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Basic Skills and the Bottom Line:

A Response from the
Movement for Canadian Literacy to Bill C-12

An Act Respecting Employment Insurance
in Canada

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March 20, 1996

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Basic Skills and the Bottom Line:

1. Introduction

"... it is widely acknowledged that one of the keys to both greater social justice and improved productivity and competitiveness is the development of our human resources. This involves our investment in the knowledge, creativity, skills and motivation of individuals - a critical input without which our technological and economic progress will founder." (Standing Committee on Human Resources Development Canada (HRDC) Interim Report, 1994)

"... Millions of (Canadian) adults have trouble reading, writing or using numbers. These basic skills are essential for jobs today. We need to make basic skills training more accessible to those who need it.", (Agenda: Jobs and Growth, HRDC, 1994)

The following submission from the Movement for Canadian Literacy looks at the way in which Bill C-12: an Act respecting employment insurance in Canada, will support the development of Canada's human resources, and in particular how it will affect the millions of Canadians who have difficulty with the literacy demands they encounter each day at home, in their communities and in their jobs.

The Movement for Canadian Literacy speaks on behalf of twelve provincial and territorial literacy coalitions, hundreds of local literacy organizations and individual members, and more than seven million Canadian adults who need to improve their basic literacy skills in order to handle the increasingly complex literacy demands of their everyday lives.

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Basic Skills and the Bottom Line:

2. Context

It is our understanding that proposed changes to Canada's unemployment insurance system are a key part of a plan to fundamentally restructure the federal government's approach to national labour force development. In simplest terms, this restructuring is expected to create savings for the federal government by reducing the number of unemployed Canadians who will be eligible to receive benefits and by reducing the overall amount of wage replacement benefits that eligible unemployed Canadians will receive. At the same time the government will increase federal investment while decreasing federal control over labour force development initiatives.

We've been told that proposed changes to the (un)employment insurance system will result in an annual savings for HRDC in the order of \$2 billion, and that this savings is in addition to savings of a similar magnitude that have already been realized by other recent cuts to Unemployment Insurance.

Of the \$2 billion savings to be realized through Bill C-12, HRDC is expected to redirect \$800 million into five types of "active supports" to help Canadians get back to work:

- targeted wage subsidies;
- earnings supplements to induce low wage employment;
- self-employment programming;
- job creation partnerships; and
- skills loans and grants.

The \$800 million proposed for "active supports" represents a 42% increase in HRDC spending on similar supports in 1994-1995. Money for this increase will come from reductions in wage replacement benefits and tougher eligibility requirements.

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Basic Skills and the Bottom Line:

3. Why Is Bill C-12 An Issue for Canada's Adult Literacy Community?

The 1989 Statistics Canada study, "Literacy Skills Used in Daily Activities (LSUDA) shows that Canadian adults with low literacy levels are more likely to be unemployed or out of the labour force than adults with moderate to high literacy levels. This supports a similar finding from the recent International Adult Literacy Survey (IALS), produced by the Organization for Economic Co- operation and Development in collaboration with Statistics Canada. Because unemployment and low literacy are linked, any changes in Canada's insurance system for unemployed workers will have a greater than average impact on adults with low levels of literacy.

LSUDA and IALS also clearly demonstrate that Canadian adults with low literacy levels are likely to have significantly lower incomes from wages and salaries than adults with moderate to high levels of literacy. Therefore, any reductions in the amount of employment insurance benefits will have a greater than average impact on them.

Finally, there's widespread recognition that literacy skills are the foundation for future learning. Adults with low literacy levels need to improve their basic skills before they can benefit from more job-specific training opportunities. At the same time, IALS makes it clear that adults with low literacy have a lower rate of participation in adult education and training than those with higher literacy skills. Any reduction in access to quality literacy programming will have a negative impact on literacy levels in Canada, as well as negative impacts on the lives of adults who struggle with literacy.

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Basic Skills and the Bottom Line:

4. What Impact Will Bill C-12 Have on Adult Literacy in Canada?

As a result of changes in the structure of Canada's labour market and associated increased demands for higher levels of skills, people with low literacy levels are at greater risk of being unemployed in today's economy. Their employment prospects in the future are likely to be even worse. Any reductions to wage replacement benefits or any criteria that make it more difficult for unemployed workers to qualify for benefits will have negative impacts on large numbers of Canadians with low literacy levels.

Given the clear correlation between low levels of literacy and low incomes, people with low literacy levels and low incomes will suffer greater than average hardship as a result of any cuts in wage replacement benefits or changes that make it more difficult to be eligible for benefits.

These points notwithstanding, MCL will not address any of the specific proposals contained in Bill C-12 related to wage replacement benefits. We believe that other national groups are in a better position than we are to research and articulate the impacts that changes in wage replacement benefits and eligibility requirements will have on the poor and unemployed. We do, however, want to add our voices to those groups that are urging both federal and provincial governments not to pursue deficit reduction strategies that penalize poor or disadvantaged Canadians.

Dollars Available for Active Supports

We applaud the decision to increase the level of active supports to the unemployed. Unquestionably, we see the need for increased government spending to help people get back to work. However, given our comments regarding benefit levels, it should be clear that MCL is opposed to funding increased active supports by reducing wage benefits to unemployed workers.

Overlooking the source of the \$2.7 billion, for the purpose of this discussion, it must be noted that the figure being proposed for active supports is still grossly inadequate to address the training needs of Canadian adults with low literacy levels. In order to be more precise about how inadequate the \$2.7 billion figure is we would need data that are currently unavailable; for example, the average annual number of unemployed adults with low literacy skills, and the portion of active support dollars that would be invested in training grants or loans for these adults.

We do know, however, that roughly 3 million adult Canadians lack the very basic literacy skills needed to adequately meet the demands of the workplace, and another 4 million have some difficulty with everyday reading tasks (LSUDA, 1989; IALS, 1995). If every penny of the \$2.7 billion were directed exclusively to literacy training, the amount would not be adequate to enable 7 million Canadians to develop the level of literacy skills they need to remain employed and employable in an increasingly high skilled labour market.

Skills Loans and Grants

Bill C-12 will eliminate the federal government's role in directing the purchase of training from training providers. Instead, a system of skills loans and grants for eligible claimants, developed with the consent of provincial governments, is proposed. We have several major concerns about this proposal as it relates to Canada's adult literacy problem.

Recognition of Literacy Education

Our first concern relates to the question of whether literacy education will be recognized as legitimate training under the proposed skills loans and grants. Under the proposed legislation, will the federal government require provinces to recognize basic literacy education as legitimate training for the purposes of skills grants and loans? If not, then Bill C-12 will do nothing to ensure greater access to basic skills training for Canadians.

Costs of Training

Bill C-12 proposes to pass an undetermined portion of the costs of training to the individual, essentially asking them to incur debts at a time when they are out of a job. This proposal might be reasonable if it were realistic to assume that the individual will find work upon completion of the training program

Literacy training, however, must be recognized as a first step towards employment readiness. In most cases an individual may be expected to require more job-specific training, once she or he has gained sufficient literacy skills. Thus we do not believe that the government should encourage adults to incur debt for literacy education programs.

Responsibility for Choosing Training

Assuming that literacy education is recognized as legitimate training, our next concern relates to the unmanageable burden that may be placed on adults with low literacy skills to locate and make choices about literacy training programs.

Subsection 57(1)(e)(ii) Bill C-12 indicates that people receiving benefits will be expected to take "primary responsibility for identifying their employment needs and locating services necessary to allow them to meet those needs."

Adults with low level literacy skills need considerable assistance when it comes to accessing information and making their way through the maze of training opportunities that exist. The special access issues and needs of adults with low literacy skills were clearly overlooked when decisions were made to reduce the number of CEC employment counsellors and centres and replace some of these with automated CEC information kiosks.

Print-outs of the introductory screens displayed by CEC's automated information system have been included in an appendix to this submission. To put it as simply as possible, if a person can't read and use a computer-based system, these automated systems, as they are presently configured, are useless. This isn't a small problem. Based on the figures in IALS (1995) and LSUDA (1989) we estimate that at least 3 million adult Canadians lack the literacy skills needed to use these machines.

The issue of access goes beyond the technical domain into the more personal realm. Years of living with a "literacy problem" impacts profoundly on an adult's independence and self-confidence. Information and referral (I & R) services that are effective with this group are human and humane. In addition to providing information, effective I & R services for adults with literacy issues provide empathy, encouragement, respect and client-centered assistance.

Program Quality Control and Accountability

Assuming that an adult with low literacy skills has managed to find his or her way to an appropriate training program, MCL's next concern with Bill C-12 focuses on what could be a lack of quality control over and accountability of training providers. As far as we know there are no provisions in Bill C-12 guaranteeing that public dollars will go only to high quality training programs.

While this concern applies to all training, the issue is all the more acute with respect to adult literacy education. As already noted, those who have struggled for years with literacy often have low self-confidence, particularly with respect to their sense of themselves as potential learners. An insensitive or inappropriate approach to a new adult learner with these particular vulnerabilities could do irreversible damage to that individual's willingness to participate in training.

The issue of outcomes from training programs is tied closely to the issue of program quality control. We understand that some are calling for national training exit standards to provide some measure of program quality control, standardization and accountability. We support this direction, with one caveat.

The issues of assessing training outcomes for basic literacy education are many and complex. They have recently been documented in a paper developed by the Ontario Literacy Coalition. Before outcome measures can be used to control the quality of literacy education programs, a great deal of related development work will need to be done.

Some promising initiatives in this regard are beginning to emerge in some provinces (for example, the Recognition for Adult Learning Systems in Ontario), but these systems are in a very early stage of development and implementation.

Portability of Training Credentials

One final concern regarding the move away from direct purchasing of training seats to a less controlled training marketplace is related to issues around portability of learning credentials.

In "Agenda: Jobs and Growth" the government recognizes the need to "make learning more portable".

"...helping adult workers move between jobs, educational institutions, and training institutions across the country".

If the EI system under Bill C-12 loosens government control over training providers, and requires no standardization in training programs or approaches from province to province, how will Bill C-12 contribute to the goal of making learning more portable?

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Basic Skills and the Bottom Line:

5. Recommendations

5.1 Bill C-12 should be amended to require that provinces recognize basic literacy education as a legitimate form of training under the provisions for active supports benefits.

5.2 Funding for adult basic education should be grant-based, in recognition of the need to ensure that all Canadians have the right to access a basic education.

5.3 Pre-training information, referral and counselling services should be included in the range of services under subsection for which CEC may provide financial assistance. Quality standards around these support services should be developed to ensure they are delivered in a manner that is sensitive to the needs of adults with limited literacy skills.

5.4 National training standards with respect to adult basic education should be developed.

5.5 A supra-provincial mechanism responsible for the coordination and articulation of all federally funded labour force development activities should be established.

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Basic Skills and the Bottom Line:

6. Conclusions

Proposed changes to Canada's unemployment insurance system are a key part of a plan to fundamentally restructure the federal government's approach to national labour force development. These changes are being contemplated at the same time as federal and provincial governments across the nation also consider and implement other fundamental changes to Canada's social security system.

While our presentation has focused on the specific impacts of Bill C-12 on people with low literacy levels, we recognize that the employment insurance system is but one thread in the fabric of Canada's social security system. For all its faults, our social security system has been the hallmark of Canada's commitment to meeting the basic needs and protecting the rights of all members of our community. All Canadians, rich and poor alike, have benefited tremendously from this commitment.

We need only to look to our neighbors south of our border to see the effects of government policies that favour rugged individualism and survival of the fittest over a commitment to shared responsibility for ensuring the well-being of members of the society. Among these effects are lower levels of taxation and dramatically higher levels of violent crime, drug abuse and homelessness.

We call upon the federal government to ensure that changes to the employment insurance system of Canada are articulated with other social security programs at the federal and provincial levels in a way that continues to ensure that the basic needs of Canadians are met.