

Fix Employment Insurance!

A COMMUNITY SOCIAL PLANNING COUNCIL OF TORONTO FACTSHEET

For nearly 70 years, Canada's Employment Insurance program (EI) - formerly known as Unemployment Insurance - has been assisting unemployed workers by providing them with temporary income relief when they've lost their jobs. Here are some quick facts about EI's history:

- Created in the aftermath of the Great Depression, EI has become an essential component of Canada's social safety net.
- The development of the EI program meant that government understood that unemployment was often beyond any workers' control, due to factory closures, seasonal work, or economic recessions.
- Some felt that the program was overly generous and created a "disincentive" for people to find work, and needed to be scaled back.

Cutting Back

In the late 1970's and intensifying during the 90's, government made it harder to get EI and cut the benefits of people who were eligible.

- The number of unemployed workers eligible for EI went from 80% in 1990 to only 44.5% in December 2008.
- Now in Toronto only one in four unemployed workers are receiving regular EI benefits - 59% less than in 1990.
- While benefits were being cut from workers, the surplus from EI rose to an astonishing \$54 billion in 2008.

"So, what exactly is wrong with EI?"

- **Regional unemployment rates determine the number of hours a worker has to work to qualify.** These rates are also used to calculate the amount and duration of weekly EI benefits. But this leads to very different results across Canada. Ontario, for example, has not seen its fair share of EI benefits. In 2007 Ontarians contributed 40% of the program's dollars but only 30% of Ontario's unemployed workers received regular EI benefits.
- **The nature of the labour force has changed in this country, while EI has not.** In the past 10 years there has been a 59% increase in the number of temporary and contract jobs across the country and EI doesn't help these workers. The high number of hours needed to qualify makes these workers ineligible for benefits despite their contributions to the program.
- **It's especially hard to get for the groups that need it most.** New entrants to the labour market, such as youth or newcomers, need to have at least 910 hours of work to qualify for regular benefits. Also, women continue to see their rate of EI eligibility fall below that of men, where from January 2008 to January 2009, the increase in the number of men receiving regular EI benefits was twice that of women.

Government Response

Despite mounting pressure to reform the EI program in order to increase eligibility during this period of massive job loss, the only thing the federal government did in their 2009 budget, was extend regular EI benefits by an extra five weeks to a maximum of 50 weeks (until 2011). This will provide only short-term relief for unemployed workers and their families during this recession. With minimal or no support from EI, many unemployed workers will have to resort to living off savings, cashing in their investments or RRSPs, using credit and increasing personal debt, borrowing from family and/or friends, or applying for social assistance.

Change is Long Overdue

A strong EI program is essential to assist unemployed workers while they search for work, and to help stabilize against the effects of a prolonged recession, by providing people with income to spend in their local communities.

Here are **five simple steps** for government to fix EI for Canadian workers:

1. Decrease the number of qualifying hours to a uniform 360 hours over a 12-month period for all regions across the country.
2. Raise benefit amounts from 55% to 60% of workers' insurable earnings, and use workers' 12 best weeks within the previous 52-week period to calculate benefit amounts.
3. Eliminate the mandatory two week waiting period.
4. Significantly reduce the number of qualifying hours for new and re-entrants to the labour market (currently 910 hours).
5. Implement special emergency benefit measures by extending benefit duration by an additional 52 weeks when the national unemployment rate reaches 6.5%.



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