



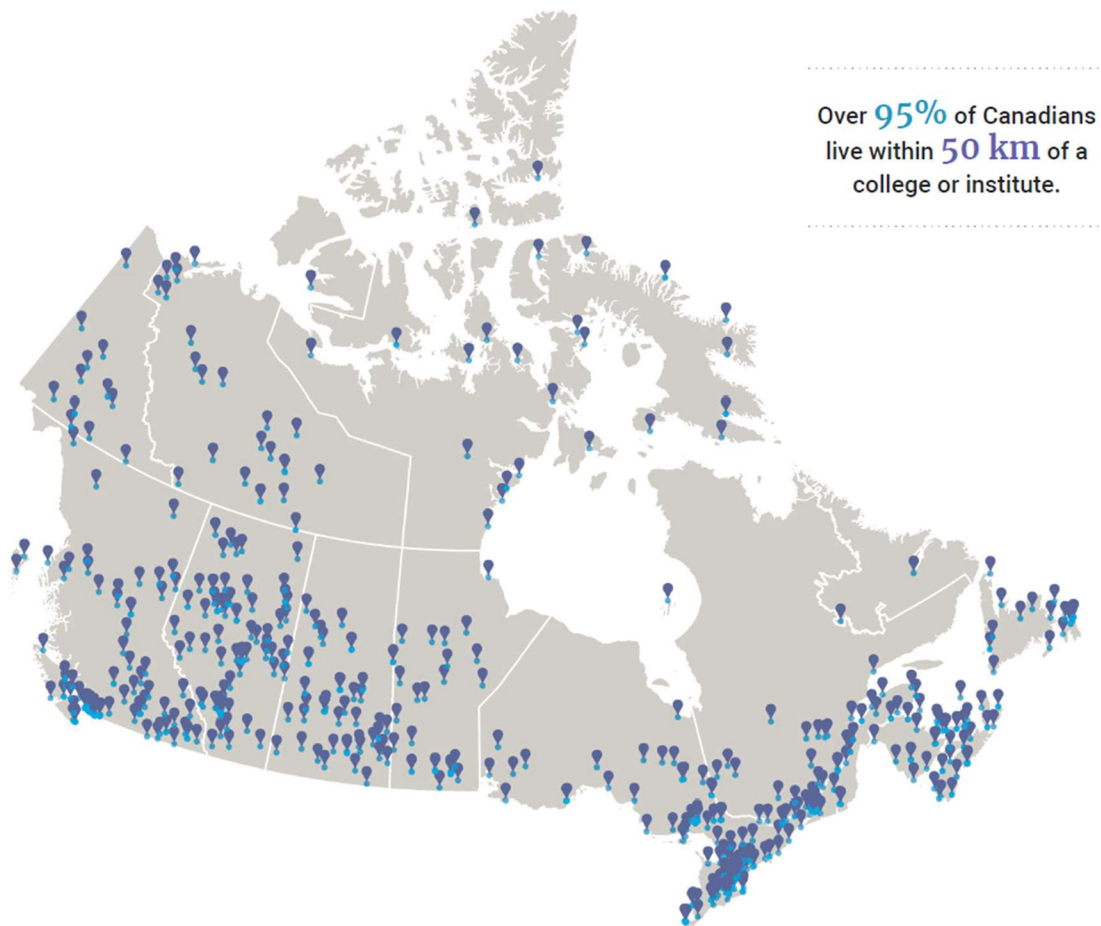
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Submission on the Federal Government's Response to the COVID-19 Pandemic

Canada's Colleges and Institutes –

Partners to support the COVID-19 Response and Recovery



Submitted to:

House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

June 26, 2020

SUMMARY OF RECOMMENDATIONS

Recommendation 1:

Invest \$165 million over two years in the College and Community Innovation Program (CCIP) to **maintain college applied research capacity to help businesses and communities survive the challenges of the COVID19 pandemic** and pivot as the economy re-opens:

- \$80 million in the capacity of college applied research offices and centres to help business and community partners de-risk changes to their operations through market research, problem-solving, testing and prototype development.
- \$85 million to offer rapid-response grants, reduced company leverage requirements, support for digital adoption for SMEs and retooled applied research facilities to support partner needs and comply with physical distancing requirements.

Recommendation 2:

Provide **top-up grants to Indigenous students receiving federal postsecondary education funding to enable them to cover the additional costs for computer equipment and internet access** due to the shift to online delivery of postsecondary programs caused by the COVID-19 pandemic.

Recommendation 3:

Increase access to broadband across Canada, in particular in rural, remote and Northern communities by accelerating investments to strengthen and broaden network access to support the reliance on virtual learning and working during recovery.

Recommendation 4:

Re-design the Canada Training Benefit, to **create a nimble and responsive training allowance to support the reskilling and upskilling needs of Canadians and employers** and ensure the Employment Insurance Program or other support measures provide an effective balance of income support and active training measures to meet the needs of the unemployed and self-employed who continue to face challenges in a COVID-19 recovery context.

Recommendation 5:

Provide **exceptional emergency funding of up to \$3.3 billion to cover colleges and institutes' revenue losses** and unplanned costs due to the COVID-19 pandemic.

Recommendation 6:

Make a targeted investment in **college and institute infrastructure as part of stimulus funding**, to support a green and inclusive recovery and improve digital infrastructure for the increased online learning institutions are offering due to COVID-19.

Recommendation 7:

Invest \$50 million to **support the development of online resources** for technical training that have traditionally been done in hands-on, physical spaces, as well as a digital collaborative platform to facilitate the sharing of these resources.

Recommendation 8:

Invest \$75 million over three years to **maintain Canada's competitive position as an international study destination** and diversify source countries for international students.

1. Introduction

Over 95% of Canadians live within 50km of a college, institute, cegep or polytechnic.¹ With their extensive footprint across the country, these institutions are making a difference in communities from coast to coast to coast. During the COVID-19 pandemic, colleges have shown resilience and creativity to meet the needs of their students and communities through online instruction, donations to meet community needs, producing personal protective equipment through applied research centres, and offering free online training courses for individuals and companies. It is at times like these that the integral place of colleges, at the heart of their communities, is so apparent.

The purpose of this submission is to make recommendations to the House of Commons Standing Committee Human Resources, Skills and Social Development and the Status of Persons with Disabilities on the response to the COVID-19 pandemic. This submission was also submitted to the Standing Committees on Finance and on Industry, Science and Technology (FINA and INDU respectively), building on the presentation before FINA on June 4, 2020 by CICan President and CEO, Denise Amyot.

CICan's recommendations demonstrate how the Government of Canada can draw upon the capacity and reach of colleges to support Canadians, companies and communities as the economy re-opens and begins the shift to recovery. Our recommendations highlight the need for federal investments and policy measures that will have the dual benefit of supporting skills development and inclusive innovation to enable Canadians and businesses to build back better, and ensure Canada has a robust college sector by maintaining their capacity to serve their communities and help them to prosper.

As expressed in [CICan's open letter](#) to Minister McKenna, Minister Wilkinson and Minister Guilbeault, with signatures from college presidents from all regions,² CICan recommends that Canada's commitments to the United Nations' Sustainable Development Goals (SDGs) guide investment and policy decisions as the federal government develops its economic recovery plan. The SDGs provide a well-defined roadmap towards both sustainability and well-being, dual lenses through which decision-makers must envision Canada's future to create a fair and future-proofed recovery that advances on pressing issues such as poverty, inequality, environmental degradation and climate change. Investing in Canada's commitment to the SDGs will make us more resilient, so that our society is better equipped to deal with the next global crisis and help ensure no one is left behind.

The submission is structured according to investments and measures needed in the short-term to support the role of colleges and institutes in supporting Canadians, companies and communities as the economy re-opens and social and cultural activities resume.

¹ References to "colleges" in this submission refer collectively to all publicly-assisted colleges, institutes, polytechnics and CEGEPs.

² <https://www.collegesinstitutes.ca/building-back-better-to-ensure-well-being-for-all/>

2. College applied research capacity to support SME and community-based innovation to lead into recovery

Recommendation 1:

Invest \$165 million over two years in the College and Community Innovation Program (CCIP) to maintain college applied research capacity to help businesses and communities survive the challenges of the COVID-19 pandemic and pivot as the economy re-opens:

- **\$80 million in the capacity of college applied research offices and centres to help business and community partners de-risk changes to their operations through market research, problem-solving, testing and prototype development;**
- **\$85 million to offer rapid-response grants, reduced company leverage requirements, support for digital adoption for SMEs and retooled applied research facilities to support partner needs and comply with physical distancing requirements.**

Canada is a nation of small- and medium-sized enterprises (SMEs), but many lack the capacity, resources and networks needed to invest in vigorous research and business development. Colleges have a mandate to contribute to the economic development of their communities and regions, and each year, college applied research develops innovative solutions to thousands of real-world challenges faced by their business and community partners. In response to the pandemic, applied research centres need support to boost their regional and sectoral presence and unleash their potential as the economy transforms and builds stronger regional and national supply chains for essential goods and services. Developing concrete innovative solutions with their partners will help communities weather the pandemic, restore jobs and emerge from the crisis ready to revitalize regional economic growth.

As the economy re-opens, SMEs and non-profit community organizations are turning to CICan members from across the country seeking applied research services to adjust their operations and make changes to their processes, products and services. The joint submission prepared by CICan, Synchronex, Polytechnics Canada and Tech-Access Canada was tabled with the Finance Committee on June 4, 2020 and provides additional details. This brief was also submitted to the Industry, Science and Technology Committee by Synchronex on behalf of all partners. CICan recommends this two-year injection of \$165 million be allocated by August 2020 to maintain the capacity of college applied research services to support SMEs and community partners at this critical time in the crisis.

Colleges are at risk due to the pandemic, with projected declines in revenue from international and domestic student tuition as well as donations from foundations and the private sector.³ (See Appendix A). For their core operations, college applied research offices and centres rely on allocations from their institutions which draw from provincial/territorial operating grants and top up with revenue from these other sources that are now at risk. Colleges also rely on grant funding mainly through the CCIP however this is not a stable source of funding to maintain research offices due to the cyclical nature of the granting process. The most recent evaluation of the CCIP concluded that the current mechanism of setting aside 20% of grant funds for college overhead and administration expenditures is not effective in responding to the innovation needs of SMEs and sustaining future-oriented business development.⁴

³ HESA: The Impact of the COVID-19 Pandemic on Canadian Colleges and Institutes, May 11, 2020

⁴ [NSERC Final Report: Evaluation of the College and Community Innovation Program and SSHRC's Community & College Social Innovation Fund](#), 2018

The \$80 million investment in the capacity of college applied research offices and centres is critical to address the revenue shortfalls and ensure companies and community organizations across the country can rely on their local colleges to help them emerge from the crisis. This would allow colleges to be active participants in regional and sector-specific assessments of what will be needed to fuel recovery and future growth. Working with economic development leaders, university researchers and local governments, applied research centres can de-risk new directions and investments through trials, prototypes and problem-solving that respond to common needs as local economies adapt and new health and social challenges emerge.

The recommended \$85 million in additional grant funding through the CCIP will allow for more rapid responses to the needs of companies and community partners, account for the fragility of many partners to meet cash leverage requirements and meet the heightened need for digital and technology adoption across all sectors of the economy. Through bundled Engage Grants awarded to college applied research offices and centres, institutions will be able to reduce costs and wait times for research projects identified by partners. It is expected that this allocation could support up to 1,300 projects with SMEs and community partners over two years. This allocation will also allow for flexibility within the CCIP to lift or lighten cash leverage requirements for companies that can no longer pay due to revenue losses from the pandemic. The other key element of this funding is to capitalize on college applied research expertise in technology transfer to support the shift to online and digital platforms for SMEs and non-profit organizations in communities across the country. The COVID-19 pandemic has underscored the vital need for an innovation ecosystem capable of rapid technology transfer. In an economy dominated by SMEs distributed over a vast geographical area and operating in a wide array of industries, the ability of colleges and institutes to support this effort has never been more important.

3. Post-secondary Education Access for Indigenous Students and Rural, Remote and Northern Communities

Recommendation 2:

Provide top-up grants to Indigenous students receiving federal postsecondary education funding to enable them to cover the additional costs for computer equipment and internet access due to the shift to online delivery of postsecondary programs caused by the COVID-19 pandemic.

Recommendation 3:

Increase access to broadband across Canada, in particular in rural, remote and Northern communities by accelerating investments to strengthen and broaden network access to support the reliance on virtual learning and working during recovery.

With 86% of Indigenous people living within 50 km of a college campus, these institutions play a key role in providing access to postsecondary education for Indigenous students. During the pandemic, many institutions are reporting significant challenges for Indigenous students due to the shift to online delivery and this will continue into the fall semester given a high proportion of programs will continue to be delivered online. The key challenges for many Indigenous students include limited access to computer equipment and internet access. For Indigenous students living in rural, remote and Northern communities, this is compounded by limited broadband connectivity.

CICan member institutions have also emphasized that there are concerns that the network will not be able to sustain the amount of traffic necessary to run an economy virtually. Students who do not have access to hardware or internet connectivity will be disadvantaged as they return to their postsecondary institutions. This is particularly the case for students at colleges in rural, remote and Northern locations. In addition, as operations move online, the need for new measures to safeguard against cyberattacks increases.

The crisis has highlighted what many have touted for years: internet access is a public good. In order to effectively meet the needs of educational institutions, companies and governments, all relying on Canada's digital infrastructure, the federal government must recognize the importance of access to internet for all Canadians. The government made a commitment to improving rural connectivity in Budget 2019 and it is now time to fast-track these investments to ensure that as the Canada increasingly operates more virtually, no community is left behind.

4. Support the reskilling and upskilling needs of Canadians and employers

Recommendation 4:

Re-design the Canada Training Benefit, to create a nimble and responsive training allowance to support the reskilling and upskilling needs of Canadians and employers and ensure the Employment Insurance Program or other support measures provide an effective balance of income support and active training measures to meet the needs of the unemployed and self-employed who continue to face challenges in a COVID-19 recovery context.

There is growing recognition that Canada needs a stronger and more comprehensive approach to skills upgrading for working Canadians coping with rapid technological change and labour market disruption. There have been strong calls for a skills training infrastructure that creates a culture of lifelong learning to ensure the adaptability and resiliency that Canadians need to weather uncertainty. The COVID-19 pandemic has intensified this uncertainty for Canadians and employers across economic sectors, postsecondary education institutions and governments at all levels.

The skills and labour shortages that were already being observed in early 2020 have been exacerbated by the pandemic with a rapid increase in the need for digital skills and technology adoption compounded by high numbers of displaced and unemployed workers. Through the last few federal budgets, the government has committed to addressing the growing skills challenges facing the country by investing in mechanisms such as the Future Skills Centre and the Future Skills Council to stimulate innovation in skills upgrading, as well as the Canada Training Benefit (CTB) announced in Budget 2019 as a measure to foster a culture of lifelong learning. The need for a mechanism like the CTB is recognized by CICan, as well as other stakeholders representing postsecondary education, business and industry.

CICan welcomes the opportunity to engage with the federal government to identify a national policy response that would empower employers in the recovery phase by investing in training of their employees and supporting the training of unemployed and self-employed Canadians, who continue to face challenges due to the crisis. CICan has participated in the recent Job Skills Roundtables with the Canadian Chamber of Commerce, the Canadian Labour Congress and other national stakeholders convened by Senator Diane Bellemare in collaboration with the Commissioners of the Canada Employment Insurance Commission. As highlighted through this

roundtable, the current crisis confirms the need for a modern Employment Insurance Program that is adapted to the new realities of the Canadian labour market.

As the federal government transitions from providing Canadians with emergency income support, attention must be turned to ensure the EI Program provides the right balance of employment support measures, active support measures such as training and employment services that address the needs of the unemployed as well as the self-employed and gig economy workers. For those who are employed but require reskilling and upskilling, the federal government should redesign the CTB to make it a more nimble and responsive training allowance that meets the needs of employed Canadians requiring reskilling and upskilling in accordance with the needs of their employers.

Through the 2019 consultations on the CTB, CICan and other national organizations expressed concerns about this new program's design. An annual credit of \$250 is insufficient to motivate individuals to pursue training. It also creates insufficient incentive for education and training providers to make the up-front investment required to develop and offer training courses responsive to needs. The CTB's reliance on the Employment Insurance (EI) Program is also viewed as an impediment for those who are employed but require retraining. For many, transitioning to EI while on training will result in a significant decline in income thus making it less attractive. The role of employers in the CTB is also unclear in terms of how they would identify training needs and release employees to pursue training.

CICan has recommended that eligible expenses under the CTB allow Canadians to claim the cost for prior learning assessment and recognition (PLAR) services. PLAR would help to formally recognize the skills people already have, identify specific gaps and focus their training efforts accordingly. This will motivate people to seek further training and enable PSE institutions to develop shorter customized learning programs and individual learning contracts that target defined gaps. Future programs that support reskilling and upskilling should include PLAR services as an eligible expense to help streamline training.

The COVID-19 recovery context amplifies the shortcomings of the CTB design. It simply cannot meet the needs of individuals and employers at a time of record high unemployment, unprecedented labour market disruption and rapid technological change. In effect, the pandemic has accelerated the challenges many have been predicting. As a result, we need to adapt the solution to make it fit for today's circumstances.

Early in the pandemic the Quebec government introduced the Programme d'actions concertées pour le maintien en emploi (PACME), in English: Concerted Actions for Job Maintenance Program. PACME provided direct financial support to businesses that experienced a decline in their operations as a result of the COVID-19 pandemic to promote training online and the implementation of good human resources management practices. Eligible training included second language instruction, digital skills training, sector-specific continuing education, and training required by professional associations. The 48 cegeps located in large and small communities throughout the province stepped up to offer this training online, including company-specific contract training. The \$100 million program saw enthusiastic uptake by companies and the budget was exhausted by the end of May. The province is now considering a second phase. PACME serves as an excellent example of a policy response to strengthen the skills capacity of Canadian companies.

Like the cegeps, colleges across the country can offer training solutions through online and/or hybrid delivery approaches, with small groups in labs for hands on elements to accommodate physical distancing through:

- continuing education courses
- digital skills training
- tailored contract training for business and industry
- enhanced and occupation-specific language training for newcomers
- micro-credential courses that can be stacked and applied to PSE programs.

Through PLAR services offered by colleges, training can be further streamlined and shortened by recognizing the skills and competencies employees already have.

Canada's college system is ready to play a key role in supporting reskilling and upskilling efforts. Colleges are committed to putting their experience and success to work as part of a national response to preserve Canada's economic and social stability and support continued growth through changing times.

5. A strong college sector capable of supporting recovery in communities across Canada

Canada needs a robust postsecondary education sector as we transition into the recovery phase of the crisis and to support the vitality of communities across the country. Colleges are major drivers of human capital development thanks to a model of education that is internationally recognized for enabling multiple pathways to employment. They serve up to 1 million learners per year and offer more than 10,000 career-oriented programs based on applied learning approaches that enable graduates to transition to the workforce quickly and successfully. CICan's members add over \$190B to this country's economy each year. They meet the needs of a diverse range of students, from recent high school graduates and adult learners, to Indigenous peoples, new Canadians and people with disabilities. Colleges also have a key role in supporting reskilling and upskilling through continuing education and tailored contract training for employers as well as through innovations such micro-credential courses that are being offered increasingly by institutions across the country.

In order to sustain the capacity of colleges to support recovery we have recommendations for:

- Emergency funding to cover college revenue losses due to the COVID-19 pandemic;
- College infrastructure as part of stimulus investments;
- Improved quality of online delivery for postsecondary programs and a digital platform to share hands on learning tools and make Canada a leader using virtual and augmented reality;
- International student market diversification.

5.1 A Sustainable College Sector to support Recovery

Recommendation 5:

Provide exceptional emergency funding of up to \$3.3 billion to cover colleges' revenue losses and unplanned costs due to the COVID-19 pandemic.

Like employers in other sectors, the colleges have been hit hard by the crisis. While education is of provincial/territorial jurisdiction, public colleges are only partially funded by their respective provincial/territorial governments, with virtually all institutions relying on funding from other sources, including ancillary fees and significantly from international student tuition fees. Many

institutions are projecting significant shortfalls and expecting to layoff faculty and staff as the demand for programs has already reduced for the Spring and Summer semesters and is expected to extend in the fall as students are mostly unable to access campuses or not authorized to travel by their respective countries.

CICan recently commissioned Higher Education Strategy Associates (HESA) to conduct a financial impact analysis to understand the impact of the crisis on colleges (Appendix A). This analysis projects losses and financial impact over three scenarios, for 2020-2021 the best-case being \$1.8 billion, middle-case \$3.3 billion and worst-case \$3.5 billion. Over three years, the worst-case projects losses of up to \$10 billion.⁵

The current context exacerbates financial strains on college operating budgets and many face the potential of significant cuts in the future. In a typical year, they generate almost half of their revenues from non-government sources. In this new reality, cost-recovery services such as bookstores, conference centres, sports facilities, parking, food services, daycares, etc., remain closed.

Moreover, institutions are bracing for a substantial decline in fall enrolment as domestic students face more financial challenges and uncertainty about online delivery of courses or in-class delivery with social distancing measures. HESA projects losses in college domestic tuition revenues could range between \$165.7 million and \$449.5 million for 2020-2021.⁶ The anticipated decline in enrolment is even more significant for international students that contributed \$21.6 billion to Canada's economy in 2019, including significant tuition fee revenues for post-secondary institutions. The projected decline in international student enrolment is due to the uncertainty of when travel bans will be lifted, even though international students can now start programs online from home countries without jeopardizing access to the Post Graduate Work Permit, including for the fall 2020 semester. Using data from a recent Education Media Group survey, HESA estimates 33.3% of international students will defer starting their college programs until regular in-person instruction resumes. Projected losses in international tuition revenues alone range between \$852 million and \$1.39 billion for 2020-2021.⁷

Many institutions have already laid off staff and more significant layoffs are expected in the coming weeks, especially for personnel not funded through government grants or tuition fees. Enrolment projections for fall will firm up over June and July, as students decide whether to return to their studies. Further layoffs over the summer months, and into the fall, are possible given the uncertainty of the pandemic's impact on enrolment levels for the winter semester of 2021.

CICan also responded to the Finance Canada consultation on the Canada Emergency Wage Subsidy (CEWS) and recommended that program eligibility include colleges, institutes, cegeps, polytechnics, and universities to mitigate the significant layoffs of personnel planned by many of these institutions over the summer months and leading into the fall semester. This will help alleviate in part, the financial pressures institutions are facing. By allowing postsecondary institutions to apply for CEWS, they will be able to maintain their workforce in order to restart in-person operations more quickly and support economic recovery.

⁵ HESA: The Impact of the COVID-19 Pandemic on Canadian Colleges and Institutes, May 11, 2020

⁶ Ibid.

⁷ Ibid.

5.2 College Infrastructure for a Green and Inclusive Recovery

Recommendation 6:

Make a targeted investment in college and institute infrastructure as part of stimulus funding, to support a green and inclusive recovery and improve digital infrastructure for the increased online learning institutions are offering due to COVID-19.

Recommendation 7:

Invest \$50 million to support the development of online resources for technical training that have traditionally been done in hands-on, physical spaces, as well as a digital collaborative platform to facilitate the sharing of these resources.

As Canada moves into the COVID-19 recovery phase, investing in PSE infrastructure upgrades and retrofits can help Canadians get back to work while at the same time boosting the capacity of colleges to meet the skills development needs of employers and support SME innovation through applied research. This will contribute to a reboot of the economy in an inclusive and environmentally sustainable way and help Canada meet its climate change targets.

Investments in skills and innovation infrastructure have not kept pace with changing needs and technology. The \$675M colleges received from the \$2B Post-secondary Institutions Strategic Investment Fund in 2016 helped but there remains an acute need to upgrade outdated infrastructure and address deferred maintenance on campuses.

Through CICan's Survey of Institutional Infrastructure Needs, conducted in mid-late 2019, colleges identified over 300 shovel-ready projects valued at \$3.5B. When extrapolated to all colleges, the total need is estimated at \$5B. The survey found that there is a substantial backlog of deferred maintenance in colleges across the country with the majority of projects being for renovation and repairs to address this backlog.

The breakdown of priority projects is as follows:

• Energy Efficiency Green Infrastructure	62%
• Teaching and Learning	55%
• Health Safety	49%
• Improve accessibility	40%
• Research and Innovation	25%
• Indigenous learners' spaces	19%
• Incubator Accelerator Facilities	9%

With the onset of the pandemic, postsecondary institutions mobilized quickly to shift to online delivery to enable as many students as possible to complete their programs. Given the uncertainty of how long physical distancing will be required and with the decision to have all or a high proportion of programs offered online during the 2020-2021 academic year, postsecondary institutions now need to invest for the medium to long-term in enhanced digital modes of delivery. This requires more engaging and sustainable approaches to offering courses online. For college programs that have hands-on requirements, many institutions are integrating virtual reality (VR) and augmented reality (AR) as well as offering hybrid classes with small numbers of students in laboratories and workshops to allow for physical distancing. Most experts are predicting that increased online elements in postsecondary programs are here to stay. As a result, colleges need to transform their digital infrastructure to support anytime and anywhere learning through secure log ins, high-quality interactive synchronous and asynchronous participation by students, faculty and staff. This will include online and self-serve digital

services; the ability to connect through different types of devices; supporting learners with varying degrees of digital literacy and different digital requirements for education and training programs.

These changes have significant cost implications for institutions and for many college programs the requirement to effectively address the hands-on elements of course content layers on additional costs. Due to the adjustments required with the new reality imposed by the pandemic, federal investments in postsecondary education infrastructure should include digital infrastructure so that institutions can make the necessary changes to their operating models and take advantage of the gains from online learning and working from home. This will allow institutions to upgrade technology infrastructure to support the new operating model and integrate cybersecurity technology and measures.

CICan is also working with member colleges and partners on a national, collaborative platform that would facilitate the sharing of online learning resources and modules, including those using VR and AR. The postsecondary system would benefit from funding for the development of online learning resources, in particular for technical training programs that have mainly hands-on elements and need to rely significantly on high-cost VR and AR technology. A collaborative digital platform would facilitate the sharing of these resources. This will complement physical digital infrastructure investments to strengthen capacity and reduce costs for institutions and enhance the experience for students.

As pointed out in the written brief to the House of Commons Standing Committee on Finance by Colleges Ontario, the provincial organization representing the 24 colleges in that province, there are concerns about the substantial financial losses colleges are experiencing and the large deficits in many provinces. Most institutions are also reporting that the private sector donors that they would normally turn to are also facing significant losses and uncertainty about their financial viability going forward. As a result, federal infrastructure funding should not require matching funding.

5.3 Market diversification of international students

Recommendation 8:

Invest \$75 million over three years to maintain Canada's competitive position as an international study destination and diversify source countries for international students.

The number of international students in Canada has risen considerably in the last decade, increasing 68% between 2014 and 2018 alone.⁸ Canada's colleges have also seen an increasing share of international students, with international student enrolment increasing by more than 13,000 student from 2015/16 to 2016/17,⁹ accounting for 43% of all post-secondary study permit holders in 2017.¹⁰ In 2018, international students in Canada contributed an estimated \$21.6 billion to Canada's GDP and supported almost 170,000 jobs for Canada.¹¹

Canada's International Education Strategy, updated in 2019, committed to diversifying Canada's international student market and to modernizing immigration forms and processes. The

⁸ <https://www.international.gc.ca/education/strategy-2019-2024-strategie.aspx?lang=eng>

⁹ Canada, Statistics Canada, "The Daily: Canadian postsecondary enrolments and graduates, 2016/2017," February 12, 2019, <https://www150.statcan.gc.ca/n1/daily-quotidien/181128/dq181128c-eng.htm>.

¹⁰ <https://cbie.ca/wp-content/uploads/2018/09/International-Students-in-Canada-ENG.pdf>

¹¹ <https://www.international.gc.ca/education/strategy-2019-2024-strategie.aspx?lang=eng>

pandemic has illuminated the need for improved study permit application processes and for greater diversification of international enrolments. The new strategy reflects the economic and social significance of international education, while underlining the critical importance of two-way student mobility. This is key to strengthening Canada's global competitiveness in recovery. In the short-term, it will be challenging to preserve and grow Canada's share of international students due to financial hardship and travel restrictions.

The government's response to international students and education in the wake of the pandemic has recognized their importance to Canada's domestic and foreign policy goals. Emerging from the crisis to meet Canada's international trade and economic recovery priorities, it will be necessary to build on previous investments in Canada's International Education Strategy by scaling up and diversifying student recruitment in key target markets.

This investment would support digital marketing campaigns to promote Canada as a study and/or research destination. It would lead to increased processing capacity, and the acceleration of the digitization of the study permit application process. Finally, the support will be used to improve the information sharing between Immigration Refugees and Citizenship Canada and Designated Learning Institutions to enhance integrity and strategic enrolment management process.

6. Conclusion

With their extensive reach across the country, colleges are uniquely positioned to support Canadians, companies and communities through COVID-19 response and recovery efforts. As the country emerges from the crisis, a coordinated and courageous national response to economic recovery is required that leads to a more resilient, equitable, inclusive and environmentally sustainable Canada. CICan and colleges stand ready to support these efforts by placing priorities on supporting inclusive social and economic development, increasing access to postsecondary education and skills training for vulnerable Canadians, advancing reconciliation through education, and contributing to local and national efforts to tackle climate change.



THE IMPACT OF THE COVID-19 PANDEMIC ON CANADIAN COLLEGES AND INSTITUTES

Analysis prepared on behalf of Colleges and Institutes
Canada

May 11, 2020

By Jonathan Williams, Alex Usher and Michael Savage



Executive Summary

The COVID-19 pandemic and its associated economic effects represent the greatest disruption to Canadian and global life since the end of the Second World War. The implications of the crisis are far-reaching. Canadian policy-makers have adopted a laser focus on limiting both short-term loss of life and incapacitation and longer-term economic and social dislocation. There is a widely understood need to protect critical national assets to facilitate a full return to growth and prosperity once the pandemic has passed.

Canada's colleges and institutes are just such an asset. Canada was first in the OECD in tertiary educational attainment in 2018 overwhelmingly because we have the most short-cycle graduates – i.e. graduates of colleges and institutes. These institutions are engines of social mobility, drivers of productivity growth, magnets for export earnings and gateways into Canadian life and work for many prospective immigrants.

This report, based on desk research completed between April 16 and May 8, 2020, seeks to measure the vulnerability of Canadian colleges and institutes to the effects of the pandemic and its economic shockwaves. We do this based on comparing three scenarios to counterfactual revenue growth:

- A best-case scenario where the pandemic is largely resolved by Fall 2020, there is relatively rapid recovery in 2021, and courses can be delivered under close to business-as-usual circumstances by January 2021.
- A middle-case scenario where the pandemic continues for an extended period and GDP only recovers to its pre-crisis level by early 2023, but life approaches normalcy by Fall 2021.
- A worst-case scenario where society progressively learns to better live with the pandemic, but the virus remains with us for the foreseeable future and economic recovery is very slow. Under this scenario, education is fully online in 2020-2021, and largely online still in 2021-2022.

In 2020-21, as shown in Table 1, we anticipate in the best-case scenario that Canadian colleges and institutes lose \$1.83 billion in own-source revenues, equal to 30.6% of total own-source revenues and 11.4% of total revenues when compared with our counterfactual projection. In the worst-case scenario, the financial losses are equal to \$3.13 billion, or 54.2% of own-source revenues, while losses in the middle-case scenario are only slightly less (\$3.06 billion).

Table 1 Estimated losses from own-source revenues and expenditures by year and scenario (millions of 2020-21 dollars)

	2020-21	2021-22	2022-23	Total
Best-case	\$1,829.1 (-30.6%)	\$805.4 (-13%)	\$19.5 (-0.3%)	\$2,654 (-14.3%)
Middle-case	\$2,975.2 (-49.7%)	\$1,487.4 (-23.9%)	\$588.9 (-9.2%)	\$5,051.5 (-27.1%)
Worst-case	\$3,129.6 (-54.2%)	\$3,058.3 (-49.2%)	\$1,889 (-29.4%)	\$8,191 (-46.5%)

Institutions' financial positions improve over the subsequent two years, when accounting for expenditures and own-source revenues. However, when considering for the fiscal difficulties of

provinces and projected cuts, losses for colleges are still considerable in 2022-23 except in the best-case scenario, as shown in Table 2.

Table 2 Estimated total financial impact by year and scenario (millions of 2020-21 dollars)

Case	2020-21	2021-22	2022-23	Total
Best	-\$1,880 (-11.4%)	-\$1,002.2 (-7.3%)	-\$184.3 (-2.5%)	-\$3,066.5 (-7.7%)
Middle	-\$3,312.1 (-25.4%)	-\$1,720.8 (-13.0%)	-\$1,425.4 (-12.2%)	-\$6,458.2 (-16.2%)
Worst	-\$3,550.8 (-27.3%)	-\$3,100.3 (-23.4%)	-\$3,460.8 (-27.1%)	-\$10,111.8 (-25.4%)

The best-case scenario envisions a quick economic recovery and a rebound in the international student market. The picture in our middle-case and worst-case scenarios is very different. In the middle-case, colleges and institutes recover close to half their lost revenues in 2021-22, but then provincial governments, in serious fiscal difficulties, institute large cuts. In the worst-case, there is basically no recovery – the international market is structurally different and weaker, while provinces’ dire fiscal circumstances provoke a dramatic reduction in their support for colleges and institutes. Colleges and institutes end up at a new equilibrium with roughly 25% less resources than on their pre-crisis path in the worst-case scenario, or with roughly 10% less resources in the middle-case scenario. Ultimately, over the three years the range of potential losses is considerable. In the best-case scenario, losses exceed \$3.1 billion in inflation adjusted dollars, and in the worst case they exceed \$10.1 billion.

The wider implications of such losses for the Canadian economy would be considerable. Accounting for indirect and induced effects, the reduction in output in 2020-21 would equal \$3.8 billion in the best-case, \$6.18 billion in the middle-case and \$6.74 billion in the worst-case. To provide a sense of scale, the higher figure is roughly comparable to the GDP of Prince Edward Island. This is only the tip of the iceberg for economic consequences, as colleges and institutes are not merely businesses but agents that enhance skills and productivity in the wider economy. Those who go without college, or do not receive the quality of training that they would otherwise, may suffer earnings penalties on an indefinite basis.

Outside of Ontario, the provincial government is by far the most important funder of colleges and institutes across Canada. In the long-term, the wellbeing of colleges and institutes will largely depend on the health of provincial finances which, as argued by the Parliamentary Budget Officer, were questionable even before the crisis began. Under the pandemic, in anything but the most optimistic scenario, the provinces face dramatic challenges that could lead to significant cuts, with drastic effects on public services. These threats expand the further east you go in the country, as well as in Manitoba and Saskatchewan, where smaller colleges and institutes also have more limited capacity to enact cuts without greatly reducing program offerings. Still, no region is fully spared.

Canadian colleges and institutes are critical national assets. In the crisis, they are tackling thorny challenges to continue delivering training without sacrificing quality and equity, to limit the long-term economic shadow of the present disruption. Colleges and institutes’ role will become more important in the recovery, as Canada looks to reintegrate the unemployed into new fields and businesses, to relaunch the export economy, to re-tool businesses and organisations in key sectors and to restart immigration. There is a strong case for the Government of Canada to support colleges and institutes so

that they can limit short-term dismantling and instead maintain and further build their capacity to support Canadian prosperity.