



August 6, 2020

## Leave no one behind: Principles for a new Employment Insurance and income support system

When Prime Minister Trudeau announced that people on the Canadian Emergency Response Benefit (CERB) will be moved to a new Employment Insurance (EI) program starting September 4, 2020, he promised that “no one will be left behind”.

Yet, as it stands, the current EI program is not up to the task. A substantial overhaul of the EI program is necessary if it is to be accessible to all workers, provide adequate benefits and leave no one behind.<sup>1</sup>

We need an Employment Insurance program that is **accessible** to all workers, particularly those workers who have been left behind by arbitrary rules that exclude them. For years prior to COVID-19, only about 40% of unemployed have been able to access EI, this already low figure drops to 30% in big cities. Women, racialized, Indigenous, new immigrant and migrant workers are the ones most often excluded by the current rules. These inequities put workers at even greater risk during the COVID-19 pandemic and expected second wave.

To be effective, the Employment Insurance system must provide **adequate** benefits that allow people to live with dignity and that can actually stabilize the economy in this period of uncertainty. The current 55% income replacement rate of EI leaves low wage and part-time workers in deep poverty. Seventy-eight percent of people who received EI benefits survived on much less than \$500 per week. Even the flat weekly (pre-tax) rate of \$500 provided by CERB still left many, particularly in large cities like Toronto and Vancouver with high rents, barely able to scrape by. But it helped and all future income support programs must maintain a weekly floor of \$500.

Cuts to Employment Insurance implemented in the mid-1990s disproportionately affected those in temporary, part-time, and casual work. Such work has increased dramatically over the past 25 years. At the same time, more workers than ever are misclassified as independent contractors, especially in the so-called gig economy where workers are paid piece rates for the services they provide, rather than hours worked. Such “gig workers” are not protected by labour laws and are denied their EI entitlements. Meanwhile, discriminatory immigration rules prevent workers from accessing the laws that should be protecting them. If Prime Minister Trudeau is serious about **leaving no one behind**, then these gaps must be closed in both the new EI program and the “parallel benefit.”

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<sup>1</sup> For a more comprehensive review of the changes that are necessary for the EI program to leave no one behind, please see: L. Ritchie, A. Yalnizyan, M. Gellatly, C. Murphy & N. Cole, [Protecting Workers and the Economy: Principles for a New Employment Insurance System](#). Atkinson Foundation, July 16, 2020. David MacDonald, [What role will employment insurance play in Canada's COVID-19 recovery?](#) Canadian Centre for Policy Alternatives, July 31, 2020.

## **Recommendations:**

### **Accessible**

- Universal entry requirements with low barrier eligibility (reduce qualifying hours to 300 hour over an extended reach back period of 24 months).
- Access to seasonal agricultural workers, those under the Temporary Foreign Workers Program (TFWP), international students, and workers without regularized status.
- Remove disqualifications and disentitlements such as “voluntary quit” and “refuse to work” which penalize workers in a pandemic that face health advisories to stay safe, uncertain child-care and return to school protocols and unenforced safe return to work protocols.
- Expand the scope of EI’s definition of employee to include new employment practices such as app-based work, misclassification of employees as independent contractors, fee for service rather than wages for work arrangements, and other forms that push workers, particularly low wage workers with little power, beyond protection for income replacement under EI.
- Continue to waive requirements for a medical certificate.
- Boost access for self-employed workers.

### **Adequate Benefits**

- Raise the income replacement rate to 75% of previous income. Implement an 85% replacement rate for low-wage workers and maintain the \$500 per week benefit floor that was set by CERB.
- Extend EI benefit period to 52 weeks in all regions.
- Continue to waive the one-week waiting period when no benefits are payable.

### **No One Left Behind**

- The recommended changes for adequate and accessible benefits are essential to ensure that no one is left behind.
- Just as it did with CERB, the federal government needs to help fund EI through general revenues. The federal government has a role to play in ensuring access and equity in the EI program, including a higher replacement rate for low paid workers, women workers, and those precarious and migrant workers that have little protection in the labour market.
- Expansive “working while on EI claim model” that does not penalize multiple job holders; rescind the EI qualifying requirement for 7 consecutive days without pay or work; and, support the many workers who are returning to work with reduced hours and income.
- Update the EI Workshare model to assist with economic recovery.