

Keeping Commitments; Building Prosperity
The Case for Youth Employment Funding in Times of Fiscal Restraint
Ontario Association of Youth Employment Centres

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**Pre-Budget Submission to the Standing Committee on Finance
and Economic Affairs**

Submitted by:
The Ontario Association of Youth Employment Centres

February 13, 2004

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The Ontario Association of Youth Employment Centres (OAYEC)

OAYEC is a network of 68 youth employment centres who deliver many Ontario government funded employment programs including Job Connect, a project that assists over 71,000 youth gain the skills and work experience necessary to find and maintain successful employment.

OAYEC supports and advocates for a sustainable youth employment network in Ontario. We fulfill the functions of Knowledge Transfer, Government Relations, Professional Development and Strategic Communications. OAYEC is the 'GO TO' organization for youth employment centres, policy makers, and the media in Ontario.

CAMPAIGN COMMITMENTS AND BUDGET CONSIDERATIONS

The Liberal Government has made many visionary and optimistic commitments. A new era in which public services are effective and strong to support Ontario's growth and social inclusion has been put forward.

The Youth Employment network in Ontario shares this optimism. We have worked in strong partnership with all governments in Ontario for that past 15 years and we will continue to support and enhance policies that better the lives of youth and all Ontarians.

The most important program that is delivered by the Youth Employment network in Ontario is the Job Connect program. Ontario's Job Connect (JC) is one of the programs of the Ministry of Training, Colleges and Universities designed to prepare unemployed persons (mainly youths) for the labour market. Such preparation is part of the increased emphasis on human capital and skill development that should be of benefit to both the unemployed individuals and to employers. It should assist unemployed individuals obtain employment and thereby earn their income rather than receive it in the form of a transfer payment. For youths this can be especially important so as to "start off on the right foot" and avoid the possible permanent "scarring effect" that can result from the legacy of initial negative experiences in the labour force. The skills development under Job Connect should also provide employers with a larger pool of labour from which to draw and thereby reduce costly skill shortages that are of increasing concern given the upcoming retirements associated with an ageing workforce.

This report argues for the maintenance or enhancement of the Job Connect program in Ontario. There are four key reasons, all relating to commitments the new Government made in its recent election campaign. The four key reasons for maintaining this program at its current level are that it contributes to:

- 1. A Strong Education System**
- 2. The Doubling of Ontario's Apprentices**
- 3. Maintaining a Strong Economy**
- 4. More Efficient and Effective Government Services**

Maintaining or enhancing the Job Connect program means...

- **Stable annual funding of \$105 million or more,**
- **Continued commitment to youth employment counselling and job placement supports,**
- **Continued commitment to employment subsidy funding to engage employers in the hiring of at-risk youth,**
- **Continued commitment to a complete network of third party service deliverers, in which community-based non-profit organizations are central.**

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1. Strong Education System

Ontario's government has pledged to support a strong education system. The Youth Employment Sector directly complements the province's high schools and provides positive, effective alternatives to youth who leave school early. Maintaining or enhancing the public school system requires continued support for the Youth Employment Sector.

- Over the past 4 years, Ontario's Job Connect program helped over 30,000 people return to school or training after having left.
- Ontario's Youth Employment Sector has recently been faced with major new challenges due to recent education policy shifts:
 - **Double cohort** - research indicates that 30% more young people are looking for full time work as a result of the double cohort and young people are either taking time off from school or not being accepted at their post secondary institution of choice.
 - **New curriculum** – recent media attention has highlighted the plight of approximately 45,000 students who will not graduate due to the new Ontario school curriculum. These young people are most likely to seek help through the Youth Employment Sector.
 - The campaign commitment to make **schooling mandatory for 17 & 18** year-old students will require significant at-work components, demanding more of the community-based employment services.
- For every 8 high schools in Ontario there is 1 youth employment centre. The Youth Employment Sector creates strong links to school boards, principals, school counsellors and teachers across the province to provide community-based support to the many schools in their areas.

Achieving the commitment of a strong education system means maintaining or enhancing the \$105 million Job Connect budget.

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2. Doubling Ontario's Apprentices

Ontario's Government has committed to double the number of Ontario's apprentices.

Ontario's Youth Employment Sector contributes substantially to this commitment.

- The Youth Employment Sector's contributions to apprenticeship placements have shown dramatic improvement over the last two years. Last year alone, 636 apprentices were placed through the Job Connect program.
- The Youth Employment Sector recruits and informs young people to consider apprenticeships as a viable work option – breaking the key barrier to filling skills shortage, namely, prevailing social attitudes toward the trades.
- Agencies that deliver Job Connect and who are members of OAYEC provide settlement and employment counselling to the majority of new Canadians who arrive in the GTA. In this way the pursuit of Internationally Trained Individuals to fill skills shortages is facilitated through our network.
- All 16 Job Connect deliverers in the GTA – where the greatest concentration of Internationally Trained Individuals arrives each year – are members of OAYEC.
- Job Connect directly complements the Ontario Youth Apprenticeship Program, Co-operative Education and the Ontario Skills Passport programs under the Ministry of Education.

Reaching the target of doubling Ontario's apprentices means maintaining or enhancing the \$105 million Job Connect program.

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3. Maintaining a Strong Economy

Ontario's government committed to maintain a strong economy. Ontario's Youth Employment Sector contributes significantly to improving Ontario's economic performance.

- The Job Connect program helped over 38,000 people end their dependence on the Ontario Works program.
- Ontario's Youth Employment Sector increases the spending power of young people contributing to Ontario-based consumer demand
- Ontario's Youth Employment Sector provides better trained, better qualified young people for Ontario's Small and Medium-sized Enterprises. The Job Connect program alone nurtures relationships with 7000 small and medium sized businesses.
- Investment in Youth Employment decreases demands for social services such as policing and hospital services significantly by giving young people productive, self-esteem building and healthy ways to spend their time. Recent research suggests that the cost of employment services is recovered in just one year by the reduction in costs of these other services that result.
- Successful early career development is correlated with long-term career development.
- Ontario's Youth Employment Sector shifts young people from social dependence to self-sufficiency and helps young people escape lives of poverty as they move from being tax burdens to being tax-contributors. 83% of Job Connect participants return to school or retain their jobs for at least 3 months after completing the program. Over 70% retain their jobs for more than one year.

Reaching the commitment of a more competitive and balanced provincial economy means maintaining or increasing the \$105 million Job Connect budget.

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4. Deliver More Efficient Government Services

Ontario has committed more efficient government services. Ontario's Youth Employment Sector is strong and efficient and with further support can work with the government to enhance its efficiencies.

- Recent research indicates year-over-year increases in success of youth employment services – increasing the percent of youth who go back to school or get a job from 80% in 1999 to 83% in 2003.
- Community-based deliverers of the Job Connect program liaise with hundreds of community-based associations and partners including chambers of commerce, boards of trade, training boards, schools and unions.
- Already on the cutting edge of E-business, the Youth Employment Sector is on the verge of implementing more electronic efficiencies in its service delivery.
- MTCU has invested over \$8 million in development of electronic systems and these are on the verge of being complete. Minor investments are still needed to produce major breakthroughs.

Achieving the commitment of enhanced efficiency of government services means maintaining or enhancing the \$105 million Job Connect budget.

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CONCLUSION

The case for maintained and enhanced funding for the Job Connect program is clear. Job Connect supports a strong education system, contributes to doubling the province's apprentices, is integral to a strong economy and is becoming even more efficient and effective.

When presenting these arguments in the context of budgetary restraint, the value of other social services funded and delivered by the province come to mind. These are essential social services that are an integral part of a healthy and prosperous province. The presumption that budgetary restraint is the only option at this point unfairly puts any group advocating for investment in social services in a 'zero sum game' of having to take from other valuable programs if it is to achieve any gains for its own.

However, there may be mechanisms to alleviate much of the budgetary restraint without over-burdening the taxpaying public. Closing loopholes, and adjusting financial and non-financial policies may have beneficial effects and create a more positive 'win-win' scenario for social spending and saving. We recommend that Ontario participate in a truly open debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditure.

Throughout this paper we have argued for the maintenance or enhancement of the Job Connect program. This means:

- **Stable annual funding of \$105 million or more**
- **Continued commitment to youth employment counselling and job placement supports**
- **Employment subsidy funding to engage employers in the hiring of at-risk youth**
- **Continued commitment to a complete network of third party service deliverers, including community-based non-profit organizations.**

Respectfully Submitted.

Friday February 13, 2004

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