

Recommendations to the Commission for the Review of Social Assistance

May 2012

Social Capital Partners is a privately financed non-profit organization founded in 2001 with the purpose of finding better ways to provide meaningful job opportunities to people who face barriers to employment such as new immigrants, single mothers, at risk youth and people with disabilities.

Our methodology to determine these “better ways” has always been grounded in action-based research. We think of ourselves as a “do tank” as opposed to a “think tank”. Over the last 11 years we have facilitated the placement of more than a thousand individuals in social enterprises, small owner-operated businesses and large companies. Two important realizations have come from this work: 1) private sector employers are willing to hire individuals who face employment barriers; and 2) the system needs to be dramatically improved to make it easy and efficient for employers.

Our current work is very much focused on fixing what we call the supply-demand interface. Our role is that of as a catalyst working with the major actors in this system: employers, community service agencies, governments at all levels, staffing agencies, and a host of others to make the system much more employer friendly. Our aspiration is that ten years from now every private sector employer will have a community hiring program integrated into their recruitment strategy and that hundreds of thousands more Canadians who face employment barriers will have what they most desire: a meaningful job.

For more information on the report, please visit:
www.socialcapitalpartners.ca

Or contact Danielle Olsen at:
danielle@socialcapitalpartners.ca

This paper incorporates work undertaken in collaboration with Tides Canada Initiatives Society.

Thanks and Acknowledgements:

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Ms. Frances Lankin,
Mr. Munir Sheikh,
Co-Chairs,
Commission for the Review of Social Assistance,
2 Bloor Street West, Toronto, M4W 3E2

May 28, 2012

Dear Ms. Lankin and Mr. Sheikh,

Thank you very much for meeting with Social Capital Partners on April 19 and allowing us to present our experiences and recommendations to the Commission. As promised we have “dressed up” our Powerpoint recommendations into a more formal document which we have attached to this letter. While the document is more formal the recommendations remain the same.

These recommendations are specifically related to Chapter One of your second Discussion Paper, the content of which is closely aligned with our area of work and expertise. Our recommendations are informed by more than a thousand job placements we have helped facilitate over the past eleven years for people who face employment barriers into social enterprises, small owner-operated businesses and large companies, as well as by best practice literature from Europe and the United States.

At the heart of all our recommendations is a simple but radical idea. We believe the social assistance system specifically (and all government funded employment programs generally) must be transformed from one that is primarily supply-based to one that is much more demand-based. Or put into more understandable terms, we think the current system is effectively operated and funded to view the individual on social assistance seeking employment as the customer (the supply side) but doesn't make it easy or productive for employers (the demand side) to hire them. The system rarely either explicitly or implicitly treats employers as customers.

What would a more demand or employer focused system look like? Employers would be involved in the design of the pre-employment training so that it was explicitly linked to their needs; workforce development strategies would be based on identified future labour shortages; the placement function would be delivered by organizations that speak the language of employers, that understand their requirements, can offer one point of contact and treat them as a valued customer; and the funding and success of the system would be linked to successful employment and retention outcomes, and overall employer satisfaction from hiring through this channel. Our recommendations address each of these areas. Although some of our recommendations may seem reasonably obvious, the issues we have highlighted are being addressed today sporadically at best.

Such changes would not be easy to implement. The cost, however, of not implementing a dual customer focus is very high. When you consider that almost 50% of people on social assistance who get a job are back on assistance within a year it is quite apparent that the current placement systems are not working for either the employers or those on social assistance seeking employment. The potential taxpayer savings from a shift to a demand-based system would be very significant. Most importantly, the social and economic impact of providing hundreds of thousands more job opportunities for people on social assistance by making the system much more responsive to employer and industry needs is the true pot of gold.

Thank you again for listening to our recommendations. We realize you have a very difficult task ahead to synthesize all the input you have received into a comprehensive report to create the 21st century income security system you have articulated in your vision. Please let us know if you have any questions.

Yours sincerely,



Bill Young,
President, Social Capital Partners

366 Adelaide St West, Suite 606
Toronto, Ontario M5V 1R9

Recommendations Submitted by Social Capital Partners to the Commission for the Review of Social Assistance in Ontario

Over the last 11 years Social Capital Partners has facilitated access to employment for over 1000 individuals with social enterprises, small businesses and corporations. The crux of our learning from this experience is that the system must be made much easier for employers to navigate and access candidates on a high volume and on-going basis.

If we are going to be successful in helping the largest number of people secure sustainable employment, we strongly believe that the system must be easy for employers to use. We believe that our recommendations to the Commission would make the system easier for employers to use, and much more effective by focusing on the demand side of labour market planning and skills development.

Our recommendations are also grounded in research and best practices from the United States and United Kingdom, including research from Aspen Institute's Workforce Strategies Initiative¹, Jobs for the Future², the National Fund for Workforce Solutions³, and the UK's National Employment Panel⁴.

The following objectives are at the heart of our recommendations to the Commission:

1. Reduce the number of people who are on social assistance and return to social assistance within the year
2. Involve business as partners in the design of employment and training programs
3. Link skills training with employer and industry needs (demand-led workforce development)
4. Deliver services through agencies that understand employer requirements
5. Create long-term public savings through a reduction in the number of people in receipt of social assistance and increased economic productivity

Each of our recommendations address a different aspect of what we believe are the key components of building a demand-based employment and training system that is designed to meet the needs of two customers: the job-seeker and the employer.

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1. Appoint Employer Councils

We believe that there is an untapped opportunity for the social assistance system to increase its impact, by integrating business into the designing of labour market preparation and employment service planning.

Today, employers often experience difficulty engaging with the community employment and training sector for a number of reasons. To ensure that employers' needs are included in the design of services, we recommend that employer-led councils are appointed to test customized hiring and training models, and work with the government to develop training and hiring partnerships.

We recommend:

- *Co-Design:*
Engage employers and industry groups formally in designing the service delivery system that will prepare disadvantaged job-seekers for employment in their respective businesses
- *C-level Commitment:*
Company representation should include CEOs to ensure on-going organizational commitment
- *Five Year Commitment:*
Appointed employers make a five year commitment to the council, and are involved in developing training pilots and hiring graduates throughout the period
- *Segmentation:*
Councils are organized based on company size, industry and geography
- *Cross Sector Representation:*
Councils include representation from other groups, including: community agencies, vocational trainers, sector councils, trade unions and industry associations as appropriate

Social Capital Partners intends to spearhead a similar initiative in partnership with Deloitte Consulting, which we would be happy to discuss in more detail.

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2. Organize Employer Councils Around Action-Based Research

Although we acknowledge that employer advisory groups are not unique and have existed in many forms in the past, we believe that organizing employers around action-based research will bring critical, currently unleveraged insight, to the discourse on employment and training policy and program development.

We believe that programs should be designed based on experience, iterative learning and continuous improvement. Based on this, we recommend that employer councils are explicitly designed around a mandate to: pilot and test the effectiveness of different training models, employment preparation practices and placement channels; evaluate the pilots; and then participate in on-going iterative process improvements to identify the models that result in the greatest employment and retention outcomes. We recommend that councils are established for a fixed period of time and publish their findings in a white paper at the end of this period. These learnings should be used to develop programs and policy during and following the life of the councils.

We recommend:

- *Iterative Learning:*
Design employer councils with the mandate and capacity to test and revise different training and employment preparation models (e.g. sector specific) through pilot projects
- *Champion:*
Appointed business representatives commit to champion the implementation of the hiring initiatives within their businesses and the business community more broadly
- *Commitment to Hire:*
Employers commit to hire graduates of the training programs and track employment retention and progression over the five year period
- *Success Measures:*
Internal success measures are established by appointed employers to measure and benchmark the success of hiring programs
- *On-going Involvement:*
Employers and industry groups participate in the development and adjustment of pre-employment training and post-employment supports based on the outcome and learning from pilots

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3. Integrating a Workforce Development Strategy

In recommendation one and two, we include the development of customized skills training as a primary task of the employer councils. We believe to support this objective it is equally important to establish a demand-led workforce development strategy for social assistance recipients across Ontario.

The 2008 OECD study, *More Than Just Jobs*, concluded that employment services which only focus on matching job seekers who have been dislocated from the labour market to largely entry level positions, will often have limited success⁵. What this research and others have found is that interventions that focus on providing skills training that is directly linked to specific industries or employers are much more successful in facilitating sustainable employment⁶.

Presently, the training available to social assistance recipients is typically not connected to specific employer needs, and generally does not provide employers an opportunity to collaboratively develop training based on their hiring requirements. Based on our experience and research, we believe that in-demand skills training is critical to supporting people to (re)enter the workforce and prevent a return to social assistance. This policy is also of importance to the business community, which is recognized in recent studies that identify current and looming skills shortages. Among these is the Ontario Chamber of Commerce's 2011-2012 report, *OCC Skilled Workforce Policies*⁷, which identifies skills shortages in several sectors, including front line positions. The paper calls on the government to increase long-term funding for adult workplace literacy and essential skills training in order to support in-demand skill development and economic competitiveness.

We believe that a workforce development strategy for social assistance in Ontario would build on many of the best practices that occur today throughout the province in isolation, and could leverage and be co-designed through the leadership of Employer Councils. Workforce development (skills training) initiatives in other regions have also strategically targeted positions and industries with career pathways and advancement opportunities through sector-based strategies. Linking skills training strategically to positions in industries with career paths has been linked to a reduction in a return to social assistance and increasing incomes within two years of training⁸.

We recommend:

- *Establish a Demand-based Workforce Development Strategy:*
A workforce development (demand-based skills training) strategy is incorporated into the services provided to social assistance recipients and businesses provincially, and is made available to administer locally and regionally based on the size and needs of employers
- *Employer Design:*
Engage and partner with employers from the onset in project and curriculum design, as well as the delivery of training as appropriate
- *Employer Request for Proposals:*
Invite employers through a Request for Proposal process to participate in the design of customized training linked to a commitment to hire

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4. Invest in Business Focused Intermediaries

For large companies with multiple locations and ongoing hiring needs, it is overly time consuming and cumbersome to work with multiple agencies in each community. Providing employers with a central point of contact and consistent streamlined services will make it significantly easier for employers to support, and benefit from employment programs.

Employer-focused intermediaries should be established to respond to and service businesses on the level they operate (nationally, regionally or locally) and provide a consistent, centralized point of contact. Such bodies would develop specialized knowledge of specific industries and employers, and would coordinate customized skills training and larger volume hiring projects targeting social assistance recipients. This role could be played by a number of organizations, however, it is critical that the organization has the capacity to be responsive, understand the needs of business, and connect to/coordinate local training and employment placement services.

Similar coordination is also required at a local level. Local service coordination among agencies would provide local employers with a central point of contact and also access to a larger candidate pool from across the agency network. This practice would increase access to employment opportunities for a greater number of disadvantaged job seekers, and ensure opportunities are not lost when candidates were not available from one agency.

We recommend:

- *Regional Business Intermediaries:*
Establish national or regional business intermediaries to serve employers, to either connect them to local agencies and customized workforce development programs, or act as a centralized contact to access larger candidate pools that reflect the region and their hiring needs
- *Account Managed Employer Service System:*
An account managed employer service model is developed to ensure consistency and continuity for large and small businesses, as well as industry groups
- *Local Coordination:*
Local agency collaboration is mandated by the funder and a local employer account management system instituted
- *Invest in Business Service Standards:*
Capacity of local service providers are assessed and investments made to achieve basic business service standards across the sector

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5. Leverage Private Staffing Agencies

An example of a business intermediary that we believe has not been leveraged to date is the traditional staffing agency. Over the last few years, we have come across several large employers who rely exclusively on the help of staffing agencies to fulfill their temporary and permanent hiring needs. In these cases, access to the company's positions is controlled exclusively by the staffing agency. If we do not tap into this channel, we risk losing the segment of employers who manage their hiring exclusively through these services.

We believe this segment represents a largely untapped opportunity for partnership between social assistance employment programs, staffing firms and some of their large clients. Successful partnerships have been piloted in the US targeting job seekers who face specific barriers, to be trained and placed with specific industries or employers. Some of these partnerships have focused on skills training for specific in-demand sectors. For example, Manpower's Tech Reach program in Florida trained and placed 350 people in contract-to-hire positions in the tech sector based on an employer's skill shortage⁹. Other partnerships have focused on people facing specific barriers, such as the partnership between Manpower and the Virginia Commonwealth University (VCU), which focused on placing People with Disabilities into employment that was aligned with their career goals¹⁰.

We also see the opportunity to partner with staffing agencies as a way to disseminate knowledge and capacity around practices that support and onboard new employees with specific barriers or accommodation needs to a greater number of employers.

We recommend:

- *Strategic Hiring Partnerships:* Partnerships with staffing firms to leverage strategic hiring relationships for social assistance recipients with large employers and specific industries
- *Invest in Capacity Dissemination:* Capacity development of staffing firms related to accommodation and disability should be supported through partnerships and training to enhance the dissemination of knowledge to large employers serviced through this channel
- *Industry Focused Workforce Development:* Staffing firms are included in a strategy to establish workforce development partnerships with specific employers and social assistance recipients

“We believe this segment represents a largely untapped opportunity for partnership between social assistance employment programs, staffing firms and some of their large clients.”

6. Adopt a Pay For Performance Funding Model

“Funding should be tied explicitly to employment and retention outcomes.”

We think that the most important objective of the social assistance system is to achieve long term employment and retention outcomes for recipients. Therefore, we believe that funding should be tied explicitly to employment and retention outcomes. We recognize that ODSP-ES has shifted towards an outcomes based funding model, including long term targets for service providers, similar to the UK’s recently established Work Programme¹¹. We believe that models which recognize and fund positive long term outcomes will also be able to achieve the highest quality service and results for recipients.

Based on our experience over the last several years, we believe the current social assistance system is not setup to achieve the best quality outcomes for recipients or employers. Providers need the flexibility to deliver services that will result in the greatest employment and retention outcomes (including non-traditional pre and post-employment supports) and be compensated based on the quality of the outcome. To ensure fairness in the quality of service delivery, compensation for service providers should include consideration for the type and significance of employment barriers experienced by job-seeker clients.

To achieve long term employment and retention outcomes for recipients, as well as future public cost-savings, we recommend the provincial social assistance system move strongly in the direction of an outcomes based funding model with a long term lens on measurement and impact.

We recommend:

- *Fund Outcomes:*
All programs are funded based on employment and retention outcomes
- *Contract Outcomes Not Process:*
Service providers are given more flexibility to deliver services that meet the needs of their clients and achieve quality employment and retention outcomes
- *Categorize Remuneration:*
Service delivery remuneration is based on a combination of the quality of the outcome, as well as the significance of the client’s employment barriers

7. Integrate Labour Market Policy

Traditionally in Ontario, as in many regions, economic development and labour market policies have been developed in silos. We believe that siloing these strategies creates a lost opportunity for employment and business services. The integration of these policy areas would marry the objectives of supporting economic development through business competitiveness and preparing disadvantaged job-seekers with competitive skills and employment opportunities. The value of integrating labour market policy with other areas has also been recognized in regions of the province and globally. The City of Toronto recently released *Working as One: A workforce development strategy for Toronto*¹², which calls on the province to establish an inter-governmental committee to streamline a workforce development strategy. Similarly, the OECD's 2008 report identifies labour market policy integration as a key factor around increasing the outcomes of employment programs for job-seekers and business¹³.

“siloing these strategies creates a lost opportunity for employment and business services”

We recommend:

- *A Mandate for Collaboration:*
The Ministry of Community and Social Services and/or Ministry of Training Colleges and Universities adopt a mandate to collaborate with other provincial and municipal divisions to support business and create jobs and training opportunities for social assistance recipients
- *Integrate Labour Market, Social Assistance and Economic Development Planning:*
Local labour market planning services be directly connected to social assistance and included as part of regional economic development strategies
- *Create Partnerships:*
Establish partnerships with economic development, tourism, transportation, procurement and building/development, among other potential departments
- *Success Measures:*
Develop targets and indicators to measure the success and impact of policy integration

8. Adopt System Performance Targets

From our experience it's the information that is tracked and indicators measured which influence the outcomes achieved, how work is organized, and how processes are improved to achieve greater outcomes. We envision a Social Assistance and Employment and Training system in Ontario which is efficient, fosters innovation and most importantly has the capacity to undergo ongoing process improvement to achieve greater outcomes. To achieve this future state it is critical to adopt performance standards and a measurement process that captures and evaluates the long term impact of the system(s), providing information and capacity necessary to support on-going system improvements.

We recommend:

- Implement a Developmental Evaluation Framework:*
Develop an iterative improvement and measurement system connected to outcome based key performance indicators across the social assistance system
- Maintain Baseline Data:*
Demographic information, including employment and education history, be tracked on recipients and analyzed in connection to outcomes and interventions
- Establish Quantitative and Qualitative Indicators:*
Primary measures should include a reduction in the number of people that return to social assistance, employment retention of all recipients, public savings from training and wraparound service investments, wage levels upon leaving social assistance, as well as employer participation and satisfaction
- Publish Annual Progress Report:*
Targets should be measured and reported on annually and published publicly

“To achieve this future state it is critical to adopt performance standards and a measurement process that captures and evaluates the long term impact of the system(s)”

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