Brief Submitted to

THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE ON YOUTH EMPLOYMENT IN CANADA

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AUCC
Association of Universities and Colleges of Canada
Association des universités et collèges du Canada

Between now and July 1, 2017, 1 million Canadians will earn their first university degree. Their success will in large part determine Canada's success for decades to come.

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YOUTH EMPLOYMENT IN CANADA

For young Canadians, a university education remains a path to success in the job market. Canadian universities share the federal government's concern about youth unemployment, and are committed to the goals of helping to create jobs and growth for the benefit of all Canadians, especially young people. Universities are taking steps to ensure that graduates are equipped with the skills they need to be competitive in a mobile and globally-connected knowledge labour market.

University leaders in Canada are working closely with employers and governments, as well as colleagues from other postsecondary sector institutions, to better address labour market needs by sharing information from all sources and to coordinate efforts to enhance youth employment opportunities.

Unemployment rates for youth aged 20 to 29 have been declining since 2009.

Unemployment rates for recent university graduates aged 25 to 29 were 4.2% in 2013 compared to 7.1% for trades graduates and 5.2% for college graduates.

In Alberta, 56 percent of all net new jobs since 2008 have been for university graduates compared to 31 percent for college graduates and 18 percent for trades.

GETTING AN ACCURATE PICTURE OF THE DATA ON YOUTH EMPLOYMENT

Around the world, families, postsecondary institutions and governments are concerned about youth unemployment. It is among the main human capital challenges, and is caused by shifting demographic and economic trends in Canada and internationally. A review of the available data is essential to ensure a strong evidence base.

Unemployment rates for Canadian youth, aged 15 to 19, are largely driven by students who are still enrolled in secondary school. These young people are looking for part-time work, often in very short-term jobs. Their primary activity is school rather than work. As a result of both their school and work patterns, their unemployment rates have always been high in Canada – typically above 15 percent.

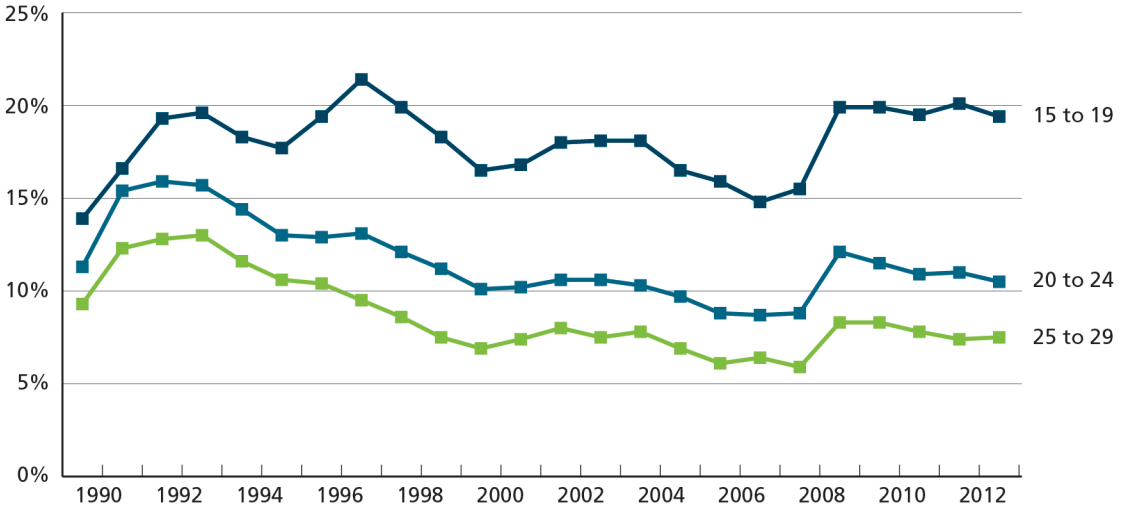
Moreover, economic downturns have consistently had a stronger impact on youth aged 15 to 19 than on older adults, who are more established in full-time work in the labour force. In the past, the types of short-term, part-time jobs filled by those in the 15 to 19 year old bracket have returned as the economy recovered.

Canada's youth unemployment rate is frequently compared with Germany, where youth unemployment rates are currently much lower. Statistics show that in 2012, the unemployment rate for the 15 to 19 age group in Germany was 9.2 percent versus 20 percent in Canada. A closer look reveals that the majority of young people in the labour force in Germany are apprentices in the dual vocational system. By the nature of that system, they are jointly in school and employed in an apprenticeship, and not counted as unemployed.

In fact, fewer youth – not more – get work experiences in Germany than in Canada. The share of youth in the 15 to 19 age range who are in the labour force in Germany is just 28 percent, compared to almost 50 percent in Canada.

When assessing youth unemployment, it is also important to examine employment and unemployment rates for youth in somewhat older cohorts. This is essential given that some 70 percent of new jobs require postsecondary education and that most PSE students graduate in their mid-twenties. In fact, since 2009, unemployment rates have fallen significantly for youth in the 20 to 24 and 25 to 29 age brackets. **(See Figure 1.)**

Figure 1: Unemployment for youth in their twenties has been declining since 2009



Source: Statistics Canada, Labour Force Survey

As unemployment levels in the 25 to 29 age bracket return slowly to pre-recession levels, we continue to see increasing demand for postsecondary education in the labour force for this age group. Statistics Canada data **shown in Figure 2** highlights even lower unemployment rates for postsecondary graduates born in Canada (born in Canada is an effective proxy for educated in Canada.) In 2013, the unemployment rates were just 4.2 percent for university graduates and 8.2 for high school graduates, 7.0 percent for trade graduates, and 5.2 percent for college graduates.

Figure 2: Unemployment rates age 25 to 29

	Total 2013	Born in Canada 2013	Born in Canada 2008
Total, all education levels	7.5%	6.7%	5.4%
No degree or diploma	16.2%	16.8%	13.3%
High school graduate	9.1%	8.2%	6.6%
Trades certificate	7.1%	7.0%	6.2%
College, CEGEP	5.7%	5.2%	3.7%
University degree	6.0%	4.2%	3.7%

Source: Statistics Canada Labour Force Survey in which Canadian born is used as a proxy for educated in Canada

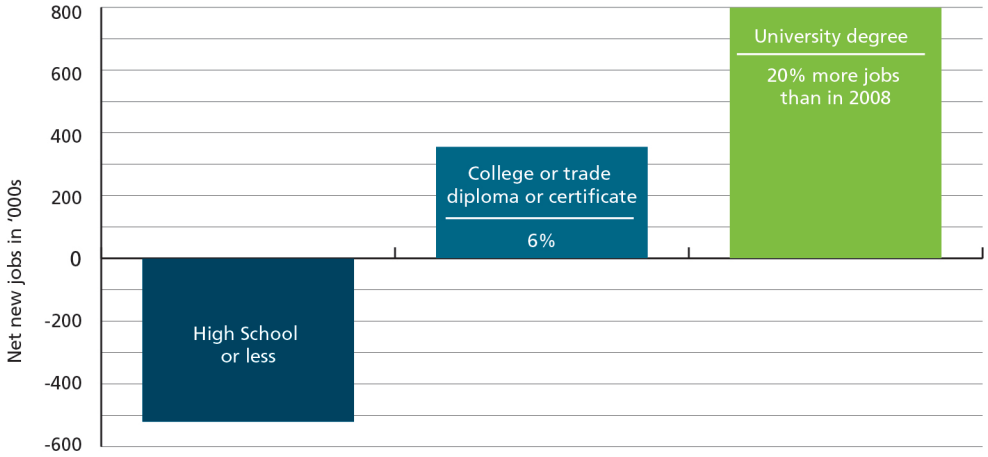
JOB GROWTH FOR UNIVERSITY GRADUATES REMAINS STRONG

Even during the recession, there was strong job growth for university graduates; between 2008 and 2013, the number of net new jobs for university graduates grew by 800,000 compared to 355,000 net new jobs for college and trades graduates. During the same period, a total of 520,000 jobs were lost for those with no postsecondary education. **(See Figure 3)**

Even in Alberta, where the employers are issuing strong calls for more skilled trades, job growth has been dominated by university graduates. Since 2008, 56 percent of all net new jobs in Alberta have been for university graduates compared to 31 percent for college graduates and 18 percent for trades, with a five percent decline for those who have not completed anything beyond high school.

Moreover, university graduates are getting good quality jobs, not short-term contracts. Of the 645,000 university graduates, aged 25 to 29, who were employed across Canada in 2013, Statistics Canada reports that 87 percent of these recent graduates were employed in full-time positions. A study released by Statistics Canada April 2, 2014 confirms that while the number of young Canadians with university degrees rose substantially between 1991 and 2011, young Canadians aged 25 to 34 became even more likely to be employed in professional occupations during that time.

Figure 3: Between 2008 and 2013 some 800,000 net new jobs for university graduates were generated in Canada's economy



Source: Statistics Canada, Labour Force Survey 2008 to 2013

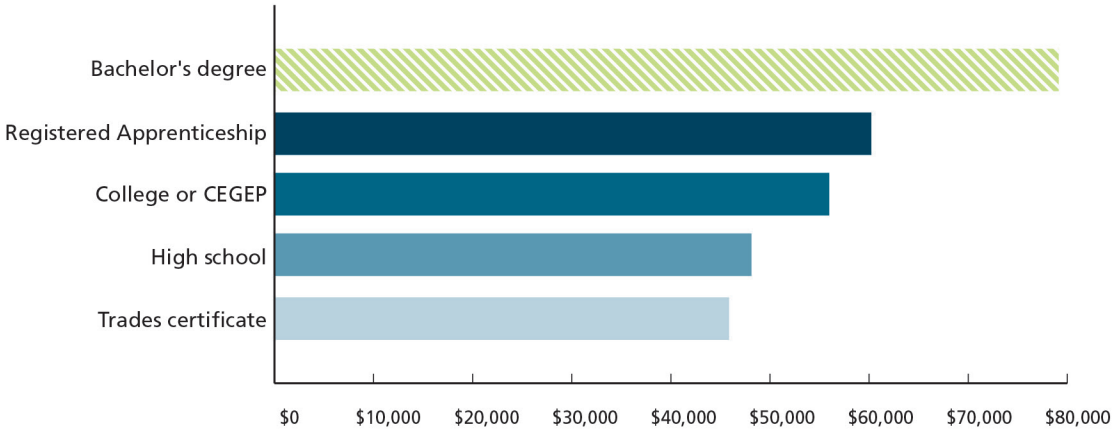
UNIVERSITY GRADUATES HAVE A STRONG INCOME ADVANTAGE

The National Household Survey released in September 2013 reveals that, whatever the field of study, a university degree pays off for most university graduates. Average income of bachelor's degree graduates educated in Canadian universities was $79,000 in 2010 across the range of age groups compared to $60,000 for apprentices, $56,000 for colleges and $46,000 for other trades. **(See Figure 4)**

The returns on a university degree are strong across a wide variety of disciplines. History and biology majors both had average earnings above $65,000. Graduates of computer and information sciences and social sciences both had average earnings of more than $80,000 a year. In business and engineering, average earnings were close to $90,000 and $100,000 respectively.

Figure 4: The income advantage for postsecondary graduates remains strong in 2010

Average income of 25-64 year-olds for full-time, full year work

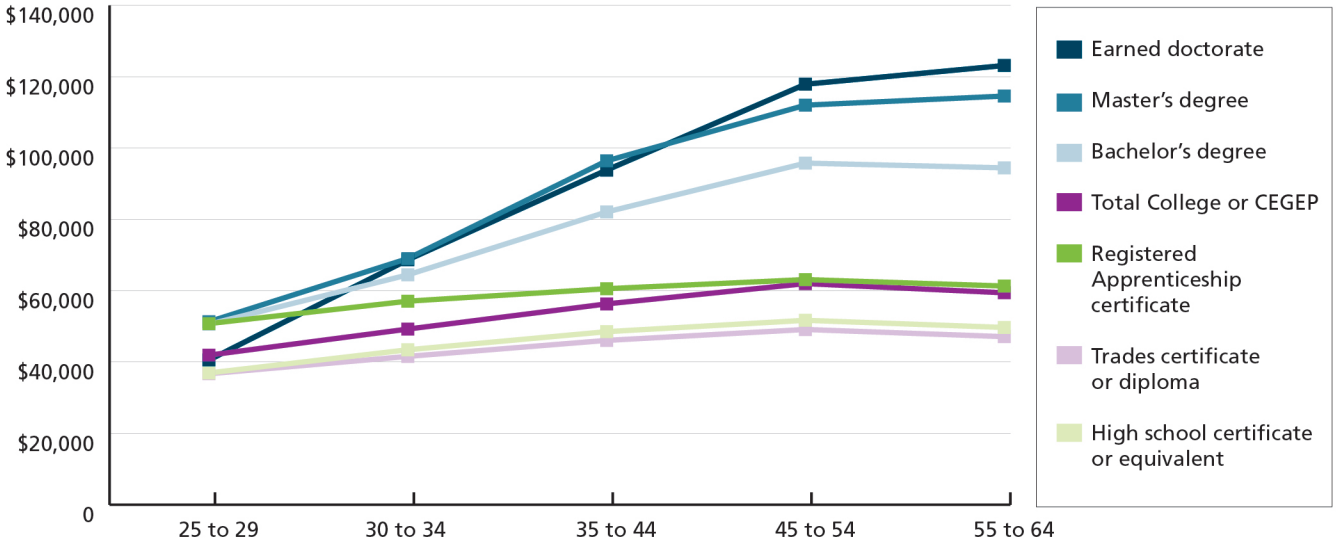


Source: Statistics Canada, 2011 National Household Survey, degree earned in Canada

Income for university degree holders grows faster and for a longer period of time than those with other levels of education. **(See Figure 5)** While at the outset, the income gap between university graduates and other levels of education is less significant, by the time university graduates are approaching retirement they are typically earning 50 percent more than other full-time workers.

Figure 5: Income increases more rapidly for university graduates

Full-time, full year work 2010



Source: Statistics Canada, 2011 National Household Survey, degree earned in Canada

STUDENT DEBT LEVELS

Employment levels and income levels of university graduates are growing, but student debt is not. Four out of 10 graduates still complete a university degree debt-free. Of those who have debt, 30 percent borrowed less than $12,000 over the course of their degree. In many provinces, tuition fees levels have been frozen or limited to inflationary increases over the last five years. For example, in Ontario, since the introduction of the *30 % Off Ontario Tuition program*, roughly 230,000 students across that province are paying $1,730 less on tuition in degree programs today than they did three years ago. Universities' support for their students through scholarships and bursaries has more than tripled from $470 million in 1999 to $1.7 billion in 2011-12.

STUDENTS AND INSTITUTIONS ARE RESPONDING TO EMPLOYER DEMAND

Signals from Canada's labour markets highlight the need for postsecondary graduates of all types in the coming decades. Students and postsecondary institutions have been responding to those signals. Students are enrolling in record numbers in high demand disciplines. As a result, universities and other postsecondary institutions have ramped up their ability to meet demand. Indeed, the fastest growing disciplines on university campuses across Canada are precisely in the areas of high demand.

Since 2005 the fastest growing university disciplines correspond closely to the areas where demand from employers is growing the fastest. Undergraduate university enrolment has grown by almost 40 percent in a variety of health professions. Enrolment in engineering, a variety of business and management programs, as well as physical sciences is up more than 15 percent. Meanwhile enrolment in languages, history, sociology, cultural studies, gender studies and philosophy has declined between five percent and 20 percent.

EXPERIENTIAL LEARNING GIVING THE SKILLS NEEDED FOR SUCCESS IN EMPLOYMENT

A 2013 survey by the Canadian Council of Chief Executives (CCCE) shows that large employers value co-op and internship experiences as an important way to meet the demand for work experience which serve as a springboard to first career jobs for young people. Universities offer growing opportunities for experiential learning. Currently half of all bachelor's students in Canadian universities have some form of experiential learning, through co-op education programs, internships or community service experiences.

AUCC is working with employer groups, including CCCE and the Canadian Chamber of Commerce, to expand opportunities for students to engage in all types of experiential learning. We are working with governments to expand funding for paid internship experiences, entrepreneurship programs and university accelerator and incubator operations. We continue to work with the federal government to implement the International Education Strategy, which will expand opportunities for Canadian students to develop global skills for an increasingly globally-connected economy. We are also exploring ways to build on inter-provincial domestic mobility initiatives for Canadian students that will add to their employment readiness.

ENHANCING LABOUR MARKET INFORMATION

AUCC joins the Chamber of Commerce, the CCCE, the C.D. Howe Institute and a host of others who are calling for the collection and dissemination of enhanced labour market information. We are working with these partners to enhance the information that students, parents, employers, postsecondary institutions and governments have in order to make better decisions and drive better policy development.

We have identified the need, for example, to fund Statistics Canada to analyze information that has already been gathered in the first Workplace Survey (2012) on current and future labour market needs in 25,000 companies. Analyzing that data can help employers hone in on the kind of information they need to share with PSE institution and drive decisions within their companies.

CONCLUSION

AUCC is committed to working with all partners to address the needs of Canada's labour market and to ensure better results in youth employment. While it will always remain a challenge to project with great accuracy future demand for specific jobs and skills, Canada's universities are committed to providing graduates with a mix of skills that will enable them to quickly and easily adapt to the ever-evolving needs of employers. These skills include problem-solving, critical thinking, data analytics, leadership and communication skills, as well as the ability to work in teams, to manage their time effectively and to be entrepreneurial. These are the skills that are essential to ensuring improved employment prospects for Canada's young people, and that will help lead to jobs and growth for Canada.

RECOMMENDATIONS

- That the federal government increase the collection and dissemination of enhanced labour market information to help inform the choices of prospective students and their families, as well as those of employers.
- That the federal government facilitate a constant and informed dialogue with universities, other postsecondary institutions, provincial governments and employers to share information from the different sources of research and data in order to fully understand and address labour market needs.
- That governments enhance experiential learning opportunities including internships, co-ops, entrepreneurship programs and domestic and international mobility programs.