

Life Satisfaction in Policy Research

CSLS-ICP Conference on Happiness in Public Policy

December 1, 2010



SOCIAL RESEARCH
AND DEMONSTRATION
CORPORATION

SOCIÉTÉ
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Challenges for Evaluator and Policy Maker

1. **WHAT** outcomes to measure – that will best align with research and policy goals
2. **WHICH** methods to use – that will best isolate program and policy effects
3. **HOW** to quantify and monetize these effects – to allow for comparative program and policy analysis

Subjective Well Being (SWB) has an important role to play in dealing with ALL of these challenges

CEIP – A Demonstration Project

A test of community-based employment as an alternative to income transfers in areas of chronic high unemployment

Two parallel but related studies

- **Individuals**

- Aims to preserve employability, through faster re-employment
- Provides opportunities for skill development and strengthening of social capital

- **Communities**

- Study of a model which utilizes strengths of local communities to create jobs
- Aims to support their capacity growth and improve the social economy

Sponsored by Human Resources and Social Development Canada (HRSDC) and the Nova Scotia Department of Community Services

The Program Model



The Offer to Individuals

- Transfer recipients were offered **3 years of full-time employment**, on locally developed projects in exchange for their entitlements to EI or IA
- 35 hour/wk, \$9–10/hour, EI/CPP insurable, 15 days leave, medical benefits
- Support Services: Some job-readiness and transferable skills training

The Offer to Communities

- 6 communities in the CBRM were offered a free workforce of 750 workers for up to five years
- Each community was required to elect a representative board, develop a strategic plan, and approve projects
- Local control given to communities – explicitly links projects to local needs

The Program Model

How was CEIP different from earlier community-based job initiatives?

- Canadian experience generally involved “transitional community jobs”
- Examples include LIP, LEAP, Canada Works
 - Characterized by *short term, single work placements, low-skilled* positions
 - Projects had little relationship to broader community development goals
 - Pre-post evaluations only
- CEIP aimed to maximize opportunities for human and social capital development
 - Longer duration employment – 3 years
 - Multiple and varying placements
 - Meaningful jobs and projects, linked with community goals
 - Rigorous evaluation with random assignment

The Research Design

Methodology

- **Random assignment design for study of participant impacts**
 - 1 500 participants (1 000 from EI, 500 from welfare)
 - Half randomly assigned to receive program
 - Other half served as control group
- **Quasi-experimental design for community effects**
 - 6 participating program communities
 - 7 non-participating comparison communities

Central Data Sources

Key outcomes and measures of interest

- **Economic well-being**
 - Employment rates, transfer receipt, income, poverty, and hardship
- **Skills and Work Experience**
 - Employability skills, Quality of Jobs, Attitudes and Expectations
- **Well Being, Community Capacity**
 - **Subjective Well Being** – Satisfaction with Life scale
 - **Health, Stress, Hardship**
 - **Social Capital** – Network-based Approach
 - **Social Inclusion** – Participatory Measures of Involvement
 - **Social Cohesion** – Sense of belonging, Shared values, Trust

CEIP Theory of Change:

Analytical framework of expected change



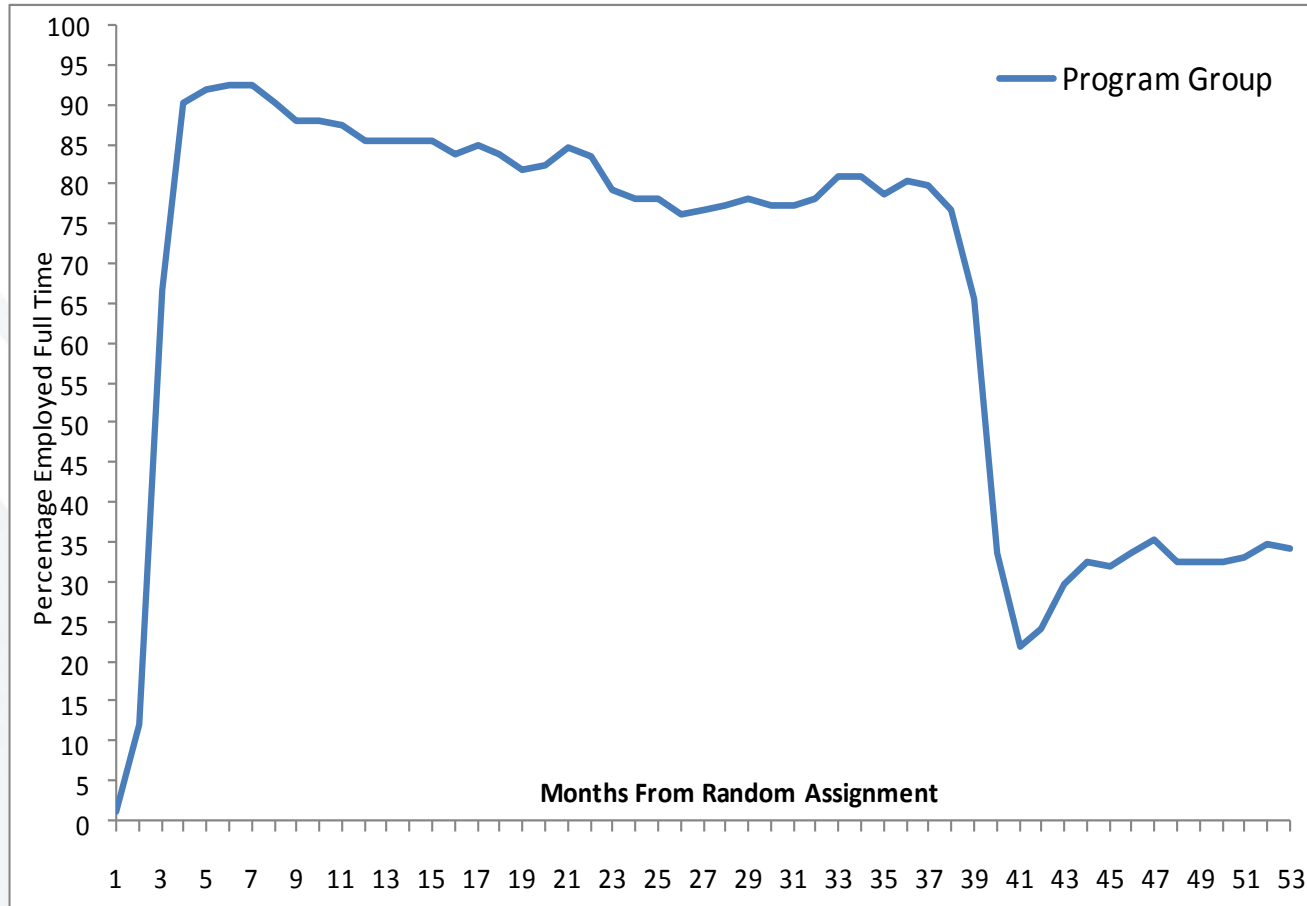
Central Data Sources

4 waves of Participant Surveys

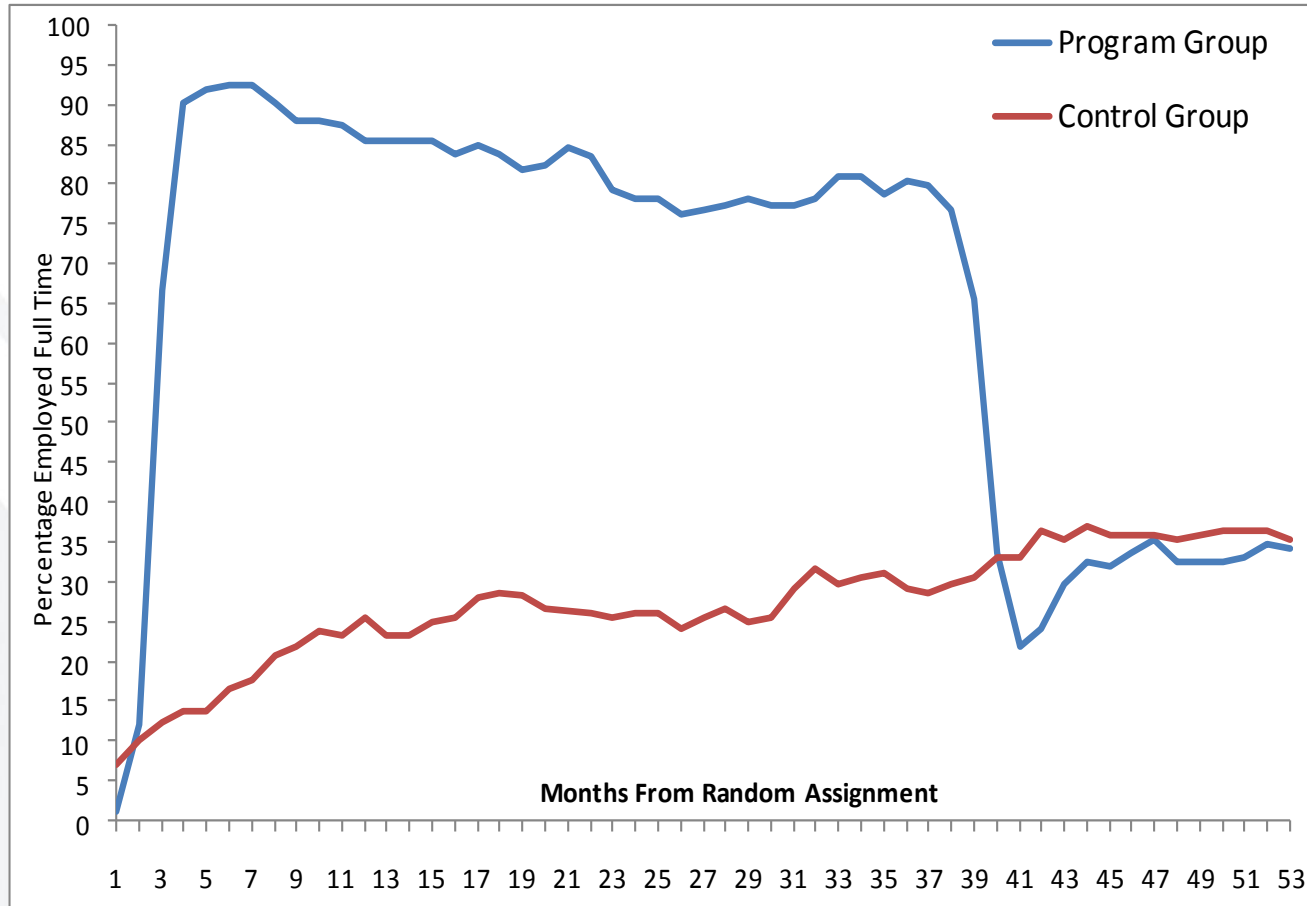
- Baseline, 18-month (midpoint of eligibility), 40-month (end of the program), 54-month (one-year later)
- EI and IA administrative data
- Covers benefits up to three years after the program ends

3 waves of Community

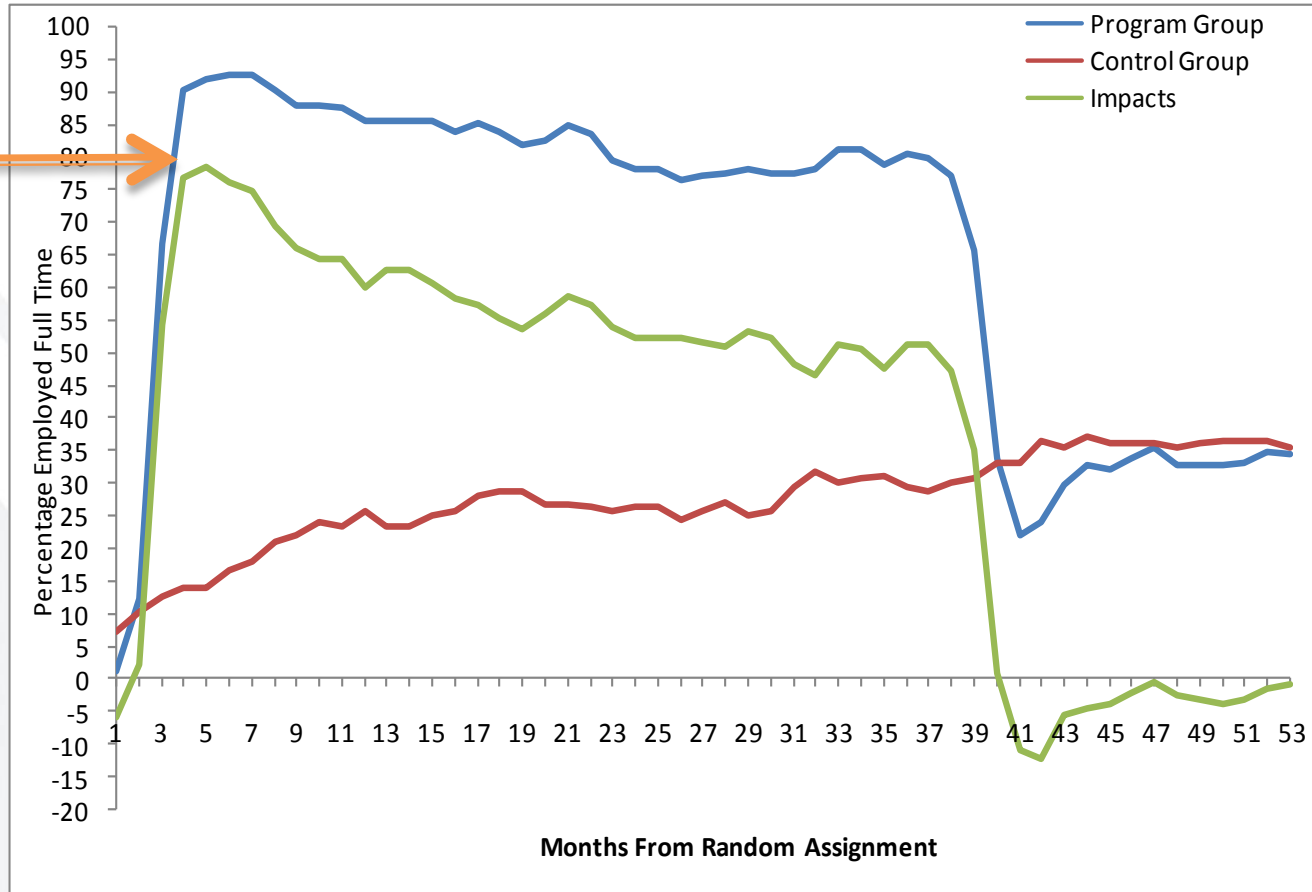
Impacts on Full Time Employment Rates



Impacts on Full Time Employment Rates



Impacts on Full Time Employment Rates



Nearly 80 percentage point impact at peak

No significant impacts a year after end of CEIP eligibility

Impacts on Household Income

Increase of \$3,592 in average household income during final year of CEIP



No statistically significant differences in household income in year following CEIP

Satisfaction with Life

Mid-point: 10 percentage point increase in those who report being satisfied with life; 0.8 increase in avg scale score

End of Program: 8 percentage point increase in those who report being satisfied with life; 0.9 increase in avg scale score

One-Year Later: 8 percentage point increase in those who report being satisfied with life; 0.8 increase in avg scale score

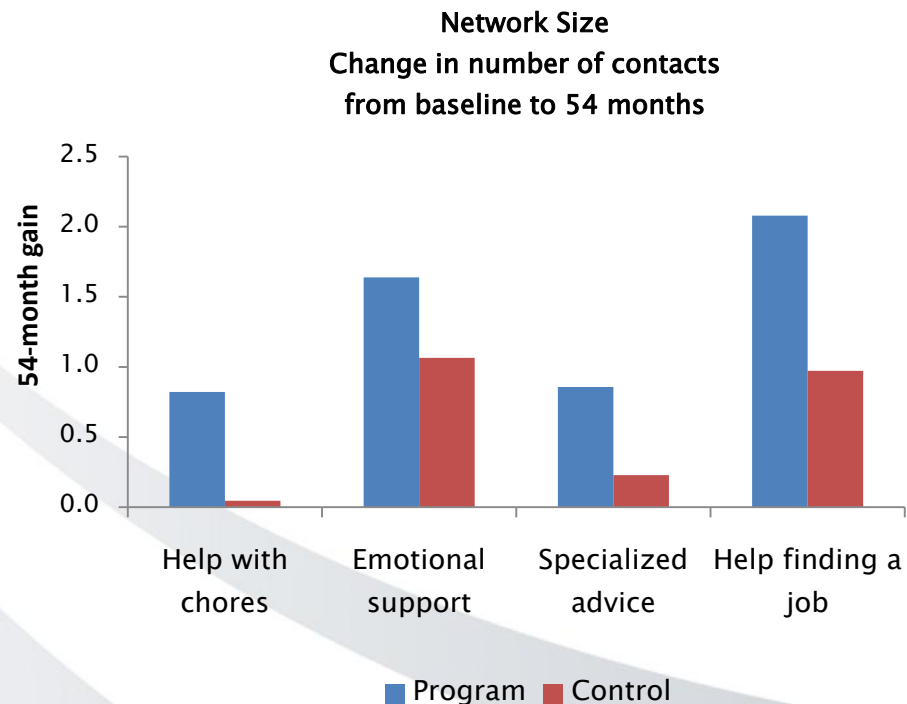
Key Messages

1. SWB should be used in a broader range of logic models and program evaluations

- SWB is an important outcome in its own right, often linked to the central policy objective
- Provides a strong indication that something else important is occurring – in the absence of short-term economic effects
- What else drives higher levels of subjective well being?

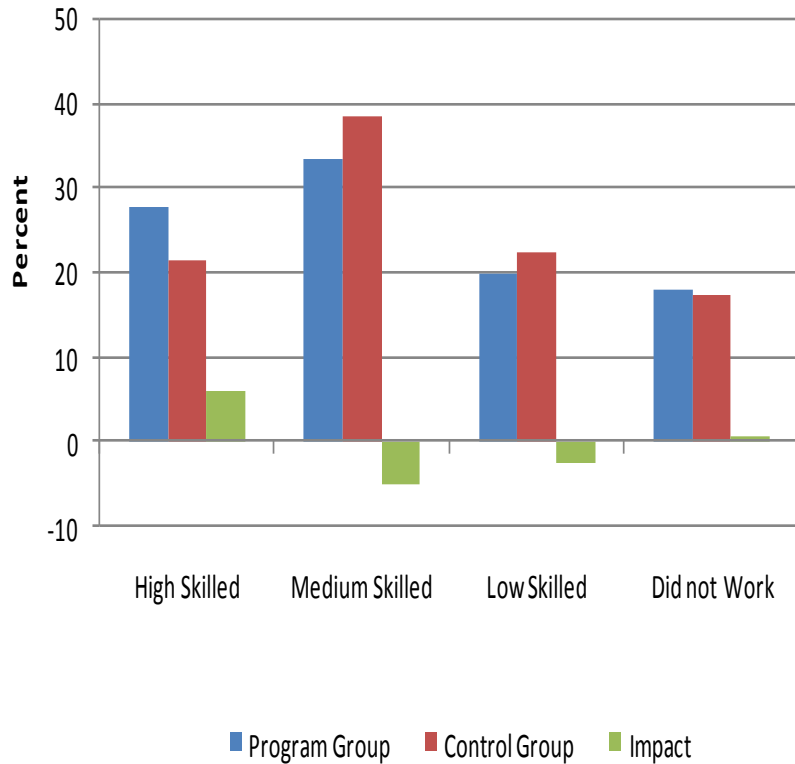
Impacts on Social Capital:

Sustained increase in the size of networks

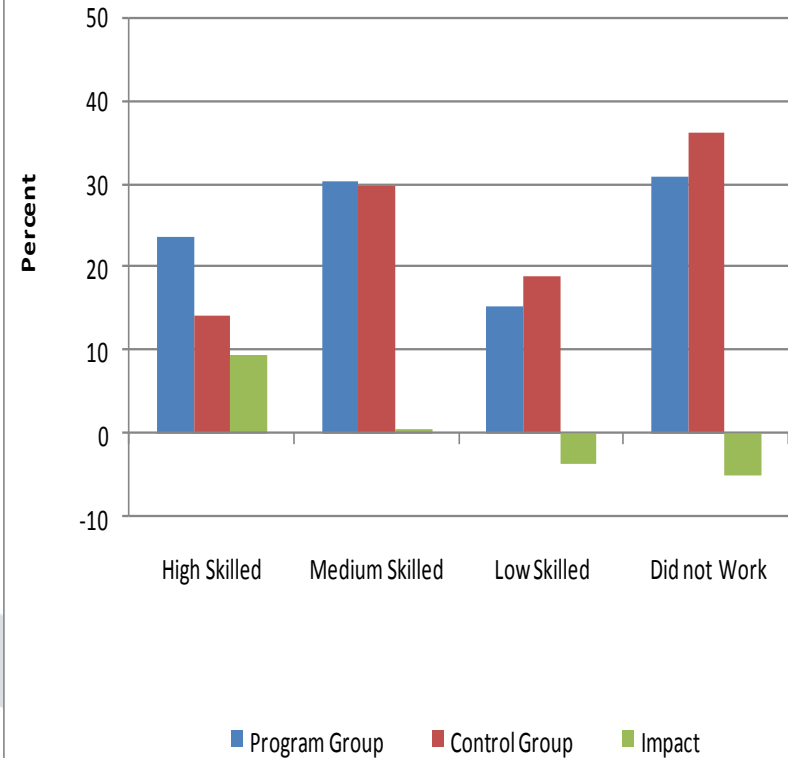


Skills and Employability: CEIP led to higher-skilled post-program jobs

El Sample



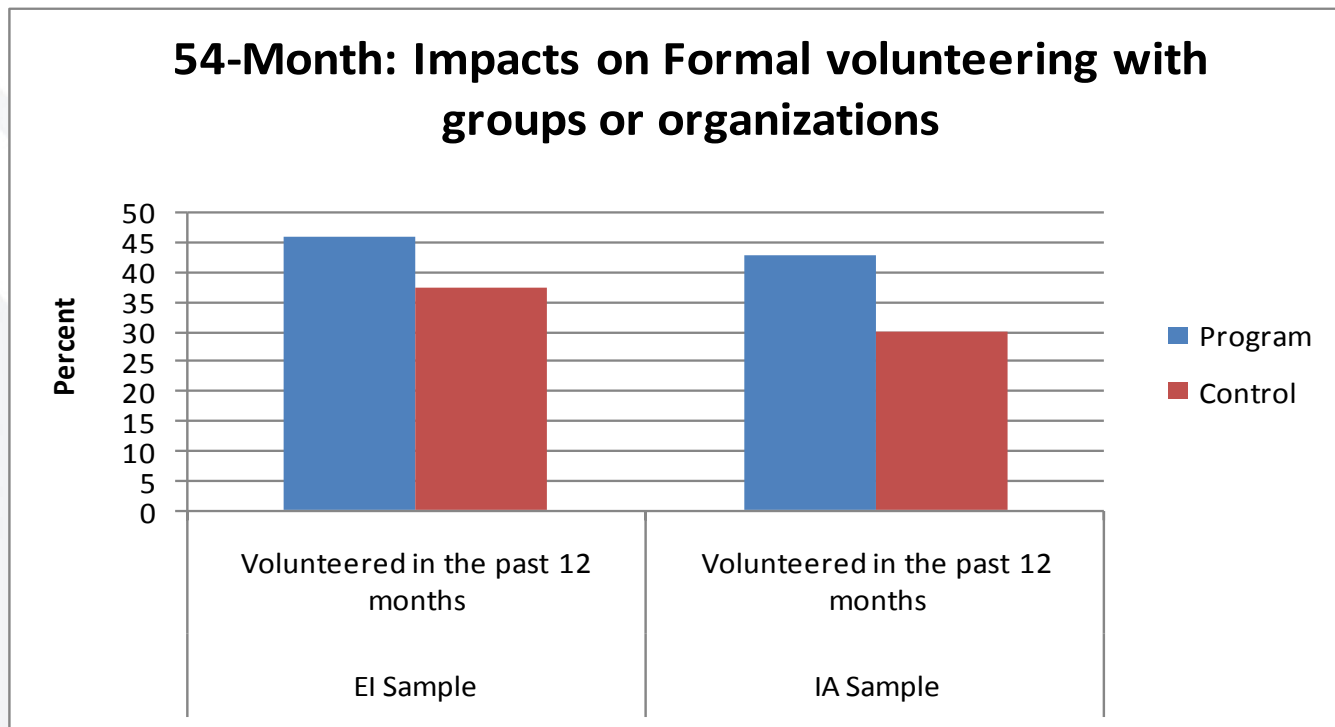
IA Sample



Community Engagement:

Sustained increase in volunteering and social contact

- **Volunteering** is important to both individuals and communities
- Can be an avenue to skill development, improves social *inclusion*, and is a *large resource for many community organizations*



Probit of Life Satisfaction:

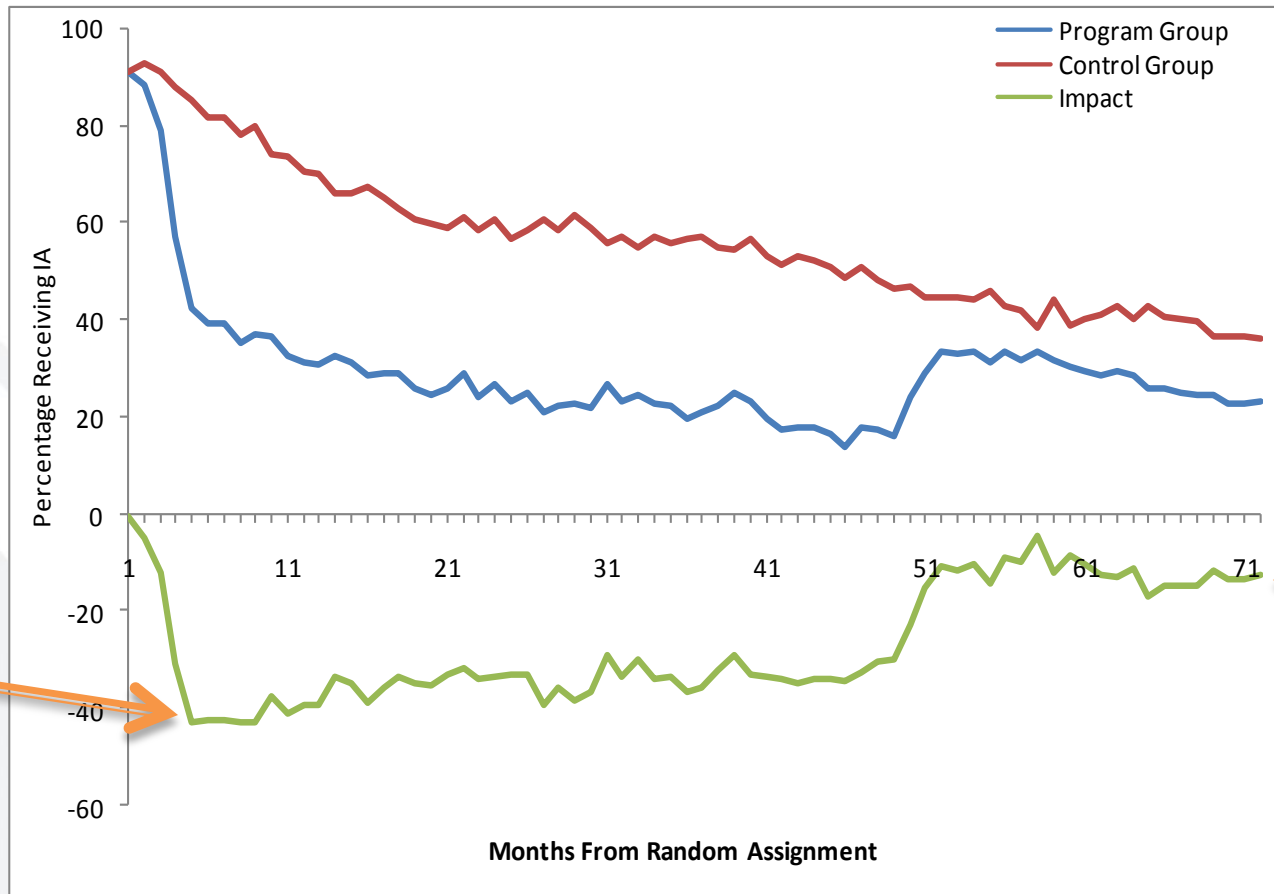
Do these intangibles contribute to SWB?

Variables	Coef.	S.E.
Log real personal income	0.174 ***	(0.061)
Male	-0.140 **	(0.068)
Married or living common law	0.380 ***	(0.086)
Age (relative to <30)		
30–44	-0.492 ***	(0.087)
45–54	-0.499 ***	(0.090)
55 and older	-0.201 **	(0.099)
Health Status Scale (0–1)	0.831 ***	(0.131)
Stress, Feeling rushed		
At least once a month	-0.266 ***	(0.094)
At least once a week	-0.161 **	(0.082)
Several times a week	-0.369 ***	(0.076)
Daily	-0.461 ***	(0.077)
Activity limitation	-0.089	(0.057)
Hardship		
Difficulties in paying for day-to-day	-0.332 ***	(0.076)
Difficulties in paying for groceries	-0.376 ***	(0.087)
Social Capital		
Number of contacts (job related)	0.012 ***	(0.004)
Total bonding and bridging links	0.002 **	(0.001)
Cohesion		
Talk to neighbour daily	0.115 ***	(0.044)
Neighbours always help each oth	0.149 ***	(0.046)
Trust (in a stranger)	0.096 *	(0.054)
Sample size	Participant-1,448; Community-2858	

Key Messages

1. SWB should be used in a broad range of logic models and evaluation frameworks
2. Frameworks should also include important related measures of social capital, cohesion, and trust
 - they contribute to subjective well being, even among the most marginalized of groups
 - they can help explain future economic outcomes

Welfare Receipt: Permanent reductions 3 years after program



A stable 42 percentage point reduction in IA receipt during program

A sustained 15 percentage point reduction in IA receipt

Key Messages

1. SWB should be used in a broad range of logic models and evaluation frameworks
2. Frameworks should also include important related measures of social capital, cohesion, and trust
3. **Randomized Control Trials (RCTs) are the best method to explore role of SWB and related outcomes**

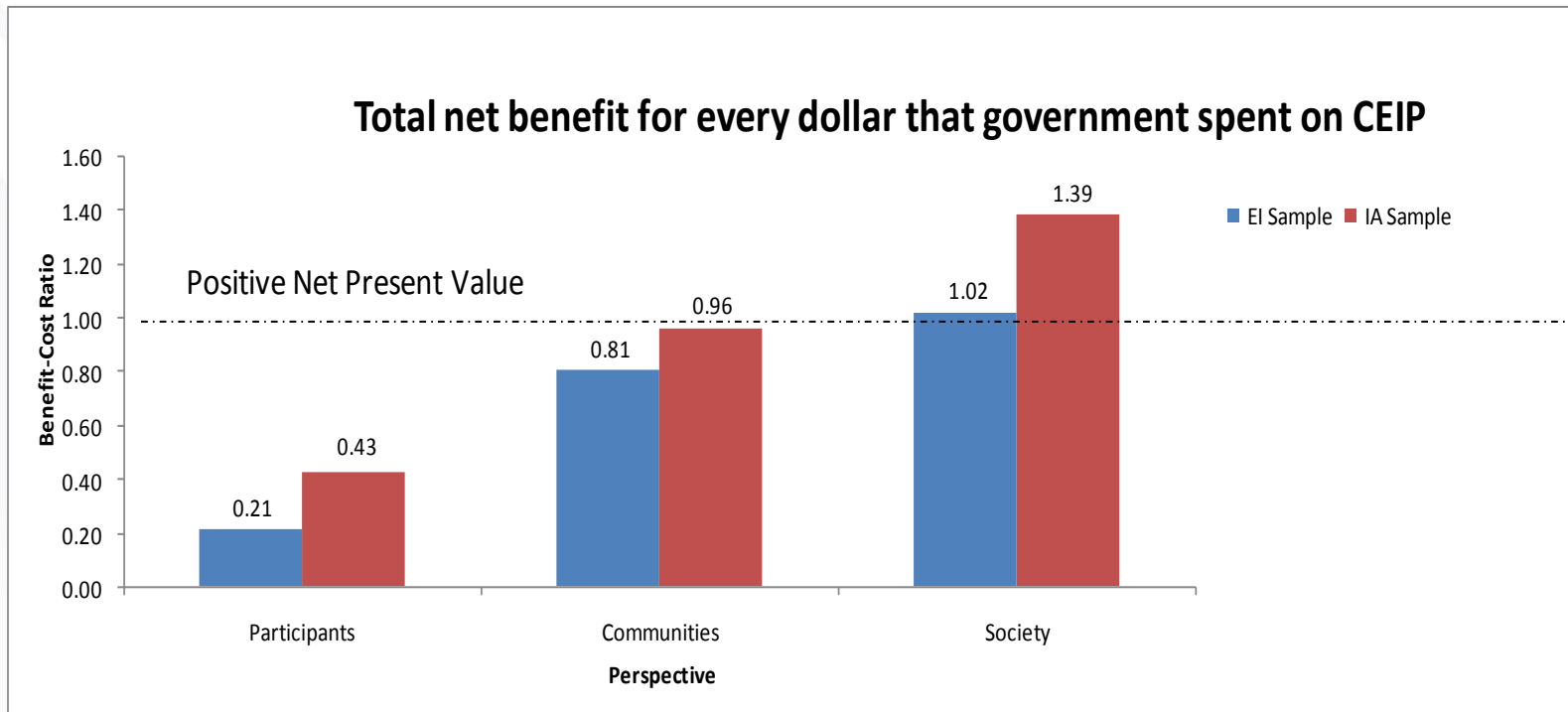
Cost–Benefit Analysis – Another Role for SWB?

Net benefit–cost per IA program group member over the full 54–month follow–up

Component of Analysis	Accounting Perspective			
	Individuals	Communities	Government	Society
Monetized components				
Participant Impacts				
CEIP earnings	34,344	0	-34,344	0
Foregone non-CEIP earnings	-10,974	0	0	-10,974
Transfer payments (EI & IA)	-11,836	0	11,836	0
Tax payments (taxes and premiums)	-3,559	0	2,921	-638
Other household member earnings	2,035	0	0	2,035
Third Sector Organizational Effects				
Value from CEIP jobs (to sponsors)	0	20,024	0	20,024
Volunteering (CEIP induced)	0	2,404	0	2,404
CEIP administrative costs	0	0	-4,274	-4,274
Admin costs of EI & IA transfers	0	0	471	471
Net Benefit/Cost per Program Group Member	10,010	22,428	-23,390	9,048

Benefit–Cost Ratio

- CEIP is very cost effective when one considers the combined benefits to individuals and community -- **\$1.39 in net benefits per dollar for IA recipients**



Cost–Benefit Analysis Accounting framework

Component of Analysis	Accounting Perspective			
	Individuals	Communities	Government	Society
Non-Monetized components				
Participant Impacts				
Reductions in Hardship, Stress	+	0	0	+
Improved Social Capital	+	0	0	+
Increased Trust in Networks	+	0	0	+
Foregone Leisure	-	0	0	-
Community Effects				
Increased Social Capital of Residents	0	+	0	+
Improved Community Cohesion	0	+	0	+
Increased Social and Civic Participation	0	+	0	+
Foregone Leisure	0	-	0	-

Extended CBA

- ▶ Includes estimated value of program effects on a number of intangibles that are traditionally not monetized
- ▶ **Methodology:** similar to compensating differentials (Helliwell and Huang, 2005)
 - Ordered PROBIT for Life Satisfaction
 - Use RATIO OF COEFFICIENTS on the intangible (TRUST) and INCOME
 - Gives % of income that a one % point increase in TRUST is “worth”
 - INTERPRETATION – “perceived” value of TRUST in terms of its contribution towards ones life satisfaction

Valuing Intangibles – Examples

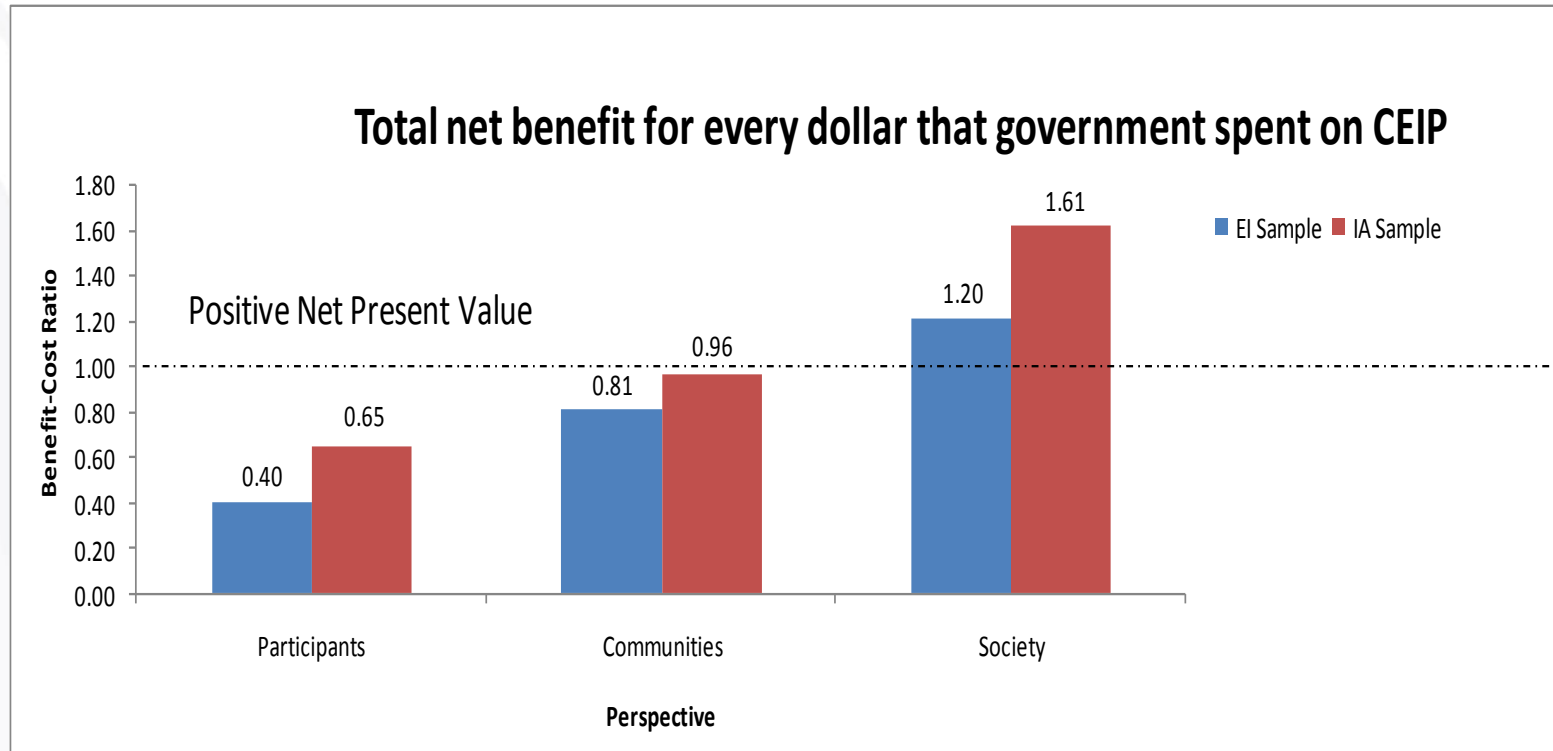
Social Capital – each *additional contact* is valued at 7% of income; therefore CEIP impact is worth \$3,808 per participant

Trust – each *additional percentage point* increase in trust is valued at 2.5% of income; CEIP impact is worth \$2,401 per participant

Hardship – the reductions in stress associated with lower hardship during CEIP is valued at \$3,379

Benefit–Cost Ratio

- Including the intangible impacts improves the benefit cost ratio to **\$1.61 in net benefits per dollar spent**
- **About a 50 percent improvement in overall net benefit to society**



Conclusions

1. SWB should be used in a broader range of logic models and evaluation frameworks
2. Frameworks should also consider important related measures of social capital, cohesion, and trust
3. Randomized Control Trials (RCTs) are the best method to explore the role of and effects on SWB
4. SWB can play an important role in Cost–Benefit studies and inform comparative policy analysis