

The Impact of EI Reform on Gappers

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Executive Summary

The difficulties confronting seasonal workers are becoming an increasingly important matter to Canadians. In fact, discussions at recent First Ministers meetings have prompted Premiers and Territorial Leaders to push for a federal “seasonal workers strategy”. In September 1999, the Forum of Labour Market Ministers (FLMM) established a federal-provincial working group to examine the concerns of seasonal workers. The working group used findings from several previous studies to identify key aspects of seasonal work that must be examined and addressed in creating a federal strategy.

The FLMM also initiated the EI Enhanced Research Project to focus on these issues and how they effect seasonal workers in PEI. One of the central concerns that the group called attention to was the possibility that many seasonal workers were experiencing “gaps” where they were receiving neither EI entitlements nor employment income after having completed a claim. One of the main objectives of the EI Enhanced Research Project was to examine the prevalence and characteristics of individuals experiencing “gaps” (subsequently referred to as gappers) in PEI.¹

This report provides further insight into the gapper issue by presenting a national perspective that supplements the discoveries of previous regional studies. It examines the prevalence of gaps, the demographics of the gapper population and the nature of the gapper issue on a national level. This national perspective is necessary to facilitate the development of a comprehensive national seasonal worker strategy.

Data and Methodology

This study uses information from both the Canadian Out-of-Employment Panel (COEP) survey and the Status Vector. The Status Vector was used to construct accurate records of job holdings in order to identify those individuals who experienced periods of unemployment where they were not covered by EI after having established and completed a claim. COEP provides important information on the Socio-economic conditions and other personal and employment related information that was used to develop descriptive statistics.

Main Findings

- Gappers represent approximately 5.6 per cent of all EI claimants.
- Over 21.8 per cent of all individuals that establish a claim in PEI are gappers.

¹ See House, Douglas, MacDonald, Wendy, Sinclair, Peter and Annie Spears “PEI Enhanced EI Research Fund”, University of Prince Edward Island, March 2000, p.4.

- Atlantic Canada accounts for only 12.7 per cent of all EI recipients but 33.9 per cent of all gappers.
 - The fraction of seasonal claimants that became gappers decreased from 37.4 per cent to 29.4 per cent after the implementation of EI reforms.
 - The decline in the proportion of seasonal claimants that are gappers is correlated with an increase in entitlements for seasonal claimants from 29.4 to 30.6 weeks.
 - Since EI reform, seasonal claimants working less than 35 hours each week decreased their probability of experiencing a gap by 1.0 per cent with every additional hour worked per week.
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Introduction

The difficulties confronting seasonal workers are becoming an increasingly important matter to Canadians.² In fact, discussions at recent First Ministers meetings have prompted Premiers and Territorial Leaders to push for a federal “seasonal workers strategy”. In September 1999, the Forum of Labour Market Ministers (FLMM) established a federal-provincial working group to examine the concerns of seasonal workers. The working group used findings from previous studies to identify several key aspects of seasonal work that must be examined and addressed in creating a federal strategy.

The FLMM also initiated the EI Enhanced Research Project to focus on these issues and how they effect seasonal workers in PEI. One of the central concerns that the group called attention to was the possibility that many seasonal workers were experiencing “gaps” where they were receiving neither EI entitlements nor employment income after having completed a claim. One of the main objectives of the EI Enhanced Research Project was to examine the prevalence and characteristics of individuals experiencing “gaps” (subsequently referred to as gappers) in PEI.

This report provides further insight into the gapper issue by presenting a national perspective that supplements the discoveries of previous regional studies. It examines the prevalence of gaps, the demographics of the gapper population and the nature of the gapper issue on a national level. This national perspective is necessary to facilitate the development of a comprehensive national seasonal worker strategy.

This report will measure the impact of EI reforms on improving the welfare of gappers through a series of stages including: defining who gappers are, identifying the common characteristics of gappers, analysing the impact of EI reforms, and drawing conclusions.

Data and Methodology

The COEP survey is the key data source used to evaluate the impact of EI reforms.³ The COEP survey, administered on behalf of HRDC by Statistics Canada, collects information on the sampled individual that experienced a job separation as recorded on HRDC’s Record of Employment (ROE) administrative database. The survey collects information on an individual’s personal and household characteristics, reasons for job separation, detailed employment history, job search

² Seasonal Workers were identified using results from the COEP survey, which asks respondents to indicate if they are a seasonal employee. For further clarification on how seasonal workers are identified is provided in the monitoring report, “EI Reform and Seasonal Workers”.

³ Statistics Canada refers to this survey as the “Changes in Employment Survey”(CIE).

activities, training, receipt of EI/UI benefits, social assistance, as well as information on their household's financial situation including assets and liabilities.

Each survey participant was interviewed twice. The first interview (wave 1) occurred within one year after job separation and the second interview (wave 2) was conducted about nine months after the first interview. In total, approximately 40,000 Canadians who had a change or an interruption in their employment activity were surveyed from July 1996 until September 1998, covering 10 quarters. Each quarter is referred to as a "Cohort". For example, the COEP data for the period from October 1997 to December 1997 is referred to as Cohort 10. In studying the impact of the reform, cohorts are grouped into three periods as follows:

Pre-Reform (Cohort 1 to Cohort 4). Participants for the first four interviews had a job separation in one of the four quarters (i.e., Q3 1995 to Q2 1996) prior to EI implementation.

During Reform (Cohort 5 & Cohort 6). Participants for the next two interviews had a job separation in one of the two quarters (i.e., Q3 1996 and Q4 1996) during implementation of the EI reform.

Post-Reform (Cohort 7 to Cohort 10). Participants for the last four interviews had a job separation in one of the four quarters (i.e., Q1 1997 to Q4 1997) after implementation of the EI reform.

This study also used information from the Status Vector to construct an account of the sampled individuals claim history. This was used to identify individuals that fit the definition of a gapper.

For the purposes of this study, the pre-EI reform period is compared to the post-EI reform period as a means of determining the changes associated with EI reform. No analysis was done on the period during the EI reform period, as the implementation of EI reform was not complete and the analysis of this period would be complex.

The report uses two approaches to examine the gapper issue. The first section will examine the basic characteristics of gappers over the period from July 1995 to December 1997 (cohorts 1 to 10) and the changes that occurred after EI reform.⁴ The immediate impact of EI reform will be studied by comparing gappers that experienced a job separation from July 1995 to June 1996 (cohorts 1 to 4) with those who experienced a job separation from January 1997 to December 1997 (cohorts 7 to 10). The last portion of the report will consider the year over year changes that have occurred in the gapper population from fiscal year 1998-1999 to fiscal year 1999-2000.

⁴ It will exclude data from July 1996 to December 1996 (cohorts 5 and 6) because EI reform was being implemented during this period.

Description of Gappers

How are Gappers Defined?

A gapper refers to an individual who has established a claim through seasonal employment and subsequently exhausts all their EI entitlements before finding new employment.⁵ A gap is a period of weeks during which the claimant receives neither employment insurance nor employment income after completing a claim. In other words, a gapper is a seasonal worker who has completed a claim but used up all their EI entitlements before locating another job.

There are a few important elements that differentiate this definition of a gapper from alternative definitions. First of all, only those who establish a claim through seasonal employment are eligible to be defined as a gapper. Individuals that establish a claim through non-seasonal employment cannot qualify as a gapper even if they exhaust all of their EI benefits. In addition, individuals experiencing periods of unemployment while establishing a claim do not qualify as gappers.

Who are the Gappers?

Table 1 examines the prevalence of exhaustion by province and type of employment. It provides the rate of exhaustion for both seasonal and non-seasonal claimants in each province as well as the national rates.

The table demonstrates that a significant number of claimants exhaust their entitlements before finding new employment, that seasonal workers are more likely to exhaust and that gappers are more prevalent in certain regions of Canada. The table shows that almost a quarter of all claimants exhaust their EI entitlements before finding new employment. There are also indications that exhaustion is more prevalent among seasonal workers. For instance, gappers represent approximately 5.6 per cent of all claimants (or 23.8 percent of all those who exhaust) even though seasonal workers account for only 16.8 per cent of all claimants.⁶ Further, 33.4 per cent of all seasonal claimants exhaust their EI entitlements compared with only 21.5 per cent of all non-seasonal claimants. Lastly, it is clear that some provinces are more affected by the gapper issue. For example, PEI possesses not only the highest percentage of seasonal claimants at 45.1 per cent but also the highest rate

⁵ This definition for gappers is based on similar definitions used by other reports on seasonal workers such as the PEI Enhanced EI Research Fund.

⁶ This statistic is not immediately observable from the table but is derived easily by dividing the percentage of gappers by the percentage of total individuals that exhaust. i.e. $5.6/23.5=.238$ or 23.8 per cent.

of exhaustion among seasonal workers at 48.4 per cent compared to national rates of only 16.8 per cent and 33.4 per cent, respectively. This demonstrates that the gappers are a small but substantial group of individuals concentrated within certain regions of Canada.

Table 1
Percentage of Individuals that Exhaust Entitlements
 (July 1995 – December 1997)¹
 (per cent)

	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Canada
Total Observations	1534	1125	1599	1510	2058	1701	1483	1244	1378	1962	15594
% of Individuals that Exhaust	35.6	35.7	28.4	34.4	24.6	20.1	21.1	21.4	22.4	21.1	23.5
% that are Non-Seasonal and Exhaust	19.2	13.8	16.7	18.9	19.3	16.9	15.3	14.3	18.8	17.6	17.9
% that are Seasonal and Exhaust	16.3	21.8	11.7	15.5	5.3	3.2	5.8	7.1	3.6	3.5	5.6
% of Seasonal Workers	34.8	45.1	28.9	34.3	17.1	11.8	16.2	23.9	11.3	13.1	16.8
% that Exhaust (Gappers)	46.9	48.4	40.4	45.1	31.0	27.2	35.5	29.6	31.5	27.0	33.4
% that do not Exhaust	53.1	51.6	59.6	54.9	69.0	72.8	64.5	70.4	68.5	73.0	66.6
% of Non-Seasonal Workers	65.2	54.9	71.1	65.7	82.9	88.2	83.8	76.1	88.7	86.9	83.2
% that Exhaust	29.5	25.2	23.5	28.8	23.3	19.2	18.3	18.8	21.2	20.2	21.5
% that do not Exhaust	70.5	74.8	76.5	71.2	76.7	80.8	81.7	81.2	78.8	79.8	78.5

- Only individuals that acquired another job at some point after establishing a claim were used in this report in order to distinguish between gappers and those who lapse into long-term unemployment.
 - The sample population includes only individuals that have experienced a job separation rather than the entire Canadian population. These differences lead to apparent discrepancies between similar statistics in other sources.
1. Refers to date of initial job loss and excludes individuals who experienced job separation from 96Q3 to 96Q4 during which EI reforms were being implemented.

Composition of the Gapper Population

Table 2 examines some of the key characteristics of gappers in Canada including factors such as gender, age, education, location and industry of employment. The first column provides basic demographics of all claimants. The second and third columns examine the composition of individuals that exhaust for seasonal and non-seasonal workers, respectively. The second column of Table 2 is particularly interesting because it describes the basic demographics of gappers.

The table reveals that gappers are more likely to be male, over 55 years old, possess less than a high school education and reside in Eastern Canada. First of all, over 57.9 per cent of all gappers are male even though only 50.2 per cent of all claimants are male. This is due to the fact that males account for the majority of seasonal claimants. Secondly, individuals without a high school education account for a disproportionate number of gappers. In fact, almost half (46.8 per cent) of all gappers do not have a high school education despite the fact that only 25.9 per cent of all claims involve individuals without a high school education.⁷ Another interesting fact is that claimants over 55 are more likely to exhaust regardless of whether they are seasonal or non-seasonal claimants. Individuals over 55 represent only 9.3 per cent of all claimants but approximately 15 per cent of all gappers. Regional differences are striking as the Atlantic region accounts for only 12.7 per cent of all claims but has 33.9 per cent of all gappers. It is also interesting to note that 44.0 per cent of all gappers were involved in the Agriculture, Primary and Construction industries even though only 17.8 per cent of all claims occur in these industries. However, this is probably due to the fact that the Agriculture, Primary and Construction Industries account for a large number of seasonal jobs.⁸

⁷ Although the likelihood of being a gapper appears to decrease significantly with the level of education, the likelihood of exhaustion is relatively unaffected as can be seen by comparing columns 1 and 3.

⁸ In fact, these three industries account for 17.6 per cent of all claims and 41.9 per cent of all seasonal claims.

Table 2
**Composition of Individuals that have Periods with Neither Employment Income
nor EI Entitlements After Completing a Claim**
(July 1995 – December 1997)¹
(per cent)-

	All Claimants (Including Non- Exhaustees)	Exhaustees that have periods without Employment Income or EI Benefits	
		Seasonal Claimants (Gappers)	Non-Seasonal Claimants
Gender			
Female	49.9	42.1	52.7
Male	50.2	57.9	47.3
Age			
Youth (15-24)	11.3	9.6	10.2
Prime (25-54)	79.5	75.4	75.7
Old (55+)	9.3	15.0	14.1
Education			
Less than high school	25.9	46.8	27.9
High school	27.4	29.3	28.5
Post-Secondary	44.9	23.2	41.6
Other	1.9	0.7	2.0
Region			
Atlantic	12.7	33.9	12.7
Quebec	31.3	29.5	33.7
Ontario	28.3	16.3	26.8
Prairies	13.9	11.6	13.3
British Columbia	13.9	8.7	13.6
Industry			
Agriculture	2.1	8.2	2.0
Primary	4.0	13.7	2.5
Manufacturing	18.2	12.7	16.4
Construction	11.7	22.1	11.0
Transportation & Storage	4.8	4.7	3.0
Communications	1.3	0.1	1.9
Other Utilities	0.5	0.6	0.5
Trade	14.0	7.8	18.2
Finance	3.4	1.0	4.5
Education	19.6	7.5	15.7
Business Services	13.1	13.2	15.2
Public Services	2.8	3.6	3.5
Public Administration	4.5	4.0	5.4
Other	0.2	0.8	0.4
N	15594	1358	2718

Notes:

1. Refers to date of initial job loss and excludes individuals who experienced job separation from 96Q3 to 96Q4 during which EI reforms were being implemented

Data Source: COEP Survey & EI data file

Factors that influence the Likelihood Experiencing a Gap

Table 3 considers the rates of exhaustion for three different groups of individuals. These categories include all claimants; seasonal-claimants; and non-seasonal claimants. These three categories are further divided by demographic sub-categories such as age, gender and industry. This enables us to examine how different demographic factors influence the likelihood of experiencing a gap.

It differs from Table 2 because it does not measure the fraction of gappers that are represented by a certain category (such as gender, age or education level) but considers the likelihood that an individual in a specific category will exhaust. For example, Table 2 clearly indicates that only 42.1 per cent of all gappers are female while males represent 57.9 percent. This points out that gappers are more likely to be male. On the other hand, Table 3 shows that female seasonal claimants are more likely to exhaust because the rate of exhaustion is 15.9 percentage points higher than that of their male counterparts. This means that a female seasonal claimant is more likely to exhaust than a male seasonal claimant. The two apparently contradictory findings that the majority of gappers are male while female seasonal claimants are more likely to exhaust can be explained by the composition of the seasonal claimant population. Since only 33 per cent of all seasonal claimants are female, they compose a much smaller portion of the gapper population even though they exhaust at a higher rate. It is important to keep this distinction in mind when comparing the two tables.

Table 3 indicates several factors that significantly increase the probability that a seasonal claimant will experience a gap.⁹ For example, 43.5 per cent of all female seasonal claimants exhaust their EI entitlements compared to only 28.6 per cent of all male seasonal claimants. Similarly, 43.7 per cent of all seasonal claimants that are 55 or older exhaust their EI benefits before finding new employment. Further, the exhaustion rate of seasonal claimants within the Atlantic region is also significantly above the national average at 44.6 per cent. Finally, the rates of exhaustion for seasonal claimants in both Financial and Utility industries were substantially high compared to other industries. However, It should be noted that very few seasonal workers are actually involved in these industries.¹⁰

⁹ Although it appears that non-seasonal claimants in the Communications Industry are significantly more likely to exhaust than seasonal claimants this is probably due to infrequency of seasonal work in the industry.

¹⁰ In fact, a total of only 1.5 per cent of all seasonal claimants were engaged in these two industries.

Table 3			
Claimants with Neither Employment Income nor EI Entitlements After Completing a Claim			
(July 1995 – December 1997) ¹			
(per cent)			
	All Claimants	Seasonal Claimants (Gappers)	Non-Seasonal Claimants
Total	23.5	33.4	21.5
Gender			
Female	23.7	43.5	21.2
Male	23.4	28.6	21.9
Age			
Youth (15-24)	21.0	25.8	19.9
Prime (25-54)	22.4	33.1	20.3
Old (55+)	36.3	43.7	34.3
Education			
Less than high school	29.5	37.0	26.7
High school	24.7	32.7	22.9
Post-Secondary	19.5	30.0	18.4
Other	20.6	13.2	21.9
Region			
Atlantic	32.9	44.6	27.0
Quebec	24.6	31.0	23.3
Ontario	20.1	27.2	19.2
Prairies	21.9	32.0	20.2
British Columbia	21.1	27.0	20.2
Industry			
Agriculture	39.1	37.3	41.7
Primary	30.7	36.2	24.3
Manufacturing	20.0	31.6	18.4
Construction	27.5	33.0	24.9
Transportation & Storage	16.5	26.6	13.9
Communications	26.8	10.5	27.5
Other Utilities	23.9	56.2	19.9
Trade	26.5	38.0	25.4
Finance	25.5	54.7	24.6
Education	16.5	23.8	15.8
Business Services	26.5	35.3	24.8
Public Services	29.7	42.0	27.2
Public Administration	26.3	31.7	25.3
Other	51.6	55.2	49.7
N	15594	3645	11949
<i>Notes:</i>			
1. Refers to date of initial job loss and excludes individuals who experienced job separation from 96Q3 to 96Q4 during which EI reforms were being implemented.			
<i>Data Source: COEP Survey & EI data file.</i>			

Impact of EI reform

There are two periods used to analyze the impact of EI reforms on gappers in this report. The first technique attempts to capture some of the immediate affects by comparing the four quarters before the EI reform (from July 1995 to June 1996) with the four quarters after it (January 1997 to December 1997). Then the report investigates year over year changes that have occurred since EI reform. Specifically, it focuses on changes that have occurred in the gapper population between fiscal year 1998-1999 and 1999-2000.

What Affects the Likelihood of becoming a Gapper?

Table 4 examines factors that influence the probability that a seasonal claimant will experience a gap using a probit model. This section concentrates on how various demographic and non-demographic factors impact the likelihood of experiencing a gap while the following section analyzes the impact of EI reform.

The probit model estimates the likelihood that a seasonal claimant will have a gap of unemployment and non-coverage after completing a claim based on various factors. There are a couple of reasons for choosing the probit model over other models. First of all, the probit model is useful when the dependent variable is binary or limited to two outcomes. In this case, estimating whether or not a particular individual is a gapper is restricted to the two outcomes “yes” or “no”. The probit model is also chosen because it provides an efficient estimation of the percentage impact of a change in one of the independent variables on the likelihood of experiencing a gap.

The second column of Table 4 displays the estimated percentage change in the likelihood of having a gap due to a unit change in a particular independent variable. It is actually the change in the slope of the probability function at a specified point or the percentage change in the probability of becoming a gapper due to a very small change in the particular independent variable. It approximates the change in the likelihood of experiencing a gap due to a unit change in an independent variable.

The first section of Table 4 examines non-demographic factors that affect the likelihood a seasonal claimant will experience a gap such as the number of weeks worked in the ROE job and the average number of hours worked each week in the ROE job. It shows that the greater the number of weeks an individual was employed in their ROE job the less likely they were to exhaust their EI benefits before finding new employment. The coefficient indicates that the probability of becoming a gapper decreased by 0.4 per cent for each additional week of employment in the ROE job. The table also reveals that individuals that worked less than 35 hours were less likely to experience gaps than those who worked 35 hours or more. In fact, it appears working fewer hours actually reduced the chances of experience a gap. For instance, an individual working an average of only 34 hours per week was 1.3 per cent less likely to have a gap than someone who worked 35 hours per week.

On the other hand, the probability of having a gap was unaffected by how much an individual worked above 35 hours.

Demographic factors also proved influential in determining the likelihood of a gap. For instance, individuals working in either certain regions were more likely to experience gaps. In particular, seasonal claimants in PEI were 14.1 per cent more likely to experience gaps than seasonal claimants in Ontario. The table also shows that female seasonal claimants were 4.8 per cent more likely to exhaust than male seasonal claimants. Seasonal workers that listed “other” as their educational background also appeared to be less likely to experience gaps but very few individuals fit this description.¹¹ Similarly, seasonal workers in the Financial industry were significantly more likely to experience a gap than individuals in other industries but represent only a small percentage of total seasonal workers.

Initial Impacts of EI Reform

Table 4 uses an interaction model to identify the impact of EI reform on gappers. The interaction model enables us to isolate the effects of various elements of EI reform and examine how each influenced the probability of experiencing a gap. Unfortunately, the overall effect of EI reforms is often not easily captured. A simple comparison of gappers that had an ROE job separation before EI reform with those that had one afterwards ignores the inter-relationships that occur between assorted policy changes to the EI system. The interaction model examines the impact of EI reform by isolating and examining the effect of specific changes to the EI system rather than attempting to capture all the effects with a single dummy variable.¹²

The following probit model examines the impact of changing from a week-based system to an hour-based system. It does this by comparing the number of hours actually worked against a benchmark of 35 hours per week.¹³ The standard of 35 hours per week is selected because an individual working 35 hours each week would be entitled to the same number of weeks of benefits under both UI and EI. The sample is grouped into two categories in order to analyze the different effects of EI reform: those who work more than 35 hours per week and those who work less than 35 hours. For those who work more than 35 hours per week, we are interested in whether the additional hours worked reduce the probability of having a gap after EI reform. Conversely, for those who work less than 35 hours a week, we want to know if diminished hours increase the probability of experiencing a gap.

The table shows that an increase in the likelihood of a gap was highly correlated with the change to an hour-based system for individuals that worked less than 35

¹¹ In fact, only 2.1 per cent of all claimants and 1.3 per cent of all seasonal claimants indicated “other” as their level of education.

¹² In particular, it should be noted that the dummy variable “Reform” in Table 4 does not capture the effects of EI reform.

¹³ The monitoring report, “EI Reform and Seasonal Workers” shows that no significant change occurs in the number of hours worked due to EI reform. Therefore, it is possible to take the number of hours worked as an exogenous variable.

hours a week. In fact, individuals working less than 35 hours a week reduced their odds of experiencing a gap by 1.0 per cent for every additional hour they worked.¹⁴ On the other hand, individuals working more than 35 hours each week did not realize a significant reduction in the likelihood of a gap as they increased the number of hours they worked each week. Other factors such as the number of weeks spent in the ROE job did not notably diminish the chance of becoming a gapper with the introduction of EI reforms.

¹⁴ The interpretation of this variable is particularly difficult for individuals that worked less than 35 hours per week. The probit model uses the absolute value of the difference between 35 hours and the number of hours worked rather than the number of hours worked. Thus, when the number of hours worked declines below 35 the actual measurement used in the probit regression is the difference between the number of hours worked and 35. That is, the difference increases as the number of hours worked diminishes. Therefore, an increase in the difference is correlated with an increase in the probability of having a gap. Alternatively, the probability of experiencing a gap increases as the number of hours worked decreases.

Table 4
Probit Analysis of the Likelihood of a Gap Among Seasonal Claimants
(July 1995 – December 1997)¹

	Coef	% Impact	P-value
Reform ²	-0.08	-1.3	0.78
Entitlement Weeks	-0.02	-0.3	0.00
Unemployment Rate	0.00	0.0	0.92
Duration of ROE job in Weeks	-0.02	-0.4	0.00
Impact of Reform ³	0.00	0.0	0.79
Hours Worked above 35 ⁴	0.00	0.1	0.41
Impact of Reform ³	-0.01	-0.1	0.26
Hours Worked below 35 ⁴	-0.08	-1.3	0.00
Impact of Reform ³	0.07	1.0	0.04
Gender			
Male	-0.29	-4.8	0.01
Female (control)	...	...	...
Age			
Youth (15-24)	0.28	5.1	0.24
Prime (25-54)	0.32	4.4	0.12
Old (55+) (control)	...	...	...
Education			
Less than high school (control)	...	...	...
High school	-0.12	-1.8	0.25
Post-Secondary	-0.04	-0.6	0.78
Other	-0.51	-5.6	0.09
Province			
Newfoundland	0.35	6.5	0.17
Prince Edward Island	0.63	14.1	0.00
Nova Scotia	0.21	3.7	0.31
New Brunswick	0.50	10.1	0.01
Quebec	0.24	4.0	0.26
Ontario (control)	...	...	...
Manitoba	0.33	6.2	0.12
Saskatchewan	0.31	5.8	0.14
Alberta	0.19	3.4	0.36
British Columbia	0.22	3.9	0.32
Industry			
Agriculture	0.04	0.7	0.90
Primary	0.17	2.9	0.54
Manufacturing	-0.01	-0.2	0.96
Construction	0.20	3.4	0.48
Transportation & Storage	0.22	3.8	0.52
Communications	...	...	...
Other Utilities	-0.32	-4.0	0.58
Trade	0.01	0.2	0.97
Finance	1.34	39.9	0.03
Education	-0.38	-4.8	0.22
Business Services	0.04	0.6	0.90
Public Services	0.09	1.5	0.85
Public Administration (control)	...	...	...
Other	-0.70	-6.6	0.09
Constant	0.09	...	0.82
N			3460

Notes:

1. Refers to date of initial job loss and excludes individuals who experienced job separation from 96Q3 to 96Q3 to 96Q4 during which EI reforms were being implemented.
 2. The variable "Reform" does not capture the overall effect of EI reforms due to interactions with other variables.
 3. "Impact of EI Reform" refers to the percent change in the likelihood of a gap after EI reforms due to an increase in hours or weeks.
 4. Hours worked above and below 35 refers to the absolute value of the difference between the actual number of hours worked and 35.
- Data Source: COEP Survey & EI data file.

Table 5 examines how the basic demographics of gappers change after the implementation of EI reform. It shows that the characteristics of the gapper population do not appear to change substantially. However, the introduction of EI reforms did correspond with a reduction in the proportion of seasonal claimants that experienced a gap from 37.4 to 29.4 per cent. It appears that the change to an hour-based system is also correlated with an increase in average entitlement weeks. In fact, the average entitlement period for seasonal workers increased from 29.4 to 30.6 weeks. There is also a notable decline in the percentage of individuals under 25 that are gappers from 11.9 to 6.6 per cent as well as a reduction in the proportion of gappers from Alberta from 6.5 to 3.6 per cent.

Table 5
The Gapper Population

(per cent)

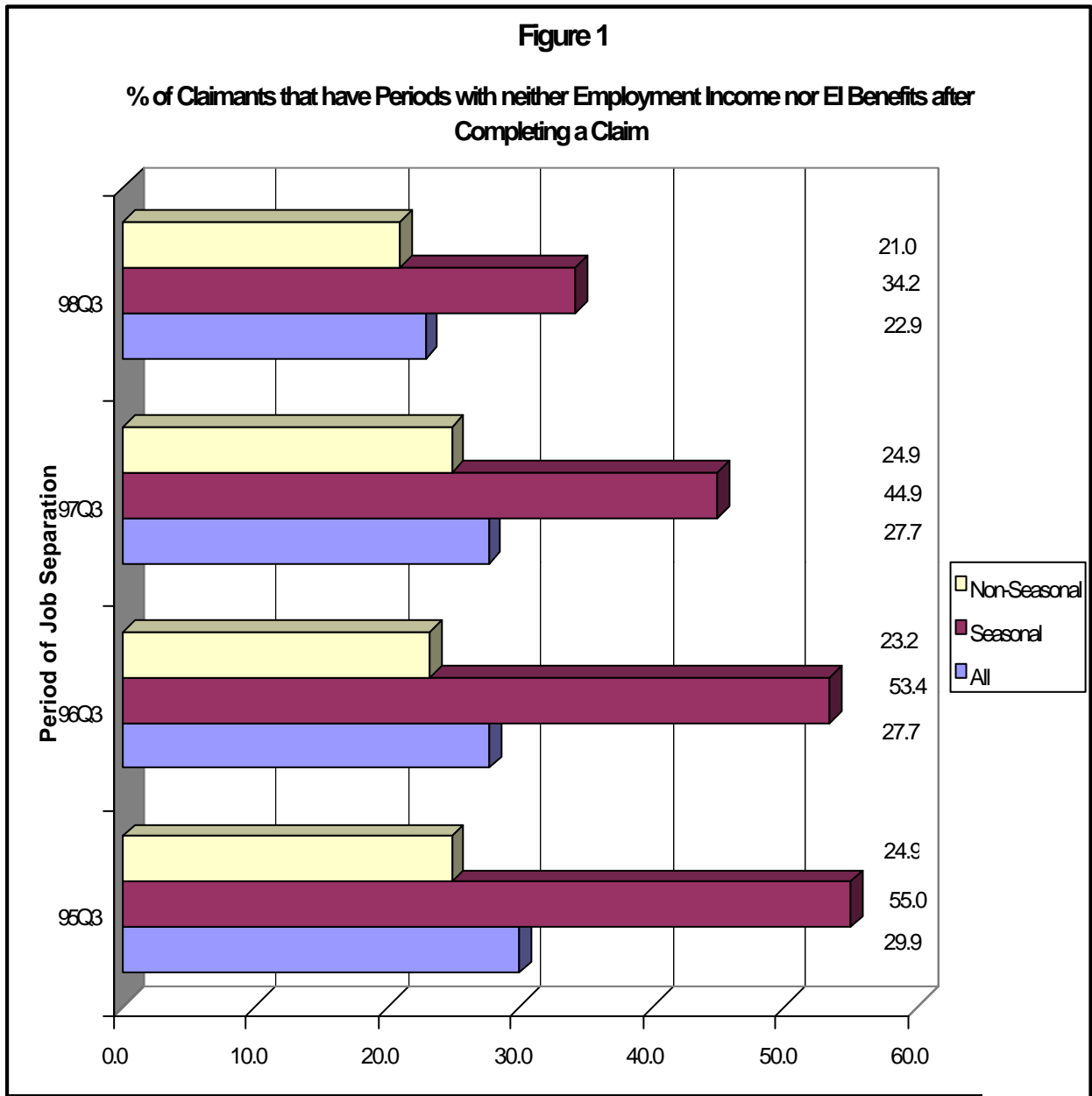
	Pre-EI Reform (95Q3 - 96Q2) ¹	Post-EI Reform (97Q1—97Q4) ¹	T-Stat
% of seasonal claimants that are gappers ²	37.4	29.4	-2.88
Number of weeks of entitlement for seasonal claimants	29.4	30.6	2.18
Number of weeks of entitlement for gappers	26.5	29.0	4.46
Gender			
Male	59.0	56.5	-0.5
Female	41.0	43.5	0.5
Age			
Youth (15-24)	11.9	6.6	-2.0
Prime (25-54)	73.8	77.5	0.8
Old (55+)	14.4	15.9	0.4
Education			
Less than High School	45.1	48.9	0.8
High School	29.9	28.5	-0.3
Post-Secondary	24.6	21.4	-0.7
Other Education	0.4	1.1	1.0
Province			
Newfoundland	7.9	10.2	1.5
Prince Edward Island	3.7	4.1	0.7
Nova Scotia	8.3	8.5	0.2
New Brunswick	12.9	12.5	-0.2
Quebec	29.0	30.1	0.2
Ontario	15.7	17.0	0.3
Manitoba	3.6	2.9	-0.8
Saskatchewan	3.4	2.7	-1.0
Alberta	6.5	3.6	-2.0
British Columbia	9.1	8.2	-0.4
Industry			
Agriculture	8.9	7.2	-0.7
Primary	13.0	14.4	0.5
Manufacturing	11.1	14.4	1.2
Construction	21.5	22.3	0.2
Transportation	4.6	4.7	0.0
Communications	0.0	0.2	1.0
Other Utilities	0.7	0.4	-0.6
Trade	8.1	7.2	-0.3
Finance	1.6	0.2	-1.3
Education	7.4	7.4	0.0
Business	12.6	13.6	0.3
Public Services	3.4	3.7	0.1
Public Administration	3.7	4.2	0.2
Other Industry	1.4	0.0	-1.6
N	719	639	1358

Notes:

1. Refers to date of initial job loss
 2. Percentages in row 1 are based on 4056 observations.
- Data Source: COEP Survey & EI data file.*

Year over Year Changes in the Gapper Population

This section examines the year over year changes that have occurred since EI reform. The most recent data available to examine year over year changes relates to individuals who experienced a job separation in the third quarter of 1999. In order to control for seasonal factors, this new data was compared with prior data collected on third quarter job separations. Figure 1 shows that the percentage of seasonal claimants experiencing gaps has continued to decline since the implementation of EI reforms. In particular, new data collected for fiscal year 99/00 shows that the trend appears to be continuing.



Conclusions

Gappers represent a small but important part of the Canadian labour force. The issue is of particular relevance in the Atlantic region where many individuals in the labour force depend on seasonal employment to support themselves. Since the implementation of EI reforms in 1996, the percentage of individuals that experience gaps has declined from 37.4 to 29.4 per cent of all seasonal claimants. This is partly due to the change to an hour-based system that is fairer to those who work more hours by providing greater entitlements.

Possible future analysis includes the impact of EI reforms on the average length of gaps and the impact of working while on claim on gap length.

Technical Notes

All tables include data from July 1995 to June 1996 (cohorts 1 to 4) and January 1997 to December 1997 (cohorts 7 to 10). Data from July 1996 to December 1996 (cohorts 5 and 6) were excluded because reforms were phased in during this period. Data for January 1998 to June 1998 (cohorts 11 and 12) were unavailable.