



Employment Insurance (EI)

No gold medal for this performance!
Does this Budget fix the EI system to help laid off workers during the recession? No.

This Budget contained no new hope for unemployed workers. The targeted 'tweaks' to EI announced in previous budgets will continue to be funded, but this budget did nothing to solve the structural EI issues that would help cushion workers and their families in this recession. Successive governments have allowed the EI system to deteriorate in the good economic times so it is no longer sufficient to meet the needs of Canada's unemployed in the current economic crisis.

What's in the Budget?

- Freeze EI premiums for workers and employers at \$1.73 per \$100 of insurable earnings to the end of 2010, (as announced in the February 2009 Budget). In 2011, the "Canada Employment Insurance Financing Board" (CEIFB), created by this government in their February 2008 Budget, will set the EI premiums so that revenue equals expenditures. That means no new money for much needed reforms to EI.
- Fund changes already announced. The Budget announces \$1.6 billion in 2010–11 for funding the targeted changes already announced in the 2009 budget: extend benefits by 5

weeks until 2011, benefits for long-term workers, work sharing program.

- Continue work sharing agreements where workers receive EI benefits and work fewer hours while their employers recover. The February 2009 Budget assigned \$200 million over two years to Work Sharing projects. This Budget includes \$106 million to extend the program until March 31, 2011 and lengthen agreements from 52 weeks to 78 weeks.

What does it mean?

Freezing premiums maintains the Harper government's refusal to make much needed reforms to EI.

Here's what won't change:

- Today, only about 38% of unemployed workers receive EI benefits compared to 75% who qualified prior to the cutbacks of the '90s.
- The existing level of benefits is inadequate to support families and children. Average weekly benefits are \$343 compared to average weekly industrial earnings of \$728 in 2003.
- The current patchwork of qualifying hours required for different benefits and different situations is inequitable and unreasonable, especially for new claimants and those re-entering

the workforce after 12 months, mostly women.

- The length of the regular benefit period is roughly half what it was fifteen years ago. On average last year, claimants received 32 weeks of regular benefits. Women are more likely to exhaust their benefits because due to the nature of their jobs, they generally have fewer hours of insurable earnings.
- Unemployed workers will continue to be trained but in a recession where will the jobs come from for these newly trained workers? And the age-old question continues to daunt centrally administered training programs – “training for what?”
- Women and equity seeking groups stuck in part time and casual employment will continue to have problems getting enough hours to qualify for EI benefits when they lose their jobs.

Targeting small groups of workers for extended or expanded EI benefits does nothing for the thousands whose benefits will soon expire. Workers who exhaust their benefits will face turning to social assistance programs. Federal transfers to the provinces for social assistance will not increase, so provinces and municipalities will face an Olympic challenge in funding the increased pressure on social programs.

The government predicts total EI expenditures to be \$6 billion higher in both 2009–10 and 2010–11 than they were last year (Chart 5.2) page 208 of “Leading the Way on Jobs and Growth”. The CEIFB is only allowed to set a “break even rate” for premiums in 2011, which begs the question:

how is the government planning to fund this \$6 billion dollar deficit?

What would be better choices?

CUPE has continued to advocate EI reform since the last federal budget failed unemployed workers. In coordination with the CLC we continue to push for:

- Basic entrance requirement of 360 hours.
- Benefits based on 60% of earnings over the best 12 weeks.
- Benefit coverage for 50 weeks.
- Elimination of the two-week waiting period for benefits.

The cost of implementing the basic entrance requirement of 360 hours is estimated at between \$500 million and \$1 billion, depending on the unemployment rate (Source: CUPE Pre-Budget Consultation 2009 at cupe.ca). Such an economic investment would not only help thousands of unemployed workers and their families, but it would also provide a strong and immediate stimulus boost to the economy. These improvements to the program should not be seen as a cost, but rather as appropriate repayments for surpluses generated in the past by the EI system.

Some claim the recession is over. But until more jobs are recovered, workers will continue to depend on Employment Insurance. The EI system needs major investment of dollars to help unemployed workers, their families, and their communities weather this recession. This Budget did not do that. By not fixing EI, the Harper government continues to widen the gap between rich and poor in Canada.

For more information, visit <http://cupe.ca/budget>

sl/cope491
March 5, 2010