

# Canada's Demographic and Advanced Skills Crisis:



**People without Jobs**

**Jobs without People**



Association of Canadian  
Community Colleges

Submission to the House of Commons Standing Committee on Finance  
Pre-Budget Consultations 2011

August 2010

## **The Association of Canadian Community Colleges**

The Association of Canadian Community Colleges (ACCC) is the national and international voice of Canada's 150 colleges, institutes, cégeps, polytechnics, university colleges and universities with a college mandate.<sup>1</sup> With campuses in 1,000 urban, rural and remote communities, 1.5 million learners, and 60,000 educators, these institutions draw students equally from all socio-economic quarters, and supply graduates with the advanced skills essential to Canada's economic growth and productivity.

Colleges are the advanced skills educators of choice. Aligned with the needs of employers, and operating on the leading edge of skills identification, economic trends, and market shifts, colleges solicit business and industry input into curriculum development through Program Advisory Committees. Colleges encourage business formation and sustainability by growing the local talent pool, by re-skilling displaced employees, by offering customized education, and by providing applied research and development support. They are key to immigrant credentialing and integration, and the access of the disadvantaged to post-secondary education.

Association of Canadian Community Colleges  
200-1223 Michael Street North  
Ottawa, ON K1J 7T2  
[www.accc.ca](http://www.accc.ca)

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<sup>1</sup> This document will hereinafter refer to colleges, institutes, polytechnics, cégeps, university colleges and universities with a college mandate as colleges.

## People without Jobs, Jobs without People

Commentary about Canada's looming demographic black hole has been extensive. Our political leadership and senior public officials are informed and are taking action, for example, through important reforms to our immigration system. But the scope of the challenge is so vast that a broader range of strategies must be initiated soon. Currently 44 percent of Canadians do not participate in the labour market. The figure will rise to 57 percent by 2026 and 61 percent by 2031.<sup>2</sup> These are big numbers.

*People without Jobs, Jobs without People*,<sup>3</sup> an assessment of the problem by respected consultant and educator, Dr. Rick Miner (www.minerandminer.ca), should be on everyone's reading list. Miner's analysis piles the evidence high, most of it from Government of Canada sources. All things being equal, our economy will suffer serious damage owing to an inadequate supply of the advanced skills associated with post-secondary education. Without a concerted, broad based plan of action, we will be pulled into a vortex from which escape will be difficult. Using data from Human Resources and Skills Development Canada (HRSDC) and Statistics Canada, the report anticipates a shortfall in our workforce of 1.5 million people by 2021, 2.1 million by 2026, and 2.7 million by 2031.

None of this should come as a surprise. Canada's 37 sector councils (groups that study human resources requirements) have already proclaimed a crisis. From construction to retail to agriculture, there are simply not enough skilled individuals to replace the vast numbers poised to retire. The first baby-boomer will be 65 in 2011 and many millions will follow in rapid succession.

But Miner adds a second dimension which has been largely ignored: the knowledge economy and the premium it places on advanced skills. An ever larger proportion of positions will demand education beyond secondary school. HRSDC reported in 2007 that 65 percent of all new jobs required post-secondary education (PSE). In 2009, British Columbia pegged the number at 76.2 percent. Other OECD countries are affected. President Obama's Council of Economic Advisors said in 2009 that "...the U.S. appears to be shifting towards jobs that require workers with greater analytical and interpretive skills – skills that are typically acquired with some form of post-secondary education." The Lumina Foundation predicted a shortage of 16 million educated adults in the U.S. by 2025.

Miner concludes that in 2011, 70 percent of new jobs will require a PSE credential, and that this will rise by about 0.5 percent per year, reaching 77 percent by 2031. Currently, about 60 percent of Canadians between the ages of 25 and 64 meet the test. Pushing the analysis to its inevitable conclusion, by 2016, 550,000 persons without a PSE credential will not qualify for the jobs that will be available, with that number rising steeply in subsequent years.

The "people without jobs, jobs without people" syndrome is already endemic in some regions. Technology companies in Waterloo, Ontario report large numbers of job vacancies despite a high level of unemployment.

Canada's economy will be sustained only if two conditions are met. First, we must increase the size of our labour force and/or its participation rate to fill the void left by retiring baby boomers. Second, we must increase overall skill levels as we transition to a more knowledge-based economy.

Miner's search for remedies to grow the workforce is broad. Immigration is the prime response, but it has acute limitations arising from credentialing problems, language barriers and a mismatch of immigrants' skills to labour market needs. Immigration alone cannot supply the quantity of skilled people necessary to sustain economic growth. Attracting immigrants more suited to employment opportunities could improve things, but other OECD countries are adopting similar strategies. Competition is already intense.

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2 Berger, J., Motte, A., Parkin, A. (2007). *The Price of Knowledge: Access and Student Finance in Canada* - Third Edition. Canada Millennium Scholarship Foundation.

3 Miner, R. (March 2010). *People Without Jobs, Jobs Without People* - Canada's Labour Market Future.

A second strategy is to increase the participation rates among groups that generally fare poorly in the employment market. Aboriginal communities are significantly under-represented and constitute the fastest growing and youngest segment of our population.

Persons with disabilities face huge challenges finding employment, with more than half remaining on the sidelines. We must move to full inclusion through adapted learning and work environments.

Disengaged young people, particularly boys, present another opportunity. Canada's high school completion rate of 75 percent is high, but failing to provide the basic skills to 25 percent of young people is a squandered opportunity with heavy downstream social and health costs associated with inadequate education.

A cross-cutting challenge is the rate of illiteracy in Canada. Statistics Canada reports that four out of 10 Canadians aged 16 to 65 have low levels of literacy which inhibit employment in today's knowledge economy.

Miner argues that our post-secondary system can be made more efficient. Improved credit transfer arrangements between universities and colleges and across jurisdictions would give students more efficient pathways to graduation. Greater emphasis on college programs that target employment outcomes could bolster the supply of advanced skills. College placement rates are well above 90 percent despite the recession.

Increasing the proportion of working age Canadians with post-secondary education is a huge task. The need is to increase the number of post-secondary "graduates" by 168,000 per year by enrolling more students and by providing more lifelong learning and retraining programs.

With healthcare devouring an ever-larger proportion of resources, rising to the two challenges will be difficult. Nothing less than a sustained and integrated pan-Canadian effort will be adequate. Many of the requisite tools rest with provincial/territorial governments, most of which have responded to the recession by reducing investments in post-secondary education. Given the inherent challenges of coordinating efforts across constitutional and geographic barriers, prospects for a pan-Canadian effort are compromised. However, failing to act quickly on many fronts will have grave downstream consequences.

The 2009 Knowledge Infrastructure Program (KIP) was welcomed by colleges. Stimulus investments made a difference, but they will not ensure capacity growth to meet the requirements of employers. Expanding access to advanced skills by increasing college capacity is a necessary step to a sustainable economic future. An independent analysis reports that public investment in Canada's colleges is fully recovered in 8.7 years, in the form of higher tax revenues and avoided social costs.<sup>4</sup> In the event further stimulus investments are necessary, colleges have many projects ready to go!

College graduates are in high demand despite the recent recession. The Canadian Federation of Independent Business reports that on a ratio of six to one, college graduates are required over university graduates to fill shortages in advanced skills. Unfortunately, colleges continue to experience capacity limitations. Tens of thousands of qualified students are turned away or relegated to long waitlists which have grown owing to the recession. Applications for the fall 2010 semester increased dramatically in all regions and programs.

Canadian Colleges excel at providing accessible, cost-effective post-secondary education and lifelong learning opportunities for people of all ages. They have a unique ability to reach out and to nurture marginalized populations, young and old, through to graduation. With adequate resources, many more such students could acquire the advanced skills required by employers.

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4 Robinson, M.H., Christophersen, K.A. (May 2008). The Economic Contribution of Canada's Colleges and Institutes – An Analysis of Investment Effectiveness and Economic Growth. Economic Modelling Specialists Inc.

## Recommendation:

**Launch a national dialogue with provincial/territorial governments, educational institutions, the private sector and civil society to develop an action plan to increase employment participation rates and skill levels.**

The narrative which follows initiates this dialogue. Our three following recommendations target the issues raised above.

## International Learning

Attracting international students to Canada and providing study experiences abroad for Canadian students strengthens human resources worldwide, builds on current international partnerships, mitigates our advanced skills shortages, attracts offshore capital, develops knowledge of other cultures and languages, and increases the resources available to educational institutions through higher tuition fees for international students.

A study commissioned by the Department of Foreign Affairs and International Trade (DFAIT) entitled *Economic Impact of International Education in Canada*,<sup>5</sup> reported that international students in Canada contributed \$6.5 billion to the economy, created over 83,000 jobs and generated more than \$291 million in tax revenues.

International student recruitment alleviates skills shortages in Canada thanks to the Canadian Experience Class initiative. Colleges support international students' pathways to permanent resident status. With enhanced capacity, they could support more international students through this transition.

Other OECD countries are more successful in international recruitment. A second DFAIT report, *Best Practices on Managing the Delivery of Canadian Education Marketing*<sup>6</sup> identified six major competitor countries - Australia, France, Germany, New Zealand, the United Kingdom and the United States. These countries have increased their share of the international student market enormously. Between 2003 and 2007, Canada's population of international students grew by six percent while Australia saw a 41 percent increase, the U.K. 89 percent and the U.S. 27 percent. Canada's failure to compete arises from the fragmentation of our marketing efforts, which often take place under the banner of individual provinces or individual institutions. Australia, in contrast, has developed an inclusive brand which embraces the entire country.

In 2007, DFAIT invested \$1 million per year over five years to launch the *Imagine Education in/au Canada* brand and marketing campaign. Although a step in the right direction, funding pales in comparison with competitor countries such as Australia at \$20 million per year and the U.K. at \$23 million per year. In Chile, the Canadian Embassy devotes one third of a person year to recruitment, while Australia has four full time officers. The second DFAIT report concluded that Canada should invest at least \$22 million per year to promote Canada as a study destination.

Marketing Canadian education abroad will require federal leadership and a concerted effort by all governments and the education sector. The recently-created Canadian Consortium for International Education Marketing will be a valuable partner. The Consortium comprises ACCC, the Association of Universities and Colleges of Canada, the Canadian Association of Public Schools-International, the Canadian Bureau for International Education and Languages Canada.

International students constitute six percent of the full-time student population in Canadian colleges, close to the seven percent for universities. Seventy-five percent of colleges currently recruit international students and 81 percent indicated they plan to do so. Canada has four percent of the world market share, compared to seven percent for Australia, 12 percent for the U.K. and 20 percent for the U.S.

5 Kunin, R. (June 2009). *Economic Impact of International Education in Canada*. Roslyn Kunin & Associates, Inc.

6 Guhr, Daniel. (September 2009). *Best Practices on Managing the Delivery of Canadian Education Marketing*. The Illuminate Consulting Group.

Widely reported assaults on Asian students in Australia may provide a window for Canada to increase its market share if we move quickly. A coordinated and sustainably-funded international education brand and marketing campaign would go a long way to make Canada a destination of choice for international students.

Many Canadian colleges have partnership agreements with institutions abroad. Student and faculty exchanges are key components of these arrangements. To attract foreign students, Canadian colleges must in turn send students abroad. We must build on existing international partnerships to give Canadian students those opportunities.

These experiences bring benefits: in today's global marketplace, employers seek adaptable graduates equipped with advanced skills and the ability to operate in a global context. Because students who study abroad understand cultural differences and international realities, they are highly valued.

ACCC's 2010 study, *Internationalizing Canadian Colleges and Institutes*, reported that only 1.1 percent of all Canadian full-time college students participate in an out-of-country learning experience. This is compared to 2.2 percent of university students.<sup>7</sup> Other countries are making it easier for their students to study abroad. ERASMUS has been effective in increasing mobility opportunities for students in Europe, and in the U.S. a recent bill before Congress proposes funding to send up to one million U.S. students per year to study abroad.

The International Academic Mobility Program (IAM) funded by HRSDC supports international learning opportunities for students. IAM, open to both university and college students, promotes mobility in North America and Europe and is funded at a level of \$3.4 million per year. Unfortunately, only 35 college students will benefit from the 2010 competition. Colleges report that the program is too complex and does not reflect how they deliver programs.

College participation in IAM would be enhanced with more flexible program parameters including internships, opportunities for students from under-represented groups, and an expansion to China, India, Brazil and Chile, where colleges are actively involved in international partnerships and where markets for Canadian products are growing.

#### **Recommendation:**

**Attract more international students to Canada by investing \$22 million per year in an integrated, international marketing program for education in Canada and expand international mobility for Canadian students through an increased investment in a strengthened International Academic Mobility program.**

### **Providing Equal Opportunity: First Nations and Inuit Post-Secondary Support**

Access to post-secondary education is essential for the economic and social development of First Nations and Inuit communities and a potential reservoir of the advanced skills required by Canadian employers.

Indian and Northern Affairs Canada's Post-Secondary Student Support Program was capped at a two percent annual increase in 1996. As might be expected, the number of Aboriginal post-secondary students decreased from 27,500 in 1999-2000 to 22,000 in 2008-2009 despite a population increase. A shocking 10,589 eligible students who successfully completed high school could not access support for post-secondary education between 2001 and 2006. In 2007-2008, an additional 2,858 students could not access post-secondary education.

Limiting post-secondary access to the best and the brightest from our marginalized Aboriginal communities is unconscionable. Those who have achieved their post-secondary pre-requisites and who are ready to acquire the advanced skills needed for employment are role models for others. Instead of moving ahead, they languish and de-skill as they wait, discouraging others from following in their footsteps.

<sup>7</sup> Bond, S. (2009). World of Learning - Canadian Post-Secondary Students and the Study Abroad Experience. Canadian Bureau for International Education.

Investments in Aboriginal post-secondary participation will increase the proportion of the Aboriginal population with advanced skills, leading to improved employment outcomes and reduced social and health costs.

Aboriginal people rely significantly on Canada's colleges to access post-secondary education. Colleges have enormous success in attracting, nurturing, and graduating Aboriginal learners. With additional resources they could do much more.

**Recommendation:**

**Lift the cap on funding for Indian and Northern Affairs Canada's Post-Secondary Student Support Program, enhance and finance the program to a level that ensures that all First Nations and Inuit students have an opportunity to benefit; and increase support for Aboriginal programs and services offered by colleges.**

## **Innovation, Productivity and Competitiveness**

Budget 2010 acknowledged the role of colleges in supplying the advanced skills and applied research that underpin economic growth and productivity improvement. Increased investment in the College and Community Innovation (CCI) Program announced in the 2010-2011 budget will support collaborative activities with small and medium enterprises (SMEs), strengthening their competitiveness through innovation, while helping students prepare for the jobs of tomorrow. Another investment of \$32.5 million through the Canada Foundation for Innovation will support cutting-edge research equipment and facilities. In addition, colleges and their business partners are benefitting from the expanded NRC-Industrial Research Assistance Program.

The number of applied research college/private sector partnerships is growing exponentially: from 515 in 2005-2006, to 3,602 in 2008-2009 to 3,814 today. Managing these relationships and facilitating the deployment of equipment, faculty and students on technology transfer and commercialization activities is now a financial burden for colleges. We urge the Government of Canada to support a College Research Leaders Program on a cost-shared basis with other governments and the private sector.

We continue to recommend that federal funding for research be increased by five percent with the additional amount dedicated to colleges and their private sector partners for applied research, product and process innovation, technology transfer and commercialization. We will document the results of federal investments noted above for future budget rounds.

ACCC welcomed the creation of the Applied Research and Commercialization Initiative in Southern Ontario through the Federal Economic Development Agency for Southern Ontario which supports collaboration between SMEs and colleges. Similar programs should be launched by the other regional economic development agencies by reprioritizing the current budgets.

**Recommendation:**

**Support college-SME partnerships by implementing a College Research Leaders Program, and by encouraging the Atlantic Canada Opportunities Agency, Canada Economic Development for the Regions of Quebec, the Federal Economic Development Initiative for Northern Ontario, the Canadian Northern Economic Development Agency and Western Economic Diversification to each implement a program similar to the Applied Research and Commercialization Initiative in Southern Ontario.**