



Improving Access to Skills Training for Vulnerable Albertans

STATEMENT OF THE ISSUE

Providing access to skills training is a vital component of any poverty reduction approach. Skills training programs provide opportunities for individuals who are under-represented in the workforce, or who experience barriers to employment, to move beyond social assistance or low-wage employment, secure good jobs, and establish long-term ties to the labour market. These programs support individuals to achieve the financial independence to become taxpayers and long-term contributors to the local economy. During times of economic downturn and increased unemployment, such training programs can also help individuals gain important skills so that they are better prepared to enter the workforce once the economy recovers.

The Canada-Alberta Job Grant (CAJG) has not benefitted unemployed Albertans. In fact, 98% of CAJG funds have been used to support individuals already working. At the same time, the Canada-Alberta Job Fund Agreement requires federal transfer dollars to be directed toward the Grant. In Alberta, this has been done at the expense of existing skills training programs. While upskilling programs such as the CAJG have a role within a training continuum, strong investments in skills training programs for individuals with weaker attachment to the workforce should not suffer as a consequence.

Opportunities do exist to better encourage the use of CAJG funds to support unemployed and vulnerable populations within the existing Canada-Alberta Job Fund Agreement framework. This brief explores those options, and introduces further points of discussion.

98% of Canada-Alberta Job Grant funds have been used to support individuals already working.

This brief recommends the following:

1. The Government of Alberta should implement Canada-Alberta Job Grant design changes to enhance flexibility and prioritize training for unemployed Albertans, including more vulnerable populations.

To avoid further cuts to vital skills training programs, Momentum also recommends that the Government of Alberta take immediate action with the federal government to revisit the existing Canada-Alberta Job Fund Agreement. In particular:

2. The Canada-Alberta Job Fund Agreement should be amended to ensure that required funding for the Canada Job Grant is capped at the current level (i.e. the amount after two years of funding in the Agreement).

3. The Agreement should be amended further to make remaining funds eligible for allocation to new and existing skills training programs.

Without such changes, cuts to skills training programs will only become more significant.

CONTEXT

Value of Skills Training Programs

Momentum has an immediate understanding of the benefits of strong skills training opportunities. Momentum's own Trades Training program for immigrant and Aboriginal persons has, as a result of close working relationships with Southern Alberta Institute of Technology (SAIT) and Calgary-based employers, helped over 1000 graduates launch careers as carpenters, heavy-duty mechanics, electricians, plumbers, and pipefitters.

The program has a strong track record of enabling participants to secure meaningful work, become apprenticed, and stay out of poverty. Moreover, the program provides an economic return to society. A Return on Investment study indicated that the Alberta government's investment in Momentum's Trades Training program was returned in just three years through higher taxes paid by graduates. In only five years, the Alberta government received more than twice its initial investment, with an expected increase of five times the initial investment after ten years.

The Calgary Catholic Immigration Society (CCIS), a non-profit organization that provides newcomers to Southern Alberta with the necessary skills, services, and support to integrate into the local labour market and Canadian society at large, offers among its many services integrated training and bridging programs. The average success rate of these programs is 88%, which represents the percentage of program graduates who have secured and retained employment in their designated field or trade six months after program completion.

The Canada Job Fund Agreements and the Canada Job Grant

In 2014, the Canada Job Fund Agreements replaced the Labour Market Agreements (LMAs) between the federal government and the provinces and territories. The LMAs were introduced in 2007 to "increase labour market participation of groups that are under-represented in Canada's labour force and to enhance the employability and skills of the labour force."¹ Through these Agreements, the federal government provided funding to provinces and territories for labour market programs for unemployed individuals ineligible for Employment Insurance (EI), and employed persons without a high school diploma, or with low literacy and essential skills levels.²

Momentum's Trades Training program has helped over 1000 immigrants and Aboriginal persons launch careers in the trades.

The transition to the Canada Job Fund Agreements marks an overall shift in focus to employer-driven skills training for individuals targeted under the

LMAs. The objective of the new Agreements is to "help equip Canadians with the skills and training they need to fill available jobs,"³ while "ensur[ing] greater employer involvement in training decisions."⁴ The Canada Job Grant represents the cornerstone of these Agreements, and is intended to "put skills training decisions in the hands of employers."⁵ The result is a shift in focus away from training opportunities for vulnerable and unemployed Albertans, as evidenced by the fact that 98% of CAJG funds have been used to support individuals already working. This is because employers have a tendency to look within their own ranks or to those already closely tied to the labour market when accessing the Grant.

Prior to the introduction of the CAJG, investments through the LMA accounted for a significant portion of the provincial employment and training budget.

1 "Labour Market Agreements | ESDC," Government of Canada, http://www.esdc.gc.ca/en/training_agreements/lma/index.page (accessed February 16, 2016)

2 Ibid

3 "Canada Job Fund Agreements | ESDC," Government of Canada, http://www.esdc.gc.ca/en/training_agreements/cjf/index.page (accessed February 16, 2016)

4 Ibid

5 Ibid

However, with the CAJG now financed from funds previously allocated to such budgets, programs geared toward vulnerable Albertans are experiencing significant cuts. Under the LMA, Alberta received approximately \$57 million to support employment programs and services. As funds transition away from these programs for reinvestment in the CAJG at a rate of roughly \$8.5 million per year, a total of \$34 million in funding will be re-profiled by 2018.

To date, the ultimate impact of these changes has been a significant decrease in the number of skills training opportunities available for vulnerable populations. Requests for Proposals by the Ministry of Human Services – Calgary Region for Integrated Skills Training fell from 300 spots three years ago to 210 spots in 2015 – a decrease of 30%. Moreover, in 2013/14, Momentum received notice of a \$250,000 cut to its Trades Training program despite strong industry connections and employment outcomes. In response to its most recent funding application, CCIS was granted only one-year extensions (rather than three-year renewals) for Electrician and Engineering Upgrading programs, which are the organization's longest-running and highest-achieving bridging programs.

The Canada-Alberta Job Fund Agreement has also impacted self-employment training programs, which do not fit well under employer-driven training models. Several years ago, mainstream programs in the Calgary region provided roughly 500 Albertans access to self-employment training. However, due to funding constraints within the Ministry of Human Services, 100% of such training opportunities have since been eliminated. Momentum's targeted self-employment program for vulnerable individuals was also slated to potentially lose funding. A Return on Investment study conducted by University of Calgary economists found that Momentum's Self-Employment Program has a return on investment of between \$7.54 and \$19.80.⁶ This means that for every government dollar invested in the Program, at least \$7.00 is

returned to the community. These strong economic results supported Momentum to receive a one-year renewal of the Self-Employment contract. Supporting investment in self-employment training is an important approach to increasing employment during economic recession.

DID YOU KNOW?

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IMPROVING THE CAJG: LEARNING FROM OTHER PROVINCES

Provinces across Canada have implemented the Canada Job Grant program with various priorities in mind. While some provinces have concentrated on employer productivity and innovation, others have ensured that implementation is trainee-focused. The following three cases merit consideration by the Government of Alberta as ways to increase the number of unemployed and vulnerable individuals accessing skills training through the CAJG.

Ontario

Ontario has taken a trainee-focused approach to Grant implementation, which aligns with the province's goal to increase labour market attachment. Of the four strategic priorities identified by the Ministry of Training, Colleges, and Universities to guide how Grant funds are utilized, the first is supporting unemployed individuals.⁷

⁶ Momentum. "Business Training: A Great Return on Investment." Calgary, Alberta (December 2014), 1, <http://momentum.org/files/Publications/Business-Training-A-Great-Return-on-Investment.pdf>.

⁷ Ministry of Training, Colleges and Universities. Canada-Ontario Job Grant Program Guidelines (Online). [Toronto], 2014: 6. https://www.tcu.gov.on.ca/eng/eopg/publications/cojg_guidelines.pdf (accessed February 16, 2016).

The Government of Ontario introduced the Canada-Ontario Job Grant (COJG) Assessment Tool in May 2015. The Tool represents a tiered approach to assessment in the context of a high volume of applicants. As a prioritization mechanism, the Tool provides a framework by which applicants are placed into three tiers and then evaluated. Tier One applicants – those who are seeking support for training that will lead to a new or better job – are given highest priority. Such applicants are ranked based on ‘average points per trainee’ as assigned through a scoring system. This system awards the most points for unemployed trainees who will obtain full-time employment after receiving training, thus prioritizing applications that support unemployed individuals.

Prior to introducing the Tool, Ontario confirmed with the federal government that taking such an approach was permissible within the framework laid out in the Canada-Ontario Job Fund Agreement. As the Assessment Tool is not even one year old, the Ministry is just now beginning to see outcomes. Initial data indicates that, as of January 31, 2016, 8% of trainees funded through the COJG are new hires. ‘New hire’ signifies an individual who was either previously unemployed or a trainee not previously on the employer’s payroll.

British Columbia

British Columbia has sought to connect Grant implementation with the priorities outlined in its Jobs Plan. To this end, and to ensure that the Grant supports training that aligns with the goals of the CJG and labour market needs, the province also suggests that “priority may be given” to the following:⁸

- Applications where training will result in increased labour market attachment, particularly for those who face barriers to participation; and
- Applications supporting participants who reside in rural or remote communities.

Due to a high volume of applications, British Columbia closed the Grant to applicants on May 20th, 2015. With funds remaining, the province was able to allocate a portion of the Canada-BC Job Grant among three streams at the start of January 2016. These streams include:

- CJG New Canadian Fund: Starting on January 4th, 2016, \$500,000 is allocated for training to support refugees, protected persons entitled to work in Canada, and new immigrants (arrived within the last five years).
- The Refugee Fund: Starting on January 11th, 2016, \$1 million is allocated to support associations preparing refugees for employment, matching them to employers and jobs, and delivering job-specific skills training. This stream is funded in part by Employment Services and Supports stream of the Canada-BC Job Fund Agreement.
- BC Jobs Plan Priority Sectors: Starting on January 4th, 2016, \$3 million is allocated for training in one of ten BC Jobs Plan Priority sectors.⁹ An additional \$500,000 and \$250,000 is allocated to the technology sector and the contract logging industry respectively.

Manitoba

While Manitoba’s experience has been similar to that of Alberta, approximately 12% of the individuals receiving support through the Canada-Manitoba Job Grant (CMJG) program are new hires, but not necessarily hired as a consequence of the employer receiving Grant funding. Manitoba has experienced marginal success in extending the Grant to unemployed individuals through a consortium approach. In such cases, industry associations have applied for funding through the CMJG to train groups of unemployed or recently laid-off individuals with low skill levels on behalf of interested companies, which then identify individuals they wish to consider for employment. This approach is showing signs of moderate success in helping unemployed individuals to access training since it mitigates risk by spreading

⁸ Government of British Columbia. Work BC. Canada-BC Job Grant Fact Sheet (Online). [Victoria], 2 <https://www.workbc.ca/getmedia/9e0fd51e-a09c-4df2-978e-52d8e452647b/CJG-Fact-sheet-21-DEC-16.pdf.aspx> (accessed February 25, 2016)

⁹ These sectors include: Agrifoods, Aboriginal Peoples and First Nations, Forestry, Manufacturing, Mining and Energy, Natural Gas, Small Business, Technology and Green Economy, Tourism, Transportation.

it among companies and the applying organization. In Manitoba, pre-employment projects are supported through other federal or provincial funding sources and by various units. However, given the required increased allocation in funding toward the CMJG, a Job Grant lens has been developed to help the province evaluate the types of projects that receive funding through other units. The lens helps to identify routinely-funded projects that could be shifted to be funded under the CMJG. This process began in earnest in December 2015, and thus there are no specific outcomes as yet. The single greatest barrier to this approach so far as proven to be the one-third employer cash contribution to training.

A blended approach that borrows elements from the cases mentioned above could help to target key sectors and vulnerable populations at the same time. Accordingly, this brief recommends the following:

1. The Government of Alberta should implement Canada-Alberta Job Grant design changes to enhance flexibility and prioritize training for unemployed Albertans, including more vulnerable populations.

Additional Considerations and Sensitivities

While changes to the way in which Alberta delivers the Canada Job Grant can help to increase the number of unemployed and vulnerable individuals benefitting from funding for skills training, the Canada-Alberta Job Fund Agreement needs to be revisited. The Government of Alberta and the Government of Canada should work collaboratively to amend the existing Agreement to ensure that cuts to vital skills training programs do not become more significant.

In particular, Alberta's funding requirement, which will increase to 45% of the federal government's maximum contribution in fiscal year 2016/2017, will continue to rise through to the expiration of the Agreement. This will place increasing pressure on existing programs, given that these funds are drawn out of what were LMA dollars. As a result, Momentum also recommends that:

2. The Agreement be amended to cap the funding requirement at the current level (i.e. the level two years into the Agreement); and

3. Further amendments be made to change the requirement that unspent funds in excess of 5% of the total transfer be returned to the federal government. Such funds should instead be eligible for reallocation to new and existing skills training programs.

Given the current economic situation and unemployment rates in Alberta, it is important to distinguish between vulnerable and unemployed individuals. Currently, many individuals are out of work, yet they do not all fit the standard description of 'vulnerable.' Accordingly, specific attention should be paid to supporting vulnerable individuals who experience more significant barriers to employment beyond the economic downturn.

CONCLUSION

At present, only 2% of CAJG funds have benefited unemployed individuals, while pre-existing programs that provide vital training and support have experienced significant cuts. More can be done in Alberta to increase access to the CAJG by unemployed and vulnerable individuals. Considering the experiences of other provinces is a positive first step in changing Alberta's approach to implementing the Grant. However, in addition to making changes to the way in which the program is delivered, the Government of Alberta should work collaboratively with the federal government to renegotiate the existing Canada-Alberta Job Fund Agreement. By amending this Agreement to cap the Canada Job Grant funding requirement at the current level and to ensure that unspent funds can be reallocated to other programs, the Government of Alberta can protect important skills training programs currently threatened by cuts.

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