
Ontario Pre- Budget Consultation Submission

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Summary

As a fundamental component of the province's postsecondary education resource, the career college sector, consisting of more than 600 campuses serving more than 67,000 students annually, can potentially help to address some of the challenges associated with balancing the budget in the province of Ontario by 2017/2018. Through intensive training, career colleges have the ability to get people back to work quickly and thereby help to reduce spending on welfare and social services, while saving on operating and capital grants and generating additional tax revenues for the government.

Already, taxpayers save more than \$1 billion annually on those individuals that choose to study at, and graduate from career college programs rather than attending publicly funded community college programs.

If the resources of the career college sector are more fully utilized in the coming years to meet the impending increased demands for post-secondary education in Ontario, even greater tax savings and tax revenue generation would be realized by the province, thereby helping to reduce the deficit more rapidly.

In order to facilitate the greater utilization of the career college sector, the Ontario Association of Career Colleges (OACC) strongly recommends that the Standing Committee on Finance and Economic Affairs include changes to fiscal policies that treat career college students inequitably, and in fact serve as barriers to access to career college programs of study for many students for whom a career college is the best choice.

OACC recommends that career college students who meet all other eligibility criteria immediately be granted access to the Ontario Tuition Grant (or 30% Off Tuition /Grant)

OACC also recommends that the tuition cap under the Second Career program that discriminates against career college students be either raised from \$10,000 to \$14,000, or applied universally and equitably to career college students and community college students in order to help eliminate the current discrimination and barrier to access to career college programs. In either case, OACC further recommends that an annual cost of living index be used to adjust the Second Career tuition cap every year.

Background - Ontario Association of Career Colleges

Founded in 1973, OACC is a non-profit organization whose membership consists of a network of more than 270 Career Colleges that have an exemplary track record in specialized career training. They are located in more than 70 small, medium, and large communities spread across the province.

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 postsecondary institutions that are members of the Ontario Association of Career Colleges (OACC).

More information about OACC can be found at www.oacc.on.ca

Backgrounder on Career Colleges and Their Students

The background of the 67,000 students who choose annually to attend Career Colleges is quite varied. While some students enter a Career College directly out of high school - the average age is approximately 28; roughly 30% are over the age of 35; and 40% previously attended a university or community college. The career college student population includes laid-off workers, sole support parents, recent high school graduates, injured workers, aboriginal people, newcomers to Ontario and persons with disabilities.

Career college students use a variety of sources to finance their courses of study including their personal funds, Second Career funds, WSIB sponsorship, or Government sponsored student loans.

Career Colleges have existed in Ontario for 145 years and are Regulated under the Private Career Colleges Act, 2005 administered 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 postsecondary resource, with more than 600 campus locations offering in excess of 5,000 approved programs.

Career Colleges are characterized by the unique approach that they take to accommodate the individual needs of their students and to meet the needs of the employer community, rather than focusing on institutional structural needs.

Career Colleges tend to develop a niche expertise and specialize in a limited number of programs and career groups. On average there are less than 10 courses offered at each campus location. This allows the institutions to be focused and avoid the pitfalls associated with trying to be everything to everyone.

The Career College sector offers 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.

Generally, Career Colleges tend to have smaller annual enrolments per campus location. As a result, the number of students in each class is low with an average student to instructor ratio of 8 to 1, and students receive a great deal of personal and individualized attention. There are strict attendance policies and close monitoring of individual academic progress in an effort to ensure

that the maximum number of students graduate with a mastery of the course material and successfully secure employment in a field related to the program of study.

The nature of training at Career Colleges tends to be quite intensive. This intensity allows students to receive a high number of hours of instruction per week which in turn minimizes the number of weeks that students require to complete their programs of study. For many students, particularly those who are adults, programs with short durations are desirable because they minimize the amount of time it takes for students to return to the labour market. The majority of Career College diploma programs have a duration of less than 12 months with the average being approximately 9 months.

Career Colleges do not close down over the summer months. They operate for the full 12 months of the year which means that no extra time is added on to the duration of their programs as a result of seasonal closures.

Career Colleges have long recognized the fact that many people seeking training programs would best be served by allowing them to enroll at a time which is most convenient to their schedule. In this regard, most Career Colleges have multiple intakes and program start dates throughout the year including the traditional summer months of May, June, July, and August. Some have new program starts each month and others have the capacity to bring new students in each and every week. This flexibility puts the needs of the learner at the forefront and gives them the opportunity to choose the start date which most appropriately fits their individual circumstances.

Additionally, some Career Colleges allow great flexibility in the timetabling of their hours of instruction and lab time (including, in some cases, evening or weekend classes).

Career Colleges understand that individual students learn differently and that it is important for students to be able to choose the instructional method which best suits their learning patterns. Within the Career College sector, there is a wide range of instructional methodologies which are available to students including classroom lecture, self-paced, computer based and on-line instruction.

In most cases, Career Colleges recruit instructional staff who have related work experience that is relevant to the course material being taught. Practice has shown that students can benefit in the classroom from such real life practical applied experience.

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. As a result, Career Colleges as a rule make efforts to stay in tune with the needs of local employers. Often they will ask employers to serve on curriculum development advisory committees. In addition Career Colleges will maintain active employer outreach programs and employment assistance programs to help their graduates in their efforts to find jobs.

OACC member colleges are cognizant of the fact that graduates who successfully attain industry certifications in relation to their knowledge and skill sets are more successful in making the transition from a postsecondary program to the labour force. Where outside third party certifications exist, OACC members make efforts to either align their curriculum and examinations with the requirements of the certifying body or will ensure that their graduates have mastered the course well enough to be able to successfully challenge industry certification examinations.

Career Colleges are aware of the fact that in today's rapidly changing work environment, it is essential for students in their diploma and certificate programs to be trained on the most current equipment or technologies being used in industry. Career Colleges, by virtue of their private structure have the capacity to make timely decisions about updating their facilities and equipment.

Career Colleges can provide a major share of the trained specialists in Ontario at low cost to the taxpayer.

Current Economic Benefit to Ontario Provided by the Career College Sector

In 2012, a study on the value of the career college sector to the economy of Ontario (see study enclosed) that was conducted by Higher Education Strategy Associates (HESA) examined the overall efficiency at getting people through programs and established in the world of work. The following is a list of the key results of the study:

- Career Colleges employ around 12,000 people and collectively pay \$94 million in business and payroll taxes.
- Career college employees and graduates pay hundreds of millions in taxes and reduce welfare and EI costs by helping to bring people into the labour market.
- Total annual revenues for career college institutions were \$788 Million.
- Adjusted for the different lengths of program, Career College graduates receive only 18% of the subsidy that Community College Students receive.
- 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 points in the pre- and post-study employment rates of career college graduates.

Based on the information contained in the HESA study, OACC conservatively calculates that there are more than 50,000 students who graduate from Ontario's Career Colleges each Year. Since the study found that by comparison the cost to the taxpayer of producing a Career College graduate is at least \$20,000 less than the cost of producing a graduate from a Community College, it follows that the Career College sector currently saves taxpayers a total of more than \$1 billion each year.

Trends Impacting the Demands on the Post-secondary Education Sector

There are a number of key trends and policy decisions described below that will continue to place increasingly high demand on Ontario's post-secondary education system, making it doubly important that the career college resource is utilized to its full capacity in order to help meet that increased demand and assist with minimizing taxpayer dollar expenditures.

Trend 1 - Target to Increase Postsecondary Credential Attainment

In recent years the Ontario Government had 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 estimated increased cost of 300 million.

Trend 2 - Target to Increase Enrolments of International Students

As part of its Open Ontario plan, the Ontario government had set an aggressive goal to significantly increase the number of international students enrolled at Ontario educational institutions.

Trend 3 - Target to Increase Apprentices 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.

Trend 4 - Continued Training of Unemployed Workers

Since its inception in 2008 there has been a steady need for the Second Career program to assist unemployed laid off workers impacted by the economic turndown to access the

career training they require to return to work. More than 50,000 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.

Trend 5 - Development of 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 sector in Ontario in the years to come.

Trend 6 - Expected 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 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.

Trend 7 - Principle of Inclusivity

There are several historically marginalized groups of Ontarians that have often experienced significant barriers to 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, and foreign trained professionals. The Government has through legislation such as the Accessibility for Ontarians with Disabilities Act, and other initiatives, committed to the principle that all qualified persons should have access to postsecondary education. Once again, this commitment will place more increased demand on the postsecondary education system.

Trend 8 - Increased Expectation for Online/Distance Education Options

The potential exists for Ontario's postsecondary institutions to experience increased demand from all of the groups of potential learners 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.

Financial Considerations Associated with the Trends in Postsecondary Education

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 the trends outlined earlier. It is OACC's position that there is a need to avoid significant and unnecessary increases associated with increased enrolments in spending on new infrastructure projects for publicly subsidized postsecondary education institutions over the coming years.

Increased enrolments and new infrastructure projects at public institutions would also entail increased operational costs that may not be sustainable over the next 10 years and into the future, potentially placing an even higher financial burden on the current and next generation of taxpayers in Ontario.

The Career College sector, if fully utilized in conjunction with its public counterparts, would have the capacity and ability to expand and contract quickly to adapt to current and future trends, increased demands for post-secondary offerings and economic conditions, all of which can be accomplished without requiring Government funding for operating costs or infrastructure projects. Increased utilization of the Career College sector to meet increased demands will result in significant tax savings. As noted earlier in this paper, taxpayers save at least \$20,000 for every graduate who chooses to study at a career college rather than a community college.

In addition to the tax saving benefits outlined above, Ontario would realize through increased utilization of Career Colleges, the secondary benefit of producing increased tax revenues for government to use in respect to other more pressing needs such as healthcare, primary and secondary education, and capital projects for building hospitals, roads and bridges. 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 quicker and re-enter the work force as taxpaying citizens sooner. As noted earlier, the career college sector contributes \$94 million in business and property taxes alone each year.

Increased Role for Career Colleges

OACC wants to work with the Government to help optimize the inclusion and utilization of the resources of the Career College sector in order to develop a more fluid postsecondary continuum that will encompass high quality programs of study, foster the mobility of students and workers in an out of Ontario's education and training system and ensure the economic well-being of the province.

In their recent White Paper, “Pathways to Prosperity – Higher Learning for Better Jobs” (see document enclosed), Ontario’s PC Caucus described an increased role for the career college sector as follows:

“Career Colleges are well-equipped to provide workers with the kind of intensive training and retraining they might need if their current employment terminates. As our economy adapts over time, skill requirements change, plants close and jobs are often lost. Career Colleges are perfectly positioned to help Ontarians adapt to these changes as quickly as possible. From fashion and beauty to the culinary arts, from truck driving to pre-apprenticeship training, career colleges offer a number of different career paths for students. They often cater to a student body that is older, on average, than students who attend university or college. The reason Career Colleges are able to provide training so efficiently is because they are often successful and nimble small businesses that fulfill a crucial market need for timely training.”

However, there are still several government programs and policies that either fully or partially exclude career colleges and their students, restrict access to funding, or are founded on treatment of career college students that is differential from that afforded to students at publicly funded institutions, thereby hampering the ability to achieve the goals set out above.

Barriers to Increased Tax Savings and Tax Revenue Generation

Exclusion of Career College Students from the 30% Off Tuition Grant

OACC and its member institutions were profoundly disappointed to learn following the 2011 provincial election that career college students who met all other eligibility criteria would not be eligible to apply for the new Ontario Tuition Grant, simply because they chose to enroll in a Career College program. Such students would, however, be eligible to apply, if they chose instead to attend a Community College or University program. Such differential treatment could deter students from attending Career College programs, and potentially increase significantly the costs to taxpayers, when the cost of operating grants for students at public institutions is weighed against the cost of the Ontario Tuition Grant for students at Career Colleges.

OACC has estimated that the annual cost of extending the Ontario Tuition Grant eligibility in its current form to Career College students would be approximately \$2 million, which would be considerably less than the millions of dollars that government has spent on television ads to promote the uptake of the Grant at Community Colleges and Universities.

In light of the costs associated with the advertising and the potential for increased operating grant costs that currently exists under the Ontario Tuition Grant program, it is OACC’s position that it would be a sound fiscal decision to include Career College students for eligibility in order to ensure equitable treatment of all students, protect the students’ right to choice, and eliminate arbitrary discrimination.

Restriction on Second Career Funding of Tuition for Career College Students

During the fall of 2009, the Government imposed a cap on the amount of tuition that the Second Career program would fund for students attending the majority of Career Colleges in Ontario to \$14 per hour or an amount of \$10,000 whichever is less. In contrast, students attending publicly funded institutions are able to receive full funding for tuitions that are in excess of \$10,000. This inequity potentially removes a student's right to choose a Career College program of study even if it is the highest quality program or it best fits the student's personal circumstances.

It is OACC's position that the Government must take immediate steps to correct this inequity to either:

- Raise the Second Career funding cap on tuition at career colleges to \$14,000, or
- Implement the same \$10,000 funding cap on programs at publicly funded institutions, and allow for annual cost of living increases in such cap.

Once again, OACC understands that it is necessary to balance budgetary concerns with the need to ensure equitable treatment of all students, protect students' right to choice, and eliminate arbitrary discrimination. While, raising the cap on Career College programs may result in higher Second Career costs for some students, there will be savings as well associated with a reduction of students who choose more expensive Community College programs for the wrong reasons. OACC members have reported incidents where students had wanted to attend their Career College but took their second or third choice at a Community College simply because there was no tuition cap and they could receive additional Second Career funding.

If the decision is that most equitable approach would be to place the same \$10,000 tuition cap on Community College programs, then there would clearly be a tax saving generated.

Additional Information

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