

House of Commons Standing Committee on Finance
Submission to the study on youth employment in Canada, March 2014



Active Labour Market Interventions:
The Youth Employment Strategy and
The Importance and Improvement of Skills Link

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Introduction

First Work welcomes the opportunity to provide input into the review of Youth Employment policy in Canada. Economic and demographic changes in Canada make this review critical to the revitalization of young Canadians' prospects for the future.

Canada's Youth Employment Strategy is the active labour market intervention designed in the 1970's and currently comprising spending of approximately \$250 million. The core of this spending is the program entitled Skills Link, an initiative that supports community-based organizations to deliver group-based employability skills and workplace experiences to marginalized youth across Canada.

Skills Link is an excellent, internationally recognized youth employment initiative whose model successfully targets and supports at-risk youth, effectively and efficiently helping them become contributing citizens within Canada's labour market. **The most important contribution Ottawa could make to youth employment in Canada would be to expand this proven program**, with investments in areas to recognize contemporary realities of youth employment and with improvement in execution of the program administration to improve its impact.

The Policy Basis for Why Skills Link Works so Well

Our assertion that the expansion of skills link is a readily available high-impact investment at the fingertips of federal decision-makers is based on the on-the-ground experience of our employment centre stakeholders across Ontario and Canada. They recognize the value of the Skills Link model and its ability to succeed for at-risk youth.

In particular, Skills Link interventions are ideally tailored to at-risk youth.

- Small and medium sized employers across Canada tell us that when a young person has good soft skills (communication, problem-solving, anger management, motivation, etc.) then employers are willing to invest in their hard skills training. The intensive "soft skills" training afforded by the Skills Link program allows the development of these skills within at-risk youth participants. This means more of them can get jobs as more employers are willing to invest in them.
- We know from long-term tracking of at-risk youth that entry-level jobs can lead to higher-skilled job training. Once an employer gets to know a young person at work, they become willing to invest in higher-skilled training for that young person. Skills Link places a great deal of emphasis on job placement (through subsidized wages and direct employer engagement) which gives at-risk young people exposure to the higher-skilled opportunities that they may never have seen before, and gives young people access to networks of decision-makers who could hire them. This regularly leads to longer term jobs and higher skilled training opportunities for youth who only months before would have been idle and unproductive.

- We know that investing in at-risk youth provides the highest rate of return for active labour market interventions. At-risk youth show the greatest room for improvement, the greatest potential for social assistance and other social services savings, and often the greatest loyalty to the supportive employer who takes the risk to hire them. Skills Link targets these youth directly with their criteria for program participation, rejecting youth who are otherwise resourceful enough to take care of themselves.

Recommendation: We strongly recommend that Skills Link remain the most important component of any renewed active youth employment approach by the Federal Government, and that the model of program delivery remain in its current form.

Recommendation: We further recommend that the federal government consider focusing a greater percentage of the Youth Employment Strategy budget on the Skills Link program.

Underinvestment in critical areas

Despite Skills Link's success, there are areas where the program currently suffers from underinvestment. The areas that need attention will demonstrate high returns and rewards in addressing contemporary issues in the labour market. The experience of at-risk youths require these investments and all political parties have shown interest in addressing them.

In particular, Skills Link requires greater investment in the following areas:

- **Mobility:** Youth must be willing to move to where the job opportunities are. Economic performance and the demand for entry-level jobs varies dramatically between regions across Canada. Opportunities for youth are lost if youth are unwilling or unable to move to take advantage of them. Skills Link currently has no mechanisms to support mobility of youth graduates. The soft skills taught in Skills Link programs are transferable to any workplace, and many of the workplace experiences gained are also transferable. Investment in a new active component that supports youth mobility will increase the employment outcomes of Skills Link participants.
- **National Promotion:** Government interventions are less successful when communities are not fully mobilized around them, or when awareness of the programs is so low. Skills Link programs do not allow for significant expenditures on communications, nor any expenditures outside of local promotion of the local programs. Wherever we go, we hear youth complaining that the federal government is not doing anything about youth employment. Surely, \$250 million can reach greater awareness levels. Regional and national communications investments are required to ensure all stakeholders, including employers, are aware of skills link program and are encouraged to get involved.
- **National Knowledge Transfer:** Related to a lack of communications investment is a lack of national networking. Skills Link sponsors, the organizations that

implement the programs, are isolated from each other. They do not share practices, some of which may be revolutionary in their increased effectiveness and impact, and some of which may benefit all at-risk youth across Canada. Without an organization or a forum through which to share, lessons are not transferred. Important, and potentially disruptive innovations may die on the vine. Our creation of the National Youth Employment Coalition is one step we have taken to address this concern. Federal support would be crucial to its long-term survival.

- **Simple, Public Reporting:** The public, politicians and other stakeholders are not aware of how the money is being spent. There are no easily accessible, public and comprehensive reports on the expenditure of Skills Link funds, the recipients of those funds, or the stakeholders benefiting from them. The only way our association was able to discover the 360 organizations taking part in our National Youth Employment Coalition, was to search the internet for separate local media releases announcing Skills Link recipients. This undermined confidence and transparency and blocks networking and sharing. Investment in this aspect of the Skills Link program is an absolute necessity.

Recommendation: For these reasons, we strongly recommend renewed investment in Skills Link in the areas of at-risk youth mobility, regional and national communications, national networking, and accessible public reporting.

Execution undermines policy goals, effectiveness and efficiency

The following are areas where the program does not succeed, despite its potential. These are areas in which the programs execution is lacking. These execution challenges are not due to poor management by local sponsors of the program, but rather are systematic and embedded within the policies and procedures of the federal government bureaucracy. What we are proposing is a red-tape commission for the Skills Link program, which will result in significantly greater success in all local communities.

Decision-making delays keep youth idle

A recent survey of 70 youth employment stakeholders in Ontario identified that \$5.2 million of the \$29 million Skills Link budget in Ontario was delayed by an average of 4 months, meaning that over 890 youth were continuing their fruitless and poorly implemented job hunts at home while waiting for decisions to be made in Ottawa. A similar canvas of employment centres in B.C. found similar results. These delays occurred for programs that required approval from the Ministers office. Recently, we have uncovered that decision-making authority is being more centralized within the Ministers' office than it has in the past. These delays are part of a chronic pattern that has plagued the administration of Skills Link for decades. The decision-making structures, and the delays they cause, undermine the effectiveness of the allocated budget and increase the idleness of youth across Canada.

Administrative burden drives away partners

The federal government has recognized the crushing administrative burden imposed on its grant and contributions holders, of which Skills Link has many. Overly burdensome administration takes resources away from serving young Canadians, adds additional costs to staffing, and delays program implementation. Efforts to address the burden currently take the form of ESDCs Grants and Contributions Modernization in which we have been involved. The reforms do not go far enough. Of our 70 members, we are aware of seven (10%) that refuse to work with the federal government, citing administrative burden as the primary reason. This is a lost opportunity for the government in terms of lost partnerships in local communities, and a lost opportunity for the public relations that reputable partners offer the government. Inflexibility compounds these challenges, limiting coping mechanisms for typical at-risk youth problems such as dropping out or rebelling against tight supervision, and partnership challenges such as staffing changes and organizational change.

Short term programming limits organizational development and long-term success

All Skills Link programs are short term. Not only are they renegotiated after each year, even when they are set for a multi-year term, but successful programs are usually taken away from the organizations that brought them to success and thrown out to a competitive “Request for Proposal” process. The insecurity and competition this fosters does not bring the benefits associated with this practice, i.e. the selection of the best sponsor for the program. Rather, these practices force short-term planning, limit organizational investment in success (for fear of losing the funding), and amplify problems such as staff turnover, poor relationship development with employers and partners. Most sponsors of Skills Link programs are non-profits, which means that by law they cannot “make hay while the sun shines” and bank any surpluses from a project. Projects are managed to not generate surpluses, and it would be illegal to intentionally generate them. In the absence of surpluses, funding stability is the only way to make long-term investments in the long term social challenge of youth unemployment.

Recommendation: We strongly recommend the development of a ‘red tape commission’ to address the issues of execution in the Skills Link program. In particular, the commission should focus on reducing decision-making delays, administrative burden, and short-term planning.

Summary of recommendations

We strongly recommend that Skills Link remain the most important component of any renewed active youth employment approach by the Federal Government, and that the model of program delivery remain in its current form.

We further recommend that the federal government consider focusing a greater percentage of the Youth Employment Strategy budget on the Skills Link program.

We strongly recommend renewed investment in Skills Link in the areas of at-risk youth mobility, regional and national communications, national networking, and accessible public reporting.

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Conclusion

Active Labour Market Interventions are hailed internationally as excellent policy options in the attempt to address youth unemployment. The Skills Link model shows results for the important population of at-risk youth across Canada. Reinvesting in Skills Link to expand and update the program is an option which promises significant results for Canada and employment outcomes for Canadian youth.

Thank you for your consideration



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