

Social Programs That Work Review

## Evidence Summary for the Canadian Self-Sufficiency Project

### HIGHLIGHTS:

- **PROGRAM:** Earnings supplements for long-term welfare recipients who find full-time work and leave welfare.
- **EVALUATION METHODS:** Three well-conducted randomized controlled trials (RCTs) carried out in Canada.
- **KEY FINDINGS:** Sizable increases in employment, earnings, and family income, and reductions in poverty and welfare dependency, compared to the control group.
- **OTHER:** A limitation of the evidence from the perspective of U.S. policy is that the RCTs were conducted in Canada and it is not yet known whether the sizable effects would generalize to U.S. settings, which have a different welfare system.

### I. Evidence rating: **SUGGESTIVE TIER**

The standard for Suggestive Tier is:

*Programs that have been evaluated in one or more well-conducted RCTs (or studies that closely approximate random assignment) and found to produce sizable positive effects, but whose evidence is limited by only short-term follow-up, effects that fall short of statistical significance, or other factors. Such evidence suggests the program may be an especially strong candidate for further research, but does not yet provide confidence that the program would produce important effects if implemented in new settings.*

### II. Description of the Program:

The Canadian Self-Sufficiency Project, administered by the provincial governments of British Columbia and New Brunswick, provided monthly cash payments (“earnings supplements”) to long-term recipients of income assistance (Canadian equivalent to U.S. welfare), contingent on their finding full-time employment and leaving the income assistance program. Canadian Self-Sufficiency Project participants had one year to find full-time employment, and thus become eligible for the supplements. Participants could receive supplements for up to three years as long as they continued to work full-time.

The earnings supplements were sizeable. As an illustrative example -- based on the experiment's formula for determining the size of a supplement payment, a single mother in New Brunswick who worked full-time for a year and earned \$23,400 would receive monthly supplements totaling around \$5,900 for that year.\*

The program cost approximately \$6,000-\$9,500 per year per welfare recipient offered an earnings supplement (the precise cost depended on the specific welfare population to which it was offered). However, as discussed below, the program's *net* costs to the government were much lower than this amount because the program substantially increased income tax revenues and reduced government welfare payments.

[Click here for more information about the Canadian Self-Sufficiency Project.](#)

*\*Throughout this summary, all monetary amounts are converted to 2017 U.S. dollars.*

### **III. Evidence of Effectiveness:**

#### **STUDY 1 (British Columbia & New Brunswick)**

This was an RCT with a sample of 5,729 single parents in British Columbia and New Brunswick who had received welfare for at least one year. Study participants were randomly assigned between November 1992 and March 1995 to a Canadian Self-Sufficiency Project group that was offered the earning supplements or a control group that was not, but could continue to participate in the provinces' existing welfare program.

36% of the Canadian Self-Sufficiency Project group found full-time employment within the required one-year time period, and thus received the earnings supplements. Those who received supplements averaged \$28,000 in supplements over their three years of eligibility.

#### **Effects of the Canadian Self-Sufficiency Project at the 3 year follow-up (versus the control group):**

The following effects apply to the entire Canadian Self-Sufficiency Project group, including both those who earned the supplements and those who did not. All effects shown are statistically significant at the 0.05 level unless stated otherwise.

- 61% higher average full-time employment rate over the three-year follow-up period (24.7% full-time employment rate for the Canadian Self-Sufficiency group vs. 15.3% for the control group).
- 28% higher average annual earnings over the three-year follow-up period (\$4,260 vs. \$3,320).
- 10% lower annual average welfare receipt over the three-year follow-up period (\$8,012 vs. \$8,930).
- 10% higher overall family income in the past six months--i.e. earnings + supplements + welfare receipts + all other income (\$10,316 vs. \$9,360).

- 11% fewer families with overall family income below poverty during the past six months (76.4% vs. 85.8%).
- The program had little to no effect on the behavior and academic achievement of the children of Canadian Self-Sufficiency Project group members versus controls.

**Effects of the Canadian Self-Sufficiency Project at the 4.5 year follow-up--i.e. between 6 and 18 months after participants' earnings supplements ended (versus the control group):**

- There were no significant differences between the Canadian Self-Sufficiency Project and control groups in earnings, employment, overall income, or welfare receipt, indicating that the program's positive impact disappeared after supplement payments stopped.

**Net cost of the Canadian Self-Sufficiency Project at the 5 year follow-up:**

- The average *net* cost to the government over the five year follow-up (i.e. cost of supplement payments and added program administration costs, minus the savings in welfare payments and increased tax revenue) was just \$540/year per member of the Canadian Self-Sufficiency Project group. (This is the cost to the government above and beyond what it incurred for the average control group member.)

**Discussion of Study Quality:**

- The study had low attrition and a long-term follow-up: 85% of the original sample completed the follow-up survey 4.5 years after random assignment.
- The study reported outcomes using an intention-to-treat analysis.
- In measuring outcomes, the study primarily used self-reported survey data. However, welfare receipt was measured using official welfare records.
- Prior to the program, there were no systematic differences between the Canadian Self Sufficiency Project and control groups.
- This was a very large study conducted in two provinces with different welfare populations, thus providing strong evidence of the program's effectiveness in various real-world settings.

**STUDY 2 (New Brunswick)**

This was an RCT with a sample of 892 single parents in New Brunswick who had received welfare for at least one year. Individuals were randomly assigned between November 1994 and March 1995 into (1) a "Canadian Self-Sufficiency Project Plus" group that was offered earnings supplements *plus* job search assistance and career advancement advice, (2) a "Canadian Self-Sufficiency Project" group which was only offered the earnings supplements, and (3) a control group that was offered neither supplements nor employment services, but could continue to participate in the province's existing welfare program. (Groups 2 and 3 were actually subsamples from the New Brunswick site in Study 1, above.)

As in study 1, members of the Canadian Self-Sufficiency Project and Canadian Self-Sufficiency Project PLUS groups had one year to find full-time employment, and thus become eligible for supplements. 53% of the Canadian Self-Sufficiency Project PLUS group earned at least one supplement payment during the study compared to 37% of the Canadian Self-Sufficiency Project group.

**Effects of the Canadian Self-Sufficiency Project PLUS, and the Canadian Self-Sufficiency Project, at the 3 year follow-up:**

The following effects apply to the entire Canadian Self-Sufficiency Project groups, including both those who earned the supplements and those who did not. All effects shown are statistically significant at the 0.05 level.

- Effects of *Canadian Self-Sufficiency Project PLUS* (versus the control group):
  - › 93% higher average full-time employment rate over the three-year follow-up period (30.9% for the Canadian Self-Sufficiency Project PLUS group vs. 16.0% for the control group)
  - › 49% higher average annual earnings over the three year follow-up period (\$4,514 vs. \$3,039)
  - › 18% lower average annual welfare receipt over the three year follow-up period (\$5,856 vs. \$7,154)
  - › 27% higher overall family income in the past six months i.e. earnings + supplements + welfare receipt + all other income (\$10,301 vs. \$8,085)
  - › 19% fewer families with overall family income below poverty (71.4% vs. 88.5%)
- Effects of the *Canadian Self-Sufficiency Project* (versus the control group):
  - › 90% higher average full-time employment rate over the three year follow-up period (30.4% for the Canadian Self-Sufficiency Project group vs. 16.0% for the control group).
  - › 37% higher average annual earnings over the three year follow-up period (\$4,149 vs. \$3,039).
  - › 15% lower average annual welfare receipt over the three year follow-up period (\$6,095 vs. \$7,154).
  - › 18% higher overall family income in the past six months--i.e. earnings + supplements + welfare receipt + all other income (\$9,515 vs. \$8,085).
  - › 15% fewer families with overall family income below the poverty line during the past six months (74.9% vs. 88.5%).

**Effects at the 4.5 to 5 year follow-up -- i.e. between 6 and 24 months after the earnings supplements ended (versus the control group):**

- As in Study 1 (above), there were no significant differences between the *Canadian Self-Sufficiency Project* group and the *control group* in earnings, employment, income or welfare receipts, indicating that *Canadian Self-Sufficiency Project's* positive impacts disappeared after supplement payments stopped.
- Importantly, however, the *Canadian Self-Sufficiency Project PLUS* group was able to sustain some of its gains in employment and reductions in welfare payments. Specifically, the *Canadian Self-Sufficiency Project PLUS* group had:
  - › A 25% higher average full-time employment rate than the control group in the past six months (38.9% vs. 31.1%, statistically significant); and
  - › 19% lower welfare receipt than the control group in the past year (\$3,741 vs. \$4,607, statistically significant).
  - › The program had no significant effects on earnings or overall family income in the previous six months.

**Discussion of Study Quality:**

- The study had low attrition and a long-term follow-up: 86% of the original sample completed the follow-up survey 4.5 to 5 years after random assignment.
- In measuring outcomes, the study primarily used self-reported survey data. However, welfare receipt was measured using official welfare records.
- The study reported outcomes using an intention-to-treat analysis.
- Randomization of a sample of this size likely produced program and control groups that were equivalent in the preponderance of characteristics. (However, the study does not say whether it specifically tested for such differences).
- This was a large study conducted in a typical community setting, providing evidence of the program's real-world effectiveness.

**STUDY 3 (British Columbia)**

This was an RCT with a sample of 3,315 single parents in British Columbia *who had just begun to receive welfare*. This sample differs from those of studies 1 and 2 (above), which consisted of single parents *who had already received welfare for at least one year*. Sample members were randomly assigned between February 1994 and March 1995 to either (1) a Canadian Self-Sufficiency Project group that could become eligible for supplements if they remained on welfare for one year, then found full-time work and left welfare within the following year; or (2) a control group that was not eligible for supplements, but could continue to participate in the province's existing welfare program.

27% of the Canadian Self-Sufficiency Project group remained on welfare in year 1 and found full-time work in year 2, and therefore received earnings supplements. Those who received supplements averaged almost \$30,400 in supplements over their three years of eligibility.

**Effects of the Canadian Self-Sufficiency Project at the 4 year follow-up (versus the control group):**

The following effects apply to the entire Canadian Self-Sufficiency Project group, including both those who earned the supplements and those who did not. All effects shown are statistically significant at the 0.05 level.

- 31% higher average full-time employment rate over the previous three years (40.2% full-time employment rate for the Canadian Self-Sufficiency Project group vs. 30.6% for the control group).
- 23% higher average annual earnings over the previous three years (\$10,617 vs. \$8,627).
- 19% lower average annual welfare receipt over the previous three years (\$3,996 vs. \$4,904).
- Approximately 12% higher overall family income in the previous six months--i.e. earnings + supplements + welfare receipt + all other income (\$14,689 vs. \$13,145).
- 9% fewer families with overall family income below poverty in the previous six months (60.4% vs. 66.7%).

**Effects of the Canadian Self-Sufficiency Project at the 6 year follow-up--i.e. 1-2 years after all supplements had ended (versus the control group):**

All effects shown are statistically significant at the 0.05 level unless stated otherwise.

- 12% higher full-time employment rate in the past year (47.4% vs. 42.5%).
- 10% higher average earnings in the past year (\$14,072 vs. \$12,762).
- 20% lower average welfare receipt in the past year (\$1,831 vs. \$2,286).
- 8% higher overall family income in the previous six months--i.e. earnings + welfare receipt + all other income (\$15,282 vs. \$14,134).
- No effect on the number of families below poverty.
- The average net cost to the government over the six year follow-up period (i.e. cost of supplement payments and added program administration costs, minus the savings in welfare payments and increased tax revenue) was just under \$120/year per member of the Canadian Self-Sufficiency Project group. (This is the cost to the government above and beyond what it incurred for the average control group member.)

**Discussion of Study Quality:**

- The study had a long-term follow-up (i.e. 6 years after random assignment).

- The study had a moderate amount of attrition: 72% of the sample completed the follow-up survey 6 years after random assignment. Statistical tests suggest, however, that the attrition did not undermine the equivalence of the Canadian Self-Sufficiency Project group and the control group.
- In measuring outcomes, the study primarily used self-reported survey data. However, welfare receipt was measured using official welfare records.
- The study reported outcomes using an intention-to-treat analysis.
- This was a large study conducted in a typical community setting, providing evidence of the program's real world effectiveness.

#### **IV. References:**

##### **Study 1:**

Michalopoulos, Charles, Doug Tattrie, Cynthia Miller, Philip K. Robins, Pamela Morris, David Gyarmati, Cindy Redcross, Kelly Foley and Reuben Ford. "Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients." *Social Research Demonstration Corporation*, July 2002. [Click here for a copy of this paper.](#)

##### **Study 2:**

Michalopoulos, Charles, Doug Tattrie, Cynthia Miller, Philip K. Robins, Pamela Morris, David Gyarmati, Cindy Redcross, Kelly Foley and Reuben Ford. "Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients." *Social Research Demonstration Corporation*, July 2002. [Click here for a copy of this paper.](#)

Lei, Ying and Charles Michalopoulos. "SSP Plus at 36 Months: Effects of Adding Employment Services to Financial Work Incentives." *Social Research Demonstration Corporation*, July 2001.

##### **Study 3:**

Ford, Reuben, David Gyarmati, Kelly Foley, Doug Tattrie, and Liza Jimenez. "Can Work Incentives Pay for Themselves? Final Report on the Self-Sufficiency Project for Welfare Applicants." *Social Research and Demonstration Corporation*, October 2003. [Click here for a copy of this paper.](#)