

**Government of Québec consultations on the future of higher education**

**Recommendations of the Board of Trade of Metropolitan Montreal as part  
of consultations for the policy project on CEGEP training**



**August 2013**

## **Preamble**

The Board of Trade of Metropolitan Montreal is made up of some 7,000 members. Its mission is to represent the interests of the business community of Greater Montréal and to provide individuals, merchants and businesses of all sizes with a range of specialized services to help them achieve their full potential in terms of innovation, productivity and competitiveness. The Board of Trade is Québec's leading private economic development organization.

## **Background**

Following the Higher Education Summit, in April 2013 the Government of Québec initiated consultations on the following five projects: developing framework legislation for universities, putting in place the CNU (a council of universities), CEGEP training, the university funding policy and improving financial aid for higher education. On May 22, the president and CEO of the Board of Trade of Metropolitan Montreal, Michel Leblanc, met with the chair of the CEGEP training policy project, Guy Demers, to share the Board of Trade's recommendations with him.

This brief addresses the policy project on CEGEP training.

## **Introduction**

### **The CEGEP network: a key part of our knowledge economy**

Now more than ever, the quality and availability of human capital are decisive for the city's future. To be competitive, innovative and sustainable, businesses require increasingly educated labour that meets their needs. This is why, like other advanced economies, Greater Montréal has made the move toward a knowledge economy.

CEGEPs play a key role in disseminating knowledge, increasing productivity and generating wealth. They are a decisive step, both for students who want to pursue university studies and for those who want to join the job market faster with technical expertise. Another important factor is that they foster the development of knowledge and skills among employees throughout their working lives.

The city's CEGEPs are meeting a pressing need for labour that will only increase with the demographic challenges facing Québec and Montréal. In fact, 39% of jobs that will be created in Québec by 2021 will require professional or technical training.

Greater Montréal is home to 58 CEGEPs, more than half of all those in the province. They employ some 12,000<sup>1</sup> people, and in fall 2012, welcomed almost 98,000 students. Every year, some 18,900 students receive a college diploma, 12,000 of them in pre-university education and 6,900 of them in technical education. Consequently, our CEGEPs are an important economic sector and create conditions conducive to innovation and wealth generation, in particular through college technology transfer centres, which help forge closer connections between businesses and CEGEPs. CEGEPs therefore play a dominant role in the development of the city's knowledge economy.

This is why Greater Montréal's business community takes a particular interest in how the CEGEP network performs. In addition to being more effective, CEGEPs must optimize and improve their training offer, aligning it with the needs of the labour market. To help accomplish this, in this brief the Board of Trade reiterates its recommendations intended to offer CEGEPs greater autonomy and allow them to quickly respond to the changing needs of the labour market.

#### **I. The city's economic challenges and issues in the CEGEP network**

##### **A. The relative drop in the number of potential workers**

Québec and its largest city are facing a population that is aging faster than elsewhere in Canada. Emploi-Québec estimates place the number of jobs to fill within the census metropolitan area (CMA) of Montréal from 2012 to 2016 at close to 316,400, 68% of them resulting from retirement.

On the one hand, businesses in the city will find it increasingly difficult to satisfy their labour needs and therefore ensure their development. On the other, the city's CEGEPs will see a more pronounced drop in the number of students in the coming years. Forecasts by the Ministère de l'Éducation predict a drop in the CEGEP student population until 2020, a trend confirmed by preliminary data collected by the Fédération des Cégeps with respect to fall 2013 registration.

The Board of Trade stresses the need to reverse the trend by increasing the availability of qualified labour, particularly by increasing the number of CEGEP graduates, both in the technical stream leading to the job market and in the pre-university stream.

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<sup>1</sup> Source: Ministère de l'Éducation, du Loisir et du Sport du Québec

## **B. Historically low productivity among businesses**

In addition to the challenge of the aging population, we are facing a challenge in terms of productivity. Since 1981, Québec has had one of the lowest average rates of annual growth in workplace productivity. In 2011, it ranked between 16<sup>th</sup> and 17<sup>th</sup> place among OECD countries.<sup>2</sup>

This low workplace productivity reduces our collective wealth and in turn our standard of living. The CMA of Montréal was also lagging major North American cities in GDP per capita in 2010 (32<sup>nd</sup> out of 33 major cities). But training, particularly in CEGEPs, and education are decisive factors in employee productivity.

The Board of Trade asks the government to consider CEGEP training as a way to help address our lagging productivity.

## **C. Immigrants face difficulty integrating to the city's labour force**

Immigration, to the extent that it increases the labour force, is one of the fastest ways of compensating for the aging population. It is an important asset for the city, where around 87% of Québec's immigrant population lives. However, the most recent labour market data indicates that we still have a ways to go to allow local businesses to take full advantage of the potential of immigration. In 2012, the unemployment rate among landed immigrants (11.8%) was 3.3 percentage points higher than that of the Canadian-born population (8.5%) within the CMA of Montréal. This difficulty integrating results in major economic and social costs, both for immigrants and for the host society.

The Board of Trade asks the government to rely on CEGEPs to help improve the integration of immigrants to the workforce.

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<sup>2</sup> CENTRE FOR PRODUCTIVITY AND PROSPERITY. 2012. *Productivity and Prosperity in Quebec – 2012 Overview*.

#### **D. A school drop-out rate that remains high**

Early school leaving, particularly among boys, is a major concern in terms of the next generation of workers. Around 20.1% of boys under age 20 leave high school without a diploma, compared with 12.6% of girls.<sup>3</sup> It goes without saying that this dropout rate has a negative impact on CEGEP attendance and the graduation rate.

While early school leaving is a serious concern in high school, it is also a situation we are grappling with at the college level. We are witnessing a second epidemic as well, one very much in evidence at the college level: delays in graduation. Although there has been an increase in the graduation rate among pre-university education students in Québec – which was 71.6%<sup>4</sup> in 2009-2010 – only 43.3% of students initially registered for pre-university education received their college diploma within two years in 2009-2010. The numbers are even more alarming for technical education, as only 33.0% of students who began and completed technical education graduated within three years. All of this has a definite impact on the labour supply, which has been dwindling in Québec.

The Board of Trade asks the government to take action to combat early school leaving at the CEGEP level and encourage CEGEP students to obtain their diploma within the required timeframe.

#### **E. Low participation among adults in job-related training**

To remain productive in a context of international competition and constant technological change, it is crucial for workers to continue their training throughout their working lives. According to a 2008 Statistics Canada<sup>5</sup> study, only 28.2% of Quebecers of labour force age (25 to 64) undertook employment-related studies or training, compared with 38.3% of Ontarians and 43.3% of Albertans. This puts Québec in last place among Canadian provinces. More specifically with respect to job-related training,<sup>6</sup> the proportion was 22.9% in Québec compared with 32.9% in Ontario and 37.2% in Alberta. It was also noted that those with higher levels of education are more likely to take job-related training. However, Québec employers have more of a hand in training their employees. In fact, 92.2% of people who took job-related training in Québec were sponsored by their employer, compared with 87.7% in Ontario and 88.9% in Alberta.

The Board of Trade asks the government to institute measures to encourage professional development, particularly through better cooperation between the city's CEGEPs and businesses.

This CEGEP-level professional development should be encouraged insofar as it relates to participation in the labour market. We have to avoid, as at the university level, this sort of training becoming saturated with retirees.

Finally, the difficulty integrating immigrants to the city's labour market and the high dropout rate combined with low participation among adults in job-related training testify to a lack of alignment between CEGEP education and the needs of companies. Increasing the number of students who graduate on time and in employment sectors that are experiencing strong demand and reinforcing interaction between CEGEPs and businesses will help match training to employment more effectively.

<sup>3</sup> MINISTÈRE DE L'ÉDUCATION, DES LOISIRS ET DU SPORT. 2010-2011. *Le taux de décrochage scolaire annuel*.

<sup>4</sup> MINISTÈRE DE L'ÉDUCATION, DES LOISIRS ET DU SPORT. 2012 edition. *Indicateurs de l'éducation*.

<sup>5</sup> STATISTICS CANADA. 2008. *Access and Support to Education and Training Survey*.

<sup>6</sup> Training, also called "training activities," include structured learning activities such as courses, workshops, private lessons and guided training in the workplace that do not lead to a formal credential. (Statistics Canada)

## II. CEGEP training

To deal with the above challenges, CEGEPs must attract more students, ensure that their training offer is highly compatible with the needs of companies and have greater autonomy and agility to adapt to the needs of the market.

### A. Optimize CEGEP training to better meet the needs of businesses and students

To optimize the CEGEP training offer, it is important that it reflect the needs of the labour market as much as possible and that it not waste human and financial resources.

- Better inform and raise awareness among students and employers about the importance of CEGEP training

According to professional forecasts, 39%<sup>7</sup> of jobs that will be created from now to 2021 will require professional or technical training and 38% will require university training. CEGEP training is therefore essential to the vitality of the labour market and the economic development of Québec and Montréal. However, few students have in-depth knowledge of job and career opportunities.

The Board of Trade asks the government to institute strategies and measures to make students aware – as early as possible – of the importance of CEGEP studies and to familiarize them with employment prospects, sectors showing high demand and career opportunities.

To do this, greater collaboration with businesses and industry groups, such as industrial clusters, is needed. Such initiatives will allow students to make more informed choices and, at the same time, reduce time to graduation and improve labour availability. Along the same lines, an effort to promote technical trades, teaching and teachers among young people and employers is essential for combating early school leaving, increasing the number of registrations in the city's CEGEP and enhancing the value of diplomas among businesses.

- Ensure better coherence in the CEGEP training offer

There are more than 115 programs leading to a college degree and over 1,000 school programs leading to an Attestation of Collegial Studies (AEC) in Québec. This proliferation of programs scatters resources and creates confusion both for employers and students, who have a hard time understanding and evaluating the value of diplomas.

The Board of Trade asks the government to ensure greater coherence in the training available in CEGEPs to avoid overlaps among programs and better respond to the needs of employers.

Of course, any training offer should be aligned with the needs of the labour market. The Board of Trade therefore believes that we need to increase coherence between regular training and professional development. Such an approach would promote the career development of students and offer the city's businesses the benefit of more productive labour that quickly adapts to changes in their sector of activity.

- Strengthen collaboration between CEGEPs and the business community

Strengthening collaboration between businesses and CEGEPs is needed to better match training to employment and allow our society to benefit from the full potential of its human capital.

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<sup>7</sup> EMPLOI-QUÉBEC. June 2012. *Perspectives à long terme 2012-2021*.

The Board of Trade recommends that CEGEPs and businesses consult one another more often so that the training offer, particularly for the technical stream (DEC and AEC), reflects the needs of the city's employers.

We do not need to institute rigid planning for training; on the contrary, we need to encourage CEGEPs to remain agile and proactive in their efforts to align with the needs of the market and society. Other initiatives to bring the business community and CEGEPs closer together should be promoted, such as corporate internships, work-study programs and conferences and other efforts that foster discussion between students and employers. To this end, industrial clusters and sector and employer associations must do their part.

In this context, college technology transfer centres play an important role in bringing businesses and CEGEPs closer together by promoting technology transfer, applied research and technical support.

The Board of Trade asks the government to maintain and even intensify its support and encourage college technology transfer centres.

- Use CEGEP training to improve the integration of immigrants to the workforce

The difficulty integrating immigrants to the city's labour force represents a socioeconomic cost and a loss in human capital for local businesses. The Board of Trade is aware of this issue for the business community of Greater Montréal and has stepped up initiatives to improve integration. Our latest program, *Interconnection*, developed in partnership with Emploi-Québec, helps qualified immigrants get to know local companies in their field of expertise and gives them a leg up in obtaining a first job commensurate with their expertise. However, businesses often tell us they find it difficult to evaluate the experience and skills of new immigrants and believe that complementary training more suited to the city's labour market is necessary. With this in mind, AECs are a strategic tool for increasing the employability of immigrants, since they are shorter and allow for rapid integration to the labour market.

The Board of Trade asks the government to institute a strategy to allow CEGEPs to offer training programs that would round out the initial training provided to immigrants, enabling better integration to the labour force.

## **B. Provide CEGEPs greater autonomy and agility while reinforcing sound governance**

For CEGEPs to improve their performance, they need to have the autonomy and agility necessary to accomplish their mission and easily adapt to the needs of the city's businesses. There should be more efficient management of the training offer and the reporting system to promote the performance of the CEGEP network.

- Put in place funding that rewards performance and encourages flexibility in CEGEPs

Funding for CEGEPs must promote healthy emulation and better reward performance. Yet the current funding system, based on the number of students registered, does not encourage performance or excellence. On the contrary, it results in undue competition to attract as many students as possible and increases the proliferation of platforms at the expense of concentrating students in a more limited number of programs to optimize spending.

The Board of Trade recommends that the government grant funding based more on CEGEP performance. Of course, performance indicators must be suited to the situation and

challenges of each CEGEP. But they must be established using clear benchmarks so that CEGEPs can anticipate and plan their resources with appropriate care.

The Board of Trade asks the government to provide stable, predictable funding, in particular for AECs, to allow CEGEPs to more carefully manage risk and their offer.

- Provide the city's CEGEPS with greater agility

The local and global economic landscape keeps evolving. CEGEPs must constantly adapt to new innovations, technologies, practices and realities.

The Board of Trade asks the government to grant the city's CEGEPS the flexibility to allow them to adapt their training offer more quickly to the needs of businesses.

CEGEPs must have the agility they need to diversify training content, duration and location to better adapt to different clienteles and sectors of activity.

CEGEPs must also be better able to engage in their own strategic planning based on their objectives and circumstances so that they can equip themselves with the means to achieve their objectives.

The Board of Trade also asks the government to grant CEGEPs more autonomy so that they have greater control in hiring and recruiting teachers and establishing their training offer.

- Encourage sound governance

Boards of directors define strategic directions for CEGEPs and ensure their effective management. They play a crucial role in performance and quality. The Board of Trade believes that they should include people with a range of skills that are relevant to the CEGEP mission, including members of the business community.

The Board of Trade recommends that the majority of board members be from outside the CEGEP, be independent of the CEGEP and be appointed as individuals rather than as representatives of employer, union, student or other organizations.

## Conclusion

As the Board of Trade noted during consultations on the university network, the performance of CEGEPs is essential to the city's economic and social success. For CEGEPs to continue to play a key role in economic development, the government must help bring them and the business community closer together, while giving CEGEPs the agility and flexibility they need to accomplish their mission and improve their performance. Without these conditions, businesses will have greater difficulty gaining access to the labour they require, which will have a negative impact on the city's prosperity.