



Submission to
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Pre-Budget Consultations for the 2015 Federal Budget

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The Skills Summit recently hosted by The Hon. Jason Kenney in Toronto Ontario, brought public attention to challenges employers will face ahead, if the skills mismatch issue is not addressed quickly and effectively. The skills mismatch will widen as new technology and innovations continue to transform the economy and heighten the demand for a more highly skilled workforce. Ontario's public colleges are positioned to reach students in all socioeconomic groups – from people who need upgrading in order to qualify for full-time college programs, to university graduates seeking marketable skills.

“Our government's top priorities are creating jobs, economic growth and long-term prosperity. As the first of its kind, this skills summit was a unique opportunity to bring together key players to discuss relevant skills issues and to identify best practices and priorities for action. It will help us move beyond the debate and toward solutions for the benefit of Canadians and the economy.”
– *The Honourable Jason Kenney, Minister of Employment and Social Development*

Colleges Ontario is the advocacy organization for the province's 24 colleges of applied arts and technology. We advance policies to help ensure Ontario produces the highly skilled workforce that is essential to our province's prosperity. Colleges play a pivotal role in developing programs which respond directly to employer requirements in their local communities by providing post-secondary education, training, apprenticeship and pre-apprenticeship programs, literacy and numeracy programs.

MAXIMIZING THE SKILLS AND LABOUR MARKET PARTICIPATION OF ALL CANADIANS

The strength and skill of the workforce is the biggest determinant of productivity levels and the capacity for innovation. The Conference Board of Canada has reported that the skills mismatch is costing Ontario as much as \$24.3 billion a year in lost economic opportunity, \$3.7 billion in provincial tax revenues annually and \$4.4 billion annually to the federal tax revenues because employers cannot find people with the skills they need to innovate and grow in today's economy. It also found that 73% of employers report skills requirements have increased over the past decade. The skills gaps are projected to become worse if action is not taken. A sustained, concerted effort by employers, students, unions, educators and governments is needed to ensure world-leading, employer-focused education for a world-leading economy.

There is not one solution to addressing skills gaps and shortages. A cross-government approach is needed to maximize opportunities for all Canadians by:

- Implementing the new Canada Jobs Grant
- Improving the Labour Market Development Agreements;
- Increasing education and training opportunities for youth and the most vulnerable;
- Improving the integration of immigrants into the labour market;
- Addressing infrastructure challenges;
- Improving employer focused applied research, and
- Improving labour market information.

NEW CANADA JOBS GRANT

Ontario colleges have excellent relationships with small, medium and large employers and a long history of addressing the local labour market needs through post-secondary programming as well as programs and services targeted at the most vulnerable members of the population who face barriers to entering the labour market. We are looking forward to Ministry of Training, Colleges and Universities consultations to better integrate employment and training programs and services. We appreciate this flexibility will provide the province with the flexibility to maintain funding for effective programs to assist vulnerable members of the labour force.

Recommendation:

- Ontario's share of the Canada Jobs Grant funding should be increased to 40% of the Canadian total to reflect its share of population and unemployment.

LABOUR MARKET DEVELOPMENT AGREEMENTS

The 2013 and 2014 budgets stated that Labour Market Development Agreements (LMDAs) were being reviewed. Colleges in Ontario, with their close relationships to local employers, are very effective in delivering career-oriented training that leads to good jobs. More than 90 per cent of employers are satisfied with college graduates they hired. The federal and provincial training programs must balance the short-term needs of employers with the longer term needs to build a strong labour force that will meet the province's future workforce needs.

Recommendations:

- Ontario's share of LMDA funding should be increased to 40% of the Canadian total, reflecting its share of population and unemployment.
- LMDA programs should be designed to assure graduates obtaining a high rate of permanent good jobs, recognizing that all net new jobs in Ontario require a recognized postsecondary credential.
- Essential skills programs should be designed to include basic occupational skills, leading directly to employment or to postsecondary programs offering certificates recognized by employers.
- Financial contributions of employers should be limited to wages paid to students (co-op, part-time, etc.) or graduates, since most participating employers are small businesses.
- LMDA programs in Ontario should continue to be administered by Employment Ontario.
- The College and Community Innovation Program (CCIP), administered by the Natural Sciences and Engineering Research Council (NSERC) on behalf of NSERC, SSHRC and CIHR, has very effectively provided local firms and community partners with support for applied research in partnership with colleges and their students. Its budget should be increased by \$10 million annually.

EDUCATION AND TRAINING OPPORTUNITIES FOR VULNERABLE CANADIANS

To address skills gaps, Canada must enhance the educational and labour market outcomes of non-traditional students, such as Aboriginal Peoples, disadvantaged youth and people with disabilities with an integrated, stable and adequately resourced framework for appropriate programs and services. These population segments continue to experience significant gaps in educational attainment and employment. Nearly one in ten young Canadians aged 20 to 24 are neither employed nor in education.

Colleges are uniquely positioned to provide access and laddering opportunities to further education for Aboriginal peoples, youth, people with disabilities, the unemployed, low-wage earners, those who may not have completed high school or are under-prepared for post-secondary programs. Colleges have long been partners for the delivery of federally funded employment training.

Recommendations:

- Support essential skills development through training and certification of essential skills trainers at colleges.
- Establish a pilot project to develop innovative outreach and education and training delivery models to target vulnerable groups through partnerships between industry and colleges.

IMMIGRANT INTEGRATION

Recent immigrants have weaker labour market outcomes than Canadian-born, including higher unemployment and lower incomes. With increasing numbers of their international counterparts coming to Canada there is opportunity to address skills gaps in high demand fields by easing their pathways to immigration.

Recommendations:

- Introduce measures and review policies regarding the attraction, support and retention of international students intending to study in high demand fields.
- Create a pilot project to enable colleges to support international students studying in high demand fields, who decide to become immigrants.

INFRASTRUCTURE

In 2012, Ontario industry investments in machinery and equipment average \$5,267 per full-time employee equivalent. By contrast, Ontario colleges managed to invest only \$69.28 per full-time student equivalent – merely 1.3 percent of the spending by industry (source – Conference Board

of Canada). Investments are required to upgrade college infrastructure and instructional equipment to ensure students develop skills on equipment found in the workplace and enhance their employment opportunities.

A 2011 Survey of Institutional Capacity, Facilities and Equipment Needs found that 35% of equipment used for teaching was below standard. The backlog in deferred maintenance limits the quality and adequacy of instructional space. Equipment upgrade needs are estimated at \$463 million and deferred maintenance at \$3.6 billion.

Improving Canada's digital advantage will require that colleges have the infrastructure to support increased integration of digital technology into curriculum, in particular to better serve rural, remote and Northern regions. Inadequate resources for technology delivered education and limited broadband access are significant barriers to reaching Canadians in these areas.

Recommendation:

- Establish an Equipment and Deferred Maintenance Fund (requiring matching funds by employers) to ensure colleges have current and relevant instructional equipment, adequate facilities to meet the demands of the workplace and that colleges serving rural and remote regions have improved access to digital technology and broadband.

EMPLOYER FOCUSED APPLIED RESEARCH

Graduate employability can be improved through greater employer focussed applied research. The College and Community Innovation Program (CCIP), administered by the Natural Sciences and Engineering Research Council (NSERC) on behalf of NSERC, SSHRC, and CIHAR, has effectively provided local firms and community partners with support for applied research in partnership with colleges and their students.

Colleges Ontario believes that the Government of Canada can further improve business investment in research, development and innovation by reinstating and making permanent FedDev Ontario's Applied Research and Commercialization Initiative. This program was launched in 2010 as a two-year pilot project with a budget of \$15 million. It has been a very successful pilot which should be made a permanent expanded program.

Recommendations:

- Increase the College and Community Innovation Program budget by \$10 million annually.
- Reinstatement and make permanent FedDev Ontario's Applied Research and Commercialization Initiative with \$30 million annually.
- Provide FedNor with \$5 million annually to create a program for northern Ontario that is similar to FedDev Ontario's Applied Research and Commercialization Initiative.

LABOUR MARKET INFORMATION

The improvement of supply and demand side labour market information (LMI) is a cross-cutting measure that has been identified by business and industry and governments. We commend the Government of Canada for beginning to improve LMI but more must be done. The Ontario Business and industry leaders emphasize the need for better data at local and regional levels and more granular data for key industry sectors. On the supply side, the federal government has indicated an interest in collecting data on how post-secondary institutions are responsive to labour market needs.

To achieve this, the Government of Canada must improve national data on all types of learners served by colleges and institutes. Data collected through the Statistics Canada Post-secondary Student Information System (PSIS) does not include students in upgrading, apprenticeship, bachelor degrees and post-graduate programs.

Recommendations:

- Improve Statistics Canada data collection on colleges and institutes through PSIS to capture the full range of education programs: upgrading, certificate, diploma, apprenticeship, bachelor degree and post-graduate diplomas.