



Submission to the Department of Finance on Financing the Employment Insurance program

The Ontario Secondary School Teachers' Federation (OSSTF/FEESO) represents 60 000 educational workers across Ontario including public high school teachers, occasional teachers, educational assistants, continuing education teachers and instructors, psychologists, secretaries, speech-language pathologists, social workers, plant support personnel, attendance counsellors and many others in education.

Employment Insurance (EI) benefits are a vital component to the protection of workers in Canadian society. It is the OSSTF/FEESO position that the government should pay for the extra cost of the EI program as a result of high unemployment during recessions, that the EI Operating Account should be managed at arm's-length by a third party inclusive of labour representatives, and that any surpluses accumulated in the EI fund should only be used to finance the EI program.

Numerous workers from various industries are ineligible for EI benefits. For instance, many education sector employees do not qualify for regular EI benefits although they are still required to pay the full premiums. Another example includes part-time and temporary workers across the nation who do not qualify for any EI benefits based on the number of hours they work per year, yet EI premiums are deducted. We feel that this injustice could be rectified by prorating the benefit allowance according to the number of insurable hours worked.

In 2008 the surplus was used by the federal government towards other expenses and did not benefit the working population. Had the surplus been available during the recession and recovery, the impact to the EI Operating Account would have been minimal. Employment Insurance benefits have not increased significantly to compensate accurately for the increase in the cost of living. The government's proposal to increase premiums is not acceptable because it does not precipitate an increase in EI benefits or accessibility.

The government should pay for the extra cost of the EI program incurred as a result of high unemployment during recessions. Recessions are limited in time and the economy will recover. Managing the EI Operating Account appropriately would generate a surplus to account for recessions/hardships. The EI program currently discriminates against members of visible minorities (women, young workers and recent immigrants) as these workers reflect the majority of part-time and temporary workers who do not qualify for coverage or receive minimal benefits. Additional new limits to the EI qualifiers will only make it more challenging for workers in these part-time and temporary categories to receive benefits.

The decrease in accessibility to EI benefits will lead to an increase in the use of other social assistance programs, especially during times of recession when the labour market is depleted. Government officials wish to increase EI premiums which is not reflective of EI benefits the average worker receives, that being only 55% of their average weekly earnings to a maximum of \$468.00 per week. Receiving 55% of average weekly earnings is the equivalent to receiving \$5.63 per hour for a worker on minimum wage. Clearly this is far below the minimum wage.

Since EI premiums are paid jointly by the worker and the employer, we believe that the Operating Account should be managed by a third party comprised of equal representation from the government, labour representatives and the business community/employers. During 2007–2008, the EI Operating Account had a surplus balance of \$57 billion which the government withdrew to reduce the nation's debt. This led to a loss of trust and credibility from the working population. The working population pays into the EI program as a protection in the event that they might need EI assistance. We believe that the current premium payment structure should remain the same. From our point of view, a change in the premium structure would impact the workers negatively and the employers would benefit. This would place additional hardship on the working population.

Any surpluses accumulated in the EI fund should only be used to finance the EI program. Working citizens pay premiums into the EI account and it is unjust for the government to have used those funds for other purposes. In addition, accumulating a surplus would be preventative or proactive to prepare for times of recession, and it would safeguard against the increase in premiums. It is understood that the federal government has authority over the EI program. However, premium payers should be included in the process to set premiums, as well as joint control over the management of reserve funds and the use of any surpluses. The EI financing system is currently underfinanced due to the misuse of the EI surplus which has led to the deficit of the EI Operating Accounts and which has created the need for legislation to protect the government's access to the reserve fund.

As previously stated, it is imperative for the government to pay for additional costs of the EI program that arise due to high unemployment during recessions. Secondly, to regain credibility and trust, the EI Operating Account should be managed by a body that includes labour representative. Thirdly, EI benefits should be increased to be reflective of the cost of living, and accessibility to benefits should be enhanced. Lastly, surpluses accumulated in the EI fund should only be used to finance the EI program. We believe that adjusting these four components of the EI program will minimize the need to increase worker premiums.

DL/js