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# Evaluation of the Labour Market Agreements

*Final Report*  
March 31, 2013

Strategic Policy and Research Branch



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**Final report**

*Evaluation Directorate  
Strategic Policy and Research Branch  
Human Resources and Skills Development Canada*

*March 31, 2013*

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# *List of Acronyms*

<b>AHRDA</b>	Aboriginal Human Resources Development Agreements
<b>ALMPs</b>	Active Labour Market Programs
<b>EI</b>	Employment Insurance
<b>ES</b>	Employment Services
<b>FPT</b>	Federal-Provincial-Territorial
<b>HRSDC*</b>	Human Resources and Skills Development Canada
<b>LMA</b>	Labour Market Agreement
<b>LMAPD</b>	Labour Market Agreement for Persons with Disabilities
<b>LMDA</b>	Labour Market Development Agreement
<b>MPT</b>	Multiple Program Type
<b>P/T</b>	Province/Territory
<b>SA</b>	Social Assistance (Income Assistance or Income Support in some P/Ts)
<b>SDU</b>	Skills Development and Upgrading
<b>SDWE</b>	Combination of Skills Development and Work Experience
<b>STTF</b>	Strategic Training and Transition Fund
<b>TIOW</b>	Targeted Initiative for Older Workers
<b>WE</b>	Work Experience
<b>WSD</b>	Workplace-based Skills Development
<b>YES</b>	Youth Employment Strategy

\* As of July 2013, the official names of the minister and department are the Minister of Employment and Social Development and Minister for Multiculturalism, and the Department of Employment and Social Development Canada (ESDC).

The name of the previous department, Human Resources and Skills Development Canada (HRSDC), is used in this report in a historical context only.



# *Executive Summary*

## **The Labour Market Agreements**

In 2008, the Government of Canada entered into bilateral Labour Market Agreements (LMAs) with all Provinces and Territories (P/Ts) in Canada to provide funding to support a new set of clients not supported under existing Labour Market Development Agreements (LMDAs). Under the LMAs, Canada provides support for provincial and territorial labour market programs and services that focus on skills development for unemployed individuals ineligible for Employment Insurance (EI) and employed individuals who are low-skilled.

LMA funds were committed for six years — April 1, 2008 to March 31, 2014. A two-year Strategic Training and Transition Fund (STTF) was added and targeted workers in communities and sectors affected by the economic downturn, regardless of their EI eligibility. STTF funding was available from April 1, 2009 to March 31, 2011. In total, LMA and STTF funding represents a total investment of \$3.5 billion.

Programs and services provided by P/Ts under the LMAs vary but most can be classified within the following generic types of programs and services:

- **Employment Services (ES)** — providing labour market information and assistance services for employed and unemployed clients. Services can be individual or group-based and can range from basic job search assistance to complete employment action plans.
- **Workplace-based Skills Development (WSD)** — programming may include training offered by employers or skill development initiatives for low-skilled employees who lack a high school diploma or equivalent, including those who have low levels of literacy and essential skills. This program is for employed clients.
- **Skills Development and Upgrading (SDU)** — providing support to participants who require training or academic upgrading.
- **Work Experience (WE)** — programming linked to a period of activity in a work setting (paid or voluntary). May include on-the-job employment supports such as wage subsidies, job placements or project based job creation.
- **Combination of Skills Development and Work Experience (SDWE)** — programming with both training and work experience components.

Multiple lines of evidence were used in the evaluation to explore program relevance, outcomes achievement, efficiency and economy, as well as issues specific to the STTF. The study used: reviews of secondary data, documents, and Canadian and international literature; key informant interviews; and a follow-up survey of participants a minimum of 24 months after their participation ended. These multiple lines corroborated findings and increased general confidence in the results.

The major limitation of the study is the participant-only nature of the 24-month survey. No comparable data exists from a suitable group of non-participants to put the survey findings in context. While the survey asks participants what would have happened to them in the absence of participation, participants may not be good “evaluators” of such alternatives. As a result, the survey findings should be seen as strongly indicative but not definitive of the identified impacts. This would require the use of a comparison or control group of similar non-participants and statistical analyses of differences between the two groups to determine the incremental effects of participation.

## **Summary of Findings**

Findings related to the key issues for the study follow:

### ***Relevance of LMAs***

- A strong and continuing need exists for LMA programs and services. The period since the introduction of the LMAs has been marked by higher than normal unemployment overall with groups targeted by the LMAs being the hardest hit.
- The flexibility afforded by the LMAs allowed P/Ts to respond to existing and emerging needs.
- LMA objectives and priorities are aligned with Federal/Provincial/Territorial (FPT) Government priorities.
- LMA programs generally complement existing FPT programming for the targeted groups. A small amount of duplication may exist with regard to existing Federal programs for youth, apprentices, persons with disabilities and older workers.

### ***Outcomes for Participants of LMA Programs and Services***

#### ***Employment/unemployment***

- At the time of the survey (a minimum of 24 months after participation ended), 86% of LMA participants were employed, 9% were unemployed and 5% were not in the labour force (retired, in-school). Employment levels improved from 44% at the start of participation to 86% at time of survey.
- Those unemployed and not-EI eligible at the start of the LMA participation represented 55% of surveyed respondents. This group of LMA participants had an employment rate of 79% at the time of the survey.
- Participants who were employed and low-skilled, and who by definition were 100% employed at the start of participation, saw their percentage employed drop to 96% at the time of the survey.

- Some groups continued to experience lower levels of employment at the time of the survey. However, all such groups improved from before participation began. Employment levels improved from:
  - 11% at the start of the LMA participation to 40% at time of survey for social assistance recipients.
  - 21% to 64% for older workers.
  - 22% to 66% for persons with disabilities.
  - 28% to 68% for Aboriginal people.

Lower rates of employment at the time of the survey may be an indication of persistence of need for these groups. However, the improvement in employment rates may also indicate that some needs were met.

- Most frequent reasons for being out of work by the 9% unemployed at the time of the survey were: no jobs (31%); being in-school or training (20%); family responsibilities (15%); and experiencing illness or disability (8%).
- On average, participants increased work by 6.7 weeks annually (to 37.6 weeks per year) following participation compared to the year prior to participation. Across all participants only 46% had experienced an increase in weeks worked. Of them, 56% attribute this increase to their LMA participation.

### *Earnings*

- Average earnings by participants who worked in the post-participation period were \$769 per week. This ranged from \$520 for those who took ES to \$1,033 for those who took SDWE.
- On average participants increased their earnings by \$323 per week after participation compared to the one year prior to participation. Those who worked made \$769 per week in the post-period.
- Twenty-eight per cent (28%) did not experience gains in employment earnings. Of the 72% who improved their earnings, 65% attribute their improvement to their participation.

### *Dependence on government income support*

- Dependence on Social Assistance (SA) is reduced. In the period after participation (a minimum of 24 months), only 19% had received SA compared to 25% who were in receipt of SA when participation began.
- It was not possible to know the percentage of LMA participants who were EI eligible and were receiving EI benefits at the start of LMA participation. At some time following participation, 25% of participants identified receiving EI benefits. At the time of the survey, a maximum of 9% (those who were unemployed) were potentially in receipt of EI. As a result, there are indications that the use of EI may have increased after LMA participation.

### *Other outcomes*

- Eighty-seven per cent received a certificate, diploma or credential through participation.
- Of those who identified a need existing at the start of participation, a majority (ranging from 71% to 92% based on the need identified) said it had been met as a result of participation.
- A majority of participants experienced positive life-changes since they began participation (from 71% to 82% depending on the specific life-change identified). As participation was a major event in this period, this change may be attributable to participation.
- Overall, 87% of participants were satisfied with their participation.

### *Efficiency and economy*

- A clear link exists between labour market conditions in P/Ts, established LMA priorities, and LMA program resourcing.
- Performance measurement and reporting requirements were not met in every instance. In cases where they were not, P/Ts identified that these shortcomings were being rectified.
- A vast majority of P/Ts used the monitoring and performance measurement activities to make adjustments to their programming.
- LMA programming benefited from best practices.

### *Strategic Training and Transition Fund*

- STTF funding assisted most P/Ts to expand existing labour market activities or to create new labour market programs in areas hardest hit by the downturn in the economy.
- A few jurisdictions made strategic decisions to re-profile, or intentionally carry forward their LMA funding, using STTF funding to deliver LMA programs. Re-profiling allowed for more strategic long-term planning with consistent funding amounts while avoiding a short-term spike in service offering followed by contraction.
- Overall, the STTF funding addressed the needs of sectors and communities most impacted by the economic downturn. This occurred to a larger extent in jurisdictions where the impact of the downturn was larger. Most jurisdictions indicated that expanded programming occurred, specifically in the communities where the need was greatest.

# *Management Response*

The Labour Market Agreements (LMAs) were established in 2007 to provide training to those unable to access training under Employment Insurance (EI) programs. The broad objectives of the LMAs are to increase the labour market participation of unemployed Canadians who are not EI clients, and to improve the skills of low-skilled workers through training.

In Budget 2013, the Government of Canada announced its intention to renew the LMAs with P/Ts at the current funding level of \$500M per year beginning in 2014 and introduce a Canada Job Grant. The Canada Job Grant will directly link skills training with employers and a guaranteed job.

Increasing employer involvement in skills training is critical given the growing skills mismatch. There are too many jobs that go unfilled in Canada because employers cannot find workers with the right skills. Meanwhile, there are still too many Canadians looking for work. Training in Canada is not sufficiently aligned to the skills employers need, or to the jobs that are actually available.

The LMA evaluation, conducted jointly with P/Ts, identifies two areas for consideration going forward: improvement in performance measurement; and a need for better coordination between F-P/T labour market programming.

**Performance measurement:** The LMA evaluation identifies some significant shortcomings in the gathering of performance information due to a lack of clarity and consistency in data collection (e.g., lack of common definitions and implementation of indicators, inconsistency in the way information was reported).

**Improving coordination between F-P/T labour market programming in the areas of youth, Aboriginal people, apprenticeship, persons with disabilities and older workers:** The Evaluation indicates that there is duplication across programs.

In the future, the GoC will take these recommendations into consideration.





# 1. Introduction

This report presents findings and conclusions from the evaluation of the Labour Market Agreements (LMAs). The evaluation is based on surveys of 7,000 participants at least 24 months after their LMA interventions ended, a detailed document review, reviews of secondary labour market data (including data from other LMA follow-up surveys) and Canadian and international literature, and interviews with senior Federal-Provincial-Territorial (FPT) representatives involved in the management and delivery of the LMAs.

The report is organized as follows:

- Section 1 provides an overview of the LMA and the evaluation.
- Section 2 presents the LMA evaluation findings and conclusions organized by evaluation issues and questions.
- Section 3 summarizes the key evaluation findings and conclusions.

## 1.1 The Labour Market Agreements

In 2008, the Government of Canada entered into bilateral LMAs with all Provinces and Territories. The \$3 billion, six-year commitment represented an investment of \$500 million annually from April 1, 2008 to March 31, 2014. Under the LMAs, Canada provides support for provincial and territorial labour market programs and services that focus on employment supports and skills development for:

- Unemployed individuals who are not Employment Insurance (EI) eligible clients, including but not limited to: Aboriginal persons; immigrants; older workers; persons with disabilities; social assistance (SA) recipients; people who were previously self-employed; new entrants and re-entrants to the labour market; women; and youth.
- Employed individuals who are low-skilled, in particular, employed individuals who do not have a high school diploma or a recognized certification or who have low levels of literacy and essential skills.

With few exceptions, the LMA programs and services can be grouped into the following five main categories:

- **Employment Services (ES)** — providing labour market information and assistance services for employed and unemployed clients. Services can be individual or group-based and can range from basic job search assistance to complete employment action plans.
- **Workplace-based Skills Development (WSD)** — programming may include training offered by employers or skill development initiatives for low-skilled employees who lack a high school diploma or equivalent, including those who have low levels of literacy and essential skills. This program is for employed clients.
- **Skills Development and Upgrading (SDU)** — providing support to participants who require training or academic upgrading.

- **Work Experience (WE)** — programming linked to a period of activity in a work setting (paid or voluntary). It may include on-the-job employment supports such as wage subsidies, job placements, or project-based job creation.
- **Combination of Skills Development and Work Experience (SDWE)** — programming with both training and work experience components.

Additionally, Canada committed \$500 million through the Strategic Training and Transition Fund (STTF). Funding was limited to two years from April 1, 2009 to March 31, 2011. The STTF supported provincial and territorial initiatives that helped meet the training needs of workers in communities and sectors affected by the economic downturn, regardless of their EI status. The STTF offered Provinces and Territories (P/Ts) the flexibility to design programming to best meet their needs by:

- Helping clients start their own businesses.
- Creating employment.
- Supporting skills upgrading and training.
- Providing mobility and relocation assistance.
- Supporting employers and communities in developing and implementing plans or strategies for dealing with labour force adjustments.

## 1.2 Evaluation of the Labour Market Agreements

Multiple lines of evidence were used in the evaluation to explore program relevance, outcomes achievement, efficiency and economy, as well as issues specific to the STTF. The study used: reviews of secondary data, documents, and Canadian and international literature; key informant interviews; and a follow-up survey of participants a minimum of 24 months after their participation ended. These multiple lines corroborated findings and increased general confidence in the results.

The LMA evaluation was overseen by an LMA Evaluation Advisory Committee with representation from Human Resources and Skills Development Canada (HRSDC), nine provinces, and three territories. A working group formed of members of the Advisory Committee was responsible for ongoing contact with the contractor.

Components of the evaluation were:

- **Literature Review** — covered Canadian and international literature and identified key lessons learned and best practices in the design, implementation, and success of government-supported active labour market programs that target low-skilled people and those in receipt of public income assistance. Further, it provided evidence on the likely impact based on similar programs and client groups to the LMAs.

- **Document Review** — included Audited Financial Statements; Labour Market Agreements; Annual Reports; Performance Measures Reports; key policy documents and publications; LMA Year II reviews; STTF quarterly reports; and HRSDC National reports. The document and file review provides context for the LMA evaluation and assisted in the refinement and understanding of the evaluation issues/questions. Further it provided direct evidence covering most evaluation issues.
- **Key Informant Interviews** — conducted by telephone with FPT representatives who provided insights in terms of most evaluation issues. Interviews covering 30 individuals followed a standard interview guide with probes to gather further evidence.
- **Secondary Data Analysis** — covered Census data, labour market statistics, and similar sources of labour market information; and looked at program relevance exclusively.
- **3- and 12- to 18-Month Surveys** — these follow-up surveys of LMA participants support the LMA Accountability Framework. They provided data to compare with estimates from this evaluation in terms of coverage of targeted groups and client satisfaction.
- **24-Month Survey of Participants** — administered in 11 jurisdictions with participants who completed one or more LMA program or service between April 1, 2008 and September 30, 2010. The survey was conducted in the fall of 2012, a minimum of 24 months after participation had ended, and dealt mainly with medium-term outcomes. The study team assisted P/Ts regarding application of the common survey methodology across jurisdictions. In addition, one jurisdiction provided data from its existing surveys using a common reporting template. Data gathered and reported in a consistent manner across P/Ts were then aggregated at a national level. The survey obtained 7,000 completions. Results were re-weighted to reflect the target group and participation characteristics of the 55,000 individuals who completed LMA programs and services between April 2008 and September 2010.

A technical report presented the methods and findings by evaluation issue and question for each of the components identified above. An evidence matrix also summarized findings by evaluation issue and question and component.

The following scale is used in the presentation of qualitative findings:

- All (100%).
- Almost all (90% or more).
- Most or the vast majority (75% to 90%).
- The majority or many (51% to 74%).
- One-half (50%).
- Some (less than 50%).
- Few (less than 25%).
- Very few (less than 10%).

### 1.3 Key Evaluation Strengths and Limitations

The LMA evaluation was tasked with providing answers to a number of evaluation questions agreed to by the LMA Evaluation Advisory Committee. The evaluation makes good use of the multiple lines of evidence available to it. Together the mutually supportive findings across the different sources produce compelling answers to the evaluation questions.

The generic survey provided useful new data from a large number of LMA participants. The survey collected labour market data covering the year prior to participation and at least two years following participation. Each jurisdiction conducted its own survey and provided the evaluation team with tabular data of the results. Despite limitations imposed by not having individual respondent data, the evaluation was able to conduct limited tests of the significance of key findings. Best efforts were made to look for irregularities in the tabular data and to seek corrections when warranted. However, consistent edit checks were not made across jurisdictions and some data problems likely remained. Most P/Ts provided evidence of the completion rates (completions/records in sample) while some provided additional evidence of the response rates (completions/valid records in sample) for their surveys. Assuming the same relation between response and completion rates between P/Ts who reported both and reported completion rates only yields a weighted (based on the number of completions) average response rate of 38% (40% without weighting). This is a good response rate for a telephone survey suggesting non-response bias should not be a significant concern. However, we cannot exclude the possibility of survey non-response bias (survey results differing from results that would have been obtained from non-respondents).

The major limitation is that the generic survey includes only individuals who participated in LMA programs and services. No data from comparable non-participants are available. As a result, the study cannot produce incremental estimates of impact or what would have happened in the absence of participation. Opinions of respondents are used to qualify the outcomes or changes they experienced from what would have happened in the absence of participation. However, participants are generally felt to be poor judges of the counterfactual. As a result, evidence from the survey, while strongly indicative, is not absolutely definitive of impacts through participation. It is, however, the best evidence available of impact at this time.

## 2. *Evaluation Findings*

Findings are presented in this chapter across the three main evaluation issues of the study: program relevance; achievement of expected outcomes from LMA participation; and efficiency and economy as well as issues related to the Strategic Training and Transition Fund.

### 2.1 Program Relevance

Overall, the evaluation found a strong and continuing need for the LMAs. The period since introduction of the LMA has been marked by higher than normal unemployment with those hardest hit being groups targeted by the LMA. Those targeted continue to experience more pronounced labour market challenges.

Key informants felt that LMA flexibility allowed them to respond to existing and emerging needs. Evidence from the documents reviewed confirms the P/T initiatives targeted existing needs but provided no conclusive evidence that LMA initiatives were targeted toward emerging needs.

Key informant interviews and the document review confirm that LMA objectives and priorities are aligned with FPT Government priorities.

Evidence from key informant interviews and the document review suggest that LMA programs generally complement existing FPT programming for the targeted groups. There is evidence of some duplication with regard to programming for the following groups: youth; apprentices; persons with disabilities; and older workers.

#### 2.1.1 *Labour Market Needs of Eligible Groups*

This section explores the continuing need for the LMAs. Using the evidence obtained from the secondary data analysis, document review, key informant interviews and generic survey, it discusses the extent to which the LMA programs and services addressed demonstrable needs and were responsive to ongoing and emerging needs of the target population and eligible participants. This section specifically addresses the questions:

- ❓ **Is there a continued need for the LMAs?**
  - ❓ **To what extent do the LMA programs and services address demonstrable need(s) and are responsive to the ongoing and emerging needs of the target population and eligible participants?**
  - ❓ **To what extent do the specific need(s) the program was intended to address persist?**

## *Demonstrable needs and persistence of needs*

When the LMA agreements were created, Canada was experiencing strong employment growth and low unemployment rates according to secondary data. Labour shortages in some sectors and regions were looming and increasing participation in the labour market was a primary goal. With the economic downturn in late 2008, the need for programming to assist with back-to-work activities became stronger.

The extent of the need for LMA programs and services relates to the participants' labour market prospects when such programs and services are unavailable. Labour market data immediately prior to the LMAs were compared with data on the state of the labour market since the LMAs began. These data show that the overall unemployment rate in Canada<sup>1</sup> increased sharply shortly following the introduction of the LMAs, peaked in 2009 and declined somewhat thereafter, but remained high relative to earlier levels. These data imply that LMA participants faced below-average employment prospects from 2008 to present. Furthermore, the overall labour market data indicate that although overall employment levels have recovered, continuing labour force growth has meant that this recovery has not been sufficient to lower unemployment rates to pre-2008 levels. At an aggregate level, this confirms the rationale for the LMA and its continued relevance.

Further insights related to program relevance are provided by examining the employment situation for the various LMA target groups. Generally speaking, the LMA target groups continue to experience higher unemployment rates, and in some cases, double the national average of 6.3%. Specifically, lone parents (an imperfect proxy for those on SA) (8.1%), persons with disabilities (8.6%), recent immigrants (12.3%), and Aboriginal persons (14.8%) show unemployment rates well above the national average.<sup>2</sup>

Additional evidence of needs and the persistence of needs supporting the inclusion of the following LMA target groups are noted below:

- **Aboriginal people** — Statistics Canada data on the economic conditions of Aboriginal Canadians show the following:
  - Unemployment rates for Aboriginal Canadians are higher than average unemployment rates for their P/T.
  - Labour force participation rates for Aboriginal Canadians are much lower than for the non-Aboriginal population, particularly Aboriginal Canadians on reserves.
  - Levels of educational attainment are significantly lower than P/T averages and represent a critical employment barrier for Aboriginal people.
  - Earnings levels for Aboriginal Canadians are lower than for the non-Aboriginal population.

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<sup>1</sup> Published data for this analysis comes from Statistics Canada's *Labour Force Survey* which excludes the territories.

<sup>2</sup> Source: Data for lone parents, recent immigrants and Aboriginal people, HRSDC calculations based on Statistics Canada. *Census 2006 data* (not published); and for persons with disabilities, Statistics Canada. *Education, Employment and Income of Adults with and Without Disabilities – Tables*. Ottawa: Statistics Canada, 2009 (Cat No. 89-587-XIE).

These factors contribute to lower earnings levels and employment prospects for Aboriginal Canadians compared to the non-Aboriginal population. Specifically, Aboriginal Canadians participate less in the labour force, have higher rates of unemployment when in the labour force, and rely more on SA. Furthermore, the impact of the 2008–2009 recession was more severe for Aboriginal Canadians in the labour market. While employment levels declined in all demographic categories, a much larger decline occurred for Aboriginal Canadians, widening the employment gap between Aboriginal and non-Aboriginal groups in Canada.<sup>3</sup>

- **Immigrants** — Immigrants account for a growing proportion of Canada’s population and labour force. Many studies have shown that recent immigrants are doing less well economically than earlier generations of immigrants. These studies show that unemployment rates for recent immigrants exceed those of earlier immigrants and are much higher than the Canadian average. A number of issues in the research literature point to the challenges recent immigrants experience:
  - Problems in having their foreign education credentials assessed and recognized.
  - Related issues of lack of recognition of foreign work experience.
  - Insufficient labour market information targeted to recent immigrants and their needs.
  - Language problems.
  - Generalized discrimination against immigrant job applicants based on possible language skill concerns without specifically testing language skills.
  - Possible long-term scarring effects of initial negative employment experiences.
- **Older Workers** — Labour market issues related to older workers (defined as those 55 to 64 years of age) have been at the forefront of much of the recent literature on labour market challenges facing Canadian society.

Unemployment rates for older workers are lower than the national average. At first glance, this might raise questions about the importance of older workers as a target for LMA programs. However, as the *Report of the Expert Panel on Older Workers* (2008) notes, the core older worker issue is long-tenure displaced older workers, particularly in rural areas, where there are few alternative employment options and where unemployment duration can be very long. As a result, it has been suggested that public policy concerns might be better directed to less educated older workers in rural and remote communities to focus on those with the greatest losses from displacement. The LMA focuses on older workers, and STTF focuses on workers in communities and sectors affected by the economic downturn, particularly if those were long-tenure workers in rural areas. This program direction responds to the views of the Expert Panel and the data that indicate significantly higher unemployment rates for older workers living in rural areas of Canada.

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<sup>3</sup> Statistics Canada, *Labour Force Survey*, SC 71-588-X.

- **Persons with disabilities** — Labour market data relating to persons with disabilities show that unemployment rates for this group are higher than the national average (14.3% vs. 6.8%).<sup>4</sup> This gap increases with the degree of disability and is generally larger for males than for females. In addition, persons with disabilities have lower average employment income and participation rates, and higher unemployment rates. Among disabled persons, the highest unemployment rates are for the youngest individuals with the most severe disabilities.<sup>5</sup>
- **Social Assistance Recipients** — Employment prospects of social assistance (SA) recipients depend on a variety of factors including the extent to which SA recipients are able to enter the labour market at a specific point in time. Single parents with very young children (many of whom may be on SA), for example, often plan for labour market entry, not at the present, but at some future time. No readily available data base indicates how social assistance recipients are doing with respect to finding employment. LMA services to eligible SA recipients have the potential to speed their return to work. Evidence from the literature review suggests that personalized attention by program officers is effective with this group. Also, individual counselling with help in how to apply for work and training opportunities is effective for women among this group.
- **Previously self-employed and new entrants/re-entrants** — These groups of non-EI eligible persons contains individuals with characteristics that vary substantially. Entrants are generally young while re-entrants are disproportionately women. LMA participants are, presumably, those previously self-employed persons who were not doing well in the self-employment area. The rationale for their inclusion in the LMA initiatives is to assist them in their transition back into the employed labour force.
- **Women** — Women compared to men participate less in the labour market although the gap has declined considerably over the last several decades. Women are more likely to be single parents, potentially on SA, and/or be re-entrants to the labour market supporting their inclusion as a targeted group.
- **Youth** — Young people (defined as those 15 to 24 years of age) have consistently accounted for a disproportionate share of Canada’s unemployed. Overall data on youth unemployment rates relative to other groups indicate an unemployment rate nearly two times higher than the Canadian average in 2011 (14.2% vs. 7.2%).<sup>6</sup> Youth unemployment rates tend to rise relative to the overall rate during recessions as they did in the 2008–2009 recession. Concerns exist in the literature related to possible youth “scarring effects” associated with persistent unemployment and to links to the education system and the importance of the transition from school to work. The secondary data review support inclusion of youth among targeted groups by the LMA.

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<sup>4</sup> Source: *HRSDC Federal Disability Report*, (2010) using *Population and Activity Limitation Survey* for 2006.

<sup>5</sup> Source: Williams (2006), using Statistics Canada 2001 *Population and Activity Limitation Survey*.

<sup>6</sup> Source: Statistics Canada, *Labour Force Survey*, 2011.



- **Low-skilled employed** — The low-skilled employed group is not a standard statistical data category. Labour market participants with low levels of education may be a reasonable proxy for this group. In the 2008–2009 recession, this group had employment declines that were much larger than for the “all employed” category. Declines for those with low levels of education ranged between 3.6% for women to 5.2% for men compared to 2.1% across all employed groups regardless of education level.<sup>7</sup> Although the proportion of Canadians without a high school diploma has been declining, members of this group are likely to continue to face poor labour market prospects.

Findings from the key informant interviews also strongly suggest that the need for LMA programming persists. While there was no consensus on which target groups had persistent needs across jurisdictions, every key informant indicated that at least one target group continued to show a persistent need in their P/T. Most jurisdictions indicated the needs of Aboriginal people were persistent and required ongoing assistance as were the needs of youth. Many jurisdictions also indicated that the needs of multiple barrier clients, including those on SA, were persistent and required ongoing assistance.

Data from the 24-month survey also provides evidence that LMA programming is addressing demonstrable needs. Specifically, survey results indicated that participants required assistance in a number of specified areas prior to participation. Overall:

- 65% needed help obtaining industry-specific or occupation-specific job skills.
- 53% needed help gaining work experience.
- 45% needed help looking for or finding a job.
- 43% needed help selecting a suitable career path or plan to achieve it.
- 37% needed help improving their essential skills.
- 23% needed help improving their literacy skills.

The survey found that the principal program or service taken by the participant appeared targeted to the needs of the participants (and was thereby potentially responsive to them). For example, among employment services participants 71% said they needed help in looking for or finding a job and 59% needed help in selecting a suitable career path or plan to achieve it. Similarly among SDU participants, 75% needed help obtaining industry-specific or occupation-specific job skills.

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<sup>7</sup> Source: Statistics Canada, *Labour Force Survey*, reported in LaRochelle-Cote and Gilmore (2009).

The survey also provided indirect evidence of the persistence of needs. A number of LMA participants reported that LMA participation did not meet their training or labour market needs. More specifically:

- 28% needing help looking for or finding a job did not get help in this area.
- 18% needing help gaining work experience did not get help in this area.
- 16% needing help in selecting a suitable career path or plan to achieve it did not improve in this area.
- 10% needing help obtaining industry-specific or occupation-specific job skills did not obtain such skills.
- 8% of those needing help improving their literacy skills did not improve these skills.
- 8% needing help improving their essential skills did not improve these skills.

While 9% of all participants were unemployed at the time of the survey, unemployment was higher in the following target groups:

- Social assistance recipients — 46%.
- Older workers — 21%.
- Aboriginal persons — 19%.
- Persons with disabilities — 17%.

While this is a marked improvement compared to the percentage unemployed at the start of participation for these groups (89%, 79%, 72%, and 78% respectively), the higher than average unemployment for these groups at the time of the survey is further evidence of a continuing and persistent need for these individuals.

### *Responsive to ongoing and emerging needs*

Evidence on the responsiveness of the LMA to ongoing or emerging needs was available through key informant interviews and document review.

The findings from the key informant interviews suggest that all jurisdictions addressed ongoing and emerging needs of the targeted groups and eligible beneficiaries through the LMAs. Every jurisdiction undertook activities with the goal to identify the needs of eligible individuals and subsequently offer programs or services to address such needs. While the format and/or approach varied across jurisdictions, each jurisdiction undertook some form of needs assessment.

According to key informants, virtually all jurisdictions believed the LMAs contained sufficient flexibility to allow them to respond to the emerging needs of eligible beneficiaries. Many key informants noted that other labour market agreements (e.g. LMDA) do not allow as much flexibility. Larger jurisdictions indicated that the flexibility of the LMA allowed for rapid expansion of existing programming to accommodate the emerging needs of their eligible beneficiaries, while smaller jurisdictions generally indicated that the flexibility allowed for quick planning and implementation of new programming as required. Many

jurisdictions noted that the flexibility of the LMA allowed jurisdictions to respond to groups they were unable to address prior to the LMA (i.e. non-EI eligible clients). Furthermore, the flexibility of the LMA has allowed all jurisdictions to address many of the existing gaps in programming and to serve eligible beneficiaries who previously fell through labour market programming gaps.

Only very few jurisdictions indicated a need for greater flexibility within the programming. Specifically, it was noted that the needs of the priority groups outlined in the LMA do not necessarily match the overall priorities of their jurisdiction; therefore, the needs of their priority groups may not align with the LMA criteria. It was suggested that it might be more appropriate to target all individuals with low skills rather than target particular types of clients based on their characteristics (Aboriginal, women, youth, etc.).

A small number of jurisdictions did indicate, however, that while flexibility in responding to emerging needs of eligible beneficiaries was not an issue, there was in fact an issue around “eligibility” in general. Specifically, the eligibility requirements around employed low-skilled workers were considered by a few jurisdictions to be problematic. It was noted that there was a need in their jurisdiction to expand the eligibility criteria of those who are employed to include individuals who already have essential skills. These jurisdictions believe expanding the eligibility criteria would better allow them to fully address their labour market priorities.

The document review found that the downturn from the 2008–2009 recession was felt unequally across Canada. For example, despite the economic downturn, some jurisdictions continued to face labour shortages, while others faced high unemployment due to job losses in specific sectors. This suggests that appropriate responses through labour market programs varied across jurisdictions. The flexible nature of the LMAs allowed for such adjustments (HRSDC, 2011), particularly with the introduction of the STTF.

The LMA Annual plans outlined the existing conditions of the P/T in relation to its labour market and targeted clientele. While the extent and detail of environmental scans in terms of labour market needs and/or issues coverage varied among jurisdictions’ annual plans, all show relevant changes from year to year. Annual plans also included a list of priority areas and programming offered and in most cases the link or connection between the two is evident. Generally speaking, the identified programming for the year is aimed at addressing the issues outlined in the environmental scan.

The flexibility built into the LMA has allowed jurisdictions to tailor programs to address local needs. The multi-year and annual plans illustrate that jurisdictions tailored their programming to ongoing and emerging needs as the specific priorities were aligned with existing P/T conditions.

For ten jurisdictions, the environmental scan remained the same or very similar from year to year, which suggests that the needs of these jurisdictions' labour markets were relatively persistent in nature. Few changes occurred from one annual plan to the next in relation to the environmental scans; however, some small changes do occur in the corresponding programming sections. While the evidence suggests plans are being tailored to P/T needs, the document review could not determine the extent to which they were responsive to emerging needs given the relative stability in environmental scans across years. As such, responsiveness to emerging needs could not be addressed through available documentation.

### **2.1.2 Alignment and Links with Federal-Provincial-Territorial Objectives**

This section explores whether LMA objectives and priorities are aligned with FPT priorities, specifically:

- ❓ Are the LMA objectives and priorities aligned with FPT Government priorities?**
- ❓ Are there plausible link(s) between LMA objectives and priorities and FPT Government priorities for labour market development?**

Evidence from the document review suggests that the objectives and priorities of the LMA are aligned with the FPT priorities. According to the *HRSDC LMA National Reports* (2008–2009 and 2009–2010), the broad objective of the LMAs was to increase participation of groups that are under-represented in the labour force and enhance the skills of low-skilled workers. These broad objectives are shared by all jurisdictions and can be found in varying forms in the multi-year plans included in all jurisdictions' LMAs. Multi-year plans describe the existing labour market objectives and priorities for the province or territory and each indicates in some way that the main objectives are to:

- Increase participation of Canadians in the (implicitly employed) labour market.
- Enhance the skills of existing workers.
- Focus on groups that are currently under-represented in the labour market (implicitly relative to the population).

Furthermore, all LMAs present a common vision to create “the best educated, most skilled and most flexible workforce in the world.” They also outline broad objectives in terms of:

- Quantity – increasing participation of Canadians and immigrants in the workforce to meet current and future labour requirements.
- Quality – enhancing the quality of skills development.
- Efficiency – facilitating workforce mobility and providing the information necessary to make informed choices.

Other listed objectives include:

- Developing new labour market programs.
- Facilitating workforce mobility.
- Addressing regional skills shortages.
- Increasing employer capacity to assess the skills of the workforce.
- Increasing employer contributions/investments in workplace-based training.
- Assisting employers to address skills shortages in the labour market.
- Building community capacity in relation to labour market planning and growth.

Based on a review of the documentation, objectives and priorities of the LMAs align well with FPT priorities.

At the Federal level, Canada launched Advantage Canada in 2006, the strategic long-term economic plan committed to creating the best educated, most skilled, and most flexible workforce by investing in education, training, and transition to work. This commitment can be seen scattered throughout the multi-year plans of the LMAs. At a P/T level, the annual plans describe the alignment of the LMA's objectives and priorities with P/T government priorities.

A review of the annual plans indicated that there were very clear links between the LMA objectives and stated P/T priorities for labour market development. The annual plans provide evidence of alignment in a variety of ways, including citing alignment with overall P/T objectives, specific departmental objectives, and specific plans, strategies, or frameworks. In relation to priorities, the LMA priorities as described in the HRSDC National Report (HRSDC, 2011) include low-skilled workers, Aboriginal persons, persons with disabilities, immigrants, older workers, youth, and women. All jurisdictions have similar priorities; however, depending on the conditions in the P/T, each may place a larger emphasis on specific groups.

Evidence from the key informant interviews also supports the notion that the LMA objectives and priorities align well with government priorities. All key informants believe the LMA objectives and priorities and FPT priorities align very well. In fact, many jurisdictions believe that given the wide and far reaching nature of the LMA objectives and priorities, it would be hard for them not to align with jurisdictional priorities. Key informants provided a variety of specific and high level examples of how the LMA priorities and objectives aligned with their own jurisdiction's priorities.

A small minority of jurisdictions indicated that jurisdictional priorities were not always the same and that alignment came later or that the LMA helped shape jurisdictional objectives and priorities. It is interesting to note that while all key informants agreed and could provide examples of the connection and alignment of priorities, a few jurisdictions were also able to provide a few examples where jurisdictional priorities did not align “perfectly” with LMA priorities. These include:

- Addressing the issue of low level literacy overall.
- Post-secondary and apprenticeship priorities.
- Lower to mid-range skilled workforce priorities.
- Definitions of low-skilled.

### **2.1.3 Fit of LMA with other FPT Labour Market Programs and Services**

Using evidence from the document review and key informant interviews, this section explores how LMA programs and services complement and/or duplicate existing FPT labour market programming. Questions covered in this section are:

- ?** **To what extent are the LMA programs and services complementary to existing FPT labour market programming (e.g. Labour Market Development Agreements, Aboriginal Human Resources Development Agreements, Targeted Initiative for Older Workers, etc.)?**
- ?** **Do LMA programs and services duplicate existing FPT programs and services or fill a gap between existing programs/services? Are there provisions to minimize overlap and duplication between LMA programs and services and other FPT programs and services?**

For the purpose of this evaluation, and at the level possible through the document review and key informant interviews, specific definitions of complementarity and duplication are used. LMA funds that increase the number of clients served or increase the funds available for targeted client groups beyond levels through existing FPT labour market programming would reflect complementarity. If instead LMA dollars displaced other FPT dollars spent on labour market programming for the targeted client groups resulting in no expansion in the number served or programming provided for target groups, there would be duplication.

Based on the document review, LMA programs and services for the most part complemented existing programs and services or filled a gap that existed prior to the implementation of the LMAs. While in many cases the programming is quite similar to existing LMDA programming, the LMA programming targeted a clientele not covered by LMDA programming and as such complemented rather than duplicated existing LMDA programming. Furthermore, the Government of Canada continued to provide federal labour market programming for Aboriginal people (Aboriginal Human Resources Development Agreements — AHRDA), youth (Youth Employment Strategy — YES), older workers

(Targeted Initiative for Older Workers<sup>8</sup> – TIOW) and persons with disabilities (Labour Market Agreement for Persons with Disabilities – LMAPD) all of which are groups targeted in the LMAs. For the most part, the LMAs have not displaced these other federal initiatives and should therefore be seen as complementary to the existing federal labour market programming.

As an example, TIOW has a more narrow scope (i.e. restricted to communities of less than 250,000 and experiencing high unemployment) compared to the less restrictive LMAs, and as such the LMA is able to provide labour market services to a broader group of clients rather than duplicating existing clients. The YES and LMAPD are relatively low expenditure programs and as such LMA funding allowed for the expansion of programming to these targeted groups thus complementing existing programming. While the documentation does not provide extensive evidence that LMA programming duplicates or complements existing AHRDA programming, experience from the LMDA evaluations would suggest that programming is complementary to the extent an Aboriginal client can be assisted from more than one source related to different aspects of their return to work action plan.

Additionally, the LMA programs and services complement existing labour market programs by offering programming to groups not eligible for labour market programming under existing programs (LMDA, AHRDA, YES, TIOW and LMAPD), groups who were under-represented and not specifically targeted by existing programs (women and immigrants, low-skilled employed) and by increasing or expanding coverage of existing labour market programs allowing for increased service.

Evidence of incremental spending (LMA funds not displacing P/T funds to targeted groups) was found in the Audited Financial Statements of eight LMAs. In two annual reports, the jurisdictions had indicated the number of new clients they were able to serve with the LMA funding or the proportion of funding the LMA represented in the larger programming stream. This is evidence of complementarity with regard to P/T programs.

A review of the LMAs, Annual Plans, and Annual Reports indicated that most program planning was undertaken to minimize overlap and duplication. Planning considered the jurisdiction's overall labour market and used LMA funding to address gaps in programming by either creating new programs or expanding existing programs. The Year 2 Reviews did note, however, that planning and collaboration could improve with regard to Aboriginal programming. Additionally, for some jurisdictions a few gaps continued to exist. Specifically, three jurisdictions indicated that demand outweighed the supply for labour market program funding.

While overall, the document review indicated the LMA complemented existing labour market programming, some evidence was found suggesting a small amount of duplication continued to exist. In particular, evidence from the Year 2 Review identified duplication in programming with regard to youth, apprentices, persons with disabilities, and older workers.

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<sup>8</sup> TIOW is a FPT cost-shared initiative.

The issue of complementarity and duplication was explored further in the key informant interviews. Almost all jurisdictions indicated that LMA programming does not duplicate existing programming and in many cases fills gaps. A few of the jurisdictions that do not believe duplications exist noted that the target groups for LMA were very different than LMDA programming and as such, there was little room for duplication. A few jurisdictions indicated that there are some instances of duplication in the areas where the federal government continues to provide programming (e.g. youth and persons with disabilities) and in instances where there are multiple service providers providing the same or very similar services to the same target group.

According to the jurisdictions interviewed, the general lack of duplication was the result of a conscious effort by jurisdictions to avoid duplication in programming through various means including joint planning and review.

When jurisdictions were asked about unmet needs of eligible beneficiaries, none could offer an unmet need other than excess demand (needs exceeded the capacity to respond based on the current funding level). A small number of jurisdictions noted that there are unmet needs for training, upskilling and other supports for individuals with tenuous attachment to the labour market who do not currently qualify for LMA programming.

## 2.2 Outcomes Achievement

Across all participants, the average number of weeks worked per year after participation was 37.6. This is an increase of 6.7 weeks of work annually on average compared to one year period prior to participation. Across groups based on principal program or service taken, the average change in weeks worked ranged from a reduction of 0.9 for WSD and increase of 9.3 for SDU.

Slightly more than one-half (54%) had not increased their average annual weeks worked and as a result are not expected to perceive a positive effect through participation. Those with an increase (46%) were asked how likely it was that they would have achieved their gain (the actual increase in weeks per year was provided in the question) without this participation. Slightly more than one-half (56%) felt the gain “unlikely” without participation. Based on the evidence collected about one-quarter (26%) of participants, overall, achieved a gain in employment that they attribute to their participation.

Average earnings of participants who worked in the post-participation period were \$769 per week. This ranged from \$520 for those who took ES to \$1,033 for those who took SDWE.

The average change in weekly earnings between the post-participation and pre-participation periods was calculated for all participants including those who did not work (and consequently had \$0 earnings) in one or both periods. The average change in weekly earnings for participants was \$323. This ranged from a gain of \$151 for those who took WSD to \$510 for those who took SDWE.



Twenty-eight per cent did not experience a gain in earnings and are thus unlikely to identify an improvement though participating. Of those who had (the remaining 72%), a majority (65%) viewed the positive changes in earnings after participation as being due to participation (i.e. would be unlikely to occur without participation). As a result, slightly less than one-half (47%) of participants, overall, experienced an earnings gain that they attribute to their participation.

Eighty-six per cent of participants were employed at the time of the 24-month survey compared to 44% at the start of their participation. Nine per cent were unemployed and 5% were not in the labour force (retired, in-school) at the time of the survey. The per cent employed at the time of the survey ranged from 69% for those who took employment services (ES) (3% employed at start) to 94% for those who took SDWE (81% employed at start). Within the following three groups, all were unemployed when participation began: those who were previously self-employed; new entrants/re-entrants; and unemployed and not-EI eligible. At the time of the survey the percentage employed for these groups was: 74%, 81% and 79%, respectively.

Some groups experienced lower levels of employment at the time of the survey compared to other groups. However, all such groups improved from before participation began. Employment levels improved from:

- 11% at the start of the LMA participation to 40% at time of survey for social assistance recipients.
- 21% to 64% for older workers.
- 22% to 66% for persons with disabilities.
- 28% to 68% for Aboriginal people.

Lower rates of employment at the time of the survey may be an indication of persistence of need for these groups. However, the improvement from rates at the start of participation may also indicate some needs were met. The most frequent reasons for not working at the time of the survey were: no jobs (31%), attending school or training (20%), family responsibilities (15%) and illness/disability (8%).

Nineteen per cent received SA at some point since participation ended and before the 24-month survey compared to 25% receiving SA when participation began. This suggests a lower dependence on government support. EI benefits were received by 25% at some time over the same post-participation period. Although not asked directly in the survey, a maximum of 9% (those who were unemployed) potentially received EI at the time of the survey. Participants (excluding some supported under STTF) were not EI eligible at the start of participation. This may suggest increased dependence on government support. Alternatively this might indicate increased EI eligibility through employment gains.

Eighty-seven per cent received a certificate, diploma, or credential in conjunction with their participation. Receiving a certificate, diploma or credential varied considerably across principal program or service taken by the participant from a low of 20% for WE to a high of 96% for SDWE. Sixty-nine per cent of those who received a certificate, diploma or credential thought it unlikely they would have received it without participation.

Of those who identified a need existing at the start of participation, a majority identified it being met as a result of participation. The proportion of participants whose needs were met ranged from 71% of those who had needed help in how to look for or find a job to 92% of those who needed to increase skills in reading, writing, and using information and numbers. More than one-half of those whose needs were met felt it unlikely their needs would have been met without participation.

A majority of participants experienced one or more positive life changes since they began participating. This ranged from 71% who felt they were “further ahead in their career or job” or “better able to keep a job” to 82% who felt they were “more interested in improving their skills through further training” or “their confidence has improved”. Given that participation was a major event during this period, this change might be attributable to that.

Overall, 87% of participants were satisfied with their participation.

Participants cover the spectrum of targeted groups and many fall under multiple groups. The most prevalent targeted groups in terms of LMA coverage are employed low-skill, new entrants/re-entrants, women, immigrants, and youth.

Almost one-half of participants took SDU (54%) and very few (1%) took multiple-program types.

This section identifies the outcomes achieved by LMA participants. To put these achievements in context, it first presents the characteristics of participants and of their participation.

## 2.2.1 *Characteristics of Participants and Their In-Program Experience*

This section answers the following questions:

- ❓ **What are the characteristics of clients?**
- ❓ **What was the in-program experience of clients?**

Information on the characteristics of clients is available from three sources — two of them linked to the 24-month survey:

- **Administrative data supporting 24-month survey** — The first is based on administrative data supplied by P/Ts related to approximately 55,000 LMA clients who ended participation in the reference period for the study (between April 2008 and September 2010). This is the population from which potential survey respondents were drawn. Participant characteristics from this source are usually obtained through “intake” forms. These forms may not capture all the relevant characteristics of interest to the evaluation. Also some information collected through forms may not be mandatory. For both reasons, data on characteristics of the clients may be under-represented from this source.
- **24-month survey** — The second source of information is the 24-month survey itself which gathered information on the characteristics of the approximate 7,000 participants who responded. Non-response to these questions ranged from less than 1% to a high of 3%. As a result, this source provides good coverage of participant characteristics.
- **Accountability Framework** — The third source is data provided by P/Ts in support of the LMA Accountability Framework. These data come from administrative sources and surveys conducted 3 months and 12 to 18 months after participation ends. Characteristics of the approximate 425,000 participants covered in these data as well as other performance indicators are provided to HRSDC to meet accountability requirements.

Table 1 presents these data. Note that the same participant can be included under more than one characteristic. Lower percentages found for some characteristics in the population for the 24-month survey (such as immigrants, previously self-employed, and new entrants/re-entrants) are likely due to these characteristics not being tracked completely by administrative systems. It is important to note that Annex 2 of the LMAs does not require the reporting on all these clients’ characteristics. Lower proportions for some characteristics in the survey-based data (Aboriginal persons and women) may be due to difficulty reaching these participants through survey methods. Despite possible anomalies, the data suggest that the target groups are broadly represented under the LMAs with the largest groups in terms of coverage being employed low-skill, new entrants/re-entrants, women, and youth. Those who were employed with low skills relative to those unemployed at the time participation began may be more easily reached through surveys. This is likely due to their lower mobility.

<b>Table 1: Characteristic of LMA Participants</b>			
	<b>Administrative data supporting 24-month survey</b>	<b>24-month survey</b>	<b>LMA annual reports</b>
Aboriginal persons	18%	5%	4%
Immigrants	6%	28%	18%
Older workers (>55)	9%	8%	14%
Persons with disabilities	7%	7%	10%
Social assistance recipients	7%	25%	NA
Previously self employed	1%	13%	NA
New entrants, re-entrants	1%	43%	NA
Women	47%	40%	43%
Youth	35%	28%	35%
Unemployed, not EI-eligible	89%	56%	67%
Employed low skill	11%	44%	33%
<b>NA = Not available through this source.</b>			

The 24-month survey also provides evidence on the characteristics of participants based on the principal program or service taken.<sup>9</sup> The exhibit suggests unemployed participants (56% overall) are more likely to participate in some programs or services compared to employed participants (44% overall):

- Those who are unemployed take the following programs or services in proportions higher than their overall average: ES (97%); SDU (81%); and WE (75%).
- Those who are employed are more likely to take: SDWE (81%); WSD (79%); and MPT (67%).

Similarly participants sharing particular characteristics take some programs and services more often than their overall proportions of the population. For example, Aboriginal persons (6% overall) represent 70% of ES participants. New entrants/re-entrants (43% overall) are more likely to take WE (75% of WE participants). Women (40% overall) are more likely to take ES (54%), SDU (53%) and WSD (53%) while youth (28% overall) are more likely to take ES (48%). Table 2 presents detail of the characteristics of participants by principal program or services based on data from the 24-month survey.

<sup>9</sup> The principal program or service is defined as ES if only ES was taken; or as SDWE, SDU, WSD, or WE if one or more of these programs interventions from the same program type only was taken (possibly in combination with ES); or as multiple program type if interventions from more than one type of program type was taken, (possibly in combination with ES).

**Table 2: Characteristics of Participants by Principal Program or Service Taken**

	Per cent of participants by characteristics						
	Total	ES	SDWE	SDU	WSD	WE	MPT
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Aboriginal persons	6%	70%	2%	5%	10%	14%	14%
Immigrants	28%	15%	21%	34%	22%	17%	19%
Older workers (>55)	8%	6%	2%	11%	9%	8%	10%
Persons with disabilities	7%	13%	1%	9%	4%	17%	10%
Social assistance recipients	25%	37%	14%	36%	6%	28%	10%
Previously self employed	12%	22%	10%	12%	7%	18%	20%
New entrants, re-entrants	43%	59%	34%	42%	57%	75%	61%
Women	40%	54%	15%	53%	53%	38%	49%
Youth	28%	48%	43%	17%	32%	28%	34%
Unemployed, not EI-eligible	56%	97%	19%	81%	21%	75%	33%
Employed low skill	44%	3%	81%	19%	79%	21%	67%

As noted earlier participation in programs and services appears linked to needs. Plausibly the explanation for participants with some characteristics being more likely to take particular programs or services is similarly related to their needs.

Data on the characteristics of qualifying bundles (one or more LMA programs/services ending by September 2010) were provided by the P/Ts. These data have been aggregated across jurisdictions. Table 3 shows the proportion of bundles by principal program or service, the length in weeks of the average and median (middle when arranged from shortest to longest duration) bundle, and the proportion of these durations made up by the principal program or service.

<b>Table 3: Bundles of Programs and Services</b>					
<b>Principal program or service</b>	<b>% of all bundles</b>	<b>Duration of participation in weeks</b>		<b>% of duration by principal program or service</b>	
		Average	Median	Average	Median
SDU	52	77.1	74.2	94	94
WSD	18	8.1	3.1	70	73
ES	15	15.6	8.1	100	100
SDWE	11	21.9	15.8	96	96
WE	3	17.9	16.9	97	100
MPT	1	36.1	32.5	60	53
<b>TOTAL</b>	<b>100</b>	<b>47.7</b>	<b>43.4</b>	<b>95</b>	<b>95</b>

Observations are noted below:

- SDU represents 52% of all bundles. Such bundles tend to be the longest at an average of 77 weeks.<sup>10</sup> SDU represents 94% of this length on average suggesting relatively few services are bundled with SDU.<sup>11</sup>
- WSD represents 18% of all bundles. Such bundles tend to take about two-thirds of a year on average. Services may be bundled with WSD as the principal program or service represents 70% of this length on average.
- ES represents 15% of all bundles. The average length of an ES bundle is 16 weeks, which is also the amount of time that, by definition, the principal program or service lasts (i.e. no programs are taken).
- SDWE represents 11% of all bundles and these have an average duration of 22 weeks. SDWE tends to be by itself as the average principal program or service duration is 96% of the average duration of the bundle.
- WE makes up 3% of bundles. The average duration is 18 weeks and few services occur in the typical WE bundle.
- Multiple-program type represents only 1% of bundles. The average duration is 36 weeks. One or more ES interventions appear to be included with multiple-program bundles as these multiple programs make up only 60% of the duration of the bundle on average.

<sup>10</sup> This average is inflated by the multi-year participation by apprentices.

<sup>11</sup> This percentage may be inflated by duration data for one jurisdiction which covers the principal program or service only and not the bundle of potential programs or services.

## 2.2.2 *Labour Market Outcomes for Participants*

This section looks at the labour market outcomes of participants based on data from the 24 month survey. Specifically it looks at employment status, dependence on government transfers, changes in employment and earnings, accomplishments and other relevant life changes. The section addresses:

- ❓ **To what extent have the LMA programs and services been successful in assisting participants to:**
  - ❓ **Improve labour market attachment (e.g. employment duration)?**
  - ❓ **Improve employment earnings?**

### *Dependence on government support*

At the time participation began, 25% of participants were receiving SA. Nineteen per cent (19%) received SA benefits at some time since participation ended and before the survey was conducted (a period of at least 24 months). As a result, fewer participants received SA after participation compared to at the start of participation suggesting participants are less dependent on government transfers.

Twenty-five per cent of participants received EI benefits at some time since participation ended and before the survey was conducted — again a minimum period of 24 months. Although not asked by the survey, a maximum of 9% (those who were unemployed) were potentially receiving EI at the time of the survey. Most LMA participants were not eligible to receive EI at the start of their participation.<sup>12</sup> The finding that 25% received EI at some point following participation may be evidence of increased government dependence but could also be evidence of increased labour force attachment as participants gained sufficient employment to qualify them for EI. Findings related to employment gains are discussed next.

### *Employment*

Details on employment at the time of the survey and when participation began can be found in Table 4. At the time of the 24-month survey, most participants (86%) were working compared to 44% who were working at the start of participation. Employment at the time of the survey was lowest for those who had taken ES (3% of survey respondents) at 69%, but only 3% had been working at the start of participation. Employment at the time of the survey was highest for those who took SDWE (35% of respondents) at 94% compared to 81% at the start of participation.

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<sup>12</sup> An unknown number of LMA participants who were supported under STTF were EI eligible.

**Table 4: Employment and Unemployment Rates at Time of Survey and at the Start of LMA Participation**

	% of respondents	Per cent who at the time of the survey were:				Per cent who at the start of participation were:		
		Employed <sup>a</sup>	Unemployed	Not in labour force <sup>b</sup>	Don't know/refused <sup>c</sup>	Employed	Unemployed	Don't know/refused <sup>d</sup>
<b>TOTAL</b>	<b>100%</b>	<b>85.9%</b>	<b>8.9%</b>	<b>4.5%</b>	<b>0.7%</b>	<b>44.0%</b>	<b>55.5%</b>	<b>0.4%</b>
ES	3%	69.4%	17.6%	10.9%	2.1%	3.1%	96.8%	0.1%
SDWE	35%	93.9%	3.9%	2.0%	0.2%	80.6%	18.9%	0.5%
SDU	54%	80.5%	12.7%	5.8%	1.0%	18.8%	80.8%	0.4%
WSD	2%	93.3%	3.8%	2.7%	0.2%	79.1%	20.8%	0.1%
WE	<1%	83.4%	1.9%	14.7%	0.0%	20.7%	75.0%	4.2%
MPT	6%	86.6%	7.8%	4.7%	0.8%	66.7%	32.8%	0.5%
<b>TOTAL</b>	<b>100%</b>	<b>85.9%</b>	<b>8.9%</b>	<b>4.5%</b>	<b>0.7%</b>	<b>44.0%</b>	<b>55.5%</b>	<b>0.4%</b>
Aboriginal persons	6%	68.4%	19.3%	10.7%	1.6%	27.6%	72.2%	0.2%
Immigrants	28%	79.6%	13.6%	6.2%	0.6%	28.7%	70.9%	0.3%
Older workers (>55)	8%	63.7%	20.6%	15.0%	0.7%	20.8%	79.1%	0.2%
Persons with disabilities	7%	66.4%	17.3%	14.7%	1.6%	21.7%	77.6%	0.6%
Social assistance recipients	25%	39.6%	45.8%	13.2%	1.4%	11.1%	88.8%	0.1%
Previously self employed	12%	73.9%	16.7%	7.8%	1.5%	0.0%	100.0%	0.0%
New entrants, re-entrants	43%	81.3%	13.1%	5.1%	0.5%	0.0%	100.0%	0.0%
Women	40%	79.0%	12.4%	7.3%	1.3%	30.2%	69.5%	0.2%
Youth	28%	88.3%	6.1%	4.9%	0.6%	63.5%	36.0%	0.5%
Unemployed, not EI eligible	56%	79.4%	13.3%	6.2%	1.0%	0.0%	100.0%	0.0%
Employed low skill	44%	94.9%	3.0%	1.7%	0.4%	100.0%	0.0%	0.0%

<sup>a</sup> For TOTAL row includes 79.8% working for an employer or yourself and 6.1% on temporary layoff, short-or long-term disability or leave from a job.

<sup>b</sup> For TOTAL includes 3.4% not working and not looking for a job and 1.1% retired.

<sup>c</sup> For TOTAL includes 0.3% who don't know and 0.4% who refused.

<sup>d</sup> For TOTAL includes 0.3% who don't know and 0.1% who refused.



Some groups (social assistance recipients, older workers, persons with disabilities, and Aboriginal people) experienced lower levels of employment at the time of the survey compared to other groups. However, all such groups improved employment levels from before participation began. Rates from before participation to the survey date had increased: from 11% to 40% for social assistance recipients; from 21% to 64% for older workers; from 22% to 66% for persons with disabilities; and from 28% to 68% for Aboriginal people. Lower rates of employment compared to the average at the time of the survey may be an indication of persistence of need for these groups or other challenges faced in the labour market. However, the improvement from rates at the start of participation may also indicate some needs were met.

All members of three groups were unemployed at the start of participation: previously self-employed; new entrants/re-entrants; and unemployed and not-EI eligible (representing 12%, 43%, and 56% of all respondents respectively). At the time of the survey employment had increased from 0% to 74%, 81% and 79% respectively for these three groups. For participants who were employed low-skilled (44% of all respondents), 100% were employed at the start of participation dropping to 95% at the time of the survey.

The most common reasons cited for participants not working at the time of the survey were: no jobs (31%); being in-school or training (20%), family responsibilities (15%); and illness/disability of the individual (8%).<sup>13</sup>

Across all participants, the average number of weeks worked in the year prior to participation was 29.8 while the average number of weeks worked per year following participation was 37.6. On average, annual weeks worked increased by 6.7 weeks between the two periods. Differences in annual weeks worked were statistically significant across types of principal programs or services. By principal program or service, the change in annual weeks worked was, on average, a reduction of 0.9 weeks for WSD and increases for: multiple-program types (1.5); SDWE (4.7); ES (5.5); WE (8.7); and SDU (9.3). Across characteristics of participants, change in annual weeks work ranged from an increase of 2.2 for those who were social assistance recipients or who were employed with low skills at the start of participation to 13.4 weeks for those who were new entrants/re-entrants. Information on the annual weeks worked in the two periods and changes in the weeks worked per year are presented in first three data columns in Table 5.

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<sup>13</sup> The principal reasons for not working at the time of the survey by those who were employed with low skills at the start of participation were: being in-school or training (30%); no jobs (24%); other reasons such as seasonal work (23%); and family responsibilities (13%).

**Table 5: Annual Weeks Worked, Changes in Weeks Worked, Average Weekly Earnings and Changes in Weekly Earnings**

	Average annual			Average weekly pay			
	Weeks worked in year prior to start of participation	Weeks worked in period after participation	Change in weeks worked between post- and pre-periods	In year prior to participation of those who worked	In period after participation of those who worked	Change between post- and pre-periods for those who worked in both periods	Change between post- and pre-periods for all participants
	(weeks/year)	(weeks/year)	(change in weeks/year)	(\$/week)	(\$/week)	(change in \$/week)	(change in \$/week)
<b>TOTAL</b>	<b>29.8</b>	<b>37.6</b>	<b>6.7</b>	<b>472</b>	<b>769</b>	<b>302</b>	<b>323</b>
ES	24.9	30.3	5.5	255	520	274	291
SDWE	39.7	44.3	4.7	550	1,033	469	510
SDU	22.2	32.5	9.3	390	552	142	190
WSD	37.2	42.9	-0.9	627	838	110	151
WE	29.5	38.6	8.7	464	524	168	197
MPT	38.5	39.5	1.5	664	847	174	258
<b>TOTAL</b>	<b>29.8</b>	<b>37.6</b>	<b>6.7</b>	<b>472</b>	<b>769</b>	<b>302</b>	<b>323</b>
Aboriginal persons	24.3	29.1	2.6	347	670	278	302
Immigrants	21.8	32.0	8.8	323	628	230	312
Older workers (>55)	24.8	27.5	2.3	478	570	92	111
Persons with disabilities	17.5	21.6	2.5	301	362	32	57
Social assistance recipients	18.3	20.6	2.2	233	431	213	190
Previously self employed	19.2	28.2	9.9	286	678	295	395
New entrants, re-entrants	19.9	33.4	13.4	411	631	215	307
Women	24.7	32.5	6.5	337	518	131	191
Youth	32.8	40.5	6.0	391	774	410	403
None of the above	35.1	41.8	7.3	645	842	222	233
Unemployed, not EI eligible	22.2	33.0	10.9	424	638	193	278
Employed low skill	42.3	44.5	2.2	565	979	424	436

Note: Changes in weeks worked and earnings are not a simple subtraction of earlier columns of data. All participants who provided data are included in the calculation of weeks worked and average earnings in the pre- and post-participation periods. The changes in weeks worked and average earnings in the second last column include only those who reported weeks worked and earnings in both pre- and post-participation periods. The changes in average earnings in the last column include those participants who did not provide earnings as they did not work in one or both periods.

While the average number of weeks worked increased overall, slightly more than one-half (54%) of participants had not increased their average annual weeks worked. This group is unlikely to have perceived a positive effect through participation. Those with an increase (46%) were asked how likely it was that they would have achieved this gain (the actual increase in weeks per year was provided in the survey question) without this participation. Slightly more than one-half (56%) felt the gain “unlikely” without participation.

The evaluation literature suggests that participants’ perception of what would have happened to them in the absence of participation is not a reliable predictor of whether there is a program effect through participation. However in the absence of asking participants their opinion, there are no data to help place the work change observation in perspective. Based on the evidence collected, about one-quarter<sup>14</sup> achieved a gain in employment that they attribute to their participation.

### *Earnings*

The average weekly earnings for those who worked in the year prior to participation were \$472. This average ranged from \$255 per week for those who participated in ES to \$664 per week for those who participated in multiple-program types as their principal program or service. By characteristic of participant, average earnings per week for those who worked ranged from \$233 for those who were social assistance recipients to \$565 for those who were in the employed low-skilled group. This information is presented in the fourth last column of Table 5.

Average earnings of participants who worked in the post-participation period were \$769 per week. They ranged from \$520 for those who took ES to \$1,033 for those who took SDWE. By characteristic of participant, average weekly earnings for those who worked after participation ranged from \$362 for persons with disabilities to \$979 for those employed with low skills prior to participation. This information is presented in the third last column of Table 5.

Comparing only those who worked in both periods, the change in average weekly earnings was \$302 and ranged from a gain of \$110 per week for those who participated in WSD to a gain of \$469 per week for those who participated in SDWE. For participants who worked in both periods, changes by characteristic of participant ranged from \$32 for those with disabilities to \$424 for those who were employed with low skills when they started participation. Average changes in weekly pay are shown for those who worked in both periods in the second last column of Table 5.

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<sup>14</sup> The actual value is 26% (26%=46%\*56%). This is the per cent (46%) who experienced an increase times the per cent (56%) who felt the gain unlikely without participation.

The last column of Table 5 presents the average change in weekly earnings between the post-participation and pre-participation periods for all participants including those who did not work (and consequently had \$0 earnings) in one or both periods. Across all participants, the average change in weekly earnings was \$323. Again significant differences were found in the changes in weekly earnings by principal program or service taken. Changes were: WSD (\$151); SDU (\$190); WE (\$197); multiple-program types (\$258); and SDWE (\$510). By characteristic of participant the change ranged from \$52 for those with disabilities to \$436 for those who were employed with low skills when participation began.

Twenty-eight per cent did not experience a gain in earnings and are thus unlikely to identify an improvement through participation. Of those who had experienced a gain in earnings (the remaining 72%), a majority (65%) viewed the positive changes in earnings after participation as being due to participation (i.e. would be unlikely to occur without participation). As a result, slightly less than one-half<sup>15</sup> experienced an earnings gain that they attribute to their participation.

### *Received certificate, diploma or credential*

Eighty-seven per cent of participants received a certificate, diploma, or credential related to their participation. Receiving a certificate, diploma or credential varied considerably across the principal programs or services taken by the participant, from a low of 20% for WE to a high of 96% for SDWE. This is not surprising given that some of the programs are more geared towards credentialed training (e.g. SDU) than others (e.g. WE). Less variation occurred across participant characteristics from 69% for those with a disability to 93% of those employed with low skills at the start of participation. Overall, 69% of those who received a certificate, diploma, or credential thought it unlikely they would have received it without participation.

### *Met identified need*

Of those who identified a need at the start of participation, Table 6 shows the per cent who indicated that the need had been met as a result of participation. This shows evidence of participation meeting needs that ranged from 71% to 92% depending on the need in question.

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<sup>15</sup> The actual value is 47% ( $47\% = 72\% * 65\%$ ). This is the per cent (72%) who experienced a gain times the per cent (65%) who felt the gain unlikely without participation.

**Table 6: Per Cent with Need Who Identified Need Was Met as a Result of Participation and Who Identified Need Was Met and this Was Unlikely Without Participation**

Of those who needed help to:	Per cent indicating need was met as a result of participation	Per cent indicating both need was met and this was unlikely without participation
Increase skills in reading, writing, using information, and using numbers (literacy skills)	92	52
Improve skills needed in the workplace such as using a computer, problem-solving, speaking, working with others, and knowing how to continually learn (essential skills)	91	55
Select a suitable career path or plan to achieve it	82	47
Obtain industry-specific or occupation-specific job skills	89	60
Gain work experience	81	49
Get help in how to look for or find a job	71	38

The table also shows, of those who identified a need prior to participation, the per cent who both said it had been met and that meeting the need was unlikely without participation. This may indicate evidence of participation meeting difficult to satisfy needs that ranged from 38% to 60% depending on the need in question.

### **2.2.3 Other Participant Outcomes**

This section looks at other outcomes achieved by participants and addresses:

#### **? What other successes have been achieved by LMA clients?**

Survey respondents identified whether they experienced specific changes in their life from the start of participation to the date of the survey. As the question did not ask whether participation was the cause for any identified changes, not all changes may be attributable to participation. Given that participation was a significant event in the identified time period, the changes can likely be attributed to participation. However, as participants might have experienced a negative outcome (things becoming worse) in the absence of participation, the changes since the start of participation might not capture the full incremental impacts through participation. We caution that the percentages identifying changes can only represent an approximate effect attributable to participation.

Agreement that a life-change had occurred since the start of participation to the date of the survey tended to be higher for SDWE and lower for WSD across all aspects measured. Differences in the level of agreement across principal programs or services were statistically significant for each statement. Agreement also tended to be higher for those who were employed with low skills at the start of participation and lower for older workers. Detail by life-change between the start of participation and the survey date follow:

- 71% agreed they are **better able to keep a job**. This ranged from 45% of those who took WSD to 80% of those who took SDWE, and from 57% of older workers to 82% of those employed with low skills at the start of participation.
- 71% agreed they are **further ahead in their career or job**. This ranged from 47% of those who took WSD to 84% of those who took SDWE, and from 52% of older workers to 84% of those employed with low skills at the start of participation.
- 77% agreed they are **better able to find a job if need be**. This ranged from 48% of those who took WSD to 88% of those who took SDWE, and from 61% of persons with disabilities to 82% of Aboriginal persons.
- 82% agreed they are **more interested in improving their skills through further training**. This ranged from 67% of those who took WSD to 84% of those who took SDWE and from 69% of older workers to 88% of Aboriginal persons.
- 82% agreed their **confidence has improved**. This ranged from 60% of those who took WSD to 86% of those who took WE, and from 77% of older workers to 87% of youth and of those employed with low skills at the start of participation.
- 76% agreed they are **more interested in increasing their level of formal education**. This ranged from 54% of those who took WSD to 78% of those who took ES and SDU, and from 50% of older workers to 80% of women and of those employed with low skills at the start of participation.

#### **2.2.4 Participant Satisfaction**

This section looks at the satisfaction of participants, addressing the question:

##### **❓ To what extent are LMA participants satisfied with the programs and services received?**

Based on 24-month survey results, overall 87% were satisfied or very satisfied with their participation. This compares to 89% who report satisfaction with their intervention based on data from short-term surveys supporting the Accountability Framework. Fifty-six per cent identified that they were “very satisfied” with the programs or services they received. This percentage varied by program and type of participant and ranged from 44% to 59% very satisfied for those taking WSE or SDU respectively and from 44% to 62% for those who were employed with low skills at the start of participation or those previously self-employed respectively.

## 2.3 Efficiency and Economy

This section explores the evaluation issue of efficiency and economy. More specifically it looks at the extent to which the LMAs have been designed to reflect good practice in terms of achieving efficiency and economy, the extent to which LMA programming addresses conditions in the P/T, and the extent to which monitoring and performance measurement activities were undertaken.

All P/Ts reported LMA programming had benefited in some way from best practices found in other areas.

Labour market conditions in the P/T were used to justify the priorities found in LMA multi-year and annual plans. These priorities affect programming that influences program resourcing. As a result, a clear link exists between labour market conditions in the P/T, established priorities, and resourcing.

Performance measurement and reporting requirements are not being met in every instance. In cases where they are not, P/Ts identify that these shortcomings are being rectified.

While not all P/Ts used monitoring and performance measurement to make adjustments to their programming, the vast majority did.

### 2.3.1 *Alignment with Existing Best Practices and Lessons Learned*

This section explores the alignment of LMA programs and services with lessons learned and best practices:

- ?** **To what extent are the LMA programs and services aligned with lessons learned and best practices from Canadian and international labour market programming?**

The literature review explored best practices and lessons learned from the extensive evaluation literature on active labour market programs (ALMPs). An ideal outcome of the literature review would have been the capacity to infer LMA outcomes and impacts by type of program and service and by type of client group. However, the existing literature provides no such clear conclusions. Many of the studies deal with participants whose characteristics differ from those of LMA participants, while studies that do overlap with LMA participant characteristics show significant variability in their results. In this context, generalization is difficult.

The overall assessment of ALMPs concludes that, when they work, these programs can provide modest gains in earnings and employment. Participant benefits are often small, but the high degree of variability in impacts on participants means that some participant groups register substantial gains. Overall, investments (program costs) are typically small so that the magnitude of feasible gains is also relatively small.

Despite the extensive literature on ALMPs, care is required in developing overall conclusions due to the heterogeneity of results. That is, evaluation results vary across participants even when they have similar observable characteristics. However, some findings do emerge by programs and services:

- Medium-term impacts are more positive than short-term impacts, especially for classroom and on-the-job training activities.
- Job search assistance appears to generate better results in the short-term and less positive results in the medium-term.
- Short-term public service employment programs (job creation) generate negative results, likely related to removing participants from the private market for some time.
- Programs that retain participants for longer periods of time do not appear to have better results than shorter programs.

Some findings emerged related to targeted client groups:

- For social assistance recipients, programs providing individual counselling supplemented by assistance in applying for jobs and in accessing training opportunities reduced reliance on SA benefits for women in the United Kingdom. Based on the U.S. experience, personalized attention to clients by program officers is an effective practice.
- The most positive results are for women, often re-entering the labour force, and for females who are social assistance recipients.
- The least positive results are for youth and for participants with low skill levels. The literature suggests that for young labour force participants, training and related ALMPs are not an effective substitute for education, particularly literacy and numeracy. In fact, Career Focus and Skills Link under Canada's Youth Employment Strategy<sup>16</sup> appear to provide better results when youth participants have higher levels of educational attainment.
- For Aboriginal people, Skills Development, Wage Subsidies, and Employment Assistance Services are effective programs in improving employment and earning levels. Wage subsidy programs provided the best results across Aboriginal participants who were women, youth, or single parents.

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<sup>16</sup> Career Focus provides financial support to employers and organizations to provide post-secondary graduates with career-related work experiences. Skills Link program funds community organizations to support projects that help youth facing barriers to employment. The program is intended to help develop basic employability skills and provide valuable work experience that can assist youth in making a successful transition into the labour market.



- Programs and services that address identified barriers to employment for immigrants, persons with disabilities and older workers can be an avenue to facilitate their labour market integration. For immigrants, identified barriers include:
  - Problems in assessing and recognizing foreign education credentials.
  - Issues related to the lack of recognition of foreign work experience.
  - Insufficient labour market information targeted to recent immigrants and their needs.
  - Language problems of recent immigrants.
  - Forms of unconscious discrimination based on possible language skill concerns.
  - Possible long-term scarring effects of initial negative employment experiences.
- For persons with physical disabilities, vocational rehabilitation and placement programs have mixed results. The literature suggests that programs combining pre-placement training followed by placement and workplace support appear more effective. Workplace accommodations (adapting physical workplace characteristics) of various types are described as highly cost-effective.

While the literature review provides evidence in relation to what the existing best practices and lessons learned are, the key informant interviews provided evidence to support their use and/or consideration when planning LMA programming. Through the key informant interviews, most jurisdictions indicated that LMA programming benefited from best practices, yet fewer indicated benefits from lessons learned. All jurisdictions indicated that current LMA programming has benefited in some way from relevant best practices. Specifically:

- Most indicated looking towards other Canadian jurisdictions for best programming practices. This was done in a variety of ways including participation in the Forum of Labour Market Ministers, and consultation with other Canadian jurisdictions and national labour market symposiums.
- Most jurisdictions indicated looking at internal evaluations and outcomes reporting/measurement, and using the information to modify programming accordingly.
- A few indicated conducting research that looked at international best practices.
- Jurisdictions where LMA funding was used to expand existing programming indicated that LMA programs benefited from the best practices and lessons learned while developing the programming that was expanded.
- A few jurisdictions indicated existing LMA programming benefited from the experience including best practices and lessons learned of the employees delivering the programs. More specifically, individuals who were designing LMA programming had a wealth of experience and had been designing labour market programming for a number of years. This experience was harnessed to ensure best practices continued and lessons learned were reflected in programming.

Interestingly, while most jurisdictions indicated that, in general, LMA programs benefited from best practices, a small minority indicated that, until very recently, the availability of best practices for the target clientele (multi-barrier) was limited. It was noted that prior to the LMA the focus on labour market programming was on “work-ready” clients and as such the programming including best practices focused on the “work-ready” clientele group.

A very small minority of jurisdictions indicated that a lack of experience or capacity in labour programming meant that LMA programming did not benefit from best practices in the beginning. This practice has changed and best practices are now being integrated into the programming.

### **2.3.2 Alignment with Local Labour Market Conditions**

This section explores the extent to which LMA plans, priorities, and programs reflect local labour market conditions. For the purposes of this evaluation, local is defined as provincial or territorial. The evidence for this section is drawn from the document review and found that for the most part, LMA plans, priorities and programs do reflect local labour market conditions. The relevant question explored in this section was:

**❓ To what extent do the LMA annual plans and priorities reflect local labour market conditions? To what extent do the LMA programs and services and resource allocation reflect these priorities?**

The document review found that individual LMAs present a wide variety of priorities, many of which were determined through consultation with relevant stakeholders such as community groups and employers. Consultations with employers often led to partnerships with industry/employers, increasing capacity in terms of human resources development and planning. They also led to targeting employers for specific programming such as wage subsidies and workplace skills. Consultations with community groups often led to programming to address ongoing or emerging needs of the P/Ts labour market.

Labour market conditions in each jurisdiction were used to justify the priorities in the multi-year plan found in each agreement. Furthermore, it is clear from the annual plans that priorities reflect labour market conditions in the P/T. While every jurisdiction indicated it had the same general LMA priorities, which is consistent with the multi-year plan, each jurisdiction had a different approach and focus. Each jurisdiction provided a reasonable and well documented rationale for these priorities. Furthermore, the annual plans outlined the current labour market conditions and what programming would be undertaken to address such conditions. For the most part, a clear connection existed between program and priority. Furthermore, resource allocation also tended to line up well with conditions in the P/Ts labour market.

### **2.3.3 Conformance to Performance Measurement and Reporting Requirements**

This section explores the extent to which performance measurement and reporting requirements are being met. It also explores whether any design, delivery, and implementation changes have occurred as a result of the monitoring. Data in support of this section come from the document review and key informant interviews. The question answered is:

#### **? To what extent are the LMA provisions for performance measurement and reporting being met?**

Each jurisdiction is required to report on a number of indicators including: client characteristics; service delivery; and outcomes and impacts. A review of the annual reports indicates the LMA provisions for performance measurement and reporting are generally met, with the exception of an occasional missing indicator. In the most recent annual reports (2010–2011) available in the review period, virtually all jurisdictions reported on almost all performance indicators. Indeed, only a small number of indicators were missing from these reports, and only in three jurisdictions that began their LMAs later than other jurisdictions. Reporting of performance measurement indicators is less complete for earlier annual reports, including the early reports of the jurisdiction that began their LMAs late, which is consistent with the time that was required to establish new systems and data collection processes.

While most reporting requirements are currently being met, some variation in reporting occurs across jurisdictions, specifically:

- The detail and content of the reporting varies across jurisdictions.
- Jurisdictions established their own definitions for various target groups. For example, youth is defined differently in different jurisdictions.
- The use of self-identification in jurisdictions creates inconsistencies and likely underreporting of the target groups — a finding supported from the analysis of participant characteristics related to the 24-month survey.

In support of these general findings from the document review, some key informants indicated that their jurisdictions were not meeting all reporting requirements. Among those who believed they did not meet the reporting requirements, all reported that action has or is currently being undertaken to rectify the situation.

The Federal perspective is slightly different in this area. Federal key informants believed that the majority of P/Ts are not fully meeting the performance measurement requirements (e.g. not meeting the submission deadline outlined in the LMA<sup>17</sup> or providing all performance measures for all programming funded through the LMA), while a few jurisdictions are fully meeting the requirements.

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<sup>17</sup> This was not examined in our document review.

When asked about challenges in relation to performance measurement and reporting, all jurisdictions could cite at least one and many could offer multiple challenges in meeting reporting requirements. Challenges experienced include:

- **Follow-up** – Many jurisdictions found the follow-up with program participants to collect additional performance measurement data extremely challenging. The transient nature of the clientele made follow-up difficult as did the cost of collecting such follow-up information. Furthermore, a small number of jurisdictions noted that many success stories are lost as a result of not being able to contact the individual for follow-up. It was suggested that those living in more rural locations often left to find employment elsewhere. As a result, they were even more difficult to contact, which meant that more often than not their potential successes were not captured in the performance data. (Not discussed was the further possibility that some unsuccessful stories were also hard to follow-up.)
- **Cost** – Many jurisdictions indicated the cost of collecting the performance measures created challenges.
- **Information Infrastructure** – Some jurisdictions indicated their jurisdiction lacked or had an inadequate platform for collecting the necessary performance measurement data for the LMA. For those who had existing data collection infrastructures, the existing infrastructures did not align with the performance measurement requirements. Those without infrastructures needed to create infrastructure (in some cases paper-based) to meet the performance measurement and reporting requirements for LMA. A few jurisdictions noted the lack of alignment between the performance reporting requirements of LMA, LMDA and other Agreements. According to these key informants, this has resulted in a separate infrastructure being built for each.
- **Capacity** – Some jurisdictions indicated they did not have the capacity to address the performance measurement and reporting requirements or that their partners (i.e. third party service providers) lacked the capacity.
- **Privacy and Information Sharing** – privacy and lack of information sharing protocols were also cited by a few jurisdictions as challenges in collecting the performance measurement and reporting requirements.

The challenges related to performance measurement were different for Federal key informants and included:

- The performance measurement annex in the LMAs did not contain sufficient detail to operationalize it.<sup>18</sup> This led to inconsistencies and confusion in how the results were measured and reported across jurisdictions. Furthermore it made national reporting a significant challenge.

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<sup>18</sup> Early in the process, Canada facilitated two multilateral workshops on LMA performance measurement, drafted guidelines for P/Ts with a suggested (optional) template for reporting, and held various bilateral discussions. Canada also recognized that as a rule, P/Ts already had performance measurement frameworks in place for their programs that were going to be funded through the LMA, and therefore decided, as a matter of policy, to allow P/Ts a significant amount of flexibility in definition/interpretation of the performance indicators and use of the proposed template.

- Performance measurement reports arrived late.
- The data provided within the reports contained inconsistencies.
- The lack of conditionality of funding based on performance measurement requirements left the Government of Canada with no mechanism to ensure timeliness or quality of performance measurement data.

While many challenges were cited regarding the performance measurement and reporting requirements, a great deal of praise was given. Most jurisdictions believed collecting the data was necessary. A few even believed it helped to foster an evaluation/performance measurement culture in their jurisdiction. Furthermore, federal key informants believed the LMA accountability framework was useful as it included published plans and reports, audited financial statements, and performance indicators. It was also noted that the requirement of incrementality within financial statements (that is funds could only support activities that would not have occurred in their absence) gave the Government of Canada a high degree of confidence that the LMA monies were being spent as intended.

### **2.3.4 Adjustments through Monitoring and Performance Measurement**

This section reviews the extent to which the design, delivery, and implementation of the LMAs was adjusted because of monitoring and performance measurement activities. The document review was unable to provide evidence in this area and as such all evidence has been obtained through key informant interviews. The relevant evaluation question is:

#### **❓ Have the design, delivery and implementation of the LMAs been adjusted as a result of monitoring and performance measurement activities?**

While not all jurisdictions used the monitoring and performance measurement activities to make adjustments to their programming, the vast majority did. Adjustments noted by jurisdictions included:

- Cancelling initiatives that were not performing well.
- Scaling back programs that were expanded and subsequently found to not be performing as well as expected.
- Expanding programming that was performing well.
- Attaching funding to successful performance measurement reporting.
- Administrative adjustments such as adjusting reporting tools and data collection instruments and modifying eligibility criteria.
- Ongoing, minor program changes based on the results of reporting.

### 2.3.5 *Evaluation Approaches in Similar Circumstances*

This section addresses:

#### **?** What evaluation approaches have been used with similar programs and clients?

The literature review described the role of experimental and non-experimental methods and specific econometric techniques used in generating the reported empirical findings of the studies reviewed. The included studies are almost all from Europe and the U.S. The literature refers frequently to the advantages of experimental methods using random assignment, but this approach has not been used extensively in Canada. The literature also notes that non-experimental methods have improved significantly with the switch to matching estimators and availability of richer data sets. In the findings of the most recent meta-study on relevant literature, there is no substantial difference in mean impacts between the results of experimental versus non-experimental studies.

The literature that focuses particularly on the advantages of different methodologies indicates that the best evaluation approach would identify participants by program and participant type, then select properly matched comparison groups to estimate net incremental impacts. The LMA evaluation framework, developed in 2010, outlines details about using state of the art non-experimental methods to measure LMA impacts.

## 2.4 Strategic Training and Transition Fund

This section looks at the Strategic Training and Transition Fund (STTF). Specifically, it explores the extent to which the funding allowed P/Ts to deliver activities that facilitated labour market transitions and/or assisted in maintaining skilled workers' attachments to employers and sectors. This section also explores the extent to which the STTF funding addressed the needs of sectors and regions most impacted by the recession.

STTF funding assisted most P/Ts to expand existing labour market activities or create new labour market programs in areas hardest hit by the downturn in the economy.

A few jurisdictions made strategic decisions to re-profile or intentionally carry forward their LMA funding, using STTF funding to deliver LMA programs. The decision to re-profile was supported by program staff at the Federal level as it was viewed as an appropriate response to local conditions. Re-profiling allowed for more strategic long term planning with consistent funding amounts while avoiding a short-term spike in service offering and later contraction.

Overall, the funding addressed the needs of sectors and communities most impacted by the economic downturn. This occurred to a larger extent in jurisdictions with larger employment contractions during the downturn. Most jurisdictions indicated that expanded programming occurred, specifically in the communities where the need was the greatest.

Evidence for this section comes from the document review and key informant interviews and addresses:

- ❓ **To what extent did the incremental STTF funding assist provinces and territories to deliver activities that facilitate labour market transitions and/or assist in maintaining skilled worker attachment to employers and sectors?**
- ❓ **Did this involve establishing new provincial and territorial programs/services or the broadening of existing programs/services?**
- ❓ **To what extent has the STTF funding addressed the needs of sectors and regions most impacted by the recession? Possible ways this may have occurred include:**
  - **Supporting transitions (including geographic and occupation mobility);**
  - **Providing flexible support for skills upgrading and training;**
  - **Creating opportunities for employment (including entrepreneurship, self-employment and job creation projects);**
  - **Enabling community self-reliance and collaboration approaches.**

#### **2.4.1 Needs Addressed by STTF**

In 2009, the Government of Canada announced measures to address the economic downturn including \$500 million over two years through the STTF. The STTF was designed to support the needs of unemployed individuals or those who had been out of work for a prolonged period of time, regardless of their qualification for programming under the *EI Act*. In an effort to address the needs of sectors and regions most impacted by the recession, the funding was distributed to the P/Ts according to their respective share of the unemployed across Canada. In their annual plans, nine jurisdictions indicated that addressing labour market issues that evolved as part of the economic downturn was a priority for STTF funding.

#### **2.4.2 Programs Activities**

STTF funding assisted P/Ts to expand on existing labour market activities or create new labour market programs. Each jurisdiction took a different approach and identified different priorities and/or activities in their annual plans. As identified in the LMA annual plans, many program activities were undertaken with STTF funding, including, but not limited to:

- Helping laid-off workers retrain for skills in demand.
- Assisting individuals affected by the downturn, especially those wishing to retrain or upgrade skills.
- Supporting all Canadians impacted by the economic downturn to access employment and training services.
- Enhancing existing programs, increasing capacity, and developing new initiatives.
- Establishing and enhancing labour force attachment and enhancing skills programs to support career development.

- Increasing opportunities for clients and examining new program opportunities.
- Targeting short term investments that will support employers and communities affected by the economic downturn to address labour force adjustment needs.
- Targeting displaced workers, at risk occupations and vulnerable workers.

Through the key informant interviews, it was found that a number of approaches were adopted to benefit from the incremental funding that was made available through the STTF.<sup>19</sup> A few jurisdictions made strategic decisions to re-profile or carry forward their LMA funding and use STTF funding to deliver LMA programs. The decision to re-profile was supported by program staff at the Federal level as it was viewed as an appropriate response to local conditions. These decisions were made mostly in regions of Canada where the impact of the economic downturn was significantly less severe. Re-profiling would allow for more strategic long-term planning with consistent funding amounts. This strategy also ensured the jurisdiction would not experience a spike in service offering and have to pull back programming when the STTF funding ended. Other jurisdictions used the STTF funding to expand existing programming or expand eligibility for programming in communities that needed it most. Many jurisdictions also created new programming, however, the amount of new programming was very limited as it was felt that, given the short time frame, developing new programming would take too much time, and therefore the STTF funding would have less impact. When new programming was developed it tended to focus on gaps in available labour market programming.

All jurisdictions indicated that STTF funding was used to deliver activities that facilitated labour market transitions for unemployed workers. The vast majority of programming offered with STTF funding focused on the needs of the unemployed and focused on communities or sectors with the greatest needs. This was exhibited through expanding programming in communities that had the highest demand for services or expanding services in communities that were facing closure of a large employer.

While some jurisdictions used STTF funding to provide training activities supporting retention of employed individuals in communities and sectors affected by the downturn, this was far less prevalent than the focus on unemployed individuals. Examples of how training supported the retention of employed individuals include:

- Training offered to employees if a new process or equipment was being introduced to make the business more modern or competitive.
- Programming that attempted to increase individuals' earning potential.
- Programming that would encourage employers to retain their current workforce through retraining or upskilling of existing employees.
- Programming in communities with pending plant closures that had not yet occurred.

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<sup>19</sup> It is important to note that relatively few key informants were able to speak in detail about the STTF and as such the results should be interpreted cautiously.



Overall, the funding addressed the needs of sectors and communities most impacted by the economic downturn. This occurred to a larger extent in jurisdictions where the impact of the downturn was larger. Most jurisdictions indicated that expanded programming occurred and that it occurred in the communities where the need was the greatest.



### 3. *Conclusions*

This chapter summarizes the key evaluation findings and conclusions.

Related to **program relevance** the evaluation found:

- A strong and continuing need existed for the LMAs.
- The flexibility afforded by the LMAs allowed P/Ts to respond to existing and emerging needs.
- LMA objectives and priorities are aligned with FPT Government priorities.
- LMA programs generally complement existing FPT programming for the targeted groups. A small amount of duplication may be possible with regard to existing Federal programs for youth, apprentices, persons with disabilities and older workers.

Related to **outcomes achievement** the study found:

- All target groups are covered through LMAs.
- Most participants take SDU (54%) and few take multiple-program types (1%).
- Dependence on Social Assistance (SA) is reduced. In the period after participation (a minimum of 24 months), only 19% had received SA compared to 25% who were in receipt of SA when participation began.
- It was not possible to know the percentage of LMA participants who were EI eligible and were receiving EI benefits at the start of LMA participation. At some time following participation, 25% of participants identified receiving EI benefits. At the time of the survey, a maximum of 9% (those who were unemployed) were potentially in receipt of EI. As a result, there are indications that the use of EI may have increased after LMA participation.
- When surveyed, 86% were employed compared to 44% at the start of their participation.
- Most frequent reasons for being out of work by the 9% unemployed at the time of the survey were: no jobs (31%); being in-school or training (20%); family responsibilities (15%); and experiencing illness or disability (8%). The remaining 5% were not in the labour force (retired, in-school) at the time of the survey.
- On average participants increased work by 6.7 weeks annually (to 37.6 weeks) following participation compared to the year prior to participation.
- Based on the evidence collected about one-quarter (26%) achieved a gain in employment that they attributed to their participation.
- Average earnings by participants who worked in the post-participation period were \$769 per week. This ranged from \$520 for those who took ES to \$1,033 for those who took SDWE.
- On average participants increased their weekly earnings by \$323 after participation compared to the one year prior to participation. Those who worked made \$769 per week in the post-period.

- Slightly less than one-half (47%) experienced an earnings gain that they attributed to their participation.
- Eighty-six per cent received a certificate, diploma or credential through participation.
- Of those who identified a need existing at the start of participation, a majority (ranging from 71% to 92% based on the need identified) said it had been met as a result of participation.
- A majority of participants experienced positive life-changes since they began participation (from 71% to 82% depending on the specific life-change identified). As participation was a major event in this period, some of this change is likely attributable to participation.
- Overall, 87% of participants were satisfied with their participation.

Related to **efficiency and economy** the study found:

- LMA programming benefited from best practices.
- A clear link exists between labour market conditions in the P/T, established priorities, and program resourcing.
- Performance measurement and reporting requirements were not met in every instance. In cases where they were not, P/Ts identified that these shortcomings were being rectified.
- The vast majority of P/Ts used the monitoring and performance measurement activities to make adjustments to their programming.

Findings related to the **Strategic Training and Transition Fund** were:

- Most P/Ts expanded existing labour market activities or created new labour market programs in areas hardest hit by the downturn in the economy through STTF.
- A few, supported by program staff at the Federal level, made strategic decisions to re-profile, or carry forward their LMA funding, using STTF funding to deliver LMA programs. Re-profiling allowed for more strategic long-term planning with consistent funding amounts while avoiding a short-term spike in service offering and later contraction.
- Overall, the STTF funding addressed the needs of sectors and communities most impacted by the economic downturn. This occurred to a larger extent in jurisdictions where the impact of the downturn was larger and in the communities where the need was greatest.