



# HIDDEN REGIONAL DIFFERENTIATION

**EI and Unequal Federal Support for Low Income Workers**

JON MEDOW



School of Public Policy & Governance  
UNIVERSITY OF TORONTO



APPLIED PUBLIC POLICY RESEARCH  
INFORMED BY ONTARIO'S REALITY

## About the Mowat Centre

---

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

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

We believe a prosperous, equitable and dynamic Canada requires strong provinces, including a strong Ontario, and strong cities.

**Visit us at [www.mowatcentre.ca](http://www.mowatcentre.ca)**

**Hidden Regional Differentiation: EI and Unequal Federal Support for Low Income Workers**  
By Jon Medow

ISBN 978-1-927350-11-9

© 2011 Mowat Centre for Policy Innovation

A digital copy of this report is available at the Mowat EI Task Force website at [www.mowateitaskforce.ca](http://www.mowateitaskforce.ca). To order printed copies of this publication for a fee, please contact us by email at [info@mowatcentre.ca](mailto:info@mowatcentre.ca).

This paper was prepared by Jon Medow. It is one in a series of papers commissioned by the Mowat Centre Employment Insurance Task Force to serve as sources of input for the Task Force as it develops recommendations for reform of Canada's Employment Insurance system.

# Executive Summary

Canadians' access to unemployment benefits is heavily conditioned by where they live. It is a well-known design feature of the federal EI system that region of residence determines both the length of time at work needed to qualify for benefits and the length of time for which an unemployed worker can collect benefits. Canada is the only country in the world that uses region of residence in this manner to determine the strength of the social safety net for unemployed workers.

These facts are well-known. What is less well-known is that the federal EI system has additional, far less visible elements that exaggerate these regional differences to an even greater degree. The rules that determine the size of weekly EI benefits—which on the surface appear to apply equally regardless of region—in fact give workers in some regions more money while workers in other regions get less.

Generally, EI recipients are supposed to receive 55 per cent of their pre-job loss earnings in their weekly benefit, up to a maximum of \$468 per week, which represents 55 per cent of the maximum insurable earnings of \$44,200. However, some workers have their EI benefits increased above a 55 per cent replacement rate as a result of the best 14 weeks pilot project that applies in some regions and has now become, contradictorily, a virtually permanent “pilot” project. In other regions, as a result of the “minimum divisor” system, some workers have their benefits scaled back below 55 per cent with varying intensity depending on the local unemployment rate.

The best 14 weeks pilot project and the minimum divisor system are both designed to encourage workers with short job tenure to accept available work. The EI system should encourage work. However, doing so by adding benefits for some workers while taking away benefits from other workers, based entirely on region of residence, is another example of how a core element of Canada's social safety net treats workers differently based on region. EI offers a carrot to workers in some regions, while using a stick on workers in other regions. These regionally differentiated rules support regionally differentiated roles. EI is a source of regular income support for some low income workers while for others it only plays its standard role: protection against unexpected unemployment.

A number of additional findings emerge from this paper pertaining both to EI and to the wider federal system of income security for working age adults.

The EI system's differential treatment of workers based on region of residence is, in theory, based on the local unemployment rate. However, some of the regions which are offered more generous EI benefits have unemployment rates below regions that receive less generous benefits. Even if one were to accept the questionable rationale behind offering more generous benefits in regions with higher unemployment rates, the operation of this hidden regional discrimination occurs in a manner which is inconsistent with the EI system's own policy of offering more generous benefits in higher unemployment regions.

In theory, pilot projects would be strictly time-limited and would be introduced in a selection of areas that are economically, regionally, and demographically representative of Canada as a whole, for the purpose of testing their potential for national implementation. The current operation of Canada's EI pilot projects bears no resemblance to such a process and is inconsistent with the federal government's own definition of EI pilot projects. The pilot projects are not structured to gauge potential impacts of national implementation. Rather, they are often structured to deliver local assistance—sometimes to solve local labour market problems—and are renewed multiple times due to political pressure.

The operation of the pilot projects funnels funds from the general EI account to some workers and businesses in specific regions in an ad hoc manner. Because EI is in effect a regressive payroll tax, these more generous benefits offered in some regions are paid for disproportionately by low-income workers elsewhere.

The EI system is extraordinarily complex. An unemployed worker's benefits are based on myriad bureaucratic and administrative rules that are not transparent and are impossible to defend on a principled basis. When a Canadian loses a job, his or her EI entitlement is often a mystery. Quite simply, this should not be the case for such a core component of Canada's social safety net. Much like the Canada Pension Plan or the National Child Benefit, EI rules and entitlements should be simple, defensible and understandable to the average Canadian who makes an effort to understand them.

Looking more broadly, the current system of regional differentiation—including cryptic differentiation in the calculation of weekly EI benefits—is indicative of broader problems in the federal system of income security for low income workers. The federal approach to regular yearly support for low income workers currently privileges regionally concentrated seasonal workers above other low income workers. The EI system has been consistently adjusted to provide yearly support for seasonal workers who become unemployed each year while equally low income workers who do not experience regular periods of unemployment are supported to a much more modest extent through other federal benefits. A renewed, fair, federal income security system would be built around a nationally standardized EI system and equal support of low income workers across Canada.

# Hidden Regional Differentiation

## EI and Unequal Federal Support for Low Income Workers

Jon Medow

### Introduction

**C**anada stands alone amongst OECD countries in its delivery of deeply regionally differentiated benefits to the unemployed (Boadway, 2011; Radmilovic, 2011). The administrative rules governing EI access, benefit duration, and weekly benefit size in Canada's 58 EI administrative regions change every three months following changes to the unemployment rates in those regions. Where unemployment rates are lower it takes longer to qualify for EI benefits and benefits last for shorter periods of time (See Appendix 1 for details).

Technically, the percentage of income replaced by EI is nationally standardized at 55 per cent. But this universal rate of income replacement—one aspect of the EI system that at first glance does not appear to be regionally differentiated—does not apply equally to all workers. Because of the interaction between the best 14 weeks pilot project and EI's minimum divisor mechanism, the actual size of weekly EI benefits can differ substantially across regions.

These regulations seek to encourage EI recipients to find work, albeit in different ways. The system is incentive-based in some regions and disincentive-based in others. Some groups of workers are offered an incentive (a carrot) to work longer while others face a disincentive (a stick) if they don't work long enough.

The best 14 weeks pilot project (the carrot) is applied mostly in high unemployment regions with significant seasonal labour markets. This pilot project is designed to support seasonal workers and industries, but it results in a more general increase to EI benefits wherever it applies. The minimum divisor system (the stick) is designed to lower the EI benefits of workers who do not work long enough and applies mostly, but not exclusively, in lower unemployment regions.

In some cases the best 14 weeks pilot project counter-intuitively benefits workers in low unemployment regions while the minimum divisor system disadvantages workers in high unemployment regions. There is no clearly articulated principled justification for why some win and some lose under these regulations, enhancing the general lack of transparency in the EI system and raising questions regarding the integrity of the pilot project system. Of greater importance

is the fact that these regulations enhance existing inequities between regions and between different groups of low income workers imbedded within EI.

In addition to having regionally differentiated rules, the EI system also has regionally differentiated roles supported by these differentiated rules. Across Canada EI provides protection against unexpected unemployment, but in some regions EI also provides yearly income support for low income workers who work seasonally. Low income workers who are employed year-round do not receive yearly support from EI, even if their yearly wage incomes are equivalent to or lower than those of seasonal workers. Seasonal work is a principle cause of low yearly incomes in some regions, but not in most.

Lower-income workers also contribute a greater percentage of their earnings to the EI system. As a result, the cost of EI serving as a yearly support for some low income workers is born disproportionately by other low income workers.

While increasing the complexity of the EI system, the best 14 weeks pilot project and minimum divisor system contribute to ensuring that EI plays regionally differentiated roles: protection against unexpected job loss for all versus regular yearly income support for some. There is no acknowledgment or justification for this difference.

In absence of such a justification, the federal government should provide identical protection against unexpected job loss for all workers across Canada. Likewise, the federal government should provide low income workers with identical support across Canada. Federal support for low income workers should be delivered equally across Canada based around a simple indicator: income.

This paper addresses a clear case of inequity in the federal safety net for workers: how the EI system's minimum divisor system and best 14 weeks pilot project create (1) regionally differential EI benefit entitlements for the unemployed and (2) contribute to regionally inequitable on-going federal support for low income workers. The paper first profiles the standard method used to calculate weekly EI benefits. It then discusses the broad income replacement impacts of the minimum divisor system and best 14 weeks pilot project. The paper proceeds to assess where these regulations apply and highlight concerns about the integrity of the EI pilot project system revealed by location choices. The paper then analyzes these regulations' operation in detail. It concludes with a discussion of the minimum divisor system and best 14 weeks pilot project's contribution to: (1) complexity and unfairness in the EI system and (2) regionally inequitable federal support for low income workers.

## **The Standard EI Weekly Benefit Calculation Formula**

The size of weekly EI benefits is determined by first calculating EI recipients' total income over the last 26 weeks. Total income over 26 weeks is then divided by the number of weeks worked in the last 26 weeks. This amount—average weekly income—is then multiplied by 55 per cent to equal weekly EI benefits. For example, a person who earned \$425 per week for 24 of the last 26 weeks would receive \$233.77 per week from EI.

$$\begin{aligned} \$425 \times 24 \text{ weeks} &= \$10,200 \\ \$10,200 / 24 \text{ weeks} &= \$425 \\ \$425 \times 55\% &= 233.77 \text{ per week in EI benefits} \end{aligned}$$

The maximum amount that anyone can receive from EI is \$468 per week. Across Canada, workers can exclude weeks of small earnings, so-called “small weeks,” from this formula, preventing the lowest earning weeks during the last 26 weeks prior to EI qualification from depressing laid-off workers’ EI benefits (Service Canada, 2011a).

The standard formula, does not, however, apply across the board. The best 14 weeks pilot project and minimum divisor system sometimes intervene.

## **Summary of Income Replacement Outcomes of the Best 14 Weeks Pilot Project and Minimum Divisor System**

The minimum divisor system was introduced by EI reform in 1996 (Gray, 2004). It was designed to provide a disincentive to working a short period of time then collecting EI benefits by lowering the EI benefits of workers with short work histories. The best 14 weeks pilot project effectively overrides this aspect of the 1996 EI reforms in regions where it applies, cancelling the minimum divisor system of disincentives and replacing it, in some places, with an incentive based system (Gray, 2006).

The best 14 weeks pilot project has been in place for six years, has been extended three times, and has been evaluated. The pilot project was first implemented in 23 EI regions on October 30, 2005 and was extended to two additional regions on October 25, 2008. On October 12, 2010 the pilot project was extended again, benefiting the same 25 regions. It was extended for another year in the 2011 federal budget, again, in the same 25 regions. All major federal political parties have supported the pilot project (CBC, 2010; Government of Canada, 2011; New Democratic Party, 2010).

In regions where the best 14 weeks pilot project applies, 66 per cent of EI recipients benefit from the initiative, having their replacement rates raised above 55 per cent. Where the minimum divisor system applies, 2.3 per cent of EI beneficiaries are disadvantaged, having their replacement rates lowered below 55 per cent (HRSDC, 2009a, chap. 5).

In addition to enhancing income replacement rates, the best 14 weeks pilot project also shields regions in which the minimum divisor would disadvantage the most workers (regions where more laid-off workers have short labour force attachments). HRSDC reports that if the minimum divisor system were to be applied in all of Canada’s EI regions, four per cent of EI claimants would be affected, having their weekly benefits reduced below the 55 per cent rate of income replacement (HRSDC, 2009a, chap. 5).

## Where the Best 14 Weeks Pilot Project and Minimum Divisor System Apply

The best 14 weeks pilot project is in place in 25 EI regions. The minimum divisor system is in place in the remaining 33 EI regions where the best 14 weeks pilot project does not apply.<sup>1</sup> The minimum divisor system is a permanent feature of the EI program while the best 14 weeks pilot project is officially temporary.

Table 1 shows which EI economic regions fall under each regulation. The best 14 weeks pilot project is largely in force in rural areas (where unemployment tends to be higher) while the minimum divisor system is more commonly applied in Canada's urban areas (where unemployment tends to be lower).

According to HRSDC, “pilot projects provide Human Resources and Skills Development Canada the opportunity and time to test proposed improvements to the Employment Insurance (EI) Program prior to considering a legislative change and national application” (HRSDC, 2009b, p. 1).

Though officially temporary, the best 14 weeks pilot project is gaining some level of permanence in the EI system, contrary to the stated ends of pilot projects. The mix of regions in which the pilot project has been implemented also clearly demonstrates that it is not being tested—at least effectively—for national application. If HRSDC were testing the pilot project for national application, then a broad mixture of urban and rural regions with diverse labour markets and demographics would be selected from across Canada to determine potential impacts on the country as a whole. One of Canada's three largest cities would have to be included.

There is also no direct connection between present economic conditions and who benefits from the best 14 weeks pilot project. The 25 regions that benefit were selected on the basis of having had unemployment rates over 8.0 per cent for at least one month out six months in the middle of 2008 (Government of Canada, 2008). This is important to note given the EI system's general rigor in matching regional differentiation in benefits to local unemployment rates. In general, the best 14 weeks pilot project applies in regions with higher unemployment and the minimum divisor system applies in regions with lower unemployment, but not always.

For example, the best 14 weeks pilot project assists laid-off workers in St. John's, Newfoundland which has an unemployment rate of 5.9 per cent and has been described as “the hottest job market in the country” (Moore and Grant, 2011). But, with an unemployment rate of 9.3 per cent, Eastern Ontario has to contend with the minimum divisor system. There is no clear justification why. And clearly, a rigorous experimental design is not behind Eastern Ontario's exclusion.

All of this calls into question the integrity of the pilot project system. While pilot projects have been tested and nationally applied, they also provide the federal government with a window for instituting longer-term regional differentiation in Canada's social safety net without legislative approval.



What follows is a description of how the best 14 weeks pilot project and minimum divisor system actually function.

**Table 1 EI Economic Regions Affected by the Best 14 Weeks Pilot Project and Minimum Divisor System**

BEST 14 WEEKS PILOT PROJECT	MINIMUM DIVISOR SYSTEM
St. John's	Halifax
Newfoundland and Labrador	Fredericton-Moncton-Saint John
Prince Edward Island	Quebec
Eastern Nova Scotia	South Central Quebec
Western Nova Scotia	Sherbrooke
Madawaska-Charlotte	Montréal
Restigouche-Albert	Montreal
Gaspésie-Îles-de-la-Madeleine	Hull
Trois-Rivières	Ottawa
Central Quebec	Eastern Ontario
North Western Quebec	Kingston
Bas-Saint-Laurent Côte-Nord	Central Ontario
Chicoutimi-Jonquière	Toronto
Oshawa	Hamilton
Niagara	St. Catharines
Windsor	London
Huron	Kitchener
Northern Ontario	South Central Ontario
Northern Manitoba	Sudbury
Northern Saskatchewan	Thunder Bay
Northern Alberta	Winnipeg
Northern British Columbia	Southern Manitoba
Yukon	Regina
Northwest Territories	Saskatoon
Nunavut	Southern Saskatchewan
	Calgary
	Edmonton
	Southern Alberta
	Southern Interior British Columbia
	Abbotsford
	Vancouver
	Victoria
	Southern Coastal British Columbia

Source: Service Canada, 2011b

## The Carrot: The Best 14 Weeks Pilot Project Benefit Calculation Formula

Where it applies, the best 14 weeks pilot project calculates laid-off workers' EI benefits based on the 14 highest earning weeks in the past year (Service Canada, 2011b). Under the standard benefit calculation method, workers' EI benefits are based on the amount earned in the last 26 weeks. Where the best 14 weeks pilot project applies, workers receive on-average higher EI replacement incomes because their pre job-loss earnings are calculated as having been higher. This means that they enjoy higher replacement rates. The differences between the two methods of calculating pre-job loss earnings (the standard method versus the best 14 weeks method) can easily be understood through analogy. Table 1 applies EI's two different methods for determining average pre-job loss earnings to calculating a runner's average time over a series of races.

**Table 2 Explaining two methods of calculating pre-job loss earnings by analogy**

STANDARD METHOD	BEST 14 WEEKS METHOD
An individual runs a race up to 26 times. The “final time” is calculated by taking the average time of all races ran.	An individual runs a race up to 52 times. The “final time” is calculated by taking the average of the 14 best race times out of 52 potential tries.

*Note: This characterization of the “standard method” assumes that the number of races is higher than the minimum divisor.*

Many runners (workers) would be advantaged by the best 14 weeks method, but not all. The best 14 weeks method would benefit runners with highly erratic times the most. Their highest times would count while the rest would be disregarded. A more consistent runner, with nearly identical times in each race, would not benefit from the best 14 weeks method.

To a worker who always works the same amount every week, it does not matter which method is used. The outcome will always be the same because the average of the best 14 weeks would be the same as the average of the last 26 weeks. To any worker who experiences fluctuation in weekly earnings, the best 14 weeks method is clearly advantageous. It allows for pre-job loss earnings to be calculated based on the highest earning weeks.

## How the Best 14 Weeks Pilot Project Advantages Some Workers and Businesses

The purpose of the best 14 weeks pilot project is to “benefit non-standard workers, particularly in terms of benefit rates and claim behaviour” and to encourage non-standard workers to accept “all available jobs, even those that are offered at a lower hourly wage or fewer weekly hours” (HRSDC, 2009a, Annex 5). The pilot project is targeted in particular to seasonal workers for whom EI serves as a yearly source of income. Such workers are expecting to claim EI

and will potentially alter their work patterns (i.e. “claim behaviour”) to suit changes in the EI system. Most other workers do not react to changes in the EI system in this way because they are not planning to collect EI and only potentially do so after unexpected job loss.

Under the standard formula for EI benefit calculation there are situations in which seasonal workers can actually reduce their total yearly income by accepting additional work. This occurs because working shorter hours in some weeks can depress overall average earnings, leading to a reduction in yearly EI benefits. The best 14 weeks pilot project has been shown by HRSDC evaluators to reverse this effect. The pilot project offers incentives for seasonal workers to “... work partial weeks at the very beginning or at the end of a season... [and] helps to ensure that employers who rely on employees for sporadic work continue to be able to attract these workers” (HRSDC, 2009b, p. 8-9).

HRSDC evaluators report that the best 14 weeks pilot project is successful in assisting seasonal workers and the industries that rely upon them: “Specifically, the positive impacts of the pilot project included more income for employees, more flexibility around availability of workers and the increased ability of employers to attract employees for short-term jobs and part-week employment” (HRSDC, 2009b, p. 5). None of this is inherently bad, but if this is how the program operates in some regions, why shouldn’t other Canadians have access to the same benefits?

While the best 14 weeks pilot project is designed to enhance yearly income supplementation for seasonal workers and benefit their employers, the pilot project also benefits other groups of workers when they claim EI.

In 2006, 66 per cent of EI recipients living in best 14 weeks pilot project regions had their replacement rates raised above the national standard of 55 per cent (HRSDC, 2009a, chap. 5). The best 14 weeks pilot project has been targeted principally to regions that have many seasonal workers. 46 per cent of seasonal claimants benefited from the pilot project where it applies in a single year snap shot (HRSDC, 2009b, p. 7). While seasonal workers perhaps benefit less than expected from the pilot project in a single year they are more likely to benefit over a longer time horizon since they draw from EI with relative consistency from year to year.

In a single year, other EI beneficiary groups were more likely than (typically male) seasonal claimants to benefit from the pilot project. These groups included female beneficiaries (82 per cent), beneficiaries from low income families (73 per cent), and beneficiaries aged 18-24 (86 per cent) (HRSDC, 2009b, p. 7). HRSDC evaluators have assessed why this may be the case:

Women may be more likely to benefit from this pilot project than men, as women tend to earn less and are therefore less likely to earn the maximum level of insured earnings. Those whose families earn less and those below the low income measure are also more likely to benefit for similar reasons. Younger individuals are more likely to benefit than older claimants since younger individuals tend to work more part-time jobs and have more sporadic working patterns which would lead them to benefit from the best 14 weeks (HRSDC, 2009b).

National application of the pilot project would add to support for many low income workers following job loss, regardless of where they lived in Canada. It is not, however, without problems, which will be discussed later.

## **The Stick: The Minimum Divisor Benefit Calculation Formula**

The minimum divisor is a feature of the benefit calculation formula that applies to a small number of EI recipients (in 33 EI regions) who have worked for short periods of time prior to claiming EI benefits. The minimum divisor lowers these workers' replacement rates below 55 per cent, to differing degrees, depending on the local unemployment rate in their region.

The stated purpose of the minimum divisor system is to encourage "longer workforce attachment, as claimants have a strong incentive to work additional weeks before claiming EI benefits to avoid a reduced weekly benefit" (HRSDC, 2009a, chap. 5). The minimum divisor system thus serves the same purpose as the best 14 weeks pilot project: to incentivize greater labour market attachment. But, unlike the best 14 weeks pilot project, the minimum divisor is a stick rather than a carrot.

The minimum divisor functions as such: EI replaces 55 per cent of income, but first pre-job loss income has to be calculated. Under the "standard method," weekly income is calculated by taking the total amount earned in the last 26 weeks and dividing it by the total numbers of weeks worked in the last 26 weeks. Any weeks where earnings were zero are dropped out of benefit calculation altogether. This is where the minimum divisor comes into play for some EI recipients. The minimum divisor is the minimum number by which total income in the past 26 weeks will be divided to determine pre-job loss weekly earnings, regardless of the number of weeks actually worked by the EI recipient. In best 14 weeks pilot project regions, this number is always 14, but this is not the case in the remaining 33 regions.

In each of the 33 economic regions where the minimum divisor system applies, workers' total earnings over 26 weeks are divided by the number of weeks worked in that period, or by the minimum divisor, whichever is higher. This calculation produces the pre-job loss weekly earnings figure that is then multiplied by 55 per cent to determine weekly EI benefits.

The minimum divisor lowers the replacement rate of short-tenured workers by dividing their total earnings by a longer period of weeks than they actually worked. This creates a lowered level of pre-job loss weekly earnings, which is then multiplied by 55 per cent to equal lower weekly EI benefits. Some workers have their total earnings divided by a "number of weeks worked" (the minimum divisor) that is in fact higher than the number they actually worked, depressing their benefits.

The degree of regional differentiation in the minimum divisor system is troubling. The system produces very different outcomes for short-tenured workers living in different parts of Canada. The minimum divisor in each region is determined by the region's unemployment rate, as shown in Table 3.

**Table 3 The Minimum Divisor**

UNEMPLOYMENT RATE	MINIMUM DIVISOR
>16%	14
15.1% to 16%	14
14.1% to 15%	14
13.1% to 14%	14
12.1% to 13%	15
11.1% to 12%	16
10.1% to 11%	17
9.1% to 10%	18
8.1% to 9%	19
7.1% to 8%	20
6.1% to 7%	21
0% to 6%	22

Source: Service Canada, 2010 p. 21

How the minimum divisor benefit calculation formula works is demonstrated below for a worker who earned \$425 per week with a total of 560 insurable hours over 14 weeks, in an economic region with 9.5 per cent unemployment in which the minimum divisor system applies.

$$\begin{aligned}
 & \$425 \times 14 \text{ weeks} = \$5,950 \\
 & \$5,950 / 18 \text{ (the minimum divisor, rather than 14 weeks)} = \$330.56 \\
 & \$330.56 \times 55\% = 181.81 \text{ per week in EI benefits}
 \end{aligned}$$

The effect is depressed weekly benefits. Absent the minimum divisor's impact, this worker would have received \$233.77 per week from EI, rather than \$181.81.

## How the Minimum Divisor System Disadvantages Some Workers

Table 4 simulates the EI benefits that a laid-off, hours-intensive, short-tenured worker would receive in five EI region types in which the minimum divisor system applies. The worker profiled in Table 4 made \$10 per hour and had 700 hours of employment over 14 weeks, meaning she or he worked for 50 hours per week prior to being laid-off.

This hours-intensive, short-tenured worker profile was selected to present a case of a worker who qualifies for EI in all economic regions. This case represents, by design, an extreme example of how the minimum divisor can apply.<sup>2</sup>

In regions with the lowest unemployment, this worker would only receive 35 per cent of prior wages, \$175 per week, because the minimum divisor of 22 is far higher than the 14 weeks worked. Because of the minimum divisor, the worker profiled in table 4 would not receive the

standard replacement rate of 55 per cent in any of the five economic region types analyzed. The highest replacement rate available is 43 per cent. The minimum divisor can be highly impactful in lowering replacement rates which sometimes fall well below the 55 per cent that EI generally guarantees.

**Table 4 EI Outcomes for a Laid-off Short-Tenured Hours Intensive Worker (700 hours over 14 weeks) in Five Region-Types**

<b>REGIONAL UN-EMPLOYMENT RATE</b>	<b>9.1% TO 10%</b>	<b>8.1% TO 9%</b>	<b>7.1% TO 8%</b>	<b>6.1% TO 7%</b>	<b>0% TO 6%</b>
EI Entrance Requirement (Hours)	560	595	630	665	700
Hourly Wage	\$10	\$10	\$10	\$10	\$10
Hours Worked	700	700	700	700	700
Weeks Worked Prior to Layoff	14	14	14	14	14
Minimum Divisor	18	19	20	21	22
Total Earnings	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Earnings per Week	\$500	\$500	\$500	\$500	\$500
Earnings per Week, Minimum Divisor Applied	\$389	\$368	\$350	\$333	\$318
<b>Weekly EI</b>	<b>\$214</b>	<b>\$203</b>	<b>\$193</b>	<b>\$183</b>	<b>\$175</b>
Maximum Benefit Weeks	22	20	18	16	14
<b>Hours Assumed Per Week by Minimum Divisor</b>	<b>38.9</b>	<b>36.8</b>	<b>35.0</b>	<b>33.3</b>	<b>31.8</b>
Actual Hours per Week	50	50	50	50	50
<b>Effective Replacement Rate</b>	<b>43%</b>	<b>41%</b>	<b>39%</b>	<b>37%</b>	<b>35%</b>

Source: Author's calculation

For short tenured workers, the minimum divisor compounds the EI program's other modes of regional differentiation and inequity. The worker that would receive \$175 per week could collect EI for a maximum of only 14 weeks while the worker that would receive \$214 per week could collect EI for a maximum of 22 weeks. Because of the minimum divisor being differently applied across regions, EI benefits that are already more difficult to access in low unemployment regions and that would already last for shorter periods of time are made smaller in weekly size.

While the ‘big differences’ between EI’s treatment of laid-off short-tenured workers in very high unemployment and very low unemployment regions are important, of perhaps equal importance are the ‘small differences’ between regions with almost identical unemployment rates.

For unemployed individuals, the value of two weeks of benefits or an additional \$10 per week should not be underestimated. In a region with 8.1 per cent unemployment the worker represented in Table 4 would receive \$203 per week (41 per cent wage replacement) for a maximum of 20 weeks, while an equivalent worker in a region with 7.9 per cent unemployment would receive \$193 per week (39 per cent wage replacement) for a maximum 18 weeks.

Strong supporting evidence and a principled rationale is needed to justify differential treatment of workers with equivalent work histories. EI tinkers with EI beneficiaries’ replacement rates on the basis of minute or possibly non-existent differences in local economic climates.

The minimum divisor system and the best 14 weeks pilot project are each designed to address the same problem. But, they approach the problem they attempt to remedy—workers not working enough before collecting EI—in a directly contradictory fashion.

## **Adding to Complexity in the EI System**

A recent HRSDC pilot project evaluation noted that “The EI system is inherently complex” (HRSDC, 2010). This is only partially true. The EI system is complex, but not inherently so. The EI system has become complex, in part, because of inertia in the policy making process. Past and present governments’ EI policy initiatives, which are sometimes contradictory, have been allowed to layer upon one another over long periods of time. This has caused overall incoherence. In the case discussed here (the minimum divisor system and best 14 weeks pilot project) this layering has caused regionally defined groups of workers to be covered under differing EI regimes that diverge strongly in their approaches to encouraging work.

The minimum divisor system produces regional differentiation in replacement rates for some workers within the 33 regions in which it is in force. The minimum divisor system’s non-application in the remaining 25 regions which are advantaged by the best 14 weeks pilot project results in an additional and complex layer of regional differentiation in replacement rates. Where the minimum divisor system applies, some workers face a sliding scale—following the unemployment rate—of potential penalties for not working long enough. In other regions, this penalty is eliminated and workers are rewarded with higher replacement rates structured to encourage work.

The public’s lack of understanding of EI’s multi-modal and shifting system of regional differentiation is compounded in densely populated areas like Southern Ontario where people frequently cross EI borders to go from home to work. In such areas, workers with equivalent work histories laid off from the same firm can receive different treatment from EI because of where they live as a result of both permanent EI rules and ad hoc pilot projects (Mowat Centre EI Task Force, 2010, 2011). Only a laid-off worker with a highly specialized knowledge of the EI

system could possibly understand why he or she gets one set of benefits while other Canadians (and possibly former co-workers) receive different packages. The federal government has allowed the EI program to become deeply complex in its differential treatment of workers who have equivalent work histories. With a focused effort, the federal government can choose to untangle the program.

## **The Best 14 Weeks Pilot Project and the Federal Government's Approach to Support for Low Income Workers**

Extending the best 14 weeks pilot project throughout the country would give bigger benefits to many low income workers who become unemployed and qualify for EI, but national extension would also take the federal government down the wrong path on regular yearly income assistance for low income workers. National extension would strengthen regular federal support of seasonal workers without enhancing regular support of other low income workers.

Like any enhancement to EI, the best 14 weeks pilot project method of benefit calculation can only benefit individuals who have contributed to EI, can only regularly support frequent EI claimants, and will be paid for, to the greatest proportional extent, by individuals with lower incomes who contribute to EI but collect benefits infrequently or never.

The best 14 weeks pilot project is indicative of the federal government's approach to regular yearly income assistance for low income workers. The federal government understands itself to have a special responsibility to support regionally concentrated seasonal workers. This de facto responsibility does not emerge from any explicit legislative imperative or constitutional responsibility, but rather from history, past geographic patterns of Canadian economic prosperity and disadvantage, and inertia.

The mid-1990s saw broad-based EI reform aimed at tightening access to the system and conditioning benefits more closely on past contribution and collection patterns (Gray, 2004). Following the reforms, "employees had to work longer to qualify for benefits, payments were lowered, and the maximum duration of benefits was reduced" (Mendelson et al., 2009, p. 2). Since these reforms, virtually all adjustments to the EI system have focused on reversing them for seasonal workers. This has been done to ensure that EI continues to serve seasonal workers as a regular income support (Gray, 2006).

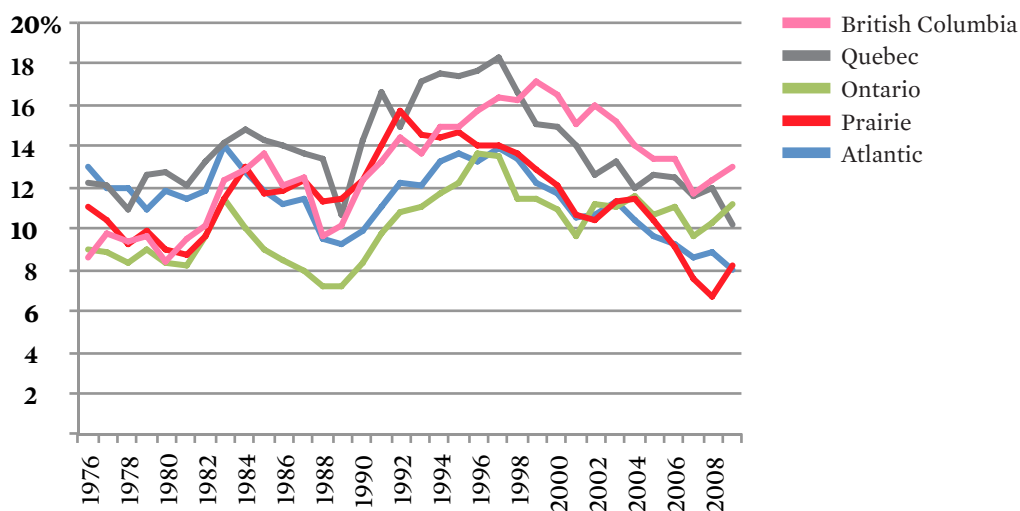
Non-seasonal low income workers are much farther off of the federal income security grid. There is a strong rationale for the federal government to expand its focus. Seasonal work is not the sole determinant of having a low income in Canada. Figure 1 shows the percentage of working-age individuals living on a low income by region from 1976 to 2009. Note that the income levels used to produce Figure 1 include EI benefits and other government transfers. Recent years have seen profound regional change in the percentage of working-age individuals living below the low income cut-off (LICO). Ontario consistently had the lowest percentage of working age individuals living below the LICO for much of the period represented in Figure 1. This is no longer the case. After British Columbia, Ontario had the second highest percentage of working-age individuals living below the LICO in 2009. In the same year the Atlantic Region



had the lowest percentage of working-age individuals living below the LICO. These relationships were flipped in 1976 when Ontario and British Columbia had the lowest percentages and Atlantic Canada had the highest. That being said, Quebec and then British Columbia have surpassed Atlantic Canada on this measure for some time.

In the early 2000s the Atlantic Region and the Prairie Region began to consistently have lower percentages of working-age individuals living below the LICO than Ontario. More recently, since the recession, Ontario, the Prairie Region, and British Columbia have all seen increases in the percentage of working-age individuals living below the LICO, while the Atlantic Region and Quebec continued to see a decline. Ontario had a higher percentage of working age individuals living below the LICO than Quebec for the first time in 2009.

**Figure 1 Percentage of persons with low income aged 18 to 64 by after-tax low income cut-off (LICO) 1976-2009<sup>3</sup>**



Source: Statistics Canada CANSIM Table 2020802

Table 5 shows the percentage of workers engaged in seasonal employment in each province and by select industries. Notably, areas that have the highest percentages working-age individuals living below the LICO as represented in Figure 1 do not have significant percentages of workers engaged in seasonal employment.

Labour market seasonality is highly variable across Canada. Labour market seasonality varies markedly by industry and these industrial differences drive inter-provincial variation. But, regions with substantial seasonal labour markets do not have the highest percentages of individuals living on low incomes. In fact, the opposite was true in 2009. The region with the highest degree of labour market seasonality (Atlantic) had the lowest percentage of working age individuals living on low incomes. With a labour market that is roughly twice as seasonal as that in British Columbia, the Atlantic Region nevertheless had a significantly lower percentage of individuals living below the LICO.<sup>4</sup>

**Table 5 Percentage of Workers Engaged in Seasonal Employment by Province and Industry**

<b>PROVINCE</b>	<b>% SEASONAL</b>
Newfoundland	38.4
Prince Edward Island	42.6
Nova Scotia	27.2
New Brunswick	30.4
Quebec	17.1
Ontario	12.2
Manitoba	12.2
Saskatchewan	16.5
Alberta	11.8
British Columbia	14.5

<b>INDUSTRY</b>	<b>PERCENT</b>
Primary	43.4
Construction	31.5
Manufacturing	10.0
Government	12.3
Services	12.2

Source: (HRSDC, 2009c), data sourced from Canadian Out-of-Employment Panel (2004-2007)

It is well-known that substantial federal assistance through EI can be triggered by seasonal work. There is no question that seasonal work is one cause of low income. Seasonal workers do have lower incomes than individuals who work full-time throughout the year. But, there are many other causes of low income, for example, involuntary part-time work. Regions with the greatest percentages of working age individuals living below the LICO do not have the highest levels of labour market seasonality. Still, non-seasonal low income workers with equivalent yearly wages to seasonal workers generally receive far less support from the federal government, as shown in Table 6.

Table 6 shows that one worker receives roughly \$8,000 in yearly income support from the federal government while the other receives only about \$1,000. One worker's income is nearly doubled by the federal government while the other is topped-up by only about 12 per cent. It is not clear that there is a foundational difference between these two workers that justifies such differential treatment. Both workers have the same earnings and contribute the same amount in EI premiums, yet one receives a sizeable boost from the federal government while the other is assisted to a much more modest extent.

While each regulation that allows this situation to persist has been authorized through either legislation or administrative creativity, there is no explicit statement in the EI Act or anywhere else in law indicating that Parliament intended to create a vastly differential federal social safety net across the country and substantial yearly income support for some low income workers to the exclusion of many others.

One traditional rationale for such favourably differential support of seasonal workers is that they live in areas with few job opportunities. This is certainly the case in many situations. However, it is important to consider the necessary reverse of this argument: it implies that large numbers of low income workers who receive much less support in non-seasonal labour markets are simply not capitalizing on opportunities available to them. If the federal government were to distribute such differential benefits on the basis of access to job opportunities, it would be incumbent upon the federal government to demonstrate that non-entitled groups of low income workers are simply passing on available opportunities to earn more.

**Table 6 Yearly Federal Support Offered to Two Hypothetical Low Income Workers<sup>6</sup>**

SCHEDULE	WAGE INCOME	EI BENEFITS	WORKING INCOME TAX BENEFIT	HST REFUND (FEDERAL PORTION)	TOTAL FEDERAL INCOME SUPPORT	TOTAL FED. INCOME SUPPORT AS A % OF WAGE INCOME	WAGE INCOME + TOTAL FEDERAL INCOME SUPPORT
Seasonal	\$8,640.00	\$7,920.00	\$66.65	\$87.20	\$8,073.85	93%	\$16,713.85
Non-Seasonal	\$8,640.00	\$0	\$944.00	\$100.74	\$1,044.74	12%	\$9,684.74

Source: Author's calculation, as discussed in endnote 6

A worker facing multiple labour market barriers (e.g. linguistic, educational, credential recognition, discrimination) may only be able to secure a roughly 15 hour per week minimum wage job. Such an individual would have a yearly wage income that is roughly equivalent to that of many seasonal workers. The present state of affairs would suggest that such a person merits far less federal support. Reasons for having low incomes are various. Rather than basing transfers to individuals on some narrow determinants of having a low income (seasonal work and living in a high unemployment region) the federal government should simply attack the problem directly.

The federal government should target yearly assistance to all Canadians based around a simple indicator: income. This is not a novel idea. It is a policy proposal with a long pedigree. Though they diverge—sometimes strongly—on program design, many large-scale examinations of Canada's social safety net have endorsed the creation of a national, income-tested, federally-delivered benefit for workers (See for example: Croll, 1971; Eggleton and Segal, 2009; Forget, 1986; Government of Newfoundland and Labrador, 1986; MacDonald, 1985; MISWAA, 2006). Some explicitly intended their proposals as part of a package that would also discourage seasonal EI use. This would result in separation of EI's core role in protecting against unexpected unemployment from its secondary role in providing regular income assistance (Forget, 1986; Government of Newfoundland and Labrador, 1986; MacDonald, 1985).

The creation of new, equitably delivered supports for low income workers across Canada should accompany a refocusing of EI on its core role in providing protection against unexpected unemployment. The EI system's present secondary role in providing yearly support to some

workers should be subsumed within this new nationally standardized, equitable approach to income support.

Questions surrounding system design and the precise mechanics of how such a system would operate are not addressed here. But, absent substantial up-front investment, any such reform could mean raising the level of support available to low income workers in general while lowering the level of support currently available to seasonal workers in particular. One thing is clear. In the contemporary context, the federal social safety net cannot be structured to respond idiosyncratically to one cause of yearly low income.

## Conclusion

Both the minimum divisor system and the best 14 weeks pilot project attempt to encourage work, but they do so in different ways. The EI program threatens some workers with a stick (minimum divisor) and encourages others with a carrot (best 14 weeks pilot project). Where the best 14 weeks pilot project is in place, the local unemployment rate has no impact on weekly benefit calculation. Where the minimum divisor system is in place, lower unemployment rates lead to a greater potential for reduced benefits. Together, these regulations produce largely hidden regional differentiation in the EI replacement rate and weekly benefit size.

No one would have designed this contradictory suite of regulations intentionally. The fact that these regulations have existed simultaneously within the EI program for six years is an outcome of a process of policy development in which new directions solidify for some (best 14 weeks pilot project) before older approaches fully melt away for others (minimum divisor system).

Canadians with seasonal work patterns are supported regularly by the EI System. Low income Canadians with non-seasonal work patterns are not, and some even disproportionately fund the support of the former group through the regressive payroll tax that is EI. Even if the best 14 weeks pilot project were extended nationally, it would not serve a regular income supplementation role for non-seasonal low income workers, though it would provide additional benefits to many low income workers in the event of unexpected job loss, particularly those who had uneven earnings week to week.

Such ad hoc regional differentiation in the EI program contributes to the problematic federal approach to income security generally. The federal government focuses on supplementing the yearly incomes of regionally concentrated seasonal workers while paying less attention to the regular income support of non-seasonal low income workers, most of whom do not live in high unemployment regions and do not qualify for EI every year. The way in which this support is authorized and delivered over extended periods without legislation also calls into question the integrity of EI's pilot project system.

The targeting of support based on seasonal work patterns has led to the development of an uneven federal social safety net in which seasonal low income workers in some regions receive substantial federal support while non-seasonal low income workers in other regions are supported to a much lesser extent. The time has come for a fair, standardized federal safety net.

# Appendix

## **REGIONAL DIFFERENTIATION IN EI ACCESS AND BENEFIT DURATION**

This appendix describes the EI program's regionally differentiated system of calculating benefit access and benefit duration for those who qualify. Appendix Table 1 is the EI entitlement table which shows the Variable Entrance Requirements (VER) and benefit duration ranges by regional unemployment rate. The descriptions contained below and in Appendix Table 1 do not account for a current pilot project which provides five additional weeks of benefits in 21 regions.

### **Regionally Differentiated EI Access**

Access to EI benefits is governed by the EI program's VER. EI divides Canada into 58 economic regions and the VER allow for easier access to benefits in regions with higher unemployment. For example, in regions with lower than six per cent unemployment, employees must have worked for 700 hours in the last year, prior to a lay-off, in order to access EI. In the highest unemployment regions (those with unemployment rates above 13 per cent) employees need to have worked for 420 hours in the last year, prior to a lay-off, in order to qualify for EI. The number of hours of work it takes to qualify for EI increases as the local unemployment rate goes down. Regional unemployment rates are calculated based on three month averages.

EI can only be accessed by workers who have lost their jobs involuntarily. EI is not accessible to workers who quit or who were fired for misconduct, though there is an appeals process through which wrongfully dismissed workers can seek benefit access (Service Canada, 2011c).

### **Regionally Differentiated EI Benefit Duration**

The maximum duration of EI benefits is also regionally differentiated based on the unemployment rate in the same 58 economic regions. While for the purpose of determining access to EI benefits the highest unemployment regions are considered to be those with unemployment rates over 13 per cent, for calculating maximum benefit duration, there are three additional EI region-types for unemployment rates, scaling up to 16 per cent. Maximum benefit duration continues to be extended by two weeks for each percentage point of unemployment, up to 16 per cent.

Seven hundred hours of work will qualify a newly unemployed worker for a maximum of 14 weeks of benefits in regions with unemployment rates below six per cent. In regions experiencing unemployment rates over 16 per cent, 700 hours of work will qualify the same worker for a maximum of 36 weeks of benefits. An EI recipient who worked for 700 hours prior to being laid-off in a region with a 7.5 per cent unemployment rate would qualify for a maximum of 18 weeks of benefits. The same worker would qualify for a maximum of 20 weeks of benefits in a region with an 8.5 per cent unemployment rate.

**Appendix Table 1 EI Entitlement Table**

# HOURS OF INSURABLE EMPLOY. IN QUALIFYING PERIOD	< 6%	6% TO 7%	7% TO 8%	8% TO 9%	9% TO 10%	10% TO 11%	11% TO 12%	12% TO 13%	13% TO 14%	14% TO 15%	15% TO 16%	> 16%
420-454	0	0	0	0	0	0	0	0	26	28	30	32
455-489	0	0	0	0	0	0	0	24	26	28	30	32
490-524	0	0	0	0	0	23	23	25	27	29	31	33
525-559	0	0	0	0	21	23	24	25	27	29	31	33
560-594	0	0	0	0	20	22	24	26	28	30	32	34
595-629	0	0	0	18	20	22	24	26	28	30	32	34
630-664	0	0	17	19	21	23	25	27	29	31	33	35
665-699	0	15	17	19	21	23	25	27	29	31	33	35
700-734	14	16	18	20	22	24	26	28	30	32	34	36
735-769	14	16	18	20	22	24	26	28	30	32	34	36
770-804	15	17	19	21	23	25	27	29	31	33	35	37
805-839	15	17	19	21	23	25	27	29	31	33	35	37
840-874	16	18	20	22	24	26	28	30	32	34	36	38
875-909	16	18	20	22	24	26	28	30	32	34	36	38
910-944	17	19	21	23	25	27	29	31	33	35	37	39
945-979	17	19	21	23	25	27	29	31	33	35	37	39
980-1014	18	20	22	24	26	28	30	32	34	36	38	40
1015-1049	18	20	22	24	26	28	30	32	34	36	38	40
1050-1084	19	21	23	25	27	29	31	33	35	37	39	41
1085-1119	19	21	23	25	27	29	31	33	35	37	39	41
1120-1154	20	22	24	26	28	30	32	34	36	38	40	42
1155-1189	20	22	24	26	28	30	32	34	36	38	40	42
1190-1224	21	23	25	27	29	31	33	35	37	39	41	43
1225-1259	21	23	25	27	29	31	33	35	37	39	41	43
1260-1294	22	24	26	28	30	32	34	36	38	40	42	44
1295-1329	22	24	26	28	30	32	34	36	38	40	42	44
1330-1364	23	25	27	29	31	33	35	37	39	41	43	45
1365-1399	23	25	27	29	31	33	35	37	39	41	43	45

TABLE CONT.

# HOURS OF INSURABLE EMPLOY. IN QUALIFYING PERIOD	< 6%	6% TO 7%	7% TO 8%	8% TO 9%	9% TO 10%	10% TO 11%	11% TO 12%	12% TO 13%	13% TO 14%	14% TO 15%	15% TO 16%	> 16%
1400-1434	24	26	28	30	32	34	36	38	40	42	44	45
1435-1469	25	27	29	31	33	35	37	39	41	43	45	45
1470-1504	26	28	30	32	34	36	38	40	42	44	45	45
1505-1539	27	29	31	33	35	37	39	41	43	45	45	45
1540-1574	28	30	32	34	36	38	40	42	44	45	45	45
1575-1609	29	31	33	35	37	39	42	43	45	45	45	45
1610-1644	30	32	34	36	38	40	42	44	45	45	45	45
1645-1679	31	33	35	37	39	41	43	45	45	45	45	45
1680-1714	32	34	36	38	40	42	44	45	45	45	45	45
1715-1749	33	35	37	39	41	43	45	45	45	45	45	45
1750-1784	34	36	38	40	42	44	45	45	45	45	45	45
1785-1819	35	37	39	41	43	45	45	45	45	45	45	45
1820-	36	38	40	42	44	45	45	45	45	45	45	45

Source: Service Canada, 2010 p. 24

# ENDNOTES

1. A minimum divisor is officially in place in best 14 weeks pilot project regions. But, in best 14 weeks pilot projects regions, the minimum divisor is only 14 and the benefit calculation period is extended from 26 to 52 weeks. As a result, the possibility that the minimum divisor could lower benefits is effectively removed, leaving best 14 weeks pilot project regions with completely different benefit calculation frameworks than other regions.
2. The table only includes five economic region types (those with unemployment below 10 per cent) because the best 14 weeks pilot project applies in all economic regions with over 10 per cent unemployment (following 2010 average unemployment rates). This, however, is not by explicit design and could easily change. The minimum divisor applies in one economic region that had an average unemployment rate of 9.9 per cent in 2010.
3. Following Statistics Canada, “The Low Income Cut-off (LICO) income limits were selected on the basis that families with incomes below these limits usually spent 63.6% or more of their income on food, shelter and clothing. Low income cut-offs were differentiated by community size of residence and family size.”
4. It must be noted, however, that Figure 1 and Table 5 do not comprehensively demonstrate the impact of provincial/regional labour market seasonality on percentage of individuals living on a low income. This is because “income” in Figure 1 includes EI benefits.
5. The seasonal worker is assumed to be a worker in Prince Edward Island who worked 864 hours prior to lay-off over 22 weeks at a wage of \$10 per hour. This worker is assumed to be single and childless. It assumed that for at least 14 weeks, the worker worked 48 hours per week and that the best 14 weeks pilot project applied. 30 weeks of benefit payment were calculated based on Prince Edward Island’s current unemployment rate of 12 per cent. The Working Income Tax Benefit and HST refund were calculated using Canada Revenue Agency Calculators. The “federal portion” of the HST refund was calculated by applying the ratio of the federal portion of the HST over the total HST to the total refund amount (Total Refund x (5/15)). This “prototypical” seasonal worker is based on a description of how a typical seasonal worker would benefit from the best 14 weeks pilot project from the Prince Edward Island Working Group for a Liveable Income (n.d.). The year round worker is assumed to be in Ontario. The worker is assumed to be single and childless. This worker could have earned this income in any fashion without having had a yearly job separation. For example the worker could have worked at the minimum wage throughout the year at just over 15 hours per week. The Working Income Tax Benefit and HST refund were calculated using Canada Revenue Agency Calculators. The “federal portion” of the HST refund was calculated by applying the ratio of the federal portion of the HST over the total HST to the total refund amount (Total Refund x (5/13)).

# REFERENCES AND WORKS CITED

Boadway, Robin and Jean-Denis Garon. 2011. “The Design of Employment Insurance in a Federation.” Toronto: Mowat Centre EI Task Force. Retrieved from <http://www.mowateitaskforce.ca/sites/default/files/Boadway-Garon.pdf>.

Canadian Broadcasting Corporation (CBC). 2010. “Save EI “best weeks” program, feds urged.” September 29. Retrieved from <http://www.cbc.ca/news/politics/story/2010/09/29/ns-ei-best-14-weeks.html>

Croll, David S. 1971. *Poverty in Canada*. Report of the Special Senate Committee on Poverty. Ottawa: Queen’s Printer for Canada.



Eggleton, Art and Hugh Segal. 2009. *In from the Margins: A Call to Action on Poverty, Housing, and Homelessness*. Report of the Subcommittee on Cities of the Standing Senate Committee on Social Affairs, Science and Technology. Ottawa: Queen's Printer for Canada.

Forget, Claude E. 1986. *Report: Commission of Inquiry on Unemployment Insurance*. Ottawa: Queen's Printer for Canada.

Government of Canada. 2008. "The Government of Canada continues Employment Insurance pilot projects to better assess their effects and confirms regional boundaries." *Canada News Centre*. September 5. Retrieved from <http://news.gc.ca/web/article-eng.do?nid=419019>.

Government of Canada. 2011. *Budget 2011: A Low-Tax Plan for Jobs and Growth*. Ottawa: Queen's Printer for Canada. Retrieved from <http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf>

Government of Newfoundland and Labrador. 1986. *Building on our Strengths: Report of the Royal Commission on Employment and Unemployment*. St John's: Government of Newfoundland and Labrador.

Gray, David. 2004. "Employment Insurance: What Reform Delivered?" C. D. Howe Institute Backgrounder. Toronto: C.D. Howe Institute.

Gray, David. 2006. "Has EI Reform Unravelling? Canada's EI Regime in the 2000s." C. D. Howe Institute Backgrounder. Toronto: C.D. Howe Institute.

Human Resources and Skills Development Canada (HRSDC). 2009a. "EI Monitoring and Assessment Report 2009." Ottawa: HRSDC. Retrieved from [http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar\\_2009/index.shtml](http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2009/index.shtml)

Human Resources and Skills Development Canada (HRSDC). 2009b. "Summary of Results from Best 14 Weeks Pilot Project Evaluation." Ottawa: Strategic Policy and Research, HRSDC (available upon request from HRSDC).

Human Resources and Skills Development Canada (HRSDC). 2009c. "An Evaluation Overview of Seasonal Employment." Ottawa: Strategic Policy and Research, HRSDC (available upon request from HRSDC).

Human Resources and Skills Development Canada (HRSDC). 2010. Evaluation of the Pilot Project to Extend Employment Insurance Benefits by Five Weeks: 2004-2009. Ottawa: HRSDC. Retrieved from [http://www.hrsdc.gc.ca/eng/publications\\_resources/evaluation/2010/sp-972-11-10e/page06.shtml](http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2010/sp-972-11-10e/page06.shtml)

MacDonald, Donald. 1985. *Report: Royal Commission on the Economic Union and Development Prospects for Canada*. Ottawa: Queen's Printer for Canada. Retrieved February 28, 2011, from <http://epe.lac-bac.gc.ca/100/200/301/pco-bcp/commissions-ef/mcdonald1985-eng/mcdonald1985-eng.htm>

Mendelson, Michael, Sherri Torjman, and Kenneth Battle. 2009. "Canada's Shrunken Safety Net: Employment Insurance in the Great Recession." *Caledon Commentary*. Ottawa: Caledon Institute of Social Policy. Retrieved from <http://www.caledoninst.org/Publications/PDF/773ENG.pdf>

Modernizing Income Security for Working-Age Adults Task Force (MISWAA). 2006. *Time for a Fair Deal: Report of the Task Force on Modernizing Income Security for Working-Age Adults*. Toronto: St. Christopher House and the Toronto City Summit Alliance.

Moore, Oliver and Tavia Grant. 2011. "Welcome to St. John's, the hottest job market in the country." *The Globe and Mail*. May 6. Retrieved from <http://www.theglobeandmail.com/news/national/atlantic/welcome-to-st-johns-the-hottest-job-market-in-the-country/article2013670/>

Mowat Centre EI Task Force. 2010. "Making EI Work: Discussion Paper." Mowat Centre EI Task Force. Toronto: Mowat Centre for Policy Innovation. Retrieved from [http://www.mowateitaskforce.ca/sites/default/files/EITF\\_discussionpaper.pdf](http://www.mowateitaskforce.ca/sites/default/files/EITF_discussionpaper.pdf)

Mowat Centre EI Task Force. 2011. "Consultation Report Back." Mowat Centre EI Task Force. Toronto: Mowat Centre for Policy Innovation. Retrieved from [http://www.mowateitaskforce.ca/sites/default/files/EITF\\_consultationreportback.pdf](http://www.mowateitaskforce.ca/sites/default/files/EITF_consultationreportback.pdf)

New Democratic Party. 2010. "New Democrats call for extension of best 14 weeks pilot project." Press Release, October 6. Retrieved from <http://www.ndp.ca/press/new-democrats-call-for-extension-best-14-weeks-pilot-project>

Prince Edward Island Working Group for a Liveable Income. n.d. "Employment Insurance: The Prince Edward Island Story." Retrieved from <http://www.cooperinstitute.ca/sitefiles/File/11-03-31-EI-brochure-Final.pdf>

Radmilovic, Vuk. 2011. "Employment Insurance and Regional Differentiation: Canada in Cross-National Perspective." Mowat Centre EI Task Force. Toronto: Mowat Centre for Policy Innovation. Retrieved from <http://www.mowateitaskforce.ca/sites/default/files/Postal%20Code%20Lottery.pdf>

Service Canada. 2010. "Employment Insurance Regular Benefits." March 2010. Ottawa: Service Canada. <http://www.servicecanada.gc.ca/eng/ei/types/regular.pdf>.

Service Canada. 2011a. "Employment Insurance (EI) and small weeks." Retrieved from [http://www.service-canada.gc.ca/eng/ei/information/small\\_weeks.shtml](http://www.service-canada.gc.ca/eng/ei/information/small_weeks.shtml)

Service Canada. 2011b. "Employment Insurance (EI) Pilot Project on the Best 14 weeks." Retrieved from <http://www.servicecanada.gc.ca/eng/ei/information/best14weeks.shtml>

Service Canada. 2011c. "Serving Appellants - Employment Insurance ( EI ) Appeals." Retrieved from <http://www.ei.gc.ca/eng/home.shtml>



## About the Author

---

**Jon Medow** is a Policy Associate at the Mowat Centre. He holds a Master of Arts in political science from the University of Toronto, where his research focused on the ethics of immigration policy. He previously served as a Research Associate specializing in post-secondary education policy at the Toronto office of the Educational Policy Institute. Jon grew up in the suburbs of Detroit, Michigan and became a permanent resident of Canada in 2009.

## About the EI Task Force

---

The Mowat Centre has convened a research-driven Employment Insurance Task Force to examine Canada's support system for the unemployed. The Task Force will develop an Ontario proposal for modernizing the EI system—conscious of the national context—that works for individuals and businesses.

[www.mowateitaskforce.ca](http://www.mowateitaskforce.ca)



School of Public Policy & Governance  
UNIVERSITY OF TORONTO