

Non-standard work and access to unemployment benefits in Canada: Assessing policy options

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Abstract

Fewer than half of unemployed workers in Canada receive unemployment benefits. One of the reasons for this is that many workers in non-standard employment relationships, who represent a growing segment of the labour market, are excluded based on Employment Insurance (EI) eligibility criteria. EI was designed at time when standard employment relationships were far more prevalent and the system has not adapted to reflect the growth of part-time, temporary and self-employed work. Lack of access to unemployment benefits contributes to economic insecurity among non-standard workers, most of whom are women, low income and non-unionized. This study fills a gap in the literature by providing a comparative analysis of policy options for unemployment benefit reform with a focus on increasing access among workers in non-standard employment.

Keywords: Employment Insurance; non-standard work; unemployment benefits; part-time workers; policy analysis

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Executive summary

Policy problem

The policy problem addressed in this study is that too few workers in non-standard employment have access to unemployment benefits upon becoming unemployed. Non-standard work is defined as work that deviates from the standard model of full-time indeterminate employment, including self-employment, temporary, casual, seasonal and part-time jobs. Non-standard workers are a particularly precarious segment of the labour force, which is compounded by low levels of access to unemployment benefits. This is especially the case for unemployed part-time workers, of whom only 13% are eligible for unemployment benefits and who are the focus of this study.

Research objectives and methodology

The objective of this study is twofold: 1) to analyze how and why access to unemployment benefits varies by form of employment in Canada, and 2) to develop a policy recommendation, aimed at the Government of Canada, to improve access to unemployment benefits among workers in non-standard employment. A mixed-methods research approach was used, based on survey and interview data. A descriptive statistical analysis of the Employment Insurance Coverage Survey (EICS) and the Labour Force Survey (LFS) was used to analyze trends in access to unemployment benefits among non-standard workers, develop a profile of the economic and demographic characteristics of part-time workers, show gendered patterns of employment and their effects on unemployment benefit eligibility, and project the impacts of various policy options. In addition, semi-structured research interviews were conducted with public service employees, researchers and academics with expertise in labour economics and/or social policy design and delivery. Interview findings helped to develop a set of criteria by which to develop and assess policy options, and to inform and elaborate on quantitative research.

Key Findings

Among different forms of employment, the greatest difference in eligibility is between unemployed full-time and part-time workers across all tenures of employment. A large majority of unemployed part-time workers are ineligible for unemployment benefits. Among ineligible, unemployed part-time workers, the three most common reasons for ineligibility are: 1. The worker has not worked in the last 12 months (38%), 2. The worker had an invalid job separation (32%) and 3. The worker did not meet the entrance requirement (26%).

Part-time workers are more likely than full-time workers to be women, young, unmarried and employed in service support occupations. Gender is an important component in the relationship between non-standard work and EI eligibility. Gendered patterns of employment have resulted in unemployed women having lower levels of access to unemployment benefits compared to unemployed men. On average, women spend fewer hours in paid employment, have a greater number of career interruptions throughout their life and are overrepresented in non-standard work, all of which impact EI eligibility.

Recommendation

Through expert interviews and analysis of Statistics Canada datasets, it became clear that improving access to unemployment benefits for part-time workers should be a top priority for reform. With this objective in mind, two reforms to EI eligibility criteria comprise the primary recommendation of this study: 1) Lower the EI entrance to 360 hours for all workers in Canada, and 2) Implement a reach-back eligibility calculation. Together, these changes would effectively close the gap in EI unemployment benefit coverage among part-time workers and would address the regional and gender-based inequities that exist in the current system. These changes are also the most cost-effective, administratively simple and politically feasible options considered in this analysis. In addition, increasing the replacement rate to 70% with a benefits ceiling is recommended to improve the adequacy of unemployment benefits and the progressivity of the system.

Chapter 1. Introduction

Since the 1990s there has been an increase in jobs that deviate from the standard model of full-time indeterminate employment. These “non-standard” forms of work, which include self-employment, temporary, casual, seasonal and part-time work, currently make up approximately a third of the Canadian labour force. Non-standard jobs tend to be more precarious than full-time indeterminate jobs, with more uncertainty and lower pay, which is compounded by restricted access to social security. Eligibility for several of the major safety-net programs in Canada hinges on employment history, based on criteria that often excludes non-standard workers. Employment Insurance (EI), Canada’s unemployment insurance system, is an example. A majority of non-standard workers do not have access to unemployment benefits upon becoming unemployed, which is the policy problem addressed in this study. Part-time workers are especially disadvantaged under current EI unemployment benefit eligibility criteria. One of the reasons for this is that part-time workers are less likely than full-time workers to have worked the required number of hours to qualify for EI. This has created a situation where some workers pay premiums to an insurance system throughout their careers without hope of being insured.

Unemployment benefits fulfil a range of important functions. At the individual level, unemployment benefits serve to mitigate the significant social, financial, emotional and health-based harms of unemployment. Job loss is a disruptive life event which has been linked to long-term earnings losses and lower job quality, declines in mental and physical well-being, loss of psychosocial assets, social withdrawal and family disruption. Research has proven these effects to be intergenerational, linking job loss to large permanent reductions in family income and decreased average earnings among children of parents who experience job loss (Brand, 2015). Unemployment benefits allow workers to maintain their living standard during an employment interruption, which prevents poverty and makes effective job search possible.

At a macro-scale, unemployment benefits act as an economic stabilizer during periods of recession. Unemployment benefits can also improve ‘job matching’ by reducing the urgency by which an unemployed worker must accept a job opportunity. A well-functioning, federally-administered support system for the unemployed is also important

for reducing financial strain on provincial safety-net programs. For example, many unemployed Canadians who are unable to access EI are left in financial need and turn to social assistance (Mendelson & Battle, 2011). Social assistance programs are ill-suited to the needs of most unemployed workers because they are typically financially insufficient, stigmatizing and require asset-stripping. EI was designed to help claimants re-integrate into the labour market, for example, through labour market training programs designed for current and past EI claimants. Social assistance programs are often less successful in this regard and sometimes detrimental to the objective of labour market reintegration (Mason, 2007). Yet, the benefits of an unemployment support system are diminished when a substantial portion of workers do not have access to this system, as is the case in Canada.

There are also important equity-based motivations for expanding access to EI unemployment benefits among non-standard workers. Non-standard workers represent a particularly vulnerable segment of the labour force. In Canada the pay gap between standard and non-standard workers is especially wide. The OECD average for a non-standard worker's pay is 75% of the hourly wage of a standard worker, while in Canada this figure is 57% (OECD, 2015). Non-standard work is also most prevalent in major urban centres with high costs of living. In addition to lower average incomes, non-standard workers tend to experience greater levels of socio-economic disadvantage. Women are over-represented in non-standard work, especially in part-time work. This has contributed to a significant gender-based discrepancy in unemployment benefit provision- 68% of total EI unemployment benefits are paid to men (Government of Canada, 2018).

1.1. Study objectives and scope

The objective of this study is twofold: 1) to analyze how and why access to unemployment benefits varies by form of employment in Canada, and 2) to develop a policy recommendation, aimed at the Government of Canada, to improve access to unemployment benefits among workers in non-standard employment. This fills an important gap in public policy and research. There is a body of literature on policy approaches to non-standard work in jurisdictions outside of Canada (see Leshke, 2008; European Parliament, 2016; Koch & Fritz, 2013), and on how best to reform EI to increase the share of the unemployed who receive benefits (see Mowat Centre EI Task

Force, 2011). However, few Canadian studies have involved an in-depth focus on coverage among different groups of non-standard workers. Those that have, have not been done with up-to-date data (see Vosko, 2011). This study contributes to this body of literature using the most recently available data on non-standard work in Canada.

This study also addresses the need for comparative policy analysis. Several reforms to expand EI coverage have been proposed within the last two decades, in light of declining recipient rates and labour market shifts. Yet there has not been a rigorous comparison of these proposals in the context of the current Canadian labour market and political landscape nor with a focus on non-standard work. This study contributes this comparison and seeks to project the effectiveness of various reforms in light of socio-economic, governmental and political considerations.

The focus of this study is on workers in employer-employee relationships who do not meet current EI eligibility criteria. There are a few notable groups of workers who are excluded from accessing EI unemployment benefits who fell outside this scope. The first group is the self-employed; although self-employment is a form of non-standard work, the self-employed are excluded from unemployment insurance altogether and do not pay EI premiums. This distinguishes them from other groups of non-standard workers who do pay premiums but are unable to meet qualifying criteria. A second group is Temporary Foreign Workers (TFWs), who do pay EI premiums but are also excluded from receiving unemployment benefits, a situation which has been widely criticized. There are several economic, social and political elements that distinguish TFWs from other non-standard workers, and thus place them outside the scope of this study.

1.2. Study outline

To arrive at a recommendation to increase the share of non-standard workers who can access unemployment benefits, this study applies a policy analysis framework. A mixed methods research approach is used to analyze the policy problem, derive possible policy solutions, and develop a set of criteria by which to evaluate various options for reform. Finally, a comparative analysis of the projected impacts of each policy option is presented, which is the basis of my recommendation.

To this end, this report contains the following sections: Chapter 2 describes the features of the existing EI system, and provides a brief historical overview of EI policy development. Chapter 3 provides contextual information on non-standard work in Canada, on access and take-up of unemployment benefits over time, and on relevant academic and policy literature. Chapter 4 presents the methodological approach taken in this study. Chapter 5 describes the criteria by which I evaluate the various policy options considered in my analysis, including the societal and governmental objectives that should guide the reform of unemployment benefits in Canada. In Chapter 6 I present my research findings which identify the key design features of EI that exclude non-standard workers and provide a demographic analysis of non-standard employment and EI coverage, with a focus on gender. In Chapters 7 and 8 I describe policy options that have been proposed to increase access to unemployment benefits among non-standard workers and evaluate their comparative merits and tradeoffs. Analysis of these options is informed both by expert research interviews and by quantitative findings. Lastly, in Chapter 9, I offer my policy recommendation.

Chapter 2. The Employment Insurance system

2.1. Program features

Employment Insurance (EI) is the largest income assistance program in Canada. It encompasses temporary unemployment benefits for workers as well as sickness, fishing and family-related benefits. The focus of this study is on EI's regular benefits stream which exists to provide unemployment benefits to individuals who "lose their jobs through no fault of their own" and who are available for and able to work. EI is financed by payroll premiums, paid roughly 60% by employers and 40% by employees.

EI coverage criteria can be broken down into two categories: criteria that impact the accessibility of benefits, and criteria that impact the generosity of benefits.

2.1.1. Criteria that impact the accessibility of benefits

Recent insurable employment

To qualify for EI a worker must have recent insurable employment. Insurable employment includes most employment in Canada providing there exists an employee / employer relationship, which excludes self-employed workers. To be considered "recent", a worker must have worked within the past year. Additionally, a review of the conditions of employment takes place in order to determine eligibility for the following types of employment: employment with related parties (i.e. family business), owners and shareholders, and special employees which include taxi drivers, hair dressers and fishers.

Valid job termination

A job termination may be deemed invalid for one of two reasons: if a worker was fired for misconduct, or quit without "just cause" (ESDC, 2017). "Misconduct" refers to any inappropriate action, offence, or professional fault committed deliberately which includes harassment, theft and acts of violence, as well as comparatively minor offences such as insubordination, tardiness and refusal to perform certain duties. The requirement that a worker who quits their job must have "just cause" means that a worker must prove that quitting was the only reasonable alternative, for example in instances of harassment, discrimination, an employer's refusal to pay over-time or major changes in work duties.

Entrance requirement

Workers with recent insurable employment and a valid job termination can qualify for benefits if they have sufficient hours of insurable employment within the qualifying period- known as the entrance requirement. The qualifying period is defined as the shorter of either the 52-week period preceding the start date of the claim, or the period beginning with the start of a previous benefit period to the start date of the new benefit period. The required number of hours of insurable employment varies depending upon the regional rate of unemployment:

Table 2-1. EI entrance requirements

Regional rate of unemployment	Number of hours of insurable hours required to qualify for benefits
6 % and under	700
6.1 % to 7 %	665
7.1 % to 8 %	630
8.1 % to 9 %	595
9.1 % to 10 %	560
10.1 % to 11 %	525
11.1 % to 12 %	490
12.1 % to 13 %	455
More than 13 %	420

Source : ESDC, 2017

2.1.2. Criteria that impact the generosity of benefits

Duration of benefits

If eligible, the length of time an insured worker will receive benefits is 14 to 45 weeks, depending on hours of insurable work, and on the regional rate of unemployment. To qualify for the maximum of 45 weeks of benefits, a claimant must have worked a minimum of 1330 hours in the qualifying period, or an average of 26 hours per week, and live in a region with an unemployment rate of over 16%. The benefit period begins after a waiting period. As of January 2017, the waiting period was reduced from two weeks to one week.

Amount of benefits

The basic rate for calculating EI benefits is 55% of an individual's average insurable weekly earnings, up to a maximum amount. As of January 1, 2018, the maximum yearly insurable earnings amount is \$51,700. This means that you can receive a maximum amount of \$547 per week.

2.1.3. Regional differentiation

There is regional variation in the accessibility and generosity of EI because the benefit period and entrance requirement depend on regional rates of unemployment. The Atlantic Provinces currently have the highest unemployment rates. This means that the average unemployed EI claimant in Newfoundland will receive longer benefits with a lower requirement of working hours in the qualifying period than the average claimant of identical characteristics living elsewhere in Canada. The regionally-sensitive nature of EI was introduced in the 1970s through the Variable Entrance Requirement (VER). The purpose of the VER was to entrench a principle of territorial redistribution into the structure of EI, to help provinces that were lagging economically (Beland & Myles, 2008).

2.1.4. Program financing

All types of benefits under the EI umbrella are financed through premiums collected in the EI Operating Account. Each year, the Canada Employment Insurance Commission (CEIC) sets the premium rate based on a seven-year break-even rate to eliminate cumulative surplus or deficit. The premium rate for 2018 is \$1.66 per \$100 of insurable earnings which represents a 3 cent increase for employees over the 2017 rate, and a 4 cent increase for employers.

2.2. The social insurance model

Broadly speaking, there are three archetypes for income security programs: 1. Universal programs that pay every every person in a broad demographic group the same amount, regardless of their income or need, 2. Selective programs that pay a variable amount of benefit to eligible recipients according to some test of their level of income, and 3. Social insurance programs which collect premiums from contributors and pay benefits more or less scaled to their contributions (Mendelson and Battle, 2011). EI falls into the social insurance category.

In contrast to the other two archetypes, social insurance systems are generally financed through premiums as opposed to general revenue. There are several characteristics inherent to the social insurance archetype that shed light on the strengths and weaknesses of EI, and suggest the limits and possibilities for reform:

Social insurance programs act as an economic stabilizer: On the macro-level, a social insurance program can act as a counter-cyclical stabilizer by building up a fund when times are good and then drawing down the fund when times are bad.

Limited redistributive potential: A social insurance scheme creates a relationship between an individual's contributions and that person's potential benefits. This limits the redistributive potential of a social insurance program, making it more suitable as a means of maintaining living standards for those with modest or middle incomes.

Greater political feasibility: Because social insurance benefits are not primarily financed through the tax system, there is generally less public resistance to higher levels of benefits as compared to selective programs such as social assistance.

Unequal support: Social insurance schemes tend to provide unequal support to various because one's contributions are linked to one's benefits. For example, workers with little or no premiums collect little or no unemployment assistance.

Moral hazard: There are often moral hazards associated with social insurance schemes. In the case of EI, self-employment is seen as the biggest risk for moral hazard because of the difficulty of defining when exactly a self-employed person is unemployed.

2.3. History of EI policy

This section briefly explores how Employment Insurance (EI) policy developed in Canada. The first significant piece of legislation on EI was the 1940 Unemployment Insurance Act which added unemployment benefits to the list of federal executive powers. The years between 1940 and 1970 were characterized by incremental expansions to eligibility and benefit generosity.

The most significant expansion to the EI system occurred in 1971 when amendments to the Unemployment Insurance Act introduced a complete overhaul of the existing legislation. The amendments involved significant expansions to the system, including

nearly universal workforce coverage, as well as the addition of maternity, sickness and retirement benefits. The EI system was set up to be self-financing at a 4% unemployment rate, with the federal government incurring liability to cover any additional costs (Lin, 1998). Unemployment did not drop to the level required for the system to be self-financing and so EI costs mushroomed after 1971. In 1990 the federal government withdrew its financial responsibility for EI in 1990, shifting the cost of the system to employers and employees. The system's name changed from Unemployment Insurance to Employment Insurance, which signified a focus on increasing the employability of beneficiaries and reducing benefit dependency (Campeau, 2004; Banting & Myles, 2013).

Throughout the 1990s, EI was significantly retrenched, however, changes were made primarily through regulatory and institutional changes rather than by reductions to benefit levels. For example, more stringent eligibility requirements were implemented to weed out claimants who quit without just cause, were fired for misconduct, or “refused to accept suitable employment” (Courchene, 2009). Punitive measures were introduced to target repeat claimants. Training and job creation programs were also introduced. One of the most notable changes was the shift from calculating benefit amounts and entrance requirements based on weeks to a system based on hours worked (Courchene, 2009; Lin, 1998). This rendered many part-time and temporary workers ineligible for EI benefits, having a long-term retrenchment effect (Vosko et al., 2009).

Over the past decade the federal government, through Employment and Social Development Canada (ESDC), has experimented with EI policy change through several pilot projects. In general, these initiatives have modified EI policy with the objective of making the system more generous while at the same time promoting labour market attachment and re-integration. They have involved changes to EI eligibility conditions, benefit amount calculations, maximum benefit durations, and changes to the conditions under which a claimant can work while on claim (Luis & McCall, 2017). Starting in 2004, four pilot projects were established: 1) the Extended Weeks pilot (EW), which increases the EI benefit duration by 5 weeks to provide EI claimants with additional financial support while they find new employment, 2) the New Entrant-Reentrant pilot (NERE), which helps individuals who are new to the labour market gain access to EI benefits by reducing the hours of work requirement, 3) the Best 14 Weeks pilot under which EI benefits are calculated based on a claimant’s 14 weeks of highest earnings (with the aim

of encouraging individuals to accept all available work, and 4), the Working While on Claim pilot (WWOC), which increased the allowable earning's threshold at which individuals can work and still receive EI benefits.

In the federal Budget of 2016, several changes to EI were announced. The waiting period was reduced from two weeks to one week, EI premium payments were reduced, and the duration of EI regular benefits was extended by five weeks for eligible claimants in the 12 economic regions with the sharpest increases in unemployment. In addition, the entrance requirement for new labour market entrants was reduced from 910 hours to 420-700 depending on the regional rate of unemployment (Government of Canada, 2016).

Chapter 3. Background

3.1. Defining non-standard work

Non-standard work is an umbrella term that encompasses a wide variety of employment forms that deviate from the standard model of a full-time, year-round, indeterminate job. The most commonly-used definition includes part-time work, temporary work, and self-employment. Other definitions of non-standard employment have included multiple job holders and shift workers in an effort to show the decline of the traditional 9-5, Monday-Friday work week (Vosko, Zukewich & Cranford, 2003). Two types of non-standard employment are the focus of this study: part-time work and temporary work, which I have split into non-seasonal temporary work (including contract and casual work) and seasonal temporary work.

Non-standard categories are not mutually exclusive which can make it challenging to measure changes in each particular form of non-standard employment. For example, part-time workers may be permanent, seasonal, self-employed or in contract-based employment. This is problematic because there are important differences in the nature of work among various non-standard employment forms. For example, seasonal employment tends to occur in goods-producing sectors and attract older, rural, Canadian-born male workers. In comparison, casual jobs are concentrated in urban centres and employ many more women, young workers and recent immigrants. I've addressed this challenge by using a typology that combines employment status (full-time/part-time) alongside employment tenure (permanent/temporary). This yields mutually exclusive categories of non-standard work (Vosko et al., 2003).

A second challenge is that non-standard work is an imperfect proxy for employment and income insecurity because it encompasses workers from a wide range of socio-economic situations. Semi-retired professionals providing freelance services and low-skilled labourers employed on a casual basis are both considered "non-standard", despite clear socio-economic differences between these workers. On the other hand, many workers in standard employment relationships do experience economic insecurity such as those whose skill sets put them at risk of automation. From a social

policymaking perspective, the non-standard category can make it challenging to differentiate workers who are in need of safety-net supports from those who are not.

To better capture income and employment insecurity associated with non-standard jobs, some researchers have advanced “precarious work” as an alternative category (Vosko et al., 2003). The concept of precarious work expands on the standard/non-standard work distinction by adding in measures of labour market insecurity. As a concept, precarious work has developed to include myriad issues associated with the transition in employment relations away from the post-World War II norm of standard employment. While non-standard work is a way of classifying jobs based on employment structure, the notion of precarious work is much broader and includes issues unrelated to employment structure including job quality, safety, wages and perceptual security. A commonly used definition of precarious work identifies four dimensions: the degree of certainty of continuing employment, control over the labour process, degree of regulatory protection, and income level (Rodgers, 1989). Another definition, developed by the International Labour Organization, is as follows:

Precarious work is a means for employers to shift risks and responsibilities on to workers..... Although a precarious job can have many faces, it is usually defined by uncertainty as to the duration of employment, multiple possible employers or a disguised or ambiguous employment relationship, a lack of access to social protection and benefits usually associated with employment, low pay, and substantial legal and practical obstacles to joining a trade union and bargaining collectively. (ILO, 2011)

This definition captures the principal motivation of this study: addressing inequities in access to social protection among different groups of workers. The ILO’s definition also contextualizes the gradual retrenchment of EI benefits as part of a broader trend of transferring risk on to individual workers. Yet it also suggests the significant measurement challenges associated with precarious work, which is broad and multifaceted by definition.

Despite its limitations, non-standard work offers a measurable way of looking at precarious work in Canada. Although it groups varied jobs and groups of workers, data on non-standard work indicates how deviating from the standard model of work impacts employment and income security. Overall, non-standard workers have lower levels of access to many employment-triggered supports including pensions, extended health and

dental care, parental benefits and unemployment benefits. Non-standard jobs are also generally less secure and more susceptible to the ups and downs of the labour market.

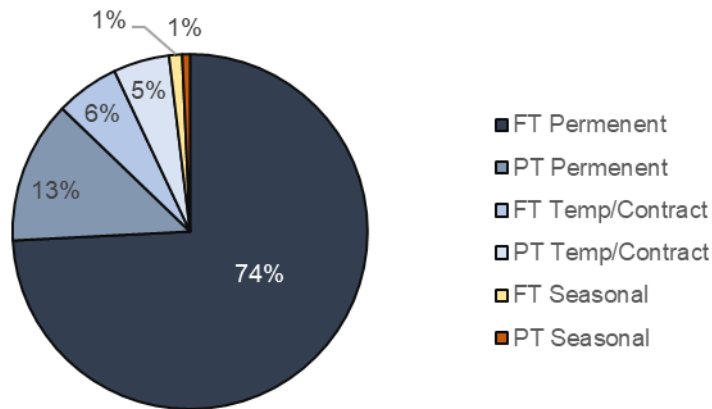
3.2. Non-standard work in Canada

Each of the past three recessions have resulted in greater shares of workers in non-standard employment (Davis, 2012). The growth of non-standard work reflects the desires of firms for greater flexibility- often associated with globalization and technological change- and in some cases the changing preferences of workers for greater work-life balance (Busby & Muthukamaran, 2016).

Non-standard work is not a new phenomenon. Although often associated with the transition from the post-war era to the neoliberal era, forms of non-standard work existed in previous time periods (Bent, 2017). However, the majority of data on non-standard employment in Canada begins in 1997 and therefore historical information on non-standard trends is limited. A study by Vosko, Zukewich and Cranford (2003) that explored non-standard work in earlier periods found that non-standard jobs, which they defined to include multiple job holders, grew from 28% to 34% of the labour force between 1989-1994. The growth of non-standard work in this time period is associated with increases in labour force participation among women, who are more likely than men to be engaged in non-standard work.

Non-standard work currently makes up 26% of total employment in Canada (Statistics Canada, 2017). This has remained more or less constant over the past twenty years, with the exception of temporary/contract work which has increased as a share of the labour force by two percentage points, from 9% in 1997 to 11% in 2017. Figure 3.1 illustrates the composition of employment in Canada as of December 2017, based on LFS data:

Figure 3-1. Canadian labour force by type of employment (2017)



Source: Statistics Canada, 2017a

There is inter-provincial variation in non-standard employment. Newfoundland & Labrador have the largest amount of non-standard employment as a share of total employment (30%), which is mostly due to seasonal work. In terms of employment tenure, Manitoba has the greatest share of its workforce in permanent employment (90%) and Newfoundland and Labrador has the least (79%). In terms of employment status, BC has the largest share of part-time workers- 21% of the workforce in BC is in part-time employment, compared to 14% of the workforce in New Brunswick which is the province with the smallest share of part-time workers.

3.3. Access and take-up of unemployment benefits over time

The recipient ratio measures the share of the unemployed who are receiving unemployment benefits. As of June 2017, the recipient ratio in Canada was 0.42, meaning that 42% of unemployed Canadians were receiving unemployment benefits through EI. The 2017 recipient ratio is higher than its historical low of 0.38 in 2014, but overall has decreased substantially in the past decade, down from 0.52 in 2009. The recipient ratio spiked after the recession of 2008 due to many workers losing jobs that were eligible for unemployment benefits.

Figure 3-2. EI unemployment benefit recipients as a share of the unemployed, (1997-2017)



Source: Statistics Canada, 2017a; Statistics Canada, 2017b

Overall, experts have concluded that the gradual decline in the recipient ratio since 1997 is due more to changes in the labour market than to policy change, because EI eligibility criteria changed very little in this period (Mendelson & Battle, 2011). One of these changes is the large increase in the share of the unemployed who do not have recent work history. The number of individuals who did not work in the previous 12 months as a proportion of the total unemployed population increased from 25% in 2009 to 35% in 2014 (ESDC, 2015). Although this is not a result of non-standard work directly, there is evidence that non-standard workers are more likely to have career interruptions than standard workers (Matsganis, Özdemir, Ward & Zvakou, 2015). Moreover, a disproportionate number of these individuals are women, young workers and recent immigrants, all of which are groups that are overrepresented in non-standard forms of employment.

The impact of non-standard job growth on the recipient ratio is especially evident in the 1990s and following the recession of 2008. When EI shifted to an entrance requirement based on hours of work rather than weeks of work in 1996, many part-time and temporary workers were rendered ineligible (Courchene, 2009; Lin, 1998, Vosko et al., 2009). Following the 2008 recession, the share of workers in temporary and part-time work grew and the proportion who worked in permanent full-time employment fell, which has contributed to the decline of the recipient ratio since 2009 (ESDC, 2012).

The impact of changes in the labour market on EI recipient rates is an example of policy drift. Policy drift is a concept which holds that “one of the easiest ways to change a policy is to fail to change a program to accord with the movement of events” (Beland, 2016). This concept captures how government inaction can gradually diminish the effectiveness of social programs. In the context of EI, policy drift captures the mismatch between the program eligibility criteria, which hinges on the standard employment model, and current labour market realities, namely the expansion of part-time and temporary forms of paid employment.

3.4. Existing literature on unemployment benefits and non-standard work

This section describes existing literature on unemployment benefits and non-standard employment. The bulk of literature on this topic, from both academic and policy-making spheres, has focused on European jurisdictions. A central theme of this body of literature is the balance between the objectives of labour market flexibility and social security- a concept known as “flexicurity”. Flexicurity has been described as a “golden triangle” of active labour market policy, social security and flexibility in the labour market and has been adopted as a guiding principle of the European Employment Strategy (European Commission, 2007).

With regards to non-standard employment, the flexicurity approach has focused on the potential benefits of non-standard job creation to increase labour force participation and reduce unemployment, along with the tradeoff of disqualifying workers from social security benefits (Schmid, 2011). Flexicurity discourse has also focused on labour market segregation. Particularly after the Global Financial Crisis of 2008 there has been a growing concern that stringent Employment Protection Legislation (EPL) has created labour markets of “insiders”, standard workers with full access to social security benefits, and “outsiders”, the unemployed and precariously-employed (Rubery & Piasna, 2016). These concerns are reflected in policymaking. For example, the European Commission has described the aims of flexicurity as “distribut[ing] flexibility and security more evenly over the workforce” and “Reduc[ing] asymmetries between non-standard and standard employment by integrating non-standard contracts fully into labour law, collective agreements, social security and life-long learning.” (European Commission, 2007).

The most significant piece of academic work on the topic of unemployment benefits and non-standard work in Europe is Leshke's (2008) book *Unemployment Insurance and Non-Standard Employment: Four European Countries in Comparison*. Leshke looks at unemployment benefits in Denmark, Germany, Spain and the UK to assess the influence of eligibility criteria and other design features on benefit distribution among different forms of employment. Several findings from this book relate to the objectives of this study. Leshke found that part-time and temporary workers in all four countries are more likely than their counterparts in standard employment to become unemployed and have less access to unemployment benefits. Part-time workers were identified as a group facing particularly large barriers to benefit access in each jurisdiction as a result of hours-worked requirements for unemployment benefit eligibility. Leshke also found that restrictions on benefit access for non-standard segments of the unemployed workforce exist in all countries. Despite increases of non-standard work and some political attention to this issue, there were no clear trends towards better inclusion of non-standard workers in any of the four countries under analysis. Leshke accounts for this inaction by the lack of adequate interest representation for non-standard workers.

Far less has been written on non-standard work and unemployment benefit access in the Canadian context. The most significant body of work on EI reform in the past two decades came from the Mowat Centre, a public policy think tank based in Toronto. In 2011 the Mowat Centre published a series of papers on EI that culminated in a large-scale report called "The Final Recommendations of the EI Task Force". The recommendations from this report focused on a wide-range of issues with the EI system, including a discussion of non-standard work. The final report identified eight problems with the existing system, one of which was: "The current system has not adapted to labour market changes and the new world of work, which now includes more 'young persons and multiple-earner families churning through various forms of non-standard work'" (Mowat Centre EI Task Force, 2011).

Two papers in the Mowat Centre series addressed the issue of non-standard work at length. In "The Challenge of Expanding EI Coverage: Charting Exclusions and Partial Exclusions" Vosko (2011) argues that the design of EI eligibility excludes certain groups of workers based on the characteristics of their employment. This exclusion operates both through design, such as the exclusion of self-employed workers, and through implementation, such as the large share of part-time and temporary workers who are

unable to qualify for EI due to insufficient hours of insurable employment (Vosko 2011). Vosko focuses on the equity-based impacts of these exclusions, particularly the lower rates of eligibility for unemployment benefits among women, immigrants and younger workers. Vosko's paper provides a framework for understanding the connections between forms of employment and access to unemployment benefits that is used throughout this study.

The second Mowat Centre paper that addressed non-standard work is "Fixing the Hole in EI: Temporary Income Assistance for the Unemployed" in which Mendelson and Battle (2011) propose a new federal benefit to target workers who are unable to qualify for EI. Although the paper does not address non-standard work explicitly, it focuses on workers who are unable to access unemployment benefits as a result of not meeting the hours-worked requirement, and those who are unable to participate in EI in the first place as a result of not having recent insurable employment. Mendelson and Battle provide a recommendation for a new program, outside of the EI umbrella, to provide temporary unemployment assistance. This policy option is used in my policy analysis and explored in depth in Chapter 7.

3.5. Policy approaches to non-standard work

Broadly speaking, there have been two policy approaches to addressing non-standard employment: reforms to employment legislation, and reforms to safety-net programs. Both approaches have focused on mitigating the harms of work and income precarity, but reflect distinct views on the role of non-standard work in labour market development (Matsaganis et al., 2015). The former has focused on making employment laws more stringent and discouraging the creation of non-standard employment. Such policies have sought to promote full-time, permanent and secure jobs using measures such as curbing the maximum term of temporary jobs and making it more difficult to fire current jobholders. In several cases this approach has had the unintended effect of stymieing job creation, lowering standards of pay and exacerbating harms to non-standard workers (Busby & Muthukumaran, 2016).

A second approach to non-standard work, the one taken in this capstone, has focused on access to social security benefits among non-standard workers. This approach is based on the view that non-standard work is not in and of itself a harmful phenomenon,

but that the greatest risk facing non-standard workers is income insecurity and lack of access to social benefits.

Chapter 4. Research questions and methodology

This study was motivated by the following research question: How can we improve access to unemployment benefits among non-standard workers? My approach to answering this question followed two lines of inquiry. The first was to understand the ways in which the current unemployment benefit system restricts access among non-standard workers. This involved identifying the features of EI that exclude workers in non-standard employment, and developing a demographic profile of workers who are most excluded. A second line of inquiry was to identify the key economic, social and operational considerations associated with providing unemployment benefits to non-standard workers. I used a multiple methods approach, based on survey and interview data, to address these questions. This approach is outlined in the following section.

4.1. Statistical Analysis

4.1.1. Data sources

Two Statistics Canada datasets were used for descriptive statistical analysis in this study: The Employment Insurance Coverage Survey (EICS) and the Labour Force Survey (LFS).

Labour Force Survey

The LFS is a household survey carried out monthly by Statistics Canada. LFS data are used to produce a range of labour market indicators such as the unemployment, employment and participation rates and employment estimates by industry, occupation and sector, all cross-classifiable by a variety of demographic characteristics. The reference period for the LFS is usually the week containing the 15th day of the month, and the collection period is the week following the reference period.

The LFS is representative of the non-institutionalized, working age (15+) population in Canada. The December 2017 LFS sample size was approximately 56,000 households, resulting in the collection of labour market information for approximately 100,000 individuals (Statistics Canada, 2018). In my analysis, I used weighted data from both the December 2017 and the January 2018 LFS.

Employment Insurance Coverage Survey

The EICS is a Statistics Canada cross-sectional survey that exists to shed light on the coverage of the EI program. It provides a picture of who does or does not have access to employment insurance regular benefits as well as maternity and parental benefits. The survey is administered to a sub-sample of respondents of the LFS four times a year, namely in April-May, July-August, November-December and January-February. The target population for this survey is unemployed and other individuals who, given their recent status in the labour market, could potentially be eligible for employment insurance. The sample size for the 2016 survey was approximately 14,000 individuals (Statistics Canada, 2016). In my analysis, I used weighted data from the 2016 EICS.

4.1.2. Analysis of quantitative datasets

These Statistics Canada datasets served four main analytical purposes. First, I used the EICS to analyze trends in access to unemployment benefits among non-standard workers. This involved looking at variables such as eligibility status and reasons for ineligibility, disaggregated by employment type (full-time vs. part-time, permanent vs. temporary). This allowed for an analysis of the key differences in eligibility among different categories of non-standard work, as well as the most common reasons that non-standard workers are ineligible for benefits. Second, I used the LFS to develop a profile of the economic and demographic characteristics of part-time workers, who I identified as my target group within the larger category of non-standard work. This involved looking at different forms of part-time work (permanent, seasonal, and temporary/contract) broken down by gender, marital status and industry of employment. Third, I used both the LFS and the EICS to show gendered patterns of employment and their effects on unemployment benefit eligibility. This involved looking at the types of jobs in which women and men are most commonly employed, and comparing these findings to gender-based differences in EI eligibility status. Finally, I used the LFS in my policy analysis to project the increases in workforce coverage associated with different entrance requirements (see section 8.1.1).

4.2. Expert Interviews

I conducted seven semi-structured research interviews to supplement quantitative findings. Participants were recruited based on their contributions to debates on EI reform and non-standard work, and based on expertise in labour economics, social policy design and government program administration. Interviews were used to inform the direction of my quantitative research and elaborate on quantitative findings. Interviews were also used to learn more about some of the key EI eligibility reform proposals that have been put forward in Canada, as several interview subjects have been involved in developing these proposals. Finally, through interviews I learned about the types of economic, operational and social considerations that are important in the design and provision of unemployment benefits, which helped to develop a set of criteria by which to develop and assess policy options.

Chapter 5. Policy objectives and evaluative criteria

The following chapter describes the key societal and governmental objectives that guide the forthcoming policy analysis and recommendation. A set of criteria are presented for what constitutes an effective policy approach to increasing access to unemployment benefits among non-standard workers. By applying the same criteria to each policy option, it is possible to compare them based on a consistent set of values and objectives. Each criterion is scored using a high, medium or low ranking. Comparing policy options in this way reveals their inherent merits and trade-offs. At the end of the chapter, Table 5.1 outlines these objectives and criteria, as well as the corresponding measures and how each criterion was weighted in my analysis.

5.1. Key societal objectives

5.1.1. Income Security

Income security is the most important objective in my policy analysis and is therefore given the most weight. This objective refers to the extent to which various policy options protect the standard of living of unemployed workers in non-standard employment. Two criteria are used to evaluate income security in my analysis.

The first income security criterion measures the extent to which access to unemployment benefits is increased among non-standard workers, measured by the impact on worker eligibility. Policy options are ranked based on the extent to which they increase the number of non-standard workers who are eligible for benefits. All selected policy options are projected to increase access to benefits among non-standard workers, therefore options will be ranked in comparison to each other. A “high” ranking indicates the option with the greatest projected increase on worker eligibility, a “low” ranking indicates the least effective option, and a “medium” ranking is assigned to options that fall in between.

The second criterion used to measure income security is benefit adequacy. This criterion seeks to measure the extent to which unemployment benefits are adequate enough for recipients to maintain a decent standard of living. This criterion is measured by

comparing the relative benefit amounts of each selected policy option. Because benefit generosity within EI is dependent on income, and therefore not directly comparable to other policy design options, I've focused on analysis of benefit generosity on low-income workers. A "high" ranking indicates the option with the most generous benefit amount, a "low" ranking indicates the least generous option, and a "medium" ranking is assigned to options that fall in between.

5.1.2. Equity

There are inequities associated with the current Employment Insurance system that are outlined in Chapter 3. Several inequities are captured by the objective of income security because they are a result of barriers to access among non-standard workers. For example, workers who are women and/or immigrants have lower rates of EI eligibility compared to men and/or Canadian-born workers, because women and immigrants are overrepresented in part-time and contract employment. Therefore, increasing benefit access among non-standard workers will also have a positive impact on gender, racial and socio-demographic equity.

However, other forms of inequity that exist in the current system are not directly related to employment relationships. Regional inequities in benefit access and adequacy as a result of the VER are an example. Equity is included as an objective in my analysis to both assess the extent to which a given policy option would reduce existing inequities, and to identify potential equity-based impacts.

A "high" ranking indicates options projected to have a positive impact on equity, and "low" ranking indicates options that are projected to have a negative impact on equity. A "medium" ranking is assigned to options with no effect on equity.

5.2. Key Governmental Objectives

5.2.1. Cost

This criterion seeks to assess the estimated additional cost to government associated with each policy option. This includes costs of implementation, administration and a comparison of long-term costs with the status quo. A "high" ranking indicates the least

costly option, a “low” ranking indicates the most costly option, and a “medium” ranking is assigned to options that fall in between.

5.2.2. Political feasibility

This criterion seeks to measure whether a given policy option is likely to make it on the federal policy agenda, considering interest group politics, the current political climate and public opinion evidence. A “high” ranking indicates the most feasible option, a “low” ranking indicates the least feasible, and a “medium” ranking is assigned to options that fall in between.

5.2.3. Administrative complexity

This criterion seeks to measure the level difficulty associating with implementing each option. A “high” ranking indicates the most administratively simple option, a “low” ranking indicates the most complex, and a “medium” ranking is assigned to options that fall in between.

Table 5-1. Objectives and criteria for evaluation

Objective	Criteria	Measure	Weight
Income Security	Does the policy option increase access to unemployment benefits among workers in part-time and temporary employment?	Degree to which the option increases eligibility among non-standard workers.	2
	Does the policy ensure that unemployment benefits are adequate enough for recipients to maintain a decent standard of living while re-integrating into the labour market?	Comparing the relative unemployment benefit generosity associated with each policy option.	1
Equity	Does the policy option reduce inequities in unemployment benefit provision?	Degree to which policy option reduces existing inequities in unemployment benefit access among regional and demographic groups.	1
Cost	Is the policy option economically sustainable?	Comparing the relative long- and short- run costs to government associated with each policy option.	1
Political Feasibility	Is the policy option likely to make it on the federal policy agenda?	Likelihood of public support and political buy-in.	1
Administrative Complexity	To what extent is the policy option difficult to implement?	Comparing each policy option based on ease of implementation and administration.	1

Chapter 6. Results and analysis of policy problem

The following section presents findings from key informant interviews and from my analysis of the Labour Force Survey (January 2018) and the Employment Insurance Coverage Survey (2016). Workers in employer-employee relationships are the focus of this analysis, thus excluding the self-employed (see page 4). Categories of employment are broken down by both status (part-time vs. full-time) and tenure (permanent vs temporary)¹. The following themes are explored:

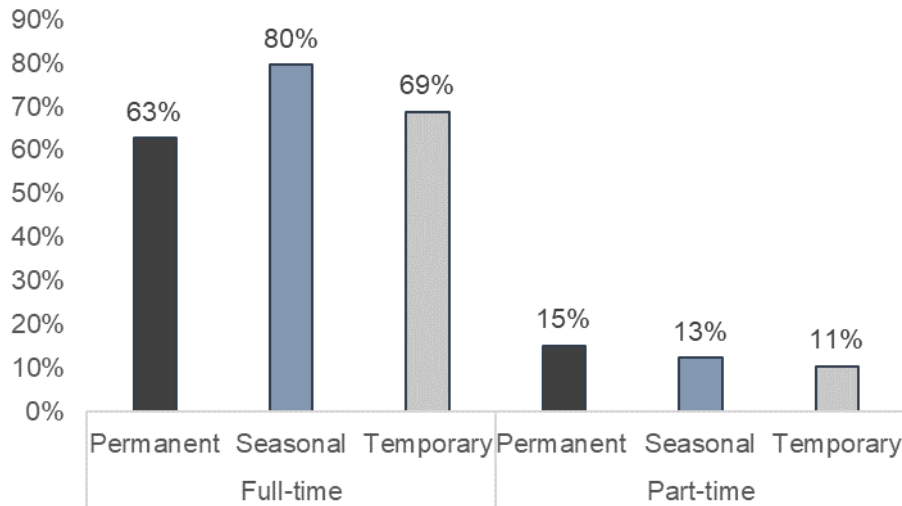
- EI eligibility status among different forms of employment;
- The EI design features that exclude non-standard workers;
- Demographic characteristics of non-standard workers in Canada;
- Gender-based considerations related to EI eligibility.

6.1. Key findings related to EI eligibility

Figure 6.1 shows the percentage of unemployed workers, by form of employment, who are eligible for unemployment benefits- meaning that they have insurable employment within the past year, have sufficient hours of work to meet the entrance requirement, and left their job under conditions deemed valid by EI:

¹ The category “Temporary” refers to workers in all forms of non-seasonal temporary work, including term, contract and casual employment.

Figure 6-1. EI unemployment benefit eligibility by form of employment among unemployed workers (2016)



Source: Statistics Canada, 2016

As shown, the greatest difference in eligibility is between unemployed full-time and part-time workers across all tenures of employment. A large majority of unemployed part-time workers are ineligible. Although seasonal full-time workers fall under the non-standard employment umbrella, they are often at an advantage over full-time permanent workers in terms of having a valid job separation, which accounts for their higher levels of eligibility (Personal communication, 2017). Temporary, part-time workers on the other hand are the least well served by EI’s current structure.

Part-time workers are the focus of the remainder of my analysis and the target group of my policy recommendation, based on the finding that they have the lowest levels of benefit eligibility among workers in both temporary and permanent forms of employment.

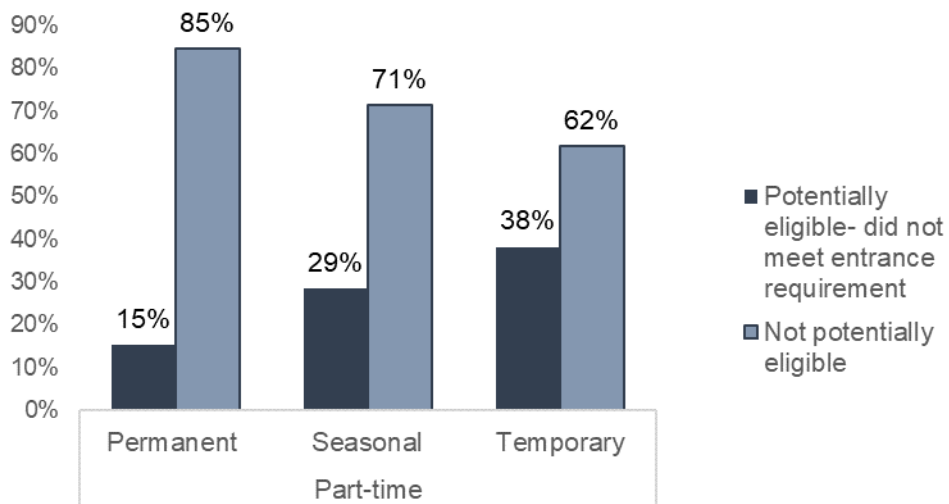
6.1.1. Reasons for ineligibility among part-time workers

Workers who are ineligible for unemployment benefits fall under two categories: “not potentially eligible” and “potentially eligible-did not meet the entrance requirement”. Workers in the “not potentially eligible” category are ineligible because they have not worked in the past year, are self-employed or had an invalid job separation. Workers in the “potentially eligible-did not meet entrance requirement” category have recent insurable employment and a valid job separation, but lack sufficient hours of work. These categories are useful because they differentiate between workers who pay EI

premiums and would be eligible but lack sufficient hours of employment, from those who are ineligible for reasons other than their hours of work. This sheds light on disparities between full-time and part-time workers.

Across all forms of employment, more workers are excluded on the basis of being “not potentially eligible”. However, among temporary/contract part-time workers the difference is relatively small- 38% are ineligible because they do not meet the entrance requirement. Figure 6.2 illustrates the reasons for ineligibility among unemployed part-time workers who do not qualify for EI unemployment benefits:

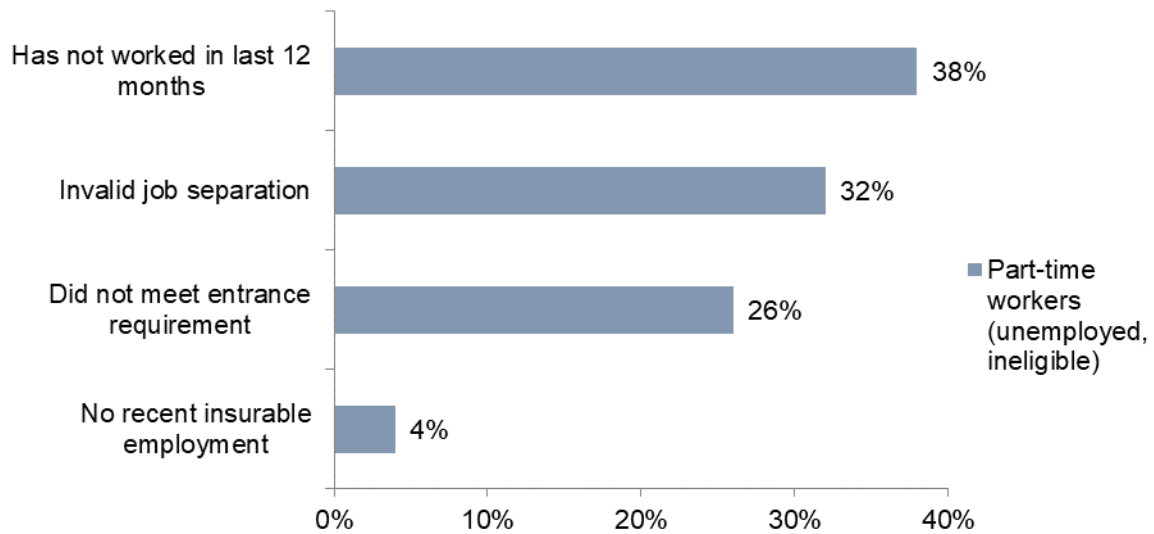
Figure 6-2. Reason for ineligibility among unemployed part-time workers, by form of employment (2016)



Source: Statistics Canada, 2016

These broad categories can be further broken down. Table 6.1 shows the specific reasons why unemployed part-time workers are not eligible for benefits. The three most common reasons are: 1. The worker has not worked in the last 12 months (38%), 2. The worker had an invalid job separation (32%) and 3. The worker did not meet the entrance requirement (26%). An additional 4% were not eligible because they lacked recent insurable employment, which could include those employed in family businesses and special employees such as taxi drivers, hair dressers and fishers (see page 6).

Figure 6-3. Reason for ineligibility among unemployed part-time workers, by form of employment (2016)



Source: Statistics Canada, 2016

Workers who are excluded because they have not worked in the last 12 months

Over the past decade, there has been an increase in long-term unemployment. As a result, a significant portion of workers, across all forms of employment, are unable to qualify for EI because they lack recent employment history. The large share of part-time workers who fall into this category is also likely gender-based (Personal communication, 2017). Most part-time workers are women (see section 6.3) who on average experience a greater number of career interruptions than men.

Workers who are excluded because they had an invalid job separation

Nearly a third of unemployed part-time workers who are ineligible for EI are ineligible because of the conditions of their job separation. In comparison, only 20% of the unemployed as a whole are ineligible for this reason. One reason for this is that part-time workers are more likely than full-time workers to quit their jobs to attend school, making them ineligible for unemployment benefits.

Workers who are excluded because they did not meet the entrance requirement

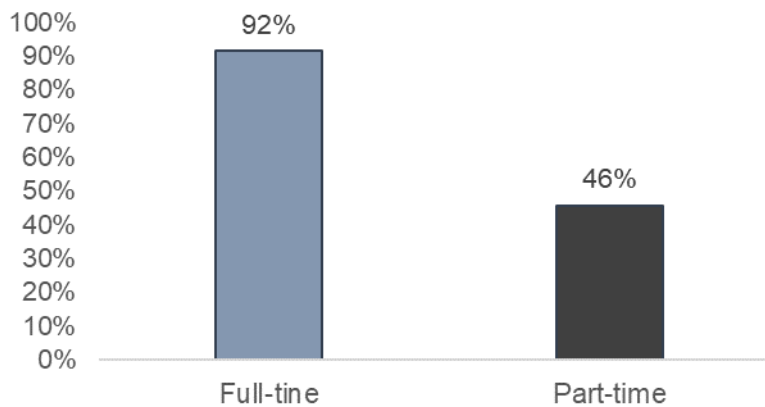
The *eligibility rate* is a useful measure to further understand the situation of workers who are excluded on the basis of failing to meet the entrance requirement. The eligibility rate

measures the share of potentially eligible respondents who have sufficient hours of employment. The eligibility rate is calculated by:

$$\frac{\text{Eligible}}{\text{Eligible} + \text{Does not meet entrance requirements}}$$

The eligibility rate highlights workers who have paid EI premiums, have recent insurable employment, and who lost their job “through no fault of their own”, but who are unable to access unemployment benefits because they lack sufficient hours of work. In 2016, the eligibility rate was 85.6% among all unemployed workers yet this is much lower among part-time workers (Statistics Canada, 2016). Among unemployed respondents to the EICS whose last job was part-time, the eligibility rate was 46% compared to 92% among unemployed workers whose last job was full-time (see Figure 6.4):

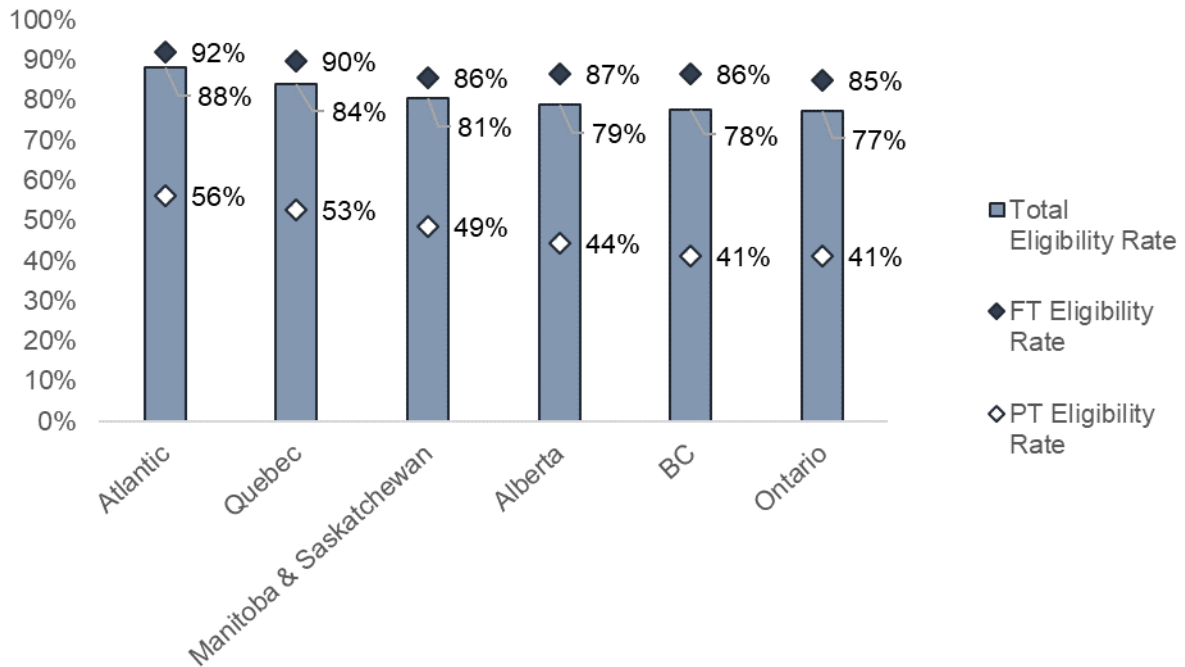
Figure 6-4. Eligibility rates among full-time and part-time unemployed workers (2016)



Source: Statistics Canada, 2016

Because of the Variable Entrance Requirement, eligibility rates vary by region and by Census Metropolitan Area (CMA). Overall, eligibility rates among unemployed workers range from 88% in Atlantic Canada to 77% in Ontario but there is greater variation among part-time workers. Among unemployed part-time workers, the eligibility rate is also highest in Atlantic Canada (56%) and lowest in BC and Ontario (both 41%). Among unemployed full-time workers, eligibility rates range from 92% in Atlantic Canada to 85% in BC.

Figure 6-5. Eligibility rates among full-time and part-time unemployed workers, by province (2016)



Source: Statistics Canada, 2016

Other barriers to access

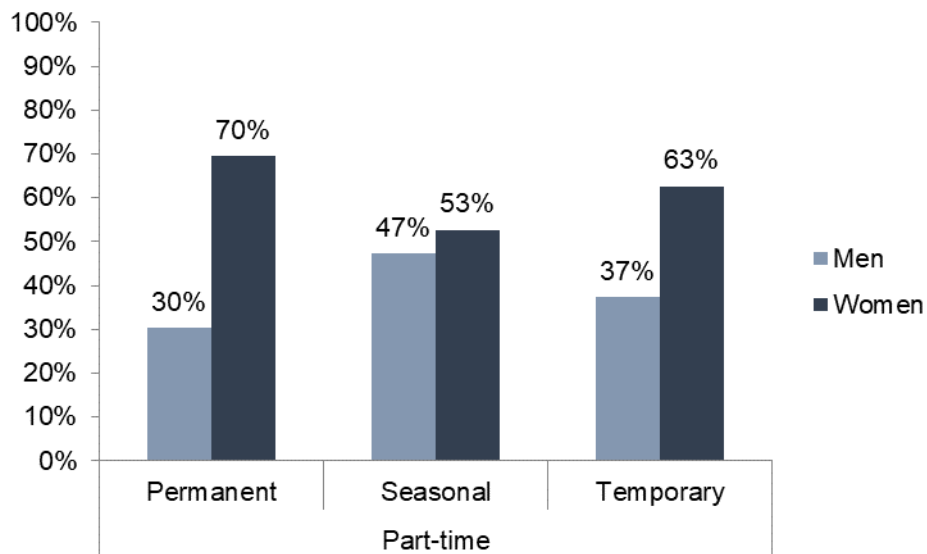
Interview participants also highlighted benefit generosity and the complexity of making an EI claim as barriers to access. At the current replacement rate, for many part-time workers on low-income it may not be worth it to go through the hassle of applying to EI. In some cases, social assistance may provide a more generous alternative (Personal communication, 2018).

6.2. Profile of part-time workers in Canada

Section 6.1 identified part-time workers, in both temporary and permanent employment, as a group with particularly low levels of access to unemployment benefits. The following section describes the characteristics of these workers, providing a profile of Canada's part-time workforce and highlighting variation between differently tenured groups of part-time workers (permanent, seasonal and temporary).

A majority of part-time workers, in both temporary and permanent employment, are women. The difference between men and women is most stark in part-time permanent employment, where women comprise 70% of the part-time workforce. In part-time temporary/contract employment women make up 63% of the workforce. In seasonal part-time employment women make up only slightly more of the workforce (53%).

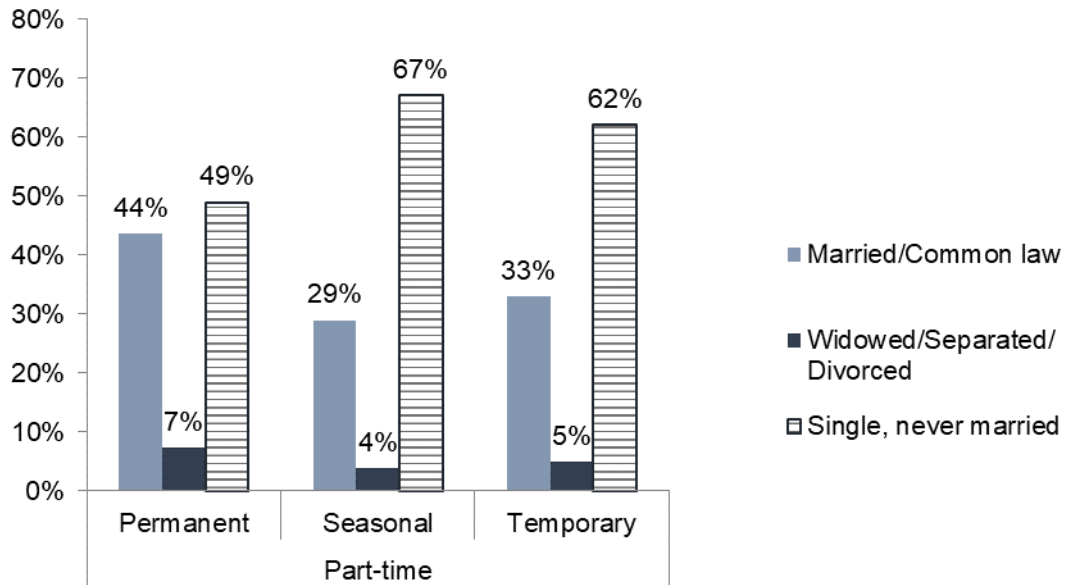
Figure 6-6. Gender composition of part-time workers (2018)



Source: Statistics Canada, 2018

Marital status was raised in several interviews as an important variable to look at. As one interviewee pointed out, marriage/common law relationships, particularly those where both spouses are employed, provide a form of income insurance. Another interviewee suggested that being married/living common law might make someone more likely to take a precarious or non-standard job for this reason. However, 2018 LFS data shows that part-time workers are significantly more likely to be single and never married compared to full-time workers: 26% of full-time workers are single and have never married compared to 53% of part-time workers. Seasonal and non-seasonal temporary part-time workers are more likely than permanent part-time workers to be single and never married- 67% of seasonal part-time workers and 62% of non-seasonal temporary part-time workers are single compared to 49% of permanent part-time workers.

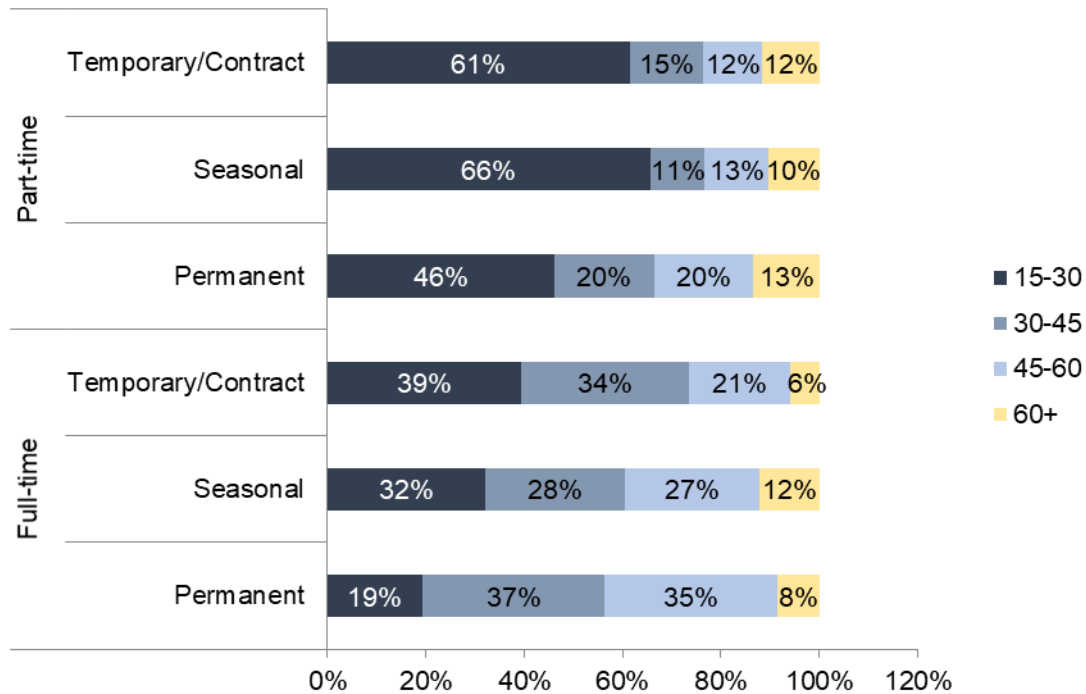
Figure 6-7. Marital composition of part-time workers (2018)



Source: Statistics Canada, 2018

Variation in marital status between forms of employment is largely due to age. Part-time workers overall tend to be younger than full-time workers, and workers in temporary and seasonal employment tend to be younger than permanent employees (Statistics Canada, 2018). A majority of part-time workers in temporary and seasonal employment are under the age of 30, which accounts for the large proportion of these workers who are not married or living common law.

Figure 6-8. Age composition of part-time workers (2018)



Source: Statistics Canada, 2018

Part-time workers are less likely than full-time workers to be “unattached individuals” according to the 2018 LFS, meaning that they live alone or that they are not related to anyone else in the dwelling. This suggests of the large proportion of part-time workers who are single, many are single parents. This is especially likely for permanent part-time workers who tend to be older than seasonal and temporary part-time workers. Seasonal and temporary part-time workers may be more likely to live with their parents because most are youth.

Most part-time workers are non-immigrants, across permanent, seasonal and temporary forms of employment. In addition, immigrants are more likely than non-immigrants to be in full-time employment. However, immigrants are more likely than non-immigrants to be in non-permanent employment and are therefore also at a disadvantage in terms of EI eligibility (Statistics Canada, 2018).

Part-time workers are concentrated in service-producing rather than goods-producing sectors. They are most commonly non-unionized and employed in wholesale and retail trade, food services and healthcare and social assistance (Statistics Canada, 2017a).

Temporary/contract part-time workers, however, are most commonly employed in educational services. The most common occupational categories among part-time workers are the following (Statistics Canada, 2018; National Occupation Classification, 2011):

1. Service support and other service occupations (14%) which includes food counter attendants, cleaners, travel support services;
2. Sales support occupations (13%) which includes cashiers, clerks and store shelf stockers;
3. Service representatives and other customer and personal services occupations (10%) which includes restaurant servers, bartenders and customer service representatives.

Table 6-1. Industry composition of part-time workers (2017)

	Part-time permanent	Part-time seasonal	Part-time temporary	Part-time (total)
Retail trade	26%	15%	11%	24%
Accommodation and food services	19%	9%	9%	17%
Health care and social assistance	18%	6%	11%	17%
Educational services	7%	13%	36%	11%
Information, culture and recreation	5%	21%	6%	6%
Other services (except public administration)	4%	4%	4%	4%
Business, building and other support services	3%	7%	4%	4%
Transportation and warehousing	3%	9%	2%	3%
Professional, scientific and technical services	3%	2%	2%	2%
Public administration	1%	2%	7%	2%
Finance and insurance	2%	0%	1%	2%
Construction	2%	4%	2%	2%
Real estate and rental and leasing	1%	2%	1%	1%
Manufacturing - non-durable goods	1%	2%	1%	1%
Wholesale trade	1%	1%	1%	1%
Manufacturing - durable goods	1%	0%	1%	1%
Agriculture	1%	3%	0%	1%

Source: Statistics Canada, 2018

6.3. EI eligibility: gender-based analysis

Consistent with the literature, interview participants emphasized the importance of considering gender alongside types of employment when analyzing income insecurity. Gendered patterns of employment have resulted in unemployed women having lower levels of access to unemployment benefits compared to unemployed men. Women are less likely to be covered by EI in the first place and women who do pay EI premiums are less likely to have accrued sufficient hours of insurable employment to qualify for

benefits. A large majority (68%) of unemployment benefits are paid to men (Government of Canada, 2018).

On average, women spend fewer hours in paid employment, have a greater number of career interruptions throughout their life and are overrepresented in non-standard work, all of which impact EI eligibility. Women spend an average of 5.6 fewer hours per week on paid work than men and are away from work for 18.5 months throughout their career compared to 8.6 for men (Moyser, 2017). Figure 6.7 looks at the share of women and men by employment status and tenure. Overall, 16% of employed men are in non-standard work compared to 28% of employed women. The greatest difference is in part-time work. While 23% of employed women work part-time, only 10% of employed men work part-time.

Table 6-2. Form of employment by gender (2018)

	Men	Women
Full-time permanent	84%	72%
Full-time seasonal	2%	1%
Full-time temporary	4%	4%
Part-time permanent	8%	20%
Part-time seasonal	1%	1%
Part-time temporary	1%	3%
	100%	100%

Source: Statistics Canada, 2018

One of the main reasons that women are overrepresented in non-standard work is that women undertake the majority of unpaid work in Canada, which includes parenting, taking care of adult family members and household chores. Women are also more likely than men to be single-parents. According to the 2015 Statistics Canada General Social Survey of Time Use, Canadian women spend approximately 50 per cent more time per day on unpaid work than men. This shapes women’s availability and preferences for employment, manifesting in both shorter average hours of work and a greater number of career interruptions which often necessitate a more flexible employment relationship.

Among unemployed women in 2016, 35% were eligible for unemployment benefits compared to 52% of men. Most (88%) ineligible women fell into the “not potentially eligible” category. EICS data shows that the large proportion of women in the not potentially eligible category is because women are more likely to not have worked in the

past year or never worked. Among unemployed women in 2016, 27% had not worked in the past year and 12% had never worked. In comparison, 20% of unemployed men have not worked in the past year and 6% had never worked. Unemployed women are roughly equally likely as unemployed men to have an invalid job separation (Statistics Canada, 2016).

Women also have lower eligibility rates than men, indicating that among the unemployed who are covered by EI, women are less likely to have accrued the required number of hours of insurable employment. The eligibility rate for unemployed women in 2016 was 82% and for unemployed men it was 88%.

6.4. Target groups for policy analysis

Through interviews with experts and analysis of the EICS and LFS I have identified five exclusions in the current EI system that affect non-standard workers and that might be addressed through reform. Groups 1, 2, and 3 are the focus of my policy analysis.

Group 1: Workers who lack sufficient hours of work to meet the entrance requirement.

Group 2: Workers who have not worked in the past year and are therefore ineligible.

Group 3: Low-income workers for whom unemployment benefits may not be generous enough to make it worth the hassle of applying.

Group 4: The self-employed who are excluded from participating in EI.

Group 5: Workers who lost their job for a reason deemed invalid by EI.

The decision not to focus on the self-employed in my analysis is outlined on page 4. The decision not to focus on workers who lost their job for a reason deemed invalid by EI was due in part to data constraints. There is a lack of publicly available information on how employers characterize job separations and how this process is overseen. If there is an issue of workers being misclassified as having an invalid job separation, I found no evidence for it. Moreover, there would be significant moral hazard associated with expanding access to unemployment insurance to workers who quit their job for a reason other than what is current considered “just cause” (see page 4). Quitting is significantly

more common than being fired, workers who were fired comprised under 5% of the unemployed as of January 2018 (Statistics Canada, 2018).



Chapter 7. Policy options

The mismatch between the design of EI and contemporary labour market realities has resulted in low levels of benefit access among the unemployed as a whole, and disparities in federal income support across demographic, regional and labour market groups. There are two approaches to unemployment benefit reform that might address this problem. One approach is to make changes to the EI existing system. A second approach is to devise a system for unemployment benefits outside of EI.

7.1. Changes within EI

7.1.1. Introduce a single national entrance requirement

This option involves getting rid of the Variable Entrance Requirement and implementing one entrance requirement for all workers, regardless of the regional rate of unemployment. Two hours-worked thresholds are examined in my analysis: an entrance requirement of 420 hours, which is the current minimum entrance requirement, and an entrance requirement of 360 hours, which has been proposed by several people, most notably Vosko (2011) in the Mowat Centre series of papers on EI reform.

7.1.2. Reach-back eligibility calculation

This option would allow claimants who have not worked in the past year to calculate their benefit eligibility and amount based on past employment. The logic of this is to extend benefits to workers who have employment history and who have paid EI premiums but experienced a career interruption. The economic argument behind this option is that it would facilitate effective job search among labour market re-entrants.

Reach-back eligibility currently exists in certain federal-provincial Labour Market Development Agreements (LMDA) which provide employment training to current and former EI claimants. For example, in the BC-Canada LMDA eligibility extends to unemployed workers who have had an EI claim within the past five years (WorkBC, 2018). A similar structure could be applied to unemployment benefit claimants by considering eligibility within a time frame of five years, wherein the qualifying period begins 52 weeks prior to the claimant's most recent day of work. For example, if an

unemployed worker made a claim on February 1st 2018 following an extended absence from the workforce, if her last day of work was February 1st 2014 then her eligibility would be calculated on a qualifying period from February 1st 2013-February 1st 2014.

7.1.3. Increase the standard replacement rate

This option would involve increasing the replacement rate, increasing benefit generosity and potentially making low-income non-standard workers more likely to apply. Increasing the replacement rate to 60% or to 70% have been the most common suggestions within the literature.

7.2. Options outside of EI: Temporary Unemployment Assistance

One approach to delivering unemployment benefits outside of the EI system is through a federal Temporary Unemployment Assistance (TUA) program. This option is derived from a proposal made by the Mowat Centre in 2011. The fundamental purpose of this approach is to provide a safety-net program for the unemployed “between” Employment Insurance and welfare (Davis, 2011; Mendelson and Battle, 2011). TUA would be targeted particularly at non-standard workers and new labour force entrants or re-entrants. TUA would exist alongside EI and fill the existing gaps in the system.

TUA would be delivered in the form of a forgivable loan whose repayment is contingent upon income reported through the income tax system. The loan would be forgiven up to a particular income level, after which some or all of the TUA benefits received would be repayable. Repayment would be organized through the tax system and drawn from tax refunds.

To target workers who are ineligible for EI but for whom social assistance is inappropriate, TUA would have to have very open eligibility criteria. In particular, to be as accessible as possible to non-standard workers, TUA would not involve asset testing and eligibility would not hinge on prior earnings or hours of employment. TUA could reasonably exclude certain groups, such as recipients of either EI or social assistance and full-time students. All workers would be entitled to TUA upon turning 18. TUA could be received once within a given eligibility period (i.e. once every five years). This means

that workers who exhaust their TUA entitlement would have to wait for the next eligibility period to receive benefits again.

In my policy analysis, I consider two models of TUA: Option 1. A more generous model with higher degree of forgiveness, higher benefits and a shorter eligibility period, and Option 2. A less generous version with a lower degree of forgiveness, lower benefits and a longer eligibility period.

7.2.1. TUA Option 1

Under this more generous model, TUA would provide a weekly benefit equal to 75 per cent of the average of provincial and territorial minimum wages, available for a maximum of six months out of every three years. At the current average minimum wage (\$11.80) and based on standard work hours of 37.5 per week, TUA Option 1 would involve a weekly benefit of \$332, or \$7,968 per eligibility period.

Repayment would be contingent on income, and recipients would have the option of paying back their share gradually. Repayment would be waived for low-income individuals, defined by the Low Income Measure (LIM) which is half of the national average income (\$22,133). The repayable share of the benefit would increase with income, as shown in table 7.1:

Table 7-1 . TUA Option 1

Income	Repayment	Amount owed
Under \$22,133	No repayment	\$0
\$22,133-45,000	25% benefit	\$1,992
45,001-65,000	50% of benefit	\$3,984
Above 65,000	Full repayment	\$7,968

7.2.2. TUA Option 2

A second example is a less generous model of TUA, with a benefit set at 60% of the average of provincial and territorial minimum wages and available for a maximum of six months out of every five years. At the current average minimum wage (\$11.80) and based on standard work hours of 37.5 per week, TUA Option 2 would involve a weekly benefit of \$265.50, or \$6,372 per eligibility period.

The repayment schedule would again be based on annual earnings with the option of repaying gradually, but with repayment required at lower income levels and with a steeper repayment plan:

Table 7-2. TUA Option 2

Income	Repayment	Amount owed
Under \$22,133	10% of benefit	\$637.20
\$22,133-\$40,000	50% benefit	\$3,186
\$40,000-55,000	75% of benefit	\$4,779
Above \$55,000	Full repayment	\$6,372

Chapter 8. Evaluation of policy options

A matrix that highlights how each option scores according to the criteria defined in Chapter 5, as well as justifications for these rankings, is provided in Appendix A.

8.1. Changes within EI

8.1.1. Introduce a single national entrance requirement

Two hours-worked thresholds are examined in my analysis: an entrance requirement of 420 hours and an entrance requirement of 360 hours.

Income Security

Changes in the entrance requirement would target Group 1- workers who are unable to qualify for benefits because they lack sufficient hours of insurable employment.

There is a consensus in the literature, which was affirmed in my research interviews, that the VER is an inappropriate way of calculating EI eligibility that disproportionately harms part-time and temporary workers. Therefore the adjustments to the entrance requirement analyzed below are based on an assumption of a single nationally-standardized entrance requirement.

To project the impact of different entrance requirements I used data from the January 2018 LFS. I calculated how many hours of insurable employment would be required at various entrance requirements by dividing the total number of required hours by the number of weeks in the qualifying period (52). For example, to meet an entrance requirement of 420 hours over 52 weeks a worker would need a minimum of 8 hours of work per week. To meet an entrance requirement of 360 hours, a worker would need a minimum of 7 hours per week. I then calculated the share of currently employed workers who would meet this requirement, using the number of actual hours worked in the reference week.

Table 8.1 presents the share of workers who would not have enough insurable hours to qualify for EI at three entrance requirements, based on the calculation described above. An entrance requirement of 700 hours is shown as a baseline, which is the current

maximum entrance requirement that applies in regions with an unemployment rate of 6% or below.

Table 8-1. Projected effect of entrance requirement changes on worker eligibility

	% of workers who would not be eligible under an entrance requirement of 700 hours (current maximum)	% of workers who would not be eligible under a single national entrance requirement of 420 hours	% of workers who would not be eligible under a single national entrance requirement of 360 hours
All	7%	4%	3%
Full-time	1%	1%	0%
Part-time	35%	20%	13%
Part-time, temporary/contract workers	47%	29%	19%
Women	11%	6%	4%
Men	6%	3%	2%

Source: Statistics Canada, 2018

As shown, lowering the entrance requirement to either 420 or 360 hours would cover many more workers in part-time employment, and especially in part-time temporary employment, who live in regions where the requirement is currently set at 700 hours.

The key strength of this option is the impact it would have on increasing access to benefits among workers who are contributing to the EI system but who lack sufficient hours of work to meet the entrance requirement. The situation of workers who pay premiums without hope of receiving benefits upon becoming unemployed is unfair and contrary to the principles of a social insurance system. Lowering the entrance requirement would address this problem. However, if implemented on its own, changing the entrance requirement would not affect workers who are ineligible as a result of not having worked within the past year or as a result of an invalid job separation, who comprise the majority of workers without access to unemployment benefits. Furthermore, even at a threshold of 360 hours, part-time temporary workers are at a disadvantage and some would not qualify.

Equity

Adopting a nationally standardized entrance requirement would eliminate the inequity inherent in the provision of benefits based on regional unemployment rates. Both

entrance requirements would increase access among women, however according to my projections, a gender-based disparity would remain at both entrance requirement thresholds.

Political Feasibility

In 2009, the Liberal Party of Canada proposed a series of changes to the Employment Insurance Act to respond to the recession. Bill C-308 proposed to temporarily increase the generosity and reach of EI unemployment benefits by reducing the entrance requirement to a national standard of 360 hours and increasing the replacement rate to 60%, among other changes. Although the proposed changes were temporary measures to mitigate the harms associated with the spike in unemployment in 2009, the political response to this Bill is instructive for my analysis. Small business owners, represented by the Canadian Federation of Independent Businesses (CFIB) emerged as a particularly vocal interest group in opposition to the Bill. The increased premium rates that would have financed the proposed changes were framed as harmful to the small business community. In their campaign against the Bill, CFIB collected 10,000 postcards from small businesses, 8,000 signatures from employees, and created a “Stop the Tax Grab” Facebook page and a series of YouTube videos dedicated to the EI premium increases (Kelly, 2010).

Literature on the social construction of target populations sheds light on why small business interest groups are a particularly influential group in policymaking. According to Schneider and Ingram (1993), segments of the population that are powerful and who also have positive social constructions wield considerable political influence and typically have their interests represented in policy outcomes. Small business owners fall into this category. In contrast, groups that are less powerful and who have negative stereotypes associated with their social identity tend to have very little influence on the policy agenda. The unemployed in general, and non-standard workers in particular fall into this category. Particularly within the active labour market policy paradigm that has characterized the development of EI policy over the past 2 decades, unemployment is stigmatized and the precariously employed are constructed as too risky to insure (Grundy & Rudman, 2016). Any change that would increase EI premiums and particularly a change targeted at non-standard workers, as is the case with lowering the entrance requirement, is likely to face some political challenges.

Billc-308 proposed a suite of changes to EI in the context of a high rate of unemployment and much more uncertain economic conditions. These factors meant that Bill C-308 would have had a much greater impact on premium rates than lowering the entrance requirement as a stand-alone measure within current economic conditions. Lowering the entrance requirement is likely more politically feasible today than it was in 2009. Framing this policy option as a matter of fairness would likely increase support among policymakers and the public. Given that it targets workers who have paid EI premiums recently and who have a valid job separation, this option could be marketed as upholding the basic principle of unemployment insurance which is to provide support to workers who lose their job “through no fault of their own”. In addition, labour buy-in for this policy can be expected, increasing its political feasibility. Labour groups such as the Ontario Federation of Labour and the Canadian Labour Congress have publicly supported lowering entrance requirements in the past.

Cost

The true costs of a lower, standardized entrance requirement are difficult to project with certainty as they depend on the rate of unemployment and the incomes and eligibility characteristics of the unemployed. Therefore my cost analysis is based on rough estimates produced in past studies. The Canadian Centre for Policy Alternatives (CCPA) estimated that lowering the entrance requirement to 360 hours, which they proposed in their 2009 Alternative Federal Budget, would cost the EI system an additional \$504 million. This estimate was derived from Human Resources and Skills Development Canada (HRSDC) calculations based on the 2004 unemployment rate (7.2%) (CCPA, 2009). As of February 2018, the unemployment rate was 5.8% and therefore the cost associated with lowering the entrance requirement would likely be lower. There are no available cost estimates for a nationally standardized entrance requirement of 420 hours, but based on the CCPA calculation the additional cost is projected to be under \$504 million.

Administrative Complexity

Lowering the entrance requirement would be an administratively simple option because it would not require major changes to the operation of the existing system.

8.1.2. Reach-back eligibility calculation

Income Security

A reach-back eligibility calculation ranks would target Group 2- workers who are unable to qualify for unemployment benefits as a result of not having worked in the last 12 months. This group comprises the largest share of non-standard workers who are unable to qualify for unemployment benefits.

There is a lack of data that would make possible a precise estimate of how much a reach-back policy would increase eligibility among non-standard workers. It is unclear what share of Group 2 have employment history within the past five years that would render them eligible under a reach-back eligibility calculation.

Equity

This option would have a particularly positive impact on gender equity because women tend to have more career interruptions than men. On its own, this option would have no impact on regional equity in the EI system.

Political Feasibility

There are similar political feasibility considerations associated with a reach-back policy as with a lower entrance requirement. Compared to a lower entrance requirement, a reach-back would target a larger group of workers and would therefore likely be perceived as a bigger cost to the EI system. Some opposition from employer groups is therefore projected.

However, the feminist principles that underlie this reform are well aligned with the current federal government's mandate and approach to budget decision-making. The Liberal majority government has committed to making funding decisions based on gender-based analysis. The most recent federal Budget reflects a particular emphasis on gender-based social program reform, which suggests there may be a policy window for a reach-back eligibility calculation if it was sold as a means of advancing gender equality.

Cost

There are no available cost estimates for this policy option. It is projected that this option would cost more than entrance requirement changes, because it targets a larger group of ineligible workers, but less than increasing the replacement rate.

Administrative Complexity

Lowering the entrance requirement would be an administratively simple option because it would not require major changes to the operation of the existing system.

8.1.3. Raise the replacement rate

Income Security

There is a lack of data on the extent to which take-up of EI unemployment benefits is affected by benefit amount. My analysis focuses instead on benefit generosity as a measure of income security.

To assess the impact of raising the replacement rate on benefit generosity, I have looked at two groups of workers: 1. Those with the minimum income level for which EI premiums can be paid, and 2. Those with incomes at the LIM threshold (\$22,133). The minimum income level for which EI premiums are paid is the lowest minimum wage (\$10.96 in Saskatchewan) at the minimum number of insurable hours of employment (420), assuming the minimum benefit duration (14 weeks). The following table illustrates how the two replacement rate increases would impact benefit generosity for claimants at the lowest possible income level:

Table 8-2. Projected impacts of replacement rate increases

Insurable earnings	Replacement rate	Weekly earnings	Total benefit amount (assuming 14 week benefit period)
\$4,603.20 (minimum)	55% (status quo)	49\$	\$686
	60%	53\$	\$742
	70%	\$62	\$868
\$22,133 (low income)	55% (status quo)	234	\$3,276
	60%	255	\$3,570
	70%	298	\$4,172

The above table shows low-income workers who are worst-off by current EI eligibility criteria, in that they have the lowest number of insurable hours and live in a region with low unemployment and are therefore subjected to the lowest possible benefit duration. Among these workers, even at a 70% benefit replacement rate many social assistance programs are more generous. However, low-income workers who live in regions with higher unemployment, and who have a greater number of hours of insurable employment would benefit more from raising the replacement rate.

Equity

If raising the replacement rate was implemented as a stand-alone reform, it would have a negative impact on regional and economic equity. If it were implemented without first getting rid of the VER, workers in regions with higher unemployment would benefit more than workers in regions of lower unemployment. Raising the replacement rate without other adjustments would make the system more regressive - workers with higher incomes would benefit more compared to workers with fewer hours or lower incomes.

To mitigate this effect, the current benefits ceiling (\$547 per week) should be maintained. This would mean that for workers at or above the current maximum insurable income (\$51,700) the replacement rate would stay the same at 55%. For workers at lower incomes it would increase, introducing a greater level of progressivity into the system. Table 8.3 demonstrates what this would look like at a replacement rate of 70%, with the current benefits ceiling of \$547 per week, compared to the status quo:

Table 8-3. Projected impacts of replacement rate increases with benefit ceiling

Maximum benefit	Income	Actual Replacement Rate	Weekly benefit	Weekly benefit at status quo (55% replacement)
\$547 per week	\$51,700 (current maximum insurable income)	55%	\$547	\$547
	\$40,000	65%	\$547	\$458
	\$20,000	70%	\$292	\$229

Political Feasibility

There are similar considerations for public and interest group responses as with the other two proposed changes within EI. Like lowering the entrance requirement, labour groups have supported raising replacement rates in the past. Labour buy-in for this policy could therefore be expected. However, raising the replacement rate would be more costly than lowering entrance requirements or implementing a reach-back policy. Therefore this option is more electorally risky than the previous two.

Cost

Estimates of raising the replacement rate to 60% range from \$1.25 billion to \$1.9 billion per year (TD Economics, 2009; CCPA, 2009). Raising the replacement rate to 70% has

been costed at \$3.75 billion. However, these cost estimates do not take into account a benefits ceiling, which would lower the cost of this option.

Administrative Complexity

Lowering the entrance requirement would be an administratively simple option because it would not require major changes to the operation of the existing system.

8.2. Temporary Unemployment Assistance

Income Security

TUA could potentially capture all workers who are currently excluded from EI. Although lowering the entrance requirement within EI would increase access, at any EI entrance requirement there will be some unemployed workers who have not accumulated enough hours to qualify. Similarly, a reach-back policy would only be accessible to re-entrants with sufficient employment history. In comparison, eligibility for TUA would not hinge on hours of work or employment history.

TUA would also address the issue of workers who are unable to access benefits as a result of losing their job for a reason deemed valid by EI, because the program would not differentiate between different types of job separations. This would have the added benefit of making TUA easier to apply for. The administrative complexity of applying for EI was identified in my research as a barrier to access. EI requires applicants to prove that they lost their job for a reason deemed valid by EI whereas a TUA program would be available to unemployed workers regardless of the conditions of their job loss.

TUA Option 1 is more generous and would encourage higher take-up rates compared to Option 2 and therefore ranks higher in terms of income security. The higher benefit amount and opportunity to have the repayment waived means that Option 1 would have a more positive effect on program take-up compared to Option 2. Low income workers, particularly those with unpredictable incomes, would be more likely to apply under a repayment plan that increases gradually with income compared to one with steeper repayment provisions.

Equity

Both TUA options would not involve regionally-sensitive eligibility calculations and would therefore be an improvement from the status quo in terms of regional equity. In addition,

it would not involved eligibility criteria that hinge on hours of work and/or recent employment which disproportionately exclude women.

Political Feasibility

Overall, both TUA options rank lower than changes within the EI system in terms of political feasibility. Politically, it is more challenging to create a new social program than it is to make changes to an existing program. Social insurance schemes, like EI, tend to enjoy more public support because they are financed by premiums and therefore less likely to be seen as government hand-outs. TUA, in contrast, would be financed by general government revenue and would therefore be more likely to face opposition from the public, making it an electoral risk. Although the loan aspect of TUA would increase its political feasibility, overall EI is a more politically feasible scheme. Political messaging would be a key challenge in obtaining public support for TUA. It may be difficult to convey to the public how TUA differs from welfare and why it would complement existing safety-net programs.

In terms of interest group reactions, resistance to TUA could be expected from tax-payer associations and from groups who believe that employers should shoulder some of the risk of labour market turbulence, such as unions. For example, in response to the Mowat proposal in 2011 the Ontario Federation of Labour accused TUA of being a “government run payday loan scheme” (Ontario Federation of Labour, 2011).

Cost

Compared to other social programs, costs associated with TUA would be minimal because of the loan repayments and the low levels of claimant monitoring. There would, however, be administrative costs associated with setting up a new social program that do not exist with the approach of making changes within EI.

The model of TUA presented in the Mowat proposal, which was set at an identical benefit rate to the Option 1 considered in my analysis, was costed at \$1.2 billion in the first year of the program. The TUA proposal that was the basis of Option 2 was costed at \$800 million in the first year of the program. The author suggests that in both models costs would fall in the years following the introduction of TUA because eligibility would have to be renewed for the initial group of recipients (Davis, 2012).

Administrative Complexity

Once in operation, TUA would be simple to administer relative to other social programs because it would not involve a great deal of recipient oversight. Repayments would be collected through the tax system, which also reduces administrative complexity.

However, setting up a new social program is inherently more complex than making changes to an existing program and therefore TUA ranks lower on administrative complexity than changes within EI.

Chapter 9. Recommendation

Through expert interviews and analysis of Statistics Canada datasets, it became clear that improving access to unemployment benefits for part-time workers should be a top priority for reform. With this objective in mind, two reforms to EI eligibility criteria comprise the primary recommendation of this study: 1) Lower the EI entrance to 360 hours for all workers in Canada, and 2) Implement a reach-back eligibility calculation. Together, these changes would effectively close the gap in EI unemployment benefit coverage among part-time workers and would address the regional and gender-based inequities that exist in the current system. These changes are also the most cost-effective, administratively simple and politically feasible options considered in this analysis.

A secondary recommendation is to increase the replacement rate to 70% while maintaining the current benefits ceiling of \$547 per week. This option is included in my recommendation because, unlike the changes to eligibility criteria in my primary recommendation, it would improve benefit generosity. Increasing access to benefits will not improve income security for non-standard workers if benefit adequacy is not considered. To serve their purpose, unemployment benefits should be high enough to maintain a worker's living standard and prevent poverty. Compared to raising the replacement rate for all claimants, increasing the replacement rate only for low-income claimants would both increase the progressivity of the system and minimize additional costs. Still, increasing the replacement rate is a more costly option compared to eligibility criteria reforms, which diminishes its economic and political feasibility. As such, it is not included in my primary recommendation.

9.1. Comparing approaches to reform

Both policy approaches considered in my analysis- reforming coverage criteria within the EI system or creating a new system of federal income support for the unemployed- would increase access to unemployment benefits for non-standard workers. However, making changes within the existing system would be more feasible, cost-effective and administratively simple than devising a new system and is therefore a more appropriate approach.

There are also important advantages to the current EI system that would be undermined by the implementation of TUA. The socialization of employment-related risk is beneficial for individual workers facing job loss and for the economy as a whole. Employer contributions are a particularly important component of EI from the perspective of workers' rights and protection. In addition to uncertain feasibility, TUA has the potential to erode the key functions of EI through privatizing support for the most precarious segments of the unemployed. Moreover, although the TUA loan examined in this analysis is forgivable to low-income workers, targeted forgiveness programs tend to be vulnerable to political shifts. EI, in contrast, has a high degree of path dependency that makes the system resistant to retrenchment.

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Appendix.

Policy analysis matrix

		<i>Income security-Benefit access</i>	<i>Income security-Benefit generosity</i>	<i>Equity</i>	<i>Political feasibility</i>	<i>Cost</i>	<i>Complexity</i>
Changes within EI	Entrance requirement: 360 hours	2	1	3	3	3	3
	Entrance requirement: 420 hours	1	1	3	3	3	3
	Reach-back eligibility	2	1	3	3	3	3
	Replacement rate- 60%	1	2	1	2	2	3
	Replacement rate- 70%	2	2	1	2	2	3
Primary recommendation	360 hour entrance rate + reach-back	3	1	3	3	3	3
Secondary recommendation	360 hour entrance rate + reach-back + 70% replacement rate	3	2	3	2	2	3
TUA	Option 1: More generous	3	3	3	1	1	1
	Option 2: Less generous	3	2	3	1	1	1

 High (3)

 Medium (2)

 Low (1)

Income security- benefit access

All policy options would increase benefit access among non-standard workers compared to the status quo. Therefore the options were scored based on how they compare to one-another. TUA would be accessible to all unemployed workers so both Option 1 and Option 2 were scored as “high”. Among the proposed changes within EI, an entrance requirement of 360, a reach-back eligibility policy and a replacement rate of 70% are projected to have the greatest impact on access, though still rank lower than TUA. These options were scored as “medium”. However, when combined, an entrance requirement of 360 hours and a reach-back eligibility calculation score as “high” (see “primary recommendation”). An entrance requirement of 420 hours and a replacement rate of 60% were scored as “low” because they are projected to be the least effective at increasing access to benefits.

Income security- benefit generosity

Looking only at benefits for low-income workers, as defined by the Low Income Measure, TUA Option 1 is the most generous benefit. TUA Option 2 and raising the replacement rate (to either 60% or 70%) were both scored as “medium”. Entrance requirement changes and a reach-back policy would have no effect on benefit generosity and are therefore scored as “low”.

Equity

All options, except raising the replacement rate, would have a positive impact on equity by removing regionally dependent coverage criteria. If the replacement rate were to be implemented without maintaining the current benefits ceiling, this option would score “low” on equity as it would have no impact on regional equity and it would make the system more regressive. My secondary recommendation involves both a benefits ceiling and a universal entrance requirement, and therefore scores higher on equity compared to raising the replacement rate as a stand-alone reform.

Political feasibility, cost and administrative complexity

For reasons outlined in Chapter 9, making changes within the existing EI system would be more feasible, cost-effective and administratively simple than devising a new system of TUA. TUA is therefore ranked “low” according to these criteria. Raising the replacement rate is projected to be more costly and less politically feasible compared to other changes within EI, and is therefore ranked “medium” according to these criteria.

Overall scores

Single national entrance requirement: 360 hours	15
Single national entrance requirement: 420 hours	14
Reach-back eligibility	15
Replacement rate- 60%	11
Replacement rate- 70%	12
Primary recommendation	16
Secondary recommendation	15
TUA Option 1: More generous	12
TUA Option 2: Less generous	11