

TRISTAT RESOURCES

Measuring Employment Insurance Effectiveness

Data Note

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Employment Insurance Effectiveness

Background

The measurement of Employment Insurance, (E.I.) coverage has been contentious for some time. The most widely used measure is the ratio of E.I. Beneficiaries to the Unemployed (the B/U ratio). This ratio sits at about 40%

(<http://www.unemployed.ca/report.html>).

Despite its value, the B/U Ratio is sometimes difficult to interpret because the numerator is not strictly a subset of the denominator. A low figure suggests that something is amiss but does not tell why; is it the growth of non-standard employment, the exclusion from E.I. of those not 'potentially eligible' (quitters, students, those who have not worked in the last year), the exclusion from E.I. eligibility based on hours of work or are E.I. benefits received but have been exhausted (at the time of the survey E.I. benefits have ended).

One of the values of the B/U ratio despite its flaws is that it can be calculated easily based on data that are readily available from Statistics Canada. Not only is the statistic easy to calculate, it can be determined historically for many years, decades, but also it can be calculated based on the Labour Force Survey and the Census for regions below the provincial level and for subpopulations of interest (by age group and sex). This can be done at a reasonable cost for several years.

Beneficiary/Unemployed Contributors ratio (B/UC ratio)

This measure improves on the B/U ratio and retains its advantages (ease of calculation historically and below the provincial level). The B/UC is the ratio of those receiving regular benefits to those unemployed who contributed to the E.I. fund in the

last year (this denominator is estimated as those with paid employment in the last year would should be virtually identical). The B/UC corrects the concern that many express about the B/U ratio that the denominator includes the self-employed or those who did not work in the last year.

Using administrative data and the Labour Force Survey, one can estimate the B/UC ratio below the provincial level, for example, for federal electoral districts, cities and towns. As well, the B/UC can be calculated over a long historical time period¹. This measure still needs to be interpreted with caution because some of those receiving regular benefits may not have worked in the last year (they may have delayed benefits due to an illness or because of a severance package). These can be calculated by age group and sex.

It is worthwhile comparing these statistics with the B/U ratio.

Based on the E.I. Coverage survey, the ratio can be calculated at the national level for youth, women, low-income populations, by wage and family type. With this data source the B/UC can be calculated so the numerator is strictly speaking a subset of the denominator; that is, the numerator is those receiving regular benefits who have worked in the last year.

The following table presents selected values of this coverage measure – Beneficiaries as a Per Cent of Unemployed Contributors based on the E.I. Coverage Survey and based on administrative data compared to the Labour Force Survey

¹ This has been confirmed in conversation with senior staff at STC responsible for the Labour Force Survey.

Table 1

E.I. Regular Beneficiaries (without earnings) as a Percent of Unemployed Contributors*, 2003

Population	Value
All Canadians 15+	45%
15-24 years	19%
25-34 years	53%
35-44 years	55%
45-54 years	55%
55 years and over	57%
Males 15-34	38%
Females 15-34	28%
Females with Children	46%
Male worked part-time	23%
Female worked part-time	27%
Wages under \$10/hr.	28%

Source: Special Tabulations by Statistics Canada using the E.I. Coverage Survey

* Unemployed Contributors are those unemployed who have worked in paid employment in the last year.

Data for females and males 15-24 were not published due to small sample sizes.

Table 2

**Ratio of EI Beneficiaries to Unemployed Contributors* (B/UC Ratio) -
2004 -by age group and sex - Canada**

Age Group	Males	Females	Total
15 +	62%	53%	58%
15-24	26%	16%	22%
25-34	66%	58%	63%
35-44	78%	68%	73%
45-54	88%	82%	86%
55-64	88%	70%	80%

* EI Beneficiaries are those without earnings (some may not have worked in the last year).
Unemployed Contributors have had paid work in the last year.

Source: Special Tabulations by Statistics Canada based on administrative data and the
Labour Force Survey.

Note: This ratio can be more than 100% because some E.I. Beneficiaries may have
delayed their claim and thus have not worked in the last 12 months.

The first table below is taken from a Canadian Labour Congress publication (<http://www.unemployed.ca/report.html>) and uses the B/U ratio. This ratio is the ratio of those receiving regular E.I. benefits to the unemployed population. Note that some of those unemployed are not eligible for E.I. because they have not had paid employment in the last year.

Canada									
Percentage of Unemployed Receiving UI*									
Pourcentage de sans-emploi touchant des prestations d'a.-c.*									
Age / Âge	1990	1993	1996	1997	1998	1999	2000	2001	Decline from / Diminué de 1996
Men / Hommes									
15-24	57%	37%	25%	19%	19%	19%	19%	20%	22%
25-34	89%	69%	53%	47%	52%	53%	53%	52%	2%
35-44	85%	86%	50%	48%	52%	53%	55%	54%	-8%
45-54	84%	67%	51%	49%	51%	53%	54%	56%	-8%
55 +	87%	69%	57%	52%	56%	56%	62%	59%	-4%
Total	78%	59%	45%	40%	42%	43%	44%	44%	3%
Women / Femmes									
15-24	45%	30%	17%	12%	11%	10%	11%	11%	36%
25-34	79%	59%	43%	38%	36%	37%	36%	37%	13%
35-44	72%	58%	44%	40%	41%	40%	41%	40%	10%
45-54	82%	63%	50%	47%	46%	45%	44%	44%	12%
55 +	101%	70%	56%	48%	47%	57%	47%	45%	19%
Total	69%	53%	39%	33%	32%	32%	32%	33%	16%
Total									
15-24	52%	34%	22%	16%	16%	15%	15%	16%	26%
25-34	85%	64%	49%	44%	45%	46%	46%	46%	6%
35-44	79%	63%	47%	44%	47%	47%	49%	47%	0%
45-54	83%	65%	51%	46%	49%	49%	49%	50%	1%
55 +	90%	69%	57%	50%	52%	55%	56%	54%	5%
Total	74%	57%	42%	37%	38%	38%	38%	39%	8%

* without earnings / sans gain.

Source : This is a Canadian Labour Congress computation based on Statistics Canada Labour Force Survey and Employment Insurance data.

Source : Ceci est un calcul du Congrès du travail du Canada, basé sur le Sondage de Statistique Canada sur la main-d'oeuvre active et les données de l'assurance-emploi.

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