

Annex 5 Key Studies Referenced in Chapter 5

1. Employment Insurance Coverage Survey

Author: *Statistics Canada*

Objective: The Employment Insurance Coverage Survey (EICS) provides information on unemployed individuals, whether or not they are eligible for or apply for Employment Insurance (EI) benefits.

Methodology: The EICS is an annual supplement to Statistics Canada's Labour Force Survey. It identifies those individuals who have been paying EI premiums and those who have worked enough insurable hours to be eligible to receive benefits from the EI Program.

Key Findings:

- In 2005, 83.4% of unemployed individuals who had been paying premiums and had a recent job separation that qualified under the EI Program were eligible to receive EI benefits; 60.0% were receiving benefits during the survey reference week. Table 1 provides more detailed findings.

Reliability: At a confidence level of 95% (19 times out of 20), the 83.4% coverage figure is accurate within plus or minus 2.3 percentage points. Only estimates deemed to be reliable according to Statistics Canada's guideline of a coefficient of variation below 16.5% are used and reported.

Availability: Findings for the 2005 EICS are available at Statistics Canada's web site at <http://www.statcan.ca/Daily/English/061101/d061101b.htm>.

2. New Entrants/Re-Entrants and Immigrants

Author: *Audit and Evaluation, Human Resources and Social Development Canada (HRSDC)*

Objective: This study looks at the impact of the new entrant/re-entrant (NERE) provision on immigrants. It tests the hypothesis that recent immigrants are more likely to be subject to the NERE requirements, given that they are new to Canada. Thus, they may be less likely to be eligible for Unemployment

Insurance (UI) or EI benefits. In addition, this paper compares the benefit receipt rates of immigrants and Canadian-born workers.

Methodology: The analysis uses census data for the 1981 to 2001 period. Individuals who were under 15 or over 64 at the time of the census have been excluded from the sample, since these age groups have low labour force participation. The sample is also restricted to those who received employment earnings in the year prior to the census year. Descriptive statistical techniques are used to compare receipt of UI/EI benefits by immigrant workers and by Canadian-born workers, and the receipt of UI/EI benefits by recent immigrants and by immigrants who have been in Canada longer.

Key Findings:

- The benefit receipt rates for recent immigrants appear to support the hypothesis that those most likely to be NEREs—very recent immigrants (those who immigrated within the previous two years)—have lower benefit receipt rates than immigrants who have been in Canada longer. However, it is unclear whether this is due to the NERE rules or to the weaker labour force attachment of more recent immigrants.
- The longer that immigrants live in Canada, the more likely it is that their labour force performance and earnings will improve, thus reducing their dependence on transfer payments such as UI/EI. For instance, there is a noticeable drop-off in benefit receipt rates for immigrants who have been in Canada for 11 years or more. Also, benefit receipt rates appear to be lowest among immigrants who have arrived in Canada at a young age and have, therefore, been in Canada for a prolonged period.
- When the sample of workers is restricted to those residing in one of the seven census metropolitan areas (CMAs), immigrants have a higher benefit receipt rate than Canadian-born workers in each of the CMAs. However, the opposite is true outside these CMAs.

Reliability: An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

Table 1

Eligibility for EI Benefits, 2005 Employment Insurance Coverage Survey (EICS)		
	Eligibility Rate for Unemployed with Recent Job Separation that Qualifies Under EI ¹ %	Receipt Rate for Unemployed with Recent Job Separation that Qualifies Under EI ¹ %
Overall	83.4	60.0
Sex		
Women	82.0	56.7
Men	84.4	62.5
Age and Sex		
Unemployed youth (15 to 24 years old)	49.8	37.5
Unemployed adult women (25 to 69 years old)	87.2	60.8
Unemployed adult men (25 to 69 years old)	90.2	66.0
Region		
Atlantic	91.6	80.3
Quebec	86.7	60.3
Ontario	78.8	49.9
Prairies	82.7	59.9
British Columbia	76.4	65.8
Full-Time/Part-Time Employment Status Over the Last 12 Months		
Unemployed who worked part time only in the last 12 months	43.1	24.8
Unemployed who worked full time only in the last 12 months	90.4	67.1
Unemployed who worked part time and full time in the last 12 months	77.3	59.4
Work Pattern of Last Employment		
Permanent		
Full time	89.8	63.9
Part time	73.6	48.7
Non-permanent		
Seasonal	88.6	67.8
Other non-standard ²	67.7	50.8
Immigrant Status		
Canadian-born	84.8	65.6
Immigrants	77.3	40.9
<p>1. The unemployed with a recent job separation that qualifies under EI are individuals who have lost a job or quit a job with just cause, under current EI rules, in the previous 12 months. This figure includes all those who have done some work in the last 12 months, were not self-employed, did not leave their job to go to school and did not quit their job for a reason considered invalid according to current EI rules.</p> <p>2. "Other non-standard" refers to non-permanent paid jobs that were temporary, term, contractual, casual or non-permanent in some other way (but not seasonal). These unemployed people were not self-employed.</p>		

3. Potential EI Eligibility of Paid Workers in December 2004

Authors: *Constantine Kapsalis and Pierre Tourigny, Data Probe Economic Consulting Inc.*

Objective: The study aims to provide an estimate, using the Survey of Labour and Income Dynamics (SLID), of the proportion of employees who would have sufficient insurable hours to be eligible for EI benefits if they were to lose their job or quit with just cause. The report also provides the data used in Chapter 5 on potential access to special benefits among the employed population.

Methodology: The SLID is a longitudinal Statistics Canada survey that follows individuals over six consecutive years. Every three years, a new panel of individuals is added to the survey. The SLID provides information on people and their jobs, including weekly labour force activity; characteristics of each job held in a year; and personal, family and household characteristics. Coverage measures from the SLID are determined using a simulated scenario on the paid employed population.

Key Findings:

- Simulations indicate that 88.8% of individuals who were working as paid employees in December 2004 would have been eligible for EI regular benefits if they had lost their job at the end of that month. The proportion of individuals with sufficient hours to claim EI benefits was consistent across the country, with rates ranging from 87.0% in British Columbia to 89.6% in Quebec. Table 2 provides more detailed findings.

Reliability: At a confidence level of 95% (19 times out of 20), the 88.8% potential eligibility figure is accurate within plus or minus 0.4 percentage points. Only estimates that are deemed to be reliable according to Statistics Canada's guideline of a coefficient of variation below 16.5% are used and reported.

Availability: SLID data are available from Statistics Canada. See <http://www.statcan.ca/Daily/English/060120/b060120a.htm>.

4. Record of Employment-Based Measures of Eligibility

Author: *Audit and Evaluation, HRSDC*

Objective: This study aims to provide evidence to answer three questions: What percentage of unemployed people

are eligible for EI? What percentage of contributors to EI receive EI upon unemployment? Did EI reform have a disproportionate impact on any particular group?

Methodology: The analysis is based on the Record of Employment (ROE) database for 1991 to 2005. ROE data are used to examine the percentage of ROEs with enough hours of employment to meet the entrance requirements, and the percentage of ROEs that led to an EI claim. Each measure was calculated using ROEs for all job separations. In addition, each measure was calculated separately using ROEs for workers who lost their job due to layoff.

Key Findings:

- The percentage of ROEs that met the Variable Entrance Requirement (VER) with combined hours from ROEs in the last 52 weeks ranged from 84.6% in 1991 to 74.2% in 2005. For Canada, the overall percentage of ROEs that met requirements decreased along with the unemployment rate over the years. EI reform and other legislative changes that occurred between 1991 and 2005 did not have a noticeable impact on the overall percentage of ROEs that met the VER.
- The overall percentage of ROEs that led to an EI claim also decreased over time, with the percentage of ROEs leading directly to a claim ranging from 32.0% in 1991 to 21.8% in 2005. In general, the percentage of ROEs leading to a claim fell along with the unemployment rate. In this case, the analysis found that legislative changes in 1993 (Bill C-113) and 1994 (Bill C-17) had an effect on the percentage of ROEs leading to a claim in the year after each change.
- The results indicate that, before EI reform, the percentage of ROEs that met requirements was lower in regions with higher unemployment rates when the requirements were held constant. In this case, the VER appears to have increased the percentage of ROEs meeting requirements in regions with a high unemployment rate so that it was similar to the percentage in regions with a low unemployment rate.
- Following EI reform, the percentage of ROEs that met requirements was stable across regions with varying unemployment rates when the requirements were held constant. In this case, the VER increased the percentage of ROEs meeting requirements in regions with a high unemployment rate above the percentage in regions with a low unemployment rate.

Table 2

Eligibility for EI Benefits, 2005 Employment Insurance Coverage Survey (EICS)	
	December 2004 %
All Employees	88.8
Sex	
Women	85.1
Men	92.2
Age and Sex	
Employed youth (16 to 24 years old)	70.4
Employed adult women (25 years old and over)	88.4
Employed adult men (25 years old and over)	95.5
Region	
Atlantic	88.4
Quebec	89.6
Ontario	88.9
Prairies	88.9
British Columbia	87.0
Full-Time/Part-Time Employment Status Over the Last 12 Months	
Employed who worked part time only in the last 12 months	54.3
Employed who worked full time only in the last 12 months	95.7
Employed who worked part time and full time in the last 12 months	87.4
Sex and Full-Time/Part-Time Employment Status Over the Last 12 Months	
Employed who worked full time only in the last 12 months	
Women	95.0
Men	96.2
Employed who worked part time only in the last 12 months	
Women	56.1
Men	49.3
Employed who worked part time and full time in the last 12 months	
Women	84.6
Men	90.3
1. Simulated scenario: Individuals with paid employment in December 2004 are laid off at the end of the month. The longitudinal segment of the SLID is used to calculate insurable hours of employment under EI. Rules in effect in December are used to calculate eligibility for regular benefits under EI.	

Reliability: This is an update of an earlier study undertaken for the summative evaluation of EI. An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

5. Younger Workers and New Entrants/ Re-Entrants

Author: *Audit and Evaluation, HRSDC*

Objective: This report examines trends in the youth NERE population, such as their basic socio-economic characteristics (including age, sex and education); their work and unemployment experiences; their job search and training behaviour; and their receipt of and eligibility for EI benefits.

Methodology: The analysis is based on EI administrative data (ROE and Status Vector files) linked to Canada Out-of-Employment Panel (COEP) survey data. Univariate statistical analysis and regression (probit model) estimation techniques were applied to determine youth claimant characteristics and the possibilities of youths qualifying for and receiving EI benefits.

Key Findings:

- The trend analysis shows that the share of youth NEREs among all NEREs increased in 1997, with youth NEREs making up slightly more than half of all NEREs.
- The majority of NEREs do not accumulate the necessary hours during the qualifying period.
- In terms of job search behaviour, NEREs and non-NEREs are quite similar, but the differences among the different types of NEREs are more dramatic. Non-youth NEREs spend roughly 40% more time conducting job searches each week than youth NEREs (14.9 hours vs. 10.7 hours).
- There are marked differences in the types and extent of training undertaken by NEREs and non-NEREs. NEREs are about 12 percentage points more likely to take training than non-NEREs (34.0% vs. 22.2%), with youth NEREs being the most likely (42.6%).
- Statistical estimation analysis reveals that EI reform had a pronounced effect on benefit receipt for all types of NEREs, particularly for youth NEREs. In general though, youth NEREs and non-youth NEREs are equally less likely to collect EI benefits than non-NEREs.

Reliability: An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

6. A Note on the Characteristics of Unemployed Older Workers Using COEP

Author: *Audit and Evaluation, HRSDC*

Objective: This report provides a descriptive analysis of older EI claimants, identifying the labour market differences between older workers aged 55 to 59 and those aged 60 to 70. It also compares older workers to prime-age workers aged 25 to 54. Four aspects are studied: employment experiences, unemployment and claim experiences, unemployment duration and post-claim experiences.

Methodology: This report uses EI administrative data files (ROE and Status Vector files), based on a sample of individuals having at least one regular claim between January 1, 1994, and December 31, 2004. Records for the sampled individuals were linked to COEP survey data to study claimant characteristics not available from administrative data.

Key Findings:

- Older workers between 55 and 59 go through different labour market experiences than those between 60 and 70. The sex breakdown for the 55 to 59 group is similar to that of prime-age workers but quite different from that of older workers between 60 and 70. Moreover, claimants between 55 and 59 are less likely to leave the job market for retirement than their older counterparts are.
- In general, older workers are more likely than prime-age workers to exhaust their EI entitlement. In particular, compared to prime-age claimants, those between 55 and 59 are 3.4 percentage points more likely to exhaust their claims, and those between 60 and 70 are 12.6 percentage points more likely to exhaust their claims. The unemployment spells of older workers are two weeks longer than those of prime-age workers, which explains the higher exhaustion rate.
- Compared to prime-age workers, older workers are three times less likely to engage in training while unemployed and those over 60 are three times more likely to visit union hiring halls when looking for employment.
- The main conclusion of this report is that older workers are not a homogeneous group. Although the labour

market differences between older and prime-age workers are significant, the differences between the 55 to 59 and the 60 to 70 age groups are also important.

Reliability: This paper updates a 2004 study and has been peer reviewed by an external academic.

Availability: This report will be released once the analysis becomes final.

7. Eligibility for EI Maternity and Parental Benefits After a First Child

Author: *Audit and Evaluation, HRSDC*

Objective: This report aims to provide evidence on the rate of eligibility for EI maternity and parental benefits after the arrival of a first child, and on the impacts of Bill C-32 (2000).

Methodology: This report is based on EI administrative data (ROE and Status Vector files) covering the period from June 1992 to December 2005. It looks at women who received an ROE indicating a job separation for pregnancy or parental reasons, and who had sufficient insurable work hours to be eligible for EI special benefits. This sample was further divided into two categories of EI claimants: mothers who satisfied the work hours eligibility conditions for their next child and those who did not have enough hours to qualify for at least one of their next children. The rate of eligibility for these mothers was calculated by combining hours from their ROEs in the previous 52 weeks to determine the percentage of ROEs meeting the work hours entrance requirement. Descriptive statistics and regression methods were used to examine the take-up and eligibility of mothers for EI benefits.

Key Findings:

- When comparing mothers who were eligible for maternity benefits for their next child in this time period to those who were not eligible, the study shows the following:
 - 28.8% of ineligible mothers and 18.1% of eligible mothers were between 15 and 24 years old;
 - eligible mothers collected an average of \$306 in maternity benefits per week for their first child, whereas ineligible mothers received an average of \$244;
 - ineligible mothers waited an average of 137 weeks before having another child, compared to 158 weeks for eligible mothers, for a difference of 21 weeks; and

– close to 40% of ineligible mothers had three or more children, compared to 18% of eligible mothers.

- Enhanced benefits did not reduce the eligibility rate for mothers having a second child. In fact, the eligibility rate increased due to the reduction in the entrance requirement (from 700 hours to 600 hours). However, without the reduction of the entrance requirement, the eligibility rate would have decreased from 94.5% in 2000 to 92.0% in 2002 and thereafter.

Reliability: An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

8. Employment Insurance in Canada and International Comparisons

Authors: *Marc Van Audenrode, Andrée-Anne Fournier, Nathalie Havet and Jimmy Royer, Analysis Group*

Objective: This literature review compares the Canadian EI system to UI systems in other developed countries, primarily European countries and the United States.

Methodology: The study compares major aspects of the Canadian EI system and international UI systems, such as budgeting and financing, eligibility criteria, waiting periods and benefit duration, and level of benefits. The paper also discusses unemployment assistance, a form of extended EI used in other countries. Finally, the study briefly examines methods of encouraging work attachment, such as sanctions and active measures.

Key Findings:

- Budgeting and financing: In most countries, UI is mandatory for workers and is managed by the government. Sometimes, the government shares management with unions or employers. In most countries, UI systems are funded primarily through a payroll tax. However, the share paid by employers, by employees and through government subsidies varies significantly among countries. Sometimes, UI contributions are lumped in with contributions for other social programs. As a percentage of gross domestic product, Canada spends more on EI than the U.S., but less than many European countries.
- Eligibility and entitlement: It is relatively easy to qualify for benefits in Canada, but the benefits last a relatively shorter period of time, in comparison to many other countries. A worker can qualify with as little as 420 hours

of work (12 weeks) in Canada, whereas most other countries require at least six months to one year of qualifying work. A Canadian worker can receive as little as 14 weeks of benefits (the maximum is 45 weeks), while in most other countries, the minimum is six months and the maximum can be as long as four years.

- **Waiting periods:** In most other countries, there is a waiting period of one week after job loss before a worker can receive benefits. Some countries have no waiting period.
- **Benefit levels:** Canada's 55% replacement rate is lower than that in many European countries, but comparable to that in most U.S. states. Some countries have much higher maximum insurable earnings.

Reliability: An independent expert has peer reviewed this study. It is based on data available in international publications.

Availability: This paper is a technical report related to the summative evaluation of EI. Once approved, it will be released on HRSDC's web site.

9. Family Supplement

Author: *Audit and Evaluation, HRSDC*

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

Methodology: The Status Vector file provides information describing the characteristics of individual claimants that is used to measure the incentive to work. To test the possible impact of the FS threshold's indexation and the consequences for accessibility, two surveys were used: the SLID and the COEP survey. The databases were used to create two models to replicate the FS calculation.

Key Findings:

- Overall, there appears to be no evidence that the FS has created a significant disincentive to return to work, as shown by the fact that there was only a marginal

increase of 1.6 weeks between 1994 and 2002 in the average total number of weeks that affected individuals claimed UI or EI benefits.

- The share of EI claims involving the FS has decreased each year relative to all EI claims since 1999/00. This situation can be explained by rising annual family net income, combined with an FS threshold that has remained at \$25,921. Indexing the FS threshold would maintain access to the FS for the target population of low income families who receive EI and have children.

Reliability: The effect of the FS on the incentive to work has been reported in previous editions of the *Monitoring and Assessment Report*. This report reflects similar results of earlier studies. However, this is the first time that the non-indexation of the FS threshold has been monitored. Two SLID and COEP surveys provide corroboration from multiple sources.

Availability: The results of this study have provided input to the summative evaluation of EI Part I. A summary document is available on the HRSDC web site: <http://www.hrsdc.gc.ca/en/cs/sp/hrsd/evaluation/reports/sp-ah-685-06-06/page00.shtml>.

10. Distribution of Unemployment Duration for Regular EI Claimants

Author: *Audit and Evaluation, HRSDC*

Objective: This paper examines two possible impacts of changes in the UI/EI rules on the duration of unemployment spells: whether the length of unemployment of regular EI claimants varied with the duration of benefit entitlement and the regional unemployment rate; and whether the 1990s EI changes led to longer or shorter unemployment spells.

Methodology: This study is based on EI administrative data (ROE and Status Vector files). A 10% sample of EI claims was restricted to those claimants who initiated at least one regular claim between January 1990 and April 2005 with at least \$1 of regular benefits paid. For these claimants, all ROEs from January 1990 to April 2005 were extracted (whether or not a claim was initiated) to measure unemployment duration after each job separation. The duration of unemployment was measured in weeks, with the unemployment period defined as the period in which a claimant is not working for pay. The study compares the average unemployment duration following four sets of UI/EI changes that took place in the 1990s.

Key Findings:

- The UI/EI changes in the 1990s led to shorter entitlement weeks and lower benefit rates. During the same period, unemployment duration and unemployment rates decreased steadily.
- Unemployment rates, regional unemployment rates, weekly benefit amounts and claim duration are all positively correlated with the number of weeks a claimant was unemployed.
- Claimants living in the territories experience the longest unemployment duration, and those in Quebec and Ontario usually have shorter unemployment spells than claimants in the eastern and western provinces.
- Unemployment spells are shortest in the education sector.
- Claimants who receive training, especially those trained after Bill C-12, are unemployed longer than those who do not. Claimants who are re-employed by their last employer have longer unemployment spells. The same is true for claimants who exhaust their EI benefits.

Reliability: An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

11. The Repeat Use of EI Benefits by Youths

Author: *Audit and Evaluation, HRSDC*

Objective: This study tries to determine the reasons why some youths go on to become repeat users of EI benefits while others do not. It examines the impact of various factors on the repeat use of EI benefits.

Methodology: This study uses a random selection of administrative data for 100,000 EI claims from youths aged 15 to 24 (Status Vector file). Using descriptive statistics and regression methods, the study examines recent trends in the repeat use of EI benefits by youths, the degree to which different groups of youths are becoming repeat users over time, and the reasons why some youths go on to become repeat users while others do not.

Key Findings:

- Since 1996, the percentage of first-time youth claimants who go on to become repeat users has risen.

The report shows that the younger individuals are when they make their first claim, the more likely they are to go on to become future repeat users of EI benefits.

- Repeat use is highest in the primary industries, where many youth workers are employed on a seasonal basis. Many of these seasonal workers collect EI benefits while unemployed. Youth construction workers and those in education are also far more likely to become repeat users, as they too are employed on a seasonal basis.
- Youths whose first claim has a lower benefit rate are less likely to become future repeat users of the EI system.
- Also, youths who are entitled to fewer than 30 weeks of benefits during their first claim do not go on to become repeat users to the same extent as those who are entitled to between 30 and 39 weeks of benefits. However, youths entitled to 40 benefit weeks or more during their first claim are less likely to become repeat users than those entitled to between 30 and 39 weeks. The same pattern appears to hold for the actual number of benefit weeks received. Youths who exhaust their first claim are less likely to become future repeat users.

Reliability: An external academic peer reviewed this study.

Availability: This report will be released once the analysis becomes final.

12. What Works and for Whom: A Review of OECD Countries' Experiences with Active Labour Market Policies

Authors: *John P. Martin and David Grubb, OECD*

Objective: This paper reviews the experience of OECD countries with active labour market policies by examining evaluation results. It seeks to identify some key features in the design of the programs themselves or in the characteristics of the target group that were relevant to the success or failure of the program in question.

Methodology: All studies used either an experimental or quasi-experimental design and examined net impacts of program participation. However, since the reliability and generality of the results from the variety of studies are not always clear, conclusions must be drawn with caution.

Key Findings:

- Outcomes of public training programs, job search assistance and subsidies to private sector employment,

including self-employment and employment subsidies, are generally positive or mixed.¹ These initiatives do work for some target groups, even if the impacts are not large.

- **Public training programs:** The results of participating in public training programs are positive for adult women but mixed for adult men. No program seems effective for youth. To enhance effectiveness, countries should tightly target participants, keep programs relatively small, ensure courses lead to a qualification that is recognized and valued by the market, and include a strong on-the-job component in the program.
- **Job search assistance:** Program evaluations show positive outcomes in the U. S., the U. K., Canada and Sweden, but no significant impact in the Netherlands. However, the best combination of job placement and work search enforcement is not determined, although it is likely that both are necessary to produce benefits.
- **Subsidies to private sector employment:** Findings from several countries show that private sector employment subsidies work better than public training programs or direct job creation schemes. Aid to the unemployed to start their own business (self-employment assistance) appears to be successful in some cases.

Reliability: Reviews by Friedlander et al. (1997), Stanley et al. (1998) and Heckman et al. (1999) support Martin and Grubb's findings about public training programs.

Availability: John P. Martin and David Grubb, "What Works and for Whom: A Review of OECD Countries' Experiences with Active Labour Market Policies," *Swedish Economic Policy Review* 8, 2 (2001): 9–56, http://www.ekonomiskaradet.se/Panda_ekonomiska/Data/Documents/sepr2001/Martin.pdf.

13. Usage of the Work Sharing Program: 1989/90 to 2005/06

Author: *Audit and Evaluation, HRSDC*

Objective: This monitoring report examines the usage of the Work Sharing program from 1989/90 to 2005/06. The report examines the extent to which the Work Sharing program was used; expenditures on Work Sharing benefits; and the characteristics and experiences of Work Sharing participants.

Methodology: The report is based on EI administrative data (Status Vector file). Descriptive statistical techniques were applied to examine aggregate information on claims—such as the average length of claim and the average amount of benefits received—as well as some of the characteristics of the claimants, such as sex, age, region and industry.

Key Findings:

- Overall, the rationale for the program continues to be relevant, and the program does achieve its primary goal of averting layoffs.
- Program usage and expenditures are 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.
- Participants from the manufacturing industry are the main users of the program in all years, representing about two thirds of the total.
- The average Work Sharing claim for benefits lasts about 17.5 weeks, with an average work reduction of about 28.4%, or 1.5 work days per week for a full-time employee. The average weekly benefit is roughly \$58 when measured in 1997 dollars.
- The estimated number of layoffs averted in 2005/06 was 3,094. 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.

Reliability: This is an update of an earlier evaluation of the Work Sharing program and the results have not changed. This study was not peer reviewed.

Availability: This report will be released once the analysis becomes final.

14. Earnings Instability

Authors: *René Morissette and Yuri Ostrovsky, Statistics Canada*

Objective: This study compares the earnings instability of lone parents and unattached individuals with that of

1. Though not of direct interest in the context of EI Part II funding, it may be worth mentioning that youth employment programs, with the notable exception of Job Corps in the U.S., have not been successful. Job Corps yielded statistically significant earnings gains for disadvantaged youth.

two-parent families over the past two decades. The role of government transfers and family benefits in reducing earnings instability is also examined.

Methodology: Using a 10% version of Statistics Canada's Longitudinal Administrative Databank based on tax data between 1984 and 2004, the analysis describes annual variations in earnings around a six-year average adjusted for group-specific time trends.

Key Findings:

- Earnings instability varies considerably and is much higher among families in the bottom third of the employment income scale than among those in the top third.
- Government transfers provide a substantial offset for income losses and thus reduce income volatility. The progressive nature of income taxes further reduces volatility by restricting both income gains and income losses.
- Social assistance appears to be the single most important factor in reducing income instability among lone mothers in all age groups.
- Among unattached individuals with positive earnings in all six years of a considered period, EI is far more important than social assistance in reducing instability.

Reliability: All articles in *Perspectives on Labour and Income* go through institutional review to ensure that they conform to Statistics Canada's mandate as a governmental statistical agency and adhere to generally accepted standards of good professional practice.

Availability: René Morissette and Yuri Ostrovsky, "Earnings Instability," *Perspectives on Labour and Income* 7,10 (October 2006), <http://www.statcan.ca/bsolc/english/bsolc?catno=75-001-X&CHROPG=1#v7n10>.

15. Employment Insurance and Geographic Mobility: Evidence from the Survey of Labour and Income Dynamics

Authors: Rick Audas and James Ted McDonald, *Social Research and Demonstration Corporation (SRDC)*

Objective: This working paper presents a comprehensive analysis of the relationship between the EI Program and geographic mobility. The concept of geographic mobility is expanded to include not only interprovincial but also intra-provincial mobility.

Methodology: Using longitudinal data from the SLID for the period from 1993 to 1999, this paper estimates the determinants of geographic mobility and shows that the relationship between EI and migration is a complex one that critically depends on individuals' degree of attachment to the labour market.

Key Findings:

- While no strong evidence of a direct relationship between EI Program parameters and geographic mobility is found, there is some evidence of an indirect relationship for certain workers.
- For people who work between 20 and 49 weeks during the year before a potential move, the results suggest that actual EI receipt reduces geographic mobility, although there was no effect for people who work more than 49 weeks or fewer than 20 weeks.
- This paper finds that people who work less than 20 weeks during the previous year are more likely to move out of a region when the local unemployment rate is high, but this relationship seems to exist only in the period from 1997 to 1999.

Reliability: An external academic peer reviewed this study.

Availability: SRDC has published this study, which is available at <http://www.srdc.org>.