



Written Submission to the Forum of Labour Market Ministers Consultation on Labour Market Transfer Agreements August 19, 2016

About Momentum

Momentum is an award-winning, non-profit organization based in Calgary that takes a Community Economic Development (CED) approach to poverty reduction. Rooted in an understanding that social, economic, and environmental challenges are interconnected, CED is community-driven action to create economic opportunities that also reduce poverty and unemployment, enable local participation, and improve environmental sustainability. For the past 25 years, Momentum has drawn on CED principles to help over 40,000 individuals and families living on low incomes to develop sustainable livelihoods. Through our business development, skills training, and financial literacy programs we help participants launch small businesses, gain meaningful employment, and manage and save money.

Executive Summary

A skilled, inclusive workforce is a key indicator of a diversified and resilient economy, and any economic strategy must include elements that target more vulnerable Canadians, including those living in poverty and those at higher risk of poverty. 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 jobs and establish sustained ties to the labour market. Such programs support individuals to achieve their goals, including financial independence, as well as to become taxpayers and long-term contributors to the economy.

Momentum has an immediate understanding of the benefits of such programs. Our own Trades Training program for immigrant and Indigenous Persons has 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. Due to successful partnerships with industry employers, the program remains responsive to the local labour market, achieves strong employment outcomes, and delivers an economic return to society.

More can be done to ensure that the Labour Market Transfer Agreements support these types of skills and employment training opportunities. The employer-driven Canada Job Grant program in particular has not benefitted vulnerable Canadians. In fact, in Alberta at least 98% of Canada Job Grant funds have been used to support individuals already working. Moreover, the Canada Job Fund Agreements require an increasing proportion of federal transfer dollars to be allocated to the Canada Job Grant program. This has been done at the expense of existing skills training programs, for which demand already far exceeds supply. While initiatives that seek to boost employer involvement in training are important, strong investments in skills training programs for individuals with weaker workforce attachment should not suffer as a consequence.

Momentum's discussion and recommendations focus on the steps that can be taken to ensure that all Canadians, particularly those who experience weaker labour market attachment and greater barriers to employment, can access employment and skills training opportunities.

Discussion and Recommendations

IMPACT

Q1. Given varied and changing labour market conditions, what should employment and skills training programs be trying to achieve and for whom?

In general, employment and skills training programs should:

1. Build a skilled workforce that is responsive to current labour market requirements and gaps, and which anticipates future needs.
2. Create an inclusive workforce in which all Canadians can participate. Marginalized and vulnerable groups (e.g. newcomers, Indigenous Persons, and women) must be guaranteed equality of opportunity in accessing skills and apprenticeship training opportunities, and opportunities should be designed to accommodate the particular situations and needs of such groups.
3. Include training opportunities focused on building foundational and essential skills (i.e. basic skills and literacy training). These programs can prepare more vulnerable Canadians to access traditional skills and employment training programs in the future.

Momentum's trades training programs have achieved success, particularly because they are designed with the importance of the following models and outcomes in mind:

1. **Launch a career or start a business:** For the past 25 years, Momentum has successfully offered integrated occupational training focused on preparing immigrants and Indigenous Persons for careers in the trades. Integrated occupational training remains responsive to labour market demand by staying up to date on Labour Market Information, and through close partnerships with local industry. Through its small business training programs, Momentum has supported over 1500 individuals with barriers to employment launch their own businesses.
2. **Earn a living wage:** Momentum focuses on training for trades for which the entry-level wages are at or above a living wage. In 2015 the living wage for Calgary was recalculated based on the Canadian Living Wage Framework, and was updated to \$18.15 per hour. Employment outcomes for skills training investments need to be more than just a job – they need to be a good job. Currently 1 in 10 Calgarians lives in poverty, and 67% of households living in poverty have at least one person employed full-time. Alberta's current legislated minimum wage is nearly \$7 per hour less than the living wage. In Alberta, 18% of all employees earn \$15/hour or less, and over 59,000 individuals and 4000 single parents earn minimum wage.
3. **Increase income *and* assets:** It is often said that poverty is not just about income, but it is always about income. Calgary's *Enough For All* poverty reduction strategy, in which Momentum plays a key leadership role, recognizes the critical importance of providing all Calgarians with the opportunity to build income *and* assets. Momentum uses a holistic approach: within our training programs Momentum includes life skills and financial literacy coaching, in addition to occupational or self-employment training. The Sustainable Livelihoods model is central to all of Momentum's work. The Sustainable Livelihoods model is based on the understanding that in order for a person to achieve a sustainable livelihood and become resilient in any economy, they need to build strength in five asset areas: personal, physical, social, human and financial. For more on the Sustainable Livelihoods approach at Momentum please see, [Sustainable Livelihoods: An Asset-](#)

Building Approach. Two participant profiles from Momentum’s Trades Training and Self-Employment programs have been included at the end of this submission. They illustrate the significant outcomes beyond employment and self-employment that are achieved by programs funded through LMTAs.

The above points illustrate a broader definition of successful outcomes than is currently included in government contracts for employment and skills training. Ideas of outcomes can be expanded in future LMTAs to include more than simple labour market attachment, or full-time self-employment. Benefits of training programs can also include commitments to further education, increased confidence and self-esteem, and the impact on children of seeing parents succeed.

For whom?

Through these programs Momentum partners with **people living on low incomes** – a group which includes both **unemployed and underemployed individuals**. We have found it particularly effective to adopt a broad definition of eligibility, which has extended our reach to include:

1. Individuals who have limited attachment to the labour market and are not eligible for EI, but do qualify for Learner Benefits funding through Alberta’s Income Support Program;
2. Individuals with active EI claims or who are eligible for EI Reachback; and
3. Individuals who are working at survival jobs and who quit those jobs to train for a career occupation (these individuals become eligible for skills training by receiving a Counsel to Leave exemption, which enables them to quit their jobs and still be eligible for government-funded skills training).

Future LMTAs must ensure that employment and skills training programs and services are available to each of the three groups outlined above.

Q2. Are current employment and skills training programs flexible enough to respond to the needs of a diverse workforce, e.g. vulnerable workers, youth, Indigenous Peoples, recent immigrants and others who need particular support? If yes, what in particular is working best, or how can these groups best be supported?

More needs to be done to ensure that the funding allocated through Labour Market Transfer Agreements supports training opportunities for unemployed and underemployed Canadians, particularly those who experience barriers to employment and who are under-represented in the workforce. In addition, Momentum understands the particular barriers and under-representation that women experience, and would have liked to have seen women named among the groups mentioned in Q2. The following changes would better address the needs of a diverse workforce:

1. Amend the Canada Job Fund Agreements and dismantle the Canada Job Grant program

The replacement of the Labour Market Agreements (LMAs) with the Canada Job Fund Agreements (CJFAs) shifted focus away from skills training opportunities for vulnerable Canadians in favour of those already employed. The inflexibility of the Canada Job Grant program in particular has resulted in low access by vulnerable populations, essentially rendering it an upskilling program. Not surprisingly, a key finding presented in the Year Two Review of the CJG was that most of the Grant money has supported participants who were already employed.¹ In

¹ Goss Gilroy Inc, “Canada Job Grant Year 2 Review,” prepared for Forum of Labour Market Ministers, 2016: iv. <http://www.flmm-fmmt.ca/CMFiles/CJG%20Year%20Two%20Review%20Final%20Report%20EN.pdf>

Alberta between October 2014 and August 2015, only 1% of the participants were unemployed prior to the training received.²

Many provinces and territories also noted that funding previously dedicated to programming for populations now under-served by the Canada Job Grant had been diverted to the Grant upon its introduction.³ Federal investments through the former LMAs used to account for a significant portion of provincial employment and training budgets; however, with the CJG 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 CJG at a rate of roughly \$8.5 million per year, a total of \$34 million in funding will be re-profiled by 2018.

The impact of this shift in funds to the CJG has been significant in Alberta. Last year, Requests for Proposals for Integrated Skills Training by the Ministry of Human Services – Calgary Region fell from 300 spots three years ago to 210 spots in 2015 – a decrease of 30%.

The Calgary Catholic Immigration Society (CCIS), which offers integrated training and bridging programs to newcomers to Southern Alberta, has a success rate of 88% for participants. In response to a recent funding application, CCIS was granted only one-year extensions (rather than the three-year renewals) for Electrician and Engineering Upgrading programs, which are the organization's longest-running and highest-achieving bridging programs.

Momentum also has experienced first-hand the impact of these changes. In the first year of the Canada Job Grant, Momentum was notified by the Government of Alberta that its 20-year-old, highly successful Self Employment training program⁴ would likely not be renewed due to funding constraints. In addition, Momentum was informed that the funded spots in its Trades Training program would be reduced by 25%. This notice was highly concerning to Momentum, particularly given the potential of further reductions to this type of training as funding requirements to the Canada Job Grant program increased (from 15% of the federal transfer in the first year of the Agreement to 60% by the 4th year).

Momentum is pleased with the initiative taken by the federal government to amend the Labour Market Transfer Agreements. This is a positive first step. **Ultimately, however, we would recommend that the Canada Job Grant program be dismantled. In the interim, we urge the government to work with the provinces and territories to incorporate the following into amendments:**

- i. Increased flexibility so that provinces and territories can use funding to design and support programs that work best given their unique needs and context.
- ii. Remove funding targets (i.e. the mandated percentage of transfer dollars to be allocated to the CJG program each year), so that provinces and territories are able to allocate transfer dollars to a wider range of programs, including self-employment programs. Self-employment training is becoming increasingly important in our shifting economy, but does not fit well under the current CJG program structure.

² Ibid, 46.

³ Ibid, iv.

⁴ An economic evaluation of Momentum's Self Employment Program conducted in 2014 by two University of Calgary professors demonstrated that for every \$1 invested by government, \$7 was returned to the community. The Internal Rate of Return of the income gains of the participants in the Self-Employment program was greater than the income gains of university or college graduates. For more information, please see Momentum's brief [Business Training: A Great Return on Investment](#).

- iii. Include targets for a C/JG dollars accessed by unemployed individuals to prevent the Grant from being used solely as an upskilling fund.
- iv. Include targets for women, given the gender imbalance in the selection of trainees reported in Alberta (63% of training investments going to male employees).
- v. Shift intention and design from employer-driven to employer-involved training, as described below.
- vi. Revisit the purpose of the Canada Job Fund Agreements so that the original policy objectives of the Labour Market Agreements are restored.

2. Expand Employment Insurance (EI) eligibility

By expanding EI eligibility, the federal government would ensure that more Canadians receive access to skills and employment training opportunities under the Labour Market Development Agreements (LMDAs), which represent \$2.1 billion in annual funding. This could include better access to EI for part-time workers.

Q3: Are all Canadians, in particular jobseekers and potential jobseekers, aware of and able to access appropriate employment and training programs to find and/or keep a job? If yes, what in particular is working best? If not, who and why?

Momentum was pleased to see the federal government invest an additional \$125 million in the LMDAs and \$50 million in the Canada Job Fund Agreements in its 2016 budget. This funding is important given the high level of demand for employment and skills training opportunities. Presently, demand for skills training far exceeds supply, and as a result many eligible Canadians committed to building their skills and increasing their income (and taxes paid) are turned away from training opportunities. Momentum currently receives between 175 and 400 applications for each of its integrated occupational skills training programs, which can accommodate 15 participants. In 2015, over 400 individuals who met the basic program eligibility requirements for Momentum's skills training programs were turned away due to limited funded spaces.

To support this demand and to improve access, we recommend:

1. An increase in funding through the Labour Market Transfer Agreements for skills training opportunities as well as career and employment services to support all Canadians.
2. An adjustment to the funding allocation formula that directs federal transfers to account for changes in unemployment rates. The additional funding allocated to the agreements by the federal government this year was welcome, yet insufficient given the spike in unemployment Alberta has experienced in the past few years.

An increase in funding for skills training opportunities by the federal government would reflect a forward-looking approach to labour force development, particularly in light of current economic realities in provinces such as Alberta. During times of economic downturn and increased unemployment, investments in skills training programs can ensure that more individuals are better prepared to enter the workforce once the economy recovers.

Q4: What are the employment and skills training needs that employers see as critical to address their workforce and economic objectives? What is the role of employers versus government?

The impetus for the Canada Job Grant was to ensure skills training investments were linked to labour market demand by placing the employer in charge of the training (*employer-driven training*). However, as outlined above, the C/JG program has failed to support vulnerable Canadians to train for in-demand positions. The integrated occupational training offered by

Momentum and other training providers represents a more successful model of engaging both under-represented populations, as well as employers (*employer-involved training*).

In the employer-involved model, employers partner with service providers to meet their hiring needs. Employers contribute to the selection of the specific trades offered based on industry demand; influence the timing of the training (so graduates have the best chance of getting hired); contribute input on the program's upgrading, life skills and technical training curriculum (to best meet workplace requirements); supply trade and workplace information to training participants; support participants through work experience placements and employment, and by indenturing graduates in their trade and supporting their apprenticeship; and sometimes even by providing gifts of tools to participants to support their entrance into the trades.

The role of the service provider, in addition to the roles of government and employers, needs recognition in LMTAs. Employers partner with service providers to gain access to hard working new employees with good technical and communication skills, and excellent attitudes. Moreover, employers receive substantial support from service provider staff if issues arise at the worksite with the new employee. Partnering with service providers also helps employers to promote their corporate social responsibility and meaningfully contribute to poverty reduction. The expertise of the service provider in screening applicants, supporting participants through training (including government funding, applications and reporting), and providing follow up support is what attracts employers to partner with community-based training organizations.

INNOVATE

Q5: What innovative approaches and partnerships could be used to address emerging issues and needs in the labour market?

Across Canada a number of municipalities have introduced poverty reduction strategies, the successful implementation of which relies on multi-sectoral engagement and collaboration among community (including those with lived experience of poverty), business and government. These partnerships represent a leading social innovation. The opportunity exists to leverage these existing networks and relationships, and to involve them in the development and execution of workforce strategies. In other jurisdictions, poverty reduction collaboratives with strong involvement of the business sector have been able to increase wages and benefits provided by the private sector, in addition to developing effective workforce strategies.

One of the four priorities identified in Calgary's [*Enough for All*](#) poverty reduction strategy is that everyone in Calgary has the income and assets needed to thrive. Indicators of success attached to this priority include: by 2023, Calgary will have the highest employment quality in Canada; 95% of Calgarians will be at or above a living wage; and by 2023, Indigenous workers will earn an income equal to the rest of Calgary's workforce. The Labour Market Transfer Agreements could support the work currently being done at the local level in pursuit of these priorities and outcomes. In particular, a certain pool of funding could be earmarked to support these local, multi-sectoral partnerships, and would serve to advance the goals of the labour market agreements. Currently Labour Market Partnership funds seem to be the most flexible to support this type of investment.

Q6. How could employment and skills training programs be more responsive? (e.g. changing nature of work, increasing entrepreneurship, diverse workforce)

The FLMM discussion paper includes the recognition that significant changes are impacting the Canadian economy and workforce. In response to these changes:

- Labour Market Transfer Agreements should mandate the provision of opportunities for individuals to build knowledge and skills necessary to pursue self-employment, particularly given a shifting economic context and increasing entrepreneurship.
- Provisions should also be included within the LMDAs and CJFAs to ensure that programs and employers target marginalized groups, or groups that experience barriers to labour market attachment (i.e. women, Indigenous Persons, and immigrants)
- The CJFAs should be amended to remove the percentage of the funds that are required to be directed to the Canada Job Grant.
- Labour Market Transfer Agreements should put program decision making at the local level (unlike the required funding of the federally-designed Canada Job Grant, which has limited local flexibility).

In addition, Momentum has experienced the following barriers to innovation and responsiveness in its programs funded by labour market transfers:

- Many of Momentum's government funded skills training contracts include 15% of the total contract price attached to successful 90-day or 180-day employment or self-employment outcomes. While there are some benefits associated with this contract structure, one of the drawbacks is that there is financial risk attached to innovation. Innovation requires opportunity to try out untested approaches, some of which may work, and others not. When payments are attached to successful outcomes, it limits innovation because unsuccessful innovations would result in financial loss on the contract.
- The lengthy government approvals process for changes to program design hinders Momentum's ability to remain responsive to labour market requirements. Through close partnerships with employers, Momentum seeks to stay current to changing employer demand for specific skills, which frequently involves making changes to program components or design. However, current processes require service providers to obtain government approval prior to implementing these changes, and often produce long delays.

Accordingly, we recommend that:

1. Funds are set aside for innovation in the Labour Market Transfer Agreements, and that these programs have the support to try out new approaches without being tied too early to traditional outcomes of success.
2. Government find ways to support and encourage service providers to innovate and remain responsive to changing labour market demand.

INFORM

Q9. What information do Canadians need to better understand the outcomes of investments in employment and skills training programs?

Return on Investment studies are effective tools for displaying the impact of increased employment and skills training opportunities on not only the individual who receives the training, but the community as a whole. Oftentimes, the result is not only a potential job for the individual and a better chance at financial stability, but also reduced costs to society (social assistance and health care costs) and an increase to the tax base.

Community-based trainers need opportunities to collaborate at the provincial or national level on results-related research and communications projects. For example, the training provider members of [Alberta's PCDC Network](#) have indicated interest in collaborating on a sector-wide Return on Investment study, but lack the funding to do so. At the national level, the [Canadian CED Network](#) is well-positioned to host shared measurement and/or communications of results projects. LMTAs should include funds for shared measurement and communications projects by community-based service providers.

Living Proof that Hard Work Pays Off: Trades Training Profile

When I met Hamdani Yaya I was immediately warmed by his kind smile and modest charm. He knows that he is hardworking and kind but he doesn't believe that he is very smart.

Hamdani only understood a little bit of English, math and science when he applied for Momentum's Trades Training program. He came to Momentum because he realized that, in order to get a fulfilling job, he would need to develop those skills.

Unfortunately for Hamdani, his pre-program test results showed that he needed more help than the Trades Training was designed to give, and he was turned down for the program.

After weeks of relentless persistence, he was admitted to the program with the understanding that he would be expected to keep up with the material on his own. Readily agreeing, Hamdani joined Momentum's first ever Glaziers Training program in July 2010 to pursue a career working with glass.

Knowing that he would need all the extra help he could get, Hamdani diligently attended tutoring appointments but he still felt he was having trouble keeping up. So, being the resourceful person he is, Hamdani sought out the help he needed.

Realizing that one of his classmates who seemed to have no trouble with the course work was relying on transit to get to and from class, Hamdani offered him a trade: he would provide a ride, in exchange for extra tutoring.

Hamdani's determination paid off. Not only did he complete the upgrading at Momentum, he passed the pre-apprenticeship exam at SAIT. Of his resolve he says, "all my hard work paid off because I passed the test and I got [an award for] most-improved at the [graduation] ceremony."

And the rewards continued.

While at his work placement, Hamdani quickly became known for his hard work and kindness. Always willing to go the extra mile, whether helping out on a job or offering to share his lunch, Hamdani even took it upon himself to shovel the walk outside after it snowed—an effort that did not go unnoticed.

Before his placement was completed, Hamdani was offered a full-time position. He has been with his employer for over a year, has received pay increases and has coworkers requesting to work with him on projects. Not bad for someone who had to shed tears to get into the program.

Hamdani came to Momentum looking for help towards a better career, what he learned was that it is who he is that really matters: “Identifying your abilities is really about knowing and appreciating yourself and who you are and developing a stronger sense of yourself.”

Another unexpected outcome for Hamdani has him feeling like a hero to his children, “I can understand math, English and science better, and now I can help my children with their homework.”

To learn more about the Trades Training program visit: www.momentum.org

Entrepreneurs and Momentum: A winning combination

Meklet Tesfaye has combined her entrepreneurial drive with skills she learned in Momentum Business Development programs to build a thriving business.

Meklet Tesfaye is an entrepreneur through and through. Ever since she was a teenager, she’s demonstrated the fact by being courageous, optimistic and willing to take calculated risks.

For example, look at how Meklet arrived in Canada. In 2001, she said goodbye to her family in Ethiopia, and came here searching for a better life. She came alone. She didn’t speak English. She was 15.

Her aunt and uncle in Canada adopted her, and Canada has become home. She has worked and studied, married and had children, and is the owner of a new and expanding business.

It was her husband who introduced Meklet to Momentum. He has been a participant in the Owen Hart Home Owners program, the matched savings program through which he bought his and Meklet’s house.

Meklet in turn joined the Youth Fair Gains program. Also a matched savings program, it’s designed to help young people learn about money management and the value of saving for their future.

Meklet used her savings from Youth Fair Gains for education, as over 90 percent of the participants do. She took an event-planning course, and really enjoyed that work. But once she and her husband started a family, the job required too many nights away from home. She had to rethink what to do for a living. She tried working in retail part-time. It gave her the time at home that she wanted but she wasn’t able to get ahead financially.

She began to think about owning her own business. She knew that Momentum had a track record of success at training entrepreneurs, so in September 2014, she approached us about helping her set up a cleaning service.

She came to Momentum with no idea how to run a business, and no assets but her own entrepreneurial spirit. The classes and the weekly coaching taught her everything she needed

to know, and Momentum's Micro Business Loan program provided a \$7,500 loan to get her started.

During the six-month training, she and the facilitators refined her idea: rather than a residential maid service, her cleaning business would focus on a different market. Launched in January 2015, Solutions Cleaning Service works with builders to provide post-construction and move-in/move-out cleaning, window and carpet cleaning, and a growing list of other services.

Meklet now works regularly with 15 builders, and has eight employees. In her first year of business, she grossed \$105,000.

And she keeps coming up with new ideas. Months of working on construction sites has evolved Meklet's ambitions. She has already started Solutions Painting Service, which is busy on a huge contract, and she intends to introduce a flooring installation service. Her ultimate goal is to run her own construction company.

"With God's grace and Momentum in our lives, we wake up every day with confidence that we can support our family." – Meklet Tesfaye

Momentum nurtured Meklet's innate self-confidence and talents, and helped her value her abilities. Meklet brought her commitment, willingness to work, and fierce desire to succeed. It was a winning combination.

To learn more about the Self-Employment program visit: www.momentum.org