



The Cost of Falling EI Coverage

Successive federal governments have chipped away at workers' access to Employment Insurance (EI). Changes since 1990 reduced the duration of benefits, reduced eligibility for benefits, and increased the number of hours of work needed to qualify. The changes have been so dramatic that in 2012, with unemployment still above pre-recession levels, just 35% of unemployed Canadians received EI benefits, compared to 74% in 1990.

| Impact of Higher Eligibility Requirements on Insurance Coverage Ratios | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 1990 | 1993 | 1994 | 1996 | 2012 |
| Legislative Change | Bill C-21 | Bill C-113 | Bill C-17 | Bill C-12 | Bill C-38 |
| % of Unemployed Receiving UI/EI | 74% | 57% | 51% | 42% | 35% |

The latest EI reforms announced in the 2012 budget implementation bill have been designed to narrow access to benefits even further and will undermine overall wages in local economies. As we saw in 1993, the overall goal of limiting access and duration of benefits is to reduce EI expenditures, despite continuing high rates of unemployment and under-employment, in order to help balance the EI fund and the federal budget by 2015.

The definition of suitable employment was moved from legislation into regulations, where it is more easily altered. These new rules require 75% of EI claimants to accept work at a 20-30% pay cut, in a job outside their current profession, after just six weeks of job search. Claimants must accept commutes of one hour or more, depending on where they live. This reform will have huge long-term implications on local economies across Canada.

The role of Employment Insurance is to provide income security to Canadians when they lose their jobs through no fault of their own, while they look for work that matches their skills and expertise.

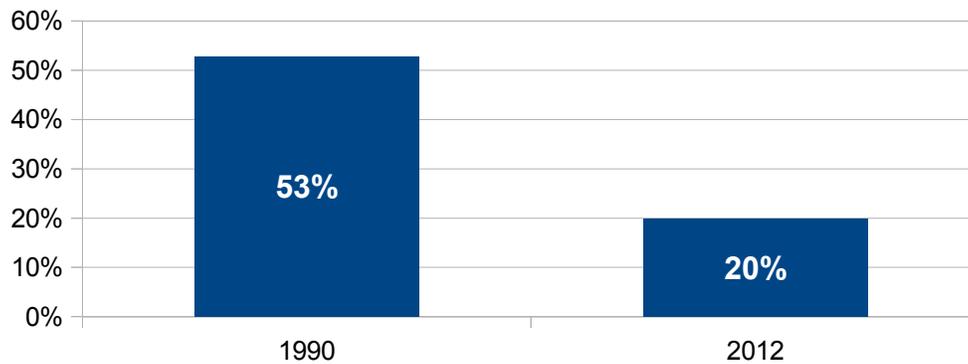
The Canadian Labour Congress has gauged the impact of the cumulative cuts.

We turned the Employment Insurance clock back to 1990 and estimated how much more money would be flowing into communities if more unemployed workers had the 1990 level of access to EI. We asked the question, what if Employment

Insurance worked better and actually covered most unemployed workers during economic downturns?

EI Coverage in 1990 & 2012

Toronto, ON



If 53% of unemployed workers in Toronto had access to EI benefits in 2012, there would have been an average of 91,000 additional workers covered each month. This would have resulted in an estimated \$33.8 million per week, or \$1.76 billion per year, in the hands of local Toronto residents.

Toronto

| | |
|---|------------------------------|
| Number of unemployed, 2012 | 281,400 |
| Monthly average receiving regular EI Benefits, 2012 | 57,000 |
| How many additional workers would be covered? (monthly average) | 91,000 |
| Average weekly EI benefit, 2010 / 2011 | \$370.00 |
| Estimated increase in EI benefits for 2012 | \$1.76 billion / year |

Employment Insurance benefits protect local economies (employees, employers, and governments) from the full impact of weak labour markets. EI provides people with the necessary income support so they can find work that better matches their skills and expertise and former income, which is good for everyone.

Employment Insurance is funded by employers and workers and they both should have a say how it's spent. We say that the money is better off in the hands of workers so that they can make ends meet and support their communities while they are looking for work.

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