

# Learning What Works

Evidence from SRDC's social experiments and research

## March 2008

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### Message from the Executive Director



Dear Reader,

It brings me great pleasure to launch SRDC's newsletter *Learning What Works* into the digital age. SRDC has a long history of providing excellence in social policy research, and through this newsletter, our research, our activities, as well as our results, will all be shared with you.

This first issue demonstrates SRDC's wide range of interests and activities, from childcare to post-secondary education; community development to adult learning; labour market information to population health. Through its projects, SRDC is directly involved in learning what works — and, just as importantly, what does not work.

The evolving topography of Canada's social policy makes for a fascinating landscape; we hope you'll find the experience as enriching as we do.

Sincerely,

Jean-Pierre Voyer

## Encouraging low-income adults to save for their education

In today's knowledge economy, technological change continues to penalize those who lack the appropriate skills. Disproportionately, it is low-income individuals who lack the skills needed, as well as the means to take advantage of public mechanisms to improve their skills. *Learning to Save, Saving to Learn: Early Impacts of the learn\$ave Individual Development Accounts Project*, a new report released by the SRDC, presents the 18-month results of *learn\$ave*, a project designed to demonstrate how Individual Development Accounts can encourage low-income adults to save in order to increase their human capital by participating in education or training, or starting a small business.

The encouragement comes in the form of matched saving credits: for every dollar *learn\$ave* participants deposit in a special account, they receive \$3 in credits, which must be cashed in for education or training at designated institutions, or to start a small business. Participants also receive financial management training and case management services to set and reinforce financial goals. Implemented in 10 communities across Canada, the program has so far yielded promising results with regards to saving and budgeting, as well as participants' attitudes towards education.

The *learn\$ave* matched saving credits had a large incremental impact on the total amount of savings held in chequing and savings accounts (including *learn\$ave* accounts). By month 18, members of the *learn\$ave*-only group had saved, on average, \$679 — 71 per cent more than the control group. Similar impacts were observed for overall liquid assets, in which cash savings figure prominently. However, at the end of the first 18 months of program activity, the *learn\$ave* financial management training and case management services had not played a role in increasing saving activity.

To find funds for increased cash savings, results to date indicate that participants were neither diverting funds from other savings vehicles, nor borrowing money to take advantage of the high rate-of-return on *learn\$ave* account. Instead, *learn\$ave* participants delayed or altered household purchases to have additional funds for *learn\$ave* deposits. The change in consumption behaviour in favour of increased savings should be seen as a positive development insofar as it has not resulted in increased hardship for participants. This is further corroborated by the fact that program group participants did not take on additional debt to increase their deposits in their *learn\$ave* account.

As a result of *learn\$ave*, participants were more likely to have a budget. Approximately half of this positive impact can be attributed to the *learn\$ave* matched savings credit, and the other to *learn\$ave* financial management training and case management services. Budgeting habits may have positive effects for participants down the road in terms of savings and other asset accumulation.

In addition to *learn\$ave*'s positive effect on budgeting and saving, the matched saving credits have worked to enhance the attitudes of program group participants toward education: these effects are expected to continue over the next several years of the program's life and contribute to increased participation in education.

The *learn\$ave* project was conceived and implemented in 2000 by Social and Enterprise Development Innovations (SEDI), and is being funded by Human Resources and Social Development Canada. The evaluation of *learn\$ave* is being conducted by SRDC.

[Learn more about \*learn\\$ave\*.](#)

[Read the full report.](#)

[Read the executive summary.](#)

## Putting the new Community Development Trust to work

On January 10, 2008, the Government of Canada announced an investment of \$1 billion in a new Community Development Trust. Under this initiative, the federal government said it would support efforts by provincial and territorial governments to assist vulnerable communities and laid-off workers. The February 26 budget later specified “the trust will support such activities as job training to create opportunities for workers, community transition plans that foster economic development and create new jobs, and infrastructure investments that stimulate economic diversification.”

In identifying initiatives to be supported by the new trust, provinces and territories would be well served by consulting SRDC’s recent research reports on the Community Employment Innovation Project (CEIP). The project offers a rich body of lessons learned on how to engage vulnerable communities and assist unemployed Canadians living in these communities.

The CEIP is a demonstration project designed to encourage the longer-term employability of participants while supporting local community development in regions of continuing high unemployment. In exchange for their entitlements to Employment Insurance (EI) or Income Assistance (IA), CEIP offered individuals work on community projects for up to three years, giving them a significant period of stable income as well as an opportunity to gain work experience, acquire new skills, and expand their network of contacts. CEIP’s design emphasized the central role of communities, which were responsible for identifying and prioritizing their local needs and then developing projects that would employ CEIP participants to meet those needs.

The project took place in local communities of the Cape Breton Regional Municipality and was in operation from 2000 to 2005. A final research report will be released in May 2008.

Last November, SRDC released interim evaluation results based on data collected 40 months after the enrolment of participants. The research report *Improving skills, networks, and livelihoods through community-based work: Three-year impacts of the Community Employment Innovation Project* shows that CEIP led to substantially higher rates of full-time employment, increased earnings, and reduced receipt of EI and IA benefits, all of which were sustained for the three years of program eligibility. Participants also reported improved well-being, with reductions in the extent and severity of poverty and hardship, and increased life satisfaction. At the same time, CEIP produced significant improvements in participants’ social capital in ways that may provide a bridge to future employment, and the program’s effects on transferable skills were also significant, resulting in a potentially more employable workforce.

Find out about these interim results of CEIP by consulting the following briefs:

- [CEIP: Going Beyond Other “Make-Work” Projects.](#)

- Improving Generic Skills through Community Work.
- How Community Work Is Affecting Poverty.
- Self-Sufficiency through Community-based Work.
- Creating Social Capital through Community-based Work.

## *Je pars en grand*: Child Care Pilot Project for Francophone children living in minority situations

In her April 2007 speech before the Senate Standing Committee on Official Languages, Heritage Minister Josée Verner announced the official launch of an important study conducted by SRDC, the Child Care Pilot Project (CCPP). The project, also called “*Je pars en grand*,” is financed by Human Resources and Social Development Canada (HRSDC) and aims to find the best ways to develop the preparation to schooling of children living in a Francophone community in minority situations in Canada.

Six communities were then selected to participate in the research project: Saint John and Edmundston, New Brunswick; Cornwall, Durham and Orleans, Ontario; and Edmonton, Alberta. The study, which is part of Government of Canada’s Action Plan for Official Languages, aims to examine the effects of in-depth services in French on the linguistic and cultural development — as well as the overall growth — of preschool-aged children.

In October 2007, CCPP completed its recruitment of over 300 preschool-aged children, including:

- 85 in Edmundston
- 71 in Cornwall
- 55 in Orleans
- 40 in Durham
- 36 in Edmonton
- 31 in Saint John.

Studies on the growth of Francophone children living in minority situations have shown that an increasing percentage of them have particular difficulties when entering a French-language school; some lack the necessary language skills to better integrate the system. There is also an important variance in the language skills on these children when compared to English-speaking Canadian children. In addition, linguistic skills play a crucial role in the learning ability of a child and his/her first steps in life.

This new research will contribute to the collective knowledge of what is working, and will inform parents, service providers, and communities on the design and service delivery related to the early-childhood development of children of Francophone families living in minority situations. The conclusions of the research will help identify options to preserve their Francophone culture and their language as well as positively influence children’s growth.

CCPP includes both child and family components, as well as training for those providing the program:

- The child component includes day-care services and materials in French to develop French language skills, a sense of identity with the Francophone culture, and readiness to learn. These services are based on the Programme des prématernelles fransaskoises developed by the Department of Learning in Saskatchewan.
- The family component includes family literacy services and materials to foster and guide parental participation in their child's learning.

Day-care services and a family literacy program were established in the fall of 2007 and will be provided over several years. Reports will be published in regular intervals — the first is scheduled for the spring of 2008 — to communicate the program's progress and the lessons learned. To date, the family literacy sessions are nearly over, and children's second assessment is underway. CCPP has also launched its newsletter, *Li'l Updates*, that can be accessed through the project's [Web site](#).

[Learn more about the project.](#)

## Improving Access to Labour Market Information for Canadians

Every year millions of Canadians make important decisions regarding their participation in the labour market. Among these are people looking for a job, workers wanting to improve on the employment situation and employers who have hiring or training decisions to make. Others are students, recent graduates and new immigrants who are looking to enter the Canadian labour force. All of these people draw on different kinds of information to help them make their decisions.

Governments across Canada are concerned about ensuring that quality information is available to enhance the functioning of the labour market. In July 2007, Human Resources and Social Development Canada (HRSDC) held a symposium to further the understanding of both the requirements for labour market information (LMI) and its effects. Experts in the fields of economics, psychology, sociology, education and career development were asked to present their opinions and analyses on the matter. SRDC's Executive Director, Jean-Pierre Voyer, acted as the symposium facilitator, and Carole Vincent wrote the symposium report.

LMI can be acquired from many formal as well as informal sources — i.e. casual conversation with friends, family, or peers, Internet browsing, social networks, professional organizations. Although there may not be a role for governments in improving the quality of information flows in these processes, better recognition and understanding of these processes may help design more effective LMI products and delivery mechanisms.

Labour markets are segmented and multiple. Different labour markets exist and information needs vary across markets. Experts all agreed that high rates of return on investment in LMI are more likely to be attained by targeting specific and somewhat disadvantaged groups that face significant barriers to labour market integration. Groups that experts identified as potentially benefiting from a more proactive targeted delivery strategy of LMI include: recent and not-so-recent immigrants to Canada, especially those lacking the necessary English or French language skills; Aboriginal people; individuals lacking necessary skills; youth with little or no previous work experience; youth at risk or out of school, older workers displaced from previously stable jobs; and people facing literacy or language barriers and persons with disabilities. Another reason for targeting disadvantaged groups

is that it can generate a more equitable distribution of benefits from employment across various groups in society.

Assessing the impacts of LMI presents significant evaluation challenges. Firstly, there is the challenge relating to the issue of reverse causality: using LMI gets you a job which in turn increases your access to LMI. Secondly, LMI generally comes in small doses, which makes it difficult to capture statistically significant impacts, especially in terms of longer-term economic outcomes or cost-benefit analysis. Thirdly, it is difficult to isolate the impact of LMI on desired outcomes because it is everywhere and comes from various sources. The experts generally agreed that assessing the impacts of LMI on longer-term outcomes such as career prospects, frequency and duration of unemployment, earnings trajectories or reliance on income security programs may be quite difficult. In addition, these outcomes may not actually be of immediate priority. Instead, experts stated that priority should be given to furthering our understanding of what information is needed and how LMI can be delivered more effectively, with special emphasis on the targeted disadvantaged groups that are most likely to benefit from it.

Experts agreed that HRSDC research agenda should create a “mosaic of evidence” by using a broad array of theories and expertise from various disciplines to better the role LMI plays. In collaboration with HRSDC, SRDC is engaged in further research to investigate how LMI products, services and delivery mechanisms could be tested through experimentation. Of particular interest are interventions that can help better understand what LMI people need, what information they use, how individuals and businesses process information and convert it into relevant knowledge, what constraints or limitations people face in acting on their decisions and what effects different types of LMI have on individuals’ decision-making processes and, eventually, on outcomes related to their participation in the labour market and the investments they do to improve their skills.

The output of the experts’ meeting is captured in *Improving Labour Market Information to Help Canadians Make Better-Informed Decisions*, a report prepared by SRDC outlining a series policy research priorities and research questions to further explore the role and impact of LMI on Canadians’ participation in the labour market.

## Increasing the potential of Canadian youth: the *Future to Discover* Pilot Project

Approximately 38 per cent of all Canadian high school students are reported not to pursue post-secondary education (PSE). This is a problematic statistic in light of the country’s future needs for an educated workforce. Some of the lowest rates of PSE participation in Canada are observed among students from lower-income families and among those whose parents have not attained a PSE qualification. Programs to tackle barriers to PSE must directly target these students, but the question of how best to support them remains. Will their inclination towards PSE participation be influenced more by an early guarantee of financial support or by information about their academic and career options following high school graduation? Would the promise of financial help be more effective if combined with such information?

*Future to Discover* (FTD) is a pilot project that aims to find out what works to increase access to post-secondary education and includes a focus on those students who are commonly identified as under-represented in post-secondary education: students from lower-income families whose parents have little or no post-secondary experience. It has been established by the Canada Millennium Scholarship Foundation working in partnership with Manitoba and New Brunswick to

test two interventions to meet that aim. SRDC was mandated by the Canada Millennium Scholarship Foundation to conduct this experiment.

*Future to Discover* is testing two approaches, which are called *Explore Your Horizons* and *Learning Accounts*. The pilot project is designed to determine the impact of these two interventions on access to post-secondary education, measured as participants' completion of the first year of their chosen post-secondary program.

*Explore Your Horizons* is composed of enhanced career education components that are intended to improve high school students' capacity to explore and make decisions about their post-secondary and career options. It is being tested in 51 New Brunswick and Manitoba high schools and involves a total of 5,429 students. The students generally appeared interested in pursuing post-secondary education, and three in every four participants felt they were at a point in their lives when it was important to make decisions about their future careers.

Three years of career education programming is offered in *Explore Your Horizons*, commencing in the first year with an overall project orientation session, and followed by a series of six career exploration workshops called Career Focusing. In addition, participants are invited to two workshops led by Post-secondary Ambassadors, and are able to access a members-only Web site and magazine. The latter two resources offer enhanced information about the benefits of post-secondary education as well as summaries of the Career Focusing workshops.

*Learning Accounts* is a financial incentive intervention for students who have a demonstrated family income below the provincial median. It is composed of an early guarantee of a grant worth up to \$8,000 that is conditional upon completion of high school and subsequent participation in post-secondary education. It is being tested in New Brunswick only.

The pilot project has completed its design, recruitment, and early implementation phases. SRDC and the Foundation issued the first FTD report in October 2007, detailing the project's design and implementation. A total of 1,097 participants from lower-income families were randomly assigned to receive *Learning Accounts* either by itself or in combination with *Explore Your Horizons*. A large majority of participants (93.3 per cent) took the necessary steps to open their Learning Accounts and 90.3 per cent received an instalment of \$2,000 at the end of Year 1.

The successful recruitment and implementation of *Future to Discover* has built a promising foundation for learning important policy and program lessons about how to help students access post-secondary education. A second report detailing the early results of the project will be released later in 2009.

[Learn more about FTD.](#)

[Read the FTD implementation report.](#)

[Read the executive summary.](#)

## Healthier living for healthier lives

In August 2007, a coalition of organizations targeting healthier living, the BC Healthy Living Alliance (BCHLA), announced a \$22 million initiative around three main themes: healthy eating, physical activity, and reduction in tobacco use. This initiative, led by the cross-ministerial organization Act Now BC, features 11 projects in the three target areas.

The Michael Smith Foundation for Health Research and the BCHLA selected SRDC to design and implement a framework for evaluating the 11 projects. The evaluation will take place over two phases: in the first phase, SRDC will conduct “evaluability assessments” on each project as well as each theme area to determine whether they can be evaluated. Information gathered at this stage of the process will be used to devise budgets and evaluation plans for each initiative.

For more information on the Michael Smith Foundation for Health Research and B.C. Healthy Living Alliance Project, contact project director Susanna Gurr.

## The end of an era: SRDC’s founding project draws to a close

Analysis of SRDC’s founding project, the Self-Sufficiency Project (SSP), ended on September 30, 2007. The internationally known project demonstrated that single parents who were long-term welfare recipients would leave income assistance for full-time employment faster if work could be made to pay significantly more than welfare. SSP also showed that this could be accomplished while increasing employment earnings and reducing poverty. The increased taxes revenue and lower transfer payments paid for much, or in the case of new welfare applicants, almost all of the cost of the program.

In accordance with confidentiality agreements between SRDC and participants in SSP, all project data that could be used to identify participants was destroyed. Shortly thereafter, most of the analysis data pertaining to the project was turned over to Statistics Canada, where it has been made available to researchers at their Research Data Centres.

If you are a researcher and want to consult SSP data, please contact Eddy Ross.

[Learn more about SSP.](#)

## SSP research paper receives prestigious award

A research paper originally commissioned by SRDC has won a prestigious academic award. Dr. David Card (University of California, Berkeley) and Dean Hyslop (New Zealand Treasury) received the Frisch Medal Award for 2008. The Medal is awarded every two years for an applied article (empirical or theoretical) published in the economics journal *Econometrica* during the past five years. Card and Hyslop won the award for the article *Estimating the Effects of a Time-Limited Earnings Subsidy for Welfare-Leavers* that was published in *Econometrica* in November 2005. The journal article was based on an SRDC working paper of the same name published earlier in 2005 as part of a series of working papers using data from the Self-Sufficiency Project (SSP). Unsurprisingly, their original SRDC working paper is one of the most popular on SRDC’s Web site.

The Self-Sufficiency Project randomly assigned single-parent, long-term welfare recipients into a program group and a comparison group. Program group members could receive a subsidy in exchange for their leaving welfare in favour of full-time work. The subsidy was available for three years, but only to people who began working full-time within 12 months of random assignment. SRDC commissioned Card and Hyslop to use the data from this highly renowned project to develop a simple model that suggested that SSP eligibility rules created two incentive effects — an establishment incentive for members of the treatment group who satisfied the waiting period requirement to find a job and leave welfare within the next 12 months, and an entitlement incentive for those who established SSP eligibility to work full-time and remain off welfare in the three-year period during which subsidy payments were available.

Once these incentives were defined, the authors developed an econometric model of welfare participation that allows them to separate the two effects and estimate the impact of the earnings subsidy on welfare entry and exit rates among those who achieved eligibility. The combination of the two incentives explains the time profile of the experimental impacts, which peaked 15 months after random assignment and then faded away by 54 months. The findings suggested that about half of the peak impact of SSP was attributable to the establishment incentive.

Despite the extra work effort generated by SSP, the paper concluded that the project had no lasting impact on wages and little or no long-run effect on welfare participation.

[Read the working paper.](#)

[Read the \*Econometrica\* article.](#)

## SRDC extends warm welcome to new member of Board of Directors



We are pleased to announce that Jocelyne Bourgon has joined SRDC's Board of Directors. An expert in governance and public sector reforms, Ms. Bourgon is internationally renowned, acting as advisor to governments, boards, and advisory committees.

Ms. Bourgon is Distinguished and Visiting Professor Public Administration at the University of Waterloo and Distinguished and Research fellow at the Center for International Governance Innovation. She also serves as special advisor to the Privy Council Office and she pursues her work in support of the public service and public service reform as President Emeritus of the Canada School of Public Service.

Ms. Bourgon joined the Public Service of Canada in 1974. She was appointed to the rank of Deputy Minister in 1989. In that capacity she was the official in charge of the constitutional negotiations which led to the Charlottetown Accord in 1992. She oversaw the transformation of the Department of Transport including rail privatization, the commercialization of air traffic control and the devolution of airports. She served as President of the Canadian International Development Agency (CIDA) and Deputy Minister of Consumer and Corporate Affairs.

In 1994, Jocelyne Bourgon was appointed Clerk of the Privy Council and Secretary to the Cabinet. She became the 17th Clerk and the first woman to hold this position. From 1994 to 1999, she led the Public Service of Canada through some of its most important reforms since the 1940s. She oversaw the Program Review exercise which contributed to eliminating the deficit, and realigned the role of the Public Service. In December 1998, she was summoned to the Queen's Privy Council for Canada in recognition of her contribution to her country. She served as President of the Canadian Centre for Management Development from 1999 to 2003. From 2003-2007, she served as Ambassador to the Organization for Economic Cooperation and Development (OECD).

It is with great honour and pleasure that we welcome her to the Board of Directors of SRDC.