MINISTRY OF
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Te Manatū Whakahiato Ora

Phase 1 Evaluation of The Training Incentive Allowance

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Executive summary

The Training Incentive Allowance (TIA) was introduced in November 1983 in response to the Wylie Review report[1] which found there was a disadvantage to female sole parents with respect to re-entering the workforce. The TIA is designed to provide financial assistance to people receiving a domestic purposes benefit, an invalid's benefit, a widow's benefit, or an emergency maintenance allowance, to enable them to undertake employment-related training. It is intended that this will help participants enhance and improve their work skills and increase their prospects of obtaining full or part-time employment.

The report has been prepared by the Ministry of Social Development's (MSD) Centre for Social Research and Evaluation (CSRE). The purpose of this evaluation is to provide information for policy review of the TIA.

The evaluation objectives are to examine:

- how the TIA is being targeted to clients, including identifying who is accessing the TIA
- how the TIA is being used by recipients
- the outcomes achieved by recipients, including their labour market outcomes and their subsequent uptake of benefit
- the effectiveness of TIA in meeting its objectives.

The report presents the first phase of a two-phase evaluation of the TIA. It utilises data from the MSD administrative databases to provide high level descriptive information about objectives one, two and three. But it does not contain information about objective four. This means that while the report contains some information about the outcomes of TIA participants it is not possible to draw conclusions about whether the outcomes achieved by participants are better than they would have been if they had not participated in TIA.

The profile of TIA participants did not change markedly across the report period, from 1996 to 2001, and the majority of TIA participants:

- were in receipt of a DPB-type benefit
- were of European ethnicity
- were aged between 20 and 39 years
- had one child
- had a youngest child aged between 0 and 5 years of age
- had no educational qualifications.

In addition:

- most TIA participants undertook job skills related training
- most attended a Polytechnic or Technical Institute
- only a small percentage of TIA participants accessed other forms of MSD employment assistance
- during 2001 42.64% of TIA participants activated a student loan.

[1] Wylie, C. R. (1980) *Factors Affecting the Participation in the Workforce of Female Heads of One Parent Families*. A report prepared for the Department of Social Welfare.

Overall, the average percentage of time TIA participants spent off benefit increased across consecutive six-monthly periods after programme start. This increase in the average percentage of time spent off benefit varied by ethnicity, age of youngest child and by benefit type. In any given six-month period, participants tended to either spend all of the period in receipt of a benefit or spend the whole period off benefit. Overall, the average percentage of time TIA participants spent in unsubsidised employment tended to increase across consecutive six-monthly periods. The average percentage of time spent in a 'left the labour market state' decreased since programme start. However the average percentage of time in an 'unemployed state' increased, possibly due to Work and Income (W and I) procedural changes at this time.

In general, the findings suggest that after participation in TIA, employment outcomes increase, and on average participants spend less time in receipt of a benefit. Only further comparative analysis could determine whether non participation in TIA would yield similar outcomes as the present analysis can not determine whether participating in TIA has a positive effect on outcomes.

1 Introduction

This report is the first of a two-phase evaluation of Training Incentive Allowance (TIA). It provides basic information on TIA participants; numbers, demographics, costs, and their outcomes; labour market and benefit receipt. The findings presented are descriptive only; the analysis does not provide any firm evidence on the effectiveness of TIA. The second phase of this evaluation will evaluate the impact of TIA on participants' outcomes.

1.1 Background

TIA was introduced in November 1983 in response to the Wylie Review report[1] which found female sole parents were disadvantaged with respect to re-entering the workforce. It was designed to encourage recipients of the Domestic Purposes Benefit (DPB) and Widows Benefit (WB) or an emergency maintenance allowance, to take up employment-related training to better equip them for employment. In October 1985 it was extended to recipients of the Invalids Benefit (IB).

1.1.1 Objectives of TIA

The objective of TIA is to provide financial assistance for this group of clients, to enable them to undertake employment-related training that will:

- enhance and improve their work skills
- increase their prospects of obtaining full-time or part-time employment
- gain independence from the benefit system.

Evaluation Context

An MSD briefing paper on TIA in 2001 noted:

> "There is limited information about TIA in terms of research about how it is used, and evaluation about how effective the programme is in meeting its objectives. Officials recommend that the TIA programme is reviewed. This involves undertaking research and/or an evaluation of TIA, and reviewing the policy parameters, purpose and objectives of the TIA programme…"

Lack of information was noted as a barrier to an informed policy analysis of the TIA. The Minister directed MSD, in consultation with other relevant agencies, to commence planning research and or an evaluation of TIA and report key findings by October 2002.

This report has been prepared by MSD's Centre for Centre Research and Evaluation (CSRE), at the request of MSD's Social Assistance Policy Group (SAP).

1.2 Purpose of the evaluation

The purpose of this evaluation is to provide information for an informed policy review of the TIA. The SAP group has requested information about the following key areas:

- targeting and eligibility criteria
- outcomes
- effectiveness.

The information areas have been grouped into four evaluation objectives.

1.3 Evaluation objectives

The evaluation objectives are to examine:

- how the TIA is being targeted to clients, including identifying who is accessing the TIA.
- how the TIA is being used by recipients.
- the outcomes achieved by TIA recipients, including labour market outcomes and subsequent uptake of benefit.
- the effectiveness of TIA in meeting its objectives.

1.4 Evaluation approach

It was agreed in the report to the Minister of Social Services and Employment,[2] that the evaluation be conducted in two phases. This document reports on the first phase. It utilises data from the MSD databases to provide a high level quantitative description of TIA recipients, trends in TIA uptake and some information about recipients' outcomes. This descriptive information fed into the October 2002 ministerial report. However the present report does not contain information about the impact or effectiveness of TIA. A detailed description of the term impact appears in Appendix 1.

The second phase of the evaluation will utilise both quantitative and qualitative methods to provide information about the operation of TIA, the recipients, and estimate the impact of TIA on outcomes.

1.5 Scope and limitations

While the first phase will make a valuable contribution to what is known about the TIA, it is largely descriptive and high-level in nature, and many of the measures are exploratory. A comparative outcomes method has not been used; so it is not possible to draw conclusions about whether participant outcomes are any better than they would have been if they had not participated. Nor is it possible to draw any conclusions about whether the outcomes are better for particular sub-groups.

1.6 Evaluation questions

The following section shows the evaluation questions arising from each of the evaluation objectives.

Objective 1: Examine how the TIA is being targeted, that is, who is accessing the TIA

- What are the characteristics of recipients?
- Have the characteristics of recipients changed over time?

[2] *Training Incentive Allowance (TIA) – Review update* April 2002,

Objective 2: Examine how the TIA is being utilised by clients

- What type of training is being undertaken?
- What type of educational institutions are recipients attending?
- What is the duration of receipt?
- In what form are recipients paid?
- How much financial support do recipients receive from TIA?
- Do recipients receive additional assistance[3]?

1.7 Objective 3: Examine the outcomes achieved by TIA recipients

- What type of labour market outcomes do recipients achieve?
- Do recipients patterns of benefit receipt change after participation?

[3] Including receipt of student loans and other W and I employment programmes and services.

2 Methodology

2.1 Participation and demographic profiles

The number of participants, for the years from 1996 to 2001 inclusive, was determined[4] using information from the SWIFTT[5] database. A client was defined as having participated in TIA, in a given year, when a TIA related payment was made during that year. For each calendar year, only the first TIA record[6] was extracted for clients who received multiple-assistance during the year. Therefore the data represents the number of unique participants in a year, rather than the total number of participations in TIA. The date of the first record was defined as the participants' programme start date.

2.1.1 Determining the characteristics of TIA participants.

Demographic information was gained from SWIFTT and the SOLO[7] databases. Static characteristics (ethnicity, gender etc) were determined using the current client record, while dynamic characteristics such as; number of children, age of youngest child and educational qualifications were determined as at each client's programme start date. This date was used as it was believed that it would be close to the point in time at which the client was assessed as meeting TIA criteria. Provider information was similarly extracted from SWIFTT as at the programme start date.

2.2 Patterns of subsequent benefit receipt

For each participant, subsequent benefit receipt was determined using information from the SWIFTT database. Participants were divided into unique groups - cohorts - based on their first year of TIA receipt. A client who participated in 1997 but did not participate in 1996 was assigned to the 1997 cohort group. The client was then removed from all subsequent cohort groups. Subsequent benefit receipt was monitored individually, for consecutive six-monthly periods, from the programme start date. Information from SWIFTT was used to determine the number of days that each client was not in receipt of a core benefit, during the six-monthly periods. Participants were defined as 'not in receipt of a benefit' when they had either suspended or cancelled their core benefit and they continued with this definition until they began receiving a core benefit again. Those who were working part-time were classified as still in receipt of a benefit. The percentage of the six-monthly period spent off benefit was then calculated for each of the participants. Individual client data was aggregated to calculate the average percentage of each six-monthly period spent off benefit for each cohort group.

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[4] This participation information was extracted using an MSD business rule. The MSD business rules are designed to ensure that consistent results are produced by the various groups within MSD when extracting information from the administrative databases.

[5] SWIFTT is the income support database developed by the New Zealand Income Support Service to calculate, provide and record income support payments and related client history.

[6] The determination, of which record was first, was, where possible, made using a payment entitlement date. If there was no entitlement date then the change date of the record was used. Where neither an entitlement nor a change date existed, for an individual, then the client was excluded from the analysis.

[7] SOLO is the administrative database developed by the New Zealand Employment Service to support work related case management and to register related client history and participation in Work and Income employment programmes.

2.3 Labour Market outcomes

The labour market status of each client and each cohort group was assessed, based on available information from the SWIFTT and the SOLO databases. If a person was still in contact with Work and Income (W and I), a service of MSD, their benefit/register status or participation in employment programmes determined their status. In cases where people ceased to be reliant on W and I their exit or lapse reason was used to define status. The person continued to be in this labour market state until they came back into contact with W and I.

This measure categorises people into the following hierarchy of outcomes:

- unsubsidised full-time employment
- left the labour market[8]
- unemployment
- MSD interventions[9]
- miscellaneous[10]

For the analysis of subsequent benefit receipt, participants' labour market states were determined over six-monthly periods. For each participant, the number of days spent in each of the five labour market states, in each of the six-monthly periods, was determined. The percentage of time spent in each was then calculated for individual cohort groups.

[8] Participants are categorised as having 'left the labour market' when they are classified in the databases as non-work tested or have a lapse reason that suggest they have ceased to participate in the workforce. Those benefit recipients classified as either part or full time work tested, then they are classified as 'unemployed'.

[9] This category includes participation in all other employment programmes offered by W and I, a service of the MSD.

[10] The 'miscellaneous' category is used where it was not possible to determine labour market status of a participant based on available employment and benefit information.

3 Findings

3.1 Participation and demographic profiles

3.1.1 Participation

Table 1 shows the number of unique participants for each year. The data represents the number of clients who received TIA once or more during the year, rather than the total number of grants made annually. Participants are only counted once during any year. The number was reasonably consistent except for 1998 when participation was notably higher.

Table 1 also shows the number of participants in each of the cohort groups used for the analysis of benefit uptake and labour market outcomes, described in section 2.2. The 1996 cohort is necessarily the largest because all participants were first-timers in the inaugural year. It is unclear why 1997 and 1998 have higher cohort numbers but it may be due to policy or operational changes such as an increased operational focus on training.

Table 1. Number of unique TIA participants by year.

Year	Number of TIA participants	Number of participants in each cohort
1996	22 164	22 164
1997	23 862	14 348
1998	29 237	16 186
1999	22 478	9 882
2000	22 134	10 037
2001	22 587	10 555
Total	**142 462**	

The current analysis does not determine the total number of years a client has participated in TIA, but Table 2 shows participation as a percentage of the total group. Over half participated only once during the six year period, however this should be interpreted with caution as it is likely there is an over-representation of once-only participants. If a participant participated once in 1995 and once in 1996, their outcome would only be counted once. Almost a quarter of all recipients participated twice in the period, with just over 10 percent participating for three out of the six years. Only7.52% of recipients participated for more than three years.

Table 2. Duration of TIA receipt during the report period.

Number of participation's between 1996 and 2001	PERCENTAGE OF TOTAL PARTICIPANTS
1 out of 6 years	57.57
2 out of 6 years	23.62
3 out of 6 years	11.24
4 out of 6 years	5.04
5 out of 6 years	1.90
6 out of 6 years	0.58
Total N	**142 462**

Demographics

Demographic characteristics of participants were determined using information from SOLO and SWIFTT databases. These characteristics are shown in Table 3.

Ethnicity

- The majority of participants, for all years, were European, followed by Māori.
- Only a small percentage of participants were Pacific Peoples or of other ethnicity.

Gender

- The majority of participants were female.
- This is consistent with the composition of the DPB type benefits.

Age

- The majority of participants were aged between 30 and 39 or between 20 and 29 years in age.

Educational qualifications

- For all years, the majority of participants had no educational qualifications.
- Participants with School Certificate level qualifications also accounted for a large percentage of the participant group, across all years.
- Generally only a small percentage had post-school qualifications.

Number of children

- The majority of participants had only one child
- Participants with two children accounted for about a third of the participant group.

Age of youngest child

- The majority of participants had, a youngest child aged between 0 and 5 years, although the percentage decreased consistently across the report period
- Participants with a youngest child aged between 6 and 13 years of age also accounted for a reasonable percentage of participants and this group has increased, as a percentage of the total, across the report period.

Benefit type

- The majority of participants were in receipt of a DPB, sole parent benefit.
- The next largest benefit type was the invalid's benefit.

Region

- Participants were generally reasonably well-distributed across all regions.
- Canterbury, Bay of Plenty and Auckland North were consistently among the most strongly represented regions in the participant group.
- Nelson and Northland were consistently the least represented regions, in the participant groups.

Table 3. Characteristics of TIA participants for the years 1996 to 2001.

Participants characteristics		Percentage of group					
		1996	1997	1998	1999	2000	2001
Ethnicity	**European**	54.53	55.41	55.33	54.78	53.95	51.87
	Maori	32.46	32.83	34.01	34.31	35.64	37.48
	Pacific Peoples	4.59	4.77	4.97	5.50	5.42	5.95
	Other	8.42	6.99	5.69	5.41	4.99	4.70
Gender	**Female**	90.34	90.87	91.63	91.55	90.89	90.44
	Male	9.66	9.13	8.37	8.45	9.11	9.56
Age	**15 – 19 years**	3.68	3.51	3.32	3.36	3.18	3.48
	20 – 29 years	34.47	33.68	32.60	34.06	34.59	35.05
	30 – 39 years	33.80	36.38	38.58	39.70	39.26	38.34
	40 – 49 years	12.72	14.69	17.50	18.45	18.87	19.08
	50 – 59 years	2.55	2.90	3.20	3.18	3.21	3.27
	60+ years	0.08	0.13	0.16	0.25	0.30	0.32
	Unknown	12.71	8.69	4.63	1.00	0.58	0.46
Educational Qualifications	**None**	30.56	31.62	34.88	33.21	35.58	37.85
	School Certificate	23.57	25.53	28.31	31.50	33.86	33.92
	Secondary above SC	10.86	12.06	12.56	15.55	17.44	17.17
	Post School	10.98	11.18	10.41	11.16	9.66	7.63
	Unknown	24.02	19.62	13.85	8.58	3.46	3.44
Number of Children	**No child**	12.39	10.98	9.48	9.51	10.16	10.44
	1	43.30	43.24	43.57	43.99	43.30	41.68
	2	28.15	28.95	29.70	29.19	29.05	29.31
	3	11.28	11.76	12.33	12.18	12.24	12.76
	4+	4.88	5.08	4.92	5.13	5.24	5.81
Age of Youngest Child	**No child**	12.39	10.98	9.48	9.51	10.16	10.44
	0 – 5 years	67.16	62.60	57.14	53.25	49.91	49.84
	6 – 13 years	20.44	25.80	31.22	33.70	35.35	34.29
	14+ years	0.00	0.62	2.16	3.55	4.58	5.42
Benefit groups	**Invalids**	11.88	10.74	9.27	9.23	10.06	10.76
	Widows	1.78	1.84	1.91	1.01	1.90	4.28
	Emergency Maintenance	0.81	0.91	0.95	1.05	1.03	1.13
	DPB – Sole parent	84.87	85.72	87.17	87.09	86.42	85.77
	DPB – Woman Alone	0.48	0.57	0.50	0.46	0.31	0.33
	Caring for Sick & Infirm	0.19	0.22	0.20	0.18	0.27	0.33
Region	**Auckland Central**	1.83	6.56	5.82	6.18	5.88	5.83
	Auckland North	2.32	8.52	9.10	9.82	10.23	10.62
	Auckland South	2.35	7.66	8.29	8.99	9.54	10.29
	Bay of Plenty	2.54	8.75	9.28	9.85	9.84	9.94
	Canterbury	2.90	11.57	10.37	10.12	10.12	10.51
	Central	2.93	8.46	8.90	8.55	8.23	7.32
	East Coast	1.20	5.79	5.93	4.73	5.35	5.18
	Nelson	1.61	5.36	4.58	3.89	3.70	3.50
	Northland	1.25	4.73	4.62	4.16	4.74	5.69
	Southern	2.27	8.21	8.00	7.94	7.26	6.35
	Taranaki	2.49	7.24	7.68	7.70	7.59	7.58
	Waikato	1.70	8.19	8.45	9.06	8.74	8.70
	Wellington	2.36	8.88	8.88	8.92	8.59	8.32
	Unknown	72.25	0.09	0.11	0.09	0.18	0.15

Note: The high percentage of clients with unknown characteristics (for example, for educational qualifications and region) and the subsequent notable decrease in the percentage of clients with unknown characteristics is likely to be due to procedural changes and changes in the administrative databases.

3.1.2 Utilisation of TIA

Table 4 and Table 5 show information about the type of training courses and the type of educational institutions attended by participants. This information was established from SWIFTT, at participants' programme start date. The categories used here are the same as used in SWIFTT.

It would be necessary to collect additional qualitative data to provide specific detail of the types of training undertaken, however the majority of participants either undertook 'job skills' or 'academic' training, with a decreasing percentage undertaking 'personal development' courses.

Table 4. Types of training courses undertaken by TIA participants.

Course Type for 1996 to 2001	Percentage of group					
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Academic	34.49	34.13	32.52	32.91	33.51	32.29
Job Skills	53.39	55.73	57.92	60.43	59.76	60.76
Personal Development	12.12	10.14	9.56	6.67	6.74	6.95

Table 5 shows that the majority of TIA participants attended Polytechnic or Technical Institutes, although the percentage of participants attending this type of institution decreased across the report period. Private Training Establishments (PTEs) were the second largest provider of training to participants, with attendance of this type increasing across the report period. Universities were the third largest provider but this percentage was unchanged across the report period.

Table 5. Types of educational institutions attended by TIA participants

Providers	Percentage of group					
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Correspondence School	4.95	4.32	6.50	5.04	5.15	5.81
Polytech/Tech Institute	50.25	50.93	48.16	48.17	46.00	42.03
Private Training Establishment.	17.68	17.43	19.25	20.54	23.13	27.84
Secondary School	2.73	2.69	3.04	2.50	2.01	2.37
TOPs/W&I[11]	3.67	3.84	3.82	1.65	1.44	1.34
Teachers College	2.55	2.71	2.71	3.33	3.18	2.83
University	15.32	15.92	14.13	16.04	16.13	15.08
Unknown	2.85	2.16	2.40	2.72	2.94	2.69

[11] As of 1999 TIA was no longer granted for participations in Training Opportunities Programmes (TOP's) or for W and I programmes. However, this category was not removed from the database and as a result the small percentage of participants recorded as attending those courses is probably a result of miscoding.

3.1.3 Financial support provided by TIA

Table 6 provides information about the amount of financial support provided to participants undertaking study. Information was extracted from SWIFTT database and represents the average amount paid to participants for each year. With the exception of 2000 and 2001 the average amount paid was less than $1500. Overall, there was little change in this amount from 1996 to 1999. There were small increases in the average amounts in 2000 and 2001. The lowest was in 1998 and the highest, in 2001. It was initially anticipated the report would provide information about the form (lump sum or weekly payments) in which TIA was paid to participants. However, due to data constraints this information wasn't produced.

Table 6. Average amount of financial assistance received by TIA participants, by year.

Average yearly amount of financial support received by TIA participants Year					
1996	**1997**	**1998**	**1999**	**2000**	**2001**
$1420.73	$1461.92	$1390.50	$1493.84	$1694.96	$1721.78

3.2 Receipt of Additional Assistance

3.2.1 Employment assistance

The SOLO database was used to determine whether participants received additional W and I employment assistance[12] subsequent to TIA participation. Involvement in other forms of W and Income employment assistance, subsequent to the first programme start date, was determined. The percentage of each of the cohort groups who received some other form of employment assistance was then calculated for subsequent calendar years. Data shown in Table 7 represents the percentage that received an additional form of assistance in that year, but does not provide any indication of how many other forms of additional employment assistance a particular individual received in a given year.

The data indicates that only a small percentage of participants received additional employment assistance during the year of their first participation. Participation in additional employment assistance tended to increase after the first year of TIA participation.

Table 7. The percentage of each cohort group who received additional employment assistance subsequent to their first participation in TIA in the report period.

Cohort Group	Percentage of each cohort group that received some additional form of W&I employment assistance during subsequent years					
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
1996	3.11	6.58	5.82	10.24	17.49	13.64
1997		2.10	3.73	7.13	11.62	9.36
1998			2.72	7.06	11.83	8.98
1999				3.16	9.60	7.16
2000					5.45	8.58
2001						4.61

[12] Here employment assistance includes receipt employment assistance such as in work support and participation in employment programmes.

3.2.2 Student loans

TIA participants are only able to access fees and the course related costs component of the student loan scheme. Information from the SAL13 database was used to determine whether participants accessed loans in addition to TIA assistance. Loan information is only available for the 2000 and 2001 years. Table 8 shows the percentage of participants for 2000 and 2001 that activated a loan in that year. A participant is defined as activated once they have been granted a loan, but does not determine whether a participant has accessed or drawn down those funds. The data shows that for these two years the majority of participants did not activate a loan, although the percentage did increase from 2000 to 2001 (from 36.05 to 42.64%). Given the short time period for which loans information is available it is not possible to draw any firm conclusions about the take up of loans.

Table 8. Percentage of participants who activated a student loan during 2000 or 2001.

Student loan accessed	Percentage of group	
	2000	2001
Loan activated (no)	63.95	57.36
Loan activated (yes)	36.05	42.64

Table 9 shows average fees and course related costs drawn down from student loans by participants during 2000 and 2001. It shows that on average participants drew down between $2500 and $3000 dollars worth of fees and between $900 and $1000 dollars worth of course related costs. It also illustrates which components of the student loan, fees and or course related costs, were used. The majority of participants who used a student loan used both the fees and the course related costs components of the loan.

Table 9. Loans payment information for 2000 and 2001.

Student loans component used	2000			2001		
	Average fees	Average course related costs	Percentage of total group	Average fees	Average course related costs	Percentage of total group
Fees and course costs	$2973	$924	72.25%	$2993	$960	73.85%
Course cost only	n/a	$905	8.56%	n/a	$902	9.70%
Fees only	$2507	n/a	19.18%	$2430	n/a	16.45%

3.3 Subsequent labour market outcomes

Participants were classified into cohort groups according to the year in which they first participated, and subsequently the average percentage of time spent in a number of different labour market states during six-monthly periods. Figure 1 shows data for the 1996 cohort only. This data shows that during the first six months after programme start, most

[13] The Student Loans and Allowances database (SAL) belongs to W and I. It is the operational system used to register, monitor and pay student Loans and Allowances.

participants' labour market state was defined as 'left the labour market', which indicates that they were in receipt of a non-work tested benefit. The percentage of each six-monthly period spent in the 'left the labour market' state decreased, while the percentage of time spent in 'unsubsidised employment' increased, across the report period. The percentage of time spent 'unemployed' and in a 'miscellaneous state' also increased across the report period. It was initially anticipated that this component of the report would also investigate time spent in part-time employment. However, the present analysis was not able to determine accurately whether participants moved into part-time work. Given this, clients in part-time work were classified as either having 'left the labour market' or as 'unemployed' for the present analysis. Investigating this issue further required additional work which could not be completed within the time-frames of this report.

The data presented in Figure 1 s also shown in Table 10 in Appendix 2. Table 11 in Appendix 2 shows the variance across all cohorts, in the average time spent in each labour market state. There is little variance in the average percentage of time participants from different cohorts spent in 'miscellaneous', 'W and I intervention' and 'unsubsidised employment' categories. This indicates that the data generally provides a reasonable representation of time spent in these states for all cohorts. However, the data do show that there was a reasonable level of variance, across the cohorts in terms of the percentage of time spent in the 'left the labour market' and the 'unemployed' categories. This variance is probably due to the introduction of the work test for DPB recipients, which resulted in clients classified as 'left the labour market' being reclassified as 'unemployed'.

Figure 1. Average percentage of time spent in each labour market state, in each six-monthly period, for the 1996 cohort group.

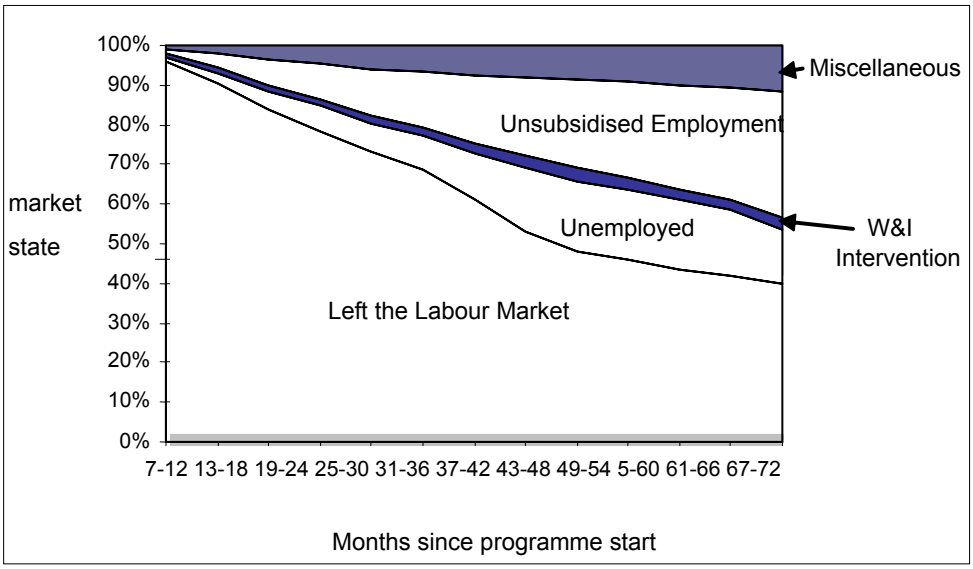
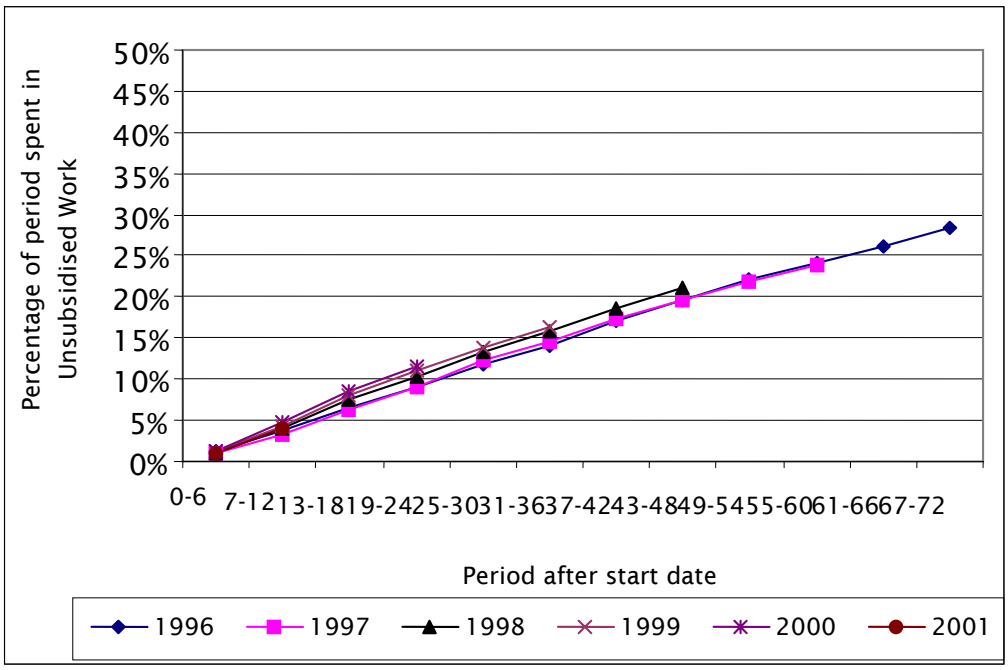


Figure **2** shows the average percentage of time spent in unsubsidised employment across consecutive six-monthly periods for all the cohort groups. As time since programme start increased the average percentage of time spent in employment also increased, for all cohort groups. This data is also show in Table 12 in Appendix 2.

Figure 2. Average percentage of six-monthly period, since programme start, spent in unsubsidised employment for each cohort group.



Present analysis shows that time spent in unsubsidised employment increased following participation in TIA. However, it is not possible to attribute this movement to participation in TIA. To determine this will require further work, using a counter-factual quasi-experimental design.

Figure 2 is attractive because it provides a clear picture of the type of outcomes achieved by participants post participation. However, there are some issues with this measure. The reliability is dependent on the accuracy with which exit reasons[14] are recorded in databases and there are a number of potential reasons why these may or may not be recorded. It depends whether a client specifies an exit reason; this group makes up a large percentage of clients with miscellaneous outcomes. Furthermore, previous CSRE analysis suggests reliability and accuracy of recorded exit reasons varies across different types of participants. Therefore, it is possible that the present analysis may under-count the true percentage of time in employment over a six-monthly period. The present analysis also relies upon the assumption that when a participant exits to employment, they remain in this state until they return to either the benefit or the register, which may not be the case.

The remainder of the analysis is based on benefit status. However using time spent in receipt of a core benefit only tells us whether a client is dependent on financial support from W and I not whether the client has left New Zealand.

3.4 Subsequent receipt of benefit

The cohort groups were the same as those used for the analysis of subsequent labour market outcomes for subsequent benefit receipt. Figure 3 shows the average percentage of

[14] As explained in section 2.3 exit or lapse reasons are used to help determine a participant's labour market state. This means that the accuracy of this analysis is dependent on the accuracy with which this reason is recorded.

each subsequent six-monthly period, since programme start, which was spent off benefit[15] for each cohort group. All cohort groups spent, on average, less time in receipt of benefit with subsequent periods since programme start. In general the pattern of subsequent benefit receipt was similar for all cohort groups, in terms of the rate of increase of time spent off benefit and the level of benefit receipt during each subsequent six-monthly period. The 1996 cohort participants were monitored up to 78 months after programme start, and by the last period they were spending on average about 35 percent of the six-month period off benefit. Figure 3 data is shown in Table 13 Appendix 3.

Figure 3. Average percentage of each six-monthly period, since programme start, spent off benefit for each cohort groups.

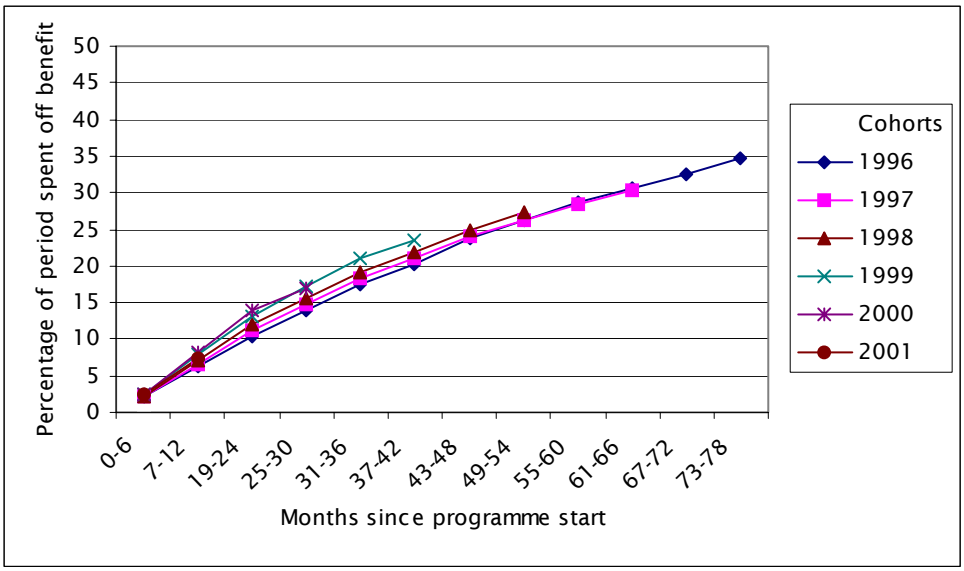


Figure 4 shows the percentage of the total participant group in each of the three following groups; 0 percent of the six-monthly period off benefit, 1 to 99 percent of the six-monthly period off benefit and 100 percent of the six-monthly period off benefit, for each of the six-monthly periods, since programme start. Clients who were working part-time would be classified as having spent 0 percent of the six-monthly period off benefit. The majority of clients were either in receipt of the benefit for the whole of the six-monthly period -100% of period off benefit, or not in receipt of the benefit at all -0% of the period off benefit. There was only a small percentage spent between 1 and 99 percent, off benefit. Participants' outcomes are relatively dichotomous – being in either of the two extremes. And as time increased the percentage of clients who were 100% of period off benefit increased.

[15] For the current analysis 'off benefit' was defined as not in receipt of a core benefit.

Figure 4. The percentage of the total TIA participant group categorised according to the percentage of time spent off the benefit, for each of the six-monthly periods after programme start date.

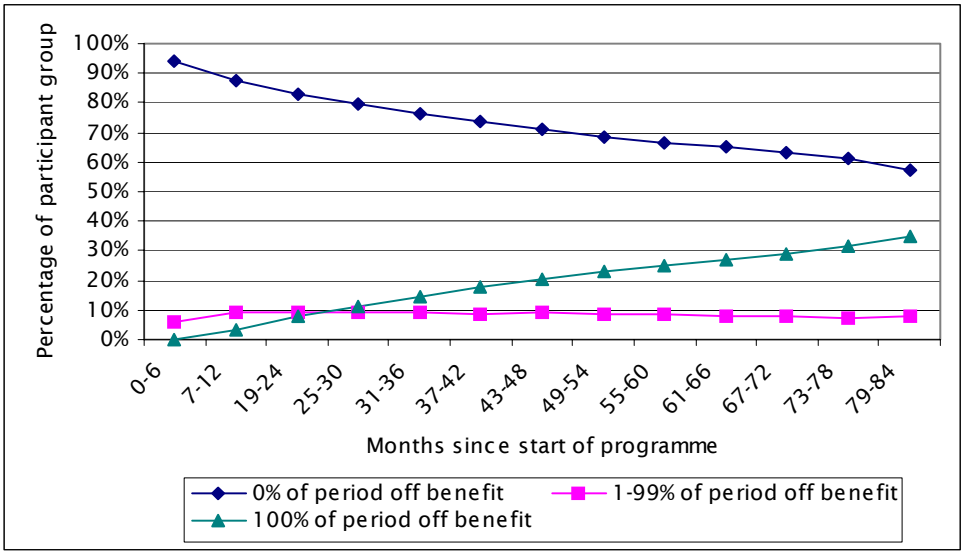


Figure 5 shows subsequent benefit receipt by ethnicity for the 1996 cohort group. It was selected for two reasons; the time period over which participants benefit receipt was longest, and secondly it was the largest. An advantage of using the largest group is that when the data are analysed by demographic characteristics the sample size for the smaller groups like 'Ethnicity' and 'Other' and 'Pacific peoples' is still large enough to analyse. For all ethnic groups the average percentage of time spent off benefit increased across the subsequent time periods. There are clear differences across ethnic groups. The average percentage of time spent off benefit was highest for participants of 'Other ethnicity' similar for 'Europeans' and 'Pacific peoples' and lowest overall for 'Maori'. Table 14 in Appendix 3 shows the variance across all of the cohort groups. Variance was generally low indicating outcomes for the 1996 cohort are generally representative of the 1997 to 2001 cohorts.

Figure 5. Average percentage of each six-monthly period, since programme start, spent off benefit by each ethnic group, for the 1996 cohort group.

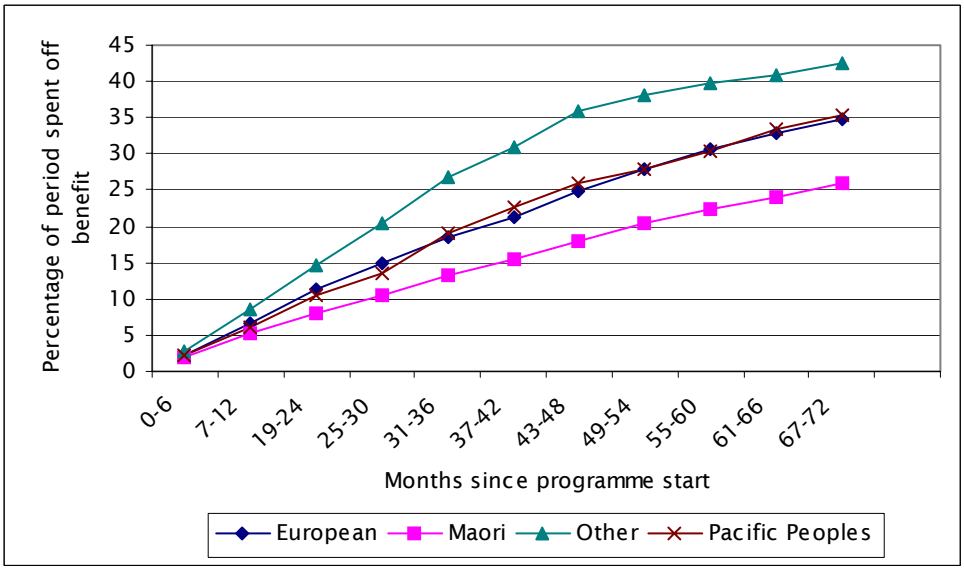
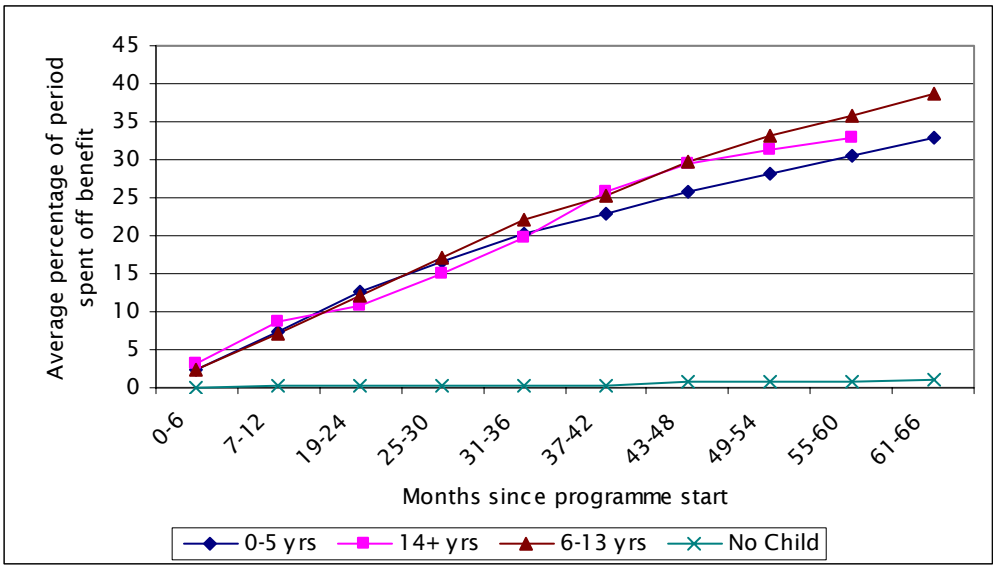


Figure 6 shows subsequent benefit receipt by age of youngest child for the 1997 cohort because there were no participants with a child aged 14 years or over in the 1996 cohort. The average percentage of time spent off benefit for participants with no child increased only slightly across consecutive six-monthly periods while participants with a child aged between 0 to 5 years, between 6 and 13 years or 14 years and over, the average percentage of time off benefit increased across subsequent time periods. Overall, participants with a child aged between 6 and 13 years had slightly better outcomes than those with a child aged between 0 and 5 years of age. The variance, in the percentage of time spent off benefit, between the 1997 cohort and other is displayed in Table 15 in Appendix 3. It shows that the variance was generally low indicating outcomes for the 1997 cohort are generally representative.

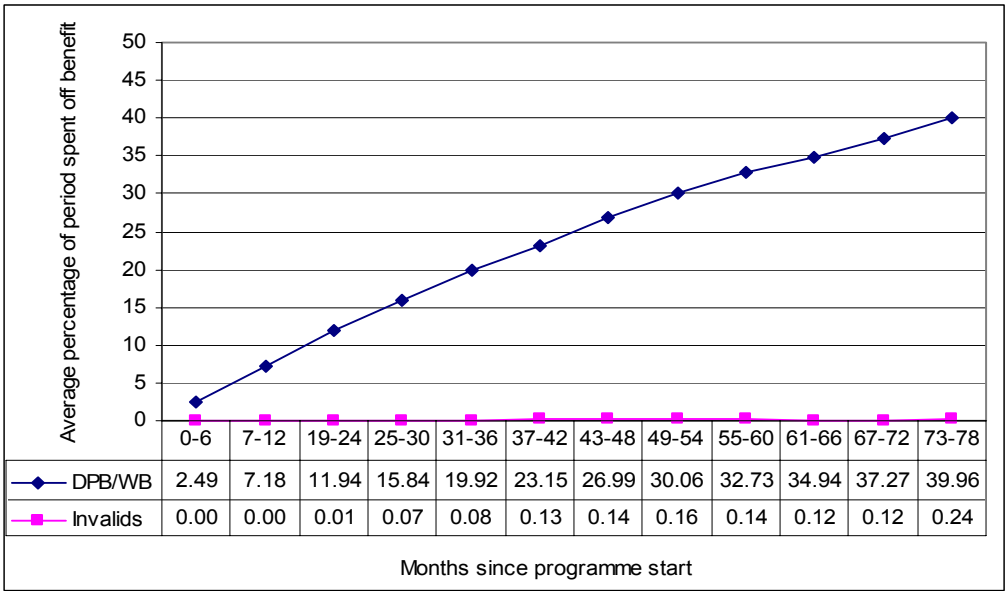
Figure 6. The average percentage of each six-monthly period, since programme start, spent off benefit by age of youngest child, for the 1997 cohort group.



An analysis by benefit type[16] shows that for participants on an Invalids benefit the average percentage of time spent off benefit increased only slightly across consecutive six-monthly periods. For those on a DPB type benefit the average percentage of time spent off benefit, increased across subsequent six-monthly periods. The analysis does not measure whether clients moved into part-time work which may be a more likely outcome for clients on an Invalids benefit. Table 16 Appendix 3 shows the variance in the average percentage of time spent off benefit between the 1996 cohort and all others. As variance was generally low the outcomes for the 1996 cohort are generally representative.

[16] Given that only a very small percentage of all TIA participants were in receipt of either the Emergency Maintenance allowance, the Widows, the DPB - Woman Alone, or the DPB - Caring for the sick and infirmed benefits these benefit types were grouped with the DPB - Sole Parent benefit for this analysis. This grouping of benefits is termed DPB type benefits here.

Figure 7. Average percentage of each six-monthly period, since programme start, spent off benefit by benefit type, for the 1996 cohort group.



	0-6	7-12	19-24	25-30	31-36	37-42	43-48	49-54	55-60	61-66	67-72	73-78
DPB/WB	2.49	7.18	11.94	15.84	19.92	23.15	26.99	30.06	32.73	34.94	37.27	39.96
Invalids	0.00	0.00	0.01	0.07	0.08	0.13	0.14	0.16	0.14	0.12	0.12	0.24

4 Summary of findings

The profile of TIA participants did not change markedly across the report period and the majority of participants:

- were in receipt of a DPB type benefit
- were of European ethnicity
- were aged between 20 and 39 years
- had one child
- had a youngest child aged between 0 and 5 years of age
- had no educational qualifications.

Most participants undertook job skills related training at a Polytechnic or Technical institute. Generally only a small percentage of TIA participants accessed other forms of Work and Income employment-related assistance although this did increase as time since programme start increased. During 2000 and 2001, 36.05% to 42.64% of TIA participants accessed a student loan in addition to receiving TIA.

Overall, the average percentage of time spent off benefit increased across consecutive six-monthly periods since programme start. This increase varied by ethnicity, age of youngest child and by benefit type. For these characteristics the average percentage was largest for European and those with a youngest child aged between 0 and 5 years of age. However, that outcomes were lower for some sub-groups (eg Maori) than for other sub-groups (eg European) does not necessarily mean the TIA had a greater impact on the sub-group which achieved higher outcomes. In any given period participants tended to either spend all the time in receipt of a benefit or spend the whole period off benefit.

Overall, the average percentage of time TIA participants spent in unsubsidised employment tended to increase across consecutive periods. The average percentage of time spent in a left the labour market state decreased since programme start, while the average percentage of time in an 'unemployed state' increased. Previous research[17] showed an inverse relationship between outcomes and impact does occur so it is possible for participant's outcomes to be high but the impact of the programme low.

The findings indicate employment outcomes of TIA participants increase after participation and on average participants spend less time in receipt of a benefit. However without further comparative analysis it is not possible to determine whether outcomes are the result of participation.

[17] Review of the Subsidised Work Appropriation, MSD: CORE, October 2001.

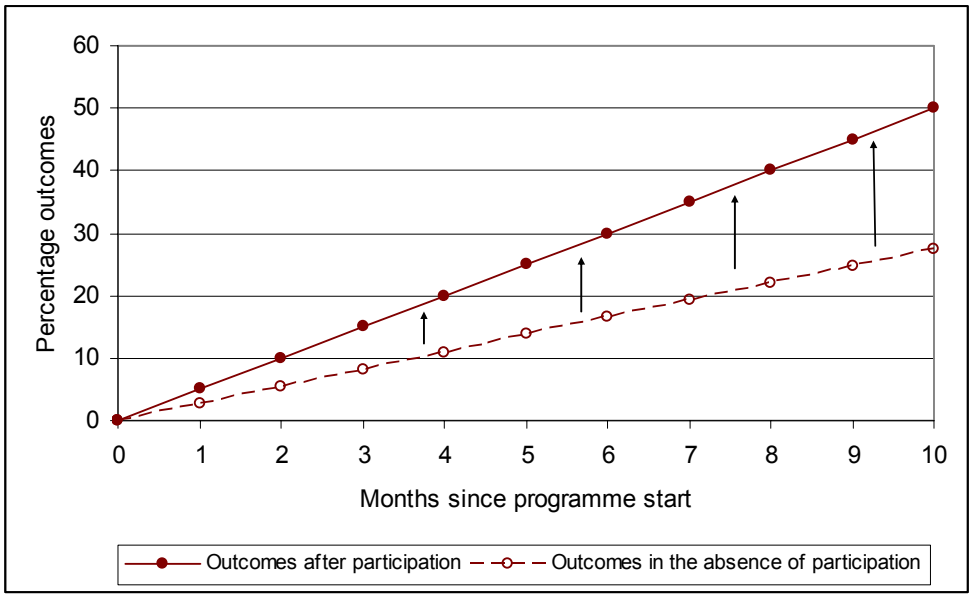
5 Appendices

5.1 Appendix 1: Outcomes and Impact analysis.

Outcomes analysis provides information about changes in an observable and measurable indicator (eg movement into employment or percentage of time spent off benefit) before, during or after an intervention or programme occurs. This type of analysis is not able to answer the question of whether the outcomes of a particular participant would have been achieved if the client had not participated.

An impact analysis aims to provide a measure of whether the participant's outcomes would have been better or worse if they had not taken part in the programme. Impact analysis asks the counter-factual question of what outcomes a client would have achieved in the absence of the programme. This theoretical comparison is represented in a simplistic way in Figure 8.

Figure 8. The theoretical comparison between the outcomes of a group of participants in the absence of and after participating in the programme.

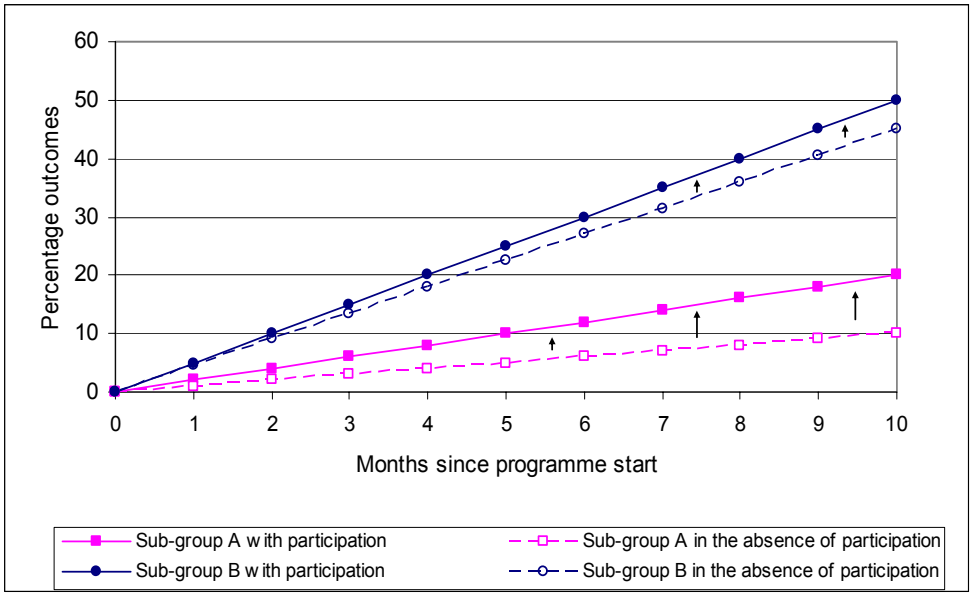


It is not possible to observe the outcomes of participants' in the absence of the programme so an impact analysis compares participant group outcomes with those of a comparison group. This can then be used to calculate an impact ratio which determines whether the impact of the programme on participants was positive, negative, large or small.

Outcomes and Impact for sub-groups

The single group case makes the assumption the participant group is relatively homogeneous, while in the case of most participant groups the overall group can be divided into sub-groups based on characteristics such as ethnicity. It is often of interest to ask whether the programme has a different effect on different types of participants and if so for whom is it most effective. In outcomes analysis it is possible to say that the outcomes of one sub-group are better than another. The single group case involves theoretical comparison, shown in Figure 8, of each sub-group in the absence of, and after participation. To determine whether the impact of the programme differs by sub-group it is necessary to identify a similar comparison group for each sub-groups. The difference can then be used to calculate an impact ratio which can be compared to determine whether the programme had a greater impact on groups.

Figure 9. The theoretical comparison between the outcomes of sub-groups of participants in the absence of and after participating in the programme.



5.2 Appendix 2: Current TIA policy

Eligibility

Is in receipt, in his or her own right, of:

- a domestic purposes benefit, an invalid's benefit, or a widow's benefit, or emergency maintenance allowance
- is enrolled (or is enrolled subject to the payment of tuition fees) in an employment-related training Course offered by a Course provider
- the provider is accredited by the NZQA; is a Tertiary Institution or a secondary school.

5.2.1 Restrictions on Eligibility

If the Applicant is a work-tested beneficiary, an Allowance may be granted only if:

- the Chief Executive considers the Course the Applicant intends to undertake is the most effective means of securing the Applicant's future employment
- the Applicant has been granted a deferral of work-test obligations on the grounds in regulation 7 (2) of the Social Security (Reciprocal Obligations: Exemptions and Deferrals) Regulations 1998.

No Allowance may be granted:

- for a Training Opportunities Programme (TOP) Course
- for a Course provided by the department
- for a Postgraduate Course.[18]

5.2.1 Rates

The amount of an Allowance is the Applicant's Training Costs calculated on a weekly basis up to a maximum of $79.81[19] a week for each week of the Course, but no more than $3,192.40[20] per Year.[21]

Yearly limit: This Clause applies where an Applicant, is granted an Allowance for a Course (the "First Course"); and is granted an Allowance for a subsequent Course commencing within the Year that relates to the First Course. No payments of an Allowance may exceed $3,192.40[22] in that year.

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[18] Word substituted on 1 January 2000 by clause 1.1(a) of Training Incentive Allowance Programme Amendment dated 21 December 1999.

[19] The expression 78.38 was substituted for the former figure on 1 April 2001 by clause 1 of Training Incentive Allowance Programme Amendment (No 2) dated 27 March 2001.

[20] The expression 3192.40 was substituted for the former figure on 1 April 2001 by clause 1 of Training Incentive Allowance Programme Amendment (No 2) dated 27 March 2001.

[21] Clause 6.1 substituted for the former clauses 6.1 to 6.3 on 1 January 2000 by clause 2 of Training Incentive Allowance Programme Amendment dated 21 December 1999.

[22] Although *not* amended by clause 1 of Training Incentive Allowance Programme Amendment (No 2) dated 27 March 2000, the expression 3015.20 has been substituted for the former figure for reasons of consistency, as its omission from the Amendment was in error.

5.3 Appendix 3: Additional data tables

Table 10. The percentage participants spent in each of the labour market states in each of the six-monthly periods.

	Percentage of time spent in each labour market state				
Months since start	**Left Labour Market**	**Unemployed**	**MSD Interventions**	**Unsubsidised Work**	**Miscellaneous**
0-6	95.99	0.96	1.01	1.18	0.86
7-12	90.28	2.78	1.25	3.65	2.04
13-18	83.86	4.46	1.70	6.51	3.48
19-24	78.37	6.39	1.72	9.01	4.52
25-30	73.35	7.13	1.99	11.72	5.81
31-36	68.69	8.51	2.06	14.17	6.57
37-42	60.99	11.58	2.76	17.12	7.55
43-48	53.08	16.10	3.06	19.58	8.19
49-54	47.98	17.56	3.67	22.01	8.78
55-60	45.74	17.73	3.10	24.09	9.34
61-66	43.34	17.54	2.96	26.07	10.08
67-72	41.91	16.51	2.62	28.35	10.61
73-78	40.11	13.50	3.04	31.82	11.53

Table 11. The variance between the mean percentages of time spent in each labour market state, across the cohort groups.

	Variance in time spent in each of the labour market states across cohort groups				
Months since start	Left Labour Market	Unemployed	MSD interventions	Unsubsidised work	Miscellaneous
0-6	6.94	6.25	0.76	0.07	0.10
7-12	7.09	5.93	0.70	0.47	0.16
13-18	8.09	5.70	0.77	1.15	1.44
19-24	7.60	5.65	0.77	1.13	0.39
25-30	6.86	5.04	0.67	1.38	0.43
31-36	6.49	5.01	0.64	0.98	0.58
37-42	4.85	3.63	0.76	2.72	0.51
43-48	2.08	1.41	0.16	0.81	0.17
49-54	1.94	1.06	0.36	0.65	2.25
55-60	0.73	0.49	0.34	0.18	0.28
61-66	0.09	2.79	0.23	1.69	0.96

Table 12.The average percentage of each six-monthly period, since programme start, spent in unsubsidised employment for each of the cohort groups.

	1996	**1997**	**1998**	**1999**	**2000**	**2001**
0-6	1.18	1.03	1.07	1.15	1.19	1.12
7-12	3.65	3.37	4.00	4.35	4.68	4.13
13-18	6.51	6.26	7.62	7.99	8.49	9.26
19-24	9.01	9.06	10.38	10.94	11.56	
25-30	11.72	12.23	13.29	13.75	15.25	
31-36	14.17	14.58	15.84	16.21		
37-42	17.12	17.33	18.61	22.96		
43-48	19.58	19.64	21.01			
49-54	22.01	21.97	23.12			
55-60	24.09	23.84				
61-66	26.07	28.47				
67-72	28.34					
73-78	31.82					

Table 13. The average percentage of each six-monthly period since programme start, spent off benefit for each of the cohort groups.

	1996	1997	1998	1999	2000	2001
0-6	2.18	2.18	2.14	2.46	2.35	2.48
7-12	6.28	6.60	7.00	7.84	8.14	7.45
19-24	10.45	11.10	11.93	13.02	13.85	
25-30	13.87	14.82	15.59	17.09	17.07	
31-36	17.44	18.41	19.02	20.93		
37-42	20.27	21.03	21.90	23.47		
43-48	23.63	24.03	24.90			
49-54	26.32	26.32	27.41			
55-60	28.66	28.48				
61-66	30.59	30.35				
67-72	32.63					
73-78	34.83					

Table 14.Variance in percentage of time spent off benefit for each ethnic group, across cohort groups.

	Variance in the percentage of time spent off benefit across cohort groups			
Months since start	**European**	**Maori**	**Other**	**Pacific Peoples**
0-6	0.27	0.24	0.51	0.39
7-12	0.98	0.73	1.44	1.86
19-24	1.71	1.51	1.54	1.88
25-30	1.85	1.72	2.73	2.59
31-36	2.02	1.67	3.26	2.87
37-42	2.19	1.28	3.55	2.26
43-48	1.60	0.84	4.41	0.59
49-54	1.25	0.92	4.10	1.27
55-60	0.30	0.77	4.30	0.11
61-66	0.54	0.57	5.21	0.16

Table 15. Variance in percentage of time spent off benefit for each child-age group, across cohort groups.

	Variance in the percentage of time spent off benefit across cohort groups			
Months since start	**0-5 yrs**	**6-13 yrs**	**14+ yrs**	**no child**
0-6	0.13	0.40	1.13	0.04
7-12	0.45	1.25	3.47	0.17
19-24	1.14	2.12	5.56	0.32
25-30	1.03	2.12	6.56	0.29
31-36	1.05	2.13	7.02	0.40
37-42	0.85	2.03	4.14	0.48
43-48	0.09	0.49	4.86	0.62
49-54	0.39	0.54	5.07	0.60
55-60	0.76	0.24		0.69
61-66	0.46	0.02		0.82

Table 16. Variance in percentage of time spent off benefit across the cohort groups.

	Variance in the percentage of time spent off benefit across cohort groups	
Months since start	**DPB type benefits**	**Invalids benefit**
0-6	0.19	0.00
7-12	0.84	0.01
19-24	1.58	0.00
25-30	1.56	0.04
31-36	1.50	0.10
37-42	1.36	0.14
43-48	0.28	0.11
49-54	0.41	0.16
55-60	0.53	0.12
61-66	0.48	0.23