

Evaluation Reports

Summative Evaluation of Employment Benefits and Support Measures Delivered Under the Canada/Newfoundland and Labrador Labour Market Development Agreement

Audit and Evaluation

Strategic Policy and Planning Branch

June 2006



Human Resources and
Skills Development Canada

Ressources humaines et
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***Summative Evaluation of Employment
Benefits and Support Measures Delivered
Under the Canada/Newfoundland and
Labrador Labour Market Development
Agreement***

Final Report

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Strategic Policy and Planning Branch
Human Resources and Social Development Canada***

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List of Abbreviations

AHRDAs	Aboriginal Human Resources Development Agreements
APE	Action Plan Equivalent
EAS	Employment Assistance Services
EBSM	Employment Benefits and Support Measures
EI	Employment Insurance
ESA	Enhanced Screening and Assessment
ESP	External Service Provider
HRCC	Human Resource Center of Canada
HRLE	Human Resources, Labour and Employment
HRSDC	Human Resources and Skills Development Canada
JCP	Job Creation Partnerships
LMP	Labour Market Partnerships
LMDA	Labour Market Development Agreement
SD	Skills Development
SEB	Self-Employment Benefit
TWS	Targeted Wage Subsidies
SM	Support Measure

EI Part I Benefits: These benefits provide income support to people who lose their jobs. These income benefits are temporary and vary in amount and duration according to various criteria. Eligibility for EI benefits is based on the number of hours that the person has worked.

EI Part II Benefits: Part II benefits, also referred to as active employment benefits, provide Employment Benefits and Support Measures (EBSMs) designed to help individuals obtain work. Employment benefits are only available to eligible participants (active and former EI claimants) and generally involve medium or long-duration interventions with clients. The Employment Assistance Services support measures generally consist of short-duration interventions or services offered through external organizations and are available to all unemployed individuals.

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Executive Summary

This report provides an overview of the summative evaluation of the Labour Market Development Agreement (LMDA) between the Government of Canada and the Government of Newfoundland and Labrador. The LMDA provides the framework in which Employment Benefits and Support Measures (EBSMs) delivery takes place. The Canada/Newfoundland and Labrador LMDA is a co-managed arrangement where there is joint responsibility for the planning and evaluation of EBSMs, while Human Resources and Skills Development Canada (HRSDC) continues to deliver these programs and services through its service delivery network.

EBSMs are designed to assist workers to return to work and reduce their dependency on Employment Insurance (EI) and provincial Income Assistance. Employment Benefits (EBs) are available to people who are or have been EI recipients. Support Measures (SMs) are available to all unemployed people. Four EBs and two SMs are provided under the Canada/Newfoundland and Labrador LMDA.

- ***Skills Development (SD)*** helps participants obtain employment skills, through providing direct financial assistance that enables the participants to select, arrange and pay for training from a registered institution.
- ***Job Creation Partnerships (JCP)*** provides participants with opportunities to gain work experience that will lead to ongoing employment. JCPs are designed to create incremental and meaningful work opportunities for clients through partnerships involving Human Resource Centres of Canada (HRCCs), the provincial government, the private sector and/or community groups.
- ***Targeted Wage Subsidies (TWS)*** assist participants to obtain on-the-job experience by providing employers with a financial contribution towards the wages of participants they hire.
- ***Self-Employment Benefit (SEB)*** provides financial assistance and business planning advice to help participants start their own business.
- ***Employment Assistance Services (EAS)*** provide funding to external agencies to enable them to provide employment services to unemployed individuals, in particular through the provision of employment counseling and other services such as computer access.
- ***Labour Market Partnerships (LMP)*** provides funding to assist employers, employees and/or employer associations, and communities to improve their capacity for dealing with human resource requirements and to implement labour force adjustments.

Evaluation Scope and Methodology

The evaluation was focused on client impacts. To a lesser extent, the evaluation also examined community and employer impacts, cost-effectiveness, and some follow-up issues from the formative evaluation, particularly on design and delivery of the EBSMs. It should be noted that this summary report does not present the findings for the follow-up issues, although some of these findings are included in the section on program participation. Additional findings in this area can be found in the final technical report of the evaluation.¹

Client impacts were examined primarily using data from federal and provincial administrative files, a survey of 2,201 program participants, and a survey of 2,414 individuals selected as members of a comparison group. The data collection and analysis were designed to provide the best possible estimates of client impacts.

To obtain information on employment success for a post-program period of 18 to 30 months, the participants surveyed were selected randomly from clients who completed an **action plan equivalent (APE)** in the reference year of 2000-2001. APEs are groups of client interventions with less than six months between the end of one intervention and the start of the next.² The APEs were created using administrative data.

Each participant was classified into one of three client groups according to their use of EI and Income Assistance: *claimants* were on an active EI claim at the start of their action plan; *former clients* qualified under the reachback provisions of the *EI Act*, but were not in receipt of Social Assistance at the start of their action plan; and *common clients* qualified under the reachback provisions of the *EI Act* and were also in receipt of Social Assistance at the start of their action plan. An explicit focus on this group was a unique aspect of this evaluation.

The comparison groups for each of the three client groups were selected based on matching region of residence³ and EI history prior to the action plan dates – and, choosing from that group, people having other characteristics that would suggest they would be likely EBSM participants.

Qualitative methods were used to help explore the quantitative results and examine areas not addressed by the quantitative research. The qualitative methods included a review of 29 documents, 20 key informant interviews and a survey of 42 front-line delivery staff. In addition, 21 focus groups and 9 case studies were conducted.

¹ *Summative Evaluation of the Canada/Newfoundland and Labrador Labour Market Development Agreement: Final Technical Report*, prepared for HRSDC, March 31, 2005. Two formative evaluations were completed: 1. Formative Evaluation of Employment Benefits and Support Measures Delivered Under the Canada/Newfoundland LMDA - Phase 1 - Employment Benefits (June 2000) and 2. Formative Evaluation of Employment Benefits and Support Measures Delivered Under the Canada/Newfoundland LMDA - Phase 2 - Training Benefit (June 2000).

² Action plan equivalents (APEs) were constructed based on the start and end dates of individual EBSMs (including counselling sessions) accessed by a client. Any EBSM accessed within six months of the start or end date of any other EBSM accessed by that same client was grouped together with the first EBSM as part of a single APE. This process was then repeated until all EBSMs accessed by a client had been tested for inclusion in that APE. Once this grouping process was complete, the APE start date became the start date of the earliest included EBSM and the APE end date became the end date of the most recently included EBSM accessed.

³ Newfoundland and Labrador is divided into four regions: Avalon, Central, West and Labrador.

Main Findings

The Newfoundland and Labrador LMDA summative evaluation shows that Employment Benefits have produced impacts on earnings, EI, income assistance, job-related certifications and skills, employability and communities.

- Claimants participating in SD had a significant gain of about \$2,000 in annualized earnings in the post-program period relative to their comparison group. Former clients in SD showed similar gains, but the results for this smaller group were not statistically significant. This is an important finding because over 71% of Employment Benefits expenditures are on SD participants. Therefore, this finding indicates that the majority of funding was allocated to the intervention with the most positive earnings outcomes.
- Claimants participating in SD collected 2.2 fewer weeks in EI benefits in the post-program period relative to their comparison group. Claimants participating in SEB were estimated to collect 16.3 fewer weeks and \$5,500 less in EI benefits in the post-program period, although their reduction in EI could be primarily because self-employment earnings are not insurable under EI.
- The majority of participants in each of the three client groups reported that their ability to obtain and keep a job had improved (72% of claimants, 68% of former clients, and 63% of common clients). Close to half of the participants in each client group rated their program as important or very important in obtaining their longest post-program job. Also, many participants indicated that they had acquired specific skills and job-related certifications as a result of their program participation. For example, 41% of all SD participants had obtained credentials required by their job through program participation.

The summative evaluation also shows that there have been some positive impacts for employers. For example, SD provided employers with trained and skilled workers. Employers also indicated that participating in TWS helped them to hire staff they could not otherwise afford, assisted in developing and supporting small business viability, and helped identify skills requirements for new positions.

There have also been some positive impacts on communities. For example, LMP has included projects that involved working with municipal governments and local community associations to stimulate the development of infrastructure to assist communities. JCP has resulted in social and/or economic benefit to host communities.

EBSMs generally focus more on the supply side of the labour market than on the demand side. There is a general view among key informants, however, that there is a need to consider ways to do more on the demand side of the labour market under the LMDA. Some feel that investment in the demand side of the labour market is particularly important to rural Newfoundland and Labrador. Interventions such as TWS, SEB and JCP might be specifically adapted to meet the demand side goals.

In the case of SD claimants, the analysis of cost-effectiveness indicated that the payback period relative to program costs was less than three years (i.e. the direct program costs of achieving the gain of \$2000 in annualized earnings were about \$4,800 per claimant). When claimant out-of-pocket and opportunity costs were taken into account, the payback period was about six years. Because almost 81% of SD participants are claimants, this means that the majority of funding was allocated to the client group and intervention with the most positive earnings outcomes and with a short payback period.

Management Response

The Management Committee has reviewed the report on the Summative Evaluation of Employment Benefits and Support Measures (EBSMs) delivered under the Canada-Newfoundland and Labrador Labour Market Agreement (LMDA) and accepts the findings.

Overall we are pleased the report recognizes the positive impacts the various employment benefits and support measures have had with respect to individuals, employers and communities across the province. However, we also accept that the report identifies specific areas which require attention and improvement.

This document contains our response to the evaluation process, the context in which services were delivered, which plays an important role in determining results, and comments on specific findings. It concludes with actions that the Management Committee intends to undertake to improve the management and delivery of EBSMs in the province.

The Evaluation Process

The Summative Evaluation of the Canada-Newfoundland and Labrador LMDA was a complex research project. The Employment Benefits and Support Measures (EBSMs) delivered under the Agreement are quite different from one another, and the client group is equally diverse. However, the Management Committee is confident that the appropriate methodology choices were made despite, with hindsight, some areas where comparison groups were not optimal.

The Management Committee would therefore like to thank those individuals who took part in all aspects of the evaluation strategy; evaluation consultants, the joint Federal– Provincial evaluation committee and staff who were engaged as part of the evaluation strategy. Most importantly, we would like to thank the numerous program participants who voluntarily responded to follow-up survey questions. Their input is greatly appreciated as we attempt to make our programs more responsive to their needs.

The Canada–Newfoundland and Labrador LMDA

The Canada-Newfoundland and Labrador LMDA is a co-managed arrangement whereby responsibility for the planning and evaluation of EBSMs is shared between the two orders of government. Under this agreement, Service Canada continues to deliver the programs and services through its service delivery network. The Management Committee is co-chaired by the Regional Executive Head of Service Canada and the Provincial Deputy Minister for the department of Human Resources, Labour and Employment.

The Labour Market – The Backdrop to the evaluation findings

The Employment Benefits and Support Measures are made available to eligible unemployed workers within the context of a relatively weak labour market. While the Newfoundland and Labrador economy is in the forefront of economic growth in the country, during most of the period covered by this Agreement, most of the province had one of the highest unemployment rates in the country, and most areas of the province are dependent on one or two resource-based industries. The lack of employment opportunities continues to be a significant problem for unemployed workers in rural areas, and this obviously has an impact on programs designed to improve the work skills of clients. The lack of employment opportunities, leads not only to high unemployment rates, but to lower labour force participation rates than are experienced in most of the country; and to out-migration, often of the most qualified people in the labour force.

Opportunities for Clients – LMDA Business Plan

The Canada-Newfoundland and Labrador LMDA is guided by the “Working in Partnership” business plan which is a document produced by the Canada-Newfoundland and Labrador LMDA Secretariat with the support of representatives from both orders of government. The business plan outlines Federal-Provincial priorities intended to support decision making, as well as, program and policy development at the regional and provincial levels to ensure LMDA supports are utilized effectively and efficiently to achieve maximum outcomes for individuals and the province.

Comments on detailed Client Outcomes

The evaluation evidence does indicate positive impacts for many program participants. A majority of program participants report their ability to obtain and maintain employment had improved as a result of participating in an intervention. In terms of specific programming the Management Committee is pleased to note that the evaluation evidence indicated positive impacts on hours worked and earnings for EI claimants who participated in the Skills Development (SD) employment benefit. This evidence supports the continuation of a large proportion of spending being directed to upgrading unemployed worker skills through enrolment in formal training programs. **The Management Committee understands that the results of training support for common clients, i.e. those in receipt of income support, may be less uniformly useful, and will examine ways in which additional assistance in program choice, coupled with other supports both during and subsequent to training, could improve outcomes for this group.**

The reduction in Employment Insurance usage for Self Employment Benefit (SEB) participants, 16 fewer weeks post-program is large, but also anticipated, given that self-employment earnings are not insurable. The Management Committee believes that SEB continues to be a desirable program option for specific clients. However, where local market opportunities are limited, care must be taken to ensure that clients have sound business ideas. **The Management Committee will endeavour to ensure that SEB clients are fully aware of both the potential benefits and also the drawbacks of establishing a new business.**

The evaluation evidence also indicates that Skills Development (SD), Job Creation Partnerships (JCP) and Targeted Wage Subsidy (TWS) programming has a positive impact on reducing the number of weeks of receipt of Income Assistance.

The client benefits from participation in JCP projects in most cases are insignificant, but in some cases are actually found to be significantly negative after completing the intervention, by the evaluation. **The Management Committee believes that a fresh approach to the needs of common clients' is necessary, especially for those not well suited for, or interested in, skills development and has identified this need as a priority in this year's business plan. In this, the Management Committee has stated that it will take steps to ensure that "clients receive program interventions that are geared towards opportunities for lasting employment."**

Benefits to Employers – Evaluation Evidence

In addition to the benefits for program participants, the evaluation evidence also highlights positive impacts for employers. The Targeted Wage Subsidy (TWS) program assisted employers in hiring more workers than they would have otherwise. **The Management Committee believes that greater emphasis must be placed on targeting under-represented groups in the TWS initiative if it is to fulfill its mandate and will endeavour to explore new approaches to addressing this identified gap.**

Benefits to Communities – Evaluation Evidence

The evaluation also highlights the benefits that Job Creation Partnerships (JCP) have on the community in which the sponsors operate. The authors indicated that "JCP has resulted in social and/or economic benefit to host communities", which is good, since project participation does not appear to be linked to subsequent labour market success for participants. **The Management Committee will endeavour to undertake a review to determine best approaches to balance outcomes for both community sponsors and individual clients.**

Going Forward

Overall the Management Committee believes that the evaluation report offers valuable insights into the post-program impacts for clients. It highlights programming that appears to be working for some client groups and not for others. It also suggests that there are areas of the programming mix that need to be reconsidered and/or altered to support stronger client outcomes. Some of these have already been mentioned above. The identification of the need for improved linkages to the demand side of the labour market will be an area of focus for the Management Committee over the coming years.

The Management Committee will authorize a Federal-Provincial committee of senior officials, with the support of the Canada-Newfoundland and Labrador Labour Market Development Agreement Secretariat, to develop an action plan which will focus on actions to be taken to address the recommendations noted in the evaluation.

1. Introduction

This overview report provides a summary of the summative evaluation of the Labour Market Development Agreement (LMDA) between the Government of Canada and the Government of Newfoundland and Labrador. The overview is based on the final technical and analysis report of the evaluation⁴ and consists of the following 6 sections:

- Section 1 provides a description of the Canada/Newfoundland and Labrador LMDA, and highlights the purpose and scope of the summative evaluation;
- Section 2 discusses the evaluation methodology;
- Section 3 presents the main findings regarding co-management and EBSMs participation under the LMDA;
- Section 4 presents the main findings regarding impacts on participants, employers, the labour market, and communities;
- Section 5 presents the main findings regarding cost-effectiveness; and
- Section 6 highlights some conclusions.

1.1 Canada/Newfoundland and Labrador LMDA

The *Canada/Newfoundland and Labrador Agreement on Labour Market Development* is an agreement relating to the delivery and co-management of federal employment benefits and support measures (EBSMs) within the Province of Newfoundland and Labrador. The Agreement was signed and came into effect on March 24, 1997.

The EBSMs were introduced by Human Resources Development Canada (HRDC) as part of the *Employment Insurance (EI) Act* in 1996. The EBSMs are part of a sustainable employment insurance system to assist individuals prepare for, find and keep employment. Employment benefits are available to eligible participants (active and former EI claimants) and support measures, established in support of the National Employment Service, are available to all unemployed individuals. These benefits and measures serve to help workers prepare and for, find and/or return to work and reduce their dependency on EI and provincial Income Assistance.

- **Employment Benefits** are designed to assist individual clients to develop and implement a plan to return to work. They focus on providing assistance with skills development, wage subsidies, job creation and self-employment.

⁴ **Summative Evaluation of the Canada/Newfoundland and Labrador Labour Market Development Agreement: Final Technical Report**, prepared for HRSDC, March 31, 2005.

- **Support Measures** are designed to facilitate community-based delivery of employment services, and to assist community level partners to enhance employment prospects in their areas.

In order to participate in an Employment Benefit, individuals must be an “EI client” or “insured participant” under the *EI Act*. Insured participants include individuals currently receiving EI (i.e. “**claimants**”⁵), and those who qualify under the reachback provisions of the *EI Act* (i.e. “**former clients**”⁶). Some former clients were collecting provincial Income Assistance immediately prior to participation in an EBSM, and are referred to in this report as “**common clients**.”

Support Measures are available to all unemployed individuals. Therefore beneficiaries are not necessarily EI clients (i.e. some beneficiaries may be “non-insured”).

The original offer made to all provinces by the federal government was devolution of labour market programs and services with an LMDA agreement. The province of Newfoundland and Labrador, in partnership with the federal government, negotiated a model that was more appropriate to the needs of the labour market of Newfoundland and Labrador. The model was **co-management** – through which EBSMs are delivered by HRSDC in accordance with the LMDA. Overall management and direction are provided by a federal/provincial co-management committee and a number of regional federal/provincial co-management sub-committees.

External service providers are used extensively under the Canada/Newfoundland and Labrador LMDA to help deal with service delivery issues such as delivery capacity.

1.1.1 **Employment Benefits Implemented Under the LMDA**

Four employment benefits are implemented under the LMDA:⁷

- **Skills Development (SD)** helps participants obtain employment skills, through providing direct financial assistance that enables the participants to select, arrange and pay for training from a registered institution. A contribution agreement made with clients provides them with financial assistance to access training as part of a return-to-work plan. Where appropriate, clients are expected to share some of the costs of their training.⁸

⁵ “Claimants” (also known as active EI claimants) refers to clients on employment insurance.

⁶ “Former clients” (also known as “reachback” clients) refers to clients not on EI, but who have been on EI sometime during the past three years. Clients who have had a sickness or maternity/paternity EI claim in the past 5 years are also included in this client group.

⁷ Part II of the *EI Act* also identifies **Targeted Earnings Supplement** an Employment Benefit, but this benefit has not been implemented.

⁸ Although apprentices are a subset of SD, they are treated separately in this evaluation. Apprentices are not like normal involuntarily unemployed, rather they go through episodes of training and work experience.

- ***Job Creation Partnerships (JCP)*** provides insured participants with opportunities to gain work experience that will lead to ongoing employment. JCPs are designed to create incremental and meaningful work opportunities for clients through partnerships involving Human Resource Centres of Canada (HRCCs), the provincial government, the private sector and/or community groups. Participation is aimed at allowing workers who lost their jobs to gain work experience that will enhance their opportunities for long-term employment. JCP projects are also expected to benefit the community. Clients in receipt of EI benefits continue to receive their EI benefits, and their benefits are “topped up” to the local prevailing wage rate for the occupation. When their EI claim expires, clients may move to support under EI Part II.⁹ Former EI clients receive Part II allowances based on the prevailing wage rate. JCP earnings are not insurable under EI.
- ***Targeted Wage Subsidies (TWS)*** assist participants to obtain on-the-job experience by providing employers with a financial contribution towards the wages of participants they hire. This is designed to encourage employers to hire individuals they would not normally hire in the absence of a subsidy. The subsidy may be up to 52 weeks, or 78 weeks for persons with a disability. The subsidy covers a percentage of the wages and mandatory employment related costs. Under normal circumstances, the wage subsidy does not exceed 60% of the total wages paid to the individual for the period of the agreement.
- ***Self-Employment Benefit (SEB)*** provides financial assistance and business planning advice to help participants start their own business. Clients approved for SEB and who are eligible for EI benefits continue to receive their EI benefits. When their EI claim expires, they may continue to receive income support through EI Part II. In addition, if the client’s EI benefit rate is lower than the local or regional set rate for income support for SEB, the client’s income would be “topped up” to the set rate. Clients approved for SEB who are not eligible for EI benefits may receive income support through EI Part II, up to the established set rate. The financial assistance may be available for a total of 52 weeks, or 78 weeks for persons with disabilities.

Apprenticeship training consists of an initial block of training at a post-secondary institution, typically for nine months. Assistance for this training can be provided under SD, and much of the SD budget is directed towards this type of training. Following their initial training period, apprentices engage in periods of work, combined with short periods in training followed by a return to work, often with the same employer. HRSDC support for apprentices involved in these latter blocks of training is provided under the ***apprenticeship program***. As indicated in Section 2.1.2, the evaluation examines this latter type of support only in a limited manner.

⁹ EI Part I Benefits are income benefits and are paid to eligible unemployed individuals. The benefits are temporary and vary in amount and duration according to various criteria. EI Part I Benefits can also be called “EI benefits”, “income support” or “Employment Insurance”. EI Part II Benefits supplement Part I income benefits and provide for EBSMs designed to help individuals return to work.

1.1.2 Support Measures Delivered Under the LMDA

Two Support Measures identified in the *EI Act* are delivered under the LMDA.¹⁰

- Services provided under *Employment Assistance Services (EAS)* are offered through agreements with sponsors (i.e. organizations and community groups) to help unemployed individuals become employed. After consulting with the local community, local HRCCs determine the type of EAS agreements they will arrange with sponsors in the process of developing the HRCC business plan. For example, one organization might be contracted to provide a full range of services to blind and visually-impaired individuals, while another might provide services to all unemployed individuals in a remote community. The services provided by these organizations are available to all unemployed individuals and not restricted to EI clients.
- *Labour Market Partnerships (LMP)* is used to encourage, support, and facilitate human resource planning and labour market adjustments that are in the public interest. LMP provides funding to assist employers, employees and/or employer associations, and communities to improve their capacity for dealing with human resource requirements and to implement labour force adjustments. LMP addresses labour market issues through partnerships

1.2 Purpose and Scope of the Summative Evaluation

Although client impact was identified by the Labour Market Partners as the over-riding focus of the summative evaluation, the following five key issue areas were examined by the evaluation:

- client impact (including key client characteristics and problems encountered);
- impact on community and employers;
- cost-effectiveness;
- follow-up of outstanding issues from the formative evaluations; and
- lessons learned.

More information on the findings on outstanding issues from the formative evaluation and lessons learned can be found in the final technical report of the summative evaluation. They are not presented in this report.

¹⁰ A third Support Measure, *Research and Innovations*, is delivered through HRSDC National Headquarter.

2. Evaluation Methodologies

This section provides an overview of the approach used to conduct the summative evaluation. It also highlights the key strengths and limitations of the approach.

2.1 Evaluation Strategy

The evaluation strategy developed for the summative evaluation employed a multiple-lines-of-evidence approach. The use of both quantitative and qualitative methods was also emphasized. Care was taken to ensure that evaluation conclusions considered all of the relevant lines of evidence.

2.1.1 Quantitative Methods

As indicated in Section 1.2, the over-riding focus of the summative evaluation was on measuring the impact that the EBSMs have on program participants. This measurement was done primarily through quantitative research.

Administrative data analysis used federal and provincial administrative data to examine EBSM participation, develop the sample frame for the survey of participants, and choose the best possible comparison group sample frame.

A *participant survey* consisting of 2,201 participant interviews was undertaken to examine client impacts.

A *comparison group survey* consisting of 2,414 interviews with individuals selected as members of a comparison group was undertaken to provide a basis for estimating client impacts. Propensity score matching was used to select the sample of comparison cases that would be contacted to complete the survey questionnaire. Once the survey was completed and the pool of comparison cases with administrative data and survey data was known, a second stage of the matching process was conducted to select the most appropriate comparison cases for analysis. Once this second stage matching was conducted detailed profiles of the participants and the matched comparison cases were developed to ensure the profiles of the two groups were similar on the following variables:

- Gender;
- Age;
- Region;
- Education;
- Family Composition;
- Member of a Visible Minority;

- Person with a Disability;
- Member of an Aboriginal Group;
- Employment Status Prior to Program;
- NOC Coding (job prior to program);
- Type of Employer (job prior to program);
- Expected Recall to Seasonal Job;
- Looked for Work (12 months prior to program);
- Exhausted EI Prior to Program;
- Weeks of EI Eligibility;
- Months on SA Year Prior;
- Weeks into Claim for APE Start; and
- Prior Use of EBSMs.

Following a review of these diverse variables, the profiles of the participants and matched comparison cases were considered to be very similar, with most categories for any one variable not differing by more than 5%.

Econometric modelling was carefully designed to provide the best possible estimates of client impacts by attempting to control for any differences between the participant and comparison groups (given the limitations imposed by the nature of the available data).

2.1.2 Qualitative Methods

The summative evaluation also included significant qualitative research.

Twenty **key informant interviews** were undertaken to obtain views from the various participating departments/agencies and organizations on evaluation questions, and to examine context for the evaluation.

A total of 29 **documents and reports were reviewed:**

- to gain a more in-depth knowledge of the EBSMs and their potential impacts;
- to gain a more comprehensive understanding of some of the issues surrounding the design and delivery of the EBSM/LMDA model;

- to understand specific questions raised during the formative evaluations and ensure these were integrated into the qualitative research design; and
- to gain a better understanding of the partners and client groups who are a part of the LMDA.

Focus groups are a key element in the collection of qualitative information for this study. In addition to focusing on a particular element of the LMDA, such as an employment benefit, focus groups were also designed to look at differences between regions of the province. Twenty-one *focus groups* were used to gather the perspectives of the LMDA Secretariat and Regional Coordinators, the LMDA District Committee Co-chairs, program clients by program, women, income assistance recipients, community agencies representing equity groups, employers and JCP sponsors.

Case studies were used to provide a “snapshot” of EBSM/LMDA results and impacts, and to highlight diverse issues and lessons learned/best practices. A total of 9 case studies were conducted to examine:

- JCP – to look at lessons learned;
- LMP – to look at community impacts;
- apprenticeship – to articulate the process of apprenticeship as practiced in the province, and to identify barriers faced by apprentices both during their training programs and in their work environments;¹¹
- barriers to employment and training program take-up and completion; and
- the labour market and the impact of EBSM interventions.

A *service delivery staff survey* was conducted with 42 front-line HRSDC and ESP staff. An open-ended question format was used to conduct telephone interviews designed to help identify results, impacts on clients, and clarify issues arising from the quantitative research.

2.2 Key Strengths and Limitations

The use of the *multiple-lines-of-evidence approach* serves to validate findings by cross-referencing a number of sources and ensures that all issues are explored in depth. For example, the qualitative research was used to:

- help explore and explain the quantitative results (e.g. some of the qualitative research was delayed until the quantitative results were obtained, in order to target qualitative research to some of those results);
- follow-up on unanswered questions posed by the formative evaluations;

¹¹ The summative evaluation did not attempt to measure the quantitative impact of the apprenticeship program (which supports the short periods of training that are combined with periods of work) because the comparison group used by the evaluation (i.e. unemployed EI claimants) would not have been appropriate (because, unlike most other individuals accessing EBSMs, apprentices are often not unemployed).

- examine questions not addressed by the quantitative research (e.g. apprenticeship, negotiated financial assistance, impacts of JCP projects on communities); and
- facilitate analysis of the overall impacts on the development of the province's labour market and the extent to which both federal and provincial labour market objectives have been achieved.

At the core of the summative evaluation methodology is the measurement of net incremental program impacts on EBSM participants.¹² The methodology relies on data derived from client surveys and from EI and social assistance administrative records.¹³ It looks at pre- and post-program experiences of participants in comparison to similar individuals¹⁴ who did not participate¹⁵ in the program. The program period is measured using start and end dates of interventions,¹⁶ and reported program results are based on the principal EBSM taken by clients.¹⁷

The *quantitative methodology was carefully designed* to ensure scientific rigour and use of state of the art matching and econometric techniques. Ensuring the validity of the conclusions of the quantitative research involved the use of expert advisors to validate the quantitative methodology, completing a large number of participant and comparison group interviews, and the use of kernel matching estimation to corroborate the nearest neighbour estimates (which provide the core of the results reported). Standard errors of the estimates were obtained using the bootstrapping technique in order to provide greater confidence in the conclusions about significance levels.

A notable limitation in the evaluation methodology comes from the absence of client tax data. Availability of these data would have strengthened the selection of the comparison groups and would have provided more reliable pre-program and post-program earnings information than obtained in the telephone survey responses.¹⁸

¹² Incremental or net impacts refer to impacts on individuals over and above what would have occurred without the assistance of the program. Net or incremental impacts differ from “gross measures”. Gross measures do not take account of what would have happened in the absence of the program.

¹³ Analysis of administrative records is done only for surveyed clients who provided their consent.

¹⁴ Summative evaluations of EBSMs employ a comparison group methodology in the estimation of incremental impacts. Comparison group members are as similar as possible to program participants through demographic matching. However, there is still the possibility that they may differ in some unobservable characteristics (e.g. motivation).

¹⁵ Specifically, active claimants were matched to active EI claimants who did not participate in an EBSM intervention. Common and former clients were matched to common and former EI recipients who participated in a Support Measure but did not participate in an Employment Benefit intervention.

¹⁶ This involved using the action plan equivalents (APE) approach, which is described in Section 3.2.

¹⁷ Since the analysis was conducted for each intervention and client group separately, no overall program impact was estimated. Directly estimating an overall impact estimate was not recommended since there was overlap in the comparison cases used to create comparison groups for each intervention.

¹⁸ The pre-program data from the telephone survey were of such poor quality that it was not possible to develop “difference-in-difference” estimates of earnings impacts.

3. Co-Management and EBSM Participation under the LMDA

This section provides a summary of the main findings regarding co-management, the characteristics of Employment Benefits and Support Measures (EBSM) participants, and program participation. The main findings regarding program access, and barriers to program take-up and completion are included in the discussion of program participation. Some lessons learned are also included.¹⁹

3.1 Co-Management

As indicated in Section 1.1, Newfoundland and Labrador selected a co-management approach for the delivery of EBSMs under their Labour Market Development Agreement (LMDA).

Interviews with key informants and focus groups indicated that ***co-management is understood and implemented at all levels throughout the province***. A Management Committee is established at the provincial level. Four district committees (Avalon, Central, Western and Labrador) have also been established. The senior officials of both governments interviewed for the evaluation are generally positive about co-management. There is also a sense that the relationship between governments is improving.

A labour market information sub-committee was put in place following the July 2002 review of progress under the LMDA. The review was conducted by The Institute for the Advancement of Public Policy and highlighted concerns regarding the relevance, timeliness and accessibility of labour market information to support the preparation of district business plans and the choice of appropriate EBSM interventions.

Some further improvements in existing communications mechanisms may be needed. Senior officials interviewed for the evaluation appeared to have a more favourable view of the effectiveness of current communications approaches overall, compared to less senior officers. At the working committee level, there is a “strong sense of the challenges” associated with effective communication. Also, there was seen to be a need for greater direction from the management committee on the issue of effective communications.

3.2 General Characteristics of EBSM Participants

Each EBSM client typically develops a return-to-work action plan with the aid of an employment counsellor. These action plans involve one or more interventions designed to help the individual return to work. To first examine program participation and participants, and later to examine impacts (presented in Section 4), the summative evaluation used

¹⁹ As noted earlier, this summary report includes only some of the findings regarding follow-up issues and lessons learned. More details can be found in the final technical report of the evaluation.

administrative data to construct *action plan equivalents*.²⁰ The APEs were constructed on the basis of the start and end dates of individual EBSMs (including counseling sessions) accessed by a client. A participant was then defined as an individual completing an APE in the reference year (2000-2001).²¹ For an APE to end, there had to be no new service starting within six months of the end of the previous service. Participants were classified into one of three client groups, according to their use of EI and Income Assistance.

- **Claimants** are EBSM participants who were on an active EI claim at the start of their action plan or whose EI claim terminated less than two months prior to the start of their action plan.
- **Former clients** are EBSM participants who qualified under the reachback provisions of the *EI Act*, but who were *not* in receipt of Social Assistance at the start of their action plan or less than two months prior to that date.
- **Common clients** are EBSM participants who qualified under the reachback provisions of the *EI Act* and who were in receipt of Social Assistance at the start of their action plan or less than two months prior to that date. These individuals are sometimes called “SAR Reachbacks.”

The analysis of the administrative data found that about 15,000 individuals completed an action plan in 2000-2001.

- About 60% of the participants were claimants, about one-quarter (24.5%) were former clients, and the rest (14.7%) were common clients.
- The participants included more men (63.3%) than women (36.7%). Although about 40% of clients accessing EI in 2000-2001 were women, only 35.4% of all clients beginning an EBSM intervention in that year were women.
- Over half (56.1%) were between 25 and 44 years of age at the beginning of their APE, while 25.5% were under age 25 and the rest (18.4%) were age 45 or older.
- Most were located in either the Central District (34.4%) or the Avalon District (33.3%), while the rest were in the Western District (23.7%), the Labrador District (5.2%) or had moved outside the province either during or shortly after their APE (3.3%). By comparison, 2001 Census data indicated that about 49% of the labour force was located in the Avalon District, 28% in the Central District, 17% in the Western District, and 6% in Labrador.

²⁰ Further details on the APE approach can be found in Final Technical Report of the Evaluation.

²¹ Given that the survey of participants began in January 2003, fiscal year 2000/01 was chosen as the reference year (in consultation with experts) to allow for a sufficient post-APE timeframe. Measuring impacts too soon after the end of an APE would underestimate impacts because some time is usually needed for clients to find employment after completing their action plan.

3.3 Program Participation

The decision regarding which employment benefits or combination of employment benefits in which a client will participate is usually made by the client, often in consultation with an employment counselor. Clients may also apply to employers and sponsors directly for available Targeted Wage Subsidies (TWS) and Job Creation Partnerships (JCP) positions, and never see an employment counselor. Analysis of the 15,000 action plans completed in 2000-2001 indicated the following.

- Most (82%) of the participants used support measures.²²
- Over half (58.7%) of the participants used one or more employment benefits. Skills Development (SD) (33.3%) was the most commonly used employment benefit – followed by JCP (21.1%), TWS (6.7%), and SEB (2.1%).
- Many (40.8%) APEs included a combination of employment benefits and support measures, while many (41.3%) APEs used only support measures and some (18%) used only employment benefits.

Comparing the three client groups indicated the following.

- Claimants were significantly more likely to use an employment benefit, compared to the other two client groups. Nearly two-thirds (64%) of the claimant group used an employment benefit, compared to about half of the other two client groups.
- Claimants were more likely to use SD, while the other two client groups were more likely to use JCP. Forty-four percent of claimants use SD, compared to 24% of common clients and 13% of former clients. Former clients (30%) and common clients (27%) were more likely to use JCP, while claimants were less likely to use JCP (17%).

3.3.1 Access to EBSMs

Challenges/barriers in accessing services were examined through the survey of participants, and through interviews and focus groups. ***Based on the participant survey, 11% of participants experienced difficulties in the start-up of their action plan.*** Access difficulties were most frequently cited by participants accessing SD and those trying to develop a career/training plan with an employment counselor.

Service delivery staff indicated that ***the implementation of the enhanced screening and assessment (ESA) process by Human Resources, Labour and Employment (HRLE) has significantly improved access to EBSMs by common clients.*** There is now a clear division of responsibilities for serving EI-eligible and non-eligible clients, and the provincial screening

²² A participant is considered to have used a Support Measure if they participated in employment counseling with either HRSDC staff or a third party service provider funded under an EAS contract, with the counseling intervention documented in administrative data files.

of EI-eligible clients to refer to HRSDC is working appropriately. In addition, the ESA approach was seen as reducing duplication, and reducing inappropriate referrals.

Some difficulties in receiving services were identified for members of some equity groups, particularly for persons with disabilities and people with HIV/AIDS. These difficulties were primarily in two areas: funding for special costs; and levels of flexibility in course load, total hours worked, and time off to meet additional medical/personal needs. People with disabilities or who were of Aboriginal descent also reported that they were discouraged from making use of EBSMs, in some instances – due to their eligibility for other programs and services.

Service delivery staff identified service challenges for clients with multiple and significant employment challenges. In these cases, service challenges are caused by the complexity of clients' needs and the need for greater flexibility in implementing EBSMs to meet those needs.

There is some evidence of a need to promote a greater awareness of the available programs and services. For example, many clients participating in focus groups indicated a need for more information on available programs and services.

3.3.2 Skills Development

As noted in Section 1.1, SD is designed to assist eligible individuals obtain employment skills through direct financial assistance for the costs of skills training courses and related expenses while enrolled in a training program from a registered institution.

SD participants were younger, better educated, and had higher skill levels prior to program participation compared to participants in other interventions such as JCP. The average age of SD participants was about 33 versus about 40 for JCP participants. In the case of SD participants, over three quarters of claimants and former clients and 67% of common clients had at least a high school education.

In the case of SD participants, *the claimant client group had the highest proportion of males (69%), compared to the former and common client groups (roughly equal proportions of males and females).* A significant proportion of common clients in SD were single parents (29% of whom 84% were women), compared to 7% of the other two client groups. About 10% of SD participants were Aboriginals and this was consistent across the three client groups – although Aboriginal participants accessing EBSMs through the various AHRDAs were not included in the participant survey. Individuals with disabilities made up more (9%) of the common client group, compared to claimants and former clients (about 3%).

The survey of participants asked the respondents to provide details on their costs of training and sources of funding. *Common clients incurred the highest direct training costs (an average of \$8,000).* For claimants and former clients, average direct training costs were up to \$3,000 less than for common clients. Common clients had longer average course lengths and were also much more likely to be single parents who require child care supports. These two factors contribute significantly to the costs of attending

training. ***On average, HRSDC was the source of funding for over 80% of the training costs.*** Savings was the second most important source of funding for claimants and former clients (approximately 9%), while student loans were the second most important source of funding for common clients (6%).

More than 90% of SD participants completed their training. The highest completion rate was for claimants (92%), while common clients had the lowest completion rate (84%). On average, the training programs funded under the SD were 8 months long (the median length was 6 months). The vast majority of SD participants received a college diploma or certificate through their program participation. Very few were supported to obtain their high school equivalency (2%) or a university degree (1%).

The participant survey asked SD participants to rate their overall satisfaction with the programs and services they took. ***Satisfaction levels were relatively high: about 85%.***

A lack of transparency in the negotiated financial assistance (NFA) process was identified as a significant barrier to individuals who are not confident in their ability to negotiate with government officials. This issue was identified by the case study and focus group analysis, and corroborated by the survey of service providers. HRSDC has recognized that this is a problem, reviewed the entire NFA process, and proposed changes to provide for greater transparency, consistency, and fairness. Some of these changes were due to be implemented in the 2005-2006 fiscal year. Several other access/take-up issues were identified by case studies, focus groups and the survey of service providers. For example, ***insufficient funding for special equipment or disability-related supports was identified as a barrier.*** Also, ***the requirement for full time attendance was identified as a barrier,*** particularly for clients who may be unable to attend full time because of disabilities, health problems, or family responsibilities.

3.3.3 Job Creation Partnership

As noted in Section 1, JCP is designed to create incremental and meaningful work opportunities for clients through partnerships involving HRCCs, the provincial government, the private sector and/or community groups. Participation is aimed at enabling workers who lost their jobs to gain work experience that will enhance their opportunities for long-term employment.

JCP participants were older, had lower levels of education attainment, and had lower skill levels prior to program participation compared to participants in other interventions such as SD. In the case of JCP participants, 41% of claimants had not completed high school, while 55% of former clients and common clients had not completed high school.

In the case of JCP participants, the common client group had the highest proportion of males (69%), compared to claimants (58% males) and former clients (48% males). Aboriginal clients accounted for about 13% of JCP participants in the claimant and common client groups and 14.8% in the former client group. It should be noted that Aboriginal clients can access programming similar to JCP through AHRDAs. Individuals with disabilities were more common among common clients (10%) than among claimants (4%) and former clients (5%).

The survey of participants found that *approximately 85% of JCP participants continued working for their JCP organization or employer until the planned end of their placement*. Approximately two-thirds of those leaving before the end of the project did so because they found other employment. Reasons for leaving early could not be compared across the three client types because of the very small number of cases.

Approximately 14% of the JCP participants were employed by their JCP employer at some point after the project ended. At the time of the participant survey, 5% of the JCP participants were employed by their JCP employer. Low percentages were expected because JCP placements are expected to be only short-term job placements.

Satisfaction levels for JCP participants were relatively high (about 70%), but below the satisfaction levels reported for the other Employment Benefits.

The JCP focus groups identified two concerns: *JCP earnings are not insurable under EI, and participants with a higher EI benefit rate may not gain much financially from their JCP involvement due to the wage cap in the program*. Also, focus groups and service delivery staff noted that *while a JCP placement can provide valuable work experience and exposure, it is often not linked to any plan for long-term sustainable employment for the client. Employers identified a heavy and unnecessary administrative burden and inconsistencies in accessing JCP*. The concerns in these areas related to the application and approval processes, as well as to monitoring by HRSDC.

3.3.4 Targeted Wage Subsidies and Self Employment Benefit

TWS is designed to encourage employers to hire individuals that they would not normally hire in the absence of a subsidy. SEB is designed to help individuals with sound business ideas to start their own businesses.

Only the profile of claimants taking TWS and SEB is presented because of the small number of survey respondents taking these interventions in the other two clients groups.

- *TWS claimants were older, but with levels of educational attainment that were similar to SD claimants*. The average age of TWS claimants was 36, versus an average age of 33 for SD claimants. Over three-quarters (78%) of TWS claimants had at least a high school education.

- ***SEB claimants were older, but with levels of educational attainment that were similar to TWS and SD claimants.*** The average age of SEB claimants was 39. Over three-quarters (78%) of SEB claimants had at least a high school education.

Approximately 89% of the TWS participants worked for the TWS employer until the end of their program period. The survey of participants also found that 45% of TWS participants worked for their TWS employer for some time after the program period ended. One-third were still employed by their TWS employer at the time of the survey.

Virtually all (92%) of the SEB participants surveyed started their business as planned. Of those who did start their business, 57% were still operating the business as of December 31, 2002 (i.e. 21 to 33 months after their action plan ended).

Satisfaction levels for TWS claimants and SEB claimants were relatively high, particularly in the case of SEB.

Service delivery staff identified ***delays in approvals, a limited employer base (outside St. John's), and insufficient budget (St. John's mostly) as TWS access barriers. TWS employers and SEB clients identified heavy/unnecessary administrative burden and inconsistencies in accessing TWS and SEB.*** The concerns in these areas related to the application and approval processes as well as program monitoring by HRSDC.

3.3.5 Apprenticeship Training

Apprenticeship training consists of an initial block of training at a post-secondary institution. Assistance for this training can be provided under the SD benefit. Following the initial training period, apprentices engage in periods of work, combined with short periods in training. HRSDC support for these latter blocks of training is provided under the apprenticeship program.

As noted in Section 2.1, the evaluation used case study analysis to examine the apprenticeship program. The analysis indicated that the apprenticeship model is still the best model for the trades. The strengths are the on-the-job skills, which come through learning with supervision. There are well-linked layers of co-management at the national and provincial levels and with a national apprenticeship forum. Some barriers still exist in the trades for women, persons with disabilities, and aboriginal people. Also, it is often difficult to get qualifying hours of experience in areas with poor labour markets.

3.3.6 Support Measures

Satisfaction levels for participants who only used Support Measures were relatively high (about 68%), but below the satisfaction levels of participants who used Employment Benefits. Satisfaction levels were higher for women (72%) than men (64%).

Employment Assistance Services

The summative evaluation provided an update on the use of third party service providers in the case of EAS. As noted in Section 1.1, the services provided by EAS are offered through agreements with sponsors (i.e. organizations and community groups) to help unemployed individuals become employed. After consulting with the local community, local HRCCs determine the type of EAS agreements they will arrange with sponsors in the process of developing the HRCC business plan.

Key informants indicated that about 80% of the counseling services are now delivered by third party organizations and 20% by HRSDC staff. HRSDC is now in the process of further reducing the provision of employment assistance services by internal staff.

EAS is used primarily to address operational rather than strategic issues. The EAS contracts typically exist to provide employment counseling and information services in remote areas (outreach services), or to reach target populations such as persons with disabilities and women. The majority of EAS funding is for the provision of outreach services.²³ EAS contracts provide more access points for services – particularly in rural areas and in the case of specific client groups such as marginalized women and special needs clients in an urban environment. There are 69 contracts in place.

Third party delivery is supported by many key informants and service providers who indicate that EAS contracts help separate the counselling and case management from funding decisions. Also, many clients identify with EAS staff as advocates in dealing with HRSDC. HRSDC has recognized this and has increased the use of EAS contracts to deliver counselling services to clients.

Some key informants were satisfied with the provision of employment assistance services under EAS. Also, they were of the view that the provision of these services had reached stability. Other informants, however, noted a need for reform and voiced their concerns that there is no proposal call for EAS contracts. In the formative evaluation, a concern was raised regarding the requirement to renew EAS contracts annually and the resulting instability for staff providing employment assistance services. To address some of these concerns, *HRSDC has begun tendering for multi-year EAS contracts. Key informants also indicated that there is limited information sharing between the HRCCs and the third party service providers.* This view was supported by the survey of service providers.

²³ Outreach services consist of counseling and providing information about HRDC programs and services to individuals in outlying areas.

4. Impacts

This section summarizes the main findings regarding the impacts of the Labour Market Development Agreement (LMDA) on participants, employers, the labour market and communities.

4.1 Impacts on Participants

4.1.1 Approach Used to Examine Impacts

The impact of Employment Benefits and Support Measures (EBSM) programs and services on client employment was a key focus of the summative evaluation. These impacts – based on survey data analysis – were calculated by comparing participant post-program employment with comparison group results for a similar period. Considerable effort was taken to ensure that individuals selected into the comparison group had similar characteristics to program participants by using nearest-neighbour matching. Statistical analysis (Ordinary Least Squares regression) was also used to estimate the impact of program participation to adjust for the residual differences between the participant group and the matched comparison group.

Several methodological issues about the impact estimates should be acknowledged. First, as for any non-experimental evaluation, there is always the danger that, despite great care in choosing the comparison group, this group may differ in characteristics that were not measured from the group of individuals participating in EBSM interventions. Second, small sample sizes for some interventions can result in very imprecise impact estimates. Such difficulties prevented the summative evaluation from providing employment impact estimates in the case of common or former clients participating in Targeted Wage Subsidies (TWS), Self-Employment Benefit (SEB), or only Support Measures.²⁴ Finally, survey response errors may affect the accuracy of all of the employment-related data used in the impact analysis, though the direction of such potential biases is unclear.

4.1.2 Impacts on Weeks Worked and Earnings

Statistically significant positive impacts on earnings in the post-EBSM period were found only in the case of claimants participating in Skills Development (SD). As shown in Table 1, SD claimants had a significant gain of about \$2,000 in their annualized earnings in the post-APE period relative to their comparison group. This gain was strongest one year after APE completion, suggesting the impact does not diminish over time in the medium-term. This is an important finding because over 71% of Employment Benefit expenditures are on SD participants and almost 81% of SD participants are claimants. Therefore, *this*

²⁴ The summative evaluation also attempted to examine the impact of program participation on geographic mobility, but was unable to provide an estimate due to data limitations in this area.

finding indicates that the majority of funding was allocated to the client group and intervention with the most positive earnings outcomes.

Table 1 Hours Employed and Earnings Model Coefficients		
	Hours Employed Post APE	Earnings Post APE
Claimants		
Skills Development	104.314	\$1984.508*
Job Creation Partnerships	16.374	\$47.720
Targeted Wage Subsidies	-74.339	-\$2141.623
Self-Employment Benefits	-64.713	-\$3710.705
Support Measures Only	43.652	-\$480.312
Common Clients		
Skills Development	-79.321	-\$317.709
Job Creation Partnerships	-259.365*	-\$2671.873*
Former Clients		
Skills Development	128.098	\$1681.029
Job Creation Partnerships	6.119	-\$1343.257
Estimates derived from survey data analysis. The source is the LMDA survey of participants and comparison group. * p<.05 ** p<.01 *** p<.001. * Means with 95% confidence that there is true impact on outcomes, in which case the likelihood that the difference in the observed outcome happened by chance is less than 5%. ** and *** has same meaning at 99% and 99.9% confidence level. With no *, the coefficient is statistically non-significant.		

The analysis also showed a statistically significant decrease of about \$2,700 in annualized earnings for common clients participating in Job Creation Partnerships (JCP), and a corresponding decrease in their hours worked, relative to their comparison group. A potential cause of this puzzling result is that the comparison group may not be a good enough match for the participants in this case. For example, individuals who only received employment counseling but did not participate in JCP (i.e. the comparison group) may have done so because they found a job that promised longer term employment than provided under JCP.

Point estimates for other interventions and client groups were generally statistically insignificant. Post-program hours and earnings were higher (though not significantly so) for former clients in SD, but estimated impacts were negative and insignificant for most other groups.

4.1.3 Impacts on EI Weeks and Benefits

Statistically significant impacts on EI weeks and benefits in the post-EBSM period were found only for claimants participating in SD and SEB.

- Claimants participating in SD collected 2.2 fewer weeks in EI benefits in the post-APE period, relative to their comparison group. This decrease in EI weeks was small relative to the increase in earnings. The reduction in EI benefits in the post-APE period was not statistically significant, however.
- Claimants participating in SEB had a very large decrease in EI weeks and benefits in the post-APE period. Specifically, they were estimated to collect 16.3 fewer weeks and \$5,500 less in EI benefits relative to their comparison group. It should be noted, however, that this decrease in EI for SEB participants may be due primarily to the change in EI eligibility as a result of program participation and may not be indicative of increased employment.

4.1.4 Impacts on Income Assistance Weeks and Benefits

Statistically significant impacts on Income Assistance weeks and benefits in the post-EBSM period were found only for claimants.

- There were small and statistically significant reductions in Income Assistance weeks and benefits in the case of claimants participating in SD, JCP and TWS. Claimants participating in these Employment Benefits were estimated to have 0.7 to 1.8 fewer weeks of Income Assistance and a \$120 to \$230 reduction in annualized Income Assistance benefits in the post-APE period.
- Claimants participating in SEB had a small (0.5 week) increase in Income Assistance and a \$100 increase in annualized Income Assistance benefits.

4.1.5 Impacts on Skills and Employability

Survey questions were used to explore clients' impressions of the effect that program participation had on their skills and employability.

Acquisition of Diplomas and Certificates

The survey asked participants if they required a diploma or certificate for their longest job in the post-EBSM period and if they had obtained those requirements as a result of their program participation.

The majority of the participants who stated that their longest post-program job required a certificate also said they had obtained their certificate as a result of their program participation. Forty percent of claimants stated their longest post-program job required a diploma or certificate, and 64% of those claimants also said that they had obtained their certificate as a result of program participation. This implies that 26% of all claimants obtained their job requirement as a result of program participation. The survey results also implied that approximately 17% of common clients and 15% of former clients obtained their job requirement as a result of program participation.

SD participants were more likely to state that their jobs required a diploma or certificate (51%), compared to participants in other interventions such as JCP (21%). Also, these SD participants were more likely to state that they had obtained their job requirement through program participation (81%), compared to participants in other interventions such as JCP (42%). This implies that 41% of all SD participants obtained the credentials required by their job through program participation, compared to 9% of all JCP participants.

Although men and women were about equally likely to say that their job required a diploma or certificate, there were large differences in the percentages saying that they had obtained their job requirement through program participation. For claimants, 71% of the males who stated that their job required a diploma or certificate also said they obtained the job requirement through program participation, versus 50% of females. For common clients, the situation was reversed as 80% of the females stated that program participation had provided them with the required credentials compared to 65% of the males.

Acquisition of Job Specific Skills

Survey respondents were asked if they required specific job skills for their longest job in the post-EBSM period and if they had obtained those skills as a result of their program participation. SD participants were more likely to state that their jobs required specific skills (68%), compared to participants in other interventions such as JCP (49%). Also, SD participants were more likely to state that they obtained the required job skills through program participation (68%), compared to participants in other interventions such as JCP (35%).

Perceived Improvements in Ability to Obtain and Keep a Job

The survey of participants asked a series of questions relating to perceived impacts of EBSM programs and services.

The majority of participants in each of the three client groups reported that their ability to obtain and keep a job had improved (72% of claimants, 68% of former clients and 63% of common clients). Another survey question indicated that close to half of the participants in each of the client groups rated their program as important or very important in obtaining their longest post-program job (55% of former clients, 51% of common clients and 46% of claimants).

- ***In the case of SD participants, former clients tended to credit their EBSM participation more than the other two client groups.*** About 86% of former clients said that their ability to get and keep a job had improved, compared to 78% of claimants and 67% of common clients. About 70% of former clients rated their EBSM participation as important or very important in getting their longest post-program job, compared to 62% of claimants and 48% of common clients.
- ***Over half of JCP participants said that their ability to get and keep a job had improved*** (63% of claimants, 59% of common clients and 57% of former clients). Just under half (48% of claimants, 48% of common clients and 43% of former clients) rated their EBSM participation as important or very important in getting their longest post-program job.
- ***Fewer claimants participating in JCP said it improved their ability to get and keep a job than claimants who only talked to an employment counsellor (63% vs. 68%).*** The rate for JCP (63%) was also below the other Employment Benefits: 78% of SD claimants, 77% of TWS claimants and 75% of SEB claimants. About 48% of JCP claimants rated their EBSM participation as important or very important in getting their longest post-program job, compared to 62% of SD and TWS claimants, and 59% of SED claimants and claimants with only Support Measures.

4.2 Employer Impacts

EBSMs, particularly SD, provided employers with trained and skilled workers (as indicated in Section 4.1.5). The summative evaluation was unable to quantify the importance of this effect to employers, however.

TWS and JCP can provide direct benefits to employers.

- TWS primarily involves private sector employers. Employers in the TWS focus groups indicated that participating in TWS helped them to hire staff they could not otherwise afford, especially during the start-up phase, assisted in developing and supporting small business viability, and helped identify skills requirements for new positions.
- JCP is used predominantly to fund projects run by non-profit agencies and has only minimal relevance in assisting private business in meeting their human resource needs.

4.3 Labour Market Impacts

As intended by the LMDA, EBSMs generally focus more on supply than demand.

- On the supply side, EBSMs have improved the skills and employability of program participants. Also on the supply side, the LMDA has resulted in a more efficient referral process between HRSDC and Human Resources, Labour and Employment (HRLE). This has resulted in less confusion for clients, and more effective use of available federal and provincial resources directed at matching labour supply to demand.

- On the demand side, TWS, JCP and SEB create direct and indirect employment. For example, JCP creates employment for participants in the funded projects as well as indirect employment generated by project-related economic activity.

Many key informants suggested that the impact of the LMDA on the labour market could be increased by developing a stronger link between interventions targeting labour supply and interventions on the demand side. Currently, the primary link is through the use of labour market information to help match supply investments in individual clients to existing and projected labour demand. Some LMP projects have been used to link supply and demand, for example by linking the private sector to educational institutions. In some cases, LMP funding was strategically used in conjunction with JCP, TWS and SD funding.

Some provincial government key informants expressed the view that the LMDA is not sufficiently focused on the demand side. They feel that investment in the demand side of the labour market is particularly important to rural Newfoundland and Labrador, where a lack of jobs is a bigger problem than lack of skilled workers.

4.4 Community Impacts

The qualitative analysis indicated that *JCP has made a contribution to many communities and resulted in significant social and/or economic benefit to host communities.* Community groups and non-profit agencies represent the vast majority of JCP sponsors. Key informants identified good project management as the major factor in JCP project success.

Key informants indicated that *there is a substantial difference between urban and rural areas of the province in the case of JCP.* In St. John's (and to a lesser extent in Corner Brook), JCP projects release participants into a labour market that offers opportunities for individuals with the obtained skills and experience. In many rural areas, however, the limited labour market and the seasonal nature of employment mean that the local JCP project may be one of the few sources of employment.

Through LMP projects funding is provided to help employers, employee and employer organizations and communities improve their capacity for dealing with human resource requirements and to implement labour force adjustment. LMP projects include developing plans and strategies, and implementing adjustment measures by working with municipal governments and local community associations to stimulate the development of infrastructure (e.g. the capacity of organizations to provide development services and a range of physical developments).

There is a general concern among key informants that limitations on LMP usage will diminish the impact of the LMDA on community capacity building. Representatives of provincial government, industry, and economic development agencies expressed concerns with the recent constraint imposed by HRSDC on LMP projects. Specifically, they are concerned that allowing LMP projects to carry out planning or studies, but not implement an idea, will diminish the impact of the LMDA on community capacity building.

Community organizations indicated that the potential impact of TWS on communities was limited by the need to demonstrate the potential for long-term employment, which is a goal of the program. Few community organizations could demonstrate this potential in their proposals, given their limited funding.

5. Cost-Effectiveness

The cost-effectiveness analysis conducted by the evaluation focused on estimates of the component costs and the impacts for each intervention within the three client groups.

5.1 In-Program Costs

Table 2 shows the in-program costs of participation. Program costs represent the costs to Human Resources and Skills Development Canada (HRSDC). Out-of-pocket expenses represent the direct cost to the participant or client. Foregone earnings represent the earnings from employment the average participant would have had if they had not participated²⁵. Out-of-pocket expenses and foregone earnings are derived from information obtained through survey responses.

The program costs shown in Table 2 are the costs incurred during the entire length of an Action Plan Equivalent (APE) for a given type of participant. For example, if an individual had an APE spanning 24 months, it is possible the costs included more than one training course. APEs that include multiple interventions typically had a combination of Support Measures and one Employment Benefit, or multiple occurrences of the same type of Employment Benefit (e.g. training). Multiple occurrences of different types of Employment Benefits within the same APE were relatively uncommon.

In the case of claimants, Table 2 indicates that Self-Employment Benefit (SEB) had the highest average program costs for HRSDC (approximately \$7,700 per claimant), followed by Targeted Wage Subsidies (TWS) (\$5,900), Skills Development (SD) (\$4,800) and Job Creation Partnerships (JCP) (\$3,700). Due to lack of data, program costs did not include HRSDC and third party service provider staff and overhead costs. Therefore the program costs associated with EAS Support Measures are indicated as zero.

²⁵ These are estimated using the same methods used for the impact analysis in the previous section.

Table 2 Average Program Costs			
	Program Costs	Out-of-Pocket Costs	Foregone Earnings
Claimants			
Skills Development	\$4,768	\$1,595	-\$5,808***
Job Creation Partnerships	\$3,699	--	--
Targeted Wage Subsidies	\$5,908	--	-\$3,749*
Self-Employment Benefits	\$7,666	--	--
Support Measures Only	\$0	--	--
Common Clients			
Skills Development	\$8,022	\$1,144	-\$3,415***
Job Creation Partnerships	\$4,583	--	--
Former Clients			
Skills Development	\$6,466	\$1,474	-\$5,697*
Job Creation Partnerships	\$4,583	--	--
Source: Survey of LMDA Participants and Comparison Group, weighted for client group and intervention stratification.			
* p<.05 ** p<.01 *** p<.001. See note in Table 1 on page 18 for explanation of the notation.			

Out-of-pocket expenses were only available for SD participants. As indicated in Table 2, the out-of-pocket expenses for SD participants were similar across client types, ranging from about \$1,100 for common clients to \$1,600 for claimants. SD participants also had substantial foregone earnings, ranging from \$3,400 for common clients to between about \$5,700 and \$5,800 for former clients and claimants.

The loss of \$3,700 in foregone earnings in the case of claimants participating in TWS is rather puzzling. Given that average program costs were approximately \$5,900, and that these costs included income payments made to participants during their TWS work arrangement, it is difficult to explain the loss of \$3,700 in earnings relative to the comparison group. The most likely explanation is that, in some cases, the length of the APE spanned more than just the time the client was participating in TWS.

It is also possible that some respondents did not include income subsidized by the program as employment earnings when responding to the survey.

5.2 Post-Program Impacts

Table 3 presents the statistically significant program impacts based on the analysis of survey information presented in Section 5.1. It is important to note, however, that Table 3 shows only the financial outcomes for participants. As indicated in Section 4.1, participants also reported other outcomes such as the acquisition of certificates and skills, and perceived improvements in the ability to obtain and keep a job. In cases where there are self-reported benefits of participation, but no statistically significant result reported in Table 3, we may still expect to see better employment outcomes in the future, or an increased likelihood of success from subsequent programs and services in which the participants are involved.

Table 3 indicates that the only interventions with substantial beneficial impacts were for claimants participating in SD and SEB. SD claimants had an estimated annualized gain in earnings of nearly \$2,000. The direct program costs to achieve this outcome were approximately \$4,800. This means that benefits would be expected to exceed such program costs within 3 years (assuming the beneficial impacts continue in the future for the participants). If out-of-pocket and earnings opportunity costs are included, the payback period would be about six years.

Table 3 Program Impacts by Client Type and Type of Intervention				
	Hours Employed	Earnings	EI Benefits	IA Benefits
Claimants				
Skills Development	---	\$1,985*	---	-\$123*
Job Creation Partnerships	---	---	---	-\$230*
Targeted Wage Subsidies	---	---	---	-\$220*
Self-Employment Benefits	---	---	-\$5,480***	\$102*
Support Measures Only	---	---	---	---
Common Clients				
Skills Development	---	---	---	---
Job Creation Partnerships	-259*	-\$2,672*	---	---
Former Clients				
Skills Development	---	---	---	---
Job Creation Partnerships	---	---	---	---
Source: Survey of LMDA Participants and Comparison Group, weighted for client group and intervention stratification.				
* $p < .05$ ** $p < .01$ *** $p < .001$. See note in Table 1 on page 18 for explanation of the notation.				

This relatively high earnings benefit and short payback period relative to direct program costs to the government was observed for the intervention that accounts for the largest amount of LMDA program expenditures.²⁶ In addition, almost 81% of SD participants are claimants. ***This means that the majority of funding was allocated to the client group and intervention with the most positive earnings outcomes and with a short payback period relative to government costs.***

For SEB participants there was no significant impact on earnings, but there was a \$5,500 decline in annualized post-program EI benefits. From the government perspective, the benefits in terms of lower EI benefits paid would exceed the program costs (\$7,700) within 18 months.

While there were some statistically significant impacts on Income Assistance benefits, the magnitude of the decrease in annualized Income Assistance payments (\$120 to \$230) was relatively small compared to the program costs.

For all other interventions within the three client groups there were no statistically significant benefits. This does not mean that the interventions generated no benefits to justify the program costs, however. It is possible that there were non-employment benefits associated with some interventions or that employment benefits could not be detected because of the small sample sizes involved in some of the interventions.

The one anomaly in the results presented in Table 3 is the statistically significant decrease in the hours worked and earnings in the case of common clients participating in JCP. While it is possible that the program may have caused the participants to become more passive in their post-program employment search, a more plausible explanation may be that the comparison group was not appropriate for these participants. The qualitative evidence collected for this evaluation found that the common clients participating in JCP are among the clients with the lowest employability prospects.

²⁶ As indicated in the 2000/2001 Monitoring and Assessment Report, over 58% of the LMDA program expenditures (excluding HRSDC administrative and overhead costs) were for SD participants. This percentage increases even more to over 71% of program expenditures when Support Measure (EAS and LMP) expenditures are excluded.

6. Some Conclusions

The summative evaluation indicates that Employment Benefits and Support Measures (EBSM) activities under the Newfoundland and Labrador Labour Market Development Agreement (LMDA) have produced incremental impacts for individuals, employers and communities. In the case of individuals, the main findings include impacts on earnings, EI, income assistance, job-related certificates and skills, and employability.

- Claimants participating in Skills Development (SD) had a significant gain of about \$2,000 in their annualized earnings in the post-program period, relative to their comparison group. Comparing this impact to program costs for the government indicated that the payback period relative to government costs was less than three years (assuming the beneficial impacts continue in the future for the participants).
- The majority of participants in each client group reported that their ability to obtain and keep a job had improved (72% of claimants, 68% of former clients, and 63% of common clients). Close to half of the participants in each of the client groups rated their program as important or very important in obtaining their longest post-program job (55% of former clients, 51% of common clients, and 46% of claimants).

In the case of employers, SD provided trained and skilled workers. Employers also indicated that participating in Targeted Wage Subsidies (TWS) helped them to hire staff they could not otherwise afford, assisted in developing and supporting small business viability, and helped identify skills requirements for new positions.

In the case of communities, Labour Market Partnerships (LMP) has included projects that involve working with municipal governments and local communities associations to stimulate the development of infrastructure to assist communities. Job Creation Partnerships (JCP) has resulted in social and/or economic benefit to host communities.

EBSMs generally focus more on the supply side of the labour market than on the demand side. There is a widespread view among key informants that there is also a need for investment in the demand side of the labour market, particularly in rural areas. Some of those informants think more resources from the Newfoundland and Labrador LMDA should be dedicated to the demand side of the labour market.