

FEDERAL-PROVINCIAL LABOUR MARKET FUNDING AGREEMENTS

Service Delivery Advisory Group

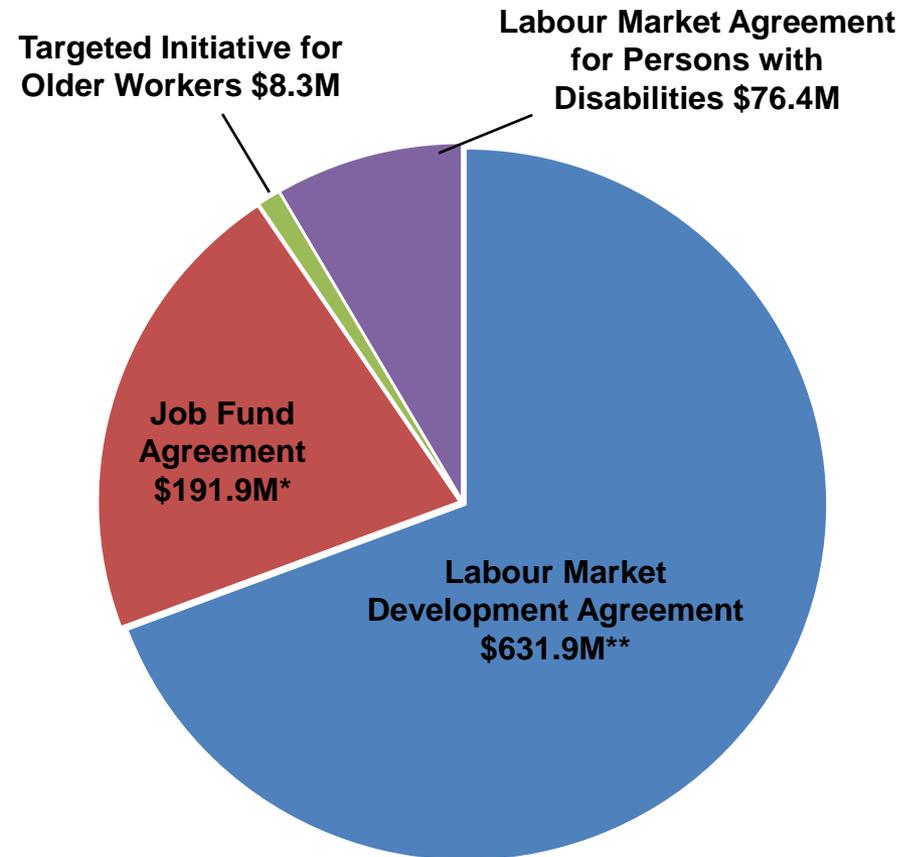
April 24, 2017

Purpose

- Provide a brief overview of the current labour market agreements
- Summarize what we heard during consultations on the labour market agreements
- Review Federal Budget 2017 commitments with respect to the labour market agreements
- Discuss next steps

Overview of the Labour Market Agreements

- Ontario receives over \$900 million in federal investments through the labour market transfer agreements.
- The agreements account for approximately 70% of Employment Ontario's expenditures.
- Each agreement includes specific terms and conditions on:
 - Program/client eligibility;
 - Accountability requirements, including annual public reporting, financial audits and program outcomes; and,
 - Periodic program evaluations.



* Through the Job Fund Agreement, Ontario can spend up to 15% on administration until 2016-17 and 10% in the remaining years.

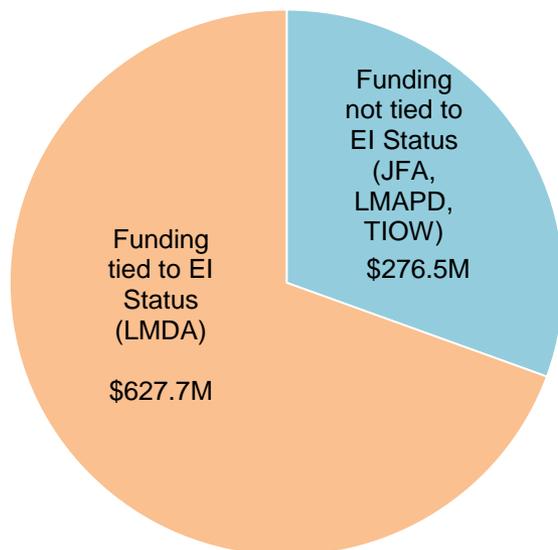
** Ontario's LMDA allocation is \$575 million in 2015-16 for programs and services and \$53 million for administration.

Key Issues with the LMDA

About 70% of federal funding for training is tied to current or recent EI recipients.

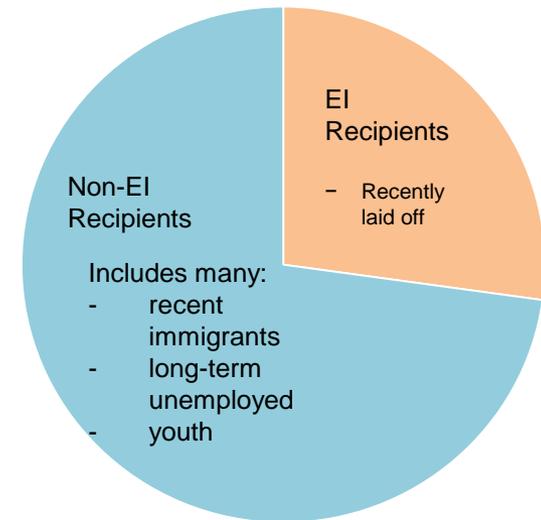
However, the most Ontarians in need of training and employment supports are not EI recipients.

Federal Funding



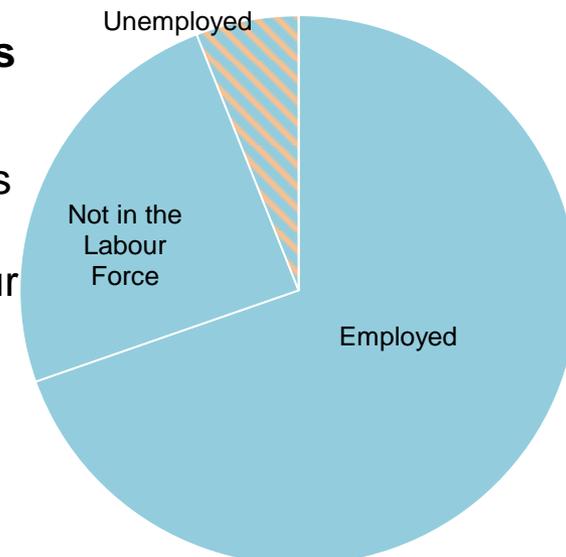
Unemployed Ontarians

Only 29% of unemployed Ontarians are eligible for EI...



Ontarians with Low Skills

... and most of the Ontarians with low skills* are either employed or not in the labour force, and therefore also not eligible for EI.



* Based on data from the Programme for the International Assessment of Adult Competencies and analysis by SRDC for SPPD in October 2015.

Consultations on the Labour Market Agreements

- In June 2016 Forum of Labour Market Ministers (FLMM) launched pan-Canadian **consultations** on the labour market transfer agreements to ensure that they are responsive to the needs of Canadians.
 - These included pan-Canadian teleconferences with stakeholders, consultations led by individual provinces and territories, and the opportunity for participants to submit written feedback.
- MAESD also **engaged with Indigenous partners** jointly on the labour market agreements and the provincial employment strategy for people with disabilities through letters to the Chiefs of Ontario (COO), and the Ontario Federation of Indigenous Friendship Centres (OFIFC), Métis Nation of Ontario (MNO) and the Ontario Native Women's Association (ONWA) inviting engagement, and a local-level roundtable with Indigenous people in North Bay.

What we Heard – National Consultations

Key themes from the pan-Canadian Consultations included:

- Labour market agreements should help develop a workforce that is educated, empowered, adaptable and productive for sustainable employment. Specifically, programs should be:
 - **Driven by labour market demand** and employer needs
 - Based on evidence and a long-term view of changing labour markets
- **EI eligibility restrictions** leave many Canadians unable to access services, including those most in need.
- There is a need for **evidenced-based practices** and robust **labour market information (LMI)**.
- A call for more investment in research **on best practices and innovation** (e.g., pilot projects).
- **Broaden performance measurement** to include intermediary and social outcomes (vs. only employment outcomes).

What we Heard – Ontario Consultations

Similar themes were heard during Ontario Consultations:

- The need for **flexibility to respond to different client groups**, local labour markets and changing economic circumstances.
- Support for **innovative initiatives**.
- Investments in key areas, including **soft skills** and **essential skills**, **work-integrated learning** for adult learners, and longer-term supports to assist job seekers to not only get jobs but sustain employment, are highly valuable.
- We also heard about the need for increased **wrap-around supports** to help job seekers participate in employment and training, including transportation, childcare and other social services.
 - This is particularly clear for those groups **furthest from the labour market** and in rural/remote areas that are also hard hit economically.

Federal Budget 2017

Federal Budget 2017 included significant announcements related to the labour market agreements:

- Consolidation of the Canada-Ontario Job fund Agreement, (JFA) the Labour Market Agreement for Persons with Disabilities (LMDAPD) and the Targeted Initiative for Older Workers (TIOW) into a single, **new Workforce Development Agreement**.
- The Labour Market Development Agreement (LMDA) will be re-negotiated. A key change signaled in the budget for the new LMDAs is the federal government's proposal to amend the *Employment Insurance Act* to **broaden eligibility for programs and services under the LMDA**.
- The federal government also committed **\$2.7B in new funding** for the labour market transfer agreements distributed over six years between two agreements:
 - \$900M nationally over six years, starting in 2017-18 for the new Workforce Development Agreements
 - \$1.8B nationally over six years, starting in 2017-18 for the Labour Market Development Agreements

Next Steps

- MAESD is currently waiting for additional information from the federal government.
- We do not expect that there will be new agreements in place before April, 2018.
- We will continue to provide updates to the Service Delivery Advisory Group in the coming months.