

Helping People Help Themselves An Early Look at *learn\$ave*

The *learn\$ave* Project

**Paul Kingwell
Michael Dowie
Barbara Holler
with Liza Jimenez**

SRDC

**SOCIAL
RESEARCH AND
DEMONSTRATION
CORPORATION**

May 2004

The *learn\$ave* Project is funded under a contributions agreement with the federal Department of Human Resources and Skills Development Canada (HRSDC). The findings and conclusions stated in this report do not necessarily represent the official positions and policies of HRSDC.

The Social Research and Demonstration Corporation (SRDC) is a non-profit organization and registered charity with offices in Ottawa, Vancouver, and Sydney, Nova Scotia. SRDC was created specifically to develop, field test, and rigorously evaluate social programs. SRDC's two-part mission is to help policy-makers and practitioners identify social policies and programs that improve the well-being of all Canadians, with a special concern for the effects on the disadvantaged, and to raise the standards of evidence that are used in assessing social policies and programs.

Copyright © 2004 by the Social Research and Demonstration Corporation.

La version française de ce document peut être obtenue sur demande.

Table of Contents

Tables and Figures	v
Acknowledgements	vii
Introduction	1
The Need for a Demonstration	1
Individual Development Accounts	2
The <i>learn\$ave</i> Demonstration	5
Main Features of <i>learn\$ave</i>	6
Research and Evaluation Design	7
Recruitment	11
Recruitment Methods and Results	11
Actual Take-up Rates Among the Eligible Population	15
Profiles of Enrollees and the Eligible Population	17
Insights From a Market Research Survey of Low-Income Areas	20
Key Activities of Participants in <i>learn\$ave</i>	25
Opening a <i>learn\$ave</i> Account	25
Saving for Matched Credits	26
Attending Financial Management Training Sessions	28
Case Management	29
Cashing Out	30
<i>learn\$ave</i> From the Perspective of Participants	33
Conclusion	39

Tables and Figures

Table	Page
1 Recruitment Targets and Actual Enrolment to End of Original and Extended Recruitment Periods	12
2 Proportion of Enrollees Who Heard About <i>learn\$ave</i> Through Each Recruitment Method by Study Group	14
3 Proportion of the Eligible Population Who Enrolled in <i>learn\$ave</i> by the End of May 2003	16
4 Selected Characteristics of Eligible Population and <i>learn\$ave</i> Enrollees by Study Group	17
5 <i>learn\$ave</i> Eligibility, Awareness, and Take-Up Among Respondents in Market Research Survey	21
6 Interest in <i>learn\$ave</i> and Take-Up Among Respondents as a Result of Participation in the Market Research Survey	23
7 Savings Activities of Participants — Proportion Opening a <i>learn\$ave</i> Account and Elapsed Time to Open an Account	26
8 Savings Activities of Participants With Accounts — Active Savings Months and Monthly Savings	26
9 Attendance at Financial Management Training Sessions	29
10 Cash-Out Activities of Participants — Number of Participants with a Cash-Out, Average Number of Cash-Outs and Average Amount Cashed Out	30
Figure	Page
1 Number of Enrollees In Experimental and Non-Experimental Studies by Month of Enrolment	13
2 Average Net Monthly Savings of <i>learn\$ave</i> Participants With Accounts, by Number of Months in <i>learn\$ave</i>	27

Acknowledgements

To our knowledge, *learn\$ave* is the largest demonstration of Individual Development Accounts (IDAs) for learning, an asset-building strategy for low-income individuals, anywhere in the world. Considerable conceptualization, planning, implementation, and research activity has gone into the success of *learn\$ave* thus far. We would like to acknowledge the many dedicated people and organizations who have contributed to this success.

First of all, we would like to thank the federal department of Human Resources and Skills Development Canada (HRSDC) for their support and funding. Jean-Pierre Voyer played an important role in the initial conceptualization of *learn\$ave*; Allen Zeesman, Thomas Townsend, François Weldon, Kathleen Walford, Patricia Mosher, David Wallace, and Tara Finlay all helped move the project along from design to implementation. More recently, Satya Brink and Cindy Carter have assumed responsibility for the project at HRSDC.

SEDI (Social and Enterprise Development Innovations) is credited with initially proposing the idea of conducting an IDA demonstration in Canada, which led to the current *learn\$ave* partnership with the Social Research and Demonstration Corporation (SRDC). Peter Nares, Barbara Gosse, and Jennifer Robson-Haddow from SEDI worked with Human Resources Development Canada (HRDC) — the former federal department funding *learn\$ave* — throughout the early planning phase for the project. Peter and Barbara have continued to play key roles in its launch, implementation, and operational phases, now funded by HRSDC. They are ably assisted by Karen Kerk Courtney who coordinates daily project activities, Kathryn Verhulst who coordinates communications activities, May Wong who implemented the management information system, and Suong Nguyen and Melissa Choi who take care of project administration.

learn\$ave is offered in 10 communities across Canada from Vancouver to Halifax. At the outset, SEDI found and recruited local agencies at each of these sites to deliver *learn\$ave* to the local populations. Without these dedicated people who recruited participants and provided financial management training and case management services, *learn\$ave* would merely be a good idea waiting to happen. We would like to express our gratitude to the following organizations and staff for making things happen at each of the 10 sites:

- Vancouver: The New Westminster Community Development Society, Vicki Austad, Terri Phillip, Leah McBeth, Carla McLean, Tami Antaya, Sylvia Lee, Debbie Johnstone, Maggie Martin, and Evelyn Hortobagyi.
- Calgary: MCC Employment Development, Rodd Myers, Cynthia Chang, Matthew Hironaka, and Khadijah Shivji.
- Winnipeg: SEED Winnipeg Inc., Andrew Douglas, Louise Simbandumwe, Eddi-Lee Sias, and Kathleen Bremner.

- Grey–Bruce Counties (Ontario): The former Women and Rural Economic Development (WRED), Marjorie McIntyre, and Diana Lewis. In 2003 SEDI assumed responsibility for managing the project with the continuing involvement of Marjorie and Diana.
- Kitchener–Waterloo: Lutherwood Community Opportunities Development Association, Donna Buchan, Meredith Miller, Mira Ozimek, Amber Fitzgerald, and De Rail.
- Toronto: The Family Service Association of Toronto, Penny Bethke, Julia Chao, Nelly Melo, Naima Haile, Laima Dambrauskas, Guanxin Hua, Fowzia Mohammoud, and Anna Zhang.
- Montreal: The YMCA, Georges Ohana, and Lyssa Ballesteros.
- Fredericton: The YMCA, Jim Wilson, and Ellen Whalley.
- Digby (Nova Scotia): The Western Valley Development Authority (WVDA), Francine Sylvestre-Wallace, and Jonathan McClelland.
- Halifax: The United Way of Halifax Region, Bob Wright, Cheryl-Lynn Hagan-Deschamps, Chris Gibson-Rout, and Kathleen Simmons-Gosselin.

In addition to the efforts of staff at the local delivery agencies, Fred Hayes of RBC Royal Bank ensured that participants had access to the facilities of local branches to accumulate savings in special *learn\$ave* bank accounts. The Caisse d'économie Desjardins and the Assiniboine Credit Union provided similar services in Montreal and Winnipeg. In addition, Douglas Myers and his colleagues at the Prior Learning Assessment (PLA) Centre were instrumental in developing the curriculum for the financial management training that is provided to a portion of *learn\$ave* participants.

We are grateful for the assistance of many of our colleagues at SRDC who have contributed to our research activities. Saul Schwartz directed the development of the research section of the original project design. Sheila Currie directed the early stages of project planning and implementation. Susanna Gurr continues to direct the ongoing activities associated with data management with the assistance of Hongmei Cao, as she did previously with Jeannine Fraser. Wendy Bancroft and Adele Ritch led the two rounds of focus groups conducted so far. David Gyarmati developed the framework for the benefit-cost analysis to be undertaken at a later stage in the project. Doug Tattrie helped design the surveys that are being used to collect baseline and follow-up information from members of *learn\$ave*'s program and control groups. This report was edited by Richard Swain and proofread by Stéphanie Navarro, who also supervised and edited the translation of the French version of the report.

Data collection is a major activity in this project. POLLARA Incorporated, under contract with SRDC, has conducted all surveys of participants and control group members. We would like to thank Connie Cheng and her team for their ongoing efforts and advice.

Finally, we appreciate and rely on the cooperation of *learn\$ave* participants and control group members in responding to ongoing surveys and attending focus group sessions. Their assistance is a vital component in our efforts to demonstrate the extent to which *learn\$ave* can make a difference to low-income individuals.

Introduction

learn\$ave is a research and demonstration project designed to test whether financial incentives can help low-income people improve their long-term economic prospects. As the fundamental feature of *learn\$ave*, project participants are encouraged to open special *learn\$ave* bank accounts and to build their savings as a means of achieving their goals. For every dollar that a participant deposits, an additional two to five dollars (depending on geographic location) is contributed by *learn\$ave*. These savings can be withdrawn provided that they are used to finance post-secondary education, skills development, associated supports to learning, or a new small business.

This report is the first in a series of reports about research on the *learn\$ave* demonstration project. It introduces the project, presents some early preliminary observations, reviews issues related to the recruitment, presents profiles of current and potential participants, and provides insights into their early savings behaviour. The report also outlines the support services available to participants and the extent to which participants take advantage of these services. Finally, the report presents the views and perspectives of those who are involved in the project.

THE NEED FOR A DEMONSTRATION

Poverty is normally defined in terms of income. Consequently, as the gap between those who “have” and those who “have not” continues to widen, governments have typically responded with policies designed to provide the poor with greater income through increased subsidies and tax credits. The possibility of enabling the poor to improve their financial positions by encouraging them to build savings is rarely considered as a means of assisting them to improve their future prospects. It is often overlooked that families who do not have sufficient financial assets lose their economic security as well as their ability and motivation to plan actively for the future.

Asset-based approaches to savings already form the basis of various fiscal programs for the general population in Canada. These programs use tax incentives to support retirement savings, home ownership, or post-secondary education. The federal government currently operates two such programs:

- **Registered Retirement Savings Plans (RRSPs)** are designed to assist individuals and couples to save and invest some of their current income for their retirement. The RRSP Home Buyers’ Plan also allows for the temporary withdrawal of up to \$20,000 per individual (or \$40,000 per couple) to buy or build a home.
- **Registered Education Savings Plans (RESPs)** are designed mainly to help parents save for their children’s post-secondary education. Under the Canada Education Savings Grant (CESG), the federal government contributes \$0.20 for every dollar saved up to a maximum government contribution of \$400 per year.

These asset-building programs promote savings for specific purposes by deferring a potential income tax liability from a higher-income year (or person) to a lower-income year (or person). However, due to Canada's progressive marginal tax rates many lower-income households cannot take advantage of these programs.

learn\$ave is based on the assumption that low-income Canadians will respond positively to financial incentives to achieve their goals and improve their future prospects. Since the advantages of education and learning are well established as among the most effective means of increasing personal well-being, *learn\$ave* focuses on savings and financial incentives directed to post-secondary education, skills development, small business capitalization, and associated supports to learning.

learn\$ave is one of the tools that could eventually be included in a policy package aimed at promoting equal opportunity in education. At the moment, however, it is simply an interesting idea with limited empirical evidence to support claims for its effectiveness. Will low-income individuals be interested in spending their already scarce resources on adult education or starting a new small business? Will they be able to save enough to finance these goals? Will these activities yield improved earnings and employment prospects in future? These are the questions that the *learn\$ave* demonstration project is intended to answer.

Policy decisions must be well thought out and fiscally prudent, and the introduction of any new program intervention should be based on a demonstration of its effectiveness. This demonstration is being conducted to ensure that such decisions will be made on a sound basis: using the most rigorous up-to-date methodology, *learn\$ave* should be shown to be cost-effective before it or any similar program is implemented more extensively.

INDIVIDUAL DEVELOPMENT ACCOUNTS

learn\$ave is an adaptation of the Individual Development Account (IDA), an anti-poverty concept that has already been implemented in some parts of the United States and in two Canadian cities. IDAs offer a generous matching contribution for every dollar participants save on their own. The underlying hypothesis assumes that the act of saving will cause people to change their economic behavior in ways that will lead them out of poverty, and that the assets purchased with their savings will contribute to their improved economic well-being. IDAs are asset-building programs that share the following features:

- Personal savings deposits made by participants are rewarded by matched deposits from government and/or other sources. The matching deposits are typically provided at rates ranging from \$1 to \$8 for every dollar saved by participants.
- The matching deposits are only disbursed for certain authorized uses, which most commonly include purchasing a first home, establishing or expanding a small business, or undertaking post-secondary education or training.
- Participation is restricted to individuals and families with limited incomes and assets.
- Participants are required to take courses in financial management and participate in a dialogue with a case manager on a regular basis while enrolled in the project.

- The programs set various limits on the savings activity, including a maximum amount of personal savings, a maximum savings period, and a minimum and maximum savings amount per month.
- The programs are operated by community-based organizations and the accounts are held at local financial institutions.

The American Dream Demonstration (ADD) is the first large-scale test of IDAs. The ADD is comprised of 14 programs that are run by 13 community-based non-profit organizations across the United States. All of the programs allow withdrawal of matched deposits to purchase a home, start a small business, or pursue a post-secondary education. There are 2,364 participants in the ADD. The demonstration began in 1997 and one of the programs is the subject of a rigorous evaluation.

Most of the IDA activity in the United States is associated with the *Assets for Independence Act*, which authorizes the Department of Health and Human Services to transfer up to US\$25 million per year over a five-year period to non-profit organizations for IDA projects. In this program, only savings generated from earned income can be deposited into an IDA, which can then be used for the purchase of a first home, post-secondary education, or small business capitalization. It is expected that up to 40,000 individuals will benefit from these projects.

These IDA projects have spurred interest elsewhere. When the ADD commenced there were only four IDA programs in existence, but there are now more than 350 programs across the United States. In addition, IDA and asset-building programs have been implemented in the United Kingdom, Taiwan, and Sweden, with other countries showing increasing interest.

Before the *learn\$ave* demonstration began, three small-scale IDA projects were already underway in Calgary and Kitchener–Waterloo, involving a total of approximately 50 participants. Approved uses for the savings and matched funds varied across these projects and included housing purchases, career training, personal/family education, small business start-up costs, or computer purchases.

The *learn\$ave* Demonstration

In June 2000 Human Resources Development Canada (HRDC)¹ began funding the *learn\$ave* demonstration project and contracted the Social Research and Demonstration Corporation (SRDC) and SEDI (Social and Enterprise Development Innovations) to design and manage the demonstration. SEDI is a Canadian not-for-profit charitable organization that works with governments, communities, organizations, and individuals to increase the capacity of low-income Canadians to improve their economic and social circumstances. SRDC is also a not-for-profit registered charity, whose mission is to help policy-makers and practitioners identify social policies and programs that improve the well-being of all Canadians, with a special concern for the effects on the disadvantaged, and to raise the standards of evidence that are used in assessing the effectiveness of social policies and programs. SEDI is responsible for project implementation, and SRDC is responsible for all related research and evaluation. Because the results of an Individual Development Account (IDA) project take many years to materialize, the project will continue until 2009, when the final evaluation results will become available.²

A network of local not-for-profit partners are delivering *learn\$ave* at ten sites in seven provinces across Canada. The sites and associated delivery agencies are as follows:

- Halifax: United Way of Halifax Region
- Toronto: Family Service Association of Toronto
- Vancouver: New Westminster Community Development Society
- Calgary: MCC Employment Development
- Digby: Western Valley Development Authority
- Fredericton: Fredericton YMCA
- Grey–Bruce: SEDI
- Kitchener–Waterloo: Lutherwood Community Opportunities Development Association
- Montreal: Montreal YMCA, Aurora Business Project
- Winnipeg: SEED Winnipeg Inc.

At 9 of the 10 sites RBC Royal Bank provides enhanced deposit-account services to participants in *learn\$ave*, with the assistance of Caisse d'économie Desjardins in Montreal. At the Winnipeg site the Assiniboine Credit Union offers these services.

¹Since the dissolution of Human Resources Development Canada (HRDC) in December 2003, the new federal Department of Human Resources and Skills Development Canada (HRSDC) has been funding the project.

²The recruitment phase ended in December 2003 and program operations will be mostly over by the end of 2007, by which time most accounts will have been closed.

The experimental³ activity in this demonstration project takes place at the three primary sites — Halifax, Toronto, and Vancouver. The remaining seven sites contribute valuable non-experimental activity and are referred to as secondary sites in this report.

MAIN FEATURES OF *LEARN\$AVE*

The *learn\$ave* demonstration is designed to test the impacts of an IDA program implemented in Canada, and encompasses all the features of IDAs. Through the efforts of the local delivery agencies, eligible individuals are invited to participate in the project. To be eligible, one must:

- live within prescribed boundaries defining the 10 sites,
- be the only person in an economic family seeking participation,
- possess a valid social insurance number,
- be between 21 and 65 years of age (with some exceptions for ages 18 to 20),
- have a pre-tax income below 120 per cent of the appropriate Statistics Canada low-income cutoff (LICO),
- have financial assets that do not exceed the lesser of 10 per cent of annual income or \$3,000,
- not be enrolled in post-secondary education full time.

Interested individuals were invited to apply through extensive outreach and recruitment activities at each of the 10 sites. According to the original project design, up to 1,275 applications were to be accepted at each of the three primary sites. Each of the seven secondary sites was allowed to accept up to 150 applications. As an overall target, 4,875 enrollees were sought across all 10 sites.⁴

At each primary site 75 of the 1,275 spaces were available for income assistance (IA) recipients. As a result, the vast majority of participants at the primary sites are low-income people who are not receiving IA benefits. On the other hand, each of the secondary sites allowed a maximum of 25 per cent of accepted applicants to be in receipt of IA at the time of application.

Once accepted at one of the primary sites, the majority of applicants are invited to open a *learn\$ave* account at RBC Royal Bank. Each dollar they save over a three-year period (up to a maximum of \$1,500) is matched by a \$3 credit to a maximum of \$4,500. During this savings period, a net deposit of at least \$10 has to be deposited to count as an “active savings month.” After 12 “active savings months” have accumulated, the participant can then claim the savings and matched credits and spend the total proceeds on an approved purchase related to education, training, or starting a new small business. Matched credits must be claimed within four years of the enrolment date.

³An explanation for the terms “experimental” and “non-experimental” is provided in “Research and Evaluation Design” on page 7.

⁴The majority of enrollees at each site have specified that they intend to use their savings for education or training. Up to 20 per cent of the spaces at each site were available for those who want to start a small business.

At the primary sites half of those who are invited to open a *learn\$ave* account are expected to attend 15 hours of financial training. The training sessions are intended to enhance participants' financial literacy, and include money management skills such as budgeting, use of credit, and spending. The sessions also encourage participants to build on their personal skills and knowledge to allow them to reach their goals. Participants who must attend training sessions also have access to case management services from the local delivery agencies to encourage and help them save money and meet their goals.

Because a majority of the research activity occurs at the primary sites, the design of the project is necessarily more complex at these sites. The next section of this report explains the research design and outlines the differential treatment afforded various groups of enrollees in Halifax, Toronto, and Vancouver. At the secondary sites everyone who enrolls is invited to open a *learn\$ave* bank account, is expected to attend training sessions, and has access to case management services. However, in contrast to the common approach adopted within the three primary sites, a number of variations exist across the seven secondary sites:

- Montreal offers the highest match rate at \$5 for each dollar saved; however, only \$900 in savings are eligible for matched credits.
- Kitchener–Waterloo offers the lowest match rate at \$2 but offers enhanced counselling services to participants in lieu of an extra \$1 in matched credits.
- Digby offers a \$4 match rate.
- Grey–Bruce offers a \$2.50 match rate, with an additional \$0.50 available as an incentive to attend training sessions.
- In Fredericton the maximum amount of savings eligible for matched credits is \$2,000, and \$6,000 in credits are available.
- In Calgary participants have only two years in which to accumulate savings eligible for matched credits, instead of the usual three years.

Winnipeg is the only site that has more stringent eligibility criteria for applicants. In Winnipeg, applicants must have an annual income below the appropriate LICO to be considered eligible, rather than the 120 per cent of the LICO required at all the other sites. In addition, the Winnipeg site has set another target: two thirds of the participants should have an income below 60 per cent of the LICO.

RESEARCH AND EVALUATION DESIGN

Hypotheses

The research and evaluation plan has been designed around the need to demonstrate the validity of certain hypotheses related to a series of impacts that are expected to occur as a result of *learn\$ave*. These hypotheses correspond to a number of intermediate steps leading to the final intended results as follows:

- **Implementation Hypothesis:** The provision of training sessions and case management services will increase the likelihood that the following hypotheses will hold true.

- **Attitudinal Hypothesis:** Participants will be more forward-looking and will place a higher value on education and learning than they would if they had not participated in *learn\$ave*.
- **Savings Hypothesis:** Participants will save more and will accumulate greater assets, without increased hardship.
- **Educational and Micro-enterprise Development Hypothesis:** Participants will complete more courses and start more small businesses.
- **Employment and Earnings Hypothesis:** Participants will have a greater likelihood of employment and will eventually have higher earnings.

The Experimental Study

The validity of each of these hypotheses will be tested at the primary sites through the use of an experimental design. As the central element of this design, the impacts related to the hypotheses as experienced by participants over time will be compared with the impacts they would have been expected to experience had they not participated in *learn\$ave*. In order to simulate these conditions, a control group of individuals who do not have access to *learn\$ave* benefits is necessary to capture the impacts that would have occurred without *learn\$ave*. Members of the control group must share the characteristics of participants, including their motivation to apply to *learn\$ave*, as closely as possible.

In Halifax, Toronto, and Vancouver eligible applicants were randomly assigned to one of three treatment groups. The first treatment group is the “*learn\$ave*-only” group, which only receives the matched credits. The second group is the “*learn\$ave*-plus” group, which receives the credits plus financial training sessions and case management services. Finally, the third group is the control group, which does not receive any *learn\$ave* benefits or services.

According to the original research plan, each of the primary sites was given a target of 1,200 enrollees⁵ to be evenly divided into the three treatment groups. These sites were also each allowed to recruit 75 IA recipients who are not part of the experimental study and were therefore not randomly assigned to the treatment groups; they receive all available *learn\$ave* benefits, including matched credits of \$3 for each dollar saved, financial management training, and case management.

To fulfill the requirements of the experimental study, a list of accepted applicants was sent to SRDC each week. SRDC then randomly assigned each applicant to one of the three treatment groups and returned the allocations to each site delivery agency, at which point participants were advised of their status. In total, the research plan called for a total of 3,600 individuals to be randomly assigned, with 1,200 in each of the three treatment groups across all three sites. As recruitment progressed, the distribution of the overall target of 3,600 had to be adjusted among the three sites.

⁵All applicants (except IA recipients) who are accepted at the primary sites are normally termed “enrollees” in this report. Enrollees include members of the control group who do not enjoy any of the benefits offered through matched credits or other *learn\$ave* services. The term “participant” is reserved for those in the *learn\$ave*-only and *learn\$ave*-plus groups and for those in the non-experimental and IA studies.

Shortly after acceptance, and before random assignment to one of the treatment groups, the applicant was surveyed by telephone to gather relevant information about personal and family characteristics as well as other baseline information related to the hypotheses being tested.⁶ All three groups will be surveyed to update this information at 18 months, 36 months, and 54 months from the date of their random assignment.

The random assignment process ensures that there are no systematic pre-existing differences among the treatment groups. Consequently, any differences that are observed in the outcomes of the groups will provide a valid measure of *learn\$ave*'s impacts. To test the first hypothesis (that training sessions and case management will have a significant positive impact beyond the impacts due to the matched credits alone), the experiences of the *learn\$ave-plus* group will be compared with those of the *learn\$ave-only* group. To test the remaining hypotheses, the experiences of the *learn\$ave-only* and *learn\$ave-plus* groups will be directly compared with those of the control group at various points over the life of the project.

Project impacts determined from the experimental study at the primary sites will be used in a benefit–cost analysis. Benefits and costs will be assessed from different perspectives. The analysis will consider not only the overall costs and benefits accruing to society as a whole, but also the benefits and costs from the perspective of different segments of society. In accordance with accepted practice in social benefit–cost analysis, the research will examine the benefits and costs realized by *learn\$ave* participants, taxpayers, and society as a whole, as represented through relevant government revenues and expenditures.

Halifax, Toronto, and Vancouver were chosen as primary sites in the research design because of their presumed potential to recruit large numbers of individuals. A total sample of 3,600 randomly assigned enrollees at these three sites is large enough to ensure that policy-relevant conclusions about the underlying hypotheses can be stated with confidence and reliability.

The Non-Experimental Study and the IA Study

The budget available for the demonstration precluded the possibility of applying the experimental design of the primary sites to all 10 sites — much larger numbers of participants would have been needed to meet the requirements of a fully experimental study. Due to these budget limitations, the total sample size for the seven secondary sites was limited to 1,050 participants, and the research plan for the secondary sites is based on analytical methods that are less dependent on larger sample sizes and therefore less rigorous than those employed for the experimental study at the primary sites.

All eligible applicants at the secondary sites receive matched credits as well as financial management training sessions and case management services. The research plan for the secondary sites relies on case study methods to examine the variations in project delivery described in the preceding section. Focus groups, interviews, and data from the management information system will be used in the analysis.

⁶All surveys of participants and the control group are being conducted by POLLARA Incorporated under contract with SRDC.

Up to 25 per cent of the participants at each secondary site were allowed to be in receipt of income assistance when they apply. These participants will be included as part of the overall study of the secondary sites. IA recipients who were recruited at the primary sites will not be included in the experimental study. Instead, their experiences resulting from their participation in *learn\$ave* will be evaluated in a manner similar to that employed for participants at the secondary sites. The findings related to IA recipients at the primary sites will be reported with the findings from the secondary sites.

Recruitment

From a methodological perspective, it would have been preferable to select a random sample of individuals from a list of those who meet the eligibility criteria and invite those individuals to enroll in the project. But the necessary information on level of income and the amount of personal financial assets, which are central to the selection process, is not available. Initially, discussions took place with the Canada Customs and Revenue Agency (CCRA) to obtain information on the low-income population that could have been used to draw a sample of those who could have met *learn\$ave*'s eligibility requirements. However, CCRA was unwilling to participate in this process.

As the best alternative approach, the local delivery agencies at the 10 sites were asked to find eligible participants within the specified boundaries defining their respective sites by advertising the existence and benefits of *learn\$ave* in their area and by working with other local agencies that serve the low-income population. The original plan called for recruitment targets to be met by May 31, 2003.

In this section, a number of questions are addressed: Have overall recruitment targets been met? How has recruitment progressed since the first applicants were accepted? What methods did the local agencies use to recruit participants and how effective were these methods? Who has enrolled? What are their characteristics? Do they represent the local population who are eligible to participate in *learn\$ave*, or are they more representative of particular segments of the population? What recruitment results might have occurred if the entire eligible population had heard of *learn\$ave*? How interested are people in *learn\$ave*? What are some of the factors that affect their decision to apply, or not to apply?

RECRUITMENT METHODS AND RESULTS

Recruitment began in June 2001, and by the end of the original recruitment period on May 31, 2003, enrolment had reached 3,608 individuals, which represents 74 per cent of the overall target of 4,875. As shown in Table 1, most of these individuals had enrolled at the primary sites, which had been assigned the highest targets. However, despite this, the primary sites were still considerably short of their goal, while the secondary sites had almost reached their targets.

Table 1: Recruitment Targets and Actual Enrolment to End of Original and Extended Recruitment Periods

	Recruitment Targets	Enrolment During Original Recruitment Period ^c	Enrolment During Extended Recruitment Period ^d
Study type			
Experimental study ^a	3,600	2,427	3,562
Non-experimental study ^b	1,050	958	1,001
IA study	225	223	225
Totals	4,875	3,608	4,788

Sources: Project Management Information System (PMIS) and the Baseline Survey.

Notes: ^aNumbers enrolled in experimental study include enrollees who were randomly assigned to one of the research groups (*learn\$ave-only*, *learn\$ave-plus*, or the control group) by indicated date.

^bNumbers enrolled in non-experimental and income assistance (IA) studies include participants to whom acceptance letters were mailed by the indicated date.

^cEnding May 31, 2003.

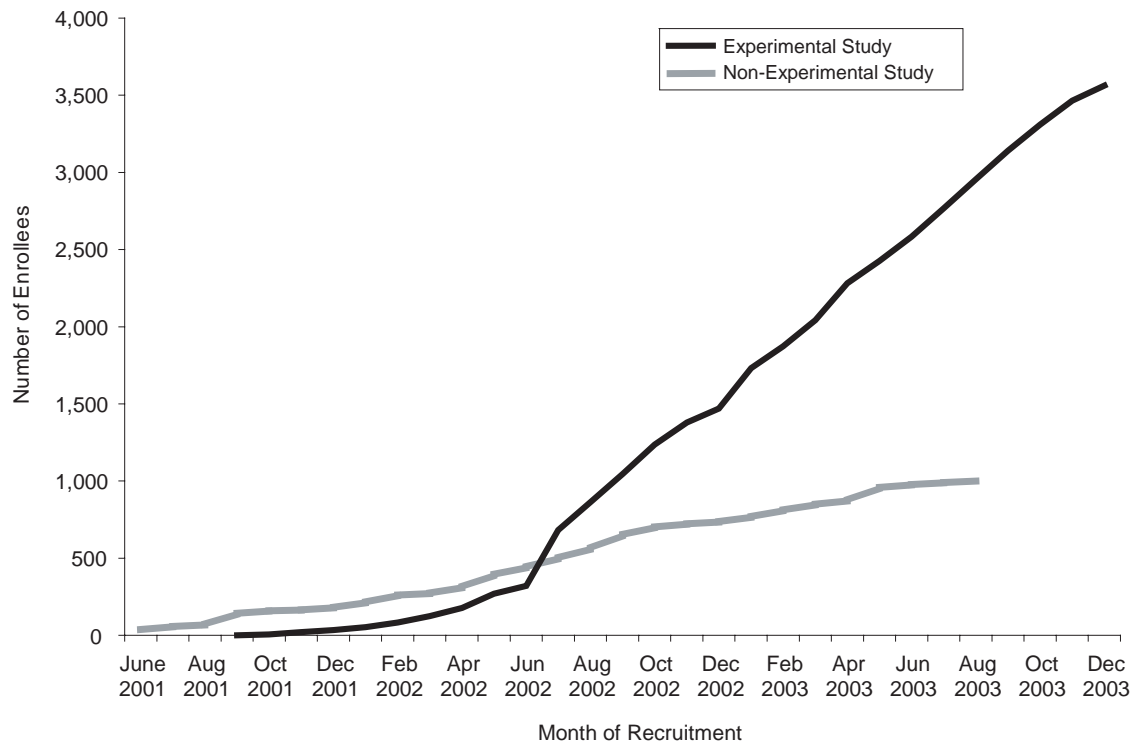
^dEnding December 31, 2003.

Recruitment proved to be more difficult than anticipated. By the end of the original recruitment period, 1,267 participants were still sought — the vast majority of them needed at the primary sites for the experimental study. As a result, the recruitment period had to be extended from May 31 to December 31, 2003. As part of the revised plan, Halifax stopped accepting applications on July 31, 2003, having enrolled 254 individuals. Toronto was allowed to continue recruiting until 1,696 applications were accepted, and Vancouver was assigned a revised target of 1,650 enrollees.

As shown in Table 1, the primary sites had enrolled 3,787 applicants in the experimental and IA studies by December 31, 2003 — in fact, they had recruited their overall target of 3,825 but some of the applicants were not randomly assigned to the treatment groups until February 2004. The secondary sites fell short of their goal of 1,050 by only 49 participants. Halifax and Grey–Bruce were the only sites that did not reach their original targets. By the end of December 2003, a total of 4,788 individuals had enrolled in *learn\$ave*, of which 1,187 are members of the control group at the primary sites.

Exhibiting a pattern similar to that experienced by Individual Development Account (IDA) projects in the United States, recruitment at the primary sites began slowly and then proceeded at a more rapid pace as time progressed. Figure 1 illustrates the trends that evolved at the primary sites for the experimental study and the secondary sites for the non-experimental study. The primary sites began recruiting in August 2001, and by October 2001 the first participants were randomly assigned. Monthly recruitment at those sites was below expectations until May 2002. Recruitment then improved in June 2002, and this higher pace continued until the extended recruitment period ended.

Figure 1: Number of Enrollees in Experimental and Non-Experimental Studies by Month of Enrolment



Sources: Project Management Information System (PMIS) and the Baseline Survey.

Note: The experimental study data is based on date of random assignment and the non-experimental study data is based on date of acceptance letter.

Recruitment at the secondary sites followed a more consistent pattern. This may be due at least in part to the larger number of sites: slow recruitment at some sites tended to be offset by brisk recruitment at others. For example, Fredericton filled many of its spaces very quickly at the beginning of the recruitment period, while Montreal began very slowly.

The noticeable improvement in the recruitment trend at the primary sites can be partly explained by the different methods the local delivery partners used at various times to make potential participants aware of *learn\$ave* and interest them in applying. At the outset, much of this effort was directed towards working with other local agencies that have close ongoing contacts with low-income Canadians, such as income assistance (IA) recipients. After the first few months of recruitment it became evident that the expected results were not forthcoming, so the local delivery agencies began to place greater emphasis on other methods.

The change in emphasis was most evident in Toronto, where the focus of recruitment activities abruptly shifted in May 2002 with the launch of a multi-faceted recruitment campaign involving subway advertisements, newspaper advertisements, media interviews, and posters and brochures in public places. The large number of enquiries resulting from this campaign was responsible for most of the sudden improvement in the recruitment trend shown in Figure 1. Halifax also gradually introduced a similar campaign at about the same

time but this campaign did not produce a noticeable shift in recruitment. On the other hand, Vancouver had been emphasizing and refining their use of the media as a recruitment method since the fall of 2001.

Table 2 indicates the various methods that local delivery agencies employed to generate applications for *learn\$ave*; it also shows the proportion of enrollees who heard about *learn\$ave* via each method by the end of June 2003. Hearing about *learn\$ave* from friends, relatives, or acquaintances through “word of mouth” has proven to be the most effective means of promoting *learn\$ave*. This is especially true at the secondary sites where about 40 per cent of those recruited found out about *learn\$ave* through word of mouth — more than twice as effective as the next best method at these sites. As the project progressed, word of mouth gained momentum and importance, gradually improving its effectiveness in reaching potential participants.

Table 2: Proportion of Enrollees Who Heard About *learn\$ave* Through Each Recruitment Method by Study Group

	Experimental Study (%)	Non-Experimental Study (%)	IA Study (%)
Recruitment Method			
Word of mouth	30	40	22
Media	32	14	17
Poster/brochure	19	19	11
HRDC ^a offices	7	2	6
Other agencies	7	19	33
Other method or unknown	6	5	11
Sample Size	1,683	970	224

Source: Project Management Information System (PMIS).

Notes: Includes those who were sent an acceptance letter on or before June 30, 2003.

Data for the experimental study includes only participants in the *learn\$ave*-only and *learn\$ave*-plus groups.

The non-experimental sample excludes six participants who were admitted to the program in error.

^aIn December 2003 Human Resources Development Canada (HRDC) was reorganized into the Department of Human Resources and Skills Development Canada (HRSDC) and the Department of Social Development Canada (SDC).

The table also confirms the wisdom behind the shift in marketing methods that resulted in improved recruitment results during the early summer of 2002. The use of local media for advertisements, interviews of *learn\$ave* site staff, and articles about *learn\$ave* were very effective at the primary sites, which are dominated by large cities — 32 per cent of enrollees heard about *learn\$ave* through the media at these sites. Conversely, reliance on the assistance of other local agencies at these sites proved to be relatively ineffective when attempting to recruit from the low-income working population since only seven per cent of them heard of *learn\$ave* in this manner. But the use of other agencies was the most effective means of reaching income assistance recipients — 33 per cent of IA enrollees at the primary sites heard about *learn\$ave* through other agencies.

Posters and brochures were somewhat less effective, with from 11 to 19 per cent of enrollees naming these sources. Posters advertising *learn\$ave* in the transit system were very

effective in Toronto. Brochures distributed to selected large employers such as Wal-Mart and Home Depot were much less effective.

The promotion of *learn\$ave* by local offices of Human Resources Development Canada (HRDC) was among the least effective of recruitment methods, especially at the secondary sites where only two per cent of enrollees had heard about *learn\$ave* in this manner. The least effective methods employed to market *learn\$ave* include the establishment of *learn\$ave* Internet sites and the distribution of brochures by mail.

ACTUAL TAKE-UP RATES AMONG THE ELIGIBLE POPULATION

The 2001 Census was the best available source to use to estimate the size of the population eligible to participate in *learn\$ave*. Because *learn\$ave* is targeted at a specific segment of the overall population, the appropriate reference group among the Census population must match the eligibility criteria for participants in *learn\$ave* as closely as possible. As a result, a reference group was drawn from the 2001 Census population comprised of individuals who:

- lived within the boundaries of one of the 10 sites,
- possessed a valid social insurance number,
- were between 21 and 65 years of age,
- had a pre-tax family income below 120 per cent of the low-income cutoff (LICO),
- were not in school full time.

Unfortunately, an important criterion — the amount of financial assets owned by the individual and by the individual's economic family — is not collected as part of the Census. In addition, the Census does not collect information on respondents' income assistance status or, unsurprisingly, their intentions to pursue future endeavors corresponding to *learn\$ave*'s sanctioned goals. For these reasons, the reference group obtained from Census data will deviate to some extent from the actual eligible population.

There are just over 2.4 million economic families throughout Canada that include at least one individual with the characteristics listed above.⁷ The number of economic families is a fairer standard of comparison because only one member of an economic family is allowed to apply to *learn\$ave*.

As shown in Table 3, the primary sites encompassed 478,575 economic families with at least one potentially eligible individual in 2001 — this represents 19.8 per cent of the Canadian total. The secondary sites comprised 447,585 economic families, representing 18.6 per cent of the Canadian total. Consequently, all 10 sites covered 38.4 per cent of the eligible families in Canada as a whole.

⁷In this report, the term "economic families" includes unattached individuals who are not full-time students and all economic families of two or more people. "Unattached" individuals are people who live alone or without other relatives present. Economic families of two or more people include groups who live in the same dwelling and are related to each other by blood, marriage, common law, or adoption.

Table 3: Proportion of the Eligible Population Who Enrolled in *learn\$ave* by the End of May 2003

Study Type	Size of Eligible Population ^c	Number of Enrollees	Take-Up Rate (%)
Experimental study total ^a	478,575	2,427	0.507
Vancouver ^a	195,020	952	0.488
Toronto ^a	254,970	1,257	0.493
Halifax ^a	28,585	218	0.763
Non-experimental study total ^b	447,585	958	0.214
Total for Canada	2,411,770	n/a	n/a

Sources: 2001 Census, Project Management Information System (PMIS), and the Baseline Survey.

Notes: ^aIncludes enrollees who were randomly assigned by date indicated.

^bIncludes participants who were sent an acceptance letter by date indicated.

^cIncludes unattached individuals who are not full-time students and all economic families of two or more people.

Table 3 also shows the number of individuals enrolled in *learn\$ave* at each of the primary sites and the total number enrolled at the other seven sites as of May 31, 2003. At that time, all the primary sites were still in the process of recruiting, while most of the other sites had already completed their recruitment.

By the end of May 2003 the Halifax site had recruited 218 individuals from a population base of 28,585 economic families, which corresponds to a take-up rate of 0.763 per cent. Toronto and Vancouver had each recruited over 900 individuals from a combined base of 449,990 economic families — their take-up rates were almost identical at 0.493 and 0.488 per cent respectively. The overall take-up rate was 0.507 per cent across all primary sites. By that time, these sites had been recruiting for over 20 months.

The secondary sites had recruited 958 individuals from a total of 447,585 economic families in their areas, for an overall take-up rate of 0.214 per cent. Unlike the rates calculated for the primary sites, the take-up rate for the secondary sites is artificially depressed due to their relatively low target levels.

By the revised recruitment completion date of December 31, 2003, the primary sites had enrolled 3,562 individuals, which corresponds to a take-up rate of 0.744 per cent.⁸ Meanwhile, the other sites had recruited 1,001 for a take-up rate of 0.224 per cent.

⁸The remaining applicants that were needed to meet the target of 3,600 were recruited by the end of December 2003, but were enrolled in January 2004, after they had been randomly assigned to the treatment groups.

PROFILES OF ENROLLEES AND THE ELIGIBLE POPULATION

One of the central issues addressed in this demonstration project is the extent to which those who enrolled in *learn\$ave* represent the underlying population of eligible individuals. In this section, a profile of personal characteristics of individuals who would have been eligible for *learn\$ave* is compared with the corresponding characteristics of those who have enrolled. For this purpose, the characteristics of eligible individuals rather than economic families serve as the basis of comparison.

Table 4 compares a range of relevant characteristics of individuals who comprise the eligible population at the various sites with those who have enrolled in *learn\$ave*. The characteristics of the eligible population are based on the reference group selected from the 2001 Census according to the criteria outlined in this report. Three comparisons are presented: (1) primary site enrollees in the experimental study and a weighted average of the reference group at the three primary sites, (2) participants at the secondary sites and a weighted average of the reference group at the secondary sites, and (3) IA recipients at the primary sites who entered *learn\$ave* directly without having been randomly assigned and the appropriate weighted average of the reference group.⁹

Table 4: Selected Characteristics of Eligible Population and *learn\$ave* Enrollees by Study Group

Characteristic	Experimental Study		Non-Experimental Study		IA Study	
	Eligible Population	Enrollees	Eligible Population	Participants	Eligible Population	Participants
Gender (%)						
Female	54	52	55	69	55	71
Marital Status (%)						
Single ^a	29	46	31	48	31	53
Married or common-law	53	41	47	24	50	8
Divorced, widowed, or separated	18	13	22	27	19	39
Age (%)						
21–30	22	39	25	41	24	12
31–40	30	44	26	33	29	43
41–50	25	14	22	17	24	31
51–65	23	3	27	7	23	12

(continued)

⁹The weighted averages for the reference groups are based on the proportions of enrollees/participants at the relevant sites. For this reason, the characteristics of the Census group with which IA recipients are compared differ slightly from those of the Census group with which experimental enrollees are compared — in spite of the fact that the Census populations, in this case, resided in the same cities — Vancouver, Toronto, and Halifax. It should, however, be noted that the reference group for the IA study in this report comprises all individuals who apparently meet the eligibility criteria, regardless of IA status, because IA status is not available from the Census.

Table 4: Selected Characteristics of Eligible Population and *learn\$ave* Enrollees by Study Group (Cont'd)

Characteristic	Experimental Study		Non-Experimental Study		IA Study	
	Eligible Population	Enrollees	Eligible Population	Participants	Eligible Population	Participants
Education (%)						
High school graduate	71	94	63	90	70	88
Some post-secondary (without university degree ^b)	37	40	37	50	36	43
University degree ^b	20	49	12	25	21	25
In school part time	8	12	5	12	7	14
In school full time	0	4	0	4	0	6
Employment and Income						
Employed ^c (%)	53	66	55	60	53	19
Annual Income ^d (\$)	10,033	11,268	9,807	10,042	9,881	9,811
Language, place of birth and immigration (%)						
English or French home language	56	53	86	88	66	85
Born in Canada	37	35	77	n/a	51	n/a
Born in China	11	29	1	n/a	8	n/a
Recent immigrant ^e	21	48	6	n/a	16	n/a
Sample Size	635,465	2,583	542,190	970	635,465	224

Sources: Application Form, Participant Information Form, Baseline Survey, and the 2001 Census.

Notes: Enrollees in experimental study includes those who were randomly assigned on or before June 30, 2003.

For the non-experimental and income assistance (IA) studies, the table includes participants who were sent an acceptance letter on or before June 30, 2003. Eligible population is represented by a reference group drawn from the 2001 Census population in accordance with restrictions imposed by the *learn\$ave* eligibility criteria.

The Census reference group for each study is drawn from the population of the sites participating in each particular study. The characteristics of the reference group for each study are weighted by the proportion of *learn\$ave* participants from each site participating in each particular study. Sample sizes are unweighted.

For some characteristics, all categories may not total to 100% due to the presence of missing values or due to rounding.

The “eligible population” for the IA study is represented by the Census reference group from the primary sites. Since IA status is not available from the Census, the reference group presented in this table includes but is not restricted to IA recipients.

For this and subsequent tables, the sample for the non-experimental study excludes six participants who were admitted to the program in error.

n/a indicates data not available from above sources.

^aRespondents who indicated they were never married.

^bFor the experimental study, persons with university certificates or diplomas below a bachelor level are included under “some post-secondary.” For the non-experimental and IA studies, they are included under “university degree.” Those with university certificates or diplomas below a bachelor level account for up to three per cent of the total sample.

^cIncludes those in full- or part-time employment either as an employee or self-employed.

^dAnnual income is individual income in the calendar year prior to application. For those who immigrated to Canada in the year prior to application, annual income is based on a formula that includes foreign income, Canadian income, and money brought into Canada. For some individuals, annual income is currently being reviewed and corrections will be reflected in the forthcoming implementation report.

^eRecent immigrant from Census includes persons who immigrated from January 1996 to May 2001. For participants, includes those who immigrated from January 1998 to June 2003.

As shown in Table 4, there are clear distinctions among the groups. Experimental study enrollees differ markedly from the eligible population in a number of important areas. For example, a much higher proportion of enrollees are single compared with the eligible population, and a smaller proportion is currently married or living common-law. Almost half of all enrollees are single, while just over one quarter of the eligible population is single. Experimental study enrollees are also younger than the eligible population — a much higher proportion is between 21 and 40 years of age. Thirty-nine per cent are between 21 and 30 years of age, as compared with 22 per cent in the eligible population.

Formal education and training appear to be important to these enrollees: 94 per cent are high school graduates, as compared with just under three quarters of the eligible population. In addition, many of them either have completed post-secondary courses or are currently furthering their education or training. Almost half of them have a university degree at the bachelor level or higher — this compares with 20 per cent of the eligible population. A higher proportion is currently in school part time: 12 per cent compared with 8 per cent of the eligible population.¹⁰

Experimental study enrollees are more likely to be employed and they have a higher average annual income. They are 13 percentage points more likely to be employed and they earn an average of \$1,235 per year more than the eligible population.

A much higher proportion of experimental enrollees has recently immigrated to Canada. Almost half of them arrived in Canada since 1998; on the other hand, one fifth of the eligible population immigrated between 1996 and the date of the 2001 Census. *learn\$ave* is particularly attractive to Chinese-born immigrants: almost one third of these enrollees were born in China — this is almost three times the proportion among the eligible population.

Some of the same differences that exist between experimental study enrollees and the eligible population at the primary sites also apply to participants and the corresponding populations at the secondary sites. Participants at the secondary sites tend to be single and are less likely to be married than the eligible population. They also are younger and have more formal education. These participants are much more likely to be female than is the case for the eligible population — 69 per cent of them are female compared with 55 per cent of the reference group.

The gap in employment status or annual income at the secondary sites is smaller than the gap that exists at the primary sites; 60 per cent of non-experimental participants were employed when they applied and their income was just over \$10,000 per year — 55 per cent of the eligible population are employed and their average income is only \$235 below that of participants.

A much higher proportion of the eligible population at the secondary sites, as compared with the primary sites, is Canadian-born and normally speaks English or French at home. The

¹⁰A small proportion of enrollees reported that they were in school full time. According to the eligibility criteria, full-time students are not eligible for *learn\$ave*. There are a number of possible reasons for the discrepancy: (1) full-time high school upgrading is allowed, (2) there is a time lag between the acceptance of applications and the baseline survey of enrollees in the experimental study during which time personal circumstances may change, (3) data entry errors. The reference sample from the 2001 Census excludes all full-time students.

proportion of secondary site participants with English or French as their home language is almost identical to the eligible population in those areas.

The profiles of participants in the non-experimental and IA studies are based on application forms and information forms that they completed upon enrolment; they were not asked to complete a baseline survey. Due to a need to limit the length of these forms, information on their country of birth or date of immigration is not available. Accordingly, Table 4 covers all categories except country of birth and date of immigration for these two groups.

On average, participants at the primary sites who were receiving IA when they applied for *learn\$ave* are quite different from enrollees in the experimental study. This IA group comprises a higher proportion of single, divorced, widowed, and separated individuals and a much lower proportion in the currently married category. In terms of age, IA recipients tend to be between 31 to 50 years of age. The proportion of IA recipients with a university degree is much lower than the corresponding proportion of enrollees in the experimental study. As expected, given the conditions for receipt of income assistance, only 19 per cent of the IA group indicated they were employed when they enrolled, and their annual income from all sources is less than that of enrollees in the experimental study.

A very high proportion of the IA group at the primary sites identified one of Canada's official languages as the language they normally speak at home — 85 per cent speak English or French at home, compared with the mid-50s for enrollees in the experimental study.

The profiles presented in this section provide a preliminary indication of the characteristics of enrollees in *learn\$ave* and their similarities and differences with regard to the eligible population from which they originate. It is important to recognize, however, that there is considerable variation among the sites in this regard. For example, much of the difference concerning the proportion of recent immigrants can be traced to recruitment at the Toronto site. In addition, it should be noted that almost 25 per cent of the participants at the secondary sites were receiving income assistance when they applied, while none of the enrollees in the experimental study at the primary sites were receiving income assistance — IA recipients at the primary sites are part of a separate study.

INSIGHTS FROM A MARKET RESEARCH SURVEY OF LOW-INCOME AREAS

The preliminary observations presented in the preceding sections have begun to address some of the issues identified in the introduction to this chapter. It is also important to gain a better understanding of the eligible population, the knowledge they have of *learn\$ave*, their reactions to the opportunities *learn\$ave* may provide to them, the decision process they go through in determining whether they will apply, and the factors that prevent more people from applying. These issues cannot be addressed through readily available sources of information.

To help provide preliminary answers to these fundamental questions, the Social Research and Demonstration Corporation (SRDC) conducted a market research survey

of potential participants from April to June 2003.¹¹ Households in low-income areas in Toronto and Vancouver were contacted at random by telephone. Respondents were first asked a series of screening questions designed to determine their eligibility for *learn\$ave*: these questions covered all of the eligibility criteria listed in this report, including the amount of their financial assets (not recorded by the 2001 Census).¹²

A description of *learn\$ave* was then read to those respondents who were deemed eligible. Consequently, those who did not have an interest in furthering their education or training or in starting a new small business may have been less inclined to complete the interview. Those who did choose to complete the interview were asked a series of questions probing their background characteristics and their views and intentions relevant to the issues of importance to the research objectives.¹³

All respondents who said they were interested in *learn\$ave* were invited to attend one of the information sessions that were to take place within the following month. Approximately one month later, attempts were made to contact everyone who had received an invitation and had agreed in advance to be interviewed a second time in order to track the steps they had taken towards applying to *learn\$ave*, as well as the reasons they had or had not taken action.

Eligibility, Awareness, and Take-Up in Low-income Areas

Among those who were contacted initially, 7,855 respondents were screened to determine their eligibility for *learn\$ave*.¹⁴ As shown in Table 5, 1,259 individuals, or 16 per cent, were found to be eligible according to their responses to the screening questions. Over half of all respondents were screened out because their income exceeded the allowable maximum amount for their family size or because their financial assets exceeded the limit established for entry into *learn\$ave*.

Table 5: *learn\$ave* Eligibility, Awareness, and Take-Up Among Respondents in Market Research Survey

Category	Number of Respondents
Agreed to do survey	7,855
Eligible	1,259
Screened out ^a	6,596
Heard of <i>learn\$ave</i> before survey	223
Applied to <i>learn\$ave</i> before survey	38

Source: Market research survey.

Note: ^aThe first few survey questions addressed respondents' eligibility for *learn\$ave*. Respondents who were not eligible or who refused to answer were screened out and did not complete the rest of the survey.

¹¹This survey was conducted by POLLARA Incorporated under contract with SRDC. A full description of this survey will be provided in the next report on the *learn\$ave* research. Only essential background information necessary to gain a basic understanding of the survey is presented in this short introductory report.

¹²For simplicity, respondents were asked whether specified household assets were less than \$3,000; they were not asked to state a specific value for their household assets.

¹³The characteristics of those who completed the interview match quite closely those of the reference group from the 2001 Census for Vancouver and Toronto. Exceptions include the proportion of high school graduates, English/French as main home language, and Canadian-born, which all fall between the Census group and the sample of enrollees. The proportions of recent immigrants and Chinese-born fall below both the Census group and the sample of enrollees.

¹⁴Many of those who were called could not be reached or did not want to be interviewed.

Out of 1,259 eligible respondents, 223 (17.7 per cent) had previously heard about *learn\$ave*. In Vancouver, 34 per cent of those who had heard about *learn\$ave* heard first through word of mouth; 32 per cent heard first through newspapers, radio or television. In Toronto 30 per cent first found out about *learn\$ave* from posters in subway trains, while 28 per cent heard via word of mouth. “Other” sources each received less than 15 per cent of total mentions.¹⁵

The vast majority of those who had heard about *learn\$ave* had a positive impression of its benefits. Among the reasons most often mentioned for their positive views, they liked the “free money” available to participants and the fact that *learn\$ave* “helped people achieve their goals.” Only 4.7 per cent of these individuals had negative impressions of *learn\$ave*. Their reasons for these impressions were most often due to a concern that they might not qualify, or that they might be assigned to the control group.

Of the 1,259 eligible respondents, 38 had already applied to participate in the project. This number represents 17 per cent of those who were aware of the existence of *learn\$ave*. The 38 applications also represent a take-up rate of 3 per cent of the 1,259 eligible survey respondents in low-income areas of Vancouver and Toronto.

Subsequent Interest and Take-Up Among Survey Respondents

The majority of eligible respondents had never heard of *learn\$ave* before they were contacted as part of this market research survey. When told of its existence and their eligibility to participate, most showed an interest in *learn\$ave* and the possibilities it offered to them — 40 per cent said they were very interested and another 35 per cent said they were somewhat interested.

When offered an opportunity to attend a session designed to explain the project and to accept applications, 70 per cent said they wanted to attend within the month following the survey. Recent immigrants were more likely to say they wanted to attend a session — 84 per cent wanted to attend, as compared with 69 per cent of other respondents.

As shown in Table 6, when interested respondents were contacted approximately a month later, very few had followed through on their initial intentions. Among interested respondents who were contacted again, 58 individuals had telephoned or had sent an e-mail to the Family Services Association of Toronto or the New Westminster Community Development Society and 31 had accessed the *learn\$ave* website in the area. Only 29 individuals had actually attended a session to obtain more information about *learn\$ave* or to apply — this number represents 6.4 per cent of the 452 people who were contacted a second time.¹⁶ A lack of time was the main reason cited for not attending; only 2.4 per cent said they were no longer interested and only 1 per cent said they did not think the offer was legitimate.

¹⁵Information on how eligible respondents had become aware was obtained from the responses of 185 of the 223 individuals who had heard of *learn\$ave*.

¹⁶While 854 respondents said they were interested in attending a session, many of them were not surveyed again because they could not be contacted within the following month or they had not agreed to a second interview.

Table 6: Interest in *learn\$ave* and Take-Up Among Respondents as a Result of Participation in the Market Research Survey

Category	Number of Respondents
Eligible but had not applied before survey	1,221
Wanted to apply after survey	854
Completed follow-up survey ^a	452
Called or e-mailed for more information ^b	58
Accessed <i>learn\$ave</i> website	31
Attended application/information session	29
Applied to <i>learn\$ave</i>	16
Plan to complete application soon	6
Hope to attend application/information session in future	313

Source: Market research survey.

Notes: ^aThe follow-up survey took place within the two-month period after the first wave of the market research survey and was mainly intended to determine whether the respondents who had said they wanted to attend an application/information session had actually done so.

^bAmong those who had said they wanted to attend a session and who were contacted in the follow-up survey.

Among those who had attended a session, 16 had completed an application form — this represents 55 per cent of those who had attended a session and 3.5 per cent of those who had said they would attend and had responded to the second survey. Another six people said they still intended to complete their application forms. A relatively large number — 313 respondents — said they still hoped to attend a session in future.

Implications for a Maximum Potential Take-Up Rate

The findings indicate that three per cent of eligible respondents had already applied to *learn\$ave* before they were contacted as part of the market research survey. After they heard about the project during the survey, another 1.3 per cent applied within the month following the survey. Thus, one month after the survey, the take-up rate among eligible survey respondents had risen to 4.3 per cent. This cumulative take-up rate is based on the fact that all eligible respondents were aware of *learn\$ave* and their eligibility to participate by the time they had completed the survey.¹⁷ It is also based on a direct marketing approach through which potential applicants were informed about *learn\$ave* directly by telephone and personally invited to attend an information session in their area. Consequently, the 4.3 per cent rate can be viewed as a preliminary estimate of the maximum take-up rate among eligible individuals in the general population. It is preliminary because some of those who showed interest in *learn\$ave* during the survey may have eventually applied after the second survey of these respondents took place in June 2003. To the extent that this has occurred, the estimate of the maximum take-up rate among eligible survey respondents would rise.¹⁸

¹⁷Notification that they were eligible was based on their responses to the screening questions, which in some cases were approximations representing the eligibility criteria.

¹⁸Research is currently underway to determine the extent to which respondents have applied.

An alternative approach can be used to estimate a maximum take-up rate for *learn\$ave* — this approach would increase the actual take-up rate by assuming full awareness of *learn\$ave* among the eligible population. In Table 3 actual take-up rates were presented — they were calculated by comparing the actual number of enrollees recruited up to the end of May 2003 with the eligible population as represented by an appropriate reference group drawn from the 2001 Census. Based on actual recruitment, the average combined take-up rate in Vancouver and Toronto up to the end of May was 0.49 per cent.

According to information collected in the market research survey, 17.7 per cent of the eligible population in low-income areas of Vancouver and Toronto were aware of *learn\$ave* in April and May 2003 — this is approximately the same time frame that applies to the actual take-up rates presented in Table 3. Using a simple extrapolation, an increase in the awareness level from 17.7 per cent to 100 per cent would raise the take-up rate for Vancouver and Toronto from 0.49 per cent to 2.8 per cent.¹⁹ Thus if everyone in the target population in those areas had been aware of *learn\$ave* at that time, about 2.8 per cent of the eligible population might have applied.

The observations contained in this report therefore lead to two different estimates of maximum take-up rates that could potentially occur if everyone among the eligible population knew about *learn\$ave*. In one case the eligible population is represented by a reference group drawn from the 2001 Census, and in the other, by a group of respondents to the market research survey of low-income areas. These two estimates of a maximum take-up rate cannot be expected to converge precisely. For example, the maximum rate of 2.8 per cent calculated from Census data should be lower than the corresponding rate of 4.3 per cent calculated from the market research survey because the Census does not include any information pertaining to individuals' asset levels, personal goals, or priorities for the future. These considerations would reduce the size of the reference group and thus raise the estimate of the maximum take-up rate.

Neither of these estimates allows for possible opposing influences that could affect the take-up rate. For example, it is highly unlikely that everyone in the eligible population would become aware of *learn\$ave*, although awareness could approach a very high level if *learn\$ave* were introduced across Canada as a federal program. On the other hand, it is also possible to envision — although impossible to measure at this point — the likelihood of a “snowball effect” generated by greater personal knowledge of *learn\$ave*'s benefits among the eligible population through the experiences of friends and acquaintances.

Although an exact maximum take-up rate cannot be determined, preliminary information obtained to date suggests a range of values up to five per cent of the eligible population.

¹⁹The extrapolated rate of 2.8 per cent is obtained by dividing the average rate for Vancouver and Toronto as of May 31, 2003 (0.49 per cent) by the proportion of the eligible population in those cities as estimated by the Census reference who were aware of *learn\$ave* at that time as estimated by the market research survey (17.7 per cent). This extrapolation is based on the assumption that those who had not known about *learn\$ave* would eventually apply in the same proportion as those who had already been aware.

Key Activities of Participants in *learn\$ave*

Participants in *learn\$ave* are encouraged to open a *learn\$ave* bank account and build their savings in order to earn matched contributions, which can then be used to help them achieve their goals. Consistent with other IDA programs, most participants are also given some assistance to help them improve their skills in financial management. The key activities in *learn\$ave* therefore include opening a *learn\$ave* account, saving for matched credits, attending financial management training sessions, and claiming or “cashing-out” matched credits. In addition, most participants have access to case management services.

This section presents preliminary observations on the extent to which participants open accounts, savings amounts and patterns, attendance at financial training sessions, and the amounts and frequency of cash-outs. Separate results are presented for each of the three studies described in this report. The experimental study includes participants in Toronto, Halifax or Vancouver who were randomly assigned to the *learn\$ave*-only or *learn\$ave*-plus group — control group members are not discussed in this section since they are not eligible to open a *learn\$ave* account or enjoy any of the other benefits offered to those in the other treatment groups. The non-experimental study includes all participants from the other seven sites, up to 25 per cent of whom are income assistance recipients. Finally, the income assistance (IA) study refers to income assistance recipients in Vancouver, Halifax, and Toronto who are excluded from the experimental study.

OPENING A *LEARN\$AVE* ACCOUNT

The initial steps involved in opening a *learn\$ave* account begin soon after applicants are accepted as participants who have access to *learn\$ave*'s benefits. As the first step, *learn\$ave* participants must attend an orientation session.²⁰ At the orientation session, participants are given the information that they need to open an account and a letter introducing them to the bank as a *learn\$ave* participant. After receiving this letter, participants can go to any branch of RBC Royal Bank in their community to open their account.²¹ The first key measure of program participation is therefore the extent to which participants open a *learn\$ave* account.

Overall, a very high percentage of participants in all groups have opened a bank account. Approximately 86 per cent of participants who had enrolled before the end of June 2003 opened an account by the end of July 2003. As shown in Table 7, 89 per cent of participants in the experimental study and 85 per cent of participants at the secondary sites have opened their accounts. The account-opening rate among IA participants at the primary sites is noticeably lower at 72 per cent.²²

²⁰At certain secondary sites orientation occurred during the application session.

²¹In Winnipeg, participants open their accounts at the Assiniboine Credit Union. In Montreal participants can open their accounts at either RBC Royal Bank or the Caisse d'économie Desjardins.

²²The data pertaining to savings and account opening is based on the Project Management Information System (PMIS). When this report was written, the PMIS dataset contained a relatively small number of errors affecting about three per cent of participants at the primary sites. Because of these errors, the total number of open accounts and the value (*continued*)

Table 7: Savings Activities of Participants — Proportion Opening a *learn\$ave* Account and Elapsed Time to Open an Account

	Experimental Study	Non-Experimental Study	IA Study
Total participants	1,683	970	224
Opened account (%)	89	85	72
Time to open account (calendar days)	32	27	34

Source: Project Management Information System (PMIS).

Notes: Includes participants who started on or before June 30, 2003 and opened an account by July 31, 2003.

Time taken to open an account is the average time between the date of the acceptance letter and the date that the account was opened.

Although participants at most sites have up to two years to open their bank accounts and begin to save, they chose to open their accounts relatively quickly. On average, participants take about one month to open their account from the date of the letter notifying them of their acceptance. Generally, there are two main causes for delays in opening a *learn\$ave* account. Some participants have not attempted to open their accounts either because their personal circumstances have changed since applying for *learn\$ave* or because they have not yet made the effort to open the account. Secondly, RBC Royal Bank has rejected the requests of a small number of participants to open a *learn\$ave* account.²³ Future reports will examine this issue in greater depth.

SAVING FOR MATCHED CREDITS

Preliminary data indicate that participants are saving substantial amounts to take advantage of the matched credits. Overall, participants with accounts save an average of \$54 per month. As Table 8 shows, however, there is considerable variation between the average monthly savings of participants in the experimental and non-experimental studies.

Table 8: Savings Activities of Participants With Accounts — Active Savings Months and Monthly Savings

	Experimental Study	Non-Experimental Study	IA Study
Participants with accounts	1,500	825	162
Average active savings months (%)	69	59	53
Average net monthly savings (\$)	66	38	31

Source: Project Management Information System (PMIS).

Notes: The table based on account activity up to July 31, 2003 and includes participants who started on or before June 30, 2003.

An active savings month is one where the month-end balance is at least \$10 more than the month-opening balance. Average active savings months is the quotient of the number of active savings months divided by the number of months in *learn\$ave*. Average net monthly savings is calculated as follows: 1) total gross savings for those participants with accounts is calculated by summing the total amount of deposits made in their *learn\$ave* accounts since they enrolled, 2) total net savings is calculated by subtracting the total amount of unmatched withdrawals they made since enrolment from the gross savings (withdrawals of savings with matched credits are not deducted from total savings in this calculation), 3) average net monthly savings is calculated by dividing total net savings by the number of months since enrolment.

of deposits may be slightly underestimated in this report. Bank representatives are working with project staff to fix these problems in time for the next research report.

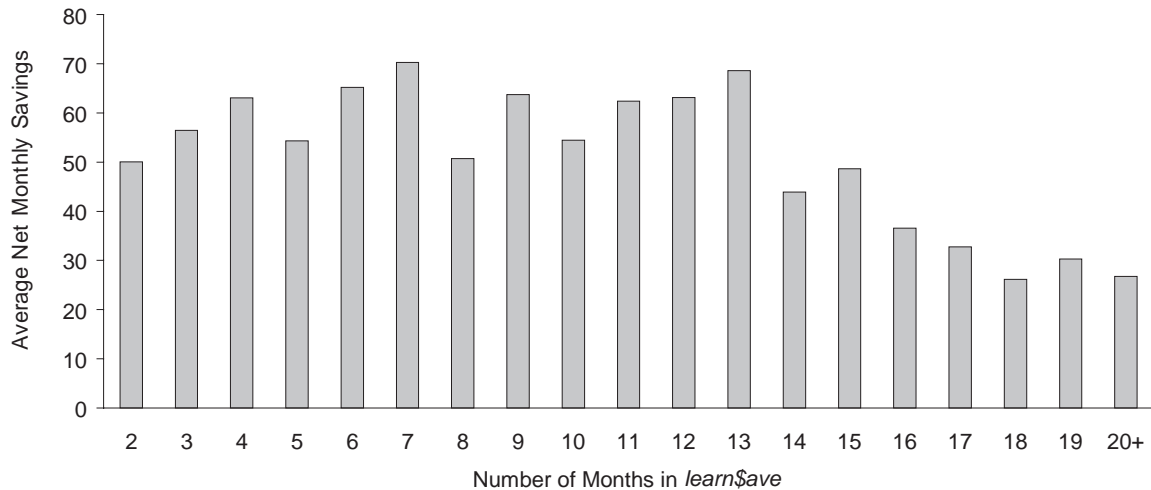
²³RBC Royal Bank applied its standard account opening checks to *learn\$ave* accounts. Overdue debts or debts that were “written off” in the past explain most of the bank’s refusals to open an account. Changes to the account opening process as a result of new legislation enacted in the fall of 2003 should eliminate many of these barriers for participants.

Table 8 shows that on average, experimental study participants save \$66 per month while participants at secondary sites save \$38. The disparate demographics of participants across the sites may explain some of these differences. In addition, the different design parameters at some of the secondary sites may lead to some of the variation in average savings. For example, Montreal participants can save a smaller amount than participants at the primary sites to receive the same amount of matched credits because they receive five dollars for every dollar they save.

As part of its focus on increased savings, *learn\$ave* is designed to encourage participants to save on a regular basis. It attempts to facilitate this goal by requiring a minimum of 12 active savings months before participants can gain access to their matched credits.²⁴ Table 8 shows that the average participant in the experimental study who has opened an account has accumulated an active savings month in 69 per cent of the total months available since enrolment. The average is slightly lower in the non-experimental study where participants have accumulated an active savings month in 59 per cent of available months.

Figure 2 shows average monthly savings amounts as a function of the number of months that have elapsed since participants with accounts have enrolled. It indicates that participants save an average of between \$50 and \$70 per month during the period between their second month and their thirteenth month after enrolment. Average monthly savings drop considerably for participants who have been in the project more than 13 months.

Figure 2: Average Net Monthly Savings of *learn\$ave* Participants With Accounts, by Number of Months in *learn\$ave*



Source: Project Management Information System (PMIS).

Notes: Includes participants who started the project by June 30, 2003 and who opened an account on or before July 31, 2003.

Number of months in *learn\$ave* is the number of months from participant's start date to July 31, 2003.

In this figure, participants are divided into cohorts based on the number of months they have been enrolled in *learn\$ave*. Average net monthly savings is calculated separately for each group. See notes in Table 8 for description of average net monthly savings.

²⁴An “active savings month” is defined as a month in which a net amount of at least \$10 has been deposited into the *learn\$ave* account.

The average monthly net savings recorded after the 13th month can be expected to decline because some participants save relatively quickly. For example, some of those who have been in the project for 20 months may have reached their savings goal after the first 12 months and would not have added much to their savings after the first year.

Overall, participants have been able to earn a substantial amount of matching credits from their savings. As of February 2004, participants had saved a total \$2.3 million of their own money. In turn, they had earned a total of \$7 million in matched credits, for a grand total of \$9.3 million in savings and credits.

ATTENDING FINANCIAL MANAGEMENT TRAINING SESSIONS

Individual Development Account (IDA) programs generally require participants to attend financial management training (FMT) sessions. Consistent with other IDA programs, most *learn\$ave* participants are expected to attend FMT sessions. All participants in the *learn\$ave-plus* group at the primary sites and all participants in the non-experimental and IA studies are expected to attend FMT sessions.

The three primary sites and Kitchener–Waterloo, Digby and Montreal use a common training curriculum called the *learn\$ave* training curriculum. The *learn\$ave* training curriculum was designed specifically for the *learn\$ave* project by the Prior Learning Assessment Centre in consultation with SEDI (Social and Enterprise Development Innovations) and local delivery agencies. It relies heavily on many of the principles of Prior Learning Assessment and Recognition (PLAR), which encourage participants to identify and document their pre-existing skills, their attributes, and the barriers that are preventing them from achieving their savings and educational goals.

The local delivery agents in Calgary, Winnipeg, Grey–Bruce, and Fredericton each use curricula that they have designed. Although variations exist, there are several subjects that are common to curricula across all sites. These common elements include information and advice on budgeting, savings techniques, credit use, and goal setting. The *learn\$ave* training curriculum takes 15 hours to complete, while the locally designed curricula vary in length from about 15 to 30 hours. For ease of reference, all training sessions, including the *learn\$ave* training curriculum, are termed FMT sessions in this report.

The research design for the experimental study specified that *learn\$ave-plus* participants would attend FMT sessions — the research design requires a reasonably high rate of attendance in order to estimate the magnitude of any differential impact due to FMT. By the end of July 2003, attendance of *learn\$ave-plus* participants at the primary sites had not yet met expectations. As shown in Table 9, only 50 per cent of *learn\$ave-plus* participants at the primary sites who had enrolled before May 2003 had attended at least one FMT session. By contrast, 80 per cent of participants at the other sites had attended at least one session.

Table 9: Attendance at Financial Management Training Sessions

	Experimental Study ^a	Non-Experimental Study	IA Study
Total participants who started before May 2003	731	867	223
Attended at least some FMT (%)	50	80	69
Attended more than 9 hours of FMT (%)	39	70	49
Average hours attended ^b	13	15	12
Total participants who started before February 2003	566	767	211
Attended at least some FMT (%)	54	84	71
Attended more than 9 hours of FMT (%)	43	74	51
Average hours attended ^b	13	15	12

Source: Project Management Information System (PMIS).

Notes: Includes FMT taken on or before July 31, 2003.

^aThis column only includes *learn\$ave*-plus participants as they are the only experimental group that attends FMT.

^bAverage hours attended is the average among participants with at least some FMT training.

Until mid-2003, there were delays in scheduling *learn\$ave*-plus participants at the primary sites for their first FMT session — on average, it took about four months to schedule their first session. The results shown in Table 9 reflect these delays — among participants who enrolled before February 2003, attendance rates increase only marginally to 54 per cent for *learn\$ave*-plus participants at the primary sites. Attendance is better for participants in the non-experimental and IA studies.

Once participants had started their training, however, they usually persisted towards its completion. As shown in Table 9, *learn\$ave*-plus participants at primary sites who had attended at least one session had recorded an average of 13 hours of training by the end of July 2003.²⁵

The attendance rate has fallen below expectations in part because recruitment was a main preoccupation until at least mid-2003, with the result that arranging and delivering FMT sessions was treated as a lower priority. With the completion of the recruitment phase, local delivery agencies are devoting more time to facilitating these sessions. The forthcoming report on the implementation of *learn\$ave* will cover financial management training in greater depth and will provide updated attendance rates.

CASE MANAGEMENT

All participants in the *learn\$ave* project receive at least a minimum amount of assistance — or case management — from the local delivery agencies. These case management services include an initial orientation to the rules and requirements of the project, a monthly statement showing deposits and withdrawals in the *learn\$ave* bank account, assistance with the procedures associated with claiming accumulated matched credits, and answers to participants' inquiries on a range of issues related to *learn\$ave*.

²⁵The higher average in the non-experimental study — 15 hours — is likely due to the longer course length at some secondary sites.

In addition to FMT, all participants who are part of the *learn\$ave*-plus group at the primary sites as well as all participants in the non-experimental and IA studies are entitled to receive an enhanced level of case management services. According to research and implementation plans, local delivery agencies are expected to provide case management services in a proactive manner, rather than waiting for participants to approach them. As part of this process, local agencies are supposed to stay in contact with participants to encourage them to open their accounts. They are also supposed to monitor participants' savings patterns and contact participants when they believe further encouragement is needed.

To date, local delivery agencies have not consistently initiated substantial case management activities related to missed deposits. The intensive effort directed towards recruitment often left little time for active case management services.

CASHING OUT

As participants' savings accumulate, matched credits are held in trust, rather than deposited directly into their accounts. When they are ready to spend their matched funds for education, training or to start a small business, participants must submit a cash-out request to the local delivery agency. Once this request is approved, SEDI issues a cheque to the supplier of the approved good or service that the participant intends to purchase.

By the end of July 2003, 124 participants had cashed out on at least one occasion. Two hundred and ninety-two cheques were issued on behalf of those participants, which corresponds to an average of 2.4 cheques for each person who had cashed out. The average amount of their combined credits and individual savings was \$2,716, which is well below the maximum amount available to those who save the full amount. As Table 10 shows, participants in the experimental study at the primary sites made an average of 1.8 cash-outs, while those at the other sites made an average of 2.7 cash-outs. Some of this difference is likely due to the length of time participants from each type of site have been in *learn\$ave* — participants at the secondary sites have been in the project an average of three months longer.

Table 10: Cash-Out Activities of Participants — Number of Participants with a Cash-Out, Average Number of Cash-Outs and Average Amount Cashed Out

	Experimental Study	Non-Experimental Study	IA Study
Number of participants enrolled for 12 months or more ^a	383.0	492.0	153.0
Number with a cash-out	43.0	66.0	15.0
Average number of cash-outs ^b	1.8	2.7	2.5
Average amount cashed out (\$) ^c	2,573	2,819	2,676

Source: Project Management Information System (PMIS).

Notes: Table includes cash-outs approved on or before July 31, 2003.

^aAs of July 31, 2003.

^bPer participant who has cashed out.

^cPer participant who has cashed out (includes personal savings plus matched credits).

The fact that more than two cheques were issued on behalf of each person who had cashed out is likely related to the manner in which the cash-out process is administered and possibly to a preference of participants to spend their savings and credits gradually as they strive to achieve their goals. A separate written cash-out request is required each time that a participant needs a cheque for one of the eligible goals. Participants may need more than one cheque for a particular purpose — for example, one cheque is needed to pay a community college for tuition and a separate cheque is needed to pay the college's bookstore for supplies. Participants can use up to 50 per cent of their savings and matched credits to a maximum of \$1,500 on supports to learning, which includes items such as books, computers, and required course supplies. By the end of July 2003, supports to learning had accounted for almost 30 per cent of the 292 cash-outs.

Participants may also need multiple cheques to make two or more payments to the same supplier over a period of time — for example, colleges require a series of cheques to pay for several semesters of classes. From an operational perspective, the relatively high average number of cash-outs has created an increased administrative burden for both participants and project staff.

The cash-out totals presented in this report are preliminary — participants have three years to save and one more to claim their matched credits. By the end of July 2003, a total of \$337,952 including personal savings plus matched credits had been put towards eligible uses. As time progresses, the total amount of matched credits available for cash-out is expected to grow more rapidly. The average number of cash-outs per participant will likely increase as many participants still have funds left in their accounts that they will claim in future.

***learn\$ave* From the Perspective of Participants**

In the midst of the recruitment period in the fall of 2002, a number of participants were invited to focus group sessions to give their views on important aspects of *learn\$ave*. Questions surrounding recruitment were central to the discussions — in particular, there was a need to better understand the motivation behind the decision to apply to *learn\$ave*, and there was perhaps an even greater need to explore the reasons for the decision not to apply. In response to this, some of those who had initially shown interest in *learn\$ave* but had decided not to apply were also invited to join these focus groups.²⁶

In addition to the recruitment issue, participants who had been assigned to the *learn\$ave*-plus group were also asked to reflect on various aspects of their experience with *learn\$ave*, including the financial management training sessions they had attended and case management services to which they were entitled. Other important issues, such as matters related to saving and claiming matched credits, were not covered by these focus group sessions because they were held at an early stage of implementation.

Virtually all *learn\$ave* participants were excited about this opportunity to improve their lives. Many low-income individuals, however, face considerable obstacles as they try to improve their prevailing circumstances. Participants found ways to overcome these obstacles in order to apply for admittance.

On the other hand, there are many individuals for whom the attractions of *learn\$ave* were insufficient to motivate them to take action to improve their future prospects by participating in *learn\$ave*. Unlike most *learn\$ave* participants, who have clearer personal goals, non-applicants were less likely to identify clear personal goals at the focus group sessions. For them the advantages offered by *learn\$ave* are overshadowed by the difficulties and barriers they perceive in their lives. In addition, some non-participants regarded the application process as an irritant that eventually led to their decision not to apply.

During the focus group discussions, many participants indicated that the training sessions provided them with the opportunity to share their experiences with other participants and helped them in their efforts to achieve their savings goals. Participants are grateful for the assistance that the local delivery agencies have provided and for the dedication their staff have demonstrated in providing these services. Direct quotes from those who participated in these focus group sessions are provided in the following sub-sections.

²⁶One hundred and two participants and potential applicants attended 12 focus group sessions in Vancouver, Calgary, Toronto, Halifax, and Digby.

learn\$ave: An Opportunity

Among those individuals who are most interested in improving their future prospects by acquiring additional skills and knowledge or by starting their own business, *learn\$ave* is seen as a rare opportunity.

“It just sounded like a really good deal. Who wouldn’t say yes to saving one dollar and getting three dollars for it?”

“I saw that there could be a profitable investment in it. I saw that it could be a good opportunity for me in starting my own business.”

*“When I first came to Canada friends told me you have to go to school to have your life established here, because here in Canada if you have a degree back home, they don’t accept it here, you have to study here. When I saw this *learn\$ave* program giving me a chance to study, me paying a quarter and they giving me \$4,500, it’s a good opportunity and chance for me.”*

“The motivation for me was like I said, I took the plunge to go back to school three and half years ago and I am working in the social work field. I can actually carry on with my education because with both of us (husband) going to school it’s a real challenge to be able to afford. This brightens the light at the end of the tunnel, I am pretty positive that I am going to get my graduate degree and be as marketable as I want to be in the field, and this just gets me a couple of steps ahead.”

Perceived Obstacles: Uncertain Goals

Non-participants identified the lack of a firm savings goal as a reason for not applying for *learn\$ave*. When asked why they had not applied, some said they had little interest in any of *learn\$ave*’s savings goals and others were uncertain about their own goals. For those reasons, they did not see the merit in the project and did not consider it worthwhile to complete the application process.

“I wasn’t quite sure when I wanted to go back to school so I guess that was the main reason I didn’t enroll.”

“I had been interested in going back to school but I didn’t think that would change my life right away. I wasn’t sure if I was going to go back to school in two or three years, I couldn’t foresee it. As a newcomer to Canada I thought it’s better to get experience first, maybe like doing volunteer work in the field I would like to work in and get practical experience rather than going to school. That I wasn’t clear on, so that it stopped me thinking of going to school because I thought that would delay my practical experience. But I am still not sure which is good, both are important.”

“I have been checking out all the options for someone my age. I am 55, so I am not so employable even in the city. I had some confused idea of trying to upgrade my skills, but I had no plan.”

Perceived Obstacles: Personal Problems

For many non-participants, the *learn\$ave* offer came at a time when they were experiencing stress caused by the demands of their hectic daily lives, financial instability, health concerns, and family responsibilities, which depleted their mental, physical and emotional energy. For these applicants, the effort of enrolling in *learn\$ave* was one task too many. Several individuals said that while they considered *learn\$ave* to be an opportunity, they felt it was one that they could not pursue at this point in their lives.

“There was a sense of hopelessness that comes with being unemployed and aged. It discourages you from making too much effort in any direction unless you are absolutely sure that there is going to be a benefit at the end of it. So much energy is already expended on just surviving.”

*“Some incidences happened in my family that was a crisis and it took six months to get over that, and we are still catching up a year later to get our life back on track. That put everything else on the back burner. You try to continue a normal life, it was hard, and it still is hard. I have two 4-year-olds, which makes life very hectic for both of us. That is basically what happened. We are slowly getting everything back on track. If I had the opportunity to get back in *learn\$ave* I sure would give it a try because I think it’s a great idea, but as I said it doesn’t seem possible.”*

*“In the meantime I was in a situation in my life where my mother had just died and I was very grief stricken. I was fighting a court battle to remain in the house that my mother owned. There were many things going on in my life where I couldn’t deal with something like *learn\$ave*.”*

Perceived Obstacles: Project Requirements

Non-participants expressed irritation with the amount and the type of information requested on the *learn\$ave* application form. For some there was a philosophical disagreement with the need to provide income tax returns. Others seemed to take issue with the length of the form itself. Several individuals reported that they found these requirements discouraging and this resulted in their decision not to proceed with the enrolment process.

Other focus group attendees said that they were not eligible primarily due to their asset levels. They expressed a high level of disappointment that they could not join a project which they felt would help them to save to meet their future goals. Many non-participants either lacked information about *learn\$ave*, or had misunderstood the requirements. While it is understandable that those who choose not to participate may have little motivation to fully understand the project, it is possible that their misconceptions may have contributed to their decision not to apply.

“I remember the application was fiendishly complicated, very restrictive, and it had lots of sub-clauses. Certainly on the surface, it was beyond my capacity to deal with at that stage.”

“It’s not a matter of intelligence or reading forms, I mean we all fill out endless numbers of forms. I felt it was too intrusive. I felt cynical as I mentioned before because I thought oh well, you have to basically give away the farm before you can get help from this project.”

“I think this project should have an income limit not a savings limit because, yes we are all low income but we have some savings because we are low income. If we have no savings then we need to apply for welfare, but we don’t want to, so we need our savings. This project has strict asset limits for savings. We are only allowed to have \$3,000, so it’s difficult for us. We have a low income and this I think they should focus on, this should be important.”

“I thought you got the money and could do with it whatever you like. Then I realized that they were in control of the way you spent it. And actually they are spending it for you. I would have no control over the way the money was being spent.”

Financial Management Training and Case Management

Most *learn\$ave*-plus participants spoke positively about financial management training. Sharing experiences with other people in similar situations, reflecting on their saving and spending behavior, developing a portfolio, and improving their personal budgeting processes were all regarded as helpful. Several participants also appreciated the peer support that had enabled them to share their savings experiences, exchange information related to their lives, and in general, support each other as they tried to meet their savings targets.

“I just started the first day of financial management training. It was about your attitude towards savings and financial gain and the social and psychological part and it was very analytical with lots of brainstorming and sharing so I enjoyed it.”

“I know about budgeting — it’s just that I always procrastinate doing it. She²⁷ gave us some forms we could use to start our budget and it was really helpful for me. Being young you live from paycheck to paycheck and in the end you don’t know where your money went.”

“The other people in the group were more important than the program. For me the money became secondary to the group and to the self-realization of a lot of things in my life. The amount of money involved wasn’t necessarily going to change my life so I had to change my life. So it helped me get in touch with myself, who I’d been and who I’d become. It made a big difference.”

“She has been so incredible. If I don’t have a ride she will come and pick me up at home and take me to the meeting or to the class. During the session when we were doing the actual training, my baby was two months old and she would take her out for a walk in the hallway so I could be a part of the group and take my lessons. She always calls me if there is an opportunity that she thinks I could be involved in. She just wrote me a letter and got me involved in a women’s business conference that is happening and contacted some people so that I could go without any cost. She has been incredibly helpful. She has been just amazing. Her support made me feel like I could do it.”

²⁷A staff member from a local delivery agency.

“The incentive too is you know you have that support behind you; it gives you that little push. They always say if you are having problems call. I need a big push sometimes so in a way it’s really good.”

Conclusion

By the end of 2003 the *learn\$ave* demonstration project had succeeded in coming very close to meeting its overall recruitment target after a seven-month extension in the recruitment period at two of the primary sites. In spite of the generous incentives, a small proportion of the eligible population has applied after approximately two years of intensive effort by the local agencies that are delivering *learn\$ave* at the 10 sites. According to estimates provided in this report, up to 5 per cent of this population might have applied if awareness of *learn\$ave* had been widespread.

learn\$ave has much greater appeal for certain groups within the low-income population. Those who are ready for the changes in their lives that can be facilitated by participating in *learn\$ave* and who are in a position to take advantage of these benefits are more likely to apply. Recent immigrants to Canada appear foremost in this category, although others with a good formal education, employment, and higher incomes are more likely to apply.

It is still much too early in the evolution of the *learn\$ave* demonstration to arrive at any conclusions about expected results from individuals' savings patterns, their investment in activities related to sanctioned goals, or long-term impacts on their eventual employment and earnings. Early indications, however, suggest that low-income people with very few financial assets can and will accumulate savings that are substantial given their personal circumstances.

learn\$ave has just crossed its first major threshold with the end of recruitment. From this point forward, it is the actions of participants and control group members that will demonstrate whether *learn\$ave* can make a difference. The observations presented in this report are based on preliminary information that has been collected as participants enrolled and began pursuing their goals through the activities designed to facilitate their quest. As they progress, the research effort will concentrate on monitoring their activities, refining the preliminary observations of this report and addressing the fundamental hypotheses upon which the *learn\$ave* demonstration project was designed.

This report is the first in a series of research reports that will be published until the end of the demonstration in 2009. An implementation report, the next in the series, will provide an in-depth review of the activities that took place as *learn\$ave* was designed and implemented. The implementation report is scheduled for release within a year of the publication of this report. Future reports will focus on longer-term results and impacts as they develop over time.

Publications on SRDC Projects

SRDC reports are published in both official languages. SRDC working papers are published in the language of the author(s) only.

Self-Sufficiency Project (SSP)

New Evidence From the Self-Sufficiency Project on the Potential of Earnings Supplements to Increase Labour Force Attachment Among Welfare Recipients (published in English only), by Kelly Foley (February 2004).

Employment, Earnings Supplements, and Mental Health: A Controlled Experiment (published in English only), by Pierre Cremieux, Paul Greenberg, Ronald Kessler, Philip Merrigan, and Marc Van Audenrode (February 2004).

Assessing the Impact of Non-response on the Treatment Effect in the Canadian Self-Sufficiency Project (published in English only), by Thierry Kamionka and Guy Lacroix (October 2003).

Equilibrium Policy Experiments and the Evaluation of Social Programs (published in English only), by Jeremy Lise, Shannon Seitz and Jeffrey Smith (October 2003).

Can Work Incentives Pay for Themselves? Final Report on the Self-Sufficiency Project for Welfare Applicants, by Reuben Ford, David Gyarmati, Kelly Foley, and Doug Tattrie with Liza Jimenez (October 2003).

How Random Must Random Assignment Be in Random Assignment Experiments? (published in English only), by Paul Gustafson (February 2003).

Do Earnings Subsidies Affect Job Choice? The Impact of SSP Supplement Payments on Wage Growth (published in English only), by Helen Connolly and Peter Gottschalk (January 2003).

Leaving Welfare for a Job: How Did SSP Affect the Kinds of Jobs Welfare Recipients Were Willing to Accept? (published in English only), by Kelly Foley and Saul Schwartz (August 2002).

Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients, by Charles Michalopoulos, Doug Tattrie, Cynthia Miller, Philip K. Robins, Pamela Morris, David Gyarmati, Cindy Redcross, Kelly Foley, and Reuben Ford (July 2002).

When Financial Incentives Pay For Themselves: Interim Findings From the Self-Sufficiency Project's Applicant Study, by Charles Michalopoulos and Tracey Hoy (November 2001).

SSP Plus at 36 Months: Effects of Adding Employment Services to Financial Work Incentives, by Ying Lei and Charles Michalopoulos (July 2001).

Measuring Wage Growth Among Former Welfare Recipients (published in English only), by David Card, Charles Michalopoulos and Philip K. Robins (July 2001).

How an Earnings Supplement Can Affect the Marital Behaviour of Welfare Recipients: Evidence from the Self-Sufficiency Project (published in English only), by Kristen Harknett and Lisa A. Gennetian (May 2001).

The Self-Sufficiency Project at 36 Months: Effects of a Financial Work Incentive on Employment and Income, by Charles Michalopoulos, David Card, Lisa A. Gennetian, Kristen Harknett, and Philip K. Robins (June 2000).

The Self-Sufficiency Project at 36 Months: Effects on Children of a Program that Increased Parental Employment and Income, by Pamela Morris and Charles Michalopoulos (June 2000).

Does SSP Plus Increase Employment? The Effect of Adding Services to the Self-Sufficiency Project's Financial Incentives, by Gail Quets, Philip K. Robins, Elsie C. Pan, Charles Michalopoulos, and David Card (May 1999).

- When Financial Work Incentives Pay for Themselves: Early Findings from the Self-Sufficiency Project's Applicant Study*, by Charles Michalopoulos, Philip K. Robins and David Card (May 1999).
- When Financial Incentives Encourage Work: Complete 18-Month Findings from the Self-Sufficiency Project*, by Winston Lin, Philip K. Robins, David Card, Kristen Harknett, and Susanna Lui-Gurr, with Elsie C. Pan, Tod Mijanovich, Gail Quets, and Patrick Villeneuve (September 1998).
- Do Work Incentives Have Unintended Consequences? Measuring "Entry Effects" in the Self-Sufficiency Project*, by Gordon Berlin, Wendy Bancroft, David Card, Winston Lin, and Philip K. Robins (March 1998).
- How Important Are "Entry Effects" in Financial Incentive Programs for Welfare Recipients? Experimental Evidence from the Self-Sufficiency Project*, by David Card, Philip K. Robins and Winston Lin (August 1997).
- When Work Pays Better Than Welfare: A Summary of the Self-Sufficiency Project's Implementation, Focus Group, and Initial 18-Month Impact Reports* (March 1996).
- Do Financial Incentives Encourage Welfare Recipients to Work? Initial 18-Month Findings from the Self-Sufficiency Project*, by David Card and Philip K. Robins (February 1996).
- Creating an Alternative to Welfare: First-Year Findings on the Implementation, Welfare Impacts, and Costs of the Self-Sufficiency Project*, by Tod Mijanovich and David Long (December 1995).
- The Struggle for Self-Sufficiency: Participants in the Self-Sufficiency Project Talk About Work, Welfare, and Their Futures*, by Wendy Bancroft and Sheila Currie Vernon (December 1995).
- Making Work Pay Better Than Welfare: An Early Look at the Self-Sufficiency Project*, by Susanna Lui-Gurr, Sheila Currie Vernon and Tod Mijanovich (October 1994).

Earnings Supplement Project (ESP)

- Employment Insurance and Family Response to Unemployment: Canadian Evidence from the SLID* (published in English only), by Rick Audas and Ted McDonald (May 2004).
- Understanding Employment Insurance Claim Patterns: Final Report of the Earnings Supplement Project*, by Shawn de Raaf, Anne Motte and Carole Vincent (March 2004).
- The Dynamics of Reliance on EI Benefits: Evidence From the SLID* (published in English only), by Shawn de Raaf, Anne Motte and Carole Vincent (December 2003).
- Who Benefits From Unemployment Insurance in Canada: Regions, Industries, or Individual Firms?* (published in English only), by Miles Corak and Wen-Hao Chen (November 2003).
- Seasonal Employment and Reliance on Employment Insurance: Evidence From the SLID* (published in English only), by Shawn de Raaf, Costa Kapsalis and Carole Vincent (June 2003).
- Employment Insurance and Geographic Mobility: Evidence From the SLID* (published in English only), by Rick Audas and James Ted McDonald (April 2003).
- The Impact of the Allowable Earnings Provision on EI Dependency: The Earnings Supplement Project* (published in English only), by David Gray and Shawn de Raaf (November 2002).
- Preparing for Tomorrow's Social Policy Agenda: New Priorities for Policy Research and Development That Emerge From an Examination of the Economic Well-Being of the Working-Age Population* (published in English only), by Peter Hicks (November 2002).
- The Frequent Use of Unemployment Insurance in Canada: The Earnings Supplement Project*, by Saul Schwartz, Wendy Bancroft, David Gyarmati, and Claudia Nicholson (March 2001).
- Essays on the Repeat Use of Unemployment Insurance: The Earnings Supplement Project*, edited by Saul Schwartz and Abdurrahman Aydemir (March 2001).
- Testing a Re-employment Incentive for Displaced Workers: The Earnings Supplement Project*, by Howard Bloom, Saul Schwartz, Susanna Gurr, and Suk-Won Lee (May 1999).
- A Financial Incentive to Encourage Employment among Repeat Users of Employment Insurance: The Earnings Supplement Project*, by Doug Tattrie (May 1999).

Implementing the Earnings Supplement Project: A Test of a Re-employment Incentive, by Howard Bloom, Barbara Fink, Susanna Lui-Gurr, Wendy Bancroft, and Doug Tattrie (October 1997).

Community Employment Innovation Project (CEIP)

The Community Employment Innovation Project: Design and Implementation, by John Greenwood, Claudia Nicholson, David Gyarmati, Darrell Kyte, Melanie MacInnis, and Reuben Ford (December 2003).

A Model of Social Capital Formation (published in English only), by Cathleen Johnson (January 2003).

A Review of the Theory and Practice of Social Economy/Economie Sociale in Canada (published in English only), by William A. Ninacs with assistance from Michael Toye (August 2002).

Economic experiments

Fostering Adult Education: A Laboratory Experiment on the Efficient Use of Loans, Grants and Saving Incentives (published in English only), by Kate Johnson, Claude Montmarquette and Catherine Eckel (forthcoming).

Will the Working Poor Invest in Human Capital? A Laboratory Experiment (published in English only), by Catherine Eckel, Cathleen Johnson and Claude Montmarquette (February 2002).

Miscellaneous

The Disability Supports Feasibility Study: Final Report, by Doug Tattrie, Colin Stuart, Roy Hanes, Reuben Ford, and David Gyarmati (June 2003).

The Jobs Partnership Program Pilot: Pathways, Pitfalls, and Progress in the First Year (published in English only), by Wendy Bancroft, Susanna Gurr and David Gyarmati (October 2001).

BladeRunners and Picasso Café: A Case Study Evaluation of Two Work-Based Training Programs for Disadvantaged Youth, by Sheila Currie, Kelly Foley, Saul Schwartz, and Musu Taylor-Lewis (March 2001).