

# Learning What Works

Evidence from SRDC's social experiments and research

## April 2009

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### The relationship between literacy and labour market knowledge

SRDC published in March 2009 the results of its research project, *Navigating the Labour Market*, whose objectives were to assess the effectiveness of labour market information and explore the relationship between literacy and labour market knowledge.

Canadians are increasingly faced with training and education decisions at various points of their life in response to employers seeking a more skilled and educated workforce. Accordingly, policymakers and practitioners wish to better understand how the provision of labour market information can assist Canadians with their education and career decisions. Furthermore, there exists very little research on the link between literacy and labour market knowledge. This is an important relationship – any labour market information that is provided must be accessed and applied for it to be of value.

In February and March 2008, SRDC enrolled over 600 young adults living in Ottawa-Gatineau to participate in a classroom experiment. *Navigating the Labour Market* consisted of a series of classroom sessions in which both experimental and non-experimental data collection techniques were employed. To measure the impact of labour market information, participants were randomly assigned to a program group receiving a labour market information slideshow, or to a control group that accessed computer games instead. Both groups then completed the same labour market knowledge survey, and their responses were compared. Because of the random assignment of participants into the program and control groups, any difference between their responses can be attributed to the slideshow. To explore the relationship between literacy and labour market

knowledge, all participants also completed an online literacy test – the Canadian Literacy Evaluation – to assess their document, prose, and quantitative literacy. Literacy scores were then compared with scores on the labour market knowledge survey.

The results of this experiment showed that the labour market information slideshow had positive impacts on labour market knowledge. Participants who viewed the slideshow demonstrated better knowledge of labour market facts, more competency in assessing and reacting to labour market trends and developments, and tended to think more positively toward education as a factor in labour market success. Given the modest nature of the labour market information intervention used for this project, the presence of even small impacts is noteworthy and lends support to labour market information initiatives.

On the relationship between literacy and labour market knowledge, findings showed them to be strongly correlated. The participants with higher literacy were more than twice as likely to also have high labour market knowledge; those with lower literacy scored lower on the labour market knowledge survey.

Another finding was that labour market information in this project had greater impact on people with higher literacy. Even after viewing the slideshow, those with lower literacy had lower scores on the labour market knowledge survey than people with higher literacy in the control group. This suggests that, for people with lower literacy, more or different forms of labour market information may be more appropriate, or they may be better served with interventions to increase literacy before receiving labour market information.

SRDC designed and conducted the *Navigating the Labour Market* project for Human Resources and Skills Development Canada.

[Read the report](#)

## Testing the effectiveness of government support for business innovation

In January, Jean-Pierre Voyer, SRDC president, and Doug Tattrie, SRDC senior research associate, presented a study on field experiments and government support for business innovation to academics and experts at a roundtable discussion hosted by Industry Canada.

The innovation performance of Canada's business sector has been poor compared to other G-7 countries. The government of Canada spent \$5 billion in 2008 to help business innovation, but there is poor understanding of whether, and to what extent, government assistance makes a difference. As a consequence, Industry Canada commissioned SRDC to conduct a study on the feasibility of using randomized field experiments to test the effectiveness of government-support programs for business innovation as well as research and development (R&D). Field experiments have rarely been used with firms and have never been used to test R&D support programs.

For reasons of cost and sample size, the SRDC study focused on small firms who are already conducting R&D. For these firms, SRDC concluded that it would be feasible to use a field experiment to test the effect of an incremental increase in an R&D tax credit. SRDC also found that it would be feasible to test experimentally the effect of the potential to receive an incremental increase in a grant for R&D. Both experiments would make use of existing government organizations to minimize operational costs and complexity. The relative effectiveness of an extra tax credit versus extra grant funding could be tested in a larger experiment in which some firms have the potential to receive an extra R&D tax credit, while other firms have the potential to receive an extra R&D grant.

SRDC's presentation of the study was followed by comments from academics and experts.

Gary Burtless of the Brookings Institution praised field experiments for their credibility and transparency. He said that alternative methods have difficulties in establishing causality and dealing with selection effect. He added that the R&D tax-credit experiment proposed by SRDC was better developed than the R&D grant experiment. [G.Burtless's presentation](#).

Guy Lacroix, professor of the Université Laval, spoke in favour of experiments, but also proposed a regression-discontinuity design as an alternative method for evaluating R&D grants. He expressed concern that experiment results might be distorted due to spill over effects between firms inside the experiment and those outside it. [G.Lacroix's presentation](#).

Ken McKenzie, professor at the University of Calgary, was also generally favourable, but he was concerned that sudden increases in government support for R&D might only increase the wages of researchers, not the number of R&D projects. He urged more examination of general tax measures and supply-side measures to encourage R&D. [K.McKenzie's presentation](#).

Additional comments suggested that an experiment would need to allow sufficient time for firms to plan how to use government support. There was concern that an experiment might neglect the effect of government support on encouraging new R&D performers. Another concern suggested that firms might shift some R&D over time to capture the temporary incentives of the experiment. This effect may make government support appear more effective than it is in reality.

Read the [SRDC feasibility study](#)

Read the [roundtable summary](#)

## Latest *learn\$ave* report reveals real education impacts for low-income adults



In March 2009, SRDC released a report on the intermediate impacts of the *learn\$ave* Individual Development Accounts (IDAs) Project. By matching low-income adults' deposits in a special account, IDAs are designed to encourage them to save money so as to accumulate major assets, such as a house, start a small business, or increase education as a means of improving their economic situation.

In *learn\$ave*, program group participants received \$3 in matched credits for each \$1 they put aside in their *learn\$ave* account. Participants could earn up to \$4,500 in credits for education or a small-business start-up, which are activities expected to enable them to improve their economic well-being. They were also given financial education to enhance their budgeting and financial literacy skills, as well as case management assistance to reinforce savings goals. SRDC tested research hypotheses concerning *learn\$ave*'s impacts on savings and education enrolment, among other outcomes. It used a random assignment design to compare the outcomes of program group participants to those of a control group of similar participants who did not receive the matching credits or services.

The first set of results presented in the report indicates that, over the first 40 months, *learn\$ave* has not had much of an impact on overall average saving levels. Results further indicate that *learn\$ave* has not appreciably increased average net worth. However, it has altered the composition of assets, leading specifically to higher bank-*learn\$ave* account balances, fewer or cheaper household assets, and lower retirement savings. There were also positive budgeting impacts, where financial training and case management played a significant role. There is no evidence that *learn\$ave* has caused participants to borrow, work more, or suffer increased hardship.

The other set of results indicates that the *learn\$ave* IDA has fulfilled the objective of encouraging low-income adults to enhance their skills. The positive education impacts have been widespread for all low-income participants – those with only a high school certificate or a university degree, and those who are Canadian-born or new immigrants. Moreover, these impacts have taken place mostly in university and college programs, not courses. Completion of post-secondary education programs is more likely to pay off in terms of improved labour market outcomes, rather than the completion of individual courses or degrees at lower education levels.

This is the second of three impact reports, the last of which will be released later this year. The *learn\$ave* project was conceived and implemented by Social and Enterprise Development Innovations (SEDI) thanks to the funding of Human Resources and Skills Development Canada. SRDC is conducting the evaluation of the project.

[Read the report](#)

## Barriers students face when considering post-secondary education: study data collected

SRDC and CIRANO (Centre interuniversitaire de recherche en analyse des organisations) have just completed the data collection phase in an ongoing study that investigates some of the barriers students may face when deciding whether or not to enroll in post-secondary education (PSE). Funded by the Canada Millennium Scholarship Foundation and the Higher Education Quality Council of Ontario, the study involved close to 1,400 students across 4 Canadian provinces. Students were either in their final year of high school or their first year of CEGEP (collège d'enseignement général et professionnel); in either case, the outcome of interest was a willingness to pursue further post-secondary education.

Surveys were administered to students and their parents to capture some key characteristics that are known to influence PSE participation, such as academic ability, parental education, family income, and distance of residence from a university. This study went one step further than most previous research in asking to what extent PSE participation was influenced by the financing options that were available to prospective students. Because funding formulas for student financial assistance have been based largely on net cost (that is, cost of studies relative to family income), many applicants from disadvantaged groups have been eligible only for student loans rather than grants. Low PSE participation rates among such groups may reflect an unwillingness to incur high levels of debt. To what extent would participation increase if grants were more widely available?

The study addressed this question by using an innovative experimental design in which participants were asked to make real rather than hypothetical choices. For instance, participants were given a number of choices between various forms of financing for full-time PSE (loans or grants up to \$4,000) and significant but smaller amounts of money (up to \$700). They were informed that at the end of the session they would be compensated for one of their choices, selected at random. Not knowing which choice would be selected meant that any of them could involve real stakes, and thus provided participants with a strong incentive to reveal their true preference in each case.

The study was designed so that students who are not interested in PSE should opt for the money each time, whereas those who are strongly motivated to attend PSE but need financial assistance should choose student aid most of the time, regardless of whether it is in the form of a loan or a grant. The most interesting choices are those made by students at the margin, that is, those who are somewhat motivated to attend PSE, but may be debt averse. They may vary their willingness to invest in PSE as a function of the financing options available – for example, they may be more likely to choose smaller amounts in the form of grants rather than larger amounts in the form of loans. These decisions tell us how generous financial assistance needs to be in order to induce marginal participants to invest in PSE.

SRDC and CIRANO are hoping to release two reports in the fall of 2009 – one covering the entire population and another focusing on students in Ontario.

## Achieving income security for people with disabilities

SRDC along with other experts from across Canada were invited to a one day roundtable discussion on achieving income security for people with disabilities at the MaRS Collaboration Centre in Toronto in January 2009. After a morning of insightful debate and discussion among roundtable participants, Karen Myers, a senior research associate at SRDC, delivered a presentation on increasing labour market access for persons with disabilities.

The issue is not an easy one to tackle. Although considerable research evidence suggests that substantial numbers of Canadians with disabilities are willing and able to work, in any given year, less than half of people with disabilities report paid employment. People with disabilities are supported through an extensive patchwork of programs at all levels of government, including the Canada Pension Plan Disability Program (CPPD), employment insurance sickness benefit, private insurance plans, provincial and territorial social assistance and disability programs, workers' compensation, and several disability tax expenditures. Most income disability programs have strong work disincentives. Going to work often leads to significant additional costs such as transportation. In addition, lack of integration across federal and provincial programs means that people with disabilities may be left without income and personal supports as they enter, stay, or leave the labour force. Perhaps more important, going to work can lead to the loss of program eligibility. This may create a serious problem if circumstances change and an individual is unable to work for a period of time.

SRDC presented four approaches for removing barriers and improving supports needed to assist persons with disabilities to access the labour market:

- extending the benefit period for employment insurance sickness benefits,
- ensuring that working individuals have continued access to drug and extended benefits,
- using disability support centres to deliver integrated supports and services, and
- providing working individuals with earning supplements designed to make work pay.

Given the well-established work disincentives built into most public income support programs, it was the last option (providing earning supplements) that generated the most interest around the table. This option involves the provision of an earning supplement to individuals with disabilities who work a minimum of 16 hours. The supplement would be designed to be generous enough to make working worthwhile. The total income from earnings plus the earning supplement would need to exceed the total income from continued income support payments and would need to cover additional costs associated with working. The ability to return to income support when needed gives working persons with disabilities that are episodic in nature, the flexibility and support to move in and out of the labour market.

The roundtable was organized by the Planned Lifetime Advocacy Network (PLAN) and the Canadian Working Group on HIV and Rehabilitation (CWGHR). Energized by the discussions of the day, participants agreed to meet again over the summer of 2009.

## SRDC welcomes a new member to its Board of Directors



SRDC is pleased to welcome Suzanne Herbert as the latest member of its Board of Directors.

Suzanne Herbert has had a long and distinguished career in the Ontario public service, working with different governments for over 25 years. She served as deputy minister of the Ministry of Northern Development and Mines, the Ministry of Education and the Ministry of Community and Social Services. Prior to these portfolios, she served as assistant deputy minister of Operations for the Ministry of Community and Social Services as well as CEO of the Ontario Housing Corporation.

A commitment to excellence in policy development led her to develop within the Ontario public service an initiative to promote excellence in policy leadership and program design, which she then co-chaired with the Secretary of Cabinet. She served on Queen's School of Policy Studies Advisory Committee and represented Canada for several years in the Education Directorate of the Organization for Economic Co-operation and Development (OECD).

Ms. Herbert has an abiding interest in social and economic policy development and the interface between research, politics, policy formulation, and program implementation. Now retired, she lectures, offers consultancy services on a part time basis, and volunteers with several organizations.

She and her husband have three children, who while they are independent, return home for sustenance on a regular basis.

## SRDC's upcoming presentations across North America

### May 4-5. Statistics Canada's annual Socio-Economic Conference, Gatineau, Québec:

- Intermediate impacts of the *Future to Discover* Pilot Project, by Sheila Currie.
- Final results of the Community Employment Innovation Project, by David Gyarmati.
- Final results of the *learn\$ave* Individual Development Accounts Project, by Norm Leckie.

### May 12. Symposium of the Centre interuniversitaire québécois de statistiques sociales (CIQSS) and SRDC, as part of the 77th Congress of the Association francophone pour le savoir (Acfas) and the University of Ottawa, Ottawa, Ontario:

- Presentation on the *Future to Discover* Pilot Project: Améliorer l'accès aux études postsecondaires des élèves du secondaire : effets expérimentaux découlant du projet pilote *Un avenir à découvrir*, by Heather Smith Fowler.
- Presentation on the Francophone Child Care Pilot Project: L'évaluation d'un programme préscolaire en milieu minoritaire francophone : l'exemple d'une étude quasi-expérimentale pancanadienne avec méthodes mixtes, by Louise Legault.

Presentation on the *learn\$ave* project: Effets d'un programme d'épargne jumelée visant à inciter les adultes à faible revenu à poursuivre des études : résultats de l'expérience à assignation aléatoire *\$avoir en banque*, by Jean-Pierre Voyer.

### May 29-31. 43rd annual conference of the Canadian Economics Association (CEA), Toronto, Ontario:

#### ***SRDC Session 1. Increasing participation in post-secondary education: Results from social policy experiments***

- Improving high school students' access to post-secondary education: Experimental impacts from the *Future to Discover* Pilot Project, by Reuben Ford.
- Impacts of a matched saving program to induce low-income adults to pursue further education: Impacts from the *learn\$ave* random assignment experiment, by Norm Leckie.

#### ***SRDC Session 2. Research data from two Canadian social experiments***

- Community Employment Innovation Project: Data and future research directions, by David Gyarmati.
- *learn\$ave*: Overview of research data, by Shek-Wai Hui.

#### ***Other SRDC presentations***

- Utilizing measures of life satisfaction in policy research: Results from a major Canadian social experiment, by David Gyarmati.
- Field experiments and government support programs for business innovation, by Doug Tattrie.

**May 31-June 3. 2009 annual conference of the Canadian Evaluation Society (CES), Ottawa, Ontario**

- Intermediate impacts of the *Future to Discover* Pilot Project, by Sheila Currie.
- Improving access to post-secondary education: The BC AVID pilot project, by Heather Smith Fowler.
- Presentation on the Francophone Child Care Pilot Project: L'évaluation d'un programme préscolaire en milieu minoritaire francophone : l'exemple d'une étude quasi-expérimentale pancanadienne avec méthodes mixtes, by Louise Legault.
- Knowing when and what to evaluate: The use of evaluability assessments in the evaluation of the BC Healthy Living Alliance initiatives, by Barbara Dobson and Susanna Gurr.

**June 3-6. 2009 national conference of the Canadian Community Economic Development Network (CCEDNet), Winnipeg, Manitoba**

- Final results of the Community Employment Innovation Project, by David Gyarmati.

**June 7-10. 2009 annual conference of the Canadian Public Health Association (CPHA), Winnipeg, Manitoba**

- Final results of the Case Coordination Project in Vancouver's Downtown Eastside, by Susanna Gurr and Barbara Dobson.
- Evaluating the Farm to School Salad Bar: An overview of the evaluation design and early implementation findings, by Barbara Dobson and Susanna Gurr.

**June 15-16. Canada Millennium Scholarship Foundation Research Workshop on Student Assistance in Canada, Montréal, Quebec**

- Results from the *Willingness to Borrow* experiment, by Jean-Pierre Voyer, Cathleen Johnson (University of Arizona), and Claude Montmarquette (CIRANO).
- Impacts of bursaries on student behavior: Short-term and intermediate impacts from *Learning Accounts*, by Reuben Ford.