



Colleges and Institutes Canada
Collèges et instituts Canada

Sustaining Economic Growth and Prosperity Skills Development and Innovation

SUBMISSION TO THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE
PRE-BUDGET CONSULTATIONS - 2015 FEDERAL BUDGET



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Introduction

To sustain economic growth, the Government of Canada must increase investments in skills development and innovation. This is essential to open opportunities for all Canadians to participate more fully in the economy, increase the competitiveness of Canadian businesses, and contribute to the prosperity of communities across the country.

Canada has an extensive network of colleges, institutes, cégeps and polytechnics¹ serving more than 3,000 communities. Colleges and institutes offer programs leading to a broad range of credentials: certificates, diplomas, bachelor degrees and post-graduate diplomas; and are primary providers of apprenticeship training. For vulnerable groups, colleges and institutes are the stepping-stone to post-secondary education through literacy, upgrading, and essential skills programs. College and institute campuses serve as community hubs that foster local economic and social development. They partner with employers to ensure programs respond to labour market needs, supply highly skilled graduates and support business and community innovations through applied research.

College and institute credentials and apprenticeship training must be more valued so that there is parity of esteem with university credentials. We have not yet sufficiently recognized the potential of college/institute partnerships with communities and industry to improve innovation, productivity, and create jobs.

Colleges and Institutes Canada (formerly the Association of Canadian Community Colleges) represents the publicly-supported colleges and institutes in the country. Our recommendations focus on maximizing opportunities for skills development and labour market participation for all Canadians, and enhancing the innovation capacity of Canadian businesses.

Our submission addresses the following two themes identified by the Finance Committee:

- *Supporting families and helping vulnerable Canadians by focusing on health, education and training*
- *Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization.*

¹ Hereinafter, colleges, institutes, cégeps and polytechnics are referred to as colleges and institutes.

Maximizing the Skills and Labour Market Participation of All Canadians

Canadian employers continue to report significant challenges finding people with the right skills. Colleges and Institutes Canada initiated the Industry – College Coalition with senior leaders from 36 industry and business associations. These associations are concerned about the impact skills gaps and shortages are having on their industries and the level to which these shortages will grow in coming years, due to demographic pressures and increased technological sophistication in the workplace.

A cross-government approach is needed to address skills gaps and shortages and maximize opportunities for all Canadians by:

- Improving the employability of youth;
- Increasing education and training opportunities for the most vulnerable;
- Improving the integration of immigrants into the labour market;
- Addressing infrastructure challenges; and
- Improving labour market information.

Employability of Youth

Targeted measures are needed to improve the employability of youth. Despite the economic recovery, youth continue to experience high unemployment (13.4%)², nearly double the unemployment rate of the general population. College and institute programs provide work-integrated-learning experiences that are key to linking young people to employers. Virtually all programs offered by colleges and institutes include some form of work placement. Ninety-two colleges and institutes (70%) offer 891 co-op programs. Increased incentives are needed to encourage more employers to provide work-integrated-learning experiences for youth.



Recommendation:

- Introduce financial incentives to help employers reduce and offset the costs of hiring co-op students by allowing them to recoup a portion of the students' wages.

Study experiences, whether at pan-Canadian or international levels, improve cross-cultural understanding, enable youth to be more adaptable and foster a stronger sense of citizenship in Canada and globally. These experiences improve the employability of youth and make them more attractive to employers in a global marketplace. Only 1.1% of college/institute students study abroad.

Recommendation:

- Fund academic mobility programs that support pan-Canadian and international learning opportunities for college and institute students.

Skilled trades professions are the jobs most difficult to fill in 2014.³ Canada must do a better job of developing a culture that appreciates and values trades professions, and must improve apprenticeship completion rates.

Recommendations:

- Launch a national marketing campaign on the value of trades professions as career choices to foster parity of esteem with other post-secondary credentials.
- Enhance financial incentives for employers to retain third and fourth year apprentices through to completion.

² <http://www.statcan.gc.ca/daily-quotidien/140711/dq140711a-eng.htm>

³ <http://www.manpowergroup.com/talent-shortage-explorer/>

Education and Training Opportunities for Vulnerable Canadians

To address skills gaps, Canada must enhance the educational and labour market outcomes of Aboriginal peoples, people with disabilities and disadvantaged youth. Aboriginal peoples continue to experience significant gaps in educational attainment and employment, compared to non-Aboriginal people. The same applies for many people with disabilities. Nearly one in ten young Canadians aged 20 to 24 are neither employed nor in education.

Colleges and institutes are uniquely positioned to provide access and laddering opportunities to further education for Aboriginal peoples, people with disabilities, the unemployed, low-wage earners, youth in care, and those who have not completed high school or are under-prepared for post-secondary programs. Colleges and institutes are longstanding partners for the delivery of federally funded employment training, Aboriginal programs and essential skills development.

Recommendations:

- Increase non-repayable student financial assistance and bursaries for First Nations, Inuit and Métis students, youth from low-income families and those in care, and youth with disabilities.
- Renew the Aboriginal Skills and Employment Training Strategy (ASETS) and strengthen the capacity of Aboriginal organizations supported by ASETS to improve career counselling, pre-employment and essential skills training.
- Support essential skills development through training and certification of essential skills trainers at colleges and institutes.
- Establish a pilot project to develop innovative outreach, education and training models for vulnerable groups through partnerships between industry and colleges and institutes.



Immigrant Integration

Recent immigrants have weaker labour market outcomes than Canadian-born citizens, including higher unemployment and lower incomes. With increasing numbers of international students coming to Canada an opportunity exists to address skills gaps in high demand fields by easing their pathways to immigration.

Recommendations:

- Support the continuation and expansion of pre-departure services for immigrants.
- Introduce measures and review policies regarding the attraction, support and retention of international students intending to study in high demand fields.
- Create a pilot project to enable colleges and institutes to provide information and support to international students, studying in high demand fields, who wish to remain in Canada.

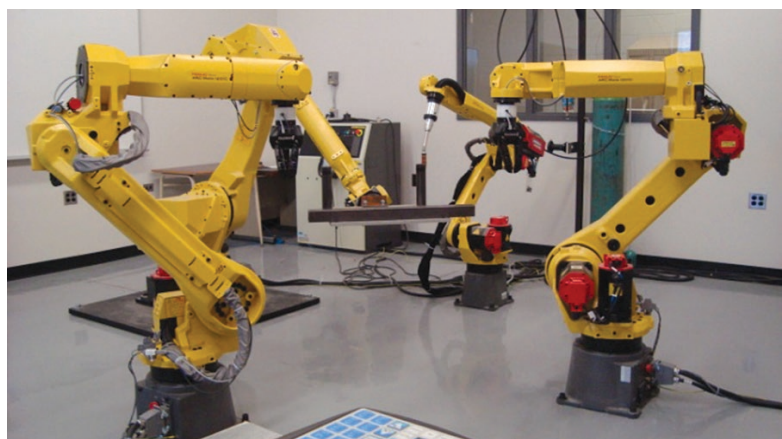


Infrastructure

Expanding access to advanced skills by increasing college/institute capacity is key for meeting the needs of employers. Many colleges and institutes are at, or near capacity, with waitlists for high demand programs.

The Building Canada Fund will help address needs for new facilities on college and institute campuses. Investments are also required to upgrade instructional equipment to ensure students develop skills on equipment found in the workplace; address deferred maintenance needs; and increase the integration of digital technology into curriculum, in particular to serve rural, remote and Northern regions. Inadequate resources for technology delivered education and limited broadband are significant barriers to reaching Canadians in rural areas.

A 2011 Survey of Institutional Capacity, Facilities and Equipment Needs found that 35% of equipment used for teaching was below standard. The backlog in deferred maintenance limits the quality and adequacy of instructional space. Equipment upgrade needs are estimated at \$463 million and deferred maintenance at \$3.6 billion.



Recommendation:

- Establish a College/Institute Equipment and Deferred Maintenance Fund to ensure institutions have current and relevant instructional equipment, adequate facilities to meet the demands of employers, improved access to digital technology and broadband for institutions serving rural, remote and Northern regions.

Labour Market Information

The improvement of supply and demand labour market information (LMI) is a cross-cutting issue that has been identified by business, industry and governments. We commend the Government of Canada for beginning to improve LMI, but more must be done. Business and industry leaders emphasize the need for better data at local and regional levels and more granular data for key sectors. On the supply side, the federal government has indicated an interest in data on how post-secondary institutions are responsive to labour market needs. To achieve this, the federal government must improve data collected on public colleges and institutes through the Statistics Canada Post-secondary Student Information System (PSIS). PSIS does not capture data for all public colleges and institutes, has incomplete data on students in upgrading, bachelor degrees and post-graduate programs, and excludes students in apprenticeship programs.



Recommendation:

- Improve Statistics Canada data collection on all public colleges and institutes through PSIS to ensure enrolment and graduation data is available for the full range of education programs: upgrading, certificate, diploma, apprenticeship, bachelor degree and post-graduate diploma.

Increasing Canada's Competitiveness through Innovation

As engines of economic growth and the principle source of employment, small and medium-sized enterprises (SMEs) are critical to Canada's prosperity and productivity. Colleges and institutes make important contributions to SMEs by partnering to turn knowledge into practical applications that open new markets and create jobs.

Annual federal investments through the Government of Canada's Tri-Council College and Community Innovation Program (CCI) is making a difference in growing the capacity of colleges and institutes to engage in industry-driven research and provide SMEs with the expertise required to develop new or improved products, processes or services. However, these investments are not meeting the increased demand for Innovation Enhancement (IE) grants, Applied Research Development (ARD) grants and Technology Access Centers (TAC):

- This year, applications for five year IE grants increased by 64% (46 compared to 28 last year). The 2014-15 budget will only fund eight new grants.
- The demand for ARD grants doubled between 2012 and 2013, and 2014 applications are on track to double once again. The ARD budget is insufficient to meet this demand.
- In 2014-15, 32 TAC grant applications were received. In the next two years, the budget can only fund three full TACs and three incremental TACs (in Quebec) annually.

College students are an integral part of applied research activity. Through applied research projects, students gain hands-on experience to address real world challenges and improve their competitiveness in the job market. In 2012-13, colleges and institutes reported that 29,356 students participated in applied research, up by 22% from 2011-12. College students in diploma and post-graduate diplomas are not eligible for funding under the Natural Sciences and Engineering Research Council Industrial Undergraduate Student Research Awards nor for international research opportunities such as the Mitacs Globalink Research Awards. Internships for college and institute students are needed to provide industry-relevant research experience that complements their learning and helps businesses innovate.

Colleges and institutes partner with forest sector companies to prepare new entrants, provide skills updating and support innovation through applied research. Forty colleges and institutes have forest sector expertise and several have specialized research centres. We encourage the federal government to support the Forest Products Association of Canada's (FPAC) proposal to expand R&D to support forest sector innovation, and capitalize on college and institute applied research expertise.

Innovation underpins entrepreneurship and small business development, vital components of economic growth. The Organization for Economic Co-operation and Development emphasizes the link between innovation and the development of entrepreneurial skills. Colleges and institutes instill an entrepreneurial mindset in students through the integration of entrepreneurial skills into curriculum, and provide support services for emerging entrepreneurs through on-campus entrepreneurship centres and incubators.

Recommendations:

- Increase the budget of the Tri-Council College and Community Innovation program by \$25 million annually:
 - \$15 million to meet the increased demand for Innovation Enhancement and Applied Research and Development grants;
 - \$7 million to fund 20 additional Technology Access Centres, and
 - \$3 million to establish a dedicated envelope within the CCI for 650 applied research awards for students in college diploma, degree and post-graduate programs
- Open international research opportunities for college/institute students in diploma, degree and post-graduate programs under the Mltacs Globalink Research Award or create a new program targeted for college/institute students.
- Support the FPAC's proposal to establish a dedicated fund to expand and accelerate college and university R&D to advance forest sector innovation.
- Establish a program to support more college and institute entrepreneurship centres and incubators.

