



Improving Skills, Networks, and Livelihoods through Community-Based Work

Three-Year Impacts of the Community
Employment Innovation Project

A project sponsored by



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Executive Summary

October 2007

David Gyarmati
Shawn de Raaf
Claudia Nicholson
Boris Palameta
Taylor Shek-Wai Hui
Melanie MacInnis



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ABOUT THE SOCIAL RESEARCH AND DEMONSTRATION CORPORATION

The Social Research and Demonstration Corporation is a non-profit organization and registered charity with offices in Ottawa and Vancouver. SRDC was created specifically to develop, field test, and rigorously evaluate social programs. SRDC's two-part mission is to help policy-makers and practitioners identify social policies and programs that improve the well-being of all Canadians, with a special concern for the effects on the disadvantaged, and to raise the standards of evidence that are used in assessing social policies. As an intermediary organization, SRDC attempts to bridge the worlds of academic researchers, government policy-makers, and on-the-ground program operators. Providing a vehicle for the development and management of complex demonstration projects, SRDC seeks to work in close partnership with all levels of governments — federal, provincial and local — as well as with communities where these projects take place.



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ACKNOWLEDGEMENTS

The Community Employment Innovation Project (CEIP) is the result of collaboration among a large number of organizations and individuals. We would like to acknowledge and thank those who have been instrumental to CEIP's success. CEIP would not have been possible without the support of Human Resources and Social Development Canada (HRSDC), the principal funder of the project and the originator of the idea that eventually became CEIP. Similarly, we would like to thank CEIP's other sponsor, the Nova Scotia Department of Community Services (NS-DCS), for their support. We also acknowledge the contributions made by our local delivery partners, who helped establish and run the CEIP program office, including staff from the Cape Breton Family YMCA, the Breton Business Center, the Atlantic Coastal Action Program — Cape Breton, and Breton Rehab Services. As well, we thank our many research partners for their collaboration including Statistics Canada and the Institute for Social Research (ISR).

We offer a special acknowledgement for the extensive contributions of the dedicated volunteers who served on CEIP community boards as well as the many organizations that sponsored projects in their communities. Finally, we want to express our very special thanks to the individual participants in CEIP, both those who worked on projects and those who, as members of CEIP's control group, are telling us how much difference this intervention makes.

There are many others who contributed to this project in both an implementation and research capacity. A complete list is included in the full report.



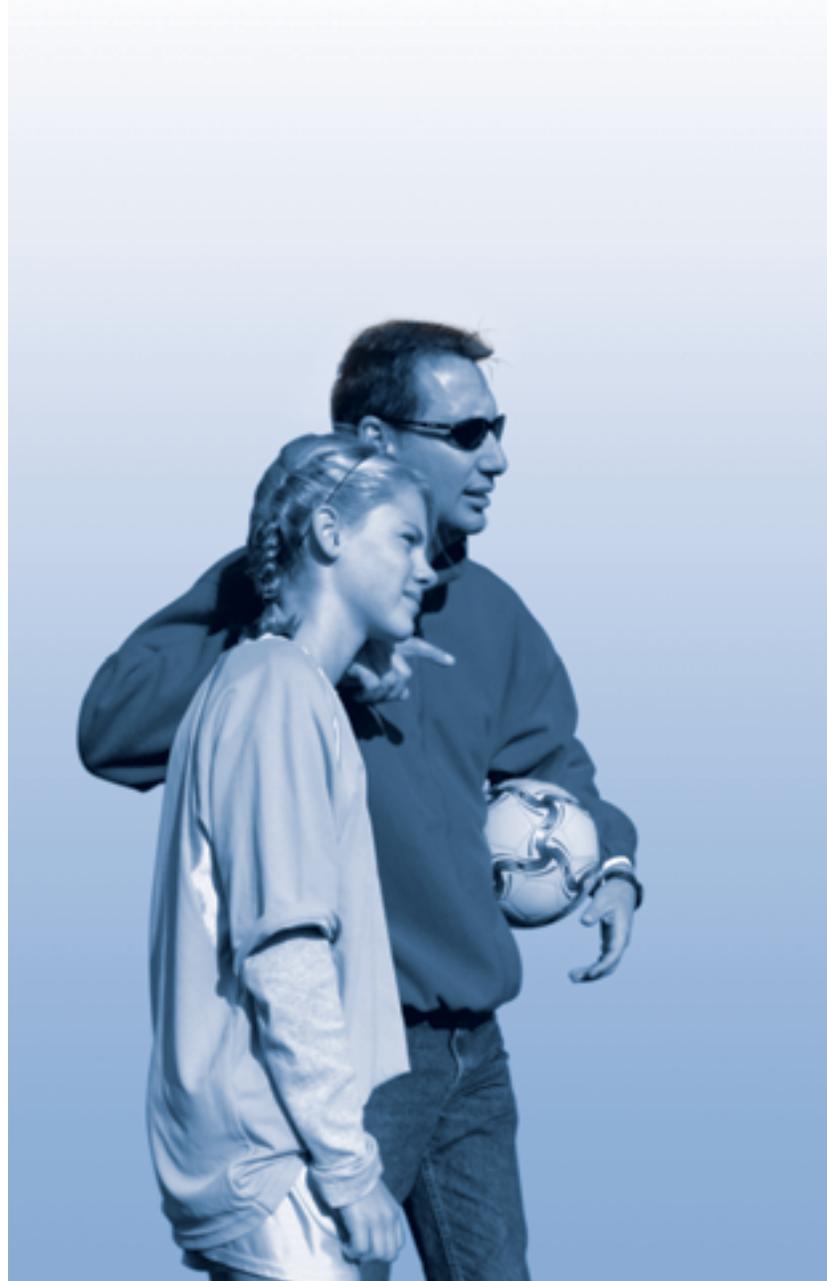


INTRODUCTION

Canada has enjoyed a prosperous period of stable economic growth for more than a decade. Employment levels have increased for 14 consecutive years and the national unemployment rate has reached a 30-year record low. However, there are regions of the country that have not shared equally in the benefits of sustained growth and still face chronic high unemployment. Industrial Cape Breton is one such example, where closure of coal mines and a declining steel industry have resulted in double-digit unemployment rates for over a decade. Despite a thriving national economy, the current unemployment rate in Cape Breton remains more than twice the national average at 13 per cent, with particular communities faring much worse still. Other examples include the Gaspésie region of Quebec, which has a history of reliance on seasonal industries, with a current unemployment rate of 18 per cent, and several single-industry towns in British Columbia that suffer from declines in logging and local pulp and paper mills. Unemployed individuals in these areas face higher risks of deteriorating skills, reduced employability, poverty, and social exclusion. Similarly, communities may face significant out-migration, reduced cohesion, and decline in their capacity.

Over the last 30 years, governments have implemented a range of employment programs to address the challenges posed by enduring unemployment. Although many of these programs met their short-term objectives, the problem persists and innovative responses are needed. The Community Employment Innovation Project (CEIP) is one such response that is currently being researched and tested, and could potentially provide a long-term solution that engages both communities and individuals. CEIP offered volunteers up to three years of work on projects that were developed by local communities in the Cape Breton Regional Municipality (CBRM), affording participants a significant period of stable earned income and an opportunity to gain varied work experience, acquire new skills, and expand their networks of contacts.

CEIP differs from earlier community-based employment programs in a number of critical ways, which may have positive effects on participants' lives and livelihoods. This report introduces CEIP, distinguishing it from traditional employment programs, and presents results from the latest impact study, which reviews the effects of the program over the full three-years of eligibility.



BACKGROUND AND PROGRAM MODEL

CEIP is not a traditional job creation project: although it does address a short-term need for employment, it is first and foremost a research study that is testing an active re-employment strategy as an alternative to Employment Insurance (EI) or income assistance (IA). CEIP was first implemented in the Cape Breton Regional Municipality (CBRM) in Nova Scotia in 1999. Managed by the Social Research and Demonstration Corporation (SRDC), a non-profit social policy research organization that specializes in developing, implementing, and evaluating large-scale, long-term demonstration projects, CEIP is funded by Human Resources and Social Development Canada (HRSDC) and sponsored by the Nova Scotia Department of Community Services (NS-DCS).

Since the late 1980s, labour market policy discussions have included what are known as active labour market policy measures. The idea is that transfer programs should encourage recipients to work rather than “passively” receiving cash benefits. In the case of CEIP, transfer recipients in areas of high and continuing unemployment, where labour market possibilities are limited, were encouraged to take up community employment in exchange for their entitlements to EI or IA.

The Role of Communities: Empowerment and Capacity-Building

One fundamental idea that distinguishes CEIP from earlier approaches is the notion that local communities should be able to define their needs and then develop projects to meet those needs. In this spirit, CEIP conferred extensive control to communities over project development in order to explicitly link projects with local priorities and needs. Under the program, communities were responsible not only for developing projects that would employ CEIP workers, but also for creating local decision-making bodies, strategic planning, and mobilizing local project sponsors. Through these actions, CEIP was expected to serve as a catalyst for community action, which would in turn support capacity-building and improve social and market conditions.

Social Economy: Finding Alternative Solutions to Unemployment

CEIP also differs from past programs in that it grows from a body of knowledge and practical experience with the “social economy,” which is based on organizations or institutions that are neither entirely public nor entirely private, but which may share characteristics of either sector. This “third sector” type of economy is currently being tested by CEIP to explore whether it can be used to develop opportunities for work, recognizing that some communities have smaller market sectors than others. The idea is to encourage, in ways that the public and private sector do not, activities that are meaningful for both the participant and the community. CEIP is testing this notion using a rigorous design to determine if a social economy can in fact provide a range of meaningful jobs without large capital investments.

Job Placements and Program Services: Opportunities for Growth

Like earlier programs, CEIP was designed to replicate traditional employment. Participants worked for 35 hours a week on the locally developed projects to which they were assigned, and in return, they were paid a community wage that started at \$280 per week and increased to \$325 along with changes to the provincial minimum wage. CEIP employment was insurable under the EI program and covered by the Nova Scotia Workers’ Compensation program and the Canada Pension Plan. Optional medical benefits were also available.

Unlike other programs, however, CEIP features several unique aspects including a long period of eligibility, a diversity of job placements, and supporting program services. Specifically, participants were eligible for CEIP for three years — a much longer term than other programs provide — as long as they did not return to regular EI benefits or IA as their primary source of income. Participants were also encouraged to become involved in a number of job assignments rather than a single placement, thus obtaining a wider range of work experience.

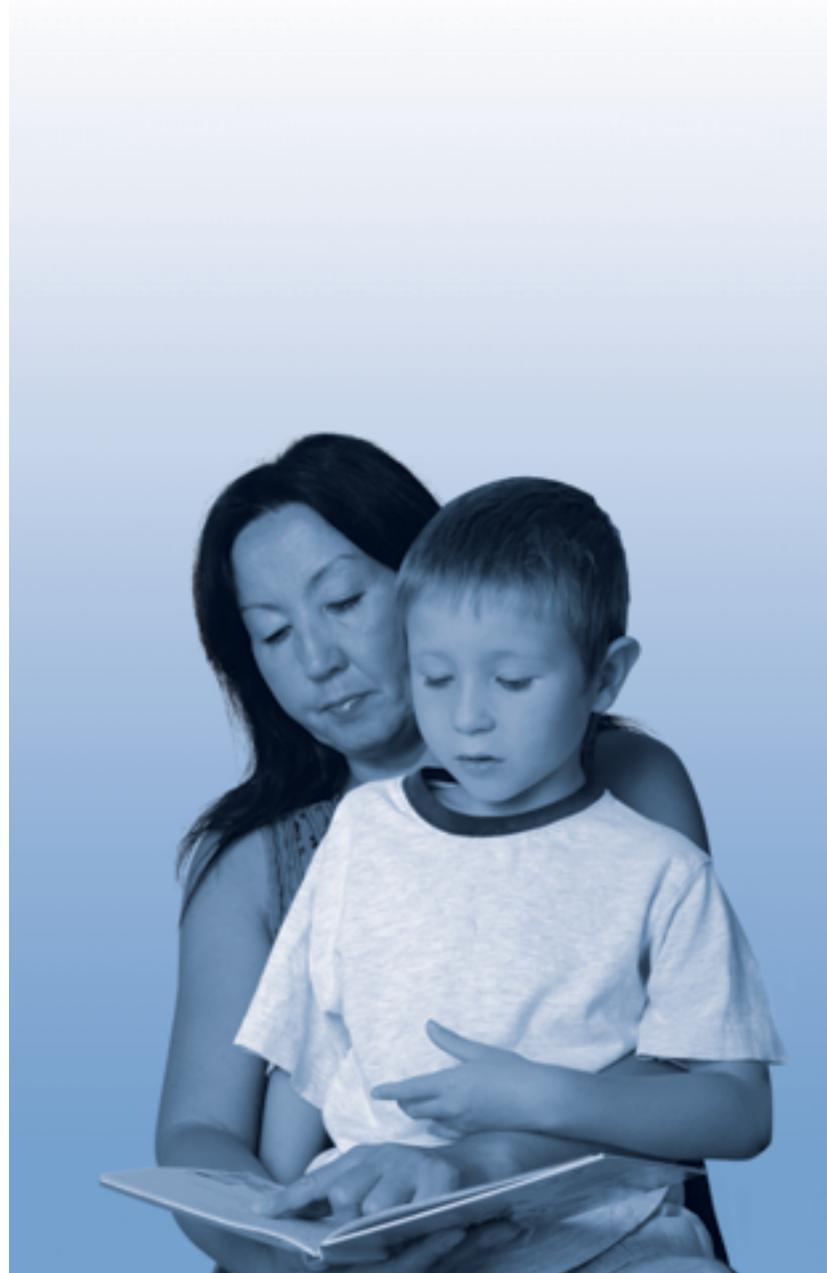
Furthermore, although CEIP participants worked mainly on community-based projects, a number of ancillary activities were also built into the program model to allow for enhanced employability of participants, and to encourage a more integrated approach to employment. Such activities included an employability assessment, basic job-readiness training, limited transferable skills training, and job search support to aid in the transition to other market employment.

Enhancing Employability: Acquisition of Skills and Social Capital Development

CEIP is not a training intervention that seeks explicitly to develop human capital. Rather, the program focuses on the maintenance and acquisition of skills through work experience; the varied nature of many job opportunities in the social economy can require so-called generic, or soft, skills (like flexibility, teamwork, multitasking, and lifelong learning) that are transferable to jobs outside the range of CEIP. CEIP also aimed to enhance participants' social capital in terms of their networks of contacts and the resources and supports that are available to them through those networks.

In line with recent conceptual developments, CEIP adopts a definition of social capital that emphasizes the availability of resources and supports within social networks. This is important in terms of CEIP's potential impact on current Canadian policy: in recent years, policy-makers have shown significant interest in social capital and the possibilities it presents with regards to network enhancement and network effects on employment and self-sufficiency. As such, mechanisms built into the CEIP program model may have encouraged the development of skills and social capital in ways that earlier programs did not.

Unlike earlier interventions, CEIP also attempts to assess the effects of the program on both the skills and social networks of participants, and this independently of their labour market experience. This is important in order to understand what gives rise to any longer-term impacts on employment, or to explain the absence of such impacts: namely, do employment gains arise because of improved skills and human capital, or is social capital a more significant factor? Inversely, if the program does not lead to increased employment in the long-term, is it because the program is not effectively improving skills, networks, and employability of participants, or is it simply indicative of the lack of job opportunities in an area of chronic unemployment?



CEIP EVALUATION DESIGN

One of the most important features of CEIP, and one that sets it apart from earlier community employment initiatives, is its evaluation design. Under SRDC, CEIP has been set up as a demonstration project using a multiple methods approach to evaluate its effects on both individuals and communities. This includes a random assignment evaluation design — widely accepted as the most reliable way to estimate a program’s impacts — that will provide an authoritative assessment of how CEIP impacts the lives and livelihoods of program participants and their families.

CEIP aims to assess the feasibility of a community-based jobs program for the long-term unemployed, to estimate the benefits generated by such a program, and to determine whether or not it would be socially and fiscally advantageous for governments to introduce such an intervention on a wide scale. In evaluating the benefits of the project, CEIP is considering both those that accrue to individuals who work on the community-based projects and those that are experienced by the communities where the projects take place. The evaluation strategy for CEIP includes four main components: implementation research, individual impact studies, a community effects study, and a cost–benefit analysis. This is the summary for the second of three individual impact studies.

Methodology and Recruitment

The goal of this second individual impact analysis is to measure the changes in outcomes that CEIP produces for the individuals who take part. The primary data source used for this impact study is the 40-month follow-up survey. Statistics Canada administered this as a telephone survey to program and control group members 40 months after their enrolment in the study. The survey covered all of the key outcomes of interest that could not be analyzed through administrative data sources, including employment and earnings, transfer receipt, personal and household income, social capital, transferable skills, attitudes, and health and well-being.

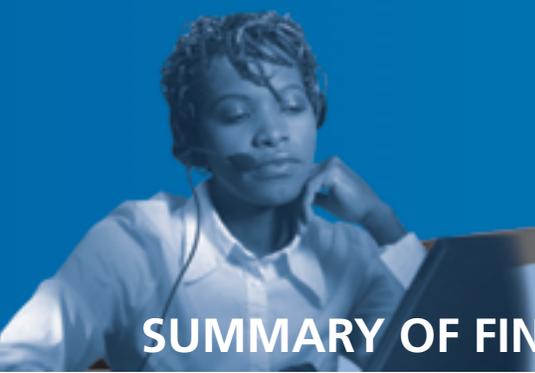
During the enrolment phase, 5,980 eligible EI beneficiaries and 804 eligible IA recipients were randomly selected and mailed letters of invitation to an information session where they learned about CEIP and were given the opportunity to volunteer. The vast majority of those who showed up also enrolled in CEIP: of the 1,620 EI beneficiaries that attended, 62 per cent signed the enrolment form. In the IA sample, 93 per cent of attendees enrolled in the program (516 out of 557 people). Half of the enrollees from both the EI and IA samples were then randomly assigned to the program group, who were eligible for CEIP, and the other half to the control group, who were not.

Participating in CEIP

Following random assignment, the vast majority of program group members signed a Project Participation Agreement (PPA) and went on to participate in CEIP-related activities. For the EI sample, participation rates peaked at 77 per cent during the fourth month post-enrolment, and declined gradually over the remainder of the eligibility period. The highest level of participation among IA program group members — 89 per cent — was observed during the fifth month after enrolment and also declined slowly over the remaining time.

CEIP Projects and Work Placements

The primary activity that participants were engaged in during their eligibility was community-based work placements on projects that were developed by communities. A total of 295 CEIP projects were created by the five participating communities during the full eligibility period, which generated a total of 1,300 positions and 2,113 work placements for participants, allowing many to work in multiple positions. CEIP jobs spanned all 10 of the National Occupational Categorizations: the largest category was by far service positions (378), followed by business, finance, and administration (231) and natural and applied sciences (230).



SUMMARY OF FINDINGS

Results from the second impact analysis demonstrate that not only are large employment and earnings gains sustainable over three years of program eligibility, but also the quality of jobs were improved, including the skill levels of positions held, the varied nature of work experiences they offered, and the extent of job stability. Furthermore, the longer period of program eligibility may be an important factor in many of the other positive non-economic effects on participants that were observed, including improvements in social capital, transferable skills, attitudes to work, and volunteering. Although these results do not incorporate any significant post-program period, they provide important evidence regarding the full in-program effects of a community-based jobs program with long duration eligibility.

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 eligibility.

Figure ES.1 illustrates that monthly full-time employment rates among EI program group members were at least 30 percentage points higher than for the control group for most of the eligibility period. Among the IA sample, impacts on full-time employment were even more dramatic, sustained at nearly 50 per cent over the full period of eligibility (Figure ES.2).

As a result of the impacts on employment, CEIP had a large cumulative effect on earnings over the course of the three-year period of eligibility. Total earnings of EI program group members were \$14,000 higher (36 per cent) than those of the control group after 38 months. Impacts were even larger among program group members in the IA sample, where earnings increased by more than \$25,000, or 151 per cent, over the same period.

High rates of ongoing participation in CEIP and significant program satisfaction tend to confirm the hypothesis that the program was in fact of continued interest to the eligible group of volunteers. A very low percentage of program group members left CEIP during their eligibility to return to EI or welfare and, consequently, large and sustained reductions in the receipt of such benefits were observed during the life of the program.

While CEIP had a major incremental impact in the creation of full-time employment, one important question remains: what will happen when CEIP's three-year community placements are over? Among EI program group members, a little over one-third of those employed full-time were working in non-CEIP jobs near the end of their eligibility, while the same was true for only 10 per cent of the IA program group members. This indicates that a significant proportion of both samples relied on CEIP positions until the end of the eligibility period, which is likely to result in a marked decline in employment levels for these participants when the program ends. The severity and duration of this decline remains to be seen and will be a major focus of the final impact study.

Figure ES.1
Full-Time Employment Rates by Month — EI Sample

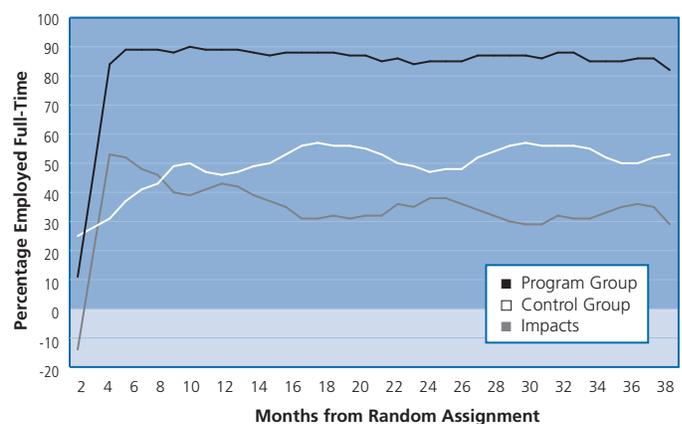
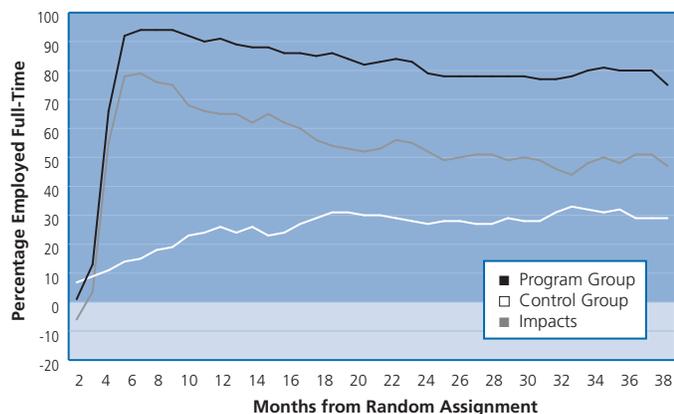


Figure ES.2
Full-Time Employment Rates by Month — IA Sample



CEIP’s most heavily felt effects were on particular disadvantaged groups, including those experiencing employment barriers, lower incomes, and those with fewer social supports.

Although large employment gains were observed throughout both EI and IA program groups, impacts were somewhat larger among those with lower initial incomes, those with employment barriers arising from health or activity restrictions, and those with smaller social networks. Given that these groups are more disadvantaged, an offer of stable long-term community jobs could have been expected to lead to larger incremental employment impacts. However, there were some doubts as to whether individuals facing one or several employment barriers could maintain these jobs. Results suggest that these groups can maintain long-duration employment through a community-based jobs program like CEIP.

CEIP enhanced not only the duration of employment and number of jobs held but also improved the quality of jobs for many participants.

Not only did CEIP successfully improve employment rates among participants, it also helped some program group members gain access to higher-skilled occupations than would otherwise have been available to them. For example, the rate of program group members whose main job was in a high-skilled or management position was a full 11 and 13 percentage points higher among the EI and IA samples, respectively, compared to the control groups.

CEIP also appears to have achieved a balance between diversity and stability by providing varied and multiple job opportunities, while also improving the duration of jobs held. This afforded many program group members potentially more inclusive work experiences and more significant job stability. These results confirm that communities can mobilize local resources and create projects, which provide a range of meaningful job opportunities.

However, results also indicate that a small percentage of EI program group members worked in lower-skilled jobs than they would otherwise have done, and for lower wages. This finding underscores the need to ensure that community employment programs offer a good range of job options, include a careful selection of project sponsors, and provide a rigorous assessment of participants if suitable job placements are to be achieved.

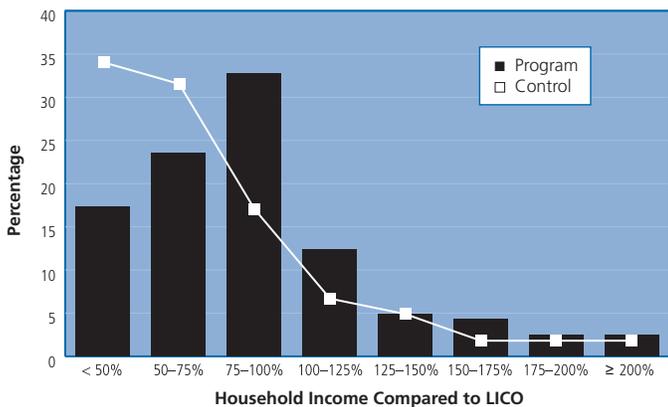
CEIP also led to improvements in generic transferable skills and attitudes to work.

Did the work experience generated by CEIP provide for the maintenance and acquisition of skills? Although the effects of CEIP on generic skills were unclear at the mid-point of eligibility, after three years in the program significant positive effects were observed. Among the EI program group, CEIP produced positive effects on measures of persistence, lifelong learning, adaptability, and systems thinking. Among IA program group members, mixed effects were shown, positive for responsibility and receptiveness to continuous lifelong learning, but negative for problem solving and participants’ sense of quality accomplishment. Among both samples, CEIP continued to strengthen positive attitudes towards work and reinforced negative opinions about reliance on government transfers.

CEIP improved the well-being of program group members, with reductions in the extent and severity of poverty and hardship, and improved life satisfaction.

CEIP’s impact on the extent of poverty was noteworthy as it reduced by 10 percentage points the percentage of IA program group households with incomes below Low-Income Cut-Offs (LICOs). The largest reduction in poverty occurred at the lowest income range, where program group members were 17 percentage points less likely to have household incomes below 50 percentage points of LICOs. An 8 percentage point reduction was also observed in the number of EI program group members in the lower-income categories. CEIP’s impact on poverty for the IA sample is shown in Figure ES.3.

Figure ES.3
Impacts on Low-Income Status Among the IA Sample

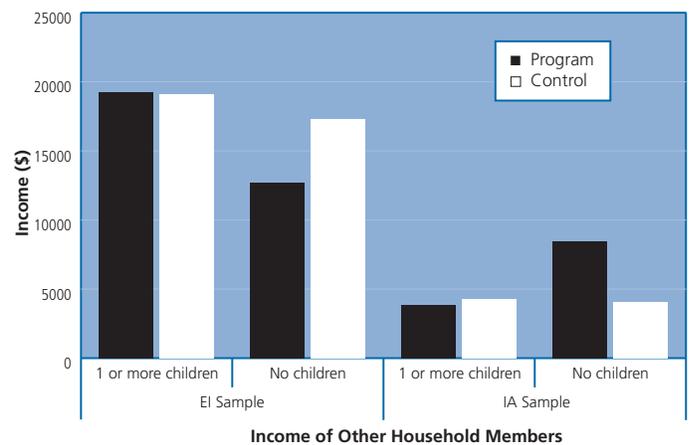


As a result of increased incomes, program group members were more likely to report being able to meet most regular expenses and financial needs. CEIP also led to improvements, particularly among the EI program group, in reported satisfaction with life.

The overall impact of CEIP on household incomes varied between EI and IA populations, and among households with and without children

Despite clear improvements in the lowest income categories, increased levels of employment and earnings for CEIP participants did not always translate directly into income gains for households. The increased earnings of EI program group members were counterbalanced by a reduction in the total incomes of other household members (Figure ES.4), driven by reduced rates of receipt of a range of other income sources (including IA benefits, disability insurance, and various tax credits). This reduction was observed only in EI households without children, and may relate to a loss of eligibility for income-contingent benefits that are more generous for households with children.

Figure ES.4
Income of Other Household Members by Presence of Children



In contrast, among the IA program group, there was no significant reduction in total incomes of other household members. In fact, CEIP led to increased incomes arising from significantly higher employment rates and working hours of the participants' spouses among households without children. In these cases, CEIP creates a work incentive effect that likely arises due to the fact that eligibility rules for IA are based on household income: if other household members are no longer eligible for IA, given the participant's involvement in CEIP, this may encourage them to re-enter the labour market. The need for childcare may in turn offset this additional work incentive on participants' spouses, which would explain the absence of household income increases in IA families with children.

These results suggest that employment policies may not always have the intended effect on the overall work effort and income of participating households. Employment policies must pay attention not only to participants' needs, but also to the needs and incentives faced by the other members of their families.

CEIP produced significant improvements in social capital among program group members in ways that may provide a bridge to future employment.

CEIP substantially improved the structure of social networks for both EI and IA program group members. Substantial impacts were observed in those aspects of social capital commonly associated with the development of bridging or linking social capital – namely increased access to specific resources such as specialized advice and help finding a job, growth of weak ties, and reduction in network density. CEIP's three-year eligibility period may be an important factor in the development of social capital, as effects arose largely in the last 18 months.

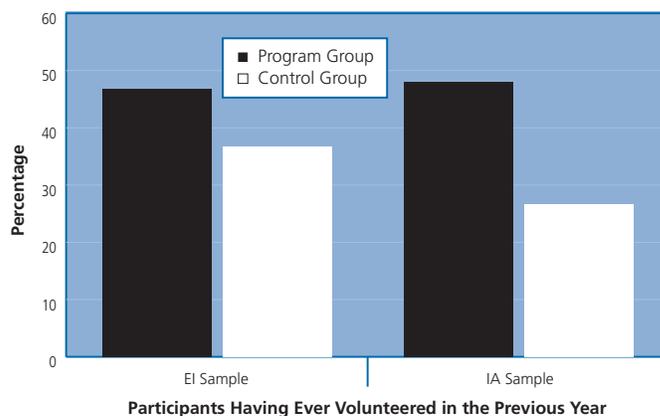
These results demonstrate that governments can encourage the development of social capital of the unemployed, in partnership with communities, through a jobs strategy like CEIP.

CEIP led to a substantial increase in volunteering among program group members, particularly in formal activities through community organizations.

CEIP jobs were primarily in the voluntary sector, which brought participants into contact with non-profit organizations, many of whom rely on volunteer work to function. This may have produced a greater awareness of volunteerism among participants and substantial increases in volunteering activity. This is important for both individuals and communities as it provides a significant resource for local organizations, and a link to the community and greater levels of social inclusion for the volunteer. Similar to the effects on social capital, impacts on volunteering arose largely in the second half of the project, particularly for the IA program group, suggesting that the longer CEIP eligibility period is an important factor in encouraging volunteering.

Figure ES.5 illustrates the percentage of sample members who engaged in formal volunteering in the year preceding the 40-month follow-up interview. Impacts were substantial among the IA sample, where the rate of formal volunteering among program group members was 21 percentage points higher than in the control group. This was accompanied by a positive impact on the average number of hours volunteered, which increased by 2.6 hours per month. Similar results were observed for EI program group members, who were 10 percentage points more likely to volunteer formally and increased their average hours of volunteering by 3.6 hours per month compared to the control group.

Figure ES.5
CEIP Impacts on Formal Volunteering





POST-PROGRAM EFFECTS OF CEIP

Results from the CEIP interim impact study provide important evidence regarding the full in-program effects of a community-based jobs program over a long duration of eligibility, but these results do not include any significant post-program period. As a result, they provide little evidence about the effects of the program long after eligibility has ended.

There are a number of questions that still remain to be answered and that have important implications for how policies integrate community-based employment and adapt programs for the best possible results.

- Will program group members move into market employment quickly following the end of their CEIP eligibility? If not, employment impacts may appear negative for a period, given that control group employment rates continue to improve.
- How long will it take program group members to transition into market employment? Will their employment rates be higher than the control group, in the long run, at the final follow-up? Will the added work experience they received through CEIP translate into higher long-term earnings or wages?

- Many program group members, particularly in the IA sample, have come to rely heavily on CEIP as their primary source of income. With the end of eligibility, what will this mean in terms of the experience of hardship among program group members and their families? Will many be forced to return to welfare?
- Will positive impacts on social capital of participants be maintained after their eligibility for the program has ended? If so, how do participants actually make use of social capital to tangibly improve their lives? Does social capital support long-term employment as well as personal well-being and life satisfaction, as has been theorized?
- After accounting for all changes in earnings, transfers, and income over the full follow-up period, how much better off are CEIP participants? How much did communities gain from their participation in the program? From the perspective of governments, is CEIP a cost-effective alternative to EI or IA benefits? How does the cost per dollar in benefit compare to other government transfer programs?

CEIP's final, 54-month, report will provide answers to many of these questions.

CEIP PUBLICATIONS

Full report

Improving skills, networks, and livelihoods through community-based work: Three-year impacts of the Community Employment Innovation Project, by David Gyarmati, Shawn de Raaf, Claudia Nicholson, Boris Palameta, Taylor Shek-Wai Hui, and Melanie MacInnis (October 2007).

Other CEIP publications

Testing a community-based jobs strategy for the unemployed: Early impacts of the Community Employment Innovation Project, by David Gyarmati, Shawn de Raaf, Claudia Nicholson, Darrell Kyte, and Melanie MacInnis (November 2006).

The Community Employment Innovation Project: Design and implementation, by John Greenwood, Claudia Nicholson, David Gyarmati, Darrell Kyte, Melanie MacInnis, and Reuben Ford (December 2003).

A model of social capital formation (working paper 03-01 published in English only), by Cathleen Johnson (January 2003).

A review of the theory and practice of social economy/Économie sociale in Canada (working paper 02-02 published in English only), by William A. Ninacs with assistance from Michael Toye (August 2002).

Ottawa Office

55 Murray Street, Suite 400

Ottawa, Ontario K1N 5M3

Tel.: 613.237.4311

Fax: 613.237.5045

Vancouver Office

100 West Pender Street, Suite 202

Vancouver, British Columbia V6B 1R8

Tel.: 604.601.4070

Fax: 604.601.4080

www.srdc.org