

EI BENEFITS

Recommendation

Regional Councillor Gino Rosati recommends that:

WHEREAS a healthy unemployment insurance system is the most powerful of all economic stabilizers. In the recessions of the early '80s and '90s, UI prevented deeper, longer downturns and reduced the shock of job and GDP losses;

WHEREAS we have entered this new economic crisis with a much weaker EI system. It provides only half the coverage it did in the last recession. Now only one third of the unemployed in greater Toronto receive EI at any given time - because fewer workers qualify and benefit weeks are reduced;

WHEREAS the federal government stopped contributing to EI and diverted EI premiums to other spending (\$54 Billion between 1994 -2007 instead of restoring EI benefits);

WHEREAS even the US government has shown leadership through major improvements in the duration of UI benefits and a universal benefit top-up as part of a stimulus package to deal with the crisis;

WHEREAS there will be a negative fiscal impact on all municipalities if residents are unable to access EI benefits or otherwise maintain incomes during this economic downturn, due to the increased reliance on locally provided social programs,

THEREFORE BE IT RESOLVED that the City of Vaughan call upon the Government of Canada to introduce the following changes to the Employment Insurance system:

- 1. 360 hours to qualify for EI benefits in all regions of Canada**
- 2. Increase benefit duration to at least 50 weeks in all regions, and**
 - Provide an additional year of “Special Extension” benefits if national unemployment exceeds 6.5% - paid from federal general revenues.**
 - Extend EI Part 1 benefits while a worker is in approved training.**
- 3. Increase benefits to at least 60% of normal earnings, using workers' 12 best weeks, and raise the maximum. Suspend the allocation of severance pay, and eliminate the 2 week waiting period.**

Economic Impact

There is no economic impact for the City of Vaughan resulting from this report.

Communications Plan

To be circulated to York Region Council, Durham Council, Peel Council, Halton Council, Prime Minister of Canada, Minister of Finance, Minister of Labor, York Region MP's, City of Toronto Council, Leader of the Opposition, Leader of the NDP, Leader of the Block, Premier of Ontario.

Purpose

To request the Government of Canada improve the eligibility of laid off and unemployed working Canadians to access EI Benefits during this current crisis.

Background – Analysis, Options and Explanation

Employment Insurance comparison of the proposed recommendations to the current legislation.

Recommendations:

1) Reduce the number of hours to qualify for EI to 360 hours in all regions of Canada.

Right now there are varying amount of hours required to qualify for EI across the country.

You need anywhere between 360 to 720 hours to qualify.

In areas of high unemployment such as the Maritimes and parts of Quebec, you need less than what is required in the GTA. In the GTA, you require 630 hours. The number of hours that is required to qualify for GTA ignores the economic reality of living in the GTA. Most workers in the GTA, who lose their jobs will not be eligible for EI because they can not secure 630 hours. In fact the hardest hit categories are women and new Ontarians in the GTA

The unemployment rate in the GTA is currently 9%

Under the current legislation, this hour requirement does not apply to first time entrants in the workforce, i.e. young workers and newcomers who are working for the first time in workplaces. **They will still require 910 hours to qualify for EI.** This has prevented a lot of young workers and part timers who are having a difficult time to accumulate such number of hours in this economic recessionary climate.

2) Increase benefits to 50 weeks in all regions, and

- **Provide an additional year of 'Special Extension benefits if national unemployment exceeds 6.5% --paid from federal general revenues.**
- **Extend EI Part 1 benefits while a worker is in approved training**

Currently, the maximum benefit period that workers in GTA are entitled to is 38 weeks. The number of weeks is far from adequate and again, it does not take into consideration that the employment picture for workers is bleak in this region of the country.

The Federal government's stimulus package is only extending 5 weeks which will provide relief for workers in GTA up to 43 weeks. It is far from enough. The US government has shown leadership with major improvement in the duration of UI benefits and a benefit top up as part of a stimulus package by extending up to 59 weeks.

3) Increase benefits to at least 60% of normal earnings, using workers' 12 best weeks, and raise the maximum. Suspend the allocation of severance pay. Eliminate the 2 week waiting period.

At present, EI claimants receive 55% of their earnings up to \$430 as their maximum weekly payment. The benefit level since the early 1980s has been dramatically reduced from 72%, to 66% and now it is at 55%.

Workers have experienced hardship about making ends meet. It has been particularly difficult for many who are single parents trying to juggle the demands on daily survival, when the cost of living has actually gone up.

The EI program has accumulated a huge surplus of \$54 billion since the mid 1990s, the result of deep cuts in benefits paid to unemployed workers. That surplus could and should be available to backstop and improve benefits when we hit a recession. Now is the time to improve the EI system and make sure unemployed workers are not left 'out in the cold.'

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with Vaughan Vision under service excellence "Enhance and Ensure Community Safety, Health and Wellness".

Regional Implications

NIL

Conclusion

This resolution is being recommended in an effort to increase eligibility for EI by reducing the number of hours to 360 in all regions across Canada and to provide extended EI to displaced workers during these difficult economic times.

Respectfully submitted,

Gino Rosati
Regional Councillor
City of Vaughan