



Key facts on Private Career Colleges

1. Overall, private career colleges tend to serve older individuals with low average income and employment rates overall, especially those with dependant children at home. Many of their courses are focused on basic employability skills. The cost of these schools, however, is significantly higher than comparable programs at public colleges: students choose private career colleges due to shorter programs, lower entrance requirements, or closer proximity.
2. Private career colleges are associated with higher levels of debt than public colleges, and higher levels of default than any other type of institution, as well as income levels that are no better on average than workers with only high school education. Higher debt levels in turn are associated with lower rates of home ownership, lower levels of assets, and generally worse financial health. The only positive aspect is a higher average level of workforce participation, however this can also be a result of simply being more active in searching for jobs.
3. As a tool for reaching Canadians with low income and offering a chance to improve their skills, private career colleges do not meet the basic standards for quality or affordability; the programs they offer do not offer significant improvements in income compared to their high cost and debt loads. While there may be sub-groups of programs within this category that show promise, on average there is very little net benefit.
4. Private career colleges do offer programs in formats that should be provided at much lower cost through public colleges, such as basic employability training and programs designed around the schedules of working Canadians, either through compressed courses (1 semester total or lower) or flexible hours.
5. There is a lack of information at the federal level about which private career colleges offer value for money, and which charge students high tuitions for degrees that offer little to no benefit. Default rates are not available at the school or program level, which means that students applying to these institutions do not have the information on their record of repayment, and schools are not held accountable for low value programs. Some provinces,



such as Ontario, do have limits on default rates for schools, and accountability mechanisms for schools which exceed that limit¹.

Private Career College Statistics:

Current CSLP statistics (2012-2013)²:

	Private Institutions	CSLP Total:
Number of Borrowers	45,291	472,167
Value of Loans	\$339.8 million	\$2,566 million
Average Loan	\$7,502.59	\$5,434.52
Number of Grant Recipients:	25,548	356,894
Value of Grants:	\$56,2 million	\$695 million
Average Grant:	\$2,199.78	\$1,947.35
Loan Balance on Completion:	\$10,635	\$12,314
Number of RAP recipients:	43,164	208,779
Three-Year Default Rates (2010)	22%	13%

Private Career College Student Demographics³:

The mean age was 29, identical to the groups completing the In-School Survey and agreeing to participate in the Graduate Survey. Students attending PTIs (*Private Post-Secondary Training Institutions*) tended to be older than students in the public college system: 48 percent of PTI students were 25 or older, compared to 30 percent of public college students who were in the same age group

¹ Ontario Ministry of Training, Colleges and Universities, *Requirements for the approval of private institutions providing postsecondary education programs in Ontario for the purposes of Ontario Student Loans*, July 2014,

<http://www.tcu.gov.on.ca/pepg/publications/PrivateInstitutionsRequire.pdf>,

² ESDC, *CSLP Statistical Review, 2012-2013*, Ottawa Ontario, October, 2014,

http://www.esdc.gc.ca/en/reports/cslp_cesp/cslp_stats_2013.page

³ R.A R.A Malatest and Associates, *Survey of Canadian Career College Students*, Millennium Scholarship Foundation, 2009,

http://odesi1.scholarsportal.info/documentation/CMSF/CCSS/millennium_2009_03_sccs_phase3_en.pdf



It was shown that students attending PTIs were significantly more likely to be supporting one or more children under the age of 18 than were their counterparts attending public colleges (37 percent of PTI students supported a child vs. 17 percent of public college students).

Students attending PTIs reported relatively low gross household incomes in the In-School Survey, with one third indicating incomes of less than \$20,000. Similarly, 34 percent of Graduate Survey participants reported gross household incomes of less than \$20,000.

Cost to students:

“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 programs⁴.”

Post Graduation Jobs and Income⁵:

Male high school graduates in 2003 had median annual earnings of \$35,200, compared with \$35,300 for their private college counterparts (with no other postsecondary qualifications)

Young women with only high school diplomas earned \$26,500, while women with only private college certificates earned \$27,700

However, young private college certificate holders were more likely to be employed in 2003 than high school graduates. This was true for both men and women.

⁴ Higher Education Quality Council of Ontario, Ontario Private Career Colleges: An Exploratory Analysis, Toronto, Ontario, 2014.

⁵ Li, Chris, Canada’s Private Colleges: The Lesser Known Players in Postsecondary Education, Ottawa Ontario, 2006, <http://www.statcan.gc.ca/pub/11-621-m/11-621-m2006036-eng.pdf>



The employment rate among men with only a high school diploma was 92% in 2003, while the rate among men with only a private college certificate was 98%.

The situation was similar among women. The employment rate among women with only a high school diploma was 89%, but it went as high as 96% among those with a private college certificate.

Among graduates, the number reporting the difference between their current job, and the job they held before training:⁶

Factor:	% Reporting:
More responsibility:	55%
More satisfying employment	52%
More Money	51%
More Hours	44%
At a higher level:	43%

After graduation, many career college students express lower satisfaction levels with their programs. Among all respondents, the satisfaction levels declined from 78% while in study to 66% after graduation – among graduates, the satisfaction levels declined from 81% while in study to 71% after graduation⁷.

Effects of debt⁸:

While private institution-specific effects are not available, general effects of debt which apply to all students after graduation are observable:

⁶ p. 41, R.A. Malatest and Associates, Survey of Canadian Career College Students, Millennium Scholarship Foundation, 2009, http://odesi1.scholarsportal.info/documentation/CMSF/CCCSS/millennium_2009_03_scccs_phase3_en.pdf

⁷ p. 60, R.A. Malatest and Associates, Survey of Canadian Career College Students, Millennium Scholarship Foundation, 2009, http://odesi1.scholarsportal.info/documentation/CMSF/CCCSS/millennium_2009_03_scccs_phase3_en.pdf

⁸ Luong, May, Statistics Canada, *The Financial Impact of Student Loans*, Ottawa, Ontario, January 2010, <http://www.statcan.gc.ca/pub/75-001-x/2010101/article/11073-eng.htm#a4>



In the PSE model, results show that borrowers had a significantly lower probability of having investments compared to non-borrowers (42% versus 52%)

In the PSE model, the probability of being a homeowner for borrowers is significantly lower than for non-borrowers (53% versus 60%)

In general, student loan borrowers with a postsecondary education are not statistically different in their average total debts but have lower average assets and net worth than their non-borrowing counterparts.

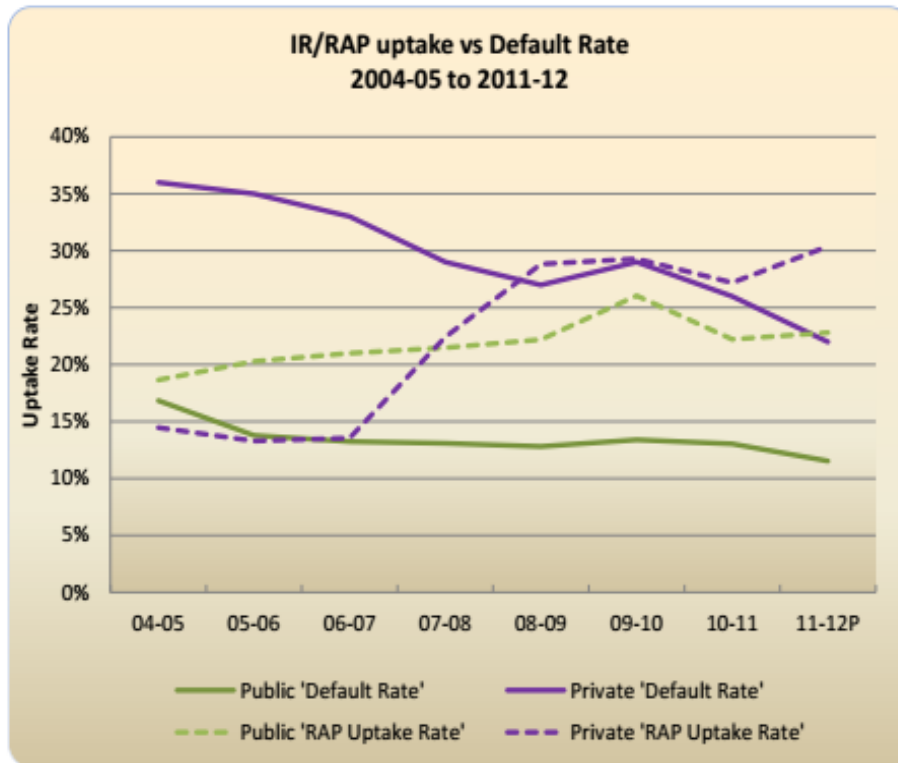
Since private institutions overwhelmingly target groups that already have low income and assets, and their income after graduation is not significantly higher than their income without private education, it is questionable whether these schools create any net benefit for students.

Repayment Assistance Plan Usage:

The Repayment Assistance Plan is a tool designed to assist borrowers coping with low income to reduce or even eliminate their payments. A high rate of RAP uptake indicates a higher number of graduates with lower income.

Institution Type	2009-2010	2010-2011	2011-2012	2012-2013
University	72,193	74,715	83,125	91,637
College	60,461	58,480	64,797	73,978
Private Institution	27,918	31,605	36,891	43,164
Total	160,572	164,800	184,813	208,779

⁹ ESDC, *CSLP Statistical Review, 2012-2013*, Ottawa Ontario, October, 2014, http://www.esdc.gc.ca/en/reports/cslp_cesp/cslp_stats_2013.page



10

The higher debt levels and higher default levels of students attending private institutions leads to significantly more expense in bad debts; this also indicates a low return on investment for the students themselves, who generally come from more vulnerable groups.

¹⁰ Education and Social Development Canada, *Repayment Assistance Plan – Uptake and Impact*, Presented at NAGSFA February 3, 2014, CSLP Presentation, Gatineau, Quebec.