

# Employment and Training Division

Follow-up on VFM Section 3.08, *2008 Annual Report*

## Background

The Employment and Training Division (Division) of the Ministry of Training, Colleges and Universities (Ministry), its local offices, and some 850 service providers offer programs and services to train skilled labour, prepare unemployed Ontarians to enter or re-enter the workforce, help students find summer employment, and assist workers facing business closures or other workforce adjustments. Service providers are third-party organizations such as municipalities, colleges, the YMCA, CNIB, and First Nations groups. Since the signing of the Labour Market Development Agreement with Canada, effective January 1, 2007, the Ministry became responsible for the federal programs referred to as Ontario Employment Benefits and Support Measures. The federal government provided \$538 million for these programs in the 2009/10 fiscal year (\$529 million in 2007/08) and \$53 million for administration (\$53 million as well in 2007/08), including salaries and benefits for over 500 staff.

These programs were integrated with the Division's existing employment and training programs, bringing total spending to more than \$1.5 billion in the 2009/10 fiscal year (\$900 million in 2007/08) to provide improved labour market and re-employment services. Our audit in the 2007/08 fiscal year

focused on two pre-existing ministry programs and two of the recently transferred federal programs, which in the 2009/10 fiscal year together accounted for over \$510 million (\$400 million in 2007/08) in division expenditures.

In our *2008 Annual Report*, we found that although the Ministry had made improvements and increased apprenticeship opportunities and registrations with respect to the two pre-existing ministry programs, for Apprenticeship Training and for Literacy and Basic Skills, less than half of the apprentices had successfully completed their training. Also, we found that half of all apprentices failed their final certification exams. In addition to improving client outcomes, we found that the Ministry needed to reduce funding inequities among Literacy and Basic Skills service providers.

With respect to the two programs transferred from the federal government, Skills Development and Self-Employment, we found that the Ministry needed to take further steps to ensure their consistent and fair delivery across the province. Some of our other observations at that time included the following:

- In 2008, apprenticeship-training consultants at the field offices we visited were unable to conduct more than a few, if any, monitoring visits to employers and in-class training providers. They also noted excessive emphasis

on meeting registration targets rather than increasing the number who successfully became certified.

- The Ministry had no formal strategy to increase apprenticeship registrations in high-demand skilled trades, and most of the increase in registrations was in the service sector.
- Most of the responsibility to ensure that only certified individuals work in trades that require certification for safety reasons had been delegated to Ministry of Labour inspectors. Enforcement activity had increased since our previous audit in 2002, particularly in the construction industry. However, at the time of our 2008 audit, the Ministry had not adequately co-ordinated its efforts with the Ministry of Labour and other bodies to ensure effective enforcement in sectors such as motive power (vehicle and equipment servicing).
- We found, and internal ministry reviews confirmed, inconsistencies in how local offices decided how much financial support to provide to clients of the Skills Development and Self-Employment programs: clients in similar financial circumstances may have received significantly different amounts.
- We found some individual client training agreements in the Skills Development program that cost the Ministry more than \$50,000 and were not necessarily in line with program objectives. Agreement costs were subsequently capped at \$28,000 in June 2008.
- The Ministry did not have adequate information on whether clients remained employed in the fields they were trained for and whether self-employment clients were able to sustain their new businesses.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns. As well, the Standing Committee on Public Accounts held a hearing on this audit in May 2009.

## Status of Recommendations

According to information received from the Ministry, substantial progress has been made on many of the recommendations from our *2008 Annual Report*, such as those relating to the Self-Employment Benefit Program. In some instances, further progress will depend on successful implementation of the new Ontario Adult Literacy Curriculum in 2011; the new Employment Ontario Information System by the 2011/12 fiscal year; and the College of Trades, which will begin operation in June 2012. The status of action taken on each of our recommendations at the time of our follow-up was as follows.

### APPRENTICESHIP PROGRAM

#### Tracking Completion Rates

##### Recommendation 1

*To better ensure that apprentices complete their training and contribute to meeting labour market demand for skilled workers, the Ministry of Training, Colleges and Universities should:*

- *measure and track apprentice completion and employment rates using methods that permit comparisons among trades and over time as well as benchmarking to other jurisdictions; and*
- *periodically assess the reasons why apprentices fail to complete their training and develop strategies to address the reasons identified.*

##### Status

The Ministry informed us that it was producing comprehensive reports at the time of our follow-up on employment trends for various trades using the Employment Ontario Information System—Apprenticeship Support Application (EOIS–APPR), a web-based system to support the management, delivery, and reporting of apprenticeship training certification and modular training programs. Among other things, EOIS–APPR tracks client progression from registration to certification.

For its apprenticeship programs, the Ministry advised us that it has created new reports to monitor activity related to completion of in-school training. For example, the Ministry is developing reports that track apprentices through their training toward completion by trade, sector, cohort, and fiscal year for those with or without certificates of qualification and for those in the Ontario Youth Apprenticeship Program. The Ministry advised us that it would use these reports to develop additional strategies to increase apprenticeship completions and certification success.

The Ministry further advised us that it has used evidence from Statistics Canada's 2007 National Apprenticeship Survey concerning apprenticeship completion-rate factors to further define completion, better understand why apprentices fail to complete training, and to provide information for the Ministry's completion strategy that was to be launched in fall 2010. This strategy will include a baseline and completion targets for continuous improvement.

According to a 2009 Peel-Halton-Dufferin Training Board project survey, which included ministry participation, one of the main recommendations to improve apprenticeship completion rates was increased financial support. Since 2008, the Ministry indicated that it has implemented a number of initiatives, including financial support, to keep apprentices in school and to encourage apprenticeship completion.

## Monitoring Program Quality and Compliance

### Recommendation 2

*To better ensure the quality of training and support that apprentices receive in successfully completing their programs, the Ministry of Training, Colleges and Universities should:*

- *review its resource requirements in field offices and its caseloads to enable training consultants to conduct sufficient and timely site visits to*

*employers and in-school training providers and to better support their apprentices;*

- *monitor in-school pass rates among programs and service providers and compare them to certification examination success rates, and investigate the reasons for significant differences;*
- *periodically survey apprentices about their satisfaction with the quality of in-school and on-the-job training and any additional supports they received from the Ministry; and*
- *research practices in other jurisdictions that have been effective in improving examination pass rates and implement the best practices identified.*

### Status

The Ministry informed us that it has completed a review of the administrative practices within its apprenticeship programs that has resulted in improved reporting of key data to help monitor completions. The Ministry further informed us that it has put more everyday apprenticeship services online, freeing ministry field staff to focus more on apprenticeship needs in areas of economic demand. The Ministry also informed us that it has hired additional field staff to improve delivery of key training programs and services, including apprenticeship services.

The Ministry indicated that the establishment of the Ontario College of Trades to regulate trades and apprenticeship programs, which is to be fully implemented in 2012, is expected to help build strategies to improve registration, completion, and examination pass rates for apprentices through higher-quality programs, services, and training (both in-school and on-the-job).

A 2009 ministry survey found that 88% of apprentices expressed satisfaction with the quality of services received. Although it did not measure quality of training, the 2007 National Apprenticeship Survey found that some 82% of Ontario apprentices received supervision at all times during on-the-job training and that some 80% of the

apprentices said the technical training equipment was either “good” or “excellent.”

To improve examination pass rates, the Ministry advised us, it began two pilot projects in January 2010 offering certification exams during the last apprenticeship in-school period and pre-certification exam courses based on lessons learned from other jurisdictions.

## Addressing Skill Shortages

### Recommendation 3

*To increase the effectiveness of the apprenticeship program in meeting the demand for skilled workers, the Ministry of Training, Colleges and Universities should develop strategies to attract apprentices to high-demand trades and to help them successfully complete their training.*

### Status

The Ministry informed us that the Ontario College of Trades (College) is to help address skill shortages when it begins full operations in June 2012. The College is to have a mandate to promote trades and to work with industry to ensure that the apprenticeship system is responsive to its needs. Direct industry involvement will help to ensure that apprenticeship training is better aligned with the needs of the economy and promote industry commitment to training in the trades.

The Ministry advised us that, in the interim, it has identified high-demand trades and determined where gaps exist between projected demand and replacement needs over a 10-year time frame. To attract apprentices and encourage program completion, the Ministry has introduced several initiatives including accelerated in-school training, support to non-EI eligible apprentices during in-school training, completion bonuses for apprentices to complement a new federal program, and bonuses to employers whose apprentices complete training and receive certification.

As well, the Ministry indicated at the time of our follow-up that it was focusing on the green energy

sector and funding job fairs and other programs to encourage laid-off workers or students to pursue green job training through apprenticeship or its Second Career program. To assist the Ministry, a Green Advisory Panel of industry and training experts has been established to identify and assess ways to address human resources requirements in the green energy sector, to identify green trends, and to identify emerging technologies along with skills needs and training and curriculum gaps. The panel is also to make recommendations by March 2011 for developing and/or revising curriculum to meet these needs and identify areas of strategic investment in apprenticeships.

## Enforcement of Legislation on Restricted Trades

### Recommendation 4

*To reduce the extent of uncertified individuals working illegally in restricted trades, the Ministry of Training, Colleges and Universities should work with other ministries and bodies that have enforcement responsibilities in industries that require certification to share the plans for and results of enforcement activities and to develop a risk-based strategy for inspecting businesses and work sites in those industries.*

### Status

The Ministry indicated that it reached an updated information-sharing agreement with the Ministry of Labour in November 2008 whereby the labour ministry is to provide statistics on enforcement activity and early notification regarding enhanced inspection activities. However, the Ministry informed us at the time of our follow-up that it is still in the initial stage of developing a risk-based strategy for inspecting businesses and work sites. In addition, the Ministry informed us that it was in the process of drafting a similar information-sharing agreement with the Ministry of Transportation regarding the enforcement of the automotive services trade. This agreement was to be finalized by fall 2010.

The Ministry informed us that it plans also to work with the College on enforcement strategies since the College will have the mandate to initiate compliance enforcement measures for restricted trades. The Ministry also informed us that it expects the Ministry of Labour will continue to perform an enforcement function for compulsory trades in partnership with the College.

## Apprenticeship Training Tax Credit

### Recommendation 5

*To ensure that the Ontario Apprenticeship Training Tax Credit (ATTC) is effective in helping to expand apprenticeship interest and opportunities and meet labour market needs, the Ministry of Training, Colleges and Universities should work with the Ministry of Finance to evaluate whether it is achieving the expected outcomes and whether improvements are needed to enhance its effectiveness.*

#### Status

The Ministry advised us that it has consulted with the Ministry of Finance to evaluate its ATTC administration. The evaluation is to be used to recommend any measures needed to help increase apprentice registrations to meet labour market needs, to contribute to apprentice retention, and to encourage more employers to hire apprentices.

The Ministry indicated also that it was working with the Ministry of Finance and the Canada Revenue Agency to revise program forms, employer resource materials, and processes as necessary to facilitate ATTC claim reporting and processing.

## ONTARIO SKILLS DEVELOPMENT PROGRAM

### Outcome Monitoring and Reporting

#### Recommendation 6

*To better gauge the effectiveness of the Skills Development Program in training clients for sustainable employment, the Ministry of Training, Colleges and Universities (Ministry) should establish targets for*

*each region based on performance indicators that the Ministry has agreed to with Service Canada; track performance in relation to these targets; and develop and report on more informative performance indicators such as whether clients remain employed in the jobs they were trained for.*

#### Status

The Ministry informed us at the time of our follow-up that it was refining Ontario Skills Development Program performance measures and developing a new reporting system that was to be launched later in 2010 to track performance targets. The Ministry further informed us that it was in the process of conducting a comprehensive outcomes evaluation to determine the extent to which Ontario Skills Development and Second Career participants are training to enter careers that fill labour market needs.

The Employment Ontario Information System is to enable the Ministry to track the performance indicators required to be reported to the federal government and allow the Ministry to perform more comprehensive tracking and monitoring of clients and outcomes. Meanwhile, the Second Career program surveyed 2,760 Second Career clients in January 2010 who had been scheduled to complete their training on or before September 30, 2009. The survey indicated that 65% of employed clients had found employment in their field of training and that 89% of the clients were “satisfied” or “very satisfied” with the program. A second survey was completed during summer 2010, with the data from both winter and summer surveys combined. This survey showed that 93% of the Second Career clients surveyed completed their skills training program, with 60% of these individuals having found work and 61% of those who found work finding it in their field of study.

## Monitoring Program Delivery and Determination of Client Eligibility

### Recommendation 7

*To better ensure that support decisions are being made consistently and fairly, the Ministry of Training, Colleges and Universities should:*

- *establish a formal and objective complaints and appeals process for clients;*
- *track and compare the denial rate for Skills Development applications and investigate the reasons for any significant differences and whether corrective action is needed;*
- *clarify program guidelines for determining basic living allowances and client contributions to training, and provide training to staff on reviewing the reasonableness of financial information provided by clients and on applying the guidelines appropriately; and*
- *establish a consistent province-wide oversight process to periodically assess compliance with program requirements and identify opportunities for improvement or further training.*

### Status

The Ministry advised us that it implemented a Skills Training Application Review Process in June 2009 to allow all Ontario Skills Development and Second Career clients whose applications had been denied to request a second review. No person involved in making the original decision is to participate in this review.

In November 2009, the Ministry implemented a tracking system to record all training request denials. The Ministry is to receive aggregate counts of the number of applications reviewed, recommended, or not recommended, as well as new applications received and those still in progress. The Ministry informed us at the time of our follow-up that the data was being analyzed on an ongoing basis and corrective action was being taken as needed.

In order to simplify the delivery of skills-training programs, the Ministry released new guidelines, also in November 2009, under which clients are to

be assessed for suitability and financial need in a more transparent and consistent manner. According to the Ministry at the time of our follow-up, the basic living allowance is now subject to a provincial model with maximum limits on each category such as utilities and food as opposed to a local discretionary amount. The Ministry also informed us that the model includes a standardized way to determine household income and the client's ability to contribute. The Ministry further informed us that it trained its staff prior to the guidelines' release to ensure that they are applied consistently and appropriately.

We were informed that, in June 2010, the Ministry made further modifications to the Second Career guidelines, which would allow individuals greater opportunity to qualify under a suitability assessment matrix. These modifications clarified areas of the program guidelines where regional differences had been observed in the matrix. A financial hardship policy was also introduced to ensure a consistent method of providing financial support in cases where the basic living allowance is not sufficient to support a client through the training. The modifications also gave priority to clients who are seeking new skills for a high-demand occupation; have been unemployed for a longer period of time; have a high school education or less, or postsecondary education credentials that are not recognized in Ontario; and are working toward a college certificate/diploma or a licence.

The Ministry indicated that monitoring requirements as well as expectations around training outcomes are now outlined within service-provider agreements to achieve a more consistent oversight process.

## Monitoring Program Costs

### Recommendation 8

*In order to ensure that approved training costs are reasonable and equitable and that the Skills Development Program is available throughout the year, the Ministry of Training, Colleges and Universities should*

*routinely assess the reasons for significant differences in cost among regional and local offices and whether action is required to reduce these differences.*

### Status

The Ministry informed us that although it does not routinely assess the reasons for significant cost differences, it has revised the financial assessment model to reduce cost variations among regions and local offices. The Ministry advised us that a new model, part of the November 2009 guidelines, was being applied across the regions. This continues to be applied with the June 2010 modifications that were made to the Second Career guidelines. According to the Ministry, this has helped in reducing the cost variations across the province.

The Ministry further informed us that approved training costs were reviewed at the local office level on an ongoing basis, that financial caps were adhered to, and that files were being monitored by ministry program officer consultants on an ongoing basis to ensure consistency.

## Assessment of Training Options and Costs, Expensive Training Interventions

### Recommendation 9

*To better ensure that unemployed clients receive cost-effective training with good job prospects, the Ministry of Training, Colleges and Universities should:*

- *clarify expectations for assessing training options and costs and for documenting the results of that assessment before agreements are signed; and*
- *reinforce the expectation that files clearly indicate the rationale when more expensive training options are selected and approved.*

### Status

The Ministry informed us that its revised November 2009 guidelines spell out what documentation is required to be kept on file and require that training cost effectiveness be considered when assessing suitability. In addition, the guidelines require that

the job-training applicant select the most cost effective among at least three different options.

The Ministry also advised us that these guidelines cap tuition fees for private career college courses based on actual costs up to a maximum of \$14 per hour and a total of \$10,000. However, exceptions are made for three programs to exceed the hourly maximum in recognition of their instructional methods and higher equipment costs (truck driver, heavy-equipment operator, and welder). According to the Ministry, an individual can be approved for training that exceeds the financial caps if the difference becomes part of the client's required contribution to the plan.

## SELF-EMPLOYMENT BENEFIT PROGRAM

### Program Delivery

#### Recommendation 10

*To ensure that all clients applying to the Self-Employment Benefit program are treated equitably and comply fairly and equally with program requirements, the Ministry of Training, Colleges and Universities should:*

- *standardize the criteria used to determine client suitability; and*
- *assess the different policies that offices follow regarding the duration of the support provided and encourage wider adoption of policies that are effective in helping clients succeed.*

### Status

The Ministry informed us that it introduced standard program suitability criteria and standard duration of support for all participants in April 2010 after reviewing the Ontario Self-Employment Benefit (OSEB) program and guidelines. OSEB staff are responsible for ensuring that there is evidence that an applicant meets all eligibility and suitability criteria when providing him or her with a letter of support as part of the OSEB application to the Ministry.

The Ministry advised us that new guidelines were created following the OSEB review to address the inconsistent training durations among

regional offices. The revised guidelines now include a standardized 42-week training period, with the exception of participants who have a disability.

## Contract Administration by Service Providers

### Recommendation 11

*To better ensure that program participants are successful in starting and maintaining viable businesses and are complying with program requirements, the Ministry of Training, Colleges and Universities should:*

- *require service providers to monitor their clients more closely and consistently; and*
- *establish expectations for what should be documented in meetings held with participants, including the nature of any concerns raised and advice and support given.*

### Status

The Ministry indicated that as part of the OSEB revised guidelines introduced in April 2010, it implemented more rigorous monitoring requirements for all service providers to ensure that clients are successfully participating in the program and to provide for greater accountability. The guidelines require OSEB co-ordinators to develop mechanisms to monitor each participant's progress throughout the development and implementation of his or her business plan, review and report on the participant's progress, and inform the Ministry of any change in a participant's situation. The OSEB co-ordinators are also to conduct business performance reviews and assist each participant with revising his or her business plan, if necessary. Furthermore, the co-ordinators are to submit monthly reports that identify struggling clients with details about advice or support provided.

In addition, the guidelines include more rigorous direct participant monitoring requirements for the Ministry, as well as standard and comprehensive program indicators and success outcomes to help ensure that OSEB program objectives are

being met. The guidelines also establish standards for the documentation to be kept on file for each client.

## Ministry Oversight of Service Providers

### Recommendation 12

*To better ensure that service providers comply with their contracts and that program objectives are achieved in a cost-effective manner, the Ministry of Training, Colleges and Universities should:*

- *conduct periodic risk-based contract monitoring visits that focus on the quality of services provided as well as compliance with program requirements;*
- *develop and implement a more comprehensive and informative set of outcome-based performance measures, such as the number and percentage of clients who become successfully self-employed; and*
- *analyze service provider costs on a per-client basis to identify the reasons for significant discrepancies in order to improve service efficiency and identify best practices for sharing among service providers and ministry offices.*

### Status

At the time of our follow-up, the Ministry informed us that, in addition to the OSEB guidelines' more rigorous monitoring requirements, it was conducting provider performance site evaluations at least annually. The Ministry further informed us that it was regularly assessing OSEB co-ordinators' organizational capacity and performance. Site visits are also to evaluate the systems and process that track performance against agreement commitments if issues have been identified as well as to monitor outstanding concerns from previous visits.

The Ministry advised us that clients are asked to submit a mid-point OSEB activity monitoring report to determine their perspective on service quality. The Ministry further advised us that an end-of-program survey is being developed to determine



the client's perspective on the service provider's overall performance.

The Ministry also informed us that it has created performance indicators for measuring success at different intervals of the OSEB process. These indicators include the number of applicants, the number of clients who completed their business plans, and the number of clients working full-time on their business with the business being the primary source of income at program completion. Further, the Ministry advised us that it will be measuring how many clients are working full time on their business 12 weeks, as well as one year, after program completion.

According to the Ministry, it is undertaking a more comprehensive review of OSEB eligibility criteria, costs on a per-client basis, and financial support to clients in order to compare these factors with those in other ministry programs. The recommendations from this review could be implemented for the 2011/12 fiscal year.

## LITERACY AND BASIC SKILLS PROGRAM

### Tracking and Reporting Participant Outcomes, Program Funding

#### Recommendation 13

*To obtain adequate information for making appropriate and equitable funding decisions for its Literacy and Basic Skills (LBS) Program and to strengthen accountability, the Ministry of Training, Colleges and Universities should:*

- *report separately on outcomes for clients who exit after assessment without receiving any intensive LBS training, for those who exit the program before and on completion, and—three*

*months after they exit the program—for learners who complete the program;*

- *track and report the length of time learners remain in the program and detect any sites that are carrying learners for unusually long periods; and*
- *implement a funding model that recognizes learner outcomes and better matches funding to service levels provided.*

#### Status

The Ministry informed us that the LBS Program is undergoing transformation, including an improved performance management system, measuring the skills attained by learners, and developing a new curriculum. The Ministry further informed us that its efforts have focused on developing a new Ontario Adult Literacy Curriculum (OALC) with a more consistent approach to literacy and learning that supports the establishment of new performance measures and funding criteria. The Ministry advised us that it was piloting the curriculum at several LBS agencies and that full implementation is expected by January 2011. Changes to the funding model are to be determined once the pilots have been evaluated.

As part of the transformation process, the Employment Ontario Information System (EOIS) is to be utilized for tracking, monitoring, and evaluating outcomes of clients in training or using employment services. The Ministry informed us that migration to EOIS is to take place once program and reporting requirements are developed and after the full implementation of the OALC. According to the Ministry, these components of the EOIS are expected to be available in the 2011/12 fiscal year.