

*Summative Evaluation on
Pilot Project No. 5
(preventative withdrawal)*

Final Report

*Employment Insurance Evaluation
Audit and Evaluation
Human Resources and Skills Development Canada*

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Executive Summary

On September 26, 2002, the Department of Human Resources Development (HRDC) announced the introduction of Pilot Project No. 5 (preventative withdrawal) for a period of three years. The pilot project, for women who were simultaneously receiving Employment Insurance benefits and preventative withdrawal indemnities under the “Maternity without Danger” (MWD) program of the *Commission de la santé et de la sécurité du travail* [Quebec occupational health and safety commission] (CSST), was designed to enable them to defer Employment Insurance benefits.

These women were receiving so-called partial Employment Insurance benefits, because the maximum amount of Employment Insurance benefits was reduced on the basis of the indemnities received under the MWD program. By deferring their Employment Insurance benefits, these women had an opportunity to extend their benefit periods, and to receive the full amount of their Employment Insurance benefits during their maternity leave. The pilot project applied to Canada as a whole, although only Quebec pays preventative withdrawal indemnities to women workers.

The evaluation of the pilot project comprised five components, which respectively had the following five objectives: to collect information on the role and operation of the project; to produce a detailed statistical analysis; to conduct an Intranet survey of agents in Quebec’s Human Resource Centres of Canada (HRCCs); to conduct a telephone survey of persons eligible for the pilot project; and to do a case study.

Those responsible for the evaluation concluded that the pilot project had attained its objective for most claimants, enabling them to extend their benefit period and avoid reduction of Employment Insurance benefits due to simultaneous application of the Employment Insurance program and the MWD program. Indeed, a large majority of the women who participated in the case study thought the pilot project was a good solution for women who were able to spend more time with their child and wanted to do so.

However, the project would have been more successful if a larger number of claimants had obtained information about it. The major negative elements pointed out by respondents concerned lack of information and poor understanding of the project. If some claimants continued to be affected after the project was put in place, this should be attributed to lack of information and understanding of how the project worked. The case study indeed showed that some women who had chosen to receive partial benefits would have made a different choice had they understood the consequences of it.

Moreover, it seems that a larger proportion of low-income women elected to receive partial benefits rather than to extend their benefit period. The suggested reason for this is an urgent need for cash. These women were thus unable to enjoy fully the benefits offered by the pilot project. Before the pilot project came into effect, all claimants received partial benefits regardless of their income level.

Results

In the first year of the pilot project, 422 Quebec women were eligible for it. They represented 2% of women enrolled in the preventative withdrawal program of Quebec's CSST.

- Of all these 422 women, 144 extended their benefit period, while 182 received partial benefits, and 96 opted for both formulas. Consequently, 240 of the 422 women, or 57%, extended their Employment Insurance benefit period.
- Compared to women who received partial benefits, those who prolonged their benefit period were entitled to higher maximum benefits, had higher family income and had a job associated with teaching.
- Of the 240 women who decided to extend their benefit period, 145 partially or totally recovered their deferred weeks. The sharing of parental leave between spouses explains a large part of the non-recovery of the weeks deferred by the claimants, but does not explain it all.

The cost of the project had been estimated at \$1.3 million over a period of three years, or \$433,000 per year. The net estimated cost of the pilot project for the first year was approximately \$430,000, a cost similar to what had been estimated when the program was developed.

Management Response

In general, Human Resources and Skills Development Canada (HRSDC) is comfortable with the findings of the evaluation of the preventative withdrawal pilot project.

The pilot project's objective was to test if the Employment Insurance (EI) program could be improved by providing women in Quebec who are receiving provincial preventative withdrawal benefits and who have an EI claim with a choice as to when they would receive EI benefits. The test confirmed the usefulness of the choice given that as many as 57% of the women for whom the pilot was designed preferred an option that would have been unavailable to them under the *EI Act*.

EI is a complex program and the evaluation of the pilot project underlined the importance of providing clear information to claimants to help them make choices that best suit them. The evaluation of the pilot project also demonstrated that a well-trained staff is key to providing quality information to our claimants.

HRSDC will take into consideration the pilot project results and policy/legislative changes that have taken place in Québec in determining future related policy work.

1. Introduction

On September 26, 2002, the Department of Human Resources Development (HRDC) announced the coming into effect of Pilot Project No. 5 (preventative withdrawal) for a period of three years. The pilot project, for women who were simultaneously receiving Employment Insurance benefits and preventative withdrawal indemnities under the “Maternity without Danger” (MWD) program of the *Commission de la santé et de la sécurité du travail* [Quebec occupational health and safety commission] (CSST), was designed to enable them to defer Employment Insurance benefits.

These women were receiving so-called partial Employment Insurance benefits, because the maximum amount of Employment Insurance benefits was reduced on the basis of the indemnities received under the MWD program. By deferring their Employment Insurance benefits, these women had an opportunity to extend their benefit periods, and to receive the full amount of their Employment Insurance benefits during their maternity leave. The pilot project applied to Canada as a whole although only Quebec pays preventative withdrawal indemnities to women workers.

This report examines the pilot project in relation to eight evaluation questions, some of which concern the theory and structure of the project, while others relate to its results.¹ These questions are dealt with throughout the report.

The evaluation of the pilot project had five different components. Each of the components provided a complete or partial answer to the various questions. The aim of the first component was to gather information on the role and operation of the maternity, parental and sickness benefits of Employment Insurance, of the preventative withdrawal program and of the pilot project. The second component was designed to produce a detailed statistical analysis of administrative data. The third component involved conducting a survey of 1,117 agents in Quebec’s Human Resource Centres of Canada (HRCCs). A total of 676 employees—a response rate of 61.3%—responded to the survey, which was conducted from November 25, 2003 to December 17, 2003.² The fourth component was a telephone survey of the 422 persons eligible for the pilot project. A total of 342 interviews were held between September 15 and October 3, 2004, reflecting a response rate of 88.8%. Finally, the last component was a case study of 40 claimants.

¹ For more details see the report entitled *Méthodologie proposée pour le projet pilote de retrait préventif* [Proposed methodology for the preventative withdrawal pilot project].

² For the complete results of the Intranet survey, see the *Rapport technique du sondage intranet dans le cadre de l'évaluation du projet pilote de retrait préventif* [Technical report of the Intranet survey in connection with the evaluation of the preventative withdrawal pilot project], March 22, 2004.

2. Description of programs

This section summarizes the operation of the Maternity without Danger (MWD) program of the *Commission de la santé et de la sécurité du travail (CSST)*, Employment Insurance special benefits (maternity, parental and sickness) and the pilot project. This section also describes the relationship between the CSST program and the various special benefits, and provides an answer to the following question:

Q1: What is the role of Employment Insurance benefits (maternity, parental and sickness) and of preventative withdrawal indemnities? How do these two programs operate? How do the two programs interact?

2.1 The preventative withdrawal program of the CSST

Since 1981, the CSST has applied the “Maternity without Danger” (MWD) preventative withdrawal program³ provided under Quebec’s *Occupational and Health and Safety Act*. The primary aim of the program is to keep pregnant or nursing workers employed. A woman who is working in conditions that are dangerous for her health or the health of her unborn or nursing child does have the right to be assigned to other duties that do not involve any danger. However, she must be able to carry out her new duties. If it is impossible to modify the duties of her employment, she is entitled to stop work temporarily and to receive indemnities under the MWD program.⁴ In most cases, employers tend to opt for preventative withdrawal rather than for a new assignment.⁵

The indemnities offered during preventative withdrawal are not taxable and amount to 90% of the worker’s net wages. In 2003, the maximum annual amount that could be paid in the form of indemnities was \$53,500, which was the maximum insurable earnings. Approximately 23,500 women received indemnities under the MWD program in 2001-2002.

2.2 Employment Insurance special benefits

Three types of benefits (maternity, parental and sickness), defined as special benefits, are associated with the birth of a child. Generally speaking, the calculation rules that apply to regular benefits also apply to these three types of benefits. As in the case of regular benefits, there is a two-week waiting period. The amount of the Employment Insurance benefits is determined by the base rate, which is 55% of average insurable earnings. This base rate can be increased to 80% if the claimant is entitled to the family supplement, in

³ Since 1992, the preventative withdrawal program has been called “Maternity without Danger”. The program has also been called “Pregnant and Nursing Worker Assignment Program” (PETATA) and “Pregnant and Nursing Worker” program (TETA).

⁴ A worker on preventative withdrawal retains all the benefits associated with her employment, and the employer must reinstate her in her position when the preventative withdrawal is over.

⁵ *Travailler en sécurité pour une maternité sans danger, Guide de l’employeur* [Working safely for maternity without danger: An employer’s guide], CSST, 2002.

other words, has at least one child under 18 years of age and has a net family income of less than \$25,921. The maximum amount of Employment Insurance benefits is still \$413 a week, regardless of the type of benefits. To be eligible for special benefits, an individual must have accumulated at least 600 insurable hours in the 52 preceding weeks, regardless of economic region. The individual must also show that his or her regular weekly earnings have been reduced by more than 40%.

Maternity benefits are paid to a claimant who stops working because she is pregnant or has just given birth. Only the biological mother (or surrogate mother⁶) is entitled to maternity benefits. Maternity benefits have a maximum duration of 15 weeks, and may begin up to eight weeks before the anticipated birth date and end up to 17 weeks after the birth.⁷ While maternity benefits are being received, any earnings will be fully deducted from the amount of the benefits. In 2001-2002, approximately 45,000 Quebec women received maternity benefits.

Parental benefits are paid to one or two claimants who stop working to adopt a child or to look after a newborn. Parental benefits, which last for 35 weeks, may be shared between the two spouses. In the case of parental benefits, there is an earnings exemption of 25% of the amount of benefits or \$50 (whichever is greater), as is the case for regular or sickness benefits. In 2001-2002, approximately 50,000 Quebec parents received parental benefits.

Finally, sickness benefits are paid to persons who are unable to work due to illness, injury or quarantine. The maximum duration of these benefits is 15 weeks. To be eligible for sickness benefits, a person must meet the following two conditions:

- Show that he or she is incapable of working due to illness, injury or quarantine;
- Show that he or she would otherwise have been available for work.

This evaluation is more specifically concerned with sickness benefits in relation to maternity and parental benefits. The pregnancy and confinement are not regarded as diseases, but the complications resulting from them may be. In order to receive sickness benefits, a woman must prove that she is unable to work due to complications of pregnancy or confinement or because of an unrelated illness, and that she would otherwise have been available for work.

Since March 2002 (Bill C-49), the maximum duration of the period of special benefits has been increased from 50 to 65 weeks⁸, broken down as follows: 15 weeks of sickness benefits, 15 weeks of maternity benefits and 35 weeks of parental benefits. This possibility is only available to biological mothers who have not received any regular benefits but have received sickness benefits and maternity or parental benefits during their benefit period. In order to receive sickness benefits in addition to maternity or parental benefits, a person must still meet the two conditions of eligibility for sickness

⁶ It should be noted that in the case of a surrogate pregnancy, the surrogate mother is the person who experiences the physical disabilities associated with pregnancy and confinement, and she is therefore the person who is eligible for maternity benefits.

⁷ In the case of hospitalization of a newborn, the 17-week period may be extended.

⁸ Since January 2004, it has been possible to extend special benefit periods to 71 weeks where special benefits are combined with compassionate care benefits.

benefits. In 2001-2002, approximately 2,300 Quebec women received sickness benefits in addition to maternity and parental benefits.

2.3 Comparison of the two programs

Although Employment Insurance benefits and the preventative withdrawal indemnities of the CSST are both associated with the birth of a child, they have different purposes. The MWD program of the CSST is above all a set of preventative measures that enable women workers to continue in employment without danger. When they cannot remain in their employment, these workers are entitled to stop working temporarily and to receive the preventative withdrawal indemnities from the CSST.

Since the MWD program of the CSST offers preventative measures to avoid danger during pregnancy and nursing, it may reduce the portion of Quebec women receiving sickness and maternity benefits. The results of Table 1 seem to confirm this hypothesis. From 1997 to 2003, the proportion of Quebec women combining maternity or parental benefits and sickness benefits averaged 6.9% compared to 10.1% in the rest of Canada.

Table 1						
Number of women receiving a combination of maternity or parental benefits and sickness benefits, 1997-2003, Quebec and the rest of Canada						
	Quebec			Rest of Canada		
	Maternity/ parental and sickness	Maternity/ parental	Ratio (%)	Maternity/ parental and sickness	Maternity/ parental	Ratio (%)
1997	2,769	40,591	6.8	13,480	133,070	10.1
1998	2,931	40,308	7.3	14,450	133,500	10.8
1999	3,312	40,703	8.1	16,970	135,890	12.5
2000	3,753	41,111	9.1	17,490	134,310	13.0
2001	2,112	42,360	5.0	9,990	151,690	6.6
2002	2,985	44,136	6.8	14,080	145,680	9.7
2003	1,063	25,318	4.2	6,080	80,900	7.5

Note: Internal compilation of administrative data. Source: Status Vector profile, August 2003.

2.4 Pilot project

In most cases, receiving preventative withdrawal indemnities has no impact on Employment Insurance benefits. Employment Insurance benefits start at the end of the period of preventative withdrawal indemnities for pregnancy.

In exceptional cases, some women receive Employment Insurance benefits when they start to receive preventative withdrawal indemnities. The amount of these indemnities is not high enough to prevent payment of Employment Insurance benefits. However, when this situation arises, they then receive partial Employment Insurance benefits covering the difference between the amount of the preventative withdrawal indemnities and the full

amount of the benefits. In most of these cases, the amount of the partial benefits is low. Nonetheless, this situation has the effect of reducing the number of remaining weeks of eligibility for Employment Insurance, since the claimants receive at least one dollar of Employment Insurance benefits at the same time as the preventative withdrawal indemnities. Consequently, before the pilot project came into effect, when the preventative withdrawal indemnities ended, these women were only entitled to a reduced number of weeks of full Employment Insurance benefits. A number of women thus found themselves with two choices: quickly return to work or stay at home and receive no benefits.

In order to overcome the effects of this situation, Pilot Project No. 5 (or the preventative withdrawal project) was introduced. The aim of the pilot project was to enable women entitled to partial Employment Insurance benefits during their period of preventative withdrawal to defer the partial benefits.

Employment Insurance claimants who defer partial Employment Insurance benefits during this period become eligible for an extension of their benefit period. The extension of benefits makes it possible to postpone a week of Employment Insurance when no payment has been made for a given week. For example, the number of weeks of Employment Insurance benefits is not reduced as long as the claimant decides not to receive the partial benefits or does not stop receiving preventative withdrawal indemnities. The claimant can subsequently receive the full amount of her Employment Insurance benefits for the number of weeks in which she has not received partial benefits. A claimant participating in the pilot project who benefits from an extended period of Employment Insurance benefits may change her decision. She will then retroactively receive the partial Employment Insurance benefits, but will no longer be eligible for the extension of benefits for this period.

Employment Insurance claimants who choose to receive partial Employment Insurance benefits are not entitled to an extension of the benefit period. They continue to receive both the partial Employment Insurance benefits and the preventative withdrawal indemnities. It should be noted that they cannot repay the benefits received and retroactively apply to receive an extension of the benefit period. Choosing to receive partial benefits for a given week is an irrevocable decision.

To better understand the choice offered to claimants, the following is an example of a typical situation that a claimant might encounter. A woman receives indemnities of \$300 under the MWD program for a period of three weeks, and is also eligible for Employment Insurance benefits of \$325 for seven weeks. She can then choose one of the following alternatives:

- Receive partial Employment Insurance benefits of \$106 and the indemnities of the MWD program (\$300) at the same time, for a period of three weeks.⁹ In this case, the claimant would then be eligible for Employment Insurance benefits of \$325 for

⁹ One obtains \$106 in Employment Insurance benefits as follows. The claimant's maximum benefit is multiplied by the earnings exemption rate to obtain the exemption amount ($\$325 \times 25\% = \81.25). The product is subtracted from the indemnities to obtain the indemnities that will be taken into account in determining the Employment Insurance benefits ($\$300 - \$81.25 = \$218.75$). This result is subtracted from the maximum Employment Insurance benefit to obtain the amount of the benefit paid ($\$325 - \$218.75 = \$106.25$).

four weeks. Before the pilot project came into effect, claimants had no other choice but this option;

- Defer the partial Employment Insurance benefits, and become eligible for an extension of three weeks of full Employment Insurance benefits. The claimant would then be eligible for Employment Insurance benefits of \$325 for seven weeks, after receiving only the indemnities of the MWD program for the first three weeks.

As the last column of Table 2 indicates, a claimant who chooses to the extension of her benefit period is not necessarily selecting the most advantageous solution in financial terms. The claimant must consider the duration of her maternity leave in her decision-making process. The decision to have an extended period of Employment Insurance benefits could cause her to lose up to \$319 in all, if the claimant decides to cut short her leave and return to the labour market before the eighth week. However, it should be noted that a claimant who has made such a decision may retroactively claim partial benefits.

Table 2							
Consequences of the decision to extend a period of Employment Insurance benefits or to receive partial benefits, typical case, in dollars							
Number of weeks	Before the pilot project (partial benefits)			Extension of Employment Insurance benefits			Difference
	MWD indemnity of the CSST	Employment Insurance benefits	Cumulative Total	MWD indemnity of the CSST	Employment Insurance benefits	Cumulative total	
1	300	106	406	300	–	300	-106
2	300	106	813	300	–	600	-213
3	300	106	1,219	300	–	900	-319
4	–	325	1,544	–	325	1,225	-319
5	–	325	1,869	–	325	1,550	-319
6	–	325	2,194	–	325	1,875	-319
7	–	325	2,519	–	325	2,200	-319
8	–	–	3,494	–	325	3,500	6
9	–	–	3,494	–	325	3,825	331
10	–	–	3,494	–	325	4,150	656

Note: The table excludes income from employment or other income that the claimant could receive during the eight, ninth and tenth weeks in the event that this person had chosen to receive partial benefits.

3. Statistical analysis

During the first year of the pilot project, 422 claimants were eligible for it, representing about 2% of the women registered for the Maternity without Danger (MWD) program of the *Commission de la santé et de la sécurité du travail (CSST)*. As Table 3 indicates, 144 eligible women extended their benefit period, compared to 182 women who received partial benefits. Moreover, 96 women took advantage of the two possibilities during their period of eligibility for Employment Insurance. Thus, 240 of the 422 women, or 57%, extended their benefits by at least one week.

Table 3	
Number of claimants in the pilot project, from September 2002 to August 2003	
Type of participation	Number
– Extension of the benefit period	144
– Partial benefits	182
– Both formulas	96
Total	422

Source: Status Vector profile, August 2003.

However, all the claimants eligible for the pilot project were pregnant or were nursing during their period of Employment Insurance benefits. This section provides answers to the following two questions:

- Q2: What are the major factors affecting eligibility for the pilot project and the choice of claimants?
- Q5: Does the pilot project have unintended negative effects?

3.1 Characteristics of claimants in the pilot project

A number of factors affect whether a claimant is in the pilot project, including the age of the claimant, their place of residence, their occupation and the amount of benefits they receive. In order to examine these factors, the claimants of the pilot project are compared to women of Quebec who stopped working because of pregnancy.

It was found that the claimants in the pilot project are an average of two to three years younger than claimants who stopped working because of pregnancy. It is also noted that the pilot project claimants are concentrated primarily in Southwestern Quebec and in Northeastern Quebec, in comparison with the other claimants, who are concentrated in the regions of Montreal and Quebec City.¹⁰

On the subject of occupation, it is noted that some occupations expose pregnant and nursing women to greater hazards that could justify preventative withdrawal. This study indicates that the participants in the pilot project have occupations associated with teaching and the social sciences, the sales and services sector and the secondary sector in a larger proportion than claimants who stopped working because of pregnancy.

As for the amount of benefits, claimants in the pilot project receive benefits that are, on average, slightly lower than those of claimants who stop working due to pregnancy. The pilot project claimants are also more likely to be receiving the family supplement. This last point is explained in part by the fact that families with an income of less than \$25,921 are eligible for a 25% increase in the base rate (55%) of Employment Insurance benefits. When a family receives the increase (family supplement), the likelihood that the amount of the MWD indemnities will be great enough to prevent any payment of Employment Insurance (EI) benefits is less than when there is no family supplement.

A statistical analysis, performed according to the probit method, enables the validation of the results of the social and demographic analysis.¹¹ The statistical analysis confirms the following observations:

- The claimants eligible for the pilot project are slightly younger than the Quebec claimants who have stopped working because of pregnancy;
- With the exception of claimants in the region of Montreal, eligible claimants are significantly more likely to reside in the three other regions of Quebec than women who stopped working due to pregnancy;
- In terms of occupation, the pilot project claimants are more likely to have an occupation in teaching and the secondary sector.

¹⁰ Some Employment Insurance regions have been grouped together. Southwestern Quebec includes Trois-Rivières, Sherbrooke, South central Quebec, Quebec Centre, Montérégie and the Outaouais Region. Northeastern Quebec includes the Gaspé Peninsula and the Magdalen Islands, the Lower Saint Lawrence and the North Shore, Chicoutimi-Jonquière and Northwestern Quebec. The regions of Montreal and Quebec City are distinct regions in themselves.

¹¹ For more details, see the *Consultation Report (Preventative Withdrawal)* (pilot project no. 5), internal document, Human Resources and Skills Development Canada (HRSDC), September 2005.

3.2 Factors affecting the formula chosen by claimants eligible for the pilot project

The economic regions of Quebec have some influence on the choice that eligible claimants make. For example, a larger proportion of claimants who choose an extension of benefits live in Montreal than those who opt for partial benefits. On the other hand, more women receiving partial benefits live in Southwestern Quebec, compared to women who extend their benefit period.

Furthermore, nearly 46% of women who choose an extension of benefits have an occupation associated with the social sciences, teaching or public administration, or approximately 16% more than those who receive partial benefits. On the other hand, women who receive partial benefits have occupations primarily in the sales and services sector and in the secondary sector.

When the data gathered through the telephone survey are paired with Employment Insurance administrative data, it was found that women who have chosen to receive partial benefits have a family income lower than that of women who choose to extend their benefits. The same observation may be made about the amount of the benefits, as the maximum benefits for the first group are \$35 lower than those of the second group. As Table 2 showed, a woman who decides to extend her benefits must take a short-term loss of income to obtain a long-term income gain. Low-income families find it more difficult to manage this short-term loss, and thus prefer to receive partial benefits in order to avoid it.

As in the previous examination, the statistical analysis was performed using the probit method, to validate the results. The statistical analysis confirms the following observations:

- Claimants who choose an extension of benefits are less likely to live in Southwestern Quebec;
- Income level seems to play a fundamental role in the decision to extend benefits. Women who choose this alternative are less likely to have a low income than those who choose partial benefits;
- In occupational terms, only teaching seems to encourage the extension of benefits.

Given the fact that income seems to influence the choice of claimants, it is possible that the pilot project favoured families with higher incomes. A larger proportion of low-income families tends to choose partial benefits, as they have greater needs for immediate cash. Before the pilot project came into effect, all claimants received partial benefits regardless of their income level.

4. Objective of the pilot project and its effects

The purpose of section 4 is to provide answers to the following three questions:

Q3: Does the pilot project make it possible to avoid the reduction of the Employment Insurance benefits?

Q4: What are the effects and consequences of the pilot project for claimants?
PD2¹²: How do claimants describe their participation to the pilot project?

4.1 Pilot project objective

Various methods were employed to determine whether the pilot project has attained the desired goal (analysis of administrative data, case study, Intranet survey, telephone survey). The analysis of administrative data indicates that 240 women extended their benefit period. As a result, these women no longer experienced any reduction in their Employment Insurance benefits. However, only 145 of them partially or fully recovered their deferred weeks (excluding weeks used by the spouse). On average, they had 21 deferred weeks. Table 4 shows that 42 women fully recovered their deferred weeks, and that 103 women partially recovered these weeks.

It is, however, possible that a larger number of women recovered all their deferred weeks, sharing them with their spouse. This hypothesis is corroborated by the fact that 25% of the women who extended benefits stated that the pilot project had changed the distribution of parental leave with their spouse. This sharing of parental leave between spouses certainly explains a significant part of the non-recovery of weeks deferred by claimants, but it definitely cannot explain all of it.

¹² PD refers to questions associated with the program delivery of the pilot project.

Table 4
Number of weeks deferred and recovered

	Number of women	Number of deferred weeks	Number of recovered weeks
All claimants who extended their benefit period			
Claimants who did not recover their deferred weeks	95	6.8	0
Claimants who recovered deferred weeks	145	20.4	13.2
Total	240	15.0	8.0
Claimants who recovered deferred weeks			
Partial recovery	103	23.4	13.7
Total recovery	42	12.8	12.8
Total	145	20.4	13.4

Source: Status Vector profile, April 2005.

For example, the case study confirms that 14 of the 20 women who extended their benefits recovered all their deferred weeks, if we include, where applicable, the parental leave of their spouse. However, six women did not use all the Employment Insurance benefit weeks to which they were entitled, because they had to return to the labour market sooner than anticipated. As the survey and case study will explain below, the women did not always understand the different options under the pilot project and the consequences of each. It is thus probable that some women did not optimize their benefits by extending them.

The Intranet survey of Human Resource Centres of Canada (HRCC) agents enables other information to be obtained about the objective of the program. One survey question sought to determine to what extent agents agreed with the following statement: “The pilot project achieves the objective sought, that is, it corrects the situation where certain claimants receive reduced Employment Insurance benefits.”

Overall, 67% chose “agree” regarding the statement, 22% chose “agree somewhat” and 11% chose “not sure” or “disagree”. This proportion varies significantly by type of employment.¹³ Nonetheless, when the “agree” and “agree somewhat” categories are combined, more than 87% of employees in each type of employment considered that the pilot project attained its objective.

Moreover, Table 5 explicitly shows that answering questions from the clientele modified the employees’ opinions. Indeed, 73% of those who answered the questions indicated that the project had attained its objective, compared to 51% of those who had never answered questions. Consequently, as far as the HRCC employees were concerned, the pilot project resolved the situation of some women who had their Employment Insurance benefits reduced.

¹³ For the complete results of the Intranet survey, see the *Rapport technique du sondage intranet dans le cadre de l'évaluation du projet pilote de retrait préventif* [Technical report of the Intranet survey in connection with the evaluation of the preventative withdrawal pilot project], March 22, 2004.

On the other hand, the results of the telephone survey of claimants are less clear-cut on this point. Of the claimants interviewed, 27.3% said that they agreed that the pilot project had attained its objective, and a further 9.3% somewhat agreed with this statement. This small proportion of satisfied individuals is explained by the fact that less than 15% of the eligible claimants who were surveyed knew about the pilot project before the telephone survey (for more details, see Section 5). There is also the case study to enable a better understanding of the situation. The lack of understanding of how the pilot project worked greatly influenced their satisfaction with it. When they had understood the different characteristics of each of the three programs (the pilot project, the Employment Insurance benefits and the *Commission de la santé et de la sécurité du travail (CSST)* indemnities), 32 of the 40 claimants questioned said that the pilot project met their expectations.¹⁴ The formula chosen and an initial understanding of how the pilot project operated were not factors determining the satisfaction level of the claimants.

Table 5			
Did the pilot project meet its objective?			
	Agree	Agree somewhat	Not sure or disagree
Intranet survey of agents	66.9	21.7	11.4
Agents who answered questions about the pilot project			
Yes	73.0	19.1	7.9
No	50.7	28.6	20.7
Telephone survey of claimants	27.3	9.7	63.0

Note: Data from the Intranet survey and the telephone survey.

4.2 Project effects and consequences

Table 6 indicates that 34% of claimants understood that by choosing to extend their benefits rather than to receive partial benefits, they would receive less money per week, for a greater number of weeks. These results show that only some of the claimants understood the consequences of this choice for their weekly income and the period spent out of the labour market.

The case study confirms this situation, since nine of the 20 women who had chosen to receive partial benefits would have made a different choice if they had understood the consequences. They would have chosen to stay as long as possible with their newborn. However, it should be noted that the great majority of women who would have made a different choice gave birth between June 2002 and December 2002, namely at the beginning of the pilot project. It thus seems that the problem was partly resolved thereafter. The 11 other women maintained their choice of receiving partial benefits. The reason given was a need for immediate cash.

¹⁴ See the technical report, *Rapport d'analyse, constats et conclusions – Étude de cas dans le cadre de l'évaluation du projet pilote* [Analytical report, observations and conclusions – Case study in connection with the evaluation of the pilot project].

Table 6
Possible impact of the pilot project, depending on the formula chosen

	Extension of benefits	Partial benefits	Both formulas	All claimants
In choosing to extend your benefits, did you realize that you would receive a smaller total amount per week but for a greater number of weeks?				
Yes	44.4	28.9	28.4	34.1
No	55.6	71.1	71.6	65.9
Did you change the date of your return to the labour market?				
Yes	43.2	30.7	49.1	39.3
No	56.8	69.3	50.9	60.7
Did you change your period of Employment Insurance benefits?				
Yes	29.5	19.8	38.2	27.5
No	70.5	80.2	61.8	72.5
Did you change the sharing of the parental leave between yourself and your spouse?				
Yes	25.0	20.8	29.1	24.2
No	75.0	79.2	70.9	75.8
Note: Data from the telephone survey of eligible claimants.				

Table 6 also shows that the pilot project had an impact on the claimant's date of return to the labour market. More than 39% of claimants changed or would have changed the date of their return to the labour market. Furthermore, 28% of claimants mentioned that they changed or would have changed their Employment Insurance benefit period, given the nature of the pilot project. One quarter of the claimants also indicated that they had changed the sharing of parental leave between themselves and their spouse.

The case study indicates that all the women think that the government should continue the pilot project when it comes to an end. However, since the pilot project came into effect, a parental insurance scheme has been created in Quebec and will come into effect on January 1, 2006. From that date on, Quebec will assume full responsibility for harmonizing the Maternity without Danger (MWD) program of the CSST and its new parental insurance scheme.

The following two paragraphs describe the consequences of not continuing with the pilot project. If the pilot project is not continued, the period from September 26, 2005 to January 1, 2006 is likely to be problematic for the Department. As is indicated in the regulations, the pilot project applies to the weeks between September 25, 2002 and September 26, 2005. As of September 26, 2005, claimants who participated in the pilot project and claimants who would have become eligible will no longer be able to benefit from it.

Assuming that about 150 women (or one third of the claimants) filed an application in the weeks preceding the end of the pilot project, it is very likely that approximately 85¹⁵ women would be affected if the project were not continued. Furthermore, these 85 women are likely to make an application for benefits (maternity or parental) before January 1, 2006. They are thus eligible for the Employment Insurance program. They face the same situation that women faced before the pilot project came into effect, namely of being unable to benefit from their full benefit period. Furthermore, it is possible that some women who make an application after September 26, 2005 will file an application for maternity or parental benefits before January 1, 2006. Consequently, these women could also be affected.

On the other hand, it should be noted that an amendment of the *Employment Insurance Act* would be necessary in order to prolong the existence of the pilot project, as rescinding the regulations would not be enough to continue it.

¹⁵ 150 (average number of women making an application during the summer period) \times 240 (number of women extending their benefits) \div 422 (number of women eligible for the pilot project) = 85 .

5. Understanding of the pilot project

This section tries to provide answers to the questions relating to understanding and implementation of the pilot project.

PD1: What is the level of comprehension of the pilot project by the Human Resource Centres of Canada (HRCC) agents and by the claimants?

PD2: How do the claimants describe their participation in the pilot project?

It may be that HRCC agents in Quebec played a greater role in implementing the project, given the existence of the *Commission de la santé et de la sécurité du travail (CSST's)* preventative withdrawal program in Quebec and the complexity of this program and of the Employment Insurance rules. It is also possible that the agents played a fundamental role in the claimants' choice of formula, by providing them with a detailed explanation of the advantages and repercussions of their choice.

Table 7 shows more than 87% (66% + 21%) of the agents stated that they understood how the pilot project worked. The proportion of respondents who stated that they understood the project varies significantly by type of employment.¹⁶ Moreover, the HRCC employees thought that the claimants understood the different options available under the pilot project. More than 90% (64% + 29%) of the employees agreed or somewhat agreed with the following statement: “After the claimants were informed about the pilot project, they seemed to understand the options offered, that is, to receive an extension of Employment Insurance benefits or to receive partial benefits.”

Table 7						
Understanding of the pilot project by HRCC agents, and understanding of the project by claimants in the opinion of the agents, according to various characteristics						
	Understanding of the pilot project by agents			Understanding of the pilot project by claimants, in the opinion of the agents		
	Agree	Agree somewhat	Not sure or disagree	Agree	Agree somewhat	Not sure or disagree
All	66.2	21.2	12.6	64.3	29.1	6.6
Agents who answered questions about the pilot project						
Yes	74.7	18.2	7.1	—	—	—
No	42.6	29.8	27.7	—	—	—

Note: Data from the Intranet survey.

¹⁶ For more details, see the Consultation Report, (Human Resources and Skills Development Canada (HRSDC)).

The telephone survey made it possible to clarify the results of the Intranet survey. Table 8 shows that only 15% of claimants knew about the pilot project before the telephone survey. This low proportion is perhaps explained by the fact that the HRCC agents were not presenting the pilot project, but were rather explaining possible options. On the other hand, when claimants were asked if they had obtained the necessary information from an HRCC agent in order to understand the two possible options, 26% answered “agree” or “agree somewhat” and 50% answered “disagree” about the statement. It thus means that the claimant did not fully understand how the pilot project operated.

Table 8				
Understanding of the pilot project by claimants, according to the option chosen				
	Extension of benefits	Partial benefits	Both formulas	All claimants
Had you already obtained information on this pilot project from an agent of a Human Resource Centre of Canada (HRCC)?				
Yes	20.2	7.1	16.0	13.6
No	79.8	92.9	84.0	86.4
Do you agree, somewhat agree, are you not sure, do you disagree somewhat or do you disagree with the following statement: I obtained the information from an HRCC agent that I needed to understand these two options.				
Agree or agree somewhat	31.5	23.9	23.3	26.3
Unsure	13.0	8.7	13.7	11.3
Disagree somewhat or disagree	55.6	67.4	63.0	62.4
Note: Data from the telephone survey of eligible claimants.				

The case study helped to clarify these results. Dialogue with those who participated in the case study revealed that they nonetheless had a certain understanding of the pilot project. For example, 22 of the 40 women were considered to have a good understanding, nine women an acceptable understanding and nine other women a poor understanding. The results show that the formula chosen by the claimants was not a factor of the level of comprehension. Some women, who had a poor understanding initially, stated that they were gradually able to acquire an idea of the project through their experience and by talking with other women.

However, the great majority of women who participated in the case study mentioned that a negative aspect of the pilot project was the lack of information and lack of clarity in the information provided. This fact explains why a number of women had a poor understanding of the project. It is also important to recall that nine of the 20 women who had chosen to receive partial benefits would have made a different choice if they had understood the consequences. Consequently, the choice of these women was not optimal.

6. Cost of the pilot project

When a program (policy, pilot project or other) is developed, its financial cost is usually one of the significant criteria in the decision-making process leading to its implementation. However, the actual cost sometimes differs from the estimated cost determined when the program was developed. The target population, the participation rate, hidden costs, changes in behaviour of non-target groups, etc. are factors that can explain a significant difference.

The cost of the pilot project had been estimated at \$1.3 million over a period of three years, namely \$433,000 per year. The gross cost would have reached one million dollars for the first year if all the deferred weeks had been recovered. However, as it is noted above, only 140 claimants recovered benefit weeks. If only the weeks recovered by the claimants are considered, the gross cost is \$599,000.

Table 9					
Estimate of the gross cost for the first year of the pilot project					
	Number of women	Number of weeks of extension	Number of weeks of extension recovered	Full EI benefit (\$)	Gross cost (\$)
Claimants who recovered deferred weeks					
Partial recovery	103	23.4	13.7	322	454,829
Total recovery	42	12.8	12.8	272	145,626
Total	145	20.4	13.4	308	599,030

Note: Administrative data, April 2005.

The cost of the partial benefits that the women would have received if there had been no pilot project must be subtracted from the gross cost. When we consider only the weeks recovered by the claimants, the net cost is \$431,000. The net cost of the pilot project is thus quite similar to the estimated cost determined when the project was developed.

Table 10					
Estimate of the net cost for the first year of the pilot project					
	Number of women	Gross cost (\$)	CSST indemnity (\$)	Partial EI benefits (\$) (theoretical)	Net cost (\$)
Claimants who recovered deferred weeks					
Partial recovery	103	454,829	319	84	336,489
Total recovery	42	145,626	249	91	96,821
Total	145	599,030	298	86	431,681

Note: Administrative data, April 2005.

7. Conclusion

Although a number of claimants had trouble understanding the pilot project, it seems that the project made it possible to help most of them, and in particular those who extended their benefits. The analysis of the administrative data in Section 4.1 shows that the pilot project partially attained its objective by making it possible to extend a claimant's benefit period and avoid a reduction in Employment Insurance benefits resulting from application of the Employment Insurance program and the Maternity without Danger (MWD) program at the same time.

However, the project would have been more successful if a larger number of claimants had obtained information about it. The major negative elements pointed out by respondents concerned lack of information and understanding of the project. If some claimants continued to be affected after the project was put in place, this should be attributed to lack of information and understanding of how the project worked. The case study indeed showed that some women who had chosen to receive partial benefits would have made a different choice had they understood the consequences of it.

Moreover, it seems as though a larger proportion of low-income women elected to receive partial benefits rather than to extend their benefit period. The suggested reason for this is an urgent need for cash. These women were thus unable to fully enjoy the benefits offered by the pilot project. Before the pilot project came into effect, all claimants received partial benefits regardless of their income level.

Furthermore, it would also be important to point out that the unusual opportunity that claimants participating in the pilot project were given to extend their benefit period instead of receiving partial benefits, would have had a much more significant financial, management and control impact on the Employment Insurance program if this opportunity had been offered to all Employment Insurance claimants.

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