

REMOVING BARRIERS TO EMPLOYMENT INSURANCE SPECIAL BENEFITS

A Canadian Teachers' Federation Brief on
Employment Insurance to
Employment and Social Development Canada

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Canadian Teachers' Federation
Fédération canadienne des enseignantes et des enseignants

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Founded in 1920, the Canadian Teachers' Federation (CTF) is a national alliance of provincial and territorial teacher organizations that represent nearly 231,000 elementary and secondary school teachers across Canada. CTF is also a member of the international body of teachers, Education International.

CTF was very pleased when the mandate letter given to the Minister of Families, Children and Social Development contained a directive to improve and modernize the Employment insurance system so that it aligned with the current (and we would add future) labour market. And while the reduction of the waiting period to one-week announced in Budget 2016 caused some problems with supplemental benefit plans, it is a step in the right direction. It recognizes that processing times should not take as long now as they did when the original 2-week waiting period was conceived and that the precarious nature of a large segment of today's work means that many individuals suffer undue hardship having to wait two weeks for benefits.

CTF also applauds the recent review of Service Canada and the announcement of a consultation on special benefits. We do, however, have a number of serious concerns regarding both the methodology and scope of the current on-line consultation.

The use of an on-line consultation presents the risk of the data collected being invalid as there is no way to determine if the sample collected is representative or even, in fact, from Canadian residents. Secondly, while the on-line consultation contained space for comments from individuals and employers, it did not contain space for comments from organizations representing workers. This oversight ignores those with a vast body of knowledge and experience with the Employment Insurance program.

Regarding the scope of the on-line consultation, CTF strongly believes that the proposed changes do not address the fundamental problem of access to benefits. In fact, extending the benefit period without a corresponding increase in the benefit amount will act as a deterrent to many potential claimants who will not be able to afford a longer period with reduced income.

CTF believes that access to benefits must be improved prior to addressing any perceived concerns regarding flexibility of the benefit period. Also of critical importance is that Employment Insurance cannot be reviewed in isolation. In terms of special benefits, this means that programs such as a national childcare initiative must be considered as part of the strategy to modernize social services for Canadians.

Eligibility

The current requirement to work 600 hours during the eligibility period is excessive especially for those workers without regular employment. In the case of teachers, many new teachers will work between five and ten years in casual employment before securing a full-time permanent position. Given the duration of the school year, it is likely that many of these workers, while attempting to work full time, would not accumulate enough hours to qualify for special leave benefits. Similarly, female teachers sometimes run into difficulty when they return to work after a first (or subsequent) baby on a part time basis and end up pregnant sooner than intended. If a teacher is working full time 600 hours is achievable but, since the 600 hours is not prorated for part time teachers, it takes twice as long for a half time teacher to qualify for benefits.

RECOMMENDATION

That the Employment Insurance Special Benefit qualifying hours be reduced to 300 or alternately qualification be based on gross earnings of \$2,000 during the qualification period.

Income Replacement Rates

Low replacement rates make maternity and parental leaves unaffordable for some families. This is true for both families living with low incomes and those with higher incomes. A purpose of maternity and parental leaves is to afford parents a reasonable length of time to care for and bond with their child without the added stress of financial cost and/or job loss. There should be an established floor for special benefits that is not below the provincial or territorial minimum wage. By doing this the government will ensure that families have sufficient resources during the child's first year.

Along with an established minimum, at or above minimum wage, the replacement rate for maternity and paternity (second parent) leaves should be 70%. The replacement rate maximum of \$537 per week provides only 35% of the gross monthly income for a teacher earning \$61,000¹. If this teacher has fixed monthly expenses commensurate with her income, it may not be financially possible to take the leave to which she is entitled.

RECOMMENDATIONS

That the minimum benefit rate for Employment Insurance Special Benefits be set at a rate not less than the current relevant provincial/territorial minimum wage.

That the basic rate for calculating Employment Insurance Special Benefits be 70% of a worker's average insurable weekly earnings.

Waiting Period

As previously stated, CTF has some concerns with the details surrounding the reduction in the waiting period. While we agree that it reflects the current workplace and modernization of claims processing, care must be taken to ensure that there is not a resulting loss of benefits.

The reduction of the waiting period to one week has had the inadvertent adverse effect of potentially reducing the benefit period for some workers taking maternity leave. While the term for the leave remains at 17 weeks, benefits are only payable for 16 unless a supplementary benefit plan is in place. Presently, in most jurisdictions, teacher contracts contain provisions that would ensure a teacher is paid during the two week waiting period. In some cases, the reduction of the waiting period may mean that rather than having the 2-week waiting period paid by the employer, a teacher may now have the 1-week waiting period paid leaving an additional week of unpaid leave at the end of the leave. It is reasonable to expect that many people on claim may return to work a week earlier for financial reasons.

While we support the idea of a reduction or elimination of the waiting period, it must be done in conjunction with a corresponding increase in benefits. Further, any change in the duration of the waiting period must be phased in to permit the re-negotiation of supplementary benefit plans as necessary.

RECOMMENDATION

That the waiting period for Employment Insurance Special Benefits be eliminated **and** that paid benefits be extended to cover the full duration of the leave.

¹ Approximate salary of an Ontario teacher with a 4-year undergraduate degree and 3 years of experience

Summary of Recommendations

Improving and modernizing the Canadian Employment Insurance system should be a priority of the government. The workplace is changing and, for good or for bad, the model of employment in place when the current system was created is becoming more the exception rather than the rule. EI must be responsive to the current worker realities. To make the EI program more effective, workers must be able to access the program. Current accessibility rules act as a deterrent to participation and need to be changed. The CTF recommends:

1. That the Employment Insurance Special Benefit qualifying hours be reduced to 300 or alternately qualification be based on gross earnings of \$2,000 during the qualification period;
2. That the minimum benefit rate for Employment Insurance Special Benefits be set at a rate not less than the current relevant provincial/territorial minimum wage;
3. That the basic rate for calculating Employment Insurance Special Benefits be 70% of a worker's average insurable weekly earnings;
4. That the waiting period for Employment Insurance Special Benefits be eliminated **and** that paid benefits be extended to cover the full duration of the leave.