



**RENEWING CANADA'S
SOCIAL ARCHITECTURE**

EMPLOYMENT SKILLS TRAINING

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PROBLEM STATEMENT

Many Canadians rely on government-funded programs to help them to upgrade or update their skills when they are out of work. Today's system was largely designed in a different time for the markedly different labour market of the 1980s and 1990s. The fact that a substantial share of government skills training support is built into the Employment Insurance (EI) system leaves many of those in need of assistance ineligible for training (because they don't qualify for EI). Because the system is fragmented between different programs and different federal, provincial and Aboriginal government departments, other people in need of training fail to connect to available programs. Others face financial barriers to access. In the workplace, employers in Canada invest less in training than many of our competitors. Canada's skills training system must be re-examined and modernized in the light of global competition, the changing nature of work, and shifts in the demands of industry.

POLICY OBJECTIVE

Having a decent job is necessary for Canadians' financial security and to be a part of the community. The purpose of skills training support is to help Canadians, within their ability, remain consistently part of the labour force and have control over their career. Skills training programs exist to help Canadians get good jobs, overcome barriers to entering the labour market, and recover from setbacks such as layoffs.

Two target populations are most in need of support from federally-backed skills programs: new labour market entrants and those facing long-term unemployment or underemployment. Those new to the labour market or returning after a long absence (such as youth, newcomers to Canada, Aboriginal Canadians, and those living with disabilities) may need support to overcome challenges to finding their first, stable employment and to establishing careers. Workers who have had their careers upended by large-scale, disruptive economic forces may need training to help them shift careers.

In some important ways, our current programs diverge from these objectives. The linkage with the EI program directs a significant share of skills training investments to those who qualify for EI, which may exclude many from these target populations who are most in need of government skills training support. Recent funding shifts towards targeting more job-ready candidates with employer-based training could make things even harder for those with weak attachment to the job market.

CURRENT STATUS

WHO DOES WHAT?

Government skills training programs in Canada are generally funded and delivered in partnership between the federal government and provincial governments. However, over the past twenty years, the federal government has generally shifted management of these programs to provinces. While the federal government still provides a large share of funding and sets some overall policy objectives, as of 2011, only ten percent of the training and employment programs funded by the federal government were actually delivered by the federal government.¹ In the last two years, however, the system has been undergoing some transition, with the federal government reasserting a more prominent role with the 2013 introduction of the Canada Job Grant program and recent federal interest in making changes to the Labour Market Development Agreements (LMDA), which gives provinces responsibility for the training funded through the federal EI program.

The 2015 federal budget also featured further changes, including expanding access to student grants to short duration post-secondary programs.

Federal investments in training are delivered through a series of programs with different partners and different (though sometimes overlapping) objectives and target groups. In addition to the EI-funded LMDAs and the Labour Market Agreements, which fund the Canada Job Grants, there are specialized programs for older workers, persons with disabilities, Aboriginal Canadians, and youth, each with their own set of requirements and approaches. Further complicating matters, much of this training is actually delivered by non-profit organizations, each with their own programs which receive government funding. While naturally, these partners and their investments need to be a part of any conversation on renewal of employment skills training approaches, this project is focused on how the federal government can renew Canada's social architecture to bring our policies and programs in line with current needs.

¹ Donna E. Wood and Thomas R. Klassen. "Improving the Governance of Employment and Training Policy in Canada." Mowat Centre. 2011. <http://www.mowateitaskforce.ca/sites/default/files/Wood%20Klassen.pdf>

WHAT KIND OF SKILLS TRAINING ARE WE TALKING ABOUT?

Federally-funded skills training in Canada generally falls into two main groups of activities:

- Bridging programs that help new labour market entrants get their first job by filling in skills they haven't gained from formal education.
- Retraining and skills programs that help unemployed Canadians prepare for new opportunities.

BRIDGING PROGRAMS: GETTING THE JOB

There is sometimes a gap between the skills Canadians gain through formal education and what employers expect for entry-level positions. To that end, the federal government funds programs that try to bridge jobseekers into work — and lower the barriers that discourage employers from hiring. Many of these efforts focus on youth, and 11 federal departments and agencies participate in the Youth Employment Strategy, the core of federal government efforts in this area. Skills training for youth that face barriers to employment is delivered by third parties, with employers and other organizations proposing specific programs to the federal Skills Link funding stream.

Other skills-to-jobs programs focus on adults who have never had attachment to the Canadian labour market (or have had long absences) and who face disproportionate challenges, including newcomers to Canada, Aboriginal Canadians and those living with a disability. These programs are very diverse and usually delivered by not-for-profit and community groups with financial support from federal and/or provincial governments. Some examples of these programs include time-limited wage subsidies to make hiring less risky for employers, and bringing ongoing mentoring and skills development into the workplace.

The federal government also provides essential skills and literacy training to adults who may be employed but who did not complete high school, funding delivery through the Office of Literacy and Essential Skills. However, this has been a diminishing focus of federal investments, especially with the shift of the Labour Market Agreements towards the new Canada Job Grants.

UNEMPLOYMENT SUPPORTS: GETTING BACK IN THE GAME

Considerable funding and policy attention is given to retraining and supporting those who are out of work. The Labour Market Development Agreements (LMDAs) and the Canada Job Funds are the main funding and policy frameworks for this type of federal training support, transferring

APPRENTICESHIPS AND INTERNSHIPS FOR YOUNG WORKERS.

While apprenticeships are primarily a provincial responsibility, the federal government has some policies and programs aimed at apprenticeship career training. For the skilled trades, apprenticeships are the major training model and point of access to the profession. Typically, Canadian apprentices apply to programs after high school, and include formal classroom sessions interspersed with on-the-job learning. The federal government supports apprentices through the Apprentice Incentive and Completion Grants, but these are small and apprentices are expected to support themselves on wages from work.

While only a small number of internships are government-funded and designed, they can be an important bridge for young people entering the workforce, and a source of employer-led skills training. However, they are also a source of controversy. Many internships are unpaid and many of these unpaid internships are illegal under Canadian labour laws as exploited labour that carries little real benefit for interns.¹

Paid internships have a greater chance of leading directly to stable employment,² as well as being more accessible to those without independent means. Successful apprenticeships also lead to stable and gainful careers.³ Governments should recognize the increasing importance of these experiences and act to increase financial stability for those pursuing them. This would likely entail a mixture of regulation (primarily in provincial labour standards) to make sure young people are compensated for their work, as well as extending student supports like loans and grants to other forms of job-related training.

1 Tavia Grant. "Poloz's prescription for unemployed youth: work for free." *Globe and Mail*. November 4, 2014. <http://www.theglobeandmail.com/report-on-business/economy/poloz-having-something-unpaid-on-your-cv-is-very-worth-it/article21439305/>

2 Ali Hamandi. "Stephen Poloz's terrible advice for Canadian youth." *Toronto Star*, November 5, 2014. http://www.thestar.com/opinion/commentary/2014/11/05/stephen_polozs_terrible_advice_for_canadian_youth.html

3 Canadian Apprenticeship Forum. "Investigating Apprenticeship Completion in Canada: Reasons for Non-Completion and Suggested Initiatives for Improving Completion." 2011. <http://caf-fca.org/wp-content/uploads/2014/08/Accessing-and-Completing-Apprenticeship-Training-in-Canada1.pdf>. pg. 6

funding from federal to provincial governments. Funding channeled through the LMDAs goes towards programs and services for unemployed individuals who are eligible for EI. The LMDA is the largest of the federal skills training investment streams by a wide margin — larger than the rest of the programs combined.

VALUE OF THE FEDERAL SKILLS TRAINING TRANSFERS (PROJECTED, FY2014/2015)

Program	Amount (\$ millions)	Share of total
Labour Market Development Agreements	1,950	64.1%
Canada Job Funds	500	16.4%
Labour Market Agreements for Persons with Disabilities	222	7.3%
Temporary Initiative for Older Workers	25	0.8%
Aboriginal Skills and Employment Training Strategy	344	11.3%

SOURCE: EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA

The Canada Job Funds have evolved out of the federal-provincial Labour Market Agreements. These were designed to extend training support to unemployed people that were not eligible for EI but in need of training, especially those with weaker attachment to the labour force. That shifted with the replacement of the Labour Market Agreements with the new Canada Job Fund Agreements, which are more focused on funding training linked to employers, rather than core skills. A key component of the Canada Job Fund Agreements — the Canada Job Grant — is the centrepiece of the federal government’s recent approach to skills training. This program subsidizes employer-sponsored training, with employers paying one-third of the cost in cash or in kind, with the remainder coming from federal and provincial funding. The Canada Job Grant was implemented in 2014 and will be reviewed in 2016. It remains to be seen whether support for the unemployed will compete for government attention with training supports for those already on the job.

In addition to these major policy changes, provincial governments are reviewing and making changes to their own programs. The Ontario government, for example, is moving forward with the integration and modernization of Ontario’s employment and training programs,² including through Employment Ontario programs that specialize in retraining workers affected by manufacturing plant closures.³

² Government of Ontario. “Ontario Budget 2014. Building Opportunity. Securing Our Future.” July 2014. At: http://www.fin.gov.on.ca/en/budget/ontariobudgets/2014/papers_all.pdf

³ Ibid.

A DIFFERENT MODEL: EMPLOI-QUÉBEC

Quebec has taken a different approach to skills training, making it unique in Canada. Since the late 1990s the province has had an integrated agency to provide skills training and employment programming for all clients, bringing support for people receiving EI and social assistance under one roof at the newly-created Emploi-Québec.⁴ The province also has a requirement for employers to invest at least one per cent of their annual payroll into training (or pay a levy of an equivalent amount). Also unique in Quebec is a formal cooperative mechanism — the Labour Market Partners Commission — to facilitate government, employers and labour working together to design training programs. This focus on facilitating — and requiring — employer involvement in training is consistent with the more recent direction of the federal government with the Canada Job Grant.

WHERE DOES IT FALL SHORT?

Employers in Canada report difficulty finding workers with the skills they need. This is happening despite the impressive and improving Canadian record of post-secondary attainment. At the same time, groups of Canadians face high levels of unemployment: in particular, youth, Aboriginal people, those with disabilities, and recent immigrants. For others, unemployment is related to the decline of traditional industries, such as manufacturing, lumber and fishing. Several trends are reducing the effectiveness of skills training programs at dealing with these problems:

- ↪ *Short-term thinking* in setting goals, rather than looking at long-term returns on investment.
- ↪ *Insufficient capacity* to meet real needs, and a shaky grasp on the extent of real need.
- ↪ *Ad hoc program design*, frequent funding disruptions, and a failure to learn from past successes.
- ↪ *Fragmented governance and delivery* with federal, provincial, and Aboriginal governments each designing and delivering programs with overlapping target groups and objectives.

The short-term thinking in government about skills training can come at the expense of longer-term value. Governments in Canada face many fiscal challenges, and citizens increasingly demand higher-quality services for the same or lower costs. Social programs and services are a significant driver of overall

⁴ Alain Noel. "Assymetry at Work." Mowat Centre. 2011. http://mowatcentre.ca/wp-content/uploads/publications/29_assymetry_at_work.pdf

costs for government, so it is understandable that there is a drive to reduce and shorten reliance on income benefits. However, this can be a short-sighted goal if it shortchanges investments that are more likely to lead to long-term success in employability. When skills programs are measured solely by how quickly clients return to work, they may find themselves working with many repeat clients — or find that some workers, trapped in a cycle of precarious work and unemployment, simply give up on retraining.

The capacity for program delivery to youth is also falling short. In 2006, the latest year evaluated, the Canadian government funded skills-training positions for approximately 35,000 youth, two-thirds of which were facing identified barriers to employment. For the same period, there were 150,000 more jobseekers aged 15 to 24 than there would have been if the youth unemployment rate was the same as that of the general working population. Keeping in mind that this represents only those actively seeking work and unable to find it uniquely because of their age, it seems likely that many young Canadians are unable to access the skills programs they need.

The programs are highly decentralized, funded by the federal and provincial governments through the employment insurance and social-assistance systems and delivered by municipal governments and private, not-for-profit and educational institutions. To be effective, programs rely on delivery agencies having local, informal knowledge of employer needs. Many programs are also time-limited, whether because they demonstrate limited success or because of shifts in government funding priorities.⁵ Time-limited skills programs that “piggy back” on large construction or extraction projects hope to leave participants better able to compete for future jobs.

This decentralization and short funding horizon — despite in principle allowing for greater flexibility and experimentation — hampers the uptake of lessons from successful projects into an overall skills strategy. The need for many skills-training programs to hit timely windows presented by major infrastructure projects can make them perversely susceptible to economic recessions. Frequent changes in branding, delivery agencies and program design can impede building necessary relationships of trust with employers.⁶

5 For example, see Employment and Social Development Canada. “Evaluation: Aboriginal Skills and Employment Partnership Program.” October 2013. http://www.esdc.gc.ca/eng/publications/evaluations/skills_and_employment/2013/october.shtml

6 Andrew Galley and Jill Shirey. “Brokering Success: Improving Skilled Immigrant Employment Outcomes through Strengthened Government-Employer Engagement.” Mowat Centre. December 2014. <http://mowatcentre.ca/brokering-success>

DEVELOPING A SUPPORTIVE ENVIRONMENT AROUND SKILLS TRAINING

The recommendations in this paper focus mainly on the skills programs that are funded as such by the federal government, and regarded as separate from the formal education sector. However, several trends outside this system have important consequences:

APPRENTICESHIP COMPLETION RATES ARE LOW

The number of people enrolled in an apprenticeship program increased by an average of 7.2 per cent a year between 2000 and 2011. However, while more Canadians are starting apprenticeships, only half complete them successfully. Most apprenticeships occur in small- or medium-sized businesses which are vulnerable to economic down-turns; during a recession, apprentices can be the first workers laid off.

EMPLOYERS ARE UNDER-INVESTING IN SKILLS TRAINING

The 2010 World Competitiveness Yearbook ranks Canada 25th among 59 countries in the importance that employers place on workforce training. Whereas U.S. firms spent 2.25 per cent of their payroll on training, Canadian firms spent only 1.5 per cent in 2005-2006. Canadian employers are reluctant to train employees for fear of talent poaching and a perceived lack of return on investment. Rather than develop talent, companies increasingly aim to recruit “already trained, experienced employees on a just-in-time basis,” and this practice particularly adds to the barriers youth face in obtaining employment.

A LACK OF LABOUR MARKET INFORMATION

Workforce planning requires nuanced information at the regional and sectoral levels, which is often unavailable. Labour market information is produced in multiple ways across jurisdictions, which makes comparisons difficult. For example, data on vacancy rates is currently generated by multiple sources, each using a different method. Labour market information has an effect on educational choices, as students and parents have insufficient information on labour market opportunities.

The federal government’s commitment in the 2015 budget to enhance labour market information is a welcome step on this front.

DRIVERS OF CHANGE

Canada's economy is going through rapid structural transformations that are rendering our skills training system obsolete. Our education, social assistance and employment insurance systems were all developed in a period when Canada relied heavily on primary resource industries on its coasts (fish and timber), agriculture on its prairies, and manufacturing in its central provinces. Employment Insurance in particular was designed to support Canadians working in industries that had natural cycles of unemployment, whether seasonally or across the business cycle. Many Canadians were able to find good jobs in traditional industries with only a high-school education, and count on supportive programs to see them through brief times of trouble.

Four trends have disrupted this twentieth-century picture:

- ↪ Permanent structural changes in the economy have raised levels of long-term unemployment.
- ↪ The labour market has split into low- and high-skilled jobs with fewer in the middle.
- ↪ A “skills gap” has emerged in some regions and emerging industries.
- ↪ New labour market entrants are having difficulty finding their first, stable jobs.

The first two trends — the rise in long-term unemployment and the bifurcation of the labour market — are both related to deep changes in the structure of the Canadian economy since 1970. Since then, goods-producing industries in Canada have been significantly outpaced in growth by service industries.⁷ Manufacturing industries face stiff competition from foreign jurisdictions where labour and production costs are lower,⁸ and traditional extraction industries have suffered from collapses in both supply (for example, cod stocks) and demand (for British Columbia timber).⁹ Workers in these industries have in the past coped with

7 Alexandre Laurin and Jean Soucy. “Three Decades of Financial Change in Canada: 1969 to 1999.” Government of Canada. August 8, 2000. At: <http://publications.gc.ca/Collection-R/LoPBdP/BP/prb015-e.htm>.

8 Thomas Janoski, David Luke, and Christopher Oliver. *The Causes of Structural Unemployment*. Cambridge: Polity. May, 2014.

9 Trevor Barnes and Roger Hayter. *Troubles in the Rainforests: British Columbia's Forest Economy in Transition*. Victoria: UBC Press. 1997.

temporary lay-offs or seasonal unemployment but now face the permanent disruption to their careers.¹⁰

Seeking to return to work, they join young Canadians and immigrant newcomers in facing a sharply changed labour market structure, which some have called “hourglass-shaped”.¹¹ This market is characterised by an abundance of jobs that are poorly-paid, often part-time or precarious, and feature few, if any, opportunities for advancement and development of more valued skills. The “hourglass” labour market also features many very highly-compensated jobs that require highly-developed, job-specific skills, but lacks moderately-compensated entry-level positions that take moderately-skilled or experienced workers and gives them the opportunity to become experts. Thus, the returns to education — at least, for in-demand careers — are increasing, but it’s getting harder for people to climb the ladder to better work, no matter their motivation.

The third trend, that of an emerging “skills gap,” follows naturally from this transformation of industry and the labour market. There is still debate over the extent, and seriousness, of this “skills gap” in Canada: it seems to have little effect on wages for those whose skills are said to be in high demand.¹² But others argue that skills gaps in Canada are specific to regionally-segmented and emerging industries — such as the resource-extraction industries in Saskatchewan and Alberta.¹³ The result is that, while some Canadians struggle to find work, others struggle to fill job openings in growing companies.

Finally, the modern Canadian economy is marked by the difficulty new labour-market entrants have in gaining a stable foothold. In some ways this trend is the sum of the other trends discussed above: good, permanent jobs increasingly require not only advanced skills but senior levels of experience; they are often found in new, emerging industries in specific regions of the country; and the entry-level, mid-income jobs that in the past allowed workers to gain experience and on-the-job skills are disappearing. As a result, youth and new Canadians in particular are disadvantaged and frequently end up trapped in a cycle of low-wage, precarious work, mixed with periods of unemployment.

This complex mix of factors is driving calls for greater strategy in policy and spending on skills, starting with more accurate data on what is needed, and following through to a more rational alignment of programs funded and delivered by government.

10 Janoski et al. 2014. pg. 85

11 David Autor. *The Polarization of Job Opportunities in the U.S. Labour Market: Implications for Employment and Earnings*. The Centre for American Progress & the Hamilton Project. 2010. ;

12 Derek Burleton, Sonya Gulati, Connor McDonald, and Sonny Scarfone. “Jobs in Canada: Where, What and For Whom?” TD Economics. October 22, 2013. <http://www.td.com/document/PDF/economics/special/JobsinCanada.pdf>

13 Amber Ruddy, Mandy D'autremont, Janine Carmichael, and Richard Truscott. “Looking for Hire Ground: The small business perspective on labour shortages in Western Canada” Canadian Federation of Independent Business. April 2013. At: <http://www.cfib-fcei.ca/cfib-documents/rr3288.pdf>; Rick Miner. “People Without Jobs, Jobs Without People: Canada’s Labour Market Future.” 2010. Miner Management Consultants. <http://abclifelifiteracy.ca/files/People-without-jobs-canada.pdf>

COMPARATIVE CASE STUDIES

There are a number of useful examples from other jurisdictions on how to use policy levers to encourage greater investment in training, especially by employers. While the differing context means that these approaches might not be directly applicable, they give a sense of the range of options available. For example, corporate tax incentives for training costs are used in a number of OECD countries, including Austria, Italy, and the Netherlands. France has a tax credit for enterprises that increase their training expenditures year-over-year.¹⁴ Some countries, such as Austria, Germany, Italy, Netherlands, Norway, and Switzerland, also use pay-back clauses, whereby employees must reimburse their employers for costs related to training received if they leave within a certain time period after the training is complete.¹⁵ This helps to address the obstacle of employers' fearing that their employees will simply leave after they invest in training them.

Germany has avoided high youth unemployment partly by having a much broader approach to apprenticeship that is integrated into formal education. Students have the option of a wide range of vocational training in high school. Apprentices are supported both by their employer and by the government post-secondary learning system — a system that blends on-the-job and classroom learning. This requires very strong collaboration between government and industry to function.¹⁶

Canada has local examples across the country of cooperative attempts to improve available information on jobs and skills. For instance, the Toronto Workforce Innovation Group (TWIG) created Routes TO. Employment, a website that offers detailed guides on how to access training in the city's key industries. Those who access this information can then click through

14 Serge Coulombe and Jean-Francois Tremblay. "Public Investment in Skills: Are Canadian Governments Doing Enough?" C.D. Howe Institute. October 2005. http://www.cdhowe.org/pdf/commentary_217.pdf

15 Ibid.

16 Michael Dolgow. "Would German-Style Apprenticeships Work in the U.S." *Bloomberg Businessweek*, July 19, 2012. <http://www.businessweek.com/articles/2012-07-19/german-vocational-training-model-offers-alternative-path-to-youth/>

to Toronto-based job opportunities posted on the federal government's Job Bank.¹⁷

The Government of British Columbia launched a "Skills for Jobs Blueprint" in April 2014 to redesign its post-secondary education and training system. It will provide additional funding to educate and train youth in high-demand occupations. In addition, the government is also focused on improving the quality and timeliness of labour market information to help students, educators, and employers make well-informed decisions.¹⁸

British Columbia has also built a web-based Labour Market Navigator that provides monthly regional labour market snapshots. Site users can browse specific occupational groups to obtain information on average salary, unemployment rate, occupation size, and expected growth or contraction in the given profession in the province.

Quebec's model and its unique mix of carrots and sticks offers another potential model of interest to the federal government and other provinces. Mandating employer contributions to training while creating supports and programs to deliver that training has helped to bring employers and labour into the employment training system.

17 According to website analytics provided by the Toronto Workforce Innovation Group, visitors to the site have included those in India, United Arab Emirates, Brazil, United States, United Kingdom, Pakistan, and Bangladesh, which may indicate that some prospective immigrants are accessing this information prior to their arrival in Canada.

18 Jock Finlayson. "Overqualified Workers and the BC Government's 'Skills for Jobs Blueprint.'" Business Council of British Columbia. May 28, 2014. <http://www.bcbc.com/bcbc-blog/2014/overqualified-workers-and-the-bc-governments-skills-for-jobs-blueprint>; See also: Government of British Columbia. "B.C. launches Skills for Jobs Blueprint to re-engineer education and training." <http://www.newsroom.gov.bc.ca/2014/04/bc-launches-skills-for-jobs-blueprint-to-re-engineer-education-and-training.html>.

POLICY OPTIONS

I. CREATE A SUPPORTIVE ENVIRONMENT FOR CANADIANS PURSUING SKILLS TRAINING

Canadian jobseekers, students and employers all face difficult decisions about whether and how to invest in skills. Without touching the design of funded skills programs, there is much that Canadian governments can do to help all three groups make skills investments.

- Apprenticeships and internships can be treated more seriously as extensions of our commitment to formal education. This could entail a mixture of loans and enriched grants to ensure that apprentices and interns retain a measure of income security, combined with regulations that ensure safety and prevent exploitation.
- Legislation can allow “payback clauses” and other mechanisms that incent employers to invest in skills training on-the-job.
- Government can pursue cross-sectoral partnerships to refine local, sector-specific labour market information. The Toronto Financial Services Alliance (TFSA) provides one model of industry, government and the education sector partnering to clarify labour market information in a particular sector and region; B.C.’s Labour Market Navigator is another, more government-centred model.

II. DECOUPLE ACCESS TO SKILLS RETRAINING FROM EI ELIGIBILITY, INCLUDING IN THE CANADA JOB FUNDS AND LABOUR MARKET DEVELOPMENT AGREEMENTS

The Canada Job Fund Agreements and the Labour Market Agreements which preceded them were created out of a recognition that many Canadians in need of employment skills training assistance are not eligible for EI and, in turn, for the majority of federal skills funding which is tied to EI eligibility. Diverting some of this funding to the Canada Job Grant has the potential to disrupt the existing

skills training landscape for Canadians who are not already employed (although it may also help address the problem of employer under-investment). As federal-provincial negotiations move on from the settled Job Funds to a re-examination of the EI-dependent Labour Market Development Funds, governments should maximize the flexibility of coverage, and be inclusive of bridging and pre-employment training for jobseekers.

III. FUND AND EVALUATE SKILLS PROGRAMS ACCORDING TO A LONG-TERM, PROACTIVE STRATEGY

Canadian skills training programs have many examples of success, but they tend to be scattered and vulnerable to short funding horizons and shifting priorities. Related to the problem discussed above, much of Canada's skills programs were originally motivated by the desire to reduce costs to the EI system. This reinforces a bias towards short-term thinking both in outcomes measurement and program design.

Outcomes evaluation allows government to move away from approaches that aren't working and reinforce those that are. In a decentralized system that depends upon non-governmental actors for delivery and is without a long-term strategy of capacity-building, outcomes-based funding can also leave behind a random assortment of winners and losers – with many unemployed Canadians left without access to skills training.

Government should continually reinforce the core objective of skills-training programs: lowering barriers to work and addressing structural unemployment. The scope of programming should flow from this mandate, coupled with improved labour market information. This can be consistent with a decentralized approach, but government should plan more active leadership in building and coordinating delivery capacity – whether inside or outside of the public service.

IV. REARRANGE THE ROLES AND RESPONSIBILITIES OF FEDERAL, PROVINCIAL, TERRITORIAL AND ABORIGINAL GOVERNMENTS AND THE WAYS THAT THEY WORK TOGETHER ON SKILLS

The fragmented way that skills training is delivered in Canada today is an obstacle to efficiency and effectiveness. The federal government transfers funding to provincial, territorial and Aboriginal governments through five main streams, with conflicting requirements. The federal government also remains directly involved in other employment and training programs, such as programs for youth. There is no overarching framework to how all of these initiatives fit together.

Beyond the option of de-coupling eligibility for training funding from EI-eligibility mentioned above, the federal government could work with provinces and Aboriginal governments to streamline the way that funding and responsibilities flow between the federal government and its partners. One way to approach this would be to roll the various existing programs into a single federal transfer for training with room for various priorities but a single set of administrative requirements.

A renewed approach to the way that federal and provincial programs and policies interact for employment training is essential given the conflicting signals sent by closely-linked programs. In Ontario there are actually three levels of government delivering a mix of programs related to getting people back to work — local governments delivering social assistance (Ontario Works), and the range of programs delivered by both federal and provincial governments.¹⁹ Despite the same objective, an out-of-work individual will have different services and options available to them depending on which category they fit in to. This incoherence also leads to challenges for those delivering skills training programs — the fragmented system makes it harder to develop consistent approaches or share best practices. Given the shrinking coverage of workers by EI this linkage between employment supports offered through EI, social assistance, and other programs is more important than ever to sort out. Rather than competing and disjointed policies, what is needed is a jointly-developed skills ecosystem.

19 Munir Sheikh. "Making Sense of the EI/Social Assistance Mess." *Policy Options*. March 2015. <http://policyoptions.irpp.org/issues/building-a-brighter-future/sheikh/>

CONCLUSION

Canada has a strong base upon which to build a more successful system for developing human capital. This include a strong post-secondary education sector and a national system of Employment Insurance. The chief barriers to success are a lack of adequate, rigorous information for program planning, and a bias towards the university as a catch-all solution – among policy-makers, employers and youth alike.

This brief overview suggests a vision – to be further explored and detailed – of a more effective skills-development ecosystem. With clear, agreed-upon data-gathering systems in place, all actors will have stronger incentives to support one another and collaborate to achieve shared goals, such as higher employment rates and better retention rates for new immigrants and youth.

EMPLOYMENT SKILLS TRAINING

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RENEWING CANADA'S SOCIAL ARCHITECTURE

Renewing Canada's Social Architecture is a collaborative project involving researchers from the Mowat Centre, the Caledon Institute for Social Policy, the Institute for Competitiveness and Prosperity and the Institute for Research on Public Policy. The purpose of the project is to advance public dialogue on our social architecture, and highlight areas where our core social programs and policies require modernization to meet Canadians' needs. Each report contributed to the project is the responsibility of the authors alone, and does not necessarily reflect the views of the other contributors or organizations.

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