

Why employment policies miss their mark:

What women need to know
about creaming and
Targeted Wage Subsidy





Research Overview

- This research paper explored a phenomenon known in the employment supports arena as creaming. Creaming is being examined within the Targeted Wage Subsidy Program (TWSS) funded by (what was then known as) Human Resource and Skills Development Canada (HRSDC).
- Creaming is selecting those clients most job-ready *at the exclusion of* those with multiple and/or significant barriers to employment
- In the context of TWSS, creaming is created when policy goals do not align with the realities of program implementation for the “targeted” group

Labour Market Overview



- Continued polarization in labour market: precarious work on one end and high-skilled work on the other ie. Good vs, bad jobs. (Canadian Economic Council)
- The 90s saw a shift to a knowledge-based economy – this requires a work force that is highly skilled and educated; with the focus on creative communities, this focus has remained strong
- Yet there is a substantial growth of service-oriented jobs – many of which are notoriously low-wage positions; these jobs are characterized by part-time and temporary – unstable – working conditions: **women are more likely than other worker groups to experience this type of work arrangement due, in part, to their familial obligations i.e. childcare needs**
- The Employment Insurance (EI) solution for preparing the unemployed for this new work world? Employment Benefits and Support Measures (EBSM)



Employment Insurance Claimants

- Only 39% of Canadians even qualify for EI; 30% in Ontario
- More men than women qualify (Stats Can, CANSIM table 276-0001- 0009 by region)
- Women show reduced weeks and smaller benefit amounts
- Lone mothers are the most disadvantaged worker groups (Morrisette and Picot, 2005)
- Already in a precarious situation before entering a program not designed to meet women's particular social/economic needs.

Employment Benefits and Support Measures (EBSM) and Employability Model

- EBSMs are comprised of five stand-alone interventions that secure employment; four of these do not include formal skills training. TWS is one such intervention
- EBSM is not adequate to meet the needs of the structurally unemployed – those for whom the program is meant to assist
- EBSM is framed in the employability model – a model that locates the problem of unemployment on the supply-side of the labour market; policy makers supporting this philosophy believe what is needed are strategies to rid the unemployed of the personal deficiencies that have led to their unemployment
- This thinking leads to the creation of policies that develop programs premised on workers' needs not workers' skills – such as is the case with TWS



Targeted Wage Subsidy

- Policies rooted in this concept are intended to “make the unemployed more attractive to employers”
- This concept provides framework for the TWS program:

Targeted Wage Subsidy (TWS) is an employment initiative designed by Human Resources and Skills Development Canada (HRSDC), and available to eligible Employment Insurance claimants. TWS is a short-term intervention (12 to 26 weeks on average) that induces employers, through a structured system of wage-based subsidies, to hire unemployed workers experiencing multiple and/or significant barriers to employment. TWS is intended to give participants on-the-job experience, thus improving their long-term employment prospects.



Who does it assist?

- targets a sub-set of EI claimants – those with multiple and/or significant barriers to employment
- TWS offers on-the-job experience with an area employer who is given a wage subsidy as an incentive to hire those clients who are deemed “hard to serve” - a “tricky” call to make.



Two Models of Service Delivery

- **Targeted Wage Subsidy (TWS)** – owned by HRSDC
- **Community Coordinator Model** – known simply as Wage Subsidy (WS) and “owned” by the Service Providers delivering the program (However, the WS contracts are approved and monitored by HRSDC.)
- In Toronto, where I conducted this qualitative study, the model of service delivery in use is the Community Coordinator Model



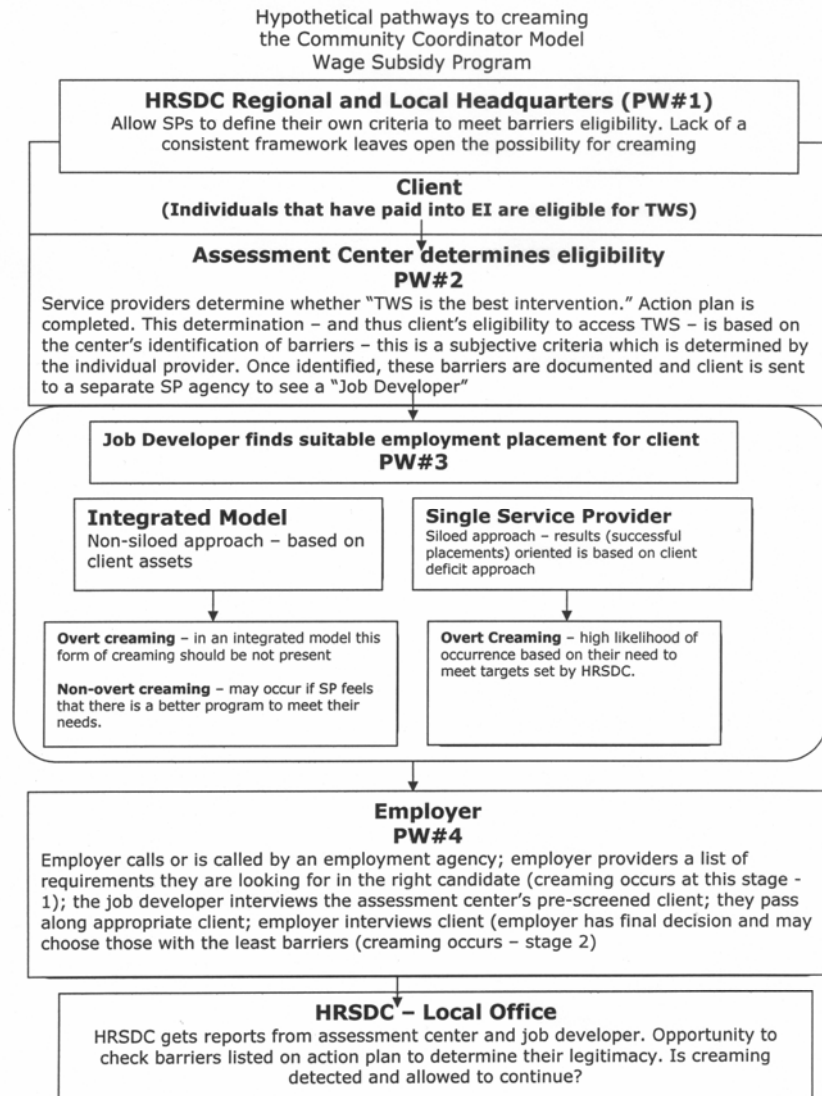
Community Coordinator Model

- Key difference – WS is paid directly to the employers by Service Provider
- This funding responsibility is important to note because if HRSDC deems the placement unsuitable then Service Provider is not reimbursed the monies they paid out in Wage Subsidy. For a small, “single-service” provider this could potentially result in a loss of \$300,000 and mean the doors have to close.

Model Overview

Wage Subsidy Models Used in Toronto		
Year	Model	Descriptions
Pre-1996	Targeted Wage Subsidy (TWS)	Program was delivered internally by HRDC staff
1996-2002	TWS	Service Delivery (both assessment and job development) was subcontracted to community service providers; however, HRDC retained the funding responsibilities
2001-2002	Quasi-Community Coordinator Model*	This model was piloted for one contract and split between two providers. HRDC sub-contracted to company A for job developers that would work with clients and employers, recommend matches, and negotiate and write-up contract. Then Company A would send to company B and they would do the funding portion. Service Provider comment: “to make sure everything was ‘kosher’; “they had an obligation to ensure legitimacy of employer.”
August 2002	Community Coordinator Model (CCM)	HRDC created a new model of service delivery in Toronto ¹¹ . In this model service providers (now referred to as community coordinators) would administer every aspect of the TWS program: assessment, job development, and paying the funds to the employer**
August 2005	CCM (revised)	The Call for Proposals was a new funding process that revised key aspects of the CCM; pre-CFP, service providers were allowed to administer both assessment and job development; after CFP, a service provider could deliver either assessment or job development, but not both. All other aspects of the CCM remained the same.
<p>**Two important changes were introduced with the CCM – a) the targeted wage subsidy was now known as wage subsidy to make it distinct from <i>targeted</i> wage subsidy still offered by HRDC in other regions and b) paying employer funds was now the responsibility of the job developer - not HRDC</p>		

Charting the program





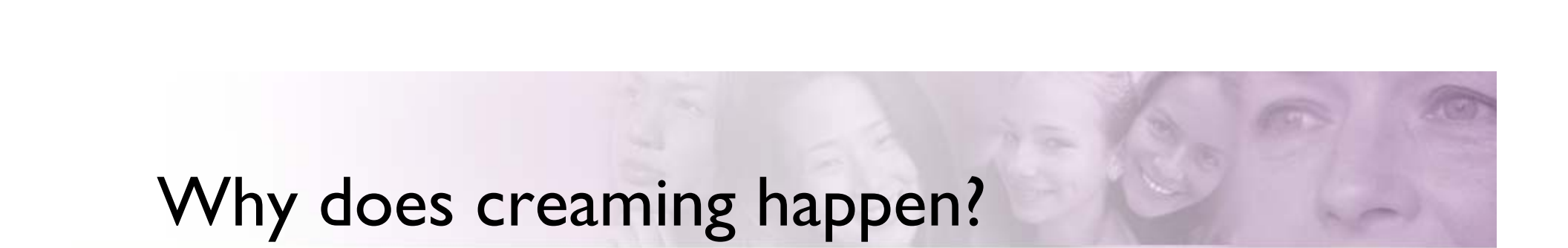
Policy Design Flaws Lead to Creaming

- Tension exists between program goals and actual delivery of program. The conflict between the two creates the potential for creaming
- The result is that the people who could most benefit from the TWS intervention are often not the ones given the opportunity



Study Participants

- 12 study participants from 3 groups: HRSDC (federal, regional, local); 6 Service Providers (former and current); and 3 employers were interviewed using a semi-structured interview – all but two of the twelve were face-to-face interviews



Why does creaming happen?

- 1) Unclear policy language
- 2) Rigid and unrealistic intake and placement timeframes
- 3) Funding structure
- 4) Competition in the service provision community



Research Findings

On the topic of creaming, four main factors contributing to this practice are revealed

I) Unclear language

“Our responses to your questions when we met were not very clear and at first I tried to amend/correct the responses that you sent to us. I gave up after awhile and decided to start from scratch and reply to your questions in writing. If you find the language somewhat stilted it is because I relied heavily upon policy and procedural instructions from our manuals in order to accurately describe the services.”



Challenge

This quote reveals, among other concerns, that HRSDC themselves could not easily interpret their own policy language thus introducing the general problem of unclear policy design/language/directives that open the door for “misinterpretation” or “alternative meanings” by others guided by their policies. The stage in the TWS process where these “misinterpretations” are most evident is in the need to identify barriers to employment.

BARRIERS:

- Main criteria used to establish program suitability
- Yet, there is no list of barriers to determine the basic entry requirement
- Absence of a list means Service Providers are encouraged to create barrier categories in order to make the client “fit” (whether the client is considered “genuinely barriered” or not)

Barriers



“Barriers are the wild west of employment supports”

“There is barriered and then there is barriered and then there is more barriered.”

Is there such a thing as “too barriered for service?”

HRSDC regional Headquarters: “We don’t want the lost causes”

but as one Service Provider said, “They have to be too barriered to find their own job, yet not barriered enough that they can’t find employment within three months!”

What is the danger of leaving the term “barriers” open to interpretation?

“The very issue of barriers as a criteria feeds into the practice of creaming and is further magnified by the unobtainable targets set by HRSDC for program success.”



Barriers Most Common

- No recent Canadian work experience
- Outdated skills: of most concern for women who are more likely to be out of workforce longer due to gender-specific responsibilities
- Language barriers (immigrant women are the most marginalized category of worker)
- Older workers

2) Rigid and unrealistic intake and placement timeframes

Findings revealed that timeframes were too short to accomplish employment goals for the “genuinely” barriered, resulting in creaming (to meet HRSDC’s targets).

- “To deal with a lot of barriers you need time. TWS is not the right intervention for this.” (Former SP)
- The sustainability of programs and services that support women in overcoming barriers to their equitable access to the labour market is crucial to women’s success (Putting Women in the Picture, ACTEW).
- Yet, three month timeframe and “drive-by-funding” work against a sustainability approach



New Contracts Increase Creaming

Furthermore, creaming is anticipated to increase – not lessen - with the contracts awarded under the Call for Proposal Process – regardless of the claim that HRSDC does “spot checks and reviews files at random to ensure that Service Providers are meeting the requirements set out in the contribution agreements.”



Evidence of Creaming

“80% will have to be placed into subsidized positions.”

“We have to be fussy about who we take into the program. Of course they still have to have two significant barriers, but now they will have to be highly marketable. This means we will be more involved in the filtering process to meet the new targets.”



Evidence of Creaming

“The placement requirement is high on new clients with a limited staff. HRSDC is putting increasingly higher quantitative demands on the agencies doing it.”

“Due to eligibility requirements and rigid timelines this program has the potential to lead to creaming.”

To be fair, HRSDC is aware that non-financial indicators should also be used to measure program success, but this is currently not happening: “The measurement tool is a dollar-driven factor. We would like to be more results oriented and therefore enter into agreements where you are more focused on results, but currently we are focused on two outcomes.”

Evidence of Creaming

Job Developers are supposed to have a 70% placement and retention rate anything higher indicates creaming

HRSDC: “I would be concerned if the success rate was higher than 70%, say 95%, because I would question whether they were placing the more barriered individual.”

“The new model definitely encourages creaming. They still have to have barriers but we definitely will be picking the best of the bunch. There are no two ways around it.”

“The way they [HRSDC] measure success how could it not lead to creaming?”



3) Funding Structure

Recalling that in the CCM the funding piece is now the responsibility of Service Providers ...

“The fear of ... giving money to employers in wage subsidy costs that may not be recouped if employment is secured outside the 3 month window can result in Service Providers betting on the sure thing.”

4) Competition in the Service Provision Community



When I met with a former Service Provider who had been delivering WS from the beginning, but lost its bid to continue delivery of services, they said that the “winners” must have “fudged the numbers in the new contracts. There is no way they could place more than we proposed.”


“We get Service Providers accusing one and other of creaming.”

These quotes illustrate the mistrust among providers – a mistrust that has fostered an environment for creaming as they each try to outdo the other in getting the most attractive numbers.



Factors Converge

- “Current system creates an incentive to identify more barriers ... program dollars must be spent on subsidies and subsidy amount for each depends on barriers identified ... otherwise they risk slippage ... and losing their status as service providers of the wage subsidy program.”



Creaming – so what?

- When creaming happens those for which the program was originally intended are excluded from accessing TWS
- A program that does not deliver on its mandate is not an effective program
- How is TWS revised to reflect the needs of those for which the program was intended – persons with multiple and/or significant barriers to employment?



Recommendations

Allow Room for flexibility of eligibility requirements

Extend benefits to those beyond their 36 week reach-back period. This expansion would ensure those within the EI system with the weakest attachment to the labour market are being drawn into supports

TWS should be used as a tool

- Different policy mix needed
- Combination of interventions working together

Create additional measurement tools

- Create tools based on participant satisfaction i.e. long-term employment prospects
- Incorporating non-financial tools will reduce possibility of creaming

Extend the program timeframe

- beyond the current three month period (1 year)
- program would be better aligned with principles

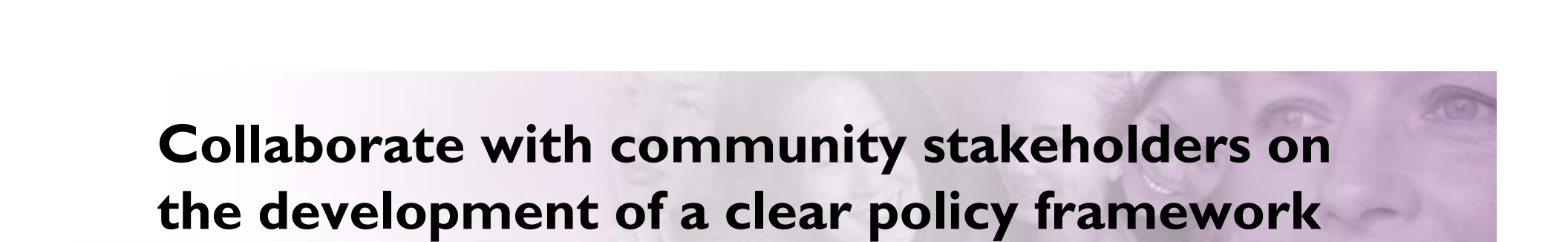
Put Money into Skills Training

TWS use has declined over the years; according to one SP at least 80% of their clients are choosing the skills training option; and Bergeron et al. “Over the next five years 66% of new non-student jobs will be in occupations requiring a post-secondary education.”

This table supports the recommendations made, which are, in turn, supported by the literature

- Less emphasis was placed on marketing TWS to employers (2005 Monitoring and Assessment Report)

Comparison between TWS and Skills Development (Figures for Ontario)		
April 2002 - March 2003		
	TWS	Skills Development (combines regular and apprentice)
Participation in intervention (%)	2.7%	13.4%
Intervention starts for new clients	3657	26750
Return to work by intervention	2524	16699
April 2003 - March 2004		
Participation in intervention (%)	2.5%	14.3%
Intervention starts for new clients	3484	26883
Return to work by intervention	2111	19412
April 2004 - March 2005		
Participation in intervention (%)	2.1%	13.2%
Intervention starts for new clients	2922	28400
Return to work by intervention	1280	15976



Collaborate with community stakeholders on the development of a clear policy framework

- A decision making body such as this will ensure that policy directives accurately reflect the needs of the local labour force

Update:

Policy Priorities

- enhancing EBSM delivery through partnerships with sector councils, unions and employers to encourage skills upgrading (*2005 Monitoring and assessment report*)
- *LMDA Service Delivery Advisory Group (SDAG) – step in the right direction*



Alternative Employment Concept

A new model for employment programs be designed, which builds on worker skills, not deficits

- The employability model in use now limits workers options, enforces misconceptions, and maintains their vulnerable position in the workforce



In summary ...

- The research findings found that creaming does occur, but this practice was readily acknowledged in a program which attempts to address the needs of the “hard to serve.” What was perhaps more revealing was the effect that creaming has on the program’s ability to serve those mandated. Equally valuable were the recommendations that flowed from these findings as they can be used to address policy design flaws and help bring the TWS program back in line with its original principles.
- Restructuring the program would address sustainable long-term employment gains for all marginalized groups.



Resources

- 2005 Monitoring and Assessment Report
(http://www.hrsdc.gc.ca/en/ei/reports/eimar_2005.shtml)
- Public Institution? Or Public Nuisance? Making Waves, Vol. 15., No. 4: 2-6.
- Judith Maxwell, Beyond EI, CPRN Paper Series
- Jamie Peck and Nikolas Theodore, "Beyond Employability," Cambridge Journal of Economics (2000)



- Questions

