

# **Employers' Coalition for Advanced Skills**

Pre-budget Consultations Submission

August 14, 2009

### Executive Summary

The Employers' Coalition for Advanced Skills embraces industry association leaders concerned with the capacity of colleges and institutes to produce enough graduates to mitigate looming advanced skills shortages.

Shortages in key sectors may seem counter-intuitive in a global economic recession, but the warnings and statistical analyses forecasting the severe impact of demographic change in Canada remain. Failure to heed these warnings will not only impede post-recession recovery, it will cause any future economic growth to falter.

The US has recognized and taken steps to avoid this hazard. In July 2009, US President Barack Obama's Council of Economic Advisors released a report entitled *Preparing the Workers of Today for the Jobs of Tomorrow*. The Report emphasizes that the fastest growth among occupations will be those that require a college education. President Obama also announced a multibillion-dollar proposal to assist US community colleges to accommodate an influx of students during the recession and to produce five million more graduates by 2020. Support is expected to include interest-free loans and grants for facilities and funds earmarked for curriculum development.

The findings of the US report are consistent with the analysis of the Canadian Federation for Independent Business, which reported that on a ratio of six to one, college/institute graduates are required over university graduates to fill shortages in advanced skills.

The Employers Coalition for Advanced Skills urges a similar concerted effort to bolster the capacity of Canada's colleges and institutes to provide the advanced skills employers need as they face the mounting challenges of demographic attrition and the need to enhance productivity.

With over 1,000 campuses, colleges and institutes provide access to advanced skills in all regions of the country. An additional investment in capacity will extend opportunities to less advantaged Canadians while meeting employer needs for advanced skills in as many communities as possible.

Employers also require the advanced skills in innovation, research and development that colleges and institutes provide to the business and industry hubs in their local communities. While almost all federal funding for research and development supports discovery or pure research carried out in universities, the commercialization, business incubation, and market-oriented research undertaken by colleges and institutes is neglected. Yet, this type of research is the lubricant of vibrant local economies. Such applied

research enhances productivity, competitiveness, and the growth of small-and medium-sized businesses, which are the cornerstone of Canada's employment market.

### Recommendations:

- **Infrastructure**

Given the extensive need to upgrade Canadian post-secondary institutions in order to increase skilled labour training, the coalition recommends an extension to the current Knowledge Infrastructure Program at a funding level of \$1 billion annually until fiscal year 2014-2015. The extension of this program will help improve Canada's post-secondary institutions and ensure they are well resourced to meet the needs of today and the challenges of tomorrow.

- **Innovation, Applied Research, Product Development, and Commercialization**

Support the innovation capacity of Canadian businesses by increasing federal research funding by five percent to support applied research, product development, and commercialization projects of colleges and institutes with their private sector partners.

### Introduction

The Employers' Coalition for Advanced Skills embraces industry association leaders concerned with the capacity of colleges and institutes to produce enough graduates to mitigate looming advanced skills shortages.

Shortages in key sectors may seem counter-intuitive in a global economic recession, but the warnings and statistical analyses forecasting the severe impact of demographic change in Canada remain. Failure to heed these warnings will not only impede post-recession recovery, it will cause any future economic growth to falter.

According to the Canadian Healthcare Association, the need for skilled workers within the industry is already presenting significant challenges for the nation's healthcare system. From chronic shortages of radiology technicians and medical records specialists, to nurses and paramedics, skilled workers shortages are widespread and growing at an alarming pace. Without a significant increase in the domestic training capacity, Canada could have a healthcare crisis in the future as the baby-boom generation retires and begins accessing healthcare services with greater frequency.

The skilled worker shortage, however, is not limited to just the healthcare industry. Indeed, in almost every sectors of the economy, skilled worker shortages are beginning to have a significant impact on the competitiveness and productivity of the Canadian economy. From manufacturing to construction, forestry to mining, aerospace to hospitality, skilled workers are the lifeblood of these sectors and integral to our future economic success. Unless the domestic training capacity is significantly increased, Canadian businesses will continue to struggle in the decades ahead to find and retain the skilled workers they require to remain competitive.

The primary source for the training and development of skilled workers in Canada remains community colleges and polytechnic institutes. These institutions are under extreme pressure and, in most cases, lack the financial resources required to expand their campuses to meet industry demands. Carpenters, welders, plumbers, and electricians, manufacturing technologists, aerospace experts, laboratory technologists, construction specialists, refrigeration technicians, environmental and renewable energy technologists, miners, security workers, chefs, health care technologists, childcare workers, gerontology and hospice specialists, broadcasters, journalists, and human resource professionals are *just a few* of the advanced skills in high demand and developed at the community college level. Canada's present capacity falls far short of our current requirements and is woefully inadequate to meet our future needs.

The US has recognized and taken steps to address this challenge. In July 2009, President Barack Obama's Council of Economic Advisors released a report entitled *Preparing the Workers of Today for the Jobs of Tomorrow*. The Report emphasizes that the fastest growth among occupations will be those that require a college education. President Obama also announced a multibillion-dollar proposal to assist US community colleges to accommodate an influx of students during the recession and to produce five million more graduates by 2020. Support is expected to include interest-free loans and grants for facilities and funds earmarked for curriculum development.

The findings of the US report are consistent with the analysis of the Canadian Federation for Independent Business, which also found that on a ratio of six to one, Canada's future economy will require a greater number of college/institute graduates in order to meet growing labour market demands for advanced skilled workers.

In 2008, the Association of Canadian Community Colleges reported that an estimated \$7.4 billion investment was required to help increase the capacity of Canadian colleges to meet the anticipated needs of the next decade. While the current Knowledge Infrastructure Program introduced in Budget 2009 has been a positive first step toward addressing the existing needs, a far more concerted effort will be required to produce the significant increase in institutional training capacity required to meet the advanced skills development needs of the Canadian economy. Given the length of the current program and that only 30 percent of the overall \$2 billion program funding is available to colleges, many have focused on addressing deferred maintenance projects instead of engaging in significant capacity expansion or facilities' modernization. An extension of the program over the life of the Building Canada Plan would make available \$2.1 billion (or \$300 million per year) for colleges and polytechnic institutions and, when added to leveraged funds, bring them close to meeting their estimated capital requirements for institutional modernization.

The key to economic and social development lies in the knowledge and skills base of human capital. Colleges and institutes are the advanced skills educators of choice. Integrally aligned with the needs of employers, they establish Program Advisory Committees, which solicit business and industry input into curriculum development. They work closely with industry associations, labour, and sector councils with respect to human resource needs. This positions colleges and institutes on the leading edge of advanced skills identification, economic trends, and market shifts and enables them to modify quickly programs to ensure the currency industry needs.

The Employers' Coalition for Advanced Skills urges a concerted effort to bolster the capacity of colleges and institutes to provide the advanced skills employers require as they face the mounting challenges of demographic attrition and need for enhanced productivity. With over 1,000 campuses, colleges and

institutes provide access to advanced skills in all regions of the country and to less advantaged Canadians everywhere, while meeting employer needs for graduates with advanced skills.

To stimulate economic growth, opportunity, and productivity, Canada's employers also require the advanced skills in innovation, research and development that colleges and institutes provide business and industry hubs within their local communities.

While almost all federal funding for research and development supports discovery or pure research carried out in universities, the commercialization, business incubation, and market-oriented research undertaken by colleges and institutes is neglected. Yet, this type of research is the lubricant of vibrant local economies. Such applied research enhances productivity, competitiveness, and the growth of small- and medium-sized businesses, which are the cornerstones of Canada's employment market.

### **Recommendations:**

The pan-Canadian dimensions of the crisis in advanced skills and applied research constitute a compelling case for federal investment:

- **Infrastructure**

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- **Innovation, Applied Research, Product Development, and Commercialization**

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