

Executive Summary

Income Assistance (IA) is a complex issue, and it provokes a variety of responses in recipients, policymakers, and others. Those in need of assistance are grateful for the support it provides, but they often feel stigmatized by their reliance on welfare and aspire to a higher standard of living. Taxpayers and legislators recognize Income Assistance as a necessary part of the social safety net, but they are troubled by the possibility that the system encourages dependence and discourages work effort.

In 1992, to learn whether financial incentives could encourage welfare recipients to begin working, Human Resources Development Canada (HRDC) launched the Self-Sufficiency Project (SSP) — a unique research and demonstration effort involving long-term, single-parent welfare recipients in New Brunswick and British Columbia. SSP offered IA recipients who left Income Assistance and worked at least 30 hours per week a generous, but time-limited, monthly earnings supplement. These IA recipients had one year after being initially offered the supplement to find full-time employment. After finding full-time employment, they could then apply for and receive the supplement for up to three years. During those three years, they could return to Income Assistance if they left or lost their full-time jobs and could reapply for the supplement if they regained full-time employment. SSP is managed by the Social Research and Demonstration Corporation; the research team is headed by the Manpower Demonstration Research Corporation. To become part of the Self-Sufficiency Project, a welfare recipient had to be a single-parent head of a household who had received Income Assistance for at least 11 of the past 12 months. Restricting the study to long-term IA recipients reduced the likelihood that the program would serve large numbers of people who could have left welfare without the help of the financial incentive. It also reduced the likelihood that people would apply for welfare in the hope of eventually receiving the supplement.

The short-term effects of the supplement offer on the research group's employment and earnings were recently documented in *When Financial Incentives Encourage Work: Complete 18-Month Findings from the Self-Sufficiency Project* (1998). Approximately one-third of those who were offered the earnings supplement took full-time jobs and exited Income Assistance. Although the SSP financial incentive substantially increased employment and earnings and decreased IA receipt for many, two-thirds of the parents did not take advantage of the supplement offer. Some decided against full-time work because they preferred to remain at home with their children or to attend school. But others were unable to find full-time jobs or did not even attempt to look for jobs because they did not think they could find them. The fact that many persons did not take advantage of the supplement offer raises an important question: If these people had also been offered job-search and related services, would more of them have obtained full-time jobs and taken advantage of the earnings supplement? Many of those who did take advantage of the supplement offer lost their jobs, raising a second question: If employment assistance increased job taking, would these new job takers be able to hold onto their jobs?

SSP's designers anticipated these questions. In an attempt to answer them, they offered both the earnings supplement *and* a range of pre- and post-employment services to a small group of New Brunswick IA recipients. Program intake occurred between November 1994 and March 1995. The combined offer was called "SSP Plus." This report describes SSP Plus employment services and estimates the extent to which these added services increased recipients' response to the supplement offer during the first year and a half after people entered the program.

To estimate the extent to which job-search and other services increased the willingness and ability of program participants to take up the supplement offer, a random assignment study design was used. Three research groups participated in the study. One group received the SSP supplement offer and SSP Plus services (the SSP Plus program group). A second group received only the supplement offer (the regular SSP program group). Finally, a third group received neither the supplement offer nor the SSP Plus services (the control group). To make sure that subsequent differences in employment, earnings, and IA receipt among the groups would reflect the effects of the SSP offer and SSP Plus services, individuals recruited for participation in the study were assigned to these program and control groups at random — that is, without regard to their preferences or personal characteristics.

To determine the effects (or, in the language of evaluations, "impacts") of the financial incentives and services offered by SSP Plus, the performances of members of these three groups were compared.¹ A first comparison was between the SSP Plus program group and the control group; the difference between how these two groups fared is the estimated impact of both the supplement offer and the employment services. A second comparison was between the regular SSP program group and the control group; the difference between the performance of these two groups is the estimated impact of the supplement offer only. A third comparison, and the one of primary interest in this study, was between the SSP Plus program group and the regular SSP program group. The difference in outcomes between these two groups is the estimated *incremental* impact of the job-search and other services — that is, the impact of *adding* the services to a program that already provides a generous earnings supplement.

THE FINDINGS IN BRIEF

The job-search and other services offered in SSP Plus consisted of an employment plan, a résumé service, job clubs and other workshops, job coaching, and job leads. These services were successfully put in place, and SSP Plus program group members received significantly more services than regular SSP program and control group members received from the IA system and the general community.

The successful implementation of job-search and other services in SSP Plus led to a significant increase in the percentage of program group members who found full-time

¹The criterion of *statistical significance* is used to restrict attention to estimated impacts that are larger than would typically result from the "luck of the draw" of random assignment for a program that has no real effect. In this report, estimated impacts that are *statistically significant* at the 10 percent level are considered *statistically significant*. This means that there is less than a 10 percent chance that an estimated impact of that size would have been observed if the program had no real effect. Tables differentiate between estimates that are *statistically significant* at the 10, 5, and 1 percent levels.

employment and took advantage of the supplement offer. During the first 18 months after program group members were first offered the supplement and a range of employment services, SSP Plus successfully increased work and family income and reduced welfare dependence. The incremental impact of the SSP Plus services, however, above and beyond the impact of the supplement alone, was modest, primarily because the services provided by SSP Plus seem to have created only temporary full-time employment. Two unanswered questions that will be addressed in future reports are whether SSP Plus sample members who lost the jobs that qualified them for the supplement will be able to regain full-time employment before the three-year supplement ends, and whether program group members who took advantage of the supplement will continue working after the supplement ends.

The major findings of this report may be summarized as follows:

- **A range of pre- and post-employment services was successfully implemented.** Almost all (more than 90 percent) of SSP Plus program group members completed an employment plan. More than two-thirds used the résumé service, and more than two-thirds received job coaching. Job leads were provided to over three-fifths of program group members. Only one-quarter of program group members attended a job club.
- **SSP Plus program group members received more job-search and other services than did regular SSP program group members.** About half of SSP Plus program group members (48 percent) participated in organized job-search activities, compared with fewer than one-third of regular SSP program group members (32 percent). The 16 percentage-point difference was statistically significant (that is, it was very likely a result of the program rather than of chance).
- **The additional services in SSP Plus led to an increase in the percentage of persons who took advantage of the supplement offer.** Over one-half of the SSP Plus program group (52 percent) took advantage of the supplement offer, compared with just over one-third of the regular SSP program group (35 percent). The 17 percentage-point difference was statistically significant.
- **The additional services in SSP Plus led to a small increase in full-time employment and a decrease in receipt of Income Assistance.** In the fifth quarter of the follow-up period, the full-time employment rate of SSP Plus program group members was 33.0 percent, compared with 30.6 percent for regular SSP program group members. The receipt of Income Assistance was 60.7 percent among SSP Plus program group members, compared with 64.6 percent among regular SSP program group members. Neither difference was statistically significant.
- **Despite small impacts on full-time employment and Income Assistance, the additional services in SSP Plus led to a modest increase in after-tax family income.** In quarters 5 and 6, after-tax family income among SSP Plus program group members (consisting of earnings of all family members, public transfer payments, and private transfer payments) averaged \$1,327 per month, compared with \$1,218 among regular

SSP program group members.² The \$109 monthly difference was statistically significant.

Both the SSP Plus and regular SSP programs produced large increases in employment, earnings, and income, and large decreases in receipt of Income Assistance relative to control group members, who were not eligible for SSP's incentives. SSP Plus effects were modestly larger than those of the regular SSP program. In the fifth quarter of the follow-up period, for example, 33.0 percent of the SSP Plus program group and 30.6 percent of the regular SSP program group were employed full time, compared with only 15.6 percent of the control group. Receipt of Income Assistance for the three groups was 60.7 percent, 64.6 percent, and 81.1 percent, respectively.

FEATURES OF THE SSP PLUS PROGRAM

The SSP Plus program had two components — a *financial incentive* to encourage people to leave welfare for work and an offer of *services* to help people find and keep jobs.

The Financial Incentive Component

SSP's financial incentive took the form of a generous supplement to earnings and gave a monthly cash payment to people who left Income Assistance and worked full time (30 or more hours per week). For many persons, particularly those working at minimum-wage jobs, the supplement would more than double income. For example, when SSP Plus began in 1994, the amount of the supplement was one-half of the difference between a "target" earnings level of \$30,600 per year and a program participant's actual earnings. (The target earnings level has been increased slightly since then to reflect changes in the cost of living.) A person working 35 hours per week for 50 weeks and earning a wage of \$6.00 per hour would have received an annual supplement of \$10,050, which together with the person's annual earnings of \$10,500 would add up to a total gross income of \$20,550. The SSP supplement decreased with individual earnings but did not penalize single parents who received child support or married or found a partner with earnings. Larger families benefited relatively less than smaller ones, however, because, unlike IA payments, benefits from SSP did not increase with family size.

All members of the program groups were given one year to find a job that would enable them to leave Income Assistance and receive the earnings supplement. Their one-year clocks began to tick as soon as they were informed, by mail, of their eligibility for the program. Those who did not find a job within this one-year time frame lost the opportunity to participate in the supplement program, even if they later found work.

Program participants who found full-time jobs and initiated supplement payments within the one-year time frame were then eligible to collect the earnings supplement for up to three years for months in which they worked full-time. The three-year time limit eliminated the possibility of long-term dependence on SSP, and it encouraged participants to derive

²In fact, results are monthly averages in the six months before the 18-month interview, a period that overlaps with quarters 5 and 6 but which varies in its timing relative to random assignment. For 3.8 percent of the sample, the six-month period is exactly quarters 5 and 6. For the majority of the sample (89.6 percent), the six-month period is months 12–17 (quarters 5 and 6 consist of months 13–18).

maximum benefit from the program by maintaining steady employment. It was hoped that participants would have the opportunity (through growth in wages or work hours) to increase their earnings enough over the three-year period to remain self-sufficient when supplement payments ended.

The Services Component

SSP Plus employment services were designed to build a bridge between long-term IA recipients and the world of work. IA recipients who were eligible to receive the supplement (those in the SSP Plus program group) were offered a range of services: an employment plan, a résumé service, job clubs and other workshops, job coaching, and job leads. The accompanying box describes the services in greater detail.

Services Available to SSP Plus Program Group Members

Employment Plan. A blueprint for self-sufficiency was drawn up for each group member. It included information on employment barriers, goals, and anticipated use of SSP Plus services.

Résumé Service. SSP Plus program staff were available to draft, type, format, proofread, and print résumés.

Job Club. Enrolment in job clubs, led by SSP Plus job coaches, was encouraged. Emphasis was on early contact with employers, consistent follow-up, and the importance of maintaining a positive attitude.

Job Coaching. Program group members formed one-on-one relationships with SSP Plus program staff, who offered practical advice and emotional support.

Job Leads. SSP Plus program staff collected and distributed news of job openings.

Self-esteem workshop. Program group members participated in exercises designed to build self-esteem.

Other Workshops. Workshops targeted program group members confronting job loss or looking for higher-paying positions.

SSP Plus program staff collaborated with program participants on individual employment plans, outlined the steps participants could take to find appropriate, supplement-eligible jobs, and followed up to see if progress had been made. They helped participants create effective résumés and cover letters, and taught them how to make credible cold calls. They counselled them before job interviews and “debriefed” them afterwards. They organized and ran job-search clubs and other workshops and offered one-on-one tutorials in job-search methods. They chased down job leads and brought these to the attention of qualified group members. And, perhaps most important, they remained available at all times to those who needed encouragement, advice, or a helping hand.

Throughout, they encouraged program participants to think of themselves as competent individuals with marketable skills, and they interspersed motivational counsel with practical job-search advice. Program participants were never under any obligation to use SSP Plus

services. They could pick and choose from the range of SSP Plus services offered, availing themselves of some services but not others. Indeed, they were encouraged to create customized packages of services for themselves, adjusting their service usage according to changing needs and preferences.

SSP Plus services were available to program participants both before and after they took advantage of the supplement offer. After taking up the supplement offer, program participants who lost jobs or sought better opportunities were free to avail themselves of any SSP Plus service that interested them, even if they had not taken advantage of SSP Plus services before. SSP Plus staff were there to update employment plans and résumés, procure and distribute leads to better-paying jobs, and help supplement takers negotiate the move from one job to another.

Program participants who remained in the jobs that qualified them initially for the supplement also continued to receive services from SSP Plus program staff. SSP Plus staff maintained regular contact with currently employed participants, offering suggestions on how to handle conflicts with supervisors and co-workers, negotiate pay raises and promotions, and balance family demands with those of the workplace.

In sum, SSP Plus employment services were varied, easily adapted to participants' needs, and designed to provide program group members with support both before and after they took advantage of the supplement offer.

THE RESEARCH DESIGN — RANDOM ASSIGNMENT

The primary goal of the evaluation of SSP Plus was to understand the *difference* that the SSP Plus financial incentive and services made in the employment, earnings, income, and welfare receipt of eligible single parents, above and beyond the effects of the financial incentive alone. A secondary goal was to understand the difference that the complete package of the SSP Plus financial incentive and services made above and beyond the incentive and services available to families who were not eligible for SSP.

To answer these principal research questions, SSP Plus assigned parents to three research groups (see the box on the following page). One group received SSP's supplement offer and job-search and other services. A second group received only the supplement offer, while a third group received neither the supplement offer nor SSP Plus services. To determine the effects of the policies of SSP Plus, the performance of members of these three groups was compared. Three comparisons are possible. One is between the SSP Plus program group and the control group, which gives the estimated combined impact of the supplement offer and the job-search and other services. A second is between the regular SSP program group and the control group, which gives the estimated impact of the supplement offer only. A third, and the one of primary interest in this study, is between the SSP Plus program group and the regular SSP program group. It gives the estimated *incremental* impact of SSP Plus services — that is, the impact of *adding* services to a program that already provides a generous earnings supplement.

The Three Research Groups in SSP Plus

1. **SSP Plus Program Group.** Members of this group received SSP's supplement offer and job-search and other services.
2. **Regular SSP Program Group.** Members of this group received only the supplement offer.
3. **Control Group.** Members of this group received neither the supplement offer nor SSP Plus services.

To make sure that differences among the groups would reflect the effects of SSP's policies, research subjects recruited for participation in the study were assigned to program and control groups *at random*, that is, without regard to their preferences or personal characteristics. The random assignment of SSP Plus study participants to program and control groups took place between November 1994 and March 1995. To be eligible for the study, an IA recipient had to be a single parent at least 19 years old who had received welfare in the current month and in at least 11 of the prior 12 months. Each month, Statistics Canada identified all IA recipients residing in an area covering approximately the lower third of New Brunswick who met these criteria, and randomly selected a group from this pool. All those persons randomly selected were scheduled for "baseline" (initial) interviews. They were informed, by mail, that they would be visited by an interviewer from Statistics Canada. Very few of these sample members could not be located because of changes in address or phone number. (Interviewers tried for up to three months to locate those who were hard to find.)

After the baseline interview, study participants were randomly assigned to one of the three research groups. Of those IA recipients who were randomly selected and agreed to be part of the study, 293 were offered the earnings supplement *plus* job-search and related services (the SSP Plus program group). The 296 members of a second group were offered the supplement but no services (the regular SSP program group). An additional 303 people were recruited for the SSP Plus study but were offered neither the supplement nor the services (the control group). Final lists of program group members were forwarded to staff in SSP program offices. Staff sent members of the program groups a letter announcing their program group status and their assignment to either regular SSP or SSP Plus. Control group members received a letter explaining their *ineligibility* for SSP or SSP Plus.

This report uses data from a variety of sources: the baseline survey administered just prior to random assignment, a follow-up survey administered approximately 18 months after random assignment, IA records, SSP program office records, field research data on the operation of SSP and other provincial IA programs, and focus group records.

CHARACTERISTICS OF THE RESEARCH SAMPLE

Of the 892 persons randomly assigned to one of the two program groups or the control group, only 30 (about three percent) did not respond to the 18-month follow-up survey. The remaining 862 constitute the research sample analyzed in this report.

The research sample at the time of the baseline survey consisted of single parents, most of them (96 percent) women. These parents were, on average, 31 years old, and all had a history of receipt of Income Assistance. In the three years prior to random assignment, 35 percent had been on Income Assistance for at least two years, while 44 percent had been on Income Assistance for all three years. They had relatively little formal education and came from families with poorly educated parents. More than half had not finished high school. About 70 percent lived in urban areas, and one-quarter were French-speaking. Fewer than three percent were not born in Canada, and only six percent reported First Nations ancestry.

Almost all sample members had worked for pay at some time in the past; on average they had seven years of paid employment. At the time they entered the study, however, more than half were neither working nor looking for work, and fewer than one-quarter were actually working. Of those working, nearly two-thirds were working fewer than the 30 hours required to qualify for the SSP supplement.

Sample members faced what appeared to be considerable barriers to full-time employment. One-quarter reported that they had an activity-limiting physical condition, one-half had a child under the age of five in the household, and 80 percent reported that they would need child care if they found a job.

UTILIZATION OF SSP PLUS SERVICES

SSP Plus program staff offered the 293 members of the SSP Plus program group a variety of job-search, job-retention, and job-advancement services, and they convinced the vast majority of the group to take advantage of one or more of these services. Some of the services were used extensively, others less so.

Table ES-1 summarizes the utilization patterns of SSP Plus program group members. The following patterns were observed:

- **94 percent of the SSP Plus program group completed an employment plan.** Thus, SSP Plus helped recipients complete this first step toward employment.
- **More than two-thirds of the SSP Plus program group used the SSP Plus résumé service.** This service was used somewhat less than assistance with completing an employment plan but nonetheless was used by a considerable percentage of program group members.
- **Only one-quarter of the SSP Plus program group attended an SSP Plus job club.** Among those who attended a job club, approximately two-thirds took advantage of the supplement offer (not shown in the table). In contrast, 46 percent of those who did not attend a job club took advantage of the supplement offer, but of course many of these persons were able to find jobs on their own and did not need job club services.

- **Almost three-quarters of SSP Plus program members received job coaching at least once.** This service was used both before and after participants found full-time employment; however, it was used more frequently after employment was found.

Table ES-1: Participation in SSP Plus Activities by Members of the SSP Plus Program Group

Activity	Percentage	Number
Completed employment plan	94.2	276
Used résumé service	68.6	201
Attended job club	25.3	74
Received job coaching ^a	71.3	209
In person	31.7	93
By phone	63.8	187
Received job leads ^a	61.4	180
In person	10.6	31
By phone	57.3	168
By mail	22.5	66
Sample size (total = 293)		

Source: Calculations from SSP's Program Management Information System (PMIS).

Notes: Table includes all members of the SSP Plus program group.

^aCategories are not mutually exclusive; distributions do not add up to 100 percent.

SERVICE USE BY REGULAR SSP AND CONTROL GROUP MEMBERS

In order for the SSP Plus program services to have a significant impact on behaviour, either their use by SSP Plus program group members had to exceed the use of services by regular SSP and control group members or they had to be of higher quality. Regular SSP program group members had access to a small resource library that provided information on agencies that offered job-search and other services. SSP staff were also available to answer regular SSP program group members' queries about outside services. In addition, both SSP Plus and regular SSP program group members were potentially eligible for several service programs that were also available to control group members, including NB Works (a work experience program that allowed participants to draw Employment Insurance while enrolled in education or training), FOCUS (an employment program for IA recipients), and the Canada Employment Centre³ (which made a job bank, employment counselling, and job-search assistance available to all interested Canadians).

Table ES-2 shows receipt of services by SSP Plus and regular SSP program group members and the differences in service receipt (or *incremental* impacts) between the two groups. (Control group members had slightly lower service receipt than regular SSP program group members and are not shown in the table.) The impacts presented in this table are based on responses to questions in the 18-month follow-up survey and cover a wide range of services that are available to SSP Plus and regular SSP program group members. Some of the services provided in SSP Plus, such as job coaching and the résumé service, are not explicitly represented in the table (there were no survey questions about them). For the most part, the

³Since the end of 1995, local HRDC offices have been re-designated as Human Resources Centres of Canada (HRCCs). However, this report uses the designation Canada Employment Centres (CECs), which was in effect when participants were being enrolled in SSP.

types of services provided in SSP Plus are represented in the first row of Table ES-2. The remaining rows refer to services SSP Plus or regular SSP program group members may have received elsewhere. The reason for examining incremental impacts on use of these other services is to determine if SSP Plus caused SSP Plus program group members either to seek other services or to substitute SSP Plus services for these other services.

Table ES-2: SSP Plus Impacts on Service Receipt and Educational Pursuits in the 18 months Following Random Assignment

Outcome	Percentage Using Service		SSP Plus Program Group vs. Regular SSP Program Group
	SSP Plus Program Group	Regular SSP Program Group	Difference in Use of Services
Took part in job-search program such as job club or job-search workshop	47.9	31.9	16.0 ***
Took part in life-skills program such as money management or parenting	27.6	28.8	-1.2
Received counselling for personal problems	26.6	29.5	-2.9
Participated in work-related training or education ^a	16.4	16.7	-0.2
Participated in NB Works	8.0	9.4	-1.3
Took courses toward completion of high school diploma, college diploma, or university degree ^b	7.3	6.6	0.7
Sample size (total = 574)	286	288	

Source: Calculations from 18-month follow-up survey data.

Notes: A two-tailed t-test was applied to impact estimates. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may cause slight discrepancies in sums and differences.

^aThe question asked at the 18-month interview was: "Have you taken any work-related training or education, including correspondence courses, on-the-job training, apprenticeship training or other courses?"

^bThe question asked at the 18-month interview was: "Since your last interview, have you taken any other courses that are not directly work related, such as courses toward the completion of a high school diploma, college diploma, or university degree?"

There were significant differences in the rate at which SSP Plus program group members participated in job-search programs, relative to regular SSP program group members. Whereas almost half (48 percent) of the SSP Plus program group members participated in organized job-search activities, fewer than one-third (32 percent) of the regular SSP program group did so. The 16 percentage-point difference between the SSP Plus program group and the regular SSP program group is statistically significant and suggests that any differences in program group members' earnings, employment, IA receipt, and family income can be attributed to receipt of these types of services. There were no significant differences between the two groups in receipt of other types of services, suggesting that substitution did not occur, so it appears that SSP Plus program group members actually received more services than regular SSP program group members.

SUPPLEMENT TAKE-UP

Over one-half (52 percent) of the SSP Plus program group took advantage of the supplement offer — that is, before the end of the one-year eligibility period after random assignment, these program group members found a full-time job, left Income Assistance, and received a supplement payment. This figure was 17 percentage points higher than the 35 percent take-up rate among regular SSP program group members. The substantial increase in supplement take-up was quite similar across a wide range of subgroups. In short, the addition of job-search and related assistance significantly increased the share of single-parent IA recipients who took advantage of the SSP offer.

In most months, however, the percentage of SSP Plus sample members who received the supplement was only modestly greater than the percentage of regular SSP sample members receiving the supplement. The difference was largest in the fifteenth month of the follow-up period, when 33 percent of the SSP Plus program group members were receiving the supplement, compared with 24 percent of the regular SSP program group members. The difference was statistically significant in only 4 of the 18 months between the time of random assignment and the 18-month survey. Additionally, SSP Plus had no measurable impact on the percentage of SSP program group members who maintained continuous receipt of the supplement. In short, the additional persons who took advantage of the supplement offer had difficulty maintaining full-time employment, and it appears that the job-retention assistance provided by SSP Plus staff did not help persons who initially took advantage of the supplement offer to retain supplement receipt.

In general, the types of jobs acquired by SSP Plus program group members and regular SSP program group members were similar. Most members of both groups usually met the requirement of 30 hours of work with one job, and the two groups had similarly low hourly wages. In comparison with regular SSP program group members who took advantage of the supplement offer, however, a substantially lower percentage of SSP Plus program group supplement recipients were working for their initial employer when they completed the 18-month follow-up survey.

Among those who did not take advantage of the supplement offer, the reasons were strikingly similar for SSP Plus and regular SSP program group members. The most common reason given (cited by about 40 percent of those not taking advantage of the supplement offer) was difficulties in finding work. Other reasons given were health problems or disabilities, and personal or family responsibilities.

IMPACTS ON EMPLOYMENT, INCOME ASSISTANCE RECEIPT, AND FAMILY INCOME

The higher rate of supplement take-up among SSP Plus program group members compared with regular SSP program group members raises two questions. First, did the higher rate of supplement take-up in SSP Plus lead to higher impacts? In other words, did the provision of employment services in addition to financial incentives induce more people to find full-time employment and leave Income Assistance than the provision of financial incentives alone? Second, if more people were induced to find full-time employment, were they able to hold these jobs throughout the 18-month follow-up period?

Table ES-3 shows the incremental impacts of the SSP Plus program relative to the regular SSP program. The incremental impacts are measured by the differences in outcomes between the SSP Plus program group and the regular SSP program group, adjusted for minor discrepancies in baseline characteristics between the two groups. Control group outcomes are also presented in the table to enable calculation of the full impact of the regular SSP and SSP Plus programs (which would be shown by the differences in outcomes between each of the respective program groups and the control group).

Table ES-3: Adjusted SSP Plus Impacts on Employment and IA Receipt Following Random Assignment

Outcome	Average Outcome Levels			SSP Plus Program Group vs. Regular SSP Program Group
	SSP Plus Program Group	Regular SSP Program Group	Control Group	Difference
Full-time employment rate (%)				
Quarter 3	28.8	23.3	11.4	5.4 *
Quarter 5	33.0	30.6	15.6	2.4
Part-time employment rate (%)				
Quarter 3	13.2	13.3	17.2	0.0
Quarter 5	14.4	11.9	15.6	2.5
Overall employment rate (%)				
Quarter 3	42.0	36.6	28.6	5.4 *
Quarter 5	47.4	42.5	31.1	4.9
Average earnings (\$/month)				
Quarter 3	309	245	169	64 **
Quarter 5	341	304	221	37
Receiving Income Assistance (%)				
Quarter 3	75.7	77.0	87.6	-1.3
Quarter 5	60.7	64.6	81.1	-3.9
Receiving either Income Assistance or SSP (%)				
Quarter 3	91.2	91.1	87.2	0.0
Quarter 5	85.4	88.0	81.1	-2.6
Average income from Income Assistance and SSP (\$/month)				
Quarter 3	727	697	614	30
Quarter 5	676	672	597	4
Average net family income (\$/month)^a				
Quarters 5-6	1,327	1,218	1,171	109 *
Sample size (total = 862)	286	288	288	

Sources: Calculations from 18-month follow-up survey data, Income Assistance administrative records, and payment records from SSP's Program Management Information System (PMIS).

Notes: A two-tailed t-test was applied to impact estimates. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may cause slight discrepancies in sums and differences.

Sample sizes vary for individual measures because of missing values.

^aNet family income consists of earnings of all family members, the SSP supplement, Income Assistance, Child Tax Benefits, the Goods and Services Tax Credit, Unemployment Insurance, alimony, child support, income from roomers and boarders, disability benefits, old age assistance, workers' compensation, interest and dividends, and other reported income, net of imputed income and payroll taxes. Taxes were imputed for the sample members' income only.

The incremental impacts may be summarized as follows:

- **SSP Plus produced a small *incremental* impact on full-time employment.** In the third quarter of the follow-up period, 28.8 percent of SSP Plus program group members were employed full time, compared with 23.3 percent of regular SSP program group members. The 5.4 percentage-point difference (or incremental impact), resulting from the job-search and other services provided by SSP Plus, was barely statistically significant (that is, very close to being attributable to chance alone). By the fifth quarter of the follow-up period, the incremental impact had fallen to 2.4 percentage points and was no longer statistically significant. It appears that the decline in the incremental impact on full-time employment was due to shorter spells of full-time employment for SSP Plus program group members relative to regular SSP program group members.
- **SSP Plus led to a small *incremental* reduction in the receipt of Income Assistance.** In the fifth quarter of the follow-up period, 60.7 percent of SSP Plus program group members were receiving IA receipt, compared with 64.6 percent of regular SSP program group members. The 3.9 percentage point lower rate of IA receipt among SSP Plus program group members was not statistically significant and was slightly larger than the incremental reduction in the third quarter of the follow-up period.
- **SSP Plus did not lead to any additional cash transfer payments (Income Assistance plus SSP).** In the fifth quarter of the follow-up period, SSP Plus program group members received an average of \$676 per month in Income Assistance and SSP payments, which was virtually identical to the cash transfers of \$672 received by regular SSP program group members. Thus, the additional supplement payments resulting from the SSP Plus job-search and other services did not appear to be given to persons who would not have found jobs and left Income Assistance in the absence of the services. Put another way, all of the additional employment produced by SSP Plus appears to have been for persons who would have remained on Income Assistance in the absence of the services. This means that the increase in SSP Plus supplement payments offset IA payments for these persons on a dollar-for-dollar basis.
- **SSP Plus produced a statistically significant *incremental* impact on after-tax family income.** In the last six months of the 18-month follow-up period, SSP Plus program group members received an average monthly after-tax income of \$1,327, compared with an average monthly after-tax income of \$1,218 for regular SSP program group members. The \$109 difference (\$1,327 minus \$1,218) was the accumulated total of modest increases in several components of family income, including earnings of the parent, the SSP supplement, unemployment insurance⁴ benefits, and earnings of other family members, which more than offset decreases in family income resulting from reduced IA payments and increased taxes.

⁴With the implementation of the *Employment Insurance Act* on July 1, 1996, Unemployment Insurance was changed to Employment Insurance.

- **Both SSP Plus and the regular SSP program produced large increases in employment, earnings, and income, and large decreases in receipt of Income Assistance, relative to control group members (who were not eligible for the SSP incentive or SSP Plus services).** The overall effects of SSP Plus were modestly larger than those of the regular SSP program. In the fifth quarter of the follow-up period, for example, 33.0 percent of the SSP Plus program group and 30.6 percent of the regular SSP program group were employed full time, compared with only 15.6 percent of the control group. Receipt of Income Assistance for the three groups was 60.7 percent, 64.6 percent, and 81.1 percent, respectively.

POLICY IMPLICATIONS

The evidence presented in this report and in a previous (1998) report supports the notion that a carefully targeted financial incentive program like SSP can raise work effort and improve the living standards of welfare recipients. Many policy analysts have argued that financial incentive programs can be made more effective by combining financial incentives with a variety of employment services, such as job-search assistance. The SSP Plus experiment incorporated formal mechanisms to test this conjecture.

The findings in this report indicate that adding job-search and other services to a financial incentive program generates a modest increase in the number of people joining the labour force and an increase in family income. Thus, adding services appears to have succeeded in “digging deeper” into the IA caseload by getting a greater number of people to overcome a variety of employment barriers, such as fear of the labour market. Most of the additional people who found jobs as a result of the services had difficulty holding these jobs, however, and the post-employment services provided by SSP Plus staff were apparently not enough to help them overcome this problem.

The results presented in this report cover the first 18 months of the program. It is possible that, as longer follow-up data become available, many of these people will be found to have regained employment, and the additional impacts of the services will increase. Future reports will address these issues. Nonetheless, the inability to maintain full-time employment in the short run poses a challenge for policymakers — how to find ways of increasing employment retention among a group of welfare recipients who seem willing to seek employment so that they may become independent of welfare and achieve economic self-sufficiency.