

Earnings Supplements for long-term Welfare Recipients: Experimental evidence from Canada

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Welfare Working Group Forum
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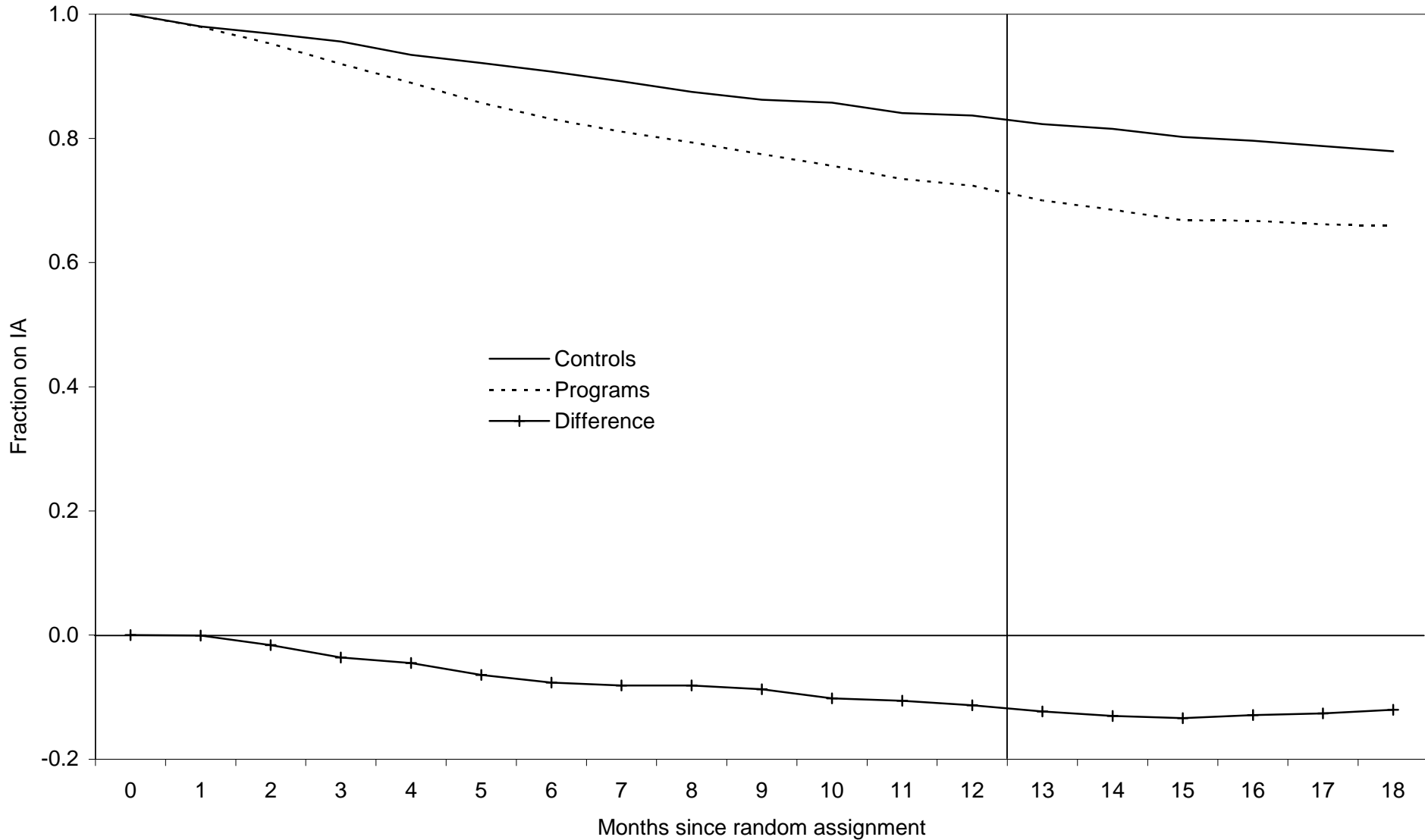
Self-Sufficiency Project (SSP)

- Randomised Social Experiments in 2 Canadian sites (Vancouver BC; St John NB)
- Focused on long-term sole parent Welfare recipients (cf DPB)
- Generous earnings supplement for 3 years
 - Equaled $\frac{1}{2}$ (benchmark – actual earnings)
 - E.g. for minimum wage jobs, approximately doubled both welfare payments and earnings
 - If left welfare for full-time work
- Unusual set of time-limited *program* rules
- See www.srdc.org

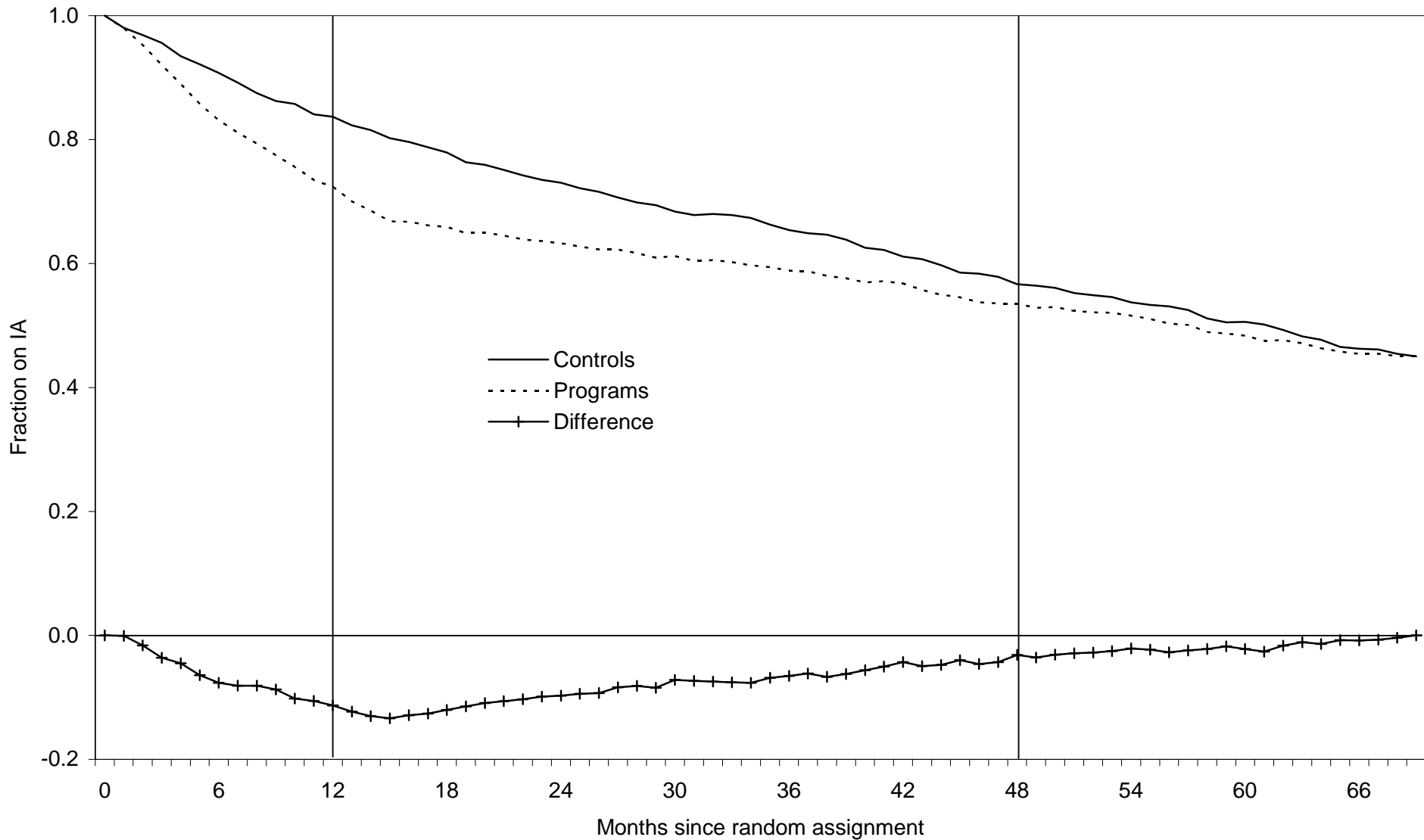
Two SSP experimental studies

- 1. *Recipients* – SSP-R (Card & Hyslop, 2005)
 - Focus on long-term stock
 - ~5,600 recipients on welfare at least 12 months
 - *Program* group offered SSP Supplement
 - Outcomes tracked for 6+ years
- 2. *Applicants* – SSP-A (Card & Hyslop, 2009)
 - Focus on new entrants delayed-exit behaviour
 - ~3,300 new applicants in Vancouver
 - *Program* group told of SSP offer ... if stay on welfare for 12 months
 - Outcomes tracked for 7+ years

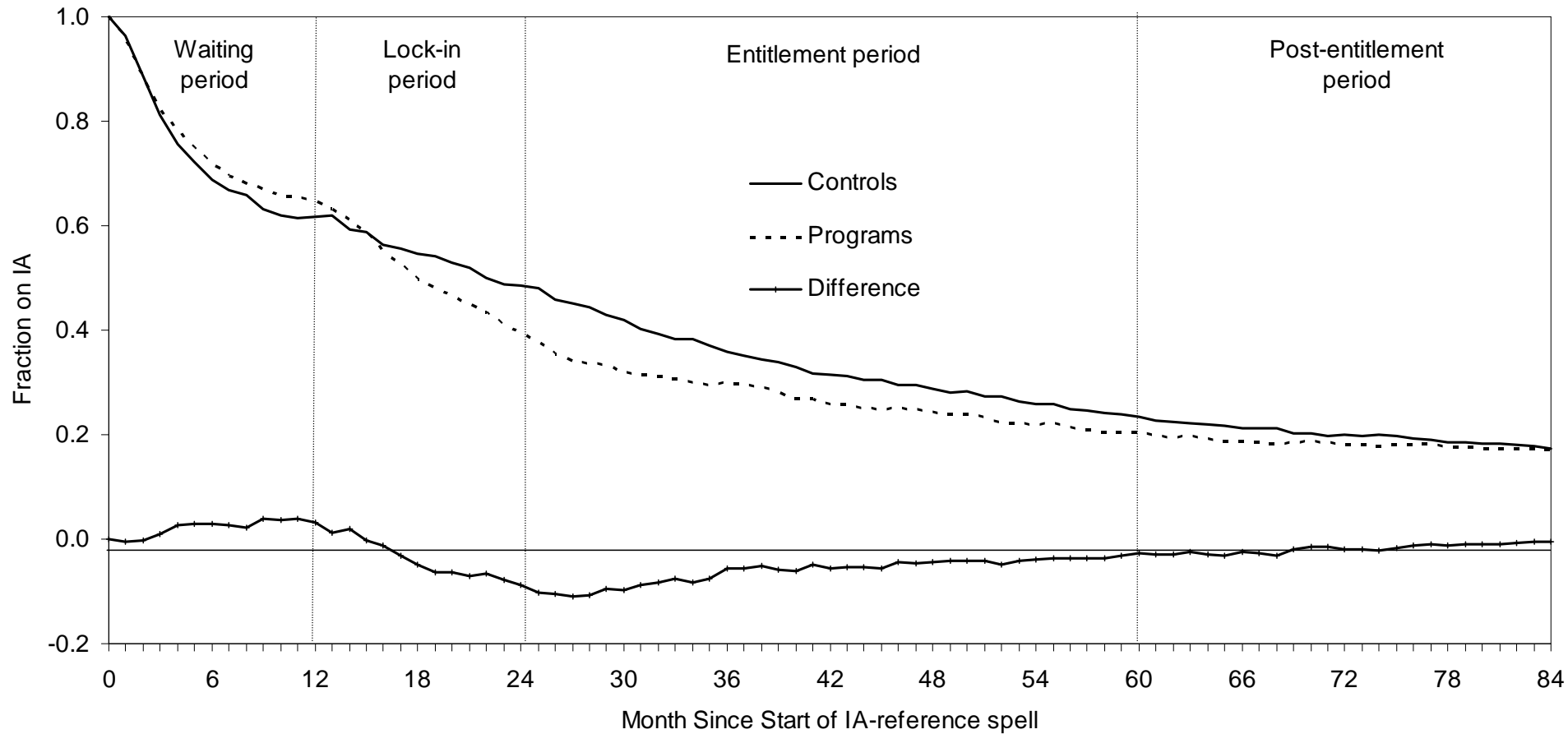
SSP-R: short-run impacts



SSP-R: long-run impacts



SSP-A: long-run impacts



Summary of impacts

	SSP-R	SSP-A
Delayed-exit	---	3pp (6.5%)
Peak impact	-14% (Month 15)	-11pp (-19.3%) (Month 27)
Impact at SSP expiry	-3.2% (Month 48)	-3pp (-5.3%) (Month 60)
Zero-impact at	Month 69	Month 84

SSP impacts larger than other US welfare reform *demonstration projects* (see Hamilton et al, 2001): largely due to SSP's time-limited rules