

EVALUATION IN THE CONTEXT OF THE SOCIAL UNION FRAMEWORK AGREEMENT: A CASE STUDY OF THE NATIONAL CHILD BENEFIT

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Abstract: The Social Union Framework Agreement (SUFA) and specific programs such as the National Child Benefit (NCB) represent joint government delivery of programming, and present many challenges for evaluators. Aside from attribution (which this article argues is not really the central issue), the essential problem faced in the evaluation of these federal-provincial-territorial initiatives is that programming is becoming both more complex and more heterogeneous. The concepts of joint planning and information sharing demand a high level of co-operation among program sponsors. A test of the rationale and effectiveness for agreements such as SUFA will be whether participating governments support detailed evaluations and performance measurement.

Résumé: L'Entente-cadre sur l'union sociale et divers programmes particuliers, tels que la Prestation nationale pour enfants (PNE), font l'objet d'une prestation conjointe de divers paliers de gouvernement et présentent de nombreux défis aux évaluateurs. En plus de la question d'attribution (qui, selon cet article, n'est pas la question centrale), le problème essentiel de l'évaluation de ces mesures conjointes (fédérales, provinciales et territoriales) est le fait que les programmes deviennent de plus en plus complexes et hétérogènes. Les concepts de planification conjointe et de partage de l'information exigent un niveau élevé de collaboration entre les commanditaires des programmes. Le soutien accordé par les gouvernements participants à des évaluations détaillées et à la mesure continue du rendement constituera un test de la justification et de l'efficacité d'ententes telles que l'Entente-cadre sur l'union sociale.

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argues is not really the central issue), the essential problem faced in the evaluation of these federal-provincial-territorial initiatives is that programming is becoming both more complex and more heterogeneous.

This article examines evaluation challenges facing the NCB. This program and its evaluation framework methodology offer important lessons on how to organize national surveys and administrative data and the use of best practices to reveal program outcomes while managing political issues for the parties to the agreement.

This work begins with a review of the SUFA, focusing on the principles that have supported the development of the NCB. Next we review the methodologies available to support evaluation, and follow those with concluding remarks and recommendations on how evaluations should proceed for this type of program.

SOCIAL UNION FRAMEWORK AGREEMENT

Canadian Confederation shifted during the 1990s. The collapse of the Charlottetown Accord in 1992 and failure to include Quebec in the constitution led the federal government to seek a new mechanism for delivery of social and economic programs. During these discussions, the federal government ceded important powers and policy territory to provincial and territorial jurisdictions. The recession of the late 1980s and early 1990s constrained federal finances and provided a further impetus for changes in program delivery. The replacement of equalization and the Canada Assistance Plan with the Canada Health and Social Transfer (CHST) created high levels of tension between the federal and provincial governments, and encouraged provinces to seek increased influence over programming in the face of increased responsibility and reduced funding.

The SUFA is a time-limited attempt to develop a framework for collaborative federalism. Although some commentators are highly critical of this agreement, most appear to accept it as a working framework for joint delivery of pan-Canadian programs. The first section of the agreement enunciates the principles that guide the agreement, including:

1. *Equality*: All Canadians are equal.
2. *Access*: Canadians shall have access to social programs regardless of where they live; those needing assistance receive it; respect for medicare (comprehensiveness, univer-

sality, portability, public administration, and access); participation by all; and ensured input from all individuals/sectors.

- 3. *Sustainability of funding*: The parties agree to “ensure adequate, affordable, stable and sustainable funding for social programs.”
- 4. *Aboriginal rights*: The agreement neither adds nor subtracts from Aboriginal rights.

(See <<http://socialunion.gc.ca>> for a detailed explanation of the agreement.)

In subsequent sections, the agreement outlines several themes. For example, Section 2 of the agreement assures mobility within Canada and allows Canadians to live anywhere and enjoy the full rights and access to programs offered within a jurisdiction. Section 3 deals with accountability and is the most important aspect for this article; it is treated in more detail below. Section 4 is also relevant and covers “joint planning and collaboration,” which many see as the essence of the agreement and which also has relevance for evaluation. Section 5 details limits on federal spending power, requiring that Ottawa provide sufficient notice before making changes. Most important for evaluation, this section also ensures that any new programs reflect the individual province/territory, and commits all parties to accountability. Finally, Section 6 outlines dispute avoidance and resolution. See Table 1 for an overview of the main themes of SUFA that relate to accountability and evaluation.

NATIONAL CHILD BENEFIT

The NCB is a joint initiative of federal and provincial/territorial governments with three objectives:

- to help prevent and reduce the depth of child poverty
- to promote attachment to the workforce by ensuring that families are better off working
- to reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration.

Under the federal component of the NCB, the Government of Canada replaced the existing system of child benefits with a single benefit for all low-income families with children. Starting in July 1998, Canada combined the Child Tax Benefit and the Working Income

Supplement into one benefit, the Canada Child Tax Benefit (CCTB). The new CCTB has two main elements:

- The base benefit is calculated based on the previous year's family income and is paid monthly to 80% of all Canadian families. In the case of a two-child family, the base benefit is available up to family incomes of \$66,721.
- A new additional amount, called the National Child Benefit Supplement (NCBS), goes to all families with children with net incomes under \$29,590 as of July 2000.

The federal government initially committed \$850 million per year to the NCBS component of the CCTB, in addition to the \$5.1 billion already being spent. It committed to further funding increases of \$425 million per year for 1999 and 2000, for a total of \$1.7 billion annually. The February 2001 federal budget announced an additional investment of \$500 million to the NCBS in July 2001.

Table 1

Informing Canadians — Public Accountability and Transparency (SUFA)

Canada's social union can be strengthened by enhancing each government's transparency and accountability to its constituents. Each government therefore agrees to:

Achieving and measuring results

- monitor and measure outcomes of its social programs and report regularly to its constituents on the performance of these programs
 - share information and best practices to support the development of outcome measures and work with other governments to develop, over time, comparable indicators to measure progress on agreed objectives
 - publicly recognize and explain the respective roles and contributions of governments
 - use funds transferred from another order of government for the purposes agreed and pass on increases to its residents
 - use third parties, as appropriate, to assist in assessing progress on social priorities
-

Involvement of Canadians

- ensure effective mechanisms for Canadians to participate in developing social priorities and reviewing outcomes
-

Ensuring fair and transparent practices

- make eligibility criteria and service commitments for social programs publicly available
 - have in place appropriate mechanisms for citizens to appeal unfair administrative practices and bring forward complaints about access and service
 - report publicly on citizens' appeals and complaints, ensuring that confidentiality requirements are met
-

Source: http://socialunion.gc.ca/news/020499_e.html

For their part, provincial and territorial governments agreed in principle that social assistance payments paid on behalf of children would be reduced by the amount of the NCBS and that the resulting savings would be reinvested in programs to benefit low-income families with children. The provinces and territories have introduced a host of initiatives for children and families. These initiatives fall into five broad categories: child benefits/earnings supplements, childcare, health benefits, early childhood development, and other.

The evaluation of the NCB has very clear “summative” elements in the assessment of the net impact of these programs (federal child benefits and provincial-territorial programming) on incidence of children living in poverty and labour force attachment of parents. Policy, evaluation, and advocacy with respect to child poverty and reform of social assistance typically focus on the first two objectives. However, the third objective — to harmonize various initiatives directed to the reduction of child poverty and increasing work incentives — is actually the essence of SUFA. For this reason, the cost-effectiveness of the federal platform taxation and the integration of programming related to the objectives of the NCB become significant evaluation issues.

The NCB Is Not a Conventional Program

Single departments typically offered programs within a single order of government. In the last decade, bilateral and trilateral arrangements have become increasingly common, such as labour market agreements used by two or more orders of government to deliver service. In addition to sponsoring programs, these joint relationships support single-window applications where nongovernment organizations may enter the delivery partnership, otherwise known as co-location. Horizontal initiatives are yet another form of collaboration, where several departments within an order of government coordinate programming. This article does not consider whether these new arrangements are better or worse — that is a matter for a second topic. Suffice it to say that the third NCB objective that seeks to reduce overlap and duplication indicates that those involved in the program are aware of the potential for this approach to be more expensive.

The NCB takes multilateral delivery to a new level. With nine provincial and three territorial governments in addition to the federal government, the NCB has considerable diversity in approaches, all of which are oriented to fulfilling the three core objectives.

Although the NCBS to the CCTB receives the most attention from policy analysts, provincial/territorial reinvestments play an important role. A goal of SUFA is to ensure that social programming reflects the needs of each jurisdiction; these reinvestments allow each jurisdiction to “tune” the NCB. For example, one jurisdiction determined that expansion of existing daycare spaces should receive priority as a support for encouraging parents to work (the second NCB goal). Another jurisdiction elected to augment the NCBS with its own child tax benefit to give low-income households more cash (the first NCB goal). Still another province created a host of early childhood interventions to support a long-term antipoverty program. This diversity of reinvestments is outlined in Table 2. The magnitude of spending is outlined in Table 3.

EVALUATION ISSUES FOR THE NCB

Evaluating a complex initiative such as the NCB requires a range of methods and techniques to respond to the evaluation framework.

Table 2
Summary of NCB programs (Reinvestments) by Cluster (March 2000)

Province/ Territory	Child Benefit/ Earned Income Supplement	Childcare/ Daycare	Health Benefits	Early Childhood/ Children-at-Risk Programs	Other
British Columbia 2000 Initiatives Strategy Support and	<ul style="list-style-type: none"> • • (increase) • Community • Action • Income Benefit • Program • • Work Benefits • Support • for Families 	<ul style="list-style-type: none"> • BC Family Bonus • Youth • Childcare – • BC Earned • Needs • Transition to • Education 	<ul style="list-style-type: none"> • • Special 	<ul style="list-style-type: none"> • Supported • • • • Program • • Drug Strategy 	<ul style="list-style-type: none"> • • Foster Care • Youth Ini- • Safe Schools • Aboriginal • Family Sup- • for Families • Youth Alcohol
Alberta	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Child • Subsidy 	<ul style="list-style-type: none"> • Childcare • Child Health • Benefits 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Alberta • Prostitution • Initiative • Shelter • Benefit

(continued next page)

					Increase
Saskatch- ewan	<ul style="list-style-type: none"> • Child Benefit • Employment Supplement 	Saskatchewan	Health	<ul style="list-style-type: none"> • Benefits 	Family

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Province/ Territory	Child Benefit/ Earned Income Supplement	Childcare/ Daycare	Health Benefits	Early Childhood/ Children-at-Risk Programs	Other
Manitoba Start eracy Infant Special and	• Attachment	• Workforce Daycare	Child	• • • Pregnancy • Nutrition • Services • Youth Initiatives	• E a r l y Early Lit- Baby First Adolescent Women and Children's New Children
Ontario Municipal-	• Supplement for Working Families	Ontario Childcare			• ities
New Brunswick		• Assistance Program • Childcare Program	Daycare Alternative		
Nova Scotia Early Intervention nity-Based	• Child Benefit	Nova Scotia Childcare • Childcare	• Family	Centre-Based Programs Prevention Programs	• • C o m m u -
Prince Edward Island	•	PEI Childcare Benefit	• Health Benefit	PEI Family	
Newfound- • land and Labrador Program source	• Post-Secondary Labrador Child Benefit Networks	Newfoundland and • Childcare • Childcare • Subsidy Program • Infant Care • Education Coordinators • Childcare	• Community Drug Card Family Home Childcare School-Based Early Childhood Additional	Unlicensed Education and Program •	• Extended Youth S u p p o r t Family Re- Centres

Federal-provincial-territorial (FPT) committees “administer” the NCB and constitute a “supercommittee” responsible for a range of management and evaluation decisions. The evaluation framework represents the outcome of a consultative process.

The concept of “administration” also evolves within the context of the NCB. For the federal government, Human Resources Development Canada (HRDC) provides the overall “secretariat function,” coordinating the work of the FPT committees and taking the lead on audit and evaluation issues. Canada Customs and Revenue Agency (CCRA) administers the benefit programs, using tax returns to determine eligibility. CCRA also administers the earnings supplements and child benefit programs for most provinces and territories. Finally, the provinces and territories administer their own reinvestments and exhibit varying degrees of willingness to reveal the success of these interventions or to share information with other orders of government.

For example, the effective marginal tax rate is a measure of the change in disposable income for a unit change in total income. The classic critique of social assistance policies is that any earnings result in a commensurate reduction in benefits. In other words, the earnings are taxed back at 100%. In some income ranges, the effective marginal tax rate for low-income Canadians can exceed 100%. Provinces and territories are sensitive to widespread release of this type of information. In the past few months, several provinces have shown increased willingness to share data and allow such information to be made public.

A core principle within SUFA, namely joint planning, starts with agreement on the issues to be evaluated. So far, each step of the evaluation process has involved extensive FPT consultation on the framework, performance measures, and methodologies for evaluating the NCB. This is the quintessential intergovernmental program and clearly poses important evaluation challenges.

Treasury Board has identified an “accountability checklist” for intergovernmental programs. This checklist contains three main themes: identifying results, measuring performance, and reporting. These themes include a range of specific elements, many of which are not necessarily specific to intergovernmental programs (e.g., “focus on outcomes” or “respect public-sector values and conflict-of-interest issues”). Examples of principles that do pertain to intergovernmental programs are “develop comparative and societal indicators where possible” and “sharing lessons learned.” One of the first issues the

evaluation needs to confront is whether the objectives are mutually consistent.

Are the Goals of the NCB Consistent?

In the last two years, a debate has emerged over whether the goal of preventing and reducing the depth of child poverty is logically consistent with the goal of promoting parental labour force attachment.

The debate includes the following points:

- The use of a social assistance offset is alleged to discriminate against poor families/children on welfare. The goal of including all low-income families within the NCB is seen as laudable, but antipoverty advocacy groups criticize widening the gap between those on assistance and the working poor.
- Encouraging or requiring those on social assistance to leave welfare in order to work can mean that families become poorer and no longer qualify for income-tested programs. This is an important strand of criticism. It argues that although NCB programs (particularly child benefits) raise family incomes and thereby reduce poverty, they may also reduce incentives to work at this higher income. In other words, increasing the cash benefits to low-income families by raising the CCTB (and provincial/territorial supplementations) through their own child benefit and earnings supplementations can reduce the incentive to work and raise the welfare wall. In the jargon of welfare policy, this means that an NCB “wall” replaces the welfare “wall.” The welfare wall is a metaphor that describes the loss of benefits (such as medical services, free transit, low-rent housing, etc.) that families face when they leave social assistance. Increasing social assistance benefits reduces the need/desire to work and effectively raises a wall of disincentives to leaving welfare.

Unravelling these questions is an empirical issue. A central goal of the present evaluation of the NCB is to shed light on as much of this debate as possible.

The reply to this criticism is that the NCBS (and indeed, the CCTB) is geared to the number of children and the income of the household. Parents receive additional incentive to work especially in jurisdictions with earnings supplement programs. An earnings supplement starts at a low level of earnings, rises as earnings increase, plateaus for a range of earnings, and then tapers to an exit point. The entire

policy mix offered within a jurisdiction, as well as the state of the labour market, will determine incentives to work and eventual labour market participation. The literature on social policy confirms the willingness of many social assistance recipients to work, provided it does not worsen their financial situation or place their children at risk. A useful reference is Moffit and ver Ploeg (2001).

Nonetheless, a central issue for the NCB evaluation is whether the CCTB and other benefits can simultaneously reduce the depth of poverty and increase the labour force participation of low-income families. Ultimately, this is an empirical issue, which is discussed in more detail below.

Measuring the “Labour Force Attachment” of Parents

Increased labour force attachment (the second goal of the NCB) is an expected consequence of lowering the welfare wall. The idea of labour force attachment is simple: very broadly, individuals are attached to the labour force if they are working for pay. More concretely (for policy purposes), labour force attachment is the extent to which an individual can find and maintain employment. Several observations are pertinent:

- The literature on welfare reform clearly shows that increasing labour force attachment has both a supply (training people) and a demand (stimulating the economy) aspect. Qualified workers may be available, but without jobs, their attachment is low.
- The NCB was initiated at a time when welfare reform and economic growth coupled to produce sharp caseload declines in most jurisdictions. The fundamental challenge facing the evaluation of the NCB will be to isolate its impacts from the other social, economic, and institutional factors that influence employment and poverty among low-income households.
- Another aspect of labour market attachment is the term *employability*. Commonly used by program and policy analysts, employability is an abstract concept that refers to an individual’s potential to find and maintain employment. For example, given two people identical in all respects except level of education, the one with more education is more employable. Employability depends on education/training, prior work experience, personal attitudes and character, family attributes (presence of dependent children or other care-giving responsibilities), and the existence of physical, men-

tal, or emotional disabilities. Social assistance programs, which typically rate clients on their employment potential, offer a range of remedial programs to increase clients' employability. Manitoba is the only jurisdiction to reinvest NCB funds in programs to enhance the employability of low-income parents. However, many jurisdictions are investing in early childhood and children-at-risk programs designed to enhance clients' employability in the long term.

A fundamental feature of the NCB is the co-mingling of short-term transfers (to reduce poverty and lower the welfare wall) with reinvestments that are intended to influence outcomes for children in the long term (more than ten years). The net effect of all interventions determines the labour force attachment of parents.

The NCB reinvestments align with existing provincial/territorial funding and significant federal programming. All orders of government and the nonprofit community fund a multiplicity of programs that are challenging to coordinate, especially in the area of early childhood interventions.

Measuring the Depth and Incidence of Poverty: The Need for Performance Measures

As preventing and reducing the depth of child poverty is the first goal of the NCB, a core aspect of the evaluation of the NCB must be measuring what is termed the incidence and the depth of poverty. Some estimate the number and percentage (incidence) of families, adults, children, and seniors who lie below some specific income level. Usually this level is calibrated to some standard, either an average or percentage of average or medium consumption, or increase in the cost of a basket of goods. The depth of poverty refers to the degree to which a family falls below whatever is defined as the poverty level. The greater the discrepancy, the deeper the poverty.

Different measures of poverty produce different insights. The key point is that several measures are needed to monitor the performance of the NCB and to act as outcome measures (dependent variables) in net impact assessments.

The reduction of poverty and promotion of workforce attachment require specific outcomes measures. A variety of poverty definitions exist, each with advantages and disadvantages. Similarly, the welfare wall and labour force attachment may be measured using a range of approaches. Harmonization represents the most complex

goal to measure, and for now, it appears that a cost analysis of the use of the federal tax platform to deliver child benefits and earnings supplements is all that will be attempted.

It is significant that many provinces have accepted the federal income tax platform as a mechanism for delivering the NCB reinvestments (i.e., those that have elected to deliver child benefits and earnings supplements). This suggests that the Level 1 harmonization has been successful, at least to the extent that most accept it as the most efficient way to deliver these programs. Note that Saskatchewan delivers its own earnings supplement, and Nova Scotia plans to offer an integrated child benefit and earnings supplement separately from the federal tax platform.

All aspects of the evaluation involve extensive consultation among the partners. The group hammered out the evaluation framework in a two-day workshop. An evaluability assessment explored the available data and methodologies that could be used to evaluate such a complex undertaking. This evaluability assessment received peer review from 30 academics and social policy specialists in March 2000. The current evaluations are also subject to peer review and the same joint oversight as the planning phase.

Central to the evaluation are a set of measures for the three goals of the NCB. The FPT working group paid particular attention to these, which appear in Table 4.

These performance measures reflect the consultative process but are based on the current understanding of how to measure poverty and labour force attachment, as well as the availability of reliable and valid measures. Statistics Canada's Survey of Labour and Income Dynamics assumes a pivotal role in the performance measures of the NCB. Performance measures for the third goal of reducing overlap and duplication are complex and are discussed below.

The main evaluation task remains to determine the effect of the child benefits (federal and provincial-territorial) and various earnings supplements (provincial) on incidence/depth of poverty. This incremental effect must be measured using a net impact assessment.

Net Impact Assessment Measures Labour Force Participation in the Context of Higher Benefits

The net impact assessment consists of econometric estimation of the labour force participation of low-income families, especially those

Table 4
Suggested Performance Indicators for the NCB (March 2000)

Goals	Outcomes	Gross outcomes	First-order net impacts
Reduce the depth of child poverty	<p><i>Incidence of poverty</i></p> <ul style="list-style-type: none"> • Number/percent of families/children who are in poverty (as defined by LICD, LIM [after tax], MBM*) • Number/percent of families/children on social assistance <p><i>Depth of poverty</i></p> <p>Number and percentage gap between the average income of poor families and the poverty line (as measured by one of LICD, LIM [after tax], MBM)</p> <p><i>Duration of poverty</i></p> <p>Number and percentage of families and children who have been poor during all four of the previous years</p>	<p>Changes in outcomes</p>	<p>Within each year, the change in the number/percentage of families and children who fall below the poverty line, with and without the NCB-funded child benefits included in family income; measuring this outcome for the provincial reinvestment estimates for jurisdictions offering such reinvestments</p> <p>Within each year, the change in the gap (measured in dollars or percentage) between average income of families who are below the poverty line and the poverty line, with and without the NCB-funded benefits included in family income</p> <p>N/A</p>
Promote attachment to the labour market by ensuring that families will always be better off as a result of working	<p><i>Exit level of gross earnings</i></p> <ul style="list-style-type: none"> • Measure of gross earnings needed to leave social assistance, measured at the exit point for social assistance in each jurisdiction • Hours at minimum wage needed to leave social assistance without loss of disposable income 	<p>Changes in outcomes</p>	<p>The change in gross earnings needed to leave social assistance, with and without NCB-funded child benefits</p> <p>Hours of work needed to leave social assistance</p>
Prevent poverty	<ul style="list-style-type: none"> • <i>Percentage of low-birth-weight babies</i> • <i>Readiness to learn</i> • <i>Percentage of students who complete high school</i> • <i>Teen pregnancy rate</i> 	<p>Changes in outcomes</p>	<p>N/A</p>
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration	<p><i>Level 1</i> – use of federal income tax platform</p> <p><i>Level 2</i> – participation rates in NCB programs, examples of expanded information-sharing agreements</p> <p><i>Level 3</i> – case studies, surveys of managers, thematic evaluations</p>	<p>N/A</p>	<p>N/A</p>

* Low-income cut-off (LICD), low-income measure (LIM), market basket measures (MBM)

on social assistance. The net impact assessment uses two main data sources:

1. *The Survey of Labour and Income Dynamics (SLID)* consists of a panel study that collects information from 25,000 Canadian households, of which 5,000 represent lower-income families. This offers a good information base for examining a range of performance measures for the NCB and testing for labour supply effects. Comparing the experience of lower-income households with and without the NCB (with and without children) offers a way to assess the incremental impact of the program. Various modelling strategies using dummy variables can track different types of reinvestments and also measure the relative impact by province.

One shortcoming of the SLID is the under-representation of social assistance cases and the sparse sample for some jurisdictions (smaller provinces and the territories). In addition, 2001 marks the first wave of surveys that include the full implementation of the NCB in 1999. Finally, it may be the case that SLID has structural calculation errors that require modelling strategies.

The net impact assessment compares the labour force participation (hours worked per week) of low-income households with children and the participation of low-income households without children. Various matching procedures offer the basis of constructing a useable comparison group. (See Human Resources Development Canada, 1998, Section 8, for a discussion of these methods.)

2. *The survey of NCB clients plus T1 data* represents an ambitious NCB client survey. Directed only to NCB clients, it merges information collected in a telephone interview with T1 information from taxation files. Clearly, these data require careful coordination with CCRA, as well as active informed consent procedures. An active informed consent process involves contacting the potential respondent and securing his/her signed consent before conducting the interview. Unlike a "negative" option, where the respondent has to say "no," in an active consent process (positive option) the prospective respondent has to agree. These data offer a weaker basis for evaluating the net impact because the contrasts must use provincial-territorial NCB program variation.

The NCB client survey collects cross-sectional data and so offers only limited labour market history on nonrespondents. This makes it a weaker basis for inferring labour market participation than use of the panel data from the SLID. Despite this, the reason to support this rather costly collection exercise is that no other way exists to measure client satisfaction, which is a central evaluation theme. More importantly, as we show below, this survey offers a substantive and meaningful platform for provinces and territories to evaluate their own NCB activity.

At the same time, client satisfaction studies face limitations. Most importantly, the product or service must be salient. Important questions exist as to whether social assistance recipients or others receiving the CCTB will be aware of their benefits. Then there is always the question of whether self-report information is viable for social programs. Ultimately, these too are empirical questions, which will be examined as part of the evaluation. It is interesting to ponder whether small adjustments to benefits have an impact on behaviour if recipients are unaware of their magnitude.

FINANCIAL ATTRIBUTION IS A RED HERRING

The NCB is the quintessential integrated program, and the FPT governments will need to assess the incremental benefit for their considerable financial contributions to the NCB. In his 1999 report, the auditor general notes, "it is not clear how accountability for overall results of these programs [NCB and Employment Assistance for Persons with Disabilities] will be achieved." The report goes on to state that it is "important to have realistic expectations about what the joint accountability and performance reports have to say, in the short-term, about the impacts of the NCB." One unrealistic expectation is to "parse" the impacts among the different financial contributions. It will be very difficult to measure the incremental impact of the federal contribution to the CCTB in those jurisdictions that also provide child benefits and earnings supplements. Two reasons exist for this. First, the data requirements needed to develop empirical estimates lie well beyond any dataset currently available or planned in Canada. Second, most of the NCB reinvestments are dwarfed by other FPT and nongovernmental supplements. More likely is the measurement of marginal impact of the various supplements and benefits as a whole on willingness to work. Most likely, it will be possible to measure how the benefits affect the incomes of

recipients; however, even this is subject to a range of other influences besides NCB programming.

The upshot is that no order of government will be able to undertake a benefit-cost analysis of its financial commitment to the NCB. In the end, this is actually advantageous, because the essence of SUFA is joint decision making and joint resource commitment. Separability with respect to financial contributions is not important. However, separating the different types of interventions, measuring their individual and incremental contributions, and sharing the insights are critically important. For example, it is difficult to estimate the incremental contribution of the earnings supplement provided by Saskatchewan, but it is worthwhile and feasible to measure the net effect of earnings supplements in general across several jurisdictions.

Harmonization

The use of SLID and NCB client surveys represents a conventional approach to evaluation. Indeed, the federal government does not need provincial or territorial support to proceed with such an evaluation. Nothing in the agreement formally precludes this, aside from the obvious violation of the “spirit of SUFA.”

What really imbues the NCB evaluation with a SUFA “flavour” is the attempt to measure the third objective, harmonization. Three levels of harmonization exist within the NCB, and each represents a higher degree of service integration among parties to the NCB.

- *Level 1* refers to the use of the federal income tax platform to deliver child benefits and earnings supplements. Most provinces and territories use the federal taxation structure to administer these programs, based on tax information supplied by applicants. The costs that the provinces/territories avoid are offset by the costs incurred by the federal government to deliver these benefits. A benefit-cost analysis of this administration would assess this level of harmonization and requires a cost accounting exercise of administering various taxation programs.
- *Level 2* refers to the information sharing that is evolving among governments. Most notable is the sharing of information between CCRA and provinces on the current family structure of social assistance clients. These data improve program delivery, particularly in reducing erroneous payments of the NCB and other programs caused by dated in-

formation of the composition of social assistance recipient households.

Measuring the improvement in accuracy of both the federal and provincial administrative processes and payment-targeting constitutes the evaluation of this second level of harmonization. Evaluation at this level can also use case studies of information sharing and the insights of managers concerning the net effect of information sharing on the efficiency and effectiveness of their operations.

- *Level 3* is the most complex and the most important. The provinces/territories use the NCB reinvestments to augment many programs such as childcare and early childhood interventions. The NCB funding often parallels existing provincial and territorial programs. Federal programming also parallels NCB reinvestments, an example being CAPC (Community Action Plan for Children). A common model is for funding from several sources to flow to the same agency to deliver services to children and families.

Integration at this level requires a thematic review of programming within a jurisdiction. For example, a national review of early childhood intervention would require the joint co-operation of several federal departments (HRDC, Health, and Department of Indian Affairs and Northern Development [DIAND], to name the most obvious), as well as their counterparts in each jurisdiction. Not all jurisdictions need to participate in such an overarching evaluation; however, to properly capture the spirit of SUFA, more than one province/territory should be involved.

EVALUATION OF SUFA PROGRAMS

As mentioned above, the quantitative aspects of the proposed evaluation of the NCB are conventional and do not require the participation of the provinces and territories. However, this form of “macro” evaluation does not really test whether the NCB has met its objectives. In addition, the datasets currently available (SLID and the augmented NCB client survey) present important limitations in examining harmonization of programming that lies at the heart of the SUFA. Several important opportunities exist to enhance the evaluation and have similar requirements for joint accountability and information sharing to those specified in the principles of SUFA.

Confidentiality rules represent a serious challenge. SUFA calls for information sharing. Yet even within a jurisdiction, limited capacity exists to assemble administrative records that contain client details. For example, the typical privacy legislation includes strictures against collecting any item of data that is not directly related to service delivery. As a result, important social and demographic data are often excluded from datasets, which greatly weakens evaluation.

Another approach to enhancing the evaluation is to structure the NCB client survey in two parts: a core module that would be administered to the entire sample, and jurisdiction-specific questions that would be proprietary to a province/territory. The survey could offer jurisdictions the opportunity to purchase additional questions. The results of the core module would be shared among all parties in the NCB, and it would be left to each jurisdiction as to whether to share results more generally. This approach to evaluation unifies the interests of all orders of government within a single research methodology. If the provinces-territories retain the results of their proprietary surveys, little is gained and the full terms of SUFA are unrealized. Therefore, although the client survey offers limited capacity to support a net impact assessment of how the NCB affects labour force participation, it offers important support for encouraging joint evaluation.

Thematic evaluations are a third option to enhance the NCB evaluation. Jurisdictions could jointly evaluate NCB reinvestments that cover similar territory. Thematic evaluations would be possible in the areas of childcare, earnings supplements, early childhood education, and health benefits that are offered by several jurisdictions. A lessons-learned approach in which policy planners seek to gather the insights to optimize their interventions would provide a highly productive approach to these assessments. When we see provinces co-operating in evaluating their early childhood programs (or daycare in general), we will see evaluation in the true spirit of SUFA. One often hears that federal relationships with provincial and territorial governments reflect how SUFA functions. Equally, if not more important, is the willingness of provinces and territories to sponsor joint evaluation of common programs.

Finally, and on a positive note, only social assistance recipients experience the welfare wall, and to really understand whether NCB interventions lower the welfare wall requires detailed longitudinal information on the dynamics of social assistance cases. In essence,

provinces and territories must share longitudinal administrative information on social assistance recipients. Three provinces (Manitoba, Saskatchewan, and British Columbia) have allowed their social assistance data to be made available and support a survival analysis of the impact of the NCB on entries and exits from social assistance. These longitudinal databases track individual use of social assistance over the past seven or eight years. The willingness to support a joint study and data sharing represents a welcome evolution in the evaluation of SUFA-type programs.

CONCLUSION

On the surface, the principles of SUFA with respect to information sharing can be satisfied by exchanging evaluation reports and high-level statistics. However, programs such as the NCB are complex, and by any measure, the impacts of an intervention will be slight but important to detect. Detecting these changes and assigning appropriate interpretations will require detailed administrative data, pooled across jurisdictions.

SUFA is an important evolution in federalism. Many observers offer guarded comments on its potential as a basis for a renewed federalism; however, the consensus appears to be that if it can survive, it offers a viable basis for Confederation in the new millennium. Evaluation activities present NCB partners with a opportunity to enhance SUFA through information sharing and joint accountability. The evaluation process for the NCB will reinforce the principles of SUFA to the extent that the parties to the agreement accept joint accountability and resist the urge to focus on the incrementality of their own financial contributions, which really cannot exist without the efforts and funding of other sponsors.

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