A Financial Incentive to Encourage Employment among Repeat Users of Employment Insurance:
The Earnings Supplement Project

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Preface

This is one of a series of reports produced in connection with the Earnings Supplement Project (ESP). Human Resources Development Canada funded ESP in an effort to explore innovative approaches to helping people become re-employed.

The main purpose of unemployment benefits is to provide temporary earnings replacement while people search for work. It may be possible, however, to devise more effective ways of providing financial assistance — ways that can help unemployed people overcome the barriers they face to becoming re-employed. This is recognized, for example, in the 1996 *Employment Insurance Act*, which includes provisions for "active measures" in the form of program supports for the unemployed who are eligible for employment insurance (EI).

ESP was designed to test an innovative use of EI funds. In this case, two groups of applicants for unemployment benefits — displaced workers and those who were frequent recipients of benefits — were offered a supplement to their earnings if they went back to work quickly and experienced a reduction in earnings in doing so. Because governments have limited resources with which to implement new programs, it is important that any new spending be directed to initiatives that have demonstrated their potential to be effective in meeting the objectives set for them. Consequently, ESP's program model was tested on a relatively small scale using the most reliable method of evaluation available — a random assignment experiment.

This report presents findings on ESP's impacts with repeat users of unemployment insurance. A companion study, *Testing a Re-employment Incentive for Displaced Workers: The Earnings Supplement Project*, presents the program impacts with displaced workers. Overall, the ESP program model did not produce large impacts on the labour market experiences of those who took part. The program had no effect on the subsequent benefit receipt of repeat EI users. There was a small impact on the re-employment of displaced workers but the effect was short-lived and was achieved at a net increase in cost to the government. Nonetheless, the ESP experiment can make an important contribution to the development of re-employment policies. The results obtained by the careful testing of this program design can help policy-makers avoid a potentially costly mistake; moreover, the information generated by the project can help steer program development toward more effective forms of intervention. Ultimately, policies that are based on evidence will produce a more efficient use of program resources and better results than policies that are based on intuition and hope.

John Greenwood
Executive Director

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The Earnings Supplement Project (ESP) would not have been possible without the collaboration of many people and organizations who brought a combination of funding, research, data management, and operational experience to the project.

I would especially like to acknowledge the sponsorship and ongoing support provided by Human Resources Development Canada (HRDC), where the innovative idea to test earnings supplements originated. In particular, Jean-Pierre Voyer provided guidance and dedicated support throughout the project on matters large and small. In the project development and implementation stages, Russ Jackson provided direction, and Ron Rocheleau provided technical support and liaison with other HRDC branches and regional offices.

Local Human Resource Centre of Canada (HRCC) managers and staff, too many to mention by name, were critical in recruiting participants for the study and providing valuable assistance and support. Tai Wong and Luc Richer provided the Employment Insurance (EI) administrative data that were required for the demonstration. SRDC also received helpful advice and information on EI operations from many people in HRDC's Insurance Group, especially Julie Zahoruk-Tanner and Glenn Ramsay.

Many people at SRDC worked diligently and carefully to help prepare this report. John Greenwood provided overall direction both for the project and this report. He read drafts and offered invaluable guidance at all stages of the analysis and writing. Jason Peng provided programming support and managed the data used in this report. In addition, he conducted an initial study of the program's impacts on repeat EI users. This report builds on his initial work. Saul Schwartz read drafts of this report and Claudia Nicholson performed the fact checking. All SRDC personnel commented on and contributed to a workshop where these results were first presented.

Many other people contributed in the early stages of the project. Gordon Berlin managed the project in the design and implementation stages. He oversaw the writing of the first ESP report. Howard Bloom was the senior author of the implementation report and the report on the effects of ESP on displaced workers. Susanna Lui-Gurr also made a large contribution by helping with the implementation of ESP, as well as being a co-author of the implementation report and the displaced worker report. Barbara Fink co-ordinated program implementation. Wendy Bancroft, a co-author of the implementation report, held focus groups that increased our understanding of ESP participants. The implementation team included: Dan Doyle, Mary Hinton-Nelson, George Latour, and Susan Day, who kept us informed about day-to-day operations. Irene Robling helped to design the Program Management Information System (PMIS) used in operating ESP.

I would like to thank the following participants from various universities and agencies who attended a daylong workshop that helped shape the project: Dougal Aucoin, Lionel Carrière, Charles Beach, Gary Burtless, David Card, Miles Corak, Peter Kuhn, Bruce Meyer, Christopher O'Leary, Craig Riddell, Philip K. Robins, Dan Doyle, George Cave, the late Daniel Friedlander, Barbara Goldman, and Judith Gueron.

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Finally, I would like to express my appreciation to all the participants in the ESP study. They answered our questions, spent time with us discussing their experiences, and made this study possible.

Doug Tattrie

Introduction

This report presents findings from the Earnings Supplement Project (ESP), a multi-site test of a financial incentive offered in the form of a supplement to earned income. ESP's objective was to determine the extent to which this incentive would encourage applicants for unemployment benefits to return to work more quickly.[1] The project was conceived and funded by Human Resources Development Canada (HRDC), and was conducted by the Social Research and Demonstration Corporation (SRDC), a non-profit social policy research organization.

ESP was implemented in nine Human Resource Centres of Canada (HRCCs) located in seven provinces.[2] The project was comprised of two separate studies that assessed the effects of the financial incentive with two groups of unemployed workers:

- workers with a history of repeated use of unemployment benefits (referred to in this report as "repeat Employment Insurance (EI) users) at four HRCCs (located in St. John's, Halifax, Moncton, and Lévis); and
- displaced workers at five HRCCs (located in Granby, Oshawa, Toronto, Winnipeg, and Saskatoon).

In each case, a randomized experiment — the best way known for evaluating program impacts — was used to measure the effects of the program being tested. Participation in the project was voluntary. Those who volunteered were randomly assigned to either a "supplement group" that was offered the financial incentive or to a "control group" that was not. Choosing the groups in this way ensured that the only initial systematic difference between them was the receipt of a supplement offer; therefore, comparisons of the subsequent experiences of the two groups would provide a valid basis for estimating impacts.

This report, one in a series about ESP, presents findings only on the program impacts for repeat EI users. ESP's results for displaced workers are reported separately.[3]

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[1]When ESP began in March 1995, participants were selected from among those applying for Unemployment Insurance (UI) benefits. Effective July 1, 1996, the *Employment Insurance Act* came into force, and the benefits paid were renamed Employment Insurance (EI) benefits. In this report, Unemployment Insurance and UI are used to refer to the pre-July 1996 program. Employment Insurance and EI are used to refer the new program. The terms "unemployment benefits" and "unemployment insurance" are used generically to refer to this form of compensation.

[2]At the time the sites were selected for ESP, local HRDC offices were called Canada Employment Centres (CECs). Part way through the project, they were redesignated as HRCCs, so this term is used throughout this report to be consistent with current usage.

[3]See Bloom et al., 1999. A full account of the implementation of ESP is contained in Bloom et al., 1997.

Background

REPEAT USE OF UNEMPLOYMENT INSURANCE

The main purpose of an unemployment insurance program is to provide monetary assistance to unemployed people who are searching for work during a temporary interruption of employment and earnings.[4] EI is one of Canada's largest social programs and one of its most controversial. Unemployment benefits subsidize unemployed workers as they search for work. This can lead to a more efficient matching of unemployed workers with available jobs by enabling job seekers to continue looking until they find the best possible employment opportunity. This helps workers, firms, and the economy as a whole. However, unemployment insurance, by providing payments to people when they are not working, may cause some people to remain unemployed for longer periods since it may reduce the urgency of finding work.

Near the centre of the controversy are repeat EI users — individuals who frequently file claims for unemployment insurance. By one definition — three paying claims within five years — repeat EI users accounted for 46 percent of all those who had a paying unemployment insurance claim in 1996.[5] Rather than "unemployed," many repeat EI users might be better described as "part-time" employees, whose work is concentrated at certain times of the year.[6] They often work for the same employer every year during busy periods, and then receive unemployment benefits when their employer has no work for them. So, despite frequent periods of unemployment, many repeat EI users maintain a long-term attachment to a single firm or industry. It should be noted that employers in this situation also benefit from the availability of unemployment insurance because it keeps their skilled workforce available during slow work periods. This is because unemployment insurance gives skilled workers less incentive to find work in other locations.

Most repeat EI users work in industries or for firms that experience major fluctuations in their demand for labour. There is, however, considerable diversity among those who are repeat EI users. While many work in seasonal industries, such as construction, many others work in industries that are not usually thought of as seasonal. For example, repeat EI users

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[4]It can have other important purposes as well, such as the provision of maternity or sickness benefits to those whose employment is interrupted because they are temporarily unable to work. In addition, an unemployment insurance program may include the use of program funds to pay for "active labour market programs" (e.g., training, job creation, and wage subsidy programs) designed to increase the longer-term employment prospects of individual claimants. Finally, unemployment insurance often plays a large role in reducing the effects of economic recessions and regional economic disparities.

[5]This number is based on the *Survey on the Repeat Use of Employment Insurance,* which was conducted by Statistics Canada. This survey will be the subject of a forthcoming SRDC report.

[6]It is important to note, however, that repeat EI users and part-time workers who work the same number of hours each year receive very different treatment from the Employment Insurance system. A repeat EI user who works full time for six months of a year can collect benefits for the other six months. In contrast, a part-time employee who works 20 hours per week for every week of the year will not receive EI benefits.

are often found among teaching and related occupations, health care, and other public and quasi-public sectors. In 1996, the *proportion* of regular EI claimants who were repeat EI users was highest in the Atlantic Provinces. However, the province of Quebec made up the largest *number* of repeat EI users. Repeat EI users also have a wide variety of incomes. Many construction workers are well paid, but many service industry workers earn close to the minimum wage.

Despite much concern and study, however, there is still a lot to learn about repeat EI users and about the kinds of programs and services that can help them. It is hoped that the findings from ESP will contribute to that process.

THE EVOLUTION OF UNEMPLOYMENT INSURANCE

The frequency of use of unemployment insurance has been an issue in Canada since the Unemployment Insurance program was first created in 1940.[7] At that time, workers who were judged most likely to use unemployment insurance repeatedly were simply excluded from coverage. This meant that workers in seasonal industries neither paid UI premiums nor collected UI benefits. These and other exclusions left 58 percent of the work force at that time without coverage.

The next 30 years saw expanded coverage and increased generosity, culminating in the 1971 *Unemployment Insurance Act*. Unemployment benefits became available to virtually all employees, including seasonal workers who today make up a large proportion of repeat EI users. In addition, the expanded system required substantially fewer weeks of employment in order to qualify for longer periods of more generous benefits. Finally, workers in regions with high rates of unemployment could receive benefits for longer periods than workers in regions of low unemployment. Even so, repeat EI users are today more likely to live in high unemployment regions and to work fewer weeks during the year than are other claimants.

However, subsequent decades saw a dramatic increase in unemployment, as well as in the number of unemployment insurance claims and the incidence of repeat claims. Consequently, the cost of the Unemployment Insurance program also rose dramatically. Part of the government response was to increase the number of weeks needed to qualify for benefits and to reduce benefit generosity (in terms of both benefit rate and benefit duration).

As well, over time, unemployment insurance funds began to be used for "active measures" to encourage increased employment and to reduce future reliance on unemployment insurance. This period of shifting resources from "passive" income support to more "active" program interventions culminated in the *Employment Insurance Act*, which came into force on July 1, 1996. During fiscal year 1997–98, the first full year following the implementation of the EI Program, 1.8 million new claims for all types of EI benefits were received by HRDC and $10 billion in benefits was paid.[8]

Several aspects of the new Act address concerns about intensive users of unemployment insurance. Under a new "intensity rule," workers who have collected more than 20 weeks of

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[7]Dingledine, 1981, provides an excellent history of the early years of the Canadian Unemployment Insurance system.
[8]See Human Resources Development Canada, 1998.

benefits in the previous five years have their benefit rates reduced by one percentage point for each 20 weeks of benefits received. However, the benefit rate cannot go below 50 percent.[9]

Low-income claimants with dependants are exempt from this rule and receive a higher benefit rate (60 percent of insured earnings). In contrast, high-income intensive users receive less than they did under the pre-1996 provisions. Claimants whose annual income exceeds $39,000 and who have collected more than 20 weeks of benefits in the previous five years must pay back some of their EI benefits. The maximum amount of this "claw back" increases with the number of prior benefit weeks received and with annual income.[10]

In summary, the new EI legislation provides substantial income support for repeat EI users, particularly those with low incomes and dependants. However, it also penalizes intensive EI use and reduces benefits for high-income intensive users.

THE DESIGN OF THE EARNINGS SUPPLEMENT PROJECT

There have been several attempts to reduce the potential for unemployment insurance, thereby creating an incentive to work. In general, this has been done either by making unemployment insurance less attractive or by making work more attractive. In either case, people are expected to work more as employment becomes more attractive relative to receiving unemployment benefits.

One example of a program that attempted to make working more attractive was the UI Re-employment Bonus, tested extensively in four experiments in the United States. Unemployment benefit claimants were offered a lump sum bonus if they found work quickly. The Illinois experiment, for example, found that a $500 job-finding bonus reduced the average UI benefit duration by more than a week. However, the three other experiments found little or no reduction in the duration of unemployment insurance claims.[11]

ESP sought to build on the experience of the U.S. bonus experiments. Rather than a lump-sum bonus, however, ESP offered to top up the wages of repeat EI users if they quickly found a new job that paid less than their old one.[12] By raising the financial benefit of taking available lower-paying jobs, policy-makers hoped that ESP would encourage repeat EI users who were looking for work to consider a wider range of jobs. It was thought that this form of "earnings insurance" might encourage some repeat EI users to switch into jobs that were initially lower paying but had the potential for year-round employment and wage progression. Alternatively, ESP might encourage repeat EI users to find additional work during the off-season of their regular jobs. In either case, earnings supplements would reduce reliance on unemployment insurance and increase the amount of employment among repeat EI users.

Unlike job-creation projects, ESP did not directly create any new jobs. Rather, ESP attempted to reduce unemployment by encouraging unemployment insurance claimants to be

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[9]Benefits received from claims filed before July 1, 1996 are not counted in determining the benefit rate.

[10]Claims approved before July 1, 1996, are not taken into account. Eventually, however, benefits will be substantially reduced for high-income repeat EI users.

[11]See Meyer, 1995, for an overview of the four U.S. re-employment bonus experiments.

[12]A complete description of the program and its implementation can be found in Bloom et al., 1997.

more willing to accept existing jobs. In communities where there were few existing jobs to find, ESP would be expected to be relatively ineffective.

THE SUPPLEMENT PROGRAM

Eligible unemployment insurance recipients were offered a supplement to their earnings if they found work, left EI, and experienced a reduction in pay.[13] The features of the program model were as follows:[14]

- There was a time limit on the supplement offer. Those offered an opportunity to receive a supplement were allowed a maximum of 12 weeks to find a qualifying job, stop receiving unemployment benefits, and register for supplement payments. Those who did not do so within the time limit became ineligible for any supplement payments (but could continue receiving unemployment benefits for as long as their eligibility lasted).
- Supplement payments were calculated to make up 75 percent of the amount by which the earnings at the participant's new job fell below the earnings in the participant's previous job.
- To be consistent with the provisions of the EI program, the earnings in the previous job used to calculate the re-employment earnings loss were capped at the level of maximum EI-insurable earnings ($815 per week when ESP began).
- Supplement payments were capped at a maximum of $250 per week.
- Supplement payments could be received for up to two years from the date the supplement offer was initially made and the job-search period began.[15]
- The participant had to take a full-time job (30 or more hours a week) in order to receive supplement payments.[16]
- Workers who went back to work with their previous employer at their previous job location were not eligible for supplement payments.
- Supplement payments were not insurable for EI purposes (although the earnings from the supplemented job were).

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[13] An eligible participant could also qualify by finding a job that did not entail any immediate earnings reduction. Although no supplement would be paid for such employment, this would establish the participant's eligibility for supplementation in the event that, during the two-year period of supplement eligibility, the participant's earnings fell below those in the previous job. However, almost no one initiated a supplement without incurring an earnings loss.

[14] The program model tested with displaced workers was identical, except with respect to the maximum job-search period. Displaced workers were allowed up to 26 weeks to leave unemployment insurance for work, rather than the 12 weeks allowed for repeat EI users.

[15] This meant that the longer a participant took to find a suitable job (within the maximum allowable period of 12 weeks), the shorter the period in which the participant could potentially collect supplement payments. This provided participants an additional incentive to find work quickly.

[16] The number of hours needed to qualify for the full-time job requirement was actually averaged over a two-week period. To claim their supplements, participants sent in copies of their pay stubs to the ESP office. A participant who worked 60 or more hours over a two-week period was eligible for two weeks of supplement payments. One week of supplement payment was given to a participant who had 30 or more hours of work in one week but failed to work 60 or more hours over the two-week period. Slightly different rules were applied to workers who were paid bi-monthly.

A supplement of this sort could be generous to many claimants. For example, a worker who was laid off from a job paying $600 a week received $330 a week in unemployment benefits. Such a worker would experience a significant earnings loss in accepting a job that paid only $300 a week (and would be unlikely to take it since $300 a week is less than the worker's unemployment benefit entitlement). However, an eligible ESP participant could accept the job and receive a $225 weekly supplement payment in addition to the $300 in employment earnings. The participant's total income would then be $525 a week — much more than the unemployment benefit and almost as much as the pay in the worker's old job. This incentive might encourage some workers to find alternative employment quickly, even if it initially entailed a reduction in pay.

There are reasons, however, why such a supplement might not be attractive to some workers. First, the supplement payments would run out after a maximum of two years. Second, only earnings from the alternative job — not the supplement payments — would be used in calculating any future entitlement to unemployment insurance. Therefore, accepting a lower-paying job has the potential to reduce subsequent unemployment benefits substantially. In addition, repeat EI users might be reluctant to leave long-term employers for an uncertain future in a new job. For workers who had very high earnings in their previous job (i.e., above the maximum insurable earnings level), the supplements would make up less than 75 percent of their earnings loss.[17] Finally, the combination of supplement payments and employment earnings might not be sufficient to compensate some workers for the loss of their non-market time.

In conclusion, the design of the earnings supplement program allowed for generous payments in some circumstances but negligible payments in others. For these reasons, it was difficult to judge in advance how effective such a program might turn out to be. Therefore, ESP was designed to test this approach.

THE EVALUATION DESIGN

In order to evaluate ESP's financial incentive, it was necessary to learn how the supplement offer affected the behavioural outcomes of the eligible participants. These outcomes included, for example, the number of weeks during which a participant received unemployment benefits and the total amount of benefits received. The outcomes for the individuals who received the ESP supplement offer had to be compared with some measure of what they would have done if had they not received an offer.

Many ways have been devised to do this. The most rigorous approach, however, is the random assignment method that was used for the ESP study. Eligible ESP applicants were randomly assigned to one of two groups: a supplement group, which was offered the supplement, and a control group, which was not. The outcomes of the control group are thus a measure of what the members of the supplement group would have experienced if they had not been eligible to receive the supplements. This, in turn, implies that the impacts of the ESP program model can be estimated simply by calculating the differences between the outcomes of the supplement group and the outcomes of the control group.

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[17] In fact, those who became re-employed with earnings above the Maximum Insurable Earnings would receive no supplement payments at all, regardless of the size of the earnings loss they actually experienced.

ENROLLING THE STUDY SAMPLE

Repeat EI use is traditionally associated with the Atlantic Provinces and Quebec, where unemployment is high and repeat EI users form the largest percentage of unemployment insurance claimants. For this reason, ESP drew its participants from among unemployment insurance claimants in four sites in Eastern Canada: St. John's, Halifax, Moncton, and Lévis.

The program accepted applications on a voluntary basis from all eligible repeat EI users. These were defined as persons who: (1) filed or renewed a paying regular unemployment insurance claim at one of the four sites during the sample intake period, (2) had filed a paying regular claim in each of the preceding three years, and (3) had not received a benefit cheque in the preceding 12 weeks if their most recent claim was a renewal. This definition allowed ESP to focus on claimants at these sites who had frequently received unemployment benefits in the recent past. Sample intake began at the first site in March 1995 and had ended at all sites by June 1996. During this time, each site enrolled participants for approximately 12 months.[18]

Detailed information on the implementation of ESP has been reported previously.[19] In summary, the enrolment process started when individuals who met the eligibility requirements filed a claim for unemployment benefits at one of the participating sites during the enrolment period. They were given general information concerning the study, the possible benefits of ESP, and its research requirements.[20] They were then asked to sign a *Project Application and Informed Consent* form, which indicated their willingness to take part, confirmed their understanding of the random assignment process, and gave their permission for SRDC to access their administrative records for research purposes. These records were used to assess the effectiveness of ESP in reducing unemployment insurance use.

Of those given an application form, only 41 percent agreed to participate by returning a signed *Project Application and Informed Consent* form.[21] Since participation in ESP offered potential benefits while imposing virtually no obligations in return, this low enrolment rate was an important early indication that most repeat EI users did not believe ESP would be helpful to them.[22] If participants wanted to, they could look for alternative work and potentially receive supplement payments. But if they did not want to, they were still eligible to receive unemployment benefits. Given that the cost of enrolling in ESP was so low, those refusing to participate must have considered the potential benefits of ESP to be virtually non-existent. Comments by HRCC staff, and by some repeat EI users, also suggested that many participants had little interest in the program.[23]

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[18]The exception was in Lévis where sample intake took place between September 1995 and June 1996.

[19]See Bloom et al., 1997.

[20]Those who had applied for unemployment insurance by mail were sent an information brochure and an ESP application by mail. In some cases, claimants who mailed in unemployment benefit applications were not sent an ESP application. Consequently, these claimants may be underrepresented in the study sample.

[21]This is a substantially lower acceptance rate than was found in the ESP study that focused on displaced workers. In that study, 97 percent of the *Project Application and Informed Consent* forms returned by eligible participants indicated their willingness to participate. See Bloom et al., 1997.

[22]Participants were obligated only to answer survey questions and allow access to their administrative records for research purposes.

[23]HRCC staff at ESP sites answered a survey; furthermore, repeat EI users sometimes made comments about the program to ESP staff.

However, 3,414 repeat EI users did agree to be part of the study and completed a baseline survey. Subsequently, 1,707 of the study participants were randomly assigned to the supplement group and were potentially eligible to receive supplement payments. The remaining 1,707 study participants were randomly assigned to the control group and were not eligible to receive supplement payments.

CHARACTERISTICS OF THE STUDY SAMPLE

The random assignment of participants was successful in ensuring that there were no systematic differences between the two groups. As Table 1 shows, the supplement group and control group had very similar characteristics. Members of both groups were, on average, just over 40 years old and were more likely to be men than women. As well, most members of both groups had previously held moderately well-paying full-time jobs; few had either very high or very low earnings.

Table 1: Characteristics of Supplement Group and Control Group Members

	Supplement Group	Control Group
Sample size		
Total	1,707	1,707
St. John's	760	760
Halifax	149	145
Moncton	430	432
Lévis	368	370
Individual characteristics		
Average age	40.8	40.8
Male (%)	64.9	64.2
Less than high school education[a] (%)	38.5	36.7
Additional contributors to household income (%)	64.9	64.6
Unemployment insurance claim at time of survey		
Average number of weeks of benefit entitlement	30.2	30.1
Average weekly benefit[b] ($)	289	285
Weekly insurable earnings averaged over qualifying period ($)	522	516
Average number of weeks of unemployment insurance benefits in the three years before random assignment	65.3	64.5
Average unemployment insurance benefit payments in the three years before random assignment ($)	17,867	17,448
Previous work		
Average earnings/week in last job ($)	559	547
Earned less than $200/week (%)	4.2	5.0
Earned more than $1,000/week (%)	5.7	5.3
Average number of hours worked/week	41.3	41.4
Average number of years worked for last employer	6.2	6.3
Worked in same industry for 10 years or more (%)	43.6	45.6
Job loss		
Expected recall notice[c] (%)	88.2	88.2

[a]Recoding of education variables resulted in slightly lower percentages than reported in Bloom et al., 1997.

[b]For the first week of their most recent unemployment insurance claim

[c]Persons who expected to be able to return to their most recent employer.

Source: Baseline survey and unemployment insurance records.

Not surprisingly, given the selection criteria, the individuals enrolled in the study had collected substantial amounts of unemployment benefits in the past. In the three years prior to random assignment, study participants had received, on average, about 65 weeks of UI benefits, with an average value of more than $17,000.

Members of both groups had a number of characteristics that might have limited their ability or willingness to seek alternative employment. They had a low rate of high school graduation, which might have limited their mobility or attractiveness to employers. In addition, most study group members had at least one other working adult in their household. This additional source of income might have reduced their need to seek alternative employment opportunities. Participants also had a strong attachment to their industry and to their employer. Almost 45 percent had worked in the same industry for more than 10 years. In addition, they had worked for the same employer for an average of six years. Thus, they may have been reluctant to change industries or employers to find alternative, year-round work.

Not only had most sample members worked at their jobs for a long time in the past, they expected that they would be able to work at those jobs in the future. Almost 90 percent of them expected to be able to return to their most recent employer. This means that most participants were in the midst of a long-standing job rather than at the end of one. It seems reasonable to suppose that most participants would prefer to continue their long-standing employment relationship rather than seek out alternative lower-paying jobs. If so, then ESP would have provided most supplement group members with little incentive to find new permanent work with another employer. However, ESP still gave them some incentive to find temporary work during periods when they were not working with their regular employer.

THE RESULTS

The effects of the program are determined by examining the differences in outcomes between supplement group members and control group members. These differences are known as program impacts. Two major data sources were used for the impact analysis. First, for each month, unemployment insurance administrative records were used to determine: (1) whether participants received regular unemployment benefits, and (2) how much they received. The second source of data was the ESP program administrative data that is available for supplement group members only. In addition to providing the data for the analysis of supplement take-up, this information was combined with unemployment insurance administrative data to determine the overall costs or savings attributable to ESP.[24]

[24]Information from other sources, including a baseline survey of participants and an HRCC staff survey, was analyzed in ESP's implementation study. See Bloom et al., 1997.

SUPPLEMENT TAKE-UP

This section examines how many supplement group members actually received supplement payments, when they received them, and how much they received. This is useful information in describing how the program functioned and who may have benefited from it. However, caution must be used in trying to judge the effectiveness of the financial incentive based on the receipt of supplement payments. A person who received supplement payments after finding a lower-paying job might have been willing to accept such a job even without a supplement. How ESP changed people's labour market behaviour — the program's impact — is determined by comparing the outcomes of supplement and control group members, which will be discussed below.

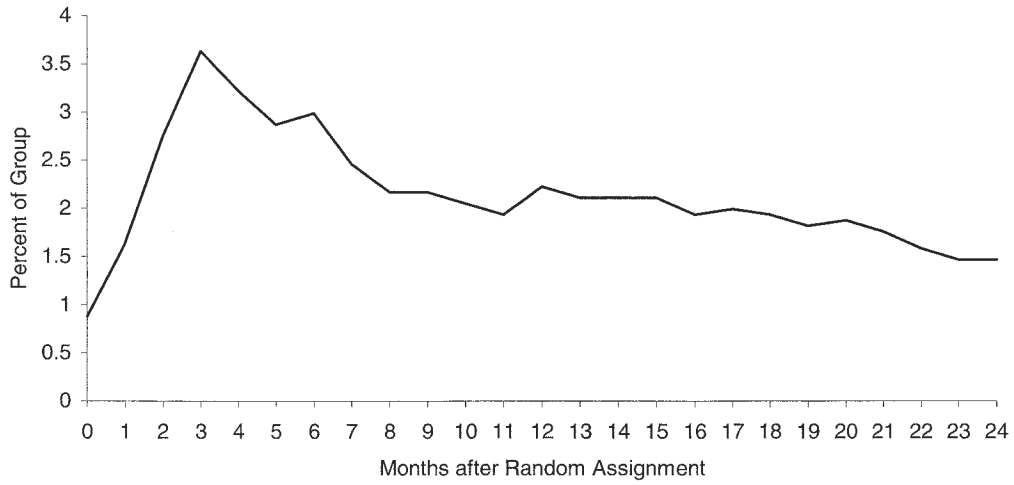
After random assignment, it was found that very few of those who were potentially eligible to receive a supplement actually did so. Most supplement group members — 95.3 percent — did not receive any supplement payments. The most important reason for the low rate of supplement receipt was that 88 percent of the supplement group expected to be able to return to work with their previous employer. Of this group, only 3.7 percent received a supplement payment. In contrast, among those who did not expect to be able to return to their previous employer, 13.3 percent received a supplement payment. The relatively short period of time allowed to participants to find work and the high levels of unemployment at the project sites may have also contributed to the low percentage of supplement receivers.

However, 4.7 percent of supplement group members — 80 people — did receive at least one supplement payment.[25] The median number of months in which payments were received was 8.5 months. The median amount received was $2,696. However, there was considerable variation in how much various individuals received. Twenty percent of recipients — 16 people — received 63 percent of all of the supplement payments. In this group, the median supplement payment was $19,343. The remaining 80 percent of supplement recipients received far less — a median payment of only $1,291. And, of course, 95 percent of the supplement group received no money at all from ESP because they were not supplement recipients.

Figure 1 shows the pattern of payments in the months after random assignment. The percentage of supplement recipients rose in the initial months after random assignment as supplement group members started finding alternative work during the job-search period. Near the end of this period, the proportion collecting supplements peaked at 3.6 percent in the third month after random assignment. It subsequently declined as some supplement group members either lost their new job or returned to their old job. In the final months, supplement receipt slipped to about 1.5 percent of the supplement group.

[25] In fact, 5.3 percent of program group members found a full-time job within the 12-week job-search period and registered it with the ESP office. The additional 0.6 percentage points represent those few who suffered no immediate earnings loss but registered their jobs so that they would be eligible for payments if they experienced an earnings loss in the future.

Figure 1: Percentage of ESP Program Group Members Receiving Supplement Payments



PROGRAM IMPACTS

Supplement receipt provides some insight into the operation of ESP. However, as mentioned earlier, the formal test of the program's effectiveness is accomplished by comparing the behaviour of the supplement group with the behaviour of the control group. To do this, the average outcome in the control group is subtracted from the average outcome in the supplement group in order to obtain the *impact* of ESP. Statistical techniques are then used to show whether this impact could have occurred by chance or likely represents a true difference between the supplement group and control group.[26]

ESP's original evaluation plan called for program impacts to be estimated on a number of outcomes, including employment, earnings, and EI benefit receipt. However, it became apparent early on that only a small portion of the supplement group would actually receive a supplement payment. As well, it seemed likely that any effect of the supplement offer would be confined largely to those participants who received at least one supplement payment.[27] Given the size of the research sample, it was unlikely that the average impact of the

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[26] An alternative method of estimation is to calculate adjusted impacts from a statistical regression model. This statistical procedure improves the precision of the impacts. It also removes the effects of observable differences in the personal and labour market characteristics of supplement group and control group members that may exist at baseline (despite the process of random assignment). In this study, adjusted impacts were calculated to control for gender, age, education, site, average weekly insured earnings, union status, recall expectations, years in the industry, occupation, and the calendar month of random assignment. In addition, each adjusted impact for unemployment benefits controls for the amount of benefits and the seasonal pattern of unemployment insurance receipt prior to random assignment. The adjusted impacts are presented in the Appendix. The unadjusted impacts are emphasized in the text of the report because they are calculated in a simple and transparent manner.

[27] It is possible to construct a story in which ESP might have had a positive impact on people who did not receive a supplement payment. For example, suppose the supplement offer encouraged many participants to search very hard for work. If they found work that paid too much to be eligible for a supplement payment, then the earnings supplement offer could have had a strong positive influence on their lives without actually making any supplement payments to them. However, this story is not consistent with the assessment of ESP presented later.

supplement offer on the entire supplement group would be large enough to be statistically significant.

Consequently, it was decided not to incur the cost of the planned follow-up survey to collect information on the employment and earnings of the repeat EI user study sample.[28] Instead, the analysis would look only at those impacts that could be measured with data available from EI administrative records. At the time that the analysis was done, information from administrative records could be obtained on all participants only for a period of 15 months after the month of random assignment. Therefore, the analysis is confined to this period.

The results of the impact analysis are summarized in Table 2. By the end of the 15th month after the month of random assignment, supplement group members received $7,641 in regular unemployment benefits while control group members received $7,483. The difference between the two groups — the impact — shows that the supplement group received $158 more than the control group. However, the high p-value shows that this difference was not statistically significant and, therefore, could have occurred by chance. This result shows that ESP did not achieve its goal of reducing the amount of unemployment benefits received.

Table 2: Total Unadjusted Impact from Random Assignment to the 15th Month after Random Assignment, Inclusive

Outcome Variable	Supplement Group	Control Group	Impact	p-value
Total amount of regular EI benefits received ($)	7,641	7,483	158	0.34
Total number of regular EI benefit weeks	27.8	27.4	0.4	0.41
Total amount of regular EI benefits and supplement payments ($)	7,832	7,483	349**	0.04

Sources: EI and ESP program administrative records.

Note: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the supplement group and the average value of the control group.

Similarly, ESP did not reduce the number of weeks of regular unemployment benefits received. The average supplement group member received unemployment benefits for 27.8 weeks during the first 15 months after random assignment. The average control group member received benefits for 0.4 weeks less. Again, the difference was not statistically significant.

Finally, ESP increased government costs by a modest amount. To show this, the amounts of regular EI benefits received by supplement group members were added to any supplement payments they received. On average, supplement group members received $349 more in EI

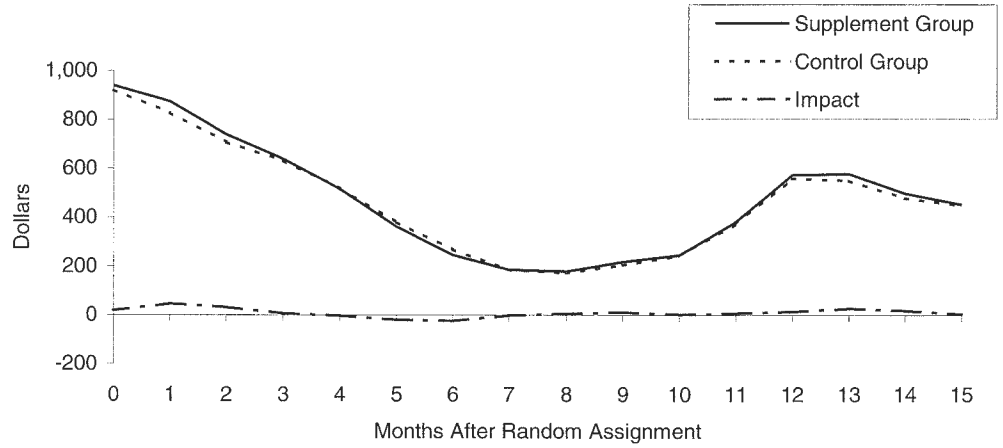
[28]The 15-month follow-up survey *was* administered to the displaced workers who participated in ESP. Consequently, Bloom et al., 1999, discusses an extensive range of program impacts, including effects on the employment and earnings of displaced workers.

benefits and supplement payments combined than control group members received in EI benefits alone. This difference was small but statistically significant.

In summary, ESP failed to reduce the amount of unemployment benefits received or the number of weeks in which benefits were received by the end of the 15th month after random assignment. In addition, ESP increased the overall cost to the government by a modest amount. Therefore, ESP was not effective in reducing the use of unemployment benefits among repeat EI users.

A more detailed look at the data confirms this conclusion. Figure 2 shows the amount of regular EI benefits that was received by an average supplement group member and an average control group member in each of the months following random assignment. The impact line shows that there are only slight differences between the supplement group and control group in any given month. Intuitively, this suggests ESP did not affect the behaviour of the supplement group in most months.[29]

Figure 2: Regular Unemployment Benefit Amounts



The graph also shows a cyclical pattern in the labour market behaviour of repeat EI users. At first, the average benefit was high. Then, the average amount of benefit received fell and rose as participants moved between employment and unemployment.

The same cyclical pattern appears in Figure 3, which shows the percentage of participants who were receiving regular EI benefits in any given month. As in the previous figure, the behaviour of the supplement group and control group appears to be virtually identical in most months. However, in the fifth and sixth months after random assignment, there were three percent fewer supplement group members receiving unemployment insurance than control group members. These small but statistically significant differences are the only evidence that ESP was even briefly effective in reducing unemployment benefit usage.[30]

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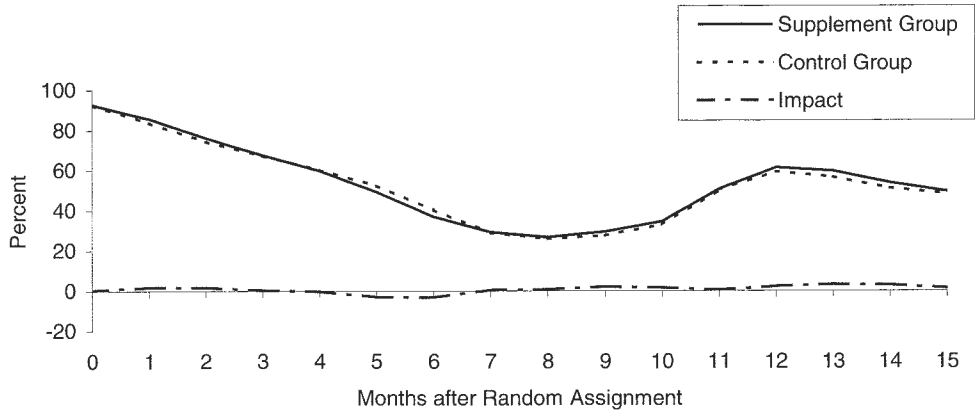
[29]More detailed tables in the Appendix confirm that the only significant impact occurred in the first month, when the supplement group received $47 more, on average, than the control group.

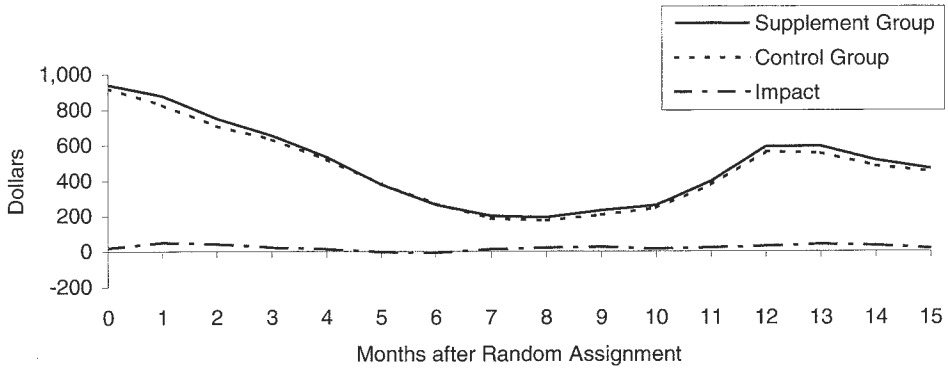
[30]Tables in the Appendix provide more detailed information.

Figure 3: Percentage Receiving Regular Unemployment Benefits



ESP did, however, raise the cost to the government in most months, as shown in Figure 4. Supplement group members consistently received more in regular EI benefits and supplement payments combined than was received by control group members as regular EI benefits alone. However, the differences were small and only significant for a few months.

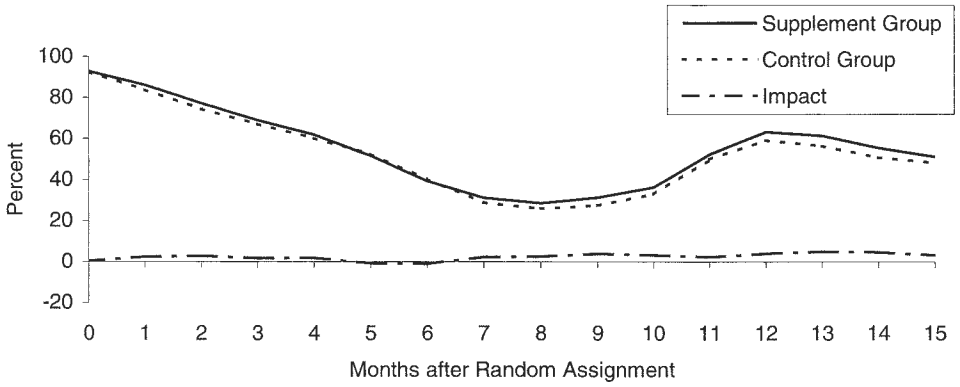
Figure 4: Total Regular Unemployment Benefits and Supplement Payments



However, there was one outcome measure where ESP showed sustained, significant impacts. In most months, ESP increased reliance on government transfers among repeat EI users, as shown in Figure 5. In most months, the members of the supplement group were more likely to be receiving some form of payment — either EI benefits or supplement payments — than were control group members. These differences were usually statistically significant and were often in the range of four to five percentage points.[31]

[31]Detailed tables of these impacts are presented in the Appendix. In addition, the appendix shows impacts for the individual sites.

Figure 5: Percentage Receiving either Unemployment Benefits or Supplement Payments



Conclusion

ESP was a test of a financial incentive program designed to encourage selected unemployment benefit claimants — in this study, those with a history of frequent benefit receipt — to return to work quickly and to use less unemployment insurance. To this end, ESP promised to make up 75 percent of the difference between the salary of a participant's new job and the salary of the previous job for up to two years as long as he or she left EI for full-time work within 12 weeks.

Repeat EI users greeted ESP with scepticism. Only 41 percent of those asked to take part agreed to participate in the study. Of those, only 4.7 percent returned to work within 12 weeks, experienced an earnings loss, and received a supplement payment. Of that 4.7 percent, one-fifth received payments in every month after the job-search period ended. This latter group amounted to 16 people.

One explanation for the low proportion of supplement receivers is that 88 percent of those assigned to the supplement group expected to be able to return to their most recent employer. Expectation of recall could limit the appeal of ESP for several reasons. First, participants may have been reluctant to leave an existing long-term employment relationship for new risky year-round jobs for which they would receive a supplement for only a temporary period of time. Second, they may have encountered difficulty in finding temporary off-season jobs that would not interfere with their planned return to their more important job. Third, as most repeat EI users were expecting to be able to return to their old job, ESP may not have provided sufficient incentive to compensate them for the loss of their non-market time.

In summary, there were several early signals, as reported in ESP's implementation study,[32] that ESP would not be effective in reducing the use of unemployment insurance among repeat EI users. A formal assessment based on EI administrative records confirmed these early impressions. A comparison of supplement and control group data revealed that:

- ESP did not reduce the amount of unemployment benefits received during the 15 months following random assignment.
- ESP did not reduce the number of weeks for which individuals received unemployment benefits during the same 15-month period. (In two of the 15 months following random assignment, however, ESP slightly reduced the percentage of repeat EI users who were receiving unemployment benefits.)
- ESP increased government expenditures as measured by unemployment benefits and supplement payments combined.
- ESP increased the proportion of persons who received a payment from the government (either unemployment benefits or an ESP supplement).

[32]See Bloom et al., 1997.

In conclusion, ESP was not effective in reducing the use of unemployment benefits by repeat EI users, nor was it effective in decreasing costs to government.

Appendix:
ESP Impact Tables

This appendix contains a more detailed look at the ESP impacts. Two types of impacts are presented. Unadjusted impacts are the simple differences between the mean outcome in the supplement group and the mean outcome in the control group. Adjusted impacts are derived from a statistical regression model. This statistical procedure improves the precision of the impacts and removes the effects of observable differences in the personal and labour market characteristics of supplement and control group members that may exist at baseline. In practice, there are usually no policy-relevant differences between the two types of impacts.

Each of the first five tables in this appendix is related to specific tables or charts in the text. For example, Table A.1 presents the adjusted impacts for the period ending in the 15^{th} month after the month of random assignment. It is related to the first table of impacts in the text, Table 2, which presents the unadjusted impacts for a similar period. Table A.2 presents the monthly unadjusted and adjusted impacts for unemployment benefits. The unadjusted impacts were used in Figure 2 in the text. Table A.3 presents the monthly unadjusted and adjusted impacts for unemployment benefit receipt. The unadjusted impacts were used in Figure 3 in the text. Table A.4 presents the monthly unadjusted and adjusted impacts on the payment of unemployment benefits and supplement payments. The unadjusted impacts were used in Figure 4 in the text. Finally, Table A.5 presents the monthly unadjusted and adjusted impacts on the receipt of unemployment benefits or supplement payments. The unadjusted impacts were used in Figure 5 in the text. The appendix concludes with two tables that show the unadjusted impacts at the different sites in the study.

Table A.1: Total Adjusted Impact from Random Assignment to the 15th Month after Random Assignment, Inclusive

Outcome Variable	Program Group	Control Group	Impact	p-value
Total Amount of regular EI benefits received[a] ($)	7612	7512	100	0.42
Total number of regular EI benefit weeks[b]	27.8	27.4	0.4	0.31
Total Amount of regular EI benefits and supplement payments[a] ($)	7803	7512	291**	0.02

[a]The adjusted impact also controls for regular EI benefits received in the year prior to random assignment.

[b]The adjusted impact also controls for the number of weeks of regular EI received in the year prior to random assignment.

Sources: Employment Insurance and ESP administrative records.

Note: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, site, average weekly insurable earnings, occupation, union status, recall expectations, and calendar month of random assignment.

Table A.2: ESP Monthly Impacts on Average Monthly Regular Unemployment Benefit Amounts ($)

Month after Random Assignment	Unadjusted Impact	p-value	Adjusted Impact	p-value
0	19	0.31	12	0.42
1	47**	0.02	41***	0.01
2	32	0.13	19	0.23
3	8	0.72	-4	0.82
4	-2	0.90	-13	0.40
5	-19	0.29	-22	0.13
6	-23	0.13	-32**	0.02
7	-1	0.97	-6	0.61
8	7	0.63	3	0.81
9	13	0.40	6	0.65
10	3	0.87	-3	0.84
11	8	0.64	5	0.75
12	15	0.46	10	0.57
13	28	0.18	23	0.19
14	19	0.35	10	0.56
15	4	0.85	-7	0.68

Sources: SRDC calculations using data from Employment Insurance administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and amount of regular EI benefits received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for regular EI benefits received in the 12th, 24th, and 36th months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for regular EI benefits received in the 24th, 36th, and 48th months prior to the random assignment month.

Table A.3: ESP Monthly Impacts on the Percentage of Participants Receiving Regular Unemployment Benefits

Month after Random Assignment	Unadjusted Impact	p-value	Adjusted Impact	p-value
0	0.2	0.85	0.4	0.67
1	1.9	0.13	2.1*	0.06
2	1.6	0.27	0.9	0.48
3	0.3	0.86	-0.2	0.89
4	-0.4	0.81	-0.7	0.60
5	-3.2*	0.07	-3.6**	0.01
6	-3.3**	0.05	-3.4**	0.02
7	0.4	0.82	0.1	0.96
8	0.7	0.64	0.5	0.71
9	2.1	0.18	1.5	0.26
10	1.5	0.37	0.8	0.59
11	0.5	0.78	0.7	0.67
12	2.1	0.21	2.4	0.13
13	3.0*	0.07	3.0*	0.05
14	2.8	0.10	2.2	0.15
15	1.2	0.47	1.0	0.50

Sources: SRDC calculations using data from Employment Insurance administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and number of months which regular EI benefits were received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for receiving regular EI in the 12^{th}, 24^{th}, and 36^{th} months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for receiving regular EI in the 24^{th}, 36^{th}, and 48^{th} months prior to the random assignment month.

Table A.4: ESP Monthly Impacts on Average Monthly Combined Regular Unemployment Benefits and Supplement Payments ($)

Month after Random Assignment	Unadjusted Impact	p-value	Adjusted Impact	p-value
0	20	0.29	13	0.39
1	50**	0.02	45***	0.00
2	41*	0.06	28*	0.08
3	22	0.30	10	0.51
4	14	0.50	3	0.85
5	-4	0.83	-7	0.62
6	-7	0.68	-15	0.29
7	13	0.36	7	0.60
8	20	0.15	16	0.21
9	26*	0.09	19	0.15
10	16	0.32	10	0.46
11	20	0.25	17	0.28
12	28	0.16	24	0.19
13	41*	0.05	36**	0.05
14	32	0.11	23	0.17
15	16	0.41	6	0.72

Sources: SRDC calculations using data from Employment Insurance and ESP administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and amount of regular EI benefits received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for regular EI benefits received in the 12^{th}, 24^{th}, and 36^{th} months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for regular EI benefits received in the 24^{th}, 36^{th}, and 48^{th} months prior to the random assignment month.

Table A.5: ESP Monthly Impacts on the Percentage of Participants Receiving either Regular Unemployment Benefits or Supplement Payments (%)

Month after Random Assignment	Unadjusted Impact	p-value	Adjusted Impact	p-value
0	0.4	0.69	0.5	0.53
1	2.3*	0.06	2.6**	0.02
2	2.8*	0.06	2.1*	0.09
3	1.8	0.27	1.3	0.31
4	1.8	0.28	1.5	0.28
5	-0.8	0.66	-1.2	0.43
6	-1.1	0.53	-1.1	0.47
7	2.3	0.14	2.1	0.15
8	2.5*	0.10	2.3*	0.09
9	3.9**	0.01	3.4**	0.01
10	3.3**	0.04	2.6*	0.08
11	2.3	0.18	2.5	0.12
12	4.0**	0.02	4.3***	0.01
13	4.9***	0.00	4.9***	0.00
14	4.6***	0.01	4.0***	0.01
15	3.0*	0.08	2.8*	0.06

Sources: SRDC calculations using data from Employment insurance and ESP administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and number of months in which regular EI benefits were received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for receiving regular EI in the 12^{th}, 24^{th}, and 36^{th} months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for receiving regular EI in the 24^{th}, 36^{th}, and 48^{th} months prior to the random assignment month.

Table A.6: ESP Monthly Unadjusted Impacts on Average Monthly Regular Unemployment Benefits, by Site ($)

Month after Random Assignment	St. John's	p-value	Halifax	p-value	Moncton	p-value	Lévis	p-value
0	40	0.15	-37	0.50	-2	0.96	24	0.61
1	68**	0.03	60	0.38	0	1.00	52	0.30
2	60*	0.06	44	0.51	-10	0.80	23	0.65
3	36	0.28	25	0.69	-39	0.33	0	1.00
4	12	0.70	6	0.91	-30	0.41	-2	0.96
5	-32	0.29	-18	0.71	-11	0.71	-1	0.98
6	-40	0.13	-27	0.53	2	0.94	-15	0.59
7	-4	0.88	7	0.86	4	0.85	-3	0.91
8	-2	0.94	-15	0.72	1	0.95	39	0.19
9	13	0.58	23	0.52	30	0.22	42	0.27
10	-29	0.25	-20	0.65	34	0.19	40	0.26
11	-45*	0.09	-51	0.28	69**	0.03	73*	0.09
12	-27	0.40	-103	0.11	67*	0.09	88*	0.05
13	15	0.65	-63	0.35	17	0.67	106**	0.02
14	30	0.35	-115**	0.04	-7	0.87	83*	0.05
15	21	0.51	-92*	0.07	-24	0.53	42	0.30
Sample size	**1,520**		**294**		**862**		**738**	

Sources: SRDC calculations using data from Employment Insurance administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and amount of regular EI benefits received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for regular EI benefits received in the 12^{th}, 24^{th}, and 36^{th} months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for regular EI benefits received in the 24^{th}, 36^{th}, and 48^{th} months prior to the random assignment month.

Table A.7: ESP Monthly Unadjusted Impacts on the Percentage of Participants Receiving Regular Unemployment Benefits, by Site

Month after Random Assignment	St. John's	p-value	Halifax	p-value	Moncton	p-value	Lévis	p-value
0	-0.3	0.81	0.2	0.95	-0.5	0.77	1.8	0.48
1	2.4	0.14	-1.6	0.72	0.6	0.79	3.7	0.25
2	3.8*	0.07	2.9	0.59	-3.1	0.28	2.3	0.51
3	2.8	0.24	0.1	0.98	-6.6**	0.03	3.6	0.31
4	-1.6	0.51	-2.3	0.68	-3.9	0.23	7.0*	0.06
5	-4.7*	0.06	-2.8	0.59	-2.1	0.54	-1.2	0.73
6	-5.3**	0.04	-4.7	0.34	1.1	0.74	-3.9	0.22
7	0.1	0.96	-0.5	0.91	0.3	0.91	1.2	0.70
8	0.8	0.74	0.9	0.84	-1.7	0.55	3.4	0.30
9	-2.0	0.41	2.9	0.50	3.8	0.18	8.0**	0.02
10	-2.2	0.36	2.9	0.54	6.9**	0.03	2.4	0.51
11	-3.2	0.22	-2.4	0.68	3.5	0.31	5.7	0.12
12	0.5	0.83	-6.3	0.28	4.0	0.22	6.5*	0.07
13	1.7	0.50	-3.4	0.57	1.7	0.60	10.0***	0.01
14	2.2	0.38	-2.9	0.59	1.4	0.67	8.1**	0.03
15	2.1	0.41	-6.2	0.24	-2.1	0.54	6.5*	0.08
Sample size	**1,520**		**294**		**862**		**738**	

Sources: SRDC calculations using data from Employment Insurance administrative records.

Notes: The sample size is 3,414. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent. The unadjusted impact is the simple difference between the average value of the program group and the average value of the control group. The adjusted impact is a regression adjusted difference which controls for gender, age, education, years in an industry, claim site location, average weekly insurable earnings, union status, recall expectations, occupation, and the number of months in which regular EI was received in the year prior to random assignment. Finally, for random assignment months 0 to 11, covariates include separate variables for receiving regular EI in the 12^{th}, 24^{th}, and 36^{th} months prior to the random assignment month. For random assignment months 13 to 15, covariates include separate variables for receiving regular EI in the 24^{th}, 36^{th}, and 48^{th} months prior to the random assignment month.

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