



Making Work Pay Better Than Welfare:


An Early Look at the Self-Sufficiency Project

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PREFACE

In the last few years, there has been growing concern about the personal and social costs of long-term unemployment and welfare dependency. Employable individuals who depend on Income Assistance for long periods often have great difficulty joining or rejoining the labour force, since self-confidence and job skills may deteriorate, and employers may hesitate to hire the long-term unemployed. Returning to work is especially difficult for single parents, since available "entry level" jobs often pay too little to support a family with one breadwinner. Yet the path to economic self-sufficiency may require a period of working for less money than welfare provides, a situation especially hard on a family. The dilemma of the single parent on Income Assistance is that she or he may not be able to afford to leave social assistance for an entry-level job, yet only by doing so can she or he hope to secure a higher-paying job in the future.

The Self-Sufficiency Project (SSP) addresses this dilemma head-on. The project, conceived and funded by Human Resources Development Canada (HRDC), was designed to determine whether a temporary earnings supplement that makes work pay more than welfare will assist long-term, single-parent Income Assistance recipients to achieve economic self-sufficiency. By documenting what happens when a selected group of Income Assistance recipients are offered an earnings supplement if they find full-time work and leave Income Assistance, the project will determine the impacts, the benefits, and the costs of such a policy. The project's findings will advance our understanding of how to help welfare recipients achieve economic independence, and will thus inform future efforts to shape social welfare policy.

To obtain reliable answers about the effectiveness of an earnings supplement program, SSP employs a research design of exceptional rigour, in which half of those who agree to be part of the study are randomly chosen to be eligible for the SSP earnings supplement, while the other half, similar to the SSP-eligible group in both observed and unobserved characteristics, becomes a "control" group whose behaviours reveal what would have happened to the SSP-eligible group in the absence of SSP. This method of evaluating the program ensures that the opportunity to benefit from this limited pilot project is distributed fairly and without favouritism among all those potentially eligible for such a program. It also ensures that the SSP evaluation will provide reliable information about whether program participation leads to changes in employment and earnings, welfare dependency, and other measured activities, since it enables researchers to compare the long-term behaviour of those who were eligible for the supplement with a similar group of individuals who were not.

This paper on the first year of the SSP demonstration is the first in a series of reports to be issued over the next few years. A more comprehensive report, which will be published in 1995, will describe in greater detail the implementation and operation of the project in the two participating provinces (British Columbia and New Brunswick), as well as early program participation. Subsequent reports will present the findings of long-term research into the *impacts* of the program (i.e., the difference between the outcomes for the SSP-eligible and the SSP-ineligible groups), the costs and benefits of the program, and a possible negative consequence: SSP's potential for inducing some individuals to stay on welfare longer than they otherwise would have in order to qualify for the program.

The Self-Sufficiency Project is managed by the Social Research and Demonstration Corporation (SRDC), a nonprofit organization created with the support of HRDC. SRDC's mission is to identify social policies and programs that are effective in improving the self-sufficiency and well-being of unemployed, displaced, and disadvantaged populations. SRDC designs and manages demonstration partnerships, bringing together public and private organizations, researchers, and service providers, in order to test new policy ideas and to discover the difference social programs make to participants and to society. SRDC's goal is to provide a framework within which organizations and individuals with diverse agendas can work together on projects requiring complementary strengths.

The Self-Sufficiency Project is SRDC's first comprehensive undertaking, involving numerous governmental and private organizations over many years. SRDC would like to thank all those who are collaborating with the project. At HRDC, Barry Carin and Louise Bourgault provided early leadership and guidance; Harvey Lazar, John Greenwood, and Yigal Messeri have given ongoing direction and invaluable advice on matters large and small. The project is fortunate to have a distinguished and responsive Technical Advisory Panel, which reviewed and helped develop key elements of the program and research designs, and which will continue to be closely involved with

the project. The panel's members are: Charles Beach, Don Boudreau, Sidney Gilbert, Gilles Jasmin, Theresa Kerin, Alice Nakamura, Samuel Rea, Martin Ulrich, and Toru Uno. David Green, Peter Kuhn, and David Ross also participated in early reviews of the research design and survey plan.

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Gordon Berlin
Executive Director

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The staff at the Self-Sufficiency Project sites and at the SSP payment office have been

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Finally, we would like to thank all the SSP clients who provided information about their lives and their participation in the program.

The Authors

“Why would anyone try to work while they’re on Income Assistance? You go to work and they take it all out of your welfare cheque.”

“When I attended the first SSP meeting, I felt real hope about getting off Income Assistance and becoming independent.”

“It sure feels good being off Income Assistance. I’m able to pay my bills and I don’t have so many worries about money. And I feel like I’m contributing to society by paying taxes.”

*Comments from Self-Sufficiency
Project Participants*

The Self-Sufficiency Project (SSP) is a research and demonstration project designed to determine whether making work pay more than welfare will help interested single parents choose work over Income Assistance receipt. Aimed at the substantial number of single parents on Income Assistance who would prefer to work, the project was designed to bolster the wages of those who leave Income Assistance for full-time employment. By providing a temporary earnings supplement during the initial period when entry-level wages are often too low to support families, SSP will test the effectiveness of an earnings supplement option for long-term, single-parent Income Assistance recipients.

This paper is a preliminary report on the first year of SSP program operation. After a discussion of the context and design of the project, the paper reviews program implementation, followed by a description of the first-year research sample based on survey data collected when sample members entered the program. Program participation is then discussed, and a final section presents SSP participants’ early responses to the program.

THE PROBLEM

Many single parents receiving Income Assistance benefits find themselves in a quandary. They do not like Income Assistance because they remain too poor to meet the needs of their children, and they also feel harassed by the Income Assistance system, stigmatized in their communities, and troubled by their continuing dependence on social assistance. But when they take jobs and leave Income Assistance, they frequently find they are no better off financially – in fact, they are often worse off after they pay for child care, transportation, taxes, and other job-related expenses.

Like all social assistance systems designed to provide income protection for poor families while simultaneously controlling costs, the Income Assistance system restricts recipients’ financial gain from employment. When a welfare recipient takes a job, she¹ may well lose cash assistance and other benefits (such as medical insurance and child care subsidies) worth as much as or more than she gains from working. In British Columbia and New Brunswick, after being allowed to keep the first \$200 of net monthly earnings (and, in British Columbia, 25 percent of any remaining earnings), an Income Assistance recipient loses a dollar or more in benefits for each net dollar she earns – an effective tax rate of 75 percent to greater than 100 percent on her net earnings above \$200 per month. Thus, many Income Assistance recipients must choose between welfare dependency and poverty.

This no-win situation reflects the paradox of traditional social assistance policy. To keep children in single-parent families from growing up poor, an obvious policy option is to increase benefits to these households. But when benefits rise, work becomes relatively less attractive, thus promoting long-term dependency. Policymakers

“I now have more money to buy things I couldn’t afford before. I have more control over my life since leaving Income Assistance. With SSP I can live my life the way I choose. I feel more responsible earning my own money and I think that SSP was a good decision for me.”

¹ “She” is used throughout this paper to refer to Income Assistance recipients and SSP sample members, since the majority of the long-term, single-parent Income Assistance recipients targeted by the SSP program are women.

*"I feel like I'm
being a good
example for
my daughter.
Being on welfare
is a cycle.
My daughter sees
me go off to work
and knows that
is how I earn my
money. Hopefully,
by my example
she will never
have to go
on the system."*

charged with "fixing" the system are caught between fostering self-sufficiency and encouraging dependency. And their decisions have broad ramifications for the larger society, since more than half of all single-parent families are poor.²

The public is conflicted as well. It does not want children to grow up poor, but as more women with children enter the labour market, the public grows increasingly uncomfortable with a system that pays some mothers to remain at home. Public concern intensifies as welfare rolls grow and provincial deficits force governments to choose either higher taxes or lower benefits.

These pressures have created a crisis in the Income Assistance system at both the federal and provincial levels. As the *Globe and Mail* noted in a recent series on the social safety net:

There is a paradox at the heart of Canada's spending on social programs. Despite a perception that cutbacks have already frayed the fabric of social support and that deficit-burdened governments are ready to unravel it even further, Canada is spending more than ever on programs designed to help the needy.³

In 1993, federal, provincial, and municipal contributions to the welfare system, primarily Income Assistance, grew to at least \$13 billion.

As federal and provincial governments contemplate change, they are well aware that reforms often have unintended consequences. It is difficult to predict the difference a policy change will make, since many welfare recipients leave welfare on their own, irrespective of government intervention.

Welfare receipt is not a permanent condition, even for single parents. While there is a core group of long-term recipients who stay on the rolls for many years, most recipients stay for relatively short periods of time. Forced onto the rolls by a crisis – job loss, a broken marriage, the birth of a child out of wedlock – they get back on their feet quickly and leave Income Assistance because they take a job, get married, or experience some other change in personal circumstance. One report,⁴ which followed long-term, single-parent Income Assistance cases from 1987 to 1990, found that a third of these cases had left Income Assistance within three years, and more than half reported some earnings during that time. Another Income Assistance study⁵ reported that fewer than half of all Income Assistance cases on the rolls in January 1991 received benefits for the entire calendar year.

The policy challenge of welfare reform is twofold: to develop programs that help people change their lives more effectively than have previous programs; and to avoid the perverse incentives of traditional welfare programs, which often have forced Income Assistance recipients to choose between dependency and poverty. The Self-Sufficiency Project attempts to respond to both of these goals, by temporarily supplementing the earnings of single parents who choose to leave welfare for work.

THE SELF-SUFFICIENCY PROJECT

SSP is a collaborative effort involving a number of organizations. Human Resources Development Canada (HRDC) conceived the project in consultation with a Technical Advisory Panel comprised of provincial

² *Lone-Parent Families in Canada: Target Group Project*, Statistics Canada, Housing, Family and Social Statistics Division, December 1992.

³ Page A1, January 20, 1994.

⁴ Georges Lemaître, *Single Parents on Social Assistance: A Longitudinal Analysis*, prepared for the Social Research and Demonstration Corporation, May 1993.

⁵ Bill Warburton, *Routes to Independence: The Effectiveness of Employment and Training Programs for Income Assistance Recipients in British Columbia*, Ministry of Social Services, British Columbia, October 1992.

officials, policy analysts, and academics. HRDC engaged the Social Research and Demonstration Corporation (SRDC), a nonprofit research organization, to design and manage both the programmatic and research components of the project. SRDC has in turn contracted with the following organizations:

- Statistics Canada, to collect survey data and administrative records, and to create the research file.
- Bernard C. Vinge and Associates, to operate the program in British Columbia.
- Family Services Saint John, to operate the program in New Brunswick.
- SHL Systemhouse, Nova Scotia, to develop and maintain the program's automated management information and supplement payment systems.
- Manpower Demonstration Research Corporation (MDRC) and several academic researchers, to conduct the implementation, impact, and cost-benefit research.

In addition, other federal and provincial agencies are cooperating with the project by providing technical assistance, background information regarding the social assistance system and provincial labour markets, and access to data. These agencies include British Columbia's Ministry of Social Services, New Brunswick's Department of Human Resources Development, and local Canada Employment Centres.

THE EARNINGS SUPPLEMENT

SSP offers an earnings supplement to selected single parents in the lower mainland of British Columbia and the southern third of New Brunswick who are over the age of eighteen and who have received Income Assistance for at least one year immediately prior to recruitment into the research sample. The offer is time-limited: eligible recipients have one year to find a qualifying

job and leave Income Assistance, after which they can receive supplement benefits for up to three years. It is employment-driven, in that only those who work full-time (a minimum of 30 hours per week) are eligible. And it is generous enough to make work pay more than Income Assistance for most welfare recipients.

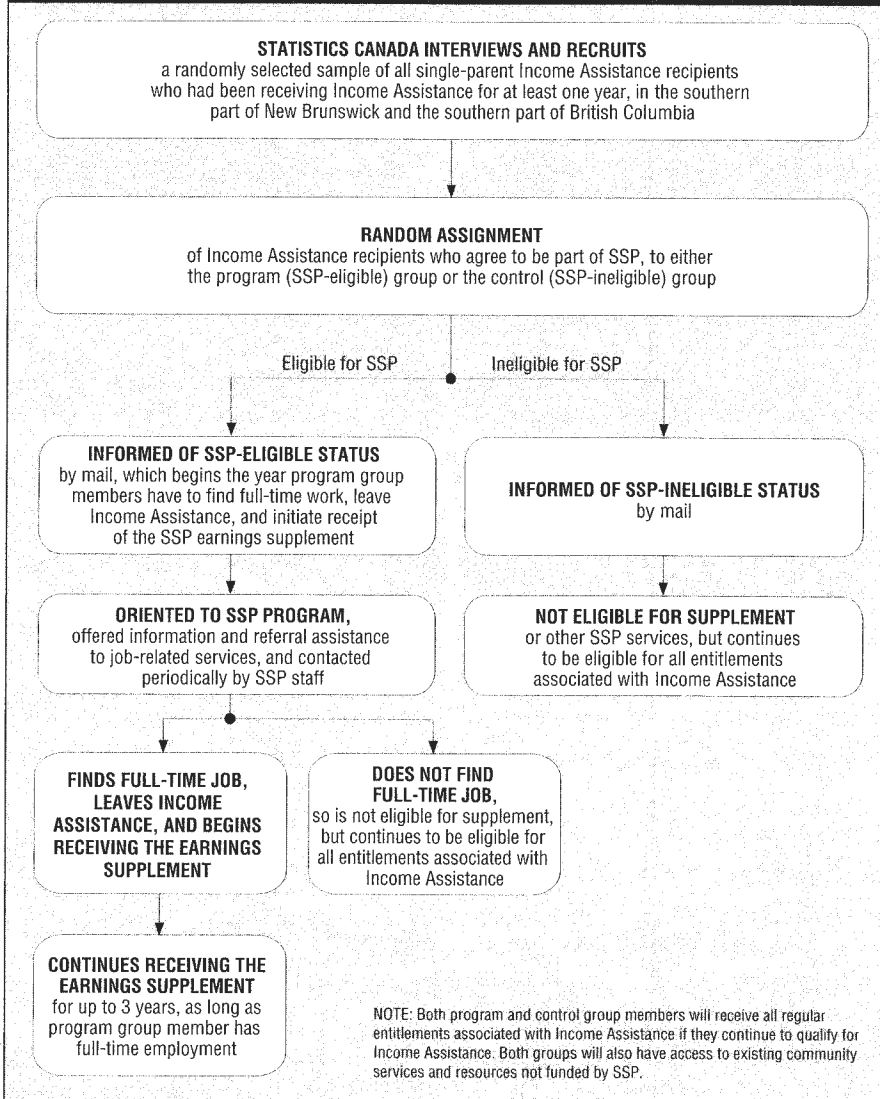
The SSP earnings supplement is calculated as half the difference between a participant's gross earnings and the province's "earnings benchmark", which in 1993 was \$37,000 in British Columbia and \$30,000 in New Brunswick. For example, a British Columbia participant who works 35 hours per week at \$7 per hour will earn \$12,740 per year, and will collect an earnings supplement of \$12,130 per year ($[(\$37,000 - \$12,740)/2]$), for a total pre-tax income of \$24,870.⁶ The supplement is paid monthly against paystubs submitted from the prior month, thus establishing a close temporal relationship between work effort and supplement income. As earnings increase, a participant's supplement payment is reduced \$.50 for every dollar increase in earnings, a substantially lower tax rate than in current Income Assistance systems.

The supplement is generous enough so that the minimum pre-tax income (earnings plus supplement) an SSP participant received in 1993 was \$23,180 in British Columbia and \$18,900 in New Brunswick (assuming minimum wage work throughout 1993 for 30 hours per week). Even when taxes, child care costs, and other work-related expenses are taken into account, most families at most wage levels are \$3,000 to \$5,000 per year better off on the SSP earnings supplement program than working the same amount and remaining on Income Assistance. By making work pay significantly more than Income Assistance for most recipients, the project will provide a robust test of the effectiveness of an earnings supplementation policy.

*"I have my
bills paid, a
little cash in the
bank, and food
in the fridge.
It's taken a lot
of stress off me
to be in the
program and
working."*

⁶ A participant may also have additional sources of income, such as child support. However, the amount of the SSP earnings supplement is determined solely by the amount a participant earns.

CHART 1 SELF-SUFFICIENCY PROJECT OVERVIEW



THE RESEARCH DESIGN

In order to evaluate the supplement program's impact on employment rates, earnings, family income, Income Assistance receipt, and other outcomes, the Self-Sufficiency Project was designed as a longitudinal, random assignment evaluation study (see Chart 1). In this design, each individual in a sample of Income Assistance recipients is randomly assigned to one of two groups: those assigned to the program group are eligible to receive the earnings supplement if they choose to go to work; those assigned to the control group

are not eligible for the supplement. Data on these two groups' employment, earnings, Income Assistance receipt, poverty, and other characteristics will be collected from surveys and administrative sources for at least five years from the time that sample members agree to be part of the study. Since the program and control group members have been randomly drawn from the same population of long-term, single-parent Income Assistance recipients, they do not differ systematically with regard to any pre-existing characteristics. Thus, differences between the two groups in employment rates, earnings, or cash assistance receipt can reliably be attributed to the program. The technique of random assignment is a powerful tool for determining the effectiveness of new policy ideas. Although it is not always a feasible approach – for example, it cannot be used to evaluate services that involve entitlements, since such services are available to all qualifying individuals – a random assignment research design is especially useful for evaluating a demonstration project whose funding is limited. Since SSP only has enough funding to offer the earnings supplement to a few thousand individuals, random selection from the entire group targeted for the program (i.e., long-term, single-parent Income Assistance recipients) may be the fairest way to distribute its limited services. In fact, random selection may be a fairer way of allocating scarce resources than other widely used methods, such as a “squeaky wheel” policy (which favors those most vocal about their needs), or a “first come, first served” policy. And it provides reliable information that can help decide whether to expand a pilot program. The SSP project also includes a study of newly enrolled Income Assistance applicants, which will provide information on “delayed welfare exits”: that is, later-than-expected exits from the Income Assistance system that result from individuals extending their

period of welfare receipt in order to qualify for the supplement program.⁷ Half of the Income Assistance applicants in this part of the study will be told that they will become eligible to receive SSP supplement payments if they continue to receive cash benefits for one year after they begin receiving Income Assistance. The study will then determine whether a larger proportion of the group that can qualify for SSP by staying on Income Assistance for one year stay on Income Assistance than the group not eligible for SSP. If a significant number of individuals delay their exits from Income Assistance, then policymakers will have to weigh the unintended costs of increasing Income Assistance receipt for new entrants against the benefits of any increase in welfare-leaving rates for long-term recipients.

Enrollment into the Self-Sufficiency Project research sample began in November 1992 and will continue through December 1994. As of January 1994, more than 2,100 single parents who had been on Income Assistance for at least one year were enrolled, half into the program group and half into the control group. Approximately 7,000 Income Assistance recipients and applicants are scheduled to be enrolled in 1994. In January 1994, the program completed its first full year of operation in both New Brunswick and British Columbia.

Project research will proceed in four phases: Phase 1 will focus on program implementation and on take-up of the project's offer of a monthly cash payment to supplement full-time employment; phase 2 will analyze employment and welfare behaviour during the three-year period that program group members can receive supplement payments; phase 3 will provide information on what happens to employment and Income Assistance patterns when supplement payments end after three years; and phase 4 will determine whether the SSP program

extends new applicants' stays on Income Assistance in order to qualify for the earnings supplement.

The major questions addressed by the research include:

- To what extent will long-term Income Assistance recipients choose work over welfare when work is made financially more attractive than Income Assistance?
- Across a broad cross-section of long-term, single-parent welfare recipients, what are the characteristics of recipients who are most likely to take advantage of the supplement offer?
- Of those who take advantage of the supplement offer, which subgroups benefit the most from the program, i.e., which subgroups would have remained on Income Assistance in the absence of the program?
- Does the supplement make a net difference in employment, earnings, welfare receipt, and poverty rates? What patterns of employment and earnings emerge over time?
- Does the supplement reduce the rate at which people leave employment and return to Income Assistance, and thus promote more lasting connections to the labour market?
- What happens to employment, income, and welfare receipt when the three-year supplement period ends?
- Does the supplement induce new Income Assistance applicants to remain on social assistance longer than they would have in the absence of the SSP program?
- Is the program cost-effective from the points of view of Income Assistance recipients, government, and society, given the changes the program causes in employment, welfare, and poverty?

*“For the first time
I can remember,
I’m not broke all
the time! ... I
don’t feel stressed
about having
money for
Christmas. I’ve
bought clothes
for myself
instead of only
for my son as
usual. I feel very
lucky to have
such an
opportunity. I’m
very happy to be
working and off
Income
Assistance.”*

⁷ Delayed welfare exits, if any, will also serve as an indication of whether the program has Income Assistance “entry effects”: that is, whether the program influences those not on Income Assistance to apply for Income Assistance in order to qualify for SSP.

“Now we’re able to buy a lot of things that we needed but we weren’t able to afford. It’s a relief not to be unsure of your financial situation. We’re actually going to be able to go on a vacation, which is pretty amazing looking back at my financial situation a few months ago. I’m also more able to budget our money, so we use it more wisely.”

The project will produce reports in the areas of program implementation and operation; program participation; program impacts (the *difference* the program makes, assessed by comparing the outcomes of the SSP-eligible and SSP-ineligible groups); and SSP’s monetary and nonmonetary costs and benefits. Major reports will be published after each follow-up survey has been administered to the entire sample (at 18 months, 36 months, and 54 months after random assignment). There will also be a separate report on Income Assistance applicants. Other reports will be issued periodically in order to present the most recent findings or to discuss topics of special interest.

While many Income Assistance recipients assigned to the program group in the first year of operation have not yet completed the one-year period in which they can take up the SSP earnings supplement, and little information is currently available on the post-random-assignment activities of the program-ineligible group, this paper offers a glimpse of the program’s promise and its early effects on the program-eligible group.

THE FIRST YEAR OF SSP OPERATION

For SSP to be an effective assistance program, those eligible for the program must clearly understand the financial incentive represented by the earnings supplement. Yet it is difficult to explain the existing rules for disregarding a fixed amount or a percentage of earnings when calculating welfare benefits, and usually there has been little effort to inform Income Assistance recipients about these rules. Consequently, few recipients even know of their existence.

In order to avoid this difficulty, a major operating goal of SSP has been to ensure that all eligible individuals understand how the supplement program works and what it could mean for them. The SSP project staff spend much time and effort contacting and fully informing program eligibles about the supplement opportunity. The program’s

other and equally important operational goals are to provide information and referral services to assist participants in overcoming employment barriers, and to pay the supplement accurately, quickly, and fairly.

OUTREACH AND ORIENTATION

From November 1992 through December 1993, the Self-Sufficiency Project recruited more than 700 sample members in New Brunswick and more than 1,400 sample members in British Columbia. After an in-home survey conducted by Statistics Canada interviewers, sample members were randomly assigned to either a program (SSP-eligible) or a control (SSP-ineligible) group, and were then informed by mail of their group status within ten days of the initial interview. SSP program providers in each province were then responsible for contacting program group members and orienting them to the program. Orientation usually consisted of a two-hour group session held at one of the SSP offices in Vancouver or New Westminster, British Columbia; Saint John or Moncton, New Brunswick; or in another satellite location. The goal was to contact 100 percent of those assigned to the program group and to achieve at least an 80 percent attendance rate at orientation sessions. Because the sample was drawn from a population often distrustful of government programs and likely to have frequent changes of address, contacting them has been difficult. The program operators have used a variety of strategies to reach program eligibles, even staggering staff hours so as to call people at various times of the day and on the weekend. British Columbia program operators quickly learned the importance of translators for the 7 percent of their sample who were not fluent in English. As a last resort, SSP staff visited homes and sent correspondence via the Income Assistance offices in an effort to contact the most elusive eligibles. Late in 1993, program operators also began holding some orientation sessions by phone with program group members who declined to attend a session in person.

To fulfill their mandate to clearly explain the opportunity presented by SSP, the program operators have developed a variety of materials and approaches. The resulting SSP orientation presentation thoroughly and engagingly describes the benefits and requirements of the program, and is readily understood. The core of the orientation session is a review of income and expense worksheets that compare the financial benefits of the Income Assistance and SSP programs for single parents with different family sizes working at different earnings levels. The worksheets demonstrate that for most single parents, even when increased expenses and taxes are taken into account, working and collecting the SSP supplement is financially preferable to Income Assistance alone or to working under the Income Assistance rules for disregarding a portion of earnings when calculating welfare benefits.⁸ Another major teaching tool in orientation sessions has been a "Twenty Questions" brochure, which is also mailed to eligibles who do not attend a session in person. In both materials and presentation, the emphasis is on providing all the information recipients need in order to make an informed choice about whether to take advantage of the supplement offer. Staff members stress the opportunity the supplement represents, while at the same time they point out the many factors a participant needs to consider in order to make the best choice for herself and her family.

Although the first orientation session is the most critical staff-client contact, SSP staff also conduct other group sessions for program eligibles. A second information session, whose agenda is determined by attendees, usually focuses on identifying sources of job search assistance. Attendance at this session has been low in British Columbia, and that province's program operator has elected to lengthen the first orientation session to cover some of the material normally covered in the

second session. About a fifth of the participants have also attended a money-management workshop, where the staff present information on budgeting and savings.

Later in 1994, program providers will begin developing material for a money-management workshop that will focus on preparing supplement recipients for the time when the supplement ends. Following the first orientation session and throughout their eligibility year, program eligibles are called periodically by SSP staff members, who answer questions, assess an individual's understanding of and interest in the supplement program, offer further information and referral assistance, and gently remind participants of the 12-month time limit on the supplement offer.

SUPPLEMENT INITIATION AND PAYROLL SUPPORT

A participant who decides to take up the supplement offer must visit the SSP office in person in order to have her employment documents verified by an SSP staff member. Once supplement initiation is completed, she mails subsequent paystubs to the SSP payment office in Halifax. The office then calculates the participant's monthly (or four-week) supplement payment, and either mails her a cheque or makes a direct deposit to her bank account. This procedure keeps the administrative burden to a minimum, so that supplement recipients are not discouraged by red tape. A participant who is unable to provide a pay cheque or paystubs due to employer payroll practices - such as cash payments - may still initiate the supplement by submitting a signed letter from her employer stating her work hours and regular wages.

SSP's computerized payment system automatically verifies that participants are meeting the program's minimum 30-hour-per-week work requirement. To ensure equal financial treatment of participants whose employers

"Being on welfare gave me a bad feeling. I'm proud to go to the bank and cash my pay cheque."

⁸ In order to ensure that the SSP program was also financially attractive to the 22 percent of the sample living in government-subsidized housing, an agreement was negotiated with provincial housing authorities to ignore the supplement when determining rent levels.

*"I feel better
because I know
I have more
money for my
children, and
I feel better
because I like
to work."*

have different pay cycles, two supplement payment periods were necessary: monthly and every four weeks. Some employer payment arrangements (such as monthly or semi-monthly payments that accrue hourly) have required SSP to calculate about 20 percent of the first year's supplement payments manually. However, it is expected that the automated system will calculate over 95 percent of supplement payments in the second and subsequent years of the program.

CHARACTERISTICS OF THE SSP RESEARCH SAMPLE

SSP has been targeted to single parents over the age of eighteen who received Income Assistance continuously for at least one year immediately prior to recruitment in the program. There are no other selection requirements, since one goal of the research is to learn who can benefit from SSP. Prospective research sample members were randomly selected from all Income Assistance recipients meeting these criteria; thus, the sample is representative of the single-parent population on long-term Income Assistance in the lower mainland of British Columbia and the lower third of New Brunswick. As of the end of 1993, the project had recruited 1,423 single parents from British Columbia and 703 from New Brunswick - a total of 2,126.

Upon recruitment, and before a sample member was randomly assigned to either the program group or the control group, an interviewer from Statistics Canada administered an in-home, 30-minute survey to gather information on demographics, education and training, employment history, child care needs and usage, and other topics. This section presents some preliminary data from this initial survey.

DEMOGRAPHICS

The SSP sample is diverse. The age of sample members ranges from nineteen to sixty-six, with 20 percent of the sample under the age

of twenty-five, 42 percent between twenty-five and thirty-four, 30 percent between thirty-five and forty-four, and 8 percent over the age of forty-four. Eighty-five percent of the sample under the age of twenty-five have never been married, whereas 80 percent of the sample age thirty-five or older are divorced, separated, or widowed. Although the majority of sample members have one or two children, 16 percent have three or more children (Table 1). More than half (53 percent) have children under the age of six, and almost one third (31 percent) have children under the age of three. As expected, there are few men in the sample (5 percent). More than half of the sample (53 percent) were previously married.

Sample members indicate a variety of potential barriers to employment. Twenty-five percent of the research sample report having a physical condition that limits their activity, and 8 percent report an activity-limiting psychological or emotional problem. Almost one quarter (23 percent) of the total sample spent some time as a child living in a household that received Income Assistance, and 42 percent had parents who separated by the time the sample member was sixteen. Four percent of the British Columbia sample, and virtually none of the New Brunswick sample, immigrated to Canada in the five years prior to the recruitment interview; these same percentages (4 percent in British Columbia, none in New Brunswick) speak neither English nor French. Fourteen percent of the British Columbia sample and 6 percent of the New Brunswick sample report First Nations ancestry; 7 percent in British Columbia and none in New Brunswick report Asian ancestry; and other visible minority ancestry is reported by 9 percent of the British Columbia sample and 2 percent of the New Brunswick sample.

EDUCATION AND TRAINING

At the time of the initial interview, 14 percent of the total sample were in some form of education and training. This percentage includes

TABLE 1 CHARACTERISTICS OF SELF-SUFFICIENCY PROJECT SAMPLE MEMBERS (as of January 1994)

Category	Characteristic	British Columbia	New Brunswick	Total Sample	
Sample Sizes as of January 1, 1994	Program group	714	352	1,066	
	Control group	709	351	1,060	
	Total sample	1,423	703	2,126	
Demographics	Average age	33	32	33	
	Average age at birth of first child	22	21	22	
	Average number of children	1.8	1.6	1.8	
	Percent with 3 or more children	18	14	16	
	Percent with children under age 6	55	49	53	
	Percent with children under age 3	32	29	31	
	Percent male	5	3	5	
	Percent previously married	54	52	53	
	Percent currently married	2	2	2	
	Percent single and never married	44	47	45	
	Percent who report an activity-limiting physical condition	26	21	25	
	Percent who report an activity-limiting emotional or psychological problem	9	6	8	
	Percent whose family received Income Assistance before respondent was 17 years old	21	28	23	
	Percent who did not live with both parents from birth to age 16	45	36	42	
	Percent immigrated in 5 years prior to initial interview	4	0	3	
	Percent who speak neither English nor French	4	0	3	
	Percent reporting First Nations ancestry	14	6	11	
	Percent reporting Asian ancestry	7	0	5	
	Percent reporting other visible minority ancestry	9	2	7	
	Education and Training	Percent enrolled in education or training at random assignment	14	12	14
Percent with high school diploma		44	43	44	
Percent with some vocational training or community college education		56	46	52	
Percent with training certificate		34	26	31	
Percent with either a high school diploma or a training certificate		58	50	55	
Percent with some university education		8	9	8	
Percent with university degree		2	2	2	
Average years of schooling completed		10.8	10.1	10.6	
Percent who attended job search workshops in year prior to random assignment		18	9	15	
Percent who wanted job search help in year prior to random assignment		24	21	23	
Percent who attended lifeskills workshops in year prior to random assignment		16	12	14	
Percent who went to counseling in year prior to random assignment		31	19	27	
Employment		Percent with no work experience in the year prior to random assignment	74	66	71
		Average hours worked per week in the year before random assignment	3	4.5	3.5
	Average earnings in the year before random assignment	\$1,071	\$1,053	\$1,066	
	Percent with no work experience at all	4	5	4	
	Median number of years of work experience	6	5	6	
	Average wage of most recent job (of sample members with work experience in the year prior to random assignment)	\$8.87	\$6.16	\$7.89	
	Average work hours per week of most recent job (of sample members with work experience in the year prior to random assignment)	23	24	23	
	Percent of sample who were unemployed at random assignment and who looked for a job in the four weeks prior to random assignment	21	22	21	
	Percent of sample who identified at least one employment barrier	50	43	48	
	Percent of sample who identified two or more employment barriers	11	7	10	
Self-Reported Employment Barriers	Percent of Sample Who Said They Could Not Take a Job Because of:				
	A personal or family responsibility	26	20	25	
	An illness or disability	13	14	13	
	Lack of adequate child care	11	5	9	
	Current school enrollment	8	9	8	
	Too little education	7	3	5	
	Too little job experience or skills	6	1	5	
	No available transportation	4	5	4	
	Too much competition in the labor market	2	0	2	
	Child Care: Percent of Sample Working at Time of Initial Interview Who Were Using the Following Types of Child Care:				
Before or after school program	4	4	4		
Daycare centre	15	6	12		
Relative	25	27	25		
Non-relative	31	31	31		
Child Care: Cost and Need	Percent of those using child care at random assignment who paid some amount for their care	35	59	43	
	Average monthly cost of child care among those paying for child care at random assignment	\$256	\$155	\$190	
	Percent of child care users at random assignment whose costs are subsidized by the government	57	46	54	
	Percent of nonworkers who would require child care if they went to work	80	80	80	
	Percent of nonworkers requiring child care if they went to work who would not know where to get child care	13	15	13	
Housing	Average monthly rent	\$552	\$301	\$464	
	Percent living in subsidized housing	18	31	22	
	Percent who have moved 3 or more times in the 5 years prior to random assignment	59	46	54	

SOURCE: Survey administered by Statistics Canada interviewers immediately before random assignment.

“My kids are happier because of the change in me. I have much more patience with them. And when I’m with them I’m really focussed on them. I used to feel depressed from sitting around watching TV. Now my self-esteem is better and I smile a lot more.”

sample members working toward a high school diploma (4 percentage points) or a trade or vocational certificate (4 percentage points), as well as those engaged in non-degree course work (3 percentage points) or post-secondary education (3 percentage points). Although only 44 percent of the sample had a high school diploma when they were interviewed before random assignment, more than half (52 percent) had attended some form of vocational training or community college, and 31 percent had earned a training certificate. Only 8 percent have any university education, and 2 percent have a college or university degree.

A significant number of sample members utilized some type of employment or social service in the year prior to sample recruitment. Fifteen percent attended job search workshops and 14 percent attended lifeskills workshops in the prior year. Thirty-one percent of the British Columbia sample and 19 percent of the New Brunswick sample were in counseling some time in the year before the initial interview.

EMPLOYMENT HISTORY

A significant majority (71 percent) of the SSP research sample had no work experience in the year prior to the initial interview. This fact is reflected in the research sample’s overall average earnings and hours of work during that year: 180 hours of work for the entire year (about 3.5 hours per week), with average earnings of \$1,066 for the year. (These averages include sample members who did not work during the year.)

Almost half the sample (48 percent) identified at least one reason they could not take a job at the time of the survey, and 10 percent identified two or more reasons. The leading reason was “personal or family responsibilities” (25 percent of the sample), followed by physical disability (13 percent). Other reasons given were lack of adequate child care (9 percent), current school enrollment (8 percent), too little education (5 percent)

or work experience (5 percent), no transportation (4 percent), and “too much competition” (2 percent).

Yet despite limited education, many employment barriers, and little recent work experience, other characteristics suggest that a significant proportion of the sample may be employable. Very few sample members (4 percent) had no work experience whatsoever. In fact, the sample has a surprisingly high median number of years of work experience (six years). And those who had been employed for some period in the year before the initial interview made an average wage of \$8.87 in British Columbia and \$6.16 in New Brunswick. (The minimum wages in these provinces were \$6 and \$5, respectively.) A fifth of the sample (21 percent) reported that they had looked for work in the month prior to their recruitment into the sample.

CHILD CARE

Institutionalized daycare was not widely used by those who were working at the time of the initial interview: 4 percent of workers utilized before- or after-school programs, and 15 percent of British Columbia workers and 6 percent of New Brunswick workers utilized daycare centres. Twenty-five percent of the working parents relied on relatives for child care, and 31 percent had non-relative caregivers. Among the working parents using child care, 59 percent of New Brunswick respondents and 35 percent of British Columbia respondents paid some amount for their care. However, the average child care cost among those paying for care was lower in New Brunswick than in British Columbia: \$155 versus \$256 monthly. Over half (54 percent) of all daycare was government-subsidized.

The majority (80 percent) of those who were *not* working at the time of the initial interview said they would require daycare if they went to work, but only 13 percent of those who would require daycare did not know how or where to go to arrange for it.

PROGRAM PARTICIPATION

ORIENTATION SESSION ATTENDANCE

As mentioned earlier, SSP's three overriding operational concerns have been to contact as many program group members as possible, as soon as possible after their supplement eligibility year begins; to effectively communicate to participants the essential features of the program; and to make monthly supplement payments to qualifying participants accurately and promptly. On all three counts, the service providers exceeded expectations in the first year. Sixty-one percent of program participants were given an orientation within 30 days of being eligible for the supplement, and eventually 95 percent of those eligible for the supplement received a program orientation (Table 2). An additional 3 percent of the program group were contacted by phone, but declined a longer meeting to learn about the supplement. When language fluency has been a problem (as it has been for 7 percent of the British Columbia sample), translators have been used in orientation sessions. The rate of attendance at orientation sessions provides strong evidence that the SSP program providers are succeeding in reaching and

informing program eligibles about the opportunities presented by SSP.

But is the message being communicated clearly enough that participants can make an informed choice? A participant needs to know the supplement amount she will receive at various earnings levels, whether it will come regularly, how the additional income will affect her taxes and her eligibility for other services, how long she will be eligible to receive the supplement, what she needs to do to continue to qualify for the supplement, etc. Indications are that the majority of participants are "getting the message." Numerous site visits to orientation sessions, where researchers have evaluated the clarity of the presentation, the content of the information provided, and the questions and responses of attendees, indicate that the details of the program are being conveyed clearly and effectively.

Feedback from participants also suggests that they are understanding the basics of the program. Table 3 summarizes the results of a survey administered by program providers in the summer of 1993 to 350 sample members, which comprised about half of all participants who had been eligible for the SSP supplement for at least 90 days. Since the survey was designed to provide a quick assessment

"I love my job, and working was the best decision for me, but I'm stressed by the change it has made. It's hard to balance job and family life."

TABLE 2 SSP PROGRAM CONTACT AND PARTICIPATION RATES
(as of January 1994)

Category	Characteristic	British Columbia	New Brunswick	Total Sample
Sample Size (first-year program group)		714	352	1,066
Orientation and Staff/Client Contact	Percent who received orientation within 30 days of receiving eligibility letter	60	64	61
	Percent who received orientation within 60 days of receiving eligibility letter	73	74	73
	Percent who ever received orientation	94	98	95
	Percent contacted by SSP staff but who declined an orientation	3	1	3
	Percent provided a translator	7	0	5
	Percent who attended a money management workshop	16	18	17
Information and Referral: Percent Who Indicated the Need for, and Were Provided, a Referral in the Following Areas:	Job search	48	55	50
	Child care	29	18	25
	Transportation	16	26	20
	Education and training	20	18	19
	Counseling	19	15	18
	Housing	6	5	6

SOURCE: SSP's Program Management Information System (PMIS).

TABLE 3 UNDERSTANDING THE SUPPLEMENT OFFER: RESPONSES OF PROGRAM GROUP MEMBERS TO A 90-DAY SURVEY CONDUCTED BY SSP STAFF (June – August 1993)

	British Columbia		New Brunswick		Total Sample		
	Number	Percent	Number	Percent	Number	Percent	
Total number of program group members through April 1993 (i.e., those eligible for the 90-day phone survey)	397		314		711		
Number of responses to the 90-day survey	157	40	193	62	350	49	
90-day survey respondents who attended an Information Session	150	95	172	89	322	92	
Response Item	Response						
Were you able to understand the supplement offer from the eligibility letter?	Understood letter	114	73	146	76	260	74
	Understood some, but unclear	32	20	27	14	59	17
	Didn't understand eligibility letter	4	3	11	6	15	4
	Doesn't remember eligibility letter	3	2	2	1	5	1
Did SSP staff tell you about the following features of the program?	Told about 30 hour/week work requirement and that they must leave Income Assistance to get supplement	154	98	183	95	337	96
	Told they had one year to qualify for supplement	154	98	187	97	341	97
	Told they could return to Income Assistance if they terminated employment	137	87	177	92	314	90
	Told they could use multiple jobs to qualify	143	91	154	80	297	85
	Told they could get information and referral services from SSP	142	90	161	83	303	87
Do you understand how to calculate the supplement?	Yes	143	91	171	89	314	90
Do you think you'd be better or worse off financially on the supplement?	Better off	144	92	167	87	311	89
	Worse off	2	1	7	4	9	3
	Same or don't know	8	5	12	6	20	6
Do you think you'd be better or worse off in general?	Better off	131	83	165	85	296	85
	Worse off	17	11	13	7	30	9
Do you plan to take up the supplement offer?	Yes	126	80	131	68	257	73
	No	9	6	19	10	28	8
	Don't know	21	13	39	20	60	17
Do you have any questions about SSP? is there anything you'd change about the program?	No	117	75	164	85	281	80
	Yes	113	72	144	75	257	73

SOURCE: SRDC's 90-day SSP participant phone survey.

“Working encouraged my seventeen-year-old to find a job. He saw Mom doing it and he decided to do it.”

of the operational adequacy of providers' orientation efforts, it was administered to the participants who were easiest for the SSP staff to contact: mostly those who had already attended an orientation session. Thus, the survey results overrepresent the opinions of participants who had been most active in the program.

Even when the survey results are discounted for this bias, they are encouraging. The great majority (96 percent) of respondents understood the two cardinal rules of the program: to receive a supplement they had to find a full-time job and leave Income Assistance, and they had one year in which to do so. Furthermore, 90 percent of the respondents understood that they could return to Income Assistance in the future if they lost their jobs

and the supplement. This issue is of some concern, since a number of participants have voiced their fear of losing Income Assistance benefits and then being unable to return to Income Assistance if their employment ended. Finally, most respondents said they understood how to calculate the supplement, and also thought they would be better off working and receiving the supplement than working and receiving Income Assistance. At the time of the survey, a large percentage (73 percent) were planning to try to take advantage of the supplement.

These survey results – combined with case file reviews, on-site observation, and supplement take-up numbers – strongly indicate that outreach and orientation efforts have resulted in a widely disseminated and clearly

understood message about SSP. In order to confirm this early operational finding, program group members will be asked a number of questions during the 18-month follow-up interview relating to their understanding of the supplement offer.

Orientation sessions are the primary pre-supplement participation activity, but many program group members have also participated in other SSP sessions. Seventeen percent of participants have attended a money management workshop, in order to learn about home budgeting and how the supplement could be made to work for them (Table 2). Many participants have also asked for and received information on available job-related services, such as job search workshops (50 percent), child care (25 percent), transportation (20 percent), education and training (19 percent), counseling (18 percent), and housing (6 percent).

In addition to the orientation and other group sessions, the majority of participants (80 to 90 percent) have also been contacted by phone in each quarter of their supplement eligibility year, making for at least four phone contacts during their period of eligibility. Many program group members have been contacted much more.

EMPLOYMENT AND SUPPLEMENT TAKE-UP

Do single parents on Income Assistance find the supplement attractive? Can they find full-time jobs? Do they take those jobs? The early answer is yes. Supplement take-up among those who have already completed their year of supplement eligibility is 31 percent in New Brunswick and 32 percent in British Columbia. These figures closely agree with statistical predictions, based on supplement take-up through January 1994, that 31 percent of the British Columbia program group and 32 percent of the New Brunswick program group will take advantage of the supplement offer (Table 4). As of late January 1994, 155 participants in British Columbia and 100 participants in New Brunswick had initiated SSP supplement receipt, and first-year participants still had an average of three months to take advantage of the supplement.

The closer each monthly cohort of program eligibles comes to the end of its one-year eligibility period, the higher the take-up rate in that cohort. Chart 2 demonstrates this for each monthly cohort, and also shows that the take-up rate varies widely by cohort. This is to be expected given the small size of most cohorts, but the trend toward a full 12-month take-up figure in the neighbourhood of 31 percent is evident.

“My children’s schoolwork has improved a lot. They see me happy now.”

TABLE 4 EMPLOYMENT AND SUPPLEMENT RECEIPT
(as of February 1994)

Characteristic	British Columbia	New Brunswick	Total Sample
Sample size (first-year program group)	714	352	1,066
Hazard analysis estimate of percent of program group members who will eventually take up the supplement	31	32	31
Number of program group members who have initiated the supplement to date	155	100	255
Percent of program group members who have initiated the supplement to date	22	28	24
Percent of program group members who took up the supplement in the first month of eligibility	4.6	6.3	5.3
Average percent take-up in each month subsequent to the first month of eligibility	2.4	2.4	2.4
Average hourly wage of supplement recipients	\$8.29	\$6.30	\$7.63
Provincial minimum wage	\$6.00	\$5.00	-
Average work hours per week of supplement recipients	34.1	35.3	34.5
Average monthly earnings of supplement recipients	\$1,200	\$944	\$1,115
Average monthly supplement payment	\$828	\$723	\$797
Average monthly income (earnings plus supplement) of supplement recipients	\$2,028	\$1,667	\$1,912
Percent of supplement payments that have been reduced or zero (due primarily to work hours falling below an average of 30 per week)	6	4	5
Percent of those ever receiving a supplement who have no employment as of end of January 1994	11	13	12

SOURCES: SSP's Program Management Information System (PMIS) and Supplement Payment System (SPS).

“Now that I’m employed and receiving the supplement, my eleven-year-old daughter and I feel a lot more positive about the options available to us.”

CHART 2 SSP SUPPLEMENT TAKE-UP, BY MONTH OF ENTRANCE INTO SSP PROGRAM

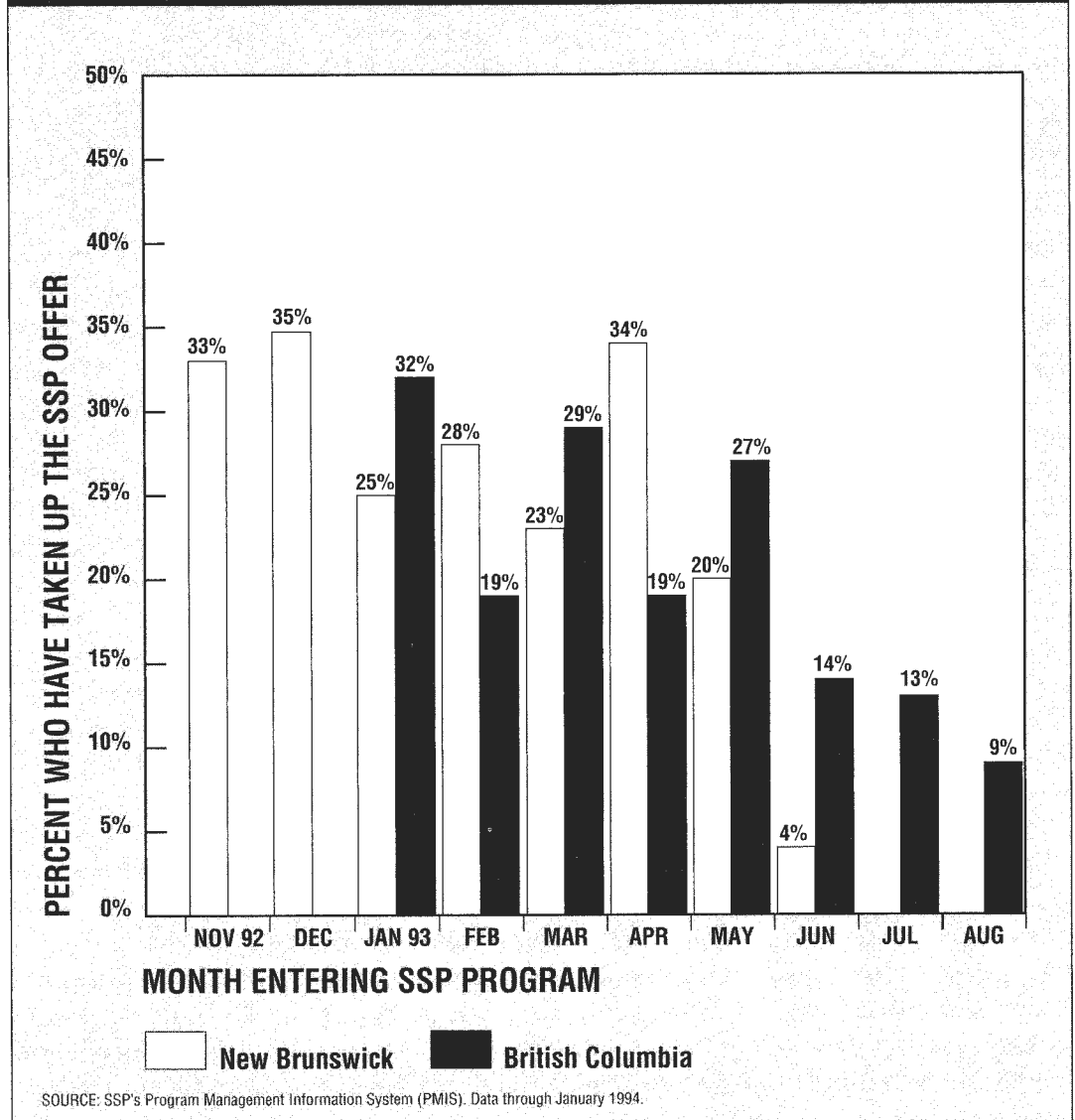
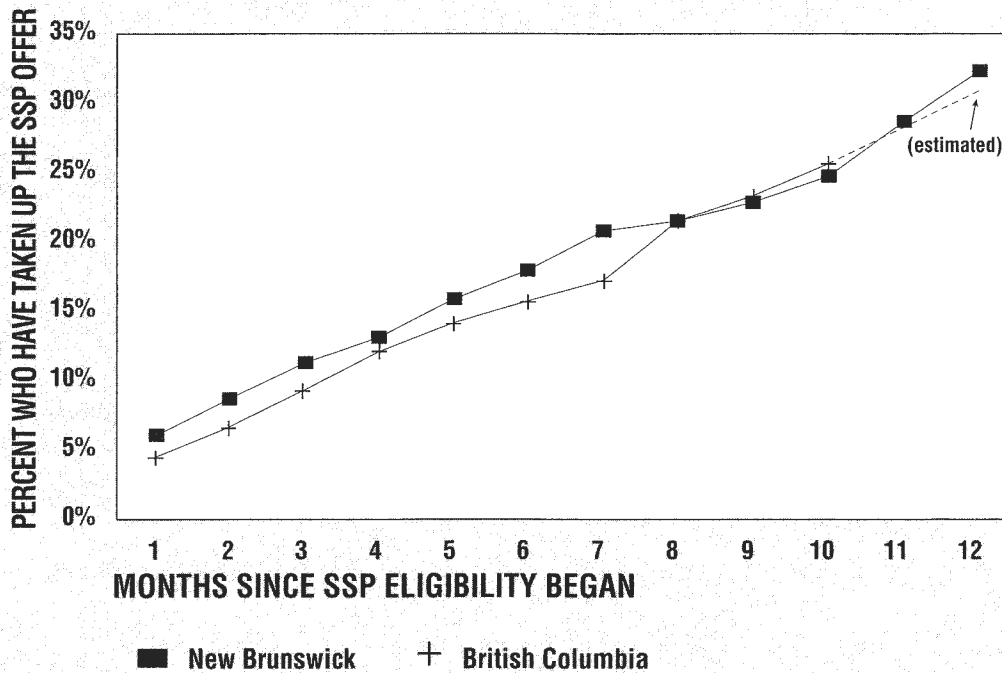


Chart 3 presents the cumulative take-up rate as a function of the number of months participants have been eligible for the supplement. The chart shows that after a brief burst of supplement take-up in the first month of supplement eligibility (4 percent to 6 percent), the cumulative take-up rate has steadily increased at about 2 percent for each passing month of supplement eligibility (Table 4). Thus, in each calendar month that passes, an average of 2 percent more of each monthly participant cohort takes up the supplement. Since most of the 4 percent to 6 percent who signed up

for the supplement in their first month were working at the time of their initial interview, they were able to quickly increase their work hours to qualify for the supplement. Those who signed up for the supplement after their first month of eligibility were less likely to have been working at the point of random assignment.

Although many factors may affect the take-up rate in the future – such as changes in the labour market, the economy, or the Income Assistance system – the currently estimated full-time employment rate of 31 percent of all

CHART 3 PERCENT SSP TAKE-UP, BY MONTHS ELIGIBLE FOR SUPPLEMENT



SOURCE: SSP's Program Management Information System (PMIS). Data through January 1994.

program eligibles is encouraging for several reasons. First, as the demographic data show, the sample selected for the Self-Sufficiency Project represents a broad cross-section of Income Assistance recipients, including many with disabilities and other barriers to employment. The program-eligible population have also received Income Assistance for at least one year, with many having had considerably longer stays. Second, the Self-Sufficiency Project requires full-time work of participants (at least 30 hours per week), a significant change in employment behaviour for a sample population that averaged 3.5 hours of work per week in the year before program eligibility. Third, the depressed economy, especially in New Brunswick, may have made it difficult for some participants to find jobs and take advantage of the supplement. So far, however, jobs have been available for many recipients.

WAGES

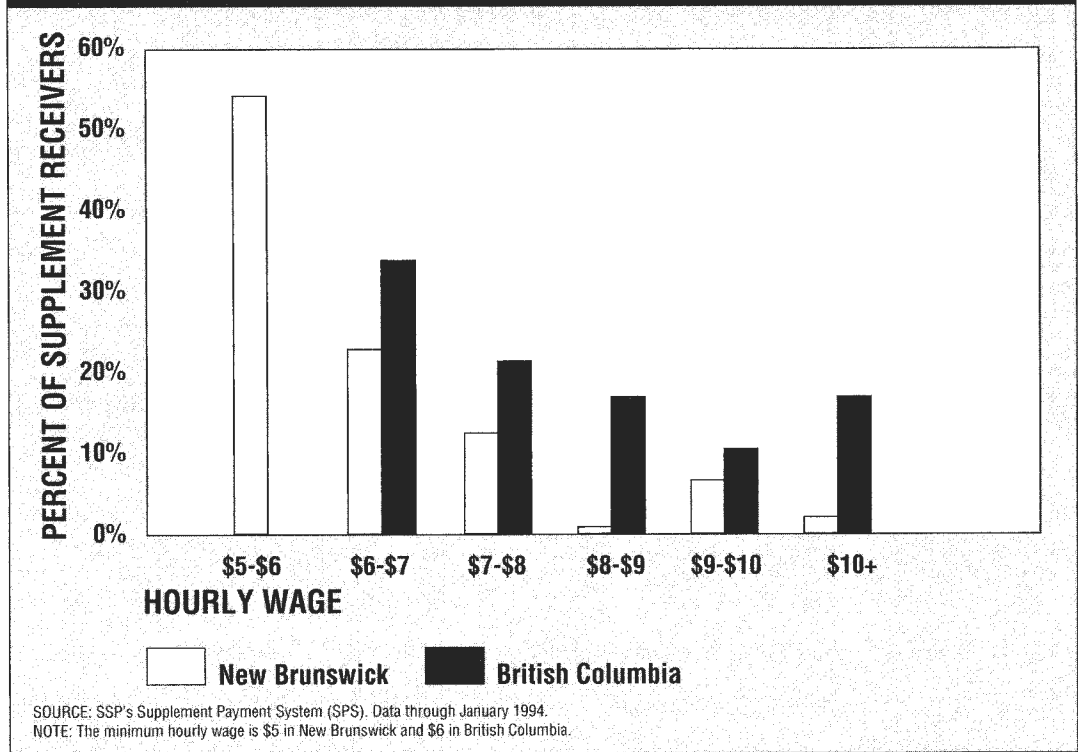
In focus groups held during the program-design stage with single parents on Income Assistance, a common complaint was that the available entry-level jobs would not pay enough to enable them to leave Income Assistance. The earnings supplement was designed to solve this problem by helping recipients to afford to take lower-paying jobs. The hope was that earnings from such jobs would grow over time, eventually leading to self-sufficiency.

Yet, as Chart 4 demonstrates, the wages of supplement recipients have in fact *not* differed appreciably from the wages of sample members who worked in the year prior to their initial interview. The average wages of supplement recipients are \$8.29 and \$6.30 in British Columbia and New Brunswick, respectively - very close to the average wages of sample members who were working at the time of the initial,

"I'm very grateful to have been chosen for SSP, and I'm going to use this opportunity carefully. Some of the changes? A positive outlook, contentment, more motivation and confidence."

"I find that I'm more patient with my son and we have more opportunity to get out and do things together and splurge sometimes on something he wants."

CHART 4 WAGES OF SSP SUPPLEMENT RECEIVERS



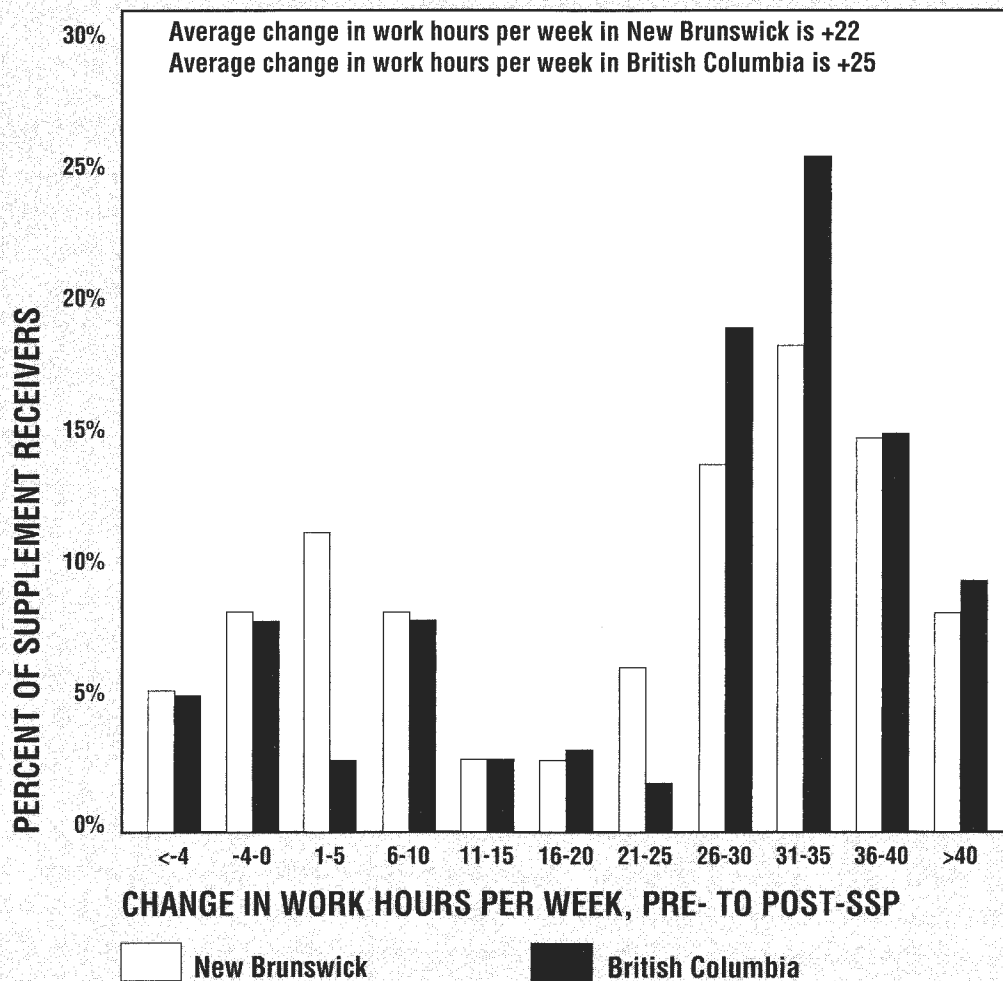
pre-program interview (\$8.87 per hour in British Columbia, and \$6.16 in New Brunswick). Since the supplement makes lower-wage jobs more viable financially, SSP participants might have been expected to take jobs at lower wages than they would have in the absence of the supplement. In fact, when the project was being designed, it was feared that participants would be able to find only minimum-wage jobs. Yet substantial numbers of workers are being paid significantly more than minimum wage, and have found jobs in a range of service and industrial occupations. Although more than half (54 percent) of New Brunswick supplement recipients are making \$5 to \$6 per hour, 23 percent are making more than \$7 per hour, and over 10 percent are making more than \$8 per hour. The wage distribution is even broader in British Columbia, with over 45 percent making more than \$8 per hour, and 17 percent making more than \$10 per hour.

WORK EFFORT, EARNINGS, AND INCOME

A central question about any program of financial incentives is whether it results in a substantial increase in average hours worked per week. Earnings supplements are expensive. To be cost-effective, they must stimulate a significant increase in work effort. The SSP program's 30-hour work requirement was designed to stimulate just such a response. Nevertheless, if supplement users were already working close to full time before SSP, then the supplement's main effect would be to increase the income of those whose work effort was already significant, rather than to increase the work effort and self-sufficiency of a more dependent population.

A definitive answer to this question must await completion of the 18-month survey, so that control and program group members' employment, wages, and work hours can be compared. Nevertheless, the change already observed in the work effort of program group members is encouraging. Chart 5

CHART 5 CHANGE IN SUPPLEMENT RECEIVERS' WORK HOURS SINCE PRE-PROGRAM INTERVIEW



SOURCE: Initial, pre-program interview and SSP's Supplement Payment System (SPS). Data through January 1994.

shows that approximately 85 percent of supplement recipients have increased their work hours relative to the number of hours they were working at the time of their initial, pre-program interview. The average supplement recipient currently works 35 hours per week, an increase of 24 hours per week over her average pre-program work effort of 11 hours per week. On the other hand, about 15 percent of supplement recipients modestly decreased their weekly work hours after they entered the SSP program, although in order to receive the supplement, all participants have to maintain a work effort of at least 30 hours per week.

Early data also suggest that a large majority of SSP supplement users hold on to jobs they have taken. This is somewhat surprising, since those who leave welfare for work often return quickly to welfare. But SSP supplement initiators are maintaining their work effort: only 5 percent of supplement payments have been reduced or suspended due to a participant's failure to meet the 30-hour-per-week work requirement in a supplement payment period (Table 4). As of January 1994, about 12 percent of supplement initiators had no active employer, but almost all had lost a job in the prior month, and these job losses may prove to be temporary or seasonal

*"My family
is happier.
I socialize now.
I love going
to work."*

“I’m saving my money. I’m used to living on a small budget, so it’s not so difficult. The only noticeable change is in my work schedule. I’m not home before 5:30 P.M. and I work every Saturday, so it’s not very good for my daughter. I still have to find a reliable babysitter so at least I won’t be stressed out about that.”

in nature. If SSP supplement users maintain this rate of continuing full-time employment (88 percent), the program could significantly increase the continuing work effort of those who leave Income Assistance.

SSP participants who take full-time jobs and collect the supplement have a significant increase in income. In British Columbia, the average earnings of supplement recipients are \$1,200 per month; in New Brunswick, \$944. Because of the different earnings benchmarks in each province (\$37,000 in British Columbia and \$30,000 in New Brunswick, reflecting differences in cost of living and Income Assistance benefit levels), British Columbia recipients receive a larger average monthly supplement cheque than those in New Brunswick: \$828 versus \$723. Thus, supplement recipients have an average monthly income of \$2,028 in British Columbia and \$1,667 in New Brunswick. Recipients who maintain these earnings levels for 12 months will have average yearly gross incomes of \$24,336 in British Columbia and \$20,004 in New Brunswick.

Although the average monthly supplement payments are in the range of the current monthly maximum Income Assistance benefit amounts for single-parent families with one child – \$963 in British Columbia and \$712 in New Brunswick – program participants have significantly increased their total income, since on average they are now earning far more than they did before SSP. However, the SSP program will not necessarily turn out to be cost-effective, since many SSP supplement recipients would have left Income Assistance on their own, without benefit of a program such as SSP.

WHO RECEIVES THE SUPPLEMENT?

It is too early to determine the distinguishing characteristics of supplement recipients, since the sample is still too small to detect significant subgroup differences, and many current program eligibles have yet to claim the supplement. However, a number of demographic

and subgroup variables – such as age, number of children, age of youngest child, prior years of employment, or educational attainment – may eventually indicate which individuals are likely to take up the supplement.

The strongest indicators of supplement take-up to date are employment-related (Table 5). On average, supplement recipients had 1.6 more years of work experience than supplement non-recipients, earned approximately four times as much in the year prior to SSP eligibility (\$2,582) as did supplement non-recipients (\$617), and were twice as likely to have worked some time in the year prior to SSP eligibility (52 percent versus 26 percent for non-recipients).

But the comparisons between supplement recipients and non-recipients should not obscure the substantial changes in employment behaviour among those who take up the supplement. Forty-eight percent of SSP supplement recipients did not work at all in the year before they were eligible for SSP, and the average supplement recipient more than tripled her work hours and earnings relative to her pre-SSP employment.

In addition to those with no employment in the year prior to SSP, other participant subgroups with potential barriers to employment also found full-time work and took advantage of the supplement offer. Fifteen percent of supplement recipients reported an activity-limiting physical condition, and 44 percent have no high school diploma (versus 58 percent of non-recipients). Supplement recipients were more likely to have been enrolled in some form of education and training at the time of the initial interview than those who did not use the supplement (19 percent versus 14 percent), a finding that may suggest that the type of education and training pursued by the sample population does not necessarily conflict with full-time employment.

Just as significant are the ways in which supplement recipients resemble non-recipients. Both groups are about as likely to be male

TABLE 5 COMPARISON OF PROGRAM GROUP MEMBERS WHO HAVE RECEIVED AT LEAST ONE SUPPLEMENT PAYMENT WITH PROGRAM GROUP MEMBERS WHO HAVE NEVER RECEIVED A SUPPLEMENT PAYMENT (as of January 1994)

Category	Item	Supplement Recipients	Supplement Non-Recipients	Significance
Sample Size		217	1,909	
Basic Demographics	Average age	31	33	***
	Average number of children	1.7	1.7	
	Average number of children under age 6	.68	.71	
	Average age of youngest child	6.5	6.5	
	Percent male	4	5	
	Percent with an activity-limiting physical condition	15	27	***
Employment	Percent with an activity-limiting emotional or psychological problem	3	9	***
	Percent with work experience	99	94	***
	Average number of years of work experience	8.5	6.9	***
	Average earnings in the year before random assignment	\$2,582	\$617	***
	Percent with work experience in the year before random assignment	52	26	***
	Average work hours per week at random assignment	10.6	2.3	***
Self-Reported Employment Barriers: Percent Who Said Before Entering the Program That They Could Not Take a Job Because of:	Percent looking for work at random assignment	43	24	***
	Illness or disability	6	15	***
	Lack of adequate child care	3	10	***
	Personal or family responsibility	11	29	***
	Currently in school	10	8	
	No transportation available	2	4	
	Too much competition	0	2	
	Not enough education	3	5	
	Not enough experience/lack of skills	2	5	*
Education and Training	Percent who utilized support services (job search workshops, lifeskills workshops, or counseling) in prior year	41	41	
	Average highest grade completed	11	10	***
	Percent without high school diploma	44	58	***
	Percent with some university	10	8	
	Percent with prior vocational training/community college	57	48	**
	Percent with training certificate	66	56	*
Housing	Percent enrolled in any education or training at random assignment	19	14	*
	Percent living in subsidized housing	22	23	
Ethnicity	Percent reporting Asian ancestry	1	5	**
	Percent reporting First Nations ancestry	8	12	*
	Percent reporting other non-European ancestry (Latin, Black, East Indian, Arabic, etc.)	8	6	
	Percent who immigrated in the 5 years before random assignment	2	3	
	Percent neither English- nor French-speaking	1	3	*

SOURCES: Aggregate data from initial, pre-program interview. Recipient status from SSP's Program Management Information System (PMIS).

NOTE: A two-tailed t-test was used to evaluate the differences between supplement recipients and non-recipients. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(4 percent versus 5 percent), to be living in subsidized housing (22 percent versus 23 percent), to have immigrated in the prior five years (2 percent versus 3 percent), to have the same number of children (1.7), to have youngest children of equal ages (6.5 years old), and to be of similar age themselves (31 versus 33). Differences between the groups in terms of self-identified employment barriers were for the most part statistically insignificant, although sample members who had chosen to stay home and raise their children were significantly less likely to take

advantage of the supplement: 11 percent of supplement recipients versus 29 percent of non-recipients said they could not take a job because of personal or family responsibilities. Those who felt they lacked enough child care to go to work were also significantly less likely to receive the supplement: 3 percent of supplement recipients, versus 10 percent of non-recipients, reported inadequate child care as an employment barrier.

Finally, First Nations peoples and other visible minorities are participating in the supplement program, though at slightly lower levels than

*“The program
is great.
Working is a
better thing
to do mentally
and physically.”*

their proportion in the sample. Eight percent of the supplement recipients report First Nations ancestry, versus 12 percent of non-recipients. Differences in the proportions of other visible minorities in the supplement recipient and non-recipient groups are statistically insignificant, though in some measure this is a function of their lack of representation in the sample. The one exception is Asian ancestry: 1 percent of supplement recipients are Asian, versus 5 percent of non-recipients, a statistically significant difference.

SSP'S IMPACT ON INCOME ASSISTANCE RECEIPT

The proportion of program group members who find full-time work and take up the supplement is an outcome measure for that group only. It tells us nothing of the actual *impact* of the program since, contrary to popular opinion, single parents leave Income Assistance for employment all the time, even without incentive programs like SSP. In order to determine the net *difference* the SSP program makes in the lives of welfare recipients, it is necessary to compare the outcomes of those eligible for the program with outcomes of a similar group of welfare recipients who were *not* eligible for SSP. The random assignment research design of SSP makes this comparison possible, since the only systematic difference between program and control group members is that the former are able to take advantage of the SSP earnings supplement, while the latter are not. The control group outcome tells us what *would* have happened to the program group in the absence of SSP. Thus, any differences between the program and control groups' employment, earnings, welfare receipt, and other activities can be attributed to the SSP program.

To obtain an early indication of whether the supplement offer is making such a difference, members of the program and control groups who entered the research sample from January through June 1993 were compared

in terms of their October 1993 Income Assistance receipt. Chart 6 shows the percentages of sample members receiving Income Assistance in October 1993, by province, the average number of months in the program (8 months for cohorts entering in January through March 1993, and 5 months for those entering in April through June 1993), and group status (program versus control). In each province, for each quarter, there was a significant difference in the proportions of the program and control groups who were on Income Assistance in October 1993, with 5 percentage points to 8 percentage points fewer program group members on Income Assistance than control group members. Overall, 17 percent of all program group members who entered the program in the first half of 1993 were off Income Assistance in October 1993, versus 10 percent of controls. This difference in Income Assistance receipt indicates that SSP is having a positive impact: SSP program group members are less likely to be receiving welfare than control group members, indicating that program group members are choosing full-time employment over Income Assistance at a higher rate than they would have in the absence of the program.

Of course, the October 1993 Income Assistance numbers represent a point-in-time “snapshot” of Income Assistance activity in the research sample. Many Income Assistance exits are short-lived.⁹ While the earnings supplement may enable participants who would otherwise have returned to Income Assistance to remain self-sufficient for extended periods, it is also possible that supplement users will eventually return to Income Assistance in greater numbers than is evident now, or that in subsequent years control group members will find jobs and leave Income Assistance at a faster rate than program group members. Alternatively, data from the full follow-up period may show a further increase in the

⁹ See Lemaitre, *Single Parents on Social Assistance*, op. cit.

difference between the proportions of program and control group members who leave welfare.

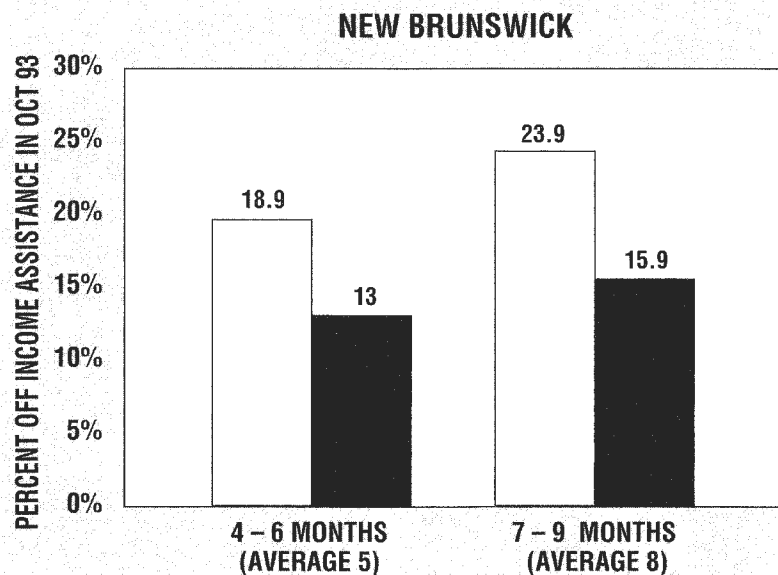
Even in the absence of SSP, welfare recipients leave the rolls in large numbers, as the control group figures in Chart 6 illustrate. All sample members had been receiving Income Assistance for at least a year when the study began. By October 1993 – an average of six months after sample members had entered the program – a substantial number (10 per cent) of control group members were no longer receiving Income Assistance. This evidence of the dynamic nature of welfare receipt underscores the critical importance of a random assignment research design, with a long-term comparison of program and control group outcomes, for determining SSP's full impact.

PARTICIPANTS' RESPONSE TO SSP

Up to this point, program participation has been characterized in terms of aggregate numbers of program-related activities. But the numbers cannot convey the diversity of participants' experiences in the program, and the supplement opportunity has made a significant difference in the lives of many participants and their families.

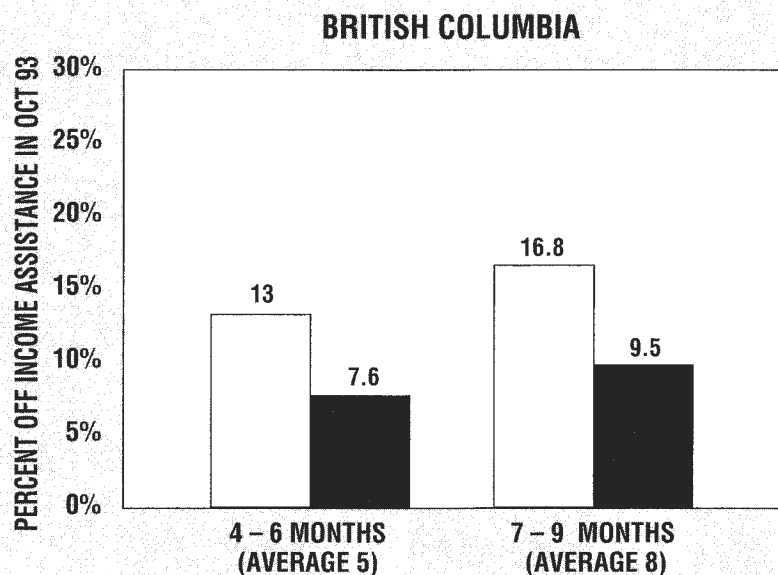
The majority who have found employment and taken up the supplement are enthusiastic about the changes they have experienced. When asked how the supplement has affected their lives, recipients most commonly speak of the benefits of having more disposable income. Many participants have also mentioned the non-financial benefits of going to work; and some have noted the new stresses in their lives and their families. The following verbatim remarks made by supplement recipients are taken from case notes made by the SSP staff.¹⁰

CHART 6 EARLY INDICATIONS OF SSP'S EFFECT ON LEAVING INCOME ASSISTANCE



MONTHS FROM RANDOM ASSIGNMENT TO OCTOBER 1993

□ Program Group ■ Control Group

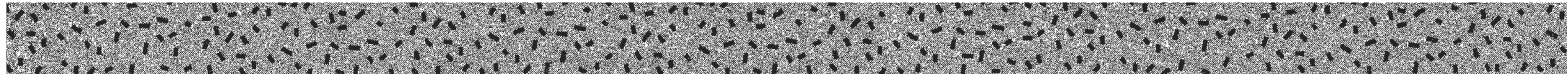


MONTHS FROM RANDOM ASSIGNMENT TO OCTOBER 1993

□ Program Group ■ Control Group

SOURCE: October 1993 Income Assistance data compiled by Statistics Canada from monthly payment data provided by British Columbia's Ministry of Social Services and New Brunswick's Department of Human Resources Development.

¹⁰ All names and other identifying information have been changed to protect the privacy of SSP participants.



EFFECTS OF INCREASED INCOME

“For the first time I can remember, I’m not broke all the time! . . . I don’t feel stressed about having money for Christmas. I’ve bought clothes for myself instead of only for my son as usual. I feel very lucky to have such an opportunity. I’m very happy to be working and off Income Assistance.”

“Now we’re able to buy a lot of things that we needed but we weren’t able to afford. It’s a relief not to be unsure of your financial situation. We’re actually going to be able to go on a vacation, which is pretty amazing looking back at my financial situation a few months ago. I’m also more able to budget our money, so we use it more wisely.”

“Being on welfare gave me a bad feeling. I’m proud to go to the bank and cash my pay cheque.”

“I feel better because I know I have more money for my children, and I feel better because I like to work.”

“I have my bills paid, a little cash in the bank, and food in the fridge. It’s taken a lot of stress off me to be in the program and working.”

BENEFITS TO FAMILY

“I feel like I’m being a good example for my daughter. Being on welfare is a cycle. My daughter sees me go off to work and knows that is how I earn my money. Hopefully, by my example she will never have to go on the system.”

“I find that I’m more patient with my son and we have more opportunity to get out and do things together and splurge sometimes on something he wants.”

“Working encouraged my seventeen-year-old to find a job. He saw Mom doing it and he decided to do it.”

“My children’s schoolwork has improved a lot. They see me happy now.”

“Now that I’m employed and receiving the supplement, my eleven-year-old daughter and

I feel a lot more positive about the options available to us. I’m very grateful to have been chosen for SSP, and I’m going to use this opportunity carefully. Some of the changes? A positive outlook, contentment, more motivation and confidence.”

STRESSES ON FAMILY LIFE

“I love my job, and working was the best decision for me, but I’m stressed by the change it has made. It’s hard to balance job and family life.”

“The most important change is that my income has increased, which puts me ahead financially. But there’s a big emotional cost. It’s taken me away from my children.”

“I’m saving my money. I’m used to living on a small budget, so it’s not so difficult. The only noticeable change is in my work schedule. I’m not home before 5:30 P.M. and I work every Saturday, so it’s not very good for my daughter. I still have to find a reliable babysitter so at least I won’t be stressed out about that.”

OTHER CHANGES

“My kids are happier because of the change in me. I have much more patience with them. And when I’m with them I’m really focussed on them. I used to feel depressed from sitting around watching TV. Now my self-esteem is better and I smile a lot more.”

“My family is happier. I socialize now. I love going to work.”

“A more comfortable lifestyle. We can do more things and wear good clothing and eat healthy food.”

“The program is great. Working is a better thing to do mentally and physically.”

“I now have more money to buy things I couldn’t afford before. I have more control over my life since leaving Income Assistance. With SSP I can live my life the way I choose. I feel more responsible earning my own money and I think that SSP was a good decision for me.”

“A more comfortable lifestyle. We can do more things and wear good clothing and eat healthy food.”

“SSP gave me the boost I needed to get my life going. I have more self-esteem and respect, and my health has improved.”

“I made it! I’m going to give myself a pat on the back. I’m looking forward to being able to give my children a good Christmas.”

Although about 80 percent of the participants who attended an orientation session indicated on their “Participant Background Information Sheet” their interest in the supplement program, most of them have not taken up the supplement. Participants have discussed the many barriers that prevent them from joining the labour force. Some participants have delayed job search because of immediate demands in their family or personal situations. Still, many participants remain interested and optimistic about taking up the offer in the one-year eligibility period. The following are summaries from case files.

WAITING FOR CHILDREN TO ATTEND SCHOOL

Esther is twenty-six years of age. She has two children, ages four and six. When staff contacted her in the summer, she said she was waiting for her children to return to school before she put more effort into her job search. A follow-up call in the fall found the participant looking for work. However, she has restricted her job search to a small geographic area, since her transportation options are limited.

Amanda is thirty-two and has three children, ages four through eleven. She is not actively looking for a job, because taking care of her children is a priority. She has said she’d be more inclined to look for work if all her children were in school. However, she would consider taking up the supplement offer if she found a job with the right hours so that it wouldn’t take away from her time with her children.

HEALTH PROBLEMS

Juanita is forty-seven years of age, with a nineteen-year-old dependent. Juanita is no longer able to work because of a medical

problem, and she is waiting for an operation. After the operation, she plans to look for another job. She is aware of her expiration date and is still optimistic about taking up the supplement.

CONCOMITANT EDUCATION OR TRAINING

Terry is forty-three years old with two children. She has a high school diploma. After becoming eligible for SSP, she found a full-time job. Unfortunately, her employment ended after only one day on the job. She continued her job search but later decided she wanted to return to school. She thinks the supplement is a great opportunity, but she has decided to go to school instead. She is committed to completing her program, which ends in a few months.

Sharon is thirty-seven years of age with two children, ages two and ten. At the time she became eligible for SSP, she was enrolled in a hairdressing program. Sharon had planned to use the summer to find and arrange suitable daycare, then to begin her job search in the fall.

LIMITED EDUCATION OR TRAINING

Ann is thirty-six years of age with three children, ages six through fifteen. She does not have a high school diploma. She told staff that she is looking for a cashier job, but says that there are no jobs available. She declined a staff offer of information regarding job search or other job-related services.

Susanna is twenty-two years old with a one-year-old baby. She requested help with job search. She feels it will be very hard for her to find a job because of her limited job experience.

Betty is twenty-two years of age with a one-year-old child. Because of the baby and medical problems, she is not yet ready to work full-time. However, she wants to take up the supplement before the end of her eligibility year. She wants a job in the accounting field and is currently enrolled in an advanced

“SSP gave me the boost I needed to get my life going. I have more self-esteem and respect, and my health has improved.”

"I made it! I'm going to give myself a pat on the back. I'm looking forward to being able to give my children a good Christmas."

accounting course. She needs help with job search, and she feels that she lacks proper training and experience in her chosen field.

Some participants tell the program staff that they are not interested in the supplement offer. For the most part, they think that the supplement program is a good idea, but not right for them for personal reasons. The leading reasons for lack of interest are health problems and the need or desire to stay at home with children.

POOR HEALTH

Katie is thirty-six years old with three children, ages five through thirteen. She is waiting for surgery for a medical problem. Owing to her medical condition, she does not plan to take advantage of the supplement.

June is fifty-four and does not want to attend any SSP orientation sessions. She told the staff she does not want to participate because she is not in good health, physically or mentally. She is now waiting for results of medical tests, and SSP does not fit into her life at this point.

STAYING AT HOME WITH THE CHILDREN

Sheila is forty-one years old with two children, ages five and nine. She declined to attend an orientation session, so the staff sent her an information package instead. She read the information material and says that she understands the supplement offer. She said that SSP sounds like a good program, but she is committed to staying home with her children until they reach school age and possibly beyond. Sheila plans to provide a "secure and safe" environment for her children, which she didn't get from her mother.

CARETAKING FAMILY MEMBERS

Michelle, who is twenty-four years old, is not interested in taking up the supplement. She looks after her sick mother. She is also taking some night courses, which may help her get accepted into a counselling training program.

PREGNANCY

Ellen is twenty-two years of age with a four-year-old child. She is not interested in SSP because she is pregnant. She wanted to know if she could give her SSP place to her boyfriend.

CONCLUSION

During the first year of program operation, the Self-Sufficiency Project has demonstrated that single-parent Income Assistance recipients can be reached with information about an earnings supplement, that they understand the supplement offer and its implications, and that a substantial number of them are interested in making the transition from welfare to full-time work. Once supplement recipients begin jobs, they hold on to them for sustained periods, and their total income increases significantly. Supplement recipients report that they are better able to purchase the things they need and want for their families, and most report an overall increase in well-being. Some found the stress associated with full-time work too difficult to negotiate and chose not to take advantage of the project's supplement offer.

Most of the data reported in this paper reflect early outcomes for the program group only. A determination of the supplement's effectiveness will have to await the comparison of follow-up data on both the program and the control groups. Nonetheless, the preliminary data suggest that the program is stimulating substantial employment activity and a great deal of client interest and satisfaction, making for less reliance on welfare by the program group as compared with the control group. Thus there is reason for cautious optimism about the project's future policy relevance.