The Impact of Bill C-12 on New Entrants and Re-Entrants

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Abstract

This report examines the impact on Employment Insurance (EI) eligibility of the increase in the entrance requirement for new entrants and re-entrants, under Bill C-12, from 20 to 26 weeks (or equivalent 910 hours). The results of the analysis suggest that:

- On average, about 36,500 new entrants/re-entrants were affected negatively each month in 1997 — i.e. did not qualify for EI, but would have qualified under the old rules.

- An additional 9,100 new entrants/re-entrants could have also been affected negatively each month, but were able to work additional hours to meet the higher entrance requirement.

- As a result, the average monthly number of regular beneficiaries in 1997 was reduced by about 5.8 percent (from a potential 633,200 to 596,700); correspondingly, total regular benefit payments in the entire 1997 were lower by about $520 million.

- The new rules for new entrants/re-entrants had a greater negative effect on claimants with monthly family incomes under $2,000, and those who received social assistance since the loss of their job.

The above results are based on an ex ante analysis of the Canadian Out of Employment Panel (COEP) survey. The cohort analyzed consists of those individuals who terminated a job in the last quarter of 1995. To reconstruct work and claim histories, the COEP data were supplemented by the respondents' Records of Employment and EI Status Vectors.

Ideally this analysis should be complemented by ex post analysis, to see if in fact the predictions materialized. However, ex post evidence from the Employment Insurance Coverage Survey (EICS) corroborates the above findings. Preliminary analysis of the EICS data shows that the number of individuals, who were affected negatively by the new entrant/re-entrant requirements, was approximately 35,000 per month — very close to the 36,500 predicted by this study.[1]

[1] The EICS estimate reflects the number of individuals with 700 to 910 hours of insured employment (i.e. between the old and new minimum entrance requirement) who gave as a reason, for not receiving benefits, that they "did not have enough work." Further analysis of the EICS has shown that the change from insured weeks to insured hours, under Bill C-12, had a negligible effect in terms of eligibility for benefits.

1. Introduction

1.1 Background

One important change introduced by Bill C-12 was the increase of the entrance requirement for new entrants and re-entrants from 20 insurable weeks to 26 insurable weeks effective June 30, 1996, and to 910 insurable hours (equivalent to 26 weeks at 35 hours per week) effective January 5, 1997.

Individuals are defined by the Employment Insurance (EI) program as new-entrants or re-entrants if during the 52 week period, immediately preceding their qualifying period, they had fewer than 14 weeks (or 490 hours after January 6, 1997) of insurable employment or EI benefit weeks. The qualifying period is the shorter of: (a) the 52-week period immediately preceding the claim application; and (b) the period between the claim application and the beginning of the immediately previous claim.

For the sake of brevity, hereafter the term "new entrant" refers to both new entrants and re-entrants.

1.2 Study Objectives

The objective of the study is to assess the impact of the increase of the entrance requirement for new entrants from 20 to 26 weeks (or its equivalent 910 hours). The following four key questions are addressed by this study:

(a) Prior to the introduction of Bill C-12, how many new entrants had between 20 and 25 insured weeks, and would not have qualified for benefits if the new rules were already in effect?

(b) Extrapolating the number of new entrants with 20 to 25 insured weeks to 1997, what are the annual cost savings to the EI program resulting from the higher entrance requirement for new entrants?

(c) What is the income and demographic profile of new entrants, particularly those with 20 to 25 weeks of insured employment? :

(d) To what extent are new entrants able to secure additional weeks to meet the higher entrance requirement?

1.3 Data Sources

The study relies on the Canadian Out of Employment Panel (COEP) survey. The results presented here are based on a random sample of individuals from a selection of 45,000 individuals, who terminated a job in the fourth quarter in 1995 and were issued a Record of Employment (ROE).

The 1995-Q4 COEP survey is the second of a series of quarterly surveys designed to monitor the impact of the Bill C-12. The first quarterly survey was more of a feasibility test, but the design of the survey remained stable for the rest of the cohorts. The analysis here uses the 1995-Q4 cohort.

The COEP information provides detailed information about the characteristics of individuals who terminated a job, their consequent job search and employment activities, as well as the reasons why they did not claim EI or how they may have been affected by the job termination.

The COEP data are supplemented by linking them to previous ROEs of the individuals in the survey, as well as their EI Status Vector records. The ROE records were used primarily to reconstruct the past employment history of individuals. The Status Vector records were used primarily to obtain detailed information about the EI claim history of individuals.

The sample used for this analysis contains 3,814 individuals. Most of the analysis concentrates on new entrants. Of the total sample, 884 individuals were identified by this study as new entrants. The method of identification of new entrants is explained in Section 2. The total sample represents 645,941 individuals (weighted count), of whom an estimated 138,976 individuals were new entrants.

One possible limitation of the analysis is that it is constrained by lack of hours data in 1993-1995 and so cannot accurately account for the people who, although were not included in the old Unemployment Insurance (UI) system, could have been included in the new EI system, because of the new hours-based system. However, this limitation is likely to be minor. Preliminary analysis of the Employment Insurance Coverage Survey (EICS) analysis has shown that the change from insured weeks to insured hours, under Bill C-12, had a negligible effect in terms of EI eligibility.

1.4 Report Outline

In what follows, Section 2 combines the COEP data with ROE and Status Vector data, to identify new entrants and estimate their number and their distribution by insured weeks. Section 3 extrapolates estimates based on the 1995-Q4 cohort, to assess the impact of the higher entrance requirement for new entrants, under Bill C-12, on the number of beneficiaries and level of benefit payments. Section 4 examines the characteristics of new entrants, particularly those with 20 to 25 insured weeks in the qualifying period. Section 5 explores the ability of new entrants to increase their insured weeks in order to meet the entrance requirement.

2. Identification of New Entrants

This section uses Canadian Out of Employment Panel (COEP) and administrative data from the last quarter of 1995 to identify new entrants. One of the main objectives is to estimate the number of regular beneficiaries who have 20 to 25 insured weeks and who, under Bill C-12, were negatively affected from the increase of the entrance requirement from 20 to 26 weeks.

2.1 Methodology

The starting point of the analysis was to identify who, among those who terminated a job in the last quarter of 1995 and claimed Employment Insurance (EI), were new entrants. Also, identify who would not have been able to qualify for benefits, had the higher entrance requirement under Bill C-12 already been in effect. The analysis focuses on those who:

(a) terminated a job in the last quarter of 1995; and

(b) received a Record of Employment (ROE) after they terminated their job (regardless if they consequently claimed EI or not).[2]

The main methodological challenge faced by the study was reconstructing the employment history of individuals over a two-year period and determining who was a new entrant. ROE and Status Vector records were used to estimate the following:

(a) the qualifying period (52 weeks prior to the benefit commencement period or the period since the start of the previous claim, which ever was shorter);

(b) the number of weeks of insured employment during the qualifying period;

(c) the pre-qualifying period (the 52 week period prior to the qualifying period); and

(d) the number of weeks of insured employment and benefit weeks during the pre-qualifying period (individuals are defined as new entrants if the weeks of insured employment and EI benefits during the pre-qualifying period were less than 14).

The methodology used to estimate insured weeks from the ROE and Status Vector records is complex, because often job spells overlap and/or contain weeks of non insured employment. The basic principle used in the logic of the algorithm used by this study was to allocate weeks in such a way as to give the benefit of doubt to the claimant. This is the same principle applied by field staff in determining EI eligibility.[3]

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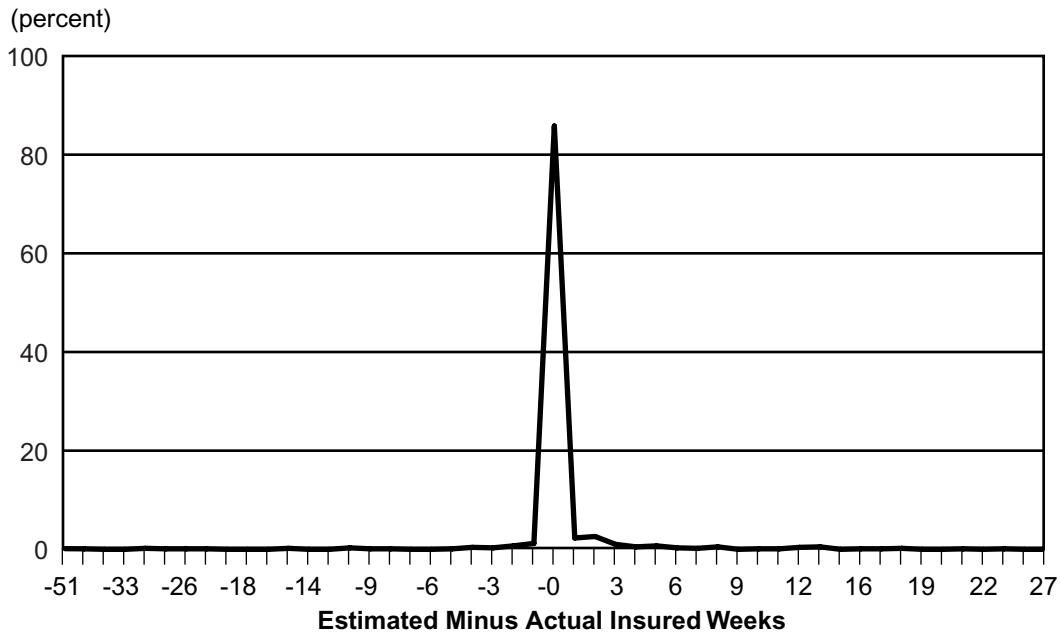
2 Of those who claimed benefits after their job was terminated in the fourth quarter of 1995, 80 percent started their benefit period within the same quarter.

3 Example: suppose an individual had two jobs that covered the same 10 week period. In this case, the weeks are staggered and the individual is credited with 10 insured weeks. The logic is more complicated when ROEs overlap partially.

Since in the case of EI claimants the actual number of insured weeks of employment is known from their Status Vector, it was possible in these cases to test the methodology of estimating insured weeks, by comparing the study estimates to the number of insured weeks in the Status Vector. Chart 1 shows the frequency distribution of beneficiaries by the difference between estimated and actual number of insured weeks: in 93 percent of the cases the difference was more or less 2 weeks. This suggests that the methodology employed here approximates closely to the process followed by EI field staff. Of course, no such direct test is possible in the case of non-beneficiaries or for estimates of insured weeks and benefit weeks during the pre-qualifying period.

CHART 1

Frequency Distribution by Difference Between Estimated and Actual Insured Weeks Among Regular Beneficiaries



2.2 Number of New Entrants

The above methodology led to the following estimates (Table 1):

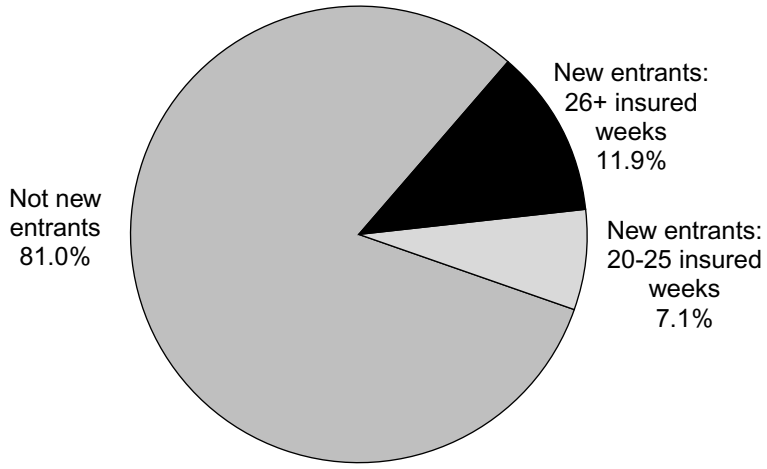
(a) 645,941 individuals terminated a job in the last quarter of 1995;

(b) 370,248 of them (57.3 percent) received regular benefits (an additional 41,968 individuals, or 6.5 percent, received special EI benefits);[4]

(c) 70,287 of all regular beneficiaries (19.0 percent) were new entrants — i.e. had less than 14 weeks of insured employment or weeks of EI benefits during the pre-qualifying period;[5]

(d) 26,273 of the new entrant regular beneficiaries (7.1 percent of all regular beneficiaries) had 20 to 25 insured weeks; it is this group of claimants that would have been disqualified from benefits if Bill C-12 were already in effect (Chart 2), assuming no behavioural change.

CHART 2
Regular Beneficiaries by New Entrant Status and Insured Weeks



4 76 percent of the regular beneficiaries started their benefit period within the quarter, while the rest started in 1996.

5 Prequalifying period refers to the 52-week period preceding the qualifying period.

TABLE 1
Basic Sample Description

	Weighted Count Regular EI Benefits			Sample Size Regular EI Benefits		
	No	**Yes**	**Both**	**No**	**Yes**	**Both**
INSURED WEEKS						
New Entrants (1)						
Less than 20 weeks	42,352	0	42,352	267	0	267
21-25 weeks	7,087	26,273	33,359	42	187	229
26+ weeks	19,252	44,014	63,265	106	282	388
Sub-total	**68,691**	**70,287**	**138,976**	**415**	**469**	**884**
Not New Entrants (2)						
Less than 12 weeks	35,266	0	35,266	183	0	183
12-19 weeks	19,089	41,414	60,502	133	456	589
20+ weeks	152,651	258,547	411,197	691	1,467	2,158
	207,006	299,961	506,965	1,007	1,923	2,930
TOTAL	**275,697**	**370,248**	**645,941**	**1,422**	**2,392**	**3,814**

Notes:
Numbers may not add up exactly due to rounding error.
(1) 20 weeks was the entrance requirement for new entrants before Bill C-12; 26 weeks is the new entrance requirement for new entrants.
(2) 12 weeks is the lowest entrance requirement for non-new entrants (in high unemployment regions); 20 weeks is the highest entrance requirement for non-new entrants (in low unemployment regions).

3. *Impact of Bill C-12*

3.1 Approach

This section provides estimates of the impact of the higher entrance requirement for new entrants on the number of regular beneficiaries and regular benefits paid out in 1997, which is the first complete calendar year following the implementation of Bill C-12.

The estimates are based on an extrapolation of the results of an analysis of individuals who terminated a job in the last quarter of 1995, and are subject to the following assumptions:

(a) there was no behavioural response to the raise in the entrance requirement;

(b) the distribution of new entrants by insured weeks in 1997 remained the same as in the last quarter of 1995; and

(c) the incidence of new entrants among those who terminated a job in 1997 remained the same as in the last quarter of 1995.

3.2 Impact on Number of Beneficiaries

The estimates here suggest that the higher entrance requirement could have reduced the average monthly number of regular beneficiaries by about 45,600. This conclusion was reached as follows (Table 2):

(a) According to HRDC administrative data, the average monthly number of regular claimants in 1997 was 596,744.

(b) The results of the previous section suggest that an increase in the entrance requirement for new entrants from 20 to 26 weeks will reduce the number of new regular claims by 7.1 percent.

(c) These results, extrapolated to 1997, suggest that average monthly number of regular beneficiaries would have been higher by 45,600 if the entrance requirement had not been raised.

TABLE 2
Extrapolation of 1995-Q4 COEP Results to 1997

	1995-Q4 COEP Estimates			Extrapolation to 1977					
	Number of new regular claims	Average benefit per new regular claim	Total benefits to new regular claim-ants (million)	Monthly no. of regular beneficiaries		Monthly benefit per regul. benef.		Annual regular benefits	
				new rules	old rules	new rules	old rules	new rules (million)	old rules (million)
New entrants: 20-25wk	26,273	$5,760	$151	0	45,580	0	$1,181	0	$646
New entrants: 26+ wks	44,014	$5,797	$255	76,358	76,358	$1,189	$1,189	$1,089	$1,089
Not new entrants	299,961	$5,836	$1,751	520,386	520,386	$1,197	$1,197	$7,472	$7,472
All beneficiaries	370,248	$5,826	$2,157	596,744	642,324	$1,196	$1,195	$8,562	$9,208
Excluding claimants with 20-25 weeks	343,975	$5,831	$2,006						

The above estimates likely provide an upper-limit of the true impact of the higher entrance requirement for two main reasons:

- First, some new entrants with 20 to 25 insured weeks may have had later Records of Employment (ROEs) that they could use to support a claim. In these cases, the higher entrance requirement would only have a delaying effect.

- Second, some new entrants may have been able to obtain additional weeks of insured employment (up to 6 additional weeks may be required to qualify for benefits since the entrance requirement was raised from 20 to 26 weeks). In these cases, the higher entrance requirement would have a behavioural effect (additional employment), and a small delaying effect (behavioural aspects are discussed in more details in Section 5).

3.3 Impact on Benefit Payments

Under the assumption of no behavioural effects, what is the maximum savings to the Employment Insurance (EI) program resulting from the higher entrance requirement for new entrants, keeping in mind that some of these savings may be simply a deferral of benefits rather than a net saving?

Based on 1995 data, it was estimated that the higher entrance requirement may have reduced annual payments of regular benefits by about $650 million in 1997. This estimate was reached as follows (Table 2):

(a) According to HRDC administrative data, the average monthly regular benefit in 1997 was $1,196 and the monthly number of regular beneficiaries was 596,744. Total annual regular benefits in 1997 were $8,562 million (1,196 x 596,744 x 12).

(b) The average monthly benefit for new entrants, and for the rest of the beneficiaries, was estimated by assuming that they were proportionate to the estimates here, based on the benefits of new claimants in 1995-Q4.

(c) The monthly amount of additional regular benefits, that would have been paid in 1997 under the old rules, was then calculated by multiplying the previous monthly estimate of new entrants with 20 to 25 weeks of insured employment, times the average monthly benefit of new entrants.

In conclusion, the higher entrance requirement for new entrants under Bill C-12, could have reduced the average monthly number of regular beneficiaries in 1997 by about 45,600 (a 7.1 percent reduction), and the total payments for regular benefits by about $650 million (a 7.0 percent reduction). These estimates are an upper limit of the true impact of the higher entrance requirement, since some individuals may have been able to collect benefits later, after securing additional insurable work weeks.

4. Characteristics of New Entrants

This section examines the income and demographic profile of new entrants in 1995, particularly those with 20-to-25 weeks of insured employment. The profile is likely to be similar in the post-EI period. The reason for focusing on new entrant beneficiaries with 20-to-25 weeks is that this is the group that would be directly affected by the tighter entrance requirement under Bill C-12.

Table 3 shows the distribution of regular beneficiaries by various characteristics, while Chart 3 shows the incidence of new entrants with 20-to-25 weeks among beneficiaries with different characteristics. The results show that:

(a) **age:** youth accounted for 15 percent of new entrants with 20-to-25 weeks; they were somewhat more likely to be new entrants with 20-to-25 weeks than non-youth;

(b) **gender:** men accounted for about two-thirds of new entrant beneficiaries with 20-to-25 weeks, more or less proportionate to their representation among all regular beneficiaries.

(c) **education:** there was no clear correlation between level of education and the incidence of new entrants with 20-to-25 weeks;

(d) **region:** the same observation applied to the results by region, although Ontario had a somewhat higher incidence of new entrant beneficiaries with 20-to-25 weeks.

(e) **income:** individuals with monthly household income below $2,000 accounted for 60 percent of all new entrants with 20-to-25 weeks; the incidence of new entrant beneficiaries with 20-to-25 weeks among individuals with low household incomes was almost triple that of the rest of regular beneficiaries (13 percent vs. 5 percent);

(f) **social assistance:** individuals who received social assistance since they lost their job represented 19 percent of new entrant beneficiaries with 20-to-25 weeks; the incidence of new entrants with 20-to-25 weeks was the highest among social assistance recipients (26 percent vs. 6 percent for non-social assistance recipients).

TABLE 3 Distribution of Beneficiaries by Selected Characteristics				
	New entrants		Not new entrants	All regular beneficiaries
	20-25wks	26+wks		
AGE				
17-24	15%	15%	9%	10%
25-34	32%	29%	30%	30%
35-44	27%	26%	31%	30%
45+	26%	31%	29%	29%
GENDER				
Male	69%	67%	67%	67%
Female	31%	33%	33%	33%
EDUCATION				
No high school	26%	32%	36%	35%
High school diploma	38%	29%	29%	30%
Some post-sec. education	13%	18%	17%	17%
Post sec. degree/diploma	22%	21%	18%	18%
REGION				
Atlantic	17%	12%	17%	16%
Quebec	31%	24%	39%	36%
Ontario	31%	34%	22%	24%
West	21%	30%	22%	23%
MONTHLY HOUSEHOLD INCOME				
Under $2,000	60%	30%	33%	35%
$2,000-$3,499	21%	34%	35%	34%
$3,500 plus	19%	36%	32%	31%
RECEIVED SOCIAL ASSISTANCE				
Yes	19%	5%	4%	5%
No	81%	95%	96%	95%
TOTAL	**100%**	**100%**	**100%**	**100%**

CHART 3
Incidence of 20-25 Insured Weeks Among Regular Beneficiaries

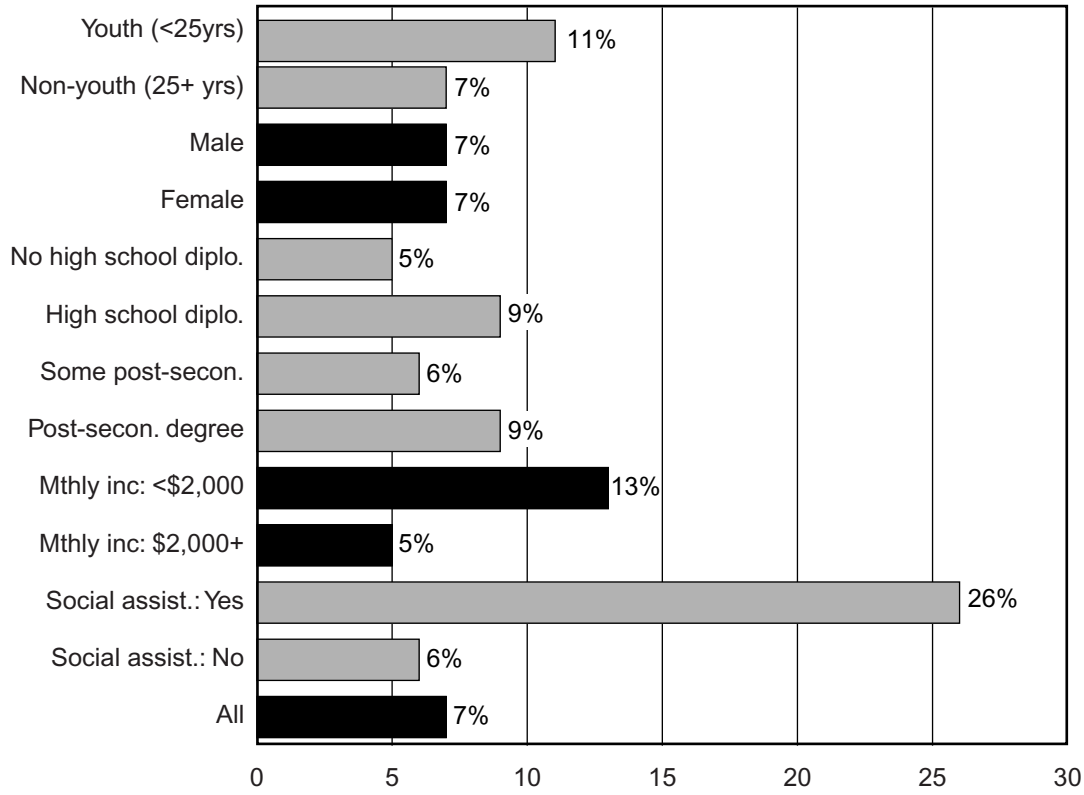


Table 4 presents the results of a logit regression model estimation of the incidence of new entrants with 20-to-25 insured weeks among all regular beneficiaries, by different characteristics. The regression results show that: those without high school diploma have a lower expected incidence, while those with low incomes and those on social assistance have a higher expected incidence. Chart 4 presents the logit regression results in graphic form.

The above results suggest that the impact of the increase in the entrance requirement for new entrants did not concentrate on youth and women. It affected all ages, regions and genders almost equally. But, it had a much greater negative impact on lower income households and those relying on social assistance.

TABLE 4
Logit Regression Estimates of Incidence of New Entrant Beneficiaries with 20-to-25 Insured Weeks Among All Regular Beneficiaries

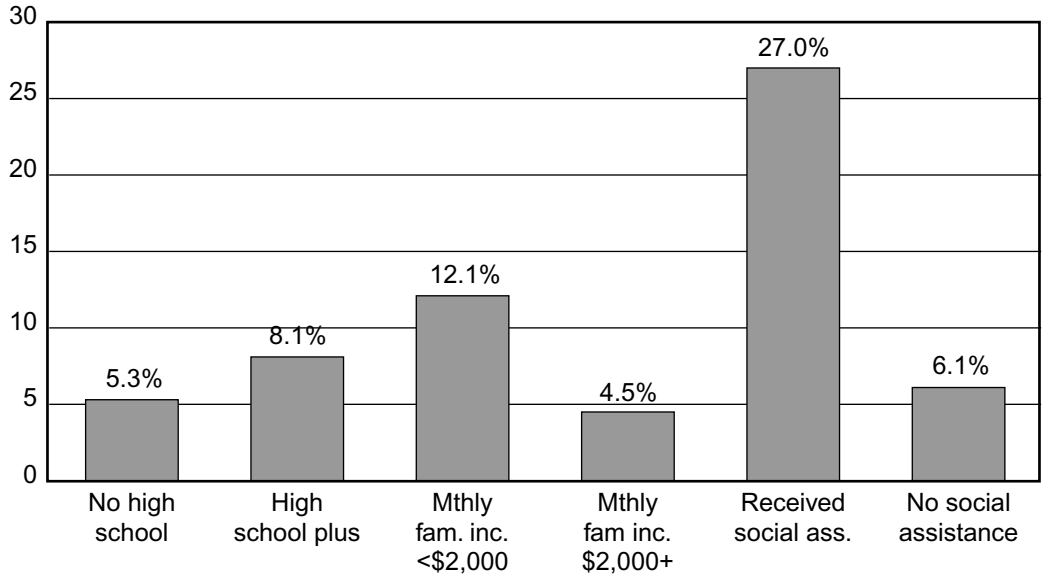
Variable	Explanation	b-coeffic.	Stand-error	Sigma	Incr. R sqr	Exp (b)
AGE						
AGE1	Youth (<25 yrs)	0.405	0.245	0.099*	0.026	1.499
AGE2	Non-youth	*Reference Category*				
SEX						
SEX1	Male	0.224	0.188	0.233*	0.000	1.250
SEX2	Female	*Reference Category*				
EDUC						
EDUC1	Less than high	-0.508	0.198	0.010	-0.064	0.602
EDUC2	High school plus			0.271*	0.000	
REGION						
REGION1	Atlantic	-0.157	0.264	0.551*	0.000	0.855
REGION2	Quebec	-0.388	0.221	0.079*	-0.031	0.678
REGION3	Ontario	*Reference Category*				
REGION4	West	-0.375	0.244	0.124*	-0.018	0.687
FAMINC						
FAMINC1	Under $2,000	0.944	0.179	0.000	0.152	2.569
FAMINC2	$2,000 plus	*Reference Category*				
SASISNCE						
SASINCE1	Received SA	1.426	0.247	0.000	0.167	4.163
SASINCE2	No social assis.	*Reference Category*				
Constant		-2.859	0.222	0.000		

R square (improvement in log likelihood): 7.5%
No of cases (unweighted): 2,392

Notes:
(*) b-coefficient has no significant effect on the relative odds at the 95 percent level of confidence.

CHART 4

Incidence of New Entrants with 20-to-25 Weeks Based on Logit Regression Results



5. *Behavioural Effects*

5.1 Ex Ante Model

The final question raised by the study was the following: to what extent were new entrants able to secure additional weeks to meet the higher entrance requirement? The question was addressed by conducting the following type of ex ante analysis: the 1995-Q4 data were analyzed to see if the distribution of the insured weeks of new entrants showed a "spike" at around 20 weeks (the old entrance requirement for new entrants). Such a spike would indicate that some individuals are able to extend their weeks of work in order to meet the entrance requirement. The statistical significance of a spike was tested using logit regression analysis.

Chart 5a shows the distribution of insured weeks during the qualifying period of new entrants (both beneficiaries and non beneficiaries). The above distribution was compared to the distribution of insured weeks of non new entrants.[6]

The data show that there was a "spike" at 20-to-22 insured weeks, and a "drop" at 17-to-19 insured weeks preceding the entrance requirement. A similar spike, but less pronounced, was also observed among non-new entrants.

Chart 5b shows that among individuals with insured weeks near the entrance requirement, there was a pronounced difference between new entrants and non-new entrants: new entrants were much more likely than non-new entrants to have 20 or just above 20 insured weeks, than just below 20 insured weeks.

The presence of the above pronounced "spike" and "drop" among new entrants provides initial evidence that some new entrants were able to secure additional insured weeks to meet the entrance requirement.

6 Chart 5a excludes job terminations with 52 insured weeks to make it easier to compare new entrants to non-new entrants. The reason is that among non-new entrants, there is a big spike at 52 insured weeks (21 percent), while among new entrants the corresponding percentage is only 2 percent.

CHART 5a
Insured Weeks During Qualifying Period: All Job Terminations

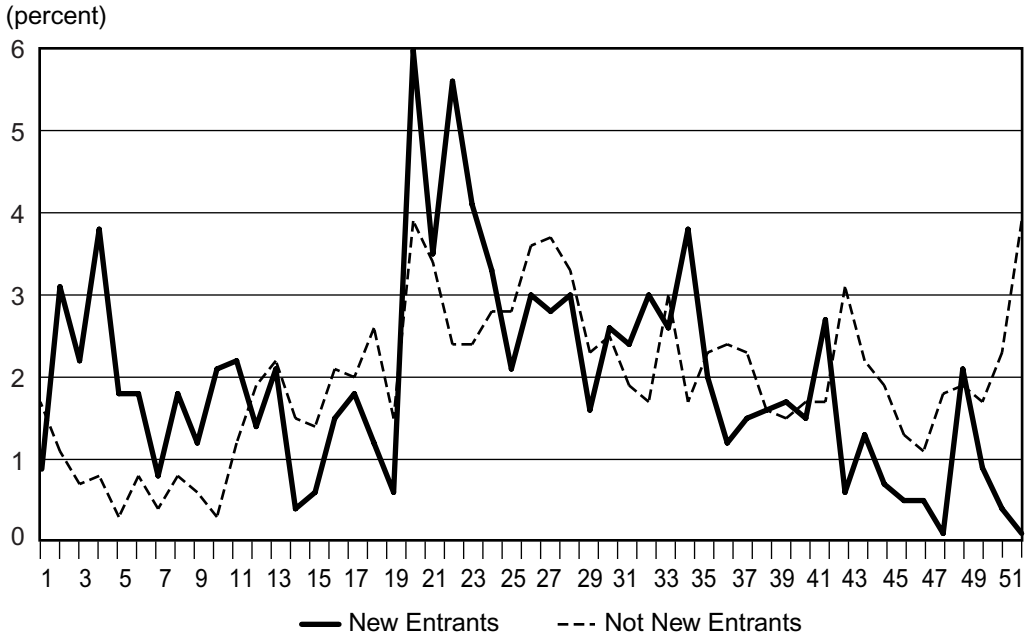
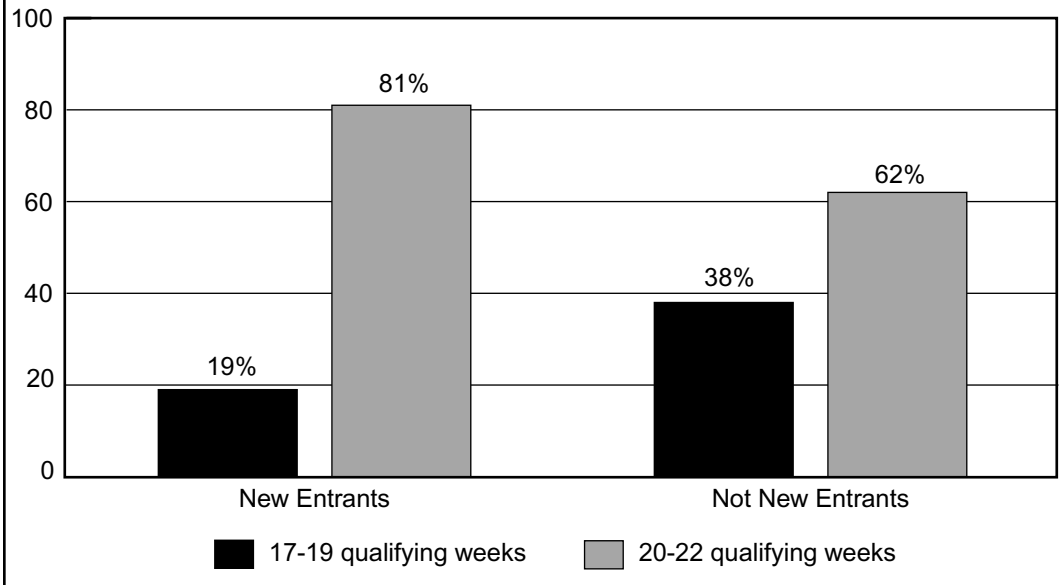


CHART 5b
Insured Weeks During Qualifying Period: Job Terminations with 17-22 Insured Weeks



The above initial evidence was further tested using the following logit regression model among all individuals (new entrants and not new entrants) with 17 to 22 insured weeks:

$$ABOVE = b_0 + b_1 * NEWENTR + \text{dummies for gender, age, education and region}$$

where ABOVE is the probability that an individual had 20-to-22 insured weeks, rather than 17-to-19; and NEWENTR is a dummy that takes the value 1 if the individual was a new entrant and zero otherwise.

The logit regression results confirmed that new entrants with insured weeks near the entrance requirement were more likely than non new entrants to be above the entrance requirement (Table 5).

The regression results suggest that about one-fifth of new entrants were successful in increasing their insured weeks and moving from just below the entrance requirement to above the entrance requirement.

Behavioural effects, therefore, may lower the predicted above reduction in the average monthly number of regular beneficiaries from 45,600 down to 36,500. Correspondingly, behavioural effects may lower the expected annual savings in regular benefit payments in 1997 from $650,000 down to $520,000. This adjustment, however, may overstate the actual behavioural response if new entrants are less successful in adjusting their insured weeks, than as the case in the past at the lower entrance requirement.

5.2 Corroborating Ex Post Evidence

There is corroborating evidence of the above estimate for 1997. Estimates, based on the new Employment Insurance Coverage Survey (EICS), indicate that the average monthly number of new entrants, who were adversely affected by Bill C-12 in 1997, were approximately 35,000 — very close to the Canadian Out of Employment Panel (COEP) ex ante estimate of 36,500, after behavioural effects are factored in.[7]

More specifically, the results of the EICS analysis show that:

- The average monthly number of jobless (unemployed and out-of-the-labour force) individuals who had a paid job in the last 12 months, and worked at least 700 hours in 1997 was 1,107,000.

7 The EICS survey is a new HRDC/Statistics Canada quarterly survey that started in 1997. The survey data are collected through a follow up survey of a targeted group of respondents to the regular Labour Force Survey. A strength of the EICS is that its sample is representative of the labour force. A weakness of the EICS is that there is no link to HRDC administrative files.

TABLE 5

Logit Regression Estimates of the Probability of Increasing Insured Weeks of Work in Order to Meet the Entrance Requirement Among All Individuals with 17-to-22 Insured Weeks

Variable	Explanation	b-coeffic.	Stand-error	Sigma	Incr. R sqr	Exp (b)
NEWENTR						
NEWENTR1	New entrant	0.994	0.252	0.000	0.143	2.703
NEWENTR2	Not new entrant	*Reference Category*				
SEX						
SEX1	Male	-0.194	0.222	0.383*	0.000	0.824
SEX2	Female	*Reference Category*				
AGE				0.127*	0.000	
AGE1	Under 25	-0.782	0.336	0.020	-0.072	0.458
AGE2	25-34	-0.358	0.271	0.185*	0.000	0.699
AGE3	35-44	-0.189	0.288	0.511*	0.000	0.827
AGE4	45+	*Reference Category*				
EDUC				0.002		0.119
EDUC1	Less than high	-0.263	0.312	0.400*	0.000	0.769
EDUC2	High school	0.534	0.334	0.110*	0.029	1.705
EDUC3	Some post-sec.	-0.619	0.354	0.081*	-0.040	0.538
EDUC4	Post-sec. degree	*Reference Category*				
REGION				0.000		0.165
REGION1	Atlantic	-1.602	0.343	0.000	-0.173	0.202
REGION2	Quebec	-0.624	0.322	0.052*	-0.052	0.536
REGION3	Ontario	*Reference Category*				
REGION4	West	-8711.000	0.335	0.009	-0.085	0.419
Constant		1.743	0.461	0.002		

R square (improvement in log likelihood): 9.4%
No of cases (unweighted): 597

Notes:
(*) b-coefficient has no significant effect on the relative odds at the 95 percent level of confidence.

- Of these jobless individuals, 665,000 already received or will receive benefits, while 442,000 did not receive Employment Insurance (EI) and neither do they expect to receive benefits.

- Among the latter group of non-beneficiaries, 86,000 worked 700-910 hours, i.e. within the range of increase of the entrance requirement for new-entrants/re-entrants.

- Of them, 35,000 gave as a reason for not receiving benefits that they "did not have enough work." This figure provides an estimate of the average monthly number of individuals that were affected adversely by the higher entrance requirement for new entrants/re-entrants.

6. Conclusion

The results of the study suggest that the higher entrance requirement for new entrants and re-entrants reduced significantly the number of beneficiaries and the amount of total benefits paid in 1997 (by up to 7 percent).

The results also suggest that in 20 percent of the affected cases, the program change likely encouraged more weeks of employment. Therefore, the tightening of the entrance requirement for new entrants was effective, both as a cost-saving measure and in terms of encouraging a stronger employment attachment.

However, one area of concern is that a disproportional number of affected individuals live in lower income households or relied on social assistance. The Family Supplement under Bill C-12 is helpful to low-income individuals who qualify for benefits, but it does not offset the regressive nature of disqualifying low income new entrants.

A further concern is that the entrance requirement is uniform across all the economic regions, rather than be lower in high unemployment areas, as is the case with the entrance requirement for non-new entrants.

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