

Strengthening Ontario's Centres of Creativity,
Innovation and Knowledge:

**Response from the Ontario Association of
Career Colleges**

September 30th, 2012



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Strengthening Ontario's Centres of Creativity, Innovation and Knowledge: Response from the Ontario Association of Career Colleges (OACC)

Executive Summary

The Ontario Association of Career Colleges (OACC) is eager to work with the Ontario Government to help shape the vision that is in the best interests of all Ontarians, and we strongly endorse the principle that “Increased innovation in the PSE sector will improve student learning options, meet the needs of lifelong learners, enhance quality, and ensure the long-term financial sustainability of the sector”. By working side-by-side, the Ontario government and all education stakeholders – public and private – can build a world-class postsecondary education system. Career Colleges are an integral component in the continuum of the province’s postsecondary system and are well positioned to inform the government’s consultations and actively address the challenges associated with developing a highly skilled, globally competitive labour force in communities across the province.

The modernization and increased productivity that are essential to Ontario’s postsecondary system and the economic prosperity of the Province must recognize the value of, and optimally integrate all four pillars of program delivery – Career Colleges, Community Colleges, Universities, and Apprenticeship Programs. If Ontario is to keep pace globally, we must develop strategic policies and mechanisms that support the Career College sector’s potential to contribute to the province’s economic well-being.

The Career College sector in Ontario currently offers more than 5,000 programs at over 600 campuses in 70 communities. It employs 12,000 staff, and annually produces approximately 50,000 skilled graduates at a minimal cost to taxpayers, due to the fact that Career Colleges receive no direct operating funds from the government. By choosing to study at Career Colleges, those 50,000 graduates save taxpayers more than \$1 billion per annum. At the same time, the Career College sector generates more than \$94 million in business and payroll taxes. The sector is efficient, productive, flexible, innovative and accountable. It is able to shape and expand its programming to quickly adjust to market forces, thereby complementing the educational offerings of the other three pillars.

Each year, more than 67,000 new students choose to enroll and study at Career Colleges, and like all post-secondary students must be assured of continued access to high quality programs of excellence, to credit transfers and postsecondary mobility, credential recognition, equal access to funding opportunities, flexibility in learning modalities, and meaningful performance measures.

The Ontario Association of Career Colleges would like to recommend that:

- The government must abandon the ‘silo’ approach in favour of developing cohesive and comprehensive strategic policies and mechanisms that reflect a fluid continuum of postsecondary education. This will support the Career College sector’s potential to contribute to the province’s economic well-being, and can be accomplished through system-wide quality program standards, transfer credits that encourage student mobility between all institutions, and consultation with all stakeholder communities;

- In order to improve pathways to apprenticeship, the government must commit to including the Career College sector in the apprenticeship model, the inclusion of Career College representation in the Ontario College of Trades, and increased recognition of the sector in regard to apprenticeship and pre-apprenticeship training;
- The government should take steps to more fully utilize the Career College sector resource in an effort to increase student choice, meet employer needs, and achieve and surpass the targeted postsecondary education attainment rate in a cost effective manner that will provide additional savings to the taxpayers;
- The government should revise its policy with respect to HST to make educational services 0% rated, rather than exempt under HST, or allow private Career Colleges to claim input tax credits, thereby removing the competitive disadvantage that Ontario's Career College sector experiences and reflecting fair and equitable treatment;
- The government move quickly to introduce a framework for the provision of Career College programs of study using an online/distance education methodology, and allow online students to access OSAP assistance for such programs;
- The PSE system as a whole would be more productive if a credential framework such as the Ontario Qualifications Framework were fully implemented so that any institution capable of offering a high quality program that meets the agreed-to outcomes could grant the associated credential. Within programs, the use of a common course numbering/registry system for subjects/courses such as that used in parts of the United States would simplify the process across the entire system for granting credits to the benefit of students who would be able to reduce their investment of time and money when transferring from one educational institution to another;
- The government should take steps to ensure that key performance indicators (KPIs) are used consistently for Career Colleges and Community Colleges in order to be meaningful. In the longer term, OACC would strongly support the establishment of a working group, representing all of the sectors, in order to develop a set of new accountability measures to assess the quality of teaching and assessing formal learning outcomes where applicable;
- Fuller utilization of the resources of the Career College sector to help address the increases in demand for postsecondary education, will provide significant savings in operating grants needed for the public institutions, and could help to minimize future needs to invest in capital and infrastructure projects;
- Career Colleges should be included in the Ontario Council for Articulation and Transfer (ONTransfer);
- The government should establish a working group of representatives from all four PSE pillars (Career Colleges, Community Colleges, Universities and Apprenticeship Programs) to develop a provincial 'diploma supplement', similar to that used in Australia, which would be used to identify a student's achievements and provide details about the program curriculum and standards. This would be of great value to all stakeholder communities, including employers and students seeking recognition of credentials outside Canada.

We further recommend that the Ontario government commits to its promise to put students first and meet the needs of lifelong learners by:-

- Equitably applying any tuition cap policy associated with funding programs for all students regardless of their choice of educational institution and allow for cost of living indexing on an annual basis;
- Ensuring that the Ontario Tuition Grant is accessible to all qualified students, regardless of the institution they choose to attend. It is fundamental that students have an unrestricted right to make the best choice for themselves;
- Moving quickly to respond to the Federal Government's request to establish a framework for the recruitment of international students to Ontario's postsecondary education institutions that will treat all international students equitably in relation to eligibility for study permits and work permits, regardless of the institution that they choose to attend;
- Ensuring that all Ontarians have access to the same types of student financial assistance for online programs as they have for similar programs offered in an in-class mode.

It should not be overlooked that in this country and indeed globally, small- and medium-size enterprises (SMEs), to which Career Colleges belong, are the main drivers of wealth creation. Fostering innovation within Career Colleges is a critical component of Ontario's economic and social prosperity. Many of our Career College graduates are entrepreneurs who go on to create their own new companies, employing others in the process. In addition to providing private-sector jobs, they play a role in innovation and entrepreneurship. If Ontario is to keep pace globally, we must develop strategic policies and mechanisms that support the Career College sector's potential to contribute to our economic well-being.

In preparing this submission, we had the benefit of the collective experience and insight of a broad cross-section of the sector, including students, community partners and Career College Senior Executives.

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Background: Introduction

OACC and its member institutions were shocked and profoundly disappointed to learn that the Ontario government has decided to exclude the more than 67,000 new postsecondary students who enroll in Career College programs annually, from a discussion paper intended to help identify actions that will make our postsecondary system more productive and that will improve quality. Career Colleges are an integral component of that system.

It is our position that in order to truly ensure that Ontario has a ‘postsecondary education system’ that reflects its place among other developed nations, and ensures global competitiveness, the government must stop fostering the notion of postsecondary ‘silos’ through this type of exclusion, and take a leadership role in fostering collaboration, respect and recognition among all four pillars of postsecondary education – Career Colleges, Community Colleges, Universities and the Apprenticeship Program.

Established in 1973, OACC has a membership of 282 registered Career College campuses across Ontario, all of which are regulated under the 2005 Career Colleges Act, administered by the Ministry of Training, Colleges and Universities. 65% of all Career College students attend OACC member institutions. We are thus in an excellent position to comment on the review being conducted by the Minister with respect to developing a transformation strategy for PSE in Ontario.

Career Colleges receive no direct operating funds from Government, and by enrolling more than 67,000 students annually, save the taxpayers of Ontario in excess of \$1 billion each year in operating funds. Career Colleges also generate additional tax revenue for the province of Ontario in excess of 90 million annually through business and payroll taxes. A fuller utilization of Career Colleges would help to meet increased postsecondary demands, create greater savings for the public and generate even greater tax

revenue for the Province. (Appendix B: The Impact of Ontario Career Colleges).

Career Colleges are defined by the diversity and range of their student population, the majority of whom are women, and include single parents, low-income family members, University graduates, injured workers, individuals who have been laid off, aboriginals, disabled persons, new immigrants and international students. As such, what Career Colleges do best is deliver career-focused diploma and certificate education that meet the needs of students and employers in an unlimited range of disciplines, chosen to respond to the needs of the labour market. Career Colleges provide opportunities for students to learn and progress academically in environments that are suited to their needs and fit their personal learning modalities.

OACC has a long history of partnership with the Ministry. Since 1993, it has operated a Financial Aid Office that processes approximately 14,000 OSAP loan applications annually on behalf of Career College students. More recently OACC has been a Ministry-approved vendor for storage of student transcripts. Our representatives have participated in government-established education committees, including the Education/Training reference group to the Ontario Training and Adjustment board (OTAB), the Ontario Advisory Committee on Student Financial Assistance (OACSFA), and the Green Advisory Panel (GAP), all of which have involved the Career College, Community College and University sub-sectors of postsecondary education in consultative policy development processes.

This submission responds to the discussion questions raised throughout the paper. We have also provided specific reference to matters that impact how Career Colleges can positively participate in improving the student experience, thereby increasing productivity and addressing our province’s present and future fiscal realities.

Background: Context

The overview of Ontario's postsecondary system provided in the Government's discussion document was short-sighted in its failure to recognize the significant role played by Province's 430 registered Career Colleges, represented by over 600 community campus locations educating more than 67,000 new students annually. Failing to highlight the attributes of Ontario's Career Colleges, which are of direct benefit to both the student population and the taxpayers of Ontario is a glaring oversight, especially in light of the focus towards lower rates of spending growth and higher productivity levels.

In light of the anticipated increased demand that will stem from the trends and initiatives described below, combined with the urgent need to restrain Government spending, it is OACC's position that excluding the Career College from discussions around a vision for PSE transformation risks losing a key resource in the solution to meeting student needs in an extremely cost effective manner.

Individual students have different background, aptitudes, and personal/family situations that impact their educational needs. As such, students need a variety of options available to them in order to ensure that as informed consumers, they have the opportunity to choose the education delivery mechanism that best suits their individual circumstances. Practically speaking, it is clear that some students will be best served by a Career College program, some by a Community College program, some by attending a University, and others by registering in an Apprenticeship Program. Thus, it is imperative that Ontario have a cohesive postsecondary system comprised of complementary institutions from all four pillars.

"I must admit that I chose my college based on the prestige and reputation of that institution. Also, being a newcomer with dependants had to do at the time of deciding whether I should go to a College or University. I needed an option that would provide me with a Diploma in a timely fashion. It was very important that the Diplomas were accredited by the Institutions that rule the profession. Financial requirements were also considered. All those factors together and the proximity to my home, made me decide for a Career College in lieu of University." A Career College graduate.

The Government references the need to modernize the postsecondary education system and increase its productivity. Moving forward to achieve modernization and greater productivity, it is OACC's position that it is essential to acknowledge that our postsecondary education system in Ontario includes all available delivery mechanisms including Career Colleges, Community Colleges, Universities and Apprenticeship Programs.

Career Colleges are cost-effective. One major initiative that the Government can undertake to address increased demand for PSE places combined with cuts in PSE spending growth is to seek ways to more fully utilize the resources of the Ontario Career Colleges. OACC believes that the Government should take action on several fronts to eliminate those barriers that make it difficult for the province to benefit from the full potential of the Career College sector to contribute in a productive and collaborative way in conjunction with publicly-subsidized PSE institutions.

Appendix A to this submission provides a detailed description of the attributes of the Career College sector that serves a significant subset of the student community well, with the potential for playing a meaningful role in meeting the anticipated increased demands for postsecondary education at a substantial saving to the taxpayer.

Background: Key Trends and Initiatives

OACC has identified a number of key trends and initiatives, some of which were raised to some extent in the government's discussion paper, which will impact the Government's ability to achieve its educational vision and financial plan to:-

- Increase productivity within the postsecondary system
- Improve pathways to apprenticeship
- Build on past successes
- Eliminate redundancies
- Improve the quality of postsecondary education
- Enhance the student experience
- Make innovative use of technology
- Standardize learning outcomes
- Increase the transferability of credits and recognition of credentials
- Enhance the employability and mobility of citizens
- Implement meaningful accountability measures
- Eliminate barriers to equitable access to postsecondary education
- Adapt in a timely manner to the accelerated pace of change in technology and the economy
- Realize savings in the postsecondary education system and reduce the cost to the public
- Balance the budget in the province of Ontario by 2017/2018

These trends will increase the demand for postsecondary offerings and relate directly to a number of government announcements and initiatives, as well as external global forces as follows:

1. Increased Targets for Postsecondary Credential Attainment

In 2010 and 2011 the Ontario Government set a target to increase the level of postsecondary credential attainment in Ontario from a rate of 62% in 2009 to a rate of 70%, in order to ensure that Ontario remained competitive in the global economy. The Ontario Government also set a target in the 2011/2012 budget document to increase the number of postsecondary seats available in Ontario by 60,000 by 2015 at an increased cost of 300 million.

2. Increased Enrolment of International Students

As part of its Open Ontario plan, the Ontario government set an aggressive goal in the 2010/2011 budget to increase the number of international students enrolled at Ontario educational institutions by 50% over the subsequent 5 years.

3. Increased Targets for Apprentice Training

In 2009 the government passed legislation to establish the College of Trades in anticipation of the need to significantly expand the numbers of apprentices and journeymen in Ontario over the next decade. With approximately 120,000 apprentices currently learning a trade in Ontario, it is anticipated that there will be an increased need to train apprentices in an expanding range of fields.

4. Continued Training of Unemployed Workers

The Government announced in its 2010 budget the need to continue the Second Career program to assist unemployed laid off workers impacted by the economic downturn to access the career training they require to return to work. More than 57,000 Ontarians have updated their training through Second Career since its launch in 2008, and it is anticipated that the need to re-train unemployed workers will continue in the years to come.

5. Development of a Green Economy Workforce

The Ontario government had established an advisory committee in 2010 to study the requirements of the Green sector generally and the Home Energy field specifically in terms of the need for well trained workers to implement the government's "Green" agenda and support the "Green" economy. This emerging demand will place increased expectations on the postsecondary system in Ontario in the years to come.

6. Expectation of an Increased Need for Trained Infrastructure Workers

In 2010, the Ontario Government held extensive consultations in relation to the need to develop a ten year plan in respect to the Province's infrastructure needs. As the Government develops and implements its 10-year plan for infrastructure modernization, it is clear that there will be a significantly increased demand to educate and train people to work in positions related to the maintenance and development of our province's infrastructure projects.

7. Principle of Inclusivity

There are several marginalized groups of Ontarians that have often experienced significant barriers to entry/re-entry to employment opportunities and to postsecondary programs of study. This includes aboriginal people, persons with disabilities, newcomers to Canada, persons from low income families, people living in rural settings, injured workers, and foreign trained professionals. The Government, through legislation such as the Accessibility for Ontarians with Disabilities Act and other initiatives, has committed to the principle that all qualified persons should have access to postsecondary education. Once again, this commitment will place an even greater demand on the postsecondary education system.

8. Expectation of Increased Demand for Online/Distance Education Options

The potential exists for Ontario's postsecondary institutions to experience increased demand from all of the groups of potential students noted above including traditionally marginalized groups, unemployed workers, international students, trades persons and apprentices, and new economy workers, to be able to access part or all of their postsecondary education programs in an online mode.

Specific Responses to Ministry Discussion Points

Innovation to Drive System Transformation

How do we further strengthen the culture of innovation in the sector in order to enhance quality and productivity? What are the barriers or roadblocks to innovation and productivity today? What measures could be taken to remove them? Are there some practices already in place that could be used as best practices to guide the sector?

Innovation is the hallmark of the Career College sector. In this country, and globally, small- and medium-size enterprises (SMEs), of which the entire sector is part, are the main drivers of wealth creation. Fostering innovation within Career Colleges is a critical component of Ontario's economic and social prosperity. Many of our Career College graduates are themselves entrepreneurs who go on to create their own new companies, employing others in the process. In addition to providing private-sector jobs, they play a role in innovation and entrepreneurship.

If Ontario is to keep pace globally, the government must abandon the 'silo' approach in favour of developing cohesive and comprehensive strategic policies and mechanisms that reflect a fluid continuum of postsecondary education. This will support the Career College sector's potential to contribute to the province's economic well-being, and can be accomplished through system-wide quality program standards, transfer credits that encourage student mobility between all institutions, and consultation with all stakeholder communities.

There is little argument that in light of the current fiscal climate, and as we continue to recover from the recession, it will be necessary to lead the province's publicly-funded higher education system towards lower rates of spending growth. Cost reduction and the elimination of redundancies should be part of any Government plan, although these steps will not be sufficient to fully meet current and future fiscal

challenges. While innovative new teaching modalities will help to improve productivity within the postsecondary system, OACC believes that more will be needed, particularly given the increased demand that will result from trends previously outlined.

The 2012 study by Higher Education Strategy Associates (HESA) (Appendix B) revealed that the cost to the taxpayer for a Career College student (per student, per month, on average) is very conservatively estimated to be 18% of the cost to the taxpayer at a community college (per student, per month, on average), before taking into account the additional cost to taxpayers of capital expenditures incurred at the publicly-funded colleges.

It is OACC's position that more fully utilizing the resources of the Career College sector to help address the increases in demand for postsecondary education, will provide significant savings in operating grants needed for the public institutions, and could help to minimize future needs to invest in capital projects.

This position is based, in part, on the financial considerations outlined below, that relate to the anticipated increased demand on our PSE system that need to be taken into account when developing a fiscal plan to eliminate the provincial deficit by 2017/2018.

1. Increased Capital Expenditures: At a time when it is crucial to ensure that the Provincial deficit is reduced and eventually eliminated, it is clear that the Government must balance its fiscal policy against the need to meet the increasing demand for education and training associated with trends outlined earlier. There is no room for significant and unnecessary expenditures associated with increased enrolments, such as new infrastructure projects for publicly-subsidized PSE institutions.
2. Increased Operating Costs: Increased enrolments and new infrastructure projects at public institutions also entail increased operating costs that may not be sustainable over the next 10 years, potentially placing an even higher financial burden on the current and next generation of taxpayers in Ontario.
3. Tax Savings Associated with Career Colleges: The Career College sector, if fully utilized in conjunction with its public counterparts, has the ability to expand and contract quickly to adapt to current and future trends and economic conditions. Under the current rate of utilization of the Career College sector, it can be extrapolated from the HESA study (Appendix B), that the current annual savings to taxpayers with respect to Career College graduates exceeds \$1 billion. Leveraging those savings through expanded utilization of the Career College sector makes sense. It will help meet the increased demand for postsecondary education, it will further increase taxpayer and government savings, it will encourage innovation in the small- and medium-size enterprises that are the Career College Sector. A great opportunity is being missed by failing to partner appropriately with the Career Colleges.
4. Tax Revenue Generation: In addition to the benefits outlined above, through better integration of the Career College sector Ontario would realize the secondary benefit of increased tax revenues that could be directed to pressing needs such as healthcare, primary and secondary education, and capital projects to build hospitals, roads, bridges, energy turbines or water treatment plants. The increase in tax revenues would be derived from the corporate, property and sales taxes paid by the Career Colleges, the income and sales taxes paid by their employees, and the income and sales taxes paid by graduates who, by the compacted nature of their full diploma programs, are able to complete their studies in a shorter period of time and more quickly re-enter the work force as taxpaying citizens.

To reiterate, the HESA study has determined that Ontario Career Colleges employ approximately 12,000 people and collectively pay more than \$94 million annually in business and payroll taxes. In addition, their employees and graduates pay hundreds of millions of dollars annually in income and sales taxes. Career Colleges help to reduce Welfare and Employment Insurance costs by helping to bring unemployed people into the labour market, and moving more people from tax-dependent to tax-paying status than any other business.

Postsecondary education system transformation must also build on our past successes. This is an opportune time for the government to look comprehensively at the fluid continuum that postsecondary education should be, and turn its back on the ‘silo’ approach that has previously marked its policies. OACC agrees with the government’s vision and supports the concept, insofar as that vision incorporates all four of the component pillars. Ontario can build, in an integrated way, on the many examples of success within each pillar.

The proposed transformation would put students first by providing the best possible learning experience for all qualified students in an affordable and financially sustainable way. The Career College sector has always supported a delivery model that embraces the concept of putting the needs of students first. This requires considerable flexibility given the diversity of our student population and wide range of their needs, including unemployed adults, recent high school graduates, sole support parents, those with previous postsecondary education credentials, aboriginal people, persons with disabilities, injured workers, newcomers to Canada, international students, and career changers. To properly address the varying needs of these students, the entire sector must review their practices with respect to course content, instructor qualifications and professional development, course delivery methods, class scheduling, class sizes, work placement experience, and emerging employer needs.

The government has committed to improving pathways to apprenticeship by removing barriers to completion. The failure of the government to include the Career College sector in the apprenticeship model and recognize the value of the training provided by the 175 Career Colleges that currently offer more than 550 programs in trades and pre-apprenticeship training across 50 Ontario communities, creates barriers and dissuades interested individuals from entering and completing apprenticeship programs. With thousands of graduates, Career Colleges contribute equally to the training of trades graduates as do the Unions and Community Colleges and are effective at providing employable graduates to the apprentice pool. To overcome this, the Government needs to establish a process that will expeditiously assess the equivalency of Career College trades programs against established apprenticeship program standards in order to determine equivalency and provide credit recognition for Level 1 where warranted. Additionally, the Career College sector, which connects the employers that participate in apprenticeship programs with graduates possessing the requisite skills, needs to have a voice within the recently established College of Trades.

It is OACC’s position that in order to improve pathways to apprenticeship, the Government must commit to including the Career College sector in the apprenticeship model, the inclusion of Career College representation in the Ontario College of Trades, and increased recognition of the sector in regard to apprenticeship and pre-apprenticeship training.

Expanded Credential Options and Supplements

How can we improve on Ontario’s current range of credential offerings – for example, through three-year degrees, an increased focus on learning outcomes, and time to completion? How else could Ontario move forward to increase student choice and improve labour-market outcomes for students?

Credit Transfer, Credential Compatibility, and Student Mobility

The government hopes to further improve credit transfer and student mobility between colleges, between universities, and between colleges and universities. What further steps should the province take to improve Ontario's credit transfer system? What additional tools are needed? How do we ensure that Ontario credits and credentials remain compatible and competitive?

The government has committed to ensuring that there will be space for all qualified students in Ontario within the postsecondary system, but has not acknowledged that this commitment can only be fulfilled by relying on the participation and contribution of the Career College sector. Each year, tens of thousands of new students choose to enrol in Career Colleges that deliver high quality programs of study in a manner that best suits their individual needs and life circumstances. It is not enough for the Government to ensure “a space” is available for all qualified students, it is essential that “the right space” is available for all qualified students.

Commitments have also been made to create the conditions necessary to reach a 70% postsecondary education attainment rate among Ontario's adult population. Career Colleges are already assisting thousands of adult learners to attain a postsecondary education credential.

It is OACC's position that the government should take steps to more fully utilize the Career College sector resource in an effort to increase student choice, meet employer needs, and achieve and surpass the targeted postsecondary education attainment rate in a cost effective manner that will provide additional savings to the taxpayers.

*I was so well prepared that I passed the Paralegal licensing exam! I took my oath with the Law Society a few days ago and I am ready to start a great career. I will be going into private practice, focusing on mediation, small claims and human rights.”
Bradley Barbour, Kitchener Career College Graduate, Paralegal*

In keeping with global trends, OACC agrees that there is a need for Ontario's postsecondary institutions to have high quality, outcomes-based credentials, and supports full implementation of the Ontario Qualifications Framework (OQF) that embraces the concept that any institution that can provide a program that meets the stated outcomes should be allowed to offer the same credential and that the credential would be recognized within the education and employer communities. Employers need to be able to understand and rely on the fact that the real value of a credential lies in outcomes, rather than the number of years it takes to complete.

To facilitate increased transferability of credits, OACC recommends establishing a working group of representatives from all four PSE pillars (Career Colleges, Community Colleges, Universities and Apprenticeship Programs) to develop a provincial ‘diploma’ supplement, as Australia has done, which would be used to identify a student's achievements and provide details about the program curriculum and standards. This would be of great value to all stakeholder communities, including employers and students seeking recognition of credentials outside Canada.

OACC fully supports the local priorities listed in the “vision” section of the discussion paper, including acceleration, productivity, technology, quality, and student choice. The right of an informed consumer/student to make the most appropriate choice of institution and program that best fits their particular circumstances should be fundamental. Knowing that one particular type of institution or curriculum delivery methodology or duration will not work for everyone, a true ‘system’ should comprise institutions, employers, students, and government bodies that strive to ensure that all postsecondary education pillars (Career Colleges, Community Colleges, Universities, and Apprenticeship Programs) are as strong and complementary as they can be.

As described earlier, it is OACC’s position that the PSE system as a whole would be more productive if a credential framework such as the Ontario Qualifications Framework were fully implemented so that any institution capable of offering a high quality program that meets the agreed-to outcomes could grant the associated credential. Within such a system, technology-aided delivery mechanisms such as online programs or accelerated, shorter duration programs must be an option for institutions and students.

Year-Round Learning

What opportunities exist to provide year-round program delivery to more colleges and universities?
How have some institutions in Ontario and around the world overcome challenges to year-round program delivery, such as attracting students to summer courses?

Career Colleges have had great success over the past 140 years in delivering programs on a year-round basis. Combined with a willingness to provide intensive instruction with additional hours of teaching each week, students are able to complete their programs in a much shorter duration, and are ready to enter or re-enter employment in a more timely manner, reducing the cost of in-study living expenses and minimizing the time that the student is out of the labour force (i.e. minimizing the loss of foregone income).

Quality Teaching and Learning Outcomes

What are the competencies that you expect graduates of our institutions to have and how do you measure whether they have been acquired? How heavy a weight could learning outcomes have in a renewed funding formula?

"The Addictions Worker program prepared me with the essential tools to be successful in this field. Their guidance and support led me to the career of my dreams. I am now the Program Manager for the Council on Drug Abuse." Seth Fletcher, Mississauga Career College Graduate, Addiction Worker

OACC supports the establishment of a standard nomenclature system of common course numbering in Ontario for all subjects/courses that make up a program of study, similar to that used in the State of Florida. Under such a system, an institution could only name a subject or course Accounting 101, for example, if it met all of the learning outcomes specified in the agreed-upon standard for Accounting 101, and a transferring student would receive credit for that course.

OACC supports the use of key performance indicators (KPIs) within the PSE system. One important principle is that in order to be a meaningful measure for students, KPIs for similar programs must be the same indicators, calculated and published in the same manner. It is also essential that the data is material in nature and can be relied upon by the

students. The current proposal that the Ministry of Training, Colleges and Universities has on the table is that the Career College and Community College sectors would use slightly different indicators.

It is OACC's position that the government should take steps to ensure that KPIs are used consistently for Career Colleges and Community Colleges in order to be meaningful. In the longer term, OACC would strongly support the establishment of a working group, representing all sectors, in order to develop a set of new accountability measures to assess the quality of teaching as well as formal learning outcomes, where applicable. Within programs, the use of a common course numbering/registry system for subjects/courses such as that used in parts of the United States would simplify the process across the entire system for granting credits to the benefit of students who would be able to reduce their investment of time and money when transferring from one educational institution to another.

It is incumbent on this government to work in partnership with all four pillars of postsecondary education (Career Colleges, Community Colleges Universities and the Apprenticeship Programs) to embrace online delivery and both encourage and allow all qualified institutions, who are able to demonstrate their capacity to deliver such programs in a secure, effective fashion, based on integrity and high quality protocols, to offer appropriate portions (up to 100%) of their programs in an online mode.

A puzzling anomaly in the system is that currently, Ontario students can receive OSAP assistance to take online courses at educational institutions located outside Ontario, but those same students may be unable to access OSAP funding to attend Ontario-based institutions, a situation that results in a further outflow of dollars from the Ontario economy. To maximize student access to online offerings, OACC supports the extension of OSAP designation to approved online programs.

In order to be able to compete in the global community where many countries are using technology to deliver their programs, it is essential that innovation is not stifled by crippling bureaucracy that creates a ‘backlog’ for online program approval. To that end, the Government needs to establish a streamlined process for all institutions within the PSE system to develop and have online programs approved in a timely manner. Unnecessary delays would put Ontario institutions at a competitive disadvantage and would hamper the ability of the entire PSE system to react quickly to the emerging needs of the employment community.

By denying the right of one or more of the four pillars in the PSE system to deliver programs in a modern, efficient and convenient way to its students, is punishing Ontarians. However, to date, the policies in place at MTCU have prohibited the Career College sector from providing their programs of study in an online or distance education delivery mode, while the other pillars have no such restriction. This is an example of discriminatory treatment of those students who would be best suited for programs offered at Career Colleges, once again minimizing the potential financial benefits to the Province of more fully utilizing the resources of the Career College sector.

We recommend, therefore, that the government move quickly to introduce a framework for the provision of Career College programs of study using an online/distance education methodology, and allow online students to access OSAP assistance for such programs.

While we understand that the Government is poised to implement a rigorous framework for the provision of hybrid (up to 80%) online programs within the Career College sector, those online programs are not currently eligible for student financial assistance, which goes against the notion of equitable student choice, access, and increased attainment rates.

It is OACC’s position that the Government must ensure that all Ontarians have access to the same types of student financial assistance for online programs as they have for similar programs offered in an in-class mode.

Technology-Enabled Learning Opportunities

In what ways are learning technologies best used to promote effective learning? How could a degree- and diploma-granting Ontario Online Institute interface with existing institutions?

Creating a Tuition Framework That is Fair for Students and Institutions

Consultation on a new tuition framework is about to get underway. How can this conversation about innovations and productivity best inform the forthcoming policy decisions regarding tuition, and vice versa?

In 2012, to help achieve the goal of ensuring a space for all qualified students, the government introduced the new 30% Ontario Tuition Grant to help make postsecondary education more affordable. However, the Government has penalized thousands of students who have exercised their right to choose the educational option that best fits their circumstances, by excluding Career College students from eligibility for the new grant.

This breaks the promise made by the Premier's Office during the run up to the 2011 provincial election that Career College students would be eligible to receive the same Ontario Tuition Grant being given to students attending publicly funded postsecondary institutions.

Government must recognize that 'a student is a student', regardless of the institution in which they choose to enroll, and it is incumbent on the government to treat all students equitably. To do

otherwise is discriminatory, and sets up systemic barriers to access to postsecondary education, in contradiction of the overall goal to remove barriers and increase access. It also minimizes the ability of the postsecondary system to meet increased demand and help reduce the financial benefit that the Province and taxpayers could derive from a fuller utilization of the Career College sector.

It is OACC's position that the Ontario Tuition Grant should be accessible to all qualified students, regardless of the institution they choose to attend. It is fundamental that students have an unrestricted right to make the best choice.

Student diversity impacts educational needs. Some government policies unintentionally put some of the most vulnerable Ontarians at risk by eliminating choice and thereby taking away their opportunity for a postsecondary education. Practically speaking, it is clear that some students will be best served by a Career College program, some by a Community College program, some by attending a University, and others by registering in an Apprenticeship Program. Thus, it is imperative that Ontario have a cohesive postsecondary system of institutions from all four pillars that are complementary to each other.

Below are some other examples of the discriminatory policies currently in place:

Tuition Cap on Second Career Programs at Career Colleges: The Government's Second Career program places an arbitrary \$10,000 cap on the amount of tuition that it will fund for an unemployed adult to attend a Career College program of study, whereas in many cases, the same student could receive full funding for a tuition in excess of \$10,000 when attending a publicly-funded institution. The imposition of this arbitrary cap has significantly reduced the options and freedom of choice for Second Career students to attend the most appropriate postsecondary institution. Over the years to come, this policy will continue to restrict a student's right to choose the best educational option, and will serve as a barrier to more fully utilizing the resources of the Career College sector as a way to address the increased demand and the deficit reduction-related financial considerations.

It is OACC's position that there is a need to equitably apply any tuition cap policy associated with funding programs for all students regardless of their choice of educational institution and allow for cost of living indexing on an annual basis.

International Student Recruitment: International students currently attending Career Colleges are treated differently from those attending publicly-subsidized institutions. Specifically, they are not eligible to access the post-graduation work permits that would be available to them at a publicly-funded institution. This policy again restricts the rights of students to choose their best educational option and puts Career Colleges at a competitive disadvantage domestically and globally. As a result, the government is losing valuable resources and the opportunity to attract investments into the Ontario economy. This is not in keeping with its goal to dramatically increase the number of international students studying in Ontario.

It is OACC's position that the Government needs to move quickly to respond to the Federal Government's request to establish a framework for the recruitment of international students to Ontario's postsecondary education institutions that will treat all international students equitably in relation to eligibility for study permits and work permits, regardless of the institution that they choose to attend.

The Career College sector has an important role to play in helping the Government to improve productivity, lead the province toward lower rates of spending growth and financial sustainability. Currently, however, there are Government policies in place that are creating significant barriers to more fully utilizing the resources represented by the Career College sector in Ontario. Fair and appropriate policies will create an environment that facilitates the contribution of Career Colleges to help address the increased demands on the entire postsecondary education system that were identified earlier in this submission.

In addition to the challenges and barriers described throughout this submission, OACC would like to draw attention to the following:

HST Treatment of Educational Services: Currently, the Government's treatment of Career Colleges as private providers of an exempt service under HST with no access to ITCs (input tax credits), puts the sector at a competitive disadvantage, and limits the government's ability to benefit from this resource. In contrast, publicly-funded educational institutions can claim 87% input tax credits. This policy artificially inflates the level of tuition which is counter to the Government's commitment to making postsecondary education more affordable, and places a larger burden on the various student financial assistance programs.

It is OACC's position that the government should revise its policy with respect to HST to make educational services 0% rated, rather than exempt under HST, or allow private Career Colleges to claim input tax credits, thereby removing the competitive disadvantage that Ontario's Career College sector experiences and reflecting fair and equitable treatment.

If Ontario is to keep pace globally, it is imperative that the four pillars of PSE are not competing against each other. This government must set the stage, through a coherent and comprehensive policy framework that enables Career Colleges, Community Colleges, Universities and Apprenticeship Programs to fully realize their potential to contribute to the vision presented in this document. Fostering innovation within Career Colleges is a critical component of Ontario's economic and social prosperity.

The entrepreneurial spirit exists throughout Ontario's postsecondary education system, and all students, regardless of institution, should be able to access and benefit from initiatives to increase labour market readiness and entrepreneurship capacity. To do otherwise would be to lose the potential of more than 67,000 students annually, who are already engaged with the private sector.

"I was so pleased to find a job immediately after I graduated. I owe a lot of my success to the internship component included within my program. The exposure I gained in a real working environment, plus the connections and the relationships created, made the internship worth every single minute." Ernesto Ignacio Aleman Vera, Hamilton Career College Graduate, Law Clerk + Internship

The receptor market is eager to innovate, and Career College graduates are in high demand. What better way to impel the entrepreneurial spirit into the marketplace than through our graduates. As you are aware, SMEs are the main drivers of wealth creation, and many of our Career College graduates are entrepreneurs who go on to create their own new companies, employing others in the process. In addition to providing private-sector jobs, they play a role in innovation and entrepreneurship. To exclude this highly motivated group is short-sighted and flies in the face of common sense.

Entrepreneurial and Experiential Learning

The government is committed to providing new and dedicated support for Ontario's young entrepreneurs. How can the postsecondary education system contribute to this objective through experiential learning initiatives? What kinds of curricula, programs, or support are needed to increase the labour-market readiness and entrepreneurship capacity of students graduating from Ontario colleges and universities? What lessons can be learned from the apprenticeship programs as we design new experiential learning opportunities for Ontario's college and university students?

Conclusion

The Ontario Association of Career Colleges supports a vision for Ontario that speaks of the desirability of a PSE system that is the best in Canada, that is as good as the best in the world, and that allows students and institutions to succeed – one that leverages innovation and productivity, and instils in all students, the skills needed to participate in lifelong learning.

In order to bring about the transformation described in the discussion paper, sector pillars and institutions cannot be in competition with each other, but must work together to help identify actions that will make our system more productive and improve quality. The discussion paper, and the transformation it envisions, is driven by the fact that Ontario does not currently have a fully developed PSE system. Rather, it has four ‘silos’ of primary providers of postsecondary education and training - Career Colleges, Community Colleges, Universities, and Apprenticeship Programs - operating to deliver higher education with little collaboration between one another and little, if any, evidence of the existence of a comprehensive, collaborative and fluid system.

Students commonly need to flow into, out of, and between all four pillars, depending on their individual circumstances, throughout their entire adult and working lives. OACC believes that the post-secondary education review could be instrumental in helping to break down this ‘silo’ approach and set the foundation for the creation of a more effective, productive, cohesive and coherent “system” that would be of significant value to students, employers, the

government, and ultimately to the economy of Ontario. Such a system must meet the needs of a very diverse range of students and maximize the role and contribution of all four postsecondary pillars.

The successful postsecondary system described in the government’s vision cannot be exclusionary, and it cannot be discriminatory. To accomplish its aims, it is incumbent on this government to draw upon the expertise of all postsecondary stakeholders to create a world-class postsecondary education system that addresses fiscal realities and that serves all Ontarians.

We look forward to continuing these discussions, which will lead to transformative change in the postsecondary education system, and to partnering with the government in realizing their vision.

Additional Information

For additional information about this document, the OACC backgrounder document or the Career College sector, please contact:

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Appendix A

Backgrounder on Career Colleges and Their Students



Backgrounder on Career Colleges and Their Students

Fall 2012

Ontario citizens seeking to acquire basic job skills, or upgrade their existing skills, or learn new skills required for a career change, are increasingly choosing to attend private post-secondary institutions that are members of the Ontario Association of Career Colleges (OACC).

Founded in 1973, OACC is a non-profit organization whose membership consists of a network of more than 280 career colleges that have an exemplary track record in specialized career training.

Career Colleges have existed in Ontario for more than 144 years and are regulated under the Private Career Colleges Act by the Ministry of Training, Colleges and Universities.

Since the inception of the first career college campus in Belleville in 1868, the Career College sector has grown steadily and today remains a fundamental component of Ontario's post-secondary resource, training more than 67,000 individuals annually.

Career Colleges offer a wide range of diploma and certificate programs in a variety of career disciplines including: Automotive, Broadcasting, Business, Computer, Culinary, Design, Electronics, Healthcare, Information Technology, Legal, Personal Care, Travel and Welding.

While some students enter a Career College directly out of high school - the average age is approximately 27; roughly 30 percent are over the age of 35; and 40 percent having previously attended a university or community college.

Students use a variety of sources to finance their studies including personal funds, Employment Insurance funds, Second Career funding, WSIB sponsorship, or government sponsored student loans.

With no direct operational or capital funding from any level of Government to fall back on, career colleges must rely heavily on satisfied graduates, satisfied employers, and their local community reputation to generate referrals of future students.

Career colleges make a major contribution to the Ontario economy. Career colleges employ 12,000 staff, and annually save the taxpayers of Ontario more than \$1 billion, while generating over \$94 million in business and payroll taxes.

Career colleges provide a major share of the trained specialists in Canada at low cost to the taxpayer. The cost to taxpayers to produce a career college graduate is 18% of the cost of producing a community college graduate.

Appendix B

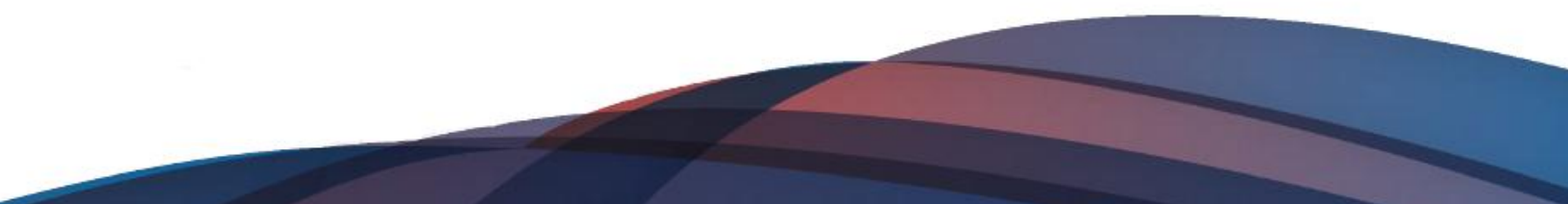
The Impact of Ontario Career Colleges

The Impact of Ontario Career Colleges

Final Report

June 1, 2012

Higher Education Strategy Associates
400-460 Richmond Street West
Toronto, Canada
M5V 1Y1



Executive Summary

This paper was commissioned by the Ontario Association of Career Colleges in January 2012. It is designed to shed light on the question of the value of career colleges to the Ontario economy by looking not only at its own economic footprint, but also the economic impact of its graduates, and its overall efficiency at getting people through programs and established in the world of work.

The key points of this survey are as follows:

- * 62,500 students were enrolled in career colleges in August 2011
- * Career colleges boast graduation rates of slightly over 80%, which is comparable to or better than public community colleges
- * The Post-graduation employment rate (excluding those who return to studies) is 83.4%;
- * Of particular note is the high rate of employment among those who were previously unemployed or out of the labour market and transitioning them to jobs; there is a difference of 30 percentage point in the pre- and post-study employment rates of career college graduates.
- * Career College Graduates' income six months after graduation was equal to \$26,045.
- * Total revenues for institutions were \$788 Million in 2010, of which less than a third came from students who have benefitted from government loans or subsidies of their training costs; if "other" (i.e. non-instructional) revenue is excluded, total the figure is \$538 Million, of which 51% comes from government loans and subsidies to students.
- * Taking into account other subsidies such as tax credits, but also accounting for the fact that most loans are eventually paid back, the total net cost of government subsidies to students attending career colleges - excluding the Ontario Student Opportunity Grant (for which data was not available) – are just over \$248 Million, of which 73% comes from the Government of Ontario.
- * Career Colleges employ around 12,000 people and collectively pay \$94 million in business and payroll taxes. Their employees and graduates pay hundreds of millions in taxes and reduce welfare and EI costs by helping to bring people into the labour market.
- * Adjusted for the different lengths of program, Career College graduates receive only 18% of the subsidy that Community College Students do.

Introduction

This paper was commissioned by the Ontario Association of Career Colleges in January 2012. It is designed to shed light on the question of the value of career colleges to the Ontario economy by looking not only at its own economic footprint, but also the economic impact of its graduates, and its overall efficiency at getting people through programs and established in the world of work.

This work is somewhat challenging in the sense that good quality data about the sector is scarce. However, by cobbling together data from a number of sources, it is possible to develop a relatively complete picture of the sector.

In section 1 we outline briefly the main data sources used to compile the data in this document. In section 2, we look at students and their outcomes – specifically their rate of graduation and their economic outcomes in terms of employment and income. Section 3 examines the economic impact of the sector itself, in terms of its size, its revenues, and taxes paid. Section 4 looks at the cost of government subsidies to students who choose to study at career colleges. Section 5 examined data from provincial and federal job projections in order to look at areas of high potential demand and hence opportunity for career college providers. This is followed by a brief conclusion.

1. Data Sources

The main challenge in this project lay in obtaining high-quality data. Career colleges are an under-studied phenomenon, and consisting as it does of many small training providers (as well as a few major ones), it is a difficult sector in which to collect data.

For this project, the data came from 4 main sources.

- 1) The **Registration Information for Career Colleges (RICC)** System. Each year, career colleges operating in the province of Ontario are required to submit data about student enrolments and finances to the Ministry of Training, Colleges and Universities' Private Career Colleges Branch. The Branch agreed to release aggregate enrolment and income to this project on an aggregate basis, meaning that we were able to look at certain figures at the provincial level.
- 2) **Ontario Student Assistance Program (OSAP)** administrative files. OSAP kindly agreed to release data on student aid use and expenditures on a sectoral basis for this project. Unfortunately, OSAP was not able to provide us with a breakdown of funds for the Ontario Student Opportunity Grant, which is the main source of non-repayable aid for students in Career Colleges.
- 3) The **Survey of Canadian Career College Students**. This survey, funded by Human Resources and Skills Development Canada and the Canada Millennium Scholarship Foundation and conducted by R.A. Malatest Associates. This was a two-phase survey. In the first phase, just over 13,000 students in career colleges across Canada answered questions regarding their program of study, their finances, and their activities in the pre-study period. In the second phase, just under a third (4,065) of the respondents of the original survey agreed to a second interview six months after graduating from their career college program. In this second survey, they answered questions about their educational experience and labour market activities. In this survey, we use only the data for the roughly 1300 students who attended an Ontario Career College and answered both waves of the survey
- 4) A **Survey of Ontario Career Colleges** conducted specially for this project. In February 2011, Higher Education Strategy Associates sent a survey (attached to this document as Appendix A) to most of the provinces 400-plus career colleges. The survey was designed specifically to obtain data requested by the client which was not available through the other three data sources. As a result, it focuses specifically on issues related to program completion, numbers of staff employed, and taxes paid. Regular follow-up emails and calls were placed over the following 8 weeks in order to raise the response rate. In the end, completed responses for 59 career college locations were received. Though this was a very small response rate, it is still possible to make estimates for the full population by norming results against certain data points (number of institutions, student population and total income) for which independently-confirmed data (for instance, data collected by RICC) are available.

On occasion, other sources were consulted, though these are fairly rare. In these cases, sources are referenced directly in the text.

2. Educational Outcomes

a. Graduation rates

Perhaps the most important educational outcome measure is completion: what percentage of an incoming class finishes the courses it began? Table 1 shows the graduation rates as reported by institutions participating in the Survey of Career Colleges.

Table 1 - Graduation and Withdrawal Rates

	2008	2009	2010
% graduated	79.5%	84.1%	80.3%
% withdrew	15.5%	13.2%	13.8%
% remaining	5.0%	2.7%	5.8%

Source: Survey of Ontario Career Colleges

According to the survey of Ontario Career Colleges, graduation rates over the past three years have averaged between 79 and 84%. How does this compare to other types of education? According to Colleges Ontario's summary of KPI data, the province-wide graduation rate from colleges is 65%.¹

While it would therefore be true to say that graduation rates in the career college sector are higher than those in the public sector, a skeptic would likely raise the incompatibility of the two standards because of the different lengths of programs. However, we know from previous studies of the college sector that slightly more than half of those who drop out of a college program do so in year 1 (see Finnie and Qiu, 2008). As a result, it would be true to say that the *pace* of drop-outs is very similar in the two sectors, with roughly one in five leaving after one year.

¹ The 2011-12 KPI Graduation Rate is based on students who started one year programs in 2009-2010, two year programs in 2007-08, three-year programs in 2005-2006, and four-year programs in 2004-2005, and who had graduated by 2011-12).

b. Graduate Employment

There is unequivocal evidence that PCCs in Ontario improve employment outcomes. Using the Survey of Canadian Career College Students, we were able to look at the pre- and post-schooling activities of 1376 Ontario students. Table 2, below, shows the results.

Table 2: Pre- and post-PCC activity status

Status	Pre-Study	Post-Study
Employed	39.69%	73.45%
self-employed	3.09%	2.33%
In school or training	7.26%	2.04%
Unemployed (looking for work)	25.02%	14.88%
Unemployed (Not looking for work)	2.47%	3.06%
Full time stay at home parent	7.50%	1.75%
Employed and in school or training	4.94%	1.82%
Self-employed and in school or training	0.54%	0.07%
Other	9.50%	0.58%

Adding the various forms of employment together, only about 48% of PCC students reported working in the three months prior to the start of their program. However, when interviewed six months after their program, that figure rose to over 77%. Part of this came from a reduction on the number of people who were formally unemployed (i.e. actively looking for work), but much also was the result of transitioning people who had not previously been in the labour force back into work.²

The resulting *employment rate* of PCC graduates – that is, the number employed as a percentage of all those employed and or looking for work of 83.4%

How does this compare to results in other sectors? This data was collected on students who were enrolled during the 2007 calendar year. The equivalent group of graduates from Ontario Community Colleges, measured after a similar period (6 months) had an employment rate of 90.5%. This suggests that the absolute employment outcomes of college students are better; however, since community college graduates tend to be younger and more employable, such a direct comparison may not be the most useful in looking at outcomes.

² It should be acknowledged, however, that this survey had a significant response bias towards people who *graduated* from PCC. 98% of survey respondents were graduates, compare to an 80-85% system average, as calculated in Table 1. Thus, while we can make strong claims about how *graduates* fare in the labour market, it is less clear what the outcomes are for the 20% who enter but do not finish.

c. Graduate Income

Data from the Survey of Canadian Career College Students indicated that the average salary for all graduates, 6 months after graduation, was **\$26,045**. The manner in which the survey was constructed did not permit a direct observation of students' income prior to their entering a career college. However, given their age and education and what we know about their labour force status, it is possible to provide a relatively crude estimate of their incomes using 2006 Census data.

For people who were employed in both the pre-study and post-study periods, the increase in income 6 months after the end of studies was a relatively modest **\$765/year**. However, as we saw in the previous section, the real gains of a PCC education come from taking people who were outside the labour market and putting them into work. For these people, a much larger increase was in store: more on the order of **\$11,376/year**. For those who were employed prior to attending a PCC and subsequently were not in work (7% of the total), there was a negative effect of roughly the same size. For those who were not in work in either period, there does not appear to have been any benefit.

Weighted across these three groups, the net increase in salary from immediately prior to immediate post-schooling is therefore approximately **\$3655**.

Longer-term benefits of career-college education is harder to quantify. We effectively have no data on the income path of these graduates beyond six months. One would expect, based on post-graduation data in other types of institutions that with age and experience, these returns continue to increase over time; however, there is no way to be sure at what rate this occurs. We therefore do not provide any estimates of longer-term benefits of career college training to graduate earnings, though clearly such benefits must exist.

3. Economic impacts

a. Institutional Income

When looking at the benefit of Career Colleges to the economy, the first place to look is at their income statements: how much economic activity flows through their books? Data on this subject was obtained from the RICC database for both 2009 and 2010. In their first fiscal year of operations, PCCs submit pro-forma financial statements to the ministry; full financial statements are not available until the second year of a college's operations. Data in a given year therefore excludes any institutions that began operations in that year. Not quite all institutions are present in the data - the 2009 data represents 384 active PCCs out of a total of 485, while the 2010 data represents 388 PCCs out of a total of 498. The figures therefore understate the size of the sector somewhat.

Table 3 – PCC sector revenue by source – 2009 and 2010

	2009			2010		
	Government Sources	Non-government Sources	Total	Government Sources	Non-government Sources	Total
Vocational Revenue	\$223,508,768	\$127,948,658	\$351,457,425	\$244,176,818	\$183,494,360	\$427,671,178
Non-Vocational Revenue	\$20,886,760	\$52,748,441	\$73,635,200	\$30,971,305	\$78,485,043	\$109,456,347
Other Revenue	--	\$107,894,704	\$107,894,704	--	\$250,761,920	250,761,920
Total	\$244,395,528	\$288,591,803	\$532,987,329	\$275,148,123	\$512,741,323	\$787,889,445

Source: Ministry of Training, Colleges and Universities, Private Career College Branch

The terms “vocational” and “non-vocational” refer to the types of programs offered by the college. Revenue from “other revenue” is not received from government sources and is usually not related to the educational business operations of the PCCs (e.g. interest income).

Clearly, there was an enormous increase in Career College income in 2010. Vocational revenue was up 22%, non-vocational revenue up 49% and “other revenue” up 132%, meaning an overall increase of 48% in a single year. Nearly all of this increase was due to increases in non-government revenue sources; these jumped 78% from \$288.6 Million to \$512.7 Million. In contrast, the increase in revenue from government was much more modest – a jump of 13%, from \$244.4 Million to \$275.1 Million. There are two things to note about these government funds. First, they do not come in the form of base funding; rather, it is money that follows student choice either via student loans, WSIB or Second Career. Second, these figures count loan dollars as full subsidy dollars when in fact students end up paying most of this back – as a result the true net cost to government is substantially lower than what is portrayed here.

Colleges Ontario reports that total income for Community Colleges was just over \$3.2 billion in 2010-11. That means that the Career College sector is roughly one quarter the size of the public college sector.

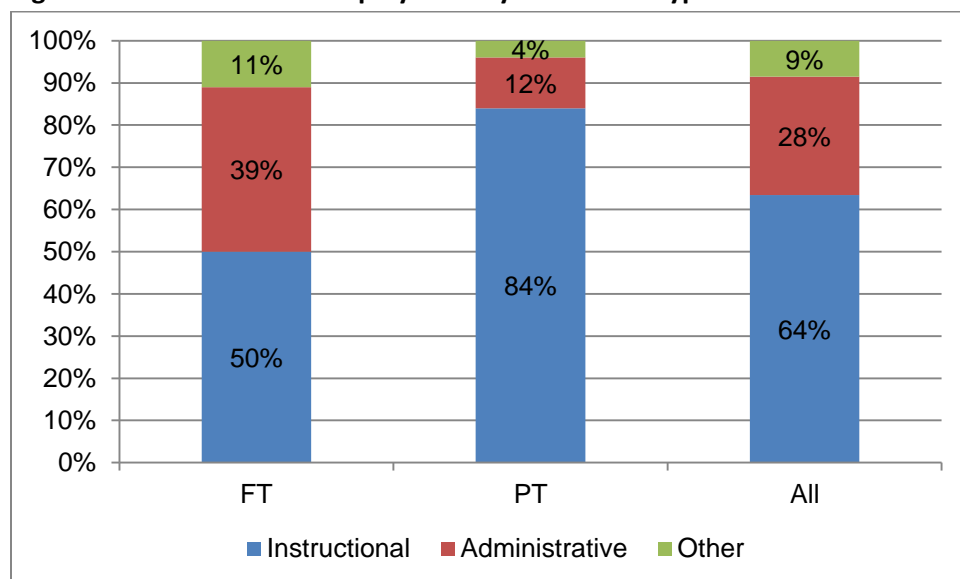
b. Employment

Our source for data for this subject is the Survey of Career Colleges which was undertaken for OACC specifically for the purpose of this paper. Because of the low response rate and the generally low level of data available about the sector, generalizing sector-wide data from the responses received is difficult because it is hard to know how representative our sample was.

There are data points collected in this sample against which it is possible to compare our sample with the full system, based on data gathered by the PCCC. These points are: total institutional locations, finances and students. In all cases, we know what percentage of an actual system-wide total was obtained through the survey. The difficulty is that scaling the data upwards to match each of these three points results in substantially different values.

For instance, if we scale up based on the proportion of institutional locations responding, we obtain an estimate of 14,583 employees in the sector as a whole. If we scale up based on reported revenue, we get an estimate of 12,022, and if we scale up on based on reported enrolments, we get 9527. There is no way to tell which of these estimates is correct. However, it seems prudent to expect that the figure lies somewhere near the middle of these three estimates. The average of these three estimates is just over 12,000, which would seem to be a reasonable figure upon which to settle as a global estimate of employment, albeit with a significant margin of uncertainty.

Figure 1 – Distribution of Employment by Status and Type



Of the staff members reported by the survey, roughly 63% were instructional staff, 28% were administrative staff and 9% were listed as “other”. However, this hides some significant differences by full-time and part-time status (full-time here being defined as being more than 25 hours per week). Overall, the data implies a very low student-staff ratio. Given that most programs in the sector of short duration, the RICC figure of 62,500 on 1 August 2011 is almost certainly an underestimate in terms of total students. But if we take the RICC figure as a denominator, the ratio of students to instructors is about 8 to 1, which implies relatively individualized instruction.

c. Taxes Paid

Another area covered by the survey of Ontario Career Colleges was taxes paid. Individual institutions were asked a variety of questions about the taxes they either paid or withheld – property taxes, corporate taxes, HST, and employer payroll. For exactly the same reasons described in the section on staff numbers, there are a number of ways to estimate total taxes paid. Table 4, below, shows the various possible estimates as well as the “blended” estimate which we believe to be the most reasonable single estimate of taxes paid by the sector.

Table 4 – Survey-based estimates of taxes paid by Ontario PCC sector (in \$ Millions)

	Location-scaled Estimates	Revenue-scaled estimate	Enrolment-scaled estimate	Blended Estimate
Property Taxes	27.8	22.9	18.2	23.0
Corporate / Business taxes	15.7	13	10.3	13
Net HST	23.2	19.1	15.1	19.1
Employer Payroll Taxes	51.8	42.7	33.8	42.8
Aggregate Taxes Contributed	113.1	93.3	73.9	93.4

4. Total Cost to Taxpayers of Career Colleges

According to the RICC data cited above in section 2, total funding from government sources (excluding OSAP) were \$150,485,372 in 2010, mostly through Employment Ontario programs and WSIB programs. In addition to this are funds related to various forms of student assistance, which are detailed below.

Loans

In 2010, OSAP provided loans to 9,679 students in career colleges. Collectively, these students borrowed just over \$67 Million, meaning that the average amount borrowed was \$7,054. Since this is substantially above the provincial limit for borrowing for single students (\$4760 for a 34-week program), it follows that a substantial proportion of student borrowers from this sector are either married or have children. In addition to this provincial borrowing would be borrowing from the Canada Student Loans Program. Data is unavailable on this program, but it would be reasonable to assume a roughly similar loan volume.

The costs of lending this come from three sources. The first is defaults. The most recent figures suggest that borrowers from the Career College sector default at a rate of about 13%. The government of Ontario does not release the value of defaults by sector, but assuming that defaulted loans are no different from average, that implies that the default cost of these loans will be 8.71 Million (though in fact some of these loans may already have been forgiven via OSOG). In addition, there are the carrying costs of the loan while the student is in school. Because PCC programs are so short, these are very small. Assuming i) a one-year loan period and ii) carrying costs equal to the latest provincial bond issue (3.34%), the costs for the 2012 loan cohort would be roughly \$2.23 Million. At the federal level, assuming similar repayment rates, the default cost would be roughly the same, but the loan carrying costs would be about half of the provincial ones due to the much lower borrowing costs.

Grants

There was no data available on the most important source of grants, OSOG. With respect to other grants, the total amount delivered was \$670,000.

Tax Credits

Part of government expenditure on public colleges comes in the form of tax breaks to students. Students are entitled to two significant types of tax credits: *tuition tax credits* that provide relief based on the amount of tuition paid, and *education and textbook amounts* that provide credits based on the number of months of study and whether these months were full-time or part-time. While the amount of tax expenditures that go to college students specifically as a result of these programs is not available

from government sources, it is possible to obtain a good estimate of this amount using publicly available information.

21% of the value of tuition (15% federal and 6% provincial) is returned to students via the tuition tax credit, as is 15% of \$465/month of full-time study (via the federal education amount and textbook tax credits) and 6% of \$484/month of study (via the provincial education amount credit). Unfortunately, we do not know how much of the \$185 million in non-government vocational revenues collected sector-wide were actually tuition fees paid by individuals (as opposed to by employers). Assuming they all were, it would imply a provincial tax expenditure for the tuition tax credit of about \$9.25 million, and a federal one of about \$29 million. The costs of the education amount credits would likely be somewhat less than this, in the region of \$10 million at the provincial level and \$26 million federally.

Table 5 combines all of the preceding data into a single global estimate of costs. Note that this is likely a significant underreporting due to the absence of data on the Ontario Student Opportunity Grant.

Table 5 – Costs of Various Government Subsidies

Item	Cost
Direct expenditures	\$150.5 Million
OSAP Loans and Grants (ex-OSOG)	\$11.7 Million
Provincial Tax Credit Costs (maximum)	\$19.25 Million
Sub-total Provincial	\$181.45 Million
Federal Loan Costs	\$10 Million
Federal Tax Credit Costs	\$57 Million
Sub-total Federal	\$67 Million
Total Government Costs	\$248.45 Million

5. Career Colleges vs. Community Colleges – Comparing Costs to Taxpayers

Having calculated public subsidies to the Career College sector, it is instructive to calculate the subsidies given to community college and compare the two. For the sake of comparability, we have excluded some data from the Community College totals, where comparable data for the Career College Sector does not exist.

Direct Expenditures

In 2009-2010, the most recent year for which data is available, total direct grants to public colleges in Ontario from all provincial and municipal sources amounted to \$1,702,726,000. Table 6 presents the breakdown of funding of Ontario colleges by level of government.

Table 6 – Funding by level of government

Level of Government	Amount
Provincial	\$1,664,013,000
Municipal	\$5,558,000
Total	\$1,669,571,000

Source: Statistics Canada, Financial Information of Community Colleges and Vocational Schools (FINCOL)

Student Loans and Grants

Data from OSAP indicates that Ontario Public College Students were responsible for approximately \$3.6 million in Class A interest subsidy in 2010. Likely default costs, assuming the 2010 rate of 10.6% remains constant, and using the same imputation method as for public colleges, will be \$28.9 million. In addition, college students benefitted from \$33.6 million in Ontario Access Grants, \$1.2 Million in Ontario Distance Grants and just over \$10 million for the Textbook and Technology Grants. The total cost for Ontario Student Assistance is thus \$77,300,000. As with Career Colleges, these figures exclude costs related to the Ontario Student Opportunity Grant.

In addition to provincial expenditures, the federal government spends substantial amount of student financial aid. The amount of Canada Student Grants going to public college students annually can be estimated from the total value of Canada student grants disbursed and public post-secondary enrolment numbers, by assuming that the proportion of grants disbursed to college students is similar to the proportion of college students in the public post-secondary population. In 2008 32.6% of the Ontario public post-secondary population was enrolled at colleges, and \$370,745,021 was disbursed by the Canada Student Grant Program. The estimated amount spent on college students in this program is therefore \$120,722,228.

An additional cost of funding is the cost associated with providing federal loans. As with provincial loan amounts, this cost is due to interest subsidies, and loan defaults. Though we have no direct data from the Government of Canada on this, it is possible to construct a rough estimation of default costs simply by multiplying the provincial figures by 150% (federal and provincial aid is distributed on a 60-40 basis). This procedure results in an estimate of \$43.4 million. Loan carrying costs at the federal level are lower than those at the provincial level (roughly \$1.9 million) because of lower interest costs.

Total student aid expenditures on Ontario Community College Students is thus \$243,332,000.

Tax credits

Statistics Canada's Financial Information of Community Colleges and Vocational Schools survey tells us that in 2009-2010, \$962,989,000 was collected by Ontario colleges as tuition revenue. The federal tuition tax credit rebates 15% of this amount, while the provincial credit rebates 5.05%. Assuming that all of this income is eligible for both Ontario and Federal tax credits, this results in \$193,079,000 of tuition tax credit relief, of which \$144.5 million is federal and the rest provincial.

From Statistics Canada, we also know that there were 161,631 full-time students and 54,909 part-time students enrolled in public colleges in Ontario in 2008, the most recent year for which data is available. Full time students are eligible for a federal tax credit equal to 15% of \$400 and a provincial tax credit equal to 5.05% of \$490, per month of study, while part-time students receive monthly tax credits of 15% of \$120 and 5.05% of \$147 from the federal and provincial governments, respectively. Assuming that these students were enrolled on average for eight months in the year, the total money spent by both levels of government on this education tax credit is \$120,747,000.

The total cost of tuition and education tax credit amounts for Community College students is therefore estimated at \$313,826,000.

Comparing Costs By Sector

Adding all of the above costs – the cost of providing student aid, the cost of grants to public colleges, and the cost of tax subsidies - produces a total annual cost to the public of \$2,226,719,900. In comparison, as we saw in the previous chapter, costs of Career Colleges to taxpayers was \$207,450,000 million, or about one-eleventh of those in the public sector.

Assuming subsidies per student are relatively static from year to year, a very rough "public subsidy per graduate" estimate can be made simply by dividing total annual subsidies by the number of graduates produced. Doing this calculation provides a figure of \$35,443 for graduates of public colleges and \$3,702 for Career Colleges (again, minus the Ontario Student Opportunity Grant, which would increase the figure slightly), a ratio of a little over 9.5-to-1.

However, this is obviously a skewed comparison because of the difference in program lengths across the two sectors. The best way to correct for this and directly compare rates of subsidy is to compare the subsidy per month of study, which requires dividing these two figures by the length of the various programs graduates attend.

Among Career Colleges, we can determine this length simply by looking at the results of the Survey of Canadian Career College Students. Although data for program length was captured as an interval variable, imputing the mid-point of each interval (e.g. for 0-3 months, 1.5 months is imputed) allows a rough estimate of program-length to be made. In this case, the length is 9.2 months. For Community Colleges, length of program can be derived by taking the number of graduates of certificates, diplomas, advanced diplomas and degrees, multiplying each by the normal length of programs and dividing by the total number of credentials awarded. This method provides an average program length of 15.4 months.³

Plugging this data into the equation, we arrive at an adjusted “monthly subsidy per graduate” figure of \$410 per Career College graduate and \$2,301 per Community College graduate. This implies that the adjusted subsidy per graduate in the Career College Sector is about 18% of the subsidy in the Community College sector.

Note that these comparisons are for operating expenses only. Capital expenses are somewhat tricky to include because they can fluctuate significantly over time. In Ontario, over the six fiscal years from 2006-07 and 2011-12, the average amount given to colleges in capital grants was just under \$94 million; however, this disguises an enormous amount of variation as the figure ranged in this period from \$13 Million to \$206 Million.

³ We believe it likely that this method understates the difference in true program length between the two sectors, as it does not account for students in Community Colleges taking longer than expected to graduate. As a result, the estimate of subsidy per month of study for Community Colleges is slightly on the high side.

6. Growth Areas / Occupation Needs

There are a number of new and emerging occupations and industries expected to experience growth within the next few years in Ontario and across Canada, and these offer some insight into the kinds of programs that Career Colleges may in future wish to deliver.

Ontario Job Futures have highlighted the background education and training necessary to contribute to Ontario's future employment growth between 2008 and 2013. The most promising job opportunities are occupations in management, which can account for 9% of new work, especially for managers in healthcare and computer and information system sectors. 26% of projected increased employment can be attributed to occupations requiring university degrees, especially in the health care (general and specialist physicians, physiotherapists, occupational therapists, pharmacists and nurses) and engineering sector (software and civil engineers), as well as social workers and information systems analysts and consultants. College or apprenticeship requirements will contribute to 35% of new work, including training and expertise from paralegals, user support technicians, dental hygienists and therapists, early childhood educators, electricians (except industrial and power system), chefs, plumbers, and mechanics in refrigeration and air conditioning. Occupations requiring a high school and/or occupational specific training are expected to account for 22% of new jobs, many of which include informational customer service clerks, food and beverage servers, truck drivers, and heavy equipment operators. Finally, only 8% of new jobs can be ascribed to high school or short-term job related training.

Developed by Human Resources and Skills Development Canada (HRSDC) is **The Canadian Occupational Projection System (COPS)** which aims to identify and highlight 140 occupational trends in future labour supply and demand across a ten-year period from 2011 to 2020. It provides summary accounts on the occupations and jobs that may face potential shortage or surplus by assessing the expansion of job opportunities and demand for prospect workers.

Occupations with the lowest growth and expansion demand are Machine Operators and Related Workers in Fabric, Fur And Leather (-781%) and Textile Processing (-227%), followed by Other Assembly And Related Occupations who work with Fabric, Furniture, Plastics and Wood materials and products (-55%). In contrast, occupations with a significant 62% and 61% growth are occupations in personal service (image and personal consulting, pet groomers and animal care workers, estheticians, and electrologists) and occupations in food and beverage service (including bartenders and wait-staff), respectively. These are areas in which Career Colleges are already providing many training programs. The other major areas of expected growth are Mine Service Workers and Operators in Oil And Gas Drilling (60%) and Underground Miners, Oil And Gas Drillers And Related Workers (59%). These kinds of programs might be more difficult for Career Colleges to deliver given the fact that they are significantly more capital intensive than most existing programs, but the need may be great enough that more providers in this area could appear.

In absolute terms, the highest number of expected job opportunities has been projected for administrative and regulatory occupations; Motor Vehicle And Transit Drivers; Cleaners; Paralegals;

Social Service workers; Auditors, Accountants And Investment Professionals; and healthcare paraprofessionals. Again, these are areas where many Career Colleges are well-established and can thus expect an increase in demand for their product.

A large number of job seekers will be Computer and Information Systems Professionals, Motor Vehicle and Transit Drivers and health care paraprofessionals. Conversely, an excess supply of workers will come from operators and supervisors from the logging and forestry industry, managers in protective service, and machine operators and workers in textile processing. All of these areas are therefore unlikely to see much new demand in the coming years.

7. Conclusions

Considering the data accumulated in this survey, five key points stand out as being worth emphasizing in terms of the benefits career colleges bring to Ontario.

- 1) Career Colleges have a solid system-wide graduation rate of slightly over 80%, comparable to or better than public community colleges.
- 2) The post-graduation employment rate is a solid 83.4%. What is particularly important, though, is the success career colleges have in moving people back into the labour force. Prior to starting at a college, 48% of students had jobs; afterwards, the figure is 78%. That means enormous savings to government in terms of reduced EI and social insurance payments.
- 3) Career Colleges employ roughly 12,000 staff. Figures are difficult to come by because of the constant circulation of students, but it would appear that the ratio of students to staff is approximately 8:1. This means career colleges are able to give their students very individualized attention.
- 4) Career Colleges are less dependent on the state than public ones. Less than half of total revenues come from government programs (all of which follow student demand), and the monthly public subsidy per graduate is less than 18% of what it is in Community Colleges.
- 5) The net annual cost to government of career colleges – excluding certain types of student aid for which figures were not available - would appear to be \$248 Million, 73% of which comes from the Government of Ontario. However, career colleges pay over \$90 million annually in business and payroll taxes, and their employees and graduates pay hundreds of millions in taxes and reduce welfare and EI costs by helping to bring people into the labour market.

Appendix A – Survey Instrument

Higher Education Strategy Associates: PCC Survey Instrument

Name of College	
Institution Website	

Name of Chief Contact	
Phone	
Email	

Section 1: Staff Characteristics 2011

For the following question, please provide details on staff employed at your institution at the end of 2011.

Table 1: Distribution of Staff by Type and Hours Worked

	Working less than 25 hours per week	Working 25 hours per week or more	Total
Instructional Staff			
Administrative Staff			
Other Staff			
All Staff			

Section 2: Student Completion Rates

Please provide details on the number of students attending your institution in the last three years.

Table 2: Enrolment, Graduation and Withdrawal Rates

	2008	2009	2010**
Students who <u>started</u> programs which began at any time in the calendar year			
Students who <u>graduated</u> from programs which began at any time in the calendar year			
Student who <u>withdrew</u> without graduating from programs that began at any time in the calendar year			
Average number of student contact hours per program			

*note = in all columns, row 2 + row 3 should = row 1

** Please exclude programs that started in 2010 and have not yet reached their completion date.

Section 3: Selected Financial Information

In order to demonstrate the contribution made by Private Career Colleges to the provincial economy, we are asking institutions for data regarding certain aspects of their income and expenditures.

For the following questions, please provide details on aggregate staff expenses for the calendar year 2011, or – if your financial year is not the calendar year – the financial period which ended in 2011.

Table 3: Aggregate Remuneration by Staff Type

	Total
Instructional Staff	\$
Administrative Staff (excluding ownership bonuses)	\$
Other Staff	\$
All Staff	\$

Table 4: Other Expenditures

Item	Amount
Marketing Expenses	\$
Total Operating Expenditures (excluding salaries)	\$
Total Capital Investments (include construction, acquisitions of major equipment and furniture, major renovations and alterations, space rental and buildings, land and land improvements).	\$

Table 5: Income

Item	Amount
Self-funded students	\$
OSAP	\$
Employment Ontario	\$
Government of Canada	\$
WSIB	\$
Exclusively Employers (contract training)	\$
Exclusively Aboriginal Band Councils	\$
Other	\$

Section 4: Taxes

In order to demonstrate the economic contribution of Private Career Colleges to federal and provincial treasuries, we are asking institutions to provide estimates of their annual taxes paid for the most recent year available.

Table 6: Taxes Paid

Item	Amount
Property Taxes	\$
Corporate / Business taxes	\$
Net HST (i.e. HST paid minus credits)	\$
Employer Payroll Taxes (CPP contribution, EI contribution, EHT)	\$

If possible, we would also like to be able to report information on the income and payroll taxes paid by staff employed by your institution.

Table 7: Aggregate Employee Income and Payroll Taxes Withheld

	Amount
All Staff	\$