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# Guide to Employment Insurance Statistics (EIS), 2021



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# **Section 1: Overview**

#### 1.1 Employment Insurance program

The Unemployment Insurance program, as it was then called, was first introduced in 1940. The last major reform occurred in 1996. At that time, the name of the program was changed from 'Unemployment Insurance' to 'Employment Insurance', to reflect the program's primary objective of promoting employment in the labour force, and to better emphasize that individuals' access to the program is linked to significant work attachment.

Today, the Employment Insurance (EI) program is administered by Service Canada on behalf of Employment and Social Development Canada (ESDC). El program Part I provides temporary financial assistance to workers who have lost their job through no fault of their own, as long as they look for work or upgrade their skills. It also provides assistance to workers who are sick, pregnant, or caring for a newborn or adopted child, as well as those caring for a family member who is critically ill or injured.

El program Part II, called Employment Benefits and Support Measures (EBSMs), provides more of an 'active support' component. EBSMs are labour market programs and services established to assist individuals in Canada to prepare for, obtain and maintain employment. They are delivered mostly by provinces and territories through Labour Market Development Agreements.

#### 1.2 Employment Insurance Statistics

Employment Insurance Statistics (EIS), released monthly by Statistics Canada, aim to report on the statistics of the EI program. The mandate for the compilation of EIS was given to the Dominion Bureau of Statistics (now Statistics Canada) by Order-in-Council in 1941.

The major data points of the EIS are the number of people receiving regular benefits and the number of initial and renewal claims received. These statistics are the focus of the analysis published each month in *The Daily*. Data tables, available on Statistics Canada's website, are dynamically updated as new results are released. These tables also include other statistics, such as the type of benefits received, benefit payments, benefit weeks and number of disqualifications and disentitlements. See the section entitled "<u>Related products</u>" of this document for a complete listing.

#### 1.3 Administrative data

The EIS are based on administrative data. Microdata on beneficiaries are collected and provided by Service Canada. Aggregated information on the number of claims, disqualifications and disentitlements, benefits paid and number of benefit weeks is provided by ESDC. Those data provide a readily accessible source of statistical information and remove the need for a costly survey.

# Section 2: Methodology

#### 2.1 Target population

The number of El beneficiaries represents a count of persons who received employment insurance benefits for the Labour Force Survey (LFS) reference week, usually the week containing the 15<sup>th</sup> day of the month, whether or not they have received benefits for the other weeks of the month.

The number of claims represents a count of persons who made a claim during the reference month. Similarly, the number of disqualifications and disentitlements is based on the set of all claims processed during the reference month. Finally, the benefit payments and the number of weeks paid cover the whole reference month.

#### 2.2 Sampling

The number of Employment Insurance beneficiaries produced in this statistical program is based on a census of administrative records. All records identified as people receiving benefits for the reference week are included in the counts; no sampling is performed, therefore there is no sampling variability associated with the estimates.

The administrative dataset used to produce the statistics represents 100% of claims processed using Service Canada's main system. For specific, and often more complex, situations some claims may have to be processed by methods other than the main system, and those claims are not included in the administrative dataset. As a result, there is a small undercoverage of the total target population, which represents less than half a percent of the total number of people receiving benefits. This undercoverage can vary by benefit type.

#### 2.3 Geography

Geographic details (provinces and territories, census metropolitan categories and census divisions) are produced by linking the El beneficiaries' postal codes, available on the microdata file, to the Postal Code Conversion File (PCCF). The PCCF includes Canadian postal codes and their associated geographies. A postal code that crosses geographies is associated to the most populated geography. Estimates by detailed geographies are therefore an approximation, impacting mostly the smallest geographies, such as census sub-divisions (CSD). In some cases, no postal code is associated to a CSD because none is dominant and the count of beneficiaries is set to zero. This limit of the data is inherent to using postal code information to determine geographic details.

#### 2.4 Seasonal adjustment

Some of the data series are seasonally adjusted to facilitate month-to-month comparisons and to show trends. A seasonally adjusted time series is a monthly or quarterly time series that has been modified to eliminate seasonal and calendar effects. These variations result from the composite effects of climatic events, institutional decisions or modes of operation, which occur repeatedly with some regularity within the year. Calendar effects are related to the composition of the calendar and include trading-day effects, effects associated with the Labour Force Survey reference week, moving holiday effects associated with non-fixed date holidays such as Easter, and other predictable events. The seasonal adjustments are based on the well-established X-12-ARIMA method. Options of the method, such as the statistical models used, are reviewed every year. However, seasonal and calendar effects change every time a new data point (month) is added to the series. This results in revised and more accurate estimates for past seasonally adjusted values.

For more information on seasonal adjustment, see <u>Seasonally adjusted data – Frequently asked questions</u>. Seasonal adjustment is performed according to Statistics Canada's <u>Quality Guidelines</u>.

#### 2.5 Revisions

#### 2.5.1 Monthly revision

Each month, Statistics Canada releases the EIS data for a new reference month. At the same time, the data for the number of beneficiaries from the previous two months may be revised. For the seasonally adjusted series, data from the two previous months are updated to reflect the most recent parameters. For the unadjusted series, only data from the second month before the reference month are revised to reflect various factors such as delayed reporting. For example, when the January data are estimated and published for the first time, the December seasonally adjusted data are updated, and all November data (both seasonally adjusted and unadjusted) are revised.

Unadjusted data on claims, benefit payments and benefit weeks are not subject to monthly revisions. For these variables, only the seasonally adjusted series is reviewed. For example, when the January data are estimated and published for the first time, the seasonally adjusted data for November and December are updated to reflect the most recent effects, and the November and December unadjusted data remain unchanged.

Any seasonal adjustment revisions that affect data more than two months before the reference month are released with the next annual or historical revision.

#### 2.5.2 Annual or historical revision

On an annual basis, seasonal adjustment options are revised to include the latest year of data.

In addition, a historical revision is done occasionally to maintain the comparability of time series and current estimates during major changes affecting Employment Insurance Statistics. These changes may be warranted by a change in concepts, occupational and/or geographical classification systems and methods, and historical correction of the data.

These revisions are normal in a statistical program. All components of the EIS are subject to annual or historical revision. Revisions should always be taken into consideration by data users.

#### 2.6 Data accuracy and comparability

Changes in the data do not reflect only changes in the labour market conditions. In particular, EIS data may from time to time be affected by changes to the <u>Employment Insurance Act</u> or administrative procedures. Information on recent <u>EI changes</u> is available on the ESDC website.

Claimants' eligibility and entitlement weeks to regular benefits are established according to the Variable Entrance Requirement (VER), which adjusts both eligibility thresholds and entitlement weeks according to the unemployment rate of a geographic area. To qualify for regular benefits, claimants need between 420 to 700 hours of insurable employment in a qualifying period of time. People living in Employment Insurance regions with a high unemployment rate require fewer hours to qualify and are entitled to more weeks of benefits.

Information on the current and past VER for regular benefits is available on the ESDC website.

Claimants must accumulate 600 insurable hours to qualify for sickness, maternity, parental, compassionate care, or family caregiver benefits.

The *Employment Insurance Act* allows each province or administrative region—as defined by ESDC—to have certain autonomy in applying administrative procedures regarding renewal claims. As such, month-to-month changes in levels may be affected by differences in administrative procedures between one province, territory or region and another.

EIS reports the number of people who received EI benefits, and should not be confused with data coming from the Labour Force Survey, which provides information on the total number of unemployed persons.

There is a certain proportion of unemployed people who do not qualify for benefits. Some unemployed people have not contributed to the program because they have not worked in the past 52 weeks or their employment is not insured. Other unemployed people have contributed to the program but do not meet the eligibility criteria, such as workers who left their job voluntarily and those who did not accumulate enough hours of work to receive benefits.

There is also a certain proportion of EI beneficiaries who are not unemployed, according to the LFS definition, because they work some hours while on claim.

#### 2.7 Impacts of COVID-19 on EIS

Employment Insurance Statistics for reference months March 2020 to September 2020 reflect the number of individuals who received Employment Insurance benefits and exclude beneficiaries of the Canada Emergency Response Benefit (CERB). The CERB "superseded" El regular and sickness benefits during the period that it was available (March 15 to September 26, 2020) and was administered by both ESDC and the Canada Revenue Agency.

The following rules determined which benefit was administered, and ultimately whether they were counted in EIS:

- If an individual became eligible for Employment Insurance regular or sickness benefits prior to March 15, 2020, they received El benefits.
- If an individual became eligible for Employment Insurance regular or sickness benefits on or after March 15, 2020 they received CERB.
- If an individual had started a new Employment Insurance claim within the 52 weeks prior to March 15, 2020 and there were weeks payable remaining on that claim, they had the following options:
  - o Automatically reactivate (renew) their existing claim at the existing benefit rate; or
  - o Request that Service Canada end their existing claim and open a new claim for the CERB, provided they met the eligibility criteria.

Beginning with the October 2020 reference period, Employment Insurance Statistics **include** individuals who received Employment Insurance benefits, and **exclude** individuals who received the Canada Recovery Benefit (CRB), the Canada Recovery Caregiving Benefit (CRCB), and the Canada Recovery Sickness Benefit (CRSB). They also reflect the temporary (12-month) El program parameter changes that were introduced alongside the Canada Recovery Benefits.

On September 27, 2020, with the termination of the CERB, the El program expanded through temporary program parameter changes (insurable-hours credit, blanket minimum unemployment rate, minimum benefit rate, etc.). Individuals who were collecting the CERB as of September 26, 2020 and who were still not employed were likely to have transitioned to the El program, conditional on meeting the El program eligibility criteria. People who did not meet the El program eligibility criteria may have transitioned to one of the other Canada recovery benefits, if eligible.

Furthermore, the EI data during the CERB period are likely to not display seasonal patterns comparable to pre-CERB (and, more broadly, pre-pandemic) patterns. To ensure that these data do not unduly affect the estimation of seasonal patterns by the seasonal adjustment software, monthly values for March to September in all series are treated as outliers. As a result, seasonally adjusted estimates for months prior to the CERB period (February 2020 and before) will not be affected by the EI values between March and September.

Similarly, monthly values for the October 2020 reference month and beyond in all series are treated as outliers, as the termination of the CERB and temporary changes to El program parameters would likely otherwise unduly affect the estimation of seasonal patterns. With the release of the 2021 historical revision, the seasonally adjustment models of most series were revised. In the future, as more months of data are available, analysis will be conducted to determine the appropriateness of other modelling changes.

#### 2.8 Data confidentiality

Statistics Canada is prohibited by law from releasing any information it collects which could identify any person, business or organization, unless consent has been given by the respondent or as permitted by the *Statistics Act*. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

# Section 3: Terms and definitions

**Beneficiary:** A person who receives employment insurance benefits during the Labour Force Survey reference week (usually the week containing the 15<sup>th</sup> day of the month).

**Benefit payments:** Total dollar amount of benefits paid to people receiving employment insurance benefits during the reference month, from the first to the last day of the month. The gross amount represents the total employment insurance disbursements, including retroactive adjustments.

**Benefit weeks:** Total number of eligible weeks for which benefit payments have been made to people receiving employment insurance benefits, from the first to the last day of the month.

**Census metropolitan category:** The census metropolitan categories are groupings of census metropolitan areas, census agglomerations and census metropolitan influenced zones outside census metropolitan areas and census agglomerations established for the purpose of statistical reporting. There are three census metropolitan categories:

- 1. Census metropolitan areas (CMAs)
- 2. Census agglomerations (CAs)
- 3. Outside CMAs and CAs

See the Standard Geographical Classification (SGC) 2016 - Definitions for more information.

**Census division:** Census division (CD) is the general term for provincially legislated areas (such as county, 'municipalité régionale de comté' and regional district) or their equivalents. Census divisions are intermediate geographic areas between the province/territory level and the municipality (census subdivision). See the <u>Standard</u> <u>Geographical Classification (SGC) 2016 – Definitions for more information.</u>

**Census metropolitan area (CMA) and census agglomeration (CA):** Formed by one or more adjacent municipalities centred on a population centre (known as the core). A CMA must have a total population of at least 100,000, of which 50,000 or more must live in the core. A CA must have a core population of at least 10,000. See the <u>Standard Geographical Classification (SGC) 2016 – Definitions</u> for more information.

**Claims:** Any person seeking employment insurance benefits must first file a claim. The claim is categorized as 'initial' if no benefit period was established previously. However, if benefit rights are in existence, the claimant is given a choice between continuing an existing claim, a 'renewal', or starting a new one. When a person applies for benefits, the claim is adjudicated and is either allowed or disallowed. A claim could be allowed with or without disqualification or disentitlement.

**Class of worker:** There are two broad categories of workers: those who work for others (employees) and those who work for themselves (self-employed). As of January 31, 2010, El special benefits are extended to self-employed people who choose to opt into the El program. Benefits were payable for the first time January 1, 2011.

**Disqualifications and disentitlements:** A disqualification or disentitlement is imposed on a claimant because of circumstances surrounding the claim. A person may be ineligible for benefits for a stated period (disqualification) or until a condition causing the non-receipt of benefits has been removed (disentitlement).

**Industry:** The industry of El beneficiaries is determined through the integration of El and record of employment administrative data. For beneficiaries with more than one record of employment in the past 52 weeks, the record with the greatest number of hours are used. If no industry information is available, industry of employment is deemed "not classified" for the beneficiary.

**Occupation:** The principal activity a person was engaged in at his or her last place of work. The occupation of a beneficiary is coded according to the National Occupational Classification (NOC) 2016.

**Qualifying period:** The 52-week period immediately before the start date of the claim or the period from the start of a previous benefit period to the start of the new benefit period, if they applied for benefits earlier and their application was approved in the last 52 weeks.

#### Part I - Employment Insurance Benefits

The temporary financial assistance provided by El Part I is categorized under a number of types of benefits: regular, fishing, work-sharing and special benefits. The latest benefits include sickness, maternity and parental benefits, as well as family caregiver benefits for children, family caregiver benefits for adults, and compassionate care benefits.

- **Regular benefits:** Regular benefits are paid to claimants who have temporarily or permanently lost their job. In order to be eligible for regular employment insurance benefits, individuals must have lost their jobs through no fault of their own (for example, due to shortage of work, seasonal layoffs, etc.) and are available for and able to work.
- **Fishing benefits:** These benefits provide support to self-employed fishers who are actively seeking work. Benefits are based on earnings during a fishing season, rather than hours. To qualify, self-employed fishers need sufficient earnings in a maximum 31-week period before the claim starts.
- Work-sharing benefits: This is a program designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer. The measure provides income support to employees eligible for employment insurance benefits who work a temporarily reduced work week while their employer recovers. Work-sharing is a three-party agreement involving employers, employees and Service Canada. Employees on a work-sharing agreement must agree to a reduced schedule of work and share the available work over a specified period of time.

- Special benefits: In addition to regular benefits, the EI program also provides special benefits:
  - Sickness benefits: These benefits are offered to workers who are unable to work due to sickness, injury
    or quarantine.
  - o **Maternity benefits**<sup>1</sup>: These benefits are offered to biological mothers, including surrogate mothers, who cannot work because they are pregnant or have recently given birth.
  - o Parental benefits<sup>1</sup>: These benefits are offered to parents who are caring for a newborn or newly adopted child. As of December 3, 2017, parents can choose the option that best meets their family's needs: standard parental benefits, or extended parental benefits at a lower rate. As of March 17, 2019, parents can also receive extra weeks of Employment Insurance (EI) parental benefits. These extra weeks are available to parents of children born or placed with them for the purpose of adoption on or after March 17, 2019, as long as they share the weeks of parental benefits entitlements. For more information on parental sharing benefits, please refer to <a href="https://www.canada.ca/en/employment-social-development/campaigns/ei-improvements/parent-sharing.html">https://www.canada.ca/en/employment-social-development/campaigns/ei-improvements/parent-sharing.html</a>.
    - Standard parental benefits: These benefits are paid up to 35 weeks of El parental benefits to one parent or up to 40 weeks shared among both parents over a period of up to 12 months. They are paid at a replacement rate of 55% of weekly insurable earnings.
    - Extended parental benefits: These benefits are paid up to 61 weeks of El parental benefits to one parent or 69 weeks shared among both parents over an extended period of up to 18 months. They are paid at a replacement rate of 33% of weekly insurable earnings.
  - o **Caregiver benefits:** These benefits are offered to people temporarily away from work to provide care to a family member. Three types of caregiver benefits are offered.
    - Family caregiver benefits for children: These benefits are offered to any family member or person who is considered to be like family, who take time off work to provide care or support for a critically ill or injured child under the age of 18. This benefit was named the Parents of Critically III Children benefit when it was introduced on June 9, 2013. The benefit was renamed the Family Caregiver Benefits for Children on December 3, 2017, when the benefit was made accessible to extended family members and others considered to be like family.
    - Family caregiver benefits for adults: These benefits are offered to any family member or person who is considered to be like family who provide care or support to a critically ill or injured adult. This benefit was introduced on December 3, 2017.
    - **Compassionate care benefits:** These benefits are paid to any family member or person who is considered to be like family who provide care or support to a person who is gravely ill and has a significant risk of death within 26 weeks (six months). This benefit was introduced in January 2004. As of January 3, 2016, the maximum duration of benefits went from 6 to 26 weeks and the period during which claimants could receive weeks of benefits went from 26 to 52 weeks.

#### Part II - Employment Benefits and Support Measures

El Part II Employment Benefits and Support Measures program is delivered by provinces and territories. It includes the following types of benefits: Skills Development, Targeted Wage Subsidies, Self-Employment, Job Creation Partnerships and Targeted Earnings Supplements. Overall, these benefits allow El-insured clients to gain work skills and experience through a combination of specific employment interventions. While receiving Part II benefits or support from their province or territory, participants may or may not receive Part I El regular benefits. The EIS produces estimates on the number of beneficiaries that receive both regular benefits and Part II benefits related to the following three programs:

<sup>1.</sup> The province of Quebec manages the Quebec Parental Insurance Plan (QPIP), which provides benefits to all eligible workers taking maternity leave, paternity leave, parental leave or adoption leave. It replaced maternity, paternity, paternity, parental and adoption benefits provided under the federal employment insurance program in January 2006. Employment Insurance Statistics account only for the beneficiaries under the federal employment insurance program. These counts represent particular cases, such as people who moved to Quebec while collecting benefits from the federal program. See Employment Insurance benefits on the Service Canada website for more details.

- Job Creation Partnerships: These projects provide insured participants with opportunities to gain work experience to improve their long-term employment prospects. Projects under this initiative help develop the community and the local economy.
- **Self-Employment:** These projects provide financial assistance and business planning advice to EI-eligible participants to help them start their own business. This financial assistance is intended to cover personal living expenses and business-related expenses during the initial stages.
- **Skills Development:** These projects help insured participants obtain skills for employment by providing direct financial assistance that enables them to select, arrange for and pay for their own training.

**Note:** For more information on the definitions, see <u>Employment Insurance benefits</u> on the Service Canada website.

# **Related products**

# Tables

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#### Survey

2604 Employment Insurance Statistics – Monthly (EIS)

# Summary table

Latest statistics