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TO:	CHAIR AND MEMBERS COMMUNITY & PROTECTIVE SERVICES COMMITTEE MEETING ON JANUARY 20, 2014
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	LABOUR MARKET AGREEMENTS AND THE CANADA JOB GRANT

RECOMMENDATION

That, on the recommendation of the Managing Director of Housing, Social Services and Dearness Home, the Mayor **BE REQUESTED** to send a letter to Federal and Provincial Members of Parliament outlining the impact of the proposal to redirect Labour Market Agreement Funds to the Canada Job Fund.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

BACKGROUND

The Federal government is preparing to renegotiate the Labour Market Agreements with each province and has proposed a Canada Job Grant to direct future skills training in Canada. The Canada Job Grant would directly connect skills training with employers and jobs and it could provide \$15,000 per person for training, which includes up to \$5,000 in federal contributions. Federal contributions must be matched by both provinces/territories and employers. The March 21, 2013 federal budget outlined that the Grant will be introduced by negotiating renewal of the \$500-million-per-year Labour Market Agreements with the provinces and territories in 2014–15. Of the \$500 million set aside for training, \$300 million would go toward the new Canada Job Grant. The provinces will be able to put the remaining \$200 million towards employment services such as counselling and job search assistance.

Discussions have been underway between the federal government and the provinces and territories. Every Premier agrees that provinces & territories cannot move forward with the Canada Job Grant as proposed. All Provinces and territories are advocating for new Labour Market Agreements that meet the needs of all job seekers and employers. Any renegotiation of the Labour Market Agreement must preserve and broaden the Provincial ability to deliver a wide range of employment and training programs particularly those that link training to labour market demand. Training programs need to meet the unique needs of the province's regions, businesses and people including youth, newcomers, Aboriginal people, long term unemployed and people with disabilities.

There is deep concern about the impact of this by the province, employment and training providers, Sector Councils and others. In the attached letter (Appendix "A") to Mayor Fontana, Brad Duguid, Minister of Training, Colleges and Universities (MTCU) has provided information about ongoing negotiations and potential impacts. Appendix "B" is the letter prepared by the Employment Sector Council London-Middlesex.

Potential Community Impacts

The proposed approach will have a broad negative impact on citizens, on service providing organizations, on workers and businesses. Detailed impacts are outlined in the attached letters from Minister Brad Duguid and ESCLM. Highlights of the impacts include:

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- Redirection of Labour Market Agreement funds will disproportionately affect job seekers who require the most help in securing their financial future. A provincial cut of \$232M annually would directly impact the following services:
 - Ontario Works Employment Assistance
 - Ontario Works Addiction Supports
 - Ontario Disability Support Program Employment Benefits
 - Employment Ontario including Employment Services, Second Career, Apprenticeship, Literacy and Basic Skills
 - Supports for individuals not eligible for Employment Insurance, youth, older workers, immigrants, people with disabilities, long term unemployed, Aboriginal people and people with disabilities
 - Supports for Essential Skills: literacy, numeracy, basic employee skills (all of which have been identified by business as a key priority)

- Many Londoners would be left without access to training as people must either be working or would have to find an employer to be eligible for the support through the through the Canada Job Grant

- This is counterproductive approach to job creation with a negative impact on our economy as there would need to be layoffs by community service providers in employment, training, people with disabilities, mental health and other sectors.

- With the requirement of matching funding in order to access the Canada Job Grant, will small to medium sized employers wish or be able to participate

- Flexibility to design programs to address local labour needs would be lost as all funding goes directly to employers.

FINANCIAL IMPACT

Financial impact is unknown at this time.

CONCLUSION

Repurposing Labour Market Agreement funding by the Federal Government to support the Canada Jobs Grant will have significant negative impact on all aspects of our community: citizens, service providing organizations, workers and businesses and therefore has the potential to erode London's economic well-being.

SUBMITTED BY:	RECOMMENDED BY:
Elisabeth K. White Manager Employment and Strategic Initiatives Housing and Social Services	Sandra Datars Bere Managing Director Housing, Social Services And Dearness Home

cc: Anna Lisa Barbon, Manager, Financial and Business Services
 Elaine Sauve, Ministry of Community and Social Services
 Grant Hopcroft, Director, Intergovernmental and Community Liaison



APPENDIX "A"

Ministry of Training,
Colleges and Universities

Ministère de la Formation
et des Collèges et Universités

Minister

Ministre

Mowat Block
Queen's Park
Toronto ON M7A 1L2

Édifice Mowat
Queen's Park
Toronto ON M7A 1L2



December 9, 2013

His Worship Joe Fontana
Middlesex County
City Hall, 300 Dufferin Avenue PO Box 5035
London ON N6A 4L9

OFFICE OF THE
MAYOR
RECEIVED DEC 19 2013
Referred to
Subsequent Referrals
 For Action For Report
 For Information For File
*Council, Clerk, Livingstone
Hoperoff.*

Dear Mayor Fontana,

I am writing to update you on Ontario's dealings with the federal government on a renewed Labour Market Agreement.

The federal government is preparing to renegotiate the Labour Market Agreements with each province, and has proposed a Canada Job Grant to direct future skills training in Canada.

In September, I discussed our approach to these negotiations with municipal leaders at a standing meeting with the Association of Municipalities of Ontario. I also met with my provincial and territorial colleagues at the Forum of Labour Market Ministers.

Based on our shared views, all of Canada's provinces and territories have released a report, "Building Skills Together," which outlines our success helping people facing barriers to work. Municipalities have an important role to play in delivering employment and training programming and are critical to supporting the employment success outlined in this report.

A copy of this report is included with this letter. It is also available online at <http://www.tcu.gov.on.ca/eng/labourmarket/BuildSkills.html>. I encourage you to share the report with your council members and residents.

On November 8, 2013, my provincial-territorial counterparts and I met with Jason Kenney, Canada's Minister of Employment and Social Development. Much of our conversation focused on the renegotiation of the Labour Market Agreements and the proposed Canada Job Grant. Provinces and territories stood together advocating for new Labour Market Agreements that meet the needs of our jobseekers and employers. Ensuring that all of Ontario's job seekers have the opportunity to participate in the labour force remains a priority for me and Premier Wynne. This is why I made it very clear to Minister Kenney that any renegotiation of a Labour Market Agreement must preserve and broaden our ability to deliver a wide range of employment and training programs, particularly those that link training to labour market demand.

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We need our training programs to continue to meet the unique needs of our province's regions, businesses and people – including youth, newcomers, Aboriginal people, long-term unemployed and people with disabilities.

Throughout the meeting, my counterparts and I remained steadfast in agreement that we cannot support any program that is funded on the backs of our most vulnerable workers, such as the current Canada Job Grant proposal. Simply put, this grant will place the Employment Ontario network and the province's successful employment services and training programs at risk.

Canada's premiers reaffirmed this message when they met for the Council of the Federation on November 15 in Toronto and discussed these important negotiations. Every premier agreed that provinces and territories cannot move forward with the Canada Job Grant as proposed. They have asked provincial-territorial ministers to develop an alternative proposal to present to Minister Kenney.

This work is moving very quickly. This alternate proposal is going to be based on the feedback we have received from stakeholders, including municipalities.

As we continue to talk with the federal government, I need your help to spread the message about the impact that the federal proposal could have on our ability to help vulnerable workers.

If you have not already done so, I also urge you to write to your federal Member of Parliament and your Member of Provincial Parliament to tell them how the federal government's proposals would impact you and your communities. Your input can help us negotiate a workable agreement for Ontario.

Included with this letter is a fact sheet on Ontario Employment and Training Programs to show how we allocate funding and how programs could be affected by the federal government's proposal. You can also share your thoughts on these proposed changes at with us directly jobtraining@ontario.ca.

Sincerely,



Brad Duguid
Minister

ONTARIO EMPLOYMENT AND TRAINING PROGRAMS AND FEDERAL-PROVINCIAL FUNDING ARRANGEMENTS

Ontario delivers employment and training programs designed to address the diverse labour market needs of the province.

This includes programs delivered through Employment Ontario such as Second Career, Literacy and Basic Skills, and the Employment Service that help unemployed workers upgrade their skills and find jobs.

It also includes specialized services funded by various Ontario ministries for vulnerable workers such as immigrants, Aboriginal peoples, social assistance recipients, persons with disabilities, and others who need additional support.

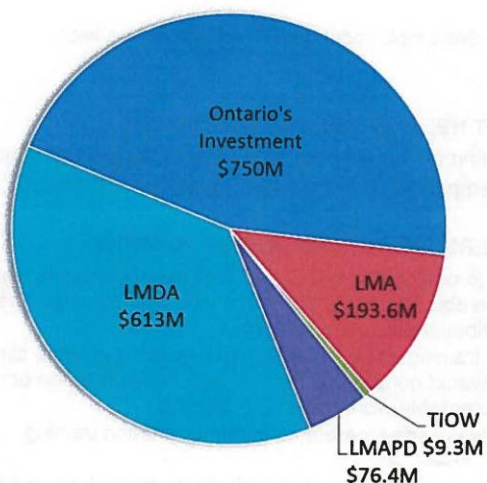
Some of these programs are currently paid for, in whole or in part, through the following federal funding agreements:

- Labour Market Agreement (LMA) for clients not eligible for Employment Insurance;
- Labour Market Development Agreement (LMDA) primarily for clients eligible for Employment Insurance;
- Labour Market Agreement for Persons with Disabilities (LMAPD); and
- Targeted Initiative for Older Workers (TIOW).

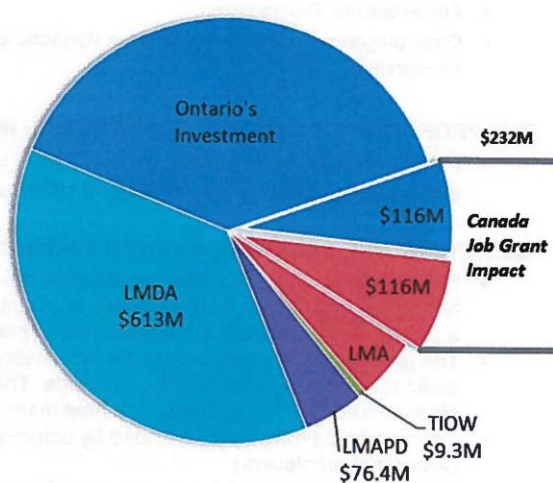
The LMA, LMAPD, and TIOW are set to expire on March 31, 2014.

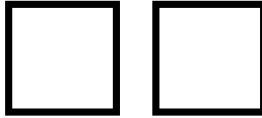
Based on statements in the 2013 Federal Budget, a Canada Job Grant would largely replace the LMA and cut \$232M annually from existing programs.

Current Source of Funding for Ontario Labour Market Programs, 2012-13



Potential Impact of Proposed Canada Job Grant





If LMA funds are redirected to the Canada Job Grant, the following programs are most at risk of seeing cuts:

- Employment Benefits for Persons with Disabilities through the Ontario Disability Support Program
- Employment Assistance and Employment & Participation Benefits through Ontario Works
- Apprenticeship Training
- Second Career
- Employment Services offered through Employment Ontario, such as free personalized counselling to find work, advice on further training and education, and incentives for employers to hire and train workers
- Literacy and Basic Skills
- Programs for immigrants, including Bridge Training and Language Training
- Summer job programming for youth

THE 2013 FEDERAL BUDGET ALSO ANNOUNCED PLANS TO RESHAPE THE LMAPD AND LMDA – OTHER PROGRAMS AT RISK:

Labour Market Agreement for Persons with Disabilities (LMAPD) supports:

- Employment and Income Supports through the Ontario Disability Support Program
- Addiction supports that help prepare individuals for employment through Ontario Works
- Community Participation Supports
- Community mental health programming
- Accessibility supports for postsecondary education students with disabilities

Labour Market Development Agreement (LMDA) provides funding primarily for clients who are eligible for Employment Insurance:

- Employment Services offered through Employment Ontario, such as free personalized help to find work, advice on further training and education, and incentives for employers to hire and train clients
- Second Career
- Apprenticeship Programming
- Other programs, including Job Creation Partnerships, Self-Employment Benefit, and Labour Market Partnerships

THE PROPOSED CANADA JOB GRANT WOULD NOT HELP UNEMPLOYED WORKERS

- People *must* either be working or would have to find an employer to be eligible for support through a Canada Job Grant. This would leave many unemployed Ontarians without access to training.

IMPACTS OF THE CANADA JOB GRANT ON WORKERS AND BUSINESSES IN ONTARIO

- Employers would be required to contribute cash to cost-match the Grant (in-kind contributions would not be eligible). Some small businesses would be able to claim a portion of their trainee wage costs as a part of their contribution. No other in-kind contributions would be eligible.
- The grant would primarily support direct costs of training. Only Employment Insurance-eligible clients could receive additional financial supports. This would not provide the daycare, transportation or other indirect training supports that help many vulnerable workers access training.
- Training would have to be provided by community colleges, career colleges, or a union training centre (not employers).
- Ontario would not be able to use the funding to design programs that address its own labour market needs.

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APPENDIX "B"

From: Diana Timmermans [mailto:dianat@esclm.ca]

Sent: Thursday, December 19, 2013 3:43 PM

To: Susan.Truppe.C1b@parl.gc.ca; mathyi1@parl.gc.ca; holdee1@parl.gc.ca; prestj1@parl.gc.ca; bev.shipley@parl.gc.ca

Cc: dmatthews.mpp.co@liberal.ola.org; tarmstrong-co@ndp.on.ca; psattler-co@ndp.on.ca; jeff.yurekco@pc.ola.org; monte.mcnaughtonco@pc.ola.org; Fontana, Joe; Polhill, Bud; Armstrong, Bill; Swan, Joseph; Orser, Stephen; Baechler, Joni; Branscombe, Nancy; Brown, Matt; Hubert, Paul; Henderson, Dale; Van Meerbergen, Paul; Brown, Denise; Usher, Harold; Bryant, Judy; White, Sandy; jvanderheyden@middlesex.ca; mayor@adelaidemetcalfe.on.ca; phodgins@lucanbiddulph.on.ca; edmondson@middlesexcentre.on.ca; bloomfield@middlesexcentre.on.ca; mayor@northmiddlesex.on.ca; deputymayor@northmiddlesex.on.ca; dreycraft@southwestmiddlesex.ca; jmaudsley@thamescentre.on.ca; mmeyer@thamescentre.on.ca; cbjesson@lucanbiddulph.on.ca; Anne Langille; Bill Pigram; Catherine Upfold; Darlene O'Neill; David Corke; Deb Armstrong; Elaine Sauve; Diana Timmermans; White, Elisabeth; Jerry Colwell; John Griffiths; Katherine Krakowski; Godin, Kim; Lise Beland; Mark Harrison; Steve Pellarin; Tamara Kaattari

Subject: Letter from the Employment Sector Council London-Middlesex regarding Canada Job Grant

Good afternoon,

Please find attached a letter on behalf of the Employment Sector Council London-Middlesex outlining concerns with the proposed changes to the Canada Ontario Labour Market Agreement (LMA) proposed by Finance Minister Jim Flaherty.

Sincerely,
Diana Timmermans

Diana Timmermans | Project Assistant

Employment Sector Council London-Middlesex

141 Dundas Street, 4th Floor, London ON N6A 1G3

Tel: 519.663.0774 ext. 224 | Fax: 519.663.5377 | dianat@esclm.ca

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Dear Federal M.P.:

Established in 1992, the Employment Sector Council London-Middlesex (ESCLM) serves as one voice for the London-Middlesex employment and training sector. The Council provides a forum to identify needs and trends, share information, plan for services and resources, and promote community growth and development. It enables program staff and agencies to implement best practices across the community and ensures the sector can respond quickly to changing labour market trends and adjustments.

ESCLM membership reflects the diversity of its clients and community. Collaborations with government, funding partners, community economic development organizations, other community partners, and with the private sector have had significant positive impacts on the London Region employment sector. The ESCLM maintains a sectoral perspective, advocating on behalf of its network of organizations and clients rather than for specific programs or agencies.

Today we are writing to express our collective concern with the proposed changes to the Canada Ontario Labour Market Agreement (LMA) proposed by Finance Minister Jim Flaherty in the 2013 Federal Budget. As you know, renegotiation of the LMA is currently under discussion with all provinces, including Ontario. It is our informed opinion that the federal government's plan to divert 60 per cent of LMA funding from the provinces to create the Canada Job Grant is a well-intentioned, yet misguided approach to labour market management that will negatively impact hundreds of local job seekers in London-Middlesex.

Our primary concern is that any redirection of LMA funds will disproportionately affect the job seekers in our community who in fact require the most help in securing their financial future (as LMA funds are specifically dedicated to non-EI eligible individuals). This includes immigrants, aboriginals, persons with disabilities and social assistance recipients – the specific populations that have been repeatedly cited by both levels of government and business interests alike as key untapped labour pools in the Canadian economy. Cutting the funds that support their re-entry into the labour market will foreclose on our economy's capacity to recruit these workers into industry and commerce while imposing social costs for their ongoing income support. This will be further compounded by lost economic opportunities and growth for both individuals and the communities in which they reside.

By imposing the requirement for equal matching dollars from the provinces, the actual budgetary impact will be doubled. In addition, if the grants are provincially administered, those unfunded costs will further erode already strained program funding. This multiplier effect is therefore far more extensive than the mere redirection of a portion of federal LMA funds. The result will undoubtedly be a substantial cut in available funds for literacy/basic skills, apprenticeship programs, bridge training projects, and a number of other services and projects that serve persons with multiple barriers to employment. As a result, we are very concerned that many successful programs and services currently available to job seekers in our community will be eliminated as a result.

The federal government has also stated that the Canada Job Grant will also require matching funds from employers. It is our informed opinion that this will be a considerable challenge since the government's targeted employer group is small to medium-sized businesses. Our collective experience is that smaller companies do not have the surplus funds required to match this federal/provincial funding. In fact, many small employers in our region do not even access the existing training incentives provided through *Employment Ontario* service providers (up to \$8,000 per job seeker) with no financial matching requirement. It therefore remains to be explained why these same employers would be interested in providing matching funds to access the Canada Job Grant.

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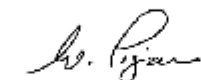
Many large corporations that do have access to the necessary capital for employee and new hire of skills training may certainly be interested in this program, but we ask that you consider whether the implementation of a national program benefiting larger corporations is in the best interests of the London-Middlesex economy.

Businesses have, however, told us that essential business skills (literacy, numeracy, basic employee skills) are one of their top considerations and priorities in recruiting and retaining staff. The Canada Job Grant is not designed to address these needs nor help local job seekers develop these foundational skills. It is clear, however, that it will destabilize existing funding streams to deliver these important services in London-Middlesex.

We look forward to hearing your thoughts on the issues we have addressed above. We would specifically be interested knowing whether you are supportive of this funding shift and if so, what steps you will take to ensure adequate funds and ongoing alternate funding mechanisms are put into place to support London-Middlesex job seekers who have multiple barriers to employment. We would also be interested in hearing about any consultation(s) that have taken place (or are being planned) with London-Middlesex employers that we would anticipate as being necessary to measure the potential effectiveness and impact of this program.

Sincerely,


Anne Langille
ESCLM Co-Chair


Bill Pigram
ESCLM Co-Chair

Cc:
London-Middlesex MPPs
Mayor Joe Fontana
City Councillors, City of London
Warden and Councillors, Middlesex County