

# COVID-19 and the Canadian workforce

Reforming EI to protect more workers

David Macdonald





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# Context

IN JUST A few months, COVID-19 has put a serious strain on the health care systems and economies of many countries. On March 11, the Canadian government announced \$1 billion in new spending on the coronavirus, almost half of which will go to reinforce provincial health care systems. While the government has agreed to put an additional \$5 million into employment insurance linked sick leave and has waived the usual one-week waiting period for this benefit, much more could and should be done to protect workers facing prolonged economic uncertainty from the COVID-19 crisis.

Alongside the direct health risk of contracting the coronavirus, workers face the possibility — the likelihood in many sectors — of reduced hours or even layoffs, as their companies seek to contain financial losses resulting from the global pandemic. Furthermore, workers can be quarantined for various reasons including a positive test for COVID-19, self-isolation following travel, or employer requests for workers to stay home even if they have no symptoms.

To stay ahead of these and other likely effects of the coronavirus, Canada's income support systems need to be made more resilient and responsive to the needs of workers who are either quarantined or whose industries are heavily impacted. This paper examines how well protected Canadian workers are now and what else should be done to better insulate them from these risks.

# Access to paid workplace leave<sup>1</sup>

FOR MANY EMPLOYED Canadians, the first line of financial support in the case of a 14-day quarantine is workplace-based paid leave. Being able to take paid time off avoids the complexity of applying for EI and the income reduction inherent in EI benefits.

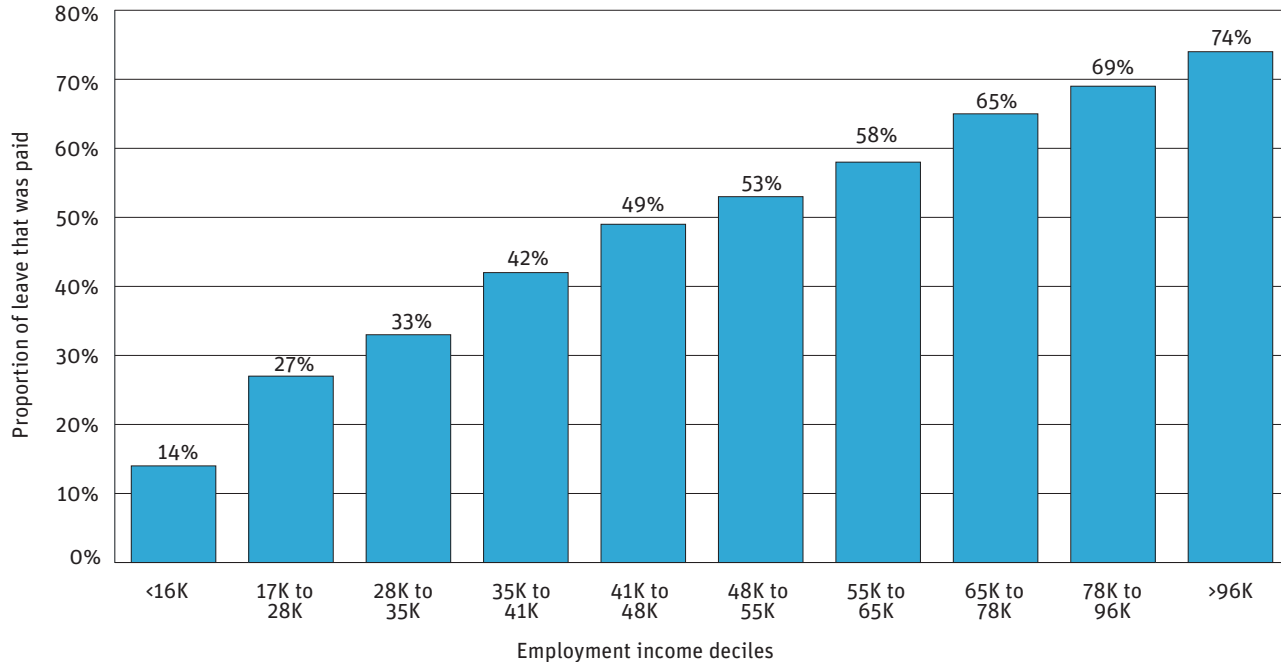
This section looks at how much leave, of at least a week, various workers took in 2019. It examines how many of those week-long absences were paid vs. unpaid leave. This should provide a proxy as to how many workers would likely receive some form of paid leave during an extended forced work absence due to COVID-19.

The provision of paid employer leave can take several forms including sick leave or vacation days. The latter should obviously be used for actual vacation, not in lieu of missing paid sick days. However, many workers don't or won't have a choice but to dip into their vacation time in the event they are forced to stay home for two weeks or more.

That's because only 38% of illness or disability leave and 23% of family responsibility leave was paid by employers in 2019, compared to 72% of vacation leave. Whether it is appropriate or not, quarantined workers are most likely going to use their vacation days to cover their involuntary time off.

Examining how often workers' leave was unpaid in 2019 can provide some insight into how different types of workers in Canada might deal with an unexpected two-week quarantine. As we can see in *Figure 1*, access to

**FIGURE 1** Proportion of leave that was paid, by income decile (2019)



**Source** Labour Force Survey Public Use Microdata Files (2019). Data excludes the self-employed. Hourly wages were annualized using usual weekly hours worked for 52 weeks.

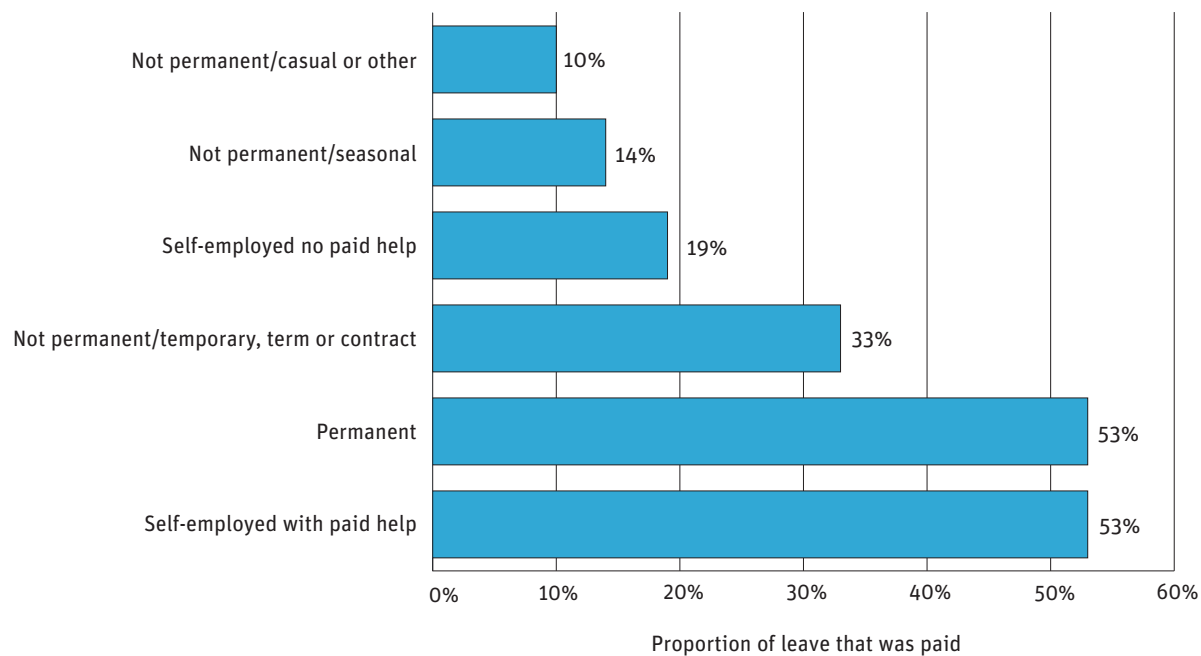
workplace-based paid leave is by no means evenly distributed across the income spectrum.

It is immediately clear that lower-income workers are already substantially more likely to be taking leave that is unpaid – and are therefore far more likely to face the prospect of an unpaid quarantine. In 2019, only 14% of the leave taken by workers in the lowest income decile was paid, while those in the top decile had 74% of their leave covered by their employer. The close relationship between income levels and amount of paid leave is clearly depicted in *Figure 1*.

Much has been made of the possibility of working from home while in a quarantine situation. That’s fine for a lot of so-called knowledge workers who can teleconference as needed. However, most of Canada’s lower- and lower-middle-income workers are in professions where this simply isn’t an option.

For example, in the five lower-to-middle-income professions where women are most likely to be employed – caring, clerical, catering, cashiering and cleaning – only one type of job (clerical work) could potentially be done from home. The other four are by definition in-person jobs, and workers in

**FIGURE 2** Proportion of leave that was paid by job type (2019)



**Source** Labour Force Survey Public Use Microdata Files (2019). Data excludes the unincorporated self-employed, which represented on average 1.6 million workers in Canada in 2019.

three of these professions – caring (in health care, child care and long-term care), catering (food preparation) and cleaning – will be on the frontlines of combatting the virus.

The stress on the primary care and long-term care systems will be borne largely by the women who staff these frontlines. Ensuring that sick workers stay home, and especially that they don't serve food, will be critical in slowing the spread of COVID-19. Cleaning and disinfecting shared spaces and health care settings will take on a new urgency, and women do much of this labour.

The largest occupational group in which the majority of workers are men is made up of the building trades, transport (truck driving) and equipment operators and related occupations.<sup>2</sup> These workers won't be on the frontlines of combatting the coronavirus, but their jobs are impossible to do from home. We can't telecommute to the cab of a truck or wire a breaker box from our computer (at least not yet).

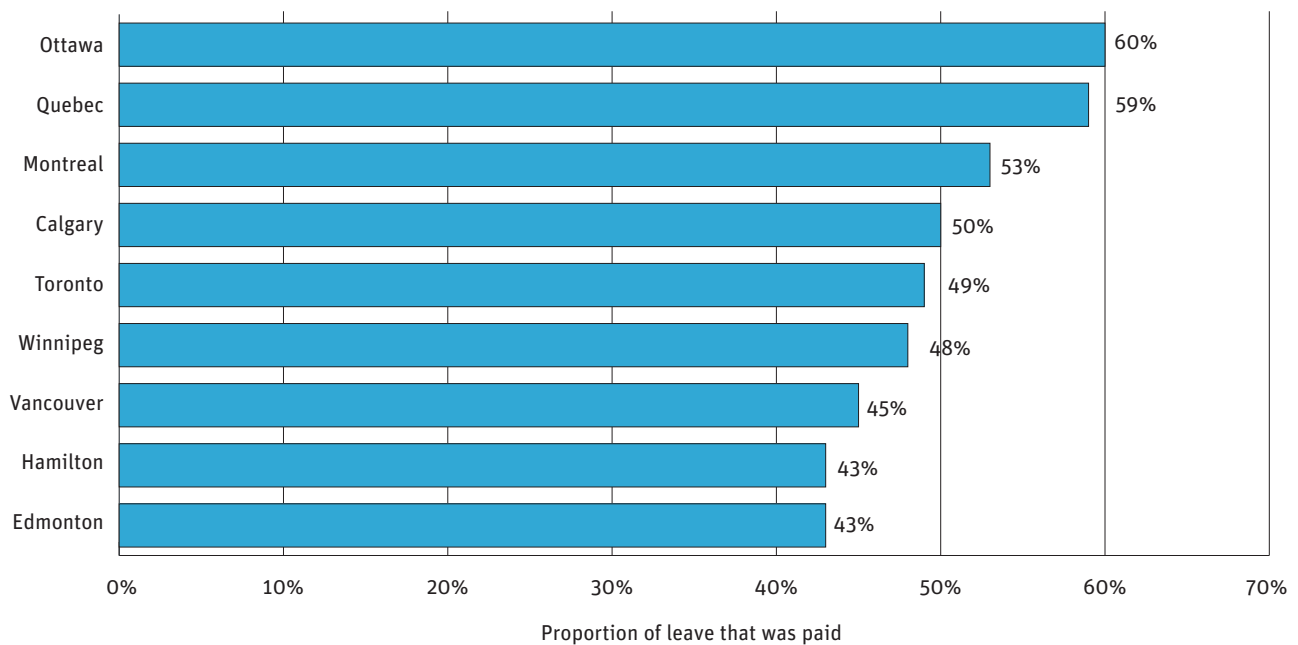
Whether leave is paid or not depends substantially on the job type as well as on income levels. Contrast permanent employees and Canadians

who own their own businesses, who have 53% of their leave paid for, with non-permanent employees whose paid-leave rates are between 10% and 14%. Term and contract employees fare little better, with only a third of their time off being paid.

Paid leave is also unevenly distributed geographically in Canada; workers are more likely to have it in some cities than in others. In Ottawa and Quebec City, for example, 60% of leave is paid by the employer, possibly reflecting the number of unionized government jobs in both cities. On the other hand, much more leave goes unpaid in Edmonton, Hamilton and Vancouver (see *Figure 3*).

Finally, paid leave is also unevenly distributed between industries. In accommodation and food services only 19% of the leave that workers took in 2019 was paid for by an employer. The industry category of business, building and other services is a broad mix of janitors, temporary workers, call centre employees, garbage collectors, tour operators and travel agents. Travel industries in particular may be hit hard by COVID-19, along with accommodation and food services. However, less than a third of the leave taken by workers in those industries is paid by an employer (see *Table 1*).

**FIGURE 3** Proportion of leave that was paid by CMA 2019



Source: Labour force survey Public Use Microdata Files (2019).

**TABLE 1** Paid leave by industry – bottom six (2019)

Sector	Proportion of leave that was paid
Accommodation and food services	19%
Agriculture	27%
Construction	28%
Forestry and logging	32%
Business, building and other support services	32%
Retail trade	37%

**Source** Labour Force Survey Public Use Microdata Files (2019).

In summary, while paid leave or working from home are often presented as solutions to stopping the spread of COVID-19, these simply aren't realistic options for most workers. Without better government interventions, many workers will see sudden drops in income, particularly in a quarantine situation.



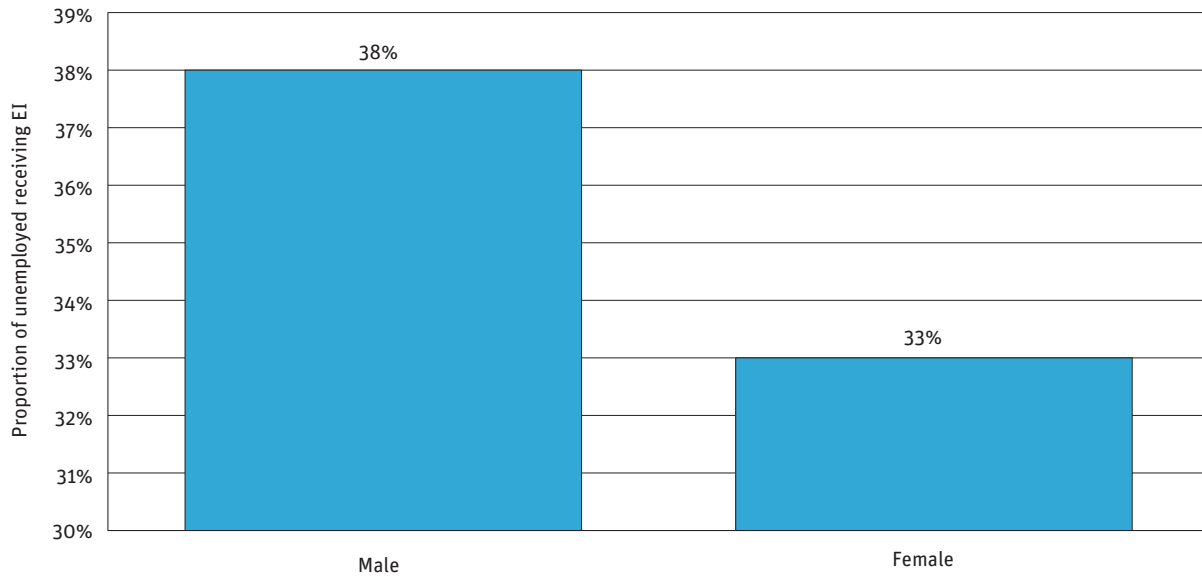
# Access to employment insurance for unemployed workers<sup>3</sup>

EMPLOYMENT INSURANCE (EI) is the fastest acting government transfer program. It is built to quickly support workers when they lose their jobs, become ill, take parental leave or face other issues. It plays a critical stabilizing role during economic downturns, by helping workers cover the costs of food and housing, while at the same time keeping money flowing to local communities. No other government transfer, federally or provincially, plays this role as quickly as EI.

There were 1.1 million unemployed people in Canada as of February 2020.<sup>4</sup> While workers without paid leave may turn to the EI system for financial support under quarantine, EI is already difficult for most unemployed people to access, an issue the Canadian Centre for Policy Alternatives has been tracking for some time.<sup>5</sup> Only 33% of unemployed women and 38% of unemployed men received EI benefits in 2018. The COVID-19 changes to the EI system announced in March will speed up access to sickness benefits,<sup>6</sup> but they won't change who qualifies for EI in the first place.

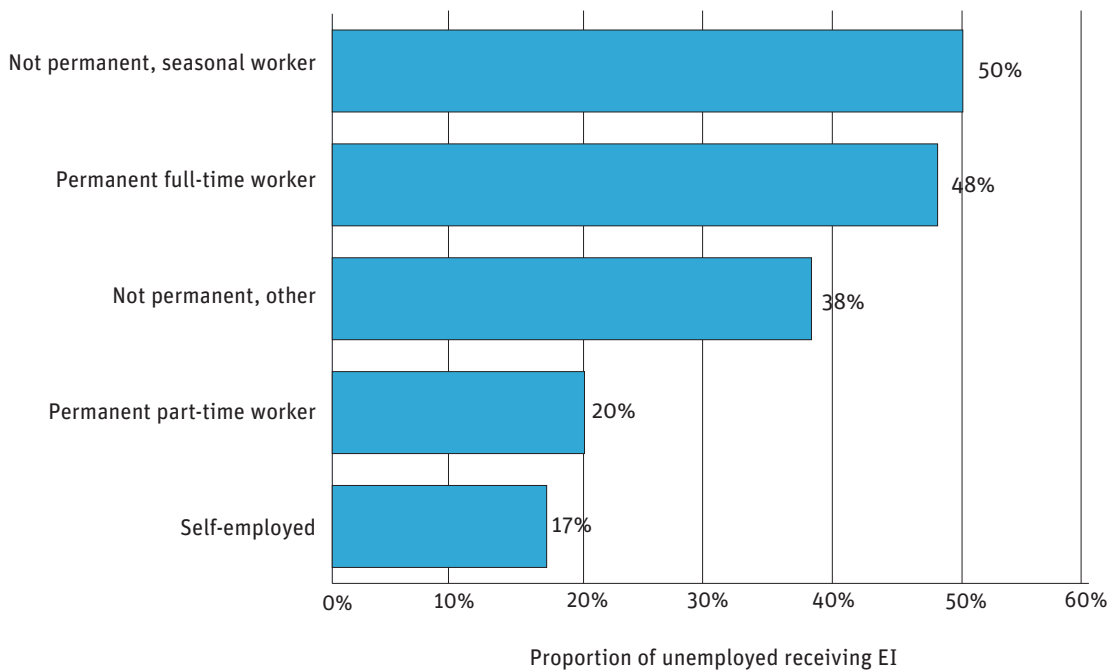
These low average EI access rates are much worse once we examine the rates by worker type. For instance, only 17% of self-employed workers and 20% of part-time workers get any EI benefits. On the other hand, half

**FIGURE 4** Unemployed and receiving EI, by gender (2018)



Source: Employment Insurance Coverage Survey Public Use Microdata Files (2018).

**FIGURE 5** Unemployed and receiving EI by worker type (2018)



Source: Employment Insurance Coverage Survey Public Use Microdata Files (2018).

**TABLE 2** Proportion of unemployed not receiving EI by reason (2018)

Reason	Proportion of unemployed for whom this is the main reason for not receiving EI
Has not worked recently (past two years) or never worked	24%
Did not work enough hours or weeks to qualify	21%
Was a student	9%
Was not paying EI premiums/work was not insurable	9%
Did not know enough about EI program	8%

Source: Employment Insurance Coverage Survey Public Use Microdata Files (2018).

of permanent full-time workers and seasonal workers who become unemployed receive benefits.

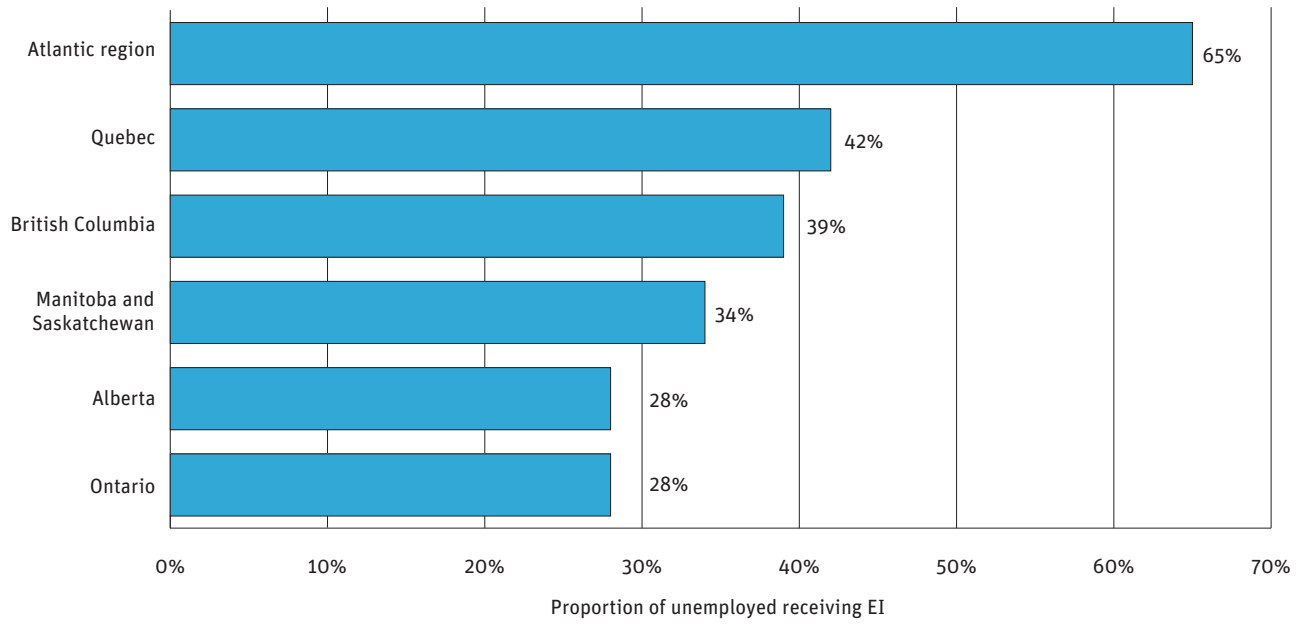
The main reasons why unemployed workers don't receive EI are outlined in *Table 2*. At the top of the list is that the worker hasn't earned enough qualifying hours because they haven't worked over the past two years — a parent who has returned to the workforce after parental leave, for example.

The second most common reason for not getting EI also relates to qualifying hours, where the person has been working, just not enough to build up their EI credit. Half of workers not receiving benefits do so because they have insufficient or no qualifying hours. A further 9% of workers are working but not paying EI premiums. This group would include gig economy workers among others.

Some regions are more insulated than others on this front. The Atlantic provinces in particular see most of their unemployed workers receiving EI benefits largely because of EI's specialized seasonal components. On the other hand, in Ontario and Alberta only 28% of unemployed workers receive EI benefits (see *Figure 6*).

In summary, while the EI sickness benefit remains the most obvious, and quickest, government support for workers in the case of quarantine, it will not be available to many employed and unemployed workers.

**FIGURE 6** Unemployed workers receiving EI benefits by region (2018)



**Source** Employment Insurance Coverage Survey Public Use Microdata Files (2018).

# What has been done and what should be done

AS THIS PAPER demonstrates, many workers without access to paid leave from their employers will be forced to turn to EI for income in the event of quarantine for COVID-19. But many of those workers, along with the currently unemployed, will not be able to access EI benefits without further policy interventions from the government. The changes made to EI during the SARS (severe acute respiratory syndrome) crisis of 2003 provide insight into what should be implemented under current circumstances.

As of March 11, two changes have been made to the employment insurance system:<sup>7</sup>

- 1. The one-week waiting period for the sickness benefit has been eliminated.** This measure was also taken during the SARS outbreak in Canada and will help speed financial support to workers.
- 2. Work-sharing has been doubled, from 38 to 76 weeks, and the processes streamlined.** This approach of having EI fill in for missing shifts, so that workers aren't laid off, was also used during the SARS outbreak. During SARS the doubling of the length of time for work-sharing was part of a comprehensive work-sharing outreach program.

The following additional EI-related measures, several deployed during the SARS outbreak, would significantly expand access to income support for quarantined workers and for workers whose industries will be heavily affected:

**1. Waive the requirement for a medical certificate for the EI sickness benefit.**

At present, to access the EI sickness benefit you require a medical certificate. This requirement was waived during the SARS outbreak because it is dangerous to have possibly infected workers seeking out already crowded doctors' offices. A signed declaration from the worker should suffice.

**2. Create an emergency EI benefit for those who wouldn't otherwise qualify.**

This was available in a limited form for health care workers during the SARS outbreak. A similar but expanded program should be created for COVID-19, to be administered by Service Canada, through the EI infrastructure, but paid for out of general revenues. When two out of three unemployed workers can't get EI benefits today, we risk financial decisions overriding public health. We can't have gig workers or part-time workers not taking time off when they're sick because they know EI won't be there for them.

**3. Work-sharing must be much more proactive.**

Many industries will be sideswiped by this by outbreak and we need to keep as many of these workers on the job instead of having them laid off. Simply doubling the number of weeks an employer can work-share with EI won't be enough. During the SARS crisis more proactive steps were taken to advertise and promote the work-sharing program. Waiting for applications to come from businesses is too reactive. Instead, a rapid pre-approval process should be developed for specific industries and/or geographic areas, targeted to encourage employers to apply. Many of the businesses affected may be small and unfamiliar with complex applications. Service Canada should actively seek out the businesses and workers most affected, and sell them on the benefits of work-sharing in order to avoid layoffs and sustain incomes.

**4. Lower qualifying hours for EI sickness and regular benefits.**

Currently, workers must have clocked 600 hours of work to qualify for the EI sickness benefit and possibly more still to receive regular bene-

fits. Not having this level of hours disqualifies one-in-five unemployed workers from the benefit. The government should lower the qualifying threshold to 360 hours for both sickness and regular benefits.

**5. Ensure a broad definition of quarantine for the EI sickness benefit.**

Workers can be quarantined for different reasons; they may self-quarantine (after a trip, for example), at their employers request, after testing positive for COVID-19, or from close contact with someone who has the virus. All these reasons should be considered valid forms of quarantine for the purpose of accessing EI sickness benefits.

**6. Set up a COVID-19 hotline.**

It should be as easy as possible for concerned Canadians to get consistent and reliable information on how to get financial support through EI. These resources should be available in multiple languages as they were during the SARS outbreak.

**7. Ensure COVID-19 related benefits don't affect other EI benefits.**

Many of the workers going into quarantine will not be ill. However, their sacrifice keeps all of us safe by helping flatten the COVID-19 infection curve. As such, any EI payments related to quarantine must not count against non-related future EI claims.

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## Endnotes

**1** Data in this section are drawn from the monthly Labour Force Survey Public Use Microdata Files (PUMF) for 2019.

**2** NOC 2016 Code 7. See Statistics Canada – 2016 Census, Catalogue Number 98-400-X2016281.

**3** This section utilizes data from the 2018 Employment Insurance Coverage Survey Public Use Microdata File (PUMF).

**4** Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months

**5** Ricardo Tranjan, “Towards an Inclusive Economy: Syncing EI to the Reality of Low-wage work”, Canadian Centre for Policy Alternatives, June 2019.

**6** See Prime Minister’s Office, “Prime Minister outlines Canada’s COVID-19 response”, March 11, 2020, Ottawa Ontario (<https://pm.gc.ca/en/news/news-releases/2020/03/11/prime-minister-outlines-canadas-covid-19-response>).

**7** Prime Minister’s Office, “Prime Minister outlines Canada’s COVID-19 response,” March 11, 2020. Accessed March 12, 2020: <https://pm.gc.ca/en/news/news-releases/2020/03/11/prime-minister-outlines-canadas-covid-19-response>.



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