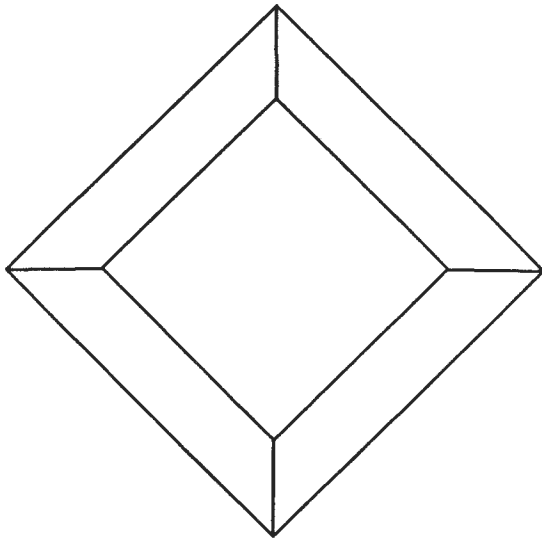


# **Creating an Alternative to Welfare: First-Year Findings on the Implementation, Welfare Impacts, and Costs of the Self-Sufficiency Project**



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The Authors

## PREFACE

This is one of two reports being published simultaneously on the Self-Sufficiency Project (SSP), a research and demonstration project conceived and funded by Human Resources Development Canada (HRDC), and managed by the Social Research and Demonstration Corporation (SRDC). SSP seeks a solution to an urgent social problem: the increasing poverty and welfare dependence of single-parent families, who are more likely than two-parent families to have low incomes and long stays on Income Assistance (IA). These twin conditions — poverty and dependency — have devastating consequences for families, but also for the rest of society, which must bear heavy social and economic costs. Unfortunately, attempted solutions have often targeted one of these conditions while exacerbating the other.

This dilemma is reflected in the experience of welfare-dependent families. Because many single-parent welfare recipients have low levels of education and limited work experience, starting wages are often less than welfare payments. Thus, it is not uncommon for single parents on welfare to confront a stark choice: either continued dependence on welfare or a lower income in the work world, at least until wages rise with increasing experience and skills. Going to work also brings the stress of combining job and family responsibilities — a problem common to working women, but especially acute for low-wage single mothers working full time.

SSP provides a third option for single-parent IA (welfare) recipients caught between the choices of low-wage work and continuing welfare dependence. SSP offers to supplement the earnings of single-parent IA recipients who have received benefits for at least one year, as long as they leave the IA rolls and take a full-time job (at least 30 hours per week). The supplement is time-limited: Recipients who find a job within one year of being offered the supplement can receive supplement payments for up to three years. It is also generous: SSP's earnings supplement effectively doubles the income of workers who take jobs paying as much as \$8.00 an hour. Thus, SSP solves a common problem for long-term IA recipients who go to work: low starting wages.

This report is the early document of record for the SSP project. It provides a wealth of information on the rationale, design, and early implementation of SSP's earnings supplement program, the structure and methods of the SSP evaluation, and SSP's first-year costs and welfare impacts. SSP traversed a long road from policy idea to operating program. This report describes that journey: the early research efforts to determine an appropriate earnings supplement amount and program design, the development of those early plans into office and payment procedures and systems, the challenge of informing IA recipients about an unusual new program, and the evolution of the program as it adapted to the needs of its early clientele. The report also describes SSP's sample members, who were selected at random from the population of long-term, single-parent IA recipients in the lower mainland of British Columbia and the lower part of New Brunswick. Finally, this report reviews the early successes of the program: The most significant one is that, despite many barriers to employment, a third of those eligible for SSP's earnings supplement program chose to leave IA and go to work full time, with participation in the program resulting in a significant decrease in welfare receipt.

This report's companion publication is *The Struggle for Self-Sufficiency*, a study based on focus group interviews with some of the people who were offered the supplement opportunity. The report addresses a broad range of issues related to SSP and self-sufficiency from the perspective of — and often in the words of — the single parents themselves.

In early 1996, SRDC will publish the first comprehensive analysis of SSP's early impacts on employment, earnings, and welfare receipt, entitled *Do Financial Incentives Encourage Welfare Recipients to Work?* This latter report will take full advantage of SSP's exceptionally rigorous research design, in which half of the people who agreed to be part of the study were randomly chosen to be eligible for the SSP earnings supplement, while the other half, similar in every way to the SSP-eligible group, became a "control" group whose behaviours over time will reveal what would have happened to the SSP-eligible group in the absence of SSP. This evaluation technique ensures that the opportunity to benefit from SSP's earnings supplement was distributed fairly and without favouritism among a large pool of potential beneficiaries. It also ensures that the SSP evaluation will provide reliable information about whether program participation leads to changes in employment and earnings, welfare dependence, and other measured activities, since it enables researchers to compare the long-term behaviour of those who were eligible for the supplement with a similar group of individuals who were not.

SRDC is a nonprofit organization created with the support of HRDC. Its mission is to identify social policies and programs that improve the self-sufficiency and well-being of unemployed, economically displaced, and disadvantaged populations. SRDC designs and manages research and demonstration partnerships, bringing together public and private organizations, researchers, and service providers in order to test new policy ideas and to discover the difference social programs make to participants and to society. SRDC's goal is to provide a framework within which organizations and individuals with diverse agendas can work together on projects requiring complementary strengths.

Gordon Berlin  
Executive Director



## EXECUTIVE SUMMARY

The Self-Sufficiency Project (SSP) is a unique research and demonstration project designed to determine whether making work pay more than welfare will result in more single-parent welfare recipients choosing work over Income Assistance (welfare).<sup>1</sup> Conceived and funded by Human Resources Development Canada (HRDC) and managed by the Social Research and Demonstration Corporation (SRDC), SSP is testing an earnings supplement program in the provinces of British Columbia and New Brunswick, where it has been in operation since November 1992.

The SSP earnings supplement program offers monthly cash payments to single-parent Income Assistance recipients who have been on Income Assistance for at least one continuous year and who leave Income Assistance for full-time work (defined as 30 or more hours per week) within one year of being selected for the program. As such, SSP provides a work-based alternative to Income Assistance. SSP's cash payments, or "earnings supplements," are paid on top of earnings from employment, and are available to eligible individuals for up to three years as long as they continue to work full time and remain off Income Assistance.

In the usual course of events, most people who leave welfare for work earn entry-level (or near entry-level) wages, which — after work expenses — may result in less total income to support their families. This circumstance discourages both their search for jobs and their retention of the jobs they find, with many people remaining on or returning to welfare. By offering a substantial, temporary supplement to earnings, SSP provides an incentive for people who would otherwise have remained on Income Assistance to enter employment and potentially achieve economic self-sufficiency.

While the earnings supplement program is the heart of SSP, the project is multi-faceted, consisting of a design phase, during which the program model was developed; a structural phase, during which the program's procedures and administration were implemented; an operational phase, which will continue until 1999; and the evaluation of the entire project, which has been in place from the outset and will conclude with a final report five years from now.

A number of organizations and independent researchers are collaborating to evaluate SSP's earnings supplement program: SRDC, the Manpower Demonstration Research Corporation (MDRC), and researchers at several universities. Statistics Canada is responsible for the extensive survey and other data collection efforts. In order to provide a rigorous assessment, the evaluation is designed as a random assignment research study. Starting in November 1992 and ending in March 1995, more than 9,000 single-parent Income Assistance recipients and applicants, 95 percent of them women, were offered the opportunity to join the SSP research project. Those who accepted were assigned at random to one of two groups: Members of the "program group" became eligible to participate in the earnings supplement program; members of the "control group" did not. Information about both groups' employment, welfare receipt, and other activities and experiences over time will be compared, with the control group's outcomes serving as a benchmark for measuring the program's effects.

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<sup>1</sup>"Income Assistance" refers to the cash assistance programs operated by provinces under the terms of the Canada Assistance Plan (CAP). The costs of these programs are shared by provinces and the federal government.

These 9,000 people make up the evaluation's three samples. Six thousand are a representative sample of long-term welfare recipients — the target group for SSP — and constitute the evaluation's main sample. The other 3,000 are a representative sample of newly enrolled Income Assistance applicants; they are being studied to determine whether the prospect of becoming eligible for the earnings supplement program delays welfare exits. Finally, some 300 program group members from the main sample constitute the "SSP Plus" sample, who are being offered some services in addition to the supplement to test the effectiveness of this combination. The present report pertains to the main sample only, and is based on its first 2,126 program and control group members.

This report, the second in a series,<sup>2</sup> provides a detailed description of the design and development of the program, the demographic characteristics of sample members, the program's implementation in the two provinces, its success in reaching eligible individuals and explaining the supplement offer to them, and its early impact on welfare receipt. Future reports will analyze the later operations of the program; the program's impact on single parents' employment and earnings, family composition and income, and other outcomes; the extent to which SSP encourages individuals to remain on Income Assistance in order to become eligible for the earnings supplement; and the economic benefits and costs of the program from the perspectives of eligible single parents, taxpayers, and society as a whole.

### **The Findings in Brief**

SSP's earnings supplement program seeks to prompt those most dependent on welfare — single parents who have already spent considerable time on Income Assistance — to increase their full-time employment and thus their economic self-sufficiency. This is an ambitious goal. The analysis presented in this report, which is based on up to 15 months of data collected on the first 2,126 program and control group members, concludes that SSP has met three short-term objectives that are prerequisites for achieving this goal:

- **The SSP earnings supplement program has been successfully implemented.** Fully 96 percent of program group members received an orientation to SSP, and the vast majority appear to have understood the nature and magnitude of the supplement. This was essential to their making an informed choice about whether to take advantage of the supplement opportunity — and to the program model's receiving a fair test. In addition, the supplement payment process was successfully automated: Payments were made promptly and accurately, and comprehensive procedures were developed and implemented even for the most complicated employment situations.
- **A significant number of program group members have taken up the supplement offer, choosing full-time work over welfare.** To date, the majority of program group members have indicated an interest in participating

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<sup>2</sup>The first report was *Making Work Pay Better Than Welfare: An Early Look at the Self-Sufficiency Project* by Susanna Lui-Gurr, Sheila Currie Vernon, and Tod Mijanovich (Vancouver: Social Research and Demonstration Corporation, 1994).

in the earnings supplement program, and 34 percent have found full-time jobs within their one-year period for initiating the supplement, left Income Assistance, and taken up the supplement offer.

- **SSP's earnings supplement program has reduced Income Assistance receipt.** In the twelfth month after random assignment, 26 percent of the program group were off Income Assistance, compared to 15 percent of the control group, an 11 percentage point reduction. The net cost of the SSP program has been relatively modest: about \$2,000 per program group member during the first 15 months after they became eligible for the supplement.

These are critical initial accomplishments. To be viable in the long term, however, the program must also make a significant difference in program group members' employment, earnings, and welfare receipt — both within and after the three-year supplement period — and produce benefits viewed as commensurate with its costs.

### **The Policy Significance of SSP**

SSP responds to the longstanding concern about the financial and social costs of welfare dependence, both to taxpayers and to public assistance recipients. Recipients who have come to depend on welfare frequently have difficulty entering or reentering the labour force. Even if they find employment, starting wages are often too low to match what they receive from welfare. Furthermore, combining work and welfare may not raise their incomes greatly, since Income Assistance benefits are reduced nearly dollar-for-dollar by the amount of earnings. Thus, an Income Assistance recipient gains little or no financial advantage from working unless her earnings are high enough to yield more net income than Income Assistance provides. But eventual success in achieving higher earnings usually requires some period of work at a low wage. In other words, many Income Assistance recipients are caught in a dilemma: Their families may suffer a loss of income if they become employed, but they are unlikely to increase their earning capacity without going to work.

Taxpayers face a dilemma as well. They do not want children to grow up poor, but as more women with children enter the labour market, the public grows increasingly uncomfortable with a system that, in effect, pays some mothers to remain at home. Public concern intensifies as welfare rolls grow and provincial deficits force governments to choose either higher taxes or lower benefits.

SSP's earnings supplement program approaches these dilemmas head-on by temporarily supplementing wages. While collecting an earnings supplement, an eligible single parent receives an immediate payoff from work. And if she eventually earns higher wages, she may experience the longer-term benefit of becoming self-sufficient after the temporary earnings supplement ends.

An earnings supplement policy may thus be a promising approach to the dilemma of welfare dependence. But it is an untested approach. Too little is currently known about how financial incentives affect behaviour to fashion informed public policy in this area — thus the importance of evaluating an earnings supplement program. The stakes are high: Earnings supplements are expensive, and even small changes in the Income Assistance system, when multiplied across millions of Income Assistance recipients and extended into the future, could have enormous impacts on government budgets.

Therefore, it is important to discover as much as possible about the costs and benefits of an earnings supplement program before deciding whether or not to put it into practice on a broad scale.

### How Does SSP's Earnings Supplement Program Work?

SSP's earnings supplement program began operating in November 1992 in the lower third of New Brunswick and in January 1993 in the lower mainland of British Columbia. It is operated by two private organizations under contract to SRDC: Bernard C. Vinge and Associates Ltd. in British Columbia, with offices in Vancouver and New Westminster, and Family Services Saint John, Inc., in New Brunswick, with offices in Saint John and Moncton. The management information and supplement payment systems were developed and are maintained in Halifax, Nova Scotia, by SHL Systemhouse Inc. All three organizations were selected through a rigorous "request for proposals" process conducted by SRDC.

The following are the major features of the earnings supplement program:

- **Full-time work requirement.** Supplement payments are made only to eligible single parents who work full time (at least 30 hours per week, whether in one or more jobs) and who leave Income Assistance. The full-time work requirement ensures that: (1) supplement recipients are preparing for self-sufficiency, since most Income Assistance recipients would have to work full time in order to earn enough to remain off Income Assistance; (2) most supplement recipients need to increase their work effort to qualify, since few Income Assistance recipients already work full time; and (3) earnings are substantial enough so that earnings plus the supplement payment represents a large increase in income for most people who take up the supplement.
- **Substantial financial incentive.** Earnings supplement payments are substantial enough to virtually double most recipients' earnings. Supplement recipients are usually \$3,000 to \$5,000 per year better off than they would be if they worked the same amount and remained on Income Assistance.

The supplement is calculated as half the difference between a participant's gross earnings from employment and an "earnings benchmark" amount set by SSP for each province. During the first year of operations, the earnings benchmarks were \$37,000 in British Columbia and \$30,000 in New Brunswick (they were increased modestly in 1994 and again in 1995). Thus, for example, a participant in British Columbia who works 35 hours per week at \$7 per hour earns \$12,740 per year and collects an earnings supplement of \$12,130 per year — \$37,000 minus \$12,740, divided by 2 — for a total gross income of \$24,870. She may also receive additional income from sources such as child support or rental income, which do not affect the amount of her earnings supplement.

- **Restricted eligibility.** Eligibility for the earnings supplement program is restricted to single parents who have been on Income Assistance for at least

the past year. This one-year welfare receipt requirement was designed to reduce the likelihood that the supplement would prompt some individuals to apply for Income Assistance in order to become eligible for the earnings supplement program, since such individuals would have to remain on Income Assistance for one year before they could enter the program.

- **Time-limited benefits.** Eligible individuals have one year to find a qualifying job and leave Income Assistance. This encourages some individuals to shorten their Income Assistance stays in order to take advantage of the supplement opportunity. Those who take up the supplement within their eligibility year receive monthly supplement payments for up to three consecutive years as long as they continue to work full time. The three-year time limit on supplement receipt eliminates the possibility of long-term dependence on the program.

Each person who was randomly assigned to the program group — and thereby became eligible to qualify for the earnings supplement — was informed of that fact by letter and telephone, and was invited to learn more about the program by attending an orientation session, usually held at an SSP office. Staff have made concerted, systematic attempts to contact and orient program group members. After orientation, and for the balance of each program group member's supplement eligibility year, SSP staff contact program group members periodically to ensure that they fully understand the supplement opportunity available to them, to answer questions about the program, and to provide information about or referrals to other programs or sources of assistance. Although SSP staff encourage program group members to seriously consider the opportunity represented by the program, they also make clear that the decision to participate is entirely voluntary, that Income Assistance eligibility is unaffected by SSP unless an individual chooses to take up the earnings supplement, and that taking up the earnings supplement may not be a desirable option for all program group members.

Program group members who find full-time employment within one year from the time they were assigned to the program group become eligible to receive the earnings supplement. After supplement receipt begins, supplement takers may decide at any time to return to Income Assistance as long as they give up supplement receipt and meet the asset and income requirements of the Income Assistance program. They can also renew their supplement receipt by going back to work full time at any point during their three-year supplement receipt period. In order to collect the supplement, supplement recipients mail their pay stubs each month to the supplement payment office in Halifax. They receive a monthly supplement payment based on their earnings and work hours. In each 12-month supplement receipt period, supplement recipients may collect a reduced supplement payment for up to two months in which their employment averaged less than the required 30 hours per week. Toward the end of their three-year supplement receipt period, supplement recipients are informed of the impending end of their supplement benefits and are invited to attend a workshop that presents budgeting and personal finance strategies for maintaining full-time employment in the absence of the earnings supplement.

### **How Is SSP's Earnings Supplement Program Being Evaluated?**

The dynamic nature of welfare receipt poses a serious obstacle to the evaluation of any welfare-

to-work program. Recipients are continually leaving the rolls because of employment, marriage, and other life changes, so it is difficult to determine the extent to which a particular outcome (such as becoming employed or leaving welfare) is the result of a new program, or reflects what people would have done in the absence of the program.

The SSP evaluation overcame this problem by using a random assignment evaluation design to determine the program's effects on employment rates, earnings, family income, Income Assistance receipt, and other outcomes. Prospective sample members were contacted by Statistics Canada interviewers, who collected basic demographic data about them, explained the purpose and structure of the study, and asked whether the respondent was willing to be part of the project. Those who agreed to join the project were then assigned at random to the program-eligible (program) group or the program-ineligible (control) group. Data on these two groups' employment, earnings, Income Assistance receipt, and other characteristics are being collected and compared using surveys and Income Assistance, tax, and Unemployment Insurance records. Because people were assigned to the program or control group at random, members of the two groups have similar backgrounds and characteristics, and differ systematically in only one respect: Program group members were eligible for the earnings supplement program. Thus, any differences that emerge over time between the outcomes for the program group and control group can reliably be attributed to the earnings supplement program. These differences are referred to as the program's effects or "impacts."

Because an earnings supplement program is potentially expensive and little is known about what effect it would have on Income Assistance recipients, SSP was designed to test financial incentives only. Thus, the program offers no employment, child care, or other services, apart from providing basic information about the supplement and about services available in the community and through the Income Assistance program, which are equally available to control group members. This restriction on service provision ensures that any program impact found by the SSP evaluation can reliably be attributed to the earnings supplement, and will not be due to any other services. However, SSP is also conducting a special evaluation in New Brunswick in which some individuals randomly assigned to the program group will be offered both the earnings supplement opportunity and additional services, such as job search and résumé-preparation assistance and case management. This "SSP Plus" group will then be compared to the supplement-only program group in order to determine whether additional services have the potential for increasing the impact of the earnings supplement program.

The substantial size of SSP's financial incentive raises an important question: Would some short-term Income Assistance recipients delay their exits from Income Assistance in order to qualify for an earnings supplement program? Although SSP's eligibility restrictions were designed to minimize this possibility — only long-term (one year or longer) Income Assistance recipients were eligible — nevertheless the possibility exists. In order to explore this issue, the SSP evaluation includes a study of newly enrolled Income Assistance applicants in British Columbia. Half of these applicants were told that they could qualify for earnings supplements if they continued to receive Income Assistance payments for one year and then found full-time employment. The study will determine whether individuals are more likely to stay on Income Assistance when they know that they can become eligible for earnings supplements by doing so. If this turns out to be the case, then the payment and administrative costs associated with these delayed exits will be included in the final benefit-cost analysis of the program.

## **Findings of the Report**

### **Who Are SSP's Sample Members?**

- **SSP sample members have diverse backgrounds and life situations, with many sample members reporting characteristics generally considered barriers to employment.**

SSP was targeted to all kinds of single parents who had received Income Assistance continuously for at least one year. Except for Income Assistance receipt and single parenthood, there were no other selection requirements, because one goal of the evaluation is to identify groups of single parents for whom SSP is particularly effective. Consequently, the SSP sample is diverse and includes many individuals who have been labeled unemployable by the Income Assistance program (because they have small children, are handicapped or elderly, or for other reasons), or who face potential barriers to full-time employment. Twenty-eight percent reported having an activity-limiting health condition. Half the sample had two or more children, and 54 percent had at least one preschool-age child (that is, under the age of six). Only 44 percent had graduated from high school, and 10 percent lived in a rural area, where unemployment rates were particularly high.

- **The vast majority of sample members had some prior work experience, but fewer than one-fifth were employed at the time of random assignment, and very few were working full time.**

While 96 percent of the sample reported some prior work experience, only 18 percent reported that they were working at the time of random assignment, and barely 4 percent were working full time at that point. Thus, most of the people who chose to take up the supplement offer have had to greatly increase their level of work effort in order to meet the supplement program's minimum work requirement of 30 hours per week.

### **Was SSP's Earnings Supplement Program Successfully Implemented?**

SSP's earnings supplement program had two major operational goals: (1) to reach program-eligible individuals (that is, people who had been randomly assigned to the program group) and explain the supplement opportunity clearly and comprehensively enough for them to make an informed choice about the opportunity available to them; and (2) to implement a pay-stub-based supplement payment system that would calculate and disburse monthly supplement payments promptly and accurately. In order to achieve these goals, the project had to create and staff a fully operational program from scratch, contact a hard-to-reach population often distrustful of government programs, and explain an abstract concept (a formula-based earnings supplement) in a manner that overcame skepticism about the offer's legitimacy and clarified the options available to program group members.

Working together, SRDC and the program operators met these challenges by developing detailed procedures and system specifications, recruiting and training staff, and revising and improving approaches to outreach, orientation, and the automated systems, based on early operating experiences. The result was a successful program start-up that quickly solved operational challenges.

- **Program staff made a concerted and successful effort to fully inform program group members about the supplement opportunity available to them.**

If SSP were a large-scale, ongoing program, eligible welfare recipients would hear about the program in a number of ways, including word-of-mouth, information supplied by advocacy and other service organizations, and perhaps mailings from welfare agencies or attendance at mandatory orientation sessions. The SSP earnings supplement program sought to simulate this level of knowledge so that the SSP model would receive a fair test. Immediately after their random assignment to the program group, single parents were sent a letter informing them of their eligibility and inviting them to an orientation meeting at the SSP office nearest them or at one of several satellite locations. The letter was followed up as needed, with telephone calls, registered letters, messages through friends and relatives, and even home visits to make sure an orientation was provided.

About 60 percent of SSP orientations were held in a group setting. Other orientations, which were concentrated in Vancouver and in rural areas, were provided individually in the SSP office, the program group member's home, or over the telephone. In-person orientations — whether group or individual — explained the supplement offer in great detail, clarified the financial implications of taking up the supplement, and explored how the supplement might affect an individual's non-financial situation. By describing the program fully, introducing participants to program staff, and creating a supportive environment, SSP staff sought to encourage participants to give the SSP offer serious consideration. Phone orientation sessions were less successful in holding participant interest and in communicating the important details of the supplement program.

- **The supplement payment system was successfully automated, and has paid the vast majority of earnings supplements promptly and accurately.**

The supplement payment system, operated in Halifax by SHL Systemhouse Inc., calculates and issues earnings supplement payments to all program group members who qualify for them. The complex new system was designed to satisfy three requirements: (1) make supplement payments based on earnings and work hours in a variety of work and pay situations, (2) maintain the confidentiality of participants' involvement in SSP, and (3) provide accountability and control. Making accurate payments was considered especially challenging because, unlike the Income Assistance system, which pays prospectively, SSP makes payments based on work hours and earnings in the month just passed. Thus, an important objective has been to minimize the time between receipt of pay cheques and receipt of supplement cheques in order to maintain household income continuity and to reinforce the link between earnings and the supplement. On average, supplement cheques (or direct deposits into bank accounts) have been sent to supplement recipients less than three weeks after the last work day in the pay periods covered by the cheques.

Employers' pay stubs have provided the documentation of earnings, hours, and pay dates needed for supplement calculation purposes. Using the stubs has allowed the payment system to operate without employer involvement while still providing a basis for verification. But not all employers issue pay stubs, which has made verification difficult. Also, supplement takers with multiple employers may receive pay cheques for different pay periods, thus greatly complicating supplement calculation. These situations have necessitated staff follow-up and manual calculations of some supplement payments by payment office staff. With experience, however, it has become possible to automate the great majority of payment calculations.



The most problematic work situation for SSP, self-employment, was allowed in the program even though the program's pay stub-based payment system is not well suited to handling it. Program group members qualifying for the supplement with self-employment (less than 5 percent of supplement recipients) have been required to meet strict guidelines for their accounting practices, pass a review by an SSP accountant, make monthly in-person visits to the SSP office to present relevant documents, and undergo an annual review of their revenues and costs.

### **To What Extent Have Program Group Members Participated in the Earnings Supplement Program?**

Figure 1 summarizes the SSP-related activities of 100 typical program group members, based on the activities of the 1,066 individuals who were randomly assigned to the SSP program group between November 1992 and October 1993. (Each of the 100 "typical" program group members in Figure 1 represents approximately 10 actual program group members.) The figure shows how many of these 100 attended an orientation (96), initiated the supplement (34), and were working full time in the sixth month after initiating the supplement (26). The figure also indicates the extent to which orientation non-attenders and supplement non-recipients were contacted by program staff.

- **Virtually all program group members had at least one contact with program staff, and 96 percent received an orientation to SSP.**

As shown in Figure 1, 98 out of every 100 program group members were successfully contacted by SSP program staff, and only two of those who were contacted failed to receive an orientation. The patterns were similar in British Columbia and New Brunswick.

Program group members were scheduled to attend an orientation as soon as possible after random assignment. Within one month of assignment to the program group, about 60 percent of program group members received an orientation to SSP. Prompt orientations were crucial to the success of the program: Since the supplement offer was time-limited, an early program orientation left the maximum amount of time in which to find full-time employment and qualify for the supplement before the end of the supplement-eligibility year.

- **Orientation attenders quickly grasped both the basic idea and the fundamentals of the earnings supplement program.**

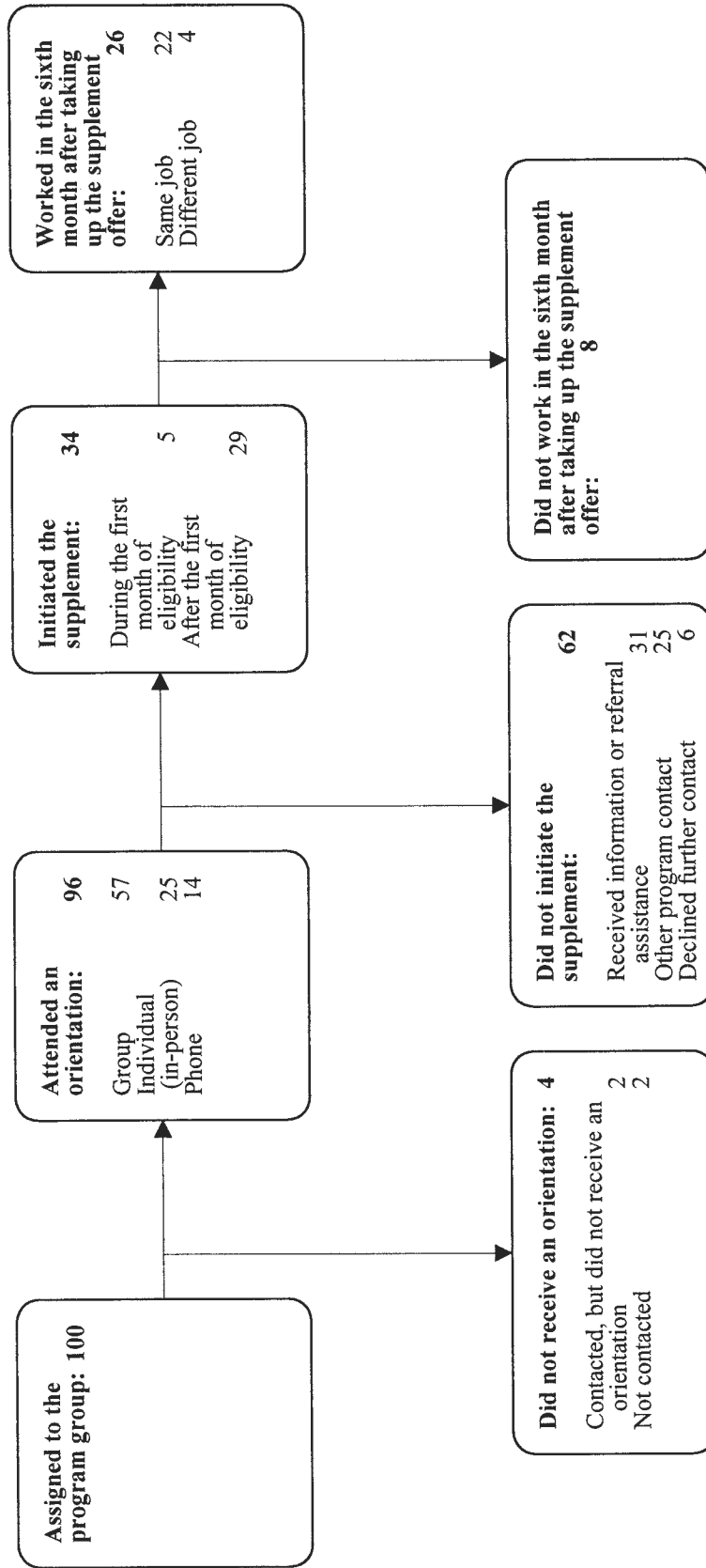
SSP staff were convinced that the vast majority of orientation attenders left their sessions with an extremely good understanding of the program. This impression was reinforced by most follow-up telephone calls, during which staff would answer questions and review the major features of the supplement program, and by researchers' observations of information sessions and their subsequent discussions with clients.

- **Although basic information about relevant community services was distributed with orientation material, and SSP staff were available to answer additional questions, most program group members did not seek further information and referral assistance from SSP.**

Most program group members who decided to take up the supplement offer did not seek

FIGURE 1

ORIENTATION ATTENDANCE, SUPPLEMENT TAKE-UP, AND SUBSEQUENT EMPLOYMENT AMONG 100 TYPICAL SSP PROGRAM GROUP MEMBERS



NOTE: The 100 typical individuals represent the experiences of the first-year program group sample: the 1,066 program group members who entered the research sample through October 1993.

additional information and referral assistance from SSP beyond the community services information distributed at the initial orientation session. When individuals did request additional information, they most often asked for information regarding résumé-preparation, job search, and child care services. The majority of these requests resulted in referrals to Income Assistance staff.

- **Thirty-four percent of the program group went to work full time, took up the supplement offer, and left Income Assistance. Three-quarters of them were working full time six months later.**

Thirty-four percent of eligible single parents took up the earnings supplement offer. Virtually identical proportions of the program groups in the two provinces — 34 percent in British Columbia and 32 percent in New Brunswick — took up the supplement, despite significant provincial differences in labour markets, unemployment rates (consistently higher in New Brunswick), sample characteristics, and Income Assistance policies and grant levels. The pattern of supplement initiation over time was also similar between the provinces. Program group members responded to the SSP offer by taking up the earnings supplement at a steady rate throughout the year they were eligible to do so.

The majority of program group members who took up the supplement have continued to receive it for an extended period: Six months after supplement take-up, 76 percent of supplement takers (26 of the 34 supplement initiators in Figure 1) were still receiving the supplement. It should be noted that supplement take-up numbers do not show whether the program actually makes a difference in employment behaviour. That will be determined by comparing the employment rates of program group and control group members — analyses to be presented in future reports.

- **Most supplement takers appear to have responded positively to the program.**

Focus groups and case file reviews have suggested that full-time employment combined with supplement receipt has profoundly affected supplement takers, mostly for the better. Many supplement takers have talked about buying cars and clothes, moving into better neighbourhoods, paying off debts, and experiencing other material improvements made possible by their increase in income. A common source of satisfaction has been supplement takers' ability to better provide for their children. Most supplement takers who have been interviewed have commented on the increase in their self-esteem and autonomy brought about by the changes in their income and employment. However, many have also mentioned the increased stress of going to work and the difficulties of juggling their work and parenting responsibilities.<sup>3</sup>

- **The supplement take-up rate has been similar for different kinds of single parents.**

Participation in the supplement program has been broad-based, although there have been a few differences between certain subgroups of program group members. Importantly, number of children

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<sup>3</sup>For a more extended discussion of SSP participants' attitudes toward the supplement program, employment, and related issues, see *The Struggle for Self-Sufficiency: Participants in the Self-Sufficiency Project Talk About Work, Welfare, and Their Futures* by Wendy Bancroft and Sheila Currie Vernon (Vancouver: Social Research and Demonstration Corporation, 1995).

and age of the youngest child did not significantly correlate with supplement take-up. The fact that single parents with three or more children took up the supplement about as often as others is particularly surprising because families with more children receive higher welfare payments and thus gain less income from the supplement. A sizeable proportion (24 percent) of individuals with activity-limiting conditions also took up the supplement.

Differences in attitudes toward work, welfare, and future prospects appear to be at least as important as differences in demographic characteristics in determining whether to take up the supplement — especially attitudes related to confidence and a sense of control. Interviewed just prior to random assignment, 89 percent of those who eventually took up the supplement thought that they would be working within a year, compared to 66 percent of those who ended up not taking the supplement; and 22 percent of the eventual supplement takers agreed with the statement, "I have little control over the things that happen to me," compared to 32 percent of the eventual non-takers. Supplement takers were also much more likely to have disagreed with the statements, "Right now I'd prefer not to work so I can take care of my family full time" and "My family is having so many problems that I cannot work at a part-time or full-time job right now." Supplement takers also appear to have felt more stigmatized by their receipt of welfare: 66 percent of takers had agreed that they were "ashamed to admit to people that I am on welfare," compared to 57 percent of the non-takers.

- **Program group members who did not take advantage of the supplement offer cited a broad range of reasons for their decision.**

The majority of program group members did not take advantage of the supplement opportunity. In focus groups and conversations with SSP staff, supplement non-takers cited especially the desire to be full-time parents to their children, illness, and discouragement about their ability to find a job or to find the "right" job.

Many non-takers also talked about the problem of their lack of education. They were likely to see the end of the three-year supplement receipt period as a time of certain regression, when their children would once again be forced to do without. In focus groups, the qualities that seemed most to distinguish non-takers from takers were the former's lower self-esteem, determination, and confidence regarding the future, and lower interest in increasing their income.

### **Is SSP Making a Difference?**

The central goal of SSP's earnings supplement program is to make work pay enough to increase the rate at which long-term Income Assistance recipients take full-time jobs and leave welfare. As discussed earlier, the project's random assignment design provides a way to measure whether the program is making a net difference above and beyond what people would have done on their own. Because program and control group members were similar in every respect except one — SSP program eligibility — any difference that emerges over time in employment, welfare receipt, or other outcomes between the two groups can reliably be considered an "impact" of the SSP supplement program.

The SSP evaluation will eventually measure the supplement program's impacts on a variety of outcomes, including earnings, employment, and total income. The impact results presented here are preliminary in several respects: They are based on only part of the research sample (the first 1,937 program and control group members enrolled in the study through June 1993); they are based on only 12 to 15 months of follow-up; and they pertain only to Income Assistance outcomes.

- **SSP's earnings supplement program has significantly reduced Income Assistance receipt.**

The SSP program has caused a statistically significant<sup>4</sup> increase in the rate at which individuals have left Income Assistance in the first year after random assignment. Table 1 shows that, although control group members left welfare at a growing rate in the first 12 months after random assignment, program group members left at an even faster rate: In the twelfth month after random assignment, 74 percent of program group members and 85 percent of control group members received Income Assistance benefits, for a statistically significant reduction in welfare receipt of 11 percentage points. In British Columbia, 78 percent of program group members received Income Assistance in month 12, compared to 88 percent of controls — a statistically significant impact of 10 percentage points. The program's impact in month 12 was 14 percentage points in New Brunswick, where 67 percent of the program group received Income Assistance, compared to 81 percent of the control group.

- **The earnings supplement program has also reduced the average amount of welfare received.**

SSP's effect on welfare receipt has led to a significant reduction in average Income Assistance payments. Because individuals in both the program and control groups began to leave welfare after random assignment, the average Income Assistance payments to individuals in both groups have decreased in each month subsequent to random assignment. But payments to program group members have on average decreased more rapidly than those to control group members, so that in the twelfth month after random assignment, the average monthly Income Assistance payment was \$775 to control group members and \$689 to program group members, a statistically significant reduction of \$86, or 11 percent. British Columbia program group members received an average of \$814 in the twelfth month after random assignment, which was \$98, or 11 percent, less than the \$913 average payment to control group members.<sup>5</sup> In New Brunswick, program group members received an average Income Assistance payment of \$460 in the twelfth month, which was \$75, or 14 percent, less than the \$535 received by control group members. All welfare payment reductions in the twelfth month were statistically significant.

- **The reductions in Income Assistance receipt caused by SSP have been broad-based, affecting sample members with varying life situations and histories.**

SSP's Income Assistance impacts have not been limited to a narrow segment of the sample. Rather, the program appears to have had significant effects on the first-year Income Assistance receipt of most major subgroups analyzed, including subgroups with varying employment and welfare histories, education levels, family sizes, and areas of residence. This is true for subgroups with relatively low supplement take-up rates as well as those with high rates. For example, although program group members with high school diplomas were much more likely to initiate the supplement (42 percent) as those with less than a tenth-grade education (20 percent), the percentage point impacts on welfare receipt were much closer for the two groups (13 versus 7 percentage points in the twelfth

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<sup>4</sup>In this report, an impact is considered to be statistically significant if there is no more than a 10 percent probability that the difference between program and control group outcomes was due to chance.

<sup>5</sup>Rounding causes some discrepancies in sums and differences.

TABLE 1

SSP'S FIRST-YEAR IMPACTS ON INCOME ASSISTANCE RECEIPT AND PAYMENTS

Outcome	British Columbia			New Brunswick			Both Provinces		
	Program Group	Control Group	Percent Change	Program Group	Control Group	Percent Change	Program Group	Control Group	Percent Change
<b>Ever received Income Assistance (%)</b>									
Month 1	99.5	99.8	-0.3	100.0	99.7	0.4	99.7	99.8	-0.2
Month 2	98.7	97.7	1.0	97.3	97.8	-0.5	98.2	97.7	0.5
Month 3	97.2	98.2	-1.0	94.9	96.7	-1.8	96.4	97.6	-1.3
Month 4	93.5	96.8	-3.3 ***	91.6	95.6	-4.0 **	92.9	96.3	-3.4 **
Month 5	91.8	95.3	-3.5 **	85.2	91.7	-6.5 ***	89.4	94.0	-4.6 **
Month 6	89.8	94.2	-4.4 ***	82.2	89.5	-7.4 ***	87.0	92.6	-5.6 **
Month 7	86.6	93.3	-6.7 ***	78.0	87.2	-9.2 ***	83.6	91.1	-7.5 **
Month 8	85.2	91.4	-6.2 ***	75.5	86.3	-10.8 ***	81.8	89.5	-7.7 **
Month 9	83.7	90.5	-6.8 ***	72.3	83.0	-10.7 ***	79.7	87.7	-8.0 **
Month 10	82.3	89.7	-7.4 ***	70.5	82.2	-11.7 ***	78.2	86.9	-8.7 **
Month 11	79.7	88.8	-9.1 ***	68.9	80.9	-12.0 ***	75.8	86.0	-10.1 **
Month 12	78.0	88.1	-10.1 ***	67.2	80.9	-13.7 ***	74.2	85.4	-11.2 **
<b>Average Income Assistance Payments (\$)</b>									
Month 1	1,027	1,013	14	653	666	-13	893	888	5
Month 2	1,021	1,005	16	628	651	-24	881	877	4
Month 3	1,020	1,004	16	619	646	-27 *	879	872	6
Month 4	993	996	-3	601	630	-29 *	855	861	-6
Month 5	961	983	-23	561	610	-50 ***	819	847	-28 *
Month 6	958	973	-15	546	588	-42 **	811	834	-23
Month 7	902	963	-61 ***	520	578	-59 ***	766	823	-57 **
Month 8	904	958	-54 **	503	563	-61 ***	760	816	-56 **
Month 9	873	940	-67 ***	487	548	-61 ***	736	798	-62 **
Month 10	850	935	-85 ***	472	546	-74 ***	716	793	-77 **
Month 11	838	925	-87 ***	472	537	-65 ***	707	785	-78 **
Month 12	814	913	-98 ***	460	535	-75 ***	689	775	-86 **
Year 1	11,160	11,608	-448 **	6,520	7,099	-579 ***	9,511	9,968	-457 **
Sample size	618	616		352	351		970	967	

SOURCE: SRDC calculations using Income Assistance payment records from November 1992 through June 1994 for the first-year impact sample; the 1,937 program and control group members who entered the research sample through June 1993.

NOTES: Month 1 refers to the calendar month in which random assignment occurred.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as

month). Similarly, program group members with an activity-limiting condition were far less likely to take up the supplement (24 percent) than those without such a condition (38 percent), yet the program's impacts on welfare receipt for these two groups was roughly similar (9 versus 12 percentage points in the twelfth month).

It is noteworthy that SSP has had impacts on those who were living in rural areas at the time of random assignment that were at least as large as the program's impacts on urban residents. The program was expected to have a smaller impact in rural settings because rural areas have higher unemployment rates. One possible explanation is that SSP has encouraged migration of program group members from rural to urban areas in order to take advantage of the supplement. This hypothesis will be tested through analysis of future survey data.

- **SSP's impacts on Income Assistance receipt continued to increase into the second year of follow-up.**

For the earliest sample members, for whom there are at least 15 months of Income Assistance follow-up data, SSP's impacts on welfare receipt continued to increase in months 13 to 15 after random assignment. This is explained by the procedures governing supplement take-up and the administrative interaction of SSP and Income Assistance. Some members of the program group only took up the supplement in the twelfth month after random assignment, and it can take another month or longer for those individuals to submit their first pay stubs, receive their first supplement payment, and have SSP formally notify the provincial welfare agency that they are leaving Income Assistance. The maximum impact on Income Assistance receipt probably occurs early in the second year of follow-up, a period for which the SSP evaluation currently lacks complete data.

- **SSP has increased the receipt of financial assistance.**

Figure 2 shows that, in the twelfth month after random assignment, 90 percent of the program group received Income Assistance or earnings supplement payments, whereas 85 percent of the control group received Income Assistance. Thus, 5 percentage points more program group members than control group members received some form of financial assistance. Nevertheless, many program group members were working full time and thus qualifying for the earnings supplement provided by SSP, rather than receiving the unconditional assistance provided by welfare.

### **What Does SSP's Earnings Supplement Program Cost?**

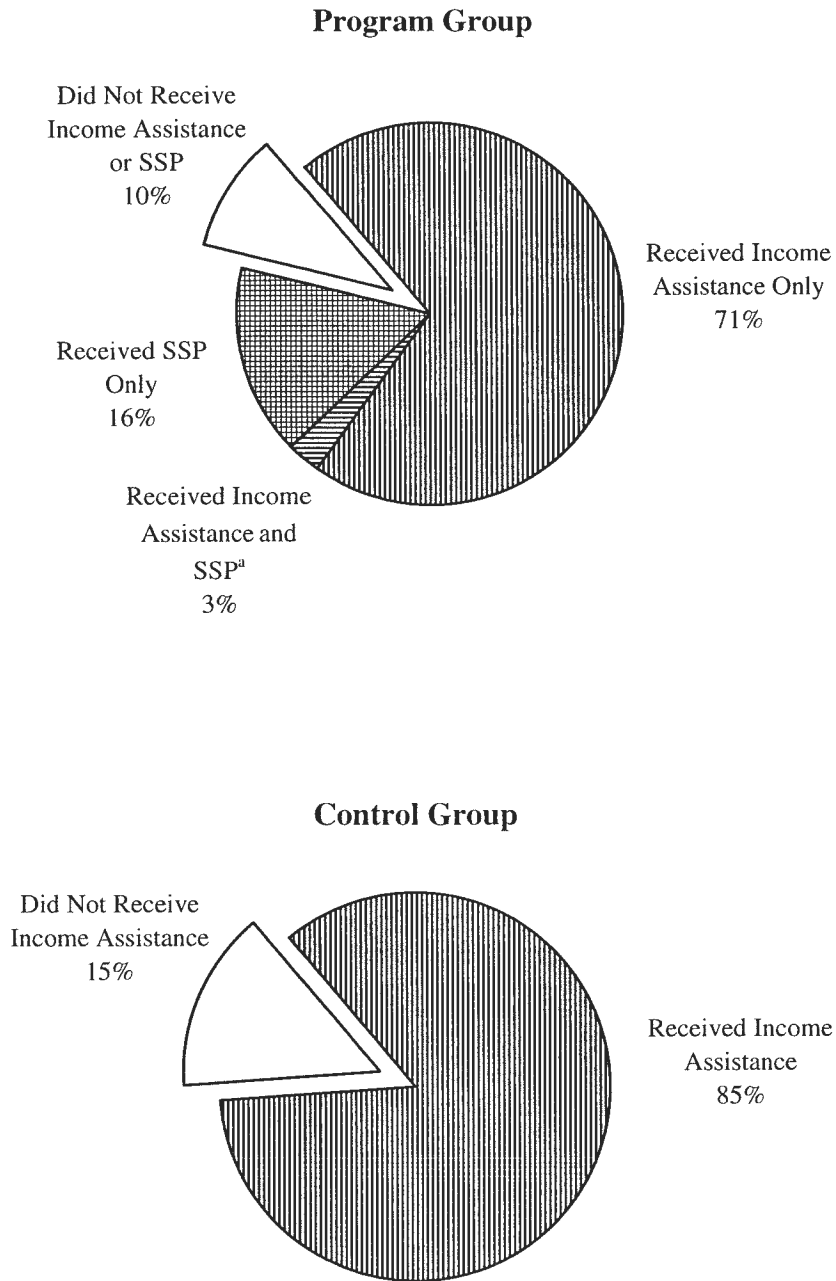
Although the SSP evaluation will eventually measure all monetary costs and benefits of the earnings supplement program, the only costs and benefits calculated to date are associated with Income Assistance and earnings supplement payments and administration for the first 15 months after the sample members studied for this report were randomly assigned.

- **The net operating cost of SSP's earnings supplement program has been significantly less than its gross operating cost, owing to the Income Assistance savings generated by the program.**

SSP's gross operating costs include the costs of earnings supplement payments, staffing and operating the program offices, and staffing and running the automated tracking and payment systems.

FIGURE 2

RECEIPT OF INCOME ASSISTANCE PAYMENTS OR SSP EARNINGS SUPPLEMENTS  
IN THE TWELFTH MONTH AFTER RANDOM ASSIGNMENT, BY RESEARCH GROUP



NOTE: <sup>a</sup>Some program group members received both Income Assistance payments and SSP earnings supplements in the twelfth month after random assignment because of the time required to process withdrawals from Income Assistance.



SSP's net operating costs are equal to gross operating costs minus the Income Assistance cost savings generated by the program, the latter calculated as the difference between Income Assistance payments or the program and control groups. Thus, SSP's net costs are an estimate of how much more the program would cost to run than the Income Assistance system would cost for a similar group of individuals.

As Table 2 shows, SSP's gross costs per program group member were \$2,010 in the first 12 months after random assignment and \$697 in months 13 to 15 after random assignment. But because the supplement program induced less Income Assistance receipt among program group members, SSP saved \$398 per program group member in Income Assistance costs in the first 12 months of the program and \$308 in months 13 to 15. Thus, the net costs of the program for the first 15 months (that is, the gross costs of running the program minus the program's Income Assistance savings) were about \$2,000 per program group member, or about \$130 per month per program member for the first 15 months of program operations.

If, through the end of the three-year supplement payment period, monthly net costs continue at the level observed in months 13 to 15, then the net cost of SSP will eventually be \$5,000 to \$6,000 per program group member by the end of the supplement payment period. But SSP's final net costs will also depend on what happens after the three-year supplement period. If more program group members than control group members continue working and do not return to welfare, the net costs of the program will be less than the \$5,000-\$6,000 range per program group member — in fact, the program could end up fully funding itself out of long-term welfare savings. Even if there is a net cost to the program, if enough participants remain better off, and off welfare, policymakers and the public may consider the societal benefits worth the cost of implementing the program on a larger scale.

### **The Future of SSP**

By the end of one full year of operation, SSP achieved significant and encouraging early objectives. The project has demonstrated that an earnings supplementation policy can be successfully implemented; that the program can reach eligible individuals, and the supplement opportunity can be explained with a high degree of comprehension; that long-term Income Assistance recipients can find full-time employment and qualify for the supplement; and that pay stub-based payments can be made promptly and accurately. Furthermore, it has been shown that a large number of SSP-eligible individuals have initiated supplement receipt, and that the program has significantly reduced Income Assistance receipt.

Critical questions are not yet answered, and the answers will determine the ultimate success of the earnings supplement program: To what extent does the program affect employment, earnings, and income? Will supplement takers be economically self-sufficient after the three-year supplement receipt period ends? Does the supplement offer induce some individuals to prolong their stays on Income Assistance in order to qualify for the program? Will additional services offered to some program group members increase program impacts? What are the final costs and benefits of the program? Although answers to these questions must await additional data collection and analysis, the early data suggest that the program is prompting Income Assistance recipients to leave welfare and is stimulating a great deal of client interest and satisfaction, at least during the supplement receipt period. Thus, there is reason for optimism about the project's future policy relevance.

**TABLE 2**

**NET COSTS OF SSP PER PROGRAM GROUP MEMBER IN THE FIRST COHORT DURING THE FIRST 15 MONTHS OF PROGRAM ELIGIBILITY, BY PROVINCE**

Activity and Time Period	British Columbia	New Brunswick	Full Sample
<b><u>First 12 months</u></b>			
SSP program costs (\$)	2,007	2,017	2,010
Income Assistance savings (\$)			
Grant payments	-333	-457	-373
Administration	-25	-26	-25
Total	-358	-483	-398
Net cost (\$)	1,649	1,534	1,612
<b><u>Months 13-15</u></b>			
SSP program costs (\$)	730	631	697
Income Assistance savings (\$)			
Grant payments	-335	-198	-290
Administration	-20	-14	-18
Total	-355	-212	-308
Net cost (\$)	375	419	389

SOURCES: SRDC calculations from data collected through March 1995 from SSP's Program Management Information System (PMIS); SRDC-designed time study conducted in the SSP offices from September 1994 through February 1995; SSP administrative documents; Income Assistance payment records through June 1994.

## CHAPTER 1

### AN OVERVIEW OF THE SELF-SUFFICIENCY PROJECT

The Self-Sufficiency Project (SSP) is a unique research and demonstration project designed to determine whether making work pay more than welfare will result in more single-parent welfare recipients choosing work over Income Assistance (welfare).<sup>1</sup> Conceived and funded by Human Resources Development Canada (HRDC) and managed by the Social Research and Demonstration Corporation (SRDC), SSP is being tested in the provinces of British Columbia and New Brunswick, where it has been in operation since November 1992 and will continue to operate until late 1999.

The SSP program offers monthly cash payments to selected single parents who have been receiving Income Assistance for at least one year and who leave Income Assistance for full-time work (defined as 30 or more hours per week). As such, SSP provides a work-based alternative to the current Income Assistance program. The monthly cash payments — referred to as "earnings supplements" — are paid on top of earnings from employment, and are available to eligible individuals for up to three years as long as they continue to work full time and remain off Income Assistance.

People who leave welfare for work usually earn entry-level (or near entry-level) wages, which are often too low to support their families. This circumstance discourages both their search for jobs and their retention of the jobs they find, with many people cycling back onto welfare. By offering a boost to their income, SSP aims to encourage people who would otherwise have remained on Income Assistance to enter employment and ultimately achieve economic self-sufficiency.

The research samples for this project comprise more than 9,000 single-parent Income Assistance recipients and applicants in the two provinces, who were assigned at random between November 1992 and March 1995 to either a "program group," who were offered the chance to participate in SSP's earnings supplement program, or a "control group," who were not allowed to participate and who serve as the point of comparison for gauging SSP's subsequent effects on those who were given access to the program.

This is the second report on the project.<sup>2</sup> It analyzes the first year of the program's operations, describes the individuals in the study samples, and presents initial estimates of the program's costs and short-term effects on Income Assistance receipt using data on the first 2,126 single parents to enter the study. Future reports will analyze the later operations of the program; the effects of the earnings supplement program on employment, earnings, income, family composition, and other outcomes; whether the program has the unintended consequence of encouraging individuals to remain on Income Assistance in order to become eligible for the earnings supplement; and the economic benefits and costs of the program from the perspectives of eligible single parents, taxpayers, and society as a whole.

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<sup>1</sup>"Income Assistance" refers to the cash assistance programs operated by provinces under the terms of the Canada Assistance Plan (CAP). The costs of these programs are shared by provinces and the federal government.

<sup>2</sup>The first report was *Making Work Pay Better Than Welfare: An Early Look at the Self-Sufficiency Project* by Susanna Lui-Gurr, Sheila Currie Vernon, and Tod Mijanovich (Vancouver: SRDC, October 1994).

## I. The Policy Context of SSP

SSP's earnings supplement pilot program is being implemented and evaluated in the wake of steady increases in Income Assistance expenditures. Over the last 15 years, federal and provincial expenditures for the Canada Assistance Plan, which includes Income Assistance and other social and economic support programs, have tripled. Cost increases have ranged from 220 percent in Saskatchewan to 464 percent in Ontario (Courchene, 1994).

Why has Canada's social safety net become so costly? Several reasons have been suggested, perhaps none more troubling than the possibility that Income Assistance itself discourages employment. Because Income Assistance programs reduce benefit payments by roughly the amount of income the recipient obtains from other sources, earnings from employment usually provide little or no net additional income to those receiving Income Assistance unless recipients earn enough to make them ineligible for welfare.

Consider the example of a New Brunswick Income Assistance recipient with two children. As shown on the right-hand side of Table 1.1, if this recipient had no earnings, she<sup>3</sup> would receive \$11,866 per year in income from Income Assistance payments and tax credits. If, on the other hand, she were to work 40 hours a week at the minimum provincial wage of \$5 per hour, she would earn about \$10,000 per year and would receive an annual income of \$14,266 from earnings, Income Assistance, and tax credits, which is \$2,400 more than she received when she was not working. In order to make the additional \$2,400 in income, she would have had to work 2,000 hours: In other words, *for every hour of work, she would bring home an additional \$1.20*. Furthermore, this increase in income does not take into account job-related expenses such as child care and transportation costs, which would further erode any additional income from working. Table 1.1 also demonstrates that, in some situations, there is even less financial reason to increase one's earnings. For example, a New Brunswick Income Assistance recipient with two children brings home exactly the same income whether her annual earnings are \$5,000 or \$10,000.

Income Assistance recipients in other provinces confront similar dilemmas. In the vernacular of the current policy debate, "work doesn't pay" for Income Assistance recipients, especially for those with modest earning power because of low levels of education, work experience, or job skills. The problem is especially acute for single parents on Income Assistance, who must often raise children without benefit of a partner to share financial and parenting responsibilities. Increasingly, single parents rely on Income Assistance. And work pays less for them than for single adults without dependent children, since single-parent benefit levels are higher than those for single adults with no dependents and there is potentially more to lose. In addition, single parents have higher job-related costs such as child care. Add to these financial difficulties the challenges of raising children, and it is clear that many single parents on Income Assistance face significant barriers to achieving economic self-sufficiency.

Moreover, Income Assistance receipt is a self-reinforcing condition. The longer one depends on Income Assistance, the harder it is to enter or return to the labour force: Employers are less likely

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<sup>3</sup>"She" is used throughout this report when referring to Income Assistance recipients and SSP sample members because a large majority of the long-term, single-parent Income Assistance recipients targeted by the SSP program are women, as are 95 percent of the SSP research samples.

TABLE 1.1

ANNUAL AFTER-TAX INCOME FROM EARNINGS, INCOME ASSISTANCE, AND SSP FOR  
A SINGLE PARENT WITH TWO CHILDREN

Annual Earnings	British Columbia			New Brunswick	
	Income from Earnings and Income Assistance		SSP	Income from Earnings and Income Assistance	
	With Enhanced Earnings Disregard <sup>a</sup>	Without Enhanced Earnings Disregard		Income Assistance	SSP
\$0 <sup>b</sup>	\$17,111	\$17,111	\$0	\$11,866	\$0
\$5,000 <sup>b</sup>	\$20,151	\$19,511	\$5,000	\$14,266	\$5,000
\$10,000	\$21,291	\$19,511	\$23,824	\$14,266	\$20,361
\$15,000	\$22,677	\$19,927	\$25,260	\$16,362	\$21,948
\$20,000	\$23,829	\$20,817	\$26,741	\$19,740	\$23,535
\$25,000	\$24,653	\$24,076	\$27,989	\$23,117	\$25,122
\$30,000	\$27,297	\$27,297	\$29,120	\$26,433	\$26,603

SOURCES: SRDC calculations based on Income Assistance benefit schedules from British Columbia's Ministry of Social Services and Human Resources Development-New Brunswick, federal income tax rates, and SSP's earnings benchmark levels for 1994.

NOTES: <sup>a</sup>The enhanced earnings disregard program allows British Columbia Income Assistance recipients to keep the first \$200 of earnings and 25 percent of remaining earnings per month, without their Income Assistance payment being reduced, for up to 18 months of earnings.

<sup>b</sup>Income Assistance recipients in these two categories were not eligible for SSP. To receive earnings supplements under SSP, an individual must work a minimum of 30 hours per week at the minimum wage. As of January 1, 1995, the minimum hourly wage was \$6 in British Columbia and \$5 in New Brunswick, representing minimum annual earnings of \$9,360 and \$7,800, respectively.

to hire the long-term unemployed; job skills deteriorate through disuse or become irrelevant in a fast-changing labour market; and economically dependent individuals lose confidence in their ability to find a job and return to economic self-sufficiency. Although findings reported here and elsewhere<sup>4</sup> suggest that the vast majority of Income Assistance recipients are ashamed to be "on the dole," uncomfortable in their dealings with the welfare system, and determined to leave it, only about 10 percent of these recipients report earnings in any given month, and an even smaller percentage earn enough to leave Income Assistance altogether. Yet many individuals eventually succeed in leaving Income Assistance without the assistance of welfare-to-work programs.

Currently, there seems to be broad agreement among taxpayers and legislators across the political spectrum, and also among policy analysts, administrators, and Income Assistance recipients, that the work disincentives in the current welfare system should be fixed. The question is how to do so. The answer is not clear, mainly because the Income Assistance system is designed to achieve multiple objectives, some of which rule out any quick fix. For example, if the only goal were to abolish the system's current work disincentives, the easiest and most cost-effective solution would be to dismantle the entire Income Assistance system. But doing so would cast millions of individuals and families deeper into poverty. What many observers believe is needed is a policy approach that provides stronger work incentives and encourages long-term self-sufficiency while also providing a reasonable level of assistance to poor families.

It is difficult to accomplish both of these goals simultaneously — to provide adequate assistance and to encourage self-sufficiency — and no program has yet succeeded in doing so, despite promising attempts. One was the negative income tax (NIT), several versions of which were developed and evaluated during the 1970s.<sup>5</sup> Under an NIT plan, eligible individuals received cash payments if their income fell below certain levels. Unfortunately, it was discovered that although some individuals increased their work effort under the program, those who were working prior to the beginning of the program reduced their hours of employment (on average), resulting in an overall loss of work effort. Other approaches, such as changing public assistance rules to allow individuals to keep a larger amount of earnings without reducing their welfare benefits, and altering tax schemes in order to pay credits to those with low incomes, have also had ambiguous effects on work effort.<sup>6</sup>

Labour market behaviour is sensitive to the work incentives in the tax and public assistance systems, and currently too little is known about how different incentives might affect behaviour to fashion informed public policy in this area. The stakes are high: Because Income Assistance expenditures are so large, even small changes in the Income Assistance system, when multiplied across millions of actual and potential welfare recipients and extended into the future, could have enormous impacts on government budgets. Thus, it is important to know as much as possible about how contemplated policy changes might affect people's interactions with the Income Assistance system. Change is clearly needed. But how many additional individuals will actually apply for Income

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<sup>4</sup>See, for example, *The Struggle for Self-Sufficiency: Participants in the Self-Sufficiency Project Talk About Work, Welfare, and Their Futures* by Wendy Bancroft and Sheila Currie Vernon (Vancouver: SRDC, 1995).

<sup>5</sup>NIT experiments were conducted in both Canada and the United States. For a discussion of the Canadian NIT experiment, which took place in Manitoba, see Hum and Simpson, 1991. For a discussion of U.S. NIT experiments, which took place in a number of cities and rural areas, see Moffitt and Kehrer, 1981; Robins, 1985; and Munnell, 1986.

<sup>6</sup>Moffitt, 1992; Hoffman and Seidman, 1990.

Assistance under particular rule changes? How will the contemplated changes affect work effort? How long will people stay on Income Assistance? Will those who leave eventually return to the welfare rolls? These are literally billion-dollar questions, and government budgets depend on accurate answers.

## **II. The Origins and Main Features of SSP**

In 1991, in search of an answer to the problem of work disincentives in the current public assistance system, HRDC's Innovations Branch initiated discussions with its National Innovations Advisory Committee about implementing a pilot project to evaluate the feasibility and cost of an earnings supplement program. HRDC recognized the importance of testing this type of program prior to larger-scale implementation, since enormous program costs were at stake, and, in times of tight budgets, the cost of a new program could be justified only if the program had significant benefits. But because many individuals leave Income Assistance on their own, it was not known whether an earnings supplement program would lead to a significant increase in overall work effort above the amount of employment that would have occurred without such a program. Also, the more the program design deviated from what had been evaluated in the past, the less could be reliably predicted about the program's effects and costs.

For these reasons, HRDC decided to test the efficacy of offering an earnings supplement to long-term Income Assistance recipients who agreed to find full-time work and leave Income Assistance. HRDC opted to use a rigorous "random assignment" evaluation methodology (discussed later in the chapter), and to implement real-world operating conditions to test the program as faithfully as possible, so that the evaluation results would reliably reflect what could be expected to happen if the program were replicated on a large scale. HRDC engaged SRDC, a nonprofit research organization, to design and manage both the programmatic and research components of the project. SRDC in turn contracted with the following organizations:

- Statistics Canada, to collect longitudinal survey data and administrative records, and to create the research data files.
- Bernard C. Vinge and Associates Ltd., to operate the program in British Columbia.
- Family Services Saint John, Inc., to operate the program in New Brunswick.
- SHL Systemhouse Inc., Nova Scotia, to develop and maintain the program's automated management information and supplement payment systems.
- Manpower Demonstration Research Corporation (MDRC) and several academic researchers, to conduct the research on the program's implementation, effects, and costs in relation to benefits.

In addition, other federal and provincial agencies are cooperating with the project by providing technical assistance, background information regarding the Income Assistance system and provincial labour markets, and access to data. These agencies include British Columbia's Ministry of Social Services, Human Resources Development–New Brunswick, and local Canada Employment Centres.

## A. The Earnings Supplement

Once an Income Assistance recipient has been selected to be eligible for SSP's earnings supplement program (through a process described in Chapter 2), she is informed that she has one year from the date she became eligible to begin working at least 30 hours per week and to leave Income Assistance, at which point she can apply to receive monthly earnings supplements. The following are the major features of the earnings supplement program:

- **Work requirement.** Supplement payments are made only to eligible single parents who work full time (at least 30 hours per week) and who leave Income Assistance. The work requirement lays the groundwork for eventually achieving self-sufficiency, since most Income Assistance recipients would have to work full time in order to earn enough to remain off Income Assistance. The 30-hour requirement ensures that most people need to increase their work effort to qualify, since few Income Assistance recipients work full time. Finally, the work requirement ensures that earnings plus the supplement payment will represent a large increase in income for most people who take up the supplement.
- **Generous financial incentive.** The SSP earnings supplement is calculated as half the difference between a participant's gross earnings from employment and an "earnings benchmark" or maximum amount set by SSP for each province. The earnings benchmark has been calculated to be generous enough to make employment more financially attractive than Income Assistance for most recipients. During the first year of operations, the earnings benchmark was \$37,000 in British Columbia and \$30,000 in New Brunswick (it was increased modestly in 1994 and again in 1995). Therefore, for example, a participant in British Columbia who works 35 hours per week at \$7 per hour earns \$12,740 per year, and collects an earnings supplement of \$12,130 per year — \$37,000 minus \$12,740, divided by 2 — for a total gross income of \$24,870. She may also receive income from other sources such as child support or rental receipts, which do not affect the amount of her earnings supplement.

The supplement is generous enough so that the minimum pre-tax income (earnings plus the supplement) in 1993 was \$23,180 in British Columbia and \$18,900 in New Brunswick. (These incomes were realized when individuals worked 30 hours per week at the minimum provincial wages.) When tax credits and liabilities are taken into account, most families are \$3,000 to \$6,000 per year better off with the earnings supplement program than they would be working the same number of hours and remaining on Income Assistance, and are far better off than they would be receiving welfare alone (see Table 1.1).

- **Gradual reduction in benefits as earnings increase.** Reductions in



the earnings supplement amount occur more gradually than they do in the case of Income Assistance benefits. The supplement is reduced by \$.50 for every dollar increase in earnings according to the supplement-calculation formula described above.<sup>7</sup> The supplement is fully phased out only at the earnings benchmark levels. This provides an incentive for supplement recipients to increase their earnings over the three-year period in which they can receive the supplement.

- **Restricted eligibility.** Eligibility is limited to single parents for several reasons. First, families headed by single parents make up a substantial proportion of the Income Assistance caseload. Second, single parents (particularly those with young children) face considerable barriers to full-time employment and are often considered "unemployable" by the welfare system. Thus, they constitute an important target group for any new policy that attempts to increase self-sufficiency. Third, given the project's budget constraints, it is impossible to include enough cases of all types of households on welfare to permit an accurate analysis of the supplement program's effect on each of them.

Eligibility for the evaluation's main study is limited to long-term welfare recipients (with at least one year of welfare receipt) for two main reasons. First, long-term welfare recipients account for a disproportionate share of welfare costs, making them a critical group to target. Second, the one-year Income Assistance receipt requirement minimizes the potential of the program's drawing people onto the welfare rolls for the purpose of being able to receive the supplement.

In New Brunswick, the SSP program is available in a region covering roughly the lower third of the province, including the cities of Saint John, Moncton, and Fredericton. In British Columbia, the program operates in the lower mainland, which includes the Vancouver metropolitan area as well as neighbouring areas to the north, south, and east.

- **Time-limited benefits.** Individuals may collect the supplement for up to three years from the time they first receive an earnings supplement, as long as they continue to work full time. This eliminates the possibility of long-term dependency on the program. It is hoped that Income Assistance recipients will increase their earnings enough during that time — through growth in wage rates, work hours, or both — so that they remain self-sufficient once the supplement ends.

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<sup>7</sup>Thus, to continue the above example, if the participant earned \$100 more, bringing her earnings to \$12,840 per year, the calculation would be: \$37,000 minus \$12,840, divided by 2, or \$12,080. Her \$100 earnings gain would have decreased her supplement by \$50 (to \$12,080 rather than \$12,130).

## **B. Other Features of the SSP Program**

To fairly test the effectiveness of an earnings supplement, it was important that other services not accompany it. Nevertheless, it was critical that eligible individuals know about the offer, and about related factors such as taxes and the availability of job search assistance and other services from programs other than SSP, to make an informed choice about participation. Whereas ongoing programs are well known to their clients and communities, SSP was a new program offered by relatively small service providers who did not have the institutional legitimation of being part of the Income Assistance system. Thus, in order to simulate a real-world program, service providers made special efforts to project a professional image for the program, to contact as many eligible individuals as possible, and to explain the program in sufficient detail so that individuals were able to understand and trust the offer being made to them. In addition to providing information about the earnings supplement program, SSP staff also offer information and referrals to existing public and community services. At the SSP offices, participants can access information on child care, housing, transportation, counselling, and Income Assistance and tax policies. The offices create a professional and supportive environment, which encourages participants to contact program staff when they have questions or issues about SSP. Through periodic telephone calls, staff make regular contact with program-eligible individuals who have not yet taken up the supplement offer to ensure that they have all the information they need and that they have an opportunity to attend an SSP workshop on money management. Those who do not take up the supplement are not contacted after their one-year window has expired. Those who do take up the supplement are invited to two additional money management workshops, but post-supplement-initiation contact is limited, and most is client-driven.

## **C. The Distinctiveness of SSP**

Three features of SSP make it a distinctive policy approach. First and foremost, it provides a large and consistent financial incentive for welfare recipients to work. Moreover, unlike Income Assistance, the earnings supplement is not guaranteed income: Eligible single parents receive supplement payments only for months in which they work full time.

Second, SSP is a voluntary alternative to welfare. While individuals participate in SSP's earnings supplement program, they cannot receive Income Assistance payments. However, nobody is required to work or to participate in the program.

Finally, the earnings supplement is time-limited, lasting a maximum of three years.

## **III. The Evaluation of SSP**

The range and rigour of the SSP evaluation are enhanced by several aspects of the project. In order to understand the program's effects in diverse settings, the program is being implemented in two quite different economic environments: British Columbia and New Brunswick. Table 1.2 describes some of the characteristics of these areas, which include Canada's third largest city (Vancouver) and many smaller cities and rural areas, and which serve about one-eighth of the country's total Income Assistance caseload. To ensure that the evaluation will be able to predict the program's effects in real-world settings, the program is being operated as realistically as was considered feasible. Program staff are experienced and well trained, and follow explicit program guidelines. Program operations have also

**TABLE 1.2**  
**SELECTED CHARACTERISTICS OF THE POPULATION RESIDING IN THE**  
**AREAS SERVED BY SSP, AND OF THE ENTIRE CANADIAN POPULATION**

Characteristic	British Columbia		New Brunswick		Canada
	Vancouver	Province	Saint John	Province	
<b><u>Demographic characteristic</u></b>					
Number of residents 15 years old or older (thousands)					
1992	1,362	2,698	103	584	21,986
1993	1,402	2,782	104	589	22,371
1994	1,444	2,869	105	594	22,717
Families below the low-income cutoff <sup>a</sup> (1993) (%)	--	13.9	--	11.5	14.5
Rural residence (1991) (%)	3.8	19.6	9.0	52.3	23.4
Spoke neither English nor French (1991) (%)	3.4	1.9	0.1	0.1	1.4
Immigrant population (1991) (%)	30.1	22.3	4.3	3.3	16.1
<b><u>Welfare characteristic</u></b>					
Income Assistance cases (March 1993) <sup>b</sup>	80,889	193,825	7,729	42,123	1,616,200
Single-parent Income Assistance cases March 1993) (% of all Income Assistance cases) <sup>b</sup>	22.8	24.8	34.6	30.8	26.4 <sup>c</sup>
Basic monthly Income Assistance grant to single parents with two children (1993) (\$)	1,152	1,152	747	747	n/a
<b><u>Employment characteristic</u></b>					
Residents 15 years old or older who were employed (%)					
1992	63.2	60.0	57.7	51.8	58.4
1993	61.8	59.9	58.6	51.9	58.2
1994	62.3	60.4	55.8	51.8	58.5
Unemployment rate (%)					
1992	9.3	10.5	11.4	12.8	11.3
1993	9.3	9.7	10.5	12.6	11.2
1994	9.0	9.4	12.2	12.4	10.4
Employment by type of occupation (1993) (%)					
Managerial and professional	35.2	31.5	32.8	29.5	32.6
Clerical	17.0	15.2	18.0	15.7	15.7
Sales	11.9	11.2	8.2	9.2	9.8
Services	13.4	14.2	16.4	15.7	13.8
Agriculture and other primary industries	1.8	4.1	--	4.9	4.7
Processing, machining, and fabrication	8.1	9.7	9.8	11.1	11.4
Average wage for all employees paid by the hour (1993) (\$/hr.)	--	15.24	--	12.08	13.94

SOURCES: Welfare data are from statistical information provided to SRDC by Human Resources Development Canada, British Columbia's Ministry of Social Services, Human Resources Development-New Brunswick, and the National Council of Welfare (1994). Demographic and employment data are from Statistics Canada, 1992(a), 1992(b), 1992(c), 1993, 1994(a), 1994(b), and 1995.

NOTES: Dashes indicate that these figures were not available.

n/a indicates that the item is not applicable.

<sup>a</sup>Low-income cutoffs (LICO) are earnings levels determined and utilized by Statistics Canada to identify low-income family units. LICOs are estimated as the income level at which a family spends 20 percentage points more than the Canadian average on food, shelter, and clothing.

<sup>b</sup>Provincial caseload numbers may not include certain categories of individuals such as those who are disabled or 65 years of age or older.

<sup>c</sup>Estimate.

been facilitated by a sophisticated automated Program Management Information System (PMIS), which enables the project to collect extensive operational data. Additional data are being collected through field interviews and observations, administrative records, and focus group discussions with participants.

The evaluation part of SSP was designed to provide reliable evidence about the earnings supplement program's operations, effects, and cost-effectiveness. In addition, the project includes two special studies to (1) determine whether, and to what extent, new Income Assistance applicants change their behaviour and remain on Income Assistance longer than they otherwise would in order to qualify for the earnings supplement program, and (2) ascertain the effect of the earnings supplement when it is combined with additional social services.

#### **A. The Study of Program Implementation and Participation**

The analysis of program implementation and participation patterns examines the institutional structure of the program; operational issues confronted by SSP staff, including the challenges of implementing the earnings supplement procedures; and the way SSP is experienced and utilized by eligible single parents. The main purpose is to determine whether the program has been implemented in a way that provides a fair and adequate test of an earnings supplement policy.

Several critical policy questions are being addressed by the implementation and participation research:

- Can all aspects of the SSP model be implemented smoothly? What are the key administrative procedures for handling outreach and recruitment; verification of employment, wages, and hours; and issuance of the supplement cheques? What are the major administrative problems, and how can they be handled?
- Can the objectives and rules of the program be clearly communicated to the eligible population? What "message" is conveyed? Are competing messages given by Income Assistance staff or others?
- To what extent will long-term Income Assistance recipients choose full-time employment over Income Assistance when employment is made more financially attractive than Income Assistance? Will those who are eligible for the program and seek work be able to find it?
- What are the characteristics of those people most likely to take up the supplement offer?

#### **B. The Analysis of Program Impacts: The Random Assignment Research Design**

In order to estimate the effects of SSP's earnings supplement program, two questions must be answered: (1) What is the behaviour of those eligible for the supplement program in matters likely to be influenced by the program (such as employment, earnings, and Income Assistance receipt)? (2) How *would* program-eligible individuals have behaved in the *absence* of the program? The difference between how program-eligible individuals *actually* behaved and how they *would* have behaved in the

absence of the program constitutes the program's *impacts* (that is, the *difference* in behaviour due to the program).

The SSP project is collecting and analyzing survey data and administrative records in order to understand the behaviour of those eligible for the earnings supplement program. However, in order to determine how program-eligible individuals would have behaved in the absence of the earnings supplement program, SSP has been implemented as a random assignment evaluation study. Each individual in a voluntary sample of Income Assistance recipients was randomly assigned to one of two groups. Those assigned to the program group are eligible to receive the earnings supplement if they work full time; those assigned to the control group are not eligible for the supplement. Data on these two groups' employment, earnings, Income Assistance receipt, poverty, and other characteristics will be collected for at least five years from the time each sample member agreed to be part of the study. Since program and control group members were randomly drawn from the same population of long-term, single-parent Income Assistance recipients, the two groups — on average — do not differ with regard to any pre-existing characteristics. Thus, differences between the two groups in post-program employment rates, earnings, or cash assistance receipt can reliably be attributed to the program.

The reason that SSP's impacts cannot be determined merely by examining the behaviour of program-eligible individuals is that Income Assistance recipients steadily leave the rolls for many reasons. Some find jobs on their own, others find jobs as a result of welfare-to-work programs operated by the Income Assistance system, and still others move, get married, or leave Income Assistance for other reasons. Supplements can be expensive. Therefore, it is important to know what *difference* the supplement makes above and beyond what people would have done on their own, and not to mistakenly credit the supplement program with employment outcomes that would have occurred in the absence of the program.

The technique of random assignment is a powerful tool for determining the effectiveness of new policy ideas. Although it is not always a feasible approach — for example, it cannot be used to evaluate the effects of an established entitlement (such as Unemployment Insurance) because, by definition, entitlements are available to all qualifying individuals — a random assignment research design is especially suitable for evaluating a demonstration project for which funding is limited. Since SSP has only enough funding to offer the earnings supplement to a few thousand individuals, it can be argued that random selection from the entire group targeted for the program (that is, long-term, single-parent Income Assistance recipients) is an equitable way to distribute its limited services. Also, the project will provide reliable information that will help in the decision as to whether to expand the supplement program.

SSP's random assignment research design will provide reliable answers to the following questions regarding the impact of the earnings supplement program:

- To what extent does the supplement program increase short- and long-term employment and earnings, and reduce Income Assistance receipt and poverty? What patterns of employment and earnings emerge over time, and to what extent are they different from those for individuals who are not eligible for the program (that is, the control group)? Does the program affect the types of employment sought or found?

- Does the supplement reduce the rate at which people who take jobs leave them and return to Income Assistance, and thus promote more lasting connections to the labour market?
- What happens when the three-year supplement period ends? Does the program continue to have an impact on employment, income, and Income Assistance receipt?
- For which subgroups (that is, types of individuals) does the program most (or least) increase earnings, employment, and the likelihood of leaving Income Assistance?
- How does the program affect the rate at which people invest in their "human capital" development (that is, education and training)? Does the program affect the types of education or training pursued?
- What are the other non-economic effects of the program? Does it increase or decrease the rate of marriage or remarriage, separation, and childbearing? How does the program affect attitudes toward work, welfare, and Income Assistance? Does the program affect emotional and physical well-being?
- Are children better or worse off because of the program? For example, what are the cumulative effects on children of program-related increases in their families' income, an increased reliance on daycare, behavioural and attitudinal changes experienced by their mothers, and their mother's absence during the work day?

### **C. The Analysis of the Program's Cost-Effectiveness**

The benefit-cost analysis will use the operations and impact data, as well as information on program expenditures, to assess whether the benefits attributable to the earnings supplement program exceed its costs. It will address these questions:

- Is the project cost-effective from the standpoint of government budgets? What welfare and other program savings, tax revenues, and program costs are most critical to this overall assessment? How cost-effective is the program to the federal government and to the two provinces?
- How does the program affect the economic well-being of eligible Income Assistance recipients? How do additional earnings, fringe benefits, and supplement payments compare to forgone Income Assistance and other benefits, along with increased tax payments?
- What are the costs and benefits of the program to Canada as a whole? What program effects and costs have the most effect on national resources?

#### **D. The Applicant Study**

The SSP research also includes a study of newly enrolled Income Assistance applicants, in order to determine whether or not the existence of the supplement program encourages people to stay on Income Assistance longer to qualify for the supplement. Half of the Income Assistance applicants in this part of the study were informed that they will be eligible to enter the supplement program if they continue to receive Income Assistance for one year. Their behaviour will be compared to that of other Income Assistance applicants, who will remain ineligible for the program. If the supplement program results in a significantly greater number of Income Assistance applicants staying longer on welfare, policymakers will have to weigh that unintended consequence against the benefits of any increase in welfare-leaving rates and other gains for long-term recipients.

#### **E. The SSP Plus Study**

Finally, SSP includes a study of the effect of combining the earnings supplement with other employment and social services. Some 300 individuals in New Brunswick are being offered "SSP Plus" services, which include the following services in addition to the earnings supplement: the opportunity to attend "job clubs," which meet regularly to discuss, explore, and role-play job search and job interview techniques, and to share successes and failures in looking for a job; assistance in résumé-preparation; and informal employability counselling and case management. Outcomes will be compared to those for individuals who were eligible for the earnings supplement only, in order to determine whether providing additional social services enhances the impact and cost-effectiveness of the supplement program.

### **IV. An Overview of This Report**

The long-range goal of SSP's earnings supplement program is to help eligible single parents achieve financial self-sufficiency and permanently leave welfare. However, SSP's ability to accomplish this objective depends on successful implementation of the program, and that is the main focus of this report.

Chapter 1 has introduced SSP and the random assignment research design used in evaluating the earnings supplement program's impacts. Chapter 2 discusses the project's (and this report's) samples and data sources — information that is important for understanding the subsequent presentation of findings. Chapter 3 describes the program's design and organizational structure. HRDC and its contractors spent many months analyzing possible program models and crafting the final structure of the program. This chapter discusses the process by which the original policy idea was transformed into an operating program, based on the evidence of site visits, operational reports, and early planning efforts.

Chapters 4 to 6 consider the first year of the earnings supplement program's implementation and participation in it. The analysis describes the sample population and examines the extent to which SSP has been successful in meeting short-term objectives that are necessary conditions for achieving its longer-term goal of economic self-sufficiency. Chapter 4 discusses the characteristics of the SSP population, based primarily on data from a survey administered to each sample member upon entering the study. The demographic profiles are supplemented with information from focus groups, which

explored selected topics in greater detail than the survey. Chapter 5 describes the first stages of SSP participation and program operations: initial staff-client contact, orientation, and ongoing contact both prior to and after program group members initiated supplement receipt. Chapter 6 describes the employment and supplement receipt of program group members who found full-time work, left Income Assistance, and collected the earnings supplement.

Chapters 7 and 8 provide an early assessment of SSP's impacts on Income Assistance receipt, and of the program's costs. Chapter 7 examines the impact of SSP on Income Assistance receipt. Program impacts are presented as differences in outcomes between the program and control group members. Chapter 8 presents what is known so far about the costs and benefits of SSP. The chapter draws on estimates of SSP participation (from Chapters 5 and 6), welfare impact estimates (from Chapter 7), a time study completed by SSP staff, and Income Assistance and SSP program administrative and fiscal data.

This report is part of the first phase of research on the early implementation, welfare impacts, and costs of the supplement program. As longitudinal data on the full SSP sample become available over the next five years, the project will produce additional reports on the longer-term economic and non-economic impacts of the program, the program's costs and benefits, and the two special studies. A companion report will analyze the program's employment and earnings impacts in the first 18 months after individuals first became eligible for the earnings supplement program.



## CHAPTER 2

### SSP'S RESEARCH SAMPLES AND DATA SOURCES

SSP is a large-scale, comprehensive research project that will analyze the behaviour of multiple samples of individuals through a broad range of data sources. This chapter defines the research samples for the SSP evaluation and this report, including the selection criteria and intake procedures. It also describes the various data sources available to the project.

#### **I. Studies and Samples in the Self-Sufficiency Project**

Recruitment into the SSP research samples began in November 1992 and was completed in March 1995. More than 9,000 individuals were recruited and randomly assigned to either the program or control group in one of three research samples (to be discussed shortly). All those recruited were 19 years of age or older and were receiving Income Assistance benefits (cash payments of support and/or shelter benefits in British Columbia, or basic cash grant benefits in New Brunswick) as heads of single-parent households in the month of recruitment. Ninety-five percent were women. Sample members were living in British Columbia's lower mainland, or in the lower third of New Brunswick, in the month of recruitment. In addition to the age, current Income Assistance receipt, single-parent, and residential requirements, sample members had to meet the criteria described below to be selected into one of the following SSP research samples:

- **The recipient sample.** These 5,730 individuals (2,880 program group members and 2,850 control group members) are long-term Income Assistance recipients, and make up the main sample for the SSP evaluation. They were randomly selected from all individuals who received Income Assistance in the month of selection, and in at least 11 of the prior 12 months. For at least four years from the time of random assignment, all sample members will be interviewed periodically, and their Income Assistance, Unemployment Insurance, and other administrative records will be analyzed to determine the effects of SSP's earnings supplement program.
- **The applicant sample.** These 3,465 individuals (1,719 program group members and 1,746 control group members), who were recruited only in British Columbia, were newcomers to the Income Assistance system. Income Assistance applicants are being studied to ascertain whether the SSP supplement offer induces some individuals to remain on Income Assistance longer than they otherwise would have so that they can qualify for the earnings supplement program. Members of this sample were randomly selected from all individuals who were (1) listed as receiving Income Assistance in the month of sample intake, and (2) *not* receiving Income Assistance in any of the prior five months. After random assignment to either the program or control group, program group members in the applicant sample were informed by letter that, if they were to remain on Income Assistance continuously for 12 months, they would become eligible for the

SSP earnings supplement program. The rates at which program and control group members in the applicant sample leave Income Assistance will be compared in order to determine whether SSP influences some individuals to extend their stay on Income Assistance. If it does, then an earnings supplement program would be somewhat more expensive than the SSP pilot program tested with the recipient sample. The benefit-cost analysis of SSP will take this additional program impact, if any, into account.

- **The SSP Plus sample.** In New Brunswick, 299 additional individuals were recruited from the same population as the recipient sample described above. These individuals were offered SSP Plus services, which include SSP's earnings supplement plus additional assistance with job search preparation and planning, job clubs, assistance in résumé-preparation, and informal employability counselling and case management. This additional program group will be compared to the "supplement-only" program group of the recipient sample to determine whether additional services combined with the supplement offer result in stronger program impacts on employment, earnings, and welfare receipt. Because SSP staff have more contact with the SSP Plus sample than with the other SSP samples, SSP Plus case files will be a rich source of ethnographic data regarding sample members' experience of the program, their decisions regarding the supplement offer, and their experiences during and after the supplement eligibility year, including the extent of their job search efforts and their employment experience.

Table 2.1 lists the intake periods and sizes of each of these samples.

## II. Intake Procedures for the SSP Research Samples

### A. Intake as a Two-Stage Process

The SSP-eligible (program) and SSP-ineligible (control) groups were selected in a two-stage, lottery-like procedure. In the first stage, individuals were selected at random from the pool of all those who met SSP's targeting criteria (discussed above). Those selected were then contacted by Statistics Canada interviewers, who collected basic demographic information by administering a "baseline" survey, explained the SSP study (including the random assignment procedures), and asked individuals whether they would be willing to join it. In the second stage, which occurred after Statistics Canada interviewers had obtained the informed consent of individuals willing to be part of the study, each person who agreed to do so was given a 50/50 chance of being selected to be eligible for the earnings supplement program. Recipient sample members and SSP Plus sample members who were randomly assigned to the program group became eligible to receive cash payments if they found full-time work and left Income Assistance within one year of being randomly assigned. Applicant sample members assigned to the program group became eligible to receive earnings supplements if they remained on Income Assistance for one year after random assignment and then found full-time work and left Income Assistance within one year of completing their 12 months of Income Assistance receipt. Those assigned to the control group in the recipient and applicant samples were not eligible for the earnings supplement. Except for the fact that program group members must leave Income Assistance in order

TABLE 2.1

THE SSP STUDY SAMPLES

Sample	Description	Intake Period(s)	Sample Sizes			
			British Columbia		New Brunswick	
			Program Group	Control Group	Program Group	Control Group
Long-term, single-parent Income Assistance recipients ("recipient sample")	Randomly drawn in each month of sample intake from the group of all individuals who: (1) received Income Assistance (cash grants and/or shelter benefits in British Columbia, or a basic cash grant in New Brunswick) in the month of intake and in at least 11 of the 12 months immediately before the month of intake; (2) were listed as single parents on the Income Assistance files in the month of intake; (3) were 19 years of age or older before the month of intake.	November 1992 through March 1995	1,532	1,499	1,348	1,351
Income Assistance applicants ("applicant sample")	Randomly drawn in each month of sample intake from the group of all individuals in British Columbia who: (1) were listed as receiving cash grants and/or shelter benefits in that month's Income Assistance records; (2) were not listed as receiving such support in any of the prior five months of Income Assistance records; and (3) were listed as single parents in the Income Assistance records in the month of sample intake.	February through December 1994	1,719	1,746	n/a	n/a
SSP Plus ("SSP Plus sample")	Randomly drawn in each month of sample intake from New Brunswick residents who met the criteria for the recipient sample described above.	November 1994 through March 1995	n/a	n/a	299	n/a

NOTES: All sample members in British Columbia lived in the lower mainland in the month of sample intake (Income Assistance administrative areas A, B, C, and D). All sample members in New Brunswick lived in the lower third of the province in the month of sample intake. The proportion of sample members from each geographic area approximately equals the proportion of all Income Assistance recipients in the full catchment region who live in that geographic area.  
n/a indicates that the item is not applicable.

to receive the earnings supplement, neither program group nor control group members are prohibited from keeping any form of non-SSP assistance.

These two stages of sample creation — random *selection* and random *assignment* — ensure that the SSP study will produce valid and generalizable results. Random *selection* of SSP study members ensures that the earnings supplement program is being tested with a representative group of single-parent Income Assistance recipients, who do not differ systematically from the larger group of Income Assistance recipients from which they were randomly selected. Thus, whatever the results of the SSP pilot program, they will be applicable to the larger population that provided the sample of individuals who participated in SSP.<sup>1</sup> Random *assignment* ensures that any differences in behaviour between the program and control groups are due to the supplement program, and not to systematic differences between these two groups.

## **B. Details of the Intake Procedures**

Random assignment was conducted in 27 months between November 1992 and March 1995. In each such month, Statistics Canada first identified the pool of all individuals eligible to enter the samples by applying the relevant sample criteria to current and historical Income Assistance payment records. Statistics Canada then randomly selected a "fielding sample" of individuals to contact in person, interview, and invite to be part of the SSP study. Two letters were sent to each potential sample member — one from the local Income Assistance agency (the Ministry of Social Services in British Columbia or Human Resources Development–New Brunswick), and one from Statistics Canada — informing her that she had been selected to participate in a study of Income Assistance recipients, that she would be visited shortly by a Statistics Canada interviewer, and that any information she gave the interviewer would be kept in strict confidence.

Statistics Canada interviewers then visited each potential sample member in person. The vast majority of those in the fielding sample were located and contacted in the month they were first selected. If a potential sample member was not contacted in the first month, Statistics Canada interviewers tried for two more months to complete the interview, as long as the individual received Income Assistance in those months. If someone left Income Assistance before being interviewed, or if she was not interviewed by the third month that interviewers tried to contact her, she was excluded from further interview attempts. Few individuals were dropped from the sample for reasons of non-contact or leaving Income Assistance prior to contact.

During the in-person visit, the Statistics Canada interviewer administered a "baseline" survey<sup>2</sup>

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<sup>1</sup>Random selection was undertaken in order to ensure that the SSP evaluation possessed what is called "external validity." A study is externally valid when its results are generalizable to the larger target population that did not actually participate in the study. In order to guarantee SSP's generalizability, it was necessary to both randomly select individuals from the target populations and ensure that the individuals who then agreed to be part of the study did not differ systematically from those who were invited but declined. Fortunately, very few individuals (less than 10 percent overall) declined to participate in the SSP study, suggesting that SSP's random selection procedure successfully minimized "response bias," and thus ensured the external validity of the study.

<sup>2</sup>The term "baseline" refers to the fact that these survey data constitute the starting point against which subsequent data can be measured to determine changes the sample member has undergone following her entry into the study.

lasting an average of 30 minutes, and then described the overall SSP study, carefully read an informed consent form to the respondent, and answered any questions. SSP's consent form, which was the product of an extensive collaboration among the participating research and data collection organizations, HRDC's Technical Advisory Panel, and national privacy experts, was designed to maximize comprehension of the program, the privacy safeguards built into the study, and the consequences of agreeing to be part of the research. The consent form is organized under the following question headings: Who's doing the research? What happens when I volunteer for the project? How will I know if I'm chosen? What will I be asked to do? What other information will be collected about me? What will happen to my information? How will it be used? What does it mean if I sign this form?

By signing the informed consent form, the respondent agreed to join the study and allow Statistics Canada to collect her records for up to eight years from various agencies, such as the local Income Assistance agencies, Revenue Canada, and HRDC. She also agreed to be interviewed periodically by Statistics Canada. It was explained that only Statistics Canada would ever see any information that could uniquely identify her, that participation in the study would not affect her eligibility for any services, that she could refuse to answer any survey questions, and that 50 percent of those who agreed to be in the study would be randomly selected to be eligible to "get additional money" if they "find a full-time job within the next 12 months."

In both provinces, the vast majority of individuals approached by Statistics Canada completed the baseline survey, signed the informed consent form, and agreed to be part of the SSP study. In the first year of recruiting sample members in New Brunswick, Statistics Canada interviewers completed surveys and consent forms for 97 percent of the fielded sample. In British Columbia, where the population is more transient and thus more difficult to contact, the completion rate was 90 percent in the first year of sample intake.<sup>3</sup>

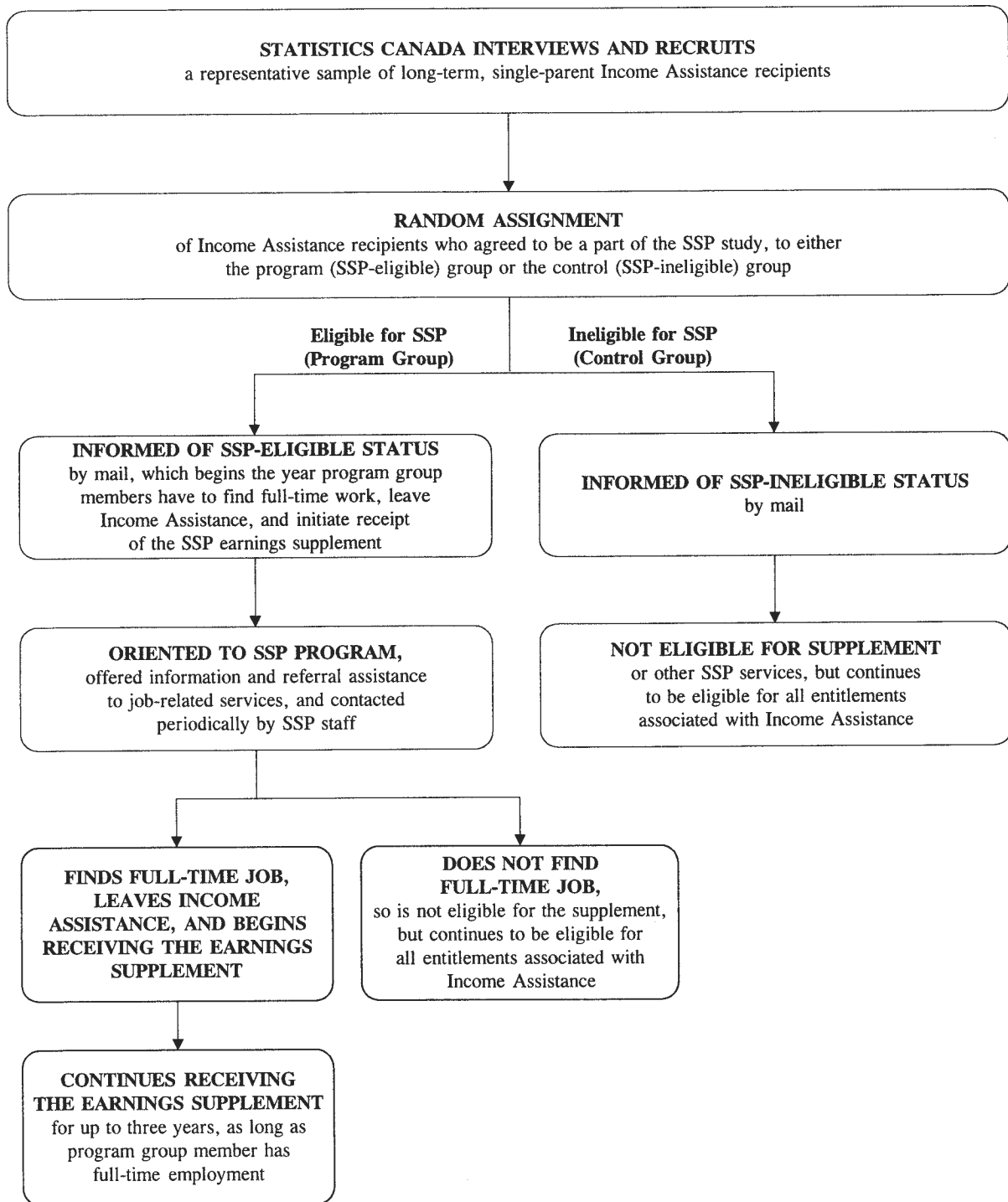
Figure 2.1 provides an overview of the intake procedures and subsequent steps for program group members. As indicated in the figure, random assignment was conducted immediately after the interview was completed and the sample member agreed to be part of the SSP study. Within two weeks of their initial interview with Statistics Canada, individuals were notified by mail as to whether they had been randomly assigned to the program group or the control group. At that point, recipient sample program group members began their one-year eligibility period in which to find full-time employment, leave Income Assistance, and initiate receipt of supplement payments. Their names were given to the local SSP offices in Saint John and Moncton, New Brunswick, and Vancouver and New Westminster,

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<sup>3</sup>In New Brunswick, the non-responders (3 percent) consisted mainly of individuals whom Statistics Canada was unable to contact during the three-month survey period. The non-responding 10 percent in British Columbia consisted of two groups — individuals who refused to participate in the survey (4 percent) and individuals whom Statistics Canada was unable to contact during the survey period (6 percent). The 4 percent refusal group in British Columbia may have been influenced by the Ministry of Social Services' stricter consent provisions, as described in the agency's initial letter to prospective SSP sample members. The ministry's letter told Income Assistance clients they could refuse to be in the study before being contacted by Statistics Canada, by calling Statistics Canada or the ministry at collect numbers provided in the letter. However, staff who fielded calls at the two agencies made every effort to encourage the recipient to at least take part in the initial interview in order to hear about what the supplement offer would entail were she to participate in SSP. The informed consent procedures also informed those who refused to be part of the study exactly what they were refusing, which served an equally important goal of informed consent: to ensure that no one lost the opportunity to participate in the program because of not knowing about her options.

**FIGURE 2.1**

**AN OVERVIEW OF SSP SAMPLE INTAKE AND PROGRAM PARTICIPATION**



NOTE: Both program and control group members receive all regular entitlements associated with Income Assistance if they continue to qualify for Income Assistance. Both groups also have access to existing community services and resources not funded by SSP.

British Columbia, whose staff contacted them to arrange a program orientation.

### III. Samples Analyzed in This Report

The analysis presented in this report assesses program operations and examines many aspects of the experiences of single parents in the program and control groups, including their demographic characteristics, program participation, supplement payments, employment, and Income Assistance receipt. The sample members described and analyzed in this report are those 2,126 members of the recipient study sample who were interviewed and randomly assigned by October 1993. This report does not analyze any data on recipient sample members interviewed after that point, or people enrolled in the applicant and SSP Plus samples, since, at this early stage of the project, data on these latter samples are still unavailable and follow-up periods are still too brief. For the purposes of this report, the following samples of the recipient sample are defined and used:

- **The report sample.** As described above, these are all 2,126 program and control group members in the recipient sample who were randomly assigned in the first year of random assignment (November 1992 through October 1993). The demographic characteristics of the report sample are described in Chapter 4. In Chapter 7, Income Assistance data on a subset of this sample (those randomly assigned through June 1993) are used to analyze the earnings supplement program's impact on Income Assistance receipt. In Chapter 8, Income Assistance and SSP data on the report sample are used to analyze the costs and benefits of the program to date.
- **The first-year program group sample.** This sample comprises all the program group members in the report sample. Data on these sample members are described and analyzed primarily in Chapters 5 and 6, in order to characterize participation in the SSP program to date.
- **The first-year impact sample.** Chapter 7 uses Income Assistance data on a subset of the report sample — referred to as the “first-year impact sample” — to analyze the earnings supplement program's impact on Income Assistance receipt and payments. The first-year impact sample consists of those report sample members who were randomly assigned to the program or control group through June 1993.

In addition, this report draws on the findings in a companion report (and an earlier draft of that report),<sup>4</sup> based on 12 focus groups held with 99 program group members who are in the report sample. Conducted in the fall of 1994, these discussions explored the women's experiences in the SSP program, their lives as single parents on Income Assistance, and why they did or did not take advantage of the supplement offer.

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<sup>4</sup>Bancroft and Vernon, 1995.

#### **IV. Data Sources Used for This Report**

A number of data sources have been used for this report:

- The baseline survey, which collected demographic and other information about sample members at the point when they entered the research sample.
- Income Assistance records.
- SSP's PMIS records on program participation, employment, and supplement payments.
- Field research on the operation of SSP and provincial Income Assistance programs.
- Expenditure data obtained from the Income Assistance agencies and from the SSP program providers.
- A time study of SSP staff activity over a two-month period.
- The focus group report that is a companion to the present report.

Of these sources, only the baseline and Income Assistance data are available for the full report sample. All other types of data were obtained for program group members only.

##### **A. The Baseline Survey**

As previously noted, Statistics Canada administered the baseline survey, which was designed by SRDC, MDRC, and Statistics Canada, to all individuals selected for recruitment into the SSP study. Administered to each sample member just prior to random assignment, the survey collected demographic and other information about the individual and her household, including her family structure, employment history, education and training history, child care use and requirements, housing, ethnicity, and current income sources and amounts. The survey also asked about the sample member's attitudes and views about her family, employment, and welfare. The evaluation will use the information from the baseline survey to describe the SSP population at random assignment and to identify important subgroups for the research.

##### **B. Income Assistance Data**

The Ministry of Social Services in British Columbia and Human Resources Development–New Brunswick provided Statistics Canada with monthly Income Assistance data files. The project used this data source to identify the target population, draw the random sample, and track pre- and post- random assignment receipt of monthly Income Assistance benefits. Income Assistance data contribute information to the early outcome, impact, and benefit-cost analysis in this report.

For this report, Statistics Canada collected Income Assistance data from November 1989 through June 1994, which provided a three-year history of Income Assistance receipt for all sample



members before their random assignment date. The observed period of Income Assistance receipt after random assignment varied from 9 to 18 months, depending on when sample members were enrolled in the study.

In British Columbia's Income Assistance records, the reported monthly Income Assistance benefit amount represents the *total* dollars received by the household for support and shelter allowances and other eligible ancillary allowances (excluding "transitional benefits," which assist individuals who have left Income Assistance with work-related expenses). Statistics Canada consolidated records in the following categories to derive this monthly benefit: cheques calculated by the computer during the monthly cheque run; cheques calculated and issued in the Income Assistance offices for items such as one-time or *ad hoc* payments; and cheques that were voided.

In New Brunswick's Income Assistance records, the benefit amount represents the dollar value of cheques generated in the monthly cheque production process. Thus, the monthly Income Assistance amounts for New Brunswick sample members do not include monies issued for special payments such as fuel supplements, nor are the amounts of voided cheques excluded. However, an audit by Statistics Canada demonstrated that these other payments represented a very small proportion (about 5 percent) of total payments. Thus, the welfare amount for New Brunswick Income Assistance recipients is slightly under-reported, but the effect on expenditures is estimated to be small. Since excluded payments should affect program and control group members roughly equally, this omission will not substantively affect the estimation of Income Assistance impacts.

### **C. The SSP Program Management Information System (PMIS)**

The PMIS is the information system designed by SHL Systemhouse Inc., SRDC, and MDRC specifically for the implementation and evaluation of SSP. The PMIS supports the activities in the program and payment offices. It provides information on key participant and program contacts, supplement take-up, employment data and supplement payments, and budget data for the cost analysis. This report used PMIS records through December 1994, which provided data on the completed supplement eligibility period for all program group members.

### **D. Field Observations and Interviews**

To support the implementation analysis, SRDC and MDRC visited SSP program and payment offices and Income Assistance district offices. Research staff closely observed all aspects of SSP program activities and reviewed SSP case files. Interviews with provincial SSP coordinators, SSP and payment office staff, and Income Assistance staff at British Columbia's Ministry of Social Services and Human Resources Development–New Brunswick also contributed to this report's analysis of program implementation and operations.

### **E. Expenditure and Time Study Data**

This report also includes an early look at the cost of operating SSP. For this purpose, fiscal records were obtained from the SSP services and systems providers. The cost calculations were also based on the results of an SRDC-designed and administered time study, which tracked SSP staff activities, by individual and activity, for two months in each office in the fall and winter of 1994-1995.

This early cost analysis also includes cost information obtained from British Columbia's Ministry of Social Services and Human Resources Development–New Brunswick regarding job search services, case management, and administration.

#### **F. Focus Group Report**

To gain a better understanding of participants' responses to the supplement, a consultant was hired to lead discussions with small groups of program group members to explore the experience and decisions of program group members. SSP staff recruited program group members for 12 focus groups, 6 in each province. The groups were made up of participants who: (1) had taken up and were currently receiving the supplement, (2) had taken up the supplement but had ended employment and supplement receipt, (3) had not taken up the supplement but had indicated an interest in doing so, and (4) had not taken up the supplement and said they had no interest in doing so. A total of 99 program group members participated in the focus group interviews — 55 participants who took up the offer and 44 who did not.

During the two-hour sessions, the moderators asked individuals in each group to reflect on various aspects of their experience with SSP since first hearing about the program. This included not only first impressions, but also reasons for taking or not taking up the offer. An important part of these discussions was a comparison of their SSP experience with Income Assistance. Participants also took part in several written and oral exercises designed to facilitate disclosure and candor in the group setting.

As noted above, the insights and findings from the SRDC focus group companion report are drawn on in the present report.

#### **V. Program Start-up**

The random assignment of eligible single parents to the program and control groups started at the same time that SSP operations began in the two provinces. This was necessary because it would have been prohibitively expensive to operate a pilot SSP program prior to the beginning of random assignment. It was crucial that the research sample be large enough to support the analysis of program operations and impacts presented in later chapters of this report, so spending limited resources on a pilot sample that would not be analyzed seemed unwise.

However, the fact that random assignment was initiated at the outset of SSP's operations raises analytical issues. In particular, the entire research sample covered in this report entered SSP during its first eight months of operation. These single parents experienced an SSP program that was brand-new and, as discussed in later chapters, the program evolved during the early months of operation. In many studies, random assignment begins after the program staff have had an opportunity to iron out any start-up problems, when the program is thought to be operating at "steady state." Since the evidence in Chapter 5 suggests that SSP operations have improved since the first year, subsequent reports may find that the program's effectiveness, and benefit-to-cost ratio, may improve relative to the findings presented in this report.

#### **VI. Length of Follow-up**

Where possible, it is desirable to ensure that information collected from each data source

covers a uniform period following random assignment for each sample member. However, this is difficult to achieve at an early point in an evaluation, since data are still being collected, and sample members who have recently entered the study have been observed for shorter periods of time than have earlier entrants. In this report, most findings and analyses are based on the longest time period of follow-up data available for all members of the relevant sample. For example, impacts on Income Assistance receipt are presented for the complete report sample for the first 12 months after random assignment, a time period that has now been observed for every member of that sample, although Income Assistance impacts for a smaller subsample are also presented in order to identify future trends in Income Assistance impacts.

## CHAPTER 3

### SSP'S PROGRAM DESIGN AND ORGANIZATIONAL STRUCTURE

This chapter covers the program development tasks that preceded the opening of SSP's doors to sample members in November 1992, beginning with a discussion of the development of the SSP program model. The chapter then turns to the strategies that were used to ensure that this model was implemented as planned: selecting contractors according to criteria that emphasized prior experience and the capacity to implement specific components of the SSP model; preparing explicit guidelines for the program and then training the contractors; developing a computerized supplement payment system and Program Management Information System (PMIS); and monitoring how the components of the program model and the automated systems were put in place.

#### **I. Developing the Program Model**

In 1991, HRDC's Innovations Branch began planning a test of the effectiveness of an earnings supplement for Income Assistance recipients. HRDC contracted with SRDC in late 1991 to design both the program and the experimental research evaluation of it. SRDC, in turn, enlisted the assistance of Canadian and U.S. experts with experience managing and studying pertinent program initiatives, notably past work subsidy and negative income tax (NIT) programs. Based on the advice of this group, and the results of a computerized simulation of the effects of several alternative models, recommendations were made to HRDC in early 1992. These were accepted, and work began on implementing the model.

Two fundamental questions had to be addressed in designing the SSP program: (1) How should the program be targeted? (2) What should the program model be? The goal was to design a program that would generate the greatest amount of additional work effort among welfare recipients — and consequently the greatest reduction in Income Assistance and increase in economic self-sufficiency — at an acceptable cost.

#### **A. Selecting the Target Group**

The evidence from previous research on welfare dependency suggests that, in the absence of any program intervention, a sizable minority of welfare recipients remain on assistance for very long periods of time. These long-term recipients, who account for a disproportionately large share of overall welfare expenditures in both Canada and the United States, are primarily single parents.<sup>1</sup> Research in both countries has demonstrated the extent of need in families headed by single parents, and how difficult it is for single parents to gain sufficient income from employment, non-custodial parents, or

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<sup>1</sup>In Canada, single parents make up by far the largest portion of the welfare caseload, with single parents on welfare representing about the same proportion of the entire population as they do in the United States (Blank and Hanratty, 1991). Single parents also remain on welfare in Canada for about as long, overall, as those in the United States (Lemaître, 1993). In the United States, single parents who were teenagers when they first had children account for about half of all cash welfare expenditures (The Center for Population Options, 1992).

other sources to support their families.<sup>2</sup> This group is consequently an especially good candidate for SSP.

Ideally, the effectiveness of SSP would also have been tested for two-parent households with minor children, as well as households with no minor children. However, this was not feasible for cost reasons. First, as indicated in Chapter 1, the cost of SSP per person was potentially very high, which limited the size of the project's sample. Second, the normal labour market behaviour of different types of households is not comparable, suggesting that their responses to SSP might also differ. Thus, it would be necessary from a statistical standpoint to conduct separate analyses for each household type. Given the project's budget constraints, it was decided that it was better to answer one question well — Is SSP effective for single parents? — than several questions inadequately. If SSP is found to be effective with single parents — the group that is most dependent on welfare and arguably has the greatest need for assistance — then there may be reason to test the model's effectiveness for other groups as well.

Continuous receipt of Income Assistance for the prior year or more<sup>3</sup> was chosen as an eligibility criterion partly to ensure that the supplement would not draw people onto the welfare rolls for the purpose of receiving the supplement. Also, the longer welfare recipients have received assistance, the greater their future welfare dependency is likely to be — making them the group SSP would most like to influence. Finally, as discussed in Chapter 1, this restriction on eligibility provides a basis for conducting the applicant study, which will permit an assessment of whether the supplement causes longer stays on welfare.

Single parents who have been on Income Assistance for a year make up almost a quarter of the welfare population in Canada. However, it is not clear which subgroups within this target group might respond most to a financial incentive treatment. Thus, SSP is being offered to all single parents who have been on Income Assistance for at least a year. The evaluation results may indicate that SSP is most effective for particular subgroups of this single-parent population.

## **B. Designing the Program Model**

Because there was little evidence available about the type of financial incentive model that would be most effective in increasing the employment and self-sufficiency of Income Assistance recipients,<sup>4</sup> and because HRDC was willing to consider alternative program designs, a systematic review of several program models was undertaken using computer simulation as well as other types of assessment.

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<sup>2</sup>Rose, 1995.

<sup>3</sup>This eligibility requirement was modified to include single parents who had been off of Income Assistance for one month in the prior year. This change was made to allow for people whose welfare files might have been closed for a month owing to a clerical error or because they received a lump sum payment one month that put their income over the limit for receiving welfare.

<sup>4</sup>There was no prior experimental evidence on the effects of a program applying a financial incentive approach to increasing the labour supply of the welfare population, although both the NIT and wage subsidy programs have been subjected to experimental evaluations. The NIT programs served low-income populations, but the effects of these programs on welfare recipients specifically were not estimated. The wage subsidy programs made payments to employers, not directly to welfare recipients.

In designing the SSP model, many questions were addressed, six of which stand out as fundamental:

- **What form should the supplement take?** It would be possible to supplement earnings or hourly wages, to base the amount of the supplement on any number of alternative formulas, and to make supplement payments to eligible welfare recipients or to their employers. As discussed below, several alternative supplement approaches were assessed using computer simulations.
- **Should there be a specific work requirement?** Requiring some minimum number of hours of work per week as a condition for receiving a supplement has several advantages. It ensures that program group members make a clear commitment to work and a clear break with welfare. If the requirement is set sufficiently high, it also guarantees that program group members work full time<sup>5</sup> from the outset, immediately satisfying a prerequisite for eventually achieving financial self-sufficiency. However, a full-time work requirement would discourage people who prefer working fewer hours (because of parenting demands, school enrollment, or other reasons) from participating in the program.
- **How generous should benefits be?** As indicated in Chapter 1, few people work while on Income Assistance. Consequently, if the SSP program is to accomplish its objectives, it must be generous enough to make work pay — thereby inducing a substantial fraction of the target population to move from not working at all to working full time. On the other hand, the more generous the program, the higher its cost.
- **What should the benefit reduction rate be?** This question — addressing the amount by which supplement payments are reduced as earnings increase — is closely related to the previous one. A low rate of supplement reduction would encourage people to increase their earnings (through increased hours of work and/or higher wage rates), but would cost more than a program with a high benefit reduction rate.
- **Should services be provided?** Services provided in conjunction with a supplement, such as job search assistance, could well enhance the effectiveness of the program.<sup>6</sup> However, much could be learned by testing the effectiveness of a powerful financial incentive without accompanying services. Also, extensive services are already available in both provinces served by SSP.

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<sup>5</sup>Some work requirements, of course, would not mandate what most people would consider full-time work. However, all the work requirements considered for SSP mandated at least 30 hours of work per week. The earnings requirements that were considered were less stringent, although they effectively dictated at least 20 hours of work per week in most cases — for example, an earnings requirement of \$150 per week in New Brunswick (30 hours times the province's minimum wage of \$5). Better than 80 percent of SSP program group members in New Brunswick who received supplement payments received a starting wage under \$7.50 per hour.

<sup>6</sup>Unlike financial incentive program approaches, there is extensive research evidence that job search assistance and other employment-related services can be effective for welfare recipients. See Gueron and Pauly, 1991.

- **How should the program be operated?** In developing an operational plan for the program, three issues are key: how operational responsibility is assigned, how much structure is imposed on the program, and the types of performance guidelines that are used.

These issues produced several important policy trade-offs. For example, a program without a full-time work requirement would clearly induce more people to work than one with such a requirement because it would permit part-time work, but a program with such a requirement might well produce a larger change in hours worked than one without a requirement. Similarly, the more generous the supplement, the larger its effect would be on work behaviour; however, the more generous the program, the more expensive it would be.

Computer simulations provided a framework for addressing trade-offs like these. The simulations produced estimates of alternative program models' impacts on employment and hours of work, facilitating consideration of the work requirement trade-off. The simulations also informed the generosity/cost trade-off, using estimates of the rate at which welfare recipients are willing to substitute income for non-work time (which economists call the "wage elasticity") and alternative assumptions about supplement generosity (compared to Income Assistance benefits) to predict the impacts and costs of program models with different levels of generosity.

These computer simulations, using data from several sources to predict the effects and costs of alternative program models,<sup>7</sup> were conducted in late 1991. By that time, there was general agreement on several important program features: (1) Participation in the program would be voluntary; (2) a family would not be able to receive both Income Assistance benefits and the supplement simultaneously; and (3) the supplement could be received only for three years. This limited the alternative program models that were considered in the analysis.

Six specific program options were examined. One was an earnings supplement with a 30-hour work requirement, which is the model that was eventually chosen. Under this option, the maximum annual supplement is paid when someone works 30 hours per week at the minimum wage, and this amount is reduced by \$.50 for each additional dollar of earnings. This approach is essentially the one used in the NIT programs mentioned in Chapter 1, with one very important difference: the imposition of a work requirement, and thus the fact that the program is offered as a work-based alternative to welfare, not a replacement for it.

Three of the other options were also earnings supplements. Two were identical to the first plan except that one had an earnings requirement instead of an hours requirement;<sup>8</sup> the other had no minimum work requirement at all. The third tied the supplement amount to family size as well as to earnings: Its maximum supplement was more generous than the first plan's for families of three or more, but the supplement was still reduced by \$.50 for each additional dollar of earnings. It also had a 30-hour work requirement.

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<sup>7</sup>For a detailed discussion of this analysis, including the data and assumptions it used, see Greenberg et al., 1992.

<sup>8</sup>The weekly earnings requirement for this option was \$150 in New Brunswick and \$165 in British Columbia — which is equivalent to 30 hours of work per week at the minimum wage. It was thought that an earnings requirement would be easier to enforce than an hours requirement, since separate information on hours of work and wage rates would not be needed.

The last two options were wage-rate subsidies whereby an individual receives a subsidy equal to half the difference between her actual hourly wage and a target hourly wage. Thus, the maximum per-hour subsidy is paid when the person earns the minimum wage, but the total subsidy increases with additional hours of work. One of these options involved a 30-hour work requirement, and the other had no specific hours or earnings requirement.

A simulation model was developed to estimate the effects on employment and earnings, welfare dependency, and costs of these six program models. Alternative assumptions were used regarding program generosity, wage elasticity, and the stigma Income Assistance recipients feel from being on welfare.<sup>9</sup>

Two findings from the simulation analysis were critical. First, the two program options that generated by far the largest estimated effects on employment were the earnings supplement model with an earnings requirement and the earnings supplement model without an hours or earnings requirement. The next largest impact was produced by the wage subsidy without a specific hours-of-work requirement. However, the bulk of the effects generated by these options was part-time employment, much of it involving fewer than 20 hours of work per week. The option producing the largest estimated effect on employment involving 30 or more hours per week was the earnings supplement with the 30-hour work requirement.

Second, the earnings supplements with an earnings requirement and with no hours or earnings requirement produced the largest Income Assistance savings, but were also estimated to be by far the most expensive programs. The family-size-adjusted earnings supplement option was less expensive, but it also produced the smallest welfare savings. Thus, these options were estimated to be less cost-effective in reducing welfare dependency than the others.

These conclusions were buttressed by other considerations. First, HRDC felt that if SSP were expanded to become a full-scale program, it would be labour-market-based, not needs-based. This implied that the supplement amount should not vary according to family size and also should be time-limited. HRDC also preferred that only full-time employment qualify an individual for the supplement, since part-time work would not be adequate for self-sufficiency once the supplement ended.

Second, the two wage-subsidy models were judged to be problematic because they required wage information from employers. This information would be hard to gather, and trying to do so would reveal to employers that program group members had been Income Assistance recipients and were now receiving a supplement. Past evidence from evaluations of wage-subsidy programs indicates that such employer knowledge has several undesirable consequences, including a reluctance to hire. These considerations, coupled with the information from the simulations, led designers to conclude that the earnings supplement with a full-time work requirement was the project's best option.

This answered the first two policy questions noted earlier — what form the supplement should take and whether there should be a specific work requirement. The computer simulations also guided

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<sup>9</sup>As indicated in Greenberg et al., 1992, the simulation estimates were quite sensitive to assumptions about this stigma. There is strong empirical evidence that the stigma felt by welfare recipients in the United States affects their behaviour (Moffit, 1992). The focus groups conducted with SSP program group members suggest that the stigma felt by Canadians on Income Assistance may be comparably important (Bancroft and Vernon, 1995).



the decision regarding the third issue, supplement generosity: A maximum supplement payment that was \$2,000 lower than the one chosen produced substantially lower employment impacts, while a higher maximum payment generated moderately higher impacts and much higher program costs.

It was decided to focus the study squarely on determining the effectiveness of SSP's financial incentive — to see whether making work pay would, by itself, produce greater self-sufficiency. Providing services as part of SSP would undermine the project's ability to answer this question, because it would not be possible to determine whether the incentive or the services produced the impacts. As indicated in Chapter 1, a special test in New Brunswick is comparing the effectiveness of SSP to SSP Plus, which does offer services. It should be noted, however, that while the key to the regular SSP "treatment" is the supplement, it has been packaged along with information and a distinctive program style, which is smaller and more personal than the Income Assistance program.

It was also decided that SSP should, to the extent possible, operate like a "real-world" program. Thus, a great deal of time was spent examining how existing programs dealt with issues such as employment verification and income reporting. In addition, the views of HRDC and provincial officials on several specific issues were decisive. Particular attention was devoted to three questions:

- **What kind of organization should operate SSP?** Serious consideration was given to locating the program in Income Assistance offices or in Canada Employment Centres, as well as to contracting the work to private organizations. By taking the latter course, it was hoped that innovation could be introduced more easily and that the chance of control group "contamination" could be minimized.<sup>10</sup>
- **What kinds of employment should qualify for the supplement?** Of particular concern were making sure that jobs were "legitimate," and determining whether multiple jobs and self-employment would qualify. It was decided that jobs should be required to be covered by Unemployment Insurance (which indicated that the employer was real) and should not be publicly subsidized; that any number of jobs could be used to meet the 30-hour work requirement; and that self-employment would be allowed, but governed by special and stringent rules.
- **What should the accounting period be?** The length of the period on which supplement payments are calculated is an important design issue because it affects the program's fairness and flexibility. For example, an illness might prevent a program group member who does not receive paid sick leave on her job from receiving supplements if the accounting period is short. Monthly and four-week accounting periods were chosen.

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<sup>10</sup>Maintaining an uncontaminated control group — one that has no contact with the program — obviously requires that control group members not be permitted to receive the SSP treatment. However, it also requires that the services and other types of assistance available to control group members not be increased substantially because of the availability of SSP to the program group. Because Income Assistance staff have regular contact with control group members as well as program group members, the chance of contamination would be substantially greater if SSP were operated under the aegis of the Income Assistance ministries.

In addition, it was decided that eligible individuals should be given one year in which to initiate the supplement. This was done for two reasons. First, it allowed program group members plenty of time to consider the supplement offer and to find employment while, at the same time, discouraging delay in responding to the offer. Second, it helped the project control its liability for supplement payments.

## **II. Translating the Model into an Operating Program**

The model that was designed for SSP — offering an alternative to welfare that subsidized full-time work, and providing information but no services — had not been tried before. This made it imperative that steps be taken to ensure that the model was implemented well. The remainder of this chapter begins by identifying several key issues during SSP's design phase that became central challenges in the project's implementation phase, and then turns to the specific steps taken to meet those challenges.

### **A. Key Elements in the Program's Implementation**

During SSP's design phase, the earnings supplement program was planned in great detail. However, critical features of the program design still needed to be translated into performance goals and guidelines during the program's implementation phase.

**1. Understanding the supplement offer.** The most important objective during the initial contact and orientation stages was to inform everyone in the program group about the supplement offer. This meant reaching as many people as possible, explaining the program clearly and fully, and making sure individuals understood this explanation. Responsibility for these key tasks would go to the contractors selected to operate the SSP offices.

The importance of this objective had been underscored during the project's design phase: The simulation analysis had assumed complete understanding of the supplement by the entire eligible population; anything less would reduce the SSP model's effectiveness. Moreover, the simulation estimates were sensitive to the level of supplement generosity, indicating that it was especially important that program group members understand how much better off financially they would be if they chose to take advantage of the supplement. Clearly, unless this happened, the SSP model could not achieve its potential.

If SSP were operating on a large scale as an ongoing program, eligible Income Assistance recipients would hear about the program by word-of-mouth. However, this communication cannot fully develop in the context of a social experiment like SSP: The scale is too small, the program is too new, and half the sample is assigned to a control group. SSP sought to simulate the kind of understanding that would evolve in an ongoing program environment by making an extraordinary effort to fully inform the entire program group. As described in Chapter 5, SSP staff tried to contact as close to 100 percent of the program group as possible, and to provide a detailed orientation to all who were contacted. This level of outreach effort would probably not be achieved in an ongoing, full-scale program because it would not be necessary. It was necessary in this project, however, in order to ensure both a fair and a realistic test of the SSP model.

**2. Information, not services.** An important operating goal was to provide the information that program group members needed to decide whether to initiate the supplement and then to proceed if the answer was yes. However, a firm commitment was made to providing information only, not services. As indicated earlier, providing services would make it impossible to determine the extent to which SSP's financial incentive, as opposed to the services, generated the observed impacts. This problem could be solved only by randomly assigning eligible single parents to three groups — SSP with services, SSP without services, and a control group — and this was not possible with the budget constraints that existed at the outset of the project. It was decided during the design phase that the demonstration would be most useful if it tested the effectiveness of an earnings supplement per se. Later, additional resources permitted the random assignment of eligible individuals to three groups as part of the SSP Plus test in New Brunswick.

**3. The work requirement.** Making sure that supplement takers' employment and hours of work met the program's requirements has been an important goal of SSP implementation. Responsibility for achieving this would be shared by the contractors operating the SSP offices and the contractor implementing the payment system and operating the supplement payment office.

Closely related to this goal are two other objectives: (1) making supplement payments expeditiously when program group members meet the work requirement, and (2) ensuring that Income Assistance payments are not received at the same time supplement payments are made.

**4. A real-world program.** Finally, it was vital that the program operate fairly and efficiently. The credibility of the program — to program group members, to the Income Assistance agencies, and to others — depended on its operating in a manner that was comparable to existing social programs.<sup>11</sup> Much of the burden for achieving this would fall on the contractors operating the SSP program, but considerable responsibility would also fall on the contractor implementing the automated payment and management information systems and operating the payment office.

**5. Responding to these challenges.** To receive a fair test, the program model had to be implemented as planned in these key respects. Care was taken, however, not to impose too much structure on the contractors, who, having overall responsibility for their programs, needed considerable discretion to take appropriate actions and also were in the best position to identify and address local and client-specific issues and needs. Limiting the amount of centralized control also reflected how a full-scale program would probably operate.

Several techniques were used to achieve a balance between implementing a carefully prescribed model and giving contractors sufficient autonomy. First, the contractor selection criteria required that the contractors be capable both of successfully implementing the prescribed components of the SSP model and of exercising good management sense in running other aspects of the program.

Second, detailed program guidelines were developed for the contractors to use, and extensive training and technical assistance were provided in connection with them. Research suggests that

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<sup>11</sup>In a few respects, however, SSP has purposely *not* operated like a "real-world" program — for example, by making its above-noted efforts to contact all eligible individuals — including via home visits.

innovations are put in place more successfully if their goals and procedures are clear and explicit.<sup>12</sup> The specificity of the guidelines also helped ensure a clearly defined, consistent treatment across SSP offices, which is essential to interpreting the research results and to legitimately pooling the sample across offices.

Finally, the project team paid close attention, particularly early on, to monitoring for the careful and complete implementation of each SSP component, conformity with the program guidelines, satisfactory handling of operational problems, and compliance with the PMIS and other data reporting requirements. Technical assistance was provided as needed to make sure the contractors implemented all elements of SSP as quickly and accurately as possible; this was essential because the evaluation's follow-up period began on the first day of SSP operations.

### **B. Selecting Contractors**

The process of selecting contractors to operate the SSP program began in earnest in April 1992, when SRDC distributed requests for proposals to several hundred social service organizations across Canada, and placed newspaper advertisements inviting agencies to make proposals to run SSP program offices in one or both provinces. At the same time, firms with computer systems expertise were invited to tender bids to design and maintain management information and supplement payment systems for SSP. The call for bids made it clear that organizations could bid on both pieces of the project or form consortiums to do so. All submitted proposals were reviewed by SRDC and MDRC staff, and a smaller group of contending proposals was assessed by a larger review panel, which included representatives from both provincial governments and HRDC, as well as several expert consultants.

The review process, which took place in June and July 1992, used the following criteria in assessing potential program operation contractors:

- **Experience.** Potential contractors were required to have been in operation for at least five years. They were also expected to have had experience providing direct services to the public, including counselling clients or customers based on their personal and financial circumstances as well as experience with automated tracking systems. Previous experience working with disadvantaged groups (especially single parents) was considered a plus. Finally, they needed to have had experience performing project work — that is, work of a specific and temporary nature.
- **Stability.** Contractors were required to demonstrate financial and managerial stability. They were required to have an established accounting and personnel benefit system and a strong financial history and outlook.
- **Commitment to the model.** Contractors had to demonstrate a solid understanding of the SSP model and be willing to develop procedures that conformed to it.

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<sup>12</sup>Fullan and Pomfret, 1977.

- **Capacity.** Contractors needed to have established offices in British Columbia, New Brunswick, or both. They also needed to have the capacity to work with the expected number of program group members. Knowledge of issues confronting welfare recipients as they make the transition to employment, government and community services available to low-income individuals, and money management and financial counselling were considered a plus.
- **Commitment to the research.** Contractors had to demonstrate an understanding of the research design and be willing to cooperate with the random assignment evaluation and comply with research and data requirements.

As a result of the review process, Bernard C. Vinge and Associates Ltd. was contracted to implement the SSP program in British Columbia, and Family Services Saint John, Inc., was contracted to deliver the program in New Brunswick.

Similar criteria were used to evaluate potential contractors to develop the supplement payment and management information systems. Instead of experience working with disadvantaged groups, however, reviewers looked for experience designing, implementing, and maintaining payroll systems and client tracking systems, as well as with automated file transfers. In addition, it was not required that bidders have offices in British Columbia or New Brunswick. SHL Systemhouse Inc.'s Halifax, Nova Scotia, office was chosen to develop and maintain both the PMIS and the supplement payment system.<sup>13</sup>

### **III. Putting the SSP Infrastructure in Place**

Contracts with Vinge and Associates, Family Services, and Systemhouse were signed in August 1992, three months before the two SSP offices in New Brunswick (in Saint John and Moncton) opened their doors and five months before program operations began in British Columbia (with one office in Vancouver and one in New Westminster). Thus, the timetable for translating the SSP model into an operating program was extremely compressed. Several tasks were critical to creating the necessary infrastructure: (1) developing guidelines for program operations, (2) hiring and training staff, (3) creating the PMIS, (4) developing the automated supplement payment system, and (5) monitoring staff use of the guidelines and the two automated systems during the first two months of operations in New Brunswick, which were viewed as a trial period for SSP.

#### **A. Developing Program Guidelines**

The SSP Procedures Manual and related program materials were drafted during the summer of 1992. They were made final in the fall, at the same time the contractors were settling on locations for the SSP offices and completing their staff hiring. The manual provides guidelines covering 12

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<sup>13</sup>SRDC also contracted with Statistics Canada to collect survey data and administrative records, and to create the research file. Statistics Canada was chosen to carry out these functions because of its unique data collection capabilities and its legislated access to highly sensitive data files. All SSP interviewers are Statistics Canada employees who are internally trained and monitored.

program areas. Some topics correspond to specific components of the program model (for example, "Contacting New Sample Members" and "Initiating or Reinitiating the Supplement"), while others cover broad issues such as "Confidentiality and External Relations."

In each area, the manual offers a rationale for the way the component or issue is approached in SSP, describes pertinent program activities and functions, spells out what is required to happen and what is recommended, and indicates the objectives in that area. In addition, needed forms and letters are provided, as are "scripts" for explaining aspects of the program or responding to difficult inquiries. In the section of the manual on SSP orientation, for example, there is a brief explanation of the reasons for orientation sessions (most notably, fully informing program group members about SSP), a detailed discussion of what is required to be covered in the sessions, suggestions about the tone to set in the sessions, a description of specific objectives (for example, the goal of having at least 80 percent of the program group receive an orientation), and a variety of program materials (such as a form letter to be used in inviting program group members to orientations and an agenda for group orientation sessions).

These operating guidelines were a vehicle through which the demonstration sought to standardize key elements of the program treatment. The Procedures Manual served not only as an operations guide for SSP office staff, but also as a monitoring instrument for SRDC and MDRC field staff who reviewed program operations. The guidelines were particularly helpful to the SSP office in bringing new staff up to speed.

#### **B. Hiring and Training Staff**

Hiring decisions were critical to successfully implementing SSP. Individual staff members have obviously played a major role in putting components of the model in place. Beyond this, staff have set a tone for the program and have been crucial in engaging program group members in SSP activities. The hiring decisions affected the environment, routines, structure, management, and message of the program.

The four SSP offices had to be staffed to carry out the various program functions — initial contact, orientation, information and referral, ongoing contact, supplement initiation, and post-initiation payments and contact. The two contractors each needed a provincial coordinator, who also served as the office manager in one of the two offices in each province (Vancouver and Saint John); both Family Services and Vinge and Associates had identified this person prior to being awarded their contracts. In addition, the contractors each needed an office manager (for the New Westminster and Moncton offices), as well as one to three additional professional staff and one or two support staff per office. Most project staff in both provinces were hired through newspaper advertisements, which generated hundreds of responses. The coordinators screened initial responses and interviewed the best candidates. Interviewees were rated according to their ability to work with people, attitudes toward disadvantaged groups, administrative skills, handling of confidentiality concerns, team abilities, and role-playing skills (for example, welcoming program group members to the SSP office). After references were checked, employment offers were made to the candidates with the highest scores.

The hired staff were overwhelmingly women, most of whom had university degrees. All had experience working with disadvantaged populations, and all were comfortable with the program model and the program group members.

Staff training and technical assistance reinforced the operating guidelines, promoted standardization of key elements of the program model, and provided a means for SRDC and MDRC field staff to assess and develop the skills of individual staff. SRDC conducted a two-day staff training session at each SSP office and, after that, technical assistance was provided by SRDC as needed. On-site technical assistance and program monitoring were carried out by SRDC and MDRC staff who visited each office at regular intervals. Discussions and memoranda offering program clarifications were also provided.

This training and technical assistance helped ensure that a consistent message was delivered by SSP and that all staff were "playing the same tune." It was also important in getting the contractors to adapt their practices to conform to the SSP model, since both organizations had similar prior experience: Family Services in offering private counselling and group workshops in job search, career planning, self-esteem, substance abuse, physical abuse, and family and personal problems, and Vinge and Associates in developing and operating job search, training, and employment programs.

SRDC monitored the performance of Vinge and Associates and Family Services by reviewing monthly reports prepared by SSP staff, making office visits to speak with staff and observe program activities, monitoring statistics from the PMIS, and conducting "audits" of the office procedures and the PMIS. Throughout the first year of operations, audits were performed at least quarterly, and sometimes generated memos instructing staff to tighten up or revise procedures in weak areas.

### **C. Developing the Program Management Information System (PMIS)**

The PMIS is an automated system that guides program operations, tracks SSP program group members, and provides a means of closely monitoring program performance. It was developed with research purposes as well as these program operations in mind. The opportunity to take research considerations into account comes from SSP's status as a demonstration program, operating separately from existing government programs (and information systems).

The PMIS was designed to:

- **Control intake.** The system was designed so that people could not be enrolled in SSP unless they had been randomly assigned to the program group.
- **Support staff-client contact.** The PMIS provides all the tracking and background information needed by staff to initially contact program group members and then maintain contact with them.
- **Track and manage program activities.** The system tracks key program activities: notifications, eligibility periods, attendance at activities, information and referrals provided, ongoing contacts with staff, initiation of employment, and payments. This, together with automatic letter-generation and ticklers and other reminders, has helped SSP staff manage these activities.
- **Assure compliance with key program guidelines.** Several program processes are controlled by the PMIS. For example, there is a "guided" supplement initiation process, ensuring that all requirements for participation are met, all

letters are sent, and everyone receives the same notices (for example, of eligibility) as appropriate. The system also records all key events (see below), providing an audit trail when changes or administrative actions are required.

- **Create a “paperless” office.** A paperless operation supports SSP staff contact with program group members, payment system staff, and community agencies, allowing relevant information to be obtained electronically rather than by manual searches of files. It is also desirable from a research standpoint to have as much program activity as possible recorded on the system; this provides one of the principal databases used in the evaluation.
- **Support information-sharing.** The system permits information to be transmitted between the SSP offices in each province and the payment office in Halifax.
- **Be user-friendly.** It was important to develop a "friendly" system for non-system-trained SSP staff. Virtually none of the staff hired for the program had used computers on a regular basis before working for SSP.

The PMIS tracks all contacts between SSP staff (Vinge and Associates and Family Services) and program group members, including any letters, phone calls, supplement payments, attendance at a group session or personal meeting, provision of information, and referrals for service. The PMIS operates in the four SSP offices and includes the following data:

- **Information about the program group members.** All program enrollment information, as well as information from a short questionnaire filled out by program group members at orientation (see Chapter 5).
- **Employment information.** Data on all jobs that qualified for supplement payments.
- **Voucher and payment information.** Data on all supplement vouchers filed by program group members and on all supplement payments issued by the program. This information is fed to the PMIS by the payment system (see below), allowing SSP staff to see what has been received and processed for each individual.
- **Program events.** All letters, attendance at orientation, contacts with staff, reminders, payroll messages (from the payment system), employment initiations, and so forth.
- **Notes.** Free-form notes about special circumstances, what was discussed during a telephone conversation, or anything else.

In effect, the data on program events and the free-form notes constitute the SSP staff's case notes on all program group members, and are categorized and listed chronologically.



#### **D. Developing the Automated Payment System**

The Supplement Payment System (SPS), which operates in a central location in Halifax, was created to support supplement payment functions in all four program offices. The system calculates and issues earnings supplement payments to all program group members who meet the work-hours and wage requirements. The system was designed to be flexible — accommodating a variety of work and pay situations — while still providing accountability and control. The specific system objectives included:

- **Making timely and accurate payments.** Unlike the Income Assistance system, which pays prospectively, SSP makes supplement payments based on past work hours and earnings reported. The time between receipt of pay cheques and receipt of supplement cheques must be minimized to maintain household income continuity and reinforce the link between earnings and the supplement.
- **Making equitable payments.** The supplement payment system should, over the course of a year, make similar payments to persons who work similar hours and have similar earnings. Payments should not vary because of pay frequencies, schedule differences, or other individual job characteristics. The SSP payment system consequently has the flexibility to accept earnings reported from a wide variety of employer payroll systems, ranging from weekly pay frequencies based on an hourly wage to monthly pay cheques for salaried employees, and to calculate equitable supplement amounts for each of these situations.
- **Allowing changes in benchmark earnings levels.** The benchmark earnings level was initially set at \$37,000 in British Columbia and \$30,000 in New Brunswick. These levels are adjusted annually to maintain the *real* value of SSP's financial incentive, given the changes in the Income Assistance rates and other factors in the economy.
- **Allowing a variety of qualifying work arrangements.** The program design, while requiring full-time work, provides flexibility in how the single parent can meet this requirement, allowing her to combine part-time jobs or to use self-employment.
- **Discouraging returns to welfare owing to temporary employment problems.** The program allows some episodes of low work hours, for whatever reason, without cutting off supplement payments. The objective was to reduce the need for program group members to return to Income Assistance whenever problems arise. Thus, full-time employment was defined as 30 hours per week (although most full-time job schedules are for 35 to 40 hours), and hours are averaged over a four-week or monthly accounting period (depending on the individual's pay schedule). Thus, individuals usually are not penalized for brief absences — to take care of a sick child, for example. In addition, if average hours worked fall below 30 hours per week for a four-

week or monthly period, the supplement is reduced proportionately the first and second time this happens during a 12-month period, so that supplement income is still provided. (For the third and subsequent periods in which the 30-hour requirement is not met during a year, no supplement payment is made, ensuring that less than full-time employment does not continue to be rewarded. However, the system allows the supplement takers another two reduced-payment periods in each of the two subsequent 12-month periods.)

- **Providing appropriate administrative controls.** The system must operate with administrative ease and minimal fraud, while providing comprehensible statements to program group members so that they understand how the supplement was calculated and how it relates to their hours and earnings.

Because there was no firsthand experience with similar applications, the design of the SSP payment system faced a series of challenges. Notably, it had to (1) measure and verify earnings and work hours, and (2) maintain the confidentiality of the supplement takers' involvement in SSP. If employers know about the supplement, it may influence their decisions about hiring and wage levels. In addition, if other employees know that the supplement taker is receiving this extra money, it may cause friction between her and them. Thus, the program operates without requiring employers to report employment information directly to SSP, calculating the supplement based on existing documentation. Pay stubs — statements of wages issued to supplement takers by employers — provide the documentation of earnings, hours, and pay dates needed for supplement calculation purposes.

Pay stubs can be obtained without employer involvement, but can still be verified if necessary. However, pay stubs involve different pay frequencies, pay cycles, and pay-rate calculations. In addition, employer payroll systems range from entirely manual calculations, with payment in cash, to sophisticated automated systems able to pay different rates for different job activities in the same period. Consequently, the supplement payment system needed the flexibility to handle all of these variations.

#### **E. Establishing Supplement Initiation Procedures**

Developing procedures by which supplement takers would initiate supplement receipt was a critical task in laying the groundwork for SSP. Several steps were taken to safeguard the process. First, to initiate supplement payments, a program group member has to come into the SSP office. (Those who have moved out of the study areas, or live in remote areas, can complete the initiation by mail.) The requirements for initiation are covered in orientation sessions, which are described in Chapter 5, and staff remind potential supplement takers to bring the required documents with them to the initiation meeting. Second, the PMIS was designed to guide staff through the initiation process, which ensures that they collect and verify all required information. The individual's supplement payments begin only after all required data are entered in the system. In addition, staff use a checklist to ensure that they explain everything to program group members. Eligibility requirements for initiating the supplement are as follows:

- The program group member must start working at the eligible job before the end of the one-year eligibility period. A program group member who was working at the time of her random assignment may use that job to initiate the

supplement, but only earnings received *after* the date of random assignment qualify for the supplement.

- The program group member must work full time, defined as working an average of at least 30 hours per week over a four-week or monthly accounting period. She can meet the minimum hours requirement with one job or multiple part-time jobs. Earnings must be Unemployment Insurance insurable,<sup>14</sup> and the program group member must earn at least the provincial minimum wage.
- The program group member must agree to leave Income Assistance. As part of the initiation process, SSP staff send a letter signed by the program group member notifying the Income Assistance office of her supplement initiation and directing the office to end welfare payments.
- The program group member must sign a Participation Agreement, which outlines rules and responsibilities for participating in the program. It also gives permission for SSP staff to share information with the Ministry of Social Services in British Columbia, Human Resources Development–New Brunswick, HRDC, and Revenue Canada so that SSP can monitor compliance with program rules.

The three-year supplement receipt period begins when a program group member finds an eligible job and receives her first supplement payment; it expires exactly three years after the start of the accounting period for which the first supplement cheque is issued. Once the supplement is initiated, the three-year eligibility "clock" continues to run, whether or not the person remains employed or receives the supplement each month.

At the supplement initiation meeting, usually held in the SSP office, staff inform supplement takers about the tax consequences of the supplement, which is taxable income.<sup>15</sup> Supplement takers are given the option of requesting additional withholding of taxes from their supplement payments, ensuring that the additional income does not leave them with a large tax liability at the end of the year.<sup>16</sup> They can also choose to receive supplement payments through direct deposit to their bank, which allows them to receive the money faster and eliminates the chance of cheques being lost or delayed in the mail.

To facilitate the payment process, staff spend time reviewing with supplement takers the procedures for claiming supplement payments. Staff stress that, in order to get paid on time, they must

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<sup>14</sup>A very small percentage of supplement takers (using multiple jobs to qualify for the supplement) had at least one part-time job where Unemployment Insurance deductions did not occur, because the job did not meet the minimum hours or earnings requirement for Unemployment Insurance insurability. These situations were accepted for initiation because the jobs met all other requirements for insurance coverage.

<sup>15</sup>Supplement payments were ruled to be taxable for income tax purposes by Revenue Canada. However, the supplement is not considered pensionable income for the Canada Pension Plan nor insurable earnings for Unemployment Insurance purposes.

<sup>16</sup>Supplement takers who receive other significant taxable income such as alimony payments need to consider the tax liability on their *total* income, because no taxes are deducted from the alimony payments over the year.

complete and mail in their vouchers on time (a voucher contains dates, hours, and wages of employment). Supplement takers receive an instruction sheet on how to complete the vouchers and collect payments, a six-month supply of vouchers preprinted with initiator and employer information, and prepaid addressed envelopes for mailing their vouchers and pay stubs to the payment office in Halifax.

Finally, staff complete an employment verification — establishing that the employer is legitimate and the job qualifies for the supplement — and enter the initial voucher information on the PMIS (used for calculating the supplement). The payment office is responsible for processing subsequent payment information. If the supplement taker changes jobs, she must complete the initiation process again.

#### **F. Getting Ready to Make Payments**

Each supplement cheque is based on the earnings received during a given accounting period. The payment process relies on the completed vouchers and corresponding pay stubs for that period that supplement takers mail to the payment office. Staff in the payment office verify each voucher against the enclosed pay stubs before entering the information from the voucher into the payment system.

The in-person initiation meeting in the SSP office, combined with the mail-in system used for payments, splits responsibility between the program offices and the payment office, reducing the chance of fraud and collusion by supplement takers and staff. Supplement takers fill out a voucher immediately after receiving each pay cheque and promptly mail it, along with a copy of the corresponding pay stubs, to the payment office, using the prepaid envelope. The voucher information (such as hours paid and gross earnings) can usually be copied by the supplement taker directly from the pay stub.

In order to process the vouchers, supplement takers are classified into one of the two accounting periods, based on their employer's pay frequency.<sup>17</sup> For individuals who are paid biweekly or weekly, a four-week accounting period based on earnings (reflected by pay cheques) *received* in that four-week supplement pay period is the basis for supplement calculations. For individuals who are paid semi-monthly or monthly, a monthly accounting period is used. Consequently, individuals following a four-week supplement pay period will receive 13 supplement payments in the year, while individuals in the monthly supplement pay period will receive 12 supplement payments in the year. However, the *annual* supplement amount is equal for individuals with the same wages and work patterns over the year, although each supplement cheque amount varies.

For supplement takers who use only one job to meet the program requirements, making

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<sup>17</sup>Because roughly three-quarters of all employees in Canada are paid weekly or biweekly, it was decided to establish accounting periods that can effectively deal with the vast majority of supplement takers instead of forcing their pay periods into an artificial accounting period of one month. Conversely, if the remaining 25 percent who are paid semi-monthly or monthly were "forced" into a four-week accounting period, the administrative tracking of hours and earnings would be more complex, and the simplicity of relating hours and wages to a supplement amount would have been lost. The system had to ensure horizontal equity — that individuals who earn the same amount should receive the same supplement payment regardless of their pay frequency over the course of the year.

payments is straightforward. Figure 3.1 outlines the sequential checks performed by the system's batch payment process to calculate these payments. This process ensures that payments are processed only for eligible individuals with eligible jobs. SSP program offices are informed about payments that cannot be processed and the reasons for the actions taken.

For supplement takers who use multiple jobs to qualify for the supplement, the processing is more complex, especially when the jobs have different pay frequencies. Payments in these situations are calculated manually. For either automated or manual calculation, if the submitted vouchers pass all the processing steps, the supplement amount is determined using the supplement formula discussed in Chapter 1, and then adjusted for the following situations:

- **Reductions for low hours.** If the supplement taker fails to pass the minimum work-hours requirement, her payment is reduced proportionately, using the ratio of the actual hours worked to the expected hours during the accounting period. For example, if she normally works 40 hours per week, but averages only 20 hours during the period, her supplement is reduced to 50 percent of the full supplement amount. As indicated above, supplement takers are allowed two such reductions every 12 months.
- **Prorations for employment start and end dates.** If the supplement taker does not work the entire period because of starting or ending a job, her supplement is prorated according to the number of days she works during the accounting period.
- **Adjustments for prior periods.** If a supplement taker is over- or underpaid in a given period (for example, because of data entry errors on vouchers or employer oversights that were not known when the payment was processed), the payroll office adjusts the next cheque.

Once the payment system calculates all supplement amounts, the payment office electronically transmits selected information to the Royal Bank, which performs the SSP cheque-writing and tax-withholding functions. Using its existing automated payroll system, the bank calculates the net supplement amount and disburses it to all eligible supplement takers, either by cheque or direct deposit to their designated account.

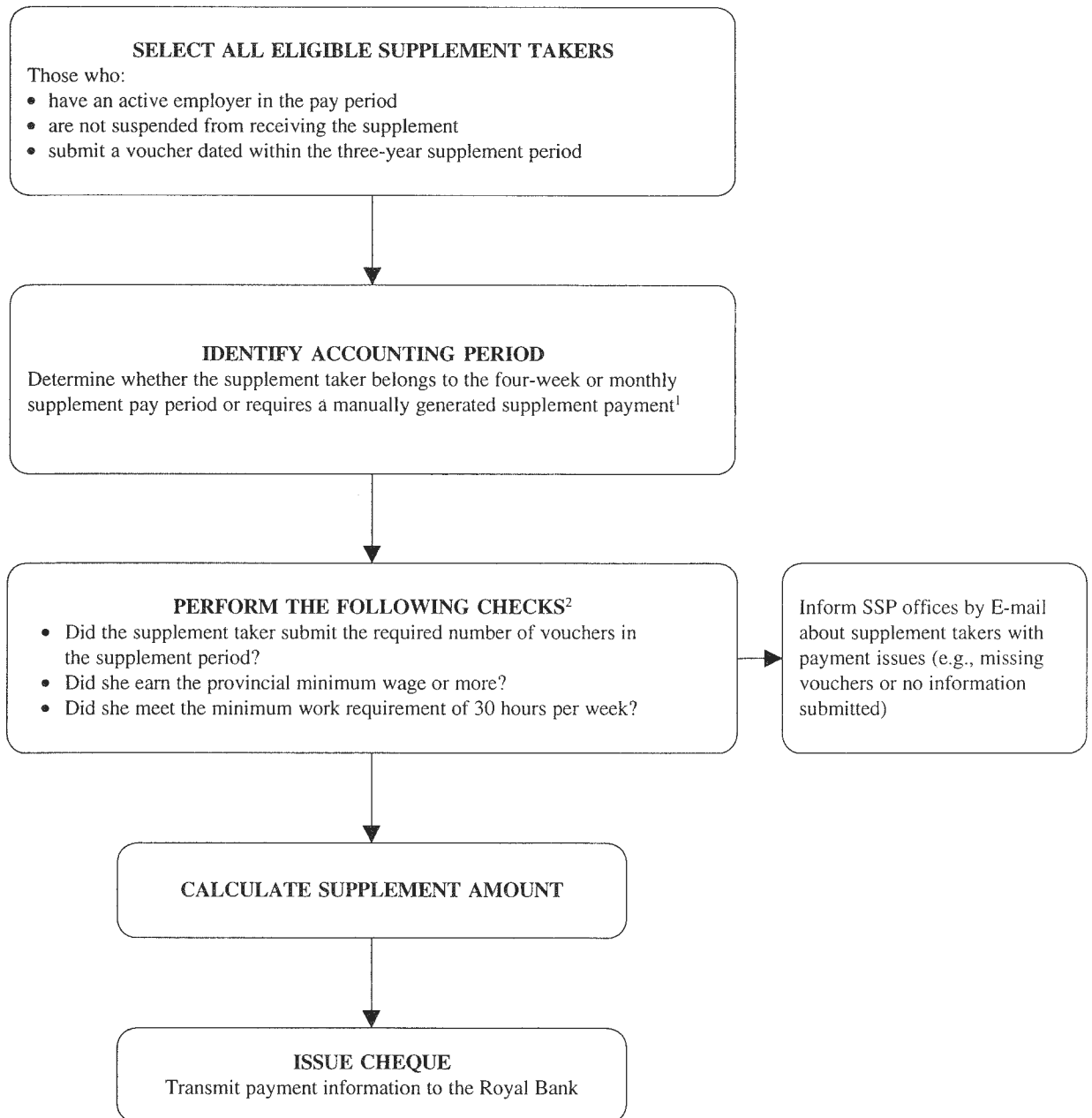
The bank sends information to the payment office about tax-withholding and net supplement amounts for specific individuals. The payment office updates its database with this information and produces a statement for supplement takers, which details the supplement calculation and provides an explanation for selected conditions such as non-payment because of excessive earnings, or reduced and prorated payments. SSP staff have access to all the payment information in order to answer payment inquiries from supplement takers.

### **G. Establishing Interagency Relationships**

The implementation of SSP required cooperation, as well as several specific linkages, between the program and the two provincial Income Assistance agencies, the Ministry of Social Services in British Columbia and Human Resources Development–New Brunswick (formerly the Department of

FIGURE 3.1

STEPS IN PROCESSING VOUCHERS  
AND CALCULATING SSP SUPPLEMENT PAYMENTS



NOTES: <sup>1</sup>The payment system produces a list of supplement takers who require a manually calculated payment. The payroll manager reviews the list and ensures that each such supplement taker meets all the program rules before calculating her supplement.

<sup>2</sup>Only the key checks are listed.

Income Assistance). A cooperative relationship between the project and the agencies was established at the outset: Representatives from both provincial agencies were involved in the research design and selection of program contractors. Later, several formal and informal connections were established during the implementation phase:

- Field staff in the Income Assistance offices in both provinces have helped explain SSP to their clients and have discussed the program with them.
- Agency staff have assisted SSP in getting SSP materials to clients who have moved by forwarding letters and other material.
- SSP has sent cumulative lists of program group and control group members to all Income Assistance offices to assist in answering any inquiries received from clients.
- SSP staff have referred program group members to Income Assistance for allowances for transportation and child care while attending SSP sessions, as well as for services — job clubs, career planning, and so forth — and daycare subsidies that are available to low-income, working parents.
- SSP has sent official notices to Income Assistance workers when program group members have initiated the supplement, ending their eligibility for assistance.
- Computer systems staff in the two agencies have provided administrative files for sample selection and monthly cross-matching with SSP supplement receipt records for purposes of identifying potential "double-dippers."

The referrals of SSP program group members to Income Assistance offices for services is particularly noteworthy because the SSP model does not include such services. However, SSP program group members receive no special treatment, being eligible for the same services as other Income Assistance recipients.<sup>18</sup>

Housing ministries at the provincial level, as well as the Canada Mortgage and Housing Corporation at the federal level, have also had a part to play in the implementation of SSP. Initially, the SSP supplement was counted as income for the purposes of calculating rent in subsidized housing units, but after negotiations with the agencies, all three agreed to waive the supplement for this purpose. The reason for the waiver was that if the supplement was counted as income, subsidized housing residents' rents would increase significantly, greatly reducing the financial attractiveness of the SSP offer. The housing agencies did not want to penalize residents in this manner, and indicated it was in their interest to promote long-term self-sufficiency. Linkages between SSP and the provincial

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<sup>18</sup>Shortly after program operations began, New Brunswick experienced budget problems that threatened the funding for job clubs and other forms of job search assistance provided by Human Resources Development. SSP provided a grant to the province to shore up these services. The assistance funded by this grant was available to the control group as well as the program group.

agencies — whereby individual eligibility for the waiver could be established — facilitated implementation of this agreement.

However, the British Columbia Housing Management Commission reversed its decision on the supplement waiver in August 1994, over concerns about equity between residents who were in SSP and those who were not. The agency agreed to a "grandfathering" of the waiver policy for residents who were already in SSP, but some of the sample members for this report were affected by the policy reversal.

SRDC has had dealings with numerous agencies, community organizations, advocacy groups, ombudsmen, and privacy commissioners in both provinces. Especially noteworthy is the interaction with Canada Employment Centre staff, for whom SRDC has prepared materials for general distribution through the Regional Office of HRDC. Input was sought from these groups for designing materials and procedures for contacting and informing research sample members. These relationships with community agencies have been helpful to SSP staff, who have referred program group members for services provided by these organizations. Apart from this, however, there is no formal interaction between SSP and these organizations and agencies, though SSP offices do give brochures describing community services to interested program group members.



## CHAPTER 4

### BASELINE CHARACTERISTICS OF THE RESEARCH SAMPLE FOR THIS REPORT

As described in Chapter 2, the SSP evaluation uses three samples, the main one of which, called the "recipient sample," was randomly selected from all single parents 19 years of age or older who had received Income Assistance in SSP's catchment areas in British Columbia or New Brunswick for at least one year. This sample was drawn from a large population: 20 percent of all Canadian families with children are headed by single parents, and single-parent families make up 75 percent of all families receiving Income Assistance. It is also a population of individuals who, as single parents *and* long-term welfare recipients, are doubly disadvantaged. Single-parent families have lower levels of education, higher rates of unemployment, and smaller incomes than two-parent families, and are more likely to remain on Income Assistance for extended periods of time, than are two-parent families, singles, or couples without children.<sup>1</sup>

As further explained in Chapter 2, the sample for this report (referred to herein as the "report sample" or simply the "sample") comprises the 2,126 people in the recipient sample who were randomly assigned to the program or control group during the first year of random assignment — November 1992 through October 1993. This chapter describes the characteristics of the report sample using three types of quantitative and qualitative data: demographic and other data collected in the baseline survey that sample members completed just before being randomly assigned to the program or control group, information obtained during focus-group discussions with a subsample of the program group,<sup>2</sup> and data gathered by interviewing and reviewing documents prepared by SSP and Income Assistance staff, who often came to know sample members quite well.

#### **I. A Profile of the Report Sample**

While the report sample is clearly disadvantaged, it is also diverse. The sample includes women (and a small percentage of men) from age 19 through 77, who were divorced, separated, widowed, or never married. Some sample members had only one child, while others had many, of varying ages. Some had grown up in single-parent households or in households where Income Assistance had been received, but others came from financially self-sufficient, two-parent families. Some had little formal education, while others had attended university. The extent of employment experience ranged from zero to 45 years. Although the sample is dominated by native-born Canadians of European ancestry, it also includes immigrants, members of visible minority groups, and recipients fluent in neither English nor French.

This diversity in the report sample underscores the variety of circumstances that can result in welfare dependence and also lays the groundwork for insights into the sorts of people who benefit most (and least) from the program, and why. Several characteristics of the sample are particularly noteworthy:

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<sup>1</sup>See Lindsay, 1992.

<sup>2</sup>See Bancroft and Vernon, 1995.

- **Employment history.** Almost all sample members had some employment experience, and many had held jobs recently. However, less than a quarter of the sample were employed at baseline, mostly part time.
- **Receipt of Income Assistance.** About half the sample had been on assistance for at least three years.
- **Barriers to self-sufficiency.** Most sample members faced employment barriers of one kind or another: limited education, little or no work experience, physical or emotional disabilities, no help in caring for their young children, inaccessible public transportation, and/or poor labour market conditions.
- **Feelings and attitudes.** As described in the focus group report,<sup>3</sup> poor self-esteem and low expectations were probably significant barriers for many sample members. However, most focus group participants also said they were uncomfortable receiving Income Assistance and expressed a strong desire to lift their families out of poverty — attitudes that were potentially valuable in moving them toward self-sufficiency.

These and other characteristics are discussed in the remainder of this chapter.

## **II. Employment History**

Employment background and current employment status is an important determinant of subsequent employment behaviour. Table 4.1 indicates that 96 percent of the report sample had at least some employment experience; some, particularly in British Columbia, had a considerable amount. More than half the sample members in British Columbia, and 45 percent in New Brunswick, reported more than five years' work experience at the time of random assignment. Single parents between the ages of 30 and 34, who make up the largest age group in the sample, averaged more than seven years' work experience in British Columbia and more than six years in New Brunswick (not shown in the table).

Some readers may find this surprising. As Georges Lemaître has put it: "In the popular imagination, social assistance is generally perceived as an all-or-none state, that is, persons in receipt of social assistance do not work and persons with jobs do not receive social assistance." However, as Lemaître found, this is not the case in reality.<sup>4</sup> Consistent with this finding, a substantial proportion of the SSP report sample — 26 percent in British Columbia and 34 percent in New Brunswick — had held a job within nine months of the baseline interview. Moreover, about one in five sample members

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<sup>3</sup>Bancroft and Vernon, 1995.

<sup>4</sup>In his study of a 1987 cohort of single parents who had received Income Assistance in at least 11 of the 12 preceding months, and who remained on Income Assistance for at least another year, Lemaître found one-third of recipients reporting earnings from employment during the second year of Income Assistance receipt. See Lemaître, 1993.

TABLE 4.1

**SELECTED CHARACTERISTICS OF THE SSP REPORT SAMPLE AT  
THE TIME OF THE BASELINE INTERVIEW, BY PROVINCE**

Characteristic at Baseline	British Columbia	New Brunswick	Full Sample
<b><u>Demographic characteristic</u></b>			
Female (%)	94.7	96.9	95.4
Age 19-29 (%)	39.4	44.5	41.1
Age 30-39 (%)	40.6	35.7	39.0
Age 40 or older (%)	19.9	19.7	19.8
Average age (years)	33.1	32.5	32.9
Divorced, separated, or widowed (%)	54.1	51.6	53.3
Never married (%)	44.1	46.7	44.9
Married at older than age 20 (%)	39.0	49.8	42.4
Average age at first marriage (years)	21.9	20.9	21.6
Gave birth at younger than age 20 (%)	35.4	50.9	40.5
First gave birth at age 30 or older (%)	5.9	3.3	5.0
Single at birth of first child (%)	29.3	37.5	31.9
Average age at birth of first child (years)	22.1	20.8	21.7
Number of dependent children (%)			
One	48.6	52.8	50.0
Two	34.5	30.2	33.1
Three or more	16.4	13.6	15.5
Number of dependent children under age 6 (%)			
One	41.6	38.4	40.5
Two or more	14.2	11.2	13.3
Not native-born (%)	22.4	2.7	15.9
Immigrated in the last 5 years (%)	4.0	0.3	2.8
First Nations ancestry (%)	13.4	5.8	11.1
Asian ancestry (%)	6.6	0.2	4.5
Did not live with both parents through age 16 (%)	44.8	36.1	41.9
Parents ever received Income Assistance before respondent reached age 16 (%)	21.6	29.1	24.1
One or both parents graduated from high school (%)	53.3	32.7	46.5
Reported an activity-limiting physical condition only (%)	20.7	19.1	20.1
Reported an activity-limiting emotional condition only (%)	3.4	3.8	3.5
Reported activity-limiting physical and emotional conditions (%)	5.6	2.4	4.6
Housing payment is government-subsidized (%)	17.8	31.1	22.1
Average monthly housing payment (\$)	552	301	464
Rural resident (%)	5.3	17.8	9.5
Moved 5 or more times in last 5 years (%)	27.5	19.6	24.9
<b><u>Education and training characteristic</u></b>			
Graduated from high school (%)	44.2	42.5	43.6
Completed grade 10 or less (%)	42.4	52.6	45.8
Average highest grade completed (%)	10.5	10.0	10.4
Attended university (%)	8.2	8.6	8.3
Graduated from university (%)	3.2	1.0	2.5

(continued)

**TABLE 4.1 (continued)**

Characteristic at Baseline	British Columbia	New Brunswick	Full Sample
Attended vocational or trade school or community college (%)	55.7	45.5	52.3
Completed vocational or trade school or community college (%)	21.5	19.6	20.9
Attended job-readiness program in prior year (%)	18.1	9.1	15.1
Attended life skills program in prior year (%)	15.6	11.8	14.3
Currently enrolled in education or training (%)	14.4	11.8	13.5
<b><u>Attitudinal characteristic</u></b>			
Strongly agree or agree with the following statements: (%)			
One year from now, I expect to be married.	7.1	7.7	7.3
Right now, being on welfare provides for my family better than I could by working.	53.9	48.6	52.2
Right now, I'd prefer not to work so I can take care of my family full time.	42.4	31.6	38.9
I like going to work.	93.7	96.4	94.6
My family is having so many problems that I cannot work at a part-time or full-time job right now.	18.6	15.1	17.5
If I got a job, I could find someone I trust to take care of my children.	79.4	84.5	81.1
Children who go to daycare or pre-school learn more than children who stay home with their parent.	52.8	59.3	55.0
<b><u>Child care characteristic</u></b>			
Types of child care used, if used: (%)			
Before/after school program	5.9	6.5	6.1
Daycare centre	21.5	9.7	17.6
Relative in the home	16.1	20.4	17.6
Non-relative in the home	15.6	18.3	16.5
Relative outside the home	19.9	26.9	22.2
Non-relative outside the home	28.5	38.7	31.9
Older brother or sister	3.2	6.5	4.3
Uses child care, if employed (%)	71.8	63.3	68.7
Pays for child care, if used (%)	38.2	62.4	46.2
Receives government subsidy for child care, if used (%)	57.5	46.3	53.7
Average monthly payment for child care, if pays for care (\$)	256	155	210
<b><u>Employment characteristic</u></b>			
Ever employed (%)	95.9	95.4	95.8
More than 5 years' employment experience (%)	53.2	44.6	50.4
Ever employed during the prior 9 months (%)	25.8	33.8	28.4
Average hourly wage during the prior 9 months, if ever employed during that period (\$)	7.60	5.65	6.80
Average total hours worked during the prior 9 months, if ever employed during that period (\$)	496	526	508
Average total earnings during the prior 9 months, if ever employed during that period (\$)	3,631	2,814	3,311
Currently employed (%)	18.2	20.9	19.1
Average work hours per week during the prior month, if currently employed	16.5	19.2	17.5

(continued)

**TABLE 4.1 (continued)**

Characteristic at Baseline	British Columbia	New Brunswick	Full Sample
Looked for work in prior 4 weeks and currently unemployed (%)	24.2	23.2	23.9
If looking for work: (%)			
Looking for full-time work	39.6	56.5	44.5
Looking for part-time work	20.4	20.3	20.4
Looking for either full- or part-time work	39.9	23.2	35.1
Unemployed and reports a reason could not take a job in the last 4 weeks (%)	58.0	46.8	54.3
Reports the following reasons could not take a job in the last 4 weeks, if unemployed and not looking for work: (%)			
Illness or disability	18.8	22.1	19.9
Lack of adequate child care	14.9	8.0	12.6
Personal or family responsibility	40.6	32.6	38.0
Going to school	12.6	13.1	12.8
No transportation available	5.1	7.7	6.0
Too much competition	2.7	0.7	2.1
Not enough education	9.5	3.8	7.7
Not enough experience/lack of skills	9.1	1.9	6.7
Sample size	1,423	703	2,126

SOURCE: SRDC calculations using data from SSP's baseline interview for the report sample: the 2,126 program group and control group members who entered the research sample through October 1993.

in each province was employed at baseline.<sup>5</sup> Figure 4.1 shows the occupational distribution of jobs by province. Taking the sample as a whole (not shown in the figure), half of those who were employed at baseline had service jobs such as waitressing, cooking, cleaning, or babysitting. About 20 percent had clerical jobs such as typing, answering phones, or operating a cash register. Another 10 percent were in sales — working in retail establishments or acting as sales representatives. Approximately 5 percent were employed as daycare workers or teachers' assistants.<sup>6</sup>

In British Columbia, where the minimum hourly wage was \$6.00 during the period of first-year sample intake, the average hourly wage of sample members ever employed in the nine months prior to the baseline interview was \$7.60. In New Brunswick, where the hourly minimum was (and still is) \$5.00, the average hourly wage of workers was \$5.65. Sample members who were ever employed during the nine months prior to baseline worked an average of 13 hours per week during that period (not shown in the table).

### III. Other Characteristics

#### A. Sex, Age, and Marital Status

The vast majority — 95 percent — of sample members are women. In Canada, as elsewhere, women still head the bulk of single-parent families in need of financial assistance.<sup>7</sup>

The SSP sample demonstrates that very young mothers are not the only single parents receiving Income Assistance. The average sample member was 33 years of age. Four-fifths of the sample were under 40 years of age, and sample members were relatively evenly distributed throughout the 19 to 39 age range. The relatively small number of older women probably reflected the fact that they were less likely to be supporting dependent children.

More than half of the sample (53 percent) had been divorced, separated, or widowed. Almost as many (45 percent) had never been married.<sup>8</sup> Among sample members with some marital

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<sup>5</sup>These data may underestimate the extent of baseline employment among sample members. Almost half of the report sample members agreed with the statement on the baseline survey that "you really can't blame people who work on the side and don't tell the welfare department." It is possible that they underreported their current employment status during the baseline interview.

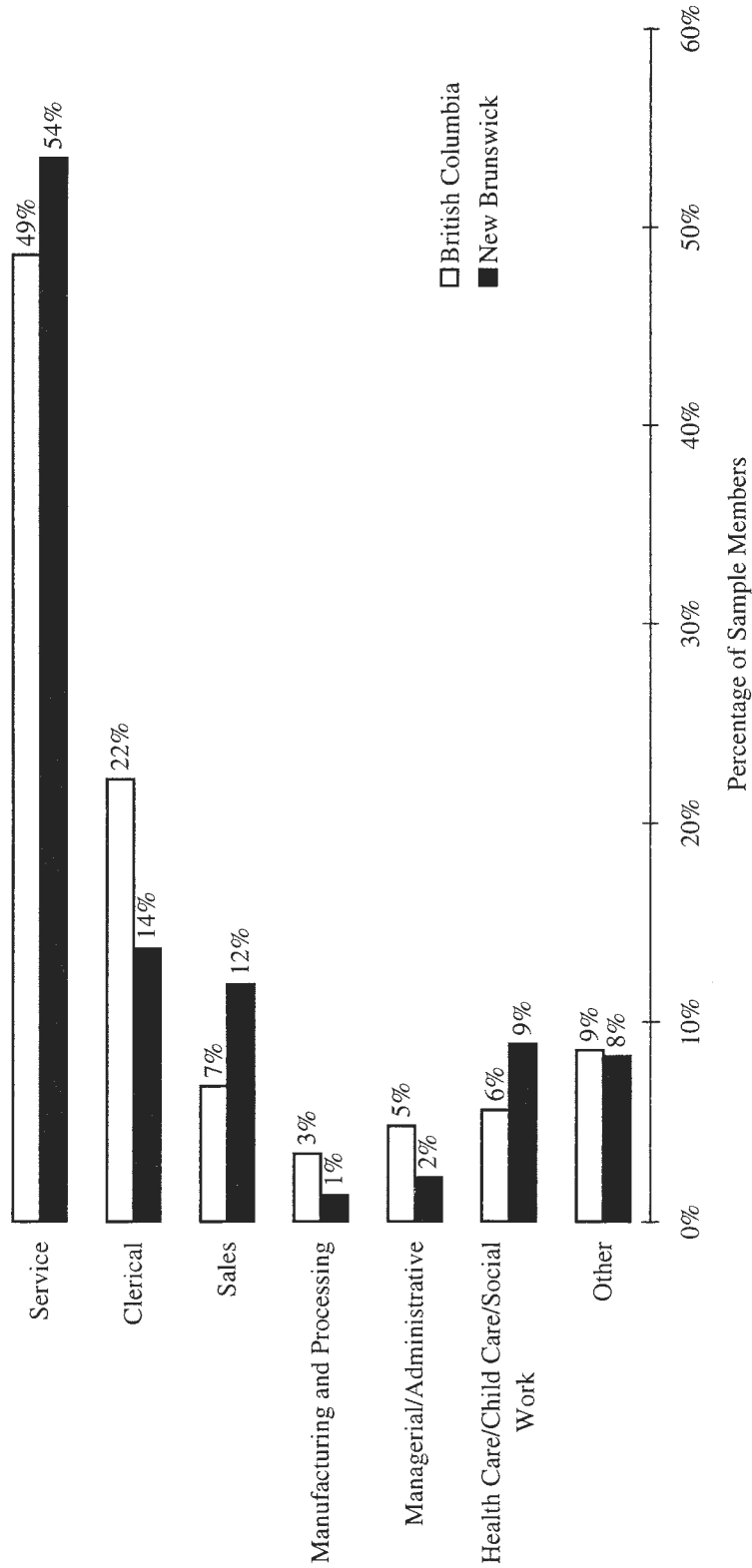
<sup>6</sup>The occupational distribution of sample members who were employed at baseline did not differ much from the occupational distribution of female single parents in general, or of women in two-parent families. In 1991, 71 percent of female single parents worked in service, clerical, sales, child care, or nursing jobs, as did 69 percent of wives in two-parent families. See Lindsay, 1992.

<sup>7</sup>As noted earlier, 82 percent of all single-parent families in Canada in 1991 were headed by women. The number of single-parent families headed by men, however, is increasing. It rose 35 percent between 1981 and 1991. See Lindsay, 1992.

<sup>8</sup>The research sample was restricted to single parents. Married sample members married *after* they were randomly selected. Less than 2 percent of sample members reported a spouse or common-law partner. The present data may underestimate the number of sample members maintaining common-law relationships, given the fact that acknowledgement of a such a relationship may result in a downward adjustment of Income Assistance benefits. (Income Assistance workers in British Columbia regard failure to report common-law relationships as a relatively common form of fraud.)

FIGURE 4.1

JOBS HELD AT THE TIME OF THE BASELINE INTERVIEW, BY SPECIFIED TYPES AND BY PROVINCE



SOURCE: SRDC calculations using data from SSP's baseline interview for the report sample: the 2,126 program group and control group members who entered the research sample through October 1993.

NOTE: Because of rounding, distributions do not add to 100 percent.

experience, the average age at first marriage was 21. Very few sample members said that they expected to be married in the coming year.

### **B. Education and Training**

Less than half the report sample had graduated from high school.<sup>9</sup> In New Brunswick, more than half had not gone past grade 10; in British Columbia, over 40 percent had not. Literacy was not measured at baseline, but Income Assistance workers in British Columbia reported that illiteracy is sometimes a problem when Income Assistance applicants are asked to fill out required forms.

About half the sample had attended a community college, vocational institute, or trade school, and 21 percent had received a degree or certificate. Less than 10 percent of the sample in the two provinces had attended university. And even though almost half the baseline survey respondents said that they would "really like to be going to school," (not shown in Table 4.1) fewer than 15 percent of sample members in either province were currently enrolled in a high school, trade school, vocational institute, community college, or university.

Few sample members (15 percent) had recent experience (in the prior year) with job-readiness programs. However, sample members in British Columbia had almost twice as much experience (18 percent) as sample members in New Brunswick (9 percent). (These services were more readily available in British Columbia.) Fourteen percent of the sample had attended a life skills training program in the year before the baseline interview.

### **C. Job Search Activity**

About one-quarter of sample members who were not employed at baseline were actively seeking work at the time of the baseline interview. However, of those looking for employment, 45 percent said they were seeking full-time work, and 35 percent were seeking either full- or part-time work. Contacting employers directly was the most popular method of job search in both provinces, followed by making inquiries of friends and relatives, and using public employment agencies.

### **D. Barriers to Employment**

As might be expected, unemployed sample members who were not looking for work reported higher employment barriers than those who were engaged in a job search. Over three-quarters of those engaged in a job search did not report any employment barriers; the rest reported one or more (not shown in Table 4.1). Among those not looking for work, family responsibilities (including

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<sup>9</sup>It is interesting to note differences between Canada and the United States in patterns of education and training. According to Freeman and Needels (1993), "Although Canadians and Americans attain roughly the same years of schooling, Canadians do not follow the same pattern of attainment as Americans. In some provinces Canadians graduate high school after 11 years of schooling, while in others they graduate after 12 or 13 years . . . Canadians are more likely than Americans to leave school before completing high school but are also more likely to obtain post-high school nonuniversity training." According to Ginzberg (1979), apprenticeships play a much larger role in Canada than they do in the United States, and the Canadian government often funds apprenticeship training.



responsibility for dependent children) was the barrier most frequently reported, followed by illness and disability.

Interestingly enough, few sample members reported lack of skills, experience, or education as employment barriers. According to Income Assistance workers, the biggest employment barrier may be Income Assistance recipients' lack of self-esteem. Focus group participants reported that one of the hardest parts of looking for a job was not knowing "how to speak to . . . people or what to say." Some described the very thought of looking for a job as overwhelming.

#### **E. Parenthood and Family**

Although the average sample member had given birth for the first time at age 21, a fair number had had children while still teenagers, especially in New Brunswick. Very few sample members in either province had been 30 or older when they first gave birth. Most sample members had married before the birth of their first child, but about one-third had not.

The families of sample members were not particularly large. One-half of all sample members had only one dependent child at home; one-third had two; and the remainder had three or more. Almost half the sample did not have any children at home under 6 years of age; 41 percent had one; and 13 percent had two or more.

#### **F. Attitudes Toward Employment Versus Homemaking**

More than half of the SSP sample believed that "being on welfare provides for my family better than I could by working." More than one-third said that they would "prefer *not* to work" so as to "take care of my family full time." Even so, almost all sample members (95 percent) claimed that they "like[d] going to work." Less than one-fifth believed that their families were "having so many problems that I cannot work at a part-time or full-time job right now."

The focus group leaders reported that many single parents were quite adamant about their unwillingness to leave children at home while they worked at a full-time job. This sentiment was expressed not just by mothers of young children, but also by some of the male single parents in the sample and by mothers of older children. As one focus group participant put it, "I got teenage kids. They get in so much trouble these days that you don't want to just leave them to come home on their own." According to another, "I always sort of thought it was good to be home with your kids, when they were babies . . . and now it's even more like, you sort of got to be there."

#### **G. Attitudes Toward Daycare**

A desire to stay home with children may have been reinforced by negative experiences with babysitters and daycare centres. Some focus group participants reported instances of neglect; others found that waiting lists at daycare centres were simply too long, or tuition too expensive. Participants with disabled children found it particularly hard to arrange for child care. Nevertheless, 81 percent felt that "if I got a job, I could find someone I trust to take care of my children."

The preference for at-home parenting that some sample members expressed was reflected in the kinds of employment barriers they reported. Thirty-eight percent of sample members who were

unemployed at baseline and not looking for work reported not working because of "family responsibilities." This was, by far, the most frequently cited barrier to employment for sample members not looking for work. Thirteen percent also reported "lack of child care" as a barrier.<sup>10</sup>

Over two-thirds of sample members who were employed at baseline reported using some kind of child care. Babysitters who worked outside the home were the most frequently used form of child care, reported by almost one-third of employed sample members who used child care. Over 20 percent took their children to relatives' homes; somewhat fewer brought relatives in for the day, or turned child care over to a relative already residing in the home. Fewer still had a babysitter come by the house.<sup>11</sup>

Less than one-quarter of the child care consumers in the sample used a daycare centre, or a before- or after-school program. Some focus group participants who expressed concern about leaving their children with others indicated that they might be willing to do so if assured of quality, low-cost daycare centres. Fifty-five percent of sample members agreed that "children who go to daycare or pre-school learn more than children who stay home with their mothers."

Less than half the sample members who used child care paid for it. In British Columbia, 38 percent paid for care; in New Brunswick, 62 percent did. Parents who had close relatives looking after their children may not have had to pay for care, and the costs of other kinds of child care may have been offset by government grants. Over half the sample members who used child care received some level of subsidy.

The cost of child care for those who paid for it differed significantly by province. The average cost in New Brunswick was \$155 per month and in British Columbia, \$256. This disparity may have been related to cost-of-living differences between the two provinces, or to the fact that almost twice as many sample members in British Columbia used daycare centres. Care by relatives (both inside and outside the home) was more frequent in New Brunswick.

#### **H. Physical or Emotional Disability**

Some sample members reported being burdened by serious physical or emotional problems. On the baseline survey, 20 percent of sample members claimed an activity-limiting physical condition only, and 28 percent reported an activity-limiting physical or emotional condition or both. Focus group participants reported blindness, brain damage, even terminal illness. They also spoke of problem pregnancies, or of children who were disabled or had special needs.

Sample members who were working at baseline were half as likely as non-workers to report physical or emotional problems (not shown in Table 4.1). They were also less likely to have received, or been interested in receiving, counselling for personal problems.

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<sup>10</sup>The baseline survey allowed sample members to identify more than one employment barrier.

<sup>11</sup>Female single parents, whether or not they receive Income Assistance, are generally less likely to receive in-home child care services than two-parent families. In 1990, 33 percent of female single parents who used child care used in-home care, whereas 38 percent of two-parent families did so. See Lindsay, 1992.

## **I. Family Background**

A significant number of sample members (42 percent) did not live with both parents until the age of 16. One-quarter of sample members grew up in families that relied on Income Assistance. Some focus group participants who grew up on Income Assistance claimed that the experience had actually stiffened their resolve to eventually get off Income Assistance, or to make certain their children are never dependent as adults. One reported that she often admonished her son: "You'd better never be standing in the welfare line, food line, or unemployment line." Another reminded her children: "I don't want you to be where I'm at. I don't want this to happen to you."

In New Brunswick, about two-thirds of the sample reported that neither of their parents had a high school diploma. However, in British Columbia, more than half the sample members had at least one parent who had graduated from high school.

## **J. Ancestry, Language, and Immigrant Status**

The percentage of the sample who were native-born differed dramatically by province. In New Brunswick, almost all sample members (97 percent) were native-born; in British Columbia, approximately three-quarters were. However, only 4 percent of British Columbia's sample members had immigrated to Canada in the last 5 years.

British Columbia presents a more ethnically diverse picture than New Brunswick. Thirteen percent of sample members in British Columbia claimed some First Nations ancestry, and over 5 percent reported Asian ancestry.

## **K. Living Conditions**

Only 5 percent of sample members in British Columbia lived in rural areas, but 18 percent of sample members in New Brunswick did. Residents of rural areas faced special difficulties when it came to finding employment, getting to a job, or locating child care. Sample members who did not drive or own a car faced serious transportation problems. One focus group participant described the scarcity of jobs in her rural area as "unbelievable." Another reported an hour-and-a-half walk, to both her babysitter's home and her place of employment. In some rural areas of British Columbia, the nearest licensed daycare centre was 30 miles away, and Income Assistance recipients had difficulty getting mental health and other services.

More sample members in New Brunswick received government help with their rent than in British Columbia (31 percent versus 18 percent). As expected, rent and mortgage payments were higher in British Columbia. On average, sample members moved frequently: One-quarter had moved at least five times in the five years prior to baseline.

## CHAPTER 5

### SSP's PROGRAM ACTIVITIES PRIOR TO SUPPLEMENT TAKE-UP

In November 1992, after many months of program development and preparation, the SSP offices in Saint John and Moncton, New Brunswick, opened their doors for the first time. The SSP offices in Vancouver and New Westminster, British Columbia, followed suit two months later. As discussed in Chapter 3, prior to the beginning of the program, office procedures had been developed, staff hired and trained, "scripts" and orientation materials written, and automated systems implemented. But there were still many questions about how the program would run, mostly concerning the response of SSP program group members: Would program group members be willing to attend information sessions about an "unknown" program, whose services were provided by private organizations? Would they believe the earnings supplement offer was "for real," or dismiss it as "too good to be true"? Would they understand the elements of the offer well enough to make a reasoned decision about whether or not they would be better off on the earnings supplement than on Income Assistance?

In order to provide a fair test of this new social policy, supplement-eligible individuals needed to understand and trust the options they had under the policy. This was the central implementation challenge of SSP: to create a credible, well-functioning earnings supplement program, and to ensure that all supplement-eligible individuals knew about and understood their options under the program. Only under these circumstances would the outcome of the SSP experiment be likely to reflect what would happen under the "real-world" conditions of a full-scale program.

This is the first of two chapters that describe the implementation of the SSP program in its first year of operation, and the response of those who became eligible to participate in that first year (that is, the 1,066 individuals who were randomly assigned to the program group from November 1992 through October 1993). The group is referred to in these chapters as the "first-year program group" or simply the "program group." This chapter focuses on all program activities except supplement receipt. The next chapter describes supplement-related activities and participation: supplement initiation, ongoing supplement receipt, and the employment that qualified for the supplement.<sup>1</sup>

Program activities covered in this chapter include initial program contact, orientation, receipt of information and referrals, and ongoing contact. Participation in these activities is not required to receive the supplement, and the findings should be viewed in this light. It should also be remembered that these findings reflect an early period of program operations.

The chapter addresses five main questions about program activities prior to the point at which program group members took up the supplement.

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<sup>1</sup>It should be remembered that, at this early stage of the project, the only available data on post-random assignment work effort are supplement payment records. Thus, nothing is yet known about part-time or other non-supplement-qualifying employment among program group members, or about any type of employment among control group members.

- What proportion of the program group was successfully contacted by SSP, and to what extent was the program able to maintain contact? The program's goal was to contact 100 percent of those assigned to the program group and to maintain contact with everyone except those who expressly refused to have any contact with the program.
- To what extent did program group members understand the SSP supplement offer? The goal was to achieve at least an 80 percent attendance rate at orientation sessions, which provided detailed information about the program and services available in the community. It was hoped that the vast majority of those who attended a program orientation would understand the key aspects of the SSP offer.
- How much information about community services was provided by SSP, and to what extent were program group members able to use this information in responding to the supplement offer and arranging full-time employment? SSP's goal was to provide basic information about available services to all program group members contacted, and more detailed information to those who expressed an interest in receiving it.
- How quickly was SSP able to contact individuals, provide an orientation to the program, and supply the information needed by members of the program group? The objective was to accomplish this within a few weeks of assignment to the program group. A longer delay would have effectively reduced the one-year period individuals had to initiate the supplement.
- What message did SSP convey to program group members? The intent was to present SSP as an opportunity, the supplement as a means of substantially increasing income, and SSP staff as an information resource.

This chapter begins by highlighting SSP's principal program activities and describing the passage of program group members through these activities. The discussion then turns to the content of the activities themselves. The chapter concludes that the SSP model has been given a fair test during the program's early operation.

## **I. Staff Preparations and Responsibilities**

The contractor selection process had resulted in the choice of well-qualified, experienced providers, and their staff were extensively trained prior to the beginning of operations to carry out their duties effectively and respond to a broad variety of special circumstances. In most of their day-to-day dealings with program group members, staff followed the guidelines presented in the Procedures Manual (described in Chapter 3). For situations not covered by the manual, individual staff members consulted with their office manager/provincial coordinator.<sup>2</sup> If the office manager was unsure of the

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<sup>2</sup>As noted in Chapter 3, the two provincial coordinators also served as office managers of the Vancouver and Saint John offices.

correct action to take, she discussed the case with SRDC. This happened many times during the first year of program operations as unanticipated situations arose, such as questions about self-employment, employment in family businesses, commission sales, and payroll stubs (typically from small employers) that did not contain accurate or adequate information for verification-of-work purposes.

Staff in the four SSP offices split their responsibilities along functional lines rather than establishing individual caseloads of program group members. In general, some tasks, such as leading orientations, initiating supplement payments, and handling payment issues, have been more "specialized" than others, such as contacting program group members by mail and phone and fielding clients' calls. At all offices, staff began to stagger their schedules early in the first year of operations in order to provide broader time coverage for contacting hard-to-reach program group members in the evenings or on weekends.

In the Vancouver office, the provincial coordinator has been responsible for overall project management and has conducted the majority of group orientation sessions; she has also acted as the SSP spokesperson for community outreach and contacts with the Ministry of Social Services and other agencies. One of the three project associates in the office has conducted many of the one-on-one information sessions in program group members' homes and at most of the supplement initiation meetings. Another associate initially took on routine administrative functions (such as letter production, preparation of materials for information sessions, scheduling of sessions, and office materials inventory and stocking), but later assumed a greater role in following up with program group members both by telephone and in person. A third associate has conducted group information sessions and the regular 90-day follow-up phone calls that are standard procedure, and has also handled all requests and duties concerning self-employment. Telephone-answering and mailing duties have been shared among all staff members.

In the New Westminster office, the office manager has overseen the work flow and division of work among the staff, conducted most of the group information sessions, and acted as the liaison with the Ministry of Social Services and SRDC. One of the two project associates in the office was initially responsible for office administration (supplies, filing systems, minutes of meetings, and so forth), but quickly gained the responsibility for payroll issues and troubleshooting. The other associate has conducted in-office group sessions and most of the in-home, one-on-one sessions. The clerical support staff member has been responsible for scheduling program group members for orientations and information sessions, answering the phone, logging events on the PMIS after sessions, and preparation and clean-up related to meetings.

In the Saint John office, both the provincial coordinator and the two associates have conducted group orientation sessions and supplement initiations. An administrative assistant and a data entry clerk have handled payroll-related tasks and have resolved payment problems; they have also managed extensive administrative and clerical tasks. All staff except for the data clerk have handled client contact. The standing rule has been that if program group members call and ask to speak with a particular staff person, and that person is available, the call is forwarded to her. However, if no staff member is asked for by name, or if the requested staff person is unavailable — which has frequently been the case, given office schedules and home visits — whoever answered the phone has been expected to take the call.

In the Moncton office, the office manager has done the group orientations and supplement initiations as well as overseeing the work of the office. She and the office's one associate have shared responsibility for the other SSP activities. Both staff, as well as an administrative assistant, have handled client contacts.

## **II. An Overview of SSP Sample Intake and Program Activities**

Sample intake began in New Brunswick two months earlier than in British Columbia, in order to gain some early operating experience with a small initial cohort, and to assure the project team that the developed procedures were adequate to the tasks of informing SSP sample members of their group assignment (to the program or control group), orienting and periodically contacting SSP program group members, and making supplement payments. From November 1992 through June 1993, more than 700 eligible single parents entered the research sample in New Brunswick, and from January through October 1993, more than 1,400 sample members were enrolled in British Columbia. Approximately half the sample members were assigned to the SSP program group, becoming the clients of the four SSP offices.

Figure 5.1 provides an overview of how SSP program group members interacted with the program. The figure summarizes the program experience of 100 typical program group members. The figure shows the proportion of these 100 eligible single parents who reached various stages in the SSP program: the pre-supplement stages of being contacted by program staff following random assignment to the program group, receiving an orientation to the program, and receiving information and referrals for services from program staff (all of which are discussed in this chapter), and the later stages of initiating the supplement and receiving supplement payments (examined in the following chapter).

As shown in the figure, the junctures between assignment to the program group and initial contact, and between initial contact and orientation, represent points at which few program group members were diverted from participation in SSP. Ninety-eight of 100 program group members were successfully contacted by SSP program staff, and only two of those who were contacted failed to receive an orientation. Thus, 96 percent of the program group received an orientation to, and thus full explanation of, the SSP program, easily exceeding the project's goal of 80 percent.

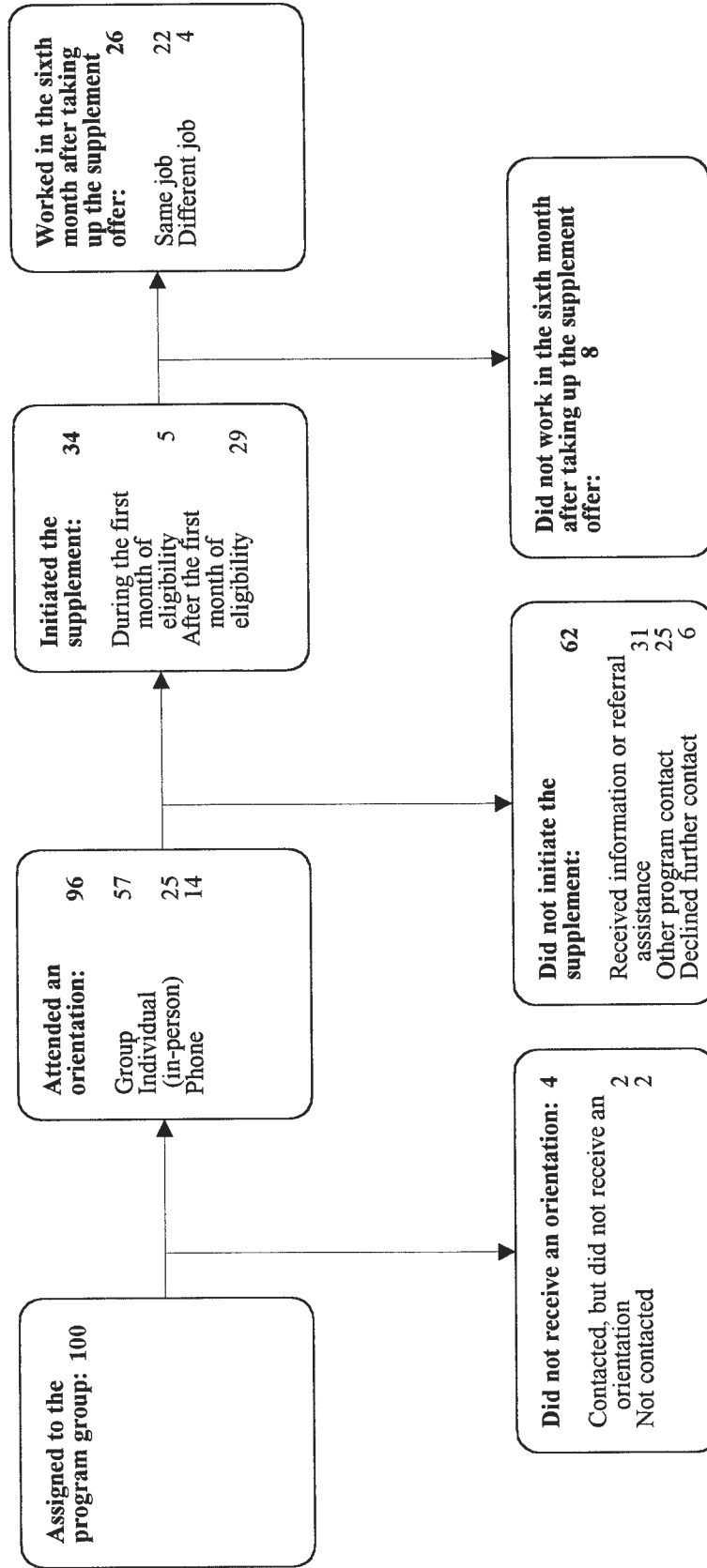
During the follow-up period, almost all orientation attenders had at least some contact with the program. However, less than half the attenders *initiated* any contact with SSP staff, and only about two-thirds expressed any interest in receiving further information about SSP or services available in the community. As discussed below, participation patterns were generally similar in New Brunswick and British Columbia, although there were a few operational differences in Vancouver and in the rural areas compared to the suburbs and smaller cities in the two provinces.

## **III. Contacting Program Group Members for the First Time**

The most important mission of SSP office staff was to fully inform as many SSP program group members as possible of the earnings supplement opportunity being offered them, as soon as possible in their supplement eligibility year. To accomplish this, program group members first had to

FIGURE 5.1

ORIENTATION ATTENDANCE, SUPPLEMENT TAKE-UP, AND SUBSEQUENT EMPLOYMENT AMONG 100 TYPICAL SSP PROGRAM GROUP MEMBERS



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

NOTE: The 100 typical individuals represent the experiences of the first-year program group.



be contacted, and then persuaded to invest some time in learning about the supplement offer. Although the majority of program group members were easily contacted, and most were willing to learn about the program, much staff effort was expended in trying to reach all program group members and then ensuring that those contacted understood the supplement opportunity.

#### **A. Initial Contact Procedures**

Each month, as soon as the SSP offices received an electronic list of sample members who had been assigned to the program and control groups, letters were mailed to sample members informing them of their group assignment. For program group members, the mailing date of the letter was the first day of the year-long period they were given to find full-time employment in order to qualify for SSP's earnings supplement. In this initial mailing to program group members, there was also an invitation to attend an orientation session at one of the SSP offices at a specific date and time and an SSP brochure answering frequently asked questions about the program. SSP staff followed up these initial mailings in a few days with a telephone call in order to confirm that program group members were planning to attend the upcoming session. During the call, staff encouraged attendance at the orientation and answered any early questions about the program. Some program group members initiated the contact with SSP after receiving their letters, calling the SSP office to ask questions and inform staff that they planned to attend the session.

When a program group member's telephone was out of service, or when a subsequent home visit revealed that she had moved, SSP staff attempted to make contact through the "emergency contact" names the individual had given to the Statistics Canada interviewer who conducted her baseline interview. While these contacts usually provided helpful information about how to locate the program group member, some emergency contacts were uncomfortable about sharing address or telephone information (a few even denied any knowledge of the program group member). In these cases, SSP staff asked Income Assistance staff to forward the letter to the address where the program group member was receiving Income Assistance cheques. Similarly, initial letters returned by the post office were forwarded by Income Assistance staff on behalf of SSP.<sup>3</sup>

It was not possible for SSP staff to contact every program group member, but each office nevertheless continued to try to make contact with all individuals throughout their supplement eligibility year. Early in the first year of operations, staff treated program group members somewhat formally over the phone, politely informing them of the next scheduled orientation session when they missed a session, but avoiding extended discussion of the program until the participant attended an orientation session. Sometimes this led to repeated reschedulings, with a decreasing likelihood of orientation

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<sup>3</sup>Although it would have been easier for SSP to have asked the Income Assistance agency for the current address of program group members, and then to have mailed material directly from the SSP offices, the address information of Income Assistance recipients is protected by legislation for reasons of confidentiality. Under the memoranda of understanding for SSP between Statistics Canada and the provincial Income Assistance agencies, address information can be shared with Statistics Canada for research purposes. Statistics Canada in turn is authorized by the informed consent form signed at the time of the baseline interview to provide name and address information to SSP service providers. However, direct sharing of personal information between SSP and Income Assistance staff is not permitted without the express permission of the program group members.

attendance the longer the rescheduling went on. SSP staff learned that they had a limited "window of opportunity" in which to reach reticent program group members: The longer it took for staff to make initial contact and orient them, the more likely they were to have changed addresses or phone numbers, or to be "turned off" to repeated attempts at contact. Thus, SSP staff learned to deliver the SSP message as quickly as possible. As the New Brunswick program coordinator put it: "We became like Federal Express: 'We have this important message to deliver — how can we get it to you as soon as possible?'" This more urgent attitude on the part of SSP staff translated into fewer mailings and more phone and in-home orientations with reticent or geographically isolated program group members, as well as more extended initial phone contacts, in order to explain enough of the program to pique the interest of program group members, and to allay fears that SSP might not be "on the level."

Contacting program group members by telephone has not posed a significant problem at the New Westminster site in British Columbia or at either of the New Brunswick sites. One or two phone calls have usually been sufficient to make contact with a program group member, and disconnected phones and wrong or obsolete addresses have been rare. (Typically there have been two or three outdated addresses in each month's cohort, and a similar number of disconnected telephones.) Using emergency contacts, directory assistance, and the Income Assistance offices, staff have been able to find new addresses or phone numbers for most of these individuals.

The Vancouver office has had a somewhat more difficult time than the other offices contacting program group members. The Vancouver staff experienced more returned letters, disconnected phones, and uncooperative emergency contacts — and when contact was established, there was more skepticism about the supplement offer. In addition, a larger proportion of the Vancouver program group did not speak English. As a result, initial explanations of the program were made by an interpreter in about one of every 10 cases of those who lived in Vancouver, usually in an individual session with the program group member, but sometimes in groups.<sup>4</sup> Because telephone contact has been less successful in Vancouver, mailings through Income Assistance have been relied on to a greater extent, and "blind" home visits have been made more often.

The reasons for the greater difficulties in contacting the Vancouver program group cannot be determined with certainty. It is true that the population of the Vancouver area is more mobile than at the other sites, and hosts a larger proportion of non-English-speaking people who are more difficult to make contact with. SSP staff have also speculated that the nature of Vancouver, as a large, "depersonalized" urban area, may also play a role. But promptness of contact was also a factor. And when the Vancouver office set a new contact and orientation goal, seeking to get all program group members into an orientation session within one month of being assigned to the program, their percentage of non-contacts and no-shows decreased, though not to the levels of the other offices.

## **B. The Response of Program Group Members**

Almost all program group members were eventually contacted by SSP. Many of those who were difficult to contact proved to be uninterested in the supplement, usually because of their parenting

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<sup>4</sup>The Vancouver office occasionally had enough Vietnamese and Latin American program group members to offer group orientations in their native languages.

commitments, disabilities or personal problems, or discouragement regarding their employability or the job market.

When asked to recall how they felt when they were first contacted by SSP staff, program group members in the focus groups said they reacted with disbelief, skepticism, optimism, excitement, or fear — or a combination of these feelings. In many cases, skeptical responses changed into excited and optimistic ones as soon as program group members were given more information.

SSP staff classified the responses of program group members to their initial contact with program staff into three categories:

- **Responsive.** These individuals were often already considering alternatives to Income Assistance receipt. They expressed immediate interest in SSP, and came willingly to either the first or second group orientation session. None of the individuals in this group had to be convinced to attend an orientation session.
- **Potentially responsive.** A substantial proportion of the program group was hesitant, but at least interested in SSP. Individuals often required clarification and reassurance, and some needed assistance to attend group orientation sessions. Program staff often had to "sell" SSP, at least to some extent, to get program group members to come to a session. Staff stressed that SSP provides a special opportunity for them to leave welfare, increase their family income, and become more self-sufficient, and that it would be worth their while to get more information.
- **Not interested.** Many program group members were not interested in SSP or in taking up the supplement. Some were pregnant, had young children, or had made the decision to stay home with their children. Some did not realize what SSP was about and did not care to learn more about it. Others faced serious barriers owing to disabilities, alcohol or drug use, personal problems, low self-esteem, or limited education. Just getting this group to attend an orientation session was difficult.

It is difficult to determine precisely what proportion of program group members fell into each of these three categories, but SSP staff believe that each category represented about one-third of the total. The same series of outreach measures was used to approach people in all three categories, but the method that was ultimately successful differed for each category. Those hardest to reach required more outreach effort than those who attended the first information session with only an introductory letter and phone call from SSP. Staff proceeded in a step-wise fashion until they made the desired contact. The only exception was program group members who were not proficient in English. These individuals were immediately referred to an interpreter.

#### **IV. Orientation**

To fulfill their primary mission of informing program group members of the supplement opportunity, SSP office staff delivered program orientations. By describing the program fully, introducing themselves to program group members, and creating a supportive environment, SSP staff sought to set the tone of the program and encourage program group members to give the SSP offer serious consideration.

##### **A. Types of Orientation Sessions**

The four SSP offices introduced 57 percent of program group members to SSP with a group orientation session that lasted between two and three hours (see Table 5.1). Most group orientations were held in the SSP offices, which are all located near public transportation. Typically, between 4 and 12 program group members attended each session. Usually the groups were small, making the sessions quite personal and friendly. Coffee and pastries were served, and there was some brief informal talk before and after the meetings. Staff were congenial and enthusiastic about SSP, and the group setting and dynamics served to legitimate the SSP message and encourage attendees to discuss and seriously consider the pros and cons of the supplement offer.

Program group members who did not attend the first group orientation to which they were invited were contacted by phone and invited to the next available session, and were asked whether they needed assistance with transportation, child care, or other matters. In some cases, they repeatedly missed scheduled orientation meetings, and sometimes staff rescheduled them numerous times, a process that could last many weeks.

Staff arranged to provide individual orientations for 25 percent of the program group, either in the SSP office or in the program group member's home. Home visits often occurred after repeated "no-shows" at orientations, when transportation or child care was difficult to arrange, or when a program group member was clearly uncomfortable about attending a group session. Another common reason for providing a home orientation was to accommodate a program group member living in a rural area. It was much harder for these single parents to attend a group orientation session. Even sessions that were held in satellite locations outside the four SSP offices were often many kilometres away from rural residents' homes. These sessions were inaccessible by public transportation in all cases in rural New Brunswick and in most cases in rural British Columbia. As a result, rural program group members usually received individual orientations to SSP.

In contrast to the controlled environment of in-office sessions, sessions taking place in program group members' homes were often hampered by interruptions from children, telephone calls, and visitors. These sessions appeared not to give as professional and positive an impression of the program as was provided by a visit to an SSP office.

Individual sessions generally had the same content and structure as the group sessions, but did not have the benefit of group support and interaction. SSP staff and researchers repeatedly noted that the group's collective reaction to SSP reinforced program group members' enthusiasm. On the other hand, the individual sessions often covered topics in more detail — for example, topics normally covered in the second information session, such as job search assistance resources in the community

**TABLE 5.1**  
**RATES OF ATTENDING SSP ORIENTATION**  
**AND REQUESTING SPECIFIED SERVICE INFORMATION**

Measure	British Columbia	New Brunswick	Full Sample
<b><u>Information session participation (%)</u></b>			
Attended orientation	94.7	98.3	95.9
Attended group orientation	48.8	72.7	56.8
Received orientation by phone	16.6	9.1	14.1
Attended individual orientation either in home or SSP office	29.3	16.5	25.0
Translator was provided at an orientation session	6.5	0.0	4.3
Attended second information session or money management workshop, of those who attended an orientation	25.0	47.4	32.6
<b><u>At orientation, requested information in the following areas: (%)</u></b>			
Job search assistance	47.0	38.3	44.1
Child care	22.0	11.3	18.4
Transportation	7.5	7.7	7.6
Education and training	36.0	29.7	33.9
Counselling	17.9	13.4	16.4
Housing	24.1	14.8	21.0
Sample size	714	352	1,066

SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

— because individual interests or concerns could be addressed more easily.

Telephone orientation sessions have been performed as a last resort when other methods could not be used. In most cases, SSP staff sent the orientation materials to program group members' homes prior to conducting a telephone session at a prearranged time. Many program group members ignored the scheduled time for the call, and some lost or discarded the materials prior to the session. Others postponed discussions when called at the prearranged time. When several prearranged sessions were missed, SSP staff sometimes tried to conduct the session during an impromptu phone call or home visit.

Telephone sessions were less than satisfactory, particularly because, without any face-to-face contact, it was difficult to determine whether or not the orientation information was understood. Often program group members were distracted by events on their end of the phone, such as children and pets. In addition, the sessions were only as long as the program group members allowed, and they sometimes claimed they already had reviewed the materials sent and therefore did not need further explanations. Yet, despite these limitations, staff reported that most phone orientations covered all essential information and that some program group members who received telephone orientations subsequently came to the SSP office.

#### **B. The Orientation Message and Agenda**

Though the orientation was not the only contact between SSP staff and program group members, it was the primary opportunity for staff to explain the options of the program. The delivery of the SSP "message" to program group members has been balanced: The potential benefits of SSP have been clearly presented, while at the same time emphasis has been placed on the importance of the individual's making the choice that is best for her. Staff describe their role as one of support through providing information about the program and available services. As a result, the supplement has not been "pushed" in any way; it has been presented as an opportunity, not as an easy or obviously superior option.

The main message of the program is one of self-sufficiency. During orientation, staff briefly discuss the feeling of dependency engendered by reliance on Income Assistance, and also describe the various ways clients might utilize the supplement opportunity: to save money, gain work experience, take a low-paying job as an "apprenticeship" experience in a field that interests them, combine work and education, and so forth. Clients hear repeatedly that they will be better off financially on the supplement, and that this is a potentially important, though limited, "once-in-a-lifetime" opportunity if they want to take it. A full range of feelings about the work world are described or elicited by orientation leaders, but the positive is accentuated: The work world can be exciting, sociable, empowering, and financially rewarding.

During the orientation session, SSP staff have explained that most people will be significantly better off financially on the supplement, but have also called attention to the need to examine individual situations. For example, staff point out in orientation that, because the SSP supplement does not vary according to family size, single parents with three or more children may be no better off financially on SSP than they are on Income Assistance, particularly if their children are young and require child care. Staff mention the potential non-monetary benefits of receiving the supplement, such as personal

freedom and fulfillment from employment, but also mention that some individuals may prefer to remain at home full time with their children or go back to school. SSP has consistently expressed respect for the choice of the individual. Staff have reminded program group members that they have one year from the date of their eligibility letter to examine their options, make the choice that is best for them, and accept or decline the supplement offer. Some program group members have initially declined the offer because of immediate circumstances, such as pregnancy, illness, or enrollment in courses, but have then changed their minds as their circumstances changed within the one-year period. More commonly, program group members have expressed interest in the offer initially, but have failed to take up the supplement within their one-year window of opportunity.

Materials used in the orientation session are clearly written and presented in a neat, well-organized folder at the beginning of orientation. The several types of program materials handed out at the beginning of the meeting serve to structure the topics for discussion:

- **Brochure.** The brochure uses a question-and-answer format to address topics such as program eligibility, how the supplement is calculated, and the 30-hour work requirement.
- **Financial examples.** Examples of how to calculate the supplement are provided, as are income and expense worksheets prepared for several fictitious cases and a blank worksheet for the orientation attendee.
- **Service information packet.** The packet contains single-page handouts on five topics: job search, child care, employment and training, housing, and transportation.

SSP eligibility rules were usually the first topic of discussion, followed by other issues highlighted in the brochure. At the beginning of the first year of operations in all offices, a substantial amount of time was devoted to explaining exactly how the supplement was calculated. The calculation was first described in response to one of the questions in the brochure, then later covered in more detail in the context of discussing the example of a fictitious participant. In the New Brunswick offices, the orientation leaders were able to state that, by working full time and receiving the supplement, attendees could double their income compared to being on Income Assistance and not working.

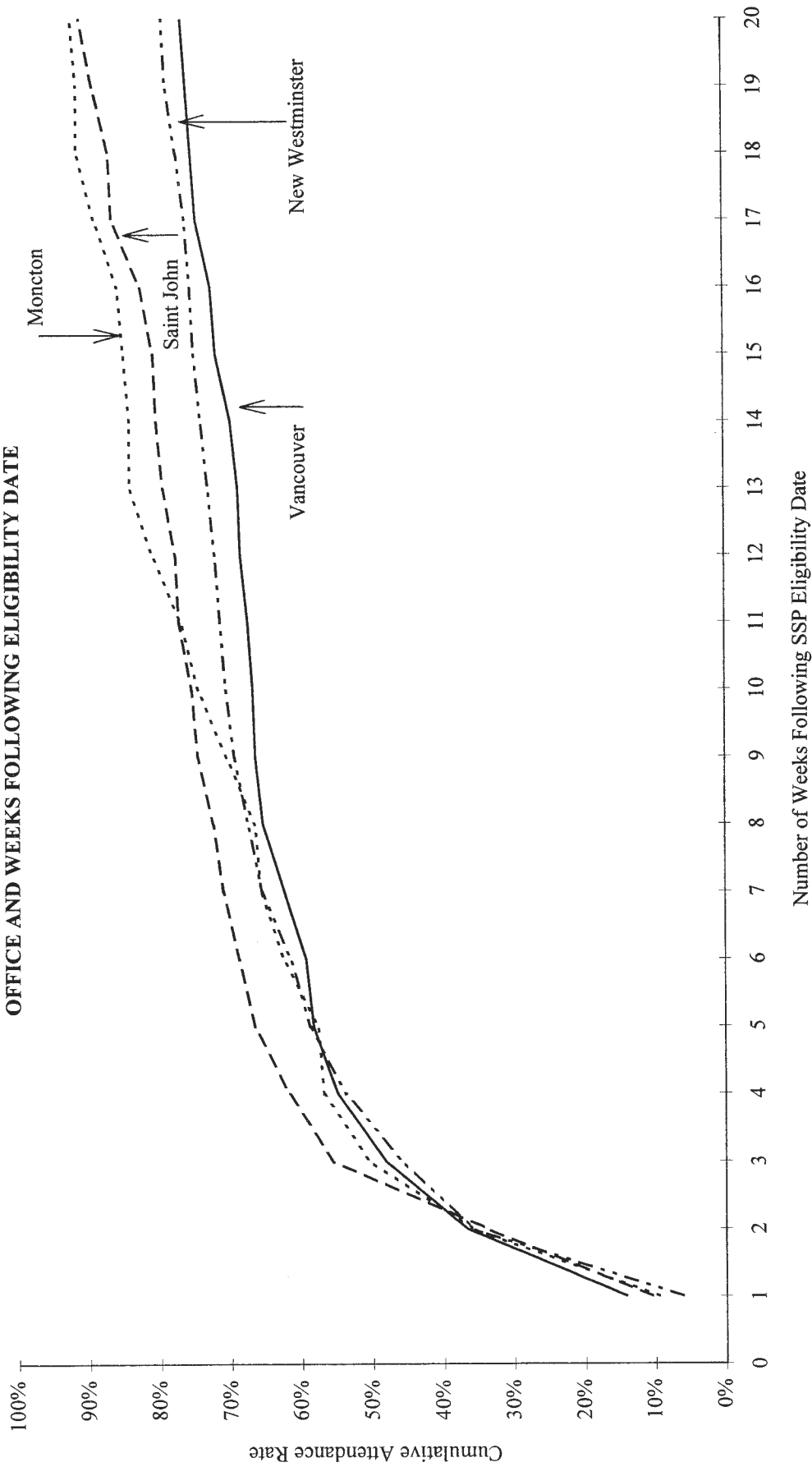
Finally, the five subject areas covered in the information packet were discussed briefly; they were discussed in more detail at an optional second information session. The way in which SSP would affect individual situations (for example, one child versus many children, currently working versus not employed for many years) was covered, and questions from attendees were encouraged. Program group members were also asked to complete a Participant Background Information Sheet, or PBIS, so that SSP staff could gain a better understanding of individual situations and determine what information they could provide regarding available services relevant to each case.

### **C. The Response of Program Group Members**

As indicated in Figure 5.2, more than half of program group members received an orientation within four weeks of their random assignment to the program group. However, during the first year

FIGURE 5.2

CUMULATIVE RATE OF ATTENDING AN SSP ORIENTATION, BY SSP OFFICE AND WEEKS FOLLOWING ELIGIBILITY DATE



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the first-year program group sample.



of program operations, approximately 25 percent of program group members in British Columbia received the orientation two or more months after random assignment, effectively reducing their year to initiate the supplement to 10 months or less (not shown in the figure).

SSP staff are confident that the vast majority of group and individual in-office information-session attenders left their sessions with a very good understanding of the program. During the sessions, staff monitored program group members' facial expressions and body language to pick up cues indicating whether or not they understood the materials: Frowns, hesitation, and questions that were "off-track" were taken as signals that the information was not being fully understood. In these cases, staff clarified matters as much as possible during the session, and encouraged program group members who had further questions to stay after the session or to call or visit the office later.

During the first year of SSP operations, SRDC staff regularly attended information sessions to monitor program group members' reactions, gauge their understanding, and evaluate the delivery methods employed. It was clear that program group members were understanding the program's features sufficiently well for the supplement offer to receive a fair test.

Given the importance of ensuring that program group members were fully informed about the supplement offer, in mid-1993 SRDC requested that SSP office staff complete a telephone survey of individuals oriented through April 1993 to discover whether oriented program group members knew about the most important features of the SSP program. Over 90 percent of the 700 program group members who were successfully contacted during this survey said they recalled being told by SSP staff about the one-year window, the 30-hour minimum work requirement, how to calculate the supplement, and that they must leave Income Assistance to qualify for the supplement. Nine out of 10 respondents said they thought they would be financially better off on the supplement, and 8 out of 10 said they had no questions about the supplement. This survey helped assure researchers that SSP was receiving a fair test by fully informing program group members. In addition, SSP staff found the survey to be a useful outreach tool and added it to the complement of regular contacts with program group members.

The reactions of program group members to the supplement offer were generally very positive, and the majority appeared to be impressed with the financial benefit of the offer. At the same time, some of them expressed a desire to "take some time" before actively seeking employment, believing that the one-year window was a "long time." SSP staff pointed out all the considerations that would have to be taken into account and encouraged people not to wait too long before starting their job search. As a single parent in Vancouver said after her orientation in May 1993: "If I wait a few weeks, my kids will be home from school for the summer and, after that, if I wait a few more weeks, I'll be in the middle of the holiday season. Before you know it, my year will be up."

Staff were concerned that some program group members experienced confusion about the respective roles, responsibilities, and messages of SSP and the provincial Income Assistance agencies. One staff member observed that it appeared to take time for program group members to switch their mind sets from the "security and surveillance" of Income Assistance to the "insecurity and freedom" of SSP. As Income Assistance recipients, program group members were accustomed to being paid according to need and were used to having all their sources of income monitored and measured. However, as SSP program group members, they were paid according to their earnings from employment, and the payments were completely unaffected by other income, family size, and special

needs. Some program group members were anxious about the transition that was required to take up the supplement; others were excited about it; many felt both excitement and fear.

Some rules and features of SSP were difficult to explain and less easily comprehended by program group members. These include:

- **Features of the supplement.** Individuals sometimes had difficulty with the supplement calculation itself, the treatment of the supplement in relation to income taxes, and supplement payment rules regarding sick leave and vacation time.
- **Consequences of losing a job.** Many program group members asked, "What happens if I lose my job?" They were particularly concerned about whether or not they would maintain eligibility for Income Assistance or be eligible for Unemployment Insurance.
- **SSP time frames.** The two important program time frames — the one-year eligibility window and the three-year supplement receipt period — often required clarification, but the concepts seem to have been well understood.
- **Subsidized employment.** Another area of potential confusion for program group members proved to be the fact that most subsidized jobs are ineligible for supplement receipt. Fully subsidized jobs — that is, jobs that are 100 percent subsidized, which are usually finite in duration — are not eligible for the supplement. Jobs that are partially subsidized by the federal government or the New Brunswick provincial government, and intended for on-the-job training, are eligible, while similar jobs subsidized by the British Columbia provincial government are not. Since it may be difficult for program group members to determine whether or not a potential job is SSP-eligible, they were strongly encouraged to contact SSP staff for case-specific determinations.

#### **D. Provincial Differences**

The two provinces in which SSP is being tested have diverged on some issues relating to conveying the "message" of SSP to program group members. For example, New Brunswick SSP staff found it useful to simplify the presentation of supplement calculations. The supplement formula was reviewed and a brief example given, but SSP staff came to spend less time on the details of calculating disposable income (that is, earnings plus supplement, minus taxes and work-related expenses) at various wage levels. Instead, New Brunswick staff found it sufficient to remind orientation attenders of the many potential sources of work-related expenses (such as child care, transportation, and work attire) and to point out that, at the most likely wage levels, the supplement "about doubled" the income of someone not working and collecting Income Assistance.

Explaining the supplement program to program group members was a special challenge in the Vancouver office, owing to a relatively high proportion of program group members who did not speak or read English proficiently: about 8 percent of those served by the Vancouver office and 12 percent

of those living in Vancouver proper. SSP staff discovered this only upon making initial telephone contact, when it was clear that the program group member spoke little or no English. The next step was to try to determine the language she used in conversation, then to hire an interpreter to call her to explain SSP. Six percent of the office's program group (9 percent of Vancouver residents) were provided with a translator.

For program group members who could not communicate in English, SSP staff had the initial eligibility letter translated and employed interpreters to follow up by telephone. Depending on the demand for use of a particular language, group sessions (led by an interpreter) have sometimes been held at the SSP office. More often, however, the interpreter and an SSP staff member have met with the program group member at the SSP office, or in her home if she was reticent about coming to the office. In several cases, interpreters have not been able to make initial contact by telephone and have made impromptu home visits in order to find program group members.

Unfortunately, the process of making contact and determining the language spoken sometimes took weeks or even months, and further delays developed in the process of hiring an interpreter who could then attempt to make contact. Rather than continuing to use up valuable time in the program group members' one-year eligibility window, SRDC made arrangements with Statistics Canada whereby SSP staff can find out what language was used for the baseline interview. Since April 1993, upon receipt of the monthly cohort list, SSP staff have telephoned the Statistics Canada project manager to find out which baseline interviews have required interpreters, and in which languages. Reliance on translators also reduced SSP's control over the content and tone of orientation sessions and other contacts, as well as its ability to monitor SSP performance with these program group members. This problem has been minimized for Spanish-speaking members because the Spanish translator has effectively become a part-time SSP staff member and is well trained in program procedures and objectives. For other languages, however, the issue remains.

## **V. Ongoing Contact**

Staff attempted to make a series of scheduled contacts with all program group members. These included (1) an introductory telephone call following the initial eligibility letter, and (2) contacts either by telephone or in person at least every 90 days thereafter for the balance of the supplement eligibility year. On some occasions, pre-supplement contacts were initiated by program group members for information and referrals, personal issues, or concerns regarding their status with Income Assistance. Program group members who later initiated the supplement had further contact with SSP staff — regarding supplement initiation, questions related to the three-year limit on supplement receipt, job losses and new or additional jobs, and supplement reduction or non-payment. (These types of contact are discussed in the following chapter.)

The reasons for contact with SSP staff evolve as program group members pass through three stages of participation in SSP: introduction and orientation, post-orientation, and, finally, supplement payment receipt. Most contacts early in program group members' one-year "window" — whether through group sessions or individual follow-up meetings and telephone calls — have served to provide further information about SSP.

During the second phase of participation, program group members usually had very little

contact with SSP. Sometimes they requested further information about SSP or asked for information regarding available services for help with job search, child care, or personal issues. These contacts, most of which occurred over the telephone at the time of the regular 90-day contacts, were usually initiated by SSP staff.

Finally, once program group members became supplement recipients, most contacts revolved around the supplement payments themselves, with a smaller number addressing attendance at workshops designed specifically for supplement recipients. During the first year of SSP implementation, supplements were not always paid as expected because of errors in filling out the vouchers, recipients' not mailing vouchers on time, supplement-processing errors, and mail delays. Whenever a supplement was not going to be paid as expected, staff at the SSP payment office in Halifax sent an electronic-mail message to SSP staff indicating the nature of the problem (for example, an incomplete voucher or a voucher not received). SSP staff were then responsible for contacting the supplement recipient to inform her of the supplement non-payment and to work with her to correct the situation.

#### **A. Participant Contact and the PMIS**

All contacts with program group members have been guided by, and recorded in, SSP's PMIS, a user-friendly, personal computer-based tracking and reporting system (see Chapter 3). The PMIS gives SSP staff a broad range of query options for planning their client contact tasks and reviewing their past work. It has been used to record all client-related events, including contacts and contact attempts; sessions scheduled, attended, or missed; information requests and responses; and so forth. Each client "event" record contains a date, the client's name, a code that signifies the type of event or contact, and a free-form text field for staff notes. The system has also been used to produce standard reports, letters to clients, and responses to *ad hoc* queries. The query function has been especially useful in responding to client-initiated contacts (while a client was on the phone, the system could be immediately queried to display the contact history with that client) and in preparing lists of overdue client contacts (for example, the system could be asked to print out a list of all those who had not had any contact with SSP in the prior 90 days). The PMIS obviated the need for a "caseload" organizational structure in the SSP offices, since staff could rely on the system to "remember" and immediately retrieve "to-do" lists, actions to be taken, scheduled calls, and so forth, without individual staff having to maintain familiarity with a limited number of cases. Though most staff had little computer experience at the beginning of the project, and for some the learning curve was quite steep, most have become quite comfortable using and relying on the system for managing their workload.

#### **B. Frequency of Contacts**

As indicated in Table 5.2, the average number of contacts between an individual program group member and SSP staff has been about .5 per month between orientation and supplement initiation or the end of the eligibility year, or about five contacts per program group member during that time. Contacts last, on average, between 10 and 15 minutes. Thus, the amount of time a typical client is in contact with SSP staff, including the two- to three-hour orientation session, is about four hours during her supplement eligibility year.

Obviously, the amount of contact has varied according to the circumstances of the individual. At one extreme, some program group members had no contact or only one contact with SSP staff. And some program group members told SSP staff, at the time they were first contacted, that they were not

**TABLE 5.2**

**AVERAGE NUMBER OF SSP STAFF CONTACTS BETWEEN ORIENTATION AND THE INITIAL SUPPLEMENT PAYMENT OR THE END OF THE ONE-YEAR SUPPLEMENT ELIGIBILITY PERIOD, BY SSP OFFICE**

Measure	Vancouver	New Westminster	Saint John	Moncton	Full Sample
Average number of staff-client contacts per month <sup>a</sup>	0.44	0.38	0.53	0.79	0.48
Average number of unsuccessful staff-client contact attempts per month <sup>b</sup>	0.16	0.23	0.32	0.38	0.25
Average number of contacts, contact attempts, or other client-related interactions per month <sup>c</sup>	0.62	0.66	0.88	1.23	0.76
Sample size	297	417	227	125	1,066

SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

NOTES: After orientation, staff regularly contacted clients until they either initiated supplement payments or reached the end of the supplement eligibility period, whichever came first.

<sup>a</sup>Contacts include any phone or in-person conversations, meetings, or group session attendance, but do not include written correspondence.

<sup>b</sup>Unsuccessful contact attempts include phone calls and home visits that did not result in a conversation with the client.

<sup>c</sup>Client-related interactions include all the above, as well as written correspondence, contacts with other agencies on behalf of the client, and other contacts.

at all interested in the SSP offer and that they did not even want to attend an information session. Some of the single parents in this category were pregnant or had small children, and full-time work was not in their plans. Others had decided to go to school. Still others were never interested in taking part in SSP, but felt pressured or duty-bound to complete the baseline interview and informed consent process with the Statistics Canada interviewer. In cases like this, staff strongly encouraged program group members to attend the orientation session anyway — at the SSP office or in their own homes — or to receive an orientation by telephone. If those overtures were rejected, staff attempted to get the program group member to agree to receive SSP materials by mail, to be followed by occasional letters; staff, in turn, agreed not to call or visit these program group members. In rare cases where a program group member adamantly refused any contact with SSP, the individual was dropped from the PMIS (through the use of a "do not contact" code). Unless these program group members subsequently initiated contact with SSP, they have not been contacted again. SSP staff believe that one reason some program group members have insisted on breaking all contact with SSP is because they are avoiding a harmful person in their private life and understandably do not wish to be traced by anyone.

At the other extreme, some program group members have maintained regular contact throughout their one-year period to initiate the supplement and their subsequent period receiving the supplement. For these individuals, as well as others with less connection to the program, the vast majority of contacts with SSP staff have been by telephone. The only required in-person contact is the supplement initiation meeting, when SSP staff must verify original documents such as pay stubs and personal identification documents, and supplement takers must sign the Participation Agreement. In cases where a program group member has moved out of the SSP catchment area and has subsequently taken a supplement-eligible job, the supplement initiation has taken place at the local Income Assistance office, where staff can assist SSP by verifying the required documents.

During the first few months of program operations, SSP staff sent many letters to program group members, including "thank you for attending" and "sorry we missed you" letters after orientation and information sessions. However, staff found that letters were usually ineffective unless followed up by telephone calls. In fact, some program group members complained of being "bombarded" with mail from SSP, so it was thought that any positive effects were outweighed by the costs of the mailings and possibly negative feelings about the program. As a result, after the program had been in operation for about six months, these letters came to be used only when a participant did not have a telephone.

One hurdle for SSP staff has been the initial skepticism of some program group members. One focus group participant commented, "I thought this was too good to be true! Can this be for real?" Similar sentiments were expressed by other program group members. However, SSP staff report that this skepticism was usually overcome with the initial phone call and was almost always resolved by the end of the orientation session.

### **C. Information and Referrals**

In addition to providing information about the supplement itself, SSP has offered limited information to program group members about available services in the areas of job search, education and training, child care, transportation services, community services, money management, and relevant public policies such as taxes, subsidized housing, and daycare. Some of this information has been

provided in the orientation and follow-up information sessions, and a collection of brochures and some reference documents are available for perusal at SSP offices.

**1. Information available at the SSP offices.** Each SSP office has pamphlets, brochures, notices, and other documents about community resources and services in the above areas as well as about counselling, immigrants' services, women's centres, health issues, and financial seminars. Program group members have been encouraged to make use of these materials and to let SSP staff know if they experience difficulty connecting with the services they need.

For example, in the area of job search, there are a number of available brochures with titles like "Job Clubs, Résumés, and Cover Letters" and "Conducting a Self-Directed Job Search," and the "Take Charge–Self Help Series" published by HRDC. There are also introductions to resources at the public library, descriptions of job clubs, and examples of different types of résumés. In addition, some books on related topics may be used by program group members while they are at the office.

In many cases, these materials (such as brochures from specific job clubs) include names, addresses, and telephone numbers of service providers and community organizations. However, for child care, only referral organizations are listed, not individual providers. In New Brunswick, SSP struck an agreement with the provincial government to fund additional job clubs held at the Income Assistance district offices, which program group members could sign up for at the SSP offices.<sup>5</sup>

**2. Information requests.** Program group members initially made information requests using the PBIS completed during orientation sessions. They then made *ad hoc* requests during the remainder of their one-year eligibility window, and beyond that if they became supplement recipients. After the PBIS was filled out, there were very few additional requests for information during the eligibility year.

Information about available job search services has been requested most often: Half the program group said on their PBIS that they would like to see some material on available job search assistance. Yet very few program group members have reported back to SSP staff that they actually attended a job club or other job search assistance service. Most seemed to have an "I can do it myself" attitude about their job searches. More popular has been some limited résumé-preparation services available in New Brunswick at the local Income Assistance offices, and in British Columbia at various community-based organizations.

About one-third of the group has indicated they were interested in receiving information on education and training programs, and about one-fifth of the group sought information about child care. Even though child care is obviously an important issue for single parents, program group members have appeared to be more confident about their ability to find appropriate care than to find a job. SSP staff report that child care has been a "hidden" issue for some single parents: They have assumed that child care was not an issue, never having had any problems finding short-term babysitting, but have had difficulty finding reliable, affordable, and accessible full-time care.

A number of program group members living in rural areas — notably the Fraser Valley region

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<sup>5</sup>As discussed in Chapter 3, these services were funded temporarily for use by both program and control group members.

of British Columbia and small towns in New Brunswick — have asked for information on transportation. Available information has been limited to bus schedules and any other facts about public transportation. This has not been much of a concern for program group members in urban and suburban areas, where public transit is more readily available.

SSP staff have reported that the services program group members need in order to take up the supplement have usually been available, except in rural areas of New Brunswick. This, however, does not mean that program group members have used the available services. In fact, very few have reported to SSP staff that they have actually done so. Staff report that some of the single parents in SSP have been out of the labour market for many years and may have low self-esteem. For these people, simply being informed about available services may not be enough to overcome long-standing fears that hinder job search efforts. However, SSP's commitment to not providing services has been honoured.

## **VI. Conclusions**

SSP has met every operational objective set by the program designers to date. SSP has successfully contacted virtually the entire eligible population. The program has provided orientations to 96 percent of the program group, and the vast majority of these individuals appeared to understand the important features of the program. The program has managed to provide the information needed by program group members in just the manner intended, while avoiding providing services that could undermine this test of an earnings supplement alone. These achievements — together with the fact that economic and social conditions have been within the normal range during the period SSP has been operating — suggest that SSP will receive a fair test.

Yet, because SSP's operations to date have relied on a sophisticated computer capability and a labour-intensive outreach process, it is difficult to extrapolate from this pilot experience to the essential operating characteristics of a larger-scale, ongoing earnings supplement program. A large part of SSP's operational sophistication and labour-intensiveness was necessitated by the voluntary and pilot nature of the program. Since the program was started from scratch, outside the current Income Assistance system, SSP had no pre-existing "profile" or reputation within the community. SSP staff had to "market" their product carefully, professionally, and insistently in order to overcome the suspicions, and gain the trust, of skeptical sample members. In contrast, an ongoing program would be widely known in the community, its rules and legitimacy already established and acknowledged. Also, an earnings supplement program attached to an existing government agency would be able to "borrow" computer, case management, and other resources, and might even be able to exert some marketing "clout" over clients of that agency who qualify for its programs. (For example, an earnings supplement program attached to Income Assistance might require attendance at orientation to learn about the program.) Nevertheless, through a combination of careful planning, strong management, well-trained staff, and well-designed automated systems, SSP has developed a level of credibility and comprehensibility with its clients that ensures a robust test of an earnings supplement intervention.



## CHAPTER 6

### EMPLOYMENT AND SUPPLEMENT RECEIPT DURING SSP'S FIRST YEAR

Although in one sense SSP program group members participated in SSP by attending orientation sessions, meeting with staff, and utilizing the information and service referrals, full participation in SSP required that eligible individuals find and maintain full-time employment. This chapter describes the experience of those members of the first-year program group sample who became full participants in SSP by finding jobs that qualified them for supplement payments.

In focusing on the employment experience of SSP supplement takers,<sup>1</sup> this chapter tells only a partial story of employment among the SSP report sample. Two types of employment are not described here — employment among SSP program group members that did not qualify for SSP earnings supplementation, such as part-time employment, and employment (full-time as well as part-time) among control group members. These forms of employment will be covered in subsequent reports when the appropriate follow-up data become available. Because the extent and types of employment among control group members are not yet known, it is not yet clear how much of the full-time supplemented employment among program group members is due to SSP's earnings supplement program. It is likely that a number of SSP supplement takers would have left Income Assistance and gone to work full time even in the absence of the SSP supplement program. For these individuals, the earnings supplement offer would not have been the determining factor in their employment: Rather, the supplement opportunity would have been a "windfall" that increased their income, but not their employment or earnings. Only when control group employment data become available will it be possible to determine how much employment among program group members was caused by the earnings supplement program, and how much would have occurred in the program's absence.

This chapter begins by discussing the success of program group members in finding full-time employment and initiating the supplement. It then examines the subsequent program experience of supplement initiators, both in working and in receiving supplement payments.

#### **I. Starting the Supplement**

For the vast majority of program group members, full-time employment would mean a sea change in their lives: As described in Chapter 4, only about 20 percent of the program group were employed at the time of random assignment, and those working at that point averaged 18 hours of work per week. Yet about one-third of program group members eventually received at least one supplement payment. Thus, many individuals who chose to find full-time employment and take advantage of the earnings supplement were not working at all prior to their becoming eligible for the

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<sup>1</sup>The terms "supplement takers," "supplement initiators," and "supplement recipients" are used interchangeably in this report. However, seven program group members initiated the supplement but never actually received a supplement payment. These individuals brought their initial pay stubs to the supplement initiation meeting and completed the required initiation forms in the incorrect belief that their jobs were about to expand to 30 or more hours per week, the minimum for qualifying for the supplement.

SSP earnings supplement — and in some cases, supplement takers ventured into the labour market for the first time in years. Someone contemplating the opportunities offered by the program had to weigh carefully the impact of full-time work on her family, because almost all program group members needed to arrange some form of child care, and to substantially reduce their parenting time, in order to go to work full time outside the home. And there were other considerations: Could full-time work be found? Was transportation available? What if the effort to find employment, or to keep it, failed? What would happen after the earnings supplement expired after three years? For many program group members, especially those who had been out of the labour force for some time, the decision to take advantage of the SSP earnings supplement was a difficult and momentous one.

This section describes the experience of program group members who made the decision to initiate the supplement, and provides an overview of supplement take-up. The following section examines the characteristics of supplement takers and presents qualitative data that shed light on the take-up decision, including the reasons many program group members chose not to take advantage of the SSP supplement offer.

### **A. Supplement Take-up**

As reported in Chapter 5, SSP staff were diligent in providing program orientations to eligible single parents as quickly as possible after their random assignment to the program group. Because the supplement offer was time-limited, these prompt efforts gave program group members as much time as possible to find full-time employment and qualify for the supplement. Once an individual succeeded in finding a job, she came into the SSP office, where staff determined whether her job qualified for the supplement — that is, whether it involved at least 30 hours of work per week at the minimum wage or higher and was insurable under the Unemployment Insurance system. The three-year supplement receipt period began on the first day of the first supplement payment period for which an individual received a supplement payment.

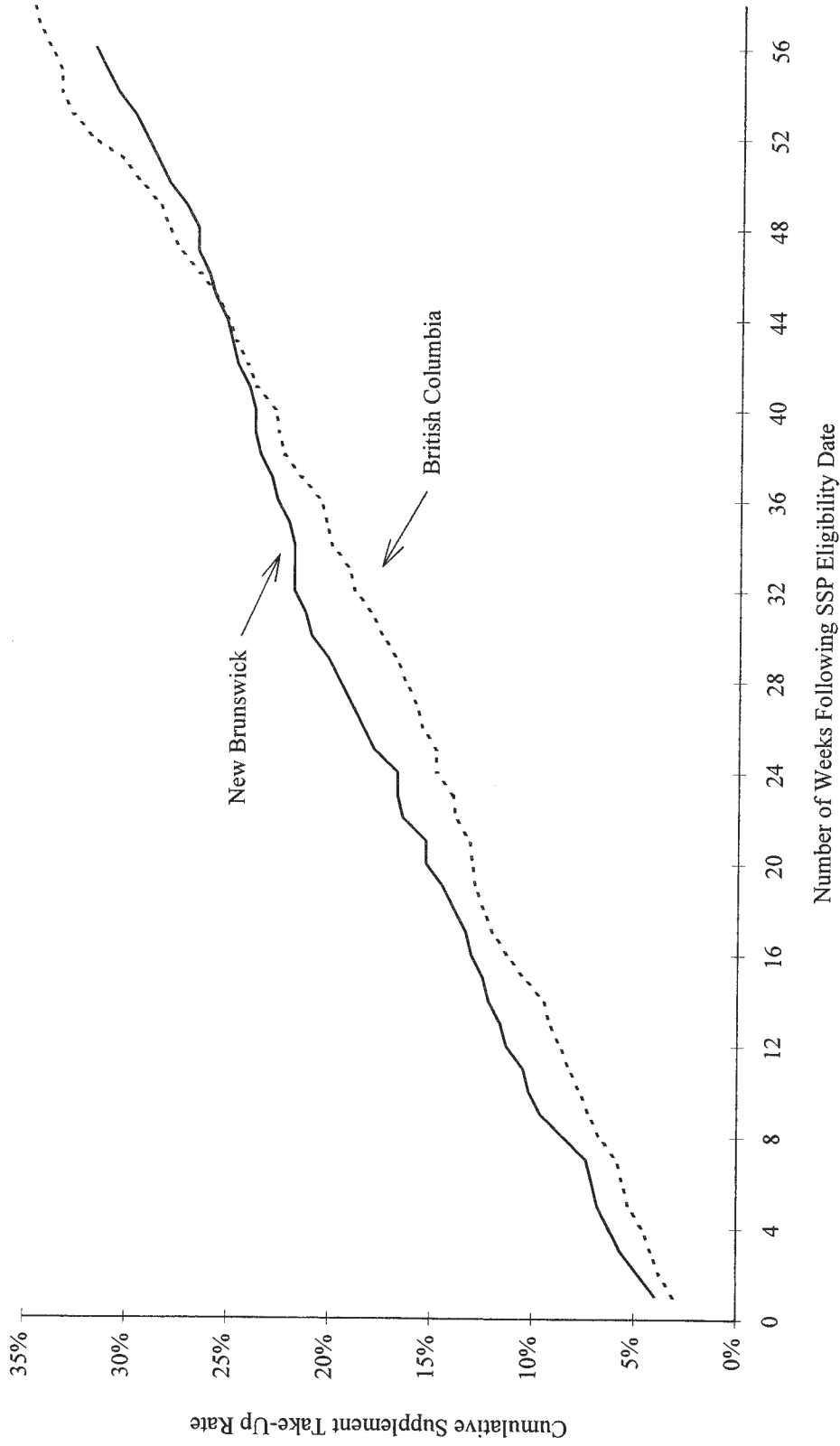
As Figure 6.1 illustrates, program group members responded to the SSP offer by taking up the SSP earnings supplement at a steady rate throughout the year in which they were eligible to do so. In the figure, program group members are counted as having taken up the supplement in the first week that they worked enough hours to qualify for supplement receipt.<sup>2</sup> About 4 percent of the program group in each province qualified for the earnings supplement in their first week of SSP eligibility. Most of these individuals were either working full time when they were randomly assigned or were working part time but were able to quickly increase their work hours to 30 per week or more in order to qualify for the supplement. After this initial burst of supplement take-up, the rate at which program group members qualified for the supplement was virtually constant for the balance of the eligibility year, with about 2.5 additional percentage points of the program group qualifying for the supplement each month. Figure 6.1 also indicates that the number of supplement initiators continued to increase through the fifty-eighth week after supplement eligibility began. Although they had only 52 weeks to qualify for the supplement, program group members who could document full-time job offers made before the end of their eligibility year were given a brief grace period in which to begin meeting the 30-hour work requirement.

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<sup>2</sup>The week of supplement take-up is recorded relative to the date on which supplement eligibility began.

FIGURE 6.1

CUMULATIVE RATE OF TAKING UP THE SSP SUPPLEMENT,  
BY WEEKS FOLLOWING SUPPLEMENT ELIGIBILITY



SOURCE: SRDC calculations using data from SSP's Program Management Information System. Calculations are based on data collected through December 1994 for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

The similarity in take-up patterns between the two provinces is striking. In each province, about one-third of the program group — 34 percent in British Columbia and 32 percent in New Brunswick — initiated the supplement, and even the monthly take-up rates during the eligibility year are very close. Moreover, about a quarter of program group members (25 percent in British Columbia and 28 percent in New Brunswick) were still receiving supplement payments in the sixth month after they initiated supplement receipt. Take-up patterns were consistent across the two provinces, despite interprovincial differences in labour markets, unemployment rates, sample characteristics, Income Assistance systems, and the supplement's value relative to welfare.<sup>3</sup> Many of these factors would have had opposite effects on the supplement take-up rate. For example, the deterrent effect of New Brunswick's weaker labour market may have been offset by the stronger work incentive created by its less generous Income Assistance grants, or by the possibility that New Brunswick's Income Assistance recipients may be more employable than those in British Columbia. Because the provinces differ in so many ways, it is impossible to isolate the effect of any particular province-specific factor; to do so would require a multi-site evaluation in which natural variation across many sites would allow individual site characteristics to be isolated and analyzed.

Figure 6.2 graphically depicts SSP program participation by showing the take-up rate for 100 hypothetical program group members whose experience is representative of the 1,066 program group members who were randomly assigned in SSP's first year of operations.<sup>4</sup> On average, 34 of every 100 program group members took up the supplement by the end of their eligibility year, thus receiving at least one supplement payment. Of those 34 individuals, 26 received a supplement payment in the sixth month after the month in which they took up the supplement, an indication that most were sticking with full-time employment. The figure also shows the relationship between program eligibility, take-up, and month 6 supplement receipt for the subgroups of individuals who were working and not working at the time of their baseline interview. As shown in the first box on the left, 80 of every 100 program group members were not working at baseline. Twenty-two of every 80 program group members who were not working at baseline took up the supplement, and 16 of them were still working in their sixth month after take-up.<sup>5</sup> Twelve of every 20 program group members who were employed at baseline initiated the supplement. Only 7 of these used their baseline job to qualify, while the other 5 found

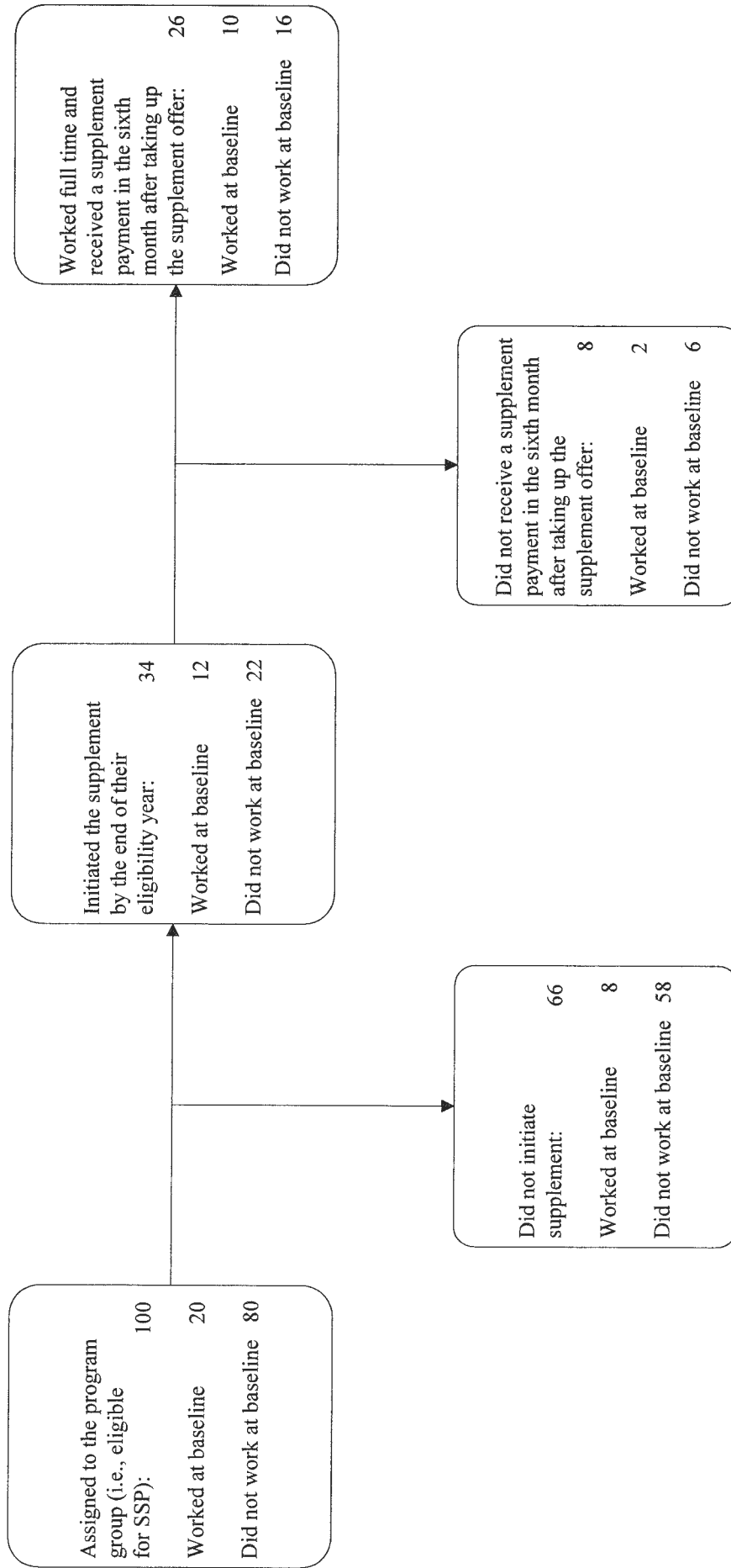
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<sup>3</sup>The supplement may be more attractive relative to Income Assistance in New Brunswick than it is in British Columbia. Supplement payments are lower in New Brunswick, but the payments exceed Income Assistance grants by approximately the same dollar amount in the two provinces. Therefore, the supplement is *proportionately* higher than welfare in New Brunswick, and the cost of living is lower. Also, Income Assistance recipients in British Columbia were eligible for the enhanced earnings disregard for up to 12 months, during which their monthly Income Assistance payments were reduced by a fraction of their monthly earnings, equal to 75 percent of the amount of earnings above \$200. Thus, a recipient's real income gain from the supplement, when compared to working while receiving welfare, is lower in British Columbia.

<sup>4</sup>Figure 6.2 represents the same typical SSP participation patterns, for hypothetical members of the same program group sample, as were represented in Figure 5.1.

<sup>5</sup>This does not necessarily mean that the six baseline non-workers who initiated the supplement, but who did not receive a supplement payment in the sixth month after they initiated the supplement, stopped working altogether. They may have continued to work part time, in which case they would not have reported their employment to SSP, since SSP requires full-time employment in order to qualify for the supplement. Also, supplement initiators can collect supplement payments for up to three years from the time they initiate the supplement. During those three years, they can always return to supplement recipient status by submitting pay stubs demonstrating their return to a minimum of 30 hours per week of employment in a month.

**FIGURE 6.2**  
**SUPPLEMENT TAKE-UP PATTERNS OF 100 TYPICAL SSP PROGRAM GROUP MEMBERS IN**  
**RELATION TO EMPLOYMENT STATUS AT BASELINE**



SOURCE: SRDC calculations using data collected through December 1994 from baseline interviews and SSP's Program Management Information System for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

NOTE: The 100 typical individuals represent the experiences of the first-year program group.

new jobs (not shown in the figure). Of the 12 baseline workers who qualified for the supplement, 10 were still employed in the sixth month.

Does supplement take-up by one-third of the program group represent a high or low rate? That depends on whether it represents a higher or lower level of full-time employment than program group members would have achieved without the SSP program. As discussed in Chapter 1, the purpose of the study's control group is to serve as just such a benchmark, indicating what would have happened in the absence of the earnings supplement program. The data are not yet available for this comparison, but there are some indirect indicators that the program group may be doing better with regard to full-time employment and earnings than they would have without the SSP program. As described in Chapter 4, the background characteristics and circumstances of the program group point to a number of factors that might normally militate against their labour market success, especially in obtaining and keeping full-time employment. For example, 28 percent of the report sample cited activity-limiting conditions; more than half had not completed high school; 72 percent had been out of the labour market for at least nine months; and about half had received Income Assistance continuously for at least three years. Sample members also had to care for one or more children, and had to evaluate, establish, and maintain child care arrangements if they were to work full time. Issues such as securing transportation also loomed large in some cases.

Given the characteristics and circumstances of the sample, it is not surprising that most program group members who took up the earnings supplement offer would have had to alter their baseline behaviour significantly in order to do so. Figure 6.3 shows that more than two-thirds of supplement takers were not working at the time they were randomly assigned. Moreover, the majority of supplement takers who were already employed worked fewer than 30 hours per week, and had to increase their work hours or change jobs to qualify for the supplement. In fact, close to half of all supplement takers who were working at baseline qualified for the supplement using a new job (that is, one they started after they were randomly assigned to the program group and became eligible for the SSP program). Thus, about four-fifths of all supplement takers began their supplement-qualifying full-time jobs after becoming eligible for SSP.

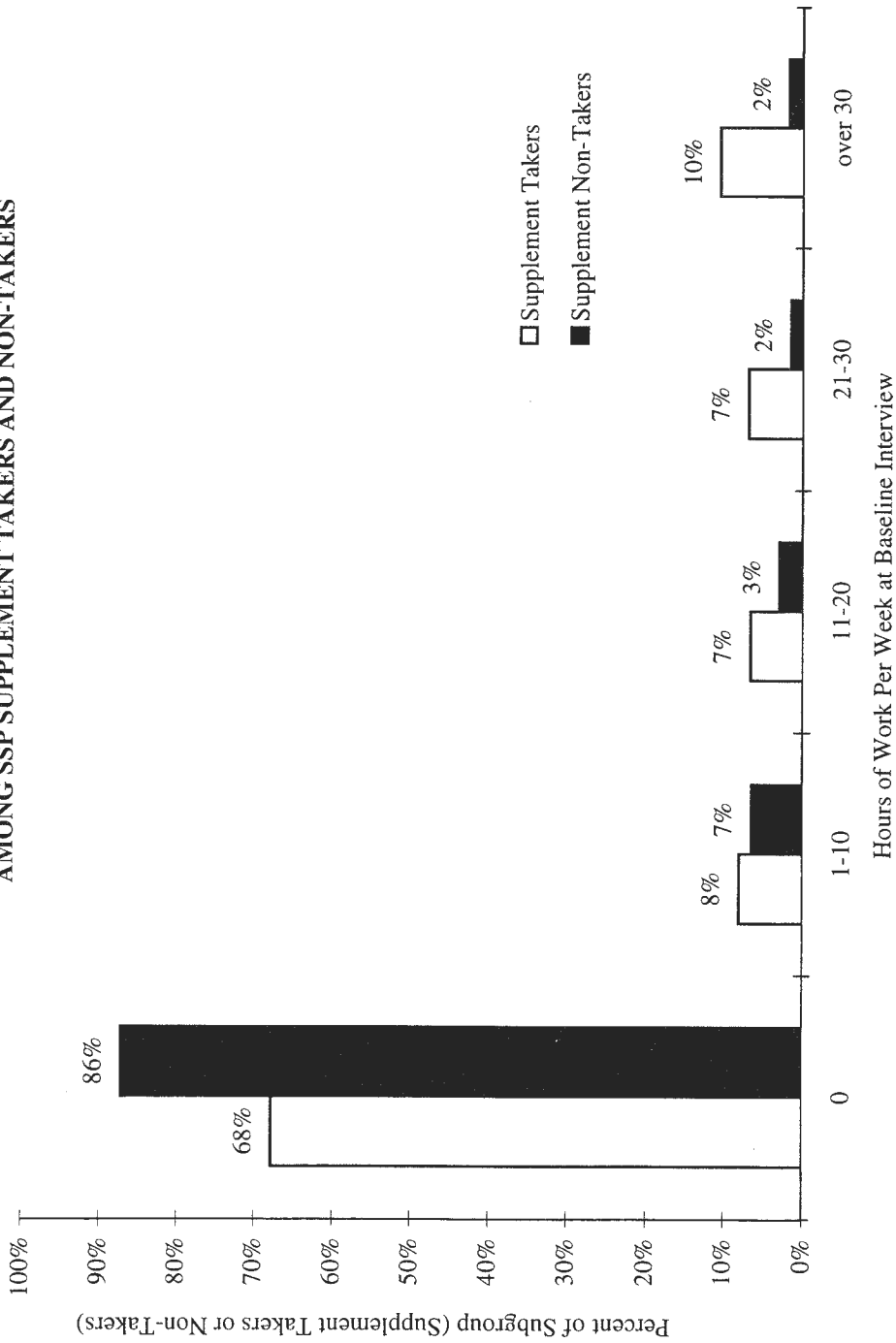
It should also be noted that the take-up rate understates the total work effort of the program group, perhaps significantly. Figure 6.3 shows the distribution of baseline work hours for program group members who declined the supplement offer, indicating that many who declined (14 percent) were working at baseline. Table 6.1 shows that close to half of all baseline workers chose not to take up the supplement. SSP staff reported that a few individuals who were already working 30 hours per week, or close to it, declined the SSP offer for various reasons, including wanting to maintain the security of Income Assistance receipt or to avoid making more income than a partner. A few simply did not believe the offer was legitimate.

### **B. Who Takes Up the SSP Supplement Offer?**

This section presents two complementary perspectives on SSP supplement take-up. The first, presented in Table 6.1, is *prospective*: It shows supplement take-up rates for subgroups defined by sample members' baseline characteristics. The second perspective, presented in Table 6.2, is *retrospective*: It compares supplement takers and non-takers in terms of their baseline characteristics. The two perspectives produce a similar picture: Take-up has been broad-based, although there have

FIGURE 6.3

WEEKLY HOURS OF EMPLOYMENT IN JOBS HELD AT THE TIME OF THE BASELINE INTERVIEW  
AMONG SSP SUPPLEMENT TAKERS AND NON-TAKERS



SOURCE: SRDC calculations using data collected through December 1994 from baseline interviews and SSP's Program Management Information System for the first-year program group sample: the 1,066 program group members who entered the research sample through October 1993.

**TABLE 6.1**  
**PERCENTAGE OF SSP PROGRAM GROUP MEMBERS WHO EVER RECEIVED**  
**AN SSP EARNINGS SUPPLEMENT, BY SUBGROUP AND PROVINCE**

Characteristic at Baseline	British Columbia	New Brunswick	Full Sample
<b><u>Demographic characteristic</u></b>			
Age			
Less than 35	36.9	35.0	36.2 ]**
35 or older	30.9	27.1	29.6 ]
Activity-limiting physical or emotional condition			
Yes	25.4 ]***	20.5 ]***	23.9 ]***
No	38.4 ]	36.0 ]	37.6 ]
Number of dependent children			
One	34.6	31.3	33.5
Two	34.7	35.5	34.9
Three or more	34.4	26.1	32.2
Age of youngest child			
Less than 3	36.2	27.7	33.6
3-5	28.6	38.7	31.6
6 or older	36.7	31.9	34.9
Residence			
Urban	33.5 ]**	32.4	33.2
Rural	50.0 ]	30.8	38.7
<b><u>Education characteristic</u></b>			
Highest grade completed			
Less than grade 10	22.0 ]***	17.9 ]***	20.0 ]***
Grade 10 or 11	32.7 ]	29.3 ]	31.9 ]
High school or above	41.0 ]	44.8 ]	42.2 ]
Completed vocational or trade school or community college			
Yes	42.2 ]**	53.8 ]***	44.6 ]***
No	32.6 ]	29.4 ]	31.5 ]
Currently enrolled in education or training			
Yes	49.6 ]***	29.3	44.2 ]***
No	31.7 ]	32.5	32.0 ]
<b><u>Other characteristic</u></b>			
Income Assistance receipt in prior three years			
No breaks greater than 2 months	32.0	28.0 ]**	30.4 ]**
3-month break or more	37.1	39.4 ]	37.7 ]
Employment status			
Employed	53.5 ]***	60.3 ]***	56.0 ]***
Unemployed	30.4 ]	24.1 ]	28.4 ]
All program group members	34.6	32.1	33.8

SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

NOTE: A two-tailed t-test was applied to differences between subgroups. Bracketed subgroups indicate statistically significant differences in supplement take-up rates. Statistical significance levels are indicated as \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.



TABLE 6.2

## BASELINE CHARACTERISTICS OF SSP SUPPLEMENT TAKERS AND NON-TAKERS

Characteristic at Baseline	Supplement Status	
	Takers	Non-Takers
<b><u>Demographic characteristic</u></b>		
Average age (years)	31	33 ***
Average number of children	1.7	1.7
Average number of children under age 6	0.7	0.7
Average age of youngest child (years)	6.5	6.5
Female (%)	96	95
Reported an activity-limiting physical condition (%)	15	27 ***
Reported an activity-limiting emotional condition (%)	3	9 ***
Asian ancestry (%)	1	5 **
First Nations ancestry (%)	8	12 *
Other non-European ancestry (Latin, Black, etc.) (%)	8	6
Immigrated in the last 5 years (%)	2	3
Neither English nor French speaking (%)	1	3 *
Housing payment is government-subsidized (%)	22	23
<b><u>Employment characteristic</u></b>		
Ever employed (%)	99	94 ***
Average employment experience (years)	8.5	6.9 ***
Average total earnings during the prior 9 months (\$)	2,582	617 ***
Ever employed during the prior 9 months (%)	52	26 ***
Average work hours per week during the prior month	10.6	2.3 ***
Looked for work in prior 4 weeks and currently unemployed (%)	43	22 ***
Reports the following barriers to employment: (%)		
Illness or disability	6	15 ***
Lack of adequate child care	3	10 ***
Personal or family responsibility	11	29 ***
Going to school	10	8
No transportation available	2	4
Too much competition	0	2
Not enough education	3	5
Not enough experience/lack of skills	2	5 *
<b><u>Education and training characteristic</u></b>		
Attended job search or life skills workshop or counselling in prior year (%)	41	41
Average highest grade completed	11	10 ***
Graduated from high school (%)	56	42 ***
Attended university (%)	10	8
Attended vocational or trade school or community college (%)	57	48 **
Completed vocational or trade school or community college (%)	26	18 *
Currently enrolled in education or training (%)	19	13 *
Sample size	360	706

SOURCES: Characteristics data are from the baseline interview, and supplement recipient status is from SSP's Program Management Information System. Data were collected through December 1994 for the first-year program group: the 1,066 program group members who entered the research sample through October 1993.

NOTE: A two-tailed t-test was applied to differences between supplement takers and non-takers. Statistical significance levels are indicated as \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

been some notable variations. And, while many characteristics of program group members correlate in expected ways with supplement take-up rates, supplement takers do not fit a unique or unambiguous profile. Some individuals, particularly those who were most job-ready, were clearly more likely to take up the supplement than others. Nevertheless, many individuals overcame significant barriers in order to participate in the program, and each subgroup analyzed has made a substantial contribution to the aggregate take-up rate in the SSP supplement program.

Two subgroups listed in Table 6.1 — defined by number of children and by age of youngest child — do not reveal significant take-up differences. Regardless of the number of children they had at the point of random assignment, program group members were more or less equally likely to have initiated the supplement. This is somewhat surprising, because individuals with more children receive higher Income Assistance grants, reducing the net gain from working and collecting the supplement. Indeed, Income Assistance recipients with three or more children increase their income very little, if at all, by taking up the supplement.

Similarly, the participation rates did not vary much according to the age of program group members' youngest child. The 34 percent take-up rate for individuals whose youngest child was under the age of three was very close to the rates for those with older children — 32 and 35 percent for parents whose youngest child was ages 3 to 5, and 6 or older, respectively. It was thought that the presence of young children would inhibit supplement take-up because more parents would opt to stay home to care for them. This has not been the case, which also suggests that the availability of child care has not been a major barrier to participation in the program.

Another surprise has been the strong participation rate for rural residents. Almost 39 percent of rural residents took up the supplement offer, compared to 33 percent of urban residents. This gap narrowed as some supplement takers lost their jobs during the first six months so that, in the sixth month, supplement receipt was virtually identical among rural and urban residents (26 percent versus 25 percent, not shown in table). Nevertheless, the strong take-up rate among rural residents suggests that the supplement program may be as effective for them as for urban residents. One contributing factor may be the greater individual attention rural residents received from program staff, a function of their relative inaccessibility and the consequent necessity to provide a greater number of individual (as opposed to group) orientations and workshops. Another possibility is that the supplement program is stimulating migration of rural residents to urban areas in order to take advantage of the supplement offer. Follow-up survey data will help determine whether this is true.

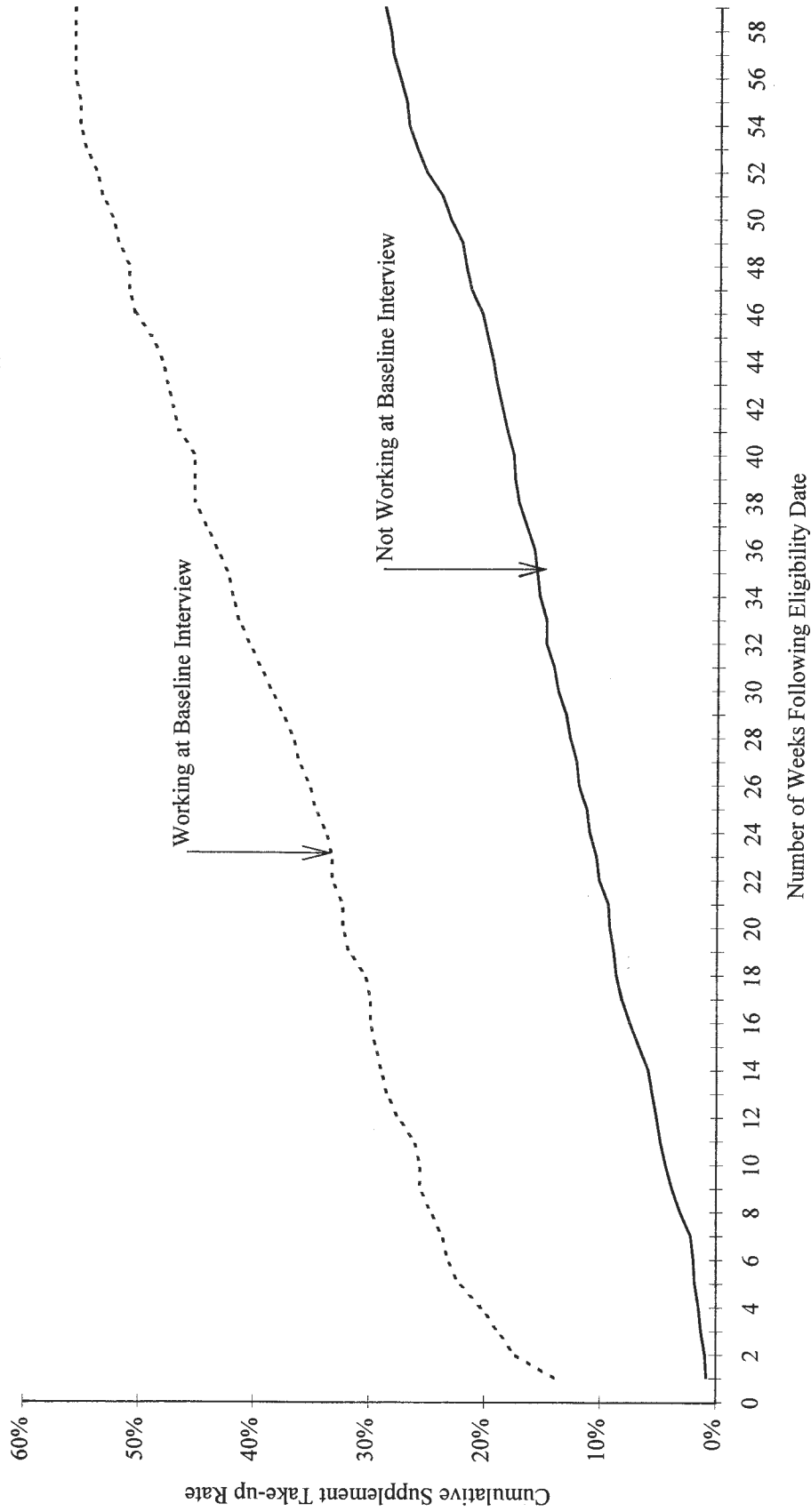
The other subgroup take-up rates shown in Table 6.1 reveal expected, and statistically significant, differences across subgroups:<sup>6</sup>

- **Employment status.** Program group members who were working at baseline were twice as likely to take up the supplement (56 percent) as those who were not (28 percent). Figure 6.4 shows that baseline workers also initiated the supplement more quickly: About half of the supplement take-up among

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<sup>6</sup> For the purposes of this report, effects that are expected to occur by chance less than one time in 10 are considered statistically significant. Tables indicate the following significance (p) levels: \* = .1, \*\* = .05, \*\*\* = .01.

**FIGURE 6.4**  
**SSP SUPPLEMENT TAKE-UP RATE,**  
**BY EMPLOYMENT STATUS AT THE TIME OF THE BASELINE INTERVIEW**



SOURCE: SRDC calculations using data collected through December 1994 from baseline interviews and SSP's Program Management Information System for the first-year program group; the 1,066 program group members who entered the research sample through October 1993.

baseline workers occurred by the sixteenth week of supplement eligibility, at which point about 30 percent of baseline workers had initiated the supplement. In contrast, less than 10 percent of baseline nonworkers had taken up the supplement by their sixteenth week of eligibility.

- **Prior education.** Supplement take-up is directly related to level of education, with those who had at least a high school diploma being more than twice as likely to have taken up the supplement (42 percent) as those with less than a tenth-grade education (20 percent).
- **Welfare history.** The likelihood of initiating the supplement was related to whether or not an individual had received Income Assistance continuously in the three years prior to becoming eligible for the supplement program. About 38 percent of Income Assistance recipients with breaks of at least three months in their welfare receipt in the three years prior to random assignment took up the supplement. But 30 percent of Income Assistance recipients who exhibited more continuous dependence on Income Assistance also qualified for the supplement, suggesting that the earnings supplement program may promote self-sufficiency for many with stronger histories of welfare dependency.

Take-up rates among older individuals (those over age 35) and people with physical or emotional problems were quite high. For example, almost a quarter of individuals with activity-limiting problems initiated the supplement.

Finally, supplement take-up was not inhibited by concurrent enrollment in an education or training program. As Table 6.1 shows, the take-up rate among those enrolled in an education or training program at baseline was 44 percent. Until follow-up survey data can be analyzed, it will not be known whether these individuals completed their education and training programs or dropped out in favour of participating in SSP.

## **II. Characteristics of Supplement Takers Versus Non-Takers**

### **A. Employment History and Demographic Characteristics**

As Table 6.2 indicates, employment history is strongly related to the likelihood of supplement take-up. On average, supplement takers had 1.6 more years of work experience than non-takers, earned more than four times as much in the nine months prior to SSP eligibility, and were twice as likely to have had some type of employment in the nine months before random assignment. Nevertheless, many SSP participants with potential barriers to employment found full-time work and took advantage of the supplement offer. Fifteen percent of supplement takers reported an activity-limiting physical condition, and 3 percent reported an activity-limiting emotional or psychological condition. Only 56 percent of supplement takers had a high school diploma.

In many respects, supplement takers and non-takers resembled one another. Similar proportions

of the two groups were living in subsidized housing and were recent immigrants. Supplement takers and non-takers were also similar in their ages and numbers of children. Nevertheless, supplement takers and non-takers differed with regard to some self-identified employment barriers: For example, sample members who had chosen to stay home and raise their children, and those who felt they lacked enough child care to go to work, were significantly less likely to take advantage of the supplement. Finally, two visible minorities — individuals with First Nations or Asian ancestry — are participating in the supplement program at somewhat lower levels than their proportion in the sample.

## **B. Attitudes**

There are significant differences between supplement takers and non-takers in their attitudes toward work, Income Assistance, their families, and their future, as measured by program group members' agreement or disagreement with a set of attitudinal statements presented in the baseline interview.

Table 6.3 presents the attitudinal statements that significantly distinguish supplement takers from non-takers. The most significant relate to employment: 89 percent of supplement takers thought they would be working within a year, compared to 66 percent of supplement non-takers. Similarly, supplement takers were significantly more likely than non-takers to disagree with the statement that begins "right now I'd prefer not to work," and less likely to agree that their family was "having so many problems that I cannot work." Finally, fewer supplement takers than non-takers thought that "being on welfare provides for my family better than I could by working."

Supplement takers also appeared to have a stronger sense of control over their lives and a stronger feeling of being stigmatized by welfare:

- Significantly fewer supplement takers than non-takers agreed with the statements, "I have little control over the things that happen to me" and "Sometimes I feel that I'm being pushed around in life."
- Two-thirds of the supplement takers agreed with the statement, "I am ashamed to admit to people that I am on welfare," compared to 57 percent of supplement non-takers. Also, more supplement takers agreed that "it's wrong to stay on welfare if you can get a job, even a job you don't like."

Many of these attitudinal differences, though statistically significant, are not of great magnitude. Nevertheless, they may be suggestive of systematic and perhaps unobservable differences in commitment or "resolve" that predispose some individuals to grasp the opportunity represented by the supplement, where others forgo it.

## **C. The Supplement Take-up Decision**

Why did two-thirds of those eligible for the supplement (that is, the members of the program group) not take advantage of the opportunity? How and why did supplement takers decide to "seize the day," while others decided their day would come later? And how many supplement non-takers actually *chose* not to take advantage of the supplement, as opposed to having that choice imposed upon

TABLE 6.3

STATISTICALLY SIGNIFICANT DIFFERENCES IN ATTITUDES BETWEEN SSP  
SUPPLEMENT TAKERS AND NON-TAKERS

Statement Read to Sample Member at Baseline Interview	Percent Agreeing or Strongly Agreeing	
	Supplement Takers	Supplement Non-Takers
Right now, being on welfare provides for my family better than I could by working.	48	57 ***
Right now, I'd prefer not to work so I can take care of my family full time.	27	46 ***
I have little control over the things that happen to me.	22	32 ***
If I got a job, I could find someone I trust to take care of my children.	86	78 ***
My family is having so many problems that I cannot work at a part-time or full-time job right now.	8	23 ***
I am ashamed to admit to people that I am on welfare.	66	57 ***
It's unfair to make people on welfare get a job if they don't want to.	14	20 **
Sometimes I feel that I'm being pushed around in life.	36	42 *
It's wrong to stay on welfare if you can get a job, even a job you don't like.	69	63 **
I often have time on my hands.	42	47 *
A year from now, I expect to be working.	89	66 ***
I do not want a job because I would miss my children too much.	9	16 ***
There is little that I can do to change many of the important things in my life.	26	31 *
You really can't blame people who work on the side and don't tell the welfare department.	38	44 *
Sample size	360	706

SOURCES: Data on attitudes are from the baseline interview, and supplement recipient status is from SSP's Program Management Information System. Data were collected through December 1994 for the first-year program group; the 1,066 program group members who entered the research sample through October 1993.

NOTE: A two-tailed t-test was applied to differences between supplement takers and non-takers. Statistical significance levels are indicated as \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

them by their inability to find a job, their lack of the right skills, or insuperable barriers to employment? While precise answers to these questions must await the analysis of follow-up survey data, an assessment of focus group discussions, as well as SSP case notes, sheds light on the experiences and concerns of program group members, the process by which they decided what to do about their new-found opportunity, and the reasons why many decided not to take advantage of the supplement offer.<sup>7</sup> These data suggest that the following were the most important factors in the take-up decision.

**1. Assessing the value of the supplement offer.** The first decision program group members had to make was whether the supplement offer was worth taking up. For each program group member, this was a matter of weighing the benefits against the costs of program participation.

**Financial value.** Naturally, the major perceived benefit of the SSP program was the supplement itself. The dollar value of the supplement was quickly grasped by most program group members. Both SSP staff and researchers observed in orientations that most program group members understood that the supplement could double their pre-tax income if they went to work, and that it would provide them with substantially more post-tax income than they received on Income Assistance. In fact, the offer at first seemed too good to be true to a number of program group members. One focus group participant recalled that "I just didn't understand that somebody was going to give me money if I went out and got work." But the persistence and professionalism of the SSP staff, as well as the legitimacy conferred by a visit to an SSP office, overcame lingering doubts that the supplement offer was real.

While a single parent with one or two children will almost certainly be better off financially on SSP, those with many children or children with special needs had to work out calculations carefully to understand the net financial difference the program would make. Since the SSP earnings supplement rate is fixed, whereas Income Assistance benefits vary with the number of children and the existence of special needs, it was possible for some families to be slightly worse off financially on the supplement. And parents with very young children or children with special needs could also face prohibitive daycare costs were they to go to work outside the home.

For those who left Income Assistance for SSP, the value of the supplement was often reassessed. On the one hand, there were the life changes wrought by their increase in income. Focus group participants who had taken up the supplement made comments like these:

For the first time I can remember I'm not broke all the time. . . . I've bought clothes for myself instead of only for my son, as usual. I feel very lucky to have this opportunity.

Now we're able to buy a lot of things that we needed but weren't able to afford. It's a relief not to be unsure of your financial situation.

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<sup>7</sup>For an extended presentation of the findings from the focus group discussions, see Bancroft and Vernon, 1995.

I have my bills paid, a little cash in the bank, and food in the fridge. It's taken a lot of stress off me.

On the other hand, many participants viewed full-time employment as adding to their stresses, in view of their family responsibilities, and many were troubled by the supplement's three-year limit. New Brunswick participants also described their concern about losing the medical coverage provided by Income Assistance — coverage that paid for eyeglasses, medications, and other medical necessities, and that was rarely provided by employers of low-wage workers.

**Other considerations.** Program group members contemplating the supplement offer also had to weigh the value of other, less tangible aspects of program participation. Chief among these is the one implied in the name *Self-Sufficiency* Project. Focus group members repeatedly cited the significance of this opportunity to achieve economic independence. For one focus group member, working in the program would mean "feeling good about yourself, because you're not waiting for a hand-out. You could actually wake up in the morning and really pull your own weight. You don't have to listen to anybody say 'You welfare bum.'" For many focus group members, their first association to the term "SSP" was sometimes related to themes of independence, self-reliance, and inner-directedness. For example:

Doing something with your life, having goals and trying to achieve them.

You're doing this for you. You're not doing this to please your neighbours or your friends or anything.

The freedom of coming and going and doing the things I love without worrying about it; giving to my children without worrying about it; being able to say yes once in awhile instead of no all the time.

Some supplement takers have also talked about the benefits to their families:

I feel like I'm being a good example for my daughter. My daughter sees me go off to work and knows that is how I earn my money. Hopefully, by my example she will never have to go on the system.

My kids are happier because of the change in me. I have much more patience with them. And when I'm with them I'm really focused on them. . . . My self-esteem is better and I smile a lot more.

Of course, going to work full time also has its costs. Welfare provides a steady and secure, though perhaps meagre, income. After the loss of parenting time, the loss of the security provided by Income Assistance was the most widely mentioned and discussed "minus" about the program. Other concerns included transportation logistics, special problems posed by disabilities or illness in the family, the loss of competing opportunities such as education and training, and whether the rules of SSP were worth the trouble. For example, it may be possible to find a full-time job, especially with a year to do so, but is working at least 30 hours per week going to create a difficult balancing act between work and home responsibilities? Is three years long enough to make any progress in the



workplace, or will it be too much of a let-down at the end to even bother trying? And what happens if participants quit or get fired: Can they really get back on Income Assistance?

**2. Braving the labour market.** Among supplement non-takers, there was widespread discouragement about finding a job. Although a majority of non-takers initially expressed interest in the supplement offer, case note reviews suggest that only about one-third of supplement non-takers ever looked for work during their supplement eligibility year. The decision to look for work was fraught with both emotional and practical concerns for program group members, and their decisions even to embark on a job search were often shaped by low self-esteem fuelled by a lack of education or job experience, failed relationships, difficulties with children, hopelessness about the availability of jobs, or long-standing uncertainty about their personal worth. Fears of rejection, failure, and change also figured in the decision to look for work. One program group member, who overcame her fears and found supplement-qualifying employment, exemplified the dilemma: "I worked before the twins were born, and now they're 13 years old, and this is the first job I've had since then. So I was scared."

Many program group members commented that they were not sure where to begin looking for work, particularly in an economy where they may see many friends and family members unemployed.<sup>8</sup> And assuming that a program group member wants to find a job, how does she apply for one? How does she prepare a résumé and have it printed? What should she wear to a job interview, and what should she say? Does she have skills she can successfully market right now, or should she instead try to upgrade them before looking for a job? What kinds of hours will she have to work, and how will she get to work, particularly if she has to put the children in daycare *en route*? Two supplement takers described their feelings of desperation about their job search: "I looked and looked and I'm underqualified for most jobs out there that pay over \$7 per hour. It's all I could get." And "I was ready to take anything. I had a matter of days. I was lucky because I had taken a long time to find a job. The [supplement eligibility] window was running out." Another very determined taker overcame daunting obstacles to ensure her obtaining full-time employment:

The scarcity of jobs in [my area] is unbelievable. And without transportation it makes it even worse. So when this project came up, I had to talk somebody at a car lot into giving me a car on credit, which they did, luckily, and then I had to actually almost force someone to give me a contract to work. They weren't really interested in hiring someone.

**3. The child care decision.** A number of supplement non-takers decided that it was best for them and their families if they were full-time parents rather than full-time workers outside the home. As both case notes and focus groups revealed, some felt that their children's current parenting needs merited full-time attention. As focus group members put it:

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<sup>8</sup>This and other program group member concerns described in this paragraph are in some measure addressed by the services available in the SSP Plus program, also being studied in the SSP evaluation. In addition to the earnings supplement, SSP Plus provides job clubs, job search planning, résumé-writing assistance, and case management services for about 300 individuals in the SSP study, in an effort to discover whether the provision of on-site, employment-related services can enhance the effectiveness of the earnings supplement program.

I had a mother that didn't love me enough. I wasn't brought up with self-esteem, and my priority is to raise my son until he's 18.

I want [my son] to know that I am there whenever he needs me, day or night.

I got teenage kids, they get in so much trouble these days that you don't want to just leave them to come home on their own.

For some others, the decision to trust someone else to temporarily care for their children was a major concern. This seemed especially true of supplement non-takers. Parents who wanted to take up the supplement needed to solve the logistics involved in maintaining a child care arrangement. While coping with feelings of guilt or worry, parents had to act practically and select a caregiver who was trustworthy, accessible, and affordable. And child care was not just an issue for those with young children. Parents of teenagers were often concerned about a lapse in care or supervision presented by working full time.

The importance of finding trustworthy child care was voiced by several participants in the focus groups:

You're trusting them with your life, your children's lives. It's not an easy thing to do.

Find out who the person is, if you can trust them. . . . If all they do is sit around the house all day, no way. . . . I want someone to be able to care for and nurture him while I'm not there.

Another young mother described her upset when she found that her caregiver had been neglecting her young daughter. She was especially shocked because the caregiver was a close friend of hers. Although she went on to find another caregiver and continued to work full time, she described her difficult decision-making process: "I didn't know how I could trust someone again. . . . If you can't trust your friend, how can you trust a stranger?"

**4. SSP, life plans, and "bad timing."** One typical remark of would-be supplement takers, echoed repeatedly in focus groups and case notes, concerned the timing of the SSP offer. Supplement non-takers often explained their passing up the opportunity in terms of "bad timing":

Most of us have not worked for many years, so to run out and get a job . . . it definitely takes time.

I was really hopeful when I first heard about it, but because of the circumstances in my life, I wasn't able to take it within the amount of time. I wish there had been more time because now that my older one's in school, I could have.

There is some evidence that the one-year restriction on starting the supplement limited participation in, and the impact of, the program. Probably the strongest indication is the fact that the

aggregate participation rate remained steady throughout the eligibility year, and continued so during the brief grace period at the end of the year.

Of course, the supplement offer meshed quite well with some life plans. Obviously, many of those already working at baseline were in a better position to promptly increase their hours and participate in the program. And while program group members who were enrolled in education or training at baseline usually did not take up the supplement until a few months into their eligibility year, they surpassed the average take-up rate by the end of the year.

### **III. Employment**

The success of the SSP earnings supplement program in promoting long-term self-sufficiency requires not only that program group members find jobs, but also that they keep them and increase their earnings through raises or promotions, increased work hours, and/or job changes. Given the background characteristics and current circumstances of the long-term welfare recipients eligible for SSP (discussed in Chapter 4), meeting these goals would be no small achievement. And SSP sample members faced a difficult labour market. Canada's economy, which went into recession in 1990, has recovered slowly and unevenly. In 1993, the year in which most job search by the report sample occurred, the unemployment rate was 10 percent in British Columbia and 13 percent in New Brunswick. Furthermore, most jobs that became available in 1993 and 1994 required at least some postsecondary education.<sup>9</sup> Despite the difficulties posed by individual characteristics and economic conditions, many of the jobs found by supplement takers paid significantly more than the minimum wage, and within six months of being in the labour force, many supplement takers had seen their wages rise.

This section begins by describing the types of jobs held by the first cohort of supplement takers. Also discussed are the wages, hours, and job changes experienced by supplement takers in their first six months of supplement receipt. Data for this analysis have been taken from SSP's Program Management Information System (PMIS). The data extend through October 1994 and, as a result, cover different amounts of time in SSP depending on when, during their one-year eligibility window, people took up the supplement. Therefore, there are more weeks of employment and earnings data on early supplement takers than later ones.<sup>10</sup> The analysis utilizes the first 26 weeks of data following supplement take-up, which were available for almost all supplement takers, and are supplemented by information on supplement takers' employment gathered in the focus group discussions.

#### **A. Types of Jobs Used to Qualify for the Earnings Supplement**

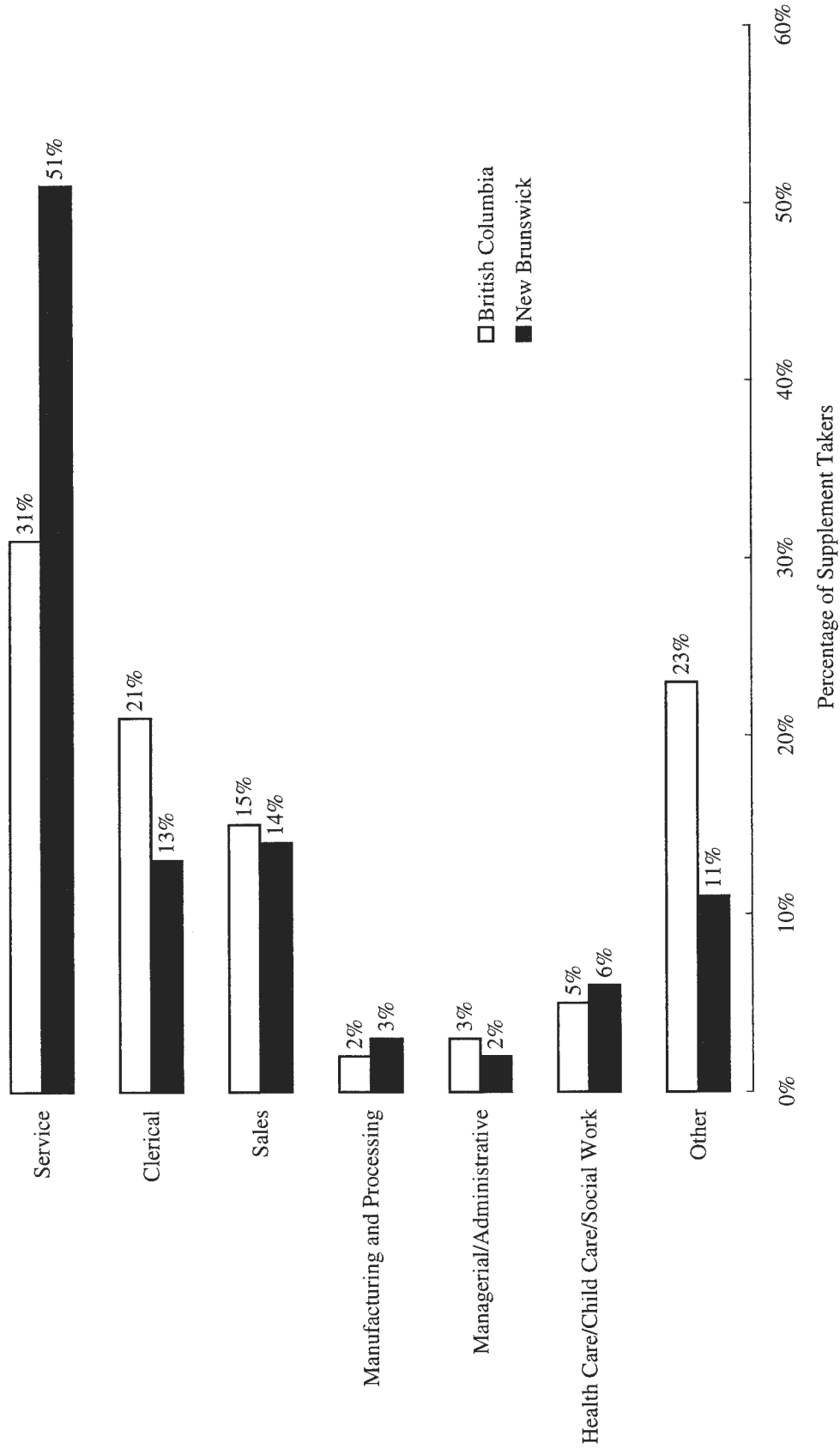
As indicated in Figure 6.5, most of the positions taken by supplement takers fell into three of

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<sup>9</sup>Statistics Canada, 1995.

<sup>10</sup>Two years of data are available for program group members who were randomly assigned in the first month of operations, November 1992, and who took up the supplement in that same month. At the other extreme, there are no employment or earnings data for program group members who were randomly assigned in October 1993 and who waited until their last month of eligibility (September 1994) to take up the supplement.

**FIGURE 6.5**  
**JOBS HELD BY SSP SUPPLEMENT TAKERS, BY SPECIFIED TYPES**  
**AND BY PROVINCE**



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the 360 members of the first-year program group who entered the research sample through October 1993 and who ever received an SSP supplement.

the major occupational categories within the service sector — services, clerical, and sales<sup>11</sup> — where women have traditionally found jobs. In both provinces, employment opportunities in the goods-producing sector of the economy have declined, but jobs in the service-producing sector have become more plentiful.<sup>12</sup> In 1993, the service sector accounted for approximately three-quarters of all employment in both British Columbia and New Brunswick. Women were especially likely to work in this sector of the economy: 90 percent of working women in British Columbia, and close to that percentage in New Brunswick did so.

1. **Service occupations.** In both provinces, the service category offered SSP participants the largest number of employment opportunities, especially in New Brunswick, where it accounted for more than half of supplement takers' employment. Supplement takers worked at service jobs at a much higher rate than do working women in the general population (13 percent of Canadian women who work hold service jobs).<sup>13</sup>

About 60 percent of New Brunswick's service workers, and 50 percent of British Columbia's, worked with food and beverages. Service workers not employed by the food industry held a variety of other jobs. Some worked in hotels as chambermaids and room attendants or for building managements as janitors and superintendents. Others found employment in private homes as housekeepers or babysitters, or in the personal care industry.

2. **Clerical occupations.** About one-fifth of supplement takers in British Columbia, and one-seventh in New Brunswick, did clerical work (compared to about one-quarter of working women nationwide). In both provinces, about one-third of these supplement takers performed general clerical duties in offices, warehouses, and shipping companies. Another third held secretarial, receptionist, bookkeeping, or office management positions. The remaining clerical workers held jobs such as front desk clerk, tour reservationist, and phone operator.

3. **Sales occupations.** Roughly 15 percent of supplement takers in both British Columbia and New Brunswick became salespeople (about double the national rate for women). Most supplement takers who found sales work described themselves as sales "clerks" or sales "associates." Many worked in retail establishments. A few sold tickets or worked as telemarketers.

4. **Other occupations.** Approximately 5 percent of supplement takers in the two provinces found jobs in health care, child care, or social work, in contrast to more than 20 percent of Canada's entire female labour force. Supplement takers in health care were usually employed as nurses' assistants, care aides, or first aid attendants. A few worked as teachers' assistants or Income Assistance workers.

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<sup>11</sup>Jobs were categorized by occupation on the basis of job title alone. After the 18-month survey is administered, additional information on type of business, kind of work, and most important duties will be available. This may result in some changes to the occupational distributions discussed in this report.

<sup>12</sup>The goods-producing sector includes agriculture and other primary industries, manufacturing, construction, and utilities. All other activities — finance, real estate, wholesale and retail trade; administrative, accounting, and clerical work; health, education, and government; food, beverage, and personal services— are in the economy's service sector.

<sup>13</sup>Statistics Canada, 1995.

Manufacturing and processing jobs appeared to be unavailable to most single parents in SSP. In British Columbia, a handful of supplement takers found manufacturing jobs. In New Brunswick, some worked in the chemical or fish-processing industry.

Managerial or assistant managerial positions were reported by a few supplement takers. These positions were most often in restaurants, fast food establishments, and retail stores.

In both provinces, between 11 and 23 percent of supplement takers held other kinds of jobs. They drove trucks, packed goods, performed casual labour, or worked in greenhouses and nurseries. British Columbia's employment picture seemed somewhat more diverse than New Brunswick's. In British Columbia, supplement takers worked at dressmaking, carpentry, woodworking, and automobile and camera repair.

### **B. Reactions to Work**

During focus group discussions, a number of supplement takers indicated they were pleased with the jobs they held. Some reported that they simply "loved working," because it got them out of the house and gave them a sense of self-worth and personal independence. As one put it, "My self-esteem is better and I smile a lot more." Another was sure that working was "a better thing to do mentally and physically." One restaurant employee said that she "wanted to work for the rest of my life."

Other focus group participants who had taken up the supplement were not as pleased with their jobs, though they were happy to be employed. A worker in a pizza parlour knew that the job was not what she had wanted, "But at least it's a job, and I'm not sitting back. . . . It made me happy because I was staying on my own." Others expressed dissatisfaction with the kinds of jobs they had found because they were not "career" jobs. A waitress, for instance, complained that her job offered "no improvement, no advancement." Another supplement taker regarded her job as a "dead end." Those who had looked for "career" jobs had sometimes ended up taking lesser jobs in order to qualify for the supplement. Said one focus group participant, "You settle for what you can get." According to another, "I looked and looked and I'm underqualified for most jobs out there. . . . [the job I took] was all I could get." A smaller group did not like their jobs at all. A focus group participant who worked in a clothing shop found the work "depressing"; another was bored by her manufacturing job — "I have to sit here and do *this*?"

Focus group participants generally liked the fact that working enabled them to meet new people, be a part of the world, and "pull my own weight." It did not matter that most of the jobs they had found were relatively routine. Most were also pleased with the new standard of living their SSP-qualifying jobs offered. The financial incentive was quite important to those who had gone from "your basic run-down apartment to hardwood floors, fireplace, [and] security lock."

### **C. Hours of Employment Among Supplement Takers**

To receive a supplement payment, supplement takers are required to work an average of 30 hours per week each month. They may work less than 30 hours for one or more weeks provided their monthly average is at least 30 work hours per week. For up to two months per year, they still receive

a supplement (though a reduced one) for a month in which they average less than 30 hours per week of work. A supplement taker who works 30 hours per week at the minimum wage receives the largest possible supplement payment. Supplement payments decline as earnings increase, at a rate of \$.50 for each dollar earned.

Given these rules, it was hypothesized that supplement takers would keep their weekly hours of employment as close to 30 as possible, thereby meeting the requirement and receiving the maximum supplement for the least amount of work. This was not the case. In both provinces, more than half of all SSP supplement takers qualified for the supplement by working 35 hours or more per week. In British Columbia, almost one-third worked 40 hours or more, and in New Brunswick, one-quarter did. Several exceeded 40 hours of work per week.

SSP's 30-hour work week requires a serious commitment to work and underscores the fact that financial independence will demand a full-time work effort once supplement payments end. However, a weekly target of 30 (rather than 35 or 40) hours was chosen in recognition of the difficulties single parents face in the labour market, balancing family and employment responsibilities, and dealing with ordinary work-interrupting events such as illness and appointments. The value of this policy has been confirmed by the somewhat irregular schedules of supplement takers, most of whom have worked fewer than 30 hours in at least one week. About four-fifths of supplement takers reported employment, but logged fewer than 30 hours, in at least one of the 26 weeks following supplement take-up (Figure 6.6). Almost 30 percent of service workers worked fewer than 30 hours in 8 or more weeks, versus 17 percent of clerical workers and 22 percent of sales workers (not shown in figure).

The data also corroborate the anecdotal evidence provided by service workers who complained, in focus groups, about unpredictable hours of employment. For example, one focus group participant noted that she "never knew from one week to the next, how many hours I'd be getting. Sometimes I'm only getting four hours a week, that's how bad they've cut it down." Another would arrive at work only to find that she wasn't needed: "[They told me to] go home. Eighteen hours they took off my pay cheque one week. That hurt." Some participants also had to reduce their own hours because of difficulties with child care or other family problems. One supplement taker accustomed to working up to 55 hours per week ("I'd work three or four shifts if I had to") was forced to reduce her work effort when the death of her mother left her without a reliable babysitter. But in general, supplement takers maintained their work effort. Figure 6.6 indicates that most worked full-time hours for most of the time they were employed, and that close to one-fifth worked 30 or more hours for the entire 26 weeks.

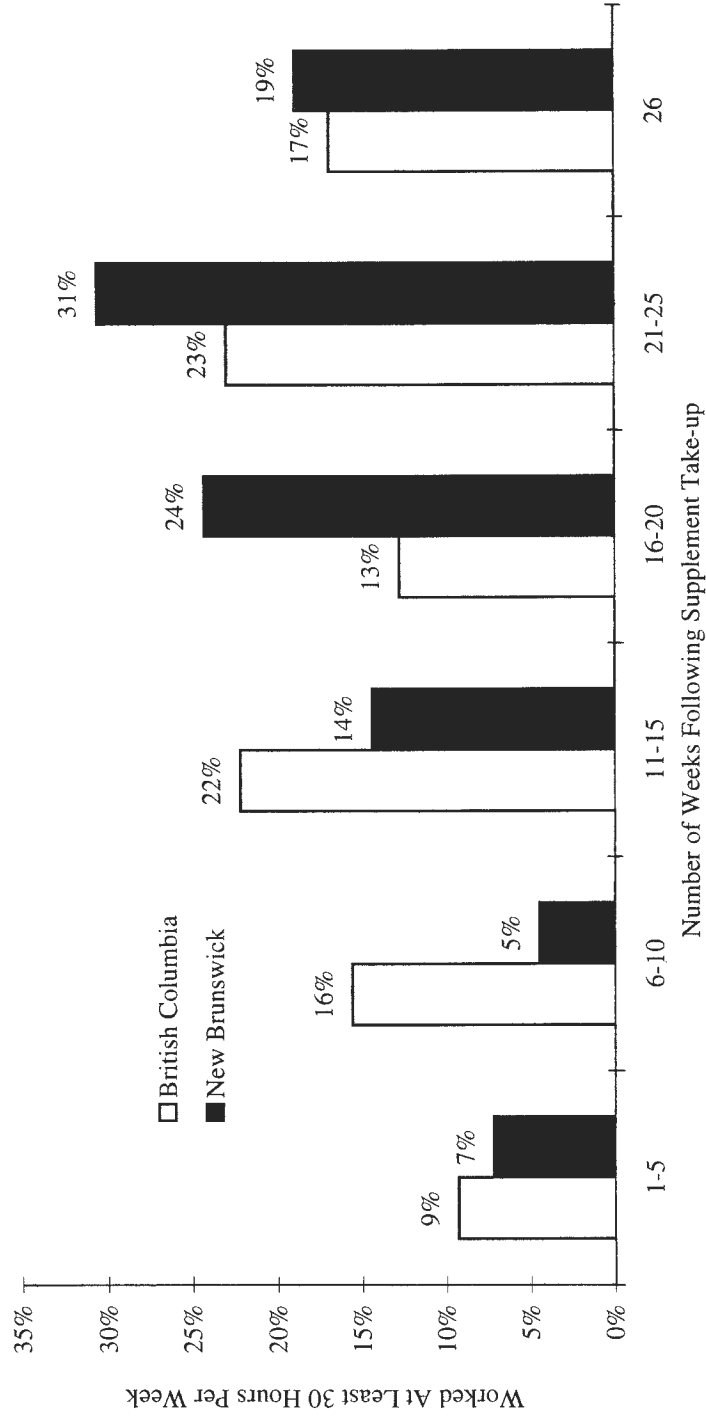
#### **D. Wages and Earnings**

Although many SSP supplement takers earned within \$1 of the provincial minimum wage,<sup>14</sup> most earned more, and a substantial number earned quite a bit more. As indicated in Figure 6.7, more than half the supplement takers in British Columbia earned at least \$1 over the minimum wage, more than one-third earned at least \$2 more, and about one in five made \$9 per hour or more. In New

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<sup>14</sup>In New Brunswick, the minimum wage has been \$5 per hour for the entire course of SSP operations. However, in British Columbia, an initial rate of \$5.50 per hour was raised to \$6 in April 1993, and to \$6.50 in March 1995. The analysis that follows is based on a minimum wage of \$6 per hour for British Columbia, because this level was in effect for most of the months under study.

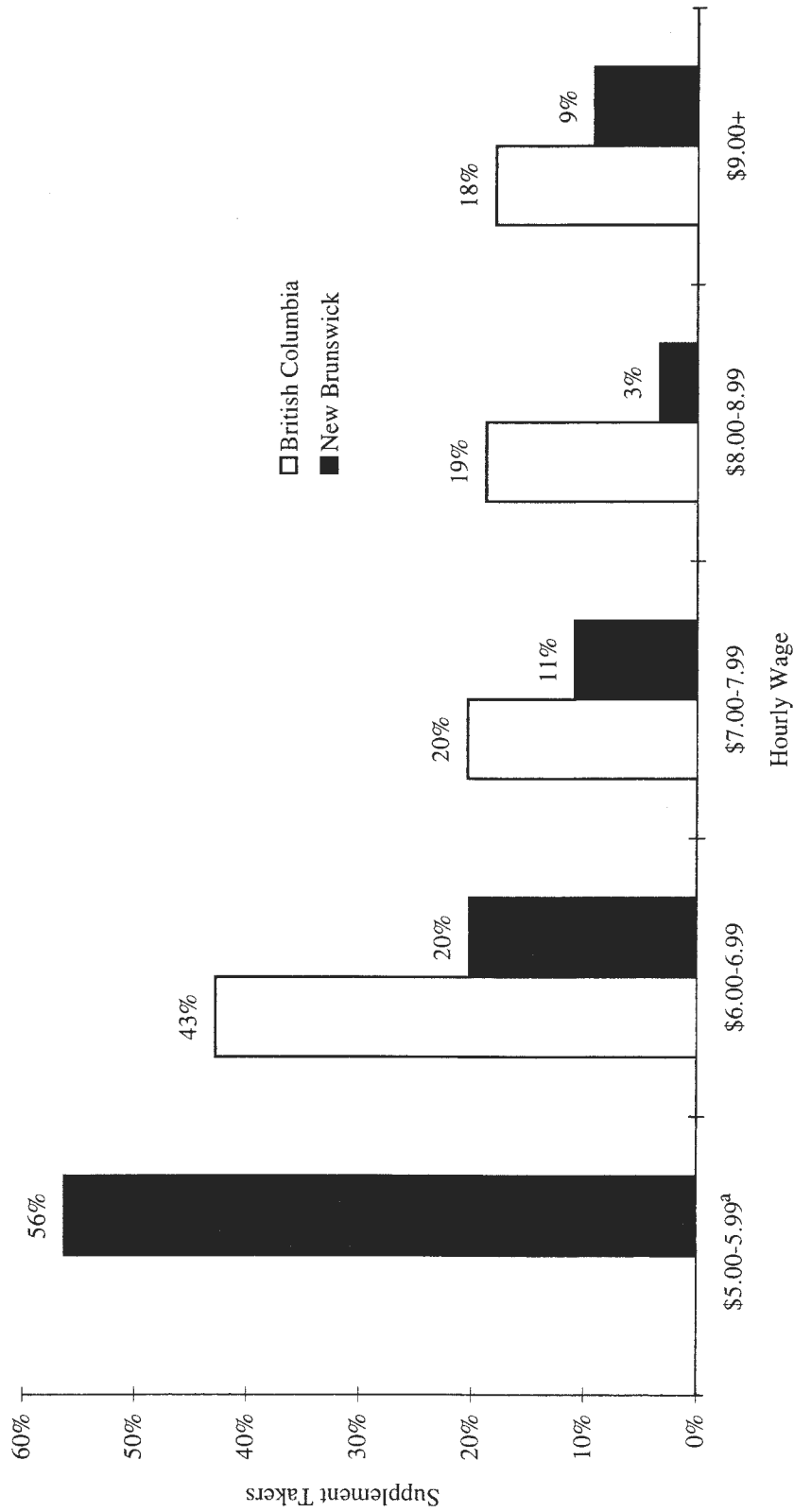
**FIGURE 6.6**  
**PERCENTAGE OF SSP SUPPLEMENT TAKERS EMPLOYED AT LEAST 30 HOURS**  
**PER WEEK FOR SPECIFIED NUMBERS OF WEEKS DURING THEIR FIRST 26 WEEKS**  
**FOLLOWING SUPPLEMENT TAKE-UP, BY PROVINCE**



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the 360 members of the first-year program group who entered the research sample through October 1993 and who ever received an SSP supplement.



**FIGURE 6.7**  
**PERCENTAGE OF SSP SUPPLEMENT TAKERS BY**  
**STARTING HOURLY WAGES, AND BY PROVINCE**



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the 360 members of the first-year program group who entered the research sample through October 1993 and who ever received an SSP Supplement.

NOTE: <sup>a</sup>In New Brunswick, the minimum wage has been \$5 per hour for the entire course of SSP operations. In British Columbia, the initial minimum wage of \$5.50 per hour was raised to \$6 in April 1993.

Brunswick, close to half earned more than \$1 over the minimum wage, and about one-quarter earned at least \$2 more.

Average wages in New Brunswick were lower than those in British Columbia: SSP initiators made an average of \$8.11 in British Columbia and \$6.26 in New Brunswick. This is consistent with the wage differences between the labour forces in the two provinces.<sup>15</sup> Starting wages also differed by occupational group:

- In British Columbia, supplement takers who found jobs as clerks, secretaries, or receptionists earned an average of \$8.10 per hour; service workers averaged \$7.50 per hour, and salespeople \$7.05. In New Brunswick, clerical workers again had the highest average hourly wage, \$7, but service workers had the lowest, \$5.65. Salespeople earned \$6.20 per hour.
- In the food industry, the wages reported by supplement takers were lower than those of other service workers. The wages of waitresses and counter persons were at, or close to, the provincial minimums. (However, they may not have reported all their tips.)
- In British Columbia, the starting wages of teachers, health care workers, and clerical workers were higher than those of other supplement takers. Teachers' assistants, nurses' assistants, care aides, and first aid attendants made an average of \$12 per hour, twice the provincial minimum; clerical jobs paid less, but substantially more than service or sales jobs. However, jobs of this kind were usually beyond the reach of those without high school diplomas: Three-quarters of supplement takers who found health care and clerical jobs had graduated from high school, compared to half of all supplement takers.
- Few supplement takers found high-paying jobs in the trades, which may partly reflect the fact that women are not traditionally trained for such jobs. One of the program's highest earners was a tradesman, one of the few men in the SSP sample.

Focus group participants regarded jobs that paid at least \$2 per hour over the minimum wage as a definite step up, and were unimpressed with the kind of living they could earn with a minimum wage job. A participant in New Brunswick described the income that could be derived from a \$5 per hour job as "pathetic." However, most supplement takers were not ashamed to take minimum wage jobs, since their earnings were supplemented. Many were eager to work, and considered SSP an opportunity to take jobs they could not afford to take before. As one focus group participant explained, "I was holding out for a higher-paying job, because I have two children and it's really tough . . . now I could look at lower-paying jobs and work my way up." Another was gratified by "the fact that you could work for a minimum wage job and still be able to live."

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<sup>15</sup>The average wage for all hourly workers was approximately \$15 in British Columbia during this period and \$12 in New Brunswick. See Statistics Canada, 1994(a).

Earnings were generally higher in British Columbia than in New Brunswick. In British Columbia, only 15 percent of supplement takers earned less than \$200 per week; in New Brunswick, more than one-third did. In British Columbia, more than one-third earned over \$300 per week; in New Brunswick, less than one-fifth did. Average weekly earnings were \$276 in British Columbia and \$216 in New Brunswick.

#### **E. Job Loss and Job Change**

As shown in Figure 6.8, 26 weeks after supplement take-up, 27 percent of supplement takers in British Columbia and 15 percent in New Brunswick were no longer working full time and collecting the supplement. Supplement takers lose jobs for a variety of reasons. Some are laid off or fired; others quit because of child care problems, health reasons, or an inability to get along on the job. Some had job-related injuries such as carpal tunnel syndrome, and some reported difficulties in adjusting to the stress of full-time employment in addition to parenting.

Child care, health, and interpersonal issues resulted in both voluntary and involuntary dismissal. Some supplement takers quit their jobs because they could not find satisfactory child care; others were fired because they took too much time off from work when their children were sick or in distress. Some experienced conflict with bosses, and walked away from their jobs; others were told to leave.

Dissatisfaction with job quality, hours, wages, and working conditions were also factors in job loss. One focus group participant objected to not being paid for the half-hour she took for lunch. Another felt that her boss discriminated against women. A third quit her job because she was asked to work weekends. Sometimes, practical financial concerns were the issue. A supplement taker with high medical bills reported that she left the program because the supplement and a \$5 per hour job did not allow her to "make ends meet." Some participants quit low-paying jobs in the hope of finding better-paying ones. Said one focus group participant, "I [quit] simply because I want to get into a job where I'm making more money. . . . I'm trying to look ahead."

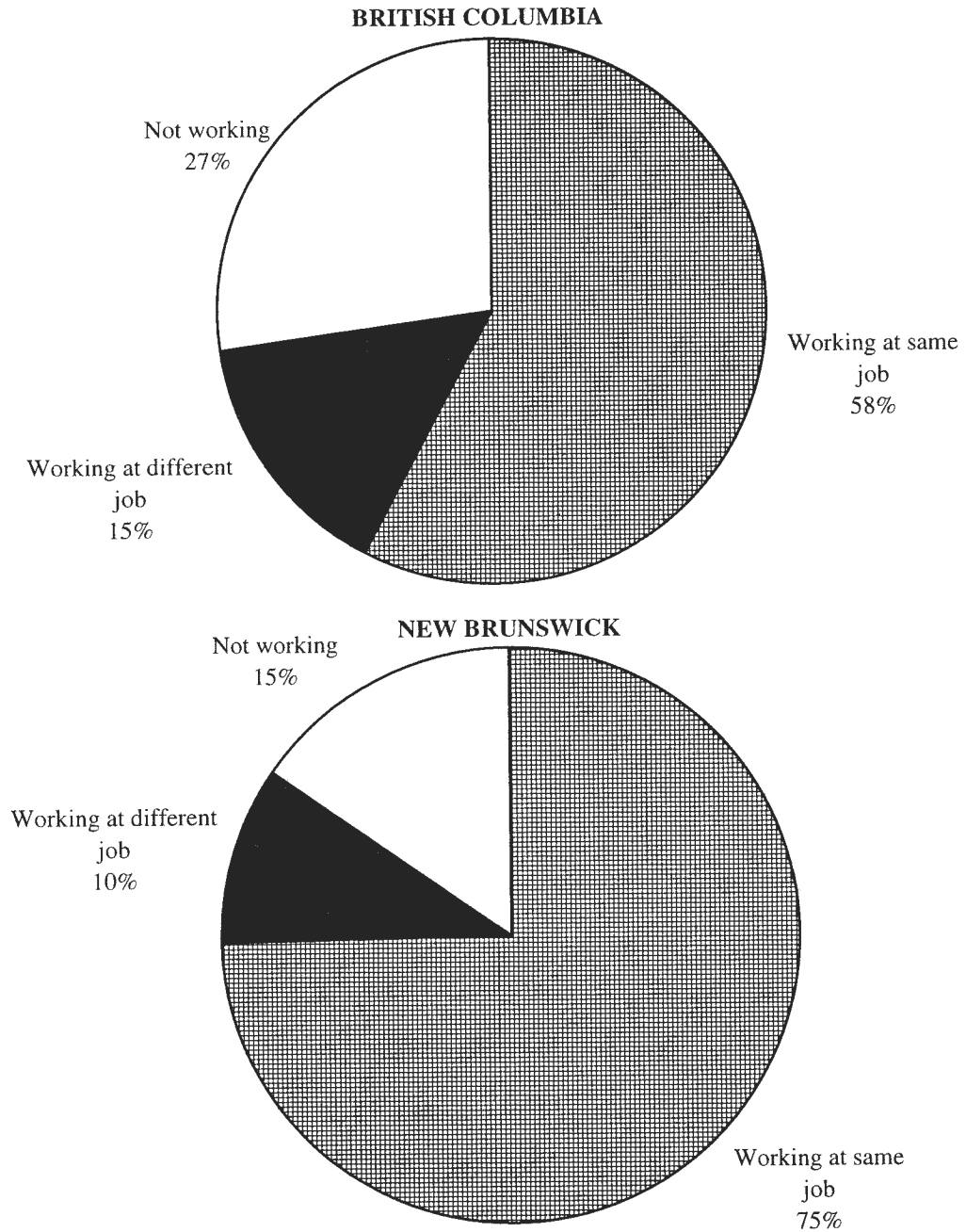
A number of supplement takers changed their initial employment. Fifteen percent of supplement takers in British Columbia and 10 percent in New Brunswick were working in different jobs 26 weeks after they first qualified for the supplement. Some moved to higher-paying positions. As one focus group participant recalled, "I took a job at a gas station that paid \$6 an hour. I took it just so I could get the supplement while I looked for a better job. I ended up only having it for two and a half weeks before finding a better job." Other supplement takers had been forced to find something new when their work hours were cut or their conditions of employment became problematic.

#### **IV. Supplement Payment Amounts**

Monthly supplement payments provided supplement takers with a significant boost to their income. The typical supplement taker in New Brunswick had starting earnings of \$944 per month and a supplement payment of \$723 per month, for a combined total of \$1,667 per month. In British Columbia, supplement takers averaged \$1,200 per month in starting earnings and \$828 per month in supplement payments, for a total of \$2,028 per month in income from earnings and the supplement.

**FIGURE 6.8**

**EMPLOYMENT STATUS OF SSP SUPPLEMENT TAKERS 26 WEEKS AFTER INITIATING THE SUPPLEMENT, BY PROVINCE**



SOURCE: SRDC calculations using data collected through December 1994 from SSP's Program Management Information System for the 360 members of the first-year program group who entered the research sample through October 1993 and who ever received an SSP supplement.

The total income of supplement takers averaged somewhat higher than these totals because some supplement takers had other sources of income, such as alimony and child support.

Supplement payments were issued promptly, in order to reinforce the link between work effort and income. On average, supplement takers received their supplement payments less than three weeks from the last employer pay period end date recorded on the pay stubs they submitted for any particular supplement payment.

Many of those who had been on the supplement for at least six months maintained an average work effort of 30 hours per week in each of their first six months, thus receiving full supplement payments. However, most of those who initiated the supplement were unable to continuously maintain the 30-hour per week average work requirement, and as a result received at least one reduced supplement payment in their first six months on the supplement: 22 percent received one reduced payment, 26 percent received two reduced payments, and 25 percent received two reduced payments and at least one additional zero payment in their first six months on the supplement.<sup>16</sup>

## **V. Program Participation After the Supplement Take-up**

In order to help participants take advantage of the supplement, the program concentrated staff contacts and outreach activities in the pre-supplement-initiation period. After the program group member begins receiving her supplement payments, there is substantially less contact with SSP staff. The services initially developed for the post-initiation period include support for payment-related issues and workshops to help participants address the changes and choices that accompany the supplement, and to help with the adjustment at the end of the three-year supplement receipt period. In addition, information and referral services continue to be available to supplement takers.

As has been the case with attendance at the first money management workshop, the attendance at Money Matters 2 — the workshop targeted at supplement takers in their early months of supplement receipt — has been extremely low in British Columbia. In addition, there are few requests for information and referrals from supplement takers in both provinces. In short, there is little contact with supplement takers besides maintaining supplement payments and dealing with payment-related problems.

### **A. Payment-Related Contacts**

To ensure that supplement cheques are issued regularly to eligible participants, program staff act as the liaison between the payment system and the participant. As mentioned in Chapter 5, the

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<sup>16</sup>It should be recalled that the supplement program contains a "two-strike" per year provision. The first two times in each 12-month period that supplement takers with continuing employment fall below an average of 30 work hours per week in a supplement payment period, they receive a reduced supplement payment equivalent to the following formula: the supplement payment they receive at their regular hours of work, multiplied by the proportion of their regular hours that they worked in the supplement payment period. The third and any subsequent time a supplement taker with continuing employment fails to meet the 30-hour per week requirement within a 12-month period, she receives no supplement payment.

payment system notifies program staff by electronic mail about supplement takers who were not paid a supplement. The provinces have adopted different approaches to following up with participants on these electronic-mail lists.

In New Brunswick, the office manager in each office reviews the weekly electronic-mail list and follows up with selected participants. Staff do not call every participant on the list, especially those who are only one week late with their vouchers. Normally, they call participants only if they are two or more weeks late. Staff expect participants to mail their vouchers promptly. However, all new supplement takers who show up on the list receive a call to ensure that they understand the supplement-claiming process and that there are no additional problems.

In British Columbia, staff contact every individual on the electronic-mail list, a job they find quite stressful. Contacting participants soon after a missed pay cheque gives participants time to mail their vouchers in for the next cheque or to contact the provincial welfare agency for crisis grants. The difference in approach between the two provinces is evidenced in the time study (discussed in Chapter 8), which shows the New Brunswick staff spending a significantly lower portion of their time on payment-related contacts.

### **B. The "Money Matters 2" Information Session**

Supplement takers are invited to a second money management workshop after one or two months of receiving the supplement in British Columbia and after six months in New Brunswick. The original curriculum for the workshop focused primarily on budgeting issues. Although this topic is of interest to participants, it quickly became apparent that many participants were more interested in discussing life skills issues such as harmonizing work and family responsibilities and goal-setting for future jobs. Staff also felt that it would be beneficial to add a short session on issues related to the supplement payments. Accordingly, both provinces enhanced the session to include more life skills topics and a short review of supplement payment procedures. This workshop includes budgeting exercises (with supplement amounts taken into account), financial planning, and work issues such as time management and paying income tax.

By the end of 1994, 77 percent of all supplement takers in New Brunswick and 17 percent in British Columbia had attended Money Matters 2. This difference in attendance rates reflects the differing emphasis each province has placed on the session, and also differences in the way participants were invited to the session. A third money management workshop will be offered for supplement takers who are within six months of completing their three-year supplement receipt period. Its purpose is to assist supplement takers in making the transition from supplemented to non-supplemented earnings and to provide information to help them through changes and decisions they may be faced with because of this adjustment.

### **C. Additional Contacts After Supplement Take-up**

In the fall of 1994, a post-supplement-initiation service was added to address operational issues observed by SSP staff and SRDC. SSP staff now follow up with new supplement takers within two months of their initiating the supplement to discuss their progress and whether they have any problems or questions about their supplement claims. The main purpose of the call is to increase the number of participants who complete their vouchers correctly by ensuring that all participants understand the process, and to prevent payment delays.

## CHAPTER 7

### SSP'S FIRST-YEAR EFFECTS ON INCOME ASSISTANCE RECEIPT AND PAYMENTS

The central goal of the Self-Sufficiency Project is to learn whether an earnings supplement program that makes work pay better than welfare will prompt Income Assistance recipients to find full-time employment and leave welfare faster and in greater numbers than they would have on their own. Thus, whereas Chapters 5 and 6 reported on outcomes for program group members only, this chapter utilizes Income Assistance records for both program and control group members in order to evaluate the effect, or *impact*, of the earnings supplement program on the rates at which program group members left welfare in the first year after becoming eligible for the program, and on the dollar amounts of Income Assistance received. The chapter provides an early answer to the question of whether SSP's earnings supplement program is having an effect above and beyond what program-eligible individuals would have done in the absence of the program. Results are presented for the "first-year impact sample" (the 1,937 program and control group members who were randomly assigned through June 1993), for the two provinces, and for selected subgroups defined on the basis of their reported demographic characteristics when they entered the study (that is, at the time of their baseline interview and random assignment). In order to indicate how large the impacts of SSP are likely to be in later months, the longer-term (15-month) effect of SSP on the Income Assistance receipt of an early cohort of first-year impact sample members is also presented.

#### I. Introduction

In order to determine the effects of the earnings supplement program, the SSP evaluation is comparing employment, welfare receipt, and other outcomes for individuals eligible for the program (the program group) with outcomes for individuals who were not eligible for the program (the control group). Because program eligibility was assigned at random, the two groups are similar in both observed and unobserved characteristics. Therefore, it can reliably be assumed that whatever happens (on average) to the control group in terms of employment, welfare receipt, or other outcomes *would* have happened to the program group in the absence of the earnings supplement program, and that any significant differences that emerge over time between the two groups are a result of the earnings supplement program.

This chapter presents an analysis of SSP's early impacts on welfare receipt only, and not on employment and earnings, since employment data are not available at this stage in the evaluation. SSP's impacts on welfare receipt are not necessarily directly related to the program's impacts on employment. This may seem counter-intuitive, since SSP's earnings supplement program requires full-time employment. Thus, it would seem that the program would increase full-time employment to the extent that it reduced welfare receipt. However, some people on Income Assistance work full time, or close to it. For the few such people who were randomly assigned to the program group, taking up the supplement offer simply meant substituting the supplement for Income Assistance and continuing to work full time. These people would count as part of the supplement program's welfare impact, since they did indeed leave welfare for SSP, whereas their counterparts in the control group would have remained on welfare while continuing to work full time; but they would not count as part of the

program's employment impact because they would not have changed their employment behaviour as a result of the program.

The present analysis is preliminary because the sample used for this chapter represents less than half of the project's full sample of long-term Income Assistance recipients, and because the data cover only the first 12 months after each sample member's random assignment (15 months for a small early sample) — a time period that will contain only part of the story of SSP's impacts. As described in previous chapters, program group members have one full year to find supplement-qualifying employment. It may then take another six to eight weeks for individuals to submit pay stubs and receive their first supplement payment, and for SSP to formally notify Income Assistance of their leaving welfare. Thus, the full effects of the supplement program may not emerge until month 13 or later after random assignment, that is, after the one-year eligibility period has expired for all sample members.

#### **A. An Overview of the Findings**

The SSP program has had sizeable and statistically significant effects on the rate at which individuals left Income Assistance in their first year after random assignment. In month 12 after random assignment, 11 percentage points (13 percent) fewer program group members than control group members received Income Assistance (10 percentage points, or 11 percent, fewer in British Columbia and 14 percentage points, or 17 percent fewer, in New Brunswick).<sup>1</sup>

SSP also had a significant impact on average Income Assistance payments. In month 12 after random assignment, the average monthly payment to program group members was \$689, compared to \$775 for control group members, for a savings of \$86 (11 percent) per program group member. The average savings was \$98 (11 percent) in British Columbia and \$75 (14 percent) in New Brunswick.

SSP's Income Assistance impacts have not been limited to a narrow segment of the sample. Rather, the program appears to have had significant effects on the first-year Income Assistance receipt of most major subgroups analyzed, including subgroups with varying employment and Income Assistance histories, education levels, family sizes, and areas of residence. For example, SSP reduced welfare receipt among high school graduates in the sample by 13 percentage points, but it also produced a 7 percentage point reduction among those with less than a tenth-grade education. Similarly, the program reduced welfare receipt among families with one child (10 percentage points), two children (14 percentage points), and three or more children (7 percentage points). Furthermore, judging from the Income Assistance receipt of early entrants into the program (for whom longer follow-up data are available), SSP's impacts on Income Assistance receipt will continue to grow for at least the early part of the second year after random assignment.

#### **B. Data and Methods Used in This Analysis**

As noted above, this chapter analyzes the monthly Income Assistance records for the 1,937 SSP sample members who were randomly assigned to either the program or the control group (970

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<sup>1</sup>Rounding may cause slight discrepancies in calculating sums and differences.



and 967 sample members, respectively) by the end of June 1993.<sup>2</sup> Income Assistance records from December 1989 through June 1994 were obtained from the Ministry of Social Services in British Columbia and Human Resources Development–New Brunswick, and were processed by Statistics Canada. Most of the following analysis is restricted to an examination of the Income Assistance impacts in the first 12 months after random assignment.

Two outcome variables for the program and control groups were compared for each time period of interest: (1) the proportion of each group receiving support or shelter payments from British Columbia's Ministry of Social Services<sup>3</sup> or basic grant payments from Human Resources Development–New Brunswick and (2) the average of the above-defined payments made by the local Income Assistance department to sample members. In addition to basic Income Assistance benefits, the monthly payments to each sample member could include related allowances (such as training or transportation allowances).<sup>4</sup>

Even though only about one-third of the program group took up the SSP supplement offer, *all* 1,937 program and control group members analyzed in this chapter were included in the calculations of each group's proportions on Income Assistance and average Income Assistance payments. Thus, Income Assistance impacts are reported "per program group member," not "per supplement taker," and include zero payments for those not receiving Income Assistance in a particular month.

## **II. Overall Impacts on Income Assistance Receipt and Benefit Payments**

As shown in Table 7.1, by the end of the first year after random assignment, the SSP earnings supplement program significantly reduced the incidence of welfare receipt among program group members and, as a result, also reduced the size of the average Income Assistance benefit paid to program group members. Although 15 percent of the control group left welfare by the twelfth month after random assignment in the absence of the supplement opportunity, 11 percentage points more program group members than control group members had left welfare by that time. This resulted in an average Income Assistance savings of \$457 per program group member in the first year after

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<sup>2</sup>Thus, the sample analyzed in this chapter is a slightly smaller subset of the 2,126 report sample members described earlier in this report. The 189 report sample members who were randomly assigned after June 1993 (all in British Columbia) were excluded in order to ensure that there were at least 12 months of Income Assistance records after random assignment for all sample members analyzed in this chapter.

<sup>3</sup>The support and shelter payments calculated for British Columbia Income Assistance recipients exclude any payments of "transitional benefits." British Columbia residents who receive at least three months of Income Assistance, and who then leave Income Assistance for employment, can apply to receive time-limited transitional benefits that cover employment-related transportation and child care costs. For the purposes of the impact analysis in this chapter, individuals who received only these types of benefits from British Columbia's Ministry of Social Services were not counted as being "on Income Assistance," nor were the costs of transitional benefits included in the calculations of total average payments for each research group.

<sup>4</sup>Values for these outcome variables were regression-adjusted using baseline characteristics as covariates, in order to correct for slight differences in baseline characteristics between the program and control groups. Regression adjustment had a negligible effect on the measured program impacts, indicating that random assignment achieved the desired effect of minimizing systematic differences between the program and control groups.

TABLE 7.1  
SSP'S FIRST-YEAR IMPACTS ON INCOME ASSISTANCE RECEIPT AND PAYMENTS

Outcome	British Columbia			New Brunswick			Both Provinces		
	Program Group	Control Group	Percent Change	Program Group	Control Group	Percent Change	Program Group	Control Group	Percent Change
<b>Ever received Income Assistance (%)</b>									
Month 1	99.5	99.8	-0.3	100.0	99.7	0.4	99.7	99.8	-0.2
Month 2	98.7	97.7	1.0	97.3	97.8	-0.5	98.2	97.7	0.5
Month 3	97.2	98.2	-1.0	94.9	96.7	-1.8	96.4	97.6	-1.3
Month 4	93.5	96.8	-3.3 ***	91.6	95.6	-4.0 **	92.9	96.3	-3.4 **
Month 5	91.8	95.3	-3.5 **	85.2	91.7	-6.5 ***	89.4	94.0	-4.6 **
Month 6	89.8	94.2	-4.4 ***	82.2	89.5	-7.4 ***	87.0	92.6	-5.6 **
Month 7	86.6	93.3	-6.7 ***	78.0	87.2	-9.2 ***	83.6	91.1	-7.5 **
Month 8	85.2	91.4	-6.2 ***	75.5	86.3	-10.8 ***	81.8	89.5	-7.7 **
Month 9	83.7	90.5	-6.8 ***	72.3	83.0	-10.7 ***	79.7	87.7	-8.0 **
Month 10	82.3	89.7	-7.4 ***	70.5	82.2	-11.7 ***	78.2	86.9	-8.7 **
Month 11	79.7	88.8	-9.1 ***	68.9	80.9	-12.0 ***	75.8	86.0	-10.1 **
Month 12	78.0	88.1	-10.1 ***	67.2	80.9	-13.7 ***	74.2	85.4	-11.2 **
<b>Average Income Assistance Payments (\$)</b>									
Month 1	1,027	1,013	1.4	653	666	-13	893	888	5
Month 2	1,021	1,005	1.6	628	651	-24	881	877	4
Month 3	1,020	1,004	1.5	619	646	-27 *	879	872	6
Month 4	993	996	-0.3	601	630	-29 *	855	861	-6
Month 5	961	983	-2.3	561	610	-50 ***	819	847	-28 *
Month 6	958	973	-1.5	546	588	-42 **	811	834	-23
Month 7	902	963	-6.3	520	578	-59 ***	766	823	-57 **
Month 8	904	958	-5.7	503	563	-61 ***	760	816	-56 **
Month 9	873	940	-7.1	487	548	-61 ***	736	798	-62 **
Month 10	850	935	-9.1	472	546	-74 ***	716	793	-77 **
Month 11	838	925	-9.4	472	537	-65 ***	707	785	-78 **
Month 12	814	913	-10.8	460	535	-75 ***	689	775	-86 **
Year 1	11,160	11,608	-448 **	6,520	7,099	-579 ***	9,511	9,968	-457 **
Sample size	618	616		352	351		970	967	

SOURCE: SRDC calculations using Income Assistance payment records from November 1992 through June 1994 for the first-year impact sample; the 1,937 program and control group members who entered the research sample through June 1993.

NOTES: Month 1 refers to the calendar month in which random assignment occurred.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

random assignment, with \$86 of that amount saved per program group member in month 12 alone. SSP's impacts on welfare receipt grew steadily throughout the first year after random assignment, and will probably continue to grow for at least the first few months of the second year.

It should be noted that, although the SSP first-year program group sample comprises single-parent Income Assistance recipients with substantial histories of welfare receipt, control group members began steadily leaving Income Assistance after the month of random assignment (month 1). These case closures illustrate the normal process of welfare dynamics, with individuals leaving Income Assistance because they become employed or increase their employment, marry or become reconciled, or for other reasons. The dynamic nature of Income Assistance receipt is also driven in part by the aging of youngest children. When the youngest child in the family turns 19, the case is reclassified at a lower benefit level, which may induce the parent to seek alternate sources of income.

The control group's behaviour indicates the rate at which Income Assistance recipients in the sample leave the rolls on their own or as a result of other provincial welfare-to-work programs. Without this information about the control group, SSP would mistakenly take credit for welfare exits that would have occurred in the program's absence. For example, the control group data presented in Table 7.1 show that, in month 12 following random assignment, 85 percent of the control group received Income Assistance, indicating that 15 percent of long-term welfare recipients who were not eligible for SSP left welfare by month 12 after random assignment. In month 12, Income Assistance payments averaged \$775 for each control group member (including those who had left Income Assistance), or \$113 less than the average payment amount in the month of random assignment. Similar changes in Income Assistance receipt would have occurred in the program group if program group members had not been eligible for the supplement. Thus, the supplement offer was a "windfall" for the approximately 15 percent of the program group who would have left Income Assistance even in the absence of the SSP program.<sup>5</sup>

The differences between the program and control groups in the months following random assignment (as shown in Table 7.1) are the estimates of SSP's impacts on Income Assistance receipt. Beginning shortly after random assignment, fewer program group members than control group members received Income Assistance in each month, with the difference between the groups achieving statistical significance<sup>6</sup> in the fourth month after random assignment and continuing to grow thereafter. In month 12 after random assignment, 74 percent of all program group members received Income Assistance, as opposed to 85 percent of control group members, for an overall program-control group difference of 11 percentage points.

Table 7.1 also presents the average Income Assistance payment amounts (including zero

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<sup>5</sup>Not all supplement takers who would have left Income Assistance even in the absence of SSP's supplement program would have left for full-time employment. Thus, SSP may have had an effect on the earnings and work effort of even those individuals who would have left Income Assistance on their own. The analysis of earnings and employment data from the 18-month survey will reveal the full extent of the supplement program's effects on employment.

<sup>6</sup>For the purposes of this report, as noted earlier, effects that are expected to occur by chance less than one time in 10 are considered statistically significant. Tables indicate the following significance (p) levels: \* = .1, \*\* = .05, \*\*\* = .01.

payments) to members of the program and control groups, for each of the first 12 months after random assignment. The same trend of an increasing difference between the two groups is evident, with the gap in the average payment achieving statistical significance in the seventh month after random assignment in British Columbia, and in the third month after random assignment in New Brunswick. By the end of the first year of the program, program group members received an average Income Assistance payment that was \$86, or 11 percent, less than the average payment to control group members. The Income Assistance savings for the entire year was \$457, or 5 percent of the average first-year control group payment of \$9,968. The Income Assistance impact of SSP clearly accelerated toward the end of the first year, with 53 percent of the program's first-year Income Assistance savings occurring in the fourth quarter of the year (not shown in table).

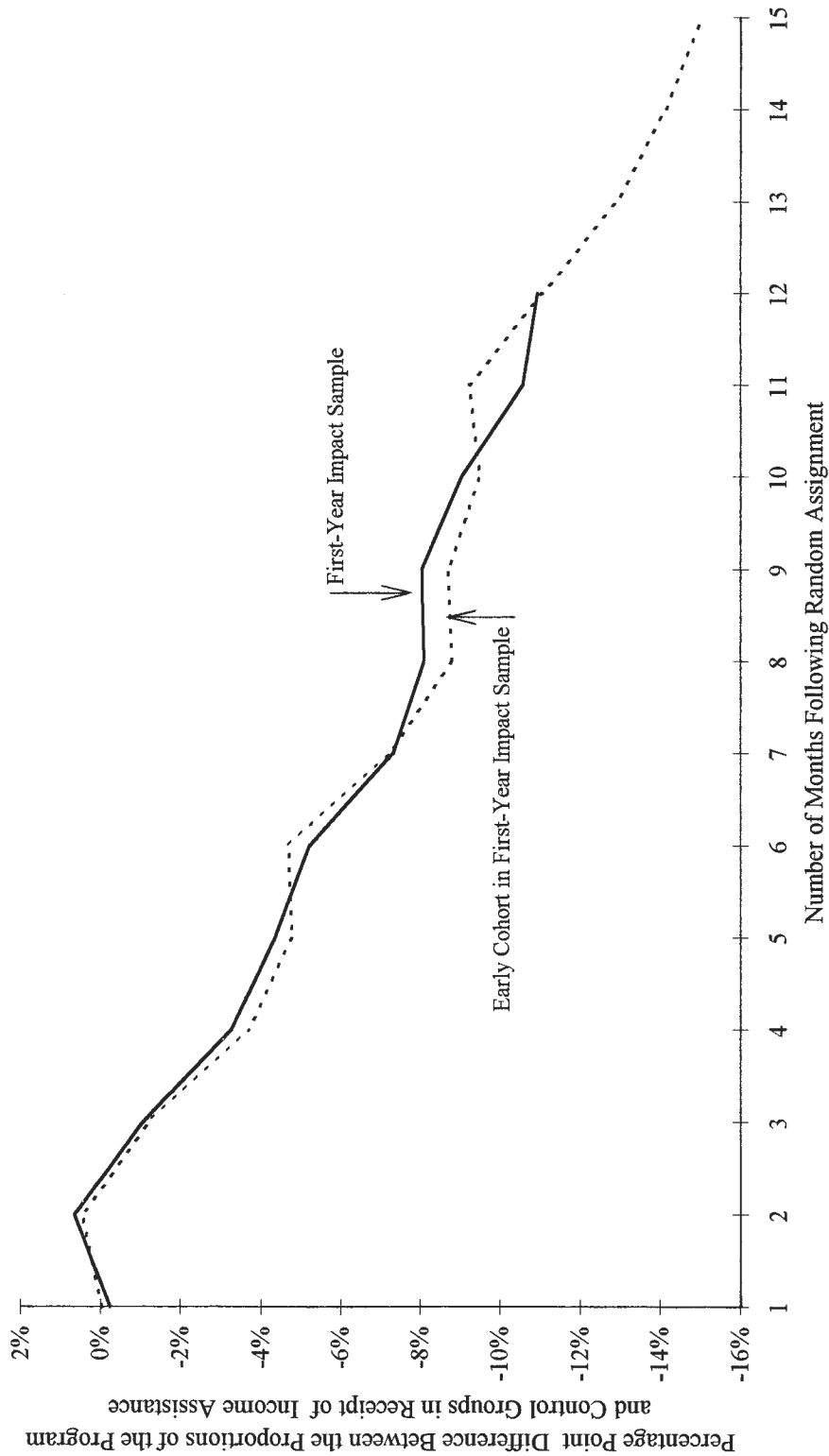
The control group Income Assistance exit rates and SSP's impacts on Income Assistance were similar in the two provinces. In month 12 after random assignment, 88 percent of control group members received Income Assistance in British Columbia, as did 81 percent of the control group in New Brunswick. During that same month, only 78 percent of British Columbia's program group members and 67 percent of New Brunswick's control group members received Income Assistance, resulting in a program impact in month 12 of 10 and 14 percentage points, respectively. Note that 22 percent of British Columbia's program group did not receive Income Assistance in month 12, a significantly lower percentage than all those who took up the supplement during their eligibility year (34 percent, as described in Chapter 6). This is because some program group members who took up the supplement soon after random assignment had already discontinued supplement receipt and returned to welfare by their twelfth month after random assignment. Also contributing to this discrepancy is the fact that many program group members who took up the supplement in their twelfth month had already received an Income Assistance payment for that month and would not receive their first supplement payment until month 13, so they are still counted as "on welfare" in month 12.

In British Columbia, the average payments to program group members in the first year after random assignment totalled \$11,160 — a savings of \$448 (4 percent) over the control group average. In New Brunswick, where Income Assistance payments are far less generous, savings were higher: Average payments to program group members totalled \$6,520 — \$579 (8 percent) below the control group average. This provincial difference is partly due to the fact that a higher proportion of supplement recipients in the New Brunswick SSP program were still receiving the supplement six months after they initiated supplement receipt, and thus remained off Income Assistance. Table 7.1 illustrates the steady growth of SSP's impacts on Income Assistance payments in each province. About 37 percent of the first year's Income Assistance savings in New Brunswick were realized in the fourth quarter of the year, as were 60 percent of British Columbia's Income Assistance savings (not shown in table).

SSP's year-long eligibility window, combined with a short lag between the beginning of employment and Income Assistance case closure, makes it likely that SSP did not achieve its maximum monthly impact on Income Assistance receipt in the first year after random assignment. Indeed, there is evidence that impacts may continue to grow larger for at least a few months into the second year of follow-up. Figure 7.1 presents program-control group differences in (that is, impacts for) the proportion receiving Income Assistance among two overlapping samples: the first-year impact sample (that is, all 1,937 sample members for whom there are 12 months of Income Assistance follow-up data) and an earlier group (or "cohort," which comprises the 1,074 sample members randomly assigned

FIGURE 7.1

COMPARISON OF SSP'S IMPACT ON INCOME ASSISTANCE RECEIPT FOR THE FIRST-YEAR IMPACT SAMPLE AND FOR AN EARLY COHORT OF THAT SAMPLE



SOURCE: SRDC calculations using Income Assistance payment records from November 1992 through June 1994 for the first-year impact sample (the 1,937 program and control group members who entered the research sample through June 1993) and for an early cohort of that sample (the 1,074 program and control group members who entered the research sample through March 1993).

through March 1993) for whom there are at least 15 months of follow-up data. The figure illustrates that, in the first 12 months, the impacts for both groups were virtually identical in each month, and that the trend toward increasing impacts continued in months 13 to 15 for the early group. This suggests that welfare savings will continue to grow in months 13 to 15 for the full first-year impact sample.

### **III. Income Assistance Impacts for Selected Subgroups**

It is possible that SSP achieves its overall impacts on Income Assistance by strongly influencing individuals with certain characteristics to take up the supplement and leave Income Assistance, while other types of individuals are largely unaffected by the supplement offer. Analysis of SSP's impacts on subgroups of the first-year impact sample, as defined by key demographic characteristics identified during the pre-random assignment interview, shows that this was not the case. Virtually every subgroup analyzed has shown a statistically significant response to the SSP program. Table 7.2 summarizes the findings of the various subgroup analyses described below for SSP's first-year impact sample. Since Figure 7.1 indicates that program impacts on Income Assistance are likely to grow larger in the second year, Table 7.2 presents only the closest current approximation to early second-year impacts, namely, the measures of Income Assistance receipt and average Income Assistance payments in month 12 after random assignment.

#### **A. Employment Status at Random Assignment**

Although the SSP program had a stronger impact on individuals who were employed at the time of random assignment (baseline) than on those who were not working at that time, the program's impact on both groups was substantial and statistically significant. And because baseline non-workers outnumbered workers by about 4 to 1, baseline non-workers accounted for more than twice the amount of Income Assistance savings in the program group by the end of the first year after random assignment.

As described in Chapter 4, 21 percent of the SSP first-year recipient sample in New Brunswick were working when the baseline interview was conducted just prior to random assignment, as were 18 percent of the British Columbia sample. Although the sample's average work effort at random assignment was less than four hours per week, one possibility was that SSP's strict work requirement would appeal almost exclusively to those who were working at random assignment or who were already planning to leave Income Assistance for full-time work.

This was not the case. Although program impacts were higher among baseline workers than among baseline non-workers, both baseline workers and non-workers in the program group were significantly more likely than their control group counterparts to be off Income Assistance by the third month after random assignment. In addition, both program group workers and non-workers had significantly lower average monthly Income Assistance payments than their control group counterparts in each month beginning with month 7 after random assignment.

In month 12, as shown in Table 7.2, 49 percent of program group members who were working at the time of their baseline interview were on Income Assistance, as opposed to 68 percent of control

TABLE 7.2

SSP's IMPACTS ON INCOME ASSISTANCE RECEIPT AND INCOME ASSISTANCE PAYMENTS IN THE TWELFTH MONTH  
AFTER BASELINE INTERVIEW FOR SELECTED SUBGROUPS

Characteristic at Baseline	Received Income Assistance in Month 12 (%)			Average Income Assistance Payment Received in Month 12 (\$)			
	Sample Size	Program Group	Control Group	Difference	Program Group	Control Group	Difference
British Columbia resident	1,234	78.0	88.1	-10.1 ***	814	913	-98 ***
New Brunswick resident	703	67.2	80.9	-13.7 ***	460	535	-75 ***
Employed	370	49.1	67.5	-18.4 ***	436	543	-108 **
Unemployed	1,567	78.4	88.2	-9.8 ***	764	832	-68 ***
Number of dependent children							
One	948	72.4	82.3	-9.9 ***	642	696	-54 **
Two	664	71.4	85.7	-14.3 ***	715	804	-89 ***
Three	325	78.5	85.0	-6.5	868	934	-66
Urban resident	1,769	73.5	83.3	-9.8 ***	717	783	-65 ***
Rural resident	168	70.1	90.8	-20.7 ***	558	698	-139 **
Received Income Assistance for prior 3 years with no breaks longer than 2 months	1,020	76.4	88.1	-11.7 ***	712	798	-86 ***
Had at least one break in Income Assistance receipt longer than 2 months in the prior 3 years	917	69.0	79.7	-10.7 ***	686	757	-71 ***
Highest grade completed							
Less than grade 10	495	81.2	88.6	-7.4 **	708	797	-89 ***
Grade 10 or 11	583	75.1	86.8	-11.7 ***	786	854	-68 **
High school or above	859	67.0	79.5	-12.5 ***	639	714	-75 ***
Not enrolled in education or training	1,672	73.2	84.5	-11.3 ***	704	740	-36
Enrolled in education or training	265	71.7	80.7	-9.0			
Did not report an activity-limiting condition	1,393	70.7	82.9	-12.2 ***	675	762	-87 ***
Reported an activity-limiting condition	544	78.6	87.2	-8.6 ***	769	814	-45

SOURCE: SRDC calculations using Income Assistance payment records from November 1992 through June 1994 for the first-year impact sample; the 1,937 program and control group members who entered the research sample through June 1993.

NOTES: Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between program and control groups. Statistical significance levels are indicated as \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

group members who were working at baseline. This is a program impact of 18 percentage points, one of the largest impacts observed for any subgroup. SSP's impact on Income Assistance payments for baseline workers reached \$108 per program group member in month 12.

The impacts among those not working at baseline were more modest when considered on a per capita basis, but were responsible for a much greater share of the overall Income Assistance savings, since baseline non-workers outnumbered baseline workers 4 to 1. About four-fifths (78 percent) of program group members not working at baseline received Income Assistance in month 12 after random assignment, in contrast to almost nine-tenths (88 percent) of control group members who were not working at baseline. The program's impact on Income Assistance exits in month 12 was thus 10 percentage points, and the Income Assistance savings in month 12 for each baseline non-worker in the program group \$68. Nevertheless, program group members who did not work at baseline accounted for about 2.5 times the month 12 Income Assistance savings of baseline workers in the program.

### **B. Family Size**

The "strength" of the financial incentive represented by the SSP earnings supplement is different for different program group members. The value of SSP depends on the actual resources someone would have to give up to take advantage of the program, and how she subjectively values those resources. Someone who believes strongly in the importance of continuous child care by a parent, or someone who is especially risk-averse, may subjectively value the parenting time or the security provided by Income Assistance more highly than she values the additional income she could receive from the SSP program. But SSP's value to program group members also varies objectively with family size: Larger families receive more Income Assistance than smaller families, and would thus have to give up more income to take advantage of the earnings supplement offer. For example, a parent with three children might receive \$1,400 per month in Income Assistance and so might only increase her after-tax income by a few hundred dollars per month under SSP, if at all. The SSP offer is not as valuable to this individual as it is to someone who stands to gain more relative to her level of Income Assistance income.

Thus, it would be expected that the earnings supplement program would have greater Income Assistance impacts among families with fewer children than among those with more children, since Income Assistance benefits increase with family size, while supplement payments do not. Yet the program's impacts on one- and two-child families were not significantly different from one another, and in fact were somewhat larger for two-child than for one-child families. In month 12, 71 percent of two-child families in the program group were on Income Assistance, versus 86 percent of their counterparts in the control group, for a month 12 impact of 14 percentage points. The program had a 10 percentage point impact on one-child families in month 12: 72 percent of the one-child families among program group members were on Income Assistance in month 12, as opposed to 82 percent of one-child families in the control group. These results are doubly surprising: Not only do parents with two children give up more money in Income Assistance benefits when they take up SSP than do parents with one child, but they have less time to dedicate to employment, since they are caring for more children. As Table 7.2 indicates, even when impacts are controlled for other variables such as age of child, level of education, and work experience, SSP still had an impact on two-child families equal to or greater than its impact on one-child families.



Various factors may account for this finding. Families with two children require more income than a one-child family, so the fewer additional dollars SSP makes available to a larger family may be “worth more” to that family than the greater additional income SSP makes available to a smaller family. Alternatively, simply knowing that one can do at least as well financially on SSP as on Income Assistance may be more important to the take-up decision than the exact amount of the SSP incentive. The natural variation of family sizes and provincial benefit levels in the SSP sample will provide future opportunities to test these and other hypotheses regarding the relationship between incentive size, supplement take-up, and SSP impact.

There were no statistically significant impacts for families with more than two children, though this was due in part to the fact that impact estimates for smaller subgroups are less precise than those for larger ones. The 7 percentage point program impact on Income Assistance receipt in month 12 for these families may be found to be statistically significant when data from the full recipient sample are available.

### C. Education

Years of schooling did not seem to significantly affect SSP’s impacts on Income Assistance receipt or average Income Assistance payments. In particular, having a high school diploma appeared not to make a significant difference in program impacts, though control group members with at least a high school diploma left Income Assistance at a greater rate than control group members with a tenth- or eleventh-grade education (80 percent of the former were on Income Assistance in month 12, compared to 87 percent of the latter). Nevertheless, there were statistically significant and substantive month 12 impacts on both the proportion receiving Income Assistance and the average Income Assistance payments for all education subgroups.

Eighty-one percent of program group members with less than a tenth-grade education were on Income Assistance in month 12, versus 89 percent of similar control group members, for a program impact of 7 percentage points. The other two education subgroups had more similar impacts. Three-quarters of program group members with a tenth- or eleventh-grade education were on Income Assistance in month 12 — 12 percentage points more than the 87 percent on Income Assistance among their control group counterparts. Among those with at least a high school diploma, 67 percent of program group members and 80 percent of control group members received Income Assistance in month 12, for a program impact of 13 percentage points. Although, as expected, better-educated program group members took up the supplement at a higher rate, the program did not have a significantly stronger *impact* on this group than on the other education groups. In fact, the largest dollar impact on average Income Assistance payments was found among those with less than a tenth-grade education. The program saved an average of \$89 in Income Assistance payments per low-educated program group member in month 12, versus \$68 per program group member with a tenth- or eleventh-grade education, and \$75 per program group member with at least a high school education.

These findings demonstrate that program *impacts* cannot be inferred from program *outcomes*. Although take-up rates reveal who is most likely to *utilize* a program, the *difference* a program makes is entirely dependent on what would have happened in the program’s absence. It is entirely possible for a program to make a significant impact on a group with a low take-up rate relative to other groups, as long as the program changed the behaviour of enough individuals in the low take-up group.

SSP sample members who were enrolled in some form of schooling at baseline were one of the few subgroups for whom SSP did not have statistically significant impacts on Income Assistance receipt. Although in part this is a result of the decreased statistical power for a relatively small subgroup, this finding may also indicate the difficulty students can have in combining employment and school. A number of school enrollees in the program group qualified for the supplement in at least one month during their SSP eligibility year, thus opening their three-year supplement eligibility window. This may result in delayed impacts for this subgroup, which may show up when those eligible for the supplement complete their schooling and are then able to take full advantage of the supplement opportunity.

#### **D. Activity-Limiting Conditions**

A sizeable plurality (24 percent) of SSP research sample members indicated before random assignment that they had physical or emotional conditions that limited their activities. Ninety-five percent of these individuals had not worked in the nine months prior to the baseline interview. Nevertheless, SSP had statistically significant impacts in month 12 on the proportion of activity-limited individuals who were on Income Assistance, although the impacts on benefit amounts were not statistically significant. About 79 percent of program group members who reported activity-limiting conditions before random assignment received Income Assistance in month 12 after random assignment, versus 87 percent of activity-limited control group members. Thus, 9 percentage points fewer activity-limited program group members were on Income Assistance in month 12 than control group members. However, there was not a statistically significant difference between the average amounts of Income Assistance received by activity-limited program and control group members.

#### **E. History of Income Assistance Receipt**

Over half of the report sample received basic Income Assistance virtually continuously in the three years prior to random assignment, that is, with no gaps in Income Assistance receipt longer than two consecutive months. The remainder of that sample has had gaps of three months or longer, with many people having been off Income Assistance for extended periods of time. As expected, control group members who received Income Assistance continuously left Income Assistance at a slower rate than control group members who had experienced breaks in their Income Assistance receipt. However, SSP's impact was slightly, though not significantly, larger among those who had been continuously receiving Income Assistance than among those who had had breaks in their Income Assistance receipt. More than three-quarters (76 percent) of program group members who received Income Assistance continuously in the three years prior to random assignment were on Income Assistance in month 12, as opposed to 88 percent of long-term-dependent control group members, for a program impact of 12 percentage points. This compares favourably with the program's impact for those who had had significant breaks in their Income Assistance receipt. Sixty-nine percent of program group members who had had longer than two-month breaks in Income Assistance receipt were on Income Assistance in month 12, versus 80 percent of their control group counterparts — a program impact of 11 percentage points.

The impact on average Income Assistance payments in month 12 also favoured those with continuous Income Assistance histories, though not significantly so. The average Income Assistance payment to long-term-dependent program group members in month 12 was \$712, versus \$798 for

similar individuals in the control group, for a month 12 impact on Income Assistance payments of \$86 per program group member. Program group members with longer than two-month breaks were paid an average of \$686 in Income Assistance benefits in month 12; the comparable figure for the control group was \$757, resulting in a \$71 impact on Income Assistance payments for individuals with at least a three-month break in their Income Assistance receipt in the three years prior to random assignment. It is encouraging to note that the SSP incentive was able to assist long-term-dependent Income Assistance recipients in leaving Income Assistance at a significantly faster rate than they otherwise would have left.

#### **F. Area of Residence**

The impact of the earnings supplement program was at least as large among rural residents as among urban residents. The *difference* in impacts between urban and rural dwellers approaches but does not achieve statistical significance, though this is due in part to the loss in statistical precision owing to the small size of the rural sample. This finding is unexpected, since residents of larger labour markets presumably have more employment options and thus greater opportunity to take advantage of the supplement. The larger program impact in rural settings was a consequence of the large difference in Income Assistance receipt between urban and rural control group members: 91 percent of rural control group members were on Income Assistance in month 12, versus 83 percent of urban control group members. In contrast, rural and urban program group members were similarly likely to be on Income Assistance in month 12 (70 percent versus 74 percent, respectively). One possibility is that SSP may be encouraging migration from rural to urban areas for the purpose of taking advantage of the supplement. Residential data on the 18-month follow-up survey will provide the answer to this question. In any case, it is noteworthy that the SSP program is achieving statistically significant impacts in rural as well as urban settings.

## CHAPTER 8

### INITIAL COSTS OF THE SELF-SUFFICIENCY PROGRAM

This chapter provides preliminary estimates of the costs of operating the SSP earnings supplement program, as well as a framework for thinking about its potential cost-effectiveness. The cost data used to make these estimates reflect the first two and a half years of program operations (November 1992 through March 1995). The first-year program group sample used in this report entered SSP throughout the first 12 months of operations (November 1992 through October 1993), and only 15 months of cost information (covering January 1994 through March 1995) were available. The earnings supplement program's cost estimates will change as the program continues to operate, and as data on second-year sample members are collected and analyzed.

The first section of the chapter presents estimates of the *gross* costs of the program, which include both supplement payments and all administrative and other direct expenses incurred in operating the program. These estimates address the question: What has it cost to operate the earnings supplement program? The results show that the estimated gross cost, through the first 15 months following random assignment, has been \$2,707 per program group member, and that the gross cost has been somewhat higher in British Columbia than in New Brunswick.<sup>1</sup>

The second section is devoted to *net* program costs: the gross cost of the program (per program group member) minus the Income Assistance savings (per program group member) that the program produced (as discussed in Chapter 7).<sup>2</sup> These cost estimates address a different question: How much more has SSP spent than Income Assistance programs *would have spent* on the same single parents had there been no SSP earnings supplement program? Throughout the first 15 months, Income Assistance program costs (for Income Assistance and administration) have been reduced by \$706 per program group member, so the net cost of the earnings supplement program has been \$2,001 per program group member, which is about three-quarters of the gross cost.

Is the program worth this net investment? It is much too early to judge. Even when the results are in, there will be many possible ways to decide on the answer, especially since some of the program's benefits and costs will be non-financial. The third section of the chapter indicates how this assessment will eventually be made and what is known at this juncture. The conclusion reached is that the program is well on its way to clearing two key hurdles on the course toward cost-effectiveness: From a budgetary perspective, its net cost to date has been relatively modest, and it has produced significant savings in Income Assistance payments. From the standpoint of the single parents receiving the supplement, supplement payments have exceeded forgone Income Assistance payments, thus increasing their net income, at least in the short run. There remain, however, several more hurdles

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<sup>1</sup>The costs are analyzed per program group member because SSP works with the entire program group, not just those who attend an orientation or initiate the supplement.

<sup>2</sup>SSP is expected to save money on other forms of social spending in addition to Income Assistance, and to increase tax revenues because of the additional employment it stimulates. Such effects cannot be determined at the present time, but will be included in the full-scale benefit-cost analysis to be prepared later in the evaluation.

ahead: The full assessment of the program's cost-effectiveness awaits not only final net cost results, but also estimates of SSP's impacts on the costs of other social programs, on taxes, on earnings and fringe benefits, and on other items affecting both government expenditures and family income and well-being — all of which will be driven by job retention after supplement payments end as well as by employment during the time single parents are receiving the payments.

## **I. Gross Costs**

The gross costs of serving people who were assigned to the program group during the first year of sample intake, over their first 15 months of program eligibility, were estimated in three steps. First, the aggregate costs of program operations were identified. Second, these costs were allocated across SSP's program activities, and the unit costs of these activities were determined. For example, part of the aggregate cost was allocated to orientation, and this in turn was divided by the number of orientations given to identify the cost per orientation. Third, these unit cost estimates were applied to the program enrollment experience of the first program group enrollees in order to estimate the costs per program group member. For example, the cost per orientation was multiplied by the percentage of the program group that received an orientation in order to estimate the gross cost of this activity per program group member. These steps will be discussed in turn.

### **A. Aggregate Costs**

The aggregate costs of the SSP program, through March 1995, are shown in Table 8.1. These expenditures cover the contracts with Bernard C. Vinge and Associates Ltd. and Family Services Saint John, Inc., to operate program offices in British Columbia and New Brunswick, respectively; the contract with SHL Systemhouse Inc., to develop and operate SSP's supplement payroll office and automated supplement payment system (SPS), as well as the Program Management Information System (PMIS); the supplement payments; and program-related expenses incurred by SRDC in administering the program. Many of SRDC's costs — including most of the expenses resulting from its subcontracts with Statistics Canada, MDRC, and several project consultants — are entirely attributable to the research evaluation, and hence are not shown in the table.

The costs shown in Table 8.1 are divided into planning and development expenses, early program operation expenditures, and operation costs during the fiscal year that ended in March 1995. For example, SHL Systemhouse's costs of initially developing the automated payment and PMIS systems (and buying the needed computer hardware) are shown in the planning and development column, while its costs of maintaining those systems (including hardware replacement), operating the payment office, and mailing or electronically transferring payments to supplement recipients are shown in the two operations columns. Similarly, the costs incurred by Bernard C. Vinge and Associates Ltd. and Family Services Saint John, Inc., prior to the beginning of random assignment are shown in the planning column, and the costs incurred in operating the program after that point are shown in the operations columns.<sup>3</sup>

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<sup>3</sup>All expenditures shown in Table 8.1 are subject to the 7 percent Goods and Services Tax (GST), except supplement payments and New Brunswick program office costs (Family Services Saint John, Inc., is a tax-exempt organization). Thus, a portion of the costs shown in Table 8.1 constitutes GST payments. These expenses do not reflect resource use by the program and were consequently excluded in developing the program cost estimates presented below.

**TABLE 8.1**

**GROSS COSTS OF THE SSP PROGRAM THROUGH MARCH 1995**

Category	Planning and Development Costs (\$) <sup>a</sup>	Program Operation Costs (\$)		Total Costs (\$)
		11/92-3/94	4/94-3/95	
<b><u>Program offices</u></b>				
British Columbia	210,478	744,547	622,570	1,577,595
New Brunswick	70,916	477,283	431,451	979,650
<b><u>Program payments</u></b>				
Payroll office <sup>b</sup>	2,898	131,072	105,842	239,812
Supplement payments	0	1,251,848	3,497,945	4,749,793
<b><u>Program management</u></b>				
Automated systems <sup>c</sup>	943,731	236,337	312,962	1,493,030
SRDC <sup>d</sup>	273,403	180,266	80,015	533,684
<b>Total</b>	<b>1,501,426</b>	<b>3,021,353</b>	<b>5,050,785</b>	<b>9,573,564</b>

SOURCES: SRDC calculations from data collected through March 1995 from SSP's Program Management Information System (PMIS); SRDC-designed time study conducted in the SSP offices from September 1994 through February 1995; SSP administrative documents.

NOTES: <sup>a</sup>For the program offices, as well as for SRDC, these were the expenditures incurred prior to the beginning of random assignment. For SHL Systemhouse Inc., this is the cost of the Phase I contract (for the development of the PMIS and Supplement Payment System [SPS]).

<sup>b</sup>This row includes the cost of establishing (column 1) and operating (columns 2 and 3) the program's payroll office in Halifax, Nova Scotia. Operating costs include such expenditures as SPS data entry expenses, Royal Bank processing costs, and Canada Post expenditures for mailing supplement cheques. The row excludes the costs of developing and operating the SPS (shown under "Automated systems").

<sup>c</sup>This row includes the cost of developing and operating the program's automated supplement payment and management information systems, including the purchase of computer hardware. Development costs are shown in column 1 and operation costs are shown in columns 2 and 3.

<sup>d</sup>This row excludes costs associated entirely with data collection and research, including contracts with Statistics Canada and MDRC.

It is important to identify the planning and development costs because they indicate what it cost to operationalize the SSP model. However, these one-time expenses have no bearing on the ongoing costs of operating the SSP program, and consequently little bearing on whether the program is a desirable social investment — that is, whether the benefits of SSP exceed its costs.<sup>4</sup> Start-up costs can be viewed in a similar light. Thus, in order to best approximate what the program costs in a year when it is in "full swing," the cost estimates presented below are based on program operating costs during the most recent fiscal year (April 1994 through March 1995), which are shown in the next-to-last column of the table. This is the "base year" in the cost estimates.<sup>5</sup>

## **B. Cost Allocation and Unit Costs**

The gross operating costs incurred in the base year have been allocated across SSP program activities. Then the unit costs of these activities have been estimated — for example, the cost of delivering an orientation session to one client. The cost allocations are based on a time study conducted from September 1994 through February 1995. Data were gathered from SSP staff in all four offices on the hours they spent on the program. Time devoted to the following program activities was identified from time sheets kept by SSP staff during the months studied:

- **Outreach and orientation.** This refers to all group and individual orientation sessions, as well as subsequent information sessions. It includes time spent preparing for and conducting the sessions, traveling to and from group orientation sessions held in locations other than the SSP offices, and making home visits to conduct individual sessions. It also includes all activities related to contacting and talking with program group members prior to their participation in an orientation session.
- **Pre-supplement contact.** This category includes activities that occurred between program group members' orientation and the time at which they took up the supplement or the end of their one-year period in which to take up the supplement.
- **Supplement take-up.** This refers to the supplement initiation meeting, as well as to related activities such as verifying that program group members' employment satisfied eligibility criteria for the supplement.
- **Post-take-up activities.** This category includes all program activities related

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<sup>4</sup>In the benefit-cost analysis, planning and development costs will be amortized over a period of about 25 years, and the fraction of these costs attributable to the base year of operations (April 1994 through March 1995) will be included in the analysis.

<sup>5</sup>Base-year cost data will be used in the following discussion to estimate the unit costs of various SSP activities such as the cost per orientation session. These unit costs would have been higher during early operations because of higher costs (owing to start-up expenses) spread over the relatively small number of early program enrollees. However, the base-year unit costs are applied to the program experience of the program group during the entire time the SSP program has operated, not just the base year — so, for example, the unit cost of all orientations is based on orientations received by the program group in the base year.

to making supplement payments and settling payment-related issues, as well as other post-take-up contact and related activities.

- **Recordkeeping.** This involves recording and tracking information on program group members (primarily using the PMIS).
- **Administration.** This refers to management and supervisory functions, including clerical and other administrative tasks that cannot easily be associated with one of the other activities.

The resulting estimates of staff hours were adjusted to eliminate activities associated entirely with the SSP program serving applicants in British Columbia, the SSP Plus program in New Brunswick, and the SSP evaluation research.<sup>6</sup> The resulting breakdown of staff hours is shown in Table 8.2.

The costs incurred by Family Services Saint John, Inc., and Bernard C. Vinge and Associates Ltd. from April 1994 through March 1995 (excluding expenditures on the operation of SSP for applicants in British Columbia and SSP Plus participants in New Brunswick, and the evaluation research) were divided among the first four activities listed above based on the results of the time study. Recordkeeping and administrative costs were then allocated proportionately among these four activities. These allocated costs were then divided by measures of program group participation in the activities, yielding several unit-cost estimates, displayed in the first column of Table 8.3.<sup>7</sup>

For example, 20 percent of SSP staff time in the Vancouver office and 24 percent of staff time in New Westminster was devoted to outreach and orientation. Allocating an appropriate share of administration and recordkeeping staff time to this activity, the two offices in British Columbia together spent 27 percent of their operating costs during the base year, or about \$168,000, on outreach and orientation.<sup>8</sup> This works out to \$198 per orientation. The New Brunswick offices together devoted about 20 percent of staff time to these activities, which (marked up for administration and recordkeeping) means that close to 40 percent of their operating cost (about \$171,000) was spent on outreach and orientations. This yields a unit cost of \$219 per orientation.

Using this same approach, the unit cost of pre-supplement activities (that is, all program activities between orientation and supplement take-up) was found to be \$13 per month of pre-supplement eligibility in British Columbia and \$8 per month in New Brunswick. Post-take-up activities turned out to cost \$62 per post-take-up month for program group members who took up the supplement in British Columbia, and \$47 per month in New Brunswick.<sup>9</sup> Similarly, the costs recorded by SHL

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<sup>6</sup>These activities resulted entirely from research requirements, including mailing letters to individuals who were assigned to the control group, completing research-related forms, and meeting with research staff.

<sup>7</sup>In developing the unit cost estimates, outreach and orientation costs were combined; the combined cost is then expressed per orientation. Similarly, the costs of supplement take-up and post-take-up activities were combined and expressed per supplement taker.

<sup>8</sup>A small percentage of staff time was devoted to providing outreach and orientation to SSP applicants, which is not included in this analysis.

<sup>9</sup>The average number of post-take-up months *per supplement taker* in the first year after random assignment was five in British Columbia and six in New Brunswick.



**TABLE 8.2**

**PERCENTAGE OF PROGRAM OFFICE STAFF TIME DEVOTED TO PARTICULAR PROGRAM ACTIVITIES, SEPTEMBER 1994 - FEBRUARY 1995, BY OFFICE**

Activity	British Columbia		New Brunswick	
	Vancouver (%)	New Westminster (%)	Saint John (%)	Moncton (%)
Outreach	7.6	2.4	4.1	3.6
Orientation				
Group	5.5	9.2	4.4	5.1
Individual	7.0	12.0	14.9	8.5
Pre-supplement contact	13.3	8.3	6.6	7.0
Supplement initiation	4.5	5.4	5.1	10.3
Post-initiation contact				
Payment-related	14.7	10.9	4.4	3.1
Other	8.6	12.7	3.3	2.6
Recordkeeping	14.1	12.1	23.5	14.7
Administration	24.8	27.0	30.9	43.2

SOURCE: SRDC calculations from SRDC-designed time study conducted in the SSP offices from September 1994 through February 1995.

TABLE 8.3

GROSS COSTS OF THE SSP PROGRAM DURING THE FIRST 15 MONTHS OF PROGRAM ELIGIBILITY, PER PROGRAM GROUP MEMBER, BY PROVINCE

Service Unit	BRITISH COLUMBIA											
	Months 1-12						Months 13-15					
	Average Units of Service Usage			Average Costs			Average Units of Service Usage			Average Costs		
Unit Cost (\$)	Per Supplement Taker	Per Supplement Non-Taker	Per Supplement Taker	Per Supplement Non-Taker	Per Program Group Member <sup>a</sup>	Per Supplement Taker	Per Supplement Non-Taker	Per Program Group Member <sup>a</sup>	Per Supplement Taker <sup>b</sup>	Per Supplement Non-Taker <sup>b</sup>	Per Program Group Member <sup>a</sup>	
One orientation (including outreach costs)	198	1.0	0.92	198	182	188	0	0	0	0	0	
One month of pre-supplement contact	13	7.0	12	91	156	134	0	0	0	0	0	
One month of post-supplement contact (including supplement initiation costs)	62	5.0	0	310	0	105	3	3	186	63	63	
One month of PMIS system maintenance	10	12.0	12	120	120	120	3	3	30	10	10	
One month of SPS system maintenance	21	5.0	0	105	0	36	3	3	63	21	21	
One month of supplement payments	698	5.8	0	4,048	0	1,376	2.7	2.7	1,857	631	631	
One month of central administration	4	12.0	12	48	48	48	3	3	12	4	4	
Total				4,920	506	2,007			2,148	730	730	

(continued)

TABLE 8.3 (continued)

NEW BRUNSWICK

Service Unit	Months 1-12										Months 13-15			
	Average Units of Service Usage					Average Costs					Average Costs			
	Unit Cost (\$)	Per Taker	Per Supplement Non-Taker	Per Supplement Taker	Per Supplement Non-Taker	Per Supplement Taker	Per Supplement Non-Taker	Per Supplement Taker	Per Supplement Non-Taker	Per Supplement Taker	Average Units of Service Usage	Per Supplement Taker	Per Supplement Non-Taker	Per Supplement Taker
One orientation (including outreach costs)	219	1.0	0.97	219	212	214	214	0	0	0	0	0	0	0
One month of pre-supplement contact	8	6.0	12	48	96	80	80	0	0	0	0	0	0	0
One month of post-supplement contact (including supplement initiation costs)	47	6.0	0	282	0	93	93	3	3	3	141	141	47	47
One month of PMIS system maintenance	10	12.0	12	120	120	120	120	3	3	3	30	30	10	10
One month of SPS system maintenance	21	6.0	0	126	0	42	42	3	3	3	63	63	21	21
One month of supplement payments	606	7.1	0	4,303	0	1,420	1,420	2.8	2.8	2.8	1,667	1,667	550	550
One month of central administration	4	12.0	12	48	48	48	48	3	3	3	12	12	4	4
Total				5,146	476	2,017	2,017				1,913	1,913	631	631

SOURCES: SRDC calculations from data collected through March 1995 from SSP's Program Management Information System (PMIS); SRDC-designed time study conducted in the SSP offices from September 1994 through February 1995; SSP administrative documents.

NOTES: <sup>a</sup>Costs per program group member are calculated as a weighted average of costs per supplement taker and costs per supplement non-taker. During months 13-15, there are zero costs per supplement non-taker.

<sup>b</sup>Units of service usage during months 13-15 are shown only for supplement takers because supplement non-takers are not served by the program after their supplement eligibility year expires in month 12.

Systemhouse Inc. during the base year were divided between two functions: the PMIS and the SPS. The PMIS unit cost was calculated to be \$10 per enrollment month (which applied to all months in which a program group member was enrolled in SSP). The SPS unit cost was found to be \$21 per post-take-up enrollment month (which applied to enrollment months *after* supplement initiation).

### **C. Costs Per Program Group Member**

These service unit cost estimates then served as the basis for determining the costs of services for supplement takers and for non-takers in two time periods: the first 12 months individuals were in the program, and months 13 through 15 of the program. Costs for each of these time periods (months 1-12 and months 13-15) and for each type of program group member (supplement takers and non-takers) were calculated separately by multiplying the cost of each service unit by the number of service units utilized on average by each type of program group member in each time period. These cost estimates were then averaged proportionately across supplement takers and non-takers to produce cost estimates per program group member. Table 8.3 contains the resulting cost estimates. For example, the cost of outreach and orientation per orientation session in British Columbia (\$198) was multiplied by the orientation rate for each type of program group member (100 percent for supplement takers, 92 percent for supplement non-takers) to determine the cost per supplement taker (\$198) and per supplement non-taker (\$182). These estimates were in turn averaged to determine the average cost of an orientation session per program group member (\$188).

The cost of some services was considerably higher per supplement non-taker than per supplement taker, since these services were provided for the entire first 12 months after program intake to supplement non-takers, but were provided only until supplement take-up for those who initiated the supplement. For example, pre-supplement contact with supplement takers lasted an average of 6 months in New Brunswick and 7 months in British Columbia, but pre-supplement contact with supplement non-takers lasted for 12 months in both provinces, since supplement non-takers spent their entire eligibility year being contacted by program staff.

Of course, the cost of other activities was due entirely to service usage by supplement takers as opposed to non-takers. For example, the costs of supplement take-up, supplement payments, and post-take-up activities were incurred only for supplement takers. These costs were relatively high, amounting to about \$7,000 per supplement taker through the fifteenth month of SSP eligibility. However, because no costs were borne for supplement non-takers, the cost of these activities per program group member — that is, the weighted average of the costs for supplement takers and non-takers — was about \$2,700.

## **II. Net Costs**

The gross costs of SSP are misleadingly high. When a program group member receives supplement payments, she is required to be off Income Assistance. Thus, it is more appropriate to think of the SSP program as making a *net* investment in the program group, amounting to the gross cost of the SSP program *minus* the cost that would have been incurred for Income Assistance. As noted at the outset of this chapter, the net cost estimates provided here are preliminary and do not take account of anything except the SSP program and Income Assistance costs.

## **A. Net Cost Estimates**

The net costs of the SSP program are presented in Table 8.4. The top panel of the table presents the net costs during program group members' first 12 months of eligibility for the program, and the bottom panel shows net costs during months 13 through 15. As indicated in the table, the gross cost of the SSP program per program group member — which was discussed in the previous section — is about \$2,000 over the first 12 months in each of the two provinces. Supplement payments made up a slightly larger fraction of this cost in New Brunswick, because program group members on average initiated the supplement earlier in their 12-month period than their counterparts did in British Columbia.

Because of the program's impact on welfare receipt, Income Assistance payments during the first 12 months were reduced by \$457 in New Brunswick and \$333 in British Columbia. Also, the cost of administering Income Assistance was reduced; on average, program group members were on the welfare rolls almost a month less than control group members, producing a savings of \$26 per program group member in New Brunswick and \$25 in British Columbia.<sup>10</sup> When welfare savings are subtracted from gross costs, the net cost of the SSP program for the first 12 months is about \$1,600, or about \$130 per month, per program group member.

Months 13 to 15 following random assignment is a period in which both the gross costs and the Income Assistance savings produced by the SSP program should be close to their peak, because everyone who initiates the supplement must receive a payment by month 14.<sup>11</sup> The gross cost in this three-month period was \$730 and \$631 per program group member in British Columbia and New Brunswick, respectively. Income Assistance savings produced a net cost of \$375 and \$419 per program group member in the two provinces.

## **B. Why Were Net Costs So Low?**

The SSP earnings supplement program sounds expensive. It provides generous supplement payments, raising supplement takers' annual incomes above \$20,000. It also has well-trained staff and a state-of-the-art management information system. Why doesn't it cost more?

Part of the explanation is that two-thirds of the program group did not initiate the supplement. The gross cost of the program per supplement taker for the first 15 months was about \$7,000 in each province. However, the cost per non-taker was about \$500 in each province. As a result, the *overall* gross cost of the program was only \$2,737 and \$2,648 per program group member in British Columbia and New Brunswick, respectively.

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<sup>10</sup>The cost of Income Assistance administration during the base year was \$56 in the areas of British Columbia served by SSP and \$35 per month in the areas of New Brunswick covered by the program. These monthly costs were determined based on Income Assistance administrative expenditures and caseload data provided by British Columbia's Ministry of Social Services and Human Resources Development–New Brunswick.

<sup>11</sup>Program group members had to begin working full time in a qualifying job by the end of month 12 to initiate the supplement. However, their first supplement payment accounting period could be in month 13, resulting in an initial payment in month 14.

**TABLE 8.4**

**NET COSTS OF SSP PER PROGRAM GROUP MEMBER IN THE FIRST  
COHORT DURING THE FIRST 15 MONTHS OF PROGRAM ELIGIBILITY,  
BY PROVINCE**

Activity and Time Period	British Columbia	New Brunswick	Full Sample
<b><u>First 12 months</u></b>			
SSP program costs (\$)	2,007	2,017	2,010
Income Assistance savings (\$)			
Grant payments	-333	-457	-373
Administration	-25	-26	-25
Total	-358	-483	-398
Net cost (\$)	1,649	1,534	1,612
<b><u>Months 13-15</u></b>			
SSP program costs (\$)	730	631	697
Income Assistance savings (\$)			
Grant payments	-335	-198	-290
Administration	-20	-14	-18
Total	-355	-212	-308
Net cost (\$)	375	419	389

SOURCES: SRDC calculations from data collected through March 1995 from SSP's Program Management Information System (PMIS); SRDC-designed time study conducted in the SSP offices from September 1994 through February 1995; SSP administrative documents; Income Assistance payment records through June 1994.

Another reason for SSP's relatively low net cost is the relatively high wages earned by some program group members. The largest possible monthly supplement payment — close to \$1,200 — is earned in British Columbia when an individual works 30 hours per week at the minimum wage. But few people were paid that much because the vast majority of program group members worked more hours at higher wages.

The net cost of the SSP program has also been held down by a noteworthy feature of the program: The program offers information and support through staff-client contact and three group workshops, but it provides no other services.

It is important, too, that more than half of SSP's supplement takers were not working at the time they became eligible for the program. The program potentially generates little or no net cost in these cases. An Income Assistance recipient who is not working usually receives the maximum welfare grant, or close to it. This maximum grant is about \$1,200 per month for a family of three in British Columbia. If the SSP supplement is initiated, monthly supplement payments are lower than this amount — in most cases, lower by several hundred dollars. Thus, the welfare savings for this group translate into low SSP net costs for such cases.

It should be reiterated that the cost estimates presented here are preliminary, covering only the first 15 months following random assignment. Indeed, if monthly net costs continue through the end of the three-year eligibility period at the level observed in months 13 to 15 — approximately \$130 per program group member — then the net cost of the SSP program per program group member will eventually reach approximately \$5,600.<sup>12</sup>

### **III. Assessing the Cost-Effectiveness of the SSP Earnings Supplement Program**

A comprehensive benefit-cost assessment of the SSP program will eventually place dollar values on the program's impacts and its use of resources. The assessment will be made using the accounting framework summarized in Table 8.5. This framework lists all the expected benefits (shown as pluses) and costs (shown as minuses) of the program from three different perspectives: those of single parents on Income Assistance (including the program group studied in this report), government budgets, and society as a whole. The estimated values of the various benefits and costs will be based on the SSP program's estimated net impacts and net costs. For example, the benefit to government budgets of increased tax payments will be calculated based on the program's measured impacts on earnings and other income.

This framework will enable the evaluation to determine how the SSP program affects the economic well-being of welfare recipients and their families, whether the program is cost-effective from the standpoint of federal and provincial government budgets, and the magnitude of benefits and costs to Canada as a whole. It is much too early to make this complete assessment, but Table 8.5 and the following discussion indicate what is known thus far.

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<sup>12</sup>This estimate assumes that SSP's net costs in the remaining months of supplement eligibility will be the same as average net costs in months 13 to 15.

TABLE 8.5

EXPECTED EFFECTS FOR COMPONENTS OF THE BENEFIT-COST ANALYSIS,  
BY ACCOUNTING PERSPECTIVE

Component of Analysis	Accounting Perspective		
	Income Assistance Recipients Eligible for SSP	Government Budgets	Society
<b>Employment</b>			
Earnings	+	0	+
Fringe benefits	+	0	+
<b>Tax Payments</b>			
Federal income tax	-	+	0
State income tax	-	+	0
Social insurance tax	-	+	0
Sales and Goods and Services taxes	-	+	0
Unemployment Insurance tax	-	+	0
<b>Transfer Payments</b>			
Income Assistance	-	+	0
Other provincial programs	-	+	0
Unemployment Insurance	+	-	0
<b>Transfer Administrative Costs</b>			
Income Assistance	0	+	+
Other provincial programs	0	+	+
Unemployment Insurance	0	-	-
<b>SSP Program Costs</b>			
Supplement payments	+	-	0
Administrative costs	0	-	-
<b>Use of Other Programs</b>			
Job search	0	-	-
Education	0	+	+
Training	0	+	+
<b>Employment-Related Expenses</b>			
Child care	-	-	-
Transportation	-	-	-
Other	-	-	-

NOTES: The budget perspective includes both federal and provincial government budgets.

The items in this table are shown as an expected benefit (+), cost (-), or neither a benefit nor a cost (0).



### **A. The Benefit-Cost Perspective of Income Assistance Recipients**

How has the program affected the economic well-being of Income Assistance recipients and their families so far? Supplement payments have substantially raised the income of program group members who have taken up the supplement above what they would have received on Income Assistance (even if they worked while on Income Assistance and took advantage of the enhanced earnings disregard available in British Columbia).<sup>13</sup> However, the extent to which the SSP program has raised the income of the entire program group cannot yet be determined, mostly because it is not yet known how much supplement non-takers' and control group members' earnings and Income Assistance payments have changed.

The key to success, from the perspective of Income Assistance recipients, is that supplement takers' income — made up, initially, of earnings plus the supplement, and then earnings alone once the supplement payments end after three years — increases beyond what it would have been in the absence of the program. Thus, the key determinants of well-being from the Income Assistance recipient perspective will be whether (1) supplement takers maintain their employment during the remainder of their period of SSP program eligibility, (2) supplement takers experience increased wages and hours over this period, and (3) a significant number remain employed after their eligibility ends. It is full-time employment that produces the earnings and supplement payments that raise their income while they are in the SSP program, and that potentially will produce the higher long-term earnings that will lead to financial self-sufficiency once supplement payments end after three years. As indicated in Chapter 6, about three-quarters of participants who have initiated the supplement have maintained their employment thus far.

### **B. The Benefit-Cost Perspective of Government Budgets**

Could this program eventually be cost-effective from the standpoint of taxpayers and government budgets? As reported above, the net cost of the SSP program has been relatively low thus far: During the first year of eligibility, it has been about \$1,600 per program group member, and the net cost after that has been about \$130 per month. This monthly cost is lower than that for many employment and training program approaches for welfare recipients (although, because participation in SSP lasts three to four years, which is much longer than in most other programs, the total cost per eligible individual could eventually be relatively high). However, it is not yet known how the SSP program, on balance, is affecting other program costs. The SSP program is expected to increase job search assistance and child care costs and reduce education and training program costs,<sup>14</sup> but the program's impacts on these costs have not yet been measured. The SSP program is also expected to increase tax revenues, but this potential program impact also has not been confirmed.

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<sup>13</sup>As noted earlier, Income Assistance recipients in British Columbia were eligible for an enhanced earnings disregard for up to 12 months, during which their monthly Income Assistance payments were reduced by a fraction of their monthly earnings, equal to 75 percent of the amount of earnings above \$200.

<sup>14</sup>Job search assistance is expected to increase because the program group has a financial incentive to look for work; child care is expected to increase because the program group is expected to be employed full time to a greater extent than the control group. However, this full-time employment will reduce the time the program group has to be enrolled in education or training classes.

The SSP program's net cost per program group member may eventually be in the \$5,000-\$6,000 range. The question, of course, is whether the expected benefits of the program will offset, or even surpass, its cost. This will depend on many factors, two of which are especially noteworthy. One is the program's impact on the welfare receipt of individuals who are *not* in the recipient sample. If the SSP program encourages new applicants to extend the time they receive welfare (in order to become eligible for the SSP program), this will add to the net cost of the program. As indicated in Chapter 1, the evaluation's applicant study is designed to answer this question. The other key factor is the extent to which supplement takers hold on to their jobs and remain off Income Assistance once the three-year supplement ends.

### **C. The Benefit-Cost Perspective of Society as a Whole**

What will the costs and benefits of the SSP program be to Canada as a whole? The sum of the benefits and costs to society is defined as the sum of the benefits and costs to Income Assistance recipients and to taxpayers. The change in income transfers caused by the SSP program — that is, the supplement payments and reduced Income Assistance — are cost-neutral from a social standpoint: Such transfers are a benefit to one group and a cost to the other, producing no net gain for society. The factor that will largely determine cost-effectiveness from this perspective is the program's long-term impact on employment, which will be measured in the coming years.

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