



Early signs of trouble: Findings from the third- party evaluation of Ontario's Employment Services Transformation

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About Maytree

Maytree is a Toronto-based human rights organization committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

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Summary

Since it was [announced in 2019](#), the Ontario government's Employment Services Transformation (EST) project has been working to integrate social assistance employment services with other employment services offered through Employment Ontario, creating a new Integrated Employment Services (IES) system.

In 2021, the Ontario government contracted the third-party consulting group Goss Gilroy Inc. to conduct an evaluation of the first three “prototype” EST areas: Hamilton-Niagara, Peel, and Muskoka-Kawarthas. The evaluation was finalized in August 2023.

In December 2023, the government sent a [memo](#) and a [Questions and Answers](#) document to all Employment Ontario service delivery partners, noting that the evaluation report would not be released because too much time had passed since the evaluation period and the COVID-19 context impacted the results. Instead, the ministry shared several high-level, positive findings from the evaluation and noted that they will continue to monitor the implementation of the new system.

Through a Freedom of Information request, Maytree obtained a full copy of the [third-party evaluation report](#). Upon review, we found that the report documents fundamental concerns about the design of the new system for people receiving social assistance. Furthermore, the government's public summary of the report did not accurately reflect the full scope and context of the findings.

The evaluation report describes the EST project as it existed two years ago in the prototype regions, and the situation is likely to have changed since then. Yet the government has published little information on the EST project's progress since its inception, or the actions it has taken in response to the evaluation report. It is also unclear how social assistance recipients are experiencing the system today.

Fortunately, a forthcoming report by First Work, which we were able to review, sheds light on the current status of IES implementation in the prototype regions. Through focus groups and interviews with key players in the system, the report finds that while some have reported progress in their service areas since the launch of the new model, several significant challenges remain, particularly for people receiving social assistance.

In sharing the evaluation report and our analysis, we hope that the issues identified will spark a more open and transparent discussion, ultimately leading to better employment services, reporting, and delivery in Ontario—especially for social assistance recipients.

Background on Employment Services Transformation

- Key elements of the new system include:
 - The province playing the role of system steward, overseeing third-party Service System Managers (SSMs) contracted to manage all employment services in 15 catchment areas;
 - Linking SSM funding to achievement of specific employment outcomes; and
 - Using a province-wide Common Assessment Tool (CAT) to measure each job seeker's distance from the labour market and to match them to employment services.
- The Ontario government has been implementing the new IES model in phases. As of May 2024, 12 of 15 catchment areas have transitioned to delivering services through the new model. Toronto, Northeast, and Northwest are yet to make the transition, though SSMs have been selected.
- Social assistance recipients often face specific, complex barriers to work, and may require specific supports to meet their needs. For this reason, under the previous employment services model, these recipients were eligible for separate systems of supports under the purview of the Ministry of Children, Community and Social Services (MCCSS), in addition to offerings through Employment Ontario.

Third-party evaluation of the prototype phase

- The Ontario government contracted third-party consulting group Goss Gilroy Inc. to conduct an evaluation of how EST was being implemented in the prototype catchment areas of Hamilton-Niagara, Peel, and Muskoka-Kawarthas. Hamilton-Niagara and Peel have private companies as their SSMs (Fedcap Inc. and WCG, respectively), while the SSM for Muskoka-Kawarthas is a public body (Fleming College).
- In November 2021, the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) sent a [memo](#) about the third-party evaluation to the SSMs of the prototype catchment areas. The memo stated that the evaluation intended to assess the implementation of the new model, how

services were being delivered, and whether the system was meeting its intended outcomes.

- The [copy of the evaluation report](#) that Maytree received says that the evaluation covers the period of January 2021 to May 2022, and the final report is dated August 15, 2023. This means that it covers the full period of implementation of IES in the prototype areas, from the period of transition to delivery. It includes information from key informant interviews, focus groups, literature reviews, surveys of participants, and an analysis of various types of administrative data.
- In December 2023, MLITSD [sent a memo](#) and a [Questions and Answers document](#) to all Employment Ontario service delivery partners, noting that although the evaluation was complete, the report would not be released because the COVID-19 context impacted the results. The ministry instead shared several high-level, positive findings from the evaluation suggesting the new model was meeting its intended outcomes.

What was not shared from the evaluation report

The table in the following pages summarizes what was shared publicly by MLITSD about the early phase of EST, and contrasts this with direct excerpts from the full evaluation report. We have selected excerpts from the report that document fundamental challenges with the IES model, particularly for social assistance recipients, and point to gaps in the government's summary. These gaps include:

- Where the government said the new model is spurring creativity, ownership, and accountability for SSMs, the evaluation report shows that both government representatives and service providers doubt that innovation would occur. Meanwhile the new model introduced new administrative burdens and led to “power struggles” between different service partners, including inside government.
- Where the government emphasized the high number of survey respondents who reached the target of 20 hours of work per week, the report found that this number declined over time, and clients receiving social assistance with barriers to employment had difficulty meeting the program target. Overall, the authors urge that the report’s quantitative results be used with caution due to concerns with bias, sample size, and recall error.

- Where the government said the new model was working as intended to support people receiving social assistance, the evaluation report documents widespread perceptions that these clients were worse off than they had been under the old model. Respondents noted that the new incentive system rewards contractors who helped people with the fewest barriers and ignoring those with greater needs.
- Where the government said the new Common Assessment Tool increased consistency and simplified assessment and referrals, many of those using the new tool found it intrusive and said it did not stream people accurately.

Table 1: Issue-by-issue comparison of the evaluation report findings that were shared, and those that were not

- [Download the evaluation report](#)

Issue	Findings made public in the memo and Q&A	Findings not shared with delivery partners
The system stewardship model (i.e., where the government oversees the SSMs)	<p>"The system stewardship model, under the IES model, is perceived to increase creativity and ownership for SSMs, while allowing the ministry the ability to set targets and expectations and streamline the contracting process."</p> <p>"The system stewardship model is seen to effectively increase accountability for SSMs to meet their employment outcomes targets with the performance-based funding."</p>	<p>"Specifically, respondents from MCCSS, MLITSD, and service providers highlighted that there has not been much innovation in their catchment areas." (Page 62)</p> <p>"Some respondents from MLITSD challenged the view that SSMs will change behaviours based on the incentive structures alone, stating there are many other factors that need to be considered. Many respondents including both MCCSS, municipalities and service providers were unsure of whether the stewardship model would result in improved client services at the SSM or service provider level." (Page 69)</p> <p>"Another service provider group noted that they have transformed an entire department to a 'retention department' that strictly captures proof of employment, in order to accurately reflect this data for SSMs. This, in combination with other additional administrative duties, has increasingly detracted their group from providing quality services to their clients." (Page 89)</p> <p>"Some respondents from MLITSD and MCCSS perceived that the two Ministries have 'different world views,' which results in two systems that are not reinforcing each other. According to several representatives from MCCSS the different cultures and mandates across the two Ministries made it difficult to prioritize issues related to SA [Social Assistance]. Initially service providers perceived that the two Ministries were not well aligned, and communication was lacking. Some service providers indicate that their collaboration with MLITSD staff and understanding of the system is getting better." (Page 138)</p> <p>"Most respondents across stakeholder groups agreed that there has been a perceived hierarchical power struggle between the municipalities and the SSMs, resulting in municipalities not readily sharing client information. One SSM representative indicated that municipalities have not been ready or willing to collaborate. As a result, SSMs report that they have spent more time and effort on relationship management than expected. Further, this is impacting the number of clients being referred from SA to SSMs." (Page 138)</p>

Issue	Findings made public in the memo and Q&A	Findings not shared with delivery partners
Client and employer survey results	<p>"Based on survey results, the model helped 87% of those who completed pre-employment services (PES) to secure at least 20+ hours of employment per week over the course of one year post program. Additionally, almost two thirds of clients who completed PES met or exceeded their personal 'hourly wage' goal at some point post program, with individuals making between \$18.70 and 19.70 per hour."</p> <p>"The model also provided valuable supports to many employers, with two thirds of employers surveyed sharing that they had access to sufficient supports to accommodate jobseekers with disabilities."</p>	<p>"These outcomes are based on data linked to clients who were survey respondents (n=1,254 completed surveys). To the extent that the IES clients who had more favourable experiences and employment outcomes were more motivated to participate in the survey, this would also conceivably lead to more upwardly biased estimates of the impact of services on IES clients." (Page 4)</p> <p>"The majority of IES clients (87%) were employed 20 or more hours per week at some point throughout the 12-month period, although the percentage working 20 or more hours per week declined over time, starting at 86% upon exit, and reaching 62% by the 12-month point. Evidence from the Process Evaluation indicates that SA referred clients with barriers to employment found it most difficult to work greater than 20 hours per week." (Page 7)</p> <p>"It is reiterated however, that despite the above efforts to ensure sample representativeness, the results of the analyses from these samples should be interpreted with caution. The response rates for the IES, Matched Community, and Employer Survey, were 26%, 28%, and 26%, respectively. While these response rates are acceptable with survey research, particularly in hard-to-reach respondent groups such as IES clients and employers, the academic literature suggests they should be at least 50%, and in many cases much higher in order to consider a sample 'representative' in peer reviewed published research." (Page 24)</p> <p>"Given the substantial length of time between the fielding period of the surveys (August 15 to October 15, 2022), and the reference period under observation (January 1, 2020 to May 20, 2021), recall error in the survey results was a valid concern." (Page 29)</p>

Issue	Findings made public in the memo and Q&A	Findings not shared with delivery partners
Supporting clients in greatest need	<p>"IES model was delivered as intended, with SSMs designing and administering programming that was responsive to local needs, including supporting clients currently accessing Social Assistance and those at high risk of long-term unemployment."</p> <p>"The evaluation findings indicate that in prototype catchments the IES model was effective in engaging a diversity of Ontarians with 44% of clients served being at high risk of long-term unemployment and 42% of clients served being on social assistance. It also supported underrepresented groups in the labour force including individuals who self-identified as being racialized (48% of clients), persons with disability (45% of clients), youth with higher support needs (29% of clients), newcomers (18% of clients) and Indigenous people (3% of clients)."</p>	<p>"The process evaluation, conducted in early 2022, found that the EST model is not adequately meeting the needs of youth and rural clients, many of whom lack transportation, technology and access to the internet. There was also a perception, stated by service providers and SA caseworkers, that life stabilization supports (LSS) are not adequately providing and/or addressing the needs of clients that are distant from the labour market, including those with disabilities, or those requiring mental health supports. SA clients explained that their return to employment process could be greatly facilitated if they were offered additional supports." (Page 8)</p> <p>"Some respondents from MCCSS reported that SSMs do not fully understand the LSS needs of SA clients, are not inspiring confidence in SA clients, and are not connected to the resources that SA clients need to access in the community. ... Some service providers reported that ODSP employment support had worked well for these clients, and that their needs were not being met to the same extent under EST." (Page 47)</p> <p>"Thus, while most stakeholders including caseworkers, community partners, MCCSS, and MLITSD believe that EST's goal is to improve services for those with different or specialized service needs and pathways to employment, the perception is that this is not the case. These respondents specifically highlight that they felt that the EST incentive structure puts greater emphasis on those who are most employable. At the same time, performance-based funding dictates that SSMs are only paid if clients obtain jobs with at least an average of 20-hours/week. ... This resulted in the widely held perception, that people with the fewest barriers are getting the most support, rather than those who might face multiple barriers to employment." (Page 47)</p> <p>"Most stakeholders, including case workers, service providers, community partners, SSMs, MLITSD and MCCSS reported that the threshold of a 20-hour work-week is not working well. Service providers explained that SSMs should be incentivized to help clients obtain jobs that are the best fit, rather than being focused on 'checking boxes'. ... Stakeholders emphasize that it is difficult for clients to fully engage in employment when they are dealing with barriers such as poverty and mental health. Moreover, SSMs explained that most service providers are not experienced with dealing with highly barreled clients and providing pre-employment supports." (Page 48)</p>

Issue	Findings made public in the memo and Q&A	Findings not shared with delivery partners
Supporting clients in greatest need	<p>"The IES model integrated social assistance employment services into Employment Ontario in hopes of improving social assistance clients access the employment supports they need, while ensuring responsive programming is provided to all jobseekers. The evaluation found that the pilot showed promising results towards this goal, with two thirds of clients surveyed satisfied with the employment services and supports they received."</p>	<p>"Moreover, caseworkers, MCCSS, MLITSD and municipalities reported that, it's their perception that fewer financial supports are available for SA clients under EO [Employment Ontario] in comparison to the previous system. Some stakeholders, including respondents from municipalities, believe that the funding and subsidies that were previously available to support SA clients have been cut and have consequently resulted in gaps in services for these clients." (Page 48)</p> <p>"Specifically, some respondents from MLITSD, and the majority of respondents from MCCSS, expressed their opinion that EO and SSMs are more hesitant to provide IES financial supports to SA clients due to lack of trust and the stigma associated with SA clients. As a result, most respondents from MCCSS opined that SSMs are not using funding to benefit SA clients to the extent that they were used to under the previous model. Some MLITSD respondents noted that some SSMs were acting from a misunderstanding that the subtext of the transformation was primarily to save money. Moreover, these respondents are concerned about the way in which SSMs/service providers are providing IES financial supports, e.g., personal shopper method where a client is being met at a store by a caseworker who will pay for the work clothing. As an example, it was noted that some service providers were initially asking clients to sign attestations indicating that they would not use funds for drugs or alcohol. While the problem has been resolved since, MCCSS representatives found these methods highly problematic and 'demoralizing' for the clients." (Page 48-49)</p>

Issue	Findings made public in the memo and Q&A	Findings not shared with delivery partners
Common Assessment Tool	<p>"The intake process, through the utilization of the Common Assessment Tool (CAT) and Segmentation Model, has helped to increase consistency across case managers with all IES-case managed clients completing the CAT as part of their intake process. The tools also help case managers effectively assess individuals' employment skills and abilities to be able to refer them to appropriate programming."</p>	<p>"Most respondents across stakeholder groups also agree that the CAT has several challenges. SSMs and caseworker participants reported that the questions at the beginning of the CAT are very sensitive which can cause anxiety for some clients (e.g., questions about LGBTQ+, race, gender, substance use). According to caseworkers, some clients are unwilling to answer these questions. These questions also make some caseworkers uncomfortable, because they are not trained as social workers. ... One caseworker opined that the tool is not conducive to helping clients because it is a 'dead-end' referral. For example, one caseworker felt uncomfortable asking intrusive questions, since the relevant supports were not available in the community." (Page 71)</p> <p>"Most respondents across stakeholder groups, for example, agreed that SA clients are not being streamed properly, and therefore do not receive the level of support that they require. For instance, respondents noted that people with disabilities, requiring long term support and access to services, are often streamed into the wrong category, and require more supports to achieve employment." (Page 72-73)</p> <p>"Some respondents from MLITSD and municipalities indicated that SA clients were being asked multiple times for the same information (at the municipality and again at the SSM). ... According to caseworkers, some clients may end up telling their story '3 times in the first 72 hours' at intake, Common Assessment and at the EO agency." (Page 84)</p>

Maytree's findings

A full reading of the report raises fundamental concerns about the design of the new system.

As shown in this brief analysis, the qualitative feedback from public servants, service providers, and others exposed concerns with the fundamental design of the new system for recipients of social assistance programs, and these cannot be dismissed due to the unique circumstances of the pandemic or the fact that the areas examined were prototypes.¹

At the same time, the evaluation report describes the EST project as it existed two years ago in the early stages of implementation, and the context has changed since then. To its credit, the government has said that it has made improvements to the system in response to the evaluation report. The evaluators also found reason for optimism, noting that “EST’s continuous improvement process has already incorporated many lessons learned since the prototype phase” (page 3). Unfortunately, the government has yet to release the specific actions it has taken in response to the report, or any evidence that results for social assistance recipients have improved.

Given the foundational nature of the challenges identified in the evaluation report, it is unlikely they can be overcome without considerable policy reform coupled with a long-term change management strategy. In the meantime, it is social assistance recipients who are losing out.

The EST project is held back by a lack of public transparency.

Over a month prior to publication, Maytree shared an advanced copy of this brief with MLITSD along with a request for input into Maytree’s interpretation of the report. No input was received.

This project represents a significant change to how employment services are delivered for recipients of social assistance programs, and the evidence available suggests it is not working. Greater transparency is therefore critical as the EST project moves forward. If, in the future, the government were to produce a frank accounting of the system’s apparent shortcomings, as well as plans to address these, this would undoubtedly lead to greater trust in the project.

¹ While methodological issues make much of the report’s quantitative data less useful, the evaluation report highlights the strength of the qualitative data, calling it a “strong methodology” with a large sample size and a design that compensates for non-response bias (page 25).

In the meantime, other organizations are left to fill the transparency gap created by the government. For example, a new report by First Work, to be released in July, sheds light on the current status of IES implementation.² Through focus groups and interviews with key players in the system, the report finds that while some have reported progress in their service areas since the launch of the new model, several significant challenges remain.

In particular, the First Work report highlights how many social assistance recipients in the prototype regions continue to be poorly served through the new model. There are reported differences in the way SSMs provide funding for social assistance recipients, with some offering immediate funding to meet needs while others do not. There are challenges faced by people with disabilities in meeting the requirement of working 20 hours per week, with some noting that recipients have concerns about losing financial supports. There are continued reports of confusion between MLITSD and MCCSS, creating a perception that the social assistance system of employment supports was not prepared to integrate into Employment Ontario. And there continue to be concerns with the Common Assessment Tool, with questions described as unnecessarily invasive and results that suggest it is streaming people incorrectly.

Now that all 15 SSMs have been selected, Maytree urges the government to commission another independent review of the system and to make all findings public. This evaluation should include a broader scope of questions than the initial iteration completed by Goss Gilroy Inc. These questions should include exploring the differences in implementation in each SSM (e.g., differences in SSM practices, and demographic and income differences), as well as a more in-depth assessment of the perspectives and experiences of people who are marginalized.

In addition, Maytree calls on the government to work across the sector on a shared transparency framework, including proactive release of the considerable outcome data collected from SSMs across the province.

Maytree believes that the risks that the evaluation report will be misread do not outweigh the value of public transparency on this major transformation initiative. In sharing the evaluation report and our analysis, we hope that the issues identified will spark a more open and transparent discussion about the EST project, ultimately leading to better employment services, reporting, and delivery in Ontario—especially for social assistance recipients.

² First Work. (2024). *Making It Work: Delivering the Transformation Promise in Ontario*. (Forthcoming; an advance copy was reviewed by the authors of this policy brief.)



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