

Maximizing Our Human Potential

Tackling the Labour Shortage for a Stronger Ontario



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Introduction

The Conference Board of Canada report found that Ontario will be short 190,000 skilled employees in 13 years' time, and that shortage will quickly escalate to more than 360,000 by 2025 and more than 560,000 by 2030.¹ Given that about 70% of new jobs created or in management occupations in the years ahead will require a postsecondary education, a labour market that is unable to supply enough qualified workers can negatively impact on business sectors and the economic growth over the long haul.

Ontario's recent labour productivity growth performance has been weaker than that of other provinces and the United States, posing a further challenge to Ontario's capacity to overcome a labour market shortage and skills mismatches purely through increased productivity growth.² Employers, workers, government, and educators have been raising concerns about critical issues of labour shortages. For instance, *Ontario's Workforce Shortage Coalition*, a group of industry, education, and labour representatives that have united to address Ontario's serious labour market challenges and their potential threat to Ontario's economy, has been calling on Ontario's political leaders to commit to a provincial skills strategy with a higher priority.

As key suppliers of the province's workforce, Ontario's colleges are strategically positioned to respond to the labour market challenges. The economy of Ontario has benefited tremendously from the industry-specific, responsive, and high-quality postsecondary training provided by Ontario's colleges.

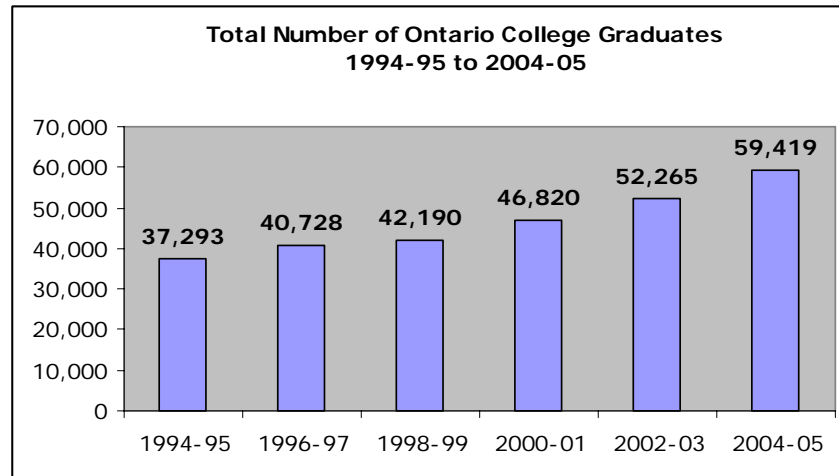
- Ontario's colleges have produced more than 1,000,000 graduates since the first college opened in 1967.
- Over 45,000 college graduates enter Ontario's workforce each year and play essential roles in every sector of the economy, from manufacturing and business to emergency and health care, child care, tourism and hospitality, and many more.
- Thirty-three percent of Ontario's workforce (2.1 million workers) has a college qualification – the largest component of the six million strong labour forces.³
- Despite a reduction of 6% in the manufacturing workforce between 2002 and 2005, college graduates experienced a 14% increase in employment in manufacturing.
- More than 89% of Ontario college graduates find work within six months of graduation, and more than 90% of employers are satisfied with the college graduates they hire.

¹ Ontario's Looming labour Shortage Challenges. (September, 2007). The Conference Board of Canada.

² Ontario's Looming labour Shortage Challenges. (September, 2007). The Conference Board of Canada.

³ 2005 Labour Force Survey.

- If adults aged 25 to 64 with a high school degree or less education had the same employment rate as those with college credentials, 289,000 more individuals would have jobs.



(Source: Ontario's Colleges: Graduates in Demand. Winter, 2007)

The global knowledge-based economy has no doubt become more skill-intensive. It creates challenges for workers to adapt to a changing work environment and ensure ongoing skills development. This requires highly educated people with postsecondary education. Increasing investments in postsecondary education and expanding postsecondary educational opportunities to every qualified person will be the key to solving the labour shortages in Ontario.

Accessibility

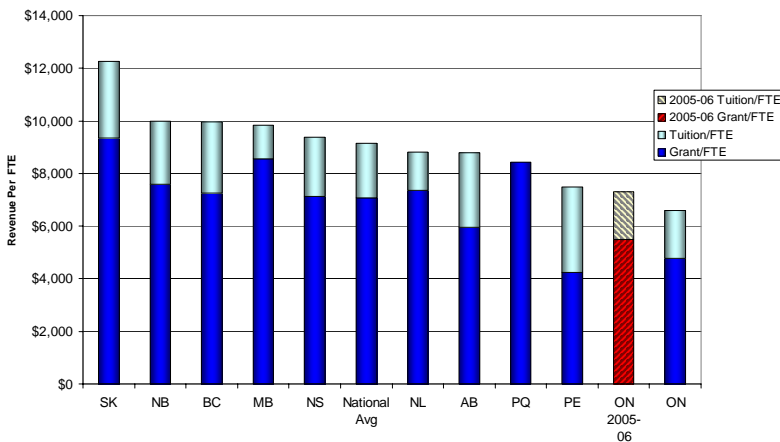
College funding per student needs to be increased to the national average to ensure Ontario colleges continue to contribute to the social and economic growth of the province.

- On a per student basis, the college funding gaps between Ontario and other provinces in Canada are dramatic and significant. Funding levels in Ontario both in 2005-06 and 2006-07 remained significantly lower than those in other provinces. In Ontario, per student funding in 2004-05 stood at \$6,685, the lowest of all provinces when revenues from operating grants and regulated tuition fees are considered together. Funding in Ontario was 45% lower than that in Manitoba, which had the highest level of per student funding, and 18% lower than in Prince Edward Island, which ranked as the second-lowest province for per student funding.⁴
- Ontario colleges are even challenged by the lowest per student operating funding among the three Ontario educational sectors. When comparing revenues from

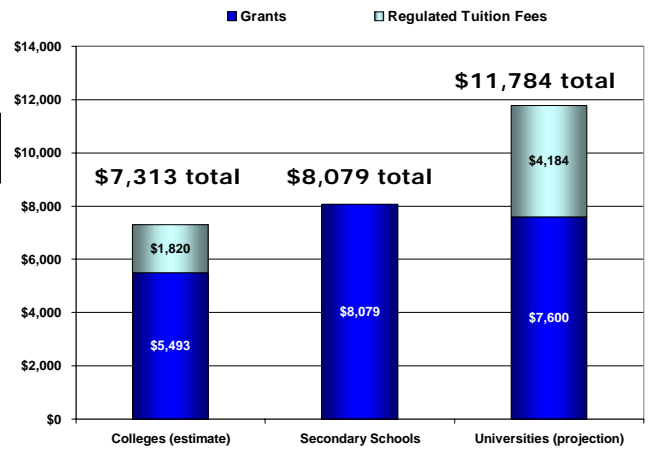
⁴ 2007 Environmental Scan: An Analysis of Trends and Issues Affecting Ontario. (2007). Colleges Ontario.

operating grants and tuition fees for 2006-07, funding for colleges continues to lag behind that received by public secondary schools and universities.

- College students are funded by the Ontario government at a level 38.3% less than university students and 47% less than secondary school students. In 2005-06, Ontario's colleges received an average of \$5,493 per student, compared to Ontario's universities, who received \$7,600 per student. This is just 70% of the national average of \$8,800.⁵
- Ontario colleges currently serve 51% more students than in 1989-90 but receive 29% less operating funding per student in constant dollars.



(Revenues defined as operating grants plus student fees. Sources: Ontario Public School Boards' Association, ACAATO Environmental Scan, MTCU.)



(Revenue defined as operating grants plus student fees for all provinces, 2003-04. Ontario both 2003-04 and 2005-06.)

The provincial government must establish a community-based foundation with an endowment sufficient to fund early-outreach programs targeted toward elementary and secondary students to increase accessibility to postsecondary education.

- Under-represented students, particularly low-income students, are less likely to access postsecondary education due to financial and non-financial constraints. For example, inaccurate perceptions of financial barriers, such as perceived cost of tuition, prevent many students from accessing postsecondary education.⁶
- Youths make their big decisions about their futures in high school. Information dissemination has been a major concern for education stakeholders. A comprehensive understanding of postsecondary education options and financial resources available for postsecondary education is fundamental to students and

⁵ Colleges Ontario (formerly Association of Colleges of Applied Arts and Technology of Ontario), 2006.

⁶ Canadian Council on Learning, Canadian Attitudes on Post-secondary Education (2007). http://www.ccl-cca.ca/CCL/Reports/PostSecondaryEducation/CAPSE_2006_Summary.htm

their parents when determining their educational future. This kind of education and information is seriously lacking currently.

- CSA advocates early-outreach programs to help increase student participation in postsecondary education. For example, one early-outreach program, Pathways to Education in Regent Park, has been successful at increasing the student postsecondary education enrollment rate and reducing high school dropout rates. Analysts associated with the program increasingly claim long-term benefits of such programs.⁷

The provincial government should fund programs and ensure that financial constraints will not prevent qualified students from pursuing postsecondary education, particularly for under-represented students including students from low-income families, Aboriginal students, and students with disabilities.

- More than 70% of all new jobs created in Canada will require some form of postsecondary education. Only 6% of new jobs will be held by those who have not finished high school.⁸
- The approaching wave of retirements in the workforce, matched against Ontario's slowing population growth and the projected labour demand, will cause a significant shortage of qualified employees in coming years.
- Ontario employers have 1.6 million more employees with postsecondary credentials than they had 15 years ago. But they have 400,000 fewer employees without postsecondary credentials.⁹
- However, the under-represented populations within Ontario can be one of the solutions to meet the challenges of this labour shortage. Under-represented populations who are currently not on the pathway to postsecondary education are the largest available pool of individuals; this pool needs to be utilized. Postsecondary education and retraining will be the key to integration and utilization of these groups.¹⁰
- In Canada, the gap between low-income families and well-to-do families has continued to widen.¹¹ Some low-income families are still less likely to send their children to colleges or universities than families with higher incomes.
- Statistics Canada reports that less than one-fifth of families with incomes of less than \$30,000 are saving for their children's postsecondary education, compared with about two-thirds of families with incomes over \$80,000.¹²

⁷ Pathways to Education, "Direct Benefits," (2007); available online at <http://pathwaystoeducation.ca/results.html>

⁸ Knowledge Matters: Skills and Learning for Canadians, Canada's Innovation Strategy. (2002). Industry Canada. p.8.

⁹ The Challenge Ahead: Averting A Skills Crisis in Ontario. Ontario's Workforce Shortage Coalition.

¹⁰ Berger, J., Motte, A., & Parkin, A. 2007. The Price of Knowledge 2006-2007. Canada Millennium Scholarship Foundation.

¹¹ Oh Canada! Too Many Children in Poverty for Too Long ...2006 Report Card on Child and Family Poverty in Canada. P.3 http://www.campaign2000.ca/rc/rc06/06_C2000NationalReportCard.pdf

¹² Rae, B. (February 2005). Ontario: A Leader In Learning.

- The Conference Board of Canada report identifies and describes several key under-represented populations that Ontario can tap into to build its human resources capacity.¹³

To invest more in postsecondary education and ensure that financial constraints will not prevent qualified students, particularly under-represented students from pursuing postsecondary education.

- For the majority of qualified students, especially under-represented students, rising educational costs and the prospect of large student debts have become significant barriers for students from low-income families.
- In Canada, students from low-income family are finding it challenging to access education and to pay for it. They are less likely to attend postsecondary institutions than are those students from high-income families. With only 19% of children from low-income families attending university and only 29% attending college,¹⁴ income is clearly an important factor affecting this group of students' postsecondary participation and attainment.
- Research relating income to postsecondary access and success shows that income is a determinant of who will or will not go on to postsecondary education as students from lower income families are more negatively affected by increased tuition fees.¹⁵
- Given that financial aid from both federal and provincial governments represents the largest source of student aid in Canada, student financial assistance programs play a very important role in assisting qualified students in enrolling and completing their postsecondary studies.
- Ongoing and comprehensive financial support for students should be the primary consideration to improve postsecondary education accessibility and affordability.

Affordability

The provincial government must eliminate the education and tuition tax credit and use the additional revenue in the form of up-front grants.

- The education and tuition tax credit does not benefit those who need it most; often, low-income students who need the benefits of tax credits do not receive them.
- It has been argued that although tax credits were theoretically created to make postsecondary education more accessible, they often fail to address the issue of accessibility and rarely benefit those who require the benefits.¹⁶

¹³ Ontario's Looming labour Shortage Challenges. (September, 2007). The Conference Board of Canada.

¹⁴ Canadian Post-secondary Education: A Positive Record - An Uncertain Future. www.ccl-cca.ca/pse

¹⁵ Coelli, M. 2004. "Tuition Increases and Inequality in Post-secondary Education Attendance." Paper presented at the Canadian Economics Association Meetings in Toronto, ON.

¹⁶ Christine Neill, Canada's Tuition and Education Tax Credits (Montreal: Canada Millennium Scholarship Foundation, 2007).

- The education and tuition tax credit must be eliminated and the additional revenue, currently estimated at \$1.3 billion, provided as up-front grants.¹⁷

The Ontario government must establish an OSAP task force to undertake a holistic review of Ontario's financial aid system.

- The current system of student financial aid is unsustainable, inefficient, and ineffective.
- An OSAP task force must be established and mandated to examine and identify areas of the system that hinder its efficiency and effectiveness. For example, the assessment should evaluate the eligibility criteria for funding, the need-assessment formula, the usability of the OSAP web site, and repayment policies.

The Government of Ontario must continue to expand the Ontario Access Grant to low- and middle-income students for up to four years.

- The vast majority of undergraduate and college students are ineligible for the Ontario grants program. For example, in 2005-06, only 3.4% of student body (16,000) received the Millennium-Ontario Access Grant for first-year students.¹⁸
- Students pursuing high-fee programs such as dental hygiene and computer animation or other professional programs with prerequisites of more than two years of postsecondary education are not eligible for these grants, despite the fact that such programs charge much higher fees and result in more debt.
- Similarly, college transfer students who transfer from college to university are no longer eligible for these grants because they are going beyond the first and second years of postsecondary education.

Limit the growth of students' debt burden by supplementing student loans with more grants, loan remission programs, and interest rate reductions.

- Tuition fees rose sharply in Ontario during the last decade. In 1988-89, tuition fees made up just 10% of operating revenues for colleges in Ontario. In 2003-04, the share had increased to 24%.¹⁹ In college programs where tuition fees were deregulated in 1998, some fees skyrocketed by about 800%. Computer animation, for example, cost \$1,400 per year in 1998, increasing to \$11,000 per year in 2007.
- The Ontario College Applicant Survey 2006 also highlights that a lack of savings is an issue among 2006 college applicants, as 45% of applicants report that they do not have money saved for college. The Ontario College Application Services (OCAS) estimates that total expenses for one year of college (including tuition,

¹⁷ Canada Millennium Scholarship Foundation, Canada's Education and Tuition Tax Credit (Montreal: CMSF, 2007), i.

¹⁸ Low-Income Ontario Students to Benefit from New Tuition Grants. August, 2005. Ministry of Training, Colleges and Universities. <http://www.cnw.ca/en/releases/archive/August2005/16/c0596>.

¹⁹ ACAATO Environmental Scan 2006: Section 4 – College Resources. [http://www.collegesontario.org/Client/CollegesOntario/Colleges_Ontario_LP4W_LND_WebStation.nsf/resources/2006%20Environmental%20Scan%20-%20Chapter%204/\\$file/CO_2006_SCAN_CHAP4.pdf](http://www.collegesontario.org/Client/CollegesOntario/Colleges_Ontario_LP4W_LND_WebStation.nsf/resources/2006%20Environmental%20Scan%20-%20Chapter%204/$file/CO_2006_SCAN_CHAP4.pdf)

student fees, books, supplies, and the cost of living) usually are between \$12,000 and \$15,000.²⁰ Among those applicants who have any savings for college, the average amount is \$8,607. Among the applicant population as a whole, the average amount of money saved per applicant drops to \$4,740.

The Ontario government must urge the federal government to renew the Canada Millennium Scholarship Foundation (CMSF) and immediately communicate a strategy for Ontario to reinvest in alternative grant programs to replace the CMSF.

- In 2006, 47,672 Ontario students benefited from the CMSF. The Foundation distributed approximately \$130 million in grants, bursaries, and excellence awards. Averaged among recipients, each of those students could have received \$2,743.²¹
- Already, in seven years of existence, the Canada Millennium Scholarship Foundation has provided Ontario with 259,122 non-repayable need-based grants and 6,198 Awards totaling \$789 million.²²
- Given the approaching end of the Foundation's mandate after 2008-09, the disappearance of nearly \$108 million per year in need-based grants will have a major effect on the Ontario student financial assistance program.
- The end of the Foundation's mandate has implications for the accumulation of student debt, for rates of access to and persistence in postsecondary education, for the sustainability of Ontario's programs financed in conjunction with or as a complement to the Foundation, and for federal-provincial cooperation within the field of student financial assistance.
- To maintain the Foundation's objectives of improving access to higher education, and encouraging a high level of student achievement and engagement in Ontario, the government of Ontario must urge the federal government to continue this transparent, accountable, and effective bursary distribution program. If the renewal of the Foundation is not communicated by the federal government, the Ontario government should develop and immediately act on a concrete plan that will ensure the gap is filled, a \$350 million funding previously provided by the Foundation.

²⁰ Ontario College Applicant Survey 2006. Acumen Research Group Inc.

²¹ Canada Millennium Scholarship Foundation, Award Distribution- Ontario, (Montreal: CMSF, 2007); accessed online at http://www.millenniumscholarships.ca/en/map_print.asp?province=ON&sid=443&rid=

²² Canada Millennium Scholarship Foundation. 2006.

The provincial and federal governments must implement a 12-month interest-free grace period for students to prepare for loan repayment.

- Interest accrued during the grace period drastically affects student ability to repay his or her loan. In fact, it often takes three years before a student is able to begin paying the principal on his or her loan due to high interest rates.²³
- Furthermore, defaults on student loans often occur during the first three years of repayment. Increasing the length of time before repayment would, presumably, reduce repayment default rates and allow students adequate time to prepare for loan repayment.
- The provincial government must work with the federal government to implement a 12-month grace period after graduation, during which a student's loan amount is not subject to interest.

Interest accrued on student loans should be lowered to prime minus-one.

- The financial aid system is a public system for the public good, not a for-profit venture. High interest rates result in more costly loans which take longer to repay for students who have higher loan levels. It is unfair for graduates to pay a higher interest rate, especially for students who have lower post-graduation income and larger debts.
- Canada is currently outpacing other G8 countries in interest charges on student loans. Countries with comparable postsecondary education systems charge between 0 and 4% interest on student loans, whereas Ontario and Canada charge prime interest rate (currently 6.25%) plus 2.5% on student loans, markedly increasing the cost of postsecondary education for students and increasing their debt burdens after graduation.

During loan consolidation, graduates must be able to choose a repayment term which works with their unique financial situation.

- The loan repayment term and allotted amount for any loan program should be flexible and based on the financial realities of the graduate. Failing to work with a graduate's unique financial situation results in increased loan default rates and negatively impacts their quality of life. Graduates must not be required to begin repayment, nor should interest accrue, until their income exceeds an acceptable debt-to-earnings ratio.
- Differences in workplaces, wages, employment types, and gender causes problems for graduates whose repayments are calculated against a fixed term regardless of their post-graduation income. For graduates, when their income is low or uncertain, their monthly payments may exceed their ability to make payments.
- When consolidating their loans, repayment terms should be in line with their current financial situation. Moreover, graduates should be provided with information about their financial choices and the implications and consequences of those choices.

²³ According to one study, "up to 75 per cent of all borrowers who default do so in the first three years of repayment- when most of what they are repaying is interest." Julian Benedict, "new Organization Champions Loan Reform," Educated Solutions (Toronto: OUSA, 2007), 6.

Transferability

Postsecondary institutions should increase the transferability of credits and enhance students' mobility.

- Although the majority of college graduates choose to join the labour force, roughly 25% choose to resume their education after graduation.
- Since 2000-01, the proportion of college graduates attending university directly after college has increased from 4.7% to 8.7%, an increase from approximately 2200 to 5200 graduates.²⁴ The proportion of graduates who furthered their education at a college is 17%.
- However, students are limited in their ability to adjust their career goals by switching institutions or programs. The barriers for transferability and mobility will increase the disincentive to resume or adjust educational goals to better match the needs of a dynamic labour market.
- In Ontario, 22% of college students during the 2004-2005 academic year responded that their main goal in enrolling in a college program was to prepare for further college or university study.²⁵
- The proportion of Ontario college graduates continuing their education has increased to 26.4% from 3.3% over the past four years. The 2004-05 graduate survey results indicate that 8.7% of college graduates had transferred to university and 16.5% of college graduates had transferred to college.²⁶
- In response to rising demand for transferability and mobility, the Government of Ontario must proactively work with the federal government, local educational stakeholders, postsecondary institutions, and students to address this rising demand.

Provide more funding and resources to the College-University Consortium Council (CUCC), which can help the government develop transparent procedures for recognizing and transferring previous learning, facilitating easy movement of students from and within the college and university systems in Ontario.

- To accelerate collaborative moves on transferability, CUCC has funded a number of advanced training projects in an effort to enhance collaborative partnerships between colleges and universities in Ontario, sponsored symposiums to provide a progress report on such collaborative projects, and created and maintained the Ontario College-University Transfer Guide (OCUTG) which provides students and institutions with a list of collaborative programs, articulation agreements, and credit-transfer arrangements between Ontario universities and colleges.
- CUCC should develop initiatives on what they believe to be the best practices for a healthy transferability pathway in all directions for the two sectors and

²⁴ Ontario's Colleges: Graduates in Demand. Winter, 2007.

²⁵ MTCU, Student Satisfaction Survey, 2001-2005.

²⁶ CUCC College-University Transferability Study. March, 2007. Compustat Consultants, Inc.

encourage more institutions to actively engage in CUCC's efforts for a proper pathway.

- The government of Ontario must expand the mandate of the CUCC by providing more funding and greater authority. Accordingly, CUCC will be better able to facilitate easy movement of students from and within the college and university systems, be an active college-university liaison to ensure ongoing connections and understanding between institutions in the transferability issues, and enhance the Ontario College-University Degree Completion Accord, which aims at increasing the number of transfer agreements between postsecondary institutions.

Encourage more multilateral transfer agreements to provide students with choices that allow them to choose the institution that is most convenient for them.

- The multilateral approach is a transfer guide which allows students to navigate among the various offerings at different levels within a provincial postsecondary system in order to achieve the most appropriate mix of courses without limiting their options.
- The Ontario College University Transfer Guide (OCUTG) demonstrates that the total agreements in the Transfer Guide database as of April 2007 are 270; including 188 Bilateral Agreements²⁷, 23 Multilateral Agreements²⁸, and 59 direct Entry Programs.²⁹ Given the fact that Ontario's public postsecondary institutions comprise 24 colleges and 19 universities offering about a thousand programs, 23 multilateral agreements clearly means that students in Ontario have little choice as to where they can pursue further education upon completion.
- When compared to transferability methods and procedures in British Columbia, Alberta, and other provinces, Ontario has been slower than any other province in promoting the transferability of credits.³⁰

²⁷ Bilateral Agreement: A formal articulation or credit transfer agreement between one receiving institution and one sending institution.

²⁸ Multilateral Agreement: A formal articulation or credit transfer agreement between one receiving institution and two or more sending institutions.

²⁹ The Ontario College University Transfer Guide (OCUTG).
<http://www.ocutg.on.ca/search/servlet/searchReports?reportName=byStatus>

³⁰ Missier, S. D. A Vision of Seamless Education – Academic Mobility in Ontario.
<http://www.accc.ca/collegecanada/9899-4-1/vision.htm>

Conclusion

Given that the knowledge economy creates greater demands for a skilled workforce and Ontario is foreseeing a critical dilemma of labour shortages in the near future, the skills shortages could potentially constrain economic growth. Within the postsecondary system, Ontario colleges play a unique role in responding to shifting labour market requirements and providing accessible higher education to under-represented populations.³¹

After years of under-funding and neglect, Ontario colleges are pleased to see that the government, through *The Reaching Higher Plan*, has helped colleges recover some operating funding losses and established a long-term commitment to college education and training. However, to ensure that Ontario is able to remain competitive and is well positioned to strengthen its economic advantage and social well being over the longer term, Ontario government must continue to make strategic investments in human capital. More than ever, the provincial government must ensure that college education and training is a policy priority in Ontario.

To ensure that higher education is more accessible, the provincial government must reduce financial barriers facing institutions and students, expand access to postsecondary education, and fully fund postsecondary programs.

To ensure that postsecondary education is affordable, the provincial government must further develop and reform student assistance systems, alleviate the extraordinary financial burdens faced by students, and promote equality of opportunity for all qualified students for postsecondary education studies.

To ensure students are able to move seamlessly between institutions and pursue desired education, an open, accessible, and seamless educational system is vital to help students obtain high-quality learning results.

About the College Student Alliance

The College Student Alliance (CSA) is an advocacy and services organization which has been proudly serving Ontario's college and college/university students since 1967. The CSA currently represents 16 colleges and 23 student councils with over 109,000 full-time student members throughout the province. Over the last two years, the CSA has expanded its advocacy efforts to the federal level to ensure that the voices of Ontario's college and college/university students are being heard.

³¹ The Conference board of Canada. (September, 2007). Ontario's Looming Labour Shortage Challenges.

Overview of Recommendations

1. Increase college funding per student to the national average to ensure Ontario colleges continue to contribute to the social and economic growth prosperity of the province.
2. Establish a community-based foundation with an endowment to sufficiently fund early outreach programs targeted toward elementary and secondary students to increase postsecondary education accessibility.
3. Fund programs and ensure that financial constraints will not prevent qualified students from pursuing postsecondary education, particularly for under-represented students, including students from low-income families, Aboriginal students, and students with disabilities.
4. Invest more in postsecondary education and ensure that financial constraints will not prevent qualified students, particularly under-represented students, from pursuing postsecondary education.
5. Eliminate the education and tuition tax credit and use the additional revenue in the form of up-front grants.
6. Establish an OSAP Task Force to undertake a holistic review of Ontario's student financial-aid system.
7. Continue to expand the Ontario Access Grant to low- and middle-income students and for up to four years.
8. Limit the growth of students' debt burden by supplementing student loans with more grants, using loan remission programs, and reducing the interest rate.
9. Urge the federal government to renew the Canada Millennium Scholarship Foundation (CMSF) and immediately communicate a strategy for Ontario to reinvest in alternate grant programs to replace the CMSF.
10. The provincial and federal government must instate a 12 months interest-free grace period for students in order to prepare for loan repayment.
11. Reduce interest accrued on student loans to prime-minus-one.
12. During loan consolidation, graduates must be able to choose a repayment term which works with their unique financial situation.
13. Postsecondary institutions should increase the transferability of credits and enhance students' mobility.
14. Provide more funding and resources to the College-University Consortium Council (CUCC) which can help the government develop transparent procedures for recognizing and transferring previous learning; facilitating easy movement of students from and within the college and university systems in Ontario.
15. Encourage more multilateral transfer agreements to provide students with choices that allow them to choose the institution that is most convenient for them.

The College Student Alliance
301-372 Richmond Street West
Toronto, ON M5V 1X6

T: 416.340.1212

F: 647.438.1979

www.csaontario.org