

**Applied Research Branch
Strategic Policy
Human Resources Development Canada**

**EI Benefit Coverage of the Unemployed According
to Work Pattern Prior to Unemployment**

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**by
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Abstract

This paper builds on the recent analysis from Statistics Canada that concluded that 80 percent of all unemployed individuals who had lost or quit a job with just cause in the last 12 months (i.e. the “potentially eligible” for EI benefits) were actually eligible for EI benefits in 1999. These results corroborate previous research conducted by Human Resources Development Canada using the 1997 Employment Insurance Coverage Survey (EICS), which concluded that EI eligibility was high among the EI program target clientele.

The objective of this paper is to go further in analysing EI benefit eligibility of the unemployed by looking at EI potential eligibility and EI eligibility of the unemployed according to their work pattern prior to unemployment – such as full-time, seasonal, part-time and other non-standard types of employment. We also analyse the financial situation of the unemployed by work pattern.

The study finds that the composition of unemployment differs significantly from that of employment in terms of work pattern (i.e. permanent full-time, permanent part-time, seasonal or other non-standard employment). In other words, those who lost their job in 1999 differed significantly from those who did not. Moreover, not only does the unemployed population differ significantly from the employed population in terms of work pattern, but eligibility for EI benefits also varies considerably by work pattern prior to unemployment.

Difference in eligibility among part-timers and other non-standard workers is in part linked to high rates of voluntary departure and in part because of a lack of qualifying hours. Reflecting the fact that they are more likely to have recent insurable employment, seasonal workers do nearly as well as full-time workers in term of overall eligibility for EI benefits.

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1. Introduction

The objective of the Employment Insurance (EI) program is to provide temporary income support for involuntary unemployed Canadians between jobs. As an insurance program, EI requires that premiums must be paid for a certain period of time prior to unemployment in order to be eligible for benefits¹. Thus, unemployed individuals with no recent work experience – those who never worked or have not worked for a long time – and the majority of those who were self-employed prior to unemployment are not potentially eligible for EI benefits. Other unemployed not potentially eligible for EI benefits include individuals who, under current EI rules, voluntarily quit their job without valid reasons. Only those who recently left or quit a job with just cause are potentially eligible for EI benefits.

There are many circumstances, according to the current EI rules, for which a voluntarily departure might be considered valid. These include, for example², quitting because of: sexual or other harassment, the need to move with a spouse or dependant child to another part of the country, discrimination, having to provide care for a child or another member of your immediate family and reasonable assurance of another job in the immediate future.

Recent analysis from Statistics Canada^{3,4} using the Employment Insurance Coverage Survey (EICS) has shown that 52 percent of unemployed Canadians in 1998 and 1999 were potentially eligible for EI benefits. Statistics Canada defined as potentially eligible those unemployed individuals who lost or quit a job with just cause in the last 12 months.

¹ Under the current EI program, eligibility to benefits is obtained through the payment of a premium for each hour of paid employment worked. Individuals are required to work the minimum required number of paid hours – which is variable and depends on regional unemployment rate – over a period of 52 weeks to be potentially eligible for EI benefits. The absolute minimum number of paid hours required is 420 – with an unemployment rate above 13.1%.

² A more exhaustive list of voluntarily departure with just cause can be found in a brochure entitled «Employment Insurance: Regular Benefits», Human Resources Development Canada, catalogue number IN-200-01-99.

³ «Employment Insurance Coverage Survey, 1998», Special Surveys, Statistics Canada, Catalogue no. 73F0008XPE.

⁴ «Employment Insurance Coverage Survey, 1999», Special Surveys, Statistics Canada, The Daily, Monday, July 10, 2000.

Statistics Canada's analysis also showed that 80 percent of the potentially eligible were actually eligible for EI benefits (i.e., they had sufficient hours of insurable employment to claim EI). These latter results corroborate previous research conducted by Human Resources Development Canada⁵ using the 1997 EICS, which concluded that EI eligibility was high among the EI program target clientele.

In this paper, we go further in analysing EI benefit eligibility of the unemployed by looking at EI potential eligibility and EI eligibility of the unemployed according to their work pattern prior to unemployment – such as full-time, seasonal, part-time and other non-standard types of employment. We also analyse the financial situation of the unemployed by work pattern.

The rest of this paper is organised as follows. Section 2 presents the Employment Insurance Coverage Survey (EICS) data and examines the work pattern of the unemployed prior to unemployment. In section 3, we perform a detailed analysis of the extent of EI eligibility according to the different work pattern prior to unemployment and examine the reasons why it differs between groups of unemployed. Section 4 analyses the source of income and the income adequacy of the unemployed according to their work pattern prior to unemployment. The last section summarises the main findings of the paper.

⁵ «An analysis of Employment Insurance Benefit Coverage» Applied Research Branch, Strategic Policy, Human Resources Development Canada, Working Paper W-98-35E.

2. Work pattern prior to unemployment

2.1 EICS data

The data used to analyse the composition of unemployment and EI eligibility by work pattern prior to unemployment come from the Employment Insurance Coverage Survey (EICS) for 1999. The EICS is a quarterly survey conducted by Statistics Canada on behalf of Human Resources Development Canada since 1997. It is a supplement to the Labour Force Survey (LFS)⁶ and is designed to obtain information on who receives Employment Insurance benefits, who does not, and the reasons why certain unemployed individuals do not receive EI.

The EICS also asks respondents about their financial situation and resources, details about separation from their last job, their job search intensity and other matters.

The 1999 EICS comprises about 10,000 respondents. Since the main objective of the EICS is to obtain information about members of the population who could receive EI benefits, the respondents to the survey include:

- people who were unemployed during the LFS reference week;
- employed people who were working part-time during the reference week;
- individuals not working and not looking for work in the reference week but with some employment during the 2 years prior to the reference week; and
- people employed full-time during the reference week but employed only in intermittent jobs during the previous two months.

This paper's analysis uses the unemployed sample of the EICS.

2.2 Methodology

The EICS provides information on the prior work arrangement of unemployed individuals whose last job was in paid employment and who worked in the 2 years preceding the survey reference weeks. For these individuals, the last job in which they worked prior to unemployment can be classified into permanent employment and non-permanent employment. Permanent employment

⁶ The EISC is administrated only to the cohort leaving the LFS for the months of March, June, October and December.

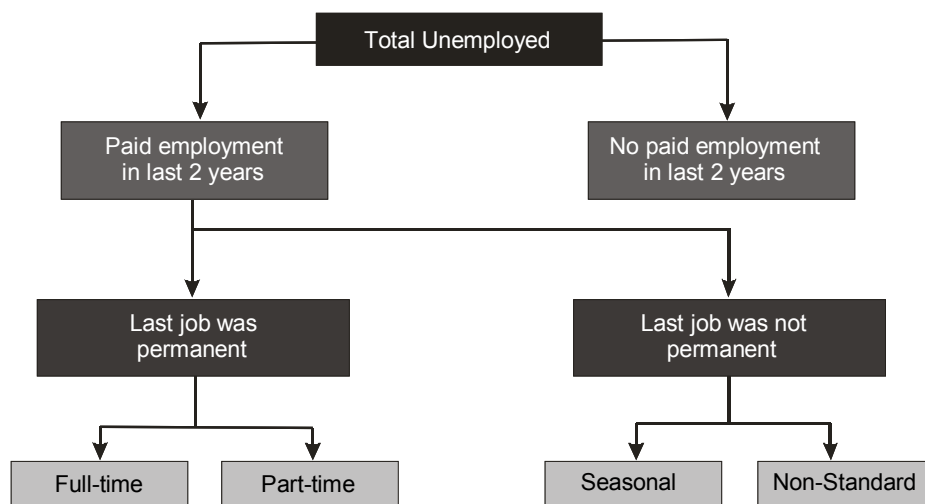
is expected to last as long as the employee wants it, given that business conditions permit it. In other words, there is no predetermined termination date when the worker is hired.

Permanent employment can be further decomposed into full-time employment and part-time employment. Full-time employment requires that an individual usually work 30 hours or more per week at his main or only job while part-time employment requires less than 30 hours of work per week.

Non-permanent employment⁷ can be further decomposed into seasonal employment and other non-standard employment. Other non-standard employment consists of temporary employment (but not seasonal), term, contract, casual employment and of employment done through a temporary help agency.

For the remaining unemployed individuals, those with no paid employment in the last two years, information on their work pattern prior to unemployment is not available. These unemployed individuals comprise individuals with previous work experience (but more than two years ago), individuals who never worked and individuals who were self-employed or unpaid family workers in their last job. A visual presentation of the grouping of the unemployed by work pattern is presented in figure 2.1.

Figure 2.1: **Grouping of the unemployed by work pattern**



⁷ Non-permanent employment can be either full-time or part-time.

2.3 Results

2.3.1 Unemployment and employment by work pattern

Figures 2.2 and 2.3 present distributions of unemployment and of employment by work pattern. The two distributions are based on the same concept of working pattern, although work pattern of the unemployed prior to unemployment can only be identified for those who worked in paid employment over the last 2 years.

i) Unemployment

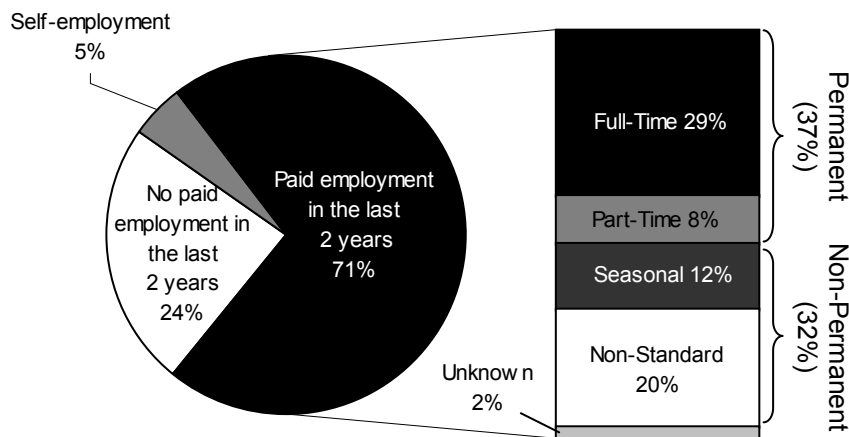
As shown in figure 2.2, based on EICS data, 71 percent of the 1.1 million unemployed individuals in 1999 had paid employment in the last two years. About half (52 percent) of these individuals worked in permanent employment, 45 percent worked in non-permanent employment and 3 percent could not be classified in any of these two groups. As a percentage of total unemployment, individuals who previously worked in permanent and non-permanent employment accounted for respectively 37 percent and 32 percent.

The vast majority (78 percent) of unemployed individuals who previously worked in permanent employment were working full-time; the remaining 22 percent were working part-time. Individuals who previously worked in a permanent full-time and part-time job accounted for respectively 29 percent and 8 percent of total unemployment in 1999.

Among unemployed individuals who worked in non-permanent employment, 36 percent were previously working in seasonal employment and 64 percent were working in other non-standard employment. As a percentage of total unemployment, those who last worked in seasonal employment and in other non-standard employment accounted for respectively 12 percent and 20 percent.

The remaining 29 percent of total unemployment are unemployed individuals with no paid employment over the last two years. These include unemployed individuals who were self-employed or unpaid family workers in their last job (5 percentage points), unemployed individuals who had previous employment, but not in the last 2 years (14 percentage points) and unemployed individuals who have no previous work experience (10 percentage points).

Figure 2.2: **Distribution of unemployed individuals according to their work pattern, 1999**



ii) Employment

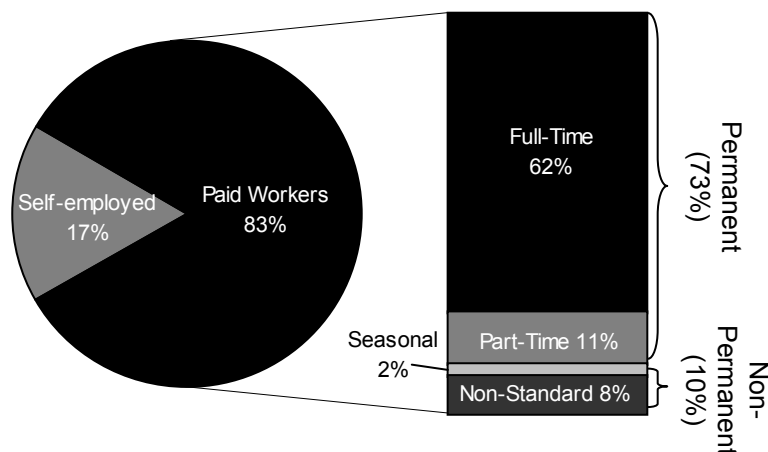
Figure 2.3, based on the Labour Force Survey (LFS), shows that the vast majority of the 14 million employed individuals were working in paid employment in 1999. Indeed, paid workers accounted for 83 percent of all employed individuals in 1999. The remaining 17 percent were self-employed individuals or unpaid family workers.

People with permanent employment accounted for 73 percent of the employed population in 1999. Full-time and part-time workers accounted for respectively 62 percent and 11 percent of the employed population.

The remaining workers, 10 percent of total employment, were non-permanent workers; 2 percent were working in seasonal employment and 8 percent in other non-standard employment.

A comparison of the two distributions shows that both groups, employed and unemployed individuals, possibly have similar proportions of paid workers. Indeed, employed individuals who worked in paid employment accounted for 83 percent of total employment in 1999 and unemployed individuals who possibly worked in paid employment prior to unemployment could account for 85 percent of total unemployment. That is, 71 percent who did work in paid employment in the last 2 years plus 14 percent who worked more than 2 years ago and possibly in paid employment.

Figure 2.3: **Distribution of employed individuals according to their work pattern, 1999**



But the similarity between the two groups stops here. Indeed, the proportion of permanent employment is much more important among employed individuals than among unemployed individuals. While 73 percent of employed individuals worked in permanent employment in 1999, at most 53 percent of unemployed individuals possibly worked in permanent employment prior to unemployment – 37 percent who did work in permanent employment in the last 2 years plus 14 percent and 2 percent who respectively worked more than 2 years ago or who could not be classified and who possibly worked in permanent employment.

A similar observation can be made regarding full-time employment. While 62 percent of employed individuals in 1999 worked in full-time employment, at most 45 percent of unemployed individuals possibly worked in full-time employment prior to unemployment. That is 29 percent who did work in full-time employment in the last 2 years plus 14 percent and 2 percent who respectively worked more than 2 years ago or who could not be classified and who, again, possibly worked in full-time employment.

2.3.2 Key characteristics of work pattern

Table 2.1 presents percentage distributions of work pattern prior to unemployment by age, sex, educational attainment, student status and region of the unemployed. Below are the main characteristics of each group of unemployed.

Compared to total unemployment and to unemployed individuals with paid employment in the last 2 years, unemployed individuals without paid employment in the last 2 years are much more likely to be youth, not have completed high school, and to be full-time or part-time students.

In fact, as we can see in table 2.1, unemployed youth represented 36.7 percent of unemployed individuals with no paid employment in the last 2 years compared to 26.8 percent for the unemployed who had a paid job in the last 2 years. Moreover, 42.4 percent of unemployed individuals with no paid employment in the last 2 years had not completed their high school diploma compared to 27.3 percent for unemployed with paid employment in the last 2 years. And there were twice as much students among unemployed individuals with no paid employment in the last 2 years (23.2 percent) than among unemployed individuals with paid employment in the last 2 years (11.5 percent) in 1999.

Among the different working patterns of unemployed individuals with paid employment in the last 2 years, full-time and seasonal employment are largely composed of adult men, and part-time employment of adult women and youth. The composition of other non-standard employment is more evenly distributed between youth, adult men and adult women.

More precisely, adult men represented respectively 50.8 percent and 49.7 percent of unemployed individuals who previously worked in full-time and seasonal employment while youth and adult women respectively accounted for 43.5 percent and 49.6 percent of all unemployed individuals whose last job was part-time.

In terms of educational attainment, there are proportionately more unemployed individuals who worked in part-time and seasonal employment without a high school diploma than those who worked in full-time and other non-standard employment. In addition, part-time employment comprises a much higher proportion of individuals who were still at school full-time or part-time at the moment of the survey than any other working pattern.

Table 2.1: Distribution in percentage of some characteristics of the unemployed, by work pattern prior to unemployment, 1999							
	Full-time (333,000)	Part-time (94,000)	Seasonal (131,000)	Other non-standard (232,000)	Total paid job last 2 years⁽⁴⁾ (810,000)	No paid job last 2 years (331,000)	Total (1,141,000)
Age & Sex							
Youth ⁽¹⁾	18.6	43.5	27.4	30.9	26.8	36.7	29.6
Adult men ⁽²⁾	50.8	6.9 [†]	49.7	39.1	42.2	27.3	37.9
Adult women ⁽²⁾	30.6	49.6	23.0	30.0	31.1	35.9	32.5
Total	100	100	100	100	100	100	100
Educational attainment							
Less than high school	24.7	32.0	38.9	22.7	27.5	42.4	31.9
High school diploma	21.3	20.0	22.3	21.7	21.3	15.6	19.7
More than high school	54.1	48.1	38.8	55.5	51.2	42.0	48.5
Total	100	100	100	100	100	100	100
Student status							
Student ⁽³⁾	3.8 [†]	24.0	12.6 [†]	16.2	11.5	23.2	14.9
Non-Student	96.2	76.0	87.4	83.8	88.5	76.8	85.1
Total	100	100	100	100	100	100	100
Region							
Atlantic	9.7	7.0 [†]	25.0	13.3	12.7	8.0	11.3
Quebec	31.9	21.4	26.1	29.6	29.2	30.7	29.7
Ontario	32.1	35.6	24.4	26.8	29.6	37.5	31.9
Prairies	13.6	20.5	15.6	14.4	14.9	8.3	13.0
British-Columbia	12.7	15.5 [†]	8.9 [†]	15.9	13.6	15.5	14.1
Total	100	100	100	100	100	100	100
(1) 15 to 24 years old. (2) 25 years old and over. (3) Represent the proportion of unemployed, among each group, who are full-time or part-time students. A full-time student looking for part-time employment and available for work is considered as unemployed by Statistics Canada. (4) The total include 23 000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category. † This variable has high degree of variability.							

As shown in table 2.1, respectively 32.0 percent and 38.9 percent of all unemployed who previously worked in part-time and seasonal employment had not obtained a high school diploma at the moment of the survey reference week compared to respectively 24.7 percent and 22.7 percent for those who worked in full-time and in other non-standard employment. Moreover, 24.0 percent of all unemployed individuals who previously worked in part-time employment were students at the moment of the survey reference week.

Also worth noticing is the concentration of people working in seasonal employment in the Atlantic region relative to the size of its unemployed population. Indeed, a quarter of all unemployed individuals who last worked in seasonal employment are from the Atlantic region while only 12.7 percent of the unemployed population with paid employment in the last 2 years were from this region in 1999.

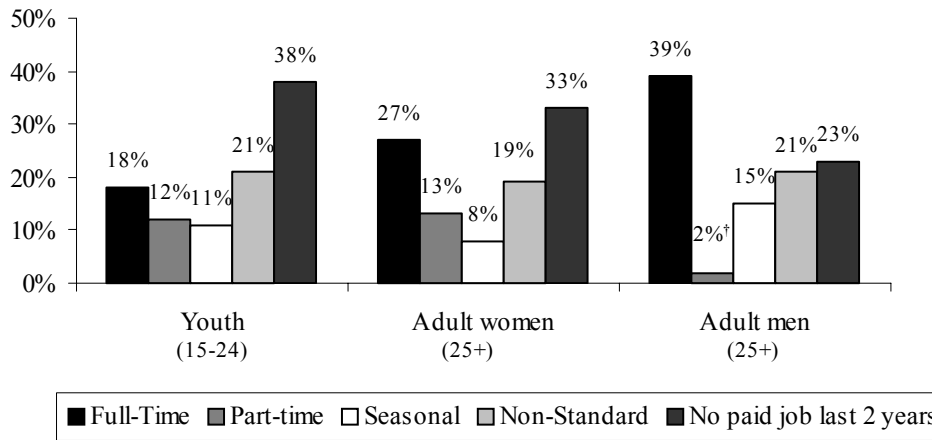
2.3.3 Incidence of work pattern among key groups of unemployed

In the previous section, we saw that adult men were over represented among unemployed individuals whose last job was full-time and seasonal; youth and adult women were over represented among unemployed individuals whose last job was in part-time employment.

When we analyse the incidence of the different working patterns prior to unemployment for unemployed youth, unemployed adult women and for unemployed adult men, it is clear that unemployed youth, unemployed adult women and unemployed adult men have somewhat different working patterns before becoming unemployed – see figure 2.4. That is, unemployed adult men are more likely than adult women and youth to have worked in full-time and in seasonal employment while unemployed adult women and youth are much more likely to have worked in part-time employment. But unemployed adult men, adult women and youth are all as likely to have worked in other non-standard employment prior to unemployment.

As shown in figure 2.4, 39 percent of unemployed adult men have worked in permanent full-time employment prior to unemployment compared to 27 percent for adult women and 18 percent for youth. We also see that 15 percent of unemployed adult men have worked in seasonal employment prior to unemployment compared to 11 percent for youth and 8 percent for adult women. The proportion of unemployed youth (12 percent) and adult women (13 percent) who were working in a permanent part-time job prior to unemployment is more than 6 times the proportion of unemployed adult men (2 percent) in the same situation. About 20 percent of unemployed youth, adult women and adult men were working in other non-standard employment prior to unemployment. Finally, 38 percent of unemployed youth, 33 percent of unemployed adult women and 23 percent of unemployed adult men have not worked in paid employment over the last 2 years.

Figure 2.4: Work pattern distribution of the unemployed, by age and sex, 1999



† This variable has high degree of variability.

3. EI eligibility of the unemployed

3.1 In general

Our analysis of EI eligibility of the unemployed by work pattern prior to unemployment is based on Statistics Canada's approach to EI eligibility – see box 3.1. To be deemed eligible to receive EI benefits, unemployed individuals must have worked in paid employment over the last 12 months, have lost or quit a job with just cause, and have accumulated the required number of hours of insurable employment over the qualifying period – usually 52 weeks prior to the start of a claim.

In 1999, 473,000 unemployed individuals, or 41.4 percent of all unemployed individuals, were eligible to EI benefits (see figure 3.1). That is they lost or quit a job with just cause in the last 12 months and had sufficient hours of insurable employment to claim EI.

Obviously, EI eligibility was higher among unemployed individuals with paid employment in the last 2 years since 28.9 percent of the unemployed have no paid employment in the last 2 years and thus are not eligible to EI benefits. In 1999, the 473,000 unemployed individuals who were eligible to EI benefits accounted for 58.4 percent of unemployed individuals with paid employment over the last 2 years.

EI eligibility amounts to 80.0 percent when expressed as a percentage of the unemployed for whom the program was designed, or, to adopt Statistics Canada's terminology, as a percentage of the potentially eligible. Statistics Canada used the term «potentially eligible» to describe unemployed people who, during the EICS reference week, received EI benefits or were in a position to receive them because of their recent insurable employment and subsequent job loss. In other words, potentially eligible refers to unemployed people who lost or quit a job with just cause in the last 12 months. In 1999, 591,000 unemployed individuals were potentially eligible to receive EI benefits accounting for 51.8 percent of all unemployed and 72.9 percent of unemployed with paid employment in the last 2 years. 80.0 percent of those potentially eligible (473,000 / 591,000) were actually eligible to EI benefits, i.e., they had sufficient hours of insurable employment to claim EI.

Box 3.1: Statistics Canada's approach to EI eligibility

Statistics Canada's approach to EI eligibility is based on response from the Employment Insurance Coverage Survey (EICS). The taxonomy used to determine EI eligibility of the unemployed is the following:

1. Unemployed individuals who, according to the EICS, are in receipt of benefits – regular or special – during the reference week are classified as being *in receipt of regular or special benefits*.
2. Unemployed individuals that are still expecting benefits payment, serving a waiting period or for whom benefits are being withheld due to severance or other payment are classified as *temporary not receiving benefits*.
3. Those who received benefits prior to reference week, but who are not entitled to more benefits are classified as *exhaustees*.

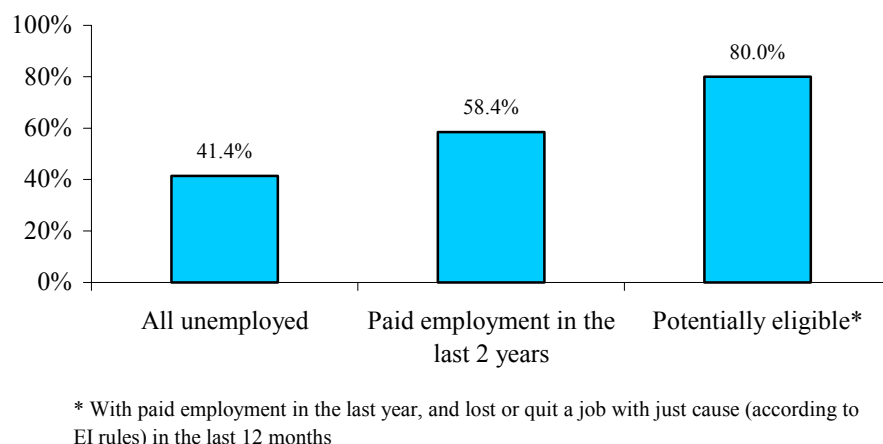
These three first categories are considered as being eligible to receive benefits. By extension, Statistics Canada's methodology assumes that these unemployed individuals lost or quit their last job with just cause according to the current EI rules.

4. Of the remaining cases, those who 1) *never worked*, 2) *last worked more than 12 months ago* or 3) *were self-employed or had no insurable employment* are classified accordingly to their work experience status. These unemployed individuals are not eligible to receive benefits.
5. Unemployed individuals who indicated they were not eligible because they went back to school or who indicated they quit their last job to return to school are classified as *left last job to return to school*.
6. Of the remaining cases, unemployed individuals who indicated they were not eligible because they voluntarily quit their last job or who indicated that they quit their last job are classified as *lost or quit last job without just cause*.

Statistics Canada's methodology assumes that unemployed individuals from category 6 lost or quit their last job without just cause according to the current EI rules. However, it is possible that some individuals who voluntarily quit their last job with just cause be included in this category – i.e.: those not in receipt of benefits – because they did not claimed benefits – who indicated they quit their job.

7. Finally, information from the EICS on last job tenure and on claimed/not claimed EI benefits status are used to categorise the remaining individuals into the 3 last categories: 1) those who are not eligible because they *did not met entrance requirement*, 2) those who are *eligible but did not claim* and 3) those who are eligible and *did not receive benefits for unknown reasons*.

Figure 3.1: **Proportion of unemployed eligible for EI benefits, 1999**



3.2 By work pattern prior to unemployment

EI eligibility differs significantly according to the different work pattern. As indicated in table 3.1, working in full-time and seasonal employment prior to unemployment leads to much higher EI eligibility than working in part-time and in other non-standard employment. More precisely, 71.4 percent of unemployed individuals with paid employment in the last 2 years working in full-time employment prior to unemployment and 69.9 percent of unemployed individuals working in seasonal employment were eligible to receive EI benefits in 1999 compared to 30.8 percent for unemployed individuals working in part-time employment and 44.8 percent for unemployed individuals working in other non-standard employment.

Part of the difference in EI eligibility can be explained 1) by differences in potential eligibility and 2) by differences in eligibility among the potentially eligible. As we indicated in table 3.1, between 50.4 percent of unemployed with paid employment in the last 2 years working in part-time employment prior to unemployment and 85.0 percent of unemployed working in seasonal employment were potentially eligible to receive benefits (i.e.: they recently left or quit a job with just cause) in 1999.

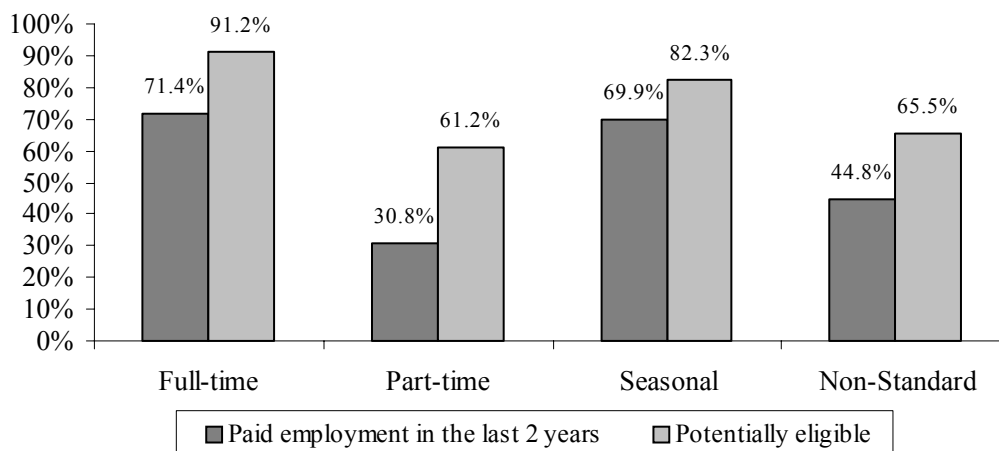
Table 3.1: Percentage distributions of potential eligibility and eligibility, 1999

	Full-time (333,000)	Part-time (94,000)	Seasonal (131,000)	Other non- standard (232,000)	Total paid job last 2 years⁽²⁾ (810,000)
Total unemployed ⁽¹⁾	100	100	100	100	100
Potentially eligible	78.3	50.4	85.0	68.5	72.9
Eligible	71.4	30.8	69.9	44.8	58.4
Eligible as a % of potentially eligible	91.2	61.2	82.3	65.5	80.0

(1) With paid employment in the last 2 years.
 (2) The total include 23 000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.

Of those potentially eligible, eligibility (i.e.: those with sufficient hours of recent paid employment) for EI benefits shows a similar pattern to that of eligibility among the group of unemployed who had worked in paid employment in the last 2 years (see figure 3.2). That is, 91.2 percent and 82.3 percent of unemployed potentially eligible working in full-time and in seasonal employment were actually eligible to receive EI benefits compared to 61.2 percent for unemployed potentially eligible working in part-time employment and 65.5 percent for unemployed potentially eligible working in other non-standard employment.

Figure 3.2: Proportion of unemployed eligible to receive EI benefits, 1999



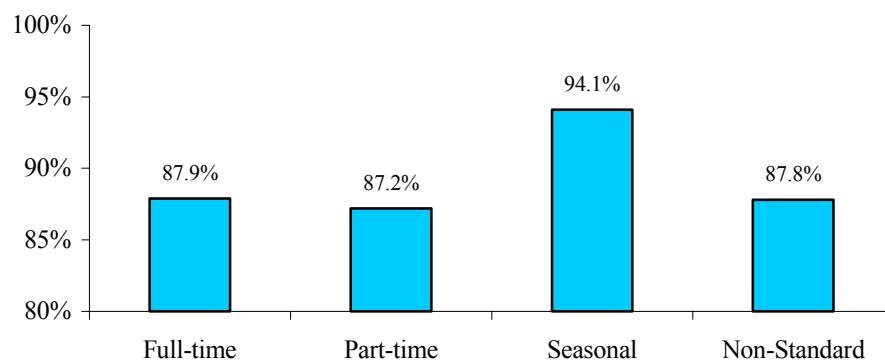
The detailed reasons for the differences in EI eligibility between the different working patterns are analysed in section 3.3. Before going to the next section, it is worth noting that because of the 2 years limit imposed by the survey, the proportion of unemployed individuals eligible (or potentially eligible) for EI benefits is over-estimated when expressed as a function of the previous work pattern of the unemployed. This is because unemployed individuals with work experience more than 2 years ago are not eligible or potentially eligible to EI benefits; they lack recent work experience. Thus, if it was possible to classify these unemployed individuals according to their previous work pattern, it would increase the number of individuals not eligible (or potentially eligible) for benefits in each work pattern and, as a result, it would lower the proportion of unemployed individuals eligible (or potentially eligible) to receive benefits. However, the proportion of individuals eligible to receive EI benefits among the potentially eligible is not affected by this constraint.

3.3 Reasons for differences in EI eligibility

To be eligible for EI benefits, an individual must have worked in paid employment over the last 12 months, have lost or quit a job with just cause, and have sufficient hours of insurable employment over the qualifying period. Therefore, reasons for differences in EI eligibility between working patterns come from differences between working patterns in the proportion of unemployed who did not work in the last 12 months, voluntarily quit a job without just cause and did not accumulate sufficient hours of insurable employment. An analysis of the importance of each of these reasons to explain the differences in EI eligibility by work pattern is presented below. The first two reasons mentioned above determine potential eligibility and the last one determines eligibility among the potentially eligible.

i) Unemployed with no paid employment over the last year

As shown in figure 3.3, unemployed individuals whose last job was seasonal are more likely than other unemployed to have recent insurable employment. In fact, only 6 percent of unemployed individuals whose last job was seasonal have not worked in the last 12 months – this is about half the proportion of unemployed who worked in full-time, part-time and other non-standard employment. Those with no paid employment over the last 12 months are generally not eligible to receive EI benefits.

Figure 3.3: **Proportion of unemployed* who have worked within the last year, 1999**

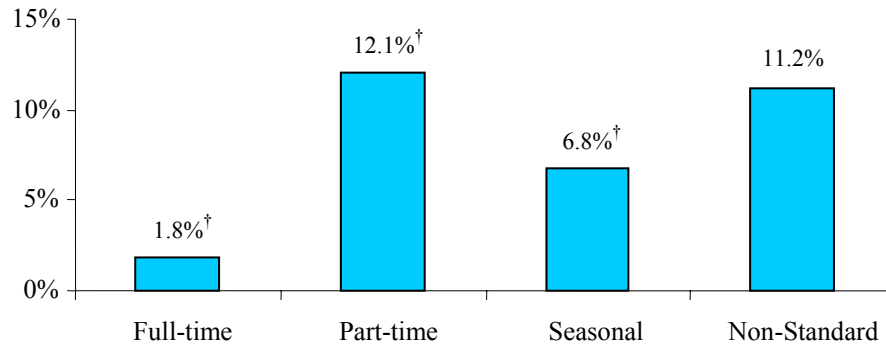
* With paid employment in the last 2 years.

ii) Unemployed who voluntarily quit their last job

Because of the high proportions of youth and students in some working patterns, it is useful in this analysis of voluntary quitters to analyse people who voluntarily quit their last job to return to school separately from other voluntary quitters.

As we can see in figure 3.4, unemployed individuals who last worked in part-time employment or in other non-standard employment are more likely than other unemployed to have quit their last job to return to school. Indeed, about 12 percent of part-time and other non-standard jobs were terminated due to a return to school compared to 6.8 percent for seasonal employment and 1.8 percent for full-time employment. By doing so, proportionally more unemployed individuals who worked in part-time and in other non-standard employment were not eligible to receive EI benefits.

Figure 3.4: **Proportion of unemployed* who voluntarily left their last job to return to school, 1999**

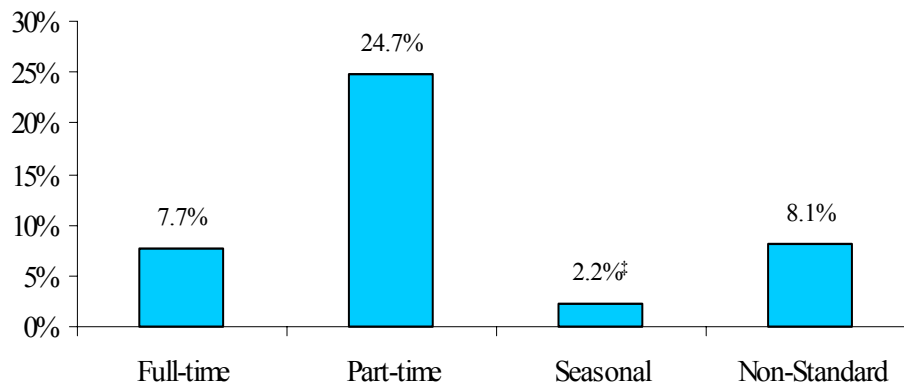


* With paid employment in the last 2 years.

[†] This variable has high degree of variability.

Unemployed individuals who last worked in part-time employment are also much more likely than the other unemployed to have voluntarily quit their last job (without just cause) for other reasons than returning to school. As we can see in figure 3.5, about 25 percent of unemployed individuals whose last job was part-time were not eligible to receive EI benefits because of a voluntary departure (without just cause) other than returning to school in 1999. This compares to 8.1 percent for other non-standard employment, 7.7 percent for full-time employment and 2.2 percent for seasonal employment.

Figure 3.5: **Proportion of unemployed* who voluntarily left their last job without just cause for other reasons than returning to school, 1999**



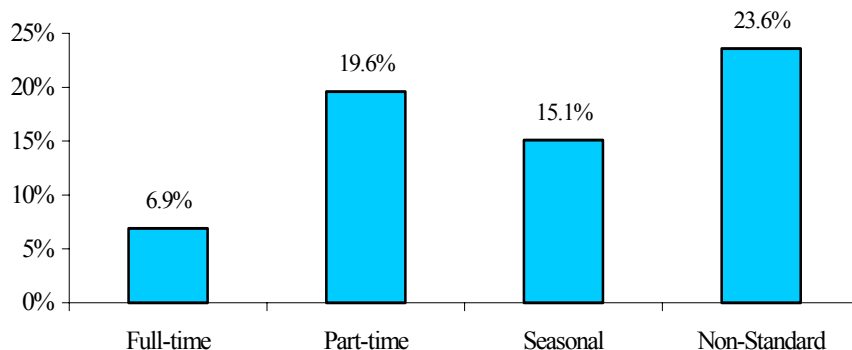
* With paid employment in the last 2 years.

‡ This variable has very high degree of variability.

iii) Unemployed who had insufficient hours of insurable employment to claim EI benefits

Unemployed individuals who worked in full-time employment and, to a lesser extent, in seasonal employment, have less difficulty to accumulate sufficient hours to claim EI than those who worked in part-time and in other non-standard employment. In fact, as shown in figure 3.6, only 6.9 percent of unemployed individuals whose last job was full-time and 15.1 percent of unemployed individuals whose last job was seasonal were not able to accumulate sufficient hours of paid work to be eligible for EI benefits compared to 19.6 percent for unemployed whose last job was part-time and 23.6 percent for unemployed who last worked in other non-standard employment.

Figure 3.6: **Proportion of unemployed* who were not eligible for EI benefits because they did not meet entrance requirement, 1999**



* With paid employment in the last 2 years.

3.4 Summary

EI eligibility differs significantly according to the different work pattern prior to unemployment. That is, people working in full-time and seasonal employment prior to unemployment tend to have higher EI eligibility than those working in part-time and in other non-standard employment.

There are many reasons why unemployed individuals who worked in full-time and seasonal employment prior to unemployment have a higher probability to be eligible for EI benefits than those who worked in part-time and in other non-standard employment. These reasons are either related to difference in potential eligibility or to difference in eligibility among the potentially eligible.

As shown in table 3.2, the low relative EI eligibility rate among individuals who were previously working in part-time or in other non-standard employment is mainly due to the fact that they were not potentially eligible for EI benefits. Part-time and other non-standard employment are much more likely to end as a voluntary departure than full-time and seasonal employment. The higher proportion of part-time and other non-standard workers leaving voluntary their job explains respectively about 76 percent and 26 percent of the difference in EI eligibility with the average unemployed with paid employment in the last 2 years. Unemployed individuals

working in seasonal employment are also more likely to work every year – and thus to have recent insurable employment.

Moreover, many part-time and other non-standard workers who are part of the current EI clientele are nevertheless ineligible for EI benefits because they lack sufficient hours of insurable employment to be eligible for EI benefits. This is particularly important for other non-standard employment where it explains over two thirds of the difference in EI eligibility between this group and the average unemployed with some paid work in the last 2 years.

Finally, although seasonal workers do as well as full-time workers in term of overall eligibility for EI benefits, those not eligible to receive benefits also have some difficulties in accumulating sufficient numbers of hours of insurable employment to be eligible for EI benefits.

Finally, recall that because of the 2 years limit imposed by the survey, the proportion of unemployed individuals eligible (or potentially eligible) for EI benefits is slightly over-estimated when expressed as a function of the previous work pattern of the unemployed, while the proportion of individuals eligible to receive EI benefits among the potentially eligible is not affected by this constraint.

Table 3.2: Breakdown of reasons for differences in EI eligibility, percentage distribution by work pattern, 1999					
	Full-time (330,000)	Part-time (94,000)	Seasonal (131,000)	Other non- standard (232,000)	Total paid job last 2 years⁽²⁾ (810,000)
Total unemployed⁽¹⁾	100	100	100	100	100
Not Potentially Eligible	21.7	49.6	15.0	31.5	27.1
No paid employment over the last year	12.1	12.8 [†]	5.9 [†]	12.2	11.4
Voluntary quit their last job	9.6	36.8	9.1 [†]	19.3	15.7
Potentially eligible	78.3	50.4	85.0	68.5	72.9
Insufficient hours of insurable employment	6.9	19.6	15.1	23.7	14.5
Eligible	71.4	30.8	69.9	44.8	58.4
Eligible as a proportion of potentially eligible	91.2	61.2	82.3	65.5	80.0
(1) With paid employment in the last 2 years.					
(2) The total include 23 000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.					
† This variable has high degree of variability.					

4. Financial situation of the unemployed by work pattern prior to unemployment

4.1 Methodology

The EICS contains information on the financial situation of non-dependant unemployed individuals such as their main source of income and income adequacy. Non-dependant individuals are those who do not rely on their parents or relatives for a living – spouses and partners are not considered as dependant individuals.

More precisely, EICS interviewers ask non-dependant respondents about the main source of income used to meet their household expenses for the month of the survey reference week. We grouped the sources of income given by respondents into four categories: EI benefits, employment income, Social Assistance and other. Other income includes disability benefits, pension benefits, CPP/QPP, scholarships, financial assistance from friends, investments, savings, loans, severance pay and TAGS program benefits.

Unemployed individuals relying on parents or relatives for a living were not asked about the main source of income of their household. But obviously, their main source of income is their parents or relatives. So we included them as a fifth category of main source of income.

The EICS also asks non-dependant respondents if their household income was sufficient to meet all, most, some, very little or none of their regular monthly expenses. In this analysis, we are looking at the proportion of unemployed that said they were able to meet most or all of their regular monthly household expenses. As for the main source of income, this question was not asked to dependant individuals. Therefore, we only analyse the income adequacy of non-dependant unemployed individuals.

4.2 Main sources of income

4.2.1 Unemployed youth

Table 4.1 presents the main source of income for unemployed youth for 1999. As we can see, most unemployed youth are depending on their parents for a living. This is true no matter their status of employment prior to unemployment. Indeed, between 79 and 86 percent of

unemployed youth who worked in seasonal employment, part-time employment, in other non-standard employment or with no work experience in the last 2 years were relying on their parents for a living in 1999.

Unemployed youth whose last job was full-time are less likely than others to rely on their parents; although more than 60 percent of them were in this situation in 1999. Unemployed youth whose last job was full-time are also less likely to be students. Indeed, 10.5 percent of unemployed youth whose last job was full-time were students in 1999 compared to between 38 and 56 percent for the other unemployed youth. This suggests that unemployed youth whose last job was full-time might have a stronger attachment to the labour market than other unemployed youth.

	Full-time (61,000)	Part-time (41,000)	Seasonal (36,000)	Other non-standard (72,000)	No paid job last 2 years (122,000)	Total⁽⁴⁾ (339,000)
Parents	60.9	84.8	79.1	83.5	86.0	80.1
Employment Income ⁽¹⁾	16.9 [†]	2.8 [‡]	7.3 [‡]	4.4 [‡]	4.6 [†]	6.8
Employment Insurance ⁽²⁾	10.0 [†]	0.6 [‡]	4.3 [‡]	3.2 [‡]	0.3 [‡]	3.1 [†]
Social Assistance	3.9 [‡]	9.2 [†]	0.0 [‡]	4.8 [‡]	3.7 [†]	4.2 [†]
Other ⁽³⁾	8.3 [†]	2.8 [‡]	9.3 [‡]	4.2 [‡]	5.4 [†]	5.9
Total	100	100	100	100	100	100

(1) Of spouse/partner or of any other member of the household.
(2) Own, of spouse/partner or of any other member of the household.
(3) Other main source of income include disability insurance, pension benefits, CPP/QPP, scholarships, financial assistance from friends or relatives, investments, savings, loans, severance pay and TAGS program benefits.
(4) The total include 7,000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.
[†] This variable has high degree of variability.
[‡] This variable has very high degree of variability.

4.2.2 Unemployed adults

Table 4.2 presents the main source of income for unemployed adults for 1999. As we can see, unemployed adults rely on a wider variety of sources of income than unemployed youth.

That is, unemployed adults who previously worked in full-time, part-time or in other non-standard employment tend to rely mainly on employment income. More precisely, respectively 38.5, 54.8 and 38.3 percent of those who previously worked in full-time, part-time and in other non-standard employment were relying on employment income as their main source of income in 1999.

Unemployed adults who last worked in seasonal employment, for their parts, rely more on EI benefits than on any other source of income for a living. Indeed, 31.6 percent of unemployed adults who worked in seasonal employment relied on EI benefits for a living. This compares to respectively to 25.6 and to 19.8 percent for unemployed adults who previously worked in full-time and in other non-standard employment.

Finally, Social Assistance was the main source of income for 34.4 percent of unemployed adults with no paid employment in the last 2 years. This compares respectively to 13.5 and 14.2 percent for unemployed adults who previously worked in part-time and in other non-standard employment and to less than 6 percent for other unemployed adults.

Employment income (26 percent) is third – after other sources of income (28 percent) – in importance among unemployed adults with no paid employment in the last 2 years.

Table 4.2: Main source of income of unemployed adults, in percentage, 1999

	Full-time (269,000)	Part-time (53,000)	Seasonal (95,000)	Other non-standard (160,000)	No paid job last 2 years (209,000)	Total⁽⁴⁾ (802,000)
Parents	5.9 [†]	4.0 [‡]	12.6 [†]	7.4 [†]	8.1 [†]	7.5
Employment Income ⁽¹⁾	38.5	54.7	29.4	38.3	26.4	34.7
Employment Insurance ⁽²⁾	25.5	5.0 [‡]	31.6	19.8	2.9 [†]	18.0
Social Assistance	5.6 [†]	13.5 [‡]	4.5 [‡]	14.2	34.4	15.6
Other ⁽³⁾	24.5	22.8 [†]	21.8	20.2	28.2	24.2
Total	100	100	100	100	100	100

(1) Of spouse/partner or of any other member of the household.
 (2) Own, of spouse/partner or of any other member of the household.
 (3) Other main source of income include disability insurance, pension benefits, CPP/QPP, scholarships, financial assistance from friends or relatives, investments, savings, loans, severance pay and TAGS program benefits.
 (4) The total include 16,000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.
[†] This variable has high degree of variability.
[‡] This variable has very high degree of variability.

i) Those in receipt of EI benefits

When we only take into account unemployed adults in receipt of EI benefits, we see that EI benefits play an important role in sustaining incomes and living standards among all unemployed adults except for those who worked in part-time employment – see table 4.3.

Moreover, the proportion of household with EI as their main source of income is very similar among unemployed adults working in full-time, seasonal and in other non-standard employment prior to unemployment – between 44 and 49 percent. This compares to less than 17 percent for unemployed adults who were working in part-time employment.⁸ As indicated in table 4.3, about 70 percent of all unemployed part-time workers in receipt of EI benefits had employment income as the main source of income of their household – compared to less than 36 percent for the other unemployed adults in receipt of EI.

	Full-time (138,000)	Part-time (15,000)	Seasonal (56,000)	Other non- standard (66,000)	Total⁽⁴⁾ (282,000)
Parents	4.8 [†]	1.7 [‡]	10.8 [‡]	5.0 [‡]	5.7 [†]
Employment Income ⁽¹⁾	35.5	68.7 [†]	26.9	34.0	34.4
Employment Insurance ⁽²⁾	44.3	16.9 [‡]	48.9	45.2	44.7
Social Assistance	1.2 [‡]	8.7 [‡]	0.0 [‡]	3.5 [‡]	1.9 [†]
Other ⁽³⁾	14.2	4.0 [‡]	13.5 [‡]	12.2 [‡]	13.3
Total	100	100	100	100	100

(1) Of spouse/partner or of any other member of the household.
(2) Own, of spouse/partner or of any other member of the household.
(3) Other main source of income include disability insurance, pension benefits, CPP/QPP, scholarships, financial assistance from friends or relatives, investments, savings, loans, severance pay and TAGS program benefits.
(4) The total include 7,000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.
[†] This variable has high degree of variability.
[‡] This variable has very high degree of variability.

ii) Those not in receipt of EI benefits

Unemployed adults not in receipt of EI benefits also rely on a variety of sources of income. Employment income is the most important source of income for all unemployed adults with paid employment in the last 2 years who were not in receipt of EI benefits. As shown in table 4.4, unemployed adults not in receipt of EI benefits who worked in full-time, part-time, seasonal and in other non-standard employment prior to unemployment relied on employment income for a living in proportion ranging from 32.9 to 49.5 percent.

⁸ This estimate for part-timers has very high degree of variability and should be interpreted with caution.

Social Assistance and other sources of income are also important for significant proportions of these households. For instance, Social Assistance was the main source of income for 15.2 and 21.6 percent of unemployed adults who previously worked in part-time and in other non-standard employment and to about 10 percent for seasonal and full-time unemployed adults.

Table 4.4: Main source of income of unemployed adults not in receipt of EI benefits, in percentage, 1999						
	Full-time (131,000)	Part-time (39,000)	Seasonal (40,000)	Other non-standard (94,000)	No paid job last 2 years (209,000)	Total⁽³⁾ (520,000)
Parents	7.2 [†]	4.9 [‡]	15.2 [†]	9.0 [†]	8.1 [†]	8.4
Employment Income ⁽¹⁾	41.7	49.5	32.9 [†]	41.3	26.4	34.9
Employment Insurance ⁽¹⁾	5.6 [†]	0.6 [‡]	7.2 [‡]	2.1 [‡]	2.9 [†]	3.6 [†]
Social Assistance	10.3 [†]	15.2 [‡]	10.9 [‡]	21.6	34.4	23.1
Other ⁽²⁾	35.2	29.9 [†]	33.8	26.0	28.2	30.0
Total	100	100	100	100	100	100

(1) Of spouse/partner or of any other member of the household.
 (2) Other main source of income include disability insurance, pension benefits, CPP/QPP, scholarships, financial assistance from friends or relatives, investments, savings, loans, severance pay and TAGS program benefits.
 (3) The total include 9,000 unemployed individuals who had a paid employment in the last 2 years but who could not be classified in any specific category.
[†] This variable has high degree of variability.
[‡] This variable has very high degree of variability.

4.3 Income adequacy

4.3.1 Unemployed youth

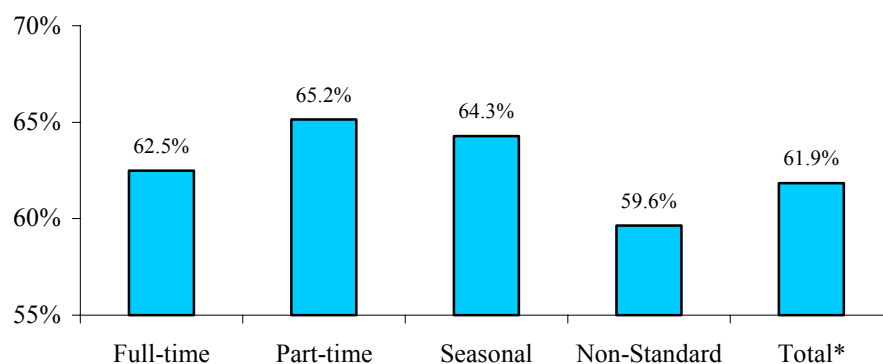
In 1999, 80.0 percent of unemployed youth (76.8 percent of unemployed youth with paid employment in the last 2 years and 86.0 percent of those with no paid employment in the last 2 years) relied on their parents for a living. Information on income adequacy is not gathered for these individuals. For the remaining 20.0 percent, sample size limitations do not allow a breakdown by work pattern. As a result, we do not present income adequacy analysis for unemployed youth.

4.3.2 Unemployed adults with paid employment in the last 2 years

There are much fewer dependants among unemployed adults. Only 7.3 percent, on average, of unemployed adults with paid employment in the last 2 years were depending on others for a living – 12.6 percent among unemployed whose last job was seasonal. Therefore, the analysis of income adequacy of non-dependants is likely to be representative of the average unemployed adult with paid employment in the last 2 years.

The proportion of unemployed adults who told Statistics Canada their household had enough income to meet most or all of their regular expenses is very similar across working patterns. On average, 61.9 percent of unemployed adults with paid employment in the last 2 years had enough income to meet most or all of their monthly regular expenses. And, as we see in figure 4.1, it varies from 59.6 percent for unemployed adults working in other non-standard employment prior to unemployment to 65.2 percent for unemployed adults working in part-time employment prior to unemployment.

Figure 4.1: **Unemployed adults with paid job in the last 2 years who had enough income to meet most regular household expenses, 1999**



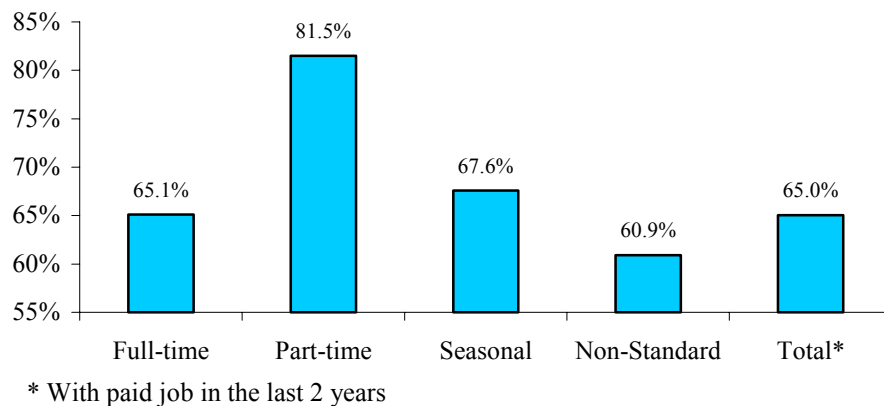
* With paid job in the last 2 years

i) Those in receipt of EI benefits

On average, 65.0 percent of unemployed adults with paid employment in the last 2 years who received EI benefits had enough income to meet most of their monthly regular expenses – this is 3.1 percentage points higher than for all unemployed adults with paid employment in the last

2 year. However, as for the main sources of income of unemployed adults in receipt of EI benefits, income adequacy of EI recipients does not vary significantly by type of work prior to unemployment except for part-time employment – see figure 4.2. In fact, between 61 and 68 percent of unemployed adults working in full-time, seasonal and in other non-standard employment in receipt of EI benefits told Statistics Canada they had enough income to meet most or all of their regular monthly household expenses compared to 81.5 percent for unemployed adults working in part-time employment.

Figure 4.2: Unemployed adults with paid job in the last 2 years receiving EI benefits who had enough income to meet most regular household expenses, 1999

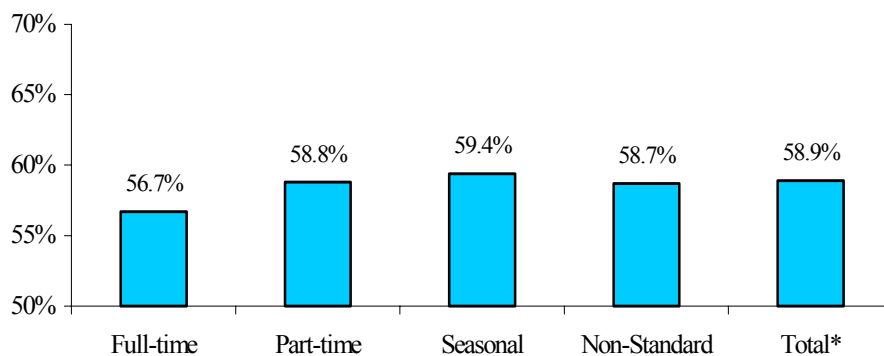


ii) Those not in receipt of EI benefits

On average, 58.9 percent of unemployed adults with paid employment in the last 2 years not in receipt of EI benefits had enough income to meet most or all of their monthly regular expenses. This is 3.0 percentage points lower than for all unemployed adults with paid employment in the last 2 years and 6.1 percentage points lower than for unemployed adults with paid employment in the last 2 years in receipt of EI benefits.

Again, income adequacy of unemployed adults not in receipt of EI benefits who worked in paid employment in the last 2 years does not vary significantly by type of work prior to unemployment even among those working part-time prior to unemployment. Indeed, between 56 and 59 percent of unemployed adults with paid employment in the last 2 years who were not in receipt of EI benefits had enough income to meet most or all of their regular expenses in 1999 – see figure 4.3.

Figure 4.3: **Unemployed adults with paid job in the last 2 years not receiving EI benefits who had enough income to meet most regular household expenses, 1999**



* With paid job in the last 2 years

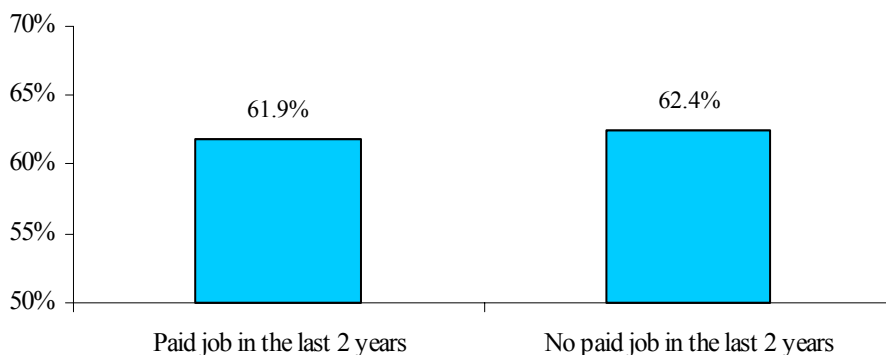
4.3.3 Unemployed adults with no paid employment in the last 2 years

Despite the fact that over a third of their household relied on Social Assistance as their main source of income, unemployed adults with no paid employment in the last 2 years seem to do nearly as well in meeting their regular households expenses as the average unemployed with paid

employment in the last 2 years and better than those not in receipt of EI benefits. Indeed, as indicated in figure 4.4, 62.4 percent of these unemployed told Statistics Canada they had enough income to meet most or all of their regular expenses compared to 61.9 percent for unemployed adults with paid employment in the last 2 years.

This is a surprising result. One possible explanation is that, at the moment of the survey interview, individuals with a recent job loss are more likely to be in the middle of the adjustment process towards a lower standard of living while individuals with no paid employment in the last 2 years are more likely to have already adjusted to a lower standard of living. Therefore, when asked about income sufficiency, the former are more likely to face difficulties in meeting both ends if expenses are still at the level they were previous to job loss than the latter, who adjusted their expenditures to their new income stream.

Figure 4.4: Total unemployed adults who had enough income to meet most regular household expenses, 1999



4.4 Summary

Income adequacy does not vary significantly by work pattern of the unemployed except for EI beneficiaries who worked part-time prior to unemployment. They seem to fare much better than the other unemployed.

Most unemployed youth are depending on their parents for a living. For unemployed adults, EI benefits are an important source of income to most EI beneficiaries. One exception seems to be unemployed EI beneficiaries who worked in part-time employment prior to unemployment. Most EI beneficiaries who worked part-time prior to unemployment relied on employment income of another household member as their main source of income.

5. Summary and conclusions

This paper builds on the recent analysis from Statistics Canada⁹ that concluded that 80 percent of all unemployed individuals who had lost or quit a job with just cause in the last 12 months (i.e. the «potentially eligible» for EI benefits) were actually eligible for EI benefits in 1999, but that only 52 percent of all unemployed could be considered to be potentially eligible for EI benefits.

This analysis is supported by simulations using the Survey of Labour and Income Dynamics (SLID). These simulations of EI benefit coverage for the employed population (presented in the 2000 EI Monitoring and Assessment Report) show that the great majority of paid workers would be eligible for EI benefits if they lose their job (88%). This is due to the fact that most of the jobs currently held by individuals last sufficiently long to provide sufficient hours of insurable employment to be eligible for EI benefits in the eventuality of a layoff.

However, as we have shown in this document, the composition of unemployment differs significantly from that of employment in terms of work pattern (i.e. permanent full-time, permanent part-time, seasonal or other non-standard employment). In other words, those who did lose their job in 1999 differed significantly from those currently holding the jobs. For example, while over 60 percent of the employed population was working in full-time employment in 1999, less than a third of the unemployed who worked in the last 2 years and at most 45 percent of all unemployed possibly worked in full-time employment prior to unemployment.

Not only does the unemployed population differ significantly from the employed population in terms of work pattern, but eligibility for EI benefits also varies considerably – whether it is expressed as a proportion of all unemployed or of potentially eligible unemployed – by work pattern prior to unemployment. Indeed, among all unemployed individuals in 1999 whose last job was in paid employment and who worked in the 2 years preceding their unemployment spell, eligibility for EI benefits was highest for unemployed individuals working in full-time jobs prior to unemployment, followed by seasonal workers, by other non-standard workers and finally by part-timers.

⁹ See footnote 1 and 2 in the introduction.

The lower eligibility among part-timers and other non-standard workers is in part linked to high rates of voluntary departure and in part because of a lack of qualifying hours. Indeed, voluntary departure without just cause explains 76 percent of the difference in EI eligibility between part-time workers and the average unemployed with paid employment in the last 2 years; and it explains over two thirds of the difference for non-standard workers.

Reflecting the fact that they are more likely to have recent insurable employment, seasonal workers do nearly as well as full-time workers in term of overall eligibility for EI benefits. Nevertheless, those not eligible to receive benefits also have some difficulties in accumulating sufficient numbers of hours of insurable employment to be eligible for EI benefits.

These findings imply that labour market developments since the mid-1970s regarding the decline in the seasonality of labour markets¹⁰ and the growth of part-time and other non-standard employment have likely contributed to declining overall EI eligibility among the unemployed.

Finally, we found that EI benefits are an important source of income for most EI beneficiaries with the possible exception of those who worked part-time prior to unemployment. Possibly because they had lower earnings and often a spouse with full-time earnings, only 17 percent¹¹ of these part-timers relied on their EI benefits as their main source of income compared to nearly half for EI beneficiaries who had a full-time job before becoming unemployed. But unemployed beneficiaries working in part-time employment prior to unemployment seem to fare much better financially than other beneficiaries.

¹⁰ « Seasonality of Labour Markets : A comparison of Canada, the U.S. and the Provinces », Applied Research Branch, Human Resource Development Canada, forthcoming.

¹¹ This estimate for part-timers has very high degree of variability and should be interpreted with caution.

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