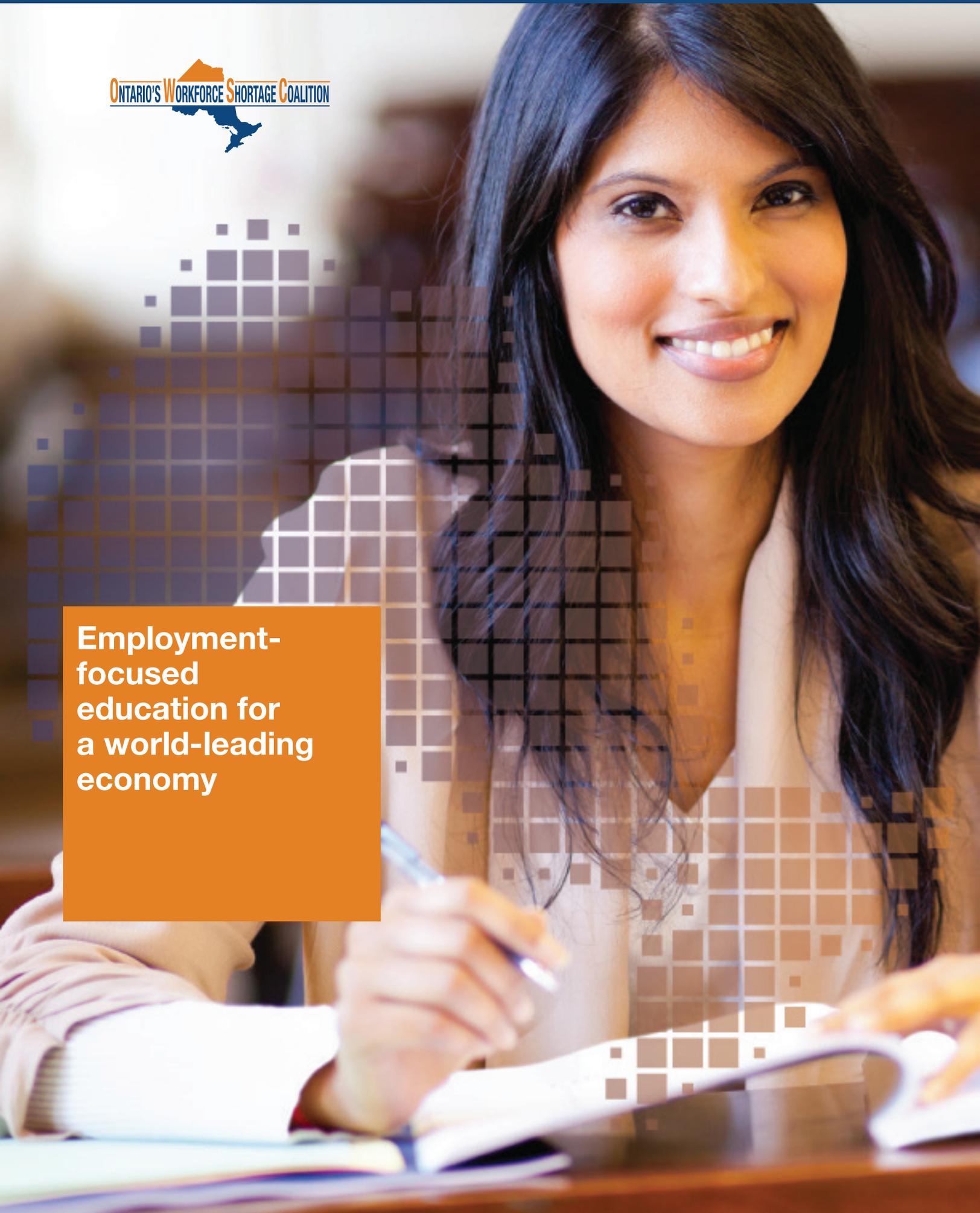




**Employment-  
focused  
education for  
a world-leading  
economy**





## Letter to Premier Kathleen Wynne

Alliance of Ontario Food Processors  
 Automotive Parts Manufacturers' Association  
 Canadian Manufacturers & Exporters  
 Canadian Restaurant and Foodservices Association  
 Certified General Accountants of Ontario  
 College Student Alliance  
 Colleges Ontario  
 Council of Ontario Construction Associations  
 Electricity Distributors Association  
 Greater Toronto Hotel Association  
 Ontario Aerospace Council  
 Ontario Chamber of Commerce  
 Ontario Environment Industry Association  
 Ontario General Contractors Association  
 Ontario Marine Operators Association  
 Ontario Mining Association  
 Ontario Restaurant Hotel & Motel Association  
 Ontario Tourism Council  
 Power Workers' Union  
 Retail Council of Canada  
 Skills Canada–Ontario  
 The Ontario Association of Certified Engineering  
 Technicians and Technologists (OACETT)  
 Toronto Financial Services Alliance  
 Trees Ontario

Ontario's Workforce Shortage Coalition, formed in 2007, represents more than 100,000 employers and millions of employees. It has held regular consultations to obtain the views of employers, students, unions, educators and government. It has commissioned analyses and reports and has developed recommendations for action by government, employers and educators. It has also met with government to discuss the importance of the skills shortage and to explore solutions.

The skills shortage challenge is as relevant today as it was in 2007. A recent study by the Conference Board of Canada estimates that Ontario's skills mismatch costs its economy up to \$24.3 billion in foregone GDP and \$3.7 billion in provincial tax revenues annually. It states that skills gaps are projected to become worse without action to address them.

Ontario's Workforce Shortage Coalition commends you for confirming in your government's first throne speech that:

"...At the heart of this will be your new government's action on job creation, which will draw on the belief that an educated, skilled and diverse workforce is Ontario's greatest strength.

"Your government looks to strengthen the earning potential of all men and women of this province - whether they live in cities or small towns, the north or the south - and enable everyone to have a good job and a secure paycheque.

"It will empower its industries to expand and its individual citizens to excel."

The coalition also supports the Ontario Youth Jobs Strategy programs identified for action by your government's first budget as vital steps in addressing Ontario's skills gaps. Even so, Ontario needs a sustained, concerted effort by employers, students, unions, educators and government to ensure Ontario has world-leading, employer-focused education for a world-leading economy.

The skills mismatch is too important to be addressed on an intermittent basis. We respectfully submit our recommendations for actions to be taken over the next year and in the 2014 Ontario Budget.



## Report from Closing the Skills Gap

Recently, Canadian Manufacturers & Exporters, Colleges Ontario and the Ontario Chamber of Commerce invited senior leaders representing businesses, students, unions, educators and government to an invitation-only symposium called Closing the Skills Gap.

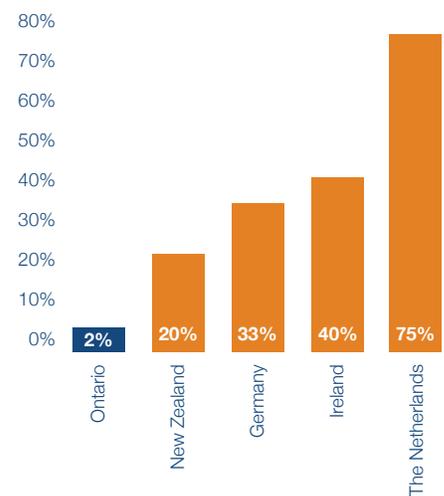
It addressed the skills mismatch and its impact on unemployment and the province's economy. It also featured the public release of a Conference Board of Canada report, *The Cost of Ontario's Skills Gap*, on the economic impact of the skills mismatch and employers' expectations about the challenges ahead.

The clear message, from speakers and in the feedback from attendees, was that Ontario must renew its efforts to maintain its competitive edge with a workforce recognized for its exceptional skills.

Specific goals that were widely shared among participants include the following:

- Create a culture of pride in employment-focused education and in all careers that support a prosperous, productive economy.
- Adopt a comprehensive, streamlined, client-centred workforce training model to ensure that all Ontarians can acquire the skills they need to compete in a dynamic, knowledge-focused labour market. Ontario's workforce training strategy must provide workers with opportunities to upgrade their skills through all stages of their careers.
- Ensure post-secondary graduates in applied programs of study have credentials that recognize their world-leading competencies.
- Encourage more effective credit transfers across the post-secondary sector to reduce student and government costs while addressing skills gaps more quickly and effectively.
- Reach out to non-traditional students, such as Aboriginal Peoples, with an integrated, stable, and adequately resourced framework for funding appropriate programs and services.
- Develop an immigrant selection strategy linked to labour-market objectives, and improve recognition of newcomer credentials.
- Accelerate improvements to the regulatory and fiscal framework for applied education to meet the real-time demands of an advanced economy.

### Ontario's share of baccalaureate degrees awarded by colleges is far below international leaders



Source: Dr. Michael Skolnik, professor emeritus, Ontario Institute for Studies in Education, and former William G. Davis Chair in Community College Leadership.



## Goals for Ontario: World-leading applied education and skills

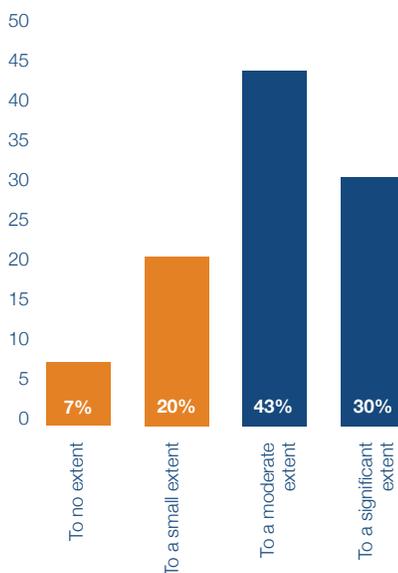
Applied education and a focus on entrepreneurship across the economy are Ontario's essential strategic advantage as manufacturing, resources, the financial sector, energy, tourism, etc. maintain and build their positions as world-leading sectors. Their customers (frequently world-leading businesses themselves) require them to have a workforce with outcome-based and recognized credentials as an essential element of their assured quality commitments. Since the benefits to international leadership are growing, Ontario must take action to maintain a superior workforce based on employer-focused applied education.

To create a culture of pride in employment-focused education and in entrepreneurship that will lead to all employees having the skills to function effectively in Ontario's dynamic, skills-based economy, Ontario's Workforce Shortage Coalition recommends that the government adopt the following skills goals:

- All high school students should have the opportunity to engage in applied technical, business and/or entrepreneurship education, with direct exposure to workplace environments and applied post-secondary programs, including apprenticeships.
- All teachers should complete a training module enabling them to understand and communicate to students the opportunities that employment-focused education offers students in the modern entrepreneurial economy.
- Seventy per cent of apprentices should complete their programs.
- Thirty-five per cent of employees should participate in training each year, including apprenticeship and essential workplace skills.
- There should be a substantial increase in the number of individuals from underrepresented groups with post-secondary credentials.

The government should annually report publicly on its success in achieving these goals in a manner that is similar to its publication of high school completion statistics.

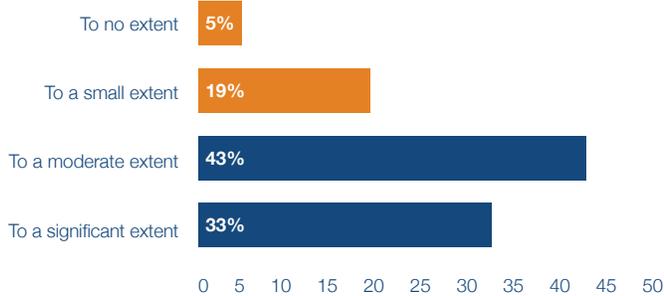
### EXPERIENCE: 73% of employers report skills requirements have increased over the past decade



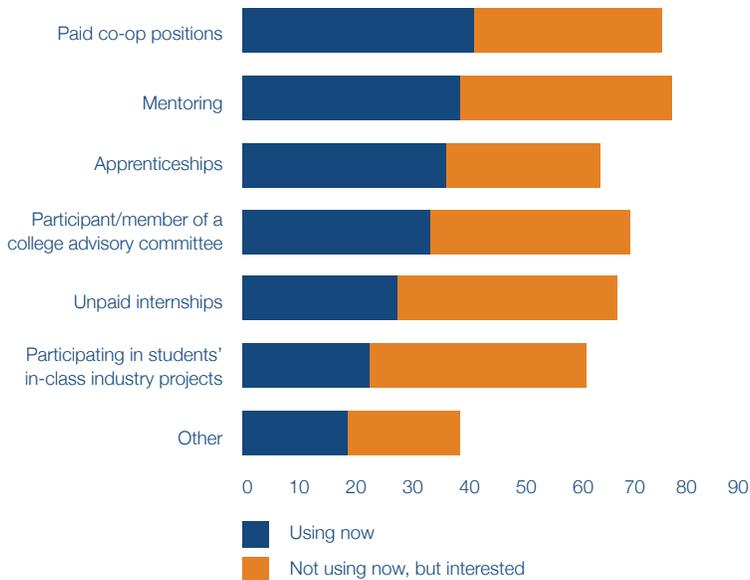
Source:



**EXPECTATION: 76% of employers anticipate skills requirements will increase over the coming decade**



**ACTION TAKEN: 76% of employers use at least one kind of experiential learning strategy**



**“A college education in engineering and applied science technology opens the door to a mean salary of \$73,520, and total cash compensation of \$80,919 annually, for a typical engineering technology professional in Ontario... (OACETT) certification [results in] a \$10,000 compensation premium over a 30-year career.”**

GSTS Consulting Services

Source:  
 The Conference Board of Canada

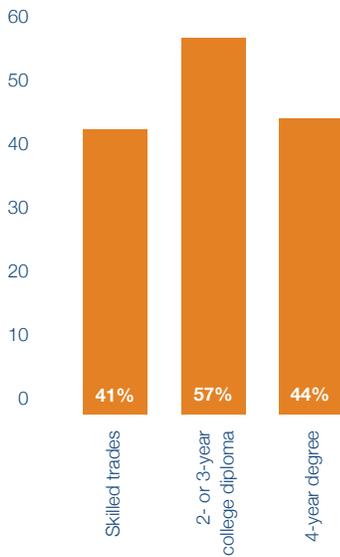


## Goals for Ontario: From world-leading skills to a world-leading economy

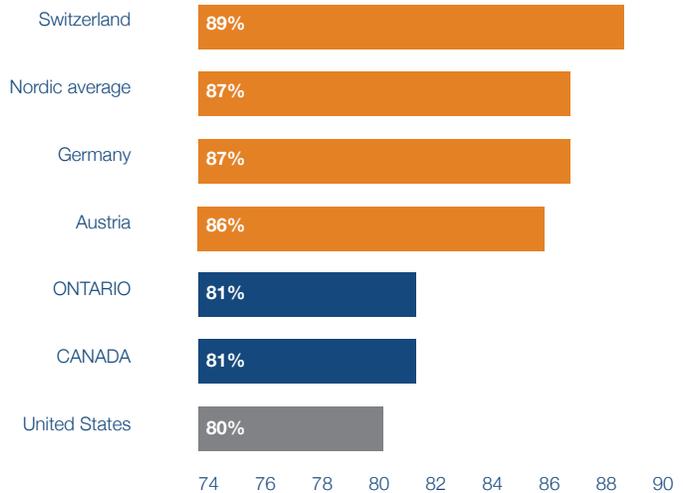
Ontario should adopt and annually report on the following employment goals:

- The Ontario employment rate<sup>1</sup> for adults with post-secondary credentials should rise to 87 per cent by 2020 – i.e., similar to a wide range of northern European countries.
- The employment rate for underrepresented groups (disabled, aboriginals, recent immigrants) should each increase by a minimum of five percentage points by 2020.
- The Ontario Provincial Nominee Program should expand to 5,000 by 2015 and to 20,000 by 2020, to address regionally significant occupational shortages.

### Employers require college graduates to address the skills mismatch



### Ontario has a far lower share of post-secondary graduates working than countries with more effective employment-focused education<sup>2</sup>



Source: OECD Education at a Glance 2012, Table A7, 1b. (web only), Employment rates by educational attainment (2010)

<sup>1</sup> The 'adult employment rate' is the number of employed age 25-64 with post-secondary education credentials divided by the population age 25-64 with post-secondary education credentials.

<sup>2</sup> Number of 25-64 year-old post-secondary graduates in employment as a percentage of the population aged 25 to 64.



## The Wynne government economic platform centrepiece: Applied education and careers

Ontario's Workforce Shortage Coalition is encouraged that Premier Kathleen Wynne and the government will work with stakeholders to address the skills gap.

The coalition recommends that:

- The premier direct the Minister of Training, Colleges and Universities and the Minister of Economic Development, Trade and Employment to establish an inter-ministerial process that will publicly report in fall 2014 on opportunities to address Ontario's skills mismatch. Those opportunities would be designed to increase employment, productivity and Ontario's economic prospects. The report will also make recommendations to create a culture of pride in employment-focused education and in all careers, including entrepreneurship and skilled trades, that support a prosperous, productive economy, and the actions ministries can take to act on any policy or program gaps.
- Contributing ministries would be asked to meet with relevant stakeholders to assist in preparing their sections of the report. The government's participation would include:
  - Ministries with responsibility related to private sector well-being across the economy.
  - The ministries of Education, Aboriginal Affairs, Labour (WSIB) and Community and Social Services.
  - Ministries with regulatory responsibilities that can impact on expansion of industries relying on employees with applied education.
- The Ministry of Economic Development, Trade and Employment should develop a communications plan to better inform owners of small- and medium-sized enterprises (SMEs) about the advantages of hiring apprentices, co-op students and new employees, including the availability of provincial and federal incentives.
- The Ministry of Labour should develop a plan to better inform students and employers about their rights and responsibilities under the Employment Standards Act regarding unpaid interns.

**“We need to make sure that we are providing training programs in the areas where there actually are jobs.”**

Premier Kathleen Wynne,  
The Toronto Star, May 24, 2013



**“Building on Ontario’s human capital advantage requires the government to create a culture of lifelong learning that is focused on the skills demanded in today’s marketplace. This renewed education environment needs to view business and management skills as equally important as traditional classroom skills.”**

Ontario Chamber of Commerce

The coalition further recommends that:

- The Ministry of Education should help create a culture of pride in employment-focused education and in all careers that support a prosperous, productive economy. It should introduce curriculum modifications to ensure that:
  - All high school students have the opportunity to engage in applied technical education, business education, and entrepreneurship studies, with direct exposure to workplace environments and applied post-secondary programs, including the skilled trades.
  - All teacher and guidance counsellor training programs include a module describing the opportunities employment-focused education offer students in the modern economy, and describing the techniques teachers and guidance counsellors can use to provide students and parents with relevant information.
- The Ministry of Training, Colleges and Universities should:
  - Remove the regulatory barriers prohibiting and/or delaying colleges from taking full responsibility (as is the case for universities) for offering three-year degrees and four-year honours degrees in applied subjects that meet a strong market test: competencies demanded by local employers and students, and overarching, regularly audited quality standards as set by the province and relevant national and international bodies.
  - Encourage more effective credit transfers across the post-secondary sector, to reduce student and government costs while addressing skills gaps more quickly and effectively.
  - Delegate full operational responsibility, including block funding, to apprenticeship trainers to enable them to market to and register employers and students.
  - Set a target rate of 70 per cent for apprenticeship completion, annually publish progress and implement initiatives designed to eliminate any shortfall.
- The Ontario government should request the federal government credit SME expenditures on training against Employment Insurance payments.



- The Ontario government should help meet the needs of employers where skills mismatches threaten economic growth and prosperity but cannot quickly be addressed in current labour markets. It should negotiate with the federal government an immediate increase of the provincial nominee program to 5,000 annually.
- The Ontario government, together with other provinces and the federal government, should negotiate the Canada Job Grant (CJG) program to ensure that:
  - There are appropriate overall investments in skills development programs to address the skills mismatch.
  - New funding programs to promote skills development serve and support the vulnerable members of the population currently targeted under the existing Labour Market Agreement (LMA).
  - People are acquiring transferrable skills and credentials that are broadly recognized in the labour market. The training duration should be long enough so individuals have sufficient time to complete a recognized credential.
  - New training programs, including the CJG, are first implemented as pilots, and should not displace existing initiatives that are meeting critical training needs identified by the province. Upon completion of each pilot, comprehensive evaluations must be conducted to demonstrate efficacy before further investment and expansion occurs.
  - SMEs, as well as northern and rural businesses, are able to access training programs.
  - Federal labour-market agreement funds will continue.
  - There are no additional training costs for provincial governments.
- All governments should collaborate across ministries and jurisdictions and with employers to develop more reliable labor market data to ensure accurate and timely anticipation of and response to emerging skills shortages.

### According to recent polling by Navigator Ltd.:

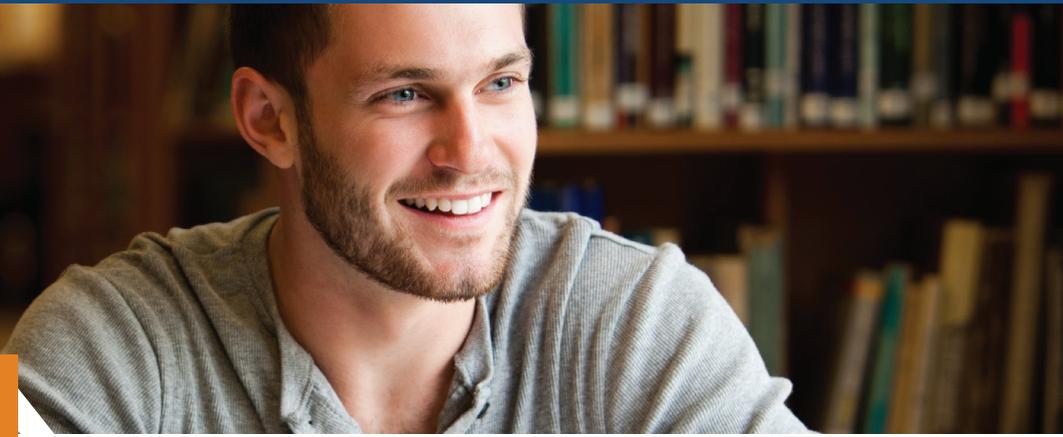
Sixty-six per cent of the general public and 58 per cent of employers say the main purpose of post-secondary education is to teach specific skills and knowledge that can be used in the workplace.

When looking at three-year college programs, 69 per cent of the general public and 74 per cent of employers prefer degree programs over diplomas.

## The centrepiece of the 2014 Ontario Budget: Applied education and careers

**“In 2012, Ontario industry investments in machinery and equipment averaged \$5,267 per full-time employee equivalent. By contrast, Ontario colleges managed to invest only \$69.28 per full-time student equivalent—merely 1.3 per cent of the spending by Ontario industry. Ontario college students do not have enough access to the equipment and technology that constitute key elements of industry-relevant experiential learning.”**

The Conference Board of Canada



The 2014 Ontario Budget should take action in five major areas to assure applied education continues to provide an essential Ontario strategic advantage:

### **Creating a culture of pride in pursuing applied careers across key sectors of the economy**

**ANNOUNCE (5 years, \$2 million annually):** Co-funding (1:1 – cash or in-kind) for Ontario’s Workforce Shortage Coalition employer organizations to augment the high school- and parent-used Ontario College Application Service (OCAS) portal with integrated and co-ordinated multimedia information about today’s applied careers in the private sector, based on individual association campaigns.

This effort would include pilot projects enabling high school students to visit employer (e.g., manufacturing) facilities to learn about applied career opportunities and, from colleges, about the credentials they need.

It would also pilot short-duration informational campaigns focused on guidance counsellors and/or parents designed to assess how targeted information can impact either guidance counsellor or parent support for employment-focused education.

### **Building pride in career opportunities in rural and northern Ontario communities**

**ANNOUNCE (5 years, \$5 million annually):** A program to fund community-industry-college applied education projects that act as catalysts to implement customized local solutions to skills mismatch concerns. These projects would build enthusiasm to pursue careers in northern and rural Ontario by:

- Reaching out to more underrepresented groups such as aboriginal students, students with disabilities, and new Canadians.
- Encouraging more students to learn entrepreneurship skills relevant both to startups and to existing employers.
- Providing the advanced training needed by newcomers to entice them to work and live in rural and northern Ontario.
- Strengthening employee lifelong learning.



### Adapting to a changing workplace through advanced skills infrastructure

**ANNOUNCE (5 years, \$10 million annually):** A \$50-million, five-year fund to co-invest (1:1 – cash or in-kind) with industry in startup funding for new or substantially modernized post-secondary skills training programs that industry judges as critical to its competitive position and key to attracting investment and retaining jobs.

### Addressing the skilled trades shortage through apprenticeship retention and completion

**EXPAND:** The Apprenticeship Training Tax Credit to apprenticeship programs supporting the hospitality sector.

**ANNOUNCE (5 years, \$5 million annually):** Funding to apprenticeship trainers to expand pre-apprenticeship and co-op/diploma programs, with a strong focus on underrepresented groups (e.g., Aboriginal Peoples and women) and fund immediate access to each new apprentice to upgrade language, mathematics and other essential competencies prior to taking the in-school portion of the apprenticeship.

### Enhancing employment prospects for skilled older workers

**ANNOUNCE (\$2 million over 5 years):** Co-funding (1:1 – cash or in-kind) to address workforce planning pilot projects by employer/post-secondary consortia that support the mobility of older skilled workers (either within or between industries) through:

- Establishing core competencies (e.g., technical, process improvement and operational efficiency, product development, management, sales and international business) for jobs critical to employer groups to allow for more efficient training, greater workforce mobility and streamlined hiring processes.
- Developing best practices through pilot projects to help employers become more inclusive by accommodating the needs of new hires and underrepresented groups such as aboriginals, mature employees, and return-to-work employees.

**“The skills gap costs the Ontario economy up to \$24.3 billion in foregone GDP – as well as \$4.4 billion in federal tax revenues and \$3.7 billion in provincial tax revenues – annually.”**

The Conference Board of Canada

**“Programs and services for students at risk increase graduation rates by an estimated 35 percentage points among students at risk ... The return on investment to government is estimated at 14%, including a significant reduction in social assistance costs. Graduates enjoy an internal rate of return of 11% on the investment of time and money to attend college.”**

Deloitte



[www.workforcecoalition.ca](http://www.workforcecoalition.ca)