Pay for Success Final Report

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Table of contents

Introduction

Purpose and objectives

Project purpose and research objectives

In 2012, Employment and Social Development Canada (ESDC) launched its social innovation initiative. Under this initiative, ESDC committed to acting as a catalyst to grow promising solutions to Essential Skills training and guide them towards greater impact and stronger evidence of success. They also recognized the importance of rigorously evaluating promising approaches to build a strong marketplace of organizations with evidence of impact. In light of these commitments, ESDC partnered with Workplace Education Manitoba (WEM), the Social Research and Demonstration Corporation (SRDC), and the Provinces of Manitoba and Nova Scotia to launch the Pay for Success demonstration project. Pay for Success is the first Canadian test of a "pay for performance" model for Essential Skills delivery.

For the provinces, the Pay for Success demonstration offers the opportunity to use outcomes-based funding to foster on-the-ground innovation with the end goal of developing more direct pathways to employment and thus increasing economic opportunity for vulnerable job seekers. For service delivery partners, the demonstration offers an alternative from the usual constraints of activity-based funding models and the opportunity to experiment with new approaches and be rewarded for efforts that improve services for those who need them most.

For all partners, what is truly exciting about the demonstration is its potential to serve as a model for creating meaningful, long term, systemic change for vulnerable learners and job seekers throughout Manitoba and Nova Scotia.

The demonstration project had three broad research objectives:

1. **Design and implement –** Design the key features of a milestones-based pay-for-performance model, and describe how it is operationalized and adapted by different providers.
2. **Incentivize and track innovation –** Track service provider response to milestone-based incentives, and describe the innovative practices and challenges that result as well as the model's overall utility and operational feasibility for service providers, employers, and government.
3. **Track participant outcomes –** Evaluate whether the new outcomes-based, integrated Essential Skills approach led to participant gains, and whether gains in incentivized outcomes at early stages of service delivery acted as "tipping points", i.e., drivers of longer-term success.

Report objectives

This report presents an analysis of the implementation of the Pay for Success model and the outcomes that participants achieved. The report has four objectives:

1. **Describe program model and implementation context –** What are the key features of the model and what was the system and service provider context in which it was implemented? How did the model differ across provinces and providers?
2. **Present detailed analysis of implementation –** How was the model adapted to better suit the needs of job seekers at each delivery site? How did service providers respond to the pilot? Did the pilot reaching the intended population?
3. **Describe and analyze participant outcomes –** To what extent did participants in the pilot achieve targeted outcomes? And to what extent did the model achieve its goal of "paying for what matters" by incentivizing performance milestones that were drivers of longer-term success?
4. **Provide feedback and insights on key successes, challenges, and lessons learned –** How did providers, employers, and government perceive the utility of the pilot? Is a milestones-based approach operationally feasible? How can key successes and lessons learned from the Pay for Success inform provincial employment and training systems?

Key findings

The Pay for Success demonstration provides important information for workforce development providers interested in pursuing 'pay for performance', readiness to learn and/or sector-focused strategies. Pay for Success was implemented by three providers with a range of backgrounds and expertise:

- Opportunities for Employment (OFE) in Manitoba implemented a sector-focused, "dual customer" model with integrated Essential Skills and technical training
- PATH Employability Centre (PATH) in Manitoba implemented a "Ready to Learn" model for those with complex and severe barriers to employment
- Nova Scotia Community College (NSCC) implemented a post-secondary education model that connected learners to in-demand sectors.

By implementing Pay for Success in diverse settings, the demonstration provides valuable information about the viability and feasibility of the model in different contexts and with providers who range in experience and capacity.

Our analysis of the Pay for Success demonstration has yielded the following key findings:

- **Pay for Success model is feasible –** All providers were able to translate the model into a set of concrete services, but the development and implementation process took time – more than a year for some providers and model components. Providers required a significant amount of technical assistance and support throughout implementation. The two providers in Manitoba

delivering employment services models reached the intended population of job seekers and met recruitment targets. The provider delivering the post-secondary education model in Nova Scotia faced significant challenges with recruitment.

- **Pay for Success model added significant value for all stakeholders –** Pay for Success encouraged providers to develop innovative service delivery approaches and strategies that added value for participants, employers, and government. These innovations resulted in a much more intentional approach to delivering services as a pathway, deeper engagement with employers, and more comprehensive supports to help job seekers with a range of needs achieve positive outcomes.
- **Milestone and incentive payment approach adds value but requires careful planning and ongoing adjustment –** All providers reported that the milestone approach helped them clarify and focus more sharply on both intermediate and long-term outcomes. Our analysis suggests that a milestone approach can indeed shape provider service delivery activities, but that milestones should be developed thoughtfully and collaboratively to ensure that they drive the *right* activities. Given the data collection and reporting challenges, a mature milestone-based framework should strive for efficiency, i.e., reduce the number of milestones enough to eliminate redundancy while still retaining a sufficient number to clearly articulate a comprehensive training pathway based on early "tipping points" that drive later success.
- **Incentives help providers support participants** – A related finding is that the incentives themselves add value for providers and participants. Incentive payments enabled providers to provide tailored and responsive supports to participants.
- **Model is initially complex to design and implement –** Designing and customizing the Pay for Success required a lot of effort from all stakeholders engaged in the project. Providers faced a steep learning curve not only in developing, implementing and managing new service components, but also in the intensive data collection and reporting processes required to account for incentive claims. Given the complexity of the requirements on both the delivery side and the funding side (to set milestones and incentives, prepare contracts, verify claims), subsequent implementations should focus on building capacity and applying lessons learned to streamline the process wherever possible.
- **Notable differences in implementation across providers and settings –** The degree to which program is implemented as intended can be influenced by a wide variety of factors, including: provincial priorities, existing service delivery agreements, the population served, the provider's history, mandate, capacity and approach, local economic conditions, and the strengths or limitations of the chosen sector.
- **Participants made gains across a broad range of outcomes –** It is difficult to determine the degree to which the employment outcomes participants achieved were driven by the sector-focused training and employment preparation participants receive versus the characteristics of the sector itself (e.g., labour demand, skill requirements, and prevailing wages). Nonetheless, participants achieved higher gains on average on employability indicators such as Essential Skills and career adaptability than have typically been achieved by control groups in similar

projects. Furthermore, these in-class gains were linked with success in workplace training, which in turn significantly improved participant chances of being hired.

- **Positive employment outcomes are more likely when providers are incentivized to build training around underlying skills connected to job performance** – Positive outcomes are more likely when milestones incentivize ongoing engagement and collaboration with employers to understand business needs, and build and support underlying skills linked with successful performance of job tasks. Providers who did this were able to develop innovations in service delivery for the jobless that mirrored previously documented best practices for high quality workplace training – namely i) assessment of learner needs and skills, in relation to ii) employer business priorities and job performance requirements, leading to iii) training aligned with both learner and business needs, and iv) provision of retention supports to facilitate post-training learning transfer.

Inside this report

This report is organized into seven sections:

1. **Program model –** In the first section, we describe the basic components of the Pay for Success model, and outline the principles that guided the development of the model.
2. **System and provider context –** This section provides an overview of provincial objectives for the demonstration project and describes the context in which each provider designed and implemented their model.
3. **Reach –** In this section, we describe who the program served with respect to demographic characteristics and starting levels of Essential and employability skills**.**
4. **Model adaptations –** In this section, we analyze model implementation across all service providers. With input from service providers, employers, and government, we discuss some of the challenges that providers faced and how the model was adapted to address these challenges.
5. **Outcomes –** This section provides an analysis of participant pathways and milestone attainment. We discuss key participant success factors and potential "tipping points" as participants progressed through their service pathway towards further learning or employment.
6. **Relevance, utility, feasibility –** In this section, we explore how the model has led to innovations in both service delivery and hiring practices, and whether a milestones-based approach is operationally feasible.
7. **Key successes, challenges, and lessons learned –** We conclude with a high-level analysis of what is working well and where there might be areas for improvement. We provide a summary of key lessons learned and briefly discuss how the findings may be relevant to provincial employment and training systems.

Project partners

From the beginning, there was a realization that the Pay for Success model required high-performing community partners with demonstrated capacity and commitment to collaboration. To this end, the Manitoba and Nova Scotia governments selected service delivery organizations who are committed to collaborating to better serve job seekers and employers. The demonstration leveraged these organizations' significant on-the-ground knowledge and experience.

The Pay for Success demonstration project was funded by Employment and Social Development Canada and led by Workplace Education Manitoba (WEM), which was responsible for the overall governance and administration of the project. SRDC was engaged by WEM to lead the design of the model and the evaluation. Pay for Success was delivered by two service providers in Winnipeg: Opportunities for Employment (OFE) and PATH Employability Centre (PATH).

Nova Scotia Community College (NSCC) led the Pay for Success demonstration in Nova Scotia. With support from industry and community partners, NSCC delivered three different variants of the Pay for Success model. The first was CANS Works, a construction-focused program. NSCC engaged the Construction Association of Nova Scotia to co-design program curricula to meet industry requirements, co-ordinate job seeker work experience placements, and provide student supports during the placements. NSCC also delivered a construction, trades, and labourer program in Wagmatcook, Nova Scotia, and engaged Wagmatcook First Nation to refer Indigenous job seekers and provide ongoing supports.

All Pay for Success partners embraced the opportunity to experiment with new approaches and improve the ways in which they serve job seekers. Box 1 provides a description of each partner.

Box 1 Partner profiles

Manitoba

Workplace Education Manitoba (WEM) is a non-profit organization funded by the Manitoba government and guided by a labour, industry, and government partnership. WEM responds to organizations' and employers' requests for workplace Essential Skills support by offering a full range of assessment and learning supports in the nine workplace Essential Skills. In addition to developing and delivering customized Essential Skills learning solutions, WEM conducts original research and provides Essential Skills workforce development expertise to business, labour and practitioners.

Opportunities for Employment (OFE) is a faith-based not-for-profit corporation providing employment assistance services in Winnipeg, Manitoba. Its mission is "to equip individuals to achieve greater independence by pursuing and maintaining meaningful employment". OFE is one of the largest service providers in Winnipeg, serving approximately 3,000 jobseekers each year through numerous specialized programs. Prior to Pay for Success, OFE partnered with the Manitoba government and SRDC to deliver Manitoba Works, a demand-informed training and work experience program for jobseekers with complex barriers.

PATH Employability Centre (PATH) is a service provided by the North End Community Renewal Corporation, an organization committed to the social, economic and cultural renewal of the North End of Winnipeg. The corporation works with community committees to plan and implement development strategies in its goal to revitalize the North End. PATH was created in response to a gap in services for individuals facing multiple barriers to employment. PATH offers employment assistance services and Employment and Income Assistance services to help individuals overcome their long-term struggles to obtain meaningful employment and has been a critical revitalization component of the North End since October 2000.

Nova Scotia

Nova Scotia Community College (NSCC) is the primary provider of technical and apprenticeship training in Nova Scotia. Its mission is the "build Nova Scotia's economy and quality of life through education and innovation." NSCC offers a range of programs in Trades and Technology, Applied Arts and New Media, Business and Access, and Health and Human Services. Programs are delivered to almost 24,000 students each year at thirteen campuses across Nova Scotia.

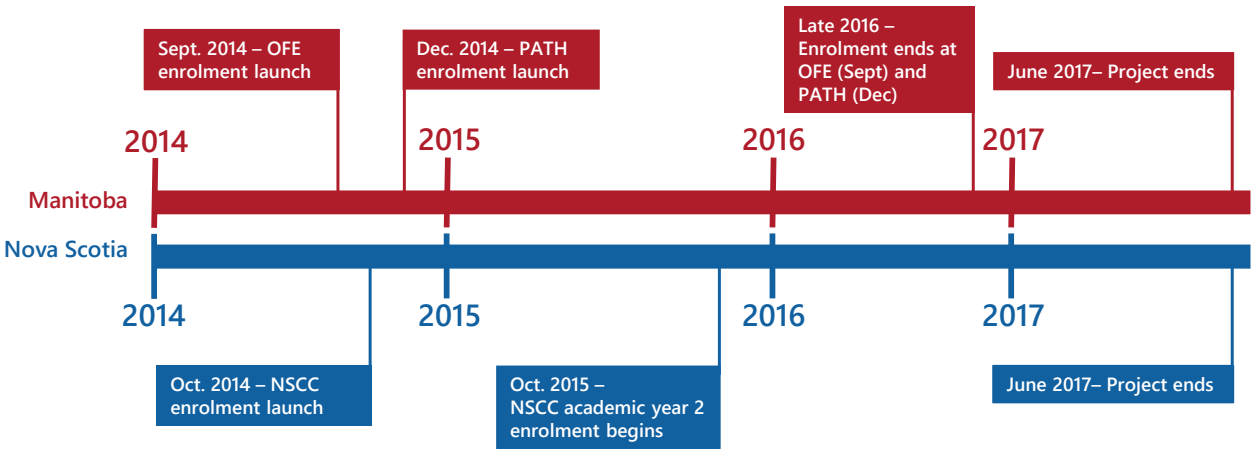
The **Construction Association of Nova Scotia** represents over 760 non-residential construction and engineering companies across Atlantic Canada. As a leading voice in the construction industry, the Association is deeply engaged in industry education, training, and advocacy. The Association is also committed to establishing best practices in the construction industry and serving as a resource for all stakeholders in the construction sector.

Wagmatcook First Nation is one of five Mi'kmaw First Nation communities on Cape Breton Islands. Wagmatcook First Nation is dedicated to maintaining the importance of the language and history of the Mi'kmaw people. As part of this effort, Wagmatcook Chief & Council are committed to expanding and improving community-based initiatives.

Project timeline

Pay for Success launched in the fall of 2014 at Opportunities for Employment, PATH Employability Centre, and Nova Scotia Community College. Figure 1 illustrates the project timeline.

Figure 1 Pay for Success timelines



1. Program model

Improving outcomes

Both Manitoba and Nova Scotia are committed to improving outcomes for job seekers, employers, and communities. In response to four key findings from the workforce development literature (outlined below), the provinces recognized that they needed to change the way in which they engage, prepare, and connect job seekers to employers.

- **Need for new approaches for those most distant from the labour market –** Both provinces sought to engage more vulnerable job seekers and help them to achieve sustainable employment. The workforce development literature emphasizes that although we know how to help vulnerable individuals prepare for and find jobs, the jobs they get are often low-paying and retention is poor. Especially for job seekers with lower skills, "work first" approaches that focus on moving job seekers into employment as quickly as possible often do not help job seekers find jobs with substantial enough earnings gains to lift them out of poverty. As a result, these individuals tend to cycle in and out of poorly paying jobs (Hamilton, Freedman et al., 2001; Hamilton, 2002).
- **Need for demand-informed programming** – At the same time, both provinces also recognized that intensive "supply-side" investments in education and training are not necessarily the answer either. There is substantial evidence showing that many participants do not complete education and training programs and even if they do, this may not guarantee increased earnings (Hendra, Ray et al., 2011). More positively, emerging evidence suggests that skills development programming is more effective when it is informed by employer and labour market needs. Given this, Manitoba and Nova Scotia were particularly interested in incorporating a demand-informed lens to employment and training programs to increase their effectiveness in preparing job seekers for sustainable employment.
- **Sector-based approaches are promising** – From the outset, both provinces had recognized the potential of sector-based approaches for connecting vulnerable job-seekers to better-paying, higher quality jobs. These models target rapidly growing, high-quality jobs that require technical training but limited post-secondary education. Both provinces have had some success with sector-based partnership models in the past but were interested in building and expanding upon this previous experience to deliver effective sector-based programming to a wide range of job seekers.
- **Job seekers should have access to a continuum of services –** Manitoba and Nova Scotia recognized that getting the right job seekers to the right services at the right time is an essential part of effective and efficient service delivery. This requires coordinating and aligning resources to provide a continuum of services that reflects both the range of job seeker needs and the labour market context. Recognizing this, both provinces were interested in implementing models that provide clear and differentiated service pathways and serve a wide range of job seekers by matching them to the services they need.

How do we get there?

Recognizing the need to improve outcomes for employers, job seekers, and communities in Nova Scotia and Manitoba, the Pay for Success model incorporated four important strategic shifts in the design and delivery of employment and training services. These shifts were designed to address some of the challenges or weaknesses in existing programming and incorporate new practices and approaches to help job seekers attain sustainable employment.

- **Fostering innovation** – A primary goal of the Pay for Success demonstration project was to offer an alternative from the usual constraints of activity-based project funding and foster opportunities for providers to experiment with new approaches. Current funding formulas in employment and training programs rarely give providers incentive to develop innovative approaches that foster workplace readiness and advancement. The use of performance based funding addresses this issue by ensuring that providers are rewarded for efforts that improve services for job seekers.
- **Focus on outcomes** – The Pay for Success project shifted the focus from provider activities to outcomes. Instead of assessing provider performance based on amount or types of services provided and the number of job seekers served, providers were encouraged to focus on the helping job seekers progress along an outcomes pathway towards the ultimate goal of sustainable employment.
- **Continuous improvement and knowledge sharing** – The Pay for Success project facilitated the rigorous documentation of promising practices and lessons learned, which could in the future contribute to knowledge sharing among service providers who are interested in improving their services and implementing new and innovative approaches to help job seekers.
- **Development of partnerships** – The Pay for Success project motivated service providers to continuously engage with partners from the community and from business to ensure alignment of mutual goals and interests, while maintaining a focus on the ultimate goal of improving the outcomes of vulnerable job seekers.

Pay for Success model overview

The Pay for Success model is based on what we know about how to incorporate strategic changes in the design and delivery of business-as-usual employment and training services to foster the development of innovative, outcomes-based practices. To design the model, SRDC drew on the findings of an earlier review of selected pay-for-performance systems in Canada, Australia, the United States and the United Kingdom.[1] In this review, we investigated the current state of knowledge on what works in performance-based funding and identified key lessons learned. The model's design reflects two key insights from the review: first, pay-for-performance models are prone to "gaming" and other strategic behaviour when they narrowly focus on a single usually poorly defined or unrealistic performance target (such as employment at a given point in time); and second, models work best when they recognize and build on links between providers' day-to-day practice and participant outcomes.

Based on these insights, we designed a model that rewarded providers not only for employment outcomes, but also for helping job seekers reach a series of intermediate *in-program success indicators (or **milestones**) believed to be associated with progress towards sustainable employment*. Instead of asking service providers to hit one ultimate target with no recognition of steps along the way, SRDC worked in collaboration with providers to identify and develop measures for key transition points along the pathway to employment, thus ensuring that providers perceived that the resulting performance milestones were connected to their day-to-day practice and under their control. Incentives were attached to each milestone to encourage providers to develop new and more efficient ways of delivering programs to help participants achieve positive outcomes at each stage of the pathway.

The model included early and intermediate in-program milestones to encourage providers to serve job seekers with a wide range of needs, including those who were more distant from the labour market. At the same time, the model provided strong incentives to adequately prepare and support job seekers to achieve sustainable employment by including rewards for longer-term employment and retention outcomes.

The Pay for Success model also incorporated a demand-informed lens that focused on preparing job seekers for quality jobs in high-growth industries and sectors. This dual customer approach was intended to align training with job seeker needs while also preparing them to meet the needs of employers in specific sectors, thus ensuring that job placements provided benefits for both employers and job seekers.

[1] Full report can be found at http://www.srdc.org/media/199660/pbf-report.pdf

Model components

Figure 2 provides an overview of the general Pay for Success model. The key components of the model are described in more detail below.

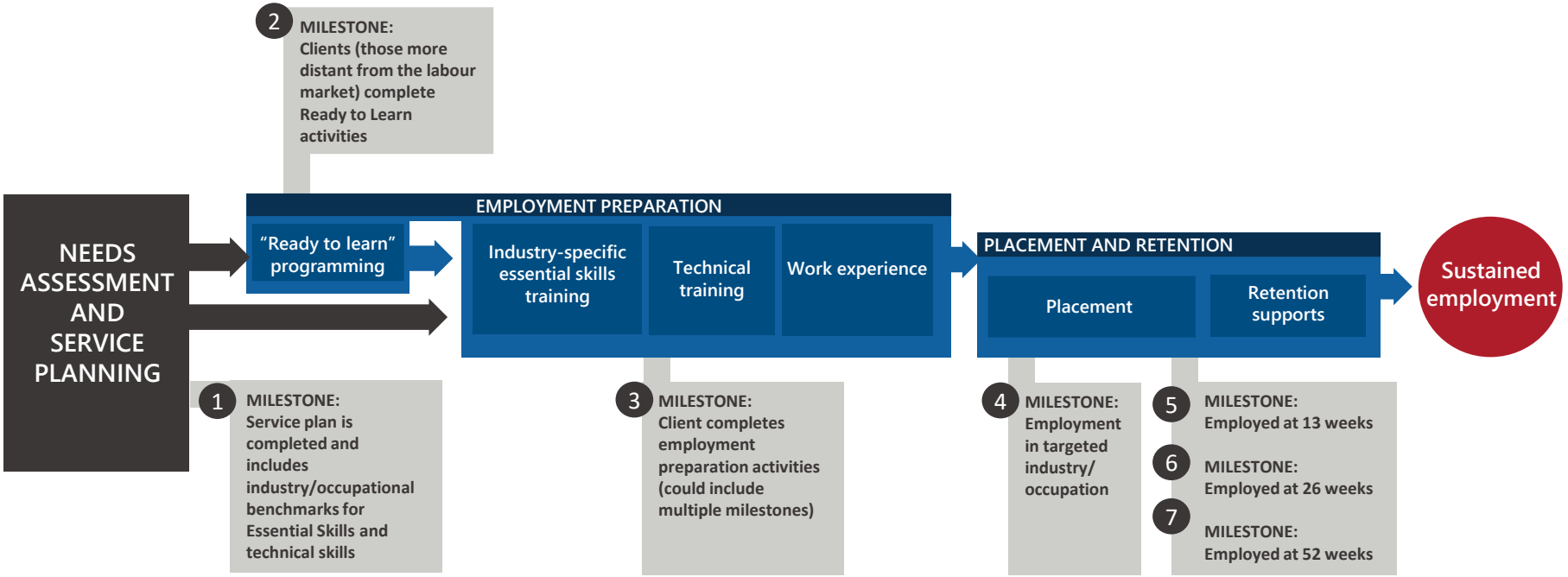
- **Needs assessment and service planning (Milestone 1) –** All job seekers start with a needs assessment that includes essential skills, other employability skills, and work readiness. This assessment determines a job seeker's starting point which defines the number and type of payable milestones along a job seeker's pathway that a service provider is eligible to receive. As a job seeker's distance from the labour market increases, so does the number of milestones associated with his/her pathway. Drawing on the assessment results, and reflecting the demand-led approach of the model, providers and job seekers develop a service plan outlining what steps the job seeker needs to take to achieve employment in a specific industry/occupation.
- **Employment preparation (Milestones 2 and 3) –** Employment preparation is designed to help job seekers transition to a state of work-readiness. The specific employment preparation activities job seekers participate in depend on the steps outlined in their plan. Job seekers who are more distant from the labour market may begin with "Ready to Learn" programing (Milestone 2), which prepares them for career development and further learning.

  Other job seekers who are closer to the labour market may skip the Ready to Learn stage and directly enroll in industry-specific Essential Skills or technical training program, or begin a work experience program (Milestone 3).

  Job seekers who are 'work-ready' but need assistance securing employment may begin their employment journey with job matching and placement services.
- **Placement and retention (Milestones 4, 5, 6 and 7) –** When a job seeker is deemed work-ready, they work with the service provider to identify employment opportunities. The first employment milestone (Milestone 4) is payable if the job seeker secures employment in the industry/ occupation specified in their Employment and Learning Plan. Further milestone payments are for sustained employment at 13, 26, and 52 weeks (Milestones 5-7). These milestones provide incentives for service providers to develop innovative and effective retention strategies.

The following section describes the provider-specific adaptations of the general Pay for Success model.

Figure 2 Pay for Success model



2. System context and provider specific models

For both Manitoba and Nova Scotia, the Pay for Success project offered the opportunity to use outcomes-based funding to achieve system goals by fostering on-the-ground innovation that increases economic opportunity for vulnerable job seekers. Using the general model as a starting point, providers in both provinces adjusted the model to suit their objectives, capacity, and client base. This section describes the context of the project implementation within each province and describes the provider specific models.

Manitoba context

The Government of Manitoba is in the process of transforming its employment and training programs. In the past, the employment and training system in Manitoba has largely focused on supply-side strategies, such as providing job seekers with support for training and job search. To better align with labour market and employer needs, the province is focused on implementing new demand-informed approaches that better serve both job seekers and employers. The province is also focused on better serving those who are more distant from the labour market, ensuring that all Manitobans have opportunities to progress towards sustainable employment. The Pay for Success project offered Manitoba the opportunity to test an innovative model that aligns with these objectives and has the potential to inform the transformation of the employment and training system moving forward.

The two providers engaged in Manitoba as partners in the Pay for Success project (OFE and PATH) implemented variations on the Pay for Success model aligned with the specific needs of the job seekers they serve. These models are described in more detail below.

OFE

OFE context

OFE serves a broad group of job seekers, including those who are close to the labour market and require minimal assistance, as well as those who are more distant and require intensive assistance. Reflecting this range of job seeker need, OFE offers a broad continuum of employment and training services and has established relationship with employers in the community.

OFE model: Employment Partnership Program

Building on their existing capacity and expertise, OFE chose to implement all of the components of the general Pay for Success model. OFE developed a new program, the Employment Partnership Program, to put the model into practice. Table 1 defines the milestones used in the OFE model.

OFE made only minor adjustments in their operationalization of the general model. The first adjustment was to make Essential Skill gains the first milestone. This was part of a major programming change to integrate Essential Skills training into their general employment services, which not only facilitated the recruitment of Employment Partnership Program participants from the pool of general employment services participants, but also ensured that recruits received Essential Skills training.

A second adjustment was that the Employment Partnership Program did not include an explicit focus on Ready to Learn programming. A decision was made that job seekers who were more distant from the labour market would either be served through OFE's existing employment services programming or referred to Winnipeg's other participating project partner, PATH.

To build their demand-informed, sector-based model, OFE began by exploring a range of sectors including transportation and manufacturing. In the early part of the design phase, OFE was approached by Canada Goose, a Canadian manufacturer of cold weather outerwear, to explore partnership opportunities. This partnership was strongly encouraged by the province of Manitoba because of its alignment with provincial and local economic development priorities as well as existing partnerships with the province.

Canada Goose was aiming to massively expand its operations in Winnipeg and had an urgent need for labour to fill sewing machine operator and other related positions. To meet this need OFE and Canada Goose explored the possibility of a collaboration under which OFE would recruit and equip job seekers for these positions by providing employment preparation and Essential Skills training. Selected job seekers would then participate in Canada Goose-hosted technical training, with job coaching and supports delivered by OFE. Those who successfully met productivity targets during technical training would be offered permanent positions.

Once the partnership was formed and OFE gained a full understanding of the large volume of Canada Goose's hiring need, OFE realised that meeting this need would take all of its capacity under the Employment Partnership Program. As a result, OFE did not engage any additional employers in the manufacturing sector or further explore any other sectors.

Table 1 OFE milestone definitions

Milestone	Standards	Performance indicators
1. Demonstrated gains in Essential Skills	• Participants who are pursuing the occupation-specific Employment Partnership Program pathway and have low Essential Skills make gains in basic Essential Skills.	• Participant achieves gains in Essential Skills and enters the occupation-specific Employment Partnership Program pathway. • Skills gains will be measured using an Essential Skills Group assessment. • Payment will be based on magnitude of skill gains demonstrated (see Box 2).
2. Creation of Employment and Learning Plan	• Plans must identify a specific target industry/occupation, industry/occupation Essential Skills and technical skills benchmarks, assessment of relevant skill gaps, and an analysis of steps required for participants to meet these benchmarks.	• Creation of Employment and Learning Plan with industry/occupation Essential Skills and technical skills benchmarks, assessment of participant skill gaps, and individualized plan for participants to meet these benchmarks.
3. Reaching Essential Skills industry-defined benchmarks	• Essential Skills training must be industry/occupation specific, be organized around specific requirements of the job and include most or all Essential Skills. • Essential Skills training should help participants reach the benchmarks described in the learning plan as necessary requirements for success.	• Participant meets industry/occupation specific Essential Skills as measured by occupational Essential Skills assessment defined jointly by the employer and OFE, based on demonstration of Essential Skills in the workplace. • Payment based on assessed skill level (see Box 2).
4. Participation in significant work experience co-op in targeted industry and occupation	• Basic work experience programs must include the equivalent of 40 hours of work. • Each participant receives: participant orientation/workshop, training/employment plan, regular supervision and feedback, onsite visits by service provider, and formal and informal feedback and coaching.	• Participant achieves 10% productivity based on internal employer assessment.
5. Completion of industry-specific technical training	• Training must be industry certified, delivered by the employer, or if being designed for the first time by OFE, employer must be involved in the design and must confirm training meets needs.	• Participant achieves 20% productivity based on internal employer assessment.
6. Placement in employment in targeted industry and occupation	• Job is the occupation/industry identified in Employment Learning Plan or in a different industry/occupation with a similar or higher entry wage.	• Employed in occupation/industry identified in Employment Learning Plan.
7. Retention at 3 months **8. Retention at 6 months** **9. Retention at 12 months**	• Participant must work a minimum of 20 hours per week over each of the three follow-up periods.	• Participant must work a minimum of 20 hours per week over each of the three follow up periods identified.

Box 2 Payment calculations for OFE milestones

Payment calculations for Milestone 1

To incentivize Essential Skills training activity for anyone in the EPP stream who is 'low-skilled', payments are provided to any job seeker with lower Essential Skills who pursues the occupation-specific EPP pathway and who achieves a half-level gain (i.e., a 25-point gain). 'Low-skilled' is defined as a baseline assessment score on at least one of Document Use or Numeracy which is at least one individual standard error below Essential Skills Level 3. 'Pursuing the Occupation-Specific EPP Pathway' is defined as any job seeker who completes the Work Exposure activity at Canada Goose. The maximum payment that OFE can receive for any individual is [(Post – Pre, or 25)/25] * 100%. The result would be a 100% payment for any gain of 25 points or higher. A gain of 20 points would result in a payment of (20/25)*100% = 80% of maximum milestone payment. Note that this payment will be based on the largest gain across the components for which the jobseeker is eligible: if a participant's baseline Document Use and Numeracy scores are both over one individual standard error below Essential Skills level three, this milestone will be paid based on the component for which they made larger gains.

Payment calculations for Milestone 3

For Milestone 3, the full value of the milestone payment will be paid for any job seeker who scores an average of 90% across all occupation-specific Essential Skills benchmarks. The maximum payment will be received when (Assessed score/Maximum score) is greater than or equal to 90%.

Assessed scores lower than 90% will result in proportionately lower payments. For example, the Canada Goose assessment includes 14 Essential Skill-based early job performance indicators, each graded on a 5 point scale for a maximum score of 70. Full payment would be offered for any participant scoring at least 63 (90% or higher) on this assessment. Partial payments would be given for any participant scoring below this threshold of 63, based on the calculation [(Assessed score / 63)*100%]. For example, a participant scoring 50 on the assessment would result in a payment of (50/63)*100% = 79% of the maximum milestone payment.

PATH

PATH context

Relative to OFE, PATH serves a higher proportion of job seekers with complex and severe barriers to employment, including long term income assistance clients, older job seekers, and individuals with very low levels of education and skills gaps.

PATH model: Gateway to Literacy

PATH already had extensive expertise helping large numbers of job seekers address life stabilization barriers and develop life skills. PATH was also already offering general employment services to a smaller group of job seekers. Their experience as a service hub for multi-barriered job seekers positioned them as a promising candidate for developing innovative programming to better support this group. The Pay for Success demonstration gave PATH a flexible opportunity to innovate and/or expand their service offerings in whatever way they determined would add the most value for their program participants. After a careful needs assessment, PATH determined that the key opportunity presented by the Pay for Success project was the opportunity to build a 'bridging' pathway that enabled individuals to take the intermediate step from life skills programs to job search assistance.

To put this bridging pathway into practice, PATH developed a new program called Gateway to Literacy that would deliver Essential Skills training integrated with other employability skills training.

PATH originally intended to build on the Gateway to Literacy model and develop a full sector-based employment pathway in one or two sectors such as retail or customer service. However, given the complexity involved in designing and implementing the Gateway to Literacy programming, a decision was made to focus primarily on the Ready to Learn component of the general Pay for Success model.

To support the new Gateway to Literacy program, PATH and SRDC worked together to design milestones that would capture the gains that participants made in Essentials Skills, career and job pathfinding skills, receptivity to continuous learning, and general wellbeing. Essential Skills gains were measured using the same standardized assessment tools as OFE, while gains in other employability measures were assessed with a variety of validated survey tools and scales. The model also included milestones for next steps that individuals were able to take as a result of their increased Essential Skills and employability skills, including enrollment in and progress towards completing additional education programs. Table 2 defines the milestones used in this model.

Table 2 PATH milestone definitions

Milestone	Standards	Performance indicators
1. Creation of Employment and Learning Plan	• Plans must identify specific Essential Skills gaps, and an analysis of steps required for participants to address these gaps.	• Creation of Employment and Learning Plan with identified Essential Skills gaps, and an analysis of steps required for participants to address these gaps.
2. Demonstrated gains in Essential Skills	• Participants in the Gateway to Literacy program with low Essential Skills make gains in basic Essential Skills.	• Participant achieves gains in Essential Skills in numeracy or document use as measured using an Essential Skills Group assessment. • Payment will be based on magnitude of skill gains demonstrated, See Box 3 for details.
3. Demonstrated gains in career and job pathfinding skills	• Participants in the Gateway to Literacy program make gains in career and job pathfinding skills.	• Participant achieves gains in career and job pathfinding skills, measured as described in Box 3.
4. Demonstrated gains in attitudes towards learning and general wellbeing	• Participants in the Gateway to Literacy program make gains in positive attitudes towards learning and general wellbeing.	• Participant achieves gains in positive attitudes towards learning and general wellbeing, measured as described in Box 3.
5. Completion of half of requirements for further education	• Participant enrolls in further education and completes half of requirements of further educational program OR completes first half year of education, whichever occurs first.	• Participant is enrolled in courses at an accredited educational institution (secondary, post-secondary, or adult learning). • Participant completes half of requirements for enrolled program, OR remains enrolled one half year after starting program, for programs longer than one year.
6. Completion of further education	• Participant enrolls in further education and completes further educational program OR completes first year of education, whichever occurs first.	• Participant is enrolled in courses at an accredited educational institution (secondary, post-secondary, or adult learning). • Participant completes all requirements for enrolled program, OR remains enrolled one year after starting program, for programs longer than one year.
7. Job retention at 1 month **8. At 3 months** **8. At 6 months** **9. At 12 months**	• Participant enters into paid employment, and is retained one, three, six and twelve months after hiring.	• Participant is employed at each of the follow-up period identified.

Box 3 Payment calculations for PATH milestones

Payment calculations for Milestone 2

To incentivize Essential Skills training activity for anyone in the Gateway to Literacy who is 'low-skilled', payments are provided to any job seeker with lower Essential Skills who achieves a half-level gain (i.e., a 25-point gain). 'Low-skilled' is defined as a baseline assessment score on at least one of Document Use or Numeracy which is at least one individual standard error below Essential Skills Level 3. The maximum payment that PATH can receive for any individual is [(Post – Pre, or 25)/25] * 100%. The result would be a 100% payment for any gain of 25 points or higher. A gain of 20 points would result in a payment of (20/25)*100% = 80% of maximum milestone payment. Note that this payment will be based on the largest gain across the components for which the job seeker is eligible: if a participant's baseline Document Use and Numeracy scores are both over one individual standard error below Essential Skills level three, this milestone will be paid based on the component for which they made larger gains.

Payment calculations for Milestone 3

To incentivize development of career and job pathfinding skills among clients, payments are provided to any job seeker who reports increased self-efficacy in several career and job pathfinding domains. These domains include validated scales measuring self-reported Job Search Clarity, Job Search Self-Efficacy, Career Planning, and Career Decision-Making Self-Efficacy, and are measured through pre-to-post gains. The maximum payment that PATH can receive for any individual is [(Number of domains in which client gained)/4] * 100%. The result would be a 100% payment for any client who reported higher confidence in all four domains after programming than they had at baseline. A gain in three of the four domains would result in a payment of (3/4)*100% = 75% of maximum milestone payment.

Payment calculations for Milestone 4

To incentivize development of positive attitudes toward learning and general wellbeing, payments are provided to any job seeker who reports improved attitudes towards learning and several domains related to wellbeing. The measures for this milestone, based on validated scales, are self-reported pre-to-post gains in Attitudes Towards Learning, Perceived Social Support, Self Care, and Self Esteem. The maximum payment that PATH can receive for any individual is [(Number of domains in which client gained)/4] * 100%. The result would be a 100% payment for any client who reported higher confidence in all four domains after programming than they had a baseline. A gain in three of the four domains would result in a payment of (3/4)*100% = 75% of maximum milestone payment.

Nova Scotia context

The Government of Nova Scotia is currently supporting the revitalization of the province's college system. The government has recognized that changing demographics and a more dynamic labour market require more nimble, responsive education and training programs. The Pay for Success demonstration offers Nova Scotia Community College, the province's centralized post-secondary specialized training and vocational institute, the opportunity to incentivize partnerships and program innovations that meet the needs of both job seekers and employers.

NSCC context

NSCC serves a wide range of job seekers with different goals and career needs. Currently, the NSCC is increasing its focus on engaging at-risk students and collaborating with a range of partners to support participant retention and to connect participants to employment opportunities that are relevant to their training.

NSCC models

NSCC offered three programs using the Pay for Success model. One of the programs focused primarily on the Ready to Learn component of the model, while the other two were full sector-based pathway models.

Each program was offered in a classroom setting over an academic year. The programs aimed to support those who otherwise may have had difficulty succeeding in NSCC programming by providing them with Essential Skills training, high school diploma and/or credit upgrading, and classroom instruction to prepare them for advancing to further education and employment opportunities.

While these three programs incorporated existing NSCC expertise in trades training and academic upgrading, they represented new ground for NSCC programming due to their focus on engaging at-risk job seekers, integrating Essential Skills upgrading to improve retention outcomes, and providing structured pathways to link participants to employment opportunities upon completion of training.

The NSCC models had two key differences from the general model:

- Due to the focus on recruiting individuals who may have had greater skills gaps than NSCC's usual students, each program included a milestone for successful enrolment of each learner.
- Since a structured learning plan is already a component in all NSCC programming, the Employment Learning Plan component was omitted from each NSCC program.

Academic & Career Connections

Academic & Career Connections was focused on preparing job seekers for further education, particularly in applied health or technology fields. The program integrated Essential Skills and career pathfinding components, with the aim of supporting students who would otherwise be

considered at risk of dropping out, and helping them make the transition to full certificate or diploma programs. Participants in Academic & Career Connections developed both general academic skills and targeted foundational skills related to the health and technology fields. As a result of the focus on educational outcomes, there was no work experience or placement component in the program, and retention was focused specifically on supporting students transitioning to further education rather than employment. Table 3 defines the milestones used in the Academic & Career Connections program.

CANS Works

CANS Works was a certificate program carried out in partnership with the Construction Association of Nova Scotia, focused on enrolling job seekers who have less than a high school education and providing them with both technical training in the construction sector and occupation-relevant Essential Skills training in the context of a one-year certificate program. In addition, participants in the CANS Works program entered a six-week co-op/work placement after completing the in-class portion of the program, in order to develop on-the-job skills and expose participants to potential employers.

While CANS Works aimed to support participants in finding employment in the construction field and introduce them to potential employers during the five-week co-op phase, it differed from the general Pay for Success model in that it did not include an explicit job placement component. Table 4 defines the milestones used in this program.

Construction Trades Labourer Program

In partnership with the Wagmatcook First Nation, the Construction Trades Labourer program aimed to provide a cohort of primarily Indigenous job seekers with exploration of construction trades occupations, Essential Skills upgrading, and co-op job work exposure, all within the context of a one-year certificate program. The program aimed to support participants in transitioning to either further trades education at NSCC, or directly into employment in the construction sector. Unlike CANS Works, the program was targeted at high school graduates.

Like the CANS Works program, the Constructions Trades Labourer Program departed from the general Pay for Success model in that it did not include an explicit job placement component. However, the work exposure component was intended to support employment outcomes by introducing participants to potential employers in the construction sector. Table 5 defines the milestones used in the Construction Trades Labourer Program.

NSCC milestone definitions

Table 3 NSCC Academic & Career Connections milestone definitions

Milestone	Standards	Performance indicators
1. Participant successfully enrolled in program	• Participants who are pursuing further education at NSCC but face Essential Skills and/or academic preparation gaps enroll in the Academic & Career Connections program as preparation for their program.	• Participant enrolls in the program and remains enrolled for at least two weeks. • Participant completes baseline Essential Skills assessment.
2. Participant completes Term 1 and is successfully enrolled in Term 2	• Participant engages in and completes first term of programming. • Programming incorporates academic upgrading of high school credits, Essential Skills training, and may also include earning NSCC credits towards certificate or diploma programs.	• Participant completes Term 1 and meets minimum course requirements for remaining engaged in program. • Participant begins Term 2.
3. Participant completes Term 2	• Participant engages in and completes second term of Academic & Career Connections programming. • Programming incorporates academic upgrading of high school credits, Essential Skills training, and may also include earning NSCC credits towards certificate or diploma programs.	• Participant completes Term 2 and meets minimum requirements for graduation from the program.
4. Participant achieves Essential Skills gains	• Participant achieves Essential Skills gains as measured by standardized assessment.	• Participant achieves gains in Essential Skills in numeracy or document use as measured using an Essential Skills Group assessment. • Payment is based on magnitude of skill gains demonstrated (see Box 4).
5. Participant enrolls in further education	• Participant successfully enrolls in another post-secondary program, either at NSCC or another institution.	• Participant successfully enrolls in another post-secondary program, either at NSCC or another institution, and remains enrolled for at least two weeks.
6. Participant completes Term 1 of further education **7. Participant completes Term 2 of further education**	• Participant engages in and completes first term of further programming. • Participant engages in and completes second term of further programming.	• Participant completes Term 1 and meets minimum course requirements for remaining engaged in program. • Participant completes Term 2 and meets minimum requirements for remaining engaged in program or graduation.

Table 4 CANS Works milestone definitions

Milestone	Standards	Performance indicators
1. Participant is successfully enrolled in the CANS Works program	• Participants who are interested in pursuing careers in the construction sector but require high school diplomas and industry skills preparation enroll in the CANS Works program.	• Participant enrolls in CANS Works program and remains enrolled for at least two weeks. • Participant completes baseline Essential Skills assessment.
2. Participant completes Term 1 and is successfully enrolled in Term 2	• Participant engages in and completes first term. • Programming incorporates academic upgrading of high school credits, Essential Skills training, and construction sector-specific skills training.	• Participant completes Term 1 and meets minimum course requirements for remaining engaged in program. • Participant begins Term 2.
3. Participant completes Term 2	• Participant engages in and completes second term. Programming incorporates academic upgrading of high school credits, Essential Skills training, and construction sector-specific skills training.	• Participant completes Term 2 and meets minimum requirements for beginning work placement.
4. Successful matching of participant to employer	• Participant is matched to a construction sector employer for six-week work placement. • Placement aligns with participant's career interests and skills.	• Participant is matched to a construction sector employer for a six-week placement. • Participant commences placement with employer.
5. Completion of work placement	• Participant completes work placement. • Employer is satisfied with participant's performance during placement period.	• Participant completes six weeks of work placement.
6. Graduation	• Participant graduates from CANS Works program, receives Nova Scotia High School Diploma for Adults and Construction Trades Labour Certificate of Accomplishment.	• Participant graduates from CANS Works program, receives Nova Scotia High School Diploma for Adults and Construction Trades Labour Certificate of Accomplishment.
7. Participant achieves Essential Skills gains	• Participant achieves Essential Skills gains as measured by standardized assessment.	• Participant achieves numeracy or document use gains as measured using an Essential Skills Group assessment • Payment based on magnitude of skill gains (see Box 4).
8. Participant enters employment or enrolls in further education	• Participant successfully enters employment, or enrolls in another post-secondary program related to a skilled trade, either at NSCC or another institution.	• Participant successfully enters employment, or enrolls in another post-secondary program related to a skilled trade, either at NSCC or another institution.
9. Retention at 3 months **10. Retention at 6 months** **11. Retention at 12 months**	• Participant remains employed or engaged in further education 3, 6, and 12 months after commencing.	• Participant remains employed or engaged in further education 3, 6, and 12 months after commencing.

Table 5 NSCC Construction Trades Labourer milestone definitions

Milestone	Standards	Performance indicators
1. Participant is successfully enrolled in the Construction Trades Labourer program	• Participants who are interested in pursuing careers in the construction sector but require Essential Skills upgrading and industry skills preparation enroll in the program.	• Participant enrolls in the program and remains enrolled for at least two weeks. • Participant completes baseline Essential Skills assessment.
2. Participant completes Term 1 and is successfully enrolled in Term 2	• Participant engages in and completes first term of programming. • Programming incorporates Essential Skills training, career exploration, and construction sector-specific skills training.	• Participant completes Term 1 and meets minimum course requirements for remaining engaged in program. • Participant begins Term 2.
3. Participant completes Term 2	• Participant engages in and completes second term of programming. • Programming incorporates Essential Skills training, career exploration, and construction sector-specific skills training.	• Participant completes Term 2 and meets minimum requirements for beginning work placement.
4. Completion of work placement	• Participant is matched to an employer in the construction sector and completes a five-week work placement. • Employer is satisfied with participant's performance during placement period.	• Participant is matched to work placement employer. • Participant completes five weeks of work placement.
5. Participant achieves Essential Skills gains	• Participant achieves Essential Skills gains as measured by standardized assessment.	• Participant achieves gains in Essential Skills in numeracy or document use as measured using an Essential Skills Group assessment. • Payment will be based on magnitude of skill gains demonstrated (see Box 4).
6. Participant enters employment or enrolls in further education	• Participant successfully enters employment, or enrolls in another post-secondary program related to a skilled trade, either at NSCC or another institution.	• Participant successfully enters employment, or enrolls in another post-secondary program related to a skilled trade, either at NSCC or another institution.
7. Retention at 3 months **8. Retention at 6 months** **9. Retention at 12 months**	• Participant remains employed or engaged in further education 3, 6, and 12 months after commencing.	• Participant remains employed or engaged in further education 3, 6, and 12 months after commencing.

Box 4 Payment calculations for NSCC milestones

Payment calculations for NSCC Essential Skills milestones

To incentivize Essential Skills training activity in NSCC programs, payments are provided to any learner who achieves a gain. Since NSCC students may require high levels of Essential Skills to succeed in some further programming, this milestone is not targeted towards only 'low-skilled' individuals as in Manitoba. Instead, NSCC receives payment for any individual who achieves gains in Document Use or Numeracy. The maximum payment that NSCC can receive for any individual is [(Post – Pre, or 25)/25] * 100%. The result would be a 100% payment for any gain of 25 points or higher. A gain of 20 points would result in a payment of (20/25)*100% = 80% of maximum milestone payment. Note that this payment will be based on the largest gain across the components for which the learner is eligible: if a participant's baseline Document Use and Numeracy scores are both over one individual standard error below Essential Skills level three, this milestone will be paid based on the component for which they made larger gains.

3. Reach

Participant characteristics

The Pay for Success programs at OFE, PATH, and Nova Scotia Community College were designed to serve different groups of job seekers, with OFE focused on those eager to quickly enter the labour market, PATH on those with complex barriers who require Essential Skills and employability upgrading to proceed to employment or further education, and NSCC on individuals who need academic upgrading to enter post-secondary programs, and individuals who want to pursue semi-skilled jobs in the construction sector.

In this section, we provide an overview of job seeker characteristics at each of the three sites and discuss whether the programs reached their intended target populations.

OFE participant characteristics

Table 6 presents participant characteristics for the entire sample of participants at OFE, as well as the sub-samples of immigrants and Canada-born job seekers. When they entered the program, the majority of participants at OFE were between the ages of 30 and 50 and married with no children below the age of 7. Almost 24% of participants were employed at intake, and a further 47% had been unemployed for one year or less.

The characteristics of the overall sample were driven by the large proportion of immigrant job seekers – female immigrants made up 77% of those who entered the program, and immigrants overall made up 86% of the OFE sample. There were several notable differences between immigrant and Canadian-born job seekers at OFE. Over 80% of the immigrant sub-sample were married or in-common law relationships, compared to 40% of the Canadian-born population. More significantly, almost half of the immigrant participants had a university education when they entered the program, compared to only 10% of the Canadian-born participants.

However, nearly 80% of immigrants obtained their highest level of education outside of Canada, so their educational credentials likely had far lower labour market value than would be typically observed for similar credentials obtained in Canada. Immigrant job seekers at OFE also faced other immigrant-specific labour market barriers, such as low language proficiency, with nearly 70% of immigrant participants speaking a language other than English as their primary language at home. In addition, most immigrants in the program were relatively new to Canada, with 54% arriving in 2014 or later, and close to 40% indicating that they had never worked in Canada when they entered the program.

Table 6 OFE participant characteristics at baseline

	All participants (N=380)	Immigrants (N=327; 86%)	Canadian-born (N=53; 14%)
Gender (%)			
Female	86.1	89.0	67.9
Male	12.6	9.8	30.2
Age (%)			
Under 30	18.4	17.7	22.6
30 to under 40	35.0	37.9	17.0
40 to under 50	29.5	29.1	32.1
50 and above	17.1	15.3	28.3
Marital status (%)			
Married/Common Law	76.3	82.3	39.6
Single/Separated/Divorced/Widowed	23.2	17.7	56.6
Presence of children under age 7 (%)			
No	73.4	71.3	86.8
Yes	26.6	28.8	13.2
Highest educational attainment (%)			
Less than high school	9.2	7.3	19.0
High school diploma	18.4	16.4	28.6
Trade/Vocational/Community college degree	10.5	9.5	17.0
University degree	41.1	46.2	9.4
Other	20.3	20.8	17.0
Employment history (%)			
Currently employed	23.7	24.5	18.9
Unemployed for 1 year or less	46.6	46.8	45.3
Unemployed for more than 1 year to 3 years	12.9	12.8	13.2
Unemployed for more than 3 years	15.0	14.4	18.9
Indigenous Status (%)			
Non-Indigenous			45.3
Indigenous			50.9
Official language ability (%)			
English/French is primary language used at home		30.0	
English/French is secondary language used at home		29.4	
English/French is not spoken at home		38.2	
Highest (or further) education obtained in Canada (%)			
Yes		16.5	
No		78.9	
Last or current job in Canada (%)			
Yes		53.5	
No		37.3	
Immigrated to Canada (%)			
Before 2010		16.2	
2011-2013		26.0	
2014-2015		54.4	

Source: SRDC baseline survey.

Note: Missing values are excluded.

PATH participant characteristics

Table 7 presents the characteristics of PATH participants. Compared to OFE, PATH participants were generally older (71% were 40 or over), and more likely to be single and male. Most PATH participants had low levels of educational attainment when they entered the program – two-thirds had less than a high school education. Sixty-five per cent were Indigenous, and most were relatively distant from the labour market, with 80% having been unemployed for more than a year when they entered the program. In general, PATH's focus on "Ready to Learn" programming was aligned with the low levels of education and labour market attachment among PATH participants.

Table 7 PATH participant characteristics at baseline

	PATH (N=85)
Gender (%)	
Female	43.5
Male	55.3
Age (%)	
Under 30	9.4
30 to under 40	18.8
40 to under 50	40.0
50 and above	30.6
Marital status (%)	
Married/Common Law	16.5
Single/Separated/Divorced/Widowed	82.4
Presence of children under age 7 (%)	
No	70.6
Yes	10.6
Highest educational attainment (%)	
Less than high school	67.1
High school diploma	12.9
Trade/Vocational/Community college degree	5.9
University degree	1.2
Other	10.6
Employment history (%)	
Currently employed	5.9
Unemployed for 1 year or less	12.9
Unemployed for more than 1 year to 3 years	20.0
Unemployed for more than 3 years	60.0
Country of origin (%)	
Canadian-born	91.8
Immigrants	5.9
Indigenous status (%)	
Non-Indigenous	23.6
Indigenous	64.7

Source: SRDC baseline survey.
Note: Missing values are excluded.

NSCC participant characteristics

As illustrated in Table 8, the majority of Academic & Career Connections participants were women while both of the construction programs enrolled more men than women. Most participants were young, single, and Canadian-born, with significant proportions of targeted equity groups (Indigenous and African-Canadian job seekers) in CANS Works and CTL .With the exception of those in the Academic & Career Connections program, the large majority of participants were unemployed at enrolment. As part of the eligibility requirements for the two construction programs, all CANS Works participants had less than high school educational attainment while CTL participants were all high school graduates.

Table 8 NSCC participant characteristics at baseline

	ACC (N=86)	CANS Works (N=13)	CTL (N=6)
Gender (%)			
Female	79.5	23.1	33.3
Male	19.3	76.9	66.7
Age (%)			
Under 30	73.9	53.8	83.3
30 to under 40	15.9	22.7	16.7
40 to under 50	10.2	22.7	0.0
Marital status (%)			
Married/Common Law	14.8	7.7	0.0
Single/Separated/Divorced/Widowed	85.2	92.3	100.0
Presence of children under age 7 (%)			
No	76.1	61.5	83.3
Yes	14.8	15.4	16.7
Highest educational attainment (%)			
High school or less	52.3	92.3	83.3
Grade 9	-	23.1	0.0
Grade 10	-	30.1	0.0
Grade 11	-	38.5	0.0
Grade 12	-	0.0	83.3
Trade/Vocational/Community college degree	27.3	0.0	0.0
University degree	11.4	0.0	0.0
Other	8	7.7	16.7
Years since last in school (average)	6	12	6
Employment history (%)			
Currently employed	46.6	15.4	16.7
Currently unemployed	51.1	84.6	83.3
Unemployed for 1 year or less	-	46.2	83.3
Unemployed for more than 1 year to 3 years	-	30.8	0.0
Unemployed for more than 3 years	-	7.7	0.0

	ACC (N=86)	CANS Works (N=13)	CTL (N=6)
Country of origin (%)			
Canadian-born	96.6	100.0	100.0
Indigenous Canadian	6.8	23.1	100.0
African Canadian	11.4	30.8	0.0
Immigrants	3.4	0.0	0.0

Source: SRDC baseline survey.

Note: Missing values are excluded.

Participant distance to the labour market

A key goal for both provinces was to develop approaches to better serve job seekers who are distant from the labour market. In this section, we take a closer look at participants from each program to better understand their distance from the labour market. We consider four sets of indicators captured on our baseline survey: participant reasons for enrolling in programming; employment status and history; employability measures such as career adaptability, receptivity to continuous learning, and self-efficacy/well-being; and immigrant-specific labour market barriers faced by newcomers to Canada.

Reasons for enrolment

At baseline, participants were asked their main reasons were for engaging in employment services and programs. Table 9 lists the reasons most frequently cited by participants at OFE, PATH and NSCC. OFE participants were more likely to say that they enrolled in programming for employment-related reasons, while PATH participants reported enrolling in the Gateway to Literacy program because they were referred by their case manager and/or employment counselor or because they wanted to improve their skills. NSCC participants reported entering programming for a variety of reasons that reflect the range of programs offered by NSCC, but they most commonly reported preparing for further education, improving skills, and finding jobs.

These results suggest that OFE participants entered programs with the primary goal of labour market attachment more often than PATH participants, who were more focused on pre-employment skills development.

Table 9 Top reasons for engaging in employment services and programs

	OFE	PATH	NSCC
1	Help me get a job (89%)	Improve my job-related Essential Skills (e.g., reading, writing, math) (67%)	Prepare me for further education (89%)
2	Develop the skills to help me plan my career (63%)	Referred by case manager/employment counselor (63%)	Help me get a job (27%)
3	Find out how my skills match up with what jobs require (56%)	Help me get a job (55%)	Improve my job-related essential skills (e.g., reading, writing, math) (27%)
4	Help me get into a technical or occupational training program (55%)	Develop the skills to help plan my career (55%)	Interest in the subject I will by studying (26%)
5	Explore different career options (54%)	Improve other job-related skills (e.g., communication, working with others, etc.) (48%)	Get a college diploma or degree (19%)

Employment status and history

Distance from the labour market can also be explored by understanding participants' employment status and history. Currently employed participants are likely to be less distant from the labour market (though some may have part-time or precarious jobs), while for those who are unemployed, the length of unemployment is likely to be an important indicator of their difficulty in attaching to the labour market.

Employment status and history are described in Tables 6-8. None of PATH's participants were working fulltime at enrollment, and only 6% reported working part-time. Furthermore, the majority of PATH participants reported long-term unemployment, with 80% having been unemployed for at least one year when they entered the program. In contrast, 24% of OFE participants were employed at baseline, and a further 47% had been unemployed for less than one year.

NSCC students tended to show similar levels of labour market attachment as OFE participants, though the pattern varied by program. A relatively large proportion of Academic & Career Connections students reported being employed at baseline, while most CANS Works and Construction Trades Labourer students had been unemployed for one year or less.

Employability

The baseline survey measured participant clarity and confidence with regard to navigating the labour market and achieving career goals by adapting a set of four standardized career adaptability scales from the applied research literature: each of these scales included multiple questions on participants' self-reported i) ability to plan their career (career planning); ii)confidence in their

ability to make career decisions (career decision making self-efficacy); iii) clarity in the type of job they want (job search clarity); and iv) confidence in their ability to conduct a job search (job search self-efficacy). Each question was measured on a five point scale, and questions within each scale were combined to obtain each participant's average score for each of the four domains of career adaptability described above.

While employment history gives an objective measure of individual labour market attachment, these measures are meant to capture the participant's own perception of how well-equipped they are to succeed in finding a job which suits their skills and interests. Since many employment training programs, including those delivered by OFE and PATH, aim to help participants build career adaptability skills, differences in these measures should indicate both variation in distance to the labour market and the degree to which service providers may have opportunities to build these skills.

Differences between providers on average participant career adaptability are outlined in Table 10. OFE and NSCC participants scored higher than PATH participants on all measures. While the distribution of results for OFE and NSCC suggest that there were opportunities for participants at these providers to improve their career adaptability skills, significantly lower PATH scores on each indicator at baseline indicate that these individuals had more substantial gaps with respect to both clarity in their labour market goals and confidence in their ability to meet these goals.

In addition to career adaptability, the baseline survey used measures for several other items related to individual employability and general well-being, including participants' self-reported receptivity to continuous learning, availability of social supports, self-care, self-esteem, and overall life satisfaction. All were based on standardized measures from the applied research literature and measured on five point scales, except for life satisfaction (measured on a ten point scale). Results are illustrated in Table 10.

These measures are less specific to career planning and job search, but for many individuals may represent important pre-conditions to support and enable the attainment of education and employment goals. In terms of differences among target populations at each provider, though PATH participants had a relatively high receptivity to continuous learning, they had significant gaps in all other measures compared to OFE and NSCC participants.

Table 10 Average baseline scores on career adaptability and well-being measures

	OFE	PATH	NSCC
Job Search Clarity	3.84	3.28	3.81
Job Search Self Efficacy	3.73	3.04	-
Career Planning	3.85	3.17	3.95
Career Decision Making Self-Efficacy	3.86	3.24	3.73
Attitudes Towards Learning	3.88	3.86	4.19
Self-esteem	3.87	3.22	3.21
Social Supports	3.70	3.30	3.67
Self-care	4.11	3.85	-
Life Satisfaction	6.83	5.55	6.94

Note: All measures were assessed on a 5-point scale, with the exception of Life Satisfaction (10-point scale).

Immigrant-specific labour market barriers

While the preceding measures suggest that OFE participants have fewer barriers to labour market attachment than PATH participants in many respects, it is important to consider the degree to which they faced unique barriers specific to immigrant job seekers – such as lower language skills, foreign educational credentials, and less Canadian work experience.

As indicated in Table 6, of the 86% of OFE job seekers that were immigrants, 38% reported speaking no English at home and a further 29% reported speaking English only as a secondary language. These results are corroborated by reports from OFE staff that many of these participants had significant difficulties communicating in English when they enrolled. Limited language abilities likely pose a significant barrier to finding jobs in the Canadian labour market, especially without assistance.

In terms of education, though the majority of immigrant job seekers at OFE had a post-secondary credential, 79% of these credentials were obtained outside of Canada. Returns to education in the Canadian labour market tend to be much lower for credentials earned outside the country, indicating that relatively high educational attainment among these participants may not improve their labour market prospects as much as it would for Canadian-born job seekers.

Similarly, a large proportion of immigrant job seekers at OFE lacked Canadian work experience, with 37% having never worked in Canada before. Therefore, though most may have had recent foreign labour market experience, this likely had limited value in helping them find Canadian jobs.

4. Model adaptations

This section discusses how providers made adjustments to their program models over time in response to new challenges and needs. All of the providers were able to successfully implement the general Pay for Success model, but the process of planning and implementation required significant time and effort. Some program components took over a year to develop and implement. Each program model matured over time as providers developed a better understanding of what worked best in practice and adjusted the delivery of program components accordingly.

The three providers – OFE, PATH, and NSCC – had distinct backgrounds and experience working with different participant groups. This variation ultimately strengthened the demonstration by allowing researchers and stakeholders to learn whether a variety of providers in both employment services and post-secondary, serving job seekers with widely differing needs, could effectively implement the model.

Opportunities for Employment (OFE)

OFE made several adaptations to their Employment Partnership Program model, driven largely by the need to better bridge the gap between participants' skills and abilities, and Canada Goose's needs and expectations. To ensure they were serving both job seekers and Canada Goose effectively, OFE had to balance the production and expansion priorities of a profit-driven company with the needs and interests of vulnerable job seekers.

Below we describe the most significant changes that OFE made to different components of the model. It is worth noting that OFE staff felt that flexibility was a key strength of the project design because it allowed for ongoing learning and improvements. As one staff member stated, "any areas that needed improvement, we improved."

Recruitment and screening

One of the most significant challenges that OFE faced was developing an appropriate and accurate intake and screening process. OFE is accustomed to serving a wide range of job seekers through its general employment services program, and does not normally require applicants to undergo an intensive screening process. A sector-focused model, on the other hand, required an entirely different approach. OFE quickly realized that in order for the program to be successful, they needed to find candidates who had a good base to build on – i.e., whose interests, career goals, and aptitudes were at least somewhat aligned with job performance requirements at Canada Goose.

Ensuring "fit" between job seekers starting skills, training curriculum design, and employer needs is crucial for ensuring the success of a sector-focused model. A recent evaluation of the WorkAdvance, a U.S. sector-focused program model, suggested that the program's positive participation and completion rates were attributable to the rigorous screening process used to select participants. Unlike many other programs, WorkAdvance required that participants demonstrate the interest, ability and commitment to work in the sector, and the motivation to complete training in order to be eligible for participation (MDRC, 2016). While intensive candidate screening is necessary for

ensuring the success of the model, it can also create challenges in recruiting enough participants. In the WorkAdvance program, only one out of five program applicants were enrolled in the program based on their interest and qualifications (MDRC, 2016).

The issue of fit was especially crucial for the Employment Partnership Program because only one employer was involved. As OFE learned more about employer expectations, culture, and job requirements, they implemented additional screening processes to better select individuals who had the ability and motivation to succeed and thrive at Canada Goose. These processes included:

- Assessment in dexterity-related tasks prior to work exposure at Canada Goose to see if participants had both the interest and necessary minimum skills for high-dexterity work. Administering dexterity assessments in the early screening stages helped OFE select more appropriate and "teachable" participants to bring to Canada Goose for work exposure assessments.
- Use of a literacy screener tool to determine whether ESL individuals had the English language skills needed to complete training at OFE and communicate with Canada Goose trainers and staff. Applicants who did not have sufficient literacy or language skills were referred to external organizations for assistance before OFE engagement.
- Adjustments to the work exposure assessment process to clearly identify and document the qualities that Canada Goose was looking for in potential candidates. Initially, the criteria Canada Goose used to select program candidates at the work exposure stage was not clear to OFE staff. To address this, OFE worked closely with Canada Goose to develop and refine a concrete list of twelve qualities that are important for success in Canada Goose, such as the ability to remember instructions and safely control operating equipment. This list was used by OFE and Canada Goose to make more objective and consistent decisions about whether a job seeker would be selected for the program. In addition, later participant cohorts were provided with additional coaching on how to interact with Canada Goose trainers prior to the work exposure assessment.

Although this intensive screening process helped to ensure that job seekers with the best chance of success were enrolled in the program, it also made it difficult to find enough candidates to meet demand from Canada Goose. Only two out of three of those who completed the baseline progressed to the work exposure assessment. Only half of those individuals who made it to the work exposure assessment then proceeded to enrollment in the Employment Partnership Program.

In response to the drop-off in the number of participants from application to enrollment, OFE adjusted recruitment practices to keep pace with employer demand. OFE staff implemented and adapted a "direct referral" process whereby individuals who applied directly to Canada Goose but did not meet minimum skills standards for hiring were referred to OFE. To ensure that OFE engaged a large proportion of these referrals, OFE staff began to hold information sessions and interviews on site at Canada Goose with candidates who had applied directly and completed initial job interviews. Suitable candidates were immediately scheduled to complete baseline assessments and surveys at OFE. The direct referral process allowed Canada Goose to effectively "pre-screen" candidates before they were directed to OFE for training.

Training and job preparation

The Employment Partnership Program model was initially conceptualized as a way to prepare candidates for employment at Canada Goose by developing a range of core workplace Essential Skills. Additional training modules, such as those on workplace culture, norms, expectations, and habits, were delivered on an ad hoc basis. Early on OFE observed that participants who had completed supplementary training had better retention and required fewer on-the-job supports. OFE staff also noticed that soft skills, such as attitudes towards work and responsiveness to coaching and feedback, were even better predictors of success than relevant work experience. Based on these results, OFE concluded that participants would be more successful if they received more soft skills training. OFE restructured the training component of the program to ensure all participants who needed additional training received it.

OFE also adjusted the Essential Skills curricula to help participants achieve gains in document-use and numeracy and to better prepare participants for job tasks at OFE. These adjustments included implementing fine-dexterity skills training and additional in-class testing with strict graduation criteria that participants had to meet in order to move on to a job placement at Canada Goose.

On-the-job retention supports

Although a high proportion of job seekers who enrolled in the Employment Partnership Program completed the in-class portion of the training, OFE noticed a significant drop off in the number of participants progressing from graduation to hiring. Candidates who completed training through the Employment Partnership Program proceeded to a Canada Goose onsite training centre where they had to achieve a minimum productivity target before being offered a permanent position. OFE and Canada Goose worked together to develop strategies to reduce the number of participants leaving Canada Goose prior to achieving this minimum productivity target.

Initially, an employment coach from OFE would visit the Canada Goose training centre once or twice a week to check in with participants. The employment coach often found that participants who had been struggling or discouraged were let go before they were able to meet with OFE staff who could intervene on their behalf. OFE recognized that many participants needed more on-site support if they were to progress at Canada Goose. The OFE employment coach began to visit the training centre on a daily basis to check in with participants, attend participant-trainer review sessions, provide counseling and support, and conduct exit interviews and develop transition plans for individuals who chose or were asked to leave Canada Goose. This on-site presence allowed OFE to be more proactive when participants were struggling and to collect better feedback about challenges faced by participants and Canada Goose.

As part of this effort to improve retention, Canada Goose trainers also received management training and coaching tips to help them encourage and motivate participants and provide constructive feedback.

PATH

As a result of the Pay for Success demonstration, PATH implemented a new program and service model (Gateway to Literacy) that is significantly different from their existing life skills and job search/readiness programming. Over the course of the project, PATH had to learn how to both implement an intensive Essential Skills training program and integrate it with existing services. Adaptations to the Gateway to Literacy model are discussed in greater detail below.

Case management

One of the most significant adaptations introduced to Gateway to Literacy is a more active case management approach. As staff have worked to incorporate Gateway to Literacy into the existing continuum of services at PATH, they have developed new processes and procedures to ensure that participants receive the supports and services they need.

Initially, there was limited communication between PATH employment and job readiness counsellors responsible for case management, and Gateway to Literacy facilitators who delivered the new training program. PATH counsellors sometimes missed opportunities to engage participants after they were referred to Gateway to Literacy and there was concern that some participants might fall through the cracks.

Recognizing the need for increased coordination and integration, PATH implemented a streamlined intake and referral process that included an in-person participant hand-off from the PATH counsellor to the Gateway to Literacy facilitator. As the Gateway to Literacy facilitator was often in a better position to identify participants' life stabilization barriers and other needs, PATH also implemented an informal process for sharing information to ensure that participants received the right wraparound supports and referrals to other services. In addition, as part of a greater emphasis on supporting participants' transition from Gateway to Literacy to other PATH services or education and training programs, PATH counsellors began meeting with Gateway to Literacy program participants at least once a month. PATH reported that as a result of these changes participants felt better supported and more accountable for their progress through the program.

Targeted training

As staff had very limited experience delivering intensive Essential Skills training prior to the Pay for Success project, Gateway to Literacy staff went through a learning process to determine how to best implement the program. Essential Skills was initially delivered using a "one-size-fits-all" approach. Staff quickly realized that the range of participant needs was too broad to be delivering the same training to all. The model evolved towards a targeted resources approach in which each participant's specific skills needs were identified on a case-by-case basis, allowing learners to start their pathway at different points and tailor programming to their specific needs and goals. To monitor each participant's progress, the Gateway to Literacy facilitator also implemented learning tracking tools that were used on an ongoing basis to monitor progress in Essential Skills training.

Nova Scotia Community College (NSCC)

NSCC implemented three new programs as part of the Pay for Success Demonstration project, focused on engaging those who were more distant from the labour market than traditional adult students. Adjustments made by NSCC to provide participants with better supports are described below.

Program length

Initially, the new Construction Association of Nova Scotia Works program introduced by the NSCC was intended to be offered for five terms over approximately 18 months – two in-class terms lasting 12 and 13 weeks, followed by a 24-week work placement term, followed by two more in-class terms of 10 and 12 weeks. After the first cohort of students was enrolled in the program, NSCC found that a number of students did not have sufficient funding in place to cover their costs of living for the full length of the program. In addition, several students expressed frustration at the length of the program, suggesting that 18 months was too long to wait before entering the labour force.

Given the high risk of dropout, NSCC decided to shorten the program by eliminating the final term, merging the second and fourth terms, and shortening the length of the work term to six weeks. To accommodate these changes while still ensuring students completed the necessary course work to attain both high school diplomas and Construction Trades Labourer certificates, weekly hours in class were increased significantly for the in-class terms (from an average of 23 hours per week to an average of 36 hours per week). Ultimately, the redesigned program allowed participants to achieve the same credentials in only ten months, ensuring they were able to enter the labour force more quickly.

NSCC staff indicated that they believe that this change was successful in ensuring student retention throughout the program. They noted that increased pressure on students as a result of the increased intensity of programming may have caused some to leave the program, but that this was a necessary trade-off to mitigate the dropout risks associated with student financial need and desire to quickly enter the labour force.

Financial supports for participants

NSCC also implemented targeted bursaries partway through the program to address the financial needs of many program participants. While none of the programs initially involved direct financial supports to participants, $1,000 bursaries were integrated into the CANS Works program when NSCC became aware that a number of participants were unable to afford the cost of living expenses. While shortening the program was considered a long-term solution to this issue, bursaries were deemed necessary to address immediate need. NSCC funded these bursaries through milestone payments, redirecting the incentive payments to deliver targeted financial supports to students in need. NSCC staff ultimately perceived the bursaries, in combination with the shortened program, as effective measures to prevent financially-driven drop outs. Only one participant reported dropping out of the program due to financial need.

5. Participant outcomes

This section focuses broadly on participant outcomes, and more specifically on the extent to which participants were able to transition between milestones, what the principle points of attrition were, and what kinds of participant characteristics and learning gains (and by extension, provider activities) were linked with successful transitions.

Because Opportunities for Employment (OFE) was the service provider for the vast majority of the sample, and because they were more successful than other providers in tracking participants through all the milestones, the extended analysis below will focus on outcomes among OFE participants. Figure 3 presents OFE's Employment Partnership Program model and milestones.

Outcomes for OFE participants

This section addresses several questions specifically related to outcomes at OFE:

1. How satisfied were participants with the training they received?
2. Was participation in this training associated with gains in Essential Skills and other employability-related skills?
3. What were the overall milestone attainment and attrition rates among participants?
4. Was there improvement in milestone attainment over time?
5. Did early milestones act as "tipping points" towards success in later milestones (employment and job retention)?
6. To what extent were participant characteristics like gender, age, immigration, education, employment history, and starting skill linked with employment?
7. What were the alternative employment pathways taken by participants who left the Canada Goose hiring channel?

Figure 3 OFE model and milestones

1. How satisfied were job seekers with the training they received?

As Table 11 illustrates, participants were generally highly satisfied with their training experience at OFE. Close to 100% agreed or strongly agreed that the goals of the training program were clearly explained and that the instructors were encouraging and supportive. Though slightly over half of the participants said that the program was sometimes challenging or difficult, and a little under half said they found it hard to keep up, around 95% agreed or strongly agreed that it helped them understand how their skills were related to the work they wanted to do, and which skills they needed to improve. In addition, around 95% agreed or strongly agreed that the course helped them to improve their skills and prepare for work, and that they would be able to use what they learned in the workplace. Overall, around 95% of participants agreed or strongly agreed that the program achieved its goals, was useful, and that they would recommend it to others.

Table 11 Participant feedback on training received at OFE (%)

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1. Training goals were clearly explained to me.	0.0	0.3	0.3	20.6	76.8
2. The instructor(s) were encouraging and supportive.	0.0	0.0	0.3	17.7	80.0
3. The training helped me understand how my skills are related to the work I want to do.	0.6	0.6	1.5	26.2	67.9
4. The training helped me understand which of my skills needed to improve in order to work effectively on the job.	0.6	0.3	1.2	29.7	65.6
5. The training was sometimes challenging or difficult.	5.9	20.0	17.7	37.9	15.6
6. The training program(s) helped me improve my skills.	0.3	0.0	2.1	23.8	70.3
7. The training program(s) helped to prepare me for work.	0.6	0.3	1.8	26.8	68.2
8. During the training program(s), I sometimes found it hard to keep up with what was expected of me.	12.7	22.9	15.9	31.8	14.4
9. I will be able to use what I learned to do well in my job.	0.6	0.6	2.1	30.9	63.5
10. I believe that the training achieved its goals.	0.6	0.3	2.1	31.5	62.7
11. Overall, I found the training to be useful.	0.3	0.0	0.9	25.3	70.9
12. I would recommend the training to others.	0.0	0.0	1.5	25.0	70.3

Source: SRDC survey point 2 (post-training survey).

Note: Missing values are excluded.

2. Did participants make skills gains?

a) Essential Skills gains

As illustrated in Table 12, participants at OFE were able to make significant gains in their numeracy and document use scores and levels. Numeracy scores went up by an average of 19 points, with a 13 percentage point drop in the proportion of participants at lower level 1 (score below 180) and increases in the proportion of those at higher levels, particularly levels 2 and 3 which moved from a combined 31% of the sample at baseline to 42% after training.

Document use shows a similar pattern of results, though the gains were smaller than for numeracy. Document use scores went up by an average of 11 points, with the proportion of those at level 1 dropping from 57% at baseline to 47% after training, and the proportion of those at levels 2 and 3 rising from 43% to 53%.

Though there was no control group in this study against which to compare the observed gains in Essential Skills, SRDC's has conducted several randomized control trials in similar contexts, in which control groups typically register document use and numeracy gains that are not significantly different from zero. In our judgment, it is unlikely that a group of job seekers would have been able to get average gains of the magnitude we observed among OFE participants on their own without an intervention. Thus, though a definitive causal claim would have only been possible with a randomized control trial design, we can still plausibly suggest that the observed Essential Skills gains came about as a result of the training intervention.

Table 12 Essential Skill gains among OFE graduates (N=340)

	Baseline	Follow-up	Difference	
Numeracy				
Average score	203.20	222.15	18.95	***
Distribution				
Lower level 1 (%)	33.33	20.47	-12.87	***
Upper level 1 (%)	35.96	37.43	1.46	
Level 2 (%)	19.59	25.15	5.56	*
Level 3 and above (%)	11.11	16.96	5.85	***
Document Use				
Average score	217.03	227.52	10.50	***
Distribution				
Lower level 1 (%)	17.49	12.54	-4.96	***
Upper level 1 (%)	39.36	34.40	-4.96	
Level 2 (%)	32.94	39.65	6.71	**
Level 3 and above (%)	10.20	13.41	3.21	*

Source: Essential Skills Group (ESG) Assessments

Note: Statistically significant differences are indicated by asterisks: * P < 0.10, ** P < 0.05, *** P < 0.01.

b) Other employability skills gains

In addition to numeracy, several other skills were identified as important to job performance, including oral communication, working with a team, thinking and problem solving, and developing a positive attitude to continuous learning. Unlike document use and numeracy, we use self-report measures of these skills from participant surveys, as objective measures were not available.

Gains in these survey measures are illustrated in Table 13. These include measures of career adaptability, which refers to a person's capacity to cope with the anxiety of unemployment or insecure work by using positive, proactive thoughts and behaviours to change their existing frames of reference and routines and shape a new career track. Since it emphasizes willingness to seek out and invest in new opportunities rather than relying on the 'same old ways' of doing things, this concept of adaptability has conceptual links with continuous learning. A more direct measure of continuous learning is the attitudes towards learning scale, which asks whether training and learning are likely to be worth the time and effort.

Another set of measures that may be linked with Essential Skills are adapted from the World Health Organization's community functioning scale – especially in the areas of understanding and thinking (which ask about ability to concentrate, remember, solve problems, and communicate with others; linked with thinking and oral communication skills) and getting along with others (which ask about ability to deal with people, and start and maintain relationships; linked with working in a team).

As illustrated in Table 13, participants reported significant gains in some of these measures – for example, in career adaptability where 60 to 70 per cent of participants had higher scores at follow-up than at baseline. Similar to the argument made above for Essential Skills, SRDC's extensive experience in using these measures in randomized control trials has shown that it is unlikely that a group of job seekers would have been able to get average gains of the magnitude we observed among OFE participants on their own without an intervention. As a result, we can plausibly attribute career adaptability gains to the training, though this kind of causal claim can only be made definitively with a randomized control trial design.

Gains in attitudes towards learning were smaller though still statistically significant, while gains in understanding/thinking and getting along with others were not significantly different from zero. In terms of well-being, OFE participants reported significant gains in a wide range of measures, including self-esteem, self-care, social support, and overall life satisfaction.

Table 13 Gains in non-cognitive abilities and well-being measures among OFE graduates (N=340)

Measures	Baseline	Follow-up	Average gain		Percentage of sample that gained
Career Adaptability measures					
Job Search Clarity	3.86	4.25	0.40	***	62.5
Job Search Self Efficacy	3.72	4.18	0.46	***	68.3
Career Planning	3.86	4.19	0.33	***	59.0
Career Decision Making Self-Efficacy	3.86	4.20	0.34	***	69.9
Community Functioning measures					
Understanding and Thinking	3.64	3.70	0.06		49.5
Self-Care	4.11	4.31	0.19	***	42.0
Getting Along with Others	3.77	3.80	0.04		41.1
Other measures					
Attitudes Towards Learning	3.86	3.92	0.06	*	38.3
Social Supports	3.71	4.03	0.32	***	55.5
Self-Esteem	3.86	3.96	0.10	*	26.9
Life Satisfaction	6.93	7.84	0.91	***	49.7

Sources: SRDC baseline survey and survey point 2 (post-training survey).

Note: Differences were tested with t-tests. Statistical significance is denoted by asterisks: * = 10%, ** = 5%, *** = 1%. All measures are assessed on a 5-point scale, with the exception of Life Satisfaction (10-point scale).

3. What were the milestone attainment and attrition rates among participants?

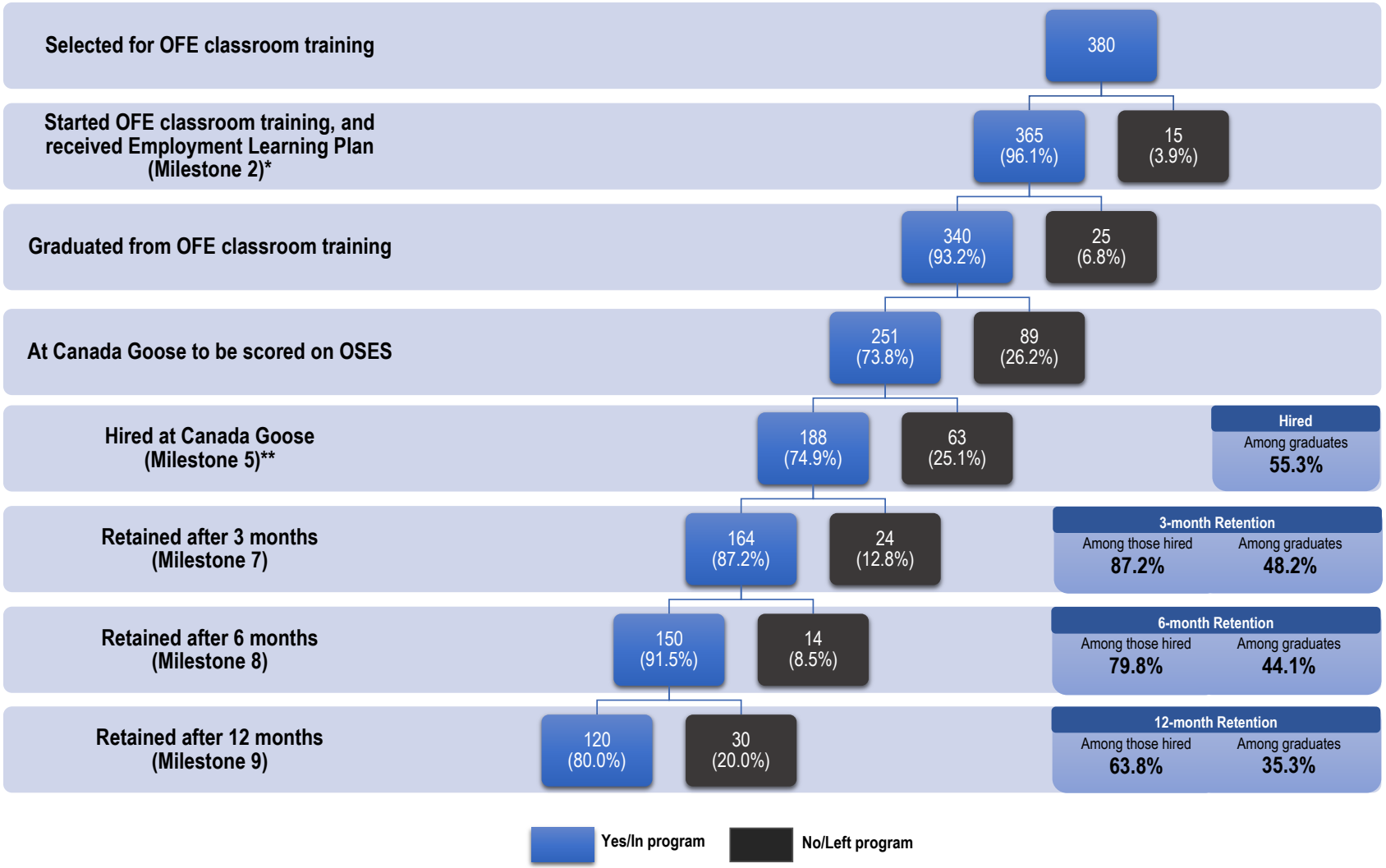
Figure 4 shows the flow of OFE participants through the pathway, from classroom training at OFE to the Canada Goose technical training centre, followed by hiring and job retention. For each row, the blue boxes represent those who completed that stage of the program, while the black boxes show those who left the program at that stage (i.e., attrition). For example, of the 380 who were selected for classroom training, 365 (96%) started the training and received their Employment and Learning Plan – of these, 340 (93%) completed the classroom portion of the training.

Pre-hiring attrition rates increased and peaked over the next two stages, with a little over one-quarter of classroom graduates failing to make the transition to Canada Goose for technical training, and a further quarter of those who were in technical training failing to reach a productivity level of 20% (the point at which trainees were hired). As a result, just a little over half (54%) of classroom graduates were hired at Canada Goose. Once hired though, most (about 80%) retained their jobs for at least six months.

However, the post-hiring attrition rate increased between 6 and 12 months, with 20% of those who had been at Canada Goose at 6 months no longer there at 12 months. Overall, the 12-month retention rate among those who had been hired was 64%, which, coupled with pre-hiring attrition, meant that roughly 35% of OFE classroom graduates were hired at Canada Goose and retained their jobs for 12 months.

In the absence of a counterfactual or comparison group of similar job seekers interested in working in a similar sector without the benefit of the program, it is difficult to quantify the value added by the program – for example, to say to what extent a 35% 12-month retention is a "good" result. Nonetheless, it is likely that the program reduced barriers to entry into the targeted sector/occupation (with the employer having previously hired only experienced sewers), and as a result created a new pathway for some people who wouldn't otherwise have had an opportunity to get a job like this. In addition, it is important to note that these job retention rates only include employment at Canada Goose, and do not take into account graduates who left the program but may have benefited from the classroom training to find other, comparable jobs. A detailed description of employment rates among those who left the program is offered later in this chapter.

Figure 4 OFE Milestone attainment and attrition rates



Source: OFE/SRDC invoice/tracking sheet.

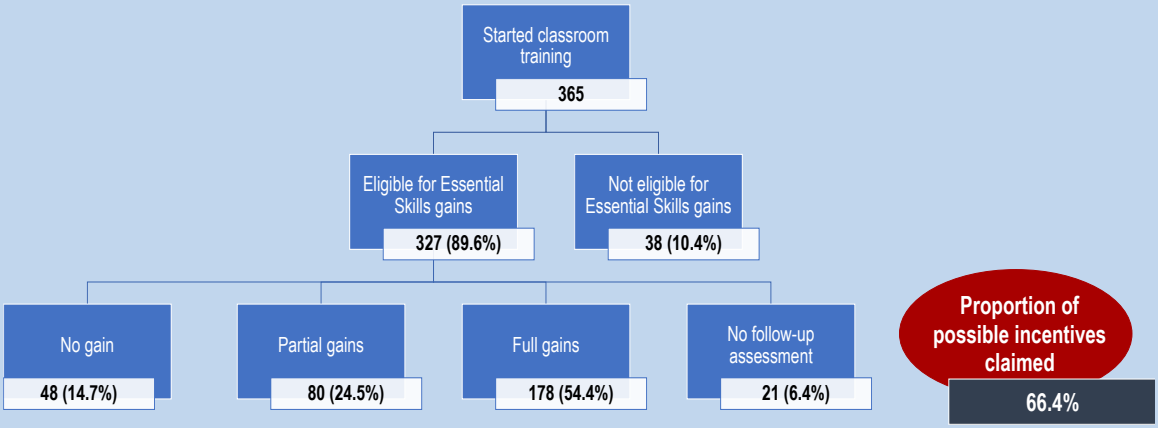
* Skill gains milestones. i.e. Milestone 1 (Document Use and Numeracy gains) and Milestone 3 (Occupation-Specific Essential Skills scores) are examined separately in Boxes 5 and 6.

** Milestones 4 (10% productivity) and 6 (placed on production floor) are not shown, because attrition rates between Milestones 4 and 5, and between Milestones 6 and 7, are very low.

Box 5 A closer look at milestone 1 (Essential Skills gains)

As a result of the large average gains in Essential Skills among OFE participants, attainment rates for Milestone 1 (document use and numeracy gains) were quite high. Ten per cent of the sample were not eligible for the milestone because their baseline scores were too high.* Of those who were eligible, 54 per cent registered gains of 25 points or more on either document use or numeracy, resulting in full incentive payments. Another 25 per cent registered gains of less than 25 points in both skills, resulting in partial incentive payments. Overall, OFE received 66 per cent of possible incentive payments for Milestone 1, as a result of large Essential Skills gains made by lower-skilled learners.

Milestone 1 attainment



Sources: Essential Skills Group (ESG) Assessments & OFE/SRDC invoice tracking sheet.

*In order to focus provider attention on the less skilled, eligibility was restricted to those with baseline scores more than one standard deviation lower than the level 3 threshold score.

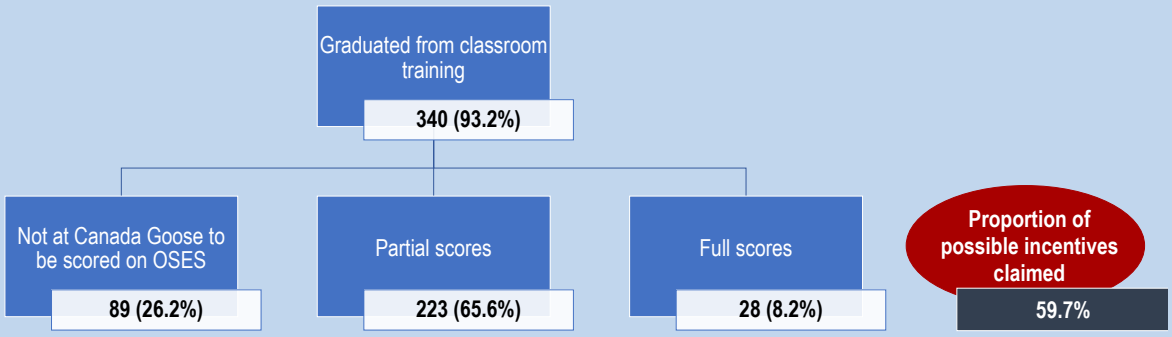
Box 6 A closer look at milestone 3 (occupation-specific Essential Skills)

An important goal for OFE was to prepare learners in the occupation-specific Essential Skills (OSES) they would need to effectively perform task-based technical training in the workplace. Preparation included developing materials and tools to teach job-relevant numeracy and document use, as well as other skills such as written and oral communication, working with others, thinking and problem solving, continuous learning, and adapting to change.

The OSES assessment tool was developed by WEM as the product of an organizational needs assessment at Canada Goose. It was intended to measure the extent to which trainees were able to effectively perform a wide range of job-related tasks linked with underlying Essential Skills, and was assessed by the employer early in the technical training phase, usually within a week of the learner arriving at Canada Goose.

The results of the OSES assessment show that while relatively few learners were able to get a score high enough for the full incentive payment, many were close, with the result that OFE received 60 per cent of possible incentive payments for Milestone 3. In retrospect, the threshold assessment score for full payment (90%) may have been too high, as the employer indicated that scores greater than 80% showed that the "candidate has demonstrated desired occupational specific essential skills". The median score for participants was 85%.

Milestone 3 attainment



Source: OFE/SRDC invoice tracking sheet.

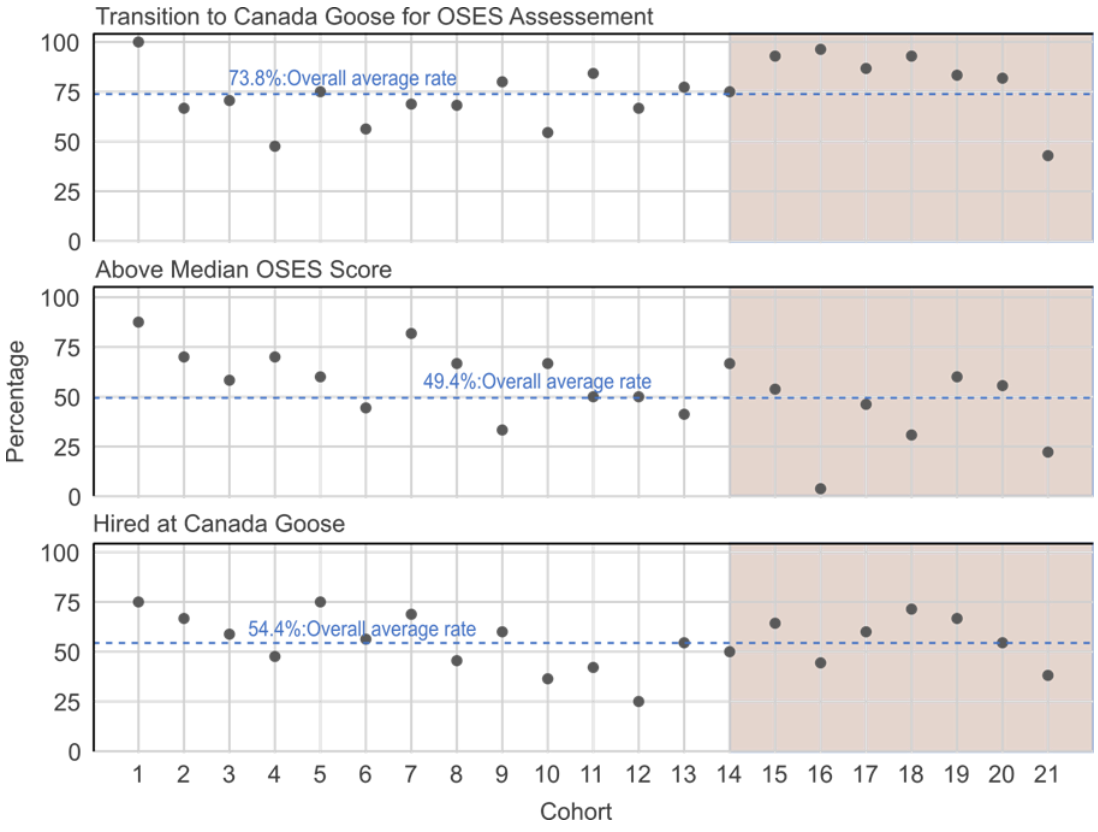
4. Was there improvement in milestone attainment over time?

Many of the candidate screening adaptations to OFE's program model were implemented starting with job seeker cohort 14. To understand whether outcomes changed after these adaptations, we explore the different rates of outcome achievement across OFE cohorts.

The top panel of Figure 5 shows that the proportion of graduates who made the transition from classroom training to the early stages of technical training at Canada Goose was significantly higher among later cohorts. However, the second panel shows that scores on the occupation-specific Essential Skills (OSES) assessment (Milestone 3, an early technical training performance indicator) were significantly lower among later cohorts. Both patterns remain when baseline participant characteristics are controlled for, indicating that they are not due to changes in recruitment.

The final panel of Figure 5 shows that higher transition rates but lower OSES scores largely cancelled each other out, with the result that hiring rates were no higher for the last eight cohorts than they had been for the first thirteen. One interpretation of these results is that the classroom innovations allowed additional people who had been selected out in earlier cohorts to make the transition to technical training, but that many of individuals were on average less suited to the specific technical requirements of the job and were thus unable to continue.

Figure 5 Proportion of individuals achieving outcomes, by cohort



5. Did early milestones act as "tipping points"?

We examine whether gains participants made during training acted as “tipping points” – i.e., whether gains made at early stages of training enabled later training performance and, ultimately, successful employment outcomes. More specifically, we look at two kinds of gains associated with classroom training:

1. Gains in two Essential Skills (Numeracy and Document Use) (Milestone 1); and
2. Gains in self-reported survey measures, such as career adaptability, attitudes towards learning, and understanding and thinking. Some of these measures may be linked with Essential Skills such as problem solving/thinking, oral communication, and continuous learning.

We further examine whether gains in these measures are linked with:

1. Subsequent performance on the occupation-specific Essential Skills (OSES) assessment in the early stages of technical training at Canada Goose (Milestone 3); and ultimately
2. Attainment of the 20 per cent productivity level required for employment at Canada Goose (Milestone 5).

Overall, the results (described in detail below) suggest that gains in numeracy achieved in the classroom (Milestone 1) acted as tipping points to success on the workplace-based OSES assessment (Milestone 3), which in turn increased the likelihood of attaining 20% productivity and gaining employment at Canada Goose (Milestone 5). In addition, the great majority (80%) of those hired at Canada Goose tended to stay for at least 6 months and almost two-thirds were still there at 12 months, so Milestone 5 acted as an effective tipping point for achieving Milestones 7, 8, and 9. In general, the link between pre-employment performance milestones and employment outcomes is encouraging, and suggests that Essential Skills training was well-aligned with job skill requirements.

Though Essential Skills other than numeracy and document use were not explicitly part of the performance milestone framework, the presence of the OSES assessment milestone may have provided motivation for OFE to emphasize underlying job-related “soft” Essential Skills such as oral communication, continuous learning, and thinking. Furthermore, the importance of OSES performance as a predictor of employment provides indirect evidence that OFE was able to effectively train participants in these soft skills.

More direct evidence that OFE provided effective training in job-related soft skills is illustrated by the fact that gains in survey-based measures – such as career adaptability, attitudes towards learning, and understanding/thinking – are linked with either positive early transitions to Canada Goose technical training or successful employment.

Indeed, Tables 12 and 13 show that there were significant gains in most (though not all) “tipping point” outcomes linked with employment success, whether these outcomes were explicitly incentivized (numeracy) or not (career adaptability, attitudes towards learning). The exception was understanding/thinking, where average gains among participants were not significantly different

from zero, though it was a key predictor of employment success for those who were able to obtain gains.

Thus, while the milestone-based framework mostly worked to foster training innovations in areas related to job performance, it also offered useful lessons in what may happen when incentives are not fully aligned with outcomes that reflect job skill requirements – resulting in some cases in significant gains for outcomes that were incentivized, but not linked with employment success (document use) but no average gains for those linked with employment success but not incentivized (understanding/thinking).

Relationship between numeracy, occupation-specific Essential Skills, and employment

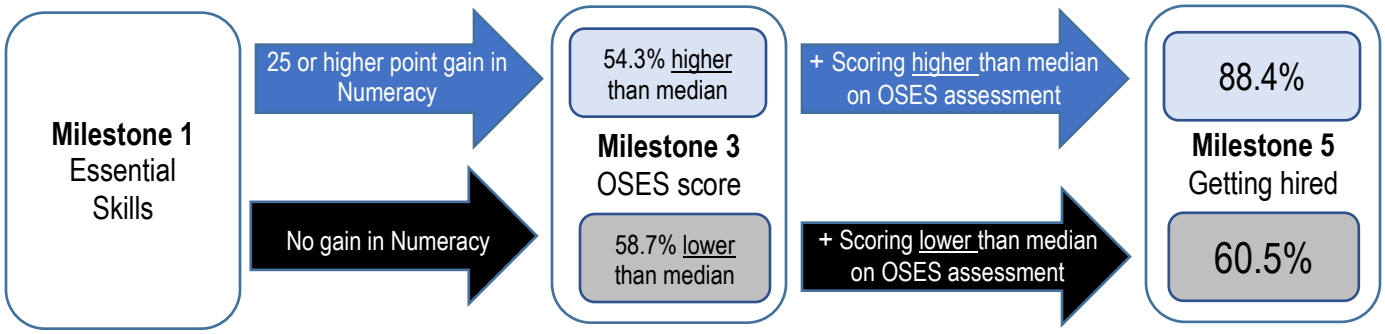
In order to examine the connection between classroom gains in numeracy (Milestone 1) and occupation-specific Essential Skills (OSES) scores (Milestone 3), we used a statistical technique known as multivariate regression which allows us to control for all measures other than numeracy gain than might impact OSES scores, such participant gender, age, education, employment history, immigration status, starting skill level, etc. In doing so, we are effectively asking whether a participant who made a large numeracy gain during the classroom portion of the training would go on to score higher on the workplace OSES assessment than an otherwise demographically identical participant who made a smaller gain.

As illustrated in Figure 6, the answer is yes. When demographic and all other measures are held at the sample average, numeracy gains are a significant predictor of OSES score. Twenty-five point or higher gains in numeracy tipped participants towards a higher than median OSES score, while no gain in numeracy made it more likely that an otherwise identical participant scored below the OSES median.[2]

Furthermore, those who scored higher than the sample median on the OSES assessment were significantly more likely to get hired. Our multivariate analysis shows that a demographically average participant with a 25-point or higher numeracy gain and higher than median OSES score had an 88% likelihood of being hired – compared to 60% likelihood of being hired for an otherwise identical participant with no gain in numeracy and below median OSES score. In general, gains in numeracy attained in the classroom (Milestone 1) made it more likely that a participant would score higher on the workplace OSES assessment (Milestone 3), which in turn increased their likelihood of being hired (Milestone 5).

[2] The results also suggest that numeracy gains are important for everyone, since the model had more predictive power when it included all learners, not just those eligible for incentive payments.

Figure 6 Probability of getting hired, at different levels of Numeracy gain and OSES score



Sources: Essential Skills Group (ESG) Assessments & OFE/SRDC invoice/tracking sheet.

Notes: Gains in numeracy significantly predict achieving high OSES scores (above median), p<0.1*. Achieving a high OSES score (above median) significantly predicts getting hired at Canada Goose, p<0.01***.

Evidence of a link between numeracy gains and scores on the OSES assessment (developed to track technical training performance) suggests that the provider was able to align and customize its curriculum to prepare participants for the workplace-based tasks they would be required to perform at the Canada Goose training centre.

Furthermore, the link between performance on the OSES assessment and later achievement of productivity standards required for employment suggests that the OSES instrument was well-aligned with Canada Goose's business needs, i.e., that it tapped into a wide range of tasks and underlying Essential Skills required for effective job performance.

In general, early milestone tipping points towards later employment success provide evidence that the model worked as planned, that Essential-Skill based milestones can act as a powerful lever to motivate changes in provider behaviour, and that incentives associated with these milestones paid for things that mattered.

On the other hand, in the interest of reducing data collection burden and developing a more streamlined milestone framework, it is useful to point out that not all early milestones were linked with later success. For example, there was no link between document use gains and either OSES scores or employment. In addition, milestone 4 (10% productivity) was largely redundant with milestone 5 (20% productivity), suggesting that attaching incentives to both was not necessary.

Relationship between other employability measures and employment

We next describe gains in survey measures of employability that were linked with subsequent attainment of workplace milestones.

Figures 7 illustrates that both job search clarity (one of our measures of career adaptability) and attitudes towards learning were significant predictors of transition from classroom graduation at OFE to technical training at Canada Goose.

Those whose job search clarity improved while at OFE were 15 percentage points more likely to make the transition to Canada Goose than otherwise identical participants whose job search clarity declined. In a sector-focused training model, those who gained job search clarity may have become more confident that Canada Goose was a good fit for their skills and interests, while those who lost clarity were more likely to seek other kinds of work.

In addition, those who attitudes towards learning improved at OFE were 15 percentage points more likely to make the transition to Canada Goose than otherwise identical participants whose attitudes towards learning became less positive. These results suggest that openness to new opportunities, and positive beliefs in the value of continuous learning may enable participants to make the transition from the classroom to what was for most of them an unfamiliar workplace.

After making the transition to technical training, participants were next faced with the hurdle of reaching 20% productivity in order to be hired. As illustrated in Figure 8, those who reported improvement in our measure of understanding and thinking (which incorporated ability to concentrate, remember, solve problems, and communicate with others) prior to staring technical training were 13 percentage points more likely to make the transition to training at Canada Goose than otherwise similar participants whose understanding and thinking scores decreased.

These results are consistent with an interpretation that participants who were ready to meet the oral communication and thinking challenges associated with technical training – which required participants to be able to ask questions and understand feedback from trainers, and to be able to concentrate and focus on solving problems when faced with setbacks – were more likely to reach the productivity level required for employment. However, it is important to note that average gains in understanding and thinking – unlike those for numeracy, career adaptability, and attitudes towards learning – were not significantly different from zero (as illustrated in Table 13). Perhaps in some cases providers directed less training focus to tipping point skills that were not incentivized – if so, the performance framework may not have been perfectly aligned with all the skills participants needed to excel at their jobs.

In general, developing measures for soft skills and adding them to the milestone framework along with numeracy and document use would allow providers to track early progress and customize curriculum content for a full range of Essential Skills that matter in the workplace.

Predicting retention milestones

In terms of potential tipping points to job retention, we conducted multivariate regression analyses of characteristics that predicted retention among those who were hired. Results generally showed that skill gains and OSES scores were no longer predictive of being retained once hired. In other words, while classroom gains and performance in the early stages of technical training instrumental to being hired in the first place, what they learned prepared participants to a sufficient extent that once hired, most were retained for at least 6 months and almost two-thirds were retained for 12 months. Put simply, the best tipping point predictor of retention was employment.

Figure 7 Those who whose attitudes towards learning and job search clarity improved at OFE were more likely to make the transition to Canada Goose

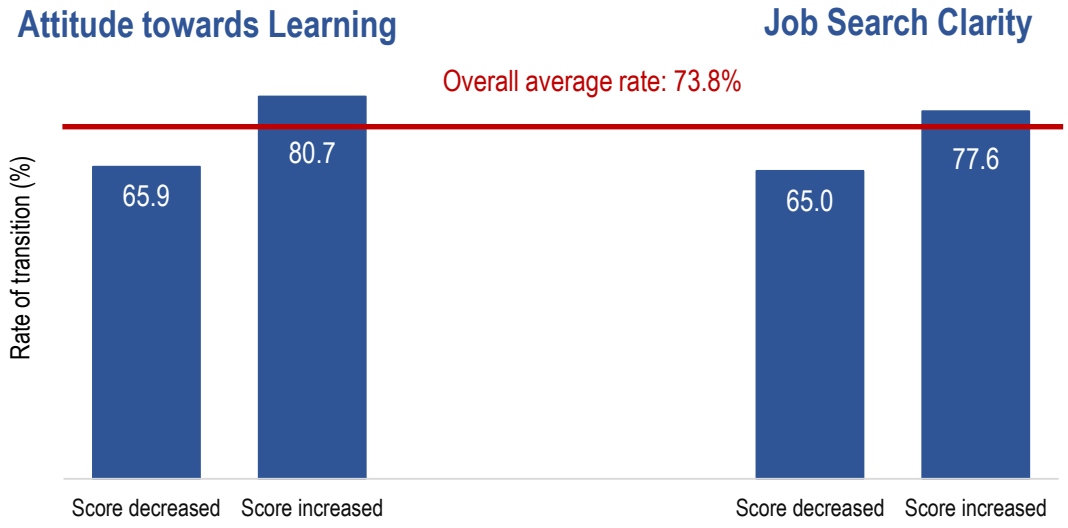
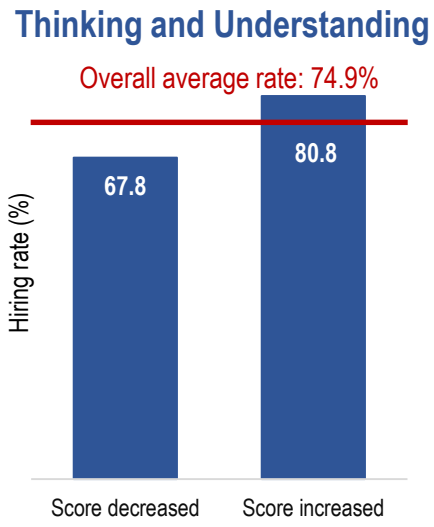


Figure 8 Those who whose self-reported thinking and understanding skills improved at OFE were more likely to be hired after their transition to Canada Goose



Sources: SRDC baseline survey and survey point 2 (post-training survey), and OFE/SRDC invoice/tracking sheet.

Notes: Gains in Attitude towards Learning and Job Search Clarity significantly predict successful transition to Canada Goose, $p<0.05$** in both cases. Gains in Thinking and Understanding significantly predict being hired after transition, $p<0.05$**.

6. To what extent were participant characteristics like gender, age, immigration, Indigenous status, education, employment history, and starting skill linked with employment?

The previous section showed that participants who made larger gains in specific skill areas – numeracy, job search clarity, attitudes towards learning, and understanding/thinking – and those who performed well on the OSES assessment were more likely to make effective transitions to the workplace than demographically identical learners with smaller gains and lower OSES scores.

In this section, we explore whether demographic characteristics make a difference – in other words, whether demographically different participants who reach the same tipping point outcomes in terms of skill gains and OSES scores have the same chances of being hired at Canada Goose. Using the same multivariate regression model, we calculated employment rates for each demographic group while holding constant other characteristics, skill gains, and OSES scores.

The results are illustrated in Figure 9. Each of the blue bars shows the likelihood of getting hired for job seekers with specific baseline characteristics, holding all other factors, including skill gains and OSES scores, constant at the sample average. The red line shows the observed hiring rate for the entire sample of graduates who completed the OSES assessment.

The results indicate that in some cases there were group differences in hiring rates regardless of achievement of tipping point outcomes. Job seekers with characteristics listed in Figure 9 were less likely to be able to leverage their skills gains into employment at Canada Goose, compared to the rest of the sample with the same gains. These job seekers include:

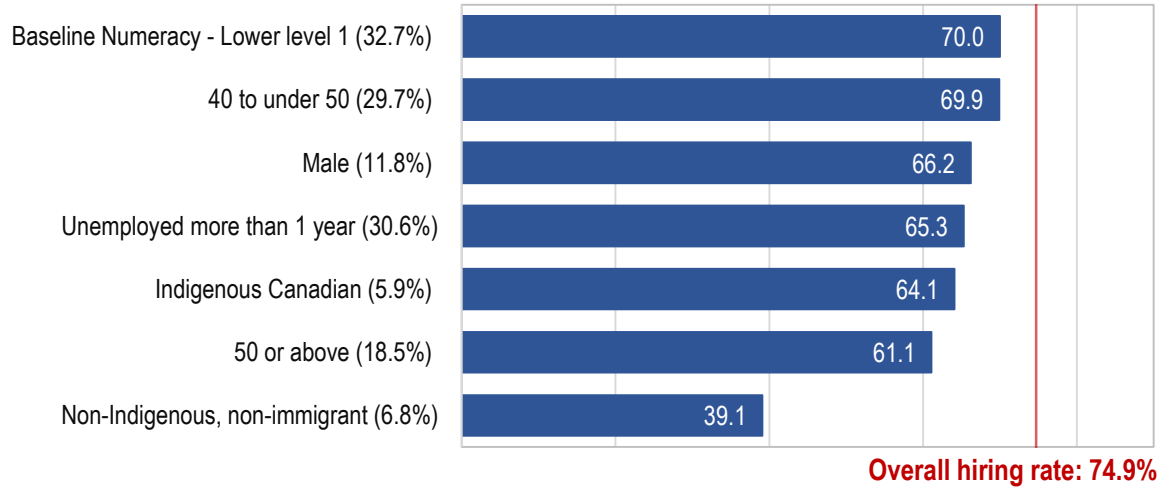
- Lower-skilled job seekers – i.e., those entering the program with lower level 1 baseline numeracy skills
- Older job seekers – aged 40 and over
- Non-immigrants – both Indigenous and non-Indigenous, Canadian-born workers
- Those more distant from the labour market – i.e., unemployed for more than a year
- Men.

Interestingly, education level was not a significant factor, suggesting that for this sector-focused model, existing educational attainment was not as important as training gains in predicting success on the employment pathway.

There is no evidence that any of the groups with lower hiring rates were any less likely to benefit from training – skill gains were broadly distributed among all demographic groups. OFE update reports suggest that about two-thirds of those not hired at Canada Goose left of their own accord, while the other third were let go during technical training. In either case, the fact that some groups were less able than others to leverage their skill gains into employment may reflect the dominant cultural norms within the workplace, which has historically tended to hire younger female immigrants.

These results suggest that consideration might be given to adjusting incentive payments to reflect the greater effort required to obtain positive employment outcomes for participants with demographic characteristics that deviate from those of existing workers in the sector.

Figure 9 Hiring rates at Canada Goose among different participant groups



Sources: SRDC baseline survey and OFE/SRDC invoice/tracking sheet.

Notes: The following baseline characteristics are significantly linked with a lower probability of getting hired at Canada Goose: Baseline Numeracy – Lower Level 1, p<0.05**; 40 to under 50, p<0.01***; Male, p<0.1*; Unemployed for more than 1 year, p<0.1*; Indigenous Canadian, p<0.01***; 50 or above, p<0.01***; Non-Indigenous, non-immigrant, p<0.05**.

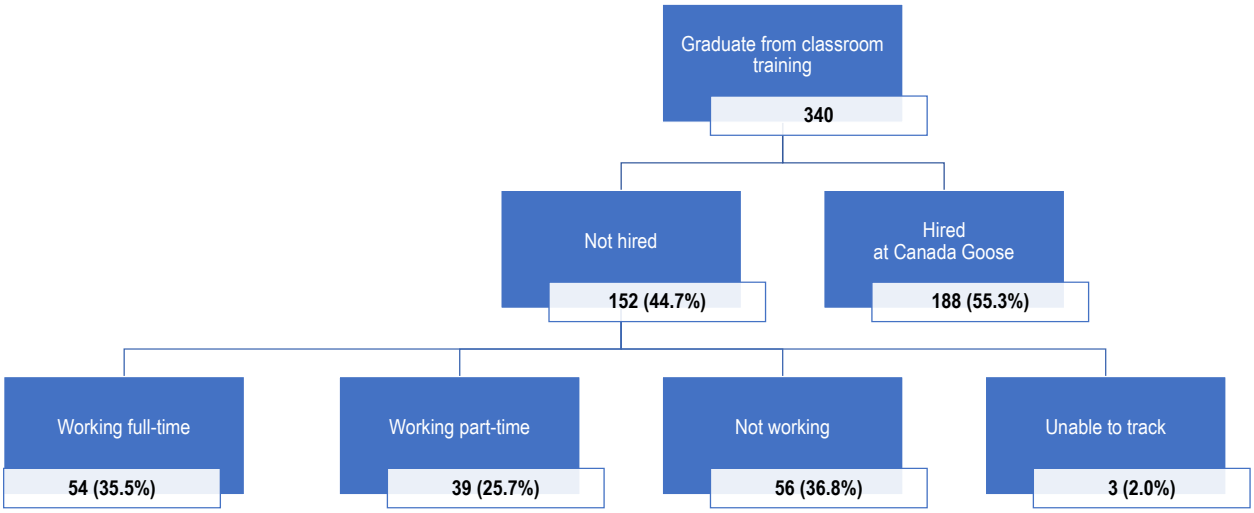
7. What alternative employment pathways did OFE participants take?

Though OFE's training model was focused primarily on developing a range of sector-based occupation-specific skills for a single large employer (Canada Goose), a secondary focus was to develop a range of transferable employability skills to facilitate alternative employment pathways for those who ended up being less suited to the targeted sector/occupation. Indeed, as illustrated in Figure 3, the performance framework included incentive payments each time those who failed to get hired at Canada Goose found alternative employment (Milestone 5a: full payments when participants were working the equivalent of full-time hours at Canada Goose, partial payments based on weekly hours worked otherwise).

In order to identify the employment outcomes of learners who left Canada Goose before being hired, SRDC conducted three follow-up surveys and combined this information with OFE's participant tracking for Milestone 5a, thus obtaining alternative employment information for 98% of the 152 OFE graduates not hired by Canada Goose.

Figure 10 shows the employment rates of these participants. Among those who either did not make the transition to training at Canada Goose, or started technical training but did not reach the 20 per cent productivity level required for employment, 61% found a non-Canada Goose job (36% full-time, and 26% part-time) at some point in the 12-month follow-up period. Jobs spanned a wide range of occupations from cashiers, administrative assistants/receptionists, cleaners, special needs/healthcare/childcare assistants and aides, security guards, retail sales, housekeepers, and food and beverage services.

Figure 10 Employment and training rates among those not hired at Canada Goose



Sources: SRDC survey points 3, 4, & 5, and OFE participant tracking.

As in the analysis of employment outcomes of those hired by Canada Goose, we used multivariate regression to examine the extent to which the significant predictors of success in the sector-based pathway were also important in predicting employment outcomes in other sectors. Unlike the group hired at Canada Goose educational attainment, not skill gains, emerged as the most important predictor of labour market attachment outside the sector. As illustrated in Table 14, both university graduates (most of whom were recent immigrants without Canadian credentials, many with limited language skills) and those with a high school diploma or less made significant gains in a range of key skills – in fact there was no significant relationship between magnitude of skill gain and educational attainment.

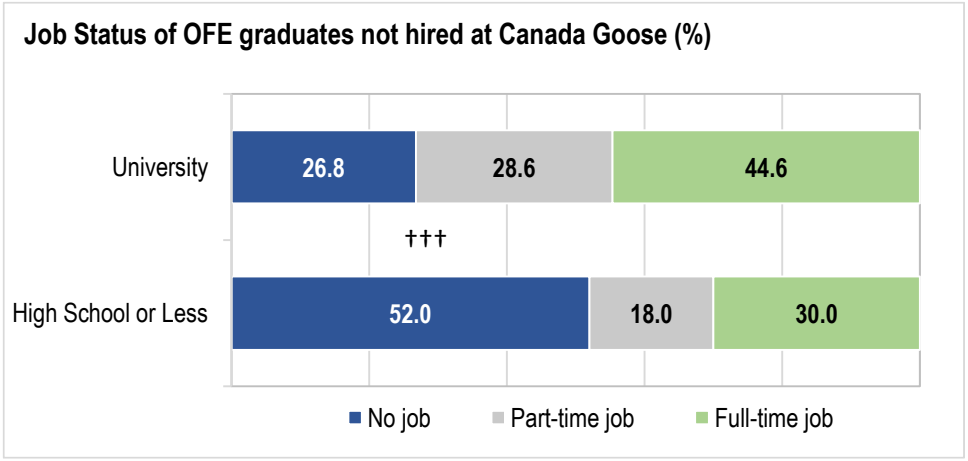
Table 14 Average score gains by education level, among OFE graduates who were not hired at Canada Goose (N=102)

	High School or Less		University	
Career Adaptability				
Job search clarity	0.19	*	0.42	***
Career planning	0.16		0.29	***
Job search self-efficacy	0.44	***	0.35	***
Career decision-making self-efficacy	0.37	***	0.34	***
Essential Skills				
Numeracy	27.24	***	28.07	***
Document use	14.48	***	12.80	**

Notes: Though the table shows only observed gains made by each group; the same pattern of results emerges after adjusting for demographic and baseline skill differences between the two groups. Differences from 0 were tested with t-tests. Statistical significance is denoted by stars: * = 10%, ** = 5%, *** = 1%. For each skill gain, differences between groups were also tested with t-tests – none were significant.

However the employment results illustrated in Figure 11 suggest that those with a higher level of education were better able to leverage their skills gains into employment in other sectors. While 45% of those with a university education who were not hired at Canada Goose were able to find a full-time jobs in another sector – and only about a quarter remained unemployed over the entire 12-month period – only 30% of those with high school or less found full-time work, while more than half remained unemployed. These results are in marked contrast to those presented above for the sector-focused pathway, where skill gains and not educational attainment were the key to getting employment.

Figure 11 Job status by education level



Notes: The figure shows observed employment rates for each group; the same pattern of results emerges after adjusting for demographic and baseline skill differences between the two groups. Differences between groups were tested with t-tests. Statistical significance is denoted by daggers: † = 10%, †† = 5%, ††† = 1%.

Outcomes for PATH and NSCC

PATH milestone attainment rates

In the final two sections, we briefly summarize milestone attainment rates among the other two providers – PATH and Nova Scotia Community College (NSCC). Both providers had considerably smaller samples than OFE, and both had significant challenges in tracking participants through the milestones, especially once participants left the classroom.

Table 15 illustrates milestone attainment rates among PATH participants. Rates are only available for early 'ready to learn' milestones that were set up especially for this multi-barriered group to reflect their greater distance from the labour market and lower readiness to engage in technical training.

As illustrated in Table 15, 42% of PATH participants demonstrated full (25 points or higher) or partial gains in numeracy and/or document use (Milestone 2). About 30% made full or partial gains in career adaptability (Milestone 3), and 30% were able to make gains in learning and support indicators (Milestone 4). PATH actually did quite well in terms of facilitating gains among participants who completed the online surveys and assessments put in place to measure these milestones – the relatively low rates of gain in the table are primarily the result of low response rates, i.e., participants who failed to complete either a baseline or a follow-up survey/assessment.

Response rates dropped markedly after the departure of SRDC's field researcher, who had been engaged in helping to develop and implement a survey/assessment completion protocol with simple login requirements (first name, last name, and year of birth) at PATH. As a result, SRDC implemented a plan to provide more supports to enable PATH to administer the instruments, resulting in improved response rates, though rates never returned to the levels they had been at when in-person, on-the-ground support was available.

In addition, tracking participants after they left the classroom was an ongoing challenge for PATH, even after SRDC and PATH implemented a strategy to reconnect with participants and conduct short follow-up surveys to track post-program milestones. Due to lack of data, we are unable to comment on whether participants were able to leverage their skill or other gains into post-training milestones such as enrolling in further education or finding employment.

Difficulty in tracking milestones (thus leaving potential incentive money on the table), even when participants were present and online measurement tools were in place, suggests that we may have underestimated the fundamental lack of data collection capacity among service providers, and that further training or other forms of capacity building may be needed in future iterations of a pay for success model.

Table 15 PATH milestone attainment

Milestones	Number	Per Cent
Enrolled in Gateway to Literacy (Total # of cohorts: 4)	85	
Milestone 1: Employment Learning Plan	83	97.7
Milestone 2: Essential Skills gains		
No gain	7	8.4
Partial gains	13	15.7
Full gains	22	26.5
Missing baseline and/or follow-up assessment(s)	41	49.4
Percentage of maximum possible incentives claimed	**28.2**	**34.0**
Milestone 3: Career adaptability gains		
No gain	22	26.5
Partial gains	14	16.9
Full gains	10	12.0
Missing baseline and/or follow-up assessment(s)	37	44.6
Percentage of maximum possible incentives claimed	**16.3**	**19.6**
Milestone 4: Learning and support gains		
No gain	21	25.3
Partial gains	24	28.9
Full gains	1	1.2
Missing	37	44.6
Percentage of maximum possible incentives claimed	**11.3**	**13.6**
Milestone 5: Moving on to further education		
Yes	2	2.4
Missing	81	97.6
Percentage of maximum possible incentives claimed	**2**	**2.4**
Milestone 6: Completion of further education		
Milestone 7: Moving on to employment	It proved challenging for PATH to track participants after they left the classroom, thus no incentives were claimed for Milestones 6 to 10.	
Milestone 8: Retained after 3 months		
Milestone 9: Retained after 6 months		
Milestone 10: Retained after 12 months		

Sources: SRDC baseline survey and survey point 2 (post-training survey, & Essential Skills Group (ESG) assessments.

Notes: All participants eligible for each milestone payment are included in the calculation of maximum possible incentives claimed, even if they did not complete the follow-up assessment. "No gain" refers to those who completed the assessment but showed no improvement in scores.

Nova Scotia Community College (NSCC) early milestone attainment rates

Table 16, 17, and 18 illustrate milestone attainment rates among learners in the three NSCC program models: Academic & Career Connections (ACC), Construction Association of Nova Scotia Works (CANS), and the Construction Trades Labour (CTL) program at Wagmatcook First Nations Learning Centre.

For the ACC program (Table 16), 72% of cohorts 1 and 2 were able to finish both terms of the ACC program (Milestone 3). There was difficulty in getting cohort 1 students to complete paper-based Essential Skills assessments, until NSCC switched to the shorter online assessments being used by the Manitoba providers. As a result, a relatively small number of Essential Skills gains were reported (Milestone 4).

Even in cohort 2, there was a 27% non-response rate for Essential Skills assessments, revealing that NSCC, like PATH, had difficulty tracking even in-class milestones. NSCC also reported ongoing challenges in tracking ACC learners beyond their graduation from the program, resulting in low attainment rates of post-program milestones (enrollment into and completion of further postsecondary education).

Table 16 Milestone attainment, NSCC, ACC program

Milestones	Number	Per Cent
Milestone 1: Enrollment	86	
Cohort 1	43	
Cohort 2	33	
Cohort 3	10	
Milestone 2: ACC Term 1 Completion	**75**	**87.2**
Milestone 3: ACC Term 2 Completion*	**55**	**72.4**
Milestone 4: Essential Skills**		
No gain	4	12.1
Partial gains	12	36.4
Full gains	7	21.2
Missing	9	27.3
Percentage of maximum possible incentives claimed	**12.6**	**38.2**
Milestone 5: Enrollment in Further Education*		
Yes	17	22.4
Missing	59	77.6
Percentage of maximum possible incentives claimed	**17**	**22.4**
Milestone 6: Term 1 Completion (Further Education)*		
Yes	15	19.7
Missing	61	80.3
Percentage of maximum possible incentives claimed	**15**	**19.7**

Milestones	Number	Per Cent
Milestone 7: Term 2 Completion (Further Education)*		
Yes	10	13.2
Missing	66	86.8
Percentage of maximum possible incentives claimed	**15**	**19.7**

Sources: NSCC administrative data and Essential Skills Group (ESG) assessments.

Notes: (*) Information related to Milestone 3, 5, 6, and 7 was available for Cohorts 1 and 2 only.

(**) Information related to Milestone 4 was available for Cohort 2 only.

For CANS and CTL (Tables 17 and 18, respectively), small groups of learners were enrolled into programs that combined classroom training with work placements, leading for successful learners to certification and employment.

CANS targeted job seekers with less than high school. As illustrated in Table 17, seven of the 13 enrollees were able to complete the two terms of class work (Milestone 3), and six went on to complete their work placement (Milestone 5) and employment (Milestone 8). Five of the 13 got full or partial gains in document use and/or numeracy (Milestone 7).

NSCC reported ongoing challenges in tracking CANS learners beyond their graduation from the program. As a result attainment rates of later milestones (job retention) are unavailable.

Table 17 NSCC milestone attainment, CANS Works program

Milestones	Number	Per Cent
Milestone 1: Enrollment	13	
Milestone 2: Term 1 Completion	10	76.9
Milestone 3: Term 2 Completion	7	53.8
Milestone 4: Matched to Employer	7	53.8
Milestone 5: 24-week Work Placement	6	46.2
Milestone 6: Graduation	6	46.2
Milestone 7: Essential Skills		
No gain	2	15.4
Partial gains	3	23.1
Full gains	2	15.4
Missing	6	46.2
Percentage of maximum possible incentives claimed	2.9	22.5
Milestone 8: Further Education or Employment	6	46.2
Milestone 9: Retained after 3 months	It proved challenging for NSCC to track participants after they left the classroom, thus no incentives were claimed for Milestones 9 to 11.	
Milestone 10: Retained after 6 months		
Milestone 11: Retained after 12 months		

Sources: NSCC administrative data and Essential Skills Group (ESG) assessments.

CTL targeted job seekers with high school. As illustrated in Table 18, all six enrollees were able to complete the two terms of class work (Milestone 3), and all six went on to complete their work placement (Milestone 5). Four of the six got full or partial gains in document use and/or numeracy (Milestone 4).

As with ACC and CANS, NSCC reported ongoing challenges in tracking CTL learners beyond their graduation from the program. As a result attainment rates of later milestones (employment and job retention) are unavailable.

Table 18 NSCC milestone attainment, CTL program

Milestones	Number	Per Cent
Milestone 1: Enrollment	6	
Milestone 2: Term 1 Completion	6	100
Milestone 3: Term 2 Completion	6	100
Milestone 4: Essential Skills		
No gain	2	33.3
Partial gains	3	50
Full gains	1	16.7
Percentage of maximum possible incentives claimed	**2.1**	**34.7**
Milestone 5: 5-week Work Placement/Graduation	6	100
Milestone 6: Further Education or Employment **Milestone 7: Retained after 3 months** **Milestone 8: Retained after 6 months** **Milestone 9: Retained after 12 months**	It proved challenging for NSCC to track participants after they left the classroom, thus no incentives were claimed for Milestones 7 to 9.	

Sources: NSCC administrative data and Essential Skills Group (ESG) assessments.

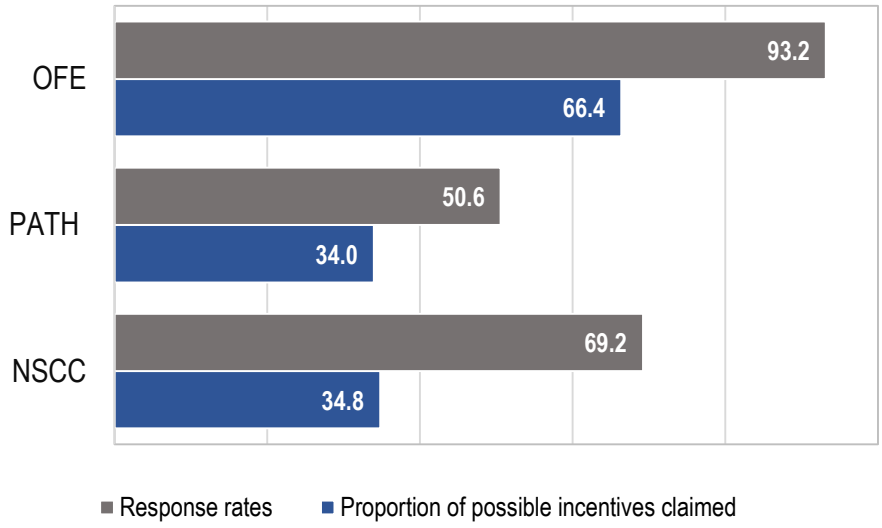
Comparing Essential Skills and other gains across providers

Proportion of Essential Skills milestones claimed

Figure 12 provides a snapshot of Essential Skills gains, for which the same online assessment tool and milestone definition (25+ point gains in document use or numeracy) were used across all three providers. In each case, milestone attainment and incentive claims were a function of: a) the response rate, i.e., the proportion of participants who completed both baseline and follow-up assessments so their skill gains could be measured (illustrated by the grey bars), and b) magnitude of skill gains among those with baseline and follow-up assessments, which would determine the proportion of possible incentives claimed for the Essential Skills milestone.

OFE was able to obtain both a very high response rate (93%) and large skill gains among those who responded, allowing them to claim about two-thirds of the maximum possible incentive payments for this milestone. As described above, PATH had difficulties organizing online assessments without onsite support, so their response rate was much lower (51%). Though participants generally had large skill gains, allowing PATH to claim about two-thirds of the maximum possible incentive payments among those who responded, the low response rates meant that the overall rate of Essential Skills milestones claimed was only 34%. NSCC had a higher response rate than PATH (69%), but lower participant skill gains, so that their rate of maximum possible Essential Skills milestones claimed was about the same (35%).

Figure 12 Response rates and proportion of possible incentives claimed for milestones associated with Essential Skills gains



Note: NSCC results combine the ACC 2015 cohort, CANS, and CTL, while excluding the ACC 2014 cohort (which used a longer paper-based version of the Essential Skills assessment), and the ACC 2016 cohort (whose Essential Skills follow-ups had not been completed by the time the invoicing period ended).

Average gains in skills, employability, and well-being

As illustrated in Tables 12 and 13 in previous sections, OFE participants made substantial gains in Essential Skills (average 19-point gain in numeracy, and 11-point gain in document use). However, there were also significant gains in measures that were not part of OFE's performance milestone framework, including career adaptability, receptivity to continuous learning (attitudes towards learning scale), availability of social supports, self-esteem, self-care, and general life satisfaction.

Tables 19 and 20 summarize gains made by PATH and NSCC participants across a similar range of measures. Similar to OFE, PATH clients had an average numeracy gain of 18 points; however their average gain in document use was statistically indistinguishable from zero (see Table 19).

PATH participants also showed significant average gains in several other measures, most of which, like Essential Skills, were integrated into PATH's 'ready to learn' performance milestone framework. For example, there were significant gains in measures of career adaptability such as career decision-making self-efficacy and job search self-efficacy, as well as in receptivity to continuous learning and social supports. In addition, there was a significant average gain in overall life satisfaction.

Table 19 Gains in Essential Skills and other measures among PATH participants

	Baseline	Follow-up	Difference	
Essential Skills				
Numeracy	170.0	187.5	17.5	***
Document Use	215.1	211.9	-3.2	
Career Adaptability				
Career Planning	3.01	3.11	0.10	
Career Decision-making Self-efficacy	3.21	3.39	0.19	**
Job Search Clarity	3.21	3.37	0.16	
Job Search Self-efficacy	2.94	3.18	0.24	**
Other Measures				
Attitudes towards Learning	3.73	3.94	0.21	*
Self-esteem	3.29	3.33	0.04	
Social Support	3.06	3.38	0.31	**
Self-care	3.85	3.95	0.09	
Life Satisfaction	5.54	6.26	0.72	**

Notes: 47 participants completed both the baseline and follow-up (Survey Point 2) survey. Differences were tested with t-tests. Statistical significance is denoted by asterisks: * = 10%, ** = 5%, *** = 1%. All measures are assessed on a 5-point scale, with the exception of Life Satisfaction (10-point scale).

As illustrated in Table 20, ACC clients' gains in numeracy and document use (part of NSCC's performance milestone framework) were statistically indistinguishable from zero. However, because the online assessment tool was not used for cohort 1, the sample available for both baseline and follow-up assessments was small (42% of enrollees), making it difficult to generalize the results.

ACC participants also showed significant average gains in a few other measures that were not part of NSCC's performance milestone framework, including academic engagement, career decision-making self-efficacy, and overall life satisfaction.

For both PATH and NSCC, average pre-to-post program changes in several other measures tended to generally go in the right direction (i.e., gains instead of losses), but failed to attain statistical significance. Because the sample of participants who were assessed at both baseline and follow-up was small at both sites, it was more difficult to establish statistical significance – that is, to distinguish between a result that likely represents a 'real' gain and one that could have happened by chance.

Table 20 Gains in Essential Skills and other measures among ACC learners at NSCC

	Baseline	Follow-up	Difference	
Essential Skills				
Numeracy	222.09	213.06	-9.03	
Document Use	240.09	243.06	2.97	
Continuous Learning				
Attitudes towards Post-secondary Education	3.95	3.93	-0.02	
Attitudes towards Learning	4.08	4.22	0.14	
Academic Engagement	3.30	3.76	0.46	***
Career Adaptability				
Career Planning	3.99	4.14	0.15	
Career Decision-making Self-efficacy	3.55	3.93	0.38	***
Job Search Clarity	3.83	3.83	0.00	
Other Measures				
Self-esteem	3.10	3.17	0.07	
Social Support	3.64	3.57	-0.08	
Life Satisfaction	6.59	7.48	0.90	**

Notes: 30 participants completed both the baseline and follow-up (Survey Point 2) survey. Differences were tested with t-tests. Statistical significance is denoted by asterisks: * = 10%, ** = 5%, *** = 1%.

6. Relevance, utility, feasibility

To understand how the implementation of the Pay for Success project provided value for stakeholders, we consider the degree to which it allowed service providers, employers, and governments to better meet their goals. We also consider the project's feasibility in order to determine whether it could be reproduced in other contexts or on a larger scale.

The findings below stem from depth interviews SRDC conducted with key staff members at all three providers, as well as Canada Goose management.

Relevance and utility for service providers

Innovations in service delivery

What innovations in service delivery occurred?

- **Building more comprehensive supports necessary for participant success –** Both PATH and OFE found that building Essential Skills programming into their existing models has allowed them to better serve job seekers who face Essential Skills gaps, and support them in achieving outcomes. At PATH, several job seekers indicated a goal to pursue academic upgrading and attain high school diplomas. PATH staff have noted that being able to deliver Essential Skills programming increased their capacity to serve participants by allowing them to address skill gaps before participants progress to other programs. At OFE, the introduction of a basic Essential Skills module allowed a broader range of individuals to enter the Employment Partnership Program.
- **Thinking about services as a pathway –** By incentivizing providers to help job seekers achieve multiple milestones along their employment and learning pathway, the Pay for Success demonstration encouraged providers to be more thoughtful about the connection between Essential Skills training, the needs and expectations of employers, and the long-term goals of participants. This approach encouraged providers to more carefully plan how service components at different points along the pathway fit together to meet participant needs and ultimately contribute to long-term outcomes.

  This "pathway" approach to program design was especially evident at OFE, which implemented sector-focused suitability assessments even before participants began classroom training, developed a curriculum designed not just to hit in-class Essential Skills targets at Milestone 1 but also to align with job requirements and prepare participants for post-program success in the occupation-specific Essential Skills assessment (Milestone 3), offered onsite job coaching to support participants struggling to attain the productivity levels required for employment (Milestone 5), and continued to track participant progress 12 months after employment.
- **Working more closely with employers, understanding specific needs, and aligning training activities with job requirements –** One of the most innovative aspects of OFE's Employment Partnership Program was the ongoing engagement and collaboration with Canada Goose to ensure that the program met the needs of both the employer and job seekers.

Representatives from both Canada Goose and OFE attributed the success of the partnership and model to high levels of trust and open lines of communication. The strong working relationship with Canada Goose helped OFE develop a curriculum that prepared job seekers for the technical job requirements of Canada Goose while also building the softs skills needed to succeed in the workplace. Representatives from Canada Goose noted that the participants who arrived at Canada Goose from OFE already understood the culture and values of the organization and were well positioned to succeed. In addition, the technical components of the Essential Skills training curriculum were adapted throughout the implementation process to give participants the best possible chance of achieving permanent employment status.

On a smaller scale, the NSCC CANS Work curriculum was designed in collaboration with the Construction Association of Nova Scotia, which represents employers in the construction sector, to ensure that students would have the specific skills to succeed in the construction industry. Since a core component of the program is work experience with Association member employers, NSCC leveraged the Association's knowledge of employer needs to build a curriculum that could efficiently train learners to meet the needs of employers in the construction sector.

- **Providing better retention supports –** All three Pay for Success providers implemented new service components designed support participant retention in the classroom portions of the program. These changes were directly related to the milestones that had been developed for each model. In addition, OFE implemented ongoing job retention supports, including an on-site employment coach, for job seekers after they joined the training centre at Canada Goose to ensure that supports continued to be available for individuals who faced challenges in the workplace. This level of employer engagement and participant support was entirely new to OFE and is unique to the Employment Partnership Program. The other two providers, however, were not able to monitor job seeker progress and thus could not identify or re-engage job seekers who required additional post-program supports.

Do service providers view these innovations as addressing significant challenges?

- **Rapidly connecting suitable job seekers to employment** – The sectoral approach taken by OFE and NSCC allowed each provider to connect suitable job seekers to employment opportunities in a relatively short time frame, in spite of substantial gaps between job seeker skills and industry requirements. In the case of OFE, the sector-based approach led to innovations in participant suitability screening, training and employment preparation, and on-the-job retention supports. NSCC improved their capacity to provide targeted training which gives learners the core skills to succeed in the construction sector and to connect them to work experience opportunities in the sector which frequently result in employment.

  For both providers, the particular sectoral model they developed was only relevant for the subset of their clientele for whom the sector was of interest and who had or could develop the fundamental skills required by the sector. However, using similar principles to design milestone-based pathways for other high-need sectors have the potential to make these models very effective for a wide range of job seekers.

- **Better supporting job seekers further from labour market** – In the case of NSCC, innovations driven by the Pay for Success model helped them support participants who otherwise may have face substantial barriers to program completion and/or successfully entering the labour market. Both the CANS Works and the Construction Trades Labourer program served participants who historically have had relatively low rates of completion of NSCC programming. NSCC staff credited program innovations for the high retention rate in the Constructions Trades Labourer program, including the community delivery approach and integration with actual workplace opportunities through the work experience component. While results for the CANS Works program are more mixed, NSCC staff still viewed the work experience component as promising for connecting individuals with substantial skills gaps to employment, noting that the majority of those who completed work experiences were immediately hired by their placement employers.

  While PATH has historically served job seekers who are distant from the labour market, they reported that the program innovations introduced through the project have substantially improved their capacity to serve these job seekers. Prior to implementing the Gateway to Literacy program, PATH programming did not include any Essential Skills upgrading, in spite of the fact that staff noted substantial Essential Skills gaps among many job seekers. Since many of these job seekers were aiming to complete their high school education as the next step on their career pathway, the integration of Essential Skills programming at PATH has become a key support in ensuring that they have the necessary foundations to succeed in further educational upgrading.

Value of milestones and incentive payments

Did the milestones allow providers to better articulate outcomes?

- **Clearer measurement and monitoring of intermediate outcomes –** While all three service providers had informally tracked intermediate participant outcomes as part of their usual practice, the introduction of the milestone system helped formalize this process and encouraged providers to consider how intermediate outcomes act as stepping stones to job seeker success.

  For OFE, who developed a new sector-based program based on the Pay for Success model, defining and measuring the most important steps in the job seeker pathway proved crucial for understanding the success of the program and making adaptations in response to particular areas of concern. For PATH, the introduction of milestones related to gains in Essential Skills, confidence, self-efficacy, and career adaptability allowed them to better assess how they are impacting participants in each area. For both providers, the introduction of the milestone system fostered increased capacity measuring and monitoring their own success in producing important intermediate outcomes.

- **Greater focus on long-term outcomes –** In addition to improving measurement of intermediate outcomes, the milestone system incentivized providers to more carefully consider long-term job seeker outcomes, and to develop tools to track this information over a much longer time frame than they had previously.

Though all providers expressed interest in supporting job seekers after they exited services and tracking their long-term outcomes, only OFE was able to develop the capacity to remain in contact with program graduates. Through the Employment Partnership Program, OFE staff were able to remain in contact with, and track the outcomes of a large number of job seekers due to their centralized employment location. In addition, OFE was able to track clients who left the Canada Goose pathway to seek jobs elsewhere.

These tracking innovations facilitated longer-term contact, to support retention and re-engagement of job seekers who needed further supports. There were constraints on this, however – for example, OFE was not permitted to maintain onsite job coaching with participants after they had left the Canada Goose training centre, so retention supports were limited to occasional contact outside working hours.

- **Using milestone data to improve programming** – In addition to helping providers track job seeker outcomes, the milestone data allowed providers to continuously adapt and improve their programming.

  Although representatives from OFE felt that data collection and participant tracking processes were time-consuming, they recognized the importance of using data for continuous improvement. One staff member at OFE emphasized that the information collected allowed them to, "make minor changes to the program really quickly and major changes really effectively. Our decisions were informed by the data and we were able to be really adaptive and responsive in real time." Staff also remarked that the data were useful for communicating program challenges to employer partners and opening up opportunities to develop collaborative solutions.

Were the incentive payments used in different ways than usual funding sources, and did this add value? Was the usage of incentive payments related to improved outcomes?

- **Using incentive payments to develop program-specific supports –** Since the incentive payments were directly linked to participant outcomes, service providers tended to cycle incentive dollars back into programming, to improve those very outcomes.

  OFE used incentive dollars to build their assessment capacity and ability to monitor participant progress and outcomes. Initial incentive payments allowed them to invest in a customized intake assessment process designed to efficiently and comprehensively collect key information about the needs of new participants, as well as to implement tools to track participant employability skills, such as the ESAT assessment.

  Since PATH's classroom space for the Gateway to Literacy project was relatively new, incentive payments were mostly been used to purchase classroom and learning materials. After their initial invoice, staff indicated that they used the new funds to purchase items they would otherwise have been unable to access, such as textbook and IT supplies to support numeracy and document use training. Staff noted that this funding source allowed them to invest in durable resources that could be used to improve programming for both current and future participants.

NSCC staff found the incentives highly valuable in the CANS Works program as a way to provide bursaries to students facing severe financial pressures and at risk of dropping out. By leveraging the payments associated with enrolment and completion of the students' first term, NSCC was able to provide directed financial supports to help ensure that participants were able to remain in the program and achieve further outcomes.

- **Incentivizing partners using milestone payments –** In addition to providing additional participant supports through milestone payments, NSCC was able to use incentive dollars to support partner activities that may not have been possible otherwise. Specifically, NSCC used incentive payments to fund the hiring of a project lead at the Construction Association of Nova Scotia to manage their involvement in the program – a prerequisite of the Association's involvement. In addition, NSCC indicated that the milestone payment for completion of work experience terms in the program was directed to the Association in order to incentivize retention of program participants by member employers.

Challenges and associated costs

Did providers face any challenges in implementing new programming and outcome tracking systems? Did these challenges limit the degree to which they could support job seekers?

- **Difficulties tracking longer-term outcomes and supporting retention –** Both PATH and NSCC noted significant challenges in monitoring participant progress and outcomes once individuals exited programming. This limited their capacity to deliver retention supports to these individuals, and may have affected the long-term retention outcomes of job seekers. PATH attempted to develop, but was ultimately unable to implement a long-term follow-up strategy to maintain contact with job seekers, some of whom may have had no fixed address and/or frequently changing contact information. In NSCC's case, there may have been little institutional history or culture for tracking graduates, and the incentives offered may have been insufficient to change this.
- **Recruiting candidates and screening for suitability –** NSCC reported significant issues in recruiting the target number of students for its CANS Works program. Staff indicated that the initial length of the program may have discouraged some potential participants, as it required 18 months of training prior to entering the labour market. Staff commented that several participants may have dropped out due to the unexpectedly high intensity of the program. More intensive screening may have been helpful in ensuring candidate fit before enrolment.

  While OFE met and exceeded recruitment targets, staff reported that during the early stages of the program a substantial number of participants were found to be a poor fit for the targeted sector after they had enrolled. This mismatch may have diminished the program's effectiveness due to diversion of resources providing inappropriate services to some job seekers, though adaptations were eventually introduced to better screen individuals.

  In each case, service providers concluded that a careful assessment of job seeker needs and goals, accompanied by a clear screening process, was a key requirement for ensuring the effectiveness of intensive and specific sectoral training programs.

- **Collaborating with industry partners –** NSCC noted some difficulties in coordinating the CANS Works program with its industry partner. Staff indicated that more structure may have been necessary to define the roles and responsibilities of each partner, given that each had a different mandate. NSCC was ultimately responsible to its students, while the Construction Association of Nova Scotia ultimately responsibility was to member employers. As a result, disagreements about course design and delivery emerged in several cases, and no enforceable delineation of program responsibilities was available to clearly resolve these issues. Resolving these disagreements added to the administrative burden of delivering the program for NSCC, and they identified coordinating with industry partners as a key challenge faced in the implementation of this program.

Utility for employers

Innovations in hiring, human resource, and training practices

Did working with service providers participating in the program lead to innovations in the way employers hire and carry out human resource and training strategies? What value did these innovations provide for businesses?

- **Engaging employment service providers as a valued hiring channel –** The Pay for Success demonstration opened up new hiring channels for partner employers in Manitoba and Nova Scotia. For Canada Goose, the Employment Partnership Program drastically changed the way they recruit and train job seekers. Prior to Pay for Success, Canada Goose found it difficult to recruit enough skilled workers to sustain and grow their production lines. To date, 188 OFE participants have been hired at Canada Goose and many production lines are now made up entirely of OFE-trained individuals. According to Canada Goose, OFE participants currently represent 60% of new recruits, indicating that the Employment Partnership Program hiring channel has added substantial value for them. They noted that the consistent, reliable supply of new employees from OFE has improved Canada Goose's ability to plan ahead. As a result the company has expanded production in Winnipeg, and has opened a new factory site as a direct result of the program. Building this partnership required a substantial investment of time and resources on the part of OFE, but it helped produce significant value for Canada Goose – future consideration of this model should account for the fact that service delivery organizations may need to expend significant effort in building employer partnerships in order to ensure employer value.

  Employers linked to the CANS Works program in Nova Scotia also had success partnering with NSCC. Four of the six CANS Works participants who completed work experience placements were hired by placement employers by the end of the program, indicating that participating in the work experience component of the program helped these employers meet their hiring needs.

- **Ability to hire a broader range of candidates at differing skill levels –** Working with employment service providers enables employers to hire individuals who wouldn't otherwise have access to similar job opportunities. Representatives from Canada Goose stated that the

Employment Partnership Program allowed them to build talent in individuals they wouldn't have normally hired, as they previously required all candidates to have a minimum level of sewing skill (equivalent to the 20% productivity level) in order to join their training centre. Staff at OFE noted that the program gave them the opportunity to empower staff at Canada Goose to train and hire individuals with diverse backgrounds, including Indigenous job seekers and income assistance recipients. Canada Goose confirmed that diversity at the training centre has improved thanks to their partnership with OFE. The program helped them access a larger pool of labour than they would have otherwise had (due to an undersupply of supply of skilled sewers), and supported the development of more robust hiring and training practices going forward.

- **Development of internal training and performance review processes –** Canada Goose has implemented several changes to their human resources and training strategies as a direct result of Pay for Success. Most notably, Canada Goose developed new performance review processes based on the data collection and performance tracking processes that were developed to monitor OFE participants' progress. All trainees – not just those who participated in the Employment Partnership Program – now receive regular performance reviews. As part of OFE and Canada Goose's joint efforts to improve participant retention, Canada Goose trainers received additional human resources support and management training. These initiatives have added substantial value for the Canada Goose Winnipeg operation as a whole, by building their human resources and employee retention capacity.

Challenges

What challenges did businesses face in working with providers?

- **Clarifying business needs, standards, expectations –** Canada Goose entered the Employment Partnership Program because their traditional hiring channels had run dry, and the program offered new hiring options. However, it also meant that they had to work with a more diverse and less technically prepared population than they had been used to. Since Canada Goose's usual hiring criteria of a minimum required level of sewing skill did not apply in this case, new and more specific suitability criteria for sewing machine operator jobs needed to be built to fairly and effectively screen these new candidates. These standards were initially relatively unclear, making it difficult for OFE to determine which job seekers were best suited for training at Canada Goose, and OFE quickly engaged Canada Goose to co-develop a set of clarified business standards and expectations. As a result of these clarified standards, OFE was able to more objectively assess suitability according to Canada Goose's needs before training and placing job seekers.
- **Working with lower-skilled trainees** – Canada Goose reported some issues associated with working with job seekers with a generally lower sewing skill level than they had previously hired. Canada Goose trainers were required to substantially shift their practices, including adjusting expectations and training approaches to work with individuals with limited sewing experience. Additionally, representatives from Canada Goose noted that there were increases in

health and safety issues and turnover in recruits from the program relative to those recruited through traditional channels.

- **Aligning business practices with service provider mandate for supports –** Reconciling employer and service provider practices was a substantial issue early on in the Pay for Success demonstration. OFE staff made frequent visits to Canada Goose, in order to follow-up with participants and provide retention supports to those who were struggling. While Canada Goose supported these visits, they found that at times this presence was disruptive for some employees and were concerned about potential productivity impacts. Both parties had to develop strategies to resolve conflicts stemming from differences between employer and participant needs and expectations, including approaches that would maintain OFE's mandate to support participants while minimizing the impact on day-to-day operations at Canada Goose.

Did these challenges diminish the value of the program for businesses?

- While these challenges produced stumbling blocks early in the implementation of the model, they did not impact the long-term value of the program for employers. In spite of the effort required to resolve these issues, both OFE and Canada Goose staff generally reported that working through these challenges strengthened the program and the partnership. As a result of addressing these issues Canada Goose has built a more inclusive workplace and training environment, clarified human resources guidelines and employee expectations, and collaborated with OFE to develop a non-disruptive, seamless retention support process that cuts down on employee turnover. Ultimately, these innovations were seen as adding value for Canada Goose by improving their human resources capacities and improving long-term retention.

Feasibility for service providers

The Pay for Success evaluation gave service providers the unique opportunity to pilot test innovative programs with the aim of connecting job seekers to sustainable employment and further education through targeted skills training pathways. The pathways were supported by a system of key participant milestones and incentive payments associated with intermediate and long-term outcomes.

While the program demonstrated substantial innovation in service delivery, it is necessary to understand the degree to which it is feasible to implement across different providers, in varying contexts, and at a potentially larger scale. If aspects of the program are not feasible, it is important to understand why and whether they can be adapted. If the program is feasible, it is important to outline the capacities required to effectively implement it.

Can programming designed to achieve model goals be implemented?

We first assess degree to which service providers were actually able to implement programs designed to accomplish the outcomes laid out by the Pay for Success model. Service providers were asked to deliver programs that could include integrated needs assessment, employment and

learning plans, pre-employment and skills development, job placement, and retention services, while also tracking the key outcomes associated with each activity.

The diverse pilots implemented through Pay for Success demonstrate that a range of service providers can implement programs which closely align with the general Pay for Success model. The Employment Partnership Program implemented at OFE incorporated all of the core components of the model, while the other pilot projects strategically integrated different sets of model components to better fit the goals and contexts of each individual program.

This indicates that the Pay for Success model can be implemented both as a comprehensive sectoral program (as at OFE) and as a flexible approach to supporting individuals in achieving both employment and educational outcomes.

Can these programs reach job seekers, and do these job seekers succeed?

As outlined in Chapter 3, the programs reached a large number of individuals in a variety of contexts. In total, 570 participants were enrolled in programming (exceeding the recruitment target of 500), including 380 at OFE, 85 at PATH, and 105 at NSCC. While some programs faced recruitment issues, especially sector-based programs at NSCC, in general providers were able to meet the challenges of recruiting suitable participants for Pay for Success programs.

In addition, Chapter 5 outlines that nearly all of these job seekers are able to achieve some of the key outcomes outlined in the milestone framework, and where longer-term outcomes were tracked they indicate that a substantial portion have successfully transitioned into sustained employment. While this does not conclusively demonstrate the effectiveness of these programs, it does indicate that large numbers of participants can feasibly achieve a broad range of outcomes.

Can providers effectively and accurately track the model's outcomes?

Finally, for the model to be feasible for service providers it is necessary for them to accurately track the core outcomes outlined in the milestone framework. Indeed, reliable service provider outcome tracking may be a necessary component of the model. While it is possible for third parties to track some outcomes, and possible to track others using government administrative data holdings, both of these approaches may pose substantial barriers to using this model as a performance management system – third-party tracking may be prohibitively expensive at scale, and administrative data generally has long lags between collection and availability.

The three service providers involved in this pilot demonstrated varying capacity to track both intermediate outcomes participants achieved while engaged with the service provider, and longer term employment and education outcomes. For example, working with identical tools and platforms, the three providers varied widely in their capacity to track Essential Skills gains achieved in the classroom (illustrated in Figure 12).

In addition, providers required varying levels of logistical support to track these outcomes. To measure intermediate outcomes, such as Essential Skills gains, training was required to ensure that service provider staff could effectively collect, use, and report outcome data in a reliable and accurate way. In terms of long-term outcomes, only OFE was able to effectively track participants

beyond the classroom and measure both initial employment and job retention. An effort to provide PATH with technical support to follow-up with participants did not bear fruit, as they simply did not have the capacity to implement the instruments provided.

Therefore, it is evident that for the model to work as intended, some providers may require substantial capacity building to monitor the full range of targeted participant outcomes. Training may be required to ensure that service providers are fully capable of tracking intermediate outcomes, and specific tools and strategies may need to be developed for providers to follow up with job seekers to track longer-term outcomes.

A key recommendation stemming from these findings is that evidence from an initial iteration of the Pay for Success model should be used to streamline subsequent iterations and make data collection and participant tracking less onerous for providers. For example, OFE's sector-based model could be streamlined to a smaller set of tipping point milestones that really made a difference for participants – such as key Essential Skills tied to job performance (numeracy, receptivity to continuous learning, and understanding/thinking) and competency-based measures of readiness for and progress through on-the-job training (occupation-specific Essential Skills assessment score, and attainment of 20% productivity) – while avoiding over-measurement of redundant milestones (e.g., it was unnecessary to measure both 10% and 20% productivity, and there were too many retention milestones as the largely the same set of participants were retained at 3 months, 6 months, and placed on the production floor).

Feasibility for employers

As a sectoral model, it is crucial that Pay for Success provides significant value to employers at a low enough cost to employers for them to view it is a viable and desirable hiring option. Ultimately, the model must pass the market test for employers for it to be feasible – does it represent a hiring channel that is a worthwhile addition to the employer's existing hiring practices?

It is important to note that the answer to this question may vary substantially depending on the sector targeted by a given implementation of the model. Since labour and skills needs can vary substantially by sector and market, it is important to carefully consider each when assessing the feasibility of a sectoral training model, and that its relative success for one sector may not translate to others.

In the case of the OFE Employment Partnership Program model, the training and preparation offered by OFE produced substantial value for employers. As indicated in the analysis of the program's relevance and utility for employers earlier in this section, Canada Goose found the Employment Partnership Program to be an exceptionally valuable hiring channel, with 60% of new hires being recruited through the program. In addition, Canada Goose's involvement with the program has allowed them to develop new training and human resource materials and strategies to better recruit from a broader pool of job seekers.

For NSCC's construction sector programs, the model also appeared to provide sufficient employer value to be a feasible hiring option for businesses. Of businesses that participated in the work experience component of the CANS Works model, the majority hired the students placed with them

after the work experience. This suggests that these employers were able to use the program to thoroughly screen these prospective candidates, and found that the candidates met their hiring needs.

One key component of program feasibility for employers in the case of Employment Partnership Program may have been the minimal requirements put on the employer to report and track outcomes. While long-term retention outcomes were a key component of the milestone framework for the Employment Partnership Program, OFE developed a set of processes to reliably collect the employment status of placements at Canada Goose, while minimizing the reporting requirements of Canada Goose itself. This reduced the costs associated with using the Employment Partnership Program as a hiring channel for the employer, while ensuring accurate outcome monitoring due to the fact that OFE was incentivized to continue collecting this data.

The current results suggest that programs delivered through the Pay for Success model can add substantial value for employers, and therefore represent feasible hiring channels for businesses. The key drivers of this value appear to be the ability of models to effectively anticipate and meet the skills needs of employers, co-develop recruitment and human resources practices, and minimize employer participant tracking and reporting requirements.

7. Key successes, challenges, and lessons learned

This report presented the final analysis of the implementation of the Pay for Success model and the outcomes that participants have achieved. The model was implemented by three providers with a range of backgrounds and expertise:

- Opportunities for Employment (OFE) in Manitoba implemented a sector-focused, "dual customer" model with integrated Essential Skills and technical training
- PATH Employability Centre (PATH) in Manitoba implemented a "Ready to Learn" model targeted to job seekers with complex needs
- Nova Scotia Community College (NSCC) implemented a post-secondary education model that connected learners to in-demand sectors.

All three providers sought to develop a pathway of services to achieve a series of participant milestone outcomes linked with preparation for, and placement and retention in, employment or further education. Providers received an incentive each time a participant reached a milestone.

Key findings and recommendations

Pay for Success model is feasible and adds value, but is complex to design and implement

The results of the Pay for Success pilot show that the model can be feasibly implemented in a variety of contexts, as providers have demonstrated capacity to adapt and implement their own versions of the model, recruit participants, support these participants in achieving outcomes, and offer value for employers.

All service providers were able to translate the conceptual Pay for Success model into a set of concrete services aimed at diverse groups of job seekers and learners. Providers also demonstrated that they could develop innovative service delivery approaches and strategies to support these participants in achieving the outcomes targeted by the model, as indicated by the large number of milestone outcomes and incentive payments achieved.

For example, PATH and OFE developed novel Essential Skills programming that increased their capacity to serve a wide range of job seekers, including those most distant from the labour market. OFE especially was able to make use of the milestone-based pathway structure of the model to carefully plan a sequence of service components that fit together to meet participant employment and retention goals while also involving close collaboration with employers in the design of occupation-relevant assessment and training processes.

In addition, feedback from the employer partner (Canada Goose) indicated that the sectoral model delivered by OFE added sufficient value at a low cost to represent a feasible and desirable hiring channel, as well as leading to improvements in workplace diversity and human resource and training strategies.

However, achieving these successes required considerable effort from all stakeholders – providers in particular faced a steep learning curve in developing and implementing new service components associated with the model, as well as in managing the intensive data collection and reporting processes required to track the resulting outcomes.

In some cases, building the capacity to both support and track the full range of Pay for Success outcomes proved to be too difficult. For example, though participants for whom PATH was able to track in-class learning outcomes showed significant improvements in Essential Skills, career adaptability and other key indicators of employability and well-being, PATH staff had significant challenges in administering the online survey and assessment tools required to track these outcomes without third-party assistance. In addition, PATH was unable to develop dedicated resources to attempt to reach participants after they left the program, so it is difficult to say what kinds of longer-term education or employment outcomes may have resulted from in-program improvements. Nova Scotia Community College had similar difficulties in tracking both short-term in-class gains for some of its participants, and associated longer-term outcomes.

Recommendation:

Before implementing a Pay for Success model, we recommend a "learning period" to understand and build provider capacity to not only develop new services but also participate in the measurement of resulting outcomes. Investing in provider ability to track outcomes would i) significantly reduce the expenses associated with third-party data collection, and ii) allow providers to more immediately see and connect with participant progress. A thorough provider needs analysis could build on existing data collection and tracking tools, and if necessary incorporate the development of new tools and resources and training in their use.

The milestone and incentive payment approach helps to understand participant needs and bring about meaningful progress, but requires careful planning and ongoing adaptation

Providers reported that the milestone approach helped them clarify and focus their service delivery more sharply on both intermediate and long-term outcomes. Indeed, participants made gains across a broad range of outcomes, particularly at OFE.

Without a comparison group design, it was difficult to determine the degree to which the employment outcomes participants achieved were driven by the sector-focused training and employment preparation participants received versus the characteristics of the sector itself (e.g., labour demand, skill requirements, and prevailing wages). Nonetheless, participants achieved higher average gains on employability indicators such as Essential Skills and career adaptability than have typically been achieved by control groups in similar projects. Furthermore, these in-class gains acted as "tipping points" to success in workplace training, which in turn significantly improved participant chances of being hired.

For example, at OFE, evidence of a link between numeracy gains and scores on the occupation-specific Essential Skills (OSES) assessment developed to track technical training performance suggests that the provider was able to align and customize its curriculum to prepare participants to

succeed in the workplace. Furthermore, the link between performance on the OSES assessment and later achievement of productivity standards required for employment suggests that the OSES instrument tapped into a wide range of tasks and underlying Essential Skills required for effective job performance.

For the most part, the milestone and incentive framework worked to foster training innovations in areas that mattered, though it also offered useful lessons in what may happen when incentives are not fully aligned with job performance requirements – resulting in some cases in significant gains for outcomes that were incentivized, but not linked with employment success (document use) but no average gains for those linked with employment success but not incentivized (understanding/thinking). In addition, there was some evidence of redundancy in the milestone framework – i.e., different milestones set up to track outcomes that ended up overlapping almost completely in terms of participant achievement.

Recommendation:

Given the data collection and reporting challenges, a mature milestone-based framework should strive for efficiency, by:

1. **Making milestone outcomes relatively easy to measure. Ease of measurement and precision often trade off, so that short, less burdensome instruments and tools may result in levels of measurement error that are too high to support making diagnostic decisions on an individual level without relying on other supplementary sources of information. However, average group-level outcomes can still be tracked effectively, and providers can use information at the group level to make adjustments to their service delivery.**
2. **Streamlining to reduce the number of redundant and/or misaligned milestones, while still retaining a sufficient number to clearly articulate a comprehensive training pathway based on early "tipping points" that drive later employment success.**

In a sector-based model, milestones are more likely to drive training innovation and produce positive outcomes when they are connected to job performance

The degree to which a Pay for Success model is implemented as intended can be influenced by a wide variety of factors, including: provincial priorities, existing service delivery agreements, the population served, the provider's history, mandate, capacity and approach, local economic conditions, and the strengths or limitations of the chosen sector. For example, OFE's sector-based model was driven in part by the province's economic development priorities, by its existing capacity to deliver demand-informed programming, and by the unique needs of its employer partner, Canada Goose.

Though future models developed for other sectors would likely produce a different set of specific milestones, the general principles for milestone design uncovered in study would still apply; namely that positive outcomes are more likely when milestones are connected to job performance, thus incentivizing ongoing engagement and collaboration with employers to understand business

needs, and build and support underlying skills linked with successful performance of a wide range of common job tasks.

In this context, Workplace Education Manitoba played a key role in conducting an organizational needs assessment and developing an assessment tool tied to occupation-specific tasks at Canada Goose and their underlying Essential Skills. The resulting workplace-based occupation-specific Essential Skills (OSES) assessment motivated OFE to make specific connections between what it delivered in the classroom and subsequent job performance. As a result, OFE was able to develop innovations in service delivery for the jobless that mirrored previously documented best practices for high quality workplace training[3] – namely i) assessment of learner needs and skills, in relation to ii) employer business priorities and job performance requirements, leading to iii) training aligned with both learner and business needs, and iv) provision of retention supports to facilitate post-training learning transfer.

Recommendation:

Develop milestones based on job performance metrics, for example by making use of sectoral and/or organizational needs assessments to identify and map business needs onto a task-based job competency framework. This framework can be used to customize training to target underlying Essential Skills gaps, and generally incentivize providers to design a curriculum that prepares job seekers for success in the workplace.

Transferable skills models may work best for those with high levels of existing skills, education, or experience

Though OFE's training model was focused primarily on developing a range of sector-focused skills for a single large employer (Canada Goose), a secondary focus was to develop a range of transferable employability skills to facilitate alternative employment pathways for those less suited to the targeted sector. Among OFE graduates not hired by Canada Goose, over 60% found a job in another sector at some point in the 12-month follow-up period.

Unlike the group hired at Canada Goose educational attainment, not skill gains, emerged as the most important predictor of labour market attachment outside the sector. Though a broad range of participants were able to make significant skill gains, those with a higher level of education were better able to leverage their skills gains into employment in other sectors. For example, only about a quarter of those with a university education who were not hired at Canada Goose remained unemployed over the entire 12-month follow-up period, compared to more than half of those with high school or less. This is a marked contrast to results for those on the sector-focused pathway, where skill gains and not educational attainment were the key to getting employment.

[3] These practices are documented in Gyarmati, D., Leckie, N., Dowie, M., Palameta, B., Hui, T., Dunn, E., & Hebert, S. (2014). UPSKILL: A Credible Test of Workplace Literacy and Essential Skills Training — Technical Report. *Ottawa: Social Research and Demonstration Corporation.*

These results are consistent with those from another study which used a randomized control trial to show that job seekers who engage in skill upgrading within a broad range of occupation-targeted career paths – but with no employer engagement or work placement component – benefit most if they enter training with high levels of existing human capital. These job seekers, who are often educated immigrants with gaps in Canadian credentials, labour market information, language skills, and knowledge of Canadian workplace culture, can leverage the employability and skill gains they receive from training into successful labour market attachment. Those with less education, on the other hand, even if they are Canadian-born, though equally likely to benefit in terms of skill and employability gains are less likely to see these gains translate into employment impacts.[4]

Recommendation:

Job seekers who enter training with low levels of human capital may benefit most from a model that incorporates milestone pathways that lead into either i) further training and education, or ii) sector-focused employment.

[4] Palameta, B., Nguyen, C., Hui, T. S.-w., Gyarmati, D. (2017). Foundations: 12-month impacts of a literacy and essential skills intervention for job seekers. *Ottawa: Social Research and Demonstration Corporation.*

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