

The Future is Now

A Case for Punctuated EI Change

Key Recommendations

Improvements to the program should begin with income adequacy.

Test new policy against all family types, including those not in an economic family.

Move the program from one that is a strictly payroll contribution to one that provides an income floor.

Ensure that mandatory contributions result in guaranteed supports.

Remove exclusionary rules so that everyone is assured security.

Background

Despite an enviable fall in unemployment rates for Ontario between 2011-2017, 8.2% to 6.3% respectively (Statistics Canada 282-0080), research shows a marked growth in precarious employment. For example, in the Toronto-Hamilton-Oshawa area during the same period “temporary employment grew 18.8 percent, self-employment grew 17.2 percent, and self-employment without paid help grew 18.3 percent” (PEPSO 21).

These changes in our labour market raises questions about the ability of Employment Insurance to meet the needs of Canadians contributing to it. With the advent of the COVID-19 pandemic, these theoretical questions translated into a radically-evolved, rapid response. The emergency income delivery program created, Canadian Emergency Response Benefit (CERB) changed in ways that became more inclusive, offered an adequate income, and simplified delivery.

While there are legitimate concerns with the way the CERB model was rolled out, including the confusion created through poorly defined and communicated

qualifications, the overall benefit to Canadians was indisputable.

A McMaster COVID Economic and Social Effects Study on COVID found 83.3% of recipients surveyed believed that CERB had “a lot” of positive impact despite increasing their personal debt levels during the pandemic (McMaster CESES, p.2 & 4). This indicates that despite the higher level of income support, it was still modest compared to actual need.

It is with these factors in mind that we welcome the opportunity to build on the work of the Inter-Provincial Working Group for Employment Insurance Reform.

Areas of Consideration

Adequacy of Income

CERB demonstrated that a \$2,000/month minimum income floor was an essential component in supporting workers who lost income during the Pandemic. CERB also showed the mechanisms were in place to respond quickly when workers were faced with the loss of employment income.

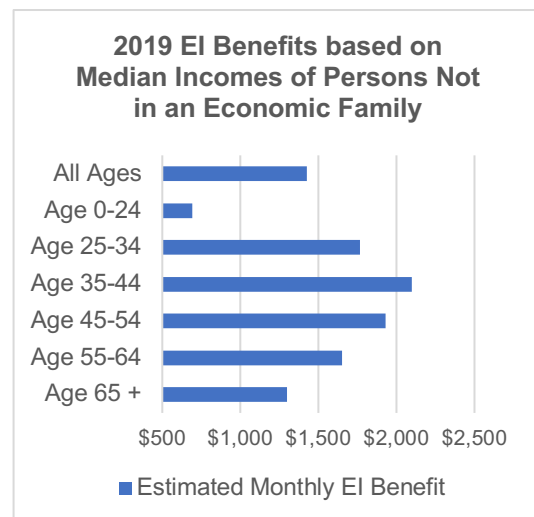


Figure 2. Estimated Monthly EI Benefit based on the Median Income of Persons Not in an Economic Family (Statistics Canada, Table 11-10-0012-01).

Figure 2 clearly shows a critical issue with current EI benefit levels. Assuming requisite hours were met, the median incomes of singles, with no partner or

dependants, would result in only 50% of one age group exceeding CERB amounts with their EI benefits. Given the 2019 LIM before tax amount of \$26,426 for those living in communities of 500,000 or more (Statistics Canada, Table 11-10-0241-01), we begin to see a disturbing picture of policy falling short of adequacy for more than 50% of singles when they need it most.

Delivery Model

The World Development Report 2019 found the nature of work has changed in ways that require a substantial shift in social protections (World Bank, p5). The report states,

“Even in advanced economies, the payroll-based insurance model is increasingly challenged by working arrangements outside standard employment contracts. What are some new ways of protecting people? A societal minimum that provides support independent of employment is one option.”

With an economy that requires people to work more than one job, income security programs that measure total income rather than by employer serves the employee better. For example, workers with two or three jobs would not qualify for EI based on the hours accumulated with a single employer alone. Despite needing the income, the employee would receive nothing from the current program.

A minimum income program responds to income loss better than payroll insurance. An income floor would also assist for gig economy “contractors” and those self-employed with no employees, addressing the issue of misclassification of employment. It also allows for the elimination of multiple rules that disadvantage the already marginalized.

Moving a minimum income model has advantages for low-income workers beyond wellness and quality of life. McMaster Labour Studies documented in

their report “Southern Ontario’s Basic Income Experience”, “The majority of those employed before the pilot reported working while they were receiving basic income. Many reported moving to higher paying and more secure jobs.” (McMaster Labour, p.4)

The supplemental income provided the needed security for fully one-third of respondents that identified as precariously employed to move to more stable employment in little over a year of the pilot’s operation (McMaster, p.30).

Conclusion

It is a point of fairness to ensure that all who contribute to the employment insurance program can benefit from it. The pandemic has shown us how flawed the current system has become. It is time to boldly change how income security for workers is addressed in Canada.

Works Cited

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