A major new report from SRDC has found that a program intended to make work pay better than welfare for single parents not only increases their employment and family income, but also comes close to paying for itself, once additional taxes and reductions in welfare expenditure have been taken into account.

Nonetheless, the long-term consequences of such a program depend not just on the effects for existing long-term welfare recipients, but also on the impacts on those new to welfare (referred to in the report as “Applicants”). How will families newly starting spells on welfare respond to the news that they could be eligible for an earnings supplement if they stay on welfare for at least a year? Will the program have similar effects on their labour market behaviour? What net cost will governments incur? What are the longer-term financial consequences for governments of offering financial incentives to all single parent, long-term welfare recipients?

The new report provides answers to these questions. It provides reliable evidence that SSP is a cost-effective way to help families accelerate their transitions into full-time employment and higher incomes. The evidence is reliable because SSP was tested using a random assignment methodology — commonly held as the best way to estimate the impact of a program. Random assignment ensures that participants’ outcomes result from the program being tested and not from who was selected to take part in the program or what participants would have achieved on their own in the absence of the program.

Can Work Incentives Pay for Themselves?

The Final Results of the SSP Applicant Study
Targeting applicants for welfare

This part of the SSP study followed the lives of nearly 2,400 single parent families in British Columbia for a period of six years after they began a new spell of income assistance receipt, either in 1994 or early 1995. The sample was drawn at random from the province’s income assistance records. Following an interview to collect baseline information, half were randomly assigned to a program group who could potentially receive the supplement. They were told that if they remained on income assistance for 12 months they would become eligible for the SSP program (described in the accompanying text box). The program offered them a generous earnings supplement for up to three years if they left welfare for full-time work within a year of becoming eligible. The other half of the sample was not offered the chance to join the program. They formed a control group who could not receive the supplement but who remained eligible to receive income assistance and any related services and incentives. Estimates of the program’s impact are derived by simple subtraction of the average outcomes for control group members from the average for program group members.

Just under 60 per cent of program group members actually remained on welfare long enough to become eligible for the earnings supplement program. This was because many program group members (41.7 per cent) left income assistance within 12 months of being recruited into the study and receiving the SSP offer. Control group members left income assistance only slightly more quickly than program group members. This finding indicates that the chance to qualify for SSP had only a modest impact (a barely significant 3.1 percentage points) on participants’ likelihood of remaining on income assistance. Those with low education levels and barriers to employment were more likely to become eligible than those who had completed high school or who reported no barriers to employment.

Key Features of the Earnings Supplement for Applicants

- **Full-time work requirement.** Supplement payments were made only to eligible single parents who worked full time (an average of at least 30 hours per week over a four-week or monthly accounting period, whether in one or more jobs) and who were not receiving income assistance.

- **Substantial financial incentive.** The supplement was calculated as half the difference between a participant’s earnings from employment and an “earnings benchmark” set by SSP at a level designed to make full-time work pay better than income assistance for most welfare recipients. During 1994 the benchmark was $37,500 in British Columbia. The benchmark was adjusted over time to reflect changes in the cost of living and generosity of income assistance and was $37,625 in 1996. The supplement was reduced by 50¢ for every dollar of increased earnings. Unearned income (such as child support), earnings of other family members, and number of children did not affect the amount of the supplement.

- **Targeted at long-term welfare recipients.** Eligibility for the supplement was limited to single parent, long-term welfare recipients (with at least one year of welfare receipt). As a result, Applicants were told that they had to stay on income assistance for the first year after entering the study to establish eligibility for the supplement.

- **One year to take advantage of the offer.** If an Applicant became eligible to receive the supplement at the end of the first year, she* could sign up for the supplement if she found full-time work within the next 12 months (in other words, in the second year). If she did not sign up within 12 months, she could never receive the supplement.

- **Three-year time limit on supplement receipt.** A person could collect the supplement for up to three calendar years from the time she began receiving it, as long as she was working full time and not receiving income assistance.

- **A voluntary alternative to welfare.** People could not receive welfare payments while receiving the supplement. No one was required to participate in the supplement program, however. After beginning supplement receipt, people could decide at any time to return to income assistance, as long as they gave up supplement receipt and met the eligibility requirements for income assistance. They could also renew their supplement receipt by going back to work full time at any point during the three-year period in which they were eligible to receive the supplement.

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+Feminine pronouns are used because more than 90 per cent of single parents who had received income assistance for at least a year — the target group for SSP — were women.
As illustrated in the pie chart above, about half of the eligible program group members — representing 27.5 per cent of the program group — found full-time work within a year of becoming eligible and were thus able to take up supplement payments. Diverse subgroups of program group members were about equally likely to take up supplement payments. On average, supplement “takers” went on to receive nearly $20,000 in supplement payments. Half the takers received benefits in 29 or more months during their three years of eligibility.

**SSP increased employment and reduced welfare receipt**

From the second year to the sixth year of the study, program group members were significantly more likely to work full time and significantly less likely to receive income assistance. The pattern of impacts on income assistance receipt is shown in the graph below. The largest impacts were during the third year, when SSP reduced welfare receipt by 10.3 percentage points and increased full-time employment by 11.7 percentage points.

Moreover, the impacts were long-lasting. Since the program delivered earnings supplement cheques for a maximum of three years to those who took up the supplement by working full time during Year 2, the last program payment was made in Year 5. Nonetheless program impacts on full-time employment and income assistance receipt persisted into Year 6, when no program group members received the supplement.

SSP’s impacts on full-time employment translated into substantially larger annual earnings in the second through the fifth year of the study. In the 71 months following random assignment program group members’ earnings averaged $7,859 more than control group members’. In turn, more earnings led to increased family income throughout much of the follow-up period. As a result, SSP
Learning What Works

reduced the proportion of families in the program group with incomes below Statistics Canada’s low income cut-offs. This impact was 14.4 percentage points over the first half of Year 3. Some impacts on this low-income scale were still being recorded after six years, well beyond the period of supplement eligibility. The rise in income led to an increase in total expenditures on basic necessities for food, clothing, and housing throughout much of the study period and a decrease in the proportion of program group members who reported using a food bank.

**Low net costs to government**

SSP produced some very positive impacts for families. The increases in earnings and supplement income more than offset the loss of income assistance. The SSP offer produced an average financial gain per program group member of $7,504 over the six years of the study, net of increased taxes and reduced welfare benefits. Nonetheless, the cost of a program like SSP could have been prohibitively high. The new report assesses SSP’s costs in relation to its benefits. It finds the total cost of SSP to federal and provincial governments, including supplement payments and operating costs, was almost completely offset by increased tax revenue and decreased welfare benefits. After accounting for all costs and benefits, there was a small net cost to governments’ budgets of $660 — or $110 per year — per program group member over the full six-year period.

The value of the benefits derived by program group members was 10 times the cost incurred by governments. Put another way, each dollar of additional income SSP generated for program group members cost governments about 10¢. On balance, SSP represented a net gain for society — participant gain less governments’ costs — of $6,844 per program group member.

**Offering supplements to new welfare applicants versus long-term welfare recipients**

The new report compares SSP’s impacts on single parents starting a new spell on welfare with findings from the SSP Recipient study of single parent, long-term welfare recipients. The Recipient study offered the supplement to a cross-section of single parents who had spent at least a year — and on average much longer — on welfare. SSP was similarly successful in raising full-time employment, earnings, and family income and reducing welfare receipt. However, the net financial benefit to Applicant program group members ($7,504) was about 50 per cent higher than that observed for long-term welfare recipients in British Columbia ($5,007). SSP was also more efficient in delivering its benefits to Applicants. The net cost to governments of about 10¢ per $1 in financial gains to Applicant program group members was much lower than in the Recipient study, where the net cost was approximately 67¢ per $1 in participant gains. In turn, the net cost of SSP for long-term welfare recipients was modest compared with other transfer programs.

SSP was probably more effective for new welfare applicants than long-term welfare recipients because of differences in the characteristics of the two populations, although differences in the timing of the studies and in the design of the program may have played a part. Applicants may have been better able to take advantage of the SSP offer because they had characteristics associated with a stronger position in the labour market than long-term welfare recipients. They were better educated, were more likely to have recent work experience, and reported fewer physical and mental health problems. Applicants may also have been better able to respond to the supplement offer because the program notified them a year in advance of their potential eligibility for the supplement, a full two years before their last chance to take it up. This advance warning resembled more closely the awareness that clients of the welfare system might have of an ongoing program.

Taking these findings for long-term welfare recipients and new welfare applicants together implies that if SSP were implemented as a policy, it would be effective initially in reducing the current welfare caseload and would be even more effective in the long run. The Recipient study simulated the effect of initiating a program like SSP and showed its effectiveness in the difficult task of reducing welfare receipt among a cross-section of long-term welfare recipients. The Applicant study simulated an ongoing program among clients who were just starting a welfare spell. The new report shows that SSP was even more effective for this population. SSP increased earnings more for Applicants than for members of the Recipient study, while impacts on other economic outcomes like employment, hours of work, and poverty were similar between the studies. However, Applicants achieved these impacts...
while receiving less overall in supplement payments. As a consequence, the two studies suggest that the effectiveness of SSP would increase over time if it were operated as a program.

**SSP benefits families and policy-makers**

The SSP study provided benefits to hundreds of Canadian families. SSP increased full-time employment and reduced dependence on income assistance while also providing additional income for participants. SSP also meant that families spent less time living in poverty. Compared with long-term welfare recipients, these Applicant impacts lasted up to a year longer and were achieved at less cost to government.

Over the longer term, the project may benefit even more people through its development of policy knowledge. Scarce resources mean that governments need strong evidence that the programs and policies they support are effective. This is often difficult to prove because welfare recipients leave income assistance all the time. By using a rigorous random assignment evaluation, SSP has determined the difference that an earnings supplement program can make over and above what happens to clients of the welfare system in the absence of the program. The study affords policy-makers a high level of confidence in its estimates of the benefits and costs of offering an earnings supplement. It also permits comparison of the consequences of making the offer at different stages of welfare receipt. New policy can be developed with many more certainties than was possible before the SSP studies began.

**Why Should Seasonal Work Be Excluded From EI Coverage?**

The Employment Insurance (EI) program is one of Canada’s most important instruments of social policy. Every month it provides financial assistance to thousands of workers who find themselves without a job. Last year the program paid over $11 billion in benefits, 70 per cent of which was distributed in the form of regular benefits — benefits that are paid to workers who are involuntarily laid off — while the rest was paid in sickness benefits and benefits paid to new parents, unemployed fishers, and people participating in employment and skills development programs.

Eligibility for regular EI benefits is generally based on having lost a job for involuntary reasons. However, more and more, the EI program is providing financial assistance to workers who have interruptions in employment for reasons that are often foreseeable — even planned — and voluntary. The enrichment of parental benefits and the more recent modifications to include EI compassionate leave provisions for those who need to take time off work to care for a gravely ill parent reflect a new type of contractual arrangement between the government and insured workers. Instead of essentially providing compensation to Canadians who involuntarily lose their jobs — an arrangement that sees most workers contributing to a program that they may never need in their lifetimes — the government is extending EI coverage to temporary unemployment due to personal reasons, as long as the individual remains committed to returning to work after receiving EI benefits. This new “contract” makes the EI program more integral to families’ life decisions and one that individuals may end up relying on at least once, if not many times, throughout their working lives.

The extension of EI coverage to other types of unemployment reflects an important, yet unstated, shift in the program’s underlying philosophy of who should receive benefits. Given this shift, the longstanding debate about whether the EI program should provide benefits to workers who experience predictable seasonal spells of unemployment may also take a new turn. If the EI program is providing increasing coverage of various anticipated forms of work interruptions, why should we be concerned about the extent to which seasonal workers rely on EI benefits?

In a recently published SRDC working paper, Seasonal Employment and Reliance on Employment Insurance: Evidence From the SLID, authors Shawn de Raaf, Costa Kapsalis, and Carole Vincent
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contribute new insights into the relationship between seasonal work and EI benefits that will help inform this debate. They propose a new perspective on seasonality, one that highlights the multi-dimensionality of seasonal work in Canada and allows a better understanding of the link between seasonal work and frequent reliance on EI. Their findings dispel the myth that all seasonal workers are necessarily frequent claimants, as they find that only a minority of seasonal workers receive EI benefits following each of their seasonal job spells and that almost one fifth of seasonal workers never rely on EI after any of their seasonal job losses.

Most measures of the seasonality of jobs, or of job losses, are based on observations of workers at one point in time. Based on the most recent data available, estimates of seasonality vary considerably whether we look at a sample of workers who currently hold a job — about 5 per cent of all paid workers report having a seasonal job — a sample of workers who lost their job but are not necessarily unemployed — about 15 per cent of whom reported that their job loss was due to seasonal factors — or a sample of unemployed workers — about 18 per cent report that their last job was seasonal. In comparison, 20 per cent of EI beneficiaries report that their last job was seasonal. One limitation of these cross-sectional measures is that they do not determine whether the seasonal work observed is part of a long-term seasonal pattern or merely a one-time occurrence.

de Raaf, Kapsalis, and Vincent’s analysis uses data from the Survey of Labour and Income Dynamics (SLID) that covers the 1993 to 1998 period. The longitudinal nature of the survey allows them to move beyond the more common measures of seasonal employment, which are based on workers’ own perceptions of the seasonal nature of their current job or their employment in a particular industry by proposing a new definition of “long-term” seasonal workers based on workers’ employment patterns over several years. Unlike longitudinal EI administrative data, which are restricted to one dimension of individuals’ labour market activity (that is, their reliance on EI over time), data from the SLID fully capture workers’ labour market experiences both on and off EI claim.

The findings dispel the myth that all seasonal workers are necessarily frequent EI claimants.

The authors’ original definition of a long-term seasonal worker is based on observed employment patterns over a five-year period. Workers are classified as long-term seasonal workers if they had a least three paid job spells that ended within the same three-month “off-season” in 1 of 2 five-year periods, either from 1993 to 1997 or from 1994 to 1998. According to this “mechanical” definition, 4.4 per cent of all paid workers and self-employed fishers who were aged 18 to 65 and who were not full-time students at any point during the period of analysis are identified as long-term seasonal workers. The authors find that identifying seasonal workers using only the self-reporting or the industry-based definitions would have failed to capture 40 per cent of potential long-term seasonal workers, whereas using the mechanical definition excludes only 15 per cent of seasonal workers who satisfy the self-reporting or the industry-based definitions but not the mechanical one. Therefore, relying on workers’ employment patterns seems to be a more appropriate way to identify the commonalities of workers who face recurrent seasonal layoffs and a better way to tackle the issue of their reliance on EI benefits.

This approach based on the concept of long-term seasonal workers supports previous research that found a strong link between seasonality in employment and EI receipt. According to de Raaf, Kapsalis, and Vincent’s analysis, in aggregate, 60 per cent of seasonal breaks in employment incurred by long-term seasonal workers led to the receipt of EI benefits. This result is fully in line with estimates from the Employment Insurance Coverage Survey, according to which 60 per cent of unemployed seasonal workers received EI benefits from 1997 to 1999. The originality of this new study is in showing that only a minority (37.6 per cent) of long-term seasonal workers received EI benefits following each of their three seasonal job spells and that as many as 17.3 per cent of them never received benefits following any of their three seasonal jobs spells.

It is seasonal workers’ economic circumstances and personal characteristics, rather than the seasonal nature of their work, that appear to be key factors in explaining their degree of reliance on the EI program. Seasonal workers can be found across Canada, living in regions with a diversity of economic conditions. In fact, a large
percentage of them live in regions with relatively low levels of unemployment, which contrasts with the stereotype of seasonal claimants living in regions with poor economic conditions. Except for the fact that male workers represent a disproportionate share of seasonal workers, seasonal workers do not differ significantly from all paid workers with respect to their educational attainment or age distribution.

However, seasonal workers who are dependent on EI, having received EI benefits after each of their three seasonal job spells, do seem to face significant barriers in transitioning from one job to another: they are more likely to be older, less educated, and living in regions with the poorest employment opportunities, especially the Atlantic provinces and Quebec. On the other hand, seasonal workers who are able to avoid relying on EI are not necessarily doing better on the job market. Those who never claimed EI after any of their seasonal job spells are younger and more likely than other seasonal workers to live in regions with relatively good employment opportunities but are more likely to have a weaker attachment to the labour market and to be in precarious employment, being the most likely to be multiple and part-time job holders.

Compared with all long-term seasonal workers, male workers represent a disproportionate share of those who rely heavily on EI, and female workers represent a disproportionate share of those who never relied on EI at all, either because they are able to find new employment or because their seasonal employment does not provide them with sufficient hours to qualify for EI benefits.

In a new SRDC working paper, Seasonal Employment and Reliance on Employment Insurance: Evidence From the SLID, Shawn de Raaf, Costa Kapsalis, and Carole Vincent find that it is not the seasonal work itself but the characteristics of seasonal workers that appear to determine seasonal workers’ reliance on EI. In the graph below, a comparison of personal characteristics is made between all seasonal workers and those workers who rely on EI following each of their seasonal job breaks. For comparison purposes, figures on all workers are included as well. The graph confirms that seasonal workers who rely intensely on EI appear to face significant barriers to full-time employment as they are the most likely to be living in the Atlantic provinces and Quebec, where there are fewer job opportunities, and the least likely to pursue post-secondary education. In addition, there appears to be a large gender differential when the degree of seasonal workers’ EI reliance is examined; while 64 per cent of all seasonal workers are men, men represent 72 per cent of the group of those who intensely rely on EI.

Does EI Discourage Workers From Seeking Better Jobs in Other Regions?

A frequent criticism of the EI program is that by providing benefits to workers who have a high risk of being laid off, such as seasonal workers, EI is giving them less incentive to seek more stable, year-round employment. Moreover, since EI eligibility and entitlement rules are relatively more generous in regions with poor employment opportunities, many have argued that EI is playing a key role in reducing the incidence of workers moving out of high unemployment regions to other areas where employment opportunities are better. Despite the concern that EI strengthens individuals’ attachment to regions where they can find only part-year work, to date these fears have not been borne out by the extensive body of research on this issue.

In another recent SRDC working paper entitled Employment Insurance and Geographic Mobility: Evidence From the SLID, authors Rick Audas and James Ted McDonald provide new analysis of the impact of the EI program on the mobility decisions of individuals who either receive EI benefits or might expect to do so in the future. While not the first to address this important topic, their research provides original insights stemming from new approaches to examining this issue. Using data from the SLID over the 1993 to 1999 period, the authors provide a comprehensive analysis of the factors that affect individuals’ decisions regarding geographic relocation. Their analysis looks not only at mobility between provinces, but also includes movements between any economic regions within provinces, an aspect that has received little attention in the literature to date. It is well documented that relocation within a particular province is much more prevalent than movements between provinces. This fact, along with the fact that economic conditions can vary greatly across different regions within one province, makes intraprovincial mobility much more relevant to the study of individuals’ mobility decisions.

In order to address the challenges of distinguishing the factors that lead to a decision to move from the decision to claim EI benefits, Audas and McDonald use modelling techniques that allow them to identify, with a great deal of confidence, the impact EI has on migration decisions. What they find is that there is no smoking gun here: EI does not appear to be a major influence on an individual’s decision to look for better employment by moving elsewhere. They show that the relationship between EI and migration is complex and depends critically on an individual’s degree of attachment to the labour market. While EI plays virtually no role in the mobility decisions of individuals with high levels of attachment to the labour market, for workers who work between 20 to 49 weeks per year the receipt of EI appears to slightly reduce the likelihood of moving. They also find some evidence that the tighter rules for EI eligibility introduced in 1996 might have given people who are only marginally attached to the labour market a stronger incentive to move out of areas of high unemployment and into areas where they may improve their chances of gaining better employment.

Since seasonal workers have often predictable and recurrent breaks in employment, their entitlement to EI benefits has been hotly debated. The findings from this study, however, raise the question: To what extent are these breaks voluntary and, in particular, voluntarily recurrent? A seasonal work schedule may be adequate for some workers, such as students, who prefer temporary work, or individuals who may have family responsibilities or other obligations that make a full-year employment schedule unfeasible. However, seasonal work may not be the preferred employment pattern of many workers who, from year to year, face various barriers to secure, year-round employment. While some may accept being laid off temporarily as an adjustment to seasonal fluctuations in demand with the understanding that they will be hired again by the same employer, it is not clear which party — the employee or the employer — benefits most from these arrangements and to what extent these arrangements are entirely voluntary. This recent SRDC working paper contributes new insight into the relationship between seasonal work and reliance on EI. It reveals the variety of circumstances faced by seasonal workers, suggesting that policies aimed at improving the circumstances of all seasonal workers may be more effective than policies that narrowly focus on addressing their frequent reliance on EI.
A Feasible Way to Deliver Supports to People With Disabilities

Is it feasible to operate a program that allows people with disabilities to manage the acquisition of their own disability and employment supports within established limits? SRDC’s recently published report entitled The Disability Supports Feasibility Study: Final Report concludes that it is.

The Disability Supports Feasibility Study (DSFS), funded by Human Resources Development Canada, operated a small-scale program that provided supports to people with disabilities to help them find work and keep working. The final report on this study found that DSFS operated quickly and smoothly with a diverse range of participants and support suppliers. Nearly all participants liked the program, while program administrators were divided in their opinions. The report concludes that a DSFS-type program is capable of being expanded and used as part of a large-scale demonstration project.

Currently, the federal and provincial governments fund many employment supports for people with disabilities on a case-by-case basis. Administrators assess clients’ needs and have the final say over which person should get which supports. This system has sometimes been criticized as being slow, bureaucratic, and unresponsive to the needs of people with disabilities.

In contrast, DSFS sought to test the feasibility of allowing people with disabilities to manage their own supports within established limits. For this test, participants were told that they could spend up to $700 per month on eligible supports. They could spend an additional $250 per month if they found a job that, at least initially, provided them with 15 hours or more of work per week.

Unlike traditional programs, DSFS administrators did not assess an individual’s need for specifically requested supports. Participants could use DSFS funds to purchase any support they wanted from a list of eligible supports. This support list was central to DSFS. To be put on the list, a good or service had to be both a disability support and an employment support. This ruled out items that people without disabilities could use for the same purpose and also ruled out disability supports that could not be used to assist job search or employment. A participant could request that items be put on the list; if these items were accepted, then all participants could potentially buy them with DSFS funds.

Participants found suppliers for eligible supports and purchased the eligible supports themselves, with occasional assistance from DSFS program administrators, using one of the two payment systems tested by DSFS — an administrator-moderated approach or a credit-card issued by the project. After each purchase, participants handed in the receipts to the program administrators to ensure compliance with program rules and accountability of public funds.

Half of the 16 participants paid for their supports using the administrator-moderated approach. In this approach, a participant told the program administrator that he or she wished to purchase a particular support; the administrator would then ensure the support was eligible and issue a cheque to the participant in the name of the supplier. The other half of the participants used the credit-card approach where participants were issued corporate credit cards solely for the purpose of purchasing supports. This off-the-shelf technology allowed participants to purchase supports immediately and unobtrusively. All participants also had access to a petty cash fund for inexpensive purchases.

DSFS recruited 16 participants in Vancouver and Ottawa from agencies that helped people with disabilities find employment. No impairments were excluded from the recruitment process. As a result, DSFS participants represented a diverse group of people with disabilities who reported impairments that included vision impairments, hearing impairments, and mental health impairments. Often, participants had multiple impairments. All participants were either unemployed or, in a few cases, employed for less than 15 hours per week.

DSFS operations began in March 2002 and continued until February 2003. Participants and program administrators were interviewed near the beginning and near the end of the program.
Administrative records were used to track participant purchases and program administration.

These data show that about half of the participants required virtually no assistance in making support purchases, while six participants required some information and assistance. Two participants did not have sufficient information or ability to make effective use of the program.

On average, participants spent about 22 per cent of the maximum available support funds. However, participants varied widely in their support spending. One participant spent nearly all of her available funds, while two participants made no expenditures at all.

Participants used DSFS funds to purchase a wide range of supports from diverse suppliers. Purchases included wheelchair accessories, learning skills therapy, specialized computer software for the visually impaired, and transportation. About 80 per cent of these expenditures could be linked to the particular impairment of the participant; 20 per cent could not. Employed participants often used at least some of their supports at work.

The study found that participants were able to gain access to supports quickly. The credit-card approach gave participants immediate access to supports. The administrator-moderated approach was somewhat slower, but was fast compared with many other systems. For example, in the Ottawa site 40 per cent of cheques were issued on the day that they were requested. Seventy-five per cent of cheques were issued within six calendar days.

However, DSFS had difficulty in funding items that were legitimate supports for people with some impairments but which were also attractive consumer items for people without those impairments. The project was reluctant to put some goods, such as cell phones and personal digital assistants (PDAs), on the eligible supports.

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**Final Call for Research Papers Using the Complete Data From the Self-Sufficiency Project**

SRDC is requesting proposals for research papers using the complete data from the Self-Sufficiency Project (SSP). This Call for Papers will allow researchers to use up to two years of SSP data that have not previously been released to researchers outside of SRDC. This Call for Papers also represents researchers’ last opportunity to use SSP data, as funding for SSP research will cease on March 31, 2006.

SSP is a randomized experiment on the effects of earnings supplements on single parent, long-term welfare recipients that was funded by Human Resources and Development Canada (HRDC).

SRDC will pay $10,000 for each accepted proposal upon receipt of a final, revised working paper of professional quality that adheres to terms of the original proposal. SRDC will also award separate bonuses of $1,000, $2,500, and $5,000 for additional merit in each of four categories: originality, methodology, policy relevance, and writing/clarity. Bonuses for merit in one category do not preclude bonuses for merit in other categories. As a consequence, researchers can earn $30,000 for a research paper that has exemplary merit in each of the four categories. In addition, SRDC will award an additional $5,000 prize for the best paper submitted in the Call for Papers.

Bonuses for writing and clarity will be awarded on the basis of the writing in the main text of the paper alone and will not be affected by lengthy and highly technical appendices or by small technical footnotes or small self-contained portions of the main text that can be skipped by non-technical readers. This leaves scope for authors to receive bonuses for clear writing while using advanced techniques suitable for academic journal articles.

Proposed research papers must be related, at least indirectly, to SSP. For example, proposed research topics might concern earnings supplements, social assistance, transitions to employment, or the children of income assistance (IA) recipients. HRDC has expressed a particular interest in topics related to labour market policy including (1) parental labour force participation, transitions, and attachment and their effect on children; (2) problems faced by welfare recipients and former welfare recipients in the labour market; and (3) the effect of education, experience, and skills in labour market participation, transitions, and attachment. Topics directly related to SSP are also welcomed. Authors may also propose their own topics.

Proposals should be submitted to SRDC by November 21, 2003. Shortly afterwards SRDC will accept about 11 proposals. Authors of accepted proposals will present initial results at a workshop in mid-2004. Over the fol-
list, because that would mean all participants could purchase them regardless of need. As a result, some participants with a legitimate need for these supports would not be able to obtain them from a DSFS-type program. However, they might be able to obtain them from a more traditional program in which an administrator can grant the support to one participant but not to another.

Among the 16 participants, 8 were enthusiastic supporters of DSFS. These participants strongly praised DSFS for its extensive list of supports, lack of bureaucracy, and administrative speed. “I think this is a better mousetrap,” said one participant. Five participants gave a positive, but more limited, endorsement of the program. Three participants criticized DSFS for not providing more assistance in making purchases, for its lack of supports for pain control, or because of a belief that pilot projects were simply an excuse for delay in reforming support programs.

The three staff members who were involved in administering DSFS were sharply divided in their opinions. One administrator enthusiastically endorsed DSFS, while another strongly criticized DSFS because it did not allow administrators to craft individual support packages for clients. The third administrator gave a modest endorsement of the program but said it may be unsuitable for some clients.

Policy-makers with responsibility for disability programs may wish to consider offering participants the opportunity to manage their employment supports, within established limits. DSFS provides evidence to suggest that the approach is a feasible alternative for the delivery of disability and employment supports. To determine how effective the approach is in supporting employment would require a larger-scale demonstration project. The findings from DSFS suggest that the approach could be expanded successfully for inclusion in such an experiment.

Authors must complete the revisions and submit final drafts of working papers by September 1, 2005, at the latest. A committee consisting of representatives from SRDC, HRDC, and academia will then decide compensation and award the prize for best submitted paper. A selection of the best working papers will be published in a bound, translated volume. The remaining papers will be published as individual working papers.

SSP is a large, randomized social experiment that has been the subject of numerous reports and has been widely cited in international policy circles and academic journals. The program group became eligible for a generous earnings supplement if they quickly found full-time employment. SSP was found to increase employment and earnings substantially.

There are three separate, but closely related, SSP studies. The Recipient study looks at the effects of SSP on people who were already long-term welfare recipients at the start of the study. The smaller SSP Plus study is similar to the Recipient study except that some program group members received employment and job-search assistance. The Applicant study looks at the effects of SSP on new IA applicants who remained on income assistance for at least one year.

Each of these studies has generated extensive data for use in the Call for Papers. For example, all three data sets contain extensive data on participant’s demographics, employment, job search, IA payments, earnings supplement payments, hardship, attitudes, disabilities, and mental health. Researchers can also request Employment Insurance data for all three studies. All three data sets contain extensive data collected prior to random assignment. The Recipient data and SSP Plus data track participants for at least 54 months after random assignment, while the Applicant data tracks participants for at least 72 months.

In addition, the Recipient data contains extensive data on the children of participants. For both the program group and control group, these data include self-reported data by children over 10 years of age about their socialization, disobedient or unlawful behaviour, health, depression, drinking and drug-taking, school progress, work, and expectations for the future. Parental data about children under 18 years of age include child birth weight, school progress, intellectual and athletic abilities, and socialization. The data also contain the results of various cognitive tests that were administered to the children of participants. Finally, SRDC has a number of qualitative datasets that can, upon request, be used by researchers.

More information on the Call for Papers, SSP data documentation, as well as SSP reports and SSP working papers can be found on the SRDC Web site at www.srdc.org (see the What’s New page). Questions about the Call for Papers can be sent to Doug Tattrie at dtattrie@srdc.org. Questions about specific aspects of the SSP data can be sent to Susanna Gurr at sguur@bc.srdc.org.
Publications


This report presents the final findings from the Self-Sufficiency Project’s Applicant study. It describes the impacts of an earnings supplement on the employment, earnings, income, and welfare receipt of new income assistance applicants through the six years since they were randomly assigned to the study.

The Disability Supports Feasibility Study: Final Report, by Doug Tattrie, Colin Stuart, Roy Hanes, Reuben Ford, and David Gyarmati

This study examines the feasibility of allowing people with disabilities to manage their own disability and employment supports within established limits. Unlike many support programs, the Disability Supports Feasibility Study (DSFS) pilot project did not assess an individual’s need for a particular support. Instead, people with disabilities could purchase any support they wanted from a list of eligible supports (up to a monthly maximum expenditure). This report examines whether this type of delivery mechanism was able to provide quicker and less expensive access to disability and employment supports and adapt to the diverse and changing needs of the participants.

Assessing the Impact of Non-response on the Treatment Effect in the Canadian Self-Sufficiency Project, by Thierry Kamionka and Guy Lacroix

This working paper investigates whether there is a bias in the measurement of the Self-Sufficiency Project treatment effect because up to 20 per cent of the intended sample did not agree to take part. It does this by comparing the estimated impact of the program that was obtained using only experimental data with the impacts obtained using administrative data on the individuals who did not take part in the experiment.

Do Earnings Subsidies Affect Job Choice? The Impact of SSP Supplement Payments on Wage Growth, by Helen Connolly and Peter Gottschalk

This working paper asks whether wage or earnings supplement programs encourage participants to move into jobs with greater wage growth or to change jobs more often in order to raise their wages, and it also provides an analytical model that identifies the key causal links between earnings subsidies and wage growth. The paper then applies this analytical model to data obtained from the Self-Sufficiency Project (SSP) to see if the SSP data is consistent with what would be predicted from the model.

New Projects on Improving Access to Post-secondary Education

SRDC has been selected by the Canada Millennium Scholarship Foundation to serve as the evaluation partner for a number of long-term demonstration projects across Canada. The Canada Millennium Scholarship Foundation is implementing a series of “Early Intervention” initiatives aimed at improving access to post-secondary education (PSE) for under-served groups. It has sought agreements with several provinces to undertake randomized field trials of alternative approaches for high school students from Grade 9 onwards that may improve their chances of continuing education beyond high school. Key outcomes include applying successfully to a post-secondary program and meeting the requirements of their chosen program for at least a year.

A series of projects will test at least three different approaches that are, broadly speaking, concerned with financial barriers, lack of information about PSE, and lack of appropriate academic preparation and support. One approach will promise Grade 9 students from low income families substantial financial aid once enrolled in PSE. Another aims to enhance knowledge and awareness of PSE and career options among students and parents, backed by a network of resources and support to help planning for the future. A third approach offers an enhanced college preparatory curriculum coupled with innovative classroom strategies and strong support from teachers and tutors.

SRDC is working closely with the Canada Millennium Scholarship Foundation and with a number of provinces to design, implement, and evaluate the different approaches. The projects are expected to continue until 2010. ◆
Employment Insurance and Geographic Mobility: Evidence From the SLID, by Rick Audas and James Ted McDonald
This working paper presents a comprehensive analysis of the relationship between the Employment Insurance (EI) program and geographic mobility. Using longitudinal data from the Survey of Labour and Income Dynamics (SLID) for the period from 1993 to 1999, this paper provides estimates of the determinants of geographic mobility and shows that the relationship between EI and migration is a complex one that critically depends on individuals’ degree of attachment to the labour market. The concept of geographic mobility is expanded to include not only interprovincial, but also intraprovincial mobility.

Equilibrium Policy Experiments and the Evaluation of Social Programs, by Jeremy Lise, Shannon Seitz, and Jeffrey Smith
This working paper presents a model for evaluating equilibrium policy experiments, and illustrates the usefulness of this model as a tool for assessing the impact of social programs by using it to evaluate the Self-Sufficiency Project (SSP). SSP’s reports to date have been subject only to partial equilibrium experimental evaluations. The new model reveals the potential effects of a program such as SSP on wage levels and on the employment of other groups in the labour market.

How Random Must Random Assignment Be in Random Assignment Experiments? by Paul Gustafson
This technical paper reviews options for different approaches to randomization used in experimental studies that measure program impacts and examines whether the random assignment practice usually adopted by SRDC is optimal in the light of both theoretical and practical considerations.

The Impact of the Allowable Earnings Provision on EI Dependency: The Earnings Supplement Project, by David Gray and Shawn de Raaf
This working paper provides an in-depth analysis of the way in which Employment Insurance (EI) claimants combine the receipt of EI benefits with work. The Survey on the Repeat Use of Employment Insurance (SRUEI) as well as information from respondents’ administrative records documenting their EI claim activity from 1992 to 1998 are used to examine the characteristics of claimants who make use of the allowable earnings provision and to estimate the impact of using this provision on claimants’ short- and long-term EI dependency.

Seasonal Employment and Reliance on Employment Insurance: Evidence From the SLID, by Shawn de Raaf, Costa Kapsalis, and Carole Vincent
With the growth in part-time and non-permanent employment opportunities, many workers demonstrate seasonal patterns of employment even though they are not working in a typically seasonal industry. This creates confusion around the concept of seasonality, as there are various ways to define and measure seasonal work. This paper contributes to our understanding of this issue by providing insight into the multi-dimensionality of seasonal employment in Canada, proposing an original measure of long-term seasonal employment, and documenting the extent to which seasonality in employment contributes to the frequent reliance on EI benefits.

Events
SRDC researchers give two presentations at the CEA meeting in Ottawa
Several SRDC researchers attended the Canadian Economics Association (CEA) annual meeting held at Carleton University in Ottawa from May 29 to June 1, 2003. In a session organized by SRDC, Carole Vincent, Shawn de Raaf, and Anne Motte presented the results of their research on the characteristics and circumstances of workers who face barriers to secure, year-round employment and, consequently, must rely on Employment Insurance benefits. Cathleen Johnson presented the results of her research with Claude Montmarquette and Catherine Eckel that uses experimental economics to analyze the behaviour and preferences of the working poor with respect to saving for learning activities.

SRDC article on Employment Insurance published in Policy Options
An article by SRDC’s Shawn de Raaf and Carole Vincent — “Avons-nous le régime d’assurance-emploi que nous voulons?” — has been published in the August issue of the magazine Policy Options. In this article, the authors elicit the underlying principles behind the present Employment Insurance program in a way that informs possible future directions for the program and enables them to suggest areas for improvement based on recent research. The article is available at www.irpp.org.