



EMPLOYMENT INSURANCE AND WOMEN: WHAT YOU SHOULD KNOW

- 1. Fewer Women Qualify** - All employees pay into EI, but women are less likely than men to qualify for benefits when they lose their job. The situation has worsened across Canada since 1996, when new EI rules more than doubled hours of work requirements. Nationally, only 32% of unemployed women versus 40% of unemployed men could collect regular benefits in 2004, down from 39% and 45% in 1996. New Brunswick's coverage rates are significantly better, but more women than men are still shut out: 71% of jobless women and 79% of jobless men qualified in 2004, fewer than in 1996 when 81% and 92% qualified.ⁱ More people can access EI in high unemployment provinces like New Brunswick because fewer hours of work are needed to qualify than in areas with low unemployment rates.
- 2. Accumulating Those Magic Hours** - EI hours requirements stack the deck against women who tend to move in and out of the labour market to handle caregiving responsibilities and usually work fewer hours than men, even when they have a full-time job. You may pay into EI for years, but be denied benefits unless you have worked the minimum required hours, all during the year before your claim. Applicants need 420 to 700 hours, depending on the local unemployment rate, or 910 hours if they are in the work force for the first time or have been out for 2 years or more.ⁱⁱ Men have a higher official unemployment rate than women – 10.2% compared to 7.5% for New Brunswick women in 2009 (Canada: 9.4% men, 7% women)ⁱⁱⁱ but women are more likely to be *underemployed* in poor quality jobs. While nearly as many women as men are in paid employment, more working women than men in New Brunswick have non-standard or precarious jobs (part-time, casual, term or contract, or multiple jobs) where it is difficult to accumulate the required hours in the 12-month qualifying period.^{iv} Another 9% of women and 14% of men are self-employed so have been automatically excluded from the program (Canada: almost 40% of employed women were in non-standard jobs in 2008, versus 30% of men; self-employed, 12% of women; 20% of men).^v
- 3. When Caring Conflicts With Work** - Rules governing voluntary job leaving also make it harder for women to qualify for EI, because they are more likely than men to quit, for example when family responsibilities conflict with job schedules.^{vi} Job leavers are usually not eligible for EI, unless they can prove they quit for what EI considers “just cause.” Acceptable circumstances may include sexual harassment, accompanying a partner on an out-of-town move or having to care for a child or family member, but the onus is on the job leaver to show that no other reasonable alternative could be found.^{vii} In the case of family caregiving, potential applicants are

cautioned that while it may be needed if the family member is gravely ill, has had an accident or is living in “distress”, “the necessity of taking care of a young child must not be confused with the simple desire to do so”, a matter of “personal choice” which would not entitle the parent to regular benefits.^{viii} A return to school is also not considered a valid reason under EI rules.

- 4. Women’s Benefits Are Low** - Women who qualify for EI receive on average lower benefits than men, and for a shorter period, because of their lower average earnings, fewer hours of work and interrupted labour force participation. New Brunswick women earned 13% less per hour than men in 2009, or 28% less if we consider full-time, full-year earnings in 2007 (Canada: 15% and 29%).^{ix} A claimant could be entitled to 0\$ or a very low cheque because of the formula used to calculate the weekly benefit amount. Total earnings over the last 26 weeks of work - including weeks with no or low earnings - are divided by a minimum “divisor” number (currently 14 in the high unemployment areas, 22 in the lowest unemployment areas), and the weekly cheque is 55% of that amount (if you worked more weeks than the divisor, the greater number is used) to a current weekly maximum of \$457.^x If the divisor is low, you get a bigger cheque, which means that claimants living in a low unemployment area (such as cities, where the cost of living is higher), get lower benefits.^{xi} The wage replacement rate, along with the level of maximum insurable earnings and the real value of benefits, has declined over the years, from 66% in the early 1970s to 60% in 1979, 57% in 1993, and 55% in 1994.^{xii} Nationally in 2007/08, women’s average weekly EI benefit was \$310 versus men’s \$373.^{xiii} The number of hours worked and the local unemployment rate determines the duration of benefits, varying from 14 to 50 weeks. More women than men exhaust their weeks allotment: nationally in 2006/07, 30% of women and 27% of men used all the weeks of benefits they were entitled to receive.^{xiv}
- 5. Inadequate Sickness Benefits** - More women than men collect EI sickness benefits - almost 6 in 10 (58%) New Brunswick beneficiaries were women in 2008^{xv} - but their average benefits are lower and often run out before they have recovered from their illness or injury.^{xvi} Nationally in 2007/08, women’s average weekly sickness benefit was \$288 compared to \$355 for men. Nearly one in three EI sickness benefits recipients (total, women and men) in Canada exhaust the 15 weeks maximum allowance.^{xvii} The maximum duration of these special benefits has not budged since their introduction in 1971. Canada is one of a handful of industrial nations that provides less than 6 months of income protection for illness.^{xviii} The Disabled Women’s Network of Canada suggests that a 50-week period would allow people with chronic or episodic illnesses or disabilities to recuperate.^{xix} To qualify for sickness benefits you must have worked 600 hours in the last year or since your last claim, prove temporary inability to work and provide a medical certificate confirming the incapacity and how long it is expected to last.^{xx} If you live in a high

unemployment area, you may need to work more hours to get sickness benefits than you would to qualify for regular benefits.^{xxi}

6. A Poor Plan For Parents - Many women are not eligible for maternity and parental benefits under the EI program, because they haven't worked 600 hours in the previous year, or can't take full advantage of the extended benefits offered since 2001 because they are unable to live on 55% or less of their average earnings.^{xxii} Canada has one of the lowest wage replacement levels for maternity/parental benefits in the world.^{xxiii} Most beneficiaries of the up to 50 weeks of combined maternity/parental benefits (35 weeks for adoptive mothers or shared between mothers and fathers) are older women in permanent, better-paid jobs – they may have an employer who provides salary “top-ups” - who are having their first child.^{xxiv} Low income earners overrepresented in non-standard work arrangements - including lone mothers, Aboriginal women, women with disabilities, less educated women and immigrant women - tend to be shut out. About one in three Canadian mothers of newborns did not receive any maternity benefits in 2008.^{xxv} In fact, more men than women are entitled to parental benefits, but very few fathers take them, not surprising given low wage replacement levels, potential job penalties and lingering social stigma regarding stay-at-home dads. While the number of New Brunswick fathers taking parental leave jumped from less than 30 in 2000 to about 230 in 2008, more than 9 in 10 parental leave-takers are still women.^{xxvi} The average weekly parental benefit collected by Canadian men in 2007/08 was \$390, compared to \$342 for women.^{xxvii}

7. Quebec Parents Have It - Mothers living in Québec can more easily qualify for maternity/parental benefits and receive more generous weekly cheques under that province's Parental Insurance Plan. Inspired by European models, the plan was introduced in January 2006 after the federal government accepted Québec's decision to create its own income support program for parents. Eligibility is based on minimum earnings rather than hours - \$2,000 in the year before birth or adoption – which means that a person earning the current New Brunswick minimum wage of \$8.25 would need about 240 hours to qualify, well below the current EI minimum hours.^{xxviii} The self-employed are also covered. New parents can choose between 2 options, which provide 70% to 75% of past earnings for at least part of the leave. A key feature of the Québec plan, designed to encourage the participation of both parents in caring for their children, is a short paternity leave reserved for fathers, or for the co-parent in same-sex families. The basic plan offers 70% for 18 weeks maternity and 7 weeks parental benefits, with an additional 25 weeks at 55%, plus a 5 week non-transferable paternity leave at 70% (adoptive parents can get 12 weeks at 70% plus 25 more at 55%). The second option provides a 75% rate for all types of leave: 15 weeks maternity, an additional 25 weeks parental, plus 3 weeks of designated paternity leave (37 weeks for adoptive parents under option 2). The Québec plan also

sets much higher maximum insurable earnings amount - \$62,500 compared to the Canadian \$43,200 for 2010 – so better paid workers can draw higher weekly benefits. About 18% more new mothers received benefits in Québec in 2006 than in the rest of Canada and the average benefit was about 27% higher than that paid to other Canadian mothers.^{xxix}

8. **Inadequate Caregiving Leave** - Many women are caregivers for elderly or chronically ill relatives, but very few of them can access income support under EI's compassionate care leave program. Introduced in 2004, the program offers 6 weeks of benefits to individuals caring for relatives facing imminent death. As for other special benefits, the claimant must have worked 600 hours in the previous year. They also need a medical certificate to show that the family member has a high risk of death within 26 weeks.^{xxx} Take-up for the program has been quite low: only 5,700 beneficiaries across Canada in 2007/08, three-quarters of them women, collected an average weekly benefit that year of \$326, compared to \$374 for men.^{xxxi} The New Brunswick numbers are small – 123 in 2004/05, 116 in 2005/06 and 153 in 2006/07 - and no gender breakdown of beneficiaries or average weekly benefits is available.^{xxxii}

9. **What Women Want** - For years now, women's groups and progressive policy organizations have been demanding an overhaul of EI to better fit women's paid work patterns, family responsibilities and income support needs. Key reforms include reduction of the hours requirement for all benefits to a Canada-wide 360 hours, allowing a reach-back period of up to five years for eligibility purposes (especially for new mothers), covering the self-employed, improving wage replacement rates to at least 65%, basing the benefit level on the best 12 or 14 weeks, eliminating the 2-week unpaid waiting period, expanding the duration of sickness and compassionate leave benefits and accepting a wider range of reasons for quitting a job.^{xxxiii}

10. **In Support of Effective Policies** - Canada's EI program is a powerful reminder of what happens when policies, programs and services do not consider the different needs and situation of women, men and diverse groups of women and men. More than ever in the current economic downturn, we need effective policy-making to protect the vulnerable, promote individual and community well-being and associated economic growth, facilitate work-life balance, encourage the sharing of caregiving responsibilities between women and men, and build a society where all citizens have more real choices and supports when it comes to paid and unpaid work.

ⁱ Under the pre-1996 Unemployment Insurance system, an individual needed 12 to 20 weeks with at least 15 hours work per week, the equivalent of 180 to 300 hours. The 1996 *Employment Insurance Act* introduced an hours-based system using an average 35 hour work week to set minimum hours at 420 to 700 (910 for new entrants/reentrants), even though Canadian women worked an average of only 30 hours per week, versus 39 for men. Monica Townson & Kevin Hayes, *Women and the Employment Insurance Program: The Gender Impact of Current Rules on Eligibility and Earnings Replacement* (Status of Women Canada, March 2007), <http://publications.gc.ca/control/publicationinformation?searchAction=2&publicationid=31195> ; Kevin Hayes, *Falling Unemployment Insurance Protection for Canada's Unemployed* (Canadian Labour Congress, 2003), www.unemployed.ca/report.html

- ⁱⁱ EI has a sliding scale, with 700 hours required in areas with lowest unemployment, 6% or less and 420 hours in areas of highest unemployment, above 13%. Regional unemployment rates and corresponding EI minimum hours at www.servicecanada.gc.ca/eng/ei/types/regular.shtml#Insurable. A reentrant can be exempted from the 910 hours requirement if they received at least one week of maternity or parental benefits in the 208 weeks preceding the 52 weeks prior to the qualifying period.
- ⁱⁱⁱ Statistics Canada, Summary table, CANSIM table 282-0002, <http://www40.statcan.gc.ca/l01/cst01/labor07a-eng.htm>. Researchers Monica Townson and Kevin Hayes note that when discouraged workers, involuntary part-time workers and those waiting to be recalled are taken into account, the unemployment rate for women is several percentage points higher than the official rate and even slightly higher than men's rate. Townson & Hayes (2007), p. 73-74.
- ^{iv} See NB ACSW, *Status Report 2010: Women in New Brunswick*, www.acswcccf.nb.ca
- ^v Monica Townson, *Women's Poverty and the Recession* (Canadian Centre for Policy Alternatives, September 2009), p. 17-20. Note that as of 2011, the self-employed will be allowed to pay for voluntary EI coverage.
- ^{vi} Townson & Hayes (2007), p. 69- 70.
- ^{vii} See "EI and Voluntary Leaving", www.servicecanada.gc.ca/eng/ei/information/voluntarily_leaving.shtml; Some examples are provided in the EI Act, section 29c, www.servicecanada.gc.ca/eng/ei/legislation/ei_act_part1_10.shtml#a29
- ^{viii} Digest of Benefit Entitlement Principles, Chapter 6, 6.3.6, www.servicecanada.gc.ca/eng/ei/digest/6_3_6.shtml#6_3_6
- ^{ix} Hourly pay gap : Statistics Canada, CANSIM table 282-0072, www.statcan.gc.ca; FT, FY pay gap: Statistics Canada, *Income Trends in Canada, 1976-2007*, <http://www.statcan.gc.ca/pub/13f0022x/2006000/5213044-eng.htm>
- ^x "Employment Insurance (EI) and Regular Benefits," www.servicecanada.gc.ca/eng/ei/types/regular.shtml; EI eligible unemployed parents with net family incomes of \$25,921 or less who received the Canada Child Tax Benefit are entitled to the "family supplement", providing slightly higher benefits based on a wage replacement rate of up to 80% instead of the usual 55%. See www.servicecanada.gc.ca/eng/ei/service/family_supplement.shtml
- ^{xi} From October 2005 to October 2008, EI ran pilot projects in some high unemployment regions – including the Madawaska-Charlotte economic region – that based the benefit level on the best 14 earnings weeks in the previous year. See "EI Pilot Project on the Best 14 Weeks," www.servicecanada.gc.ca/eng/ei/information/best14weeks.shtml
- ^{xii} Maximum insurable earnings were cut in 1996, frozen for the next decade and then increased to a level - \$42,300 in 2009 - still far below that of 1995, \$56,296 in constant 2009 dollars. Ken Battle, *Gender Aspects of Employment Insurance*, presentation to the Commons Standing Committee on the Status of Women (Ottawa: Caledon Institute of Social Policy, March 2009), www.caledoninst.org/Publications/PDF/767ENG%2Epdf
- ^{xiii} Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2008*, Chapter 5, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/chapter5_1.shtml
- ^{xiv} Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2008*, Chapter 5, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/chapter5_1.shtml
- ^{xv} Statistics Canada, CANSIM table 276-0001, www.statcan.gc.ca; See also Prince (2008), p. 7.
- ^{xvi} Canadian women who participated in focus groups several years ago said the 15 week limit did not allow time to recuperate from a serious illness. Some suggested increasing the limit to one year. Townson & Hayes (2007), p. 83.
- ^{xvii} Figures for 2001/02 through 2007/08, Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2008*, Chapter 5, Chart 12, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/chapter5_1.shtml
- ^{xviii} Michael J. Prince, *Canadians Need a Medium-Term Sickness/Disability Income Benefit* (Ottawa: Caledon Institute of Social Policy, Jan. 2008), www.caledoninst.org/; In March 2007, B.C. MP Dawn Black introduced a private member's bill – first reading in March 2007, reintroduced Feb. 2009 - calling for the extension of the sickness benefits period to 30 weeks. Bill C-420, www2.parl.gc.ca/HousePublications/Publication.aspx?Docid=2812365&file=4
- ^{xix} Carmela Hutchinson, President DAWN-RAFH Canada, testimony before the House of Commons Standing Committee on the Status of Women, 12 March 2009, www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=3750214&Language=E&Mode=1&Parl=40&Ses=2#Int-2657063; DAWN Canada, Policy Brief re: Study on Economic Security on Women with Disabilities, www.dawnCanada.net/ENG/ENGspecialinitiatives.html; See also, Canadian Working Group on HIV and Rehabilitation, *Navigating the Maze* (August 2008), www.hivandrehab.ca/EN/episodic_disabilities/documents/NavigatingtheMazeFinal.pdf; and Prince (2008).
- ^{xx} "Sickness Benefits", www.servicecanada.gc.ca/eng/ei/types/special.shtml#Sickness3
- ^{xxi} Information on regional unemployment rates and associated qualifying hours is available at <http://srv129.services.gc.ca/eiregions/eng/geocont.aspx>. Applicants can access their regional information by entering their postal code.
- ^{xxii} Down from the 700 hours requirement in effect from 1997 to 2001, but up from the 300 hours needed before the 1996 reforms.
- ^{xxiii} See Women's Network PEI, "International Best Practices for Maternity and Parental Benefits", www.wnpei.org/pb_phase2dir.html
- ^{xxiv} Richard Shillington, *Access to Maternity Benefits* (Tristat Resources, 2002), www.shillington.ca/; Townson & Hayes (2007), p. 79-81; Women's Network PEI, *Improving Maternity and Parental Benefits for Canadians*, research reports online: www.wnpei.org/improvingparben.html; Rachel Cox, with Ruth Rose, *Improving Maternity and Parental Benefits for Women outside of Québec: Proposals for Law Reform* (NAWL, August 2007), www.nawl.ca/ns/en/publications.html#research; Shelley Phipps, "Working for Working Parents: The Evolution of Maternity and Parental Benefits in Canada," Institute for Research on Public Policy, *Choices* (May 2006), www.irpp.org/
- ^{xxv} Statistics Canada, 2008 Employment Insurance Coverage Survey, <http://www.statcan.gc.ca/daily-quotidien/090723/dq090723a-eng.htm>
- ^{xxvi} Statistics Canada, CANSIM table 276-0001, www.statcan.gc.ca
- ^{xxvii} Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2008*, Chapter 5, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/chapter5_1.shtml
- ^{xxviii} « Québec Parental Insurance Plan », www.rqap.gouv.qc.ca/index_en.asp
- ^{xxix} NAWL, *Thinking About How to Finance New Parental Benefits* (August 2007), p. 7, www.nawl.ca

^{xxx} Compassionate care leave, <http://canadaonline.about.com/cs/ei/a/compassioncare.htm>

^{xxxj} Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2008*, Chapter 5, http://www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/chapter5_1.shtml

^{xxxk} Human Resources and Skills Development Canada, *Employment Insurance Monitoring and Assessment Report, 2007*, www.hrsdc.gc.ca/eng/employment/ei/reports/eimar_2007/chapter5.shtml#ei_individuals

^{xxxll} Rachel Cox, with Ruth Rose, *Improving Maternity and Parental Benefits for Women outside of Québec: Proposals for Law Reform* (NAWL, August 2007), www.nawl.ca/ns/en/publications.html#research ; Canadian Feminist Alliance for International Action, *Women's Inequality in Canada: Submission to the UN CEDAW Committee* (September 2008), www.fafia-afai.org/en/canada_grilled_by_united_nations_cedaw_committee_in_geneva ; Women's Network PEI, *Improving Maternity and Parental Benefits for Canadians, Recommendations*, www.wnpei.org/improvingparben.html ; Canadian Labour Congress, *Left Out in the Cold : Briefing on Employment Insurance Issues (Regular Benefits)*, Jan. 23, 2009, <http://canadianlabour.ca/en/left-out-cold-briefing-employment-insurance-issues> ; *Statement by the Canadian Labour Congress to the House of Commons Standing Committee Regarding the Status of Women Study on Consequences and Effects the Current EI Programs Have on Women in Canada* (March 5, 2009), <http://canadianlabour.ca/en/statement-house-commons-standing-committee-re-status-women-study-current-employment-insurance-ei-pro> ; Townson & Hayes (2007).