



CONSULTATION REPORT BACK



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EI TASK FORCE CONSULTATION REPORT BACK

The Mowat Centre has convened a research-driven Employment Insurance Task Force that is examining Canada's support system for the unemployed. The objective is to develop an Ontario proposal for modernizing the EI system—conscious of the national context—that works for individuals and businesses. This report outlines the central themes that emerged through the Task Force's consultation process. More information about the Task Force is available at www.mowatcentre.ca.

The Mowat Centre EI Task Force held consultations in Kingston (November 26, 2010), North Bay (November 30, 2010), and Windsor (December 3, 2010). These consultations were attended by social service, non-profit, business, labour, Aboriginal, and municipal government stakeholders as well as people with lived-experience with the EI system. In each community the Task Force learned about the operation of the EI program in the local context.

A larger dialogue and conference was also convened by the Mowat Centre EI Task Force in Toronto on January 21, 2011. This event was attended by representatives of provincial and national labour unions, business and industry associations, Aboriginal organizations, financial institutions, non-profit organizations, and private charitable foundations. Representatives of organizations engaged with issues surrounding unemployment, labour market development, and training in the GTA also attended along with representatives of the City of Toronto, Ontario, and federal governments.

The consultations were structured around the Task Force's Consultation Workbook, which presents seven questions designed to provoke discussion about what the EI program should look like. In this report back, the Task Force has aggregated a selection of participants' statements from Kingston, North Bay, Windsor, and Toronto. This document is organized following the questions posed in the Consultation Workbook. Under each question, central themes that emerged in the consultations are presented following an overview. Each theme is followed by participant statements, which form the bulk of this report.¹ The Task Force also received input in writing from individuals and organizations. Selections of these written submissions have been integrated into this document. Statements from the four events and selections from written submissions have been placed together to appear as a single conversation.

The consultation process has proved to be a rich source of information for the Task Force and vital to the Task Force's process of developing recommendations for EI reform. The Task Force is still accepting submissions. We want to hear your stories and experiences with the EI program and/or thoughts about this document. Please contact us at etaskforce@mowatcentre.ca.

1. There are two sections in this document that do not correspond to Consultation Workbook questions; these are noted as such. They have been added to capture important topics of conversation that emerged at each consultation. Responses to one Consultation Workbook question (What should the objectives of the EI program be?) have been integrated throughout the document rather than placed in a separate section because most targeted specific aspects of the EI system. This question was posed in the Kingston, North Bay, and Windsor consultations but not at the Toronto dialogue.

QUESTION

Should the EI system treat Canadians differently based on where they live? If so, how should this be done?

OVERVIEW

Participants' discussion of regional differentiation reveals the tensions built into the current EI system. These tensions lie between EI's core program purpose (to provide support to workers experiencing unexpected, temporary unemployment) and the numerous other functions that the EI system fulfills today. EI has grown to provide differing supports across the country, which is a matter of controversy amongst participants.

It is clear that EI cannot fix structural issues in certain industries and regional economies. This is not its intent anyway. However, some participants think that the program may distort local incentives and delay economic transformation. Others argue, by contrast, that regional differentiation and any adverse economic effects can be justified from the standpoint of national solidarity as well as interest in preserving distinct local cultures.

Some participants are reluctant to give up the current set-up in favour of a neater, streamlined EI system. Others are in overall agreement that a flattening of entrance requirements is in order, but think that any reform should not result in an adjustment to the 'lowest common denominator.'

Participants also agree that the system should become more responsive to labour market conditions, which depends on the availability of adequate data.

THEME REGIONAL DIFFERENTIATION WITHIN THE EI PROGRAM SHOULD END

“Regional differentiation should be eliminated. It doesn't make sense that it should be harder to get in depending on where you live. The other issue is how long you should be on EI. The underlying logic is if the rate of unemployment is lower, and if people can get jobs in that area, benefits don't last as long. But, if you can't get a job in a low unemployment area, you'll be penalized. That doesn't make sense.”

“I see this as two circles. First, the EI stream, the income coming into your house from EI should be the same across the country. The second circle is the [non-financial] support we provide to individuals on EI who are not working. This needs to be assisting marginalized workers, older workers. These things need to be locally based. But on the money side, it needs to be the same across the country.”

“Again, you may live in a region that has a short duration, but because of your personal circum-

stances you happen to need the support for longer and I have trouble getting my head around saying to someone who has been trying hard to get a job, ‘because you live in a place where most people get jobs quickly you get no benefits.’”

“There is no guarantee that an unemployed person will get a job any quicker in one area than another and all unemployed persons suffer the same from a lack of income no matter where they live.”

“Regional differentiation also has a negative impact on municipalities. For example, during the last recession, the rate of unemployment in London was comparable to the national unemployment rate, and the number of social assistance recipients went dramatically up. In London, 29 per cent of Ontario Works applicants lost work due to layoff, plant closure. 45 per cent of those did not receive EI benefits, while 32 per cent did receive EI but when their period of eligibility ended, applied for social assistance.”

“It makes a false assumption that the unemployment rate is specific to the individual. If you work in a company that happens to go under, it doesn’t matter where you live. There should be a single base rate for everyone. To assume that a regional unemployment rate somehow affects the individual is wrong.”

“The issue of regional differentiation in EI is also seen within Ontario. Ontario is broken up into a number of EI regions and the eligibility of workers depends on where they live. There were workers who were laid-off at the same plant, identical workers, one worker lives in Os-hawa, one drives in from Peterborough. Those workers live in different EI regions and were treated differently and have different eligibility. The postal code lottery around the GTA is bizarre.”

“Apart from the problems of measurement, the regions are bull. It doesn’t make any sense. You have people living in one area and working in another.”

“You have guys working in the same place, same employment, but not getting benefits because of where they live!”

“The system by location is flawed. Regions and economies change and the federal government’s regions for this purpose make little sense. EI should be available for up to a year to give people anywhere the chance to prepare for and find new employment.”

“I don’t know how you’d create an equitable system [of regional differentiation]. There are too many variables. You could say it’s harder to access employment in the north or rent is more expensive down south.”

“If it’s going to be a federally mandated program they can’t be picking winners and losers. By doing that they are trying to force people to move. If it is a federally mandated program it has to be equal across the country.”

“I was conflicted about that [whether to regionally differentiate]. It’s a question of equity. Even if you are in a place where it is easier to find a job, if you can’t find a job, you still can’t find a job. It has to be more equitable.”

“In terms of social solidarity, the Canada Child Tax Benefit functions much better than EI. EI seems divisive. [For the child tax benefit] you get one benefit in PEI or Toronto, based on the same indicators, despite differences in cost of living in those areas.”

THEME REGIONAL DIFFERENTIATION IS IMPORTANT AND SHOULD CONTINUE

“Look at the measurement [local unemployment rate]. I can hardly think of a better indicator given the institutional setting we have. The EI rate is easy to understand, people accept it, and there would be a lot of disadvantages in abandoning it. It doesn’t measure exposure to risk, but it gives you a sense of what is outside of the individual’s characteristics, what’s outside of their control. Otherwise you would have to look at a person’s personal indicators to see if they deserve more or less benefits.”

“They should be differentiated. Take Huntsville and Kingston. How you solve issues needs to be different.”

“The purpose of EI is generally to insure against [the effects of] unemployment, and insure [you] while you look for a job. There is some reason for some regional differentiation on the basis of your local unemployment market and the number of unemployed. In the short term if there is a regional unemployment shock that causes a large migration out of the region there will be a mass exodus. You need to insure against that and the shocks from it.”

“There are the general equity considerations in a federation. We aren’t looking at regional differentiation as a regional transfer. We are insuring them [people in regions with rising unemployment] against regional shocks beyond their control.”

“I agree that the system should differentiate. But that is the million dollar questions: How could you do it equitably? It’s not perfect, but the way we do it now is good... It could be better.”

THEME WE SHOULD HAVE A UNIFORM ENTRANCE REQUIREMENT AND REGIONALLY DIFFERENTIATED BENEFIT DURATION

“It is reasonable to condition the duration of benefits on the local labour market conditions but I think there should be a uniform national entrance requirement. I don’t see that the local unemployment rate should have any bearing on whether you get benefits or not.”

“I think the solution is to keep regional differentiation for the duration of benefits and to have standard entrance requirements which are lowered. Even 420 [hours of work to qualify for EI] is doubled from the last recession. 420 is stringent to some.”

“The access [rules] should be universal and the duration of the benefits can depend on the region’s economy and what the labour market is, and that might be a more equitable way to take [regional differences] into consideration. Aside from those who can get work by working online from home, there are a lot of workers who have been affected by closures.”

THEME WE CAN’T “LEVEL DOWN” AND THAT’S WHERE FLATTENING THE SYSTEM WOULD LEAD; RECOMMENDATIONS FOR EI REFORM MUST RECOGNIZE THIS POLITICAL REALITY AND BE STRATEGIC

“You don’t solve the problem by bringing everyone down to the Ontario level. EI has disappeared as part of Ontario’s social safety net and it’s not fair for that to happen in the rest of the country.”

“We also have to be aware of the politics and the environment that we are operating in. From a theoretical perspective, a policy can be appropriate. But what about the likelihood of establishing the [recommended] policy? What about the outcome? The outcome of flattening out would be a lower common denominator. We have to be cautious.”

“If you flatten it, benefit levels would go down. It is a political question. These are accommodations to pull our country together, as citizens. Part of us has to be mindful of that. It’s based on the history of the country.”

“Are we just talking about the EI program here? Fixing its components and changing eligibility rules? Tightening it up and finding other ways to respond to need? These are big macro questions. I have been involved in these conversations and remember the social review in the 1970s. Getting the “big bang change” happens to be tough. If we are going to go for the model of shrinking EI we have to find an incremental path to the ‘ultimate system.’ Then the question becomes, what are the programs available? Perhaps refundable tax credits? We need to map out a process that governments could achieve over time.”

“On this point, it is important for the Task Force to note if ‘certain recommendation should only apply if...’ The Macdonald Commission gave us free trade, but only when certain other goals were first achieved... prerequisites. We should not recommend reforms [e.g. a national standard] unless delineated prerequisites are first met.”

THEME REGIONAL DIFFERENTIATION IMPEDES LABOUR MOBILITY AND SUPPORTS SEASONAL USE OF EI; THIS IS A PROBLEM

“There should always be an incentive for people to go where work is. [Look at] what is happening on the East Coast... do we want to create a system so people will be in a high unemployment area long-term [and working seasonally]? We as a nation can’t effectively, sustainably fund that. We’re funding people to stay living in Newfoundland and we have funding to bring people in from Thailand to work in factories in Winnipeg.”

“In a global world people increasingly have to go where jobs are. If EI inhibits that there is a concern.”

“I think we need a fair system. If there are different criteria for the north and the north is restructuring, should we have workers there go to where there is more demand for jobs, or keep them there because there is a different criteria for insurance? How do you encourage an efficiently functioning labour market? Having an overly complex system does not aid that.”

“The Maritime Provinces have seasonal workers, but we [Ontario] probably have more. Think of all the road crews. Why is EI covering those people [fishers]? You know that they are going to collect! That should be part of a different network [not an insurance system covering unexpected events]. EI is there for something like a downturn, not for things that are expected. I expect every time in the winter the asphalt plant shuts down. I expect the river will freeze. If we want to support these people it shouldn’t be part of EI.”

“Seasonal employees should pay a specific larger premium matched by the employer.”

“Seasonal employment programs may need to be reviewed to avoid over-dependence on EI as a stable revenue source for 6 months of the year. Employees who are seasonal workers can be assisted with training so that seasonal work is not their only source of employment, [but] rather an entry point for new workers who then move on to better paid jobs.”

“I like the way our federal government did it in terms of giving extended benefits for a two year period. But if we’re looking forward through the next decade, isn’t one of the issues that we will have scarce resources? If you extend the benefits in regions where there is high unemployment because industry is dying, if you extend the benefits in places like that, you’re prolonging the pain. You’re not having the labour mobility that in the end has to be the decision. I’m not sure that with scarce resources we can afford to unilaterally have a broad blanket extension.”

“If you can convince people to move, that would be good. But Canadians don’t move.”

THEME LABOUR MOBILITY EXISTS IN CANADA AND EI MAY EVEN ENCOURAGE IT, BUT HAVING MORE MOBILITY MIGHT NOT BE A GOOD THING

“We have to be cautious about over reliance on the idea of economic incentives. We must remember that there is a lot of labour mobility in Canada. Flows of workers, these happen in Canada. There are people with other reasons to stay in one place, and those are not a bad thing, those are not things that we want to crush as a result of our policies. If there was a bit of regional support out of the EI program, that is a positive thing. We want to keep Newfoundland culture. We need people still to live there. I caution against looking only at economic incentives, only looking at it from the perspective of program cost minimization is dangerous.”

“There was a recent study (I think from Statistics Canada) saying that people on EI were more likely to be mobile in the country. It showed there was a lot of mobility in the system for those who had EI to fall back on.”

“There have been many arguments about the need to diversify the economy, but right now Atlantic Canada is suffering from tremendous outmigration (people finding work elsewhere). What are the consequences of forcing people to move based on the location of the available jobs?”

“You say as a society you want people to follow the jobs. Then you will end up with people left here who are either on social assistance or retired. That’s not a healthy vibrant community.”

THEME EI SHOULD DIFFERENTIATE ON A BASIS OTHER THAN REGION

“I think that fewer regions with smaller differences would be better. There also needs to be greater flexibility in the system to respond to changes in the economy. Prior to the recession, the vast majority of EI recipients found new work before exhausting their benefits. During the recession, as many as 500,000 Canadians may have exhausted their benefits without finding new work. Neither the automatic increase in benefit length and drop in eligibility hours or the government’s voluntary two week extension were sufficient in responding to the depth of unemployment during the recession.”

“EI should not differentiate based on region. If there is to be any distinction among unemployed [persons] it must be based on objective studies of the factors which determine the difficulty of finding employment for an individual worker searching for a job. We have proposed various interventions for tackling disproportionately higher rates of unemployment in certain parts of the country. They include investments in skills development on the worker side of the equation and in local economic development and innovation on the employment side of the equation. The burgeoning social economy movement in the country is particularly important in addressing this problem.”

“The EI system functions best when treating Canadians differently based on where they are living. I feel both the rate of unemployment in general needs to be considered as well as the unemployment rate within the [worker’s] particular field.”

“The driver for differentiation should be the long-acknowledged disadvantaged groups, whether Aboriginal status, newcomer, single parent, the disabled. Those should be the drivers of differentiation.”

“Differentiation could be based on access to services and employment. Someone living outside of town without a car needs different support. It’s harder to get a job.”

“Other countries differentiate by age. One thing countries do, is that their EI systems are two tier: contribution plus needs related. They are more targeted rather than less generous.”

“This has to go beyond EI. This is about rebuilding a sustainable economy. Families need support while this adjustment happens. We don’t know how long this [global economic restructuring] will take. Having artificial time frames doesn’t make sense. How do we make sure that people in our community are supported while this change happens? It’s like when cod fishing was banned on the East Coast. The government recognized that and provided support. What’s going on here in Windsor-Essex county is part of much larger changes. Regional differentiation of some sort is critical. We need government to respond to local needs [and this is not happening now].”

“For a number of years we had high employment, great wages. It’s not a recession for our community. It’s a structural shift. The government has to be flexible and adaptable to meet the needs of this community. We should not have to leave our families to find jobs in a different part of the country. I think our community’s needs are not being adequately addressed.”

“I’m hoping to see a more accessible program rather than creating more barriers. In Toronto only 40 per cent of unemployed workers are accessing EI. When we have higher than seven or eight per cent unemployment rate if the jobs aren’t there, yes people go through job search hoping to find meaningful work, but then what? For the past recession Obama extended EI for workers for two years to meet the special crisis situation. Where are our accommodations?”

“The EI system needs to allow for changes and shifts in demographics and employment trends. If there are significant barriers in certain geographic areas or populations, the EI system needs to have goal-based, targeted programs in these areas. This can be done by developing an evaluation process to track employment trends, training and skills gaps. Program development can then be tailored to these areas. The EI system needs to be proactive, anticipating future needs and developing skills and training programs. Areas with low income need to have very customized programs that assist with future employment.”

“Duration should also probably go up with the national unemployment rate, if you’re in a recession and it’s hard to find work anywhere. I think the US system where you have extended benefits for a period of national recession makes sense.”

“In the US the maximum benefit is 99 weeks, because they run a national extended program.”

“I like the US model. They also did it in the 1981-82 recession.”

“If it was formulaic [if the duration of benefits extended automatically if the national unemployment rate went up] it would work for me, but I wouldn’t want to run such a system by decree [as in the US].”

THEME THE UNEMPLOYMENT RATE IS A PROBLEMATIC MEASURE OF THE DIFFICULTY OF FINDING A JOB

“I’m of mixed mind of whether it should be regionally differentiated or not. But the problem is the data is not good.”

“I know quite a few people that say the number [unemployment rate] is not a very accurate measure of unemployment. If they are going to use it, they need some more determining factors.”

“Their rates just don’t seem right. The rates don’t seem to match what we are seeing. There was a town outside Windsor where everyone was laid-off [but the official rate seemed not to reflect

that]. The whole system is based on it [the unemployment rate]. They just make phone calls to do the survey. The system seems way too off to base the whole EI rate on it.”

“It is a rolling three month average so it’s not very responsive as a snap shot for when you get laid-off.”

“Is the unemployment rate the best measure of how difficult it is to find a job? Perhaps differentiating by occupation or by industry would be better. When you look at a national program, it needs an element of simplicity, and an ability to endure over time and be based in an accurate measure. There is general agreement that the unemployment rate is not particularly the best measure.”

“Types of job might say more than unemployment rate. Probably the unemployment rate is not the best measure.”

“If we’re to have regional differentiation, a better indicator would be the job creation rate rather than the unemployment rate. We are basing regional differentiation on structural differences that are quasi-permanent. I don’t like basing it on the unemployment rate, better to be flexible, measuring relatively transitory shocks to the labour market.”

“Did you consider a measure of duration of spells [of unemployment] which is a direct measure of the probability of getting a job?” “I don’t believe you can do it with the current survey. I don’t believe you can measure the transition between unemployment and employment well with the current surveys.”

“There would be a problem with quality of data for differentiating by sector/profession. The sample size is often too small. Using the unemployment data also runs into difficulties with matters of confidence.”

“The City of Toronto unemployment rate is low, how does this impact the surrounding neighbourhoods/cities where data is less reliable and there is a smaller sample size? They are seeing some significant changes in employment rates that are not reflected because of the larger labour market (this happens in large cities). How does mobility play into this? There is a small range of mobility. Could perhaps a fix to the system be more economic regions?”

“A region is supposed to be defined by a common labour market. So you can say lets break Toronto into a bunch of different regions reflecting the unemployment rates in different areas, but a downside is you create inequalities, a person on the other side of the border is treated differently.”

QUESTION

How should qualification for EI be determined? Should first time workers have to work longer in order to qualify for EI?

OVERVIEW²

Participants' views on how qualification rules for EI should be structured depend on their different understandings of the purpose of the EI program. In particular, different views on who should qualify and how qualification should be determined hinge on whether participants think EI should be a re-distributive mechanism targeting certain groups or a pure insurance scheme for those who lose their jobs.

Many participants argue that despite the program's origins as an insurance system it has evolved into a mechanism for redistribution under which certain groups are disadvantaged, particularly new entrants to the labour market. Participants also emphasize the negative impact of EI's entrance requirements on part-time workers and recent immigrants.

There is almost unanimous consensus that the 910 Hour rule is unfair and should be modified. Participants agree that the rationale for this rule—that workers must develop substantial attachment to the labour market before benefiting from EI—does not match the current realities of the labour market.

Consensus is lacking around how many working hours it should take to qualify for EI.

THEME WE NEED A UNIFORM ENTRANCE REQUIREMENT SET AT A RELATIVELY LOWER LEVEL OF HOURS

“The way they have 58 unemployment regions meant people in Windsor had to work longer to get benefits [at the beginning of the crisis] and got shorter benefits. The Canadian Labour Congress and Canadian Auto Workers have proposed a standard rate of 360 hours. The federal task force on poverty said that proposal would cost \$1.48 billion. EI is such an important bridge. The regional differentiation doesn't support people in Ontario.”

“There has been a suggestion for 360 hours across the country, which may be too generous for some people, but we are in a worse position than we were in 1996. There is a history here, we

2. In Kingston, North Bay, and Windsor discussion addressed the question: “Should first time workers be required to work longer in order to access EI?” In Toronto, this issue was also expanded to a general discussion of qualification rules. The two issues (the general qualification framework and the 910 hour rule) are presented separately below.

lost the federal government contributions with the end of the Mulroney government, we should look at an appropriate trigger for government contributions again, and we have proposed when unemployment is at 6.5 per cent or more there should be a federal contribution again.”

“Younger, new first time workers and contract workers find it hard to reach the threshold. The labour movement suggests moving towards approximately 360 hours. We have a \$57 billion surplus and the bar is so high. This was done on the backs of labourers.”

“I will say it is better based on hours than it was on weeks. The fact that it is based on hours is better, but the number of hours may be a problem.”

THEME WE NEED A UNIFORM ENTRANCE REQUIREMENT AT A RELATIVELY HIGHER LEVEL OF HOURS

“Counter to the 360 argument we should realize that works out to about 3 months of employment. Individuals who have bought into the system don’t want to pay for individuals who have only worked for a short time.”

“That would be extremely low.”

“We could start at a national standard that says you need 570 hours across the country to qualify, but during a recession you could bring it down to 500, and in good times raise it to 700.”

THEME WHATEVER THE QUALIFICATION LINE IS, SOME PEOPLE JUST BARELY GET CAUGHT ON THE WRONG SIDE

“I’ve had guys with a five hour difference. It’s in black and white. I can’t fudge it for them. They don’t get benefits.”

“I’ve had one person with one hour [short of qualifying]. When they appealed, the board cut them some slack.”

“A guy came in this morning who was off eight hours to qualify. I’ve got guys like this in my membership. I’ve got three guys right now who lost their job and are on Ontario Works because they can’t get EI.”

THEME THE RULES OF EI QUALIFICATION NEED TO BE ADJUSTED TO MATCH NEW LABOUR MARKET REALITIES, ESPECIALLY MULTIPLE PART-TIME JOB HOLDING

“Part-time workers are disadvantaged. If you have two part-time jobs and lose one, you are not eligible.”

“Many people have more than one part-time job. If you have multiple part-time jobs and lose one and not the other, the system completely fails you.”

“A lot of people work many part-time jobs—they may lose one of many jobs—and fall through the cracks.”

“If you have other jobs you shouldn’t be penalized. If your house burns down your home insurance company shouldn’t tell you ‘just to go live on your other property.’”

“Toronto for example does really badly, because the design of the EI system does not reflect the

realities of the labour market as they exist in 2011, they don't capture the fact that many people survive by having several part-time jobs. You can't qualify if you are working part-time."

"At the present time many employers are hiring through temp agencies which makes it very hard to collect."

"EI does okay if you are a full-time worker but if you are in part-time work, working for yourself, or in any other type of employment, EI does a really poor job."

"EI should also be more responsive to shifts in the economy. For instance, under the current rules, it is more difficult to qualify for EI if you are engaged in precarious or non-standard work, which is precisely when you are more likely to lose your job frequently and have greater difficulty finding good jobs. EI also proved utterly unable to adapt to the quick growth in unemployment created by the recession. People in the three provinces hardest hit—Alberta, Ontario and BC—had the lowest rates of EI access!"

"EI was originally for frictional unemployment, now we have structural unemployment. Structural: jobs without people, people without jobs. There are bigger gaps for women, Aboriginals, marginalized groups. So this is a huge structural change. It is a bigger issue for low-income, low-skilled workers."

"When this program was started it was a world in which there was one worker per family—and if that one worker lost their job it would be a calamity. But, with two workers with solid incomes—it means different problems. EI is a program that is convenient for the middle class. EI stabilizes income for people who have it, but for those who need it they get buried. We need to take this into account and think about the design and think about the risks that people face today. The changes to the program have been shallow in comparison to the change in risk distribution. EI does not deal with the serious risks of today because it was designed for a different time."

"I think about it as a middle class program that was invented for people with jobs. EI was never aimed to the needy. It is a social insurance program for the core working people, but yes, the context has changed."

"We should re-examine the rules around terminations. A workplace may terminate or fire a worker which then puts his/her EI claim in jeopardy. Why are we penalizing those people who are fired? It may be misconduct on the employer's side. It may be that the worker has issues that they need to deal with, so more support should be provided to those individuals, not less. The development of the labour force should be viewed as an investment not a cost. We should focus on the development of skills and talents not just getting people into any job, part-time or underpaid."

THEME THE 910 HOUR RULE IS INAPPROPRIATE AND SHOULD END

"All differences in the treatment of participants in the EI program should be eliminated unless they can be based on objective empirical data clearly showing that the differences result in the program being fairer overall. Differential treatment is justified only when it results in greater equality as is the general rule for the legal system. According to this rule, first time workers should not be required to work longer in order to access EI."

"910 hours is six months for a full-time worker. For a part-timer this becomes an extremely long amount of time and so it is still good insurance for full-time workers but not for part-time workers."

"What's wrong with a variable set of hours in terms of initial qualification? Who does it affect?"

Well it affects younger people, newcomers to Canada and particularly people of colour.”

“First time workers should not be required to work longer in order to access EI. They are more likely to be engaged in precarious or non-standard work and therefore more vulnerable to being laid-off or to seeing the job end before they have had sufficient time to accumulate enough hours. Obviously, simply making EI available to them is not enough - they also need education and training and access to good jobs. But as an intermediary, access to EI would provide greater income security to young people and new Canadians and decrease the number who need to turn to social assistance. While this may increase EI payments, this will also decrease the demands on provincial, municipal and community organizations budgets, thus representing overall savings to taxpayers.”

“Reduce the number of qualifying hours for new entrants and those who have been unemployed for over two years, making it the same for all laid-off workers (this will benefit temporary, casual, and contract workers). It will also reduce the pressure currently being put on municipalities by keeping people off of social assistance.”

“It only creates further hardship and enormous loads on social service organizations and peer support initiatives.”

“This is unfair. Youth have often paid into EI years before they could ever collect it while still in school and working part-time. As for newcomers, they have enough challenges, this just leads to welfare when job loss occurs. What is saved in EI is spent in Ontario Works.”

“Geographically, employment rates usually dictate who gets EI. It [the 910 hour rule] is logically inconsistent.”

“Higher entrance requirements for immigrants and new entrants severely limit access to training programs, whereas these groups should have access to these training programs.”

“There should be one bar. New entrants shouldn’t be penalized because they are new workers or new immigrants. They work and pay taxes and should be eligible to qualify. There can’t be a two tier system.”

“It is tough for new entrants and immigrants to gain access to EI. There is a new generation of people who feel less ownership of the program. The hours equivalent of old requirements was 390 hours for new entrants and re-entrants, 26 weeks of work, with a minimum of 15 hours per week.”

“Why would we want to handicap those workers who are the most vulnerable? I do not want to make it any harder for a young person or for someone who is new to Canada.”

“This needs to be looked at in terms of youth. There are a range of arguments that 700 hours as a youth is a lot longer for them than it would be for older people and that 700 hours demonstrates labour force attachment for youth.”

“It seems very discriminatory. It’s another arbitrary rule that is affecting an already vulnerable population.”

“The labour market has changed. It doesn’t make sense now. There is a lot of part-time, temporary, and seasonal work. This needs to be re-examined.”

“It is probably the most ridiculous thing in this package that I’ve seen and could certainly be eliminated. 910, no reason for it.”

“This rule in particular affects women. The concept behind this is to say if you are a new worker, we want you to stick with the workforce. But it has to be based in what [available em-

ployment] is out there.”

“Youth and new immigrants are the last in and the first out. This rule exacerbates this problem.”

“I don’t buy into the ‘incentive to work’ argument. Most people want to work. They get a sense of self from working. Unemployment is not socially acceptable in our society. We don’t need to penalize people to keep them off the system.”

“The majority of people who are applying to EI want to work. If that is targeting abusers, that’s one thing, but most people who apply for EI don’t need encouragement to work.”

THEME THE 910 HOUR RULE IS APPROPRIATE AND SHOULD CONTINUE

“We should stick with the 910 hours or even increase this. There needs to be strict eligibility requirements for new entrants and re-entrants. We need to ensure that costs do not get out of hand because costs to employers ultimately get passed on to workers. If we are going to talk about labour shortages we should increase it. We need to look at the incentives and costs.”

“We can have a system which recognizes displaced workers versus newcomers to the system... If it’s going to be insurance it has to be insurance. You can’t mix it with a social program.”

“Like in home insurance, this is similar to the deductible. When this was designed people were thinking about young workers. How much should EI be a subsidy for intermittent work—which has its own detrimental downsides? We have to think about pros and cons and getting to the balance, money in has to equal the money out. We have to remember who’s paying and who’s receiving.”

“If this is cut to 420 hours, this would probably apply to students who have summer jobs. This distinction needs to be made.

THEME THE POTENTIAL NEGATIVE ECONOMIC CONSEQUENCES OF INCREASING ELIGIBILITY NEED TO BE CONSIDERED

“One of the things to keep in mind all the time: if benefits are extended to some group and you make it easier for new entrants to qualify the money has to come from somewhere, maybe from higher payroll taxes. The evidence is that the cost of almost all payroll tax gets shifted back to workers. If we want to make some portion more generous, some other portion will be less generous or a higher cost will be passed on to workers.”

“Whenever reforms are made within the EI system—for example to have the same entry requirements for everyone—the budget has to increase, which means higher employer taxes. The reality is that such cost shifts are passed on back to workers. It happens over time. What this means is that if generosity is increased for new entrants but not for everyone else then workers will end up paying for this. There is no such thing as a free lunch.”

“If we enable this, the resources have to come from somewhere... Payroll taxes are shifted back to workers. This means that workers will pay for this. Payroll taxes are not killers of jobs but are indeed moderators of wages. Or it has to come from somewhere else in the EI system. If we’re going to make it easier for people to access EI where else in the system are we going to tighten our belts?”

“Cost does not only get born by workers, but disproportionately by people who are lower earners and not the upper sector of high-income people.”

QUESTION

Who should have access to training support? Should training be available to everyone or only those who qualify for EI?

OVERVIEW

There is much agreement among participants that properly-designed training programs facilitate efficient labour markets, increase Canadian prosperity, and are important supports for jobless Canadians. There is less agreement on how training programs can be designed and delivered to fulfill this promise.

Many participants express support for decoupling training from EI because funding training through a payroll premium unfairly burdens lower-income workers. Others emphasize that decoupling could increase access to training programs for those who are not EI eligible.

Some participants contend that decoupling training eligibility from EI eligibility is likely to establish a more complex system that would absorb some of the most vulnerable Canadians and encroach upon educational and social assistance programs.

There is broad agreement that innovative solutions are needed to better match labour market demand and supply. In this regard, participants stressed the need for better labour market information and more flexible training programs tailored to individual needs.

Some participants stress that the current design of EI's "available for work" rules are outmoded and discourage EI beneficiaries from pursuing many self-funded skills development and educational opportunities.

Other participants argue that it is critical for training to be delivered as an "in-work" benefit available pre-emptively, before job-loss occurs.

THEME TRAINING DOES NOT BELONG UNDER EI; FUNDING FOR TRAINING SHOULD BE MORE BROADLY SOURCED AND MORE BROADLY AVAILABLE

"We need to pull all players together to provide a retraining framework that is flexible and decoupled from current EI criteria; we need a new structure around training that is local and fair."

"Why is unemployment insurance paying for training? Why does EI subsidize retraining? Why

is it in the umbrella of EI? Maybe it is a social program because it is something society needs. Employment Insurance benefits are funded by employers and employees, but training is a social issue. The changing workforce: that's not an Employment Insurance issue, it's a structural issue."

"It's not appropriate to have a social program funded by a payroll premium."

"One item I'd identify: self-employed people aren't eligible [for EI] but they add a lot to the economy. If they need retraining, how do they get it?"

"Everyone should have access to training providing they can prove that their chosen field will be needed in the coming economy."

"From an Ontario perspective, restricting training to the EI-eligible does not serve Ontario as effectively and efficiently as possible. The question is, how do you expand it? Not everyone should have access. The individual should be able to make good use of programs. But, the status quo misses too many people."

"It's important to realize that a very different set of supports are required for people with lengthy attachment to labour market than for others (e.g. youth, immigrants). The menu of opportunities needs to be sufficient. Obviously more than EI-eligible people need access to training, that's a basic social policy concept. I question if the investment of employers/employees into an insurance program is adequate to address labour market needs and compensate for market adjustments. We need to broaden the population served by training programs."

"EI training should be available to all workers. There should be goal-based objectives and evaluation measures built into this to ensure that this investment in training results in better employment and a better rate of pay. Programs should be flexible enough so that they can be adapted if they are not achieving the desired outcomes."

"Training access should not be connected to EI eligibility. We must determine the future needs of the labour market and we cannot pick and choose individuals based on their previous labour experience as to whether they can access training."

"Everyone should have access to training programs. Those who would benefit most from training are those who are often limited to precarious or non-standard jobs, and they are the least likely to qualify for EI because they are often unable to accumulate enough hours. Training programs might allow them to gain the skills necessary to find a good job, which would likely not only mean they wouldn't need EI, but also that they would be less likely to need welfare. Paying for training programs through taxes might thus save taxpayers money, in addition to being more progressive than paying through EI premiums."

"Today we should more clearly define the objective of EI in relation to other programs. It's stepping on the boundaries of education. These programs are needed, but are the eggs in the right baskets? For example, should training be going to laid-off workers while students have to pay for their education?"

"Ideally, training should be paid for through general revenues so that it is available to all current and potential workers. In practice, this agenda likely will not be as robust over the next few years as it should be due to concerns about deficits and the fact that all forms of general revenues-based spending will be tight for some time. Because the EI money comes from employers and employees, it effectively represents another pool of funds. Perhaps the solution, at least in the short term, is to continue some of the program interventions introduced as part of the economic stimulus package that used EI financing for training but extended it more broadly to include those not currently EI-eligible."

“Training support should be available to those who qualify for EI and the self-employed who can prove a certain level of work and income based on the previous year’s income tax filing.”

“In Quebec, training programs are integrated under one umbrella for all assistance schemes (EI, social assistance, etc).”

“Self-employed people who have gone out of business should be considered for EI type training programs as well, so they can re-enter the workforce. There are a lot of people who have been self-employed as independent contractors, but due to changing labour market, or physical abilities, they can no longer keep afloat, yet they have little access to retraining.”

“With regard to the disabled community there is an assumption that disabled persons can’t qualify for training programs. This is a group that wants to work but is not given access to jobs and job training.”

“Ex-convicts, which we have a lot of in Kingston, have enormous barriers. Our advice has to be, go get a labouring job, get your hours, then get EI and maybe qualify for a training program.”

“EI training and educational programs should be integrated with provincial welfare systems to allow for: (1) more universal access, (2) more efficient use of resources, (3) the development and implementation of training and education programs that support provincial and national labour market strategies.”

“There is slight exaggeration of the differences between training under social assistance and EI. Before the recession, labour market training budget for persons on EI was hugely reduced in the mid 1990s. But also, it is an incorrect assumption that EI training is very robust.”

THEME DISASSOCIATING EI ELIGIBILITY FROM TRAINING ELIGIBILITY WOULD BRING NEW CHALLENGES AND MAY NOT BE WISE

“Income enhancement is an issue. What are you going to do to put food on the table while you’re in the course [if EI and training are disconnected]? This problem creates a default tendency that we should integrate EI with training. Unless we have an alternative for income enhancement, there would be a problem.”

“Thinking of EI as an insurance program, I wouldn’t want to decouple training. From a standpoint of employer investment, an employer can see the rationale of providing that benefit [through EI]. If you decouple it and put it in a mishmash, the value to the employer is obscured. Decoupling also makes it much more complex and less functional. We have huge holes across the board. The question is not ‘do we do this through EI?’ but rather, ‘how should different programs relate to each other?’”

“I’m not wedded to decoupling. We need more coherence and consistency between programs.”

“I’m worried about moving money out of a program and eroding it for more people.”

“Design and delivery of EI sponsored training is very accountable under Labour Market Development Agreements. What’s less clear is programs funded under Labour Market Agreements [which provide federal training funds for the non-EI eligible]. The accountability measures are less effective.”

“If you decouple EI and retraining, you attract people with weak labour force attachment; if you pull in a pool that’s tougher to help, that will be harder.”

“I want to challenge the idea that we shouldn’t be training people at the bottom. There have

been suggestions that training can't help (that it's too short, etc) but those are the people we should help the most. They have the most fundamental need for training. It's dangerous to say that there's a whole group of people we should write off."

THEME THERE ARE CONCERNS ABOUT TRAINING EFFECTIVENESS; SOME SAY TRAINING NEEDS TO BE TARGETED DIFFERENTLY OR RE-DESIGNED TO SERVE MORE SPECIFIC PURPOSES

"EI should go back to original intent: providing income support to individuals who are temporarily unemployed. All social aspects should be taken out of the system. How effective are these training programs? Most research shows they are ineffective. Training in general should be much smaller in scale, more targeted to individual specific needs, employer needs, and needs in a particular industry or sector."

"There are issues of access, efficacy and quality that we have to address. Training isn't going to be a solution to many labour market problems; training may evolve to fit specific issues. Training is this heterogeneous thing that we've contracted out without adequate planning/strategy for policy direction. Positions providing on-the-job training are disappearing, so when jobs disappear there is a lack of human capital investment in displaced workers and conventional responses aren't sufficiently coherent to address overall issues. A significant number of people in our programs have access to '16 week wonder' courses that aren't adequate to provide meaningful training. There's less training in work, which is a big part of the problem."

"So long as other actors aren't part of the program (employers, colleges, universities) any training program will be perceived as second class."

"Trying to suggest to someone who is 58 to take a two year course is hard."

"There are huge numbers of people with no grade 12. If they do have grade 12, maybe it was done 30 years ago. Or maybe they have no grade 12 math so can't get into college. There is a huge opportunity to run a second chance program to get basic skills, like basic computer skills. There is a huge project waiting there."

"To what extent is training being provided as opposed to other services that a person may have in other parts of their life, e.g. services that address addiction, mental health, literacy? If a particular training program doesn't allow you to expand these services, we will always have these problems."

"Too many training programs are set up under the 'dumb worker' principle that people don't have jobs because they're too dumb, they just need a haircut and to be pointed in the right direction. We need to decouple programs from this erroneous assumption."

"Some people, when they leave the job market and go on EI, should have the option of returning to college for 3 years. EI doesn't support this, but perhaps it should. A transition from EI to student loans, some sort of alignment of these programs would be preferable to \$1000 killer resume courses."

"People in approved training programs should qualify for longer duration benefits."

THEME THE TRAINING ON OFFER DOESN'T MATCH WITH LABOUR MARKET NEEDS

"A lot of the training programs we need aren't covered. The courses that are covered are mostly short courses. The most popular short courses right now in Kingston are for saturated markets

(like medical administration), but due to economic necessity people want a short course [they want to get back to work]. Also government doesn't cover long courses. They say go get Ontario Student Assistance Plan funding, but a lot of people aren't in a financial position to take on debt from the Ontario Student Assistance Plan or even qualify."

"The Ministry of Training, Colleges, and Universities identified these areas of needed employment, but [the areas they identified] weren't needed. It didn't connect with what the hell is going on in the market."

"Last year when Second Career [a Government of Ontario retraining program] was paying better lots of people went. Then personal support worker [an area many were training for] got rocked. No one can get a job as a personal support worker. Lots of people go for these diplomas and they still can't find a job because the labour market doesn't need that anymore."

"The market is too fast."

"One question is what training is relevant to today's labour market. I'm finding that our methodologies are misaligned with labour markets, and we need to look at other models (e.g. Europe). What is the role of local training, assessment of suitability for different populations? What kind of training are we talking about?"

"You can constantly train people for jobs that may not exist. I wonder if there's more of a role for job creation initiatives in EI, like wage subsidies to encourage job creation."

"The issue is matching supply and demand, but how do we do this in innovative ways? Employers don't provide the training because the requirements are quite deep and small/medium sized employers lack the resources. Quebec is a pioneer in terms of how to engage employers on these issues, and targeting programs for local labour market planning, immigrant integration programs, etc. There is best practice sharing that can happen."

"We do not have quality labour market information/data."

"Even though there was unemployment in 2009, we know that one third of available positions went unfilled. We don't spend enough time on preparing people for the jobs that exist and will exist. We need more councillors who can direct people to the existing job. We do a lot of data collection. We do a lot with national and international clients. We have almost no contact with the government. Where is the business acumen within our institutions and with the people directing our young people?"

THEME WE SHOULD THINK OF THE POTENTIAL FOR TRAINING AS A BENEFIT AVAILABLE "IN WORK," BEFORE JOB LOSS

"Policy documents around training look like they are from the 1950s. They consider training only as a last resort. The whole skills development policy is very dated."

"We should be able to link people to partial EI during training for new jobs."

"Training should be available to workers in declining industries before they lose their jobs."

"There are a lot of people who are technically employed but in obscure jobs, and they should be given the chance to upgrade. Employers should be given the chance to decide if they want to upgrade the skills of their employees. There are work-sharing provisions on EI, e.g. reduced hours, this can be done with regards to training. People could take some time off and get a chance to get training."

“With the work-sharing program there was a brief experiment, but it was restricted to serve areas of high unemployment. We’ve been saying that it works really well. Workers may resist initially, but they get into it. The idea is that one or two days a week, when in training, you get an EI benefit to replace income for that day. Let’s revisit work-share while learning. EI training benefits are absolutely essential.”

“[We should look at eligibility for] those who are not only on notice of layoff, but also those unwillingly underemployed. So a broader definition of those eligible is needed.”

“We know manufacturing will continue to decline. We’ll see a rise in advanced manufacturing. Shouldn’t we be providing [training] benefits to people who are employed now so that they are prepared for what’s coming next rather than wait until they lose their job?”

“Training should center on improving worker skills and prepare them for labour market readiness. I see EI training as a preventative program. When you have imminent layoffs, the company knows beforehand. Why not allow training beforehand? Prepare workers when they walk out the door.”

THEME THERE ARE RULES IN THE EI PROGRAM SURROUNDING EDUCATION AND TRAINING THAT DISCOURAGE HUMAN CAPITAL DEVELOPMENT AND INDIVIDUAL ADVANCEMENT

“Training under EI always has to be at the college level or below. If we have someone who just needs one more year to get a university degree, that’s not eligible.”

“For many years they [EI clients] used to be allowed to go to university.”

“You can’t get EI benefits if you go to school more than 10 hours a week. They want you to go get onto the Ontario Student Assistance Plan or Second Career. But EI clients can’t always qualify for those programs.”

“They are enforcing the ‘available for work’ rule [that if you are primarily a student you can’t collect EI].”

“In late 90s it was perfectly acceptable to get benefits while in post-secondary. It was seen as a way out of poverty. Now it’s illegal. In fact it’s fraud.”

“The irony exists that if I was laid-off and went back to school, I’d become ineligible for EI even though that’s retraining. People should be able to determine their own retraining goals to an extent. Training should be decoupled from EI. If worker’s compensation is any indication, I’m sceptical of the value of government-determined program targeting (worker’s compensation targets are dubious and ineffective).”

“Training should include literacy training and upgrading, which is often dismissed as ‘education’ or ‘school’ [which would disqualify EI recipients for receipt of their benefits]. Training should not be viewed in the context of whether it interferes with job search or not. Yes, an unemployed person should be searching for a job, but all training helps that individual become more employable through skills development and increased contacts. Literacy training helps people upgrade their skills for work or further skills training. There needs to be a consistent position on literacy training. It shouldn’t be up to individual EI counsellors to say yes to one person and no to another.”

“People shouldn’t have to be in an approved full-time program to collect EI while training. Our region has a lower than average amount of grade 12 graduates. People should be allowed time to participate in free or low cost programs that don’t require payment by EI while looking for work. The labour market is changing, yet people aren’t allowed the time to prepare for it, un-

less they go back to college through Second Career. There are other low-cost or free options for training (grade 12, literacy/essential skills, pre-employment training programs) that the unemployed could access if they were allowed the time to go without threat of losing EI benefits.”

“Service Canada assumes that all training is employment training. Then they get disqualified for EI.”

“Our clients can access 3 programs at our centre. They fear being cut off of EI by taking up on a training program. They want to take a GED [to complete high school], but that could get them kicked off EI benefits. They are trying to better themselves by getting something accomplished before they get off EI. They are trying to get re-established and they have all these barriers with EI.”

“We had two guys who got cut off [EI benefits] because they paid to go back to get their high school.”

“People want to re-educate themselves but they will be disqualified by EI. We need to look at that.”

THEME THE MOVE TO PROVINCIAL RESPONSIBILITY FOR DELIVERING EI TRAINING HAS RESULTED IN SOME INTER-JURISDICTIONAL BARRIERS

“People laid-off in one province can’t get training in another.”

“If you get laid-off in Alberta and move back to Ontario, you can’t get training when you get back [even if you are EI eligible].”

“It’s sad. The money should follow the individual and not be stuck in the province where you worked.”

“We are in a time of experimentation with regards to the division of labour between federal and provincial government.”

QUESTION

Should Special Benefits be funded through EI and available only to EI-qualifying workers?

OVERVIEW

There is consensus that the two biggest questions confronting the Special Benefits system are (1) whether the funding of Special Benefits is structured properly and (2) whether eligibility for benefits is determined fairly. While most participants think that maternity and parental leave should remain part of EI, many contend that expanding the pool of money—perhaps through general revenue funding—is necessary.

Further, many argue that more women need access to maternity and parental benefits. One of the options participants advance is to leave maternity benefits in EI but to provide a bigger tax credit for those who don't qualify (this happens in several European countries).

Many participants argue that taking Special Benefits out of EI would result in piecemeal programs that differ from province to province as the federal government does not have a clear legal window to deliver Special Benefits as social insurance outside of EI. These participants fear that a shift in responsibility for Special Benefits would lead to a net decline in the benefits that individuals receive.

Some participants think that the Quebec model of greater access to more generous benefits is a better alternative, while others commented on Quebec's uniqueness and the improbability of duplicating its program. These participants argue that Quebec's program would simply be seen as too expensive outside Quebec.

There is widespread agreement that the length allowed to claim compassionate care and sickness benefits should be expanded, especially as the baby boom generation starts to retire.

THEME SPECIAL BENEFITS SHOULD CONTINUE TO BE DELIVERED THROUGH THE EI PROGRAM

“The goal is to support people with significant labour market attachment. Parental leave makes sense [to deliver through EI] because recipients will return to the labour market.”

“It depends on what the objectives of Special Benefits are. I'm employed, should I have a baby or need to take care of someone, that's still part of employment insurance. If the benefits exist because overall people need to care for their family to reduce costs – then that's a different logic.”

“Keep the benefits there. There is a social value to these activities, and an economic value. If someone is raising kids, they will be paying into the system generationally. So from an economic perspective, a perspective that there is a social aspect, and also from a gender perspective, it impacts women’s labour force contribution. This is a way to increase support for women.”

“[Pulling Special Benefits out of EI] seems inefficient. Instead of fixing a problem, you would be increasing administration.”

“Another important idea for keeping it in EI is that Special Benefits are part of the employment system that way. They mesh with employment standards. Human rights say you get to come back to work after receiving Special Benefits. This is important for mothers and caregivers.”

“Parental leave and compassionate care originally addressed issues of gender equality. The gender equality issues these benefits were designed to address still exist. Pay equity, expectations and norms around care-giving, it’s so critical to have benefits that address these as part of the overall EI system. I do not support a separation.”

“It is possible to preserve the entitlements through an architectural change [a fundamental change in how Special Benefits are delivered], but I don’t recommend it.”

THEME KEEP SPECIAL BENEFITS IN EI, BUT EXPAND BENEFITS, POSSIBLY BY INJECTING SOME GENERAL REVENUE FUNDING

“Canadians want to share in the maternity burden. I don’t see why it’s in the EI system. One reason might be for operational reasons. Operationally, these benefits were tied to EI because it was easy to do it, simple. Perhaps the solution is to keep it in EI and pay for it out of general revenue as well.”

“I don’t want a brand new system. That would be very disruptive. Government could be the third player, enhancing it, so that all parents are able to spend time with their children for the first year of their life. Maybe bring it [the replacement rate] up to more than 55 per cent for parental leave so that poor people can take advantage of it. We want to retain the workers we have and maximize the labour force we have. Solution is not just from employer and employee premiums.”

“Yes Special Benefits should be in EI, but EI rates need to go up and be more in line with what workers make today. EI rates are more like minimum wage. Higher wage earners should contribute more to EI and therefore be able to collect more EI for these types of benefits.”

“It is such a huge gender issue. It’s an income replacement for an absence from the labour market, which for women is what they must do biologically. So from an equity perspective it’s crucial. It’s hard as an employer to be topping up maternity leave. So we must expand the rate.”

“Since coverage issues mostly affect women, the eligibility issues hurt them disproportionately.”

“Since there is a \$57 billion surplus, why are we considering taking them out of EI? We need to respect the equity issue, especially since most claimants are women. Part-time workers are 70 per cent women, so we need to make it accessible.”

“We need to increase access, rather than just moving it to the provinces. I wish in Ontario we had Quebec’s program [which is more generous]. But, we need national standards and universalities, also to help people moving from province to province. So we need to remember to maintain universality.”

“When you look at the federal report on poverty and sick benefits, 60 per cent who used sickness benefits exhausted the benefits. Many people who have access to maternity and parental can’t take advantage because their benefits are so low they can’t survive on them. Part of the benefit of having this [Special Benefits] in the EI system is that they [beneficiaries] have a statutory right to return to that employer. That would have to be maintained if Special Benefits were pulled out.”

THEME IT WOULD BE POLITICALLY DIFFICULT TO ESTABLISH A SPECIAL BENEFITS SYSTEM OUTSIDE OF EI, A LIKELY OUTCOME WOULD BE SHRINKING OF THE SPECIAL BENEFITS SYSTEM

“It would be a huge mistake to take Special Benefits out of EI. Given political, economic, and financial realities, a major cutback would be likely and be bad. It is not needs or income tested now. It’s an entitlement. It’s a national program, given you meet certain rules. We must not go down this road. There is no way that we are going to get anything like what we have now. Think about women, the aging workforce, how we need to support young families to have children.”

“Many of us supported what was done in Quebec, but the situation in Quebec is unique: asymmetrical federalism. Quebec is different. Historically it has had a more communal approach, sometimes for population growth it has had policies explicitly to grow the birthrate, but also there was the influence from the women’s movement.”

“We have an EI program that is harder and harder to be eligible for, so we want to take things out of it, but EI is actually not a bad program. I am worried that in the name of equity for low income people we will begin to erode EI. Maybe look for other options for the future, but don’t start with just taking it out of EI.”

“I don’t agree with moving Special Benefits! Before there is something that is ready to go, I wouldn’t replace it given the political mood. There would likely be a cut without a replacement from somewhere else. I don’t want to reduce a federal level of support across the country. I’m very concerned about weakening one of the things that holds us together as a country. Until there is a program to replace it that provides at least the same level of benefit, we have to be careful.”

“Starting from scratch, taking Special Benefits out of EI might make sense, but it’s hard to imagine that we can shift it out of the EI system without employers wanting to lower premiums. There is a very strong employer lobby. In a practical way, it will require a tax hike. That would be technically easy, but politically difficult.”

“I think Special Benefits belong in EI. I could see a new program under pressure over time to get smaller and smaller.”

“The EI system is a pretty modest income benefits, too little to live on. If you move Special Benefits into the tax system (funding through general revenue) does everyone get the same level of benefit? There are lots of big issues that will come up if you shift Special Benefits.”

THEME REMOVING SPECIAL BENEFITS AND MAINTAINING THEIR FUNDING THROUGH A FEDERAL SOCIAL INSURANCE MODEL MAY NOT BE CONSTITUTIONALLY POSSIBLE

“Originally it was a constitutional issue. The constitution was amended to give the federal government power over EI, so we have tended to pile things into EI because it was constitutionally clear the federal government could do it. Taking Special Benefits out of EI

might be running into constitutional issues. Constitutionally, the federal government couldn't run a separate [social insurance] program for Special Benefits other than EI."

"Taking Special Benefits out of EI makes it provincial. It could be a conditional transfer though since federal government has the spending power. Historically, the federal government wanted to intervene so that's why Special Benefits are in EI."

THEME THE EXCLUSION OF NON-EI ELIGIBLE INDIVIDUALS FROM SPECIAL BENEFITS IS A PROBLEM; A SEPARATE PROGRAM MAY BE NEEDED

"Many workers aren't eligible. These are fantastic benefits and we need to keep them, but if they are left in EI we need to make sure more people can get there. Accessibility is important."

"If we are a caring society with a social safety net, then there is the question of the people who are not able to pay into EI, if they can't work because of sickness or ability. Do we want a social safety net for everyone?"

"Aboriginal women are among the most marginalized people. There has to be access. It has to be funded."

"Six hundred hours is too high an entrance requirement for Special Benefits."

"We could keep Special Benefits in EI, but institute some form of baby bonus for those who do not qualify for the EI benefits."

"Employer top-ups make the system more unjust."

"These are important benefits to maintain. We should consider if some special criteria should be created for those individuals who do not qualify for EI (since the rules are so stringent). Canada should consider a guaranteed minimum income, which would eliminate a great deal of bureaucracy, cost of enforcement and fraud investigation."

"Some things should stay national. Special Benefits are national standards. We should not tempt our population to go shopping for benefits. At the same time, we can't be married to the idea of EI being social insurance. But, regardless of political pitfalls, we have to be courageous. Maybe we should talk about a new architecture, e.g. family programs to take into account a booming demographic issue—looking after our parents, getting some kind of support if we have to leave work for a year or two."

"All persons who are unemployed need to access these Special Benefits. When parents properly care for their newborns and themselves, when people are allowed to heal from illnesses and when compassionate, quality care is given to the very sick and dying considerable and long reaching benefits to society are seen."

"The crux of the question is: should this be in EI or not? How do these fit with the Ontario child benefit, etc.? New mothers without labour market attachment are important to consider. What about guaranteed annual income?"

"Special Benefits need to be provided to parents and caregivers. However, the federal government needs to look at all its programs. If EI is focused on those who are in the workforce and are contributing to EI, then the federal government needs to ensure there are other programs that allow for parents and caregivers. We all know the value of the early years. In fact a \$1 investment saves \$17 in the long run. The federal government needs to ensure that parents, caregivers and those with health issues are taken care of. This does not need to come out of EI but it needs to come from somewhere."

THEME SPECIAL BENEFITS SHOULD BE REMOVED FROM EI AND DELIVERED IN AN ALTERNATIVE FASHION

“EI should have as few Special Benefits in the system as possible. I understand the need for these Special Benefits, but we should create a separate fund for people who are planning to have a baby, etc that you can choose to pay into and access, instead of everyone putting into a pot that they don’t necessarily need access to.”

“These benefits should follow a different logic than a labour market program and be delivered separately.”

“Delivering special benefits outside of EI would improve accessibility.”

“I agree with the importance of these social benefits, but it should be separate. Like in Quebec where Special Benefits are distributed by the province.”

“Extremely important benefits, there is a strong public value in supporting all of them. Take them away from EI because the problem is that they should be available to everyone. They should be included with other social/family programs.”

“We are conflating totally different social programs. We have this machine that was set up 50 years ago, and every time we have a new need, we reach for the EI administrative machine and the job is done by HRSDC because they have the machine. Some of these programs ought to be totally separate.”

“Special Benefits should be taken out of the EI system and administered separately, especially parental benefits. Currently, one in three new mothers do not take maternity leave, either because they do not qualify for EI or because the income from EI is too low for them to make ends-meet. Parental leave is important for many reasons. Bonding improves. Women are likely to breastfeed longer. Women need time to recover from childbirth and may not be the most productive workers while battling sleep deprivation. A better parental leave system would allow all parents to take the time they need with their children. At a minimum, I think a basic amount available to parents should be set, but to be paid out over whatever timeframe the parents choose. Therefore, someone could choose to take only six months and double their weekly income compared to a year-long leave. Or parents could take 18 months, at the expense of seeing their weekly income reduced. The program should be funded by taxpayers rather than by EI premiums.”

“Why, if you have a baby, do you only get money if you’re working? What about the person who was going to go to work, but had a baby, so she can’t go to work?”

“They should be funded by general revenues. We should reduce taxation on labour as much as possible. I would like to see lower payroll taxes, and have these special benefit programs funded by general revenues.”

“There will be a lot of pressure on finance ministries to come up with less money, so it’s better to do it as a tax credit.”

THEME A WINDOW HAS OPENED FOR PARTICIPATION OF THE SELF-EMPLOYED; BUT THIS MAY NOT BE SUFFICIENT

“If self-employed people have to cover premiums on their own [employer and employee] in order to get Special Benefits it is too much.”

“To me, the big issue is that it is voluntary. People are self-selecting. My sister is an entrepre-

neur, she sat down and figured out where the break-even point was for paying the premiums. She decided no, it was too far off: she would be retired before she could get back what she put in. You cannot pool risk in a social insurance system if each individual is sitting down and making that calculation.”

THEME THERE ARE SERIOUS PROBLEMS WITH THE DESIGN OF SICKNESS AND COMPASSIONATE CARE BENEFITS

“Not so much the length of benefits, but the narrow restrictions are the problems. Basically the doctor has to sign on that the person will die in six weeks [for one to access compassionate care benefits]. Sometimes it’s so restricted that some don’t want to go there [admitting someone is dying]. Though they have widened it a bit, it is difficult to have access to compassionate care.”

“If you have a sibling you have to split compassionate care benefits, you can each only take three weeks.”

“Narrow definition of sickness benefits is also a major problem.”

“When you look at all the investments made in early education and all of the efforts to keep people living in their homes longer as older folks. When you look at all these government initiatives it doesn’t match with this one program [EI] that has very strict parameters. It seems like the two levels of governments’ programs are clashing rather than coinciding. We need to see how we can have someone take care of someone at home rather than have them in a hospital. [The current design of Special Benefits] passes the cost to other levels of government or to society in a different way.”

“Sickness benefits are too short. For example you have some people who will need more than 15 weeks off when they’re fighting cancer.”

“Given the baby boomers, there will be a greater need to care for the elderly. Compassionate care will need to be dramatically expanded.”

QUESTION

Are EI and social assistance functioning properly together as supports for the unemployed?

OVERVIEW

Many participants emphasize that Canada's income security landscape for the unemployed—composed largely of EI and social assistance—has aged poorly. These participants argue that contemporary labour market realities make EI difficult to access and social assistance an inappropriate alternative for the temporarily unemployed. Some participants suggest programmatic alternatives.

A large number of participants emphasize that the temporarily unemployed are vulnerable to falling into permanent poverty because of holes in the income security landscape. These participants highlight the gap between EI and social assistance and the sharp differences in available benefits between the two programs.

Many participants contend that EI's two week waiting period leads to unnecessary entanglement between federal EI and provincial social assistance, with many newly unemployed workers turning to social assistance for a short period of time. The result is that the period immediately following job loss can be one of great hardship for many newly unemployed individuals, particularly for those who had low incomes.

Other participants note that not enough is known about how people move through EI and social assistance programs because of a lack of data sharing by the federal government.

While discussing the interface between EI and other income security programs, many participants note the need for reform within social assistance programs.

THEME THE GAP BETWEEN EI AND SOCIAL ASSISTANCE IS A PROBLEM

“There is a gap in the transition from EI to social assistance. Something in our social support system is missing.”

“Make it easier for unemployed workers to access the EI program so that they do not need to turn to social assistance, which is meant to be a last resort. While the primary goal of both schemes is to get people back to work, it is much more difficult to do so after being on social assistance. The current trend as noted by the City of London is that once in receipt of social assistance, people are staying on for longer, especially new immigrants/older workers.”

“During the recession we are seeing many more single people and lone parents in social assistance caseloads.”

“The majority of people in Ontario who lost their jobs were men. If we change the age from 25 to 40 the data is staggering. Either program could be redesigned to cater to those falling through the cracks.

“We need to prevent people from entering a downward cycle of unemployment and poverty eventually leading to social assistance.”

“We are no longer experts on the EI program because our clients don’t qualify anymore.”

“There is a huge gap between people who don’t have the hours to qualify for EI and don’t have the low asset levels to receive social assistance.”

“People did not know that the transition from EI to social assistance was so drastic, that they wouldn’t get any social assistance if they have \$600 in their bank account.”

“No one tells the other what is happening.”

“Part of the reason for the gap has been the steady erosion of EI benefits and EI replacement rates.”

“There is a large group which EI and social assistance is not reaching. They are stuck in this gap. EI is not the answer for a large number of unemployed persons, social assistance is a very dubious answer, and there is a larger and larger group that isn’t benefiting from either.”

“EI needs to work closer with Ontario Works. Most of the people on Ontario Works exhausted EI and never received training. Now we have women on Ontario Works whose abusive husbands owned the business. Guess what? The ROE [Record of Employment] says they quit [so they are not EI-eligible]!”

“There is a large gap between EI and social assistance as clients strip their assets. Clients try to find other income sources rather than social assistance.”

“EI is not concerned with assets, when you’ve exhausted your EI you must exhaust all other assets before turning to social assistance.”

“Social assistance is subsidizing EI. The system is broken.”

“Another longstanding problem: as the EI application takes a number of weeks to process some EI applicants need to apply for social assistance while they wait for the EI application to be processed, due to financial hardship. Ontario Works requires the signing of an assignment for EI benefits. This usually results in these individuals going without income from either source once EI begins [since they have to pay Ontario Works back]. This causes significant difficulties for individuals in meeting their basic needs of housing and food. This illustrates the gap in both the EI system and the social assistance scheme. This gap should be addressed through more coherent social benefits legislation so that unemployed workers have sufficient income support during times of need.”

“If the federal government used the funds designated for the employment insurance program entirely for the EI program, there would be less need for people to receive social assistance.”

“They are not functioning well together. Both systems are focused on enforcement of rules and not on human resources development. Do we want a punitive system or one that invests in development of our workforce? What is our ultimate goal? A minimum guaranteed income

would enable all Canadians to have a minimum income to pay for necessities (rent, food, clothing, heat, hydro, water) and would encourage people to take responsibility for their lives versus being investigated for possible welfare fraud. We could re-direct money spent in bureaucracy, enforcement and fraud investigation into more training and education opportunities for adults which would do more for poverty reduction than trying to starve people off of welfare by keeping welfare payments low.”

“I work in Ontario Works. The current system means that families receiving EI still need an Ontario Works ‘top-up’ when there is only one worker in the family. Ontario Works is so low. It’s incredible that this occurs. EI rates have not gone up to meet inflation over the years. Also the way EI affects Ontario Works entitlement is flawed and causes hardship to clients, but this is partially an Ontario Works issue.”

“There needs to be an assumption behind these programs that unemployment is not going away. EI, social assistance, these are intended to be temporary. It needs to be recognized that some people will be unemployed for a long time. Unemployment is permanent.”

THEME THE GAP BETWEEN EI AND SOCIAL ASSISTANCE IS A RESULT OF THESE PROGRAMS’ TARGETING OF DIFFERENT GROUPS

“There are increasingly tight circles where social assistance recipients cycle between low income, insecure jobs, and then back into social assistance.”

“The EI population is dramatically different from the social assistance population. A very small number of people make the transition from EI to social assistance. Most people that are on EI have assets and it takes a long time for people to strip down their assets to qualify for social assistance.”

“EI and social assistance target different populations and have different objectives. EI targets a population that is part of the labour market and that has assets. EI deals with frictional unemployment. On the other hand, social assistance works with people who are not in the labour market and have no assets and whose unemployment is mostly explained by structural reasons such as age, disabilities, and mental illness.”

“I don’t see the connection between EI and social assistance.”

“A large number of social assistance recipients have been detached from the labour market for a long time, about 10 or 11 per cent have made a recent transition off EI.”

“Social assistance was not conceived for the unemployed. It was established as a system of last resort. But, a good chunk of the welfare list is employable.”

THEME LABOUR MARKET CHANGES MEAN WE HAVE TO RETHINK THE VARYING ROLES OF EI AND SOCIAL ASSISTANCE

“Programs were designed for a period where we had robust automotive and factory jobs; labour changes mean different realities.”

“Neither EI nor social assistance were designed to deal with structural change.”

“My literacy agency is seeing adults who were never on welfare before (nor their parents) trying to struggle to get a job in the changing economy. They have exhausted their severance and EI, gone through their assets and are now on welfare. They thought they could get another job in manufacturing for \$20 - \$50 per hour. Those jobs are long-gone but the workers are not.”

“The EI system as we know it now only has responsibility for those who are eligible, and for a certain period. Once EI expires, there is no alternative mode of social assistance. Is there still responsibility [on the part of the EI program] for those who have exhausted assistance but are still looking for jobs? In the past, EI was designed for middle-income folks. With shifts in the labour market, we see the shrinking of middle-income families. How can we re-imagine a system that would be much more inclusive and take into consideration low-wage, temporary workers? The nature of work has changed. There are a lot of people who are not covered.”

“A new income security program is needed, perhaps in the interim. So no, social assistance and EI are not working together.”

THEME AN INTERMEDIARY STEP, GREATER CONNECTION, OR BRIDGE IS NEEDED BETWEEN EI AND SOCIAL ASSISTANCE

“The nature of work is changing so much. The income tax benefit is an infrastructure. The child tax benefit is targeted at low-income families; there is a similar program that supports older Canadians. You could envision—rather than an insurance-based pool—some kind of negative income tax.”

“I think EI would benefit from being integrated into a better income security system, anchored by a guaranteed livable income that promised all Canadians a basic, but decent level of income. EI could then become more of a wage replacement program to be used temporarily when confronted by temporary job loss. After all, it is still difficult for someone who normally has an income of \$80,000 with a mortgage and bills to live on \$400 a week, even if the challenges are not as dramatic as they are for someone living on \$20,000 who is reduced to \$10,000.”

“Should we think about making a more robust tax fund that can serve as an intermediary program between EI and social assistance?”

“Difficult to get back out of social assistance once you get in. Government should institute an income support that can take over after EI benefits have maxed out.”

“There needs to be an interim program between EI and social assistance to assist the workers on short-term employment.”

“Move to a mix of some guaranteed income, an income-tested component, and compulsory insurance. It would be good to allow individuals to contribute to a tax-free savings account, moving away from separation of distinct programs towards an integration with a personal savings account. This would remove the stigma of applying for social assistance, being able to contribute to your own safety net.”

“Move towards a guaranteed income level.”

“There is no collaboration or dialogue between social assistance and EI. We need to improve that. Why do we work in silos? Example: if I was on social assistance and wanted to find a job, there are training barriers for me to do that. I cannot access social assistance and training at the same time.”

“From experience I know that the transition from EI to social assistance is often a result of a new disability. Quite often, if the people are given proper training and a transition system, most would enter the labour market. EI sickness is only 15 weeks no matter what. Solutions: extending sickness benefit? Allowing transition to social assistance?”

“Newcomers find themselves ineligible to transition from EI to social assistance because most will still be under sponsorship.”

THEME SHARED RESPONSIBILITY FOR INCOME SECURITY PROGRAMS HAS BEEN BAD FOR CLIENTS, THOUGH FULL INTEGRATION MAY NOT BE THE SOLUTION

“While social assistance is a provincial program it is delivered by municipalities. It makes no sense to me. It never has. The worst thing we have going is that Ontario Works is municipal and the Ontario Disability Support Program is provincial. We shuffle files back and forth. We are across the hall from EI. The Ministry of Training, Colleges, and Universities is funding Employment Ontario which we are delivering. People are navigating three offices, three different staff people. It’s not good for people. We have to wrap our heads around the issue of territoriality. Maybe staff might know more. I know that staff working in EI are in the same building across the hall, they have touched the lives of many of our clients, but there is very little communication.”

“This is very stressful for people who are just laid-off. They have to fill out the EI form then come to us (Ontario Works) for support while they are waiting for EI. It should be more seamless so people can do what they need to do, settle in and find employment.”

“When there is a waiting period this is creating anxiety for people. They are coming to apply for Ontario Works pending EI.”

“You can provide adequate support, but during the waiting period, the backlog, waiting to get accepted on EI, people have to go on Ontario Works, then it gets clawed back after they begin receiving EI.”

“There is no reason for three levels of government to be in the business of income support. I hope that the new Social Assistance Review will look at this. The real issue is staff. How do you transfer staff from one level of government to another? It is hard, but has been done before. It should start with what’s best for people.”

“We advocate for less red tape for business. The question here is how do you have less red tape for citizens. Really, there should be one contact office, cross-trained by the different government agencies. If John Smith gets laid-off, he should go to one place, not have to deal with three different people. It should be single-sourced. I think there are efficiencies we can gain here.”

“There is very little communication between governments or even between ministries. One thing that happens is that one ministry will offer a program and say that you can only be on this program, but if they go to that new program they will lose necessary drug support from Ontario Works.”

“If one department had power over both social assistance and EI, that’s too much power man! Too much...”

“Social assistance benefit rates are poverty rates. EI isn’t working because of changes that have been made to that program in terms of benefits, services, and requirements. I worry when I hear about integration because I don’t want EI lumped into SA and cheapened. EI can be a stand-alone program and address the issues it’s meant to address.”

“We can’t blow up social assistance. In the current political climate nothing would replace it.”

“Don’t blow up social assistance, break part of it out. People need a place to go with a large range of income and job training supports, the creation of a single delivery agent. We should break out what everyone needs when they’re unemployed versus what is just included in social assistance.”

“There are also gaps between the EI sickness benefit and the long-term disability income system, which requires the presence of severe and prolonged disability in order to qualify for benefits. Hundreds of thousands of Canadians with serious chronic but episodic disabilities are not able to qualify. Yet they quickly use up their EI sickness benefits, which are not really designed for ongoing coverage of chronic, unpredictable conditions. Most end up on welfare as a highly inadequate and inappropriate last resort.”

THEME BECAUSE OF THE ASSOCIATED BENEFITS OF SOCIAL ASSISTANCE, PEOPLE SOMETIMES CHOOSE SOCIAL ASSISTANCE ABOVE EI, EVEN IF THEY WILL RECEIVE LESS MONEY

“The biggest thing is the health costs. You can get drug and dental through Ontario Works.”

“EI just covers money and training. There is more to that when you lose your job.”

“If someone has a mental illness or needs medication for whatever reason, they might take Ontario Works instead of EI even if they qualify for EI. There is less money on Ontario Works sometimes, but there is the medical coverage. If someone is in need of that medication coverage, they also are not going to leave for training onto anything that doesn’t have the medical.”

“We can have flexibility from one Ontario Works office to keep people on Ontario Works benefits while they train, but it’s not the same elsewhere. Different municipalities have different approaches to running Ontario Works. Individual municipalities have the discretion to do different things.”

THEME SHARED RESPONSIBILITY FOR INCOME SECURITY IS WASTEFUL

“Transparency between these levels of governments is needed. The programs are not doing a good job at overlapping. The interactions as they exist are a waste of taxpayers’ money.”

“What about making the system more efficient? Eliminating administrative waste?”

“Maybe if we didn’t police low-income people so much it would be cheaper.”

THEME THERE ARE BIG INFORMATION GAPS ABOUT THE RELATIONSHIP BETWEEN EI AND SOCIAL ASSISTANCE

“We don’t know much about the interface between EI and social assistance. Never have the federal and provincial governments gotten together to merge data from these two programs. This dataset does not exist to shed light on the interface between the two programs.”

“Steps are being taken by the federal and provincial governments to come up with the data on the processes of individuals coming off of EI, merging these data to information from the social assistance programs.”

“There is no EI exhaustee data. We are strongly hobbled by that. The transition from EI to social assistance is not very clear.”

QUESTION

Should any of the people currently not included in the EI program be covered?

OVERVIEW

A majority of participants agree that the nature of work in Canada has changed. For example, more Canadians are now self-employed and more temporary foreign workers are filling labour shortages. Many participants are concerned that these growing groups of workers are not adequately protected by the EI program or other income security programs.

On the issue of temporary foreign workers, there is broad consensus that reform is needed. Participants agree that temporary foreign workers should either have access to regular EI benefits or not be required to pay into a system they cannot fairly access.

While a large number of participants are concerned about the lack of a safety net for self-employed workers, consensus is less evident around how this concern should be addressed.

Many participants think that granting the self-employed access to regular EI benefits would be problematic due to monitoring constraints (the difficulty of clearly determining when self-employed workers are unemployed). Others participants think that these concerns are overstated—that there are sufficient incentives for self-employed workers to stay off EI—and that full inclusion of the self-employed in EI is possible.

Many participants argue that any alternative income assistance program for the self-employed needs to be based in mandatory contributions from all self-employed workers.

THEME THERE IS A NEED TO INCLUDE PEOPLE NOT COVERED BY EI OR DELIVER INCOME SECURITY TO WORKERS NOT COVERED THROUGH ANOTHER PROGRAM

“EI has to address the changing nature of employment around the growth of the precarious workforce, whether that is agricultural workers or self-employed contractors forced into this situation. All of these things need to be addressed by this program so people can manage labour market attachments that don’t always carry.”

“We have self-employed people who lost small businesses who have gone bankrupt and are looking for jobs. They have no income. No qualification for EI.”

“One thing I’d like to say is fairly simple. That is, either more people should be covered by EI or there is a critical need of finding some way of providing both financial benefits and training opportunities for those who aren’t covered. If we had consensus around the table even about that

point, it would be worth reporting, or at least mild agreement!”

“What about self-employed individuals with very small businesses? On my own street I can see five different vans with individuals offering services... I can see people who have very small business prospects, and they have no insurance. So they would not be eligible, the small, independent contractor. What happens to them? They end up on social assistance. They also don’t have huge assets, besides saws and ladders. No machinery.”

“People with home cleaning businesses, gardening and painting, small contractors. They are self-employed. When it doesn’t work out they come in looking for social assistance. We see this type of small business people [coming to apply for Ontario Works] who don’t qualify for EI.”

“You hit the nail on the head with the language. Somehow the word ‘self-employed’ gives you images of working in office with a computer. I’m talking about strip malls and nail salons: those are self-employed people that have no way to insure themselves. We’re talking mom and pops who have sunk everything in.”

“These are the large groups of people who have thrown up their hats in the air and said: I’m my own boss. This is the only option left for me.”

“Lots of people got into the real estate business. And then when things didn’t work out they ended up with nothing. No coverage. Some came in for Ontario Works.”

“Self-employed and small business owners should be covered as they are an integral part of our workforce. In the spirit of fairness and equity, there should be a system to calculate their eligibility and their contribution.”

“We strongly believe that self-employed people need access to benefits when they are unable to find work.”

“Access to EI for self-employed workers is a necessary part of a strong Canadian cultural policy. If we want the benefits of a strong cultural pillar to society, we need to support the artists who make the culture. 42 per cent of Canadian artists are self-employed.”

“Self-employed individuals whose work patterns are irregular often have no access to any support, EI or social assistance. This must be addressed through the EI system.”

“I think that we should look for ways to include the self-employed in the program. I am not sure how the policing could be done, although I think in general, no one would choose to be unemployed and make only \$400 a week when they could be working and making twice as much.”

THEME IT IS IMPOSSIBLE TO INCLUDE SELF-EMPLOYED WORKERS IN EI BECAUSE OF MORAL HAZARD/ADVERSE SELECTION

“The trend towards self-employment is still small but definitely increasing quite a bit. It is difficult to provide insurance because of difficulty determining how they became unemployed, whether it was voluntary or otherwise. There are self-selection problems. How do you make sure that the people who need it the least get the least and the people who need it the most get the most?”

“We know that they [self-employed people] may have two or three months without work, they have savings aside. It would be ridiculous to give them access to EI. If you open a voluntary scheme for the self-employed you will get a moral hazard issue. You get people that are high risk. Why would I pay the premium if I have an RRSP or other savings? The high risk will cost

very much. The self-employed should disappear from the page and we should go at the problem from the angle of precarious employment, etc. and not treat them as a category.”

“For those of us who have been dealing with EI as I have, there is just no way of modeling anything that captures the self-employed that is operational. Who are you going to believe? The self-employed say to themselves, ‘I haven’t had a contract for 5 weeks now. Am I unemployed? Even they don’t know.’”

“But even fixing the benefits... If you take a worker it is easy to prove they were laid-off and in addition they were making \$600 a week, now \$0. Self-employed: how do you determine the loss? We cover 55 per cent of prior earnings, but the earnings from capital is an issue. For the self-employed some earnings are from capital and some are from blood, sweat and tears. How do we separate the capital loss from the loss of not providing your services?”

“It is a very different beast, insuring a small business than insuring lost labour income from a proletariat.”

“I think with coverage of self-employed individuals there are great hurdles in identifying their income. Moral hazard of tendency to claim. You can’t make a system for self-employed individuals that is self-funded without making it mandatory for self-employed individuals. Those elements make it a politically tough sell.”

“The EI program is not a reasonable vehicle to cover workers who have not been contributing or who can voluntarily manipulate their employment status. It is social insurance. Some of the people not now covered might be covered were the entry and other features fairer, however many would still not be covered. Therefore it is reasonable to consider a non-social insurance program to provide non-stigmatizing unemployment benefits of some kind to those for whom a contributory insurance program will never be adequate, so that they are not forced onto social assistance with all its dire consequences. We have proposed an income-tested Temporary Unemployment Assistance program for this purpose.”

THEME THE BARRIERS TO PROVISION OF INCOME SECURITY TO THE SELF-EMPLOYED ARE OVERBLOWN

“I’ll throw this out there: I question the statement that it is difficult to tell whether or not self-employed individuals are intentionally unemployed. What is the veracity of this? I find it difficult to believe the assumption that this would cause a wave of behaviour amongst the self-employed to not want to be employed.”

“How is [the moral hazard threat of covering the self-employed] any more abusive to the EI system than the auto industry which has planned layoffs? Looking at the contribution the self-employed worker makes to the economy, there will be a percentage who will try to abuse the system. It’s not a majority and it’s not a significant number.”

“I don’t know how difficult it is to determine whether the self-employed are unemployed, I think they have a number of incentives to continue to make more than what you earn on EI and I’m sure there are some ways of monitoring the issues we have discussed. It speaks to a broader question: with the shifts in the economy, is EI the appropriate kind of social insurance/income support?”

“Given the change in the nature of the workforce particularly in, but not limited to urban environments, a large amount of people work in a self-employed capacity. There are many ways to measure effort that could be flexible to measure various levels of insurance, based on criteria of need. So many things are happening on the self-employment front. The trend is evolving so it needs to be discussed.”

“I do have a problem with excluding self-employed people. We’ve seen a huge increase in these people during the recession and many are not making anything or trying really hard to get by. There should be some sort of cushion that they can opt into. Many people see self-employment as a last resort before social assistance.”

THEME THERE ARE SOME SUGGESTED ALTERNATIVE INCOME SECURITY MODELS FOR THE SELF-EMPLOYED

“You could take the model of programming we have [in the agricultural sector] and fit it into any business sector. Currently, we have a program called AgriStability [a program of mutual insurance for farmers subsidized by government]. You could take that and design it to any small business sector: grocery store or plumbing business, you could probably formulate something similar if society determined they wanted this stability. You could take this model and put it out there for all self-employed, just a function of programming and math.”

“In Quebec, I recall that a sector can organize itself to create its own system, its own taxation, its own support. Nothing prevents a special area of self-employment to organize itself, advancing that concept with the support of some regulation from government.”

“The college of physicians and surgeons for instance has insurance and liability coverage.”

“Is it possible to think about schemes where self-employed workers in cultural industries would be included, i.e. as for fishermen, as they used to be called?”

“In Belgium the self-employed are covered. Eligibility of benefitting is tough for them there. You need to officially wind your business down, if you are self-employed, in order to apply.”

THEME WORKER MISCLASSIFICATION IS A GROWING PROBLEM AND IS CAUSING INELIGIBILITY FOR EI

“These are people who are really dependent, not independent contractors. Many employers are ‘dumping’, you know, making people self-employed, e.g. the ‘self-employed’ truck driver. Let us look very carefully at what might be done for the solo self-employed and let’s talk about getting tougher rules on the designation of self-employment.”

“In talking to the Canada Revenue Agency, this is something that they’re really cracking down on.”

“Some people come to our centre and they have been misclassified by employers. They are taken advantage of. They don’t want to be contractors, but the employer says, ‘if you want to keep your job, well, you’re misclassified.’ Many don’t want to be self-employed. They want to be employees. My example: my first job in Canada, I was working for a catering company. I was a contractor. I was making \$8.50. At the time, I didn’t understand. I was told: ‘sign this.’ Now I understand and a lot of people come to our centres in this situation, having been taken advantage of. They were abused by some people who want to profit.”

“If you do have increasing shares of people who are self-employed, they are in need as much as other employees. There is the issue around misclassification of employees as self-employed to avoid employers’ statutory obligations: there are equity issues in terms of avoiding that exploitation. We need to make the self-employed eligible.”

“We need more seamlessness between initiatives. Because of diverse populations, especially in Ontario, because of linguistic diversity, and the fact that a lot of folks are losing jobs in different ways that are suspect, many people are marginalized and they’re ineligible for EI and unable

to navigate the system adequately. The support systems are inadequate. It's time to ensure that programs are in place to address those sets of needs. Substantial populations are not covered by EI because their employers have left them uncovered under suspect circumstances."

"It is a growing issue... I mean we have casino workers that are told they are self-employed contractors! I don't want to use the word epidemic too readily, but there is huge growth in this that we have to contend with. If we don't, we are just leaving people out there."

"The other point that was brought up is the gender issue that needs to be examined: for example the issues faced by those who used to be employed by a cleaning company and are now "self-employed" subsistence workers, in an office building for instance. Insuring those people needs to be looked at."

THEME TEMPORARY FOREIGN WORKERS' TREATMENT BY EI IS A PROBLEM

"There are three different temporary foreign worker programs: seasonal agricultural worker, live-in caregiver and low skilled temporary foreign worker. The latter has been used for everything from fish plant processors to Tim Horton's and Fairmont chain hotels. That latter category are not here just for a restricted season, so if they should be suddenly laid-off they can file and receive regular EI benefits. We've been through this process with some of them. The problems range from language to unfamiliarity with EI, but they are eligible. Seasonal agricultural workers are not eligible. There is an issue because they are paying premiums."

"The basic premise of an insurance program is if you pay a premium, you have access to the support of the system. There is systemic exclusion of people who have paid into EI. I think it has been written about time and again. Temporary foreign workers, agricultural workers have no access to insurance benefits that they pay into. No brainer: it has to be fixed."

"We have rich data that goes back in history to a very small group of people who are brought in every year under bilateral arrangements with Mexico and Caribbean islands to pick fruit. They pay into the system but don't ever take out of it. This process has been going on for years and years. It's inequity and injustice at its height."

"Seasonal workers come for eight months but do not enjoy the same access to the system. Provisions for temporary foreign workers are essential. They are in the country, they are struggling. You have to hear their stories. They are not getting paid minimum wage and are living in horrible conditions. They lose their job and they are on the streets. I am working with someone who lost their job and literally ended up on the street with no place to live, no work permit."

"Temporary foreign workers aren't just seasonal. We need to broaden our mind on who these people are. They are semi-permanent to permanent workers. We need to figure out who these people are and how long they stay, etc. They are racialized communities generally. People are starting to come together and pool their means in order to survive."

"The issue with temporary foreign workers is a no-brainer. Clearly this system is unfair. We need to either stop making them pay or give them benefits, full stop."

THEME TEMPORARY FOREIGN WORKERS SHOULD NOT HAVE TO PAY INTO THE SYSTEM

"With the Temporary Foreign Workers, our office has involvement with them. Once their work is done in Canada they have to leave. They don't ever get the chance to make an EI claim. It is because the EI and immigration system are not syncing. The whole temporary foreign worker program needs to be changed, but within the current system they shouldn't have to pay into EI."

“They are being brought into the country to work a very specific job. Therefore, when they get laid-off they return to their country. If you want to come to the country go through immigration. Therefore, you should be excluded from EI, but you should not pay the premium. Whether or not the employer should, is another issue: there would be displacement, temptation to go to temporary foreign workers that creates a distortion [if employers didn’t have to pay].”

“At least if you’re not going to give benefits, let us keep our money in our pockets. Pulling temporary foreign workers out of EI gives employers of temporary workers an edge because they wouldn’t have to pay.”

“Temporary foreign workers should not have to pay into EI! They should also not have access to it, but it is so wrong that it is deducted from their often meager pay.”

“You don’t want to incentivize the practice of bringing in temporary foreign workers. If we do take away that payment from the employer, that would be a real issue. It’s absurd that [temporary foreign] workers are paying into this program, but on the flipside I wouldn’t want to give an employer an unfair advantage and to encourage bringing in more temporary foreign workers.”

“One idea is to cancel the temporary foreign worker employee’s contribution to EI and have employers pay the equivalent of their regular contribution to EI into a special fund designated for use by the temporary foreign workers. It could come out in the form of a lump sum payment or be used for some form of training, e.g. language training.”

THEME TEMPORARY FOREIGN WORKERS SHOULD BE GIVEN FULL EI ACCESS

“That idea [pulling temporary foreign workers out of EI completely] will meet some resistance from the low skilled temporary foreign workers who can access the benefits—with great difficulty—if they are laid-off. This is the group that is really growing in Canada. Two things: we need better supports to assist people with their applications and most don’t even have a computer. Secondly, there is the much bigger issue of why we have a low skilled temporary foreign worker program when the problems we are talking about in many provinces are not temporary, they are long-term. These are systemic issues that we need to address.”

“Provide access to EI to temporary foreign workers... The solution should not be to remove temporary foreign workers from the EI program, as this would discontinue their access to Special Benefits.”

“Seasonal workers come into the country for a limited time. Is it possible that the system could pay out to workers who have left the country?”

“You couldn’t funnel benefits by standard means to workers who have left the country, but you could use a lump sum payment. Because of the way their visas are set up they shouldn’t be contributing to the program in the first place. But this will increase their take-home pay. [Payouts are] another way of dealing with the inequity.”

“There are people that would not be eligible for regular benefits but they’d also lose Special Benefits [if you pull temporary foreign workers out of EI].”

“What I’m saying, is we make their contribution [the classes of temporary foreign workers who are ineligible for regular benefits] one third the normal premium because they can only access those limited benefits.”

“I like the idea of the reduced premiums so they keep their access to the Special Benefits [for the classes of temporary foreign workers who are ineligible for regular benefits]. You don’t

want to lose their access to Special Benefits; but EI is making it harder to collect them. This is a live issue. It is being litigated.”

“Temporary foreign workers should definitely be included in the program. It is not fair that they should pay premiums without receiving benefits, and given that they are unlikely to have supports in this country, they need support while unemployed more than most Canadians do.”

Replacement Rate

Note: This issue was not covered in the workbook

“There is a maximum you can receive on EI. There should also be a minimum. If you work on minimum wage but not 40 hours, but do qualify for EI, you can get almost nothing. Some people are getting \$150 a week and they take \$10 for tax. That’s a struggle. They should review what they consider the minimum.”

“How can you get laid-off, wait a month to get anything, and then only get 55 per cent? Why couldn’t you get 80 per cent at the beginning then step it down, not dropping people on their heads?”

“Increase the benefit level. Base benefits on a minimum of 60 per cent of earnings, using the average of the best 12 weeks from the previous 26 weeks.”

“The adequacy of benefits (by virtue of the benefit levels) haven’t kept up with inflation.”
“How do you survive on 55 per cent of the minimum wage?”

“The emphasis on adequacy is an important one. The EI program is supposed to provide people with financial assistance when they lose a job. If that support isn’t adequate, then the system isn’t working. The adequacy of the benefits is a primary focus.”

“There is a lot of focus on workers not getting into the system because of insufficient hours. This is a legitimate issue but the other problem attached to it, if we drop the hours, a lot of people would be qualifying for such a low amount that it really wouldn’t carry them far. I guess it goes back to that big question, is making EI more generous in terms of getting in a key solution for a low income working poor?”

“This is the ‘one in 100’ year market down turn. I agree with what everyone is saying, but I used to have a manufacturing business in 2001 where people were not taking a \$10 an hour job. We have to design a system that works for normal times as well for bad times. We can’t build a system to respond to the ‘one in 100’ year... That’s why we’ve recommend the scaling approach, starting with higher benefits and slowly bringing them down over time.”

“I think the problem with the scale is that it’s artificial. By starting at a higher amount and going to a lower amount you postpone the financial crisis. If there is a lack of jobs it doesn’t matter how much you’re trying, you’re still not going to find employment. It [the replacement rate] used to be 75 per cent, then 60 per cent, putting in a sliding scale tied to length of benefit collection and not ability to find employment doesn’t make much sense. People have been very desperately looking for work.”

Service Delivery Issues

Note: This issue was not covered in the workbook

“There is the difficulty faced by the ethno-diverse populations. All registration is done online in English and French, so this is a distinguishing factor between people who are new to the country from anywhere in the world which does not speak English or French.”

“A lot of the process needs to be done in a timelier manner. Clients got letters back from 2006 saying there is a second Record of Employment that says they quit [after having already claimed based on an Record of Employment that indicated involuntary separation]. That means now they owe \$9,000. There is nothing in the EI system to address the fact that clients are under a lot of stress. We work with victims of domestic violence who have fled their homes and they may not have any documents to appeal with.”

“We need to eliminate the two week wait time, making benefits available immediately, especially in lay-off situations.”

“I don’t know if anyone has called Service Canada. The answers are totally inconsistent. I’ve attended a few EI information sessions. I sat in sessions when they are calling EI clients, they are threatening rather than encouraging of new work.”

“People get pressured to go back to work. They take a job they wouldn’t normally take. Then they quit or get fired. Then you get nothing on EI.”

“Encouraging people to work... It’s not done in a nurturing way. It’s done in a threatening, intimidating way. In a place like North Bay with 10 per cent unemployment, it’s hard to get motivated.”

“The local EI office is on a skeleton staff. Everything is through Belleville. A lot of people don’t have the literacy to use computers. We no longer have a relationship with the local office. If it is difficult for us [people experienced with the system] to use the 1-800 number, then think about others.”

“If agencies are having enough of a hard time getting information, imagine what it’s like for a client struggling with literacy issues.”

“The EI program is automated. We need a support system (with case workers and social workers). That would be great.”

“Many individuals don’t understand the EI system. They now have to apply online. There’s not the ‘people contact’ anymore. They don’t know how to access resources. A lot of them don’t have the computer skills. If businesses have closed, some workers don’t know how to get the Record of Employment. From the perspective of adequate support, we also need to look at that human aspect.”

“The adjustment centres had an issue a year ago. We were trying to find out: how many hours of school could you have before getting cut off from EI benefits. Some EI people said five some others said 10. We had to ask for the rule in writing. We are advocates. We know how to do this. But lots of people off the street don’t have this ability.”

“I also find with EI that you can talk to three people and get three different answers. They

don't communicate amongst themselves and they give contradicting answers.”

“We need face to face.”

“Prior to 1994 you could go in and speak with an employment councillor. Now it is much more difficult to access because of the download of training.”

“We should not rely on online applications for EI and other benefits. It limits applications to those who can use a computer and navigate an online document. It keeps out low literate workers who are entitled to benefits but can't complete the online form. A fully literate person takes two to four hours to complete the EI application. This is a ridiculous amount of time. EI should be available as a paper form and an online form. Take into consideration the 17 per cent of Canadian adults who are at the lowest level of literacy according to Statistics Canada.”

“I also have people who filled in their application wrong and have to wait a long time for their benefits after we help them straighten it out.”

“We've had clients who are sent back and forth from the 1-800 number to the local office. Each tells them to go to the other.”

“We had one major lay-off when the employer made the same mistake on all of the Records of Employment. Each individual worker had to deal with different people at the 1-800 number and constantly re-explain the situation. When there is a major lay-off like that they should assign one person at EI to deal with it. Things were better when we had more contact from the local office.”

“If people get laid-off after 20 years they deserve that human treatment.”

Conclusion

The Mowat Centre EI Task Force will issue its final recommendations for renewal of the EI system in fall, 2011. The information gathered from the consultation process is invaluable to the Task Force's investigation of the EI program. We are deeply appreciative of the input of the many people who contributed their time, ideas and advice during this process of dialogue and deliberation.

Consultation participants approached discussion of EI reform from a diverse range of perspectives and experiences. Successful renewal of the EI system depends on a broad and diverse base of support. The development of successful recommendations for EI reform will involve balancing the many diverse views reported in this document.

The consultations have allowed the Task Force to identify areas of consensus and disagreement, which has assisted us as we narrow down our menu of options for EI reform. The consultation process, along with the Task Force's commissioned research, form the platform on which we will build our final recommendations.

While formal consultations have concluded, we still want to hear from you. We want to hear your stories and experience with the EI program, as well as thoughts about this document. Please contact us at eitaskforce@mowatcentre.ca.



About the Mowat Centre

The Mowat Centre for Policy Innovation is an independent, non-partisan public policy research centre located at the School of Public Policy and Governance at the University of Toronto.

The Mowat Centre undertakes collaborative applied policy research and engages in public dialogue on Canada's most important national issues, and proposes innovative, research-driven public policy recommendations, informed by Ontario's reality.

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