

Intelligence MEMOS



From: David Rosé
To: Ontarians Concerned About the Cost of Welfare
Date: November 7, 2018
Re: **SKILLS TRAINING VERSUS JOB PLACEMENT: IT'S COMPLICATED**

Ontario's new government has committed itself to 100-day review of social assistance programs, and tomorrow is Day 100. The motivation for this review is quite clear. Simply put, Ontario Works (OW) and the Ontario Disability Support Program (ODSP) are large and expensive. In the 2017-18 fiscal year, the province spent an estimated [\\$9.3 billion](#) providing income support, training, and prescription drug coverage to support hundreds of thousands of Ontarians who found themselves in prolonged financial hardship.

Both OW and ODSP provide income support to Ontarians who meet particular asset and income cut-offs. As a demographic, these people have experienced long unemployment spells and exhausted personal savings along with any EI eligibility. While OW and ODSP both serve to assist these individuals, the programs diverge on their goals for enrollees. ODSP is aimed at providing income support to people who, owing to permanent or temporary disabilities, cannot make ends meet. Hence, there is no expectation of beneficiaries to participate in the labour market. On the other hand, Ontario Works provides income support on the premise that recipients will continue to pursue employment.

And to receive benefits applicants must agree to participate in activities that are geared towards getting them back to work (in addition to meeting the income and asset limits). Following the cancellation of the Universal Basic Income Pilot, the Ontario government has made clear its belief that employment is the route out of poverty. This view is widely shared and consistent with the mission of OW as it currently stands. However, OW offers various types of program, ranging from structured job searches and independent job searches to training programs and direct job placements. Which program is the most effective one to suit government's mandate?

In a recent C.D. Howe Institute [study](#), my colleagues and I studied the long-term and short-term effectiveness of common employment assistance programs, using data from the Ontario Ministry of Community and Social Services over the 2003-2013 period. The short-term effects measures the time spent on each social assistance program, relative to having recipients search for work independently while the long-term measures are the one- and two-year return rates to social assistance.

Our study shows that the impact of OW on the labour market attachment of beneficiaries depends on the type of employment assistance programs assigned to individuals. Assignments that require participation in job-search workshops or training programs are effective for reducing the time spent collecting benefits, while direct job placements have a notable effect on reducing the one- and two-year return rates. Although, there is a trade-off between the long- and short-term effects of the most programs under OW, training programs, which include basic education and literacy training, as well as job-specific skills training, not only reduce the length of time collecting benefits but also lead to minor reductions in returning to OW within one or two years. Surprisingly, combining a training program with a structured job search increases the length of time on benefits, suggesting that different types of assistance program are not necessarily complementary to one another.

Given the high costs of prolonged unemployment to both enrollees and the government, it is critical to provide the right training activity that supports people in their pursuit of employment while equipping them with the required skills to remain employed.

Our work shows that the programming offered by Ontario Works has real and important effects on people, but the Ontario government may be able to achieve better outcomes by emphasizing assignment to the programs whose effects suit their mandate.

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