

GETTING ALBERTANS BACK TO WORK

Improving the use of Canada Alberta Job Grant Funds

Executive Summary

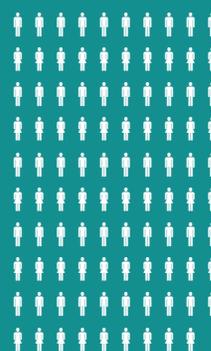
As the Government of Alberta implements its **Blueprint for Jobs**, it should prioritize policies and programs that support unemployed Albertans who need training to seek out new opportunities. The priority on those struggling to get jobs is even more critical due to the serious threats to Alberta's economy posed by the COVID-19 pandemic and depressed global oil and gas prices.

The Canada-Alberta Job Grant (CAJG) was originally designed to increase Albertans' participation in the workforce, and to encourage employer investment in training for new and current employees.

Although unemployed and underemployed Albertans are eligible beneficiaries of employer-directed training through the CAJG, over 99% of the \$17.3 million in funding in 2018–2019 was used to support those already working.¹ Employers have generally used the CAJG to fund professional development of their existing employees, not to invest in new hires. Now more than five years old, the CAJG has failed to meet these goals and is due for a redesign.

Canada Alberta Job Grant Beneficiaries

Employed - 99%



Unemployed - 1%



Issues with Canada Alberta Job Grant

- ❌ Not increasing labour market participation of unemployed individuals
- ❌ Not targeting skills shortages or known skills gaps
- ❌ Not improving employment situation of grant recipients or supporting underemployed individuals
- ❌ Diverting funding from more effective work-integrated training programs

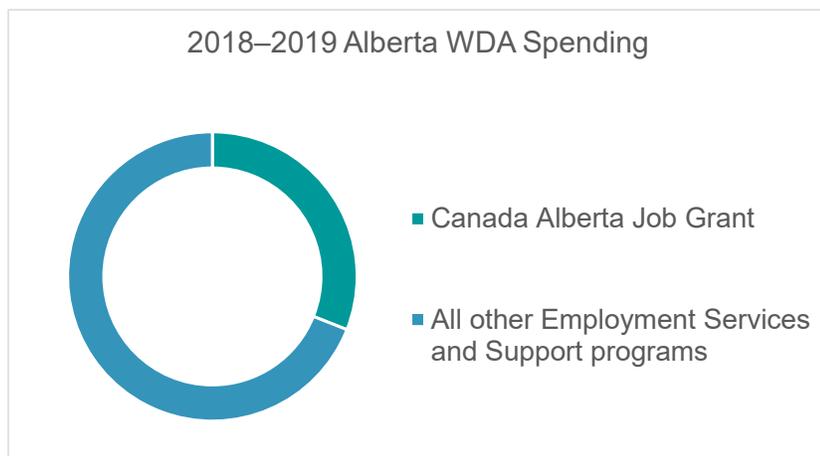
Opportunities to maximize Workforce Development Funding:

- ✅ Advance Alberta's economic priorities and get unemployed Albertans back to work
- ✅ Support underemployed immigrants and other Albertans to get better jobs
- ✅ Increase economic participation of underrepresented groups and those further from the labour market (immigrants, women, Indigenous persons, persons with disabilities), long-term unemployed)
- ✅ Target lower-skilled workers

This brief outlines several opportunities to address recent disruptions to the labour market by redesigning the CAJG and/or redirecting additional CAJG funds towards other training programs with better employment outcomes.

Background

The CAJG is funded by the federal government through the Canada-Alberta Workforce Development Agreement (WDA). The flexibility introduced in the 2018 WDA empowers the Government of Alberta to advance the Province's priority of getting Albertans back to work.



The federal government allocated \$91 million to Alberta through the WDA in 2018–19, which was distributed across four provincial ministries. After accounting for costs to the government for program administration, 31% of WDA funding went to the Canada-Alberta Job Grant alone. The remainder was shared by over a dozen Employment

Services and Support programs in Advanced Education, Community and Social Services, Labour and Immigration, and Indigenous Relations.²

The Government of Alberta took an important first step in the 2020–21 budget by reprofiling over \$6 million from the program budget that included the CAJG to other Workforce Strategies programs. A further review of the policy goals and design of the CAJG is needed to ensure these investments are creating opportunities for people who experience barriers to employment, as well as those most affected by the recent overlapping economic crises and job losses —specifically youth, women, recent immigrants and others relying on low-waged and/or temporary work.

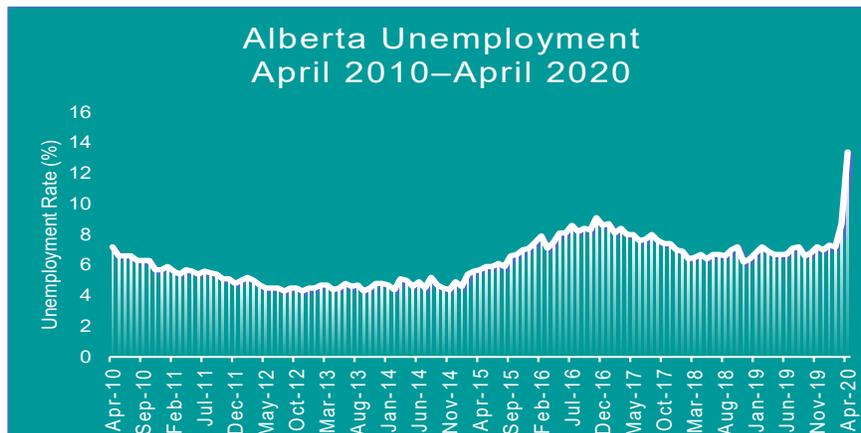
Key Issues

The CAJG is failing to support unemployed Albertans

Alberta has experienced stubbornly high unemployment rates in recent years despite its slow and steady decline since reaching a peak of 9.1% in November 2016. The CAJG was designed to increase Albertans' participation in the workforce, and to encourage employers to invest in training for new and current employees. Since its inception however, 98–99% of CAJG funding has been used to support those already working.

Even before the massive disruption to our economy brought by the COVID-19 health pandemic and the most recent crash of oil and gas prices, the decrease in unemployment was threatened as employers sought efficiencies through automation, and as provincial and municipal governments applied fiscal restraint to the public sector.

While the most recent statistics show an evening out of COVID-19-related employment loss between men and women,³ the sharp decline in women's employment seen in March 2020, and the anticipated pandemic-related barriers to job recovery in women-dominated occupations indicate a need to expand employment training opportunities beyond the traditionally male-dominated occupations prioritized in the Blueprint for Jobs.



The unprecedented shocks that have hit Alberta's economy in 2020 will have long-term effects on local labour markets across the province. As companies large and small work to adapt, what they need from the workforce is likely to change. The CAJG can be an important tool to ensure new and returning employees have the skills needed to support this transition.

The CAJG is not addressing occupational shortages and skills gaps

The current Workforce Development Agreement provides the Government of Alberta greater flexibility to alter the design of the CAJG, to adjust the amount of funding directed to it, or even to discontinue the program altogether. We now have the opportunity to create an Alberta-made approach to workforce development and to invest in programs proven to support both employers facing a skills gap for the jobs they'll need to fill as we rebuild our economy, and unemployed Albertans and those with barriers to employment who are looking for good jobs. Other provinces have redesigned their workforce development investments and Canada Job Grant programs to better meet their priority employment outcomes. It is time for Alberta to do the same.

Diverting funds from effective programs

The CAJG has failed to increase labour market attachment for under-represented groups,⁴ despite being funded through agreements with the federal government that prioritize this outcome.⁵ Work-integrated training, specifically for low-skilled and vulnerable individuals, is a proven workforce development strategy, but allocations to these vital programs are struggling to keep up with demand. Since the WDA no longer requires Alberta to invest in the Canada-Alberta Job Grant, the Province can direct these funds towards other training programs with better employment outcomes such as work-integrated training.

Opportunity 1: Redesign CAJG program to advance Alberta's economic priorities

Get unemployed Albertans back to work

Alberta is one of only a few provinces that provides more generous grant funding to employers seeking to train new hires – covering up to 100% of training costs to a maximum of \$15,000 per trainee, compared to covering 67% of training costs up to \$10,000 for current employees. Unfortunately, this has not had the intended impact of employers accessing the CAJG to train new employees.

The Government of British Columbia took advantage of the greater flexibility in their WDA to overhaul the previous job grant program and create the **B.C. Employer Training Grant (ETG)** with four distinct funding streams. The Workforce Training Stream addresses demand for management, business and soft skills (the kind of professional development training sought by 47% of CAJG participants in 2018–19). However, only 60% of eligible training costs, up to a maximum of \$5,000 per participant, is provided by the B.C. government.

The Government of Alberta could encourage more employers to access the CAJG to fill job vacancies. One option could be to decrease the portion and/or the maximum amount of training costs covered by CAJG to train current employees. Another could be to allocate 100% of CAJG funding to training opportunities for new hires, or to rehire former employees into roles that have been adapted to respond to the COVID-19 pandemic.

Advance Alberta's economic priorities

Currently, employer applications for the CAJG are assessed and approved on a first-come-first-served basis; there is no priority or preference given to support specific sectors or regions, or to target occupational shortages and known skills gaps. In a 2018 survey of 382 Alberta employers in key economic sectors, The Conference Board of Canada heard that employers would face reduced productivity, inconsistent or lower quality of their products and services, lower profitability, and the loss of new opportunities if they are unable to meet their skills needs.⁶

The **Government of Ontario uses a tiered process** to evaluate and approve employer applications for the Canada Ontario Job Grant (COJG) according to the strategic priorities of the Ministry of Training, Colleges and Universities.⁷ Tier 1 applications are funded first, followed by Tier 2. Budget permitting, Tier 3 applications are reviewed and approved.

Canada Ontario Job Grant Priorities

Tier 1: Training that will lead to a new or better job for a new or current employee and is the first approved application for the employer in the last 6 months.

Tier 2: Training that will lead to a new or better job for a current employee who will not receive a wage increase or change in position or is from an employer that has had an application approved in the previous 6 months.

Tier 3: Training that costs less than \$500 and is under one week in duration that supports incumbent employees or that the employee is required to have due to legislation, regulation, or policy.

The COJG also signals a priority for funding small businesses by covering 83% of training costs of current employees at companies with fewer than 100 employees, and 50% for employers with 100 or more employees. As in Alberta, training costs for new hires are covered at 100% up to a maximum of \$15,000 but only for small businesses.

The Government of Alberta could set up priority funding tiers to evaluate and approve employer applications based on available labour market information and other strategic workforce development priorities.

Support underemployed immigrants and other Albertans to get better jobs

The three target populations defined in the WDA that funds the CAJG program include unemployed workers seeking training to obtain a job, underemployed people seeking training for a better job, and current employees seeking training for a better job. Alberta has a significant underemployment issue. Immigrants and other Albertans often work in jobs below their training and potential, yet most recipients of the CAJG do not obtain a job or get a better job because of the grant.

The Government of Alberta has worked to address underemployment among immigrants with the Fair Registration Practices Act. Assuring greater speed and certainty for immigrants seeking to have their credentials recognized is a welcome response to a long-standing issue however, not all immigrants come to Alberta with professional training and find themselves stuck in "survival jobs". A tiered application assessment as described above could also prioritize grant applications that will train underemployed individuals to get better jobs.

Increase economic participation of underrepresented groups

From an economic standpoint, investing in labour market inclusion is sound policy. Economic growth can be stifled when segments of the workforce are underemployed or do not have equal access to education, training and jobs. According to the Conference Board of Canada's Provincial and Territorial



Ranking on Income Inequality,⁸ Alberta is home to a gender wage gap of 24.6%, which is the second highest in Canada and higher than all OECD countries other than Japan; the fourth highest immigrant wage gap in Canada at 25.9%; and the highest perceived employment discrimination of all provinces. It also notes that Albertans with disabilities earn just two-thirds of those without disabilities, while Indigenous persons earn lower average wages than all other Albertans.

The **Foundational Training stream of B.C.'s ETG** supports unemployed and low-skilled British Columbians to gain essential skills to increase their job security and obtain good-paying jobs. At the time of application, participants must be unemployed or, if they are already employed by the applicant, they must be low-skilled, working in a low-skilled occupation or working as an apprentice.

In Ontario, groups of employers can apply as an intermediary organization through the **Consortium Stream of the COJG program**. The purpose of an employer consortium is to support common training objectives for staff across their respective companies by pooling their resources. For example, a group of employers may seek to access a diverse workforce by hiring new immigrants in their community. They could apply as a consortium to contract a local training organization that specialized in preparing immigrants with the skills and cultural competencies to work successfully in Canada.

Allocating a portion of CAJG funding for individuals with low-skills and allowing groups of companies to access targeted training for people from marginalized groups are two more ways to improve the design of the CAJG program.

Opportunity 2: Redirect additional CAJG funds towards other training programs with better employment outcomes

Training that targets skills and experience gaps of marginalized workers

The CAJG has not been an effective program in reaching marginalized workers —those with barriers to employment such as low literacy and numeracy, a lack of Canadian work experience, disabilities, and frequent or long-term unemployment. In fact, most recipients of the grant have post-secondary education. The decision to redirect some WDA funding from the CAJG to other Workforce Strategies in the 2020–21 provincial budget is a good first step. An additional portion of funding from the CAJG could be redirected to programs with demonstrated success in supporting the unemployed, specifically work-integrated training programs.

The **Integrated Training program** approach used by the Government of Alberta is one model that works well to connect people with barriers to employment to the labour market. This is due to the combination of foundational learning, technical and job-specific skills training, and work experience learning with employers. Many vulnerable Albertans cannot access the training they need to get good jobs as there are currently far fewer training spots than there are eligible applicants.

As the following examples demonstrate, Integrated Training programs provide a proven pathway to good jobs for people with barriers to employment.

Centre for Newcomers – Canadian Business Essentials for Accountants (CEBA)

Since 2006, the CEBA has provided a 34-week, full-time training and work experience program to immigrant and refugee newcomers with prior training and experience from their home countries in accounting. In addition to the 12 weeks of accounting courses, the program covers business communication, Canadian workplace expectations, computer training and upgrading, and a 10-week work experience placement.

On average, the Centre for Newcomers has received 120 applications for each 16-seat class. All 16 graduates from the 2018 cohort and 15 participants from the 2019 cohort succeeded in securing employment in the accounting field within six months of completing the CEBA program. The average employment success rate over the past 14 years is over 95%.

Momentum – Tech Plus

Momentum introduced the Tech Plus program in 2019 to address the rising demand for talent in the Information and Communications Technology (ICT) sector. 37 participants across three training cohorts completed this 24-week program, working towards several certifications, including CompTIA A+, CompTIA Network +, Cloud Application Foundation, and Cloud Application Developer.

Demand for this program was high; 485 individuals applied for Tech Plus, far exceeding the number of training spots available. Within 90 days of completing the program, 84% of graduates from the first cohort were employed in the ICT field.

Calgary Catholic Immigration Society – Industrial Mechanic/Millwright Pre-Apprenticeship Training Program

To address the rising demand for industrial mechanics and millwrights, CCIS introduced this training program for newcomers in 2001 in partnership with SAIT. Over the last 18 years, 294 participants have completed the 26-week program, including safety training and SAIT training, and have registered with the Alberta Apprenticeship and Industry Training (AIT) —working toward becoming Red Seal Journeypersons.

On average, 85% of graduates are employed as apprentice industrial mechanics/millwrights within 90 days of completing the program. Hundreds more have applied for this high-demand program over the years, however, funding constraints limit the training opportunities CCIS can offer.

Alberta’s road to economic recovery likely will be long. It will take a shared commitment from all levels of government, as well as employers, training providers and post-secondary institutions to ensure all Albertans have access the opportunities they need to acquire in-demand skills, secure stable employment, and contribute to our province’s future economic prosperity.

Summary of Recommendations

1) Redesign CAJG program to advance Alberta's economic priorities:

- Allocate 100% of CAJG funding to training new hires, or to rehire former employees into roles that have been adapted in response to the COVID-19 pandemic
- Prioritize employer applications that offer training to meet Alberta's unique labour market needs and support people with barriers to employment
- Enable employers to pool their resources and seek targeted training for prospective employees from marginalized groups

2) Redirect additional CAJG funds towards other Workforce Strategies programs:

- Prioritize training programs that support people with barriers to employment
- Prioritize training programs with better employment outcomes
 - The Province's Training for Work programs provide full and part-time training opportunities for unemployed and underemployed Albertans, and include Immigrant Bridging, Integrated Training, Self-Employment, Transition to Employment Services, and Workplace Training.
 - 71.9% of individuals reported they were either employed or in further education or training after completing a Training for Work program in 2018-19.⁹

Endnotes

1 Labour and Immigration, Government of Alberta. (October 2019) Canada-Alberta Workforce Development Agreement — 2018–2019 Annual Report to Albertans. Retrieved from <https://open.alberta.ca/publications/canada-alberta-workforce-development-agreement-annual-report-to-albertans>

2 Ibid.

3 Statistics Canada (2020). Labour Force Survey. Retrieved from <https://www150.statcan.gc.ca/n1/daily-quotidien/200508/dq200508a-eng.htm>

4 Goss Gilroy Inc. (2016) Canada Job Grant Year 2 Review, Pan-Canadian Report. Retrieved from <http://www.flmm-fmmt.ca/wp-content/uploads/2016/12/CJG-Year-Two-Review-Final-Report-EN.pdf>

5 Labour and Immigration, Government of Alberta. (October 2019)

6 Kachulis, Eleni, and Matthew McKean. (2019) Building Skills Connections Series: Perspectives of Alberta Employers. Ottawa: The Conference Board of Canada. Retrieved from <https://www.conferenceboard.ca/docs/default-source/education/23091-albertaemployers-rpt.pdf>

7 Government of Ontario. (2019) Employer Overview Presentation 2019-2020 Guidelines. Retrieved from <http://www.tcu.gov.on.ca/eng/eopg/publications/cojg-deck-employer-training-2019-en.pdf>

8 Conference Board of Canada. (2017) Provincial & Territorial Rankins on Income Inequality. Retrieved from <https://www.conferenceboard.ca/hcp/provincial/society/income-inequality.aspx> Statistics on specific demographic groups can be found by selecting from the list on the right-hand side of the dashboard.

9 Labour and Immigration, Government of Alberta. (June 2019) Annual Report 2018–19. Retrieved from <https://open.alberta.ca/dataset/2545eb86-75f5-4fc9-b211-176e1ef38ac4/resource/f06c0813-eb0c-4fad-a2bc-adf87ea5d219/download/labour-annual-report-2018-2019-web.pdf>

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