

Ministry of Education

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MEMORANDUM TO: Senior Business Officials

FROM: Andrew Davis
Assistant Deputy Minister
Education Labour and Finance Division

DATE: March 9, 2018

SUBJECT: **Employment Insurance (EI) Waiting Period and
Supplementary Employment Benefits**

I am writing to outline some recent changes made to the *Employment Insurance Act* and the ministry's suggestion for how those changes will be operationalized by school boards. Following consultation with our sector partners, the ministry suggests that central or local bargaining parties, as appropriate, agree to administer the EI changes in a manner that is cost neutral for employees and school boards.

EI Changes

(a) The Waiting Period

Effective January 1, 2017, the waiting period for maternity and parental EI benefits was reduced from two weeks to one. As a result, claimants will begin to receive EI benefits in the second week of a claim rather than the third. The change in the waiting period does not affect the total number of weeks for which EI benefits are available (with the exception of extended parental benefits, below).

(b) Extended Parental Benefits

Maternity benefits (available to biological mothers) are unchanged and continue to be available for up to 15 weeks in a 52 week period, paid at a rate of 55% of insurable earnings up to a maximum of \$547 per week.

Effective December 3, 2017 new parents have the option of taking:

- i. Standard Parental Benefits: up to 35 weeks of employment insurance benefits paid at 55% of insurable earnings to a maximum of \$547 per week or
- ii. Extended Parental Benefits: up to 61 weeks of parental benefits paid at 33% of insurable earnings to a maximum of \$328 per week.

Recent changes to the *Employment Standards Act, 2000* have aligned statutory parental leaves with the EI changes so that biological mothers who have taken pregnancy leave are eligible for up to 61 weeks of parental leave, while parents who have not taken pregnancy leave are eligible for up to 63 weeks of parental leave.

(c) Supplementary Employment Benefits (SEBs)

i. Reduced Waiting Period

Education sector SEB plans may provide that school boards will supplement an eligible employee's EI benefits to a certain percentage of the employee's salary for a number of weeks (e.g. eight [8] weeks at 100% of the employee's regular earnings). Because employees will begin receiving EI benefits in the second week of a claim, the second week SEB will amount to the difference between the EI benefit and 100% of regular earnings, rather than \$0 and 100% of regular earnings. As a result, school boards will realize a small savings, compared to the two-week waiting period.

The federal government did not extend the number of weeks in which benefits are payable under a standard parental leave in connection with the reduced waiting period. As a result, a claimant taking pregnancy leave and standard parental leave will receive income for one week fewer than she would have previously.

Example: a mother taking maternity leave and standard parental leave who is entitled to eight (8) weeks of SEB paid at 100% and fifty (50) weeks of EI benefits:

	Number of Weeks of Waiting Period Topped Up to 100%	Number of Weeks of EI Benefits Topped Up to 100%	Number of Weeks of EI Benefits Alone	Total Number of Weeks of Income
Two Week Waiting Period	2	6	44	52
One Week Waiting Period	1	7	43	51

ii. Extended Parental Leave

Where an employee elects to take an extended parental leave, and is eligible for a SEB during that leave, school boards will be responsible for paying the difference between the extended leave EI Rate (e.g. 33% of insurable earnings) and the SEB amount (e.g. 100% of salary). As a result, school boards will be liable for greater costs, compared to standard parental leave.

	SEB Payable During Waiting Period (if applicable)	SEB Payable Following Waiting Period
Standard Parental Benefits	Equivalent to 100% of salary	Difference between 55% of insurable earnings and SEB amount
Extended Parental Benefits	Equivalent to 100% of salary	Difference between 33% of insurable earnings and SEB amount

(d) A Cost Neutral Approach

It is the ministry's suggestion that school boards and bargaining agents meet to consider a cost neutral approach to administering pregnancy and parental SEBs where school boards pay out and employees receive the same amount of SEB they would have paid out or received prior to the EI changes.

The federal government has provided for a four-year transition period ending January 3, 2021. During this transition period, EI benefits will not be reduced if the claimant's earnings exceed the allowable limits in the second week of a claim. School boards and local bargaining agents could also consider moving the 2nd week waiting period SEB top-up payment to a point later in the period of the pregnancy leave. Either of these options would represent a cost-neutral approach.

Likewise, a cost-neutral approach to the extended parental leave would include boards making the SEB payments at the standard parental leave amount which would be below 100% of the employee's salary. Under this approach, boards would pay out the same dollar figure of SEB funds under extended parental leave as it would pay under standard parental leave.

Such an agreement would ensure that neither employees nor school boards are disadvantaged by the EI changes.

(e) Information Resources

If you require further information, please contact Brian Blakeley at (416) 325-2838 or brian.blakeley@ontario.ca.

Sincerely,

Andrew Davis
Assistant Deputy Minister
Education Labour and Finance Division
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cc: Directors of Education
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