

Budget 2014 – Items of Interest to the Literacy and Essential Skills Field

Canadian Literacy and Learning Network, February 11, 2014¹

The Minister of Finance presented the 2014 Budget today. The present government has taken to calling the budget the “Economic Action Plan,” a term first used during the 2009 recession.

In many ways this budget, and its preceding ones under the current government, has moved away from being a statement about finances to being an inventory of previous accomplishments and a new policy directions. Typically, new policy directions are introduced in the Speech from the Throne and only referenced in the Budget if there is a cost.

The Budget must be passed by the House of Commons. Even when passed, many of the items will require legislation. Typically, budget items need to be approved by Treasury Board which acts like the government’s banker. Treasury Board submits the Estimates annually. The Estimates outline spending matching Budget initiatives with actual available dollars. It is possible to have cases where Budget items are not funded even though they were passed in the Budget.

Much of the over 400-page Budget 2014 document is devoted to initiatives introduced in past budgets. The Budget includes measures that will be announced at a further date (for example, improving access to healthy food for Northerners). This makes it challenging to work through the document to determine what is new.

This paper looks at items in the 2014 Budget of interest to the literacy and essential skills field. It is not intended to be a comprehensive review.

Labour Market Agreements and the Canada Job Grant

The most important budget items are the Labour Market Agreements (LMAs) and the Canada Job Grants. In Budget 2013, the government indicated it would renegotiate the Labour Market Agreements with the provinces and territories. The new LMAs would be built around the Canada Job Grant (CJG).

In its 2013 form, the CJG was a \$15,000 grant to businesses that had a training plan. The cost would be shared by the federal government, the provincial/territorial government, and the business. However, the federal government share would come from the existing LMA transfer to provinces and territories.

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Opposition to the measure was unanimous across the provinces and territories. Counteroffers were made between the federal and provincial/territorial jurisdictions. Most training organizations voiced opposition to the plan along with labour organizations. The business community was favourable in principle but obstacles in the CJG were noted for small businesses. Some business groups, mainly those close to the actual training being done through the LMAs, were opposed to taking away funds and controls from the provinces and territories. However, at the national level, there was a general sense on the part of business that putting the employer in charge of the CJG was a good move.

The Budget indicates that the government consulted broadly with employers and employee associations, education institutions and labour organizations on the design of the CJG. It is not clear what, if any, of the advice it took save in the area of small business's lack of capacity to participate.

The Budget does acknowledge that skills issues are sector and region specific, a reaction to provincial arguments that one size doesn't fit all. It also acknowledges that certain groups such as less-skilled individuals, recent individuals, Aboriginal peoples, people with disabilities and older Canadians are not being used to their potential. This would appear to be an acknowledgment of the main objective of the LMAs.

Most significant, however, is the statement that **the federal government will deliver the CJG on its own** in any province or territory that has not signed a renewed LMA by April 1, 2014. This may force provinces and territories into signing against their best interests. The province of Nova Scotia has already announced it would not fund employment training organizations after April 1st if there is no LMA signed.

Delivery of the CJG would be done through Service Canada offices that will engage employers through the Regional Development Agencies.²

Budget 2014 makes changes to the initial CJG plan:

- Federal contribution moves from \$5,000 to \$10,000. It is not clear where this money will come from. **However, there is no money in the budget for the Canada Job Grant.** One can only assume that the money will come from the existing LMA. This would result in an even greater decrease in funds available to provinces and territories under the LMA. The 2013 Budget called for \$300 million of the LMAs to be used as the federal contribution by the time the CJG was fully implemented.

² There are six regional development agencies: Atlantic Canada Opportunities Agency; The Economic Development Agency of Canada for the Regions of Quebec; FedNor (Northern Ontario); Federal Economic Development Agency for Southern Ontario; Western Economic Diversification Canada; Canada Northern Economic Development Agency

Budget 2014 doubles the federal contribution with no new funds. As there would only be \$200 million left in the LMAs, it is not clear where the additional \$100 million would come from or whether the provinces would have any funds at all under the LMA.

- Focus changed from “existing job or a better job” to a “new or a better job”. This appears to now include training the unemployed, but might be a move away from training incumbent workers.
- Provincial/territorial financial contribution is no longer required. However, the provinces and territories will lose whatever amount that the federal government takes out of the LMA for its own portion of the contribution.
- There are provisions for small business to allow for flexibility including the potential for in-kind contributions.
- Eligible third party trainers are now identified as community colleges, career colleges, trade union centres, and private trainers.
- Training provision is now specified as in a classroom, on site at a workplace or online.

The elements that have not changed include:

- Grants go to businesses with a plan
- Individuals need to partner with an employer
- Businesses will need to contribute one-third (on average)
- The training must be of short-duration training

Other Labour Market-related Items:

- The Targeted Initiative for Older Workers will be renewed and expanded for a three-year period, representing a federal investment of \$75 million over 3 years to assist unemployed older workers. Expanded eligibility to communities with unfulfilled employer demand and/or skills mismatches. This fund was used by some provinces for workplace literacy and essential skills training.
- The Budget re-integrates the government’s intention to renegotiate the Labour Market Development Agreements to reorient training towards labour market demand (the money was announced in last year’s budget).

- Reiterates the renewal of Labour Market Agreements for Persons with Disabilities (the money was announced in last year's budget).
- Creates the Canada Apprentice Loan by expanding the Canada Student Loans Program to help registered apprentices in Red Seal trades with the costs of training. This does not appear to be new money, rather it gives access for apprentices to student loans.
- The Flexibility and Innovation in Apprenticeship Technical Training pilot project to expand the use of innovative approaches for apprentice technical training was announced by the money will come from existing, not new resources.

Infrastructure Supports

- Invests \$305 million over five years to extend and enhance broadband internet service for Canadians in rural and Northern communities. extend and enhance broadband service to a target speed of 5 megabits per second for up to an additional 280,000 Canadian households, which apparently is universal access. Further details will be forthcoming.
- An additional \$5 million per year for the New Horizons for Seniors Program to support additional community projects that benefit seniors. This funding can support municipalities, not-for-profits, social enterprises and other community partners to address the needs of seniors. Some literacy groups have been funded through this program.
- The Computers for School Program will be renewed, \$36 million over four years (\$17.6 million of which will be new money). Many literacy organizations have benefited from this program.
- Canadian Northern Economic Development Agency's Strategic Investments in Northern Economic Development program will be renewed with \$40million over two years. Northern literacy coalitions have benefited from CanNor funding in the past.

Charitable Organizations

Money will be given to the Canada Revenue Agency to modernize its information technology, thereby enabling charities to apply for registration and file their annual information returns electronically for the first time.

The Budget proposes to amend the *Criminal Code* to remove an antiquated restriction and allow charities to conduct their lotteries with modern technology. Currently charities must process and activate all sales manually, and then send customers their tickets by mail. The use of a computer will also allow charities to use modern e-commerce methods for the purchasing, processing and issuing of lottery tickets and issuing of receipts to donors. This will save thousands of dollars for charities.

Non-Profit Organizations

- The budget announced review of tax exemptions provided to Non-Profit Organizations (NPO) to ensure the income tax exemption for NPOs remains properly targeted and whether sufficient transparency and accountability provisions are in place This would not apply to registered charitable organizations.

Social Finance

- The Budget announced that the government will continue to explore the potential of social finance initiatives. Apparently, the Minister of Employment and Social Development created a new Ministerial Advisory Council on Social Innovation in December 2013. No information was found on who is on that advisory council.

Conclusion

There is little in the budget of benefit to the literacy and essential skills field.

If anything, the throwing down of the proverbial gauntlet by the federal government about the CJG is amazing. A delegation of the provinces had met with Minister Kenney last week to lay out an alternative proposal. They had asked for an additional six months to implement the CJG and proposed that only a fraction of the CJG would come from the LMA. . Quebec has already served notice that it intends to opt out of the CJG and be compensated for this.

An informal alliance of employment groups, literacy groups, trainers, and social policy institutes has been working hard to convince the government to maintain the LMAs and find alternative ways to design and fund the CJG. Many of these groups receive funding from the LMAs. There is a real possibility that many of these organizations will find themselves without funding on April 1, 2014.

The thought that the federal government, through Service Canada, could rollout the Canada Job Grant in seven weeks is astonishing. The BC Jobs Minister, Shirley Bond was quoted after the budget as saying, “To suggest that we can begin a new program, have it up and

running in a meaningful and thoughtful way by the beginning of April, to me and to all ministers, doesn't reflect a sense of reality.”³

³ CBC News. Canada Job Grant April 1 target start lacks 'sense of reality'. February 11, 2014. <http://www.cbc.ca/news/politics/canada-job-grant-april-1-target-start-lacks-sense-of-reality-1.2531381?cmp=rss>