

*E.I. Working Group, Good Jobs for All Coalition, May 11, 2020*

## *Building a New Unemployment Insurance System*

- *Better Access and Benefits for Workers*
- *An Agile and Responsive System*
- *A More Effective Economic Stabilizer*

COVID-19 unleashed both a public health crisis and an economic crisis. It also put a spotlight on long-standing shortcomings of Canada's EI system.

Working with our community and labour partners as well as front line workers in clinics and agencies, we've compiled a set of proposals to begin the process of rebuilding EI.

These organizations also identified the need for [a further period of Canada Emergency Response Benefit \(CERB\)](#), [extended to additional populations](#) that are themselves in crisis.

It is premature to suggest we've entered the post-COVID period. As we've seen elsewhere there will be waves of contagion. And a vaccine will take more than a year. We also do not know the damage to our economy and the extent of the recession. The devastation will have uneven impacts by gender, race and income particularly for the marginalized and precariously employed. The challenges for our broader income security and social safety net are many but we need to begin work towards 'A Just Recovery'. E.I. will be one important element.

Extraordinary circumstances demand an extraordinary approach to unemployment insurance.

We'll need urgent '[Immediate Measures](#)' [through to at least December 2020](#), subject to review and possible extension. We will also need an [extended 'Transitional Phase'](#) as we work to emerge with a stronger, fairer, more effective EI system on the other side of COVID-19.

### *E.I. Immediate Measures*

- **Waive qualifying hours** or require the lesser of 300 hours or 12 weeks
- **Base qualifying hours and duration for existing claims** on most advantageous time period
- **Deem hours** after March 15, 2020 to improve access to Regular and Special benefits during waves of COVID and for those in more seasonal jobs
- **Voluntary Quit** on CERB attestations and EI ROEs to be deemed NOT a 'voluntary quit' during the pandemic, eventually eliminating or reducing disqualification to not more than 3 weeks
- **Refusal to Work** and termination policies to be flexible, respond to extraordinary circumstances
- **EI Work Sharing** to be adjusted and promoted as a tool for a phased return to work
- **Allow SUB or top-ups** to CERB
- **Compensation for low paid EI claimants** who were not allowed access to more generous CERB
- **Severance and vacation pay** should not be allocated during COVID
- **New agreements to remove social assistance clawbacks and penalties** for those on CERB
- **EI and EI-CERB costs** during 2020 and Transition must be assigned to General Revenues, not EI.

## *Backgrounder: Immediate and Transitional EI Measures*

<b><i>E.I. Immediate Measures</i></b>	
1. <b>Waive qualifying hours</b> during COVID. Alternatively, require the lesser of 300 hours or 12 weeks. EI qualifying rules are too onerous at the best of times.	It's critical during COVID to minimize processing and expedite a seamless transition from CERB. As well, firms have reduced capacity to generate detailed hours but could attest to 300 hours or 12 weeks.
2. <b>EI qualifying hours and duration for existing claims</b> to be based on most advantageous of separation date or entitlements when CERB benefits end.	EI claims are frozen until after CERB but qualifying hours and benefit duration were fixed in March or April when unemployment was low (based on a 3 month rolling average). We must reflect the reality of the job market in which claimants are seeking work.
3. <b>Deem hours or create a carve-out</b> for a period beginning March 15, 2020 as necessary to improve access to Regular and Special benefits during waves of COVID to come. This may require Special Extensions for those affected by <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> and 3<sup>rd</sup> wave COVID layoffs</li> <li>• seasonal work including hospitality, school and fishing claimants who need to survive until the next season.</li> </ul>	COVID-19 with its mandated closures, precautions and economic impacts means many people will not have their anticipated hours or income after March 15. Potential claimants face double jeopardy if extraordinary circumstances also reduce access to regular, sick and parental EI.
4. <b>Voluntary Quit</b> on CERB attestations and EI ROEs should be deemed NOT a 'voluntary quit' if someone left work during the pandemic. This includes a reverse onus on employers for ROEs.	Extraordinary circumstances included health risks, limited public transit, need to care for family, broad advice by public health authorities to self-isolate e.g. <a href="http://www.ontario.ca/document/your-guide-employment-standards-act-0/infectious-disease-emergency-leave#section-1">www.ontario.ca/document/your-guide-employment-standards-act-0/infectious-disease-emergency-leave#section-1</a> . We need an amnesty.
5. <b>Refusal to Work</b> policy during COVID-19 must be flexible and responsive to the extraordinary circumstances. Employer ROEs may unfairly deem it 'termination'.	There are varied, justified reasons for declining work including health, childcare, limited public transit. As with voluntary quits, an amnesty should apply.
6. <b>EI Worksharing</b> programs if adjusted could be key 'tools' for a phased return to work during COVID-19.	With adjustments and expedited processing, Work Sharing could play a larger role in economic recovery while preserving workers' EI entitlements.
7. <b>Allow SUB or top-ups</b> to CERB.	Another program to assist with workforce recovery.
8. <b>Compensation to low paid claimants</b> on Regular or Special EI not allowed to access more generous CERB benefits. This created significant inequities and more hardship during COVID.	Workers with low EI benefits were forced to stay on EI if their claim began before the arbitrary March 15 cut-off or had to re-open a 2019 claim. If workers can't access more generous CERB before resuming work, a top-up retroactive to March 15 should apply.
9. <b>Severance and vacation pay</b> should be not be allocated during COVID.	To expedite processing and provide relief. Allocation leads to errors, overpayments and delays.
10. <b>End social assistance clawbacks and other penalties</b> that create confusion, hardship for those on CERB. New Fed/Prov/Terr commitments are needed.	In many provinces workers on social assistance face a clawback of CERB benefits and loss of other benefits. The federal government has not clarified if it will do likewise with older workers on GIS.

## *E.I. Transitional Phase*

11. <b>360 qualifying hours</b> for all forms of EI or 12 weeks, whichever is less.	An individual's loss of work is not reasonably linked to regional unemployment rates. A lower qualifying rule should apply regardless of region.
12. <b>Increase duration to 50 weeks</b> and EI Hours grid adjusted.	Assuming duration varies by region, adjust to a new 50 week maximum (subject to special extensions to respond to unusual circumstances).
13. <b>Benefit rate at 75%</b> of previous earnings	Wage subsidy replacement level is 75%. EI's current 55% rate is totally inadequate.
14. <b>Guaranteed Minimum benefit</b> or top-up, and as an <b>individual entitlement</b> not 'family supplement'	EI claimant population is polarized between those at maximum benefit and others far below the average benefit at which point 55% is not a livable benefit.
15. <b>Eliminate 'Quit/Fire' disqualification</b> , or at most, a 3 week disqualification.	A fixed period avoids delays and complex administration. 100% loss of EI is 'capital punishment'. It also leads to a high % of appeals.
16. <b>Extend Sick benefits:</b> to 30 weeks in 2020 and phase-in to 50 weeks in 2022.	A long overdue improvement. The government had 2020 plans to begin extending the current 15 weeks.
17. <b>Migrants and Temporary Foreign Workers</b> must have full EI access.	They contribute EI premiums. They should have access to both EI Regular and Special benefits.
18. <b>'Allowable earnings'</b> while on claim should be simplified and improved.	Especially important for extending access to those in part-time jobs and multiple jobs. CERB and CESB allow earnings of up to \$1000 per 4 weeks.
19. <b>Eliminate 1 week waiting period</b> during which no benefits are payable.	It serves no good purpose, only cost-cutting. Many workers live paycheque to paycheque.
20. <b>'7 consecutive days without pay or work'</b> qualifying rule should be eliminated.	Workers facing a sudden decrease in hours due to an economic crisis can't be allowed to fall through the cracks again.
21. <b>Precarious Worker Enforcement Blitz:</b> increase enforcement and penalties for 'dependent' contractor misclassifications	This will raise revenues at the same time as it expands EI access to vulnerable workers. There should be a special focus on temp help agencies.
22. <b>Replace 3 month 'rolling average' unemployment rate</b> for determining EI duration (and currently, qualifying hours)	Does not reflect real time labour market, making it unresponsive to an economic, health or climate crisis. Entitlements are locked in at claim start.
23. <b>'Reasons for Separation'</b> on ROE should be reduced in number.	Current long list leads to confusion, unnecessary administration and delays.
24. <b>Voluntary leave, out-of-seniority layoff and recalls</b> that preserve a co-worker's job should be allowed EI access.	Given extraordinary COVID conditions, some flexibility is needed. Some employers and workers may mutually agree available work is not suitable.
25. <b>Virtual Service Request with call-back option</b> for Labour Market Partners	It's been piloted during COVID and must be expanded and extended.
26. <b>Upgrade technology, increase staffing</b> with major new investments in EI delivery	COVID shone a spotlight on the inadequacies. The US spent \$1 billion on UI system upgrades.
27. <b>Training benefits should be a key tool for economic recovery</b> , especially in support of a Green New Deal.	Training benefits must provide for more than the proposed 4 weeks over four years. If we're serious, EI must support extended re-training and upgrading.
28. <b>A New System of Basic Income and Universal Access to Social Programs</b> such as Childcare, Affordable Housing, Pharmacare, etc. A decent standard of living demands <b>both</b> elements.	Too many fall through the cracks of both EI and CERB. Those who qualify face an uncertain future when benefits end. Social assistance remains a degrading and miserly system from coast-to-coast. We also need broadly available social programs

## ***E.I .Financing***

<p>29. <b>EI and EI-CERB costs</b> during 2020 and the Transition Phase must be assigned to General Revenues, not the EI Account.</p>	<p>This is one for the public purse! None of the EI Actuary assessments took account of this scenario and the tidal waves of COVID-19 are utterly beyond the control of the labour market partners. Employers and labour can agree on this one. A \$57 Billion government debt to the EI Account including annual interest was wiped off the books years ago. We could use that now.</p>
<p>30. <b>Premium rate setting mechanism</b> must restore counter-cyclical financing.</p>	<p>Current pro-cyclical method raises premiums during a recovery period, the worst possible time.</p>
<p>31. <b>Significant government contributions</b> are needed to finance EI in the modern labour market, as they did years ago.</p>	<p>Assignment of contribution to purposes such as:</p> <ul style="list-style-type: none"> <li>• % EI costs if national unemployment over 5%</li> <li>• % Parental and Special benefit premiums</li> <li>• % Self-employed premiums</li> <li>• % Minimum Benefit.</li> </ul>
<p>32. <b>Maximum insurable earnings</b> should be increased to help finance EI.</p>	<p>Quebec uses \$78,500 for QPIP. A higher MIE would also raise benefit rates for many workers.</p>
<p>33. <b>Self-employed:</b> Phase in compulsory contributions for EI Special benefits. Then access to modified EI Regular.</p>	<p>A better system for the income security of gig and self-employed is needed. Government contributions could help finance it.</p>

GJFA/May11,2020

