

Economic Analysis

Report

MHR Exit Survey — Spring 2002

Table of Contents

<i>Summary</i>	1
<i>Background</i>	2
<i>Research Approach</i>	3
<i>Response</i>	4
<i>Reasons for Leaving IA</i>	4
<i>Average Incomes</i>	5
<i>Type of Employment</i>	6
<i>Regional Variations</i>	7

Summary

This is the first in a series of quarterly reports on the activities and experiences of people who have become independent of income assistance in British Columbia. The information comes from interviews of 1,833 individuals who received income assistance in September 2001, and who did not return to income assistance (IA) before the sampling date in April 2002.

The survey found that almost 97% of the cases left IA to either work, attend school, for other income, or because of a change in family or financial status. More than 50% left income assistance for work, while 35% left to attend school or training.

Reason for Leaving IA	%
Work	50.2%
School	35.1%
Other Income Source (eg EI)	5.3%
Change in Family Status	3.1%
Change in Financial Situation	2.9%
Sub Total	96.6%
Closed by MHR	2.4%
Dissatisfaction with IA Req'ts	0.7%
Left Province	0.3%
Total	100.0%

Table 1: Reason for Leaving IA

Because the people interviewed in this survey left income assistance in September 2001—the month in which education and training institutions experience their highest intake—the percentage leaving for school is probably higher than it will be in the next survey. The next group surveyed will be those who left IA in December 2001.

The survey found that those who leave IA for work are significantly better off financially than those who remain on assistance. On average, incomes among those who left for work are 2.6 times higher than the maximum available under income assistance. Single males reported the highest percentage increase in income after they left and single parents reported the smallest percentage increase.

Family Type	Income Ratio
Single Men	3.6
Single Women	2.6
Childless Couples	2.3
2-Parent Families	2.1
1-Parent Families	1.8
Total	2.6

Table 2: Income Ratios

Interviews were conducted between April 23 and June 3, 2002 by an independent research firm under the direction of the Centre for Education Information, Standards & Services (CEISS). The survey program is scheduled to continue for three years.

Background

In February 2002, the BC Ministry of Human Resources released its annual Service Plan outlining the strategic goals and objectives for the ministry over the next three years. Its first goal is: BC Employment and Assistance clients achieve independence through sustained employment. As part of the effort to measure its performance in meeting this goal the ministry will interview income assistance leavers four times a year for the next three years.

This publication reports information from the first of these surveys. It provides information on the employment and earnings of people who left income assistance in September 2001, and who did not return to income assistance in the next six months.

This first report will provide baseline information on the activities, income and employment of those who return to work. It will be used to help assess whether clients are “better off” now that they are no longer receiving income assistance.

MHR engaged the Centre for Education Information, Standards and Services to assist in managing the project. CEISS is a government agency providing outcomes research, reporting and data warehousing services to public clients. CEISS is responsible for project management, implementation and procurement of professional data collection services.

Research Approach

The survey will be administered 4 times a year. The people that we tried to contact (referred to below as a cohort) for this report received benefits in September 2001, but did not receive benefits in any of the months from October 2001 to March 2002 inclusive. The interviews were conducted between April 23 and June 3 2002.

The ministry's Economic Analysis Branch creates the cohort file each quarter. Historically the cohort file ranges between 5,000 and 7,000 cases each month.

The survey is administered over the telephone by a survey research firm, using a Computer Assisted Telephone Information (CATI) system to ensure effective call management and question sequencing.

Survey questions are close-ended and designed to gather information on respondents' activities since leaving income assistance. There are no opinion or attitude measurements in the survey, though comments from those who return to IA are recorded.

The survey instrument was pre-tested in a pilot survey completed in March 2002. Conducted over nine days between March 19 and March 27, the pilot survey obtained 201 responses from a sample of 695, for a response rate of 29%. Because many people move when they leave income assistance, more than 43% of the phone numbers were either Not in Service or a Wrong Number. For this reason, we expect the response rate to be in the order of 30% to 40% over the survey program.

Participation in the survey was completely voluntary. Notification letters were sent to all people that we intended to contact, giving them the opportunity to have their names taken off the list. Four individuals were not contacted at their request in the first survey. In the survey itself, individuals were also reminded that the survey was voluntary and they were asked if they would participate. A total of 326 declined or did not complete the survey.

	Q1 Spring 2002	Q2 Summer 2002	Q3 Fall 2002	Q4 Winter 2002
Draw Cohort	April 5	July 2	Oct. 8	Jan. 6
Data Collection	April 23 – June 3	Aug. 13 – Sept. 13	Oct. 8 – Nov. 15	Jan. 15 – Feb. 28
Analysis	June 3 – July 17	Sept. 13 – Oct. 25	Nov. 15 – Dec. 20	March 3 – April 11
Reporting	October	December	February	May

Table 3: Schedule

Response

On April 5 2002, MHR's Economic Analysis Branch provided a cohort file of 5,582 cases for the first quarter of the survey. Four records were deleted at the request of the client for a gross frame of 5,578. The survey research firm obtained 1,833 completed surveys for a response rate of 32.9%.

In addition to those who did not participate in the survey, some of the respondents did not complete all of the questions. Reasons for not completing all questions included: refused to answer; did not know the answer; or gave an answer that was not coded.

As provided in the notification letter sent to all people in the cohort, participation in the survey is entirely voluntary. A total of 325 (5.8%) respondents declined to participate in the survey. The high percentage (39.6%) of contact numbers found to be Not In Service (NIS) again shows that many people move when they leave income assistance.

Gross Frame	N	%
Cohort	5,578	100.0
Not in Service (NIS)	2,211	39.6
Unavailable – Other	1,024	18.4
Declined	325	5.8
Back on, Applied for, IA	185	3.3
Completed Survey	1,833	32.9

Table 4: Survey Response

As shown in Figure 1, response rates are lowest among single males and highest among single parent families. This is consistent with the notion that single males, as a group, are more inclined to move than are other family types. It also illustrates the difficulty data collection firms face in contacting former IA recipients, despite extensive efforts made to track and trace the cohort.

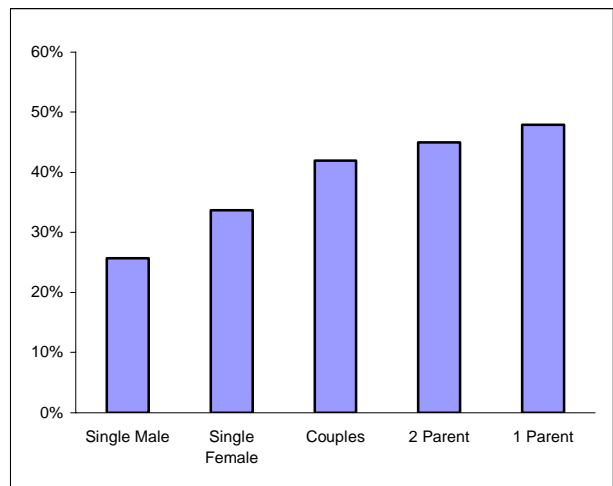


Figure 1: Response Rate by Family Type

Reasons for Leaving IA

Respondents were asked to identify the reasons for leaving income assistance. Nearly 97% of cases who left income assistance in fall 2001, did so to either work, attend school or because of a change in family or financial status. About 2.5% of cases were closed by the ministry for not meeting eligibility criteria.

Among the various family types, single parents were more likely to attend school than participate in the job market. In the fall 2001, fewer than 32% of single parents left IA for work, while more than 55% left to attend school. In large part, this is explained by the high percentage of single parents who leave for school every fall term. In contrast only 9.4% of childless couples left IA to attend school, compared to the 66% who left to participate in the job market.

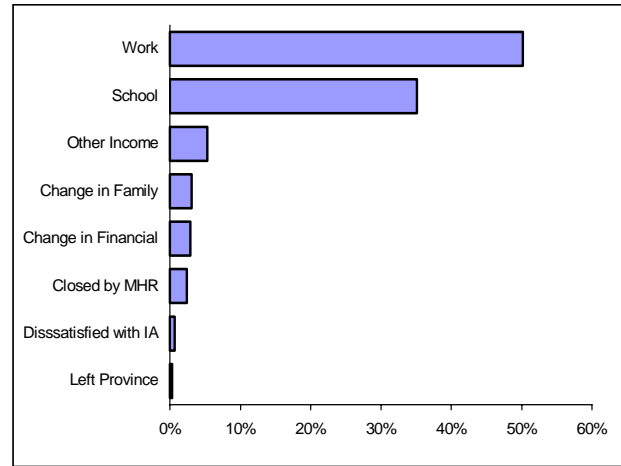


Figure 2: Reason for leaving IA

Reason for Leaving IA	Single Male	Single Female	Childless Couples	2-Parent Families	1-Parent Families	Total
Work	65.6%	60.7%	66.0%	56.0%	31.9%	50.2%
School	20.2%	25.0%	9.4%	21.7%	55.3%	35.1%
Other Income Source (eg EI or Student Loan)	6.0%	5.5%	5.7%	6.6%	4.4%	5.3%
Change in Family Status	1.0%	2.7%	3.8%	5.4%	4.2%	3.1%
Change in Financial Situation	1.8%	3.4%	9.4%	9.0%	1.6%	2.9%
Sub Total	94.6%	97.3%	94.3%	98.7%	97.4%	96.6%
Closed by MHR	3.6%	1.5%	5.7%	1.2%	2.0%	2.4%
Dissatisfied with IA Req'ts	1.4%	0.6%	0.0%	0.0%	0.6%	0.7%
Left Province	0.4%	0.6%	0.0%	0.0%	0.1%	0.3%

Table 5: Reason for Leaving IA

Average Incomes

On average, individuals who left IA for work in fall 2001 received more than two and half times the income they would have received in income assistance. Employment income for single males was 3.6 times higher than what they would have received on IA. Single parents earned 1.8 times more than what they would have received in income assistance.

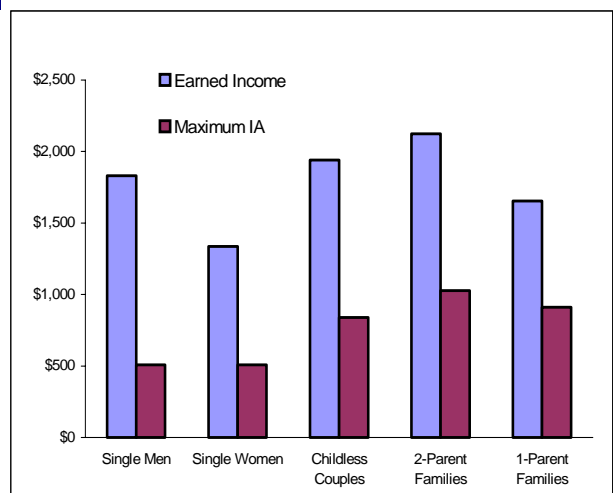


Figure 3: Earned Income vs. Maximum IA

Family Type	Average Monthly Income	Maximum IA Entitlement	Ratio
Single Men	\$1,831	\$510	3.6
Single Women	\$1,336	\$510	2.6
Childless Couples	\$1,940	\$840	2.3
2-Parent Families	\$2,125	\$1,028	2.1
1-Parent Families	\$1,655	\$909	1.8
Total	\$1,715	\$670	2.6

Table 6: Earned Income & Maximum IA

Type of Employment

It is generally held that people who leave IA for work typically find jobs in lower paying service sector positions. When compared to the provincial labour force, former IA clients who left for work in September 2001 found jobs in the goods and services sectors in virtually the same proportion as the overall labour force. Figure 4 below suggests IA leavers are just as likely to find employment in either the goods or services sector as is the overall population.

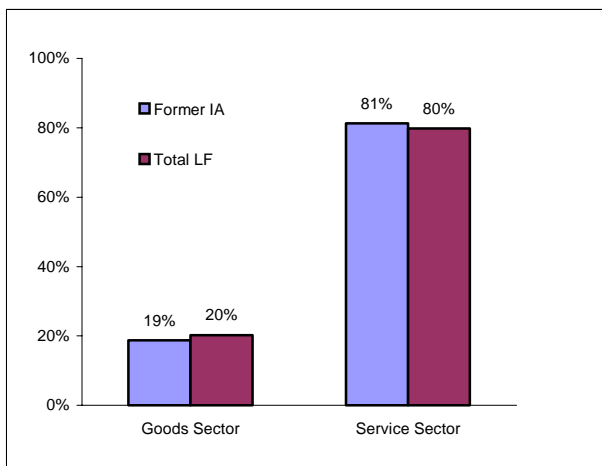
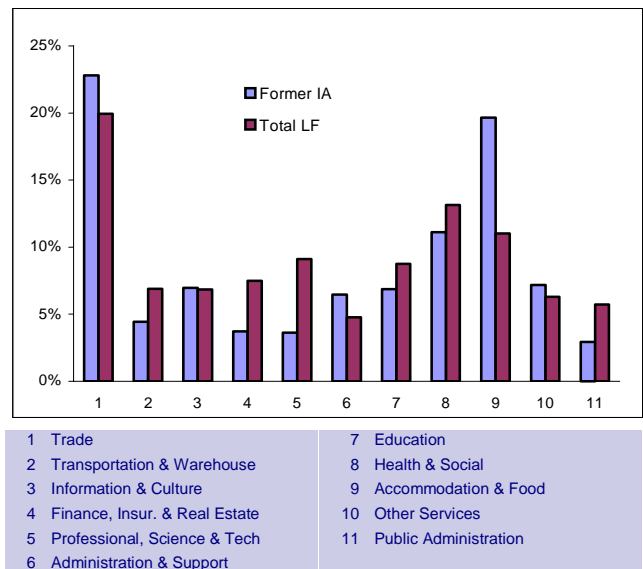


Figure 4: Employment by Sector



- | | |
|---------------------------------|--------------------------|
| 1 Trade | 7 Education |
| 2 Transportation & Warehouse | 8 Health & Social |
| 3 Information & Culture | 9 Accommodation & Food |
| 4 Finance, Insur. & Real Estate | 10 Other Services |
| 5 Professional, Science & Tech | 11 Public Administration |
| 6 Administration & Support | |

Figure 5: Service Sector Employment

Further examination also reveals that IA leavers who found work in the service sector generally move into jobs in the same proportion as the overall labour force. While fewer IA leavers found work in Finance, Insurance and Real Estate occupations, a higher percentage found work in the accommodation and food industry.

A similar scenario emerges in the goods producing sector. Whereas former IA leavers who found work in the goods sector are somewhat underrepresented in manufacturing occupations, they are over-represented in construction and resource industry jobs.

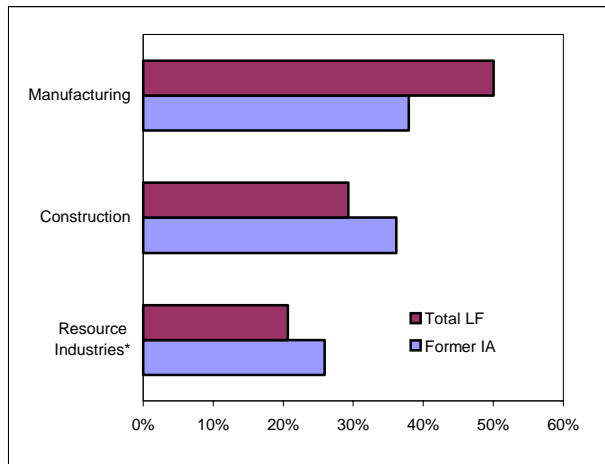


Figure 6: Goods Sector Employment

In this analysis, resource industries include agriculture, fishing, forestry, mining, oil and gas, and utilities. Provincial employment figures for 2001 are taken from the Labour Force Survey, Statistics Canada.

Regional Variations

Figure 7 shows that a higher proportion of those who left IA went to employment in the lower mainland (Regions 1-4) than in the rest of the province (Regions 5-9). Those who did leave IA for employment were uniformly better off financially than while they were on IA. This is the case in all regions of the province (Figure 8).

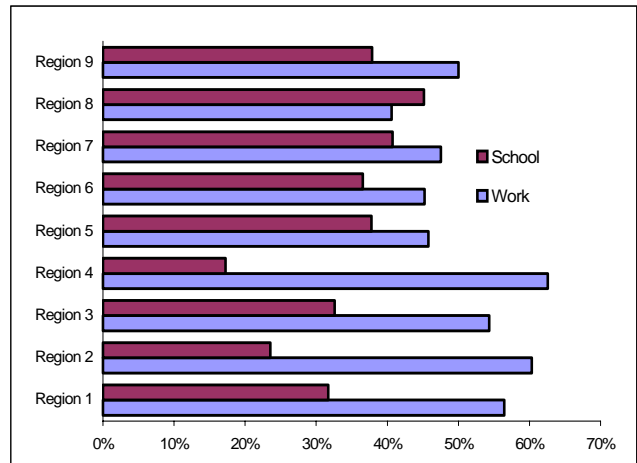


Figure 7: Percent Leaving for Employment and for School by MHR Region

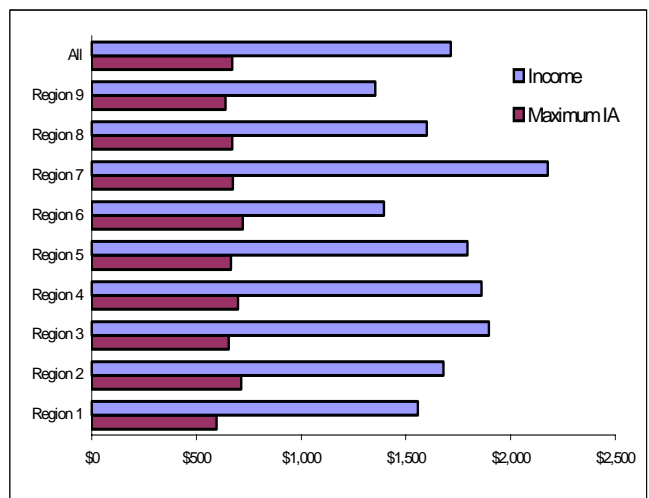


Figure 8: Earned Income vs. Maximum IA

MHR Regions

- Region 1—Vancouver
- Region 2—Lower Mainland/Coast
- Region 3—Fraser North/Upper Valley
- Region 4—Fraser South
- Region 5—Kootenays/Okanagan
- Region 6—Central BC
- Region 7—Prince George/Northern BC
- Region 8—North Vancouver Island
- Region 9—Victoria