



**MEMORANDUM TO:** Service Providers

**FROM:** Director

**DATE:** July 27, 2010

**SUBJECT:** Definition and application of ES Service Units.

---

## **OBJECTIVE**

The purpose of this bulletin is to provide your organization with additional information regarding the definition and application of Employment Service (ES) service units.

## **BACKGROUND**

On August 1, 2010, ES replaces the OEAS, OTWS and JC programs with an integrated service that provides clients with a consistent array of employment services at each service access point. Most OEAS and JC agreements will end July 31, 2010.

## **ES SERVICE UNIT**

### **Definition:**

Section 2.6 of the ES guidelines defines an ES service unit as a client that requires access to one or more ES assisted service components. ES assisted service components are as follows:

- Job Search
- Job Matching, Placement and Incentives
- Job/Training Retention

### **Recording of ES Service Units in EOIS-CaMS:**

Service units will be counted through client ES service plans as follows:

- In keeping with the definition of a service unit – only service plans with ES assisted service components listed as sub-goals and ES assisted service plan items attached to those sub-goals will be considered as **potential** service units

It is important to emphasize that all client ES plans do not automatically equal ES service units. ES plans that are developed for the sole purpose of referring a client to another EO program and do not include ES assisted service components will **not** be considered as service units

- Service units will be counted when the ES plan is closed – due to the client completing their service plan or discontinuing service. This is in keeping with the Ministry’s commitment to performance management and the importance of client outcomes over initial intake
- Only closed client service plans with **completed** ES assisted components will be included in the service unit count

### **Calculation and Allocation of ES Service Units for Initial Twenty (20) Month ES Agreement:**

Approximately 210,000 ES service units have been distributed to service providers across the province, based on Ministry analysis of current service delivery and local labour market information. Including:

- Employment Ontario Community Footprint - a ‘snap-shot’ of OEAS, JC, and OTWS services delivered in a community
- Employment Ontario Community Profile - a consistent representation of local labour market and demographic information and OEAS, JC, and OTWS resource distribution.

In the absence of any other consistent service data to inform decision-making, the number of service units for initial allocation was calculated by combining together the number of OEAS Return to Work Action Plans and JC Service Plans generated over a fiscal year.

### **Funding of ES Service Units for Initial Twenty (20) Month ES Agreement:**

#### ***ES Funding Model:***

The ES funding model provides a range of funding for different levels of service delivery (quantified as service units) and is based on economies of scale and a funding analysis of employment services across the Ontario Employment Assistance Services (OEAS), Job Connect (JC), and Ontario Targeted Wage Subsidies programs.

Two important features should be noted when considering the funding ranges:

- While service units are counted as clients that require access to ES assisted service components, funding ranges for service units took into account operating funds for **all** ES components, **including** Resource and Information (RI)

- While service units are counted as clients that require access to **any** ES assisted service components (regardless of number), funding ranges for service units were designed on the assumption of a certain level of service access. Specifically, that the average client would access at least **two (2)** ES assisted service components

The ES funding model table is located in section 2.6, pg.37 of the ES guidelines.

### ***Applying the ES Funding Model:***

Since ES is a completely new employment program, there are currently no outcomes or client based data available to inform ES funding decisions. For initial ES agreements (August 2010 to March 2012), operating budgets for service providers are based on the following Funding Model Decision Criteria (FMDC) and indicators:

Location (4 Indicators):

- Outreach to larger geographical areas (greater travel costs)
- Need for modified service delivery (e.g. bilingual service, web based counselling)
- Will provide itinerant points of service
- Higher than average infrastructure costs (e.g. leasing/technology)

Labour Market Environment (9 Indicators):

- Active EI clients – higher than average
- Participation Rate – lower than average rate
- Unemployment rate – higher than average
- OW Caseload – higher than average
- Prevalence of low income females – higher than average
- Youth – higher than average
- Mature Workers (45-64) – higher than average
- Recent Immigrants – higher than average
- Aboriginals – higher than average

Due to the absence of consistent outcomes and client based data, the FMDC design provides equal weighting of both criteria as well as equal weighting amongst the 4 Location and 9 LME indicators that comprise each criterion.

### **Future Funding of ES Service Units and Performance Management:**

Since initial ES service units were calculated based on the quantity of “legacy” OEAS and JC service plans generated over a fiscal year, it is understandable that the perception exists that the greater the quantity of ES assisted service clients (or Service Units) automatically equates with greater funding. In fact, the quantity of assisted service clients only accounts for a small percentage (5%) of your organization’s overall performance (Efficiency: Assisted Service Intake) and is only one factor among many that will inform future ES funding decisions.

Other variables in future ES funding decisions will include:

- Population base - What are the unique characteristics of people in the community? How do their characteristics align with the client suitability indicators?
- Location - Are there service delivery provisions to facilitate access to service (for example: itinerant service)? Are multiple points of service required?
- Labour market environment - What are the characteristics of the local labour market? Are there increased investments, job opportunities, downsizings and/or potential layoffs?
- Results - Are performance commitments being met and is there evidence of service quality? Is the average client accessing the minimum two ES assisted service components that the funding model ranges are based on?
- Economies of scale - Will efficiencies be realized through higher levels of service intake?

By reducing the importance of quantitative intake results on funding decisions, those decisions will be more reflective of your organization's overall performance (based on the Customer Service, Effectiveness, and Efficiency dimensions of success) and by also taking into account other economic, labour market, and demographic conditions.

**Example:** Service provider "X" has an annual target of 500 clients accessing ES assisted service components (funding is based on 500 service units) at their funded delivery site in community "Y". The economy is booming in community "Y" and this has provided a corresponding boost to the local labour market.

As a result of the strong labour market, service provider "X" only provides assisted services to 450 (90%) clients. If the quantity of assisted service clients was the only determinant for ES funding, service provider "X" may face a decrease to their funding. However, a closer look at the performance of service provider "X" reveals that the 450 clients they did provide ES assisted services to were harder to serve clients with multiple barriers to employment.

Although the service provider's intake (weighted at 5% of the overall Service Quality Target) decreased, their outcomes under the Suitability (Participant Profile) core measure (weighted at 15% of the overall Service Quality Target) were significantly higher than the provincial standard. In the end, service provider "X" met or exceeded the Service Quality Target and in the context of the overall economic and labour market picture of community "Y", meeting 90% of the intake goal had no impact on their funding.

## NEXT STEPS

Throughout the initial twenty (20) month ES agreement, the Ministry will collect and analyze client outcomes data through EOIS-CaMS, as well as key economic and labour market data. The Ministry will continue to update you with ES service unit related information as needed.