
NOVA SCOTIA COMPASS

A SUMMATIVE EVALUATION

FINAL REPORT

**Evaluation and Data Development
Strategic Policy
Human Resources Development Canada**

August 1997

SP-AH035E-08-97

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

EXECUTIVE SUMMARY

MANAGEMENT RESPONSE

1.0 INTRODUCTION

- 1.1 BACKGROUND
- 1.2 EVALUATION DESIGN
- 1.3 STRUCTURE OF THIS REPORT

2.0 DETAILED PROFILE OF NOVA SCOTIA COMPASS CLIENTS

- 2.1 NUMBER OF CASES BY COMPONENT
- 2.2 DEMOGRAPHICS
- 2.3 RECENT LABOUR FORCE HISTORY
- 2.4 PARTICIPATING IN COMPASS
- 2.5 CONCLUSION

3.0 PROGRAM RELEVANCE

- 3.1 RELEVANCE TO STRATEGIC INITIATIVES OBJECTIVES
- 3.2 TARGETING
- 3.3 USE OF JOB DEVELOPER SERVICES WITHOUT A WAGE SUBSIDY
- 3.4 IMPLEMENTATION OF PROCESS EVALUATION RECOMMENDATIONS
- 3.5 CONCLUSION

4.0 SATISFACTION WITH COMPASS

- 4.1 CLIENT SATISFACTION
- 4.2 PARTICIPANT DISCONTINUATION
- 4.3 EMPLOYER SATISFACTION WITH COMPASS
- 4.4 PREPARATION FOR ECONOMIC SELF-SUFFICIENCY
- 4.5 CONCLUSION

5.0 EMPLOYER BEHAVIOUR CONCERNING COMPASS

- 5.1 EMPLOYMENT AFTER THE SUBSIDY
- 5.2 INCREMENTALITY OF COMPASS
- 5.3 CONCLUSION

6.0 OUTCOMES OF COMPASS

- 6.1 RECENT LABOUR MARKET HISTORY
- 6.2 USE OF SOCIAL ASSISTANCE
- 6.3 USE OF UI
- 6.4 POST-PROGRAM ACTIVITIES
- 6.5 CURRENT SITUATION
- 6.6 IMPACT ON EARNINGS
- 6.7 IMPACT ON EDUCATIONAL UPGRADING
- 6.8 EDO OUTCOMES
- 6.9 CURRENT ATTITUDES
- 6.10 USE OF THE OPPORTUNITY FUND
- 6.11 CONCLUSION

7.0 ECONOMETRIC ANALYSIS OF IMPACT

- 7.1 RECENT LABOUR MARKET HISTORY
- 7.2 USE OF SOCIAL ASSISTANCE
- 7.3 USE OF UI
- 7.4 CURRENT SITUATION (AT THE POINT OF THE SURVEY)
- 7.5 EARNINGS
- 7.6 ATTITUDE CHANGE
- 7.7 OPPORTUNITY FUND
- 7.8 CONCLUSION

8.0 COST-EFFECTIVENESS ANALYSIS

9.0 CONCLUSIONS

APPENDICES

APPENDIX A: METHODOLOGY

APPENDIX B: ATTITUDE CHARTS

APPENDIX C: ANALYSIS OF NON-RESPONSE

APPENDIX D: SUMMARY OF EMPLOYER SURVEYS

ACKNOWLEDGEMENTS

Nova Scotia Compass was a joint federal-provincial Strategic Initiative funded and managed by Human Resources Development Canada (HRDC) and the Nova Scotia Department of Community Services. The program was developed by the Nova Scotia Department of Community Services in partnership with HRDC and the Nova Scotia Economic Renewal Agency (ERA).

Under the direction of an Evaluation Committee composed of representatives of the partners, the evaluation was conducted by a consortium of research companies from across Canada. It was managed by Coopers & Lybrand Consulting of Halifax, Nova Scotia. Power Analysis Inc. of London, Ontario designed the study, designed the research instruments, analyzed the data and wrote the final report. Subcontracting to Power Analysis, Dr. Craig Riddell of the University of British Columbia conducted and wrote up the econometric analysis. Omnifacts Research Limited of Dartmouth, Nova Scotia conducted the participant and non-participant surveys. Martell Consulting Services of Halifax, Nova Scotia conducted the employer survey, the key informant interviews and the focus groups.

The evaluation team would like to thank all those who contributed to the study, especially officials in both the federal and provincial governments who gave of their time and experience to assist the evaluation team. We would also like to thank the many social assistance recipients who generously shared information about the impact of Nova Scotia Compass on their lives, and employers who provided important information about the program and its benefits.

I .O INTRODUCTION

In the stringent economic environment of the 1990s higher caseloads have led to growing concern about the costs, both personal and social, of lengthy welfare dependence. Some observers have concluded that the welfare system is failing both the people it is designed to help and those who pay for it, charging that it consigns recipients to poverty by ensuring minimal cash assistance, while offering little or no help to actually move them into the mainstream economy. There has been increasing pressure for more fundamental reform — new ideas for helping recipients move off assistance and into jobs.

In response, the federal government embarked on its review of Canada's social security system with the aim of revitalizing the system to better reflect today's needs and fiscal realities. A key element of the social security reform is the Strategic Initiatives Program, an innovative mechanism that enables governments to initiate and evaluate various strategies for making social programs more job-oriented and responsive to clients needs. Under this program, the federal government reaches accords with provincial partners to test unique ideas for addressing high priority areas such as employment, learning and education, training, and income security.

Nova Scotia responded to the Strategic Initiatives Program with the Compass Program. Complementing the province's array of training and employment programs for social assistance recipients, Compass was a two-year, \$15 million project with the overall goal of assisting "individuals at risk of long-term dependency on social assistance (SA) gain financial independence through training and employment services" (RFP, p.1). Cost-shared equally between the two governments, the program targeted unemployed youth, single parents, disabled persons, and laid off fishers on social assistance.

The Compass Program recognized that, although most recipients of social assistance are anxious to end their dependence, many are ill-equipped to do so because they are poorly prepared to compete for available jobs. Merely providing cash assistance to meet basic needs is considered insufficient for much of the welfare caseload. The key to moving recipients from welfare to work is to help clients acquire the skills and experience they need to land a job. Compass provided work experience for recipients with very little previous experience to offer employers, a wage subsidy to employers to hire job ready recipients, assistance to clients to establish their own business, and a special fund that could be used to purchase special items needed to get a job.

As a strategic initiative, evaluation is a central requirement for the Compass Program. This report details the findings from a summative evaluation of Nova Scotia Compass. The primary purpose of the proposed evaluation was to measure

the impacts and effects of the Compass Program and to assess its cost-effectiveness.

1.1 BACKGROUND

Nova Scotia Compass, which ran from October, 1994 to October, 1996, was a joint federal-provincial initiative funded and managed by Human Resources Development Canada (HRDC) and the Nova Scotia Department of Community Services. A Strategic Initiative, it complemented existing training and employment services and encouraged partnerships with private sector employers across the province.

As specified in the Evaluation Framework, the objectives (reformulated for evaluation purposes) were threefold:

- to increase the economic self-sufficiency of participant SARs by providing employment and training opportunities as well as support services. Increasing self-sufficiency may provide other benefits such as improvements to self-esteem, self-worth, health status, and general life satisfaction;
- to provide cost-effective and efficient interventions for reducing dependency on income support;
- to provide a model of successful transitions from social assistance to employment which may be used in Nova Scotia and other parts of Canada on an expanded basis for reforming social programs.

The program consisted of four components or “options”:

- Work Experience Option (WEO) — provided youth (aged 18 to 30) on municipal assistance and a limited number of Family Benefits clients with work experience to enhance their employability. In the first year of the program, clients were paid a weekly allowance of \$160 for up to 26 weeks. Thereafter, it paid a minimum wage of \$5.15 per hour for up to 16 weeks. Private, non-profit and public sector employers were eligible;
- Transitional Training Option (TTO) — provided a wage subsidy of up to \$5.62 per hour to private-sector employers to hire job-ready SARs. Placements lasted up to six months. The primary target groups were single parents on Family Benefits, disabled persons, and fishers on social assistance. Employers had to contribute at least 25% of the total wage and had to commit to offer the client full-time employment when the subsidy ended. Initially only private sector employers were eligible for the subsidy; this was later changed to include non-profit employers.

- Enterprise Development Option (EDO) — assisted SARs to establish and operate a small business. “Stream I” clients received basic training in entrepreneurial skills and business development over 20 weeks, and after-care support. “Stream II” clients received seed capital for their business of up to \$2,000; in exceptional cases, up to \$5,000. It was a last resort loan.
- Opportunity Fund — permitted the purchase of special items/services that could improve a client’s chances of getting a job. Also a last resort fund, examples included course fees, assessment services, work boots and safety equipment.

The Compass Program was delivered in partnership with municipalities through Employment Resource Centres (ERCs). “Job Developers,” located in ERCs, identified employers in their region interested in participating in the Compass Program, invited employers to submit training plans for on-the-job training and work experience placements, and assessed the plans. They matched clients with appropriate employers, and monitored the placements for both WEO and TTO. For WEO, ERC counsellors identified suitable clients. For TTO, provincial clients were referred to ERCs through the Family Benefits program or Career Planning and Vocational Rehabilitation, and municipal clients were referred through the ERC assessment process. As well, ERCs provided bridging assistance to clients at the end of their placements including counselling and job search skill training.

Under EDO Stream I, clients were assessed by ERC and provincial counsellors for self-employment potential. Delivery agents (training institutions) also assessed clients’ business ideas. Those with good potential were referred to an approved training program funded by Compass to learn entrepreneurial skills and develop their business idea into a formal business plan. Qualified trainers were invited to submit proposals to conduct the entrepreneurial training. Stream II, the Micro-Enterprise Loan Fund, got referrals through ERCs. Clients exhibiting strong business skills and who had a viable business plan were referred to one of nine Business Service Centres of the Nova Scotia Economic Renewal Agency (ERA). Officers there met with the client and if the business plan was considered viable, assisted with the application to the Loan Fund. The application and officer’s recommendation were submitted to the EDO Advisory Committee (which was representative of the partners to the Agreement) for a final decision.

Concerning the Opportunity Fund, the ERC coordinator had authority to grant amounts up to \$300 if it was determined that the item or service could increase the employability of the client. Amounts exceeding \$300 needed the approval of the Compass Program coordinator.

1.2 EVALUATION DESIGN

The primary purpose of this project was to carry out a summative evaluation that measured the impacts and effects of the Compass Program and assessed its cost-effectiveness. The evaluation used a non-experimental design, comparing outcomes for clients of Compass to outcomes of a comparison group (i.e., similar individuals who were referred but did not take part in Compass). Econometric modeling procedures were used to control for differences between the two groups in terms of client and program characteristics.

Because the crux of this evaluation was to assess whether participants in the program experience greater labour market success than would have been expected without the intervention, our outcome measures focused on this area. Among the intended effects of the program: improved transition to the labour market with enhanced employability and earnings; reduced dependency on passive income support; and increased self-esteem and quality of life. A possible unintended outcome was higher educational achievement. These were certainly relevant in terms of the program's objectives, and they were easily quantified. All these effects were treated as dependent variables in our econometric models (since it makes sense to assess the program in terms of its intended effects). Thus, outcome (post-program) variables for the econometric analysis were employment status (i.e., working or not), time spent working or in school, annual earnings, education level, months spent on social assistance, weeks spent on UI, and changes in work attitudes and quality of life.

As for independent variables, besides the core demographic traits that should be included in any analysis (e.g., age, education, gender, marital status), several variables that may influence the decision to participate in the program (e.g., urban/rural, presence of children, socio-economic status) were used. Outside of the scope of the econometric analysis, we also explored client and employer satisfaction with the program, the success of EDO in establishing new businesses, and other issues as specified in the Terms of Reference.

Finally, a cost-benefit analysis was carried out (from the government perspective only) to help determine if the program was worth what it cost. Direct and indirect costs were identified during the course of the evaluation. Benefits were largely equated with the outcomes assessed (i.e., improved transition to the labour market with enhanced employability and earnings; reduced dependency on passive income support). Dollar values were assigned to these outcomes through the econometric analysis.

Appendix A briefly discusses the methods that were used to answer the evaluation issues. To address the 15 evaluation issues, we used six sources of information: interviews with program officials; a review and analysis of administrative data; a

survey of participants and a matched sample of non-participants; a survey of participating employers; focus groups; and an econometric analysis to determine program impact.

1.3 STRUCTURE OF THIS REPORT

The next chapter presents detailed profiles of Compass clients compared to non-clients regarding demographics, and services received. Chapter 3, using data from numerous interviews and focus groups, assesses the relevance of the Compass Program. Chapter 4 examines client and employer satisfaction with the Compass Program. In Chapter 5, employer behaviour concerning hiring after the subsidy ended and creating incremental positions is examined.

With the stage set, we turn in Chapter 6 to issues of outcome. We analyze outcomes in terms of receipt of income assistance and occupational success. Chapter 7 builds on the descriptive analysis of Chapter 6, with an econometric analysis of impact. Using longitudinal and cross-sectional models, we present a thorough analysis and interpretation of the results. The penultimate chapter brings program costs into the picture through a cost-effectiveness analysis. The final chapter summarizes the major findings, and draws together the different lines of evidence to answer the evaluation questions.

2.0 DETAILED PROFILE OF NOVA SCOTIA COMPASS CLIENTS

This chapter draws profiles of Nova Scotia Compass participants and non-participants. Its value is to give the reader a good understanding of the Compass program and its clients in advance of presenting the evaluation findings.

Data for this chapter were drawn from two administrative databases – the Tiger database, which tracks Compass participants and non-participants, and HRDC UI files. The administrative databases represent the population of Compass. As such, no statistical testing is required when comparing groups¹.

In the results section, each table or chart presents the data by Compass component. Participants are classified according to the last component they completed before September, 1996².

The main thrust of the analysis to follow is to compare participants in the three components with each other and with non-participants. Analysis of the results will not merely repeat what can be easily gathered from the tables or graphs. The analysis begins with a brief look at the number of clients by type (participant versus non-participant) and component³. The chapter then turns to client demographics, followed by an examination of the Compass intervention experienced by the client.

¹ The purpose of statistical testing is to determine whether perceived differences between groups are real or the result of sampling error. Since there is no good reason to analyze a sample when one has data on the entire population, we use population data for the administrative data analysis. Hence, no statistics are required.

² Because there were relatively few EDO participants, anyone who was involved with EDO was classified as an EDO participant, even if they were subsequently placed under another Compass component.

³ To keep from overwhelming the reader with figures, most of the subsequent tables will include only percentages; the total number of cases will appear at the bottom of each table.

2.1 NUMBER OF CASES BY COMPONENT

Table 2.1 shows the total number of Compass participants and non-participants⁴, as well as two other groups that received other help from Compass but did not participate per se⁵. Those who did not participate in a placement but received money from the Opportunity Fund were classified as “Opportunity Fund non-participants.” (Another 178 of the participants also received money from the Opportunity Fund.) The fourth group, “job developer help only,” are individuals who were not placed in a subsidized job, but found an unsubsidized job after referral to Compass⁶.

In total, there were 1,609 Compass participants, considerably less than anticipated at the outset of the program⁷. About 12% of the participants were involved in more than one Compass placement. According to the evaluation framework, the estimated number of participants was as follows: 1,100 in WEO; 1,200 in TTO, 200 in EDO, and 1,000 Opportunity Fund beneficiaries. Actual numbers fell far short in every category.

⁴ Note that there was no field on the database to identify whether an individual is a participant or non-participant. We had to classify all individuals in the database using other fields. To be classified as a participant an individual must have had a total greater than 0 for the “cost of the intervention” (i.e., if there was no money spent on the person, he/she was not a client). This left some clients out who had other information suggesting they were clients (i.e., start and end dates, placement name, and so on). They were also classified as participants under the assumption that the cost of the intervention was missing for these clients. Some clients who had no placement information, but who had received money from the Opportunity Fund were classified as “Opportunity Fund non-participants.” After correcting for some minor inconsistencies, we arrived at the figures shown in Table 2.1. Survey results suggest our classification scheme was accurate.

⁵ Some non-participants were categorized into one of the three major Compass components upon referral; but 1231 had no such designation. Because it is wise to match participants and non-participants as closely as possible, we wanted to choose three separate comparison groups – one for EDO, one for TTO and one for WEO – rather than one general comparison group. Since there were too few non-participants classified into these groups upon referral, we classified them where we could to match the eligibility criteria and characteristics of participants in each component as closely as possible. The result is shown in Table 2.1. All the changes are confined to the non-participant group.

⁶ It is not clear from the system whether or not the job developer obtained this job for the person, although Compass officials believe this to be the case for the majority.

⁷ We relied on the Employment Resource Centres to provide data on all their Compass participants and non-participants. Note, however, that some of the earliest cases are missing (see Appendix A). Also, some ERCs tracked Opportunity Fund clients with a system other than Tiger, which was not provided to the consultants.

Table 2.1 Number of Cases by Compass Component and Group

COMPASS COMPONENT	Participants	Non-participants	Opportunity Fund Non-Parts	Job Developer Help Only	Total
WEO	741	585	6	27	1359
TTO	787	1139	12	18	1956
EDO	81	32	4		117
Blank		114		58	172
Whole Program	1609	1870	22	103	3604

The rest of the analysis will be restricted to participants and non-participants.

REGION

Distribution by region of the province differed widely across Compass components (Table 2.2). Most of the EDO activity was in western Nova Scotia. Over one-third of WEO participants lived in the Metro area, as compared to less than a quarter of TTO clients. It was just the opposite in the western region, where over a third of TTO clients lived but only a quarter of WEO clients.

Table 2.2 Region by Group and Compass Component

REGION ⁸	Participant			Non-participant		
	WEO	TTO	EDO	WEO	TTO	EDO
Halifax	35.6%	23.8%	13.9%	29.4%	20.0%	0.0%
Cape Breton	17.0	12.8	19.0	25.5	22.6	9.4
North Shore	22.3	28.1	7.6	28.5	26.7	18.8
Western	25.1	35.3	59.5	16.6	30.7	71.9

Client N=1607

Comparison N=1756

⁸ Halifax = The city and county of Halifax, and Dartmouth; Cape Breton = Port Hawkesbury, Victoria, Glace Bay, Sydney, and North Sydney; North Shore = Pictou, Antigonish, Canso, Mulgrave, Guysborough, Cumberland, and Truro; Western = Hants, Kings, Digby, Yarmouth, Annapolis, Queens, Barrington and Bridgewater.

2.2 DEMOGRAPHICS

GENDER

Overall, there was little difference in the female/male ratio between participants and non-participants. About 48% of both groups were female. And, as a comparison of Charts 2.1 and 2.2 demonstrates, the ratios were close within component, although the difference in the WEO component is more noteworthy than those in the other two components.

Chart 2.1
Gender Breakdown By Compass Component - Participants

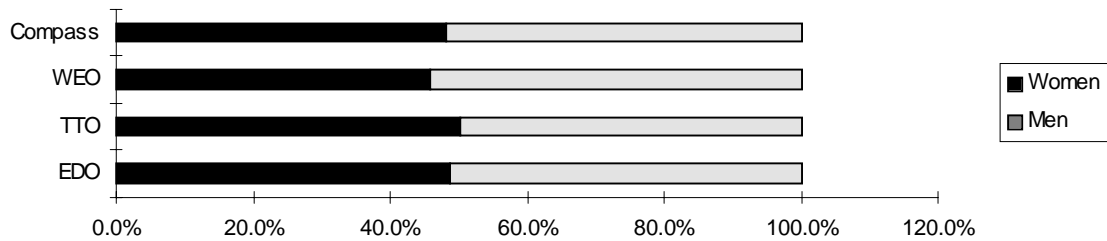
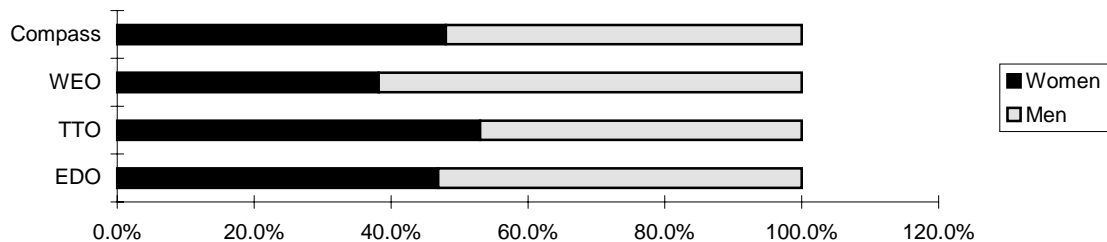


Chart 2.2
Gender Breakdown by Compass Component – Non-Participants



AGE

The average age of Compass participants was 30.7 years; non-participants were somewhat older on average, 33.0 years (Table 2.3). Most of the difference is accounted for by the TTO component, wherein non-participants were 3 ½ years older than participants on average.

Table 2.3 Average (mean) Age of Participants and Non-participants for Each Compass Component

COMPASS COMPONENT	Participants	Non-participants
WEO	26.7	26.0
TTO	33.5	36.8
EDO	39.3	40.3
Blank	--	23.9
Whole Program	30.7	33.0
N	1505	1768

By age group (Table 2.4), TTO participants were much more likely than TTO non-participants to be in the youngest group, and less likely to be in the older groups. Note that 21% of WEO participants were over age 30, the age limit for the component.

Table 2.4 Age Group of Participants and Non-participants for Each Compass Component

COMPASS COMPONENT	Participant			Non-participant		
	30 and Under	31-40	41+	30 and under	31-40	41+
WEO	78.8%	17.4%	3.8%	81.6%	16.7%	1.7%
TTO	41.3	38.6	20.1	23.9	45.4	30.7
EDO	19.4	43.5	37.1	13.3	40.0	46.7
N	852	426	195	789	613	364

MARITAL STATUS

Marital status differed substantially across components (Table 2.5). Two-thirds of WEO participants had never been married, as compared to half the TTO clients and 42% of EDO clients. Single parents accounted for only 9% of WEO clients, but 22% of TTO and EDO⁹. Looking across groups, the distributions for participants and non-participants are very close in the TTO component, fairly close in the WEO component, but considerably different in the EDO component (since there were only 29 EDO non-participants, just one or two cases can make a big difference in the distribution). EDO participants were much more likely to be single and much less likely to be married than were non-participants.

Table 2.5 Marital Status by Compass Component

MARITAL STATUS	Participant			Non-participant		
	WEO	TTO	EDO	WEO	TTO	EDO
Common-law	10.2%	5.9%	4.7%	6.8%	5.8%	3.4%
Married	11.1	20.8	31.3	8.6	20.8	44.8
Single (never married)	67.6	49.3	42.2	78.7	44.2	24.1
Separated/Divorced/ Widowed	1.9	2.4	0.0	0.5	4.4	6.9
Single parent	9.2	21.6	21.9	5.4	24.8	20.7

Client N=1529

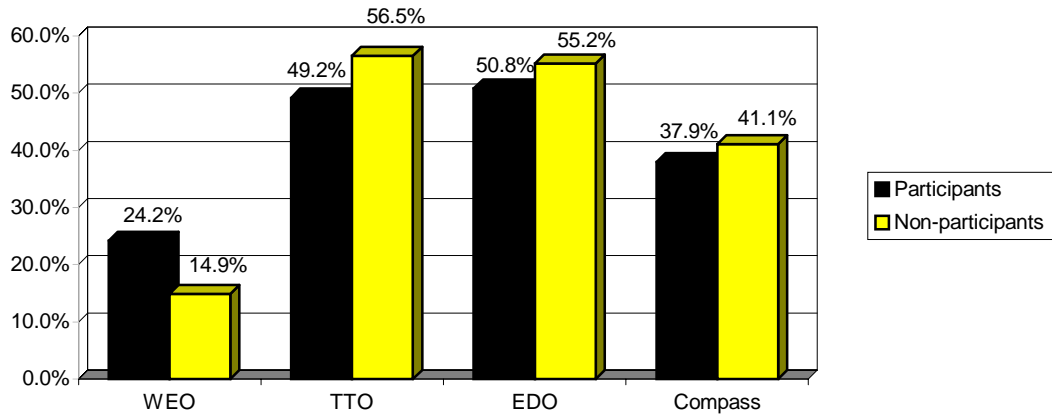
Comparison N=1660

FAMILY CHARACTERISTICS

The percentage of participants and non-participants with children varied widely between WEO on the one hand and TTO and EDO on the other (Chart 2.3), which is to be expected given the different nature of the target groups. WEO participants were only half as likely as TTO or EDO participants to have children.

⁹ The coding for the marital status variable actually combined two different variables: marital status and parental status. Thus a person who had no spouse but had children could be coded single, separated, divorced, widowed (depending on the reason he or she has no spouse) or single parent. By looking at the “number of children” variables, we know that there are actually more single parents in the sample than are shown in Table 2.5, raising the proportion of single parents among EDO participants to 25%, among TTO participants to 33% and among WEO participants to 13%. Most of these were coded as “single, never married” in the system.

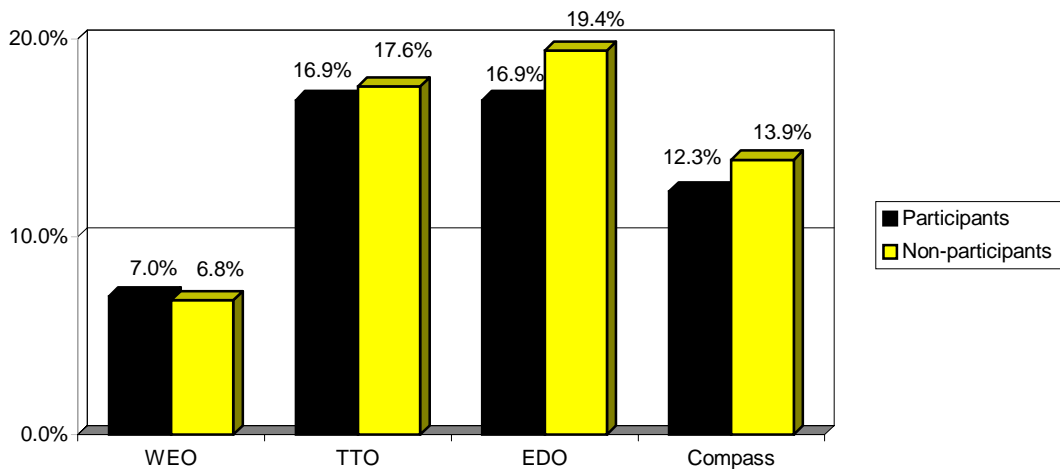
Chart 2.3
% Of Participants And Non-Participants With Children



Participant N=1531
 Comparison N = 1762

It is tempting to conclude from these figures that WEO participants may have had an easier time finding employment than their counterparts in the other components. Despite the large differences in proportion with children, however, the gap between components was much smaller with respect to proportion of those requiring child care (Chart 2.4).

Chart 2.4
% Of Participants And Non-Participants With Children Needing Child Care



Participant N=1561
 Comparison N = 1809

LANGUAGE

English was the mother tongue for about 97% of those referred to Compass (although this information was missing for about 15% of the cases). French was the mother tongue for about 2%. Other languages accounted for less than 1% of all groups.

ETHNICITY

Approximately 1% of TTO and WEO participants and non-participants were Aboriginal. No EDO participant or non-participant was Aboriginal.

About 2% of TTO participants and 4% of TTO non-participants were Black. About 6% of each WEO group was Black. And 10% of EDO participants versus 3% of non-participants were Black.

DISABILITIES

Approximately 5% of participants in each component had disabilities, versus about 6% in each component on the non-participant side.

EDUCATION

Just under 30% of Compass participants and 30% of non-participants had not completed high school before their referral to Compass (Table 2.6). There was very little difference between participants and non-participants in any of the components¹⁰. The TTO group was better educated than the WEO group, most notably being much more likely to have completed trade school or community college.

¹⁰ Differences in the EDO groups are magnified because there are so few cases.

Table 2.6 Educational Achievement

HIGHEST EDUCATION	Participants			Non Participants		
	WEO	TTO	EDO	WEO	TTO	EDO
COMPLETED						
Less than grade 8	8.5%	6.9%	3.4%	10.3%	5.6%	7.4%
Grade 8-11	23.7	21.0	13.8	25.5	21.6	29.6
High school graduate	33.9	20.6	36.2	30.0	19.3	37.0
Some post-secondary	11.2	12.1	10.3	12.1	14.0	11.1
Complete trade school/ community college	20.3	34.8	25.9	19.6	32.8	14.8
University degree	2.4	4.6	10.3	2.5	6.8	0.0

Client N=1438

Comparison N=1594

2.3 RECENT LABOUR FORCE HISTORY¹¹

This section will summarize participants' and non-participants' recent labour market performance in terms of earnings, and use of public assistance programs.

EARNINGS

Table 2.7 shows the average annual earnings of participants and non-participants from 1990 to 1995. Average earnings were extremely low, never reaching \$10,000 for any subgroup (and note that the averages are not pulled down by including those with zero income). By component, WEO clients had consistently earned the least. Earnings performance of participants and non-participants was similar, although TTO non-participants tended to earn more than did TTO participants throughout this period.

¹¹ Most of the variables available from the administrative data system were not analyzed in this section, because respondents did a poor job filling out the applicable section of the baseline survey. Many of the questions were left blank. For example, 64% skipped the question asking if they had any income from self-employment; 62% skipped the hours worked in last job question. Moreover, it seems that many blanks were recorded as zeros in the computer system. A key example demonstrating this is the question asking how many months the person was unemployed and actively seeking work in the last 52 weeks and in the 52 weeks before that. So many skipped the second 52 weeks (no doubt in part due to the confusing wording used in the question) that the data were not even entered into the Tiger System. As for the last 52 weeks, 6% were coded as missing and 45% were coded as zeros. It seems unlikely that almost half the respondents spent no time at all (in the 52 weeks before referral) unemployed and actively seeking work. And it wasn't that they were unemployed and not actively seeking work: only 7% said they spent some time in this condition. Given that we do not trust these data, we will use survey data for an accurate picture of recent labour force history. The only exceptions are earnings and UI history (which come from HRDC administrative files), and government assistance received in the past two years and support services received in the last year (which come from the baseline survey).

Table 2.7 Average (Mean) Earned Income by Year for Participants and Non-Participants

YEAR	Participants			Non Participants		
	WEO	TTO	EDO	WEO	TTO	EDO
1990	\$5,113	\$8,335	\$8,809	\$4,623	\$9,833	\$8,888
1991	\$4,159	\$7,260	\$8,625	\$4,050	\$8,490	\$8,812
1992	\$4,427	\$7,428	\$7,828	\$4,862	\$8,665	\$6,933
1993	\$3,677	\$6,273	\$7,476	\$4,256	\$7,673	\$7,718
1994	\$3,069	\$4,819	\$4,704	\$3,549	\$6,124	\$7,903
1995	\$3,033	\$4,894	\$3,065	\$2,621	\$4,155	\$3,482

It seems obvious to conclude that, on average, these individuals had not had much success in the labour market since 1990. Table 2.8 supports this, showing that in most years, 40% or more of all Compass referrals had no earned income. The rise in percentage of TTO and WEO participants working toward the end of this period reflects participation in the Compass placement.

Table 2.8 Percent With Any Earned Income by Year for Participants and Non-Participants

YEAR	Participants			Non Participants		
	WEO	TTO	EDO	WEO	TTO	EDO
1990	51.7%	72.7%	60.5%	49.7%	70.9%	56.3%
1991	48.4	64.4	55.6	43.6	58.9	46.9
1992	49.5	61.0	54.3	44.8	59.4	56.3
1993	46.0	56.4	42.0	43.2	53.7	40.6
1994	51.6	58.6	39.5	47.2	55.4	37.5
1995	58.8	73.1	37.0	51.8	54.6	43.8

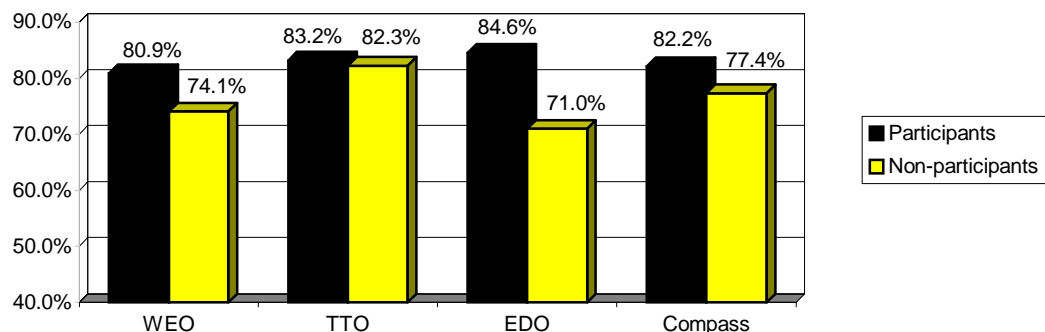
Client N=1609

Comparison N=1756

FINANCIAL AID FROM GOVERNMENT IN TWO YEARS PRIOR TO COMPASS REFERRAL

Given that all referrals to the Compass program came from the municipal and provincial welfare systems, it is surprising that only about eight in ten baseline survey respondents said they had received social assistance in the past two years (Chart 2.5). There were other sources of referral to Compass including Vocational Rehabilitation and CPP, but these clients had to be in receipt of social assistance to qualify for Compass. Perhaps some misunderstood the question or did not realize they were on social assistance.

Chart 2.5
% Of Participants And Non-Participants Having Received Social Assistance In Past 2 Years By Compass Component



Participant N=1562
Comparison N = 1813

HRDC provided detailed UI histories of Compass participants and non-participants since 1990 (Table 2.9). Prior to Compass, about a fifth of WEO clients and about two-fifths of TTO and EDO clients had been on UI at some time during each year. These proportions fell by 1996, but this is not necessarily due to the Compass program, since the fall was even more dramatic for non-participants.

Table 2.9 Percent Receiving UI by Year for Participants and Non-Participants

YEAR	Participants			Non Participants		
	WEO	TTO	EDO	WEO	TTO	EDO
1990	20.6%	36.3%	34.6%	16.9%	36.6%	34.4%
1991	21.7	37.7	38.3	16.1	38.3	34.4
1992	22.9	39.1	39.5	17.6	39.2	31.3
1993	22.1	38.8	39.5	18.3	36.8	34.4
1994	20.1	39.3	32.1	17.3	37.8	25.0
1995	16.9	37.2	17.3	13.8	32.3	21.9
1996	11.7	27.2	7.4	8.2	16.0	6.3

Client N=1609

Comparison N=1756

The average number of weeks in receipt of UI also fell during the years Compass was in place. Again, though, both groups (participants and non-participants) experienced the decline.

Table 2.10 Average (Mean) Number of Weeks UI Received by Year for Participants and Non-Participants

YEAR	Participants			Non Participants		
	WEO	TTO	EDO	WEO	TTO	EDO
1990	4.7	8.8	8.1	4.0	8.7	6.5
1991	4.9	9.2	8.7	3.9	8.9	6.3
1992	5.6	10.0	10.4	4.4	10.0	6.7
1993	5.9	10.4	9.4	4.5	9.3	8.8
1994	5.5	10.7	8.8	4.4	10.6	6.7
1995	3.5	7.5	3.3	3.2	7.3	6.5
1996 (to June)	1.4	3.7	1.3	1.2	2.2	0.6

Client N=1609

Comparison N=1756

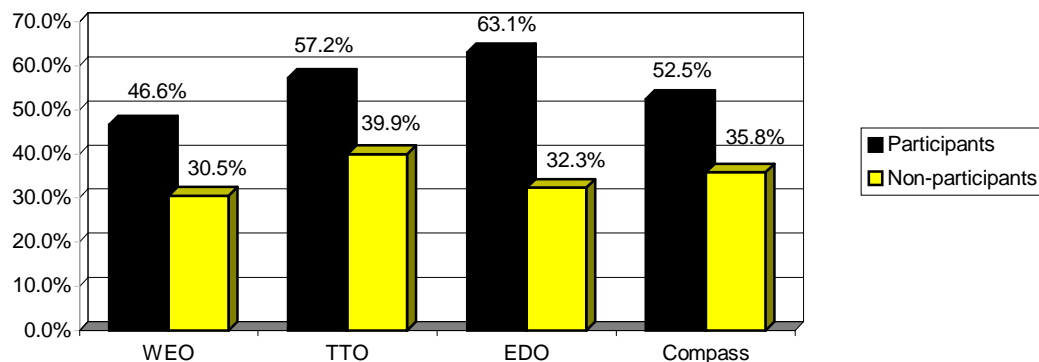
Very small percentages (1% to 2%) of participants and non-participants had received Canada Pension Plan disability benefits or workers' compensation during the two years prior to referral to Compass. Around 5% of participants and non-participants in each component had received student aid during this time; between 7 and 12% of participants and non-participants in each component had received training allowances during this time.

EMPLOYMENT SUPPORT SERVICES RECEIVED IN THE YEAR BEFORE THE PROGRAM

Approximately 8% of participants and 7% of non-participants said they had taken academic upgrading during the year prior to referral to Compass, according to data from the baseline survey. There was very little difference between TTO and WEO. No EDO non-participant and only one participant had taken academic upgrading in the past year. The story was virtually the same for three other employment supports: job-specific training, which 8% of participants and 6% of non-participants had taken in the past year; life-skills training, which 8% of participants and 6% of non-participants had taken in the past year; and job-finding club, which 9% of participants and 8% of non-participants had joined. In none of these cases was there an appreciable difference between components.

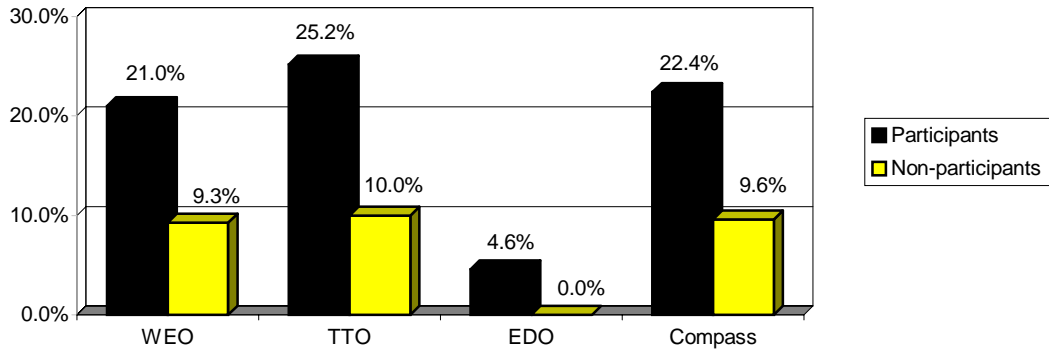
The next several charts show how the groups and components compare with respect to their use of more common services.

Chart 2.6
% Of Participants And Non-Participants Having Received Job Counselling In The Past Year, By Compass Component



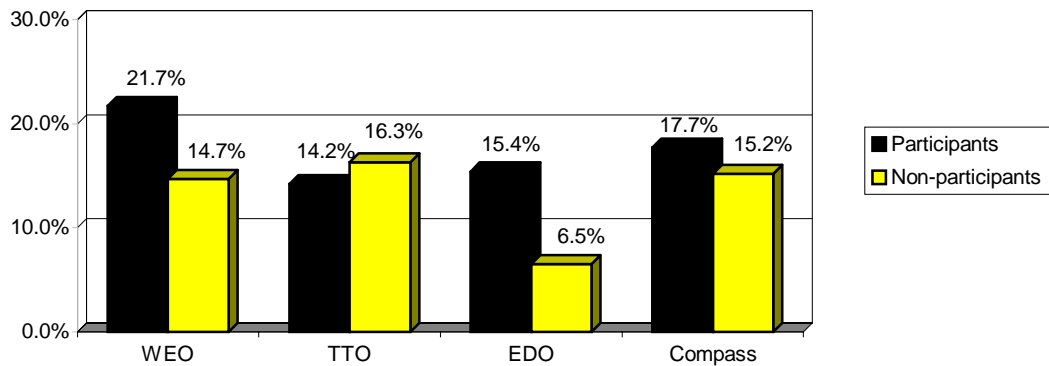
Participant N=1493
Comparison N = 1876

Chart 2.7
% Of Participants And Non-Participants Having Received Job Placement Services In the Past Year, By Compass Component



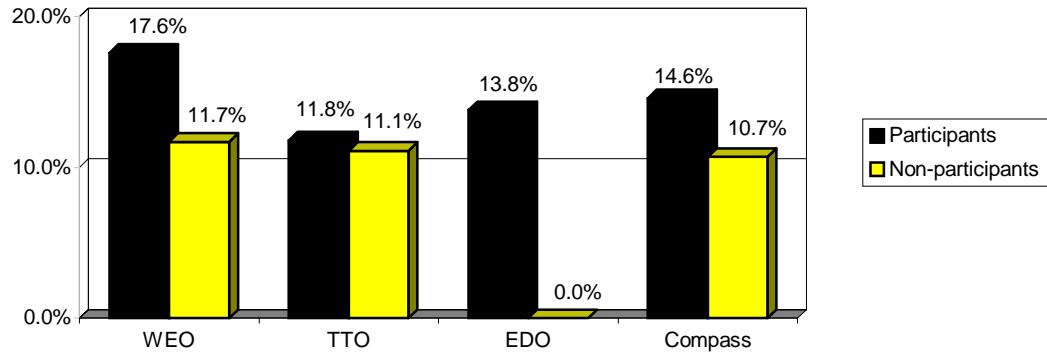
Participant N=1562
 Comparison N = 1807

Chart 2.8
% Of Participants And Non-Participants Having Taken A Job Search Workshop In the Past Year, By Compass Component



Participant N=1582
 Comparison N = 1807

Chart 2.9
% Of Participants And Non-Participants Having Taken A Training Project In the Past Year, By Compass Component



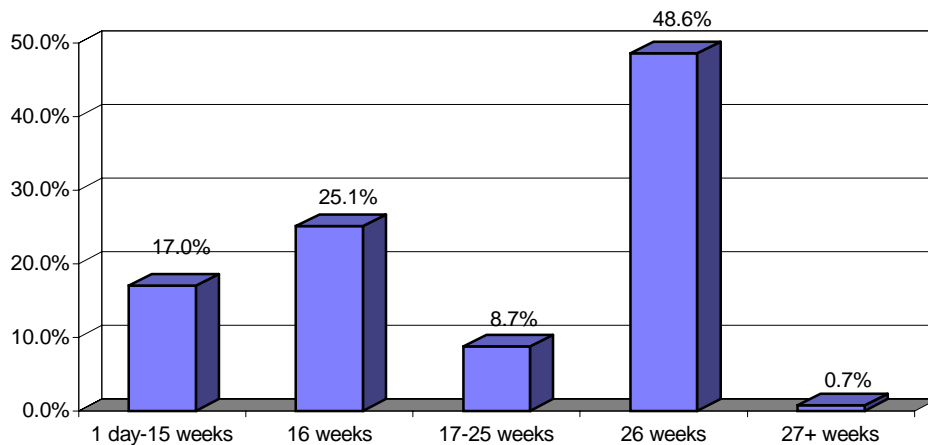
Participant N=1562
 Comparison N = 1807

2.4 PARTICIPATING IN COMPASS

As mentioned above, about 12% of Compass participants had more than one placement. The most common pattern, accounting for about half of all repeat cases, was starting in a WEO placement and moving to a TTO placement. A handful of repeaters went the other way around. Most of the rest had consecutive placements within the same component of Compass: about 4% of all Compass participants fell into this category.

The average (mean) number of weeks spent on a placement was 21.5 weeks (including repeaters). The mean differed by component, with WEO having the shortest placements at 18.4 weeks, TTO at 24.1 weeks and EDO at 27.8 weeks. Excluding those with more than one placement, the average length of involvement was 20.2 weeks. Chart 2.10 shows the distribution of weeks on the first Compass placement. By component, most TTO participants (60%) spent 26 weeks on placement, and most WEO participants spent 16 weeks (42%) or 26 weeks (30%) on placement (reflecting the length of the program in the second and first years, respectively).

Chart 2.10
Length of Compass Placement



N=1268
 N.B. Includes only first placement for repeaters.

According to information available from the Tiger administrative system, the total cost incurred on behalf of all participants was about \$6.6 million. According to expenditure information provided by the Department of Community Services (Finance), however, total Compass expenditures on behalf of clients was \$10.6 million (to February, 1997). The Tiger figure is low since figures only go up to September, 1996, some of the 1994 clients are missing, about a fifth of the EDO participants are missing, and there is evidence that the cost field was left blank for some participants¹². Still, it is useful to determine average cost per client (since the finance data does not include the number of clients). Average expenditure per participant was \$4,564 (with a standard deviation of \$2,301 and a standard error of \$61).

Table 2.11 compares actual expenditures with planned expenditures for each Compass option. For every option but the Opportunity Fund, actual spending came up far short of the budget. This was due in part to serving fewer clients under each component than planned, and to spending less per client than envisioned.

The average opportunity fund amount was \$168 for the 201 people receiving these grants¹³ (the median grant was \$127). The smallest amount was \$15. Sixteen

¹² For instance, for some clients the system showed a placement name, type, contact start date and end date, but no costs. (These are not the “job developer only” clients shown in Table 2.1, which have no placement data.)

¹³ Recall that some ERCs tracked the Opportunity Fund with a different system so the 201 figure is low.

individuals received over \$300, three over \$1,000 (amounts exceeding \$300 needed the approval of the Program coordinator).

Table 2.11 Planned Versus Actual Expenditures by Compass Component

COMPASS COMPONENT	Planned*		Actual**	
	Fund Allocation (Millions)	Mean Expenditure	Spending (Millions)	Mean Expenditure
WEO	\$4.6	\$4,182	\$4.2	\$3,229
TTO	\$7.4	\$6,167	\$5.2	\$5,407
EDO	\$1.3	\$6,500	\$1.0	\$4,509
Opportunity Fund	\$0.2	\$200	\$0.2	\$168

* Source: Monitoring & Evaluation Framework

** Source: NSCS (Finance) and Tiger

Interviewees offered several explanations for the failure to spend available funds. The first was rushed implementation. It took longer than anticipated to get rolling and thus not all available funds were spent. This is common for newly implemented programs.

Related to rushed implementation was poor program planning in certain respects. For one thing, planners failed to account for all the disincentives FB clients had to participating. It seems that the policy makers did not anticipate that it would be hard finding single parents that were willing to take part. “There were so many disincentives to do it that you couldn't make it work: child care, health care and transportation.” As discussed in Chapter 3, under-use of the EDO was also caused in part by poor planning and implementation.

A third explanation gives credence to HRDC’s criticisms surrounding poor communications. The regions (or at least some regions) were unaware of how much they were spending. “From an administrative perspective, the money was a nightmare. . . We never knew where we were with the money. . . We need to have financial people involved in setting up these programs.”

But stressing the view that finances have been poorly accounted for, a provincial representative asserted that “There should have been better communication between HRDC and the Province . . . There was an overall lack of good information on the budget between the two jurisdictions.”

A fifth explanation considers the difference in the Federal/Provincial definition of 'committed funds'. The federal definition means that all dollars for any fiscal year must be spent by March 31 of that year. Under the provincial definition, dollars attached to a placement made in February 1995 can be 'spent' in fiscal 1996-97 but accounted for under fiscal 1995-96. The slippage came partly from a lack of understanding at program start-up of the HRDC procedures.

Other reasons given for limited take-up in some areas included:

- skill level of the job developers - probably some needed more training;
- community attitudes - some belief in the myths of social assistance recipients - blaming the victim;
- competition from other wage subsidy programs - some communities over saturated; and
- policy barriers of the municipalities (treatment of income from self-employment varies across municipalities).

PLACEMENT PAY

In the first year of the program, WEO clients were paid a weekly allowance of \$160 for up to 26 weeks. Subsequently, WEO paid a minimum wage of \$5.15 per hour for up to 16 weeks¹⁴. In total 361 people received WEO allowances of \$160 per week. TTO provides a wage subsidy of up to \$5.62 per hour to private-sector employers, and employers had to contribute 25% of the total wage: 61% of TTO clients got over \$5.62, almost all of whom were paid between \$6.00 and \$8.00 per hour¹⁵. Chart 2.11 shows the placement pay received by WEO and TTO clients while participating in Compass.

¹⁴ Some ERCs included benefits in the placement pay recorded on the system, or \$5.69 per hour.

¹⁵ Again, much of this is because some ERCs included benefits payments in the placement pay. In other cases, the employer's contribution may have been included.

Chart 2.11
Hourly Pay Rates by Compass Component

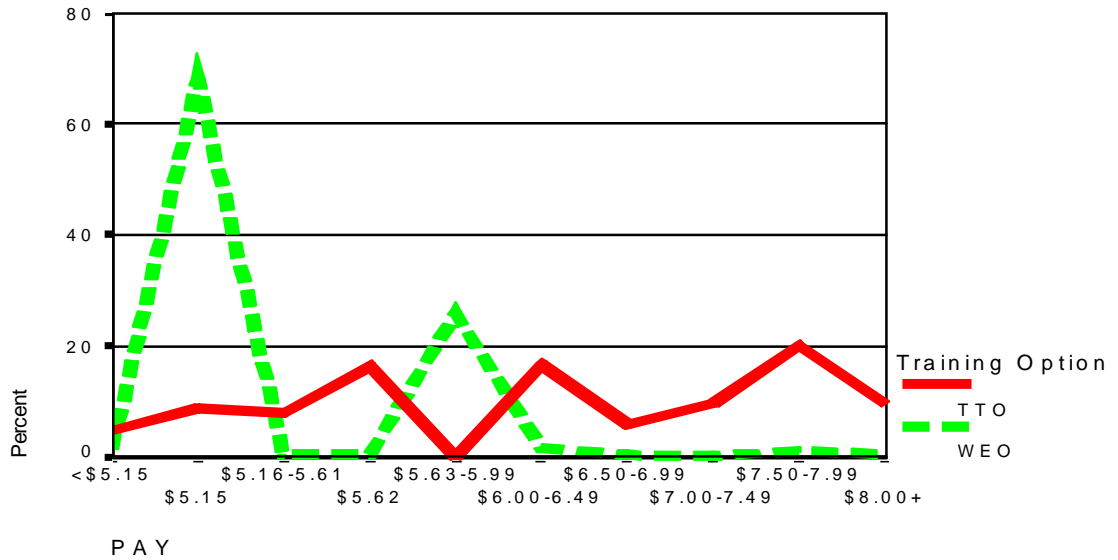
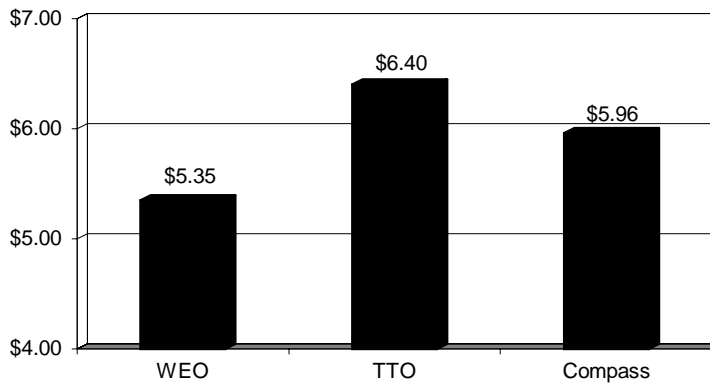


Chart 2.12 displays the average hourly pay for placements by component. Befitting their greater work experience and generally higher skill level, TTO participants were paid higher on average than were WEO participants.

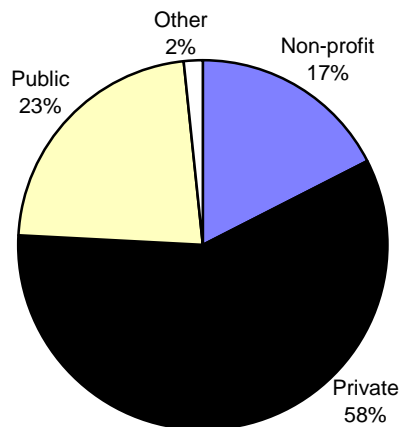
Chart 2.12
Average Pay While On Placement



PLACEMENT TYPE

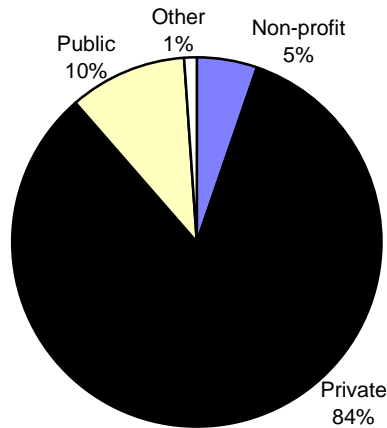
Private, public and non-profit sector employees were eligible for WEO placements. Chart 2.13 shows how WEO clients were distributed by type of placement. Nearly six in ten were placed with private firms.

Chart 2.13
Placement Type - WEO



According to the program mandate, the TTO option was supposed to be restricted to the private and non-profit sectors. But 11% of placements under this option were in other sectors (Chart 2.14). For jobs in the non-profit sector, the expectation was that they couldn't hire the participants after funding expired. But, according to the job developers in the focus groups, they were good placements anyway. "They were giving (participants) the skills that . . . need to be built, and they were getting positions afterwards, maybe not with that organization, but somewhere else."

Chart 2.14
Placement Type - TTO



Approximately 85% of TTO participants worked 40-hour weeks on their placements; another 9% worked 35-hour weeks. The average work week was 39.2 hours. Similarly, 84% of WEO clients worked 40-hour weeks and 12% worked 35-hour weeks. Their average work week was 39.1 hours.

2.5 CONCLUSION

For the most part, participants and non-participants in each Compass option were well matched. There were minor differences in age (non-participants were somewhat older on average), pre-program earnings (non-participants, especially in TTO tended to earn more than participants), and pre-program involvement in job counselling and job placement services (participants were more likely than non-participants to have taken part). In assessing program impact, econometric modeling will be used to control for the differences between groups observed in this chapter, and for any unobserved differences that may exist.

3.0 PROGRAM RELEVANCE

The first two chapters set the context for the presentation of evaluation results. This chapter begins the results section by addressing the first three issues posed in the Terms of Reference, which deal with the relevance of Nova Scotia Compass.

3.1 RELEVANCE TO STRATEGIC INITIATIVES OBJECTIVES

Under the Strategic Initiatives program, Human Resources Development Canada (HRDC) has the responsibility to work with the provinces and territories to conceive and fund innovative approaches to improve job opportunities, reduce barriers to employment, and curtail reliance on social security. Pilot projects are funded on a 50-50 basis with the province or territory for up to five years. Each project tests an innovative model for addressing recognized problems of the target group. Projects supported under the program are determined on merit and on key criteria including:

- innovation/experimental potential;
- relevance to policy direction; and
- evaluation/information potential.

INNOVATION/EXPERIMENTATION POTENTIAL

There was some disagreement among key informants as to whether Compass was innovative. Two (one federal and one provincial) did not regard Compass as innovative, saying it was similar to what was already being done through the ERCs. “The structure was already in place. We needed the additional staff and we needed the additional money (but). . . it all was built on something that was already going on.” Another said that key components of Compass such as the wage subsidy were already in use elsewhere. Also, a federal informant pointed

out that EDO was similar to HRDC’s Self Employment Assistance (SEA) Program¹⁶.

¹⁶ In one informant’s assessment, the SEA Program is a stronger program than the EDO for five reasons: i) SEA Program provides ongoing income assistance for up to 52 weeks. This covers both the training (around 10 weeks) and the actual business start-up period (up to 42 weeks). “This recognition of the need for income support over this critical period was not recognized initially under the EDO. It wasn’t recognized until the first round of Stream 1 clients had completed their training and were ready to start their business. This was a major problem for the clients as they are in extreme financial need. The problem lay with Nova Scotia having 58 odd

On the other hand, several informants believed that the role of the job developers was innovative, not to mention extremely important for the success of Compass. As one provincial interviewee put it: "Job developers work with a client to place them in a meaningful job situation. . . (They provide) the clients with support to make the placement work. They liaise between the employer and client. They develop an inventory of employers in the community. They educate both the client and employer about being a social assistance client - dispel the myths." Another added: "If we get nothing else once the Strategic Initiative is over but a continuation of the Job Developers, that's okay."

Also mentioned as innovative was the Opportunity Fund (although the Halifax ERC did have an Opportunity Fund before Compass). "This option has been of tremendous value. It's amazing how that little bit of money can help people access employment or training."

municipalities and 58 different policies on income. This hadn't been taken into consideration when the EDO was developed."

ii) A strong aftercare component is missing under the EDO. With the SEA Program, aftercare is the second pillar of strength. Most clients of either program had no prior business background or acumen and required considerable aftercare support. "Under the SEA Program, these needs are assessed at the time the clients enter the program. In Nova Scotia, the SEA client works closely with a Business Development Corporation staff person - they do the initial screening and provide assistance with the Business Plan through to implementation . . . They try to develop a schedule over the 52 week period - there is less mentoring than counselling."

iii) The one thing that the SEA Program does not provide is the loan (Stream 2 under EDO). But this may actually be a strength. "Under the SEA Program, the client can approach other community centres or agencies for financing - St. Mary's Business Development Centre, Business Development Corporations. The client applies for the loan strictly on a business basis - if the Business Plan is solid, the loan is available."

iv) There is also a much larger group to deal with; in Nova Scotia alone \$9 million is spent on the SEA Program.

v) The cost of running SEA is about \$17,000 per client. This includes the income support and the training/aftercare costs which average about \$2000-\$3000 annually. The cost of the EDO has been higher because of the more expensive training component and the loan.

RELEVANCY TO SI OBJECTIVES

The Strategic Initiatives program aims to test unique ideas for addressing high priority areas such as employment, learning and education, training, and income support in order to boost employability and lower social costs. As already stated, the uniqueness of Compass is open to question, but it certainly addressed SI priority areas. And it was viewed as particularly informative in the current Nova Scotia context. As two informants stated, Compass represented a departure from the traditional passive support provided by the provincial/ municipal social assistance system in the province. “It gave us a chance to look at how to use SARs dollars for non-passive support.” “(The) province . . . learned a lot from it; that active programming pays off. And it was timely – looking at the impact of the two-tiered system while the Province is moving towards a one-tiered system.”

EVALUATION/INFORMATION POTENTIAL FOR SOCIAL REFORM

This criterion is important because the point of pilot projects is to test promising models for possible adoption across Canada. A summative evaluation should ascertain whether the model is worth transplanting (because the objectives were or were not met).

The process evaluation concluded that Compass had information/experimental potential by virtue of its computerized database, commitment to track the progress of its clients, its designation of comparison subjects, and its administration of a baseline survey to participants and non-participants. Considering the wealth of findings that have emerged from this evaluation, that potential has been realized. Among the aspects that have been tested experimentally: outcomes of participants versus non-participants regarding use of welfare and UI, employment status, earnings, time spent employed and/or in school or training, and attitudes; and a comparison of outcomes across options. Additional valuable information includes the degree of displacement associated with Compass, the proportion of placement employees kept on by employers after the subsidy ended, employee and employer satisfaction with the program, and the job creation record of EDO.

This success is largely attributable to the factors identified in the process evaluation. Compass decision-makers laid the groundwork for a sound summative evaluation by establishing a good comparison group, creating a good monitoring system (Tiger), and administering a useful baseline survey (and computerizing the responses).

3.2 TARGETING

WEO was designed to target youths on social assistance, aged 18 to 30. Under TTO, the main target groups were job-ready single parents on Family Benefits, disabled persons, and fishers on social assistance. EDO clients were expected to have a viable business plan.

WORK EXPERIENCE OPTION

The consensus among interviewees seemed to be that WEO was able to reach its primary target group: inexperienced youth. “I think that . . . it has been (of) great benefit to the youth, which we classify as anyone under the age of 30, because of the financial option that we can offer employers as an incentive.” Data presented in the previous chapter confirm that most WEO clients had been on social assistance and were in the appropriate age group.

Job developers did not know the proportion of needy clients who were missed by the options. They did have a lot to say concerning one major group excluded from WEO, however: those aged over 30. Nearly every provincial informant decried the upper age limit for WEO, arguing that many people over age 30 also needed work experience to break out of welfare dependency. “The work experience, I think, worked really well for the youth. But we also needed something for the older clients who needed a re-entry, and that was the group that . . . Compass . . . really missed completely.” In fact, many admitted that their office skirted the upper age limit, although this was said to be an exception, not a rule: “We also felt that the option would be useful to those over 30, especially for clients who had been at home or who were displaced workers. We found we were able to fit them in -- the (criterion) was . . . relaxed.” In the focus groups, job developers confirmed that they found WEO placements for people aged over 30, although they also claimed it was a small number, and usually “they were just a little over 30 years old.” These exceptions were made because there were no other options available for these clients, who very much needed work experience in their view. Some job developers maintained that it wasn’t permitted in their office, however.

The profile in the previous chapter showed that 21% of WEO participants were over age 30, which in our view is a substantial proportion. Inexperienced workers over 30 years old may well have needed a program such as WEO, but Compass was not intended to serve this group. The services were presumably designed to benefit the planned target group. To the extent field workers ignore entrance criteria, the program can potentially fall short of its promise. Moreover, where older workers got placements, many in the planned target group missed out on the program’s benefits: there was no shortage of referrals in the appropriate age group, according to job developers.

TRANSITIONAL TRAINING

As opposed to WEO, many offices (ERCs) experienced difficulties reaching the chief designated target group for TTO: job-ready clients from the Family Benefits program (FB). The primary problem was getting suitable referrals: “The few referrals that we got were self-referrals. People who heard about it through their own circles.”

In several areas of the province, few FB workers seemed to know about Compass. “I think we attempted to educate the FB workers but somehow the message didn’t get across.” One job developer explained the failure to refer clients as follows:

The FB workers are oriented towards long term, have heavy caseloads that reflect the long term nature of their programs. In other words, they are not doing case work per se as the MSA workers would be doing, and part of that (MSA) casework is moving people back into employment and off their caseloads. That has not been stressed with the Family Benefits staff over the years, nor is it built into the policy procedure of the program. So hence, you get this volunteer option for clients who see themselves as long term so it often means that they don’t often take the lead, where the MSA program is structurally short-term in nature. There are strong requirements for job search for those who are able to do so.

In some cases, the ERC got enough referrals from FB workers, but the problem was the clients themselves: Too many refused to participate. “Almost like 9 out of 10 people on FB refused, refused to come for an interview, for an intake, were not interested, no thanks.” Many spurned the option from the outset. Many others said they would come in to learn about the program but never showed up. As opposed to MSA, there are no repercussions if FB clients decline to take part. “There are no consequences built into the FB system. There is definitely a need . . . to encourage people to go to work.”

Furthermore, several job developers were of the opinion that many of those referred to TTO, some of whom were placed with employers, were not job ready. “They are job ready enough to possibly rake leaves, but are they ready to do the jobs out there that we want them to do?” Data from the participant survey verify that many TTO participants were not trained or experienced in the field in which they were placed. About one-third of the TTO participants had neither previous experience nor previous training in the type of position they had on their placement. Being job ready was an important issue for some job developers, but not others. “If they are really interested in working, why should someone single them out because they don’t meet the specific criteria?” Again, such attitudes toward program eligibility requirements on the part of front-line workers could hamper program effectiveness, because the program’s services were not designed for those outside the target group.

Then there were the structural impediments. The lack of a requirement in FB for recipients to search for work was especially important for the reasons already cited. Other obstacles that impeded the ability of the option to reach its target group – according to interviewees – included the loss of drug benefits when leaving social assistance, the level of benefits compared to the wage available through the Compass program, the lack of subsidized child care spaces, the lack of transportation, and the cost of work clothes. The available TTO positions “just didn’t pay enough to make it worth their while to leave” the Family Benefits program.

For all these reasons, the initial 80/20 ratio (FB/MSA) for transitional training was considered unworkable. “And it did change, and we were able to get rolling with it.”

ENTERPRISE DEVELOPMENT OPTION

By and large, the EDO was seldom used in the ERCs. “There was not a lot of interest in our region in this option.” Indeed, there were few offices where there was much interest. Two ERCs didn’t use it at all to the knowledge of the interviewees¹⁷. Several other regions had between one and five EDO clients. The story was different in at least one region, however: “The EDO has been extremely successful. We’ve got a lot of good businesses. In fact we’ve been so successful that we had to take dollars from other areas (ERCs). We were originally allotted only \$6000 for the loans but the ERA upped our share when other regions didn’t take up their allotments.”

Why did most ERCs all but ignore the option? Several different reasons were mentioned. At the most basic level, some offices simply weren’t aware of the option until recently. “I was shocked by the lack of information on this option that staff had. . . (By) November, 1995 none of the staff here knew anything about it.” One reason for the lack of awareness was that EDO did not get up and running until March of 1995, by which time the ERCs were busy with the other Compass components.

There was obviously a communication problem between central office and the regions, and between the ERA and ERCs. “I had a feeling that the ERA people didn’t understand the SAR clients. (I) felt that communication between the two agencies never really happened in the field.”

A belated attempt was made to redress the communication problem. Compass and ERA staff agreed that ERA would provide some basic training to the ERC

¹⁷ Incomplete administrative data show that five ERCs had no EDO clients; most others had one EDO client.

counsellors on the seven-step EDO process. This training increased the ERC counsellors understanding of the business requirements.

This improved the situation, but by the time some ERCs learned of the option, it was too late to make much use of it. “There were a lot of problems right at the beginning. And by the time we got it all laid out, the program was basically finished. They parachuted this piece of programming in for whatever reason, and into municipalities that had a wide variance in how their policy treated self-employment. Without ironing that one out, there was no way you were going to get a consistency anywhere. We sort of went into a group huddle and came up with a band-aid solution to deal with it. But it was introducing something that hadn't been really thought out.”

Besides lack of communication, there were other problems. Many rural areas just did not have the wherewithal to implement the option. Several interviewees from rural areas said “Training wasn't available in our region.” Without Stream 1 training available, ERC staff were reluctant to proceed with Stream 2 (although one informant said that only one person had gone through Stream 1, but seven got loans). “In some ways, I think, it was an unrealistic expectation for some of these people to move into self-employment because all of the supports for it weren't put in place for it right at the very beginning of the program.”

Also lacking was expertise within the ERCs to make proper choices regarding participation in the option. Assessing the quality of the business plan was admittedly beyond the ken of most job developers. “It's a strange assumption that was made. Like our staff would say, ‘How am I going to know if this is a successful business plan or whatever?’ I mean most people felt like that. We didn't feel like we had the expertise, and we felt that really needed to come from Henson, St. Mary's, Economic Renewal.” “You looked at their business plan, and if it looked reasonable at all, then you sent them over to Economic Renewal and said, ‘Those are the people you need to talk to’.” Without someone who had a strong business background that could advise on site, most ERCs just shied away from the option altogether.

Other ERCs reported a lack of interest by clients in the option. Finally, some ERC staff just didn't seem to like the option. “I never saw it as a real part of Compass. It's something there for the specialty niche.” “It seemed like there were too many loose ends or too many pieces that had to fit together. And all that work ... We didn't go into it enthusiastically in the county.”

REASONS FOR NOT PARTICIPATING

The vast majority (89%) of non-participants were familiar with Compass. Non-participants were asked why they did not participate. About one-quarter passed on

Compass because they had found a job; another fifth said they had wanted to participate but were not selected; another tenth did not participate because they felt Compass would be of no benefit to them. About 5% opted to take a training course instead of Compass. No other reason was cited by more than 2% of the non-participants.

3.3 USE OF JOB DEVELOPER SERVICES WITHOUT A WAGE SUBSIDY

Most job developers said they had placed clients in jobs without the wage subsidy, although they added that the numbers were small. Actual numbers were hard to estimate (one job developer guessed 5%, another 20%). The administrative data suggest the lower estimate is much closer to the mark: 103 cases found an unsubsidized job after referral to Compass. It is not possible to say how many of these 103 cases were referred to the employer by a job developer.

Hiring without the wage subsidy occurred under two different circumstances, according to the job developers. In one scenario, employers had a job to fill and considered the Compass Program as a good way to easily identify and hire appropriate employees. “They don’t want to have hundreds of people phoning them up and coming in and dropping off resumes. They don’t want to have people knocking on their doors. They want us to find them.”

The other circumstance was essentially repeat business from satisfied employers. If the job developer had done a good job matching, the employer was much more likely to be happy with the placement. If new positions opened up, employers came back to the job developer in search of another good employee, in some cases without subsidy. “It means that we have to work very closely with that employer . . . and develop partnerships in the community.”

As for reasons employers would not hire Compass referrals without a subsidy, according to job developers, employers in some areas were loath to hire anyone without government assistance. For example, in Cape Breton, some employers with past placements called for more workers, but when they found out it was frozen, they lost interest. “The problem we have in our area is the fact that for so long businesses have known there is going to be funding out there, they have grown on it, and they expect it.”

In fact, some marginal employers survived only because of the wage subsidy offered through the Compass Program. Job developers had no problem with this: “I always thought that part of the goal of what we did was to strengthen employers.”

The view seemed to be that only if these businesses survive, can they hire in the future.

The consensus among job developers was that there were no systematic differences between clients who received the wage subsidy and those who did not. It was mainly a matter of circumstances. "Right time, right place, right connection." A comparison using administrative data of Compass participants with unsubsidized clients substantially supports this sentiment. The two groups were not statistically different with respect to age, gender, marital status, disability status, minority status, education level, number of children, or number of children needing child care. Neither were there any significant pre-program differences in use of UI or earnings, although unsubsidized clients reported higher total income in 1992 and 1994. Very few differences turned up between groups in their pre-program attitudes toward themselves, work and unemployment. Interestingly, though, unsubsidized clients were significantly more likely than subsidized clients to agree that "getting a good job depends mainly on being in the right place at the right time," to say "I know how to find a job," and to say that "More than most people I depend on myself to solve my problems" (remember, the baseline survey was administered before they found their unsubsidized job). This may suggest they were more self-reliant, or it could be that those who found unsubsidized jobs were more likely to live in an area with better employment prospects: there were only two unsubsidized clients in Cape Breton, but they were over-represented in the Halifax region.

3.4 IMPLEMENTATION OF PROCESS EVALUATION RECOMMENDATIONS

Recommendations from the process evaluation were very clearly laid out in the final report. In fact, the Management Response in that document presented the actions taken by program administrators (up to the autumn of 1995) in response to each recommendation. For several recommendations, actions taken in reaction to (or in anticipation of) the process evaluation findings adequately dealt with the issues of concern and no further progress was needed. Thus, the EDO loan limit was increased to \$5,000, the ratio of FB to MSA cases under TTO was amended, and WEO was modified to provide the base minimum wage to participants rather than the \$160 allowance. In others, however, the Management Response promised that management would deal with the problem in due course. This section will focus on these areas.

Because most of the recommendations requiring further action after the fall of 1995 concerned ERCs and/or job developers, the evaluation team thought that the job developers were in the best position to assess the extent to which the recommendations have been implemented. We devised a short questionnaire asking the 19

job developers about changes that have taken place as a result of the recommendations. Relevant recommendations will be stated below, along with job developers' reckoning of the progress made. Overall, management did a good job responding to the concerns raised in the process evaluation.

Recommendation: *That Compass staff be provided with adequate office space, telephone facilities and travel budgets for their regions.* In response to the process evaluation recommendation, travel budgets were increased in some regions. But management was non-committal with respect to office space and telephone facilities. Just over half (55%) of the job developers said that the travel budget, office space and telephone facilities were adequate. But 17% felt that none was adequate, 17% felt that office space/telephone facilities were inadequate, and 11% said that the travel budget was inadequate. "I feel I must limit my travel and further training (workshops etc.) because of my budget. If I had more I could offer more." "My office space is also used as a supply room. Some office staff (have) barged in and did not respect confidentiality issues."

Recommendation: *That resources be provided to develop appropriate literature on the Compass program including professionally written and produced brochures, as well as uniform business cards for the job developer.* Management contracted with a professional design company to create two pamphlets, but asserted it was not possible to provide business cards because job developers were not technically employees of Nova Scotia Community Services. Three-quarters of the job developers were satisfied with the quality of the promotional materials developed for Compass. Of those who were not satisfied, most said it was because they had no business cards (funds were made available for local offices to produce them).

Recommendation: *That the Compass Coordinator place additional emphasis on enhancing linkages between provincial counsellors and the ERCs as the delivery body for Compass.* As stated in the Management Response, Community Services facilitated a series of regional meetings to promote communication between agencies. But 10 of the 19 job developers (53%) said they still experienced difficulty in obtaining referrals from provincial staff as of September, 1996. This issue was discussed above in detail.

Recommendation: *That the degree and nature of the monitoring of placements within the Compass Program be determined on a case by case basis by individual job developers.* All but one job developer (95%) said that degree of monitoring of Compass placements within their region was determined on a case by case basis by the job developer.

Recommendation: *That a small amount of dollars be made available to the rural ERCs to assist clients with placement related travel expenses.* Management said that the Opportunity Fund had been used for this in some areas and that if new

monies were received the Opportunity Fund would be a source of travel funds. But two-thirds of the job developers said the Opportunity Fund had not been able to meet the travel needs of Compass participants in the rural areas of the province. There simply were “not enough funds for number of clients who could have used it.”

Recommendation: *That the Core Implementation Committee seek ways of addressing the three major barriers to employment facing many Family Benefits clients (the lack of transportation, lack of subsidized day care, and the pharma card issue) in their search for employment.* The Management Response was that Community Services would examine these barriers as part of a major program review it was conducting. As discussed in section 3.2 above, interviewees and focus group participants strongly believed that these three barriers continued to hinder employment prospects for FB clients as late as the fall of 1996. The large welfare reform effort –Nova Scotia is developing a new single tier income support system – will not be completely implemented until April 1, 1998, however. Employment initiatives will be addressed through the new legislation and policies.

Recommendation: *That the Compass Coordinator and the Tiger developers work together to determine the feasibility and costs of upgrading the Tiger system to meet the needs of job developers and ERCs.* Ten of the 16 job developers working in ERCs with Tiger were of the opinion that their information management needs had not been met through the development of the TIGER system. There are “still problems with the system. (I) would like a system that I can use not only to track stats but so I can make matches; systems like private employment agencies use.” Some job developers were hesitant to use the system, considering it flawed. “We found too many program bugs and inconsistencies. Still had to maintain manual records due to lack of trust factor.”

3.5 CONCLUSION

Three main conclusions emerge from the findings presented in this chapter:

1. The uniqueness of Compass is open to question, but it certainly addressed Strategic Initiative priority areas; i.e., employment, learning and education, training, and income support in order to boost employability and lower social costs. Considering the wealth of findings that have emerged from this evaluation, Compass has realized its extensive information/experimental potential.
2. WEO reached its primary target group – inexperienced youth – but over a fifth of its clients were not in the planned target group, being over 30 years old. The program had difficulty reaching the primary designated target group for TTO: job-ready clients from the Family Benefits program. The main problem was

getting suitable referrals.

3. Most of the recommendations from the process evaluation have been implemented by Compass management.

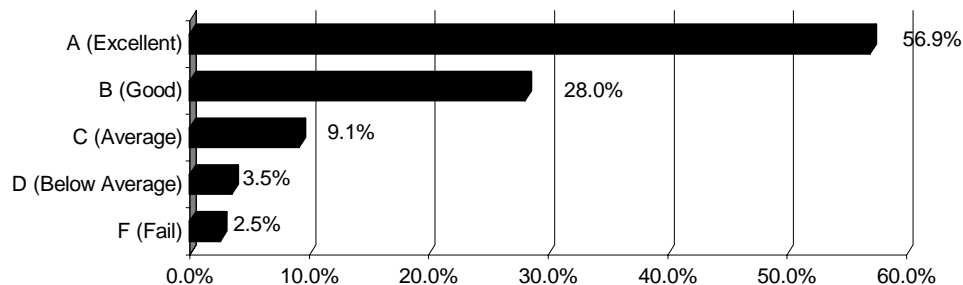
4.0 SATISFACTION WITH COMPASS

This chapter explores the level of satisfaction with Compass on the part of its SAR participants and the employers who hired them. It also investigates the extent of discontinuation from the program before completion, and the reasons for dropping out. Finally, it looks at participant perceptions of how well Compass prepared them for achieving economic self-sufficiency.

4.1 CLIENT SATISFACTION

The participant survey explored satisfaction with all major facets of Nova Scotia Compass. Survey respondents were asked to assign letter grades to indicate their degree of satisfaction. Graph 4.1 displays clients' overall high level of satisfaction with the Compass Program. As is evident, most participants thought the program was excellent: 57% awarded the program an A. Few gave the program a failing grade (4%) or a D (3%). The mean overall grade was B+¹⁸.

Chart 4.1
Overall Grade Given to Compass



N=650
Mean=B+

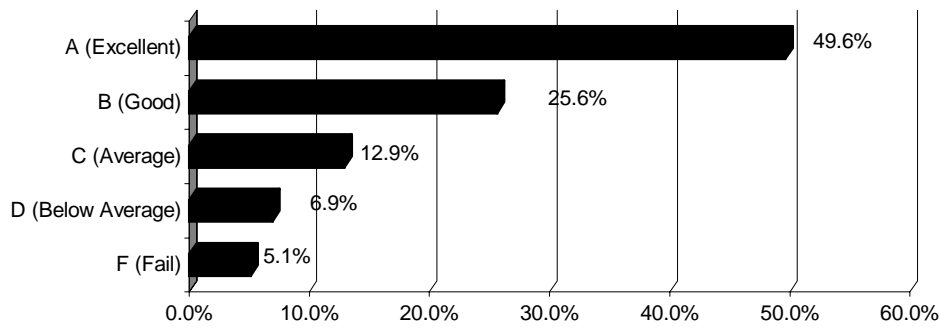
With not much variance in the overall grade, it should come as no surprise that there were no significant differences in opinion between options, regions, or sexes.

¹⁸ Mean grade is calculated by setting A=1, B=2, C=3, D=4, and F=5 (the values used in the questionnaire). Equal intervals are established to stand for the average grade: 1 to 1.167=A; 1.168 to 1.5=A-, 1.501 to 1.834=B+; 1.835 to 2.167=B; 2.168 to 2.5=B-; 2.501 to 2.834=C+; 2.835 to 3.167=C; and so on. For the overall grade given to Compass, the mean was 1.67, with a standard error of .04.

There wasn't even a difference between those who were offered a job by their placement employer when the subsidy ended and those who weren't.

A key aspect of Compass was the placement with an employer. The next graph reveals that half the participants thought that their placement was excellent. But a quarter of the sample rated their placement a C or lower: 5% gave their placement a failing grade. Also of note, WEO participants rated their placements significantly higher than did TTO participants: on average, WEO clients assigned their placement a B+ grade, and TTO clients gave a B ($t=2.6$, $df=581$, $p<.01$).

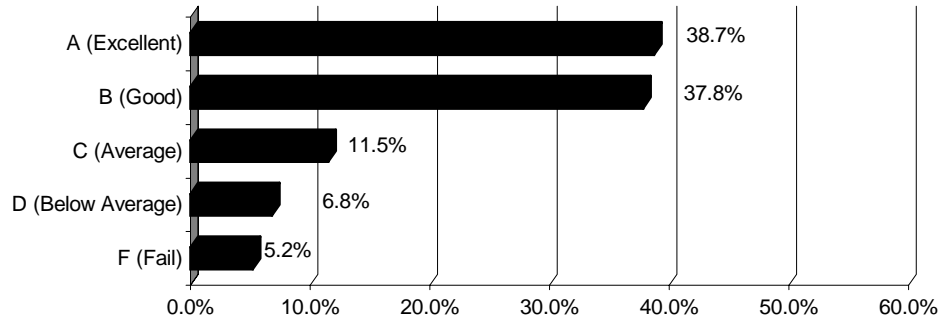
Chart 4.2
Grade Given to Placement



N=583
Mean=B

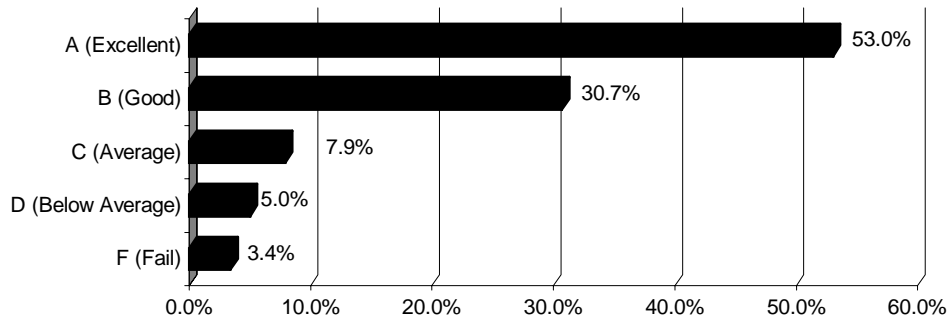
The remaining graphs show at a glance how satisfied participants were with the different aspects of Compass. All facets received a B average or better from clients, except for guidance on services available after Compass, which rated a B-. There was a significant difference between options for only one of these measures: WEO clients gave direction and supervision provided by their employer a mark of B+; TTO gave this aspect a B. Four facets were rated differently by region: information provided about your options was graded B- in the Western region and B elsewhere; help provided by the job developer before the placement was B in the Western region and B+ elsewhere; help provided by the job developer during the placement was B in the Western region and B+ elsewhere; and direction and supervision by the employer was rated a B in the North Shore and Western regions and a B+ in Halifax and Cape Breton regions. In short, clients in the Western region were least satisfied with these services.

Chart 4.3
Information Provided About Your Options



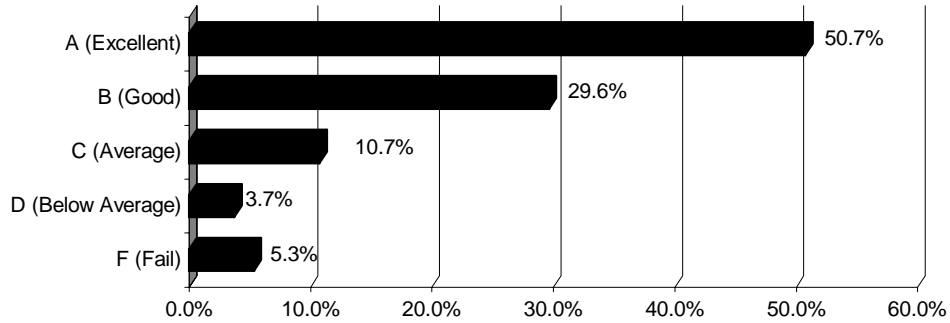
N=613
Mean=B

Chart 4.4
Help Provided by Job Developer Before Placement



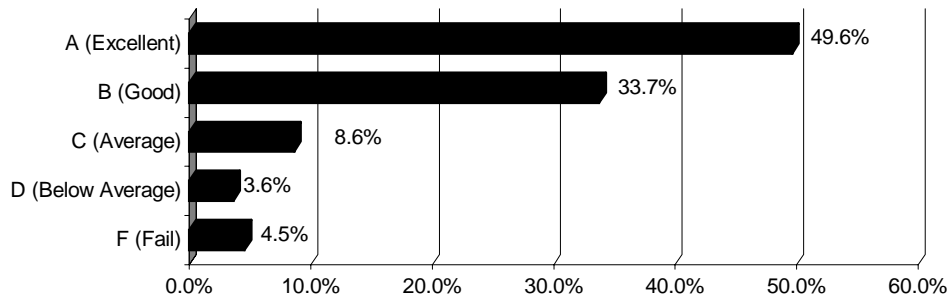
N=583
Mean=B+

Chart 4.5
Help Provided by Job Developer During Placement



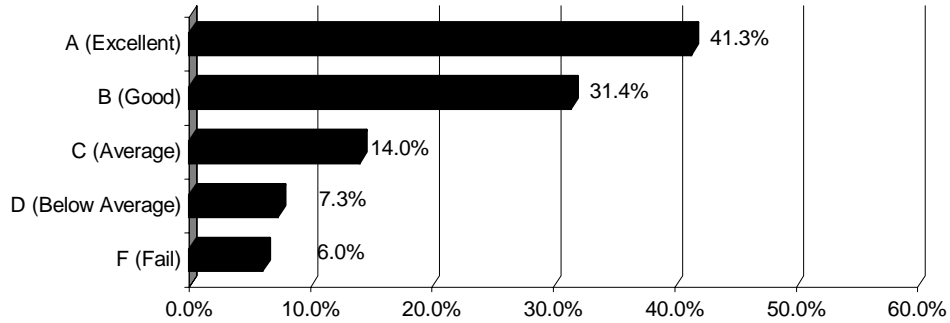
N=570
Mean=B+

Chart 4.6
Suitability Of Your Placement To Your Job Skills



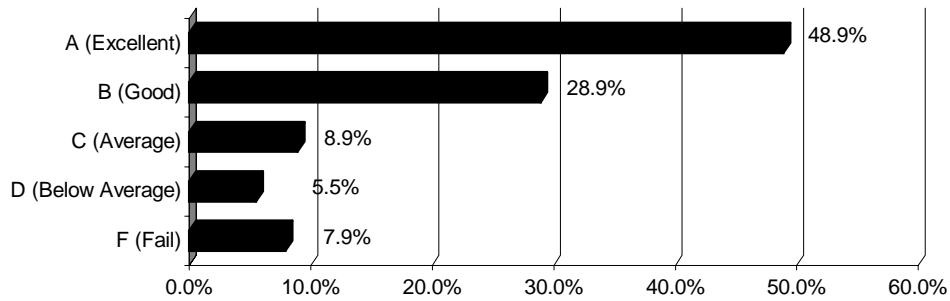
N=579
Mean=A-

Chart 4.7
Suitability Of Your Placement To Your Career Interests



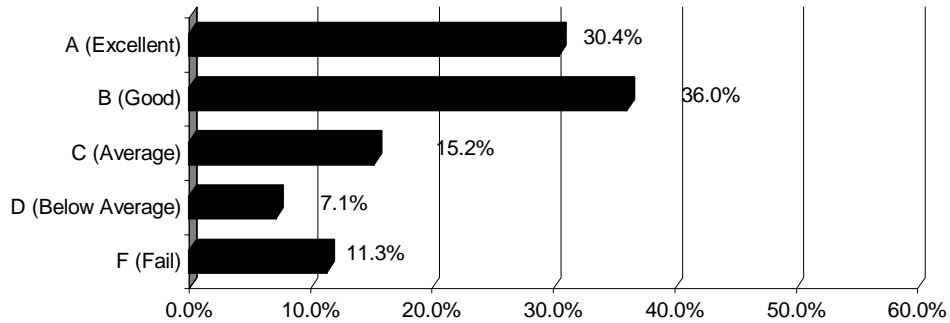
N=586
Mean=B

Chart 4.8
Direction And Supervision Provided By Employer



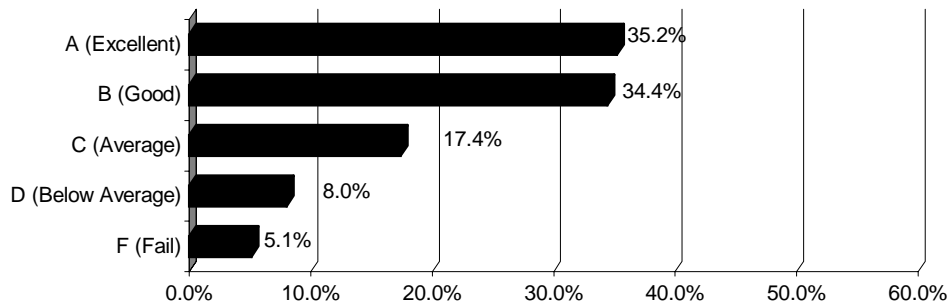
N=585
Mean=B

Chart 4.9
Guidance On Services Available After Placement



N=520
 Mean=B-

Chart 4.10
Level Of Financial Support While In Compass



N=552
 Mean=B

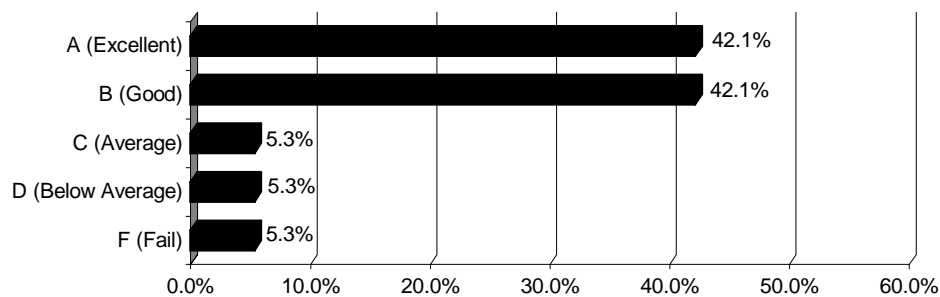
The next three charts pertain only to EDO participants¹⁹. They show that even though EDO participants did not rate the program as a whole any differently than did their counterparts in WEO or TTO, they were much more apt to rate specific aspects low. Thus, two important facets of EDO – the role model (mentor), and the availability of income assistance – were given only a C + and a B- average by its participants. Of particular note, a quarter of EDO clients gave their role model an F.

But, EDO clients considered the small business training aspects of EDO to be very good. Over 40% rated the self-employment business skills taught by EDO an A; an

¹⁹ Note the small number of cases represented by each graph.

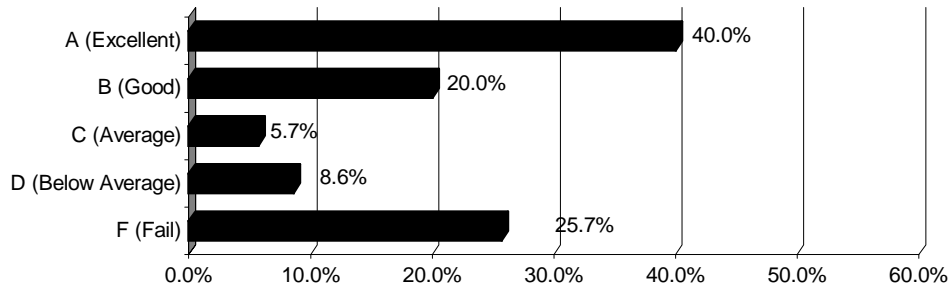
equivalent proportion gave a B grade. Interestingly, interviewees were less enamored of the training, at least one version of it. In some cases, SARs were grouped together into training courses. In others, they were integrated into mainstream training programs (seats were purchased in community college programs). Interviewees much preferred the latter arrangement. “The SARs-only classes gave us grief.” “Clients found it distracting and took away from the course. Clients talked about differences in assistance received and compared size of the loans received.” Mainstream courses were preferred because they were seen as being “more realistic” and providing more of a challenge to the clients. Furthermore, “the Single Seat purchase was born out of necessity really because it provided the program in a timely fashion. We couldn't wait until we got 25 people who were expressing an interest . . . to whittle it down to 12 which we would have been keeping people on assistance for much, much longer than necessary.”

Chart 4.11
Self-Employment Business Skills EDO taught



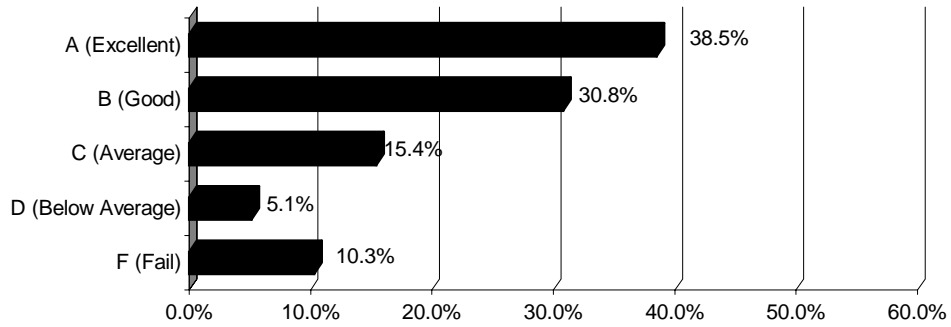
N=38
 Mean=B

Chart 4.12
Help Provided By Mentor



N=35
Mean=C+

Chart 4.13
Availability Of Income Assistance While In Compass



(EDO participants only)
N=39
Mean=B-

4.2 PARTICIPANT DISCONTINUATION

Because there was no variable on the database to identify a drop-out²⁰, we had to come up with a scheme to classify cases as drop-outs. It yielded 249 drop-outs out of 1,609 participants, for a discontinuation rate of 16%²¹. This is substantially lower than many other welfare reform programs, wherein a 50% drop-out rate is not uncommon.

In the exit survey, we asked those who failed to complete the program why they discontinued (Table 4.1). Mentioned most often – by about one-fifth of drop-outs – was that they were fired or laid off by the placement employer. About one in seven left because they found a job with another employer. And about one in eleven left due to illness. Five percent disliked the job. No other reason was mentioned by more than three respondents.

Table 4.1 Reasons for Discontinuation

REASON FOR DISCONTINUATION	Number of Cases	Percent of Cases
Fired or laid off by placement employer	16	20.5%
Found a job with another employer	12	15.4
Illness	7	9.0
Disliked the job	4	5.1
Financial difficulties	3	3.8
Hired by placement employer (without subsidy)	3	3.8
Went back to school/started training course	1	1.3
Other	29	37.2
Don't remember	3	3.8

²⁰ There is a field to indicate if the client was discontinued from the program, but this appears to have been frequently filled out even when the placement was completed (i.e., the client “discontinued” because the program was finished): about half the clients discontinued according to this variable. Our algorithm identified drop-outs using several variables: outcome=quit or discontinued; date of discontinuation earlier than scheduled end date; or end date a few days after start date.

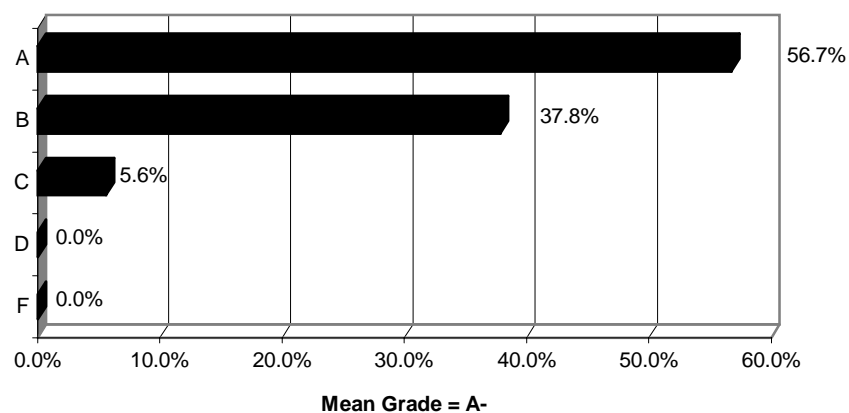
²¹ The drop-out rate calculated should be viewed with caution. The survey found that almost half those we had initially classified as drop-outs said they had completed the program. It turned out that most of those had discontinued but then returned later to complete a placement. Our figures were therefore adjusted for subsequent placements that were completed. Still, though, about a fifth of those that we had classified as drop-outs said they had completed the program (for many of these clients, the outcome listed on the system was “discontinued”). We took the respondents at their word and re-coded these cases. But it suggests that others who were coded as drop-outs but were not surveyed may have in fact completed the program.

We checked to see if drop-outs had different opinions about the program that may have been associated with quitting the program. It turns out that there those who completed the program were significantly more satisfied with Compass than those who quit ($t=2.2$, $df=648$, $p<.05$): those who finished gave Compass a B + average; those who dropped out gave it a B. There was also a large difference in their valuation of the placement: whereas those who completed the placement gave a B+ grade on average, drop outs gave only C+ grade ($t=5.6$, $df=581$, $p<.001$). This is to be expected given that 21% were fired or laid off by their placement employer (this group gave their placement a C- grade). As for more specific aspects of Compass, two were rated lower by drop-outs: direction and supervision provided by the employer (B by finishers, C+ by quitters); and – perhaps not surprisingly – guidance on services available after the placement (B- by finishers, C+ by quitters).

4.3 EMPLOYER SATISFACTION WITH COMPASS

Employers were asked in the employer survey to assign letter grades to rate their satisfaction with various aspects of the Compass Program. Their responses are displayed in the charts below. In general, employers were very satisfied with Compass. The overall average grade assigned to Compass was A-, with 57% giving the program an A, 38% a B, and 6% a C; no D or F was given by any employer.

Chart 4.14
Overall Grade Given To Compass



Employers showed some dissatisfaction with certain facets of Compass, however. A mean grade of B- was given to quality of the employees referred and to

employees' work attitudes; 11% of employers gave Compass failing grades for both of the aspects. At the other extreme, employers were particularly happy with the service they received from the job developer, with 68% awarding an A grade, and with the level of the wage subsidy, with 62% assigning an A.

Chart 4.15
Service Received From Job Developer

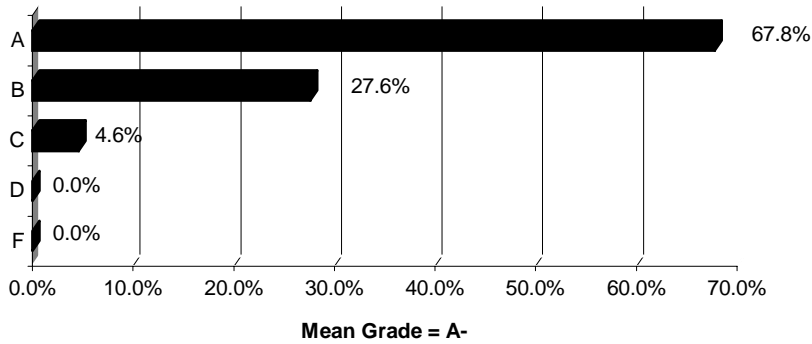


Chart 4.16
Communications With Job Developer During Placement

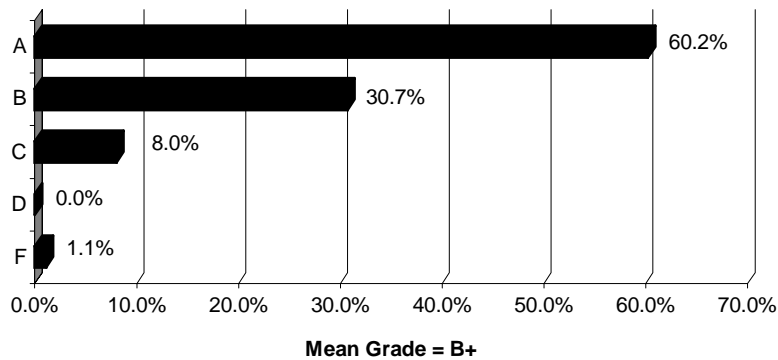


Chart 4.17
Quality of Employees Referred

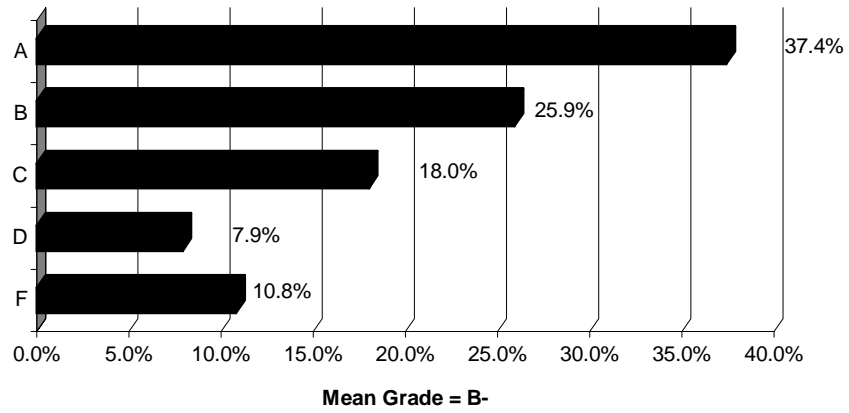


Chart 4.18
Suitability Of Employees For Work

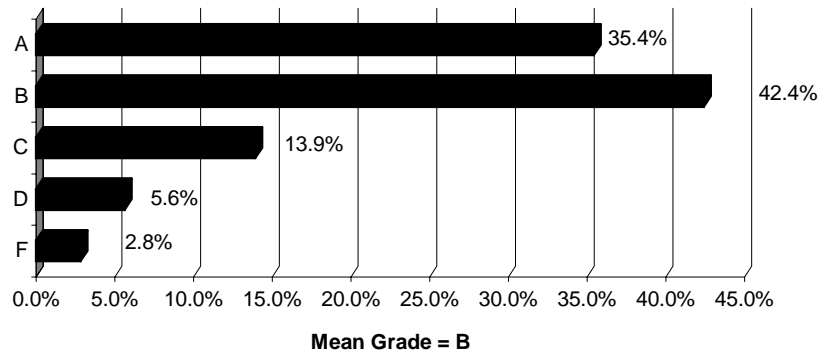


Chart 4.19
Employee's Work Attitudes

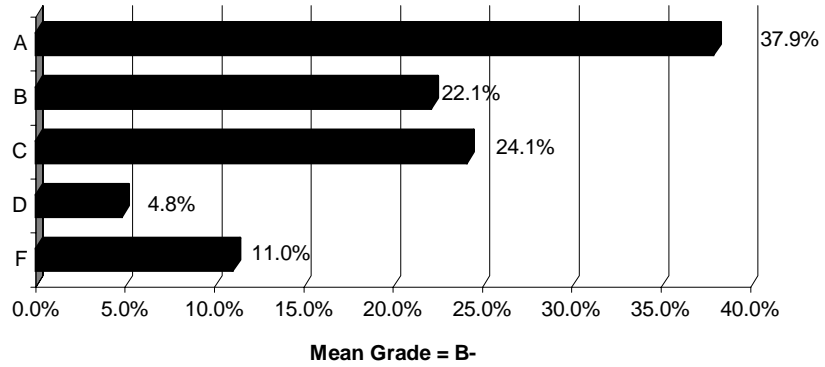


Chart 4.20
Amount Of Paperwork Required

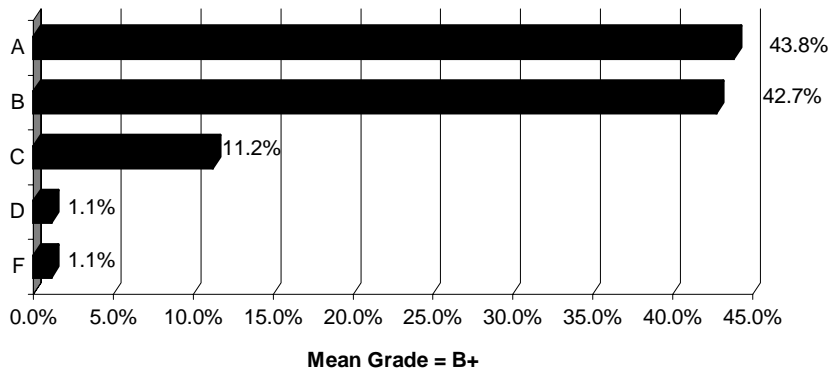


Chart 4.21
Length of Placement

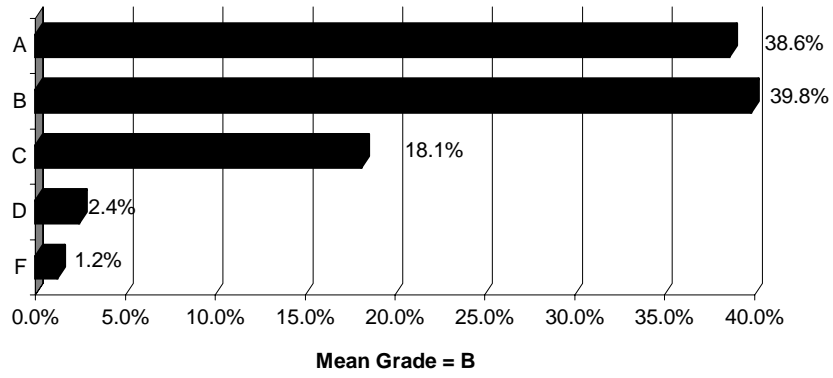


Chart 4.22
Wage Subsidy

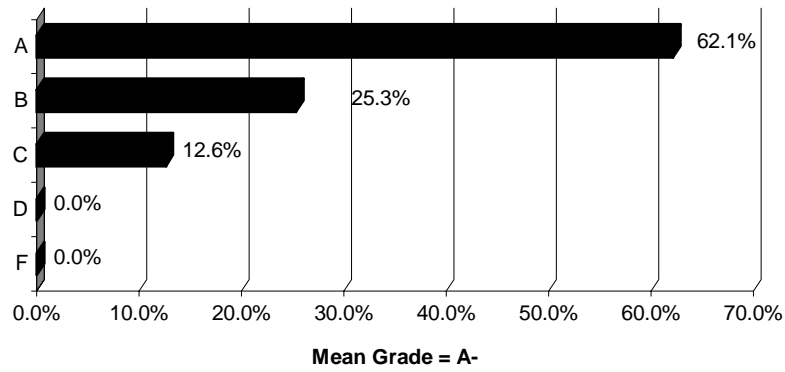
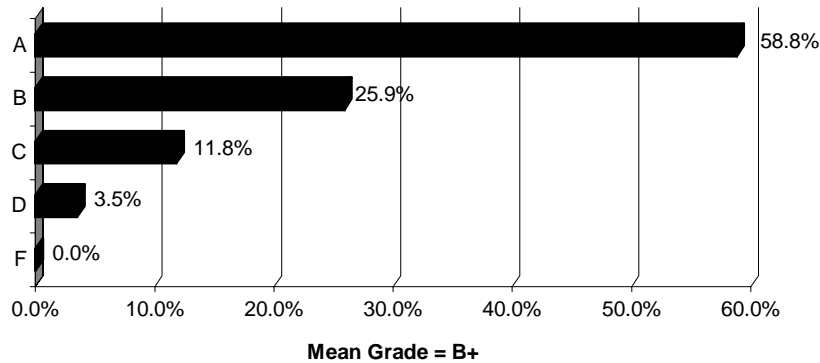


Chart 4.23
Payment Response Time



As mentioned above, employers were very happy with the job developer. They were asked how the job developer was most helpful. No single reason predominated (Table 4.2). Mentioned most often was that the job developer informed them about Compass.

Table 4.2 Chief Value of the Job Developer

PRIMARY VALUE OF THE JOB DEVELOPER	% of Employers
Informed me about the program	19.1%
Identified appropriate employee(s)	18.0
Assisted With Employer-Employee Interventions (Troubleshooting)	16.9
Saved My Time by Screening Employees	13.5
Supportive	13.5
Administrative help	10.1
None	7.9
Not sure	1.1
N	89

4.4 PREPARATION FOR ECONOMIC SELF-SUFFICIENCY

The next series of charts gives participants' feedback on how well Compass prepared them for achieving economic self-sufficiency. For the most part, respondents gave high marks to the program. All but two aspects were graded B or higher on average. One of the two aspects receiving a lower grade – upgraded

educational skills – was not an objective of Compass²². But the other aspect certainly was: helping participants to find a permanent job, which was graded only a C+ on average. Indeed, almost a quarter of the respondents gave Compass a failing mark in this respect. Not surprisingly, those who were offered a permanent job by the placement employer after the subsidy ended gave this aspect of Compass a much higher average mark (B) than those who were not (C -).

Ratings on preparation for self-sufficiency differed significantly by option in four areas:

Category	Mean Grade		
	WEO	TTO	EDO
Developed career action plan	B	B	B+
Improved job skills	B+	B	B+
Provided work experience	B+	B+	B-
Helped to find a permanent job	B	B+	B-

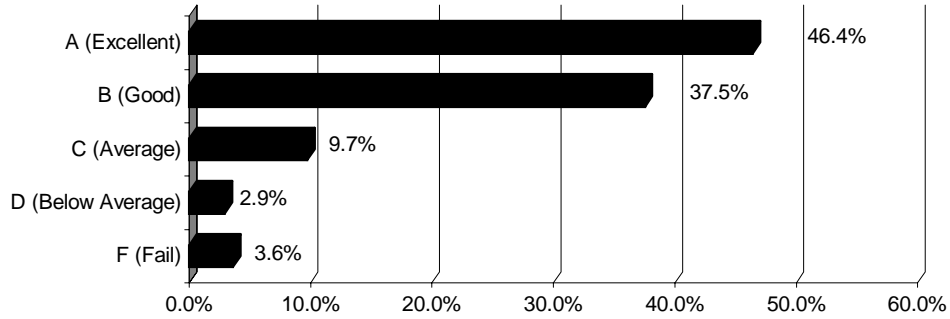
It is not surprising that EDO got lower marks for providing work experience and helping to find a permanent job than did the other two groups. That WEO clients gave a higher grade for improved job skills than did TTO clients is a surprise given the nature of the two options.

Two categories differed by region:

Category	Mean Grade			
	Halifax	Cape Breton	North Shore	Western
Increased motivation	B	B+	B+	B
Improved job search skills	B-	B	B	B

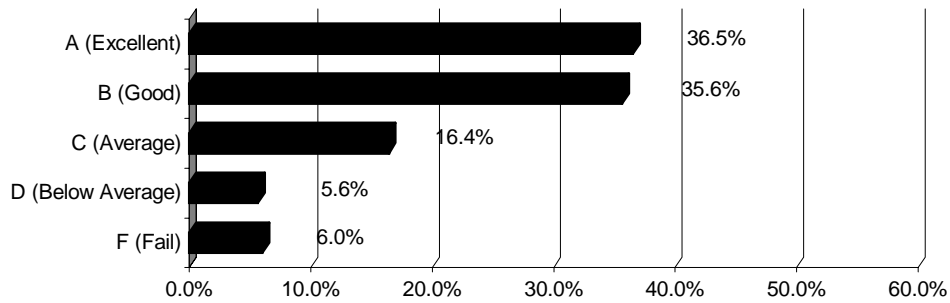
²² We included a question on this facet because it was posed in the Terms of Reference.

Chart 4.24
Increased Motivation



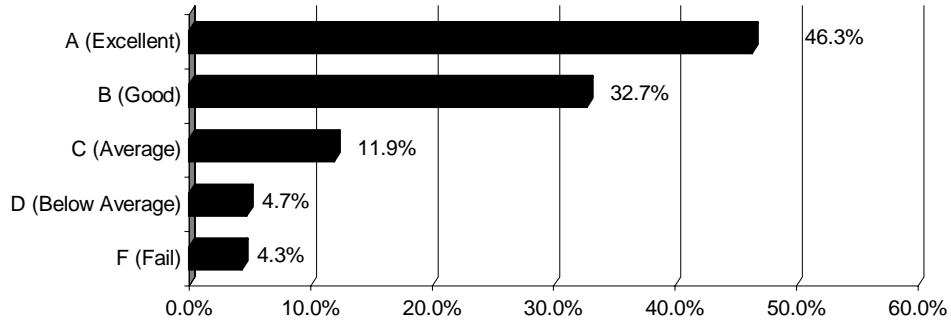
N=558
Mean=B+

Chart 4.25
Developed Your Career Action Plan



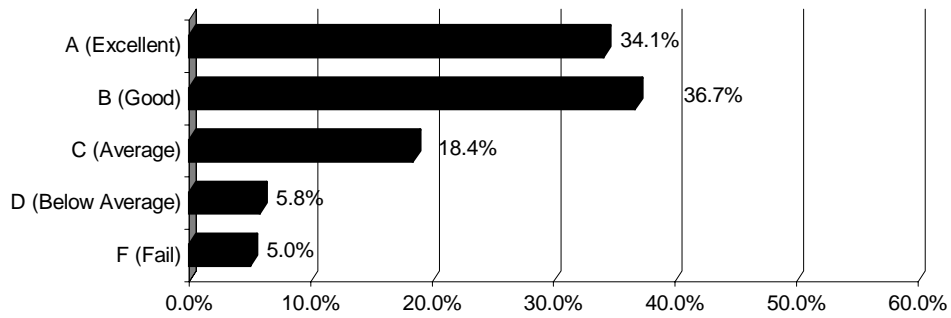
N=554
Mean=B

Chart 4.26
Improved Job Skills



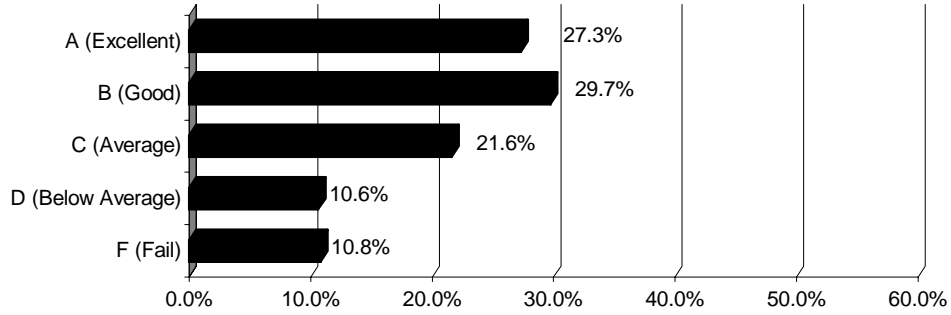
N=553
Mean=B

Chart 4.27
Improved Job Search Skills



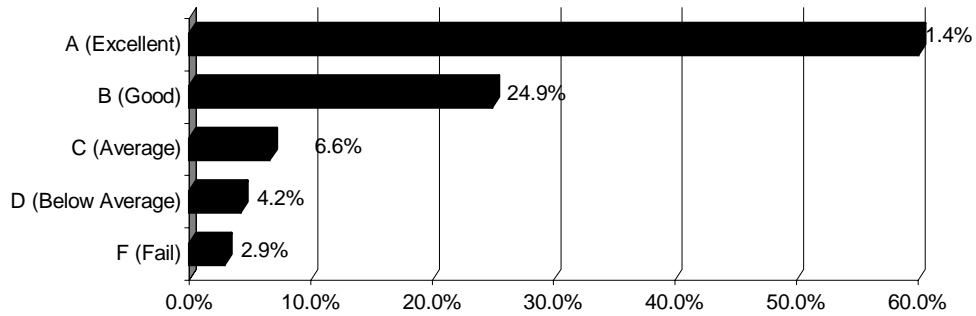
N=537
Mean=B

Chart 4.28
Upgraded Your Education Skills



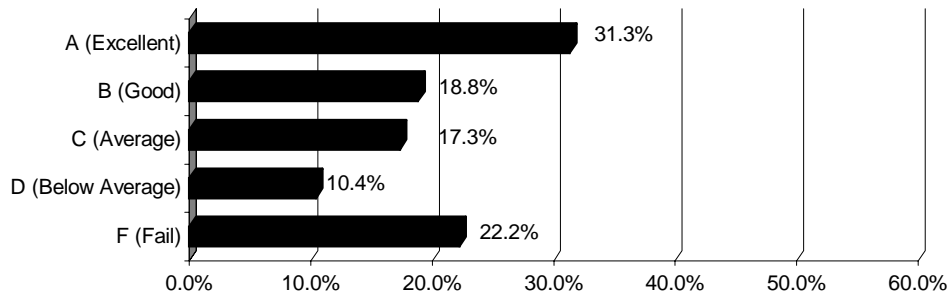
N=509
Mean=B-

Chart 4.29
Provided Work Experience



N=547
Mean=B+

Chart 4.30
Helped You Find A Permanent Job



N=537
 Mean=C+

4.5 CONCLUSION

As a useful summary, multiple regression analysis was used to determine what aspects of the Compass Program were most important to participants and employers in awarding an overall grade. The next table displays the results of the participant analysis. The final column shows the level of significance²³. Variables significant at the 5% level were (in order of importance): help provided by the job developer during the placement; help provided by the job developer before the placement; guidance on services available after the placement; information provided about options under Compass; suitability of placement to career interests; and level of financial support while in Compass. Clearly, the job developer was of central importance when it came to rating the program. For the most part, participants were very happy with the job developer, so they were very happy with Compass.

²³ The column labeled β is the regression coefficient, SE is the standard error and t is the t-test statistic. The regression coefficients indicate the relative importance of each variable in explaining the overall rating (since all variables are measured in the same units). Standard errors indicate how accurate the sample is (for inference to the population): the lower the SE, the more accurate the estimate. The t-test statistic tests the hypothesis that there is no linear relationship between the independent and dependent variables and is the quotient of β/SE for each independent variable. A significance level (p) of $<.05$ supports the hypothesis that the independent variable (e.g., rating of the placement) influences the dependent variable (overall rating of Compass).

Table 4.3 Regression Analysis of Overall Rating of Compass by Participants

Specific Facet of Compass	β	SE	T	p
Rating of placement	.045	.034	1.4	.158
Information provided about your options	.090	.035	2.6	.010
Compass				
Help provided by job developer before your placement	.191	.043	4.5	.000
Help provided by job developer during your placement	.210	.041	5.2	.000
Suitability of your placement to your job skills	-.026	.040	0.7	.515
Suitability of your placement to your career interests	.079	.034	2.3	.021
Direction and supervision provided by your employer	.019	.033	0.6	.568
Guidance on services available after your placement	.096	.030	3.2	.001
Level of financial support while in Compass	.058	.029	2.0	.050
Constant	.108	.077	1.4	.158
Statistics	adj R ² = .526. F = 54.8, df = 9/428, p<.001			

Table 4.4 displays what aspects of Compass were uppermost in the minds of employers when rating their overall satisfaction with Compass, using stepwise regression with overall satisfaction as the dependent variable and the various aspects of the program as independent variables. The best model, explaining 32% of the variance in the overall rating, included three aspects of Compass.

Table 4.4 Regression Analysis of Overall Rating of Compass by Employers

Variable	β	SEB	T	p
Communications with job developer	.282	.078	3.600	.001
Length of placement	.212	.072	2.939	.004
Payment response time	.158	.072	2.189	.032
(Constant)	.373	.190	1.957	.055
Adj. R ² = .316 F=11.9, df=3/68, p<.001				

Employers' satisfaction with these three aspects of Compass helps to explain their high degree of satisfaction with the overall program.

5.0 EMPLOYER BEHAVIOUR CONCERNING COMPASS

Two issues of central importance will be presented in this chapter. It begins with a look at the extent to which employers offer employment to participants after the subsidy expires. Then it moves to an investigation of “incrementality,” that is, the amount of hiring that would have taken place in the absence of Compass. It is the opposite of job displacement.

5.1 EMPLOYMENT AFTER THE SUBSIDY

A key objective of Compass was to increase the economic self-sufficiency of participants. It was hoped that many clients would stay on with the placement employer after the subsidy ended: indeed this was a condition of receiving government subsidies under the TTO component. According to client survey respondents, however, only about 45% of TTO participants continued to work with the placement employer after the subsidy ceased. On the other hand, about 26% of WEO respondents stayed with the placement employer after the subsidy ended, a decided bonus of the program.

This issue was also explored in the employer survey, and the findings are similar to those from the client survey. According to this source, 51% of TTO employers and 43% of WEO employers hired some or all of their Compass workers after the placement ended. Because some employers hired only a portion of their Compass employees, the percent of employees hired after placement is a little lower (Table 5.1) — 47% of TTO employees and 37% of WEO employees were kept on after the wage subsidy ended. The figure for WEO is somewhat higher than that derived from the client survey (although within the margin of error for the surveys), but the TTO figure is very close, giving us confidence in the findings. Both figures are somewhat surprising considering that employers were supposed to hire TTO workers after the subsidy expired, but there was no such condition for WEO employees.

Table 5.1 Percent of Employees Hired after Placement Ended

Hire Person after Placement Ended?	Work Experience	Transitional Training
Yes	36.5%	47.3%
No	63.5	52.7
N	63	91

Most participants who were not hired believed the reason was that there was no position available or no money to hire (Table 5.2).

Table 5.2 Reasons Participants Gave for Not Being Hired After Placement Ended

REASON FOR NOT BEING HIRED	% of WEO Clients	% of TTO Clients
No positions available/no money	65.1%	55.7%
Not qualified for available position	4.1	5.2
Not interested in working for this employer	1.4	3.5
Other	19.1	25.2
Don't know	10.3	10.4

The same issue was investigated in the employer survey. Their reasons as to why they did not hire after the subsidy expired are listed in Table 5.3, and they are quite different from those reported by the employees. Nearly half said there was no money or position available to keep the person on after the subsidy expired.

Table 5.3 Reasons Employers Gave for Not Hiring After Placement Ended

REASON FOR NOT HIRING	% of WEO Employers	% of TTO Employers
No positions available/no money	45.0%	48.8%
Person had a poor work attitude	27.5	14.6
Offered job but person said no	10.0	9.8
Person not qualified for job	0.0	12.2
Person left before placement ended	17.5	9.8
Person went back to school	0.0	2.4
Person still in placement	0.0	2.4

Job developers confirmed that sometimes, when employers undertook to hire the TTO participant at the end of the placement, they had no intention of following through. As soon as the funding ended, so did the job. "We've been burned a couple of times. There is no way to foresee it." The other main reason for not hiring the client, according to the job developers, was that he or she simply didn't work out. Perhaps the client wasn't working hard, missed too many days, or had a poor attitude toward work and the employer refused to hire her/him. At other times the client quits as soon as he/she has "enough weeks to open a claim." One job

developer estimated that half the time it was the employer's financial situation, the other half it was clients with poor attitudes who quit or were fired; this is fairly close to the picture portrayed in Table 5.3.

According to the client survey, of participants who were initially hired after the subsidy ended, about 57% were still with the same employer as of late 1996. This did not differ significantly by option. According to the employer survey, nearly three-quarters of the TTO employees hired after the placement ended were still with the employer as of late November, 1996. Only 61% of WEO clients who were initially kept on were still with the employer at that time²⁴. Employers gave two main reasons for continuing to employ these clients: they were good workers (48%), or they were now trained for the job (41%).

Participants no longer with their placement employer were asked why not. Mentioned most often were temporary lay off and seasonal employment (Table 5.4). Also noteworthy, WEO clients were over twice as likely to quit their job as TTO clients. The picture presented by employers is much different²⁵. They said that almost half these clients quit (46%); another 23% were laid off. Two clients (15%) were fired, one (8%) was seasonal and one (8%) was let go when the company went bankrupt or moved. Thus, employers were much more likely than employees to say the person quit (although the small number of cases suggests caution in placing too much faith in these results).

Table 5.4 Reasons For Leaving the Job After Being Hired

REASON FOR LEAVING THE JOB	% of WEO Clients	% of TTO Clients
Temporary lay off	22.2%	23.7%
Seasonal employment	20.0	14.5
Quit	22.2	10.5
Company moved/went out of business	4.4	9.2
Fired	0.0	1.3
Other	31.2	40.8
N	45	76

On average, those who were initially hired by their placement employer but were no longer working there at the time of the survey left the job after about half a year: 24.8 post-placement weeks for WEO, and 29.4 weeks for TTO participants (not a significant difference). This did not differ across regions. Findings from the employer survey are much the same.

²⁴ Part of the reason for the difference between options is that (for this sample of employers) most WEO clients were placed in 1994 or 1995, but most TTO clients were placed in 1996.

²⁵ Note that N = 13 for the following percentages.

5.2 INCREMENTALITY OF COMPASS

To get at the incrementality of Compass, we asked employers a series of questions regarding the role of the wage subsidy in their decision to hire. First we wanted to establish whether the organization had a job opening or skill requirement to be filled before learning of the wage subsidy: 81% of our sample said that they did. Then we asked those with an opening if they would have filled this position (or these positions) in the absence of the wage subsidy. Half said yes. This is a very important finding. Assuming it is safe to generalize to the population²⁶, half the employers that participated in Compass would have hired anyway. Checking further, there was no significant difference in the number of employees hired through Compass between employers who would have hired and those who would not have. Thus, although it is important to note that in all likelihood most employers would not have hired a SAR in the absence of Compass, it appears that half the participants in Compass may have displaced others who would have been hired without a subsidy.

Those who would have hired without the subsidy were asked whether the subsidy spurred them to hire sooner than they otherwise would have: 58% said yes. Therefore, even though half the positions would have been filled without the subsidy, most of these jobs were filled sooner because of Compass.

To get at the matter even more directly, we asked whether a position was created specifically because a wage subsidy was available. Just under half (49%) stated that this was the case²⁷. This supports the finding that only about half the jobs created under Compass were incremental (again, there was no difference in the number of Compass participants hired by whether or not the job was created just because of the subsidy).

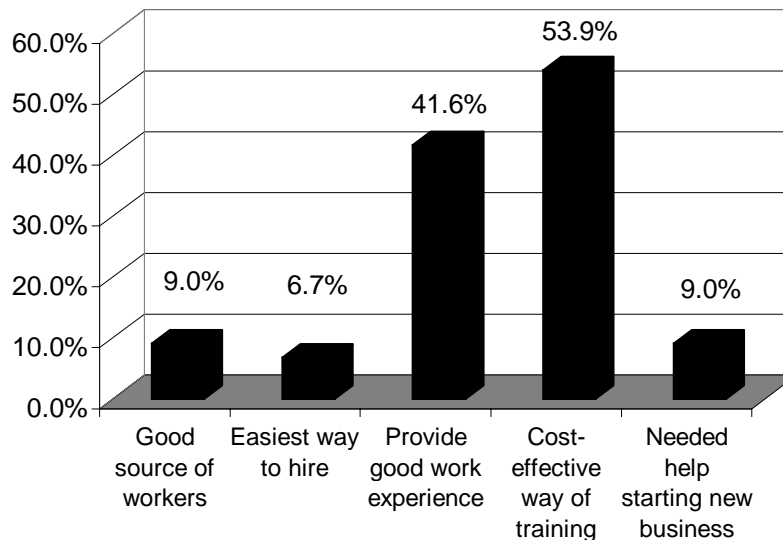
Besides the wage subsidy, there were other reasons employers gave for hiring through Compass (see Chart 5.1).

A related issue of importance is whether the subsidy was needed by job-ready clients to land a job. Two provincial informants thought that a focus on the job-ready might have been wasteful in one important respect: many would likely have found employment on their own (although Compass may have sped up the process). Thus, although job ready clients might still need the job developer, they might not need the wage subsidies. One person suggested allowing the job ready clients to job search through the ERCs, use the Job Finding Clubs and use the job developers only if needed. This would free up the job developers to focus their work on the more difficult clients (who under Compass did not receive service unless they were youth).

²⁶ The standard error was .056: thus the proportion saying yes was 50% ± 11%, 19 times in 20.

²⁷ The standard error was .056: thus the proportion saying yes was 49% ± 11%, 19 times in 20.

Chart 5.1
Reasons For Hiring Through Compass



Another interesting participant survey finding bearing on incrementality, is that 9% of Compass participants had worked for their placement employer before becoming involved in the Compass Program. One-third of these individuals had been laid off by the employer. This does not necessarily imply that these employers were abusing the program, but it certainly raises the question.

5.3 CONCLUSION

Two crucial findings emerged from the analysis presented in this chapter:

1. Up to one-third of employers offered their WEO client a position after the placement although that was not a condition of the program; but over half the TTO employers did not follow through on their commitment to hire the Compass client after the subsidy ended. The primary reason for not hiring after the placement ended was that there was no money or position available. This is a reasonable excuse for WEO participants, since the employer did not undertake to hire the client after the placement. On the other hand, it does not seem to be an acceptable reason for TTO participants, unless the employer's financial situation changed after making the commitment to Compass. There are good grounds to be suspicious that a substantial proportion of the TTO employers –

likely 20% to 25% – never intended to keep their commitment to hire the Compass client.

2. Most employers would not likely have hired a SAR in the absence of Compass, and most hired earlier than they otherwise would have. But, half the participants in Compass may have displaced others who would have been hired without a subsidy. To the extent that those not hired were turned down (and perhaps applied for UI or welfare) because someone else came with a subsidy, the impact of Compass will be overstated. Unfortunately, this phenomenon is impossible to quantify.

6.0 OUTCOMES OF COMPASS

The purpose of this chapter is to lay a solid foundation for the econometric analysis to follow in the next chapter. The descriptive findings on outcome²⁸ are more intuitive than the much more complex econometric analysis; a good understanding of the basic outcomes presented in this chapter will help the reader understand the econometric analysis. A note of caution is in order, though: differences between participants and non-participants cannot be attributed to the Compass Program until the econometric models control for outside influences. That is the business of the next chapter. Findings presented in this chapter must therefore be considered preliminary.

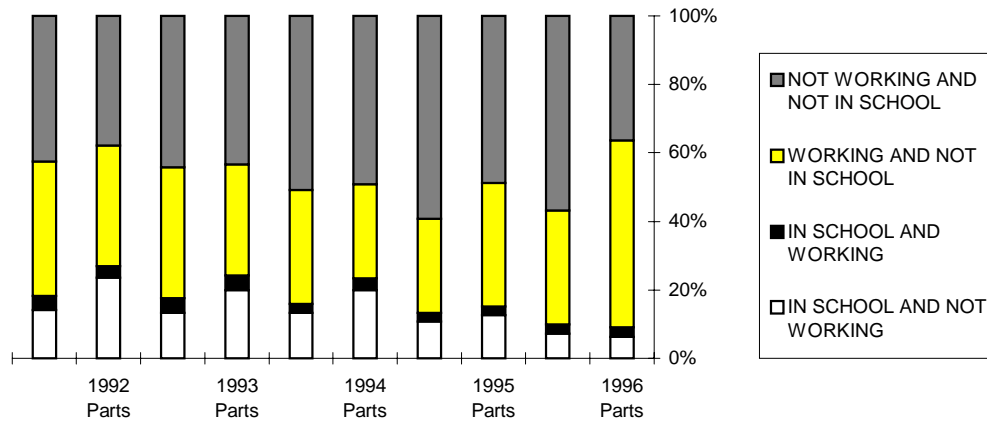
6.1 RECENT LABOUR MARKET HISTORY

For the longitudinal econometric analysis to follow in the next chapter, it is necessary to establish pre-program and post-program labour market activity. The survey asked participants and non-participants to account for their time spent working, unemployed, and in school since 1992. The results are portrayed in Chart 6.1.

Before the Compass Program, non-participants spent more time than participants working and less time in school. Pre-program time spent unemployed (and not in school) was about the same for both groups. For non-participants, time spent unemployed increased from 1992 to 1995 and held steady in 1996. Participants showed a similar pattern until 1995. During 1995 and 1996, when Compass was in full swing, participants' time spent working increased markedly, probably reflecting a combination of participation in the program and post-program employment with the placement employer.

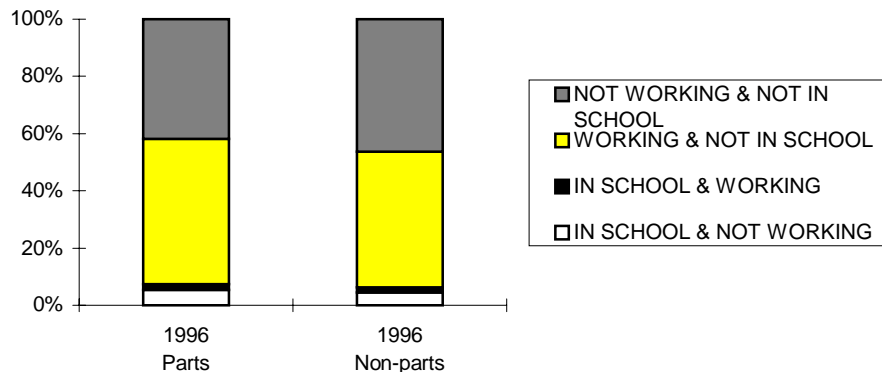
²⁸ Though many consider the concepts of outcome and impact synonymous, there is an important distinction: outcomes refer to measurements of the end state of participants and non-participants with respect to relevant variables such as earnings (e.g., participants \$10,000, non-participants \$9,000). Impact refers to the difference between the outcome of participants and the outcome of non-participants; that is, the effect of the intervention (e.g., \$1,000). This chapter presents the outcomes, the next the impacts.

Chart 6.1
Recent Labour Market History



The next chapter will isolate the impact of the program, but for now we can remove the influence of being in the program by looking at how those who finished participating in Compass before 1996 spent their time in 1996. Chart 6.2 shows that participants out of the program before 1996 spent about 43% of 1996 unemployed, 50% working, 5% in school and 2% in school and working. Non-participants referred to Compass before 1996 spent 48% of 1996 unemployed, 47% employed, 4% in school and 2% working and in school. The differences between groups are not significant although they are in the right direction.

Chart 6.2
Labour Market Activity in 1996



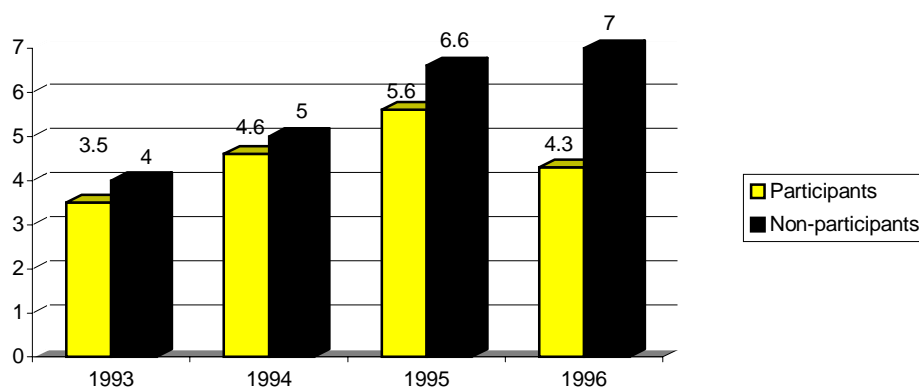
6.2 USE OF SOCIAL ASSISTANCE

One of the main objectives of Compass was to reduce reliance on social assistance. As the following chart shows, participants and non-participants have had a history of great reliance on welfare. There was no significant pre-program difference between participants and non-participants. But, during 1995 and 1996, non-participants relied on welfare to a significantly greater extent than did participants²⁹. This is also evident from the mean monthly amount of social assistance received in 1995 and 1996:

	1995 (SE)	1996 (SE) ³⁰
Participants	\$543 (\$19)	\$490 (\$17)
Non-participants	\$628 (\$28)	\$609 (\$25)
	t=2.6, df=694, p<.01	t=3.9, df=707, p<.001

To a certain extent, the results undoubtedly reflect participating in the program, since most of those on placements were no longer receiving welfare. But this doesn't account for the entire effect: Comparing only participants who finished their placement before 1996 with non-participants who were referred to Compass before 1996, we found that participants spent an average of 4.1 months on welfare during 1996, whereas non-participants spent 6.5 months (t=4.8, df=416, p<.001). Before attributing any differences to the program, however, other possible influences must be controlled (see next chapter).

Chart 6.3
Mean Months On Social Assistance, 1993-1996



²⁹ 1996 → t=9.7, df=1125, p<.001.
1995 → t=3.4, df=1029, p<.001.

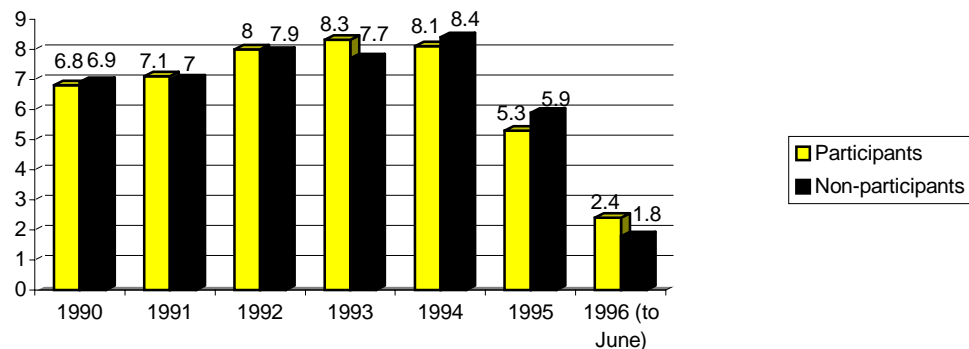
³⁰ Standard errors measure how accurately the sample reflects the population.

There were no pre-program differences across options in use of welfare. But, during 1995 some differences emerged, with TTO participants on welfare for 5.2 months, WEO participants for 5.8 months and EDO participants for 7.4 months ($F=4.2, df=2/560, p<.02$)³¹. Differences were magnified in 1996, with TTO participants on welfare for 3.7 months, WEO participants for 4.7 months and EDO participants for 6.9 months ($F=11.3, df=2/626, p<.001$)³². Whether or not this difference was because TTO worked better than WEO or EDO in this respect will be sorted out in the next chapter.

6.3 USE OF UI

The target group had consistently spent an average of seven to eight weeks per year on unemployment insurance until 1995 (Chart 6.4). In 1995, the time spent on UI fell by two weeks, probably because most of the group was on social assistance then. Never did the difference between participants and non-participants exceed one week. Note, however, that participants were much more likely to be receiving UI *at the time of the survey* than were non-participants, as discussed below in the “Current Situation” section.

Chart 6.4
Mean Weeks On UI, 1990-1996



³¹ Post-hoc comparisons (Scheffe and Tukey tests) revealed that EDO was significantly higher than TTO in 1995.

³² Post-hoc comparisons (Scheffe and Tukey tests) revealed that all three options were significantly different from one another in 1996.

6.4 POST-PROGRAM ACTIVITIES

Because not much time has elapsed since most Compass participants completed the program, it is important to determine what they did immediately after finishing. Table 6.1 lists the responses of survey respondents. Just over a quarter of WEO participants and about 45% of TTO participants continued to work with the placement employer after the subsidy ceased. Another 15% of each group started working for another employer. Most of the rest began looking for a job: only 31% of WEO participants and 23% of TTO participants had found one by the time of the survey (not a significant difference)³³. As for EDO, only 42% continued in self-employment immediately after their involvement in Compass ended (although as revealed in the next section 72% of all EDO respondents were self-employed at the time of the survey).

There was no significant difference across regions.

Table 6.1 Distribution of Participants by Activity After Compass

Activity	All Participants	WEO	TTO	EDO
Continued employment with placement employer	34.7%	25.9%	44.7%	9.8%
Started working for another employer	13.9	15.6	14.2	0.0
Self-employment	2.8	0.0	0.3	41.5
Continued education	2.5	3.8	1.8	0.0
Took a job training program	1.1	1.1	0.9	2.4
Stayed at home with children	2.5	4.9	0.9	0.0
Stayed at home for other reasons	2.3	3.0	2.1	0.0
Started looking for a job	29.1	36.9	25.1	12.2
Other	11.1	8.7	10.1	34.1

$\chi^2 = 312.2$, $df=16$, $p<.001$
 $\phi=.697$

As for non-participants, only 19% got a job instead of participating in Compass – about the same proportion of Compass participants who got a job with another employer after the placement. The greatest proportion stayed on welfare. About 15% began looking for a job, but only one in five of them had found one by the time of the survey; and it took them an average of 23 weeks.

³³ It took an average of 8 weeks for these participants to find a job (no significant difference across options or regions).

Table 6.2 Distribution of Non-participants by Activity Instead of Compass

Activity	All Non-participants
Stayed on welfare	23.2%
Started working	19.3
Self-employment	1.3
Continued education	5.2
Took a job training program	4.6
Stayed at home with children	6.5
Stayed at home for other reasons	5.2
Started looking for a job	15.0
Other	19.6

6.5 CURRENT SITUATION

A crucial test of success is what participants are now doing as compared to those who did not participate. Are participants more likely to be working than non-participants? Are they less likely to be on welfare? Are they less likely to be on UI? Are EDO clients still operating their own businesses? Does participation lead to a greater tendency to upgrade one's education or job training skills? Table 6.3 provides preliminary answers to these questions. The next chapter will control for other factors that may have lead to these results for a more definitive picture.

Before correcting for possible outside influences, it appears that participation in Compass led to a significantly decreased reliance on social assistance and a greater probability of working in a paid job, at least in the short term. At the time of the survey, one-third of participants were on social assistance, versus 57% of non-participants. And 56% of participants were working as opposed to only 37% of non-participants³⁴. The program appeared to have no effect on the probability of upgrading one's education or training. On the other hand, Compass appears to have led to a greater reliance on UI: 25% of participants were on UI at the time of the survey as compared to only 12% of non-participants. This was probably a side-effect of the greater tendency to work in a paid job, but it suggests that the jobs they were getting were unstable.

There is also evidence (again preliminary) that TTO was more effective than the other two options at removing people from social assistance and at getting them into a paid job. Yet TTO participants were much more likely to be on UI at the time of the survey than were those in the other two groups: this is likely largely because TTO placements were long enough to qualify participants for UI, whereas WEO

³⁴ Moreover, of those working, participants worked significantly more hours per week (35.3 on average) than did non-participants (31.2). There was no difference by option.

placements were not. About 72% of EDO participants were self-employed at the time of the survey, although half this group was also on social assistance³⁵.

Table 6.3 Current Activity of Participants and Non-participants

CURRENT ACTIVITY	Participants					Non-Participants	Sig.**
	WEO	TTO	EDO	ALL	Sig.*		
Working in a paid job	50.8%	60.9%	43.6%	55.7%	P<.05	36.8%	P<.001
Self-employed	4.6	1.8	71.8	8.2	P<.001	6.3	p>.20
Looking for a job	63.1	55.2	28.6	56.7	P<.001	61.5	p>.05
Upgrading education	17.5	14.7	14.3	15.8	p>.60	17.9	p>.30
In a job training program	11.4	6.8	7.1	8.7	p>.10	8.4	p>.80
On social assistance	39.9	28.0	52.4	34.5	P<.001	56.9	P<.001
On UI	18.3	32.7	2.4	24.8	P<.001	12.4	p<.001

* χ^2 test of significance (df=2) between options.

** χ^2 test of significance (df=1) between groups (participants & non-participants).

Region had a significant association with two activities. Participants living in the Halifax region were much more likely to be working and much less likely to be on UI than those living elsewhere, most likely because of better opportunities in the large urban area:

Region	% Working	On UI
Halifax	70.6%	13.4%
Cape Breton	43.8	37.7
North Shore	57.7	25.5
Western	51.4	24.7
	$\chi^2 = 16.9, df=3, p<.01$	$\chi^2 = 20.8, df=3, p<.001$

Job developers pointed to three general factors that keep some participants unemployed after Compass participation. One was characteristics of those participants who remain unemployed. Many were lacking the motivation to work: they simply had a poor attitude towards work. Or they refused to accept the kind of jobs for which they were qualified: "I find sometimes it's hard to get through to my clients, you're going to do the crappy work before you get the good work." Or they didn't want to be the only one in their peer group who was working: "None of their friends are working, and they are different from everybody else and they don't want to be. They want to be with their friends."

³⁵ There were too few EDO cases who were self-employed and on social assistance and who answered the questions about the amount of welfare they were getting to determine reliably if the amount of social assistance had changed as a result of participating in EDO. Of the 24 cases reporting the amount of welfare they received in a typical month in 1995 and 1996, the mean monthly welfare cheque actually rose from \$677 to \$716. The difference was not significant, however, probably due to the small number of cases.

Many who stayed unemployed had barriers that could not be overcome such as lack of child care, and lack of money for job search (e.g., for transportation). Another key obstacle was lack of job search skills: “Most of my clients haven’t got a clue how to look for work.” One job developer noted that clients who found employment were those who went to job finding clubs, or formally learned job search skills or interview skills.

A second general factor was the poor labour market, especially for those with few marketable skills. But even some highly skilled clients remained unemployed if their expectations were too high.

The third general factor was disincentives built into the social assistance system, especially the FB system. In many cases, the amount of money they could earn working was not attractive enough compared to the amount of money they got on FB to make the effort worth their while. But what it seemed to come down to is “There are no consequences if the client decides not to work.”

The situation on the Municipal Social Assistance side was different. “It’s grinding poverty.” In Kings County for instance, clients can receive as little as \$335.00 a month. “That’s it. For housing, transportation, food, everything. So if you get them in any job that pays minimum wage, they’re happy. And their lifestyle has improved by 100% because their take home pay is nearly \$600 a month which is double what they are given.”

As for EDO, job developers held that income support for people on EDO was available for too short a period. “We’re talking a maximum of 6 months that you can do for income support, if you can get the municipality to carry for 3 months.” Economic Renewal said a year is preferable. Good business ideas might fail because the period of support was too short, according to the job developers.

The next three charts reveal the changes in program outcomes over time. On the x-axis of each graph is the number of months since completing the job placement. On the y-axis is the percentage of participants currently (at the time of the survey) working (Chart 6.5), on social assistance (Chart 6.6), and on UI (Chart 6.7). Note that each point on the graphs represent *different* cases (i.e., it is a cross-sectional rather than a longitudinal analysis). The first graph suggests the effects of the Compass program on employment status do not decline within the first two years of completion (assuming the different cohorts of clients are similar to one another in employability). It also shows that TTO is more effective in this regard throughout these first two years.

Chart 6.5
% Of Clients Currently Working In A Paid Job By Number Of Months Since Completing Compass

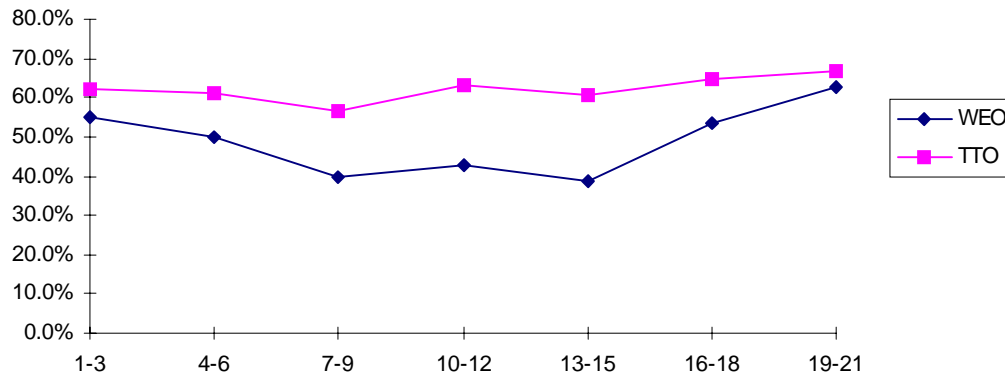


Chart 6.6 shows no clear trend for either group respecting use of social assistance. TTO clients start off much less likely to be on social assistance than WEO clients; but by the 7-9 month stage, they have closed the gap considerably. This may be partly because TTO clients are more likely to qualify for UI than are WEO clients.

Chart 6.6
% Of Clients On Social Assistance By Number Of Months Since Completing Compass

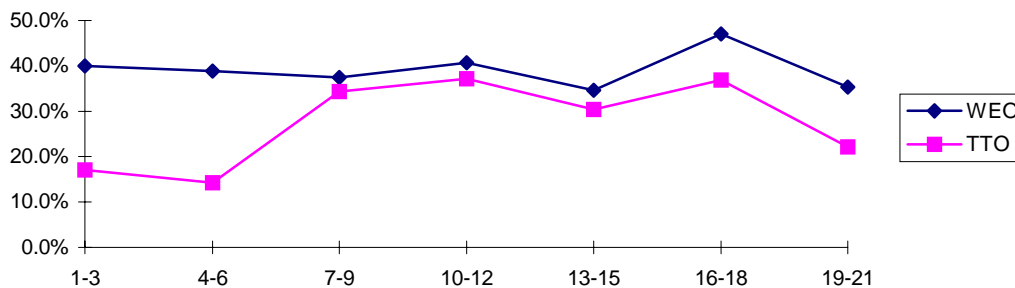
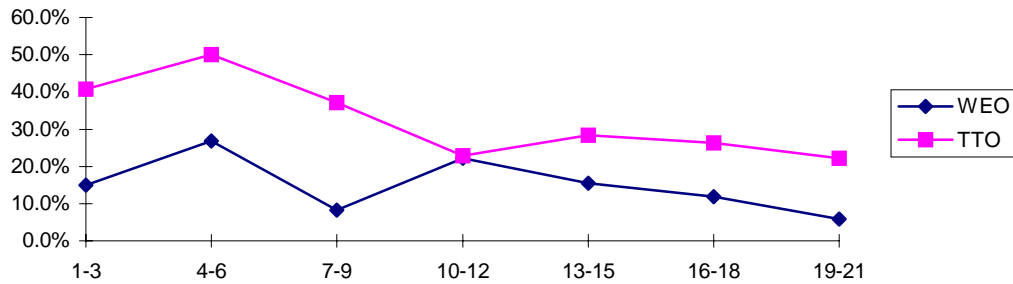


Chart 6.7 suggests a downward trend in use of UI for both groups. The drop until one year after completion may merely reflect exhaustion of entitlement. Except for one period – 10 to 12 months after completion – TTO clients rely on UI to a greater extent than do WEO clients. The higher rate of UI receipt in the first few months

largely reflects UI eligibility criteria: the typical 26 week TTO placement is long enough to qualify the person for UI; the typical 16 week WEO placement is not.

Chart 6.7
% Of Clients On UI By Number Of Months Since Completing Compass



6.6 IMPACT ON EARNINGS

Chart 6.8 shows the earnings history of participants and non-participants before during and after participation in/referral to the program (the chart includes those who had no income)³⁶. Every year prior to Compass, non-participants earned significantly more than participants, which reflects their tendency to have been employed more than participants as already shown. During the year in which participants finished their placement (and in which non-participants were referred to the program), participants earned significantly more, largely due to their

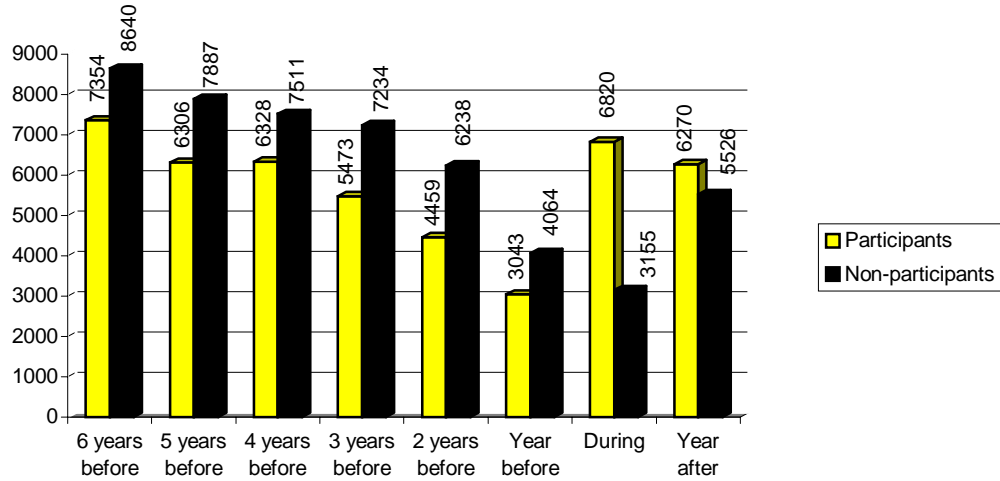
³⁶ Standard errors:

Participants: 6 years before=\$323; 5 years before=\$253; 4 years before=\$251; 3 years before=\$240; 2 years before=\$185; 1 year before=\$106; during=\$501; 1 year after=\$815.

Non-participants: 6 years before=\$392; 5 years before=\$272; 4 years before=\$283; 3 years before=\$290; 2 years before=\$234; 1 year before=\$160; during=\$275; 1 year after=\$939.

placement earnings. In the calendar year after participation/ referral, there was no significant difference in the earnings of participants and non-participants³⁷.

Chart 6.8
Earnings History Before, During And After Compass



6.7 IMPACT ON EDUCATIONAL UPGRADING

Since participating in Compass, 14% of participants said they had gone back to school, college or university to upgrade their education³⁸. Since being referred to Compass, 19% of non-participants said they had done the same, a significantly greater proportion ($\chi^2 = 5.3$, $df=1$, $p<.05$). This does not necessarily imply that Compass has had a dampening effect on upgrading, because few participants would have tried to upgrade *while* they were involved with Compass. That is, the typical non-participant had more time since referral to Compass to upgrade than had the typical participant. For instance, if participants who finished their placement in 1995 are compared to non-participants who were referred in 1996, it turns out that 19% of participants and 16% of non-participants had resumed their education. Thus, subject to the appropriate statistical controls to be applied in the econometric analysis, it appears that Compass had little effect on academic upgrading.

³⁷ For those who reported employment income in the calendar year after participation/referral (i.e., removing 0 income cases) the mean earnings for participants was \$7,888 for participants and \$7,655 for non-participants ($t=0.1$ $df=195$, $P>.90$). Note the standard errors for the year after Compass are much higher than the other years because of the relatively small number of cases: participants -- \$815; non-participants -- \$939.

³⁸ Standard error=.0138. Thus the margin of error is $\pm 2.6\%$ 19 times in 20. For non-participants, $SE = .0173$ for a margin of error of $\pm 3.3\%$ 19 times in 20.

Proportion of participants continuing their education did not differ between options or across regions.

6.8 EDO OUTCOMES³⁹

Almost all EDO participants (93%) were interested in establishing their own business before becoming involved in Compass. Indeed, 39% had operated their own business before joining Compass. And half the participants had sought assistance from other sources in attempting to start their business before becoming involved in Compass.

There is also evidence that they were well prepared for their foray into self-employment, with 90% saying they had previous training or experience in the field in which they wanted to start their own business. Similarly, about 82% of non-participants who wanted to start their own business had had previous training or experience in the field.

Sixty-four percent of EDO clients responding to the survey received formal training from Compass in entrepreneurial skills and business development. About 81% considered this training to be very useful for starting their own business; the other 19% said it was fairly useful.

Just over half those who received training stated that they got follow-up support from Compass staff once the training ended. Two-thirds found this support very useful, 27% fairly useful, and 7% (representing only one case) not very useful. Over 80% of those who did not receive follow-up support said they had wanted it.

One measure of the stability of a business is whether it is in arrears on its loans. Most (74%) survey respondents who received a stream 2 loan were able to keep up with their loan repayment schedule. This is comparable to estimate of interviewees that about 20% of the remaining EDO businesses were behind on their loan payments.

³⁹ Note that the findings in this section are based on only 42 participant survey respondents and 12 non-participants.

At the time of the survey, 63% of EDO participants were self-employed in the business they were developing while participating in the Compass Program⁴⁰. Of the 11 non-participants who tried to start their own business without the help of Compass, 55% were self-employed in that business at the time of the survey. The rate of business survival did not differ significantly between groups ($\chi^2 = 0.3$, $df=1$, $p>.50$), suggesting that Compass made no difference in this respect (but this finding is very tentative considering the small number of cases). Still, most participants needed Compass to get their business off the ground: 82% thought that they would not have been successful in establishing their own business without the help of Compass.

Of those participants who said they were not employed in their own business, 80% never did get the business going. The three businesses that started but failed lasted for 17 weeks on average. Asked why the business is not operating (or never started), the 20 respondents gave eight different reasons: most often mentioned was “no market,” by three respondents. Interviewees gave the following reasons for EDO business failures:

- Training wasn't adequate;
- Insufficient funding;
- Insufficient follow-up;
- Lack of markets for product;
- Insufficient motivation; and
- Personal problems.

Most EDO respondents could not or would not answer the question on how much profit their business made in a typical month. Of the 14 participants responding, 10 said there was no profit, and the other four made very little: on average EDO participants reported a \$71 profit per month⁴¹. Given that the typical participant had been self-employed for only 38 weeks at the time of the survey, small profits are to be expected. Only five non-participants answered and four said there was no profit.

Also, job creation attributable to Compass has thus far been negligible. Three-quarters of businesses started through Compass and still surviving by the time of the survey had hired no other workers⁴². In total, the 26 surviving businesses represented in the survey had hired nine full-time workers and three part-time

⁴⁰ Another 9% were self-employed in another business. Interviewees estimated that only 10% of EDO businesses had folded. By comparison, HRDC's *Evaluation of the Self-Employment Assistance Program*, reported that 85% of SAR participants in SEAP were still operating their own business at the time of the survey (that survey took place an average of 40 weeks after completion of the program versus 29 weeks for EDO respondents in this survey).

⁴¹ In stark contrast, the typical SAR participant in SEAP reported a profit of \$2,222 per month.

⁴² This is comparable to the finding from the SEAP evaluation: 29% of SAR participants hired paid employees.

workers (apart from themselves)⁴³. Generalizing these findings to the EDO population, it is estimated that the EDO program has helped generate up to 30 jobs, most of them full-time. This may be an over-estimate, if those whom we could not reach to survey were less likely to be operating a successful business than those we did reach.

6.9 CURRENT ATTITUDES

The follow-up survey repeated a series of questions about attitudes towards work, unemployment, welfare, self-esteem, and life in general from the baseline survey. The responses are presented in the charts presented in Appendix B.

In general participants and non-participants had positive attitudes in all these areas. At the time of the baseline survey, there was little difference between the two groups in any area, although the difference was large enough to reach statistical significance in two cases⁴⁴. Attitudes did not change all that much between surveys; where there was a significant change, it was always in the hoped-for direction.

The preliminary analysis suggests the Compass program had an impact on only three of the 22 attitudinal variables – and the impact was negative in two of these areas. Subject to the econometric analysis, the program had a positive impact on participants' satisfaction with the work they had done in their lives. But, the program had a slightly negative impact on two areas of self-esteem: "I have as much to contribute as anyone," and "I am able to do things as well as anyone." Participants moved in the right direction for both variables, but non-participants moved significantly more.

There were no significant differences across Compass components on any attitudinal item where the program had an impact.

⁴³ The average number of workers hired by participant firms still in operation at the time of the survey was 0.46; the standard error was 0.17.

⁴⁴ Again, when running about two dozen tests with a significance level of .05, we would expect at least one false positive.

6.10 USE OF THE OPPORTUNITY FUND

Most interviewees were effusive in their praise for the Opportunity Fund. It was described as a “godsend,” a “blessing,” “magic,” “excellent,” “wonderful.” “That was wonderful. We were able to assist clients. The feedback has been excellent. I'm going to miss that option the most.” It was undoubtedly the most popular part of Compass, and many federal and provincial informants considered it the most useful, and certainly the most cost-effective component.

Why the popularity? Because front-line staff were given the flexibility to make a small amount of money go a long way. “We only had \$3750 for the year but that enabled us to do so much.” “Whatever that person needed to make that person more job ready, we pretty well could cover it in the Opportunity Fund.” According to interviewees, job developers and the clients who received money from the fund (who were surveyed) it was used for drivers licenses, work clothing, safety equipment, insurance, short term training, transportation to an interview, GED, other courses – anything to remove small but significant barriers to employment or training.

We love the Opportunity Fund. We want more. . . And it's not just because it's money, fund money. It's just so flexible. It is well targeted and it's so cost effective. The results are so good that you can see . . . almost immediate gratification happening in people. And 40% of people were able to attach to the labour market directly from that one small intervention -- \$100, \$200.

There were few sour notes sounded over the fund. What criticism there was centred mainly on the small amount of money available to each ERC. “It needed to be larger. There were many times when someone just needed work boots or a uniform but there wasn't enough money in the Fund.” There was one exception: one ERC was “very stingy with it,” never paying more than 50% of any item. “We were allocated \$3000 for 96/97 but we've only spent \$300 of that. In the case of a student, we ask them to pay it back. It builds responsibility.”

Finally, one interviewee brought up the potential for abuse since leaving discretion completely in the hands of front-line staff makes its use very subjective.

Survey respondents who got money from the fund received an average of \$113⁴⁵. Three-fifths felt that these funds were very important in enabling them to receive training and/or employment. The rest said the funds were somewhat important. The econometric model will include receipt of the Opportunity Fund to determine its importance in landing a job.

⁴⁵ One person claimed to have received \$2,000, but we believe this person misunderstood the question. Including this amount, the average goes up to \$183.

6.11 CONCLUSION

Focusing on the cardinal objectives of Compass – to lessen reliance on welfare and increase employability – *at the level of outcomes as opposed to impact*, the program appears to be successful. At the time of the survey, participants were much less likely to be on social assistance and much more likely to be employed than were non-participants. And the pre-program gap in annual earnings in favour of non-participants had been completely closed the year after participation/referral. On the other hand, that participants were twice as likely as non-participants to be on UI at the time of the survey, raises serious questions as to the permanency of the outcomes.

The report now turns to an analysis of impact.

7.0 ECONOMETRIC ANALYSIS OF IMPACT

This chapter presents our econometric analysis of the impacts of the Compass program. Because there are several outcomes of interest, the chapter proceeds in stages, examining outcome measures in the same sequence as the previous chapter.

For most of the outcomes we obtain three types of estimates of program impact. The first are simple linear regression models with and without controls for observable factors. Explanatory variables used in these regressions are as follows: (i) basic demographic and personal characteristics: age, educational attainment, gender, and marital status; (ii) additional demographic and personal characteristics: visible minority status, presence of children 0 to 5 years, 6 to 11 years, 12 to 17 years, and 18 years and over, and need for child care; (iii) pre-program information on labour market activities, using the fraction of time devoted to the activity in 1992 and in 1993. These linear regression models thus control for observable factors, including pre-program levels of the outcomes in question, which may account for differences between the behavior of participants and non-participants, as well as observable factors which may account for non-random selection into the Compass program.

The additional two types of estimators reported in this chapter are based on alternative models of non-random selection into the program which depend on unobservable factors. One approach uses instrumental variable estimators to account for the possible endogeneity of program participation due to non-random selection. The instruments used are age, presence of children under 5 years and receipt of social assistance in the two years prior to Compass. A prior investigation of program participation indicated that these variables are significant determinants of participation in Compass. Whether or not these are appropriate instruments, however, is questionable. The method of instrumental variables will produce consistent estimates of program impact if the chosen instruments are correlated with participation in the program but uncorrelated with the outcome variable of interest. In general (and specifically in this evaluation) it is difficult to find variables that meet these requirements.

The second approach uses longitudinal “difference-in-differences” estimators which take advantage of the fact that the survey obtained information on time spent on these activities by each respondent in 1992 and 1993 (prior to the introduction of Compass) as well as 1996. These estimators provide unbiased estimates of the impact of the program if selection into the program is correlated with unobserved

person-specific factors that also influence the time spent on these activities by individuals.

7.1 RECENT LABOUR MARKET HISTORY

This section analyzes the relationship between participating in Compass and the time spent in three main activities: work, in school and unemployment. The survey of participants and non-participants asked about time devoted during each of the years 1992 to 1996 to the following labour market activities: in school and not working; in school and working; working and not in school; and not working and not in school. Because only a small proportion of time is devoted to “in school and working,” we have combined these four activities into three: working (which includes both working/not in school and working/in school), in school (which is restricted to in school and not working), and unemployed (not working and not in school). None of the findings are altered by treating the “in school and working” activity separately, or combining this category with “in school and not working” rather than the combination used here.

The focus of our analysis is the time devoted to these activities in 1996. Because the survey was carried out in October and November, the number of months devoted to all four activities was not the same for all survey respondents; to account for these differences, we analyze the fraction of the total period devoted to each activity. This method also takes account of the (small) number of cases in which the total number of months in the years 1992 to 1995 devoted to the four activities did not sum to 12.

For many survey respondents, the time devoted to these activities in 1996 combines the effects of participation in Compass during 1996 with any post-program impacts of Compass. In order to obtain an estimate of the impact of Compass which is not contaminated in this way, we analyze the subset of individuals who completed or were referred to the program prior to 1996. The estimates for this group thus provide evidence on the impacts of Compass on labour market activities during the year (or in a small number of cases more than one year) after program completion.

Table 7.1.1 reports the estimated program impacts on the three activities based on the alternative specifications. We report the estimates from a variety of specifications in order to illustrate the sensitivity (or lack of sensitivity) of the findings to alternative specification choices. All estimates use only the subset of the sample of participants who completed the program before 1996 and the non-participants who were referred to Compass before 1996.

As noted in the previous chapter, prior to Compass non-participants spent about 4 to 6 percent more of the year working than did those who subsequently became

Compass participants. However, in both 1995 and 1996 Compass participants spent a greater fraction of the year working than did non-participants; this difference was especially large (about 21 percentage points) in 1996. This suggests that the program may have had a positive effect on the proportion of time spent working. The estimates in Table 7.1.1 are generally consistent with this expectation. The estimates which control only for observable differences between participants and non-participants indicate that 12 to 14 percent more of the year is spent working in the year following participation in the program.

The IV estimates are also positive, but very imprecisely estimated and not significantly different from zero. This imprecision is not unexpected, and is probably due to the difficulty of separately identifying the influences on participation in the program from the influences on the outcomes associated with program participation. For this reason, we do not regard the IV estimates as being credible estimates of program impact.

The difference-in-differences estimators suggest larger impacts – in the range of 16 to 27 percent, depending on the choice of base year. Although this is a wide range, the estimates are not in fact significantly different from each other (at the 5% level of significance). Nor do the difference-in-differences estimates differ significantly from those obtained from linear regression with various choices of controls. Thus the credible estimates do indicate that the program increased the proportion of time spent working, at least in the short run, by more than 10 percent.

Prior to Compass, those who became participants spent 8 to 10% more of their time in school than did those who became non-participants. By 1996, differences between participants and non-participants in this dimension had essentially disappeared. However, the estimates reported in Table 7.1.1 differ in their assessment of the impact of the program. The longitudinal difference-in-differences estimates suggest that the program reduced the time spent in school by 9 to 10 percentage points. The assumptions under which the difference-in-differences estimators provide unbiased estimates of program impact imply that the estimated impacts should not be sensitive to the choice of base year; the estimates in Table 7.1.1 pass this specification test, increasing our confidence in these estimates. The other specifications also yield a negative impact on time spent in school, but these estimates are not statistically significantly different from zero. None of the specifications suggest that the program increased time spent in school.

Table 7.1.1 Estimates of the Impact of Compass on Time Spent Working, In School and Unemployed

Equation	Estimated impact on time spent			Specification of model
	Working	In school	Unemployed	
7.1.1	12.1***	-0.8	-11.3***	Linear regression without basic controls
7.1.2	11.9***	-1.8	-10.1**	Linear regression, basic controls
7.1.3	14.0***	-1.3	-11.9**	Linear regression, pre-program controls
7.1.4	13.7***	-1.5	-11.6**	Linear regression, full demographic and pre-program controls
7.1.5	6.1	-4.1	-33.4	IV estimates with age, use of SA prior to Compass and children 0-5 years as instruments
7.1.6	26.6***	-10.1**	-5.8	Difference-in-difference estimates 1992 vs 1996
7.1.7	15.9**	-8.8**	-17.8***	Difference-in-difference estimates 1993 vs 1996

Notes:

1. Figures in parentheses are standard errors
2. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels of significance respectively.
3. Basic demographic controls include age, gender, educational attainment, and marital status. Full controls include basic controls plus visible minority status, presence of children 0-5 years, 6-11 years, 12-17 years, 18 years and over, and need for child care. Controls for pre-program labour force activities are those for 1992 and 1993.

Turning to the impacts on time spent neither working nor in school, the linear regression models indicate a reduction in time spent unemployed in the range of 10 to 12 percentage points; these estimated impacts are not sensitive to the set of variables included to control for other influences. The IV estimates are again very imprecise. In this case the longitudinal estimates are sensitive to the choice of base year, suggesting no significant impact when 1992 is used as the base year but a substantial impact when 1993 is used for that purpose. Because the difference-in-differences estimates do not pass the specification test of invariance to the choice of base year, the linear regression model estimates appear the most credible. None of the specifications suggest that Compass had the effect of increasing time spent unemployed.

In summary, the evidence reported in this section indicates that the Compass program tended to increase participants' proportion of time spent working, decrease their time spent unemployed, and decrease or leave unchanged their time spent in school. These conclusions apply to the short run impacts of the program, approximately the year following completion of/referral to Compass.

Table 7.1.2 reports estimated impacts by program option for the WEO and TTO options. (There are not sufficient observations to obtain estimates for the EDO option.) For the TTO option, there is clear evidence of a positive impact on time spent working and a negative impact on time spent unemployed. Based on the specification with full demographic and pre-program controls, these estimated impacts are modestly larger in magnitude (although not statistically significantly different from) than those for the full sample, as shown in Table 7.1.1. For the WEO option, the evidence of a positive impact on working time and negative impact on unemployment is weaker. Based on the specification with full demographic and pre-program controls, the magnitudes of the estimated impacts on time spent working and unemployed are smaller than their counterparts for the TTO option, and not significantly different from zero. However, the much lower precision of the WEO estimates could be due to the fact that the sample sizes are about half those available for the TTO option.

Table 7.1.2 Estimates of the Impact of Compass on Time Spent Working, In School and Unemployed by Program Option

Program option	Estimated impact on time spent			Specification of model
	Working	In school	Unemployed	
WEO	14.2** (7.1)	-3.8 (3.5)	-10.4 (7.3)	Linear regression, no controls
WEO	8.4 (8.8)	-4.6 (4.4)	-5.4 (8.9)	Linear regression, full demographic and pre-program controls
TTO	13.0** (5.6)	0.4 (2.5)	-13.4** (5.6)	Linear regression, no controls
TTO	16.8** (6.9)	1.4 (3.0)	-16.5** (6.8)	Linear regression, full demographic and pre-program controls

7.2 USE OF SOCIAL ASSISTANCE

A primary objective of the Compass program was to reduce reliance on social assistance. In this section we examine the impacts of the program on social assistance receipt using information obtained from the survey of participants and non-participants which asked respondents about the extent of their use of social assistance over the period 1993 to 1996. Further analysis of the impacts of the program on social assistance receipt is also carried out in a later section (see section 7.4) which uses information on current activities.

Two measures of reliance on social assistance are analyzed in this section. The first and simpler is based on whether or not the individual received social

assistance (SA) sometime during the year. The second is based on the number of months of SA receipt during the year.

SA RECEIPT DURING THE YEAR

Table 7.2.1(a) reports the proportion of Compass participants and non-participants that received SA sometime during the year, for the years 1993 to 1996. The first part of the table shows the breakdown for all participants and non-participants. In 1993 a greater fraction of non-participants received SA than was the case for participants; however, in both 1994 and 1995 the proportions of participants and non-participants on SA were almost identical. In 1996, the fraction of non-participants receiving SA rose relative to the previous year, while that of participants fell, resulting in a difference of 16 percentage points (.67 versus .83). However, it would be inappropriate to regard this difference as an estimate of the impact of the program on behavior for two reasons. First, many Compass participants were still enrolled in 1996, and for these individuals the lower incidence of SA may simply reflect the fact that receipt of SA is less likely while participating in Compass. Second, this difference does not control for other factors that may influence SA receipt.

To account for the enrollment effect, the second part of the table shows the proportions receiving SA during the year for those participants who completed the Compass program prior to 1996 and those non-participants referred to Compass prior to 1996. Note that for this group, there are not significant differences in SA receipt in 1993 (i.e. prior to the introduction of Compass) or 1994. However, a significant difference emerges in 1995, the year in which most participants were enrolled in Compass, and this differential widens further in 1996, after the completion of the program. The differential of 23 percentage points suggests that Compass may have reduced reliance on SA. However, this estimate does not control for other factors that may influence participation in Compass and SA receipt.

Table 7.2.1 (a) Proportion of Compass Participants and Non-participants on Social Assistance

Year	All participants/non-participants		Completion/referral prior to 1996	
	Participants	Non-participants	Participants	Non-participants
1993	.34	.41	.46	.50
1994	.52	.52	.64	.65
1995	.76	.77	.75	.86
1996	.67	.83	.50	.73

Table 7.2.1 (b) Months on Social Assistance During the Year

Year	All participants/non-participants		Completion/referral prior to 1996		
	Participants	Non-participants	Participants	Non-participants	
1993	3.5		4.0	4.8	5.1
1994	4.6		5.0	6.0	6.4
1995	5.5		6.6	5.6	7.7
1996	4.2		7.0	4.0	6.5

Table 7.2.2 reports a variety of estimates of the impact of the Compass program on the likelihood of receiving SA during the year. In order to isolate the possible effects of being enrolled in the program from the impacts of the program on behavior, all estimates are based on the subset of the sample who completed or were referred to Compass prior to 1996. The estimates fall into three categories. The first group (linear regression models) are appropriate estimates of program impact if selection into the program is random or is non-random and depends on variables which are observable and therefore can be directly controlled for in the statistical analysis. The second group (longitudinal fixed effects estimators, or difference-in-differences estimates) are appropriate if selection into the Compass program depends on person-specific factors which are unobservable (to the researcher) but which are constant over time; the influence of these unobserved “fixed effects” is removed by taking differences between pre-program and post-program observations on participants and non-participants. The third group (instrumental variables estimators) are appropriate if participation in the program and the impacts of the program are jointly determined by various observable and unobservable factors.

The estimated impact with no controls (equation 7.2.1) corresponds to the mean difference in SA receipt between participants and non-participants in the post-program period (1996). This would be an unbiased estimate of the impact of Compass if selection into the program had been randomly determined. Adding the basic controls for age, gender, marital status and education (equation 7.2.2) has little effect on the estimated impact, and none of these controls exert a statistically significant influence on SA receipt (only marital status borders on significance). However, controlling for prior use of SA (receipt of SA in 1993, prior to the introduction of Compass) raises the estimated impact from .23 to .30. Almost identical results (not reported) are obtained when one controls for prior use of SA in both 1993 and 1994. Including in the regression equation both prior use of SA and the basic controls produces an estimate of .29 while including additional controls for visible minority status, presence of children aged 0 to 2, 2 to 5, 6 to 11, 12 to 17 and 18 or above, and need for child care lowers the estimated impact modestly to .26. Thus these estimates fall into a range of .23 to .30.

The longitudinal “difference-in-differences” estimators also fall in this range, giving an estimated impact of .22 when 1993 is used as the base (pre-program) year and .26 when 1994 is used as the base year. The use of 1994 as a pre-program year

may result in some bias (toward producing a larger estimated impact) because some of those in the participant group entered the program in that year. For this reason, the 1993 base year estimate is favoured, although the two estimates do not differ significantly from each other. A specification test of the “fixed effects” model is that the estimates should not differ significantly according to the base year chosen; these estimates thus pass this specification test.

The instrumental variables estimates allow for the possible endogeneity of program participation by jointly modeling SA receipt and program participation in a two equation simultaneous equations model. A number of such models were estimated; the reported estimates (equation 7.2.6) includes as instrumental variables age, presence of children under 5 years of age, and pre-program use of SA as measured by the baseline survey. This model, as well as variants of this model, produces estimates of program impact which are larger but very imprecise. Thus these estimates do not differ significantly from those in the .22 to .30 range, the range of the other estimates in Table 7.2.2.

We conclude that there is some evidence that the Compass program reduced reliance on social assistance by 22 to 30 percentage points, thus reducing the proportion of individuals in this population receiving SA in 1996 from about 73% to about 50%. This estimated impact is short run in nature, applying in most cases to the first year after completion of Compass.

Table 7.2.2 Estimates of Compass Impact on Social Assistance Receipt During the Year

Equation	Estimated impact	Model used to estimate impact
7.2.1	-0.23*** (.05)	Linear regression, no controls
7.2.2	-0.24*** (.05)	Linear regression, basic controls
7.2.3	-0.30*** (.05)	Linear regression, controls for prior SA use
7.2.4	-0.29*** (.05)	Linear regression, basic controls and controls for prior SA use
7.2.5	-0.26*** (.06)	Linear regression, full controls and controls for prior SA use
7.2.6	-0.27*** (.07)	Difference-in-differences estimates, 1993 versus 1996
7.2.7	-0.26*** (.06)	Difference-in-differences estimates, 1994 versus 1996
7.2.8	-0.34 (.22)	Instrumental variables estimates; (instruments for participation were age, presence of children under 5 and receipt of SA in the two years prior to program)

Notes: *, ** and *** mean significant at the 10%, 5% and 1% level respectively. Numbers in parentheses are standard errors.

MONTHS ON SA DURING THE YEAR

Table 7.2.1(b) reports months of social assistance receipt over the 1993-1996 period for two groups: (i) all participants and non-participants, and (ii) participants who completed Compass prior to 1996 and non-participants referred to Compass prior to 1996. As discussed previously, the second group is of principal interest for estimating the impacts of the program, and is used for all the estimated impacts discussed below.

Participants completing Compass before 1996 had slightly fewer months of SA receipt than comparable non-participants in both 1993 and 1994, although these differences were not statistically significant. However, in both 1995 and 1996 Compass participants had significantly fewer months on SA than comparable non-participants.

Table 7.2.3 reports various estimates of program impact, corresponding to alternative assumptions about the factors affecting months of SA receipt and the factors affecting participation or non-participation in the program. The simplest estimate of -2.5 months (equation 7.2.9, no controls case) corresponds to the mean difference in months of SA receipt between participants and non-participants. As discussed previously, this estimate would be unbiased if assignment to the program had been randomly determined, in which case there would be no need to estimate more complex models. Controlling for a variety of observable influences, including the extent of SA receipt prior to the program, produces estimates which range from -2.1 months to -2.8 months. These estimates are all significantly different from zero (indicating that the program had a significant impact, according to these estimated equations) and do not differ significantly from each other.

The difference-in-differences estimates, which as discussed previously are appropriate if selection into the program is based on unobserved person-specific factors which are constant over time, produce very similar estimates of the impact of the Compass program on months of SA receipt. These estimates also do not differ significantly from each other, and thus are (in a statistical sense) invariant to the choice of base year.

The instrumental variables models produced much larger estimates of program impact. These estimates were also found to be quite sensitive to the choice of instruments for participation in the program. Thus these estimates do not appear sufficiently robust to be regarded as credible estimates of the impact of Compass. Note, however, that because the IV estimates were always larger than the other estimates reported in Table 7.2.3, these estimates do not contradict the conclusion that the program appears to have had a significant effect on reliance on SA, at least in the short run.

In summary, there is evidence that in the short run the program reduced the number of months of SA receipt during the year by 2.1 to 2.8 months.

Table 7.2.3 Estimates of Compass Impact on Months of Social Assistance Receipt During the Year

Equation	Estimated Impact	Model Used to Estimate Impact
7.2.9	-2.5*** (0.5)	Linear regression, no controls
7.2.10	-2.4*** (0.5)	Linear regression, basic controls
7.2.11	-2.8*** (0.5)	Linear regression, controls for months of SA receipt in 1993
7.2.12	-2.6*** (0.6)	Linear regression, basic controls plus controls for months of SA receipt, 1993
7.2.13	-2.1*** (0.6)	Linear regression, full controls plus controls for months of SA receipt, 1993
7.2.14	-2.5*** (0.7)	Difference-in-differences estimates, 1996 versus 1993
7.2.15	-2.2*** (0.6)	Difference-in-differences estimates, 1996 versus 1994
7.2.16	-7.7*** (2.5)	Instrumental variables estimates, (instruments were age, presence of children under 5, and receipt of SA in the two years prior to program)

To conclude this section, we report in Table 7.2.4 the estimated impacts by program option for three of the models estimated in Tables 7.2.2 and 7.2.3. (The number of observations for the EDO option is too small to permit controlling for other influences on social assistance receipt.) The estimates for the TTO option are larger than those for WEO, although the TTO and WEO impacts are generally not significantly different from each other. The magnitudes of the estimated impacts for EDO (without controls) are similar to those to the other two options, but very imprecisely estimated due to the small number of observations on this option.

Table 7.2.4 Estimates of Compass Impact on Social Assistance by Program Option

Program option	Estimated impact on:		Model
	SA receipt	Months on SA	
WEO	-.19** (.08)	-1.5* (.9)	Linear regression, no controls
WEO	-.19* (.10)	-1.1 (1.0)	Linear regression, full program demographic and pre-program controls
WEO	-.17 (1.1)	-1.2	Difference-in-differences estimates, 1993 vs. 1996 (.)
TTO	-.28*** (.06)	-3.0*** (.7)	Linear regression, no controls
TTO	-.28*** (.07)	-2.5*** (.8)	Linear regression, full demographic and pre-program controls
TTO	-.34*** (.09)	-3.3*** (.9)	Difference-in-differences estimates, 1993 vs. 1996
EDO	-.14 (.23)	-2.5 (3.1)	Linear regression, no controls

7.3 USE OF UI

This section examines the impact of the program on use of the UI program. The analysis is very similar to that of SA receipt in the previous section, with the following differences: (i) information on UI receipt is based on administrative data rather than survey data, (ii) four years of pre-program information is available, 1990-93 inclusive, and (iii) for 1996, the only year for which post-program data are available, information is available for the first six months of the year.

Table 7.3.1 presents summary statistics on weeks of UI receipt during the year for two groups: all participants and non-participants, and those participants/non-participants who completed the Compass program/were referred to Compass prior to 1996. Analysis of the impact of Compass on UI receipt is restricted to the latter group.

As indicated in Table 7.3.1, for those who completed/were referred to Compass prior to 1996, the differences between participants and non-participants were generally small in the pre-program period (1990-93), and in none of the years was the difference statistically significantly different from zero. For the full sample, differences between participants and non-participants in UI receipt were also small. During the program, weeks of UI receipt fell more for participants than non-participants, while in 1996 a positive differential in UI weeks opened up. This greater use of UI by participants compared to non-participants is especially pronounced for the group who completed/were referred to Compass before 1996.

The substantial gap in 1996 suggests that Compass may have increased UI receipt among participants.

Table 7.3.1 Weeks of UI Receipt During the Year, 1990-1996

Year	All participants/non-participants		Completion/referral prior to 1996	
	Participants	Non-participants	Participants	Non-participants
1990	10.4	10.4	9.7	10.5
1991	10.8	10.6	11.0	10.7
1992	12.0	12.0	12.3	11.7
1993	12.4	11.6	11.7	11.2
1994	12.3	12.7	10.6	12.8
1995	8.1	9.0	4.4	5.7
1996	3.7	2.8	7.2	2.6

Notes: 1996 data are for January to June 1996

Table 7.3.2 presents estimates of program impact based on various models which correspond closely to the models used to analyze the impact on SA receipt. These models produce a range of estimates from 3.9 to 5.7 weeks for the first six months of 1996. The estimates which control for selection into the program based on unobservable factors (the difference-in-differences and IV estimates) fall in the range 3.9 to 5.4 weeks, while the estimates which do not control for selection into the program or control for selection based on observable factors alone produce estimates in a slightly higher range (4.5 to 5.7 weeks). Nonetheless, not one of these estimates is significantly different from any of the others, so all point to the conclusion that the Compass program significantly increased UI receipt among program participants. Based on the first six months of 1996, the estimated impact is 7.8 to 11.4 weeks on an annual basis (assuming that the first six months of the year is representative of the entire year).

Table 7.3.2 Estimates of the Impact of Compass on Weeks of UI Receipt

Equation	Estimated impact	Model used to estimate impact
7.3.1	4.6*** (0.5)	Linear regression, no controls
7.3.2	5.7*** (1.1)	Linear regression, basic controls
7.3.3	4.5*** (0.5)	Linear regression with controls for weeks of UI receipt in 1993
7.3.4	5.7*** (1.1)	Linear regression with controls for basic demographics and weeks of UI in 1993
7.3.5	4.9*** (1.1)	Linear regression with controls for full demographics and weeks of UI in 1993
7.3.6	5.4*** (1.1)	Difference-in-differences, 1990 versus 1996
7.3.7	4.2*** (1.1)	Difference-in-differences, 1991 versus 1996
7.3..8	3.9*** (1.2)	Difference-in-differences, 1992 versus 1996
7.3.9	4.0*** (1.2)	Difference-in-differences, 1993 versus 1996
7.3.10	5.3** (2.5)	Instrumental variables estimates; (instruments were age, presence of children under 5, and UI receipt in the two years before Compass)

When the analysis of UI impact is carried out separately for each program option (see Table 7.3.3), the largest estimated impacts are those associated with the TTO option. These are in the 6.0 to 6.7 weeks range, equivalent to 12 to 13.4 weeks on an annual basis.

Table 7.3.3 Estimated Impacts on Weeks of UI Receipt by Program Option

Estimated impact for option:			Model
WEO	TTO	EDO	
3.3* (1.8)	6.7*** (1.3)	8.0 (4.8)	Linear regression, no controls
2.7 (2.0)	6.0*** (1.4)	n/a	Linear regression, full demographic and pre-program controls
6.6 (4.3)	6.6*** (2.5)	n/a	Difference-in-differences, 1993 versus 1996

7.4 CURRENT SITUATION (AT THE POINT OF THE SURVEY)

The survey obtained information on the current activities of participants and non-participants. This information is analyzed in this section under four principal types of activities: (i) employment (both paid employment and self-employment) (ii) unemployment (searching for work) (iii) upgrading skills through education or training, and (iv) receiving income assistance in the form of social assistance (SA) or unemployment insurance (UI). In addition to examining the impacts of Compass on these four principal activities, we also analyze the impacts on the component activities: paid employment and self-employment in the case of employment, education and training in the case of skills upgrading, and SA and UI in the case of income support. Because of the number of activities analyzed and the associated large volume of estimated impacts, only the principal findings are reported in the tables in this section.

Table 7.4.1 reports estimates of the impact of Compass on employment, as well as separate estimates of the impact on self-employment (for the EDO component) and paid employment. The first three columns of estimates use the full sample of survey respondents, and the second three columns report estimates for those who completed or were referred to Compass prior to 1996. These latter estimates thus provide evidence on possible program impacts 10 months or more after completion of the program.

For the full sample, the estimated impacts based on linear regression models indicate that the program increased the proportion of participants engaged in employment by 19 percentage points, whether or not one controls for basic demographic factors (age, gender, educational attainment, marital status) and additional personal characteristics (visible minority status, presence of children aged 0 to 5, 6 to 17, and 18 and over, and need for child care). Instrumental variable estimates of program impact were also obtained; these attempt to take account of the possible endogeneity of participation in Compass associated with non-random selection of participants and non-participants. These IV estimates were generally very imprecise (note the large standard errors associated with these estimates) and also unstable (in particular, sensitive to the choice of instruments for program participation). For these reasons we will focus on the linear regression model estimates in what follows.

When attention is limited to those who completed or were referred to Compass prior to 1996, the estimated program impacts are only slightly smaller – in the range of 16 to 18 percentage points. With the smaller sample size, these estimates are also somewhat less precise, but nonetheless are statistically significant at the 1% level.

The breakdown between self-employment and paid employment suggests that the effect of Compass was on paid employment; the estimated impacts on self-employment (from EDO) are small and not significantly different from zero.

In summary, the evidence suggests that participation in Compass had the effect of increasing the proportion of the target population who were engaged in paid employment. This effect seems to persist for at least 10 months following completion of the program. These estimated effects are not sensitive to controlling for observable factors that may differ between participants and non-participants because of the non-random selection into the program. The principal qualification to this conclusion is that we have not been able to obtain credible estimates of program impact which account for possible unobserved factors which could result in selection bias (i.e. unobserved factors which may be related to both participation in Compass and to employment status following Compass). The estimates which attempt to take into account these unobserved factors using the available (post-program) data are too imprecise and unstable to regard as plausible estimates of program impact.

Table 7.4.1 Estimated Impact of Compass on Employment

Estimated impacts on employment						
	Full sample estimates			Sample completing before 1996		
Regression model	Paid	Self	Emp	Paid	Self	Emp
No controls	.19*** (.03)	.02 (.02)	.19*** (.03)	.18*** (.05)	-.01 (.03)	.16*** (.05)
Basic controls	.18*** (.03)	.03 (.02)	.19*** (.03)	.19*** (.05)	-.01 (.03)	.17*** (.05)
Full controls	.20*** (.03)	.00 (.02)	.19*** (.03)	.21*** (.05)	-.00 (.03)	.18*** (.06)
IV estimation, basic controls	.14 (.45)	.26 (.37)	-.29 (.45)	-1.01 (.85)	.14 (.28)	-.46 (1.5)

Note: instruments in the IV estimation are presence of children 0 to 5 years and receipt of SA in the two years prior to the program.

A similar analysis was carried out on the following three activities: looking for work, upgrading education, and undertaking training. The analysis was also carried out on the combined activity of upgrading skills (education and/or training). No significant differences between Compass participants and non-participants were found for these activities.

Table 7.4.2 reports the main findings of the analysis of the impacts on reliance on income support programs. This examination of current activities thus complements the previous analyzes of SA and UI receipt discussed in sections 7.2 and 7.3 respectively. In contrast to these previous analyzes which employed administrative data on participants and non-participants before and after the program, the assessment in this section is based on the survey of participants and non-

participants, and thus is restricted to cross-sectional data on post-program activities.

For the full sample of survey respondents, Compass participation is associated with a decrease in reliance on SA and an increase in use of UI. The magnitudes of the estimated impacts are affected only modestly by controlling for observable differences between participants and non-participants. The estimated reduction in the proportion using SA of 22 percentage points is larger than the estimated increase in the proportion using UI of 12 to 14 percentage points, thus indicating that the net impact is reduced reliance on income support of about 10 percentage points. The IV estimates suggest much larger impacts, but the precision of these estimates is also much lower.

These estimated impacts could reflect, in part, the fact that Compass placement provided participants with sufficient work experience to qualify them for UI. As a consequence, participants would be more likely to be receiving UI rather than SA immediately after the program. This effect could be transitory in nature, and would thus not necessarily represent a lasting effect of the program. In order to examine this possibility, we also report in Table 7.4.2 the estimated effects for those who completed or were referred to Compass prior to 1996. The estimated impacts on SA receipt are now lower, in the 12 to 15 percentage point range versus 22 percent for the full sample. Nonetheless, these estimated impacts remain statistically significant. The UI impacts are also lower for this group, and are generally not significantly different from zero. The combined impact is now estimated to be a reduction in reliance on income support of 7 to 8 percentage points, but this effect is only marginally significant (significant at the 15% but not the 10% level of significance).

Table 7.4.2 Estimated Impact of Compass on Use of Income Support

Regression model	Full sample estimates			Sample completing before 1996			
	SA	UI	UI/SA	SA	UI	UI/SA	
No controls		-.22*** (.03)	.12*** (.02)	-.11*** (.03)	-.15*** (.05)	.07* (.04)	-.08 (.05)
Basic controls		-.22*** (.03)	.13*** (.02)	-.10*** (.03)	-.15*** (.05)	.06 (.04)	-.08 (.05)
Full controls		-.22*** (.03)	.14*** (.02)	-.11*** (.03)	-.12** (.05)	.06 (.04)	-.07 (.05)
IV estimates, basic controls		-.75*** (.22)	.04 (.17)	-.71*** (.22)	-.27 (.31)	.17 (.24)	.01 (.30)

Note: instruments used in IV estimation are presence of children 0 to 5 years of age and receipt of SA in the two years before Compass.

In summary, this analysis of current activities suggests that Compass participation makes SA receipt less likely and UI receipt more likely in the very short run, the period immediately following the program. Because the reduction in the proportion

receiving SA is larger than the increase in the proportion receiving UI, the net effect is a reduction in reliance on income support. However, these effects dissipate during the period following the program. As a consequence, if one examines participants and non-participants approximately 10 months or more after program completion, the estimated (negative) impact on SA receipt is lower (but still significantly different from zero), the positive impact on UI receipt is also lower (and no longer significantly different from zero), and the combined effect is also lower and in the same direction as before (i.e. reduced reliance on income support) but not significantly different from zero.

In order to provide additional insights into the impacts of Compass on current activities, we also carried out the analysis by program option. Table 7.4.3 reports the principal findings. Again, results are reported separately for the full sample of survey respondents and for those who completed or were referred to Compass prior to 1996. The latter group provides some evidence on possible short term (as opposed to very short term) effects of the intervention.

The full sample evidence suggests that both WEO and TTO had similar impacts on the proportion of the population employed, in the range of 18 to 20 percentage points. These estimates are significantly different from zero at the 1% level. However, when the analysis is restricted to those who completed Compass 10 or more months prior to the survey, the estimated impacts of the WEO option are much larger – 26 to 29 percentage points – than those of the TTO option – 13 percentage points. These findings suggest that the WEO option has more lasting effects on the likelihood of employment than is the case with the TTO option.

In both the very short run (i.e. for the full sample of survey respondents) and the short run (those who completed Compass 10 or more months prior to the survey), the TTO option has a larger negative impact on SA receipt and a larger positive effect on UI receipt than is the case with the WEO option. However, for the full sample the net effect (which is in the direction of reduced reliance on income support) is identical at 10 percentage points. For those surveyed 10 or more months after Compass, the net effect is also in the direction of reduced reliance on income support, and is somewhat larger for WEO than for TTO; however, for both options the net effect is not statistically significant. Nonetheless, both options significantly reduce SA receipt in the short run, with the estimated effect being somewhat larger for the WEO option than for TTO.

**Table 7.4.3 Estimated Impacts on Current Activities by Program Option
(a) Estimates based on full sample of survey respondents**

Program option And model	Employment	SA receipt	UI receipt	UI/SA receipt
WEO, no controls	.19*** (.06)	-.16*** (.05)	.09** (.04)	-.10* (.05)
WEO, basic controls	.20*** (.06)	-.17*** (.05)	.09** (.04)	-.10** (.05)
TTO, no controls	.19*** (.04)	-.29*** (.04)	.19*** (.03)	-.10*** (.04)
TTO, basic controls	.18*** (.04)	-.28*** (.04)	.19*** (.03)	-.10*** (.04)
EDO, no controls	.22 (.14)	-.22 (.16)	-.14* (.07)	-.36** (.15)
EDO, basic controls	.07 (.15)	-.15 (.17)	-.15* (.08)	-.30* (.16)

**Table 7.4.3 Estimated Impacts on Current Activities by Program Option
(b) Estimates based on respondents completing or referred to Compass before 1996**

Program option And model	Employment	SA receipt	UI receipt	UI/SA receipt
WEO, no controls	.26*** (.09)	-.12 (.09)	.03 (.06)	-.11 (.09)
WEO, basic controls	.29*** (.09)	-.18** (.09)	.04 (.06)	-.13 (.09)
TTO, no controls	.13* (.07)	-.16** (.06)	.10** (.05)	-.03 (.06)
TTO, basic controls	.13* (.07)	-.14** (.06)	.08* (.05)	-.04 (.06)
EDO, no controls	.19 (.31)	-.53* (.28)	.03 (.28)	-.50** (.18)
EDO, basic controls	.18 (.30)	-.48 (.30)	.00 (.30)	-.47 (.27)

The estimated effects of the EDO option are based on very small samples (55 observations for the full sample of respondents, and 13 observations for those completing prior to 1996). Thus the precision of the estimates is low. Nonetheless, several features of these impact estimates are noteworthy. First, the magnitudes of the estimated effects on employment are similar to those for the WEO and TTO options, albeit not statistically significant. Second, this option is estimated to reduce reliance on both SA and UI, unlike the WEO and TTO options which reduced SA use but had the opposite effect on UI use. This finding accords with expectations in that self-employment does not (in general) qualify individuals for UI, in contrast to the case of paid employment. As a consequence of the similar (in magnitude) impact on SA receipt and the negative impact on UI receipt, the net effects on

reliance on income support are largest for this EDO option, and remarkably (in spite of the small sample sizes) are significantly different from zero.

In summary, the main findings obtained from the analysis of program options are the following: (i) in the short run, WEO had a larger impact on increased employment than did TTO and EDO, though all options tended to increase employment (albeit the estimated impacts are not always significantly greater than zero); (ii) both WEO and TTO reduced reliance on SA in the short run with the estimated effect being slightly larger for WEO; (iii) both WEO and TTO resulted in increased use of UI in the short run, with TTO having a larger effect on increased UI use and the WEO effect not being significantly different from zero (this is partly a consequence of the longer work period subsidized under TTO, which qualified a greater percentage for UI); (iv) the net effect of WEO and TTO on reliance on income is estimated as being in the direction of reduced reliance on income support in the short run, is larger for WEO than for TTO, but in both cases is not significantly different from zero; (v) the sample sizes for EDO are extremely small, and thus the estimated impacts are imprecise; nonetheless, the estimates do suggest that EDO had a larger positive impact on employment than did WEO and TTO, and a larger negative impact on reliance on income support than did WEO and TTO; this latter difference arises principally because EDO reduces both SA and UI receipt.

7.5 EARNINGS

This section analyzes the impact of Compass on earnings, using the information on annual employment earnings which is available from HRDC UI files up to 1995 and from the client survey for 1996. Table 7.5.1 reports the average annual employment earnings of Compass participants and non-participants, together with the difference in the average earnings of these two groups, over the 1990-1996 period. These data indicate that those who became Compass participants had significantly lower employment earnings prior to Compass (i.e. during the 1990 to 1994 period) than those who became non-participants. During 1995 and 1996, when some participants were enrolled in the program and others had completed their Compass placement, participants had significantly higher employment earnings, on average, than non-participants.

Table 7.5.1 Annual Earnings, 1990-1996

Year	All Participants and non-participants			Completion/referral prior to 1996		
	Part.	Non-p.	Difference	Part.	Non-p.	Difference
1990	7130	8248	-1118*** (369)	6533	8142	-1608*** (596)
1991	6091	7172	-1082*** (353)	5676	6807	-1131*** (567)
1992	6209	7465	-1256*** (371)	5246	6964	-1718*** (588)
1993	5243	6634	-1391*** (359)	4327	5874	-1546*** (534)
1994	4048	5302	-1255*** (256)	2815	4031	-1216*** (330)
1995	4062	3646	416** (178)	5691	3481	2210*** (280)
1996	7774	4364	3410*** (1273)	6282	5196	1086 (1787)

In order to separate the earnings behavior of the Compass placement itself from the possible impact of the program on subsequent earnings, Table 7.5.1 also reports average employment earnings of participants who completed their Compass placement prior to 1996 and non-participants who were referred to Compass prior to 1996. For this group, the difference in 1996 earnings provides some indication of the possible impact of the program on short term labour market earnings. As was the case for the full group of participants and non-participants, earnings of those who became Compass participants were significantly lower than those who became non-participants prior to the Compass program, and significantly exceeded the earnings of non-participants during 1995, when most participants were enrolled in Compass. During 1996, when participants had completed their Compass placement, earnings of participants remained above those of non-participants although the difference in average earnings is not statistically significant.

Because participants began and completed their Compass placement in different years, we have also tabulated the employment earnings of participants and non-participants according to the years prior to, during, and after Compass. (For non-participants these correspond to years prior to, during and after referral to Compass.) These data are shown in Table 7.5.2. Again, those who became participants had significantly lower earnings prior to Compass, significantly higher earnings during Compass, and earnings which did not differ significantly from those of non-participants after Compass.

Although these data suggest that Compass may have had an impact on employment earnings of participants, econometric analysis does not support this conclusion, even when controlling for earnings prior to Compass. Table 7.5.3 reports the estimates obtained from a variety of models of earnings using the data

on earnings before, during and after Compass (i.e. the data reported in Table 7.5.2). Analysis of annual earnings on a calendar year basis (the data reported in Table 7.5.1) yields the same conclusion.

Table 7.5.2 Annual Earnings Before and After Compass Participation/Referral

Period	Participants		Non-participants		Difference in Earnings
	Obs.	Earnings	Obs.	Earnings	
6 years before	601	7,354	601	8,640	-1286** (508)
5 years before	883	6,306	1067	7,887	-1581*** (377)
4 years before	806	6,328	986	7,511	-1183*** (387)
3 years before	767	5,473	945	7,233	-1761*** (388)
2 years before	776	4,459	963	6,238	-1778*** (309)
1 year before	858	3,043	893	4,064	-1021*** (194)
Year of Compass	541	6,820	663	3,158	3661*** (546)
1 year after	78	6,270	187	5,526	774 (1548)

Note: Figures in parentheses are standard errors.

Most of the estimated impacts reported in Table 7.5.3 are positive; furthermore, as expected from the behavior of the raw data (which show that earnings of Compass participants were significantly lower than those of non-participants prior to the program), controlling for prior earnings tends to raise the estimated impact. However, none of these estimates is significantly different from zero. The inability to obtain more precise estimates of the impact of the program on earnings derives principally from the fact that there are relatively few observations on earnings of both participants and non-participants in 1996, and thus little information on post-program earnings. In addition, the estimates which require pre-program information (i.e. those that control for earnings prior to Compass, and the longitudinal difference-in-differences estimates) are very imprecise because there are only small number of individuals for whom information is available on their earnings before and after Compass.

Table 7.5.3 Estimates of the Impact of Compass on Earnings

Equation	No. of obs.	Estimated impact	Model used to estimate impact
7.5.1	265	744 (1548)	Linear regression, no controls
7.5.2	227	1224 (1692)	Linear regression, basic demographic controls
7.5.3	122	2370 (3131)	Linear regression, controls for earnings one year before program
7.5.4	75	263 (5271)	Linear regression, controls for earnings 1,2 & 3 years before
7.5.5	122	2560 (3101)	Difference-in-differences, 1 year before vs. 1 year after Compass
7.5.6	132	-2573 (3081)	Difference-in-differences, 2 years before vs. 1 year after Compass
7.5.7	136	-2316 (3011)	Difference-in-differences, 3 years before vs. 1 year after Compass

In summary, although the average behavior of the participants and non-participants suggests that Compass may have had a positive short run impact on earnings, there is not sufficient data available on post-program earnings to be able to reach this conclusion.

7.6 ATTITUDE CHANGE

Both the baseline survey and the post-program survey asked Compass participants and non-participants about their attitudes towards life, work and education and training. This section examines the changes which occurred in these measured attitudes over the period of the program, and whether there were any differences between participants and non-participants in these changes in attitudes.

Table 7.6.1 summarizes the analysis of two types of attitude change. The first set of questions asked about the level of general satisfaction with such factors as: social life, family life, education received, work done, and life in general. The second set of questions asked respondents: “In your opinion how likely is it that: (a) in the longer term you will maintain steady employment; and (b) in the longer term you will be on social assistance. Both sets of questions used a 5 point scale, with 1 being “extremely dissatisfied” and 5 being “extremely satisfied” for the questions on

level of satisfaction and 1 being “not likely” and 5 being “very likely” for the questions on longer term outlook.

From the responses to the baseline and post-program surveys we have constructed measures of attitude change by taking the difference between the level of satisfaction after Compass and the level of satisfaction registered prior to Compass. This measure of increased or decreased satisfaction is available for each individual who responded to both surveys. The highest possible score is thus 4, corresponding to someone who was “extremely dissatisfied” at the time of the baseline survey and “extremely satisfied” after the program. Similarly, the lowest possible score is -4. Examination of these measures of attitude change indicate that the range of values is generally from -4 to +4, the average values are generally positive for both participants and non-participants (one exception is the measure of satisfaction with “the work you have done in your life” which is modestly less than zero for non-participants), and the average values are generally small, indicating that for the participant and non-participant groups overall, there was little improvement or worsening in attitudes over the period.

We have constructed similar measures of changes in long term outlook, so that a positive value corresponds to someone who believes that maintaining steady employment in the longer term has become more likely. A positive value for social assistance outlook corresponds to someone who thinks it has become more likely that they will be on SA in the longer term. Again, these measures have a possible range from -4 to +4. Examination of the data indicates that views about the change in the long term do in fact range from -4 to +4 in the data, so that substantial changes in both directions have occurred for some individuals. However, the average changes have been small, with outlooks about maintaining steady employment in the long term improving slightly for participants and worsening modestly for non-participants. The likelihood of being on social assistance in the longer term increases, on average, for both participants and non-participants, but the magnitude of the increase is somewhat larger for non-participants.

The estimates reported in Table 7.6.1 indicate that there is not a significant difference between participants and non-participants in the change in the level of satisfaction toward social life with friends and relatives, education received, and life in general. This finding holds whether or not one controls for various factors that could account for differences between Compass participants and non-participants. However, there was a modest decline in participants’ satisfaction with family life (relative to the change for non-participants) and a modest increase in participants’ satisfaction with “the work you have done in your life”. These estimated effects associated with Compass participation are approximately equal in size, the decline in satisfaction with family life being about .20 (i.e. about 1/5th of 1 point on a 5 point scale) and the increased satisfaction with work accomplished being approximately equal in magnitude in the other direction.

The changes in the long term outlook do not differ significantly between participants and non-participants. Thus it appears that the program had no discernible impact on individuals' beliefs about the likelihood of maintaining steady employment or being on social assistance in the longer term.

Table 7.6.1 Analysis of the Impact of Compass on Attitudes and Beliefs

Change in satisfaction with:	No controls		Basic controls		Full controls	
Social life with friends and relatives	.06		.04		.07	
	(.10)		(.10)		(.11)	
Family life	-.18*		-.22**		-.22**	
	(.10)		(.10)		(.11)	
Education received	.08	.09		.13		
	(.10)		(.10)		(.11)	
Work done in life	.20**		.19*		.14	
	(.10)		(.10)		(.11)	
Life in general	.04		.05		.07	
	(.10)		(.10)		(.11)	
Beliefs about how likely it is that:						
	No controls		Basic controls		Full controls	
Maintaining steady employment in the longer term	.17		.10		.16	
	(.12)	(.12)		(.13)		
Being on social assistance in the longer term	-.04		-.00		-.09	
	(.11)		(.11)		(.12)	

7.7 OPPORTUNITY FUND

Concerning the impact of the Opportunity Fund, a number of models of employment, earnings and SA receipt (months) were estimated. In all three analyses, attention was confined to those referred/completing prior to 1996 so as not

confound program impacts and effects of ongoing placement. There were no significant effects for all three analyses, with or without controls⁴⁶. The absence of any significant effects is not surprising, as the sample sizes are quite small. There were only 176 participants who were also opportunity funds recipients, and only 22 opportunity fund recipients who were not participants. When we narrow down to those who completed prior to 1996 and to those who responded to the survey (needed for some of the analyses), there are very few observations. To conclude, the statistical analysis finds no evidence of significant impacts of the opportunity fund, but this should not be taken to imply that there were no impacts. Rather there are too few observations on post-program outcomes to be able to identify whatever impacts there may have been.

7.8 CONCLUSION

At least in the short run, Nova Scotia Compass has been successful in reaching its primary objective: to reduce reliance on social assistance. Use of social assistance fell by over 20% for participants as compared to non-participants. Partially offsetting this was an increase of around 15% in the use of UI, brought about in part because program participation helped clients qualify for UI. The net impact is reduced reliance on income support of about 10 percentage points. There is some indication this effect diminishes with time, however. Compass also led to an increased proportion of participants engaged in employment, on the order of 18 percentage points. No significant impact on earnings was uncovered, though this is likely because there were too few cases with available post-program data.

⁴⁶ Note also that we estimated two types of models: the first for Compass participants, which thus test whether there was a difference in outcomes between participants who also received funds from the opportunity fund and those who did not (essentially those participants who did not receive opportunity fund money are the comparison group); and the second a full model with all Compass participants, non-participants and opportunity fund recipients who were not participants. Here we allow for three separate effects: participants who were not opportunity fund recipients, participants who were also opportunity fund recipients, and opportunity fund recipients who were not participants. The comparison group is thus non-participants (none of whom were opportunity fund recipients). Whatever the specification, there is no evidence that the opportunity fund had a significant impact.

8.0 COST-EFFECTIVENESS ANALYSIS

This chapter presents a cost-benefit/effectiveness analysis for the whole program and for each of its three main components (EDO, TTO and WEO). It uses one accounting perspective⁴⁷ – that of the government – for the analysis: as such, it is mainly a financial analysis. Government costs for a training program include administration, operation, instruction, supplies, facilities, allowances, subsidies and transfers. Benefits include lower post-training transfer program costs, higher tax receipts, and the value of the work done in the project (pay) for those hired by the government.

Costs for the program, including total costs for each of the components, were supplied by the Nova Scotia Department of Community Services (Table 8.1). Table 8.2 places values on the benefits using the results of the impact analysis, and brings forward relevant cost data from Table 8.1. Table 8.3 compares costs and benefits. Assumptions are listed in the footnotes on the same page. To deal with the problem of time (benefits accrue across time but virtually all costs occurred while the program was in operation), we calculate the number of years it will take the program to break even, using a 2% discount rate.

⁴⁷ In carrying out a cost-benefit or cost-effectiveness analysis, one has to define the perspective of the analysis. Costs to and benefits for whom? There are three possible accounting perspectives, which cannot be mixed because that may cause overlapping or double counting.

1. Individual participant This perspective takes the point of view of the target group (individuals participating in the program). This framework usually produces higher net benefits than do the other perspectives, because the individual gets most of the benefits (e.g., higher earnings resulting from a training program) but often assumes little cost (because the government usually pays).

2. Program sponsor This perspective uses the viewpoint of the funding source, more often than not, the government. This is most appropriate when the sponsor is faced with choosing between competing programs. It is basically a financial analysis, examining the monetary costs and benefits to the government.

3. Society Here the perspective is that of the community or society as a whole, usually in terms of total income. It is the most comprehensive, and therefore the most complex and difficult to apply. Most costs and benefits of the other two perspectives are included, but may be valued differently. Transfer payments would be excluded because the cost is canceled out by the benefits to the community. It takes special account of indirect effects such as equity benefits and alternative investments foregone.

Table 8.1 Compass Program Gross Expenditures

Category	1994/95	1995/96	1996/97
Gross Wages	\$310,815.96	\$551,387.92	\$385,161.47
MERC @ 11%	25,790.95	54,464.69	47,812.56
Subtotal	336,606.91	605,852.61	432,974.03
WCB Premiums	16,420.15	32,457.42	1,106.92
Travel	26,575.24	49,475.58	30,550.01
Other Admin	9,382.10	21,622.49	15,775.73
Subtotal	52,377.49	103,555.49	47,432.66
WEO	589,537.17	1,914,360.00	1,667,359.21
TTO	315,286.19	2,328,129.53	2,598,535.03
EDO	505,954.00	314,701.54	195,000.00
Opportunity Fund	29,927.41	95,574.06	84,391.65
Other program costs	115.36	1,234.55	2089.56
Subtotal	1,440,820.13	4,653,999.68	4,547,375.45
Evaluation	42,586.00	49,953.00	150,000.00
TOTAL COMPASS	\$1,872,390.53	\$5,413,360.78	\$5,177,782.14

Source: Nova Scotia Community Services

Table 8.2 Itemized Costs and Benefits

Benefits/Costs	WEO	TTO	EDO	Compass⁴⁸
Benefits				
1. Earnings change of trainees (before taxes) ⁴⁹	345,000	367,500	37,500	50,000
2. Tax change of trainees ⁵⁰	51,750	55,125	5,625	112,500
3. Value of work done in training period ⁵¹	494,000	396,000	3,800	893,800
4. Change in social assistance payments ⁵²	531,000	1,115,000	123,900	1,769,900
5. Change in UI payments ⁵³	150,000	300,000	0	450,000
6. Lower welfare costs during participation ⁵⁴	516,000	1,083,600	120,400	1,720,000
Costs				
7. Project costs for personnel & other admin	713,965	897,920	91,067	1,821,338
8. Trainee stipends (direct transfer payments)	4,171,256	5,241,951	1,015,656	10,642,195

⁴⁸ Compass costs include Opportunity Fund and other program costs (not shown in table separately).

⁴⁹ Although there were too few cases to show a statistical impact of Compass on earnings, the analysis of participants' current situation suggested an approximate 15% increase in employment. We assume therefore an employment earnings increase for Compass of 15% of pre-program earnings (which averaged around \$5,000,000 per year). Since the analysis showed no difference between options, the total figure is broken down according to proportion of cases.

⁵⁰ This same 15% figure is used to determine increased tax take. Mean pre-program taxes paid by participants was about \$750,000 per year.

⁵¹ The total cost of intervention for those placed in government jobs (municipal, provincial and federal).

⁵² From the econometric analysis, a reduction of 2.2 months of SA payments per year seems a reasonable number to use. Mean monthly welfare payments for participants were \$543 in 1995 and \$490 in 1996. We use \$500 * 2.2 months * 1609 participants. Since effect for TTO was larger than that for WEO, its proportion is weighted by two for the breakdown.

⁵³ From the econometric analysis, a reduction of 9 weeks of UI payments per year seems a reasonable number to use. In 1994, prior to Compass, about 500 participants received UI benefits averaging almost exactly \$100 per week. We use \$100 * 9 weeks * 500 participants). (Same logic as for SA in breakdown; no effect assumed for EDO.)

⁵⁴ The econometric analysis showed a post-program reduction in welfare use. But the program also saved welfare expenditures by taking clients off the system *while* they were participating in Compass. To quantify this, we compared welfare use of participants and non-participants during the year of participation/referral (recall there was no pre-program difference between the groups in welfare use). We found that for those referred in 1995, participants were on welfare for 5.94 months versus 7.63 months for non-participants (t=4.0, df=474, p<.001). Accordingly, we estimate that Compass lowered welfare use in 1995 by 1.69 months * \$500 * 800 participants (referred in 1995). For those referred in 1996, participants were on welfare for 4.00 months versus 7.48 months for non-participants (t=9.4, df=440, p<.001). Welfare use was lowered by an estimated 3.48 months * \$500 * 600 participants. (There was no significant difference for 1994.) For breakdown by component, same logic as in footnote 49.

Table 8.3 Cost-Benefit Calculation from Government Accounting Perspectives

	WEO	TTO	EDO	Compass
Initial Benefits	(2) 51,750	55,125	5,625	\$ 112,500
	(3) 494,000	396,000	3,800	\$ 893,800
	(4) 531,000	1,115,000	123,900	\$ 1,769,900
	(5) -150,000	-300,000	0	\$ -450,000
	(6) 516,000	1,083,600	120,400	\$ 1,720,000
	1,442,750	2,349,725	253,725	\$ 4,046,200
Final Costs	(7) 713,965	897,920	91,067	\$ 1,821,338
	(8) 4,171,256	5,241,951	1,015,656	\$10,642,195
	4,885,221	6,139,871	1,106,723	\$12,463,533
Initial Benefits- Final Costs	-3,442,471	-3,790,146	- 852,998	-\$ 8,417,333
Annual Benefits (2)+(4)+(5)	432,750	870,125	129,525	\$ 1,432,400
Approximate years to break-even ⁵⁵	9.3	4.6	7.1	6.3

Note: numbers in brackets refer to itemized costs and benefits from Table 8.2

In summary, *assuming the annual benefits hold up over time*, the Compass Program will take about six years to break even. But this assumption may be optimistic given that the impact analysis found evidence that the initial effects on receipt of passive income assistance dissipate during the period following the program. As of 10 months or more after program completion, the estimated impact on SA receipt falls (but is still significantly different from zero), the impact on UI receipt also falls (and is no longer significantly different from zero), and the combined effect also falls (i.e. reduced reliance on income support) and *is not significantly different from zero*. If the impact on income support receipt quickly falls to zero, then the program will never break even. This cannot be known with certainty unless further follow-up and analysis takes place.

⁵⁵ Final costs - initial benefits / annual benefits (2% discount rate). Assumes that the annual benefits hold up over time.

9.0 CONCLUSIONS

Nova Scotia Compass has been successful in achieving its principal objective: to reduce reliance on social assistance. Use of social assistance fell by 22 to 30 percentage points for participants as compared to non-participants. There is some evidence that the impact was diminishing by the time the survey took place, however, raising questions as to the permanency of the effects. Assuming the initial impacts hold over time, it will take Compass about six years to break even, about the same as similar welfare reform efforts in the United States.

By way of summary and conclusion, the balance of this closing chapter will present our capsulized response to each evaluation question.

RELEVANCE

1. In what way does Nova Scotia Compass reflect the criteria established for Strategic Initiatives (SI)?

- innovation/experimentation potential?
- relevancy to SI objectives?
- evaluation/information potential for social reform, etc.?

Some interviewees questioned the uniqueness of Compass, saying it was similar to what was already being done through the ERCs, that key components of Compass such as the wage subsidy were already in use elsewhere, and that EDO was similar to HRDC's Self Employment Assistance (SEA) Program. On the other hand, several informants believed that the role of the job developers was innovative, and extremely important for the success of Compass. Also mentioned as innovative was the Opportunity Fund.

Compass did address Strategic Initiative priority areas; i.e., employment, learning and education, training, and income support in order to boost employability and lower social costs. And given the wealth of findings that have emerged from this evaluation, Compass realized its extensive information/experimental potential.

2A. To what extent does the project reach the intended target group? Are participants representative of the target group? If not, for what reasons do discrepancies occur?

WEO reached its primary target group – inexperienced youth – but over a fifth of its clients were not in the planned target group, being over 30 years old. This occurred

because ERCs had no other suitable options to offer inexperienced clients over age 30.

The program had difficulty reaching the primary designated target group for TTO: job-ready clients from the Family Benefits program. The main problem was getting suitable referrals.

2B. To what extent have SARs accessed employment using the services of the Job Developer but without a wage subsidy? Do Compass participants in subsidized jobs differ from those in unsubsidized jobs?

Most job developers said that they had placed clients in jobs without the wage subsidy, although the numbers were small. Actual numbers were hard to estimate (one job developer guessed 5%, another 20%). The administrative data suggest the lower estimate is more accurate: 103 cases found an unsubsidized job after referral to Compass. It is not possible to say how many of these 103 cases were referred to the employer by a job developer.

All job developers felt there were no systematic differences between clients who received the wage subsidy and those who did not. A comparison using administrative data of Compass participants with unsubsidized clients substantially supports this sentiment.

3. To what extent have the recommendations from the process evaluation been implemented? What changes have taken place as a result of the recommendations?

For several recommendations, actions taken by the time the process evaluation final report was published adequately dealt with the issues of concern and no further progress was needed. Thus, the EDO loan limit was increased to \$5,000, the ratio of FB to MSA cases under TTO was amended, and WEO was modified to provide the base minimum wage to participants rather than the \$160 allowance. In others the Management Response promised that management would deal with the problem. For the most part this was the case.

PROJECT SUCCESS

4. How satisfied are SAR participants with various aspects of the project? To what extent did participants discontinue before their anticipated completion date? What were the main reasons for discontinuation?

Compass clients were very satisfied with Compass, awarding it an average grade of B +. Moreover, every individual facet of Compass (e.g., the placement, help provided by job developer) rated a B or better, except for guidance on services available after Compass, which rated a B-. Clients were especially happy with the help they received from the job developer.

The discontinuation rate among clients was about 16%, much lower than other welfare reform programs have experienced. The greatest proportion, about 20%, left the program involuntarily: they were laid off or fired by their placement employer. Another 15% found a job with another employer.

5. How satisfied are employer participants with various aspects of the project? Do employers offer employment opportunities to participants upon successful completion of the placement? For what reasons do employers offer or not offer employment?

Employers were very pleased with Compass, assigning it an A - grade on average. They were particularly happy with the service they got from the job developer, and with the level of the wage subsidy. Employers evinced some displeasure with the quality of the employees referred and with employees' work attitudes, grading both aspects a B -.

Over half of the TTO client employers failed to keep their commitment to hire the client once the subsidy expired: only about 45% of TTO clients continued to work with the placement employer after the placement. Between a quarter and a third (depending on the source of evidence) of WEO respondents stayed with the placement employer after the subsidy ended.

About half the TTO employers who did not keep their commitment to hire said there was no position available or no money. Many employers also claimed that a lot of clients had a poor work attitude – which was confirmed by job developer – and just “didn't work out.” Employers gave two main reasons for continuing to employ clients: they were good workers, or they were now trained for the job.

6. Has the project brought about any changes in participants' home/family life?

There was no significant difference between participants and non-participants in the change in the level of satisfaction toward social life with friends and relatives, education received, and life in general. There was, however, a modest decline in participants' satisfaction with family life (relative to the change for non-participants) and a modest increase in participants' satisfaction with "the work you have done in your life."

7. To what extent has the project prepared participants for achieving economic self-sufficiency?

- a) increased their motivation and self-esteem?
- b) assisted in the development of a career action plan?
- c) improved their job search skills?
- d) upgraded educational skills?
- e) provided them with occupational skills?
- f) provided them with pre-employment orientation?
- g) provided them with work experience?
- h) provided them with self-employment/business skills?
- i) provided them with mentoring/role models?

Compass participants were satisfied that the program had prepared them well for achieving economic self-sufficiency. All but three of these various aspects were graded B or higher on average. One of the aspects receiving a lower grade – upgraded educational skills – was not an objective of Compass. But helping participants to find a permanent job was, and it was given only a C+ average. Nearly a quarter of the respondents gave Compass a failing mark in this respect, most of whom had not found a permanent job. EDO clients expressed some dissatisfaction with their role model, giving a C + average: a quarter gave an F.

8. To what extent has the project assisted participants in each component of Compass to achieve economic self-sufficiency?

- a) What activities/interventions were most effective? For what type of participant? For completers/non-completers?
- b) Why do some participants remain unemployed and on income support after the project?
- c) To what extent and why do participants remain employed following participation?
- d) Did the project motivate participants to go on to further training or education?

There is evidence that the Compass program reduced reliance on social assistance by 22 to 30 percentage points. In part because Compass participation helped qualify clients for UI, the program seemed to increase reliance on UI, at least in the short run. Although descriptive data suggested that Compass may have had an impact on employment earnings of participants, econometric analysis did not support this conclusion. Most of the estimates were positive, but not significantly different from zero. There were probably too few cases with available data on post-program earnings to reach significance.

Job developers pointed to three general factors that keep some participants unemployed after Compass participation. One was characteristics of those participants who remain unemployed. Many were lacking the motivation to work: they simply had a poor attitude towards work. Many who stayed unemployed had barriers that could not be overcome such as lack of child care, and lack of money for job search (e.g., for transportation). Another key obstacle was lack of job search skills. A second general factor was the poor labour market, especially for those with few marketable skills. The third general factor was disincentives built into the social assistance system, especially the FB system.

The Compass program tended to increase participants' proportion of time spent working by more than 10%, decrease their time spent unemployed by about 10%, and decrease or leave unchanged their time spent in school.

9. To what extent are project activities and characteristics related to success? What types of project activities/program components are associated with improved employability and earnings, further education, self-employment, etc.

Impacts for TTO were larger than those for WEO in terms of decrease reliance on SA, increased reliance on UI, and time spent working. Both WEO and TTO had similar impacts on the proportion of the population employed, in the range of 18 to 20 percentage points. When the analysis is restricted to those who completed Compass 10 or more months prior to the survey, however, the estimated impacts of the WEO option were much larger – 26 to 29 percentage points – than those of the TTO option – 13 percentage points. These findings suggest that the WEO option had more lasting effects on the likelihood of employment than was the case with the TTO option.

In general, demographic traits had little influence on the results.

10. To what extent has the EDO succeeded in establishing new business? What is the survival rate of EDO sponsored businesses compared to that of businesses started without the assistance of EDO? Why did some EDO businesses fail? What factors are more likely to contribute to success?

There were 104 EDO clients. About 72% of EDO participants were self-employed at the time of the survey, although half this group was also on social assistance (63% were self-employed in the business they were developing while participating in the Compass Program). Of the 11 non-participants who tried to start their own business without the help of Compass, 55% were self-employed in that business at the time of the survey.

Clients' most often mentioned reason why the business is not operating (or never started) was "no market." Interviewees gave the following reasons for EDO business failures: training wasn't adequate; insufficient funding; insufficient follow-up; lack of markets for product; insufficient motivation; and personal problems.

Two general factors were said to have contributed to the success of EDO businesses. First was the flexibility of the program. For example, "Compass provided consulting assistance of up to \$1500 to help clients access professional training -in lieu of Stream 1 as it was not equally accessible across the province." Another example was the increase in loan size to clients to \$5000. "If clients who had already received the \$2000 came to the office and indicated they were struggling they could re-submit and get an additional amount. There was some flexibility to re-open cases. The loan could not finance losses - only growth and development."

The second factor was the partnership arrangement between the ERCs and the Economic Renewal staff in the Business Service Centres.

11. To what extent are the observed results of EDO attributable to government funding? To what extent would EDO participants have initiated self-employment without the assistance of the initiative? Do non-selected clients go on to establish self-employment?

Most EDO participants needed Compass to get their business off the ground: 82% thought that they would not have been successful in establishing their own business without the help of Compass.

Eleven of the 12 EDO non-participants tried to start their own business without the help of Compass, and 55% were self-employed in that business at the time of the survey.

12. To what extent does the EDO result in direct job creation in addition to the self-employment of the SAR participant?

Three-quarters of businesses started through Compass and still surviving by the time of the survey had hired no other workers. In total, the 26 surviving businesses represented in the survey had hired nine full-time workers and three part-time workers. Generalizing these findings to the EDO population, it is estimated that the EDO program has helped generate up to 30 jobs, most of them full-time.

13. Is activity under Compass incremental (over and above that which employers would have done without program funding)? Or is there evidence to indicate that placements would have occurred anyway? Or that participants are placed on jobs that would otherwise have gone to others? Did hiring take place sooner as a result of Compass?

About 60% of employers who would have hired without the subsidy said the subsidy spurred them to hire sooner than they otherwise would have. Half the employers that participated in Compass would have hired someone in the absence of the program. Since there was no significant difference in the number of employees hired through Compass between employers who would have hired and those who would not have, it appears that half the participants in Compass may have displaced others who would have been hired without a subsidy.

PROJECT COST-EFFECTIVENESS

14. Is the pilot project model a cost-effective way of achieving project objectives? Are there more cost-effective methods of achieving the same objectives? How do results compare with those of other programs with similar objectives?

Assuming the annual benefits hold up over time, the Compass Program will take about six years to break even. But this assumption may be optimistic given that the impact analysis found evidence that the initial effects on receipt of passive income assistance dissipate during the period following the program.

Most low-cost American welfare reform programs (with proper evaluations) broke even or produced positive returns to government budgets within five years of starting. On the other hand, higher-cost programs such as Compass, usually take longer to pass the break-even point⁵⁶.

15. What lessons can be learned from this project on interventions to assist the target group? How and to what extent does it contribute to the develop-

⁵⁶ Friedlander, D. and J.M. Gueron (1992) Are high-cost services more effective than low-cost services? In: C.F. Manski. & I. Garfinkel (Eds.) *Evaluating Welfare and Training Programs*. Cambridge: Harvard U. Press.

ment of a policy framework for social security reform? Does the project lead to a more efficient delivery of services? To what extent can this project be successfully expanded or replicated in other regions/provinces?

Informants had plenty of advice for setting up a program like Compass, although no single recommendation stood out: none was mentioned more than twice and most had only one advocate. Some of the key lessons are:

- Take account of policy issues affecting client participation which could affect take-up. Most importantly, attend to disincentives to leaving social assistance such as loss of health benefits, and need for day care and transportation.
- Build in local decision-making.
- Don't make the wage subsidy automatic; ensure the employer needs it.
- Ensure adequate time for planning and implementation of the program.
- Ensure that field staff adhere to the eligibility criteria established for the program.
- Set up an effective partnership structure and involve all partners from the outset. Keep all partners well informed about the program and its progress.
- Ensure a good financial management system is put in place for proper monitoring of the program.

APPENDIX A: METHODOLOGY

The summative evaluation used six methods.

A.1 INTERVIEWS WITH PROGRAM OFFICIALS

The first step in the evaluation was to meet with the Evaluation Committee to introduce the evaluation team, to learn what information was available from what sources, to arrange for an electronic copy of the Tiger database, and to secure lists of senior officials involved with Compass; all in support of designing the evaluation and writing the methodology report.

The next step (after designing interview protocols that covered the relevant issues) was to interview selected people to obtain information bearing on several evaluation issues and to inform the design of the questionnaires. These were conducted in-person early in the evaluation so we could get the survey to the field quickly.

A.2 ANALYSIS OF ADMINISTRATIVE DATA

Administrative data were important for drawing the samples of participants and non-participants for the surveys, and for reliable measures of certain outcomes. Data for Compass participants and non-participants are contained in the Tiger System, and include information from the baseline survey as well as information on each individual's experience with the Compass Program. UI history and earnings history were obtained from HRDC.

DRAWING THE SAMPLES

Constructing the final samples was a long process. Electronic copies of pertinent data on participants and non-participants had to be obtained from each Employment Resource Centre (ERC). ERCs struggled to get their data ready for the evaluation, and some were not ready until two months into the study. Once we received data from all ERCs, they were merged into a master administrative data set. The data were generally of high quality, accurate (insofar as we could tell) and with little missing information – in short, in much better shape than typically encountered in demonstration projects. The ERCs assured us that they provided information on all their Compass clients, except for some of the earliest clients

(from 1994): some ERCs said that they were told they did not have to computerize data from 1994 clients⁵⁷.

The system also tracked useful information from the perspective of the summative evaluator, with one significant exception: there was no variable to distinguish a participant from a non-participant. We had to construct such a variable using other fields such as the cost of the intervention, placement start and end dates, placement employer name, and so on. Because we were unsure how accurate our categorization was, an early question on the client surveys confirmed participation status. It turned out that our classification scheme was accurate, although a few dozen participants were classified incorrectly as non-participants (meaning the Tiger system was missing all information on their placement).

EDO clients proved to be difficult to identify. We were able to find about three-quarters of them on the Tiger system, although the system included no indication that most had any involvement with EDO. We never did get the phone numbers, addresses or any other information (beyond name) on 23 of the 104 EDO clients, so they were excluded from the evaluation.

Once the master file was built, random samples of participants and non-participants were drawn, stratified by Compass option. But, since so many of the telephone numbers for those in the original sample were out-of-date⁵⁸, we had to use the balance of the population in order to complete the required number of telephone surveys.

OBTAINING OUTCOME MEASURES

Administrative data exist for three of our outcome variables. HRDC was able to supply data on UI history and earnings. A baseline survey designed by the evaluation committee yielded data on attitudes concerning work, welfare, and self-esteem. This high-quality information permitted the use of longitudinal models to assess outcomes. It was supplemented by the survey, which provided data on other outcome measures concerning welfare use, education and employment.

A.3 FOCUS GROUPS

⁵⁷ Supporting this is the observation that Bridgewater, Canso, Hants, Kings, Victoria, and Queens provided no cases referred in 1994. Halifax County and Cape Breton had only two cases each from 1994. It is hard to determine how many cases we may be missing, but one piece of evidence suggests it may be around 350: When we were given the original baseline questionnaires to enter the attitudinal data, we found 350 cases (participants and non-participants) for whom we had no data from the ERCs.

⁵⁸ This, despite obtaining updated numbers through HRDC's NESS computer system and the Nova Scotia Community Services computer system.

Although we had originally planned to interview two or three job developers, we decided to take advantage of a gathering of job developers to run focus group sessions with all of them. We devised a protocol to govern the session, and a short survey to collect quantitative data bearing on several evaluation issues.

A.4 SURVEY OF CLIENTS

Three separate survey instruments were created, one for participants, one for non-participants, and one for those who quit the program before completing it. There was a lengthy core of questions common to all questionnaires so that we could compare responses on key issues. The questionnaires were reviewed by the evaluation committee, then pre-tested with 60 respondents. Respondents had very few problems with the questions or response categories, with the length of the questionnaire, or with recalling details of interest. Slight modifications were made on a few questions.

A computer-assisted telephone interview (CATI) system was used to facilitate the phone surveys. Over half the phone numbers provided by the ERCs were out-of-date by the time of the survey, and all involved with the evaluation expended a good deal of time and effort to track down sample members (including obtaining updated telephone numbers from HRDC and Nova Scotia Community Services, and from CD telephone directories). Because of the problems with invalid telephone numbers, up to 10 attempts were made to reach each person in the sample before replacement. Most telephone interviews took place in the evenings or on weekends. They lasted about 20 minutes for participants, and 15 minutes for non-participants and drop-outs.

CATI generated a ready-made computerized file. It was carefully edited and imported into SPSS for statistical analysis. Appendix C reports on non-response bias to the survey.

A.5 SURVEY OF PARTICIPATING EMPLOYERS

A questionnaire covering the pertinent issues specified in the Terms of Reference was devised and submitted to the evaluation committee for approval. After a pre-test, which indicated virtually no problems, the instrument was ready.

A list of all 1,304 employers who had hired Compass participants was supplied by the evaluation committee. From that list a simple random sample of 178 employers was selected, with the aim of completing 90 telephone interviews (which provides a margin of error of about $\pm 10\%$ 19 times in 20, the maximum acceptable). We phoned 142 employers on the list in completing the 90 surveys. (Findings from the employer survey are reported in Chapters 4 and 5; additional findings are contained in Appendix D.)

A.6 ECONOMETRIC ANALYSIS OF DATA

Our previous evaluation work and the extensive attention to non-experimental evaluations of welfare programs teach us some important lessons on how to proceed with a proper analysis. First and foremost, it warns us of the dangers of selection bias and presents some rigorous solutions to ameliorate the problem.

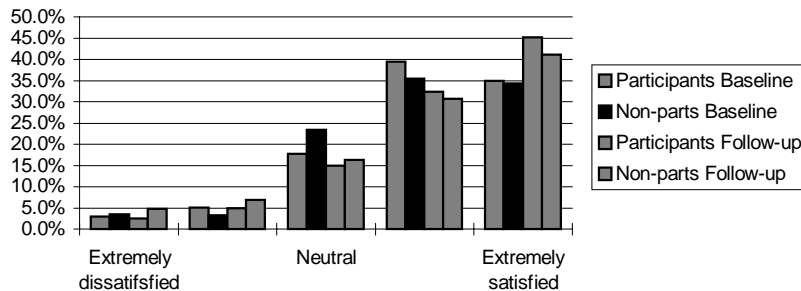
Our primary approach to dealing with the selection bias problem was to control for differences between groups using the *differences-in-differences* method. Longitudinal data were collected for key outcome measures — e.g., earnings, UI use, and welfare use. To account for the differences in the participant and non-participant samples a longitudinal estimator of program impact is employed; such estimators take account of the level of the outcome variable prior to and after the program, in contrast to cross-sectional estimators which use data on post-program outcomes alone. This estimator uses the pre- vs. post-program change in the outcome variable for non-participants as an estimate of the change that would have occurred for participants in the absence of the program. The estimated average program impact is then the difference between the pre- vs. post-program change in the outcome variable for participants and the pre- vs. post-program change in the outcome variable for non-participants. This permits a determination of the incremental impact of the program by controlling for biases caused by unobserved individual differences. A multivariate analysis then shows how the size of the differences-in-differences estimate of program impact varies according to various individual and program characteristics.

Sensitivity analysis has been recommended by Dickinson et al (1987) and Riddell (1991) as an integral part of any non-experimental evaluation. Briefly, the idea is to examine the sensitivity of the results to the estimation model used to determine how much the results depend on the methodology employed. If different models lead to different conclusions, little faith can be placed in the findings. On the other hand, if different models yield very similar results, we can be more comfortable with our conclusions. For sensitivity testing, we employed the Heckman (1979) *two-stage approach*.

APPENDIX B: ATTITUDE CHARTS

The following charts show responses to a series of questions about attitudes towards work, unemployment, welfare, self-esteem, and life in general from the baseline and follow-up surveys. Each chart contains a wealth of information. The bars show the distributions for participants and non-participants at the time of the baseline survey and at follow-up. Beneath each graph is a table of statistics, beginning with a chi-square test that compares participant and non-participant distributions for each survey. A positive sign for the program would be no significant difference between groups at baseline, but a significant difference at follow-up. Then the mean rating given by each group for each survey is tabulated with appropriate statistics to test for significance. The final column shows the t-tests for the change in rating from baseline to follow-up *within* groups; the last row shows the t-tests for the difference in ratings *between* groups. The last entry in the final row (in bold-face) reveals whether the degree of change was significantly different between groups⁵⁹. In other words, the last entry tests the impact of Compass on attitudes, before correcting for outside influences.

Chart B.1 – Satisfaction with Social Life



Baseline: $\chi^2 = 4.4$, $df = 4$, $p > .30$

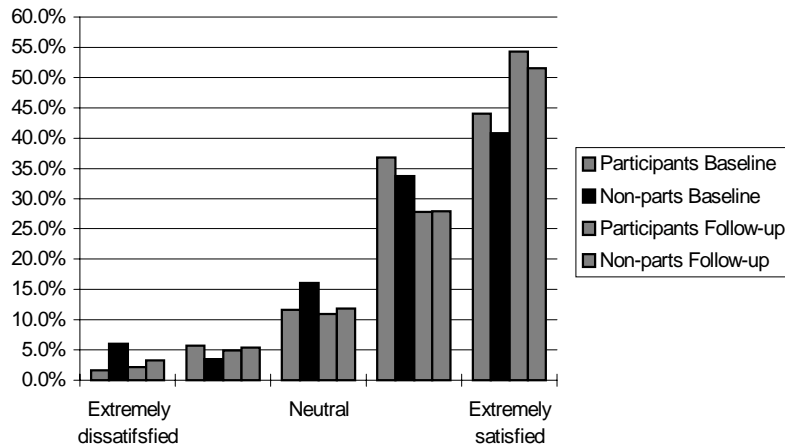
Follow-up: $\chi^2 = 8.0$, $df = 4$, $p > .05$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	3.93	4.10	+.17	1.8, 310, $p > .05$
Non-participants	3.94	3.99	+.05	0.8, 278, $p > .40$
t-test, df	0.5, 595, $p > .50$	1.3, 596, $p > .20$	0.6, 588, $p > .50$	

⁵⁹ That is, for each respondent, we subtract the baseline response to each attitude item from the follow-up response. We then calculate the mean change on each item for each group and do a t-test on the two means to determine significance. Strictly speaking, a t-test requires interval-level data and we are working with ordinal-level data. Statisticians have argued about the appropriateness of using a t-test with ordinal attitudinal data and have not come to a consensus. Recent research, however, asserts that the use of t-tests is permissible and that conclusions drawn from them are likely to apply to the underlying attitudes (Davison and Sharma (1990), Psychological Bulletin, V107, pp394-400).

Chart B.2 – Satisfaction with Family Life



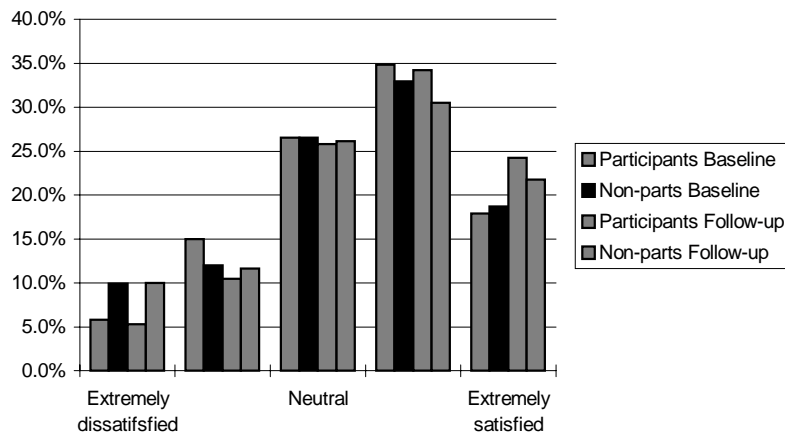
Baseline: $\chi^2 = 12.2$, $df = 4$, $p < .02$

Follow-up: $\chi^2 = 2.4$, $df = 4$, $p > .60$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	4.16	4.21	+ .05	0.9, 307, $p > .30$
Non-participants	4.00	4.24	+ .24	3.5, 279, $p < .01$
t-test, df	1.9, 595, $p > .05$	0.4, 593, $p > .70$	1.9, 586, $p > .05$	

Chart B.3 – Satisfaction with Education



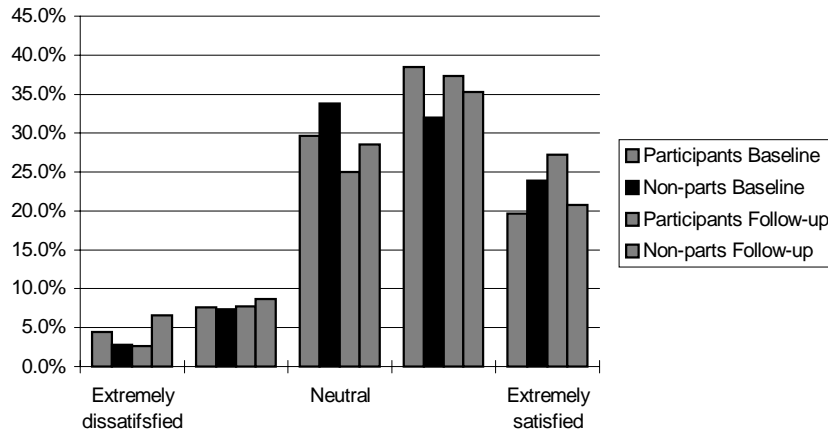
Baseline: $\chi^2 = 4.5$, $df = 4$, $p > .30$

Follow-up: $\chi^2 = 10.9$, $df = 4$, $p < .05$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	3.44	3.62	+ .18	2.7, 310, $p < .01$
Non-participants	3.39	3.50	+ .11	1.4, 278, $p > .10$
t-test, df	0.6, 594, $p > .05$	1.3, 597, $p > .20$	0.8, 588, $p > .40$	

Chart B.4 – Satisfaction with Work Done



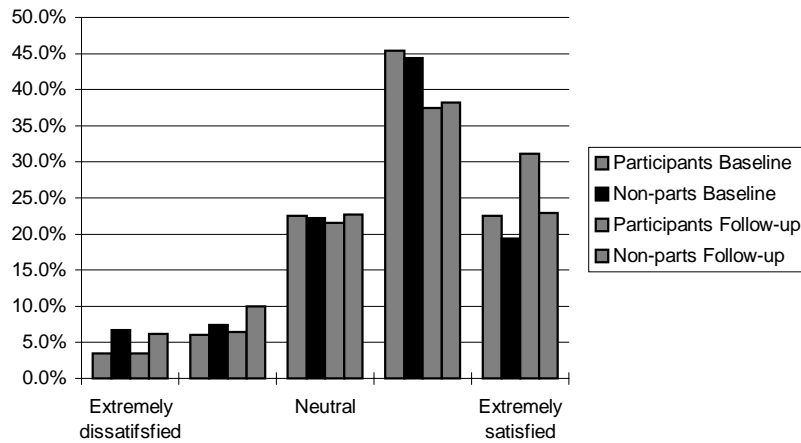
Baseline: $\chi^2 = 4.9$, $df = 4$, $p > .20$

Follow-up: $\chi^2 = 16.8$, $df = 4$, $p < .01$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.61	3.72	+.11	1.6, 311, $p > .10$
Non-participants	3.67	3.58	-.09	1.3, 277, $p > .20$
t-test, df	0.7, 596, $p > .05$	1.7, 595, $p > .05$	2.0, 588, $p < .05$	

Chart B.5 – Satisfaction with Life in General



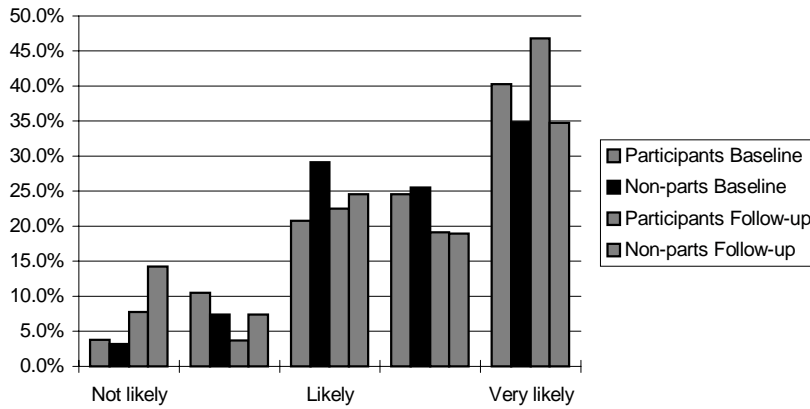
Baseline: $\chi^2 = 4.2$, $df = 4$, $p > .30$

Follow-up: $\chi^2 = 16.2$, $df = 4$, $p < .01$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.77	3.85	+.08	1.1, 310, $p > .20$
Non-participants	3.62	3.64	+.02	0.5, 280, $p > .60$
t-test, df	1.8, 597, $p > .05$	2.4, 596, $p < .02$	0.4, 590, $p > .70$	

Chart B.6 – Expectation of Maintaining Steady Employment Over Long Term



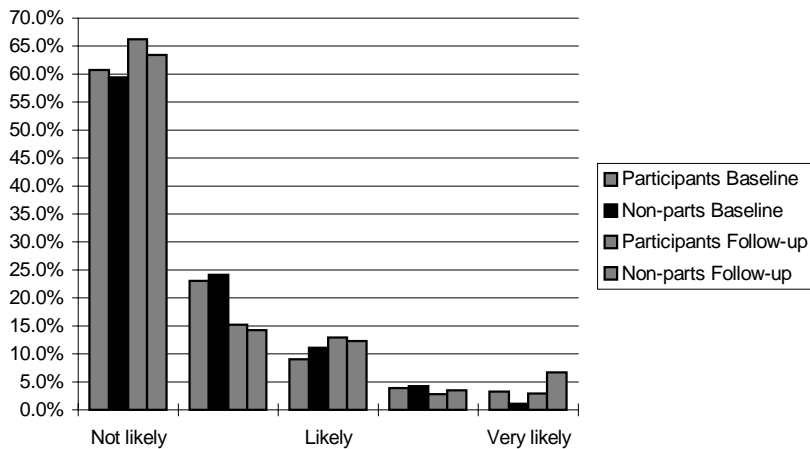
Baseline: $\chi^2 = 7.1$, $df = 4$, $p > .10$

Follow-up: $\chi^2 = 28.1$, $df = 4$, $p < .001$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.87	3.92	+.05	0.4, 292, $p > .70$
Non-participants	3.81	3.66	-.15	2.0, 264, $p < .05$
t-test, df	0.6, 593, $p > .05$	2.3, 577, $p < .02$	1.4, 568, $p > .10$	

Chart B.7 – Expectation of Being on Social



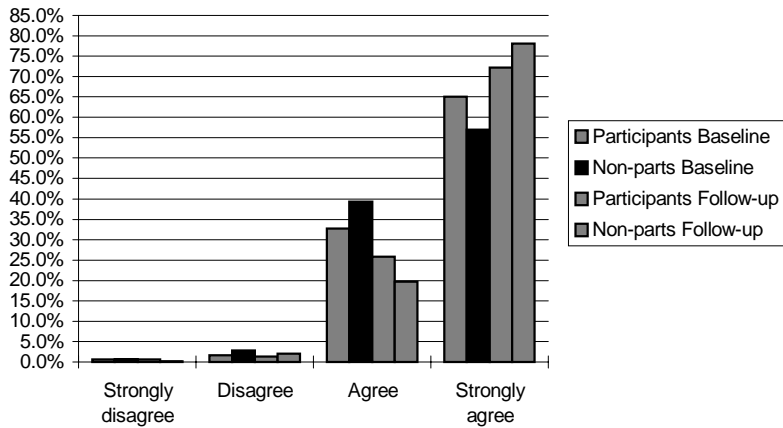
Baseline: $\chi^2 = 3.4$, $df = 4$, $p > .40$

Follow-up: $\chi^2 = 9.3$, $df = 4$, $p > .05$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	1.66	1.65	-.01	0.2, 292, $p > .80$
Non-participants	1.64	1.67	+.03	0.6, 243, $p > .50$
t-test, df	0.3, 567, $p > .70$	0.1, 568, $p > .90$	0.3, 535, $p > .70$	

Chart B.8 – I Have As Much to Contribute As Anyone



Baseline: $\chi^2 = 4.6$, $df = 3$, $p > .20$

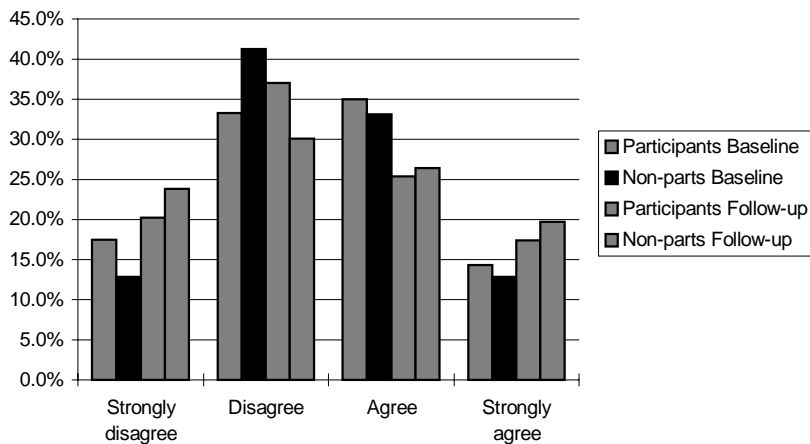
Follow-up: $\chi^2 = 8.8$, $df = 3$, $p < .05$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.62	3.70	+ .08	2.0, 314, $p < .05$
Non-participants	3.53	3.77	+ .24	5.6, 275, $p < .001$
t-test, df	2.0, 600, $p < .05$	1.6, 592, $p > .10$	2.8, 589, $p < .01$	

Chart B.9 – I Would Not Want to Admit that I Was Not Working

I would not want to admit that I was not working



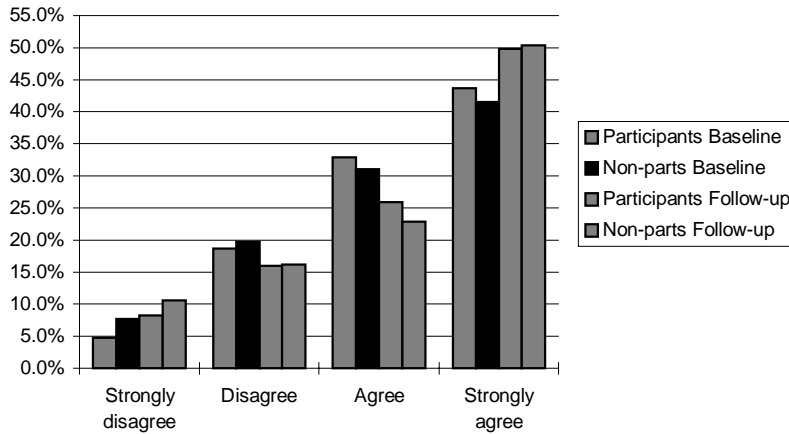
Baseline: $\chi^2 = 5.2$, $df = 3$, $p > .10$

Follow-up: $\chi^2 = 6.6$, $df = 3$, $p > .05$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	2.46	2.37	- .09	1.5, 308, $p > .10$
Non-participants	2.46	2.42	- .04	0.4, 271, $p > .70$
t-test, df	0.0, 593, $p > .95$	0.6, 589, $p > .50$	0.8, 579, $p > .40$	

Chart B.10 – Being Unemployed Is One of the Worst Things I Can Think Of



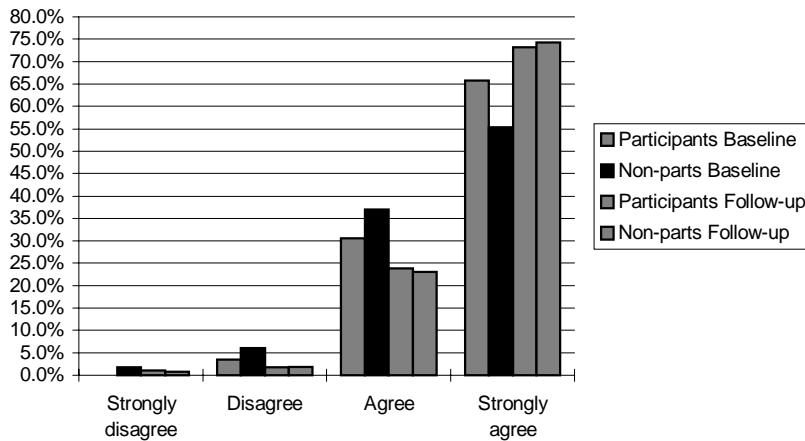
Baseline: $\chi^2 = 2.6$, $df = 3$, $p > .40$

Follow-up: $\chi^2 = 2.6$, $df = 3$, $p > .40$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.16	3.18	+0.02	0.4, 311, $p > .60$
Non-participants	3.06	3.10	+0.04	0.7, 278, $p > .50$
t-test, df	1.2, 598, $p > .20$	0.9, 594, $p > .30$	0.2, 589, $p > .80$	

Chart B.11 – I Am Able To Do Things As Well As Anyone



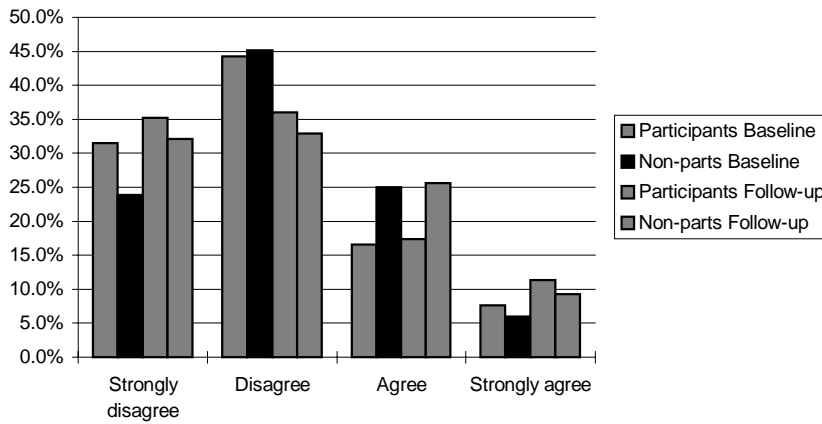
Baseline: $\chi^2 = 11.8$, $df = 3$, $p < .01$

Follow-up: $\chi^2 = 0.5$, $df = 3$, $p > .90$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.62	3.68	+0.06	1.3, 306, $p > .10$
Non-participants	3.46	3.72	+0.26	5.8, 278, $< .001$
t-test, df	3.2, 592, $p < .01$	0.9, 595, $p > .30$	3.5, 584, $p < .01$	

Chart B.12 – I Don't Expect To Get What I Really Want Out Of Life



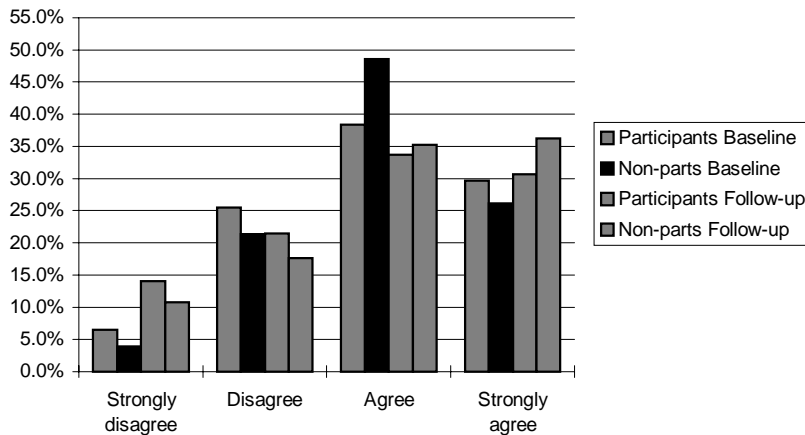
Baseline: $\chi^2 = 8.9$, $df = 3$, $p < .05$

Follow-up: $\chi^2 = 11.4$, $df = 3$, $p < .01$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	2.00	2.05	+.05	0.6, 307, $p > .50$
Non-participants	2.13	2.12	-.01	0.0, 272, $p > .99$
t-test, df	1.8, 596, $p > .05$	1.0, 586, $p > .30$	0.4, 579, $p > .60$	

Chart B.13 – I Would Spend Less Time With Family & Friends For A Better Paying Job



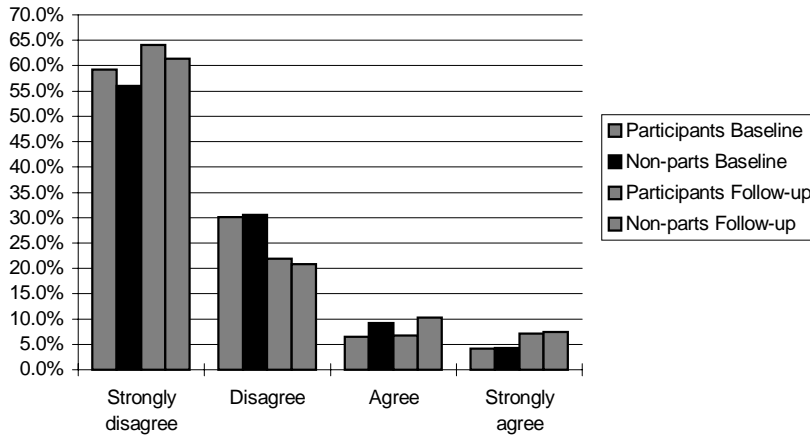
Baseline: $\chi^2 = 7.0$, $df = 3$, $p > .05$

Follow-up: $\chi^2 = 7.4$, $df = 3$, $p > .05$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	2.91	2.89	-.02	0.8, 297, $p > .40$
Non-participants	2.97	2.94	-.03	0.4, 265, $p > .70$
t-test, df	0.8, 588, $p > .40$	0.6, 576, $p > .50$	0.3, 562, $p > .70$	

Chart B.14 – I Would Be Better Off Financially On Social Assistance Than Working



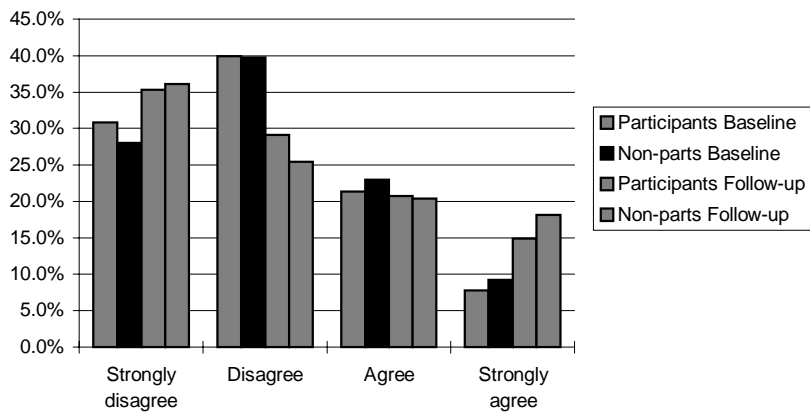
Baseline: $\chi^2 = 1.6$, $df = 3$, $p > .60$

Follow-up: $\chi^2 = 4.6$, $df = 3$, $p > .20$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	1.56	1.57	+ .01	0.1, 298, $p > .95$
Non-participants	1.62	1.59	- .03	0.3, 265, $p < .80$
t-test, df	0.9, 586, $p > .30$	0.2, 580, $p > .80$	0.1, 563, $p > .80$	

Chart B.15 – I'd Turn Down A Better Paying Job If I Had To Move From My Community



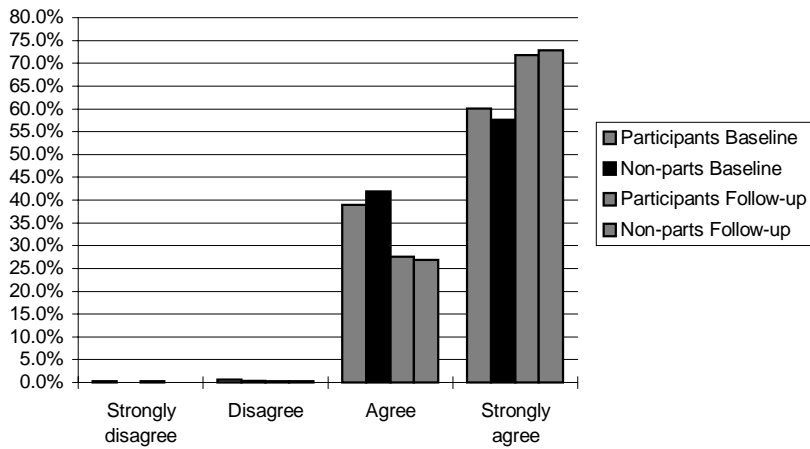
Baseline: $\chi^2 = 0.9$, $df = 3$, $p > .80$

Follow-up: $\chi^2 = 3.2$, $df = 3$, $p > .30$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	2.06	2.15	+ .09	1.6, 286, $p > .10$
Non-participants	2.13	2.22	+ .09	1.1, 263, $p > .20$
t-test, df	1.0, 588, $p > .30$	0.8, 563, $p > .40$	0.2, 549, $p > .80$	

Chart B.16 – I Have A Number Of Good Qualities



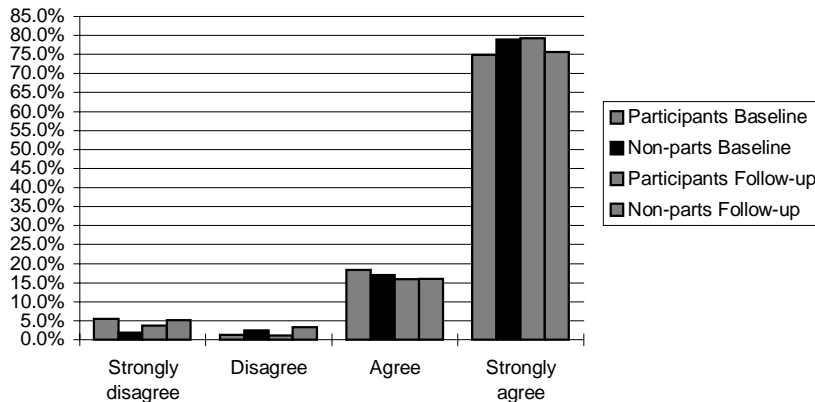
Baseline: $\chi^2 = 1.7$, $df = 3$, $p > .60$

Follow-up: $\chi^2 = 1.7$, $df = 3$, $p > .60$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.59	3.68	+0.09	2.5, 311, $p < .02$
Non-participants	3.57	3.74	+0.17	4.5, 277, $p < .001$
t-test, df	0.4, 597, $p > .70$	1.5, 594, $p > .10$	1.5, 588, $p > .10$	

Chart B.17 – I Don't Want To Have To Depend On Government Support In The Future



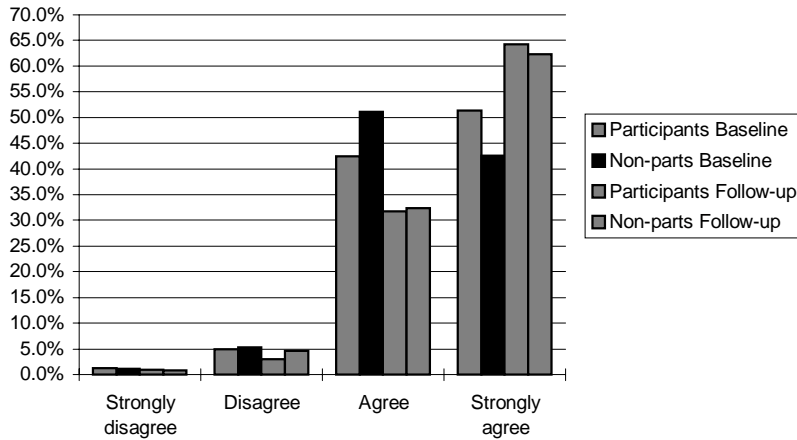
Baseline: $\chi^2 = 7.0$, $df = 3$, $p > .05$

Follow-up: $\chi^2 = 8.2$, $df = 3$, $p < .05$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.63	3.69	+0.06	0.8, 310, $p > .40$
Non-participants	3.73	3.64	-0.09	1.6, 278, $p > .10$
t-test, df	1.8, 597, $p > .05$	0.9, 594, $p > .30$	1.7, 588, $p > .05$	

Chart B.18 – I Have A Positive Attitude About Myself



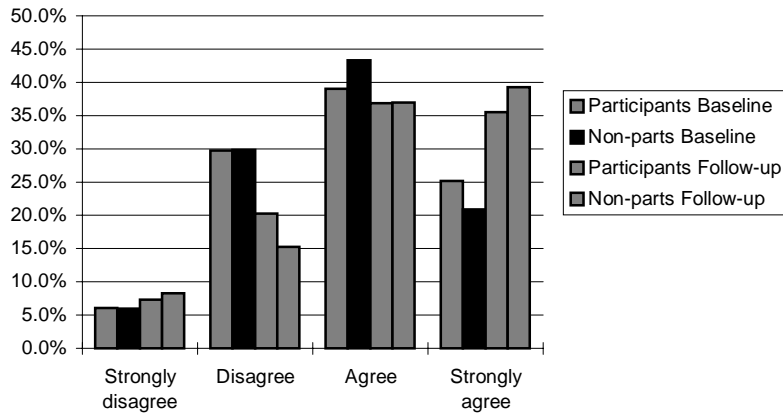
Baseline: $\chi^2= 4.9$, df =3, p > .10

Follow-up: $\chi^2= 2.4$, df =3, p > .50

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.44	3.60	+.16	4.0, 314, p<.001
Non-participants	3.35	3.58	+.23	5.0, 278, p<.001
t-test, df	1.6, 598, p>.10	0.3, 597, p>.70	1.1, 592, p>.20	

Chart B.19 – Getting A Good Job Depends Mainly On Being In The Right Place At The Right Time



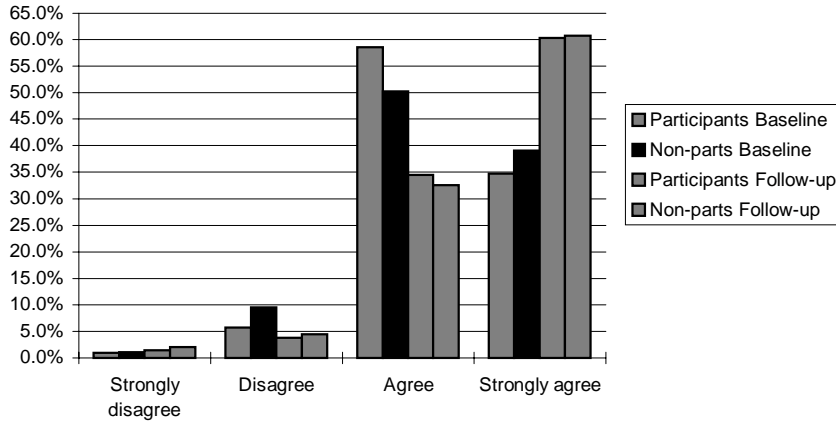
Baseline: $\chi^2= 1.9$, df =3, p > .60

Follow-up: $\chi^2= 5.6$, df =3, p > .10

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	2.83	2.98	+.15	2.7, 306, p<.01
Non-participants	2.79	3.05	+.26	4.5, 275, p<.001
t-test, df	0.6, 593, p>.50	0.8, 590, p>.40	1.4, 581, p>.10	

Chart B.20 – More Than Most People, I Rely On Myself To Solve Problems



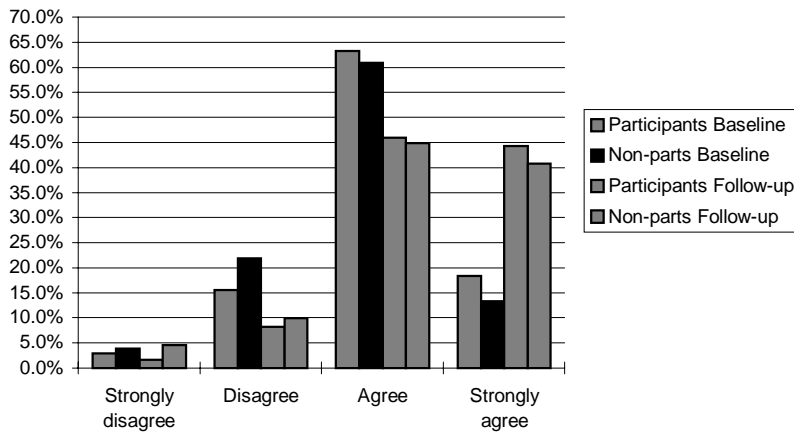
Baseline: $\chi^2 = 5.7$, $df = 3$, $p > .10$

Follow-up: $\chi^2 = 1.4$, $df = 3$, $p > .70$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	3.27	3.54	+.27	6.3, 308, $p < .001$
Non-participants	3.27	3.54	+.27	5.4, 278, $p < .001$
t-test, df	0.1, 593, $p > .90$	0.1, 594, $p > .80$	0.2, 584, $p > .80$	

Chart B.21 – I Know How To Find A Job



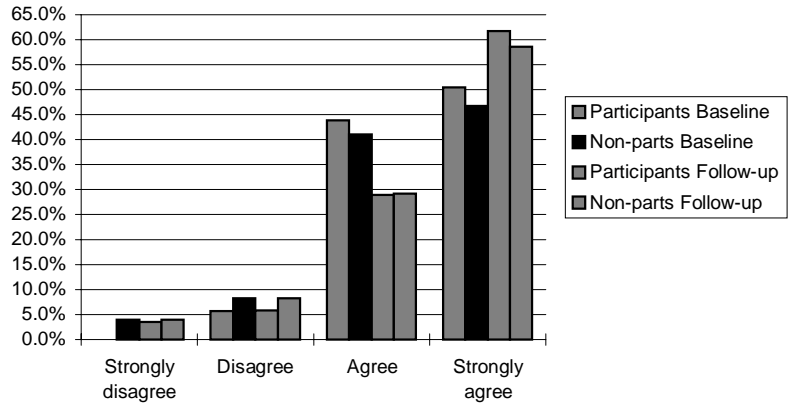
Baseline: $\chi^2 = 6.3$, $df = 3$, $p > .05$

Follow-up: $\chi^2 = 10.0$, $df = 3$, $p < .02$

Mean rating scores on a scale of 1 to 5:

	Baseline	Follow-up	Mean Change	t-test, df
Participants	2.97	3.38	+.41	9.7, 310, $p < .001$
Non-participants	2.84	3.25	+.41	8.3, 273, $p < .001$
t-test, df	2.4, 592, $p < .02$	2.2, 594, $p < .05$	0.2, 583, $p > .80$	

Chart B.22 – When I Have An Emergency, Friends Or Family Will Help Me



Baseline: $\chi^2 = 14.2$, $df = 3$, $p < .01$

Follow-up: $\chi^2 = 3.2$, $df = 3$, $p > .30$

Mean rating scores on a scale of 1 to 5:

	<u>Baseline</u>	<u>Follow-up</u>	<u>Mean Change</u>	<u>t-test, df</u>
Participants	3.45	3.51	+0.06	1.4, 310, $p > .10$
Non-participants	3.31	3.50	+0.19	3.1, 276, $p < .01$
t-test, df	2.4, 595, $p < .02$	0.1, 594, $p > .80$	1.4, 586, $p > .10$	

APPENDIX C: ANALYSIS OF NON-RESPONSE

The response rate for the participant survey was 40.3%, for the non-participant survey, 28.8%. This also represents the proportion of the population surveyed, since all participants and non-participants were eventually included in the sample.

	Participants	Non-Participants
Sample universe	1,609	1,870
Completed interviews	648	538

Because the response rate was modest, it pays to check that those who responded to the survey are not somehow different from those who did not. To check for such a bias, we compared various traits of participants and non-participants in the final sample to the population in terms of key variables. The next four tables show a lot of statistically significant differences between those who responded to the survey and those who did not. But seldom is difference of practical significance. In many instances, this occurs because the statistical tests available for nominal data are sensitive to the number of cases, and there are almost 2,000 cases for most of the tests. Therefore the tables also include the phi coefficient, a “measure of association,” which indicates the strength and nature of relationships between nominal/ordinal variables⁶⁰. This statistic never reaches .15 for any of the variables tested, meaning that most differences between respondents and non-respondents are not large.

Table C.1 shows the distribution of respondents and non-respondents by Compass component, for participants and non-participants. In both groups, TTO was over-represented and WEO under-represented among respondents. This should not have a large impact on data analysis because most analyses are presented by component. Where the effect of the program as a whole is being considered, however, the results may be slightly biased to the extent that TTO and WEO have different effects.

⁶⁰ Tests of statistical significance determine whether or not a relationship exists between variables, but they don't measure the strength of the relationship. Measures of association were developed for this purpose. Interpretation of phi is as follows (Rea and Parker, 1992): .00 - .09 negligible association; .10 - .19 weak association. No phi coefficient in this section is higher than .15.

Table C.1 - Distribution of Cases by Option

Option	Participants		Non-Participants	
	In Sample	Not In Sample	In Sample	Not In Sample
WEO	40.9%	49.5%	25.8%	36.6%
TTO	52.5	46.5	71.9	61.8
EDO	6.7	4.0	2.3	1.6
Statistical test	$\chi^2 = 14.3, df = 2, p < .01$		$\chi^2 = 19.6, df = 2, p < .001$	
Measure of association	phi = .094		phi = .106	

Tables C.2 and C.3 examine demographic variables. For participants and non-participants, there were significant differences between respondents and non-respondents for region, gender, marital status, education, age and number of children. Yet, a look at the distributions/means suggests that respondents and non-respondents are much alike in most of these areas. For example, the distributions by education level look reasonably close, though the differences reach significance. The low phi coefficients indicate that the differences are not great, however. The story with age is similar: the mean age was significantly different between respondents and non-respondents for both groups. Yet, in absolute terms, the difference was only 1 ½ years, not enough to worry about. An even better illustration of the contrast between statistical and practical significance is the data for average number of children for participants. Those responding to the survey had an average of 0.7 children; those who could not be reached had an average of 0.6 children; still the difference was statistically significant. This is not to imply that all of the differences can be ignored, though. Differences by gender are noteworthy, and could bias results to the extent that men and women fare differently after Compass. And, Halifax cases are under-represented, Cape Breton cases over-represented in the final sample. If results differ by region, that could bias overall findings. Single (never married) cases are also under-represented in the final sample. The analysis will check for differences by these key variables.

Table C.2 - Demographics

Characteristic	Participants		Non-participants	
	In Sample	Not In Sample	In Sample	Not In Sample
Region				
Halifax	22.0%	33.3%	20.0%	26.8%
Cape Breton	19.0	12.5	26.4	21.9
North Shore	25.1	23.9	24.7	27.0
Western	33.9	30.4	29.0	24.3
Statistical test	$\chi^2 = 29.9$, df = 3, p < .001		$\chi^2 = 14.6$, df = 3, p < .01	
Measure of association	phi = .136		phi = .088	
Gender				
Women	55.1%	43.4%	54.0%	45.6%
Men	44.9	56.6	46.1	54.4
Statistical test	$\chi^2 = 20.9$, df = 1, p < .001		$\chi^2 = 10.9$, df = 1, p < .01	
Measure of association	phi = -.115		phi = -.076	
Marital Status				
Married	18.1%	16.0%	21.6%	15.3%
Common law	6.5	8.7	4.2	7.1
Single (never married)	44.0	52.9	38.6	49.1
Separated	2.5	2.1	2.8	3.2
Divorced	10.5	6.5	8.9	9.2
Widowed	0.2	0.3	0.4	0.6
Single parent	18.3	13.5	23.5	15.5
Statistical test	$\chi^2 = 23.1$, df = 6, p < .01		$\chi^2 = 36.1$, df = 6, p < .001	
Measure of association	phi = .122		phi = .143	
Disabled				
Yes	6.0%	3.1%	6.7%	5.2%
Statistical test	$\chi^2 = 8.2$, df = 1, p < .01		$\chi^2 = 1.6$, df = 1, p > .20	
Measure of association	phi = .072		phi = .029	
Black				
Yes	3.5%	4.8%	3.6%	4.5%
Statistical test	$\chi^2 = 1.5$, df = 1, p > .20		$\chi^2 = 0.7$, df = 1, p > .40	
Measure of association	phi = -.031		phi = -.020	
Aboriginal				
Yes	0.8%	0.7%	0.4%	1.1%
Statistical test	$\chi^2 = 0.0$, df = 1, p > .90		$\chi^2 = 2.0$, df = 1, p > .10	
Measure of association	phi = .003		phi = -.033	
Education				
None	0.0%	0.1%	0.4%	0.3%
Grade school	5.0	8.9	5.9	7.0
Some high school	19.3	22.9	19.5	23.4
High school/GED	28.6	25.2	23.8	21.9
Some trade school	1.4	3.4	4.2	3.4
Completed trade school	10.0	7.4	11.3	10.1
Some community college	3.9	5.1	4.0	5.2
Completed community college	22.0	15.9	20.8	14.8
Some university	4.2	4.1	3.0	5.2
Completed undergraduate	3.0	3.7	4.0	4.6
Post graduate	0.5	0.1	0.6	0.9
Other	2.2	3.2	2.6	3.2
Statistical test	$\chi^2 = 32.1$, df = 11, p < .01		$\chi^2 = 19.3$, df = 11, p > .05	
Measure of association	phi = .147		phi = .106	

Table C.3 Mean Age, Number of Children and Number of Children Needing Child Care

	Participants		Non-Participants	
	In Sample	Not in Sample	In Sample	Not in Sample
Age	31.6	30.0	34.0	32.6
Statistical test	t=3.5, df=1503, p<.01		t=3.1, df=1766, p<.01	
Number of Children	0.7	0.6	0.9	0.7
Statistical test	t=2.1, df=1529, p<.05		t=5.1, df=1760, p<.001	
Number of Children Needing Child Care	0.2	0.3	0.2	0.2
Statistical test	t=1.3, df=1559, p>.20		t=2.1, df=1807, p<.05	

The last table divulges a considerable difference between respondents and non-respondents in cost of the intervention. The mean cost for respondents was about 10% higher than that for non-respondents.

Table C.4 Mean Compass Expenditures

Cost Category	In Sample	Not In Sample
Total Compass Cost	\$4,920	\$4,461
Statistical Test	t=3.7, df=1419, p<.001	
Opportunity Fund	\$9.98	\$8.24
Statistical Test	t=0.9, df=3646, p>.30	
Hourly Pay on Placement	\$6.03	\$5.80
Statistical Test	t=2.8, df=1127, p<0.1	

Perhaps not surprisingly, those we were not able to reach were significantly more likely to have quit Compass than were those who were surveyed ($\chi^2 = 10.3$, $df = 1$, $p < .01$): 18% of non-respondents had quit versus 12% of respondents. Again, though, the association between the variables was weak ($\phi = -.080$).

We also checked for differences in earnings, income and UI history between those in the sample and those not. There was only one important difference on the participant side: earned income during 1995 was \$527 higher for respondents than for non-respondents. For non-participants, weeks on UI during 1993 and 1996, and total income in 1994 were significantly different. But the absolute differences were very small: keep in mind that when running dozens of t-tests, a few are bound to be significant at the 5% level just by chance. (Some differences that may in fact be significant may also have turned out non-significant just by chance.)

Finally we checked for differences between participants in and out of the survey sample in attitudes and we found significant differences for six of the 24 statements. But, again, the same caveat holds for running so many t-tests.

Moreover, although six of the t-tests were statistically different, none were of much practical difference. All the significant differences were within 0.25 points on the five-point scale. It is noteworthy, though, that three of the six differences involved respondents' projections of how well they would do in the future. Those in the sample tended to be slightly less optimistic that they would maintain steady employment, get off social assistance, or apply the skills they expected to learn.

APPENDIX D: SUMMARY OF EMPLOYER SURVEYS

This appendix summarizes the responses of Nova Scotia Compass employer participants who were surveyed for the purposes of this evaluation.

A list of all 1,304 employers who had hired Compass participants was supplied by the client. From that list a simple random sample of employers was selected. As such, the results reported herein should faithfully represent the population of Compass employers, subject to a fairly high margin of error owing to the small number of cases (standard errors are included for key variables in the results section).

Some 142 employers were called in completing 90 interviews, for a response rate of 63.4%. Of the other 52, 36 were wrong phone numbers or disconnected numbers, 10 were called five times with no luck, 3 said the person who handled the placement was no longer there, 2 refused to cooperate, and 1 was an Employment Resource Centre which felt that it might be in a conflict of interest situation if it participated in the survey. Adjusting for invalid phone numbers yields a respectable response rate of 84.9%.

RESULTS

Presentation of the results will follow the format of the questionnaire. It begins with a brief background of the companies/agencies providing the placements, then moves to an overview of the nature of their involvement with Compass. Next, some important outcomes of the Compass program are examined: most crucially, the proportion hired after the wage subsidy expired. Finally, it examines employers' satisfaction with various facets of the Compass program.

BACKGROUND

For the most part, the organizations providing placements for Compass clients were small in terms of number of staff. On average, they had a full-time staff of 8.2 people and a part-time complement of 5.2 people⁶¹. The distributions follow:

Table D.1 Distribution of Full-time and Part-time Staff of Organizations Providing Compass Placements

Number of Staff	Full-Time	Part-Time	Total
0	6.7%	34.4%	3.3%
1	21.1	21.1	8.9
2-5	32.2	26.6	32.2
6-10	20.0	7.8	22.3
11-19	7.8	3.3	11.1
20+	12.2	6.7	22.2
Median	4.5	1.0	7.0
Mean	8.2	5.2	13.4

Despite their small size, many of the employers were well established, at least in terms of the number of years they have been in business. On average, these employers had been operating for 17.1 years, ranging from 6 months to 126 years. The median length of time in business was 10.0 years.

The largest proportion of employers were in the retail sector, followed by the non-profit sector, manufacturing, and automotive service stations. The rest were well distributed among the business types listed in Table D.2.

⁶¹ Employers with no employees were either self-employed (and didn't count themselves) or were out of business.

Table D.2 Type of business

		Frequency	Percent
Valid	Construction	4	4.4
	Manufacturing	8	8.9
	Printing/publishing	1	1.1
	Transport	1	1.1
	Wholesale	4	4.4
	Retail	19	21.1
	Hotel/restaurant	7	7.8
	Business services	2	2.2
	Health services	1	1.1
	Non-profit organization	15	16.7
	Government	1	1.1
	Farm	4	4.4
	Automotive service	8	8.9
	Nursing home/home care	6	6.7
	Library	1	1.1
	Security systems	1	1.1
	Dry cleaners	1	1.1
	Cleaners	2	2.2
	Research & development	1	1.1
	Fishing	1	1.1
	Electrical repair	1	1.1
	Union	1	1.1
	Total	90	100.0
Total		90	100.0

INVOLVEMENT WITH COMPASS

Just over half the employers (53%) hired a placement employee under the TTO option; 36% hired WEO participants and 11% hired under both options. Nearly 60% of the employers were offered a choice of WEO or TTO. Asked why they chose one over the other, 31% said they weren't given a choice (19% of WEO employers and 48% of TTO employers). The other reasons varied widely according to which option they hired under. Most WEO employers cited financial reasons: either the 100% wage subsidy (25%), or inability to afford TTO costs (44%). TTO employers were much more likely to cite the particular skills they

needed (23%) or simply that they considered TTO to be more beneficial to their organization (23%).

Most of these employers (53%) had hired only one employee under Compass; 26% hired two, 12% hired three; 4% hired four; 3% hired five; and 1% (one employer) hired seven. The overall average per employer was 1.8 employees⁶². Most of the early hiring was through WEO, but this shifted to TTO by 1995 (Table D.3).

Table D.3 Total Number of Positions Filled Through Compass

YEAR	Transitional Training	Work Experience
1994	6	16
1995	36	31
1996	57	19
TOTAL	99	66
MEAN	1.10	0.73
Standard Error	.13	.10

The types of positions filled using Compass weren't all that different across options (Table D.4). The only noteworthy difference between options: as compared to WEO jobs, TTO positions were more likely to be in a trade and less likely to be in personal services. For the most part, the participants were provided placements as unskilled labourers, clerical workers, or retail workers.

Table D.4 Type of Positions Filled Through Compass

	Transitional Training	Work Experience
Unskilled Labour	23.2%	19.7%
Clerical Secretarial	18.2	19.7
Trades	23.2	12.1
Personal Service Worker	2.0	10.6
Manufacturing	0.0	1.5
Food Service Worker	6.1	9.1
Retail	16.2	15.2
Janitorial Maintenance	4.0	6.1
Health Worker	3.0	1.5
Middle Management	4.0	4.5
N	99	66

⁶² With a standard error of .12 (using the finite population correction factor), the mean is $1.83 \pm 1.96 (.12)$, or $1.83 \pm .23$, 19 times in 20.

Since 1994, over two-thirds of these employers had hired employees without using Compass (Table D.5). Of course, the obverse is that since 1994 one-third of these employers had only hired through Compass. In total, these firms hired 752 employees during this time: about 30% of the positions were seasonal.

Table D.5 Number of Employees Hired Without Using Compass

YEAR	% of Employers Hiring Without Using Compass	Total Number of Employees Hired Outside of Compass
1994	47.6%	192
1995	51.2	267
1996	54.7	293
All 3 years	67.9%	752

About 4% of these employers hired a person that a job developer sent to them (i.e., without the wage subsidy).

For the vast majority (81%), however, the wage subsidy was very important to the organization. Another 16% said the subsidy was somewhat important. Only 3% considered the wage subsidy unimportant to their organization.

Employers who hired through the Transitional Training Option were asked how much they contributed to the hourly pay of participants (i.e., above the wage subsidy). On average, TTO employers paid \$1.81 per hour above the subsidy. Including the subsidy, the overall mean wage for TTO participants was \$6.65.

SUGGESTIONS FOR IMPROVEMENT

Employers offered several suggestions to improve Compass (Table D.9). Mentioned most often – by 14% of the sample – was better screening of clients. This suggestion ties in with the dissatisfaction some respondents felt concerning the quality of employees referred to them, and their work attitudes. Another 12% wanted the training time extended. No other suggestion was mentioned by more than 10% of the respondents.

Table D.9 Suggestions for Improving Compass

SUGGESTION	% of Employers Mentioning
No suggestion	28.9%
More screening of clients	14.4
Extend training time	12.2
More placements	7.8
More job readiness	6.7
Faster payment time	4.4
Keep it going	4.4
More advertising to Employers	3.3
Higher wages to clients	2.2
Open program to non-SARs	2.2
More communication with job developer	2.2
Higher subsidy	2.2
N	8.9