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## Analytical Paper

### Analysis in Brief

# Canada's Private Colleges: The Lesser Known Players in Postsecondary Education

by Chris Li

Income Statistics Division and Socio-Economic Analysis and Modeling Division  
24th Floor, R.H. Coats Building, Ottawa, K1A 0T6

Telephone: 1 800 263-1136



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Chris Li

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National inquiries line: 1 800 263-1136

E-Mail inquiries: [analysisinbrief-analyseenbref@statcan.ca](mailto:analysisinbrief-analyseenbref@statcan.ca)

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# Canada's Private Colleges: The Lesser Known Players in Postsecondary Education

Chris Li, Income Statistics Division

## Summary

Canadian students have a wide range of educational institutions at which they can pursue postsecondary education, including publicly-funded trade and vocational schools, community colleges and universities.

However, there is also a group of private colleges sometimes, referred to as career or business colleges, licensed or unlicensed by provincial governments, that provide professional and vocational training for profit. These private colleges may receive some public funding, but are funded mainly through tuition fees charged to users.

Unlike public institutions, there is little information on the size and composition of the enrolment in these colleges, or on the labour market outcomes of graduates.

Ontario alone has more than 450 registered private career colleges, according to the provincial ministry of education. Their major focus is on stressing practical skills, and offering courses that prepare students for clearly defined occupations.<sup>1</sup>

This study fills a gap in what is known about private colleges by profiling individuals who graduate from them. It also examines the labour market outcomes of these people, such as earnings and employment rates.

Data from Statistics Canada's Survey of Labour and Income Dynamics showed that private colleges, the lesser known players in postsecondary education, lost ground in this market between 1993 and 2003. The number of young adults aged 25 to 34 holding a certificate from a private college has plunged by almost one-half during this 10-year period.

In 2003, private college certificate holders earned roughly the same as high school graduates, but they were more likely than high school graduates to be employed.

Among women, secretarial science courses dominated courses in private colleges 10 years ago. That has changed drastically, as women are now graduating as well in courses related to business and finance.

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1. Ministry of Training, Colleges and Universities, *Registered Private Career Colleges*, Ontario Government, n.d., <http://www.edu.gov.on.ca/eng/general/private.html> (accessed January 5, 2006).

## Private colleges losing market share

Private colleges, sometimes referred to as career or business colleges, help to fill a gap in the public system by providing an alternative to more traditional postsecondary education programs.

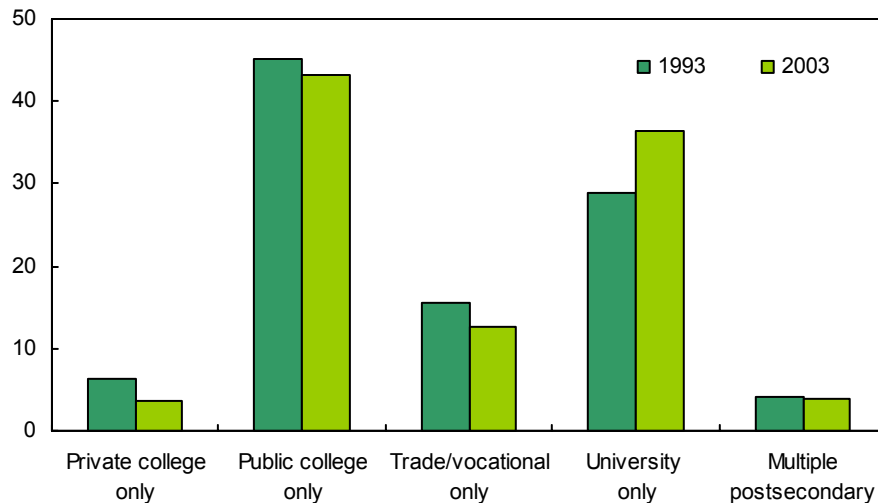
In a rapidly changing world, these colleges offer programs that give students a flexible education that constantly adapts to changes in the labour market.

They not only offer programs in business and commerce, but also programs in financial management, secretarial science, computer science, health professions and various other fields of study. These programs are often short (less than one year) and condensed enough to entice workers to retrain so they remain competitive in the workforce.

However, during the past decade, these colleges have lost market share. That is, they now account for a much lower proportion of individuals who have a postsecondary certificate or degree.

### Private colleges lost ground in the postsecondary market

% of postsecondary graduates with various certifications



**Source:** Statistics Canada, Survey of Labour and Income Dynamics.

In 1993, private college graduates (with no other postsecondary qualifications) aged 25 to 34 accounted for 6.3% of the total in this age group who had some form of postsecondary education. By 2003, this had been cut by almost one-half to only 3.7%. A decade ago, nearly 155,500 young adults held a private college certificate without obtaining other postsecondary certificates. By 2003, this level had declined to 87,000.

In contrast, the proportion of individuals with university degrees has climbed steadily during the same period.

In 1993, about 709,000 Canadians aged 25 to 34 had a university degree (with no other postsecondary qualifications). They accounted for about 29% of the total in this age group with some form of postsecondary education. By 2003, this proportion had increased to 36%.

These changes in the postsecondary market need to be interpreted in a more general context, including those Canadians aged 25 to 34 who did not complete postsecondary studies. Between 1993 and 2003, the number of such people declined by one-half from 1.5 million to 783,600 while the number of postsecondary graduates was stable. In 1993, roughly 20% of the population aged 25 to 34 had a high school diploma as their highest level of education. By 2003, this had declined to 15%.

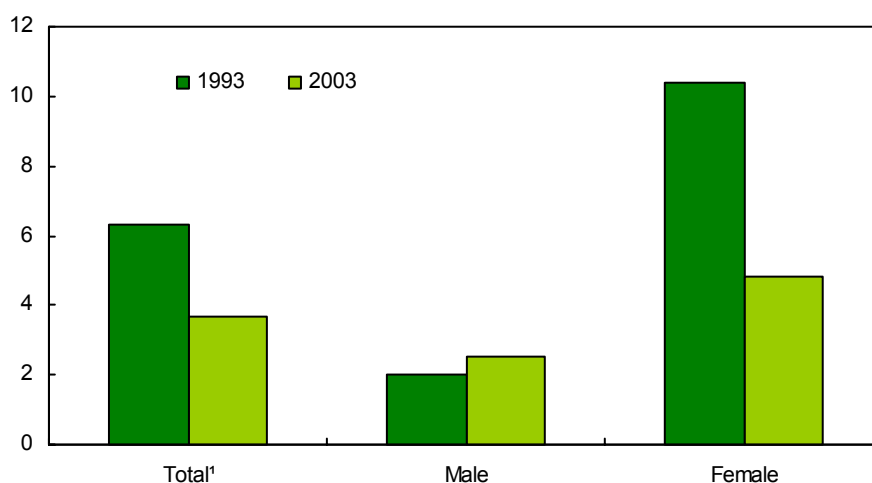
### Decline in market share due to lower enrolment among women

The decline in market share for private colleges was due primarily to lower enrolment among women.

Among female Canadians aged 25 to 34 who had post-secondary education, 1 in 10 (10%) held a private college certificate (with no other postsecondary qualifications) in 1993. By 2003, this proportion had declined by half to 5%.

### Private college certification: Rate among women fell, but went up for men

% of postsecondary graduates (25 to 34) with only private college certification



1. Totals are standardized to take into account the structure of the population by sex.

Source: Statistics Canada, Survey of Labour and Income Dynamics.

Men on the other hand were slightly more likely to enrol in private colleges in 2003 than they were a decade earlier.

Among men aged 25 to 34 with post-secondary education, about 2% held a private college certificate (with no other postsecondary qualifications) in 1993. A decade later, this proportion had edged up to nearly 3%.

Put another way, the number of men holding only a private college certificate climbed from more than 23,000 in 1993 to about 27,300 in 2003. During the same time, graduation among women fell from 132,400 to 59,300, a difference of 73,100.

### **Data source**

The Survey of Labour and Income Dynamics (SLID), 1993 to 2003, used for this analysis, is both a longitudinal and a cross-sectional survey of individuals and their households. SLID uses the Labour Force Survey (LFS) as a sample frame.

Each person in SLID is interviewed for up to six years. The first panel started in 1993 and a subsequent new panel was introduced every three years. The second panel started in 1996, the third in 1999 and the fourth in 2002. As the panels span a six-year period, there are always two panels overlapping each other for a period of three years.

Using the cross-sectional aspect of the SLID data, estimates derived for reference years 1993 to 1995 use information from only the first panel. Estimates for the years 1996 to 2003 are always based on information from two overlapping panels, thus providing larger samples. The sample used for this analysis comprises individuals aged 25 to 34 with postsecondary education. In 1993, there were 2,876 such individuals and 4,764 in 2003.

### **Fields of study: Shifts reflect response to new economy**

Students who have graduated from private colleges during the past decade have made some important shifts in the choice of their fields of study. To a certain extent, these changes have reflected a response to the new economy of the late 1990s and early 2000s, particularly among women.

Secretarial science was by far the most popular field of study during the early 1990s. In 1993, about 39% of all graduates aged 25 to 34 who had a certificate from a private college had earned it in secretarial science. By 2003, this proportion had plunged by more than half to only 18%. Secretarial science remained almost exclusively a woman's choice. The decrease in secretarial science reflects the direct impact of the decline in the number of women enrolled in private colleges.

Young women shifted their focus to business and finance studies. A decade ago, women with a certificate in business and finance represented barely 10% of all private college graduates in this age group. By 2003, this had increased to more than 16%.

In addition, higher proportions of young women had certificates in the miscellaneous "other" category, which includes such fields as hair styling, real estate training, tourism and travel counselling.

**Young women shifted focus from secretarial sciences in 1993 to business and finance courses in 2003**

Major field of study in private college	1993			2003		
	Total <sup>1</sup>	Male	Female	Total <sup>1</sup>	Male	Female
	% of yearly grand total					
Secretarial science	39.0	0.4	38.7	18.3	1.0	17.3
Business and finance	13.8	4.0	9.8	23.5	7.1	16.4
Computer science	13.9	6.1	7.8	13.7	7.1	6.6
Health professions	3.9	0.3	3.6	5.0	0.3	4.7
Others	29.3	6.7	22.6	39.5	15.2	24.3
<b>Total<sup>1</sup></b>	<b>100.0</b>	<b>17.5</b>	<b>82.5</b>	<b>100.0</b>	<b>30.7</b>	<b>69.3</b>

1. Components might not add up to the total due to rounding.

Source: Statistics Canada, Survey of Labour and Income Dynamics.

Men represented 31% of certificate holders in 2003, almost double the proportion of 18% in 1993. This was a consequence of fewer women with private college certificates and more men with private college certificates in 2003 than a decade earlier.

Among men who hold a private college certificate, the proportions graduating from computer science, health professions and secretarial science remained about the same between 1993 and 2003. Proportionally, more men focused their studies in business and finance in 2003 than a decade earlier.

For men, the most important shift was in certificates in the miscellaneous category, which includes fields such as truck driving, professional sales, and real estate. By 2003, the proportion climbed to 15% of all graduates, more than double the proportion in 1993.

**Private college graduates earned no more than high school graduates but more likely to be employed**

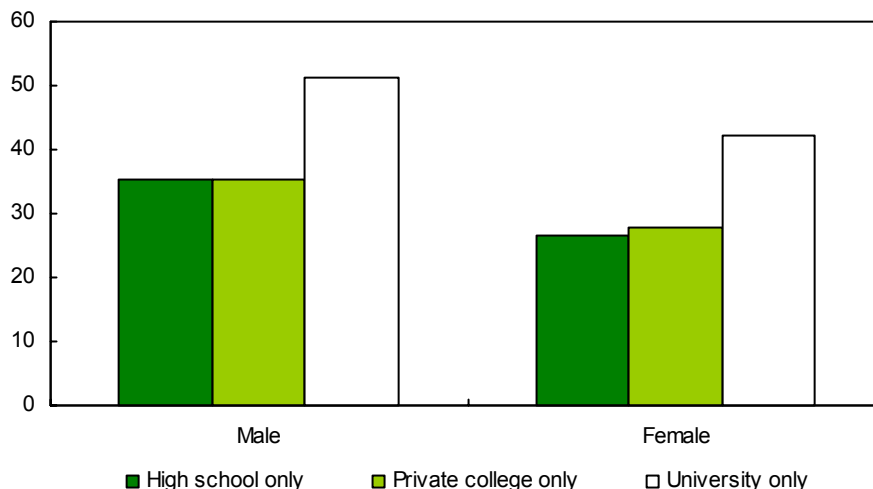
Differences in median annual earnings between young high school graduates and private college graduates who worked on a full-year full-time basis were not statistically significant in 2003. This was true for both men and women. The median is the point where exactly one-half of earnings are higher and one half are lower.

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.

### Private college graduates earned no more than high school grads in 2003

Median earnings in \$000 for Canadians aged 25 to 34 who worked on a full-year, full-time basis



Source: Statistics Canada, Survey of Labour and Income Dynamics.

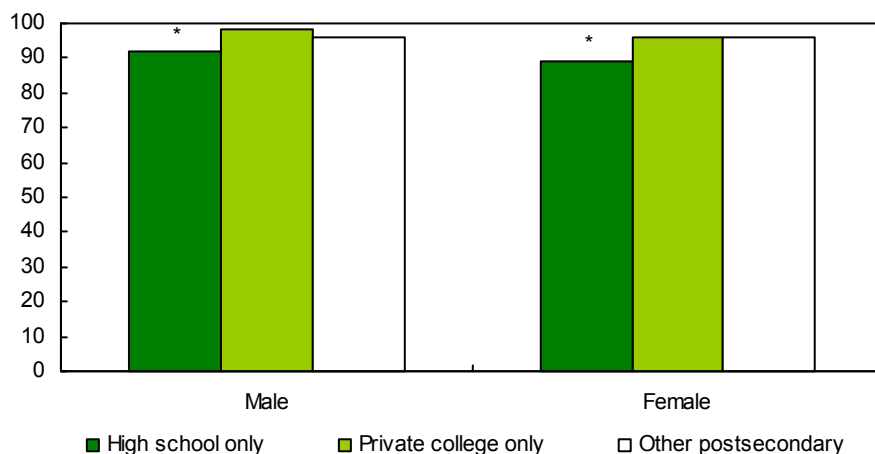
However, young private college certificate holders were more likely to be employed in 2003 than high school graduates. This was true for both men and women.

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.

### Private college graduates more likely to be employed than high school grads

% of Canadians aged 25 to 34 who worked on a full-year, full-time basis<sup>1</sup>



1. Persons with multiple postsecondary certificates are excluded.

\* significantly different from private college graduates at the 5% level.

Source: Statistics Canada, Survey of Labour and Income Dynamics.



## Definitions

**Full-year** means working 40 weeks or more during the year.

**Full-time** means working 30 hours or more during the week.

**Employment rate** consists of the number of employed persons expressed as a percentage of the labour force in October 2003.

**Private college graduates** are respondents selecting business or commercial school as their responses to the following two questions:

Thinking of the most recent certificate or diploma (not counting university) could you tell me what type of school or college you attended? Was it a ...

1. Community college or institute of applied arts and technology?
2. Business or commercial school?
3. Apprenticeship program, trade or vocational school?
4. CEGEP?
5. Other (specify)

From what kind of institution did you receive this diploma? Was it a ...

1. High school or adult education at the high school level?
2. Community college or institute of applied arts and technology?
3. Business or commercial school?
4. Apprenticeship program, trade or vocational school?
5. CEGEP?
6. University?

## Description of fields of study discussed in this paper

**Secretarial science programs** consists of programs such as secretarial science (general), bank and financial clerk, court reporting and recording, health/medical records technology, legal secretary, medical secretary, office accounting/bookkeeping, word processing, and secretarial/clerical (other).

**Business and finance programs** include business and commerce (general), business administration, international business and commerce, business and commerce (other), financial management (general), accounting and auditing, assessment and appraisal and financial management (other).

**Computer science programs** consists of programs such as data processing, computer science technology, computer programming and software, microcomputer and information systems, computer science (general) and computer science (systems design and analysis).

**Health profession programs** include physical education and health, kinesiology and kinanthropology, physical education, health and recreation, health care and services management, dentistry, medicine (general), medicine (basic medical science), medical specializations (non-surgical), paraclinical sciences, surgery and surgical specializations, nursing, nursing assistance, optometry, pharmacy and pharmaceutical sciences, public health, rehabilitation medicine, medical laboratory and diagnostic technology, medical treatment technologies, medical equipment and prosthetics, and other health professions, sciences and technologies.

**Other programs** include truck driving, hair dressing, real estate, professional sales, tourism, travel counselling and other similar programs.