

*Submission to the 2022 E.I. Consultations:*

*May, 2022*

## ***Joint Community and Labour Statement on 5 Priorities for Improving EI Benefit Adequacy***

We are writing on behalf of the Interprovincial E.I. Working Group as well as other community and labour organizations endorsing this statement. Our overarching commitment remains to EI reforms that reflect:

- Better EI Access for More Workers
- Better EI Benefits
- Better EI Financing
- Better Supports and Access to Justice for EI Claimants.

With respect to the current consultations, **we urge the government to amend the EI Act, without delay, and provide liveable benefits for all EI claimants.** This is a crucial aspect of restoring Canada's ailing EI social insurance system to good health.

The following are our collective priorities for action. We recognize that individual organizations may submit proposals for other important benefit improvements to help shape Employment Insurance for the 21st Century. All are long overdue.

### **Recommendation 1: Restore the replacement rate to at least 66.6%, preferably higher**

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The current 55% benefit replacement rate is a historic low. It does not provide a livable income and forces some workers into inappropriate survival jobs.

A 55% benefit rate means those with average earnings struggle to survive and support their family on barely half their normal earnings. For low-paid claimants working at or about minimum wage, a 55% rate means actual poverty. And for those with higher-than-average earnings, the 55% rate in combination with the current Maximum Benefit cut-off, means EI benefits that are actually *less* than 55% of their previous earnings.

The replacement rate was at one time 66.6% but reduced by subsequent governments.

### **Recommendation 2: Implement a liveable individual benefit floor**

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EI benefits are often too low for lower-paid workers to subsist on. That's a problem for the individual, their family and for the larger economy.

A new minimum individual benefit will be critical to making EI more relevant for lower-paid workers and those with fewer insured hours. It will especially benefit women, racialized workers, new immigrants, young adults, Indigenous workers, workers with disabilities, migrants and the working poor. It is noteworthy that the gap in average weekly EI benefits between men and women narrowed significantly for the first time in fiscal 2020/21, from an average of \$63 over the previous five years, to only \$22. *This is likely because the temporary minimum weekly EI benefit rate of \$500 benefited more women than men that year.*

### **Recommendation 3: Raise Maximum Insurable Earnings and Maximum Benefits modelled on Quebec's Parental Insurance Plan earnings ceiling (\$88,000 in 2022)**

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Fully 39% of Regular EI claimants were cut off at the Maximum Benefit rate in fiscal 2020/21.

EI Maximum Insurable Earnings in 2022 were only \$60,300, resulting in a Maximum Benefit of \$638 weekly ( $\$60,300 \div 52 \times 55\%$ ). Many workers with average and above-average earnings have indicated a willingness to pay more into EI if more of their earnings are covered as insurable employment and they get a better benefit rate if they're unemployed.

### **Recommendation 4: Introduce a 50-week Maximum Duration in all regions, and other enhancements to duration**

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**A 50-week maximum should apply in all regions.** While the average duration of regular benefits for 'frequent', non-seasonal claimants was 22.3 weeks (fiscal 2020/21), *more than a third* (35.3%) exhausted their entitlement, up from 33.1% in fiscal 2019/20.

Other enhancements to duration:

- **Make the 5 additional weeks of regular benefits for eligible seasonal claimants a permanent EI feature.** Current temporary measures in 13 EI economic regions have successfully reduced the exhaustion rate for 'frequent' seasonal claimants.
- **Eliminate the 50-week limit on combined special benefits and regular benefits,** extending the reference and benefit period to 104 weeks. This follows on the January 2022 Social Security Tribunal decision voiding the EI Act's sections preventing women from combining regular and special benefits.
- **Improve individual claim durations by adjusting the EI 'hours grid' to 30-hour increments** (the weekly average for payroll employees for many years), replacing the current 35-hour increments.

### **Recommendation 5: Entrench improved individual benefit calculations**

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- **Make a 12-week 'Best Weeks' calculation a permanent feature** of the EI Act, using no more than the 12 weeks of highest earnings. This will improve the benefit rate of some of the lowest-paid, most precariously employed workers. While the transition measures were in place, some were able to use actual weeks worked, in some cases less than 12.
- **Amend 'Working While on Claim' rules** so that EI benefits are not clawed back from the first dollar of earnings, a requirement which discourages insurable employment.
- **Entrench the temporary measure that eliminates allocation of separation payments** to the front end of claims. This benefits workers and greatly simplifies processing.

**Thank you for considering our position.**

*On behalf of the Inter-provincial E.I. Working Group and organizations listed on the attached.*