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Ontario Private Career Colleges: An Exploratory Analysis



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Executive Summary

There are about 420 registered private career colleges (PCCs) in Ontario – the number is in constant flux. 60% of schools are ten years of age or younger. They serve 53,000 full time equivalent (FTE) students, or about 1 in 15 Ontario postsecondary students. Their overall vocational revenues are in the order of $360M annually. They are mostly small; 70% have total revenues under $1M and average enrolment is under 200.

Though they are private businesses operating in a competitive market, they intersect with public interests on several fronts. They must register with government and are subject to consumer protection requirements (including student contracts, tuition refund policies, contribution to a train-out fund that takes care of students in the event of a sudden closure). Their programs of study must be government-approved following an external, third-party quality review. They are subject to sanction (financial penalties, even closure) if they fail to meet these requirements.

Although they do not receive direct funding from government, they benefit indirectly from government-funded programs and contribute to the delivery of government educational priorities. Three of every five clients of Ontario's Second Career program for laid-off workers attend PCCs, with the remainder attending public colleges. Students at a sub-set of about 170 PCCs that meet prescribed performance requirements are eligible for OSAP and, as recently announced, the government's 30% off tuition rebate program.

PCCs focus predominantly on vocational training at the diploma and certificate level. Their program offerings overlap considerably with those of public colleges, though some key differences can be observed. PCC programs tend to be shorter. Although tuition is higher on an annualized basis, the differential is reduced when PCCs' shorter average program lengths are factored in. PCCs are largely not required to include essential employability skills (communications, numeracy, information management, critical thinking, interpersonal skills, etc.) as are public college programs. Evidence suggests that PCCs are attracting older students, who are more likely to have dependents or be married.

In terms of performance measures, Ontario publishes student loan repayment default rates for PCCs, which are higher (21%) than the default rates for public institutions (13% for colleges, 5% for universities). The province is just beginning to collect a list of performance metrics for PCCs comparable to those collected for public colleges: graduation rates, graduate employment rates, graduate and employer satisfaction. These metrics, together with better information about the kinds of students who choose PCCs as their postsecondary option, will provide a better understanding of PCCs' roles and outcomes within the landscape of postsecondary providers.

Private Career Colleges Matter

Private career colleges are important delivery agents of postsecondary education in Ontario. Yet they are often overlooked in examinations of postsecondary education and garner little attention from researchers. Figures 1a through 1e present an overview of Ontario's postsecondary providers by broad credential type and reveal several reasons why private career colleges (PCCs) matter:

- They are an established postsecondary presence, serving 1 in 15 postsecondary students in Ontario at any given time, with an annual enrolment of about 53,000[1] students in certificate and diploma programs.

- Their collective orientation is categorically vocational – they work, by virtue of the scope of the Act under which they must register, to get graduates directly into the Ontario job market.

- They constitute Ontario's largest established private classroom-based postsecondary option and demonstrate that there is a viable role for private postsecondary providers in the province alongside our publicly assisted colleges and universities.[2]

- Though private, PCCs have a significant public footprint. They are required to register with government, are subject to regulatory requirements, benefit from provincial support and contribute to provincial educational priorities. Historically, PCCs have been included as eligible providers for both provincially and federally funded job-skill initiatives. Recently, for example, PCCs have been important deliverers of Ontario's Second Career program for the re-skilling of displaced workers.

  In addition, students at a sub-set of registered PCCs are eligible for financial assistance through the government-funded Ontario Student Assistance Program (OSAP). In January 2014, Ontario announced that students attending OSAP-eligible PCCs would now also be eligible for the province's 30% off tuition reduction program[3], which has previously been available only to students attending public colleges and universities.

[1] Unless otherwise noted, all enrolments in this paper are provided on a 2013-2014 estimated full-time equivalent (FTE) basis. We recognize that different concepts and definitions of full-time equivalency are used for the various types of government funding envelopes, institutional types and students in Ontario, and this makes precise comparisons difficult. Our goal is to provide a broad descriptive perspective of the relative sizes of the various postsecondary contributors, and the data can be sufficiently aligned to serve this purpose. We have rounded the enrolment numbers to emphasize the point. We use graphical representations to provide a sense of relative scale of the various postsecondary providers in the province that is sensitive to the limitations of measurement precision.
[2] Apprenticeship is the other established postsecondary option in Ontario with significant private sector involvement. Apprenticeship is a model of learning which combines on-the-job and in-school training for employment in a skilled trade. Approximately 90% of apprenticeship training takes place on the job, under the direction of a qualified person. The certificate- and diploma-granting PCCs constitute the province's private postsecondary "institutional" sector. There are also a small number of private degree-granting providers in Ontario, more fully introduced in the next section of this paper.
[3] Under the 30% tuition reduction program, students attending eligible institutions, with family incomes of less than $160,000, and within the first four years of leaving high school are eligible for an annual government tuition rebate of $790 for diploma and certificate programs and $1,730 for degree programs.

Postsecondary Providers in Ontario – PCCs in Context

The province defines the full range of postsecondary education in its Ontario Qualifications Framework.[4] Figures 1a through 1e summarize and graphically represent the same domain, on the basis of the broad categories of qualification or credential down the vertical axis – apprenticeship, postsecondary certificates and diplomas, and degree-level education – and on the basis of private and public[5] providers on the horizontal axis.

The provision of all postsecondary education in Ontario, whether offered by public or private providers, is government authorized. There is no avenue to legally offer the programming or credentials included in the Ontario Qualifications Framework and in Figures 1 without government sanction.

Ontario's 24 Colleges of Applied Arts and Technology (postsecondary enrolment in the order of 240,000 FTEs) are publicly funded providers established under the authority of the *Ontario Colleges of Applied Arts and Technology Act*, which defines their objects as the provision of career-oriented education. They do so primarily at the certificate and diploma level. They may also offer applied degrees under the authority of the *Postsecondary Choice and Excellence Act*, which requires them to undertake an external quality assessment similar to that used by the universities prior to receiving government permission and funding to offer degree programs.

Twenty publicly funded universities (total enrolment of around 450,000 FTEs) are each authorized by an individual Act to grant degrees at all levels. Their legislated objects are broadly and variously defined as the domains of learning and scholarship.[6]

In a long established public-private partnership, the government, working with colleges and other training delivery agents, and with significant involvement from industry and employers in a broad range of trades, also manages and funds apprenticeship training. Apprenticeship is the most mature and leveraged example of workplace-based training in the province, involving 34,000 employers who deliver up to 90% of the total training undertaken by an apprentice. The remainder – the so-called “in-school” component – is delivered primarily by colleges and also by other providers.[7] A provincial act, the *Ontario College of Apprenticeship and Trades Act, 2009*, establishes the Ontario College of Trades, an industry-driven organization that promotes and regulates the trades, and governs apprenticeship. There are about120,000 active apprentices in Ontario and their in-school enrolment is equivalent to about 10,000 FTEs.

[4] http://www.tcu.gov.on.ca/eng/general/postsec/oqf.pdf
[5] We categorize institutions as public in this document if they receive relatively stable and ongoing base operating grant funding from the Ontario government, regardless of their legal status. This captures 24 Colleges of Applied Arts and Technology and 20 publicly funded universities.
[6] For the sake of completeness, it should also be noted that some of Ontario's publicly funded universities have partnership agreements with affiliate and confederate institutions. These are Ontario universities in their own right, faith-based and established by Acts of the legislature, but ineligible for government funding unless their students are cross-enrolled at one of the 20 public universities and receive their degree from the public university.
[7] These include union or employer sponsored training centres.

Figure 1a: Postsecondary Providers in Ontario

Qualification Type

ENROLMENTS IN FULL-TIME EQUIVALENTS (FTEs), ROUNDED	Public	Private	Out of Bounds
Apprenticeship	**In-School Providers: 24 Colleges of Applied Arts and Technology + 44 training centres** + **34,000 On-the-Job Employers** 43,000 individuals generating 10,000 FTEs — 120,000 active apprentices $70M prov. support (in school) Legislation: Ontario College of Trades and Apprenticeship Act. Apprenticeship training programs are established by the Ontario College of Trades and administered by MTCU.		Apprenticeship programs are established by the Ontario College of Trades and administered by MTCU
Diploma or Certificate	**24 Colleges of Applied Arts and Technology** 230,000 FTE students $1.5B prov. support Legislation: Ontario Colleges of Applied Arts and Technology Act (OCAATA). Colleges are non-share corporations and their objects are career-oriented education.	**420 Private Career Colleges** 50,000 FTE students $0 prov. support Legislation: Private Career Colleges Act (PCCA). Any entity (for-profit or non-profit) offering vocational programming must be registered under the Act.	Illegal to provide vocational programming in Ontario unless you are a college listed under OCAATA or an entity registered under the PCC Act
Degree By Act of the Legislature	**20 Publicly Funded Universities** 450,000 FTE students $3.5B prov. support Legislation: individual Acts. Public universities are not-for-profit entities with broad degree-granting powers.	**17 Faith-Based Universities** Minimal enrolments $0 prov. support Legislation: Individual Acts. Not-for-profit entities with a restricted scope of degree-granting.	
Degree By Ministerial Consent	**12 Colleges of Applied Arts and Technology** 10,000 FTE students prov. support: see above Legislation: Postsecondary Education Choice and Excellence Act (PSECE). Colleges offer applied degrees at the baccalaureate level.	**17 Private and Out of Province Providers** Minimal enrolments $0 prov. support Legislation: Postsecondary Education Choice and Excellence Act (PSECE). The Minister gives program by program consent to offer degrees.	Illegal to offer degree programming in Ontario unless you are granted degree powers by an Act of the legislature, or obtain the Minister's consent under PSECE

Figure 1b: Relative Size by FTE Enrolments

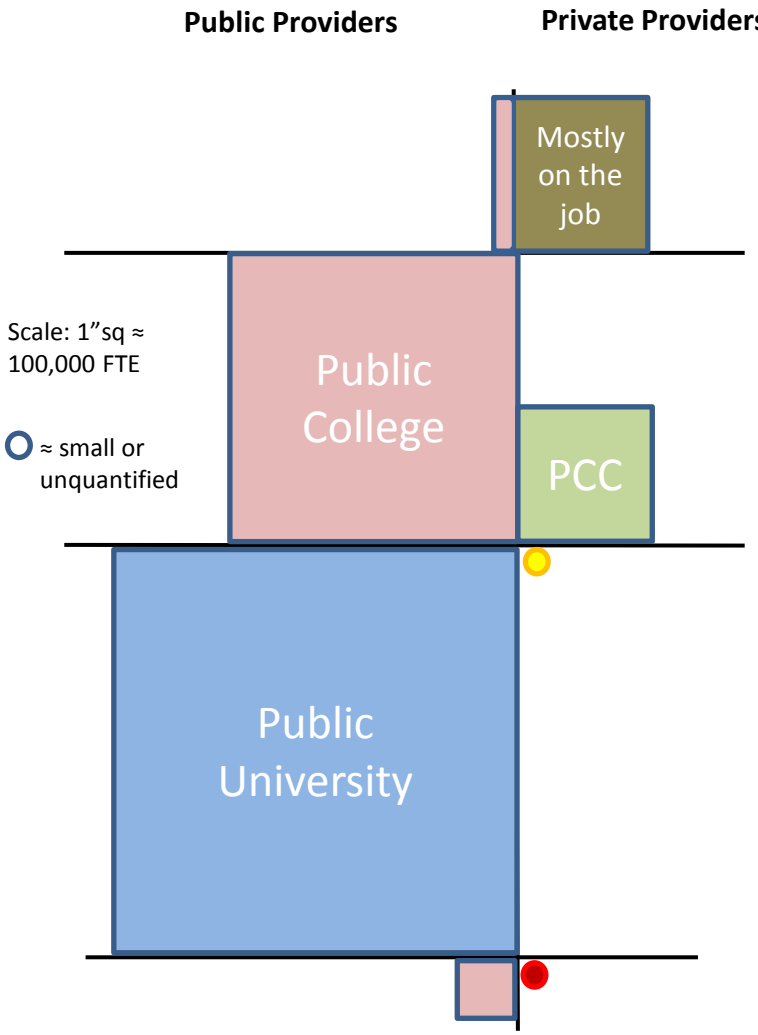
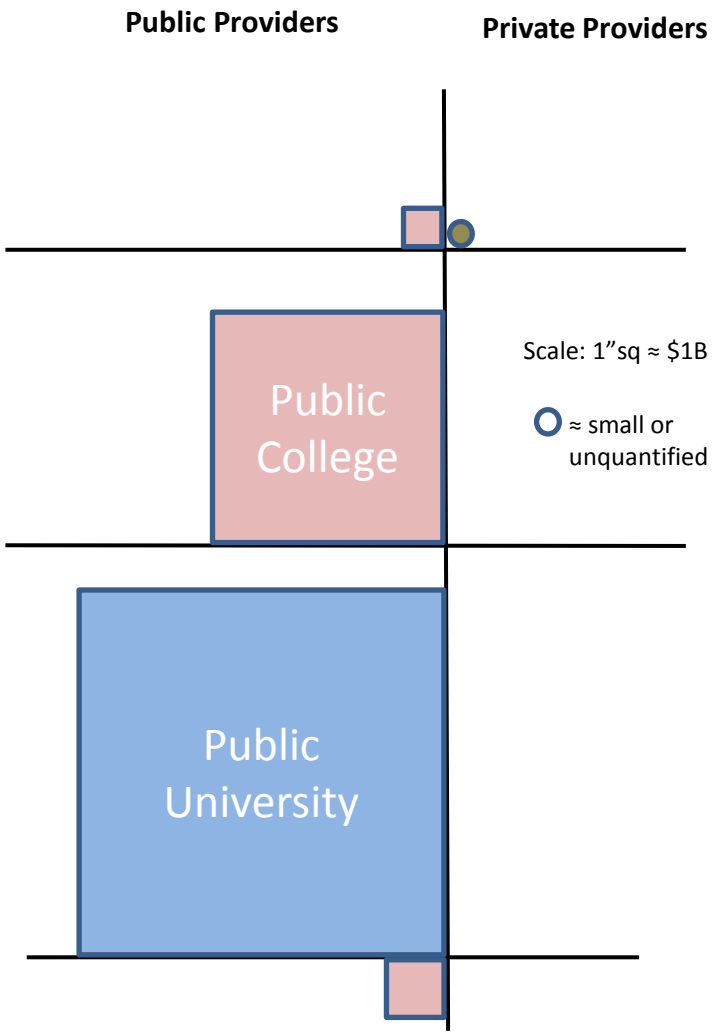


Figure 1c: Relative Size by Direct Government Funding

(for postsecondary learning, sponsored research and tax credits excluded)



Apprenticeship

Certificate / Diploma

Degree – by Act

Degree – by Consent

Public Colleges

Public Universities

PCCs

Employers/training centres

Faith based Universities

Private and Out of Province Universities

Figure 1d: Relative Size by Tuition Revenue

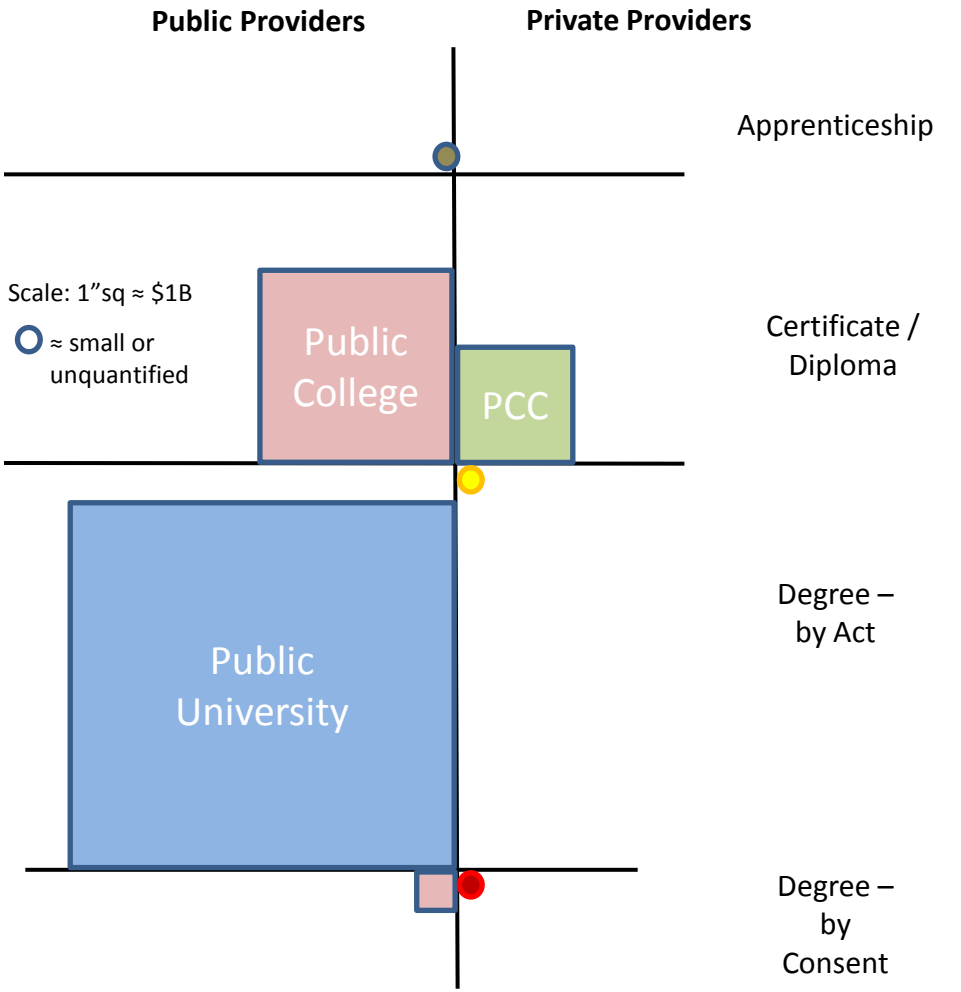
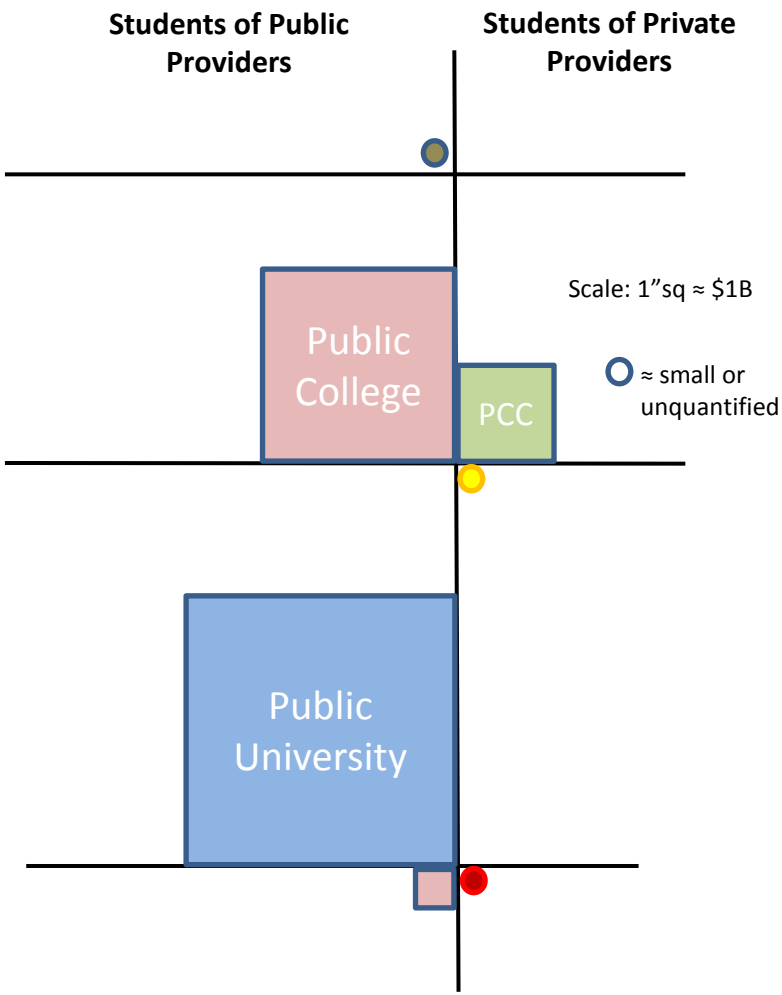


Figure 1e: Relative Size by Government Assistance to Students



Apprenticeship

Certificate / Diploma

Degree – by Act

Degree – by Consent

Students at Public Colleges

Students at Public Universities

Students at PCCs

Apprentices

Students at Faith based Universities

Students at Private and Out of Province Universities

There is a small private degree-level presence in Ontario, comprising two distinctive and very small components. The first is a set of 17 independent faith-based institutions whose enabling Acts of the Ontario legislature provide them with limited degree-granting authority, often in preparation for a pastoral vocation. They are small in size and are not eligible for provincial transfer payment assistance.[8] The second comprises private or out-of-province institutions, which since 2002 may apply for Ministerial consent under the *Postsecondary Education Choice and Excellence Act* to offer degree-level programs in Ontario. There are 17 consents in place at this time and overall enrolments are small.[9]

That leaves non-degree-level private education – offered by private career colleges. The remainder of this paper focuses on these providers and is organized into the following sections:

1. The legislative framework for private career colleges
2. An overview of PCCs – number, size, revenues
3. Programs and program quality assurance
4. Fees and student assistance
5. Student characteristics and outcomes

[8] Though ineligible for direct public funding assistance in their own right, these universities theoretically could, as others have (see note 6 above), seek an affiliation agreement with one of Ontario's publicly funded universities.
[9] The out-of-province degree provider that likely serves the greatest number of Ontarians is Athabasca University, an online institution based in Alberta. However, with one exception, Athabasca does not have a physical presence in Ontario beyond exam invigilation centres and is not considered to operate within the province. It therefore does not require degree-granting consent under the *Postsecondary Education Choice and Excellence Act*. The exception is a residential component of its Master's in Business Administration program, for which the university has obtained consent under the Act.

Legislative Framework for Private Career Colleges

Private career colleges have been regulated by provincial legislation since the enactment of the *Ontario Private Vocational Schools Act* in 1974. The current Act is the *Private Career Colleges Act* (2005) (PCCA). Its key features are enumerated below.

Registration Requirement

Any for-profit or not-for-profit entity that offers vocational programming ("instruction in the skills and knowledge required in order to obtain employment in a prescribed vocation")[10] other than at the degree level must be registered under the Act. For greater clarity, the federal government's comprehensive National Occupation Classification (NOC) jobs listing[11] is referenced in Regulation to define the universe of prescribed vocations. Exception is made for religious vocations, short-duration programs of less than 40 hours, programs where the tuition fee is less than $1,000, and for public schools, colleges and universities.

An appointed Superintendent of Private Career Colleges (typically a civil servant within the Ministry of Training, Colleges and Universities) determines eligibility for registration and can also suspend or revoke the registration of a college operating in contravention of the Act. A web-searchable database allows the public to view registered PCCs, their approved programs and fees, and any enforcement actions taken.

Consumer Protection

A condition of registration for PCCs is adherence to a host of consumer protection provisions. These include written contracts with students incorporating a standardized statement of student rights, adherence to prescribed tuition refund policies and the installation of a student complaints procedure.

Unlike public institutions, private providers face the real threat of closure for business (non-solvency) or regulatory (non-compliance) reasons. To mitigate the impact on students should this happen, PCCs must contribute to a training completion fund which ensures that students whose training is interrupted are able either to complete their studies elsewhere or to have their tuition refunded. To this end, institutions must also make arrangements for transcripts to be available for 25 years.

Similar provisions (transcripts, financial security, tuition refund policy, contract with students) apply to entities offering private degrees in Ontario under the *Postsecondary Education Choice and Excellence Act*.

Program Approval and Quality Assurance

Programs of study must be approved by the Superintendent. Approval is subject to a third-party evaluation conducted by assessors with expertise in the field of study and in adult education, as specified by the Superintendent.

Enforcement

The Act gives the Superintendent powers to investigate providers, issue restraining orders, administer administrative penalties, initiate prosecution and to suspend or revoke registration.

[10] Private Career Colleges Act (2005), S. 1 (1).
[11] NOC codes are maintained by Employment and Social Development Canada and provide a standardized language for describing the work performed by Canadians in the labour market. See http://www.hrsdc.gc.ca/eng/jobs/lmi/noc/

There are two somewhat distinct arenas of enforcement. The first is with regard to the ongoing compliance by registered PCCs with requirements of the Act, to ensure that all of the consumer protection and quality assurance standards are met. The second is the matter of identifying and shutting down unregistered providers that are offering vocational programming without seeking registration and regulation.

With regard to the first arena, the majority of identified contraventions by registered PCCs are resolved in a collaborative fashion. The second arena, while also an important area of consumer protection, functions as a distraction for the PCC sector and a resource drain for the Ministry, which must also manage legitimate, registered PCCs. Illegal operators attract disproportionate media attention and shroud the private postsecondary education sector in suspicion. The ongoing effort to enforce the Act and control any proliferation of unregistered PCCs has been the subject of reporting by both the Auditor General of Ontario and the Ontario Ombudsman.[12]

For the purposes of this paper, illegal vocational education operators are not considered part of the PCC or college sector any more than illegally operating degree-granting institutions, against which government also enforces using a parallel set of legislative powers, are generally considered part of Ontario's university sector.

[12] In 2009, the Ombudsman's Office of Ontario published the results of its investigation and critique of the Ministry of Training, Colleges and Universities' oversight of Bestech Academy Inc., an unregistered provider of vocational training (Ombudsman, 2009). In its 2011 Annual Report, the Office of the Provincial Auditor published a review of government oversight of private career colleges, including recommendations for stronger enforcement against illegal operators (Auditor General, 2011).

An Overview of PCCs – Number, Size, Revenues

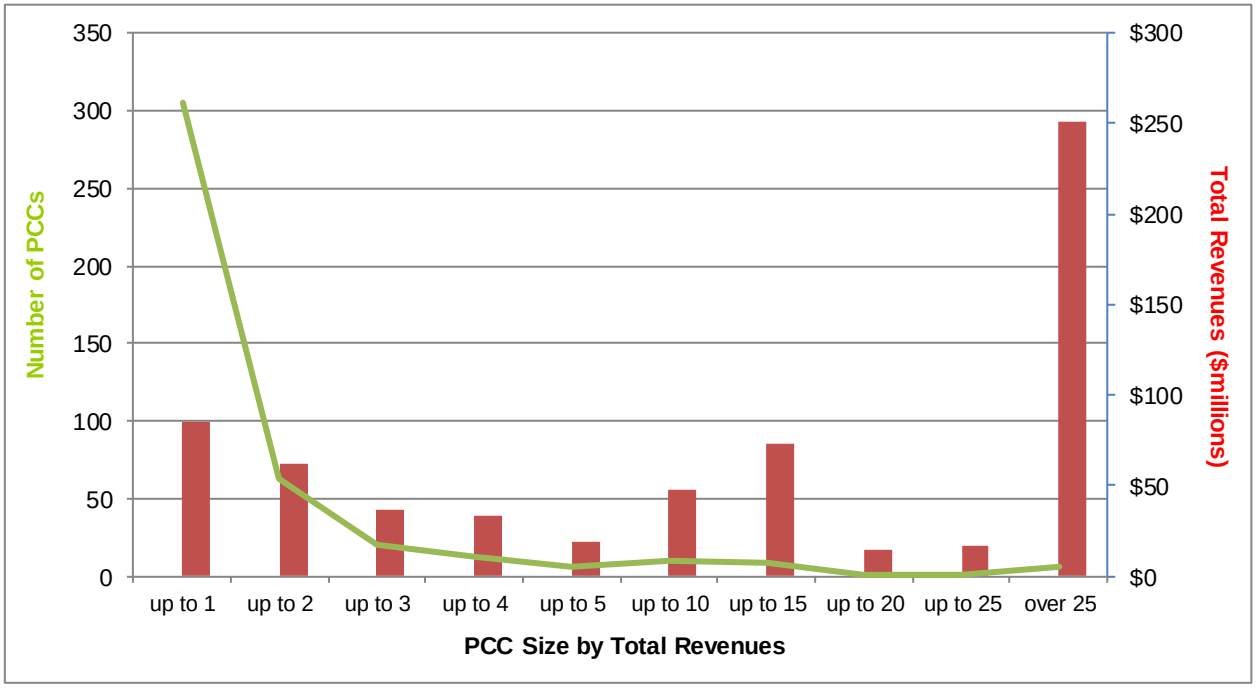
At the time of writing, there are approximately 420 registered PCCs in Ontario operating at just over 600 locations. The number is in constant flux, as new institutions open and existing ones close. 60% of Ontario PCCs are ten years old or younger.

Based on an assessment of financial statements submitted to MTCU for 2011-2012, overall revenues for reporting PCCs were $650M. Of that total $360M was identified as revenue from vocational programming activities governed by the Act. Almost all of this was paid by way of fees by individual students ($350M), with the balance (just under $10 million) paid on behalf of students by entities such as band councils and the Workplace Safety Insurance Board.

The majority, but not all, of PCCs are privately owned, for-profit businesses. MTCU's registration system reports 28 PCCs that are non-profit or charitable entities. Together, in 2011-2012, these institutions enrolled just over 5,000 students and earned approximately $30M from vocational programming activities (8% of the sector total of $360M).

Figure 2 provides a visual summary of the range of PCCs by revenue size. While there is considerable variance, most PCCs are small businesses. 71% of Ontario's PCCs have total annual earnings under $1 million. Only five PCCs have earnings of over $25M per year. For context, the total revenue for teaching and learning activities averages $100M at public colleges and $400M at public universities.

Figure 2: Distribution of PCCs by Total Revenue, 2012

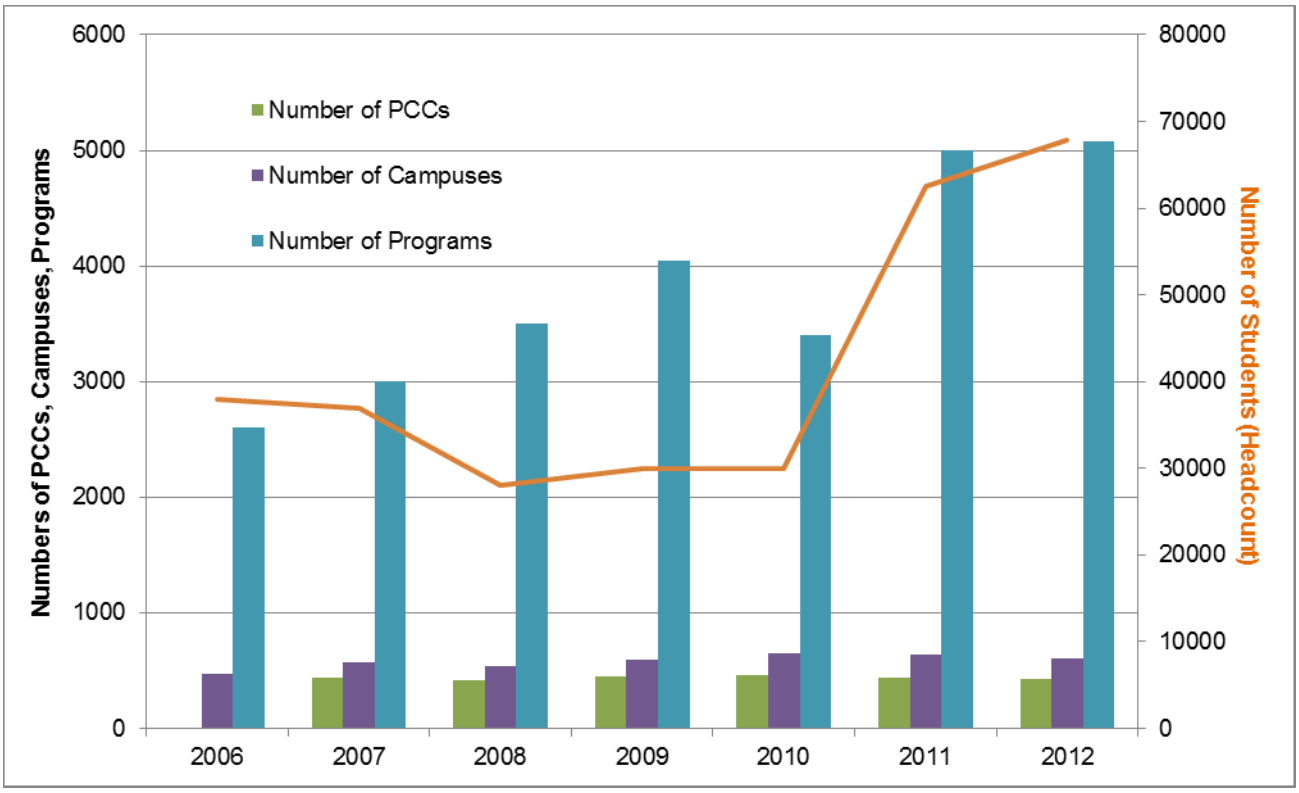


Source: MTCU, reproduced with permission. Based on a review of 370 registered PCCs for which an analysis of financial statements is complete.

Figure 3 shows the growth in the number of PCCs, campus locations, approved programs and headcount enrolments from 2006 through 2011. Most PCCs are small, with an average headcount enrolment of 160

students. By contrast, the average postsecondary FTE enrolment is over 10,000 at public colleges and over 20,000 at public universities.

Figure 3: Number of Registered Schools, Campuses, Programs and Students, 2006 to 2012



Source: MTCU, reproduced with permission

Box 1 provides an illustrative sample of the range of PCCs in Ontario.

BOX 1: Diversity in the PCC Sector

ILLUSTRATIVE EXAMPLES OF ONTARIO PRIVATE CAREER COLLEGES

The Audio Recording Academy (TARA) (Ottawa and Toronto)

TARA has been in operation since 1992, with an enrolment of about 60. The academy evolved as an educational branch of Raven Street Studios, a commercial recording studio in Ottawa. It offers two approved programs:

- Applied Audio Recording, a 30-week diploma with program fees of $11,000-$14,000
- Music Business (Toronto), a 24-week diploma with program fees of $8,000

TARA has benefited from a partnership with EMI Music Publishing Canada to gain access to EMI's studio lab and create internships for students.

RCC Institute of Technology (three locations in the Toronto area)

RCC traces its corporate lineage back to 1928, when Radio College Canada was founded to provide training in the expanding radio and communications sector. Today, RCC offers 10 approved diploma programs in three broad areas: engineering technology and computing; film; and design. Many diploma programs are approved as 72 weeks in duration, with program fees of about $30,000. RCC's students are OSAP-eligible.

RCC also offers electronic engineering, business information systems and interior design programs at the baccalaureate level, under Ministerial consent. It is the only Ontario PCC that is also cross-registered as a degree consent holder.

RCC is a division of Yorkville University, a small private university operating out of New Brunswick with a limited range of baccalaureate- and master's-level programs. RCC advertises distance education degree completion opportunities from its diploma programs to Yorkville's Bachelor of Business Administration.

National Ballet School (NBS)

The world-renowned NBS offers three teacher training professional dancer programs at the certificate and diploma levels, which are vocational and therefore subject to the PCCA. They range from 35 to 105 weeks duration, with program fees ranging from about $13,000 to $33,000. The school's students are OSAP-eligible.

(The school's Professional Program is at the elementary and secondary levels, outside the ambit of the PCCA. NBS is registered with the Ontario Ministry of Education.)

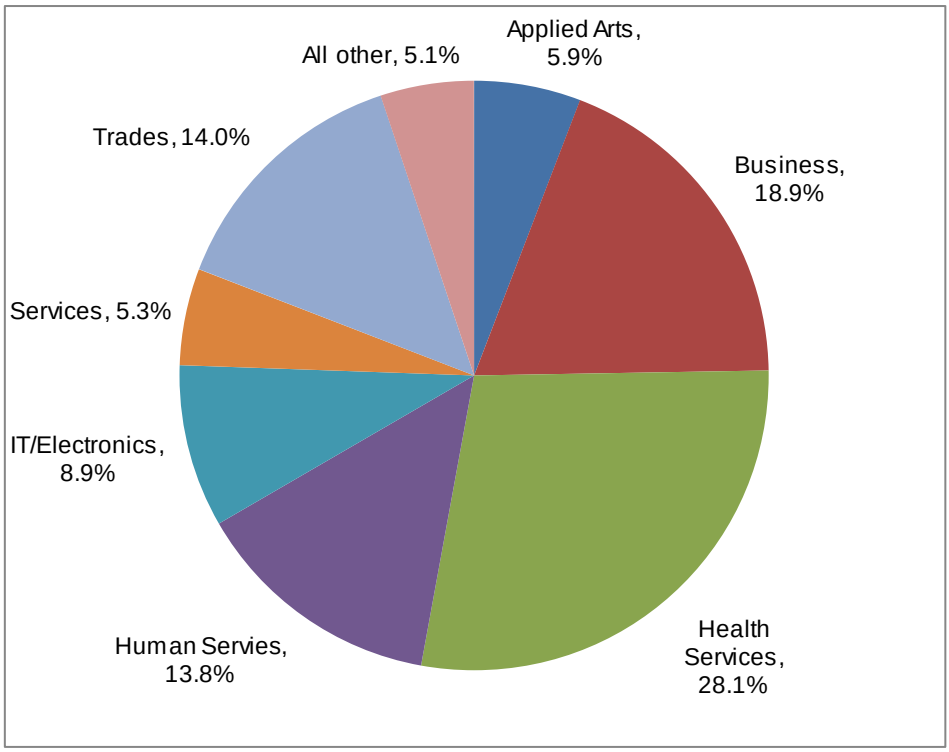
Source: College, Ontario government and PEQAB websites

Programs and Program Quality Assurance

Main Program Areas in the Sector

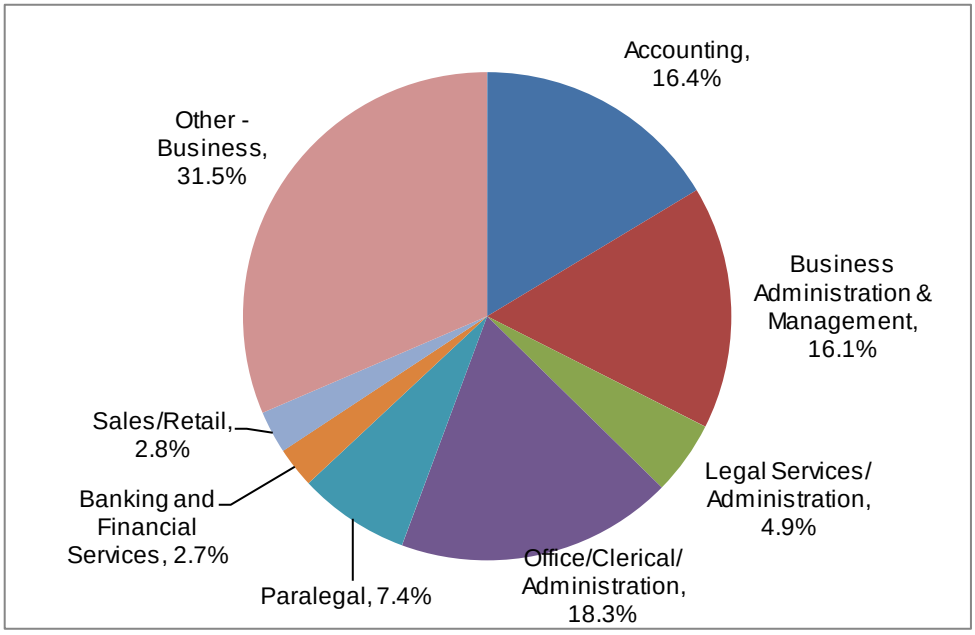
Figure 4a shows a breakdown of PCC enrolments into eight broad vocational areas. The two most heavily enrolled areas, representing almost half of the total, are business (19% of total activity) and health services (28%). Figures 4b and 4c show a further breakdown of enrolment in these two areas into sub-categories.

Figure 4a: PCC Enrolments by Program Area



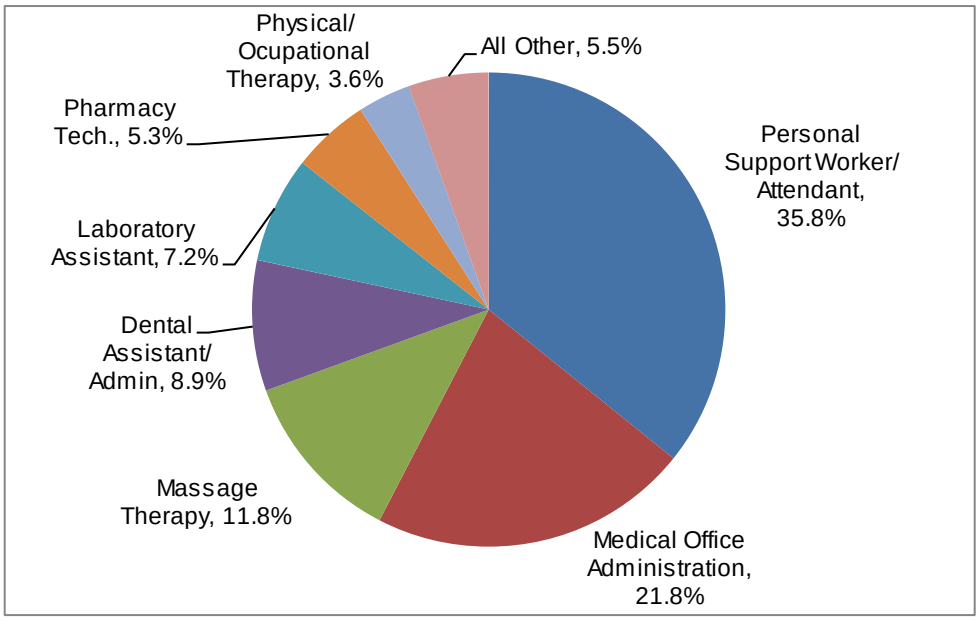
Source: MTCU

Figure 4b: Business Program Enrolments



Source: MTCU

Figure 4c: Health Services Program Enrolments by Sub-Category



Source: MTCU

Given the dramatic variation in the size of PCCs, it is not surprising to observe that many PCCs operate in one niche area (see, for example, The Audio Recording Academy in Box 1). This is a sector that demonstrates a high degree of specialization and differentiation.

Program Quality Assurance

Under the Act, all programs must undergo a third-party program assessment prior to approval by the Superintendent. For programs in professions that are externally regulated or accredited, the Superintendent identifies the required assessors. For example:

Table 1: Examples of Third-Party Assessment Requirements – Externally Regulated or Accredited Programs

Program in a Regulated Vocation	Required Third-Party Assessor
Dental Hygienist	Commission on Dental Accreditation of Canada
Medical Sonographer/Ultrasound Technologist	Conjoint Accreditation Services/Canadian Medical Association
Paralegal	Law Society of Upper Canada
Paramedic	Ontario Ministry of Health and Long-Term Care
Pharmacy Technician	Canadian Council for the Accreditation of Pharmacy Programs

Source: MTCU Fact Sheet *Third Party Program Assessment*

For most other programs, assessors must have a combination of postsecondary credentials and field experience in adult education, as well as subject matter experience in the program area they are assessing. Assessment reports are provided directly by the assessor to MTCU, which makes the final program approval determination.

MTCU may also issue program standards to guide PCCs and assessors concerning minimum program requirements to be met, although it has made very limited use of this power to date. Currently only three programs (Esthetician, Hairstylist and Tractor Trailer Driver) are subject to published ministry program standards.

This approach of mandated external third-party program review and quality assessment, prescribed by government, is broadly analogous to the approach taken in the case of private and out-of-province degree-granting institutions, which must undergo an external assessment by the Postsecondary Education Quality Assurance Board (PEQAB). Missing is the opportunity for consistency across reviews, facilitated by the use of a single entity (such as PEQAB on the degree side). Publicly funded colleges and universities adhere to internally established and governed quality assurance mechanisms (the Ontario College Quality Assurance Service and the Ontario Universities Council on Quality Assurance), which each also incorporate elements of external review.

Overlap with the College Sector

Both colleges and PCCs are fundamentally vocational in orientation, educate predominantly at the certificate and diploma levels, and primarily serve the needs of the same Ontario labour market. It is not surprising to find that their programming areas overlap.

Table 2: PCC and College Program Areas

Program Area (applying public college clusters)	**PCCs** Distribution of Enrolments	**Colleges** Distribution of Enrolments
Business	19%	26%
Health	28%	11%
Applied Arts	53%	39%
Technology		25%

Source: MTCU

Size and Specialization

As noted above, private career colleges constitute a much smaller sector. For every student who chooses a PCC, five choose a public college. The degree of programmatic differentiation is much greater between PCCs than between colleges, with most PCCs specializing in a very limited range or number of programs. By contrast, all 24 colleges offer programming in all major program areas (applied arts, business, health and technology).

Sector Planning and Design

As public entities and recipients of ongoing transfer payments from government, public colleges have always been subject to forces of system planning. Currently, for example, the Ontario government is engaged with the sector to identify and foster greater differentiation amongst the colleges. By contrast, the PCC sector is unplanned and uncoordinated, and evolves subject to market forces of supply and demand. Government can exert an influence when it becomes a part of that market, either directly by buying educational services from PCCs, or indirectly by providing financial assistance to PCC students.

Generic Skills

MTCU requires all college programs to include generic employability skills and general education components in six identified skill categories: communication, numeracy, information management, critical thinking and problem solving, interpersonal skills and personal skills. These are defined in some detail in MTCU's Binding Policy Framework for Programs of Instruction.

There is no such overarching requirement for PCCs. To be approved by the Superintendent, a program must prepare a graduate for a vocation, with a skill set that is directly job-focussed. With that said, the three PCC program standards MTCU has published, which are written in the language of learning outcomes, include general and generic skills requirements that are worded identically to those required by MTCU of college programs.

Detractors of private alternatives like PCCs argue that education should be about more than simply professional or vocational training and that postsecondary institutions should balance the provision of "applied skills of particular vocations with critical capacities and broader knowledge from the humanities, social sciences and pure sciences" (Johnston, 2000, p. 14). This is a characteristic that even some supporters of private alternatives agree is absent from the private PCC curriculum. Auld (2005), for example, notes that PCCs tend to "offer programs that are largely devoid of any liberal education content" and thus do not contribute to the education of a "citizenry that supports democratic principles, promotes egalitarianism, and

enhances the voluntary sector of the economy" (p. 12). This "pared-down, no-frills" organizational form (Auld, 2005, p. 12), generated by market forces, is cited by critics as being a major disadvantage of private alternatives like PCCs.

In the language of learning outcomes as advanced by HEQCO, this debate can also be framed in terms of whether PCCs are delivering only disciplinary content to their students or also cognitive skills (including basic cognitive skills like numeracy and literacy, advanced cognitive skills like problem solving, critical thinking and communication) and transferable life skills (like confidence, initiative and time management).[13]

An alternative view is that the very clear focus on vocational outcomes is what distinguishes PCCs and makes them an alternative to publicly funded options in the spectrum of postsecondary choices. Whether the sector evolves over time to place a greater emphasis on generic and general skills may also serve as a market-responsive indicator of the extent to which employers are signaling a need for these skills in new recruits. PCCs may also be appealing to a segment of the student market that already possesses strong general and generic skills and needs to access focused training in a specific set of vocational skills. Two of five Ontario respondents to a 2008 survey of Canadian PCC students indicated that they had already earned a postsecondary credential prior to enrolling in a PCC (Malatest & Associates, 2008).

Finally, it must be noted that in the absence of comprehensive research on learning outcomes for the thousands of programs in the hundreds of PCCs across Ontario, it is impossible to assess the degree to which general and generic competencies are already incorporated within the sector's offerings.

Appendix A provides a more detailed side-by-side analysis of the program content for two sample programs at PCCs and public colleges.

Program Length and Flexibility

PCC programs are generally acknowledged to be more compressed, of shorter duration, and to provide more flexible options with regard to start dates and delivery times and patterns. In a recent national study, Malatest and Associates found that Canadian private career college programs are typically shorter than their public counterparts, commonly seven to 12 months in duration with slight variation across programs and credential types (Malatest & Associates, 2008, p. 27). Trades and technical programs tend to be even shorter in duration, ranging from three to 12 months, while health, media/information technology and other services courses typically run from seven to 23 months (Malatest & Associates, 2008, p. 27). Program length also varies across provincial jurisdictions; PCC programs are slightly longer (13 to 23 months) in Atlantic Canada and Quebec, while offerings in British Columbia, Ontario and the Prairies are often around seven to 12 months in duration (Malatest & Associates, 2008, p. 28).

This differs from the public college model, where Malatest found that programs run much longer at the national level. 62% of offerings at Canadian public colleges run 24 months or longer, while this is true of only 12% of PCC programs (Malatest & Associates, 2008, p. 27). Public colleges are also becoming increasingly involved in the granting of credentials at the degree level, which could help account for greater program lengths within these institutions.[14] Still, degree-granting encompasses only a small portion of total public college activities, with certificates (regular first-entry and postgraduate) and diplomas (regular and, in Ontario, advanced) making up the majority of public institution offerings.

In Ontario, college certificate and diploma programs range from one year (eight months) to three years (32

[13] See http://www.heqco.ca/en-CA/blog/archive/2014/2/13/harvey-p-weingarten-managing-for-quality-classifying-learning-outcomes.aspx
[14] According to the Canadian Degree Qualifications Framework (2007), degree programs are typically six to eight semesters or more in duration (normally 90-120 credits, or the equivalent) and may be supplemented by required professional experience (e.g., supervised practicums, internships and work terms). Time to completion could be three to four years or longer, depending on whether the student pursues studies full or part time.

months) in duration and most operate during daytime hours and over a traditional two-semester academic calendar.

PCCs are therefore potentially more attractive and accessible to individuals not able or willing to accommodate the traditional semester-long, full-day-oriented pattern of delivery prevalent in the colleges and to those often older students who can afford to take only minimal time away from work to complete a postsecondary program.

Credit and Credential Transfer

Although the province is championing and building opportunities for credit transfer, credential recognition and collaborative programming between publicly funded colleges and universities, there is no system-wide focus on the movement of students between PCCs and colleges. The state of credit transfer opportunities is relatively unknown. It is an important consideration, given that two in five Ontario PCC students who participated in Malatest's student survey reported that they had already earned a postsecondary credential (Malatest & Associates, 2008).

A limited number of inter-institutional partnerships exist. For example, Sudbury's Cambrian College contracts the delivery of programming for its international students in Toronto, Brampton and Vancouver to Hanson International Academy. Hanson is a registered PCC in British Columbia but not in Ontario – because the Ontario students are Cambrian's and Hanson is a sub-contractee, it needs not register. As a consequence, the responsibility for appropriate quality assurance and student protection falls to the public college partner, Cambrian. Several colleges have entered into partnership arrangements with PCCs to offer flight training. For example, Conestoga College operates in collaboration with the Waterloo-Wellington Flight Centre and Great Lakes Helicopter. Graduates receive a Conestoga diploma in General Arts and Science and pilot training from one of the partner PCCs.

Discussion on Efficiency

Beyond these observable differences, the side-by-side existence of PCCs and public postsecondary institutions raises broader debates about the advantages and disadvantages of private versus public education generally, especially in a time of limited resources. Advocates of private postsecondary providers propose that since the funding for private institutions comes from non-governmental sources, mainly student tuition, private institutions are forced to "maximize their efficiency in order to keep the price of their product affordable" to potential clients (Johnson 2000, p. 5; Cudmore, 2005). Private institutions are described as being by necessity ever mindful of the price of their services and the potential ways in which it can be reduced in order to remain competitive in a field of like-minded private institutions. As such, the subjection of private postsecondary institutions to market forces is framed as a useful mechanism that can drive such institutions to "efficiencies that public institutions, with their relatively constant flow of government grants, have less motivation to realize" (Johnston, 2000, p. 5).

Within such accounts, the public sector is framed as possessing a "monopoly" that allows it to depend on a steady flow of government funding and thus provides it with little impetus to improve the cost at which it provides its services (Johnston, 2000, p. 6). Hence the differential and less consistent source of funding upon which private institutions depend is perceived by supporters of private alternatives as generating an organizational drive towards innovation and efficiency that is qualitatively different from that which exists in the public sector.

Interesting as these views are, they are only debates unless they can be supported with dependable comparative data on which to assess the cost inputs and educational outcomes of private versus public institutions. We generally lack data to compare costs and outcomes meaningfully across the PCC and public college sectors in Ontario. We can do some assessment of cost (to students, see the next section; and to government, see Figures 1) but we lack important data on learning outcomes and key performance indicators.

Fees and Student Assistance

Fees and Other Costs

A full examination of the cost of postsecondary education to the individual student would include both direct costs (tuition, fees and supplies, transportation) and indirect costs (living costs and/or the cost of foregone income while studying).

An examination of indirect costs is beyond the scope of this paper, other than to make the following general observations:

- Living costs and the costs of foregone income while studying are a function of time to program completion. The faster the student moves through the postsecondary program, the less the indirect costs. All other things being equal, this provides a student cost advantage to the generally shorter PCC programs.

- Indirect (and direct) costs are only understood fully in the context of the resultant lifetime earnings returns – the full return on investment – from postsecondary education. This is expressed as the difference between total program costs and total returns by way of education-elevated earnings over a lifetime of work. A full examination of these phenomena is also beyond the scope of this paper. Canadian data sets that track adult population earnings by level of education and credential type generally distinguish poorly or not at all between graduates of private career and publicly funded colleges.

With regard to direct costs, program fees for Ontario PCCs are posted and publicly accessible on MTCU's registration web portal.[15] We provide some illustrative examples in Box 1. The program fee is the entire fee or tuition for the duration of the program from registration to graduation – a different concept than the annual tuition fee generally reported for publicly funded colleges and universities. It is commonly understood that actual tuition can be negotiated and discounted during the recruitment process.

Ontario PCC students responding to Malatest's 2008 national student survey reported average program fees of $15,000 (Malatest & Associates, 2008, p. 31). That is considerably higher than the equivalent program fees for publicly funded colleges, which for most students are in the order of $3,000 for one-year certificate programs and $6,000 and $9,000 respectively for two- and three-year diploma programs.

It is worth noting that while the tuition fee cost to the student represents the total direct costs of a PCC education, this is not the case for publicly funded institutions. When attempting comparisons of total direct costs, the value of provincial transfer payments to publicly funded institutions must be added. For illustration, a PCC diploma program might post a program fee of $15,000. An equivalent college two-year diploma may generate fees of about $6,000 and transfer payments of about $12,000 over the program duration, for a total direct cost of $18,000. Precise comparisons of this nature are challenging due to the difficulty of equating programs across the two sectors and of precisely attributing government operating grants to specific programs in the public colleges.

Lastly, PCC tuition fees, in contrast to tuition at publicly funded colleges and universities, are generally unregulated. PCCs are free to negotiate fees in the marketplace of private and public competitors. There is one conditional exception. In return for extending the government's 30% off tuition rebate to students at

[15] https://www.riccpcc.serviceontario.ca/pcc/CommandServlet?command=publicreport&config=pccProgram1Html.xml&parm_type_1=StrING&parm_value_1=EN

OSAP-eligible PCCs this year, the government will require participating PCCs to limit their annual program tuition fee increases to 3% per year, the same limit established for publicly funded colleges and universities.

Student Assistance

Figure 1e provided a pictorial overview of student assistance available to Ontario postsecondary students. Students with financial need in most postsecondary education programs of study rely principally on the Ontario Student Assistance Program (OSAP)[16] for publicly offered financial assistance. There are two exceptions. The first is apprenticeship, a model with a unique approach to student assistance because apprentices by definition are paid employees and generally earn as they learn. Although they experience a gap in earnings during the in-school portions, these tend to be of short duration – typically no longer than eight weeks – and many apprentices are eligible for Employment Insurance benefits during these periods. As a consequence, government financial assistance for apprentices has traditionally been limited, but incentives are provided by both the federal and provincial levels of government through tax credits for employers to help them create and fund apprenticeship opportunities. The other exception is Second Career, a program uniquely tailored to older students who are accessing postsecondary education after a job displacement and therefore have different needs and expectations than the traditionally younger students served through OSAP.

OSAP is managed by MTCU and funded by both the federal and provincial governments. OSAP offers a mix of grants and loans to help offset students' tuition and other education-related costs. OSAP is available to both full- and part-time students who are attending an approved Ontario postsecondary institution.

OSAP Eligibility for PCC Students

Students at publicly funded colleges and universities are generally eligible to apply for OSAP (with individual eligibility subject, of course, to OSAP's financial needs testing). For students attending other postsecondary institutions, including not only private career colleges but also private degree-granting institutions, institutional OSAP eligibility is determined by application. Before students may receive OSAP, the applicant institution must:

- Be able to show two years of enrolments and graduates;
- In the case of PCCs, be registered and in good standing for at least two years;
- Demonstrate, on the basis of a report by an external market research firm, overall graduation rates of at least 80% of the average rate for public colleges and graduate employment rates equal to the average rate for public colleges;
- Have the capacity to provide a fully functional financial aid office that meets MTCU requirements;
- Demonstrate that it is in a sound financial position; and
- Undertake to share in the costs of OSAP repayment defaults if these rise above a threshold level.

Of the approximately 420 registered PCCs, only 167 are approved for OSAP. Students at other PCCs must rely exclusively on private sources of funding to meet their educational costs.

OSAP is sometimes viewed as a direct benefit to PCCs. Because students would not be able to afford to attend without OSAP, the argument goes, PCCs benefit from the tuition component of OSAP that flows through to them. While true, it must be pointed out that we do not generally characterize OSAP as a government benefit or source of government revenue to public colleges and universities, for which both additional tuition revenue and enrolment based grants are leveraged through OSAP-supported students. For

[16] OSAP is an umbrella term that encompasses federal and provincial assistance available to Ontario residents studying at the postsecondary level. The federal component is provided by the Canada Student Loan Program in a financial assistance program delivered by Employment and Social Development Canada. Students must first apply for a loan through their province or territory, after which they will also be considered for a Canada Student Loan.

consistency, we will say that OSAP is a benefit for students, acknowledging the downstream impact on OSAP-eligible institutions, both public and private.

Table 3 presents a comparative overview of OSAP funds provided to students at PCCs, colleges, universities and other postsecondary institutions. The average annual award to recipient PCC students in Ontario ($14,625) is higher than for college ($8,085) or university ($8,618) students. This is driven in part by higher tuition fees at PCCs, though OSAP currently caps the tuition cost it recognizes at $2,762 per term for PCCs approved for OSAP since 2001 and at $5,000 per term for PCCs approved before then.

The more significant driver of higher annual awards to PCC students is the fact that PCC OSAP recipients are much more likely to have dependents or be married, conditions that increase their maximum allowable OSAP awards for living costs. This characteristic of the PCC OSAP population also provides insight into the overall socioeconomic characteristics of PCC students.

MTCU models overall graduating debt for a "typical" student at a PCC, college and university program, and this is shown in Table 3. Despite the higher annual award, graduate debt modelled for a PCC graduate ($11,103) is lower than for college ($12,747) or university ($21,855), reflecting the shorter time to completion for a typical PCC program.

After beginning repayment, former PCC students experience higher repayment default rates (21%) than either former college (13%) or university (5%) students. Figure 5a reveals a general trend of declining loan repayment default rates over time, as eligibility exclusion rules have been tightened and repayment flexibility has increased.

Figures 5b through 5e provide a time series that shows that while OSAP to PCC students has been increasing both in terms of overall funding (5b) and number of recipients (5c), PCC students' overall share of total OSAP funding (5d) and students (5e) has remained fairly constant, reflecting similar rates of increase for students studying through other providers, principally publicly funded colleges and universities.

Table 3: OSAP for Private Career College Students in Context

	Students receiving OSAP at					Data Source	
	Ontario Private Career Colleges	**Ontario Colleges of Applied Arts and Technology**	**Ontario Public Universities**	**All other ONTARIO OSAP eligible institutions****	**Total*****	Source	Year
Number of OSAP **eligible institutions**	167 of 421	24 of 24	20 of 20	17		MTCU	2013
Total **OSAP funding awarded** to students ($million)*	$231M	$1,007M	$1,835M	$27M	$3,246M	MTCU	2012-13
Percentage of OSAP funding awarded to students	7.1%	31.0%	56.5%	0.8%	100%	MTCU	2012-13
Annual **number of students** receiving an OSAP award*	15,787	124,553	212,945	2,452	371,787	MTCU	2012-13
single dependent	11.9%	45.8%	57.3%	29.8%			
single independent	35.7%	29.6%	24.3%	58.6%			
married	27.7%	7.1%	2.8%	9.5%			
sole support	24.7%	6.9%	1.3%	2.1%			
Percentage of Ontario students receiving OSAP	4.2%	33.5%	57.3%	0.7%	100.0%	MTCU	2012-13
Average **annual OSAP award** per recipient student*	$14,625	$8,085	$8,618	$11,114	$8,731	calculated	
Average **graduating/leaving debt** per recipient student, scenario for a typicial program of study	One year certificate or diploma program $11,103	Two year Diploma Program $12,747	Four Year Degree Program $21,855			MTCU	2011-12
OSAP Graduate/leaver repayment **default rate******	20.6%	13.4%	4.6%	4.2%	9.8%	MTCU	2012

NOTES

*Numbers are for all OSAP support for full-time students, including 30% Off Ontario Tuition grants.

** Other OSAP-approved postsecondary institutions located in Ontario.

***OSAP provided to students attending out-of-province and out-of-country postsecondary institutions are also included in this total.

****Default rate measured on Canada-Ontario Integrated Student Loans (COISL), representing combined Ontario and federal repayable student debt after Ontario

1. Numbers include both OSAP and OTG-only students

2. Percentage breakdown of award recipients does not include stand alone 30% Off Ontario Tuition grant recipients.

Figure 5a: Percentage of OSAP Recipients who default on Repayment Two Years after the Commencement of Repayment

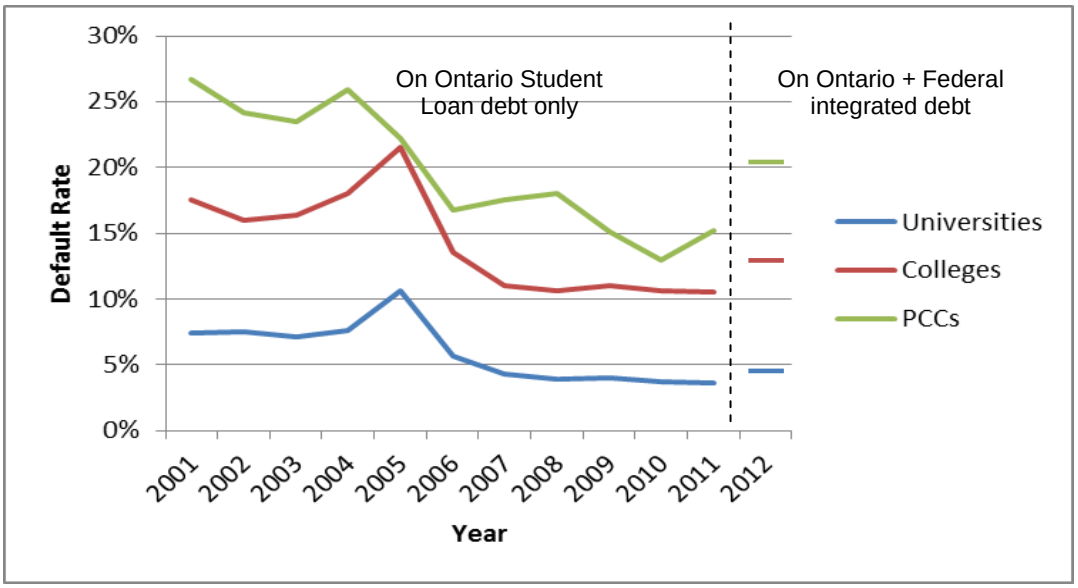


Figure 5b: OSAP Funding Issued to Students at PCCs

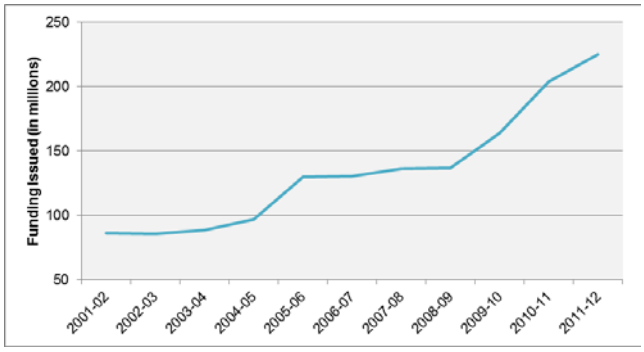


Figure 5c: OSAP Recipients Studying at PCCs

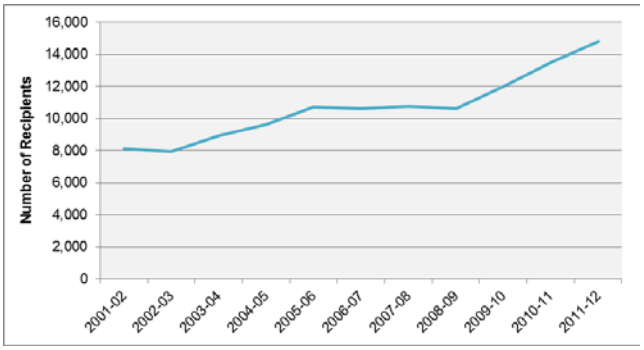


Figure 5d: Percentage of Total OSAP Funding Recipients Issued to Students at PCCs

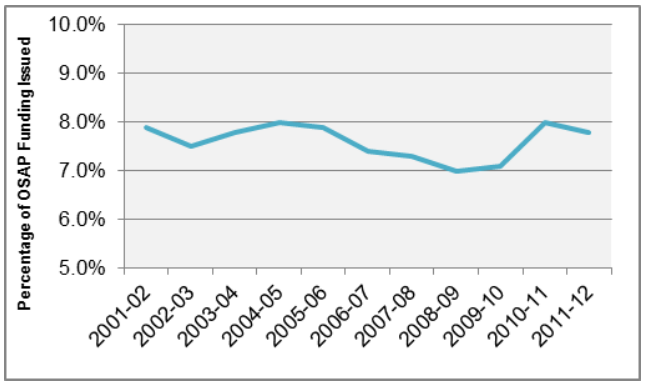
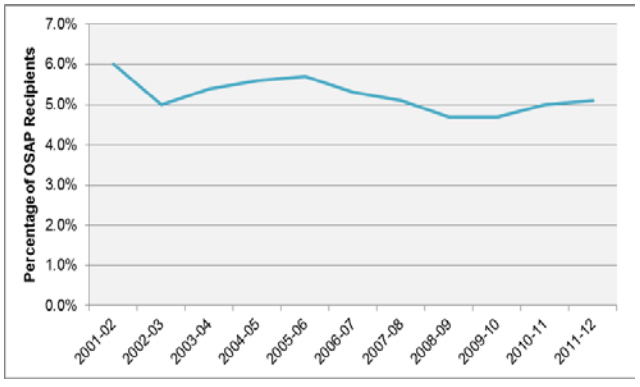


Figure 5e: Percentage of Total OSAP Studying at PCCs



Second Career

The Second Career program was created by MTCU to help Ontarians who have recently been laid off from work to return to the job market. It provides up to $28,000 for tuition and living expenses for eligible individuals to attend a postsecondary program and receive skills training to qualify for job opportunities in a different field or sector (Second Career, 2013). The Second Career website provides a list of examples of high-demand careers that qualify for funding, and many of these directly related to the variety of programs currently offered at PCCs.[17] It should come as no surprise that about 60% of Second Career funding and clients have attended PCCs over the past three years. As with OSAP, no government Second Career funding flows directly to PCCs but rather to students who in turn pay tuition to the public or private career college that they attend.

Student Characteristics and Outcomes

Student Characteristics

Research tells us that PCC students tend to differ demographically from their counterparts in other sectors of the postsecondary system. Malatest & Associates conducted a national survey in 2008 of 13,721 PCC students, including 4,080 from Ontario. It found that, compared to those enrolled in the public sector at the national level, students attending PCCs are "commonly older in age, with 48% of students aged 25 years and older" (Malatest & Associates, 2008, p. 8). Perhaps as a result of their older age, students enrolled in the PCC sector are also more likely to be responsible for children under the age of 18 (Malatest & Associates, 2008). They are also more likely to have immigrated to Canada and thus to be non-native speakers of English (Malatest & Associates, 2008).

Malatest observed that the PCC sector also enrolls a relatively higher number of visible minorities than the public sector, as well as a significant number of students who "did not begin post-secondary studies immediately out of high school due to uncertainty about their career (44%), financial barriers (27%), personal or family issues (20%), and a lack of interest (18%)" (Malatest & Associates, 2008, p. 23). Complementing these characteristics is the fact that students in the PCC sector are more likely to be female and to come from low-income backgrounds (Malatest & Associates, 2008, p. 7).

Provincial OSAP data presented in Table 3 are consistent with these national observations. 52% of OSAP recipients who attend PCCs are either married or have dependents, compared to 14% of college OSAP recipients and only 4% of university OSAP recipients.

Outcomes

The OSAP loan repayment default rates shown in Table 3 for those who have attended and left a PCC, either due to graduation or otherwise (21%), as compared to those who have done the same at public colleges (13%) or universities (5%), raise questions: are private career colleges consistently delivering on their promise of access to the job market? Why are the default rates after leaving higher than for borrowers who attended either college or university? Is this a function of serving a more challenging student body, with greater associated risks? Is it a function of quality and consistency in the sector? How might one measure the performance of PCCs more rigorously and in a manner that allows examination in context and by way of contrast and comparison, especially with the college sector?

[17] See the Second Career website for the list of careers that may qualify for funding at http://www.tcu.gov.on.ca/eng/secondcareer/qna.html#display

Two recent national reports, Malatest & Associates and Higher Education Strategy Associates (HESA), have made a number of findings about outcomes for the PCC sector:

Graduation Rates

HESA finds that the Ontario PCC sector "boasts graduation rates of slightly over 80%", making it "comparable to or better than community colleges" in this regard (HESA, 2012, p. 1). In recent years, the public colleges in Ontario had an overall graduation rate of approximately 65% (Colleges Ontario, 2012; 2011; 2010; 2009; 2008), with individual public colleges graduating as low as 55% and as high as 74% of their students (Colleges Ontario, 2012). A comparison between colleges and PCCs must be interpreted with caution, however. HESA points out that college programs tend to be longer and that a safer observation would be that "the pace of dropouts is very similar in the two sectors, with roughly one in five leaving after year one" (HESA, 2012, p. 4). More generally, the methodologies for the PCC and college calculations are unaligned, and this may have a pronounced impact on the results.

Employment and Income

The performance of PCC graduates in the labour market is another important indicator of success. Using survey data from Malatest, one can calculate the Ontario graduate employment rate for PCC graduates six months after graduation in a manner that is analogous to that used by Ontario government surveys of college and university graduates. The methodologies are sufficiently aligned to allow for cautious comparisons:

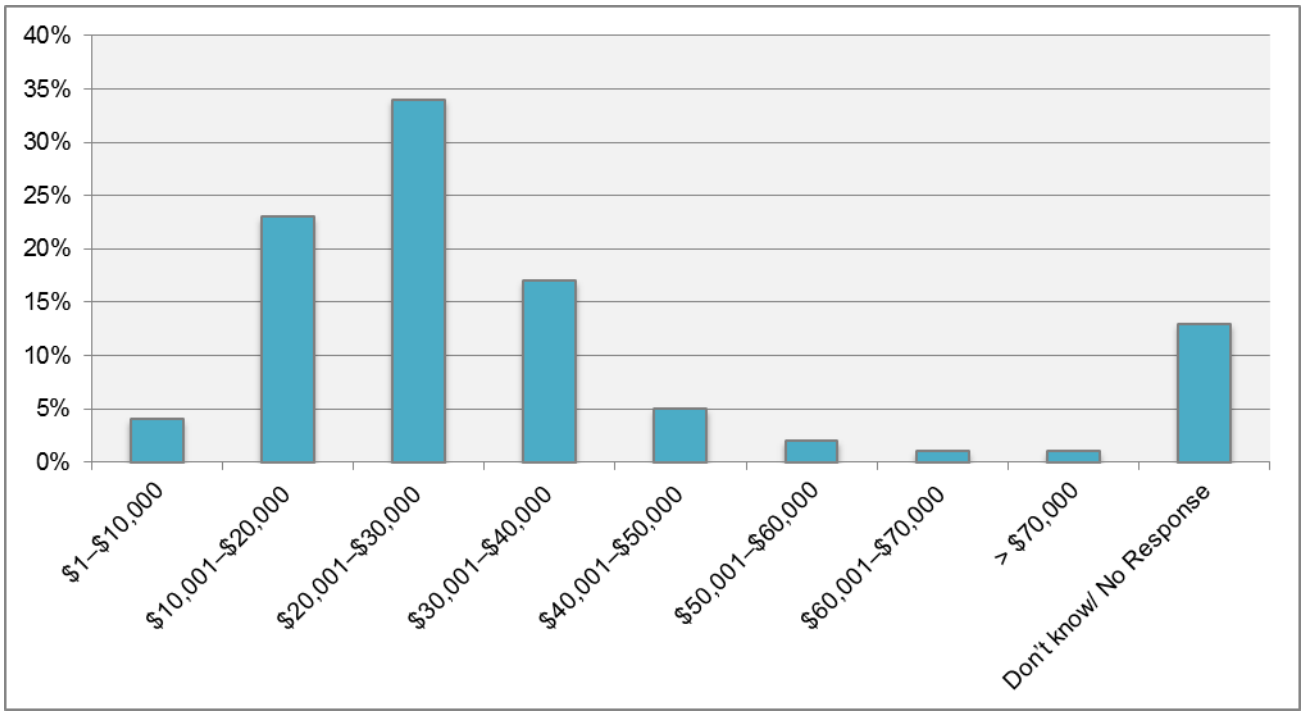
Table 4: Comparison of Graduate Employment Outcomes – PCCs, Colleges, Universities

	PCCs – Ontario	PCCs – National	Colleges – Ontario	Universities – Ontario
Overall **employment rate** 6 months after graduation (graduates in the labour market)	84%	89%	90%	94%
Ratio of **part-time** to **full-time** employed	38:100	32:100	17:100	23:100
% Employed in a **job related to their studies**	76%	78%	73%	78%
Average salary	$26,000	$27,000	$34,000 (FT/Rel)	$42,000 (FT)

Sources: Malatest Survey of Canadian Career College Students (2007 graduates) and MTCU graduate outcomes surveys for the same or overlapping time periods (2006-2007 College Employment Profile; 2009-2010 Ontario University Graduate Survey).
FT = employed full-time; Rel = employed in a field related to studies

The Malatest survey reveals the following distribution of Canadian 2007 PCC graduates' reported incomes:

Figure 6: National PCC Graduate Income Distribution



Source: Malatest & Associates (2009)

Graduate Satisfaction

Malatest found that the majority (62%) of Ontario PCC graduates appeared to be satisfied six months after completing their program. The remainder (38%) of those surveyed indicated less-than-favourable responses, feeling either "on the fence" or dissatisfied with their PCC (Malatest & Associates, 2009, p. 60). This situates the sector behind its public counterpart in terms of graduate satisfaction by around 20%, based on non-aligned satisfaction questions in the Ontario Key Performance Indicators data (Colleges Ontario, 2009).

Those surveyed attributed their low satisfaction to issues related to coursework and/or the institution, quality of training, financing, and other negative experiences (i.e., difficulties in dealing with administrative staff) (Malatest & Associates, 2009).[18] Not surprisingly, reports of low satisfaction were particularly prevalent in responses from PCC graduates who were not currently employed and were looking for work.

New Key Performance Indicators

While we have presented some comparisons to public college performance metrics in the above discussion, we urge caution. There is a scarcity of rigorously collected outcomes data for PCCs, though the situation is about to change in Ontario. MTCU had collected some key performance indicators for OSAP-approved PCCs prior to 2006, but these had been discontinued. In a phased implementation beginning in 2014, MTCU is launching a suite of key performance indicators for PCCs which mirrors those in use for the past 15 years at

[18] These were cited in the Malatest survey as reasons for not recommending a PCC institution/program (Malatest & Associates, 2009, p. 65). Note that this qualitative information is extracted specifically from graduate feedback; it would be useful to investigate further the opinions of students currently attending PCC institutions.

public colleges: graduation rate, graduate employment rate, graduate employment rate related to field of study, graduate satisfaction and employer satisfaction. These will be independently collected by a third-party survey consultant.

These outcomes, together with the OSAP default rates already tabulated by MTCU, will facilitate a better understanding of the performance of PCCs vis-à-vis other options. Additional research on the characteristics of PCC students and the learning outcomes from PCC programs would help further to situate and understand this important sector, its challenges and its contributions. An updated student survey designed to learn more about the backgrounds and characteristics of PCC students would be a helpful companion to the new performance indicator data Ontario is about to launch.

Conclusions

Private career colleges are a well-established but understudied higher education option in Ontario. There is a lot to be learned about PCCs themselves, their strengths and weaknesses, and about their role vis-à-vis the larger and better known publicly funded system.

On the one hand, PCCs are private businesses. They operate in the open market, both in terms of the educational products they offer and the price point (fees) at which these are offered. They tend to be small businesses, specializing in a limited range of programs. Their vocational programs overlap with those of publicly funded colleges but are generally shorter in duration and more expensive to the student but less expensive to government, which does not directly subsidize their operations. There is some evidence suggesting that they are popular with older students, who are more likely to have dependents or be married. There is also evidence of student movement between publicly funded institutions and PCCs, but no concerted effort to facilitate this.

Private career colleges do not operate unfettered – government regulates the sector and requires PCCs to adhere to both consumer protection and program quality measures. Enforcement – against registered schools that are not meeting all of the regulatory requirements and also against illegal operators that attempt to open a school without registering – is an integral component of government's role.

Beyond being regulated in the interests of protecting students, PCCs are also recognized by government as instruments of public policy. The government funds OSAP for PCC students, has made PCCs eligible deliverers of its Second Career program and has announced that it is extending its Ontario's 30% off tuition reduction program to students at a subset of PCCs.

Does this combination of market forces and public regulation work well? Are PCCs delivering labour market-ready graduates? Is the level and nature of (mostly indirect) public investment in the sector appropriate? We do not know enough about who PCCs serve, how they perform in their core vocational mission, and how they compare and contrast to the role of the public sector, particularly publicly funded colleges. This problem will be partially remedied as the government begins in 2014 to bring online a suite of key performance indicators for PCCs. A better understanding of PCCs will facilitate better choices both for individual students and government policy making. For the publicly funded sector, a heightened appreciation of how the more market-dependent PCC sector responds to changing educational and labour market environments may provide some applicable practices – such as shorter and more flexibly delivered programming, and a focus on the needs of the job market – during the coming period of constrained resources and heightened expectations.

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Higher Education Quality Council of Ontario

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