



# ENCOURAGING WORK AND SUPPORTING COMMUNITIES

Final results of the Community Employment Innovation Project

David Gyarmati | Shawn de Raaf | Boris Palameta  
Claudia Nicholson | Taylor Shek-Wai Hui

November 2008

## EXECUTIVE SUMMARY

A project sponsored by



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## About SRDC

The Social Research and Demonstration Corporation (SRDC) is a non-profit research organization with offices in Ottawa and Vancouver. SRDC was created specifically to develop, field test, and rigorously evaluate social programs. SRDC's two-part mission is to help policy-makers and practitioners identify policies and programs that improve the well-being of all Canadians, with a special concern for the effects on the disadvantaged, and to raise the standards of evidence that are used in assessing policies. Through the development and evaluation of demonstration projects and field experiments conducted in real-life contexts, SRDC brings together the worlds of academic researchers, government policy-makers, and on-the-ground program operators.

The Community Employment Innovation Project is funded by Human Resources and Social Development Canada and the Nova Scotia Department of Community Services.

The findings and conclusions stated in this summary do not necessarily represent the official positions or policies of these organizations.

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We acknowledge the contributions made by our local delivery partners in the Cape Breton Regional Municipality who helped make CEIP a reality on the ground. We want to thank the Cape Breton Family YMCA, the Breton Business Center, the Atlantic Coastal Action Program—Cape Breton, and Breton Rehab Services. Setting up and running CEIP's office involved an incredible effort and special thanks are due to the hard-working staff.

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# Introduction



The global economy is entering a period of great uncertainty with the recent turmoil in the financial markets and its consequence on the real economy. Although it is argued that Canada is well positioned to handle this uncertainty, the economy is not as diverse and resilient in all regions of the country. Indeed, some regions seem to benefit little during buoyant economic times and are at risk of falling further behind during less prosperous ones. Industrial Cape Breton is one such area, where closure of the coal mines and a declining steel industry have resulted in double-digit unemployment rates for over a decade, even during a period when the national economy had been thriving. Other Canadian examples include the Gaspésie region of Quebec, which has a history of reliance on seasonal industries, and several single-industry towns in British Columbia. Communities in these regions fare much worse than others with significant out-migration and a deterioration of local capacity. Individuals in these areas also face higher risks of long-term unemployment, with deteriorating skills, reduced employability, poverty, and social exclusion.

Governments have had a long-standing interest in finding effective approaches to support vulnerable communities and unemployed individuals living in these areas. The Community Employment Innovation Project (CEIP) is an attempt to implement and evaluate such an approach. It is inspired by recent labour market policy discussions that promote active labour market policies and by the growing body of literature on the role of the social economy and the importance of the voluntary sector in responding to local concerns and fulfilling communities' priorities and needs.

CEIP is testing an active re-employment strategy for unemployed individuals who volunteer to work on locally developed community projects in areas hit by chronic unemployment. CEIP aims to offer participants wages instead of income transfers and seeks to improve their long-term employability by helping them preserve and possibly raise their human and

social capital. At the same time, CEIP aims to facilitate community development by supporting the "third sector" and encouraging activities that are meaningful for both the participants and the community.

This is the final report in a series of publications that evaluate the effects of CEIP on the unemployed individuals who participated and the communities that developed projects that employed them. Earlier reports presented promising results through the full three years of program eligibility. This report presents the post-program impacts on participants over a year after their eligibility ended, integrates results from CEIP's study of community effects, and presents a comprehensive cost-benefit analysis to determine the program's cost-effectiveness for governments and its overall net value to society.

## A Distinctive Program Model

CEIP is not a traditional job creation project: although it does address a short-term need for employment, it is first and foremost a research study that is testing an active re-employment strategy as an alternative form of income transfer payment for the unemployed. CEIP was first implemented in the Cape Breton Regional Municipality (CBRM) in Nova Scotia in 1999. Managed by the Social Research and Demonstration Corporation (SRDC), a non-profit social policy research organization that specializes in developing, implementing, and evaluating large-scale, long-term demonstration projects, CEIP was sponsored by Human Resources and Social Development Canada (HRSDC) and by the Nova Scotia Department of Community Services (NS-DCS).

## Empowering Communities

One fundamental idea that distinguishes CEIP from earlier approaches is the notion that local communities should be able to define their needs and then develop projects to meet those needs. In this spirit, CEIP conferred extensive control over project development to communities in order to explicitly link projects with local priorities and needs. Under the program, communities were responsible not only for developing projects that would employ CEIP workers, but also for creating local decision-making bodies, engaging in strategic planning, and mobilizing local project sponsors. Through these actions, CEIP was expected to serve as a catalyst for community action, which would in turn support capacity-building and improve social and market conditions.

## Reliance on the Social Economy to Develop Work Opportunities

CEIP also differs from past programs in that it grows from a body of knowledge and practical experience with the “social economy,” which is based on organizations or institutions that are neither entirely public nor entirely private, but which may share characteristics of either sector. CEIP is testing whether this “third sector” can be used to develop opportunities for work, recognizing that some communities have smaller market sectors than others. The idea is for this third sector to encourage activities that are meaningful for both the participant and the community in ways that the public and private sector do not. CEIP is testing this notion using a rigorous design to determine if the social economy can in fact provide a range of meaningful jobs without large capital investments.

## Job Placements for as Long as Three Years

Like earlier programs, CEIP was designed to replicate traditional employment. Participants worked for 35 hours a week on the locally developed projects to which they were assigned, and in return, they were paid a community wage that started at \$280 per week and increased to \$325 in line with changes to the provincial minimum wage. CEIP employment was insurable under the EI program and covered by the Nova Scotia Workers’ Compensation program and the Canada Pension Plan. Optional medical benefits were also available.

Unlike other programs, however, CEIP features several unique aspects, including a long-duration eligibility period, a variety of available job placements, and the integration of employability services into the program model. Specifically, participants were eligible for CEIP for three years — a much longer term than other programs provide — as long as they did not

return to regular Employment Insurance (EI) benefits or income assistance (IA) as their primary source of income. Participants were also encouraged to become involved in a number of job assignments rather than a single placement, thus obtaining a wider range of work experience.

Furthermore, although CEIP participants worked mainly on community-based projects, a number of ancillary activities were also provided to participants to enhance their employability, and to encourage a more integrated approach to employment. Such activities included an employability assessment, basic job-readiness training, limited transferable skills training, and job search support to aid in the transition to other market employment.

## Promoting the Acquisition of Skills and Social Capital

CEIP is not a training intervention that seeks explicitly to develop human capital. Rather, the program focuses on the maintenance and acquisition of skills through work experience. The varied nature of many job opportunities in the social economy can require so-called generic, or soft, skills (like flexibility, teamwork, multi-tasking, and lifelong learning) that are transferable to other jobs.

CEIP also aimed to enhance participants' social capital. Consistent with recent conceptual developments, CEIP adopts a definition of social capital that emphasizes the availability of resources and supports within social networks. Some mechanisms were built into the program model to encourage the development of these personal networks, for example, the availability of multiple and varied job placements that bring participants into contact with project sponsors who often possess vast networks themselves. As such, it is hoped that the CEIP program model could lead to network enhancement and its associated effects on employment and self-sufficiency.

## CEIP Evaluation Design

One of the most important features of CEIP, and one that sets it apart from earlier community employment initiatives, is its rigorous evaluation design. Under SRDC, CEIP has been set up as a demonstration project using a multiple-methods approach to evaluate its effects on both individuals and communities. This includes a random assignment evaluation design — widely accepted as the most reliable way to estimate a program's impacts — that will provide an authoritative assessment of how CEIP impacts the lives and livelihoods of program participants and their families.

CEIP aims to assess the feasibility of a community-based jobs program for the long-term unemployed, to estimate the benefits generated by such a program, and to determine whether or not it would be socially and fiscally advantageous for governments to introduce such an intervention on a wide scale. In evaluating the benefits of the project, CEIP is considering both those that accrue to individuals who work on the community-based projects and those that are experienced by the communities where the projects took place.

## Individual Impact Study — Random Assignment Design

The goal of the individual impact analysis is to measure the changes in outcomes that CEIP produces for the individuals who take part. The difference between the observed outcomes of participants and what the outcomes would have been without the program is called an impact. The measure of what the outcomes would have been without the program is called the counterfactual. Most commonly, a counterfactual is created by identifying a comparison group that resembles as closely as possible the group that takes part in the program. It is generally accepted that the best method of creating a comparison group is by means

of random assignment. Any differences that are observed over time in the experiences of the two groups can be attributed, with confidence, to the program.

The primary data sources used for the impact study are a baseline survey (completed at the time of enrolment) and three follow-up surveys administered at about the mid-point of eligibility (18 months), near the end of the program (40 months) and over a year after the end of eligibility (54 months). Surveys were supplemented by data on EI and IA receipt from administrative data files and program data from CEIP's project management information system (PMIS). Statistics Canada administered all participant follow-up surveys through telephone interviews. The survey covered all of the key outcomes of interest that could not be analyzed through administrative sources, including employment and earnings, transfer receipt, personal and household income, social capital, transferable skills, attitudes, and health and well-being.

## Community Effects Study — Quasi-Experimental Mixed Methods Approach

Since random assignment is usually infeasible for studying community-level effects, CEIP incorporates a multiple-methods research design that relies on both a theory of change approach and a quasi-experimental design to evaluate its effects on the participating program communities. Data from a similar group of communities in Cape Breton and mainland Nova Scotia were matched to program communities to serve as comparison sites. The data was compared across program communities and comparison sites using statistical techniques to adjust for differences not related to CEIP. This allowed evaluators to validate any changes that were observed in program communities over time by providing implicit thresholds for observed changes. Only those changes that are statistically different from comparison sites are considered possible effects of CEIP.

The central data source for the community effects study is the three-wave longitudinal survey administered to a random sample of adult residents from six CEIP program communities and seven comparison communities. In addition to the survey, information has been collected throughout the study from a series of quantitative and qualitative secondary data sources, including local administrative data, in-depth interviews and focus groups with key community stakeholders, local observations, and environmental scans of local media. Any observed changes in the social and market economies have been gauged through regular audits of the local economy.

## Community Engagement

The process of community engagement involved several steps and a number of critical players. SRDC would first deliver the CEIP offer through public consultation meetings, and, after considering its merits, residents would either agree to move forward or decline involvement. Once communities agreed, a series of processes were expected to occur as a result of their initial engagement. First, each community was required to elect a functional democratic board within 18 months to represent its interests in CEIP and make decisions about the project's resources. Second, this board was required to develop a strategic plan and set priorities for the use of CEIP workers. A \$30,000 planning grant and technical assistance were made available to each community to support this effort. Third, each community would need to mobilize sponsors to submit proposals for projects that would employ CEIP workers. The first project in each community was required to be approved within 24 months.



## Organization and Mobilization

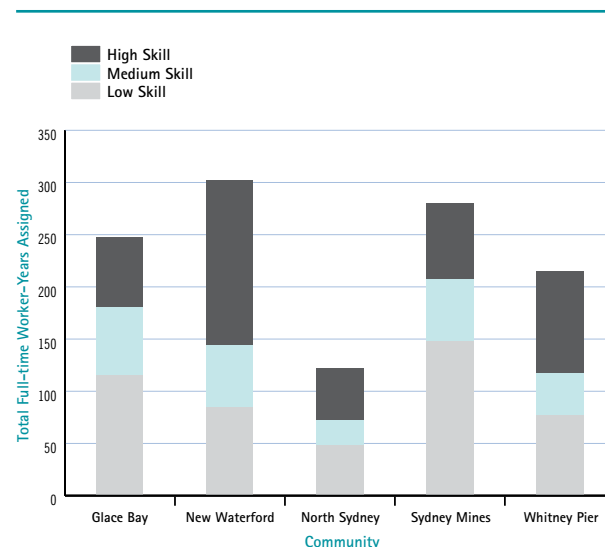
Beginning in May and June of 1999, public consultation meetings were conducted in four lead communities — Sydney Mines, New Waterford, Dominion, and Whitney Pier. Two second-round communities — Glace Bay and North Sydney — were added in January and February 2001. All six communities accepted CEIP's offer through open votes at public meetings and formed steering committees to coordinate their initial involvement in the project. Board members were subsequently elected through open and democratic votes in each community within the 18-month timeline. Once approved, community boards began to successfully establish themselves, develop constitutions, committees and bylaws, and ultimately, strategic plans to guide their subsequent project development. Five of the six participating communities went on to successfully mobilize over 250 organizations, largely in the voluntary sector, to develop projects that employed CEIP workers. Gyarmati et al. (2008) reviews the engagement, organization, and mobilization of CEIP program communities in more detail and identifies a series of important lessons learned from these processes.

## Project Development and Job Creation

Communities successfully created a total of 295 CEIP projects throughout the eligibility period, which generated a total of 1,300 positions and 2,113 unique work placements for participants, allowing many to work in multiple positions. CEIP projects were successful in providing meaningful employment for participants in terms of the skill level of jobs offered and the varied nature of work provided. CEIP jobs spanned all 10 of the National Occupational Classifications and included a range of low-, medium-, and high-skilled positions. Figure ES.1 illustrates the variation in CEIP's resources that were assigned to communities in terms of the number of CEIP worker-years and

the skill levels of jobs. Importantly, all communities were able to generate some higher-skilled employment, in contrast to those created through traditional transitional job programs.

**Figure ES.1: Full-Time Worker-Years Assigned, by Community and Job Skill Levels**

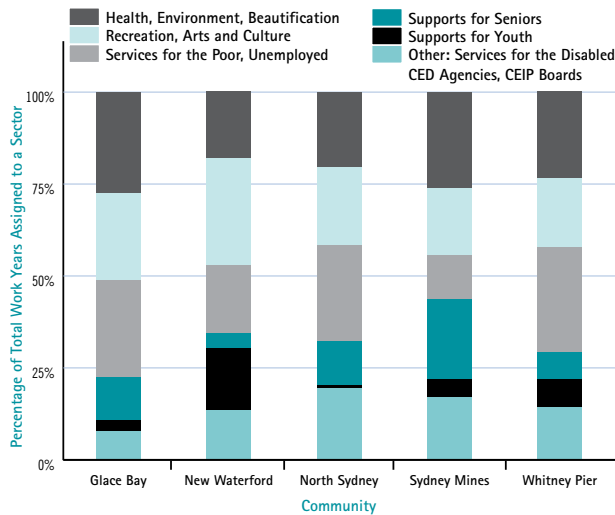


Source: Calculations from the CEIP Program Management Information System (PMIS).

In terms of the types of services that CEIP projects offered, each community developed a similar range — some that were of benefit to all residents more widely, while others were targeted at particular groups in need, such as youth, seniors, and low-income individuals. Figure ES.2 illustrates how communities chose to allocate their resources to these various sectors. The two largest categories of projects in each community — the environment, beautification, and health, as well as recreation, the arts, and culture — account for nearly half of the resources assigned. Projects that provided service to seniors included support for independent living, healthcare assistance, recreation, and advocacy, while youth-targeted projects included educational institutions, recreational and athletic associations, youth centres, religious organizations, and special

events. Services to the poor included food banks, shelters, a housing association, a residential treatment centre, and various charitable organizations.

**Figure ES.2: Percentage of CEIP Worker-Years Assigned, by Community and Sector Served**



Source: Calculations from the CEIP Program Management Information System (PMIS).

## Participant Recruitment

Parallel with the process of community engagement and project development was the recruitment of participants for the study. During a two-year enrolment phase beginning in July 2000, 5,980 eligible EI beneficiaries and 804 eligible IA recipients were randomly selected and mailed letters of invitation to an information session where they learned about CEIP and were given the opportunity to volunteer. The vast majority of those who showed up also enrolled in CEIP: of the 1,620 EI beneficiaries that attended, 62 per cent signed the enrolment form; in the IA sample, 93 per cent of attendees enrolled in the program (516 out of 557 people). Half of the enrollees from both the EI and IA samples were then randomly assigned to the

program group, who were eligible for CEIP, and the other half to the control group, who were not.

Following random assignment, the vast majority of program group members signed a Project Participation Agreement (PPA) and went on to participate in CEIP-related activities. For the EI sample, participation rates peaked at 77 per cent during the fourth month post-enrolment, and declined gradually over the remainder of the eligibility period. The highest level of participation among IA program group members — 89 per cent — was observed during the fifth month after enrolment and also declined slowly over the remaining time.

## Summary of Findings

CEIP was established in order to address *five* specific research questions related to the effectiveness of providing transfer payments to unemployed workers that are linked both to work and to desirable community outcomes. Two research questions deal with individuals, two with communities, and one with the overall benefit or cost of the program to society.

### 1. Will an offer of a significant period of stable employment on a series of community-based projects be attractive to unemployed workers?

A number of key observations help shed light on this question, including the initial take-up rate, the percentage who remained active in the program, the percentage who left and returned to Employment Insurance (EI) or Income Assistance (IA), and the extent of program satisfaction among participants. Results from CEIP led to the following conclusions regarding the take-up and sustainability of interest in a long-duration, community-based jobs program.

*Many in the target population are unlikely to be interested in an offer similar to CEIP, particularly EI beneficiaries, if wages are set at similarly low levels.*

Approximately 20 per cent of the eligible EI and IA target populations who were mailed initial offers to learn more about CEIP eventually joined the study. Among the EI eligible group, most declined to attend an information session simply because they recently found a job or were expecting recall to a former employer. Among those who attended a session, however, about two-thirds accepted the offer, with the most often cited reason for declining participation being the low CEIP wage. In contrast, among IA recipients, over 90 per cent of those who attended a session joined the program. Among those who declined the offer, most attributed their non-participation to personal, family, or health problems — and not to the features of the CEIP program itself.

*Among volunteers, long-duration, community-based employment will be of continued interest as an alternative to EI and IA for the full length of program eligibility.*

High rates of ongoing participation in CEIP and substantial program satisfaction tend to confirm the hypothesis that the offer was, in fact, of continued interest to the eligible group of volunteers. Furthermore, a very low percentage of program group members left CEIP during their eligibility to return to EI or income assistance.

## **2. Will individuals acquire work experience, skills, and social capital in ways that improve their post-program labour market outcomes and quality of life?**

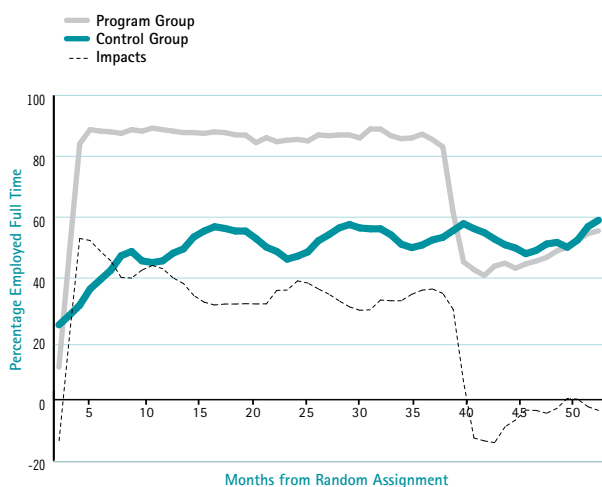
The second research question pertains to the impacts of the program on participants, which itself addresses a two-part hypothesis. Specifically, CEIP sought to provide a stable period of meaningful work experience in a variety of positions in order for individuals to preserve and possibly improve their skills and social capital. In turn, this enhanced experience and the enlarged networks were hoped to improve longer-term, post-program labour market outcomes and quality of life. It was uncertain, however, whether CEIP could improve skills and networks and whether this would increase post-program employment in an economically depressed area.

*During the eligibility period, CEIP led to substantially higher rates of full-time work, increased employment duration, and a larger number of jobs held, often in higher-skilled positions, thereby providing more substantial and varied work experience.*

Results suggest that not only are participants interested in community work as an alternative to transfer receipt, but also that it will, in fact, produce substantial incremental impacts on employment and earnings over and above what would have occurred without the program. These incremental gains in employment and earnings were sustainable throughout a long eligibility period, with little incidence of return to EI or IA benefits, even among those with the least employability at the outset.

Figures ES.3 and ES.4 illustrate the full-time employment rates for the EI and IA samples respectively in each relative month from the individual's date of enrolment into the CEIP project until month 54. During the three-year period of CEIP eligibility, prior to month 40, nearly 90 per cent of program group members were employed full-time, leading to large and sustained impacts on employment.

**Figure ES.3: Full-Time Employment Rates, by Months from Random Assignment (EI Sample)**

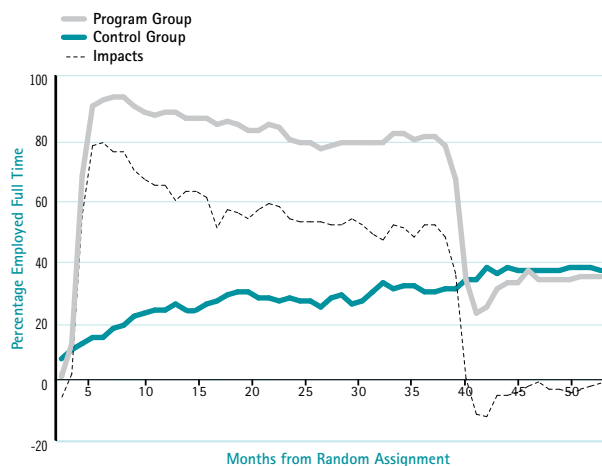


Source: Calculations from 54-month follow-up administrative and survey data.

Members of both EI and IA program groups experienced dramatic decreases in employment immediately after CEIP, as most voluntary sector jobs were not sustainable. This led to small negative impacts on employment rates in the months immediately following the end of CEIP eligibility. However, program group members quickly moved into market employment, “catching-up” to the employment rate of control group members. The figures illustrate that by month 54 there are no significant differences in full-time employment rates a full four and a half years after participants entered the program.

*CEIP increased household income substantially, reducing poverty and improving well-being during the program, while imposing no significant hardship at the end of eligibility.*

**Figure ES.4: Full-Time Employment Rates, by Months from Random Assignment (IA Sample)**



Source: Calculations from 54-month follow-up administrative and survey data.

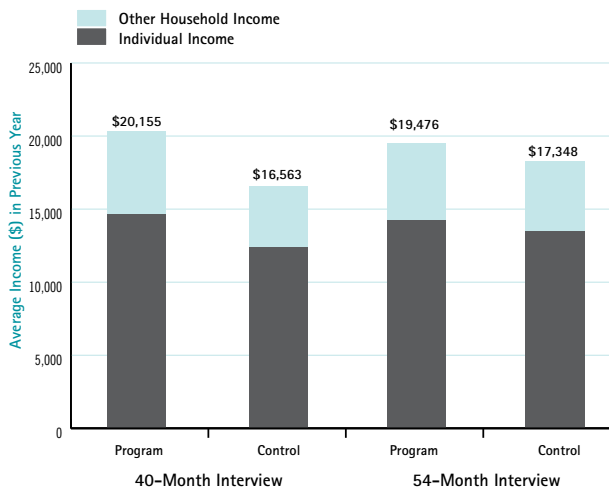
*However, CEIP’s positive effects on employment rates were not sustained, with no observed impact over a year after the end of program eligibility.*

CEIP’s positive effects on income, poverty reduction, and well-being were noteworthy during the program, particularly, among the IA sample. Figure ES.5 illustrates the annual household income of IA program and control groups in the year preceding the end of the program and in the period over a year afterward. Program group members experienced an increase of over 20 per cent in their average annual household income compared to the control group during the last year of the program. This was accompanied by a nearly 10-percentage-point decrease in the proportion whose household income fell below Statistics Canada’s Low Income Cut-Offs (LICO).

In the year following CEIP, however, the project no longer had significant impacts on the household income of either EI or IA samples. Nonetheless, effects on poverty were observed at the lowest extreme of the LICO distribution, where CEIP produced a sustained reduction in the proportion of households with incomes below 75 per cent of LICO by 15 percentage points. Importantly, the end of CEIP brought little increase in hardship for program group members, as household incomes declined only slightly from what they were at

the end of the program. This was due in part to a sustained increase in non-CEIP income among IA program group households, arising from a significant six percentage point increase in spousal employment rates over a year after the program ended.

**Figure ES.5: Household Income in the Year Prior to the 40- and 54-Month Interviews (IA Sample)**



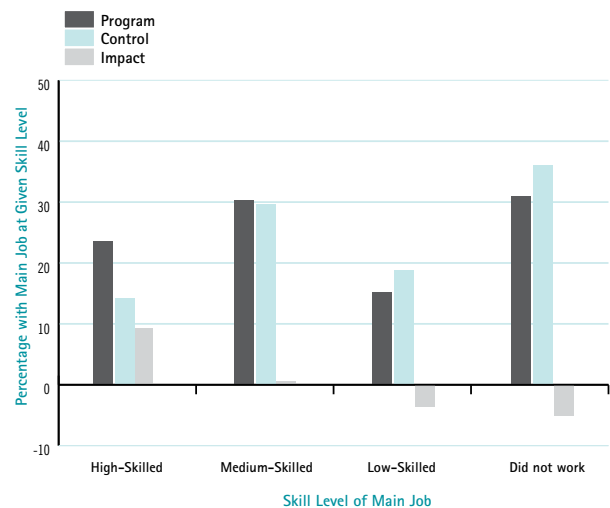
*CEIP also appears to have had modest improvements in the quality of post-CEIP jobs, in terms of the skill levels of positions, as well as sustained increases in participants' transferable skills and positive attitudes toward work.*

Although participants were often unable to find employment immediately after the end of their eligibility, 54-month results indicate that many of those who did were able to secure higher-skilled jobs than they otherwise would have in the absence of CEIP. Figure ES.6 presents the skill-level of the main job (non-CEIP) held by IA sample members between months 40 and 54 after enrolment in CEIP. It shows that CEIP led to an increase in the percentage of program group members who held higher-skilled jobs by nearly 10 percentage points compared to the

control group. Among the EI sample, a smaller but positive impact was observed with a 6 percentage point increase in program group members holding higher-skilled jobs relative to the control group.

Positive impacts on post-CEIP job skill levels were also accompanied by small improvements in program group members' transferable skills and attitudes toward work. Among the EI program group, CEIP produced positive effects on measures of persistence, lifelong learning, adaptability, and systems thinking. Among IA program group members, there was a positive effect of CEIP on a sense of responsibility and receptiveness to continuous life-long learning. This suggests that community-based employment, even in the context of relatively low-skilled jobs and with no formal training mechanisms, can have long-lasting effects on participants' skill sets and attitudes toward work.

**Figure ES.6: Percentage with a Given Skill Level for Their Main Job Held in Months 40–54 (IA Sample)**

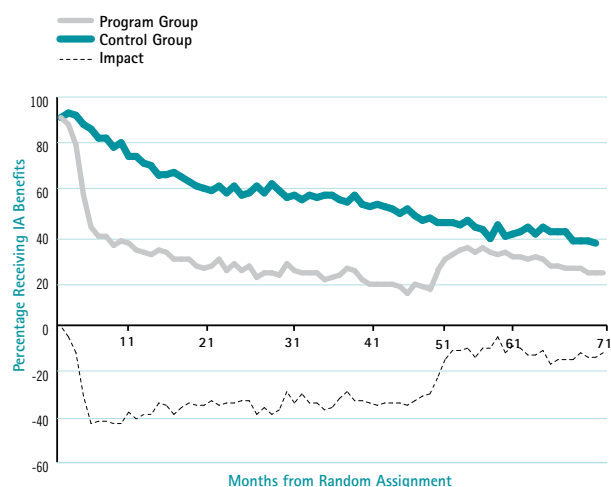


Source: Calculations from 54-month follow-up administrative and survey data.

*Sustained reductions in the receipt of IA benefits— over three years after the end of the program — are further indicative of notable improvements in employability and stronger links to the labour market.*

A majority of program group members initially established an EI claim immediately after the end of CEIP eligibility. Among EI sample members, the increase was short lived, however, with no difference in rates of receipt of EI between program and control groups by 54 months. In contrast, among IA program group members, there was a sustained increase of about 8 percentage points in the receipt of EI compared to the control group. Importantly, as Figure ES.7 illustrates, this was accompanied by a sustained decrease in IA receipt among program group households, where their rate remained below that of the control group by over 12 percentage points through 72 months after enrolment in the study.

**Figure ES.7: Percent Receiving IA Benefits in Months 1–72 from Random Assignment (IA Sample)**



Source: Calculations from 72-month administrative data.

*CEIP led to improvements in social capital for program group members, some of which were sustained over a year after the end of eligibility.*

Throughout the program, CEIP helped program group members develop their social networks, particularly “bridging” contacts, providing access to support for employment and specialized forms of advice. It also led to the development of weaker ties and improved the structure of networks among the EI and IA program groups with substantial reductions in network density.

However, these impacts were diminished after the program ended, particularly for IA program group members, with most impacts no longer present at month 54. Among the EI sample, even though the magnitude of some impacts diminished, several persisted, including increased access to specialized advice and job contacts, among those with at least a high school diploma. EI program group members also continued to be more likely to have developed multiple indicators of enhanced social capital over a year after the end of the program.

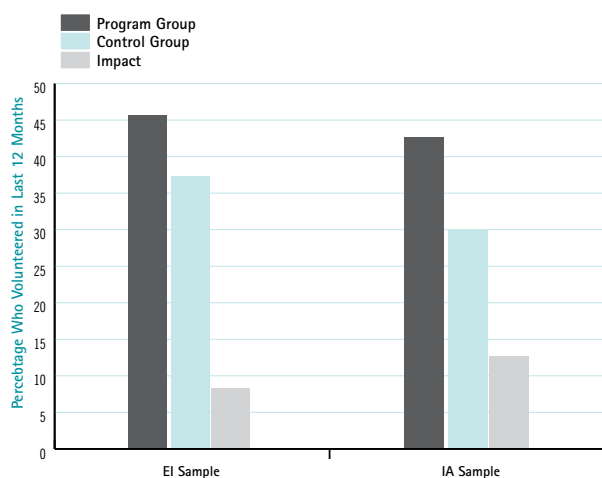
*CEIP also led to increases in job search activity, use of social networks, and most notably, formal volunteering among the EI and IA program group members, which were sustained over a year after the program ended.*

Although program group members were not successful in achieving higher post-program employment rates, CEIP influenced the extent to which they were looking for work, were utilizing their social networks, and were engaged in unpaid volunteering. Most notably, the impacts on formal volunteering through community organizations, which were present throughout the eligibility period, persisted through 54 months. Figure ES.8 illustrates the percentage of sample members who engaged in formal volunteering in the year preceding the 54-month follow-up interview.

Impacts were substantial among the IA sample, where the rate of formal volunteering among program group members was 13 percentage points higher than in the control group. This was accompanied by a positive

impact on the average number of hours volunteered, which increased by 2.8 hours per month. Similar results were observed for EI program group members, who were 9 percentage points more likely to volunteer formally.

**Figure ES.8: Engaged in Formal Volunteering in the Year Prior to the 54-month Interview**



Source: Calculations from 54-month follow-up survey data.

*Other than a small sustained increase in life satisfaction there were few other impacts beyond the CEIP eligibility, including no effects on health, education, or residential mobility/out-migration.*

Throughout the program, CEIP led to improved well-being in terms of reduced hardship and increased satisfaction with life among both EI and IA program group members. However, beyond the eligibility period, few differences in hardship were apparent and there no observed impacts on health, education, or mobility. Nonetheless, a small sustained increase in life satisfaction was present among EI program group members.

### 3. Can communities generate worthwhile projects that provide meaningful work opportunities for unemployed workers?

Results suggest that communities can effectively engage, organize, and mobilize their resources to develop projects that provide not only meaningful employment for participants, but also address a range of locally identified community development needs. Each community successfully organized functional representative boards and prepared strategic plans to guide project development that was largely consistent with community priorities. Most communities were successful in engaging and mobilizing both residents and organizations to participate in this process to, at least, some extent. Results also suggest, however, the importance of existing capacity and possibly the minimum thresholds for population and size of the third sector for successful engagement and mobilization.

Evidence also suggests that, with the limited capital support and the relatively short timelines for project development inherent in CEIP’s program model, communities will largely rely on existing organizations in the non-profit and voluntary sectors to develop projects. Although some new partnerships were formed, most community projects were extensions of existing operations of non-profit organizations. Nonetheless, these projects were successful in providing meaningful employment for participants in terms of the skill-level of jobs offered and the varied nature of work they provided. Contrary to traditional programs of direct job creation, where uniformly low-skilled jobs are typically the norm, CEIP provided a range of occupations in both medium- and high-skilled positions.

### 4. Will the process of planning for and operating projects contribute to local capacity growth and longer-term community development by strengthening the social and market economies?

Results from the community effects study indicate a preponderance of positive changes in program communities and improvements in local capacity and social conditions that are largely consistent with expectations. Positive changes were more prominent in program

communities that had more success in the organization and mobilization of local resources and in the development of CEIP projects, even though few changes in market conditions can be reliably linked to CEIP.

Positive effects on the capacity of project-sponsoring organizations were the most readily apparent. CEIP enabled sponsoring organizations to directly expand the scale of their activities within communities both by increasing the number of workers they had and through more effective use of existing resources. Managers often reported an easing of the demands on their own time with the addition of CEIP workers. The multi-year availability of CEIP workers also allowed project sponsors to engage in longer-term planning than they otherwise would have been able to realize under a single-year, renewable grants program. CEIP appears to simultaneously respond to two central needs of non-profits: availability of human resources, and more flexible longer-term funding arrangements.

In addition to organizational capacity, CEIP also appears to have generated improvements in a number of other outcomes critical to community capacity. Evidence suggests that residents in program communities have improved their social capital, including the structure of their social networks and the links to resources within them, relative to comparison sites. Social cohesion has also increased to a greater extent on a least one measure — improvements in generalized trust among residents — in most program communities. Furthermore, larger improvements in a number of participation- and access-based measures of social inclusion were observed in program communities. In addition to directly increasing community involvement while local boards were being organized, CEIP may also have encouraged further associational activity and membership in community organizations to at least some extent.

Although this study detects little definitive effect of CEIP on aggregate market outcomes at a community

level, the positive effects on voluntary sector organizations, social capital of residents, and, to a lesser extent, cohesion and inclusion are noteworthy. Although each is important in their own right as a measure of the social conditions in communities, they are also significant components of broader community capacity. Improvements in any of these areas could “grease the wheels” of the social economy and provide support for future community development efforts.

### 5. Is CEIP a cost-effective means of increasing the employability of income transfer recipients and contributing to the development of economically depressed communities?

Results from the cost–benefit analysis demonstrate that CEIP led to net gains for participants in both the EI and IA samples, for communities, and for society as a whole. Even under a very conservative “benchmark” model, CEIP led to positive net present values. Over the 54-month follow-up period, EI program group members gained an average of approximately \$5,500, while IA program group members gained nearly double at over \$10,000. Benefits to communities arising from either EI or IA participation were about the same at approximately \$22,000 per program group member. The combined net benefits to individuals and communities were therefore approximately \$27,000 and \$32,000 arising from each EI and IA program group member, respectively.

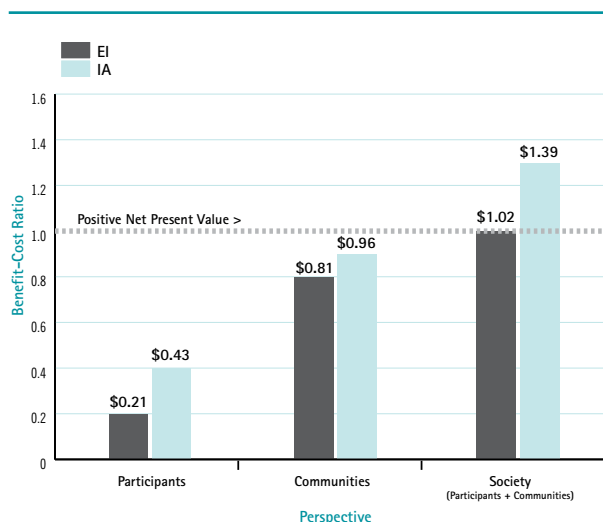
The incremental cost to government for CEIP wages and program administration was \$26,000 and \$23,000 per EI and IA program group member, respectively, after accounting for the increased taxes from earnings and reduced receipt of transfers. This results in a positive net present value for society as whole for both samples, though net benefits from IA participation are substantially higher. Under the conservative benchmark model, EI participation leads to a net benefit to society — over and above the expenditure



by government — of less than a \$1,000 per program group member. In contrast, IA participation produces over \$9,000 in net benefits to society.

Compared to similar initiatives and other uses of government funds, CEIP was fairly cost-efficient when considering the combined net benefits to society (for participants and communities). For instance, it has been estimated that some community implementations of transitional work programs have cost more than twice the benefits they generate. In contrast, CEIP resulted in significantly more benefits for every dollar in cost to government. Figure ES.9 presents the benefit-cost ratio arising from EI and IA participation. From EI beneficiaries' participation, every dollar in net cost to government generated \$1.02 in net benefits to individuals and communities. IA recipients' participation was even more cost-efficient, where every dollar in net cost led to combined net benefits of \$1.39. Under an extended model, which includes some intangible benefits and cost (reductions in hardship, gains in social capital) the efficiency of CEIP was even greater with every dollar in net costs of EI and IA participation generating \$1.20 and \$1.61 in net benefits for society, respectively.

**Figure ES.9 Total Net Benefit for Every Dollar in Net Cost to Government — Conservative Benchmark Model**



## Policy Implications

Results from the evaluation of CEIP provide significant new evidence of the merits of locally driven employment programs that are implemented in partnership with communities. CEIP has demonstrated that community-based employment provides transfer recipients with a stable job that allows them to maintain their link to the labour market and gain significant work experience while also contributing to local communities. Irrespective of its limited effects on longer term post-program employment levels, CEIP can be viewed as an effective re-distributional program in its own right. It is an attractive alternative to conventional transfers, evidenced in the high ongoing participation rates, significant program satisfaction, and a very low rate of return to income assistance or EI during program eligibility.

In contrast to many previous programs with shorter timelines and lack of local control, results from the CEIP model suggest that communities can create a wide range of jobs in the voluntary sector, which were higher-skilled positions than many participants would have held in the absence of the program. This type of voluntary sector employment will also lead to improvements in generic skills and attitudes to work, which are transferable to an array of jobs beyond those provided during the program.

Results from CEIP also demonstrate that governments can encourage the development of social capital among the unemployed, in partnership with communities, through similar locally driven employment initiatives. In particular, a longer duration program of community-based employment, with strong local involvement and control, may help expand participants' "bridging" contacts and improve the structure of their social networks in ways that provide better and sustained connections to the labour market. In addition, a community-based jobs strategy may help facilitate a greater awareness of volunteerism among participants and possibly a

commitment to similar altruistic missions as that of the organizations in which they work. This is important for both individuals and communities, as it provides an important resource for local organizations and the volunteers, serving as another link to employment and the community, which promotes greater levels of social inclusion.

CEIP has shown that communities will largely utilize and support existing non-profit organizations in the voluntary sector in order to develop community projects. By requiring community oversight of project development, the subsidized labour is often focused in areas that are under-resourced and consistent with wider community priorities. This effective targeting of resources, along with their multi-year availability, significantly increases the capacity of sponsoring organizations to carry out their missions. As a result, large positive community effects can be expected for those sectors and groups served by sponsors, which are often under-served without the program and “at-risk” of social exclusion. A range of positive effects are likely, which have been estimated — conservatively — to be three times as large as the benefits accruing to participant workers.

Programs such as CEIP constitute a suitable policy tool from a benefit-cost perspective only if one has dual objectives to provide support for both unemployed workers and communities. If governments are interested only in participant outcomes, CEIP’s program model is a costly and inefficient approach, with every dollar in expenditures generating less than \$0.50 in participant benefits. However, the incremental value that those participants generate for communities, even when estimated conservatively, makes CEIP a highly efficient way of providing dual support for participants and communities. Overall, CEIP produces a larger net gain, particularly when

aimed at IA participants, where each dollar in net costs to government produces nearly \$1.40 in net benefits to society.

CEIP results do not speak to mandatory “workfare” programs or transitional jobs initiatives involving short-term transitory work. CEIP tested a very specific model of community-based employment, which was implemented in partnership with communities and local oversight for project development. Jobs were generated largely through the voluntary sector and were often higher-skilled and longer-duration than most transitional work programs. CEIP was also a voluntary program and, in many respects, quite flexible. Participants could turn down the offer, without repercussion, or leave subsequent to joining, either permanently or temporarily, to pursue other work, education, or training.

The CEIP model represents a promising approach that could form the basis of a voluntary yet permanent alternative to conventional transfer programs. Particularly for long-term unemployed individuals, community-based employment could provide a valuable ongoing alternative to traditional income support programs. It would serve not as a replacement for existing programs, but as one additional policy tool for governments to implement in support of current measures. For instance, such a policy could be implemented as a permanent option available to long-term IA recipients. CEIP results suggest that a program offering long-term unemployed individuals an option of employment within local communities, even at relatively low wages, would not only be attractive to a significant portion of IA recipients, but would also help reduce hardship, preserve transferable skills and social networks, and provide substantial support to communities.

## Full report

*Encouraging Work and Supporting Communities: Final Results of the Community Employment Innovation Project*, by David Gyarmati, Shawn de Raaf, Boris Palameta, Claudia Nicholson, and Taylor Shek-Wai Hui (November 2008).

## Other CEIP publications

*Engaging Communities in Support of Local Development: Measuring the Effects of the Community Employment Innovation Project on Communities*, by David Gyarmati, Shawn de Raaf, Boris Palameta, Claudia Nicholson, Taylor Shek-Wai Hui, Darrell Kyte, and Melanie MacInnis (May 2008).

*Improving Skills, Networks, and Livelihoods through Community-Based Work: Three-year Impacts of the Community Employment Innovation Project*, by David Gyarmati, Shawn de Raaf, Claudia Nicholson, Boris Palameta, Taylor Shek-Wai Hui, and Melanie MacInnis (October 2007).

*Testing a Community-Based Jobs Strategy for the Unemployed: Early Impacts of the Community Employment Innovation Project*, by David Gyarmati, Shawn de Raaf, Claudia Nicholson, Darrell Kyte, and Melanie MacInnis (November 2006).

*The Community Employment Innovation Project: Design and Implementation*, by John Greenwood, Claudia Nicholson, David Gyarmati, Darrell Kyte, Melanie MacInnis, and Reuben Ford (December 2003).

*A Model of Social Capital Formation* (working paper 03-01 published in English only), by Cathleen Johnson (January 2003).

*A Review of the Theory and Practice of Social Economy/ Économie sociale in Canada* (working paper 02-02 published in English only), by William A. Ninacs, with assistance from Michael Tøye (August 2002).

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