



Change in EI Recipients

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Highlights

- Increases and decreases in Employment Insurance recipients indicates that the impact of an expanding or shrinking economy is generally felt at the same time in non-metro as in metro Ontario.
The percent change of recipient numbers in the 2008-2009 recession and in the recovery was less dramatic in non-metro areas than in metro areas.
Less metro-influenced areas also show a smaller percent fluctuation in the number of EI recipients than in the more metro-influenced areas.

Why look at Employment Insurance recipients? The change in the number of regular beneficiaries1 of Employment Insurance (EI) is one way to look at the recessionary or expansionary pattern of the economy. However, a decline in the number of EI recipients may not always indicate a decline in unemployment, as some individuals may have exhausted their EI benefits.

Findings

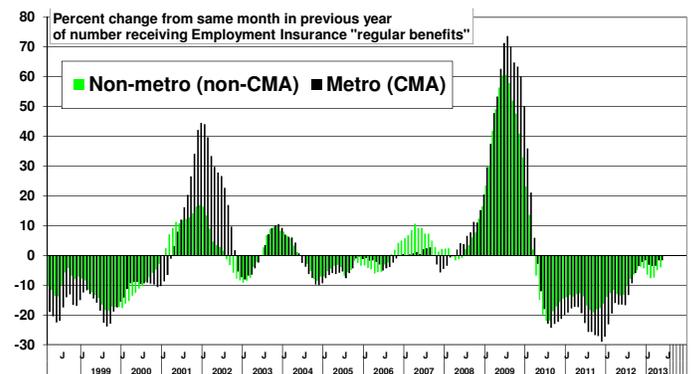
The timing of expansion and retraction of the economy appears to be similar in metro and non-metro Ontario as the number of EI recipients starts increasing and starts decreasing at the same time (Figure 1).

However, the amplitude differs. The peak of the increase in non-metro EI recipients was less (+61%) compared to metro (+74%). Since April 2010, both metro and non-metro Ontario have shown a continuous decrease in the number of EI recipients.

Before the 2009 recession, from 2003 to 2008, both metro and non-metro areas showed only small fluctuations and often the patterns of change were very similar. During the recession of 2001-2002, both

areas reported a spike in EI recipients – not as large as in 2008-2009 – and again, the increase in EI recipients in non-metro was less than in metro areas.

Figure 1 Decline in number of EI recipients since April, 2010 in both metro and non-metro Ontario



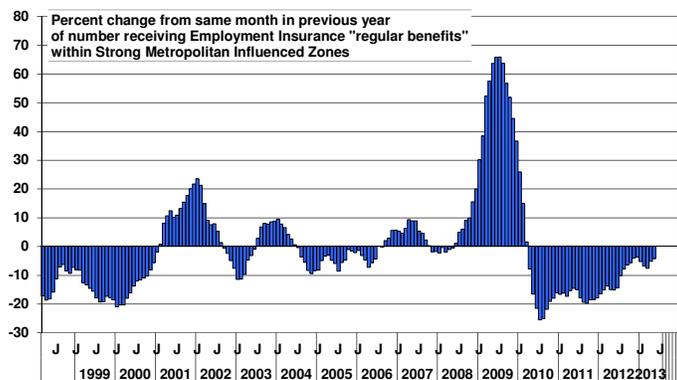
Source: Statistics Canada, CANSIM Table 276-0031. Data for each month are calculated as a 3-month moving average.

Comparing different types of regions in non-metro Ontario, it is again true that the timing of the economic cycle is quite similar but the amplitude varies. In Strong Metropolitan Influenced Zones (MIZ) (Figure 2) where there are more commuters to metro areas, the amplitude of change in the 2008-2009 recession was larger (+66%) than in non-metro (+61%).

1 Employment Insurance (EI) regular benefits are available to eligible individuals who lose their jobs and who are available for and able to work, but can't find a job. The change in the number of regular beneficiaries reflects various situations, including people becoming beneficiaries, people going back to work and people exhausting their regular benefits. There is always a certain proportion of unemployed people who do not qualify for benefits. Some unemployed people have not contributed to the program including those who have not worked in the past 12 months or their employment is not insured. Other unemployed people have contributed to the program but do not meet the eligibility criteria because they left their job voluntarily or did not accumulate enough hours of work to receive benefits. Recently, the definition of regular beneficiaries was expanded to include those receiving regular benefits while participating in employment benefit programs, such as training.

Figure 2

**Within Strong Metropolitan Influenced Zones,
decline in EI recipients since April, 2010**

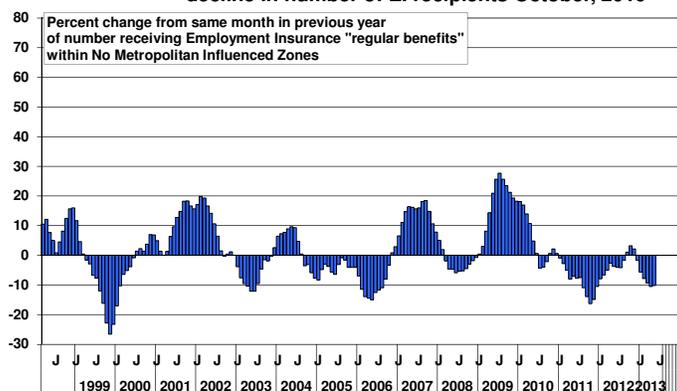


Source: Statistics Canada, CANSIM Table 276-0009. Data for each month are calculated as a 3-month moving average.

However, the amplitude was significantly less in No MIZ (+28%) shown in Figure 3. Places with a weaker connection to a metropolitan economy showed less swing in the proportion of people receiving benefits. It is also noteworthy that areas with no metropolitan influence showed some increases in EI recipients when all other types of rural and metro CDs showed a consistent decline after the recovery began in April 2010.

Figure 3

**Within zones of no metropolitan influence,
decline in number of EI recipients October, 2010**



Source: Statistics Canada, CANSIM Table 276-0009. Data for each month are calculated as a 3-month moving average.

The smaller fluctuation in EI recipients in non-metro areas may not be a complete portrayal of the income impacts of the economic cycle as a larger share of non-metro workers are self-employed² and, typically, not eligible for EI.

Summary

The timing of the non-metro economic cycle is similar to the pattern of the metro cycle based on the number of EI recipients.

It seems that non-metro areas show less dramatic increases and decreases in those receiving EI benefits during recessionary and expansionary transitions as the percent change is neither as low or as high as it is in metro Ontario.

Within non-metro, the areas with a stronger metropolitan influence show a higher amplitude and areas with a weaker metropolitan influence show a lower amplitude. Given the higher share of self-employed in non-metro areas, the change in EI recipients may not capture the full extent of joblessness and family income impacts in non-metro areas.

Rural Ontario Institute gratefully acknowledges the work of Ray Bollman in preparing this edition of [Focus on Rural Ontario](#). Questions on data sources can be directed to RayD.Bollman@sasktel.net. Any comments or discussions can be directed to NRagetlie@RuralOntarioInstitute.ca.

² In 2011, the National Household Survey shows that 12% of the non-metro workforce was self-employed (compared to 10% in metro). In Moderate MIZ areas, 16% were self-employed.