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Post-Secondary Funding Formula Review
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**Public Post-Secondary Funding Review Submission
by the Industry Training Authority Board of Directors**

The Industry Training Authority (ITA) appreciates the opportunity to provide our input to the review of the public post-secondary education funding formula. The review of the formula that the Ministry of Advanced Education and Skills Training uses to ensure that post-secondary students have access to the education, research and skills development needed to succeed is both timely and critical to British Columbia's future. Timely because such a review will better position students and institutions for the challenges that are fast approaching our province, and critical because current labour market research highlights the serious constraints—both social and economic—that will develop if projected labour market gaps are not addressed.

Our submission addresses the questions noted in the request for input by examining the important context that surrounds this review. Our submission also considers how external forces including demographic, economic and social trends impact not just skills training, but also the post-secondary education system as a whole including non-public training providers. And finally, it offers some recommendations for not only revisions to the current funding formula that could improve student access and success, but also for ways to strengthen our system of education and skills development to meet the challenges facing B.C. in the decades ahead.

Our assessment of these critical issues is anchored to the mandate given to the ITA by the Minister. In her letter to our Board Chair, the Minister placed a strong emphasis on ensuring that our work in supporting skills development in B.C. must also include strong commitments to reconciliation, equity, anti-racism, fighting climate change, all the while supporting a strong, sustainable economy.

It has been with those priorities in mind that our Board approved a Strategic Plan for 2022/23 that identified four key goals. The first was to ensure that our skilled trades training and apprenticeship system fully reflected the diversity of our province.

This means removing barriers, changing behaviors, promoting inclusion and respect, and embedding all of this in a more inclusive approach to all aspects of skills training and apprenticeships. A second goal is to ensure that apprentices and employers have the information and support they need to succeed, whether that is through more effective promotion of careers to youth or more direct supports that will lead to full apprenticeships. Our third goal is to make our training and apprenticeship system adaptive to the changing technologies within various sectors as well as the technologies involved in the delivery of skills training. The Plan's fourth goal is to help address the demand for skilled trades workers by providing the supports necessary to achieve the completion of an apprenticeship.

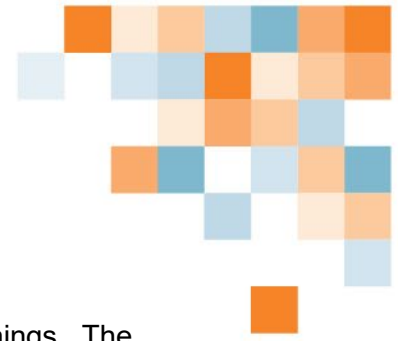
In detailing the key performance measures for meeting these goals, the ITA Board is mindful of our unique position within the broader public post-secondary education system. Unlike post-secondary institutions, the ITA is a convenor of skills training rather than a direct provider of that training. Our organization works to leverage its core funding from the province, any additional program dollars from federal sources and its relationships with post-secondary institutions, employers, workers, and communities to meet its goals as a provincial authority.

While this more collaborative approach has yielded some important gains in skills training, the Board of ITA believes that there is still more to do. That assessment is based on various research, some done by ITA, some provided to our organization by government and industry sources, all of which point to a range of economic and demographic trends that will press our authority and the broader post-secondary education system to improve access and outcomes for our students.

Context: What's Driving The Need For Better Access And Outcomes

Long before the current headlines highlighted the impact that "staffing shortages" were having across various sectors of both the B.C. and Canadian economy, various labour market analysts were forecasting a growing problem: a looming gap between the demand for skills of all kinds and the potential to meet that demand through a combination of new entrants, inter-provincial in-migration, and immigration. The 2021 edition of B.C.'s Labour Market Outlook provides the most current and detailed picture of how the combination of labour market growth and demographic shifts will affect the availability of skills and people needed over the coming decade. The Outlook provides a ten-year forecast of labour demand and supply for 500 occupations, 61 industries and 7 regions within B.C. The important highlights from that research includes the following:

- Between 2021 and 2031 over one million total job openings are forecast. Close to 37% of those openings will be due to economic expansion. The vast majority (approximately 63%), however, will be due to the need to replace retiring workers.
- The forecast indicates that close to 41% of the jobs over the period will require college or apprenticeship training while only 36% will require a university degree.



- The health care sector is forecast to have the largest number of job openings. The technology sector is also expected to be a key growth area for the labour market during this ten-year period.
- In terms of occupations, the key occupational groups that are forecast to see significant increase in job openings are STEM and trades occupations with openings of 111,000 and 85,000, respectively.
- Post-secondary education (including college, university, and apprenticeship training) will figure prominently across all sectors and regions, accounting for nearly 80% of the job openings.

While the forecast growth in B.C.'s labour market is a positive sign, the analysis points to a gap in available supply. Even with projected support of young workers entering the labour market, immigration from other provinces and immigration from outside of Canada, analysts estimate that there will be a supply gap of approximately 8%. To effectively close that gap will require a new and more targeted focus on measures that will increase labour force participation rates.

Increasing labour force participation rates is a complex undertaking. It requires a clear understanding of what is holding individuals back from full participation in the labour force. Some of the barriers that individuals may face could reflect old practices and biases that have discouraged otherwise prospective participants from either considering a new occupation or upgrading their skills to enter a new occupation. Still other barriers may be more related to a personal circumstance, whether that includes childcare, proximity to available training providers or the direct cost of accessing new training. If B.C. hopes to close the current gap and increase future labour force participation rates, there needs to be an emphasis placed on the meaningful steps that institutions, government, employers and communities can take to reduce barriers that stand between those individuals who could more fully participate in a growing labour market and the opportunities that research shows will be part of B.C.'s economic future.

Lessons Learned: Students' Responses To Their Education and Training

As the public entity tasked with supporting skills training provided by both public and non-public institutions, understanding how that training is being received by students plays a critical role in how ITA can ensure that labour supply gaps and critical trades shortages are being addressed. Two sources of data help us understand the students' responses: the B.C. Student Outcomes survey and ITA's annual survey of Apprentices and Employers. Both sources profile important data on the demographics of students in the post-secondary education system, their satisfaction levels, their current experience in the labour force and their assessment of how their education and training positioned them in the world of work.

In terms of successes, the apprentice survey shows some very powerful outcomes. Approximately 93% of the apprentices surveyed were employed following their training. Of those surveyed and

ranked by various trades, satisfaction levels with their training were never less than 91%, a remarkable measure of how skills training was a positive and transformative experience for these students.

Not surprisingly, given the demands for skilled trades throughout the province, the average wage of those surveyed was approximately \$32/hour. Considering the extent to which those responding to the survey noted that they were working full time in the trade in which they apprenticed, average annual incomes for these respondents was more than \$60,000.

The survey results from apprentices also show how respect and inclusion are working within their area of study. For example, over 90% of respondents either agreed or strongly agreed with the statement, “everyone in the class, including me, was treated respectfully”, an indication how a positive classroom experience can begin to model similar behaviors and experience in the workforce.

For purposes of comparison, similar responses from Bachelor degree students showed a lower level of employment following graduation; about 75% of respondents in this category were employed in a job related to their education. In addition, the median salary for those who were employed was close to \$55,000.

One area where survey results show a need for much greater effort and support was in gender equity in trades training. Based on survey responses, females accounted for fewer than 10% of those completing the training programs. Given the priorities set by the Minister in the mandate letter, more direct measures need to be applied to increase female participation in trades training.

As noted earlier in the discussion on participation rates, developing new measures to ensure increased participation by under-represented groups will require a level of collaboration that spans several ministries as well as a system-wide collaboration within private and public post-secondary institutions.

Given the partnership role that employers play in skills training, it is important to note that the survey also included responses from employers. Much like the apprentices, employers surveyed gave high marks when asked to comment on their experience with apprenticeship training. A strong plurality—more than two-thirds—believe that the ITA is promoting the value of skilled trades, takes a leadership role in that regard and helps apprentices navigate through the system towards completion. The same plurality also supports equity, diversity, and inclusivity in building B.C.’s skilled trades, another indication of the strong fit between what ITA’s mandate articulates and how that mandate translates into priorities in the workplace.

The Realities Of Funding Skills Training

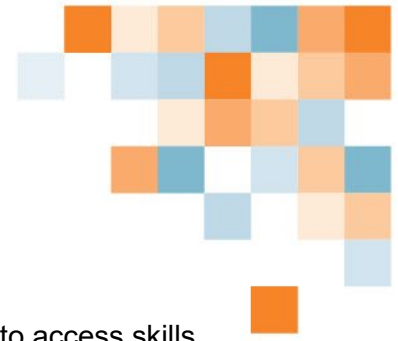
As noted in the discussion of the Labour Market Outlook research, the problems associated with labour supply gaps have been an active part of public policy research since the early 2000s.

Labour market forecasts from that time pointed to the demographic pressure that would arise as an aging baby boom began to retire from the labour force. If policy makers hoped to offset this trend, there needed to be a more concerted effort to expand skills training in ways that increased labour mobility and attracted new entrants into areas like the skilled trades where losses to retirements would be most acute. Unfortunately, those cautions about how those trends would play out did not translate into meaningful support for skills training. In fact, during much of the decade and a half, when labour market forecasts continued to raise alarm about looming skills shortages, the core funding for the ITA remained relatively flat. Policy makers assumed that efficiencies could be found within the funding provided to deal with whatever evolved in the labour market. While efficiencies were found, they did not make up for the underlying shortfall that static funding created within many aspects of skills training.

Similar funding pressures existed for post-secondary institutions during this period. However, public post-secondary institutions had other options available to them to deal with static funding from the provincial treasury. In the early 2000s the provincial government initially deregulated tuition fees, a move that while providing a new source of revenue to the institutions, placed an additional burden on students (it is important to note that after 2005, the provincial government established caps on tuition fee increases). Post-secondary institutions were also allowed to significantly increase the number of international students enrolled in their colleges, institutes and universities, a development that provided these institutions with a new source of additional revenue. While both measures—the deregulation of tuition fees and the shift to international students—helped partially offset static funding pressures, they also created new tensions within the post-secondary system that will take time to resolve. Meanwhile the pressure to address labour market supply gaps remain and the challenge for policy makers is to find the right balance of new measures that will effectively close those gaps.

Since 2017, the provincial government has moved to address some of the funding pressures that ITA supported programs face. Unfortunately, underlying cost pressures are continuing to limit the ITA's efforts to play a positive role in closing labour supply gaps. Those pressures are felt in a number of ways including:

- Inflationary pressures felt across the entire provincial economy have a direct impact on skills training. Whether it is energy costs or material costs, both are important elements in program delivery and both are rising at a rate that far exceeds current budgets.
- The capital-intensive nature of skills training means that upfront costs for new or existing skills training programs are unlike those faced by most public post-secondary institutions when they develop an undergraduate program.
- Related to the capital intensity issue is the rapid pace of technological change. For skills training to be relevant for both students and employers, it must be current and incorporate the latest technological standards in every sector.



- To ensure that students across the province have an equal opportunity to access skills training in their area requires program and funding options that typically exceed what the ITA can support.
- While the Ministry has provided one-time funding for initiatives to address inclusion, reconciliation and support for under-represented groups, success in all these areas will require continued support, a reality that is overlooked in one-time funding arrangements.

It is important to note that in relation to the entire budget that the Ministry assigns to public post-secondary institutions—close to \$2 billion annually—the amount allocated for skills training is less than \$120 million. Yet the pressures to close the labour market gaps are more acutely felt within the area of skilled trades. Add to that the fact that graduates from those apprenticeship programs land full time employment in well-paid, family supporting jobs after completion. Moreover, when those trades are properly certified, the mobility of those graduates is greatly increased, adding to their career prospects while also addressing an important demand within the province to have workers able to move to where work demands are strong.

Recommendations

It is in this regard the ITA submits that this review should consider recommending the following changes to the funding arrangements the Ministry has with entities, like ourselves, that are tasked with ensuring success for the students we support.

- Core funding needs to adjust to reflect the range of inflationary pressures that all institutions as well as the ITA face as they develop, support, or deliver education and skills training.
- Core funding needs to differentiate between the various modes and intensity of program offerings. While capital budgets sit outside the core funding formula, recognizing the capital-intensity of various programs when assessing the funding formula would help the ITA and our partner institutions better adapt to the pressing needs for skills training.
- While one-time funding initiatives have provided an important launch for many new priorities, sustaining those priorities requires changes to core funding that embeds those new initiatives and guarantees their success.
- The funding formula needs to encourage collaboration, not just across institutions and training providers, but also across ministries that share an interest in student success. Whether that comes in the form of greater financial support for students or great access to a range of provincial support programs that either eliminate or vastly reduce the barriers that potential students face prior to entering education and skills training.

Conclusion

For more than a decade, labour market analysts have cautioned policy makers to ready the province and its workforce for significant demographic shifts that will create looming skills shortages. Those shifts have already begun to take shape. As reflected in student outcome surveys and our own key performance indicators, the efforts that ITA have undertaken, in partnership with both public and non-public post-secondary institutions, are beginning to address emerging shortages. However, much more needs to be done.

The Minister's mandate letter highlights the many challenges that need our immediate attention. Critical priorities including reconciliation, equity, anti-racism and addressing climate change add to the complexity of the ITA's work in this area. Our experience to date tells us that no single initiative is going to close the labour supply gap in the near term. Rather, it will require a more comprehensive approach, rooted in collaboration with our stakeholders and supported by a multi-year focus from government when it comes to resourcing this approach. We are confident that your recommended changes to the Ministry's funding formula will move us that much closer to the viable solutions needed.

Respectfully,



Cindy Oliver, Chair
on behalf of ITA Board of Directors

pc: Honorable Anne Kang
Deputy Minister, Shannon Baskerville
Bob Davis, Vice-Chair, ITA Board
Carly Church, Director, ITA Board
Jane Shin, Director, ITA Board
Laird Cronk, Director, ITA Board
Mary-Anne Bowcott, Director, ITA Board
Michelle Bryant, Director, ITA Board
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Wally Penner, Director, ITA Board
Rick Kasper, ex-officio, ITA Board