

The expectation of the differential impacts between rural and non-rural communities was motivated by the finding that seasonal workers were somewhat better off after EI reform.³² This was due to the greater number of hours worked per week by seasonal workers leading to greater entitlements. Although it seemed reasonable to expect that the greater concentration of seasonal workers in rural communities would lead to greater benefits, this turned out to not be the case.

6.3 Data and Methodology

The key data source used in evaluating the impact of the 1996 EI reforms is the 1996 COEP survey.³³ The COEP survey, administered on behalf of HRDC by Statistics Canada, collects information on the sampled individuals and their households who experienced a job separation as recorded on HRDC's Record of Employment (ROE) administrative file. The survey collects information on an individual's personal and household characteristics, reasons for job separation, detailed employment history, job search activities, training,

³¹ See "Rural-Urban Differences in the Impact of EI", MacDonald, Phipps and MacPhail, available at http://cerf.mcmaster.ca/conferences/rural_prog.html, presented at the September 2000, CERF Conference, Rural/Urban Differences in Economic Development, Laurentian University, Sudbury, Ontario.

³² See "EI Reform and Seasonal Workers", EDD, November 2000.

³³ Statistics Canada refers to this survey as the "Changes in Employment Survey"(CIE).

receipt of EI/UI benefits, social assistance, as well as information on their household's financial situation including assets and liabilities.

Each survey participant was interviewed twice. The first interview (wave 1) occurred within one year after job separation and the second interview (wave 2) was conducted some nine months after the first interview. In total, approximately 40,000 Canadians who had a change or an interruption in their employment activity were surveyed from July 1996, until September 1998 covering 10 quarters. Each of these quarters is referred to as a "Cohort." For example, the COEP data for the period from October 1997 to December 1997 is referred to as Cohort 10. In studying the impact of the reform, the cohorts are grouped into three periods as follows:

Pre-Reform (Cohort 1 to Cohort 4). Participants for the first four interviews had a job separation in one of the four quarters (i.e., 95Q3 to 96Q2) prior to EI implementation.

During Reform (Cohort 5 to Cohort 6). Participants for the next two interviews had a job separation in one of the two quarters (i.e., 96Q3 and 96Q4) during implementation of the EI reform.

Post-Reform (Cohort 7 to Cohort 10). Participants for the last four interviews had a job separation in one of the four quarters (i.e., 97Q1 to 97Q4) after implementation of the EI reform.

For the bulk of this study, the sample used was composed of cohorts 1 to 4, the pre-reform period, and cohorts 7 to 10, the post reform period. This gave eight quarters of data, four before EI reform and four after that would yield tables free of any seasonal effects. Some analysis was also conducted on the most recent data available in COEP (Cohorts 21-28, 00Q3 – 02Q2) to ensure that the trends reported in this paper have continued.

This study also uses the postal code information available from the survey to identify rural residences.³⁴ In this study, as well as in the study by MacDonald et. al., those postal codes with "0" in the second column are identified as rural. This will lead to a different definition than that used by Statistics Canada in such surveys as the Survey of Consumer Finance, but it is still adequate for the purposes at hand.

6.4 Who works in the Rural Communities?

Table 1 provides a description of the demographic characteristics of rural workers. As can be seen, using this definition, roughly one-quarter of the COEP sample would be considered to be rural. In general, this number is a few percentage points higher for claimants than non-claimants. What is of particular interest is that seasonal³⁵ workers are almost twice as likely to be workers in rural communities, providing empirical justification for the basic motivating factor mentioned in the introduction of this paper.

³⁴ See <http://www.canadapost.ca/CPC2/addrm/pclookup/pcinfo.html#pci> for further explanation of this.

³⁵ Seasonal workers are defined as those who describe their job as seasonal in nature in the COEP survey.

The first column shows the percentage of the various demographic groups of non-claimants. For example, 36 percent of the non-claimant workers who have less than high-school education are rural workers as compared to the claimants at 41.7 percent. The third column provides a T-statistic, so as to assess whether these differences are statistically significant. In the case of those with less than high school education the difference is significant statistically.

A quick perusal of Table 1 reveals that in most cases the rate of rural work does not vary noticeably among demographic groups. For a start, male job-leavers are only slightly more likely to be in rural communities than females. There is little variation by age or family type. However, there is more significant variation by education, region, industry and type of work. Those with less than high school education are twice as likely to come from a rural community as job-leavers with more than high school. Job-leavers in Atlantic Canada are more than twice as likely to come from rural communities than the rest of the country. Similarly, job-leavers from primary industries are more than twice as likely to be from rural industries as other industries.

These tendencies are reflected in Table 2, which gives the percentage of rural job leavers made up by the various demographic groups. For example, 55.2 percent of rural job leavers are male compared to a similar 52.2 percent of the non-rural COEP population. There are many other similarities by age and family type.

By education, region and industry, there are more pronounced differences. About 34 percent of the job leavers from rural communities have less than a high school education whereas this number is only 18.5 percent in the non-rural communities. For non-rural communities, job-leavers from primary industries only make up 3.7 percent of the total, whereas they make up 12.9 percent for rural.

The last two rows go a long way towards explaining the final results of this paper. Seasonal workers make up more than twice the percentage of job-leavers in rural communities than non-rural communities. Still they only constitute 26.3 percent of rural job leavers, which implies that any impacts of EI on seasonal workers will not necessarily dominate the rural communities.

Table 1
Percentage in Rural Communities:
EI Claimants compared to Non-Claimants

	Non-EI Claimants	EI Claimants	t stat
Total	23.6	28.3	5.27
Demographics			
Male	24.3	30.4	5.15
Female	22.8	26.2	2.56
Youth (15-24)	21.0	29.2	3.45
Prime (25-54)	24.5	28.2	3.56
Older (55+)	24.4	28.3	1.31
Family Type			
Single with children	22.9	23.9	0.35
Single without children	19.8	25.3	3.72
Married with children	28.0	28.9	0.57
Married without children	24.9	31.4	3.77
Education			
Less than High School	36.0	41.7	2.92
High School	25.8	29.3	2.10
More than High School	17.5	20.0	2.12
Other	25.2	25.4	0.03
Region			
Atlantic	49.4	57.2	5.80
Quebec	26.0	30.9	2.44
Ontario	19.0	19.8	0.47
Prairies	22.2	24.4	1.88
British Columbia	16.5	16.5	-0.05
Industry			
Primary	52.3	58.0	1.60
Manufacturing	24.5	28.5	1.87
Construction	32.0	29.5	-1.02
Services	19.4	24.9	4.82
Government	22.0	28.1	1.55
Work Type			
Seasonal	39.4	49.0	4.36
Non-seasonal	21.0	24.0	3.20

Source: COEP Survey, Cohorts 1-4, 7-10.

Table 2
Demographic Composition (percent):
Rural Compared to Non-Rural Job Leavers

	Total	Non-Rural	Rural
Demographics			
Male	53.0	52.2	55.2
Female	47.0	47.8	44.7
Youth (15-24)	18.9	19.5	16.9
Prime (25-54)	72.1	71.5	74.0
Older (55+)	8.7	8.7	8.9
Family Type			
Single with children	7.2	7.4	6.6
Single without children	34.6	36.4	29.3
Married with children	30.9	29.7	34.5
Married without children	27.1	26.4	29.4
Education			
Less than High School	22.5	18.5	34.0
High School	27.2	26.5	29.0
More than High School	48.2	52.8	34.8
Other	2.0	2.0	2.0
Region			
Atlantic	10.2	6.4	21.3
Quebec	27.9	26.8	30.8
Ontario	32.2	34.8	24.3
Prairies	16.8	17.3	15.1
British Columbia	13.0	14.6	8.4
Industry			
Primary	6.0	3.7	12.9
Manufacturing	17.7	17.6	18.2
Construction	10.2	9.4	12.4
Services	60.7	63.8	51.4
Government	5.4	5.5	5.1
Work Type			
Seasonal	15.4	11.6	26.3
Non-seasonal	84.6	88.4	73.7

Source: COEP Survey, Cohorts 1-4, 7-10.

6.5 Impact of EI Reform

In this section, a number of indicators are examined to determine if rural workers were affected by EI reform in a manner disproportionate to non-rural. It is also necessary to look at the long-run and short-run impacts. The initial short-run impacts will involve the comparison of data from four quarters before EI reform with four quarters after.

Initial Short-Run Impacts

Tables 3 and 4 examine the movements in the data used in the statistical analysis given in Tables 5, 6, and 7.

Table 3 describes the movements in the basic demographics. In general, the movements between the pre- and post- EI reform period are quite moderate. In addition, the rate of rural work is shown to be unchanged in Table 4 at around 25 percent.

Table 3			
Changes in Demographic Characteristics of Rural Job Leavers			
(percent)			
	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t stat
Demographics			
Male	56.1	54.4	-0.88
Female	43.9	45.6	0.85
Youth (15-24)	15.7	18.1	1.58
Prime (25-54)	75.4	72.7	-1.57
Older (55+)	8.7	9.1	0.40
Family Type			
Single with children	5.8	7.3	1.66
Single without children	30.2	28.4	-1.03
Married with children	35.0	34.1	-0.52
Married without children	28.9	29.9	0.58
Education			
Less than High School	35.7	32.3	-1.96
High School	28.7	29.2	0.29
More than High School	33.6	36.0	1.26
Other	1.8	2.1	0.56
Region			
Atlantic	21.9	20.7	-1.24
Quebec	31.0	30.6	-0.18
Ontario	23.9	24.8	0.45
Prairies	14.7	15.4	0.78
British Columbia	8.5	8.4	-0.02
Industry			
Primary	13.2	12.6	-0.52
Manufacturing	18.6	17.7	-0.59
Construction	12.9	11.9	-0.91
Services	49.8	53.1	1.70
Government	5.5	4.7	-0.87
Work Type			
Seasonal	26.5	26.1	-0.25
Non-seasonal	73.5	73.9	0.25
Source: COEP Survey, Cohorts 1-4, 7-10.			

Table 4			
Changes in Outcome Variables			
	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t stat
All Workers			
% are rural	25.8	25.2	-0.69
% have zero weeks unemployment	37.6	34.1	-3.41
All Rural Workers ¹			
% with enough weeks/hours to qualify for EI	81.3	79.4	-0.96
Weeks of Work ²	36.5	37.1	0.86
Weeks of Unemployment	36.4	33.9	-1.38
Hours of Work	43.4	41.8	-2.19
All Rural Workers Who Claim EI ¹			
Weeks of Entitlement	35.4	35.6	0.43
Weeks of Work ²	40.1	42.0	2.32
Weeks of Unemployment	35.1	31.7	-1.59
Hours of Work	44.3	42.9	-1.54
All Rural Workers Who Do Not Claim EI ¹			
Weeks of Work ²	32.6	32.7	0.16
Weeks of Unemployment	37.7	35.9	-0.65
Hours of Work	42.5	40.9	-1.46
All Non-Rural Workers ¹			
% with enough weeks/hours to qualify for EI	81.9	79.6	-1.82
Weeks of Work ²	34.9	35.4	1.14
Weeks of Unemployment	38.7	34.9	-3.07
Hours of Work	39.7	39.3	-0.94
Notes:			
1. Restricted to those with positive weeks of unemployment.			
2. Jobs longer than 52 weeks are recorded as 52.			
Source: COEP Survey, Cohorts 1-4, 7-10.			

Table 4 also captures other interesting aspects of rural work. For example, hours of work for rural workers, at over forty, is higher than average.³⁶ This has the important implication that the implementation of hours legislation could possibly increase the receipt of EI and weeks of entitlements. This is due to the fact that everyone who works more than 35 hours a week under EI will have a greater likelihood of qualifying for EI and will receive more weeks of entitlement for the same amount of work. However, this does not show up in Table 4, as these remain unchanged for rural workers.

³⁶ The average for the COEP sample is 39.8.

Table 5 examines the issue of the qualification for EI by rural workers in detail. This table contains the results of a statistical procedure³⁷ that provides estimates of the percentage impact of various factors on the probability of receiving EI. The columns marked *P* value provide estimates of the degree of uncertainty that can be attached to the results. For example, youth are estimated to have a 16.5 percent less chance of qualifying for EI in this sample than the control, older workers. The *P* value of zero indicates that it is almost certain that this difference is statistically significant.³⁸

Table 5 shows that many demographic factors have an impact on whether a worker has enough weeks or hours to qualify for benefits. It shows that males and females who lose their jobs are about equally likely to have enough hours or weeks to qualify. Youth, however, are considerably less likely to have worked long enough to qualify for benefits. This is not surprising since many youths are students who only work for the summer before returning to school. Table 5 also shows that those with more than a high school education are more likely to have worked long enough to be qualified for benefits.

Most importantly for the purposes of this paper is the variable “Rural*Reform.” This variable measures the relative impact of EI reform on rural workers. Since this variable is statistically insignificant, there is no evidence that rural workers were affected any differently by EI reform than were non-rural workers. However, based on the “Reform” variable, there does appear to be a slight decline in the qualification rate for all workers since the EI reform. The issue of the overall rate of qualification to EI will be studied more carefully in a paper devoted to EI eligibility and in the forthcoming Summative Evaluation of EI Reform.

Table 6 examines the length of entitlement to EI benefits for those who collected it. Table 6 shows that although there are differences by demographic group, they are much less noticeable than in the case of qualification to EI. However, workers with more than a high school education tend to average a greater length of entitlement than workers with less than high school.

At the top of Table 6, the Reform variable indicates that the length of entitlement to EI benefits has been unaffected by the EI reform for both rural and non-rural workers. In the case of rural workers, the insignificant coefficient on the Reform variable is likely the result of two effects acting in the opposite direction. On the one hand, rural workers tend to work longer hours, thus the change to EI entitlement to be based on hours rather than weeks would have increased their entitlement on average. However, the maximum entitlement was decreased under EI reform from 50 to 45 weeks. This would disproportionately affect rural workers since regions at the maximum entitlement are those with high rates of unemployment, and these are often rural regions. Table A1, in the Appendix, shows that if we alter the data so that 45 is the maximum number of entitlement weeks, entitlement to EI benefits actually went up in rural regions after the EI reform. Table A2 shows that the likelihood of having an EI entitlement of greater than 45 weeks was greater in rural regions prior to the EI reform.

³⁷ These estimates were produced with the Probit regression technique. Only those test statistics were included that were directly pertinent to the discussion.

³⁸ *P* values greater than 0.1 are assumed to be insignificant in this study and in the other EI-Monitoring studies. This assumption is in alignment with standard practice.

The first two indicators discussed above relate to impacts due to program changes. The final indicator looks at the possible impacts that may have resulted from changes in behaviour. Hours behaviour was examined, as that was found to show some movement when seasonal work was studied.³⁹ This regression shows in Table 7, that overall, there were no significant changes in the hours of work. The sample consisted of all workers, whether they were EI claimants or not, and whether they lived in rural or non-rural regions. It was found that rural workers are likely to work longer hours than non-rural workers. Additional regressions were run with the sample partitioned between those who worked 20 or more weeks and less than 20 weeks. This was done since it was expected that individuals would be more likely to change their hours behaviour with short tenure jobs, as it would be more likely to have an impact on their entitlements and receipt of EI. However, there was no change found for those with less than 20 weeks tenure. There does appear to be a slight unexplained decrease in the number of hours worked for those with greater than 20 weeks of tenure in the year after the EI reform.

Table 5
Probit Analysis of the Qualification for EI

	% diff.	P value	Confidence Interval (90%)	
Reform	-2.4	0.02	-4.1	-0.7
Rural	-0.9	0.55	-3.3	1.5
Rural*Reform	-1.0	0.59	-4.1	2.1
Demographics				
Male	0.3	0.73	-1.3	1.9
Female	—	—	—	—
Youth (15-24)	-14.3	0.00	-18.1	-10.5
Prime (25-54)	-4.2	0.01	-6.8	-1.6
Older (55+)	—	—	—	—
Family Type				
Single with children	-6.0	0.00	-9.4	-2.7
Single without children	-3.7	0.00	-5.6	-1.7
Married with children	-0.2	0.88	-2.1	1.8
Married without children	—	—	—	—
Education				
Less than High School	—	—	—	—
High School	0.6	0.63	-1.4	2.5
More than High School	2.2	0.06	0.3	4.1
Other	-2.1	0.49	-7.1	3.0
Region				
Atlantic	0.6	0.64	-1.6	2.8
Quebec	0.0	0.99	-2.3	2.3
Ontario	—	—	—	—
Prairies	0.4	0.72	-1.5	2.3
British Columbia	1.8	0.15	-0.2	3.8

³⁹ See *EI Reform and Seasonal Workers*, EDD, November 2000, Table 7.

Table 5 (continued)
Probit Analysis of the Qualification for EI

	% diff.	P value	Confidence Interval (90%)	
Unemployment Rate	0.5	0.00	0.2	0.7
Industry				
Primary	4.5	0.04	1.1	7.9
Manufacturing	6.3	0.00	3.2	9.3
Construction	2.0	0.35	-1.4	5.3
Services	5.5	0.01	2.3	8.8
Government	—	—	—	—
Seasonal Worker	-4.1	0.00	-6.0	-2.1

Source: COEP Survey, Cohorts 1-4, 7-10.

Table 6
Comparison of Rural and Non-Rural Workers:
Regression Analysis of Weeks of EI Entitlement

	Total		Non-Rural		Rural	
	% diff.	P value	% diff.	P value	% diff.	P value
Reform	0.0	0.79	0.0	0.82	-0.2	0.29
Demographics						
Male	-0.3	0.04	-0.6	0.00	0.5	0.03
Female	—	—	—	—	—	—
Youth (15-24)	-1.2	0.00	-1.8	0.00	0.5	0.26
Prime (25-54)	0.1	0.56	-0.1	0.62	1.0	0.01
Older (55+)	—	—	—	—	—	—
Family Type						
Single with children	-0.5	0.05	-0.7	0.04	-0.3	0.46
Single without children	-0.8	0.00	-0.7	0.00	-1.4	0.00
Married with children	0.1	0.63	0.3	0.14	-0.6	0.03
Married without children	—	—	—	—	—	—
Education						
Less than High School	—	—	—	—	—	—
High School	0.6	0.00	0.7	0.01	0.1	0.63
More than High School	0.8	0.00	0.8	0.00	0.2	0.34
Other	3.0	0.00	3.3	0.00	1.5	0.06
Region						
Atlantic	-1.9	0.00	-1.2	0.00	-2.5	0.00
Quebec	0.6	0.00	0.6	0.01	-0.2	0.59
Ontario	—	—	—	—	—	—
Prairies	-1.5	0.00	-1.0	0.00	-2.2	0.00
British Columbia	-0.2	0.25	-0.4	0.13	0.0	1.00
Unemployment Rate	0.7	0.00	0.8	0.00	0.6	0.00
Industry						
Primary	-2.2	0.00	-0.9	0.12	-3.0	0.00
Manufacturing	1.4	0.00	1.7	0.00	0.8	0.14
Construction	-2.3	0.00	-2.6	0.00	-1.6	0.00
Services	1.0	0.00	1.1	0.01	0.7	0.16
Government	—	—	—	—	—	—

Notes: Restricted to those who collected EI.

Source: COEP Survey, Cohorts 1-4, 7-10.

Table 7
Regression Results of Hours of Work by Weeks Worked on Job

	Total		Less than 20 weeks		20 weeks or more	
	% diff.	P value	% diff.	P value	% diff.	P value
Rural	0.8	0.00	2.2	0.00	0.4	0.09
Reform	-0.2	0.15	0.6	0.17	-0.4	0.01
Reform* Rural	-0.3	0.33	0.5	0.60	-0.4	0.23
Demographics						
Male	7.2	0.00	7.7	0.00	7.2	0.00
Female	–	–	–	–	–	–
Youth (15-24)	-1.2	0.00	0.7	0.51	-1.3	0.00
Prime (25-54)	2.4	0.00	5.2	0.00	2.1	0.00
Older (55+)	–	–	–	–	–	–
Family Type						
Single with children	-1.0	0.00	-3.1	0.00	-0.5	0.16
Single without children	0.0	0.87	-0.1	0.90	-0.1	0.72
Married with children	-0.3	0.15	-1.4	0.03	-0.1	0.55
Married without children	–	–	–	–	–	–
Education						
Less than High School	–	–	–	–	–	–
High School	-0.9	0.00	-0.5	0.37	-0.9	0.00
More than High School	-1.1	0.00	0.0	0.94	-1.3	0.00
Other	-0.6	0.23	-4.0	0.01	-0.1	0.88
Region						
Atlantic	1.3	0.00	0.9	0.26	1.4	0.00
Quebec	-1.8	0.00	-1.1	0.07	-2.0	0.00
Ontario	–	–	–	–	–	–
Prairies	2.7	0.00	3.5	0.00	2.5	0.00
British Columbia	-0.6	0.02	-1.6	0.02	-0.4	0.17
Unemployment Rate	0.0	0.36	0.1	0.11	0.0	0.75
Industry						
Primary	10.7	0.00	9.5	0.00	10.9	0.00
Manufacturing	4.4	0.00	2.5	0.01	4.8	0.00
Construction	5.7	0.00	5.5	0.00	5.8	0.00
Services	-0.4	0.29	-1.2	0.16	-0.1	0.70
Government	–	–	–	–	–	–

Source: COEP Survey, Cohorts 1-4, 7-10.

Long-term

In addition to the results reported above, further analysis was done on the more recent Cohorts from COEP. Analysis was conducted on Cohorts 21 through 28, which cover the period from the third quarter of 2000 to the second quarter of 2002. All of the tables were rerun using these additional 8 Cohorts.

The results were largely the same as what has already been reported. Rural communities continued to fare roughly the same as non-rural communities. It does not appear as though rural communities were affected by EI reform in a substantially different manner than were non-rural communities.

6.6 Conclusions

Overall, EI reform appears to have not affected rural workers in a substantially different manner than the rest of the economy. It had been expected that rural communities would be affected by EI reform, as a result of their higher concentrations of seasonal workers. However, this concentration was only 26 percent, not high enough to allow the apparent benefits to seasonal workers to translate into benefits for rural communities.

Appendix – Supplementary Econometric Results

Table A1				
Regression Analysis of EI Entitlements of Rural Workers				
	Actual Entitlements is Dependent Variable		Actual Entitlements Top-coded at 45 Weeks	
	% diff.	P Value	% diff.	P Value
Reform	-0.2	0.29	0.4	0.04
Demographics				
Male	0.5	0.03	0.5	0.03
Female	–	–	–	–
Youth (15-24)	0.5	0.26	0.6	0.20
Prime (25-54)	1.0	0.01	0.9	0.01
Older (55+)	–	–	–	–
Family Type				
Single with children	-0.3	0.46	-0.1	0.78
Single without children	-1.4	0.00	-1.2	0.00
Married with children	-0.6	0.03	-0.6	0.02
Married without children	–	–	–	–
Education				
Less than High School	–	–	–	–
High School	0.1	0.63	0.2	0.52
More than High School	0.2	0.34	0.2	0.35
Other	1.5	0.06	0.9	0.23
Region				
Atlantic	-2.5	0.00	-2.5	0.00
Quebec	-0.2	0.59	-0.3	0.31
Ontario	–	–	–	–
Prairies	-2.2	0.00	-2.2	0.00
British Columbia	0.0	1.00	-0.1	0.75

Table A1 (continued)
Regression Analysis of EI Entitlements of Rural Workers

	Actual Entitlements is Dependent Variable		Actual Entitlements Top-coded at 45 Weeks	
	% diff.	P Value	% diff.	P Value
Unemployment Rate	0.6	0.00	0.6	0.00
Industry				
Primary	-3.0	0.00	-2.8	0.00
Manufacturing	0.8	0.14	0.6	0.20
Construction	-1.6	0.00	-1.5	0.00
Services	0.7	0.16	0.7	0.15
Government	—	—	—	—

Notes: Restricted to rural workers who collected EI.

Source: COEP Survey, Cohorts 1-4, 7-10.

Table A2
Percent of Entitlements Over 45 Weeks

	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)
Rural	16.1	0.0
Non-rural	12.3	0.0

Notes: Restricted to those who collected EI.

Source: COEP Survey, Cohorts 1-4, 7-10.

Table A3
Unemployment Rate Faced by Job Leavers

Rural	12.2
Non-rural	9.7

Note: Not directly comparable to LFS.

Source: COEP Survey, Cohorts 1-4, 7-10.

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

7.1 Executive Summary

Changes under EI reform, including changes to eligibility and length of entitlement, raise questions about whether or not more EI recipients are exhausting their claims and turning to Social Assistance (SA). Therefore, this monitoring report examines the exhaustion of EI benefits and the subsequent take-up of SA. The analysis will focus on four time periods: the two most recent years that COEP data is available, just before, and just after EI reform.

Data and Methodology

The Canadian Out-of-Employment Panel (COEP) survey, used in conjunction with EI administrative files, provides important information on EI benefits collection, social assistance receipt, and other personal, financial, and employment-related information.

Main Findings

- There was a small downward trend in the Claim Exhaustion Rate (CER) over the study period. The CER was lower in the year following the EI reforms (97Q1-97Q4) than in the year prior to the reform (95Q3-96Q2), and remained slightly lower in the two most recent years.
- The CER was higher for:
 - Older workers; and
 - Seasonal workers with less than 6 months tenure.
- The take-up rate of SA also followed a downward trend. It was roughly the same in the year following the EI reform, but decreased considerably by the update year.
- EI claimants who exhausted their claims were more likely to collect SA. Still the take-up rate of Social Assistance is never higher than 15 percent, even 20 months after job loss. The existence of various forms of household wealth is the likely explanation for this. However, those who collect EI but do not exhaust their benefits are less likely to collect SA than non-EI claimants.

- SA take-up was higher for:
 - Workers without any post-secondary education; and
 - Single parents.
- Since both the CER and the take-up of SA have decreased since the 1996 EI reforms, there is no evidence that the reforms have *increased* the take-up of Social Assistance through changes in the length of entitlement to EI benefits. The continued fall in SA take-up may be associated with the National Child Tax Benefit.

7.2 Introduction

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

First, the issue of exhaustion is examined with a summary of characteristics of the different individuals affected. The second part of this report then addresses changes in SA take-up rates.

Therefore, this monitoring report examines:

- the Claim Exhaustion Rate (CER) of EI benefits before and after EI reform; and
- the take-up of social assistance before and after EI reform by UI/EI claimants, both exhaustees and non-exhaustees, and those who did not claim UI/EI.

Data on non-UI/EI claimants have also been included as they could serve as a basis of comparison for EI claimants and before and after comparisons are made to assess the impact of EI reform. As well, the report considers data from the two most recent available years, to see whether previous trends have continued.

7.3 Data and Methodology

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

Each survey participant was interviewed twice following the job separation that placed him or her on the survey. The first interview (wave 1) occurred roughly one year after the job separation, and the second interview (wave 2) occurred some nine months after the first interview. Since July 1996, COEP has collected information for a total of 20 cohorts:

- cohorts 1 to 4 had a job separation in one of the four quarters prior to EI reform implementation (i.e. 95Q3 to 96Q2);
- cohorts 5 and 6 had a job separation during the implementation of the EI reforms (i.e. 96Q3 and 96Q4);
- cohorts 7 to 10 had a job separation in one of the four quarters following the EI reforms (i.e. 97Q1 to 97Q4);
- cohort 13, with job separation during 98Q3, 2 years after the implementation of EI reform;
- cohort 17, with job separation during 99Q3, 3 years after the implementation of EI reform;
- cohorts 21 to 24 had a job separation during a one year period (henceforth called “update year 1”) four years after EI reform (00Q3 to 01Q2); and
- cohorts 25 to 28 had a job separation during a one year period (henceforth called “update year 2”) five years after EI reform (01Q3 to 02Q2).

For the purposes of this study, the pre-EI reform period (third quarter of 1995 to second quarter of 1996) is compared to the post-EI reform period (first to fourth quarter of 1997), and to the two update years, as a means of determining the changes associated with EI reform. Using four pre-EI reform quarters and three groups of four post-EI reform quarters, it becomes possible to control for changes that would have been associated with seasonality alone. No analysis was done during the first phase of EI reform (third and fourth quarters of 1996) as the implementation of EI reform was phased in gradually, and the analysis of this period would be difficult.

The first section of this paper focuses on the exhaustion of benefits by UI/EI claimants and summarizes claim exhaustion rates (CERs) before and after EI reform for specific demographic, industry and occupation groups.

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

7.4 Claim Exhaustion at First Interview

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

7.4.1 Claim Exhaustion Rate Before and After EI Reform: Descriptive Results

Table 1		
Exhaustion Rates of Job Leavers who Receive UI/EI		
Cohort	Job Loss Date	Exhaustion Rate (%)
1	Jul. - Sep. 1995	31.3
2	Oct. - Dec. 1995	29.1
3	Jan. - Mar. 1996	21.8
4	Apr. - Jun. 1996	21.8
5	Jul. - Sep. 1996	29.8
6	Oct. - Dec. 1996	22.8
7	Jan. - Mar. 1997	20.8
8	Apr. - Jun. 1997	17.8
9	Jul. - Sep. 1997	29.9
10	Oct. - Dec. 1997	24.4
13	Jul. - Sep. 1998	24.7
17	Jul. - Sep. 1999	27.1
21	Jul. - Sep. 2000	22.1
22	Oct. - Dec. 2000	21.3
23	Jan. - Mar. 2001	26.2
24	Apr. - Jun. 2001	22.2
25	Jul. - Sep. 2001	32.5
26	Oct. - Dec. 2001	23.6
27	Jan. - Mar. 2002	25.2
28	Apr. - Jun. 2002	22.5
Pre-EI Reform (95Q3-96Q2)		26.3
Post-EI Reform (97Q1-97Q4)		23.4
Update Year 1 (00Q3-01Q2)		22.8
Update Year 2 (01Q3-02Q2)		25.7
Source: COEP Survey of Job Leavers.		

Table 1 reports the claim exhaustion rates (CER's) for each quarter of COEP interviews. There appears to be a small downward trend in the CER. In the year after EI reform the CER is about 3 percent lower than in the pre-reform period. The CER continues to

decrease in the first update year, and then increases in the second update year, but still remains slightly lower than prior to the EI reforms. This decrease in the percentage of EI claimants who exhaust all of their benefits is likely due, at least in part, to the improving economic performance in Canada during the study period.

Table 2				
Exhaustion Rate of Job Leavers who Receive UI/EI				
(percent)				
Characteristics	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	Update Year 1 (00Q3-01Q2)¹	Update Year 2 (01Q3-02Q2)¹
Total	26.3	23.4	22.8	25.7
Gender				
Female	27.1	22.9	26.7	30.7
Male	25.6	24.0	19.5	21.3
Age				
Youth (15-24)	27.2	20.6	18.1	22.6
Prime (25-54)	24.7	22.0	23.0	25.3
Older (55+)	39.7	38.3	27.8	29.7
Type of Employment				
Permanent	20.9	20.8	19.8	23.7
Temporary	35.1	26.0	27.5	30.3
Seasonal (1-5 months tenure)	66.8	50.8	46.1	64.0
Seasonal (6+ months tenure)	34.9	28.1	24.6	25.2
Contract	22.7	18.7	28.3	27.9
Help Agency	24.3	60.4	73.4	16.6
Other	17.9	18.2	12.8	24.1
Region				
Atlantic	37.3	31.0	29.2	28.5
Quebec	25.1	27.1	21.5	22.1
Ontario	23.6	18.5	21.0	27.1
Prairies	26.9	19.8	22.6	24.2
British Columbia	23.9	21.1	24.0	30.5
Reason for Job Loss				
Voluntarily Quits	28.5	24.4	28.8	14.5
Dismissed or Fired	34.2	26.8	24.9	31.8
Permanent Layoff	39.6	38.6	35.5	38.0
Temporary Layoff	25.3	21.2	17.6	18.2
Sickness Leave	13.1	10.0	7.4	4.2
Maternity Leave	3.7	6.8	34.5	50.6
Other	22.7	28.2	18.9	28.8
Household Type				
Single without children	28.8	28.1	21.5	23.9
Single with children	27.2	24.3	30.7	36.6
Married without children	28.3	23.0	20.4	21.9
Married with children	22.5	20.0	24.0	27.6
Has Disability	32.3	25.8	21.7	22.8
Number of Observations	7,498	7,265	5,421	4,827
Notes:				
1. Refers to initial job loss date.				
Source: COEP Survey of Job Leavers.				

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

- higher among older workers;
- higher among seasonal workers;
- higher in the Atlantic Provinces; and
- higher among workers who lose their jobs for the reason of a permanent layoff.

Table 2 also confirms the results of Table 1: the CER is lower in the years following EI reform. This is true for most specific characteristics.⁴⁰

Table 3 provides the CER for different levels of tenure at the previous job. Consistent with expectations, the longer is the length of tenure, the less likely that a worker will exhaust his/her EI claim. This is partly due to the fact that, under the UI/EI system, a claimant's entitlement is linked to the amount of time he/she has spent on the job. However, it may also be due to the fact that workers who have greater amounts of tenure may generally exhibit stronger labour force attachment, or have more marketable skills, and thus their spells of unemployment may be shorter.

Table 3				
EI Exhaustion by Length of Employment				
Months of Tenure	Pre-EI Reform (95Q3-96Q2)¹	Post-EI Reform (97Q1-97Q4)¹	Update Year 1 (00Q3-01Q2)¹	Update Year 2 (01Q3-02Q2)¹
Less than three months	45.3	49.0	39.7	39.7
Three to six months	53.6	43.6	39.0	43.4
More than six months	24.0	21.6	21.3	24.2
Notes:				
1. Refers to initial job loss date.				
Source: COEP survey of job leavers.				

7.4.2 Claim Exhaustion Rate: Regression Results

In order to further examine the causes of exhausting one's EI claim, Table A1 in the Appendix presents regression results for the probability of exhausting an EI claim,⁴¹ while controlling for demographic and job characteristics. The results of Table A1 show that, controlling for the other listed variables:

- Females are more likely to exhaust their claims than males;
- Older workers are more likely to exhaust their claims than youth or workers of prime age;

⁴⁰ Note that the increase in the CER for those on maternity is due to a coding change resulting from the implementation of Bill C-32 in January 2001, which increased the maximum entitlement to special benefits from 30 to 50 weeks.

⁴¹ Table A1 presents the results of a probit regression technique with the dependent variable equal to 1 if the EI recipient exhausts his/her EI claim, and equal to zero otherwise.

- Seasonal workers with less than 6 months tenure are more likely to exhaust their claims;
- Workers in Atlantic Canada and Quebec are more likely to exhaust their claims than workers in Ontario;
- Visible minorities are more likely to exhaust their claims;
- Part-time workers are less likely to exhaust;
- An increase in the unemployment rate increases the likelihood that individuals will exhaust their claims; and
- The longer an individual's entitlement to EI benefits, the less likely he/she is to exhaust.

Furthermore, consistent with what has been shown in Tables 1 and 2, workers have been less likely to exhaust their benefits since the EI reforms of 1996. This is most likely due to improving economic conditions during these time periods.

7.5 Social Assistance

The EI reforms of 1996 included changes to the length of entitlement to EI benefits, which could have an effect on the take-up rates of SA. However, there have been few studies examining the interaction between the UI/EI and SA systems. This interaction has relevance to a wide range of issues such as the labour market adjustment of job separators and federal-provincial relations.

Therefore, in order to examine in greater detail the incidence of SA receipt, this report examines changes to the take-up rates of SA by: (a) UI/EI claimants; (b) UI/EI claimants who exhausted their benefits; and (c) those who did not claim UI/EI.

The definition of SA receipt in this study is based on the response of participants to the COEP survey. A question asks respondents whether any member of the household, including themselves, has received SA at any time from the job separation date to time of the interview (approximately 12 months elapsed for the wave 1 interview, and 21 months before the second interview).

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

7.5.1 Comparing Before and After EI Reform: Initial Results

COEP Survey Wave 1

Table 4 presents the take-up rates of Social Assistance for each Cohort of the COEP survey for exhaustees, non-exhaustees, and non-EI claimants. These rates are based on the first COEP interview (wave 1), which occurs roughly 12 months after the job separation. The COEP question asks respondents whether they, or any member of the household, have received SA *since the job loss date*.

Table 4						
Social Assistance Take-Up with Interview 1 Information (percent)						
Cohort	Job Loss Date	EI Claimants			Non-EI Claimants	Total
		Non-Exhaustees	Exhaustees	All Claimants		
1	Jul.-Sep. 1995	2.9	9.1	5.1	9.8	8.1
2	Oct.-Dec. 1995	5.4	10.7	7.0	8.3	7.7
3	Jan.-Mar 1996	4.4	14.1	6.6	6.8	6.7
4	Apr.-Jun.1996	5.6	6.8	5.9	9.0	7.8
5	Jul.-Sep. 1996	4.3	10.0	6.2	8.7	7.9
6	Oct.-Dec. 1996	2.1	8.0	3.5	5.5	4.5
7	Jan.-Mar 1997	4.9	9.5	6.0	8.9	7.8
8	Apr.-Jun.1997	2.3	7.5	3.3	6.6	5.4
9	Jul.-Sep. 1997	5.0	6.2	5.4	8.0	7.2
10	Oct.-Dec. 1997	3.0	8.4	4.3	7.5	6.2
13	Jul.-Sep. 1998	2.6	5.0	3.2	6.7	5.6
17	Jul.-Sep. 1999	4.6	4.5	4.6	5.6	5.3
21	Jul.-Sep. 2000	1.4	4.8	2.2	3.7	3.3
22	Oct.-Dec. 2000	1.9	3.4	2.2	4.5	3.7
23	Jan.-Mar 2001	1.9	7.7	3.2	4.6	4.1
24	Apr.-Jun. 2001	1.3	6.8	2.3	4.7	4.0
25	Jul.-Sep. 2001	6.8	6.3	6.6	4.8	5.3
26	Oct.-Dec. 2001	1.6	4.7	2.3	6.0	4.6
27	Jan.-Mar. 2002	2.0	4.4	2.5	3.9	3.5
28	Apr.-Jun. 2002	4.6	4.6	4.6	3.1	3.5
Pre-EI Reform (95Q3-96Q2)		4.8	10.0	6.2	8.6	7.6
Post-EI Reform (97Q1-97Q4)		3.6	7.8	4.7	7.7	6.5
Update Year 1 (00Q3-01Q2)		1.7	5.4	2.5	4.3	3.8
Update Year 2 (01Q3-02Q2)		3.4	5.1	3.8	4.4	4.3
Excludes those who left their jobs for reasons of maternity leave, retirement, or return to school.						
Source: COEP Survey of Job Leavers.						

Not surprisingly, people who have exhausted their EI claims are considerably more likely to collect SA than persons who have not exhausted their claims. Exhaustees are also slightly more likely to collect SA than persons who never collected EI.⁴²

For all three groups, there is a general decreasing trend in the SA take-up rate over time. For example, the SA take-up rate for those who exhausted their EI benefits was 10 percent in the year prior to the 1996 EI reforms, 7.8 percent in the year following the reforms, and 5.4 and 5.1 percent in the two update years. This trend is similar for non-exhaustees and non-EI claimants.

COEP Survey Wave 2

Table 5 presents the SA take-up rate by the second COEP interview (wave 2). Again, the same trends hold true. SA take-up rates have generally slightly decreased since the EI reforms, and exhaustees continue to be the most likely to collect SA.

Table 5						
Social Assistance Take-up Rate within 22 Months of Job Separation (percent)						
Cohort	Job Loss Date	EI Claimants			Non-EI Claimants	Total
		Non-Exhaustees	Exhaustees	All Claimants		
1	Jul.-Sep. 1995	5.1	14.5	8.4	12.0	10.6
2	Oct.-Dec. 1995	7.3	14.6	9.6	7.8	8.7
3	Jan.-Mar 1996	7.9	18.6	10.1	9.5	9.8
4	Apr.-Jun.1996	6.4	12.6	7.9	9.9	9.1
5	Jul.-Sep. 1996	7.1	15.3	9.9	10.7	10.4
6	Oct.-Dec. 1996	1.9	11.9	4.3	6.6	5.4
7	Jan.-Mar 1997	4.7	15.1	7.2	11.3	9.8
8	Apr.-Jun.1997	7.6	20.1	10.1	8.7	9.2
9	Jul.-Sep. 1997	6.1	15.7	9.2	10.0	9.8
10	Oct.-Dec. 1997	5.2	10.4	6.5	9.1	8.0
13	Jul.-Sep. 1998	4.4	13.2	6.8	8.3	7.8
17	Jul.-Sep. 1999	5.5	8.9	6.6	7.1	7.0
Pre-EI Reform (95Q3-96Q2)		6.8	14.7	9.0	9.8	9.5
Post-EI Reform (97Q1-97Q4)		5.4	13.4	7.5	10.0	9.1
Notes: Uses weighting for wave 2 of COEP survey.						
Excludes those who left their jobs for reasons of maternity leave, retirement, or return to school.						
Source: COEP Survey of Job Leavers.						

⁴² It is important to remember that non-EI claimants are composed of both those who did not qualify for EI and those who had no need for EI (e.g. people who found new work quickly). Therefore, the interpretation of this group's take-up of SA is complex.

It is not surprising that SA take-up rates have increased somewhat since the first COEP interview. By this point, roughly 21 months have elapsed since the job separation.⁴³ Still, they never exceed 15 percent for any given twelve month period.

7.5.2 Social Assistance Receipt by Characteristics

Table A2 in the Appendix provides the level of SA receipt by demographic and job characteristics for exhaustees, non-exhaustees, and non-EI claimants. First of all, as seen in Table 5, EI claimants who exhaust their benefits are the most likely to collect Social Assistance. Also, in most cases, SA take-up has decreased since the 1996 EI reforms, although it has increased slightly for non-EI claimants. In addition, it can be seen that SA take-up is higher for:

- Males;
- Single parents;
- Residents of British Columbia; and
- Seasonal workers with less than six months tenure.

This is especially true in the case of single parents, who are considerably more likely to collect Social Assistance. Regardless of whether they are EI claimants, either exhaustees or non-exhaustees, or non-EI claimants, single parents are far more likely to collect social assistance than any other family type.

7.5.3 Financial Situation of Exhaustees

In order to understand the decision of exhaustees to collect SA, it is useful to compare the financial situation of EI exhaustees who collect SA to that of exhaustees who do not collect SA. This also gives some insight into why the take-up rate is lower than might be expected 21 months after job loss.

Table 6 shows that exhaustees who did not collect SA were in better financial situations than those who did collect SA. Exhaustees who did not collect SA were considerably more likely to indicate that they had liquid assets available to them (41.1 percent compared to 13.5 percent). They were also more likely to be home owners⁴⁴ (36.9 percent versus 12.9 percent). Furthermore, exhaustees who did not collect SA were far more likely to have an employed spouse (42.5 percent versus 8.4 percent). However, they were about equally likely to indicate that they had decreased their monthly expenditures since the job loss date.

⁴³ The variable used to create Table 6 defines SA take-up as having answered positively to the SA question in *either* Interview 1 or 2. Therefore, by definition, take-up rates after Interview 2 must be *at least* as high as after Interview 1.

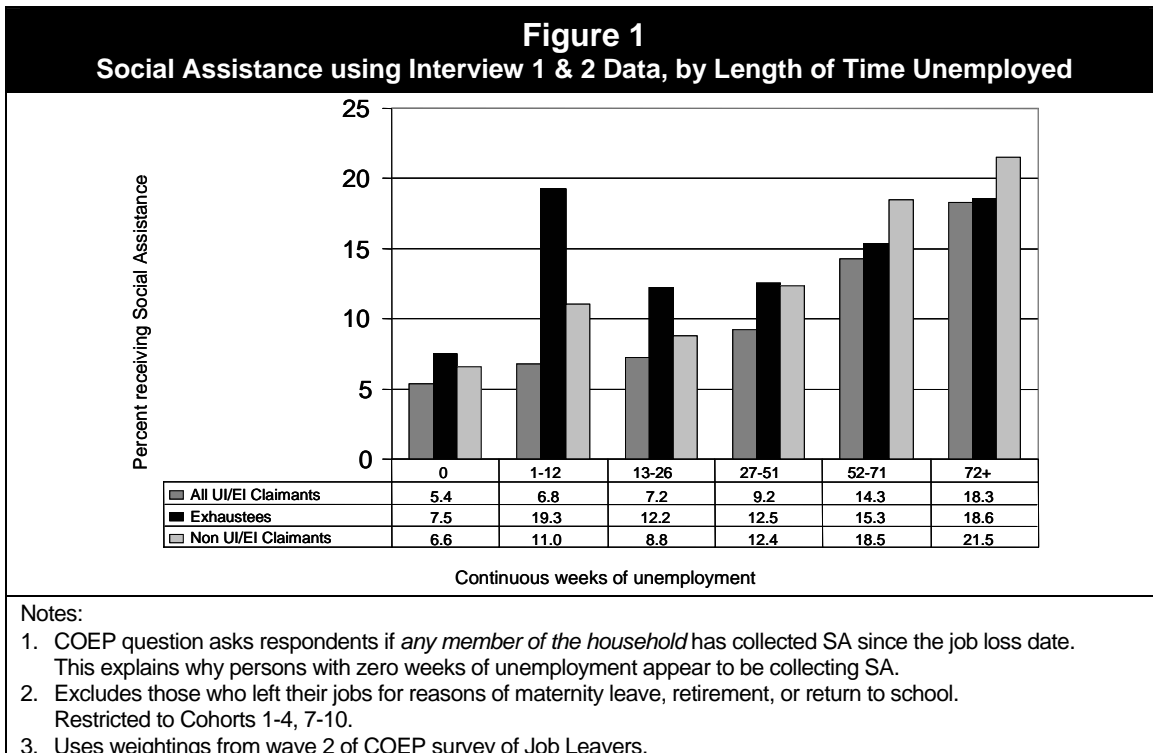
⁴⁴ As measured by the presence of a mortgage.

Table 6										
Financial Situation of Job Leavers who Exhaust their UI/EI Benefits (percent)										
	Exhaustees who do not collect SA ¹					Exhaustees who collect SA ¹				
	Total	Pre-EI Ref. (95Q3-96Q2) ²	Post-EI Ref. (97Q1-97Q4) ²	Update Year 1 (00Q3-01Q2) ²	Update Year 2 (01Q3-02Q2) ²	Total	Pre-EI Ref. (95Q3-96Q2) ²	Post-EI Ref. (97Q1-97Q4) ²	Update Year 1 (00Q3-01Q2) ²	Update Year 2 (01Q3-02Q2) ²
Has Liquid Assets	41.1	41.3	42.2	36.8	43.3	13.5	13.6	14.6	6.3	17.8
Has a Mortgage (Indicates home owner)	36.9	36.3	36.7	41.0	34.5	12.9	15.6	11.7	10.1	10.1
Has Employed Spouse	42.5	44.6	44.6	40.4	39.1	8.4	11.6	5.5	6.6	6.3
Decreased Consumption since job loss	20.4	16.9	22.9	18.6	23.8	23.8	19.0	23.1	22.3	39.5

Notes:
1. Collect SA by first COEP interview. 2. Refers to initial job loss date.
Excludes those who left their jobs for reasons of maternity leave, retirement, or return to school.
Source: COEP Survey of Job Leavers.

7.5.4 Social Assistance Receipt by Length of Time Unemployed

Figure 1 presents the extent to which SA use increases with the amount of time an individual is unemployed. In general, there is an upwards trend indicating that the longer a worker is unemployed, the more likely he/she is to collect Social Assistance. This is true for exhaustees, as well as all EI claimants and non-claimants.

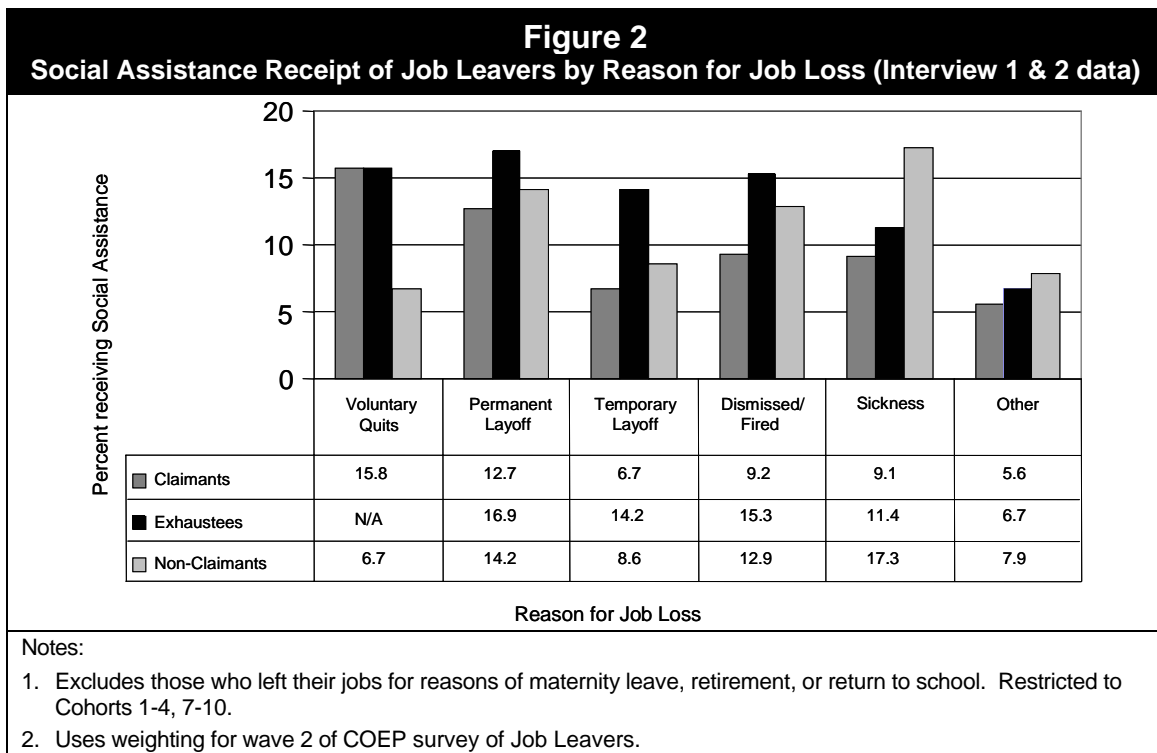


7.5.5 Social Assistance Receipt by Reason for Job Loss

It is also useful to examine SA take-up with respect to the reason for job loss. Figure 2 shows that:

- Those who are permanently laid off are considerably more likely to use SA than those who are temporarily laid off.

This, of course, is not surprising, but it provides additional evidence that Social Assistance is used as a longer term coping method.



7.5.6 Regression Results

In order to further examine the determinants of SA take-up, while controlling for other factors, regression analysis has been conducted. The model tested the likelihood that an individual would receive Social Assistance, while controlling for demographic and job characteristics.

The impact of the EI reforms has also been assessed by comparing the Pre-reform period to the Post-reform period. In addition, the two update years have been included in order to see whether there have been any recent changes. However, it should be pointed out that the second wave of COEP was not available for the most recent years. For that reason, the regression only examines SA use in the 10 months following job loss.

The results of this analysis are recorded in Table A3, in the Appendix. Table A3 shows that:

- Those who collect EI are less likely to collect SA than non-EI claimants. In addition, more weeks of entitlements to EI reduce SA take-up;
- However, those who exhaust their EI benefits are more likely to collect Social Assistance;
- Workers with a post-secondary education are less likely to collect SA than are workers with a high-school education or less;
- Single persons are more likely to collect SA than married persons. This is especially true in the case of single parents;
- Residents of British Columbia are more likely to collect SA than residents of Ontario;
- Seasonal workers with less than five months tenure are more likely to collect SA than permanent workers;
- Visible minorities are more likely to collect SA;
- As the unemployment rate rises, so does the likelihood that an individual will collect SA;
- The likelihood of collecting SA stayed roughly the same in the year after EI reform, but decreased in update year 1 (00Q3-01Q2). The National Child Benefit may have contributed to this as it was introduced in July of 1998. Preliminary evidence indicates that the NCB has played a role in reducing SA usage.

7.6 Conclusions

The reforms to EI of 1996 caused changes to the length of time to which a worker was entitled to EI benefits. This report examined whether these EI reforms to entitlement had affected the likelihood that an individual claimant would exhaust his/her benefits, and, consequently, whether there had been any changes to the take-up rate of Social Assistance due to any changes to the Claim Exhaustion Rate (CER).

Exhaustion of EI Benefits

The report first examined the exhaustion of EI benefits. It found that there was a small downwards trend in the CER during the study period. In particular, during the year after the EI reform (97Q1-97Q4), the CER was lower than the year prior to EI reform (95Q3-96Q2). The CER continued to be slightly lower in the most recent years of data. Although this decrease in the CER is likely due to improvements in the economy, there is certainly no evidence that the CER has increased due to the EI reforms.

The report also considered the CER by demographic and job characteristics. For example, it found that older workers, seasonal workers with less than 6 months tenure, and workers in Atlantic Canada, are all more likely to exhaust their EI benefits.

Social Assistance

The report then examined the take-up of Social Assistance (SA). It was found to never exceed 15 percent. This low level was explained primarily by the existence of household assets. There was considerable variation in the take-up rate among detailed categories. EI recipients who exhaust their EI claims are considerably more likely to collect SA than those who do not exhaust their EI benefits. Persons who do not collect EI are more likely to collect Social Assistance than persons who do collect EI.

As with the CER, there is a general downward trend in the take-up of SA. The take-up rate of SA is roughly the same in the year before and the year after the EI reform. However, SA take-up is lower in the most recent years of data. This may be partly due to the introduction of NCB in 1998.

The SA take-up rate was also examined by demographic and job characteristic. It was found that SA take-up was higher for: workers of prime age, workers without any post-secondary education, single parents, and residents of British Columbia. The results also showed that the longer an individual is unemployed, and the worse his/her financial situation, the more likely that he/she will use SA.

Appendix

Table A1				
Regression for the Probability that a Job Leaver who Collects EI will Exhaust His/Her Claim				
	% diff	P value	Confidence Interval (90%)	
Gender				
Female	5.2	0.000	3.1	7.3
Male	–	–	–	–
Age				
Youth (15-24)	-12.2	0.000	-15.1	-9.3
Prime (25-54)	-10.0	0.000	-13.4	-6.7
Older (55+)	–	–	–	–
Education				
Less than High School	1.2	0.384	-1.1	3.6
High School	1.0	0.455	-1.2	3.2
More than High School	–	–	–	–
Other	-1.7	0.627	-7.4	4.0
Household Type				
Single without children	1.0	0.500	-1.5	3.6
Single with children	3.3	0.180	-0.9	7.5
Married without children and spouse unemployed	0.1	0.974	-3.4	3.6
Married without children and spouse employed	-5.3	0.001	-7.7	-2.9

Table A1 (continued)
Regression for the Probability that a Job Leaver
who Collects EI will Exhaust His/Her Claim

	% diff	P value	Confidence Interval (90%)	
Married with children and spouse unemployed	-4.1	0.029	-7.1	-1.2
Married with children and spouse employed	–	–	–	–
Region				
Atlantic	10.7	0.000	7.7	13.7
Quebec	3.2	0.073	0.2	6.1
Ontario	–	–	–	–
Prairies	-0.2	0.891	-2.7	2.3
British Columbia	2.9	0.095	0.0	5.8
Employment Type				
Permanent	–	–	–	–
Temporary	2.9	0.069	0.2	5.6
Seasonal (1 to 5 months tenure)	24.3	0.000	18.5	30.1
Seasonal (6+ months tenure)	-0.7	0.635	-2.9	1.6
Contract	0.5	0.857	-3.9	4.9
Help Agency	13.0	0.128	-2.4	28.5
Other	-7.8	0.022	-12.7	-2.9
Other Characteristics				
Visible Minority	11.0	0.000	7.8	14.2
Unemployment Rate	0.6	0.000	0.3	0.8
Weeks of EI Entitlement	-1.1	0.000	-1.3	-1.0
Part-time Job	-5.6	0.001	-8.3	-3.0
Industry				
Primary	-2.0	0.507	-6.9	2.8
Manufacturing	-4.3	0.133	-8.8	0.2
Construction	-3.9	0.172	-8.3	0.6
Services	-1.9	0.485	-6.4	2.6
Government	–	–	–	–
Quarter of Job Loss				
1st Quarter	2.3	0.141	-0.3	4.8
2nd Quarter	-2.1	0.172	-4.6	0.4
3rd Quarter	5.0	0.001	2.4	7.5
4th Quarter	–	–	–	–
Period of Job Loss				
Post Reform Period ¹	-4.2	0.003	-6.7	-1.8
Since Update Year 1 (00Q3-02Q2)	-2.8	0.061	-5.2	-0.3
Since Update Year 2 (01Q3-02Q2)	3.6	0.024	0.9	6.3
Notes:				
1. Includes the periods 97Q1-97Q4, 00Q3-01Q2, and 01Q3-02Q2.				
Results obtained using the probit regression technique.				
Includes only those who collect UI/EI. Excludes Cohorts 5, 6, 13, and 17.				
Source: COEP Survey of Job Leavers.				

Table A2
Social Assistance Use of Job Leavers with Interview 1 and 2 Data,
by UI/EI Characteristic (percent)

Variable	UI/EI Claimants						Non-UI/EI Claimants	
	Total		Claim Exhausted		Claim Not Exhausted			
	Pre-EI Reform (95Q3-96Q2) ¹	Post-EI Reform (97Q1-97Q4) ¹	Pre-EI Reform (95Q3-96Q2) ¹	Post-EI Reform (97Q1-97Q4) ¹	Pre-EI Reform (95Q3-96Q2) ¹	Post-EI Reform (97Q1-97Q4) ¹	Pre-EI Reform (95Q3-96Q2) ¹	Post-EI Reform (97Q1-97Q4) ¹
Total	9.0	7.5	14.7	13.4	6.8	5.4	9.8	10.0
Gender								
Female	8.1	6.8	12.0	9.5	6.2	5.6	10.0	8.7
Male	9.9	8.1	17.8	16.8	7.3	5.2	9.6	11.1
Age								
Youth (15-24)	11.4	8.8	13.3	16.9	10.6	6.8	9.2	11.0
Prime (25-54)	9.0	7.6	15.0	15.0	6.8	4.9	10.4	10.0
Older (55+)	6.6	6.0	12.7	2.9	2.7	7.7	5.3	7.7
Household Type								
Single without children	11.4	11.9	19.7	22.4	7.9	7.5	11.5	11.9
Single with children	33.9	19.5	47.2	32.7	27.2	15.0	29.3	28.1
Married without children	4.8	3.1	7.8	5.5	3.7	2.2	4.2	3.8
Married with children	6.1	5.4	8.6	7.4	5.2	4.7	8.5	9.4
Region								
Atlantic	7.1	6.8	11.5	11.5	4.4	4.5	10.1	10.2
Quebec	10.5	9.2	18.0	15.8	7.7	6.4	13.5	12.6
Ontario	7.6	2.7	12.4	6.9	6.0	1.7	6.4	8.4
Prairies	7.5	8.0	12.0	9.4	5.6	7.6	8.1	7.1
British Columbia	12.2	12.2	20.1	21.9	9.8	8.9	12.9	13.4
Type of Employment								
Permanent	9.7	8.4	14.9	12.6	8.0	7.0	8.2	9.4
Seasonal (1 to 5 months tenure)	18.2	8.7	24.1	12.7	6.9	3.7	15.3	8.5
Seasonal (6+ months tenure)	8.1	5.3	9.7	10.9	7.2	3.3	14.3	7.0
Temporary	9.0	8.1	19.1	18.2	3.2	4.6	10.9	13.1
Contract	3.7	6.7	8.8	21.1	2.2	0.9	10.6	7.4
Help Agency	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Employment	7.4	4.1	N/A	N/A	5.5	4.6	9.4	6.1

Notes:

1. Refers to initial job loss date

Excludes those who left their jobs for reasons of maternity leave, retirement, or return to school.

Uses weighting for wave 2 of COEP survey.

N/A sample size was under 30 observations, results are suppressed.

Data Source: COEP Survey of Job Leavers.

Table A3
Regression for the Probability of Receiving Social Assistance by Interview 1

	% diff.	P Value	Confidence Interval (90%)	
UI/EI Status				
Collects UI/EI	-2.1	0.002	-3.2	-1.0
Exhausts UI/EI Benefits	3.7	0.001	1.4	6.0
Gender				
Female	-0.9	0.013	-1.5	-0.3
Male	-	-	-	-
Age				
Youth (15-24)	0.2	0.837	-1.2	1.6
Prime (25-54)	1.2	0.055	0.2	2.2
Older (55+)	-	-	-	-
Education				
Less than High School	4.5	0.000	3.4	5.5
High School	1.6	0.000	0.8	2.4
More than High School	-	-	-	-
Other	1.7	0.152	-0.5	3.9
Household Type				
Single without children	3.7	0.000	2.8	4.6
Single with children	13.6	0.000	11.2	15.9
Married without children	-2.0	0.000	-2.8	-1.3
Married with children	-	-	-	-
Region				
Atlantic	-0.3	0.511	-1.1	0.5
Quebec	0.5	0.328	-0.4	1.5
Ontario	-	-	-	-
Prairies	-1.1	0.010	-1.8	-0.4
British Columbia	1.7	0.003	0.7	2.6
Employment Type				
Permanent	-	-	-	-
Temporary	0.2	0.698	-0.6	0.9
Seasonal (1-5 months tenure)	1.6	0.027	0.3	3.0
Seasonal (6+ months tenure)	-0.8	0.112	-1.5	0.0
Contract	-0.2	0.807	-1.3	1.0
Help Agency	0.1	0.962	-2.8	2.9
Other	-0.7	0.591	-2.8	1.3
Other				
Visible Minority	2.1	0.000	1.1	3.2
Unemployment rate	0.1	0.005	0.1	0.2
Weeks of UI/EI entitlement	-0.1	0.000	-0.1	-0.1
Part-time job	0.8	0.148	-0.1	1.6

Table A3 (continued)
Regression for the Probability of Receiving Social Assistance by Interview 1

	% diff.	P Value	Confidence Interval (90%)	
Industry				
Primary	-1.5	0.051	-2.5	-0.4
Manufacturing	1.0	0.224	-0.4	2.5
Construction	-0.5	0.534	-1.8	0.8
Services	1.0	0.171	-0.2	2.1
Government	-	-	-	-
Quarter of Job Loss				
1st	-0.2	0.711	-1.0	0.6
2nd	-0.5	0.280	-1.2	0.2
3rd	-0.2	0.735	-0.9	0.6
4th	-	-	-	-
Post Reform Variables				
Post Reform ¹	-0.2	0.695	-1.1	0.7
Post Reform * Collects UI/EI	-1.4	0.144	-2.9	0.1
Post Reform * Exhausts UI/EI	0.4	0.778	-1.9	2.6
Since Update Year 1				
Since Update Year 1 ²	-2.9	0.000	-4.0	-1.9
Since Update Year 1 * Collects UI/EI	0.3	0.830	-1.7	2.2
Since Update Year 1 * Exhausts UI/EI	0.0	0.993	-2.5	2.5
Since Update Year 2				
Since Update Year 2 ³	0.2	0.746	-0.9	1.4
Since Update Year 2 * Collects UI/EI	3.6	0.031	0.2	6.9
Since Update Year 2 * Exhausts UI/EI	-2.1	0.116	-3.7	-0.5
Notes:				
1. Includes all data after EI reform (97Q4-97Q4, 00Q3-01Q2, 01Q3-02Q2)				
2. 00Q3-01Q2, 01Q3-02Q2				
3. 01Q3-02Q2				
Excludes those who left their jobs for reasons of maternity leave, retirement, or return to school. Excludes Cohorts 5, 6, 13, and 17.				
Source: COEP Survey of Job Leavers.				

8. Community Size and the Variation in EI Usage by Industry and Education Level

8.1 Executive Summary

This report examines how the incidence of EI use at the community level has changed over time to accommodate the needs of different workers, as the EI program is required to contribute to the achievement of goals such as the promotion of equity through income redistribution, labour market adjustment and macroeconomic stabilization.

Specifically, the variation in EI use by community size and the relationship with industry sector and level of education are investigated. It is expected that the results will help illustrate to what extent the needs of people in communities of different sizes are being addressed, as well as examining the initial impact of the 1996 EI reforms on communities of different sizes.

Data and Methodology

The data source for this report is Statistics Canada's annual Survey of Consumer Finances (SCF) for the 1990 to 1997 reference period. Data gathered by the survey is used to produce cross-sectional income and work experience profiles of individuals, census and economic families, and households. The report focuses on EI use by individuals for all types of benefits.

Main Findings

- From 1990 to 1997, EI use was highest in rural and small urban communities and was lowest in urban areas of more than 500,000 people.
- During this time period, EI use in rural areas rose *relative* to EI use in all other communities.
- There was no substantial difference in the way EI reform initially impacted communities of different sizes.
- EI receipt rates varied significantly by industry, with workers in construction having the highest receipt rates and employees in finance, insurance, and real estate having the lowest.
- By education level, for those in the labour force, EI receipt rates were higher for individuals with lower levels of education and lower for individuals with higher levels of education.

- Agricultural and primary industries were more likely to be located in rural areas, while finance, insurance and real estate industries were more likely to be based in large urban areas.
- Individuals from areas with lower populations had, on average, a lower level of education.

8.2 Introduction

During its more than half a century of service to the workers and national economy of Canada, Employment Insurance (EI)⁴⁵ has been a program that has changed in response to contemporary social and economic priorities.

This report examines how the incidence of EI use at the community level has changed over time to accommodate the needs of different workers, as the EI program is required to contribute to the achievement of goals such as the promotion of equity through income redistribution, labour market adjustment and macroeconomic stabilization.

Specifically, the variation in EI use by community size and the relationship with industry sector and level of education are investigated. It is expected that the results will help illustrate to what extent the needs of people in communities of different sizes are being addressed, as well as examine the initial impact of the 1996 EI reforms on communities of different sizes.

8.3 Data and Methodology

The data source for this report is Statistics Canada's annual Survey of Consumer Finances (SCF) for the 1990 to 1997 reference period.⁴⁶ Data gathered by the survey is used to produce cross-sectional income and work experience profiles of individuals, families, and households.

The sample employed for the SCF is the Labour Force Survey (LFS) sample. This multi-stage stratified clustered probability sample is designed to represent approximately 98 percent of the population.

The LFS, from Statistics Canada, is a monthly survey which measures the status of the members in randomly selected Canadian households with respect to the labour market in the reference period. On the basis of this survey, estimates for national, provincial, and sub-provincial labour force characteristics are obtained.

Excluded population groups include:

- Residents of the Yukon and Northwest Territories;
- Residents of Indian reserves;

⁴⁵ Prior to 1997, the EI system was referred to as the Unemployment Insurance (UI) system.

⁴⁶ The survey period was 1991-1998. Thus, data for the 1997 reference period was obtained in the 1998 survey.

- Residents of military barracks; and
- Inmates of institutions such as prisons, penitentiaries, jails, reformatories, mental hospitals, tuberculosis hospitals, sanatoriums, orphanages, and homes for the aged.

Because of varying sampling and response ratios, each record on the file is weighted. This weighting factor reflects the sample design and incorporates the inverse of the sampling ratio (which varies significantly by geographic area) and differential response rates for households, among other things.

The SCF dataset includes the complete set of LFS variables, consisting of demographic characteristics for all individuals and detailed labour force characteristics of all persons aged 15 years and over. To this core set of LFS variables, the SCF adds detailed information on 23 sources of income and income tax for the preceding calendar year (the income reference year), as well as summarized work experience information for the reference year. From this consolidated SCF individual-level dataset, cross-sectional summary statistics are created for individuals, families, and households.

This report focuses on EI use at the individual level only. An individual is deemed to have received EI if benefits were collected at any point during the reference year. All distributions, estimated numbers and amounts, averages, etc., are produced using weighted values and are not sample counts. All analyzed estimates and/or distributions from this dataset that are given in tables are based on a sample of at least 100 records.⁴⁷

Due to data limitations, there is no analysis done on the period after 1997, as the replacement of the SCF with the Survey of Labour and Income Dynamics (SLID) in 1998 resulted in numerous changes to the variables examined in this report.

8.4 Community Size

The SCF includes six designations for community size, one of which is for all rural areas and the other five of which are for urban areas (500,000 or more; 100,000 to 499,999; 30,000 to 99,999; 2,500 to 29,999; and less than 2,500). Table 1 provides a synopsis of the changing distribution of the Canadian population, based on these six designations for community size, for the 1990 to 1997 reference period.

⁴⁷ In accordance with Statistics Canada's policy that is followed in publications and based on the fact that data produced from smaller samples is unlikely to be reliable.

Table 1
Distribution of the Canadian Population by Community Size (percent)

Ref. Year	500,000 or more	100,000 to 499,999	30,000 to 99,999	2,500 to 29,999	Less than 2,500	Rural
1990	46.8	13.7	8.6	10.8	2.4	17.7
1991	46.7	13.8	8.5	10.9	2.5	17.6
1992	46.4	14.0	8.6	10.7	2.6	17.8
1993	46.4	14.0	8.7	11.1	2.1	17.7
1994	48.9	15.9	7.4	9.5	2.5	15.7
1995	49.0	15.9	8.5	9.2	1.8	15.6
1996	49.1	15.9	8.4	8.9	1.9	15.9
1997	49.2	15.9	8.3	8.8	1.8	16.0

Source: Statistics Canada, Survey of Consumer Finances: Individuals Aged 15 Years and Over, With and Without Income.

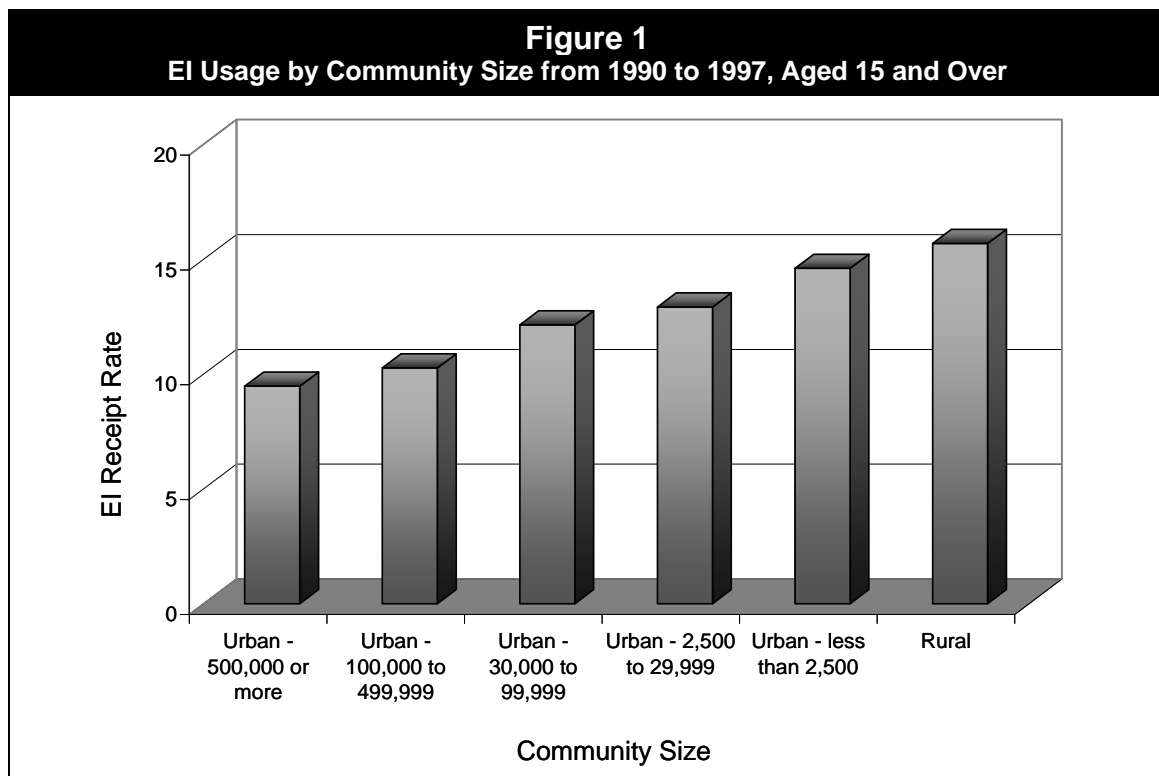
In 1990, 60.5 percent of Canada's population resided in the two largest urban area types, with almost half of Canada's population based in urban communities of more than 500,000 people. During this eight-year time period, the percentage of residents in communities of more than 500,000 people rose from 46.8 percent in 1990 to 49.2 percent in 1997. By 1997, 65.1 percent of the population was centered in communities of more than 100,000 people.

There was a pronounced increase in the percentage of residents in large communities from 1993 to 1994. Similar pronounced distributional changes occurred in the other five community sizes between 1993 and 1994 as well. The main reason for these changes was due to amendments to the 1994 sample design. Commencing in 1994, all persons residing in Canada who were neither Canadian citizens nor landed immigrants were included in the sample.⁴⁸ As a result of these inclusions, the sample in larger communities increased, as these individuals tend to migrate to larger cities, where populations of various ethnic backgrounds are larger⁴⁹ and where employment opportunities are greater.

⁴⁸ Includes persons claiming refugee status; students from other countries attending school in Canada on student visas; persons from other countries in Canada on work permits; persons who have a Minister's permit to reside in Canada; and non-Canadian born dependents of the previous four categories.

⁴⁹ The five cities with the highest percentage of visible minorities in 1996, in order, were Toronto, Vancouver, Calgary, Edmonton and Montreal (Statistics Canada, 1996 Census Nation tables).

Figure 1 explores the relationship between EI use and community size.



Over this eight-year period, EI use was higher in the smaller-sized communities and was lowest in areas of more than 100,000 residents. The rate of EI receipt by residents in urban communities of more than 500,000 was 9.5 percent over this period, whereas EI use was 15.7 percent by residents in rural areas of Canada.⁵⁰ The EI receipt rate in communities of different sizes is largely determined by the types of industries located there, as well as by the education level of the underlying population, as will be shown in following sections.

Table 2 breaks down the relative distributional aspects of EI use by year. For example, in 1990, the relative distribution of EI use ranged from 0.84 in the largest urban community to 1.41 in the smallest urban community. This indicates that residents in the largest urban community collected EI at a rate that was 16 percent lower than the average Canadian rate for 1990, whereas residents in the smallest urban community collected EI at a rate that was 41 percent higher.

⁵⁰ Note that it is possible for the annual rate of EI receipt to be higher than the annual unemployment rate, as the unemployment rate represents an average for the whole year, whereas the rate of EI receipt represents the percentage of individuals who collected EI benefits at any given time during the year. It would be more useful to compare the percentage of individuals who collected EI benefits at any given time during the year with the percentage of individuals who were unemployed at any given time during the year.

Table 2						
Relative Distribution of EI Use by Community Size (percent)						
Ref. Year	500,000 or more	100,000 to 499,999	30,000 to 99,999	2,500 to 29,999	Less than 2,500	Rural
1990	0.84	0.85	1.09	1.18	1.41	1.34
1991	0.84	0.89	1.04	1.18	1.19	1.35
1992	0.80	0.92	1.08	1.18	1.40	1.39
1993	0.87	0.90	1.06	1.10	1.27	1.30
1994	0.84	0.99	1.06	1.07	1.32	1.39
1995	0.87	0.95	1.00	1.11	1.07	1.38
1996	0.85	0.93	1.15	1.02	1.25	1.43
1997	0.82	0.91	1.10	1.14	1.08	1.49
Total	0.84	0.91	1.07	1.14	1.29	1.39
Source: Statistics Canada, Survey of Consumer Finances: Individuals Aged 15 Years and Over, With and Without Income.						

There are two trends that emerge from Table 2. The first trend is that EI use in rural areas, relative to those for Canada as a whole, increased during this period, rising from 1.34 in 1990 to 1.49 in 1997. The second trend is the high volatility in EI use in urban areas of less than 2,500 citizens. For example, in 1990, relative EI use was 1.41 in urban areas of less than 2,500 residents. In 1991, relative EI use fell to 1.19, but rose to 1.40 in 1992. Similar swings occurred in the following years as well. This was a function of the small sample size.

8.4.1 By Industry Sector

This section presents additional information at the community level by examining the types of industries located in the different communities. In particular, it examines the industry composition in communities and any possible effect on EI use. Data on the distribution of the Canadian population and EI receipt rates by industry, in relation to community size, are given in Table 3.

Table 3
Distribution of the Canadian Population and EI Receipt Rates by Industry (percent)

Industry	500,000 or more	100,000 to 499,999	30,000 to 99,999	2,500 to 29,999	Less than 2,500	Rural
Agriculture & Other Primary						
Sample Share	13.3	7.0	6.2	11.4	2.7	59.4
Rate of EI Receipt	13.4	17.7	22.8	23.4	26.8	19.6
Manufacturing						
Sample Share	49.8	14.2	8.8	9.1	2.5	15.6
Rate of EI Receipt	15.2	16.2	19.4	21.3	28.9	27.0
Construction						
Sample Share	45.7	14.4	8.4	9.0	2.2	20.3
Rate of EI Receipt	26.4	29.5	36.5	35.5	41.9	39.3
Trans., Comm., & Other Utilities						
Sample Share	51.5	14.0	7.7	9.1	1.9	15.7
Rate of EI Receipt	10.7	13.3	15.8	16.8	16.8	21.1
Wholesale Trade						
Sample Share	56.9	13.7	7.4	7.7	1.6	12.7
Rate of EI Receipt	11.3	12.4	13.7	17.0	17.0	18.7
Retail Trade						
Sample Share	47.4	15.8	9.2	11.0	2.3	14.4
Rate of EI Receipt	10.4	11.5	13.4	13.9	13.7	15.7
Finance, Insurance, & Real Estate						
Sample Share	61.7	14.7	6.3	7.1	1.3	8.9
Rate of EI Receipt	8.8	9.3	10.6	13.1	12.1	13.7
Business & Other Services						
Sample Share	51.4	15.7	8.2	9.8	1.9	13.0
Rate of EI Receipt	10.9	11.9	13.8	15.2	16.5	17.8
Public Administration						
Sample Share	48.0	19.3	7.7	10.2	1.8	13.0
Rate of EI Receipt	8.4	10.0	11.7	13.1	16.7	16.9

Source: Statistics Canada, Survey of Consumer Finances: Individuals Aged 15 Years and Over, with and Without Income.

Table 3 illustrates that some industries are more likely to be located in larger urban areas and some are more likely to be centered in areas with a smaller population base. Finance, insurance, and real estate industries are particularly more likely to conduct business in large urban areas of more than 500,000 people. On the other hand, agriculture and other primary industries are more likely to be located in rural areas. The only other result worth noting is that urban communities of between 100,000 and 499,999 employ a relatively higher percentage of individuals in public administration.

Significant variation also exists in EI receipt rates, both by industry and by community size. The highest EI receipt rate was for individuals employed in the construction industry, where EI receipt rates ranged from 26.4 percent in urban areas of between

100,000 and 499,999 people to 41.9 percent in urban areas of less than 2,500 people. For the 1990 to 1997 reference period, the EI receipt rate in the construction industry was 31.5 percent.

EI receipt rates were lowest in the finance, insurance, and real estate industry, with rates being lowest in urban areas of more than 500,000 people (8.8 percent) and highest in rural areas (13.7 percent). Overall, the EI receipt rate during the duration of the reference period was 9.8 percent.

A likely determinant in the rate of EI receipt is the employment status of an individual. Industries that have a larger percentage of the workforce employed part-time, such as the retail trade and business, personal, and other services industries, tend to have lower EI receipt rates. Similarly, industries with a higher percentage of the workforce employed full-time, such as the manufacturing and transportation, communication, and other utilities industries, have higher EI receipt rates. Employees that work more weeks/hours have higher EI eligibility rates, and hence, higher EI receipt rates.

EI receipt rates tend to be higher in communities of smaller sizes, as previously evidenced in Table 2. Table 3 shows that this trend holds, irrespective of the type of industry an individual is employed in.

8.4.2 By Education Level

Community level information is further investigated in this section by examining education levels in the different communities. There are seven different classifications that the SCF uses for the highest level of education obtained:

- No schooling or grade 8 or lower, no other education (NOE);
- Grade 9-10, NOE;
- Grade 11-13, did not graduate from high school, NOE;
- Grade 11-13, graduated from high school, NOE;
- Some post-secondary, no degree, certificate or diploma;
- Post-secondary certificate or diploma (including trade certificate); and
- University degree.

Data on the distribution of the Canadian population and EI receipt rates, in relation to the highest level of education obtained, are given in Table 4.

Table 4
Distribution of the Canadian Population and EI Receipt Rates by Education Level
(percent)

Highest Level of Education	500,000 or more	100,000 to 499,999	30,000 to 99,999	2,500 to 29,999	Less than 2,500	Rural	Total	Total for Labour Force
Grade 8 or Lower								
Sample Share	40.5	11.6	8.6	11.4	3.4	24.5	13.0	5.8
Rate of EI Receipt	6.8	6.0	6.2	8.2	10.4	12.8	8.4	20.2
Grade 9 to Grade 10								
Sample Share	39.9	14.1	9.0	11.6	2.8	22.6	13.3	10.0
Rate of EI Receipt	8.7	8.5	10.6	11.8	15.1	16.2	11.1	17.7
Grade 11 to Grade 13								
Sample Share	43.2	15.7	8.6	11.7	2.4	18.5	7.5	6.9
Rate of EI Receipt	8.6	9.6	10.5	12.5	13.0	14.1	10.5	14.5
Graduate of High School								
Sample Share	50.1	15.3	8.1	9.5	1.9	15.2	19.8	21.8
Rate of EI Receipt	10.5	11.2	14.3	14.9	17.3	17.9	12.6	14.8
Some Post Secondary								
Sample Share	50.1	17.1	9.0	9.3	1.7	12.9	9.0	9.5
Rate of EI Receipt	9.8	10.9	13.2	14.8	16.6	15.3	11.6	13.4
Post Secondary Certificate								
Sample Share	46.7	15.6	9.1	10.3	2.1	16.2	24.6	29.6
Rate of EI Receipt	11.5	12.8	15.5	15.1	16.5	17.9	13.6	15.2
University Degree								
Sample Share	63.9	15.5	5.8	6.1	1.0	7.6	12.7	16.4
Rate of EI Receipt	7.8	8.8	9.3	10.5	11.7	10.7	8.5	9.1

Source: Statistics Canada, Survey of Consumer Finances: Individuals Aged 15 Years and Over, With and Without Income.

Table 4 suggests that individuals from areas with lower populations have, on average, a lower level of education. Of the seven different classifications, a relatively higher amount of workers from rural areas have no schooling or Grade 8 or lower. Conversely, individuals from urban areas of more than 500,000 people comprise a relatively higher amount of those with a university degree, compared to regions of other sizes. This may help to explain why EI receipt rates are higher in smaller communities. Given that education levels are lower, more residents are likely to end up in industries requiring a lower level of education. These industries, such as construction and agriculture and other primary industries, tend to have higher EI receipt rates, as shown in Table 3.

In terms of EI receipt rates, there is no definitive trend (i.e. it cannot be said that individuals with a lower level of education are more likely to receive EI benefits). As evidence, the highest EI receipt rate during the 1990 to 1997 reference period was for those with a post secondary certificate (13.6 percent). Graduates of high school had the second highest EI receipt rate during the reference period (12.6 percent). The lowest EI receipt rate during the reference period (8.4 percent) was for individuals with a Grade 8

education level or lower. Not much higher than that, at 8.5 percent, were receipt rates for those with a university degree. As before, irrespective of the level of education, EI receipt rates tend to be higher in smaller communities.

However, when the sample is restricted only to individuals in the labour force, a definitive trend emerges. For individuals whose labour force status was either employed or unemployed during the time of the survey, EI receipt rates were higher for those with lower levels of education and were lower for individuals with higher levels of education. The highest EI receipt rate was for those with a Grade 8 education level or lower, while the lowest EI receipt rate was for those with a university degree.

8.5 Statistical Estimation Results

In addition to considering the impacts of industry and education level on EI receipt rates in different communities, this section also considers the influence of various other demographic and labour market factors. The effect of demographic factors such as gender, age, family type, housing status, and immigration status are examined along with education level and community size. The impact of other labour market characteristics on EI receipt rates (aside from industry), including employment status, income level, spousal income level, and job tenure are also estimated. Finally, the initial effects of EI reform and the annual provincial unemployment rate on EI receipt rates are also examined.

Table 5 presents the statistical estimation results of the probability that a person collected EI benefits.⁵¹ The first column shows the likely change in the probability of receiving EI benefits when compared to a control group. For example, youths (aged 15 to 24 years) were 6.1 percent less likely to collect EI benefits than the control group, which in this case was workers of prime age (25 to 54 years of age).⁵²

Table 5 Probit Regression for the Probability of Collecting EI Benefits				
	% diff.	P value	Confidence Interval (90%)	
Community Size				
500,000 or more	Control	Control	Control	Control
100,000 to 499,999	1.0	0.000	1.0	1.0
30,000 to 99,999	2.1	0.000	2.0	2.1
2,500 to 29,999	2.0	0.000	2.0	2.0
less than 2,500	3.1	0.000	3.1	3.2
Rural	3.2	0.000	3.2	3.3

⁵¹ These estimates are generated with the probit regression technique.

⁵² This result is considered to be statistically significant at the 10 percent level of confidence, as its *P* value is less than or equal to 0.100. For *P* values greater than 0.100, the 90 percent confidence interval will include zero, implying that it is not certain that the variable had any impact on the dependent variable. However, given the large sample size, almost all of the variables are statistically significant. The Technical Appendix helps to explain how to interpret the results from a statistical estimation involving a large sample.

Table 5 (continued)
Probit Regression for the Probability of Collecting EI Benefits

	% diff.	P value	Confidence Interval (90%)	
Effect of EI Reform on Community Size				
500,000 or more	Control	Control	Control	Control
100,000 to 499,999	-0.4	0.000	-0.4	-0.4
30,000 to 99,999	-1.2	0.000	-1.3	-1.2
2,500 to 29,999	0.5	0.000	0.5	0.6
less than 2,500	-0.3	0.000	-0.3	-0.2
Rural	0.3	0.000	0.2	0.3
Effect of EI Reform	-1.7	0.000	-1.8	-1.7
Gender				
Male	0.3	0.000	0.3	0.3
Female	Control	Control	Control	Control
Age				
Youth (15-24)	-6.1	0.000	-6.1	-6.0
Prime (25-54)	Control	Control	Control	Control
Older (55+)	-4.3	0.000	-4.3	-4.3
Family Type				
Single with Children	-0.7	0.000	-0.8	-0.7
Single without Children	-0.3	0.000	-0.3	-0.3
Married with Children	Control	Control	Control	Control
Married without Children	-0.3	0.000	-0.3	-0.3
Other	0.7	0.000	0.7	0.8
Highest Level of Education				
Grade 8 or Lower	3.7	0.000	3.7	3.7
Grade 9 to 10	3.6	0.000	3.6	3.6
Grade 11 to 13	2.7	0.000	2.6	2.7
Graduate of High School	3.9	0.000	3.9	3.9
Some Post Secondary	2.5	0.000	2.5	2.5
Post Secondary Certificate	3.6	0.000	3.6	3.6
University Degree	Control	Control	Control	Control
Housing Status				
Owned, with Mortgage	-1.1	0.000	-1.1	-1.1
Owned, without Mortgage	-1.3	0.000	-1.3	-1.3
Rented	Control	Control	Control	Control
Other	-0.7	0.000	-0.7	-0.6
Country of Birth				
Canada	0.6	0.000	0.6	0.6
Outside Canada	Control	Control	Control	Control

Table 5 (continued)
Probit Regression for the Probability of Collecting EI Benefits

	% diff.	P value	Confidence Interval (90%)	
Industry				
Agriculture & Other Primary	3.9	0.000	3.9	3.9
Manufacturing	Control	Control	Control	Control
Construction	9.5	0.000	9.5	9.5
Trans., Comm., & Other Utilities	1.4	0.000	1.4	1.4
Wholesale Trade	0.1	0.000	0.1	0.2
Retail Trade	-0.1	0.000	-0.1	-0.1
Finance, Insurance, & Real Estate	-0.6	0.000	-0.6	-0.6
Business & Other Services	0.7	0.000	0.7	0.7
Public Administration	-1.1	0.000	-1.1	-1.1
Employment Status				
Full-Time	Control	Control	Control	Control
Part-Time	-2.7	0.000	-2.7	-2.7
Did Not Work in Reference Year	-15.2	0.000	-15.2	-15.1
Income				
Income After Tax	-0.0	0.000	-0.0	-0.0
Spouse's Total Income	0.0	0.000	0.0	0.0
Job Tenure				
Less than 7 Months	19.7	0.000	19.7	19.7
7 to 12 Months	12.1	0.000	12.1	12.2
1 to 5 Years	Control	Control	Control	Control
6 to 10 Years	-2.7	0.000	-2.7	-2.7
11 to 20 Years	-4.5	0.000	-4.5	-4.5
Over 20 Years	-5.4	0.000	-5.4	-5.4
Unemployment				
Annual Provincial Rate	0.9	0.000	0.9	0.9
Sample Size (Actual)	608,919			
Source: Statistics Canada, Survey of Consumer Finances: Individuals Aged 15 Years and Over, With and Without Income.				

The results in Table 5 confirm that EI receipt rates increase as the size of the community decreases, even after controlling for various demographic characteristics and labour market factors. Residents of rural communities had the highest EI receipt rates whereas residents of urban communities of more than 500,000 people had the lowest receipt rates.

The examination of the initial effect of EI reform on communities of different sizes revealed that there were no substantial differential impacts. This would suggest that EI reform did not initially impact communities of different sizes much differently.

Some of the other more important statistical estimation results indicated that:

- Youths and older workers were less likely to have collected EI than workers of prime age;

- Individuals with a university degree were, by far, the least likely to have collected EI among people with different education level classifications;
- Canadian-born residents were more likely to have collected EI than those born outside of Canada;
- Workers in the construction industry had the highest EI receipt rates;
- Part-time workers were far less likely to have collected EI than full-time workers;
- Although the coefficient estimates of the income variables were small, income level had a very significant impact on EI receipt rates, with EI receipt rates being lower for those with a higher level of income;
- EI receipt rates decreased with increasing job tenure;
- Individuals were more likely to turn to the EI system as the duration of their unemployment increased; and
- EI receipt rates were higher in areas of high unemployment.

8.6 Conclusions and Further Research

This report examined the use of EI in communities of different sizes during the 1990 to 1997 period. It also considered the impacts of industry and education at the community level.

Data from the SCF showed that there was a definite shift in the Canadian population, from smaller areas to the two largest urban areas. Part of this shift was due to definitional changes in the survey in 1994 and part of the shift was likely due to the stronger economic conditions in larger cities.

EI use was significantly higher in smaller communities, particularly rural areas. Relative to EI use in the five other community sizes examined, EI use in rural areas increased substantially over the 1990 to 1997.

Rural areas were far more likely to have had agricultural and primary industries while large urban areas were more likely to have had finance, insurance and real estate industries conduct business there. EI receipt rates varied significantly by industry, with receipt rates being highest in the construction industry and lowest in the finance, insurance, and real estate industry. Irrespective of the industry a person was employed in, receipt rates still tended to be higher in smaller communities.

In terms of education level, it was shown that individuals from smaller communities had lower levels of education. For those in the labour force, EI receipt rates were higher for individuals with lower levels of education and lower for individuals with higher levels of education. As in the case of industry, receipt rates were higher in smaller communities, regardless of the education level of an individual.

Statistical estimation results yielded many useful insights. EI receipt rates were shown to have been higher in smaller communities, even after controlling for various factors. EI reform did not appear to have any systematic differences in impacts by community size in 1997.

It should be noted that, due to the data limitations, future analysis will be required on the period after 1997. This may involve using SLID or another data source.

Technical Notes

The following excerpt (Peter Kennedy, *A Guide to Econometrics: Fourth Edition*, 1998, page 64) explains how to interpret the results from statistical estimations containing a large sample:

“For a number of reasons, tests of significance can sometimes be misleading... One of the more interesting problems in this respect is the fact that almost any parameter can be found to be significantly different from zero if the sample size is sufficiently large. (Almost every relevant independent variable will have *some* influence, however small, on a dependent variable; increasing the sample size will reduce the variance and eventually make this influence statistically significant.) Thus, although a researcher wants a large sample size to generate more accurate estimates, too large a sample size might cause difficulties in interpreting the usual tests of significance... One must ask if the magnitude of the coefficient in question is large enough for its explanatory variable to have a meaningful (as opposed to “significant”) influence on the dependent variable. This is called the too-large sample size problem. It is suggested that the significance level be adjusted downward as the sample size grows...”

9. Training While Unemployed

9.1 Executive Summary

The publication of *Knowledge Matters: Skills and Learning for Canadians* highlights the importance of human capital as a means of improving the economic well-being of Canadians. This monitoring report looks at a subset of the issues in the document with a focus on the participation in training while unemployed. The report looks at:

- The range of training undertaken by the unemployed, including types of training and time spent in training;
- The characteristics of the unemployed who take training (e.g., gender, age, region and factors relevant to job search); and
- The opinions of the unemployed concerning the perceived value of the training taken.

Data and Methodology

The report uses data from the Canadian Out-of-Employment Panel (COEP) survey of individuals with a job separation between the third quarter of 2001 and the second quarter of 2002.

Main Findings

A primary finding of this monitoring report is that a significant portion of the unemployed, 13.5 percent, participate in some form of training while unemployed.

The courses taken by the unemployed vary widely in time commitment and type.

- Although the median number of hours spent on a course per week was 10, and the course lasted 6 weeks, half of the unemployed who took training were in courses that required between 6 and 30 hours a week. Similarly, half of the unemployed who took training were on courses that lasted between 2 and 14 weeks.
- Of the eight course types, three types made up 75.5 percent of the participation: trade vocational courses (31.4 percent), courses provided by post-secondary institutions (17.3 percent) and the “other” category (26.8 percent). As well, there were types of courses that included job search techniques (10 percent) and computer training (11.1 percent).

All the major categories of unemployed participate in training to some degree, although there is considerable variation among some groups:

- By demographic categories, females and youths are more likely to take training than average. Among the HRDC equity groups (i.e., females, aboriginals, visible minorities and persons with disabilities), all but persons with disabilities have more than average likelihood of taking training while unemployed.
- Education appears to be a key factor, as individuals with post secondary education are much more likely to take training than those who did not complete high school.
- Location is also a factor. Those in rural areas are almost six percentage points less likely to take training. The unemployed in British Columbia are six percentage points more likely to take training than those in Atlantic Canada.
- Those who receive EI or have been unemployed for a longer time are more likely to take training.

Training is perceived as being useful in improving job prospects in about 78 percent of the cases. However, there is a significant variation in the responses among types of training:

- A substantial portion found the job search and computer courses useful.
- Courses in “Trade Vocational” category were found to be most useful followed by courses that were placed in “Other” category.

9.2 Introduction

HRDC’s publication *Knowledge Matters: Skills and Learning for Canadians* highlights the importance of increasing human capital as a means of improving the economic well-being of Canadians. This monitoring report looks at a small subset of the question with the focus on training during experiences of unemployment. Specifically, this report:

- Discusses the data and definition of training used in this analysis;
- Provides a look at the range of training undertaken by the unemployed, including types of training and time spent on course;
- Examines the characteristics of the unemployed who take training (e.g., age, gender, region and factors relevant to job search); and
- Examines the opinions of the unemployed concerning the perceived value of their training.

This report is not a formal evaluation study. Therefore, the presentation of the statistics is more descriptive in nature, and the focus is more on the intuition behind the results that are presented. Formal testing of hypotheses is deliberately avoided, and the report does not include quantitative estimates of the effects of training on the experiences of the unemployed. Also, no one aspect of the EI system is highlighted in this report because the intention is to provide contextual background for the 2003 Monitoring and Assessment Report.

9.3 Definition of Training

9.3.1 Source of Data

The data used for this study come from the Canadian Out-of- Employment Panel (COEP) survey.⁵³ This is a survey of roughly 13,600 individuals who have experienced a termination in employment at some time between the third quarter of 2001 and the second quarter of 2002. The survey was designed to collect a substantial body of information on the experiences incurred during unemployment and includes a series of questions related to training.

9.3.2 Questions Used to Identify Training

Every COEP respondent is asked the following question roughly ten months after the job loss:

“Did you take any training or education SPECIFICALLY for CAREER OR EMPLOYMENT purposes at any time since [date of job termination]?”

This question is fairly general in nature and elicits wide responses. It should be noted that this question will eliminate training taken for personal interest. Table 1 shows that 23.8 percent of the respondents said that they had taken some form of career-related training. Further questions are included in the COEP survey concerning the type of training and the amount of time involved.

9.3.3 Sample Frame

The 23.8 percent replying “yes” to the general training question includes all individuals who have experienced a job termination. It also applies to the entire 10 months after job loss. Further questions are asked to determine when the training occurred relative to the spell of unemployment. This information allows the identification of training while unemployed.⁵⁴ Therefore, the sample used in this report is refined to include only those individuals who:

- Did not return to school full time (i.e., anyone who was on a course for at least 16 weeks and for 11 or more⁵⁵ hours per week of classroom time was excluded); and

⁵³ See Appendix – The COEP Data Set for more information. For a complete description see *The Canadian Out-of-Employment Panel (COEP) Survey: A Tool for Legislative Oversight Monitoring, and Evaluation*.

⁵⁴ Any training that occurred during an employed spell is omitted from the analysis.

⁵⁵ 11 hours was chosen because that is the definition used in the EI regulations. 16 weeks was chosen because that would be the length of time that a person would be involved in a half-term course at a university. If the period had been longer during the 10 month survey period the individual would be considered a full-time student.

- Individuals who had a period of non-employment and who conducted a job search during that period.

Table 1 Took Training During 10 Month COEP Sample Period (percent)	
All of COEP	23.8
While Unemployed	13.5
Source: COEP	

After these adjustments were made, the COEP data showed that 13.5 percent of the unemployed had taken some form of training during their spell of unemployment. This corresponds to slightly more than 270,000 individuals over a ten-month period,⁵⁶ which is much higher than the 130,000 individuals⁵⁷ reported as being involved in EBSM-based skills development.⁵⁸ The higher number from the COEP survey indicates that a substantial portion of individuals obtain training without the help of the EBSM component of EI.

9.4 Nature of Training

The central message of this section is that there is a wide variety of training taken by the unemployed. This wide variety occurs in the amount of time spent on course as well as in the type of course.

9.4.1 Amount of Time Spent on Training

Table 2 shows the range of time spent on training. This is seen from both the hours per week and the number of weeks spent on the course. The median number of hours spent on a course per week is 10. However half of the unemployed, who take training, take courses that require between 6 and 30 hours per week.

Table 2 Distribution of Training Time by Percentile					
Percentile	10	25	50	75	90
Hours	4	6	10	30	40
Weeks	1	2	6	14	25
Source: COEP					
Note: Each column gives the estimate for that percentile. For example, the second column indicates that the bottom 25 percent went on training for 6 hours and 2 weeks.					

⁵⁶ This number cannot be easily compared to the Labour Force Survey estimates of unemployment.

⁵⁷ See page 33 of the 2001 Monitoring and Assessment Report. Note that the 10 month window precludes training done after that point.

⁵⁸ The Employment Benefits and Support Measures, EBSM, based skills development refers to the bulk of the training associated with HRDC.

A similar story can be told for the weeks spent on the course. The median course lasts for 6 weeks. However, half the unemployed who took training were on courses that lasted between 2 and 14 weeks.

It is interesting to recall that all those who train for at least 16 weeks *and* for 11 or more hours per week are omitted from the data set so as to exclude full-time students. This implies that the 10 percent who trained for more than 40 hours a week would have done so for less than 16 weeks.

9.4.2 Types of Training

A question was asked to identify the kind of training undertaken by the unemployed. Table 3 gives the detailed responses. Trade vocational courses are by far the most popular (31.4 percent of the unemployed who take courses take trade vocational courses). Courses given by colleges or universities are the next most popular (at 17.3 percent), and computer are the third (at 11.1 percent) most popular courses taken.

It is interesting to note that, although the COEP survey questionnaire considered the possibility of taking more than one type of course, this was a relatively rare event. The average person who took at least one course while unemployed took 1.07 course types.⁵⁹

Table 3 Course Type While Unemployed (percent)	
Reading and Writing	1.1
Math	1.0
Computer	11.1
Learn another Language	4.3
Job Search Techniques	10.0
High School	3.8
Post Secondary	17.3
Trade Vocational	31.4
Other	26.8
Note: Will not add to 100 as an individual can take more than one type of course.	
Source: COEP	

9.5 Participation in Training

9.5.1 By Demographic Group

Table 4 indicates that males have slightly below average likelihood to train while unemployed. Interestingly, older workers and prime age group have near identical

⁵⁹ This can be seen from Table 9.

patterns and have less than average likelihood to train while unemployed. Unemployed youths are over two percentage points more likely to take training than average.

Table 4 Training While Unemployed by Demographic Characteristics (percent)	
Total	13.5
Male	13.2
Female	14.0
Youth (15-24)	15.9
Prime Age (25-54)	12.8
Older (55+)	12.7
Source: COEP	

9.5.2 By Equity Group

Table 5 indicates that all four of the HRDC equity groups, which are self-identified in the COEP survey, are able to acquire training during unemployment. Those with disabilities are below the average. The other two groups are above the average, with aboriginals somewhat higher at 22.7 percent.⁶⁰

Table 5 Training While Unemployed by Employment Equity Group (percent)	
Total	13.5
Females	14.0
Aboriginals	22.7
Visible Minority	15.9
Persons with Disabilities	10.3
Source: COEP	

9.5.3 By Education and Training

Table 6 shows the substantial impact of formal education on training. This would be consistent with a view that one of the values of education is that an individual learns how to learn. The participation in training by those with under high school is below average. Those with post-secondary education showed the highest (16.5 percent) chance of taking some form of training during a period of unemployment.

⁶⁰ This is higher than in previous years. This will be monitored closely in future to determine if there has been a change in the trend.

Table 6 Training While Unemployed by Level of Education (percent)	
Less than High School	8.0
High School	13.2
Post Secondary	16.5
Other	N/A ¹
Notes:	
1. N/A sample size was under 30 observations results are suppressed.	
Source: COEP	

9.5.4 By Local Labour Market

Many factors can affect both the supply and demand for training in the wide variety of local labour markets that an unemployed person may face. Table 7 shows that the region of the country plays a considerable role in training. The unemployed in Atlantic Canada are 5 percentage points less likely to take training than the average. Unemployed in other regions of Canada have slightly more than average chance of taking training. The unemployment rate appears to play a relatively small role.⁶¹ However, Table 7 shows that the unemployed in areas that are considered rural⁶² are less likely to take training while unemployed (i.e., about 6 percentage points below the average). The present data cannot show whether this is due to a lack of supply of training opportunities or a lack of demand in these areas. This effect would help to explain the low concentration of training in the Atlantic Provinces, which is a region that is the most rural.

Table 7 Training by Local Labour Markets (percent)	
Total	13.5
Atlantic	8.4
Quebec	14.0
Ontario	13.7
Prairies	14.7
British Columbia	14.1
Unemployment Rate Over 10	10.7
Rural	7.8
Source: COEP	

9.5.5 By Nature of Job Search

The characteristics of the job search will undoubtedly play a role in the extent to which training is undertaken. Table 8 shows that those who took training were out of work for

⁶¹ The unemployment rate of the EI economic region of the COEP respondent is used. The EI economic region refers to the geographical divisions that are used in the administration of the EI act.

⁶² The Canada Post definition of "rural" is used. See <http://www.canadapost.ca/tools/pg/manual/b02-e.asp#c001> for further explanation.

almost 6 weeks longer than those without training.⁶³ One possible explanation is that a longer spell of unemployment increased the likelihood the individual would take the time to participate in a course.

Other results in Table 8 suggest that those who took training also experienced greater difficulties in job search. For example, those who took training spent almost two more hours per week in job search and they were 2.6 percentage points more willing to accept part-time work. Also, they used more possible job search techniques to find a job. In addition, those who took training were more likely to receive EI. This could be due to the fact that EI claimants are more likely to qualify for government subsidized training and that EI allows the unemployed to conduct higher quality job searches.

Table 8 Nature of Job Search (percent unless noted)			
	Had Training	No Training	Total
Weeks Unemployed	39.3	33.5	34.3
Received EI	45.4	37.8	38.9
Hours per Week on Last Job	40.9	40.4	40.5
Percent Willing to Take Part-time Work	60.6	58.0	58.3
Number of Job Search Techniques Employed During Job Search	4.4	3.9	4.0
Hours per Week Spent Searching for a Job	14.8	13.2	13.4
Source: COEP			

9.5.6 Perceived Value of Training

As noted in the introduction, this report is not intended to be a formal evaluation and is not attempting to assess the actual impact of training. However, it is useful for this analysis to include the responses to the COEP question on the perceived value of the training undertaken by the unemployed:

“Which type of training was MOST helpful in finding a job or improving career opportunities?”

The first column of Table 9 gives the results from this question. Specifically the first column gives the share of the unemployed who received training and answered yes to the above question by the type of training they received. The last column shows the actual take-up of each type of course by the unemployed (same as Table 3).

⁶³ The duration estimates given here are higher than what would be seen in the Labour Force Survey as these are composed spells of unemployment whereas the spells given in the LFS are still ongoing.

The overall results indicate that 77.9 percent of those who took training while unemployed thought at least one of the courses were worthwhile.⁶⁴ There was significant variation among the types of training, however. For example, although one percent of the courses taken by the unemployed were math-related courses, a very small percentage found their course helpful in finding a job. For computer courses, however, a more positive result was obtained. In this case, computer courses accounted for 11.1 percent of the courses taken by the unemployed, and about 8 percent of the unemployed identified them as helpful. A high rate of positive response was also encountered for courses in job search techniques. The highest responses were experienced by the “trade and vocational courses” followed by “Other category”. As shown in Table 9, 31.4 percent of the courses taken by the unemployed were in the “trade and vocational” category and 24.4 percent found those courses helpful in finding a job or improving their career opportunities.

Table 9 Perceived Impacts of Training (percent)		
Type of Training	Perceived as Helpful	Actual Take Up
Reading and Writing	0.6	1.1
Math	0.3	1.0
Computer	8.3	11.1
Learn Another Language	2.6	4.3
Job Search Techniques	7.1	10.0
High School	2.4	3.8
Post Secondary	11.5	17.3
Trade Vocational	24.4	31.4
Other	20.6	26.8
Total	77.9	107.0
Source: COEP		

9.6 Conclusions

This analysis indicates that 13.5 percent of the unemployed participate in some form of training while unemployed.

The training the unemployed take is highly varied in nature.

- Although the median number of hours spent on a course per week was 10, and the median course lasted 6 weeks, half of the unemployed who took training were in courses that require between 6 and 30 hours per week. Similarly, half of the unemployed who took training were on courses that lasted between 2 and 14 weeks.

⁶⁴ The construction of the survey is actually more complex than given in the above text. Respondents are first asked if any of the training that they had received was worthwhile. Only if they respond positively and have more than one course are they asked the above question concerning which course was the most valuable. It should be noted that the components do not sum exactly to the total due to issues with missing values.

- About 75.5 percent of the courses taken by the unemployed were trade vocational courses (31.4 percent), courses provided by post-secondary institutions (17.3 percent) or were in the other category (26.8 percent).

There is also some variation in the participation in training.

- Formal education is a key factor, as individuals with post secondary education are much more likely to take training than those who did not complete high school.
- A substantial portion found the job search and computer courses useful.
- Location is also an important factor. Those in rural areas are less likely to take training, and the unemployed in British Columbia are almost 6 percentage points more likely to take training than those in Atlantic Canada.
- EI can be seen as facilitating the participation in training.

Overall, about 78 percent of the unemployed who took training while unemployed perceived the training to be helpful, although there was substantial variation among training types.

Appendix – The COEP Data Set

The study used the Canadian Out of Employment Panel survey as the basis of analysis of this study. This survey is conducted for HRDC to allow for a better understanding of the labour market experience of the unemployed. A series of questions are included to determine the use of training after job loss.

The survey is based on a sample of employed individuals who have recently experienced a job loss. The data is linked to HRDC administrative data so that the receipt of EI and the participation in programs can be determined. The data used for this study was based on individuals who had lost jobs at some time between the third quarter of 2001 and second quarter of 2002.

The surveys were conducted from May 2002 to March 2003 and included roughly 13,600 individuals.

10. Distribution of Weekly EI Benefits: Reasons for the Variations from the Basic Benefit Rate

10.1 Executive Summary

Under the *Employment Insurance (EI) Act*, the *basic* benefit rate is defined as the percentage of average weekly insurable earnings (AWIE) that a claimant is entitled to receive for each week in the benefit period. This entitlement, or basic benefit rate, is 55 percent of AWIE, up to a maximum of \$413 per week. Depending on an individual's personal circumstances, the *actual* benefit rate (the amount of EI benefits actually paid out) could be higher or lower than the basic benefit rate, but the maximum payment of \$413 cannot be exceeded.

The current report seeks to determine the reasons for why some claimants receive more or less than 55 percent of AWIE as a benefit rate. This will involve calculating actual benefit rates and comparing them to basic benefit rates. Various aspects of the EI system that can lead to a deviation in the basic benefit rate will be investigated. This report will also examine claimants who have reached the maximum insurable earnings (MIE) and will review the relationship between the average industrial wage and the MIE.

Data and Methodology

This monitoring report uses Canadian Out-of-Employment Panel (COEP) survey data, which collects a range of personal and employment-related information from individuals who experienced a job separation, as given on the *Human Resources Development Canada (HRDC)* Record of Employment (ROE) administrative file. Each survey participant was interviewed twice following their job separation. The first interview occurs within a year of the job separation and the second interview is conducted about nine months after the first interview. The COEP survey data is then linked to the Status Vector (SV) and ROE databases to obtain additional information for each claim.

Main Findings

Through the length of a claim, there can be variation in the amount paid. Therefore, this report uses weeks as the unit of analysis.

- Less than half (48 percent) of all claim weeks resulted in a claimant receiving the basic benefit rate of 55 percent of average weekly insurable earnings.
- Approximately 42 percent of all claim weeks resulted in a claimant receiving less than the basic rate, with 31 percent of all claim weeks resulting in no benefits being paid.

- Claimants not filing a report in a given week or reporting part-time earnings accounted for 71.7 percent of all reasons for receiving less than the basic benefit rate.
- The Divisor Rule was a factor in 7.1 percent of all claim weeks in which a claimant received less than the basic rate.
- Slightly more than 10 percent of all claim weeks resulted in a claimant receiving more than the basic rate.
 - Claimants in receipt of more than the basic rate were generally from higher unemployment rate regions and had lower incomes.
 - Being in receipt of the Family Income Supplement or being part of the Small Weeks Initiative program were the main reasons for receiving more than the basic rate. Together, these two reasons accounted for 77.9 percent of all reasons.
- The percentage of claimants at the maximum insured earnings threshold of \$39,000 increased during the 1997 to 2001 period, rising from 22.1 percent in 1997 to 26.9 percent in 2001.
 - Males were far more likely to have the maximum insured earnings. Youths, single persons, individuals with a lower level of education, those from the Atlantic Provinces, and employees in the services industry were noticeably less likely to have the maximum insured earnings.
 - Forecasted growth rates for average weekly earnings demonstrated that the maximum insured earnings threshold would be surpassed as early as 2006.

10.2 Introduction

Under the *Employment Insurance (EI) Act*,⁶⁵ the *basic* benefit rate⁶⁶ is defined as the percentage of average weekly insurable earnings (AWIE) that a claimant is entitled to receive for each week in the benefit period. This entitlement, or basic benefit rate, is 55 percent of AWIE, up to a maximum of \$413 per week.

Depending on an individual's personal circumstances, the *actual* benefit rate (the amount of EI benefits actually paid out) could be higher or lower than the basic benefit rate, but the maximum payment of \$413 cannot be exceeded. For example, a claimant with AWIE of \$750 has a basic benefit rate, or weekly entitlement, of \$412.50 (\$750 X 55 percent). If that claimant received \$405 during one week of a claim, then the claimant was receiving 54 percent of their AWIE. In some cases, claimants receiving the Family Income Supplement (FIS) could be receiving as high as 80 percent of AWIE.

⁶⁵ Formerly known as the *Unemployment Insurance (UI) Act*.

⁶⁶ In the literature, the basic benefit rate is also known as the replacement ratio.

The current report seeks to determine the reasons for why some claimants receive more or less than 55 percent of AWIE as a benefit rate. This will involve calculating actual benefit rates and comparing them to the basic benefit rate. Various aspects of the EI system that can lead to a deviation in the basic benefit rate will be investigated.

This report will also examine claimants who have reached the maximum insurable earnings (MIE) and will review the relationship between the average industrial wage and MIE.

The first part of this report discusses the data and methodology used to conduct the analysis. The second section provides some sample characteristics, as well as the main reasons for the deviations from the basic benefit rate. The section following that examines claimants who have reached the MIE and looks at the relationship between the average industrial wage and MIE. Concluding remarks encompass the remainder of the report.

10.3 Data and Methodology

This monitoring report uses Canadian Out-of-Employment Panel (COEP) survey data, which collects a range of personal and employment-related information from individuals who experienced a job separation, as given on the *Human Resources Development Canada (HRDC)* Record of Employment (ROE) administrative file. Each survey participant was interviewed twice following their job separation. The first interview occurs within a year of the job separation and the second interview is conducted about nine months after the first interview. The COEP survey data is then linked to the Status Vector (SV) and ROE databases, in order to obtain additional information for each claim.

The SV database is a weekly database and includes data on various characteristics of claimants, benefit rates and claim durations data, and a weekly account of claimant activity during the life of the claim. For this report, information concerning benefit types and amounts, the number of weeks paid, and reasons for receiving partial and/or no benefits was drawn from the SV database.

The ROE database is based on an individual's ROE, which is a registered document that employers must complete and provide to each employee who stops working for them. The completed ROE indicates how long the employee worked for the employer, how many hours the employee worked, the amount of insured earnings, and why the employee is no longer working for the employer. The ROE is the key form in establishing an EI claim and is used to determine if a person can qualify for EI benefits, how much the benefits will be and for how long the benefits can be paid.

Since July 1996, the COEP survey has collected information on 19 different cohorts.⁶⁷ For this study, only cohorts 21 to 27 will be used. Individuals in these cohorts experienced a job separation from 00Q3 to 02Q1.

⁶⁷ In some quarters, no data was collected. Thus, although there are 27 cohorts, only data on 19 cohorts have been collected.

In order to reduce the complexity of the analysis, only those claims commencing on or after October 1, 2000 are used, as this date represents the elimination of the Intensity Rule. A further restriction is that claims must have had a positive amount of benefits paid. As a result of these data restrictions, there remain 7,927 claims in the COEP survey database that are available for examination.

In addition to these restrictions, all claim weeks that are part of the waiting period have been left out of the analyses. This eliminated 15,512 claim weeks, leaving 258,802 total weeks on claim for the 7,927 claims. A claim week is defined as a week during the benefit period. Claim weeks during which a claimant was disentitled for the week or had an allocation of earnings are included.

10.4 Sample Characteristics

The current legislation surrounding the basic EI benefit rate, also known as the rate of weekly benefit entitlement, has undergone many amendments over the last ten years.

It is the period of major amendments, beginning on October 1, 2000, that forms the basis for all analyses to follow. The major change that took effect on this date was the elimination of the Intensity Rule.⁶⁸ The official implementation of the Small Weeks Initiative (SWI) program on November 18, 2001, as a permanent and national feature of the EI program, was another major change.

Table 1 provides an overview of actual benefit rates based on the type of benefits received.

Table 1				
Distribution of Claim Weeks of the COEP Population by Benefit Type (percent)				
	All	No Deviation	More Than Basic Rate	Less Than Basic Rate
All Benefit Types	100.0	48.0	10.4	41.6
Unknown or Null Week	16.6	0.0	0.0	39.8
Regular	59.8	66.9	58.7	51.7
Sickness	3.9	5.8	4.0	1.7
Maternity	4.9	8.2	7.1	0.5
Work Sharing	1.6	0.0	0.0	3.8
Training	2.9	4.0	5.4	1.1
Parental - Child Care	9.4	14.3	20.2	1.1
Other	1.0	0.8	4.6	0.3

Source: COEP Survey 00Q3 to 02Q1.

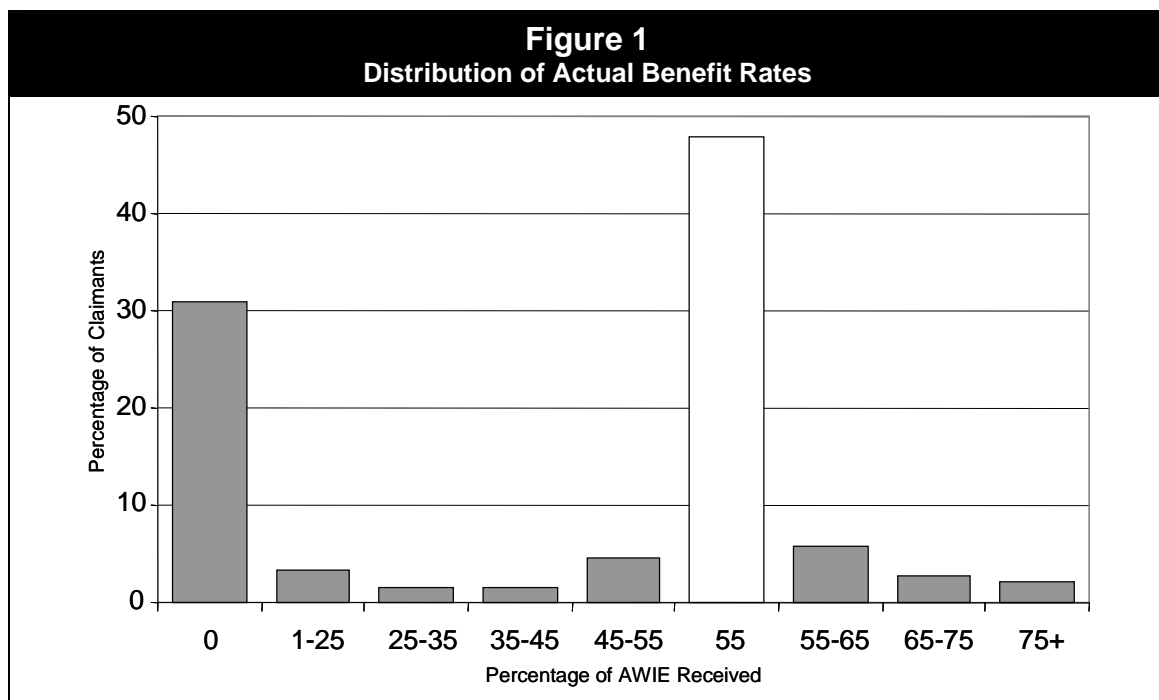
⁶⁸ Under the Intensity Rule, the benefit rate was reduced by one percent for every 20 weeks of regular benefits claimed since June 30, 1996. The maximum reduction was five percent if more than 100 weeks of benefits were collected over five years.

Almost half (48.0 percent) of all claim weeks resulted in claimants receiving 55 percent of their AWIE. Slightly more than 10 percent of all claim weeks resulted in claimants receiving more than the basic benefit rate, while almost 42 percent resulted in claimants receiving less than the basic rate.

The majority (59.8 percent) of claim weeks were for regular benefits. Almost 17 percent of claim weeks were classified as “unknown” or “null weeks”.⁶⁹ The most likely reason for this classification is that a claimant did not report to an EI officer for that week, thereby forfeiting all benefits for that week.⁷⁰ The remaining claim weeks consisted primarily of parental (child care), maternity, sickness, training, and work sharing. Other benefit types⁷¹ comprised approximately one percent of all claim weeks.

For claim weeks where more than the basic rate was received, a relatively higher percentage of claims were for maternity, training, parental (child care), or other benefits. In instances where a claimant received less than the basic rate in a given week, a relatively higher percentage of claims were for unknown or null weeks or work sharing.

Figure 1 provides a graphical illustration of actual benefit rates, as compared to the basic benefit rate. A claimant who received exactly what they were entitled to receive is deemed to have collected 55 percent of AWIE. Similarly, claimants receiving more or less than the basic rate are deemed to have received more or less than 55 percent of AWIE, respectively.



⁶⁹ A null week is a week for which a claimant did not submit a report card. Claims that are initiated, but where a claimant never receives any benefits, are not included in this report.

⁷⁰ All weeks classified as “unknown” or “null week” resulted in zero benefits.

⁷¹ Other benefit types include summer fishing, job creation, parental (adoption), regular self-employment assistance, and Part II income support benefits.

The distribution of actual benefit rates appears to be bi-modally distributed, with one mode at 55 percent of AWIE and another mode at zero percent. However, many of the latter are null claims. If the null claims are ignored, then a fairly symmetric distribution results.

Claimants that received exactly 55 percent of AWIE⁷² represented the largest group of claimants. As shown in Table 1, 48 percent of all claimants had an actual benefit rate that was equal to their basic benefit rate. The majority of claimants (89.6 percent) received either the basic benefit rate or less.

Table 2 on the following page presents the distribution of selected characteristics of claims in the sample. Column 1 represents the entire sample. The second column includes only those claim weeks where there is no difference between the basic benefit rate and the actual benefit rate. The third and fourth columns represent weeks where the claimant received more or less than the basic rate, respectively.

Table 2				
Distribution of Selected Characteristics of the COEP Population (percent)				
	All	No Deviation	More Than Basic Rate	Less Than Basic Rate
Gender				
Female	44.6	50.3	15.4	34.3
Male	55.4	46.2	6.4	47.5
Age				
Youth (15-24)	11.3	44.5	17.3	38.2
Prime (25-54)	77.7	48.4	10.1	41.5
Old (55 and over)	11.0	49.1	5.3	45.6
Family Type				
Single with Children	8.1	35.8	30.9	33.3
Single without Children	25.5	47.9	6.9	45.2
Married with Children	36.8	52.7	12.7	34.6
Married without Children	29.2	45.6	4.8	49.6
Education				
Less than High School	25.2	41.8	12.5	45.7
High School	27.4	46.1	10.3	43.6
More than High School	44.6	52.9	9.4	37.7
Other	2.4	43.9	8.2	47.8
Region				
Atlantic	15.7	41.4	15.3	43.3
Quebec	32.3	43.2	9.2	47.6
Ontario	28.1	51.3	10.5	38.2
Prairies	11.4	57.6	8.0	34.3
British Columbia	12.5	52.7	9.1	38.3
Industry				
Primary	7.6	45.4	7.9	46.7
Manufacturing	22.8	41.1	9.1	49.9
Construction	14.1	46.9	3.7	49.4
Services	52.5	51.3	13.2	35.5
Government	3.0	55.2	9.1	35.7
Source: COEP Survey 00Q3 to 02Q1.				

⁷² Represented in Figure 1 by the white bar.

A far higher percentage of females received more than the basic benefit rate compared to males (15.4 percent vs. 6.4 percent). Younger EI claimants also were more likely to have received more than the basic benefit rate (17.3 percent vs. 10.1 percent and 5.3 percent for prime age and older workers, respectively). Other groups that were more likely to have received in excess of the basic benefit rate included claimants with children, with less than a high school education, from the Atlantic region, and those employed in the services industry.

Claimants in the Atlantic region were, by far, the most likely to be involved in the SWI program, as 18 percent of all claim weeks were subjected to the basic benefit rate adjustments of the SWI program.⁷³ In comparison, only 1.9 percent of all claim weeks in the Prairies were affected by the SWI program. This large difference in the percentage of claim weeks affected by the SWI program helps to explain why a far higher percentage of claimants in the Atlantic Provinces received more than the basic benefit rate.

The distribution of some selected employment and claim type characteristics are presented in Table 3.

Table 3				
Distribution of Employment and Benefit Type Characteristics of the COEP Population (percent)				
	All	No Deviation	More Than Basic Rate	Less Than Basic Rate
Employment Characteristics				
Permanent	62.9	51.0	10.1	38.9
Temporary	9.8	40.0	10.3	49.7
Seasonal	18.3	42.3	11.2	46.5
Contract	5.7	48.8	10.1	41.0
Union Worker	32.4	44.3	5.5	50.1
Benefit Type				
Regular	59.8	53.8	10.2	36.0
Sickness	3.9	71.3	10.6	18.0
Maternity	4.9	81.0	15.1	3.9
Work Sharing	1.6	0.0	0.0	100.0
Training	2.9	65.5	18.8	15.7
Parental - Child Care	9.4	72.8	22.3	4.9
Other	1.0	38.2	47.9	13.9
Source: COEP Survey 00Q3 to 02Q1.				

Temporary workers and employees that were part of a union were more likely to have had actual benefit rates that were less than what they were entitled to receive.

⁷³ See section entitled, "Reasons for Variations from the Basic Benefit Rate" for more information on the SWI program.

There was also some variation in actual benefit rates in terms of the type of benefits received. For instance, claimants that received at least one week of work sharing benefits always received less than the basic rate. Claimants who received maternity, training, or parental (child care) benefits during their claims were far more likely to have received more than what they were entitled to receive.

Almost 48 percent of all claim weeks where the benefit type was classified as “other” resulted in a claimant receiving more than the basic benefit rate. The main reason for this high percentage was due to the effect of EI Part I and Part II job creation benefits, which resulted in virtually all claimants receiving more than the basic rate.

Table 4 provides the distributions and averages of some further selected characteristics of the COEP population.

Table 4				
Distribution of Further Characteristics of the COEP Population				
	All	No Deviation	More Than Basic Rate	Less Than Basic Rate
Insured Earnings	\$13,570	\$14,440	\$8,749	\$13,768
Unemployment Rate	9.3%	8.8%	10.1%	9.7%
Consec. Weeks of Unemp.	37.9	50.3	55.2	19.2
Spouse Employed	47.1%	52.0%	8.1%	39.9%
In Receipt of FIS	8.0%	10.9%	61.5%	27.6%
Part-Time Earnings Reported	35.0%	33.2%	9.5%	57.2%
Affected by Divisor Rule	5.9%	0.4%	16.6%	83.0%
SWI Participant	8.2%	1.6%	52.2%	46.2%
Divisor Rule & SWI Participant	1.7%	0.8%	38.4%	60.8%

Source: COEP Survey 00Q3 to 02Q1.

Claimants in receipt of more than the basic benefit rate had the lowest insured earnings. They were also more likely to come from high unemployment areas and have more consecutive weeks of unemployment. However, they were less likely to have an employed spouse.

Claim weeks where the FIS was received usually resulted (61.5 percent of the time) in an actual benefit rate that was higher than the basic benefit rate. Similarly, claim weeks that were affected by the SWI program also usually had actual benefit rates that were greater than the basic benefit rate. In both of these cases, however, other factors can lower the actual benefit rate, to the extent that it may be less than the basic benefit rate. Some of these factors, such as claimants being affected by the Divisor Rule and claimants working part-time, are discussed in the following section.

10.5 Reasons for Variations from the Basic Benefit Rate

This section explores claim weeks where the actual benefit rate was greater or less than the basic benefit rate. An attempt is made to pinpoint the exact reason for why a claimant received more or less than the basic rate in that particular week. In some cases, there may be more than one factor involved.

10.5.1 More than the Basic Benefit Rate

Table 5 investigates the exact reasons for why a claimant received more than the basic benefit rate in any given week during a claim. The two most common reasons for a claimant receiving more than the basic benefit rate in any given week were due to either being in receipt of the FIS (42 percent) or being a SWI participant (35.9 percent).

Reason	Share
Received FIS	42.0
SWI Participant	35.9
In Receipt of Job Creation Benefits	1.1
In Receipt of EI Part II (Training)	0.8
In Receipt of EI Part II (Job Creation)	0.9
In Receipt of EI Part II (SEA)	0.9
Combination of Any of Above Factors	5.6
Other Reasons	13.0

Source: COEP Survey 00Q3 to 02Q1.

The FIS is a feature of EI that provides additional benefits to low-income families with children. If the EI claimant or spouse receives the Canada Child Tax Benefit (CCTB), a program administered by the Canada Customs and Revenue Agency (CCRA), then the claimant is eligible to receive the FIS on their net family income up to and including \$25,921 per year.

Calculation of the FIS rate is based not only on the claimant's net family income up to the \$25,921 maximum, but also on the number of children in the family and their ages. As of the beginning of 2000, the maximum FIS cannot exceed 25 percent of a claimant's AWIE. Combined with EI, the actual benefit rate is capped at 80 percent of average weekly insurable earnings, with no FIS paid beyond the maximum EI weekly rate of \$413.

Under the SWI program, there are two situations that can occur:

- Excluding small weeks of earnings (\$150 or less) not required to meet the regional minimum divisor; and,

- For claimants that do not have enough full weeks of work to meet the regional minimum divisor, including small weeks of work with the highest earnings to bring the number of weeks up to meet the regional minimum divisor.⁷⁴

In the first situation, the exclusion of small weeks implies that the earnings in small weeks not required to meet the minimum divisor will be ignored for the purpose of calculating benefit levels. However, they will still count towards eligibility and duration of benefits. Table 6 provides an example for a claimant residing in a region where the minimum divisor is 16.

Table 6			
Comparison of Basic Benefit Rates for Claimants Above the Minimum Divisor			
Week	Earnings	Earnings with SWI Program	Earnings without SWI Program
1	\$700	\$700	\$700
2	\$700	\$700	\$700
...
16	\$700	\$700	\$700
17	\$700	\$700	\$700
18	\$140	\$0	\$140
19	\$140	\$0	\$140
20	\$140	\$0	\$140
21	\$140	\$0	\$140
22	\$140	\$0	\$140
TOTAL	\$12,600	\$11,900	\$12,600
Basic Benefit Rate (\$12,600 / 22 weeks * 55%)		\$315	\$315
Basic Benefit Rate (adj. for SW) (\$11,900 / 17 weeks * 55%)		\$385	\$315
Note: Assumes a region with a minimum divisor of 16.			

With the existence of the SWI program, a claimant is able to exclude the five small weeks of earnings (\$140) in order to increase their AWIE. As a result, the basic benefit rate increases from \$315 to \$385, while still maintaining the same duration of benefits. If no other factors increase or decrease the actual benefit payment, a claimant will receive \$385 per week.

To measure the effect of the SWI program on benefit rates, the payment of \$385 must be compared to what would have been received in the absence of the SWI program. Therefore, the payment of \$385 represents an actual benefit rate percentage (ABRP) of 67.2.⁷⁵, not 55 percent.

⁷⁴ From April 1997 to November 1998, the “bundling” of small weeks was an option. This option consolidated small weeks into other weeks with higher earnings attributed to them before the averaging process. In November 1998, the bundling of small weeks was eliminated.

⁷⁵ $\$385 = \$12,600 / 22 \text{ weeks} * \text{ABRP}$.

In the second situation, if the number of regular weeks is less than the regional minimum divisor, only the best small weeks required to bring the number of weeks up to meet the minimum divisor are used in the calculation. The earnings of the remaining small weeks are excluded. Table 7 provides an example of how the basic benefit rates are calculated in this instance.

Table 7			
Comparison of Basic Benefit Rates for Claimants Below the Minimum Divisor			
Week	Earnings	Earnings with SWI Program	Earnings without SWI Program
1	\$400	\$400	\$400
2	\$400	\$400	\$400
...
11	\$400	\$400	\$400
12	\$400	\$400	\$400
13	\$140	\$140	\$0
14	\$125	\$125	\$0
TOTAL	\$5,065	\$5,065	\$4,800
Basic Benefit Rate (\$4,800 / 14 weeks * 55%)		\$189	\$189
Basic Benefit Rate (adj. for SW) (\$5,065 / 14 weeks * 55%)		\$199	\$189
Note: Assumes an unemployment rate of more than 13 percent.			

As Table 7 illustrates, after adjusting for small weeks, the basic benefit rate is higher for SWI participants.⁷⁶ However, when calculating the actual benefit rates received (as a percentage of AWIE), the unadjusted basic benefit rate is used for the comparison. For example, if the same SWI participant received \$199 in any given claim week, the actual benefit rate percentage (ABRP) would be considered to be 58 percent,⁷⁷ not 55 percent.

Together, these two reasons (in receipt of FIS or being a SWI participant) accounted for 77.9 percent of all reasons.

An additional 13 percent of all claim weeks where the actual benefit rate was higher than the basic benefit rate was due to reasons other than those listed in Table 5. The remaining reasons were due to either being in receipt of job creation benefits, being in receipt of EI Part II income support benefits, or a combination of any of the reasons (aside from other reasons).

⁷⁶ For simplicity, the effect of the Divisor Rule on the basic benefit rate has been ignored.

⁷⁷ \$199 = \$4,800 / 14 weeks * ABRP.

10.5.2 Less than the Basic Benefit Rate

Table 8 provides the reasons for why a claimant received less than the basic benefit rate in any given week during a claim.

Table 8 Reasons for Receiving Less Than the Basic Benefit Rate (percent)	
Reason	Share
Affected by Divisor Rule	7.1
In Receipt of Work Sharing Benefits	3.7
Disqualification or Disentitlement	1.0
No Report Given (Null Week)	40.1
Recovery of Previous Overpayments	1.5
Part-Time Earnings Reported	31.6
In Receipt of a Payment ¹	5.9
Earnings Reported in Waiting Period	2.5
Combination of Any of Above Factors	4.7
Other Reasons	1.9
Source: COEP Survey 00Q3 to 02Q1.	
Note: 1 Wage loss insurance, pension income, pre-posted earnings, vacation pay, Worker's Compensation, severance pay.	

Slightly more than 40 percent of all claim weeks where a claimant received less than the basic rate was due to a claimant not filing a report for that particular week. Possible reasons for not filing a report for that week might include a claimant working full-time or being out of the country.

Working while on claim (i.e. reporting part-time earnings) comprised 31.6 percent of all reasons for receiving less than the basic benefit rate. The *EI Act* permits regular claimants to have earnings of up to 25 percent of their weekly benefit rate or \$50 each week, whichever is higher, without those earnings affecting the benefits paid in any week of unemployment. All earnings above the allowable are deducted dollar-for-dollar from the weekly benefit rate.

A further 7.1 percent of all claim weeks where the actual benefit rate was less than the basic benefit rate was due to the effect of the Divisor Rule. In the absence of the Divisor Rule, a claimant who worked 12 weeks in a high unemployment region would have had a basic benefit rate based on 55 percent of their AWIE divided by the number of weeks worked. With the implementation of the Divisor Rule, the same claimant's basic benefit rate is based on the minimum divisor (14) for a high unemployment rate region. Thus, the effect of the Divisor Rule is to lower the amount of actual benefit payments.

For example, assuming a region where the unemployment rate is greater than 13 percent, two individuals who qualify for EI and earning the same weekly salary (e.g. \$500) could conceivably receive different amounts of weekly EI benefits. If one of the claimants had

worked 12 weeks in the previous 26 weeks and the other claimant had worked 14 weeks, the claimant who had worked 12 weeks would receive \$235.71 whereas the claimant who had worked 14 weeks would receive \$275.⁷⁸ Thus, the Divisor Rule has the effect of changing the number of divisor weeks (the denominator) used in the calculation of the basic benefit rate.

The other main reasons for receiving less than the basic benefit rate include being in receipt of a payment (5.9 percent), collecting work sharing benefits (3.7 percent), reporting earnings in the waiting period (2.5 percent), the recovery of previous overpayments (1.5 percent), and having a disqualification or disentitlement (1 percent). Any combination of the eight discussed reasons accounted for 4.7 percent of all reasons, while all other reasons made up 1.9 percent.

10.6 Maximum Insurable Earnings

In accordance with Section 4 of the *EI Act*, the maximum insurable earnings (MIE) per year was \$39,000 from 1996 through 2001. All claimants earning \$39,000 or more are entitled to a basic benefit rate of \$413 per week, assuming there are no other factors involved that could change this weekly entitlement.

Table 9 examines the percentage of claimants with the MIE (estimated by the number of claimants with a basic benefit rate of \$413 per week) from 1997 to 2001.⁷⁹

Table 9					
Distribution of Basic Benefit Rates of EI Claimants (percent)					
Basic Rate	1997	1998	1999	2000	2001
\$413	22.1	20.7	18.5	24.3	26.9
\$300 to \$412	21.1	22.1	20.4	23.6	21.9
\$200 to \$299	26.4	31.6	27.1	29.6	30.4
\$100 to \$199	27.6	24.0	32.2	20.3	19.5
\$1 to \$99	2.8	1.7	1.8	2.2	1.2
Average	\$276.69	\$282.61	\$267.03	\$291.22	\$295.37

Source: COEP Survey 1997 to 2001 (3rd quarters only).

During this five-year time period, the percentage of EI claimants with the maximum basic benefit rate of \$413 increased from 22.1 percent in 1997 to 26.9 percent in 2001. This represented a 21.7 percent increase over the period.⁸⁰ The average basic

⁷⁸ The claimant with 12 weeks of insurable earnings receives: 12 weeks * \$500/week / 14 weeks * 55 percent = \$235.71. The claimant with 14 weeks of insurable earnings receives: 14 weeks * \$500/week / 14 weeks * 55 percent = \$275.

⁷⁹ For each year, only the 3rd quarter is used due to data limitations in the COEP survey.

⁸⁰ The 1997-2001 time period was chosen because it represented the post-EI reform period and also a period in which the basic benefit rate was 55 percent of AWIE. Some claimants in the 1995 sample (third quarter) were receiving basic benefit rates equivalent to 60 percent of AWIE, even though the change to 55 percent occurred in July 1994.

benefit rate also increased between 1997 and 2001, from \$276.69 in 1997 to \$295.37 in 2001.⁸¹ Certainly, this upward trend was partly due to inflation.

Table 10 provides a profile of EI claimants that have the MIE⁸² and claimants that do not have the MIE. There are some clear distributional differences.

Males are far more likely to have the MIE than females, as more than 74 percent of all claimants with the MIE were males. Conversely, youths, single individuals, and those with a lower level of education were less likely to have the MIE.

By region, claimants in the Atlantic Provinces and Quebec were noticeably less likely to have the MIE whereas claimants in Ontario and British Columbia were more likely to have the MIE.

Of the five industries, claimants in the primary, manufacturing, and construction industries were more likely to have the MIE. On the other hand, claimants in the services industry were far less likely to have the MIE.

	All	At MIE	Not at MIE
Gender			
Female	47.7	25.6	53.1
Male	52.2	74.2	46.8
Age			
Youth (15-24)	11.2	3.4	13.0
Prime (25-54)	78.7	84.5	77.3
Old (55 and over)	10.1	12.2	9.6
Family Type			
Single with Children	7.2	5.1	7.7
Single without Children	28.4	20.3	30.3
Married with Children	34.9	41.5	33.3
Married without Children	29.4	32.8	28.5
Education			
Less than High School	25.0	22.3	25.7
High School	27.4	22.8	28.5
More than High School	45.0	52.2	43.3
Other	2.2	2.3	2.2
Region			
Atlantic	13.6	8.4	14.9
Quebec	31.2	27.6	32.1
Ontario	28.8	35.0	27.3
Prairies	13.3	13.0	13.4
British Columbia	13.1	16.1	12.4

⁸¹ Similar figures reported in the 2003 M&A Report were derived from the Statistics Canada publication, *Employment Earnings and Hours*, Catalogue no. 72-002-XIB.

⁸² Based on the basic benefit rate.

Table 10 (continued)			
Distribution of Selected Characteristics of EI Claimants at the MIE (percent)			
	All	At MIE	Not at MIE
Industry			
Primary	6.7	9.4	6.0
Manufacturing	19.8	23.5	18.8
Construction	12.2	23.1	9.6
Services	57.2	40.2	61.3
Government	4.1	3.8	4.2

Source: COEP Survey 95Q3 to 97Q4, 98Q3, 99Q3, 00Q3 to 01Q4.

Bill C-2, assented to on May 10, 2001, provided a formula for calculating the MIE for the years 2002 and thereafter. Section 4 of the *EI Act* states that the maximum will remain at \$39,000 until the calculated value of average weekly earnings catches up with this threshold.⁸³ With this in mind, this section reviews the relationship between the average industrial wage and the MIE, in an attempt to determine how quickly the gap is being closed and in what year the average industrial wage is expected to surpass the MIE.

The 12-month average weekly earnings at June 30, 2002 was equal to \$671.56 which, when extended out for the whole year, equated to a 12-month annual average earnings of \$34,921 for 2002.⁸⁴ Table 11 provides a Conference Board of Canada forecast of average annual earnings, based on the projected growth rate of private non-farm average hourly earnings.⁸⁵

Table 11		
Forecast of Average Annual Earnings		
Year	Average Annual Earnings	Growth Rate (%)
2002	\$34,921	1.9
2003 ^f	\$35,340	1.2
2004 ^f	\$36,683	3.8
2005 ^p	\$38,077	3.8
2006 ^p	\$39,524	3.8

Note: ^f is forecast, ^p is projection of 2004 forecast.

Source: Canadian Outlook Summer 2003 Economic Forecast, The Conference Board of Canada.

Average weekly earnings are expected to surpass the MIE threshold of \$39,000 in 2006, given the forecasted growth rates and the projection of the 2004 forecasted growth rate into 2005 and 2006.

⁸³ Report on the Maximum Yearly Insurable Earnings for 2003, HRDC.

⁸⁴ The annual calculation of MIE for 2002 is based on the 12-month average weekly earnings from July 1, 2001 to June 30, 2002. All annual calculations are completed in this manner.

⁸⁵ Private non-farm average hourly earnings is the weighted average of average weekly wages and salaries in the other primary, manufacturing, construction, and services industries divided by the corresponding average weekly hours. The weights employed are each industry's share of total non-farm employment.

Since 1992, the average annual growth rate in average weekly earnings was 1.9 percent. Assuming that this growth rate continues into the future, the MIE threshold will be surpassed in 2008. Table 12 provides a summary of assumed annual growth rates and the year in which the \$39,000 MIE threshold would be eclipsed.

Table 12	
Projected Surpassing of the \$39,000 MIE Threshold	
Growth Rate (%)	Surpass MIE Threshold
1.4 to 1.5	2010
1.6 to 1.8	2009
1.9 to 2.3	2008
2.4 to 3.1	2007
3.2 to 4.6	2006

Note: Growth Rate refers to the annual growth rate of average weekly earnings.

Table 12 shows that there is a considerable difference in assuming different future growth rates. Given the assumed growth rates in Table 12, the MIE threshold would be surpassed as early as 2006 and as late as 2010.

10.7 Conclusions

The first part of this paper examined selected demographic and job characteristics of EI claimants. COEP survey results indicated that 48 percent of all claim weeks resulted in a claimant receiving 55 percent of AWIE, the basic benefit rate. Approximately 42 percent of all claim weeks ended up in a claimant receiving less than the basic rate, while 10.4 percent resulted in a claimant receiving more than the basic rate. Roughly 31 percent of all claim weeks resulted in no benefits being paid (not including the two-week waiting period).

The second part of this paper investigated the main reasons for the deviations from the basic benefit rate. Being in receipt of the FIS or being part of the SWI program were the main reasons for why a claimant received more than the basic rate in any given week. Together, these two reasons accounted for 77.9 percent of all reasons. Claimants receiving less than the basic benefit rate in a given week were more than likely affected by not reporting to an EI officer in that week or reporting part-time earnings. These two factors accounted for 71.7 percent of all claim weeks in which a claimant received less than the basic rate. The Divisor Rule was a factor in 7.1 percent of all claim weeks in which a claimant received less than the basic rate.

Finally, the last segment of this paper focused on claimants who have reached the MIE and reviewed the relationship between the average industrial wage and MIE. It was shown that there was an increase in the percentage of claimants at the MIE during the 1997 to 2001 period, increasing from 22.1 percent in 1997 to 26.9 percent in 2001. In addition, forecasted growth rates for average weekly earnings demonstrated that the MIE threshold of \$39,000 would be surpassed as early as 2006.

11. Women's Access to EI Benefits

11.1 Executive Summary

Under both the new Employment Insurance (EI) system and the old Unemployment Insurance (UI) system, women face the same rules as men. However, although governed by the same rules, a larger proportion of working women may be unable to qualify for benefits because, on average, women are more likely to work part-time.

This report examines the job and unemployment experiences of women, with a focus on their use of EI Part I regular benefits. The report then investigates the extent to which the 1996 reform of EI led to changes for women in terms of EI eligibility, the receipt of EI and the extent of EI benefit entitlements.

Data and Methodology

This study uses information from the Canadian Out-of-Employment Panel (COEP) survey, which provides data on the job termination experiences of individuals. Important information on socio-economic conditions and other personal and employment-related information are available from the survey that enable the development of statistics that describe the experiences of women. It is also possible to link the results of this survey to EI administrative data to allow for estimates of EI receipt.

Main Findings

- Of those who lost a job during the four quarters preceding the 1996 EI reform or during the four quarters following the reform, and who had at least two consecutive weeks of unemployment, 45 percent were women. This excludes those who separated from a job due to retirement, a return to school, pregnancy or parental, or injury or illness.
- Women were more likely to experience longer spells of unemployment than men. For women with children, the average duration of unemployment was even longer.
- There was no significant difference in the rates at which men and women received EI in the eight quarters examined.
- EI eligibility rates for women were affected by the 1996 EI reform, as women were eight percentage points less likely to have had enough hours of work to qualify for EI following the reform than they had been before the reform. Men were unaffected.
- Statistical estimation results indicated that EI reform had no significant impact on the likelihood that a woman or man would collect regular EI benefits.
- EI reform did not have an impact on weeks of entitlement to EI benefits.

11.2 Introduction

Employment Insurance (EI) benefits are becoming increasingly important to women and their families, as women make up a growing percentage of the labour force. Access to the EI system is of critical importance for these workers. Working women require financial assistance that will help bridge the income gap when they are between jobs.

This paper examines the role of Employment Insurance (EI) Part I benefits for women. Under both the new Employment Insurance (EI) system and the old Unemployment Insurance (UI) system, women face the same rules as men. However, although governed by the same rules, a larger proportion of working women may be unable to qualify for benefits because, on average, women are more likely to work part-time.

This report first examines the job and unemployment experiences of women. In particular, it studies their use of EI Part I regular benefits. The report then investigates the extent to which the 1996 reform of EI led to changes in EI eligibility, EI receipt and the entitlements of women.

11.3 Data and Methodology

The Canadian Out-of-Employment Panel (COEP) survey, which is a survey of persons who had a job separation (e.g. people who were laid off or left work for any other reason), formed the basis of the analysis for this study. A one-year period before EI reform (95Q3 – 96Q2) and a one year period after EI reform (97Q1 – 97Q4) were used. The period during the phase-in of EI reform (96Q3 – 96Q4) was omitted, as it represented a period of transition.

The COEP survey is administered on behalf of Human Resources Development Canada (HRDC) by Statistics Canada. The survey collects information on sampled individuals who experienced a job separation as recorded on their Record of Employment (ROE). Collected information includes:

- Personal and household characteristics;
- Reasons for job separation;
- Detailed employment history;
- Job search activities;
- Receipt of EI/UI benefits and/or social assistance; and
- Information on household finances, assets and liabilities.

Each survey participant was interviewed twice, with the first interview occurring within one year of the job separation and the second interview taking place about nine months after the first interview. Almost 33,000 Canadians who had a change or an interruption in their employment activity were surveyed during the eight quarters that are examined.

The group of Canadians who are counted in each of these quarters is referred to as a “cohort”. The eight cohorts are grouped into two periods:

- Pre-EI Reform – Participants had a job separation prior to EI reform (95Q3 – 96Q2).
- Post-EI Reform – Participants had a job separation after EI reform (97Q1 – 97Q4).

No analysis is conducted on the two-quarter period during EI reform, as the implementation of the reform was not complete and the analysis would be complex.

For the purposes of this study, the pre-EI reform period is compared to the post-EI reform period. The changes noted in this report may be due to the move to the EI system. However, it is important to keep in mind that the observed changes may also be due to changes in the economy, patterns of work behaviour, and a variety of other factors that would make it difficult, if not impossible to control for, in a comparative analysis like this one. Further studies would be needed to investigate and assess possible alternative causes of some of the observed changes that have taken place since moving to the EI system.

The analysis focuses on individuals who lost a job during the pre- or post-EI reform period due to reasons other than retirement, return to school, injury or illness, or pregnancy or parental responsibilities. Only respondents with at least two consecutive weeks of unemployment were kept for the analyses. The main reason for this restriction is the required two-week waiting period for qualifying for benefits that was in effect over all periods spanned by the data. After applying these restrictions, the experiences of more than 18,000 people form the basis for this study.

11.4 Profile of Women Leaving Employment

This section provides a contextual background describing the major demographic characteristics of women who leave employment. The section begins with a statistical profile of the women themselves. Following that, the job and unemployment experiences of women are investigated, along with a comparison of EI receipt rates between men and women.

11.4.1 Demographic Characteristics

Averages for selected characteristics of the COEP survey respondents are given in Table 1. The characteristics examined include age, marital status, highest attained education level, area type (urban/rural), and region.

Table 1
Selected Demographics of Individuals With a Job Separation (percent)

	Men	Women			
		All	Married With Children	Not Married With Children	No Children
All	55.0	45.0	13.3	4.7	27.1
Age					
Youth (15-24)	19.1	15.5	4.7	24.0	19.3
Prime (25-54)	71.7	76.1	94.4	74.3	67.5
Older (55+)	9.2	8.4	1.0	1.8	13.2
Marital Status					
Single	46.1	39.1	0.0	100.0	47.7
Married	53.9	60.9	100.0	0.0	52.3
Education					
Less than High School	29.6	18.2	15.2	20.4	19.2
High School	28.3	25.8	32.1	26.1	22.6
More than High School	40.0	54.3	51.4	52.7	56.0
Other	2.1	1.8	1.2	0.9	2.2
Area Type					
Rural	27.3	24.8	29.1	20.1	23.6
Urban	72.7	75.2	70.9	79.9	76.4
Region					
Atlantic	11.1	10.3	11.4	11.2	9.5
Quebec	31.4	27.6	20.6	29.4	30.7
Ontario	27.8	33.8	40.8	26.2	31.8
Prairies	15.8	15.8	16.5	16.1	15.3
British Columbia	13.8	12.6	10.8	17.1	12.7
Sample Size	18,043				
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.					

The second column of Table 1 indicates that 45 percent of COEP respondents included in the sample that was used for this study were female.⁸⁶ In comparison to men, females with a job separation were less likely to have been a youth or single and more likely to have resided in Ontario and completed a higher level of education. Variations in the remaining categories were minimal between the two genders.

Within the three subcategories for women (married with children, not married with children, no children) there were some significant variations. Women with no children or women who were not married and had children were far more likely to have been in the youth age category than women who were married with children. Women who were not married and had children were also more likely to have resided in an urban area. Finally, relative to all women, women who were married with children were more likely to have

⁸⁶ All references to the COEP sample refer to the eight cohorts given in the Data section, along with the various restrictions imposed on the sample.

resided in Ontario while women who were not married with children were more likely to have resided in British Columbia.⁸⁷

11.4.2 Employment History Characteristics

Table 2 analyzes the employment history of individuals with a job separation, providing information related to industry as well as certain job characteristics.

Table 2					
Employment History of Individuals With a Job Separation (percent)					
	Men	Women			
		All	Married With Children	Not Married With Children	No Children
Industry					
Agriculture	2.1	2.2	2.3	4.8	1.8
Primary	6.8	1.4	1.6	0.8	1.5
Manufacturing	20.4	11.8	12.6	12.7	11.3
Construction	19.3	1.4	1.0	2.5	1.5
Transportation & Storage	6.0	3.4	4.2	2.7	3.2
Communications	1.0	1.3	1.1	1.0	1.4
Other Utilities	0.7	0.4	0.3	0.4	0.4
Trade	14.3	18.4	17.6	17.1	19.0
Finance	1.7	4.7	6.0	4.7	4.0
Education	7.9	26.0	26.0	20.5	26.9
Business Services	11.1	19.4	17.0	23.8	19.8
Public Services	2.8	3.3	3.0	4.0	3.3
Public Administration	5.9	6.3	7.3	5.1	6.0
Job Characteristics					
Seasonal	22.0	14.5	14.6	12.3	14.8
Part-Time	7.7	25.5	29.3	23.8	23.9
Union	18.8	14.6	12.7	8.9	16.5
Weekly Hours of Work ¹	44.7	35.7	34.7	36.1	36.1
Weeks on Job ¹	173.2	205.0	183.1	117.9	230.4
Sample Size	18,043				
Notes:					
1. Figures are reported in level terms.					
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.					

⁸⁷ These findings may be misleading and highly dependent on the definition of marital status. For example, common-law couples are not considered to be married. In Quebec, common-law relationships are more common than in other provinces, thereby contributing to the relatively lower percentage of married couples with children in Quebec.

Females with a job separation were concentrated in education (26 percent), business services (19.4 percent) and trade (18.4 percent) industries. Men were more likely to have been employed in manufacturing (20.4 percent) and construction (19.3 percent) industries. There was also variation by industry among women. Women who were not married and had children were far more likely to have been employed in business services or agriculture and less likely to have been working in education than women in the other two subcategories.

In terms of job characteristics, men were more likely to have been unionized or employed in seasonal jobs. On the other hand, women were far more likely to have been employed part-time. Women worked more weeks while they were employed, but men worked nine more hours per week. There was significant variation in terms of the number of weeks of employment among women. Women who were not married and had children were, on average, employed for 117.9 weeks. This differed greatly from women in the other two subcategories (183.1 weeks and 230.4 weeks). The presence of children in the household clearly had a link to a woman's job tenure. This result may also be due to the fact that women with children who are not married are far more likely to be in the youth age category. Because they are younger, they are less likely to have worked for any great length of time at a specific, individual job.

11.4.3 Unemployment History Characteristics

Table 3 examines the unemployment history of individuals with a job separation, namely the number of weeks of unemployment and the reliance upon regular EI benefits and social assistance.

The first section of Table 3, the weeks of unemployment, indicates women were slightly more likely to have had short unemployment spells of between two and ten weeks. However, women were noticeably more likely to have experienced long-term unemployment (i.e. being unemployed for more than 52 weeks). Almost 25 percent of women were long-term unemployed whereas 17.7 percent of men were long-term unemployed. Women who were not married and had children were the most likely to have been long-term unemployed (27.5 percent).

There was almost no difference between the EI receipt rates of men and women who had a job separation lasting at least two weeks and reported being unemployed for that period (45.1 percent vs. 45.7 percent). Among women, the highest rate of EI receipt was for those who had no children (46.9 percent).

There was also little difference between men and women in the number of weeks on an EI claim and in the number of weeks of EI collected.⁸⁸ Women were more likely to have exhausted an EI claim by using up all of the weeks of entitlement (35.4 percent vs. 30.3 percent). On the other hand, men were more likely to have exhausted an EI claim by simply letting the benefit period expire, even though not all of the entitlement weeks were used (18.7 percent vs. 13.4 percent). These differences are a result of women

⁸⁸ Weeks during a claim in which a positive amount of EI benefits were received.

having longer unemployment durations and, hence, being more likely to remain on EI for the duration of the claim. Gender differences in entitlement was not an explanation, as there was little difference in the number of entitlement weeks, both for all unemployment durations and for those unemployed for more than 52 weeks.⁸⁹

Finally, there was little difference between the two genders with respect to the receipt of social assistance, although women who were not married and had children were far more likely to have received social assistance than the other two groups of women.⁹⁰

Table 3					
Unemployment History of Individuals With a Job Separation (percent)					
	Men	Women			
		All	Married With Children	Not Married With Children	No Children
Weeks of Unemployment					
2 to 10 Weeks	33.8	35.5	35.1	29.0	36.8
11 to 20 Weeks	19.3	14.6	13.7	15.4	14.9
21 to 30 Weeks	14.4	11.8	9.6	15.2	12.3
31 to 40 Weeks	10.1	9.6	9.4	8.9	9.7
41 to 52 Weeks	4.7	4.0	5.0	4.0	3.5
More Than 52 Weeks	17.7	24.6	27.2	27.5	22.8
Collected Regular EI Benefits	45.1	45.7	43.6	44.2	46.9
Weeks on Claim ¹	34.2	33.4	32.8	33.0	33.8
Weeks Collected ¹	22.1	22.8	22.8	23.8	22.7
Exhausted Claim (1) ²	30.3	35.4	40.0	32.5	33.7
Exhausted Claim (2) ³	18.7	13.4	10.0	12.3	15.1
Received Social Assistance	8.8	8.5	3.9	32.7	6.5
Sample Size	18,043				
Notes:					
1. Figures are reported in level terms.					
2. Claims where all entitlement weeks were used.					
3. Claims where benefit period ends before entitlement is exhausted.					
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.					

⁸⁹ These figures are slightly different than those reported in the 2003 M&A report, which uses more recent data.

⁹⁰ Monitoring report, "Did the Exhaustion of UI/EI Benefits and the Take-up of Social Assistance Change After EI Reform-2003?", confirms that single persons were more likely to collect social assistance than married persons, with single parents being considerably more likely to collect social assistance than other people.

11.4.4 EI Receipt

The percentage of men and women with a job separation receiving regular EI benefits is provided in Table 4. Column three in Table 4 provides the *t* statistic, which determines whether the EI receipt rates between men and women are significantly different.⁹¹ When examining Tables 4 through 6, it is important to note that the “N” column indicates the number of sampled individuals in the first two columns. This information provides an informal measure of sample reliability.

During the eight quarters analyzed, there was no significant difference between men and women in the EI receipt rates of regular benefits.⁹² However, there were some significant differences across some of the categories. Female youths were far less likely to have collected EI than their male counterparts, as were married women with children and women from the Prairies. Married women without children and women from British Columbia were more likely to have collected EI than married men with children and men from British Columbia.

Table 4
Percentage of Individuals With a Job Separation Receiving
Regular EI Benefits by Selected Demographics
(percent)

	Men	Women	<i>t</i> statistic	N
All	45.1	45.7	0.38	10,393
Age				
Youth (15-24)	32.4	22.0	-3.45	1,822
Prime (25-54)	47.9	49.6	1.00	7,575
Older (55+)	49.8	53.6	0.78	996
Family Type				
Single with Children	37.3	44.2	1.43	563
Single without Children	40.9	40.3	-0.27	3,937
Married with Children	50.2	43.6	-2.52	3,030
Married without Children	47.8	53.1	1.99	2,858
Education				
Less than High School	50.5	48.6	-0.65	3,544
High School	44.4	46.4	0.73	2,957
More than High School	41.8	44.4	1.22	3,635
Other	42.2	42.3	0.01	257
Area Type				
Rural	50.7	48.1	-1.03	3,816
Urban	43.0	44.9	1.08	6,577

⁹¹ In this study, *t* statistics greater than 1.645 are considered to be statistically significant.

⁹² An individual is defined as having received EI if they collected regular benefits within 5 weeks of the date of their job loss, as recorded on an ROE. Therefore, if the ROE job loss date is more than 5 weeks removed from the commencement of a claimant’s benefit period, the person is deemed to have not collected EI.

Table 4 (continued)
Percentage of Individuals With a Job Separation Receiving
Regular EI Benefits by Selected Demographics
(percent)

	Men	Women	t statistic	N
Region				
Atlantic	51.9	53.2	0.78	3,477
Quebec	51.3	50.7	-0.20	1,325
Ontario	39.1	42.6	1.11	1,064
Prairies	39.6	35.9	-1.97	3,219
British Columbia	44.1	48.9	1.71	1,308

Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.

11.5 The Impact of the 1996 EI Reform

The degree of support provided to women by EI Part I will be examined in terms of the percentage of those experiencing a job termination who qualified for EI, the percentage who received EI, and the maximum number of weeks that they were entitled to collect EI if they did qualify.

11.5.1 Impact of the 1996 EI Reform on EI Eligibility

The percentage of women with a job separation with enough weeks/hours to qualify for EI is given in Table 5, both before and after the 1996 EI reform.

Table 5
Percentage of Women with a Job Separation with
Enough Weeks/Hours to Qualify for Benefits
(percent)

	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t statistic	N
All	83.0	74.9	-4.39	3,542
Age				
Youth (15-24)	74.7	62.5	-2.29	491
Prime (25-54)	84.0	76.2	-3.82	2,739
Older (55+)	88.2	86.4	-0.35	312
Family Type				
Single with Children	75.2	75.8	0.10	344
Single without Children	80.6	75.4	-1.51	920
Married with Children	82.2	68.0	-3.90	1,125
Married without Children	88.2	80.6	-2.75	1,150

Table 5 (continued)
Percentage of Women with a Job Separation with
Enough Weeks/Hours to Qualify for Benefits
(percent)

	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t statistic	N
Education				
Less than High School	82.2	74.2	-1.91	706
High School	80.7	73.6	-1.94	1,009
More than High School	84.5	75.6	-3.61	1,755
Other	79.1	80.1	0.08	72
Area Type				
Rural	81.5	73.4	-2.21	1,199
Urban	83.4	75.5	-3.77	2,343
Region				
Atlantic	82.9	79.0	-1.80	1,131
Quebec	81.9	76.2	-1.47	419
Ontario	83.0	71.3	-2.96	483
Prairies	82.6	72.6	-3.99	1,082
British Columbia	85.3	81.0	-1.32	427

Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.

There has clearly been a significant change between the pre-EI reform period and the post-EI reform period. In the four quarters preceding EI reform, 83 percent of women had enough weeks to qualify for EI. All other factors being equal, the move from a weeks-based system to an hours-based system appears to have decreased female eligibility rates to 74.9 percent in the four quarters following EI reform.⁹³ Taking a closer look, this change primarily reflects a change for married women. This result is not unexpected, as Table 2 indicated that women, and especially married women with children, were far more likely to have worked part-time and for fewer hours per week than men.

The largest impact of the EI reform experienced by women was for those living in the Prairie Provinces. Eligibility rates declined from 82.6 percent in the pre-EI reform period to 72.6 percent in the post-EI reform period. Other groups that were more significantly affected than others included women who were married with children, women of prime age, women from urban areas, and women with more than a high school education.

⁹³ Although not reported here, there was no significant change in EI eligibility rates for men. In the pre-EI reform period, 80.4 percent of men had enough weeks to qualify for EI. Following EI reform, 79.7 percent of men had enough hours to qualify for EI. The results for both males and females are in accordance with results found in the "Monitoring Report on EI Qualification and Weeks of Benefits".

11.5.2 Impact of the 1996 EI Reform on EI Receipt of Regular Benefits

Table 6 provides a breakdown of the percentage of women with a job separation receiving regular EI benefits in the periods preceding and following the 1996 EI reform. There was no significant change in the receipt of EI between the pre-EI reform period and the post-EI reform period in any of the categories, although overall EI receipt rates decreased from 46.8 percent to 44.6 percent.⁹⁴ This would suggest that, in relation to the probability of receiving EI benefits, women were not affected by the 1996 EI reform in the four quarters following the reform.⁹⁵ The only female group significantly affected by the EI reform was women in the Prairie Provinces, whose rate of EI receipt decreased in the post-EI reform period.

A number of factors may have contributed to the small size of the drop in the EI receipt rate for women. The most obvious reason is that the female take-up rate⁹⁶ increased slightly, albeit not significantly, from 56.4 percent in the pre-EI reform period to 59 percent in the post-EI reform period.⁹⁷ Because of this slight increase in the take-up rate, EI receipt rates did not decrease as much as they would have, had the take-up rate not changed at all. In fact, it was estimated that EI receipt rates *would* have decreased significantly in the absence of an increased change in the take-up rate.

	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t statistic	N
All	46.8	44.6	-1.03	3,542
Age				
Youth (15-24)	23.2	20.9	-0.53	491
Prime (25-54)	50.9	48.3	-1.04	2,739
Older (55+)	51.8	55.1	0.41	312

⁹⁴ When extending the analysis to the receipt of non-regular EI benefits, there was still no significant decline in EI receipt rates. In addition, for males, EI receipt rates were also down in the post-EI reform period, but not significantly (46.1 percent to 44.2 percent).

⁹⁵ This finding might seem surprising, given that eligibility rates decreased significantly for females in the post-EI reform period. However, published figures in the 1997 M&A report to Parliament verify that males and females were equally affected in the first two quarters of 1997 as compared to the first two quarters of 1996. The number of new claims for males decreased from 463,000 to 377,000 whereas the number of new claims for females decreased from 445,000 to 363,000.

⁹⁶ Those eligible for EI benefits who actually collect benefits. There is still a small percentage of individuals who are not eligible for EI who collect benefits.

⁹⁷ Take-up rates for men declined in the post-EI reform period, falling from 57.2 percent in the pre-EI reform period to 55.2 percent in the post-EI reform period.

Table 6 (continued)
Percentage of Women With a Job Separation Receiving Regular EI Benefits
(percent)

	Pre-EI Reform (95Q3-96Q2)	Post-EI Reform (97Q1-97Q4)	t statistic	N
Family Type				
Single with Children	46.7	42.2	-0.69	344
Single without Children	39.9	40.6	0.15	920
Married with Children	45.7	41.5	-1.07	1,125
Married without Children	54.2	52.0	-0.57	1,150
Education				
Less than High School	50.1	47.3	-0.57	706
High School	48.3	44.4	-0.93	1,009
More than High School	44.9	44.1	-0.26	1,755
Other	49.7	32.9	-1.13	72
Area Type				
Rural	50.2	46.3	-0.97	1,199
Urban	45.8	44.0	-0.70	2,343
Region				
Atlantic	53.3	53.2	-0.02	1,131
Quebec	50.8	50.6	-0.04	419
Ontario	44.4	40.7	-0.79	483
Prairies	38.8	33.5	-1.84	1,082
British Columbia	49.6	48.3	-0.30	427
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.				

Table 7 gives the results of a statistical estimation of the probability that a woman with a job separation will collect regular EI benefits based on some key demographic and work characteristics.⁹⁸ The first column shows the likely change in the probability of receiving EI benefits when compared to a control group. Only women are included in the regressions in Tables 7 and 8.

⁹⁸ These estimates are generated with the probit regression technique.

The EI reform variable did not have a statistically significant impact on the probability that an unemployed female worker would collect EI benefits,⁹⁹ in line with the data given in Table 6, even after controlling for various demographics and job characteristics.¹⁰⁰

Also included in the estimation was a variable for the impact of EI reform on women with children. This variable was also statistically insignificant, indicating no change in the probability of collecting EI benefits due to EI reform for that group of women.

Table 7
Probit Regression for the Probability that a Woman With a
Job Separation will Claim Regular EI Benefits
(percent)

	% diff.	P value	Confidence Interval (90%)	
EI Reform	-1.3	0.667	-6.2	3.6
With Children * EI Reform	-3.5	0.439	-11.0	3.9
Age				
Youth (15-24)	-24.6	0.000	-29.3	-20.0
Prime (25-54)	Control	Control	Control	Control
Older (55+)	-2.8	0.528	-10.0	4.4
Family Type				
Single with Children	4.4	0.271	-2.2	10.9
Single without Children	-0.2	0.966	-7.0	6.7
Married with Children	Control	Control	Control	Control
Married without Children	6.3	0.116	-0.3	12.8
Education				
Less than High School	-1.4	0.664	-6.9	4.0
High School	Control	Control	Control	Control
More than High School	-2.1	0.449	-6.7	2.5
Other	-7.0	0.392	-20.1	6.2
Area Type				
Rural	0.3	0.915	-4.2	4.8
Urban	Control	Control	Control	Control
Region				
Atlantic	7.5	0.033	1.7	13.4
Quebec	5.9	0.102	0.0	11.9
Ontario	Control	Control	Control	Control
Prairies	-5.7	0.050	-10.5	-0.9
British Columbia	7.4	0.026	1.9	12.9

⁹⁹ A result is considered to be statistically significant if its *P* value is less than or equal to 0.100. For *P* values greater than 0.100, the 90 percent confidence interval will include zero, implying that it is not certain that the variable had any impact on the dependent variable.

¹⁰⁰ A second regression (not reported here) which included only men showed that there was no impact of EI reform on them. The only significant difference in estimation results is that men who were seasonal workers were more likely to have collected EI benefits.

Table 7 (continued)
Probit Regression for the Probability that a Woman With a
Job Separation will Claim Regular EI Benefits
(percent)

	% diff.	P value	Confidence Interval (90%)	
Industry				
Agriculture	-0.7	0.932	-13.9	12.5
Primary	5.6	0.435	-6.2	17.4
Manufacturing	Control	Control	Control	Control
Construction	19.0	0.011	7.3	30.7
Transportation & Storage	-3.1	0.666	-14.7	8.6
Communications	7.5	0.466	-9.4	24.3
Other Utilities	-9.9	0.449	-30.5	10.8
Trade	-2.4	0.590	-9.5	4.8
Finance	-2.0	0.768	-13.2	9.1
Education	4.9	0.236	-1.9	11.7
Business Services	-0.1	0.975	-7.1	6.8
Public Services	-5.9	0.381	-16.7	5.0
Public Administration	-13.6	0.015	-22.3	-4.9
Job Characteristics				
Seasonal	-2.3	0.442	-7.3	2.6
Part-Time	-12.6	0.000	-16.8	-8.4
Union	-2.4	0.484	-8.0	3.2
Weeks on Job	0.0	0.005	0.0	0.0
Unemployment Rate	0.7	0.075	0.1	1.3
Sample Size	7,532			
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.				

The statistical estimation results in Table 7 also show some other factors that were significant in determining whether or not a woman would collect EI. In particular, youths were far less likely to have collected EI benefits than workers of prime age. This is not surprising, given the fact that youths were more likely to have been employed in positions with fewer hours of work per week, thereby reducing their EI eligibility.

Other significant estimation results indicated that:

- Workers in Atlantic Canada and British Columbia were more likely to have collected EI than workers in Ontario, while those in the Prairies were less likely to have done so;
- Those employed in construction were far more likely to have collected EI than workers employed in the manufacturing industry, while those employed in public administration were less likely to have done so;
- Part-time workers were far less likely to have collected EI than full-time workers;
- Workers who had spent more weeks at their previous job were more likely to have collected EI than workers with fewer weeks employed at their previous job; and
- Women in areas with higher unemployment were more likely to collect EI.

11.5.3 Impact of the 1996 EI Reform on Weeks of Entitlement

Although entitlement is an adequacy issue and not an access issue, it does require analysis, as it relates to EI receipt and the length of time that claimants are entitled to receive EI benefits.

Statistical estimates of the impact of EI reform on the number of weeks that a woman with a job separation is entitled to collect EI are given in Table 8.¹⁰¹ The EI reform variable did not have a statistically significant impact on the weeks of entitlement for women.¹⁰² For women with children, EI reform also had no impact.

Other estimation results suggested that the weeks of entitlement were less for youths. Residents of the Atlantic Provinces and Quebec had more weeks of entitlement than Ontario residents, while those in the rural areas had fewer. Seasonal and part-time workers also had fewer weeks of entitlement, while unionized workers had more. Finally, workers from high unemployment areas and those who were employed for long periods at their previous job had a higher number of entitlement weeks.

Table 8
OLS Regression for the Impact on the Weeks of Entitlement of Women with a Job Separation

	Coef.	P value	Confidence Interval (90%)	
EI Reform	-0.3	0.628	-1.4	0.8
With Children * EI Reform	-1.1	0.319	-2.9	0.7
Age				
Youth (15-24)	-2.8	0.001	-4.3	-1.4
Prime (25-54)	Control	Control	Control	Control
Older (55+)	-0.9	0.461	-2.8	1.1
Family Type				
Single with Children	1.0	0.294	-0.6	2.5
Single without Children	0.4	0.661	-1.2	2.1
Married with Children	Control	Control	Control	Control
Married without Children	1.1	0.196	-0.3	2.5
Education				
Less than High School	-0.5	0.505	-1.9	0.8
High School	Control	Control	Control	Control
More than High School	1.0	0.149	-0.1	2.1
Other	1.2	0.567	-2.3	4.7
Area Type				
Rural	-1.0	0.086	-2.0	0.0
Urban	Control	Control	Control	Control

¹⁰¹ An Ordinary Least Squares regression was used.

¹⁰² A second regression (not reported here) which included only men showed that there was no impact of EI reform on their weeks of entitlement.

Table 8 (continued)
OLS Regression for the Impact on the Weeks of Entitlement of
Women with a Job Separation

	Coef.	P value	Confidence Interval (90%)	
Region				
Atlantic	1.5	0.096	0.0	2.9
Quebec	1.7	0.047	0.3	3.1
Ontario	Control	Control	Control	Control
Prairies	-1.1	0.104	-2.2	0.0
British Columbia	0.2	0.835	-1.2	1.5
Industry				
Agriculture	2.4	0.112	-0.1	4.8
Primary	0.6	0.612	-1.5	2.7
Manufacturing	Control	Control	Control	Control
Construction	-0.1	0.936	-2.2	2.0
Transportation & Storage	-1.4	0.339	-3.8	1.0
Communications	0.5	0.790	-2.8	3.8
Other Utilities	0.5	0.861	-4.2	5.3
Trade	1.3	0.223	-0.5	3.1
Finance	-0.1	0.968	-3.3	3.1
Education	-0.5	0.592	-2.2	1.1
Business Services	-0.2	0.865	-1.9	1.6
Public Services	-1.3	0.402	-3.8	1.2
Public Administration	-1.2	0.436	-3.9	1.4
Job Characteristics				
Seasonal	-4.1	0.000	-5.1	-3.0
Part-Time	-3.3	0.000	-4.4	-2.2
Union	1.4	0.039	0.3	2.6
Weeks on Job	0.0	0.000	0.0	0.0
Unemployment Rate	0.6	0.000	0.5	0.7
Sample Size	7,022			
Source: COEP Survey of Job Terminations 95Q3 - 96Q2 and 97Q1 - 97Q4.				

11.6 After EI Reform

Using the most recent data available, further research was conducted to monitor any changes that may have occurred from the second quarter of 2001 (cohort 24) to the second quarter of 2002 (cohort 28). Based on the results, there is reason to believe that eligibility for EI benefits and EI receipt rates have declined more for women than for men. However, it should be noted that if cohorts 22 and 26 are compared, eligibility and EI receipt rates increase more for women than for men.

11.7 Conclusions and Further Research

The first part of this paper examined selected demographic and job characteristics of women. COEP survey results indicated that women comprised 45 percent of all persons leaving their jobs. Women with a job separation were more likely to have been married and were more likely to have had higher levels of education. They were also far more likely to have been employed part-time and be unemployed for longer durations. For women with children, the job separations were even longer. It was also revealed that men and women collected EI at roughly the same rate.

The latter part of the paper assessed the impacts, all other things being equal, of the 1996 EI reform on female eligibility for benefits, the likelihood that women would claim EI benefits and on their weeks of entitlement to EI benefits. It was discovered that EI reform had reduced the eligibility rates of women. However, the analysis found no evidence that EI reform had any significant impact on EI receipt rates for women or on their number of entitlement weeks. Further research is required to investigate the reasons for why EI receipt rates did not go down significantly for women, while eligibility rates did.

12. Usage of the Work Sharing Program: 1989/90 to 2002/03

12.1 Executive Summary

This monitoring report examines the usage of the Work Sharing program from fiscal year 1989/90 to 2002/03. Specifically, this report examines:

- The extent to which the Work Sharing program is used;
- The amount of expenditures on Work Sharing Benefits; and
- The characteristics and experiences of Work Sharing participants.

The data used in this report are derived from the EI Status Vector file. With these data, the report is able to examine aggregate information on the individual claimants (e.g., average length of claim, average amount of benefits received) as well as some of the characteristics of the claimants (e.g. gender, age, region and industry).

Main Findings

- Program usage and expenditures on benefits varied widely during the study period: from a low of 7,995 participants and nominal benefit expenditures of \$6.6 million in 1999/00, to a high of 125,262 participants and nominal expenditures of \$124.9 million in 1990/91. In 2002/03, participants numbered 15,819.
- Program usage and expenditures were counter-cyclical. The program is used more intensively during periods of economic downturn and less intensively during periods of economic recovery.
- There also appears to be a seasonal component to program usage. The program is used most heavily in the fourth and first quarters and least heavily in the third quarter.
- Annual program usage varied widely by region. For example, participants from Ontario accounted for between 21.7 to 54.6 percent of all Work Sharing participants, depending on the year. Also, the analysis shows that different regions experienced economic downturns at different times.
- Participants from the manufacturing industry were the main users of the program in all years, representing about two-thirds of the total.
- Each year, about two-thirds of the Work Sharing participants were male, and about 80 percent of participants were of prime age (25 to 54 years old).

- The average Work Sharing claim for benefits lasted about 17.6 weeks, with an average work reduction of about 29 percent, or 1.5 work days per week for a full-time employee. The average weekly benefit was roughly \$59 when measured in 1997 dollars.
- The annual number of layoffs averted or postponed by the Work Sharing program was estimated using information on the annual number of participants and the average work reduction. The estimated number of layoffs averted or postponed in 2002/03 was 4,374. Over time, the estimates varied closely with program participation, and ranged from a low of 2,253 in 1999/00 to a high of 36,319 in 1990/91. These numbers are adjusted in the forthcoming Evaluation of the Work Sharing program to account for post-program layoffs, in order to arrive at the number of layoffs averted.

12.2 Introduction

This monitoring report examines the usage of the Work Sharing program. Specifically, this report examines:

- The extent to which the Work Sharing program is used;
- The amount of expenditures on Work Sharing benefits; and
- The characteristics and experiences of Work Sharing participants.

The data used in this report are derived from HRDC files on the receipt of Employment Insurance (EI) benefits. The data have been obtained in aggregate format, by month, for the period April 1989 to March 2003. Using these data, the report is able to examine aggregate information on the individual claimants, such as the average length of claim, and the average amount of Work Sharing benefits received. The analysis presented in the report does not include information on the Work Sharing agreements themselves and, therefore, does not examine related topics such as the average size of the Work Sharing unit.¹⁰³

12.3 Program Description and Rationale

12.3.1 Program Rationale

The Work Sharing program is intended to aid firms in avoiding a temporary layoff of employees. It does so by spreading the work reduction across all of the employees in the work unit rather than laying off a portion of the unit. Assume, for example, that a firm was considering laying off 20 of its 100 workers. Rather than lay off these 20 workers, the firm could decrease the hours of work for all 100 employees by twenty percent. In other words,

¹⁰³ Appendix A provides information on how Work Sharing participants were defined and compares this information with other data sources.

all of the employees would face one day per week of unemployment, rather than 20 laid-off employees shouldering the entire burden of the work reduction.

Under the Work Sharing program, each of the 100 workers who had their hours reduced would be compensated with EI benefits for their one day per week of unemployment. Supposing that all employees in the work unit earn the same hourly wage, the total EI benefits paid out per week would be the same under both the Work Sharing program and the layoff alternative. In the case of a layoff, EI would pay the 20 workers for a full week of unemployment. In the case of the Work Sharing program, benefits would be paid to all 100 workers for twenty percent of the week.

12.3.2 Eligibility Criteria of the Work Sharing Program

The eligibility criteria of the Work Sharing program stipulate that, in order to be eligible to participate, firms must satisfy the following criteria:

- The firm must have been in business in Canada for at least two years;
- There must be a minimum of two employees in the work unit;
- The shortage of work must be beyond the control of the employer;
- The shortage of work must not be due to seasonal factors; and
- The employer must have the consent of the employees' union, or if there is no union, all of the employees in the work unit.

The firm must produce a viable recovery plan indicating how it intends to return to full production as part of the application procedure. Also, the intended work reduction must be between 20 and 60 percent, or one to three days of a full-time workweek. The duration of the Work Sharing agreement must be at least 6 weeks and not more than 26 weeks, with a possible extension to 38 weeks.

To qualify for the Work Sharing program, an individual worker must satisfy the same qualification requirements as for regular EI benefits. If the worker is laid off subsequent to Work Sharing, his/her entitlement to EI benefits is unaffected by the receipt of Work Sharing benefits.

12.4 Usage and Expenditures

This section uses the monthly data on work sharing claimants (based on the definition described in Appendix A) for the years 1989/90 to 2002/03 to examine:

- Work sharing participation and expenditure by fiscal year;
- Quarterly participation and unemployment;
- Participation by region;

- Participation by industry; and
- Participation by gender and age.

12.4.1 Participation and Expenditure by Fiscal Year

Participation

Table 1 presents the annual data on participation and expenditures on benefits for the Work Sharing program by fiscal year. The first column shows the number of participants who commenced Work Sharing claims during each fiscal year. Participation was the highest in fiscal years 1990/91 and 1991/92, and the lowest in fiscal year 1999/00.

Table 1			
Participation and Benefits Paid to Work Sharers			
Fiscal Year	New Work Sharing Claims	Work Sharing Benefits Paid (Nominal dollars)	Work Sharing Benefits Paid (97Q1 dollars¹)
1989/90	42,430	\$31,257,589	\$35,979,959
1990/91	125,262	\$124,890,067	\$139,308,496
1991/92	106,024	\$110,327,046	\$120,247,462
1992/93	58,354	\$63,151,012	\$67,904,314
1993/94	29,389	\$27,023,807	\$28,664,871
1994/95	11,919	\$10,783,245	\$11,288,401
1995/96	18,689	\$15,607,620	\$15,987,319
1996/97	11,764	\$9,930,799	\$10,000,805
1997/98	8,618	\$8,800,882	\$8,805,285
1998/99	14,106	\$15,686,738	\$15,753,691
1999/00	7,995	\$6,572,208	\$6,429,159
2000/01	17,269	\$17,599,199	\$16,552,268
2001/02	47,837	\$50,220,043	\$47,377,399
2002/03 ²	15,819	\$11,769,609	\$10,812,686
Notes:			
1. Using quarterly GDP Price Index, average for fiscal year (97Q1=100).			
2. Some claims may have still been active at time of study. Therefore expenditures may continue to rise.			
Sources: Participation and Expenditures – EI Status Vector File GDP Price Index - CANSIM II, Statistics Canada			

Benefit Expenditures

The second column of Table 1 presents the total nominal dollars paid to participants who commenced claims during each fiscal year. This means, for example, that all payments for a claim commencing in March 1990 would be counted in fiscal year 1989/90, even though the claim might extend well into fiscal year 1990/91. Not surprisingly, expenditures follow roughly the same pattern as program participation. Gross expenditures on work sharing

benefits range from a high of almost \$125 million in fiscal year 1990/91 (a recession year) to a low of \$6.6 million in fiscal year 1999/00.

The final column of Table 1 presents the expenditures data corrected for inflation. Since the expenditures vary considerably, correcting for inflation does not significantly change the trends.

It is worth noting that these expenditures are simply the sum of all benefits paid to claimants while on Work Sharing. Additional administrative or other program costs are not included. Therefore, the total cost of the Work Sharing program to the EI account would be higher than indicated here.

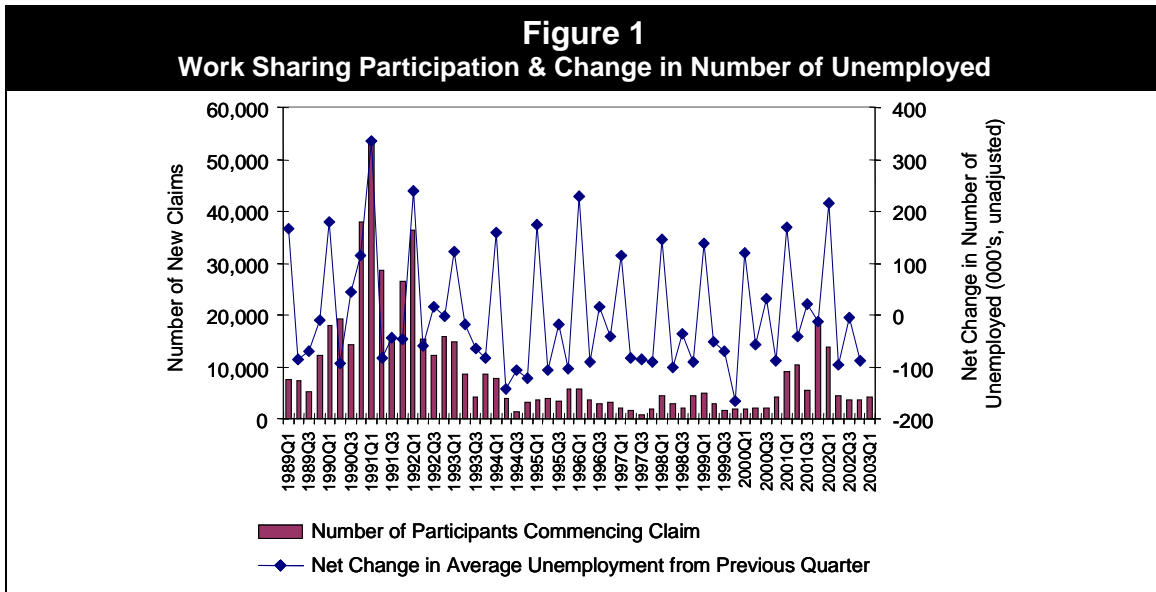
12.4.2 Quarterly Participation and Unemployment

Work Sharing program usage is expected to be counter-cyclical. This means that program usage is expected to be high during periods of poor economic growth and high unemployment, and low during periods of strong economic growth.

In order to examine program participation and unemployment, Figure 1 presents the number of participants starting Work Sharing claims each quarter from the first quarter of 1989 to the first quarter of 2003. Figure 1 also shows the net change in average unemployment from the previous quarter.¹⁰⁴

Comparing the number of Work Sharing claims with the change in unemployment indicates that a high number of participants enter the Work Sharing program at the same time as a high number of persons enter unemployment. For example, unemployment is increasing at its highest rate in the first quarter of 1991, and new claims for Work Sharing are also at their highest at that time. Likewise, new claims for Work Sharing are at a very low level in the fourth quarter of 1999, when unemployment is decreasing at its fastest rate.

¹⁰⁴ These two series are not perfectly comparable, however. The participation in Work Sharing is measured as a gross flow: the number of people entering the Work Sharing program. The change in unemployment is a net flow: the number of people entering unemployment minus the number exiting. A more precise comparison would be the gross flow into unemployment, but Statistics Canada no longer collects data on this series.



Correlation of Program Participation and Unemployment

In order to confirm the hypothesis that participation in the Work Sharing program is highly counter-cyclical, Table 2 presents the correlation of the quarterly number of new Work Sharing claims and the quarterly change in the number of unemployed for Canada, as well as for British Columbia, Quebec and Ontario.

Table 2		
Correlations between the Quarterly Number of New Work Sharing Claims and the Change in the Quarterly Number of Unemployed		
	Correlation	t stat
Canada	0.4592	3.80
British Columbia	0.4154	3.36
Quebec	0.4380	3.58
Ontario	0.4478	3.68
Note: For the Period 89Q1 to 02Q4 - 56 observations		
Sources: Work Sharing Claims – EI Status Vector File Unemployment - LFS		

A significant¹⁰⁵ relationship exists in all four cases. This confirms that there is a positive relationship between the level of unemployment and the usage of the Work Sharing program.

Seasonal Trends

Figure 1 also suggests that there are strong seasonal trends to both program usage and unemployment. In the case of the Work Sharing program, new claims are lowest, almost without fail, in the third quarter of each year. New Work Sharing claims tend to peak in the fourth quarter of one year, or the first quarter of the next. Unemployment, however,

¹⁰⁵ A *t* statistic greater than 1.30 would be considered significant at the 90% confidence interval. The results in Table 2 pass this general test and are also considered significant at the 99% confidence interval.

tends to increase in the first quarter of each year, and then decrease in the second, third and fourth quarters. This seasonal trend in program participation is unanticipated given the fact that the rules of the Work Sharing program specifically prohibit agreements when a work slowdown is caused by seasonal factors.

12.4.3 Work Sharing Participation by Region

Table 3 presents the annual participation in the Work Sharing program broken down by region. Not surprisingly, the biggest province, Ontario, has the largest share of new claims in most years. What is surprising is the amount of variation in the share of participation from year to year. It is clear that different provinces are struck by economic downturns at different times. For comparison purposes, the final row of Table 3 provides the regional breakdown for the entire labour force for the year 2002.

Ontario and B.C.

Ontario had very high levels of participation in 1989/90 and 1990/91, and very low levels in 1997/98. British Columbia, on the other hand, clearly had a relatively successful economy in 1989/90, and accounts for only 4.0 percent of new Work Sharing claims in that fiscal year. However, in 1998/99, B.C. accounts for 31.1 percent of total new claims, which is well above Ontario.

Quebec

Quebec was a relatively heavy user of the Work Sharing program, ranging from 44 percent of new claims in 2000/01, to a low of 24.7 percent in 1998/99. However, workers in Quebec represent only about 23.5 percent of the Canadian labour force.

Fiscal Year	Canada	Atlantic	Quebec	Ontario	Prairies	B.C.	Other ¹
1989/90	42,430 100.0%	1,355 3.2%	11,341 26.7%	23,182 54.6%	4,840 11.4%	1,711 4.0%	1 0.0%
1990/91	125,262 100.0%	4,477 3.6%	33,167 26.5%	62,654 50.0%	11,099 8.9%	13,856 11.1%	9 0.0%
1991/92	106,024 100.0%	6,807 6.4%	32,166 30.3%	42,956 40.5%	13,179 12.4%	10,876 10.3%	40 0.0%
1992/93	58,354 100.0%	3,258 5.6%	20,914 35.8%	19,412 33.3%	9,283 15.9%	5,425 9.3%	62 0.1%
1993/94	29,389 100.0%	1,674 5.7%	9,503 32.3%	11,460 39.0%	3,875 13.2%	2,829 9.6%	48 0.2%
1994/95	11,919 100.0%	734 6.2%	5,084 42.7%	3,635 30.5%	998 8.4%	1,453 12.2%	15 0.1%
1995/96	18,689 100.0%	754 4.0%	7,396 39.6%	6,142 32.9%	2,191 11.7%	2,199 11.8%	7 0.0%

Table 3 (continued)							
Work Sharing Participation by Region – Number of Claims Commencing in Fiscal Year							
Fiscal Year	Canada	Atlantic	Quebec	Ontario	Prairies	B.C.	Other¹
1996/97	11,764 100.0%	845 7.2%	3,792 32.2%	3,711 31.5%	1,858 15.8%	1,545 13.1%	13 0.1%
1997/98	8,618 100.0%	541 6.3%	2,989 34.7%	1,869 21.7%	675 7.8%	2,527 29.3%	17 0.2%
1998/99	14,106 100.0%	350 2.5%	3,478 24.7%	3,058 21.7%	2,805 19.9%	4,394 31.1%	21 0.1%
1999/00	7,995 100.0%	578 7.2%	2,670 33.4%	2,233 27.9%	1,460 18.3%	1,038 13.0%	16 0.2%
2000/01	17,269 100.0%	603 3.5%	7,606 44.0%	5,586 32.3%	1,259 7.3%	2,214 12.8%	1 0.0%
2001/02	47,837 100.0%	2,083 4.4%	16,051 33.6%	21,092 44.1%	3,261 6.8%	5,338 11.2%	12 0.0%
2002/03	15,819 100.0%	490 3.1%	4,771 30.2%	6,967 44.0%	2,266 14.3%	1,325 8.4%	0 0.0%
Total Labour Force	16,689.4	1,193.6	3,929.9	6,531.5	2,876.7	2,157.8	N/A
2002 (000s)	100.0%	7.2%	23.5%	39.1%	17.2%	12.9%	N/A
Note:							
1. Other includes the Territories and Out of Canada							
Sources: WS Participation – EI Status Vector File Labour Force - LFS							

The Prairies

The Prairie Provinces (Manitoba, Saskatchewan, and Alberta) were relatively consistent in their share of total program participation. This region varied between 6.8 percent of total new claims in 2001/02, to 19.9 percent in 1998/99.

Atlantic Canada

Finally, the Work Sharing program does not appear to be heavily used in the Atlantic Provinces. This region ranges from a share of 2.5 percent of total new claims in 1998/99 to 7.2 percent in 1996/97, which is always equal to or below its total share of the labour force.

12.4.4 Work Sharing Participation by Industry

Some of the variation in program usage by region can be explained by the fact that each region has differing mixes of industries making up their economies. Table 4 shows the participation in the Work Sharing program by major industry. These results indicate that certain industries regularly use the program more often than others, and some face downturns at different times than others. For comparison purposes, the last row of Table 4 presents the total number of employed in each industry for all of Canada.

Manufacturing

In all years, the dominant user of the Work Sharing program has been the manufacturing industry. This industry accounts for as much as 80 percent of total new claims (in 2000/01) and never less than 57 percent (in 1992/93). This is a very large proportion considering the fact that workers in the manufacturing industry made up only 15.1 percent of total employment in 2002.

The high concentration of manufacturing firms in Quebec and Ontario partly explains why workers in these two provinces account for such a high share of Work Sharing participants.

Services

The services industry is the second largest user of the Work Sharing program. It accounts for 35.5 percent of new claims in 1992/93, and never less than 14 percent (in 2000/01). However, this is well below the share that this industry makes up of the labour force.

Government

The government sector rarely uses the Work Sharing program. This is likely because this sector rarely faces the need for large temporary layoffs. Nevertheless, the government sector represents 1.6 and 3.6 percent of total new claims in 1992/93 and 1993/94, respectively.

Fiscal Year	Total	Primary	Manufacturing	Services	Government	Construction
1989/90	42,430 100.0%	620 1.5%	31,731 74.8%	7,725 18.2%	91 0.2%	763 1.8%
1990/91	125,262 100.0%	1,691 1.3%	87,055 69.5%	31,805 25.4%	70 0.1%	3,508 2.8%
1991/92	106,024 100.0%	1,031 1.0%	65,750 62.0%	34,509 32.5%	457 0.4%	3,553 3.4%
1992/93	58,354 100.0%	593 1.0%	33,238 57.0%	20,688 35.5%	933 1.6%	2,571 4.4%
1993/94	29,389 100.0%	183 0.6%	18,507 63.0%	8,512 29.0%	1,049 3.6%	1,005 3.4%
1994/95	11,919 100.0%	91 0.8%	6,930 58.1%	4,149 34.8%	21 0.2%	609 5.1%
1995/96	18,689 100.0%	54 0.3%	14,344 76.8%	3,818 20.4%	4 0.0%	440 2.4%
1996/97	11,764 100.0%	85 0.7%	7,745 65.8%	3,655 31.1%	12 0.1%	248 2.1%
1997/98	8,618 100.0%	227 2.6%	5,629 65.3%	2,429 28.2%	4 0.0%	184 2.1%
1998/99	14,106 100.0%	611 4.3%	8,876 62.9%	4,057 28.8%	2 0.0%	541 3.8%

Table 4 (continued)						
Work Sharing Participation by Industry - Number of Claims Commencing in Fiscal Year						
Fiscal Year	Total	Primary	Manufacturing	Services	Government	Construction
1999/00	7,995 100.0%	128 1.6%	5,906 73.9%	1,627 20.4%	1 0.0%	327 4.1%
2000/01	17,269 100.0%	151 0.9%	13,817 80.0%	2,422 14.0%	9 0.1%	574 3.3%
2001/02	47,837 100.0%	433 0.9%	33,488 70.0%	12,830 26.8%	4 0.0%	527 1.1%
2002/03	15,819 100.0%	127 0.8%	12,548 79.3%	2,431 15.4%	5 0.0%	249 1.6%
Total Employed 2002 (000s)	15,411.8 100.0%	733.5 4.8%	2,326.2 15.1%	10,691.3 69.4%	778 5.0%	882.8 5.7%
Note: Percentages may not add to 100 since some observations had unknown industry.						
Sources: WS Participation – EI Status Vector File Total Employed - LFS						

Primary

It is interesting to note that the primary industry, which normally represents only a small share of total program usage, represents 4.3 percent of new claims in 1998/99. This is the same year in which the Prairie provinces and British Columbia had their highest shares of program usage (as seen in Table 3). Similarly, in the years where the manufacturing industry represents a higher than normal portion of program usage, so do the economies of Ontario and Quebec.

Table 5						
Work Sharing Participation by Gender & Age - Number of Claims Commencing in Fiscal Year						
Fiscal Year	Total	Male	Female	Youth (15-24)	Prime (25-54)	Older (55+)
1989/90	42,430 100.0%	27,168 64.0%	15,262 36.0%	6,374 15.0%	32,623 76.9%	3,431 8.1%
1990/91	125,262 100.0%	84,965 67.8%	40,297 32.2%	15,669 12.5%	98,706 78.8%	10,866 8.7%
1991/92	106,024 100.0%	73,430 69.3%	32,594 30.7%	11,513 10.9%	85,523 80.7%	8,960 8.5%
1992/93	58,354 100.0%	41,249 70.7%	17,105 29.3%	5,523 9.5%	48,043 82.3%	4,762 8.2%
1993/94	29,389 100.0%	18,480 62.9%	10,909 37.1%	2,316 7.9%	24,541 83.5%	2,528 8.6%
1994/95	11,919 100.0%	7,481 62.8%	4,438 37.2%	1,304 10.9%	9,722 81.6%	892 7.5%
1995/96	18,689 100.0%	12,108 64.8%	6,581 35.2%	1,556 8.3%	15,443 82.6%	1,682 9.0%
1996/97	11,764 100.0%	7,767 66.0%	3,997 34.0%	1,097 9.3%	9,701 82.5%	962 8.2%

Table 5 (continued)
Work Sharing Participation by Gender & Age - Number of Claims Commencing in Fiscal Year

Fiscal Year	Total	Male	Female	Youth (15-24)	Prime (25-54)	Older (55+)
1997/98	8,618 100.0%	5,662 65.7%	2,956 34.3%	959 11.1%	6,974 80.9%	684 7.9%
1998/99	14,106 100.0%	10,076 71.4%	4,030 28.6%	1,525 10.8%	11,476 81.4%	1,102 7.8%
1999/00	7,995 100.0%	5,333 66.7%	2,662 33.3%	1,054 13.2%	6,310 78.9%	629 7.9%
2000/01	17,269 100.0%	11,942 69.2%	5,327 30.8%	2,167 12.5%	13,449 77.9%	1,650 9.6%
2001/02	47,837 100.0%	29,810 62.3%	18,027 37.7%	4,151 8.7%	39,324 82.2%	4,354 9.1%
2002/03	15,819 100.0%	11,054 69.9%	4,765 30.1%	1,484 9.4%	12,879 81.4%	1,452 9.2%
Total Labour Force 2002 (000s)	16,689.4 100.0%	8,989.8 53.9%	7,699.6 46.1%	2,741.2 16.4%	12,065.2 72.3%	1,883 11.3%
2002 Employees in Manufacturing (000's)	2,231.4 100.0%	1,586.7 71.1%	644.7 28.9%	243.6 10.9%	1,766.2 79.2%	221.6 9.9%
Labour Force, Employees in Manufacturing - LFS						
Sources: WS Participation – EI Status Vector File						

12.4.5 Work Sharing Participation by Demographics

Although we have seen a large variation in the share of program usage by region and industry, Table 5 shows that program participation by gender and age have remained fairly consistent from year to year.

Gender

In all years, men make up the majority of Work Sharing program participants, accounting for as much as 71.4 percent of the total (in 1998/99) and never less than 62.3 percent (in 2001/02).

Age

Table 5 also shows little variation across the years by age. The vast majority of Work Sharing program participants are of prime age. Workers of prime age (age 25 to 54) represent as much as 83.5 percent of all program users (in 1993/94) and never less than 76.9 percent (in 1989/90). Older workers (age 55 or over) represent a small but consistent portion of all program users, and range from 7.5 percent in 1994/95 to 9.6 percent in 2000/01.

There is a small amount of variation in the percentage of program users who are youths (age 15 to 24). Youths represent as little as 7.9 percent of program users in 1993/94 and as much as 15 percent in 1989/90.

Demographics in Manufacturing

For comparison purposes, the last two rows of Table 5 present the breakdown for gender and age for the entire Canadian labour force, and for the manufacturing industry. Program participation by gender and age tend to follow the same pattern as that of the manufacturing industry, which is the primary user of the Work Sharing program. The manufacturing industry employs a high percentage of prime-aged males, compared with the entire labour force, and this is reflected in the participation in the Work Sharing program.

12.5 Work Sharing Program Experiences

This section examines the experiences of Work Sharing participants by examining:

- Average work reduction;
- Average duration of Work Sharing benefits; and
- Average weekly benefit.

12.5.1 Average Work Reduction

The first column of Table 6 shows the average work reduction in the case of those who received Work Sharing benefits.

The work reduction of an individual worker in a single week is derived by dividing the benefit paid that week by the amount that the work sharer would have received had they been unemployed the entire week (the benefit rate). The calculation of the worker's average work reduction should exclude weeks in which the benefit paid was zero, unless the reason for the zero payment was that there was actually no work reduction that week. In those weeks where the benefit was not paid for some other reason, we cannot assess the work reduction for that week.

In order to assess the average work reduction for all workers, the total Work Sharing benefits paid for all weeks was divided by the total benefit rate for all weeks where benefits were paid. Weeks in which benefits were reduced to zero for reasons other than a full workweek being reported were excluded.

Table 6 indicates that the average work reduction was fairly consistent at about 29 percent in each of the fiscal years. This is equivalent to an average work reduction of about 1.5 days per week for a full-time worker.

12.5.2 Average Duration

The second column of Table 6 shows the average duration for which work sharing benefits were paid. This average was derived by dividing the total number of weeks for which benefits were paid (even if the payment was \$0) by the number of participants who received benefits. The average duration is around 17.6 weeks and remains fairly consistent in each of the fiscal years.

12.5.3 Average Weekly Benefit

The third column of Table 6 shows the average weekly benefit from Work Sharing. This average was derived by dividing the total benefits paid out by the total number of weeks for which benefits were paid. Therefore, all weeks of Work Sharing were included in the calculation, even those where zero benefits were paid. It should be noted that column 3 is not directly comparable to column 1. This means that we cannot be sure that a worker facing the average work reduction given in the first column would, on average, receive the weekly benefit shown in the third column. This would be true only if the work reduction was, on average, the same during the weeks that we are unable to assess.

The fourth column of Table 6 shows average weekly benefits (adjusted for inflation). Columns 3 and 4 show that the average benefit paid for a Work Sharing week was fairly constant over the last 13 years, at around \$59 when measured in 1997 dollars.

Table 6				
Average Work Reduction, Weekly Benefits, and Duration of Work Sharing				
Fiscal Year	Average work reduction¹ (%)	Average Duration (weeks)	Average Weekly Benefits (Nominal \$)	Average Weekly Benefits (97Q1 dollars²)
1989/90	29.3%	16.2	\$45.50	\$52.37
1990/91	29.0%	18.6	\$53.50	\$59.67
1991/92	28.1%	17.9	\$58.15	\$63.38
1992/93	27.9%	17.8	\$60.67	\$65.23
1993/94	28.5%	16.1	\$57.12	\$60.59
1994/95	29.6%	16.7	\$54.07	\$56.61
1995/96	28.4%	16.3	\$51.39	\$52.64
1996/97	29.5%	16.2	\$52.23	\$52.60
1997/98	30.7%	16.4	\$62.40	\$62.43
1998/99	30.3%	18.1	\$61.60	\$61.87
1999/00	28.2%	15.2	\$54.23	\$53.05
2000/01	29.2%	17.1	\$59.54	\$56.00
2001/02	26.9%	18.8	\$55.87	\$52.70
2002/03	27.6%	13.4	\$55.37	\$50.87
Notes:				
1. Weekly benefits paid / Weekly benefit rate for full week. Excludes weeks where zero benefits paid for reason other than full workweek reported. i.e. If, for example, zero benefits are paid because the work sharer had other income, we cannot assess the work reduction for this week.				
2. Using Quarterly GDP Price Index, Average for Fiscal Year (97Q1=100)				
Sources: EI Status Vector File, CANSIM II.				

12.6 Layoffs Averted or Postponed by Work Sharing

The primary purpose of the Work Sharing program is to avert layoffs. Therefore, this section examines how many layoffs are avoided because of the program.

To determine the number of averted or postponed layoffs, we first need to know how many layoffs would have occurred if the Work Sharing program were not in existence. The method used in this report considers the extent to which firms actually reduced working hours under Work Sharing, and assumes that the work reduction would have been the same had they chosen the layoff alternative. In other words, if employers reduce employee hours by 30 percent under Work Sharing, it is assumed that they would have laid off 30 percent of the work unit if Work Sharing were not available.¹⁰⁶ Table 7 uses the number of Work Sharing claims (from Table 1) and the average work reduction¹⁰⁷ (derived in Table 6) to arrive at the number of layoffs that would have occurred each year if the Work Sharing program had not existed.¹⁰⁸

These numbers can be thought of as the number of layoffs that were averted or postponed by the Work Sharing program. In order to arrive at the number of layoffs that were actually *averted* by the Work Sharing program, it would be necessary to subtract the number of layoffs that occurred subsequent to the program because these layoffs were obviously not averted. However, this information is outside of the scope of this monitoring report, and this adjustment will be left to the forthcoming Evaluation of Work Sharing.

Table 7 indicates that the number of layoffs averted or postponed by the Work Sharing program ranges from a high of 36,319 in fiscal year 1990/91 to a low of 2,253 in 1999/00. These numbers vary in almost direct proportion to the number of participants, because the extent of the work reduction is quite consistent from year to year.

¹⁰⁶ This technique makes no attempt to consider general equilibrium effects on the entire economy. It simply estimates the number of layoffs the individual firm might have made if Work Sharing did not exist.

¹⁰⁷ It must also be assumed that the average work reduction is the same during the weeks in which we were unable to assess it.

¹⁰⁸ However, these numbers of averted or postponed layoffs could be adjusted downwards if it is assumed that private work sharing exists apart from the Work Sharing program, as these averted layoffs would not represent an incremental impact of the program. This will be examined further in the Evaluation of the Work Sharing program.

Table 7			
Layoffs Averted or Postponed by the Work Sharing program			
Fiscal Year	Work Sharing Claims	Work Reduction	Layoffs Averted or Postponed¹
1989/90	42,430	29.3%	12,429
1990/91	125,262	29.0%	36,319
1991/92	106,024	28.1%	29,839
1992/93	58,354	27.9%	16,304
1993/94	29,389	28.5%	8,362
1994/95	11,919	29.6%	3,530
1995/96	18,689	28.4%	5,316
1996/97	11,764	29.5%	3,465
1997/98	8,618	30.7%	2,643
1998/99	14,106	30.3%	4,273
1999/00	7,995	28.2%	2,253
2000/01	17,269	29.2%	5,035
2001/02	47,837	26.9%	12,852
2002/03	15,819	27.6%	4,374
Notes:			
1. Assuming total work reduction to be equal under Work Sharing or Layoff alternatives. Also assumes that the average work reduction is the same during the weeks that could not be assessed.			
Source: EI Status Vector File			

12.7 Impact of EI Reform

Typically, in a monitoring report of this nature, the impact of the 1996 reforms to EI would be examined. The reforms caused changes to the rules for eligibility to EI as well as to the length of entitlement to EI benefits. Therefore, monitoring reports typically compare the percentage of job leavers who collect EI and the length of their entitlements in the pre- and post-EI reform periods.

In this study, however, there is little use in studying the percentage that collects EI before and after EI reform because all of the participants in the dataset collected EI, due to the nature of Work Sharing itself and the nature of this Work Sharing dataset. Also, entitlement to Work Sharing benefits is a predetermined 26 weeks, and this was not changed by EI reform.

It is possible that the EI reforms have had an impact on those who qualified for the Work Sharing program. In order to determine this however, it would be necessary to survey those workers who were rejected from the program, as well as the program participants.

12.8 Conclusions

This report has assessed the usage of the Work Sharing program. The analysis first looked at program participation and the expenditures on EI benefits for Work Sharing participants. The participation results were also broken down quarterly and compared with the change in the level of unemployment, in order to examine the counter-cyclical nature of program usage. The results showed that program usage varied widely (from 125,262 participants in 1990/91, to 7,995 participants in 1999/00).

The analysis then considered program participation by region, industry, and demographics. It found that participation in Work Sharing varied by region depending on regional economic circumstances, with Ontario and Quebec accounting for the largest number of users. The manufacturing industry has always been, and continues to be, the primary user of the Work Sharing program, and accounts for about two-thirds of the total number of participants. Men are over-represented among Work Sharing participants, as are workers who are of prime age (with those aged 25 to 54 accounting for about 80 percent of the participants each year).

The report then looked at the average experience of Work Sharing participants who received benefits. The average work reduction was around 29 percent, or almost 1.5 work days for a full-time worker. The average duration of Work Sharing benefits was 17.6 weeks, and the average benefit paid was roughly \$59 per week (1997 dollars).

Finally, given the average work reduction and the level of participation each year, the report estimated the number of layoffs that were averted or postponed by the Work Sharing program. As observed in the case of program participation, these numbers varied considerably. For example, it is estimated that a high of 36,319 layoffs were averted or postponed by the program in 1990/91, and a low of 2,253 is estimated for 1999/00. These numbers will be corrected for post-program layoffs in the forthcoming Evaluation of the Work Sharing program, in order to arrive at the number of layoffs that were actually averted by the program.

Appendix A – Identification of Work Sharing Program Participants

There are a number of ways in which workers participating in the Work Sharing program can be identified in the EI database. Prior to commencing the program, each work sharer is supposed to be issued a Record of Employment (ROE) by the employer. On the ROE, the reason for separation should be listed as “H” – work sharing. Thus, the ROE is one method of identifying the number of participants in the Work Sharing program.

Information on EI claims is collected in the EI Status Vector file. Since Work Sharing is considered one of several “developmental uses” of EI, workers receiving Work Sharing benefits have their file coded with a “2” under the developmental uses field. Therefore, this is a second method of identifying program participants.

In this paper, Work Sharing participants are defined as those who received at least one week of Work Sharing benefits (coded as “6” in the Status Vector Benefit Trailer), even if

the amount of the payment was for \$0¹⁰⁹ (a Work Sharer could, for example, spend several weeks on Work Sharing, but in each week receive \$0 for reasons such as worked elsewhere while on claim, etc.). Participants receiving Work Sharing benefits were counted as participants regardless of whether they received a Work Sharing ROE or were coded in the development uses field. Previous research shows that roughly 80 percent of participants receiving Work Sharing benefits actually received a Work Sharing ROE.

Previous research also shows that the numbers of participants reported in the EI Status Vector can differ quite significantly from the number reported in the Work Sharing annual reports. The annual report numbers are based on the number of participants listed in the Work Sharing agreement files with the participating companies. Since companies can change the work unit throughout the Work Sharing period, the numbers listed in the agreement file do not necessarily correspond to the numbers in the Status Vector. The numbers in the Status Vector tend to be slightly higher than those in the agreement files.

Appendix B – Work Sharing in the Softwood Lumber Industry

Of particular interest is the participation in the Work Sharing program of participants from the softwood lumber industry. This industry has faced difficult circumstances in recent years. The Softwood Lumber Agreement (SLA) with the United States governed trade in softwood lumber from April 1, 1996 to March 31, 2001, and restricted Canadian exports to a quota system. After the expiry of the SLA, the United States imposed preliminary countervailing duties on Canadian softwood lumber in August 2001, which lasted for four months, and then final countervailing and anti-dumping duties averaging 27% in May 2002.

Figure A1 shows the quarterly number of new Work Sharing claims by the softwood lumber industry during and after the SLA. Work Sharing claims increased after the imposition of the duties in late 2001. This, of course, was a difficult time for the entire economy, as it was shortly after the events of September 11, 2001. This report makes no attempt to estimate how much of the increase in Work Sharing was due to the duties and how much due to the struggling economy.

¹⁰⁹ This differs slightly from the forthcoming Evaluation of the Work Sharing program, which counts participants only if they received at least \$1 of Work Sharing participants. Therefore, this report provides numbers that are slightly larger than those reported in the Evaluation.

Figure A1
Quarterly Work Sharing Claims by the Softwood Lumber Industry

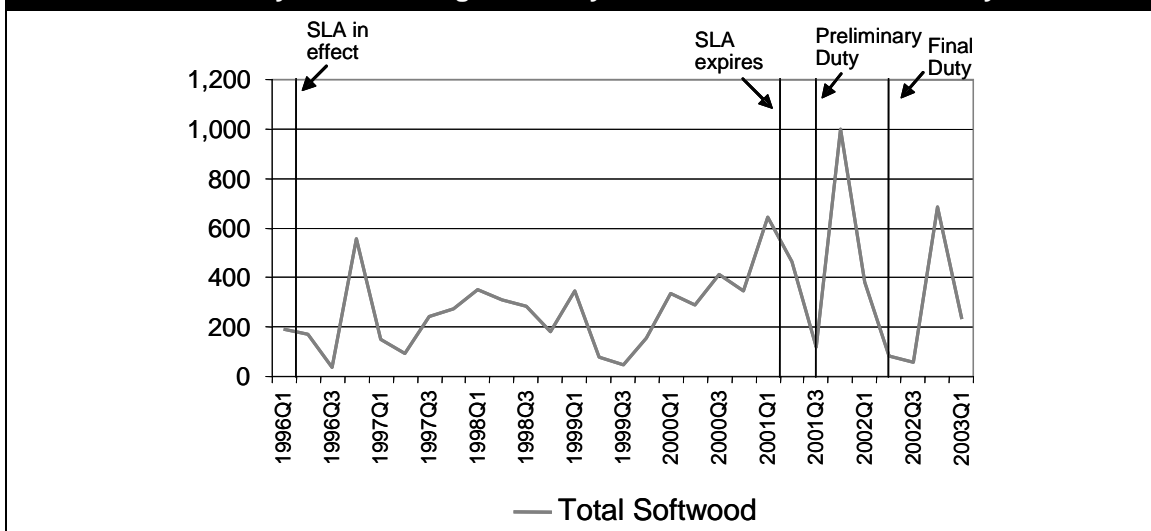


Table A1 shows the number of Work Sharing claims from the softwood lumber industry by fiscal year. It shows that, while the increase in Work Sharing claims after the imposition of duties may have been significant, it still is dwarfed by the participation in the early nineties.

Table A1
Work Sharing Claims by the Softwood Lumber Industry

Fiscal Year	Wood Manufacturing	Logging & Forestry	Total Softwood
1989/90	2,303	72	2,375
1990/91	11,351	1,157	12,508
1991/92	5,063	246	5,309
1992/93	2,680	95	2,775
1993/94	1,638	10	1,648
1994/95	810	12	822
1995/96	1,221	10	1,231
1996/97	872	40	912
1997/98	753	207	960
1998/99	752	364	1,116
1999/00	594	14	608
2000/01	1,633	58	1,691
2001/02	1,654	308	1,962
2002/03	1,002	52	1,054

Source: EI Status Vector File.

13. EI Reform and Working While on Claim

13.1 Executive Summary

The main purpose of this report is to examine the demographics and prevalence of working while on claim and to analyze the changes associated with the 1996/97 EI reforms. In particular, it explores the impact of a relaxation in the restrictions on allowable earnings while on claim. Under the old UI system, claimants were allowed to earn employment income worth up to 25 percent of their weekly UI benefits without a reduction in benefits. If employment earnings exceeded this limit then their benefits were reduced by an equivalent amount. These limits were relaxed with EI reform so that those with a benefit rate of \$200 or less could earn as much as \$50 per week without diminishing their weekly benefits. For example, before EI reform an individual with a claim of \$100 was limited to earning \$25 before benefits were reduced. With the new legislation, the same claimant is able to earn as much as \$50 without a reduction in benefits. It is possible that this change could reduce the number of claimants that experience reduced benefits due to working while on claim and provide greater motivation for claimants with a benefit rate of less than \$200 to increase their work while on claim.

Data and Methodology

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

Main Findings

- Working while on claim is a common activity. Roughly 51.8 percent of claimants maintain some form of attachment to the labour force while on claim.
- The most common form of working while on claim results in a deferral of EI benefits because the claimant's earnings exceed the value of their claim. About 41.2 percent of claimants work at least one week where their claim was deferred. Roughly 32.6 percent of claimants work at least one week on claim where their benefits are partially reduced. Finally, 11.8 percent of claimants work at least one week where their earnings are not enough to impact their EI benefit.
- Frequent EI claimants are somewhat more likely to work while on claim. Frequent claimants also appear to have different behaviour while working while on claim. However, at this stage the exact nature is not clear.

- The overall percentage of claimants working while on claim has not changed significantly since EI reform. However, there is some evidence that, since EI reform, claimants whose benefit rate is less than \$200 are somewhat more likely to work while on claim without experiencing a reduction in benefits. This is due, at least partially, to the greater ease with which they can avoid losing benefits. The extent to which behaviour has changed is unclear.

13.2 Introduction

The main purpose of this report is to examine the demographics and prevalence of working while on claim and to analyze the changes associated with recent reforms to the EI system. In particular, it explores the impact of a relaxation in the restrictions on allowable earnings while on claim. Under the old UI system, claimants were allowed to earn employment income worth up to 25 percent of their weekly UI benefits without a reduction in benefits. If employment earnings exceeded this limit then their benefits were reduced by an equivalent amount. These limits were relaxed with EI reform so that those with a benefit rate of less than \$200 could earn as much as \$50 per week without diminishing their weekly benefits. For example, before EI reform an individual with a claim of \$100 was limited to earning \$25 before benefits were reduced. With the new legislation, the same claimant is able to earn as much as \$50 without a reduction in benefits. It is possible that this change could reduce the number of claimants that experience reduced benefits due to working while on claim and provide greater motivation for claimants with benefit rates less than \$200 to increase their work while on claim.¹¹⁰

This report seeks to examine the extent to which this change to EI is associated with changes with working while on claim. The primary basis for the study will be the Canadian Out of Employment Panel (COEP)¹¹¹ survey, which provides a comprehensive sample of individuals with job separations, before and after EI reform.

13.3 Data and Methodology

The key data source used in evaluating the impact of EI reform is the COEP survey. The COEP survey, administered on behalf of HRDC by Statistics Canada, collects information on the sampled individuals and their households who experienced a job separation as recorded on HRDC's Record of Employment (ROE) administrative file. The survey collects information on individuals' personal and household characteristics, reasons for job separation, detailed employment history, job search activities, training, receipt of EI/UI benefits, social assistance, as well as information on their household's financial situation including assets and liabilities.

¹¹⁰ It should be noted that the allowable earnings provision is just one provision of the EI program designed to promote greater workforce attachment (other provisions include small weeks and the divisor).

¹¹¹ Statistics Canada refers to this survey as the "Changes in Employment Survey" (CIE).

Each survey participant was interviewed twice. The first interview (wave 1) occurred within one year after job separation and the second interview (wave 2) was conducted some nine months after the first interview. In total, approximately 40,000 Canadians who had a change or an interruption in their employment activity were surveyed from July 1996, until September 1998 covering 10 quarters. Each of these quarters is referred to as “Cohorts”. For example, the COEP data for the period from October 1997 to December 1997 is referred to as Cohort 10. In studying the impact of the reform, the cohorts are grouped into three periods as follows:

Pre-EI reform (Cohort 1 to Cohort 4). Participants for the first four interviews had a job separation in one of the four quarters (i.e., 95Q3 to 96Q2) prior to EI implementation.

During EI reform (Cohort 5 to Cohort 6). Participants for the next two interviews had a job separation in one of the two quarters (i.e., 96Q3 and 96Q4) during implementation of the EI reform.

Post-EI reform (Cohort 7 to Cohort 10). Participants for the four interviews had a job separation in one of the four quarters (i.e., 97Q1 to 97Q4) after implementation of the EI reform.

For the purposes of this study, the pre-EI reform period is compared to the post-EI reform period as a means of determining the changes associated with EI reform. No analysis was done on the cohorts during the EI reform period, as the implementation of EI reform was not complete and the analysis of this period would be complex. The immediate impact of EI reform will be studied by comparing claimants that experienced a job separation from July 1995 to June 1996 (cohorts 1 to 4) with those who experienced a job separation from January 1997 to December 1997 (cohorts 7 to 10). The period from the third quarter of 2001 (cohort 21) to the second quarter of 2002 (cohort 28) has also been used at the end of the analysis to incorporate the latest data available.

This study also used information from HRDC’s EI administrative file (Status Vector) in order to construct an exact account of the individuals experience working while on claim.

13.4 Characteristics of Working While on Claim

This section will provide a definition of what working while on claim is, distinguish between different interpretations of the rate of working while on claim and provide an overview of the demographics of individuals that work while on claim.

13.4.1 How is Working While on Claim Measured?

Given the richness of the data, it is possible to define working while on claim in a number of ways. In the simplest sense, working while on claim indicates that a claimant has worked during at least one week while on claim.

For the purpose of this report, it is also necessary to distinguish between different levels of intensity of working on claim. Intensity measures the amount of employment income earned compared to the value of the claim. This report makes a distinction between three main levels of intensity that includes claimants whose employment income is either: greater than the value of their claim; less than the value of their claim but more than their allowable earnings limit; or below their allowable earnings limit. It is important to have three categories because the changes to the UI system affect each group uniquely.

The three categories of intensity are defined and affected in the following distinct ways. Approximately 41.2 percent of claimants earn more employment income than they would have received in benefits in a one-week period and form the largest group of individuals working while on claim. These claimants are not affected by EI reform because they do not receive benefits under either the UI or the EI system. Approximately 32.6 percent of claimants fall under the second category of intensity of working on claim because they earn more than their allowable limit but less than their claim amount. These individuals still collect benefits but at a reduced rate. The last group of individuals working while on claim includes individuals that remain under the allowable earnings limit and represent 11.8 percent of claimants. These individuals receive their full benefits as well as any employment income that they have earned.

It is important to note that it is possible for a claimant to be identified with more than one of these intensity levels over the duration of their claim period. Each week worked while on claim is examined to determine which intensity category it belongs to based on the relationship between weekly earnings and the value of the claim. As a result, it is possible that an individual will fit under all three categories at different times while they are on claim. The following table provides an example of a hypothetical claimant that would fit all three groups by working at different levels of intensity during their claim period.

Week	Value of Claim	Allowable Earnings	Earned Income	EI Benefits Received	Total Income	Level of Benefits (Intensity)
1	200	50	...	200	200	Full
2	200	50	...	200	200	Full
3	200	50	250	0	250	Zero
4	200	50	225	25	250	Partial
5	200	50	175	75	250	Partial
6	200	50	150	100	250	Partial
7	200	50	...	200	200	Full
8	200	50	...	200	200	Full
9	200	50	50	200	250	Full
10	200	50	25	200	225	Full

There are also different ways to measure the incidence of working while on claim and it is important to differentiate between them. The incidence of working while on claim refers to the fraction of all claimants that work while they are on claim. This report calculates the incidence of working while on claim as the percentage of claimants that work during at least one week within their claim period. Other studies describe the incidence of working while on claim in terms of the portion of claimants working at any given point in time.¹¹² This latter definition tends to give lower estimates of the incidence of working while on claim because few claimants work throughout the duration of their entire entitlement period.

13.4.2 Who is Working While on Claim?

This section examines the claimants who are working while on claim. There are two tables with similar rows and columns. Each row represents a demographic feature such as age, gender or industry. Each column corresponds to a decreasing level of intensity and indicates the respective level of benefits received: zero, partial, or full.

13.4.3 Incidence of Working While on Claim

Measuring the incidence of working while on claim provides a perspective on the prevalence of the activity nationally and among different demographic categories. Table 2 shows that working while on claim is common among EI claimants. There is a great deal of overlap¹¹³ between the different levels of intensity. Taken together, roughly 51.8 percent of EI claimants maintain some attachment to the labour force while on claim. The most common form of working while on claim involves individuals that work at least one week where they receive no benefits. The table shows that 47.7 percent of all male claimants fit in this category. In comparison, only 34.6 percent of all female claimants work one week where they earn enough to suspend their benefits. There are also large differences regionally. For instance, 55.3 percent of claimants in the Atlantic region and 49.4 percent of claimants in Quebec work at least one week where they receive no benefits compared to only 32.2 percent of claimants in Ontario. It is also interesting to note that 57.7 percent of claimants in the construction industry work at least one week while on claim where they earn more than they would have received in benefits. Among family types, single parents with children are the least likely to work enough hours in a week to suspend their benefits. In addition, 61.1 percent of frequent claimants (individuals who have made 3 or more claims in the last 5 years) work at least one week while on claim where they exceed the benefits they would collect if they did not work.

¹¹² The evaluation report, “An Empirical Analysis of Insurance Claimants Working While on Claim” by Arun Roy uses this definition.

¹¹³ The percentages do not add up to 100% because each week an individual can receive full benefits, partial benefits or no benefits at all during a single claim.

Table 2
EI Claimants Working While on Claim
(95Q3 – 97Q4)¹
(percent)

	Type of Week Worked ²			
	Full	Partial	Below Allowance	Worked During Claim
Total	41.2	32.6	11.8	51.8
Gender				
Male	47.7	32.9	11.3	57.4
Female	34.6	32.4	12.4	46.1
Age				
Youth (15-24)	33.4	31.8	12.5	45.5
Prime (25-54)	43.7	34.2	11.9	54.2
Older (55+)	29.0	20.6	10.7	39.1
Family Type				
Single with Children	34.1	32.8	11.6	46.1
Single without Children	41.5	33.4	13.2	52.8
Married with Children	38.7	29.9	9.4	48.3
Married without Children	45.5	35.2	13.5	56.5
Education				
Less than High School	47.8	32.6	11.6	57.5
High School	42.0	32.6	11.0	51.8
Post-Secondary	36.5	32.8	12.4	48.3
Other	47.8	29.8	13.5	54.3
Region				
Atlantic	55.3	37.1	16.0	64.6
Quebec	49.4	33.2	11.8	57.8
Ontario	32.2	28.2	10.0	43.1
Prairies	28.3	31.6	12.0	44.0
British Columbia	41.0	37.3	11.7	51.9
Industry				
Primary	49.4	28.8	10.0	58.8
Manufacturing	48.7	33.9	11.0	57.5
Construction	57.7	32.3	9.5	65.8
Services	35.1	32.4	12.4	46.3
Government	35.0	36.2	16.9	52.8
Frequent Claimants	61.1	42.0	14.5	71.1
First-Time Claimants	26.5	26.5	10.8	38.7
Claimants with Exhausted Benefits	31.6	29.9	15.8	45.1
Notes:				
1. Refers to date of initial job loss and excludes individuals who experienced a job separation from 96Q3 to 96Q4, during which EI reform was being implemented.				
2. The type of week worked refers to the amount of work that a claimant does while they work on claim. An individual that works a full week would receive zero benefits during that week. An individual that works partial weeks and earns more than their allowable limit but less than the amount of their claim would receive a portion of their EI benefits. Finally, an individual that works such that he earns an amount less than their allowable earnings limit will receive all their EI benefits.				
Data Source: COEP, EI data file.				

13.4.4 Composition of Claimants that Work While on Claim

The composition of the group of individuals that work while on claim is another key element. Composition refers to the general demographics and characteristics of all claimants that work at some point while receiving EI benefits. The previous section looked at the prevalence of working while on claim within different claimant categories. The following section considers the entire group of individuals that work while on claim and looks at the fraction that fit a particular demographic feature. The results are given in Table 3.

In general, there is little difference between the claimant population and the group of claimants that work while on claim. The largest difference between the composition of the claimant population and individuals that work while on claim is evidenced in the group of individuals that work at least one week without benefits.

Within this group there are several distinct differences. Approximately 58.1 percent of all claimants that work at least one week while on claim without receiving benefits are male even though they represent only 50.2 percent of the claimant population. Another interesting fact is that 30 percent of all individuals that work while on claim without receiving any benefits have less than a high school education even though these individuals represent only 25.8 percent of the claimant population. Regionally, claimants from the Atlantic region and Quebec represent 54.5 percent of individuals that earn enough during a week to suspend their benefits but make up 44 percent of the claimant population. Finally, there are fewer claimants in the service sector that earn enough in a week to defer their benefits. Workers in the Service industry represent 59.5 percent of claimants but only 50.8 percent of all individuals working on claim who earns enough to defer their benefits. Finally, 40.4 percent of all claimants are frequent claimants, but frequent claimants represent 56.5 percent of those who receive no benefits during a week while working while on claim. Frequent claimants also represent 46.5 percent of those who receive full benefits during a week while working on claim, and 49 percent of those receiving partial benefits during a week on claim.

Table 3
Composition of EI Claimants Working While on Claim
(95Q3 – 97Q4)¹
(percent)

	All Claimants	Type of Week Worked ²			
		Full	Partial	Below Allowance	Worked During Claim
Gender					
Male	50.2	58.1	50.5	48.0	55.6
Female	49.8	41.9	49.5	52.0	44.4
Age					
Youth (15-24)	11.3	9.1	11.0	11.9	9.9
Prime (25-54)	79.5	84.3	83.2	79.7	83.1
Older (55+)	9.0	6.3	5.7	8.1	6.8
Family Type					
Single with Children	6.8	5.7	6.9	6.7	6.1
Single without Children	29.0	29.2	29.7	32.3	29.6
Married with Children	35.3	33.2	32.3	28.1	32.9
Married without Children	28.9	31.9	31.2	32.9	31.5
Education					
Less than High School	25.8	30.0	25.8	25.3	28.7
High School	27.3	27.9	27.3	25.4	27.3
Post-Secondary	44.8	39.7	45.0	46.8	41.8
Other	1.9	2.2	1.8	2.2	2.0
Region					
Atlantic	12.7	17.0	14.4	17.1	15.8
Quebec	31.3	37.5	31.9	31.2	34.9
Ontario	28.3	22.2	24.5	23.9	23.6
Prairies	13.8	9.5	13.4	14.0	11.8
British Columbia	13.9	13.8	15.8	13.7	13.9
Industry					
Primary	6.1	7.3	5.3	5.1	6.9
Manufacturing	18.3	21.7	19.0	17.0	20.3
Construction	11.7	16.4	11.6	9.3	14.9
Services	59.5	50.8	59.1	62.2	53.3
Government	4.5	3.9	5.0	6.4	4.6
Frequent Claimants	40.4	56.5	49.0	46.5	52.3
First-Time Claimants	38.1	24.5	31.0	34.7	47.7
Claimants with Exhausted Benefits	23.5	18.0	21.5	31.4	20.5

Notes:

1. Refers to date of initial job loss and excludes individuals who experienced a job separation from 96Q3 to 96Q4, during which EI reform was being implemented.
2. The type of week worked refers to the amount of work that a claimant does while they work on claim. An individual that works a full week would receive zero benefits during that week. An individual that works partial weeks and earns more than their allowable limit but less than the amount of their claim would receive a portion of their EI benefits. Finally, an individual that works such that he earns an amount less than their allowable earnings limit will receive all their EI benefits.

Data Source: COEP, EI data file.

13.5 EI Reform

The impact of the increase in allowable earnings can be examined by looking at both the immediate effects following EI reform and the most recent changes that have occurred since EI reform. An assessment of the initial impact of the legislative change can be accomplished by comparing data from four quarters before EI reform and four quarters after EI reform. To examine the continuing impact caused by EI reform, an analysis focuses on year over year changes between the second quarter of 2001 and the second quarter of 2002.

The increase in allowable earnings has the potential to affect both the actual amount of benefits that claimants receive and the work behaviour of claimants. For instance, claimants receiving less than \$200 in benefits are now able to earn more employment income without a reduction in benefits. The fact that benefits are not reduced may also encourage claimants to increase their work while on claim.

13.5.1 Initial Impacts of EI Reform

The analysis will focus on the two groups of claimants that are most likely to be affected by the change in legislation: those that work enough to have their benefits reduced but not eliminated and those that remain under the limit of allowable earnings. First, an overview will examine the change in the rate of working while on claim since the implementation of EI reform. Then the report will investigate how the change in legislation affected the probability that a claimant will receive only partial benefits while working on claim. Subsequently, it will also examine how the change affected the probability that a claimant will receive full benefits while working on claim. Although the main focus is in regards to the effects of the legislative change, this section will also consider various demographic factors that increase the likelihood that a claimant will be in one of these two categories.

Overall, Table 4 shows that the rate of working on claim has decreased slightly since the implementation of EI reform. The table shows that the most common category of working while on claim, which results in a deferral of EI benefits, fell from 42.6 percent to 39.7 percent of all claimants. The table also shows that the small changes in the rate of working while on claim that are observed in the other two classes of intensity are not significant.

Table 4 Percentage of Claimants that Work While on Claim (95Q3 – 97Q4)¹ (percent)				
	Pre-EI Reform (95Q3 – 96Q2) ²	Post-EI Reform (97Q1 – 97Q4) ²	T-Stat	N
Type of Week Worked ³				
Full	42.6	39.7	-1.96	15,588
Partial	33.0	32.3	-0.47	15,588
Below Allowance	11.6	12.1	0.54	15,588
Notes:				
1. Refers to date of initial job loss and excludes individuals who experienced a job separation from 96Q3 to 96Q4, during which EI reform was being implemented.				
2. Refers to date of initial job loss.				
3. Weeks worked refers to the amount during the week that they work while on claim and is dependent on the amount of employment income they earn while on claim.				
Data Source: COEP, EI data file.				

Figure 1 is a graphical representation of Table 4. It illustrates how the rate of working while on claim has changed since EI reform. It shows that there has been a significant decrease in the percentage of claimants that earn enough income while on claim to suspend their EI benefits. It also shows that the change in the percentage of claimants that receive partial benefits or full benefits has basically remained constant.

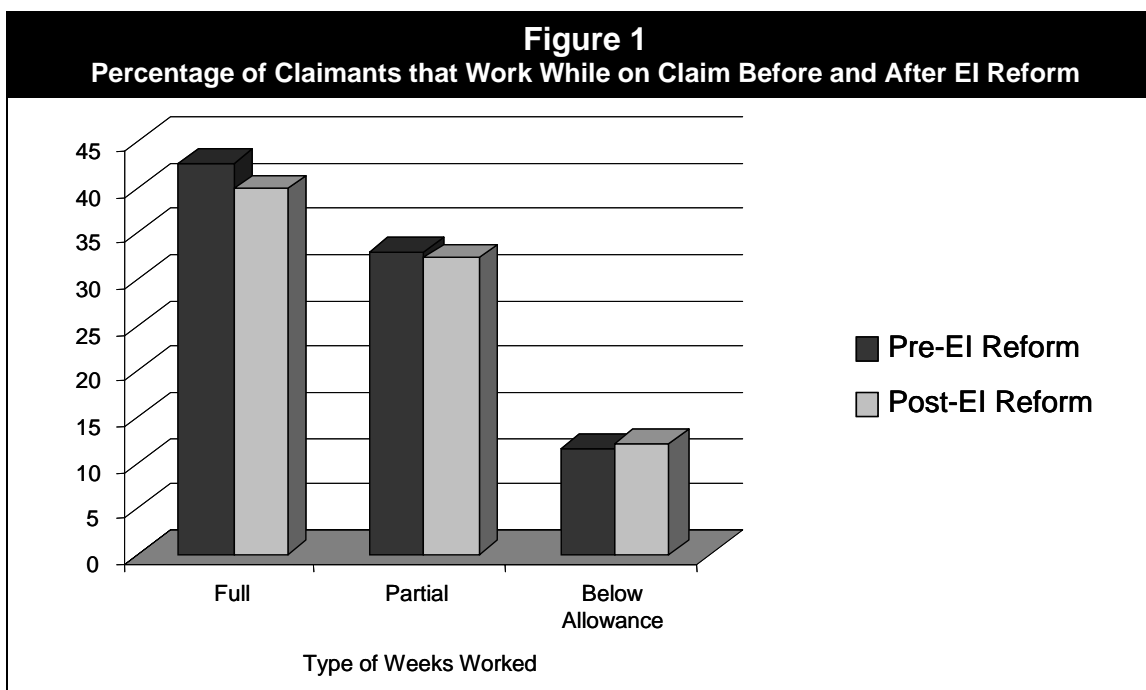


Table 5 shows results from a probit regression which analyses the probability that a claimant will work at least one week that results in a partial reduction of EI benefits. The most important aspect of Table 5 is the variable that measures the impact of the relaxation in allowable earnings. The table shows that there is no significant change in the probability

that a claimant will work on claim and receive partial EI benefits with the new legislation for those with a benefit rate below \$200. Frequent claimants appear to have a significantly higher probability of receiving reduced benefits due to working while on claim. However the reforms to EI did not appear to have any impact on that behaviour.

Table 5 also examines different demographic factors that affect the likelihood a claimant will receive reduced benefits due to working while on claim. It notes that characteristics such as age, family type, region and industry are important in determining the probability that an individual will work at least one week while on claim with reduced (but not eliminated) benefits. It shows that older claimants are less likely than claimants under the age of 55 to fit in this category. It also shows that claimants that are married with children are the least likely to work one week while on claim where their benefits are partially reduced. There are also regional differences, as claimants in Ontario are less likely than any other region to work at least one week with reduced benefits. Individuals in the Primary industry are less likely than individuals in other industries to work a week where they experience a partial reduction in benefits.

Table 5				
Probit Analysis of the Probability that a Claimant will Work Partial Weeks While on Claim (95Q3 – 97Q4)¹				
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Reform	0.9	0.61	-1.9	3.6
Difference Between \$200 and Value of Claim ²	0.0	0.69	-0.1	0.1
Impact of Increasing Allowable Earnings (Jan. 1997-Dec. 1997)	0.0	0.69	-0.1	0.1
Frequent Claimants	8.6	0.00	5.2	12.0
Impact on Frequent Claimants by Increasing Allowable Earnings	0.0	0.95	-0.1	0.1
Benefit Rate Less Than \$200	4.2	0.11	-0.1	8.6
First-Time Claimants	-9.7	0.00	-13.1	-6.4
Claimants with Exhausted Benefits	-6.4	0.00	-9.2	-3.6
Unemployment Rate	0.2	0.44	-0.2	0.6
Gender				
Male	0.0	0.99	-2.8	2.8
Female	Control	...	...	...
Age				
Youth (15-24)	22.1	0.00	15.9	28.4
Prime (25-54)	16.9	0.00	13.3	20.5
Old (55+)	Control	...	...	...

Table 5 (continued)
Probit Analysis of the Probability that a Claimant will Work Partial
Weeks While on Claim
(95Q3 – 97Q4)¹

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Family Type				
Single with Children	-4.8	0.11	-9.6	0.0
Single without Children	-2.4	0.24	-5.7	0.9
Married with Children	-8.5	0.00	-11.6	-5.4
Married without Children	Control	...	...	...
Education				
Less than High School	Control	...	...	...
High School	-0.1	0.96	-3.4	3.2
Post-Secondary	1.9	0.35	-1.4	5.2
Other	-3.1	0.56	-11.8	5.6
Region				
Atlantic	3.9	0.11	-0.2	8.1
Quebec	2.0	0.41	-2.0	6.1
Ontario	Control	...	...	...
Prairies	5.2	0.02	1.6	8.8
British Columbia	10.6	0.00	6.6	14.5
Industry				
Primary	-11.6	0.00	-17.5	-5.6
Manufacturing	-2.1	0.60	-8.5	4.4
Construction	-7.2	0.07	-13.3	-1.0
Services	-3.3	0.37	-9.5	2.8
Government	Control	...	...	...
Notes:				
1. Refers to date of initial job loss and excludes individuals who experienced a job separation from 96Q3 to 96Q4, during which EI reform was being implemented.				
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.				
Data Source: COEP, EI data file.				

Table 6 considers how the 1996 EI legislation affected the probability that a claimant working on claim would remain under the allowable earnings limit. It shows that the new EI rules which allowed a claimant to earn up to 50 dollars did have a significant impact on the probability that an individual working on claim would stay under the allowable earnings limits. This would occur to some extent even if there had been no change in behaviour simply due to the increase in the limit. The extent to which there has been any

behavioural shift is unknown with the current specification. This will be the subject of further research.

The table also examines some demographic factors that may affect the likelihood that an individual will fit in this category. It points out that claimants that are married and have children are the least likely of all family types to work while on claim and remain under the allowable limit. It also shows that claimants in the Atlantic and Prairie regions are more likely than other regions to work at least one week with full benefits. Finally, it demonstrates that claimants in government are more apt than claimants in other industries to remain under the allowable earnings limit.

Table 6				
Probit Analysis of the Probability that a Claimant will				
Work Below Allowance While on Claim				
(95Q3 – 97Q4)¹				
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Reform	-1.4	0.20	-3.2	0.4
Difference Between \$200 and Value of Claim ²	-0.1	0.00	-0.1	0.0
Impact of Increasing Allowable Earnings (Jan. 1997-Dec. 1997)	0.2	0.00	0.1	0.2
Frequent Claimants	3.3	0.02	1.0	5.6
Impact on Frequent Claimants by Increasing Allowable Earnings	0.0	0.53	-0.1	0.0
Benefit Rate Less Than \$200	0.1	0.11	-2.6	2.8
First-Time Claimants	-1.7	0.22	-3.8	0.5
Claimants with Exhausted Benefits	4.3	0.00	2.3	6.3
Unemployment Rate	0.1	0.41	-0.1	0.4
Gender				
Male	-0.9	0.45	-2.8	1.0
Female	Control	...	...	...
Age				
Youth (15-24)	5.0	0.05	0.4	9.7
Prime (25-54)	2.8	0.09	0.3	5.4
Old (55+)	Control	...	...	...
Family Type				
Single with Children	-2.4	0.14	-5.0	0.1
Single without Children	0.0	0.98	-2.1	2.1
Married with Children	-4.6	0.00	-6.6	-2.7
Married without Children	Control	...	...	...

Table 6 (continued)
Probit Analysis of the Probability that a Claimant will
Work Below Allowance While on Claim
(95Q3 – 97Q4)¹

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Education	Control	...	...	...
Less than High School	0.0	0.99	-2.1	2.2
High School	0.0	0.99	-2.1	2.2
Post-Secondary	1.5	0.24	-0.6	3.7
Other	2.5	0.60	-5.7	10.6
Region				
Atlantic	3.9	0.03	0.9	7.0
Quebec	0.5	0.75	-2.2	3.3
Ontario	Control	...	...	...
Prairies	2.7	0.07	0.2	5.2
British Columbia	1.8	0.26	-0.9	4.5
Industry				
Primary	-6.4	0.00	-9.2	-3.7
Manufacturing	-3.9	0.09	-7.4	-0.4
Construction	-6.3	0.01	-9.3	-3.2
Services	-3.4	0.15	-7.3	0.6
Government	Control	...	...	...

Notes:

1. Refers to date of initial job loss and excludes individuals who experienced a job separation from 96Q3 to 96Q4, during which EI reform was being implemented.
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.

Data Source: COEP, EI data file.

13.5.2 Factors Affecting the Category of Work While on Claim

So far, the analysis has focused on changes in the extent to which claimants work while on claim. This section focuses on the factors affecting which of the three classes of working while on claim that they may fall into. In examining the relative advantages of working while on claim, it is noted that those who earn enough that they receive partial benefits will experience a loss in the total benefits that they are able to collect. However, those who work enough that they do not receive benefits in a given week or those who earn less than \$200 do not experience such a loss. It is thus hypothesized that frequent claimants will be more familiar with these rules and will therefore be less likely to work enough hours that they receive only partial benefits. Conversely, it is thought that first time claimants

will be more likely to work enough hours to receive partial benefits. This is tested with two sets of analysis that first look at the probability of working a partial week compared to working a full week while on claim. Then there is analysis of working a partial week compared to earning less than \$200 per week.

Table 7 Probit Analysis of the Probability that a Claimant will Work Partial Weeks While on Claim Relative to Full Weeks (97Q1 – 02Q2)⁴				
		Regression 1 ²	Regression 2 ³	Regression 3 ³
First-Time Claimant	% Difference	14.9	10.5	2.1
	P Value	0.000	0.004	0.757
	Lower	8.9	4.4	-9.1
	Upper	20.9	16.6	13.2
Frequent Claimant	% Difference	-16.2	-8.7	-2.4
	P Value	0.000	0.007	0.713
	Lower Bound ¹	-21.1	-14.1	-13.2
	Upper Bound ¹	-11.2	-3.4	8.4
Claimants with Exhausted	% Difference		7.5	7.2
	P Value		0.038	0.046
	Lower Bound ¹		1.4	1.1
	Upper Bound ¹		13.6	13.2
Unemployment	% Difference		-0.7	-0.7
	P Value		0.062	0.057
	Lower Bound ¹		-1.2	-1.2
	Upper Bound ¹		-0.1	-0.1
Claimant's ROE Earnings	% Difference		-0.000333	-0.000393
	P Value		0.000	0.014
	Lower Bound ¹		-0.00049	-0.00066
	Upper Bound ¹		-0.00018	-0.00013
Interaction1 (Earnings*Frequent Claimants)	% Difference			-0.0002
	P Value			0.302
	Lower Bound ¹			-0.00052
	Upper Bound ¹			0.00012

Table 7 (continued)
Probit Analysis of the Probability that a Claimant will Work Partial Weeks While on Claim Relative to Full Weeks (97Q1 – 02Q2)⁴

		Regression 1 ²	Regression 2 ³	Regression 3 ³
Interaction2 (Earnings*First-Time Claimants)	% Difference			0.000281
	P Value			0.144
	Lower Bound ¹			-0.000035
	Upper Bound ¹			0.0006
Notes:				
1. Upper and lower bound is associated with a 90% confidence level.				
2. Regression 1 is a probit regression with only frequent claimants and first-time claimants as independent variables.				
3. Independent variables for Regressions 2 and 3 (not shown) include demographic variables such as age, gender, province, family type, employment type and education. Financial variables such as asset level and unemployment rate are also included. Hardship variables such as existence of mortgage, car payments and other person in household working are included as well.				
4. Available cohorts 13 and 17 have been omitted.				
Source: COEP, EI data file.				

Table 7 shows the factors influencing the probability of working partial weeks while on claim relative to working full weeks, while Table 8 shows the probability of working partial weeks relative to working weeks earning less than the earning allowance.¹¹⁴ The sample used in the two regressions is restricted to individuals losing employment after the introduction of EI reform (i.e. after December 1996), claiming EI and working while on claim. The sample has been restricted in this way to distinguish how the introduction of allowable earnings is influencing how many weeks an individual chooses to work while on claim.

Tables 7 and 8 are a summary of the relevant variables taken from each of three probit regressions. The column labelled 'Regression 1' is the result of the probit regression which used only two independent variables, an indicator variable to represent first-time claimants and one to represent frequent claimants. Regression 2 is the result of a broader probit model, which included first-time claimants, frequent claimants, claimants with exhausted benefits and various demographic and financial variables which are not shown in this summary. Regression 3 is similar to Regression 2 except that two interaction terms (Interaction1 and Interaction 2) have been added to capture the income effect on the category of working while on claim of frequent claimants and first-time claimants who work while on claim.

Regressions 1 and 2 show that frequent claimants are less likely to work partial weeks relative to working full weeks. This is likely because frequent claimants have a greater knowledge of EI policies compared to other claimants, and will choose not to work any time that earns them less than what they would get receiving EI and working weeks

¹¹⁴ Since it is common for an individual to work full weeks, partial weeks and enough weeks not to earn more than the earning allowance during a claim, the sample is restricted to those who worked full weeks only, partial weeks only and weeks below allowance only so that samples would not overlap.

which earn them less than the allowable earnings limit. When the earnings interaction terms were introduced, the statistical significance of this result disappeared.

There was no statistically significant result for the likelihood of first-time claimants working partial weeks relative to working full weeks when earning interaction terms were included as in Regression 3. However when these variables were excluded as in Regression 1 and 2, first-time claimants were more likely to work partial weeks relative to working full weeks. This implies that even though they would lose entitlement weeks by working partial weeks while on claim, they choose to do so. The first-time claimants' lack of experience with the EI system may be identified in this case.

Table 8
Probit Analysis of the Probability that a Claimant will Work Partial
Weeks While on Claim Relative to Weeks Below Allowance
(97Q1 – 02Q2)⁴

		Regression 1 ²	Regression 2 ³	Regression 3 ³
First-Time Claimant	% Difference	-4.6	-1.2	-9.2
	P Value	0.291	0.790	0.250
	Lower Bound ¹	-11.9	-8.3	-22.4
	Upper Bound ¹	2.6	6.0	4.0
Frequent Claimant	% Difference	-9.1	-4.9	-10.0
	P Value	0.037	0.278	0.238
	Lower Bound ¹	-16.5	-12.4	-24.6
	Upper Bound ¹	-1.7	2.7	4.6
Claimants with Exhausted Benefits	% Difference		-22.0	-22.2
	P Value		0.000	0.000
	Lower Bound ¹		-29.0	-29.2
	Upper Bound ¹		-15.0	-15.2
Unemployment	% Difference		1.03	0.01
	P Value		0.031	0.031
	Lower Bound ¹		0.24	0.00
	Upper Bound ¹		1.81	0.02
Claimant's ROE Earnings	% Difference		0.000128	-0.000001
	P Value		0.318	0.775
	Lower Bound ¹		-0.000001	-0.000004
	Upper Bound ¹		0.000003	0.000003
Interaction1 (Earnings*Frequent Claimants)	% Difference			0.000002
	P Value			0.518
	Lower Bound ¹			-0.000003
	Upper Bound ¹			0.000006

Table 8 (continued)
Probit Analysis of the Probability that a Claimant will Work Partial Weeks While on Claim Relative to Weeks Below Allowance (97Q1 – 02Q2)⁴

		Regression 1 ²	Regression 2 ³	Regression 3 ³
Interaction2 (Earnings*First-Time Claimants)	% Difference			0.000003
	P Value			0.258
	Lower Bound ¹			-0.000001
	Upper Bound ¹			0.000007
Notes:				
1. Upper and lower bound is associated with a 90% confidence level.				
2. Regression 1 is a probit regression with only frequent claimants and first-time claimants as independent variables.				
3. Independent variables for Regressions 2 and 3 (not shown) include demographic variables such as age, gender, province, family type, employment type and education. Financial variables such as asset level and unemployment rate are also included. Hardship variables such as existence of mortgage, car payments and other person in household working are included as well.				
4. Available cohorts 13 and 17 have been omitted.				
Source: COEP, EI data file.				

It was also found that claimants who exhausted benefits are more likely to work partial weeks while on claim relative to working full weeks. This is an interesting case to interpret. Does this imply that these claimants work partial weeks because they have exhausted their benefits, or it is that these claimants have exhausted their benefits because they have worked partial weeks and have lost weeks of entitlement by doing so?

The following table, Table 8, shows the summary statistics of similar probit regressions as in Table 7, which examined the probability that a claimant will work partial weeks relative to working weeks earning less than the earning allowance.

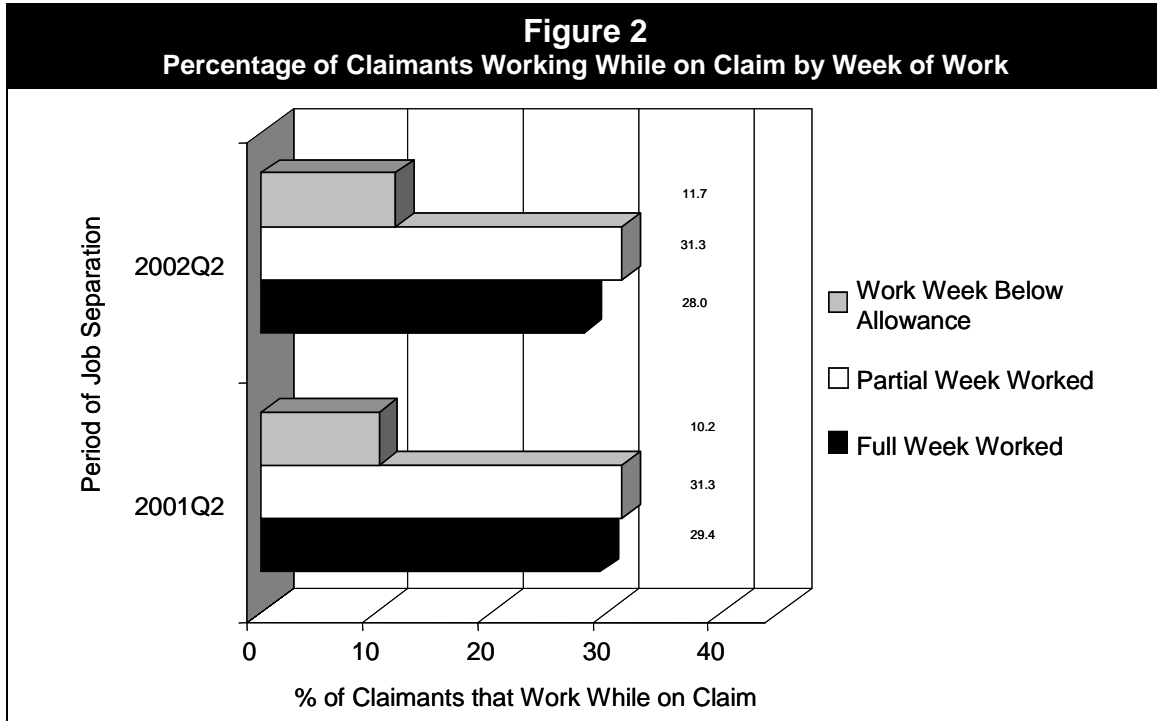
As shown in Table 8, there does not appear to be any significant differences in the probability that frequent claimants or first-time claimants work partial weeks relative to working weeks earning less than the earning allowance in Regression 2 or 3. In Regression 1, only frequent claimants show that they are less likely to work partial weeks relative to working below allowance. This follows the discussion from Table 7, in which frequent claimants chose not to work partial weeks because they know they will lose weeks of entitlement.

At this point in time, it is difficult to reconcile the seemingly contradictory results between the three sets of results given on the two tables. It is clear that whether a claimant is frequent or not plays some sort of role in the choice between the three categories. However, the exact nature of this role is impossible to say. Research in the coming year will attempt to resolve this evidence to reach a statistically supportable interpretation.

Table 8 also shows that claimants with exhausted benefits are less likely to work partial weeks relative to working weeks earning less than the earning allowance. This is an interesting result when compared with the result from Table 7, in which claimants with exhausted benefits were *more* likely to work partial weeks relative to working full weeks. This result, too, will be examined more closely in future reports.

13.5.3 Recent Changes

This section investigates the year over year changes that have occurred since EI reform. The most recent data available to examine year over year changes relates to individuals who experienced a job separation in the second quarter of 2002. In order to control for seasonal factors, this new data was compared with data collected in the second quarter of the previous year. Figure 2 shows that the percentage of claimants working while on claim, regardless of the number of weeks worked, has remained relatively stable since the second quarter of 2001.



Probit regressions similar to those in Table 5 and Table 6 are used to determine if statistically significant changes have occurred between the second quarter of 2001 and the second quarter of 2002. The results of these regressions are in Tables A1, A2 and A3 in the Appendix.

The results of Table A1 show that the probability that a claimant will receive partial benefits due to working while on claim has not changed significantly in the most recent period (02Q2) compared to the second quarter the year before (01Q2). Conversely, Table A2 shows that there have been statistically significant changes in the probability of a claimant receiving full benefits over the entire sample period. However, the variable measuring the amount to which the benefit rate is below \$200 did not appear to have an effect in the most current quarter. Table A3 shows, that in the most recent data, there has been no change in the probability of a claimant receiving no benefits due to working while on claim compared to the second quarter of 2001. Also, there has not been a statistically significant effect of the extent to which the benefit rate is below \$200 in the most recent quarter.

13.6 Conclusions

The purpose of this report has been to examine the prevalence of working while on claim as well as to analyze the impact of EI reform on individuals that work while on claim. The report shows that working while on claim is widespread regardless of demographic characteristics. In fact, roughly 51.8 percent of claimants maintain some attachment to the labour force while on claim. It was found that frequent EI claimants were somewhat more likely to work while on claim than other EI claimants.

Working while on claim was subdivided into three possible types: those who earn enough that they receive no EI benefits (benefit is deferred); those who earn enough to partially reduce their benefits; and those who earn a small enough amount that it does not impact their EI benefits at all. It was shown that the most prevalent form of working while on claim was working enough that the EI benefit is deferred. About 41.2 percent of EI claimants have at least one week on claim in which they work enough as to not receive any benefits. Only 11.8 percent of EI claimants have a week on claim in which they work only a small enough amount that their EI benefit is unaffected. Statistical analysis of the factors affecting the choice of the type of work while on claim showed that frequent claimants did appear to behave differently than other claimants.

Another important aspect of this report is the analysis of the impact of EI reform. Although there was no overall impact on the percentage of claimants working while on claim, claimants whose benefit rate was below \$200 were slightly more likely to be working while on claim without experiencing a reduction in benefits, after the EI Reform. The extent to which this is a result of a behavioural shift or simply due to the change in rules will be the subject of future research. There was no significant change in the percentage of claimants working below allowance between the second quarter of 2001 and the second quarter of 2002.

Appendix

Table A1 Probit Analysis of the Probability That a Claimant will Work Partial Weeks While on Claim (01Q2 and 02Q2)¹ (percent)				
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Overall				
April – June 2001	Control	...	...	...
April – June 2002	2.7	0.47	-3.4	8.8
Difference Between \$200 and Value of Claim ²	0.2	0.17	0.0	0.3
Impact of Increasing Allowable Earnings				
April – June 2001	Control	...	...	...
April – June 2002	-0.1	0.46	-0.3	0.1
Frequent Claimants	4.1	0.34	-3.0	11.3
Benefit Rate Less Than \$200	-4.2	0.49	-14.1	5.6
First-Time Claimants	-10.5	0.02	-17.7	-3.4
Claimants with Exhausted Benefits	-4.7	0.25	-11.4	1.9
Unemployment Rate	0.6	0.10	0.0	1.3
Gender				
Male	3.9	0.33	-2.7	10.5
Female	Control	...	...	...
Age				
Youth (15-24)	13.4	0.13	-1.5	28.3
Prime (25-54)	9.3	0.09	0.8	17.9
Older (55+)	Control	...	...	...
Family Type				
Single with Children	1.1	0.89	-11.7	13.8
Single without Children	-1.0	0.83	-8.9	6.8
Married with Children	-5.8	0.18	-12.8	1.2
Married without Children	Control	...	...	...
Education				
Less than High School	Control	...	...	...
High School	7.7	0.13	-0.8	16.2
Post-Secondary	9.0	0.05	1.4	16.5
Other	3.2	0.80	-17.7	24.0
Region				
Atlantic	2.7	0.59	-5.5	10.8
Quebec	7.2	0.19	-1.8	16.2
Ontario	Control	...	...	...
Prairies	1.7	0.72	-6.3	9.8
British Columbia	3.7	0.49	-5.2	12.6

Table A1 (continued)
Probit Analysis of the Probability That a Claimant will Work Partial
Weeks While on Claim
(01Q2 and 02Q2)¹
(percent)

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Industry				
Primary	4.7	0.68	-14.3	23.7
Manufacturing	13.8	0.20	-4.3	31.9
Construction	-7.8	0.48	-25.1	9.5
Services	7.2	0.45	-8.1	22.5
Government	Control	...	...	...
Notes:				
1. Refers to date of initial job loss.				
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.				
Data Source: COEP, EI data file.				

Table A2
Probit Analysis of the Probability That a Claimant will Work
Below Allowance While on Claim
(01Q2 and 02Q2)¹
(percent)

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Overall				
April – June 2001	Control	...	...	...
April – June 2002	4.1	0.09	0.2	8.1
Difference Between \$200 and Value of Claim ²	0.2	0.00	0.1	0.3
Impact of Increasing Allowable Earnings				
April – June 2001	Control	...	...	...
April – June 2002	-0.1	0.14	-0.2	0.0
Frequent Claimants	4.7	0.10	-0.3	9.7
Benefit Rate Less Than \$200	-4.7	0.17	-9.8	0.4
First-Time Claimants	-0.6	0.83	-5.2	4.0
Claimants with Exhausted Benefits	3.5	0.16	-0.8	7.7
Unemployment Rate	0.3	0.21	-0.1	0.7
Gender				
Male	0.2	0.94	-4.0	4.3
Female	Control	...	...	...

Table A2 (continued)
Probit Analysis of the Probability That a Claimant will Work
Below Allowance While on Claim
(01Q2 and 02Q2)¹
(percent)

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Age				
Youth (15-24)	-3.2	0.45	-9.4	3.1
Prime (25-54)	-4.3	0.17	-9.8	1.3
Older (55+)	Control	...	...	...
Family Type				
Single with Children	-0.6	0.88	-6.7	5.6
Single without Children	3.0	0.27	-1.7	7.7
Married with Children	1.1	0.67	-3.4	5.7
Married without Children	Control	...	...	...
Education				
Less than High School	Control	...	...	...
High School	5.1	0.12	-0.6	10.8
Post-Secondary	9.1	0.00	4.5	13.7
Other	5.5	0.55	-11.7	22.7
Region				
Atlantic	0.2	0.96	-5.2	5.5
Quebec	-0.5	0.86	-5.8	4.7
Ontario	Control	...	...	...
Prairies	-2.2	0.50	-7.3	3.0
British Columbia	-0.3	0.93	-6.2	5.6
Industry				
Primary	2.6	0.70	-9.1	14.2
Manufacturing	18.5	0.01	3.8	33.3
Construction	5.2	0.53	-10.1	20.6
Services	7.8	0.09	1.0	14.6
Government	Control	...	...	...
Notes:				
1. Refers to date of initial job loss.				
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.				
Data Source: COEP, EI data file.				

Table A3
Probit Analysis of the Probability that a Claimant Will Work Full Weeks While on Claim
(01Q2 and 02Q2)¹
(percent)

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Overall				
April – June 2001	Control	...	...	...
April – June 2002	-0.2	0.96	-6.1	5.7
Difference Between \$200 and Value of Claim ²	0.0	0.80	-0.2	0.2
Impact of Increasing Allowable Earnings				
April – June 2001	Control	...	...	...
April – June 2002	0.0	0.75	-0.2	0.2
Frequent Claimants	3.1	0.45	-3.7	9.9
Benefit Rate Less Than \$200	-0.5	0.94	-10.3	9.4
First-Time Claimants	-23.8	0.00	-30.3	-17.3
Claimants with Exhausted Benefits	-9.0	0.03	-15.3	-2.7
Unemployment Rate	1.1	0.00	0.5	1.7
Gender				
Male	3.5	0.35	-2.7	9.6
Female	Control	...	...	...
Age				
Youth (15-24)	19.5	0.02	5.2	33.9
Prime (25-54)	10.4	0.03	3.2	17.5
Older (55+)	Control	...	...	...
Family Type				
Single with Children	-8.5	0.25	-19.5	2.6
Single without Children	-5.2	0.22	-12.0	1.7
Married with Children	-8.4	0.04	-15.1	-1.7
Married without Children	Control	...	...	...
Education				
Less than High School	Control	...	...	...
High School	-1.3	0.77	-8.7	6.1
Post-Secondary	0.4	0.94	-7.0	7.7
Other	17.3	0.29	-11.2	45.8
Region				
Atlantic	9.8	0.05	1.3	18.3
Quebec	-1.3	0.80	-9.7	7.1
Ontario	Control	...	...	...
Prairies	-6.7	0.17	-14.4	1.0
British Columbia	5.9	0.26	-3.0	14.8

Table A3 (continued)				
Probit Analysis of the Probability that a Claimant Will Work Full Weeks While on Claim (01Q2 and 02Q2)¹ (percent)				
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Industry				
Primary	23.8	0.05	3.0	44.6
Manufacturing	31.1	0.00	13.1	49.2
Construction	22.4	0.06	1.9	42.9
Services	13.2	0.12	0.1	26.3
Government	Control	...	...	...
Notes:				
1. Refers to date of initial job loss.				
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.				
Data Source: COEP, EI data file.				

Table A4				
Probit Analysis of the Probability that a Claimant Will Work While on Claim (01Q2 and 02Q2)¹ (percent)				
	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Overall				
April – June 2001	Control	...	...	...
April – June 2002	-2.1	0.61	-8.8	4.7
Difference Between \$200 and Value of Claim ²	0.0	0.87	-0.2	0.2
Impact of Increasing Allowable Earnings				
April – June 2001	Control	...	...	...
April – June 2002	0.0	0.75	-0.2	0.3
Frequent Claimants	12.6	0.01	4.7	20.5
Benefit Rate Less Than \$200	2.0	0.78	-10.0	14.0
First-Time Claimants	-17.4	0.00	-25.0	-9.9
Claimants with Exhausted Benefits	-10.4	0.02	-17.6	-3.2
Unemployment Rate	0.9	0.04	0.2	1.6
Gender				
Male	5.5	0.21	-1.8	12.8
Female	Control	...	...	...

Table A4 (continued)
Probit Analysis of the Probability that a Claimant Will Work While on Claim
(01Q2 and 02Q2)¹
(percent)

	% Impact	P Value	Confidence Interval (90%)	
			Low	High
Age				
Youth (15-24)	13.9	0.12	-0.3	28.1
Prime (25-54)	11.7	0.04	2.3	21.0
Older (55+)	Control	...	...	...
Family Type				
Single with Children	-0.7	0.94	-15.5	14.2
Single without Children	0.8	0.88	-7.9	9.4
Married with Children	-4.0	0.40	-11.9	3.9
Married without Children	Control	...	...	...
Education				
Less than High School	Control	...	...	...
High School	0.5	0.92	-8.5	9.6
Post-Secondary	4.5	0.39	-4.1	13.1
Other	16.2	0.33	-10.3	42.7
Region				
Atlantic	8.4	0.12	-0.4	17.1
Quebec	5.5	0.36	-4.3	15.4
Ontario	Control	...	...	...
Prairies	0.4	0.94	-8.3	9.1
British Columbia	6.1	0.29	-3.3	15.4
Industry				
Primary	12.7	0.27	-6.0	31.4
Manufacturing	21.4	0.05	4.6	38.2
Construction	5.2	0.68	-15.6	26.0
Services	9.1	0.36	-7.1	25.4
Government	Control	...	...	...

Notes:

1. Refers to date of initial job loss.
2. The change to allowable earnings permitted those with a benefit rate less than \$200 to earn up to \$50 rather than being restricted to earning 25 percent of their claim before having a reduction in benefits. The difference between \$200 and the actual value of the claim is used as a measurement of the degree to which the new legislation increased a claimant's allowable earnings limit.

Data Source: COEP, EI data file.

Technical Notes

Data from July 1996 to December 1996 (cohorts 5 and 6) were excluded because reforms were phased in during this period. Data for January 1998 to June 1998 (cohorts 11 and 12), October 1998 to June 1999 (cohorts 14, 15 and 16) and October 1999 to June 2000 (cohorts 18, 19, and 20) were unavailable.

Frequent claimants are defined as those claimants who have made three or more regular or fishing EI claims in the previous five years.

Working while on claim is defined in this paper as a claimant who has worked at least one week while on claim. This was determined using a variable in the Status Vector which indicated the reason for partial or no benefit payments. The reason for payments was restricted to those who: reported working a full week; or reported receiving part-time earnings. These conditions do not include individuals who experience a reduction in earnings due to disqualification. In the case where full benefits were received, a different Status Vector variable was used that indicated if full benefits were received even though earnings were reported.

14. Pilot Project on Preventative Withdrawal

14.1 Executive Summary

On September 26, 2002, the Department of Human Resources Development Canada (HRDC) announced the implementation of the three-year Pilot Project No. 5 (preventative withdrawal). This project allows certain Employment Insurance (EI) claimants in Quebec who receive indemnities for preventative withdrawal under the Safe Maternity Experience program of the CSST¹¹⁵ to extend their benefit period.

The purpose of the pilot project is to enable women who are entitled to partial EI benefits while on preventative withdrawal to refuse the partial benefits. These women can thus enjoy an extended benefit period and receive full EI benefit weeks while on maternity, parental or sickness leave.

This document presents a preliminary analysis of the pilot project as part of the 2003 Monitoring and Assessment Report. The analysis examines the socio-economic and benefit characteristics of claimants who receive partial benefits and claimants whose maternity benefits have been extended.

Results

Four hundred and twenty-two (422) claimants were found to be eligible for the pilot project. The following observations were made:

- 144 claimants opted to extend their benefit period for at least one week;
- 182 claimants opted to receive partial benefits for at least one week;
- 96 claimants chose both options during their EI benefit period.

In contrast to claimants in the comparison group—women who stopped working because of a pregnancy—the claimants eligible for the pilot project:

- were two to three years younger;
- were significantly more likely to live outside Montreal and Quebec City;
- were more likely to occupy a job in education or manufacturing;
- accumulated fewer insurable hours and received smaller benefits; and
- were more likely to receive the Family Supplement.

¹¹⁵ Commission de la santé et sécurité au travail du Québec (Quebec occupational health and safety commission).

It was observed that claimants who opted to extend their benefit period rather than receive partial benefits had:

- a higher percentage of claimants who were laid off;
- higher maximum benefits; and
- a higher proportion of claimants occupying a job in education, social science or government services. Those who received partial benefits were more likely to occupy sales and services or manufacturing jobs.

Finally, claimants who opted to extend their benefit period received an average of \$123 more in CSST indemnities, and for 7 weeks longer, than those who received partial benefits.

14.2 Introduction

On September 26, 2002, the Department of Human Resources Development Canada (HRDC) announced the implementation of Pilot Project No. 5 (preventative withdrawal), to run for three years, regarding an extended benefit period for certain Employment Insurance (EI) claimants in receipt of indemnities for preventative withdrawal (for pregnancy or breast feeding) from the CSST.

As indicated in the pilot project's Regulatory Impact Analysis Statement, a study will be conducted to evaluate the project's merits and its impact on the EI program. This study—an evaluation in our case—will be conducted after the pilot project's first year of operation so as to promote a proactive approach. However, as agreed at the meeting of the Steering Committee, a preliminary report will be submitted as part of the 2003 EI Monitoring and Assessment Report.

The preliminary report describes the pilot project in an effort to understand it and put it into an EI context. The report also includes a description of the EI benefits associated with childbirth and of the CSST Safe Maternity Experience program in Quebec. It further includes a preliminary analysis of the pilot project, examining the socio-economic and benefit characteristics of claimants who receive partial benefits and those whose maternity benefits have been extended.

14.3 Program Description

This section describes how the CSST Safe Maternity Experience (preventative withdrawal) program, EI special benefits and the pilot project work.

14.3.1 CSST Preventative Withdrawal Program

Since 1981, the CSST has been carrying out the Safe Maternity Experience¹¹⁶ preventative withdrawal program under the *Act Respecting Occupational Health and Safety*. The main objective of this program is to ensure the continuity of employment of pregnant or breast-feeding workers. Consequently, pregnant or breast-feeding women whose working conditions constitute a danger to their health or to the health of their expected or nursing child have the right to be assigned to other, non-hazardous tasks. These women must be capable of performing the new tasks. If they cannot be assigned to new tasks, they have the right to stop working temporarily and receive indemnity payments from the CSST.

As previously indicated, there are two categories of preventative withdrawal. The first category relates to pregnancy, and the second, to breast-feeding. Workers must submit an application for each category of preventative withdrawal.

To obtain preventative withdrawal, workers must meet the following criteria:

- They must be eligible within the meaning of the *Act Respecting Occupational Health and Safety*.¹¹⁷
- They must be subjected to working conditions that constitute a danger to their health or to the health of their expected or nursing child.¹¹⁸
- The existence of such working conditions must be certified by a doctor who is required to consult the physician designated by the director of public health.
- The working conditions described in the medical certificate must reflect the actual working conditions and be clearly outlined.
- The medical certificate must be submitted to the employer.

The employer must then make an effort to change the worker's tasks to ones she is capable of accomplishing and which present a safe work environment. If changing the worker's tasks is impossible, the employer must apply to the CSST for preventative withdrawal.

Preventative withdrawal indemnity payments are not taxable and correspond to 90% of a worker's net salary. The maximum annual amount of indemnities payable was \$53,500 in 2003, that is, the maximum insurable salary. It must be noted that, during the first 5 business days following preventative withdrawal, the employer must pay the worker her regular

¹¹⁶ The preventative withdrawal program has been called "*Pour une maternité sans danger*" (Safe Maternity Experience) since 1992. It is also known as "Programme d'affectation de la travailleuse enceinte et de la travailleuse qui allaite" (PETATA) and "*Travailleuse enceinte et travailleuse qui allaite*" (TETA).

¹¹⁷ Not included are craftswomen whose businesses are not incorporated, servants working for private individuals, co-op students, volunteers and women working outside Quebec. Furthermore, in accordance with a Supreme Court decision, the right to preventative withdrawal does not extend to employees of the federal government. However, the latter are granted rights under the *Canada Labour Code*.

¹¹⁸ Dangerous working conditions are characterized by the occurrence of biological, chemical, physical or ergonomic stressors. Ergonomic stressors represent close to 70% of cases (see the Internet site of the Institut national de santé publique (national public health institute)).

salary. In addition, a worker on preventative withdrawal retains all the benefits linked to her employment, and her employer must reinstate her once preventative withdrawal ends.

In most cases, employers tend to opt for preventative withdrawal rather than modify a worker's tasks or work station or offer a reassignment.¹¹⁹ As shown in Table 1, the number of applications for preventative withdrawal has increased significantly since 1991-1992, as have the number of compensated days and average total indemnities.

Table 1					
Statistics on various programs associated with childbirth					
Quebec – Fiscal Year					
	1991/92	1995/96	1997/98	1999/00	2001/02
CSST preventative withdrawal					
Number of applications received	22,147	19,811	19,538	22,821	24,820
Number of applications accepted	19,523	18,676	18,448	21,513	23,493
Average number of compensated days	125	134	136	138	142
Average total indemnities (\$)	4,543	5,130	5,282	5,638	6,363
Maternity benefits					
Number of applications	–	–	39,750	40,980	45,030
Average number of weeks	–	–	14.4	14.5	14.5
Average weekly benefits (\$)	–	–	261	275	286
(Biological) parental benefits					
Number of applications	–	–	38,190	39,430	51,040
Average number of weeks	–	–	8.9	8.9	21.2
Average weekly benefits (\$)	–	–	270	284	301
Number of births (calendar year)	–	87,591	80,179	74,096	72,163
Sources: <i>Travailler en sécurité pour une maternité sans danger, Guide de l'employeur, CSST, 2002.</i> HRDC Monitoring and Assessment Report. Statistics Canada, CANSIM, Table 051-0004 and catalogue product No. 91-213-XIB.					

The occupational groups from the Montreal area whose members most frequently qualify for the preventative withdrawal program include nurses and nursing assistants (17%), teachers (14%), dressmakers (8.2%), saleswomen (8%), cashiers (6%) and waitresses (3%).¹²⁰

14.3.2 EI Special Benefits

Three types of benefits (maternity, parental and sickness), known as special benefits, are associated with childbirth. Generally speaking, the same rules of calculation that apply to regular benefits apply to these three types of benefits. As with regular benefits, there is a two-week waiting period. The amount of EI benefits is determined using the basic benefit rate of 55% of the average insured earnings. The basic benefit rate may be increased to 80% if the claimant is entitled to the Family Supplement because she has at least

¹¹⁹ *Travailler en sécurité pour une maternité sans danger, Guide de l'employeur, 2002.*

¹²⁰ Internet site of Direction de la santé publique de Montréal.

one child under the age of 18 or her net family income is below \$25,921. The maximum amount of weekly EI benefits remains \$413, regardless of the type of benefits concerned.

To qualify for special benefits, a claimant must have accumulated at least 600 insurable hours in the last 52 weeks, whereas 420 to 700 insurable hours are required to receive regular benefits, depending on a claimant's economic region. Claimants must also demonstrate that their normal weekly earnings have been reduced by more than 40% in order to receive special benefits. While on maternity or sickness leave, all earnings will be deducted dollar for dollar from a claimant's benefits. An exemption of \$50 or 25% per week is granted in respect of earnings affecting regular and parental benefits.

Maternity benefits are paid to a claimant who stops working because she is pregnant or has recently given birth. Only birth (or surrogate) mothers are entitled to maternity benefits. Maternity benefits are payable for a maximum of 15 weeks and can start being collected up to 8 weeks before the expected delivery date, and within 17 weeks after delivery.¹²¹

Parental benefits are paid to one or two claimants who have stopped working because they are adopting a child or caring for a new-born. They are payable for a maximum of 35 weeks and can be shared between the two partners. Parental benefits for biological parents are payable from the child's birth date and, for adoptive parents, from the date the child is placed with them. Parental benefits are payable only within the 52 weeks following childbirth or, for adoptive parents, from the date the child is placed with them, unless the child is hospitalized.

Lastly, sickness benefits are paid to persons who are unable to work because of sickness, injury or quarantine. They are payable for up to 15 weeks and, since January 2002, can be combined with maternity and parental benefits for a maximum of 65 weeks. To qualify for the maximum period of 65 weeks, a claimant cannot have received regular benefits, must have received maternity, parental and sickness benefits, as well as fewer than the maximum 15 weeks in the case of sickness benefits, or 35 weeks in the case of parental benefits.

14.3.3 Pilot Project

As we saw in section 14.3.1, the CSST preventative withdrawal program allows a pregnant or breast-feeding woman to stop working temporarily if her work constitutes a danger to her health or her child's health. In most cases, receiving preventative withdrawal benefits in no way affects EI benefits. EI benefits are thus payable once the period of indemnities for preventative withdrawal ends.

Exceptionally, certain women receive EI benefits when they begin receiving indemnities for preventative withdrawal. The amount of those indemnities is not high enough to prevent any payment of EI benefits. In this situation, these women receive partial EI benefits that cover the difference between the amount of indemnities for preventative withdrawal and the full amount of EI benefits. In most cases, the amount of partial EI

¹²¹ The 17-week period may be extended in the case of a hospitalized new-born.

benefits is low. This has the effect of decreasing the number of remaining EI weeks, as these women receive at least one dollar in EI benefits. These women are therefore entitled to a reduced number of full EI benefit weeks when their period of indemnities for preventative withdrawal ends.

To offset the negative effects of this situation, Pilot Project No. 5 (preventative withdrawal) was put in place by HRDC on September 25, 2002 and will run for three years. The objective of the pilot project is to enable women who are entitled to partial EI benefits while on preventative withdrawal to refuse the partial benefits. These women can thus extend their benefit period and receive full EI benefit weeks while on maternity, parental or sickness leave.

EI claimants who choose not to receive partial EI benefits during this period qualify for an extended EI benefit period. An extended EI benefit period enables claimants to defer for later use an EI benefit week when no payments were issued for that week. Thus, the number of EI benefit weeks will not be reduced as long as the claimant does not decide to receive partial benefits or stop receiving indemnities for preventative withdrawal. Consequently, that claimant can receive full EI benefits for the weeks during which she did not receive partial benefits.

- A claimant with an extended EI benefit period can change her mind. She will be paid partial EI benefits retroactively but will no longer qualify for extended benefits for that period.

EI claimants who choose to receive partial EI benefits are not entitled to an extension of their benefit period. They will continue to receive partial EI payments and indemnities for preventative withdrawal at the same time. In addition, they cannot repay the benefits received and make a retroactive request for an extension of their benefit period. The choice to receive partial benefits for a given week is final.

In order to better understand the choice available to claimants eligible for the pilot project, here is a typical situation they may encounter: A woman receives \$300 in indemnities for preventative withdrawal from the CSST for a period of three weeks and simultaneously qualifies for \$325 in EI benefits for a period of 10 weeks. She can choose to:

- refuse the partial EI benefits and qualify for a three-week extension of her EI benefit period. She would consequently qualify for \$325 in EI benefits for a period of 10 weeks after receiving the 3 weeks of indemnities for preventative withdrawal; or
- receive \$106 in partial EI benefits during the first 3 weeks.¹²² In this case, she would still qualify for \$325 in EI benefits for a period of 7 weeks after receiving 3 weeks of indemnities for preventative withdrawal and partial EI benefits.

¹²² The \$106 in EI benefits are obtained as follows. A claimant's maximum EI benefits are multiplied by the rate of exemption from earnings to obtain the exemption amount ($\$325 * 25\% = \81.25). This result is subtracted from the CSST benefits to obtain the earnings to be taken into account in determining EI benefits ($\$300 - \$81.25 = \$218.75$). That amount is subtracted from the maximum EI benefits to obtain the amount of payable benefits ($\$325 - \$218.75 = \$106.25$).

As shown in Table 2, choosing to extend the EI benefit period is not necessarily the most financially advantageous solution for a claimant. When making a decision, claimants have to take the length of their maternity leave into account. The choice to extend the EI benefit period as part of the pilot project may result in a total loss of \$319 if a claimant decides to shorten her maternity leave and re-enter the labour force before the eleventh week. However, it should be noted that claimants who choose this option may claim a retroactive payment of partial benefits.

Table 2							
Impact of the decision to extend EI benefit period or receive partial benefits							
Test case, in dollars							
Number of weeks	Extended EI benefit period			Partial benefits			Difference
	CSST Indemnities	EI benefits	Combined total	CSST Indemnities	EI benefits	Combined total	
1	300	–	300	300	106	406	-106
2	300	–	600	300	106	813	-213
3	300	–	900	300	106	1,219	-319
4	–	325	1,225	–	325	1,544	-319
5	–	325	1,550	–	325	1,869	-319
6	–	325	1,875	–	325	2,194	-319
7	–	325	2,200	–	325	2,519	-319
8	–	325	2,525	–	325	2,844	-319
9	–	325	2,850	–	325	3,169	-319
10	–	325	3,175	–	325	3,494	-319
11	–	325	3,500	–	–	3,494	6
12	–	325	3,825	–	–	3,494	331
13	–	325	4,150	–	–	3,494	656

Note: This table does not include employment or other income the claimant could receive during weeks 11, 12 and 13 in the event that she decides to receive partial benefits.

14.4 Discussion of Results

This section presents the preliminary results regarding claimants eligible for the pilot project. These claimants were compared to claimants who stopped working because of a pregnancy. It should be noted that the majority of claimants eligible for the pilot project did not leave their employment because of a pregnancy, as some of them had already left their employment when they started receiving indemnities for preventative withdrawal from the CSST. However, all claimants eligible for the pilot project will become pregnant or breast-feed a child during their EI benefit period.

The statistical analysis was produced with the Status Vector File database, for the period beginning September 2002 and ending August 2003. The information used to determine which claimants were eligible came from various trailer records. The preliminary results presented here must be cautiously interpreted. The variables for determining eligibility for the pilot project and, subsequently, the option chosen by a given claimant, are sometimes contradictory or missing. This is why the circumstances of 50 or so claimants are not perfectly clear. This matter will likely be rectified in the pilot project

evaluation. However, the statistical analysis in this report deals solely with the claimants who are clearly identifiable.

Four hundred and twenty-two claimants were eligible for the pilot project during its first year of operation. As shown in Table 3, 144 eligible women opted to extend their benefit period, compared to 182 women who opted to receive partial benefits. In addition, 96 women chose both options during their EI benefit period.

Table 3	
Number of claimants eligible for the pilot project by selected option September 2002 to August 2003	
Type of claimant	Population
Number of eligible claimants	
– extended benefit period	144
– partial benefits	182
– both options	96
Total	422
Note: The eligibility of 50 or so claimants could not be determined.	

Table 4 shows that 43% of claimants eligible for the pilot project stopped working because of a layoff, 28% because of a pregnancy, and 14% because of a sickness or accident. A comparison of these claimants with female claimants from Quebec and the rest of Canada shows that more women from Quebec and the rest of Canada received EI benefits because of a layoff (52% / 49%) or other reasons (24% / 21%), and significantly fewer because of a pregnancy (13% / 18%). This can be explained by the fact that each of the eligible claimants will become pregnant or breast-feed a child during her EI benefit period.

According to the results of the preliminary analysis, 35% of all claimants who opted for partial benefits stopped working because of a pregnancy—nearly 15 percentage points higher than those who opted to extend their benefit period. However, 46% of women who opted to extend their benefit period were laid off, compared to 36.5% of women who opted to receive partial benefits.

Table 4						
Distribution of eligible claimants and all female claimants, by reason of termination of employment – September 2002 to August 2003						
	Pilot Project				Female claimants	
	Extended benefit period	Partial benefits	Both options	Total	Quebec	Rest of Canada
Layoff	45.8	36.5	50.0	42.8	51.9	49.0
Sickness or accident	N/A	17.7	N/A	14.3	11.3	12.3
Pregnancy	20.8	35.4	N/A	28.3	12.5	17.7
Other	N/A	N/A	N/A	14.7	24.3	21.0
<i>N</i>	144	182	96	422	271,879	61,301
Note: N/A sample size was under 30 observations, results are suppressed.						

A review of the socio-economic characteristics will allow for a better definition of the profiles of the claimants eligible for the pilot project. Four variables (age, economic region, type of occupation and type of industry) were used to compare these claimants against two comparison groups—female EI claimants in Quebec and their counterparts in the rest of Canada who stopped working because of a pregnancy. Both groups of women qualified for EI benefits on the basis of childbirth, as did or will the claimants eligible for the pilot project (impending childbirth or breast-feeding).

Generally speaking, the claimants eligible for the pilot project were two to three years younger than the claimants who stopped working because of a pregnancy, with an average age of 27 years. Over 30% of eligible claimants were younger than 25 years, compared to 17% and 14% in the comparison groups. The opposite is true in the 30-and-over age groups. Currently, we cannot provide a clear explanation of the difference in claimant distribution among the various age groups. However, age did not seem to be a determining factor in a claimant's choice between partial benefits and an extended benefit period.

Table 5 also shows claimant distribution across Quebec's various regions, namely, southern and western Quebec, northern and eastern Quebec, Montreal and Quebec City. Certain EI economic regions were grouped together to obtain more significant results (see Annex 1). Eligible claimants in Montreal were thus far less numerous (23%) than comparison group claimants from Quebec (51%). However, the two regions that do not include Quebec's two largest cities (Montreal and Quebec City) count more pilot project claimants than female EI claimants in Quebec who stopped working because of a pregnancy.

Quebec's economic regions appear to have had some impact on the choices eligible claimants made. Thus, a greater proportion of claimants who opted to extend their benefit period (27%), compared to those who opted to receive partial benefits (20%), live in Montreal. However, over 46% of women who opted for partial benefits live in southern and western Quebec, compared to 34% of women who extended their benefit period.

A review of the types of occupations held by pilot project claimants compared to those held by claimants who stopped working because of a pregnancy reveals two distinct distributions. Most women in the comparison groups hold business and management jobs (33% / 36%), followed by jobs in sales and services (21% / 23%), education and social sciences (16% / 15%), and the secondary industry (10% / 8%). By comparison, most women in the pilot project hold jobs in education and social science (33%), followed by sales and services (24%), secondary industry (21%), and business and management (9%). These differences are based in part on the presence in the various professions of conditions that constitute a danger to the health of the mother or child.

Distribution based on type of occupation also varied according to the selected option. Close to 46% of women who opted to extend their benefit period hold jobs in social science, education or government services—16 percentage points more than those who opted to receive partial benefits. On the other hand, women who opted for partial benefits occupy jobs mainly in sales and services (30%), and the secondary industry (28%). Salary levels in the various sectors may explain this difference. Given that salaries in sales and services and the secondary industry are generally lower than those in social science, education and government services, women in the first group likely preferred

re-entering the labour market sooner and receiving higher short-term amounts (CSST indemnities and EI benefits), whereas women in the second group preferred to extend the period of time spent outside the labour market. Distribution by type of industry yields similar results.

In summary, the women eligible for the pilot project are generally two to three years younger, live mainly outside Montreal and Quebec City, and are more likely to hold jobs in education or manufacturing than the women who stopped working because of a pregnancy. The eligible women who opted to extend their benefit period were more likely than those receiving partial benefits to have been laid off and to hold jobs in education, social science and government services.

Table 5						
Distribution of claimants eligible for the pilot project and female claimants who stopped working because of a pregnancy, by certain socio-economic characteristics						
September 2002 to August 2003						
	Pilot Project				Claimants – pregnancy	
	Extended benefit period	Partial benefits	Both options	Total	Quebec	Rest of Canada
Age group						
15 - 24 years	27.8	33.5	N/A	30.8	16.6	13.7
25 - 29 years	48.6	36.8	50.0	43.8	38.4	31.6
30 - 34 years	N/A	22.5	N/A	18.5	31.0	36.1
35 years and over	N/A	N/A	N/A	N/A	14.0	18.6
<i>Average age</i>	27	27	27	27	29	30
Economic region						
Northern/eastern Quebec	26.4	24.2	N/A	26.3	11.2	N/A
Quebec	N/A	N/A	N/A	11.4	10.3	N/A
Southern/western Quebec	34.0	46.2	34.4	39.3	27.4	N/A
Montreal	27.1	20.3	N/A	23.0	51.1	N/A
Type of occupation						
Bus., fin., admin. & mgt.	N/A	N/A	N/A	9.2	32.8	36.3
Health	N/A	N/A	N/A	9.5	12.6	10.8
Soc. sc., educ., gov. serv.	45.8	20.3	36.5	32.7	16.4	14.7
Sales and services	N/A	29.7	N/A	23.7	20.7	23.4
Primary industry	N/A	N/A	N/A	N/A	0.4	0.6
Secondary industry	N/A	27.5	N/A	21.3	9.7	8.4
Other	N/A	N/A	N/A	N/A	7.4	5.8
Type of industry						
Agr., fish., forest., mining	N/A	N/A	N/A	N/A	1.1	1.5
Manufacturing	N/A	24.3	N/A	19.8	13.1	10.1
Constr. and transportation	N/A	N/A	N/A	N/A	2.4	3.3
Trade, acc. & food serv.	N/A	23.7	N/A	21.0	22.7	21.2
Education services	37.7	N/A	N/A	24.7	9.5	10.3
Publ. adm. & other serv.	25.4	35.3	N/A	30.4	51.0	53.6
<i>N</i>	144	182	96	422	34,108	10,785

Note: N/A sample size was under 30 observations, results are suppressed.

Table 6 presents the characteristics of the benefits received by the various claimant groups. The benefits were examined according to number of insurable hours, number of benefit weeks, benefit amount and occurrence of the Family Supplement.

Pilot project claimants accumulated fewer insurable hours (1,350) than those who received EI benefits because of a pregnancy (1,492 / 1,521). Only one third of pilot project claimants accumulated over 1,600 hours, compared to 55% and 60% in the first and second comparison groups respectively. While the claimants who opted for partial benefits generally accumulated more hours (46 hours more) than those who extended their benefit period, it is difficult to determine whether this difference is significant. This could be resolved through an in-depth statistical analysis.

A review of the number of EI weeks shows that both pilot project claimants and comparison group claimants collected approximately 21 weeks of EI. Similarly, the choices made by pilot project claimants did not seem to affect their number of EI weeks. However, it should be understood that the analysis period is slightly shorter than a year. Therefore, claimants who opted to extend their benefit period probably have not yet had it extended.

Pilot project claimants generally received less money (31\$ / 43\$) per week than claimants who stopped working because of a pregnancy. This is corroborated by the fact that 12% of pilot project claimants received a maximum of \$413, compared to 28% and 37% in the comparison groups. As previously indicated, this difference is due in part to type of occupation and related salary. It should be noted that the difference is just as significant between the claimants in Quebec and the claimants in the rest of Canada. In addition, women who opted to receive partial benefits had maximum benefits that were \$35 lower than those of women who opted to extend their benefit period.

The Family Supplement was received by 18.2% of women eligible for the pilot project compared to 12% / 11% for the women who stopped working because of a pregnancy, resulting in a gap of 6 to 7 percentage points. This gap can be explained by the different way the CSST and EI define “income”. Remember that CSST indemnities (90% of net income) must be lower than 125%¹²³ of EI benefits (55% of average insurable earnings) for women to be eligible for the pilot project. Claimants who are eligible for the Family Supplement are entitled to up to 80% of their insurable earnings. This increases the likelihood that CSST indemnities will be lower than 125% of EI benefits and also increases the chances of eligibility for the pilot project.

Lastly, the percentage of claimants entitled to the Family Supplement who opted to extend their benefit period is slightly lower than that of claimants who opted to receive partial benefits. However, claimants in the first group were entitled to the Family Supplement for 6 weeks longer than claimants in the second group.

Women eligible for the pilot project therefore accumulated fewer insurable hours, received lower benefits and had proportionally higher numbers receiving the Family Supplement than the women who stopped working because of a pregnancy. The eligible

¹²³ Or \$50 plus 100% of EI benefits.

women who opted to extend their benefit period also received higher maximum benefits than the eligible women who opted to receive partial benefits.

Table 6
Distribution of claimants eligible for the pilot project and female claimants who stopped working because of a pregnancy, by certain EI benefit characteristics – September 2002 to August 2003

	Pilot Project				Claimants – pregnancy	
	Extended benefit period	Partial benefits	Both options	Total	Quebec	Rest of Canada
Insurable hours						
Fewer than 1,000 hours	22.9	20.3	N/A	22.0	16.3	15.2
1,001 to 1,300 hours	27.1	22.5	N/A	23.0	11.9	11.3
1,301 to 1,600 hours	N/A	20.9	N/A	21.8	16.5	13.6
More than 1,600 hours	29.9	36.3	32.3	33.2	55.2	60.0
<i>Average number of hours</i>	<i>1,322</i>	<i>1,368</i>	<i>1,361</i>	<i>1,350</i>	<i>1,492</i>	<i>1,521</i>
Benefit weeks						
Fewer than 10 weeks	N/A	30.2	N/A	21.8	25.6	25.1
10 to 20 weeks	38.2	22.5	N/A	29.4	25.6	23.1
21 to 30 weeks	27.8	25.8	N/A	26.3	21.5	21.9
31 to 40 weeks	N/A	N/A	N/A	14.0	18.1	19.5
More than 40 weeks	N/A	N/A	N/A	8.5	9.3	10.4
<i>Average number of weeks</i>	<i>21.1</i>	<i>19.8</i>	<i>24.0</i>	<i>21.2</i>	<i>20.7</i>	<i>21.4</i>
Benefit amount						
Less than \$100	N/A	N/A	N/A	N/A	2.6	4.4
\$101 to \$200	N/A	34.6	N/A	24.9	21.0	17.1
\$201 to \$300	31.9	28.6	47.9	34.1	24.9	20.6
\$301 to \$412	24.3	23.1	N/A	24.9	24.0	21.1
\$413	N/A	N/A	N/A	12.1	27.5	36.8
<i>Average benefits (\$)</i>	<i>280</i>	<i>245</i>	<i>282</i>	<i>265</i>	<i>296</i>	<i>308</i>
Family Supplement (FS)						
With FS	N/A	18.7	N/A	18.2	11.9	10.9
Without FS	84.0	81.3	79.2	81.8	88.1	89.1
<i>Average number of weeks with FS</i>	<i>25.9</i>	<i>19.5</i>	<i>21.4</i>	<i>21.9</i>	<i>23.3</i>	<i>24.0</i>
<i>N</i>	<i>144</i>	<i>182</i>	<i>96</i>	<i>422</i>	<i>34,108</i>	<i>10,785</i>

Note: N/A sample size was under 30 observations, results are suppressed.

Table 7 presents certain characteristics of the CSST indemnities for preventative withdrawal that pilot project claimants received. Eligible claimants received an average of \$225 in weekly benefits. This average varied considerably according to claimants' choices—\$278 for women who opted to extend their benefit period, and \$155 for those who opted to receive partial benefits. It is worth noting that the average weekly income of claimants from both groups was \$278 during the weeks they were eligible for the project—\$278 in CSST indemnities for the first group, and \$155 in CSST indemnities plus \$123 in EI benefits for the second group. However, if claimants in the second group

had opted to extend their benefit period rather than receive partial EI benefits, their average EI benefits would have amounted to \$222 during this period.¹²⁴

Table 7 also shows that the claimants eligible for the pilot project received indemnities during an average of twelve weeks. However, the number of weeks varies considerably from one option to the other. The claimants who opted for partial benefits received indemnities for an average of 6 weeks, compared to 13 weeks for those who opted to extend their benefit period.

Table 7				
Distribution of claimants eligible for the pilot project, by certain characteristics of CSST indemnities for preventative withdrawal – September 2002 to August 2003				
	Pilot Project			
	Extended benefit period	Partial benefits	Both options	Total
Indemnity amount				
Less than \$100	N/A	41.8	N/A	22.5
\$101 to \$200	N/A	29.1	N/A	21.1
\$201 to \$300	29.2	17.0	42.7	27.0
\$301 to \$400	24.3	N/A	N/A	17.1
More than \$400	N/A	N/A	N/A	12.3
<i>Average benefits (\$)</i>	<i>278</i>	<i>155</i>	<i>280</i>	<i>225</i>
<i>EI benefit amount during weeks of allocation</i>	<i>0</i>	<i>123</i>	<i>42</i>	<i>62</i>
Number of weeks				
Fewer than 10 weeks	47.9	79.7	N/A	55.7
11 to 20 weeks	N/A	N/A	35.4	19.0
21 to 30 weeks	22.9	N/A	N/A	15.9
More than 30 weeks	N/A	N/A	N/A	9.5
<i>Average number of weeks</i>	<i>13.1</i>	<i>6.4</i>	<i>20.2</i>	<i>11.8</i>

Note: N/A sample size was under 30 observations, results are suppressed.

14.5 Conclusions

While this document presents a preliminary analysis of the results, the minimum number of claimants eligible for the pilot project during its first year of operation was established at 422, with 182 women opting for an extended benefit period, 144 for partial benefits, and 96 choosing both options during their employment insurance period.

In comparison with claimants who stopped working because of a pregnancy, claimants eligible for the pilot project were generally two to three years younger, lived mainly outside Montreal and Quebec City, were more likely to hold jobs in education or manufacturing, accumulated fewer insurable hours, received lower benefits and had proportionally higher numbers receiving the Family Supplement.

¹²⁴ For calculation details, see footnote 122.

A closer examination of eligible claimants shows that the women who opted to extend their benefit period rather than receive partial benefits are characterized by a higher percentage of laid-off claimants, higher maximum benefits and a larger proportion of women with jobs in education, social science and government services.

Finally, claimants who opted to extend their benefit period received an average of \$123 more in CSST indemnities, and for 7 weeks longer, than claimants who received partial benefits.

Appendix – EI Economic Regions

Northern and eastern Quebec:

- Gaspésie—Îles-de-la-Madeleine
- Lower Saint Lawrence & North Shore
- Chicoutimi-Jonquière
- North Western Quebec

Southern and western Quebec:

- Trois-Rivières
- Sherbrooke
- South Central Quebec
- Central Quebec
- Montérégie
- Hull

Quebec:

- Quebec

Montreal:

- Montreal